

Invu PLC

Interim Results for the six months ended 31 July 2013

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 2013 (H1 2014).

Key Financial Points

- Revenue £1.36m (H1 2013: £1.28m)
- Net profit £0.13m (H1 2013: £0.04m)
 - Adjusted EBITDA £0.18m (H1 2013: £0.11m)
- Net cash (cash net of borrowings) £1.2m (H1 2013: £0.6m)

Colin Gallick, Chief Executive Officer of Invu, commented:

“Our invoice processing initiative has resulted in growth in our software and related services revenues and this growth has contributed to our improved profitability and cash flow.”

Enquiries:

Invu Plc +44 (0) 1604 859893
Colin Gallick, CEO
Ian Smith, Finance Director

WH Ireland Limited +44 (0) 117 945 3470
Mike Coe

About Invu

Invu [LSE, AIM, Symbol: INVU] develops and provides software solutions and services to help organisations with control, management and security of electronic documents and automation of workflow. These solutions increase information integrity, visibility and access across an organisation, reduce costs of paper document storage and retrieval, provide auditable document records management and reduce risk of non-compliance.

Invu's solutions enable automated document scan, capture, process and archive, and integrate readily with most back office systems, allowing tighter control of financial, HR and general business processes.

For more information about Invu: www.invu.net

Chief Executive's Statement

Financial Performance

I am pleased to report revenue growth together with improved profitability and cash flow.

The revenue growth, up by 6.5% to £1.36m, arises from a growth in software and related services revenue which in a large part is due to our invoice processing offering which was initially launched in April 2012.

The profit improvement, net profit up by 269% to £0.133m, arises from the revenue growth and continued improvements in the quality of the business.

The cash flow improvement results from the combination of improved adjusted EBITDA (earnings before interest, tax, depreciation, amortisation, share option expenses and exceptional costs) of £0.18m, (compared to £0.11m in H1 2013), and working capital cash generation of £0.36m.

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. 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 the accountancy market has remained our most significant vertical market. We address this market primarily through a white-label agreement with IRIS, the UK's largest private software house. IRIS is our largest reseller.

Our invoice processing solution, which enables customers to improve both the control over and efficiency of processing a large volume of supplier invoices, can be implemented in any industry sector. In the period we saw new business in the Property Services, Housing Association and E-Commerce sectors as well as business from existing customers.

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 July we made available to all customers our latest software release. This release offers improved visibility and enhanced functionality, the ability to further automate document processing and significantly enhanced document sharing functionality.

The next major software release is scheduled for the second half of the year and will include release of the Invu portal.

Outlook

We expect to continue to build on the stable base we have established in the first half.

Colin Gallick
Chief Executive Officer
17 September 2013

Finance Review

The Consolidated Income Statement shows an operating profit of £0.136m compared to a profit of £0.034m in the first half of last year.

Revenue in the period was up by 6.5% at £1.36m compared to £1.28m 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 £0.52m (H1 2013: £0.44m). The revenue arising from the sale of support contracts is recognised evenly over the life of the contract and remained at a similar level as last year at £0.84m. The key performance metric for the sale of software support contracts is the renewal rate (by value) which was 92%, the same level as reported 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 85.8% (H1 2013 80.7%) primarily due to a change in our distribution mix towards IRIS from other resellers.

Administrative expenses have increased by 3.4% from £1.00m to £1.03m as a result of increased variable costs (commissions and bonuses) related to revenue growth.

The Group Balance Sheet shows total shareholders' equity as a deficit of £0.34m (last year end £0.48m) funded principally by working capital.

Trade receivables were lower at £0.40m (H1 2013 £0.47m) with days sales outstanding, measured using the exhaustion method, increasing from 42 days at 31 January to 47 days at 31 July.

The net cash flow generated by operating activities in the period was £0.54m compared to £0.08m generated in the first half last year. While the adjusted EBITDA (£0.18m) made a significant contribution to this, the major reason for this cash flow was working capital reduction (£0.36m) arising from increases in deferred revenue (£0.15m), accruals of annual costs (£0.11m) and a reduction in trade debtors (£0.1m).

Ian Smith
Finance Director
17 September 2013

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Unaudited)
FOR THE SIX MONTHS ENDED 31 JULY 2013

Continuing operations	Notes	For the six months ended	
		July 31, 2013 £'000	July 31, 2012 £'000
	1		
Revenue	2	1,364	1,280
Cost of sales		<u>(194)</u>	<u>(247)</u>
Gross profit		1,170	1,033
Administration expenses		<u>(1,034)</u>	<u>(999)</u>
Profit from operations		136	34
Finance costs		<u>(3)</u>	<u>(5)</u>
Profit before income tax	2	133	29
Income tax credit		<u>-</u>	<u>7</u>
Profit for the period attributable to equity holders of the parent company	2	133	36
		<hr/> <hr/>	<hr/> <hr/>
Total Comprehensive Income attributable to equity holders of the parent company		133	36
		<hr/> <hr/>	<hr/> <hr/>
Earnings per share			
Basic and diluted (pence per share)	3	<u>0.028</u>	<u>0.008</u>

CONSOLIDATED BALANCE SHEET AT 31 JULY 2013 (Unaudited)

	July 31, 2013 £'000	January 31, 2013 £'000	July 31, 2012 £'000
Assets			
Non-current assets			
Intangible assets	103	122	148
Property, plant and equipment	17	18	21
	<u>120</u>	<u>140</u>	<u>169</u>
Current assets			
Trade receivables	397	489	469
Other receivables	57	60	60
Trade and other receivables	454	549	529
Cash and cash equivalents	1,288	791	641
	<u>1,742</u>	<u>1,340</u>	<u>1,170</u>
Total assets	<u>1,862</u>	<u>1,480</u>	<u>1,339</u>
Liabilities			
Current liabilities			
Trade and other payables	2,121	1,865	2,008
Borrowings	30	30	25
Current taxation	30	30	30
	<u>2,181</u>	<u>1,925</u>	<u>2,063</u>
Non-current liabilities			
Borrowings	19	34	52
	19	34	52
Total liabilities	<u>2,200</u>	<u>1,959</u>	<u>2,115</u>
Total net liabilities	<u>(338)</u>	<u>(479)</u>	<u>(776)</u>
Capital and reserves attributable to equity holders of the company			
Share capital	4,738	4,738	4,738
Convertible loan notes	375	375	375
Share to be issued	29	29	29
Share premium	412	412	412
Merger reserve	361	361	361
Share option reserve	305	297	269
Reverse acquisition reserve	(20,570)	(20,570)	(20,570)
Retained earnings	13,949	13,816	13,547
Foreign currency translation reserve	63	63	63
Total deficit	<u>(338)</u>	<u>(479)</u>	<u>(776)</u>

CONSOLIDATED CASH FLOW STATEMENT (Unaudited)

FOR THE SIX MONTHS ENDED 31 JULY 2013

		For the six months ended	
	Notes	July 31, 2013 £'000	July 31, 2012 £'000
Net cash flows from operating activities	4	535	75
Taxation		-	7
Investing activities			
Purchases of property, plant and equipment		(7)	(4)
Expenditure on internally developed intangible assets		(13)	(60)
Net cash used in investing activities		(20)	(64)
Financing activities			
Borrowings		(15)	(13)
Interest paid		(3)	(5)
Net cash used in financing activities		(18)	(18)
Net increase in cash and cash equivalents		497	-
Cash and cash equivalents at the beginning of the period		791	641
Cash and cash equivalents at the end of the period		1,288	641

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 2013, and which will form the basis of the 2013/14 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 2013 does not constitute full statutory accounts for that period. The Group's Annual Report for the year ended 31 January 2013 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 2013 and 31 July 2012 have neither been audited nor reviewed pursuant to guidance issued by the Auditing Practices Board.

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,	July 31,
	2013	2012
	£'000	£'000
Revenue by service:		
Sale of software licences and related services	520	442
Sale of software maintenance contracts	844	838
Revenue	1,364	1,280
Gross profit	1,170	1,033
Profit from operations	136	34
Profit before income tax	133	29
Profit for the period	133	36

Included in revenue above are £0.029m (H1 2013: £0.033m) 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 18% (H1 2013: 10%) of the Group's invoiced sales and a second reseller who was responsible for 10% (H1 2013: 14%) of the Group's invoiced sales. No other reseller was responsible for more than ten percent of the Group's invoiced sales.

3. EARNINGS PER SHARE

	For the six months ended	
	July 31, 2013 £'000	July 31, 2012 £'000
Profit for the period	133	36
Basic earnings per share	0.028p	0.008p
Diluted earnings per share	0.028p	0.008p
Weighted average number of common share outstanding	473,752,662	473,752,662
Diluted weighted average number of common share outstanding	473,752,662	473,752,662

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, 2013 £'000	July 31, 2012 £'000
Profit for the period	133	36
Adjustments for:		
Tax	-	(7)
Depreciation	8	7
Amortisation	32	49
Employee share scheme	8	23
Interest expense	3	5
Changes in working capital:		
Trade and other receivables	95	105
Trade and other payables	256	(143)
Net cash generated from operating activities	535	75

5. ADJUSTED EBITDA

	For the six months ended	
	July 31, 2013 £'000	July 31, 2012 £'000
Profit for the period	133	36
Adjustments for:		
Interest expense	3	5
Tax	-	(7)
Depreciation	8	7
Amortisation	32	49
Employee share scheme	8	23
	184	113

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