UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K/A

(Amendment No. 1)

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of report (Date of earliest event reported): September 23, 2015

Remark Media

Remark Media, Inc.

Delaware	001-33720	33-1135689
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

3930 Howard Hughes Parkway, Suite 400 Las Vegas, NV	89169	702-701-9514
(Address of principal executive offices)	(Zip Code)	(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

EXPLANATORY NOTE

On September 28, 2015, Remark Media, Inc. (“Remark,” “we,” “us,” or “our”) filed a Current Report on Form 8-K (the “Original Form 8-K”) reporting that on September 24, 2015, we completed the purchase of all of the outstanding equity interests of Vegas.com, LLC (“Vegas.com”) pursuant to the terms of that certain Unit Purchase Agreement dated as of August 18, 2015 by and among Remark, Vegas.com and the equity owners of Vegas.com listed on the signature page thereto.

This Amendment No. 1 to the Original Form 8-K amends and supplements Item 9.01 of the Original Form 8-K to provide the financial statements and pro forma financial information required under Items 9.01(a) and (b) of Form 8-K, which were excluded from the Original Form 8-K in reliance on the instructions to such items.

Item 9.01 Financial Statements and Exhibits.

(a) Financial Statements of Businesses Acquired

The audited financial statements of Vegas.com for the years ended December 31, 2014 and December 31, 2013 and the unaudited financial statements of Vegas.com for the six months ended June 30, 2015 are attached as Exhibit 99.1 hereto and are incorporated herein by reference. We have attached the consent of RSM US LLP (f/k/a McGladrey LLP), Vegas.com’s independent auditors, as Exhibit 23.1 to this Form 8-K/A.

(b) Pro Forma Financial Information

The unaudited pro forma condensed combined financial information of Remark and Vegas.com for the year ended December 31, 2014 and for the six months ended June 30, 2015 are attached as Exhibit 99.2 hereto and are incorporated herein by reference.

(d) Exhibits

Exhibit Number	Description
23.1	Consent of RSM US LLP (f/k/a McGladrey LLP)
99.1	Financial Statements of Vegas.com, LLC For the Years Ended December 31, 2014 and December 31, 2013 (Audited) and For the Six Months Ended June 30, 2015 (Unaudited)
99.2	Pro Forma Condensed Combined Financial Information of Remark Media, Inc. and Vegas.com, LLC For the Year Ended December 31, 2014 and For the Six Months Ended June 30, 2015 (Unaudited)

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Remark Media, Inc.

Date:	November 6, 2015	**By:**	*/s/ Douglas Osrow*
		Name:	Douglas Osrow
		Title:	*Chief Financial Officer*

EXHIBIT 23.1

CONSENT OF INDEPENDENT AUDITOR

We consent to the incorporation by reference in the Registration Statements on Forms S-8 (Nos. 333-147149, 333-168800, 333-200375, and 333-202027) and Forms S-3 (Nos. 333-180290 and 333-202024) of Remark Media, Inc. of our report dated April 30, 2015, except for Notes 9 and 10 as to which the date is September 11, 2015, relating our audit of the consolidated financial statements of VEGAS.com, LLC as of and for the year ended December 31, 2014, included in this Current Report on Form 8-K/A.

/s/ RSM US LLP

RSM US LLP
Certified Public Accountants

Las Vegas, Nevada
November 5, 2015

EXHIBIT 99.1

VEGAS.com, LLC

Consolidated Financial Statements
(Reviewed)
June 30, 2015

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Independent Auditor’s Review Report

To the Board of Managers
VEGAS.com, LLC
Las Vegas, NV

Report on the Financial Statements
We have reviewed the accompanying consolidated financial statements of VEGAS.com, LLC and its subsidiaries (the Company) as of June 30, 2015, and for the six-month period then ended. The accompanying financial statements of the Company as of June 30, 2014, and for the six-month period then ended were not reviewed by us, and accordingly, we do not express any form of assurance on it.

Management’s Responsibility
The Company’s management is responsible for the preparation and fair presentation of the interim financial information in accordance with accounting principles generally accepted in the United States of America; this responsibility includes the design, implementation, and maintenance of internal control sufficient to provide a reasonable basis for the preparation and fair presentation of interim financial information in accordance with generally accepted accounting principles.

Auditor’s Responsibility
Our responsibility is to conduct our review in accordance with auditing standards generally accepted in the United States of America applicable to reviews of interim financial information. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial information. Accordingly, we do not express such an opinion.

Conclusion
Based on our review, we are not aware of any material modifications that should be made to the accompanying interim financial information for it to be in accordance with accounting principles generally accepted in the United States of America.

Las Vegas, Nevada
October 8, 2015

Vegas.com, LLC

Consolidated Balance Sheets
June 30, 2015 and 2014
See Independent Auditor's Review Report

ASSETS		**2015**		2014
Current Assets				
Cash	**$**	**8,692,893**	$	7,501,354
Restricted cash		**5,260,009**		4,758,119
Accounts receivabe, net		**1,096,317**		704,884
Prepaid expenses and other assets		**1,505,193**		1,042,754
Related-party receivable		**516,708**		1,274,793
Note receivable, current		**172,195**		163,813
Total current assets		**17,243,315**		15,445,717
Note Receivable, long-term		**371,271**		543,466
Property and Equipment, net		**3,608,229**		2,450,239
Related-Party Receivable, long-term		**3,382,747**		3,372,278
Intangibles, net		**10,444,102**		11,903,173
Total assets	**$**	**35,049,664**	$	33,714,873

Liabilities and Members' Deficit				
Current Liabilities				
Accounts payable	**$**	**15,340,337**	$	15,345,810
Accrued expenses		**12,794,723**		13,053,044
Deferred merchant booking		**9,828,392**		7,539,225
Current portion of Las Vegas.com purchase obligation		**1,189,856**		1,117,949
Deferred revenue		**5,229,158**		4,240,931
Total current liabilities		**44,382,466**		41,296,959
LasVegas.com Purchase Obligation		**1,227,528**		3,570,724
Commitments and Contingencies (Notes 2, 4, 5, 6, 7 and 9)				
Members' deficit		**(12,224,048)**		(11,152,810)
Unite-Based Compensation		**1,663,718**		—
Total members' deficit		**(10,560,330)**		(11,152,810)
Total liabilities and members' deficit	**$**	**35,049,664**	$	33,714,873

See Notes to Consolidated Financial Statements

Vegas.com, LLC

Consolidated Statements of Operations
Six-month Periods Ended June 30, 2015 and 2014
See Independent Auditor's Review Report

	2015	2014
Revenue:		
Commerce revenue, net	$ 20,566,025	$ 19,716,062
Advertising and other revenue, net	3,506,882	2,734,833
Total revenue, net	24,072,907	22,450,895
Cost of revenue	3,448,049	3,017,642
Gross margin	20,624,858	19,433,253
Operating expenses:		
Selling, general and administrative	20,573,905	20,163,478
Depreciation and amortization	1,288,459	1,300,531
Total operating expenses	21,862,364	21,464,009
Operating (loss)	(1,237,506)	(2,030,756)
Other (income) expenses:		
Interest expense	98,176	168,579
Interest income	(8,969)	(4,344)
Other expenses, net	89,207	164,235
Net (loss)	$ (1,326,713)	$ (2,194,991)

See Notes to Consolidated Financial Statements

Vegas.com, LLC

Consolidated Statements of Members' Deficit
Six-month Periods Ended June 30, 2015 and 2014
See Independent Auditor's Review Report

Balance, December 31, 2013	$	(8,957,819)
Net (loss)		(2,194,991)
Balance, December 31, 2014	$	(11,152,810)
Balance, December 31, 2014	$	(9,953,468)
Net (loss)		(1,326,713)
Unit-based compensation		719,851
Balance, December 31, 2015	$	(10,560,330)

See Notes to Consolidated Financial Statements

Vegas.com, LLC

Consolidated Statements of Cash Flows
Six-month Periods Ended June 30, 2015 and 2014
See Independent Auditor's Review Report

	2015	2014
Cash Flows From Operating Activities		
Net (loss)	$ (1,326,713)	$ (2,194,991)
Adjustments to reconcile net (loss) to net cash provided by operating activities:		
Depreciation and amortization	1,288,459	1,300,531
Changes in working capital components:		
Accounts receivable	(197,713)	673,767
Prepaid expenses and other assets	(686,776)	(104,456)
Accounts payable and accrued expenses	(1,132,254)	2,291,538
Deferred merchant booking	1,919,533	986,892
Deferred revenue	1,747,733	1,399,327
Net cash provided by operating activities	1,612,269	4,352,608
Cash Flows From Investing Activities		
Related-Party Receivable	(188,348)	(274,793)
Restricted cash	(500,930)	(713)
Note Receivable	163,813	1
Purchases of property and equipment	(1,270,659)	(955,498)
Net cash used in investing activities	(1,796,124)	(1,231,003)
Cash Flows From Financing Activities		
Payment of LasVegas.com obligation	(1,153,341)	(1,083,637)
Net cash used in financing activities	(1,153,341)	(1,083,637)
Net increase (decrease) in cash	(1,337,196)	2,037,968
Cash, beginning of year	10,030,089	5,463,386
Cash, end of year	$ 8,692,893	$ 7,501,354
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	$ 98,176	$ 168,579
Accrued expenses converted to equity	$ (719,851)	$ —

See Notes to Consolidated Financial Statements

Note 1. Nature of Business and Summary of Significant Accounting Policies

Nature of business: VEGAS.com, LLC and its subsidiaries feature updated information for travelers to Las Vegas and provide for sale to consumers a full range of travel products including hotel rooms, air-hotel packages, show tickets, tours and golf. In addition, the site offers exclusive inventory and products such as dining reservations and front-of-the-line night club passes. VEGAS.com, LLC operates a 24-hour contact center from its headquarters in Henderson, Nevada.

VEGAS.com, LLC operates Casino Travel & Tours, LLC (Casino Travel & Tours), with 20 retail and concierge desk locations throughout Southern Nevada.

VEGAS.com, LLC also operates CTT Tours, LLC and CT&T Transportation, LLC which offer land tours to destinations including the Hoover Dam and Grand Canyon.

VEGAS.com, LLC and Subsidiaries are owned by Greenspun Family Trusts, DRG Holdings LP, DRG Limited Legacy Partnership and GC Investments LLC. The Greenspun family also owns Greenspun Media Group, The Greenspun Corporation, Las Vegas Sun and American Nevada Realty.

A summary of the Company's significant accounting policies follows:

Use of estimates in the preparation of financial statements: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. The estimates and assumptions affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Principles of consolidation: The consolidated financial statements include the accounts of VEGAS.com, LLC, Casino Travel & Tours, LLC, CTT Tours, LLC and CT&T Transportation, LLC (collectively, the Company). All significant intercompany balances and transactions have been eliminated in consolidation.

Cash: At various times throughout the year, the Company maintained cash balances at financial institutions in excess of federally insured limits. The Company has not experienced any losses in such accounts.

Restricted cash and letters of credit: The Company has a Letter of Credit Facility with a bank whereby the bank will issue standby letters of credit of up to $11,117,000 as requested by the Company. All personal property owned now or in the future by VEGAS.com, LLC secures the Letter of Credit Facility and the Company's obligations to the bank are guaranteed by a member and an affiliate. The bank also requires the Company to maintain a minimum cash balance which is classified as restricted cash. As of June 30, 2015 and 2014, restricted cash securing the Letter of Credit Facility was approximately $5,260,000 and $4,759,000, respectively. No letters of credit were outstanding at June 30, 2015. The Letter of Credit Facility contains certain financial covenants including minimum EBITDA and minimum net worth requirements.

Accounts receivable: Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. In general, the Company reserves an allowance for each account older than 90 days. After all attempts to collect a receivable balance have failed and the account is determined to be uncollectible, the Company writes off the accounts receivable against the allowance. The allowance for doubtful accounts totaled approximately $11,000 and $10,000 at June 30, 2015 and 2014, respectively.

Note 1. Nature of Business and Summary of Significant Accounting Policies (Continued)

Property and equipment: Property and equipment is recorded at cost, net of accumulated depreciation. Certain costs incurred that are related to the development of internal use software are capitalized. Capitalized costs incurred during the application development stage relate to the development of internal use software. Costs are expensed as incurred if they are related to the planning and post-implementation phases of development.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, which is three to five years for computer equipment, and capitalized software development. The life of furniture and other equipment is five to seven years. Leasehold improvements are amortized using the straight-line method over the shorter of the estimated useful life of the improvement or the remaining term of the lease.

Deferred merchant booking: Deferred merchant booking represents the amount owed to the vendors relating to the sale of hotels, air and events that were booked by customers on VEGAS.com, LLC. These amounts are typically due within 90 days.

Revenue recognition: Revenue from product sales or services is recognized when the following four revenue recognition criteria are met: persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the selling price is fixed or determinable and collectability is reasonably assured.

Commerce revenues are earned from transactions where the Company is the merchant of record and determines the price to the customer. The Company has agreements with suppliers for inventory (e.g., show tickets or hotel rooms) that is sold. There are no purchase obligations for unsold inventory. Revenues are presented in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) *Topic 605, Revenue Recognition*. Based upon the Company's evaluation of merchant transactions and in accordance with the various indicators identified in ASC 605-45, suppliers are the primary obligor and assume the majority of the business risks, which include providing the service and the risk of unsold inventory. Accordingly, all commerce transactions are recorded at the net amount, which is the amount charged to the customer, less the amount charged by the supplier. Revenues for the six-month periods ended June 30, 2015 and 2014 are presented net of approximately $120,689,000 and $116,041,000, respectively, of amounts charged by suppliers. Commerce revenue is recognized on the date of the customer's usage.

Customers pay the Company for travel products and services generally when they book the reservation prior to arriving or during their stay in Las Vegas. The customers' payments, less the amounts owed to the suppliers, are recorded in deferred revenue until the travel is complete, at which point the revenue is recorded. In certain nonrefundable, non-changeable transactions where the Company has no significant post-delivery obligations, revenue is recorded when the traveler completes the transaction on the website, less a reserve for charge-backs and cancellations based on historical experience. Amounts received from customers are presented net of amounts paid to suppliers.

Note 1. Nature of Business and Summary of Significant Accounting Policies (Continued)

Contracts are generally negotiated in advance with lodging providers to obtain room allotments at wholesale rates. Certain contracts identify the number of rooms that can be sold at the negotiated rate in the contract. The contracts generally range from one to three years. Other contracts are not specific with respect to the number of rooms and the rates of the rooms to which the Company may have access over the terms of the contracts. Any un-booked rooms in the allotment, from either type of contract, may be returned within a specific time frame in each contract, with no obligation to the lodging providers. For hotel rooms that are cancelled by the traveler after a specific period of time, the Company charges the customer a cancellation fee or penalty that is at least equal to the amount a hotel may invoice the Company for the cancellation.

Advertising revenue is recognized ratably over the advertising period.

Revenue is recorded from all other sources upon delivery or when the service is provided.

Income taxes: As a limited liability company, the Company's income or loss is allocated to the member. Accordingly, no provision is made in the accounts of the Company for federal income taxes; as such, taxes are liabilities of the member.

The Company follows guidance issued by the FASB on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Management has evaluated the Company's tax positions and concluded that the Company had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. With few exceptions, the Company's income tax returns for years prior to 2011 are not subject to income tax examinations by U.S. federal, state or local tax authorities.

Intangible assets: Intangible assets consist primarily of domain name rights. The costs relating to the purchase of one of the Company's domain names are being amortized over a weighted average period of 23 years (see Note 7 for further explanation). Others are considered to have indefinite lives. FASB ASC Topic 360, *Property, Plant and Equipment,* requires that long-lived assets that are classified as held and used be tested for impairment whenever there are indicators of impairment. No impairment loss provision was considered necessary for the six month periods ended June 30, 2015 and 2014.

Accounting for advertising costs: The cost of advertising is charged to expense as incurred. Advertising expense for the six-month periods ended June 30, 2015 and 2014 was approximately $8,393,000 and $6,275,000, respectively.

Rent expense: The Company recognizes rent expense on a straight-line basis. The difference between rent expense and lease payments is accrued as deferred rent which totaled approximately $567,000 and $540,000 as of June 30, 2015 and 2014, respectively. This balance is included in accrued expenses on the consolidated balance sheets.

Interim financial information: The accompanying unaudited Consolidated Financial Statements as of and for the six-month periods ended June 30, 2015 and 2014 have been prepared in condensed format and, therefore, do not include all of the information and footnotes required by GAAP for complete financial statements. These statements have been prepared on a basis that is substantially consistent with the accounting principles applied to the Company's audited Consolidated Financial Statements for the year ended December 31, 2014.

Note 1. Nature of Business and Summary of Significant Accounting Policies (Continued)

The information furnished in these interim statements reflects all adjustments which are, in the opinion of management, necessary for a fair statement of the results for each respective period presented. Such adjustments are of a normal, recurring nature. The results of operations in the interim statements are not necessarily indicative of the results that may be expected for any other quarter or for the full year. The interim financial information should be read in conjunction with the Company's audited consolidated financial statements.

Recently issued accounting pronouncements: In March 2014, the FASB issued Accounting Standards Update (ASU) 2014-07, *Consolidation (Topic 810): Applying Variable Interest Entities Guidance to Common Control Leasing Arrangements*, which permits a private company to elect an alternative, when certain conditions exist, not to apply variable interest entities (VIE) guidance to a lessor entity under common control. The accounting alternative is an accounting policy election that, when elected, should be applied by a private company lessee to all current and future lessor entities under common control that meet the criteria for applying this approach. ASU 2014-07 will be effective for annual periods beginning after December 15, 2014, and will be applied retrospectively. This ASU did not have a material impact on the consolidated financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in accounting principles generally accepted in the United States of America when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. The updated standard will be effective for annual reporting periods beginning after December 15, 2018. The Company has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on the consolidated financial statements.

In February 2015, the FASB issued ASU 2015-02, *Consolidation (Topic 810): Amendments to the Consolidation Analysis*. The ASU is intended to make targeted improvements to the consolidation guidance, and was issued in response to some concerns expressed about the current consolidation guidance. That guidance led to certain situations in which stakeholders expressed concerns that the information being provided was not useful. This sometimes resulted in users requesting that supplemental deconsolidating financial statements be prepared so as to provide a basis on which to analyze the reporting entity's economic and operational results.

The amendments in the ASU affect the following areas in the consolidation guidance:

- Limited partnerships and similar legal entities
- Evaluating fees paid to a decision maker or a service provider as a variable interest
- The effect of fee arrangements on the determination of the primary beneficiary of an entity
- The effect of related parties on the determination of the primary beneficiary of an entity
- Certain investment funds

The amendments in the ASU are effective for the Company beginning after December 15, 2016. Early adoption is permitted. A reporting entity may apply the amendments in this ASU: (a) using a modified retrospective approach by recording a cumulative-effect adjustment to equity as of the beginning of the fiscal year of adoption or (b) retrospectively. The Company is currently evaluating the impact that the adoption of this ASU will have on its consolidated financial statements.

Note 1. Nature of Business and Summary of Significant Accounting Policies (Continued)

In June 2015, the FASB issued ASU 2015-10, *Technical Corrections and Improvements,* which made changes to clarify the Codification, correct unintended application of guidance, and make minor improvements to the Codification that are not expected to have a significant effect on current accounting practice. ASU 2015-10 is not expected to have a material effect on the Company's consolidated financial statements or disclosures.

Subsequent events: The Company has evaluated subsequent events through October 8, 2015, the date on which the consolidated financial statements were available to be issued.

Note 2. Intangible Assets

	Weighted Average Estimated Useful Life	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Finite Life Intangible Asset				
Domain name rights to LasVegas.com	23	$ 24,264,830	$ (14,606,990)	$ 9,657,840
Indefinite Life Intangible Assets				
Domain name assets		786,262	—	786,262
Total		$ 25,051,092	$ (14,606,990)	$ 10,444,102

The future estimated amortization on the domain name rights is as follows:

Years Ending June 30,	
2016	$ 1,457,842
2017	1,457,842
2018	1,457,842
2019	1,457,842
2020	1,457,842
Thereafter	2,368,630
	$ 9,657,840

Domain name assets represent domain names acquired by the Company, including the domain name "Vegas.com." The domain name Vegas.com was acquired in 1998. Upon adoption of SFAS 142, the asset was classified as an indefinite life intangible asset and amortization of the original purchase ended.

In May 2005, the Company entered into a contract under which it agreed to pay $12,000,000 for exclusive right to use the domain name "LasVegas.com." The contract term is 35 years. The Company is amortizing the domain name rights over 35 years. The Company is also obligated to make payments of approximately $208,000 a month. The present value of those payments was capitalized and is being amortized over the 11-year period that they are obligated to be made (see Note 7 for further discussion).

Note 3. Property and Equipment

Property and equipment consists of the following at June 30, 2015 and 2014:

	2015	2014
Furniture, fixtures, and equipment	$ 2,081,078	$ 2,511,671
Leasehold improvements	44,383	44,383
Computer equipment	3,303,838	4,096,245
Computer software	13,841,029	12,825,945
Automobiles	716,623	742,196
Capitalized software under development	1,529,014	946,659
Items under capital lease	120,326	120,326
	21,636,291	21,287,425
Less: accumulated depreciation	(18,028,062)	(18,837,186)
	$ 3,608,229	$ 2,450,239

Certain costs incurred related to the development of internal use software are capitalized in accordance with the FASB ASC Topic 350, *Internal-Use Software*. Costs incurred during the application development stage related to the development of internal use software are capitalized. Costs incurred related to the planning and post-implementation phases of development are expensed as incurred. For the six-month periods ended June 30, 2015 and 2014, amortization of capitalized computer software was approximately $454,000 and $383,000, respectively.

Note 4. Profit Sharing Plan

For the years ended June 30, 2015 and 2014, the Company participated in a defined contribution plan (401(k) Plan) whereby substantially all employees over the age of 21 who have completed two months of continuous employment are eligible for the plan. Such employees joining the plan may contribute, through salary deductions, no greater than $17,500 of their annual compensation. The Company matched 50 percent of the participant's deferral contributions up to 6 percent of the participant's annual compensation for the six months ended June 30, 2015. The Company expensed approximately $139,000 and $140,000 during the six months ended June 30, 2015 and 2014, respectively, for its matching contribution.

Note 5. Related Parties

The Company is affiliated through common ownership and management with other companies in the Greenspun family of companies. During the normal course of business, the Company shares expenses with other affiliated companies, participates in a related party 401(k) plan (see Note 4 for further explanation), participates in a related-party health insurance plan, provides information technology services and handles purchasing of technology products for other affiliated companies which creates related-party payables and receivables. A promissory note was signed in June of 2014 relating to the remaining balance due on one of the receivables. As of June 30, 2015 and 2014, the outstanding balance of that note receivable was approximately $3,383,000 and $3,572,000, respectively. The outstanding balance must be paid in full on or before the third anniversary of the note agreement. Interest shall accrue on the outstanding portion of the note amount at a variable rate equal to the short term federal rate, adjusted semi-annually, since no payments are required until on or before the third anniversary the entire balance is shown as long-term on the consolidated balance sheets. Management assesses the collectability of amounts due from related parties based on estimated cash flows to be generated by the related parties and has determined that receivables from related parties are not impaired.

The Company rents office space from a related party in the Greenspun family of companies. The current lease agreement runs through September 2022. For the six-month periods ended June 30, 2015 and 2014, the Company recorded approximately $407,000 and $399,000, respectively, in related-party rent expense.

Note 6. Commitments and Contingencies

Leases: The Company is committed for annual rentals under non-cancelable operating leases for office space in a corporate building and at various retail locations which expire at various dates through the year 2022. The lease pertaining to the Company's corporate building is with a related party. At one location, the Company subleases part of the space to an unrelated third party for $31,125 a month. The initial term of that sublease expired on May 31, 2015, but the agreement was renewed in June 2015 for an additional 24-month term, beginning June 2015, unless either party provides the other party with notice of their intent not to renew. The terms of the new agreement call for monthly payments to the Company of $45,000. In addition, the sublessee is required to make purchases from the Company in the amount of $460,000 annually. These purchases are to be made in twelve equal monthly payments, except in the case where any month's rent may be reduced by the amount of purchases made in the previous month in excess of the normal monthly rental amount. Total rent expense for the six-month periods ended June 30, 2015 and 2014 was approximately $987,000 and $1,028,000, respectively. Minimum annual future rental commitments are as follows:

Years Ending June 30,		
2016	$	1,333,886
2017		1,324,761
2018		1,346,775
2019		1,363,653
2020		1,379,538
Thereafter		3,165,254
	$	9,913,867

The minimum rent payments have not been reduced by approximate minimum sublease rentals of $1,502,000 due in the future under non-cancellable subleases.

Note 6.Commitments and Contingencies (Continued)

Las Vegas Convention and Visitors Authority agreement: VEGAS.com, LLC and the Las Vegas Convention and Visitors Authority (LVCVA) have a working agreement in which the LVCVA is responsible for all of the marketing and advertising for the website www.lasvegas.com. The LVCVA provides the look of the website and VEGAS.com, LLC provides the booking software which includes inventory procurement, payment processing and order processing. VEGAS.com, LLC also provides the maintenance and upgrades to the site. In return for the services that the LVCVA provides to VEGAS.com, LLC, it is paid 50 cents per unit booked on the website. VEGAS.com, LLC owns the website www.lasvegas.com and books all of the transactions on the site. Under the agreement, VEGAS.com, LLC does not pay for the marketing or advertising expenses that are required to drive traffic to the site. The initial agreement shall terminate in 2022, with an additional 5 year renewal option that both parties must agree to. For the six-month periods ended June 30, 2015 and 2014, the expense paid to the LVCVA under this agreement was approximately $85,000 and $95,000, respectively. The expense is included in selling, general and administrative expense on the consolidated statements of operations.

Litigation: The Company is involved in other claims and legal proceedings that are, in the opinion of management, ordinary routine matters incidental to the normal business conducted by the Company. In the opinion of management, the ultimate disposition of such proceedings are not expected to have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows.

Note 7. LasVegas.com Purchase Obligation

In June 2005, VEGAS.com, LLC entered into an agreement for the purchase of LasVegas.com. The agreement specified that a $12,000,000, one-time payment be made upon execution of the agreement along with monthly payments of approximately $83,000 for 36 months, $125,000 for the next 60 months, and then $208,000 for the next 36 months. Per the terms of the agreement, after June 30, 2016, following the 132 initial monthly payments, VEGAS.com, LLC in its sole discretion may terminate the agreement and forfeit the domain name. If VEGAS.com, LLC chooses not to terminate the agreement, they will continue making the monthly payments of approximately $208,000 until June 30, 2040, at which time the seller will transfer the domain name to VEGAS.com, LLC without further payment or cost to VEGAS.com, LLC. As of June 2005, the present value of the future payment obligations was determined to be approximately $12,264,000, using a discount rate of 6.25 percent. The initial $12,000,000 payment has been capitalized and is being amortized over 35 years, which is the term of the agreement. The present value of the future purchase obligation of approximately $12,264,000 was capitalized and is being amortized beginning July 2005 and ending June 2016, which is the period that VEGAS.com, LLC is legally bound by the agreement to continue making payments. Subsequent to June 2016, the agreement will continue on a month to month basis until June 30, 2040, and all payments made will be recognized as an expense. Minimum annual future payment obligations are as follows:

Years Ending June 30,		
2015	$	1,189,856
2016		1,227,528
	$	2,417,384

Note 8. Note receivable

On January 26, 2011, VEGAS.com signed a note receivable with an unrelated third party, which has an imputed interest rate of 5 percent. The note is scheduled to mature in January of 2018, with the assets sold serving as collateral on the note. The note agreement stipulated eight quarterly installment payments of $125,000, each due at the end of each calendar quarter beginning at the end of the first quarter following the closing of the transaction. The agreement also required five annual installment payments of $200,000, each due on the third, fourth, fifth, sixth and seventh anniversaries of the closing date.

Note 9. Class B Units

Stock compensation accounting guidance ASC 718, *Compensation - Stock Compensation* requires that the compensation cost relating to unit-based payment transactions be recognized in the consolidated financial statements. That cost will be measured based on the grant date fair value of the equity instruments issued. The stock compensation accounting guidance covers a wide range of unit-based compensation arrangements including stock options.

The stock compensation accounting guidance requires that compensation cost for all unit-based awards be calculated and recognized over the employees' requisite service periods, generally defined as the vesting period. For awards with graded-vesting, compensation cost is recognized on a graded basis over the requisite service period for the entire award.

During 2014, the Company granted a total of 15,750 Class B units to board members and executives. The Company granted 5,500 units on January 30, 2014, 5,000 units on March 1, 2014, 2,250 units on October 8, 2014, and 3,000 units on December 31, 2014. Some of the units are fully vested on the grant date and some of the units begin vesting at certain dates in 2014, and then continue to vest on a monthly basis over a period of 36 months. All units automatically become fully-vested upon the sale of the Company. Of those 15,750 Class B units, 13,500 are Class B1 and 2,250 are Class B2 units. The Class B1 and B2 units constitute a profits interest in the Company's profits. The holder of the units shall be treated as a Member of the Company with respect to all of the awarded units from the grant date.

The Class B Units have employee put rights and employer call rights upon the employee's termination of employment. The employee put rights require liability treatment for these awards until six months after vesting at which time the fair value of the awards if not repurchased should be classified as equity. As of June 30, 2015, 8,667 units are classified as equity. The other 1,065 fully vested units are classified as accrued expenses. Liability awards require re-measurement to fair value at every financial statement date. During 2014, the Company repurchased 1,500 class B1 units from related parties. There were no repurchases as of the six months ended June 30, 2015.

As of June 30, 2015, there were 80,000 Class A units outstanding and there were 14,250 Class B units outstanding, with 9,732 of those being fully vested. The Company recorded compensation expense relating to the fully vested units of approximately $9,000 and $944,000 during the six-month periods ended June 30, 2015 and 2014, respectively. Approximately $195,000 and $91,000 of compensation expense was also recorded during the six-month periods ended June 30, 2015 and 2014, respectively, related to nonvested units.

Note 9. Class B Units (Continued)

The units were valued based on an agreement entered into by the Company to sell all units in the Company to a third party, see Note 10 below. Along with the Class A unit holders, the Class B unit holders are paid out a ratable share of the total consideration paid by the third party, less certain adjustments as defined in the agreement. The total consideration will amount to $35,000,000. The agreement contains a Class B unit strike price of $15,000,000 which reduced the amount available to Class B unitholders along with working capital adjustments and other adjustments for certain professional expenses related to the sales transaction.

Note 10. Subsequent Events

VEGAS.com, LLC Acquisition: On September 24, 2015, Remark Media, Inc. (Remark) completed the purchase (the VEGAS.com Acquisition) of all of the outstanding equity interests in the Company pursuant to the terms of that certain Unit Purchase Agreement dated as of August 18, 2015, as amended, by and among the Company, Remark, and the equity owners of the Company. The aggregate consideration for the VEGAS.com Acquisition included (i) approximately $15.3 million of cash; (ii) 2,271,126 shares of Remark's common stock valued at approximately $9.7 million, calculated based on a per share price equal to the volume weighted average price of Remark's common stock during the 30 trading days ending on the third trading day prior to the closing date; (iii) five-year warrants to purchase 8,601,410 shares of Remark's common stock at an exercise price of $9.00 per share valued at $10 million, calculated based on specified valuation principles; and (iv) up to a total of $3 million in earnout payments based on the performance of the Company in the years ending December 31, 2016, 2017 and 2018.

Note Termination Agreement: In August 2015, the Company entered into a Note Termination Agreement, conditioned upon the closing of the Unit Purchase Agreement described above, relative to the approximately $3,378,000 related-party receivable described in Note 5. The agreement allows for the related party to prepay the note in the sum of $2,675,000 in full satisfaction of the note.

VEGAS.com, LLC

Consolidated Financial Statements
December 31, 2014

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Independent Auditor's Report

To the Board of Managers
VEGAS.com, LLC
Las Vegas, NV

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of VEGAS.com, LLC and its subsidiaries which comprise the consolidated balance sheets as of December 31, 2014 and 2013, and the related consolidated statements of operations, changes in members' deficit, and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of VEGAS.com, LLC and its subsidiaries as of December 31, 2014 and 2013, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter
As discussed in Note 10 to the financial statements, the 2014 and 2013 financial statements have been restated to correct misstatements. Our opinion is not modified with respect to this matter.

Other Matters
In our report dated April 30, 2015, we modified our opinion as a result of misstatements related to goodwill and the issuance of Class B units as more fully described in Note 10 to the consolidated financial statements. Due to the correction of the misstatements, our present opinion on the restated 2014 and 2013 financial statements, as presented herein, is different from that expressed in our previous report.

Las Vegas, Nevada
April 30, 2015, except for Notes 9 and 10
as to which the date is September 11, 2015

Vegas.com, LLC

Consolidated Balance Sheets
December 31, 2014 and 2013

ASSETS	2014 Restated	2013 Restated
Current Assets		
Cash	$ 10,030,089	$ 5,463,386
Restricted cash	4,759,079	4,757,406
Accounts receivabe, net	876,546	1,378,651
Prepaid expenses and other assets	984,015	938,298
Related-party receivable	355,657	1,000,000
Note receivable, current	163,813	—
Total current assets	17,169,199	13,537,741
Note Receivable, long-term	543,466	707,280
Property and Equipment, net	2,897,108	2,067,579
Related-Party Receivable, long-term	3,377,508	3,372,278
Intangibles, net	11,173,023	12,630,866
Total assets	$ 35,160,304	$ 32,315,744
Liabilities and Members' Deficit		
Current Liabilities		
Accounts payable	$ 16,998,969	$ 12,580,915
Accrued expenses	13,153,632	13,526,401
Deferred merchant booking	7,908,859	6,552,333
Current portion of Las Vegas.com purchase obligation	2,343,197	2,201,587
Deferred revenue	3,481,587	2,841,604
Total current liabilities	43,886,244	37,702,840
LasVegas.com Purchase Obligation	1,227,528	3,570,723
Commitments and Contingencies (Notes 2, 4, 5, 6, 7 and 9)		
Members' deficit	(10,897,335)	(8,957,819)
Unite-Based Compensation	943,867	—
Total members' deficit	(9,953,468)	(8,957,819)
Total liabilities and members' deficit	$ 35,160,304	$ 32,315,744

See Notes to Consolidated Financial Statements

Vegas.com, LLC

Consolidated Statements of Operations
Years Ended December 31, 2014 and 2013

	2014 Restated	2013 Restated
Revenue:		
Commerce revenue, net	$ 39,822,446	$ 38,521,194
Advertising and other revenue, net	5,512,194	6,903,204
Total revenue, net	45,334,640	45,424,398
Cost of revenue	6,073,987	6,782,523
Gross margin	39,260,653	38,641,875
Operating expenses:		
Selling, general and administrative	38,227,967	36,408,578
Depreciation and amortization	2,601,539	3,065,927
Total operating expenses	40,829,506	39,474,505
Operating (loss)	(1,568,853)	(832,630)
Other (income) expenses:		
Interest expense	302,440	487,559
Interest income	(43,939)	(68,524)
Loss on disposal of property and equipment	31,951	1,048,386
Other expenses, net	290,452	1,467,421
Net (loss)	$ (1,859,305)	$ (2,300,051)

See Notes to Consolidated Financial Statements

Vegas.com, LLC

Consolidated Statements of Members' Deficit
Years Ended December 31, 2014 and 2013

Balance, December 31, 2012 (Restated)	$	(6,657,768)
Net (loss)		(2,300,051)
Balance, December 31, 2013 (Restated)		(8,957,819)
Net (loss)		(1,859,305)
Unit-based compensation		943,867
Distributions		(80,211)
Balance, December 31, 2014 (Restated)	$	(9,953,468)

See Notes to Consolidated Financial Statements

Vegas.com, LLC

Consolidated Statements of Cash Flows
Years Ended December 31, 2014 and 2013

		2014 Restated		2013 Restated
Cash Flows From Operating Activities				
Net (loss)	$	(1,859,305)	$	(2,194,991)
Adjustments to reconcile net (loss) to net cash provided by operating activities:				
Depreciation and amortization		2,601,539		1,300,531
Loss of disposal of property and equipment		31,951		
Loss on termination of agreement with 1-800-LasVegas		—		
Changes in working capital components:				
Restricted cash		—		
Accounts receivable		349,327		673,767
Note receivable		—		
Prepaid expenses and other assets		(45,717)		(104,456)
Accounts payable and accrued expenses		4,989,152		2,291,538
Deferred merchant booking		1,356,526		986,892
Deferred revenue		639,983		1,399,327
Net cash provided by operating activities		8,063,456		4,352,608
Cash Flows From Investing Activities				
Related-Party Receivable		639,114		(274,793)
Restricted cash		(1,673)		(713)
Note Receivable		152,779		1
Purchases of property and equipment		(2,005,177)		(955,498)
Net cash used in investing activities		(1,214,957)		(1,231,003)
Cash Flows From Financing Activities				
Distributions to shareholders		(80,211)		
Payment of debt long-term		—		
Payment of LasVegas.com obligation		(2,201,585)		(1,083,637)
Net cash used in financing activities		(2,281,796)		(1,083,637)
Net increase (decrease) in cash		4,566,703		2,037,968
Cash, beginning of year		5,463,386		5,463,386
Cash, end of year	$	10,030,089	$	7,501,354
Supplemental Disclosure of Cash Flow Information				
Cash paid for interest	$	302,440	$	168,579
Accrued expenses converted to equity	$	(943,867)	$	—

See Notes to Consolidated Financial Statements

Note 1. Nature of Business and Summary of Significant Accounting Policies

Nature of business: VEGAS.com, LLC and its subsidiaries feature updated information for travelers to Las Vegas and provides for sale to consumers a full range of travel products including hotel rooms, air-hotel packages, show tickets, tours and golf. In addition, the site offers exclusive inventory and products such as dining reservations and front-of-the-line night club passes. VEGAS.com, LLC operates a 24-hour contact center from its headquarters in Henderson, Nevada.

VEGAS.com, LLC operates Casino Travel & Tours, LLC (Casino Travel & Tours), with 20 retail and concierge desk locations throughout Southern Nevada.

VEGAS.com, LLC also operates CTT Tours, LLC and CT&T Transportation, LLC which offer land tours to destinations including the Hoover Dam and Grand Canyon.

VEGAS.com, LLC and Subsidiaries are owned by Greenspun Family Trusts, DRG Holdings LP, DRG Limited Legacy Partnership and GC Investments LLC. The Greenspun family also owns Greenspun Media Group, The Greenspun Corporation, Las Vegas Sun and American Nevada Realty.

A summary of the Company's significant accounting policies follows:

Use of estimates in the preparation of financial statements: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. The estimates and assumptions affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Principles of consolidation: The consolidated financial statements include the accounts of VEGAS.com, LLC, Casino Travel & Tours, LLC, CTT Tours, LLC and CT&T Transportation, LLC (collectively, the Company). All significant intercompany balances and transactions have been eliminated in consolidation.

Cash: At various times throughout the year, the Company maintained cash balances at financial institutions in excess of federally insured limits. The Company has not experienced any losses in such accounts.

Restricted cash and letters of credit: The Company has a Letter of Credit Facility with a bank whereby the bank will issue standby letters of credit of up to $11,117,000 as requested by the Company. All personal property owned now or in the future by VEGAS.com, LLC secures the Letter of Credit Facility and the Company's obligations to the bank are guaranteed by a member and an affiliate. The bank also requires the Company to maintain a minimum cash balance which is classified as restricted cash. As of December 31, 2014 and 2013, restricted cash securing the Letter of Credit Facility was approximately $4,759,000 and $4,757,000, respectively. No letters of credit were outstanding at December 31, 2014. The Letter of Credit Facility contains certain financial covenants including minimum EBITDA and minimum net worth requirements.

Accounts receivable: Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. In general, the Company reserves an allowance for each account older than 90 days. After all attempts to collect a receivable balance have failed and the account is determined to be uncollectible, the Company writes off the accounts receivable against the allowance. The allowance for doubtful accounts totaled approximately $3,700 and $8,900 at December 31, 2014 and 2013, respectively.

Note 1. Nature of Business and Summary of Significant Accounting Policies (Continued)

Property and equipment: Property and equipment is recorded at cost, net of accumulated depreciation. Certain costs incurred that are related to the development of internal use software are capitalized. Capitalized costs incurred during the application development stage relate to the development of internal use software. Costs are expensed as incurred if they are related to the planning and post-implementation phases of development.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, which is three to five years for computer equipment, and capitalized software development. The life of furniture and other equipment is five to seven years. Leasehold improvements are amortized using the straight-line method over the shorter of the estimated useful life of the improvement or the remaining term of the lease.

Deferred merchant booking: Deferred merchant booking represents the amount owed to the vendors relating to the sale of hotels, air and events that were booked by customers on VEGAS.com, LLC. These amounts are typically due within 90 days. As of December 31, 2014 and 2013, the amount representing deferred merchant booking was approximately $7,909,000 and $6,552,000, respectively.

Revenue recognition: Revenue from product sales or services is recognized when the following four revenue recognition criteria are met: persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the selling price is fixed or determinable and collectability is reasonably assured.

Commerce revenues are earned from transactions where the Company is the merchant of record and determines the price to the customer. The Company has agreements with suppliers for inventory (e.g., show tickets or hotel rooms) that is sold. There are no purchase obligations for unsold inventory. Revenues are presented in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) *Topic 605, Revenue Recognition*. Based upon the Company’s evaluation of merchant transactions and in accordance with the various indicators identified in ASC 605-45, suppliers are the primary obligor and assume the majority of the business risks, which include providing the service and the risk of unsold inventory. Accordingly, all commerce transactions are recorded at the net amount, which is the amount charged to the customer, less the amount charged by the supplier. Revenues for the years ended December 31, 2014 and 2013 are presented net of approximately $227,425,000 and $230,786,000, respectively, of amounts charged by suppliers. Commerce revenue is recognized on the date of the customer’s usage.

Customers pay the Company for travel products and services generally when they book the reservation prior to arriving or during their stay in Las Vegas. The customers’ payments, less the amounts owed to the suppliers, are recorded in deferred revenue until the travel is complete, at which point the revenue is recorded. At December 31, 2014 and 2013, the amount of deferred revenue related to these sales was approximately $3,482,000 and $2,841,000, respectively. In certain nonrefundable, non-changeable transactions where the Company has no significant post-delivery obligations, revenue is recorded when the traveler completes the transaction on the website, less a reserve for charge-backs and cancellations based on historical experience. Amounts received from customers are presented net of amounts paid to suppliers.

Note 1. Nature of Business and Summary of Significant Accounting Policies (Continued)

Contracts are generally negotiated in advance with lodging providers to obtain room allotments at wholesale rates. Certain contracts identify the number of rooms that can be sold at the negotiated rate in the contract. The contracts generally range from one to three years. Other contracts are not specific with respect to the number of rooms and the rates of the rooms to which the Company may have access over the terms of the contracts. Any un-booked rooms in the allotment, from either type of contract, may be returned within a specific time frame in each contract, with no obligation to the lodging providers. For hotel rooms that are cancelled by the traveler after a specific period of time, the Company charges the customer a cancellation fee or penalty that is at least equal to the amount a hotel may invoice the Company for the cancellation.

Advertising revenue is recognized ratably over the advertising period.

Revenue is recorded from all other sources upon delivery or when the service is provided.

Income taxes: As a limited liability company, the Company's income or loss is allocated to the member. Accordingly, no provision is made in the accounts of the Company for federal income taxes; as such, taxes are liabilities of the member.

The Company follows guidance issued by the FASB on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Management has evaluated the Company's tax positions and concluded that the Company had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. With few exceptions, the Company's income tax returns for years prior to 2011 are not subject to income tax examinations by U.S. federal, state or local tax authorities.

Intangible assets: Intangible assets consist primarily of domain name rights. The costs relating to the purchase of one of the Company's domain names are being amortized over a weighted average period of 23 years (see Note 7 for further explanation). Others are considered to have indefinite lives. FASB ASC Topic 360, *Property, Plant and Equipment,* requires that long-lived assets that are classified as held and used be tested for impairment whenever there are indicators of impairment. No impairment loss provision was considered necessary for the years ended December 31, 2014 and 2013.

Accounting for advertising costs: The cost of advertising is charged to expense as incurred. Advertising expense for the years ended December 31, 2014 and 2013 was approximately $12,777,000 and $10,271,000, respectively.

Rent expense: The Company recognizes rent expense on a straight-line basis. The difference between rent expense and lease payments is accrued as deferred rent which totaled approximately $554,000 and $527,000 as of December 31, 2014 and 2013, respectively. This balance is included in accrued expenses on the consolidated balance sheets.

Recently issued accounting pronouncements: In March 2014, the FASB issued Accounting Standards Update (ASU) 2014-07, *Consolidation (Topic 810): Applying Variable Interest Entities Guidance to Common Control Leasing Arrangements*, which permits a private company to elect an alternative, when certain conditions exist, not to apply variable interest entities (VIE) guidance to a lessor entity under common control. The accounting alternative is an accounting policy election that, when elected, should be applied by a private company lessee to all current and future lessor entities under common control that meet the criteria for applying this approach. ASU 2014-07 will be effective for annual periods beginning after December 15, 2014, and will be applied retrospectively. The Company is currently evaluating the impact of this election on the consolidated financial statements.

Note 1. Nature of Business and Summary of Significant Accounting Policies (Continued)

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in accounting principles generally accepted in the United States of America when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. The updated standard will be effective for annual reporting periods beginning after December 15, 2018. The Company has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on the consolidated financial statements.

In February 2015, the FASB issued ASU 2015-02, *Consolidation (Topic 810): Amendments to the Consolidation Analysis*. The ASU is intended to make targeted improvements to the consolidation guidance, and was issued in response to some concerns expressed about the current consolidation guidance. That guidance led to certain situations in which stakeholders expressed concerns that the information being provided was not useful, and sometimes resulted in users requesting that supplemental deconsolidating financial statements be prepared so as to provide a basis on which to analyze the reporting entity’s economic and operational results.

The amendments in the ASU affect the following areas in the consolidation guidance:

- Limited partnerships and similar legal entities
- Evaluating fees paid to a decision maker or a service provider as a variable interest
- The effect of fee arrangements on the determination of the primary beneficiary of an entity
- The effect of related parties on the determination of the primary beneficiary of an entity
- Certain investment funds

The amendments in the ASU are effective for the Company beginning after December 15, 2016. Early adoption is permitted. A reporting entity may apply the amendments in this ASU: (a) using a modified retrospective approach by recording a cumulative-effect adjustment to equity as of the beginning of the fiscal year of adoption or (b) retrospectively. The Company is currently evaluating the impact that the adoption of this ASU will have on its consolidated financial statements.

Subsequent events: The Company has evaluated subsequent events through September 11, 2015, the date on which the consolidated financial statements were available to be issued.

Note 2. Intangible Assets

	Weighted Average Estimated Useful Life	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Finite Life Intangible Asset				
Domain name rights to LasVegas.com	23	$ 24,264,830	$ (13,878,069)	$ 10,386,761
Indefinite Life Intangible Assets				
Domain name assets		786,262	—	786,262
Total		$ 25,051,092	$ (13,878,069)	$ 11,173,023

Note 2. Intangible Assets (Continued)

The future estimated amortization on the domain name rights is as follows:

Years Ending December 31,		
2015	$	1,457,842
2016		1,457,842
2017		1,457,842
2018		1,457,842
2019		1,457,842
Thereafter		3,097,551
	$	10,386,761

Domain name assets represent domain names acquired by the Company, including the domain name "Vegas.com." The domain name Vegas.com was acquired in 1998. Upon adoption of SFAS 142, the asset was classified as an indefinite life intangible asset and amortization of the original purchase ended.

In May 2005, the Company entered into a contract under which it agreed to pay $12,000,000 for exclusive right to use the domain name "LasVegas.com." The contract term is 35 years. The Company is amortizing the domain name rights over 35 years. The Company is also obligated to make payments of approximately $208,000 a month. The present value of those payments was capitalized and is being amortized over the 11-year period that they are obligated to be made (see Note 7 for further discussion).

Note 3. Property and Equipment

Property and equipment consists of the following at December 31:

		2014		2013
Furniture, fixtures, and equipment	$	2,039,525	$	2,511,671
Leasehold improvements		44,383		44,383
Computer equipment		3,206,075		3,842,852
Computer software		13,466,090		12,768,978
Automobiles		716,623		742,196
Capitalized software under development		772,611		423,075
Items under capital lease		120,326		—
		20,365,633		20,333,155
Less: accumulated depreciation		(17,468,525)		(18,265,576)
	$	2,897,108	$	2,067,579

Certain costs incurred related to the development of internal use software are capitalized in accordance with the FASB ASC Topic 350, *Internal-Use Software*. Costs incurred during the application development stage related to the development of internal use software are capitalized. Costs incurred related to the planning and post-implementation phases of development are expensed as incurred. For the years ended December 31, 2014 and 2013, amortization of capitalized computer software was approximately $772,000 and $1,220,000, respectively.

Note 4. Profit Sharing Plan

For the years ended December 31, 2014 and 2013, the Company participated in a defined contribution plan (401(k) Plan) whereby substantially all employees over the age of 21 who have completed two months of continuous employment are eligible for the plan. Such employees joining the plan may contribute, through salary deductions, no greater than $17,500 of their annual compensation. The Company matched 50 percent of the participant's deferral contributions up to 6 percent of the participant's annual compensation for the year ending December 31, 2014. The Company expensed approximately $249,000 and $241,000 during the years ended December 31, 2014 and 2013, respectively, for its matching contribution.

Note 5. Related Parties

The Company is affiliated through common ownership and management with other companies in the Greenspun family of companies. During the normal course of business, the Company shares expenses with other affiliated companies, participates in a related party 401(k) plan (see Note 4 for further explanation), participates in a related-party heath insurance plan, provides information technology services and handles purchasing of technology products for other affiliated companies which creates related-party payables and receivables. A promissory note was signed in June of 2014 relating to the remaining balance due on one of the receivables. As of December 31, 2014 and 2013, the outstanding balance of that note receivable was approximately $3,378,000 and $4,372,000, respectively. The outstanding balance must be paid in full on or before the third anniversary of the note agreement. Interest shall accrue on the outstanding portion of the note amount at a variable rate equal to the short term federal rate, adjusted semi-annually, since no payments are required until on or before the third anniversary the entire balance is shown as long-term on the consolidated balance sheets. Management assesses the collectability of amounts due from related parties based on estimated cash flows to be generated by the related parties and has determined that receivables from related parties are not impaired.

The Company rents office space from a related party in the Greenspun family of companies. The current lease agreement runs through September 2022. For the years ended December 31, 2014 and 2013, the Company recorded approximately $802,000 and $786,000, respectively, in related-party rent expense.

Note 6. Commitments and Contingencies

The Company is committed for annual rentals under non-cancelable operating leases for office space in a corporate building and at various retail locations which expire at various dates through the year 2022. The lease pertaining to the Company's corporate building is with a related party. At one location, the company subleases part of the space to an unrelated third party for $31,125 a month. The initial term of that sublease expires on May 31, 2015, but the agreement will automatically renew for an additional 12 month term unless either party provides the other party with notice of their intent not to renew. Total rent expense for the years ended December 31, 2014 and 2013 was approximately $2,060,000 and $2,973,000, respectively. Minimum annual future rental commitments are as follows:

Years Ending December 31,		
2015	$	1,384,504
2016		1,298,519
2017		1,336,847
2018		1,355,710
2019		1,371,595
Thereafter		3,857,008
	$	10,604,183

The minimum rent payments have not been reduced by minimum sublease rentals of $155,625 due in the future under non-cancellable subleases.

Las Vegas Convention and Visitors Authority agreement: VEGAS.com, LLC and the Las Vegas Convention and Visitors Authority (LVCVA) have a working agreement in which the LVCVA is responsible for all of the marketing and advertising for the website www.lasvegas.com. The LVCVA provides the look of the website and VEGAS.com, LLC provides the booking software which includes inventory procurement, payment processing and order processing. VEGAS.com, LLC also provides the maintenance and upgrades to the site. In return for the services that the LVCVA provides to VEGAS.com, LLC, it is paid 50 cents per unit booked on the website. VEGAS.com, LLC owns the website www.lasvegas.com and books all of the transactions on the site. Under the agreement, VEGAS.com, LLC does not pay for the marketing or advertising expenses that are required to drive traffic to the site. The initial agreement shall terminate in 2022, with an additional 5 year renewal option that both parties must agree to. For the years ended December 31, 2014 and 2013, the expense paid to the LVCVA under this agreement was approximately $186,000 and $172,000, respectively. The expense is included in selling, general and administrative expense on the consolidated statements of operations.

Litigation: The Company is involved in other claims and legal proceedings that are, in the opinion of management, ordinary routine matters incidental to the normal business conducted by the Company. In the opinion of management, the ultimate disposition of such proceedings are not expected to have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows.

Note 7. LasVegas.com Purchase Obligation

In June 2005, VEGAS.com, LLC entered into an agreement for the purchase of LasVegas.com. The agreement specified that a $12,000,000, one-time payment be made upon execution of the agreement along with monthly payments of approximately $83,000 for 36 months, $125,000 for the next 60 months, and then $208,000 for the next 36 months. Per the terms of the agreement, after June 30, 2016, following the 132 initial monthly payments, VEGAS.com, LLC in its sole discretion may terminate the agreement and forfeit the domain name. If VEGAS.com, LLC chooses not to terminate the agreement, they will continue making the monthly payments of approximately $208,000 until June 30, 2040, at which time the seller will transfer the domain name to VEGAS.com, LLC without further payment or cost to VEGAS.com, LLC. As of June 2005, the present value of the future payment obligations was determined to be approximately $12,264,000, using a discount rate of 6.25 percent. The initial $12,000,000 payment has been capitalized and is being amortized over 35 years, which is the term of the agreement. The present value of the future purchase obligation of approximately $12,264,000 was capitalized and is being amortized beginning July 2005 and ending June 2016, which is the period that VEGAS.com, LLC is legally bound by the agreement to continue making payments. Subsequent to June 2016, the agreement will continue on a month to month basis until June 30, 2040, and all payments made will be recognized as an expense. Minimum annual future payment obligations are as follows:

Years Ending December 31,		
2015	$	2,343,197
2016		1,227,528
	$	3,570,725

Note 8. Note receivable

On January 26, 2011, VEGAS.com signed a note receivable with an unrelated third party, which has an imputed interest rate of 5 percent. The note is scheduled to mature in January of 2018, with the assets sold serving as collateral on the note. The note agreement stipulated eight quarterly installment payments of $125,000 each due at the end of each calendar quarter beginning at the end of the first quarter following the closing of the transaction. The agreement also required five annual installment payments of $200,000, each due on the third, fourth, fifth, sixth and seventh anniversaries of the closing date.

Note 9. Class B Units

Stock compensation accounting guidance ASC 718, *Compensation - Stock Compensation* requires that the compensation cost relating to unit-based payment transactions be recognized in the consolidated financial statements. That cost will be measured based on the grant date fair value of the equity instruments issued. The stock compensation accounting guidance covers a wide range of unit-based compensation arrangements including stock options.

The stock compensation accounting guidance requires that compensation cost for all unit-based awards be calculated and recognized over the employees' requisite service periods, generally defined as the vesting period. For awards with graded-vesting, compensation cost is recognized on a graded basis over the requisite service period for the entire award.

Note 9. Class B Units (Continued)

During 2014, the Company granted a total of 15,750 Class B units to board members and executives. Some of the units are fully vested on the grant date and some of the units begin vesting at certain dates in 2014 and then continue to vest on a monthly basis over a period of 36 months. All units automatically become fully-vested upon the sale of the Company. Of those 15,750 Class B units, 13,500 are Class B1 and 2,250 are Class B2 units. The Class B1 and B2 units constitute a profits interest in the Company's profits. The holder of the units shall be treated as a Member of the Company with respect to all of the awarded units from the grant date.

The Class B Units have employee put rights and employer call rights upon the employee's termination of employment. The employee put rights require liability treatment for these awards until six months after vesting at which time the fair value of the awards if not repurchased should be classified as equity. As of December 31, 2014, 4,917 units are classified as equity. The other 3,750 fully vested units are classified as accrued expenses. Liability awards require re-measurement to fair value at every financial statement date. During 2014, the Company repurchased 1,500 class B1 units from related parties.

As of December 31, 2014, there were 80,000 Class A units outstanding and there were 14,250 Class B units outstanding, with 8,667 of those being fully vested. The amount of compensation expense related to these units has been restated from $0 to approximately $1,859,000 for the year ended December 31, 2014 as the Company had not previously estimated or recorded the expense in accordance with ASC 718, *Stock Compensation*. The Company recorded compensation expense relating to the fully vested units of approximately $1,664,000 during the year ended December 31, 2014. Approximately $195,000 of compensation expense was also recorded during the year ended December 31, 2014 related to nonvested units.

The units were valued based on an agreement entered into by the Company to sell all units in the Company to a third party, see Note 11 below. Along with the Class A unit holders, the Class B unit holders are paid out a ratable share of the total consideration paid by the third party, less certain adjustments as defined in the agreement. The total consideration will amount to $35,000,000. The agreement contains a Class B unit strike price of $15,000,000 which reduced the amount available to Class B unitholders along with working capital adjustments and other adjustments for certain professional expenses related to the sales transaction.

Note 10. Restatement

The consolidated financial statements for the years ended December 31, 2014 and 2013 have been restated to correct a misstatement arising from impairment of goodwill in a prior period, a misstatement arising from the accounting for stock based compensation, and a misstatement arising from an error related to an unrecorded liability. The effects of the corrections are as follows:

	2014 (As Originally Reported)	Correction Adjustments	2014 (As Restated)
Consolidated balance sheet:			
Goodwill, net	$ 5,912,802	$ (5,912,802)	$ —
Accrued expenses	11,247,680	1,905,952	13,153,632
Members' deficit	(2,134,714)	(8,762,621)	(10,897,335)
Unit-based compensation	—	943,867	943,867
Consolidated statement of operations:			
Selling, general and administrative	36,243,602	1,984,365	38,227,967
Net income (loss)	125,060	(1,984,365)	(1,859,305)
Consolidated statement of members' deficit:			
Net income (loss)	125,060	(1,984,365)	(1,859,305)
Consolidated statement of cash flows:			
Net income (loss)	125,060	(1,984,365)	(1,859,305)
Accounts payable and accrued expenses	3,004,787	1,984,365	4,989,152

	2013 (As Originally Reported)	Correction Adjustments	2013 (As Restated)
Consolidated balance sheet:			
Goodwill, net	$ 5,912,802	$ (5,912,802)	$ —
Accrued expenses	12,660,947	865,454	13,526,401
Members' deficit	(2,179,563)	(6,778,256)	(8,957,819)
Consolidated statement of operations:			
Selling, general and administrative	36,282,633	125,945	36,408,578
Net (loss)	(2,174,106)	(125,945)	(2,300,051)
Consolidated statement of members' deficit:			
Net (loss)	(2,174,106)	(125,945)	(2,300,051)
Consolidated statement of cash flows:			
Net (loss)	(2,174,106)	(125,945)	(2,300,051)
Accounts payable and accrued expenses	(5,139,375)	125,945	(5,013,430)

Note 11. Subsequent Events

In September 2015, the Company and its members entered into a Unit Purchase Agreement to sell 100 percent of the outstanding member units of the Company to a third party company for $15,500,000 in cash, $9,500,000 in common stock of the purchasing company, and $10,000,000 in warrants to purchase common stock of the purchasing company.

In August 2015, the Company entered into a Note Termination Agreement, conditioned upon the closing of the Unit Purchase Agreement described above, relative to the approximately $3,378,000 related-party receivable described in Note 5. The agreement allows for the related party to prepay the note in the sum of $2,675,000 in full satisfaction of the note.

EXHIBIT 99.2

REMARK MEDIA, INC. AND SUBSIDIARIES

Unaudited Pro Forma Condensed Combined Financial Information

The following Unaudited Pro Forma Condensed Combined Balance Sheet as of June 30, 2015 and the Unaudited Pro Forma Condensed Combined Statements of Operations for the six months ended June 30, 2015 and for the year ended December 31, 2014 have been derived from the historical consolidated financial statements of Remark Media, Inc. (together with its subsidiaries, "we", "us", "our", "Remark Media" or "Remark") and Vegas.com, LLC ("Vegas.com"), as adjusted to give effect to our purchase of all of the outstanding equity interests in Vegas.com (the "Vegas.com Acquisition"), discussed in detail below, and are intended to reflect the impact of the Vegas.com Acquisition on Remark on a pro forma basis as of and for the periods indicated. In the remainder of this document, we collectively refer to Remark and Vegas.com, subsequent to the Vegas.com Acquisition, as "the Combined Company."

We have prepared the Unaudited Pro Forma Condensed Combined Financial Information using the acquisition method of accounting in accordance with Financial Accounting Standards Board Accounting Standards Codification ("ASC") Topic 805, *Business Combinations.* We have based the fair value of identifiable tangible and intangible assets acquired and liabilities assumed as a result of the Vegas.com Acquisition on preliminary estimates of fair value using what we believe are reasonable assumptions that we describe in the accompanying Notes to Unaudited Pro Forma Condensed Combined Financial Information.

As soon as practicable, we will finalize the purchase price allocation for the Vegas.com Acquisition. The final fair values of the actual identifiable assets and liabilities we acquired upon the closing of the Vegas.com Acquisition, as used in the final purchase price allocation, may depend in part on prevailing market rates and conditions. Any final adjustments may change the allocations of the purchase price, which could affect the fair value assigned to the assets acquired and liabilities assumed and could result in a change to the Unaudited Pro Forma Condensed Combined Financial Information, including the amount of goodwill. Therefore, the result of the final purchase price allocation could be materially different from the preliminary allocation set forth herein.

The following Unaudited Pro Forma Condensed Combined Financial Information is based upon, and should be read in conjunction with:

- The historical audited consolidated and combined financial statements of the Company and the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in its Annual Report on Form 10-K for the fiscal year ended December 31, 2014, as filed with the Securities and Exchange Commission ("SEC") on March 31, 2015;

- The historical unaudited condensed consolidated interim financial statements of the Company and the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in its Quarterly Report on Form 10-Q for the six months ended June 30, 2015, as filed with the SEC on August 14, 2015;

- The historical audited consolidated balance sheet of Vegas.com as of December 31, 2014 and the consolidated statements of operations and members' deficit and cash flows for the year ended December 31, 2014 (included elsewhere in the Current Report on Form 8-K of which this financial information forms an exhibit); and

- The historical unaudited consolidated balance sheet of Vegas.com as of June 30, 2015 and the consolidated statements of operations and members' deficit and cash flows for the six months ended June 30, 2015 (included elsewhere in the Current Report on Form 8-K of which this financial information forms an exhibit).

The Unaudited Pro Forma Condensed Combined Balance Sheet reflects the Vegas.com Acquisition as if it had been consummated on June 30, 2015, and includes pro forma adjustments for preliminary valuations made by management of certain tangible and intangible assets.

The Unaudited Pro Forma Condensed Combined Statement of Operations for the year ended December 31, 2014 combines our historical results for such period with Vegas.com's historical results for the same period, and the Unaudited Pro Forma Condensed Combined Statement of Operations for the six months ended June 30, 2015 combines our historical results for such period with Vegas.com's historical results for the same period. The Unaudited Pro Forma Condensed Combined Statements of Operations give effect to the Vegas.com Acquisition as if it had been consummated on January 1, 2014.

We have prepared the Unaudited Pro Forma Condensed Combined Financial Information to reflect adjustments to our historical consolidated financial information that are (i) directly attributable to the Vegas.com Acquisition, (ii) factually supportable and (iii) with respect to the Unaudited Pro Forma Condensed Combined Statement of Operations, expected to have a continuing impact on the Combined Company's results. The differences between the actual valuations reflected in the Combined Company's future balance sheets and the current estimated valuations used in preparing the Unaudited Pro Forma Condensed Combined Financial Information may be material and may affect amounts, including depreciation and amortization expense, which the Combined Company will recognize in its statement of operations following the Vegas.com Acquisition.

We present the Unaudited Pro Forma Condensed Combined Financial Information, which should be read in conjunction with our financial statements and those of Vegas.com, for informational purposes only. Such information is not necessarily indicative of the operating results or financial position that actually would have been achieved if we had consummated the Vegas.com Acquisition on the dates indicated or that the Combined Company may achieve in future periods. Such information also does not reflect any cost savings, operating synergies or revenue enhancements that the Combined Company may achieve, costs to integrate the business or the impact of any non-recurring activity and any one-time, transaction-related costs. We have excluded synergies and integration costs from consideration because they do not meet the criteria for unaudited pro forma adjustments.

REMARK MEDIA, INC. AND SUBSIDIARIES

Unaudited Pro Forma Condensed Combined Balance Sheet
June 30, 2015
(000s)

	Historical				
	Remark Media	Vegas.com (See Note 4)	Pro Forma Adjustments	Notes	Pro Forma Combined
Assets					
Cash and cash equivalents	$ 844	$ 8,693	$ 26,257	5(a)	$ 14,413
			(21,381)	5(a)	
Restricted cash	—	5,260	6,406	5(a)	11,666
Trade accounts receivable	86	1,096	—		1,182
Prepaid expense and other current assets	848	1,505	—		2,353
Related party receivable	—	517	—		517
Note receivable, current	—	172	—		172
Total current assets	1,778	17,243	11,282		30,303
Notes receivable, long term	1,350	371	—		1,721
Property and equipment, net	2,193	3,608	(3,608)	5(b)	6,848
			4,655	5(b)	
Investment in unconsolidated affiliate	1,030	—	—		1,030
Related party receivable, long term	—	3,383	—		3,383
Intangibles,net	6,124	10,444	(10,444)	5(b)	45,124
			39,000	5(b)	
Goodwill	5,293	—	13,960	5(b)	19,253
Other long-term assets	80	—	—		80
Total assets	$ 17,848	$ 35,049	$ 54,845		$ 107,742
Liabilities and Stockholder's Equity					
Accounts payable	$ 1,487	$ 15,340	—		$ 16,827
Advances from stockholder	86	—	—		86
Accrued expense and other current liabilities	1,328	12,795	(567)	5(c)	12,738
			(818)	5(d)	
Demand note payable to related party	350	—	(350)	5(a)	—
Derivative liability	291	—	—		291
Current maturities of long-term debt payable to related parties	5,990	—	(5,990)	5(e)	—
Capital lease obligations	82	—	—		82
Deferred merchant booking	—	9,828	—		9,828
Current portion of LasVegas.com purchase obligation		1,190	—		1,190
Deferred revenue	—	5,229	(5,229)	5(b)	2,148
			2,148	5(b)	
Total current liabilities	9,614	44,382	(10,806)		43,190
Long-term debt	3,400	—	(3,400)	5(e)	23,187
			23,187	5(f)	
Long-term LasVegas.com purchase obligation	—	1,228	—		1,228
Warrant liability	—	—	10,200	5(b)	13,271
			3,071	5(g)	
Contingent earnout liability	—	—	2,700	5(b)	2,700
Other liabilities	25	—	—		25
Total liabilities	13,039	45,610	24,952		83,601
Commitments and contingencies					
Preferred stock	—	—	—		—
Common stock	14	—	2	5(b)	19

			3	5(e)	
Additional paid-in capital	140,999	—	9,741	5(b)	158,658
			7,918	5(e)	
Accumulated other comprehensive income	11	—	—		11
Accumulated deficit	(136,215)	(12,224)	13,892	5(h)	(134,547)
Unit-based compensation	—	1,663	(1,663)	5(i)	—
Total stockholders' equity	4,809	(10,561)	29,893		24,141
Total liabilities and stockholders' equity	$ 17,848	$ 35,049	$ 54,845		$ 107,742

REMARK MEDIA, INC. AND SUBSIDIARIES

Unaudited Pro Forma Condensed Combined Statement of Operations
For the Twelve Months Ended December 31, 2014
(000s, except for per share amounts)

	Historical				
	Remark Media	Vegas.com (See Note 4)	Pro Forma Adjustments	Notes	Pro Forma Combined
Revenue	$ 1,838	$ 45,335	—		$ 47,173
Cost of revenue	—	6,074	—		6,074
Gross margin	1,838	39,261	—		41,099
Operating expense					
Sales and marketing	345	—	—		345
Content, technology and development	508	—	—		508
General and administrative	17,810	38,228	(321)	6(a)	55,717
Depreciation and amortization	767	2,602	(2,602)	6(b)	8,103
			7,336	6(b)	
Impairment of long-lived assets	268	—	—		268
Total operating expense	19,698	40,830	4,413		64,941
Operating loss	(17,860)	(1,569)	(4,413)		(23,842)
Other income (expense)					
Interest expense	(460)	(302)	460	6(c)	(6,367)
			(6,065)	6(c)	
Interest income	—	44	—		44
Other income (expense)	82	—	—		82
Loss on disposal of property and equipment	—	(32)	—		(32)
Gain (loss) on change in fair value of derivative liability	28	—	—		28
Total other expense, net	(350)	(290)	(5,605)		(6,245)
Loss before income taxes	(18,210)	(1,859)	(10,018)		(30,087)
Benefit from (provision for) income taxes	—	—	—	6(d)	—
Net loss	$ (18,210)	$ (1,859)	$ (10,018)		$ (30,087)
Weighted average shares outstanding - basic and diluted	11,884		4,787	6(e)	16,671
Net loss per common share - basic and diluted	$ (1.53)			6(e)	$ (1.80)

REMARK MEDIA, INC. AND SUBSIDIARIES

Unaudited Pro Forma Condensed Combined Statement of Operations
For the Six Months Ended June 30, 2015
(000s, except for per share amounts)

	Historical				
	Remark Media	Vegas.com (See Note 4)	Pro Forma Adjustments	Notes	Pro Forma Combined
Revenue	$ 1,624	$ 24,073	—		$ 25,697
Cost of revenue	—	3,448	—		3,448
Gross margin	1,624	20,625	—		22,249
Operating expense					
Sales and marketing	376	—	—		376
Content, technology and development	339	—	—		339
General and administrative	6,505	20,574	(300)	6(a)	26,779
Depreciation and amortization	450	1,288	(1,288)	6(b)	4,118
			3,668	6(b)	
Impairment of long-lived assets	—	—	—		—
Total operating expense	7,670	21,862	2,080		31,612
Operating loss	(6,046)	(1,237)	(2,080)		(9,363)
Other income (expense)					
Interest expense	(405)	(98)	405	6(c)	(4,019)
			(3,921)	6(c)	
Interest income	—	9	—		9
Other income (expense)	1	—	—		1
Gain (loss) on change in fair value of derivative liability	221	—	—		221
Total other expense, net	(183)	(89)	(3,516)		(3,788)
Loss before income taxes	(6,229)	(1,326)	(5,596)		(13,151)
Benefit from (provision for) income taxes	—	—	—	6(d)	—
Net loss	$ (6,229)	$ (1,326)	$ (5,596)		$ (13,151)
Weighted average shares outstanding - basic and diluted	13,395		4,787	6(e)	18,182
Net loss per common share - basic and diluted	$ (0.47)			6(e)	$ (0.72)

1. Description of the Vegas.com Acquisition and Related Matters

On September 24, 2015, we completed the Vegas.com Acquisition pursuant to the terms of that certain Unit Purchase Agreement dated as of August 18, 2015 (as amended, the “Purchase Agreement”) by and among Remark, Vegas.com and the equity owners of Vegas.com listed on the signature page thereto (“Sellers”). The aggregate consideration for the Vegas.com Acquisition included (i) approximately $15.3 million of cash; (ii) 2,271,126 shares of our common stock valued at approximately $9.7 million (the “Equity Payment”), calculated for contractual purposes based on the volume weighted average price of our common stock during the 30 trading days ending on the third trading day prior to the closing date ($4.26 per share) and for accounting purposes based on the closing price of the common stock on September 24, 2015 ($4.29 per share); (iii) five-year warrants to purchase 8,601,410 shares of our common stock at an exercise price of $9.00 per share valued at $10 million, calculated based on specified valuation principles (the “Acquisition Warrants”), and (iv) up to a total of $3 million in earnout payments based on the performance of Vegas.com in the years ending December 31, 2016, 2017 and 2018 (the “Earnout Payments”). To secure certain obligations of Sellers under the Purchase Agreement, the parties deposited into escrow at closing 616,197 of the shares of our common stock comprising the Equity Payment, valued at approximately $2.6 million.

The Acquisition Warrants also provide as follows: (i) the Acquisition Warrants are exercisable on a cashless basis only; (ii) we have the right to exercise all or any portion of the Acquisition Warrants if at any time following their issuance the closing price of our common stock is greater than or equal to $14.00; and (iii) the holder has the right to sell its Acquisition Warrant back to us on their expiration date in exchange for shares of our common stock having a value equivalent to the value of the Acquisition Warrant at closing, calculated based on a per share price equal to the volume weighted average price of our common stock during the 30 trading days ending on the expiration date (reduced pro rata based on the percentage of the Acquisition Warrant exercised), provided that this right terminates if the closing price of our common stock equals or exceeds $10.1626 for any 20 trading days during a period of 30 consecutive trading days at any time on or prior to the expiration date.

On September 24, 2015, as a condition to closing the Purchase Agreement, we also entered into an Investors Rights Agreement with Sellers providing them with registration rights for the shares of our common stock issuable under the Purchase Agreement (including under the Acquisition Warrants and shares issuable under anti-dilution adjustments) and for certain transfer restrictions on the shares held by Sellers.

On September 24, 2015, concurrently with the closing of the Vegas.com Acquisition, we entered into a Financing Agreement dated as of September 24, 2015 (the “Financing Agreement”) with certain of our subsidiaries as borrowers (together with Remark, the “Borrowers”), certain of our subsidiaries as guarantors (the “Guarantors”), the lenders from time to time party thereto (the “Lenders”) and MGG Investment Group LP, in its capacity as collateral agent and administrative agent for the Lenders (“MGG”), pursuant to which the Lenders extended credit to the Borrowers consisting of a term loan in the aggregate principal amount of $27,500,000 (the “Loan”). The Loan amount outstanding accrues interest at three-month LIBOR plus 10.0% per annum, payable monthly, and the Loan has a maturity date of September 24, 2018. The Financing Agreement and related documents also provide for certain fees payable to the Lenders and for the issuance of the Financing Warrant (as defined below).

On September 24, 2015, we also entered into a Pledge and Security Agreement dated September 24, 2015 (the “Security Agreement”) with the other Borrowers and the Guarantors, for the benefit of MGG, as collateral agent for the Secured Parties referred to therein, to secure the obligations of the Borrowers and the Guarantors under the Financing Agreement. The Security Agreement provides for a first-priority lien on, and security interest in, all assets of Remark Media and our subsidiaries, subject to certain exceptions.

The Financing Agreement and the Security Agreement contain representations, warranties, affirmative and negative covenants (including financial covenants with respect to quarterly EBITDA levels and the value of our assets), events of default, indemnifications and other provisions customary for financings of this type. The occurrence of any event of default under the Financing Agreement may result in the Loan amount outstanding and unpaid interest thereon, becoming immediately due and payable.

On September 24, 2015, as a condition to closing the Financing Agreement, we issued to an affiliate of MGG a five-year warrant to purchase 2,580,423 shares of our common stock at an exercise price of $9.00 per share valued at $3.0 million, calculated based on specified valuation principles, subject to certain anti-dilution adjustments (the “Financing Warrant”). The Financing Warrant also provides as follows: (i) the Financing Warrant is exercisable on a cashless basis only; (ii) the number of shares of our common stock issuable upon exercise of the Financing Warrant and the exercise price thereof are subject to anti-

dilution protection; (iii) we have the right to exercise all or any portion of the Financing Warrant if at any time following its issuance the closing price of our common stock is greater than or equal to $14.00; (iv) the holder has the right to sell the Financing Warrant back to Remark on its expiration date in exchange for $3.0 million in cash (reduced pro rata based on the percentage of the Financing Warrant exercised).

On September 24, 2015, as a condition to closing the Financing Agreement, we also entered into a Registration Rights Agreement providing the holder of the Financing Warrant with registration rights for the shares of our common stock issuable under the Financing Warrant.

In accordance with our obligations under Nasdaq Listing Rule 5635, we are not permitted to issue any additional shares under the Purchase Agreement, the Acquisition Warrants or the Financing Warrant to the extent that the issuance of such shares, when aggregated together with other issuances in accordance with Nasdaq rules (including the issuance of 2,271,126 shares for the Equity Payment), would exceed 19.9% of the shares outstanding, unless we obtain the approval of our stockholders for issuances in excess of such amount (the “Stockholder Approval”). As a condition to closing the Purchase Agreement, we entered into Voting Agreements with stockholders together holding at least 50.1% of our voting securities outstanding immediately prior to closing, providing for their agreement to vote in favor of the Stockholder Approval. We intend to hold a special meeting of stockholders to seek the Stockholder Approval within 90 days after the closing of the Vegas.com Acquisition.

Effective September 23, 2015, we entered into amendments (collectively, the “Note Amendments”) to our $3.5 million Senior Secured Convertible Promissory Note dated January 29, 2014 with Digipac, LLC (“Digipac”) and our $3.0 million and $0.3 million Convertible Promissory Notes dated December 17, 2014 and March 13, 2015, respectively, with Ashford Capital Partners, L.P. These convertible notes had conversion prices in excess of the market price of our common stock, and the Note Amendments provided that the unpaid principal amount thereof and all accrued and unpaid interest thereon would be converted automatically into shares of our common stock at a conversion price equal to the closing price of our common stock on the immediately preceding trading day, or $4.23 per share. Also effective on September 23, 2015, Digipac converted the unpaid principal amount of and all accrued and unpaid interest under its $2.5 million Senior Secured Convertible Promissory Note dated November 14, 2013 into shares of our common stock at the existing conversion price of $3.75 per share. The conversions resulted in the issuance of a total of 2,516,154 shares of our common stock. Additionally, on September 24, 2015, we repaid the unpaid principal amount of, and all accrued and unpaid interest under our $0.35 million Demand Note dated September 11, 2014 with Digipac. We entered into the Note Amendments and repaid the demand note to satisfy a condition to the closing of the Financing Agreement. Our Chairman of the Board and Chief Executive Officer, Kai-Shing Tao, is the manager of and a member of Digipac, and our Chief Financial Officer, Douglas Osrow, is also a member.

On September 24, 2015, concurrently with the closing of the Vegas.com Acquisition, to satisfy the closing conditions under the Purchase Agreement, Vegas.com entered into a Loan Agreement dated as of September 24, 2015 with Bank of America, N.A. providing for a letter of credit facility with up to $9.3 million of availability, expiring May 31, 2016 (the “Letter of Credit Facility Agreement”). Amounts available under the Letter of Credit Facility Agreement are subject to customary fees and are secured by a first-priority lien on, and security interest in, a cash collateral account with the bank containing cash equal to 101.25% of the aggregate outstanding undrawn face amount of all letters of credit under the Letter of Credit Facility Agreement outstanding.

The Letter of Credit Facility Agreement contains representations, warranties, affirmative and negative covenants, events of default, indemnifications and other provisions customary for financings of this type. The occurrence of any event of default under the Letter of Credit Facility Agreement may result in the amount outstanding thereunder and unpaid interest thereon becoming immediately due and payable.

The terms of the Vegas.com Acquisition, the related financing and the other matters discussed above are described in our Current Report on Form 8-K filed with SEC on August 19, 2015 and our Current Report on Form 8-K initially filed with SEC on September 28, 2015, of which this financial information forms an exhibit.

2. Basis of Presentation

The Unaudited Pro Forma Condensed Combined Financial Information should be read in conjunction with the audited and unaudited consolidated financial statements of Vegas.com included elsewhere in the Current Report on Form 8-K of which this

financial information forms an exhibit, as well as our audited and unaudited consolidated financial statements and the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014 and in our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2015.

We have prepared the Unaudited Pro Forma Condensed Combined Financial Information using the acquisition method of accounting in accordance with ASC Topic 805, *Business Combinations.* We have based the fair value of identifiable tangible and intangible assets acquired and liabilities assumed as a result of the Vegas.com Acquisition on preliminary estimates of fair value using what we believe are reasonable assumptions.

As soon as practicable, we will finalize the purchase price allocation for the Vegas.com Acquisition. The final fair values of the actual identifiable assets and liabilities we acquired upon the closing of the Vegas.com Acquisition, as used in the final purchase price allocation, may depend in part on prevailing market rates and conditions. Any final adjustments may change the allocations of the purchase price, which could affect the fair value assigned to the assets acquired and liabilities assumed and could result in a change to the Unaudited Pro Forma Condensed Combined Financial Information, including the amount of goodwill. Therefore, the result of the final purchase price allocation could be materially different from the preliminary allocation set forth herein.

The Unaudited Pro Forma Condensed Combined Financial Information included herein has been prepared pursuant to the rules and regulations of the SEC. Pursuant to such rules and regulations, we have condensed or omitted certain information and certain footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles; however, management believes that the disclosures are adequate to make the information presented not misleading.

We derived the Unaudited Pro Forma Condensed Combined Balance Sheet and Statement of Operations as of June 30, 2015 and for the six months ended on such date from our unaudited condensed consolidated financial statements as of June 30, 2015 and for the six months ended on such date, and from Vegas.com's unaudited condensed consolidated financial statements as of and for the same date and period. We derived the Unaudited Pro Forma Condensed Combined Statement of Operations for the year ended December 31, 2014 from our audited consolidated statement of operations for such period and from Vegas.com's audited consolidated statement of operations for such period.

3. Accounting Policies

Upon consummation of the Vegas.com Acquisition, Vegas.com adopted our accounting policies. We may identify differences between our accounting policies and those of Vegas.com that, when conformed, could have a material impact on the consolidated financial statements of the Combined Company. Management has determined that no significant adjustments are necessary to conform Vegas.com's financial statements to our accounting policies in the preparation of this unaudited pro forma condensed combined financial information.

4. Reclassifications of Historical Vegas.com Financial Information

Financial information presented in the "Vegas.com" columns in the Unaudited Pro Forma Condensed Combined Balance Sheet and Statement of Operations represents the historical balance sheet of Vegas.com as of June 30, 2015 and the historical statement of operations of Vegas.com for the year ended December 31, 2014 and for the six months ended June 30, 2015, respectively. We have classified or reclassified such financial information to conform to the historical presentation in our consolidated financial statements.

5. Unaudited Pro Forma Condensed Combined Balance Sheet Adjustments

We prepared the Unaudited Pro Forma Condensed Combined Balance Sheet to reflect the effect of the following pro forma adjustments:

a. This adjustment reflects an increase in cash and cash equivalents according to the following sources and uses (in thousands):

Sources of funds:		
Proceeds from borrowings under the Loan [1]	$	26,257
Total sources of funds	$	26,257
Uses of funds:		
Cash paid to Sellers at closing [2]	$	14,007
Deposit of cash collateral required under the Financing Agreement [3]		2,250
Additional deposit of cash collateral required under the Letter of Credit Facility Agreement [4]		4,156
Payout of demand note payable to related party		350
Payment of Remark Media’s transaction costs		618
Total uses of funds	$	21,381

1. Reflects that, to consummate the Vegas.com Acquisition, we received net proceeds of $26.3 million from debt under the Loan, which bears interest at LIBOR plus 10% (10.3% as of June 30, 2015).

2. Cash paid to Sellers at closing of $15.3 million, net of a working capital adjustment of $1.3 million.

3. Reflects cash collateral deposited to satisfy a $2.25 million cash collateral requirement under the Financing Agreement.

4. Reflects additional cash collateral of $4.2 million deposited to satisfy the $9.4 million cash collateral requirement for Vegas.com under the Letter of Credit Facility Agreement.

b. The following table presents the preliminary allocation of the purchase consideration we paid to the net tangible and intangible assets we acquired based on their estimated fair values on the closing date of the Vegas.com Acquisition (in thousands):

Preliminary fair value of net assets acquired		
Cash and cash equivalents	$	8,693
Restricted cash		5,260
Trade accounts receivable		1,096
Prepaid expense and other current assets		1,505
Related party receivable		517
Note receivable, current		172
Total current assets		17,243
Note receivable, long term		371
Property and equipment		4,655
Related party receivable, long term		3,383
Intangibles		39,000
Total identifiable assets acquired		64,652
Accounts payable		15,340
Accrued expenses and other current liabilities		12,228
Deferred merchant booking		9,828
Current portion of LasVegas.com purchase obligation		1,190
Deferred revenue		2,148
Long-term LasVegas.com purchase obligation		1,228
Net identifiable assets acquired		22,690
Preliminary purchase consideration		
Cash paid to Sellers at closing		14,007
Shares of Remark Media common stock [1]		9,743
Warrants to purchase Remark Media common stock		10,200
Fair value of the Earnout Payments		2,700
Preliminary purchase consideration		36,650
Pro forma goodwill adjustment	$	13,960

1. The Equity Payment consists of 2,271,126 shares of our common stock valued at approximately $9.7 million, calculated for contractual purposes based on the volume weighted average price of our common stock during the 30 trading days ending on the third trading day prior to the closing date ($4.26 per share) and for accounting purposes based on the closing price of the common stock on September 24, 2015 ($4.29 per share).

Upon completion of the fair value assessment, the final purchase price allocation may differ from the preliminary assessment provided above. Any changes to the initial estimates of the fair value of the assets and liabilities will be recorded as adjustments to those assets and liabilities and the residual amounts will be allocated as an increase or decrease to goodwill. Recorded goodwill primarily results from the synergies we expect to realize from the

combination of the two companies and the assembled workforce we acquired in connection with the Vegas.com Acquisition.

The fair value of intangible assets acquired of $39.0 million consists of internally-developed software with an estimated fair value of $10.5 million, customer relationships with an estimated fair value of $20.8 million and trademarks with an estimated fair value of $7.7 million. We will amortize the internally-developed software intangible asset and the customer relationship intangible asset on a straight-line basis over their estimated useful lives of 5 years, while we expect the trademarks to have an indefinite useful life.

We estimated the fair value of intangible assets primarily using the "income approach," which is a valuation technique that provides an estimate of the fair value of an asset based on market participants' expectations of the cash flows an asset would generate over its remaining useful life. Some of the more significant assumptions inherent in the development of the valuations include the estimated annual net cash flows for each indefinite lived or definite lived intangible asset (including net revenues, operating expenses, selling and marketing costs and working capital asset/contributory asset charges), the appropriate discount rate that appropriately reflects the risk inherent in each future cash flow stream, the assessment of each asset's life cycle, competitive trends as well as other factors.

c. This adjustment reflects the elimination of deferred rent as a purchase accounting adjustment.

d. This adjustment reflects the elimination of accrued interest expense on our historical balance sheet.

e. This adjustment reflects the conversion of the unpaid principal amounts on the $3.5 million Senior Secured Convertible Promissory Note and the $3.0 million and $0.3 million Convertible Promissory Notes into shares of our common stock at $4.23 per share, and the conversion of the unpaid principal on the $2.5 million Senior Secured Convertible Promissory Note at $3.75 per share, resulting in the issuance of an aggregate of 2,516,154 shares of common stock.

f. This adjustment reflects the debt incurred with a face value of $27.5 million under the Loan to consummate the Vegas.com Acquisition, less an original issuance discount of $879 thousand, the Financing Warrant valued at $3.0 million and accounted for as a discount on debt, and deferred financing charges of $363 thousand. We have presented this adjustment to reflect our early adoption of ASU No. 2015-03, "*Interest - Imputation of Interest (Subtopic 835-30) -Simplifying the Presentation of Debt Issuance Costs*." ASU No. 2015-03; which becomes effective for annual reporting periods beginning after December 15, 2015, including interim periods within that reporting period; simplifies the presentation of debt issuance costs by requiring that these costs related to a recognized debt liability be presented in the statement of financial condition as a direct reduction from the carrying amount of that liability.

g. This adjustment reflects the $3.1 million fair value of the five-year Financing Warrant issued to an affiliate of MGG to purchase 2,580,423 shares of our common stock at an exercise price of $9.00 per share valued at $3.0 million, calculated based on specified valuation principles, subject to certain anti-dilution adjustments.

h. This adjustment eliminates Vegas.com's accumulated deficit of $12.2 million and reflects $1.5 million of expense recognized to induce the conversion of the $3.5 million Senior Secured Convertible Promissory Note and the $3.0 million and $0.3 million Convertible Promissory Notes.

i. This adjustment reflects Vegas.com Class B units held by Vegas.com board members and executives which automatically became fully-vested and paid out from the cash paid to Sellers at closing.

6. Unaudited Pro Forma Condensed Combined Statement of Operations Adjustments

We prepared the Unaudited Pro Forma Condensed Combined Statements of Operations reflect the effect of the following pro forma adjustments:

a. This adjustment reflects the elimination of nonrecurring transaction costs of $321 thousand and $300 thousand for the year ended December 31, 2014 and six months ended June 30, 2015, respectively, that are directly related to the Vegas.com Acquisition.

b. This adjustment reflects elimination of historical Vegas.com depreciation and amortization expense and recognition of depreciation expense of $1.1 million and $0.5 million for the year ended December 31, 2014 and six months ended June 30, 2015, respectively, as a result of fair value accounting for fixed assets acquired and recognition of amortization expense of $6.2 million and $3.2 million for the year ended December 31, 2014 and six months ended June 30, 2015, respectively.

c. This adjustment reflects the reversal of historical interest expense of $0.5 million and $0.4 million for the year ended December 31, 2014 and six months ended June 30, 2015, respectively, as a result of the Note Amendments and the addition of interest expense of $4.6 million and $2.5 million for the year ended December 31, 2014 and six months ended June 30, 2015, respectively, on the additional debt of $27.5 million from the Loan. The adjustment also reflects $1.5 million of interest expense to induce the conversion of the $3.5 million Senior Secured Convertible Promissory Note and the $3.0 million and $0.3 million Convertible Promissory Notes for the year ended December 31, 2014 and six months ended June 30, 2015. A hypothetical 0.125% increase or decrease in the expected weighted average interest rate would increase or decrease interest expense associated with the Loan by approximately $32 thousand annually and $16 thousand for a six-month period.

d. Our acquisition of Vegas.com will result in the book basis in the assets acquired and liabilities assumed to be exactly equal to their respective tax basis; therefore, we do not record a deferred tax impact during the preliminary purchase price allocation. Additionally, we do not expect the pro forma combined loss before income taxes to result in a future tax benefit to the Combined Company. As a result, we present pro forma benefit for income taxes net of a full valuation allowance for both the year ended December 31, 2014 and the six months ended June 30, 2015.

e. This adjustment represents the loss per share, taking into consideration the pro forma weighted average shares outstanding calculated including the issuance of 2,271,126 shares for the Equity Payment and 2,516,154 shares for the Note Amendments, assuming all shares were outstanding for the year ended December 31, 2014 and six months ended June 30, 2015. The Acquisition Warrants and the Financing Warrant are excluded from the calculation of loss per share as including these securities would have been anti-dilutive.