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reach4entertainment enterprises plc ('r4e', 'the Company' or 'the Group')

Unaudited interim results for the six months ended 30 June 2015

r4e, the transatlantic media and entertainment company, today announces its unaudited interim results for the six months ended 30 June 2015.

Highlights

Financial

- Maintained market leadership in both London and New York's theatre markets
- Revenues increased to £42.5 million (H1 2014: £41.5 million)
- Pre-exceptional items recorded EBITDA of £0.9 million (H1 2014: £1.4 million)
- Profit before tax (post exceptional items) of £0.05 million (H1 2014: £0.7 million)

Re-financing

- Transformative refinancing proposal agreed with AIB Group (UK) p.l.c. ("AIB") in June 2015
- After a capital repayment of £0.4 million due in October 2015, total debt reduction from £14.2 million to £9 million
- £5.2 million of debt converting into 12.5% of equity
- Remaining £9 million to be repaid through combination of new debt and equity
- Negotiations with new lenders and investors well underway

Looking ahead

- AIB agreement creates opportunity to relaunch the business
- Company to pursue future investment in growth areas of the theatre and other entertainment markets
- Theatre attendances, gross revenues, and number of shows expected to continue to rise in London and New York, reinforcing r4e's core business
- Trading performance for 2015 is expected to be in line with market expectations with new shows expected to launch close to Christmas
- 2016 outlook is positive

David Stoller, Executive Chairman, commented:

"2014 was an exceptional year for the theatre market and 2015 is proving to be a solid if more 'normal' market environment. Of our two main markets New York has been stronger but we anticipate that London will improve in late 2015/early 2016. Overall our trading performance has been comfortably in line with our expectations for this period and the outlook for the full year.

We are very enthusiastic about the future of our business, following the successful negotiations with AIB to restructure our borrowings as agreed in June. Once the restructuring is completed later this year, r4e will be able to focus on re-launching its new business strategy, building upon our market leading positions in London and New York theatre markets."

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EXECUTIVE CHAIRMAN'S STATEMENT

Return to normal market conditions

2014 was an exceptional year for the Group due to the high number of new shows opening and several instances of unexpectedly high client spend in New York. 2015 has seen a return to a solid if more normal market environment and our trading performance reflects this.

Importantly, the theatre markets in London and New York, in which the Group enjoys market leading positions, are both in good health with positive underlying trends in terms of audience and revenue numbers.

This, together with the refinancing proposal agreed with AIB means the Group is well placed for the future.

Trading performance

The results for the 6 months ended 30 June 2015 show the following:

Summary of results

	Unaudited 6 months ended 30 June 2015 £'000	Unaudited 6 months ended 30 June 2014 £'000
Total Revenue from continuing operations	42,496	41,500
Adjusted EBITDA[1] from continuing operations	867	1,405
Net exceptional costs (see note 5)	(264)	(9)
Group EBITDA	**603**	**1,396**

[1]Adjusted EBITDA is EBITDA before exceptional items.

The Group delivered a small improvement in revenue growth primarily from advertising spend generated from US related theatre shows. Gross profit was slightly lower due to a change in the sales mix with a higher proportion of advertising spend contributing to revenues.

Despite a strong performance from New York operations, with Spot & Company of Manhattan Inc. ('SpotCo') increasing revenue by 11% to £27.5 million (2014: £24.8 million), EBITDA decreased from the prior year as a result of the change in sales mix. Group EBITDA in the period continued to be impacted by the unexpected closure of 6 London musicals in 2014 and was further impacted by exceptional costs of £0.264 million relating to one off property expenses, redundancy costs and costs associated with the re-financing with AIB.

Profit before tax was £0.05 million (2014: £0.7 million). The tax charge of £0.32 million (2013: £0.40 million) appears out of proportion against profit before tax due to £0.28 million of this charge (2014: £0.31 million) being tax incurred in the US against the profits of SpotCo. Having fully utilised its tax losses carried forward, SpotCo's profits are now fully chargeable for tax and a continuing strong performance means that the tax charge is greater than profit before tax when consolidated within the group results.

Recorded loss per share from total operations for the six months to 30 June 2015 was 0.36p (2014: profit of 0.42p).

Total borrowings reduced by £0.59 million to £15.58 million (2014: 30 June £16.17 million), as the Company paid down £0.2 million against the bank loan with AIB and continues to meet its debt repayment obligations relating to its acquisition of SpotCo.

The second half of the financial year has started well and we anticipate that we will see a return to the more traditional seasonal weighting, with a greater portion of the Group's profitability generated in the second half of the year.

Maintained market leading positions in London and New York

Our operations now comprise the market-leading London and New York based theatre and live entertainment marketing businesses of Dewynters Ltd ('Dewynters') and SpotCo respectively, together with the London based signage and fascia business, Newman Displays Ltd ('Newmans'). Operations of the New York based merchandising business, Dewynters Advertising Inc ('DAI') were outsourced at the end of 2012.

Continuing Operations

	Unaudited 6 months ended 30 June 2015		**Unaudited 6 months ended 30 June 2014**	
Company	Revenue	Adjusted EBITDA*	Revenue	Adjusted EBITDA*
	£'000		£'000	
Dewynters	13,303	296	14,803	469
Newmans	1,556	49	1,714	162
SpotCo	27,480	914	24,843	1,219
DAI	157	12	140	9
Head Office	-	(404)	-	(454)
TOTAL	**42,496**	**867**	**41,500**	**1,405**

*Adjusted EBITDA is EBITDA before exceptional administrative items. Adjusted EBITDA figures are shown before intergroup management fees. Note that the report and financial statements at 31 December 2014 reflect company numbers after accounting for intergroup management fees.

Remembering that 2014 was an exceptional year, the performance by Spotco in New York was positive reflecting a more normalised market environment, while Dewynters in London continues to be impacted by the long tail of unexpected show closures in 2014. Overall the trading performance was in line with our expectations.

SpotCo is now building on a period of sustained growth, enjoying a market leading position and attracting the support of some of the leading producers of new and existing shows. SpotCo's deserved reputation for originality of design and innovation in marketing techniques is growing and was reflected last year in the number of shows it represents which went on to win 16 Tony awards of the total 24 awarded.

Dewynters revenues are down by 10% and EBITDA by 36.9% against the same period in 2014. The London market has had fewer new musicals opening in the period which not only impacts on Dewynters revenues, but, as new shows typically result in higher margin revenues than the long running shows, the resulting change in sales mix has impacted negatively on EBITDA. Dewynters remains a market leader in London's West End and is expected to improve on its current performance.

In addition, Dewynters continues to grow its non-West End related work of theatrical and musical projects in Europe, whilst its Touring Division, established three years ago to provide marketing services to touring productions of theatre and other live events, continues to expand in the UK and internationally.

With UK cinema box office revenues declining in 2014 by 7% on 2013 (source The Box Office 2014, BFI Research and Statistics pg. 7), Newmans' revenues were lower than the comparable period last year as there were less new film premieres resulting in a declining trading performance. However, the second half of the year, in particular, the key Christmas period is the most profitable period in the year for Newmans. Newmans is also focused on developing its presence in the digital signage market and over time expects that many new films will use digital signage for promotion.

Re-financing agreement with AIB

The Company has entered into a conditional agreement with AIB Group (UK) plc (AIB) to restructure the Company's existing £14,585,000 loan facility with AIB, as announced on 10 June 2015. Final settlement of the existing facility is subject, inter alia, to the Company securing funding to fulfil its repayment obligations which is now required by 31 October 2015 for completion of the agreement no later than 20 November 2015. r4e is seeking to secure such funding through a combination of new debt facilities and the issue of new ordinary shares in the Company and is progressing discussions with potential lenders and investors in this regard.

As previously announced on 3 June 2015, the Company is in a serious loss of capital position due to the impairment of goodwill in 2014. A general meeting was held on 30 June 2015 to address this with shareholders. Subject to being able to conclude the refinancing of the AIB credit facilities, the Company will record an exceptional after tax gain as a result of the debt to equity conversion. This, together with the intention to raise new equity as part of the refinancing, is expected to restore shareholder funds to a positive value and put the Company on a strong footing for future growth.

Summary and Outlook

The size of the Group's borrowings has meant that the Company has not been able to achieve its full potential as the debt has restricted the ability to invest in growth opportunities, of which there are many. The agreement with AIB is the catalyst for re-launching the Company.

We are pleased that the 2015 trading performance to date is in line with expectations, and provides a solid platform for securing the future growth funding of the business. Initially we will focus on reinforcing our market positions and expanding our internal capabilities and growth opportunities, while at the same time exploring a number of potential accretive acquisitions that could accelerate the pace of our growth.

David Stoller, Executive Chairman
reach4entertainment enterprises plc

Unaudited Condensed Consolidated Income Statement
For the six months ended 30 June 2015

	Note	6 months ended 30 June 2015 (Unaudited) £000's	6 months ended 30 June 2014 (Unaudited) £000's	Year ended 31 December 2014 (Audited) £000's
Continuing Operations				
Revenue		42,496	41,500	83,282
Cost of sales		(32,800)	(31,637)	(63,170)
Gross profit		9,696	9,863	20,112
Administrative expenses		(9,369)	(8,733)	(24,413)
EBITDA before exceptional administrative items		867	1,405	2,647
Exceptional administrative expense	5	(264)	(9)	(243)
Exceptional administrative income	5	-	-	264
Impairment of goodwill	6	-	-	(6,430)
Depreciation		(180)	(170)	(344)
Amortisation of intangibles		(96)	(96)	(195)
Operating profit/(loss)		327	1,130	(4,301)
Finance income	2	64	44	60
Finance costs	3	(339)	(465)	(879)
Profit/(loss) before taxation		52	709	(5,120)
Taxation		(320)	(395)	(873)
(Loss)/profit for the period		(268)	314	(5,993)

The (loss)/profit is attributable to the owners of the parent

	Note			
Basic and diluted (loss)/earnings per share (pence)	4	(0.36)	0.42	(8.03)

Unaudited Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2015

	6 months ended 30 June 2015 (Unaudited) £000's	6 months ended 30 June 2014 (Unaudited) £000's	Year ended 31 December 2014 (Audited) £000's
(Loss)/profit for the period	(268)	314	(5,993)
Other comprehensive income:			
Currency translation differences	(31)	(126)	245
Other comprehensive income (net of tax) for the period	(31)	(126)	245
Total comprehensive (loss)/income for the period attributable to owners of the parent	(299)	188	(5,748)

Unaudited Condensed Consolidated Balance Sheet
As at 30 June 2015

		6 months ended 30 June 2015 (Unaudited) £000's	6 months ended 30 June 2014 (Unaudited) £000's	Year ended 31 December 2014 (Audited) £000's
Non-current assets				
Goodwill	6	7,022	13,072	7,060
Intangible assets		3,698	3,823	3,799
Property, plant and equipment		2,316	2,388	2,448
Deferred tax asset		88	58	88
		13,124	19,341	13,395
Current assets				
Inventories		283	303	401
Trade and other receivables		7,677	8,971	12,240
Other current assets		470	432	473
Cash and cash equivalents		2,511	3,115	2,446
		10,941	12,821	15,560
Total assets		24,065	32,162	28,955
Current liabilities				
Trade and other payables		(11,554)	(13,079)	(15,840)
Current taxation liabilities		(93)	(175)	-
Borrowings	7	(1,423)	(814)	(1,896)
		(13,070)	(14,068)	(17,736)
Net current liabilities		(2,129)	(1,247)	(2,176)
Non-current liabilities				
Deferred taxation		(1,381)	(1,250)	(1,349)
Borrowings	7	(14,155)	(15,356)	(14,155)
Other payables	8	(1,503)	(1,297)	(1,460)
		(17,039)	(17,903)	(16,964)
Total liabilities		(30,109)	(31,971)	(34,700)
Net (liabilities)/assets		(6,044)	191	(5,745)
Equity				
Called up share capital		1,872	1,872	1,872
Share premium		13,501	13,501	13,501
Capital redemption reserve		15	15	15
Retained earnings		(21,104)	(14,529)	(20,836)
Own shares held		(259)	(259)	(259)
Foreign exchange reserve		(69)	(409)	(38)
Total equity attributable to owners of the parent		(6,044)	191	(5,745)

Unaudited Condensed Consolidated Statement of Changes in Equity
For the six months ended 30 June 2015

ATTRIBUTABLE TO OWNERS OF THE PARENT	Share capital £000	Share premium £000	Capital redemption reserve £000	Retained earnings £000	Own shares held £000	Foreign exchange reserve £000	Total Equity £000
At 1 January 2014	1,872	13,501	15	(14,843)	(259)	(283)	3
Profit for the period	-	-	-	314	-	-	314
Other comprehensive income:							
Currency translation differences	-	-	-	-	-	(126)	(126)
Total comprehensive income for the period	-	-	-	314	-	(126)	174
At 30 June 2014 (Unaudited)	1,872	13,501	15	(14,529)	(259)	(409)	191
At 1 July 2014							
Loss for the period	-	-	-	(6,307)	-	-	(6,307)
Other comprehensive income:							
Currency translation differences	-	-	-	-	-	371	371
Total comprehensive income for the period	-	-	-	(6,307)	-	371	(5,936)
At 31 December 2014 (Audited)	1,872	13,501	15	(20,836)	(259)	(38)	(5,745)
At 1 January 2015							
Loss for the period	-	-	-	(268)	-	-	(268)
Other comprehensive income:							
Currency translation differences	-	-	-	-	-	(31)	(31)
Total comprehensive income for the period	-	-	-	(268)	-	(31)	(299)
At 30 June 2015 (Unaudited)	1,872	13,501	15	(21,104)	(259)	(69)	(6,044)

Unaudited Condensed Consolidated Statement of Cash Flows
For the six months ended 30 June 2015

	Note	6 months ended 30 June 2015 (Unaudited) £000's	6 months ended 30 June 2014 (Unaudited) £000's	Year ended 31 December 2014 (Audited) £000's
Cash generated from operating activities	9	1,027	1,890	2,494
Income taxes paid		(166)	(67)	(723)
Net cash inflow from operating activities		861	1,823	1,771
Investing activities				
Purchase of property, plant and equipment		(59)	(122)	(194)
Proceeds from disposal of property, plant and equipment		-	-	3
Payment of deferred consideration	7	(332)	(307)	(615)
Dividends received from associated undertaking		60	-	60
Net cash used in investing activities		(331)	(429)	(746)
Financing activities				
Repayment of borrowings		(200)	-	-
Interest paid		(263)	(235)	(502)
Net cash used in financing activities		(463)	(235)	(502)
Net increase/(decrease) in cash and cash equivalents		67	1,159	523
Cash and cash equivalents at the beginning of the period		2,446	1,876	1,876
Effect of foreign exchange rate changes		(2)	80	47
Cash and cash equivalents at end of the period		2,511	3,115	2,446

Unaudited notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2015

1 Basis of Presentation

These unaudited condensed consolidated interim financial statements are for the six months ended 30 June 2015. They have been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards (IFRS) as adopted by the European Union. This report should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and International Financial Reporting Interpretations Committee ('IFRIC') Interpretations and the Companies Act 2006, as applicable to companies reporting under IFRS.

The financial information in this interim announcement does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The unaudited interim financial statements were approved by the Board on 8 September 2015.

The comparative financial information for the year ended 31 December 2014 does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The statutory accounts of reach4entertainment enterprises plc for the year ended 31 December 2014 have been reported on by the Company's auditor, Baker Tilly UK Audit LLP, and have been delivered to the Registrar of Companies. The report of the auditor was unqualified but contained an emphasis of matter statement with regard to going concern. The auditor's report did not contain statements under Section 498(2) or 498(3) of the Companies Act 2006.

The financial information for the six months ended 30 June 2015 is unaudited.

Accounting Policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014, with exception of standards, amendments and interpretations effective in 2015.

Standards, amendments and interpretations effective in 2015

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2015, but had no significant impact on the Group:

- IFRS 2 - Share-based Payment. Definitions of vesting conditions
- IFRS 3 - Business Combinations. Accounting for contingent consideration in a business combination
- IFRS 9 - Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures
- IFRS 13 - Fair Value Measurement. Scope of paragraph 52 (portfolio exception)
- IAS 16 - Property, Plant and Equipment and IAS 38 - Intangible Assets - Revaluation method - proportionate restatement of accumulated depreciation/amortisation
- IAS 19 - Defined Benefit Plans: Employee Contributions. Amended to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service
- IAS 36 - Impairment of Assets. Recoverable Amount Disclosures for Non-Financial Assets. Amendments to IAS 36
- IAS 39 - Financial Instruments. Recognition and Measurement Novation of Derivatives and Continuation of Hedge Accounting.

1 Basis of Presentation (***continued***)

- IAS 40 - Investment Property. Interrelationship between IFRS 3 and IAS 40 (ancillary services)
- IFRIC 21 - Levies.

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 January 2015 and have not been early adopted:

- IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations, IFRS 7 - Financial Instruments: Disclosures. Amendments resulting from September 2014 Annual Improvements to IFRSs
- IFRS 10 - Consolidated Financial Statements. Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture. Amendments regarding the application of the consolidation exception.
- IFRS 11 - Joint Arrangements - Amendments regarding the accounting for acquisitions of an interest in a joint operation
- IFRS 12 - Disclosure of Interests in Other Entities. Amendments regarding the application of the consolidation exception.
- IFRS 15 - Revenue from Contracts with Customers
- IAS 1 - Presentation of Financial Statements. Amendments resulting from the disclosure initiative
- IAS 16 - Property, Plant and Equipment - Amendments regarding the clarification of acceptable methods of depreciation and amortisation.
- IAS 19 - Employee Benefits. Amendments resulting from September 2014 Annual Improvements to IFRSs.
- IAS 27 - Separate Financial Statements. Amendments reinstating the equity method as an accounting option for investments in in subsidiaries, joint ventures and associates in an entity's separate financial statements
- IAS 28 - Investments in Associates and Joint Ventures. Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture. Amendments regarding the application of the consolidation exception.
- IAS 34 - Interim Financial Reporting. Amendments resulting from September 2014 Annual Improvements to IFRSs.
- IAS 38 - Intangible Assets – Amendments regarding the clarification of acceptable methods of depreciation and amortisation

Going Concern

These interim condensed consolidated financial statements have been prepared on a going concern basis.

During the year ended 31 December 2012 the Group agreed a debt repayment schedule for the remaining $4.2 million of deferred consideration in relation to the SpotCo acquisition in 2008. The repayment period is over 2013 – 2015. During the six months ending 30 June 2015, $0.33 million has been repaid in-line with the schedule, leaving an outstanding balance of $1.6 million (£1 million after discounting and translation to GBP), see note 7. The final scheduled repayments will be made over July - October 2015 leaving a liability of $1 million (£0.64 million), over which there is an option to convert to equity. Both r4e and the vendor have the right to require the remaining US$1 million deferred consideration due to be satisfied by the subscription of Ordinary Shares at the prevailing mid-market price. If the number of Ordinary Shares so issued would cause an obligation to make a mandatory offer for the entire issued share capital of r4e under Rule 9 of the City Code on Takeovers and Mergers, the vendor shall be obliged to subscribe only for such number of Ordinary Shares as would not trigger such obligation, and the balance of the debt due will be written off.

On 9 June 2015 the Company entered into a conditional agreement (the "Agreement") with AIB Group (UK) plc ("AIB") to restructure the Company's existing £14,585,000 loan facility with AIB (the "Existing Facility"). Final settlement of the Existing Facility is subject, inter alia, to the Company securing funding to fulfil its repayment obligations on or prior to 31 October 2015 and the completion of the

Agreement no later than 20 November 2015. r4e is seeking to secure such funding through a combination of new debt facilities and the issue of new ordinary shares in the Company, and is progressing discussions with potential lenders and investors in this regard. More details are in note 7.

These interim accounts continue to reflect the Existing Facility agreement which will be deferred to in the event that the restructure should not take place. Covenants continue to be measured quarterly in line with the current facility. All banking covenants had been met as at 30 June 2015.

2 Finance Income

	6 months ended 30 June 2015 (Unaudited) £000's	6 months ended 30 June 2014 (Unaudited) £000's	Year ended 31 December 2014 (Audited) £000's
Bank interest	-	1	-
Dividends received from associated undertaking	60	-	60
Foreign exchange gains on deferred consideration	4	43	-
	64	**44**	**60**

3 Finance Costs

	6 months ended 30 June 2015 (Unaudited) £000's	6 months ended 30 June 2014 (Unaudited) £000's	Year ended 31 December 2014 (Audited) £000's
Interest on bank loans	260	298	563
Amortisation of issue costs of bank loan	17	83	87
Unwinding of discounting on deferred consideration	62	83	154
Net foreign exchange losses on trade	-	1	-
Foreign exchange losses on deferred consideration	-	-	75
	339	**465**	**879**

4 (Loss)/earnings Per Share

The calculations of earnings per share are based on the following results and numbers of shares.

	6 months ended 30 June 2015 (Unaudited)	6 months ended 30 June 2014 (Unaudited)	Year ended 31 December 2014 (Audited)
	Number	Number	Number
Weighted average number of 2.5 pence ordinary shares in issue during the period			
For basic earnings per share	74,635,792	74,635,792	74,635,792
	£000's	£000's	£000's
(Loss)/profit for the period	**(268)**	**314**	**(5,993)**

There were no share options in issue at 30 June 2015, 31 December 2014 or 30 June 2014.

5 Exceptional Items

	6 months ended 30 June 2015 (Unaudited) £000's	6 months ended 30 June 2014 (Unaudited) £000's	Year ended 31 December 2014 (Audited) £000's
Office relocation costs	(13)	(9)	(46)
Employee contract termination costs	(20)	-	(197)
Restructuring of bank debt	(231)	-	-
Exceptional expenses	(264)	(9)	(243)
Landlord and Tenants reimbursement income	-	-	264
Net exceptional administrative (Expenses)/income	**(264)**	**(9)**	**21**

Exceptional costs in the 6 month period to 30 June 2015 relate to the new lease agreement of Newman's offices and Dewynters warehouse in London in 2014 (see below); further costs incurred in relation to contract termination costs as part of redundancies made in 2014; and, costs incurred to date on the conditional agreement made with AIB on 9 June to restructure the current debt facility (see note 7).

Expenses and income in the prior year ended 31 December 2014 relate to Newmans' premises and Dewynters Warehouse, which are on the same site in London, being given notice by the Landlord to vacate by December 2014 in order that the land could be developed. The surrender of the leases resulted in compensation from the Landlord of £0.26m as the tenancy was within the scope of the Landlords and Tenants Act 1954.

5 Exceptional Items (*continued*)

Subsequent to the commencement of the search process for new premises, the Landlord agreed to a new lease on the current premises as the planned development has been put on hold. To this end the companies remain at the original location but have received compensation due to the surrender of the old lease. The new lease does not fall under the Landlords and Tenants Act 1954. Exceptional expenses of £0.05 million in the year ended 2014 relate to the search for new premises plus negotiation for the new lease.

Exceptional expenses of £0.2m incurred in 2014 were employee contract termination costs in Dewynters.

6 Goodwill

	Total £000's
Cost:	
1 January 2014	13,212
Foreign exchange differences	(140)
30 June 2014	13,072
Impairment charge	(6,430)
Foreign exchange differences	418
31 December 2014	7,060
Foreign exchange differences	(38)
30 June 2015	7,022
Net Book Value:	
30 June 2015 (unaudited)	**7,022**
30 June 2014 (unaudited)	**13,072**
31 December 2014 (audited)	**7,060**

An impairment charge of £6.43 million was incurred during the year ended 2014 on the Dewynters Group. As a result of the discussions with the Company's bank and third parties on how best to restructure the bank loan or replace it altogether, an independent valuation was obtained, which resulted in a review of the value of the recoverable amount of certain assets, and it was decided that the goodwill held against the Dewynters Group of companies should be impaired.

A review has been undertaken at 30 June 2015 and has not identified any further need for impairment.

7 Borrowings

	30 June 2015 (Unaudited) £000's	30 June 2014 (Unaudited) £000's	31 December 2014 (Audited) £000's
Current:			
Bank loans	430	200	630
Deferred consideration	993	614	1,266
	1,423	814	1,896
Non-current:			
Bank loans	14,155	14,585	14,155
Deferred consideration	-	771	-
	14,155	15,356	14,155
Analysis of borrowings			
On demand or within one year:			
Bank loans	430	200	630
Deferred consideration	993	614	1,266
In the second to fifth years inclusive:			
Bank loan	6,760	7,190	7,190
Deferred consideration	-	771	-
More than five years:			
Bank loan	7,395	7,395	6,965

On 9 June 2015 the Company entered into a conditional agreement (the "Agreement") with AIB Group (UK) plc ("AIB") to restructure the Company's existing £14,585,000 loan facility with AIB (the "Existing Facility"). Final settlement of the Existing Facility is subject, inter alia, to the Company securing funding to fulfill its repayment obligations on or prior to 31 October 2015 and the completion of the Agreement no later than 20 November 2015. r4e is seeking to secure such funding through a combination of new debt facilities and the issue of new ordinary shares in the Company, and is progressing discussions with potential lenders and investors in this regard.

Under the terms of the Agreement:

1. AIB will convert an amount equal to £5,155,000 of the outstanding principal debt due under the Existing Facility into new ordinary shares of 2.5p each in the Company ("Settlement Shares"), with the number of Settlement Shares to be equivalent to 12.5% of the fully diluted issued share capital of the Company as at the Completion Date.

2. r4e will grant to AIB a European five year put option over the Settlement Shares (which can only be exercised on the date that is five years from the date of grant) (the "Option"), which, if exercised, will result in r4e acquiring the Settlement Shares from AIB for a consideration of £2,000,000 in cash.

3. r4e will make a cash repayment of £9,430,000 in full and final settlement of the principal amount outstanding under the Existing Facility at the Completion Date (the "Principal Settlement Amount"). The Principal Settlement Amount due to be paid by r4e to AIB on the Completion Date includes a £430,000 principal repayment due on 7 October under the Existing Facility ("Principal Repayment"). Should the Completion Date fall after the due date of the Principal Repayment then the £430,000 shall be paid as due, reducing the final settlement figure to £9,000,000.

7 Borrowings (*continued*)

4. r4e will pay any unpaid interest accrued under the terms of the Existing Facility up until the Completion Date.

5. r4e will pay the costs incurred by AIB and r4e in connection with the Transaction, whether or not it proceeds.

The Agreement includes certain milestones (the "Milestones") which r4e must use its best endeavours to ensure are achieved in advance of the Completion Date. Included in the Milestones are deadlines for when the Company must have made advancements in securing the debt and equity required to satisfy the Principal Settlement Amount.

In the event of certain events occurring, such as default under the Existing Facility, failure to achieve the Milestones or if r4e is unable to raise new funding, AIB can terminate the Agreement at any time up to the Completion Date.

Notwithstanding AIB's termination rights, the Agreement provides that both parties will each use their reasonable endeavours to co-operate towards reaching a consensual resolution in respect of restructuring the Existing Facility. There is uncertainty over the Company's ability to meet a significant scheduled repayment of the Existing Facility in April 2016 and therefore if the terms of the Agreement are not met or another resolution to restructure the Existing Facility is not agreed with AIB, the Company will have to re-consider the options available to it in order to facilitate or re-negotiate this payment and to secure the future of the Company.

The figures shown in the borrowings table reflect the Existing Facility agreement not the conditional Agreement made with AIB to restructure the facility.

Deferred consideration

Movements on deferred consideration during the year are as follows:

	30 June 2015 (Unaudited) £000's	30 June 2014 (Unaudited) £000's	31 December 2014 (Audited) £000's
Opening balance	1,266	1,652	1,652
Unwinding of discounting on deferred consideration	62	83	154
Payment of deferred consideration - cash	(332)	(307)	(615)
Foreign exchange differences	(3)	(43)	75
Closing balance	**993**	**1,385**	**1,266**

8 Other payables

Landlord reimbursement accrual

Amounts in non-current other payables of £0.62 million (30 June 2014: £0.62 million) relate to the re-imbursement of leasehold improvement costs from SpotCo's landlord at the new New York office which was moved into during 2013. As with many US leases SpotCo, as tenant, had to undertake a programme of complete refurbishment of the property and some of these expenses, related to the provision of basic utilities and services, were then refunded by the landlord. In line with SIC 15 this reimbursement has been recognised as a liability and will be unwound to the income statement reducing rental costs over the period of the lease. During the 6 months period to 30 June 2015 £0.03 million was unwound and credited to the income statement (30 June 2014: £0.03 million).

Amounts in current liabilities relating to the reimbursement total £0.06 million (30 June 2014: £0.05 million).

	30 June 2015 (Unaudited) £000's	30 June 2014 (Unaudited) £000's	31 December 2014 (Audited) £000's
Within one year	58	53	55
Within second to fifth years	230	212	220
More than five years	391	412	435
	621	624	655

8 Other payables (*continued*)

Rent holiday accrual

Other amounts in non-current other payables of £0.88 million (30 June 2014: £0.68 million) relate to an accrual for rental payments built up during a period of 'rent holiday' as provided for in the new leases for Dewynters and SpotCo's Offices which were moved into during 2013. In line with SIC Interpretation 15 the accrual will be released to the income statement over the term of the lease reducing rent costs.

	30 June 2015 (Unaudited) £000's	30 June 2014 (Unaudited) £000's	31 December 2014 (Audited) £000's
Within one year	112	53	38
Within second to fifth years	506	523	523
More than five years	376	150	282
	882	673	805

Total non-current accruals	30 June 2015 (Unaudited) £000's	30 June 2014 (Unaudited) £000's	31 December 2014 (Audited) £000's
Landlord reimbursement accrual	621	624	655
Rent holiday accrual	882	673	805
Total non-current payables	1,503	1,297	1,460

9 Cash flows from operating activities

	6 months ended 30 June 2015 (Unaudited) £000's	6 months ended 30 June 2014 (Unaudited) £000's	Year ended 31 December 2014 (Unaudited) £000's
Reconciliation of net cash flows from operating activities			
Profit/(loss) before taxation	52	709	(5,120)
Finance costs	339	465	879
Finance income	(64)	(44)	(60)
Depreciation	180	170	344
Amortisation of intangibles	96	96	195
Impairment of goodwill	-	-	6,430
Operating cash flows before movements in working capital	603	1,396	2,668
Decrease/(increase) in inventories	119	(21)	(120)
Decrease/(increase) in trade and other receivables	4,562	1,372	(1,897)
(Decrease)/increase in trade and other payables	(4,257)	(857)	1,843
Cash flows from operating activities	**1,027**	**1,890**	**2,494**

10 Related Party Disclosures

During the 6 months to 30 June 2015, the Group procured consultancy services totalling £0.15 million (2014: Nil) from Glen House Capital Strategies Ltd., a company owned by Richard Ingham, a non-executive director of the Board during the period, in recognition of consultancy services provided since 2013. £0.15 million was outstanding at 30 June 2015 (2014: Nil) which is due to be paid over a three year period as agreed between the parties. AIM Rule disclosures in this regard will be made in due course.

During the 6 months to 30 June 2015, the Group procured consultancy services totalling £0.03 million (2014: Nil) from Springtime Consultants Ltd., a company owned by Marcus Yeoman, a non-executive director of the Board during the period. £0.03 million was outstanding at 30 June 2015 (2014: Nil).

Dividend income received in the 6 months to 30 June 2015 of £0.06 million (2014: Nil) is from the associate undertaking Theatrenow Limited, in which Dewynters Limited has a 29.91% shareholding. The company is in the process of being wound up.

11 Transactions with Directors

At 30 June 2015 David Stoller owed the Group £1,545 (30 June 2014: £1,312) which was repaid in July 2015. The loan is non-interest bearing and no terms and conditions are attached.

12 Interim Report

This document is available on the Group's website at www.r4e.com.