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

FORM 6-K
Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16
under the Securities Exchange Act of 1934

For the month of September 2017 (Report No. 1)

Commission File Number: 000-51694

Perion Network Ltd.
(Translation of registrant's name into English)

1 Azrieli Center, Building A, 4th Floor
26 HaRokmim Street, Holon, Israel 5885849
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F ☒ Form 40-F ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): N/A

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): N/A

Contents

This Report on Form 6-K of the registrant consists of the following documents, which are attached hereto and incorporated by reference herein and into the registrant's Registration Statements on Form F-3 (Registration Nos. 333-208785 and 333-195794) and Form S-8 (Registration Nos. 333-208278, 333-203641, 333-193145, 333-192376, 333-188714, 333-171781, 333-152010, 333-133968 and 333-216494).

Signatures

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, thereunto duly authorized.

Perion Network Ltd.

By: /s/ Ophir Yakovian
Name: Ophir Yakovian
Title: Chief Financial Officer

Date: September 7, 2017

Exhibit Index

Exhibit 99.1:	Unaudited Interim Consolidated Financial Statements as of June 30, 2017.
Exhibit 99.2:	Operating Results and Financial Review for the six months ended June 30, 2017.

Exhibit 99.1

PERION NETWORK LTD. AND ITS SUBSIDIARIES

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2017

IN U.S. DOLLARS

UNAUDITED

INDEX

CONSOLIDATED BALANCE SHEETS

U.S. dollars in thousands (except share data)

	December 31, 2016	June 30, 2017
	Audited	Unaudited
Assets		
Current Assets:		
Cash and cash equivalents	$ 23,962	$ 20,925
Short-term bank deposits	8,414	1,503
Accounts receivable (net of allowance of $789 and $548 at December 31, 2016 and June 30, 2017)	71,346	59,431
Prepaid expenses and other current assets	10,036	13,553
Total Current Assets	**113,758**	**95,412**
Property and equipment, net	14,205	16,050
Intangible assets, net	44,018	19,587
Goodwill	190,737	163,400
Deferred taxes	4,117	6,811
Other assets	1,617	1,493
Total Assets	**$ 368,452**	**$ 302,753**
Liabilities and Shareholders' Equity		
Current Liabilities:		
Accounts payable	$ 38,293	$ 31,937
Accrued expenses and other liabilities	17,466	15,434
Short-term loans and current maturities of long-term loans and convertible debt	17,944	13,749
Deferred revenues	5,354	5,245
Payment obligation related to acquisitions	7,653	7,130
Total Current Liabilities	**86,710**	**73,495**
Long-Term Liabilities:		
Long- term debt, net of current maturities	37,928	33,984
Convertible debt, net of current maturities	21,862	16,672
Deferred taxes	8,087	88
Other long-term liabilities	5,721	6,743
Total Liabilities	**160,308**	**130,982**
Commitments and Contingencies		
Shareholders' Equity:		
Ordinary shares of ILS 0.01 par value - Authorized: 120,000,000 shares; Issued: 77,569,088 and 77,896,088 shares at December 31, 2016 and June 30, 2017, respectively; Outstanding: 77,223,069 and 77,550,069 shares at December 31, 2016 and June 30, 2017, respectively	210	211
Additional paid-in capital	234,831	235,966
Treasury shares at cost (346,019 shares at December 31, 2016 and June 30, 2017)	(1,002)	(1,002)
Accumulated other comprehensive income (loss)	(265)	316
Accumulated deficit	(25,630)	(63,720)
Total Shareholders' Equity	**208,144**	**171,771**
Total Liabilities and Shareholders' Equity	**$ 368,452**	**$ 302,753**

The accompanying notes are an integral part of the interim consolidated financial statements.

INTERIM CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

U.S. dollars in thousands (except share and per share data)

	Six months ended June 30,	
	2016	**2017**
Revenues:		
Search and other	$ 90,085	$ 71,967
Advertising	63,707	59,697
Total Revenues	**153,792**	**131,664**
Costs and Expenses:		
Cost of revenues	8,214	6,915
Customer acquisition costs and media buy	69,075	63,838
Research and development	14,532	9,529
Selling and marketing	31,636	30,795
General and administrative	14,852	11,188
Depreciation and amortization	13,647	9,909
Impairment charges	-	43,847
Restructuring charges	728	-
Total Costs and Expenses	**152,684**	**176,021**
Income (Loss) from Operations	**1,108**	**(44,357)**
Financial expense, net	5,456	3,522
Loss before Taxes on Income	**(4,348)**	**(47,879)**
Tax benefit	3,993	9,789
Net Loss from Continuing Operations	**(355)**	**(38,090)**
Net loss from discontinued operations	(4,668)	-
Net Loss	**$ (5,023)**	**$ (38,090)**
Net Loss per Share - Basic:		
Continuing operations	(0.00) *)	(0.49)
Discontinued operations	(0.06)	-
Net Loss per Share - Diluted:		
Continuing operations	(0.00) *)	(0.49)
Discontinued operations	(0.06)	-
Weighted average number of shares continuing and discontinued operations		
Basic and Diluted	76,247,269	77,548,252

*) Less than $0.01

The accompanying notes are an integral part of the interim consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

U.S. dollars in thousands

	Six months ended June 30, 2016	Six months ended June 30, 2017
Net loss	**$ (5,023)**	**$ (38,090)**
Other comprehensive income (loss):		
Change in foreign currency translation	852	419
Cash Flow Hedge:		
Unrealized gain from cash-flow hedges, net of taxes	131	548
Less: reclassification adjustment for net gains included in net income	(102)	(386)
Net change	29	162
Other comprehensive income:	881	581
Comprehensive loss	**$ (4,142)**	**$ (37,509)**

The accompanying notes are an integral part of the interim consolidated financial statements.

INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

U.S. dollars in thousands (except share data)

	Common stock		Additional paid-in capital	Accum. other comprehensive income (loss)	Accumulated deficit	Treasury shares	Total shareholders' equity
	Number of Shares	$	$	$	$	$	$
Balance as of December 31, 2015 (audited)	**75,811,487**	**206**	**227,258**	**(794)**	**(25,831)**	**(1,002)**	**199,837**
Issuance of shares related to acquisitions	290,981	1	674	-	-	-	675
Issuance of shares related to price adjustment of private placement	782,981	2	(2)	-	-	-	-
Stock-based compensation	-	-	6,900	-	-	-	6,900
Exercise of stock options and vesting of restricted stock units	337,620	1	1	-	-	-	2
Other comprehensive income	-	-	-	529	-	-	529
Net income	-	-	-	-	201	-	201
Balance as of December 31, 2016 (audited)	**77,223,069**	**210**	**234,831**	**(265)**	**(25,630)**	**(1,002)**	**208,144**
Stock-based compensation	-	-	1,135	-	-	-	1,135
Vesting of restricted stock units	327,000	1	-	-	-	-	1
Other comprehensive income	-	-	-	581	-	-	581
Net loss	-	-	-	-	(38,090)	-	(38,090)
Balance as of June 30, 2017 (unaudited)	**77,550,069**	**211**	**235,966**	**316**	**(63,720)**	**(1,002)**	**171,771**

The accompanying notes are an integral part of the interim consolidated financial statements.

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

U.S. dollars in thousands

	Six months ended June 30, 2016	Six months ended June 30, 2017
Operating activities:		
Net Loss	$ (5,023)	$ (38,090)
Loss from discontinued operations, net	(4,668)	-
Net Loss from Continuing Operations	(355)	(38,090)
Adjustments required to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	13,647	9,909
Impairment of intangible assets and goodwill	-	43,847
Stock-based compensation expense	3,528	1,119
Foreign currency translation	926	10
Accrued interest, net	137	217
Deferred taxes, net	(4,972)	(10,752)
Change in payment obligation related to acquisition	1,207	28
Fair value revaluation - convertible debt	1,120	3,767
Net changes in operating assets and liabilities:		
Accounts receivable, net	11,470	12,128
Prepaid expenses and other	(9,907)	(3,184)
Accounts payable	(570)	(6,138)
Accrued expenses and other liabilities	(2,566)	(974)
Deferred revenues	(1,576)	(116)
Net cash provided by continuing operating activities	12,089	11,771
Net cash used in discontinued operating activities	(4,232)	-
Net cash provided by operating activities	**$ 7,857**	**$ 11,771**
Investing activities:		
Purchases of property and equipment	$ (904)	$ (1,265)
Capitalization of development costs	(2,596)	(2,781)
Short-term deposits, net	30,067	6,911
Net cash provided by investing activities	**$ 26,567**	**$ 2,865**
Financing activities:		
Exercise of stock options and restricted share units	1	1
Payments made in connection with acquisition	(6,125)	(551)
Proceed from short-term loans	10,000	-
Repayment of convertible debt	(7,620)	(7,901)
Repayment of short-term loans	(13,000)	(7,000)
Proceed from long-term loans	-	5,000
Repayment of long-term loans	(3,565)	(7,414)
Net cash used in financing activities	**$ (20,309)**	**$ (17,865)**
Effect of exchange rate changes on cash and cash equivalents	31	192
Net increase (decrease) in cash and cash equivalents	**$ 18,378**	**$ (3,037)**
Decrease in cash and cash equivalents - discontinued activities	(4,232)	-
Cash and cash equivalents at beginning of period	17,519	23,962
Cash and cash equivalents at end of period	**$ 31,665**	**$ 20,925**
Supplemental Disclosure of Cash Flow Activities:		
Non-cash financing activity of issuance of shares in connection with acquisitions	$ 675	$ -
Purchase of property and equipment on credit	$ 58	$ 45

The accompanying notes are an integral part of the interim consolidated financial statements.

NOTE 1: GENERAL

a. Perion Network Ltd. ("Perion") and its wholly-owned subsidiaries (collectively referred to as the "Company"), is a global technology company that delivers advertising solutions to brands and publishers, providing data-driven execution from high-impact ad formats that capture consumer attention and drive engagement, branded search providing publishers with engagement and monetization solutions and a social programmatic platform.

b. In March 2016, the Company decided to discontinue the operations of the mobile self-serve side of the business and put out for sale the mobile engagement business, both under the Growmobile business. Certain parts of the mobile marketing platform were redeployed so that it no longer functions as an independent business. In August 2016, the Company completed the sale of mobile engagement business. Accordingly, the statements of income and statements of cash flows, related to the mobile self-serve and mobile engage operations are classified as discontinued operations for the six months ended June 30, 2016. As of December 31, 2016, and June 30, 2017, the carrying amounts of the assets and liabilities discontinued were immaterial.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

a. Interim Financial Statements

The accompanying consolidated balance sheet as of June 30, 2017, the consolidated statements of income, the consolidated statements of comprehensive income and the consolidated statements of cash flows for the six months ended June 30, 2016 and 2017, as well as the statement of changes in shareholders' equity for the six months ended June 30, 2017, are unaudited. These unaudited interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States (“U.S. GAAP”) and applicable rules and regulations of the Securities and Exchange Commission (the "SEC") regarding interim financial reporting. In the management’s opinion, the unaudited interim consolidated financial statements include all adjustments of a normal recurring nature necessary for the fair presentation of the Company’s financial position as of June 30, 2017, as well as its results of operations and cash flows for the six months ended June 30, 2016 and 2017. The results of operations for the six months ended June 30, 2017 are not necessarily indicative of the results to be expected for the year ending December 31, 2017.

The accompanying unaudited interim financial statements should be read in conjunction with the Company’s annual report on Form 20-F for the fiscal year ended December 31, 2016, filed with the SEC on March 7, 2017 (the "Annual Report").

There have been no changes to the significant accounting policies described in the Annual Report that have had a material impact on the unaudited interim consolidated financial statements and related notes.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Cont.)

b. Use of estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates, judgments and assumptions that affect the amounts reported and disclosed in the financial statements and the accompanying notes. Actual results could differ materially from those estimates. On an ongoing basis, the Company's management evaluates its estimates, including those related to accounts receivable, fair values and useful lives of intangible assets, fair values of stock-based awards, income taxes, and contingent liabilities, among others. Such estimates are based on historical experience and on various other assumptions that are believed to be reasonable, the results of which form the basis for making judgments about the carrying values of the Company’s assets and liabilities.

c. Recent Accounting Pronouncements

· In March 2016, the FASB issued ASU 2016-09, Compensation - Stock Compensation (Topic 718), Improvements to Employee Share-Based Payment Accounting. The ASU simplifies several aspects of the accounting for share-based payment transaction, including the income tax consequences, classification of awards as either equity or liabilities and classification on the statement of cash flows. For public companies, ASU 2016-09 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2016. The Company adopted ASU 2016-09 during the quarter ended March 31, 2017. The Company will continue to use the current method of estimated forfeitures each period rather than accounting for forfeitures as they occur. There was no material impact of this standard on the financial statements.

· In January 2017, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2017-04, “Intangibles—Goodwill and Other (Topic 350): - Simplifying the Test for Goodwill Impairment”, which eliminates the requirement to calculate the implied fair value of goodwill (i.e., Step 2 of the goodwill impairment test) for the purpose of measuring a goodwill impairment charge. Instead, an impairment charge shall be recognized based on the excess of a reporting unit’s carrying amount over its fair value. The standard shall be applied prospectively and is effective for annual and interim impairment tests performed in periods beginning after December 15, 2019, for public entities. Early adoption is permitted for annual and interim goodwill impairment testing dates after January 1, 2017. The Company has adopted the new guidance on January 1, 2017.

U.S. dollars in thousands (except share and per share data)

NOTE 3: FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of financial instruments carried at cost, including cash and cash equivalents, short-term deposits, restricted cash, accounts receivable, prepaid expenses and other assets, accounts payable, accrued expenses and other liabilities approximate their fair value due to the short-term maturities of such instruments.

The following table present assets and liabilities measured at fair value on a recurring basis as of June 30, 2017:

	June 30, 2017			
	Fair value measurements using input type			
	Level 1	Level 2	Level 3	Total
Assets:				
Derivative assets	$ -	$ 3,485	$ -	$ 3,485
Total financial assets	**$ -**	**$ 3,485**	**$ -**	**$ 3,485**
Liabilities:				
Payment obligation in connection with acquisitions	$ -	$ -	$ 7,130	$ 7,130
Derivative liabilities	-	10	-	10
Convertible debt	25,316	-	-	25,316
Total financial liabilities	**$ 25,316**	**$ 10**	**$ 7,130**	**$ 32,456**

The following table present assets and liabilities measured at fair value on a recurring basis as of December 31, 2016:

	December 31, 2016			
	Fair value measurements using input type			
	Level 1	Level 2	Level 3	Total
Assets:				
Derivative assets	$ -	$ 1,117	$ -	$ 1,117
Total financial assets	**$ -**	**$ 1,117**	**$ -**	**$ 1,117**
Liabilities:				
Payment obligation in connection with acquisitions	$ -	$ -	$ 7,653	$ 7,653
Derivative liabilities	-	84	-	84
Convertible debt	29,526	-	-	29,526
Total financial liabilities	**$ 29,526**	**$ 84**	**$ 7,653**	**$ 37,263**

U.S. dollars in thousands (except share and per share data)

NOTE 3: FAIR VALUE OF FINANCIAL INSTRUMENTS (Cont.)

The following table summarizes the changes in the Company's liabilities measured at fair value using significant unobservable inputs (Level 3), during the six months ended June 30, 2017:

Total fair value as of January 1, 2017	**$**	**7,653**
Accretion of payment obligation related to acquisition		28
Settlements		(551)
Total fair value as of June 30, 2017	**$**	**7,130**

NOTE 4: GOODWILL AND INTANGIBLE ASSETS, NET

a. Goodwill

The changes in the carrying amount of the Company's goodwill in the six months ended June 30, 2017 were as follows:

Balance as of January 1, 2017	**$**	**190,737**
Goodwill Impairment charge		(27,337)
Balance as of June 30, 2017 (unaudited)	**$**	**163,400**

Goodwill has been recorded as a result of prior acquisitions and represents excess of the consideration over the net fair value of the assets of the businesses acquired. As of June 30, 2017, the Company has two reporting units – Monetization and Undertone. The Company performs tests for impairment of goodwill at the reporting unit level at least annually, or more frequently if events or changes in circumstances occur that would more likely than not reduce the fair value of a reporting unit below its carrying value. During the second quarter of 2017, the Company determined that certain indicators of potential impairment existed with regards to its Undertone's reporting unit which required interim goodwill impairment analysis. These indicators included lower than expected revenues and cash flow and future performance expectations.

Accordingly, the Company compared the fair value of the Undertone reporting unit to its carrying value and determined that the carrying amount of the reporting unit exceeded its fair value. Judgments and assumptions related to revenue, operating income, future short-term and long-term growth rates, weighted average cost of capital, interest, capital expenditures, cash flows, and market conditions are inherent in developing the discounted cash flow model. The assumptions used were based on expected future cash flows and an estimated terminal value using a terminal year growth rate of 5% based on the growth prospects for the reporting unit. The Company used an applicable discount rate of 13%, which reflected the associated specific risks for the reporting unit's future cash flows. As a result, the Company recorded an impairment charge of $27,337 in June 2017, classified as "Impairment charges" in the consolidated statements of income.

U.S. dollars in thousands (except share and per share data)

NOTE 4: GOODWILL AND INTANGIBLE ASSETS, NET (Cont.)

b. Intangible assets, net

The following is a summary of the intangible assets as of the periods below:

	December 31, 2016	Amortization	Impairment	OCI	June 30, 2017
Intangible assets:					
Acquired technology	30,674	-	-	98	30,772
Accumulated amortization	(14,490)	(2,539)	-	(43)	(17,072)
Impairment	(956)	-	(7,076)	-	(8,032)
Acquired technology, net	15,228	(2,539)	(7,076)	55	5,668
Customer relationships	31,898	-	-	31	31,929
Accumulated amortization	(13,905)	(4,129)	-	(15)	(18,049)
Impairment	(91)	-	(7,581)	-	(7,672)
Customer relationships, net	17,902	(4,129)	(7,581)	16	6,208
Tradename and other	18,224	-	-	141	18,365
Accumulated amortization	(4,079)	(1,443)	-	(22)	(5,544)
Impairment	(3,257)	-	(1,853)	-	(5,110)
Tradename and other, net	10,888	(1,443)	(1,853)	119	7,711
Intangible assets, net	**44,018**	**(8,111)**	**(16,510)**	**190**	**19,587**

In June 2017, prior to conducting the quantitative assessment for goodwill impairment of the Undertone reporting unit, the Company tested the recoverability of the Undertone reporting units' long-lived assets.

During the second quarter of 2017, the Company concluded that the carrying amount of the Undertone reporting units' intangible assets might not be recoverable due to certain indicators of impairment including lower than expected revenues and cash flow and future performance expectations.

The Company assessed the recoverability of Undertone’s definite-life intangibles assets based on their projected undiscounted future cash flows attributable to each intangible asset using a discount rate of 13%, based on management’s best estimate of the after-tax weighted average cost of capital, which reflected the associated specific risks for all intangible asset’s future cash flows. Based on the results of the recoverability assessment, the Company determined that the carrying values of Undertone’s intangible assets exceed their undiscounted cash flows projections and therefore were not recoverable. In June 2017, the Company recorded impairment charges of $16,510 classified as “Impairment charges” in the consolidated statements of income.

NOTE 5: DERIVATIVES AND HEDGING ACTIVITES

The Company follows the requirements of ASC No. 815, ”Derivatives and Hedging” (“ASC 815”), which requires companies to recognize all of their derivative instruments as either assets or liabilities on the balance sheet at fair value. The accounting for changes in fair value (i.e. gains or losses) of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging transaction and further, on the type of hedging transaction. For those derivative instruments that are designated and qualify as hedging instruments, a company must designate the hedging instrument, based upon the exposure being hedged, as a fair value hedge, a cash flow hedge, or a hedge of a net investment in a foreign operation.

To protect against the increase in value of forecasted foreign currency cash flow resulting mainly from salaries and related benefits and taxes paid in ILS during the year, the Company hedges portions of its anticipated payroll denominated in ILS for a period of one to twelve months with forward and options contracts (the “Hedging Contracts”). Accordingly, when the USD strengthens against the ILS, the decline in present value of future ILS currency expenses is offset by losses in the fair value of the Hedging Contracts. Conversely, when the USD weakens, the increase in the present value of future ILS expenses is offset by gains in the fair value of the Hedging Contracts. These Hedging Contracts are designated as cash flow hedges.

Additionally, in order to mitigate the potential adverse impact of the fluctuations in the ILS-USD exchange rate in connection with the convertible debt (see note 7), the Company has entered into a cross currency interest rate SWAP agreement (the “SWAP”) in order to hedge the future interest and principal payments, which are all denominated in ILS. However, since the convertible debt is measured at fair value at each reporting date, the SWAP does not qualify and was not designated as a cash flow hedge under ASC 815.

In order to limit the Company’s interest expenses derived from the secured credit agreement in which the Company entered concurrently with the closing of the Undertone acquisition, the Company has purchased a cap option for the interest amounts expected to be paid till June 2018. The cap option is designated as cash flow hedge under ASC 815.

For derivative instruments that are designated and qualify as a cash flow hedge (i.e. hedging the exposure to variability in expected future cash flows that is attributable to a particular risk), the effective portion of the gain or loss on the derivative instrument is reported as a component of other comprehensive income (loss) and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. Any gain or loss on a derivative instrument in excess of the cumulative change in the present value of future cash flows of the hedged item is recognized in current earnings during the period of change.

As of June 30, 2017 and December 31, 2016, the notional value of the Company’s derivative instruments was $54,577 and $72,569, respectively.

U.S. dollars in thousands (except share and per share data)

NOTE 5: DERIVATIVES AND HEDGING ACTIVITES (Cont.)

The fair value of the Company's outstanding derivative instruments is as follows:

	Balance sheet	December 31, 2016	June 30, 2017
Derivatives designated as hedging instruments:			
Foreign exchange forward contracts and other derivatives	"Prepaid expenses and other current assets"	$ 125	$ 301
	"Accrued expenses and other liabilities"	84	10
	"Accumulated other comprehensive income"	36	198
Derivatives not designated as hedging instruments:			
Foreign exchange forward contracts and other derivatives	"Prepaid expenses and other current assets"	$ 20	-
Cross currency SWAP	"Prepaid expenses and other current assets"	$ 973	$ 3,184

The unrealized gains recognized in accumulated other comprehensive income on derivatives, is as follows:

	Six months ended June 30, 2016 Unaudited	Six months ended June 30, 2017 Unaudited
Option contracts	$ 131	$ 548
Total unrealized gain	**$ 131**	**$ 548**

U.S. dollars in thousands (except share and per share data)

NOTE 5: DERIVATIVES AND HEDGING ACTIVITES (Cont.)

The net gains (losses) reclassified from accumulated other comprehensive loss to the operating expenses are as follows:

	Gain recognized in Statements of Comprehensive Income		Gain (loss) recognized in consolidated statements of Income	
	Six months ended June 30,		Six months ended June 30,	
	2016	Statement of Income item	2016	2017
Derivatives designated as hedging instruments:				
Foreign exchange options and forward contracts	$ 162	"Operating expenses"	$ 102	$ 386
Derivatives not designated as hedging instruments:				
Foreign exchange options and forward contracts		"Financial expenses"	(16)	148
SWAP		"Financial expenses"	608	2,210
Total	**$ 162**		**$ 694**	**$ 2,744**

NOTE 6: SHORT-TERM AND LONG-TERM DEBT

1. On May 9, 2017, the Company secured $17,500 under a new credit facility from an Israeli bank. The credit facility is secured by a lien on the accounts receivable of ClientConnect Ltd., an Israeli subsidiary, from its current and future business clients and is guaranteed by the Company. Out of the total credit facility, $5,000 is a long-term loan bearing interest at LIBOR plus 5% per annum, to be repaid in 36 equal installments starting from June 30, 2017 and $12,500 revolving credit line bearing interest at LIBOR plus 3.5% per annum. The credit facility is available until May 15, 2020. As of June 30, 2017, the unpaid balance of the credit facility was $4,861 on behalf of the long-term loan.

2. On November 30, 2015, Interactive Holding Corp. (“Undertone”) entered into a secured credit agreement for $50,000, due in quarterly installments from March 2016 to November 2019. Undertone has the option for prepayment, which shall be applied to principal installments as specified by Undertone. In the six months ended June 30, 2017, Undertone prepaid an additional $5,000, which was applied to the final principal upon maturity. As of June 30, 2017, the principal balance of the credit facility was $35,625.

3. The Company was in compliance with all its debt covenants as of June 30, 2017.

U.S. dollars in thousands (except share and per share data)

NOTE 6: SHORT-TERM AND LONG-TERM DEBT (Cont.)

4. As of June 30, 2017, the aggregate principal annual maturities are as follows:

	Repayment amount
2017 (six months ending December 31)	$ 2,569
2018	6,806
2019	30,417
2020	694
Total principal payments	40,486
Less: unamortized original issue discount	(1,090)
Present value of principal payments	39,396
Less: current portion	5,412
Long-term debt	**$ 33,984**

NOTE 7: CONVERTIBLE DEBT

In September 2014, the Company completed a public offering in Israel of its Series L Convertible Bonds (the "Bonds"). The Company issued Bonds with an aggregate par value of approximately ILS 143,500 thousands, out of which, as of June 30, 2017 approximately ILS 86,092 thousands are outstanding, (approximately $24,626 as of June 30, 2017). The Bonds were issued at a purchase price equal to 96.5% of their par value and bear annual interest at a rate of 5%, payable semi-annually. The principal of the Bonds, denominated in ILS, is repayable in five equal annual installments commencing on March 31, 2016.

The Bonds are convertible, at the election of each holder, into the Company’s ordinary shares at a conversion price of ILS 33.605 per share ($9.61 on June 30, 2017) from the date of issuance and until March 15, 2020. The ordinary shares issued upon conversion of the Bonds will be listed on the NASDAQ Stock Market (“Nasdaq”) and the Tel-Aviv Stock Exchange (“TASE”), to extent that the Company's ordinary shares are listed thereon at the time of conversion. The conversion price is subject to adjustment in the event that the Company effects a share split or reverse share split, a rights offering or a distribution of bonus shares or a cash dividend.

The Company may redeem the Bonds upon delisting of the Bonds from the TASE, subject to certain conditions. In addition, the Company may redeem the Bonds or any part thereof at its discretion, subject to certain conditions.

The Company elected to apply the fair value option in accordance with ASC No. 825, “Financial Instruments”, to the Bonds and therefore all unrealized gains and losses are recognized in earnings.

U.S. dollars in thousands (except share and per share data)

NOTE 7: CONVERTIBLE DEBT (cont.)

The changes of the long-term convertible debt in the six months ended June 30, 2017 were as follows:

Balance as of January 1, 2017	**$ 29,526**
Change in accrued interest	714
Change in fair value	3,767
Payment of interest	(790)
Payment of principal	(7,901)
Balance as of June 30, 2017 *	**$ 25,316**

* Includes accrued interest of $307

In order to mitigate the potential adverse impact of the fluctuations in the ILS-USD exchange rate, the Company has entered into a cross-currency interest rate SWAP agreement (the “SWAP”) in order to hedge the future interest and principal payments, which are all denominated in ILS.

As of June 30, 2017, the Company satisfies all of the financial covenants associated with both the Bonds and the SWAP.

As of June 30, 2017, the aggregate principal annual payments of the bonds are as follows:

	Repayment amount
2018	$ 8,209
2019	8,208
2020	8,209
	$ 24,626

U.S. dollars in thousands (except share and per share data)

NOTE 8: COMMITMENTS AND CONTINGENT LIABILITIES

a. Office lease commitments

In January 2014, the Company entered into a lease agreement for its offices in Holon, Israel. The lease expires in January 2025, with an option for the Company to extend for two additional terms of 24 months each. Additionally, the Company may choose an early termination in November 2019.

Certain facilities of the Company are rented under operating lease agreements, which expire on various dates, the latest of which is in 2022. The Company recognizes rent expense under such arrangements on a straight-line basis.

Furthermore, the Company leases motor vehicles for employees under operating lease agreements.

Aggregate minimum lease commitments under the aforesaid non-cancelable operating leases as of June 30, 2017 are as follows:

2017 (six months ending December 31)	$	2,505
2018		5,439
2019		3,348
2020		2,498
Thereafter		7,904
	$	**21,694**

b. Contingent purchase obligation

On November 30, 2012, the Company completed the acquisition of 100% of Sweet IM's shares. Pursuant to the terms of the Share Purchase Agreement ("SPA") between the Company and SweetIM, the Company was obligated to pay SweetIM's shareholders, among other payments, a payment of up to $ 7,500 in cash in May 2014, if certain milestones were met (the "Contingent Payment"). The milestones were based on the Company's revenues in 2013, and the absence of certain changes in the industry in which the Company operates. On May 28, 2014, the Company paid $2,500 on account of the Contingent Payment. Following such payment, on June 22, 2014, SweetIM's Shareholders' representative notified the Company claiming that the Company owes SweetIM's shareholders the entire Contingent Payment. The Company believes that the claim is without merit and plans to defend against it vigorously. Until this dispute is resolved, the Company will maintain the $5,000 liability in its financial statements that was recorded at the time it entered into the SPA. In April 2015, pursuant to the Share Purchase Agreement, an arbitration process with respect to this claim was commenced in Israel.

NOTE 8: COMMITMENTS AND CONTINGENT LIABILITIES (Cont.)

c. Legal Matters

On December 22, 2015, Adtile Technologies Inc. filed a lawsuit against the Company and Intercept Interactive Inc. ("Intercept"), a subsidiary of Interactive Holding Corp., in the United States District Court for the District of Delaware. The lawsuit alleges various causes of action against Perion and Intercept related to Intercept's alleged unauthorized use and misappropriation of Adtile's proprietary information and trade secrets. Adtile is seeking injunctive relief and, unspecified monetary damages. On June 23, 2016, the court denied Adtile's motion for a preliminary injunction. On June 24, 2016, the court (i) granted the Company's motion to dismiss, and (ii) granted Intercept's motion to stay the action and compel arbitration. The Company is unable to predict the outcome or range of possible loss at this stage and believes it has strong defenses against this lawsuit and intends to defend against it vigorously.

From time to time, the Company is party to other various legal proceedings, claims and litigation that arise in the ordinary course of business. It is the opinion of management that the ultimate outcome of these matters will not have a material adverse effect on the Company's financial position, results of operations or cash flows.

NOTE 9: SHAREHOLDERS' EQUITY

a. Ordinary shares

The ordinary shares of the Company entitle their holders to voting rights, the right to receive cash dividend and the right to a share in excess assets upon liquidation of the Company.

b. Stock Options, Restricted Stock Units ("RSUs") and Warrants

The Company's 2003 Equity Incentive Plan (the "Plan") was initially adopted in 2003 and had an initial term of ten years from adoption. On December 9, 2012, the Company's Board of Directors extended the term of the Plan for an additional ten years. In addition, on August 7, 2013, the Company's Board of Directors approved amendments to the Plan to include the ability to grant RSUs and restricted stock.

The contractual term of the stock options is generally no more than five years and the vesting period of the options and RSUs granted under the Plan is between one and three years from the date of grant. The rights of the ordinary shares obtained from the exercise of stock options or RSUs are identical to those of the other ordinary shares of the Company.

As of June 30, 2017, there were 1,160,348 ordinary shares reserved for future stock-based awards under the Plan.

U.S. dollars in thousands (except share and per share data)

NOTE 9: SHAREHOLDERS' EQUITY (Cont.)

The following table summarizes the activities for the Company's service-based stock options for the six months ended June 30, 2017:

	Number of options	Weighted average Exercise price	Weighted average Remaining contractual term (in years)	Aggregate intrinsic value
Outstanding at January 1, 2017	5,354,220	$ 4.04	2.82	$ 549
Granted	9,238,668	$ 1.75		
Forfeited	(1,179,021)	$ 4.99		
Outstanding at June 30, 2017	13,413,867	$ 2.38	4.15	$ 4,010
Exercisable at June 30, 2017	1,720,928	$ 6.30	1.47	$ 10

The following table summarizes the activities for the Company's performance-based stock options for the six months ended June 30, 2017:

	Number of Performance based options	Weighted average Exercise price	Weighted average Remaining contractual term (in years)	Aggregate intrinsic value
Outstanding at January 1, 2017	1,516,666	$ 2.53	3.77	-
Forfeited	(200,000)	$ 2.28		
Outstanding at June 30, 2017	1,316,666	$ 2.56	3.27	-
Exercisable at June 30, 2017	483,329	$ 2.54	2.99	-

327,000 RSU's outstanding as of December 31, 2016 were all vested in January 2017.

In 2015, in connection with the Undertone acquisition, the Company granted warrants to purchase 200,000 ordinary shares, at a weighted average exercise price of $3.03 to a third-party vendor that provides development services to Undertone. As of June 30, 2017, all warrants are outstanding.

U.S. dollars in thousands (except share and per share data)

NOTE 10: INCOME TAXES

The Company had effective tax rate of 20.4% and 91.8% for the six months ended June 30, 2017 and 2016, respectively. The variations in the effective tax rate between periods are significantly impacted by the level of pre-tax loss in each of the periods, mainly due to the impairment of intangible assets (see Note 4), and the mix of taxable income and loss between the different jurisdictions.

The Company had an income tax benefit of $9,789 and $3,993 for the six months ended June 30, 2017 and 2016, respectively.

The Company's effective tax rate for the six months ended June 30, 2017 was mainly impacted by the impairment of Intangible assets in the amount of $16,510, associated with the Undertone reporting unit (see Note 4), which resulted in a reversal of related deferred tax liabilities amounting to $6,520. The remaining tax benefit resulted from deferred tax assets on net operating losses in the US region, which the Company expects to realize in the near future.

NOTE 11: EARNINGS PER SHARE

The table below presents the computation of basic and diluted net earnings per common share:

	Six months ended June 30,	
	2016	2017
Numerator:		
Net loss attributable to ordinary shares - basic and diluted	$ (355)	$ (38,090)
Net loss from discontinued operations - basic and diluted	(4,668)	-
	$ (5,023)	$ (38,090)
Denominator:		
Number of ordinary shares basic and diluted outstanding - Continuing and discontinued operations	76,274,269	77,548,252
Basic and diluted net loss per ordinary share:		
Continuing operations	$ (0.00) *)	$ (0.49)
Discontinuing operations	(0.06)	-
Net loss	$ (0.06)	$ (0.49)
Ordinary shares equivalents excluded because their effect would have been anti-dilutive	13,064,956	17,492,402

*) Less than $0.01

U.S. dollars in thousands (except share and per share data)

NOTE 12: MAJOR CUSTOMER

The following table sets forth one customer that represented more than 10% of the Company's total revenues in each of the periods presented below:

	Six months ended June 30,	
	2016	2017
Customer A	52%	49%

NOTE 13: GEOGRAPHIC INFORMATION

The following table presents the total revenues for the six months ended June 30, 2016 and 2017, allocated to the geographic areas in which it was generated:

	Six months ended June 30,	
	2016	2017
	Unaudited	Unaudited
North America (mainly U.S.)	$ 138,866	$ 105,073
Europe	7,077	22,036
Other	7,849	4,555
	$ 153,792	**$ 131,664**

Revenues are attributed to geographic areas based on the location of the end-users.

The following table presents the locations of the Company's property and equipment as of December 31, 2016 and June 30, 2017:

	December 31,	June 30,
	2016	2017
	Audited	Unaudited
Israel	$ 9,108	$ 10,641
U.S.	4,402	4,176
Europe	695	1,233
	$ 14,205	**$ 16,050**

Exhibit 99.2

OPERATING AND FINANCIAL REVIEW AND PROSPECTS
IN CONNECTION WITH THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2017

In this report, as used herein, and unless the context suggests otherwise, the terms "Perion," "Company," "we," "us" or "ours" refer to Perion Network Ltd. and subsidiaries. References to "dollar" and "$" are to U.S. dollars, the lawful currency of the United States, and references to "ILS" are to New Israeli Shekels, the lawful currency of the State of Israel. This report contains translations of certain ILS amounts into U.S. dollars at specified rates solely for your convenience. These translations should not be construed as representations by us that the ILS amounts actually represent such U.S. dollar amounts or could, at this time, be converted into U.S. dollars at the rate indicated. Unless otherwise indicated, we have translated ILS amounts into U.S. dollars at an exchange rate of ILS 3.496 to $1.00, the representative exchange rate reported by the Bank of Israel on June 30, 2017.

The following discussion of our financial condition and results of operations should be read in conjunction with our unaudited consolidated financial statements as of and for the six months ended June 30, 2016 and 2017 and the notes thereto (the “Financial Statements”), which were filed with the Securities and Exchange Commission (the "SEC") on this report on Form 6-K on September 7, 2017. In addition to historical financial information, the following discussion and analysis contains forward looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, as amended, including, without limitation, statements regarding the Company’s expectations, beliefs, intentions, or future strategies that are signified by the words "expects," "anticipates," "intends," "believes," or similar language. These forward looking statements involve risks, uncertainties and assumptions. Our actual results, including the timing of future events, may differ materially from those anticipated in these forward looking statements as a result of many factors, including those discussed in our 2016 annual report on Form 20-F filed with the SEC on March 7, 2017 (the “Annual Report”) and elsewhere in this report.

Overview

Perion is a global technology company that delivers high-quality advertising solutions to brands and publishers. Perion is committed to providing outstanding execution, from high-impact ad formats to branded search and a unified social and mobile programmatic platform.

Our headquarters and primary research and development facilities are located in Israel, and we have other offices located in the United States and Europe.

Critical Accounting Policies and Estimates

We prepare our consolidated financial statements in accordance with Generally Accepted Accounting Principles in the United States ("U.S. GAAP"). In doing so, we have to make estimates and assumptions that affect our reported amounts of assets, liabilities, revenues and expenses, as well as related disclosure of contingent assets and liabilities. In some cases, we could reasonably have used different accounting policies and estimates. In some cases, changes in the accounting estimates are reasonably likely to occur from period to period. Accordingly, actual results could differ materially from our estimates. To the extent that there are material differences between these estimates and actual results, our financial condition or results of operations will be affected. We base our estimates on past experience and other assumptions that we believe are reasonable under the circumstances, and we evaluate these estimates on an ongoing basis. We refer to accounting estimates of this type as critical accounting policies and estimates, which we discuss further below. We have reviewed our critical accounting policies and estimates with the audit committee of our board of directors.

Please see Note 2 to the Financial Statements for a summary of significant accounting policies. In addition, please see Part I, Item 5, "Critical Accounting Policies and Estimates" in our 2016 Annual Report.

Recently Adopted and Issued Accounting Pronouncements

See the notes to the Financial Statements.

Legal Proceedings

We are involved in various litigation and other legal proceedings. For a discussion of these matters, see "Contingencies" included in note 8 to the Financial Statements.

Results of Operations

Six Months Ended June 30, 2017 Compared to Six Months Ended June 30, 2016

Revenues

The following table shows our revenues by category (in thousands of U.S. dollars):

	Six months ended June 30,	
	2016	**2017**
Search and other	$ 90,085	$ 71,967
Advertising	63,707	59,697
Total Revenues	**$ 153,792**	**$ 131,664**

Revenues decreased by 14% in the first half of 2017 from the first half of 2016, as discussed below:

Search and other revenues. Search and other revenues decrease by 20% in the first half of 2017 from the first half of 2016. This decline is primarily as a result of the cleanup of our existing network and the churn of our legacy products.

We expect search revenues to continue and contribute a substantial part of our revenues in the second half of 2017 and beyond.

Advertising revenues. Advertising revenues decreased by 6% in the first half of 2017 compared with the first half of 2016, primarily due to slower than expected brand spent in the first quarter of 2017, contributing to a decrease of 22% versus the first quarter of 2016, and partially offset by an increase of 9% in the second quarter of 2017 versus the comparative quarter of 2016.

As we look forward, we expect most of our future growth to come from our advertising activity.

Costs and Expenses

The following table shows costs and expenses by category (in thousands of U.S. dollars):

	Six months ended June 30,	
	2016	2017
Cost of revenues	$ 8,214	$ 6,915
Customer acquisition costs and media buy	69,075	63,838
Research and development	14,532	9,529
Selling and marketing	31,636	30,795
General and administrative	14,852	11,188
Depreciation and amortization	13,647	9,909
Impairment charges	-	43,847
Restructuring costs	728	-
Total Costs and Expenses	**$ 152,684**	**$ 176,021**

Cost of revenues

Cost of revenues consists primarily of salaries and related expenses, license fees and payments for content and server maintenance.

Cost of revenues remained stable, representing 5% of revenues in both periods. Looking forward, we expect cost of revenues to remain at its current level.

Customer acquisition costs and media buy

Customer acquisition costs *("CAC")* consist primarily of payments to publishers and developers that distribute our search properties together with their products, as well as the cost of distributing our own products. These amounts are primarily based on revenue share agreements with our traffic sources. Media buy costs consist mainly of the costs of advertising inventory incurred to deliver ads.

CAC and media buy increased from 45% of revenues in the six months ended June 30, 2016 to 48% of revenues in the six months ended June 30, 2017, the increase as percentage of revenue is attributed to our search and advertising activities. In search, the increase is primarily due to natural churn of tail customers, while in advertising the increase is mainly attributed to product mix and lower margins. We are carefully evaluating our media buy costs in an effort to optimize these expenses and improve our margins.

Research and development expenses ("R&D")

R&D consists primarily of salaries and other personnel-related expenses for employees primarily engaged in developing our products, our search monetization tools and our advertising business, as well as allocated facilities costs, subcontractors and consulting fees in connection with our development activities.

R&D decreased from 9% of revenues in the six months ended June 30, 2016 to 7% of revenues in the six months ended June 30, 2017, primarily due to a decrease in headcount which reflects our focus mainly on upgrading Undertone's platforms.

Selling and marketing expenses ("S&M")

S&M consists primarily of salaries and other personnel-related expenses for employees primarily engaged in sales and marketing activities, allocated overhead costs, as well as other outsourced marketing activity.

S&M decreased nominally however increased from 21% of revenues in the six months ended June 30, 2016 to 23% of revenues in the six months ended June 30, 2017, as a result of the reduction in revenues. Looking forward, we expect S&M to remain substantially, at the current level as a percentage of revenues.

General and administrative expenses ("G&A")

G&A consists primarily of salaries and other personnel-related expenses for general executive, finance, legal, human resources, and other administrative personnel, as well as professional services, including investor relations, legal, accounting and other consulting services, insurance fees and other general corporate expenses.

G&A decreased from 10% of revenues in the six months ended June 30, 2016 to 8% of revenues in the six months ended June 30, 2017. The decrease is primarily attributable to a decrease in personnel costs and professional fees of $2.0 million, and a decrease in share-based compensation of $1.5 million, primarily associated with the vesting of RSUs in January 2017. Looking forward we expect G&A to further decrease.

Depreciation and amortization

The decrease in depreciation and amortization is primarily attributable to the lower amortization of the acquired intangible assets from the Undertone acquisition in its second year.

Impairment charges

In June 2017, we performed an impairment review of our goodwill and intangible assets that were recognized in connection with the acquisition of Undertone, which resulted in an impairment of $43.8 million (see Note 4 to the Financial Statements).

Taxes on income

We recorded an income tax benefit of $9.8 million and tax benefit of $4.0 million for the six months ended June 30, 2017 and 2016, respectively. The increase in the tax benefit is primarily a result of the $4.9 million tax benefit increase related to the impairment and amortization of the intangible assets.

The effective tax rate was 20.4% and 91.8% for the six months ended June 30, 2017 and 2016, respectively. The comparison of our effective tax rate between periods is significantly impacted by the level of pre-tax income earned and the mix between the different jurisdictions in which we operate.

Net loss from continuing operations

Net loss from continuing operations increased by $37.7 million, from a net loss of ($0.4) million in the six months ended June 30, 2016 to a net loss of $38.1 million in the six months ended June 30, 2017. The increase is due primarily to the impairment of goodwill and intangible assets in the amount of $37.3, net of taxes.

LIQUIDITY AND CAPITAL RESOURCES

As of June 30, 2017, we had $22.4 million in cash, cash equivalents and short-term deposits, compared to $32.4 million at December 31, 2016. The $10.0 million decrease is mainly the result of: $15.3 million repayment of long-term debt, partially offset by $5.0 million proceeds from a new long term loan, $7.0 million repayment of short-term loan; and $4.0 million used in investing activities partially offset by $11.8 million cash provided by operating activities.

Our cash flows were in summary as follows (in thousands of U.S. dollars):

	Six months ended June 30,	
	2016	**2017**
Net cash provided by continuing operating activities	$ 12,089	$ 11,771
Net cash used in discontinued operating activities	(4,232)	-
Net cash provided by investing activities	26,567	2,865
Net cash used in financing activities	(20,309)	(17,865)
	$ 14,115	**$ (3,229)**

Net cash provided by continuing operating activities

In the six months ended June 30, 2017, our continuing operating activities provided cash in the amount of $11.8 million, primarily due to our net loss of $38.1 million, increased by non-cash impairment charges of $43.8 million, depreciation and amortization of $9.9 million, non-cash share-based compensation expenses of $1.1 million, change in fair value of convertible debt of $3.8 million and other non-cash operating expenses of $0.4 million and net changes of $1.7 million in operating assets and liabilities partially offset by a decrease of $10.8 million in deferred taxes.

In the six months ended June 30, 2016, our continuing operating activities provided cash in the amount of $12.1 million, primarily due to our net loss of $0.4 million, increased by non-cash depreciation and amortization of $13.6 million, non-cash share-based compensation expenses of $3.5 million, non-cash payment obligations related to the acquisition of a $1.2 million, non-cash foreign currency translation loss on inter-company balances, denominated in currencies other than U.S dollars, with subsidiaries of $0.9 million, change in fair value of convertible debt of $1.1 million and other non-cash operating expenses of $0.6 million, partially offset by net changes of $3.4 million in operating assets and liabilities and a decrease of $5.0 million in deferred taxes.

Net cash provided by investing activities

In the six months ended June 30, 2017, our investing activities provided cash in the amount of $2.9 million, primarily due to $6.9 million proceeds from maturities of short-term bank deposits, partially offset by $2.8 million invested in capitalized development costs and $1.2 million invested in the purchase of property and equipment.

In the six months ended June 30, 2016, our investing activities provided cash in the amount of $26.6 million, primarily due to $30.1 million proceeds from maturities of short-term bank deposits, partially offset by $2.6 million invested in capitalized development costs and $0.9 million invested in the purchase of property and equipment.

Net cash used in financing activities

In the six months ended June 30, 2017, we used in our financing activities cash in the amount of $17.9 million, primarily for $7.9 million repayment of our convertible bonds, $7.4 million repayments of long-term loans, $7.0 million repayments of short-term loans and $0.5 million used for the repayment of obligations related to the Undertone acquisition partially offset by $5.0 million proceeds from a new long-term loan.

In the six months ended June 30, 2016, we used in our financing activities cash in the amount of $20.3 million, primarily for $7.6 million repayment of our convertible bonds, $6.1 million used for the repayment of obligations related to the Undertone acquisition, $3.6 million repayments of long-term loans and $3 million repayments of short-term loans, net.

Credit Facilities

In December 2014 we executed a cross-currency and interest SWAP transaction with one of the banks in order to mitigate the potential impact of the fluctuations in the ILS/$ exchange rate in regards to the future interest and principal payments of our convertible bonds (described below), which are all denominated in ILS. In April 1, 2015, we amended the agreement in regards to the financial covenants to secure the fulfillment of all the obligations, liabilities and indebtedness, effective December 31, 2014. The agreement contains various provisions, including financial covenants, restrictive covenants, including negative pledges, and other commitments, typically contained in facility agreements of this type.

On May 9, 2017, we secured $17.5 million under a new credit facility from an Israeli bank. The credit facility is secured by a lien on the accounts receivable of ClientConnect Ltd., an Israeli subsidiary, from its current and future business clients and is guaranteed by Perion. Out of the total credit facility, $5.0 million is a long-term loan bearing interest at LIBOR plus 5% per annum, to be repaid in 36 equal installments starting from June 30, 2017, and a $12.5 million revolving credit line bearing interest at LIBOR plus 3.5% per annum.

The credit facility is available until May 15, 2020. As of June 30, 2017, the unpaid balance of the credit facility was $4.9 million on behalf of the long-term loan.

On November 30, 2015, concurrent with the closing of the Undertone acquisition, Undertone entered into a new secured credit agreement with SunTrust Bank, Silicon Valley Bank and Comerica Bank for $50 million. The secured credit facility was amended three times during 2016. As of June 30, 2017, the principal amount of the facility was $36.6 million, currently being paid in quarterly installments, the last of which is scheduled for December 2019. The installments started in the amount of $0.6 million, will increase to $1.25 million in March 2018 and require a final payment upon maturity in the amount of $30 million. The outstanding principal amount bears interest at LIBOR plus 5.5% per year and is secured by substantially all the assets of the companies in the Undertone group and by guarantees of such companies. The loan is required to be prepaid by Undertone in certain circumstances, such as from proceeds of asset sales or casualty insurance policies, debt or equity offerings, or from excess cash flow in the event that Undertone's total leverage ratio exceeds specified targets, and a pro rata portion of indemnification payments (or offset of the holdback amount) under our merger agreement with Undertone. As of June 30, 2017 Undertone voluntary prepaid $10.0 million.

Under the Undertone credit agreement, Undertone is required to maintain certain financial covenants as of the end of each fiscal quarter as defined in the agreement. In addition, the credit facility contains customary restrictive covenants, including those regarding indebtedness and preferred equity, liens, fundamental changes, investments, loans, restricted payments, asset sales, transactions with affiliates, restrictive agreements and sale and leaseback transactions. It also contains customary events of default, including a "change in control", which is defined to include, among other things, the acquisition of record or beneficial ownership by any person or group of 35% or more of Perion's outstanding ordinary shares or the failure of continuing directors to constitute a majority of Perion's board of directors over a period of 24 consecutive months.

The Company was in compliance with all its financial covenants as of June 30, 2017.

Series L Convertible Bonds

On September 23, 2014, we completed a public offering in Israel of Series L Convertible Bonds (the "Bonds"). The Bonds have an aggregate principal amount of approximately ILS 143.5 million, of which, as of July 30, 2017, approximately ILS 86.1 million are outstanding (approximately $24.6 million). The Bonds, which are listed on the Tel Aviv Stock Exchange, are convertible into an aggregate of approximately 2.6 million ordinary shares, at a conversion price of ILS 33.605 per share (approximately $9.61 per share as of June 30, 2017). The principal of the Bonds is repayable in five equal annual installments commenced on March 31, 2016, with a final maturity date of March 31, 2020. The Bonds bear interest at the rate of 5% per year, subject to increases up to 6%, in the event of downgrades of our debt rating. On February 9, 2017, Standard & Poor's Maalot Ratings Services reaffirmed our corporate credit rating of ilA-, with a stable outlook. The interest is payable semi-annually on March 31 and September 30 of each of the years 2015 through 2019, as well as a final payment on March 31, 2020.

The Company may redeem the Bonds upon delisting of the Bonds from the TASE, subject to certain conditions. In addition, the Company may redeem the Bonds or any part thereof at its discretion, subject to certain conditions.

As of June 30, 2017, we were in compliance with all of the financial covenants governing the Bonds.

Financing Needs

We believe our current cash, cash equivalents and cash generated from operations as well as our available credit facilities will be sufficient to meet our working capital, debt, convertible bonds and capital expenditure needs for at least the next twelve months.