25 June 2015

Eckoh plc
("Eckoh" or "the Company" or "the Group")

Full year results for the year ended 31 March 2015

Second successive year of double-digit growth achieved

Eckoh (AIM: ECK), a global provider of secure payment products and customer service solutions, is pleased to announce its final results for the year ended 31 March 2015.

The Company has also announced separately today that it is in advanced discussions regarding the possible acquisition by Eckoh of the entire ordinary share capital of Netcall plc ("Netcall"), a leading customer engagement software provider, on a recommended basis.

Financial Highlights:

- Revenue up 22% to £17.2m (FY14: £14.0m) including recurring revenues of 76%
- Gross profit increased 28% to £13.1m (FY14: £10.2m)
- Adjusted* operating profit increased by 54% to £3.4m (FY14: £2.2m)
- Adjusted** EBITDA increased 40% to £4.5m (FY14: £3.2m)
- Profit before Tax increased from a loss of £1.4m to a profit of £2.1m
- Basic EPS increased to 0.96p (FY14: 0.14p)
- The Board recommends a 18% increase in full year dividend to 0.37 pence per share for the year ended 31 March 2015 (FY14: 0.3125 pence per share)

Operational Highlights:

- Record number of new UK clients, 19, largely from retail, leisure and financial services, contracted during the financial year;
- US subsidiary, Eckoh Inc, secured five customers in its first financial year and the US team now enlarged to six employees
- 100% renewal of all significant customer contracts falling due within the period

Current Trading:

- Announced advanced discussions regarding the possible recommended acquisition of Netcall
- New enhanced five-year framework agreement concluded with Capita Customer Management ("Capita"), announced separately today
- New five-year Capita contract for leading UK transportation organisation
- Largest margin client renewed for two years
- Haloh voice and web solution (originally OneProx) has now been brought to market
- Encouraging sales pipeline in both the UK and US

*Adjusted Operating Profit is Operating Profit excluding expenses relating to share option schemes, legal fees and settlement costs and expenses relating to acquisitions
**Adjusted EBITDA is the profit before tax adjusted for depreciation, amortisation, finance income, finance expense and expenses relating to share option schemes, legal fees and settlement costs and amortisation and expenses relating to acquisitions

The Company's Annual Report and Accounts for the year ended 31 March 2015 will be published today on the Company's website, www.eckoh.com, and will shortly be posted, along with a Notice of AGM, to those shareholders who have requested hard copies.

Nik Philpot, Chief Executive Officer, commented today:

"As our full year results demonstrate, Eckoh has continued to achieve excellent growth over the last 12 months, delivering a second successive year of double-digit revenue and margin growth. The record number of clients secured and our high customer retention rates are testament to the strength of our offering in secure payments and customer services, creating a robust revenue platform on which we can continue to build.

*We are also excited to be announcing today the possible recommended offer for Netcall, which would further enhance our prospects. The Directors of Eckoh and Netcall believe that the acquisition would represent a highly complementary fit for both businesses, offering strategic and financial synergies, and Eckoh expects the acquisition to be earnings enhancing**.

We have also started the new financial year very positively with the new enhanced framework agreement with Capita, which will deepen our channel partner engagement, and we have a strong new business pipeline in the USA and UK. Therefore the Board remains very confident of delivering continued growth going forward."

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Notes to Editors:

About Eckoh plc
Eckoh plc (AIM: ECK) is a global provider of secure payment products and customer service solutions, working with organisations in over 10 countries around the world.

Eckoh has a range of secure payment products that are designed to help merchants become compliant with the Payment Card Industry Data Security Standards ('PCI DSS') and to reduce the risk of fraud by eliminating card data from contact centres and IT environments. Eckoh's CallGuard product can be deployed on the customer's site or hosted in the Cloud. It allows Contact Centres to take card payments from customers without their agents seeing, hearing or accessing card data in any way. Eckoh have been a PCI DSS Level One accredited Service Provider since 2010 and currently process over $1 billion in card payments annually.

Eckoh's customer service solutions enable payments, transactions and enquiries to be processed without the caller needing to talk to a contact centre agent. This significantly reduces our clients' costs, whilst freeing up their agents to deal with more complex enquiries. These solutions are delivered over the phone, web and mobile devices. Eckoh is the largest provider of such hosted services in the UK.

For more information, visit: www.eckoh.com or www.eckoh.us

**This statement does not constitute a profit forecast nor should it be interpreted to mean that the future earnings per Ordinary Share of Eckoh will necessarily match or exceed historical earnings per Ordinary Share.*

Introduction

We are pleased to report on another year of excellent progress for the Group in which we have successfully invested in and established our US operation whilst continuing to drive strong results from our core UK operation. We have also announced separately today that we are in advanced discussions regarding the possible acquisition of the entire issued and to be issued ordinary share capital of Netcall, a leading customer engagement software provider, on a recommended basis.

As in previous years, we had a typically stronger period of trading in the second half of the financial year enabling us to deliver another period of excellent growth. As well as the impressive financial performance, we are pleased to be able to report on progress with the strategic objectives we have worked towards over recent periods. These objectives include:

- Establish and expand our US footprint to capitalise on secure payment opportunities
- Leverage channel partners in both UK and US markets
- Bring the new payment product Haloh (formerly OneProx) to market
- Continue to invest in R&D to underpin next generation product development and maintain market leading position
- Continue to evaluate acquisition opportunities

Looking ahead, we have also identified an additional objective to support our continued growth, namely to maximise client value through cross-selling, which will be a key focus for the Group in the new financial year.

Operational Review

The 2014/5 financial year has seen a continuation of the trend of strong growth seen in previous years. Our portfolio of payment solutions has enabled us to secure a record number of new contracts with 24 new clients signing up for services from Eckoh in the year. These included customers from a range of sectors including retail, financial services and leisure, which have all signed multi-year contracts with guaranteed levels of revenue, which will maintain the high levels of recurring revenue that we have seen in the past. Approximately 76% of revenue in the year was of a recurring nature.

The base of recurring revenue continues to be supplemented by extremely high retention rates on existing clients with all clients of significance that had a contract expiring in the period renewing for further periods, including since year end a two year renewal with our largest margin client.

While the majority of our sales pipeline is currently generated by the payment solution portfolio, the majority of our revenue is still represented by our customer service solutions. We have been successful in the past in selling additional services to our existing clients and it is important that we drive increased operational and financial engagement with the new payments clients by cross selling products and services from Eckoh's customer engagement solution set. During the period we secured over £2m in new contract value from our existing clients, illustrating our success in upselling and cross-selling other Eckoh products. Maximising client value even further is a key part of our strategy in the year ahead with internal targets set and sales incentives in place to help ensure that this occurs.

We are pleased to announce separately today a new five-year contract through our partnership with Capita's Customer Management division ("Capita") to provide a number of Eckoh services, including EckohROUTE, EckohID and EckohPAY, to a leading UK transportation organisation. This will see Eckoh providing the ability for customers to pay their charges or fines automatically over the phone, with their vehicles identified using Eckoh's market leading speech recognition capability.

Simultaneously we have been working on an updated framework agreement with Capita that replaces the three-year contract that was first announced in April 2013. This new five-year contract illustrates the success of this channel partner relationship that has delivered around £12m of contract value for Eckoh so far. The new contract is designed to streamline the process involved in adding new clients and to allow for a broader product set than was originally envisaged, particularly in the mobile area.

Our US business has made encouraging progress in its first financial year of business. Eckoh Inc employed its first employees in the spring of 2014 and began work on developing a pipeline of opportunities in the new market that has to date generated six customer contracts for CallGuard On-Site. During the year we have in conjunction with our reseller partner, West Corporation (“West”), deployed a US hosting platform on which we can provide the hosted CallGuard solutions and the new Haloh product (previously referred to as OneProx) and this has had an encouraging reaction from customers. We have recently appointed our sixth US employee and second in our direct sales team to support the volume of sales activity that we are experiencing. Many of the early direct contract wins have been for modest sized installations in large organisations where there is a possibility of further and more lucrative installations over time. We are also seeing more formal tenders being issued, which was an important feature of the historic development of the UK market.

We have been working for nearly a year with West Inc. (“West”), our exclusive reseller and strategic partner in the US. Under the terms of our contract with West the launch period now runs until the end of 2015 followed by four one-year periods thereafter, with each period having sales targets. The majority of West customers being targeted are Fortune 500 corporations and would typically represent potential deal sizes several times larger than our direct opportunities. Working with large US entities on sensitive areas such as credit card security, however, is leading to long and complex sales cycles with executives from IT, Finance, Security and Contact Centre often being involved in any purchasing decision. West is advising that the average sales cycle for a typical opportunity could be as long as 18 months. Since establishing our relationship we have been working closely with West on a long list of opportunities many of which are sizeable, the vast majority of which are still being worked on and have also been supplemented by new opportunities arising over the past 12 months.

We continue to invest significant effort in Research & Development (“R&D”) activity to ensure that we remain at the forefront of our field of expertise. We have recently rebranded our latest solution that we have previously referred to as OneProx and this is now known as ‘Haloh’. Much of our recent R&D activity has centred on Haloh, which was launched to market at the recent Card-Not-Present (“CNP”) Expo in Florida in May 2015 and has already generated significant sales interest in both the UK and US. Haloh is attractive as no integration is required to the client’s existing systems and processes and it can be implemented either at a client’s site or through our hosted platform. It protects organisations by replacing a customer’s payment card number with either a temporary or permanent token before the information enters an organisation’s IT environment or contact centre, thus rendering any stored information worthless to hackers or rogue employees. The Directors believe that Haloh could have prevented many of the mass event credit card breaches that have been experienced in recent years. Haloh is currently available for transactions made over the phone and the web and our R&D activity continues to assess the opportunity for also implementing it through Pin Entry Devices used in retail outlets globally.

Possible Acquisition of Netcall

As announced separately today, we are also in advanced discussions regarding a possible acquisition of Netcall on a recommended basis. Subject to the final terms and conditions of any offer, it is proposed that the consideration would be payable in a mixture of cash and Eckoh shares on the basis of 1.25 Eckoh shares and 13 pence in cash for each Netcall share. This would imply a value of approximately 63.94 pence for each Netcall share based on the closing mid-market share price of an Eckoh share of 40.75 pence on 24 June 2015.

It is the belief of the directors of Netcall and Eckoh that the Acquisition would represent a highly complementary fit for both businesses, offering strategic and financial synergies. Significant cost savings are anticipated to be available to the combined business from the elimination of duplicate board and public listing costs and the directors of Eckoh expect the acquisition to be earnings enhancing. This statement does not constitute a profit forecast nor should it be interpreted to mean that the future earnings per Ordinary Share of Eckoh will necessarily match or exceed historical earnings per Ordinary Share.

There can be no certainty that any offer will ultimately be made for Netcall. Further updates will be issued when appropriate.

Market Opportunity

News stories continue to appear on a regular basis about large data breach incidents occurring across the globe, with the Ponemon Institute reporting that in 2014 43% of US companies had suffered a data breach in the preceding 12 months, an increase of 10% on the previous year. This issue continues to drive organisations to consider how they can better protect their customers’ information. De-scoping their infrastructure entirely by removing sensitive data altogether is increasingly seen as the best way of achieving that goal and Eckoh’s secure payment products enable organisations to do this.

The most relevant breach story for Eckoh was reported in April 2015 when it emerged that AT&T had agreed a fine of $25m from the Federal Communications Commission (“FCC”) in relation to incidents whereby contact centre agents had been paid by third parties to provide them with sensitive customer information such as names, phone number and social security numbers. In a statement, FCC Chairman Tom Wheeler said his agency would not "stand idly by when a carrier’s lax data security practices expose the personal information of hundreds of thousands of the most vulnerable Americans to identity theft and fraud.” Eckoh’s CallGuard and Haloh solutions are specifically targeted at ensuring that Contact Centre agents do not have access to the most highly sought after item of personal information, credit card data and social security numbers.

Incidents such as that suffered by AT&T continue to fuel a highly lucrative pipeline of sales opportunities both in the UK and USA. Solving the challenge of protecting data in Contact Centres is particularly difficult due to the human element, and what occurred at AT&T demonstrates that small numbers of individuals can have a huge and negative impact. Organisations are recognising they need to actively take steps to reduce the risk they may suffer due to the actions of rogue employees. Eckoh currently provide payment solutions to less than 10,000 contact centre agent seats in the US where we believe the number of agents taking payments to be around four million. So we are still at the very early stages of a huge opportunity for future growth.

Whilst secure payments continue to drive the largest volume of sales enquiries, it is our customer service solutions that remain the most lucrative for Eckoh and provide the greatest return on investment for our customers. These solutions enable customers to obtain information, make requests or process transactions over the phone, web or mobile, without the need to speak to a live contact centre agent; this is known as ‘self-serving’.

ContactBabel report that at the end of 2014 there were 5,840 contact centres in the UK with 734,000 agent positions, meaning that 4% of the UK’s working population are employed in contact centres. This is forecast to rise to 820,000 in 2018 representing a compound increase of 2.8%. In 2014 there were over 42 billion minutes of inbound calling to UK contact centres, representing just over 70% of all interaction, demonstrating that despite the introduction of alternative communication methods and channels over the past decade, voice interaction still remains the primary method for consumers to interact with companies for customer service. However, it is undoubtedly true that non-voice communication is steadily increasing in popularity and use, as is self-service. Solutions of this type enable organisations to provide 24 hour customer service at a cost per transaction that is typically around 10% of the cost of the enquiry being handled by a live agent. With around two thirds of the cost in an average Contact Centre being the agent salaries it is critical that agents’ time is used effectively and Eckoh’s range of multi-channel services can assist in helping the client maximise the efficiency of their contact centre operation.

This rise of customer contact through multiple channels has been a feature of modern contact centres for some years and it has led to the agent or adviser increasingly needing to be multi-skilled in a variety of methods of interacting with the customer and for contact centres to deploy a variety of technologies to provide this capability. This re-skilling of both the agents and the operations themselves with multi-channel interaction has meant that overall capacity is still increasing, thus the downturn in the size of contact centre operations that many predicted some years ago has not proved to be the case.

Current Trading and Outlook
Going into the new financial year, we have 25 new clients (19 in the UK, 6 in the US) who will be generating revenue through the year who were not contributing revenue at all at this point last year. Combined with the high level of recurring revenue from the existing base and significant new business pipeline, Eckoh has a strong revenue platform from which to continue to build future growth.

Over the past two financial years, revenue has increased by 56% from £11.0m to £17.2m. With the largest global market, the US, still in its infancy with regard to credit card security, the growth delivered over recent years is expected to continue as Eckoh leverages its broad portfolio of solutions as well as maximising the value of its secured customer base, underpinned by a growing and increasingly important market. Therefore the Board remains very confident of delivering continued growth going forward, which the possible Acquisition of Netcall, announced today, would support further.

Financial Review

Revenue & Margin

The growth seen in recent years has continued in 2014/5 with revenue growing by 22% to £17.2m (FY14: £14.0m). Gross margin remained high at 76% (FY14: 73%) and gross profit increased by 28% to £13.1m (FY14: £10.2m). This is the second successive year where both revenue and margin growth has exceeded 20%.

Profitability Measures

The table below shows how the acceleration in top line growth of the business has fed through to the overall profitability of the Company. The Adjusted* Operating profit of the Company has increased by 54% to £3.4m (FY14: £2.2m). This was achieved despite financing the acceleration of the US growth activity. The expansion into the US contributed to a 21% increase in the adjusted operating expenses of the Group.

	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000
Turnover	**17,158**	14,035	10,985
Gross profit	**13,103**	10,215	8,294
Administrative Expenses	**12,501**	10,425	7,180
Expenses relating to share options schemes	**(939)**	(1,247)	(375)
Legal fees and settlement costs (note 4)	**(527)**	-	-
Amortisation and expenses relating to acquisitions	**(1,320)**	(1,165)	-
Adjusted* Administrative Expenses	**9,715**	8,013	6,805
Operating profit / (loss)	**602**	(210)	1,114
Adjusted* Operating profit	**3,388**	2,202	1,489

* excludes expenses relating to share option schemes, legal fees and settlement costs and acquisitions

A similar trend was reflected in other profit measures with a profit before tax of £2.1m (FY14: loss of £1.4m). This profit was assisted by a finance income of £1.5m arising from a reduction in the contingent consideration provided for the former owners of Veritape Limited. The contingent consideration was revised in August 2014 with 6.4m new shares being issued to the former Veritape owners with challenging new targets set based on the achievement of revenue targets in the USA for the whole Group. Achievement of these targets could potentially result in a further 4.3m shares being issued.

Adjusted EBITDA as calculated in the table below increased by 40% to £4.5m (FY14: £3.2m) and has increased by 85% over the past two financial years.

	2015 £'000	**2014 £'000**	2013 £'000
Profit before tax	**2,121**	(1,367)	1,188
Amortisation of intangible assets	**1,710**	1,306	276
Depreciation	**690**	678	656
Acquisition Costs	**-**	175	-
Legal fees and settlement costs (note 4)	**527**	-	-
Expenses relating to share options schemes	**939**	1,247	375
Finance expense	**19**	1,214	-
Finance income	**(1,518)**	-	-
Net interest receivable	**(20)**	(57)	(74)
Adjusted* EBITDA	**4,468**	3,196	2,421

*Adjusted EBITDA is the profit before tax adjusted for depreciation, amortisation, finance income, finance expense and expenses relating to share option schemes, legal fees and settlement costs and amortisation and expenses relating to acquisitions

Balance Sheet

The major Balance Sheet movement resulted from the acquisition of the freehold of the Company headquarters in Hemel Hempstead for £3.1m in December 2014. The purchase was funded through £2.9m of loans from Barclays Bank of which £2.7m remained outstanding as at 31 March 2015. During the year we made further capital investments in creating a hosting platform in the US and expanding the capacity of the UK platform as well as undertaking fit out works to the UK office following the freehold purchase. In total, expenditure on tangible fixed assets was slightly over £5.0m. Naturally, the capital investments had a negative impact on cash balances which were inflated at the prior year end by an advance payment made by Capita in relation to the O2 contract of £2.4m. However, the Directors believe that the Company remains well financed with a year-end cash balance of £4.4m. The Board remains very confident about the prospects of the business and is proposing an increase in the dividend to be paid in October 2015 of 18% to 0.37p per share.

Consolidated statement of comprehensive income
for the year ended 31 March 2015

	2015	**2015**	2014	2014
	£'000	**£'000**	£'000	£'000
Continuing operations				
Revenue		**17,158**		14,035
Cost of sales		**(4,055)**		(3,820)
Gross profit		**13,103**		10,215
Administrative expenses before expenses relating to share options schemes, acquisition costs, amortisation of acquired intangible assets and legal fees and settlement costs	**(9,715)**		(8,013)	
Profit from operating activities before expenses relating to share option schemes, acquisition costs, amortisation of acquired intangible assets and legal fees and settlement costs	**3,388**		2,202	
Amortisation of acquired intangible assets	**(1,320)**		(990)	
Legal fees and settlement costs (note 4)	**(527)**		-	
Acquisition costs	**-**		(175)	
Expenses relating to share option schemes	**(939)**		(1,247)	
Total Administrative expenses		**(12,501)**		(10,425)
Profit / (loss) from operating activities		**602**		(210)
Finance expense		**-**		(1,214)
Interest payable		**(19)**		-
Finance income		**1,518**		-
Interest receivable		**20**		57
Profit / (loss) before taxation		**2,121**		(1,367)
Taxation		**(16)**		1,665
Total comprehensive income for the year attributable to the equity holders of the parent company		**2,105**		298
Profit per share (pence)				
Basic earnings per 0.25p share (note 3)		**0.96**		0.14
Diluted earnings per 0.25p share (note 3)		**0.85**		0.12

Consolidated statement of financial position

as at 31 March 2015

	2015	2014
	£'000	£'000
Assets		
Non-current assets		
Intangible assets	**8,317**	9,636
Tangible assets	**5,191**	862
Deferred tax asset	**4,938**	4,267
	18,446	14,765
Current assets		
Inventories	**224**	104
Trade and other receivables	**7,033**	3,576
Cash and cash equivalents	**4,419**	7,341
	11,676	11,021
Total assets	**30,122**	25,786
Liabilities		
Current liabilities		
Trade and other payables	**(6,217)**	(5,444)
Contingent consideration	**-**	(1,952)
Other interest-bearing loans and borrowings	**(636)**	-
	(6,853)	(7,396)
Non-current liabilities		
Other interest-bearing loans and borrowings	**(2,105)**	-
Contingent consideration	**(636)**	(2,941)
Deferred tax liability	**(862)**	(1,123)
Provisions	**-**	(43)
	(3,603)	(4,107)
Net assets	**19,666**	14,283
Shareholders' equity		
Share capital	**558**	540
ESOP Reserve	**(135)**	(22)
Capital redemption reserve	**198**	198
Share premium	**5,175**	2,411
Currency reserve	**56**	(41)
Retained earnings	**13,814**	11,197
Total shareholders' equity	**19,666**	14,283

Consolidated statement of changes in equity
as at 31 March 2015

	Share capital £'000	ESOP reserve £'000	Capital redemption reserve £'000	Share premium £'000	Retained earnings £'000	Currency reserve £'000	Total shareholders equity £'000
Balance at 1 April 2013	522	(128)	198	1,331	11,234	(41)	13,116
Total comprehensive income for period	-	-	-	-	298	-	298
Dividends paid in the year	-	-	-	-	(540)	-	(540)
Shares issued on acquisition of Veritape Limited	18	-	-	1,080	-	-	1,098
Shares transacted through Employee Benefit Trust	-	106	-	-	(1,036)	-	(930)
Share based payment charge	-	-	-	-	599	-	599
Deferred tax on share options	-	-	-	-	642	-	642
Balance at 31 March 2014	540	(22)	198	2,411	11,197	(41)	14,283
Balance at 1 April 2014	540	(22)	198	2,411	11,197	(41)	14,283
Total comprehensive income for period	-	-	-	-	2,105	-	2,105
Dividends paid in the year	-	-	-	-	(695)	-	(695)
Shares issued on acquisition of Veritape Limited	16	-	-	2,722	-	-	2,738
Retranslation	-	-	-	-	-	97	97
Shares transacted through Employee Benefit Trust	-	(113)	-	-	(25)	-	(138)
Shares issued under the share option schemes	2	-	-	42	-	-	44
Share based payment charge	-	-	-	-	322	-	322
Deferred tax on share options	-	-	-	-	910	-	910
Balance at 31 March 2015	558	(135)	198	5,175	13,814	56	19,666

Consolidated statement of cash flows
for the year ended 31 March 2015

	2015 **£'000**	2014 £'000
Cash flows from operating activities		
Cash generated in operations (note 2)	**680**	4,816
Taxation	**(101)**	-
Net cash generated in operating activities	**579**	4,816
Cash flows from investing activities		
Acquisition of subsidiary	**-**	(3,599)
Purchase of property, plant and equipment	**(5,019)**	(355)
Purchases of intangible fixed assets	**(391)**	(603)
Decrease in short-term investments	**-**	3,000
Interest paid	**(19)**	-
Interest received	**20**	55
Net cash utilised in investing activities	**(5,409)**	(1,502)
Cash flows from financing activities		
Dividends paid	**(695)**	(540)
Proceeds from new loan	**2,900**	-
Repayment of borrowings	**(159)**	-
Shares acquired by Employee Benefit Trust	**(138)**	(930)
Net cash generated / (utilised) in financing activities	**1,908**	(1,470)
(Decrease) / increase in cash and cash equivalents	**(2,922)**	1,844
Cash and cash equivalents at the start of the period	**7,341**	5,497
Cash and cash equivalents at the end of the period	**4,419**	7,341

Notes to financial statements

1. Basis of preparation

The preliminary results of Eckoh plc have been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards ("IFRS") in issue as adopted by the European Union and effective at 31 March 2015. These statements do not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006, but have been derived from those accounts. Statutory accounts for the year ended 31 March 2014 have been delivered to the Registrar of Companies but those for the year ended 31 March 2015 have not yet been delivered. The auditors have reported on the accounts for the year ended 31 March 2015; their report was not qualified, did not include references to any matters to which the auditors drew attention to by way of emphasis without qualifying their report and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

2. Cash flow from operating activities

	2015	2014
	£'000	£'000
Cash flows from operating activities		
Profit after taxation	**2,105**	298
Interest income	**(20)**	(57)
Interest payable	**19**	-
Finance expense	**-**	1,214
Finance income	**(1,518)**	-
Taxation	**278**	117
Increase in deferred tax	**(262)**	(1,782)
Depreciation of property, plant and equipment	**690**	678
Amortisation of intangible assets	**1,710**	1,306
Share based payments	**322**	599
Operating profit before changes in working capital and provisions	**3,324**	2,373
Increase in inventories	**(120)**	(75)
Increase in trade and other receivables	**(3,457)**	(139)
Decrease in trade and other payables	**976**	2,657
Decrease in provisions	**(43)**	-
Net cash generated in operating activities	**680**	4,816

3. Earnings per share

Basic earnings per ordinary share is calculated on the basis of the weighted average number of ordinary shares of 220,333,985 (2014: 214,704,448) in issue during the year ended 31 March 2015 after adjusting for shares held by the Employee Share Ownership Plan of 9,156 (2014: 9,156) and shares held in the Employee Benefit Trust of 344,750 (2014: 55,343) and the profit for the period attributable to equity holders of the parent of £2,105,000 (2014: £298,000).

In calculating diluted earnings per share, the weighted average number of ordinary shares in issue, after adjusting for shares held by the Employee Share Ownership Plan and Employee Benefit Trust, is further adjusted to include the dilutive effect of potential ordinary shares. The potential ordinary shares represent share options granted to employees where the exercise price is less than the average market price of ordinary shares in the period, and contingently issuable ordinary shares as a result of the Veritape Limited acquisition (see note 27). The total number of options in issue is disclosed in note 21. The dilutive effect of potential ordinary shares outstanding at the end of the year is 28,847,335 (2014: 39,468,000).

Denominator	**2015 '000**	2014 '000
Weighted average number of shares in issue in the period	**220,334**	214,704
Shares held by employee ownership plan	**(9)**	(9)
Shares held in Employee Benefit Trust	**(345)**	(55)
Number of shares used in calculating basic earnings per share	**219,980**	214,640
Dilutive effect of share options	**28,847**	39,468
Number of shares used in calculating diluted earnings per share	**248,827**	254,108

4. Non recurring administrative expense

In November 2013, Eckoh received a High Court action relating to an alleged infringement and invalidity of Semafone's UK Patent (No. GB 2,473,376). In March 2015 a confidential settlement was reached to the mutual benefit of both parties. Under the settlement, Semafone has granted a worldwide licence to their granted patents, trademarks and patent applications covering certain dual tone multi-frequency ("DTMF") masking methods of taking secure payments over the phone, for the benefit of Eckoh, its customers and suppliers. In consideration of the licence, Eckoh will pay Semafone royalties in respect of the patents. The costs of defending the case after deducting insurance reimbursements were £0.5m. The agreement allows Eckoh to sell its CallGuard solution anywhere in the world without threat of future litigation.