



Intercede – Update 3

Intercede issued their Preliminary Results for the ending March 2012 yesterday. This note summarises some comments thereon.

The financial results were much as expected based on previous trading statements – sales revenue was much the same as last year but profits down on the prior year. Fully diluted eps were 1.4p versus 4.1 previously (in reality therefore no significant earnings in the second half year as that was the figure at the half year).

Although the lack of growth in sales over the prior year is disappointing, they did report strong sales growth in North America, obviously offset by declines elsewhere. Costs have risen substantially however due to investment in sales and marketing (including the appointment of a sales director which was clearly a shortcoming in the company before), some new partnerships announced and obviously some technical developments in addition. Hence the reduction in net profit.

It is interesting to note also the mention of the effort expended to protect the “MyID” registered trademark which they indicate to be an “expensive” process. You only have to do a quick internet search to realise that myid.net is owned by a Korean company and myid.com is owned by a subsidiary of Experian – from my memory this has been promoted by Experian (not a small company) for some years as a service to protect one’s identity (ProtectMyId in the UK).

In addition, there are other “Intercede” companies. So in essence the trademark situation looks to be a real mess as I rather suspected from past conversations with Mr Parris. This may be a topic for a question at their forthcoming AGM. Trademarks are usually easy to protect if they are original and registered in the appropriate classes and jurisdictions immediately. Was this done one wonders? Perhaps there will be more information on these problems and the costs incurred in the Annual Report.

The announcement also covers the 2012-13 business strategy and the first item mentioned is “*continue to invest in sales and marketing in order to increase the pipeline of opportunities*”. One cannot surely argue with that?

More comments on this company and suggested voting at the AGM will be given when the Annual Report is available.

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