21st September 2006

Invu, Inc.

Interim Results for the Period Ended 31 July 2006

Invu, Inc., the document management software provider, announces its interim results for the six month period ended 31 July 2006.

Financial Highlights

- Revenues up 23% on H1 2005
- Adjusted profit* up 29% on H1 2005
- Recurring revenues from INVUCare increased 36% to £0.62m (H1 2005: £0.45m)
- Deferred revenues and sales provisions up to £1.25m (H1 2005: £0.85m)
- Net cash inflow from operating activities increased to £0.28m (H1 2005: £0.04m)

	6 months ended 31 July 2006	6 months ended 31 July 2005
Turnover	£2.07m	£1.68m
Adjusted Profit*	£0.06m	£0.05m
Profit after tax after FRS 20 treatment	£0.00m	£0.06m
Earnings per Share	0.00p	0.06p
Adjusted Earnings Per Share*	0.06p	0.05p

*Adjusted for unrealised exchange gains and share option costs

Operational Highlights

- Series 6 (.NET) version of Invu document management launched at the end of the period
- Distribution contracts signed for South East Asia
- 319 new customer sites, including Siemens Financial Services Ltd, British Standards Institute, Close Private Bank, Chelsea F.C., Iron Mountain.
- 129 repeat sales, including Persimmon Homes, Drive Assist, British Waterways, Collins Stewart (CI) Ltd, Towergate Partnership
- 6,551 new end users, up 26% compared to H1 2005
- 25 new accredited partners recruited

Post period end

- OEM agreement signed with Sage, whereby Sage will sell Invu's document management product to the accountancy and professional services markets

Daniel Goldman, Non Executive Chairman of Invu, commented:

"I am very pleased with the Group's performance in the first half, which has grown in both revenues and profits. We have signed a number of significant customer sites, strengthened our position in a number of vertical markets and continued to build the number of new end users. The business continues to show steady, solid growth.

"We were delighted to announce after the period end that following a rigorous selection process Invu has been chosen as OEM partner for Sage's document management offering for the professional services market in the UK. This is an important recognition of the growing demand for document management solutions alongside other mainstream business applications. This achievement has been facilitated by the release of Series 6, which has created excitement within our existing channel and is opening many new avenues for Invu to grow and develop. Invu is uniquely positioned to leverage the platform for further significant and profitable growth."

David Morgan, Chief Executive, added:

"Building on last year's launch of the "Invu Promise", which aims to provide world class levels of customer support and service, Invu has continued to build its brand awareness and to broaden its appeal to the SME and departmental corporate markets. The recent agreement with Sage is testament to the quality of the Invu product and the underlying professionalism of the Invu sales, development and support teams."

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About Invu

Invu [LSE, AIM, Symbol; NVUK] 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. Founded in 1997 and based in Northampton, Invu has 55 employees and operates in the UK, Ireland and The Netherlands. Invu's products have been sold to nearly 2,300 customers, representing approximately 45,000 licensed users. It raised over £3.5 million following its flotation on the AIM stock market in January 2004.

Invu is a member of the Business Application Software Developers Association (BASDA) and its version 5.4 software has recently been accredited by the Institute of Chartered Accountants in England & Wales (ICAEW).

For more information on Invu see http://www.invu.net

Chairman's Statement

During the first half of the year the Group has continued to grow revenues both with existing and new customers. In addition there has been further strong growth in recurring revenues in the form of INVUCare, which continues to underpin our future growth and profitability.

In addition to the reliably steady growth of the Group, there have been several key strategic developments this year; central amongst them is the launch of the Series 6 product, based on Microsoft's .Net. In addition to upgrading the product features for our core markets, this new architecture allows the Group to explore new marketing channels and strategies, aligning our product set with other leading business applications.

A first implementation of this strategy is the OEM agreement signed with Sage. This is an enormous testament to the product, but no less so to the Invu team, who provided their full support from every area of the business in order to ensure a successful launch. We look forward to similar relationships in the future.

Looking further afield, the Group developed its international strategy, with an excellent performance in Holland and the initiation of a market presence in South East Asia. Whilst it is not expected to contribute significant revenues immediately, this expansion is a first step towards building brand and presence in these exciting emerging markets.

I remain confident about the business and look forward to a strong performance in the second half.

I would like to thank all of the employees for their efforts during the first half and congratulate them on their achievements. Thanks also to our partners, advisors and shareholders for their continued support.

Daniel Goldman
Non Executive Chairman

Chief Executive's Statement

Introduction

Trading during the first half has been strong, demonstrating the growing awareness of the Invu brand and recognition of its leading position in the market. During the first half 6,551 seats were deployed at 448 customer sites. We have seen early interest from the channel in anticipation of the release of Series 6, which is likely to result in accelerated growth during the second half. Since 31 January 2006, the total number of customer sites has increased by 16% to 2,322, with the total number of end users rising by 17% to 44,707.

We have also continued to consolidate our position within the SME channel, and now have 132 resellers selling into key vertical markets, both established and emerging (H1 2005: 127). Many of the partners accredited during 2005 have started to mature into successful partners for Invu. This has resulted in a larger number of more significant partners, with no single partner representing more than 20% of turnover. This is part of our ongoing strategy to develop a successful and sustainable channel for our products. 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 the average number of sites buying software has remained consistent with the previous year at an average of 75 per month.

Financial Performance

Turnover for the period was £2.07m (H1 2005: £1.68m), an increase of 23% on the prior year. Recognised recurring revenues from InvuCare increased to £0.62m during the first half, compared to £0.45m in the half-year ended 31 July 2005.

Gross profit margin during the first half was 92.5% of turnover (H1 2005: 93.5%). This is still in excess of our internal benchmark of 92%, and reflected the provision of sub-contracted scanning services and hardware at a small number of sites. Management expects gross margin to increase during the second half and remain consistent with previous years.

Technical and support expenditure, which includes research and development, technical support and professional services, was £0.40m in the first half (H1 2005: £0.29m), reflecting increased levels of investment in research and development in anticipation of the launch of Series 6, a major technology upgrade of the product. In addition there is natural growth within our support team delivering InvuCare to our growing customer base. We will continue to maintain an active development programme, covering upgrades of core products and product innovations, although we do not foresee any further requirements to significantly increase headcount in the near future. It continues to be 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 our policy is to write off research and development costs as and when they occur.

Sales and marketing expenditure increased by 21% to £0.75m (H1 2005: £0.62m), or 36% of turnover (H1 2005: 37%), reflecting our determination to invest in sales and marketing in order to build both turnover and brand recognition in the UK and overseas.

General and administrative expenses, excluding exchange gains and share option costs, were £0.72m during the first half compared with £0.63m for the first half last year. This now represents 35% of turnover (H1 2005: 37%).

This period is the first time that the Group is required to report under FRS 20. Under this standard, share-based incentives provided to employees are assessed by reference to fair value using an option pricing model which takes into account expected future movements in the Group's share price. This fair value is then amortised through the profit and loss account over the vesting period of the options. The half year charge of £0.064m is based on the number of unvested options as at 31 January 2006 (restated H1 2005: £0.01m). This charge does not represent a cash cost to the Group. The full year charge is expected to be £0.11m, which has not been reflected to date in analyst summaries.

Operating profit before unrealised exchange differences and share option costs for the 6 month period ended 31 July 2006 amounted to £0.043m (H1 2005: £0.034m). Net profit before unrealised exchange differences and share option costs for the first half amounted to £0.058m (H1 2005: £0.045m).

The advent of FRS 20 has resulted in a net profit after tax of £Nil (restated H1 2005: £0.06m), giving earnings per share of 0.00p (restated H1 2005: 0.06p). As ever, our second half weighting will have a disproportionately positive effect on profits.

Net cash inflow from operations was £0.28m, a significant improvement when compared to £0.04m for the corresponding period in 2005. Cash balances have improved considerably since 31 January 2006 to £1.9m, although this does include an erroneous tax refund of £0.86m. Debtor days remain a focus for improvement but cash collections are encouraging and management initiatives are starting to take effect.

Creditors (excluding accruals, and deferred revenue) of £1.76m (H1 2005: £0.61m) were covered 3.4 times by current assets (H1 2005: 5.6 times covered). However, if one excludes the tax rebate of £0.86m refunded in error which is included in both creditors and cash, then creditors are covered 5.7 times by current assets. At 31 July 2006 shareholders' funds were £3.54m compared to £2.29m at 31 July 2005.

The Group is virtually debt free and therefore effectively ungeared as at 31 July 2006.

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 2,322 with 44,707 end users of our software. 129 (2005: 67) existing customers extended their use of Invu within their organisations during the first half.

Amongst the new customers acquired during the half are Siemens Financial Services Ltd, British Standards Institute, Close Private Bank, Chelsea F.C., and Iron Mountain.

Sales & Marketing

The first half has seen further maturation of a growing number of partners. We have continued to recruit and train new partners in H1 and expect to see them produce revenues in H2. In addition to the normal activity of joint lead generation, we invested in technology in H1 to support the marketing efforts of our partners. We have written and published an extranet which provides a full range of materials to help our partners deliver the right messages to the market to generate interest, end user pull, and brand awareness. In addition we have given special attention to the potential of increasing sales of our software to existing customers.

We expect the brand to be further strengthened by the OEM agreement signed with Sage on 14th August 2006. This follows the accreditation received from SAP at the end of 2005. Together these endorsements from leading business software vendors will accelerate the process of brand recognition within the SME market. We have invested a considerable amount of management time and effort in the relationship during H1. Invu was selected by Sage after extensive comparison with other products, and will be sold into the professional services market under the title “Sage Document Management – Powered with Invu”.

In addition to the potential revenues generated, we see this market as strategically important. Sage has some 14,000 accountants as current customers, and market research has shown that accountants, in turn, advise their own clients on matters including the use of technology to increase business efficiency. This is particularly prevalent within the SME market. Therefore, we believe that the viral effect of Invu’s advance into this market will be beneficial. Lastly, we believe that our partner channel will benefit greatly from the wider recognition of the brand and vindication of the product. Nevertheless, we will review the effect on revenues only after we fully understand the rate of take up and sales of the product in the market.

During H1 we established a sales academy, and recruited three people into a formal sales apprentice scheme. This effectively puts the trainees through a learning process on selling and marketing ‘The Invu Way’, and helps to ensure that we have continuity in our sales team. It is anticipated that successful graduates of the programme may eventually occupy senior sales roles within our partner channel.

H2 will see the sales team reorganised to recognise the split in skills and resources needed for managing large partners on the one hand, and formal training and measurement of new partners on the other.

Overseas Markets

During the first half the Group initiated distribution agreements within several Asian territories, including Malaysia and Singapore. This is an initial step to create a presence within these and other exciting Asian markets, and affords long term growth opportunities for the Group. We expect to see some early wins in H2.

In addition to the above our subsidiary in Holland has made good progress during the first half and again represents about 10% of Group turnover.

Research & Development

Inevitably, following the release of a major new piece of technology like Series 6 (produced on the .NET platform), there is a flurry of activity in collecting and collating feedback from our partners and users. This takes the form of a wish list which Invu will then prioritise and schedule the release of service packs (regular functional upgrades) in response to the market.

I am pleased to report that the launch of Series 6 has been successful, with customers and partners alike. H1 witnessed a major team effort by our development and support staff in order to bring the product to successful launch and H2 will see the same team training partners and producing upgrades to Series 6, satisfying market demand.

The .NET platform has added power, flexibility and functionality, and the ability to explore translation and localisation into foreign languages. During H2 we will embark on the initial work to prepare the product for such translation.

After piloting Invu IPE (Intelligent Processing Engine) during the last twelve months, the product will be integrated into Series 6 over the course of H2 and we expect this to become core functionality in 2007. This will add significant benefits to the product, providing the ability to intelligently recognise words and phrases on documents for automatic indexing and workflows.

Outlook

I am pleased to report that the growth of the Group continues steadily. We will continue to address our key verticals and believe that the opportunities within the SME market remain as strong as ever.

The importance of the release of Series 6 and signing of the OEM agreement with Sage cannot be underestimated. Both of these events will help to secure our position as market leader for document management software and move the Invu product suite towards mainstream credibility within the UK SME market.

I am very excited about the prospects of the Group and look forward to further success in the second half of the year.

David Morgan
Chief Executive Officer

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the 26 weeks ended 31 July 2006

	26 weeks ended 31 July 2006 (unaudited) £'000	26 weeks ended 31 July 2005 Restated (unaudited) £'000	52 weeks ended 31 January 2006 Restated (audited) £'000
Turnover	**2,065**	1,680	4,775
Cost of sales	**(155)**	(109)	(275)
Gross profit	**1,910**	1,571	4,500
Operating expenses before exchange differences and share option costs	**1,867**	1,537	3,288
Operating profit before exchange differences and share option costs	**43**	34	1,212
Exchange gains	**3**	25	12
Share option costs	**(64)**	(10)	(68)
Operating (loss)/profit	**(18)**	49	1,156
Net interest	**15**	11	24
(Loss)/profit on ordinary activities before taxation	**(3)**	60	1,180
Taxation on (loss)/profit on ordinary activities	**-**	-	-
(Loss)/profit for the period transferred from reserves	**(3)**	60	1,180

(Loss)/earnings per ordinary share

Basic	**(0.003)p**	0.06p	1.18p
Diluted	**(0.003)p**	0.06p	1.16p

CONSOLIDATED BALANCE SHEET AT 31 JULY 2006

	As at 31 July 2006 (unaudited) £'000	As at 31 July 2005 Restated (unaudited) £'000	As at 31 January 2006 Restated (audited) £'000
Fixed assets			
Tangible assets	**280**	178	176
Current assets			
Stocks	**95**	211	138
Debtors	**4,063**	2,337	4,441
Cash at bank and in hand	**1,863**	902	830
	6,021	3,450	5,409
Creditors: amounts falling due within one year	**(2,740)**	(1,329)	(2,092)
Net current assets	**3,281**	2,121	3,317
Total assets less current liabilities	**3,561**	2,299	3,493
Creditors: amounts falling due after more than one year	**(25)**	(14)	(13)
Net assets	**3,536**	2,285	3,480
Capital and reserves			
Called up share capital	**-**	-	-
Share premium account	**6,275**	6,269	6,275
Profit and loss account	**(2,889)**	(4,012)	(2,881)
Stock option reserve	**150**	28	86
Shareholders' funds	**3,536**	2,285	3,480

CONSOLIDATED CASH FLOW STATEMENT
For the 26 weeks ended 31 July 2006

	26 weeks ended 31 July 2006 (unaudited) £'000	26 weeks ended 31 July 2005 (unaudited) £'000	52 weeks ended 31 January 2006 (audited) £'000
Net cash inflow/(outflow) from operating activities	**283**	41	(2)
Returns on investments and servicing of finance			
Interest received	**15**	14	29
Interest paid	**(1)**	(3)	(4)
Hire purchase interest paid	**(1)**	-	(1)
Net cash inflow from returns on investments and servicing of finance	**13**	11	24
Taxation	**859**	-	-
Capital expenditure and financial investment			
Purchase of tangible fixed assets	**(117)**	(39)	(76)
Sale of tangible fixed assets	**-**	5	-
Net cash outflow from capital expenditure and financial investment	**(117)**	(34)	(76)
Financing			
Issue of share capital	**-**	-	6
Repayments of borrowings	**-**	(2)	(5)
Capital element of hire purchase contracts	**(5)**	(8)	(11)
Net cash outflow from financing	**(5)**	(10)	(10)
Increase/(decrease) in cash	**1,033**	8	(64)
Reconciliation of net cash flow to movements in net funds			
Increase/(decrease) in cash	**1,033**	8	(64)
Net cash outflow from financing	**-**	2	5
Net cash outflow from hire purchase contracts	**5**	8	11
Change in net funds from cash flows	**1,038**	18	(48)
Inception of hire purchase contracts	**(26)**	(24)	(24)
Movement in net funds in the period	**1,012**	(6)	(72)
Net funds at beginning of period	**813**	885	885
Net funds at end of period	**1,825**	879	813

INVU:

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the 26 weeks ended 31 July 2006

	26 weeks ended 31 July 2006 (unaudited) £'000	26 weeks ended 31 July 2005 Restated (unaudited) £'000	52 weeks ended 31 January 2006 Restated (audited) £'000
(Loss)/Profit for the financial period	**(3)**	60	1,180
Currency differences on foreign currency net investments	**(5)**	(25)	(14)
Total recognised gains and losses for the period	**(8)**	35	1,166

NOTES TO THE INTERIM RESULTS
For the 26 weeks ended 31 July 2006

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 2006 with the exception of FRS 20 – share based payments, which has been adopted in the period under review as detailed in note iii below.

ii The calculation of earnings per share is based on the profit after taxation for the period divided by 100,054,752 (31 July 2005: 99,999,999, 31 January 2006: 100,009,123) shares being the weighted average number of shares in issue during the period.

iii The fair value of the share options granted is recognised as an employee expense with corresponding increase in equity. Fair value has been determined using the Binomial model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense in the period, £64,000, is adjusted to reflect the number of options that had not vested as at 31 January 2006. Prior year comparatives have been adjusted accordingly, the result of this has been to reduce the profit for the financial periods ended 31 July 2005 and 31 January 2006 by £10,000 and £68,000 respectively.

iv The financial information set out above does not constitute financial statements. The statutory financial statements for the year ended 31 January 2006 have been delivered to AIM and the auditor's report on those financial statements was unqualified. The figures for the year ended 31 January 2006 have been extracted from the statutory financial statement for that year. The financial information for the 26 weeks ended 31 July 2006 and 31 July 2005 are unaudited.

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