

## Norman Broadbent PLC

# Half-year Report

RNS Number : 1738S

Norman Broadbent PLC

29 September 2017

**Norman Broadbent plc**  
("Norman Broadbent" or "the Company" or "the Group")  
**Interim Results**

Norman Broadbent plc (AIM: NBB) - a leading provider of Talent Acquisition & Advisory Services, comprising Board and Executive Search, Interim Management, Research & Insight, Leadership Consulting & Assessment, and executive-level Recruitment Solutions today announces its unaudited interim results for the six months ended 30 June 2017.

### Highlights

- Phase One of the turnaround completed; Phase Two of the turnaround underway
- New Senior Leadership Team appointed across all NB brands
- New fee-earning hires ahead of plan and contributing
- Gary Browning appointed as a Senior Advisor to the Board
- Losses significantly reduced from the six months to 31 December 2016
- New Group CFO in final stage of appointment
- Equity placing to raise £1.23m to be shortly announced

### **Mike Brennan, CEO of Norman Broadbent, said:**

"The company has completed Phase One of its restructuring and is now well positioned to move forward with confidence and anticipates announcing the details of an equity placing later this morning as we move into Phase Two of our plan".

### **For further information please contact:**

#### **Norman Broadbent plc**

Mike Brennan/Frank Carter

020 7484 0000

#### **WH Ireland Limited**

Adrian Hadden/ Jessica Cave/ Alex Bond

020 7220 1666

Norman Broadbent plc is a leading provider of Talent Acquisition & Advisory Services. These comprise Board and Executive Search, Interim Management, Research & Insight, Leadership Consulting & Assessment, and executive-level Recruitment Solutions.

For further information visit [www.normanbroadbent.com](http://www.normanbroadbent.com)

#### CEO Review:

As set out in table below in the 6 months to 30 June 2017 the Group incurred an operating loss of £667,000 (2016: loss £62,000) on turnover of £3,292,000 (2016: £3,366,000).

This comparison belies the very substantial progress made by the Group in the period both in the completion of the first, defensive consolidation, phase of its business plan and the improvement in trading as compared to the 6 months to 31 December 2016 which had resulted in an operating loss of £1,161,000 on turnover of £2,295,000.

In the period we have seen significant changes in personnel, proposition and process across the businesses. The changes in personnel reflect the filling of important senior leadership positions, the replacement of underperforming consultants and newer, more robust internal recruitment process. The more diverse portfolio of offerings has enabled an encouraging increase in cross selling by each of our businesses, and clients have responded well to the development of enhanced service lines and a more integrated offering.

We now have a more diverse offering, with varied revenue streams and less reliance on executive search, a service line which continues to be an important offering. We are now positioning ourselves to move into Phase 2, the Growth Phase, of the strategic plan which will seek to scale up our businesses and move forward.

#### Summarised Financial Results:

The table below summarises the results for the Group.

	<b>Six months to 30 June 2017 £000's</b>	Re-Presented Six months to 30 June 2016 £000's	Year ended 31 Dec 2016 £000's
<b>Continuing operations</b>			
Revenue	<b>3,292</b>	3,366	5,661
Cost of sale	<b>(696)</b>	(424)	(735)
<b>Gross profit</b>	<b>2,596</b>	2,942	4,926
Operating expenses	<b>(3,263)</b>	(3,004)	(6,149)
<b>Group operating profit / (loss)</b>	<b>(667)</b>	(62)	(1,223)
Net finance cost	<b>(12)</b>	(33)	(54)
<b>(Loss) / profit before tax</b>	<b>(679)</b>	(95)	(1,277)
Income tax	-	-	-
(Loss) / profit from discontinued operation	-	(11)	279
<b>(Loss) / profit after tax</b>	<b>(679)</b>	(106)	(998)

#### Norman Broadbent Executive Search ("NBES")

NBES underwent substantial restructuring during the first 6 months of 2017. This has included significant investment in new hires, including the appointment of Tim Hammett as Managing Partner and the departure of a number of underperforming legacy consultants. The process of dealing with legacy departures is now complete, and the new consultant hires made in Q1/Q2 2017 are ahead of plan. As a result of the restructure and subsequent reinvestment, revenues fell to £1,430,000 from £2,351,000 in H1 2016, resulting in a loss of £566,000 (Profit £329,000). Encouragingly, NBES has had its highest new retainer wins so far this year in the month of September.

#### Norman Broadbent Interim Management ("NBIM")

NBIM was re-launched at the end of 2016 with the hiring of Angela Hickmore as Managing Director. While still an early stage business, the Board is pleased with its progress to date. The business now has four senior billing consultants, three of which were hired in H1 2017. Gross revenues increased to

£807,000 from £402,000 in H1 2016, resulting in a loss of £113,000 (Profit £13,000). This loss reflects an anticipated time lag from the hiring of new consultants to their generation of revenue.

#### **Norman Broadbent Leadership Consulting ("NBLC")**

NBLC has performed exceptionally well in H1 2017. Revenues increased to £662,000 from £199,000, resulting in a profit before tax of £365,000 (Loss £4,000). As announced on the 4th July 2017, NBLC won a significant contract with a FTSE 250 company to provide executive assessment, research and insight services over a three-year period (we expect the benefit of this to begin to materialise in Q4 2017).

#### **NB Solutions ("NBS")**

NBS has performed broadly in line with the previous reporting period. While revenues declined by 5% to £393,000 from £414,000 in H1 2016, resulting in a loss of £62,000 (Loss £32,000), the revenues for the 6 months to June 2017 were more than double the £163,000 earned in the second half of 2016, reflecting the impact of the restructuring that took place in June 2016. Going forward, management focus for NBS is to increase headcount in order to grow the business to adequate scale.

#### **Research & Insight ("R&I")**

Although not a separate reporting line, we have continued to invest in R&I capabilities with strategic hiring. The R&I team now not only serves our own internal requirements, but provides complementary client services to our other businesses.

#### **Financial Position**

Equity shareholders' funds were £1,755,000 as at 30 June 2017 (£2,434,000 at 31 December 2016), with net current assets of £154,000 (£825,000 at 31 December 2016). Cash and cash equivalents at 30 June 2017 amounted to £304,000 (£963,000 at 31 December 2016), reflecting continued investment and restructuring in all businesses. The balance on the Group's revolving invoice discounting facility was £833,000 (£444,000 at 31 December 2016), reflecting a trade receivables balance of £1,104,000 (£634,000 at 31 December 2016).

Net cash outflow from operations was £1,024,000 (£797,000 at 31 December 2016) and net cash inflow from financing activities amounted to £304,000 (£1,404,000 at 31 December 2016).

#### **Appointment of Gary Browning**

The Board was very pleased to announce the appointment of Gary Browning as a Consultant and Strategic Adviser in August 2017. Gary's role will be to provide advice and support in the areas of strategic opportunities, market and competitive developments and to assist in the execution of Norman Broadbent's growth plan. Gary Browning's appointment brings the benefit of over 20 years' relevant sector experience to the Company. Gary joined Penna Consulting plc, the international human resources consulting group, in 2002. He was Chief Executive from 2005, when the business was capitalised at approximately £25.0m, until 2016 when the business was sold to ADECCO S.A. for £105m.

#### **Board Changes**

James Webber, Group CFO, informed the Board of his intention to resign from the Company in August. An offer has been extended to a potential candidate. On behalf of the Board I would also like to thank James for his significant contribution to Norman Broadbent over the last 4 years.

#### **Outlook**

The business is now positioned to move onto Phase Two of its business plan which aims to build on the work carried out to date, upscale all of our businesses and become self-funding and profitable. In order to fund Phase Two, the company has been in discussion with its existing institutional shareholders and a number of new investors and anticipates shortly announcing the details of a proposed placing to raise up to £1.23m.

**Mike Brennan**

**Group CEO**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For the six month period ended 30 June 2017**

	Note	Six months ended 30 June 2017 (unaudited)	Re-Presented Six months ended 30 June 2016 (unaudited)	Year ended 31 December 2016 (audited)
		£000	£000	£000
<b>Continuing operations</b>				
<b>Revenue</b>		<b>3,292</b>	3,366	5,661
Cost of Sales		(696)	(424)	(735)
<b>Gross profit</b>		<b>2,596</b>	2,942	4,926
Operating expenses		(3,263)	(3,004)	(6,149)
<b>Group operating profit / (loss)</b>		<b>(667)</b>	(62)	(1,223)
Net finance cost		(12)	(33)	(54)
Exceptional Items		-	-	-
Loss on disposal of investment		-	-	-
<b>Loss on ordinary activities before income tax</b>		<b>(679)</b>	(95)	(1,277)
Income tax expense		-	-	-
<b>Loss from continuing operations</b>		<b>(679)</b>	(95)	(1,277)
<b>Discontinued operations</b>				
Profit/(Loss) from discontinued operation	6	-	(11)	279
<b>Loss for the period</b>		<b>(679)</b>	(106)	(998)
<b>Other comprehensive income</b>				
Foreign currency translation differences - foreign operations		-	2	-
<b>Total comprehensive loss</b>		<b>(679)</b>	(104)	(998)
<b>Loss attributable to:</b>				
Owners of the Company		(651)	(108)	(1,304)
Non-controlling interests		(28)	2	306
<b>Loss for the period</b>		<b>(679)</b>	(106)	(998)
<b>Total comprehensive loss attributable to:</b>				
Owners of the Company		(651)	(106)	(1,304)
Non-controlling interests		(28)	2	306
<b>Total comprehensive loss for the period</b>		<b>(679)</b>	(104)	(998)
Loss per share	4			
- Basic		(1.56p)	(0.60)p	(5.36)p
- Diluted		(1.56p)	(0.60)p	(5.36)p
Adjusted loss per share				
- Basic		(1.53p)	(0.60)p	(5.32)p
- Diluted		(1.53p)	(0.60)p	(5.32)p
Loss per share - continuing operations	4			
- Basic		(1.56p)	(0.55)p	(5.25)p
- Diluted		(1.56p)	(0.55)p	(5.25)p
Adjusted loss per share - continuing operations				
- Basic		(1.53p)	(0.55)p	(5.21)p
- Diluted		(1.53p)	(0.55)p	(5.21)p

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at 30 June 2017**

Note	As at 30 June 2017 (unaudited)	As at 30 June 2016 (unaudited)	As at 31 December 2016
------	---	---	------------------------------

	£000	£000	£000
<b>Non-current assets</b>			
Intangible assets	1,363	1,363	1,363
Property, plant and equipment	60	62	68
Trade and other receivables	201	-	234
Deferred tax	69	69	69
<b>Total non-current assets</b>	<b>1,693</b>	<b>1,494</b>	<b>1,734</b>
<b>Current assets</b>			
Trade and other receivables	1,935	1,707	1,347
Cash and cash equivalents	304	263	963
<b>Total current assets</b>	<b>2,239</b>	<b>1,970</b>	<b>2,310</b>
<b>Total assets</b>	<b>3,932</b>	<b>3,464</b>	<b>4,044</b>
<b>Current Liabilities</b>			
Trade and other payables	(1,208)	(1,243)	(1,041)
Provisions	5 (125)	-	-
Bank overdraft and interest bearing loans	(833)	(645)	(444)
<b>Total current liabilities</b>	<b>(2,166)</b>	<b>(1,888)</b>	<b>(1,485)</b>
<b>Net current assets</b>	<b>73</b>	<b>82</b>	<b>825</b>
<b>Non-current liabilities</b>			
Provisions	5 -	(125)	(125)
Loan Note	-	(350)	-
<b>Total liabilities</b>	<b>(2,166)</b>	<b>(2,363)</b>	<b>(1,610)</b>
<b>Total assets less total liabilities</b>	<b>1,766</b>	<b>1,101</b>	<b>2,434</b>
<b>Equity</b>			
Issued share capital	6,143	5,901	6,143
Share premium account	12,685	10,699	12,685
Retained earnings	(17,034)	(15,203)	(16,394)
<b>Equity attributable to owners of the Company</b>	<b>1,794</b>	<b>1,397</b>	<b>2,434</b>
<b>Non-controlling interests</b>	<b>(28)</b>	<b>(296)</b>	<b>-</b>
<b>Total equity</b>	<b>1,766</b>	<b>1,101</b>	<b>2,434</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
For the six month period ended 30 June 2017

CONSOLIDATED GROUP	Attributable to owners of the Company					
	Share Capital	Share Premium	Retained Earnings	Total Equity	Non-controlling interests	Total Equity
	£000	£000	£000	£000	£000	£000
<b>Balance at 1 January 2016</b>	5,901	10,699	(15,101)	1,499	(294)	1,205
Loss for the period	-	-	(104)	(104)	(2)	(106)
Adjustment for discontinued operation	-	-	-	-	-	-
Total other comprehensive income	-	-	2	2	-	2
<b>Total comprehensive income for the period</b>	-	-	(102)	(102)	(2)	(104)
<b>Transactions with owners of the Company, recognised directly in equity:</b>						
Issue of ordinary shares	-	-	-	-	-	-
Credit to equity for share based payments	-	-	-	-	-	-
<b>Total transactions with owners of the Company, recognised directly in equity</b>	-	-	-	-	-	-
<b>Balance at 30 June 2016</b>	<b>5,901</b>	<b>10,699</b>	<b>(15,203)</b>	<b>1,397</b>	<b>(296)</b>	<b>1,101</b>
<b>Balance at 1 July 2016</b>	<b>5,901</b>	<b>10,699</b>	<b>(15,203)</b>	<b>1,397</b>	(:)	Privacy

Loss for the period	-	-	(1,200)	(1,200)	308	(892)
Total other comprehensive income	-	-	(2)	(2)	-	(2)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(1,202)</b>	<b>(1,202)</b>	<b>308</b>	<b>(894)</b>
<b>Transactions with owners of the Company, recognised directly in equity:</b>						
Issue of ordinary shares	242	1,986	-	2,228	-	2,228
Credit to equity for share based payments	-	-	11	11	-	11
<b>Total transactions with owners of the Company, recognised directly in equity</b>	<b>242</b>	<b>1,986</b>	<b>11</b>	<b>2,239</b>	<b>-</b>	<b>2,239</b>
<b>Changes in ownership interest in subsidiaries</b>						
Disposal of non-controlling interests with change of control					(12)	(12)
<b>Total transactions with owners of the company</b>	<b>242</b>	<b>1,986</b>	<b>11</b>	<b>2,239</b>	<b>(12)</b>	<b>2,227</b>
<b>Balance at 31 December 2016</b>	<b>6,143</b>	<b>12,685</b>	<b>(16,394)</b>	<b>2,434</b>	<b>-</b>	<b>2,434</b>
<b>Balance at 1 January 2017</b>	<b>6,143</b>	<b>12,685</b>	<b>(16,394)</b>	<b>2,434</b>	<b>-</b>	<b>2,434</b>
Loss for the period	-	-	(651)	(651)	(28)	(679)
Total other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(651)</b>	<b>(651)</b>	<b>(28)</b>	<b>(679)</b>
<b>Transactions with owners of the Company, recognised directly in equity:</b>						
Credit to equity for share based payments			11	11	-	11
<b>Balance at 30 June 2017</b>	<b>6,143</b>	<b>12,685</b>	<b>(17,034)</b>	<b>1,794</b>	<b>(28)</b>	<b>1,766</b>

#### CONSOLIDATED STATEMENT OF CASH FLOW For the six month period ended 30 June 2017

	Notes	Six months ended 30 June 2017 (unaudited) £000	Six months ended 30 June 2016 (unaudited) £000	Year ended 31 December 2016 (audited) £000
<b>Net cash used in operating activities</b>	(i)	<b>(1,024)</b>	119	(797)
<b>Cash flows from investing activities and servicing of finance</b>				
Net finance cost		(12)	(33)	(54)
Payments to acquire tangible fixed assets		(11)	-	(24)
Disposal of discontinued operation, net of cash disposed of	6	-	-	(15)
<b>Net cash used in investing activities</b>		<b>(23)</b>	(33)	(93)
<b>Cash flows from financing activities</b>				
Repayment of borrowings		-	-	(350)
Net cash inflows from equity placing		-	-	2,228
(Decrease)/increase in invoice discounting		388	(273)	(474)
<b>Net cash from financing activities</b>		<b>388</b>	(273)	1,404
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(659)</b>	(187)	514
<b>Net cash and cash equivalents at beginning of period</b>		<b>963</b>	448	448
Effects of exchange rate changes on cash balances held in foreign currencies		-	2	1
<b>Net cash and cash equivalents at end of period</b>		<b>304</b>	263	963
<b>Analysis of net funds</b>				
Cash and cash equivalents		304	263	963
Borrowings due within one year		(832)	(645)	(444)
<b>Net funds</b>		<b>(528)</b>	(382)	519

Note (i)  
Reconciliation of operating profit to net cash from

Six months Six months Y

<b>operating activities</b>	<b>ended 30 June 2017 (unaudited)</b>	ended 30 June 2016 (unaudited)	ended 31 December 2016 (audited)
Operating loss from continued operations	<b>(667)</b>	(62)	(914)
Operating loss from discontinued operations	-	(11)	(30)
Depreciation/ impairment of property, plant and equipment	<b>19</b>	20	38
Share based payment charge	<b>11</b>	-	11
Increase in trade and other receivables	<b>(555)</b>	465	871
Increase/(decrease) in trade and other payables	<b>168</b>	(293)	(464)
Profit on sale of investment	-	-	(309)
<b>Net cash used in operating activities</b>	<b>(1,024)</b>	119	(797)

## NOTES TO THE FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

#### 1.1 Basis of preparation

The financial information set out in this interim report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Group's statutory financial statements for the year ended 31 December 2016, prepared under International Financial Reporting Standards (IFRS), have been filed with the Registrar of Companies. The auditor's report on those statements was unqualified.

The interim financial information for the six months ended 30 June 2017, has been prepared in accordance with the AIM Rules for Companies. The Group has not elected to apply IAS 34 'Interim Financial Reporting'. The principal accounting policies used in preparing the interim results are those the Group expects to apply in its financial statements for the year ending 31 December 2017 and are unchanged from those disclosed in the Group's Annual Report for the year ended 31 December 2016. The interim financial statements have not been audited.

#### 1.2 Basis of consolidation and business combinations

Group financial statements consolidate those of the Company and of the following subsidiary undertakings:

<b>Principal Group investments:</b>	<b>Country of incorporation or registration and operation</b>	<b>Principal activities</b>	<b>Description and proportion of shares held by the Company</b>
Norman Broadbent Executive Search Ltd	England and Wales	Executive Search	100 per cent ordinary shares
Norman Broadbent Overseas Ltd	England and Wales	Executive Search	100 per cent ordinary shares
Norman Broadbent Leadership Consulting Ltd	England and Wales	Assessment, Leadership Consulting and Talent Mgmt.	100 per cent ordinary shares
Norman Broadbent Solutions Ltd (formerly AGP NB Ltd )	England and Wales	Executive Recruitment Solutions	100 per cent ordinary shares
Norman Broadbent Interim Management Ltd	England and Wales	Senior Interim Management	100 per cent ordinary shares
Norman Broadbent (Ireland) Ltd *	Republic of Ireland	Dormant	100 per cent ordinary shares
Bancomm Ltd	England and Wales	Dormant	100 per cent ordinary shares

\* 100 per cent of the issued share capital of this company is owned by Norman Broadbent Overseas Ltd.

### 2. COPIES OF THE UNAUDITED INTERIM REPORT

Copies of this report are available on request from the Company's registered office at 12 St James's Square, London, SW1Y 4LB and are also available on the Company's website at [www.normanbroadbent.com](http://www.normanbroadbent.com).

### 3. SEGMENTAL ANALYSIS

Management has determined the operating segments based on the reports reviewed regularly by the Board for use in deciding how to allocate resources and in assessing performance. The Board considers Group operations from both a class of business and geographic perspective.

Each class of business derives its revenues from the supply of a particular recruitment related service, from retained executive search through to executive assessment and coaching. Business segment results are reviewed primarily to operating profit level, which includes employee costs, marketing, office and accommodation costs and appropriate recharges for management time.

Group revenues are primarily driven from UK operations, however when revenue is derived from overseas business the results are presented to the Board by geographic region to identify potential areas for growth or those posing potential risks to the Group.

#### i) Class of Business:

The analysis by class of business of the Group's turnover and profit before taxation is set out below:

Six months ended 30 June 2017	BUSINESS SEGMENTS						Total £000
	NBES £000	NBLC £000	NBS £000	NBIM £000	Disc. Operation £000	Un allocated £000	
Revenue	1,430	662	393	807	-	-	3,292
Cost of sales	(11)	(193)	(20)	(472)	-	-	(696)
<b>Gross profit</b>	<b>1,419</b>	<b>469</b>	<b>373</b>	<b>335</b>	-	-	<b>2,596</b>
Operating expenses	(1,963)	(102)	(432)	(444)	-	(303)	(3,244)
Other operating income	-	-	-	-	-	-	-
Finance costs	(6)	(2)	(1)	(3)	-	-	(12)
Depreciation and amort.	(16)	-	(2)	(1)	-	-	(19)
Restructuring costs	-	-	-	-	-	-	-
Exceptional items	-	-	-	-	-	-	-
Loss on disposal of investment	-	-	-	-	-	-	-
<b>Profit/(Loss) before tax</b>	<b>(566)</b>	<b>365</b>	<b>(62)</b>	<b>(113)</b>	-	<b>(303)</b>	<b>(679)</b>

Six months ended 30 June 2016	BUSINESS SEGMENTS						Total £000
	NBES £000	NBLC £000	NBS £000	NBIM £000	Disc. Operation £000	Un allocated £000	
Revenue	2,351	199	414	402	273	-	3,639
Cost of sales	(55)	(36)	(2)	(330)	(1)	-	(424)
<b>Gross profit</b>	<b>2,296</b>	<b>163</b>	<b>412</b>	<b>72</b>	<b>272</b>	-	<b>3,215</b>
Operating expenses	(1,943)	(167)	(533)	(57)	(282)	(287)	(3,269)
Other operating income	-	-	-	-	-	-	-
Finance costs	(10)	-	(2)	(2)	-	(19)	(33)
Depreciation and amort.	(14)	-	(3)	-	(2)	-	(19)
Restructuring costs	-	-	-	-	-	-	-
Exceptional items	-	-	-	-	-	-	-
Loss on disposal of investment	-	-	-	-	-	-	-
<b>Profit/(Loss) before tax</b>	<b>329</b>	<b>(4)</b>	<b>(126)</b>	<b>13</b>	<b>(12)</b>	<b>(306)</b>	<b>(106)</b>



**BUSINESS SEGMENTS**

<b>Year ended 31 December 2016</b>	<b>NBES £000</b>	<b>NBLC £000</b>	<b>NBS £000</b>	<b>NBIM £000</b>	<b>Disc. Operation £000</b>	<b>Un allocated £000</b>	<b>Total £000</b>
Revenue	4,005	293	577	786	470	-	6,131
Cost of sales	(92)	(41)	(7)	(595)	-	-	(735)
<b>Gross profit</b>	<b>3,913</b>	<b>252</b>	<b>570</b>	<b>191</b>	<b>470</b>	<b>-</b>	<b>5,396</b>
Operating expenses	(4,195)	(308)	(918)	(127)	(497)	(566)	(6,611)
Other operating income	-	-	-	-	-	-	-
Finance costs	(17)	-	(3)	(4)	-	(30)	(54)
Depreciation and amort.	(29)	-	(6)	-	(3)	-	(38)
Restructuring costs	-	-	-	-	-	-	-
Exceptional items	-	-	-	-	-	-	-
Profit on disposal of investment	-	-	-	-	309	-	309
<b>Profit/(Loss) before tax</b>	<b>(328)</b>	<b>(56)</b>	<b>(357)</b>	<b>60</b>	<b>279</b>	<b>(596)</b>	<b>(998)</b>

ii) **Revenue and gross profit by geography:**

	<b>Revenue £'000</b>			<b>Gross Profit £'000</b>		
	Six Months Ended		Year Ended	Six Months Ended		Year Ended
	30 June 2017	30 June 2016	31 Dec 2016	30 June 2017	30 June 2016	31 Dec 2016
United Kingdom	<b>3,292</b>	3,605	6,030	<b>2,596</b>	3,180	5,295
Rest of the World	-	34	101	-	34	101
<b>Total</b>	<b>3,292</b>	3,639	6,131	<b>2,596</b>	3,214	5,396

**4. EARNINGS PER ORDINARY SHARE**

i) **Basic earnings per share:**

This is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the period:

	<b>Six months ended 30 June 2017 (unaudited)</b>	Six months ended 30 June 2016 (unaudited)	Year ended 31 December 2016 (audited)
(Loss)/profit attributable to shareholders	<b>(651,000)</b>	(106,000)	(1,304,000)
Weighted average number of ordinary shares	<b>41,633,320</b>	17,416,487	24,316,626

ii) **Diluted earnings per share:**

This is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The company has issued share options which are potentially dilutive. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the company's

shares) based on the monetary value of the subscription rights attached to the outstanding options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	<b>Six months ended 30 June 2017 (unaudited)</b>	Six months ended 30 June 2016 (unaudited)	Year ended 31 December 2016 (audited)
(Loss)/profit attributable to shareholders	<b>(651,000)</b>	(106,000)	(1,304,00)
Weighted average no. of ordinary shares - assumed conversion of share options	<b>41,633,320</b>	17,416,487	24,316,626
	-	-	-
Weighted average number of ordinary shares for diluted earnings per share	<b>41,633,320</b>	17,416,487	24,316,626

### iii) Adjusted earnings per share

Adjusted earnings per share has also been calculated in addition to the basic and diluted earnings per share and is based on earnings adjusted to eliminate charges for share based payments. It has been calculated to allow shareholders to gain a clearer understanding of the trading performance of the Group.

	<b>Six months ended 30 June 2017</b>			Six months ended 30 June 2016			Year ended 31 December 2016		
	<b>£000</b>	<b>Basic pence per share</b>	<b>Diluted pence per share</b>	£000	pence per share	Diluted pence per share	£000	pence per share	Diluted pence per share
<b>Basic earnings</b>									
(Loss)/Profit after tax	<b>(651)</b>	<b>(1.56)</b>	<b>(1.56)</b>	<b>(106)</b>	<b>(0.60)</b>	<b>(0.60)</b>	<b>(1,304)</b>	<b>(5.36)</b>	<b>(5.36)</b>
<b>Adjustment</b>									
Share based payment charge	<b>11</b>	<b>0.03</b>	<b>0.03</b>	-	-	-	11	0.04	0.04
<b>Adjusted earnings</b>	<b>(640)</b>	<b>(1.53)</b>	<b>(1.53)</b>	<b>(106)</b>	<b>(0.60)</b>	<b>(0.60)</b>	<b>(1,293)</b>	<b>(5.32)</b>	<b>(5.32)</b>

## 5. PROVISIONS

	<b>Six months ended 30 June 2017 £000</b>	Six months ended 30 June 2016 £000	Year ended 31 December 2016 £000
Balance at beginning of period	<b>125</b>	125	125
Provisions made during the period	-	-	-
<b>Balance at end of period</b>	<b>125</b>	125	125
Non-current		125	125
Current	<b>125</b>	-	-
	<b>125</b>	125	125

On the 6 March 2013 the Company signed a ten year lease with a five year break for its main office in London. On signing the new lease the Company inherited the office fit-out from the previous tenant. Under the terms of the new lease the Company is obliged to return vacant possession to the landlord with the office returned to its original state. The Company had the present cost of the future works required to return the office to its original state valued by an independent firm of advisors and this liability of £125,000 is provided for in the financial period. In July 2017, the Company exercised the lease break option.

## 6. DISCONTINUED OPERATION

On 31 December 2016, the Group sold its 51% stake in Social Media Search Limited. The comparative consolidated statement of comprehensive income has been re-presented to show the discontinued

operation separately from continued operations. Under the terms of the Sale and Purchase Agreement ("SPA"), Norman Broadbent will receive a cash consideration of £325,000 for Social Media Search. As at the end of June, the company has received £32,502 which equates to 6 payments of £5,417.

	<b>Six months ended 30 June 2017 (unaudited)</b>	Six months ended 30 June 2016 (unaudited)	Year ended 31 December 2016 (audited)
	<b>£000</b>	£000	£000
<b>Results from discontinued operation</b>			
Revenue	-	272	470
Operating Expenses	-	(283)	(500)
<b>Results from operating activities</b>	<b>-</b>	<b>(11)</b>	<b>(30)</b>
Exceptional items	-	-	655
Tax	-	-	-
Results from operating activities, net of tax	<b>-</b>	<b>(11)</b>	<b>625</b>
Minority Interest	-	2	(306)
<b>(Loss)/Profit for the period</b>	<b>-</b>	<b>(9)</b>	<b>319</b>

The profit in 2016 from discontinued operations disclosed within the Consolidated Income Statement of £278,900 consists of the operating loss of £(30,000) and the profit on disposal of the subsidiary of £309,900. The exceptional item, relating to the write off of intercompany loan accounts, has been eliminated on consolidation within the Consolidated Income Statement.

## 7. RELATED PARTY TRANSACTIONS

i) <b>Purchase of services:</b>	<b>Six months ended 30 June 2017 £000</b>	Six months ended 30 June 2016 £000	Year ended 31 December 2016 £000
Brian Stephens & Company Limited	12	12	24
Connecting Corporates Limited	-	7	25
<b>Total</b>	<b>12</b>	<b>19</b>	<b>49</b>

Brian Stephens & Company Limited invoiced the Group for the directors' fees and corporate finance services of B Stephens (£10,000) and business related travel costs of £2,000. B Stephens is a director of Brian Stephens & Company Limited.

During the prior period the Group acquired research services from Connecting Corporates Limited of £7,000. The Group owned a 51 per cent stake in Connecting Corporates Limited.

All related party expenditure took place via "arms-length" transactions.

ii) <b>Period-end payables arising from the purchases of services:</b>	<b>Six months ended 30 June 2017 £000</b>	Six months ended 30 June 2016 £000	Year ended 31 December 2016 £000
Brian Stephens & Company Limited	2	2	4
Connecting Corporates Limited	-	30	-
<b>Total</b>	<b>2</b>	<b>32</b>	<b>4</b>

The payables to related parties arise from purchase transactions and are due one month after date of purchase. The payables bear no interest.

This information is provided by RNS  
The company news service from the London Stock Exchange

END

IR DBGDCDDDBGRI