INVU: RESULTS

Embargoed for release at 7am, 14th September 2005

Invu, Inc.

Interim Results for the Period Ended 31 July 2005

Invu, Inc., the document management software provider, announces its interim results for the six month period ended 31 July 2005.

Financial Highlights

- Revenues up 65% compared to H1 2004
- Recurring revenues from INVUCare increased 137% to £0.45m (H1 2004: £0.19m)
- Deferred revenues and sales provisions up to £0.85m (H1 2004: £0.63m)
- Maiden H1 profits recorded
- Overheads at 90% of turnover (H1 2004: 149%), demonstrating emerging operational gearing

	6 months ended 31 July 2005	**6 months ended 31 July 2004**
Turnover	£1.68m	£1.02m
Profit / (loss) for the period	£0.07m	£(0.58)m
Unrealised exchange (gain)/loss	£(0.02)m	£0.30m
Adjusted profit / (loss)	£0.05m	£(0.28)m
Earnings / (loss) per share	**0.07p**	**(0.61p)**
Adjusted earnings / (loss) per share	**0.05p**	**(0.30p)**

Operational Highlights

- 379 new customer sites, up 37% compared to H1 2004, including R K Harrison, Sweet & Maxwell Group, Close Credit Management, Robert Brett & Sons
- 5,198 new end users, up 35% compared to H1 2004
- 16 additional accredited partners recruited
- Repeat sales recorded from Persimmon Homes, Balfour Beatty, Power Networks, Connaught Plc, Severn Trent Water, Collins Stewart (CI) Ltd, Wincanton, London Merchant Securities and 59 other sites.

Daniel Goldman, Non Executive Chairman of Invu, commented:

"This has been an excellent half year's trading for Invu, with sustained revenue growth and maiden first half profits. Invu continues to meet market expectations. Beneath the headline performance there has been continued growth in recurring revenues, and repeat orders from existing sites, which remain central to our strategy for long-term profitable growth and increases my confidence in Invu's future."

David Morgan, Chief Executive, added:

"We have continued to build on the foundations that were laid last year: further expanding our sales and marketing team, launching the "Invu Promise" which aims to provide world class levels of customer support and service, investing further in the development of new products, and inexorably building our brand recognition. The demand for our products grows strongly, and we continue to demonstrate our ability to accelerate away from any competition."

Enquiries:

Invu, Inc.	**01604 859893**
Daniel Goldman, Non Executive Chairman	
David Morgan, CEO	
John Agostini, CFO	
Financial Dynamics	**020 7831 3113**
James Melville-Ross	
Hannah Sloane	

Chairman's Statement

The first half of our financial year has seen further strong revenue growth accompanied by maiden first half profits. During the period the Group launched its new customer support programme, Invu Promises, an initiative which has been warmly welcomed by our partners and customers. In addition further progress has been made in developing the partner channel. This channel will benefit greatly from the release of Version 6, expected during the second half of the year. None of this activity has distracted us from the core of the business, which continues to grow strongly. We look forward with optimism to the second half.

Turnover rose 65% during the first half, year on year. This growth, with the continued high gross margins, enabled the Group to record its maiden first half profit. Trading continues to be strong both from new and existing customers. InvuCare revenues (annual maintenance contracts) have risen by 137% to £0.45m. These figures include a 73% renewal rate for InvuCare contracts beyond the first year. Deferred revenues and provisions have increased by 35% to £0.85m.

At the core of our strategy remains the building of a successful brand. Recognition that Invu is becoming the vendor of choice amongst the SME market is the result of this strategy and will underpin our growth in the years to come. Following our initial investments last year which included the Invu Partner day and public relations campaign, we have followed this up with further significant press coverage and partner marketing programmes with our dealers.

Building on the success of last year, we expect this year to be equally exciting, with continued strong growth in all of the key areas of our business. As usual, we would expect a strong weighting to the second half.

On behalf of the Group, I would like once again, to thank our employees, accredited partners, shareholders and advisors, without whom none of the success is possible.

Daniel Goldman
Non Executive Chairman

Chief Executive's Statement

Introduction

Trading during the first half has been strong. Once again, all of Invu's key performance indicators have improved during the period, including a 53% increase in total customer sites to 1,662 (H1 2004: 1,087), and a 66% increase in the total number of end users to 29,286 (H1 2004: 17,658).

We have also continued to consolidate our position within the SME channel. Many of the partners accredited during 2004 have started to mature into successful partners for Invu. As usual, the Group has taken an objective stance regarding non-performing partners, resulting in the termination of agreements so that our sales team can concentrate on those that are more successful.

Demand for our products remains strong and during the first six months on average over 60 new customers have installed products each month in comparison to 40 per month during 2004.

Financial Performance

Turnover for the period was £1.68m (2004: £1.02m), an increase of 65% on the prior year. Recognised recurring revenues from InvuCare increased to £0.45m during the first half as compared to £0.19m in the half-year ended 31 July 2004.

Gross profit margin during the first half improved slightly to 93.5% of turnover (H1 2004: 92.9%). This is well in excess of our internal benchmark of 92%, and reflected a slight change in product mix.

Technical and support expenditure, which includes research and development, was £0.29m for the year (H1 2004: £0.26m). We continue to maintain an active development programme, covering upgrades of core products and product innovations. It is the Group's policy to direct research and development according to the needs of the market, and to ensure that every new product adheres to our core brand values of ease of use, high quality and price performance. It is important to note that we adopt the policy of writing off research and development costs as and when they occur.

Sales and marketing expenditure increased by 48% to £0.62m (H1 2004: £0.42m), or 37% of turnover (H1 2004: 41%), reflecting our determination to invest in sales and marketing in order to build both turnover and brand recognition.

General and administrative expenses (excluding exchange gains) were £0.63m during the first half compared with £0.54m for the first half last year. This now represents 37% of turnover (H1 2004: 53%).

Operating profit for the 6 month period ended 31 July 2005 amounted to £0.06m (H1 2004: loss £0.57m). As ever, our second half weighting will have a disproportionately positive effect on profits.

The net profit after tax amounted to £0.07m (H1 2004: loss £0.58m), giving earnings per share of 0.07p (H1 2004: loss 0.61p). Net profit after tax adjusted for the unrealised exchange gain is £0.05m (H1 2004: loss £0.28m).

Cash flow from operations has improved significantly as compared to the corresponding period in 2004. Cash balances have remained consistent with the amount held at 31 January 2005. Debtor days have fluctuated during the period between 86 and 181 days but despite these fluctuations the group recorded cash receipts of over £2.2m during the first half (H1 2004: £1.2m). Debtor days now stand at 106 days and credit control remains a constant area for close management attention.

Creditors (excluding accruals and deferred revenue) of £0.61m (H1 2004: £0.72m) were covered 5.6 times by current assets (H1 2004: 2.8 times covered). At 31 July 2005 shareholders funds were £2.29m compared to £0.9m at 31 July 2004.

The Group is virtually debt free and therefore effectively ungeared as at 31 July 2005.

Taking into account the ongoing investment in the business and accumulated losses to date, the Board is not proposing the payment of an interim dividend.

Operations

Trading

Trading during the first half has been strong as reflected by the number of new customers and partners. We now have an installed customer base of over 1,650 with almost 30,000 end users of our software. 66 existing customers extended their use of Invu within their organisations during the half.

Amongst the new customers acquired during the half are RK Harrison, a leading insurance brokerage, Close Credit Management, Sweet & Maxwell, a leading legal and regulatory publisher and Robert Brett & Sons, a large construction materials company. I am very pleased with the rate of new customer acquisition which continues to be a key growth driver for the business.

Marketing

The company has launched several new initiatives during the year including Invu Promises and most recently Invu Finance, in addition to Partner marketing programmes for lead generation and PR.

Invu Promises is Invu's customer service and support programme, which aims to provide an exemplary standard of support within the software industry. This year we have launched and maintained new levels of dialogue with our customers and partners, with bulletins, satisfaction surveys, random support call reviews and distribution of a regular customer magazine. In addition to these, Promises is an initiative designed to affect every aspect of Invu's relationship with its customers, during the sales process, after-sales care and of course ongoing support and maintenance. The initiative allows Invu to remain close to its customers and partners ensuring that we maintain an intimate knowledge of their current and future needs.

Invu Finance has just been launched in partnership with Syscap, the UK's leading independent IT finance provider. This will give partners and customers access to pre-credit cleared finance to make Invu even easier to purchase and deliver faster returns on investment. This will be Invu branded with on-line finance agreements ready to download for easy purchase process.

Both Invu Finance and Promises have been designed to fit with and support Invu's core branding, which is built on ease of use, high quality and price performance.

Invu continues to grow the partner channel successfully and has become the dominant UK channel player for document management products in the SME market. We have launched a new initiative this year partnering with business solutions partners in key application areas. These have included Draycir and CGA. Draycir was awarded Sage Developer of the Year in 2004 and has a range of add-on products for Sage. CGA is a provider of business and financial solutions and is working strongly with the SAP channel in the UK. Both Draycir and CGA have completed initial testing of joint product offerings for the Sage and SAP channel. We would expect further partnerships of this type to come on stream in the coming months, giving us access into these significant markets.

Overseas Markets

Holland continues to be the only foreign market in which the Group is active. Growth in Holland was in line with the growth of the Group. In particular, our new relationship with Panasonic Netherlands has shown early promise with a number of customer wins and implementations.

Following the introduction of Version 6 of the core Invu product, the Group can start planning the penetration of further overseas markets including other territories within continental Europe, as localisation becomes an inexpensive and simpler process. This will be on an opportunistic basis in the first instance, where we feel that the local partner can add significant value over time.

Research & Development

The key goals for the rest of 2005 are the completed development of Version 6 of the core products and the first commercialised product in the IPE range (IPE stands for "Intelligent Processing Engine" and this technology recognises words, numbers and layout of documents, automates indexing and launches routing of documents with minimum human activity). Our expectation is for both of these events to take place in the second half with a soft commercial launch at the beginning of 2006. Both of these products have strategic importance for the Group in the coming years and we will complete the strategic planning process during the course of the second half. The impact of these products will start to be felt during the 2006/7 financial year.

Outlook

This has been our strongest first half ever and we have experienced growth in all areas of the business. The second half has started well and I am particularly pleased with our improving cash generation.

Invu is now the lead brand for document management software in the UK's SME market and it is our intention to consolidate and leverage this position during the coming months and years. We have a strong, loyal and growing customer base, and they are serviced and supported by Invu's stable, intelligent and highly motivated team.

Given the strong progress that the Group has made during the first half, I am confident that this will be another very successful year for the Group.

David Morgan
Chief Executive Officer

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the 26 weeks ended 31 July 2005

	26 weeks ended 31 July 2005 (unaudited) £'000	26 weeks ended 31 July 2004 (unaudited) £'000	52 weeks ended 31 January 2005 (audited) £'000
Turnover	**1,680**	1,015	3,149
Cost of sales	**(109)**	(72)	(165)
Gross profit	**1,571**	943	2,984
Distribution costs	**(151)**	(114)	(223)
Administrative expenses	**(1,361)**	(1,397)	(2,149)
Operating profit/(loss) on ordinary activities before interest	**59**	(568)	612
Net interest	**11**	(8)	(4)
Profit/(loss) on ordinary activities before taxation	**70**	(576)	608
Taxation on profit/(loss) on ordinary activities	**-**	-	-
Profit/(loss) for the period transferred from reserves	**70**	(576)	608
Earnings/(loss) per ordinary share			
Basic	**0.07p**	(0.61p)	0.64p
Diluted	**0.07p**	(0.61p)	0.64p

CONSOLIDATED BALANCE SHEET AT 31 JULY 2005

	As at 31 July 2005 (unaudited) £'000	As at 31 July 2004 (unaudited) £'000	As at 31 January 2005 (audited) £'000
Fixed assets			
Tangible assets	**178**	120	152
Current assets			
Stocks	**211**	168	151
Debtors	**2,337**	1,409	2,678
Short term deposits	**-**	125	-
Cash at bank and in hand	**902**	324	894
	3,450	2,026	3,723
Creditors: amounts falling due within one year	**(1,329)**	(1,241)	(1,635)
Net current assets	**2,121**	785	2,088
Total assets less current liabilities	**2,299**	905	2,240
Creditors: amounts falling due after more than one year	**(14)**	(1)	-
Net assets	**2,285**	904	2,240
Capital and reserves			
Called up share capital	**-**	-	-
Share premium account	**6,269**	5,562	6,269
Profit and loss account	**(3,984)**	(4,658)	(4,029)
Shareholders' funds	**2,285**	904	2,240

CONSOLIDATED CASH FLOW STATEMENT

For the 26 weeks ended 31 July 2005

	26 weeks ended 31 July 2005 (unaudited) £'000	26 weeks ended 31 July 2004 (unaudited) £'000	52 weeks ended 31 January 2005 (audited) £'000
Net cash inflow/(outflow) from operating activities	**41**	(279)	(254)
Returns on investments and servicing of finance			
Interest received	**14**	10	22
Interest paid	**(3)**	(17)	(25)
Hire purchase contract interest paid	**-**	(1)	(1)
Net cash inflow/(outflow) from returns on investments and servicing of finance	**11**	(8)	(4)
Capital expenditure and financial investment			
Purchase of tangible fixed assets	**(39)**	(16)	(83)
Sale of tangible fixed assets	**5**	-	-
Net cash outflow from capital expenditure and financial investment	**(34)**	(16)	(83)
Management of liquid resources			
Sale of short term deposits	**-**	300	425
Net cash inflow from management of liquid resources	**-**	300	425
Financing			
Issue of share capital	**-**	-	736
Issue costs	**-**	-	(29)
Repayments of borrowings	**(2)**	(790)	(1,005)
Capital element of hire purchase contracts	**(8)**	(5)	(14)
Net cash outflow from financing	**(10)**	(795)	(312)
Increase/(decrease) in cash	**8**	(798)	(228)
Reconciliation of net cash flow to movements in net funds			
Increase/(decrease) in cash	**8**	(798)	(228)
Net cash outflow from financing	**2**	790	1,005
Net cash outflow from hire purchase contracts	**8**	5	14
Net cash inflow from decrease in liquid resources	**-**	(300)	(425)
Change in net funds from cash flows	**18**	(303)	366
Inception of hire purchase contracts	**(24)**	-	-
Movement in net funds in the period	**(6)**	(303)	366
Net funds at beginning of period	**885**	519	519
Net funds at end of period	**879**	216	885

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the 26 weeks ended 31 July 2005

	26 weeks ended 31 July 2005 (unaudited) £'000	26 weeks ended 31 July 2004 (unaudited) £'000	52 weeks ended 31 January 2005 (audited) £'000
Profit/(loss) for the financial period	**70**	(576)	608
Currency differences on foreign currency net investments	**(25)**	298	(257)
Total recognised gains and losses for the period	**45**	(278)	351

NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the 26 weeks ended 31 July 2005

i The interim results have been prepared on the basis of the accounting policies set out in the audited financial statements for the 52 weeks ended 31 January 2005.

ii The calculation of earnings per share is based on the profit after taxation for the period divided by 99,999,999 (31 July 2004: 93,994,595, 31 January 2005: 95,228,582) shares being the weighted average number of shares in issue during the period.

iii The financial information set out above does not constitute financial statements. The statutory financial statements for the year ended 31 January 2005 have been delivered to AIM and the auditor's report on those financial statements was unqualified. The figures for the year ended 31 January 2005 have been extracted from the statutory financial statements for that year. The financial information for the 26 weeks ended 31 July 2005 and 31 July 2004 are unaudited.

iv This interim report is being sent to all shareholders and is available to the public from the company’s registered office.