

Ebiquity Plc

Interim Results for the six months ended 31 October 2010

Strong financial performance and Xtreme integration to be completed ahead of schedule

Ebiquity plc, the media and marketing insights business, announces interim results for the 6 months ended 31 October 2010. Ebiquity provides services to over 700 clients across 60 countries, including 85 of the world's 100 largest advertisers.

Total Group revenues increased by 122% to £20.5m, following the acquisition of Xtreme Information ("Xtreme") in April 2010. On a pro forma¹ basis revenues increased by 4%

Underlying² operating profit up 89% including² impact of acquisitions, with a pro forma increase of 28%

- Revenue from international assignments³ now represents 71% of total Group revenue, up from 36% last year
- Underlying operating profit of £1.4m (2009: £0.8m)
- Underlying profit before tax of £1.2m (2009: £0.7m) and reported loss before tax of £2.3m (2009: profit £0.2m) due to Xtreme integration costs
- Underlying diluted EPS in line with market expectation at 1.34p (2009: 1.71p) and basic loss per share of 2.78p (2009: earnings 1.06p) due to Xtreme integration costs

Integration of Xtreme Information and TMC Germany largely complete, ahead of schedule and budget

- UK and German operations re-organised and consolidated
- All products and service offerings to be clustered into six Ebiquity branded practices

Well positioned to capitalise on increasing global demand for understanding media and marketing trends

- The importance of measuring marketing effectiveness supported by recent industry research
- Executing marketing campaigns with greater focus on financial returns confirmed as of crucial importance

Continued to develop and invest in strengthening global presence, with further acquisition in Italy (May 2010)

Michael Greenlees, CEO, commented:

"The focus on the successful integration of our recent acquisitions means that we can now benefit from both the cost synergies and the commercial benefits of our wider international presence. Revenues remain strong and our growth strategy clear. We look forward with confidence to achieving another successful year in the progress of our Company."

19 January 2011

¹ Includes all acquired entities as if they had been owned throughout the prior period, using management accounts information and adjusting for Ebiquity plc accounting policies

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

At the time of the 2010 year-end results, I said that we intended to focus on the successful completion of the integration of Xtreme Information ("Xtreme") – a process that we anticipated would be complete by the end of 2011/12. I am delighted to tell shareholders that at the time of writing, we have largely completed the planned integration. We now expect the integration to be complete by the end of the financial year – a year ahead of time – at which time we will have successfully extracted the forecast cost synergies – also ahead of forecast.

Total revenue for the reported period was £20.5m compared to £9.3m for the same period last year. On a pro forma basis this represents an increase of 4%. Underlying operating profit for the six months to 31 October 2010 increased to £1.4m – ahead of management forecasts. This is a particularly pleasing result given that management focus has largely been on integrating the acquisitions and extracting cost synergies. Traditionally, the Company's new business performance tends to have a second half bias and we see no reason to suggest that the same will not be true this year.

As a result of the progress made in integrating the Xtreme acquisition we have benefited from the early release of synergies in the first half. Although integration costs for the half year are higher than forecast, at £2.0 million, we anticipate that integration costs will be lower than originally forecast once the integration process is complete. Due to the high integration costs in the period, the reported operating result was a loss of £2.0m (2009: £0.3m profit).

With the integration of Xtreme now largely complete, and with the successful acquisitions of businesses in Germany, Italy and France, the Company's revenues represented by International contracts now represents 71% of total revenues (£14.6 million) compared to 37% for the same period last year (£3.4 million), on an actual basis.

Gross margin has improved, increasing to 54% compared to 52% for the same period last year.

Our Balance Sheet remains strong with net debt at the half year standing at £6.7 million (2009: £1.5 million) following the acquisitions. Towards the end of the second half of the year we expect to start generating significant cash on the basis of strong renewable revenues, once the integration process is complete.

Underlying diluted earnings per share was in line with expectations at 1.34p (2009: 1.71p), notwithstanding the fact that significant growth from our US business has resulted in a higher tax charge. Basic loss per share was 2.78p (2009: earnings of 1.06p).

Integration that has delivered synergies

The integration programme has delivered the anticipated annualised savings significantly ahead of schedule. By successfully accelerating our plans we have maximised benefits to the current financial year and minimised disruption to the business, allowing the Company to focus on further growth in the year ahead.

Our German operation has now been completely re-organised and we have consolidated data capture in southern Germany and located the commercial teams in Hamburg in order to coordinate our client services in one location.

Significantly, we have consolidated and re-located our UK data processing centre into a new International high-quality facility in Newcastle, focused around data accuracy and operational efficiency.

Chief Executive's Statement (continued)

A new branding to reflect the combined strength of our business

Following the integration of Xtreme, our main task is now to ensure a unified client experience that will drive and accelerate revenue growth. To achieve this we intend to bring a clear focus to the Company's service offering. As of 1 February 2011, therefore, we intend to brand all our products and services with the Ebiquity name. At the same time our various product and service offerings will be clustered into six client facing practices - Media, Advertising Intelligence, PR Intelligence, ROI (Return on Investment), Digital, and Media Technology. In combination the data-driven insights that we bring to our clients businesses will help them deliver continuous improvement in both media and marketing performance and thus improve their overall ROI.

Rapidly developing into a world leader

We began developing the Company from a small advertising monitoring business three years ago. Today we stand at the centre of a rapidly changing and complex media landscape. We have built the skills and capabilities necessary to help our clients better navigate the relationship between the different media opportunities available to them, from TV to Digital, from PR and Sponsorship to Social Networking and beyond. During this process we have developed the necessary tools to help brand owners achieve greater transparency, better value for money and measurable returns on their media and marketing investment.

And yet our journey has only just begun. In the coming year we will continue to build on our growing international reputation as we look to expand our growth into new markets. In Germany we already have a significant market presence and we intend to replicate the dominant position we already enjoy in the UK market. In the US we believe that there are significant growth opportunities, and internationally we continue to work with a growing number of clients with requirements across multiple geographies. We will be taking steps to further develop both our expertise and international footprint.

Outlook

Ebiquity is now a truly international business; the focus on the successful integration of our recent acquisitions means that we can now benefit from both the cost synergies and the commercial benefits of our wider international presence. As a result we are well positioned to deliver significant earnings growth in the coming years.

In the coming months we will focus on building further organic growth opportunities from our substantial international client base as well as seeking opportunities to build on our core skills and expand our international footprint.

In the SAS/Marketing Week survey conducted in 2010, Marketing Directors were asked to rank the most important elements in the success of their marketing strategy - 'measuring marketing effectiveness' came first, with 57.7% placing it as their top priority, followed by 'executing campaigns with greater efficiency' with 55.4%. Our market reflects these sentiments and as a result sales remain strong, our growth strategy clear, and we look forward with confidence to achieving another successful year in the progress of our Company.

Michael Greenlees
Chief Executive Officer
19 January 2011

Financial Review

Introduction

Ebiquity plc is publishing its interim results for the 6 months to 31 October 2010. 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, ROI, and Digital practices and our Platform division consists of our Advertising Intelligence, PR Intelligence and Media Technology practices.

Integration of Xtreme Information Services Limited ("Xtreme") and Thomson Media Control GmbH & Co KG ("TMC")

The financial results for the 6 months to 31 October 2010 are materially impacted by the acquisitions of Xtreme and TMC, which were acquired on 13 April 2010, shortly before the end of our last financial year. Both of these acquisitions are included in our Platform division.

The integration process, both in the UK and Germany, is largely complete ahead of schedule, and in the six months to 31 October 2010 – the first full six months following the acquisitions - we have been able to recognise £548,000 of cost synergies largely due to a reduction in headcount, which is comfortably ahead of original expectations due to earlier than planned integration.

Due to the full integration of the acquired entities – with synergies coming from both existing and newly acquired businesses - we have included a comparative for the 6 months to 31 October 2009 on a pro forma basis, which includes all acquired entities as if they had been owned throughout the prior period, using management accounts information and adjusting for Ebiquity plc accounting policies. These pro forma results are unaudited.

Acquisitions in the six months to 31 October 2010

On 1 May 2010, we took control of Billetts Germany GmbH ("Billetts Germany") by increasing our stake from 10% to 51% for an additional consideration of €23,000.

On 28 May 2010, the Group acquired 51% of Media Advisor S.r.l ("Media Advisor", an Italian company) for a total potential consideration of €750,000 consisting of an initial cash payment of €200,000, to be followed by an earn out cash payment to a maximum of €550,000.

The results of Billetts Germany and Media Advisor are consolidated into our Analytics division from 1 May and 28 May 2010 respectively.

Revenue

	Six months ended 31 October 2010	Six months ended 31 October 2009	Six months ended 31 October 2009 Pro forma	Year ended 30 April 2010
	£'000	£'000	£'000	£'000
Analytics	7,538	6,660	7,288	15,197
Platform	12,975	2,600	12,460	6,021
Total revenue	20,513	9,260	19,748	21,218

Total Group revenue increased by 122% to £20.5m (2009: £9.3m).

Financial Review (continued)

On a pro forma basis, including all acquired entities as if they had been owned for the entire comparative period, total Group revenue has increased by 4% from £19.7m to £20.5m.

The pro forma growth in Analytics revenue was 3% to £7.5m, representing 37% of total Group revenue (2009 pro forma: 37%). Within this division, revenue from international audit assignments grew by 4% to £4.2m due to strong performances from our domestic businesses in America and Germany.

The pro forma growth in Platform was 4%, driven mainly by international advertising intelligence and insight services, which were up 6% to £10.5m. The renewal rate for UK domestic advertising monitoring has now increased to 92% in the six months to 31 October 2010 (2009: 74%).

Following the acquisitions, all of which have added further international presence, our total international revenue (defined as non-UK sourced revenue, or UK sourced revenue where marketing activity is analysed in more than one country) has increased from 37% of Group revenue (£3.4m in the six months to 31 October 2009) to 71% of Group revenue (£14.6m in the six months to 31 October 2010). On a pro forma basis, this is a 1% increase on last year.

Gross profit

	Six months ended 31 October 2010	Six months ended 31 October 2009	Six months ended 31 October 2009 Pro forma	Year ended 30 April 2010
	£'000	£'000	£'000	£'000
Analytics	3,693	3,452	3,588	8,527
Platform	7,344	1,329	6,750	3,071
Total gross profit	11,037	4,781	10,338	11,598

Gross profit for the period was up 131% to £11.0m (2009: £4.8m), yielding an improved gross margin of 54% (2009: 52%).

On a pro forma basis, gross profit has increased by 7% to £11.0m, with a 2% improvement in gross margin (2009 pro forma: 52%).

The pro forma Analytics gross profit has increased from £3.6m to £3.7m, with margin flat at 49%, after the reallocation of some management staff costs to overheads.

The pro forma Platform gross profit has increased from £6.8m to £7.3m, with margins increasing from 54% to 57%. The margin increase largely reflects the impact of £215k of recognised cost synergies.

Result from operations

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 2010	Six months ended 31 October 2009	Six months ended 31 October 2009 Pro forma	Year ended 30 April 2010
	£'000	£'000	£'000	£'000
Analytics	2,533	3,057	3,034	7,603
Platform	3,667	595	3,066	1,284
Central costs	(4,764)	(2,892)	(4,977)	(6,244)
Underlying operating profit	1,436	760	1,123	2,643
Highlighted items	(3,427)	(490)		(2,186)
Reporting operating result	(1,991)	270		457

Underlying operating profit was £1.4m (2009: £0.8m), representing an 89% increase over the prior year. On a pro forma basis the increase is 28% (from £1.1m in 2009).

On a pro forma basis, the Analytics division has seen an increase at the gross profit level of £105,000 as explained above. Administrative expenses have increased by £605,000, due in part to increased travel and recruitment costs to deliver to our international clients needs – costs which occur broadly evenly throughout the year, but where revenues are second half weighted - and also partly to a reallocation of management staff costs from cost of sales to overheads, which leaves the Analytics division down £501,000.

On a pro forma basis, the Platform division has seen an increase at the gross profit level of £594,000 as explained above. Administrative expenses have decreased marginally, leaving operating profit up £601,000.

Central costs predominantly represent central salaries (Board, Finance, IT and HR), UK property costs, and central legal and advisory costs. Following the acquisitions, all of these functions are of an enlarged size, and our property and legal costs have increased proportionately. £333,000 of cost synergies has been recognised in Central costs in the period.

On a pro forma basis the operating profit margin has increased from 6% to 7%.

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 integration of Xtreme and TMC.

Financial Review (continued)

	6 months ended 31 October 2010			6 months ended 31 October 2009		
	Cash	Non-cash	Total	Cash	Non-cash	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Administrative Expenses						
Recurring:						
Share based expenses	-	640	640	-	151	151
Amortisation of purchased intangibles	-	731	731	-	181	181
	-	1,371	1,371	-	332	332
Non-recurring:						
Integration costs	549	-	549	-	-	-
Severance costs	1,153	-	1,153	158	-	158
Property costs	11	289	300	-	-	-
Acquisition costs	54	-	54	-	-	-
	1,767	289	2,056	158	-	158
Total highlighted items	1,767	1,660	3,427	158	332	490

Share based expenses include a one off charge of £246,000 in relation to immediately vested share options following a realignment of the Board share option programme.

Amortisation of purchased intangibles relates to acquisitions made in the current and previous financial year of £559,000 and to acquisitions made prior of £172,000.

Integration costs relates to project management and advice of £293,000, post completion professional fees of £167,000, and other related costs of £89,000.

Severance costs relates to UK senior management and support function de-duplication of £761,000, and the anticipated redundancy costs associated with the merger of our data processing centres in the UK of £392,000.

Property costs represent the future costs of certain UK office space which is now vacant following the restructuring process, less anticipated sub-lease rental income.

Under IFRS, professional fees and expenses in relation to acquisitions can no longer be capitalised. Acquisition costs therefore relates to professional fees associated with the acquisitions of Media Advisor and Billetts Germany.

As at 31 October 2010, £1,211,000 of the £1,767,000 cash highlighted items had been settled.

Result before tax and EPS

	As at 31 October 2010	As at 31 October 2009	As at 30 April 2010
	£'000s	£'000s	£'000s
Reported operating result	(1,991)	270	457
Net finance costs	(282)	(67)	(352)
Share of loss of associates	-	(1)	(5)
Reported result before tax	(2,273)	202	100

Net finance costs were £282,000 (2009: £67,000) which reflects the higher level of debt following the refinancing activity that took place at the time of the acquisitions in April 2010.

Financial Review (continued)

Share of loss of associates represented our share of the losses of Billetts Germany, a company in which we previously held a 10% stake. On 1 May 2010, this stake was increased to 51%, thus we now fully consolidate the result of Billetts Germany.

Underlying profit before tax was up 67% to £1.2m (2009: £0.7m). Reported loss before tax is £2.3m (2009: £0.2m profit).

The tax for the period is a credit of £421,000, representing a current tax charge of £236,000 offset by a deferred tax credit of £657,000. The current tax charge relates purely to the tax on overseas entity profits. £286,000 of the deferred tax credit relates to current year UK losses resulting from the tax benefit of the high integration costs. The majority of the remainder relates to deferred tax credits on purchased intangible assets.

Underlying diluted earnings per share was 1.34p (2009: 1.71p). This has fallen largely due to the geographical mix of our business with more profits coming, for example, from the US where tax rates are higher – a trend that will continue as we become more international. In addition, the timing of the cost synergy releases means that the full benefit of the acquisitions will not be felt until the second half of the current year and beyond. An increasing share price has also resulted in additional dilution as more share option awards are in the money. The Group reports a basic loss per share of 2.78p (2009: earnings 1.06p).

Operating cash flow and net debt

	As at 31 October 2010	As at 31 October 2009	As at 30 April 2010
	£'000s	£'000s	£'000s
Net cash from operating activities	(2,777)	895	2,421
Cash	1,750	1,521	5,243
Loans to associates	-	310	285
Debt*	(8,443)	(3,314)	(7,569)
Net debt	(6,693)	(1,483)	(2,041)

* Debt on the Balance Sheet at 31 October 2010 is shown net of £356,000 of loan arrangement fees which are amortised over the life of the facility. The number above is the gross debt number excluding these costs.

Net cash outflow from operations for the period was £2.2m (2009: £0.9m inflow), reflecting the costs of integrating the Xtreme acquisition, together with a decrease in trade receivables due largely to the timing of invoicing following some prolonged contract scope increase negotiations. Excluding the integration costs, the underlying net cash outflow from operating activities is £0.3m.

Loans to associates reflected loans made to Billetts Germany GmbH. Now that Billetts Germany is consolidated into the Group results, this is no longer an amount receivable from outside of the Group.

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

Andrew Beach
Chief Financial Officer
19 January 2011

Consolidated Income Statement
For the six months ended 31 October 2010

		Unaudited 6 months ended 31 October 2010	Unaudited 6 months ended 31 October 2009	Audited 12 months ended 30 April 2010
	Note	£'000s	£'000s	£'000s
Revenue		20,513	9,260	21,218
Cost of Sales		(9,476)	(4,479)	(9,620)
Gross Profit		11,037	4,781	11,598
Administrative expenses – excluding highlighted items		(9,601)	(4,021)	(8,955)
Administrative expenses – highlighted items	2	(3,427)	(490)	(2,186)
Total administrative expenses		(13,028)	(4,511)	(11,141)
Operating profit before highlighted items		1,436	760	2,643
Administrative expenses – highlighted items	2	(3,427)	(490)	(2,186)
Operating (loss)/profit		(1,991)	270	457
Finance income		-	8	14
Finance expenses		(282)	(75)	(366)
Net finance costs		(282)	(67)	(352)
Share of loss of associates		-	(1)	(5)
Profit before tax and highlighted items		1,154	692	2,500
Highlighted items	2	(3,427)	(490)	(2,400)
(Loss)/profit before tax		(2,273)	202	100
Tax income		421	144	69
(Loss)/profit for the period		(1,852)	346	169
Attributable to:				
Equity holders of the parent		(1,852)	341	169
Non-controlling interests		-	5	-
		(1,852)	346	169
(Loss)/earnings per share				
Basic	4	(2.78p)	1.06p	0.50p
Diluted	4	(2.78p)	0.97p	0.46p

**Consolidated Statement of Comprehensive Income
for the six months ended 31 October 2010**

	Unaudited 6 months ended 31 October 2010	Unaudited 6 months ended 31 October 2009	Audited 12 months ended 30 April 2010
	£'000	£'000	£'000
(Loss)/profit for the period	(1,852)	346	169
Exchange differences on translation of overseas subsidiaries	(68)	73	45
Total comprehensive income for the period	(1,920)	419	214
Attributable to:			
Equity holders of the parent	(1,920)	414	214
Non-controlling interest	-	5	-
	(1,920)	419	214

**Consolidated Statement of Financial Position
as at 31 October 2010**

	Note	Unaudited as at 31 October 2010 £'000s	Unaudited as at 31 October 2009 £'000s	Audited as at 30 April 2010 £'000s
Non current assets				
Goodwill		30,700	8,754	30,235
Other intangible assets	5	9,717	2,638	9,983
Property, plant & equipment		2,094	872	2,044
Investment in Joint Ventures		-	115	-
Investment in associates		-	17	12
Loans and other financial assets		-	77	-
Deferred tax asset		955	322	670
Total non current assets		43,466	12,795	42,944
Current assets				
Loans & other financial assets		394	310	679
Trade & other receivables		11,550	5,553	12,437
Cash & cash equivalents		1,750	1,521	5,243
Total current assets		13,694	7,384	18,359
Total assets		57,160	20,179	61,303
Current liabilities				
Other financial liabilities		(3,482)	(2,300)	(2,077)
Trade & other payables		(4,094)	(1,638)	(4,922)
Current tax liabilities		(345)	(498)	(425)
Provisions		(1,390)	(124)	(650)
Accruals & deferred income		(8,336)	(4,049)	(11,206)
Total current liabilities		(17,647)	(8,609)	(19,280)
Non current liabilities				
Other financial liabilities		(4,649)	(1,058)	(5,627)
Provisions		(695)	-	(855)
Deferred tax liability		(2,452)	(515)	(2,608)
Total non current liabilities		(7,796)	(1,573)	(9,090)
Total liabilities		(25,443)	(10,182)	(28,370)
Total net assets		31,717	9,997	32,933
Capital & Reserves				
Share capital		13,984	8,035	12,918
Share premium		2,685	1,846	2,259
Convertible loan note reserve		9,445	-	9,445
Investment in own shares		(1,590)	(120)	(120)
Merger reserve		3,667	(4,504)	3,667
Translation reserve		(140)	(44)	(72)
Retained earnings		3,553	4,784	4,836
Capital and reserves attributable to the equity holder of the parent		31,604	9,997	32,933
Non-controlling interest		113	-	-
Total Equity		31,717	9,997	32,933

**Consolidated Cash Flow Statement
for the six months ended 31 October 2010**

	Unaudited 6 months ended 31 October 2010 £'000s	Unaudited 6 months ended 31 October 2009 £'000s	Audited 12 months ended 30 April 2010 £'000s
Cashflows from operating activities			
(Loss)/profit before taxation	(2,273)	202	100
Adjustments for:			
Depreciation	435	166	352
Amortisation	831	264	582
Capitalised development costs write off	-	-	49
Unrealised foreign exchange loss	20	132	194
Share option charges	640	151	308
Finance income	-	(8)	(14)
Finance expense	282	75	366
Call/put options valuation (net)	(8)	-	(21)
Share of loss of associates	-	1	5
	(73)	983	1,921
Decrease/(increase) in trade receivables	1,613	310	(1,354)
(Decrease)/increase in trade payables	(4,041)	(402)	2,306
Increase/(decrease) in provisions	271	(26)	370
Cash (used in)/ from operations	(2,230)	865	3,243
Finance expense	(231)	(75)	(271)
Income taxes (paid)/refunded	(316)	105	(551)
Net cash from operating activities	(2,777)	895	2,421
Cashflows from investing activities			
Acquisition of subsidiaries, net of cash acquired	(829)	-	(326)
Purchase of property, plant & equipment	(350)	(70)	(164)
Purchase of intangible assets	(46)	(107)	(135)
Repayment of loan from associates	-	52	66
Finance income	-	8	14
Net cash used in investing activities	(1,225)	(117)	(545)
Cashflows from financing activities			
Proceeds from issue of share capital	22	-	750
Proceeds from long-term borrowings	1,500	-	8,000
Repayment of bank loans	(993)	(486)	(5,884)
Bank loan fees paid	-	-	(406)
Bank securities paid	-	-	(100)
Loan note issue costs	-	-	(217)
Net cashflow from/(used in) financing activities	529	(486)	2,143
Net (decrease)/ increase in cash, cash equivalents and bank overdrafts	(3,473)	292	4,019
Effect of foreign exchange rate changes	(20)	(17)	(22)
Cash, cash equivalents and bank overdrafts at beginning of period	5,243	1,246	1,246
Cash, cash equivalents and bank overdrafts at end of period	1,750	1,521	5,243

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 2011, 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 2011. 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 2010 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.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 May 2010:

IFRS 3 'Business Combinations' (revised 2008) makes significant changes to the treatment of acquisition costs and deferred contingent consideration relating to an acquisition. The revised standard has been applied prospectively to business combinations for which the acquisition date is on or after 1 May 2010. As a consequence of the adoption of this standard, all acquisition related transaction costs are now recorded in the income statement as highlighted items. Contingent consideration relating to acquisitions is measured at fair value at the acquisition date; any subsequent revisions to these estimates will be recorded in the income statement as highlighted items.

IAS 27 'Consolidated and Separate Financial Statements' (revised 2008) no longer restricts the allocation to non-controlling interests of losses incurred by a subsidiary to the amount of the non-controlling equity investment in the subsidiary. Any partial acquisition or disposal of equity interest in a subsidiary that does not result in a gain or loss of control will be accounted for as an equity transaction and will not impact goodwill or give rise to any gain or loss.

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 2010 £'000s	Unaudited 6 months ended 31 October 2009 £'000s	Audited 12 months ended 30 April 2010 £'000s
Recurring:			
Share based expenses	640	151	308
Amortisation of purchased intangibles	731	181	412
	1,371	332	720
Non-recurring:			
Integration costs	549	-	212
Severance costs	1,153	158	1,132
Property costs	300	-	122
Acquisition costs	54	-	-
	2,056	158	1,466
Total highlighted items – administrative expenses	3,427	490	2,186
Acquisition finance costs	-	-	214
Total highlighted items	3,427	490	2,400

Share based expenses include a one off charge of £246k in relation to immediately vested share options following a realignment of the Board share option programme.

Amortisation of purchased intangibles relates to acquisitions made in the current and previous financial year of £559,000 and to acquisitions made prior of £172,000.

Integration costs relates to project management and advice of £293,000, post completion professional fees of £167,000, and other related costs of £89,000.

Severance costs relates to UK senior management and support function de-duplication of £761,000, and the anticipated redundancy costs associated with the merger of our data processing centres in the UK of £392,000.

Property costs represent the future costs of certain UK office space which is now vacant following the restructuring process, less anticipated sub-lease rental income.

Under IFRS professional fees and expenses in relation to acquisitions can no longer be capitalised. Acquisition costs therefore relates to professional fees associated with the acquisitions of Media Advisor and Billetts Germany.

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 2010 £'000s	Unaudited 6 months ended 31 October 2009 £'000s	Audited 12 months ended 30 April 2010 £'000s
Net (loss)/profit attributable to equity holders of the parent	(1,852)	341	169
Adjustments:			
Highlighted items – recurring*	1,371	332	720
Highlighted items – non recurring*	2,056	158	1,466
Highlighted items – finance costs*	-	-	214
Deferred tax	(657)	(231)	(536)
Earnings for the purpose of underlying earnings per share	918	600	2,033
Number of shares			
Weighted average number of ordinary shares for the purpose of basic earnings per share	66,547,339	32,139,435	33,692,309
Effect of dilutive potential ordinary shares			
Share options	2,187,558	2,912,119	2,929,073
Weighted average number of ordinary shares for the purpose of diluted earnings per share	68,734,897	35,051,554	36,621,382
Basic (loss)/earnings per share	(2.78p)	1.06p	0.50p
Diluted (loss)/earnings per share**	(2.78p)	0.97p	0.46p
Underlying basic earnings per share	1.38p	1.87p	6.03p
Underlying diluted earnings per share	1.34p	1.71p	5.55p

* Highlighted items (see note 2).

** Note that certain share options have been excluded from the calculation of diluted EPS as their exercise price is greater than the average share price during the period (i.e. they are out-of-the-money) and therefore it would not be advantageous for the holders to exercise those options. 1,222,930 (October 2009: 34,239) share options have not been included within the diluted earnings per share calculations at 31 October 2010 as they are anti-dilutive for the periods presented. These shares could potentially dilute the earnings per share in the future. The statutory diluted 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 2010	1,038	11,079	12,117
Additions	46	513	559
Foreign exchange	-	14	14
At 31 October 2010	1,084	11,606	12,690
Amortisation			
At 1 May 2010	(346)	(1,788)	(2,134)
Provision for the period	(100)	(731)	(831)
Foreign exchange	-	(8)	(8)
At 31 October 2010	(446)	(2,527)	(2,973)
Net book value			
At 31 October 2010	638	9,079	9,717
At 31 October 2009	800	1,838	2,638
At 30 April 2010	692	9,291	9,983

The capitalised development costs are internally generated.

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 2010 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 2010 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
19 January 2011

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