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Ebiquity plc

Interim Results for the six months ended 30 June 2016

Momentum in revenue and profit reflecting increased demand for analytics services

Ebiquity plc, the leading independent marketing analytics specialists, announces interim results for the six months ended 30 June 2016. Ebiquity provides services to more than 1,100 clients across 85 countries, including over 80%[1] of the top 100 global advertisers.

Encouraging first half performance

- Total revenue up 6.8% on a reported basis to £42.3m (HY2015: £39.6m), up 5.2% on a like for like[2] basis
- Revenue from MVM and MPO now account for 74% of Group revenue (HY2015: 69%)
- Underlying[3] operating profit up 8.2% to £8.6m (HY2015: £7.9m)
- Underlying PBT up 8.5% to £8.0m (HY2015: £7.3m)
- Underlying diluted EPS of 6.9p (HY2015 at consistent effective tax rate: 6.7p)
- Net debt decreased by £0.8m to £28.1m (31 Dec 2015: £28.9m)
- Launch Growth Acceleration Programme to drive organic growth, take market leadership opportunity and support long term, sustainable double-digit revenue growth

MPO and MVM divisions continue to drive growth

- Marketing Performance Optimization ("MPO") achieved record revenue growth in the first half, demonstrating our clients' increasing desire to maximise returns on marketing investments
- Media Value Measurement ("MVM") recorded a number of new business wins over the first half, and is expected to benefit from the heightened awareness of media transparency in the second half
- Market Intelligence ("MI") continues to operate in a competitive marketplace. In HY2016 we have continued to advance its core Portfolio platform offering. Upgrades to the service, which were rolled out to selected clients in Q2 2016, have been well received, and will continue to a broader client base in the second half of 2016
- Two-thirds of revenue denominated in non-Sterling currencies; results include some revenue benefit from Sterling's weakness

Michael Karg, CEO, commented:

"Ebiquity achieved a good performance for the first six months of the year, with our MPO practice producing another standout performance. The first half also saw an increasing focus on media transparency which is translating into positive momentum for our MVM practice. Within MI, we have received a positive response from clients to our new Portfolio platform and we are excited by the upcoming launch of our digital offering.

"Overall the activity over the first six months has combined to provide forward momentum into the second half and we expect to be in line with the Board's expectations for the full year."

"The Company has engaged in a thorough process to define a Growth Acceleration Programme to enable Ebiquity to capture the growing global demand across our business but in particular for our MPO services. The Programme will build on our strong foundation and result in a higher quality business and drive double digit revenue growth."

Capital Markets Day

Ebiquity's Capital Markets Day for institutional investors and analysts will take place in London in early November, where we will provide further information on Ebiquity's strategy and business outlook.

28 September 2016

Enquiries:

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[1]Source: Advertising Age 2015.
[2]Like for like ("LFL") figures adjust the prior year results to include the results of acquisitions as if they had been owned for the same period in the prior year.
[3] Underlying results are stated before highlighted items.

Chief Executive and Financial Review

Overview

I am pleased to announce that for the half year to 30 June 2016 we have continued to grow our revenue and operating profit.

- Total revenue up 6.8% on a reported basis to £42.3m (HY2015: £39.6m), with like for like revenue growth of 5.2%
- Underlying operating profit growth of 8.2% to £8.6m (HY2015: £7.9m)
- Underlying PBT growth of 8.5% to £8.0m (HY2015: £7.3m)
- Underlying diluted EPS of 6.9p (HY2015 at consistent effective tax rate: 6.7p)
- Positive impact of exchange rate movements, increasing total revenue by 2.5%

Demand for our marketing analytics services continues to grow as marketers put increasing emphasis on data driven insights and marketing ROI and as consumers expect more personalised experiences. These trends increasingly rely on data to help companies determine the right type and levels of investment to achieve their communications and business objectives. Ebiquity's services are designed to support our clients with these decisions.

Growth Acceleration Programme

The evolving marketing landscape combined with the changing nature and scale of client demand has created a significant opportunity for Ebiquity. In particular, our MPO practice has continued to report record year-on-year growth, reflecting the rapidly increasing demand for the division's services. We foresee a significant future growth opportunity by organically expanding MPO's service offering in the US and geographic reach in Western Europe and APAC.

Simultaneously, the operational infrastructure of the Company requires investment in order for it to function optimally in its next stage of development. To date we have operated a "lean" structure that now requires investment in people and systems to support the MPO Growth Acceleration Programme and to capitalize on the increasing opportunity to serve clients on a more global basis.

We will report the Growth Acceleration Programme's progress against a number of identified milestones over the next two years.

As a result of the above strategy we plan to achieve the following business objectives:

- Group revenue CAGR of +10% from 2016 to 2021
- MPO and MVM to represent more than 80% of revenue by 2021
- A more geographically diversified revenue base
- Move to a medium-term operating profit margin of c.12-13% by 2018

Despite the continued growth anticipated from both MPO and MVM and the future acceleration of revenue growth, the investment requirement is anticipated to reduce reported earnings in 2017 and 2018, but return ahead of today's levels in 2019.

The Growth Acceleration Programme will develop Ebiquity into a higher quality business, with a robust infrastructure and scalable service offering that will deliver long term, sustainable revenue and profit growth.

Change in financial year end

This is the Company's first interim results for the six months ended 30 June, following our change in year end to 31 December. The Company's revenue is now front half weighted primarily due to the first half weighting of revenues, notably in MVM, reflecting the timing of year-end media benchmarking projects. This first half weighting has the impact of also increasing operating margins in the first half of the year versus the second half.

Presentation of results

Like for like ("LFL") figures adjust the prior year results to include the results of acquisitions as if they had been owned for the same period in the prior year.

All results are reported before taking into account highlighted items, unless otherwise stated. These highlighted items include share-based payment expenses, amortisation of purchased intangible assets, acquisition costs, restructuring and other non-recurring items.

HY2016 is the 6 month period from 1 January 2016 to 30 June 2016
HY2015 is the 6 month period from 1 January 2015 to 30 June 2015

Summary of results

	Six months ended 30 June 2016 £'000	Six months ended 30 June 2015 £'000
Revenue	**42,258**	**39,569**
Underlying operating profit	**8,565**	**7,916**
Underlying Operating Profit Margin	20.3%	20.0%
Highlighted items	(3,354)	(2,709)
Reported operating profit	**5,211**	**5,207**
Net finance costs	(613)	(595)
Share of profit of associates	-	4
Reported profit before tax	**4,598**	**4,616**
Underlying profit before tax	**7,952**	**7,325**

The table below sets out our HY2016 over HY2015 revenue growth by segment:

	MVM	MPO	MI	TOTAL
Reported revenue growth	7.4%	52.9%	(10.6)%	**6.8%**
Like for like revenue growth	4.9%	50.8%	(10.6)%	**5.2%**

The reported results reflect the positive impact of foreign exchange on our recent performance, increasing total revenue by 2.5% over the first half of the year.

The underlying operating profit margin increased to 20.3% in HY2016 from 20.0% in HY2015, reflecting the increasing contribution to revenue from MVM and MPO which trade with higher margins. MVM and MPO comprise 74% of group revenue in the 6 months ended 30 June 2016 (HY2015: 69%). Operating margins are generally higher in the first half of the year than in the second half of the year, due to the first half weighting of revenues, notably in MVM, reflecting the timing of year-end media benchmarking projects.

Highlighted items total £3.4m, which includes £0.9m of purchased intangible asset amortisation, £0.2m of share option charges, £1.6m deferred consideration adjustments and £0.7m of acquisition and integration costs. Deferred consideration adjustments comprise adjustments to the fair value of deferred consideration (£1.0m) and foreign currency exchange impact on deferred consideration balances (£0.6m). Acquisition and integration costs comprise post-acquisition integration costs (£0.4m) and CEO transition costs (£0.3m).

Net finance costs were £0.6m in the six months ended 30 June 2016 (HY2015: £0.6m).

Reported profit before tax is £4.6m for the six months ended 30 June 2016 (HY2015: £4.6m) with an increase in underlying operating profit offset by higher highlighted items.

MVM - Media Value Measurement (58% of total revenue)

Paid advertising represents the majority of an advertiser's spend, with the worldwide media market worth over $500bn. Advertisers increasingly demand more accountability and transparency in their media buying and execution, especially in the complex digital market with its many layers of transactional complexity.

Ebiquity is taking a leading role in helping our clients achieve better results, and our recent work for the US Association of National Advertisers' ("ANA") has led to a significant increase in the awareness among the world's leading advertisers of issues of media transparency in particular. Our recommendations for US advertisers have achieved global attention and increased the brand profile of Ebiquity and FirmDecisions. This provides a platform for growth as advertisers respond to the need for higher corporate standards of media accountability.

Total MVM revenue has increased by 7.4% to £24.5m. On a like for like basis revenue has increased by 4.9%. The first six months of 2016 saw strong growth in international new business, reflecting the continuing importance of multi-country media benchmarking services to our clients. Revenue grew strongly in Continental Europe. Revenue in the US was held back, as some clients delayed spending in advance of the ANA Media Transparency reports which were both published by the end of July 2016. This change in revenue mix impacted operating margins which declined by 1.5pts over the period.

In March 2016, we acquired the remaining 50% share in the Irish media consultancy, Fairbrother Marsh Company Limited ("FMC").

With the publication of the ANA Media Transparency reports and recommendations, we expect to see accelerated growth in the second half compared to the equivalent prior year period.

	Six months ended 30 June 2016 £'000s	**Six months ended 30 June 2015 £'000**
Revenue	24,466	22,780
Operating profit	8,045	7,838
Operating profit margin %	32.9%	34.4%

MPO - Marketing Performance Optimization (16% of total revenue)

Our MPO practice now represents 16% of our business (HY2015: 11%) reflecting the record growth recorded in the period. Revenue grew 50.8% on a like for like basis and 52.9% on a reported basis.

The growth in our MPO business reflects the increasing demand for data analytics in marketing to demonstrate and optimize ROI. We will continue to develop our offering in this area as clients move to data-led marketing particularly through digital channels.

Operating margins increased to 35.8%, higher than expected, as a result of the revenue growth in the first half of the year. We will continue to invest in our current business to ensure sustainable revenue growth can be achieved over the longer term.

Our growth plans for MPO incorporate organic development to enhance the breadth and depth of our service offering.

	Six months ended 30 June 2016 £'000s	Six months ended 30 June 2015 £'000
Revenue	6,685	4,371
Operating profit	2,394	1,541
Operating profit margin %	35.8%	35.3%

MI - Market Intelligence (26% of total revenue)

Our MI practice is in a transition phase as we continue to advance our software platforms. The initial roll out of our new international Portfolio platform, which was rolled out to selected clients in Q2 2016, has been well received. The roll out will continue to a broader client base in the second half of 2016, with further product enhancements available for the 2017 renewal season. We remain confident of seeing return on the investments in software development as we introduce our new platform and enhanced offer to the market.

Revenue for our platform based business (Portfolio) declined by 4.5% in the first half. The renewal rate (by value) remains high at 91%, providing confidence towards the outlook for 2016. As anticipated our MI project based services have faced a more challenging climate and significantly contributed to the decline in overall revenues for MI. The reduction in revenue has been largely offset by a reduction in costs principally through more efficient data capture and a reduction in third party data costs, resulting in only a slight decline in the operating margin.

	Six months ended 30 June 2016 £'000s	Six months ended 30 June 2015 £'000
Revenue	11,107	12,418
Operating profit	1,516	1,745
Operating profit margin %	13.6%	14.1%

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Central costs

Central costs include central salaries (Board, Finance, Marketing, IT and HR), legal and advisory costs and property costs. Central costs have increased by 5.7% largely due to higher marketing, travel and professional fees.

	Six months ended 30 June 2016 £'000s	**Six months ended 30 June 2015 £'000**
Central costs	**3,390**	3,208

Taxation

The effective tax rate on underlying profits is 27.7% for the six months to 30 June 2016 (HY2015: 22.2%). The increase in the effective tax rate reflects the lowering of the tax rate in the prior year as a result of over-provisions from 2014.

The total tax charge for the 6 months ended June 2015 is £2.0m representing a current tax charge of £2.1m and a deferred tax credit of £0.1m

Dividend

The Company continues to operate a progressive dividend policy which commenced with Ebiquity's maiden dividend paid in October 2015.

On 30 March 2016 the Company announced its intention to pay a dividend of 0.4 pence per share for the eight months ended 31 December 2015, (year ended 30 April 2015: 0.4 pence per share), an increase in dividend per share on a pro-rata basis.

The dividend could not be recommended as a conventional final dividend at the Company's AGM in May 2016 as a result of the write down of the Company's investment in its Reputation business which resulted in the Company (at the Ebiquity plc level, not at the Group level) having negative distributable reserves. Payment of the dividend was conditional upon the Company undertaking a cancellation of its share premium account to eliminate these negative reserves and to enable it to pay this dividend. The Company announced the completion of this share capital reduction on 9 June 2016. The Board has therefore resolved to pay an interim dividend of 0.4 pence per share for the six months ended 30 June 2016. It will not be the Company's policy to pay interim dividends in future years, this interim dividend is being paid to satisfy the

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Company's intention to pay a final dividend for the eight months ended 31 December 2015. The key dates in respect of the dividend are set out below:-

Ex-Dividend Date*	6 October 2016
Record Date**	7 October 2016
Payment Date	28 October 2016
Dividend per share	0.4 pence

* Shares bought on or after the ex-dividend date will not qualify for the dividend
** Shareholders must be on the Company's share register on this date to receive the dividend

Equity

During the six months to June 2016, 38,063 shares were issued upon the exercise of employee share options. As a result our share capital increased to 77,199,751 ordinary shares (31 December 2015: 77,161,688).

Earnings per share

Underlying diluted earnings per share was 6.9p in the six months ended 30 June 2016 (HY2015: 7.3p). Underlying diluted earnings per share is lower in the first six months of 2016 as a result of the increase in the effective tax rate. Underlying earnings per share for the six months to 30 June 2015 was 6.7p using the current effective tax rate of 27.7%.

Acquisitions

On 11 March 2016 the Group acquired the outstanding 50% interest in its Irish media consultancy associate, Fairbrother Marsh Company Limited ("FMC"). The 50% interest in FMC was acquired for an initial cash consideration of EUR 150,000 (£118,000). The maximum total consideration is up to EUR 2,000,000 (approximately £1,559,000), payable in cash, depending on the performance of the FMC business during the six financial years ending 31 December 2020.

FMC contributed £234,000 to revenue and £53,000 to profit before tax for the period between the date of acquisition and the period end.

Cash conversion

	Six months ended 30 June 2016 **£'000**	**Six months ended 30 June 2015** **£'000**
Reported cash from operations	2,131	4,364
Underlying cash from operations	3,188	5,693
Underlying operating profit	8,565	7,916

Underlying cash from operations represents the cash flow from operations excluding the impact of highlighted items. The underlying net cash inflow from operations is £3.2m (HY2015: £5.7m).

After highlighted items are considered, reported cash inflow from operations for the period is £2.1m (HY2015: £4.4m).

The operating cash inflow was lower over the first half of the year due to timing. This reflected both revenue and invoicing being weighted to the second quarter with resulting cash collection occurring in the second half of the year, combined with the knock-on impact of a strong cash collection at the close of 2015.

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▪ *Net debt and banking facilities*

	As at 30 June 2016 £'000	As at 30 June 2015 £'000	As at 31 December 2015 £'000
Cash and cash equivalents	**6,232**	7,104	6,364
Bank debt[1]	**(34,368)**	(34,531)	(35,250)
Net debt	**(28,136)**	(27,427)	(28,886)

[1] Bank debt on the Balance Sheet at 30 June 2016 is shown net of £0.2m (HY2015: £0.3m) of 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 2016, our total outstanding facilities comprised £5.0m of term loan (HY2015: £8.1m) and a revolving credit facility (RCF) of £29.4m (HY2015: £26.4m). Both the term loan and the RCF have a maturity date of 2 July 2018.

▪ *Statement of financial position and net assets*

Net current assets as at 30 June 2016 are £8.5m and have increased by £2.9m since 31 December 2015. Net assets as at 30 June 2016 are £47.9m having increased by £5.5m since 31 December 2015.

Total deferred contingent consideration has increased by £2.2m since 31 December 2015, due to the acquisition of FMC (£0.5m), adjustments to the fair value of deferred consideration (£1.0m) and the foreign currency exchange impact on deferred consideration balances (£0.7m). Remaining deferred consideration is currently estimated to be £7.0m, £5.4m of which is forecast to be settled in the next 12 months.

Outlook

We anticipate the positive momentum from recent client wins and product investment to continue across the second half of 2016 and expect to meet the Board's expectations for the 12 months to 31 December 2016.

By order of the Board

Michael Karg
Chief Executive Officer

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Andrew Noble
Chief Financial Officer

27 September 2016

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Consolidated Income Statement
for the six months ended 30 June 2016

	Note	Unaudited 6 months ended 30 June 2016	Unaudited 6 months ended 31 October 2015	Audited 8 months ended 31 December 2015
		£'000s	**£'000s**	**£'000s**
Revenue		42,258	35,633	43,310
Cost of sales		(18,552)	(16,151)	(22,514)
Gross Profit		**23,706**	**19,482**	**20,796**
Administrative expenses – excluding highlighted items		(15,141)	(15,025)	(20,799)
Administrative expenses – highlighted items	3	(3,354)	(1,369)	(6,656)
Total administrative expenses		**(18,495)**	**(16,394)**	**(27,455)**
Operating profit/(loss) before highlighted items		8,565	4,457	(3)
Administrative expenses – highlighted items	3	(3,354)	(1,369)	(6,656)
Operating profit/(loss)		**5,211**	**3,088**	**(6,659)**
Finance income		1	10	13
Finance expenses		(614)	(608)	(813)
Net finance expense		**(613)**	**(598)**	**(800)**
Share of profits of associates		**-**	**4**	**13**
Profit/(loss) before tax and highlighted items		7,952	3,863	(790)
Highlighted items	3	(3,354)	(1,369)	(6,656)
Profit/(loss) before tax		**4,598**	**2,494**	**(7,446)**
Tax before highlighted tax		(2,206)	(1,055)	576
Highlighted tax	3	256	311	756
Tax expense		**(1,950)**	**(744)**	**1,332**
Profit/(loss) for the period		**2,648**	**1,750**	**(6,114)**
Attributable to:				
Equity holders of the parent		2,377	1,631	(6,221)
Non-controlling interests		271	119	107
		2,648	**1,750**	**(6,114)**

Consolidated Statement of Comprehensive Income
for the six months ended 30 June 2016

	Unaudited 6 months ended 30 June 2016	Unaudited 6 months ended 31 October 2015	Audited 8 months ended 31 December 2015
	£'000	£'000	£'000
Profit/(loss) for the period	2,648	1,750	(6,114)
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of overseas subsidiaries	3,270	(979)	(116)
Movement in valuation of hedging instruments	(200)	-	-
Total other comprehensive income/(expense) for the period	**3,070**	**(979)**	**(116)**
Total comprehensive income/(expense) for the period	**5,718**	**771**	**(6,230)**
Attributable to:			
Equity holders of the parent	5,447	652	(6,337)
Non-controlling interests	271	119	107
	5,718	**771**	**(6,230)**

Consolidated Statement of Financial Position
as at 30 June 2016

	Note	Unaudited as at 30 June 2016 £'000s	Unaudited as at 31 October 2015 £'000s	Audited as at 31 December 2015 £'000s
Non-current assets				
Goodwill	6	57,095	57,415	54,827
Other intangible assets	7	13,873	14,363	13,527
Property, plant and equipment		2,760	3,014	2,928
Investment in associates		-	36	45
Deferred tax asset		1,888	1,684	2,267
Total non-current assets		**75,616**	**76,512**	**73,594**
Current assets				
Trade and other receivables		31,400	28,926	24,318
Cash and cash equivalents	8	8,621	6,808	8,755
Total current assets		**40,021**	**35,734**	**33,073**
Total assets		**115,637**	**112,246**	**106,667**
Current liabilities				
Trade and other payables		(6,606)	(6,074)	(6,566)
Accruals and deferred income		(12,322)	(9,903)	(12,340)
Financial liabilities	9	(10,376)	(7,436)	(8,227)
Current tax liabilities		(2,201)	(1,465)	(251)
Provisions		(9)	(84)	(89)
Total current liabilities		**(31,514)**	**(24,962)**	**(27,473)**
Non-current liabilities				
Financial liabilities	9	(33,437)	(34,640)	(34,055)
Provisions		(485)	(485)	(486)
Deferred tax liability		(2,268)	(2,656)	(2,244)
Total non-current liabilities		**(36,190)**	**(37,781)**	**(36,785)**
Total liabilities		**(67,704)**	**(62,743)**	**(64,258)**
Total net assets		**47,933**	**49,503**	**42,409**
Equity				
Ordinary shares		19,300	19,290	19,290
Share premium		-	11,740	11,764
Other reserves		3,726	(207)	656
Retained earnings		23,883	17,732	9,891
Equity attributable to the owners of the parent		**46,909**	**48,555**	**41,601**

Non-controlling interests	1,024	948	808
Total equity	**47,933**	**49,503**	**42,409**

Consolidated Statement of Changes in Equity
for the six months ended 30 June 2016

	Ordinary shares £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total £'000	Non-controlling interests £'000	Total equity £'000
1 May 2015	19,193	11,657	772	16,012	47,634	1,024	48,658
Profit for the period	-	-	-	1,631	1,631	119	1,750
Other comprehensive loss	-	-	(979)	-	(979)	-	(979)
Total comprehensive (loss)/income for the period	-	-	(979)	1,631	652	119	771
Shares issued for cash	97	83	-	-	180	-	180
Share options charge	-	-	-	132	132	-	132
Deferred tax on share options	-	-	-	248	248	-	248
Dividends paid to non-controlling interests	-	-	-	-	-	(195)	(195)
Dividends paid to shareholders	-	-	-	(291)	(291)	-	(291)
31 October 2015	19,290	11,740	(207)	17,732	48,555	948	49,503
Loss for the period	-	-	-	(7,852)	(7,852)	(12)	(7,864)
Other comprehensive income	-	-	863	-	863	-	863
Total comprehensive (loss)/income for the period	-	-	863	(7,852)	(6,989)	(12)	(7,001)
Shares issued for cash	-	24	-	-	24	-	24
Acquisition of non-controlling interest	-	-	-	(23)	(23)	(20)	(43)
Share options charge	-	-	-	96	96	-	96
Deferred tax on share options	-	-	-	(62)	(62)	-	(62)
Dividends paid to non-controlling interests	-	-	-	-	-	(108)	(108)
31 December 2015	19,290	11,764	656	9,891	41,601	808	42,409
Profit for the period	-	-	-	2,377	2,377	271	2,648
Other comprehensive income	-	-	3,070	-	3,070	-	3,070
Total comprehensive income for the period	**-**	**-**	**3,070**	**2,377**	**5,447**	**271**	**5,718**
Shares issued for cash	10	16	-	-	26	-	26
Share premium reduction	-	(11,780)	-	11,780	-	-	-
Share options charge	-	-	-	320	320	-	320
Deferred tax on share options	-	-	-	(485)	(485)	-	(485)
Dividends paid to non-controlling interests	-	-	-	-	-	(55)	(55)
30 June 2016	**19,300**	**-**	**3,726**	**23,883**	**46,909**	**1,024**	**47,933**

Consolidated Cash Flow Statement
for the six months ended 30 June 2016

	Note	Unaudited 6 months ended 30 June 2016 £'000s	Unaudited 6 months ended 31 October 2015 £'000s	Audited 8 months ended 31 December 2015 £'000s
Cashflows from operating activities				
Cash generated from operations	10	2,131	2,586	5,028
Finance expenses paid		(331)	(598)	(601)
Finance income received		1	10	13
Income taxes paid		(117)	(755)	(892)
Net cash from operating activities		**1,684**	**1,243**	**3,548**
Cashflows from investing activities				
Acquisition of subsidiaries, net of cash acquired		44	(3,002)	(3,002)
Net purchase of property, plant and equipment		(311)	(377)	(502)
Net purchase of intangible assets		(693)	(651)	(826)
Net cash used in investing activities		**(960)**	**(4,030)**	**(4,330)**
Cashflows from financing activities				
Proceeds from issue of share capital (net of issue costs)		26	180	205
Proceeds from bank borrowings		-	2,578	2,578
Repayment of bank borrowings		(1,250)	(1,250)	(1,982)
Acquisition of interest in a subsidiary from non-controlling interests		-	(1,061)	(1,105)
Dividends paid to shareholders		-	(291)	(291)
Dividends paid to non-controlling interests		(255)	(195)	(195)
Capital repayment of finance leases		(4)	(4)	(4)
Net cash flow from financing activities		**(1,483)**	**(43)**	**(794)**
Net decrease in cash, cash equivalents and bank overdrafts		**(759)**	**(2,830)**	**(1,576)**
Cash, cash equivalents and bank overdrafts at beginning of period		**6,364**	**7,884**	**7,884**
Effect of unrealised foreign exchange gains/(losses)		627	(224)	56
Cash, cash equivalents and bank overdrafts at end of period	8	**6,232**	**4,830**	**6,364**

Notes to the interim financial statements for the six months ended 30 June 2016

1. Accounting policies

Basis of preparation

The financial information presented in this documentation has been prepared using recognition and measurement principles which are consistent with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations that are endorsed for use in the European Union. Further standards or interpretations may also be issued that could be applicable for the year ended 31 December 2016. These potential changes could result in the need to change the basis of accounting or presentation of certain financial information from that presented in this document.

The comparatives for the period ended 31 December 2015 are not the Company's full statutory accounts for that period but are drawn up from those accounts. A copy of the statutory accounts for that period has been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498(2)-(3) of the Companies Act 2006.

As permitted by AIM rules, the group has not applied IAS 34 'Interim Reporting' in preparing this interim report.

There are no new IFRSs or IFRIC interpretations that are effective for the first time for the financial period beginning 1 January 2016 that would be expected to have a material impact on the Group.

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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 Value Measurement, Market Intelligence and Marketing Performance Optimization), as this most accurately reflects the way the Group is being managed.

The Executive Directors are the Group's chief operating decision-maker. They assess the performance of the operating segments based on operating profit before highlighted items. This measurement basis excludes the effects of non-recurring expenditure from the operating segments such as restructuring costs and purchased intangible amortisation. The measure also excludes the effects of equity-settled share-based payments. 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 2016 is as follows:

Unaudited six months ended 30 June 2016

	Media Value Measurement £'000	**Market Intelligence £'000**	**Marketing Performance Optimization £'000**	**Reportable Segments £'000**	**Unallocated £'000**	**Total £'000**
Revenue	**24,466**	**11,107**	**6,685**	**42,258**	**-**	**42,258**
Operating profit before highlighted items	**8,045**	**1,516**	**2,394**	**11,955**	**(3,390)**	**8,565**

Unaudited six months ended 31 October 2015

	Media Value Measurement £'000	**Market Intelligence £'000**	**Marketing Performance Optimization £'000**	**Reportable Segments £'000**	**Unallocated £'000**	**Total £'000**
Revenue	18,429	12,143	5,061	35,633	-	35,633
Operating profit before highlighted items	3,801	1,762	1,657	7,220	(2,763)	4,457

Eight month period ended 31 December 2015

	Media Value Measurement £'000	Market Intelligence £'000	Marketing Performance Optimization £'000	Reportable Segments £'000	Unallocated £'000	Total £'000
Revenue	20,409	16,002	6,899	43,310	-	43,310
Operating (loss)/ profit before highlighted items	(81)	2,070	1,874	3,863	(3,866)	(3)

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 2016 £'000	Unaudited 6 months ended 31 October 2015 £'000	Audited 8 months ended 31 December 2015 £'000
Reportable segment operating profit before highlighted items	**11,955**	7,220	3,863
Unallocated costs:			
Staff costs	**(2,538)**	(2,438)	(3,281)
Property costs	**(240)**	(220)	(260)
Exchange rate movements	**(64)**	17	31
Other administrative expenses	**(548)**	(122)	(356)
Operating profit/(loss) before highlighted items	**8,565**	4,457	(3)
Highlighted items (note 3)	**(3,354)**	(1,369)	(6,656)
Operating profit	**5,211**	3,088	(6,659)
Net finance costs	**(613)**	(598)	(800)
Share of profit of associates	-	4	13
Profit/(loss) before tax	**4,598**	2,494	(7,446)

Unallocated costs comprise central costs that are not considered attributable to the segments.

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 2016 £'000s	Unaudited 6 months ended 31 October 2015 £'000s	Audited 8 months ended 31 December 2015 £'000s
Recurring:			
Share option charge	**203**	294	431
Amortisation of purchased intangibles	**907**	1,019	1,327
	1,110	1,313	1,758
Non-recurring:			
Deferred consideration adjustments	**1,576**	(462)	(32)
Acquisition and integration costs	**668**	518	565

Impairment costs	**-**	-	4,365
	2,244	56	4,898
Total highlighted items before tax	**3,354**	1,369	6,656
Taxation credit	**(256)**	(311)	(756)
Total highlighted items after tax	**3,098**	1,058	5,900

3. Highlighted items (continued)

Share option charges include the non-cash IFRS 2 charge (£320,000) along with the cash element in relation to the exercising of share options (£117,000 credit).

Amortisation of purchased intangibles relates to acquisitions made in the current financial year of £9,000 and to acquisitions made in prior years of £898,000.

Adjustments to the fair value of deferred consideration amount to £1,001,000 (October 2015: £504,000 credit) resulting primarily from an upward revision of deferred consideration in relation to two acquisitions and discounting all deferred consideration balances to net present value, along with the related foreign exchange impacts (£575,000; October 2015: £42,000).

Acquisition costs represent professional fees incurred in relation to acquisitions (£20,000). Integration costs include certain one-off costs incurred whilst integrating the acquisitions made in the prior and current financial years including severance costs arising from the restructure of senior management following these acquisitions (£379,000). Also included are transition costs in relation to the new Group CEO (£276,000).

4. Dividends

	Unaudited 6 months ended 30 June 2016 £'000s	Unaudited 6 months ended 31 October 2015 £'000s	Audited 8 months ended 31 December 2015 £'000s
Dividends to equity holders of the parent			
Ordinary final dividend for the year ended 30 April 2015 of 0.4p per share	-	291	291
Total	-	291	291

An interim dividend of 0.4p per share is being proposed (October 2015: nil). These financial statements do not reflect this proposed dividend payable.

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 2016 £'000s	Unaudited 6 months ended 31 October 2015 £'000s	Audited 8 months ended 31 December 2015 £'000s
Earnings for the purpose of basic earnings per share being net profit attributable to equity holders of the parent	**2,377**	1,631	(6,221)
Adjustments:			
Impact of highlighted items (net of tax)[1]	**3,086**	1,047	5,885
Earnings for the purpose of underlying earnings per share	**5,463**	2,678	(336)
Number of shares:			
Weighted average number of shares during the period			
- Basic	**77,172,354**	76,914,760	76,976,240
-Dilutive effect of share options	**2,355,361**	2,025,736	1,993,033
	79,527,715	78,940,496	78,969,273
Basic earnings per share	**3.08p**	2.12p	(8.08)p
Diluted earnings per share	**2.99p**	2.07p	(8.08)p
Underlying basic earnings per share	**7.08p**	3.48p	(0.44)p
Underlying diluted earnings per share	**6.87p**	3.39p	(0.43)p

[1] Highlighted items (see note 3), stated net of their total tax and non-controlling interest impact.

It is assumed that $1,046,000 (£734,000) of contingent deferred consideration will be settled in shares and has a dilutive impact of 276,786 shares. It is assumed that all remaining contingent deferred consideration will be settled in cash and therefore has no dilutive effect.

6. Goodwill

	£'000
Cost	
At 1 May 2015	58,096
Adjustments in respect of a pre-acquisition period	(181)
Foreign exchange differences	(500)
At 31 October 2015	57,415
Adjustments in respect of a pre-acquisition period	4
Foreign exchange differences	537
At 31 December 2015	57,956
Acquisitions (note 11)	407

Foreign exchange differences	1,861
At 30 June 2016	**60,224**
Accumulated impairment	
At 1 May 2015	-
At 31 October 2015	-
Impairment	(3,129)
At 31 December 2015	(3,129)
At 30 June 2016	**(3,129)**
Net book value	
At 30 June 2016	**57,095**
At 31 October 2015	57,415
At 31 December 2015	54,827

7. Other intangible assets

	Capitalised development costs £'000s	Computer software £'000s	Purchased intangible assets £'000s	Total intangible assets £'000s
Cost				
At 1 January 2016	3,638	2,383	23,299	29,320
Additions	341	352	-	693
Acquisitions (note 11)	-	-	225	225
Disposals	-	(245)	-	(245)
Foreign exchange	39	103	989	1,131
At 30 June 2016	4,018	2,593	24,513	31,124
○ Amortisation				
At 1 January 2016	(1,544)	(1,320)	(12,929)	(15,793)
Charge for the period	(123)	(159)	(907)	(1,189)
Disposals	-	245	-	245
Foreign exchange	(1)	(87)	(426)	(514)
At 30 June 2016	(1,668)	(1,321)	(14,262)	(17,251)
Net book value				
At 30 June 2016	**2,350**	**1,272**	**10,251**	**13,873**
At 31 October 2015	2,204	1,085	11,074	14,363
At 31 December 2015	2,094	1,063	10,370	13,527

The capitalised development costs are internally generated.

Purchased intangible assets consist principally of customer relationships with a typical useful life of 10 years.

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 2016 £'000	31 October 2015 £'000	31 December 2015 £'000

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Cash and cash equivalents	**8,621**	6,808	8,755
Bank overdraft (note 9)	**(2,389)**	(1,978)	(2,391)
Cash, cash equivalents and bank overdrafts	**6,232**	4,830	6,364

9. Financial liabilities

	30 June 2016 £'000	31 October 2015 £'000	31 December 2015 £'000
Current			
Bank overdraft	**2,389**	1,978	2,391
Bank borrowings	**2,411**	2,410	2,410
Finance lease liabilities	**4**	4	4
Derivative financial instrument - currency swaps	**200**	-	-
Contingent deferred consideration	**5,372**	3,044	3,422
	10,376	7,436	8,227
Non-current			
Bank borrowings	**31,778**	33,251	32,615
Finance lease liabilities	**4**	8	9
Contingent deferred consideration	**1,655**	1,381	1,431
	33,437	34,640	34,055
Total financial liabilities	**43,813**	42,076	42,282

All bank borrowings are held jointly with Barclays and Royal Bank of Scotland ('RBS'). The committed facility, totalling £40,000,000, comprises a term loan of £10,000,000 (of which £5,000,000 remains outstanding at 30 June 2016 (31 October 2015: £6,875,000)), and a revolving credit facility ('RCF') of £30,000,000 (of which £29,368,000 was drawn down at 30 June 2016 (31 October 2015: £29,026,000)). Both the term loan and the RCF have a maturity date of 2 July 2018. 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 deferred consideration payments on past acquisitions, to fund future potential acquisitions, and for general working capital requirements.

Loan arrangement fees of £180,000 (31 October 2015: £240,000) 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 from December 2015 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. The Group may elect to prepay all or part of the outstanding loan subject to a break fee, by giving 5 business days' notice.

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 Group holds forward currency contracts against the US Dollar and Euro for the period from March 2016 to December 2016. These instruments are held at fair value at 30 June 2016.

Contingent deferred 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 June 2021.

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10. Cash generated from operations

	Unaudited 6 months ended 30 June 2016	Unaudited 6 months ended 31 October 2015	Audited 8 months ended 31 December 2015
	£'000	£'000	£'000
Profit/(loss) before taxation	**4,598**	2,494	(7,446)
Adjustments for:			
Depreciation	**629**	561	770
Amortisation (note 7)	**1,189**	1,289	1,711
Impairment of goodwill	**-**	-	3,129
Impairment of intangible assets	**-**	-	773
Loss on disposal	**1**	-	18
Unrealised foreign exchange loss/(gain)	**(1,168)**	384	(95)
Share option charges (note 3)	**320**	132	228
Finance income	**(1)**	(10)	(13)
Finance expenses	**614**	608	813
Share of profit of associates	**-**	(4)	(13)
Contingent deferred consideration revaluations	**1,576**	(462)	(32)
	7,758	4,992	(157)
(Increase)/decrease in trade and other receivables	**(6,949)**	945	5,549
Increase/(decrease) in trade and other payables	**1,410**	(3,314)	(333)
Movement in provisions	**(88)**	(37)	(31)
Cash generated from operations	**2,131**	2,586	5,028

11. Acquisitions

Fairbrother Marsh Company Limited ('FMC')

On 11 March 2016 the Group acquired the outstanding 50% interest in its Irish media consultancy associate, Fairbrother Marsh Company Limited ('FMC'). The 50% interest in FMC was acquired for an initial cash consideration of EUR 150,000 (£118,000). The maximum total consideration is up to EUR 2,000,000 (£1,559,000), payable in cash, depending on the performance of the FMC business during the period ending 31 December 2020.

FMC contributed £234,000 to revenue and £53,000 to profit before tax for the period between the date of acquisition and the period end.

The carrying value and the fair value of the net assets at the date of acquisition were as follows:

Recognised

	Carrying value £'000	on acquisition £'000
Customer relationships	-	142
Brands	-	83
Property, plant and equipment	10	10
Trade and other receivables	140	140
Cash and cash equivalents	162	162
Trade and other payables	(250)	(258)
Deferred tax liability	-	(28)
Net assets acquired	**62**	**251**
Fair value of 50% previously held equity interest		(40)
Goodwill arising on acquisition		407
		618

11. Acquisitions (continued)

The fair value of trade and other receivables includes trade receivables with a fair value and gross contractual value of £94,000.

The goodwill is attributable to the assembled workforce, expected synergies and other intangible assets, which do not qualify for separate recognition.

Purchase consideration:

	£'000
Cash	118
Net present value of contingent deferred consideration	500
Total purchase consideration	**618**

The fair value of contingent deferred consideration payable is based on EBIT for the years ended 31 December 2019 and 31 December 2020 with stage payments each year from 2017 onwards based on 2 year averages. The potential range of future payments that Ebiquity plc could be required to make under the contingent consideration arrangement is between £nil and £1,441,000 and will be paid in cash. All contingent deferred consideration payments are expected to be paid by June 2021.

Acquisition costs of £20,000 have been recognised in administrative expenses – highlighted items.

If the above transaction had been completed on 1 January 2016, Group revenue would have been £42,307,000 and Group operating profit before highlighted items would have been £8,534,000.

None of the goodwill arising from the acquisitions in the year is expected to be tax deductible.

INDEPENDENT REVIEW REPORT TO EBIQUITY PLC

Report on the consolidated interim results

Our conclusion

We have reviewed Ebiquity plc's consolidated interim results (the "interim financial statements") in the interim results of Ebiquity plc for the 6 month period ended 30 June 2016. 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 2016;
- the consolidated income statement and consolidated statement of comprehensive income for the period then ended;
- the consolidated statement of cash flows 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 results 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 results, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim results 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 results 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 Ireland) 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 results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
London

27 September 2016

a) The maintenance and integrity of the Ebiquity plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim financial statements since they were initially presented on the website.

b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.