23 September 2010

Invu PLC

Interim Results for the six months ended 31 July 2010

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 2010 (H1 2011).

Key Financial Points

- Revenue £1.3m (H1 2010: £1.2m)
- Operating loss £0.4m (H1 2010: £1.6m before exceptional cost of £1m)
    - EBITDA loss of £0.2m (H1 2010: Loss before exceptional cost £1.2m)
- Operating cash consumption £0.1m (H1 2010: £0.5m)

Commercial Highlights

- White label agreement with IRIS
- Launch of Invu Capture, powered by ABBYY
- Launch of Invu Content Automation in alliance with Objectif Lune
- Launch of Invu for SharePoint

Colin Gallick, Chief Executive Officer of Invu, commented:

"The business has performed in line with our internal budgets for the first half of the year and we anticipate that this performance will continue into the second half which should see us achieve our internal target of monthly EBITDA breakeven by the end of this financial year."

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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.

Also known as the paperless office, 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

Chairman's Statement

In December 2009, when the business made a significant adjustment to its cost base, the Board set the management team the priority of getting the Group back to monthly cash flow break even by the end of the financial year ending 31 January 2011. These results covering the first six months of the year represent significant progress towards that goal.

Following the strategic and operational changes we have made to the business, it is now under sound financial control, with revenues, costs and cash flow during this first half year in line with the Group's internal budgets.

Market conditions remain tough and although both the channel development and product improvements addressed in the Chief Executive's statement are reasons to be positive in the long term, there is no reason for the Board to reconsider its prudent view of the short term opportunities.

As has been well documented, Invu has made significant and necessary changes to its Board and executive management team during the last year. This six month period represents Invu's first reporting period where the new and established team has been responsible for the business throughout the reporting period. The addition of Mark Wells, as a non executive member of the Board, has helped to improve our governance and our additions to the management team, both at executive director and senior management levels, have made a significant contribution to the professional management of the business and in executing on the programme set out to redress the business and drive it forward.

Our employees have responded well to the challenge of maintaining and growing the business while consuming fewer resources. Our progress to date is a testament to their abilities and dedication.

Daniel Goldman
Non Executive Chairman
23 September 2010

Chief Executive's Statement

We are pleased with the progress we have made in the first half of this financial year. Continuing it is critical to both our short term plans to get back to cash flow break even by the end of this financial year and to profitability in future years.

Invu remains focussed on cash generation and therefore we consider the Company's measure of EBITDA (earnings before interest, tax, depreciation, amortisation, share option expenses and exceptional costs) to be a key business metric. In the period, we achieved a significant improvement in EBITDA, reporting a reduced loss of £0.2m compared to: £1.2 m in H1 2010.

There has been a considerable improvement in productivity in the period. This was represented by an improvement in revenue up 6.8% at £1.26m (H1 2010: £1.18m), from a much decreased (41% lower) operating cost base (cost of sales plus administrative expenses) which demonstrates that we have made a significantly better use of our resources than in prior periods. This improvement sets out our challenge for the future as our scope for reducing overhead costs is diminishing and so our emphasis must be on utilising our existing resources to grow revenues.

To achieve this, revenue growth, we need to continue to focus on five key areas.

Re-engage with successful partners

The rationalisation of the partner base from 200 to 50 partners achieved last year has made a significant contribution to the improvement in productivity mentioned above and has resulted in a more stable revenue stream.

Dominate existing verticals

The accountancy market has been our most significant vertical market for a number of reporting periods. We expect the new white label relationship with IRIS announced in April 2010 to further strengthen our position in this market. The agreement was made late in the period, however early results are significantly beyond management's expectations.

Attack new verticals

We identified Housing Associations as another important vertical market in our annual report and we have continued to develop our presence in this market with Housing Associations representing 27% of new business in the first half compared to 2% last year.

Extend into the "M" of SME

During the half, we announced relationships with ABBYY (17 March 2010) and Objectif Lune (29 March 2010) which allowed us to offer their document capture and content automation software as part of our product suite, enabling us to continue to develop our customer base in the "M" sector of the Small and Medium Sized business market.

We also announced (13 May 2010) Invu for SharePoint which integrates with both Microsoft SharePoint 2007 and the new SharePoint 2010 editions. Invu for SharePoint brings Invu's capture, management and discovery capabilities together with SharePoint collaboration for wider business visibility and corporate awareness.

In addition, Invu announced a partner relationship with Pillar Solutions a leading European distributor of advanced Windows based software tools on 20 April 2010, as part of our ongoing strategy to address medium sized customers.

During the period, we began negotiations with a number of Microsoft Gold partners and we expect some of these to come to a successful conclusion in the second half.

Return to market-driven innovation

The continuing stability of the Series 6 software has resulted in us spending less time on maintenance and more time on innovation.

We announced Invu version 6.2c of our Series 6 document management software on 30th April 2010. This version includes: document tracking, improved search capabilities, improvements for system administrators and improvements to audit logging.

We continue to have a significant customer base using our Series 5 document management software. When the Series 6 software was launched it was envisaged that Series 5 customers would migrate to it. We have recognised that many of these customers remain satisfied with their software and have therefore offered a new point release, Series 5.5. This release not only offers a fresher look and feel but also offers compatibility with 64bit computing, Microsoft's newest operating systems and the latest Office versions.

Outlook

We continue to be reliant on a number of key shareholders for continuing financial support through debt finance. These shareholders have indicated that they are, in principle, willing to continue to support funding requirements of the company, beyond the periods covered by their current loan arrangements, provided the Group continues to trade at current levels.

The business has performed in line with our internal budgets for the first half of the year and we anticipate that this performance will continue into the second half which should see us achieve our internal target of monthly EBITDA breakeven by the end of this financial year.

Colin Gallick
Chief Executive Officer
23 September 2010

Finance Review

The Consolidated Income Statement shows an operating loss of £0.4 million compared to a loss of £2.7 million in the first half of last year. The loss last year included £1.0 million of exceptional costs related to the reorganisation of the business.

Revenue in the period was up by 6.8% to £1.26 million compared to £1.18 million reported in the first half 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 £0.6million (H1 2010: £0.4 million). The revenue arising from the sale of support contracts is recognised evenly over the life of the contract and represented £0.7 million (H1 2010: £0.8 million) in the period. The key performance metric for the sale of software support contracts is the renewal rate which was 90% compared to 80% last year.

The cost of sales includes the direct costs of the delivery of services which form the majority of revenue. These costs were originally reported as part of administrative expenses in H1 2010, which has been restated to show the cost of sales on a consistent basis. The gross margin percentage is up from 62.2% to 78.3% due primarily to a decrease in the costs related to the delivery of services.

Administrative expenses have decreased by 41.1% from £2.3 million to £1.4 million as a result of the combination of reductions in headcount (the average headcount decreased from 54 to 28 with 28 heads employed at 31 July 2010) and overhead expense management.

In H1 2010 the Group additionally incurred exceptional costs of £1.0 million, covering severance payments to former employees, impairment to intangible fixed assets and the costs of terminating leases on property.

Finance costs have increased from £30,000 to £162,000 as a result of borrowings increasing from an overdraft and loans of £1.2 million last year to loans and convertible debt of £3.1 million this year.

There is a tax charge of £0.1 million for the period arising from the rejection of a research and development tax credit repayment claim by HMRC. This left the expenditure utilisable as losses carried forward but not available for immediate repayment. Part of this claim was paid by HMRC in prior periods and the requirement to repay this has been reported as Corporation tax payable on the balance sheet.

The Group Balance Sheet shows total shareholders' equity as a deficit of £3.5 million (last year end £2.9 million) funded principally by borrowings and working capital.

Trade receivables have reduced by £0.1 million as a result of an improvement in collections. Days sales outstanding, measured using the exhaustion method, from 89 days at 31 January to an exceptional 47 days at 31 July.

The net cash flow consumed by operating activities in the period was £0.1 million compared to £0.5 million in the first half last year.

Ian Smith
Finance Director
23 September 2010

CONSOLIDATED INTERIM INCOME STATEMENT (Unaudited)

FOR THE SIX MONTHS ENDED 31 JULY 2010

		For the six months ended	
Continuing operations	**Notes**	**July 31, 2010 £'000**	**July 31, 2009 £'000** (Restated note 1)
Revenue	2	1,256	1,176
Cost of sales		(272)	(445)
Gross profit		**984**	**731**
Bad debts written off		(-)	(51)
Exceptional costs		(-)	(1,046)
Other Administration expenses		(1,356)	(2,304)
Total Administration expenses		(1,356)	(3,401)
Loss from operations		(372)	(2,670)
Finance costs		(162)	(30)
Finance income		-	-
Loss before income tax	**2**	(534)	(2,700)
Income tax expense		(97)	-
Loss for the period	**2**	**(631)**	**(2,700)**
Attributable to:			
Equity holders of the Company		**(631)**	**(2,700)**
Loss per share			
Basic and diluted (pence per share)	**3**	(0.386)	(2.379)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)
FOR THE SIX MONTHS ENDED 31 JULY 2010

	For the six months ended	
	July 31, 2009 £'000	**July 31, 2008 £'000**
Loss for the period	(631)	(2,700)
Other comprehensive income		
Exchange differences on translating foreign operations	(-)	(3)
Total comprehensive loss for the period, net of tax	**(631)**	**(2,703)**
Attributable to:		
Equity holders of the Company	**(631)**	(2,703)

CONSOLIDATED BALANCE SHEET AT 31 JULY 2010 (Unaudited)

	July 31, 2010 £'000	January 31, 2010 £'000	July 31, 2009 £'000
Assets			
Non-current assets			
Intangible assets	244	351	610
Property, plant and equipment	101	160	299
Deferred tax asset	64	64	244
	409	575	1,153
Current assets			
Inventories	-	17	63
Trade receivables	558	695	776
Other receivables	128	96	183
Trade and other receivables	686	791	959
Cash and cash equivalents	343	488	-
	1,029	1,296	1,022
Total assets	**1,438**	**1,871**	**2,175**
Liabilities			
Current liabilities			
Trade and other payables	2,109	1,991	3,084
Obligations under finance leases	14	20	25
Borrowings	2,666	2,595	1,183
Current Taxation	30	-	-
	4,819	4,606	4,292
Non-current liabilities			
Borrowings	88	98	-
Obligations under finance leases	-	11	20
Deferred tax liability	64	64	244
	152	173	264
Total liabilities	**4,971**	**4,779**	**4,556**
Total net liabilities	**(3,533)**	**(2,908)**	**(2,381)**
Capital and reserves attributable to equity holders of the company			
Share capital	1,635	1,635	1,135
Convertible loan notes	375	375	-
Share to be issued	29	29	29
Share premium	412	412	-
Merger reserve	29,260	29,260	29,260
Share option reserve	235	229	295
Reverse acquisition reserv	(20,570)	(20,570)	(20,570)
Retained earnings	(14,972)	(14,341)	(12,597)
Foreign currency translation reserve	63	63	67
Total deficit	**(3,533)**	**(2,908)**	**(2,381)**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Unaudited)

FOR THE SIX MONTHS ENDED 31 JULY 2010

	Share Capital	Shares to be issued	Share premium	Merger reserve	Reverse acquisition reserve	Share option reserve	Retained earnings	Convertible loan notes	Translation reserve	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 February 2009	1,135	29	-	29,260	(20,570)	283	(9,897)	-	64	304
Total comprehensive income	-	-	-	-	-	-	(2,700)	-	3	(2,697)
Movement on share option reserve	-	-	-	-	-	12	-	-	-	12
Issue of shares	-	-	-	-	-	-	-	-	-	-
At 31 July 2009	1,135	29	-	29,260	(20,570)	295	(12,597)	-	67	(2,381)

	Share Capital	Shares to be issued	Share premium	Merger reserve	Reverse acquisition reserve	Share option reserve	Retained earnings	Convertible loan notes	Translation reserve	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 February 2010	1,635	29	412	29,260	(20,570)	229	(14,341)	375	63	(2,908)
Total comprehensive income	-	-	-	-	-	-	(631)	-	-	(631)
Movement on share option reserve	-	-	-	-	-	6	-	-	-	6
Issue of loan notes	-	-	-	-	-	-	-	-	-	-
Issue of shares	-	-	-	-	-	-	-	-	-	-
At 31 July 2010	**1,635**	**29**	**412**	**29,260**	**(20,570)**	**235**	**(14,972)**	**375**	**63**	**(3,533)**

CONSOLIDATED CASH FLOW STATEMENT (Unaudited)

FOR THE SIX MONTHS ENDED 31 JULY 2010

	Notes	For the six months ended July 31, 2010 £'000	July 31, 2009 £'000
Net Cash flows from operating activities	4	(84)	(541)
Taxation		-	231
Investing activities			
Purchases of property, plant and equipment		-	(9)
Expenditure on internally developed intangible assets		-	(204)
Net cash used in investing activities		-	(213)
Financing activities			
Borrowings		(18)	500
Interest paid		(26)	-
Repayment of obligations under finance leases		(17)	(18)
Net cash from financing activities		(61)	(18)
Net decrease in cash and cash equivalents		**(145)**	**(41)**
Cash and cash equivalents at the beginning of the period		488	(642)
Cash and cash equivalents at the end of the period		343	(683)

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 2010 and which will form the basis of the 2010/11 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 2010 does not constitute full statutory accounts for that period. The Group's Annual Report for the year ended 31 January 2010 has been delivered to the Registrar of Companies. The Group's Independent Auditors' report on those accounts was unqualified, did include a reference to an emphasis of matter due to uncertainty over going concern 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 2010 and 31 July 2009 have neither been audited nor reviewed pursuant to guidance issued by the Auditing Practices Board.

The Consolidated Income Statement for 2009 has been marked as restated because the cost of sales has been restated to include £262k of direct costs of sales for services which was previously included in administrative expenses. Additionally the line previously disclosed as sales and marketing costs (£836k) has been removed with the offsetting amount included in administrative expenses.

The restatement does not have any impact on the profit or the net assets for either of the periods nor the balance sheet at the beginning of the comparative period. Therefore it is considered appropriate not to present a balance sheet at the beginning of the comparative period.

1. SEGMENT INFORMATION

The Group has one operating segment, the design, sale and support of computer software for the electronic management of information and documents.

The segment results are as follows:

	2010	2009
	£'000	£'000
Sales through resellers to end users	1,341	1,563
Net effect of stock deployed	(85)	(387)
Revenue	1,256	1,176
Loss before income tax	(534)	(2,700)
Loss for the period	(631)	(2,700)

Included in revenue above are £5,000 (H1 2010 credit £15,000) related to sales in Europe. All other revenue relates to the UK.

Include in revenue above are sales of software and related services £0.6 million and (H1 2010: £0.4 million). The remaining revenue comprised software maintenance contracts £0.7 million (H1 2010: £0.8 million).

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

The Group had one reseller who was responsible for 25 percent (last year 22%) of the Group's sales through resellers to end users. No other reseller was responsible for more than ten percent of the Group's sales through resellers to end users.

2. LOSS PER SHARE

	For the six months ended July 31, 2010 £'000	July 31, 2009 £'000
Loss for the period	**(631)**	**(2,700)**
Basic loss per share	(0.386)p	(2.379)p
Diluted loss per share	(0.386)p	(2.379)p
Weighted average number of common share outstanding	163,472,662	113,472,662
Diluted weighted average number of common share outstanding	163,472,662	113,472,662

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.

3. CASH GENERATED FROM OPERATIONS

	For the six months ended	
	July 31, 2010 £'000	July 31, 2009 £'000
Loss for the period	(631)	(2,700)
Adjustments for:		
Tax	97	-
Depreciation	59	87
Amortisation	107	545
Foreign currency translation	-	3
Employee share scheme	6	12
Interest expense	162	3
Changes in working capital:		
Inventories	17	119
Trade and other receivables	39	907
Trade and other payables	60	483
Net cash used in operating activities	(84)	(541)