IPPLUS PLC

Interim Financial Statements

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

ansaback
Making every contact count

CallScripter™

IP3TELECOM
Intelligent Communications

PCI-PAL
Securing Payments

INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

These statements are presented to show the continuing activities of the Group and the discontinued activities, the latter being the Ancora Solutions division disposed of at the end of the interim period.

	6 months ended 31 December 2014 (unaudited) £	Restated 6 months ended 31 December 2013 (unaudited) £	Restated 12 months ended 30 June 2014 (audited) £
Revenue			
Continuing activities	**3,374,240**	4,384,003	8,391,893
Discontinued activities	**362,703**	330,742	731,494
Revenue	**3,736,943**	4,714,745	9,123,387

Underlying operating (loss)/profit – continuing activities	**(68,616)**	321,224	442,661
Impairment of intangible assets*	**-**	-	(322,974)
Profit on lease surrender **	-	352,367	352,367
CallScripter reorganisation costs	**-**	-	(120,510)
Operating (loss)/profit	**(68,616)**	673,591	351,544
(Loss)/profit after taxation	**(163,640)**	613,700	217,184

- Long term clients and recurring revenues increased to 68% of total turnover (December 2013: 50%)
- Successful sale of Ancora Solutions to Restore PLC for £500,000
- CallScripter losses halved. Revenue growth and cost reduction continue
- IP3 Telecom sees 34% revenue growth
- PCI-PAL secures new contracts for major UK businesses
- New Board appointments
- Cash and cash equivalents balance of £352,492 at 31 December, with a further £500,000 received on 2 January 2015, following the sale of Ancora Solutions
- Ansaback fixed term utility contract ends, as anticipated, leading to a reduction in revenue
- Ansaback signs new partner contract handling 40 new client accounts

Basic and diluted earnings/(loss) per share (EPS)

From continuing activities	**(0.27)p**	2.06 p	0.99 p
From discontinued activities	**(0.25)p**	(0.12)p	(0.30)p
Basic and diluted earnings/(loss) per share (EPS)	**(0.52)p**	1.94 p	0.69 p

* *During the year to June 2014 the CallScripter intangible assets were impaired, giving rise to a charge of £322,974. This charge, whilst non-cash affecting, was a corollary of the lower than expected performance from CallScripter.*

** *Subsequent to the purchase of the freehold building, the sub-tenant of the upper floor agreed to the early termination of its lease in consideration of which it paid the Group the sum of £352,367. This early termination payment was recorded as a profit in the results for the year ended 30 June 2014.*

Chairman's statement

Financial Summary

Although we are reporting a loss, the Board believes that it has taken a number of steps over recent months which will allow the Group to improve performance going forward. Recurring revenues and long term contracts increased to £2,281,074 in the six months to 31 December 2014 (31 December 2013: £2,211,476) and now represent 68% of total turnover (31 December 2013: 50%)

Overall the Group generated a loss on continuing activities of £86,492 and a loss on discontinued activities of £77,148, making a total loss before taxation for the six months to 31 December 2014 of £163,640. (31 December 2013: profit of £613,700, including a one-off profit of £352,367). This was achieved on a reduced revenue of £3,736,943 (31 December 2013: £4,714,745), reflecting the end of a fixed term contract with a utility provider.

As expected the Group faced a number of challenges in the period; adjusting to the expiry of the utility contract with the commensurate decrease in turnover and margin; broadening the PCI-PAL customer base; ensuring the focus of the new CallScripter team and completing the sale of Ancora Solutions. Looking forwards however, the Board is confident that the Group's diverse range of high quality niche service businesses, with their differing drivers, its capacity for growth and its strong balance sheet means that it is well placed to progress from here.

The Group's cash position at 31 December 2014 was £352,492, with a further £500,000 being received on 2 January 2015 from Restore PLC as a result of the disposal of Ancora Solutions.

Disposal

As announced on 2 January 2015 the Board is pleased to report the successful sale of the Ancora Solutions trading division, which provided document archiving, shredding and library removals services, on 31 December 2014.

In the 6 months to 31 December 2014, Ancora Solutions reported revenues of £362,703 and a loss on discontinued activities of £77,148. This loss comprises of a core loss of £61,526, reorganisation costs of £98,319 and a profit on disposal of £82,697 (after taking into account the estimated outstanding lease costs on warehouse rentals). The net book value of the assets disposed of at 31 December 2014 was £286,313.

As stated in the Group's last Annual Report and Accounts, the Board had been actively reviewing Ancora's operations. Following this review, it was concluded that Ancora Solutions was non-core to the Group's business operations and as Ancora Solutions was relatively small in scale; an owner with a stronger presence in its sector could potentially derive more value from the business. Under the terms of the disposal, Restore PLC purchased the entire fixed assets, payroll and existing contracts of Ancora Solutions in return for a cash consideration of £500,000.

The Group intends to use the proceeds from the disposal to strengthen its working capital position.

Board Changes

After nearly nine years' service Philip Dayer stood down as a Non-Executive Director and Chairman on 31 December 2014. The Board wishes to express its tremendous gratitude to Philip for his loyal service to the Group and extends its best wishes to him.

I joined the Board on 29 August 2014, as a Non-Executive Director, and on 1 January 2015 took over the role of Chairman.

On 30 September 2014 Bernard Waldron also stood down as a Non-Executive Director and similarly the Group extends its gratitude to him for his service.

On 1 January 2015 the Group appointed Jason Starr as his replacement. Jason is Chief Executive Officer of Dillistone Group plc, the AIM quoted International supplier of software and services for the recruitment sector.

Business Summary

IPPlus PLC operates through two subsidiaries, IPPlus (UK) Limited and CallScripter Limited. Within these the Group operates four principal businesses namely Ansaback (which includes IP3 Telecom and PCI-PAL) and CallScripter.

Ansaback is a 24 hours a day, 7 days a week bureau telephony service providing overflow and out of hours call handling, emergency cover, dedicated phone resources, as well as disaster recovery lines and facilities, and other ancillary telecommunication services.

IP3 Telecom is the telephony services arm of Ansaback and provides a range of network level interactive call services including non-geographic and Freephone telephone facilities. With options for self-sufficiency or fully managed services, the platform gives the user the ability to run a professional call handling operation without the necessity for expensive hardware, installation, and on-going maintenance costs.

PCI-PAL is a hosted telephony Level 1 compliant credit card solution designed to prevent card fraud by eliminating credit card data being handled or stored at a clients' premises.

CallScripter is an enhanced customer interaction software suite specifically developed for contact centres, telesales and telemarketing operations. Our clients gain major benefits by introducing CallScripter's dynamic scripting environment into their organisation as the software facilitates the rapid set-up, handling and reporting of sophisticated inbound, outbound and e-mail campaigns.

Recurring revenues and long-term clients

The Group continues to build on its recurring revenues and long term clients. Recurring revenues and long term contracts increased to £2,281,074 in the six months to 31 December 2014 (31 December 2013: £2,211,476) and now represent 68% of total turnover (31 December 2013: 50%).

Review of Operations

Ansaback

As was forecast in the July 2014 trading update, Ansaback revenue fell in the six months to December 2014 primarily through a large utility client taking its business in-house when the existing contract finished in August. Having made the required adjustments to staffing levels, we continue to provide bad weather activation services and disaster recovery to this utility client but, in contrast to the extreme weather and ensuing work caused by seasonal storms in late 2013, the mild weather so far this winter has meant that the specialist activation team has had minimal extra work.

The re-organisation of the division, which remained profitable, saw us cut costs to re-align to the existing bureau revenues whilst new business was sought to fill the freed up capacity. The sales team has recently won two large and prestigious contracts which will make up some of the difference against previous performance. One is for a facilities management business and the other for a new major tourist attraction in London. The effect of these new contracts will take time to kick in but, along with a 53% rise in outbound work, the division is well placed to move forwards.

Bureau call traffic picked up in October and has remained buoyant, with increased call volumes from our key sectors, including R/etail, DRTV, Charity and other media response clients, as well as Telecoms, Accident Management and Energy sectors.

IP3 Telecom and PCI-PAL

IP3 Telecom, the telecommunications division of Ansaback, has traded in line with expectations and has continued to make good progress. In the first half of the year revenue increased by 34% compared with the same period last year, led by its PCI-PAL credit card solutions. PCI-PAL has full Payment Card Industry (“PCI”) Level 1 Accreditation, which helps prevent credit card fraud.

Our existing PCI-PAL client portfolio is primarily blue chip household names that have chosen our solution after evaluating various competing solutions. These clients are happy to be reference sites and provide testimonials to our new prospective clients. The number of transactions and the values passing through our secure network are growing rapidly.

The PCI-PAL pipeline has grown strongly in the last six months and contains an increasing number of multinational clients and institutions who are in the process of becoming PCI compliant and eliminating from their premises sensitive data which, if lost in a data hack, would result in fines and reputational damage. It is worth noting that whilst our solution is tried and tested and does not require significant capital expenditure the time taken from decision to activation for a large business or enterprise remains significant.

The current infrastructure provides capacity above our existing requirements and provides 99.999% uptime.

The continued expansion of the PCI-PAL channel network is contributing to our pipeline and further strengthening the brand as a market leader. Although new competitors are emerging, we have a degree of first mover advantage and an excellent brand which is easily understood by the target market. As a result, we continue to be particularly excited by the prospects for PCI-PAL.

CallScripter

CallScripter has made progress in recovering its forward momentum. The first half of the year saw a 5% increase in revenue compared to the same period of the previous year (2014: £542,157; 2013: £517,733) which, with strict cost control, has resulted in a significant reduction in losses (2014: £82,679; 2013: £171,470) arising from senior level staff changes.

The partnership with Interactive Intelligence Inc. (“ININ”), a market leading full suite Contact Centre solution supplier, through their Global Alliance programme, remains strong. The integration of the full version of CallScripter launched in August 2014 has already secured new orders and is also attracting interest from the existing EasyScripter customers looking for upgrades to the new product. This is helping to secure long term maintenance revenue and some excellent reference clients.

A recent agreement to allow ININ to include CallScripter as part of their Communications as a Service (“CaaS”) cloud-based offering presents a significant opportunity to grow monthly recurring revenues with 3 to 5 year contracts. The first CaaS contract was signed in Australia in December 2014 with CallScripter revenues expected to start by the end of the first quarter of calendar 2015; and is estimated to be worth around US$200,000 over the next 5 years. We anticipate that more businesses in the 50-500 seat range will opt for a cloud based solution. CaaS is a significant element of the ININ portfolio and CallScripter is now an option for the full customer base.

As a result of this activity we continue to see growth from channel sales versus direct clients, as planned, with the revenue split now showing a majority of channel versus direct sales. We also continue to see an increase in international sales versus UK sales.

Our effort remains to build on the ININ, Avaya, Cisco and Genesys relationships following our partner strategy put in place over 3 years ago to align with the market leaders. We also continue to consider requests from additional smaller partners to add scripting to their portfolio.

Dividend

Whilst the Board looks forward to implementing a progressive dividend policy when the Group is consistently trading profitably it is not declaring an interim dividend at this time.

Outlook

The Board is pleased that the Group has streamlined its activities and is focused on its growth areas. However business conditions remain challenging and the Board believes that these trading conditions will continue to be volatile with UK national election uncertainty looming.

The Group has adequate cash resources and anticipates good recurring and long term revenue streams, particularly within the call centre side of the business. We have succeeded in attracting a number of flagship customers who have trialled and selected our CallScripter and PCI-PAL technologies. Our challenge now is to grow these relationships to a larger-scale and overcome the procurement delays that inevitably come with large commercial customers and new technology deployment.

The Board remains confident that IPPlus’ long term strategy is appropriate. The Group has a sound business base, and remains particularly excited by the potential of PCI-PAL.

Chris Fielding
Non-Executive Chairman
11 February 2015

CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

	Note	**6 months ended 31 December 2014 (unaudited) £**	Restated 6 months ended 31 December 2013 (unaudited) £	Restated 12 months ended 30 June 2014 (audited) £
Revenue	3	**3,374,240**	4,384,003	8,391,893
Cost of sales		**(2,068,693)**	(2,662,310)	(5,152,692)
Gross profit		**1,305,547**	1,721,693	3,239,201
Administrative expenses		**(1,374,163)**	(1,400,469)	(2,887,657)
Other operating income		**-**	352,367	-
Operating (loss)/profit	3	**(68,616)**	673,591	351,544
Finance income		**1,210**	1,716	3,439
Finance costs		**(19,086)**	(24,957)	(48,721)
(Loss)/profit before taxation		**(86,492)**	650,350	306,262
Income tax (charge)/credit	4	**-**	(284)	4,701
Profit for year from continuing operations		**(86,492)**	650,066	310,963
Loss for the period from discontinued activities		**(77,148)**	(36,366)	(93,779)
(Loss)/profit and total comprehensive income attributable to equity holders of the parent company		**(163,640)**	613,700	217,184
Basic and diluted earnings per share				
From continuing activities		**(0.27)p**	2.06 p	0.99 p
From discontinued activities		**(0.25)p**	(0.12)p	(0.30)p
Basic and diluted earnings per share	5	**(0.52)p**	1.94 p	0.69 p

CONSOLIDATED STATEMENT OF **FINANCIAL POSITION**

	31 December 2014 (unaudited) £	31 December 2013 (unaudited) £	30 June 2014 (audited) £
Assets			
Non-current assets			
Land and Buildings	**1,671,303**	1,719,530	1,692,769
Plant and equipment	**249,257**	413,974	421,256
Other intangible assets	**-**	537,895	221,167
Deferred tax assets	**280,000**	373,000	280,000
Non-current assets	**2,200,560**	3,044,399	2,615,192
Current assets			
Trade and other receivables	**1,969,661**	1,764,811	1,678,166
Current Tax assets	**-**	-	30,131
Cash and cash equivalents	**352,492**	655,664	459,693
Current assets	**2,322,153**	2,420,475	2,167,990
Total assets	**4,522,713**	5,464,874	4,783,182
Liabilities			
Current liabilities			
Trade and other payables	**(919,042)**	(1,165,683)	(994,272)
Current portion of long-term borrowings	**(115,219)**	(99,357)	(85,274)
Current liabilities	**(1,034,261)**	(1,265,040)	(1,079,546)
Non-current liabilities			
Long-term borrowings	**(1,147,974)**	(1,186,867)	(1,152,185)
Deferred taxation	**-**	(65,000)	-
Non-current liabilities	**(1,147,974)**	(1,251,867)	(1,152,185)
Total liabilities	**(2,182,235)**	(2,516,907)	(2,231,731)
Net assets	**2,340,478**	2,947,967	2,551,451
Equity			
Equity attributable to shareholders of the parent			
Share capital	**317,212**	317,212	317,212
Share premium	**89,396**	89,396	89,396
Other reserves	**18,396**	18,396	18,396
Profit and Loss Account	**1,915,474**	2,522,963	2,126,447
Total equity	**2,340,478**	2,947,967	2,551,451

CONSOLIDATED STATEMENT OF **CASH FLOWS**

	6 months ended 31 December 2014 (unaudited) £	6 months ended 31 December 2013 (unaudited) £	12 months ended 30 June 2014 (audited) £
Cash flows from operating activities			
(Loss)/profit after taxation	**(163,640)**	613,700	217,184
Adjustments for:			
Depreciation	**133,939**	130,493	274,062
Amortisation of intangible assets	**14,150**	91,909	162,374
Impairment of intangible assets	**-**	-	322,974
Interest income	**(1,210)**	(1,716)	(3,439)
Interest expense	**16,313**	18,714	38,674
Interest element of finance leases	**2,213**	4,557	6,675
Other interest	**560**	1,686	3,372
Income taxes paid/(received)	**-**	284	(32,701)
Deferred tax provision	**-**	-	28,000
Profit on sale of Ancora Solutions	**(82,697)**	-	-
Loss/(profit) on sale of fixed assets	**-**	(260)	1,625
Decrease/(increase) in trade and other receivables	**277,404**	(141,102)	(92,666)
(Decrease)/increase in trade and other payables	**(150,670)**	256,126	113,338
Cash generated from operations	**46,362**	974,391	1,039,472
Dividend paid	**(33,214)**	(94,661)	(94,661)
Income taxes received	**(47,333)**	-	20,474
Interest paid	**(16,313)**	(18,714)	(6,675)
Interest element of finance leases	**(2,213)**	(4,557)	(38,674)
Net cash generated from operating activities	**(52,711)**	856,459	919,936
Cash flows from investing activities			
Purchase of property, plant and equipment	**(19,770)**	(1,767,942)	(1,883,666)
Deferred acquisition of Ancora business	**(2,000)**	(12,000)	(24,000)
Deferred consideration from sale of Commercial Finance Brokers (UK) Limited	**10,500**	7,500	16,000
Capitalisation of development costs	**-**	(80,976)	(157,687)
Interest received	**1,210**	1,716	3,439
Proceeds from sale of fixed assets	**-**	260	-
Net cash used in investing activities	**(10,060)**	(1,851,442)	(2,045,914)
Cash flows from financing activities			
Loan received	**-**	1,192,500	1,192,500
Repayment of borrowings	**(8,981)**	(32,899)	(61,212)
Buy-back of Treasury Shares	**-**	(29,750)	(29,750)
Capital element of finance leases	**(35,449)**	(38,778)	(75,441)
Net cash received/(used) in financing activities	**(44,430)**	1,091,073	1,026,097
Net increase/(decrease) in cash and cash equivalents	**(107,201)**	96,090	(99,881)
Cash and cash equivalents at beginning of the period	**459,693**	559,574	559,574
Cash and cash equivalents at the end of the period	**352,492**	655,664	459,693

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

	Share Capital £	Share Premium £	Other Reserves £	Profit And Loss Account £	**Total Equity £**
Balance at 1 July 2013	317,212	89,396	18,396	2,033,674	**2,458,678**
Shares placed into Treasury	-	-	-	(29,750)	**(29,750)**
Dividends paid	-	-	-	(94,661)	**(94,661)**
Transactions with owners	-	-	-	(124,411)	**(124,411)**
Profit and total recognised income and expense for the period	-	-	-	613,700	**613,700**
Balance at 30 December 2013	317,212	89,396	18,396	2,522,963	**2,947,967**
Loss and total recognised income and expense for the period	-	-	-	(396,516)	**(396,516)**
Balance at 30 June 2014	317,212	89,396	18,396	2,126,447	**2,551,451**
Dividend paid	-	-	-	(47,333)	**(47,333)**
Transactions with owners	-	-	-	(47,333)	**(47,333)**
Loss and total recognised income and expense for the period	-	-	-	(163,640)	**(163,640)**
Balance at 31 December 2014	317,212	89,396	18,396	1,915,474	**2,340,478**

Notes to the Interim Financial Statements

1. Nature of operations and general information

IPPlus PLC is the Group's ultimate parent company and is a public limited company domiciled in England and Wales (registration number 3869545). The company's registered office, which is also its principal place of business, is Melford Court, The Havens, Ransomes Europark, Ipswich IP3 9SJ. The Company's ordinary shares are traded on the AIM Market of the London Stock Exchange. The Group's consolidated interim financial statements (the "interim financial statements") for the period ended 31 December 2014 comprise the Company and its subsidiaries (the "Group").

The Company operates principally as a holding company. The main subsidiaries are engaged in the provision of a 24 hours a day, 7 days a week out of hours and overflow telephony service, the development and sale of call centre contact relationship management software and card payment fraud prevention systems.

The interim financial statements are presented in pounds sterling (£), which is also the functional currency of the parent company.

2. Basis of preparation of financial information

These interim financial statements are for the six months ended 31 December 2014. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2014.

The financial information for the year ended 30 June 2014 set out in these interim financial statements does not constitute statutory accounts as defined by Section 434 of the Companies Act 2006. The Group's statutory financial statements for the year ended 30 June 2014 have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain statements under Section 498(2) or Section 498(3) of the Companies Act 2006.

These interim financial statements are based on the recognition and measurement principles of applicable International Financial Reporting Standards in issue as adopted by the European Union and have been prepared under the historical cost convention.

The accounting policies adopted are consistent with those utilised in the financial statements for the year ended 30 June 2014 and have been applied consistently throughout the Group for the purposes of preparation of these interim financial statements.

These interim financial statements have been restated to reflect the disposal of the Ancora Solutions business. The Income Statement has been adjusted to extract the discontinued element of the Ancora Solutions division disposal and the loss from discontinued activities is included as a single line. The other statements and notes have also been adjusted to reflect this policy.

Notes to the Interim Financial Statements (continued)

3. Segmental information

IPPlus PLC operates three business sectors, Ansaback, CallScripter and Ancora Solutions. The revenue and operating profit/(loss) of each business sector is summarised below:

	Ansaback	**CallScripter**	**Ancora**	**Group**
	£	£	£	£
6 months to December 2014				
Revenue				
Continuing activities	2,832,083	542,157	-	3,374,240
Discontinued activities	-	-	362,703	362,703
Segment revenues	**2,832,083**	**542,157**	**362,703**	**3,736,943**
Result				
Continuing activities	14,063	(82,679)	-	(68,616)
Discontinued activities	-	-	(77,148)	(77,148)
Segment result	**14,063**	**(82,679)**	**(77,148)**	**(145,764)**
12 months to June 2014				
Revenue				
Continuing activities	7,292,026	1,099,867	-	8,391,893
Discontinued activities	-	-	731,494	731,494
Segment revenues	**7,292,026**	**1,490,042**	**731,494**	**9,123,387**
Result				
Continuing activities	1,030,197	(678,653)	-	351,544
Discontinued activities	-	-	(93,779)	(93,779)
Segment result	**1,030,197**	**(678,653)**	**(93,779)**	**257,765**
6 months to December 2013				
Revenue				
Continuing activities	3,866,270	517,733	-	4,384,003
Discontinued activities	-	-	330,742	330,742
Revenue	**3,866,270**	**517,733**	**330,742**	**4,714,745**
Result				
Continuing activities	845,061	(171,470)	-	673,591
Discontinued activities	-	-	(36,366)	(36,366)
Segment result	**845,061**	**(171,470)**	**(36,366)**	**637,225**

Notes to the Interim Financial Statements (continued)

4. Taxation

	6 months ended 31 December 2014 (unaudited) £	6 months ended 31 December 2013 (unaudited) £	12 months ended 30 June 2014 (audited) £
Movement on deferred tax liabilities	**-**	-	(28,000)
Prior year income tax adjustments/(receipt)	**-**	(284)	33,207
Others	**-**	-	(506)
Tax (charge)/credit	**-**	(284)	4,701

Deferred tax

During the prior year period the provision for Deferred Taxation was decreased by £28,000.

Income tax

The prior year income tax adjustment and receipt relates to Research and Development claims repaid by HMRC.

5. Earnings per share

The calculation of the earnings per share is based on the profit after taxation added to reserves divided by the weighted average number of ordinary shares in issue during the relevant period. No diluted profit per share is shown because all options are non-dilutive.

	6 months ended 31 December 2014 (unaudited)	6 months ended 31 December 2013 (unaudited)	12 months ended 30 June 2014 (audited)
From continuing activities	**£(86,492)**	£650,066	£310,963
From discontinued activities	**£(77,148)**	£(36,366)	£(93,779)
(Loss)/profit after taxation added to reserves	**£(163,640)**	£613,700	£217,184
Weighted average number of ordinary shares in issue during the period	**31,553,949**	31,579,732	31,579,732
Basic and diluted earnings/(loss) per share			
From continuing activities	**(0.27)p**	2.06 p	0.99 p
From discontinued activities	**(0.25)p**	(0.12)p	(0.30)p
Basic and diluted earnings/(loss) per share	**(0.52)p**	1.94 p	0.69 p

Notes to the Interim Financial Statements (continued)

6. Disposal of Ancora Solutions division

Ancora Solutions provided secure document removal, archiving, confidential data destruction and library move services to the medical and scientific industries, as well as industrial and professional sectors.

Prior to the disposal, Ancora Solutions was reorganised and removals were ceased with a consequent reduction in staff, including the divisional Managing Director. This gave rise to a total reorganisation cost of £98,319.

Subsequent to this reorganisation, on 31 December 2014 the Group disposed of the division to Restore PLC. Under the terms of the Disposal, Restore PLC purchased the entire fixed assets, payroll and existing contracts of Ancora in return for a cash consideration of £500,000, paid on 2 January 2015.

Revenues and expenses, gains and losses relating to the discontinuance of this division have been eliminated from the loss from the Group's continuing operations and are shown as a single line item on the face of the Consolidated Statement of Comprehensive Income (see loss for period from discontinued activities).

Operating losses until the date of disposal are summarised below:

Disposal	**6 months ended 31 December 2014 (unaudited) £**	6 months ended 31 December 2013 (unaudited) £	12 months ended 30 June 2014 (audited) £
Revenue	**362,703**	330,742	731,494
Cost of sales	**(285,418)**	(248,840)	(538,705)
Gross profit	**77,285**	81,902	192,789
Administrative expenses	**(154,433)**	(118,268)	(286,568)
Operating loss	**(77,148)**	(36,366)	(93,779)
Income tax charge	**-**	-	-
Loss for period from discontinued activities	**(77,148)**	(36,366)	(93,779)

Loss in period	**(61,526)**	(36,366)	(93,779)
Reorganisation cost	**(98,319)**	-	-
Profit on disposal	**82,697**	-	-
Loss before taxation	**(77,148)**	(36,366)	(93,779)

Notes to the Interim Financial Statements (continued)

6. Disposal of Ancora Solutions division (continued)

The calculation of the profit on disposal is shown below:

	£
Goodwill and intangible assets	(207,017)
Plant and equipment	(79,296)
Net Assets disposed	(286,313)
Other Items:	
Provision for onerous leases	(121,000)
Legal Fees	(8,300)
Other costs	(1,690)
Total net assets and provisions	**(417,303)**
Cash received on 2 January 2015	**500,000**
Profit on disposal	**82,697**

The provision for onerous leases relates to the estimated cost of warehouse leases that the Group will continue to bear once the archiving has relocated to the Restore units.

There was no disposal cash movement in the period as the balance owed was shown as a debtor at 31 December 2014.

Company Information

Directors:	Christopher Michael Fielding	Chairman
	William Alexander Catchpole	Chief Executive Officer
	Geoffrey Forsyth	Chief Technical Officer
	Robert Stuart McWhinnie Gordon	Chief Financial Officer
	Jason Stuart Starr	Non Executive Director

Secretary:	Robert Stuart McWhinnie Gordon BA FCMA CGMA
Company registration number:	3869545
Registered office:	Melford Court The Havens Ransomes Europark Ipswich Suffolk IP3 9SJ
Nominated Adviser and Broker:	N+1 Singer
Registrars:	Capita Registrars Limited
Solicitors:	Shepherd and Wedderburn LLP
Bankers:	NatWest Bank PLC Barclays Bank PLC
Auditors:	Grant Thornton UK LLP
Interim financial statements available at	www.ipplusplc.com