15 October 2009

Invu PLC

Interim Results for the six months ended 31 July 2009

Invu PLC (INVU.L, the 'Group' or the 'Company'), the document management software provider, announces its interim results for the six months period ended 31 July 2009 (H1 2010).

Key Financial Points

- Revenue £1.2m (H1 2009: £2.5m)
    -
        - Sales through resellers into end users of £1.6m (H1 2009: £2.0m)
- Operating loss £1.6m (H1 2009: £0.7m) before exceptional cost of £1m
- Cash consumption £0.5m (H1 2009: £2.1m)

Commercial Highlights

- New CEO appointed in April 2009
- Focus on core competences
- Partner channel reorganised
- Restructuring of the sales team
- Increase in end user from 4,208 end user sites at 1 February 2009 to 4,406 end user sites by 31 July 2009
- Launch of Invu for Accountants in April 2009

Post period-end Highlights

- £2m before expenses raised in August 2009
- New Finance Director appointed in August 2009
- £1.5m financing facility agreed in principle in October 2009
- Further board changes

Daniel Goldman, Non Executive Chairman of Invu, commented:

"The Board initiated several radical changes to the business during this period. These have included operational, financial and management changes. The new management team is executing on the programme set out to redress the business and drive it forward. We are certainly not at the end of the recovery process yet, but I am confident with the new team in place and a thorough review of all aspects of the business completed that we are now able to start looking forward again."

Colin Gallick, Chief Executive Officer of Invu, commented:

"The strategic and operational changes we have made to the business have put us in a solid position to grow the business and improve profitability and cash flow. Whilst there is still much work to be done I am particularly pleased with the way the team at Invu has responded to the challenges during the last few months."

Enquiries:

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About Invu

Invu [LSE, AIM, Symbol: INVU] develops, markets and sells software (under the brand name of Invu) for the electronic management of all types of information and documents, such as forms, correspondence, literature, faxes, e-mail, technical drawings, electronic files and web pages. Invu targets the small-to-medium size enterprise ('SME') market and individual departments of larger organisations with a range of products which the Directors believe strongly adhere to Invu's brand values of ease of use, high quality and price performance Invu's products have been sold to over 4,400 customers, representing approximately 87,000 licensed users. Invu has a proven reseller business model and has established a network of more than 40 Value Added Resellers, 8 of which are in Benelux.

Invu is a Microsoft Gold Certified Partner and a member of the Business Application Software Developers Association (BASDA). Its version 5.4 and Series 6 software have been accredited by the Institute of Chartered Accountants in England & Wales (ICAEW).

For further information on how Invu can benefit your business, please contact us on +44(0)1604 859893, or email us at info@invu.net. Alternatively visit our website at www.invu.net.

Chairman's Statement

In the last annual report, the Board identified the strategic priorities necessary to restore the Group to profitability and positive cash flow as well as restoring stakeholder confidence in the business through management changes, good governance and adequate funding of the business.

The results for the first half of this financial year carry the costs of the necessary changes taken to rebuild sustainable profitability and positive cash flow. The Board expects the benefits of the steps undertaken to be realised in future financial years when the changes identified by the CEO in his statement have had time to take effect.

The Board has implemented several management changes during and since the end of the period to 31 July 2009. Principally, the recruitment of a new CEO (Colin Gallick joined in April 2009) and Finance Director (Ian Smith joined at the end of August 2009). These two executives respectively replace David Morgan who stepped down as CEO in February 2009 and left the Group in April 2009, John Agostini who resigned as Finance Director in July 2009 and left the Group in September 2009 and Jon Halestrap, the Sales Director, who has recently resigned and has now left the Group. The position of Sales Director will not be replaced and this role will be fulfilled by Colin Gallick who is an experienced sales professional.

The Board had identified the need for a new Senior Independent Director and in August 2009 the Group announced the appointment of Mark Wells as a non-executive director. Tom Maxfield resigned from the Board during that month following ten years as a non-executive director.

The board has decided that it wishes to change the Company broker and has informed Arbuthnot Securities that it will be appointing another broker and NOMAD in due course. Arbuthnot Securities will continue to be the nominated advisor and broker until such time as a replacement is appointed.

Invu's poor performance in the last financial year, the losses incurred during the period and the expected losses for the full year have necessitated that the Company seek additional ways to refinance the business. The current status on this refinancing is as follows:

In May 2009, the Group announced that it had secured a loan facility of £0.5 million with one of its substantial shareholders, Tyne & Wear Holdings Limited ("Tyne & Wear").

In August 2009, the Group raised £2.0 million before expenses, through a placing of 50 million new Ordinary Shares at a price of 2 pence per share, an issue of £0.5 million of Convertible Loan Notes and a £0.5 million secured loan with Shore Capital Limited, acting as the investment manager of the Puma Venture Capital Trusts. The Puma loan notes will be repayable on 31 January 2011 and bear interest at 8 per cent per annum.

On 14 October 2009 the Group reached agreement in principle subject to final negotiation and regulatory approval to a £1.5 million funding facility from funding sources related to a major shareholder who is advised by Goldrock Capital a firm in which I am a partner. Further details related to this facility will be reported to shareholders as soon as possible.

All of the changes stated above have been achieved to better align Invu for the next stage of its development and the additional financing will provide support to the Company in order for it to execute its revised strategy.

Daniel Goldman

Non Executive Chairman

15 October 2009

Chief Executive's Statement

The trading performance of the business has continued to be disappointing in the first half with sales of £1.2 million (H1 2009: £2.5 million). This result is however an improvement on the second half of 2009 (H2 2009: £0.9 million). The strategic issues faced by Invu in recent months coupled with a tough economic environment have contributed to a weak financial performance. The Company's well documented issues, are being addressed to help restore the Company to profitability and positive cash flow. These issues were identified in the preliminary results for the year ended 31 January 2009 and this half year report provides an update on the progress achieved against the strategic aims set out at that time.

At the time of the preliminary results we set ourselves some clear strategic priorities namely to re-engage with existing successful partners, dominate existing verticals, attack new verticals, extend into the "M" of SME and return to market-driven innovation. Our progress can be summarised as follows:

The Group is now focused on its core business, which is the design, development and distribution of software that enables customers to manage paper and electronic documents and information, as well as business process workflow, in a simple and effective way.

Our target market remains small and medium sized business. The Group has traditionally been very successful with small businesses and is now targeting a larger share of medium sized businesses. To date and during the period, the Group has therefore stopped all work on other activities (for example Ergo), that do not focus on its core business and have redirected our efforts in putting together a strong sales team to address amongst other things the opportunity in the mid-market.

At the beginning of the period, the Group had a number of high quality resellers who were not receiving the level of attention they warranted because of the volume of resellers being supported across the Group. The Group is now focused on the management and support of these channel partners who meet periodically as a group and they have given input into the Group's product strategy, channel management performance, policies and procedures.

The Group is now focused on managing the quality rather than the quantity of its resellers. Going forward, the Group will be directly managing fewer resellers who, in turn, will be able to manage the sale from prospect to order with less direct involvement of Invu personnel. It is intended that the smaller resellers will be managed by a distributor who will sit between the Company and the smaller resellers. In order to achieve this, there has inevitably been some turnover of employees in the sales team and the mix of skills in the team has been changed towards management of channel partners rather than staff whose skill sets were to carry out activities that a partner would reasonably be expected to do. Though most of the initial work has been done to implement this change, it remains at this stage work in progress which I would expect to be completed by the end of the current financial year.

The Group has focused resources on verticals where it already has traction. Invu for Accountants was launched in late April 2009 and the Group has recently recruited an additional channel sales manager for the accountancy sector.

These changes have created a much more positive sentiment, as the successful partners are now receiving more attention, both in quality and quantity.

Prior to the period, the development activity on the Series 6 product had been limited by the amount of maintenance work required to support existing installations. In the first half of the year and to date, the level of maintenance work required has decreased significantly and the most recent releases of the product have included additional features that have been well received by customers and partners. The Series 5 customers are also being supported with a new release of the product and the migration path from Series 5 to Series 6 is now stable.

The product road map can now focus on market driven innovation. The Group will always seek to control the core intellectual property in its products but where appropriate will licence its technology, which can add features and functions that benefit customers or related software that will complement the product in a solutions sale. In addition, the Group has recently licensed some add on products for email and print capture which give our channel partners the opportunity to offer enhancements to existing customers and greater functionality to new customers.

The Group has significantly reduced its resources in the Netherlands and has been managing the channel from the UK through Bell Micro. Trading in the Netherlands in the first half of the year has been poor and the outlook for the second half is no better. Accordingly, investment in this area will be minimal and the Group is in the process of considering its strategic options with respect to this activity.

One of the Group's major business assets is its customer base which increased from 4,208 end user sites at 1 February 2009 to 4,406 end user sites with the addition of 198 (H1 2009: 325) new customer sites in the period. The customer base represents about 87,000 end users. The newly acquired customers represented £0.6 million of software licence revenue (H1 2009: £0.9 million) at an average revenue per customer of £3,100 (H1 2009: £2,976). Repeat sales were made to the customer base of additional licences for seats at 165 sites (H1 2009: 215 sites) contributing £0.2 million to revenue in each period.

Whilst still not providing the levels of revenue that we would like, our products are being well received by the channel and customers, and importantly our renewals revenue for InvuCare has increased year on year, showing a high level of loyalty within our customer base.

I would like to take this opportunity to thank the the team at Invu, as well as all of our partners for their continued support. It is this which gives me assured confidence that we can start to deliver on the aims that we have set out for ourselves.

We have tried to create a much more transparent environment throughout the Company. We attach great importance to our relationships with all the stakeholders in the business. Whatever challenges we face within the business we intend to communicate openly and directly with all of our stakeholders to keep them abreast of our progress.

Outlook

It will take some time for the changes that have been implemented in the first half of the year and to date to take effect and therefore the revenues for the second half are expected to be at a similar level to those of the first half, but I do believe with the changes we have made that we will see growth again in the next financial year.

Colin Gallick

Chief Executive Officer

15 October 2009

Finance Review

The Consolidated Interim Income Statement shows an operating loss of £2.67 million compared to a loss for the same period last year of £0.70 million. The loss for this half includes £1.05 million exceptional costs related to the reorganisation of the business. The operating loss before exceptional costs was £1.62 million. Though the performance in both these periods is poor, the performance in the first half of this year does represent a significant improvement on the performance in the second half of last year when losses of £8.2 million were reported.

A review of the Group's sales strategy, resulted in eradicating the use of stock at resellers which has effectively lead to revenue being recognised on sales to resellers provided that shipment of product is for a specific end user order. In the current period sales through resellers to end users was £1.6 million compared to £2.0 million for the prior half year as shown in note 2 to the accounts. The Board believes that sales through resellers to end users is a key performance metric and therefore this metric has been used in this review.

Our strategy to better align the business resulted in reorganisation costs which have been shown as exceptional costs of £1.05 million, covering severance payments to former employees, a reduction in the value of stock, an impairment to intangible fixed assets and the costs of terminating leases on property. At the date of this report, further such actions will lead to additional costs of £0.1 million, which will be reported as exceptional expenses in the second half of the year.

Sales through resellers to end users year on year are down 20.7% (from £2.0 million to £1.6 million), due to a drop in software licences and related services (from £1.1 million to £0.8 million) which led to a drop in InvuCare revenue (from £0.83 million to £0.79 million). The board believes the decrease in the UK of 14.7% (£0.27 million) can be attributed to the weaker UK economy, whereas the decrease in Europe of £0.14 million, can be attributed to poor sales practices in the Netherlands in prior years which have resulted in credit notes this year. InvuCare renewals income remains strong and was up 13% in the period compared to the same period last year. The renewal rate is 86% (last year 89%) and at the period end the balance sheet included £0.9 million of deferred income related to InvuCare.

The gross margin percentage is down from 94.6% to 84.4% this decrease is due to the volume impact on a relatively fixed cost base and increased commission due to software partners.

As part of our efforts to reduce costs, sales and marketing costs have been reduced by 21.4% from £1.1million to £0.8 million and other administrative expenses are down 12.4% (from £1.9 million to £1.7 million), contributing to the overall decrease in operating overheads of £0.4 million (13.9%). Although the Group announced in December that it was cutting its overheads by 20%, higher professional fees relating to funding and governance have had an impact and further savings will be seen in H2. The reduction in overheads has been achieved through, headcount reductions (from 65 to 51 average heads employed) and a reduction in property costs and other expenses.

Monthly interest expense has increased from £3,000 to £30,000 due to interest on the bank overdraft and interest on the Tyne and Wear Loan.

The Balance Sheet shows total shareholders' equity as a deficit of £2.4 million at 31 July 2009. The balance sheet has subsequently been strengthened by a mix of equity and long term debt funding (£2.0 million) in August 2009 and is in negotiation for an additional funding facility of up to £1.5 million in October 2009. During the period financing included a new loan from Tyne and Wear of £0.5 million which is repayable 31 December 2010. An overdraft facility of £0.75 million used to part fund the business in the period was paid off at the time of the August fund raising.

The Group capitalises research and development expenditure (net book value £0.6 million at 31 July 2009) in accordance with IFRS, in the period £0.2 million of development expenses were capitalised, an impairment of £0.3 million was made against the investment in Ergo and there was an amortisation charge of £0.23 million (the capitalised R&D is amortised over 3 years).

The net book value of tangible fixed assets (£0.3 million) decreased by £0.08 million as depreciation exceeded the capital expenditure in the period.

The most significant current asset is trade receivables which at £0.8 million were considerably lower than the same period last year due to significant bad debt provisions made at the end of the last financial year. The Days Sales Outstanding at the end of the period were 103 days compared to 150 days at 31 January 2009.

Stock has been reduced from £0.2 million to £0.1 million to write down the value of slow moving stock.

Other receivables include VAT recoverable which at the last year end was £0.7 million and has been offset against VAT payable in this report and is this is main reason for the decrease of £0.8 million in other receivables (from £1.1 million to £0.2 million).

Current liabilities have increased by £1.0 million year on year. The main reasons for this are the loan from Tyne and Wear of £0.5 million, which was a current liability at 31 July 2009 but became a long term liability at the August funding and a £0.5 million increase in accruals and other payables.

The cash consumed in the period was £0.54 million (H1 2009 £2.1 million) funded by the loan from Tyne and Wear £0.5 million and an increase in the overdraft of £0.04 million.

Ian Smith

Finance Director

15 October 2009 **CONSOLIDATED INTERIM INCOME STATEMENT (Unaudited)**

FOR THE SIX MONTHS ENDED 31 JULY 2009

		For the six months ended	
		July 31,	**July 31,**
Continuing operations	**Notes**	**2009**	**2008**
		£'000	**£'000**
Revenue	2	1,176	2,479
Cost of sales		(183)	(135)
Gross profit		**993**	**2,344**
Sales and marketing costs		(836)	(1,063)
Bad debts written off		(51)	(119)
Exceptional costs		(1,046)	-
Other Administration expenses		(1,730)	(1,857)
Total Administration expenses		(3,663)	(3,039)

Loss from operations		(2,670)	(695)
Finance costs		(30)	(3)
Finance income		-	13
Loss before income tax	**2**	(2,700)	(685)
Income tax expense		-	25
Loss for the period	**2**	**(2,700)**	**(660)**
Attributable to:			
Equity holders of the Company		**(2,700)**	**(660)**
Loss per share			
Basic	**3**	(2.379)p	(0.597)p
Diluted	**3**	(2.379)p	(0.597)p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)

FOR THE SIX MONTHS ENDED 31 JULY 2009

	For the six months ended	
	July 31, 2009 £'000	**July 31, 2008 £'000**
Loss for the period	(2,700)	(660)
Other comprehensive income		
Exchange differences arising on translation of Foreign currency net investments	(3)	65
Total comprehensive expense for the period net of tax	**(2,703)**	**(595)**
Attributable to:		
Equity holders of the Company	**(2,703)**	(595)

CONSOLIDATED BALANCE SHEET AT 31 JULY 2009 (Unaudited)

	July 31, 2009	**January 31, 2009**	**July 31, 2008**

	£'000	£'000	£'000
Assets			
Non-current assets			
Intangible assets	610	951	974
Property, plant and equipment	299	377	456
Deferred tax asset	244	244	331
	1,153	1,572	1,761
Current assets			
Inventories	63	184	267
Trade receivables	776	1,014	10,014
Other receivables	183	1,084	202
Trade and other receivables	959	2,098	10,316
Cash and cash equivalents	-	-	466
	1,022	2,282	11,049
Total assets	**2,175**	**3,854**	**12,810**
Liabilities			
Current liabilities			
Trade and other payables	3,084	2,601	2,727
Obligations under finance leases	25	31	13
Borrowings	1,183	642	-
Current Taxation	-	-	490
	4,292	3,274	4,001
Non-current liabilities			
Obligations under finance leases	20	32	52
Deferred tax liability	244	244	272
	264	276	324
Total liabilities	**4,556**	**3,550**	**4,325**
Total net (liabilities)/assets	**(2,381)**	**304**	**8,485**

Capital and reserves attributable

to equity holders of the company

Share capital	1,135	1,135	1,130
Share to be issued	29	29	145
Merger reserve	29,260	29,260	29,151
Reverse acquisition reserve	(20,570)	(20,570)	(20,570)
Share option reserve	295	283	356
Retained earnings	(12,597)	(9,897)	(1,731)
Foreign currency translation reserve	67	64	4
Total equity	**(2,381)**	**304**	**8,485**

CONSOLIDATED STATEMENT OF CASHFLOWS (Unaudited)

FOR THE SIX MONTHS ENDED 31 JULY 2009

		For the six months ended	
		July 31,	July 31,
	Notes	2009	2008
		£'000	£'000
Net Cash flows from operating activities	4	(541)	(1,337)
Investing activities			
Interest received		-	10
Purchases of property, plant and equipment		(9)	(57)
Sales of property, plant and equipment		-	41
Expenditure on internally developed intangible assets		(204)	(352)
Net cash used in investing activities		(213)	(358)
Taxation		231	(140)
Financing activities			
Proceeds from issue of shares		-	-
Repurchase of own shares		-	(237)
Repayment of obligations under finance leases		(18)	(31)
Net cash from financing activities		(18)	(268)
Net decrease in cash and cash equivalents		**(541)**	**(2,103)**
Borrowings/cash and cash equivalents at the beginning of the period		(642)	2,569
Borrowings/cash and cash equivalents at the end of the period		(1,183)	466

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Unaudited)

FOR THE SIX MONTHS ENDED 31 JULY 2009

	Share Capital £'000	Shares to be issued £'000	Merger reserve £'000	Reverse acquisition reserve £'000	Share option reserve £'000	Retained earnings £'000	Translation reserve £'000	Total £'000
At 1 February 2008	1,068	1,466	27,539	(20,570)	315	(1,070)	(61)	8,687
Movement	-	-	-	-	41	(661)	65	(555)
Issue of shares	62	(1,321)	1,612	-	-	-	-	353
At 31 July 2008	1,130	145	29,151	(20,570)	356	(1,731)	4	8,485

	Share Capital £'000	Shares to be issued £'000	Merger reserve £'000	Reverse acquisition reserve £'000	Share option reserve £'000	Retained earnings £'000	Translation reserve £'000	Total £'000
At 1 February 2009	1,135	29	29,260	(20,570)	283	(9,897)	64	304
Movement	-	-	-	-	12	(2,700)	3	(2,685)
Issue of shares	-	-	-	-	-	-	-	-
At 31 July 2009	**1,135**	**29**	**29,260**	**(20,570)**	**295**	**(12,597)**	**67**	**(2,381)**

1. ACCOUNTING POLICIES

Basis of preparation

The financial information in these interim results is that of the holding company and all of its subsidiaries (the Group). It has been prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards as adopted for use in the EU (IFRSs). The accounting policies applied by the Group in this financial information are the same as those applied by the Group in its financial statements for the year ended 31 January 2009 and which will form the basis of the 2009/10 financial statements, except for greater clarification of the group's revenue recognition policy which is described below.

- Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable in accordance with the Group's principal activities, net of VAT and trade discounts.

- Revenues from the sale of licenses of software products to resellers are recognised upon shipment of the licensed product provided the licensed software product is to be deployed to a named end user and that fees are fixed, collectability is probable and the Group has no significant obligations remaining under the sale agreement.

- Where resellers are charged an accreditation fee each year for training and consulting to be provided by the Group to the resellers and this fee is recognised evenly over each accreditation period.

- The Group's resellers provide primary maintenance and ongoing support to the end users. The Group provides secondary support to the end users via the resellers and charges the reseller an annual fee for this support. The fees charged by the Group to the resellers are recognised over a twelve month period. Where the end user no longer has an accredited reseller, support fees are charged by the Group to the end user and recognised over a twelve month period.

- Interest income is accrued on a time basis, by reference to the principle outstanding and at the effective interest rate applicable.

Standards, interpretations and amendments to published standards that are not yet effective

A number of new and amended standards become effective for periods beginning on or after 1 January 2009. The principal changes that are relevant to the Group are:

- IFRS 8 - Operating Segments

  IFRS 8 is a disclosure standard only; there has been no effect on the reported results or previous financial position of the Group. The Group's reportable segments as reported under IAS 14 have remained unchanged following the adoption of this standard.

- IAS 1 (revised 2007) - Presentation of Financial Statements

  The revised standard has introduced a number of terminology changes (including revised titles for the condensed financial statements) and has resulted in a number of changes in presentation and disclosure. There has been no effect on the reported results or previous financial position of the Group.

None of the other new standards and amendments are expected to materially effect the Group.

The comparative financial information presented herein for the year ended 31 January 2009 does not constitute full statutory accounts for that period. The Group's Annual Report for the year ended 31 January has been delivered to the Registrar of Companies. The Group's Independent Auditors' report on those accounts was unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under section 237(2) or 237(3) of the Companies Act 1985. The financial information for the half years ended 31 July 2009 and 31 July 2008 have neither been audited nor reviewed pursuant to guidance issued by the Auditing Practices Board.

2. SEGMENT INFORMATION

Primary reporting format- geographical segments

The segment results for the 6 months ended 31 July 2009 are as follows:

	United Kingdom	**Europe**	**Total**
	£'000	**£'000**	**£'000**
Sales through resellers to end users	1,557	6	1,563
Net effect of stock deployed	(366)	(21)	(387)
Revenue	1,191	(15)	1,176
Loss before income tax	(2,633)	(77)	(2,700)
Losst for the period	(2,633)	(77)	(2,700)

The segment results for the 6 months ended 31 July 2008 are as follows:

	United Kingdom	**Europe**	**Total**
	£'000	**£'000**	**£'000**
Sales through resellers to end users	1,826	145	1,971
Net effect of stock (deployment)/sales	(236)	744	508
Revenue	1,590	889	2,479
(Loss) / profit before income tax	(1,518)	833	(685)
(Loss) / profit for the period	(1,493)	833	(660)

3. LOSS PER SHARE

	For the six months ended	
	July 31,	**July 31,**

	2009 £'000	2008 £'000 restated
Loss for the period	**(2,700)**	**(660)**
Basic loss per share	(2.379)p	(0.597)p
Diluted loss per share	(2.379)p	(0.597)p
Weighted average number of common share outstanding	113,472,662	110,674,761
Diluted weighted average number of common share outstanding	113,472,662	110,674,761

The diluted weighted average number of common shares outstanding results from share options. The effect of the share options has not been included in the calculation of the diluted earnings per share because of their antidilutive effect.

4. CASH GENERATED FROM OPERATIONS

	For the six months ended	
	July 31, 2009 £'000	July 31, 2008 £'000
Loss for the period	(2,700)	(685)
Adjustments for:		
Tax	-	(25)
Depreciation	87	49
Amortisation	545	213
Foreign currency translation	3	4
Employee share scheme	12	41
Interest income	-	(13)
Interest expense	3	3
Changes in working capital:		
Inventories	119	(10)
Trade and other receivables	907	(262)
Trade and other payables	483	(652)
Net cash used in operating activities	(541)	(1,337)