

2 June 2015

INTERCEDE GROUP plc
(“Intercede”, the “Group” or “the Company”)

Preliminary Results for the Year Ended 31 March 2015

Intercede, the software and service company specialising in identity, credential management and secure mobility, today announces its preliminary results for the year ended 31 March 2015.

Highlights

- Sales revenues of £8.8m (2014: £9.8m).
- Operating expenses increased to £10.2m (2014: £9.4m), as a result of continuing investment in infrastructure, technology development and sales capacity.
- Headcount increased to 119 at 31 March 2015 (2014: 105).
- Loss for the year of £1.3m (2014: profit of £0.8m).
- Loss per share 2.7p (2014: earnings per share 1.6p).
- Cash balances of £5.9m remain strong at 31 March 2015 (2014: £7.2m).
- The Group has no debt.
- Launch of MyTAM, a fully hosted cloud service that provides security for applications needing to store personal data, enable financial transactions or protect valuable content. MyTAM can be used with many Android devices, including Samsung and HTC handsets.
- Since launch of MyTAM, partnerships announced with five organisations engaged in mobile cybersecurity, covering mobile payments, voice encryption, app development and the provision of security solutions for Bitcoin.

Richard Parris, Chairman & Chief Executive of Intercede, said today:

“Our strategy remains unchanged, because the cybersecurity market opportunity is, if anything, bigger than previously thought, especially in mobile, even though the immediate fiscal and political landscape has slowed down initial orders. Investment in exploiting this opportunity will continue, especially as interest in our new technology is growing, evidenced by the number of MyTAM partnerships we have recently entered into. In the short term, our investment in this new and growing market will be supported by Intercede’s established MyID product which generates a high margin from a secure base of recurring revenues and provides cash for this investment. In the medium term, we expect the returns from our investment to create larger, growing and more diverse revenue streams.”

About Intercede:

Intercede is a software and service company specialising in identity, credential management and secure mobility. Its solutions create a foundation of trust between connected people, devices and apps and combine expertise with innovation to provide world-class cybersecurity.

Intercede has been delivering solutions to high profile customers, from the US and UK governments to some of the world's largest corporations, telecommunications providers and information technology firms, for over 20 years.

Intercede's MyID software is an identity and credential management system that enables organisations to create and assign trusted digital identities to employees, citizens and machines and in turn allows secure access to services, facilities, information and networks. MyID adheres to international standards, while remaining simple enough to be deployed onto consumer devices such as smartphones, tablets and other devices in the Internet of Things.

In 2015 Intercede launched MyTAM; enabling trusted applications to be loaded into a mobile device's Trusted Execution Environment (TEE), providing hardware-level security for Android apps. The cloud-based service provides a cost-effective and convenient way for developers and corporations to protect their apps and users' sensitive data.

For more information visit: www.intercede.com

ENQUIRIES**Intercede Group plc**

Richard Parris, Chairman & Chief Executive
Andrew Walker, Finance Director

Tel. +44 (0)1455 558111

finnCap Ltd

Stuart Andrews, Corporate Finance
Joanna Weaving, Corporate Broking

Tel. + 44 (0)20 7220 0500

Pelham Bell Pottinger

Archie Berens

Tel. +44 (0) 7802 442486

INTERCEDE GROUP plc

Preliminary Results for the Year Ended 31 March 2015

CHAIRMAN'S STATEMENT

Introduction

During the past year Intercede has met its strategic objective of positioning the Company as a key player in a rapidly developing market; the creation of digital trust for people, devices and applications in an increasingly mobile world. This extends our portfolio beyond our digital identity solutions to now include trusted application management services to new and existing markets.

In the period Intercede has achieved a number of significant breakthroughs with IT industry partners that will underpin growth in the next financial year and beyond. Although FY2015 was disappointing in terms of recognisable revenues due to a number of external factors outside of the Company's influence, described more fully in the Strategic Report, the longer term outlook for the Company is encouraging, and the strategy to exploit the considerable market opportunities remains unchanged.

As evidence of this, Intercede has already made good progress against its strategic objectives in FY2015 by remaining focused on achieving short term goals, while simultaneously investing in longer term opportunities. Time and resource has been centred on three key principles:

Protect

To protect our solid foundation by retaining and maximising revenue opportunities from our existing customers and markets. This entails a clear focus on the high assurance enterprise security space to execute major MyID deployments with large scale customers in the US and Europe.

Highlights include:

- A breakthrough order with a major US Healthcare provider with revenue to be recognised in FY2016.
- A 3rd US aerospace manufacturer ready to go live with an enterprise-wide deployment of MyID for employee authentication.
- Repeat orders for national identity and critical national infrastructure projects.
- Major oil and gas company contracted for the provision of Intercede's secure mobile applications.

Enhance

To enhance our current proposition by advancing the MyID 10 family of products for the benefit of existing and new digital identity customers.

Highlights include:

- First orders for MyID v10.1 Mobile Derived Credential platform from a US Federal Agency – material revenue in FY2016.
- A further order received via CertiPath for a 'PIV in a box' identity solution from a branch of the US Armed Forces.
- A strategic partnership with Citrix, a leader in mobile workspaces, to offer Citrix Ready® MyID technology to XenMobile customers.

Grow

To grow by creating new opportunities through penetrating new markets with new products and services.

Highlights include:

- First orders received for Intercede’s newly announced MyTAM, a Cloud-based Trusted Application Management service for managing the distribution of trusted applications on mobile devices such as Android phones. Orders have been received from Good Technology, Koolspan, Ledger and Rivetz, plus an announcement with Interpay, with revenue to be realised from FY2016 onwards. This was in line with another goal we set ourselves in 2014, namely taking the proof of concept to market and progressing it to the point of revenue generation.
- The formation of a cybersecurity collaboration group for connected vehicles with industry experts MIRA and Plextek, moving Intercede into the Internet of Things (IoT) market.

Pictured below is Chief Executive, Richard Parris, engaged in the marketing of Intercede’s MyTAM product.



Launching MyTAM at Mobile World Congress Barcelona, Feb 2015



MyTAM Partner Good Technology Richard Parris & Nicko Van Someren

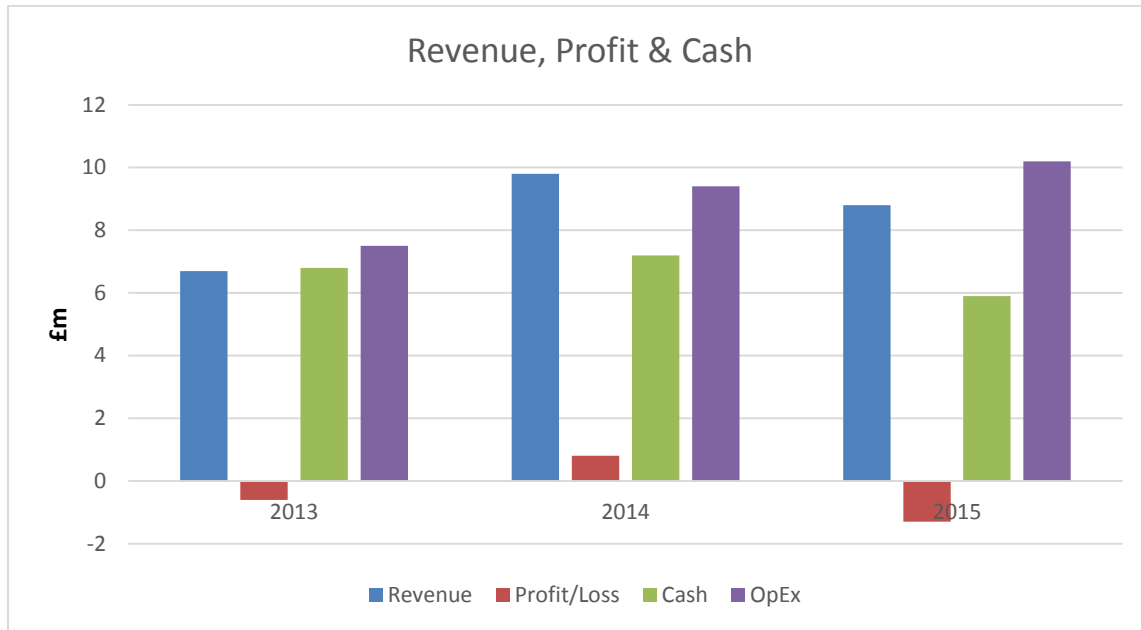


MyTAM Partner Interpay Richard Parris & Calvin Kim

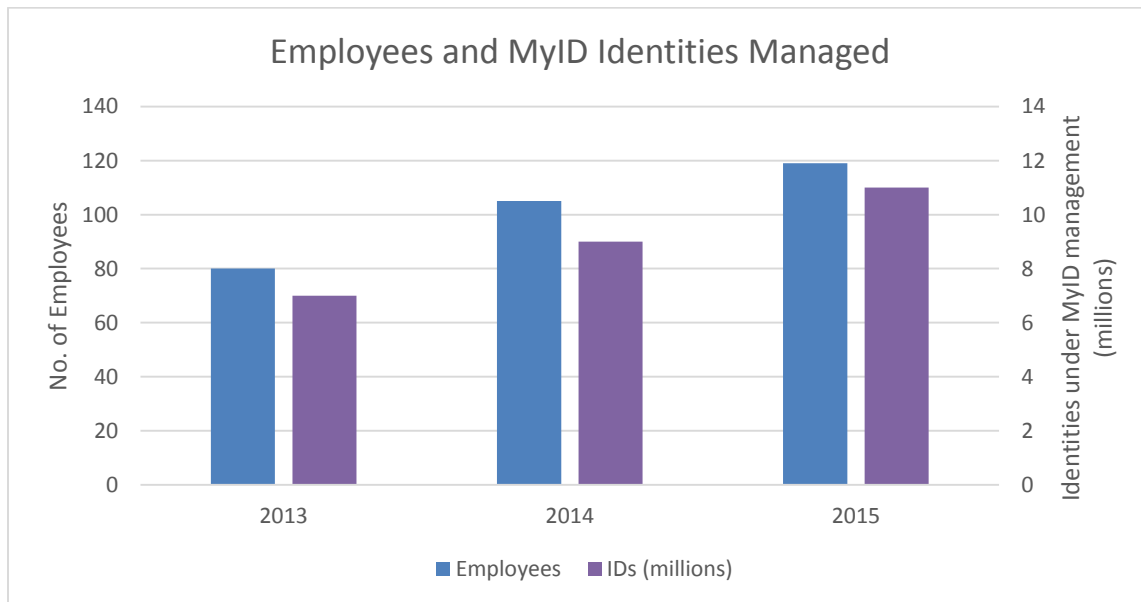
Further update re FY15 Strategic Goals (from 2014 Annual Report)

Goals	Progress
Progress revenue generation from Microsoft partnership through exploitation of TPM for virtual smart card deployments on Windows Phone and tablets.	Co-selling with Microsoft field sales teams, product collaboration on Win 8 and 10 virtual smart card, joint participation with NIST at NCSCoE and RSA.
Grow the MyID ecosystem by developing channel partners to both capture existing demand and create new demand for product.	New partners secured in US (e.g. TriVir) and Korea (e.g. Interpay). Breakthrough healthcare project secured via Gemalto channel in the US.
Continued research and development in expanding the MyID platform to provision digital identities onto mobile, portable and wearable devices.	New MyID architecture launched: MyID v10.1/10.2/10.3. MyTAM service designed, built and launched. Increased investment in R&D.
Revenue generation from Cloud services/MyID in the Cloud.	Newly launched MyTAM service is 100% cloud based using an extension of Intercede’s MyID server platform.
Continued investment in growing sales channel and support capacity in order to be able to fully exploit new market opportunities.	Head of Marketing appointed 12th May 2014. Head of Global Sales appointed 1st April 2015. Additional sales, support and marketing staff appointed throughout FY15. Expanded US office facility. More conference and exhibition participation.

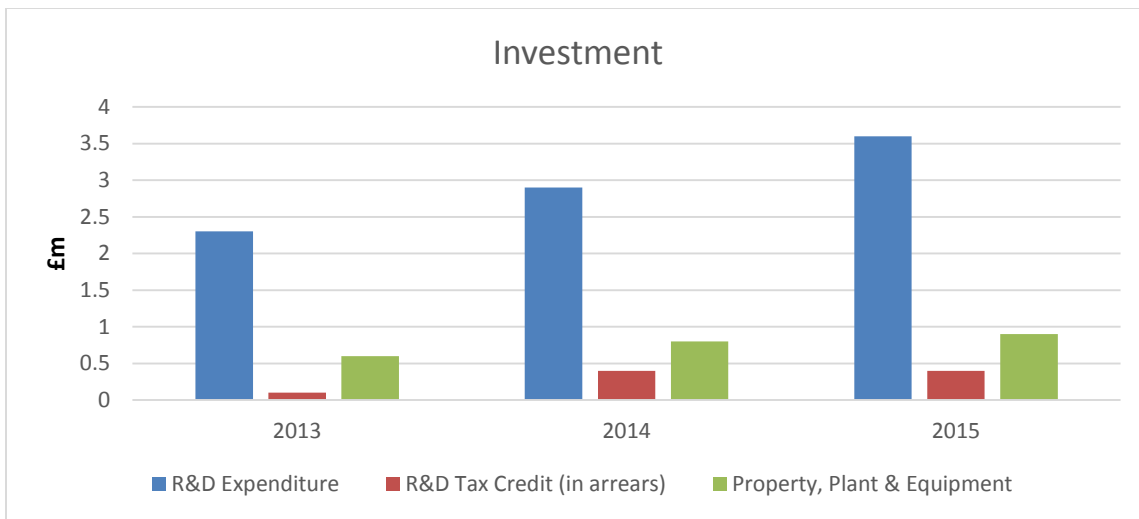
Financial results



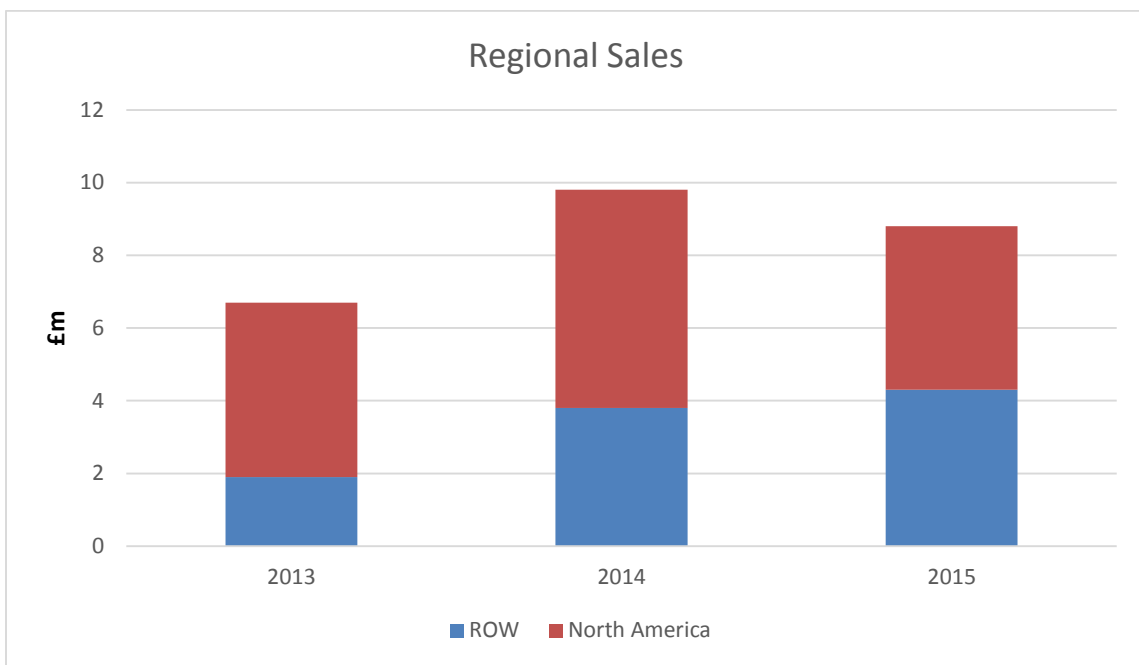
The three year trend in revenues is positive but lumpiness in orders has resulted in a 10% decrease in revenue from 2014 to 2015. Profits and cash reserves have moved in line with revenue while operating expenses have grown in line with planned corporate expansion.



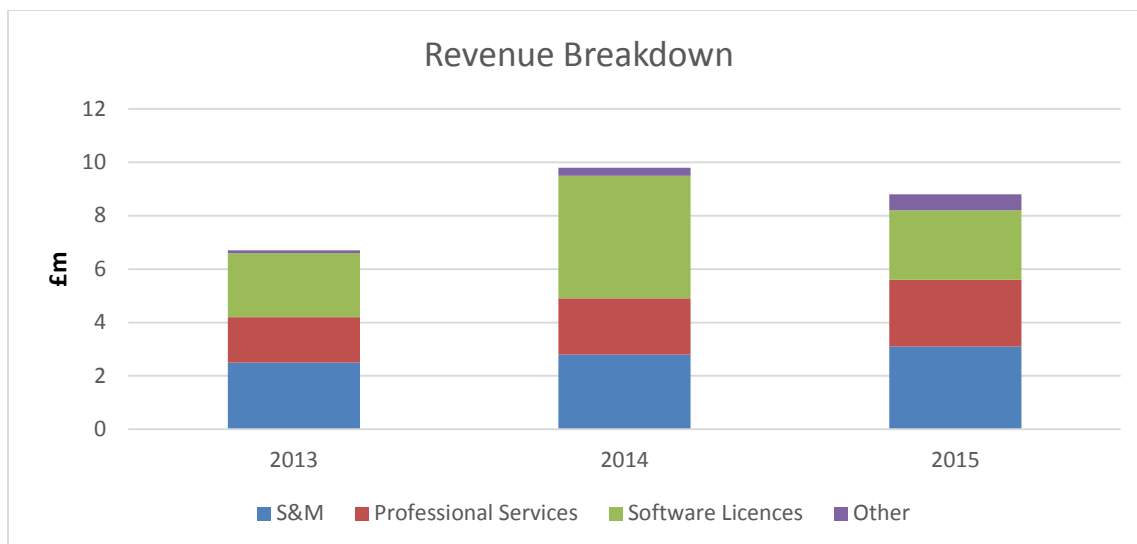
Intercede's investment plan for people and corporate infrastructure has resulted in a progressive increase in the number of employees. This has enabled the delivery of an increased number of digital identities managed by the MyID platform and leaves the Company well-structured for future growth.



Research and development is an important part of Intercede’s investment strategy. Money spent on people qualifies, in arrears, for UK government tax credits which are paid in cash in the following year.



A slowdown in US government sales has been partly offset by a steady increase in sales for the rest of the world.

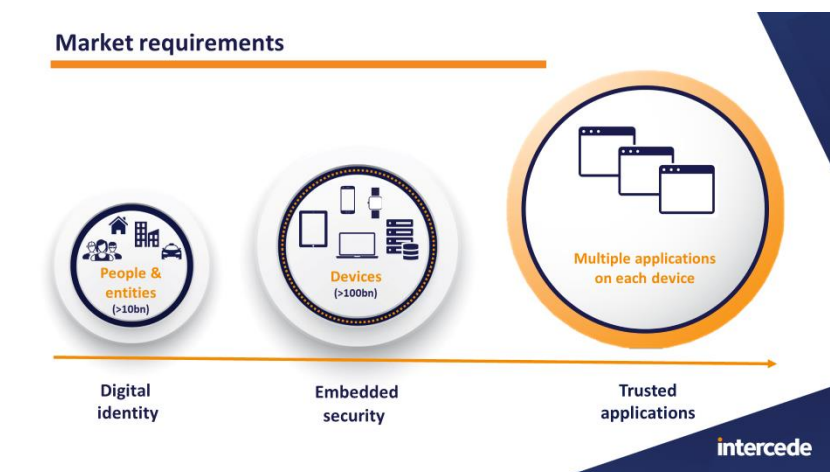


Over the last three years there has been progressive growth in recurring Support & Maintenance (S&M) fees and Professional Services fees, which tend to be independent of the lumpiness of licence revenue. We expect this trend to continue. The introduction of the MyTAM service is also expected to introduce a new revenue item in FY2016. This is expected to increase growth and smooth the volatility of software licence sales.

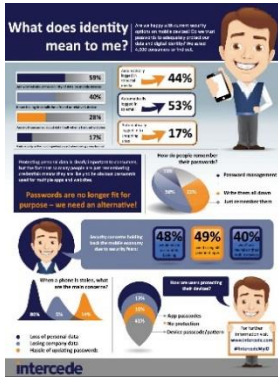
Our vision

Intercede believes that in the future everybody and everything will need a unique digital identity, which will need to be available on whatever platform a user chooses and will need to be trusted and managed.

Additionally, as a result of the implementation of fully trusted identities, more and more transactions will be carried out on mobile devices via a potentially infinite number of applications, which in turn will need to be trusted in order to protect sensitive data.



MyTAM



Consumer research carried out by Intercede in the Summer of 2014 demonstrates a growing acceptance that password-based authentication is incompatible with the convenience and security demanded by today's digital economy. The results of our survey "The Rise of the Identity Centric Economy" received widespread coverage on US network TV and on-line media. A key finding was that **44%** of US consumers would never use mobile banking services and **48%** would never use bill payment apps on their mobile phone. The data reveals that while adoption of smartphones is widespread in the US (close to **80%**), and more than half say that security is a primary factor in choosing a new smartphone, current security measures are inadequate for consumers to feel confident enough to fully utilise mobile technology.

Intercede's MyTAM service goes straight to the heart of the problem, resolving the barrier to mass adoption by providing a way of fully securing trusted applications on mobile devices. By way of example, 80% of the US population over the age of 14 are smartphone users, which amounts to 200 million users. Since almost half of these say they refuse to use mobile banking or bill payment applications, that means there are almost 100 million people who might be persuaded to use these apps by securely deploying them with the MyTAM service. Given that this is just one geographic market, it shows how significant the potential is for Intercede's MyTAM.

MyTAM currently has the capacity to secure more than 80% of the known trusted applications in the market. As a result significant annual revenues are expected to start flowing from FY2016 onwards. We believe that within the next five years there will be in excess of 1,000 applications that could be secured using a MyTAM.

A further exciting aspect of the MyTAM business is that it is taking Intercede into new sectors such as secure voice, payments and Bitcoin. This opens up additional customer bases with the prospect of upselling MyTAM users with MyID services at a later date. This is a force multiplier.

MyID

Intercede's MyID platform currently manages over 10 million identities and generates an annual average revenue of approximately £1 per identity. In the next five years, there are likely to be in excess of 5 billion people and entities requiring a digital identity, used on 50 billion devices, each of which will be loaded with at least one (and possibly many) trusted applications.

The Internet of Things

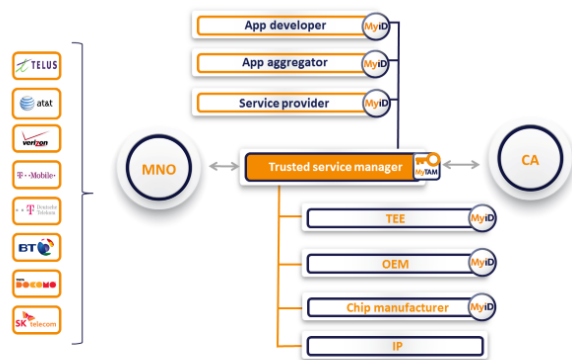
The next stage beyond all of this is using MyID and MyTAM in the Internet of Things market. Intercede has already announced a partnership with MIRA and PlexTek to investigate automotive IOT opportunities. We are also engaged in early stage work with leading mobility OEMs and strategic discussions with aerospace & defence contractors investigating the security of weapons platforms.

Positioning ourselves for growth

Intercede delivers a strong foundation for digital trust that ensures the correct access, by the right person, on any device, anywhere. This is a universal requirement for enterprise, government and consumer applications.

To exploit this large opportunity Intercede is building a smart channel to market. Much of this channel will be pivoted around the mobile device stack, which has a trusted service manager (TSM) at the 'cross-roads' of the ecosystem. MyID and MyTAM comprise a large part of the technology required to operate a TSM and adjacent parts of the stack. By forming business and technology partnerships with the leading companies in each part of the stack we are in a strong position to enable widespread deployment of our products and services in a very efficient manner.

Go-to-market channel ecosystem



Our recently announced partnerships with Good Technologies and Citrix are evidence of the success of this strategy and we hope to announce further announcements in the coming months.

To help drive this channel strategy, Intercede has appointed Rob Chandhok, a renowned Silicon Valley technology strategist, to the Board as a non-executive director. The sales team has been restructured and Rory Gray has been hired to the new role of Global Head of Sales. The Gartner Group has been appointed to give advice on the execution of our sales strategy and the marketing team has been substantially strengthened and expanded to better support channel partners. In the immediate future we are focusing our primary marketing and communications outreach on the US market where most channel partners are based.

Outlook

In FY2016 Intercede will continue to strengthen its position as a leader in digital trust solutions that solve the problem of securing people, facilities, networks and information in an increasingly mobile, digital world.

Intercede's strategy is to further grow its identity and credential management business in its historically strong markets and to reinvest in the significantly higher growth opportunity that is anticipated in the mobile and Internet of Things markets.

Our expanding solutions portfolio and long term customers enable the Group to ride the inherent risks associated with selling products based on new technology and to focus on maximising market penetration ahead of nascent competition.

It has become clear that we operate in a market where passwords are not enough and, because of this, we believe the potential for growth is huge. We have never been better placed to take advantage of the imminent need for trusted digital identities and trusted applications across a wide range of corporate, government and consumer markets. We expect the results of our progress in developing this opportunity to become increasingly apparent in FY2016 and beyond.

Richard Parris
Chairman & Chief Executive

Strategic Report

Introduction

Intercede is a cybersecurity company specialising in identity, credential management and secure mobility to enable digital trust.

The Group's vision can be outlined as follows:

- Everybody and everything will need a digital identity.
- Digital IDs will be used for all forms of identity security: authentication, content protection, entitlement, safety, convenience.
- IDs need to be available on whatever platform a user chooses – ID anywhere.
- IDs need to be trusted, non-repudiable, auditable and managed according to policy.
- Intercede's MyID can be established as a market leading platform to exploit this opportunity.

In addition:

- More and more transactions will be carried out online from mobile devices.
- The applications used to carry out transactions need to protect data.
- Hardware protection of apps is becoming widely available in the form of Trusted Execution Environments (TEE).
- Applications need to be securely provisioned to the TEE.
- Intercede's MyTAM can be established as a market leading service to exploit this opportunity.

Strategic Investment

Intercede has embarked upon a period of substantial investment in order to take advantage of the opportunities outlined above. The costs associated with this strategy are being incurred now but the benefits, in terms of increased revenues and cash flow generation, are anticipated to arise in future periods.

The main areas of selective investment are:

- The development of mobile security applications involving interoperability with technologies such as iOS, Android, Windows and BlackBerry.
- The establishment and launch of MyTAM, a cloud-based service that enables organisations such as app developers, service providers, banks and media streaming companies to load apps into the TEE built into chipsets in a rapidly increasing proportion of Android devices.
- Increased collaboration with major industry players such as Microsoft, ARM and Citrix.
- The establishment of accredited PIV-I platforms with a number of new entrants to a market which is forecast to involve in excess of 50 million identities.
- Enhancing the core MyID platform to support FIPS 201-2 compliant derived credentials, thereby extending Intercede's dominant position in the US federal government PIV market to mobile devices.
- Re-engineering and expansion of the MyID platform to improve scalability to consumer levels and to ensure that all of the new areas of opportunity are supported.
- Sales and marketing to promote and protect the MyID and MyTAM names and technology and to build industry relationships.

These activities have resulted in further growth in headcount and a commensurate need for office and IT infrastructure and equipment, both on-premise and cloud-based. The Company has taken on additional office space during the past year in the US.

Trading Results

The Group's short to medium term financial target is to deliver accelerated revenue growth by investing in people and resources to take advantage of the opportunities provided by the impact of smart phones and global cybersecurity concerns, as described in the Chairman's Statement. This strategic investment has been funded organically to date.

Following a 45% increase in sales revenues last year, revenue for the year ended 31 March 2015 was £8,819,000 (2014: £9,783,000). A stronger than expected end to the previous year was followed by a weak start to the year under review. The anticipated recovery did not materialise as a result of a number of market related delays, notably including:

- A decline in North American revenues from \$9.5m to \$7.4m against a backdrop of US Government funding constraints (Debt Ceiling, Department of Homeland Security).
- A number of our existing customers made slower progress than forecast on large scale modernisation projects incorporating our technology, resulting in delays in the receipt of follow on licence orders.
- In the US, two key standards FIPS 201-2 and SP800-157 were released and ratified more than three months later than anticipated thereby delaying the time to revenue of our MyID v10.1/v10.2 derived credential platform.
- The availability of TEE capability on OEM handsets has also been slower than anticipated thereby delaying the monetisation of the newly launched MyTAM service.

Whilst good progress has been made on multiple fronts with the new mobile security activities which are taking the Group into new and larger potential markets for our technology, the revenues from these activities represented less than 5% of total revenues in FY2015.

Planned investment in additional resources as outlined above has resulted in a 9% increase in operating expenses from £9,366,000 to £10,215,000. The combined effect of lower revenues and higher costs has led to a £1,740,000 operating loss (2014: £318,000 operating profit).

Staff costs continue to represent the main area of expense, representing 79% of total operating costs (2014: 76%). Intercede had 119 employees and contractors as at 31 March 2015 (2014: 105). The average number of employees and contractors increased from 90 to 113 year on year.

Expenditure on research and development (R&D) activities totalled £3,576,000 (2014: £2,876,000), approximately 78% of which related to the areas of strategic investment outlined above (2014: 52%). In accordance with the IFRS recognition criteria, the Board has continued to determine that all internal R&D costs incurred in the year are expensed. No development expenditure has been capitalised as at 31 March 2015 (2014: £nil).

Finance income for the year was £68,000 (2014: £77,000) as the Group maintained cash and interest bearing short term deposits in excess of £5 million throughout the period notwithstanding increased levels of investment.

A £363,000 taxation credit for the period (2014: £385,000 taxation credit) primarily reflects cash received following the 2014 R&D claim as a result of the investment activities outlined above. The Group is a beneficiary of the UK Government's efforts to encourage innovation by allowing 125% of qualifying R&D expenditure to be offset against taxable profits.

As at 31 March 2015, the Group has £9,544,000 (2014: £6,606,000) of prior year tax losses available for carry forward.

A loss for the year of £1,309,000 (2014: profit of £780,000) resulted in a basic and fully diluted loss per share of 2.7p (2014: earnings per share 1.6p).

Financial Position

The Group's cash position remains strong with cash and short term deposits totalling £5,895,000 as at 31 March 2015 (2014: £7,247,000). The year on year reduction reflects the increased investment outlined above and the £688,000 impact of a share buyback programme in support of the Intercede Share Incentive Plans for UK and US employees.

The Group has no debt and is in a position to be able to commence the payment of dividends as and when the Board considers this to be appropriate.

Treasury

The Group manages its treasury function as part of the finance department. Whilst the Group's operations are primarily based in the UK it has successfully exported its technology throughout the world for many years. This results in invoices being raised in currencies other than sterling; the most notable being US dollars and euros. A number of suppliers also invoice the Group in US dollars and euros. The Group's current policy is not to hedge these exposures and the exchange differences are recognised in the statement of comprehensive income in the year in which they arise.

Key Performance Indicators (KPIs)

The following KPIs are some of the tools used by management to monitor performance in addition to the more traditional financial statement and sales pipeline information that is provided to the Board each month.

	2013	2014	2015	Target
Trusted identities, devices and apps under MyID management	7 million	9 million	11 million	250 million
Sales growth	(3%)	45%	(10%)	30%+
Export sales	88%	91%	85%	80%+
North American sales	72%	61%	51%	50%+
New deployments with revenues over £20,000	9	10	6	10+

All of the above KPIs support the overall target of 250 million identities, devices and apps under MyID management by 2020.

Principal Risks and Uncertainties

The principal risks and uncertainties facing the Group are as follows:

- The Group operates in multiple markets, both geographically and by sector, so there is a risk that territory and global macro-economic conditions may result in one or more of these markets being adversely affected and the revenues of the business impacted accordingly. This risk is mitigated to an extent, both through the long term nature of customer relationships and the diversification that results from operating in multiple markets.
- The Group operates in a complex and competitive technological environment so the business will be negatively affected if the Group does not enhance its product offerings and/or respond effectively to technological change. This risk is mitigated by ongoing investment in research and development.
- Technology companies are exposed to intellectual property infringement and piracy. The Group rigorously defends its intellectual property in the primary jurisdictions within which it operates.
- The Group's performance is largely dependent on the experience and expertise of its employees. The loss or lack of key personnel is likely to adversely impact the Group's results. To mitigate this risk, the Group aims to put in place appropriate management structures and to provide competitive remuneration packages to retain and attract key personnel.

By order of the Board

Andrew Walker
Finance Director

INTERCEDE GROUP plc

Consolidated Statement of Comprehensive Income for the year ended 31 March 2015

	2015 £'000	2014 £'000
Continuing operations		
Revenue	8,819	9,783
Cost of sales	<u>(344)</u>	<u>(99)</u>
Gross profit	8,475	9,684
Operating expenses	<u>(10,215)</u>	<u>(9,366)</u>
Operating (loss)/profit	(1,740)	318
Finance income	<u>68</u>	<u>77</u>
(Loss)/profit before tax	(1,672)	395
Taxation	<u>363</u>	<u>385</u>
(Loss)/profit for the year	<u>(1,309)</u>	<u>780</u>
Total comprehensive (expense)/income attributable to owners of the parent company	<u>(1,309)</u>	<u>780</u>
(Loss)/earnings per share (pence)		
- basic	(2.7)p	1.6p
- diluted	<u>(2.7)p</u>	<u>1.6p</u>

There is no other comprehensive income for the current or preceding year.

INTERCEDE GROUP plc
Consolidated Balance Sheet at 31 March 2015

	2015 £'000	2014 £'000
Non-current assets		
Property, plant and equipment	853	757
Current assets		
Trade and other receivables	1,074	1,785
Cash and cash equivalents	5,895	7,247
	6,969	9,032
Total assets	7,822	9,789
Equity		
Share capital	487	487
Share premium account	232	232
Other reserves	1,508	1,508
Retained earnings	2,257	3,972
Total equity attributable to owners of the parent company	4,484	6,199
Non-current liabilities		
Deferred revenue	229	-
Current liabilities		
Trade and other payables	1,126	1,719
Deferred revenue	1,983	1,871
	3,109	3,590
Total liabilities	3,338	3,590
Total equity and liabilities	7,822	9,789

INTERCEDE GROUP plc

Consolidated Statement of Changes in Equity for the year ended 31 March 2015

	Share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total £'000
At 1 April 2013	487	232	1,508	3,530	5,757
Purchase of own shares	-	-	-	(475)	(475)
Employee share option plan charge	-	-	-	136	136
Employee share incentive plan charge	-	-	-	1	1
Profit for the year and total comprehensive income	-	-	-	780	780
At 31 March 2014	487	232	1,508	3,972	6,199
Purchase of own shares	-	-	-	(688)	(688)
Employee share option plan charge	-	-	-	118	118
Employee share incentive plan charge	-	-	-	164	164
Loss for the year and total comprehensive expense	-	-	-	(1,309)	(1,309)
At 31 March 2015	487	232	1,508	2,257	4,484

All amounts included in the table above are attributable to owners of the parent company

INTERCEDE GROUP plc

Consolidated Cash Flow Statement for the year ended 31 March 2015

	2015	2014
	£'000	£'000
Cash flows from operating activities		
Operating (loss)/profit	(1,740)	318
Depreciation	153	116
Employee share option plan charge	118	136
Employee share incentive plan charge	164	1
Decrease/(increase) in trade and other receivables	709	(795)
(Decrease)/increase in trade and other payables	(593)	721
Increase in deferred revenue	341	221
Interest received	70	78
	<hr/>	<hr/>
Cash (used in)/generated from operations	(778)	796
Taxation	363	385
	<hr/>	<hr/>
Net cash (used in)/generated from operating activities	(415)	1,181
	<hr/>	<hr/>
Investing activities		
Purchases of property, plant and equipment	(249)	(229)
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Cash used in investing activities	(249)	(229)
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Financing activities		
Purchase of own shares	(688)	(475)
	<hr/>	<hr/>
Cash used in financing activities	(688)	(475)
	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents	(1,352)	477
Cash and cash equivalents at the beginning of the year	7,247	6,770
	<hr/>	<hr/>
Cash and cash equivalents at the end of the year	5,895	7,247
	<hr/>	<hr/>

INTERCEDE GROUP plc

Preliminary Results for the Year Ended 31 March 2015

NOTES

1. The financial information set out in this announcement does not constitute the Group's Statutory Accounts for the years ended 31 March 2014 or 2015, but is derived from those accounts. Statutory Accounts for 2014 have been delivered to the Registrar of Companies and those for 2015, which have been approved by the Board of Directors, will be delivered following the Group's Annual General Meeting. The Company's auditors have reported on those accounts; their reports were unqualified and did not contain statements under Section 498 of the Companies Act 2006.

The Annual General Meeting of the Company will be held on Wednesday 16 September 2015. Copies of the full Statutory Accounts and the Notice of Annual General Meeting will be despatched to shareholders in due course. Copies will also be available on the website (www.intercede.com) and from the registered office of the Company: Lutterworth Hall, St. Mary's Road, Lutterworth, Leicestershire, LE17 4PS.

2. SEGMENTAL REPORTING

All of the Group's revenue, operating profits and net assets originate from operations in the United Kingdom. The Directors consider that the activities of the Group constitute a single business segment.

The split of revenue by geographical destination of the end customer can be analysed as follows:

	2015 £'000	2014 £'000
UK	1,301	928
Rest of Europe	1,848	2,195
North America	4,493	5,990
Rest of World	1,177	670
	<u>8,819</u>	<u>9,783</u>

3. TAXATION

The tax credit comprises:	2015 £'000	2014 £'000
Current year – UK corporation tax	-	-
Current year – US corporation tax	(20)	(26)
Research and development tax credits relating to prior years	383	411
Taxation	<u>363</u>	<u>385</u>

The Group has unused tax losses of £9,544,000 (2014: £6,606,000) and unrecognised deferred tax assets of £1,909,000 calculated at the UK corporation tax rate of 20% (2014: £1,321,000).

4. (LOSS)/EARNINGS PER SHARE

The calculations of (loss)/earnings per ordinary share are based on the (loss)/profit for the financial year and the weighted average number of ordinary shares in issue during each year. Basic and diluted loss per share are the same as potential dilution cannot be applied to a loss making period.

	2015 £'000	2014 £'000
(Loss)/profit for the year	<u>(1,309)</u>	<u>780</u>
	Number	Number
Weighted average number of shares – basic	48,526,457	48,661,716
– diluted	<u>48,526,457</u>	<u>50,228,664</u>
	Pence	Pence
(Loss)/earnings per share – basic	(2.7)p	1.6p
– diluted	<u>(2.7)p</u>	<u>1.6p</u>

The weighted average number of shares used in the calculation of basic and diluted earnings per share for each year were calculated as follows:

	2015 Number	2014 Number
Issued ordinary shares at start of year	48,735,005	48,735,005
Effect of exercise of share options	-	-
Effect of purchase of own shares	<u>(208,548)</u>	<u>(73,289)</u>
Weighted average number of shares - basic	<u>48,526,457</u>	<u>48,661,716</u>
Add back effect of purchase of own shares	N/A	73,289
Effect of share options in issue	<u>N/A</u>	<u>1,493,659</u>
Weighted average number of shares – diluted	<u>48,526,457</u>	<u>50,228,664</u>

5. DIVIDEND

The Directors do not recommend the payment of a dividend.

6. SHARE CAPITAL

	2015 £'000	2014 £'000
<i>Authorised</i>		
481,861,616 ordinary shares of 1p each (2014: 481,861,616)	4,819	4,819
<i>Issued and fully paid</i>		
48,735,005 ordinary shares of 1p each (2014: 48,735,005)	487	487

As at 31 March 2015 the Company had 309,000 ordinary shares held in treasury (2014: 164,000). During the year the Company purchased 160,000 ordinary shares (2014: 250,000) and 15,000 options were exercised using treasury shares (2014: nil). No ordinary shares (2014:143,975) were transferred from treasury to Capita IRG Trustee Limited as trustees of the new employee share incentive plan.