

Ebiquity Plc

Interim Results for the six months ended 31 October 2011

Strategy delivers significant growth against key metrics

Ebiquity Plc, the marketing performance management specialists, announces interim results for the 6 months ended 31 October 2011. Ebiquity provides services to over 900 clients across 70 countries, including 85 of the world's 100 largest advertisers.

Strong financial performance

- Total revenues up 17% to £24.02m (2010: £20.51m)
- Continuing organic revenue up 6%¹
- Underlying² operating profit up 75% to £2.51m (2010: £1.44m)
- Operating profit from continuing organic business up 44%
- Underlying profit before tax of £2.21m (2010: £1.15m) and reported profit before tax of £0.20m (2010: loss £2.27m)
- Underlying diluted EPS up 75% to 2.35p (2010: 1.34p) and basic loss per share of 0.16p (2010: loss 2.78p)
- Strong margin improvement from year on year benefit of Xtreme synergies

Continued development of international capabilities

- Strengthened presence in key growth markets. Offices in Russia and Asia Pacific, added via acquisitions of leading media benchmarking businesses
- Acquisition of Echo Research adds essential "non-paid" media analytics and reputation management to global offering
- 75% of total Group revenue now comes from international sources³

Michael Greenlees, CEO, commented:

"These results not only reflect the growing demand for data-driven insights that help our clients better manage their media and marketing performance, they also point to further improvement in operating efficiency following last year's acquisition of Xtreme.

Whilst we cannot be entirely immune from the economic uncertainties that lie ahead, we believe that our clear-sighted strategy can insulate us from the worst of the storm and are confident that our growth strategy will continue to deliver in 2012."

25 January 2012

¹ Excludes the impact of acquisitions in the period.

² Underlying results are stated before highlighted items (see note 2)

³ Non UK sourced revenue, or UK sourced revenue where marketing activity is analysed in more than one country

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Chief Executive's Statement

Overview

I am delighted to announce that for the 6 months to 31 October 2011 we have experienced a performance that on all key metrics either meets or betters management's expectations for the period.

At £24.02m, total revenue grew by 17% compared to the same period last year (£20.51m) with total underlying operating profit up by 75% to £2.51m (£1.44m).

Underlying operating profit derived from existing continuing businesses grew by 44% to £2.42m, reflecting additional cost synergies delivered as a result of the continuing positive impact of the acquisition of Xtreme Information, which we completed in April 2010, as well as strong organic revenue growth of 6%.

Gross margin for the period increased from 54% to 56% and underlying operating margin was up from 7.0% to 10.5%.

Underlying diluted EPS was up 1.01p to 2.35p for the period, an increase of 75%.

As in previous years, our revenue, profits and margins are weighted towards the second half of the year.

These are robust results and reflect our continued focus on delivering both top line growth accompanied by increasing margins and a strong earnings performance.

Growth Strategy

The success of our growth strategy of "adding value to data" is clearly reflected in these results, which show that our Analytics division has enjoyed organic growth of 16% compared to the same period last year and over 51% growth overall. This is an outstanding performance, which has been generated by the growing demand, particularly from global advertisers, for help in navigating through an increasingly complex media market.

To further strengthen our ability to support this demand we continue to take steps to extend our geographic footprint, with the addition of offices in both Russia and Australia.

Our Russian acquisition of The Joined Up Media Company (JUMC) was completed in May 2011, and is led by Vladimir Rass, the former President of MindShare in Russia. As a result, we now have an exceptionally strong presence in Moscow with a team which is widely recognised as bringing a level of expertise to the market that was formerly absent.

In October 2011 we announced the acquisition of Faulkner Media Management – the leading media benchmarking consultancy in Australia. The company employs 25 people based in offices in Sydney and serves over sixty clients in Australia, New Zealand and across South East Asia. Eric Faulkner and his team have built a market-leading business and we are delighted that they will continue to lead the business as they engage with Ebiquity clients across the region.

We continue to look for further opportunities to improve our client offering or to improve our geographical footprint.

Keeping pace with the changing market

The rapidly growing influence of social media is changing the way that our clients think about the overall media landscape, both paid (advertising) and non-paid (social, blogs, editorial) media. Our clients understand that the two do not work in isolation from each other and that the influence of one can either undermine or support the impact of the other. Only by evaluating the combination of the two will it be possible to determine the value and performance of total brand communication.

This was the rationale behind the acquisition of Echo, which was completed in May 2011, but it also speaks more broadly to our overall growth strategy of increasing our abilities and skills to enable us to provide our clients with actionable insights that will improve their business performance.

Outlook

As companies seek greater value for their media and marketing investment, they increasingly look to Ebiquity to help improve their business performance by bringing clarity and understanding to an increasingly challenging and complex environment.

Our evaluation and performance measurement tools, combined with our clear insights derived from data analysis, enables them to take better-informed decisions.

Chief Executive's Statement (continued)

Whilst we cannot be entirely immune from the economic uncertainties that lie ahead, we believe that our clear-sighted strategy will insulate us from the worst of the storm and are confident that our growth strategy will continue to deliver in 2012 and beyond.

Michael Greenlees
Chief Executive Officer
24 January 2012

Financial Review

Introduction

Ebiquity plc is publishing its interim results for the 6 months to 31 October 2011. All results are stated before taking into account highlighted items unless otherwise stated. These include share option costs, amortisation of purchased intangible assets, acquisition costs, and restructuring and other non-recurring items.

Segmental reporting presentation

Our two segments are "Analytics" and "Platform". The Analytics division consists of our Media Consulting, Effectiveness and Reputation Management practices and our Platform division consists of our Advertising Intelligence and Media Technology practices.

Acquisitions and disposals in the six months to 31 October 2011

On 20 May 2011, we purchased 100% of TCRG Holdings Limited (the holding company of the Echo Group, "Echo") for total expected consideration of £4.60m consisting of upfront consideration of £3.50m, deferred consideration of £0.30m and estimated earn out payments of £0.80m. Total consideration is capped at £10.00m. Echo operates from offices in Surrey, New York and Singapore and employs approximately 45 people.

On 28 May 2011, the Group acquired 50.1% of the Joined Up Media Company Limited ("JUMC") for total expected consideration of £0.45m consisting of an initial cash payment of £0.30m, deferred consideration of £0.06m and estimated earn out payments of £0.09m. Total consideration is capped at £1.20m. JUMC operate from offices in London and Moscow and employs approximately 10 people.

On 14 October 2011, the Group acquired 100% of Faulkner Media Management Pty Limited ("FMM", an Australian company) for total expected consideration of AUD \$5.90m (approximately £3.74m) consisting of an initial cash payment of AUD \$4.00m (approximately £2.54m) and estimated earn out payments of AUD \$1.90m (approximately £1.20m). AUD \$5.90m also represents the total maximum consideration payable. FMM operates from offices in Sydney and employs approximately 25 people.

The results of the above acquisitions are all consolidated into our Analytics division from their respective dates of acquisition.

On 1 July 2011, the Group disposed of its editorial monitoring business, Newslive, for cash consideration of £0.17m which resulted in a small profit on disposal. Newslive was part of the Platform division and employed approximately 35 people.

Revenue

	Six months ended 31 October 2011			Six months ended 31 October 2010	Year ended 30 April 2011
	Organic	Acquisitions	Total		
	£'000	£'000	£'000	£'000	£'000
Continuing					
Analytics	8,771	2,612	11,383	7,538	17,900
Platform	12,512	-	12,512	12,561	25,429
Total continuing	21,283	2,612	23,895	20,099	43,329
Discontinued	124	-	124	414	836
Total	21,407	2,612	24,019	20,513	44,165

Total Group revenue increased by 17% to £24.02m (2010: £20.51m).

Financial Review (continued)

Revenue from continuing operations has increased by 19% from £20.10m to £23.90m. On an organic basis, continuing revenue has increased by 6%.

All of the acquisitions in the current year have been in the Analytics division, which has helped Analytics revenue increase by 51% to £11.38m. On an organic basis, Analytics revenue has grown by 16%, with particularly strong growth in international revenues (defined as non-UK sourced revenue, or UK sourced revenue where marketing activity is analysed in more than one country), which grew by 34% to £5.56m.

Platform revenue remained stable in the year. The renewal rate for advertising monitoring has remained consistent at 91% in the six months to 31 October 2011 (2010: 91%).

All of the acquisitions in the period have added to our international presence. 75% of total group revenue (£18.01m) now comes from international sources, up from 71% for the same period last year (£14.66m).

Gross profit

	Six months ended 31 October 2011			Six months ended 31 October 2010	Year ended 30 April 2011
	Organic	Acquisitions	Total		
	£'000	£'000	£'000	£'000	£'000
Continuing					
Analytics	4,368	1,293	5,661	3,693	9,718
Platform	7,752	-	7,752	7,360	15,087
Total continuing	12,120	1,293	13,413	11,053	24,805
Discontinued	(9)	-	(9)	(16)	(6)
Total	12,111	1,293	13,404	11,037	24,799

Gross profit for the period was up 21% to £13.40m (2010: £11.04m), yielding an improved gross margin of 56% (2010: 54%).

On a continuing organic basis, gross profit has increased by 10% to £12.12m, with a 2% improvement in gross margin to 57% (2010: 55%).

Analytics gross profit has increased from £3.69m to £5.66m, with gross margin increasing to 50% (2010: 49%). On an organic basis, Analytics gross profit has increased by £0.68m to £4.37m.

On a continuing basis, Platform gross profit has increased from £7.36m to £7.75m, with margins increasing from 59% to 62%, largely as a result of the recognition of cost synergies released as part of the Xtreme integration process.

Operating profit

Operating profit before highlighted items is termed "underlying operating profit". Certain items have been highlighted because separate disclosure is considered relevant in understanding the underlying performance of the business.

Financial Review (continued)

	Six months ended 31 October 2011			Six months ended 31 October 2010	Year ended 30 April 2011
	Organic	Acquisitions	Total		
	£'000	£'000	£'000	£'000	£'000
Continuing					
Analytics	2,774	190	2,964	2,533	7,123
Platform	4,110	-	4,110	3,918	8,271
Central costs	(4,460)	-	(4,460)	(4,764)	(9,564)
Total continuing	2,424	190	2,614	1,687	5,830
Discontinued	(101)	-	(101)	(251)	(532)
Total	2,323	190	2,513	1,436	5,298

Underlying operating profit was £2.51m (2010: £1.44m), representing a 75% increase over the prior year. On a continuing organic basis the increase is 44%.

The Analytics division has increased operating profit by £0.43m (a 17% increase), and on an organic basis the increase is £0.24m (10% increase).

On a continuing basis, the Platform division has seen an increase in operating profit of £0.19m (a 5% increase).

Central costs predominantly represent central salaries (Board, Finance, IT and HR), certain UK property costs, and central legal and advisory costs. Central costs have fallen due to the full period impact of cost savings being generated from the integration of Xtreme.

Highlighted items

Highlighted items comprise significant 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.

In the current period, the non-recurring items relate almost exclusively to the associated costs of the acquisitions made in the period.

Financial Review (continued)

	Six months ended 31 October 2011			Six months ended 31 October 2010		
	Cash £'000	Non- cash £'000	Total £'000	Cash £'000	Non- cash £'000	Total £'000
Administrative Expenses						
Recurring:						
Share based expenses	-	471	471	-	640	640
Amortisation of purchased intangibles	-	858	858	-	731	731
	-	1,329	1,329	-	1,371	1,371
Non-recurring:						
Integration costs	55	-	55	549	-	549
Severance costs	56	-	56	1,153	-	1,153
Property costs	-	-	-	11	289	300
Acquisition costs	574	-	574	54	-	54
	685	-	685	1,767	289	2,056
Total highlighted items	685	1,329	2,014	1,767	1,660	3,427

Amortisation of purchased intangibles relates to acquisitions made in the current financial year of £0.14m and to acquisitions made in prior periods of £0.72m.

Integration costs relate to certain one-off costs incurred whilst integrating the acquisitions made in the current and prior financial years in to the Group's existing operations.

Severance costs relate to de-duplication of senior management and support functions following the acquisitions made in the year.

Under IFRS, professional fees and expenses in relation to acquisitions can not be capitalised. Acquisition costs therefore relate largely to professional fees associated with the acquisitions of Echo, JUMC and FMM. A profit of £0.05m arising on the disposal of Newslive has been netted off against acquisition costs.

As at 31 October 2011, £0.46m of the £0.69m cash highlighted items had been settled.

Result before tax and EPS

	Six months ended 31 October 2011 £'000s	Six months ended 31 October 2010 £'000s	Year ended 30 April 2011 £'000s
Reported operating result	499	(1,991)	(1,248)
Net finance costs	(300)	(282)	(528)
Reported result before tax	199	(2,273)	(1,776)

Net finance costs were £0.30m (2010: £0.28m) which reflects the higher level of debt following the acquisitions made in the current period.

Financial Review (continued)

Underlying profit before tax was up 92% to £2.21m (2010: £1.15m). Reported profit before tax is £0.20m (2010: £2.27m loss).

The tax for the period is a charge of £0.31m, representing a current tax charge of £0.45m offset by a deferred tax credit of £0.15m.

Underlying diluted earnings per share was up 75% to 2.35p (2010: 1.34p). The Group reports a basic loss per share of 0.16p (2010: loss of 2.78p).

Financial Position and Cash flow

Net assets have increased by £2.69m from April 2011 mainly as a result of a placing of 2.85m shares in May 2011, the proceeds of which were used to partly fund the Echo acquisition. The most notable movements on the balance sheet are due to the acquisitions in the period, with goodwill and intangible assets increasing by a combined total of £7.74m and provisions increasing by £2.07m mainly due to the recognition of deferred contingent consideration provisions.

A cash and net debt analysis is provided as follows.

	As at 31 October 2011	As at 31 October 2010	As at 30 April 2011
	£'000s	£'000s	£'000s
Underlying net cash from operating activities	949	(300)	4,074
Reported net cash from operating activities	(506)	(2,777)	334
Cash	2,796	1,750	3,158
Debt ¹	(12,050)	(8,443)	(7,685)
Net debt	(9,254)	(6,693)	(4,527)

¹ Debt on the Balance Sheet at 31 October 2011 is shown net of £0.42m (2010: £0.36m) of loan arrangement fees that have been paid which are amortised over the life of the facility. The debt stated above excludes these costs.

Underlying net cash inflow from operating activities in the period was £0.95m (2010: outflow of £0.30m). This improvement of £1.25m is largely due to the increase in underlying operating profit. After highlighted items are considered, net cash outflow from operations for the period was £0.51m (2010: £2.78m), reflecting the cash impact of the highlighted items in the period.

Total additional borrowings in the period were £5.48m, largely used to fund the acquisitions in the period. This movement is offset by loan repayments in the period of £1.17m and foreign exchange movements of £0.05m.

Due to the seasonality of our cash flows, net debt is historically higher at our half year relative to the full year.

During the period, the Group continued to trade within all of its banking facilities and covenants.

Andrew Beach
Chief Financial Officer
24 January 2012

**Consolidated Income Statement
for the six months ended 31 October 2011**

		Unaudited 6 months ended 31 October 2011	Unaudited 6 months ended 31 October 2010	Audited 12 months ended 30 April 2011
	Note	£'000s	£'000s	£'000s
Revenue		24,019	20,513	44,165
Cost of Sales		(10,615)	(9,476)	(19,366)
Gross Profit		13,404	11,037	24,799
<hr/>				
Administrative expenses – excluding highlighted items		(10,891)	(9,601)	(19,501)
Administrative expenses – highlighted items	2	(2,014)	(3,427)	(6,546)
Total administrative expenses		(12,905)	(13,028)	(26,047)
<hr/>				
Operating profit before highlighted items		2,513	1,436	5,298
Administrative expenses – highlighted items	2	(2,014)	(3,427)	(6,546)
Operating profit/(loss)		499	(1,991)	(1,248)
Finance income		2	-	2
Finance expenses		(302)	(282)	(530)
Net finance costs		(300)	(282)	(528)
<hr/>				
Profit before tax and highlighted items		2,213	1,154	4,770
Highlighted items	2	(2,014)	(3,427)	(6,546)
Profit/(loss) before tax		199	(2,273)	(1,776)
Tax (expense)/income		(306)	421	256
Loss for the period		(107)	(1,852)	(1,520)
Attributable to:				
Equity holders of the parent		(111)	(1,852)	(1,433)
Non-controlling interests		4	-	(87)
		(107)	(1,852)	(1,520)
(Loss)/earnings per share				
Basic	4	(0.16p)	(2.78p)	(2.15p)
Diluted	4	(0.16p)	(2.78p)	(2.15p)
Underlying basic	4	2.45p	1.38p	6.32p
Underlying diluted	4	2.35p	1.34p	6.02p

**Consolidated Statement of Comprehensive Income
for the six months ended 31 October 2011**

	Unaudited 6 months ended 31 October 2011	Unaudited 6 months ended 31 October 2011	Audited 12 months ended 30 April 2011
	£'000	£'000	£'000
Loss for the period	(107)	(1,852)	(1,520)
Exchange differences on translation of overseas subsidiaries	58	(68)	112
Movement in valuation of hedging instruments	(34)	-	(14)
Total comprehensive income for the period	(83)	(1,920)	(1,422)
Attributable to:			
Equity holders of the parent	(87)	(1,920)	(1,335)
Non-controlling interests	4	-	(87)
	(83)	(1,920)	(1,422)

**Consolidated Statement of Financial Position
as at 31 October 2011**

		Unaudited as at 31 October 2011 £'000s	(Restated) Unaudited as at 31 October 2010 £'000s	Audited as at 30 April 2011 £'000s
	Note			
Non-current assets				
Goodwill		37,710	30,700	31,457
Other intangible assets	5	10,400	9,717	8,911
Property, plant & equipment		3,268	2,094	2,623
Deferred tax assets		811	955	1,063
Total non-current assets		52,189	43,466	44,054
Current assets				
Loans & other financial assets		200	394	238
Trade & other receivables		13,652	10,392	14,446
Cash & cash equivalents		2,796	1,750	3,158
Total current assets		16,648	12,536	17,842
Total assets		68,837	56,002	61,896
Current liabilities				
Other financial liabilities		(5,163)	(3,482)	(3,742)
Trade & other payables		(6,675)	(4,094)	(6,330)
Current tax liabilities		(547)	(345)	(268)
Provisions		(1,207)	(1,390)	(1,007)
Accruals & deferred income		(9,291)	(8,945)	(12,736)
Total current liabilities		(22,883)	(18,256)	(24,083)
Non-current liabilities				
Other financial liabilities		(6,856)	(4,649)	(3,724)
Provisions		(2,735)	(695)	(867)
Deferred tax liabilities		(2,627)	(2,452)	(2,171)
Total non-current liabilities		(12,218)	(7,796)	(6,762)
Total liabilities		(35,101)	(26,052)	(30,845)
Total net assets		33,736	29,950	31,051
Capital & reserves				
Share capital		14,718	13,984	13,994
Share premium		4,226	2,685	2,666
Convertible loan note reserve		9,445	9,445	9,445
Merger reserve		3,667	3,667	3,667
ESOP reserve		(1,590)	(1,590)	(1,590)
Hedging reserve		(48)	-	(14)
Translation reserve		98	(140)	40
Retained earnings		2,983	1,786	2,817
Capital and reserves attributable to the equity holder of the parent		33,499	29,837	31,025
Non-controlling interests		237	113	26
Total equity		33,736	29,950	31,051

**Consolidated Cash Flow Statement
for the six months ended 31 October 2011**

	Unaudited 6 months ended 31 October 2011 £'000s	Unaudited 6 months ended 31 October 2010 £'000s	Audited 12 months ended 30 April 2011 £'000s
Cashflows from operating activities			
Profit/(loss) before taxation	199	(2,273)	(1,776)
Adjustments for:			
Depreciation	585	435	933
Amortisation	945	831	1,757
Capitalised development costs write off	-	-	-
Unrealised foreign exchange (gain)/loss	(6)	20	21
Share option charges	471	640	1,038
Finance income	(2)	-	(2)
Finance expense	302	282	530
Call/put options valuation (net)	-	(8)	51
Profit on disposal	(50)	-	-
	2,444	(73)	2,552
Decrease/(increase) in trade receivables	3,030	1,613	(2,470)
(Decrease)/increase in trade payables	(5,212)	(4,041)	1,593
(Decrease)/increase in provisions	(247)	271	(245)
Cash from/(used in) operations	15	(2,230)	1,430
Finance expense	(293)	(231)	(339)
Income taxes paid	(228)	(316)	(757)
Net cash from operating activities	(506)	(2,777)	334
Cashflows from investing activities			
Acquisition of subsidiaries, net of cash acquired	(5,809)	(829)	(898)
Purchase of property, plant & equipment	(503)	(350)	(1,260)
Purchase of intangible assets	-	(46)	(77)
Finance income	2	-	2
Net cash used in investing activities	(6,310)	(1,225)	(2,233)
Cashflows from financing activities			
Proceeds from issue of share capital (net of issue costs)	2,283	22	38
Proceeds from long-term borrowings	5,480	1,500	1,750
Repayment of bank loans	(1,165)	(993)	(1,982)
Bank loan fees paid	(100)	-	(26)
Bank securities paid	-	-	100
Dividends paid to non-controlling interests	(10)	-	-
Repayment of finance leases	(10)	-	(21)
Net cashflow from/(used in) financing activities	6,478	529	(141)
Net decrease in cash, cash equivalents and bank overdrafts	(338)	(3,473)	(2,040)
Effect of foreign exchange rate changes	(24)	(20)	(45)
Cash, cash equivalents and bank overdrafts at beginning of period	3,158	5,243	5,243
Cash, cash equivalents and bank overdrafts at end of period	2,796	1,750	3,158

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 expected to be applicable for the period ending 30 April 2012, and 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 2012. 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 2011 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, the group has not applied IAS 34 'Interim Reporting' in preparing this interim report.

There are no new IRFSs or IFRIC interpretations that are effective for the first time for the financial year beginning 1 May 2011 that would be expected to have a material impact on the Group.

Changes in application of accounting policies

As reported in our 2011 Annual Report, the Board performed a reassessment of the application of our revenue recognition policy. This resulted in a marginal shift in the recognition period on certain renewable Analytics contracts, typically by up to three months. Whilst the adjustment has an insignificant impact on revenue, profits and earnings per share in the periods ended 31 October 2011 and 31 October 2010 (with no profit restatement being necessary), it resulted in a restatement of the Statement of Financial Position as at 31 October 2010 in accordance with IAS 8, and in line with the adjustment made in the 2011 Annual Report. Specifically, the opening reserves as at 1 May 2010 and net assets as at 31 October 2010 have been reduced by £1.80m, with a reduction in accrued income of £1.20m and an increase in deferred income of £0.60m.

2. Highlighted items

Highlighted items comprise significant 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 2011 £'000s	Unaudited 6 months ended 31 October 2010 £'000s	Audited 12 months ended 30 April 2011 £'000s
Recurring:			
Share based expenses	471	640	1,038
Amortisation of purchased intangibles	858	731	1,549
	1,329	1,371	2,587
Non-recurring:			
Integration costs	55	549	1,550
Severance costs	56	1,153	1,405
Property costs	-	300	722
Acquisition costs	574	54	282
	685	2,056	3,959
Total highlighted items	2,014	3,427	6,546

Amortisation of purchased intangibles relates to acquisitions made in the current financial year of £0.14m and to acquisitions made in prior periods of £0.72m.

Integration costs relate to certain one-off costs incurred whilst integrating the acquisitions made in the current and prior financial years in to the Group's existing operations.

Severance costs relate to de-duplication of senior management and support functions following the acquisitions made in the year.

Under IFRS, professional fees and expenses in relation to acquisitions can not be capitalised. Acquisition costs therefore relate largely to professional fees associated with the acquisitions of Echo, JUMC and FMM. A profit of £0.05m arising on the disposal of Newslive has been netted off against acquisition costs.

As at 31 October 2011, £0.46m of the £0.69m cash highlighted items had been settled.

3. Dividends

No interim dividend is being proposed.

4. Earnings per share

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

	Unaudited 6 months ended 31 October 2011 £'000s	Unaudited 6 months ended 31 October 2010 £'000s	Audited 12 months ended 30 April 2011 £'000s
Net loss attributable to equity holders of the parent	(111)	(1,852)	(1,433)
Adjustments:			
Deferred tax	(145)	(657)	(845)
Highlighted items – recurring ¹	1,329	1,371	2,587
Highlighted items – non-recurring ¹	685	2,056	3,959
Highlighted items relating to non-controlling interests	(40)	-	(64)
Earnings for the purpose of underlying earnings per share	1,718	918	4,204
Number of shares			
Weighted average number of ordinary shares for the purpose of basic earnings per share	70,060,099	66,547,339	66,571,604
Effect of dilutive potential ordinary shares			
Share options	3,008,375	2,187,558	3,266,449
Weighted average number of ordinary shares for the purpose of diluted earnings per share	73,068,474	68,734,897	69,838,053
Basic loss per share	(0.16p)	(2.78p)	(2.15p)
Diluted loss per share ²	(0.16p)	(2.78p)	(2.15p)
Underlying basic earnings per share	2.45p	1.38p	6.32p
Underlying diluted earnings per share	2.35p	1.34p	6.02p

¹ Highlighted items (see note 2).

² The statutory EPS has not been diluted since the result for the period is a loss.

5. Other intangible assets

	Capitalised development costs £'000s	Purchased intangible assets £'000s	Total intangible assets £'000s
Cost			
At 1 May 2011	1,115	11,714	12,829
Additions	-	2,550	2,550
Disposals	(366)	-	(366)
Foreign exchange	-	58	58
At 31 October 2011	749	14,322	15,071
Amortisation			
At 1 May 2011	(554)	(3,364)	(3,918)
Provision for the period	(87)	(858)	(945)
Disposals	189	-	189
Foreign exchange	(1)	4	3
At 31 October 2011	(453)	(4,218)	(4,671)
Net book value			
At 31 October 2011	296	10,104	10,400
At 31 October 2010	638	9,079	9,717
At 30 April 2011	561	8,350	8,911

The capitalised development costs are internally generated.

6. Auditors

The audit engagement partner, having acted in this role for five years, would cease to act in this capacity in accordance with Auditing Practices Board (APB) Ethical Standards in January 2012. Due to the recent changes made to the Group, principally the significant acquisitions and restructuring activity that has taken place during the current financial year, the Group's Audit Committee has determined, with the agreement of BDO LLP, that it is necessary for the current audit engagement partner to continue in this role until the AGM in September 2012 in order to safeguard audit quality, as permitted by the APB Ethical Standard 3 (Revised). This will allow him to sign the annual report and accounts for the year ending 30 April 2012.

INDEPENDENT REVIEW REPORT TO EBIQUITY PLC

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 October 2011 which comprises the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the 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 interim report, including the financial information contained therein, is the responsibility of and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the rules of the London Stock Exchange for companies trading securities on the AIM which require that the half-yearly report be presented and prepared in a form consistent with that which will be adopted in the company's annual accounts having regard to the accounting standards applicable to such annual accounts.

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.

Our report has been prepared in accordance with the terms of our engagement to assist the company in meeting the requirements of the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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 2011 is not prepared, in all material respects, in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

BDO LLP
Chartered Accountants and Registered Auditors
55 Baker Street
London W1U 7EU
24 January 2012

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).