

Date: 23 September 2014  
On behalf of: Cupid plc ('Cupid', the 'Company' or the 'Group')  
Embargoed until: 0700hrs

## Cupid plc

### Half Yearly Report

Cupid plc (AIM: CUP), the internet dating operator, today announces its half year results for the six months ended 30 June 2014 ("H1 2014").

Following the sale of the casual assets of the business on 15 July 2013, the Board considers that a more accurate representation of the Group's financial performance is conveyed by comparing H1 2014 with the ongoing<sup>1</sup> H2 2013 results as laid out in the 2013 full year report.

#### Period highlights

- Adjusted EBITDA<sup>2</sup> loss reduced to £2.8m (H2 2013: £3.3m)
- Strong cash position of £11.4m at 30 June 2014 (31 Dec 2013: £12.6m) plus £23.5m of deferred consideration receivable in instalments by November 2016
- Net asset value per share of 43p at 30 June 2014 (made up largely of cash and deferred consideration)
- Reduction of direct and administrative costs by 38% to £4.1m

#### Post period highlights

- 2013 dividend of 3p per share (£2.1m) paid in July 2014
- Launch of innovative new mobile matchmaking app, 'Tangle', scheduled for October 2014
- Uniform Dating to be launched in the USA on a new platform in October 2014
- Substantial further reductions in our cost base
- Management expect the Company to be cash generative in the fourth quarter of 2014 after taking into account the deferred proceeds from the sale of the casual assets

<sup>1</sup>Ongoing operations or ongoing business refers to the continuing business after adjusting for the effect of casual cross marketing.

<sup>2</sup>Adjusted EBITDA is earnings before interest, tax, depreciation, amortisation, share based payment charges, exceptional costs and acquisition related costs.

#### Commenting on the results, George Elliott, Chairman Cupid plc, said:

*"During 2013, and as announced on 2 April 2014, we identified a three year strategy designed to focus on enhancing the core dating offering and, in addition, to identify exciting new opportunities outside dating with our digital capability.*

*We laid out a number of milestones to be achieved during the first half of 2014, and the Group has made significant operational progress in the first six months, delivering a series of key products and initiatives. At the same time the rate of change in the dating market is accelerating as applications like Tinder build significant value, gaining share and putting pressure on traditional models. Given the value being created by adtech and the alternative dating models we are well positioned to accelerate our move into this new landscape.*

*In addition the Board continues to be focussed on maximising shareholder value and arresting the Company's cash burn in a rapidly changing market environment. It has therefore initiated a review of strategic options available to the Company. At this stage, all options available to the Company are being considered including further cost reductions and the disposal of certain subsidiaries or assets. However, there can be no certainty that any offers will be made, any sales concluded, nor as to the terms of any offer or sale. Such a review does not include the consideration or solicitation of bids for the shares of the quoted Group."*

**For further information please contact:**

**Cupid plc**

Phil Gripton, CEO  
Niall Stirling, CFO

via Redleaf Polhill

**Peel Hunt (Nominated Adviser and Broker)**

Richard Kauffer  
Daniel Harris

Tel: +44 (0)207 418 8900

**Redleaf Polhill**

Rebecca Sanders-Hewett  
Dwight Burden  
David Ison

Tel: +44 (0)207 382 4730  
cupid@redleafpr.com

**Notes to Editors**

Cupid plc offers a wide variety of online dating services allowing members to interact with each other and access the content available on the Group's websites. Their diverse brand portfolio allows them to reach mainstream, niche and specific regional markets with highly relevant products and services, tailored to a variety of dating lifestyles and cultures.

The Group's most heavily visited websites include [www.cupid.com](http://www.cupid.com), [www.uniformdating.com](http://www.uniformdating.com) and [www.girlsdateforfree.com](http://www.girlsdateforfree.com). The Group also promotes niche brands such as [www.lovebeginsat.com](http://www.lovebeginsat.com), [www.datingforparents.com](http://www.datingforparents.com) and [www.maturedatinguk.com](http://www.maturedatinguk.com).

Further information on the Company can be found at [www.cupidplc.com](http://www.cupidplc.com) or cupid@redleafpr.com.

## Chief Executive Officer's Statement

### Introduction

As stated in our annual report, we laid out a number of operational milestones to be achieved during the first half of 2014, and the Group has made significant progress during the reported period which is summarised later in the statement.

As part of transforming our core dating business into a sustainable, high quality, customer-centric offering we successfully launched new or updated versions of Cupid.com, Uniformdating.com and LovesBeginsAt.com. The initiatives put in place have improved a number of operational KPIs including customer churn levels and conversion, as well as reducing direct costs.

The dating market continues to evolve at a rapid pace. To capitalise on emerging opportunities afforded by new models and changing consumer behaviours, Cupid has acquired and subsequently developed its own new offering, 'Tangle', with enhanced functionality beyond other platforms, which can be monetised to compete with the other recent intuitive mobile-centric applications that have gained significant traction of late.

Although the focus in the period has been on improvements in the dating business, Cupid has also initiated its first proof of concept in data adtech, a market estimated by Magna Global to reach \$32.6bn by 2017. This is in line with the Company's stated strategy to explore revenue-generating opportunities outside dating. It is early days, but management is very pleased with the progress made to date in this area and is working to deliver a marketable product in Q4 2014. Initial 'founder customer' reactions have been positive.

### Financial Review

In what is a transitional period for the Group, revenue for the first half was £7.2m and EBITDA was a loss of £2.8m, both marginally better than the guidance provided at the AGM. Revenue is lower than H2 2013 reflecting lower direct marketing spend and a changing and more competitive market, coupled with some delays in implementing product changes. These factors have called for prudence being applied to marketing investments. Gross profit in H1 2014 has been reduced by £1.2m of new product launch costs in support of Uniform Dating, LoveBeginsAt and Cupid.com. These incremental costs are not expected to generate the same short-term return as regular investment, but will help drive long term brand awareness and growth.

The stronger EBITDA performance has been achieved through close management of costs, which in turn enabled us to end the half with £11.4m of cash. This focus has seen administration expenses, and the overall cost base (including direct costs) reduce by 56% and 38% respectively.

Ongoing business	H1 2014	H2 2013	2013
	£m	£m	£m
Revenue	7.2	9.4	22.0
Marketing	(5.9)	(6.0)	(15.4)
<b>Pro forma gross profit</b>	<b>1.3</b>	<b>3.4</b>	<b>6.6</b>
GP%	18%	35%	30%
Direct costs	(2.5)	(3.1)	(6.4)
Admin expenses <sup>1</sup>	(1.6)	(3.6)	(7.6)
<b>Pro forma Adjusted EBITDA</b>	<b>(2.8)</b>	<b>(3.3)</b>	<b>(7.4)</b>

<sup>1</sup>Admin expenses excludes depreciation, amortisation, share based payment charges, exceptional costs and acquisition related costs.

As a result of the sale of the casual assets in July 2013 a better comparison for the June 2014 balance sheet is that at December 2013. The Group's balance sheet remains robust with a strong net cash position at 30 June 2014. The discounted amount due in respect of the sale of the casual assets fell from £22.1m to £20.7m during the first half. The remaining consideration of £23.5m before discount is secured against the acquirer's assets, including those

that will transfer under the sale, and is payable as follows: £4.5m in the balance of 2014, £10m in 2015 and £9m in 2016. This has also led to a fall in non-current receivables and an increase in current receivables. Current assets also include tax recoverable in respect of the current year losses. Net cash fell by £1.2m to £11.4m during the period; this follows an operating cash outflow of £3.1m (including tax payments of £1.1m), which was, in part, funded by the deferred sale proceeds of £2.5m from the casual assets. Trade and other payables increased from £7.9m to £8.7m reflecting higher levels of marketing investment in May and June 2014 compared to November and December 2013.

### Trading KPIs for the continuing operations

The key trading metrics covering the first half of 2014 and the second half of 2013 are set out below:

<b>KPIs</b>	<b>H1 2014</b>	<b>H2 2013</b>	<b>H1 2013</b>
Registrations '000 <sup>1</sup>	2,700	4,371	12,539
£ per registration <sup>2</sup>	£2.03	£1.33	£0.57
New subscribers '000 <sup>3</sup>	89	135	278
Conversion <sup>4</sup>	3.3%	3.1%	2.2%
ARPU <sup>5</sup>	£19.75	£21.01	£21.14
Churn <sup>6</sup>	31%	33%	44%
Closing subscribers '000 <sup>7</sup>	48	69	102

<sup>1</sup>Registrations is the total number of new registered users in the period

<sup>2</sup>£ per registration is the direct marketing cost per new registration

<sup>3</sup>New subscribers is the total number of new paying subscribers in the period

<sup>4</sup>Conversion is the proportion of new registrations that convert to paying subscribers

<sup>5</sup>ARPU is average monthly revenue (net of VAT) per subscriber

<sup>6</sup>Churn is the number of cancelled subscribers divided by average monthly subscribers

<sup>7</sup>Closing subscribers is the total number of paying subscribers at the end of the period

Our strategy to redevelop a strong and sustainable core dating offering, and the planned rebalancing of marketing, succeeded in bringing us better-targeted registrations, which will ultimately benefit the future earnings of the Group.

As expected, the offline investment in Uniform Dating, Cupid.com and LoveBeginsAt increased the cost per registration to £2 for the period, but should deliver improvements in the quality and value of the customer base going forward. We expect the higher cost per registration to continue for the remaining part of the current financial year.

It is pleasing to report continued improvement in the churn ratio, which ended the period at 31%. The improvement in conversion we saw in H2 2013 continued, albeit competitive pressure and unforeseen product improvement delays meant that the uplift was not as significant as had been expected. Overall, this has resulted in a lower than expected number of new paying subscribers. As expected, ARPU fell during the period by 6%, which reflected both seasonal offers and launch offers across Cupid.com and LoveBeginsAt.com.

### Operational progress

As part of transforming our core dating business into a sustainable, high-quality, customer-centric offering whilst driving the complementary data adtech business the Board laid out a number of key strategic milestones to achieve as part of a three year plan. During the current financial year the objectives were:

- Improve the dating business metrics
- Launch new improved products in Q2 in the UK, USA and Australia
- Open up new lines of non-subscription revenues
- Extend our capability by developing a data adtech proof of concept and recruit initial trial customers
- Reduce the Group's cost base

During the period we delivered the following key achievements against those objectives:

- Started the development of a potential successor to our current Flex platform
- Fully implemented and complied with the Online Dating Association's Code of Practice
- Launched LoveBeginsAt.com
- Built Uniform Dating USA on a new mobile platform with a more flexible business model
- Acquired and subsequently developed Tangle, our alternative to the intuitive mobile applications (like Tinder), with enhanced features that can be monetised.
- Initiated our data adtech proof of concept
- Disposed of the loss making German operation
- Reduced our direct and administrative costs by 38% from £6.7m to £4.1m

Despite an advancement of the strategy and achievements made in the first half of 2014, a number of challenges remain:

- The core Flex platform is proving to be more difficult to transform.
- Introducing new user experience testing and rapid agile development methods into the Ukraine environment has taken longer than expected.
- Increased competition and slower marketing efficiency improvements led to a higher cost per acquisition. The continuing tension in Ukraine has proven to be a drain on management time. However, to date we have continued to deliver service without interruption through our UK datacenters. We continue to mitigate and reduce our exposure to the political situation.

### **Market environment**

The evolution of the dating industry continues, with intuitive mobile dating apps taking a stronger hold on the market, extending into older age groups as the year has progressed. This evolution coupled with other social networking trends has resulted in what can only be described as a significant change in the market, with resultant pressure on subscription-based business models. Cupid, however, is well positioned to capitalise on the new opportunities afforded by the market through its innovative new mobile matchmaking app, 'Tangle', which is scheduled for launch in October.

The signals in the market all point to a future where more people will be meeting online via intuitive, simple, mobile apps. This will mean all current providers must adapt quickly to the consumer demand for relevant products and services by changing their current offering and developing innovative new solutions with short time-to-market. The inevitable change in patterns of consumer spend associated with these apps will result in those who are unable to react losing traction. There are many dating providers feeling this pressure today and as the majority will be unable to react on their own in a timely fashion, consolidation in the sector is likely to emerge at a greater pace as we move into 2015.

### **Looking ahead**

After a number of successful milestone deliveries in the first six months, we have a number of key activities planned in the second half. We will be busy with targeted product launches and initiatives as we look to enhance the core dating offering.

The first product to launch on our newly built platform will be Uniform Dating USA. It will launch in early October as a mobile-only application, and, in response to the market, with a more flexible payment model.

Tangle will deliver a stronger user experience with innovative features allowing people who physically cross paths to connect and meet. Tangle also has paid-for features that allow people to reach out to those who interest them, whilst ensuring all users remain in control of their privacy.

Our work on the data adtech proposition continues at pace, working to deliver a marketable product in Q4 2014. Initial 'founder customer' reactions have been positive.

In previous statements we provided guidance that we expected to be cash generative in H2 2014 and our profitability to be at a positive run rate as we entered 2015. After reviewing the outlook for the next six months, the Board now believes that the Company will be cash generative, after including the deferred proceeds from the sale of the casual assets, in Q4 2014, although a positive run rate for profitability will be later than anticipated. Revenue is expected to be c £12m for the full year. We will continue to control and reduce costs aggressively in the balance of year and expect the adjusted EBITDA loss in H2 2014 to be less than in H1 2014. Closing cash is expected to be in excess of £9m.

### **Strategic review**

Through the course of the first half it has become clear that the pace of change in the industry is increasing; innovation with mobile and intuitive apps is accelerating as they gather momentum and scale. This emphasises the need for us to become more agile and flexible.

The Board has therefore initiated a review of strategic options available to the Company to maximise value for shareholders and arrest the cash burn. At this stage, all options available to the Company are being considered, including further cost reductions and the disposal of certain subsidiaries or assets to aid streamlining. However, there can be no certainty that any offers will be made, any sales concluded, nor as to the terms of any offer or sale. Such a review does not include the consideration or solicitation of bids for the shares of the quoted Group. The Board has engaged advisors who previously supported the disposal of our casual assets.

During this period the management team will continue to work towards delivering on the objectives set for the second half, and look to build on the progress and advancements made to date.

A further announcement will be made as and when appropriate.

**Phil Gripton**  
*Chief Executive Officer*

**Cupid plc**  
**Interim results FY2014**  
**Consolidated interim statement of comprehensive income**

Six months ended 30 June 2014

	<b>Unaudited Total H1 2014 £000</b>	Unaudited Continuing operations H1 2013 £000	Unaudited Discontinued operations H1 2013 £000	<b>Unaudited Total H1 2013 £000</b>
<b>Revenue</b>	<b>7,177</b>	16,454	26,906	<b>43,360</b>
Cost of sales	<b>(8,416)</b>	(12,958)	(23,095)	<b>(36,053)</b>
Gross (loss)/profit	<b>(1,239)</b>	3,496	3,811	<b>7,307</b>
Administrative expenses	<b>(2,926)</b>	(6,042)	(4,077)	<b>(10,119)</b>
Operating loss	<b>(4,165)</b>	(2,546)	(266)	<b>(2,812)</b>
Analysed as:				
Earnings before interest, tax, depreciation, amortisation, acquisition and restructuring costs, share based payments, and exceptional costs	<b>(2,824)</b>	(538)	3,166	<b>2,628</b>
Acquisition and restructuring costs	-	(50)	-	<b>(50)</b>
Share based payments	<b>(11)</b>	(71)	(30)	<b>(101)</b>
Depreciation of plant and equipment	<b>(123)</b>	(200)	(164)	<b>(364)</b>
Amortisation of intangible assets	<b>(1,207)</b>	(1,298)	(2,984)	<b>(4,282)</b>
Exceptional costs	-	(389)	(254)	<b>(643)</b>
Finance income	<b>1,125</b>	43	-	<b>43</b>
Loss before taxation	<b>(3,040)</b>	(2,503)	(266)	<b>(2,769)</b>
Taxation credit	<b>683</b>	635	1	<b>636</b>
Loss for the period after taxation	<b>(2,357)</b>	(1,868)	(265)	<b>(2,133)</b>
<b>Other comprehensive income:</b>				
Items that are or may be classified subsequently to profit or loss:				
Foreign exchange translation differences – equity accounted investments	<b>(79)</b>	117	-	<b>117</b>
<b>Loss for the period and total comprehensive income all attributable to equity holders of the parent</b>	<b>(2,436)</b>	(1,751)	(265)	<b>(2,016)</b>
Basic and diluted earnings per share				
Basic (p per share)	<b>(3.31)</b>	(2.23)	(0.32)	<b>(2.55)</b>
Diluted (p per share)	<b>(3.31)</b>	(2.23)	(0.32)	<b>(2.55)</b>

**Cupid plc**  
**Interim results FY2014**  
**Consolidated interim statement of financial position at 30 June 2014**

	Unaudited H1 2014 £000	Unaudited H1 2013 £000	Audited FY 2013 £000
<b>Non-current assets</b>			
Plant and equipment	348	709	447
Intangible assets	4,167	6,682	4,718
Trade and other receivables	11,749	-	15,564
	16,264	7,391	20,729
<b>Current assets</b>			
Trade and other receivables	10,969	2,451	8,690
Taxation	1,276	38	-
Cash and cash equivalents	11,355	12,716	12,607
Assets classified as held for sale	-	20,441	-
	23,600	35,646	21,297
<b>Total assets</b>	<b>39,864</b>	<b>43,037</b>	<b>42,026</b>
<b>Current liabilities</b>			
Other interest-bearing loans and borrowings	-	2	-
Trade and other payables	8,675	3,901	7,938
Tax payable	-	-	383
Liabilities classified as held for sale	-	10,256	-
	8,675	14,159	8,321
<b>Non-current liabilities</b>			
Deferred tax liabilities	553	713	644
	553	713	644
<b>Total liabilities</b>	<b>9,228</b>	<b>14,872</b>	<b>8,965</b>
<b>Net assets</b>	<b>30,636</b>	<b>28,165</b>	<b>33,061</b>
<b>Equity attributable to equity holders of the parent</b>			
Called up share capital	2,084	2,085	2,084
Share premium account	18,025	18,026	18,025
Share options reserve	11	1,113	635
Foreign currency translation reserve	(249)	(256)	(170)
Merger reserve	(1,261)	(1,261)	(1,261)
Capital redemption reserve	43	42	43
Retained earnings	11,983	8,200	13,705
Equity attributable to the equity holders of the parent	30,636	27,949	33,061
Non-controlling interests	-	216	-
<b>Total equity</b>	<b>30,636</b>	<b>28,165</b>	<b>33,061</b>



**Cupid plc**

**Interim results FY2014**

**Consolidated interim statement of changes in equity for the six months ended 30 June 2014**

	Share capital	Share premium	Share options reserve	Retained earnings	Foreign currency translation reserve	Merger reserve	Capital redemption reserve	Total
	£000	£000	£000	£000	£000	£000	£000	£000
At 1 January 2013	2,127	18,021	1,447	13,318	(373)	(1,261)	-	33,279
<b>Total comprehensive income for the period</b>								
Loss for the period	-	-	-	(2,133)	-	-	-	(2,133)
Exchange rate differences	-	-	-	-	117	-	-	117
<b>Transactions with owners recorded directly in equity</b>								
Charge for the year	-	-	101	-	-	-	-	101
Deferred tax on share based payments	-	-	(435)	-	-	-	-	(435)
Issue of ordinary shares	-	5	-	-	-	-	-	5
Share buyback	(42)	-	-	(2,985)	-	-	42	(2,985)
At 30 June 2013	2,085	18,026	1,113	8,200	(256)	(1,261)	42	27,949
<b>Total comprehensive income for the period</b>								
Profit for the period	-	-	-	16,223	-	-	-	16,223
Exchange rate differences	-	-	-	-	86	-	-	86
<b>Transactions with owners recorded directly in equity</b>								
Charge for the year	-	-	74	-	-	-	-	74
Dividends paid	-	-	-	(2,502)	-	-	-	(2,502)
Deferred tax on share based payments	-	-	260	-	-	-	-	260
Issue of ordinary shares	-	(1)	-	-	-	-	-	(1)
Cancellation of options	-	-	(812)	812	-	-	-	-
Share buyback	(1)	-	-	-	-	-	1	-
Shares held in treasury	-	-	-	(9,028)	-	-	-	(9,028)
At 31 Dec 2013	2,084	18,025	635	13,705	(170)	(1,261)	43	33,061
<b>Total comprehensive income for the period</b>								
Loss for the period	-	-	-	(2,357)	-	-	-	(2,357)
Exchange rate differences	-	-	-	-	(79)	-	-	(79)
<b>Transactions with owners recorded directly in equity</b>								
Charge for the year	-	-	11	-	-	-	-	11
Cancellation of options	-	-	(635)	635	-	-	-	-
At 30 June 2014	2,084	18,025	11	11,983	(249)	(1,261)	43	30,636

**Cupid plc**  
**Interim Results FY2014**  
**Consolidated interim cash flow statement for the six months ended 30 June 2014**

	Unaudited H1 2014 £000	Unaudited H1 2013 £000	Audited FY 2013 £000
(Loss)/ profit for the period	(2,357)	(2,133)	14,090
<i>Adjustments for:</i>			
Depreciation and amortisation	1,330	4,646	6,865
Finance income	(1,125)	(43)	(70)
Equity settled share-based payment expenses	11	101	175
Taxation	(683)	(636)	1,406
Gain on disposal of discontinued activities	-	-	(23,395)
Other reserve movements	(79)	117	203
	(2,903)	2,052	(726)
Decrease in trade and other receivables	120	3,550	8,351
Increase/(decrease) in trade and other payables	738	2,190	(1,276)
	(2,045)	7,792	6,349
Tax paid	(1,069)	(1,408)	(2,704)
<b>Net cash from operating activities</b>	<b>(3,114)</b>	<b>6,384</b>	<b>3,645</b>
<i>Cash flow from investing activities</i>			
Interest received	41	43	70
Acquisition of subsidiary, net of cash acquired	-	(2,300)	(3,416)
Acquisition of plant and equipment	(49)	(602)	(635)
Capitalised development expenditure	(599)	(1,873)	(2,535)
Acquisition of other intangible assets	(57)	(72)	(72)
Proceeds from sale of discontinued operations	2,526	-	6,652
Proceeds from sale of property, plant and equipment	-	-	267
<b>Net cash used in investing activities</b>	<b>1,862</b>	<b>(4,804)</b>	<b>331</b>
<i>Cash flows from financing activities</i>			
Payment of finance lease liabilities	-	(11)	(13)
Share buyback	-	(2,980)	(2,981)
Dividends paid	-	-	(2,502)
<b>Net cash used in financing activities</b>	<b>-</b>	<b>(2,991)</b>	<b>(5,496)</b>
Net decrease in cash and cash equivalents	(1,252)	(1,411)	(1,520)
Cash and cash equivalents at 1 January 2014	12,607	14,127	14,127
<b>Cash and cash equivalents at 30 June 2014</b>	<b>11,355</b>	<b>12,716</b>	<b>12,607</b>

**Cupid plc**  
**Interim results FY2014**  
**Notes to the Interim Statement**

**1. Basis of preparation**

The interim financial statements set out above contain the interim financial information of Cupid plc (the "Company") for the six month period ended 30 June 2014. The interim financial statements are prepared by applying the recognition and measurement requirements of IFRSs as adopted by the EU. The Company has elected not to prepare the interim statements in accordance with IAS 34 as adopted by the EU. The interim statements do not include all the information required for full annual financial statements and should be read in conjunction with the financial statements of the company as at and for the year ended 31 December 2013 which were prepared in accordance with IFRS as adopted by the EU.

These interim financial statements were authorised for issue by the Board of Directors on 23 September 2014. A copy of this half-yearly financial report is available on the Company's website at [www.cupidplc.com](http://www.cupidplc.com).

Where shown, the comparative figures for the financial year ended 31 December 2013 are not the Company's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditor and delivered to the Registrar of Companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The interim financial information for the six month period ended 30 June 2014 and the six month period ended 30 June 2013 is unaudited. This statement has not been reviewed by the Company's auditor.

The Group's projections, taking into account all risks and uncertainties indicate that the Group will continue to be self-funding. As a result, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

**Cupid plc**  
**Interim results FY2014**  
**Notes to the Interim Statement cont'd**

**2. Earnings per share**

Continuing operations	Earnings	Weighted average no. of shares	Earnings per share	Earnings	Weighted average no. of shares	Earnings per share
	H1 2014 £000	H1 2014 '000	Pence H1 2014	H1 2013 £000	H1 2013 '000	Pence H1 2013
<b>Basic earnings per share</b>	(2,357)	71,201	(3.31)	(1,868)	83,683	(2.23)
Dilution for options	-	-	-	-	400	0.01
<b>Diluted earnings per share</b>	(2,357)	71,201	(3.31)	(1,868)	84,083	(2.22)
<b>Diluted earnings per share capped</b>						(2.23)
Adjustments:						
Amortisation of intangible assets (ex R&D)	804			1,064		
Acquisition and restructuring costs	-			50		
Share based payments	11			71		
Tax impact of adjusted items	(175)			(276)		
<b>Adjusted earnings for the period</b>	(1,717)			(959)		
Adjusted basic earnings per share	(1,717)	71,201	(2.41)	(959)	83,683	(1.15)
<b>Adjusted diluted earnings per share</b>	(1,717)	71,201	(2.41)	(959)	84,083	(1.14)
<b>Total Group</b>						
	Earnings	Weighted average no. of shares	Earnings per share	Earnings	Weighted average no. of shares	Earnings per share
	H1 2014 £000	H1 2014 '000	Pence H1 2014	H1 2013 £000	H1 2013 '000	Pence H1 2013
<b>Basic earnings per share</b>	(2,357)	71,201	(3.31)	(2,133)	83,683	(2.55)
Dilution for options	-	-	-	-	400	0.01
<b>Diluted earnings per share</b>	(2,357)	71,201	(3.31)	(2,133)	84,083	(2.54)
<b>Diluted earnings per share capped</b>						(2.55)
Adjustments:						
Amortisation of intangible assets (ex R&D)	804			3,509		
Acquisition and restructuring costs	-			50		
Share based payments	11			101		
Tax impact of adjusted items	(175)			(851)		
<b>Adjusted earnings for the period</b>	(1,717)			676		
Adjusted basic earnings per share	(1,717)	71,201	(2.41)	676	83,683	0.81
<b>Adjusted diluted earnings per share</b>	(1,717)	71,201	(2.41)	676	84,083	0.80

The measure of adjusted earnings per share, as calculated above, is a non-statutory measure, which we believe is useful to investors and is commonly used to evaluate the performance of businesses where M&A activity is significant.

Details of the grant of options over 3,700,000 shares in the Company (each with an option exercise price of 44 pence per share) were announced on 2 May 2014. The terms of these awards, other than in respect of the options granted to the CEO, provide that the options will all vest on the third anniversary of the date of grant rather than annual vesting over three years. Options over 2,000,000 shares granted to the CEO vest as to one third on the first anniversary of the date of grant with the remaining options vesting in four equal instalments 18, 24, 30 and 36 months after the date of grant. In addition, the options granted to the CEO also contain provisions for accelerated vesting in the event of a change of control of the Company.