Ebiquity plc

Interim Results for the six months ended 30 June 2019

Transitioning our business

Ebiquity plc ("Ebiquity" or the "Company"), a leading independent marketing and media consultancy, announces interim results for the six months ended 30 June 2019.

Headline Results

	2019	2018	Change
	£m	£m	£m
Group			
Revenue	35.3	35.3	0.0
Underlying Operating Profit [1]	3.4	3.7	(0.3)
Underlying Profit before Tax [1]	2.9	3.0	(0.1)
Underlying Earnings per Share [1]	2.6p	2.4p	0.2p
Statutory Operating (Loss)/Profit	(3.8)	2.8	(6.6)
Statutory (Loss)/Profit before Tax	(4.2)	2.2	(6.4)
Statutory Earnings per Share	(6.2)p	0.7p	(6.9)p

Note 1: Underlying operating profit is defined as the operating profit excluding highlighted items. These include share-based payments, amortisation of purchased intangibles and non-recurring items. Underlying profit before tax and earnings per share are calculated based on the underlying operating profit.

This is the first reporting period following the completion of the sale of the AdIntel business, which took place, earlier this year, on 2 January 2019. Subsequent to the disposal, this half year has been a transitional period in which our focus has been on establishing the basis for improving performance of the continuing business.

Highlights

- Maintained Group Revenue of £35.3m
- Underlying Operating Profit of £3.4m, in line with board expectations (2018: £3.7m)
- Underlying operating costs kept under tight control
- Underlying earnings per share increased to 2.6p (2018: 2.4p)
- Net debt at 30 June 2019 reduced significantly to £7m (31 December 2018: £28m) following completion of the Ad Intel sale in January 2019
- Cost reduction programme initiated; planned measures expected to yield annualised benefits of £1m
- Significant client wins include Deliveroo, Facebook, Nike and Volvo
- Investment continued in growth areas such as analytics, digital and automation
- Impairment charge of £5.9m taken relating to Stratigent, the loss-making US MarTech business, following decision to wind-down its operation

Divisional highlights

- **Media**: Media Management, Media Performance and Contract Compliance
  - Revenue of £27.7m, reduced by 1%
  - Contract Compliance revenue increased by 15%
  - Media Performance & Management revenue declined by 3%
  - New shared service media delivery centre in Spain expanding and delivering operational efficiencies

- **Analytics and Tech:** Advanced Analytics, MarTech and AdTech
    - Revenue grew by 4% to £7.6m
    - Operating profit increased by 57% to £0.7m
    - Advanced Analytics practice expanded into France and US
    - AdTech advisory practice increased revenue by 124%

Michael Karg, CEO, commented:

"Our first half results as expected reflect a transitional phase for Ebiquity as we become a more streamlined business following the sale of AdIntel. We have a clear focus on driving our higher margin consulting practices, optimising our cost base and strengthening the foundations to deliver future revenue growth. In addition our significantly reduced debt provides the financial flexibility to invest in our key practice areas and markets to deliver improved performance.

Although the economic and political environment creates uncertainty around our clients' media budgets, we are well-placed to serve their evolving needs. We are on track to meet full year expectations in terms of profitability and remain confident that Ebiquity will be able to fulfil its potential and deliver improved performance in the medium term."

26 September 2019

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Chief Executive and Financial Review

This is the first reporting period following the completion of the sale of the AdIntel business, which took place earlier this year, on 2 January 2019. Subsequent to the sale, this half year has been a transitional period in which our focus has been on establishing the basis for improving performance of the less commoditised, growing, higher margin continuing businesses. We are therefore pleased to report that the results for the six months to 30 June 2019, are in line with our expectations in terms of profitability. Group revenue of £35.3m was maintained at similar level as in the comparable period last year reflecting a combination of 4% growth in our Analytics and Tech practice but offset by a small decline of 1% in our Media practice revenue. While we continued to win new business (notably in the telecom and tech sectors), including several significant multi-market projects, growth in the period was held back by specific challenges in some industry sectors (e.g. FMCG, retail) impacting some local markets and by changes in project phasing from one year to another.

As made clear in the 2018 annual report, the Board recognises the need to improve profitability in the medium term, in particular by ensuring that the Group's costs are better aligned with our changed revenue base. In the last six months, we have tightly controlled staff costs (which account for most of our total costs) while continuing to invest in areas which are strategically important for our future development (such as analytics and digital). However, as anticipated, we have borne continuing costs in the transitional period following the AdIntel sale while fulfilling obligations to deliver support services to Nielsen. Our total underlying operating costs were virtually static at £31.9m compared to £31.6m in the comparable period. Consequently, underlying operating profit for the period was £3.4m compared to £3.7m in the six months ended 30 June 2018.

During the period, we initiated a detailed review of opportunities for further efficiency gains across the business as well as examining our investment areas to ensure that these fit with the Group's strategic priorities. This has enabled the Board to identify a number of measures designed to reduce the Group's operating costs over the coming year. These actions are expected to yield benefits of approx. £1.0 m on an annualised basis and will enable us to start the next financial year with a more focused and lower cost base. This is an ongoing process and we anticipate some marginal savings in the second half of the current year.

As part of this process, it has been decided to wind down the activities of Stratigent, the Chicago-based marketing technology business which had been trading at a loss due to significantly reduced demand in the US market for the software technology on which its skills were focussed. This has resulted in an impairment charge of £5.9m being recognised as a highlighted item in the period.

Strategic Direction and Future plans

We have a clearly-defined vision to become the trusted advisor to the Chief Marketing Officer. The demand from brand owners for independent media and marketing consulting services continues to grow. Ebiquity in turn continues to exploit its unique position as their leading independent consultancy, enabling advertisers to measure, evaluate, drive accountability, and maximise returns from their marketing spend. Independent, conflict free, high quality advice is sought by advertisers and Ebiquity is one of the few unbiased, expert-led, data driven consultancies in our marketplace. This is evidenced by Ebiquity winning business from a leading competitor who advertisers regard as having conflicts of interest due to their expansion into media buying and programmatic advertising services.

The media market globally continues to undergo significant change, most notably the increasing shift by consumers across the world away from traditional media to greater reliance on digital and non-linear media. This in turn has led to advertisers substantially changing the nature and mix of their media spend so as to reach their target audiences. As a result, expenditure on traditional advertising such as TV and press has been losing media share in most major markets. At the same time, recent challenges to growth

in the world's major economies is leading to downward pressure on brand marketing budgets, notably in the FMCG, retail and automotive sectors. Conversely, growth businesses in the technology, and online sectors are increasing their media spend globally.

Consistent with these trends, advertisers are increasingly seeking to optimise their media expenditure and ensure they maximise returns from it. While brand owners continue to seek confirmation that their media expenditure is being bought competitively, they increasingly require more advice on planning and optimising their media expenditure in order to maximise returns. This need is accentuated by the fragmentation of spend between different media types and the increasing complexity of the digital media value chain, most notably in the programmatic advertising area. Conversely, the tightening of media budgets creates business challenges, notably for our media performance practice.

Ebiquity's services address advertisers' requirements and map into the key stages of our clients' media lifecycle. We leverage our extensive global media expertise, independence, and benchmarks to help brands select and manage their trading partners, achieve higher levels of accountability and best-in-class media measurement, and drive greater media performance, financial compliance and transparency.

Our strategy responds to the trends in media by aiming to expand the range and value generated by our consultancy services while maintaining our global leadership in the more traditional media performance service areas. As previously reported, our strategy also assumes, given advertisers' spending patterns, that our revenue growth will be proportionately higher in the practices that focus on forward-looking advice as distinct from the assessment of historic media performance. This expected trend has been evident in the relative performance of Ebiquity's practice areas in the current and previous periods.

Review of Performance

	Revenue			
	H1 19	**H1 18**	**Variance**	
	£m	**£m**	**£m**	**%**
Media	**27.7**	**28.0**	**(0.3)**	**(1)%**
Analytics and Tech	**7.6**	**7.3**	**0.3**	**4%**
Total	**35.3**	**35.3**	**0.0**	**0%**

Media

In the period under review, Media revenue was £27.7 million, being 1% below the prior period.
Within the Media segment, the Contract Compliance practice (branded as "FirmDecisions") increased its revenue by 15% while revenue from Media Performance and Management fell by 3% overall.

Within the Media segment, our Media Management practice advises clients on topics such as the management and selection of media agencies and setting of media buying objectives. It conducts close to 100 agency selections annually, both at global level and within individual markets. This service is now supported by our new proprietary tool, "Select" which was launched in 2018 and enables us to automate the comparison of the rates offered by agencies in their tenders. Our Media Performance practice, which remains our largest revenue contributor, assists advertisers to monitor and evaluate their agencies' media buying performance. It harnesses the expert knowledge of our global network of media specialists, the most extensive of its kind, and our access to unique client media spend data pools to assess the value for money delivered, both in comparison to the market and to the client's specific objectives. Brand owners also seek accountability and transparency from their chosen media supply partners, especially given the industry's complex purchasing arrangements.

Media Performance and Management's revenue in the period was partly impacted by phasing compared to the previous year, as there were fewer agency selection projects as well as by lower levels of new business in some markets, notably Australia, USA and Germany. However, it has continued to win significant new or expanded projects from clients especially technology and online businesses and projects involving multi-market performance assessment. These clients include Deliveroo, Nike, Sony and PSA, the French based automotive group.

Our Contract Compliance practice (branded as "FirmDecisions") supports brands by helping to ensure that agencies deliver services as contractually agreed through reviews conducted by a team of specialists. It has continued to benefit from demand for its in-depth financial compliance services and from expanding its global client list with recent additions including Amex, Microsoft and Sanofi. Its growth also reflects recent expansion of its local operations in markets such as Germany and India.

Geographically, there were significant variations in revenue trends between regions. UK & Ireland, our largest Media region grew revenue by 3%, largely due to its specialist international group which manages multi-market projects for global advertisers which won a number of new projects. Revenue in Continental Europe was flat overall, although within this Italy grew by 21% and France by 10%. Germany and Russia saw revenue decreases in the period due to local market issues. New country managers have now been appointed in both markets. USA revenue fell by 3% compared to a strong first half in 2018, mainly due to lower Media Management work in the period although Contract Compliance grew well. APAC fell by 14% with Australia experiencing declines in demand from sectors such as FMCG and retail. Singapore, which grew strongly in 2018, won comparatively less new business in this period. The region is expected to perform better in the second half.

We continued to invest and innovate in support of our automation strategy in Media with particular focus on three key tools: EbiquityConnect™, EbiquitySelect™ and EbiquitySync™. These are designed to increase the speed and efficiency of analysis work and improve data security and handling. EbiquityConnect™ automates data ingestion from agencies, many of which have given positive feedback following the system's introduction. EbiquitySelect supports our agency selection work. EbiquitySync™ provides a standardised tool for benchmarking paid digital media spend and continued to be rolled out in the period. Within digital services, we have also been developing specialist methods for assessing paid search and are piloting a tool for assessing paid social media spend (developed within our Italian practice).

Our shared services media delivery centre in Spain became fully operational at the beginning of 2019 and is continuing to increase the level of work taken on from the network. Centralising media analysis helps to standardise processes and free up the time of specialist consultants in local markets for higher value-added activities. This development is already beginning to yield cost savings as well as quality benefits.

Analytics and Tech

In the period under review, Analytics and Tech grew revenue by 4% to £7.6 million.

Within this segment, our Advanced Analytics practice helps brands to plan and optimise their investment in media. Its team, which includes data scientists, econometricians and statisticians, applies advanced analytical techniques to attribute and forecast the impact of marketing investments on business outcomes (e.g. sales) and to optimise these investments. The scope of its work covers traditional and digital media channels as well as factors such as pricing and promotions. Its methods include market mix modelling, brand equity modelling and forecasting which are increasingly supported by automated planning tools that it delivers to clients. Our AdTech practice, which was established in 2018, helps brand owners to address the specific challenges of managing digital media and automated trading programmes by designing the data and technology ecosystem best suited to deliver their marketing strategy and optimise their digital media investments. Their solutions include the evaluation and planning of in-housing alternatives and the selection of advertising technology partners.

During this half-year, Advanced Analytics continued to expand its client base winning significant global projects, including with Volkswagen and a global telecoms group, and won its first project in the USA. Towards the end of the period, it expanded its operations in France with the appointment of a well-regarded senior specialist, which will enable it to exploit the substantial opportunities in that market. This move has already led to a major project for a leading European airline. Despite the new business success, revenue in the period was impacted by a substantial reduction in work from an existing large UK retail client due to the client's business difficulties. As a result, total revenue in the period was at the same level as the comparable period in 2018, although the practice is expected to return to growth in the second half of the year.

Our AdTech practice increased revenues by 124%, reflecting momentum demand for its specialist service seen following its launch in 2018. It is undertaking major in-housing projects for two global brands and recently expanded into the US with the appointment of a local practice head, winning its first engagement with a leading global energy group.

The MarTech practice comprises two units, Digital Balance in Australia and Stratigent in the USA. Both of these provide similar technology and data advisory services, but their recent performance has differed significantly.

Digital Balance helps brands to improve the effectiveness of their digital presence and to connect to their customers by creating better, personalised experiences across all digital touchpoints. It provides a range of consulting, analytics and optimisation services across a variety of website analytics platforms including Google Analytics and Adobe. Digital Balance has been growing its client base and revenue since its acquisition by the Group in September 2017 and its revenue increased by 36% compared to the six months ended 30 June 2018

In contrast, Stratigent's revenue which has been declining over recent years, fell by 15% in the current period. This trend has mainly been due to its business having focussed on a software application whose use has been reducing in the USA. It has also faced increasing price competition from independent and offshore suppliers. Actions were taken at the beginning of the year to re-position the business and target new clients, but these have failed to yield sufficient new revenue. With a loss projected for the current year, it was decided that the business should be wound down with effect from September 2019.

Operating Profit Analysis

	Underlying Operating Profit				**Underlying Operating Profit Margin**	
	H1 19	**H1 18**	**Variance**		**H1 19**	**H1 18**
	£m	**£m**	**£m**	**%**	**%**	**%**
Media	**6.7**	7.2	(0.5)	(7)%	24%	26%
Analytics and Tech	**0.7**	0.4	0.3	57%	9%	6%
Unallocated costs	**(4.0)**	(4.0)	-	-		-
Total	**3.4**	**3.7**	**(0.3)**	**(8)%**	**10%**	**10%**

Underlying Operating Profit of £3.4m is £0.3m lower than the prior year due to the small increase in total underlying operating costs on static revenue. Media Operating Profit of £6.7m is £0.5m below the comparable period reflecting the revenue fall and a small increase in costs associated with international projects. Analytics and Tech's operating profit has increased by 57% to £0.7m, broadly in line with its revenue increase.

As part of the adjustments following the AdIntel sale, premises formerly occupied by Ad Intel in Hamburg and Sydney have been vacated with consequential reduction in long-term lease liabilities. We retain

continuing obligations in Chicago. We will be relocating the London office, our largest operation, in November 2019 due to the expiry of the current lease. The new office is better suited to our future business requirements but the move will lead to one-off costs during the transition and fitting-out period which will largely be treated as highlighted items.

Outlook

Following the AdIntel sale, Ebiquity entered a period of transition during which we have focussed on improving the profitability of our more streamlined business and strengthened the foundations for future revenue growth. We have tightened controls over staff costs restructured under-performing businesses and identified further measures to re-align the cost base that will yield benefits of at least £1 million over the coming year. Consistent with our aim of being the leading global independent media and marketing consultancy, we have continued to invest in areas of strategic value and growth (such as analytics & digital) in the UK, USA and main European markets. The significantly reduced level of the Group's net debt since the AdIntel sale has given us greater financial flexibility to support future development.

Trading since the half year-end has been as the Board anticipated and we are on track to meet full year expectations in terms of profitability, although we remain mindful that our clients' media budgets may be affected by current economic conditions and political uncertainties, including Brexit. There are diverging trends in the market with budgetary pressure on media budgets contrasting with advertisers' growing need for advice on managing and maximising returns on their media investments. We remain confident that Ebiquity will be able to fulfil its potential and deliver improved performance in the medium term.

Financial Review

Revenues for the half year ended 30 June 2019 of £35.3 million were similar to the comparable period in 2018.

Underlying operating profit (statutory operating profit excluding highlighted items) was £3.4 million, a decrease of £0.3 million, 8% from the prior year. Cost of sales (which comprise external partner and production costs and direct project staff costs) increased by 2% to £18.7m from £18.4m. Administrative expenses reduced by £0.02 million to £13.3 million from £13.3 million. The underlying operating profit margin remained at 10%.

Underlying profit before tax reduced slightly to £2.9 million from £3.0 million for the six months ended 30 June 2018. Net finance costs were £0.5 million in 2019, a decrease of £0.1m (33%) compared to the prior year. This reduction reflects the significantly lower level of average debt following the AdIntel sale that resulted from the receipt of gross proceeds of approximately £26 million, partially offset by the adoption of IFRS 16 which led to an additional £0.1 million interest charge.

There was a statutory operating loss (after highlighted items) of £3.8 million compared to a profit of £2.8m in the prior year. This reflected an increase in highlighted net costs of £6.3 million which was largely due to the goodwill and intangibles write-down relating to Stratigent, as detailed below. This led to a reported loss before tax of £4.2 million compared to a profit of £2.2 million in the prior year period.

Highlighted items

Highlighted items after tax in the period totalled £7.0 million (2018: £1.2 million) and include the following:

- £5.9 million charge for the write down of goodwill and intangible balances relating to Stratigent following the decision to wind down its operations
- £0.4 million charge for an onerous lease provision for the new London office whilst it is unoccupied during the fit-out period

- £0.3 million charge for the one-off costs of relocating to the new London premises
- £0.6 million for purchased intangible asset amortisation (2018: £1.0 million)
- £0.2 million profit relating to adjustments to the fair value deferred consideration provisions

Taxation

The underlying tax charge for the period is £0.6m million compared to £1.0 million in the prior year. This reduction is due to the significant lowering of the effective tax rate to 21% from 33% in 2018, partly due to a prior year provision of £0.2m included in the 2018 charge. The tax credit included in highlighted items of £0.1 million (2018: charge of £0.4 million) has arisen due to the deferred tax impact of intangible assets relating to Stratigent being written down.

Earnings per share

Underlying basic earnings per share increased to 2.6p (2018: 2.4p) as did underlying diluted earnings per share at 2.6p (2018: 2.4p). There was a statutory basic loss per share of 6.2p compared to a basic earnings per share of 0.7p in 2018.

Dividend

A dividend of 0.71p per share was paid on 24 June 2019 in respect of the year ended 31 December 2018. No dividend is declared for the six months ended 30 June 2019.

Equity

During the six months to 30 June 2019, 239,083 shares were issued upon the exercise of employee share options. As a result, the total share capital increased to 79,352,273 ordinary shares (31 December 2018: 79,113,190).

Cash conversion

	Six months ended 30 June 2019	**Six months ended 30 June 2018**
	£'000	**£'000**
Reported cash from operations	(1,518)	4,758
Underlying cash from operations	587	4,888
Underlying operating profit	3,365	3,653

Underlying cash from operations represents the cash flow from operations excluding the impact of highlighted items and totalled £0.6 million in the period compared to £4.9 million in the prior year. The decrease was due to a working capital outflow of £3.9 million compared to an inflow of £0.6 million.
This reflected payments to suppliers and other creditors being made earlier than in the prior year, facilitated by the Group's greater financial flexibility in 2019.

The resulting underlying cash conversion level was 17% in the period compared to 134% in the prior year.

Net debt and banking facilities	**As at 30 June 2019**	**As at 30 June 2018**
	£'000	**£'000**
Cash and cash equivalents net of bank overdrafts	6,974	8,953
Bank debt[1]	(14,000)	(34,625)
Net debt	(7,026)	(25,672)

[1] Bank debt in the statement of financial position includes £0.1 million (30 June 2018: £nil) of loan arrangement fees that have been paid and which are amortised over the remaining life of the facility. The bank debt and net debt figures above exclude these costs.

All bank borrowings are held jointly with Barclays and Royal Bank of Scotland ("RBS"). The committed facility at 30 June 2019 consisted of a revolving credit facility of £25.0 million, reduced after the AdIntel sale from £35.0 million, of which £14.0 million was drawn (2018: £34.0 million). This facility was due to expire on 30 June 2020 and the drawn balance of £14.0 million has therefore been treated as a current liability as at 30 June 2019. On 20 September 2019, the Group entered into a new RCF facility agreement of £24.0 million with broadly similar terms to the previous one. This has a maturity period of four years, expiring in September 2023 with an option for the company to extend for one further year.

Statement of financial position and net assets

Debtor days have reduced to 56 days from 64 days as at 31 December 2018, reflecting improved cash collection processes.

Net current assets as at 30 June 2019 totalled £4.5m. These decreased by £33.9 million from 31 December 2018 due in part to the sale of Ad Intel which was treated as a net asset held for sale (of £23.4m) as at 31 December 2018. In addition due to the loan facility being reclassified as a current liability as at 30 June 2019, this has further reduced net current assets by the drawn amount of £14.0 million.

IFRS 16 has been applied to these financial statements for the first time in this period. As a result, a right of use asset of £9.0 million has been recognised in non-current assets and a corresponding lease liability has been included in non-current liabilities. The latter decreased by £25.1 million to £11.2 million, reflecting the reclassification of the bank borrowings offset by the effect of the IFRS 16 adjustment.

Net assets as at 30 June 2019 are £41.3m, a decrease of £6.2m since 31 December 2018.

Discontinued Business

The net loss from discontinued operations of £1.3m represents a profit before tax of £1.2m arising on the sale of AdIntel, offset by a tax charge of £2.5m. This tax charge is a provisional estimate at this stage prior to filing of the tax returns in the jurisdictions where the AdIntel assets were located. Its level reflects the effect of the taxable profit in some jurisdictions being higher than the accounting profit

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 as defined in the Annual Report are:

- 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 reported in underlying administrative expenses.

Consolidated Income Statement
for the six months ended 30 June 2019

		Unaudited 6 months ended 30 June 2019			Restated Unaudited 6 months ended 30 June 2018		
	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	**35,319**	**-**	**35,319**	35,341	-	35,341
Cost of sales		**(18,696)**	**-**	**(18,696)**	(18,414)	-	(18,414)
Gross profit		**16,623**	**-**	**16,623**	16,927	-	16,927
Administrative expenses	3	**(13,258)**	**(7,124)**	**(20,382)**	(13,274)	(819)	(14,093)
Operating profit/(loss)		**3,365**	**(7,124)**	**(3,759)**	3,653	(819)	2,834
Finance income		**6**	**-**	**6**	19	-	19
Finance expenses		**(456)**	**-**	**(456)**	(625)	-	(625)
Net finance costs		**(450)**	**-**	**(450)**	(606)	-	(606)
Profit/(loss) before taxation from continuing operations		**2,915**	**(7,124)**	**(4,209)**	3,047	(819)	2,228
Taxation (charge)/credit – continuing operations		**(605)**	**147**	**(458)**	(1,020)	(397)	(1,417)
Profit/(loss) for the period – continuing operations		**2,310**	**(6,977)**	**(4,667)**	2,027	(1,216)	811
(Loss)/profit from discontinued operations	6	**-**	**(1,250)**	**(1,250)**	472	(986)	(514)
Profit/(loss) for the period		**2,310**	**(8,227)**	**(5,917)**	2,499	(2,202)	297
Attributable to:							
Equity holders of the parent		**2,077**	**(8,221)**	**(6,144)**	2,232	(2,191)	41
Non-controlling interests		**233**	**(6)**	**227**	267	(11)	256
		2,310	**(8,227)**	**(5,917)**	2,499	(2,202)	297
Earnings per share – continuing operations							
Basic	5	**2.62p**		**(6.17)p**	2.43p		0.69p
Diluted	5	**2.58p**		**(6.17)p**	2.36p		0.67p
Earnings per share – discontinued operations							
Basic	5	-		(1.58)p	0.42p		(0.64)p
Diluted	5	-		(1.58)p	0.41p		(0.64)p

Consolidated Statement of Comprehensive Income
for the six months ended 30 June 2019

	Unaudited 6 months ended 30 June 2019 £'000	Unaudited 6 months ended 30 June 2018 £'000
(Loss)/profit for the period	**(5,917)**	297
Other comprehensive income/(expense):		
Items that may be reclassified subsequently to the income statement		
Exchange differences on translation of overseas subsidiaries	**387**	(210)
Total other comprehensive income/(expense) for the period	**387**	(210)
Total comprehensive (expense)/income for the period	**(5,530)**	87
Attributable to:		
Equity holders of the parent	**(5,757)**	(169)
Non-controlling interests	**227**	256
	(5,530)	87

Consolidated Statement of Financial Position
as at 30 June 2019

	Note	Unaudited as at 30 June 2019 £'000s	Audited as at 31 December 2018 £'000s
Non-current assets			
Goodwill	7	29,692	34,774
Other intangible assets	8	7,279	8,477
Property, plant and equipment		1,046	1,170
Right of use asset		8,994	-
Deferred tax asset		977	979
Total non-current assets		**47,988**	**45,400**
Current assets			
Trade and other receivables		30,583	29,408
Assets held for sale	9	-	27,734
Cash and cash equivalents	10	6,974	8,793
Total current assets		**37,557**	**65,935**
Total assets		**85,545**	**111,335**
Current liabilities			
Trade and other payables		(5,238)	(7,510)
Liabilities held for sale	9	-	(4,316)
Accruals and contract liabilities		(8,864)	(10,640)
Financial liabilities	11	(14,488)	(2,822)
Current tax liabilities		(3,810)	(1,358)
Provisions		(313)	(570)
Deferred tax liability		(323)	(323)
Total current liabilities		**(33,036)**	**(27,539)**
Non-current liabilities			
Financial liabilities	11	(316)	(34,934)
Provisions		-	(67)
Lease liability		(9,819)	-
Deferred tax liability		(1,095)	(1,281)
Total non-current liabilities		**(11,230)**	**(36,282)**
Total liabilities		**(44,266)**	**(63,821)**
Total net assets		**41,279**	**47,514**
Equity			
Ordinary shares		19,838	19,778
Share premium		46	44
Other reserves		5,531	5,144
Retained earnings		14,729	21,556
Equity attributable to the owners of the parent		**40,144**	**46,522**
Non-controlling interests		1,135	992
Total equity		**41,279**	**47,514**

Consolidated Statement of Changes in Equity
for the six months ended 30 June 2019

	Ordinary shares £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total £'000	Non-controlling interests £'000	Total equity £'000
1 January 2018	**19,549**	**21**	**4,877**	**27,495**	**51,942**	**1,040**	**52,982**
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**
(Loss)/profit for the period	-	-	-	(5,848)	(5,848)	216	(5,632)
Other comprehensive income	-	-	477	-	477	-	477
Total comprehensive income/(expense) for the period	**-**	**-**	**477**	**(5,848)**	**(5,371)**	**216**	**(5,155)**
Shares issued for cash	169	12	-	-	181	-	181
Share options charge	-	-	-	43	43	-	43
Dividends paid to non-controlling interests	-	-	-	-	-	(520)	(520)
31 December 2018	**19,778**	**44**	**5,144**	**21,556**	**46,522**	**992**	**47,514**
(Loss)/profit for the period	-	-	-	(6,144)	(6,144)	227	(5,917)
Other comprehensive income	-	-	387	-	387	-	387
Total comprehensive income/(expense) for the period	**-**	**-**	**387**	**(6,144)**	**(5,757)**	**227**	**(5,530)**
Shares issued for cash	60	2	-	-	62	-	62
Share options charge	-	-	-	102	102	-	102
Acquisition of non-controlling interests	-	-	-	(251)	(251)	(84)	(335)
Dividends paid to shareholders	-	-	-	(534)	(534)		(534)
30 June 2019	**19,838**	**46**	**5,531**	**14,729**	**40,144**	**1,135**	**41,279**

Consolidated Cash Flow Statement
for the six months ended 30 June 2019

	Note	Unaudited 6 months ended 30 June 2019 £'000s	Unaudited 6 months ended 30 June 2018 £'000s
Cash flows from operating activities			
Cash (used)/generated from operations	13	(1,518)	6,210
Finance expenses paid		(464)	(539)
Finance income received		6	19
Income taxes paid		(668)	(713)
Net cash from operating activities		**(2,644)**	**4,977**
Cash flows from investing activities			
Disposal of division		26,000	-
Payments to acquire non-controlling interests		(168)	-
Payment of contingent consideration		(578)	(248)
Purchase of property, plant and equipment		(138)	(436)
Purchase of intangible assets		(646)	(478)
Net cash flow from investing activities		**24,470**	**(1,162)**
Cash flows from financing activities			
Proceeds from issue of share capital (net of issue costs)		62	71
Proceeds from bank borrowings		-	2,000
Repayment of bank borrowings		(20,000)	(625)
Repayments of lease liabilities		(516)	-
Dividends paid to shareholders		(534)	(526)
Dividends paid to non-controlling interests		(289)	-
Capital repayment of finance leases		-	(4)
Net cash flow from financing activities		**(21,277)**	**916**
Net increase in cash, cash equivalents and bank overdrafts		**549**	**4,731**
Cash, cash equivalents and bank overdrafts at beginning of period (as at 31 December 2018)		6,414	4,325
Effect of exchange rate changes on cash and cash equivalents		11	(103)
Cash, cash equivalents and bank overdrafts at end of period	10	**6,974**	**8,953**

Notes to the interim financial statements for the six months ended 30 June 2019

1. Accounting policies

Basis of preparation

The condensed consolidated interim financial statements for the six months ended 30 June 2019 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 2018, 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 because the Directors, for the reasons outlined in notes 11 and 15 have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least twelve months from the date of this report.

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.

Adoption of new standards and interpretations

IFRS 16, 'Leases' (effective on or after 1 January 2019). This standard replaces IAS 17 'Leases' and related interpretations and sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. The standard addresses the definition of a lease, recognition and measurement of leases, and it establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for on the statement of financial position for lessees. The operating lease charge is replaced by a depreciation charge and an interest charge. 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.

IFRS 16 has been applied in these financial statements using the modified retrospective method, meaning the comparatives have not been restated to reflect the effects of IFRS 16.

The standard requires the Group to recognise a 'right of use' asset, representing the right to use the underlying asset, and a corresponding lease liability, representing the obligation to make lease payments, on its statement of financial position, for almost all lease contracts.

The impact on the income statement is that former operating lease expenses are replaced by depreciation and interest, thereby improving EBITDA and operating profit. Total expenses (depreciation of right of use assets and interest on lease liabilities) are typically higher in the earlier years of a lease and lower in the later years, in comparison with former accounting for operating leases.

The main impact on the statement of cash flows is higher cash flows from operating activities, since cash payments for the principal part of the lease liability are classified in the net cash flow from financing activities.

The tax effect from the adjustments from IFRS 16 have been measured and recognised accordingly.

The change in accounting policy has impacted the primary statements as follows:

	Income statement	**Statement of financial position**	**Cash flow statement**
	DR/(CR)	DR/(CR)	Inflow/(Outflow)
Operating lease rentals	(592,000)	-	-
Depreciation charge	645,000	(645,000)	-
Interest expense	77,000	(77,000)	-
Highlighted items	296,000	-	-
Right of use asset	-	10,259,000	-
Impairment of right of use asset	-	(620,000)	-
Provisions	-	324,000	-
Lease liability	-	(9,742,000)	-
Accruals	-	75,000	-
Deferred tax asset	(126,000)	126,000	-
Cash flows from operating activities	-	-	516,000
Cash flows from financing activities	-	-	(516,000)
Total impact	**300,000**	**(300,000)**	**-**

Accounting policy for leases

The Group has various lease arrangements for buildings, cars, and IT equipment. Lease terms are negotiated on an individual basis locally. This results in a wide range of different terms and conditions. At the inception of a lease contract, the Group assesses whether the contract conveys the right to control the use of an identified asset for a certain period in exchange for a consideration, in which case it is identified as a lease. The Group recognises then a right of use asset and a corresponding lease liability at the lease commencement date. Lease related assets and liabilities are measured on a present value basis. Lease related assets and liabilities are subjected to re-measurement when either terms are modified or lease assumptions have changed. Such event results in the lease liability being re-measured to reflect the measurement of the present value of the remaining lease payments, discounted using the discount rate at the time of the change. The lease assets are adjusted to reflect the change in the re-measured liabilities.

Right of use assets:

Right of use assets include the net present value of the following components:

- The initial measurement of the lease liability;
- Lease payments made before the commencement date of the lease;
- Initial direct costs; and
- Costs to restore.

The right of use assets are reduced for lease incentives relating to the lease. The right of use assets are depreciated on a straight-line basis over the duration of the contract. In the event that the lease contract becomes onerous, the right of use asset is impaired for the part which has become onerous.

Lease liabilities:

Lease liabilities include the net present value of the following components:

- Fixed payments excluding lease incentive receivables;
- Future contractually agreed fixed increases; and
- Payments related to renewals or early termination, in case options to renew or for early termination are reasonably certain to be exercised.

The lease payments are discounted using the interest rate implicit in the lease. If such rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. The discount rate that is used to calculate the present value reflects the interest rate applicable to the lease at inception of the contract. Lease contracts entered into in a currency different than the local functional currency are subjected to periodically foreign currency revaluations which are recognised in the income statement in net finance costs.

The lease liabilities are subsequently increased by the interest costs on the lease liabilities and decreased by lease payments made.

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 two business practices (Media and Analytics & Tech), as this most accurately reflects the way the Group is being managed. In the prior year there were three business practices (Media, Analytics & Tech and Intel), however on 2 January 2019 the sale completed of Intel to Nielsen Media Research Limited and therefore the results of this division have been presented within discontinued operations. Refer note 6 for more details.

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 2019 is as follows:

Unaudited 6 months ended 30 June 2019

	Media £'000	Analytics & Tech £'000	Reportable Segments £'000	Unallocated £'000	Discontinued operations £'000	Total £'000
Revenue	27,701	7,618	**35,319**	-	**-**	**35,319**
Operating profit/(loss) before highlighted items	6,679	664	**7,343**	(3,978)	**-**	**3,365**

2. Segmental reporting (continued)

Unaudited 6 month period ended 30 June 2018

	Media	Analytics & Tech	Reportable Segments	Unallocated	Discontinued operations	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Revenue	27,994	7,347	35,341	-	10,110	45,451
Operating profit/(loss) before highlighted items	7,203	422	7,625	(3,972)	512	4,165

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

	Unaudited 6 months ended 30 June 2019	Unaudited 6 months ended 30 June 2018
	£'000	£'000
Reportable segment operating profit before highlighted items	**7,343**	7,625
Unallocated costs:		
Staff costs	**(2,917)**	(2,674)
Property costs	**(488)**	(317)
Exchange rate movements	**(27)**	(25)
Other administrative expenses	**(546)**	(956)
Operating profit before highlighted items	**3,365**	3,653
Highlighted items (note 3)	**(7,124)**	(819)
Operating (loss)/profit	**(3,759)**	2,834
Net finance costs	**(450)**	(606)
(Loss)/profit before tax	**(4,209)**	2,228

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 2019	Unaudited 6 months ended 30 June 2018
	£'000s	£'000s
Share option charge	**68**	195
Amortisation of purchased intangibles	**620**	625
Impairment of goodwill and intangibles	**5,850**	-
Severance and reorganisation costs	**104**	175
Acquisition, integration and strategic costs	**482**	(176)
Total highlighted items before tax	**7,124**	819
Taxation (credit)/charge	**(147)**	397
Total highlighted items after tax – continuing operations	**6,977**	1,216
Highlighted items – discontinued operations	**1,250**	986
Total highlighted items	**8,227**	2,202

Share option charges include the non-cash IFRS 2 charge of £102,000 (June 2018: £307,000) along with the cash element in relation to the exercising of share options, a credit of £34,000 (June 2018: credit of £112,000).

Amortisation of purchased intangibles relates to acquisitions made in prior years £620,000 (June 2018: £625,000).

Impairment of goodwill and intangibles of £5,850,000 is in relation to the impairment of goodwill and intangibles held in Stratigent LLC. The impairment was determined with reference to current net book value of these items, the result being that these items have been fully written down due to the winding down of the activities of this operation.

Severance and reorganisation costs of £104,000 (June 2018: £175,000) relate to restructuring within the US, UK and German businesses.

The acquisition, integration and strategic costs of £482,000 (June 2018: credit of £176,000) predominantly relates to the recognition of an impairment to the right of use asset of £451,000, in relation to the London office whilst it remains unoccupied during the fit-out period. Partially offsetting this is the release of the brought forward provision in relation to the Hamburg office of £107,000 since the Group have been released from any future obligations on a new tenant being identified in the period for the previously unoccupied space since AdIntel vacated the office.

A further £297,000 relates to one-off costs of relocating to the new London premises partially offset by adjustments to the fair value of contingent consideration amounting to a credit of £159,000 (June 2018: credit of £195,000) 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.

In the prior year also included within acquisition, integration and strategic costs was £19,000 of stamp duty costs.

4. Dividends

A dividend of £534,000 (0.71p per share) was declared on 4 June 2019 and subsequently paid on 24 June 2019 in respect to the year ended 31 December 2018.

5. Earnings per share

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

	Period ended 30 June 2019			Period ended 30 June 2018		
	Continuing	**Discontinued**	**Total**	Continuing	Discontinued	Total
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Earnings for the purpose of basic earnings per share being net profit attributable to equity holders of the parent	**(4,894)**	**(1,250)**	**(6,144)**	541	(501)	41
Adjustments:						
Impact of highlighted items (net of tax)1	**6,971**	**1,250**	**8,221**	1,363	829	2,191
Earnings for the purpose of underlying earnings per share	**2,077**	**-**	**2,077**	1,904	328	2,232
Number of shares:						
Weighted average number of shares during the period						
– basic	**79,305,619**	**-**	**79,305,619**	78,343,984	78,343,984	78,343,984
– dilutive effect of share options	**1,326,363**	**-**	**1,326,363**	2,212,770	2,212,770	2,212,770
– diluted	**80,631,982**	**-**	**80,631,982**	80,556,754	80,556,754	80,556,754
Basic earnings per share	**(6.17)p**	**(1.58)p**	**(7.75)p**	0.69p	(0.64)p	0.05p
Diluted earnings per share	**(6.17)p**	**(1.58)p**	**(7.75)p**	0.69p	(0.64)p	0.05p
Underlying basic earnings per share	**2.62p**	**-**	**2.62p**	2.43p	0.42p	2.85p
Underlying diluted earnings per share	**2.58p**	**-**	**2.58p**	2.36p	0.41p	2.77p

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. Discontinued operations

On 12 February 2018, the Group agreed to dispose of the AdIntel business to Nielsen Media Research Limited, a subsidiary of Nielsen Holdings plc for gross consideration of £26,000,000. This disposal was completed on 2 January 2019. In the financial statements for the year ended 31 December 2018 AdIntel was reported within discontinued operations.

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. In the financial statements for the year ending 31 December 2018 Reputation was reported within discontinued operations.

Financial information relating to the discontinued operations for the period to the date of disposal is set out below. For further information about the discontinued operations please refer to note 8 in the group's annual financial statements for the year ended 31 December 2018.

The financial performance and cash flow information presented below reflects the AdIntel results for the 6 months ended 30 June 2018 and the profit on disposal recognised in 2019 on the sale completing on 2 January 2019 and the Reputation results for the 3 months to 31 March 2018 and the profit on disposal recognised in 2018.

6. Discontinued operations (continued)

The table below summarises the income statement for the discontinued business units for both the current and the prior period:

	Unaudited 6 months ended 30 June 2019			Unaudited 6 months ended 30 June 2018		
	AdIntel £'000	**Reputation £'000**	**Total £'000**	AdIntel £'000	Reputation £'000	Total £'000
Revenue	**-**	**-**	-	9,926	184	10,110
Cost of sales	**-**	**-**	-	(6,107)	(199)	(6,306)
Gross profit	**-**	**-**	-	3,819	(15)	3,804
Administrative expenses	**-**	**-**	-	(3,188)	(104)	(3,292)
Operating profit	**-**	**-**	-	631	(119)	512
Highlighted items	**1,194**	**36**	**1,230**	(1,112)	80	(1,032)
Profit before tax	**1,194**	**36**	**1,230**	(481)	(39)	(520)
Tax[1]	**(2,480)**	**-**	**(2,480)**	6	-	6
Net result from discontinued operations	**(1,286)**	**36**	**(1,250)**	(475)	(39)	(514)

[1] This represents the current best estimate of the multi-jurisdiction tax charge arising as a result of the disposal of the AdIntel business. The finalised charge will be incorporated within the Group's 2019 annual results announcement.

Below is a table summarising the cash flows from continued and discontinued operations:

	Unaudited 6 months ended 30 June 2019 £'000	Unaudited 6 months ended 30 June 2018 £'000
Cash (used)/generated from operations – continuing operations	**(2,644)**	4,040
Cash generated from operations – discontinued operations	**-**	937
Total cash (used)/generated from operations	**(2,644)**	4,977
Cash generated/(used) in investment activities – continuing operations	**(1,530)**	(1,027)
Cash used in investment activities – discontinued operations	**26,000**	(135)
Total cash generated/(used) in investment activities	**24,470**	(1,162)
Cash (used)/generated by financing activities – continuing operations	**(21,277)**	916
Cash generated by financing activities – discontinued operations	**-**	-
Total cash (used)/generated by financing activities	**(21,277)**	916
Net increase in cash and cash equivalents – continuing operations	**(25,951)**	3,929
Net increase in cash and cash equivalents – discontinued operations	**26,000**	802
Net increase in cash and cash equivalents	**549**	4,731

6. Discontinued operations (continued)

Below is a table summarising the details of the sale of the divisions:

	Unaudited 6 months ended 30 June 2019			Unaudited 6 months ended 30 June 2018		
	AdIntel	**Reputation**	**Total**	AdIntel	Reputation	Total
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Cash received or receivable:				-	-	-
Cash	**26,000**	**36**	**26,036**	-	-	-
Decease of consideration	**(808)**	**-**	**(808)**	-	-	-
Total disposal consideration	**25,192**	**36**	**25,228**	-	-	-
Carrying amount of net assets/(liabilities) sold	**23,672**	**-**	**23,672**	-	(79)	(79)
Costs to sell – current year	**25**	**-**	**25**	-	-	-
Reclassification of foreign currency translation reserve	**301**	**-**	**301**	-	-	-
Total	**23,998**	**-**	**23,998**	-	(79)	(79)
Gain/(loss) on sale before income tax	**1,194**	**36**	**1,230**	-	79	79
Income tax charge on gain/(loss)	**(2,480)**	**-**	**(2,480)**	-	(15)	(15)
(Loss)/gain on sale after income tax	**(1,286)**	**36**	**(1,250)**	-	64	64
Costs to sell – prior year	**(3,176)**	**-**	**(3,176)**	-	-	-
(Loss)/gain on sale after income tax - total	**(4,462)**	**36**	**(4,426)**		64	64

7. Goodwill

	£'000
Cost	
At 1 January 2019	37,381
Foreign exchange differences	13
At 30 June 2019	**37,394**
Accumulated impairment	
At 1 January 2019	(2,607)
Impairment	(5,082)
Foreign exchange differences	(13)
At 30 June 2019	(7,702)
Net book value	
At 30 June 2019	**29,692**
At 31 December 2018	**34,774**

An impairment of £5,082,000 was recognised in relation to goodwill held in Stratigent LLC so that the carrying value was written down in full due to the winding down of the activities of this operation.

8. Other intangible assets

	Capitalised development costs £'000s	Computer software £'000s	Purchased intangible assets £'000s	Total intangible assets £'000s
Cost				
At 1 January 2019	3,258	2,675	16,541	22,474
Additions	642	4	-	646
Foreign exchange	2	-	1	3
At 30 June 2019	3,902	2,679	16,542	23,123
Amortisation				
At 1 January 2019	(1,258)	(1,606)	(11,133)	(13,997)
Impairment	(161)	-	(607)	(768)
Charge for the period	(221)	(235)	(620)	(1,076)
Foreign exchange	3	(1)	(5)	(3)
At 30 June 2019	(1,637)	(1,842)	(12,365)	(15,844)
Net book value				
At 30 June 2019	**2,265**	**837**	**4,177**	**7,279**
At 31 December 2018	**2,000**	**1,069**	**5,408**	**8,477**

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 £2,014,000 remains in development at 30 June 2019. An impairment of £161,000 was recognised in relation to capitalised development costs held in Stratigent LLC so that the carrying value was written down in full due to the winding down of the activities of this operation.

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. An impairment of £607,000 was recognised in relation to purchased intangibles held in Stratigent LLC so that the carrying value was written down in full due to the winding down of the activities of this operation.

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.

9. Assets and liabilities held for sale

In 2017, the Board concluded that the most probable route to realising future economic benefit through its AdIntel business was through a sale rather than continuing to operate it as part of the larger Group. Accordingly, it commenced a sale process to see if this business could be sold at an acceptable price.

On 12 February 2018, the Group agreed to dispose of the AdIntel business to Nielsen Media Research Limited, a subsidiary of Nielsen Holdings plc (together "Nielsen") for gross consideration of £26,000,000. This transaction was subject to certain conditions, including approval from the Competition and Markets Authority ("CMA") who immediately commenced a Phase 1 examination. This led to a Phase II examination that was not concluded until November 2018. This disposal to Nielsen was completed on 2 January 2019.

In accordance with IFRS 5, the AdIntel business was treated as an asset held for sale as at 31 December 2018 since the sale was deemed to be probable, and the disposal of AdIntel signalled a complete exit from this service line. Accordingly it was also treated as a discontinued operation.

9. Assets and liabilities held for sale (continued)

The net assets of the AdIntel business are shown below:

	30 June 2019 £'000	**2 January 2019 £'000**	31 December 2018 £'000
Non-current assets			
Goodwill	-	22,295	22,293
Other intangible assets	-	2,377	2,377
Property, plant and equipment	-	415	412
Deferred tax asset	-	40	40
Total non-current assets	-	25,127	25,122
Current assets			
Trade and other receivables	-	2,964	2,612
Cash and cash equivalents		-	-
Total current assets	-	2,964	2,612
Total assets	-	28,091	27,734
Current liabilities			
Trade and other payables	-	(801)	(796)
Accruals and contract liabilities	-	(3,038)	(2,940)
Current tax liabilities	-	(86)	(86)
Total current liabilities	-	(3,925)	(3,822)
Non-current liabilities			
Deferred tax liabilities	-	(413)	(413)
Provisions	-	(81)	(81)
Total non-current liabilities	-	(494)	(494)
Total liabilities	-	(4,419)	(4,316)
Total net assets	-	23,672	23,418

The table above shows the net assets of the AdIntel business as reported on 31 December 2018 as well as at the point the sale completed on 2 January 2019.

10. 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 2019 £'000	**31 December 2018 £'000**
Cash and cash equivalents	**6,974**	8,793
Bank overdraft (note 11)	**-**	(2,379)
Cash, cash equivalents and bank overdrafts	**6,974**	6,414

11. Financial liabilities

	30 June 2019 £'000	31 December 2018 £'000
Current		
Bank overdraft	**-**	2,379
Bank borrowings	**14,000**	-
Loan fees[1]	**(70)**	(65)
Contingent consideration	**558**	508
	14,488	2,822
Non-current		
Bank borrowings	**-**	34,000
Loan fees	**-**	(35)
Contingent consideration	**316**	969
	316	34,934
Total financial liabilities	**14,804**	37,756

[1] Loan fees were payable on amending the banking facility and are being recognised in the income statement on a straight-line basis to the maturity date of the facility, this being 30 June 2020.

	Bank overdrafts £'000	Bank borrowings £'000	Contingent consideration £'000	Total £'000
At 1 January 2019	2,379	33,900	1,477	37,756
Additions	-	-	376	376
Paid	-	-	(746)	(746)
Charged/(credited) to the income statement	-	30	(219)	(189)
Discounting charged to the income statement	-	-	1	1
Repayments	(2,379)	(20,000)		(22,379)
Foreign exchange released to the income statement	-	-	(15)	(15)
At 30 June 2019	**-**	**13,930**	**874**	**14,804**

All bank borrowings as at 30 June 2019 are held jointly with Barclays and Royal Bank of Scotland ('RBS'). The committed facility, totalling £35,000,000, comprises a term loan of £10,000,000 (of which £nil remains outstanding at 30 June 2019) (31 December 2018: £nil), and a revolving credit facility ('RCF') of £25,000,000, reduced by £10,000,000 from £35,000,000 in the period, (of which £14,000,000 was drawn down at 30 June 2019) (31 December 2018: £34,000,000). There is currently £1,000,000 available as an overdraft for working capital purposes. The term loan had a maturity of 30 September 2018 and was fully repaid on this date, and the RCF has a maturity date of 30 June 2020, therefore it has been reclassified to current liabilities as at 30 June 2019. The £10,000,000 term loan was 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 £70,000 (31 December 2018: £100,000) 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 2.00%. 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.

11. 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 and Germany.

The outstanding bank borrowings of £14,000,000 were repaid in full on 20 September 2019 and on the same day the Group drew down £14,000,000 against the new facility (see note 15). Therefore there are no going concern implications of the bank borrowings being payable within one year as at 30 June 2019 as on refinance, on 20 September 2019, the borrowings will be considered non-current once more.

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.

12. 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 2019				
Financial liabilities				
Contingent consideration	**-**	**-**	**874**	**874**
	-	**-**	**874**	**874**
At 31 December 2018				
Financial liabilities				
Contingent consideration	–	–	1,477	1,477
	–	–	1,477	1,477

The fair value of the contingent consideration of £874,000 (31 December 2018: £1,477,000), was estimated by applying the income approach. The fair value estimates are based on a discount rate of 3.3% 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 11 for a reconciliation of movements during the period.

12. 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 2019 £'000	Unobservable inputs[1]	Range of inputs	Relationship of unobservable inputs to fair value
Contingent consideration	874	Risk adjusted discount rate	3.3%	A change in the discount rate by 1 percent would increase/decrease the fair value by £0.01m
		Expected EBIT	Ebiquity Marsh Limited; £207,000 - £300,000	If expected revenues were 10% higher, the fair value would increase by £0.1m
		Expected EBIT	Digital Balance; £300,000 - £415,000	If expected revenues were 10% higher, the fair value would increase by £0.4m

[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 debit of £1,000 (December 2018: credit of £78,000) was recognised in the income statement on discounting the contingent consideration.

13. Cash generated from operations

	Unaudited 6 months ended 30 June 2019 £'000	Unaudited 6 months ended 30 June 2018 £'000
(Loss)/profit before taxation	**(4,209)**	2,228
Adjustments for:		
Depreciation	**901**	373
Amortisation (note 8)	**1,076**	1,012
Impairment of goodwill & intangibles	**5,850**	-
Recognition of onerous lease provision	**296**	-
Unrealised foreign exchange gain	**(284)**	(93)
Share option charges	**102**	307
Finance income	**(6)**	(19)
Finance expenses	**456**	625
Contingent consideration revaluations	**(159)**	195
	4,023	4,628
Increase in trade and other receivables	**(1,529)**	(2,775)
Decrease/(increase) in trade and other payables (including accruals and contract liabilities)	**(4,012)**	2,904
Movement in provisions	**-**	1
Cash (used in)/generated from operations – continuing operations	**(1,518)**	4,758
Cash generated from operations – discontinued operations	**-**	1,452
Cash (used in)/generated from operations	**(1,518)**	6,210

14. Acquisitions

On 11 June 2019, the Group acquired the outstanding 5.97% interest in its subsidiary undertaking, Ebiquity GmbH Limited, from the minority shareholder for cash consideration of €380,000 (£336,000). As at 30 June 2019, €180,000 (£168,000) was settled, with a further €180,000 (£168,000) payable on 31 October 2019.

15. Events subsequent to reporting date

On 20 September 2019, the Group refinanced its banking facilities with Barclays and Royal Bank of Scotland and on 20 September 2019 drew down on these new facilities. The new committed facility, totalling £25,000,000, comprises a revolving credit facility ('RCF') of £24,000,000 (of which £14,000,000 was drawn on refinance) and £1,000,000 available as an overdraft for working capital purposes. The RCF has a maturity date of 20 September 2023. The drawn RCF and any further drawings under the RCF are repayable on maturity of the facility. The facility may be used for deferred consideration payments on past acquisitions, to fund future potential acquisitions, and for general working capital requirements.

On 21 August 2019 it was decided to wind down the activities of Stratigent LLC, the Chicago based marketing technology business which has been trading at a loss due to significantly reduced demand in the US market for the software technology on which its skills were focussed. This was the result of a wider review of opportunities for further efficiency gains across the business as well as examining investment areas to ensure these fit with the Group's strategic priorities.

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 2019. 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 2019;
- 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

25 September 2019