

ANNUAL REPORT & FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH

**2015**

**intech**technology<sup>plc</sup>

**IMAGE REMOVED**

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# CHAIRMAN'S INTRODUCTION

Our main objective during the last financial year to 31 March 2015 has been to develop the systems necessary to commence marketing the services of our new Digital Health and Wi-Fi businesses in the UK. At the same time we refined the business model following feedback from the markets.

Your board has confidence that the investments incurred during the past year and ongoing are proving to give your company advantages over other competitors in the UK Digital Health and Wi-Fi systems market places.

Net cash at 31 March 2014 was £65.6m and was £5.4m at the 2015 year end. The special dividend paid during April 2014 of £53.4m (2014: £nil) accounted for most of this reduction. The operating loss of £7.6m (2014: £2.0m) reflects the high development costs incurred by Digital Health and Wi-Fi. There are no loans.

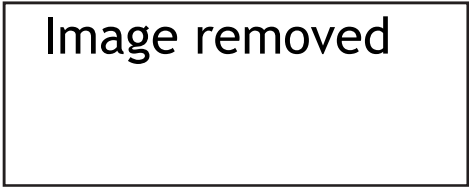
Mobile Tornado Group Plc ("MT") continues with operating losses but significant management changes were made during the past year and we can now see our way forward to profitable trading. During April 2015 we purchased ordinary shares in a placing by MT and increased our investment to 51.2% thus now making MT a subsidiary.

I wish to thank on your behalf all our staff, many of them new recruits to the Digital Health and Wi-Fi businesses, who have ensured success with the development programmes I referred to earlier.

Longer serving staff, used to operating in a much larger environment, have all adapted well to moving into new business startups.

I also thank all our partners in all areas of the business.

The Rt. Hon. Lord Parkinson  
Chairman  
29 September 2015



# STRATEGIC REPORT

## Overview

The year to 31 March 2015 saw major software investments in our two new businesses: Digital Health and Wi-Fi systems. The development projects associated with these businesses have been refined and rescope where necessary to meet the market requirements. Development timescales have been achieved and many thanks are given to the respective development teams in each business.

## Trading and operating performance

- Revenues £7.3m (2014: £0.8m)
- Group operating loss £7.6m (2014: £2.0m loss)
- Share of post-tax loss of our Associate, Mobile Tornado Group plc, £1.1m (2014: £1.2m)
- Group loss for the year £7.6m (2014: £7.9m profit)
- Cash £5.4m (2014: £65.6m)
- Debt £nil (2014: £nil)
- Key Performance Indicators (“KPIs”):  
The directors are deciding on KPI’s for the new financial year for each business unit.

## Review of Group Businesses

### Digital Health ( Inhealthcare Limited – 100% subsidiary)

Revenues: £6.9m (2014: £0.2m)  
Operating loss: £1.1m (2014: £2.5m)

Over 90% of revenues are from a G-cloud accredited contract with the NHS and the remainder from important trial contracts with NHS trusts for our Digital Healthcare platform and our own Apps.

Our operating costs are dominated by the continuing software development of our platform to enable clinicians to access patient data and for patients to self – manage their conditions.

Our Digital Health platform development met its timescale and V2 was launched during 2014 and has successfully completed all trials.

### WI-FI (Intechnology Wi-Fi Ltd (60% owned)

Revenue £0.1m (2014: £nil)

Operating Loss £1.9m (2014: £0.3m)

In last year’s report we referred to three UK niche markets that can use Alvarion Wi-Fi products.

- Sports Stadiums  
We now have the technical ability to provide Wi-Fi to high capacity stadiums on match days. To date we have defined our business model to provide free Wi-Fi to match day attendees and developed the “landing page” for smart phones as they log on.

We are concentrating our marketing efforts on soccer stadiums but the business model allows for all sporting events and is not restricted to match day events.

- Towns and cities

Our objective is the provision of free Wi-Fi to the inner areas of UK towns and cities with revenues from advertising and sponsorship. Contract negotiations are progressing well.

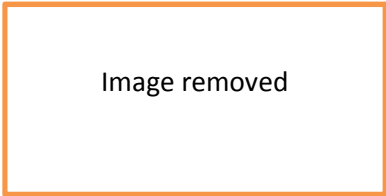
- Events

This niche market has progressed well with successful small contracts last year resulting in further contracts being awarded to us. This sector though, whilst important, will not be as large as the two above.

### Mobile Tornado Group Plc. (“MT”)

During last year this was a 49.9% associate company and also listed on AIM. Our share of post-tax losses was £1.1m (2014: £1.2m) which was disappointing as some major contracts with Tier 1 carriers had been awarded in the prior year but expected revenues were not being earned.

Following a major review of our investment it was decided to change the senior Israeli management team. This was completed in October 2014 and the new management has, following a root and branch review of the whole organisation, changed the focus of MT to be solely a SaaS business. All departments and staff have been reviewed and changes made where necessary and with training programmes completed. Major accounts have been retained and supported such that revenues are now growing and operating costs kept under tight control.



# STRATEGIC REPORT

## CONTINUED

In April 2015 we subscribed £871,000 for a placing of shares by MT increasing our holding to 51.2% and so MT is now a partly owned subsidiary.

### **Cash and working capital requirements**

Cash at the year end was £5.4m (2014: £65.6m) and there is no debt. The special dividend paid on 8 April 2014 of £53.4m left net cash of £12.2m.

The successful development projects in Digital Health and Wi-Fi together with the changes in MT enable us to forecast our working capital requirements over the next two years. Holf Investments Limited, a company controlled by Peter Wilkinson and owns 40% of Wi-Fi, is providing the leasing facility to fund the capital requirements of Wi-Fi.

Forecasts, particularly for new businesses such as Digital Health and Wi-Fi, are subject to key assumptions being tested and the timing of key events assumed. The directors consider that a placing of shares, within the powers granted to them, will finance any requirement in the working capital forecasts that they have approved in addition to the existing cash the company has.

### **Outlook**

The directors have confidence in all the businesses to achieve sustainable profits and generate positive cash flows. Each business faces its own unique market challenges but the management teams have the desire to succeed.

Peter Wilkinson  
Chief Executive Officer  
29 September 2015



# MANAGEMENT TEAM

## Non-executive Directors

The Rt. Hon. Lord Parkinson

Chairman and Senior

Non-executive Director

Lord Parkinson was appointed to the Board in July 2000 as a non-executive Director and is Chairman of the Audit Committee and a member of the Remuneration Committee. Lord Parkinson is a Member of the House of Lords and was a Member of Parliament from 1970 to 1992, during which time he held a number of senior ministerial positions including Secretary of State for Trade and Industry, Energy and Transport. He was Chairman of the Conservative Party from 1981 to 1983 and again from 1997 to 1998. A qualified chartered accountant, Lord Parkinson is currently Chairman and Director of a number of other companies.

Charles Scott

Non-executive Director

Charles Scott joined the Board in April 2001 as a non-executive Director.

A chartered accountant, he was Chairman of William Hill plc before retiring on 31 August 2010 and is a non-executive Director of Flybe Group Plc and EMCORE Corporation. He is Chairman of the Remuneration Committee.

# MANAGEMENT TEAM

continued

## Executive Directors

Peter Wilkinson

Chief Executive Officer

Peter Wilkinson founded STORM in 1983 and VData in 1998 and both these businesses were sold, in a reverse takeover, to InTechnology plc in 2000. The businesses were sold respectively in 2006 and 2013.

In 1995, he started Planet Online Ltd, the Internet service provider, which was subsequently sold to Energis in 1998. He retained Planetfootball.com which was reversed into Sports Internet Group plc in 1999 and subsequently sold to BSkyB plc in 2000.

In 1998, Peter invented the free ISP model Freeserve, the Internet access service which was launched by DSG International plc.

Peter is non-executive Chairman of Mobile Tornado Group plc, an AIM listed telecoms technology company, and holds an 11% stake. InTechnology plc has a 49.9% stake in Mobile Tornado Group plc. He is a director and majority shareholder of HOLF Investments Ltd which controls Alvarion Telecom UK Ltd and also owns 40% of InTechnology Wi-Fi Ltd.

Andrew Kaberry

Finance Director

Andrew Kaberry, a chartered accountant, has worked with Peter Wilkinson since 1984 as Finance Director and was appointed to the Board of InTechnology plc in July 2000. He has significant experience of the computer industry including Finance Director of Planet Online Limited.

Richard James

Company Secretary

Richard James qualified as a solicitor with Allen & Overy in 1986 and was a Partner at Pinsent Curtis in 1991, before moving to Hammonds as a Partner in 1996. After advising Peter Wilkinson on the acquisition of Planetfootball.com by Sports Internet Group plc, Richard was appointed as Managing Director of Planetfootball.com and Company Secretary of Sports Internet Group plc. Richard was appointed to the Board of InTechnology plc in September 2000 as a Director and Company Secretary.

Bryn Sage

Director, and CEO InHealthcare Ltd

Bryn Sage has spent his career in the IT industry beginning as a computer engineer in 1981. In 1986, he joined STORM and progressed through the company to the position of Sales Director in 1994. He was appointed to the Board of InTechnology plc in July 2000, and was Chief Operating Officer until the sale of IMS in December 2013.

# DIRECTORS' REPORT

The Directors present their annual report and audited financial statements of the Company and the Group for the year ended 31 March 2015.

## Principal activities

InTechnology plc provides digital health services and Wi-Fi systems to the UK market.

## Business review

The information that fulfils the requirements of the Business Review can be found in the Strategic report on pages 6 to 8. Our review of the principal risks and uncertainties of the business is set out on pages 15 to 16.

## Results and dividends

The directors declared a Special dividend on 18 March 2014 at the rate of 37 pence per fully paid ordinary share that was paid on 8 April 2014 as an interim dividend for the year to 31 March 2015.

The directors do not recommend a further and final dividend for the year ended 31 March 2015 (2014: £nil)

The loss for the financial year of £7,574,000 (2014: £7,901,000 profit) will be deducted from (2014: added to) reserves.

## Share capital

Details of changes in share capital are set out in note 19 to the financial statements.

## Directors

The Directors of the Company during the year ended 31 March 2015, together with brief biographies, are shown on pages 9 to 10.

## Re-election of Directors

In accordance with the Company's Articles of Association, Directors will retire by rotation. Accordingly Lord Parkinson and Richard James will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming AGM.

## Directors' remuneration and interests

The Remuneration report is set out on pages 17 to 20. It includes details of Directors' remuneration, interests in the shares of the Company, share options and pension arrangements. The Company's Register of Directors' Interests, which is open to inspection at the Company's registered office, contains full details of Directors' shareholdings and options to subscribe for shares.

The Board's Corporate Governance report, including the Directors' statement on responsibilities for the preparation of financial statements, is set out on pages 14 to 16.

Details of related party transactions involving Directors of the Company are given in note 23 to the financial statements.

# DIRECTORS' REPORT

## CONTINUED

### Substantial shareholdings

The Company has received notification that the following six shareholders are interested in more than 3% of the issued ordinary share capital of the Company (totalling 89%):

	Percentage of shares held
<u>Peter Wilkinson</u>	54.3%
<u>Artemis fund managers</u>	11.3%
<u>Jon Wood</u>	7.3%
<u>Henderson fund managers</u>	6.6%
<u>Andrew Kaberry</u>	5.3%
<u>Herald Investment Trust</u>	4.2%

### Going Concern

Under company law, the Directors are required to consider whether it is appropriate to prepare financial statements on the basis that the Company is a going concern. As part of its normal business practice budgets, cash flow forecasts and longer term financial projections are prepared. The Directors are therefore satisfied that the Company and the Group have adequate resources to enable them to continue in business for the foreseeable future, which takes into account a written undertaking from Peter Wilkinson to provide the Group with working capital as required for at least 12 months from the date of signing the financial statements. The Directors have therefore adopted the going concern basis in the preparation of the financial statements.

### Employees

The Group places considerable value on the involvement of its employees and has continued its practice of keeping them informed of matters affecting them as employees and the various factors affecting the performance of the Group.

The Directors recognise that continued and sustained improvement in the performance of the Group depends on its ability to attract, motivate and retain employees of the highest calibre. Furthermore, the Directors believe that the Group's ability to sustain a competitive advantage over the long term depends to a large part on ensuring that all employees contribute to the maximum of their potential. The Group is committed to improving the performance of all employees through development and training.

The Group is an equal opportunity employer. The Group's policies seek to promote an employment environment free from discrimination, harassment and victimisation and to ensure that no employee or applicant is treated less favourably on the grounds of gender, marital status, age, race, colour, nationality or national origin, disability or sexual orientation or is disadvantaged by conditions or requirements, which cannot objectively be justified. Entry into, and progression within the Group, is solely determined on the basis of work criteria and individual merit.

The Group continues to give full and fair consideration to applications for employment made by disabled persons, having regard to their respective aptitudes and abilities. The policy includes, where practicable, the continued employment of those who may become disabled during their employment and the provision of training and career development and promotion, where appropriate.

### Research and development

The Group continues to undertake the development of new products with the objective of increasing future profitability. The cost to the Group is written off to the Statement of comprehensive income as incurred.

### Policy and practice on payment of creditors

It is the Group's policy to agree terms and conditions for its business transactions with its suppliers. The Group seeks to abide by the payment terms agreed with suppliers whenever it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions.

In the year ended 31 March 2015 average creditor days for the Group and Company were 51 days (2014: 20 days).

Charitable and political donations

The contributions made by the Group during the year for charitable purposes totalled £3,900 (2014: £1,950). The Group made no political contributions (2014: £nil).

Environment

The Group recognises the importance of environmental responsibility. The nature of its activities has a minimal effect on the environment but where they do, the Group acts responsibly and is aware of its obligations at all times.

Annual General Meeting

The next AGM of the Company will be held on 27 November 2015. Details of the business to be proposed at the AGM are contained within the Notice of Annual General Meeting, which is set out on pages 54 to 55.

Independent auditors

PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution proposing that they be reappointed as independent auditors and authorising the Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board

Richard James  
Company Secretary  
29 September 2015

# CORPORATE GOVERNANCE

InTechnology plc is an unlisted public company and is not therefore required to comply with the provisions of the UK Corporate Governance Code (the "Code"). The following disclosures are made voluntarily.

## Principles of Corporate Governance

The Board recognises the value of good corporate governance as a positive contribution to the well-being of the business and believes in applying these principles in a sensible and pragmatic manner that are considered appropriate to the nature and size of the Group.

## Board of Directors

The Board of Directors consists of six members, including a non-executive Chairman and one other non-executive Director.

The roles of Chairman and Chief Executive Officer are separated and clearly defined. The activities of the Company are controlled by the Board, which meets throughout the year.

There is a formal schedule of matters specifically reserved for the full Board's decision, together with a policy enabling Directors to take independent advice in the furtherance of their duties at the Company's expense. The Board programme is designed so that Directors have regular opportunity to consider the Company's strategy, policies, budgets, progress reports and financial position and to arrive at a balanced assessment of the Company's position and prospects.

## Re-election of Directors

As required by the Company's Articles of Association, Directors offer themselves for re-election at least once every three years. Any Director appointed during the year is required to seek reappointment by shareholders at the next Annual General Meeting. The biographical details of all the Directors are set out on pages 9 to 10.

The Board is assisted by the Company Secretary, who provides a point of reference and regular support for all Directors and senior managers. He has responsibility for ensuring that Board procedures are followed, for establishing the Company's corporate governance policies and for assisting the Board in facilitating compliance by the Company with its legal obligations.

The Board receives reports from the following three committees:

## The Audit Committee

Comprises two non-executive Directors and is chaired by Lord Parkinson. Its duties include a comprehensive review of the annual and interim financial statements prior to Board approval and distribution to members. The Audit Committee meets at least twice a year to review the findings of the external auditors, key accounting policies and judgements. It has unrestricted access to the Company's auditors.

## The Remuneration Committee

Comprises two non-executive Directors and is chaired by Charles Scott. It meets at least once a year and is responsible for making recommendations to the Board on remuneration policy for executive Directors and for setting salaries, incentive payments and the granting of share options.

## The Executive Operating Board

This comprises the executive Directors and certain senior business managers, and is chaired by the Chief Executive Officer. It acts as a general operating management committee and meets twice monthly for most of the year. It authorises recruitment and capital expenditure and reviews operational and financial performance.

## Relations with shareholders

The Company seeks to ensure that all shareholders are kept informed about the Company and its activities.

A comprehensive annual report is sent to shareholders. The annual report is put on the websites of Asset Match ([www.assetmatch.com](http://www.assetmatch.com)) and the Company ([www.intechology.com](http://www.intechology.com)).

The Annual General Meeting is a forum for shareholders' participation with the opportunity to meet and question Board members.

#### Internal control

The Board of Directors acknowledges its overall responsibility for the Company's systems of internal control and for monitoring their effectiveness. The Board has control over strategic, financial and compliance issues and has introduced a structure of responsibility with appropriate levels of authority.

The Company's Directors and varying levels of management have clear responsibilities in ensuring that the control environment operates efficiently. Clear lines of responsibility are developed through the Company's organisational structure. Ethical policies are communicated through all forms of personnel training and via appropriate procedures, in establishing a code of ethics.

Although no system of internal control can provide absolute assurance against material misstatement or loss, the Company's systems are designed to provide reasonable assurance that problems are identified on a timely basis and are dealt with appropriately.

The principal features of the Company's internal financial control structures can be summarised as follows:

- (a) Preparation of budgets and forecasts approved by the Board.
- (b) Monthly management accounts are reviewed by the Board and the Executive Operating Board.

(c) The Company's cash flow is monitored monthly.

(d) The Board authorises capital expenditure where this is significant and all capital expenditure is first authorised by the Executive Operating Board.

The Board has continued to enhance its risk control programme; in particular, those elements which relate to ensuring that risk reviews are formally embedded in control systems rather than being the subject of formal annual reviews.

Where lapses in internal control are detected, these are rectified.

#### Risks and uncertainties

There are a number of potential risks and uncertainties that could have an impact on the Company's long term prospects.

#### Competitive pressures

Both our Digital Health and Wi-Fi businesses operate in a competitive environment.

To mitigate these competitive pressures, the Company targets niche sectors of the Digital Health and Wi-Fi systems markets, and develops and refines its services to demonstrate a competitive edge to its existing and potential customers.

The Digital Health division's target market remains in its formative stage and is primarily the NHS, which has recently seen major structural changes. Although there is a degree of uncertainty and resistance to change within the market, the Company feels that by putting together a strong management team including experienced personnel from within the sector, by conducting significant market research, and by performing successful trials with large NHS bodies, it has a compelling proposition to offer the NHS.

Both the Digital Health and Wi-Fi division's contract with agreed SLAs. Adherence by the Company to operating within such SLAs is crucial to maintaining customer satisfaction and renewal of a contract. Internal procedures ensure that SLAs are constantly monitored and resources allocated to maintain levels of service of at least a minimum of that contracted with customers.

#### Staff costs

As a services business, total staff costs are approximately 54% of our total operating costs. The Company could be hindered by a shortage or inability to recruit and retain qualified and experienced staff.

To mitigate this risk, the Company constantly seeks to structure its recruitment and retention strategies to attract and retain the right people.

# CORPORATE GOVERNANCE

CONTINUED

## Economy

Any national economic downturn can detrimentally affect the Company's level of demand for its services.

To mitigate this risk, the Company will contract for all services on medium term contracts in order to have contracted future revenues.

## Risk assessment

The Board is made aware of all risks to the Company by the executive Directors who are members of the Executive Operating Board, which includes senior managers of the Company. The Executive Operating Board usually meets two times per month.

The Executive Operating Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company.

## Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and Company financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of

the Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Statement of disclosure of information to auditors

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware. Each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the Board

Richard James  
Company Secretary  
29 September 2015



# REMUNERATION REPORT

The Directors present their Remuneration report which covers the remuneration of both executive Directors and non-executive Directors. The report has been approved by the Board and signed on its behalf by the Chairman of the Remuneration Committee. The contents of this report are unaudited unless clearly identified as audited.

The Remuneration Committee comprises the non-executive Directors:

Charles Scott (Chairman)

The Rt. Hon. Lord Parkinson

## Directors' remuneration

### Remuneration of non-executive Directors

The remuneration of the non-executive Directors is determined by the Board, with the assistance of independent advice concerning comparable organisations and appointments. The non-executive Directors do not take part in discussions on their remuneration. Neither the non-executive Chairman nor the other non-executive Director received any pension from the Group.

### Remuneration of executive Directors

The main aim of the Company's executive pay policy is to secure the skills and experience needed to meet its strategic business objectives. Furthermore, the Company aims to align the interests of all employees as closely as possible with the interests of shareholders through share-based incentives.

The Company's Remuneration Committee decides the remuneration policy that applies to executive Directors. In setting the policy it considers a number of factors including:

- (a) The basic salaries and benefits available to executive Directors of comparable companies.
- (b) The need to attract and retain Directors of an appropriate calibre.

- (c) The need to ensure executive Directors' commitment to the continued success of the Group by means of incentives schemes.

The Company's remuneration policy is to:

- (a) Have regard to the Directors' experience and the nature and complexity of their work in order to pay a competitive salary that attracts and retains management of the highest quality.
- (b) Link individual remuneration packages to the Group's long term performance through the award of share options and incentive schemes.
- (c) Provide post-retirement benefits through defined contribution pension schemes.
- (d) Provide employment related benefits including the provision of a company car (or car allowance), fuel, medical and life insurance and insurance relating to the Directors' duties.

# REMUNERATION REPORT

## CONTINUED

### Salaries

The Remuneration Committee meets at least once a year in order to consider and set the annual salaries for executive Directors, having regard to the needs of the Company, individual responsibilities, personal performance and independently compiled salary survey information.

### Pensions (audited)

Certain executive Directors are members of defined contribution pension schemes, the assets of which are held independently of the Company.

The amounts contributed by the Company for the year ended 31 March 2015 were £12,000 (2014: £11,000).

The Company does not provide any other post-retirement benefits to the Directors.

### Contracts of service

The executive Directors have contracts of service that can be terminated by the Company with the following notice periods:

Peter Wilkinson	12 months
Andrew Kaberry	6 months
Richard James	12 months
Bryn Sage	12 months

With the exception of the contract with Richard James, if the Company terminates the contract by notice but other than on giving full notice, the contracts of service provide for the payment of a fixed amount equal to the salary and other contractual benefits for the unexpired portion of the appointment or entitlement to notice, as the case may be.

### Non-executive Directorships

The Remuneration Committee believes that the Group can benefit from executive Directors accepting appointments as non-executive Directors of other companies. The Director concerned may retain any fees related to such employment.

Directors' emoluments (audited)

The remuneration of the Directors of the Company was as follows:

	Salary	Bonus	2015 Benefits in kind	Pension contributions	Total	2014 Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Executive Directors</b>						
Peter Wilkinson	212	-	55	3	270	267
Bryn Sage	183	7	3	6	199	217
Andrew Kaberry	162	-	36	-	198	197
Richard James	162	-	2	3	167	164
	<b>719</b>	<b>7</b>	<b>96</b>	<b>12</b>	<b>834</b>	<b>845</b>
<b>Non-executive Directors</b>						
	Fees	Bonus	Benefits in kind	Pension contributions	Total	Total
	£'000	£'000	£'000	£'000	£'000	£'000
The Rt. Hon. Lord Parkinson	50	61	-	-	-	111
Charles Scott	30	15	-	-	-	45
	<b>80</b>	<b>76</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>156</b>
<b>Total</b>	<b>799</b>	<b>83</b>	<b>96</b>	<b>12</b>	<b>914</b>	<b>1,001</b>

Benefits in kind include the provision of a company car (or car allowance), fuel, medical, life insurance and insurance relating to the Directors' duties.

# REMUNERATION REPORT

## CONTINUED

Directors' interests

Interests in shares (audited)

The interests of the Directors in the shares issued and fully paid of the Company as at 31 March were:

	2015		2014	
	Number	Percentage of shares held	Number	Percentage of shares held
The Rt. Hon. Lord Parkinson	221,885	0.2%	221,885	0.2%
Peter Wilkinson	78,403,998	54.3%	78,403,998	54.3%
Richard James	800,000	0.6%	800,000	0.6%
Andrew Kaberry	7,725,961	5.3%	7,725,961	5.3%
Bryn Sage	1,491,969	1.0%	1,491,969	1.0%
	<hr/> 88,643,813	61.4%	<hr/> 88,643,813	61.4%

Peter Wilkinson's holding of 78,403,998 shares included 70,476,000 shares owned by Holf Investments Limited, a company that he controls.

Apart from the interests disclosed above, none of the other Directors of the Company at 31 March 2015 held interests at any time in the year in the share capital of the Company or other Group companies.

There have been no other changes in Directors' shareholdings since 31 March 2015.

Charles Scott  
Non-executive Director  
29 September 2015

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INTECHNOLOGY PLC

## REPORT ON THE FINANCIAL STATEMENTS

### Our opinion

In our opinion:

- InTechnology plc's group financial statements and company's financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2015 and of the group's loss and the group's and the company's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### What we have audited

The financial statements comprise:

- the Balance sheets as at 31 March 2015;
- the Consolidated statement of comprehensive income for the year then ended;
- the cash flow statements for the year then ended;

- the Statement of changes in shareholders' equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union and, as regards the company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006.

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception.

Adequacy of accounting records and information and explanations received.

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

### Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INTECHNOLOGY PLC

## REPORT ON THE FINANCIAL STATEMENTS

### Continued

#### Responsibilities for the financial statements and the audit

#### Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 16, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

#### What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the

financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluation the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit.

If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Arif Ahmad (Senior Statutory Auditor)  
For on behalf of  
PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory  
Auditors.  
Leeds  
29 September 2015

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2015

		2015	2014
	Note	£'000	£'000
Continuing operations			
Revenue	3	7,282	836
Cost of sales		(6,579)	(734)
Gross profit		703	102
<hr/>			
Net operating expenses before depreciation and impairment losses		(7,996)	(5,754)
Depreciation of property, plant and equipment		(144)	(110)
Impairment losses		(130)	-
<hr/>			
Net operating expenses	4	(8,270)	(5,864)
Other operating income		-	3,766
Operating loss		(7,567)	(1,996)
Finance income	5	42	143
Share of post-tax loss of associates	13	(1,136)	(1,246)
Loss on revaluation of equity interest		-	(118)
Loss before taxation		(8,661)	(3,217)
Taxation	6	1,087	71
Loss for the year from continuing operations	3	(7,574)	(3,146)
<hr/>			
Discontinued operations			
Profit for the year from discontinued operations	18	-	11,047
(Loss)/profit for the year	3	(7,574)	7,901
<hr/>			
Other comprehensive income:			
Currency translation differences		-	11
Total comprehensive (loss)/income for the year		(7,574)	7,912
<hr/>			
(Loss)/profit attributable to:			
- Owners of the parent		(6,669)	7,976
- Non-controlling interests		(905)	(64)
		(7,574)	7,912
<hr/>			
(Loss) / earnings per share (pence)			
Basic	9	(5.25)	5.48
Diluted	9	(5.25)	5.48

The prior year consolidated Statement of comprehensive income has been restated for the discontinued operations.

# STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 31 MARCH 2015

	Share capital	Share premium	Capital redemption reserve	Share option reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Group						
As at 1 April 2013	1,412	54,040	480	199	8,747	64,878
Employee share options:						
- value of employee services	-	-	-	3	-	3
Cancellation of deferred payment shares	(3)	(21)	-	-	-	(24)
Share options exercised	34	536	-	-	-	570
Capital restructure	-	(54,040)	(480)	-	54,520	-
Share of exchange gain of associate	-	-	-	-	11	11
Profit for the year	-	-	-	-	7,976	7,976
As at 31 March 2014	1,443	515	-	202	71,254	73,414
Special dividend	-	-	-	-	(53,385)	(53,385)
Loss for the year	-	-	-	-	(6,669)	(6,669)
As at 31 March 2015	1,443	515	-	202	11,200	13,360



	Share capital	Share premium	Capital redemption reserve	Share option reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Company						
As at 1 April 2013	1,412	54,040	480	199	11,262	67,393
Employee share options:						
- value of employee services	-	-	-	3	-	3
Cancellation of deferred payment shares	(3)	(21)	-	-	-	(24)
Share options exercised	34	536	-	-	-	570
Capital restructure	-	(54,040)	(480)	-	54,520	-
Profit for the year	-	-	-	-	15,186	15,186
As at 31 March 2014	1,443	515	-	202	80,968	83,128
Special dividend	-	-	-	-	(53,385)	(53,385)
Loss for the year	-	-	-	-	(1,963)	940
As at 31 March 2015	1,443	515	-	202	25,620	30,683

# BALANCE SHEETS

AS AT 31 MARCH 2015

	Note	Group		Company	
		2015 £'000	2014 £'000	2015 £'000	2014 £'000
<b>Assets</b>					
<b>Non-current assets</b>					
Intangible assets	10	-	130	-	-
Property, plant and equipment	11	974	264	578	264
Investment in subsidiary and associate undertakings	13	1,963	2,369	15,004	13,674
Deferred tax assets	7	521	67	555	101
Trade and other receivables	15	-	-	12,907	7,445
		<b>3,458</b>	<b>2,830</b>	<b>29,044</b>	<b>21,484</b>
<b>Current assets</b>					
Inventories	14	404	464	404	464
Trade and other receivables	15	5,794	5,365	5,380	5,976
Current tax assets		633	39	-	-
Cash and cash equivalents		5,367	65,584	5,298	65,521
		<b>12,198</b>	<b>71,452</b>	<b>11,082</b>	<b>71,961</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Trade and other payables	16	(2,846)	(1,009)	(2,772)	(876)
Current and deferred tax liabilities		(96)	-	(155)	(22)
Net current assets		<b>9,256</b>	<b>70,443</b>	<b>8,155</b>	<b>71,063</b>
<b>Non-current liabilities</b>					
Trade and other payables	16	-	-	(9,419)	(9,419)
Net assets		<b>12,714</b>	<b>73,273</b>	<b>27,780</b>	<b>83,128</b>
<b>Shareholders' equity</b>					
Share capital	19	1,443	1,443	1,443	1,443
Share premium	19	515	515	515	515
Share option reserve		202	202	202	202
Retained earnings		11,200	71,254	25,620	80,968
Equity attributable to owners of the Group		<b>13,360</b>	<b>73,414</b>	<b>27,780</b>	<b>83,128</b>
Non-controlling interests		(646)	(141)	-	-
Total equity		<b>12,714</b>	<b>73,273</b>	<b>27,780</b>	<b>83,128</b>

The financial statements on pages 23 to 53 were approved by the Board of Directors on 29 September 2015 and were signed on its behalf by:

Andrew Kaberry, Finance Director, InTechnology plc.  
Registered number: 03916586

# CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

	Note	Group		Company	
		2015 £'000	2014 £'000	2015 £'000	2014 £'000
<b>Cash flows from operating activities</b>					
Cash used in operations	20	(5,425)	(163)	(5,227)	(1,821)
Interest received		42	121	42	121
Interest paid		-	(86)	-	(10)
Interest element of finance lease payments		-	(44)	-	(3)
Tax received (paid)		135	(303)	135	(97)
<b>Net cash used in operating activities</b>		<b>(5,248)</b>	<b>(475)</b>	<b>(5,050)</b>	<b>(1,810)</b>
<b>Cash flows from investing activities</b>					
Proceeds from sale of property, plant and equipment		50	3	50	3
Purchase of property, plant and equipment		(904)	(2,563)	(508)	(611)
Purchase of investments		(730)	-	(1,330)	-
Proceeds from sale of investments		-	64,249	-	64,093
Dividends paid		(53,385)	-	(53,385)	-
Cash transferred out on hive down		-	-	-	(4,574)
<b>Net cash( used in) / generated from investing activities</b>		<b>(54,969)</b>	<b>61,689</b>	<b>(55,173)</b>	<b>58,911</b>
<b>Cash flows from financing activities</b>					
Net proceeds from issue of ordinary share capital		-	570	-	570
Decrease in borrowings		-	(3,425)	-	(50)
Capital element of finance lease payments		-	(758)	-	(64)
<b>Net cash(outflow) / inflow from financing activities</b>		<b>-</b>	<b>(3,613)</b>	<b>-</b>	<b>456</b>
<b>Net(decrease)/increase in cash and cash equivalents</b>					
<b>in the year</b>		<b>(60,217)</b>	<b>57,601</b>	<b>(60,223)</b>	<b>57,557</b>
Cash and cash equivalents at the beginning of the year		65,584	7,991	65,521	7,972
Exchange losses on cash and cash equivalents		-	(8)	-	(8)
<b>Cash and cash equivalents at the end of the year</b>		<b>5,367</b>	<b>65,584</b>	<b>5,298</b>	<b>65,521</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

## 1. General information

InTechnology plc provides managed digital services for the healthcare sector and optimised wireless broadband solutions for telecom operators, smart cities, security and enterprise customers.

The Company is an unlisted public company incorporated and domiciled in the United Kingdom under the Companies Act 2006. The address of its registered office is Cardale House, Cardale Court, Beckwith Head Road, Harrogate, North Yorkshire HG3 1RY.

The registered number of the Company is 03916586.

## 2. Summary of significant accounting policies

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

### 2.1 Basis of preparation

The financial statements have been prepared under the historical cost convention, in accordance with International Financial Reporting Standards ("IFRSs"), Interpretations of the IFRS Interpretations Committee ("IFRIC") and the Companies Act 2006 applicable to companies reporting under IFRSs.

by the International Accounting Standards Board ("IASB") and endorsed by the EU at the time of preparing these statements (September 2015). The financial statements have been prepared on a going concern basis, which takes into account a written undertaking from Peter Wilkinson to provide the Group with working capital as required for at least 12 months from the date of signing the financial statements.

A summary of the more important accounting policies is set out below.

Accounting estimates and judgements  
The Group's critical accounting policies under IFRSs have been set out by management with the approval of the Audit Committee. The application of these policies requires estimates and assumptions to be made concerning the future and judgements to be made on the applicability of policies to particular situations. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

matters that are highly uncertain, or where different estimation methods could reasonably have been used, or if changes in the estimate that would have a material impact on the Group's results are likely to occur from period to period. The Directors assess that there are no critical judgements required when preparing the Group's financial statements.

Standards, amendments and interpretations effective for the year ended 31 March 2015 with no significant impact.

(i) IAS 32 'Financial instruments, presentation offsetting financial assets and financial liabilities – Amendments to IAS 32'

(ii) IAS 39 'Novation of derivatives and continuation of hedge accounting'

(iii) IAS 36 'Recoverable amount disclosures for Non – financial assets – Amendments to IAS 36'

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group.

The standards used are those published

Under IFRSs an estimate or judgement may be considered critical if it involves

(i) IFRS 15 'Revenue from contracts with customers' – This standard sets out the requirement for recognising revenue from contracts with customers. The standard requires entities to apportion revenue earned from contracts to individual promises or performance obligations, on a relative standalone basis, based on a five step model. IFRS 15 is not expected to have a material impact on the financial statements

(ii) IFRS 9 'Financial Instruments' – This standard is applicable to financial assets and financial liabilities, and covers the classification, measurement, impairment and de-recognition of financial assets and financial liabilities together with a new hedge accounting model. IFRS 9 is not expected to have a material impact on the financial statements.

## 2.2 Group Financial Statements Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group.

Acquisition-related costs are expensed as incurred. Identifiable assets acquired, and liabilities and contingent liabilities assumed, in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the Group's share of identifiable net assets acquired is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015 - CONTINUED

## Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with the equity owners of the Group.

For purchases from non-controlling interests, the difference between any consideration paid and the relevant share capital acquired of the carrying value of net assets of the subsidiary is recorded as equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

## Associates

Associated undertakings are those companies in which the Group has a beneficial interest of between 20% and 50%

in the equity capital and where the Group exercises significant influence over commercial and financial policy decisions.

The consolidated statement of comprehensive income includes the Group's shares of post-acquisition profits or losses after tax and the Group's share of other recognised gains or losses, and the Balance sheet includes the Group's share of the net assets of associated undertakings.

## Intangible assets

### Goodwill

On the acquisition of a business, fair values are attributed to the net assets acquired. Goodwill arises where the fair value of the consideration given for a business exceeds such net assets. Goodwill arising on acquisition is capitalised and carried at cost less accumulated impairment losses. Goodwill is subject to impairment review, both annually and when there are indications that the carrying value may be not recoverable. Goodwill is allocated to cash generating units for the purpose of this impairment testing.

### Acquired in a business combination

The Group recognises intangible assets acquired as part of business combinations at fair value at the date of acquisition. The determination of these fair values is based upon management's judgement and included assumptions on the timing and amount of future incremental cash flows generated by the assets and the selection of an appropriate cost of capital. Furthermore, management must estimate the expected useful life of intangible assets and charge amortisation on these assets accordingly. The useful life estimated for Mobile Tornado Group plc was 7 years and for Live PA was 3 years.

### Research and development

Research expenditure, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is charged to income in the year in which it is incurred unless

it meets the recognition criteria of IAS 39, 'Intangible Assets'. Measurement and other uncertainties generally mean that such criteria are not met. Where, however, the recognition criteria are met, intangible assets are capitalised and amortised over their useful economic lives from product launch. Intangible assets relating to products in development are subject to impairment testing at each balance sheet date or earlier upon indication of impairment. Any impairment losses are written off immediately to income. The Group has not capitalised any intangible assets.

### 2.3 Revenue recognition

#### Sales of services and goods

Revenue comprises the fair value of the sale of services and goods, excludes inter-company sales and value-added taxes, and represents net invoice value less estimated rebates, returns and settlement discounts. Service revenue is recognised over the period to which the service relates. Unrecognised service revenue and associated costs of sale are included as deferred income and deferred cost respectively in the Balance sheet.

The Group only recognises revenue on the sale of equipment when the goods are dispatched to the customer and when there are no unfulfilled obligations that affect the customer's final acceptance of the equipment.

### Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

### 2.4 Segmental reporting

A business segment is a group of assets and operations engaged in providing products and services that are subject to risks or returns that are different from those of other segments. Operating segments presented in the financial statements are consistent with the internal reporting provided to the Group's chief operating decision makers, which have been identified as the Group's Executive Operating Board.

### 2.5 Employee benefits

#### Pension obligations

The Group operates a defined contribution pension scheme for employees and Directors. The assets of the scheme are held separately from those of the Group. The annual contributions payable are charged to the Statement of comprehensive income on an accruals basis. The Group provides no other post-retirement benefits to its employees and Directors.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015 - CONTINUED

## 2.6 Currency translations

### Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Sterling, which is the Company's functional and presentation currency.

### Transactions and balances

Monetary assets and liabilities are translated at the exchange rates ruling at the end of the financial year. Exchange profits or losses on trading transactions are included in the Group Statement of comprehensive income except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges which, along with other exchange differences arising from non-trading items, are dealt with through reserves.

### Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) monetary assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each Statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable

approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

- (iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the Statement of comprehensive income as part of the gain or loss on sale.

## 2.7 Taxation

The charge for taxation is based on the profits for the year and takes into account taxation deferred because of temporary differences between the treatment of certain items for taxation and for accounting purposes.

Temporary differences arise from the inclusion of profits and losses in the financial statements in different periods from which they are recognised in tax assessments and primarily arise as a result of the difference between tax allowances on property, plant and equipment and the corresponding depreciation charge. Full provision is made for the tax effects of these differences using tax rates substantively enacted at the balance sheet date.

No provision is made for temporary differences relating to investments in subsidiaries since realisation of such differences can be controlled and is not probable in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

## 2.8 Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation, with the exception of assets acquired as part of a business combination which are recorded at fair value.

The Group's policy is to write-off the difference between the cost of all property, plant and equipment, plant and equipment, except freehold land, and their residual value on a straight line basis over their estimated useful lives. Reviews are made annually of the estimated remaining lives and residual values of individual productive assets, taking account of commercial and technological obsolescence as well as normal wear and tear, and adjustments are made where appropriate. Under this policy it becomes impractical to calculate asset average lives exactly. However, the total lives range from approximately 5 to 50 years for buildings and leasehold improvements, and 2 to 10 years for fixtures, vehicles and computer equipment.

All individual assets are reviewed for impairment when there are indications that the carrying value may not be recoverable.



## 2.9 Impairment of non-financial assets

The Group assesses at each year end whether an asset may be impaired. If any evidence exists of impairment, the estimated recoverable amount is compared to the carrying value of the asset and an impairment loss is recognised where appropriate.

Recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. In addition to this, goodwill is tested for impairment at least annually.

## 2.10 Leases

The cost of operating leases is charged to the Statement of comprehensive income as incurred.

## 2.11 Financial risk factors

The Group's activities expose it to a variety of financial risks: currency risk, interest rate risk, liquidity risk and credit risk. The Group's overall risk management strategy is approved by the Board and implemented and reviewed by the Executive Operating Board. Detailed financial risk management is then delegated to the Group Finance department which has a specific policy to manage financial risk. Regular reports are received to enable prompt identification of financial risks so that appropriate action may be taken.

### Currency risk

The Group purchases internationally but has minimal exposure to currency risk arising from various currency exposures, primarily with respect to the US Dollar and the Euro. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. The Group uses foreign currency bank balances to manage its foreign exchange risk arising from future commercial transactions, recognised assets and liabilities.

For 2015, had the Group's basket of reporting currencies been 10% weaker/stronger against Sterling than the actual rates experienced, post-tax profit for the year would have been £nil (2014: £0.04m) lower/higher than reported and equity would have moved by £nil (2014: £nil).

### Interest rate risk

The Group has interest bearing assets.

Had interest rates moved by 10 basis points, post tax losses would have moved by £nil (2014: 37,000).

### Liquidity risk

On a regular basis, management monitors forecasts of the Group's cash flows against both internal targets and those targets imposed by external lenders to ensure that it has sufficient cash to meet operational needs, while maintaining sufficient headroom at all times, so that the Group does not breach borrowing limits or loan covenants.

Such forecasting takes into consideration the Group's debt financing plans and covenant compliance.

Surplus cash held by the Group over and above the balance required for working capital management are placed on interest bearing deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the Group's cash flow forecasts.

### Credit risk

The Group has no significant concentrations of credit risk. It has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Cash transactions are limited to high-credit quality financial institutions.

## 2.12 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, as well as maintaining an optimal capital structure to reduce overall cost of capital.

In order to maintain this optimal structure, the Group may adjust the amount of dividends paid, issue new shares, return capital to shareholders or dispose of assets to reduce net debt.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015 - CONTINUED

## 2.13 Inventories

Inventories are stated at the lower of cost and net realisable amount on a first in first out basis. Net realisable amount is the estimated selling price in the ordinary course of business less any applicable variable selling costs. Provision is made for obsolete, slow moving and defective inventory where appropriate. Profits arising on intra Group sales are eliminated in so far as the product remains in Group inventory at the year end.

## 2.14 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less impairment losses.

## 2.15 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

## 2.16 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short term deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Cash flow statement.

## 2.17 Investments

Investments in unquoted securities are carried at fair value unless such value cannot be reliably measured, in which case the investments are carried at cost. Investments are subject to impairment testing at each Balance sheet date or earlier upon indication of impairment.

## 3 Segmental analysis

The main business segments of the Group are now Digital Health and InTechnology Wi-Fi, and these are the operating segments for which management information is presented to the Group's Executive Operating Board, which is deemed to be the Group's chief operating decision maker.

The Group's Executive Operating Board monitors the operating results of the operating segments separately for the purposes of resource allocation and assessing performance. Segment performance is evaluated based on operating profit or loss which is measured in a manner consistent with that of the consolidated financial statements. Finance costs, finance income and taxation are managed on a group basis.

The Group trades by way of divisions encompassing its main business segments. The Group operates only one trade debtor and creditor accounting ledger and cash account. For this reason, a measure of segment assets and liabilities for operating segments is not provided to the Group's chief operating decision maker and is therefore not disclosed under IFRS 8.

3 Segmental analysis (continued)

	Digital Healthcare		InTechnologyWi-Fi		Other Services		Group	
	2015	2014	2015	2014	2015	2014	2015	2014
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Statement of comprehensive income								
Revenue	6,930	192	70	-	282	644	7,282	836
Expenses	(8,046)	(2,642)	(1,941)	(296)	(4,862)	(3,660)	(14,849)	(6,598)
Operating loss before other income	(1,116)	(2,450)	(1,871)	(296)	(4,580)	(3,016)	(7,567)	(5,762)
Other income	-	-	-	-	-	3,766	-	3,766
Operating (loss)/ profit	(1,116)	(2,450)	(1,871)	(296)	(4,580)	750	(7,567)	(1,996)
Net finance income	-	-	-	-	-	-	42	143
Share of post tax loss of associates	-	-	-	-	-	-	(1,136)	(1,246)
Loss on re-valuation of equity interest	-	-	-	-	-	-	-	(118)
Loss before taxation	-	-	-	-	-	-	(8,661)	(3,217)
Taxation	-	-	-	-	-	-	1,087	71
Loss for the year from continuing operations	-	-	-	-	-	-	(7,574)	(3,146)
Discontinued operations								
Profit for the year from discontinued operations	-	-	-	-	-	-	-	11,047
(Loss)/profit for the year	-	-	-	-	-	-	(7,574)	7,901

4 Net operating expenses

	2015	2014
	£'000	Restated £'000
Employee benefit expense	3,960	3,445
Depreciation charges (note 11)	187	110
Foreign exchange losses	-	11
Impairment of goodwill	130	-
(Profit)/loss on disposal of property, plant and equipment	(43)	697
Operating lease payments – land and buildings	226	448
Other expenses	3,810	1,153
Net operating expenses	8,270	5,864

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015 - CONTINUED

## Auditors remuneration

During the year the Group obtained the following services from the Group's auditors at costs as detailed below:

	2015	2014
	£'000	£'000
Fees payable to the Company's auditors for the audit of Company and consolidated financial statements	35	48

## 5 Finance income and costs

	2015	2014
	£'000	Restated £'000
Group		
Finance income:		
- bank interest receivable	40	141
- other interest	2	2
<b>Finance income</b>	<b>42</b>	<b>143</b>

6 Taxation

	2015	2014 Restated
	£'000	£'000
(a) Analysis of credit for the year		
Current tax		
Current tax on losses for the year	349	61
Adjustment in respect of prior years	284	175
<b>Total current tax</b>	<b>633</b>	<b>236</b>
Deferred tax credit/(charge (note 7))	454	(165)
<b>Total credit for the year</b>	<b>1,087</b>	<b>71</b>

(b) The tax on the Group's loss before tax and share of post tax loss of associates differs from the theoretical amount that would arise using the weighted average tax rate applicable to losses of the consolidated entities as follows:

<b>Loss before tax</b>	<b>(8,661)</b>	<b>(3,217)</b>
At standard rate of corporation tax of 21% (2014: 23%)	(1,819)	(740)
Effects of:		
Adjustments for tax on post tax loss of associate	239	287
Expenses not deductible for tax purposes	22	196
Fixed asset differences	15	-
Capital allowances in excess of depreciation	(76)	(7)
Other timing differences	27	-
Unrelieved tax losses and other deductions arising in the period	919	-
Deduction for R&D expenditure	(281)	(58)
Surrender of tax loss for R&D tax credit refund	157	-
Adjustment to tax charge in respect of previous periods	(290)	-
Utilisation of losses	-	251
<b>Total credit for the year</b>	<b>(1,087)</b>	<b>(71)</b>

In accordance with the Finance Act 2013, enacted on 2 July 2013, the standard rate of corporation tax reduced to 21%, with a further 1% reduction to 20% effective from 1 April 2015. During the year, effective from 1 April 2015, the standard rate of corporation tax in the UK changed from 21% to 20%. Accordingly the Company's loss for this year are taxed at an effective rate of 21% (2014: 23%).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015 - CONTINUED

## 7 Deferred taxation

	2015	2014 Restated
	£'000	£'000
Group and company		
The deferred tax balances included in these financial statements are attributable to the following:		
Deferred tax assets		
Excess of depreciation over capital allowances	47	64
Provisions	18	3
Losses and other deductions	456	-
	521	67

The movement on deferred tax balances during the year is summarised as follows:

Deferred tax credited / (charged) through the Statement of comprehensive income	454	(165)
Deferred tax transferred with discontinued operations	-	(884)
	454	(1,049)
Net balance brought forward	67	1,116
Net balance carried forward	521	67

Deferred tax credited / (charged) through the Statement of comprehensive income relates to the following:

Excess of depreciation over capital allowances	(21)	(225)
Prior year adjustment	6	(83)
Accelerated capital allowances	8	(6)
Losses and other deductions	461	-
Intangible assets	-	17
Change in rate of deferred taxation	-	132
	454	(165)

	2015	2014 Restated
	£'000	£,000
Company		
The deferred tax balances included in these financial statements are attributable to the following:		
Deferred tax assets		
Excess of depreciation over capital allowances	47	64
Provisions	18	3
Losses and other deductions	490	34
	<u>555</u>	<u>101</u>

The movement on deferred tax balances during the year is summarised as follows:

Deferred tax credited / charged through the statement of comprehensive income	454	(165)
Deferred tax transferred with discontinued operations	-	(884)
	<u>454</u>	<u>(1,049)</u>
Net balance brought forward	101	1,150
	<u>555</u>	<u>101</u>

Deferred tax credited / (charged) through the Statement of comprehensive income relates to the following:

Excess of depreciation over capital allowances	(21)	(225)
Prior year adjustment	6	(83)
Accelerated capital allowances	8	(6)
Losses and other deductions	461	-
Intangible assets	-	17
Change in rate of deferred taxation	-	132
	<u>454</u>	<u>(165)</u>

Deferred tax is calculated on temporary differences under the liability method at a rate of 21% (2014: 23%) in the United Kingdom.

Deferred tax assets have been recognised in all cases where such assets arise, as it is probable the assets will be recovered.

All movements on deferred tax balances have been recognised in income.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015 - CONTINUED

## 8 Profit of the holding company

As permitted by section 408 of the Companies Act 2006, the Statement of comprehensive income of the Company is not presented in these financial statements. The parent Company's profit for the year ended 31 March 2015 was £940,000 (2014: £15,186,000).

## 9 (Loss)/ Earnings per share

	2015 £'000	2014 £'000
Loss from continuing operations attributable to owners of the parent	(7,574)	(3,146)
Profit from discontinued operations attributable to owners of the parent	-	11,047
<u>(Loss) / Profit for the year</u>	<u>(7,574)</u>	<u>7,901</u>
Weighted average number of ordinary shares in issue (thousands)	144,282	144,282
<u>Basic (loss) /earnings per share</u>	<u>(5.25)</u>	<u>5.48</u>
Share of post tax loss of associate	-	-
<u>Adjusted basic and diluted earnings per share</u>	<u>(5.25)</u>	<u>5.48</u>

Basic earnings per share is calculated by dividing the (loss)/ earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year.

For diluted earnings per share the weighted average number of ordinary shares in issue is adjusted at assume conversion of all potentially dilutive ordinary shares.



10 Intangible assets

	Goodwill	Total
Group	£'000	£'000
At 1 April 2013		
Cost and net book amount	38,997	38,997
Year ended 31 March 2014		
Opening net book amount		38,997
Additions		130
Transferred on sale of subsidiary	(38,997)	(38,997)
Closing net book amount	130	130
At 1 April 2014		
Cost and net book amount	130	130
Year ended 31 March 2015		
Opening net book amount		130
Impairment review	(130)	(130)
Closing net book amount		-
Following an impairment review of our investment in Live PA Limited, it As decided that the goodwill should be fully written off .		
Company	Goodwill	Total
	£'000	£'000
At 1 April 2013		
Cost and net book amount	35,747	35,747
Year ended 31 March 2014		
Opening net book amount	35,747	35,747
Transferred out on hive down	(35,747)	(35,747)
Closing net book amount	-	-
At 1 April 2014		
Cost and net book amount	-	-
Year ended 31 March 2015		
Cost and net book amount	-	-

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015 - CONTINUED

## 11 Property, plant and equipment

	Leasehold improvements	Office fixtures & fittings	Vehicles & computer equipment	Total
	£'000	£'000	£'000	£'000
Group cost				
At 1 April 2013	10,927	539	18,824	30,290
Additions	102	28	2,433	2,563
Disposals	-	-	(906)	(906)
Transferred on sale of subsidiary	(10,995)	(381)	(19,552)	(30,898)
At 31 March 2014	34	186	829	1,049
At 1 April 2014	34	186	829	1,049
Additions	263	3	638	904
Disposals	-	-	(152)	(152)
At 31 March 2015	297	189	1,315	1,801
Accumulated depreciation				
At 1 April 2013	3,646	432	13,739	17,817
Charge for the year	617	25	2,181	2,823
Disposals	-	-	(246)	(246)
Transferred on sale of subsidiary	(4,229)	(381)	(14,999)	(19,609)
At 31 March 2014	34	76	675	785
At 1 April 2014	34	76	675	785
Charge for the year	26	34	127	187
Disposals	-	-	(145)	(145)
At 31 March 2015	60	110	657	827
Net book amount at 31 March 2015	237	79	658	974
Net book amount at 31 March 2014	-	110	154	264

	Leasehold improvements	Office fixtures & fittings	Vehicles & computer equipment	Total
	£'000	£'000	£'000	£'000
Company cost				
At 1 April 2013	10,927	539	18,824	30,290
Additions	-	128	483	611
Disposals	-	-	(774)	(774)
Transferred out on hive down	(10,893)	(481)	(17,704)	(29,078)
At 31 March 2014	34	186	829	1,049
At 1 April 2014	34	186	829	1,049
Additions	263	3	242	508
Disposals	-	-	(152)	(152)
At 31 March 2015	297	189	919	1,405
Accumulated Depreciation				
At 1 April 2013	3,646	515	13,739	17,900
Charge for the year	75	15	334	424
Disposals	-	-	(113)	(113)
Transferred out on hive down	(3,687)	(454)	(13,285)	(17,426)
At 31 March 2014	34	76	675	785
At 1 April 2014	34	76	675	785
Charge for the year	26	34	127	187
Disposals	-	-	(145)	(145)
At 31 March 2015	60	110	657	827
Net book amount at 31 March 2015	237	79	262	578
Net book amount at 31 March 2014	-	110	154	264

Lease rentals amounting to £209,000 (2014: £409,000) and £17,000 (2014: £39,000) relating to the lease of property and motor vehicles, respectively, are included in the Statement of comprehensive income (note 4).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015 - CONTINUED

## 12 Future commitments

At 31 March 2015, the Directors had authorised capital expenditure of £nil (2014: £nil).

At 31 March 2015 the Group's future minimum operating lease commitments were due as follows:

	Land & buildings		Other assets	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Within one year	185	185	30	12
From one to five years	739	739	24	11
After five years	138	502	-	-
	<u>1,062</u>	<u>1,426</u>	<u>54</u>	<u>23</u>

The Group leases various buildings and vehicles under non-cancellable operating lease arrangements. The leases have various terms typical of lease arrangements for this particular class of asset.

13 Investment in subsidiary and associate undertakings

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
<b>Shares in group undertakings</b>				
At 1 April	4,000	-	13,674	8,419
Additions in the year:				
Subsidiary: Intechology Wi-Fi Limited	-	-	600	-
Subsidiary: IMS Limited	-	-	-	53,000
Subsidiary: Live-PA Limited	-	-	-	255
Associate: Mobile Tornado Group plc	730	4,000	730	4,000
Subsidiary: InHealthcare Limited	-	-	-	1,000
Disposed of during the year:				
Subsidiary: IMS Limited	-	-	-	(53,000)
<b>At 31 March</b>	<b>4,730</b>	<b>4,000</b>	<b>15,004</b>	<b>13,674</b>
<b>Interests in associates</b>				
At 1 April				
- Net liabilities	(8,801)	(7,170)	-	-
- Goodwill and intangible assets	12,530	8,530	-	-
Foreign exchange gains from associate	-	11	-	-
Share of losses suffered	(1,136)	(1,246)	-	-
Share of losses transferred from loans to associates	-	(396)	-	-
<b>At 31 March</b>				
- Net liabilities	(9,937)	(8,801)	-	-
- Goodwill and intangible assets at cost	13,260	12,530	-	-
	<b>3,323</b>	<b>3,729</b>	<b>-</b>	<b>-</b>
<b>Accumulated impairment</b>				
<b>At 31 March</b>	<b>(1,360)</b>	<b>(1,360)</b>	<b>-</b>	<b>-</b>
<b>Net book amount at 31 March</b>				
- Net liabilities	(9,937)	(8,801)	-	-
- Goodwill and intangible assets	11,900	11,170	-	-
<b>Total investments</b>	<b>1,963</b>	<b>2,369</b>	<b>15,004</b>	<b>13,674</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015 - CONTINUED

Investments in Group undertakings are stated at cost. As permitted by section 615 of the Companies Act 2006, where the relief afforded under sections 612 and 613 of the Companies Act 2006 applies, cost is the aggregate of the nominal value of the relevant number of the company's shares and the fair value of any other consideration given to acquire the share capital of the subsidiary undertakings. The Directors consider that to give full particulars of all subsidiary undertakings would lead to a statement of excessive length. A list of principal subsidiary undertakings and associates is given below.

Details of the investments at 31 March 2015 in which the Group or Company holds more than 20% of the nominal value of ordinary share capital are as follows:

Subsidiary and associate undertakings	Country of incorporation or registration	Nature of business	Year end	Group proportion held	Company proportion held
InTechnology Wi-Fi Limited	England	Wi-Fi systems	31 March	60%	60%
InHealthcare Limited	England	Digital health services	31 March	100%	100%
Live-PA Limited	England	Software consultancy	31 March	76.0%	76.0%
Mobile Tornado Group plc*	England	Telecoms	31 December	49.9%	49.9%
EEscape Holdings Limited	England	Dormant	31 March	100%	100%
Evexus Limited	England	Dormant	31 March	100%	-
Call-Link Communications Limited	England	Dormant	31 March	100%	-
Allasso Limited	England	Dormant	31 March	100%	100%
HOLF Technologies Limited	England	Dormant	31 March	100%	100%
VData Limited	England	Dormant	31 March	100%	100%
Integrated Technology (Europe) Limited	England	Dormant	31 March	100%	-
Smart Wi-Fi Events Limited	England	Dormant	31 March	100%	-
Smart Stadiums Limited	England	Dormant	31 March	100%	-
Smart Wi-Fi Limited	England	Dormant	31 March	100%	-

\*On 16 April 2015 the Group and company proportion held increased to 51.2%

14 Inventories	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Finished goods	404	464	404	464

The cost of inventory recognised as an expense in 'operating expenses' amounted to £nil (2014: £143,000).

15 Trade and other receivables

	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Trade receivables	1,592	1,054	1,577	1,038
Less: provision for impairment of trade receivables	(519)	(162)	(519)	(162)
Trade receivables - net	1,073	892	1,058	876
Prepayments and accrued income	2,364	2,332	2,364	2,327
Social security and other taxes	127	631	127	675
Loans to associate	964	1,076	964	1,076
Amounts owed by Group undertakings	-	-	12,907	7,445
Other receivables	1,266	434	867	1,022
	5,794	5,365	18,287	13,421
Less non-current portion: amounts owed by Group undertakings	-	-	(12,907)	(7,445)
Current portion	5,794	5,365	5,380	5,976

Loans to associate: On 16 April 2015 £871,000 of the £964,000 owed by Mobile Tornado Group plc. was converted to ordinary shares. This increases the investment to a 51.2% and Mobile Tornado Group Plc became a subsidiary from that date. The loans are secured by way of a debenture over the assets of the Associate. The loans incur interest at a rate of 5.0% above base per annum. The Group does not recognise interest until it has been paid by the Associate.

Amounts owed by Group undertakings are unsecured, bear no interest and have no fixed repayment date. The ageing of the Group's year end overdue receivable is as follows:

	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Impaired				
Less than three months	-	-	-	-
Three to six months	-	-	-	-
Over six months	519	162	519	162
	519	162	519	162
Not impaired				
Less than three months	459	117	459	101
Three to six months	251	-	251	-
Over six months	363	775	347	775
	1,073	892	1,058	876

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015 - CONTINUED

## 15 Trade and other receivables continued

The individually impaired receivables relate to customers in unexpectedly difficult economic circumstances. The overdue receivables against which no provision has been made relate to a number of customers for whom there is no recent history of default or any other indication that settlement will not be forthcoming.

The carrying amounts of the Group's receivables are all denominated in Sterling.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

Movement on the Group's provision for impairment of trade receivables is as follows:

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
At 1 April	162	44	162	44
Charge to the Statement of comprehensive income	357	118	357	118
At 31 March	519	162	519	162

Amounts charged to the Statement of comprehensive income are included within cost of sales. The other classes of receivables do not contain impaired assets.

## 16 Trade and other payables

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Trade payables	1,311	302	1,311	282
Other payables	314	81	238	1
Accrued expenses	1,113	626	1,113	593
Social security and other taxes	108	-	108	-
Amounts owed to Group undertakings	-	-	9,419	9,419
	2,846	1,009	12,189	10,295
Less non-current portion: amounts owed to Group undertakings	-	-	(9,419)	(9,419)
Current portion	2,846	1,009	2,770	876

Amounts owed to Group undertakings are unsecured, bear no interest and have no fixed repayment date.



## 17 Borrowings, other financial liabilities and other financial assets

The Group has no bank borrowings or no obligations under finance leases at the year end. (2014: £nil)

The main financial risks faced by the Group include foreign currency risk, interest rate risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks.

The Group's financial instruments comprise cash, liquid resources and various items, such as debtors and creditors that arise directly from its operations. It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken. The year end position reflects these policies and there have been no changes in policies or risks since the year end.

Financial asset returns are maximised by ongoing review of the Group's cash flow requirements. Any funds surplus to short-term working capital requirements are placed on interest bearing deposit.

Short-term trade debtors and creditors have been excluded from all the following disclosures with the exception of the currency exposure analysis.

### Interest rate risk profile of financial assets

The interest rate profile of the financial assets of the Group comprise cash of £5,367,000 (2014: £65,584,000) as follows:

	Floating rate	
	2015	2014
	£'000	£'000
Currency		
Sterling	5,361	65,163
US Dollar	6	421
	<hr/>	<hr/>
	5,367	65,584

The Sterling and US Dollar financial assets relate to cash at bank and bear interest based on GBP Base Rate. There are no fixed rate financial assets (2014: £nil).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015 - CONTINUED

## Fair value

Fair value is the amount at which a financial instrument could be exchanged at an arm's length transaction between informed and willing parties, other than by a forced or liquidation sale, and excludes accrued interest. The fair values of financial assets and liabilities as at 31 March 2015 approximate to the book value at those dates based on comparison with similar instruments available from alternative providers.

## Currency exposure

The table below shows the extent to which Group companies have monetary assets and liabilities in currencies other than their local currency. Foreign exchange differences on translation of earnings are taken to the Statement of comprehensive income of the Group.

	2015	2014
	£'000	£'000
Functional currency of operation: Sterling		
US Dollar (liabilities)/assets (net)	6	421

## Hedges

The Group does not operate any hedging instruments.

18 Discontinued operations

Analysis of the result of discontinued operations is as follows:

	2015	2014
	£'000	£'000
Revenue	-	28,364
Cost of sales	-	(10,246)
Gross profit	-	18,118
Net operating expenses before depreciation and amortisation	-	(16,031)
Depreciation of property, plant and equipment	-	(2,713)
Net operating expenses	-	(18,744)
Other operating income	-	15
Operating loss	-	(611)
Finance income	-	-
Finance costs	-	(130)
Profit on sale of subsidiary	-	11,781
Profit before taxation	-	11,040
Taxation	-	7
Result/ profit after tax of discontinued operations	-	11,047

19 Share capital and share premium

	Number of shares	Share capital	Share premium	Total
	'000	£'000	£'000	£'000
Group and Company				
At 1 April 2013	141,235	1,412	54,040	55,452
Employee share options:				
Cancellation of deferred payment shares	(300)	(3)	(21)	(24)
Share options exercised	3,347	34	536	570
Capital restructure	-	-	(54,040)	(54,040)
As at 31 March 2014	144,282	1,443	515	1,958
As at 31 March 2015	144,282	1,443	515	1,958

The total authorised number of ordinary shares is 252 million (2014: 252 million) with a par value of 1p per share (2014: 1p per share). All issued shares are fully paid.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015 - CONTINUED

## 20 Cash used in operations

	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Continuing operations				
Operating loss	(7,567)	(1,996)	(2,461)	(41)
Adjustments for:				
Depreciation	187	110	187	110
(Profit)/loss on disposal of property, plant and equipment	(43)	697	(43)	657
Impairment of goodwill	130			
Exchange movements	-	18	-	19
Share option non cash charge	-	8	-	3
Changes in working capital:				
Decrease in inventories	60	252	60	252
Decrease in trade and other receivables	(429)	(761)	(4,866)	(2,302)
Increase in trade and other payables	1,837	935	1,896	848
Unpaid shares from minority interests	400	-	-	-
<b>Cash used in continuing operations</b>	<b>(5,425)</b>	<b>(737)</b>	<b>(5,227)</b>	<b>(454)</b>
Discontinued operations				
Operating (loss) /profit	-	(611)	-	305
Adjustments for:				
Depreciation	-	2,713	-	314
Loss on disposal of property, plant and equipment	-	-	-	-
Changes in working capital:				
(Decrease) / increase in trade and other receivables	-	(3,791)	-	(323)
Increase / (decrease) in trade and other payables	-	2,263	-	(1,663)
<b>Cash generated from / (used in) discontinued operations</b>	<b>-</b>	<b>574</b>	<b>-</b>	<b>(1,367)</b>
<b>Cash used in operations</b>	<b>(5,825)</b>	<b>(163)</b>	<b>(5,227)</b>	<b>(1,821)</b>

21 Employee information

Group employment costs including executive Directors were:

	2015	Group 2014	2015	Company 2014
	£'000	£'000	£'000	£'000
Wages and salaries	3,327	2,999	1,446	1,598
Social security costs	554	390	328	224
Other pension costs	79	53	20	24
Cost of employee share schemes	-	3	-	3
	<u>3,960</u>	<u>3,445</u>	<u>1,794</u>	<u>1,849</u>

Average employee numbers	2015 Number	Group 2014 Number	2015 Number	Company 2014 Number
Sales	5	30	-	4
Technical	11	58	-	12
Operations	13	53	-	6
Administration	18	35	15	12
	<u>47</u>	<u>176</u>	<u>15</u>	<u>34</u>

As required by the Companies Act 2006, the figures disclosed above are weighted averages based on the number of employees at each month end.

At 31 March 2015 the Group had 51 (2014: 43) employees in total.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015 - CONTINUED

## 22 Key managements' remuneration

Key management includes Directors, non-executive Directors and executive operating board members. Detailed information concerning key management remuneration, interests and options is shown in the parts of the Directors' Remuneration Reports subject to audit on pages 18 to 21 which form part of the Annual Report and Financial Statements.

## 23 Related party transactions

### Group

Peter Wilkinson, Richard James and Andrew Kaberry are shareholders in Mobile Tornado Group plc, an AIM listed company in which InTechnology plc owns 49.9% of the issued ordinary share capital and all the issued cumulative redeemable non-voting preference shares. Peter Wilkinson is non-executive Chairman and Richard James is a Director and Company Secretary of Mobile Tornado Group plc. InTechnology plc sold services totalling £240,000 (2014: £416,000) to Mobile Tornado Group plc in the year. As at 31 March 2015 InTechnology plc was owed £964,000 (2014: £1,076,000) by Mobile Tornado Group plc of which on 16 April 2015 £871,000 was subscribed for Ordinary shares increasing InTechnology plc investment to 51.2%.

As at 31 March 2015, InTechnology plc owned 76.0% of the issued ordinary share capital of Live-PA Limited which is incorporated in the United Kingdom. InTechnology plc sold services totalling £nil (2014: £279,000) to Live-PA Limited in the year. As at 31 March 2015, InTechnology plc was owed £593,000 (2014: £593,000) by Live-PA Limited.

Peter Wilkinson is a shareholder of Holf Investments Limited which is incorporated in the United Kingdom. Holf Investments Limited own 40% of InTechnology Wi-Fi Limited. As at 31 March 2015, Holf Investments Limited owed InTechnology plc £400,000 (2014: £nil).

Joanne Wilkinson, wife of Peter Wilkinson, owns the entire share capital of My Possible Self Limited. InTechnology plc purchased services totalling £32,000 in the year (2014: £47,000). The amount owed to My Possible Self Limited at the year end amounted to £4,000 (2014: £nil).

All transactions with related parties were carried out on an arm's length basis.

### Company

InTechnology Managed Services was sold by InTechnology plc on 6 December 2013. From the date that it was hived down on 1 May 2013 to the date of the sale, InTechnology plc charged a monthly management fee for managerial services. This charge totalled £nil for the financial year ended 31 March 2015.

## 24 Ultimate controlling party

The Directors consider Peter Wilkinson to be the ultimate controlling party by virtue of his shareholding in the Company.

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting (“the Meeting”) of InTechnology plc (the “Company”) will be held at Cardale House, Cardale Court, Beckwith Head Road, Harrogate, North Yorkshire, HG3 1RY on Friday 27 November 2015 at 9.15am to transact the following business:

## Ordinary Business

- 1 To receive and adopt the report of the Directors of the Company (“the Directors”), the report of the independent auditors of the Company and the financial statements of the Company for the year ended 31 March 2015.
- 2 To reappoint Lord Parkinson as a Director, who retires by rotation in accordance with Article 92 of the Articles of Association of the Company (“Article 92”) and who, being eligible, offers himself for reappointment as a Director.
- 3 To reappoint Richard James as a Director, who retires by rotation in accordance with Article 92 and who, being eligible, offers himself for reappointment as a Director.
- 4 To reappoint PricewaterhouseCoopers LLP as auditors of the Company to hold office until the conclusion of the next general meeting at which financial statements are laid before the Company and that their remuneration be fixed by the Directors.

## Special Business

- 5 That, in substitution for all subsisting authorities to the extent unused, the Directors be and are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (“CA 2006”) to exercise all the powers of the Company to allot and grant equity securities (within the meaning of section 560 of the CA 2006) up to an aggregate nominal amount of £500,000, provided that such authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this Resolution 5, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted or granted after such expiry and, notwithstanding such expiry, the Directors may allot or grant equity securities in pursuance of any such offer or agreement.
- 6 That, subject to the passing of Resolution 5, in substitution for all subsisting authorities to the extent unused, the Directors be and they are hereby empowered to allot equity securities (within the meaning of section 560 of the CA 2006) for cash or otherwise pursuant to the authority given by Resolution 5 and/or to allot equity securities where such allotment constitutes an allotment of securities by way of section 560(2)(b) of the CA 2006, as if section 561 of the CA 2006 did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:
  - a) in connection with an offer of such securities by way of rights issue or other issues in favour of holders of Ordinary Shares in the Company where the equity securities respectively attributed to the interests of all such holders are proportionate (as nearly as may be practical) to their respective holdings of Ordinary Shares (but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws or the requirements of any regulatory body or any stock exchange in any territory or otherwise howsoever); and

# NOTICE OF ANNUAL GENERAL MEETING

Continued

b) otherwise than pursuant to sub-paragraph (a) above, up to an aggregate nominal amount of £500,000; and shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this Resolution 6, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and notwithstanding such expiry the Directors may allot equity securities in pursuance of such offer or agreement.

Dated

By order of the Board

Richard James  
Director and Company Secretary  
For and on behalf of InTechnology plc  
Cardale House, Cardale Court,  
Beckwith Head Road,  
Harrogate,  
North Yorkshire HG3 1RY



# NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

## Entitlement to attend and vote

- 1 Only those members registered on the Company's register of members at:
  - 6.00pm on 25 November 2015; or,
  - if this Meeting is adjourned, at 6.00pm on the day two days prior to the adjourned meeting, shall be entitled to attend and vote at the Meeting.

## Appointment of proxies

- 2 As a member of the Company, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
- 3 A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form.
- 4 You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact Capita Registrars at PXS 1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF.
- 5 If you do not give your proxy an indication of how to vote on any resolution, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

## Appointment of proxy using hard copy proxy form

- 6 The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote. To appoint a proxy using the proxy form, the form must be:
  - completed and signed;
  - sent or delivered to Capita Registrars at PXS 1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF; and
  - received by Capita Registrars by no later than 9.15am on 27 November 2015.

# NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

## CONTINUED

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

### Appointment of proxy by joint members

7 In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

### Changing proxy instructions

8 To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Capita Registrars at PXS 1, 34 Beckenham Road, Beckenham, Kent BR34ZF.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

# NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

## CONTINUED

### Termination of proxy appointments

- 9 In order to revoke a proxy instruction you will need to inform Capita Registrars by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Capita Registrars at PXS 1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

The revocation notice must be received by Capita Registrars by no later than 9.15am on 27 November 2015.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

### Communication

- 10 Except as provided above, members who wish to communicate with the Company in relation to the Meeting should write to the Company Secretary, InTechnology plc, Cardale House, Cardale Court, Beckwith Head Road, Harrogate, North Yorkshire HG3 1RY.

No other methods of communication will be accepted.

# FORM OF PROXY FOR INTECHNOLOGY PLC

(incorporated and registered in England and Wales under number 03916586) (the "Company")

For use by holders of Ordinary Shares of 1p each in the Company at the Annual General Meeting of the Company to be held at Cardale House, Cardale Court, Beckwith Head Road, Harrogate, North Yorkshire HG3 1RY on Friday 27 November 2015 at 9.15am (the "AGM"). Please read the Notice of AGM and the notes to this proxy form.

I/We:	(please insert name of the Shareholder(s) in BLOCK CAPITALS)
of:	(please insert full postal address of the Shareholder(s) in BLOCK CAPITALS)

being Shareholder(s) entitled to attend, speak and vote at meetings of shareholders of the Company, hereby appoint the Chairman of the AGM or (see note 3):

--

as my/our proxy to attend, speak and vote on my/our behalf at the AGM of the Company to be held on Friday 27 November 2015 at 9.15am and at any adjournment of the meeting.

I/We direct my/our proxy to vote on the following resolutions as I/we have indicated by marking the appropriate box with an 'X'. If no indication is given, my/our proxy will vote or abstain from voting at his or her discretion and I/we authorise my/our proxy to vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is properly put before the meeting.

RESOLUTIONS	For	Against	Vote Withheld
<b>ORDINARY BUSINESS</b>			
1. Receipt and adoption of Directors' report and financial statements			
2. Reappointment of Lord Parkinson			
3. Reappointment of Richard James			
4. Reappointment of PricewaterhouseCoopers LLP as auditors of the Company and Directors' authority to fix their remuneration			
<b>SPECIAL BUSINESS</b>			
5. Ordinary resolution to authorise Directors to allot equity securities			
6. Special resolution to disapply statutory pre-emption provisions			

Dated	
Signed	

Notes to the proxy form

- As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. You can only appoint a proxy using the procedures set out in these notes and the notes to the Notice of AGM.
- Submission of a proxy form does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
- A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the Chairman of the meeting, insert their full name in the box. If you sign and return this proxy form with no name inserted in the box, the Chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give them the relevant instructions directly.
- You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact Capita Registrars at PXS 1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF.
- To direct your proxy how to vote on the resolutions, mark the appropriate box with an 'X'. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
- To appoint a proxy using this form, the form must be:
  - completed and signed;
  - sent or delivered to Capita Registrars at PXS 1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF; and
  - received by Capita Registrars by no later than 9.15am on 27 November 2015.
- In the case of a member which is a company, this form of proxy must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.
- Any power of attorney or any other authority under which this proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.
- In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
- If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
- For details of how to change your proxy instructions or revoke your proxy appointment see the notes to the Notice of AGM.

AFTER FOLDING SECURE EDGE WITH STICKY TAPE

AFTER FOLDING SECURE EDGE WITH STICKY TAPE

FOLD ALONG DOTTEDLINE

Business Reply Plus  
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PXS 1  
34 Beckenham Road  
BECKENHAM  
BR3 4ZF

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

The Rt. Hon. Lord Parkinson  
Charles Scott  
Peter Wilkinson  
Richard James  
Andrew Kaberry  
Bryn Sage

Non-executive Chairman  
Non-executive Director  
Chief Executive Officer  
Director and Company Secretary  
Finance Director  
Director, and CEO InHealthcare Ltd

## REGISTERED OFFICE

Cardale House  
Cardale Court  
Beckwith Head Road  
Harrogate  
HG3 1RY

Telephone: +44 (0)1423 877400  
Fax: +44 (0)1423 877456

## PRINCIPAL BANKERS

Lloyds TSB Bank plc  
PO Box 96  
6-7 Park Row  
Leeds  
LS1 1NX

## SOLICITORS

Walker Morris LLP  
Kings Court  
12 King Street  
Leeds  
LS1 2HL

## REGISTRAR AND TRANSFER OFFICE

Capita IRG plc  
The Registry  
34 Beckenham Road  
Beckenham  
Kent  
BR3 4TU

## INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP  
Chartered Accountants  
& Statutory Auditors  
Benson House  
33 Wellington Street  
Leeds  
LS1 4JP

MATCHED BARGAIN EXCHANGE  
[www.assetmatch.com](http://www.assetmatch.com)

COMPANY REGISTRATION NUMBER  
03916586

INTERNET ADDRESS  
[www.intechnology.com](http://www.intechnology.com)



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**intechology**plc

