Ebiquity plc

Interim Results for the six months ended 31 October 2014

Strong growth, maiden dividend intended

Ebiquity plc, the independent marketing performance specialists, announces interim results for the six months ended 31 October 2014. Ebiquity provides services to more than 1,000 clients across 40 countries, including over 90%[1] of the top 100 global advertisers.

A strong first half performance and full year maiden dividend intended

- Total revenue up 7% to £35.0m (2013: £32.7m); up 12% on a constant currency basis[2]
- Like for like[3] revenue up 7% on constant currency basis
- Underlying[4] operating profit up 16% to £4.7m at constant currency and £4.1m on a reported basis (2013: £4.1m)
- Underlying PBT up 17% to £4.2m at constant currency and £3.6m on a reported basis (2013: £3.6m)
- Underlying diluted EPS up 14% to 3.5p at constant currency and 3.0p on a reported basis (2013: 3.0p)
- Maiden dividend payment to commence following full year results, reflecting confidence in the Group's future

Analytics and data divisions continue to drive growth

- Media Value Measurement and Marketing Performance Optimization generating growth
- Market Intelligence broadly maintained revenue year on year, renewals remained high at 90%
- Significant pipeline of domestic and international business across the Group
- Appointed two Non-Executive Directors to strengthen the Board

Michael Greenlees, CEO, commented:

"Ebiquity has delivered a strong performance in spite of significant currency headwinds in the first half of the year. The growing demand for data analytics and performance measurement is driving growth and the Group's increasing profile and reputation is supporting new business conversion.

The introduction of Ebiquity's maiden dividend following the full year results demonstrates our confidence in the Group's ability to take advantage of the significant market demand for marketing analytics services."

28 January 2015

Enquiries:

Ebiquity	**020 7650 9600**
Michael Greenlees, CEO	
Andrew Beach, CFOO	
Instinctif Partners	**020 7457 2020**
Matthew Smallwood	
Numis Securities	**020 7260 1000**
Nick Westlake (NOMAD)	
David Poutney, James Serjeant (Corporate Broker)	

[1]Source: Advertising Age 2013.
[2]Constant currency figures present current year foreign currency denominated results at last year's foreign exchange rates.
[3]Like for like figures adjust the prior year results to include the results of recent acquisitions as if we had owned them for the same period in the prior year.
[4]Underlying results are stated before highlighted items (see note 3).

Chief Executive and Financial Review

Overview

I am pleased to announce that for the half year to 31 October 2014 and notwithstanding the currency headwinds, we can once again report a strong performance. Stripping out the impact of currency fluctuations we have delivered:

- Total revenue up 12% to £36.6m (2013: £32.7m)
- Like for like revenue growth of 7%
- Underlying operating profit growth of 16% to £4.7m (2013: £4.1m)
- Underlying PBT growth of 17% to £4.2m (2013: £3.6m)
- Underlying diluted EPS growth of 14% to 3.5p (2013: 3.0p)

The continuing demand for data analytics and performance measurement is driving strong like for like growth in both our Media Value Measurement (MVM) and Marketing Performance Optimization (MPO) segments at high margins. Our Market Intelligence (MI) segment is beginning to show signs of recovery in some markets as a result of further platform innovation and the Group's increasing profile and reputation supporting new business conversion. We have experienced a weaker overall performance in the US, however, where we do not expect to see signs of improvement in our MI segment until next financial year as the new management team takes the necessary steps to re-establish our market position.

Against a background of continued client demand for our services we remain confident in our strategy and our continued growth. For this reason, we plan to commence the payment of a dividend at the end of this financial year.

Our Vision

During the preceding financial year we restructured our business to focus more clearly our development initiatives on data analytics and business performance measurement and this restructuring is now beginning to show signs of success.

Our vision is to be the most respected, independent marketing analytics partner for brands worldwide. We aim to provide a unique combination of expertise and objective data insights to improve our clients' marketing performance.

Recent research carried out exclusively for Ebiquity by the CMO Council clearly indicates that three of the biggest challenges identified by our clients are:

- Managing the explosion in consumer data;
- Analysing and exploiting this data to automate or personalise marketing communications; and
- Exploiting new media and marketing channels

and it is this which is driving our growth and shaping our strategic priorities.

Strategic Development

At the beginning of the current financial year we identified four key themes that would define our objectives in the year ahead, and these were:

- To build data, analytics and software capabilities to provide our clients with insights that improve their business performance;

- To grow our international footprint to ensure that we serve the needs of our global clients;
- To increase our brand profile and reputation amongst the 'C suite' decision makers; and
- To develop the skills and talent of our people

We continue to make good progress in all of these key areas.

In June 2014 we opened an office in Singapore to service our growing business in South East Asia. The office is headed by Leela Nair and has already gained significant client business. Prior to joining Ebiquity, Leela was Managing Director of Mindshare Singapore and brings more than two decades of experience in advertising media.

In October 2014 we launched the first stage in the update of our International Portfolio platforms and plan to introduce further updates during the course of the coming year including enhanced data inputs that will ensure that we remain at the cutting edge of this important market.

We have made a number of key operational appointments in the period demonstrating our continuing commitment to our clients and to strong leadership throughout the Group.

In October 2014 we announced the appointment of Dietmar Kruse to the newly created position of CEO Continental Europe. Dietmar joined Ebiquity in 2009 as CEO of Ebiquity Germany, and has built the business from scratch to become market leader within three years.

At the same time we announced the appointment of Nathalie Taboch, formerly deputy MD of Carat, to the position of Managing Director France, to replace Laetitia Zinetti who has become the global Strategy Development Director for MVM.

Neil Duncan has been appointed to head our International and UK Media business (part of MVM) based in our London office. Neil was formerly Managing Partner Operations at OMD, part of Omnicom.

New Board Appointments

In November 2014 we announced the appointment to the Board of Ms Julie Baddeley and Mr Tom Alexander as independent non-executive directors.

Julie is one of the UK's most experienced female company directors, having served in both executive and non-executive capacities on the boards of leading companies in the FTSE100 and FTSE250 as well as a number of major public sector organisations.

Tom brings a wealth of international business experience to the Board. Tom founded Virgin Mobile and led the company's IPO and eventual sale. He then became CEO of Orange, leading its merger with T-Mobile to create Everything Everywhere.

Summary of results

The table below sets out a summary of our results, on a constant currency and reported basis:

	Six months ended 31 October 2014 (constant currency) £'000s	**Six months ended 31 October 2014 (reported) £'000**	**Six months ended 31 October 2013 (reported) £'000**
Revenue	**36,607**	**34,971**	32,680
Underlying operating profit	**4,730**	**4,146**	4,095
Underlying operating profit margin %	**12.9%**	**11.9%**	12.5%

At constant currency rates revenue has grown by 12%, operating profit by 16% and margin has increased.

We enjoyed particularly strong growth in both MVM and MPO – which together account for 62% of our total revenue - with like for like growth rates of 6% and 17% respectively. On a constant currency basis these were 11% and 21% respectively.

Presentation of results

Like for like ("LFL") figures adjust the prior year results to include the results of recent acquisitions as if we had owned them for the same period in the prior year. Constant currency figures present current year foreign currency denominated results at last year's foreign exchange rates.

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.

MVM - Media Value Measurement (52% of total revenue)

Recent research conducted by the World Federation of Advertisers now places Ebiquity as the clear leader in the global media value measurement market, a position achieved through our strong organic growth in MVM and the successful acquisition and integration of Fairbrother Lenz Eley and FirmDecisions in 2012 and the acquisition of CMCG in China in 2014.

This growth has been driven by advertisers' increasing concern to improve the effectiveness and efficiency of the media inventory that is purchased on their behalf by media buying agencies. The increased complications of programmatic media buying and the subsequent concerns with 'click fraud', 'viewability' and targeting, have served to make the process less transparent and true effectiveness difficult to assess.

Our global footprint (which now includes businesses in Beijing, Shanghai and Singapore) and our unique database and software solutions have enabled us to secure contracts with global scope in this important and growing market.

Total MVM revenue has increased by 10%. On a LFL constant currency basis revenue has increased by 11%.

Although we have seen some margin erosion as a result of continued investment in this segment, we anticipate that this will be corrected in the medium term as we continue to drive strong top-line growth.

	Six months ended 31 October 2014 (constant currency) £'000	**Six months ended 31 October 2014 (reported) £'000**	**Six months ended 31 October 2013 (reported) £'000**
Revenue	**19,112**	**18,168**	16,501
Operating profit	**4,146**	**3,837**	3,745
Operating profit margin %	**21.7%**	**21.1%**	22.7%

MI - Market Intelligence (38% of total revenue)

We have taken a number of important steps to secure the long-term success of our MI services, including the recent launch of a new user interface with additional functionality. In the coming months we plan to release further platform updates that will provide our clients with additional data feeds as part of an enhanced service.

These investments have resulted in a short term erosion in margins. However, renewals at 90% (2013: 90%) continue to be strong and early indications suggest that we are beginning to see an improvement in new customer uptake with MI revenue down only marginally (down 1% LFL constant currency).

	Six months ended 31 October 2014 (constant currency) £'000	Six months ended 31 October 2014 (reported) £'000	Six months ended 31 October 2013 (reported) £'000
Revenue	**13,707**	**13,141**	13,889
Operating profit	**2,050**	**1,816**	2,477
Operating profit margin %	**15.0%**	**13.8%**	17.8%

MPO - Marketing Performance Optimization (10% of total revenue)

We continue to experience exciting levels of growth within our MPO segment. The growing volume and complexity of data now available to marketers has dramatically changed the landscape for data analytics. The measurement of marketing performance and, more particularly, the choice of channels and the allocation of spend across marketing channels in order to drive better performance, is now central to the way brands and companies make investment decisions.

The steps we have taken over the last twelve months to position ourselves with the right combination of data and technology skills has enabled us to take advantage of this rapidly growing market. Total MPO revenue has increased by 60%, positively impacted by the acquisition of Stratigent in August 2013. On a LFL constant currency basis we have delivered growth of 21%.

Notwithstanding our continued investment in this segment, we have continued to see high operating margins of around 40%.

	Six months ended 31 October 2014 (constant currency) £'000	Six months ended 31 October 2014 (reported) £'000	Six months ended 31 October 2013 (reported) £'000
Revenue	**3,788**	**3,662**	2,290
Operating profit	**1,487**	**1,446**	999
Operating profit margin %	**39.3%**	**39.5%**	43.6%

Central costs

Central costs include central salaries (Board, Finance, IT and HR), legal and advisory costs and property costs. Central costs (largely unaffected by foreign exchange variances) have decreased by 6% largely due to a reduction in staff and related costs (£0.3m) partially offset by higher non-staff IT costs (£0.1m).

	Six months ended 31 October 2014 £'000	Six months ended 31 October 2013 £'000
Central costs	**2,953**	3,126

Margins

The underlying operating profit margin has improved from 12.5% to 12.9% on a constant currency basis despite investment costs in all three segments, due to the revenue growth and a well-managed central cost base. The underlying EBITDA margin has also improved on a constant currency basis, increasing from 14.7% to 15.5%. Reported operating and EBITDA margins for the period are 11.9% and 14.4% respectively (2013: 12.5% and 14.7%).

Result before tax

	Six months ended 31 October 2014 £'000	Six months ended 31 October 2013 £'000
Underlying operating profit	**4,146**	**4,095**
Highlighted items	(3,008)	(1,862)
Reported operating profit	**1,138**	**2,233**
Net finance costs	(569)	(549)
Share of profit of associates	8	17
Reported profit before tax	**577**	**1,701**
Underlying profit before tax	**3,585**	**3,563**

Highlighted items total £3.0m, which includes £1.0m of purchased intangible asset amortisation, £0.6m of share option charges, £0.5m adjustments to fair value of deferred consideration - as a result of strong performance from our recent acquisitions - and £0.3m in relation to the refinancing of our banking facilities.

Reported profit before tax is down to £0.6m (2013: £1.7m) as a direct result of the increased level of highlighted items relating to share option charges and integration costs. Underlying profit before tax is flat at £3.6m.

Earnings per share

Underlying diluted earnings per share was 3.00p (2013: 3.06p). This is broadly flat on the prior year, but disguises the underlying improvement resulting from the impact of foreign exchange. On a constant currency basis, underlying diluted EPS is up 14.1% to 3.49p, reflecting the positive impact of the improved profitability of the majority of the segments and a well-controlled central cost base.

Dividend policy

The Board believes that it is now appropriate to commence the payment of a dividend, reflecting our level of business maturity and expected future performance, and to adopt a progressive dividend policy. We expect there to be a final dividend in respect of the year ending 30 April 2015, payable following approval at the next AGM in September 2015. Further details will be announced with the full year results.

Cash conversion

	Six months ended 31 October 2014 £'000	Six months ended 31 October 2013 £'000
Reported cash from operations	1,980	1,871
Underlying cash from operations	3,768	2,520
Underlying operating profit	4,146	4,095
Cash conversion	*91%*	*62%*

Underlying cash from operations represents the cash flows from operations excluding the impact of highlighted items. The underlying net cash inflow from operations has improved significantly to £3.8m (2013: £2.5m).

After highlighted items are considered, reported net cash inflow from operations for the period was up 6% to £2.0m (2013: £1.9m).

Due to stronger working capital management in the period, cash conversion has improved significantly.

Net debt and banking facilities

	As at 31 October 2014	**As at 31 October 2013**	**As at 30 April 2014**
	£'000	**£'000**	**£'000**
Cash	**5,010**	6,635	6,521
Bank debt[1]	**(35,419)**	(27,287)	(29,321)
Net debt	**(30,409)**	(20,652)	(22,800)

[1] Bank debt on the Balance Sheet at 31 October 2014 is shown net of £0.3m (2013: £0.2m) 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.

On 2 July 2014 we refinanced our banking facilities with Barclays and Royal Bank of Scotland and on 7 July 2014 we drew down on these new facilities. The new facility, totalling £40.0m, comprises a term loan of £10.0m (all of which was drawn on refinance) and a revolving credit facility ("RCF") of £30.0m (of which £20.8m was drawn on refinance). Both the term loan and the RCF have a maturity date of 2 July 2018. The £10.0m 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.

At 31 October 2014, our total outstanding facilities comprised £9.4m of term loan and £26.0m of RCF. £4.0m remains undrawn at 31 October 2014.

Net debt is typically high in the first half as the majority of cash inflows occur towards the end of the financial year. We also typically settle earn out payments in first half following conclusion of the prior year end results.

Statement of financial position and net assets

Net current assets as at 31 October 2014 have increased by £6.2m since 31 October 2013, and by £4.7m since 30 April 2014, in part due to a reduction in deferred contingent consideration.

Total deferred contingent consideration has decreased by a net £3.0m since 30 April 2014, largely due to the settlement of earn out obligations in the period (£4.8m), offset by increased forecasts on future earn out payments (£0.5m) and a minority interest acquisition during the period (£1.2m), detailed below. Remaining deferred consideration is currently estimated to be £5.6m which relates to our three most recent acquisitions, £2.4m of which is forecast to be settled in the next 12 months.

On 7 May 2014 we acquired the minority interest in Billetts America LLC, the largest of our US MVM businesses, taking our holding to 100%. The total consideration, estimated at $2.4m (approximately £1.4m), is capped at $4m. The consideration payable for the interest is dependent on the performance of the business during the three financial years ending 30 April 2015. The first earn out payment of $0.5m (£0.3m) was paid in the period. The acquisition results in reduced profits and equity being attributable to non-controlling interests.

Outlook

We continue to position Ebiquity to take advantage of the changing landscape for marketing analytics. As our clients seek to better understand the explosion of available data so our focus will be to help them to achieve better results and an improving return on their marketing investment.

We expect spend on marketing analytics to exceed $100 billion by 2018, and this clearly indicates the size of this opportunity.

Following last year's strategic review, we have taken significant steps to position the Group to take advantage of this growth opportunity. We have strengthened group management, continued to invest in media technology and positioned ourselves to drive our data analytics capabilities through both our MVM and MPO segments.

Our long-term future looks bright and notwithstanding continued economic uncertainty and fluctuating currencies we remain confident in the performance of our business in the coming months.

By order of the Board

Michael Greenlees	**Andrew Beach**
Chief Executive Officer	**Chief Financial and Operating Officer**
27 January 2015	

Consolidated Income Statement
for the six months ended 31 October 2014

	Note	Unaudited 6 months ended 31 October 2014	Unaudited 6 months ended 31 October 2013	Audited 12 months ended 30 April 2014
		£'000s	£'000s	£'000s
Revenue		34,971	32,680	68,452
Cost of sales		(16,107)	(14,232)	(30,008)
Gross Profit		**18,864**	**18,448**	**38,444**
Administrative expenses – excluding highlighted items		(14,718)	(14,353)	(27,105)
Administrative expenses – highlighted items	3	(3,008)	(1,862)	(6,727)
Total administrative expenses		**(17,726)**	**(16,215)**	**(33,832)**
Operating profit before highlighted items		4,146	4,095	11,339
Administrative expenses – highlighted items	3	(3,008)	(1,862)	(6,727)
Operating profit		**1,138**	**2,233**	**4,612**
Finance income		2	5	15
Finance expenses		(571)	(554)	(1,206)
Net finance expense		**(569)**	**(549)**	**(1,191)**
Share of profits of associates		**8**	**17**	**19**
Profit before tax and highlighted items		3,585	3,563	10,167
Highlighted items	3	(3,008)	(1,862)	(6,727)
Profit before tax		**577**	**1,701**	**3,440**
Tax before highlighted tax		(387)	(649)	(75)
Highlighted tax		-	138	80
Tax expense		**(387)**	**(511)**	**5**
Profit for the period		**190**	**1,190**	**3,445**
Attributable to:				
Equity holders of the parent		(206)	985	3,024
Non-controlling interests		396	205	421
		190	**1,190**	**3,445**

Consolidated Statement of Comprehensive Income
for the six months ended 31 October 2014

	Unaudited 6 months ended 31 October 2014	Unaudited 6 months ended 31 October 2013	Audited 12 months ended 30 April 2014
	£'000	£'000	£'000
Profit for the period	190	1,190	3,445
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of overseas subsidiaries	454	(859)	(1,929)
Movement in valuation of hedging instruments	40	61	93
Total comprehensive income for the period	**684**	**392**	**1,609**
Attributable to:			
Equity holders of the parent	288	146	1,146
Non-controlling interests	396	246	463
	684	**392**	**1,609**

Consolidated Statement of Financial Position
as at 31 October 2014

	Note	**Unaudited as at 31 October 2014 £'000s**	**Unaudited as at 31 October 2013 £'000s**	**Audited as at 30 April 2014 £'000s**
Non-current assets				
Goodwill	6	55,418	51,493	55,121
Other intangible assets	7	14,031	13,660	14,426
Property, plant and equipment		3,578	2,065	3,162
Investment in associates		28	85	87
Deferred tax asset		1,205	1,729	1,377
Total non-current assets		**74,260**	**69,032**	**74,173**
Current assets				
Trade and other receivables		23,095	20,495	26,865
Cash and cash equivalents		5,010	6,635	6,521
Total current assets		**28,105**	**27,130**	**33,386**
Total assets		**102,365**	**96,162**	**107,559**
Current liabilities				
Trade and other payables		(5,535)	(5,525)	(8,370)
Accruals and deferred income		(7,706)	(8,723)	(10,838)
Financial liabilities	8	(4,867)	(7,000)	(7,747)
Current tax liabilities		(1,114)	(2,753)	(1,764)
Provisions		(30)	(482)	(465)
Total current liabilities		**(19,252)**	**(24,483)**	**(29,184)**
Non-current liabilities				
Financial liabilities	8	(35,870)	(25,283)	(30,360)
Provisions		(634)	(256)	(610)
Deferred tax liability		(2,730)	(3,129)	(2,888)
Total non-current liabilities		**(39,234)**	**(28,668)**	**(33,858)**
Total liabilities		**(58,486)**	**(53,151)**	**(63,042)**
Total net assets		**43,879**	**43,011**	**44,517**
Equity				
Ordinary shares		18,873	15,119	18,873
Share premium		10,750	4,607	10,750
Convertible loan note reserve		-	9,445	-
Other reserves		861	1,306	367
Retained earnings		12,659	11,993	13,810
Equity attributable to the owners of the parent		**43,143**	**42,470**	**43,800**
Non-controlling interests		736	541	717
Total equity		**43,879**	**43,011**	**44,517**

Consolidated Statement of Changes in Equity
for the six months ended 31 October 2014

	Ordinary shares £'000	Share premium £'000	Convertible loan note reserve £'000	Other reserves £'000	Retained earnings £'000	Non-controlling interests £'000	Total equity £'000
1 May 2013	15,090	4,588	9,445	2,136	10,496	361	42,116
Profit for the period	-	-	-	-	985	205	1,190
Other comprehensive (loss)/income	-	-	-	(839)	-	41	(798)
Total comprehensive (loss)/income for the period	-	-	-	(839)	985	246	392
Shares issued for cash	29	19	-	9	7	-	64
Acquisition of non-controlling interest	-	-	-	-	(72)	(6)	(78)
Share options charge	-	-	-	-	124	-	124
Deferred tax on share options	-	-	-	-	453	-	453
Dividends paid to non-controlling interests	-	-	-	-	-	(60)	(60)
31 October 2013	15,119	4,607	9,445	1,306	11,993	541	43,011
Profit for the period	-	-	-	-	2,039	216	2,255
Other comprehensive (loss)/income	-	-	-	(1,039)	-	1	(1,038)
Total comprehensive (loss)/income for the period	-	-	-	(1,039)	2,039	217	1,217
Shares issued for cash	278	48	-	100	(100)	-	326
Acquisition of non-controlling interest	25	101	-	-	(85)	(41)	-
Conversion of loan note	3,451	5,994	(9,445)	-	-	-	-
Share options charge	-	-	-	-	213	-	213
Deferred tax on share options	-	-	-	-	(250)	-	(250)
30 April 2014	18,873	10,750	-	367	13,810	717	44,517
Profit for the period	-	-	-	-	(206)	396	190
Other comprehensive (loss)/income	-	-	-	494	-	-	494
Total comprehensive (loss)/income for the period	**-**	**-**	**-**	**494**	**(206)**	**396**	**684**
Shares issued for cash	-	-	-	-	-	-	-
Acquisition of non-controlling interest	-	-	-	-	(1,345)	(65)	(1,410)
Share options charge	-	-	-	-	642	-	642
Deferred tax on share options	-	-	-	-	(242)	-	(242)
Dividends paid to non-controlling interests	-	-	-	-	-	(312)	(312)
31 October 2014	**18,873**	**10,750**	**-**	**861**	**12,659**	**736**	**43,879**

Consolidated Cash Flow Statement
for the six months ended 31 October 2014

	Note	Unaudited 6 months ended 31 October 2014 £'000s	Unaudited 6 months ended 31 October 2013 £'000s	Audited 12 months ended 30 April 2014 £'000s
Cashflows from operating activities				
Cash generated from operations	9	1,980	1,871	6,799
Finance expense paid		(793)	(441)	(856)
Finance income received		2	5	15
Income taxes paid		(1,129)	(114)	(1,159)
Net cash from operating activities		**60**	**1,321**	**4,799**
Cashflows from investing activities				
Acquisition of subsidiaries, net of cash acquired		(4,826)	(5,862)	(9,230)
Disposal of investments		68	-	-
Purchase of property, plant and equipment		(1,174)	(603)	(1,756)
Purchase of intangible assets		(734)	-	(796)
Net cash used in investing activities		**(6,666)**	**(6,465)**	**(11,782)**
Cashflows from financing activities				
Proceeds from issue of share capital (net of issue costs)		-	64	326
Proceeds from bank borrowings		36,057	7,037	10,766
Repayment of bank borrowings		(29,857)	(2,378)	(3,937)
Bank loan arrangement fees paid		(360)	-	-
Interest rate swap closure		(29)	-	-
Acquisition of interest in a subsidiary from non-controlling interests		(282)	(78)	(78)
Dividends paid to non-controlling interests		(243)	(60)	(60)
Capital repayment of finance leases		(193)	(89)	(202)
Net cash flow from financing activities		**5,093**	**4,496**	**6,815**
Net (decrease)/increase in cash, cash equivalents and bank overdrafts		**(1,513)**	**(648)**	**(168)**
Cash, cash equivalents and bank overdrafts at beginning of period		**6,521**	**7,109**	**7,109**
Effect of unrealised foreign exchange gain/(losses)		2	174	(420)
Cash, cash equivalents and bank overdrafts at end of period		**5,010**	**6,635**	**6,521**

Notes to the interim financial statements for the six months ended 31 October 2014

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 ending 30 April 2015. 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 30 April 2014 are not the Company's full statutory accounts for that year but are drawn up from those accounts. A copy of the statutory accounts for that year 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 year beginning 1 May 2014 that would be expected to have a material impact on the Group.

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 divisions (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 31 October 2014 is as follows:

Unaudited six months ended 31 October 2014

	Media Value Measurement £'000	**Market Intelligence £'000**	**Marketing Performance Optimization £'000**	**Reportable Segments £'000**	**Unallocated £'000**	**Total £'000**
Revenue	**18,168**	**13,141**	**3,662**	**34,971**	**-**	**34,971**
Operating profit before highlighted items	**3,837**	**1,816**	**1,446**	**7,099**	**(2,953)**	**4,146**

Unaudited six months ended 31 October 2013

	Media Value Measurement £'000	**Market Intelligence £'000**	**Marketing Performance Optimization £'000**	**Reportable Segments £'000**	**Unallocated £'000**	**Total £'000**
Revenue	16,501	13,889	2,290	32,680	-	32,680
Operating profit before highlighted items	3,745	2,477	999	7,221	(3,126)	4,095

Year ended 30 April 2014

	Media Value Measurement £'000	**Market Intelligence £'000**	**Marketing Performance Optimization £'000**	**Reportable Segments £'000**	**Unallocated £'000**	**Total £'000**
Revenue	36,477	27,162	4,813	68,452	-	68,452
Operating profit before highlighted items	10,289	4,801	1,523	16,613	(5,274)	11,339

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 31 October 2014 £'000	Unaudited 6 months ended 31 October 2013 £'000	Audited 12 months ended 30 April 2014 £'000
Reportable segment operating profit before highlighted items	**7,099**	7,221	16,613
Unallocated costs:			
Staff costs	**(2,604)**	(2,446)	(4,685)
Property costs	**(221)**	(172)	(329)
Exchange rate movements	**(78)**	25	(51)
Other administrative expenses	**(50)**	(533)	(209)
Operating profit before highlighted items	**4,146**	4,095	11,339
Highlighted items (note 3)	**(3,008)**	(1,862)	(6,727)
Operating profit	**1,138**	2,233	4,612
Net finance costs	**(569)**	(549)	(1,191)
Share of profit of associates	**8**	17	19
Profit before tax	**577**	1,701	3,440

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

3. Highlighted items

Highlighted items comprise non-cash charges and non-recurring 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 31 October 2014 £'000s	Unaudited 6 months ended 31 October 2013 £'000s	Audited 12 months ended 30 April 2014 £'000s
Recurring:			
Share option charge	**642**	124	337
Amortisation of purchased intangibles	**999**	900	1,873
	1,641	1,024	2,210
Non-recurring:			
Acquisition and integration costs	**1,029**	559	3,355
Facility amendment costs	**-**	89	103
Refinancing costs	**338**	-	-
Property costs	**-**	190	1,059
	1,367	838	4,517
Total highlighted items before tax	**3,008**	1,862	6,727
Deferred tax on tax losses	**-**	(138)	(80)
Taxation credit	**(467)**	(350)	(1,966)
Total highlighted items after tax	**2,541**	1,374	4,681

3. Highlighted items (continued)

Amortisation of purchased intangibles of £999,000 relates to acquisitions made in prior years.

Acquisition costs represent professional fees incurred in relation to acquisitions and adjustments to the fair value of deferred consideration resulting from strong performances from our recent acquisitions along with the related foreign exchange impact (£545,000). Integration costs include certain one-off costs incurred whilst integrating the acquisitions made in the current and prior financial years in to the Group's existing operations. Also included are severance costs relating to rationalisation and restructure of senior management following these acquisitions as well as costs incurred in relation to the Market Intelligence strategic review which was undertaken by the Company.

Refinancing costs represent professional fees incurred in relation to the refinancing initiative undertaken in July 2014.

4. Dividends

No interim dividend is being proposed (2013: nil).

5. Earnings per share

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

	Unaudited 6 months ended 31 October 2014 £'000s	**Unaudited 6 months ended 31 October 2013 £'000s**	**Audited 12 months ended 30 April 2014 £'000s**
Earnings for the purpose of basic earnings per share being net profit attributable to equity holders of the parent	**(206)**	985	3,024
Adjustments:			
Impact of highlighted items (net of tax)[1]	**2,522**	1,350	4,637
Earnings for the purpose of underlying earnings per share	**2,316**	2,335	7,661
Number of shares:			
Weighted average number of ordinary shares for the purpose of basic earnings per share[2]	**75,491,111**	74,196,910	74,419,656
Effect of dilutive potential ordinary shares:			
Share options	**1,750,017**	2,226,284	1,325,108
Weighted average number of ordinary shares for the purpose of diluted earnings per share[2]	**77,241,128**	76,423,194	75,744,764
Basic earnings per share	**(0.27)p**	1.33p	4.06p
Diluted earnings per share	**(0.27)p**	1.29p	3.99p
Underlying basic earnings per share	**3.07p**	3.15p	10.29p
Underlying diluted earnings per share	**3.00p**	3.06p	10.11p

[1] Highlighted items (see note 3), stated net of their total tax and non-controlling interest impact.
[2] In the prior year, the weighted average number of shares included convertible loan notes that were convertible into 13,802,861 ordinary shares. These were converted to ordinary shares in the prior year.

It is assumed that all contingent deferred consideration will be settled in cash therefore there is no dilutive effect.

6. Goodwill

	£'000
Cost and net book value	
At 1 May 2013	47,864
Acquisitions	4,104
Foreign exchange differences	(475)
At 31 October 2013	51,493
Adjustments in respect of a pre-acquisition period	34
Acquisitions	4,284
Foreign exchange differences	(690)
At 30 April 2014	55,121
Foreign exchange differences	297
At 31 October 2014	**55,418**

7. Other intangible assets

	Capitalised development costs £'000s	Computer software £'000s	Purchased intangible assets £'000s	Total intangible assets £'000s
Cost				
At 1 May 2014	1,948	1,696	21,856	25,500
Additions	268	466	-	734
Foreign exchange	-	(25)	47	22
At 31 October 2014	2,216	2,137	21,903	26,256
Amortisation				
At 1 May 2014	(855)	(1,022)	(9,197)	(11,074)
Charge for the period	(116)	(110)	(999)	(1,225)
Foreign exchange	-	25	49	74
At 31 October 2014	(971)	(1,107)	(10,147)	(12,225)
Net book value				
At 31 October 2014	**1,245**	**1,030**	**11,756**	**14,031**
At 31 October 2013	567	990	12,103	13,660
At 30 April 2014	1,093	674	12,659	14,426

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. Financial liabilities

	31 October 2014 £'000	31 October 2013 £'000	30 April 2014 £'000
Current			
Bank borrowings	**2,410**	2,639	2,943
Finance lease liabilities	**4**	193	197
Derivative financial instrument - interest rate swaps	**12**	-	52
Contingent deferred consideration	**2,441**	4,168	4,555
	4,867	7,000	7,747
Non-current			
Bank borrowings	**32,679**	24,467	26,235
Finance lease liabilities	**17**	-	17
Derivative financial instrument - interest rate swaps	**-**	84	-
Contingent deferred consideration	**3,174**	732	4,108
	35,870	25,283	30,360
Total financial liabilities	**40,737**	32,283	38,107

On 2 July 2014, the Group refinanced its banking facilities with Barclays and Royal Bank of Scotland ('RBS') and on 7 July 2014 drew down on these new facilities. The new committed facility, totalling £40,000,000, comprises a term loan of £10,000,000 (of which all was drawn on refinance and of which £9,375,000 remains outstanding at 31 October 2014 (2013: £11,015,000 of the old facility)) and a revolving credit facility (RCF) of £30.0m (of which £20,744,000 was drawn on refinance and of which £26,044,000 remains outstanding at 31 October 2014 (2013: £13,122,000 of the old facility)). 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 £330,000 (2013: £181,000 in relation to the old facility) are offset against the term loan, and are being amortised over the period of the loan. The remaining loan arrangement fees of £131,000 in relation to the old facility were written off on refinancing and are reflected in highlighted items.

The facility bears variable interest of LIBOR plus a margin of 2.50%. The margin rate may be lowered from January 2015 to 2.25% depending on the Group's net debt to EBITDA ratio. The rate may be further lowered to 2.00% from January 2016.

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 bank 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 floating to fixed interest rate swaps against 50% of its original sterling denominated term loans under the old facility for the period from May 2012 to April 2015. These instruments are held at fair value at 31 October 2014.

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 August 2017.

9. Cash generated from operations

	Unaudited 6 months ended 31 October 2014	**Unaudited 6 months ended 31 October 2013**	**Audited 12 months ended 30 April 2014**
	£'000	£'000	£'000
Profit before taxation	**577**	1,701	3,440
Adjustments for:			
Depreciation	**657**	603	1,102
Amortisation (note 7)	**1,225**	1,005	2,200
Profit on disposal	**(1)**	-	-
Loan fees written off	**131**	-	-
Interest rate swap closure	**29**	-	-
Unrealised foreign exchange (gain)/loss	**(19)**	(4)	814
Share option charges (note 3)	**642**	124	337
Finance income	**(2)**	(5)	(15)
Finance expenses	**571**	554	1,206
Share of profit of associates	**(8)**	(17)	(19)
Contingent deferred consideration revaluations	**545**	156	1,603
	4,347	4,117	10,668
Increase in trade and other receivables	**3,216**	2,423	(3,467)
Decrease in trade and other payables	**(5,168)**	(4,621)	(692)
Movement in provisions	**(415)**	(48)	290
Cash generated from operations	**1,980**	1,871	6,799

10. Acquisitions and disposals

TRANSACTIONS WITH NCI'S

On 7 May 2014, the 5% minority shareholder of the Group's subsidiary undertaking, Billetts America LLC, exercised their option to increase their shareholding to 15%. The Group then acquired the remaining 15% in Billetts America LLC from the minority shareholder. The consideration payable for these interests is dependent on the performance of the business of Billetts America LLC during the three financial years ending 30 April 2015.

DISPOSALS

On 16 July 2014, the Group sold its 50% investment in its subsidiary company FLE Latam SAS (Registered in Colombia) for cash of $1,000 (approximately £600). A profit of £600 was made on the sale.

On 1 August 2014, the Group sold its 25% investment in its associate company SLiK Media (incorporated in the United Kingdom) for cash of £68,000. A profit of £700 was made on the sale.

INDEPENDENT REVIEW REPORT TO EBIQUITY PLC

Introduction

We have been engaged by the company to review the Ebiquity plc interim financial statements in the half-yearly financial report for the six months ended 31 October 2014, which comprises the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement and related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial 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.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with the basis of preparation set out in note 1.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of the AIM Rules for Companies and for no other purpose. We do not, in producing this report, 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.

Scope of review

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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 October 2014 is not prepared, in all material respects, in accordance with the basis of preparation set out in note 1 and the AIM Rules for Companies.

PricewaterhouseCoopers LLP
Chartered Accountants
27 January 2015
London