Invu PLC

Interim Results for the six months ended 31 July 2012

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 2012 (H1 2013).

Key Financial Points

- Revenue £1.28m (H1 2012: £1.32m)
- Net profit £0.04m (H1 2012: Net Loss £0.22m)
    - Adjusted EBITDA £0.11m (H1 2012: breakeven)
- Net cash (cash net of borrowings) £0.6m (H1 2012: £0.7m)

Colin Gallick, Chief Executive Officer of Invu, commented:

"Our first interim net profit for a number of years represents another important milestone in the recovery of the business."

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About Invu

Invu [LSE, AIM, Symbol: INVU] develops software that incorporates document management, content management, workflow, automation and collaboration specialising in solutions for the mid-market and smaller businesses. Invu typically gives a return on investment in under six months, allowing companies to see efficiency savings in terms of both money and time. Invu's Open Search integration allows SharePoint users to utilise fully the benefits of WSS or MOSS whilst retaining the functions of specialist document and content management. Invu's solutions enable automated scan, capture and management, processing and output transformation. Invu also integrates with all major accounting systems including ERP and CRM systems.

For more information about Invu: www.invu.net

Chief Executive's Statement

Financial Performance

I am pleased to report the achievement of a net profit in what continue to be challenging business conditions.

This is the first interim profit since the half year ended 31 July 2006. This represents a significant milestone in the turnaround of the group which started with the appointment of new management following the first half loss of £2.7m in the half year ending 31 July 2009.

The key trading element in the financial turnaround has been the focus on cash generation with a key financial metric for this being adjusted EBITDA (earnings before interest, tax, depreciation, amortisation, share option expenses and exceptional costs).

In the period, we report an adjusted EBITDA of £0.11m compared to a breakeven result in H1 2012.

The key non trading element in the financial turnaround has been the reduction in the interest burden which has been achieved following the capital reorganisation approved by shareholders in July 2011.

In the period, we report interest expense of £5,000 compared £159,000 in H1 2012

Business Performance

During the period the business has continued to be focused on, 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.

During the period we have carried out the great majority of our business in the United Kingdom selling our own authored software, which is designed to address the needs of small and medium sized businesses, together with software supplied by third parties which complements our own software offering.

During the period we, in common with many other businesses who are focussed on the UK market, have experienced tough trading conditions which have had an adverse impact on new business sales in the period. This reduction in new business sales has however been partially offset by growth in business to existing customers. As a result the fall in revenues was only from £1.32m to £1.28m

During the period the accountancy market, has remained our most significant vertical market. We address this market through a white-label agreement with IRIS, the UK's largest private software house. IRIS has become the largest reseller of our software. We continue to make progress in the financial sector with the most significant software revenue in the period coming from our sale to WH Ireland. The remainder of new business in the period has been across a range of business sectors.

During the period a significant portion of our software and related service sales were the result of our direct sales efforts. The majority of our traditional channel partners have tended to be focussed on the sale of hardware devices to small businesses with our software offered as an addition to the hardware sale. We have seen a decline in this business over the last couple of years. We have offset this by directly offering solutions based on document management through our direct sales force. This has resulted in us selling more services and because we tend to engage with more medium sized businesses generating more repeat business.

We have a large customer base and the support revenue from this base is an important part of our revenues. In the period we continued to maintain a high retention rate (by value) of these customers. The retention rate is dependent on the quality of telephone support we (and our resellers deliver) and continuing updates to the software.

In April we made available to all customers our latest software release and this continued the theme of making documents and workflow available anywhere. This release, as well as supporting the latest platforms and using the latest technology (.Net4), included invoice processing functionality applicable to small and medium size business, provided simple records management and enabled portals for the accountancy sector.

The next major software release is scheduled for the third quarter of 2012.

Outlook

We expect that the UK economy will continue to perform weakly in the second half of our financial year to 31 January 2013. As the majority of our business comes from UK customers, we are anticipating that trading conditions will remain challenging and this will impact our ability to close new business. Nevertheless over the full financial year we expect to continue to build on the stable base we have established in the first half.

Colin Gallick
Chief Executive Officer
18 September 2012

Finance Review

The Consolidated Income Statement shows an operating profit of £0.034m compared to a loss of £0.1m in the first half of last year.

Revenue in the period was down by 2.7% at £1.28m compared to £1.32m reported in the first half of last year.

Revenue comprises the sale of software and related implementation and installation services, and the sale of annual software support contracts. The Group reported sales of software and related services of £0.44m (H1 2012: £0.5m). The revenue arising from the sale of support contracts is recognised evenly over the life of the contract and represented £0.84m (H1 2012: £0.82m) in the period. The key performance metric for the sale of software support contracts is the renewal rate which was 92% compared to 89% last year.

The cost of sales includes the direct costs of the delivery of services which form the majority of revenue. The gross margin percentage improved to 80.7% (H1 2012 78.2%).

Administrative expenses have decreased by 11.4% from £1.13m to £1.00m as a result of higher capitalisation of development labour costs, lower depreciation and amortisation costs and lower costs for sales commissions and executive bonuses.

Finance costs were significantly lower at £0.005m compared to £0.159m last year. This has occurred because of the capital reorganisation that took place in July 2011 which saw the conversion of most of the Group's debt to equity.

There is a tax credit of £0.007m for the period (H1 2012 credit £0.042m) arising from payment of a research and development tax credit repayment claim by HMRC.

The Group Balance Sheet shows total shareholders' equity as a deficit of £0.78m (last year end £0.84m) funded principally by working capital.

Trade receivables were marginally lower at £0.47m (H1 2012 £0.49m) with days sales outstanding, measured using the exhaustion method, decreasing from 71 days at 31 January to 63 days at 31 July.

The net cash flow generated by operating activities in the period was £0.07m compared to £0.18m generated in the first half last year.

Ian Smith
Finance Director
18 September 2012

CONSOLIDATED INTERIM INCOME STATEMENT (Unaudited)

FOR THE SIX MONTHS ENDED 31 JULY 2012

		For the six months ended	
Continuing operations	**Notes**	**July 31, 2012 £'000**	**July 31, 2011 £'000**
	1		*Restated*
Revenue	2	1,280	1,315
Cost of sales		(247)	(287)
Gross profit		**1,033**	**1,028**
Administration expenses		(999)	(1,128)
Profit/(loss) from operations		34	(100)
Finance costs		(5)	(159)
Profit/(loss) before income tax	**2**	29	(259)
Income tax credit		7	42
Profit/(loss) for the period	**2**	**36**	**(217)**
Attributable to:			
Equity holders of the Company		**36**	**(217)**
Profit/(loss) per share			
Basic and diluted (pence per share)	**3**	0.008	(0.131)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)
FOR THE SIX MONTHS ENDED 31 JULY 2012

For the six months ended	July 31, 2012 £'000	July 31, 2011 £'000 *Restated*
Profit/(loss) for the period	36	(217)
Other comprehensive income		
Exchange differences on translating foreign operations	-	(-)
Total comprehensive profit/(loss) for the period, net of tax	**36**	**(217)**
Attributable to:		
Equity holders of the Company	**36**	**(217)**

CONSOLIDATED BALANCE SHEET AT 31 JULY 2012 (Unaudited)

	July 31, 2012 £'000	January 31, 2012 £'000	July 31, 2011 £'000
Assets			
Non-current assets			
Intangible assets	148	137	143
Property, plant and equipment	21	24	27
Deferred tax asset	-	-	-
	169	161	170
Current assets			
Trade receivables	469	588	493
Other receivables	60	46	58
Trade and other receivables	529	634	551
Cash and cash equivalents	641	641	1,316
	1,170	1,275	1,867
Total assets	**1,339**	**1,436**	**2,037**
Liabilities			
Current liabilities			
Trade and other payables	2,008	2,151	2,290
Borrowings	25	27	524
Current Taxation	30	30	30
	2,063	2,208	2,844
Non-current liabilities			
Borrowings	52	63	77
Deferred tax liability	-	-	-
	52	63	77
Total liabilities	**2,115**	**2,271**	**2,921**
Total net liabilities	**(776)**	**(835)**	**(884)**
Capital and reserves attributable to equity holders of the company			
Share capital	4,738	4,738	4,685
Convertible loan notes	375	375	375
Share to be issued	29	29	29
Share premium	412	412	412
Merger reserve	361	361	29,260
Share option reserve	269	246	244
Reverse acquisition reserve	(20,570)	(20,570)	(20,570)
Retained earnings	13,547	13,511	(15,379)
Foreign currency translation reserve	63	63	60
Total deficit	**(776)**	**(835)**	**(884)**

CONSOLIDATED CASH FLOW STATEMENT (Unaudited)

FOR THE SIX MONTHS ENDED 31 JULY 2012

	Notes	For the six months ended July 31, 2012 £'000	July 31, 2011 £'000
Net cash flows from operating activities	4	75	176
Taxation		7	76
Investing activities			
Purchases of property, plant and equipment		(4)	(7)
Expenditure on internally developed intangible assets		(60)	-
Net cash used in investing activities		(64)	(7)
Financing activities			
Issue of shares		-	625
Borrowings		(13)	(18)
Interest paid		(5)	(6)
Net cash (used in)/from financing activities		(18)	601
Net increase in cash and cash equivalents		**-**	**846**
Cash and cash equivalents at the beginning of the period		641	470
Cash and cash equivalents at the end of the period		641	1,316

ACCOUNTING POLICIES

1. 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 2012, and which will form the basis of the 2012/13 financial statements.

There are no new published standards, or interpretations and amendments to published standards, that are not yet effective, that once effective would materially affect the Group.

The comparative financial information presented herein for the year ended 31 January 2012 does not constitute full statutory accounts for that period. The Group's Annual Report for the year ended 31 January 2012 has been delivered to the Registrar of Companies. The Group's Independent Auditors' report on those accounts was unqualified and did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006. The financial information for the half years ended 31 July 2012 and 31 July 2011 have neither been audited nor reviewed pursuant to guidance issued by the Auditing Practices Board.

The Group's profit and loss for the period ended 31 July 2011 has been restated to reclassify £72,000 of expenses related to a share issue, which were shown as an exceptional cost on the interim report last year, to opening retained earnings to be consistent with their treatment in the full year accounts to 31 January 2012. The reported loss for the period ended 31 July 2011 decreased from £0.289m to £0.217m.

2. SEGMENT INFORMATION

The Group's services being, the design, sale and support of computer software for the electronic management of information and documents operate through a common infrastructure and support function. Therefore the Directors believe the activities constitute one operating segment through which it provides services.

The segment results are as follows:

	For the six months ended	
	July 31, 2012 £'000	**July 31, 2011 £'000**
Revenue by service:		
Sale of software licences and related services	**442**	493
Sale of software maintenance contracts	**838**	822
Revenue	**1,280**	1,315
Gross profit	**1,033**	1,028
Profit/(loss) from operations	**34**	(100)
Profit/(loss) before income tax	**29**	(259)
Profit/(loss) for the year	**36**	(217)

Included in revenue above are £0.033m (H1 2012: £0.039m) related to sales in Europe. All other revenue relates to the UK.

All non-current assets and liabilities are held within the UK.

The Group had one reseller who was responsible for 14% (H1 2012:18%) of the Group's invoiced sales and a second reseller who was responsible for 10% of the Group's invoiced sales. No other reseller was responsible for more than ten percent of the Group's invoiced sales.

3. PROFIT/(LOSS) PER SHARE

	For the six months ended	
	July 31, 2012 £'000	**July 31, 2011 £'000**
Profit/(loss) for the period	**36**	**(217)**
Basic profit/(loss) per share	0.008p	(0.131)p
Diluted profit/(loss) per share	0.008p	(0.177)p
Weighted average number of common share outstanding	473,752,662	163,472,662
Diluted weighted average number of common share outstanding	473,752,662	163,472,662

The weighted average number of common shares outstanding includes ordinary shares of 0.001p and A ordinary shares of 0.001p. The weighted average number of common shares outstanding does not include the deferred shares arising from the share split approved at the AGM on 25th June 2012 as these shares have very limited rights and are considered worthless.

The diluted weighted average number of common shares outstanding normally results from share options. The effect of the share options has not been included in the calculation of the diluted earnings per share because the share options are all out of the money.

4. CASH GENERATED FROM OPERATIONS

	For the six months ended July 31, 2012 £'000	July 31, 2011 £'000
Profit/(loss) for the period	36	(217)
Adjustments for:		
Tax	(7)	(42)
Depreciation	7	17
Amortisation	49	72
Employee share scheme	23	11
Interest expense	5	159
Changes in working capital:		
Trade and other receivables	105	(15)
Trade and other payables	(143)	191
Net cash generated from operating activities	**75**	**176**

5. ADJUSTED EBITDA

	For the six months ended July 31, 2010 £'000	July 31, 2011 £'000
Profit/(loss) for the period	36	(217)
Adjustments for:		
Interest expense	5	159
Tax	(7)	(42)
Depreciation	7	17
Amortisation	49	72
Employee share scheme	23	11
	113	**-**

6. Copies of this interim statement will be available on the Company's website, www.invu.net