Ebiquity plc

Interim Results for the six months ended 30 June 2018

Strong revenue performance from Media, Analytics and Tech

Ebiquity plc ("Ebiquity" or the "Company"), a leading independent global marketing and media analytics consultancy, announces interim results for the six months ended 30 June 2018. With more than 900 employees operating from 20 offices across 14 countries, Ebiquity provides services to more than 80%[1] of the top 100 global advertisers, helping them achieve greater return on their marketing investment.

Ebiquity has aligned its business into four practices. Media (previously Media Value Measurement); Analytics and Tech (which will report under one segment - previously Marketing Performance Optimisation) and Intel (previously Market Intelligence).

On 13 February 2018, the Group agreed to sell its Advertising Intelligence business to Nielsen Media Research Limited for gross cash proceeds of £26m. The sale is subject to approval from the UK Competition and Markets Authority ("CMA"). In line with accounting standards, the Intel practice has not been treated as held for sale as at 30 June 2018 as CMA approval has not been received. The CMA review is expected to conclude in December 2018, and Ebiquity is well prepared for all outcomes.

Operational and Market Highlights

	Media	**Analytics & Tech**	**Intel**	**TOTAL**
Reported revenue growth	4.9%	15.9%	(12.8)%	**1.9%**
Like-for-Like[2] ("LFL") revenue growth	6.4%	11.7%	(8.8)%	**3.4%**

- Planned sale of Intel business to Nielsen (announced in February 2018), subject to Phase 2 investigation by the CMA, is expected to conclude no later than December 2018
- Investment of £1.5m in continuing to scale the Media, Analytics and Tech practices and developing client and operational capabilities
- Strong revenue growth from restructured US Media business led to US LFL revenue growth of 19% (ex Intel) against 2017. Continued assessment of US Digital Analytics service offering
- Significant new contract wins in the Advanced Analytics practice, with continued demand from clients for independent data analytics and insight, particularly in effectiveness modelling
- Successful launch of Tech advisory practice in the UK
- Good H1 performance from Contract Compliance business (FirmDecisions) driven by continued client focus on media transparency

Financial Highlights

- Total revenue up 1.9% on a reported basis to £45.5m (HY2017: £44.6m), with LFL revenue up 3.4% against 2017
- Strong sales performance from Media and Analytics & Tech segments with LFL revenue up 7%
- Intel LFL revenue down 8.8% impacted by some client losses and uncertainty arising from the CMA investigation which has slowed new business
- Underlying[3] PBT of £3.6m (HY2017: £6.2m), Statutory PBT £1.7m (HY2017: £3.2m)
- Underlying diluted EPS of 2.8p (HY2017: 5.6p)
- Underlying operating cash flow conversion increased significantly to 168.2% (HY2017: 89.2%) due to greater focus on working capital management
- Net debt decreased by £3.2m to £25.7m (31 Dec 2017: £28.9m)

Michael Karg, CEO, commented:

"*We continue to execute our Growth Acceleration Plan and have made significant progress over the past six months towards achieving faster revenue growth within our Media, Analytics and Tech practices, with encouraging momentum in the US. The performance of Intel has masked a strong half year in these practices.*

While the proposed sale of Intel to Nielsen has impacted performance, we are confident in the longer-term market opportunities as clients seek independent advice on how best to allocate and optimise key marketing investments.

The first-half revenue performance of the Media, Analytics and Tech practices together with a strong pipeline, provide confidence of an improving revenue and profit performance in the second half of the year."

25 September 2018

Enquiries:

Ebiquity	**020 7650 9600**
Michael Karg, CEO Andrew Noble, CFO	
Instinctif Partners	**020 7457 2020**
Matthew Smallwood Guy Scarborough	
Numis Securities	**020 7260 1000**
Nick Westlake (NOMAD) Toby Adcock (Corporate Broker)	

1 Source: Advertising Age 2016.
2 Like-for-like ("LFL") figures adjust the prior year results to include the results of acquisitions as if they had been owned by the same period in the prior year and is calculated by taking current year denominated results restated at last year's foreign exchange rates.
3 Underlying results are stated before highlighted items. Refer to page 6 for the reported results.

Chief Executive and Financial Review

Overview

I am pleased to announce that for the half year to 30 June 2018 we have made good progress against our objectives of driving revenue growth in the Media, Analytics and Tech practices and continued to invest in those practices together with our client and operational capabilities. The first-half results have been impacted by the performance of the Intel business, which is being sold to Nielsen. As we have been doing over the first half of the year, we are continuing to work closely with the CMA during their Phase 2 investigation of the transaction.

A summary of underlying financial performance is outlined below:-

- Total revenue up 1.9% on a reported basis to £45.5m (HY2017: £44.6m)
- Revenue up 3.4% on a LFL basis
- Underlying PBT £3.6m (HY2017: £6.2m) with diluted EPS of 2.8p (HY2017: 5.6p)
- Statutory PBT £1.7m (HY2017: £3.2m)
- Underlying operating cash flow conversion increased significantly to 168.2% (HY2017: 89.2%)
- Net debt decreased by £3.2m to £25.7m (31 Dec 2017: £28.9m)

Market Update

The first half of 2018 saw a continued evolution of the marketing and media advisory marketplace which will continue to benefit Ebiquity and enable wider utilisation of our market leading expertise. While transparency remains high on clients' agendas, there is now consideration across a wider range of topics, including whether advertisers should in-house certain media functions, what the right partnership model is to deliver against new requirements – with a high number of agency reviews this year, and how brands can better measure the impact of their investments to looking beyond just digital performance to more sophisticated metrics and to better understand the role that marketing plays in driving long-term business impact.

In May 2017, the WFA reported[1] that transparency was the number one priority for advertisers. Several additional studies released this year demonstrate that transparency still ranks first among the industry's biggest challenges in 2018, with almost half of all marketers still believing it is the leading industry issue. Our advisory and measurement services aimed at helping brands drive greater media transparency – in particular our Media Performance and FirmDecisions Contract Compliance practices – are well positioned to help brands in this area.

While transparency remains high on the agenda, the focus of the Chief Marketing Officer ("CMO"), has now broadened beyond contracts and data, and many are now beginning to consider in-housing certain media buying functions to achieve greater transparency and control over their media investments, in particular in the area of digital media. The trend towards in-housing certain creative capabilities has been in motion for several years, but it is a newer discipline within media, and a growing opportunity to extend our offering. Leveraging our strong position as a trusted independent advisor, our Tech practice has developed a series of frameworks and solutions to help advertisers properly assess their in-housing choices and make better informed decisions, and we have already worked with several major household brands on such projects.

2018 has also marked a big year for agency reviews as brands put almost $8bn in media spend up for review, including big names such as Mars, Mondelez, Microsoft, Sky and Adidas. We have been appointed as lead advisors to several of this year's biggest pitches, including helping McDonald's select their agency partner across many of their biggest international markets. While projections for the year show the total will be shy of the peak during 2015's 'Mediapalooza' year, it still marks a large increase over more recent years. Our own advisory work in this space suggests that many clients are reviewing their agency setup to ensure they are better prepared for future changes to consumer behaviour and resulting shifts in marketing.

With brands increasingly looking for change, working with the right agency partners and having the right partnership setup and ecosystem will become more critical to brands, and big brands need global independent advisors to help run a strategically sound and smooth process. As such, we are continuing to invest in expanding our Media Management offering through new hires in our key markets and renewed focus on building our profile in this market.

Finally, the year has also been marked by a shift in the debate around how clients should measure their digital marketing results, with many advertisers looking to move beyond basic digital measurement to instead develop more sophisticated measurement practices. Further, more advanced marketers are elevating the debate even further to look holistically at whether they are achieving the right balance in their investments, particularly between short and long-term brand building activities. The 2018 Nielsen CMO report[2] reported that less than a quarter of CMOs are confident that they have the right Return on Investment measurement in place, regardless of media type or trade spend. While most marketers have focused on ramping up spend in digital channels, with a focus on short-term sales activation, only now are some starting to ask what the right balance is. With data consistently showing that CMOs are ramping up their investments in analytics, there is now a growing opportunity to work with brands to implement innovative analytical techniques to truly understand the impact of key marketing investments. Ebiquity is at the frontier of the debate and one of the first analytics firms to release a Brand Equity modelling service, which help brands quantify, statistically, the long-term financial impact of investments in brand advertising. To help advance the debate, at this year's Cannes Lions Festival of Creativity we launched a report[3] demonstrating that marketers still have an opportunity to drive $45bn in incremental profitability for their brand's investors, with reallocation required into channels and campaigns that drive long-term results. We are now focused on building on this study, including working with the biggest marketing associations such as with ISBA, the ANA, the WFA, and others, to help advertisers better understand their options.

[1] WFA, *Global Media Governance & Guardianship*, May 2017
[2] Nielsen, *The Nielsen CMO report*, 2018
[3] Ebiquity, *Marking as a Profit Driver*, 2018

Change of reporting segments

Ebiquity has aligned its business into four practices. This better reflects both advertisers' needs and the reality of the media and marketing ecosystem today and for the years to come. Operating under an agile, One Ebiquity consulting model, the Company is organised as follows:

Media (previously Media Value Measurement); covering services such as media performance benchmarking, media agency management, and contract compliance.

Analytics and Tech reported as one segment (previously Marketing Performance Optimisation); incorporates areas such as advanced analytics (including areas such as market mix modelling, total view attribution, digital attribution, brand equity modelling, forecasting, and predictive analytics), digital analytics (leveraging analytics tools such as Adobe and Google Analytics 360, managing digital analytics data, and optimising digital customer experiences through test and learn programmes), and Tech (marketing technology advisory services including tech strategy, tech vendor selection, tech governance and operational best practices).

Intel (previously Market Intelligence); an advertising intelligence, communications insight and ad verification and vouching offering accessible via a subscription based Portfolio platform.

Performance overview

Revenue grew by 1.9% over the period, and eliminating the impact of acquisitions and currency effects, by 3.4% on a LFL basis.

In February we announced that we had reached agreement to sell the Intel business to Nielsen Media Research Limited for gross consideration of £26m, with expected net proceeds after tax and fees of £20m. The transaction is subject to a Phase 2 investigation by the CMA which is currently expected to conclude in December 2018. The ongoing investigation has impacted new business performance from the Intel business which combined with some client losses at the beginning of the year has resulted in revenue down 8% on a LFL basis.

Outside of Intel, the revenue performance of our Media and Analytics & Tech segments was in line with expectations with LFL revenue up 7.1%.

Analytics & Tech LFL revenue was up 11.7%. Significant new business wins in UK Advanced Analytics for both domestic and multi-country projects reflected the continued demand from clients for independent data analytics and insight. We have continued to invest in the expansion of our Advanced Analytics teams outside the UK, however revenue performance from these markets has been slower than expected. We successfully launched our Tech practice in the UK and the new practice is performing in line with our expectations. In the US, LFL revenue from Digital Analytics (formerly Stratigent) declined against 2017, whilst Digital Balance in Australia continues to perform in line with management expectations. Continued investment in Advanced Analytics and the performance in the US, lowered our margins in the first half of 2018.

Media LFL revenue increased 5.9% led by exceptional performance from our US Media business which bounced back strongly from a disappointing 2017 reflecting a number of significant new business wins. Revenue also grew strongly from Contract Compliance (FirmDecisions) which continues to benefit from Advertisers' ongoing focus on Media Transparency. Elsewhere, revenue from our European businesses were broadly flat on a LFL basis, however we experienced a revenue decline in China. A new management team was put in place for our China business at the end of 2017, and we expect to see improved performance in the second half of 2018.

For the group, operating margin was 9.2% which is below our medium term expectations of 12-13%. The lower margin principally reflects the performance of our Intel business together with ongoing investment to strengthen our practices, marketing and our operational capabilities. Excluding the Intel segment, operating margin was 10.5%, (HY2017: 16.2%). Within the Media, Analytics and Tech practices, through investing in people, we have scaled resources within our Contract Compliance business, established an operations capability within our Media practice as well as investing in Advanced Analytics resources in France, US and APAC and establishing our Tech practice in the UK.

Further commentary on segmental performance is included in the summary of results section.

Summary and segmental analysis of results

Alternative Performance Measures

In these results we refer to 'underlying' and 'statutory' results, as well as other non-GAAP Alternative Performance Measures.

Alternative Performance Measures ('APMs') used by the Group are:

- Constant currency like-for-like revenue growth;
- Underlying operating profit;
- Underlying operating margin;
- Underlying profit before tax;
- Underlying effective rate of tax;
- Underlying fully dilutive EPS
- Underlying cash from operations; and
- Underlying operating cash flow conversion.

Underlying results are not intended to replace statutory results but are presented by removing the impact of highlighted items in order to provide a better understanding of the underlying performance of the business. The above APMs are consistent with how business performance is measured internally by the Group.

Underlying profit is not recognised under IFRS and may not be comparable with underlying profit measures used by other companies.

Highlighted items comprise non-cash charges and non-recurring items which are highlighted in the consolidated income statement as separate disclosure is considered by the Directors to be relevant in understanding the underlying performance of the business. The non-cash charges include share option charges and amortisation of purchased intangibles.

The non-recurring items include costs associated with potential acquisitions (where formal discussion is undertaken), completed acquisitions and their subsequent integration into the Group, adjustments to the estimates of contingent consideration on acquired entities, asset impairment charges, management restructuring and other significant one-off items. Costs associated with on-going market landscaping, acquisition identification and early stage discussion with acquisition targets are reporting in underlying administrative expenses.

GROUP

	Six months ended 30 June 2018 £'000	Six months ended 30 June 2017 £'000
Revenue	**45,451**	**44,625**
Underlying operating profit	**4,165**	**6,723**
Underlying Operating Profit Margin	9.2%	15.1%
Highlighted items	(1,851)	(2,999)
Reported operating profit	**2,314**	**3,724**
Net finance costs	(606)	(509)
Reported profit before tax	**1,708**	**3,215**
Underlying profit before tax	**3,559**	**6,214**

The table below sets out our HY2018 over HY2017 revenue growth by segment:

	Media	Analytics & Tech	Intel	TOTAL
Reported revenue growth	4.9%	15.9%	(12.8)%	**1.9%**
LFL revenue growth	6.4%	11.7%	(8.8)%	**3.4%**

Revenue grew to £45.5m which represents 1.9% total revenue growth over HY2017. The reported results reflect the relative strengthening of sterling in comparison to the US Dollar in the first six months of 2018 (the average rate of the Euro moved from £1 : €1.1625 in HY2017 to £1 : €1.1365 in HY2018 and the average rate of the US Dollar moved from £1 : $1.2586 in HY2017 to £1 : $1.3761 in HY2018).

LFL revenues for HY2018 were 3.4% above HY2017.

Underlying operating profit margin was 9.2% in HY2018, (HY2017: 15.1%), which compares with a longer-term operating margin expectation of 12-13%. Excluding the Intel segment, operating margin was 10.5%, (HY2017: 16.2%). Underlying operating profit decreased to £4.2m as the Company continued to invest in its practices, operational and client capabilities, together with a transactional foreign exchange loss in HY2018 of £0.1m, compared with a £0.3m gain in HY2017.

Highlighted items total £1.9m in the six months ended 30 June 2018 (HY2017: £3.0m). Highlighted items include £1.0m of purchased intangible asset amortisation and £0.2m of share option charges. Also included are costs of £0.8m related to the proposed disposal of the Ad Intel business to Nielsen Media Research Limited, £0.2m related to severance costs incurred in the UK and US, offset by £0.2m relating to contingent consideration adjustments and £0.1m profit on disposal in relation to sale of the Reputation business.

Net finance costs were £0.6m in the six months ended 30 June 2018 (HY2017: £0.5m), reflecting an overall drawdown of £5.0m of our financing facility between June 2017 and June 2018.

Reported profit before tax is £1.7m for the six months ended 30 June 2018 (HY2017: £3.2m) with a decrease in underlying operating profit partially offset by lower highlighted items.

Media (61.6% of total revenue)

Total Media revenue increased by 4.9% to £28.0m on reported basis. LFL revenue was up 5.9%.

Performance from the US Media business bounced back strongly from a disappointing 2017 thanks to a number of significant new business wins. The strong revenue growth follows a restructuring of the management team undertaken at the beginning of the year with new leadership being put in place. Revenue also grew strongly from Contract Compliance (FirmDecisions) which continues to benefit from advertisers' ongoing focus on media transparency.

Revenue from our European businesses were broadly flat on a LFL basis. Across Europe in general we saw some delays in our contract renewal cycle for international contracts, with a greater proportion of revenue phased to the second half of the year as compared with previous financial years. In APAC, whilst we experienced a revenue decline in China, revenue growth was much stronger from our Singapore based business. A new China management team has been in place since December 2017, and we expect to see improved performance in the second half of 2018.

Operating margins were 25.9%, slightly below 2017 and reflect revenue being less first-half weighted in Europe, investment in people to grow Contract Compliance headcount and weaker performance in China.

	Six months ended 30 June 2018 £'000s	**Six months ended 30 June 2017 £'000**
Revenue	27,994	26,693
Underlying operating profit	7,203	7,862
Underlying operating profit margin %	25.7%	29.5%

Analytics & Tech (16.2% of total revenue)

Revenue increased by 15.9% to £7.4m on a reported basis, and on a LFL Basis by 11.7%.

Revenue growth was strongest from UK based Advanced Analytics and Tech practices which were successful in growing both UK and International client relationships, resulting in LFL revenue growth of just under 30%. Slower talent acquisition and new business leads to lower Revenue from Advanced Analytics outside of the UK than expected.

In the US, LFL revenue from Digital Analytics (formerly Stratigent), declined by 9% despite a number of new clients being added. The US Digital Analytics service offering is continually assessed. Digital Balance in Australia continues to perform in line with management expectations. The talent acquisition within the Advanced Analytics business outside of the UK and establishment of the Tech practice together with the performance in the US reduced operating margins to 5.7% in the first half of the year.

	Six months ended 30 June 2018 £'000s	**Six months ended 30 June 2017 £'000**
Revenue	7,347	6,337
Underlying operating profit	422	897
Underlying operating profit margin %	5.7%	14.2%

Intel (22.2% of total revenue)

Total Intel revenue has decreased by 12.8% to £10.1m on a reported basis. On a LFL basis revenue has decreased by 8.8%.

Understandably, the proposed sale of the Intel division to Nielsen drew management time away from the business, but also slowed new business to offset churn in our existing client base. The revenue decline was felt most severely in both our UK International and UK deep-dive services, with revenues outside of the UK broadly flat on a LFL basis. Owing to the fixed cost nature of the business, the decline in revenue was only marginally offset by reduced costs, leading to a significant reduction in operating profit from the Intel segment, with operating margin reduced to 5.1%.

	Six months ended 30 June 2018 £'000s	**Six months ended 30 June 2017 £'000**
Revenue	10,110	11,595
Underlying operating profit	512	1,408
Underlying operating profit margin %	5.1%	12.1%

Central costs

Central costs include central salaries (Board, Finance, Marketing, IT and HR), legal and advisory costs, marketing costs and property costs. Central costs have increased £0.5m reflecting investment in our central client teams with dedicated client partners now focused on our some of our larger accounts, investment in our operational system capabilities and increased spend on marketing events and brand refresh.

	Six months ended 30 June 2018 £'000s	**Six months ended 30 June 2017 £'000**
Central costs	3,972	3,444

Taxation

The total tax charge for the 6 months ended June 2018 is £1.4m representing a current tax charge of £0.8m (HY2017: £1.3m) and a deferred tax charge of £0.6m (HY2017: Credit £0.2m). The deferred tax charge in the period is driven by a reduction of £0.5m in the deferred tax asset due to the lower intrinsic value of outstanding share options.

The effective tax rate on underlying profits is 29.7% for the six months to 30 June 2018 (HY2017: 23.3%). The effective tax rate for the period is increased by an under-provision of tax from prior years included within the current tax charge of £0.2m (HY1 2017: £0.1m).

Dividend

A dividend of 0.71p per share was declared on 21 March 2018 in respect to the year ended 31 December 2017 and subsequently paid on 10 May 2018.

Equity

During the six months to June 2018, 240,229 shares were issued upon the exercise of employee share options. As a result our share capital increased to 78,437,690 ordinary shares (31 December 2017: 78,197,461).

Earnings per share

Underlying diluted earnings per share was 2.8p in the six months ended 30 June 2018 (HY2017: 5.6p). Underlying diluted earnings per share is lower in the first six months of 2018 as a result of the decrease in underlying profit before tax.

On a reported basis diluted earnings per share was 0.05p (HY2017: 2.28p)

Cash conversion

	Six months ended 30 June 2018 £'000	Six months ended 30 June 2017 £'000
Reported cash from operations	6,210	5,009
Underlying cash from operations	7,004	5,994
Underlying operating profit	4,165	6,723

Underlying cash from operations represents the cash flow from operations excluding the impact of highlighted items.

The underlying net cash inflow from operations increased to £7.0m (HY2017: £6.0m) reflecting the ongoing focus across working capital management which resulted in particularly strong cash receipts in the second quarter. As a proportion of underlying operating profit, underlying cash flow conversion increased to 168.2% (HY2017: 89.2%).

Reported cash inflow from operations for the period is £6.2m (HY2017: £5.0m).

Net debt and banking facilities

	As at 30 June 2018 £'000	As at 30 June 2017 £'000
Cash and cash equivalents net of bank overdrafts	8,953	5,227
Bank debt[1]	(34,625)	(31,500)
Net debt	(25,672)	(26,273)

[1] Bank debt on the Statement of Financial Position at 30 June 2018 is shown net of £nil (HY2017: £0.1m) loan arrangement fees that have been paid and which are amortised over the life of the facility. The bank debt stated above excludes these costs.

At 30 June 2018, our total outstanding facilities comprised £0.6m of term loan (HY2017: £2.5m) and a revolving credit facility (RCF) of £34.0m (HY2017: £29.0m). The term loan has a maturity date of 30 September 2018. On 21 September, the Group extended the term of its RCF, with a new maturity date of 30 June 2020. The terms of the extension, including covenants, remain unchanged.

Statement of financial position and net assets

Net current assets as at 30 June 2018 are £15.9m and have increased by £3.2m since 31 December 2017. Net assets as at 30 June 2018 are £53.0m having decreased by £0.02m since 31 December 2017. Goodwill is at 30 June 2018 are £59.4m (HY2017: £59.3m).

Total contingent consideration has decreased by £0.3m since 31 December 2017, due to payments made in relation to the acquisition of Digital Balance in Australia (£0.2m) and adjustments to the fair value of contingent consideration (£0.1m). Remaining contingent consideration is currently estimated to be £1.8m, which relates to the prior acquisitions of Fairbrother Marsh Company Limited and Digital Balance Australia Pty Limited. £1.0m of this is forecast to be settled in the next 12 months.

Outlook

The revenue performance for the Media, Analytics & Tech segments together with a strong pipeline, provide confidence of an improving revenue and profit performance in the second half of the year.

By order of the Board

Michael Karg
Chief Executive Officer

Andrew Noble
Chief Financial Officer

24 September 2018

Consolidated Income Statement
for the six months ended 30 June 2018

		Unaudited 6 months ended 30 June 2018			Unaudited 6 months ended 30 June 2017		
	Note	**Before highlighted items £'000**	**Highlighted items (note 3) £'000**	**Total £'000**	Before highlighted items £'000	Highlighted items (note 3) £'000	Total £'000
Revenue	2	**45,451**	**-**	**45,451**	44,625	**-**	44,625
Cost of sales		**(24,720)**	**-**	**(24,720)**	(22,744)	**-**	(22,744)
Gross profit		**20,731**	**-**	**20,731**	21,881	**-**	21,881
Administrative expenses	3	**(16,566)**	**(1,851)**	**(18,417)**	(15,158)	(2,999)	(18,157)
Operating profit		**4,165**	**(1,851)**	**2,314**	6,723	(2,999)	3,724
Finance income		**19**	**-**	**19**	2	**-**	2
Finance expenses		**(625)**	**-**	**(625)**	(511)	**-**	(511)
Net finance costs		**(606)**	**-**	**(606)**	(509)	-	(509)
Profit before taxation		**3,559**	**(1,851)**	**1,708**	6,214	(2,999)	3,215
Taxation (charge)/credit		**(1,060)**	**(351)**	**(1,411)**	(1,448)	363	(1,085)
Profit for the period		**2,499**	**(2,202)**	**297**	4,766	(2,636)	2,130
Attributable to:							
Equity holders of the parent		**2,232**	**(2,191)**	**41**	4,451	(2,623)	1,828
Non-controlling interests		**267**	**(11)**	**256**	315	(13)	302
		2,499	**(2,202)**	**297**	4,766	(2,636)	2,130
Earnings per share							
Basic	5			**0.05p**			2.37p
Diluted	5			**0.05p**			2.28p

Consolidated Statement of Comprehensive Income
for the six months ended 30 June 2018

	Unaudited 6 months ended 30 June 2018 £'000	Unaudited 6 months ended 30 June 2017 £'000
Profit for the period	**297**	2,130
Other comprehensive expense:		
Items that may be reclassified subsequently to the income statement		
Exchange differences on translation of overseas subsidiaries	**(210)**	(312)
Total other comprehensive expense for the period	**(210)**	(312)
Total comprehensive (expense)/income for the period	**87**	1,818
Attributable to:		
Equity holders of the parent	**(169)**	1,516
Non-controlling interests	**256**	302
	87	1,818

Consolidated Statement of Financial Position
as at 30 June 2018

	Note	Unaudited as at 30 June 2018 £'000s	Audited as at 31 December 2017 £'000s
Non-current assets			
Goodwill	6	59,398	59,317
Other intangible assets	7	11,943	13,123
Property, plant and equipment		1,848	1,829
Deferred tax asset		838	1,502
Total non-current assets		**74,027**	**75,771**
Current assets			
Trade and other receivables		34,107	32,509
Cash and cash equivalents	8	10,780	4,732
Total current assets		**44,887**	**37,241**
Total assets		**118,914**	**113,012**
Current liabilities			
Trade and other payables		(8,048)	(7,401)
Accruals and deferred income		(15,314)	(12,665)
Financial liabilities	9	(3,448)	(2,473)
Current tax liabilities		(1,734)	(1,598)
Provisions		(412)	(412)
Total current liabilities		**(28,956)**	**(24,549)**
Non-current liabilities			
Financial liabilities	9	(34,802)	(33,193)
Provisions		(393)	(393)
Deferred tax liability		(1,798)	(1,895)
Total non-current liabilities		**(36,993)**	**(35,481)**
Total liabilities		**(65,949)**	**(60,030)**
Total net assets		**52,965**	**52,982**
Equity			
Ordinary shares		19,609	19,549
Share premium		32	21
Other reserves		4,667	4,877
Retained earnings		27,361	27,495
Equity attributable to the owners of the parent		**51,669**	**51,942**
Non-controlling interests		1,296	1,040
Total equity		**52,965**	**52,982**

Consolidated Statement of Changes in Equity
for the six months ended 30 June 2018

	Ordinary shares £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total £'000	Non-controlling interests £'000	Total equity £'000
1 January 2017	19,300	-	6,134	25,860	51,294	761	52,055
Profit for the period	-	-	-	1,828	1,828	302	2,130
Other comprehensive expense	-	-	(312)	-	(312)	-	(312)
Total comprehensive (expense)/income for the period	**-**	**-**	**(312)**	**1,828**	**1,516**	**302**	**1,818**
Shares issued for cash	3	3	-	-	6	-	6
Share options charge	-	-	-	319	319	-	319
Deferred tax on share options	-	-	-	55	55	-	55
Dividends paid to shareholders	-	-	-	(474)	(474)	-	(474)
30 June 2017	**19,303**	**3**	**5,822**	**27,588**	**52,716**	**1,063**	**53,779**
Profit/(loss) for the period	-	-	-	236	236	82	318
Other comprehensive expense	-	-	(311)	-	(311)	-	(311)
Total comprehensive (expense)/income for the period	**-**	**-**	**(311)**	**236**	**(75)**	**82**	**7**
Shares issued for cash	96	18	-	-	114	-	114
Shares issued to employees	150	-	(634)	484	-	-	-
Share options charge	-	-	-	410	410	-	410
Deferred tax on share options	-	-	-	(116)	(116)	-	(116)
Acquisition of non-controlling interest	-	-	-	(1,107)	(1,107)	-	(1,107)
Dividends paid to non-controlling interests	-	-	-	-	-	(105)	(105)
31 December 2017	**19,549**	**21**	**4,877**	**27,495**	**51,942**	**1,040**	**52,982**
(Loss)/profit for the period	-	-	-	41	41	256	297
Other comprehensive expense	-	-	(210)	-	(210)	-	(210)
Total comprehensive (expense)/income for the period	**-**	**-**	**(210)**	**41**	**(169)**	**256**	**87**
Shares issued for cash	60	11	-	-	71	-	71
Share options charge	-	-	-	351	351	-	351
Dividends paid to shareholders	-	-	-	(526)	(526)	-	(526)
30 June 2018	**19,609**	**32**	**4,667**	**27,361**	**51,669**	**1,296**	**52,965**

Consolidated Cash Flow Statement
for the six months ended 30 June 2018

	Note	Unaudited 6 months ended 30 June 2018 £'000s	Unaudited 6 months ended 30 June 2017 £'000s
Cash flows from operating activities			
Cash generated from operations	11	6,210	5,009
Finance expenses paid		(539)	(469)
Finance income received		19	2
Income taxes paid		(713)	(931)
Net cash from operating activities		**4,977**	**3,611**
Cash flows from investing activities			
Payment of contingent consideration		(248)	(96)
Purchase of property, plant and equipment		(436)	(318)
Purchase of intangible assets		(478)	(857)
Net cash used in investing activities		**(1,162)**	**(1,271)**
Cash flows from financing activities			
Proceeds from issue of share capital (net of issue costs)		71	6
Proceeds from bank borrowings		2,000	-
Repayment of bank borrowings		(625)	(1,250)
Dividends paid to shareholders		(526)	(474)
Capital repayment of finance leases		(4)	(4)
Net cash flow from financing activities		**916**	**(1,722)**
Net increase in cash, cash equivalents and bank overdrafts		**4,731**	**618**
Cash, cash equivalents and bank overdrafts at beginning of period (as at 31 December 2017)		4,325	4,600
Effect of exchange rate changes on cash and cash equivalents		(103)	9
Cash, cash equivalents and bank overdrafts at end of period	8	**8,953**	**5,227**

Notes to the interim financial statements for the six months ended 30 June 2018

1. Accounting policies

Basis of preparation

The condensed consolidated interim financial statements for the six months ended 30 June 2018 have been prepared in accordance with *International Accounting Standard ('IAS') 34 'Interim Financial Reporting'* as adopted by the European Union ('EU'). These interim financial statements should be read in conjunction with the Group's Annual Report and Accounts for the year ended 31 December 2017, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, the Companies Act 2006 that applies to companies reporting under IFRS, and IFRS Interpretations Committee (IFRIC). The consolidated financial statements have been prepared on a going concern basis.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as set out below. These policies have been consistently applied to all of the periods presented.

New Accounting Standards and Accounting Standards issued but not yet applied

The following new standards and changes came into effect during the year beginning 1 January 2018 and were adopted by the Group:

- *IFRS 9, 'Financial Instruments'*. This standard replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost; fair value through other comprehensive income; and fair value through profit or loss. This basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. For financial liabilities, there are no changes to classification and measurement, except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. The Group has adopted IFRS 9 with effect from 1 January 2018 with it concluded that there is no material impact on profit in the current period or is expected on future periods.
- *IFRS 15, 'Revenue from Contracts with Customers'* . This standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue', and IAS 11 'Construction Contracts', and related interpretations. The Group has adopted IFRS 15 with effect from 1 January 2018, the information presented for 2017 has not been restated, i.e. it is presented as previously reported under IAS 18, IAS 11 and related interpretations. A review of existing contractual arrangements was completed as part of the implementation of IFRS 15 with it concluded that the adoption of IFRS 15 will have no material impact on profit in the current period or is expected on future periods.

Certain new standards, amendments to new standards and interpretations have been published that are mandatory to the Group's future accounting periods but have not been adopted early in these financial statements. The Group is currently assessing the impact of the following accounting standards and amendments to accounting standards to the financial report, when applied in future periods. They include:

- *IFRS 16, 'Leases'* (effective on or after 1 January 2019). This standard replaces *IAS 17 'Leases'* and sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. IFRS 16 eliminates the two lease classifications that IAS 17 has (operating and finance leases) for the lessee, and instead all leases will have the same classification. The Group will apply IFRS 16 from 1 January 2019. The quantitative impact on the Group of IFRS 16 will be detailed in the Group's 2018 Annual Report.

2. Segmental reporting

In accordance with IFRS 8 the Group's operating segments are based on the reports reviewed by the Executive Directors that are used to make strategic decisions.

The Group reports its results in three business practices (Media, Intel and Analytics & Tech), as this most accurately reflects the way the Group is being managed.

The Executive Directors are the Group's chief operating decision-makers. They assess the performance of the operating segments based on operating profit before highlighted items. This measurement basis excludes the effects of expenditure such as restructuring costs, purchased intangible amortisation and equity-settled share-based payments from the operating segments. Interest income and expenditure are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Group.

The segment information provided to the Executive Directors for the reportable segments for the period ended 30 June 2018 is as follows:

Unaudited six months ended 30 June 2018

	Media £'000	**Intel £'000**	**Analytics & Tech £'000**	**Reportable Segments £'000**	**Unallocated £'000**	**Total £'000**
Revenue	27,994	10,110	7,347	**45,451**	-	**45,451**
Operating profit/(loss) before highlighted items	7,203	512	422	**8,137**	(3,972)	**4,165**

Unaudited 6 month period ended 30 June 2017

	Media £'000	**Intel £'000**	**Analytics & Tech £'000**	**Reportable Segments £'000**	**Unallocated £'000**	**Total £'000**
Revenue	26,693	11,595	6,337	**44,625**	-	**44,625**
Operating profit/(loss) before highlighted items	7,862	1,408	897	**10,167**	(3,444)	**6,723**

2. Segmental reporting (continued)

A reconciliation of segment operating profit before highlighted items to total profit before tax is provided below:

	Unaudited 6 months ended 30 June 2018	Unaudited 6 months ended 30 June 2017
	£'000	**£'000**
Reportable segment operating profit before highlighted items	**8,137**	10,167
Unallocated costs:		
Staff costs	**(2,674)**	(2,506)
Property costs	**(317)**	(233)
Exchange rate movements	**(25)**	(23)
Other administrative expenses	**(956)**	(682)
Operating profit before highlighted items	**4,165**	6,723
Highlighted items (note 3)	**(1,851)**	(2,999)
Operating profit	**2,314**	3,724
Net finance costs	**(606)**	(509)
Profit before tax	**1,708**	3,215

3. Highlighted items

Highlighted items comprise items which are highlighted in the income statement because separate disclosure is considered relevant in understanding the underlying performance of the business.

	Unaudited 6 months ended 30 June 2018	Unaudited 6 months ended 30 June 2017
	£'000s	**£'000s**
Share option charge	215	363
Amortisation of purchased intangibles	954	963
Severance and reorganisation costs	174	784
Acquisition, integration and strategic costs	508	889
Total highlighted items before tax	**1,851**	2,999
Taxation charge/(credit)	**351**	(363)
Total highlighted items after tax	**2,202**	2,636

3. Highlighted items (continued)

Share option charges include the non-cash IFRS 2 charge of £351,000 (June 2017: £319,000) along with the cash element in relation to the exercising of share options, a credit of £136,000 (June 2017: charge of £44,000).

Amortisation of purchased intangibles relates to acquisitions made in prior years £954,000 (June 2017: £963,000).

Severance and reorganisation costs of £174,000 (June 2017: £784,000) relate to restructuring within the US and UK businesses. The prior year included one-off costs of integrating the acquisitions made in prior years including severance costs arising from the restructure of senior management following these acquisitions.

Acquisition, integration and strategic costs of £508,000 (June 2017: £889,000) include adjustments to the fair value of contingent consideration amounting to a credit of £195,000 (June 2017: charge of £372,000) resulting from an downward revision of contingent consideration in relation to discounting all contingent consideration balances to net present value and a revaluation at the period end to the latest effective exchange rates.

Also included within acquisition, integration and strategic costs is £764,000 in relation to costs associated with the sale of the Ad Intel business (note 12) and a profit on disposal of £79,000 in relation to sale of the Reputation division.

4. Dividends

A dividend of £526,000 (0.71p per share) was declared on 21 March 2018 and subsequently paid on 10 May 2018 in respect to the year ended 31 December 2017.

5. Earnings per share

The calculation of basic and diluted earnings per share is based on the following data:

	Unaudited 6 months ended 30 June 2018	**Unaudited 6 month ended 30 June 2017**
	£'000s	**£'000s**
Earnings for the purpose of basic earnings per share being net profit attributable to equity holders of the parent	**41**	1,828
Adjustments:		
Impact of highlighted items (net of tax)[1]	**2,191**	2,623
Earnings for the purpose of underlying earnings per share	**2,232**	4,451
Number of shares:		
Weighted average number of shares during the period		
- Basic	**78,343,984**	77,202,758
- Dilutive effect of share options	**2,212,770**	2,961,788
	80,556,754	80,164,546
Basic earnings per share[2]	**0.05p**	2.37p
Diluted earnings per share[3]	**0.05p**	2.28p
Underlying basic earnings per share[4]	**2.85p**	5.77p
Underlying diluted earnings per share[5]	**2.77p**	5.55p

[1] Highlighted items (see note 3), stated net of their total tax and non-controlling interest impact.
[2] Basic earnings per share is calculated by dividing profit attributable to shareholders by the basic average number of shares
[3] Diluted earnings per share is calculated by dividing profit attributable to shareholders by the basic average number of shares and also including the dilutive impact of share options
[4] Underling basic earnings per share is calculated by dividing underlying profit attributable to shareholders by the basic average number of shares
[5] Underlying diluted earnings per share is calculated by dividing underlying profit attributable to shareholders by the basic average number of shares and also including the dilutive impact of share options

6. Goodwill

	£'000
Cost	
At 1 January 2018	62,447
Additions	148
Foreign exchange differences	(68)
At 30 June 2018	**62,527**
Accumulated impairment	
At 1 January 2018	(3,129)
Impairment	-
At 30 June 2018	**(3,129)**
Net book value	
At 30 June 2018	**59,398**
At 31 December 2017	59,317

6. Goodwill (continued)

Goodwill has been allocated to the following segments:

	30 June 2018 £'000	31 December 2017 £'000
Media	**28,689**	28,957
Intel	**22,396**	22,299
Analytics & Tech	**8,313**	8,061
	59,398	59,317

The Group tests annually for impairment, however given the recent movement in the share price and impact on market capitalisation of the Group, this provides an indication that goodwill could potentially have been impaired. For this reason, an impairment review has been undertaken as at 30 June 2018.

Goodwill is allocated to the Group's cash-generating units (CGUs) in order to carry out impairment tests. The Group's remaining carrying value of goodwill by CGU at 30 June was as follows:

Cash-generating unit	Reporting segment	30 June 2018 £'000	31 December 2017 £'000
Advertising UK/US/International	Intel	**19,114**	19,114
Media UK and International	Media	**9,251**	9,265
Stratigent	Analytics & Tech	**4,884**	4,774
China	Media	**4,865**	4,839
Media Germany	Media	**4,323**	4,325
Media Value Group	Media / Analytics & Tech	**3,118**	3,162
FirmDecisions	Media	**2,981**	2,981
Media Australia	Media	**2,404**	2,478
Advertising Germany	Intel	**2,396**	2,429
Effectiveness	Analytics & Tech	**1,678**	1,678
Digital Balance	Analytics & Tech	**1,751**	1,609
Advertising Australia	Intel	**733**	756
Media America	Media	**604**	604
Media France	Media	**566**	569
Media Italy	Media	**392**	397
Russia	Media	**337**	337
		59,398	59,317

The impairment test involves comparing the carrying value of the CGUs to which the goodwill has been allocated to the recoverable amount. The recoverable amount of all CGUs has been determined based on value in use calculations.

Under IFRS, an impairment charge is required for goodwill when the carrying amount exceeds the recoverable amount, defined as the higher of fair value less costs to sell and value in use. No impairment of goodwill was recognised in the 6 months ending June 2018 (year ended 31 December 2017: £nil).

Value in use calculations

The key assumptions used in management's value in use calculations are forecast operating profit, pre-tax discount rate and the long-term growth rate.

6. Goodwill (continued)

Operating profit assumptions
To calculate future expected cash flows, management has taken the Board reviewed latest forecast operating profit (EBIT) for each of the CGUs for the 2018 financial year. Additionally, management charges have been allocated from the unallocated central costs forecast back into the CGUs and thereby reducing forecast EBIT in each CGU by this amount. The management charge is allocated based on 2018 6 months January to June 2018 actual management charges.

For the 2019 and 2020 financial years, the forecast EBIT is as per management and market expectations. The forecast 2020 EBIT is taken to perpetuity in the model. The forecast for 2019 and 2020 uses certain assumptions to forecast revenue and operating costs within the Group's operating segments beyond the 2018 forecast.

Discount rate assumptions
The Directors estimate discount rates using rates that reflect current market assessments of the time value of money and risk specific to the CGUs. The three-year pre-tax cash flow forecasts have been discounted at between 7.3% and 11.3% (31 December 2017: between 7.0% and 11.0%).

Growth rate assumptions
Cash flows beyond the three-year period are extrapolated at a rate of 2.25% (31 December 2017: 2.25%), which does not exceed the long-term average growth rate in any of the markets in which the Group operates.

The excess of the value in use to the goodwill carrying values for each CGU gives the level of headroom in each CGU. The estimated recoverable amounts of the Group's operations in all CGUs significantly exceed their carrying values with the exception of Advertising Germany and China.

Sensitivity analysis
The Group's calculations of value in use for its respective CGUs are sensitive to a number of key assumptions. Other than disclosed below, management does not consider a reasonable possible change, in isolation, of any of the key assumptions, to cause the carrying value of any CGU to exceed its value in use. The considerations underpinning why management believes no impairment is required in respect of Advertising Germany and China are as follows, specifically what change in key assumptions would result in an impairment:

	China		Advertising Germany	
	Current %	**% change leading to impairment[1]**	**Current %**	**% change leading to impairment[1]**
Forecast revenue growth	15.0	(2.5) to 12.5	4.2	(0.2) to 4.0
Forecast cost growth	0/5.9	1.5 to 1.5/5.9	(19.9)/0	0.1 to (19.8)/0.1
Pre-tax discount rate	10.3	0.4 to 10.7	7.3	0.1 to 7.4

[1] These changes have been applied to 2019 and 2020 projected information

7. Other intangible assets

	Capitalised development costs £'000s	Computer software £'000s	Purchased intangible assets £'000s	Total intangible assets £'000s
Cost				
At 1 January 2018	5,530	3,472	25,333	34,335
Additions	420	58	-	478
Foreign exchange	(17)	(2)	(66)	(85)
At 30 June 2018	5,933	3,528	25,267	34,728
Amortisation				
At 1 January 2018	(1,949)	(1,896)	(17,367)	(21,212)
Charge for the period	(404)	(269)	(954)	(1,627)
Foreign exchange	-	2	52	54
At 30 June 2018	(2,353)	(2,163)	(18,269)	(22,785)
Net book value				
At 30 June 2018	**3,580**	**1,365**	**6,998**	**11,943**
At 31 December 2017	**3,581**	**1,576**	**7,966**	**13,123**

The capitalised development costs are internally generated intangible assets related to bespoke computer software and technology developed by the Group's internal software development team. Of the net book value of capitalised development costs £923,000 remains in development at 30 June 2018.

Purchased intangible assets consist principally of customer relationships with a typical useful life of 10 years. Amortisation for purchased intangible assets is included in highlighted items.

Amortisation is charged within administrative expenses so as to write off the cost of the intangible assets over their estimated useful lives. The amortisation of purchased intangible assets is included as a highlighted administrative expense.

8. Cash, cash equivalents and bank overdrafts

Cash, cash equivalents and bank overdrafts include the following for the purposes of the cash flow statement:

	30 June 2018 £'000	31 December 2017 £'000
Cash and cash equivalents	**10,780**	4,732
Bank overdraft (note 9)	**(1,827)**	(407)
Cash, cash equivalents and bank overdrafts	**8,953**	4,325

9. Financial liabilities

	30 June 2018 £'000	31 December 2017 £'000
Current		
Bank overdraft	**1,827**	407
Bank borrowings	**625**	1,161
Finance lease liabilities	**-**	4
Contingent consideration	**996**	901
	3,448	2,473
Non-current		
Bank borrowings	**34,000**	32,000
Contingent consideration	**802**	1,193
	34,802	33,193
Total financial liabilities	**38,250**	35,666

	Bank overdrafts £'000	Bank borrowings £'000	Finance lease liabilities £'000	Contingent consideration £'000	Total £'000
At 1 January 2018	407	33,161	4	2,094	35,666
Additions	1,420	–	–	–	1,420
Paid	–	–	(4)	(248)	(252)
Charged to the income statement	–	89	–	-	89
Additional provision	-	-	-	147	147
Discounting charged to the income statement	–	–	–	(135)	(135)
Borrowings	-	2,000			2,000
Repayments	–	(625)	–	–	(625)
Foreign exchange released to the income statement	–	–	–	(60)	(60)
At 30 June 2018	**1,827**	**34,625**	**-**	**1,798**	**38,250**

All bank borrowings are held jointly with Barclays and Royal Bank of Scotland ('RBS'). The committed facility, totalling £45,000,000, comprises a term loan of £10,000,000 (of which £625,000 remains outstanding at 30 June 2018) (31 December 2017: £1,250,000), and a revolving credit facility ('RCF') of £35,000,000 (of which £34,000,000 was drawn down at 30 June 2018) (31 December 2017: £32,000,000). There is currently £1,000,000 available as an overdraft for working capital purposes. The term loan has a maturity of 30 September 2018 and the RCF has a maturity date of 30 June 2020. The £10,000,000 term loan is being repaid on a quarterly basis to maturity, and the drawn RCF and any further drawings under the RCF are repayable on maturity of the facility. The facility may be used for contingent consideration payments on past acquisitions, to fund future potential acquisitions, and for general working capital requirements.

Loan arrangement fees of £nil (31 December 2017: £90,000) are offset against the term loan, and are being amortised over the period of the loan.

The facility bears variable interest of LIBOR plus a margin of 2.50%. The margin rate is able to be lowered each quarter end depending on the Group's net debt to EBITDA ratio.

The undrawn amount of the revolving credit facility is liable to a fee of 40% of the prevailing margin, which is set depending on the Group's net debt to EBITDA ratio, as referred to above. The Group may elect to prepay all or part of the outstanding loan subject to a break fee, by giving five business days' notice.

9. Financial liabilities (continued)

All amounts owing to the banks are guaranteed by way of fixed and floating charges over the current and future assets of the Group. As such, a composite guarantee has been given by all significant subsidiary companies in the UK, USA, Germany and Australia.

Contingent consideration represents additional amounts that are expected to be payable for acquisitions made by the Group and is held at fair value at the Statement of Financial Position date. All amounts are expected to be fully paid by April 2021.

10. Fair value measurement

All of the Group's financial assets and liabilities are measured at amortised cost, with the exception of the contingent consideration payable, which is held at fair value through profit and loss.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
At 30 June 2018				
Financial liabilities				
Contingent consideration	**–**	**–**	**1,798**	**1,798**
	–	**–**	**1,798**	**1,798**
At 30 June 2017				
Financial liabilities				
Contingent consideration	–	–	2,291	2,291
	–	–	2,291	2,291

The fair value of the contingent consideration of £1,798,000 (30 June 2017: £2,291,000), was estimated by applying the income approach. The fair value estimates are based on a discount rate of 3.1% forecast EBIT of FMC Ireland and Digital Balance Australia. This is a level 3 fair value measurement. The key assumptions in calculating the contingent consideration payable are the EBIT of the businesses acquired and the discount rate.

Refer to Note 9 for a reconciliation of movements during the period.

10. Fair value measurement (continued)

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

Description	Fair value at 30 June 2018 £'000	Unobservable inputs[1]	Range of inputs	Relationship of unobservable inputs to fair value
Contingent consideration	1,798	Risk adjusted discount rate	3.1%	A change in the discount rate by 3 percentage points would increase/decrease the fair value by £0.1m
		Expected EBIT	FMC Ireland; £170,000 - £260,000	If expected revenues were 10% higher or lower, the fair value would increase/decrease by £0.1m
		Expected EBIT	Digital Balance Australia; £150,000 - £420,000	If expected revenues were 10% higher or lower, the fair value would increase/decrease by £0.2m

[1] There were no significant inter-relationships between unobservable inputs that materially affect fair values.

The main level 3 inputs used by the group in measuring the fair value of financial instruments are derived and evaluated as follows:

- Discount rates: these are determined with reference to the external rate of borrowing which is consistent with prior periods.

Changes in level 3 fair values are analysed at the end of each reporting period. During the period a credit of £135,000 (June 2017: charge of £36,000) was recognised in the income statement on discounting the contingent consideration.

11. Cash generated from operations

	Unaudited 6 months ended 30 June 2018	Unaudited 6 months ended 30 June 2017
	£'000	£'000
Profit before taxation	**1,708**	3,215
Adjustments for:		
Depreciation	**417**	550
Amortisation (note 7)	**1,627**	1,388
Gain on disposal	**(79)**	-
Unrealised foreign exchange gain	**(93)**	(249)
Share option charges	**351**	319
Finance income	**(19)**	(2)
Finance expenses	**625**	511
Contingent consideration	**195**	372
	4,732	6,104
Increase in trade and other receivables	**(1,598)**	(3,567)
Increase in trade and other payables (including accruals and deferred income)	**3,076**	2,279
Movement in provisions	**-**	193
Cash generated from operations	**6,210**	5,009

12. Sale of Advertising Intelligence business

On 13 February 2018, the Group agreed to sell its Advertising Intelligence business to Nielsen Media Research Limited for gross cash consideration of £26m. The sale is subject to approval from the UK Competition and Markets Authority ("CMA"). In line with accountant standards, the Intel practice has not been treated as held for sale as at 30 June 2018 as CMA approval has not been received. The CMA review is expected to conclude in December 2018, and Ebiquity is well prepared for all outcomes.

13. Disposal of Echo Research Holdings Limited

On 19 March 2018, the Group entered into an agreement to sell the business assets of its Reputation division to Echo Research Holdings Limited. Completion took place on 31 March 2018. The consideration payable is dependent upon the revenue performance of the business during the 12 months following completion. At the point of disposal the Reputation division had net liabilities of £79,000, therefore a profit on disposal of £79,000 was recognised in the period.

14. Events subsequent to reporting date

On 21 September 2018, the Group extended the term of its revolving credit facility of £35,000,000 with a maturity date of 30 June 2020. The terms of the extension, including covenants, remain unchanged.

INDEPENDENT REVIEW REPORT TO EBIQUITY PLC

Report on the consolidated interim financial statements

Our conclusion

We have reviewed Ebiquity Plc's condensed consolidated interim financial statements (the "interim financial statements") in the interim report of Ebiquity Plc for the 6 month period ended 30 June 2018. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the AIM Rules for Companies.

What we have reviewed

The interim financial statements comprise:

- the consolidated statement of financial position as at 30 June 2018;
- the consolidated income statement and consolidated statement of comprehensive income for the period then ended;
- the consolidated cash flow statement for the period then ended;
- the consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the interim report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the AIM Rules for Companies.

As disclosed in note 1 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The interim report, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the AIM Rules for Companies which require that the financial information must be presented and prepared in a form consistent with that which will be adopted in the company's annual financial statements.

Our responsibility is to express a conclusion on the interim financial statements in the interim report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the AIM Rules for Companies and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
London

24 September 2018