

Rightster Group plc
("Rightster" or the "Group" or the "Company")

Unaudited half year results for the six months ended 30 June 2015

Rightster Group plc (AIM: RSTR), the digital video distribution and monetisation network, today announces its half year results for the six months ended 30 June 2015.

Financial Highlights

- Net Revenue of £7.0m (a 262% increase from H1 2014 and underlying growth of 81% from H1 2014)
- Gross Profit of £3.5m (an increase of 534% from H1 2014)
- Average monthly video views at 1.6bn (an uplift of 331% from H1 2014)
- Loss before Tax of £11.5m (versus £7.2m in H1 2014)
- Loss per share of 5.2p (versus 6.2p in H1 2014)
- Annualised cost savings of £6m have been identified, which will be realised throughout the remainder of 2015 and 2016
- Associated one-off restructuring costs for the period of £0.9m

Operational Highlights

- Niall Dore joined the Company as CFO on 5 January 2015
- Patrick Walker was appointed as CEO on 28 January 2015
- Microsoft Lumia - partnership to develop a global YouTube campaign alongside Warner Music and the Dentsu Aegis Network
- British Pathé - content deal to distribute their historical film archive
- 20th Century Fox - extension of global partnership to fully manage their branded content across 17 international territories
- Spotify – partnership to provide short-form video content to its millions of subscribers.
- Procter & Gamble - new deals in India, France and across Asia Pacific, to generate awareness of specific products and engage audiences both on and off YouTube
- Universal Pictures International deal around the Minions film release, utilising the Company's network on YouTube, Instagram, Facebook and Snapchat

Post Period End

- Base79 - acquisition completed with £24.3m of deferred consideration
- VML - acquisition completed with issue of circa 6.2m new ordinary shares of 0.1 pence each (in aggregate) and deferred consideration of approx. £0.85m cash
- Shiv Bhaduri appointed as Chief Product Officer
- Partnership with Procter & Gamble in Asia Pacific
- New partnership with Jack Jones TV, who has over 2.4 million Facebook page likes and the highest-ranking video with 13 million views to date
- Turkish Airlines signed a new contract for 2015 campaign to promote Turkey

Patrick Walker (CEO) commented:

"Rightster has made significant progress in the first half of 2015. I'm delighted that both of the acquired companies are now fully integrated and the Company continues to drive strong revenue growth. Substantial cost savings of £6m were identified during the period, which, once realised, will lead to a more streamlined and efficient business. We're already seeing the benefit of the strategic acquisitions to our revenues, with the combined teams winning high profile, international deals. We aim to continue this momentum for the remainder of 2015. I'm also excited about the innovative product launches in the pipeline that will further boost our revenue streams and bring efficiencies to both us and our partners. These products will continue to roll out throughout Q4 2015 and early 2016."

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Rightster Group plc

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Financial Review

The Company continues to see strong growth in its revenues following the acquisitions of Base79 and VML. With a 262% increase in net revenues to £7.0m (of which underlying growth was 81%) and a 534% increase in Gross Profit to £3.5m (from H1 2014 to H1 2015), Rightster continues to trend in the right direction. Monthly video views are similarly on the rise, averaging at 1.6 billion through H1 2015, a 331% uplift on H1 2014.

Revenue growth has been attained across all four geographic regions (which are categorised into United Kingdom and Ireland, United States of America, Continental Europe and Rest of the World) with the most significant gross revenue uplifts (pre-commission share deduction) being experienced in the UK (now at £5.5m) the US (now at £1.9m) and the Rest of the World (now at £2.1m). Advertising remains the most lucrative revenue stream, accounting for £6.3m of all net revenue driven by brand and content management fee deals.

Given the large amount of staff Rightster acquired through the acquisitions, Administration expenses went up in the period, which contributed to a resulting Loss before tax of £11.5m (£7.2m Loss before tax in H1 2014). Management conducted a review of cost synergies that could be achieved post the acquisitions and identified substantial annualised cost savings of approximately £6m. These are in the form of headcount reductions and the closure of the Company's technology office in Bangalore. The associated one-off restructuring costs (£0.9m) have impacted H1 2015 results but the benefits are expected to be felt towards the end of 2015 and early 2016.

The Company ended the period with £8.1m of cash. The net cash movement in the half year period was (£0.4m). Cash utilised including R&D spend was (£5.1m) while inflows benefited from a £5.2m share placing (before expenses).

Post Period relevant financials

The acquired companies (Base79 and VML) have integrated well and, as a result, the Company has benefited from larger international deals with global brands and generated increased revenues.

Specific strategic and operational goals were set so that the acquired companies contributed to commercial milestones prior to attaining any deferred consideration. Following a review, the Company was satisfied that Base79 met the vast majority of their earn-out conditions and VML achieved all of theirs. This has resulted in the Company agreeing to pay out £24.3m by way of deferred consideration to the former shareholders of Base79. The first portion of £20.7m was settled by way of an issue of circa 137.9m new ordinary shares on 4 August 2015, with the remaining £3.6m to be settled in Q4 2014 with a further issue of new ordinary shares. In relation to VML, the former shareholders have been allotted circa 6.2m new ordinary shares of 0.1 pence each (in aggregate) with the remaining deferred consideration of £849,937.50 (in aggregate) being paid in cash, all settled on 1 September 2015.

Details of the deferred consideration will be set out in the Company's full annual results for 2015 and the Company is pleased that the earn-out evaluation process has now been concluded. As the vast majority of the deferred consideration has been settled by way of issue of new ordinary shares, the effect on the Company's net cash in 2015 should be minimal.

Business Review

At the start of the year, the new management team set out to successfully integrate the acquired companies and realise the full potential of the combined business as a leading international Multi-Platform Network (MPN). In tandem, it was clear that cost synergies needed to be achieved in order to streamline the business and make operations more efficient.

Significant developments have been made into achieving the dual goals highlighted above. As a result of the combined skills and scale of the Company as the largest European YouTube partner, new deals have been secured with an impressive roster of high profile brands on an international scale. These range from a partnership with Microsoft Lumia, (which saw the Company develop a global YouTube campaign), to

an extension of a global deal with 20th Century Fox (with Rightster now fully managing their branded content across 17 international territories). Rightster also secured a partnership with Spotify to provide short-form video content to its millions of subscribers and entered into innovative deals with Procter & Gamble in India, France and more recently Asia Pacific, to generate awareness and engagement for the brand's products with audiences on and off YouTube. A recent deal to promote the Minions film with Universal Pictures International shows the Company's traction in winning multi-platform deals, utilising the Company's network on Snapchat, Facebook, YouTube and Instagram. Existing clients have also renewed contracts including SNTV, Ora.TV and more recently Turkish Airlines, demonstrating Rightster's ability to continue to service existing clients to a high level.

The Company has also benefited from a raised industry profile, with management frequently being approached to contribute to thought leadership pieces in major industry publications and present keynote speeches and sit on panels at key media and technology events. This has improved Rightster's exposure in the digital video space, resulting in new leads being generated with high calibre clients.

On an international front, the combined teams are working effectively together, knowledge sharing and generating new leads. A clean up of operational processes has been conducted, leading to back office efficiency and reduction of unnecessary headcount. Following a strategic review, the Company made the decision to concentrate its product development efforts in the UK, efficiently consolidating its tech platforms, with the result of the Bangalore office closing. The recent appointment of a new Chief Product Officer, Shiv Bhaduri, has led to the development and distillation of innovative product strategies utilising the consolidated tech platform, with the potential for rapid market delivery and corresponding revenue uplift. The product features being developed will bring a variety of new benefits and efficiencies to Rightster's partners. The Company looks forward to beta testing these products over the course of the next month, with a view to rolling out the products throughout Q4 2015 and early 2016.

Board Changes

New appointments in 2015 have given the Company a renewed vigour. Niall Dore was appointed as CFO on 5 January 2015. Niall joined the business from Experian Consumer Services where he was Interim Finance Director UK and Ireland and previously held the role of Finance Director at Betfair Group plc for over 5 years.

Patrick Walker was appointed as CEO on 28 January 2015. Patrick was previously Chief Commercial Officer at Rightster and was part of the Base79 team acquired in August 2014. Patrick has over 20 years' experience in the media industry and was Google's first hire outside the US to work on its video strategy, initially with Google Video and then as YouTube's European boss.

Both Niall and Patrick have a proven ability to execute business models across the digital and technology sectors and the board is pleased with the Company's progress to date since their executive appointment.

Charlie Muirhead ceased to be a Director of the Company on 6 May 2015.

Outlook

The online video industry continues to grow rapidly as brands commit more resources to digital platforms such as YouTube and Facebook in order to engage digital savvy consumers across multiple devices. The evolution of Rightster as a leading international video network within this industry continues at pace. Driving continued growth whilst reducing cost has remained a key priority for the new management team and has led to a solid first half of 2015. Revenues have grown strongly, led by significant brand and content management partnerships such as Turkish Airlines and 20th Century Fox, both signing new agreements this year.

Management will capitalise on this growth by focusing on more high profile international brand and content partnerships and further refining its product strategy to drive new revenue and operational efficiency. This ongoing transformation of the business is focused on sustainable, higher margin growth, which has resulted in longer lead times on certain deals in Q3, and the discontinuation of unprofitable

deals. Management is therefore adopting a more conservative approach for the rest of the year and anticipates achieving between 70-80% year-on-year revenue growth.

To assist the Company in achieving its growth ambitions, it has appointed The Raine Group, a global merchant bank focused on technology, media and telecommunications, as financial adviser.

Reducing overheads in the business and achieving synergies from the acquisitions has been a key focus for the Company. Significant progress has been made in this area and guidance for annualised savings has now increased to £6m (double the initial estimate). Headcount has been reduced from 267 in January to 185 in September. The average quarterly cashburn (excluding exceptionals) is forecast to reduce by 40% over the course of 2015 although the Company's business model remains cash intensive given the targeted growth trajectory. As well as revenue growth and cost reduction, the Board is evaluating options to secure additional investment in Q4 to ensure the Company has sufficient working capital and to enable it to continue towards cashflow breakeven.

Responsibility statement

The Directors confirm that to the best of their knowledge:

- The unaudited condensed consolidated interim financial statements have been prepared in accordance with IAS 34 as adopted by the EU.
- The interim management report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R of the Disclosure and Transparency Rules.

The Directors of Rightster Group plc are listed on page 29 of the 2014 Annual Report. Copies of this report are available on the Company's website, from Companies House and in hard copy from the Company Secretary, Rightster Group plc, 1 Neal Street, London, WC2H 9QL.

On behalf of the Board

Patrick Walker
Chief Executive Officer

30 September 2015

RIGHTSTER GROUP PLC

CONSOLIDATED INCOME STATEMENT AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2015

	(unaudited) 6 months to 30 June 2015	(unaudited) 6 months to 30 June 2014	Audited Year to 31 December 2014
Note	£	£	£
Total revenues including commission share	11,188,581	3,511,802	13,876,508
Less commission share	(4,165,976)	(1,571,654)	(5,172,100)
Revenue	7,022,605	1,940,148	8,704,408
Cost of sales	(3,538,535)	(1,390,481)	(4,777,729)
Gross profit	3,484,070	549,667	3,926,679
Research and development expenses	-	(554,016)	(1,015,387)
Administration expenses	(10,903,337)	(6,213,082)	(18,605,816)
Share of result of associates	-	807	807
Restructuring costs	(915,441)	-	(554,261)
Operating loss	(8,334,708)	(6,216,624)	(16,247,978)
Exceptional items	4 (1,939,977)	(957,510)	(991,688)
Finance income	13,223	6,768	29,292
Finance costs	5 (1,264,358)	(6,112)	(1,558,572)
Loss before tax	(11,525,820)	(7,173,478)	(18,768,946)
Analysed as			
Loss before tax adjusted for restructuring costs, exceptional items and non-cash charges	(5,182,335)	(5,566,582)	(12,452,841)
Restructuring costs	(915,441)	-	(554,261)
Exceptional items	(1,939,977)	(957,510)	(991,688)
Equity settled share-based payments	(753,909)	(319,747)	(1,272,002)
EBITDA	(8,791,662)	(6,843,839)	(15,270,792)
Finance costs	(1,264,358)	(6,112)	(1,558,572)
Finance income	13,223	6,768	29,292
Depreciation	(168,503)	(134,315)	(306,212)
Amortisation	(1,314,520)	(195,980)	(1,662,662)
Loss before tax	(11,525,820)	(7,173,478)	(18,768,946)
Income tax credit	1,255,284	16,343	723,874
Loss attributable to equity holders of the parent	(10,270,536)	(7,157,135)	(18,045,072)
Statement of Comprehensive Income			
Loss for the period / year	(10,270,536)	(7,157,135)	(18,045,072)
Items that may be reclassified subsequently to profit or loss			
Exchange profit/(loss) on translation of foreign subsidiaries	100,896	(139,778)	(123,861)
Total comprehensive income for the period / year attributable to owners of the parent	(10,169,640)	(7,296,913)	(18,168,933)
Loss per share (basic and diluted)			
Basic and diluted loss per ordinary share (pence)	6 5.15p	6.15p	12.1p
All transactions arise from continuing operations.			

RIGHTSTER GROUP PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2015

	(unaudited) At 30 June 2015 £	(unaudited) At 30 June 2014 £	Audited At 31 December 2014 £
Non-current assets			
Intangible assets	55,960,117	4,235,831	56,538,210
Property, plant and equipment	176,436	333,876	340,201
Investments in associates	-	44,333	-
Deferred tax asset	84,274	2,642	103,863
	<u>56,220,827</u>	<u>4,616,682</u>	<u>56,982,274</u>
Current assets			
Trade and other receivables	6,103,027	2,855,328	7,117,330
Cash and cash equivalents	8,082,230	4,117,549	8,458,247
	<u>14,185,257</u>	<u>6,972,877</u>	<u>15,575,577</u>
Current liabilities			
Trade and other payables	(8,367,455)	(5,431,544)	(8,744,964)
Deferred consideration	(25,397,564)	-	(22,163,229)
Restructuring provision	(73,907)	-	(214,047)
	<u>(33,838,926)</u>	<u>(5,431,544)</u>	<u>(31,122,240)</u>
Non-current liabilities			
Deferred tax	(3,518,290)	(70,977)	(3,726,524)
Net assets	<u>33,048,868</u>	<u>6,087,038</u>	<u>37,709,087</u>
Equity			
Share capital	7 222,960	117,025	193,714
Share premium	69,196,775	23,604,434	64,470,509
Deferred share capital	-	6,660,000	-
Capital redemption reserve	6,660,000	-	6,660,000
Merger reserve	(24,059,625)	(24,059,625)	(24,059,625)
Merger relief reserve	41,009,443	40,410,393	41,009,443
Retained deficit	(59,931,212)	(40,478,903)	(50,414,585)
Translation reserve	(49,473)	(166,286)	(150,369)
Total equity	<u>33,048,868</u>	<u>6,087,038</u>	<u>37,709,087</u>

RIGHTSTER GROUP PLC

CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2015

	(unaudited) 6 months to 30 June 2015 £	(unaudited) 6 months to 30 June 2014 £	Audited Year to 31 December 2014 £
Operating activities			
Loss before tax	(11,525,820)	(7,173,478)	(18,768,946)
Adjustments :			
Depreciation and amortisation	1,483,023	330,295	1,968,874
Finance income	(3,423)	(6,768)	(29,292)
Finance costs	1,264,358	6,112	1,558,572
Increase in deferred consideration	1,732,449	-	-
Movement in foreign exchange	101,053	(1,628)	-
Share based payment charges –share options	753,909	319,747	1,272,002
Share of profit of associates	-	(807)	807
Profit arising on deemed disposal of associate	-	-	(743,736)
Deferred consideration classified as remuneration	207,528	-	362,938
(Increase) / decrease in trade and other receivables	(125,969)	(656,626)	(2,293,602)
Increase / (decrease) in trade and other payables	325,664	717,118	479,794
Movement in provisions	(140,140)	-	214,047
Tax recovered / (paid)	1,533,639	-	(38,477)
Cash outflow from operating activities	<u>(4,393,729)</u>	<u>(6,466,035)</u>	<u>(16,017,019)</u>
Investing activities			
Purchase of property, plant and equipment	(7,760)	(31,393)	(89,685)
Purchase of intangible assets	(736,427)	(1,764,146)	(3,125,254)
Payment of deferred consideration	-	(152,665)	(152,665)
Purchase of subsidiary undertaking	-	-	(26,947,312)
Cash acquired with subsidiary undertakings	-	-	1,165,363
Repayment of loans to associates	-	-	100,000
Interest received	3,423	6,768	29,292
Cash outflow from investing activities	<u>(740,764)</u>	<u>(1,941,436)</u>	<u>(29,020,261)</u>
Cash flows from financing activities			
Interest paid	-	(6,112)	(8,218)
Issue of share capital	5,154,440	41,617	42,083,168
Share issue costs	(398,928)	-	(1,099,737)
Net cash inflow from financing	<u>4,755,512</u>	<u>35,505</u>	<u>40,975,213</u>
Net change in cash and cash equivalents	<u>(378,981)</u>	<u>(8,371,966)</u>	<u>(4,062,067)</u>
Movement in net cash			
Cash	8,458,247	12,719,074	12,719,074
Bank overdraft	-	(229,559)	(229,559)
Cash and cash equivalents, beginning of period	<u>8,458,247</u>	<u>12,489,515</u>	<u>12,489,515</u>
(Decrease)/increase in cash and cash equivalents	(378,981)	(8,371,966)	(4,062,067)
Movement in foreign exchange	2,964	-	30,799
Cash and cash equivalents, end of period	<u>8,082,230</u>	<u>4,117,549</u>	<u>8,458,247</u>

RIGHTSTER GROUP PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 June 2015

	Share capital	Share premium	Deferred share capital	Capital redemption reserve	Merger reserve	Merger relief reserve	Translation reserve	Retained earnings	Total equity
	£	£	£	£	£	£	£	£	£
At 1 January 2014	116,372	23,563,470	6,660,000	-	(24,059,625)	40,410,393	(26,508)	(33,641,515)	13,022,587
Shares issued during the period	653	40,964	-	-	-	-	-	-	41,617
Equity settled share based payments	-	-	-	-	-	-	-	319,747	319,747
Transactions with owners	653	40,964	-	-	-	-	-	319,747	361,364
Other comprehensive income									
Loss and total comprehensive income for the period	-	-	-	-	-	-	(139,778)	(7,157,135)	(7,296,913)
At 30 June 2014	117,025	23,604,434	6,660,000	-	(24,059,625)	40,410,393	(166,286)	(40,478,903)	6,087,038
At 1 January 2014	116,372	23,563,470	6,660,000	-	(24,059,625)	40,410,393	(26,508)	(33,641,515)	13,022,587
Shares issued during the year	77,342	42,006,776	-	-	-	599,050	-	-	42,683,168
Share issue costs	-	(1,099,737)	-	-	-	-	-	-	(1,099,737)
Equity settled share based payments	-	-	-	-	-	-	-	1,272,002	1,272,002
Shares repurchased during the year	-	-	(6,660,000)	6,660,000	-	-	-	-	-
Transactions with owners	77,342	40,907,039	(6,660,000)	6,660,000	-	599,050	-	1,272,002	42,855,433
Other comprehensive income									
Loss and total comprehensive income for the period	-	-	-	-	-	-	(123,861)	(18,045,072)	(18,168,933)
At 31 December 2014	193,714	64,470,509	-	6,660,000	(24,059,625)	41,009,443	(150,369)	(50,414,585)	37,709,087
At 1 January 2015	193,714	64,470,509	-	6,660,000	(24,059,625)	41,009,443	(150,369)	(50,414,585)	37,709,087
Shares issued during the period	29,246	5,125,194	-	-	-	-	-	-	5,154,440
Share issue costs	-	(398,928)	-	-	-	-	-	-	(398,928)
Equity settled share based payments	-	-	-	-	-	-	-	753,909	753,909
Transactions with owners	29,246	4,726,266	-	-	-	-	-	753,909	5,509,421
Other comprehensive income									
Loss and total comprehensive income for the period	-	-	-	-	-	-	100,896	(10,270,536)	(10,169,640)
At 30 June 2015	222,960	69,196,775	-	6,660,000	(24,059,625)	41,009,443	(49,473)	(59,931,212)	33,048,868

RIGHTSTER GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS
For the six months ended 30 June 2015

1 General information

The information for the period ended 31 December 2014 does not constitute statutory accounts as defined in section 435 of the Companies Act 2006. A copy of the statutory accounts has been delivered to the Registrar of Companies. The auditors reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006. The interim financial statements have not been audited or reviewed by the company's auditor.

2 Accounting policies

Basis of preparation

The annual financial statements of Rightster Group plc are prepared in accordance with IFRS as adopted by the European Union. The condensed set of financial statements included in this half yearly report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting", as adopted by the European Union.

Following the revision of the Group's forecasts, the Board now anticipate that additional funding may be required by the end of the financial year. The Board believe that, based on previous fundraising experience, sufficient additional funding will be available and therefore consider it appropriate to prepare the interim financial statements on the going concern basis.

Significant accounting policies

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

Adoption of new and revised standards

At the date of authorisation of the financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have 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.

3 Segment reporting

Management identify only one operating segment in the business, being monetising content on-line. This single operating segment is monitored and strategic decisions are made on the basis of this segment alone.

As a result only the geographic reporting of revenue analysis has been included in this note.

No customer accounted for more than 10% of the Group's revenues. The breakdown of net assets and capital expenditure for geographic reporting has not been shown as it can only be provided as an arbitrary breakdown.

RIGHTSTER GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS
For the six months ended 30 June 2015

3 Segment reporting - continued

Geographic reporting

Rightster has identified four geographic areas (UK, United States of America, Europe and rest of the world) and the information is presented based on the customers' location.

	6 months ended June 2015 £	6 months ended June 2014 £	12 months ended 31 December 2014 £
United Kingdom & Ireland	5,452,182	2,086,414	6,613,570
United States of America	1,871,930	87,021	2,070,154
Europe	1,803,996	870,040	2,786,297
Rest of the world	2,060,473	468,327	2,406,487
Total revenue including commission share	11,188,581	3,511,802	13,876,508
Less commission share	(4,165,976)	(1,571,654)	(5,172,100)
Revenue	7,022,605	1,940,148	8,704,408
Cost of sales	(3,538,535)	(1,390,481)	(4,777,729)
Gross profit	3,484,070	549,667	3,926,679
Administration expenses	(11,818,778)	(6,767,098)	(20,175,464)
Share of result of associates	-	807	807
Operating loss	(8,334,708)	(6,216,624)	(16,247,978)

The Group identified four revenue streams, Advertising, Subscriptions, Theatrical and Bookmaker streaming and licenses. In previous periods Bookmaker streaming and licenses were disclosed within Advertising, however the comparative periods have been adjusted to show the segment separately. The analysis of revenue by each stream is detailed below.

	6 months ended June 2015 £	6 months ended June 2014 £	12 months ended 31 December 2014 £
Advertising	6,254,494	825,715	6,336,737
Subscriptions	331,435	517,597	1,211,846
Theatrical	436,676	574,313	1,155,825
Bookmaker streaming and licenses	-	22,523	-
	7,022,605	1,940,148	8,704,408

RIGHTSTER GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS
For the six months ended 30 June 2015

4 Exceptional items

	6 months ended June 2015	6 months ended June 2014	12 months ended 31 December 2014
	£	£	£
Acquisition costs	207,528	-	1,628,274
Increase in deferred consideration payable (note 11)	1,732,449	-	-
Aborted acquisition costs	-	957,510	107,150
Profit on deemed disposal of associate	-	-	(743,736)
	<u>1,939,977</u>	<u>957,510</u>	<u>991,688</u>

5 Finance costs

	6 months ended June 2015	6 months ended June 2014	12 months ended 31 December 2014
	£	£	£
Interest payable	-	6,112	8,218
Unwinding of discount on deferred consideration	1,264,358	-	1,550,354
	<u>1,264,358</u>	<u>6,112</u>	<u>1,558,572</u>

RIGHTSTER GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS
For the six months ended 30 June 2015

6 Loss per share

Both the basic and diluted loss per share have been calculated using the loss after tax attributable to shareholders of Rightster Group plc as the numerator, i.e. no adjustments to losses were necessary in 2014 or 2015. The calculation of the basic loss per share is based on the loss attributable to ordinary shareholders divided by the weighted average number of shares in issue during the period. All share options and warrants have been excluded when calculating the diluted earnings per share (EPS) as they were anti dilutive.

	6 months ended June 2015	6 months ended June 2014	12 months ended 31 December 2014
	£	£	£
Loss for the year attributable to ordinary shareholders (£)	(10,270,536)	(7,157,135)	(18,045,072)
Research and development expenses	-	554,016	1,015,387
Equity settled share based payments	753,909	319,747	1,272,002
Amortisation and depreciation	1,483,023	330,295	1,968,874
Adjusted loss for the period attributable to the equity shareholders	<u>(8,033,604)</u>	<u>(5,953,077)</u>	<u>(13,788,809)</u>
Rightster Group plc			
Weighted average number of ordinary shares	199,535,453	116,435,607	149,285,293
Basic and diluted loss per ordinary share (pence)	<u>5.15p</u>	<u>6.15p</u>	<u>12.1p</u>
Adjusted basic and diluted loss per ordinary share (pence)	<u>4.03p</u>	<u>5.11p</u>	<u>9.24p</u>

7 Share capital & Share premium

Ordinary share capital

	At 30 June 2015	
	Number	£
Ordinary shares of £0.001	222,960,607	222,960
Total ordinary share capital of the Company		<u><u>222,960</u></u>

Rights attributable to ordinary shares

The holders of ordinary shares are entitled to receive notice of and attend and vote at any general meeting of the Company.

A reconciliation of share capital is detailed in note 8.

RIGHTSTER GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS
For the six months ended 30 June 2015

8 Reconciliation of share capital and share premium

	Ordinary share capital		Deferred shares	Share premium	Capital redemption reserve	Merger relief reserve
	Number	£	£	£	£	£
Balance as at 1 January 2014	116,372,334	116,372	6,660,000	23,563,470	-	40,410,393
Issue of shares	652,340	653	-	40,964	-	-
Closing balance at 30 June 2014	<u>117,024,674</u>	<u>117,025</u>	<u>6,660,000</u>	<u>23,604,434</u>	<u>-</u>	<u>40,410,393</u>

	Ordinary share capital		Deferred shares	Share premium	Capital redemption reserve	Merger relief reserve
	Number	£	£	£	£	£
Balance as at 1 January 2014	116,372,334	116,372	6,660,000	23,563,470	-	40,410,393
Issue of shares	77,341,870	77,342	-	40,907,039	-	599,050
Repurchased during the year	-	-	(6,660,000)	-	6,660,000	-
Closing balance at 31 December 2014	<u>193,714,204</u>	<u>193,714</u>	<u>-</u>	<u>64,470,509</u>	<u>6,660,000</u>	<u>41,009,443</u>

	Ordinary share capital		Deferred shares	Share premium	Capital redemption reserve	Merger relief reserve
	Number	£	£	£	£	£
Balance as at 1 January 2015	193,714,204	193,714	-	64,470,509	6,660,000	41,009,443
Issue of shares	29,246,403	29,246	-	4,726,266	-	-
Closing balance at 30 June 2015	<u>222,960,607</u>	<u>222,960</u>	<u>-</u>	<u>69,196,775</u>	<u>6,660,000</u>	<u>41,009,443</u>

RIGHTSTER GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS
For the six months ended 30 June 2015

9 Financial Instruments

Categories of financial instruments	As at 30 June 2015 £	As at 30 June 2014 £	As at 31 December 2014 £
Financial assets			
Loans and receivables	6,103,027	2,855,328	7,117,330
Cash and bank balances	8,082,230	4,117,549	8,458,247
	<u>14,185,257</u>	<u>6,972,877</u>	<u>15,575,577</u>
Financial liabilities			
Trade and other payables at amortised cost	(8,367,455)	(5,431,544)	(8,744,964)
Deferred consideration at fair value	<u>(25,397,564)</u>	<u>-</u>	<u>(22,163,229)</u>
	<u>(33,765,019)</u>	<u>(5,431,544)</u>	<u>(30,908,193)</u>

Financial instruments measured at fair value

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of fair value hierarchy. This grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

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

The estimated fair value of the deferred consideration is categorised within Level 3 of the fair value hierarchy. The fair value estimate has been determined using a present value technique. The fair value is estimated by discounting the liability at 15%. The discount rate has been determined using the group's average cost of capital. The most significant input is the discount rate of 15%.

Deferred consideration payable is contingent on the performance of the acquired businesses and is determined using a combination of management forecasts and projections for relevant scenarios in order to estimate the most likely outcome for a given transaction.

Contingent liabilities

There were no contingent liabilities at 30 June 2015 (30 June 2014 and 31 December 2014: None).

10 Transactions with Directors and other related parties

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

RIGHTSTER GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS
For the six months ended 30 June 2015

11 Subsequent events

Base79 Deferred consideration

On 1 August 2014 the company purchased 100% of the issued share capital of Base 79 Limited for consideration of up to £50,000,000, of which £25,000,000 was paid in cash and the balance payable during 2015 in shares based a on a number of performance criteria.

At 31 December 2014 the deferred contingent consideration payable was estimated at £22,500,000. This amount was discounted by £2,997,827 to its present value using the groups weighted average cost of capital of 15%. The total amount payable was agreed in July 2015 at £24,286,228, payable in shares of Rightster Group PLC. The deferred consideration has been subsequently been re-measured to it's present value at 30 June 2015 with the additional amount payable being charged to the income statement as an exceptional item. Deferred consideration of £20,686,228 was payable in August 2015 with the balance of £3,600,000 being payable November 2015.