PERFORM
PROGRESSIVE SPORTS MEDIA

6324278

Connecting with millions of sports fans

Perform Group plc Annual Report and Accounts 2011

WEDNESDAY
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Perform is a global market leader in the commercialisation of multimedia sports content across multiple platforms. Perform owns one of the largest portfolios of digital sports rights in the world, through contracts relating to more than 200 sports leagues, tournaments and events.

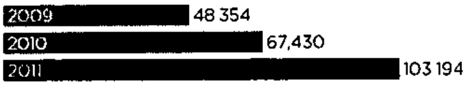
Perform's management is focused on driving earnings growth through leveraging its content across new digital platforms, new products and across new geographies, taking advantage of favourable technology trends such as growth in digital media consumption and online video viewership.

Financial highlights

Revenue (£'000)
2010 — 67,430

103,194

Year on year growth of 53%



Adjusted EBITDA[1] (£'000)
2010 — 10,345

18,474

Year on year growth of 79%

Adjusted profit after tax[2] (£'000)
2010 — 10 133

14,692

Profit after tax[3] (£'000)
2010 — 9 448

3,717

Adjusted basic earnings per share[4] (pence)
2010 — 4 5

6.3

[1] Adjusted EBITDA is before charging exceptional items (£5 0m, 2010 £0 7m, 2009 £nil) and share-based payments (£5 1m, 2010 £0 1m, 2009 £0 1m)
[2] Adjusted profit after tax excludes exceptional items (£5 0m 2010 £0 7m 2009 £nil) share based payments (£5 1m, 2010 £0 1m, 2009 £0 1m), profits from joint ventures (£nil; 2010 £0 5m, 2009 £0 2m loss) and amortisation of acquisition intangibles (£0 9m) 2009 excludes a one-off write back of interest of £5 3m
[3] Profit after tax is after charging exceptional items (£5 0m, 2010 £0 7m, 2009 £nil) share based payments (£5 1m, 2010 £0 1m, 2009 £0 1m) and amortisation of acquisition intangibles (£0 9m; 2010 £0 3m, 2009 £0 3m) 2009 included a one-off write back of interest of £5 3m.
[4] Refer to note 11 of the financial statements on page 73 for an explanation of adjusted earnings per share

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Business at a glance
Perform has developed a range of B2B and B2C products around four key high growth areas

Content distribution

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Perform owns the digital sports media rights to over 200 leagues tournaments and events and utilises this rights portfolio to deliver a range of products covering live video, news editorial and sports data These products are sold to online bookmakers, broadcasters mobile operators and other business clients around the world

In 2011, Watch&Bet delivered 11,376 live sports matches and licensed content to 35 online bookmakers, making it the clear global market leader in the delivery of live video to the online sports betting sector

Watch&Trade, OMNISPORT and GSM also delivered strong revenue growth by expanding the number of clients licensing their services

63%

of 2011 revenues (2010 61%)

58%

year on year revenue growth

Advertising & sponsorship

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Perform generates video advertising and sponsorship revenues through the sale of pre-roll video advertisements on its video on demand network the ePlayer The ePlayer is embedded on the websites of leading publishers and sports portals in 20 territories and broadcast over 65,000 individual premium sports clips in 2011

Perform generates display advertising and sponsorship revenues through the sale of display advertisements on the Groups own websites including Goal com, which is the world's largest football website, Spox com, Sportal com au and Soccerway com The Group also acts as an advertising sales agent for a network of third-party sports websites including the Premier League's official website

14%

of 2011 revenues (2010 10%)

106%

year on year revenue growth

Subscription

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Business review
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Perform generates subscription revenues from consumers paying monthly or annual fees to watch internet delivered live video and video on demand sports content via LIVESPORT TV and a range of third-party subscription products on behalf of football clubs (e g Chelsea TV Online), sports bodies (e g ATP World Tour – www tennistv com) and broadcasters (e g Fox Soccer – www foxsoccer2go com)

In addition, Perform also delivers a range of lower ARPU, Goal com branded SMS subscription products These products deliver consumers live scores and news direct to their mobile phones These services are focused on developing world economies with significant mobile but limited broadband and smartphone penetration

9%

of 2011 revenues (2010 12%)

19%

year on year revenue growth

Technology & production

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Perform generates technology and production revenues from a range of clients by designing building and managing websites and mobile products on behalf of sports rights holders (e g Aston Villa Football Club), ingesting, encoding and streaming live and on demand content on behalf of sports rights holders and broadcasters (e g Abu Dhabi Media Company) and by filming and editing sports matches for rights holders (e g Premiership Rugby)

A major focus in 2011 has been the build and optimisation of services for delivery via new smartphone tablet and connected TV operating systems

14%

of 2011 revenues (2010 17%)

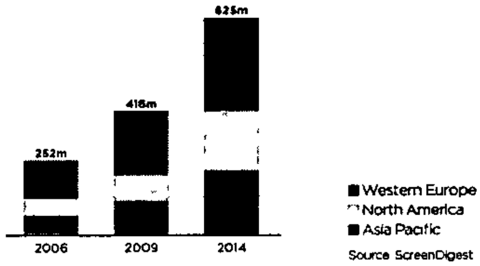
28%

year on year revenue growth

Market overview
Perform's digital products are uniquely positioned for global growth

Trends	Key industry drivers		Perform
Increased digital media consumption	• In 2011 more than 100 million Americans watched online video content on an average day – a 43 per cent year on year increase (comScore) • Mobile network connection speeds grew 66 per cent in 2011 (Cisco) • Two-thirds of the world's mobile data traffic will be video by 2016 (Cisco)	• Half the total US mobile population uses mobile media The mobile media user population (those who browse the mobile web, access applications or download content) increased to 116 million by August 2011 – a 19 per cent year on year increase (comScore)	• **Platform agnostic approach** • **Multi-platform rights portfolio** • **Internet powered business model**
Significant growth in online advertising	• Global sports media rights and sponsorship spend estimated to reach $146bn in 2014 ($118bn in 2011) (PwC) • Internet advertising revenues reached $7 9bn for the third quarter of 2011, representing a 22 per cent increase on the same period in 2010 (IAB)	• The US and EU5 (UK France, Germany Italy and Spain) online free to view video advertising market is expected to grow to US$2 4bn by 2015 from $1bn in 2010 (ScreenDigest)	• **The Group's ePlayer is No 1 ranked for online sports video in UK, France, Italy and Turkey No 2 in Spain and US and No 3 in Germany.** • **3 6bn streams on the ePlayer in 2011** • **Goal com, the world's leading football portal owned by the Group had an average of 24m monthly unique users in 2011**
Significant growth in in-play betting	• In play betting represents the fastest growing part of sports betting at a 2007-13 CAGR of 29 per cent (GBGC) • In-play betting accounted for 67 per cent of Sportingbet's total European amounts wagered in 2010/11 up from 61 per cent in 2009/10 (Sportingbet)	• Expected market liberalisation in the betting and gaming sector • Paddy Power with football has doubled the number of in-play matches rising to 3,000 per month in peak times in 2011 (Paddy Power)	• **Market leader in delivery of live video to online sportsbooks** • **Growing portfolio of multi platform live events** • **Rolling out mobile optimised service**
Significant connected TV and mobile opportunity	• Connectable devices forecast to increase from 222m in 2011 to 766m by 2014 • Growing penetration of smartphones (Western Europe 67 per cent and North America 72 per cent by 2014) and connected devices	• Smart TV units sold in 2011 were estimated to have reached 64 million By 2016, Smart TV unit shipments are expected to reach 153 million units (MarketsandMarkets) • The number of mobile connected devices are expected to exceed the world's population in 2012 (Cisco)	• **Ideally positioned when connected TV platforms become mass consumer products** • **The Group's platform development strategy for 2012 will include launching it's own consumer products (LIVESPORT TV, Goal com, Spox com) and a range of B2B and third-party consumer products on a range of connected TV platforms**

Increasing broadband connections



Source ScreenDigest

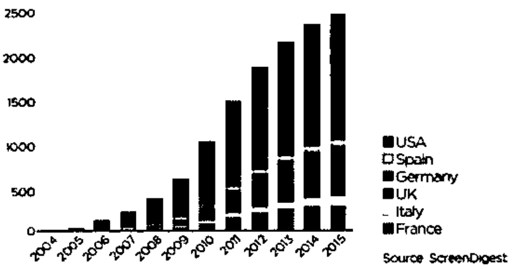
3.5

Average time (in hours) spent by US consumers on the internet per day

100m

In 2011 more than 100 million Americans watched online video content on an average day – a 43 per cent year on year increase (comScore)

Free-to-view video advertising market 2004–2015 ($m)



Source ScreenDigest

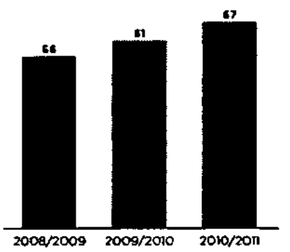
$2.4bn

The US and EU's online free to view video advertising market is expected to grow to $2.4bn by 2015 from $1bn in 2010 (ScreenDigest)

$7.9bn

Internet advertising revenues reached $7.9bn in the third quarter of 2011 (up 22 per cent on the same period in 2010) (IAB)

% of Sportingbet's European amounts wagered that are in-play



Source Sportingbet

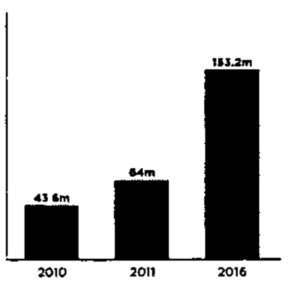
$30bn

Market for global interactive gaming expected to grow to $30bn in 2012 from $20bn in 2008 (TV Sports Markets)

75%

William Hill's growth in in-play betting stakes in 2011/12 (William Hill)

Smart TV units



Source IDC

24bn

The number of connected devices will treble from 9bn in 2011 to 24bn in 2020 (Machina Research)

1bn

Forecast number of smartphone shipments in 2015 (0.5bn in 2011) (IDC)

Chairman's review

It is a pleasure to introduce Perform's maiden Annual Report. It has been an exciting year for us and these results reflect our strong, international growth.

This is my first Annual Report as Non-Executive Chairman of Perform and the Group s first as a listed company I am delighted to have joined at such an exciting time for the Group with year on year revenue growth of 53 per cent and adjusted EBITDA growth of 79 per cent The Group has a clear strategy, robust business model and is uniquely positioned to take advantage of favourable technology trends such as growth in digital media consumption, online sports betting and online video viewership

The Group has delivered a strong set of results with Group revenues of £103 2m (2010 £67 4m), adjusted EBITDA of £18 5m (2010 £10 3m) and adjusted earnings per share of 6 3p (2010 4 5p) This growth has been across all revenue categories and continued the Group's international expansion

Particular highlights include

- the successful negotiation of a new Watch&Bet license period with 35 bookmakers now licensing the service, the majority contracted until the end of 2013,
- the international growth of the ePlayer, with the product now live in 20 territories and delivering over a billion streams in the fourth quarter with a sell through rate of 35 per cent and
- the successful acquisition and integration of Goal com, the world s biggest football website

The Group's strategy remains as set out at Listing to enhance its digital sports rights portfolio expand geographically expand across new digital platforms launch new products, and pursue complementary acquisitions The Board are focused on continuing to execute this strategy into 2012

I joined the Board in January 2011 replacing Andrew Croker who had chaired the Group since 2007 In March, Peter Williams joined the Board as Senior Independent Director along with Marc Brown who joined as an Independent Director David Surtees (CFO) was also appointed to the Board In December Peter Parmenter joined as an Independent Director

Finally, on behalf of the Group's Board I wish to express my sincere thanks to all the Group's employees for their commitment and support throughout an incredibly busy year

Paul Walker
Non-Executive Chairman

Joint CEOs' review

This has been a transformational year for Perform with significant growth in the underlying core business which continues to benefit from positive structural trends such as increased digital media consumption growth in connected device penetration, growth in online video advertising and growth in in-play online sports betting All of these trends are forecast to continue to improve over the next few years

In February, the Group acquired the entire share capital of Goal com (Holdco) S A for $30m Goal com is the biggest football website in the world Goal com is available in 27 territory editions in 15 different languages and leads the world in the publishing of football news on a global scale, generating over 1 750 editorial stories each day In 2011 the website averaged 24m unique users per month In addition Goal com was launched on a range of smartphones and tablets which now attract over 5m additional users each month

The acquisition was majority financed by a £17m term loan facility Significant post acquisition synergies were delivered by the fourth quarter as the US management team left the business we took over the hosting of the website and the technical site development was transferred from the US to Poland We look forward to continued strong growth in 2012 with the Euro 2012 Championships and a number of new territory edition launches

We are delighted with the progress Perform has made since Listing on the London Stock Exchange and we continue to successfully execute our growth strategy.

In April the Group successfully completed its Listing on the London Stock Exchange raising net primary proceeds of £69 7m to pursue strategic acquisitions in order to accelerate its growth and development We have three categories of potential acquisition strong single territory digital sports media business which we refer to as 'local champions' direct to consumer platforms/destination sports websites (such as the Goal com acquisition) and complementary products and services such as social gaming sports data and fantasy sports

In December the Group acquired two related German businesses Spox Media GmbH and mediasports Digital GmbH for initial cash consideration of €3 65m These businesses provide the Group with an effective German management team one of Germany's leading independent sport websites (Spox com with over 1 6 million monthly unique users and 70 million monthly page impressions) and the largest independent digital sports advertising sales agency in Germany In addition, in December we acquired the non-controlling interests in WatchandTrade Limited for £550,000 initial cash consideration and Global Sport Media BV for €4 3m

We have a strong acquisition pipeline and look forward to completing a number of deals during 2012

Oliver Slipper
Joint Chief Executive Officer

2011 was a very important and exciting year for Perform Across the core products the themes for the year have been significant growth in revenues geographical expansion, diversification of revenues and improving the visibility of revenues through long term contracts Year on year revenue growth was 53 per cent (2010 39 per cent) and the percentage of revenues generated from outside the UK increased from 63 per cent in 2010 to 70 per cent in 2011 As at 24 February we had in excess of £90m of revenue contracted for the 2012 financial year

The Watch&Bet service had a very strong year with the start of a new three year licence period The core service offering was increased to over 8,000 events per year, with some licensees receiving over 11 000 events as we acquired more rights including World Snooker, Copa America, a number of football leagues (including the Turkish and Swedish leagues) and a range of new WTA ATP 250 and ATP Challenger tennis tournaments At the end of the year the service had 35 (2010 23) licensees Revenues for the service remained geographically diverse with the largest country, the UK, representing 7 per cent of the Group's revenues and no other country representing more than 4 per cent Two key product developments were launched with a significant proportion of tennis and football events commentated on in five languages and a mobile version of the service launched in the final quarter of the year

Our video on demand network, the ePlayer, had a very positive year We increased the number of territories the ePlayer was live in from 13 at the end of 2010 to 20 with key launches in Japan, Korea and Turkey In the first quarter of 2011 we implemented an upgraded player across the network and this together with our geographical expansion contributed to a significant increase in the network's global audience Total streams viewed in the final quarter of the year increased to 1 090 million (2010 Q4 282 million) and average monthly unique users increased to 94m (2010 Q4 26 million) Importantly across the year our ability to monetise these streams improved with a headline sell through rate increasing quarter on quarter from 15 per cent in the first quarter of the year to 35 per cent in the final quarter with sales growing most strongly in the United Kingdom, US and Italy

These areas were only two of many highlights in what was the most exciting and busy year ever for Perform and we look forward to continuing our success in 2012

Simon Denyer
Joint Chief Executive Officer

Vision and growth strategy
Perform's vision is to become the leading global digital sports media company by delivering five strategic growth drivers:

Strategic drivers

1 **Enhance Perform's digital sports rights portfolio**

For more info please see **page 10**

2 **Expand geographically**

For more info please see **page 12**

3 **Expand across new digital platforms**

For more info please see **page 14**

4 **Launch new products**

For more info please see **page 16**

5 **Pursue complementary strategic acquisitions**

For more info please see **page 18**

Achieving our vision

In 2011, the number of live events streamed grew by 40 per cent and the Group continued to add to its portfolio of premium clip rights. Football and tennis remained the key sports in the Group's live events portfolio and a number of new rights contracts were secured during the year including Copa America, Turkish and Swedish leagues and a range of WTA, ATP 250 and ATP Challenger tennis tournaments.

The Group's geographical expansion included the launch of the ePlayer in seven new countries in 2011, including Japan, Turkey, and Korea. Local advertising sales teams were established in France and Spain. New software development centres were estabished in Hungary and Poland, complementing the existing development teams in the UK, Slovakia and India.

The delivery and optimisation of Perform's products on connected platforms and devices is a key part of the Group's strategy, ensuring consumers have the best possible service. Revenue opportunities are maximised as the Group reacts to emerging trends and supplies a range of products optimised for smart phones, tablets and connected TVs.

In 2011 the Group launched LIVESPORTTV, the Group's live streaming destination site which streams a range of sports competitions and events and Total College Sports, a digital content network providing highlights and analysis of US college sports distributed via the ePlayer, facebook and a number of national portals.

Perform's acquisition strategy has 3 key pillars

- Local champions
- Direct-to-consumer platforms and destination sports websites
- Complementary products and services

In 2011 the Group acquired Goal.com, Spox.com, mediasports Digital and the remaining non-controlling interests in WatchandTrade and GSM.

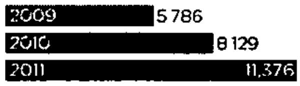
Performance measured

40%

Increase in live events 2011 versus 2010

Number of live events

2009	**5,786**
2010	**8,129**
2011	**11,376**



Revenues by region (£m)

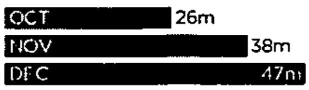
45

Number of countries in which Perform managed iPhone applications reached number 1 in the sports category of the iPhone chart in 2011

47

Number of Total College Sport streams in December 2011 (million)

Number of Total College Sport streams by month



Monthly average number of Goal.com unique website users (million)

2009	**11 0**
2010	**15 8**
2011	**23 9**

24

in 2011

1 Growth strategy: Enhance Perform's digital sports rights portfolio

Case Study World Snooker partners with Perform to deliver snooker to new audiences online

A five year rights deal running until 2016 which includes all forms of elite, professional snooker. Perform is the exclusive partner for snooker via connected platforms to a growing global snooker audience.

Perform will generate a mix of content distribution, subscription and advertising and sponsorship revenues through the exploitation of this content

Key deal highlights include.
- Launch of LIVESPORTTV/WORLDSNOOKER, a global live streaming subscription service,
- Perform will stream over 800 live World Snooker matches per year through Watch&Bet,
- Launch of a World Snooker ePlayer channel available on over 1,000 publishers globally,
- Technology contract to build and operate the official website www worldsnooker com, and
- Perform will act as sales agent for the display and video advertising inventory of the official website

Perform will stream over 800 live World Snooker matches per year across www LIVESPORTTV

40%

Increase in live events 2010-2011

248

Number of rights properties under contract

113

Number of professional tennis tournaments streamed in 2011

111m

Number of Major League Baseball videos streamed in 2011

The increase in the live and clip rights portfolio is a key strategic growth driver for the Group In 2011, the Group successfully increased the volume of live events streamed by 40 per cent compared to 2010 The Group also continued to acquire premium clip rights

Football and tennis remained the key sports in the Group's live events portfolio and Perform secured a number of new rights contracts in 2011 which expanded its portfolio in these sports and consolidated the Group's position as the market leader for the delivery of tennis and football over the internet

Key football rights acquired in 2011 included Turkish Sup Liga, Swedish Allsvenskan, Korean K-League and Copa America

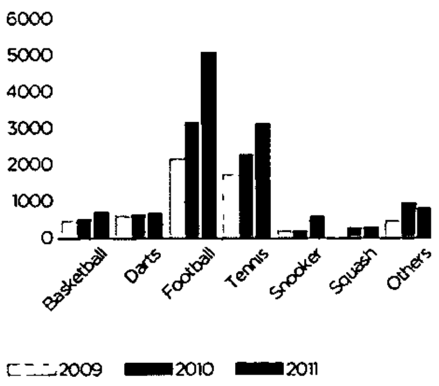
Key tennis rights deals acquired in 2011 included 22 WTA Premier tournaments, Wimbledon, WTA Dallas, WTA Washington WTA Quebec ATP Kitzbuhel and over 20 ATP Challenger Tournaments

The Group also continued to increase its portfolio of rights in cricket, snooker baseball handball basketball netball, hockey and beach volleyball

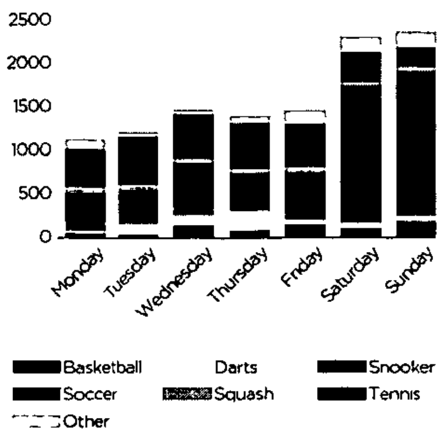
The Group has also expanded its portfolio of premium clip rights Key domestic clip rights secured during 2011 included Japanese Baseball League a range of US college rights (BIG-10 BIG EAST PAC-10 ACC and SEC) Turkish Sup Liga and a range of International Cricket

The Group's strategy is to continue to expand the range of live and clip rights in its rights portfolio with an internal target of delivering over 12,000 live events in 2012 and 14,000 in 2013

Live events by sport



Number of events by sport delivered by day in 2011



2 Growth strategy: Expand geographically

Americas

£6.8m

7%

Revenue totals for the regions:

Case Study Perform launch ePlayer in USA

Following successful ePlayer launches in Europe in 2009 and 2010, Perform launched this innovative product in USA in the first quarter of 2011 The results have been very positive.

In late 2010, Perform cleared domestic clip rights to a range of major US sports properties including Major League Baseball National Basketball League, Major League Soccer, National Hockey League Professional Golf Association Tour, NASCAR and Ultimate Fighting Championship to supplement the Group's portfolio of international sports news and clips

Operational highlights are listed below:

- Comscore no 2 ranked online sports video in USA in January 2012,
- 27m average monthly unique users in the fourth quarter of 2011,
- 96m average monthly video streams in the fourth quarter of 2011
- 74 per cent advertising sell through rate in the fourth quarter of 2011, and
- Distribution deals with 339 publishers including NY Daily News, LA Times, San Francisco Gate Chicago Tribune Boston Herald and Sporting News on AOL

According to one forecast spending on digital video advertising will rise sharply by over 250 per cent, from $2 billion in 2011 to $5.4 billion by 2016. Forester Research

$5.4bn

Estimated VOD ad spend in the US market by 2016 (Forrester Research)

UK
£31.2m
30%

Europe (excluding UK)
£42.3m
40%

Asia Pacific
£15.3m
15%

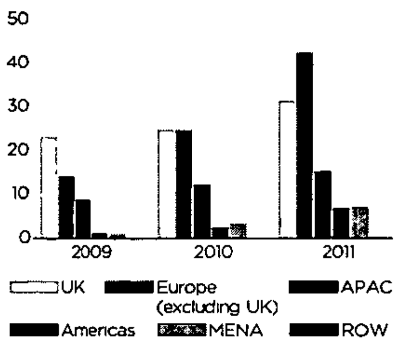
Middle East & North Africa
£7.2m
7%

Rest of the world
£0.3m
1%

Key International Highlights:

- Launch of the ePlayer in seven new markets in 2011, including Japan Indonesia Turkey and Korea
- Established local advertising sales teams in France and Spain
- Software development centres established in Hungary and Poland, complementing existing development teams in UK, Slovakia and India
- ePlayer no 1 ranked for online sports video in UK, France, Italy and Turkey No 2 in Spain and US and No 3 in Germany

Revenue by Region



3 Growth strategy: Expand across new digital platforms

Case Study Al Jazeera Sport selects Perform to power its multi-platform digital broadcast service

In 2011, Al Jazeera Sport, one of the world's leading sports broadcasters, selected Perform to design, build and operate its exciting new digital broadcast product

On November 1 2011 to celebrate its 10th anniversary as a sports broadcaster, Al Jazeera Sport launched **www aljazeerasport.tv** across Web TV and a range of smartphone devices On each platform, Al Jazeera Sport offers users two free global sports channels and subscribers in the Middle East and North Africa a further 14 live sports channels together with a significant library of video on demand sports content

The results have been outstanding The applications had achieved no 1 status in the sports category in the Apple App Store in over 20 territories

The Group provides the end-to-end production and technology platform, and supports Al Jazeera Sport's drive to grow subscriptions for these products

In 2012 the Group will continue to roll out Al Jazeera Sport on an array of new smartphone and connected TV platforms to keep pace with the exciting technological developments in the delivery of video content to connected consumer devices and platforms

The delivery and optimisation of Perform s B2B and B2C products on connected platforms and devices is a key part of the Group's strategy ensuring end consumers receive the best possible service and maximising the revenue opportunities available

2011 saw the emergence of competing smartphone platforms to the iPhone such as Android, and a range of quality tablet devices Reacting to these new trends the Group has launched a range of products optimised for new mobile and tablet devices Highlights include

- Launch of Goal com on iPhone, iPad, Android, RIM Nokia OVI and Windows Phone
- Launch of www foxsoccer2go com on iPad, iPhone and Android
- Launch of www tennistv com on iPad, and iPhone and
- Launch of Watch&Bet as an iOS and Android-optimised video stream on bet365

In 2012, the Group believes connected TV platforms will become mass consumer products and the Group is ideally positioned to benefit as original equipment manufacturers seek to differentiate their services by partnering with digital content businesses to create quality consumer applications

The Group's platform development strategy for 2012 will include launching its own consumer products (LIVESPORT TV, Goal com, Spox com) and a range of B2B and third-party consumer products on a range of connected TV platforms This will extend the Group's reach to the living room opening up new revenue opportunities and delivering the Group s products whenever and wherever its customers want them

87m

Number of Android tablet sales projected by 2015 (McQueen)

40%

Current penetration of smartphones in USA (Neilsen)

166%

Unit growth of iPad sales year on year (Apple)

153m

Estimated number of smart TV unit shipments globally in 2015 (Reportlinker com)

4 Growth strategy: Launch new products

Case Study Perform breaks new ground with Total College Sports launch

Perform identified a gap in the US consumer market for an aggregator of digital college sports clip action, debate and analysis.

The Group acquired clip rights to the main college conferences BIG-10 and BIG-12 SEC, ACC and PAC-10, set up a studio in Chicago and hired a top quality production team to produce daily short form original programming

In September 2011, Total Collge Sports launched aiming to deliver US college sports fans the best college football and basketball action The results have exceeded expectations

Since launching Total College Sports has become the most popular ePlayer channel in the US and delivered 47m streams in December 2011

In 2011 the Group launched LIVESPORTTV and Total College Sports

LIVESPORTTV is the Group's live streaming destination site LIVESPORTTV streams a range of leading sports competitions and events

Both product launches in 2011 have exceeded management's expectation

47m

Number of Total College Sports streams in December 2011

46,074

Average home attendance for NCAA's top tier bowl sub-division football games in 2011

29

Number of live LIVESPORTTV channels at the year-end

Key LIVESPORT.TV highlights include:

- 29 channels live at the year-end including Australian Football League, National Rugby League and Dutch Football (Eredivisie)
- Global sports event listings launched in December, 2011 outlining all live content on broadcast and internet

For 2012 management have targeted further product launches around sports data and social networking

Total College Sports on Facebook

71%

Pass completion of Andrew Luck Stanford University no1 2012 NFL college draft pick

5 Growth strategy: Pursue complementary strategic acquisitions

Case Study
Perform acquires world's largest football portal - Goal.com

In February 2011, the Group made a major strategic investment in the direct-to-consumer digital sports market, by acquiring Goal.com, the world's largest football portal for $30m.

Founded in 2005 and with a network of over 400 editorial contributors, producing 600,000 stories each year, in 15 languages and 27 editions, Goal com had built a significant global user base averaging 16 million monthly unique users in 2010

Despite this scale, Goal com was loss-making with poor user monetisation due to a lack of sales resource to represent the media in key markets the significant standalone costs of its US-based management and technology teams and the cost of operating a large-scale technical platform for a single website

Strategically the Group's management considered the acquisition to be a unique opportunity to acquire the biggest and best global digital football brand, and to utilise the quality editorial, VOD content already owned by the Group to drive user growth and to improve the monetisation of the site

Post acquisition the Group implemented the following changes with the target of the business being profitable within six months

- Integrated the advertising sales function into the Group's existing sales teams in UK, USA, France, Italy, Germany, Spain and Australia,
- Embedded the ePlayer across the site
- Removed the standalone senior management team,
- Migrated the technology function from US to Katowice, Poland,
- Migrated the site onto the Group's data centre, and
- Launched a weekly Goal TV show

This target was delivered and in addition, key performance indicators have continued to improve In 2011, average monthly users were 51 per cent greater than in 2010, despite there not being a FIFA World Cup

For 2012, the strategy for Goal com includes the roll-out of a number of new territory editions, launch of a range of new smartphone and connected TV variants and improvement of the live score and football data elements of the site

The Group outlined the following key pillars to its acquisition strategy at IPO and this strategy remains in place

Local Champions: single territory versions of Perform typically with local user traffic advertising sales capability and a range of technology and content distribution clients

Direct-to-Consumer: global sports portals/businesses similar to Goal com but in sports other than football

Complementary Products: digital sports products such as sports data, social gaming and fantasy

Goal com is available across all major mobile operating platforms

Good progress was made in 2011 with Perform completing the acquisition of the remaining non-controlling interests in both GSM and Watch&Trade In December 2011 the Group acquired two related German digital sports media businesses

Key deal highlights included.

- Acquisition of one of Germany's leading independent sports websites Spox com
- Acquisition of an experienced management team who will assume responsibility for the monetisation of Goal com and ePlayer in Germany and
- Acquisition of the largest independent digital sports advertising sales agency in Germany, mediasports Digital

In 2012, Perform will continue to deploy the primary proceeds raised at IPO The Group plans to make a number of acquisitions which will continue to increase its revenue and EBITDA and expands its capabilities and geographical reach in order to consolidate its position as the global leader in digital sports media

24m

The average monthly number of web unique users on Goal com in 2011

275m

The average monthly number of impressions on the Goal com website in 2011

2.5m

Number of social followers of Goal com on twitter and facebook

9%

Percentage of Goal com's visits driven by facebook

Overview
The Group is the market leader in the commercialisation of multimedia sports content across a variety of digital platforms

11,376

In 2011, the Group live streamed 11,376 sporting events for its Watch&Bet customers (2010 8,129)

130m

In 2011, the Group managed and produced services and products that had a combined reach of more than 130m average monthly unique users globally

129%

Year on year advertising and sponsorship video revenue growth (2010 19%)

3.6bn

ePlayer total video on demand streams viewed during the year (2010 1 1 billion)

Overview

The Group owns digital sports rights through contracts relating to more than 200 sports leagues tournaments and events Utilising its rights portfolio, the Group creates a range of products combining sports video, editorial and data content that are distributed direct to consumers and to business clients In 2011 the Group live streamed 11 376 sporting events for its Watch&Bet customers managed over 100 internet delivered video subscription products on behalf of third-parties and managed and produced services and products that had a combined reach of more than 130m average monthly unique users globally

The Group is a partner to hundreds of businesses globally including sports bodies rights agencies, broadcasters, bookmakers publishers and media agencies The Group had over 640 employees at 31 December 2011, is headquartered in the United Kingdom, and has regional offices in the United States Singapore, India Japan Spain, Italy, Poland, France Australia New Zealand Norway, Germany and the Netherlands

Advances in broadband technology, the mass adoption of internet-enabled devices by consumers and continued innovation in the digital sports rights and online gambling industries have provided the Group with greater opportunities to monetise its digital sports content The Group s multiple platform distribution model, multiple revenue streams and global distribution capabilities mean that the Group is very well placed to drive value from its portfolio of content

Content distribution

The Group provides live sports video, sports news and sports data to customers including online bookmakers, global media companies, mobile operators telecommunications companies and broadcasters

Watch&Bet is a major supplier of live sports video to online sportsbooks The service delivers live streaming of sports content directly to customers through bookmakers' websites over the internet and via mobile networks, without bookmakers having to invest directly in content and technology Watch&Bet generates revenue through fixed-term, multi-year licences, giving the Group long term visible revenues The service is licensed on a semi-exclusive basis, capped at six licensees per territory During the year the service was improved and now delivers a significant proportion of live events in five languages

OMNISPORT is a sports news product that combines video, editorial, images and data First launched in 2008 as a 26 minute daily sports news bulletin sold globally to broadcasters OMNISPORT's scope and product set was significantly expanded and re-launched in the fourth quarter of 2010 OMNISPORT is now a flexible sports news product available across multiple platforms (television, online smartphones and tablets) in a number of formats (Uncut, Ready, Bulletin) and in 11 languages

GSM is a leading digital provider of sports data and information to the betting media and mobile sectors covering over 1,000 leagues and competitions from 134 countries

Watch&Trade is a major supplier of live sports video to online sportsbooks The service delivers live streaming of sports content directly to traders at the sportsbooks without the sportsbooks having to invest directly in content and technology The service is licensed on a non-exclusive basis

58%

Year on year revenue growth (2010 51%)

35

Number of Watch&Bet licensees at year end (2010 23)

11,376

Number of live events streamed by Watch&Bet in the year (2010 8,129)

54

Number of Watch&Trade licensees at year end (2010 35)

97

Number of OMNISPORT licensees at year end (2010 48)

173

Number of GSM data licensees at year end (2010 132)

Content distribution	Year ended 31 December 2011	Year ended 31 December 2010
Revenue (£ m)	64 9	41 1
Year on year revenue growth (%)	58	51
Percentage of overall revenues (%)	63	61

The majority of the year on year revenue increase in content distribution has been due to increased licence fees from sales of the Watch&Bet service From 1 January 2011 the Group entered into a new three year licensing period for the service This included a number of key changes to the licence terms including an increase in the number of events each licensee was typically required to acquire as part of the basic service from an annual average of 5 447 events in 2010 to an annual average of 8,038 events in 2011 and the number of licensees per territory being increased from five to six (from four to five in Asia)

During the year 12 new licensees acquired the service increasing the total number of licensees to 35 (2010 23) Since the start of the year the Group also secured rights to over 2,000 additional events including World Snooker Copa America, a number of football leagues (including Turkish and Swedish) and a range of new WTA and ATP 250 and ATP Challenger tennis tournaments the majority on multi-year deals These events were sold to a range of licensees

The majority of new licensees of the service have licensed single or multiple European territories This trend has continued the geographical diversification of Watch&Bet revenues with the largest territory, the UK representing 7 per cent of Group revenues and no other territory representing more than 4 per cent of Group revenues

Revenues from the Group's other content distribution products OMNISPORT, GSM and Watch&Trade have all experienced strong growth across the year as new clients have licensed these products

Live tennis on bet365 mobile application delivered as part of the Watch&Bet service

Advertising & sponsorship

ePlayer streaming Ligue 1 highlights on Sponichi a leading Japanese publisher

The Group's advertising and sponsorship revenues are generated from sales of online video advertising and sponsorship and online display advertising and sponsorship

These sales are generated via the ePlayer the Group's owned sports websites (Goal.com, Spox.com Soccerway.com and Sportal.com.au) and via third-party websites, including the official website of the English Premier League

Video

The ePlayer is the world's largest premium sports video on demand network A growing, international network of publishers enables advertisers to reach and engage a global audience that averaged 94 million unique users in the fourth quarter of 2011

The ePlayer provides publishers such as Daily Mail (United Kingdom), New York Daily News (USA) and L'Equipe (France) the ability to embed a sports video player which includes an extensive range of locally relevant sports content within their websites

129%

Year on year advertising and sponsorship video revenue growth (2010 19%)

90%

Year on year advertising and sponsorship display revenue growth (2010 33%)

20

Number of live ePlayer territories at year end (2010 13)

3.6bn

ePlayer total video on demand streams viewed during the year (2010 11 billion)

80m

ePlayer average monthly unique users (2010 25 million)

23%

ePlayer annual sell through rate (2010 22%)

Advertising & sponsorship (video)	**Year ended 31 December 2011**	**Year ended 31 December 2010**
Revenue (£m)	6 8	3 0
Year on year revenue growth (%)	129	19
Percentage of overall revenues (%)	7	4

The ePlayer s content proposition is a set of global and territory specific sports video clips packaged into different branded channels including football, tennis, golf and motorsport Approximately 65 000 two to three minute sport clips were uploaded through the ePlayer in 2011, with many clips re-voiced in different languages specifically for individual territories

During 2011, the ePlayer launched in seven new territories including Japan Korea and Turkey

These new territories together with the increased reach in existing territories resulted in a significant increase in the network's global audience with total streams viewed in the final quarter of the year increasing to 1 090 million (2010 Q4 282 million)

Improved advertising sales in territories such as the United Kingdom, United States and Italy resulted in an improvement in the Group's sell through rate to 23 per cent (2010 22 per cent)

Video KPIs

Total for all territories	**Year ended 31 December 2011**	**Year ended 31 December 2010**
Total streams (millions)	3,606	1,068
Total streams sold (millions)	821	233
Average monthly unique users (millions)	80	25
Sell through rate (%)	23%	22%
United States and United Kingdom		
Total streams (millions)	996	422
Total streams sold (millions)	578	154
Average monthly unique users (millions)	26	11
Sell through rate (%)	58%	36%
FIGS		
Total streams (millions)	1,490	484
Total streams sold (millions)	200	77
Average monthly unique users (millions)	23	8
Sell through rate (%)	13%	16%
Rest of the World		
Total streams (millions)	1,120	161
Total streams sold (millions)	43	3
Average monthly unique users (millions)	31	6
Sell through rate (%)	4%	2%

Advertising & sponsorship continued

Perform represents the advertising sales for Premierleague com

Display

Advertising & sponsorship (display)	Year ended 31 December 2011	Year ended 31 December 2010
Revenue (£ m)	7 0	3 7
Year on year revenue growth (%)	90	33
Percentage of overall revenues (%)	7	4

In February, the Group acquired Goal com the largest football website in the world The site offers a range of features including football news content, editorial and video footage There are 27 different territory editions available in 15 languages During 2011 Goal com had average monthly unique users of 24 million

In December, the Group acquired Spox com the largest independent sports portal in Germany The website offers a range of features including news content editorial and video footage from regional and global sports and interactive user forums At the end of the year it had monthly unique users of 1 6 million

In addition, the Group owns Sportal com au a leading sports portal in Australia and New Zealand and Soccerway com, a football portal focussed on live scores and statistics At the end of the year Sportal com au had average monthly unique users of 0 4 million and Soccerway com had 3.3 million unique users

In addition to online display revenues generated from the Group's wholly owned websites the Group acts as an advertising agent for a network of third-party sports websites including premierleague com

Display revenues on the UK third-party network declined year on year as the Group focused on sales of its wholly owned network and the ePlayer

Adidas – Goal com Ballon d Or Sponsorship

Subscription

19%

Year on year revenue growth (2010 13%)

375k

Total video and data subscribers at year end (2010 249,000)

1.2m

Total apps downloaded in year (2010 0 3 million)

29

LIVEPSPORTTV channels live at year end (2010 1)

Subscription	Year ended 31 December 2011	Year ended 31 December 2010
Revenue (£ m)	9 5	8
Year on year revenue growth (%)	19	13
Percentage of overall revenues (%)	9	12

Perform generates revenue from the management of over 100 internet delivered video subscription products on behalf of football clubs (e g Chelsea Football Club), sports bodies (e g ATP World Tour - www tennistv com) and broadcasters (e g Fox Sports)

The Group also has a number of its own products which generate subscription revenues such as LIVESPORTTV and Goal com

The increase in subscribers during the year was primarily due to the launch of LIVESPORTTV an uplift in subscribers to third-party products and the launch of Goal com subscription SMS products

The number of video subscribers increased in 2011 to 186,000 from 148,000 in 2010 as a result of the Group increasing the level of subscription content on offer by launching new products for Fox Soccer, Chelsea Football Club and Rogers Sportsnet By the end of the year there were 68 000 customers subscribing to Goal com data services globally

Technology & production

Chelseafc com – winner of the Best Club/Team website in the Ultimate Digital Sports Awards

The Group generates technology and production revenues from the design build and management of websites, mobile services and products (e g for the Football League Interactive), the ingest, encoding scheduling and streaming of live video content (e g for Fox Sports and the Abu Dhabi Media Company), the ingest, encoding and distribution of VOD content (e g for Premier League), and the filming and production of live and non-live content (e g for Premiership Rugby) Revenues grew strongly in the year through the start of a number of new production services contracts and the development and delivery of numerous mobile applications

The Group is now contracted to manage over 100 websites and mobile services on behalf of third parties and has contracts with over 50 clients Key clients are primarily football clubs and leagues rights holders and broadcasters During 2011 Perform won some significant new international contracts including the Norwegian Professional Football League and Al Jazeera Sport and entered a new commercial partnership with Football League Interactive until 2015

28%

Year on year revenue growth (2010 33%)

47

Number of mobile 'apps launched (2010 25)

81

Number of products launched (2010 40)

22.5m

Number of average monthly unique users on third-party websites (internet and mobile) (2010 19 3m)

Technology & production	Year ended 31 December 2011	Year ended 31 December 2010
Revenue (£ m)	15 0	11 7
Year on year revenue growth (%)	28	33
Percentage of overall revenues (%)	15	17

For Al Jazeera Sport (the sports division of broadcaster Al Jazeera) the Group built and operates the world's most advanced live sport streaming service aljazeerasport tv which makes available over internet and mobile all 16 Al Jazeera Sport's television channels and other live sports events Al Jazeera Sport is the largest holder of sports rights in the MENA region with access to some of the leading global sports properties including FIFA World Cup, UEFA Euro 2012, UEFA Champions League, UEFA Europa League La Liga, Serie A, Ligue 1 NBA ATP and WTA

The deal with Norway's Professional Football League involves the design build, management and commercialisation of 32 club websites including video and audio players, a central portal for the top two leagues in Norway and a network of mobile websites and applications for a variety of mobile operating platforms including iOS and Android This will ensure an innovative and flexible platform for the clubs and provide an engaging and content-rich digital experience for Norwegian football fans

During 2011, the Group co-produced ITV's Ashes highlights show and produced for the Rugby Football Union the O2 Inside Line a weekly, online magazine programme In addition, the Group filmed and produced 60 Premiership Rugby games the 2011 International Paralympic Committee European Swimming Championships in Germany and filmed and produced all tournaments for the Professional Squash Association

Financial review

The Group's total revenue increased to £103.2m in 2011, an increase of £35.8m (53 per cent) from £67.4m in 2010. Adjusted EBITDA (defined as earnings before interest, tax, depreciation and amortisation and excluding amounts in respect of the Group's joint ventures, share-based payments and exceptional items) increased by 79 per cent to £18.5m in 2011 from £10.3m in 2010. The Group's profit after tax decreased to £3.8m from £9.4m in 2010 primarily due to exceptional items relating to the Group's Listing on the London Stock Exchange (£3.2m) and in relation to the acquisition of subsidiaries (£1.8m) and exceptional share-based payment charges (£4.8m) offsetting the increase in underlying EBITDA.

David Surtees
Chief Financial Officer

Summary income statement

	2011 £'000	2010 £'000
Revenue		
Content distribution	**64,943**	41,089
Subscription	**9,535**	8,027
Technology and production	**14,953**	11,681
Advertising and sponsorship (video)	**6,792**	2,971
Advertising and sponsorship (display)	**6,971**	3,662
	103,194	**67,430**
Cost of sales		
Content	**(35,831)**	(21,340)
Publisher shares	**(2,715)**	(2,500)
Technical and software fees	**(6,221)**	(4,842)
Production	**(6,947)**	(2,205)
Other	**(1,386)**	(1,107)
	(53,100)	**(31,994)**
Gross profit	**50,094**	**35,436**
Staff costs	**(24,415)**	(19,413)
Other administrative costs	**(7,205)**	(5,678)
Adjusted EBITDA (excluding joint ventures, exceptional items and share-based payments)	**18,474**	**10,345**
Share of results of joint ventures	**-**	516
Adjusted EBITDA (excluding exceptional items and share-based payments)	**18,474**	**10,861**
Exceptional items	**(4,998)**	(724)
Exceptional share-based payments	**(4,770)**	-
Share-based payments	**(352)**	(111)
EBITDA	**8,354**	**10,026**
Amortisation and depreciation	**(3,748)**	(2,227)
Amortisation of acquisition intangibles	**(855)**	(366)
Group operating profit	**3,751**	**7,433**
Net finance costs	**(265)**	(80)
Profit before tax	**3,486**	**7,353**
Tax	**231**	2,095
Profit after tax	**3,717**	**9,448**

Revenue

Content Distribution revenue increased by £23 8m (58 per cent) to £64 9 million due to the new licensing terms of the Watch&Bet service and additional live events acquired and streamed during the year through the Watch&Bet service

Advertising and Sponsorship (video) revenue increased by £3 8m (129 per cent) to £6 8 million due to the new territory launches of the ePlayer increasing audiences and total streams viewed and more of these streams being monetised in particular in the United Kingdom United States and Italy

Advertising and Sponsorship (display) revenue increased by £3 3m (90 per cent) to £7 0 million due to the acquisition of Goal com in February which contributed £4 0m of revenue in 2011 Revenue generated from the representation of third-party websites declined from £3 7m to £3 0m as the Group focussed its sales efforts on its wholly owned sites such as Goal com and Soccerway com

Subscription revenue increased by £1 5m (19 per cent) to £9 5 million due to the increase in the number of video and data products offered across its client based products such as Fox Soccer and tennistv com, the Group s LIVESPORTTV product and SMS services on Goal com

Technology and Production revenue increased by £3 3m (28 per cent) to £15 0 million due to a number of new customers including Al Jazeera Sport and Norwegian Professional Football League and an increase in production services

Cost of sales

Cost of sales increased from £32 0m in 2010 to £53 1m, an increase of £21 1m (66 per cent) The increase during the period was primarily a result of the increased volume and cost of content acquired by the Group to support its product and revenue development

Content costs increased by £14 5m (68 per cent) to £35 8 million due to the increased number of sports events and rights acquired

Publisher shares increased by £0 2m (8 per cent) to £2 7 million due to the increased advertising and sponsorship sales under which publishers are contractually entitled to a share

Technical and software fees increased by £1 4m (29 per cent) to £6 2 million due to the increased number of end users, customers, new products and new services

Production costs increased by £4 7m (214 per cent) to £6 9 million due to a number of new production contracts the costs of multi-lingual commentary for the Watch&Bet service editorial content produced for Goal com and editorial content for the new suite of OMNISPORT products

Gross profit

The Group s gross profit increased from £35 4m in 2010 to £50 1m in 2011 an increase of £14 7m (42 per cent) Gross profit margin was 49 per cent in 2011 compared to 53 per cent in 2010 This decrease was as a result of the Group acquiring additional rights primarily for the ePlayer in the United States, the launch of the new suite of OMNISPORT products which impacted gross margin in the first half of 2011

Administrative expenses

The Group's administrative expenses increased from £28 5m in 2010 to £46 3m in 2011 an increase of £17 8m (62 per cent) This increase was primarily a result of increased staff employed (from an average of 382 in 2010 to an average of 590 in 2011) and their related costs as well as higher accommodation costs as the Group expanded its leased property space and higher depreciation and amortisation charges

The average cost of an employee decreased from £51 000 in 2010 to £41 000 in 2011 Administrative expenses in 2011 included the impact of exceptional items of £5 0 million relating to the Listing and acquisitions (2010 £0 7 million) and share-based payment charges of £5 1m million (2010 £0 1 million)

Adjusted EBITDA

Adjusted EBITDA is defined as earnings before interest tax, depreciation and amortisation and excludes amounts in respect of the Group s joint ventures share-based payments and exceptional items and is considered by the Directors to be a key measure of its financial performance Adjusted EBITDA increased from £10 3m in 2010 to £18 5m in 2011, an increase of £8 2m (79 per cent) This increase was as a result of the improved financial and operational performance of the Group

Financial review continued

Exceptional items

During the year the Group incurred exceptional costs of £5 0m (2010 £0 7m) relating to professional fees in respect of the Group s corporate and strategic development including the Listing (£3 2m) and the acquisitions of Goal com and Spox com mediasports Digital and the acquistions of the non-controlling interests in Watchandtrade and GSM (£1 8m) These costs were considered exceptional by the Directors as they were items that were material in size and were unusual and infrequent in nature

Share-based payments

The Group incurred share-based payment charges of £5 1m (2010 £0 1m) relating to the Group's Growth Securities Ownership Plan (GSOP) (£4 8m) and the Group's ongoing Performance Share Plan (£0 4m) for senior management

Amortisation and depreciation

Amortisation and depreciation increased from £2 2m in 2010 to £3 7m in 2011 an increase of £1 5m (68 per cent) The increase was primarily due to the increased investment in the Group s technical infrastructure and software development

Amortisation of acquisition intangibles increased from £0 4m in 2010 to £0 9m in 2011 The increase of £0 5m was due to the amortisation of acquired Goal com intangibles

Finance costs

The Group's net finance costs increased from £0 1m in 2010 to £0 3m in 2011 Investment income of £0 8m (2010 £nil) primarily related to bank interest receivable on funds raised during the Group's IPO These were offset by finance costs of £1 1m (2010 £0 1m) primarily relating to bank interest on the Group s borrowings

Taxation

The Group recognised a tax credit of £2 1m in 2010 compared to a credit of £0 2m in 2011 The decrease in the tax credit was primarily due to the recognition of a deferred tax asset in the prior year

Profit after tax

Profit after tax decreased from £9 4m to £3 7m in 2011, a decrease of £5 7m (61 per cent) Adjusted profit after tax, excluding exceptional items share-based payments, profit from joint ventures and amortisation of acquisition intangibles increased from £10 1m in 2010 to £14 7m in 2011

Earnings per share

Adjusted basic and diluted earnings per share are based on profit attributable to equity holders of the parent plus exceptional items, share-based payments and amortisation of acquisition intangibles divided by the adjusted weighted average number of Ordinary Shares outstanding in 2011 in the period between Listing and 31 December 2011

Adjusted earnings per share (basic and diluted) grew by 40 per cent to 6 3p (2010 4 5p)

Statutory earnings per share reflects the Group s statutory profit and was based on the average number of Ordinary Shares outstanding in 2011 of 218 million under the Group s post-Listing capital structure (2010 197 million) Statutory earnings per share (basic and diluted) decreased to 1 4p from 4 6p

Dividend

The Directors do not recommend the payment of a dividend (2010 £nil)

Acquisitions/Listing

In February the Group acquired the entire share capital of Goal com (Holdco) S A for $30m Goal com is the biggest football website in the world The acquisition was majority financed by a £17m term loan facility

In April the Group successfully completed its Listing on the London Stock Exchange, raising net primary proceeds of £69 7m to pursue strategic acquisitions to accelerate the Group s development

In December the Group acquired two related German businesses, Spox Media GmbH and mediasports Digital GmbH for initial cash consideration of €3 65m with a maximum deferred cash consideration of €12 35 million payable

In December the Group acquired the non-controlling interests in both WatchandTrade Limited for £0 6m initial cash consideration with a maximum deferred consideration of £5 85m payable and Global Sport Media B V for €4 3m

Capital expenditure

During the year the Group continued to capitalise expenditure on additions and improvements to its technical software as new functionality and services were developed Internal staff costs of £2 1m were capitalised in 2011 (2010 £1 0m) Further external development and software costs were capitalised of £2 2m (2010 £1 0m) Therefore total intangible asset additions were £4 3m (2010 £2 0m) This included investment in enwhancements to the ePlayer subscription and Watch&Bet products

The Group continued its investment programme to update and improve the equipment used to support its technical hardware platform and invested £4 0m during 2011 (2010 £3 1m)

Of the total £8 3m (2010 £5 1m) invested relating to technical development, software and hardware £4 9m (2010 £3 3m) related to investment in new products £2 1m (2010 £1 0m) related to additional supply side capacity, £0 9m (2010 £0 5m) related to back office and £0 4m (2010 £0 3m) related to renewals

In addition the Group invested £0 4m in leasehold improvements and furniture and fittings (2010 £0 8m)

Cash flow and net debt

Cash generated from operating activities was £15 2m (2010 £12 6m)

Cash flow used in investing activities was £34 1m (2010 £6 4m) of which £7 8m (2010 £5 8m) related to purchases of fixed assets, £25 1m (2010 £0 7m) related to acquisitions of subsidiaries and non-controlling interests and £1 8m (2010 £nil) related to exceptional costs attributable to acquisitions These cash out flows were offset by £0 5m of investment income (2010 £0 1m)

Cash flow from financing activities was £77 9m (2010 £0 3m) of which £69 7m (2010 £nil) represented net IPO proceeds, £16 6m (2010 £nil) represented borrowings (net of fees) £3 2m (2010 £nil) related to exceptional costs attributable to the IPO The cash in flows were offset by £4 2m related to borrowings capital repayments and £1 0m (2010 £0 3m inflow) related to finance lease capital repayments and interest charges net of proceeds from sale and finance lease backs

Closing cash was £75 9m (2010 £16 9m) and closing net funds were £62 9m (2010 £16 4m)

Prospects and outlook

The Group has made a positive start to 2012 and the business is continuing to perform in line with expectations and the Directors view the outlook for the current financial year with confidence

The Directors believe that the demand for the Group's products and services will continue to increase as a result of its international expansion efforts the increasing penetration of residential broadband connections and smart phones across all markets it operates in and the impact of digital technology on the sales and marketing strategies of the sports and media industries The Group is well placed to deliver these solutions and we will continue to look for strategic acquisitions to strengthen our position as the world's leading digital sports business

David Surtees
Chief Financial Officer

Board of Directors

1 Paul Walker
Non-Executive Chairman

Paul Walker was appointed to the Board in January 2011 as the Company's Non-Executive Chairman Paul served as chief executive officer of The Sage Group Plc from 1994 to September 2010 Paul has been a non-executive director of Experian plc since June 2010 and a non-executive director of Diageo Plc since June 2002 He is currently chair of the Newcastle Science City Partnership and is a director of the Entrepreneurs Forum Paul previously served as a non-executive director of MyTravel Group Plc from December 2000 to December 2004 Paul qualified as a chartered accountant at Ernst & Young having graduated from York University with an economics degree

2 Simon Denyer
Joint Chief Executive Officer

Simon Denyer was appointed to the Board in September 2007 The founder of Inform Group in 2004, Simon was its managing director until its amalgamation with Premium TV in 2007 to create Perform Prior to Inform Group Simon was head of digital rights at IMG sales director at Sportal and started his career in sports media at Haymarket Publishing He has worked with major sports rights holders in the exploitation of their digital media rights for the past 12 years Simon holds a BA Hons in Economics and Geography from Loughborough University

3 Oliver Slipper
Joint Chief Executive Officer

Oliver Slipper was appointed to the Board in August 2007 He was the chief executive officer of Premium TV until its amalgamation with Inform Group in 2007 to create Perform Oliver joined Premium TV in 2001 as commercial manager In 2005, Oliver was appointed chief executive officer Prior to Premium TV Oliver worked at Accenture within the media and entertainment team, where he worked for clients including Cable & Wireless NTL and Sony Playstation advising on digital strategies Oliver holds a BA Hons in Classical Studies from Manchester University

4 David Surtees
Chief Financial Officer

David Surtees was appointed to the Board in March 2011 David joined the Company at the start of 2008 from Shine, one of the UK s leading independent television producers, where he had been chief financial officer since April 2002 Prior to Shine David worked at Carlton Productions for two years and the BBC for six years David qualified as a chartered accountant with Price Waterhouse in 1993 David holds a BSc Hons in Geography from Bristol University

5 Peter Williams
Senior Independent Non-Executive Director

Peter Williams was appointed to the Board in March 2011 Peter was finance director of Daily Mail and General Trust plc ("DMGT") from 1991 until March 2011 He joined the DMGT group in 1982, having previously qualified as a chartered accountant with Thomson McLintock and worked for three years as an accountant with Grindlays Bank During his time with DMGT he served as a non-executive director of Bristol Evening Post plc, GWR Group plc (subsequently Gcap Media plc) and Euromoney Institutional Investor plc He has also served as a non-executive director of Ibis Media VCT1 plc since 2006 and was chairman of a committee of the 100 Group of FTSE 100 Finance Directors between 2008 and 2010

6 Marc Brown
Independent Non-Executive Director

Marc Brown was appointed to the Board in March 2011 Marc has been a member of Microsoft s Corporate Development Group since joining the company in January 2000 Currently he is a General Manager, Corporate Development and Global Head of M&A and Strategic Investments Prior to joining Microsoft Marc practised corporate law at a firm in Boston, was a high school teacher and coach and an investment banker in New York He holds a JD degree from Georgetown University Law Center, an MBA in finance from New York University and a bachelor of arts in economics from Colgate University

7 Jörg Mohaupt
Non-Executive Director

Jörg Mohaupt was appointed to the Board when Access Industries acquired a majority stake in the Company in July 2007 Jörg is responsible for the media/online and telecom businesses at Access Industries which he joined in May 2007 He was previously a managing director of Providence Equity Partners Jorg has been active in the media and communications space since 1992 Jorg s current board positions include Tory Burch LLC Rebate Networks GmbH, AINMT Holdings AB, RGE Group Limited, Icon UK Distribution Holdings Limited and Mendeley Research Networks Prior board positions include Digiturk, Casema NV Comhem AB Bibit BV VersaTel Telecom NV and Speedera Networks Inc

8 Peter Parmenter
Independent Non-Executive Director

Peter Parmenter was appointed to the Board in December 2011 Peter is Head of New Platforms and OEM at EA Interactive a division of Electronic Arts a global leader in digital interactive entertainment Prior to joining EA, Peter held positions at EMI Records, Hutchison Telecoms and the Bertelsmann Group Peter is vice-chair of the Mobile Entertainment Forum

Risk and uncertainties
Perform considers good risk management fundamental to achieving its objectives, protecting its reputation and delivering added value.

Macro risk

Summary	Description	Mitigation
Rights inflation and renewals	Competitors may outbid the Group for certain rights or push up renewal costs Certain content holders (such as sports bodies) may decide to commercialise their own content rather than selling it on which could increase competition/price for available rights With less content the Group may face decreasing demand for its products whilst more expensive rights may reduce the Group's margin	Continue to develop relationships with key rights-holder stakeholders and continue to offer attractive commercialisation options to rights holders Rights cost inflation to be closely monitored, and, where possible, to be passed on to customers
Internet infrastructure not maintained	The delivery of the Group's products and services are dependent on third-party internet service providers continuing to expand high speed internet access and maintain reliable networks with necessary speeds and capacity Changes in access fees may adversely impact the ability and/or willingness of users to access the Group's content	These factors are largely out of Management's control although Management will continue to monitor internet access, infrastucture and costs closely
Macro economic difficulties	The Group's revenue streams are dependent on the disposable income of its customers and the overall macro economic environment (in particular for online advertising and sponsorship) Current economic difficulties could adversely impact the Group's results	These factors are largely out of Management's control although Management consider the Group's revenue streams to be sufficiently diverse and global that any economic slowdown in one particular economy or region should not have a material impact on the Group's results
Government regulation of the internet	Any adverse government regulations of the internet could impact the Group's results	Management closely monitor and review current and upcoming internet regulations and do not currently consider there to be a material risk given the geographical and product diversity of the Group's revenues
Piracy of sports rights	If live sport is made available via pirates demand for the Group's products may decline In addition if the Group's content is made avilable other than in accordance with the rights-holder contracts then the Group may face liabilities/penalites to the rights-holders	Management monitor illegal use of sports content closely and the appropriate legal developments Management do not consider this currently represents a material risk to the Group but will continue to monitor this closely and regularly
Dependency on scheduling of live sport	Any long-term postponement or cancellation of any sports league season may impact the Group	These factors are largely out of Management's control although Management consider the Group's revenue streams to be sufficiently diverse and global that any issue with one particular sport would not have a material impact on the Group's results

Risk management and responsibility

The Board has ultimate responsibility for the Group's risk management process and reviews its effectiveness annually However, on a day to day basis, senior management is responsible for providing visible leadership as to the management of risk and ensuring that it is integrated as appropriate into the Groups activities The following table identifies the most significant risks identified by the Board

Operational risk

Summary	Description	Mitigating actions
Infrastructure to support growth	As the Group continues to grow it will need to continue to support its systems, infrastructure and back-office	Management regularly review the adequacy of the Group's support functions and ensure appropriate resource and capability to support the Group's growth
Technology failure	The Group is highly reliant on its technology platform and certain other operational IT systems If these systems were damaged or interrupted there could be significant costs and disruptions to the products/services offered by the Group	The Group has put in place appropriate business continuity processes disaster recovery systems and security measures to protect against network and IT system failure or disruption Management closely monitors performance of the platform and key systems (both housed internally and externally) and addresses any issues immediately
Unprotected customer data	If the Group does not adequately protect customer account information there is a legal risk to the Group	Management consider that the Group currently has appropriate security controls in place to protect such data although these are closely monitored by Management regularly

Finance and legal

Summary	Description	Mitigating actions
Protection of intellectual property rights	The Group's ability to compete may be harmed if it is not able to protect its intellectual property rights Its ability to compete could also be harmed if it is unable to use all intellectual property needed for its business	The Group carefully words external contracts so as to protect its intellectual property rights All contracts are reviewed by either the Group's in-house legal team or external advisors The Group monitors use of its intellectual property
Foreign exchange risk	A significant portion of the Group's revenues and costs are in Euros and Dollars so the Group could potentially be exposed to adverse movements in those currencies	Management prepare cashflows by currency and attempt where possible, to naturally hedge the Group's cashflow Management will carefully monitor the Group's cashflow and consider alternative arrangements in the event that there is a material unhedged exposure
Tax risk	Adverse changes in taxation could affect the Group's results and the Group could be exposed to various tax risks in various countries	Management work closely with the Group's external tax advisors, Grant Thornton, on an ongoing basis to mitigate its tax risks

Risk and uncertainties continued

Business

Summary	Description	Mitigating actions
Products become technologically obsolete	The Group needs to develop and upgrade the functionality of its products and services and to adapt to new business environments and competition The Group needs to develop new products and services to keep up to date with developments in the digital sports rights and media industries	Continue to closely monitor the digital sports rights and media industries and encourage and reward initiative and enterprise across the whole Group There is a continued focus on new products and a dedicated Managing Director of the Group' s Direct-to-Consumer has recently been appointed
Unsuccessful geographic expansion	The Group's growth is dependent on expanding its products and services into new business and geographic areas There are no assurances that these new areas will be profitable	Management perform appropriate commercial diligence before launching a new product/ territory and ensure that appropriate levels of staff are in place to appraise and manage new products and territories
Dependency on online gaming	The Group is dependent on Watch&Bet for a significant proportion of its revenues Any significant adverse regulations introduced in the gaming industry could impact the Group's results	Management closely monitor and review the online gaming industry and regulation and do not currently consider there to be a material risk The Group has diverse geographical revenues and continues to diversify its portfolio of products
Retention of key employees	The success of the Group depends in part to its ability to continue to attract retain and motivate highly skilled employees	Management have recently implemented a Performance Share Plan to incentivise certain key senior staff over the longer term (3 years)
Unsuccesful or costly M&A activity	Merger and acquisition activity may be unsuccessful or costly	Management performs an appropriate level of diligence and business planning on any acquisition to ensure incremental shareholder value is generated A Head of Corporate Development was appointed in April 2011 to lead M&A activity

Directors' Report

The Directors present their Annual Report together with the audited financial statements for the year to 31 December 2011

Business Review
Perform Group plc is required to set out in this report a fair review of the business of the Group during the year to 31 December 2011 and of the position of the Group at the end of the financial year and a description of the principal risks and uncertainties facing the Group (known as a "Business Review") The purpose of the Business Review is to enable shareholders to assess how the Directors have performed their duty under section 172 of the Companies Act 2006 (duty to promote the success of the Company) The Overview and Business and Financial Review sections on pages 1 to 33 report on the activities and results for the year and give an indication of the Company's future developments The sections of the Annual Report referred to above, fulfil the requirements of the Business Review and are incorporated by reference and shall be deemed to form part of this report

Principal Activities
The Company's principal activity during the year was that of the holding Company of a group of digital media companies The Group is the market leader in the commercialisation of multimedia sports content across a variety of digital platforms

Revenue and profit
Revenue during the year amounted to £103 2m (2010 £67 4m) Profit attributable to equity holders of the parent was £3 1m (2010 £9 1m)

Dividends
The Directors do not recommend that a final dividend is paid (2010 £nil) No interim dividend (2010 £nil) was paid

Directors
The names and biographical details of the Directors holding office at the date of this report are set out on pages 34 and 35 and are incorporated by reference into this report

At the Annual General Meeting on 17 April 2012, all Directors will retire in accordance with the Articles of Association and being eligible will offer themselves for re-election The separate circular to shareholders incorporating the Notice of this year's Annual General Meeting sets out why the Board believes these Directors should be re-elected Details of the Directors' service agreements and letters of appointment are given in the Remuneration Committee Report on pages 48 to 50

Directors' share interests
Directors' holdings at 31 December 2011 in the shares of the Company are shown on page 50 There were no changes to the beneficial interests of the Directors between 31 December 2011 and 28 February 2012

Directors' insurance and indemnities
The Company maintains Directors' and officers' liability insurance which gives appropriate cover for any legal action brought against its Directors In accordance with section 236 of the Companies Act 2006, qualifying third-party indemnity provisions are in place for the Directors and Company Secretary in respect of liabilities incurred as a result of their office to the extent permitted by law

Share capital
Details of the authorised and issued share capital together with details of movements in the issued share capital of Perform Group plc are shown in note 25 to the financial statements which is incorporated by reference and deemed to be part of this report

On 18 March 2011 the Company re-registered from a private limited company to a public limited company

Following a resolution of the Company passed on 7 April 2011 which took effect immediately prior to the Listing of the Company's securities on the main market of the London Stock Exchange

- each of the Company's A Ordinary Shares were subdivided, reclassified and redesignated as 36 new Ordinary Shares,
- each of the Company's B Ordinary Shares were subdivided, reclassified and redesignated as 36 new Ordinary Shares,
- each holding of the existing Preference Shares were consolidated into one preference share
- these Preference Shares were subdivided, reclassified and redesignated into in aggregate 21 132 432 new Ordinary Shares and 1,380 354 048 deferred shares of 2 and 7/9ths pence each in the capital of the Company, and
- the Company allotted a further 28 0m Ordinary Shares of 2 and 7/9ths pence each

Following the share re-organisation and Listing the Company's share capital comprised 225,376 072 new Ordinary Shares of 2 and 7/9ths pence The Company received proceeds net of bank fees and costs, of £69 7m (gross primary proceeds were £72 5m)

On 21 June 2011 the Company cancelled, at no cost, all of the deferred shares created on Listing The deferred shares did not entitle the holders to any dividends or distribution and were only able to be transferred by the Company A capital redemption reserve of £38 3m was created as a result

Directors' Report continued

As at 31 December 2011 the Company had 225 376 072 Ordinary Shares in issue The Company does not hold any treasury shares

The Company will be subject to the continuing obligations contained in the Listing Rules with regard to the issue of Ordinary Shares for cash The provisions of section 561(1) of the Companies Act 2006 (the "Act") (which confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are or are to be, paid up in cash other than by way of allotment to employees under and employees' share scheme as defined in section 1166 of the Act) apply to the issue of shares in the capital of the Company except to the extent that such provisions were disapplied as set out in the Company's Prospectus

The Company may by ordinary resolution increase consolidate or subject to the Act sub-divide its share capital The Company may by ordinary resolution also cancel any shares which at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its authorised share capital by the amount of the shares so cancelled Subject to the provisions of the Act the Company may by special resolution reduce its share capital capital redemption reserve and share premium account in any way

Subject to the Act and without prejudice to any relevant special rights attached to any class of shares, the Company may purchase any of its own shares

With regard to the appointment and replacement of Directors the Company is governed by its Articles of Association the Corporate Governance Code 2010 the Companies Act 2006 and related legislation The Articles of Association may be amended by special resolution of the shareholders

Substantial shareholdings
As at 31 January 2011, the Company had been notified under Rule 5 of the Disclosure and Transparency Rules of the following major interests in its issued ordinary share capital

	Number of Ordinary Shares	% of total voting rights
Premium TV Group	101,865,876	45 20
Simon Denyer	27 518 088	12 21
John Gleasure	12,121 342	5 38
Legal and General Investment Management	8 038 367	3 57
Baillie Gifford & Co	7 336 207	3 26

Interests in own shares
The Company does not hold any of its own shares

Charitable donations
During the year to 31 December 2011 the Group donated £10 000 to charitable causes including Save The Children, John Hartson's Foundation, Roger Federer's Foundation and Urdd Sports Department who organise sporting activities for children all over Wales

Political donations
The Company made no political donations during the year

Employment policies
Equal opportunities
The Group's policy is always to ensure that all persons are treated fairly irrespective of their age race (including colour, nationality ethnic or national origins), sexual orientation disability gender including gender reassignment religious beliefs or political opinion trade union membership or non-membership, marital and physical or mental status or any other factors including pregnancy and maternity The Group endeavours to provide those who have physical or mental disabilities with equal opportunities in the application and recruitment process and specific assistance and arrangements (including training career development and promotion arrangements) to enable them to work for us wherever and whenever this is reasonably practicable

Health and Safety
The Group is committed to providing a consistently safe and effective working environment for all staff, including contractors, customers and members of the public In doing so it will as a minimum, comply with local health and safety legislation, but will exceed those requirements should it be necessary to do so The Group has a Health and Safety Policy available to all employees and applied to the Group's business operations worldwide The Health and Safety Policy sets out the organisation and arrangements for achieving and maintaining adequate standards of health and safety at work throughout the Group

Overall Group health and safety is the responsibility of the Chief Operating Officer Each Executive member of the Group Board is responsible for giving appropriate consideration to the health and safety implications arising out of decisions or proposals made within the remit of their respective areas of corporate responsibility

For subsidiary companies health and safety is the responsibility of the Managing Directors who will establish appropriate and effective systems and arrangements to ensure compliance and to achieve the corporate objectives

All employees are expected to exercise personal responsibility in preventing injury to themselves and others and to co-operate with management in complying with health and safety legislation

Employee Involvement

Employee communication

The Group believes that employee communication is important in building strong relationships with and in motivating and retaining employees The Group makes use of various methods and channels including face to face briefings open discussion forums with senior management email and corporate internet to ensure that matters of interest and importance are conveyed to and heard from employees quickly and effectively and that all employees are aware of the financial and economic factors affecting the performance of the Company

Employee share schemes

The Group recognises the importance of good relationships with employees of all levels During the year the Group implemented a Performance Share Plan for senior management Further details of this scheme are set out in note 26 to the financial statements The Group intends to implement a Company Share Option Plan and a Sharesave Scheme in 2012

In March 2010, the Group put in place a Growth Securities Ownership Plan ("GSOP") under which certain key non-shareholding employees were given the opportunity to purchase a financial instrument which tracked the Company's market capitalisation for a period ending in April 2012 (being one year after the Group's admission to the London Stock Exchange) Further details of this scheme are set out in note 26 to the financial statements

Environmental policy

During the year the Group recycled 16 040kg (2010 8 270 kg) of paper which equated to CO_2 savings of 22,830kg (2010 11 710 kg) with recycling per employee of 4 1kg/week (2010 2 1kg/week)

The Group is currently working with Carbon Smart to

- measure environmental impacts to report performance internally, benchmark the organisation and target improvements based on a realistic baseline,
- receive support in developing and implementing practical low or no cost actions for improving environmental performance and
- assistance in engaging staff to ensure that improved environmental performance becomes part of the everyday work environment

Financial Instruments

The Group's financial risk management objectives and policies are set out within note 22 to the financial statements Note 22 also details the Group's exposure to foreign exchange interest, credit and liquidity risks These notes are incorporated by reference and are deemed to form part of this report

Creditor payment policy

For all trade creditors it is policy to

- agree and confirm the terms of payment at the commencement of business with that supplier
- pay in accordance with contractual and other legal obligations and
- continually review the payment procedures and liaise with suppliers as a means of eliminating difficulties and maintaining a good working relationship

The Company's trade creditors at 31 December 2011 were £277000 (2010 £70 000)

Significant contracts - change of control

In the event of a change of control awards made under the Group's Performance Plan ("Award") will vest Unless otherwise determined by the Remuneration Committee, the proportion of an Award which vests shall be calculated by reference to the achievement of performance conditions at the date of the corporate event reduced pro rata to take account of the period from the date of Award to that event In addition the Remuneration Committee may take into account other factors, including but not limited to the performance of the Company, and the interests of Shareholders

Directors' Report continued

Alternatively, in the above circumstances the Remuneration Committee may permit or require Awards to be exchanged for new awards of shares in the acquiring Company on a comparable basis

Essential contracts
The Group has a number of contractual arrangements with suppliers of goods and services including a variety of content rights-holders Whilst these arrangements are important to the Group individually none are them are essential to the business of the Group

Auditors
In accordance with section 418(2) of the Companies Act 2006, each of the Company's Directors in office as at the date of this report confirms that

- so far as the Director is aware there is no relevant audit information of which the Company's auditors are unaware and
- he has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

The Group's auditors are Grant Thornton UK LLP A resolution to re-appoint Grant Thornton UK LLP as auditors to the Company will be proposed at the forthcoming Annual General Meeting

Note 4 in the financial statements states the auditors' fees for both audit and non-audit work

Going Concern
The Group's business activities together with the factors likely to affect its future development performance and position and set out in the Overview and Business and Financial Review sections on pages 1 to 33, along with details of the Group's cash flows liquidity position and borrowing facilities Financial risk management objectives details of financial instruments and hedging activities, and exposures to credit risk and liquidity are described in note 22 to the financial statements

The Directors have reviewed the Group's forecasts and projections These include the assumptions around the Group's products and markets expenditure commitments and expected cash flows Taking into account reasonably possible changes in trading performance, and after making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future Accordingly they consider it appropriate to adopt the going concern basis in preparing the Annual Report and Accounts

Annual General Meeting
The Annual General Meeting of the Company will be held at the Company's offices at Hanover House, Plane Tree Crescent, Feltham, TW13 7JJ commencing at midday on Tuesday 17 April 2012 The Notice of this year's Annual General Meeting is included in the separate circular to shareholders The Notice is available to view under the "Investors" section of the Company's website www performgroup com

By order of the Board

David Surtees
Company Secretary
Registered Office
Sussex House
Plane Tree Crescent
Feltham
TW13 7HE

Registered number 6324278

Corporate Governance Statement

The Board is committed to high standards of corporate governance which it considers to be central to the effective management of the business and to maintaining the confidence of investors The Group complies with the laws and endeavours to observe the customs and culture in the countries in which it operates and does business The Group expects all Directors and employees to drive to achieve the highest standards and to act with respect and integrity The Board monitors and keep under review the Company's corporate governance framework

In accordance with the Listing Rules of the UK Listing Authority, the Company confirms that throughout the period from Listing to 31 December 2011 it complied with the relevant provisions set out in Section 1 of the UK Corporate Governance Code 2010 ("the Code") with the exception of B 1 2 of the Code which specifies that at least half the Board, excluding the chairman should comprise non-Executive Directors determined by the Board to be independent

The Company does not currently comply with this provision For the period between Listing and 14 December 2011 it only had two Non-Executive Directors (Peter Williams and Marc Brown) excluding the Non-Executive Chairman (Paul Walker) determined by the Board to be independent Jörg Mohaupt is not considered to be independent due to his affiliation with Premium TV Group the majority shareholder in the Company On 14 December 2011 the Company appointed Peter Parmenter as an additional Non-Executive Director The Board consider Mr Parmenter to be independent The Board will continue to search for an additional independent Non-Executive Director partly to move towards full compliance with the Code

This report together with the Remuneration Committee Report on pages 48 to 50 provides details of how the Company has applied the principles and complies with the provisions of the Code

The Board

The Board is collectively responsible for promoting the success of the Company The Board provides leadership for the Group and concentrates its efforts on strategy, performance, governance and internal control As at the date of this report the Board has eight members. the Non-Executive Chairman (Paul Walker), the joint Chief Executive Officers (Simon Denyer and Oliver Slipper), the Chief Financial Officer (David Surtees) three independent Non-Executive Directors (Peter Williams, Marc Brown and Peter Parmenter) and one Non-Executive Director (Jörg Mohaupt)

The biographical details of each of the Directors and details of their membership of the Board's committees are set out on pages 34 to 35 The Board has a formal schedule of matters reserve to it for decision and approve which include but are not limited to

- the Group's business strategy
- annual budget and operating plans
- major capital expenditure and acquisitions
- the systems of corporate governance internal control and risk management
- the approval of the interim and annual financial statements and interim management statements and
- any interim dividend and the recommendation of any final dividend

The Board held five scheduled meetings during the period from Listing until the year-end The Group's strategy was regularly reviewed All Directors participate in discussions relating to the Group's strategy, financial and trading performance and risk management The Board considers it met sufficiently often to enable the Directors to discharge their duties effectively

The table below gives details of Directors' attendance at Board and Committee meetings between the Group's Listing and 31 December 2011

	Board	Audit Committee	Remuneration Committee	Nomination Committee
Paul Walker	5/5	-	2/2	1/1
Simon Denyer	5/5	-	-	-
Oliver Slipper	5/5	-	-	-
David Surtees	5/5	-	-	-
Peter Williams	5/5	3/3	2/2	1/1
Marc Brown	5/5	3/3	2/2	1/1
Jörg Mohaupt	5/5	-	-	-
Peter Parmenter[1]	-	-	-	-

(1) Peter Parmenter was appointed a Non Executive Director on 14 December 2011 and was appointed to each of the Audit, Nomination and Remuneration Committees on that date

At the request of any Non-Executive Director, the Non-Executive Chairman will arrange meetings consisting of only the Non-Executive Directors to allow the opportunity for any concerns to be expressed During the period from Listing to 31 December 2011 the Non-Executive Chairman maintained regular contact and met the Non-Executive Directors

Corporate Governance Statement continued

The Board is chaired by Paul Walker The non-exeuctive Chairman is responsible for leading the Board and its effectiveness Simon Denyer and Oliver Slipper are joint Chief Executive Officers and are jointly responsible for the execution of strategy and the day-to-day management of the Group The division of roles and responsibilities between the Non-Executive Chairman and the Chief Executive Officers are formally set out in writing and agreed by the Board

Board balance and independence
Paul Walker Peter Williams, Marc Brown and Peter Parmenter are in the opinion of the Board, independent of management and free from any business relationship which could materially interfere with the exercise of their independent judgement.

As set out above the majority of the Board (excluding the Chairman) do not comprise independent Non-Executive Directors The board will continue to search for an additional independent Non-Executive Director partly to move towards full compliance with the Code

Board appointments
Board nominations are recommended to the Board by the Nomination Committee under its terms of reference All Directors are subject to election by shareholders at the Annual General Meeting following their appointment and thereafter to re-election at least once every three years in line with the Company's Articles of Association and provision A 71 of the Code

Information and professional development
On appointment Independent Directors receive a full, formal and tailored induction including meetings with members of the management team and briefings on particular issues

As an ongoing process, Directors are briefed and provided with information concerning major developments affecting their roles and responsibilities In particular, the Directors' knowledge of the Group's worldwide operations is regularly updated by arranging presentations from senior management throughout the Group

The Non-Executive Chairman works closely with the Company Secretary to ensure that the Board is supplied in a timely manner with information in a form and of a quality appropriate to enable it to effectively discharge its duties Where there are occasions when Directors are unable to attend a meeting they have the opportunity to review meeting papers and submit comments to the Non-Executive Chairman Directors are also supplied with a monthly Chief Executive Officer report and a monthly financial report which provides the Board with information on operational and financial performance and the Group's business plans

All Directors are able to consult with the Company Secretary The appointment and removal of the Company Secretary is a matter reserved for the Board as a whole Directors may obtain in the furtherance of their duties, independent professional advice if necessary at the Group's expense In addition all Directors have direct access to the advice and services of the Company Secretary and all senior management

Board performance evaluation
The Board recognises that it is required to undertake a formal and rigorous review of its performance and that of its committees each financial year As the Board, and its committees have been in operation for less than a year at the date of this report no formal review has yet taken place The first formal review of the effectiveness of the Chairman, the Board and its various committees will take place during 2012 and the results of this review will be presented in the Company's Annual Report for the year to 31 December 2012

Committees
The Board is supported by a number of committees including the following principal committees. Audit Committee Remuneration Committee and Nomination Committee All the independent Non-Executive Directors are members of each of the principal committees of the Board

The terms of reference of each of the principal committees are available on request by writing to the Company Secretary at the Company's registered address and are available on the Group's website www performgroup com/boardcommittees

The Committees if they consider it necessary, can engage with third-party consultants and independent professional advisors and can call upon other resources of the Group to assist them in developing their respective roles

Audit Committee

The Audit Committee comprises four independent Non-Executive Directors:
The table below gives details of Directors' attendance at Audit Committee meetings between the Group's Listing and 31 December 2011

	Audit Committee
Peter Williams (Chair)	3/3
Marc Brown	3/3
Peter Parmenter[1]	-

(1) Peter Parmenter was appointed a Non-Executive Director on 14 December 2011 and was appointed to each of the Audit Nomination and Remuneration Committees on that date

The main roles and responsibilities of the Audit Committee are set out in written terms of reference
The Audit Committee is responsible for

- reviewing financial statements and formal announcements relating to the Group's performance,
- reviewing the Group's internal financial controls and risk management systems,
- assessing the independence, objectivity and effectiveness of the external auditors
- developing and implementing policies on the engagement of the external auditors for the supply of non-audit services
- making recommendations for the appointment, re-appointment and removal of the external auditors and approving their remuneration and terms of engagement, and
- reviewing arrangements by which employees may, in confidence, raise concerns about possible improprieties in matters of financial reporting and other matters

The Board is satisfied in accordance with the provisions of the Code that at least one member of the Audit Committee has recent and relevant financial experience, given the nature of the senior management positions previously held by Peter Williams and Paul Walker (see biographical details on pages 34 to 35)

The Audit Committee met three times during the year The attendance record of Committee members is recorded in the table above At the invitation of the Chairman of the Audit Committee, the Joint Chief Executive Officers the Chief Financial Officer and the Group's external auditors regularly attend meetings

The Audit Committee is responsible for reviewing and monitoring the effectiveness of the Group's internal control procedures and risk management systems The Audit Committee is also responsible for assessing whether the Group requires an internal audit function The Group does not currently have an internal audit function Given that most of the Group s financial functions are currently centralised, such a function is not considered appropriate This will be reconsidered as the Group grows and decentralises its operations

The Audit Committee was presented by the Group's Management with a presentation of the Group's current internal control procedures and risk management systems and following due consideration the Audit Committee was satisfied that the current arrangements and the Group's internal controls and risk management systems were appropriate

In addition, the Committee reviewed the adequacy of the "whistle-blowing" arrangements in place to enable employees to raise in confidence, any concerns they may have The Committee is satisfied that such arrangements remain appropriate

Whilst the Audit Committee is satisfied with the qualification expertise resources and independence of the external auditors as the external audit of the Group's results for the year-ended 31 December 2011 was its first since Listing, the Audit Committee has not yet reviewed the effectiveness of the external audit process The Audit Committee intends to review the effectiveness of the external audit process during 2012 and will report its conclusions in the Company's Annual Report for the year to 31 December 2012 The Committee also reviewed the proposed audit fees and terms of engagement for the year to 31 December 2011 and has recommended to the Board that it propose to shareholders that Grant Thornton UK LLP be re-appointed as the Group's external auditors

The Committee recognises that the independence of the auditors is an essential part of the audit framework and the assurance that it provides The Committee monitors the types of non-audit work that are undertaken by the external auditors to ensure that their objectivity and independence is not compromised Any significant proposed non-audit assignments require prior approval and the Committee receives a report at each meeting providing details of non-audit assignments carried out by the external auditors in addition to their normal work

Details of the fees paid to the external auditors during the financial year can be found in note 4 to the financial statements

Corporate Governance Statement continued

Remuneration Committee

The Remuneration Committee comprises four independent Non-Executive Directors
The table below gives details of Directors' attendance at Remuneration Committee meetings between the Group's Listing and 31 December 2011

	Remuneration Committee
Paul Walker	2/2
Peter Williams	2/2
Marc Brown (Chair)	2/2
Peter Parmenter[1]	-

(1) Peter Parmenter was appointed a Non-Executive Director on 14 December 2011 and was appointed to each of the Audit Nomination and Remuneration Committees on that date

The Remuneration Committee is responsible for

Considering and evaluating remuneration arrangements for senior managers and other key employees and making recommendations to the Board Its purpose is to support the strategic aims of the business and shareholder interest by enabling the recruitment motivation and retention of key employees while complying with the requirements of regulatory and governance bodies

The report of the Remuneration Committee is set out on pages 48 to 50

Nomination Committee

The Nomination Committee comprises four independent Non-Executive Directors
The table below gives details of Directors' attendance at Nomination Committee meetings between the Group's Listing and 31 December 2011

	Nomination Committee
Paul Walker (Chair)	1/1
Peter Williams	1/1
Marc Brown	1/1
Peter Parmenter[1]	-

(1) Peter Parmenter was appointed a Non Executive Director on 14 December 2011 and was appointed to each of the Audit, Nomination and Remuneration Committees on that date

The Nomination Committee is responsible for

Reviewing the balance and composition of the Board and its committees and for identifying and recommending appointments or renewal of appointments to the Board These regular reviews ensure that the Group and the Board are able to draw from a complementary balance of skills and experience and there is in place an appropriate plan for orderly succession to the Board The procedure for appointments is set out in its terms of reference

During 2012 the Nomination Committee intends to consider and review the Group's succession planning arrangements and the Board's Performance Evaluation

The Nomination Committee met once during the period from Listing to 31 December 2011 The table above gives details of Directors' attendance at these meetings

The terms and conditions of appointment of Non-Executive Directors are available for inspection at the Company's registered address

Corporate Responsibility
Details of the Group's approach to Corporate Responsibility are set out on pages 40 to 41

Accountability and audit
The Board acknowledges that it should present a balanced and understandable assessment of the Group's position and prospects In this context reference should be made to the Directors' Responsibilities Statement on page 51 which includes a statement in compliance with the Code regarding the Group's status as a going concern and to the Independent auditor's report on page 52 which includes a statement by the auditors about their reporting responsibilities The Board recognises that its responsibility to present a balanced and understandable assessment extends to interim and other price-sensitive public reports and reports to regulators as well as information required to be presented by law

Internal control

The Board acknowledges that it is responsible for the Group's system of internal control and the Audit Committee reviews its effectiveness Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss The Audit Committee has reviewed the effectiveness of the key procedures which have been established to provide internal control As part of the process that the Board has in place to review the effectiveness of the internal control system there are procedures designed to capture and evaluate failings and weaknesses, and in the case of those categorised by the Board as significant procedures exist to ensure that necessary action is taken to remedy the failings

In accordance with the revised guidance for Directors on internal control ("the Revised Turnball Guidance") the Board confirms that there is an ongoing process for identifying evaluating and managing the significant risks faced by the Group These include those relating to social environmental and ethical matters This process was in place throughout the period from Listing to 31 December 2011 and up to the date of approval of the Annual Report and Accounts The process will be regularly reviewed by the Audit Committee which will report its findings for consideration by the Board and is in accordance with the Revised Turnball Guidance The key procedures operating within the Group were as follows

- during the year the Audit Committee met to evaluate risk and consider the appropriateness of the Group's risk assessment systems and internal control policies
- the Group consists of a number of divisions each with its own management structure which forms part of the overall management structure of the Group The senior executives of these units report to the Executive Directors on a monthly basis
- the Group has a comprehensive system of budgetary and re-forecasting control, focused on monthly performance reporting which is at an appropriate detailed level A summary of reports supported by commentary and performance measures is presented to the board each month The performance measures are subject to review to ensure that they provide relevant and reliable indications of business performance,
- the Group has established procedures for the delegation of authority
- the Group's divisions operate within a framework of policies and procedures which are laid down in policy and procedure manuals and cover key issues such as authorisation levels, and
- the Group has established policies and procedures designed to ensure the maintenance of accurate accounting records sufficient to enable the preparation of financial statements, and consolidated financial statements in accordance with the financial reporting frameworks applicable to the Group

Relations with shareholders

The Board recognises the importance of maintaining good communications with its shareholders and does this through the Annual Report, preliminary and interim announcements interim management statements and the Annual General Meeting In addition one of the Joint Chief Executive Officers and the Chief Financial Officer make presentations to institutional shareholders and analysts immediately following the release of the preliminary and interim results These presentations are made available on the Company's website www performgroup com

The Non-Executive Directors are available to meet with major shareholders to discuss issues of importance to them should a meeting be requested

Annual General Meeting

Voting at the 2011 Annual General Meeting will be by way of poll The results of the voting at the Annual General Meeting will be announced and details of the votes will be available to view on the Company's website www performgroup com as soon as possible after the meeting

Remuneration Committee Report

The Remuneration Committee considers and evaluates remuneration arrangements for senior managers and other key employees and makes recommendations to the Board The purpose is to support the strategic aims of the business and shareholder interest by enabling the recruitment motivation and retention of key employees while complying with the requirements of regulatory and governance bodies

The Committee's report, which is unaudited except where indicated is set out below

The Committee
The Committee held two meetings during 2011 both chaired by Marc Brown Peter Williams and Marc Brown are members of the Committee and participated in both meetings The members of the Committee have no personal interest in the outcome of their decisions and give due regard to the interests of shareholders and to the continuing financial and commercial health of the business

Remuneration Policy
The policy of the Board is to attract retain and motivate the best managers by rewarding them with competitive compensation packages linked to the Group's financial and strategic objectives The components of remuneration for Executive Directors currently comprise base salary, benefits, bonus and participation in the Group's Performance Share Plan

Base salary
The Group aims to provide salaries which are fair and reasonable in comparison with companies of a similar size, industry complexity and international scope When making salary determinations, the Committee takes into account not only competitive performance but also each executive's individual performance and overall contribution to the business during the year

Annual bonus
Bonuses are currently based on performance against the Group's strategic and financial objectives and provides for an on-target bonus opportunity of 25 per cent of salary subject to the achievement of financial performance targets Actual bonus awards are subject to the discretion of the Committee

Benefits
Benefits for Executive Directors include private medical insurance, death in service cover, childcare vouchers and matching contributory pension contributions

Performance Share Plan
See note 26 to the financial statements for details on the Performance Share Plan

Service Contracts
Each Executive Director's service agreement is terminable by either party on 12 months' notice The Company has the ability to terminate the agreement by the payment of a cash sum in lieu of notice equal to (i) his salary and (ii) the cost to the Company of providing medical cover The payment in lieu of notice does not include pension or bonus The payment can at the Company's discretion, be paid as a lump sum or in equal monthly instalments over the notice period There is a mechanism to reduce the payment in lieu of notice where the Executive Director commences alternative employment paying more than £20 000 per annum Where the Company elects to make a payment in lieu of notice the Executive Director is required to use reasonable endeavours to find alternative paid employment

Audited Information

*Executive Directors' remuneration**

	Salary £'000	Bonus £'000	Other benefits[3,4] £'000	Aggregate emoluments £'000	Pension contributions £'000
Simon Denyer					
Year to 31 December 2011	253[1]	57	2	**312**	1[2]
Year to 31 December 2010	231	58	1	**290**	-
Oliver Slipper					
Year to 31 December 2011	253[1]	57	2	**312**	-
Year to 31 December 2010	231	58	1	**290**	-
David Surtees					
Year to 31 December 2011	211[1]	48	1	**260**	11[2]
Year to 31 December 2010	193	48	1	**242**	10[2]

[1] Simon Denyer (from December 2011) and David Surtees (for the whole year) participate in the Group's salary sacrifice scheme and accordingly elected to sacrifice 5 per cent and 10 per cent of their salaries respectively which is contributed directly to the Perform Group Personal Pension Plan Their salaries are presented gross of the amount sacrificed Oliver Slipper participated in the Groups' childcare voucher scheme between January and July 2011 and for that period of time elected to sacrifice £243 per month His salary is presented gross of the amount sacrificed

[2] The Group makes an annual contribution equal to 5 per cent of Simon Denyer's and David Surtees's salaries to the Group Personal Pension Plan as described above

[3] Benefits relate to private medical insurance and death in service cover

[4] Oliver Slipper's other benefits also include the childcare vouchers referred to in [1] above Simon Denyer's other benefits also include income protection insurance

*Non-Executive Directors**

The Non-Executive Directors serve under Contracts, and have received fees in 2011 as detailed in the table below

	Contract dated	2011 Fees £'000	2010 Fees £'000
Paul Walker	10 January 2011	**146**	-
Peter Williams	9 March 2011	**45**	-
Marc Brown	9 March 2011	**39**	-
Jörg Mohaupt	23 March 2011	**39**	-
Peter Parmenter	14 December 2011	**2**	-

Paul Walker is entitled to receive an annual fee of £150 000 His appointment is terminable by either party giving to the other three months' written notice or at any time in accordance with the Articles or the Act His letter of appointment states that his appointment is expected to last at least three years The Company has the ability to terminate his appointment by the payment of a cash sum in lieu of notice equal to the fee payable for any unexpired portion of the notice period

The appointments of Peter Williams, Marc Brown and Peter Parmenter are for a term of three years Jörg Mohaupt has been a member of the Board since 2007 but entered into new terms of appointment with the Company on 23 March 2011 which is for a term of three years Mr Mohaupt is appointed to the Board by the Major Shareholder pursuant to the terms of a Relationship Agreement

The appointments of Peter Williams, Marc Brown Peter Parmenter and Jörg Mohaupt are subject to re-election when appropriate by the Company in general meeting

Each of Peter Williams, Marc Brown Peter Parmenter and Jörg Mohaupt is entitled to receive an annual fee of £48 000 Their appointments may be terminated at any time upon written notice or in accordance with the Articles or the Act or upon their resignations In addition to the annual fee shown above, Peter Williams is entitled to an additional fee of £7,000 as Senior Independent Director and Chairman of the Audit Committee

Paul Walker and Peter Williams each acquired Ordinary Shares on the Company's Admission to the London Stock Exchange at the Offer Price from their own funds in the amount of £150 000 and £25 000 respectively The disposal of any Ordinary Shares by any Director will be subject to the Company's code on Directors' dealings in securities

The Chairman and the Non-Executive Directors are entitled to reimbursement of reasonable expenses in connection with the discharge of their duties

The Non-Executive Directors are not entitled to receive any compensation on termination of their appointment and are not entitled to participate in the Company's share bonus or pension schemes

Performance Share Plan ("PSP")*

Under the PSP which was introduced in June 2011 executives may be awarded performance shares up to a maximum value of one and a half times base salary The vesting of the Award is dependent on the achievement of stretching revenue and adjusted earnings per share ("EPS") growth targets which reflect the Group's strategy and long-term objectives The exact amount of shares received in vesting is based on a matrix of these targets

The Remuneration Committee granted performance shares to Executive Directors and certain senior management on 24 June 2011 The value of the Award was calculated by reference to the closing market price of an Ordinary Share on the dealing day preceding the date of grant

Under the award if compound revenue growth over the 3 year period to 31 December 2013 does not exceed 25 per cent and compound adjusted EPS growth over the same period does not exceed 35 per cent no shares will be awarded The exact number of shares that will be awarded is dependent on the revenue and adjusted EPS matrix

The Award vests three years from the date of grant are subject to the certain performance criteria set out above

Remuneration Committee Report continued

The interests of the Executive Directors in Ordinary Shares subject to awards under this plan as at 31 December 2011 were as follows

		Number of Ordinary Shares			
	Date of grant	As at 1 January 2011	Granted during the year[2]	As at 31 December 2011	Vesting date[1]
Simon Denyer	24 June 2011	-	174 041	174 041	24 June 2014
Oliver Slipper	24 June 2011	-	174,041	174 041	24 June 2014
David Surtees	24 June 2011	-	145,034	145,034	24 June 2014

(1) Subject to performance testing
(2) The closing price of Perform Group plc shares on the date of the award (24 June 2011) was £2 19

Directors' Interests*

On 18 March 2011 the Company re-registered from a private limited company to a public limited company Before the re-registration certain Directors owned preference, A and B shares in Perform Group plc The interests of the Directors in these preference, A and B Shares, as at 31 December 2010 and immediately prior to the Company's re-registration are set out below

	Preference Shares	A Shares	B Shares
Simon Denyer	6 317 569	701,952	72 974
Oliver Slipper	1,006 239	111 804	72 974
David Surtees	92,030	10,227	46 995
Jörg Mohaupt	167,004	18 556	-
Andrew Crocker (resigned 17 March 2011)	234 000	26,000	69,311

Following a resolution of the Company passed on 7 April 2011 which took effect immediately prior to the Listing of the Company's securities on the main market of the London Stock Exchange the Directors' Preference A and B Shares were subdivided, reclassified and redesignated as Ordinary Shares in Perform Group plc The interests of the Directors in these Ordinary Shares (excluding share awards which have not yet vested under the PSP) are

	Holdings of Ordinary Shares as at 31 December 2011	Holdings of Ordinary Shares as at 7 April 2011
Simon Denyer	27 518 088	27,518 088
Oliver Slipper	6 325,576	6 325 576
David Surtees	1 576,976	1 576,976
Paul Walker	136,640	136 640
Peter Williams	9 615	9 615
Jörg Mohaupt	568 620	568 620

The market price of an ordinary share on 30 December 2011 (the last dealing day of the financial year) was 208p The highest and lowest market prices of an ordinary share between 7 April 2011 and 31 December 2011 was 150p and 234p respectively

Audit Statement

In their audit opinion on page 52, Grant Thornton UK LLP refer to their audit of the disclosures required by Schedule 8 to the Regulations These comprise all sections pre-fixed with an asterix (*)

Basis of preparation and approval of report

This report, which constitutes the Directors' Remuneration Report, has been prepared in accordance with Regulation 11 and Schedule 8 of the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 and the Listing Rules of the Financial Services Authority

As required by the Companies Act 2006 an advisory resolution to approve this report will be proposed at the forthcoming Annual General Meeting

Approved by the Board and signed on its behalf by

Marc Brown
Chairman of the Remuneration Committee
28 February 2012

Directors' Responsibilities Statement

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

Company law requires the Directors to prepare financial statements for each financial year Under that law the Directors have to prepare the group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs) and have elected to prepare the Company accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws) Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and Group for that period In preparing these financial statements the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

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

In so far as each of the Directors is aware

- there is no relevant audit information of which the Company's auditors are unaware, and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Each of the Directors whose names and functions are listed on pages 34 and 35 confirms that to the best of their knowledge

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole and
- the management report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole together with a description of the principal risks and uncertainties that they face

Independent auditor's report to the members of Perform Group plc

We have audited the group financial statements of Perform Group plc for the year ended 31 December 2011 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity consolidated statement of financial position, consolidated statement of cash flows and the related notes The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

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

Respective responsibilities of Directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the group financial statements

- give a true and fair view of the state of the group's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS regulation

Opinion on other matters prescribed by the Companies Act 2006

In our opinion

- the information given in the Directors' Report for the financial year for which the group financial statements are prepared is consistent with the group financial statements and
- the information given in the Corporate Governance Statement set out on pages 43 to 47 with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following

Under the Companies Act 2006 we are required to report to you if in our opinion

- certain disclosures of Directors' remuneration specified by law are not made or
- we have not received all the information and explanations we require for our audit, or
- a Corporate Governance Statement has not been prepared by the Company

Under the Listing Rules we are required to review

- the Directors' statement, set out on page 42 relation to going concern
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review, and
- certain elements of the report to shareholders by the Board on Directors' remuneration

Other matter

We have reported separately on the parent Company financial statements of Perform Group plc for the year ended 31 December 2011 and on the information in the Remuneration Committee Report that is described as having been audited

Mark Henshaw
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor Chartered Accountants

London
28 February 2012

Consolidated income statement Year ended 31 December 2011

	Notes	2011 £'000	2010 £'000
All results relate to continuing operations			
Revenue	1,2	**103,194**	**67,430**
Cost of sales	3	**(53,100)**	(31 994)
Gross profit	3	**50,094**	**35,436**
Administrative expenses	3 4	**(46,343)**	(28 519)
Share of results of joint ventures		**-**	516
Group operating profit	3 4	**3,751**	**7,433**
Analysed as			
Adjusted EBITDA* (excluding joint ventures, exceptional items and share-based payments)		**18,474**	**10,345**
Share of results of joint ventures		**-**	516
Adjusted EBITDA* (excluding exceptional items and share-based payments)		**18,474**	**10,861**
Exceptional items	6	**(4,998)**	(724)
Exceptional share-based payments (GSOP)	26	**(4,770)**	-
Other share-based payments	26	**(352)**	(111)
EBITDA*		**8,354**	**10,026**
Amortisation and depreciation	4, 14 15	**(3,748)**	(2,227)
Amortisation of acquisition intangibles	4, 13	**(855)**	(366)
Group operating profit		**3,751**	**7,433**
Loss on disposal of joint ventures	7	**-**	(5)
Investment income	8	**834**	47
Finance costs	9	**(1,099)**	(122)
Group profit before tax		**3,486**	**7,353**
Taxation	10	**231**	2,095
Group profit for the year		**3,717**	**9,448**
Profit attributable to			
Equity holders of the parent		**3,129**	9 051
Non-controlling interests		**588**	397
		3,717	**9,448**
Basic earnings per share			
Basic (pence)	11	**1 4**	4 6
Adjusted (pence)	11	**6 3**	4 5
Diluted earnings per share			
Diluted (pence)	11	**1 4**	4 6
Adjusted (pence)	11	**6 3**	4 5

EBITDA is defined as earnings before interest tax depreciation and amortisation Adjusted EBITDA (excluding exceptional items and share based payments) is defined as earnings before interest tax, depreciation and amortisation excluding amounts in respect of the Group s share-based payments and exceptional items Adjusted EBITDA (excluding joint ventures exceptional items and share-based payments) is Adjusted EBITDA excluding the Group s share of results of its Joint Ventures EBITDA and both measures of Adjusted EBITDA are considered by the Directors to be key measures of financial performance

Adjusted basic and diluted earnings per share are based on profit attributable to equity holders of the parent plus exceptional items, share-based payments and amortisation of acquisition intangibles divided by the weighted average number of Ordinary Shares outstanding in the period between when the Group listed on the London Stock Exchange and 31 December 2011

Consolidated statement of comprehensive income Year ended 31 December 2011

	2011 £'000	2010 £'000
Profit for the year	**3,717**	9,448
Other comprehensive income		
Exchange differences on translating foreign operations	**23**	130
Total comprehensive income for the year	**3,740**	9 578
Total comprehensive income for the year attributable to		
Equity holders of the parent	**3,152**	9,151
Non-controlling interests	**588**	427
	3,740	9 578

Consolidated statement of changes in equity Year ended 31 December 2011

	Issued share capital £'000	Share premium £'000	Capital redemption reserve £'000	Profit and loss account £'000	Foreign exchange reserve £'000	Total attributable to owners of the parent £'000	Non-controlling interests £'000	Total equity £'000
At 1 January 2010	43 242	-	-	9 743	56	53 041	770	53,811
Profit for the year	-	-	-	9 051	-	9 051	397	9 448
Exchange differences on translating foreign operations	-	-	-	-	100	100	30	130
Total comprehensive income for the year	-	-	-	9 051	100	9 151	427	9,578
Credit to equity for share-based payments	-	-	-	111	-	111	-	111
Non-controlling interests acquired	-	-	-	(181)	-	(181)	(24)	(205)
At 31 December 2010 and 1 January 2011	**43,242**	**-**	**-**	**18,724**	**156**	**62,122**	**1,173**	**63,295**
Profit for the year	-	-	-	3 129	-	3 129	588	3 717
Exchange differences on translating foreign operations	-	-	-	-	23	23	-	23
Total comprehensive income for the year	-	-	-	3 129	23	3,152	588	3 740
Credit to equity for share-based payments	-	-	-	351	-	351	-	351
Re-classification and issue of share capital/premium (net of fees)	1 360	68,323	-		-	69,683	-	69 683
Cancellation of deferred shares	(38 342)	-	38 342	-	-	-	-	-
Non-controlling interests acquired	-	-	-	(2 604)	-	(2 604)	(1,611)	(4,215)
At 31 December 2011	**6,260**	**68,323**	**38,342**	**19,600**	**179**	**132,704**	**150**	**132,854**

Consolidated statement of financial position
Year ended 31 December 2011

	Notes	2011 £'000	2010 £'000
Non-current assets			
Goodwill	12, 28	**57,192**	38,642
Acquisition intangibles	13, 28	**11,862**	396
Other intangible assets	14	**5,453**	2,273
Property, plant and equipment	15	**6,327**	4 562
Deferred tax asset	23	**5,515**	7,835
		86,349	**53,708**
Current assets			
Trade and other receivables	18	**24,269**	13,839
Cash and cash equivalents	19	**75,863**	16,937
		100,132	**30,776**
Total assets		**186,481**	**84,484**
Current liabilities			
Trade and other payables	20	**(36,929)**	(20,885)
Current borrowings	21	**(5,534)**	-
Current tax liabilities	10	**(498)**	(90)
		(42,961)	**(20,975)**
Non current liabilities			
Non current borrowings	21	**(6,926)**	-
Non current contingent consideration	28	**(3,547)**	-
Non current finance lease obligations	29	**(193)**	(214)
Total liabilities		**(53,627)**	**(21,189)**
Net assets		**132,854**	**63,295**
Equity			
Called-up share capital	25	**6,260**	43 242
Share premium	25	**68,323**	-
Capital redemption reserve	25	**38,342**	-
Retained earnings		**19,600**	18,724
Foreign exchange reserve		**179**	156
Equity attributable to equity holders of the parent		**132,704**	**62,122**
Non-controlling interest	27	**150**	1173
Total equity		**132,854**	**63,295**

The financial statements of Perform Group plc, registered number 6324278 were approved by the Board of Directors and authorised for issue on 28 February 2012

Signed on behalf of the Board of Directors

O Slipper
Director

Consolidated statement of cash flows Year ended 31 December 2011

	2011 £'000	2010 £'000
Operating activities		
Group operating profit	**3,751**	7433
Share of result of joint ventures	**-**	(516)
Depreciation and amortisation	**4,603**	2 593
Employee share-based costs	**5,122**	111
Net changes in working capital	**1,678**	2,974
Cash flow from operating activities	**15,154**	**12,595**
Investing activities		
Purchases of property, plant and equipment	**(3,699)**	(3 798)
Purchase of intangible assets	**(4,094)**	(1,969)
Acquisition of subsidiaries (net of cash acquired)	**(20,553)**	(388)
Acquisition of non-controlling interests	**(4,480)**	(314)
Exceptional and other items directly attributable to acquisitions	**(1,770)**	
Investment income	**513**	47
Cash flow used in investing activities	**(34,083)**	**(6,422)**
Financing activities		
Proceeds from sale and finance lease backs	**487**	908
Finance lease capital repayments	**(449)**	(451)
Borrowings (net of bank fees and costs)	**16,590**	-
IPO proceeds (net of bank fees and costs)	**69,683**	-
Exceptional items directly attributable to Listing	**(3,228)**	-
Borrowings capital repayment	**(4,248)**	-
Interest and finance lease charges paid	**(980)**	(122)
Cash flow from financing activities	**77,855**	**335**
Net increase in cash and cash equivalents in the period (all continuing operations)	**58,926**	**6,508**
Cash and cash equivalents at start of period	**16,937**	10 429
Cash and cash equivalents at end of period	**75,863**	**16,937**

Notes to the Group financial statements Year ended 31 December 2011

1. Accounting policies

Perform Group plc is a public limited liability company incorporated in the United Kingdom under the Companies Act 2006 The address of the registered office is Sussex House, Plane Tree Crescent Feltham, Middlesex TW13 7HE The nature of the Group's operations and its principal activities are set in the Directors' Report

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency) The consolidated financial statements are presented in pounds sterling which is the parent's functional and presentational currency

Basis of preparation

The Group's consolidated financial statements have been prepared and approved by the Directors in accordance with applicable International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB)

The financial statements have been prepared on the historical cost basis Historical cost is generally based on the fair value of the consideration given in exchange for the assets The principal accounting policies adopted are set out below

The Group had cash balances of £75 9m at the year end (of which £75 4m was unrestricted) and £13 0m of debt relating to borrowings of £12 5m (of which £5 5m is due in less than one year) and finance leases of £0 5m (of which £0 3m is due in less than one year) Having reviewed cashflow forecasts and budgets for the year ahead the Directors have a reasonable expectation that the Group has sufficient resources to continue in operational existence for the foreseeable future For this reason they continue to adopt the going concern basis in preparing the accounts

Adoption of new and revised standards

At the date of authorisation of these financial statements certain new standards amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Group Management anticipates that all of the relevant pronouncements will be adopted in the Group s accounting policies for the first period beginning after the effective date of the pronouncement Information on new standards amendments and interpretations that are expected to be relevant to the Group s financial statements is provided below Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's financial statements

IFRS 9 Financial Instruments (IFRS 9) - The IASB aims to replace IAS 39 Financial Instruments Recognition and Measurement in its entirety IFRS 9 is being issued in phases To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities have been issued These chapters are effective for annual periods beginning 1 January 2013 Further chapters dealing with impairment methodology and hedge accounting are still being developed The Group s management have yet to assess the impact of this new standard on the Group s consolidated financial statements However they do not expect to implement IFRS 9 until all of its chapters have been published and they can comprehensively assess the impact of all changes

Consolidation Standards - A package of consolidation standards are effective for annual periods beginning or after 1 January 2013 Information on these new standards is presented below The Group s management have yet to assess the impact of these new and revised standards on the Group's consolidated financial statements

IFRS 10 Consolidated Financial Statements (IFRS 10) - IFRS 10 supersedes IAS 27 Consolidated and Separate Financial Statements (IAS 27) and SIC 12 Consolidation - Special Purpose Entities It revised the definition of control together with accompanying guidance to identify an interest in a subsidiary However the requirements and mechanics of consolidation and the accounting for any non-controlling interests and changes in control remain the same

IFRS 11 Joint Arrangements (IFRS 11) - IFRS 11 supersedes IAS 31 Interests in Joint Ventures (IAS 31) It aligns more closely the accounting by the investors with their rights and obligations relating to the joint arrangement In addition, IAS 31 s option of using proportionate consolidation for joint ventures has been eliminated IFRS 11 now requires the use of the equity accounting method, which is currently used for investments in associates

IFRS 12 Disclosure of Interests in Other Entities (IFRS 12) - IFRS 12 integrates and makes consistent the disclosure requirements for various types of investments including unconsolidated structured entities It introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities

Consequential amendments to IAS 27 and IAS 28 Investments in Associates and Joint Ventures (IAS 28) - IAS 27 now only deals with separate financial statements IAS 28 brings investments in joint ventures into its scope However IAS 28 s equity accounting methodology remains unchanged

IFRS 13 Fair Value Measurement (IFRS 13) - IFRS 13 does not affect which items are required to be fair-valued, but clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements It is applicable for annual periods beginning on or after 1 January 2013 The Group s management have yet to assess the impact of this new standard

Amendments to IAS 1 Presentation of Financial Statements (IAS 1 Amendments) - The IAS 1 Amendments require an entity to group items presented in other comprehensive income into those that in accordance with other IFRSs (a) will not be reclassified subsequently to profit or loss and (b) will be reclassified subsequently to profit or loss when specific conditions are met It is applicable for annual periods beginning on or after 1 July 2012 The Group's management expects this will change the current presentation of items in other comprehensive income however it will not affect the measurement or recognition of such items

Basis of consolidation

The Group financial statements incorporate the financial statements of the Company and entities controlled by the Company Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities and is achieved through direct or indirect ownership of voting rights currently exercisable or convertible potential voting rights by way of contractual arrangement

The results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate

Where necessary adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group All intra-Group transactions, balances, income and expenditure are eliminated on consolidation

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein The interests of non-controlling shareholders may be initially measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets The choice of measurement is made on an acquisition by acquisition basis Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity

Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance

Changes in the Group's interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company

Business combinations

On acquisition, the assets liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill Any deficiency of the cost of acquisition below the fair values of the identifiable net asset acquired is credited to the income statement in the period of acquisition

Changes in the Group's ownership interest that do not result in a loss of control are accounted for as equity transactions Purchase of non-controlling-interests are recognised directly within equity being the difference between the fair value of the consideration paid and the relevant share acquired of the carrying value of the net assets to the subsidiary

Contingent and deferred consideration arising as a result of acquisitions is stated at fair value Contingent and deferred consideration is based on management's best estimate of the likely outcome and best estimate of fair value, which is usually but not always a contracted formula based on a multiple of revenues and/or EBITDA

The Group has elected not to apply IFRS 3 - Business Combinations retrospectively to business combinations prior to the date of transition of 1 January 2008

Notes to the Group financial statements continued
Year ended 31 December 2011

1. Accounting policies continued

Investment in Joint Ventures

A Joint Venture is an entity in which the Group holds an interest on a long term basis and which is jointly controlled by the Group and one or more venturers under a contractual arrangement For both joint venture entities in which the Group held an interest during the previous reporting period the Group was obliged to make payments on behalf of the joint venture

The results and assets and liabilities of joint ventures are incorporated into these Group financial statements using the equity method of accounting Investments in joint ventures were carried in the balance sheet at cost as adjusted by post-acquisition changes in the Group's share of the net assets of the entity less any impairment in the value of the individual investments

The Group disposed of its interest in its two joint ventures - Holy Moly Entertainment Ltd and MFC co uk Ltd during the year to 31 December 2010

Losses of both the joint ventures in excess of the Group were only recognised to the extent that the Group incurred legal or constructive obligations relating to those losses Accordingly, losses of the Joint Venture Holy Moly Entertainment Ltd in excess of the Group's interest in that entity were not recognised but losses of the joint venture MFC co uk Ltd in excess of the Group's interest in that entity were recognised

Goodwill

Goodwill arising on consolidation represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable assets and liabilities acquired Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses

Goodwill arising on acquisitions before 1 January 2008, which was being amortised over its estimated useful life of 10 years has been retained at the previous UK GAAP amounts subject to being tested for impairment annually

Revenue recognition

Revenue represents amounts derived from the provision of services falling within the Group's continuing ordinary activities, after the deduction of value added tax Revenue is measured at the fair value of consideration received or receivable

Content distribution

Revenue related to the delivery of Watch&Bet is recognised in line with the contract with the exception of any material actual or anticipated under delivery of events which either (a) contractually cannot be recovered or (b) which the Directors do not consider can be recovered This is derecognised at the earlier of the point it is no longer contractually possible to deliver the events and the date at which the Directors do not consider the under delivery can be recovered

Revenue related to sales of OMNISPORT, Watchandtrade and GSM products are recognised evenly across a contractual licence period

Subscription

Sales of online subscription products, mobile downloads, online pay-per-view transactions and sms alerts are recognised across the period in which service is provided The clients' shares of such revenues are shown within cost of sales

Technology and production

Service fees generated from the ongoing provision of website servicing maintenance and hosting to customers are recognised in line with the service delivery to the customer, which is usually evenly across a contractual period

Fees arising from the building of products for customers or for structural enhancements to existing customer products are recognised in line with contractual milestones during the contractual build period

Advertising and sponsorship
Revenue related to sponsorship activity is recognised in line with the services physically delivered compared to the services specified within a contract agreed with a sponsor

Revenue related to static/display and video advertising is recognised based on the number of advertising impressions physically delivered compared to the required number of advertising impressions included within a contract agreed with either a brand or an advertising agency

Where the Group represents a third-party website the clients' shares of such revenues are shown within cost of sales

Segmental reporting
In accordance with IFRS 8 operating segments are reporting in a manner that is consistent with the internal reporting provided to the Board of Directors the chief operating decision maker

Intangible assets - computer software development
Where in the opinion of the Directors, the Group s expenditure in relation to development of software results in future economic benefits, these costs (including directly attributable overheads) are capitalised and amortised over the useful economic life of the asset

Development costs are capitalised only when it is probable that future economic benefit will result from the project and the following criteria are met

- the technical feasibility of the product has been ascertained
- adequate technical financial and other resources are available to complete and sell or use the intangible asset,
- the Group can demonstrate how the intangible asset will generate future economic benefits and the ability to use or sell the intangible asset can be demonstrated,
- it is the intention of management to complete the intangible asset and use it or sell it and
- the development costs can be measured reliably

Where these criteria are not met development costs are charged to the income statement as incurred

Amortisation is provided on computer software development at a rate calculated to write each asset down to its estimated residual value using the straight line method, over its useful life usually three years

Methods of amortisation, residual values and useful lives are reviewed and adjusted if appropriate, at each reporting date

Intangible assets - other
Identifiable intangible assets acquired as part of business combinations, that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date and amortised over their useful economic life as follows.

- Database content - three years
- URLs - indefinite life
- Customer relationships - three years
- Website architecture - three years

Property, plant and equipment
Property plant and equipment is stated at cost less accumulated depreciation Depreciation is provided on all property, plant and equipment at rates calculated to write each asset down to its residual value using straight line method over its expected useful life as follows

- Internet hosting platform - three years
- Office furniture and equipment - three years
- Leasehold improvements - three years
- Motor vehicles - three years

Notes to the Group financial statements continued
Year ended 31 December 2011

1. Accounting policies continued

Impairment of tangible and intangible assets

At each reporting date the Group reviews the carrying amounts of its goodwill tangible and intangible assets, joint ventures and intangible assets not yet available for use to determine whether there is any indication that those assets have suffered an impairment loss If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss (if any) Where the asset does not generate cash flows that are independent from other assets the Group estimates the recoverable amount of the cash-generating unit/product to which the asset belongs An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired

Recoverable amount is the higher of the fair value less costs to sell and the value in use In assessing value in use, the estimated future cash flows, which are based on budgeted figures, are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount An impairment loss is recognised as an expense immediately

Where an impairment loss subsequently reverses the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increase carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years A reversal of an impairment loss is recognised as income immediately

Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument

Trade receivables and other receivable financial assets

Trade receivables do not carry any interest and are stated at their fair value on initial recognition (plus transaction costs if any) and carried at amortised cost under the effective interest method

Cash and cash equivalents

Cash and cash equivalents comprise cash and short term deposits held by the Group It also includes cash held on deposit with the Group's credit card service provider, Streamline

Financial liability and equity

Financial liability and equity instruments are classified according to the substance of the contractual arrangements entered into Equity instruments issued are recorded at the proceeds received, net of direct issue costs

Borrowings

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment

Trade and other payables

Trade payables are not interest bearing and are stated at their fair value on initial recognition (plus transaction costs if any) and carried at amortised cost under the effective interest method The fair value of trade and other payables has not been disclosed as due to their short duration management considers the carrying values recognised in the balance sheet to be a reasonable approximation of their fair value

Foreign currency translation

Foreign currency transactions of individual companies are translated at the rates ruling when they occurred Foreign currency monetary assets and liabilities are translated at the closing spot rate Exchange differences which arise from translation are recognised in the Income Statement

The results of overseas operations are translated at the average rates of exchange during the year and their balance sheets translated into sterling at the rates of exchange ruling on the reporting date Exchange differences which arise from translation of the opening net assets and results of foreign subsidiary undertakings and from translating the income statement at an average rate are recognised as Other Comprehensive Income

Leasing
Rentals payable under operating leases are charged to the Income statement over the term of the relevant lease and in accordance with the terms of the relevant leases Operating lease costs relating to accommodation are recognised in the income statement under 'Administrative expenses'

Rentals payable under finance leases which includes lease costs relating to technical equipment are treated differently The net present value of the total lease rental payments are included within property plant and equipment and depreciated over the useful economic life of the asset The difference between the actual rentals payable and their net present value is treated as a finance cost which is recognised in line with the period of the lease and recognised on the income statement within 'Finance costs' A liability in relation to finance leases is recognised within Liabilities

Operating profit
Operating profit is stated after share of the post-tax results of joint ventures but before investment income and finance costs

Taxation
The tax expense represents the sum of the tax currently payable and deferred tax

The tax currently payable is based on taxable profit for the period Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and further excludes items that are never taxable or deductible The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised

Such assets and liabilities are not recognised if the temporary difference arises from goodwill or the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit

Deferred tax liabilities are recognised for temporary difference arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future

The carrying amount of the deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised Deferred tax is charged or credited in the income statement except when it relates to items charged or credited directly to equity or other comprehensive income in which case the deferred tax is also dealt with in equity or other comprehensive income

Share-based payments
Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee This fair value is appraised at the grant date and for cash settled instruments is re-appraised at each balance sheet date

All equity settled share-based payments are ultimately recognised as an expense in the income statement with a corresponding credit to reserves All cash settled share-based payments have a corresponding liability

If vesting periods apply, the expense is allocated over the vesting period Estimates are revised subsequently if there is any indications that the number of awards expected to vest differs from previous estimates

Notes to the Group financial statements continued
Year ended 31 December 2011

1. Accounting policies continued

Pension

The Group makes contributions on behalf of employees to an independent, defined contribution pension scheme The Perform Group Personal Pension Plan is operated by Aegon Scottish Equitable The Group has no legal obligation to pay further contributions after the payment of its fixed contribution, providing that fixed contribution is matched by an employee These contributions are recognized as an expense in the period the relevant employee services are received

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies which are described in this Statement of Group Accounting Policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources The estimates and associated assumptions are based on historical experience and other factors that are considered relevant Actual results may differ from these estimates

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

Critical judgements in applying the Group's accounting policies

The items below are critical judgements that the Directors believe have a significant effect on the amounts recognised in these financial statements

Internally generated software and research

Management monitors progress of internal software development projects by using a project management system Significant judgement is required in distinguishing whether such development should be written off or capitalised Development costs are recognised as an asset when all the criteria are met costs are not capitalised and are written off where this is not the case

The Group's management also monitors whether the recognition requirements for development costs continue to be met This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems or developments after the time of recognition

Treatment of subsidiary undertakings and related deferred consideration

The Group has one subsidiary (Sportal) which was not wholly owned at the year-end and two further subsidiaries (Global Sports Media and WatchandTrade) which were not wholly owned for the full year These have all been consolidated and included as subsidiary undertakings in the Group's financial statements The Directors have reviewed the accounting treatment of each subsidiary to confirm that they should not be accounted for as joint ventures In each case these reviews concluded that the Group had effective control either through its actual influence on the strategic and operational policies of the companies and/or through its contractual rights to acquire 100 per cent control of voting equity

Contingent consideration

Contingent consideration arising as a result of acquisitions is stated at fair value Contingent and deferred consideration is based on management's best estimate of the likely outcome and best estimate of fair value, which is usually but not always a contracted formula based on a multiple of revenues and/or EBITDA

Subscription and advertising sales revenue recognition

The Group provides online and mobile subscription based products to its customers usually via customer branded websites to end users The Group sets the price of these products, collects revenues and delivers the products including after service customer care The Directors reviewed the products and the nature of how they were supplied and concluded that the revenue generated from these products should be shown as that of the Group being a principal to these transactions with customer revenue share payments included in cost of sales

The Group acts as advertising sales agent for online advertising inventory of a network of internet sites The Group has built this network and seeks advertising campaigns from brands and media agencies to deliver via this network The Group employs its sales staff at its own risk effectively negotiates prices and delivers (traffics) the advertising campaigns The Directors have reviewed these arrangements and concluded that the revenue generated from these products should be shown as that of the Group being a principal to these transactions with customer internet sites revenue share payments included in cost of sales rather than as an agent

Key sources of estimation uncertainty
The estimates and assumptions, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below

Impairment of goodwill and intangible assets
Determining whether goodwill or intangible assets with indefinite lives are impaired requires an estimation of the value in use of the cash-generating units/products/entities to which goodwill or those intangible assets have been allocated The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash generating units/products and a suitable discount rate in order to calculate present value

Notes to the Group financial statements continued
Year ended 31 December 2011

2. Revenue

	2011 £'000	2010 £'000
Rendering of services and revenue as disclosed in the consolidated income statement	**103,194**	67430
Investment income	**834**	47
Total revenue as defined in IAS 18	**104,028**	67,477

3. Segment Information

The Group focuses its internal management reporting on the following segments

Content distribution - The Group's content distribution revenue is generated from the sales of the Watch&Bet and WatchandTrade services suite of OMNISPORT products and GSM data products

Subscription - The Group's subscription revenue is generated by subscribers paying for web TV mobile content Sportal Scoreboard and LIVESPORTTV products

Advertising and sponsorship (online video) - The Group's ePlayer generates pre-roll video advertising and sponsorship revenues

Advertising and sponsorship (online display) - The Group generates its online display revenues through sales of display inventory on Goal com, Spox com, Soccerway com and Sportal com au and on a network of third-party premium sports websites

Technology and production - The Group generates technology and production revenues from the design, build and management of website and mobile services and the production of live and VOD content

The Group focuses its management reporting on these segments as the segments' potential to generate revenue is the chief driver of the Group's business and the allocation of resources The Group's cost base cannot reasonably be allocated to an individual operating segment (and nor is it for the purpose of the CODM making operating decisions and allocating resources)

The Group has elected to disclose additional costs over and above the requirements of IFRS 8

Operating segment information for the year ended 31 December 2011 and 2010 is as follows

	2011 £'000	2010 £'000
Revenue		
Content distribution	**64,943**	41 089
Subscription	**9,535**	8 027
Technology and production	**14,953**	11,681
Advertising and sponsorship (video)	**6,792**	2,971
Advertising and sponsorship (display)	**6,971**	3,662
	103,194	**67,430**
Cost of sales		
Content	**(35,831)**	(21 340)
Publisher shares	**(2,715)**	(2,500)
Technical and software fees	**(6,221)**	(4 842)
Production	**(6,947)**	(2,205)
Other	**(1,386)**	(1 107)
Total cost of sales	**(53,100)**	**(31,994)**
Gross profit	**50,094**	**35,436**
Staff costs	**(24,415)**	(19,413)
Other administrative costs	**(7,205)**	(5,678)
Adjusted EBITDA (excluding joint ventures, exceptional items and share-based payments)	**18,474**	**10,345**
Share of results of joint ventures	**-**	516
Adjusted EBITDA (excluding exceptional items and share-based payments)	**18,474**	**10,861**
Exceptional items	**(4,998)**	(724)
Exceptional share-based payments	**(4,770)**	-
Share-based payments	**(352)**	(111)
EBITDA	**8,354**	10 026
Amortisation and depreciation	**(3,748)**	(2,227)
Amortisation of acquisition intangibles	**(855)**	(366)
Group operating profit	**3,751**	**7,433**
Loss on disposal of joint ventures	**-**	(5)
Investment income	**834**	47
Finance costs	**(1,099)**	(122)
Group profit before tax	**3,486**	**7,353**
Total assets	**186,481**	84,484
Total liabilities	**53,627**	21,189

Notes to the Group financial statements continued Year ended 31 December 2011

3. Segment information continued

The Group is required to present geographical information relating to its revenues Revenues are attributed to territories in the following ways.

- Content distribution and Subscription revenues are recognised in the territory where the end viewer is located,
- Technology and production revenues are recognised in the territory where the contracting party is located and
- Advertising and sponsorship revenues are recognised in the territory where the publisher is located

Geographical revenue information for the years ended 31 December 2011 and 2010 is presented below

	United Kingdom £'000	**Europe £'000**	**Asia Pacific £'000**	**Americas £'000**	**Middle East and North Africa £'000**	**Rest of world £'000**	**Total £'000**
2011							
Content distribution	9,824	37,135	11 870	1,426	4 568	123	64,946
Subscription	6 202	1139	511	1,551	122	9	9 534
Technology and production	9 505	1 395	1,623	132	2,378	-	15,033
Advertising and sponsorship	5,748	2,647	1,225	3,764	131	166	13,681
Total revenue	**31,279**	**42,316**	**15,229**	**6,873**	**7,199**	**298**	**103,194**

	United Kingdom £'000	Europe £'000	Asia Pacific £'000	Americas £'000	Middle East and North Africa £'000	Rest of world £'000	Total £'000
2010							
Content distribution	6 804	22 192	9,076	1 094	1 880	43	41,089
Subscription	5,083	732	1 139	997	67	9	8 027
Technology and production	8 108	786	1,338	130	1 319	-	11,681
Advertising and sponsorship	4 708	1,020	662	193	50	-	6,633
Total revenue	24 703	24 730	12,215	2,414	3 316	52	67,430

The total of non-current assets other than goodwill and deferred tax assets (there are no post-employment benefit assets or rights arising under insurance contracts) located in the UK is £11,140 000 (2010 £7121,000) Assets held outside the UK are £640,000 (2010 £110,000)

Revenues of £18,516 000 (2010 £10 318 000), £6,353 000 (2010 £3 095 000) and £6 277,000 (2010 £6,061 000) were derived from three external customers These revenues are attributable to the Content distribution Subscription Technology and production and Advertising and sponsorship segments and are from the only customers which individually in either 2011 or 2010 represented over 5 per cent of the Group's revenues

4. Operating profit

Operating profit has been arrived at after charging

	2011 £'000	2010 £'000
Rentals payable under operating leases	**961**	1,046
Impairment loss recognised on trade receivables	**289**	210
Net foreign exchange losses	**335**	242
Share-based payments (GSOP)	**4,770**	-
Other share-based payments	**352**	111
Depreciation of property, plant and equipment	**2,634**	1 757
Amortisation and impairment of intangible assets	**1,114**	836
Amortisation and acquisition intangibles	**855**	366

In accordance with Statutory Instrument 2005 No 2417, fees payable to Grant Thornton UK LLP and their associates are shown below

	2011 £'000	2010 £'000
Fees payable to the Group's auditors for the audit of the Group's annual accounts	**48**	15
Fees payable to the Group's auditors for the audit of the Group's subsidiaries pursuant to legislation	**50**	49
Total audit fees	**98**	**64**
Fees payable to the Group's auditors for other services		
Interim review	**8**	-
Tax services	**268**	65
IPO and acquisition services (classified within exceptional items)	**688**	70
Other services	**20**	92
Total fees payable to the Group's auditors	**1,082**	**291**

5. Staff costs

The average monthly number of employees (including Executive Directors) was

	2011 Nos	2010 Nos
Business development and sales	**70**	58
Account management and marketing	**55**	46
Production	**235**	140
Technology	**165**	93
Head office and Group management	**65**	45
Total	**590**	382

Notes to the Group financial statements continued
Year ended 31 December 2011

5. Staff costs continued

Employee costs (including Executive Directors) were

	2011 £'000	2010 £'000
Wages and salaries	**21,937**	17 496
Social security costs	**1,746**	1,334
Pension costs	**732**	583
Total	**24,415**	19 413

In addition the total exceptional share-based payment charge was £4,770,000 (2010 £nil) and other share-based charge was £352 000 (2010 £111,000) See note 26 for further details of the Group's share-based payment schemes

Key management costs (including Executive Directors) were

	2011 £'000	2010 £'000
Wages and salaries	**2,968**	2 683
Social security costs	**285**	261
Pension costs	**114**	100
Total	**3,367**	3,044

In addition the total share-based payment charge relating to key employees was £537 000 (2010 £111 000)

Directors' remuneration is set out on page 48 within the Remuneration Committee Report

6. Exceptional costs

	2011 £'000	2010 £'000
Costs in relation to the Group's Listing on the London Stock Exchange	**3,228**	569
Costs in relation to the Group's acquisition of subsidiaries	**1,770**	155
	4,998	724

During the year the Group listed on the London Stock Exchange (see note 25) The transaction incurred professional fees which given their size and nature have been separately classified as exceptional items by the Directors In addition during the year the Group acquired Goal com (Holdco) S A Spox Media GmbH and mediasports Digital GmbH as well as acquiring the non-controlling interests of Global Sports Media B V and WatchandTrade Limited The associated costs have been classified as exceptional items by the Directors

7. Loss on disposal of joint ventures

	2011 £'000	2010 £'000
Loss on disposal of joint ventures	**-**	5

8. Investment income

	2011 £'000	2010 £'000
Interest receivable	**834**	47

Investment income primarily relates to bank interest receivable on funds raised during the Group's IPO

9. Finance costs

	2011 £'000	2010 £'000
Interest payable	**849**	82
Finance lease cost	**59**	40
Other bank charges and finance costs	**191**	-
	1,099	122

Interest payable primarily relates to bank interest on the Group's borrowings

Notes to the Group financial statements continued
Year ended 31 December 2011

10. Taxation

	2011 £'000	2010 £'000
Current tax:		
UK corporation tax at 26 5% (2010 28%)	**303**	90
Foreign tax		
Overseas tax	**194**	159
Deferred tax		
Current year originating temporary differences	**(813)**	(2 394)
Adjustment in respect of prior years	**85**	50
Tax credit for the year	**(231)**	(2,095)

UK corporation tax is calculated at 26 5 per cent (2010 28 per cent) of the estimated assessable profit for the year taxation for other jurisdictions is calculated at the rates prevailing in those jurisdictions The credit for the year can be reconciled to the profit per the income statement as follows

	2011 £'000	2010 £'000
Profit before tax	**3,486**	7 353
Tax at UK corporation tax rate of 26 5% (2010 28%)	**924**	2 059
Effects of		
Tax losses recognised/utilised (net)	**(1,629)**	(4 310)
Difference between capital allowances and depreciation	**(900)**	(508)
Expenses not deductible in determining tax profits	**1,132**	287
Difference in tax rates	**(98)**	415
Share-based payments	**77**	26
Acquisition intangibles	**304**	-
Other timing differences	**(41)**	(64)
	(231)	(2,095)

11. Earnings per share

	2011 £'000	2010 £'000
Profit for the period attributable to equity holders (£'000)	**3,129**	9,051
Exceptional items (£'000)	**4,998**	724
Share-based payments (£'000)	**5,122**	111
Amortisation of acquisition intangibles (£'000)	**855**	366
Adjusted earnings (£'000)	**14,104**	10,252
Weighted average number of shares in issue (000s) - basic	**218,370**	197 352
Dilutive effect of performance share plan (000s)	**468**	-
Weighted average number of shares in issue (000s) - diluted	**218,838**	197 352
Adjusted weighted average number of shares in issue - basic	**225,376**	225 376
Dilutive effect of performance share plan (000s)	**468**	-
Adjusted weighted average number of shares in issue (000s) - diluted	**225,844**	225 376
Basic earnings per share		
Statutory (pence)	**1 4**	4 6
Adjusted (pence)	**6 3**	4 5
Diluted earnings per share		
Statutory (pence)	**1 4**	4 6
Adjusted (pence)	**6 3**	4 5

Adjusted basic and diluted earnings per share are based on profit attributable to equity holders of the parent plus exceptional items, share-based payments and amortisation of acquisition intangibles divided by the adjusted weighted average number of Ordinary Shares outstanding in 2011 in the period between when the Group listed on the London Stock Exchange and 31 December 2011

Notes to the Group financial statements continued
Year ended 31 December 2011

12. Goodwill

	£'000
Cost and Net Book Value	
At 1 January 2010, 31 December 2010 and 1 January 2011	**38,642**
Additions	
Goal com (Holdco) S A	**12,515**
Spox Media GmbH and mediasports Digital GmbH	**6,035**
At 31 December 2011	**57,192**

For the purpose of annual impairment testing goodwill is allocated to the following cash-generating units which are the units expected to benefit from the synergies of the business combinations in which the goodwill arises

	2011 £'000	2010 £'000
Subscriptions technology and production	**19,283**	19 283
Content distribution	**18,120**	18 120
Advertising and sponsorship (display)	**10,743**	1,239
Advertising and sponsorship (video)	**9,046**	-
Total	**57,192**	38,642

As stated in the Statement of Group Accounting Policies the Group performs an annual impairment review for goodwill, by comparing the carrying amount of these assets with their recoverable amount With the exception of domain names acquired, no intangible assets are currently assumed to have indefinite lives An impairment test at the date of transition to IFRS was undertaken with no impairment noted

Testing is carried out by allocating the carrying value of these assets to groups of cash generating units (CGUs) The recoverable amounts of the CGUs are determined by value in use calculations The key assumptions for the value in use calculations are those regarding discount rates and growth rates assumed in the CGUs' business plans

Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and risks specific to the CGUs Management estimates growth rates based on experience within the markets in which the CGUs operate

The discount rate applied to the future cash flows of all the CGUs was 10 per cent (2010 10 per cent) Each CGU's forecast is based on growth rates ranging from 10 per cent to 100 per cent, depending on the year with the range reflecting that many of the CGUs products are new to the market, and is also based on current year performance assumptions

The Group prepares cash flow forecasts on an extrapolated basis over five years from the CGUs forecast annual budgets which are approved by management. These plans have varying rates of growth due to the different factors driving the individual CGUs revenue and profit growth (see Directors' Report)

In its five year forecasts the Group has, in some instances applied growth rates significantly in excess of that of the current economic environment because the Directors' believe that the Group's success in creating value for its customers' digital rights, the length and nature of its existing contracts and its international customer base will result in the Group's results improving significantly quicker than that of the current economy

The Group consider it unlikely that changes in a key assumption could cause the carrying value of goodwill to exceed the recoverable amount

13. Acquisition intangibles

	Domain names £'000	Information technology architec-ture £'000	Customer relation-ships £'000	Content £'000	Total £'000
Cost					
At 1 Janury 2010 31 December 2010 and 1 January 2011	1,096	-	-	-	1 096
Additions	9 652	710	1 697	262	12 321
At 31 December 2011	10 748	710	1 697	262	13,417
Accumulated depreciation					
At 1 January 2010	365	-	-	-	365
Charge for the year	335	-	-	-	335
At 31 December 2010 and 1 Janury 2011	700	-	-	-	700
Charge for the year	366	152	251	86	855
At 31 December 2011	1,066	152	251	86	1,555
Net book value					
At 31 December 2010	396	-	-	-	396
At 31 December 2011	9,682	558	1,446	176	11 862

14. Other intangible assets

	Computer software development £'000
Cost	
At 1 January 2010	1,201
Additions	2 007
Impairment	(278)
At 31 December 2010 and 1 January 2011	2,930
Additions	4,294
At 31 December 2011	7,224
Accumulated amortisation	
At 1 January 2010	434
Charge for the period	432
Impairment	(209)
At 31 December 2010 and 1 January 2011	657
Charge for the period	1 114
At 31 December 2010	1 771
Net book value	
At 31 December 2010	2 273
At 31 December 2011	5 453

Included within additions to computer software development in 2011 is £2,137000 (2010 £994,000) of internally capitalised staff costs

Notes to the Group financial statements continued
Year ended 31 December 2011

15. Property, plant and equipment

	Internet hosting platform £'000	Office furniture and equipment £'000	Leasehold improve-ments £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 January 2010	4 282	495	243	15	5 035
Additions	3,086	446	341	-	3,873
Disposals	(56)	-	-	-	(56)
At 31 December 2010 and 1 January 2011	7,312	941	584	15	8,852
Additions	4,025	310	64	-	4 399
At 31 December 2011	11 337	1 251	648	15	13 251
Accumulated amortisation					
At 1 January 2010	2 318	209	49	12	2 588
Charge for the period	1,518	120	116	3	1 757
Disposals	(55)	-	-	-	(55)
At 31 December 2010 and 1 January 2011	3,781	329	165	15	4,290
Charge for the period	1 921	458	255	-	2 634
At 31 December 2011	5,702	787	420	15	6 924
Net book value					
At 31 December 2010	3 531	612	419	-	4,562
At 31 December 2011	5,635	464	228	-	6,327

Assets with a present value of the minimum lease payments of £443 000 (2010 £276 000) were acquired or sold and leased back under a finance lease arrangement during the year The total accumulated depreciation related to finance lease assets is £898,000 (2010 £382,000) and accordingly the net book value at the year-end is £616,000 (2010 £689,000)

16. Subsidiaries

The principal subsidiaries of the Company, their country of incorporation, ownership of their issued ordinary share capital and the nature of their trade are listed below

	Country of incorporation	Proportion of all classes of issued share capital owned by the Company	Principal activity
Directly owned			
Perform Media Services Ltd	Great Britain	100%	Digital sports media
Held through intermediate companies			
Perform Media Sales Ltd	Great Britain	100%	Online advertising and sponsorship sales
Perform Media Channels Ltd	Great Britain	100%	Digital sports media
Watchandtrade Ltd	Northern Ireland	100%	Digital sports media
Perform Media Asia Pte Ltd	Singapore	100%	Digital sports media
Perform Media Inc	United States	100%	Digital sports media
Sportal Australia Pty Ltd	Australia	88%	Digital sports media
Pangorights Ltd	Great Britain	100%	Digital sports media
Sportal New Zealand Pty Ltd	New Zealand	88%	Digital sports media
Sportal India Private Ltd	India	88%	Digital sports media
Global Sports Media BV	Holland	100%	Digital sports media
Mangalore Sports Data India Private Limited	India	100%	Digital sports media
Premium TV Australia Pty Ltd*	Australia	100%	Digital sports media
Classic Sport Ltd	Great Britain	100%	Digital sports media
Perform Media Services SRL	Italy	100%	Digital sports media
Perform Media Services Germany GmBH	Germany	100%	Digital sports media
Perform Media France SARL	France	100%	Digital sports media
Perform Media Poland Zoo	Poland	100%	Digital sports media
Perform Media Japan KK	Japan	100%	Digital sports media
Perform Media Norway AS	Norway	100%	Digital sports media
Goal com (Holdco) SA	Luxembourg	100%	Holding company
Goal com North America Inc	United States	100%	Digital sports media
Spox Media GmbH	Germany	100%	Digital sports media
mediasports Digital GmbH	Germany	100%	Online advertising and sponsorship sales
Kontertaktik GmbH	Germany	100%	Digital sports media
Perform Media Spain SL	Spain	100%	Digital sports media
Perform Media Sweden AB	Sweden	100%	Digital sports media

The proportion of voting rights held is the same as the proportion of shares held

* This entity, at the date these financial statements were approved, was in the process of being wound up

Notes to the Group financial statements continued
Year ended 31 December 2011

17. Interests in joint ventures

The Group uses the equity method of accounting for joint ventures The following table shows the aggregate movement in the Group's investment in joint ventures

	£'000
At 1 January 2010	(1 030)
Share of profit before interest and taxation	516
Disposal of interests in joint ventures	514
At 31 December 2010, 1 January 2011 and 31 December 2011	-

In June 2010 the Group's interest in MFC co uk Ltd (a digitial sports media company incorporated in Great Britain of which the Group owned 50 per cent of the ordinary and 100 per cent of the deferred shares) was sold to its joint venture partner for a nominal sum A service contract for the Group to deliver the football club's website was also confirmed at the same time

In December 2010 the Group's interest in Holy Moly Entertainment Ltd (a digital entertainment media company incorporated in Great Britain of which the Group owed 50 per cent of the Ordinary Shares) was sold to its joint venture partner for a nominal sum

The following balance sheet information related to these two joint ventures as at 1 January 2010 and 31 December 2010

	At 31 December 2010 £'000	At 1 January 2010 £'000
Non-current assets	-	81
Current assets	-	199
Total assets	-	280
Current liabilities	-	(963)
Net liabilities	-	(683)
Total revenue (until date of disposal)	134	188
Write-back of loans at date of disposals	931	-
Total expenses (until date of disposal)	(366)	(549)
Total profit/(loss) after tax (until date of disposal)	699	(361)

18. Trade and other receivables

	At 31 December 2011 £'000	At 31 December 2010 £'000
Gross trade receivables	**16,453**	8,460
Provision for impairment of trade receivables	**(693)**	(238)
Trade receivables	**15,760**	8 222
Pre-payments and accrued income	**8,509**	5 617
	24,269	13,839

Trade receivables are stated at amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts

The due date for trade receivables will vary depending on the jurisdiction and product but is typically between 30 and 60 days Trade receivables do not bear any effective interest rate All trade receivables are subject to credit risk exposure however the Group does not identify specific concentration of credit risk with regards to trade receivables, as the amount recognised consists of a large number of receivables from various customers

The fair value of these short term financial assets is not individually determined as the carrying amount is a reasonable approximation of fair value

Movements on the Group provision for impairment of trade receivables are set out in the table below

	2011 £'000	2010 £'000
At 1 January	**238**	773
Provision for receivables impairment	**327**	(90)
Provision for bad debts acquired with subsidiaries	**128**	-
Release of provision for amounts owed by joint ventures	**-**	(445)
	693	238

The creation and release of provisions for impaired receivables has been included in the income statement Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash

The other classes within trade and other receivables do not contain impaired assets

Notes to the Group financial statements continued
Year ended 31 December 2011

18. Trade and other receivables continued

Some of the unimpaired trade receivables are past due as at the reporting date Financial assets past due but not impaired are shown below

	At 31 December 2011 £'000	At 31 December 2010 £'000
Not more than three months	6,584	4,051
More than three months but not more than six months	3,801	669
More than six months but not more than a year	666	530
More than one year	-	210
Total	**11,051**	5,460

The average credit period taken is 54 days (2010 50 days)

The Directors consider that the carrying value of trade and other receivables approximates their fair value

19. Cash and cash equivalents

	At 31 December 2011 £'000	At 31 December 2010 £'000
Cash	75,356	16,430
Restricted cash	507	507
	75,863	16,937

The restricted cash relates to a security deposit which is under charge to the Group's credit card payment service provider to support the acceptance of credit card payments from customers of the Group and its clients Cash was held in a variety of interest bearing accounts in four different banks

20. Trade and other payables

	At 31 December 2011 £'000	At 31 December 2010 £'000
Trade payables	16,369	7 226
Accruals deferred income and other creditors	20,103	13 343
Amounts owed under finance leases	307	316
Deferred consideration	150	-
	36,929	20,885

The average credit period taken for trade purchases is 42 days (2010 33 days)

The Directors consider that the carrying amount of trade payables approximates to their fair value

Deferred consideration of £150,000 (2010 £nil) is owed to a former shareholder of WatchandTrade Ltd in respect of the acquisition of the non controlling interest of that business

21. Borrowings

	At 31 December 2011 £'000	At 31 December 2010 £'000
Current borrowings	**5,534**	-
Non-current borrowings	**6 926**	-
	12,460	-

The acquisition of Goal com (Holdco) S A was funded, in part, by the full drawdown of a £17000 000 term loan facility ("Facility A) provided by the Bank of Ireland plc which Perform Media Services entered into on 17 February 2011 The Bank of Ireland plc also provided to Perform Group plc Perform Media Sales Limited and Perform Media Channels Limited (together the "Guarantors') a further sterling revolving credit facility in an aggregate amount of £3 000 000 ('Facility B)

Together Facility A and Facility B form the "Facilities Agreement" Utilisations under the Facilities Agreement bear interest for each interest period at a rate equal to the aggregate of LIBOR, plus a margin of 3 5 per cent A commitment fee is payable quarterly in arrears and is calculated as 50 per cent of the interest payable on the Facility B commitment less any amounts drawn under Facility B Two thirds of the interest rate is required to be hedged Facility B was not drawn down at 31 December 2011

The Facilities Agreement requires the Borrower to comply with certain financial covenants

Facility A is being repaid in equal instalments of £1 416,667 (the first installment was on 30 June 2011) and on each subsequent quarter date Facility A must be fully repaid by no later than 31 March 2014 In the event Facility B is drawn down this must be repaid by 31 March 2014 at the latest Certain conditions may require Facility B to be repaid before 31 March 2014 should the Facility be drawn down

The amounts provided above are net of fees paid to the Bank of Ireland These fees (£410,000) were offset against the loan on inception and are being amortised to the income statement over the length of the loan The carrying value at 31 December 2011 is £291 000

Notes to the Group financial statements continued
Year ended 31 December 2011

22. Financial risk management

The Group's activities expose it to a variety of financial risks The main financial risks faced by the Group relate to foreign exchange rates interest rate risks the risk of default by counter-parties to financial transactions and the availability of funds to meet business needs These risks are managed as described below

The Group's risk management is coordinated at its headquarters, in close cooperation with the board of Directors, and focuses on actively securing the Group's short to medium term cash flows by minimising the exposure to financial markets

The Group does not actively engage in the trading of financial assets for speculative purposes The most significant financial risks to which the Group is exposed are described below

Currency risk

The Group's objective when managing currency risk is to ensure that changes in exchange rates would not have a material impact on the Group The Group's policy is to review the level of revenues and costs denominated in various key currencies and to naturally hedge wherever possible Where this is not possible and a currency risk is forecast the Directors' strategy is to acquire forward options to mitigate the level of risk Forward contracts were put in place during the year to 31 December 2010 No forward contracts were put in place during 2011 or were outstanding at the year-end

The table below shows the extent to which group companies have monetary assets and liabilities in currencies other than their local currency

	Euro £'000	US Dollar £'000	Australian Dollar £'000	Other currencies £'000	Total £'000
2011					
Financial assets	11,125	4,673	2,217	148	18,163
Financial liabilities	(9,055)	(5,435)	(1,652)	(284)	(16,426)
Total exposure	**2,070**	**(762)**	**565**	**(136)**	**1,737**
2010					
Financial assets	7 206	878	2,345	97	10,526
Financial liabilities	(3,783)	(360)	(1,093)	(186)	(5 422)
Total exposure	3 423	518	1,252	(89)	5 104

Exposures to currency exchange rates arise from the Group's retranslation of its foreign subsidiaries as well as the Group's overseas sales and purchases, which are primarily denominated in euros and Australian dollars

The following table illustrates the sensitivity of the net result for the year and equity with regard to the Group's financial assets and financial liabilities and the euro/sterling exchange rate, the Australian dollar/sterling rate and the US dollar/sterling rate It assumes a +/- 10 per cent movement in the euro/sterling exchange rate for the year ended 31 December 2011 (2010 4 per cent) a +/- 10 per cent movement in the Australian dollar/sterling exchange rate (2010 8 per cent) and a +/- 10 per cent movement in the US dollar/sterling exchange rate (2010 10 per cent)

These percentages have been determined based on the average market volatility in exchange rates in the previous 12 months

If sterling had weakened against the euro, Australian dollar and US dollar by 10 per cent (2010 4 per cent), by 10 per cent (2010 8 per cent) and 10 per cent (2010 10 per cent) respectively then this would have had the following impact

	2011			2010		
	Euro £'000	**Australian Dollar £'000**	**US Dollar £'000**	Euro £'000	Australian Dollar £'000	US Dollar £'000
Net profit	**842**	**74**	**137**	107	18	(12)
Equity	**612**	**11**	**222**	226	103	(19)

If sterling had strengthened against the euro, Australian dollar and US dollar by 10 per cent (2010 4 per cent) by 10 per cent (2010 9 per cent) and 10 per cent (2010 10 per cent) respectively then this would have had the following impact

	2011			2010		
	Euro £'000	**Australian Dollar £'000**	**US Dollar £'000**	Euro £'000	Australian Dollar £'000	US Dollar £'000
Net profit	**(689)**	**(61)**	**(112)**	(116)	(41)	8
Equity	**(501)**	**(9)**	**(181)**	(224)	(124)	25

Credit risk

The Group's principal financial assets are cash and cash equivalents, trade and other receivables These balances are actively monitored to avoid significant concentrations of credit risk The Group has no significant concentration of credit risk

Liquidity risk

Liquidity risk is managed by short and long term cash flow forecasts Sufficient cash reserves are held to maintain short term flexibility

As at 31 December 2011, the Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below

31 December 2011	**Current within 6 months £'000**	**Current 6 to 12 months £'000**	**Non-current 1 to 5 years £'000**	**Non-current later than 5 years £'000**
Trade payables	16 369	-	-	-
Borrowings	2,767	2 767	6,926	-
Amounts owed under finance leases	168	309	193	-
Deferred consideration	150	-	-	-
	19,454	**3,076**	**7,119**	**-**

Notes to the Group financial statements continued Year ended 31 December 2011

22. Financial risk management continued

This compares to the maturity of the Group's non-derivative financial liabilities in the previous reporting periods as follows

31 December 2010	Current within 6 months £'000	Current 6 to 12 months £'000	Non-current 1 to 5 years £'000	Non-current later than 5 years £'000
Trade payables	6 976	108	141	-
Amounts owed under finance leases	168	148	214	-
	7,144	256	355	-

Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to provide an adequate return to shareholders The Group has no policy as to the level of equity capital and other reserves other than to address statutory requirements

Interest rate risk

The Group is exposed to interest rate risk as it borrows funds at floating rate interest rates The Group is required to hedge at least two-thirds of the loan via an interest rate swap hedging floating rate interest for fixed rate interest The interest rate swap settles on a quarterly basis A floating rate of LIBOR (plus 3 5 per cent premium) is swapped to a fixed rate of 1 94 per cent (plus 3 5 per cent margin) The Directors do not consider that this derivative had a material value at 31 December 2011

The Group's hedging activities are evaluated regularly to align them with interest rate views and defined risk appetite, ensuring the most appropriate hedging strategies are applied

If interest rates had been three per cent higher/lower and all other values were held constant, the Group's profit for the year ended 31 December 2011 would increase/decrease by £0 4m due to the Group's exposure to floating interest rates

23. Deferred tax

	2011 £'000	2010 £'000
Deferred tax asset movement		
At 1 January	**7,835**	5 399
Acquisition of subsidiaries	**(3,125)**	-
Credit to income statement	**728**	2 344
Other	**77**	92
At 31 December	**5,515**	7,835

Analysis of deferred tax asset	At 31 December 2011	At 31 December 2010
Capital allowances in excess of depreciation	**914**	10
Share-based payments	**1,231**	-
Losses	**6,187**	7,918
Acquisition intangibles	**(2,817)**	(93)
Total	**5,515**	7835

In addition to the amounts set out above (which represents the Group's forecast utilisation of tax losses within the next two years) the Group has an unrecognised deferred tax asset at 31 December 2011 of £1 3m (2010 £3 3m) Of this £nil (2010 £1 4m) relates to losses and £1 3m (2010 £1 9m) relates to capital allowances

24. Non-current finance lease obligations

	At 31 December 2011 £'000	At 31 December 2010 £'000
Amounts due under finance leases	**193**	214

25. Share capital

	At 31 December 2011 £'000	At 31 December 2010 £'000
Issued		
Preference Shares of £1 each	-	38 912
A Ordinary Shares of £1 each	-	4,324
B Ordinary Shares of £1 each (£0 01 paid)	-	6
Ordinary Shares of 2 and 7/9ths pence each	**6,260**	-
	6,260	43 242

	At 31 December 2011 nos	At 31 December 2010 nos
Issued		
Preference Shares of £1 each	-	38 912
A Ordinary Shares of £1 each	-	4 323
B Ordinary Shares of £1 each (£0 01 paid)	-	571
Ordinary Shares of 2 and 7/9ths pence each	**225,376**	-
	225,376	43,807

On 18 March 2011 the Company re-registered from a private limited company to a public limited company

Following a resolution of the Company passed on 7 April 2011 which took effect immediately prior to the Listing of the Company s securities on the main market of the London Stock Exchange

- each of the Company's A Ordinary Shares were subdivided, reclassified and redesignated as 36 new Ordinary Shares
- each of the Company's B Ordinary Shares were subdivided reclassified and redesignated as 36 new Ordinary Shares
- each holding of the existing Preference Shares were consolidated into one preference share,
- these Preference Shares were subdivided reclassified and redesignated into in aggregate 21 132 432 new Ordinary Shares and 1,380,354 048 deferred shares of 2 7/9ths pence each in the capital of the Company and
- the Company allotted a further 28 0m Ordinary Shares of 2 and 7/9ths pence each

Following the share re-organisation and Listing the Company's share capital comprised 225,376 072 new Ordinary Shares of 2 and 7/9ths pence The Company received proceeds net of bank fees and costs of £69 7m

On 21 June the Company cancelled, at no cost, all of the deferred shares created on Listing The deferred shares did not entitle the holders to any dividends or distribution and were only able to be transferred by the Company A capital redemption reserve of £38 3m was created as a result

Notes to the Group financial statements continued
Year ended 31 December 2011

26. Share-based payments

A total charge of £5,122 000 (2010 £111 000) relating to the Group's share-based payment schemes has been included in the Income Statement.

Growth Securities Ownership Plan (GSOP)

In March 2010, the Board resolved to put in place a Growth Securities Ownership Plan (the "GSOP") Under the GSOP, certain key non-shareholding employees were given the opportunity to purchase a financial instrument which tracks the Company's enterprise value (defined as market capitalisation for these purposes) over a set period, being the period ending 12 months after the occurrence of an exit event

As at 31 December 2010 and 2011 21 senior employees (none of whom is a Director or a current shareholder in the Company) held a total of 35 units under the plan The terms of the GSOP provide for cash payments, on a pro-rata basis, by the Company to participants (subject to such participant's continued employment at the Group at the date payable) if the Company's enterprise value at the end of the relevant period exceeds a floor amount The amount payable to participants increases up to a maximum aggregate amount of £6 million which is payable if the Company's enterprise value at such time is not less than £450 million

For these purposes, an Admission to the London Stock Exchange ("Admission") will constitute an exit event. Therefore the company will be required to pay up to £6 million at the date falling 12 months and 40 days after Admission to participants under the GSOP

The fair values of the financial instruments entered into under this scheme were calculated and were purchased by the participants at this price

In accordance with IFRS 2, the Group has recognised a charge of £4,770,000 in the year (2010 £nil) in respect of this cash settled scheme

Performance Share Plan (PSP)

On 24 June 2011 the Group put in place a Performance Share Plan ("PSP") which uses shares to provide long-term incentives to Executive Directors and senior management of the Group Awards made under the PSP are subject to a matrix of non-market based performance targets (based on adjusted earnings per share and revenue compound growth) and are measured over a performance period to 31 December 2013 Awards will vest in June 2014 subject to continued employment

In the event that all the performance criteria are met a maximum number of 1 400,000 shares will vest The fair value of each award is £2 19 calculated by reference to the closing market price on the dealing day preceding the date of grant None of the awards lapsed during the year Based on the Group's three year forecasts, management expect that 65 per cent of the shares will vest

In accordance with IFRS 2, the Group has recognised a charge of £352,000 (2010 £nil) in respect of this equity settled scheme

Ordinary B Shares

The Group had a class of share, the B Ordinary Shares, which are part paid on issue These were issued to senior staff as a share incentive scheme The Group applied the requirements of IFRS 2 Share-based Payments to these shares The cost to the Group of these incentives was measured at fair value at the date of grant and expensed on a straight line basis over an estimated period of three years The charge in the year was £nil (2010 £111 000) These shares were redesignated in the year as set out in note 25

Fair value was calculated using the binomial option pricing model The expected life is the expected period until a Company share event (sale or IPO) The volatility was based on comparison with similar, quoted companies The risk-free interest rate used was bank base rate Assumptions were made of the eligible recipients who would leave in each year prior to a B share event

27. Non-controlling interests

	At 31 December 2011 £'000	At 31 December 2010 £'000
Sportal Australia Pty Ltd	**189**	443
Global Sports Media BV	**-**	621
Watch and Trade Limited	**-**	109
Other	**(39)**	-
	150	1,173

28. Acquisitions

Acquisitions have been accounted for by the purchase method of accounting The goodwill arising on these acquisitions will be subject to an annual impairment review

Global Sports Media BV

On 9 January 2009 the Group acquired 51 per cent of the shares in Global Sports Media BV, a Dutch company which owns and runs the Soccerway com sports information website and provides sports statistics and data to a wide range of international customers The Group excercised its option to acquire the remaining 49 per cent of shares in December 2011 for €4 3 million

WatchandTrade Ltd

In December 2011 the Group acquired the remaining 40 per cent of shares of WatchandTrade Limited for £550,000 with additional consideration based on the annual results of WatchandTrade over the period to 31 December 2013

Sportal

On 29 July 2009 the Group acquired 66 per cent of the shares in Sportal Australia Pty Ltd, an Australian company which owns and runs the Sportal com au sports website and provides sports data and website and mobile solutions to a wide range of customers to Australia A contractual commitment was also made to acquire the remaining shareholding in three tranches in 2010, 2011 and 2012 Accordingly, in 2010 and 2011 the Group acquired an additional 22 per cent (11 per cent in each year) of the shares in Sportal for £314 000 and £311 000 respectively The remaining 12 per cent not currently owned by the Group will be acquired (in line with terms of the original acquisition) in or before April 2012

The commitment to acquire the remaining 12 per cent (2010 22 per cent) is a derivative financial liability The Directors consider the fair value of this option to be immaterial

Spox Media GmbH and mediasports Digital GmbH

In December 2011 the Group acquired the entire share capital of Spox Media GmbH (Spox) and mediasports Digital GmbH (msd) for initial consideration of €3,650 000 Contingent consideration of up to €12 350 000 is payable based on the combined results of Spox and msd for the years to 31 December 2012, 2013 and 2014 (the "Earn-out Period") The Directors' best estimate of the discounted fair value contingent consideration is £3 547,000 The discount (10 per cent) applied will be unwound through the income statement over the Earn-out Period The following table sets out the book values of the identifiable assets and liabilities acquired and their provisional fair value to the Group at the acquisition date

Notes to the Group financial statements continued
Year ended 31 December 2011

28. Acquisitions continued

	Book value on acquisition £'000	Fair value adjustment £'000	Fair value to the Group £'000
Non-current assets·			
Intangible assets	745	1980	2 725
Property, plant and equipment	88	(88)	-
Current assets			
Trade and other receivables	961	-	961
Cash	598	-	598
Total assets	2 392	1,892	4 284
Current liabilities.			
Trade and other payables	(2,801)	(186)	(2,987)
Deferred tax liability	-	(706)	(706)
Total liabilities	(2 801)	(892)	(3,693)
Net assets acquired	(409)	1000	591
Goodwill arising			6,035
Fair value of total consideration			6 626

Fair value adjustments relate primarily to the following

- elimination of intangible assets (£0 7m) and tangible assets (£0 1m) that were replaced as part of the acquisition accounting process
- recognition of an intangible asset for the domain name and associated trademarks valued at £1 8m using the relief from royalty method which reflects the discounted future cash flows saved from not incurring royalty payments The doman name has an indefinite life
- recognition of customer relationships website architecture and content archives which in total are valued at £1 0m These amounts will be written off over three years

The goodwil arising on the acquisition is largely attributable to the anticipated synergies created by the highly complementary business activities The acquisition enables the Group to increase its scale and reach in the German digital sports media market in addition to realising technology cost synergies

The fair value of consideration is comprised of·

	£'000
Initial cash consideration	**3,079**
Contingent cash consideration	**3,547**
	6,626

The Group's results for the year reflect post acquisition revenue from Spox and mediasports Digital of £0 2m and a profit before tax of £0 1m Had Spox and mediasports Digital been acquired on 1 January 2011, it would have contributed revenue of £6 3m and a loss before tax of £0 6m

Goal com (Holdco) S A
On 18 February 2011 the Group acquired the entire share capital of Goal com (Holdco) S A for a total acquisition price of US $30 million The acquisition was funded in part, with a £17 million term loan facility

The following table sets out the book values of the identifiable assets and liabilities acquired and their provisional fair value to the Group at the acquisition date

	Book value on acquisition £'000	Acquisition related adjust-ments £'000	Fair value adjust-ments £'000	Fair value to the Group £'000
Non-current assets.				
Intangible assets	5,971	(5,971)	9 331	9 331
Property plant and equipment	9	(9)	-	-
Current assets·				
Trade and other receivables	641	-	(144)	497
Cash	26	-	-	26
Total assets	6 647	(5,980)	9187	9 854
Current liabilities				
Deferred tax liability	-	-	(2 426)	(2 426)
Trade and other payables	(1 239)	-	(583)	(1 822)
Non current liabilities				
Loans and other borrowings	(1 734)	1 734	-	-
Total liabilities	(2,973)	1 734	(3 009)	(4 248)
Net assets acquired	3,674	(4 246)	6 178	5 606
Goodwill arising				12 508
Fair value of total consideration				18,114
Net cash outflows in respect of the acquisition comprised				
Gross cash consideration				18,114
Cash acquired				(42)
				18 072

Acquisition related adjustments relate to the elimination of intangible assets which were replaced as part of the acquisition accounting process and financing-related adjustments arising on the transaction

Fair value adjustments relate principally to the recognition of the following acquisition intangibles and related deferred tax liabilities

- the domain name and associated trademarks valued at £8m using the relief from royalty method which reflects the discounted future cash flows saved from not incurring royalty payments The domain name has an indefinite life
- customer relationships valued at £0 75m using the excess earnings valuation method, with a deduction for contributory assets The customer relationships will be amortised over 3 years
- software and content related intangible assets, which together are valued at £0 5m The software and content assets will be amortised over three years

The goodwill arising on the acquisition of Goal com reflects buyer-specific synergies The acquisition enables the Group to increase its scale and reach in the digital sports market in addition to realising technology cost synergies and improving global advertising sales

The Group's results for the year reflect post acquisition revenue from Goal com of £4 0m and a loss before tax of £0 9m (after exceptional items recorded in Goal com) Had Goal com been acquired on 1 January 2011, it would have contributed revenue of £4 2m and a loss before tax of £1 1m

$3 million of the acquisition price has been retained in an escrow account until 29 February 2012 (or, if later the date on which Goal com s accounts for the financial period ending 31 December 2011 have been finalised) in order to satisfy any adjustment to the net current asset value, warranty claims tax indemnity claims or any claims for financial indebtedness of Goal com remaining outstanding after the date of the acquisition

Notes to the Group financial statements continued
Year ended 31 December 2011

29. Commitments under finance leases

	Within 1 year £'000	1 to 5 years £'000	After 5 years £'000	Total £'000
2011				
Lease payments	354	214	-	568
Future finance charges	(47)	(21)	-	(68)
Net present values	**307**	**193**	**-**	**500**
2010				
Lease payments	356	246	-	602
Future finance charges	(40)	(32)	-	(72)
Net present values	316	214	-	530

30. Commitments

(a) Operating leases

At the balance sheet date, the Group had total outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows

	2011 £'000	2010 £'000
Within one year	**892**	754
In the second to fifth years inclusive	**1,092**	534
After five years	**-**	-

Operating lease payments represent rentals payable by the Group for office property and computer equipment costs

(b) Rights commitments

At 31 December 2011 the Group had commitments to acquire internet content rights of £101m (2010 £29m) of which £39m (2010 £13m) is due in the next year and the remaining £62m (2010 £16m) is due in the next two to five years

(c) Acquisition related commitments

The Group has a contractual commitment to acquire the remaining shareholding of Sportal Australia Pty Ltd in 2012 (11 per cent remaining) for a sum based on Sportal's financial performance in 2011 The Directors estimate that the payment in 2012 will be approximately £300,000

The Group has a contractual commitment to pay contingent consideration in 2013 2014 and 2015 in relation to the acquisitions of Spox and msd Refer to note 28 for further details

The Group has a contractual commitment to pay contingent consideration in 2012 2013 and 2014 in relation to the acquisition of the non-controlling interest of WatchandTrade Ltd This contingent consideration is dependent on the EBITDA of WatchandTrade in 2011, 2012 and 2013 and the maximum consideration is £6 4m The Directors expect the total payments based on WatchandTrade's annual results to 31 December 2013 will be approximately £4m

31. Related parties

There are no additional related party transactions to disclose

32. Contingent liabilities

There were no contingent liabilities at the year end (2010 £nil)

33. Net funds

	2011 £'000	2010 £'000
Cash and cash equivalents	**75,863**	16,937
Borrowings	**(12,460)**	-
Finance leases	**(500)**	(530)
Net funds	**62,903**	16,407

Parent company independent auditors' report Perform Group plc Annual Report and Accounts 2011

We have audited the parent company financial statements of Perform Group plc for the year ended 31 December 2011 which comprise the parent company balance sheet, the parent company statement of accounting policies and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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

Respective responsibilities of directors and auditors
As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

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

Opinion on financial statements
In our opinion the parent company financial statements.

- give a true and fair view of the state of the company's affairs as at 31 December 2011,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the part of the Remuneration Committee Report to be audited has been properly prepared in accordance with the Companies Act 2006 and the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the parent company financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us or
- the parent company financial statements and the part of the Remuneration Committee Report to be audited are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made or
- we have not received all the information and explanations we require for our audit

Other matter
We have reported separately on the group financial statements of Perform Group plc for the year ended 31 December 2011

Mark Henshaw (Senior Statutory Auditor),
for and on behalf of Grant Thornton UK LLP
Chartered Accountants and Statutory Auditors, London, United Kingdom
28 February 2012

Perform Group plc
Parent company financial statements
Year ended 31 December 2011

	Notes	2011 £'000	2010 £'000
Fixed assets			
Investments	3	**25,110**	25,008
Current assets			
Debtors	4	**30,175**	21,952
Cash at bank and in hand		**65,016**	1,227
		95,191	23 179
Current liabilities			
Creditors amounts falling due within one year	5	**(1,952)**	(1,144)
Net current assets		**93,239**	22 035
Total assets less current liabilities		**118,349**	47043
Net assets		**118,349**	47,043
Capital and reserves			
Called-up share capital	6	**6,260**	43,242
Share premium	6	**68,323**	-
Capital redemption reserve	6	**38,342**	-
Profit and loss account	8	**5,424**	3 801
Total capital and reserves		**118,349**	47,043

The financial statements of Perform Group plc, registered number 6324278 were approved by the Board of Directors and authorised for issue on 28 February 2012

Signed on behalf of the Board of Directors

O Slipper
Director

Perform Group plc
Parent company financial statements continued
Year ended 31 December 2011

The individual financial statements for the Company have been prepared in accordance with UK law and applicable UK GAAP accounting standards

The principal accounting policies are summarised below They have all been applied consistently throughout the financial year and the preceding year

Basis of accounting
The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards and company law

The Company had cash balances of £65 016 000 at the year end and no borrowings Having reviewed cashflow forecasts and budgets for the year ahead the Directors have a reasonable expectation that the Group has sufficient resources to continue in operational existence for the foreseeable future For this reason they continue to adopt the going concern basis in preparing the accounts

Exemptions
The Directors have taken advantage of the exemption available under section 408 of the Companies Act 2006 and not presented a profit and loss account for the Company alone The Company is also exempt under the terms of FRS 8 Related Parties from disclosing related-party transactions with entities that are wholly owned and part of the Perform Group plc group

Investments
Fixed asset investments are shown at cost less provision if any for impairment

Revenue recognition
Revenue represents amounts derived from the provision of management services to the Group's subsidiaries and are also derived from the Group's continuing, ordinary activities after the deduction of value added tax

Foreign currency translation
Foreign currency transactions of individual companies are translated at the rates ruling when they occurred Foreign currency monetary assets and liabilities are translated at the closing spot rate Any differences are taken to the profit and loss account.

Taxation
The tax expense represents the sum of the tax currently payable and deferred tax

The tax currently payable is based on taxable profit for the period Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and further excludes items that are never taxable or deductible The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax with the following exceptions.

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date there is a binding agreement to dispose of the assets concerned However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold, and

- deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Share-based payments
Where employees are rewarded using share-based payments the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee This fair value is appraised at the grant date and for cash settled instruments is re-appraised at each balance sheet date

All equity settled share-based payments are ultimately recognised as an expense in the income statement with a corresponding credit to reserves All cash settled share-based payments have a corresponding liability

If vesting periods apply the expense is allocated over the vesting period Estimates are revised subsequently if there is any indications that the number of awards expected to vest differs from previous estimates

1. Staff costs

Employee costs (including Executive Directors) were

	2011 £'000	2010 £'000
Wages and salaries	**2,539**	2 572
Social security costs	**284**	261
Pension costs	**114**	100
Share-based payments	**537**	111
	3,474	3 044

The following table sets out the Directors' remuneration

	2011 £'000	2010 £'000
Wages and other benefits	**892**	863
Social security costs	**110**	106
	1,002	969

The emoluments of the highest paid Director were

	2011 £'000	2010 £'000
Emoluments	**319**	334

2. Profit for the year

As permitted by section 408 of the Companies Act 2006 the Company has elected not to present its own profit and loss account for the year The Company reported a profit after tax for the year ended 31 December 2011 of £1 266 000 (2010 £4,005,025 profit)

Perform Group plc
Parent company financial statements continued
Year ended 31 December 2011

3. Investments

	2011 £'000	2010 £'000
At 1 January	**25,008**	25,008
Capital contributions to Group companies	**102**	-
At 31 December	**25,110**	25,008

Perform Media Services Ltd a registered company in Great Britain whose main trade is digital sports media, is the Company's only directly owned subsidiary The Company owns 100 per cent of the shares in the entity

It is the opinion of the Directors that the total value of the Company's investment in its subsidiaries is not less than the amounts at which they are stated above

The Group's Performance Share Plan (refer to note 7 to the financial statements) is an equity settled scheme settled with shares in the Company Accordingly an increase in investments is recorded to account for the capital contribution to subsidiaries

4. Debtors (all current)

	2011 £'000	2010 £'000
Amounts owed by group undertakings	**29,693**	21 655
Prepayments and accrued income	**353**	297
Deferred tax	**129**	-
	30,175	21,952

5. Creditors: amounts falling due within one year

	2011 £'000	2010 £'000
Trade creditors	**277**	70
Amounts owed by Group undertakings	**197**	8
Corporation tax liability	**233**	
Other taxes and social security	**113**	-
Accruals and deferred revenue	**1,132**	1066
	1,952	1144

6. Share capital

	At 31 December 2011 £'000	At 31 December 2010 £'000
Issued		
Preference Shares of £1 each	-	38,912
A Ordinary Shares of £1 each	-	4,324
B Ordinary Shares of £1 each (£0 01 paid)	-	6
Ordinary Shares of 2 and 7/9ths pence each	**6,260**	-
	6,260	43 242

	At 31 December 2011 Nos	At 31 December 2010 Nos
Issued		
Preference Shares of £1 each	-	38 912
A Ordinary Shares of £1 each	-	4,323
B Ordinary Shares of £1 each (£0 01 paid)	-	571
Ordinary Shares of 2 and 7/9ths pence each	**225,376**	-
	225,376	43 806

On 18 March 2011 the Company re-registered from a private limited company to a public limited company

Following a resolution of the Company passed on 7 April 2011 which took effect immediately prior to the Listing of the Company's securities on the main market of the London Stock Exchange

- each of the Company's A Ordinary Shares were subdivided reclassified and redesignated as 36 new Ordinary Shares
- each of the Company's B Ordinary Shares were subdivided reclassified and redesignated as 36 new Ordinary Shares
- each holding of the existing Preference Shares were consolidated into one preference share,
- these Preference Shares were subdivided reclassified and redesignated into, in aggregate, 21 132 432 new Ordinary Shares and 1 380,354,048 deferred shares of 2 7/9ths pence each in the capital of the Company and
- the Company allotted a further 28 0m Ordinary Shares of 2 and 7/9ths pence each

Following the share re-organisation and Listing the Company's share capital comprised 225 376,072 new Ordinary Shares of 2 and 7/9ths pence The Company received proceeds, net of bank fees and costs of £69 7m

On 21 June the Company cancelled at no cost all of the deferred shares created on Listing The deferred shares did not entitle the holders to any dividends or distribution and were only able to be transferred by the Company A capital redemption reserve of £38 3m was created as a result

Perform Group plc
Parent company financial statements continued
Year ended 31 December 2011

7. Share-based payments

A total charge of £537,000 (2010 £111 000) relating to the Company's share-based payment schemes has been included in the income statement

Growth Securities Ownership Plan (GSOP)

In March 2010 the Board resolved to put in place a Growth Securities Ownership Plan (the "GSOP") Under the GSOP certain key non-shareholding employees were given the opportunity to purchase a financial instrument which tracks the Company's enterprise value (defined as market capitalisation for these purposes) over a set period being the period ending 12 months after the occurrence of an exit event.

The terms of the GSOP provide for cash payments on a pro-rata basis by the Company to participants (subject to such participant's continued employment at the Group at the date payable) if the Company's enterprise value at the end of the relevant period exceeds a floor amount The amount payable to participants increases up to a maximum aggregate amount of £6 million which is payable if the Company's enterprise value at such time is not less than £450 million

For these purposes, an Admission to the London Stock Exchange ("Admission") will constitute an exit event The fair values of the financial instruments entered into under this scheme were calculated and were purchased by the participants at this price

In accordance with IFRS 2, the Company has recognised a charge of £286,000 in the year (2010 £nil) in respect of this cash settled scheme

Performance Share Plan (PSP)

On 24 June 2011 the Group put in place a Performance Share Plan ("PSP") which uses shares to provide long-term incentives to Executive Directors and senior management of the Group Awards made under the PSP are subject to a matrix of non market based paerformance targets (based on adjusted earnings per share and revenue compound growth) and are measured over a performance period to 31 December 2013 Awards will vest in June 2014 subject to continued employment

In accordance with IFRS 2, the Company has recognised a charge of £251 000 (2010 £nil) in respect of this equity settled scheme

Ordinary B Shares

The Group had a class of share, the B Ordinary Shares which are part paid on issue These were issued to senior staff as a share incentive scheme The Group applied the requirements of IFRS 2 Share-based Payments to these shares The cost to the Group of these incentives was measured at fair value at the date of grant and expensed on a straight line basis over an estimated period of three years The charge in the year was £nil (£2010 £111,000) These shares had been redesignated in the year as set out in note 25

Fair value was calculated using the binomial option pricing model The expected life is the expected period until a Company share event (sale or IPO) The volatility was based on comparison with similar, quoted companies The risk-free interest rate used was bank base rate Assumptions were made of the eligible recipients who would leave in each year prior to a B share event.

8. Equity/retained earnings

	Issued share capital £'000	Share premium £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total share-holders' funds £'000
At 1 January 2010	43,242	-	-	(315)	42 927
Profit for the year	-	-	-	4 005	4,005
Share-based payments	-	-	-	111	111
At 1 January 2011	**43,242**	**-**	**-**	**3,801**	**47,043**
Re-classification and issue of share capital/ premium (net of fees)	1,360	68,323	-	-	69 683
Cancellation of deferred shares	(38 342)	-	38 342	-	-
Profit for the year	-	-	-	1 266	1,266
Credit to equity for share-based payments	-	-	-	357	357
At 31 December 2011	**6,260**	**68,323**	**38,342**	**5,424**	**118,349**

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Company website
Investor and shareholder related information can be found on the Company website at www performgroup com/investors

Financial Calendar
AGM Tuesday 17 April 2012
Interim results presentation August 2012[1]

[1]Date of interim results presentation correct at time of print but subject to change

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