Ebiquity Plc

Final Results for the year ended 30 April 2013

Ebiquity Plc, a leading international provider of independent, data-driven media and marketing insights, announces final results for the year ended 30 April 2013. Ebiquity provides services to over 1,100 clients across 40 countries, including over 90%[1] of major global advertisers.

An excellent performance delivers strong results and steady growth

- Total revenue up 21% to £64.0m (2012: £52.9m)
- Reported profit before tax up 148% to £6.6m (2012: £2.6m)
- Total underlying[2] operating profit up 27% to £10.4m (2012: £8.2m)
- Underlying[2] operating profit margins increased from 15.5% to 16.3%
- Underlying[2] diluted EPS increased by 22% to 9.0p (2012: 7.4p)
- Record renewals rate of 93%[3] (2012: 92%)
- Cash generated from operations increased from £2.5m to £7.5m
- All acquisitions positively contributing to earnings

A year of operational focus

- Successful integration of recent acquisitions including Echo and Fairbrother Lenz Eley providing a more integrated service across all key territories
- Effectiveness Practice growing strongly (+29% on prior year) demonstrating growing demand for services in business performance measurement

On track to be the leading player in a growing market

- Continued investment and key product launches to support future growth
- New initiatives planned in new territories to further strengthen international presence, mirroring growing demand from clients
- Strong pipeline of significant new business contract opportunities

Michael Greenlees, CEO, commented:

"These strong results reflect the culmination of a number of key strategic acquisitions that have enabled Ebiquity to take a leading position in the growing global media and marketing performance sector. We continue to invest in our products and are close to launching a number of new tools that will enable our clients to better measure their business performance.

We start our new financial year with encouraging trading and a strong foundation from which to build. We remain confident that as the market develops our focused strategy will continue to deliver strong levels of growth and positive results to our shareholders."

24 July 2013

[1] *Of the top 100 advertisers by global advertising spend (source: Advertising Age 2012)*
[2] *Underlying results are stated before highlighted items (see note 3)*
[3] *By value for the twelve months ended 30 April 2013*

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Chairman’s Statement

Our company has once again delivered a set of extremely strong results. This demonstrates continued progress in our journey to building a world class business with global reach.

As a leading international provider of independent, data driven media and marketing insights, Ebiquity is uniquely placed to become a world leader in this growing market. The heart of our future strategy is to have our tools and services embedded into our clients’ key workflows and methodologies. To achieve this, a number of our new product initiatives have been designed to help our clients consolidate their various, and ever expanding, sources of data analysis into an easily accessible insight platform.

According to findings of the CMO Council’s “State of Marketing 2012” report, a significant proportion of marketers recognise the importance of future investment in the platforms and processes necessary to accelerate and improve customer insights. Marketers admit that they lack the skills and resources required to provide them with the real time access to customer intelligence and insights they need.

Our new product initiatives are aimed at meeting the marketers’ need to have actionable intelligence delivered at or near real time in a focused and easily digestable form. This will help drive our underlying growth.

Our mission remains to help our clients turn data into profit by providing them with a better understanding of how to improve marketing and media performance.

Once again, I must record my thanks to the management and all our employees who are core to our ability to deliver our services to our clients throughout the world. Their commitment, enthusiasm and undoubted professionalism are why a growing number of companies use Ebiquity's services.

Ebiquity’s ability to exploit existing opportunities whilst evolving and investing to address the challenges of the changing commercial and technological environment means we can look forward to the future with great confidence.

Michael Higgins
Chairman
23 July 2013

Chief Executive Officer's Review

Overview

Our significant headline growth once again underlines the success of our acquisition strategy as we continue to build our global market leading capabilities in paid, earned and owned media analytics.

We have delivered our sixth year of consistent growth in both revenue and earnings, and once again performed in line with market expectations:

- Total revenue up 21% to £64.0m
- Total underlying operating profit up 27% to £10.4m
- Underlying operating profit margins increased from 15.5% to 16.3%
- Underlying diluted EPS increased by 22% to 9.0p
- Strong cash generation – net cash inflow up from £2.5m to £7.5m
- Contract renewals at an all-time high of 93%

The backdrop of poor worldwide macroeconomics has meant that the year was not without challenges. Closing contracts has been an increasingly protracted process and in some instances measured in months. As a result there remain a number of significant contracts in our pipeline which we anticipate closing as the coming year progresses. All that said, our Analytics division (accounting for 62% of our business) experienced underlying organic growth of 6% with the Group as a whole delivering a creditable 3% for the year.

Integrating our operations

In August 2012, we completed the acquisition of FirmDecisions ASJP Group Limited (the holding company of the FirmDecisions Group, "FD"). This audit business, staffed by experienced finance professionals from the media industry, brings a new and increasingly requested capability to Ebiquity. These skills have enabled us to provide financial transparency to the media buying market place and a higher level of advertiser confidence in contractual compliance. FD has seen strong growth in the year, demonstrating the value of the service.

We have also completed the successful integration of Fairbrother Lenz Eley ("FLE") into Ebiquity's international structure. The London operations of FLE and Ebiquity have now been fully merged under the leadership of Morag Blazey who has assumed the position of CEO UK. Dietmar Kruse, CEO Germany, has taken responsibility for the combined German business and in France, Laurence Delaye and Laetitia Zinetti have been appointed Directeur Général and Directeur Général Associé respectively. We are delighted that a large number of the senior FLE team have added to our media talent base. I am pleased to report that the combination of these two businesses, via a series of complex integrations, has gone extremely well and I am most grateful for everyone involved for ensuring that our clients have continued to receive the highest level of undisrupted service throughout.

Echo Research, which we acquired in May 2011 and specialises in market research and media analysis including social media, has recently been fully integrated into the Ebiquity offices in the UK, France and the US. This enables us to provide our clients with a better understanding of the relationship between paid, earned and owned media and the combined impact they have on their brand and business objectives.

Following this successfully completed integration, Sandra Macleod left Ebiquity at the end of June. Sandra plans to continue to independently advise clients on reputation management, drawing upon Ebiquity's range of services. I know she will continue to be a respected thought-leader in reputation research and I am delighted that she will continue to contribute to Ebiquity's growth in this way.

We have continued to demonstrate a track record of successful acquisitions, each delivering strong earnings accretion.

Ebiquity helps to define the marketing data landscape

During the year we have undertaken a number of important initiatives that have begun to consolidate Ebiquity's place as a leader in media and marketing data-driven insights.

In December, as a measure of Ebiquity's increasing standing in the marketing and media community, we agreed a strategic partnership with the World Federation of Advertisers ("WFA"). Ebiquity will provide the WFA with insight into industry best practice and will advise on the measurement and management of marketing and media performance. Nick Manning, President, International of Ebiquity, commenting on the partnership said "Return-on-investment is now critically important and Ebiquity's partnership with the WFA is evidence of the increasing emphasis placed on effectiveness and accountability in a complex media world".

We see a number of specialist opportunities to make media data more available and easier to understand across the advertising industry. One recent example is the March launch of 'Portfolio Healthcare' which followed industry calls for greater monitoring in pharmaceutical digital advertising. 'Portfolio Healthcare' monitors and benchmarks both advertising spend and content in the UK healthcare market. Digital advertising in the healthcare market has grown dramatically over the last five years, especially as part of an integrated marketing mix – online is currently estimated to account for 25–30% of total UK healthcare advertising spend. This project was conducted in partnership with a number of key medical publishers and online media owners (including BMJ, Elsevier, Haymarket, UBM, MGP, Doctors.Net and DXS), with Ebiquity providing an online system to benchmark and track over 80% of the UK's pharmaceutical digital creative and advertising spend.

In April, following an extensive period of consultation, we published a new best practice guide: "Media Auditing in the New Media Landscape" which represents the most up to date thinking in both on- and off-line media evaluation. The initiative was supported by ISBA (the voice of British Advertisers) and ISBA's Director of Media & Advertising, Bob Wootton, said "This is recommended reading for all advertisers spending significant sums on media. We welcome and support the document and call on others to buy into and meet its standards".

And finally in June, Ebiquity provided the keynote speech at the ProcureCon conference, adding to the growing debate regarding the lack of media agency buying transparency. Advertisers seeking advice on how best to maximise their media investment questioned whether organisations that are also committed to maximising profits from media trading can themselves be truly objective. Of particular concern was the fact that the new agency trading platforms have made the process even more obscure and potentially open to manipulation.

Ebiquity will continue to champion these and other initiatives that help advertisers to achieve both better value and greater accountability.

Strategic Direction

In the coming year we will be updating nearly all of our technology platforms and in addition launching a number of significant new products. These include those I outlined at the time of our interim statement, including:

- Vital Signs, enabling the consolidation of disparate data and more insightful tracking of marketing performance against business drivers
- ValueTrack, providing our clients with measurement of media buying performance relative to performance guarantees
- InVue, which help our clients measure their display media visibility

The significant underlying growth of revenues derived from our Effectiveness Practice (up 29%) is a strong indicator of the growing demand for our services in business performance measurement, including early promise from our Vital Signs product. In the coming years this part of our business will become a key driver of our growth story as we continue to help our clients get the insights they need from ever increasing volumes of data.

Outlook

I am delighted with our progress in building a business that has a growing reputation as a world leader in media and marketing analytics. We already work with over 1,100 companies providing mission critical market intelligence and media value analysis. Our increasing focus is to build on our growing reputation for performance analytics by leveraging our own extensive database and by aggregating client and market sourced data to provide our clients with the actionable insights they seek. We believe we are uniquely positioned to positively influence both the access to, and analysis of, media and marketing data for the benefit of our clients.

In the coming year we will continue to invest in our unique proprietary technology and our data analytic capabilities in order to ensure that we remain at the cutting edge of this exciting and growing market. It is our firm belief that in the 'science of marketing', data will continue to provide critical insights that drive profitable growth for both our clients and, in turn, ourselves.

The new financial year has begun well – with organic revenue growth already tracking ahead of last year - and we remain confident that as the market develops, our focused strategy will deliver strong levels of growth and positive results to shareholders.

Michael Greenlees
Chief Executive Officer
23 July 2013

Financial Review

Summary of results

In the year ended 30 April 2013 revenue has grown by 21% to £64.0m, with continued organic revenue growth at a rate of 3% for the financial year.

With a reduced level of acquisition and restructuring activity compared to recent years, the Group has been able to demonstrate more clearly the strong cash generating ability of the business. Underlying cash generated from operations has increased from £4.5m to £9.2m.

Operating profit and EBITDA margins have improved - to 16.3% and 18.3% respectively - despite the margins of a number of recent acquisitions currently being lower than the rest of the Group. This has been achieved by a continued focus on the underlying cost base of the business, and in particular a focus on driving operational efficiencies.

Underlying diluted EPS has seen strong growth, increasing by 22% to 9.0p. This reflects the positive impact of recent acquisitions which have been efficiently financed.

Acquisitions and disposals in the financial year

On 3 August 2012, we purchased 100% of FirmDecisions ASJP Group Limited (the holding company of the FirmDecisions Group, "FD") for total expected consideration of £5.6m consisting of upfront consideration of £1.0m, deferred consideration of £0.5m and estimated earn out payments of £4.1m. Total consideration is capped at £7.0m. FD operates from offices in London, New York and Melbourne and employs 13 people.

The results of FD have been consolidated into our Analytics division from the date of acquisition.

On 25 April 2013, the Group sold the trade and assets of its UK AMMO/BrandIQ business for a nominal consideration, resulting in a small loss on disposal. The business was part of the Platform division and employed 13 people.

Segmental reporting presentation

Our two segments are "Analytics" and "Platform". The Analytics division consists of our media buying measurement & benchmarking, performance measurement & attribution services and reputation management services, and our Platform division consists of our media monitoring products.

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

Revenue

	30 April 2013 £'000	**30 April 2012 £'000**
Analytics	**39,542**	27,927
Platform	**24,504**	24,992
Total	**64,046**	52,919

Analytics

The acquisitions in the current and prior year have all been in the Analytics division, which has helped the division's revenue increase by 42% to £39.5m.

On an organic constant currency basis, Analytics revenue has grown by 6%, with particularly strong growth in Germany, Russia, and from the Echo business worldwide.

Our strongest year-on-year performance was from our Effectiveness practice - which helps our clients to optimise the impact of their marketing activities with the help of statistical analysis – with growth of 29%.

Platform

Retention of Platform clients has been very strong, with the renewal rate (by value) increasing to an all-time high of 93% (2012: 92%), however new contracts have been slower to close than anticipated.

Platform division revenues in both years include the part-year impact of disposed businesses (Newslive in the prior year and AMMO/BrandIQ in the current year). Excluding the revenues of these disposals – both of which were small, but underperforming - Platform revenue has remained relatively stable, with a small decline of 0.5%.

Also included in the Platform division is our Communications Insight practice - which helps clients to analyse brand behaviour and communications activity to direct and inspire marketing communications strategy – which has grown by 22%.

Analysis of organic revenue growth

	Organic £'000	Acquisitions £'000	Total £'000
Revenue for the year ended 30 April 2012	49,269	3,650	**52,919**
Organic revenue growth on a constant currency basis	1,339	-	**1,339**
Foreign exchange movement on organic revenue	(321)	-	**(321)**
Full year impact of prior year acquisitions	-	8,335	**8,335**
Revenue from current year acquisitions	-	1,774	**1,774**
Revenue for the year ended 30 April 2013	**50,287**	**13,759**	**64,046**

In the prior year we acquired 4 businesses: Echo, JUMC, FMM and FLE. Echo and JUMC, having been owned for almost all of the prior year (both for over 11 months of the year respectively) are considered to be organic. FMM and FLE however, were only owned for approximately 7 and 2 months of the prior year respectively, and are therefore not considered to be organic in this financial year. The prior year revenue of these 2 businesses makes up the £3.7m prior year acquisitions revenue shown above.

Organic revenues have increased by 3% (£1.3m) on a constant currency basis, an improvement over the prior year.

The full year impact of prior period acquisitions represents the year on year increase in recognised revenue from prior year acquisitions that are not deemed organic. Specifically, this relates to FMM (acquired on 14 October 2011) and FLE (12 March 2012) where a full year of revenue was not recognised in the prior year.

Revenue from current year acquisitions represents FD's revenue from the acquisition date (3 August 2012) until the year end. As this was a current year acquisition, no revenue is included in the prior year.

On a pro forma year on year basis, FD has delivered a strong revenue growth since joining the Ebiquity group.

International revenue growth

All of the acquisitions in the current and prior year have added to our international presence. 77% of total group revenue (£49.2m) now comes from international sources (either non-UK sourced revenue, or UK sourced revenue where marketing activity is analysed in more than one country), up from 76% last year (£40.5m).

Underlying operating profit

	30 April 2013 £'000	30 April 2012 £'000
Analytics	**10,630**	**8,525**
Platform	**8,249**	**8,313**
Central costs	**(8,438)**	**(8,633)**
Total	**10,441**	**8,205**

Underlying operating profit was £10.4m (2012: £8.2m), representing a 27% increase over the prior year.

Analytics

The Analytics division has increased operating profit by £2.1m (a 25% increase), and on an organic basis the increase is £0.3m (a 4% increase).

Platform

The Platform division has remained broadly flat, reflecting a well-controlled cost base on a stable revenue performance.

Central costs

Central costs include certain UK property costs, central salaries (Board, Finance, IT and HR), and central legal and advisory costs. The UK property costs include our client facing offices and totals £1.8m in the year (2012: £1.8m). Central costs have fallen by 2%, reflecting a stable central cost base.

Margins

The underlying operating profit margin has improved from 15.5% to 16.3% largely due to central costs remaining stable despite the increased scale of the overall Group, and to the disposal of underperforming Platform businesses.

The underlying EBITDA margin has also improved, increasing from 18.0% to 18.3%.

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.

	30 April 2013 £'000	30 April 2012 £'000
Recurring (non-cash) administration expenses, before tax	**2,575**	2,676
Net non-recurring (cash) administration expenses, before tax	**361**	1,931
Total	**2,936**	4,607

Highlighted items have reduced by 36% to £2.9m, £2.5m of which relate to non-cash expense items.

Recurring highlighted items relate primarily to amortisation of purchased intangibles, up £0.6m to £2.3m due to the impact of recent acquisitions. All recurring highlighted items are non-cash. The reduction in recurring highlighted items in total relates to a large decrease in the share option charges in the year.

Non-recurring items, which relate primarily to acquisition and integration costs, have reduced by £1.6m to £0.4m. These items have a cash impact, and as at the year end £0.1m of the £0.4m had been settled. The current year charge includes a net credit representing adjustments to the fair value of deferred consideration liabilities of £0.6m.

Result before tax

	Year ended 30 April 2013 £'000s	Year ended 30 April 2012 £'000s
Underlying operating profit	**10,441**	**8,205**
Highlighted items	(2,936)	(4,607)
Reported operating result	**7,505**	**3,598**
Net finance costs - underlying	(975)	(644)
Net finance costs – highlighted	-	(311)
Share of profit of associates	26	-
Reported profit before tax	**6,556**	**2,643**
Underlying profit before tax	**9,492**	**7,561**

Underlying net finance costs were £1.0m (2012: £0.6m) which reflects the higher level of debt following the acquisitions made during the current and previous financial years. The current year charge includes the amortisation of loan arrangement fees of £0.1m (2012: £0.1m) that were capitalised at the time of a bank debt refinance in March 2012. The highlighted net finance costs in the prior year related to loan fees that were written off at the time of the refinance.

Reported profit before tax is up 148% to £6.6m (2012: £2.6m). Underlying profit before tax was up 26% to £9.5m (2012: £7.6m).

Taxation

	Year ended 30 April 2013 £'000	Year ended 30 April 2012 £'000
Current tax charge	2,001	1,925
Deferred tax credit	(608)	(889)
Total tax charge	**1,393**	**1,036**

The current tax charge relates to UK taxes of £0.7m (2012: £1.1m) and overseas taxes of £1.3m (2012: £0.8m).

The deferred tax credit mainly arises on purchased intangible assets (£0.6m, 2012: £0.7m) and share options (£0.02m, 2012: £0.2m). In addition, there is an unrecognised deferred tax asset of £0.5m relating to German losses (2012: £1.1m relating to UK and German losses).

Equity

During the year, 1,096,173 shares were issued upon the exercise of employee share options. A further 345,009 new ordinary shares were issued to increase our controlling interest in our German subsidiary. These events have increased our share capital to 60,358,849 ordinary shares (2012: 58,917,667).

At the time of the acquisition of Xtreme in April 2010, convertible loan notes were issued that are convertible into 13,802,861 ordinary shares. These convertible loan notes have been included within equity as they demonstrate the characteristics of ordinary share capital. They are also included within the number of shares for the purposes of both the basic and diluted earnings per share calculations. None of the convertible loan notes have been converted into ordinary shares at this time.

No shares have been issued subsequent to the year end.

Earnings per share

Underlying diluted earnings per share was 9.0p (2012: 7.4p). This is an increase of 22% over the prior year, reflecting the positive impact of the acquisitions and the use of brought forward tax losses, partially offset by the impact of the geographical mix of our business with more profits coming from territories where tax rates are higher than in the UK.

The Group reports a diluted earnings per share of 6.7p (2012: 2.2p) due to improved underlying profitability and a reduced level of highlighted items.

Cash conversion

	30 April 2013 £'000s	30 April 2012 £'000s
Reported cash from operations	7,526	2,493
Underlying cash from operations	9,243	4,445
Underlying operating profit	10,441	8,205
Cash conversion	*89%*	*54%*

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 £9.2m (2012: £4.4m).

After highlighted items are considered, net cash inflow from operations for the year was £7.5m (2012: £2.5m), reflecting the lower level of cash highlighted items occurring in the period. This reflects the strong cash generating ability of the Group.

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

Net debt and banking facilities

	As at 30 April 2013	**As at 30 April 2012**
	£'000s	**£'000s**
Cash	7,109	6,190
Bank debt[1]	(22,636)	(18,353)
Net debt	(15,527)	(12,163)

[1] Bank debt on the Balance Sheet at 30 April 2013 is shown net of £0.2m (2012: £0.3m) of loan arrangement fees that have been paid and which are amortised over the life of the facility. The bank debt stated above excludes these costs.

Our drawn facilities comprise £12.2m of term loan and £10.5m of revolving credit facility. Both the term loan and the revolving credit facility have a maturity date of 9 March 2016. £6.2m of the term loan is being repaid on a quarterly basis to maturity, and the balance of the term loan and any drawings under the revolving credit facility are repayable on maturity of the facility. At 30 April 2013, £4.5m of the facility remains undrawn, which may be used to pay deferred consideration on completed acquisitions, upfront consideration on future potential acquisitions, or for general working capital requirements.

Net debt:EBITDA has remained below 1.5 throughout the year.

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

Balance sheet and net assets

Total net assets have increased by £6.4m since last year primarily as a result of the improved performance of the Group including the impact of the current year acquisitions. Goodwill has increased by £3.6m, reflecting the impact of recent acquisitions.

Deferred contingent consideration has reduced by a net £2.4m due to the conclusion of a number of earn out positions, partially offset by the acquisition of FD. During the year, earn out payments totalling £6.4m were made.

Remaining deferred consideration is currently estimated to be £5.7m.

Andrew Beach
Chief Financial Officer
23 July 2013

Consolidated Income Statement
for the year ended 30 April 2013

	Note	**Year ended 30 April 2013**			Year ended 30 April 2012		
		Before highlighted items £'000	**Highlighted items (note 3) £'000**	**Total £'000**	Before highlighted items £'000	Highlighted items (note 3) £'000	Total £'000
Continuing operations							
Revenue		**64,046**	**-**	**64,046**	52,919	-	52,919
Cost of sales		**(29,359)**	**-**	**(29,359)**	(23,021)	-	(23,021)
Gross profit		**34,687**	**-**	**34,687**	29,898	-	29,898
Administrative expenses		**(24,246)**	**(2,936)**	**(27,182)**	(21,693)	(4,607)	(26,300)
Operating profit		**10,441**	**(2,936)**	**7,505**	8,205	(4,607)	3,598
Finance income		**13**	**-**	**13**	6	-	6
Finance expenses		**(988)**	**-**	**(988)**	(650)	(311)	(961)
Net finance costs		**(975)**	**-**	**(975)**	(644)	(311)	(955)
Share of profit of associates		**26**	**-**	**26**	-	-	-
Profit before taxation		**9,492**	**(2,936)**	**6,556**	7,561	(4,918)	2,643
Taxation charge	4	**(2,396)**	**1,003**	**(1,393)**	(2,065)	1,029	(1,036)
Profit for the year		**7,096**	**(1,933)**	**5,163**	5,496	(3,889)	1,607
Attributable to:							
Equity holders of the parent		**6,760**	**(1,716)**	**5,044**	5,434	(3,824)	1,610
Non-controlling interests		**336**	**(217)**	**119**	62	(65)	(3)
		7,096	**(1,933)**	**5,163**	5,496	(3,889)	1,607
Earnings per share							
Basic	5			**6.95p**			2.29p
Diluted	5			**6.71p**			2.18p
Underlying basic[1]	5			**9.32p**			7.77p
Underlying diluted[1]	5			**9.00p**			7.40p

[1] Underlying basic and diluted earnings per share are calculated based on profit for the year adjusted for highlighted items and the tax impact of these highlighted items (Note 3).

Consolidated Statement of Comprehensive Income
for the year ended 30 April 2013

	Year ended 30 April 2013	Year ended 30 April 2012
	£'000	£'000
Profit for the year	**5,163**	1,607
Other comprehensive income:		
Exchange differences on translation of overseas subsidiaries	**302**	(261)
Movement in valuation of hedging instruments	**(105)**	(26)
Total comprehensive income for the year	**5,360**	1,320
Attributable to:		
Equity holders of the parent	**5,241**	1,323
Non-controlling interests	**119**	(3)
	5,360	1,320

Consolidated Statement of Financial Position as at 30 April 2013

Company number: 03967525	Note	**30 April 2013**	30 April 2012
		£'000	£'000
Non-current assets			
Goodwill	6	**47,864**	44,311
Other intangible assets	7	**12,642**	12,261
Property, plant & equipment		**3,061**	3,069
Investment in associates		**68**	4
Deferred tax asset		**1,217**	1,050
Total non-current assets		**64,852**	60,695
Current assets			
Trade & other receivables		**22,395**	20,756
Cash & cash equivalents		**7,109**	6,190
Total current assets		**29,504**	26,946
Total assets		**94,356**	87,641
Current liabilities			
Trade & other payables		**(7,231)**	(8,736)
Accruals & deferred income		**(10,871)**	(11,178)
Financial liabilities	8	**(5,948)**	(8,673)
Current tax liabilities		**(2,003)**	(1,446)
Provisions		**(498)**	(399)
Total current liabilities		**(26,551)**	(30,432)
Non-current liabilities			
Financial liabilities	8	**(22,554)**	(17,855)
Provisions		**(227)**	(745)
Deferred tax liability		**(2,908)**	(2,847)
Total non-current liabilities		**(25,689)**	(21,447)
Total liabilities		**(52,240)**	(51,879)
Total net assets		**42,116**	35,762
Equity			
Ordinary shares		**15,090**	14,729
Share premium		**4,588**	4,233
Convertible loan note reserve		**9,445**	9,445
Other reserves		**2,013**	1,816
Retained earnings		**10,496**	5,132
Equity attributable to the owners of the parent		**41,632**	35,355
Non-controlling interests		**484**	407
Total equity		**42,116**	35,762

Consolidated Statement of Changes in Equity
For the year ended 30 April 2013

	Ordinary shares £'000	Share premium £'000	Convertible loan note reserve £'000	Other reserves £'000	Retained earnings £'000	Total £'000	Non-controlling interests £'000	Total equity £'000
1 May 2011	13,994	2,666	9,445	2,103	2,817	31,025	26	31,051
Profit/(loss) for the year	-	-	-	-	1,610	1,610	(3)	1,607
Other comprehensive loss	-	-	-	(287)	-	(287)	-	(287)
Total comprehensive income for the year	-	-	-	(287)	1,610	1,323	(3)	1,320
Shares issued for cash	735	1,866	-	-	-	2,601	-	2,601
Share issue costs	-	(299)	-	-	-	(299)	-	(299)
Acquisition of subsidiaries	-	-	-	-	-	-	388	388
Share options charge	-	-	-	-	943	943	-	943
Deferred tax on share options	-	-	-	-	(238)	(238)	-	(238)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(4)	(4)
30 April 2012	14,729	4,233	9,445	1,816	5,132	35,355	407	35,762
Profit for the year	-	-	-	-	5,044	5,044	119	5,163
Other comprehensive income	-	-	-	197	-	197	-	197
Total comprehensive income for the year	**-**	**-**	**-**	**197**	**5,044**	**5,241**	**119**	**5,360**
Shares issued for cash	274	107	-	-	-	381	-	381
Acquisition of subsidiaries	87	248	-	-	-	335	23	358
Share options charge	-	-	-	-	267	267	-	267
Deferred tax on share options	-	-	-	-	53	53	-	53
Dividends paid to non-controlling interests	-	-	-	-	-	-	(65)	(65)
30 April 2013	**15,090**	**4,588**	**9,445**	**2,013**	**10,496**	**41,632**	**484**	**42,116**

Consolidated Cash Flow Statement
for the year ended 30 April 2013

	Note	**Year ended 30 April 2013 £'000**	Year ended 30 April 2012 £'000
Cash flows from operating activities			
Cash generated from operations	9	**7,526**	2,493
Finance expenses paid		**(714)**	(527)
Income taxes paid		**(1,582)**	(792)
Net cash from operating activities		***5,230***	*1,174*
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired		**(7,264)**	(9,934)
Disposal of investments		**62**	-
Purchase of property, plant & equipment		**(892)**	(892)
Purchase of intangible assets	7	**(414)**	(180)
Finance income		**13**	6
Net cash used in investing activities		***(8,495)***	*(11,000)*
Cash flows from financing activities			
Proceeds from issue of share capital (net of issue costs)		**381**	2,302
Proceeds from bank borrowings		**6,456**	25,780
Repayment of bank borrowings		**(2,309)**	(15,034)
Bank loan arrangement fees paid		**-**	(400)
Bank securities released		**-**	200
Dividends paid to non-controlling interests		**(65)**	(4)
Capital repayment of finance leases		**(157)**	(19)
Net cash flow from financing activities		***4,306***	*12,825*
Net increase in cash, cash equivalents and bank overdrafts		**1,041**	2,999
Cash, cash equivalents and bank overdraft at beginning of period		**6,190**	3,158
Effect of unrealised foreign exchange (losses)/gains		**(122)**	33
Cash, cash equivalents and bank overdraft at end of period		**7,109**	6,190

Notes to the Consolidated Financial Statements
For the year ended 30 April 2013

1. Accounting policies

General information

Ebiquity Plc ('the Company') and its subsidiaries (together, 'the Group') provide independent data-driven insights to the global media and marketing community. The Group has 17 offices across 10 countries. During the year, the Group acquired FirmDecisions, a media and production cost audit business, which provides a key additional analytics capability in the London, New York and Melbourne offices.

The company is a public limited company, which is listed on the London Stock Exchange's AIM Market and is incorporated and domiciled in the UK.

Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) issued by the International Accounting Standards Board (IASB) as adopted by European Union (Adopted IFRSs) and with those parts of the Companies Act 2006 applicable to companies preparing their financial statements under Adopted IFRSs.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through the Income Statement.

Going concern

The directors, after making appropriate enquiries, have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

The Group holds bank borrowings which are subject to quarterly covenant tests. The directors have a reasonable expectation that the covenants will be met for the foreseeable future. Further information on the Group's borrowings is given in Note 8.

Significant accounting policies

The principal accounting policies adopted in these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Changes in accounting policies

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 May 2012 that have had a material impact on the group.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. The results of each subsidiary are included from the date that control is transferred to the Group until the date that control ceases.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests represent the portion of the results and net assets in subsidiaries that is not held by the Group.

Business combinations

Acquisition method of accounting

The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities assumed, and equity instruments issued by the Group in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date. All costs directly attributable to the business combination are recorded as incurred in the Income Statement within highlighted items.

Where the consideration for the acquisition includes a contingent deferred consideration arrangement, this is measured at fair value at the acquisition date. Any subsequent changes to the fair value of the contingent deferred consideration are adjusted against the cost of the acquisition if they occur within the measurement period. Any subsequent changes to the fair value of the contingent deferred consideration after the measurement period are recognised in the Income Statement within administrative expenses as a highlighted item. The carrying value of contingent deferred consideration at the Balance Sheet date represents management's best estimate of the future payment at that date, based on historical results and future forecasts.

The interest of non-controlling shareholders in the acquiree is initially measured at the non-controlling interest's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Investments in associates

An associate is an entity over which the Group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee generally accompanying a shareholding of between 25% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Investments in associates are carried in the statement of financial position at cost as adjusted by post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets of the associate at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment annually.

Where a group company transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate. Losses may provide evidence of an impairment of the asset transferred in which case appropriate provision is made for impairment.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment at least annually. Any impairment is recognised immediately in the Income Statement and is not subsequently reversed.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, VAT and other sales related taxes. Income is recognised evenly over the period of the contract for our Platform businesses, and in accordance with the stage of completion of the contract activity for our Analytics businesses. The stage of completion is determined relative to the total number of hours expected to complete the work or provision of services. Where recorded revenue exceeds amounts invoiced to clients, the excess is classified as accrued revenue and where recorded revenue is less than amounts invoiced to clients, the difference is classified as deferred revenue.

Where services are performed by an indeterminate number of acts over a specific period, revenue is recognised on a straight-line basis over the specific period unless there is evidence that some other method better represents the stage of completion.

If the outcome of a contract cannot be estimated reliably, the contract revenue is recognised to the extent of contract costs incurred that it is probable would be recoverable. Costs are recognised as an expense in the period in which they are incurred.

Finance income and expenses

Finance income and expense represents interest receivable and payable. Finance income and expense is recognised on an accruals basis, based on the interest rate applicable to each bank or loan account.

Foreign currencies

For the purposes of the consolidated financial statements, the results and financial position of each Group company are expressed in pounds sterling, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of transactions. At each year end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the year end date.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the year end date. Income and expense items are translated at the average exchange rate for the period, which approximates to the rate applicable at the dates of the transactions.

The exchange differences arising from the retranslation of the year end amounts of foreign subsidiaries and the difference on translation of the results of those subsidiaries into the presentational currency of the Group are recognised in the translation reserve. All other exchange differences are dealt with through the Income Statement.

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 by the directors to be relevant in understanding the underlying performance of the business.

Taxation

The tax expense included in the Income Statement comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted by the year end date.

The Group is subject to corporate taxes in a number of different jurisdictions and judgement is required in determining the appropriate provision for transactions where the ultimate tax determination is uncertain. In such circumstances, the Group recognises liabilities for anticipated taxes based on the best information available and where the anticipated liability is both probable and estimable. Where the final outcome of such matters differs from the amount recorded, any differences may impact the income tax and deferred tax provisions in the period in which the final determination is made.

Tax is recognised in the Consolidated Income Statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Using the liability method, deferred tax is provided on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised. The recognition of deferred tax assets is reviewed at each year end date.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the year end date and are expected to apply when the deferred tax liabilities/assets are settled/recovered.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable group company; or
- different group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives and is recognised in the Income Statement within administrative expenses. The rates generally applicable are:

Motor vehicles	25% per annum reducing balance
Fixtures, fittings and equipment	7% to 20% per annum straight line; or 25% per annum reducing balance
Computer equipment	25% to 40% straight line
Short leasehold land and buildings improvements	Over the shorter of the life or the estimated useful life of the lease

Other intangible assets

Internally-generated intangible assets – development expenditure

Internally generated intangible assets relate to bespoke computer software and technology developed by the Group's internal software development team.

An internally-generated intangible asset arising from the Group's development expenditure is recognised only if all of the following conditions are met:

- It is technically feasible to develop the asset so that it will be available for use or sale;
- Adequate resources are available to complete the development and to use or sell the asset;
- There is an intention to complete the asset for use or sale;
- The Group is able to use or sell the intangible asset;
- It is probable that the asset created will generate future economic benefits; and
- The development cost of the asset can be measured reliably.

Internally-generated intangible assets are amortised on a straight-line basis over their useful lives. Amortisation commences when the asset is available for use and useful lives range from 1-5 years. The amortisation expense is included within administrative expenses. Where an internally-generated intangible asset cannot be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Purchased intangible assets

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives, which vary from 3 to 10 years. The amortisation expense is included as a highlighted item within the administrative expenses line in the Income Statement. Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques. The significant intangibles recognised by the Group are customer relationships.

Impairment

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such condition exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. Where the asset does not generate cash flows that are independent from other assets, estimates are made of the cash flows of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value, less costs to sell, and value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a discount rate appropriate to the specific asset or cash generating unit.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying value of the asset or cash generating unit is reduced to its recoverable amount. Impairment losses are recognised immediately in the Income Statement.

In respect of assets other than goodwill, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if the impairment loss had been recognised.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

The Group classifies its financial assets as 'loans and receivables'. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Income Statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities

Financial liabilities are initially recognised at fair value. Interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. "Finance expense" in this context includes initial transaction costs as well as any interest or coupon payable while the liability is outstanding.

Forward currency contracts and interest rate swaps are carried at fair value with changes in fair value being reflected in the Statement of Comprehensive Income, and are classified within other financial assets and liabilities as appropriate.

The convertible loan notes possess all the characteristics of an equity instrument and have therefore been classified as such.

Bank borrowings

Interest bearing borrowings are initially recognised at fair value net of transaction costs incurred and subsequently measured at amortised cost. Finance charges are recognised in the Income Statement over the period of the borrowings using the effective interest method.

Loan fees relating to the bank borrowings are capitalised against the loan and amortised over the period of the borrowings to which they relate.

The revolving credit facility is considered to be a long term loan.

Derivative financial instruments

The Group uses derivative financial instruments to reduce its exposure to foreign exchange and interest rate movements. The Group does not hold or issue derivative financial instruments for financial trading purposes but derivatives that do not qualify for hedge accounting are accounted for at fair value through the Income Statement. Derivative financial instruments are initially recognised at fair value at the contract date and continue to be stated at fair value at the balance sheet date with gains and losses on revaluation being recognised immediately in the Income Statement.

Cash flow hedges are used to hedge against fluctuations in future cash flows on the Group's debt funding due to movements in interest rates, and on certain foreign currency trade receivable balances. When a cash flow hedge is employed and hedge accounting applied, the effective portion of the change in the fair value of the hedging instrument is recognised directly in equity (hedging reserve) until the gain or loss on the hedged item is realised. Any ineffective portion is always recognised in the Income Statement.

The fair value of derivatives is determined by reference to market values for similar instruments.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and short term deposits. Bank overdrafts are an integral part of the Group's cash management and are included as a component of cash and cash equivalents for the purpose of the Cash Flow Statement. Cash and cash equivalents and bank overdrafts are offset when there is a legally enforceable right to offset.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle that obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the year end date. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate which reflects current market assessments of the time value of money and, where appropriate, the risks specific to the obligations.

Employee Share Ownership Plan (ESOP)

As the Company is deemed to have control of its ESOP trust, it is treated as a subsidiary and consolidated for the purposes of the Group accounts. The ESOP's assets (other than investments in the company's shares), liabilities, income and expenses are included on a line-by-line basis in the Group financial statements. The ESOP's investment in the Company's shares is deducted from shareholders' equity in the Group statement of financial position as if they were treasury shares, except that profits on the sale of ESOP shares are not credited to the share premium account.

Share-based payments

Where equity settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the Income Statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity investments expected to vest at each year end date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. A charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where there are modifications to share based payments that are beneficial to the employee then as well as continuing to recognise the original share based payment charge, the incremental fair value of the modified share options as identified at the date of the modification is also charged to the Income

Statement over the remaining vesting period. Where the Group cancels share options and identifies replacement options this arrangement is also accounted for as a modification.

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

Retirement benefits

For defined contribution pension schemes, the Group pays contributions to privately administered pension plans on a voluntary basis. The Group has no further payment obligations once the contributions have been paid. Contributions are charged to the Income Statement in the year to which they relate.

Leases

Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Group (a "finance lease"), the asset is treated as if it had been purchased outright. The amount initially recognised as an asset is the lower of the fair value of the leased property and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to the Income Statement over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

Where substantially all of the risks and rewards incidental to ownership are retained by the lessor (an "operating lease"), the total rentals payable under the lease are charged to the Income Statement on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight-line basis. The land and buildings elements of property leases are considered separately for the purposes of lease classification.

Government grants

Government grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the Income Statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are deducted from the carrying value of the assets that they are intended to compensate and are credited to the Income Statement on a straight-line basis over the expected lives of the related assets.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

Critical accounting estimates and judgements

The Group makes estimates and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Revenue recognition

The Group is required to make an estimate of the project completion levels in respect of contracts which straddle the year end for revenue recognition purposes. Estimates are based on expected total costs and

revenues from each contract. This involves a level of judgement and therefore differences may arise between the actual and estimated result.

Carrying value of goodwill and other intangible assets

Determining whether goodwill and other intangibles should be capitalised, the amortisation period appropriate to intangible assets and whether or not these assets are impaired requires estimation of the value in use of the cash-generating units to which the goodwill and other intangible assets has been allocated. The value in use calculation requires the entity to estimate future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Details regarding the goodwill and other intangible assets carrying value and assumptions used in carrying out the impairment reviews are provided in notes 6 and 7.

Income taxes

The Group is subject to income taxes in all the territories in which it operates, and judgement and estimates of future profitability are required to determine the Group's deferred tax position. If the final tax outcome is different to that assumed, resulting changes will be reflected in the Income Statement, unless the tax relates to an item charged to equity in which case the changes in the tax estimates will also be reflected in equity. The Group believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law. This assessment relies on estimates and assumptions and may involve a series of complex judgements about future events. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made.

Contingent deferred consideration

The Group has recorded liabilities for deferred consideration on acquisitions made in the current and prior periods. The calculation of the deferred consideration liability requires judgements to be made regarding the forecast future performance of these businesses for the earnout period. Any changes to the fair value of the contingent deferred consideration after the measurement period are recognised in the Income Statement within administrative expenses as a highlighted item.

Provisions

The Group provides for certain costs of reorganisation that has occurred due to the Group's acquisition and disposal activity. When the final amount payable is uncertain, these are classified as provisions. These provisions are based on the best estimates of management.

Adoption of new standards and interpretations

Certain new standards, amendments to new standards and interpretations have been published that are mandatory to the Group's future accounting periods but have not been adopted early in these financial statements. These are set out below:

IFRS 9, 'Financial Instruments: Classification and Measurement' (effective on or after 1 January 2015). This standard introduces new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition. The Group will apply IFRS 9 from 1 May 2015.

IFRS 10, 'Consolidated Financial Statements' (effective on or after 1 January 2013). This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The Group will apply IFRS 10 from 1 May 2013.

IFRS 12, 'Disclosures of interests in other entities' (effective on or after 1 January 2013). This standard includes disclosure requirements for all forms of interests in other entities. The Group with apply IFRS 12 from 1 May 2013.

IFRS 13, 'Fair value measurement' (effective on or after 1 January 2013). This standard provides guidance on how fair value accounting should be applied and disclosed where its use is already required by other IFRS standards. The Group will apply IFRS 13 from 1 May 2013.

IAS 1, 'Financial statement presentation' (effective on or after 1 July 2012). This amendment outlines new disclosure requirements for 'other comprehensive income'. The Group will apply IAS 1 (amendment) from 1 May 2013.

The Directors do not expect that the adoption of the Standards and amendments listed above will have a material impact on the financial statements of the Group in future periods, although the detailed impact has not yet been quantified.

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. Certain operating segments have been aggregated to form two reportable segments, Analytics and Platform:

- Analytics comprises revenue from media benchmarking services, marketing effectiveness consultancy and reputation management, which are delivered by teams of media professionals using proprietary technology solutions and support services.

- Platform comprises revenue from competitive advertising monitoring, social media monitoring and e-vouching, all of which are delivered via online platforms.

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 year ended 30 April 2013 is as follows:

Year ended 30 April 2013

	Analytics £'000	Platform £'000	Reportable Segments £'000	Unallocated £'000	Total £'000
Revenue	**39,542**	**24,504**	**64,046**	**-**	**64,046**
Operating profit before highlighted items	**10,630**	**8,249**	**18,879**	**(8,438)**	**10,441**
Total assets	**52,273**	**36,569**	**88,842**	**5,514**	**94,356**
Other segment information					
Capital expenditure – property, plant and equipment	**79**	**93**	**172**	**935**	**1,107**
Capital expenditure – intangible assets	**2,533**	**188**	**2,721**	**-**	**2,721**
Capital expenditure – goodwill	**3,343**	**-**	**3,343**	**-**	**3,343**
Total	**5,955**	**281**	**6,236**	**935**	**7,171**

Year ended 30 April 2012

	Analytics £'000	Platform £'000	Reportable Segments £'000	Unallocated £'000	Total £'000
Revenue	27,927	24,992	52,919	-	52,919
Operating profit before highlighted items	8,525	8,313	16,838	(8,633)	8,205
Total assets	50,096	31,118	81,214	6,427	87,641
Other segment information					
Capital expenditure – property, plant and equipment	168	61	229	960	1,189
Capital expenditure – intangible assets	5,453	180	5,633	-	5,633
Capital expenditure – goodwill	12,965	100	13,065	-	13,065
Total	18,586	341	18,927	960	19,887

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

	Year ended 30 April 2013	Year ended 30 April 2012
	£'000	£'000
Reportable segment operating profit before highlighted items	**18,879**	16,838
Unallocated costs:		
Staff costs	**(5,105)**	(4,637)
Property costs	**(1,799)**	(1,839)
Exchange rate movements	**111**	(218)
Other administrative expenses	**(1,645)**	(1,939)
Operating profit before highlighted items	**10,441**	8,205
Highlighted items (note 3)	**(2,936)**	(4,607)
Operating profit	**7,505**	3,598
Net finance costs	**(975)**	(955)
Share of profit of associates	**26**	-
Profit before tax	**6,556**	2,643

Unallocated costs comprise central costs that are not considered attributable to either segment.

A reconciliation of segment total assets to total consolidated assets is provided below:

	2013	2012
	£'000	£'000
Total assets for reportable segments	**88,842**	81,214
Unallocated amounts:		
Property, plant and equipment	**2,316**	2,135
Other receivables	**1,410**	1,342
Cash and cash equivalents	**700**	2,035
Deferred tax asset	**1,020**	911
Investments in associates	**68**	4
Total assets	**94,356**	87,641

The table below presents revenue and non-current assets by geographical location:

	Year ended 30 April 2013		Year ended 30 April 2012	
	Revenue by location of customers	**Non-current assets**	Revenue by location of customers	Non-current assets
	£'000	**£'000**	£'000	£'000
United Kingdom	**21,916**	**53,670**	19,832	48,405
Rest of Europe	**21,835**	**4,957**	15,359	4,908
North America	**13,094**	**879**	11,926	912
Rest of world	**7,201**	**5,346**	5,802	5,450
Total	**64,046**	**64,852**	52,919	59,675

No single customer (or group of related customers) contributes 10% or more of revenue.

3. 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.

	Year ended 30 April 2013			**Year ended 30 April 2012**		
	Cash	**Non-cash**	**Total**	**Cash**	**Non-cash**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Administrative Expenses						
Recurring:						
Share option charge	-	267	**267**	-	943	943
Amortisation of purchased intangibles	-	2,308	**2,308**	-	1,733	1,733
	-	2,575	**2,575**	-	2,676	2,676
Non-recurring:						
Integration costs	732	-	**732**	397	-	397
Acquisition costs	(371)	-	**(371)**	1,250	-	1,250
Refinancing costs	-	-	**-**	284	-	284
	361	-	**361**	1,931	-	1,931
Charged to operating profit	**361**	**2,575**	**2,936**	1,931	2,676	4,607
Finance costs	-	**-**	**-**	-	311	311
Charged to profit before tax	**361**	**2,575**	**2,936**	1,931	2,987	4,918
Taxation credit	(331)	(672)	**(1,003)**	(183)	(846)	(1,029)
Charged to profit after tax	**30**	**1,903**	**1,933**	1,748	2,141	3,889

Amortisation of purchased intangibles relates to acquisitions made in the current financial year of £172,000 and to acquisitions made in prior years of £2,136,000.

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 de-duplication and restructure of senior management and support functions following these acquisitions.

Acquisition costs represent professional fees incurred in relation to acquisitions of £162,000 (2012: £1,375,000) and adjustments to the fair value of deferred consideration liabilities of £575,000 credit (2012: credit of £125,000), in line with IFRS3 'Business Combinations'. A loss of £42,000 arising on the disposal of AMMO has been included in acquisition costs.

As at 30 April 2013, £129,000 of the £361,000 cash highlighted items had been settled.

Current tax arising on the highlighted items is included as a cash item, while deferred tax on highlighted items is included as a non-cash item. Deferred consideration adjustments within acquisition costs is included as a cash item.

4. Taxation

	Year ended 30 April 2013			Year ended 30 April 2012		
	Before highlighted items £'000	**Highlighted items £'000**	**Total £'000**	Before highlighted items £'000	Highlighted items £'000	Total £'000
UK tax						
Current year	**1,009**	**(309)**	**700**	1,232	(150)	1,082
Prior year	**(8)**	**-**	**(8)**	(2)	-	(2)
	1,001	**(309)**	**692**	1,230	(150)	1,080
Foreign tax						
Current year	**1,343**	**(22)**	**1,321**	960	(33)	927
Prior year	**(12)**	**-**	**(12)**	(82)	-	(82)
	1,331	**(22)**	**1,309**	878	(33)	845
Total current tax	**2,332**	**(331)**	**2,001**	2,108	(183)	1,925
Deferred tax						
Origination and reversal of temporary differences	**64**	**(672)**	**(608)**	(43)	(846)	(889)
Total tax charge/(credit)	**2,396**	**(1,003)**	**1,393**	2,065	(1,029)	1,036

The difference between tax as charged in the financial statements and tax at the nominal rate is explained below:

	Year ended 30 April 2013 £'000	Year ended 30 April 2012 £'000
Profit before tax	**6,556**	2,643
Corporation tax at 23.9% (2012: 25.8%)	**1,567**	682
Non-deductible taxable expenses/income	**28**	490
Overseas tax rate differential	**407**	273
Losses not relieved against other Group entities	**33**	254
Utilisation of previously unrecognised tax losses	**(558)**	(150)
Adjustment in respect of prior years	**(20)**	(84)
Other	**(64)**	(429)
Total tax expense	**1,393**	1,036

The applicable tax rate has decreased from 25.8% to 23.9% due to the reduction of the UK Corporation Tax rate to 23% in April 2013.

5. Earnings per share

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

	Year ended 30 April 2013	Year ended 30 April 2012
	£'000	£'000
Earnings for the purpose of basic earnings per share being net profit attributable to equity holders of the parent	**5,044**	1,610
Adjustments:		
Impact of highlighted items (net of tax) [1]	**1,716**	3,824
Notional use of brought forward tax losses[2]	**-**	21
Earnings for the purpose of underlying earnings per share	**6,760**	5,455
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share[3]	**72,557,927**	70,233,989
Effect of dilutive potential ordinary shares:		
Share options	**2,561,185**	3,482,201
Weighted average number of ordinary shares for the purpose of diluted earnings per share[3]	**75,119,112**	73,716,190
Basic earnings per share	**6.95p**	2.29p
Diluted earnings per share	**6.71p**	2.18p
Underlying basic earnings per share	**9.32p**	7.77p
Underlying diluted earnings per share	**9.00p**	7.40p

1. Highlighted items (see note 3), stated net of their total tax impact.
2. The adjustment for a notional use of brought forward losses demonstrates the additional utilisation of brought forward tax losses that would have been used if the highlighted items in the year had not been incurred.
3. The weighted average number of shares includes convertible loan notes that are convertible into 13,802,861 ordinary shares.
4. It is assumed that all contingent deferred consideration will be settled in cash therefore there is no dilutive effect.

6. Goodwill

	Note	£'000
Cost and net book value		
At 1 May 2011		31,457
Acquisitions		13,065
Foreign exchange differences		(211)
At 30 April 2012		44,311
Acquisitions	10	3,343
Foreign exchange differences		210
At 30 April 2013		**47,864**

In accordance with IFRS3 Business Combinations, adjustments to goodwill amounting to £1,020,000 relating to additional information in respect of a pre-acquisition period have been recorded as a prior year adjustment. This represents changes to the fair value of assets and liabilities purchased within the measurement period. The adjustment relates entirely to the acquisition of FLE Holdings Limited.

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill may be impaired. The recoverable amounts are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates and revenue, cost and margin growth rates. Management estimates discount rates using rates that reflect current market assessments of the time value of money and risk specific to the cash-generating units. The group prepares three-year pre-tax cash flow forecasts, and these have been discounted at 11% (2012: 10%). Management determines the future growth rates based on their best estimates of market growth and the expected change in our market share. Cash flows beyond the three year period are extrapolated at a rate of 1.5% (2012: 2%), which does not exceed the long-term average growth rate in any of the markets in which the Group operates.

No impairment of goodwill was recognised in 2013 (2012: £nil).

Goodwill has been allocated to the following segments:

	Year ended 30 April 2013	Year ended 30 April 2012
	£'000	£'000
Analytics	**25,787**	21,312
Platform	**22,077**	21,979
	47,864	43,291

Goodwill of £13,250,000 (2012: £13,250,000) has been allocated to the UK and International Media Benchmarking CGU within the Analytics segment, and £19,012,000 (2012: £19,012,000) has been allocated to the International Advertising Intelligence CGU in the Platform segment.

7. Other intangible assets

	Capitalised development costs	Purchased intangible assets	Total intangible assets
	£'000	**£'000**	**£'000**
Cost			
At 1 May 2011	1,115	11,714	12,829
Additions	180	-	180
Disposals	(366)	-	(366)
Acquisitions	-	5,453	5,453
Foreign exchange	(1)	(211)	(212)
At 30 April 2012	928	16,956	17,884
Additions	414	-	414
Acquisitions (Note 10)	-	2,307	2,307
Foreign exchange	3	160	163
At 30 April 2013	**1,345**	**19,423**	**20,768**
Amortisation			
At 1 May 2011	(554)	(3,364)	(3,918)
Charge for the year	(160)	(1,733)	(1,893)
Disposals	183	-	183
Foreign exchange	-	5	5
At 30 April 2012	(531)	(5,092)	(5,623)
Charge for the year	(142)	(2,308)	(2,450)
Foreign exchange	-	(53)	(53)
At 30 April 2013	**(673)**	**(7,453)**	**(8,126)**
Net book value			
At 30 April 2013	**672**	**11,970**	**12,642**
At 30 April 2012	397	11,864	12,261

Amortisation is charged within administrative expenses so as to write off the cost of the purchased intangible assets over their estimated useful lives. The amortisation of purchased intangible assets is included as a highlighted administrative expense.

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

8. Financial liabilities

	30 April 2013	30 April 2012
	£'000	£'000
Current		
Bank borrowings	**2,179**	2,245
Finance lease liabilities	**145**	119
Contingent deferred consideration	**3,624**	6,309
	5,948	8,673
Non-current		
Bank borrowings	**20,238**	15,814
Finance lease liabilities	**138**	209
Derivative financial instrument - interest rate swaps	**145**	39
Contingent deferred consideration	**2,033**	1,793
	22,554	17,855
Total other financial liabilities	**28,502**	26,528

	Bank borrowings £'000	Finance lease liabilities £'000	Interest rate swaps £'000	Contingent deferred consideration £'000	Total £'000
At 1 May 2011	7,364	50	52	662	8,128
Recognised on acquisition	-	-	-	7,708	7,708
Additions	-	297	-	-	297
Utilised	-	(19)	-	(293)	(312)
Released to the Income Statement	27	-	(52)	39	14
Charged to reserves	-	-	39	-	39
Borrowings	25,780	-	-	-	25,780
Repayments	(15,034)	-	-	-	(15,034)
Foreign exchange	(78)	-	-	(14)	(92)
At 1 May 2012	**18,059**	**328**	**39**	**8,102**	**26,528**
Recognised on acquisition	**-**	**-**	**-**	**4,436**	**4,436**
Additions	**-**	**111**	**-**	**-**	**111**
Utilised	**-**	**(157)**	**-**	**(6,382)**	**(6,539)**
Released to the Income Statement	**75**	**-**	**-**	**(575)**	**(500)**
Charged to reserves	**-**	**-**	**105**	**-**	**105**
Borrowings	**6,456**	**-**	**-**	**-**	**6,456**
Repayments	**(2,309)**	**-**	**-**	**-**	**(2,309)**
Foreign exchange	**136**	**1**	**1**	**76**	**214**
At 30 April 2013	**22,417**	**283**	**145**	**5,657**	**28,502**

A currency analysis for the bank borrowings is shown below:

	30 April 2013 £'000	30 April 2012 £'000
Pounds Sterling	**18,949**	14,531
US Dollar	**1,360**	1,490
Euros	**2,108**	2,038
Total bank borrowings	**22,417**	18,059

All bank borrowings are held jointly with Bank of Ireland and Barclays Bank. The facility comprises an amortising term loan of £15,000,000 (of which £12,168,000 remains outstanding at 30 April 2013 (2012: £14,375,000)), and a revolving credit facility of £15,000,000 (of which £10,468,000 was drawn down at 30 April 2013 (2012: £3,978,000)), both with a maturity date of 9 March 2016. £6,199,000 of the term loan is being repaid on a quarterly basis over the next 3 years, with the remainder repayable on the maturity of the facility. Loan arrangement fees of £219,000 (2012: £294,000) are offset against the term loan, and are being amortised over the period of the loan.

The facility bears variable interest of LIBOR plus a margin of 2.75%. The margin rate may be lowered from April 2013 to 2.50% depending on the Group's net debt to EBITDA ratio. The rate may be further lowered to 2.25% from April 2014 and 2.00% from April 2015.

The undrawn amount of the revolving credit facility is liable to a fee of 45% 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.

The Group holds floating to fixed interest rate swaps against 100% of its sterling and US dollar denominated term loan for the period from May 2012 to April 2015. These instruments are held at fair value at 30 April 2013.

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 Balance Sheet date. All amounts are expected to be fully paid by August 2014.

All finance lease liabilities fall due within five years. The minimum lease payments and present value of the finance leases are as follows:

	Minimum lease payments	
	Year ended 30 April 2013 £'000	Year ended 30 April 2012 £'000
Amounts due:		
Within one year	**145**	120
Between one and five years	**138**	209
	283	329
Less: finance charges allocated to future periods	**-**	(1)
Present value of lease obligations	**283**	328

The minimum lease payments approximate the present value of minimum lease payments.

9. Cash generated from operations

	Year ended 30 April 2013 £'000	Year ended 30 April 2012 £'000
Profit before taxation	**6,556**	2,643
Adjustments for:		
Depreciation	**1,151**	1,166
Amortisation (note 7)	**2,450**	1,893
Finance costs - loan fees written off (note 3)	**-**	311
Loss/(profit) on disposal	**42**	(49)
Unrealised foreign exchange (gain)/loss	**(36)**	14
Share option charges (note 3)	**267**	943
Finance income	**(13)**	(6)
Finance expenses	**988**	650
Share of profit of associates	**(26)**	-
Contingent deferred consideration revaluations	**(575)**	-
	10,804	7,565
Increase in trade & other receivables	**(762)**	(1,800)
Decrease in trade & other payables	**(2,100)**	(2,667)
Movement in provisions	**(416)**	(605)
Cash generated from operations	**7,526**	2,493

The principal non-cash transaction is the issue of shares as consideration for the acquisition discussed in note 10.

10. Acquisitions and Disposals

FIRMDECISIONS ASJP GROUP LIMITED ("FD Group")

On 3 August 2012, the Group acquired the entire share capital of FirmDecisions ASJP Group Limited (the holding company of FirmDecisions ASJP Limited), a company incorporated in the United Kingdom. The

Group has operations in the United Kingdom, United States of America and the Asia Pacific region. The initial cash consideration was £1,000,000. Deferred consideration of £500,000 became payable on the final agreement of the results for the period ended 30 April 2012 and this payment was made on 28 November 2012. Additional consideration is payable dependent on future performance during the period to April 2014 and will be paid in cash. The maximum total consideration payable is £7 million.

The FD Group contributed £1,774,000 to revenue and £497,000 to profit before tax for the period between the date of acquisition and the year end.

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

	Carrying value	**Recognised on acquisition**
	£'000	**£'000**
Customer relationships	-	2,307
Property, plant and equipment	7	7
Trade and other receivables	931	931
Deferred tax asset	8	8
Cash and cash equivalents	110	110
Trade and other payables	(321)	(321)
Deferred tax liability	-	(555)
Net assets acquired	**735**	**2,487**
Goodwill arising on acquisition		2,949
		5,436

The fair value of trade and other receivables includes trade receivables with a fair value and gross contractual value of £539,000.

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

Purchase consideration:

	£'000
Cash	1,000
Deferred consideration	500
Contingent deferred consideration	3,936
Total purchase consideration	**5,436**

The deferred consideration was paid on 28 November 2012. The fair value of contingent deferred consideration payable is based on forecast EBIT for the FD Group for the years ended 30 April 2013 and 30 April 2014. The potential range of future payments that Ebiquity plc could be required to make under the contingent consideration arrangement is between £nil and £5,500,000 and will be paid in cash. All contingent deferred consideration payments are expected to be paid by August 2014.

TRANSACTIONS WITH NCI'S

On 29 June 2012, the Group increased its stake in its subsidiary undertaking, Ebiquity SAS, from 91.6% to 91.7% for cash consideration of €40,000 (£32,000). The acquisition resulted in goodwill of £32,000.

On 1 February 2013, the Group increased its interest in Ebiquity Germany GmbH to 85% through the issue of 345,009 shares in Ebiquity Plc. The acquisition resulted in goodwill of £362,000.

On 30 April 2013, the Group acquired the remaining 20% of Checking Advertising Services Limited ("CAS") from the minority shareholders for a nominal consideration.

DISPOSALS

On 25 April 2013, the Group sold the trade and assets of its UK AMMO BrandIQ division for a nominal consideration. A loss of £42,000 was made on the sale.

If all of the above transactions had been completed on 1 May 2012, Group revenue would have been £64,649,000 and Group operating profit before highlighted items would have been £10,844,000, before any potential synergistic benefits are taken into account.

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

11. Financial Information

The financial information included in this report does not amount to full financial statements within the meaning of Section 434 of Companies Act 2006. The financial information has been extracted from the Group's Annual Report and financial statements for the year ended 30 April 2013, on which an unqualified report has been made by the Company's auditors, PricewaterhouseCoopers LLP.

Financial statements for the year ended 30 April 2012 have been delivered to the Registrar of Companies; the report of the auditors on those accounts were unqualified and did not contain a statement under Section 498 of the Companies Act 2006. The 2013 statutory accounts are expected to be published on 9 August 2013.