Ideagen PLC - IDEA **Final Results**
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Ideagen PLC
("Ideagen," "the Company" or the "Group")

Unaudited Preliminary Results for the Year Ended 30 April 2017

Ideagen PLC (AIM: IDEA), a leading supplier of Information Management software to highly regulated industries, announces its unaudited preliminary results for the year ended 30 April 2017.

Financial Highlights

- Revenue increased 24% to £27.1 million (FY2016: £21.9 million)
    - Underlying organic growth* of 10% (FY2016: 10%)
    - Run rate recurring revenues of £20.2 million at year end (FY2016: £11.9 million), covering 93% of operating costs (FY2016: 81%)
- SaaS revenue increased 133% to £4.8 million (FY2017 : £2.1 million)
- Adjusted diluted EPS*** increased 19% to 3.16 pence (FY2016: 2.66 pence)
- Adjusted EBITDA** increased 26% to £7.9 million (FY2016: £6.3 million)
- Adjusted PBT*** increased 22% to £6.9 million (FY2016: £5.7 million)
- Cash generated from operations of £8.9 million (FY2016: £4.9 million)
- Net cash of £4.2 million (FY2016: £6.3 million)
- Proposed final dividend of 0.142 pence per share
    - Making a total dividend of 0.21 pence per share for the year which represents a 15% increase over the FY2016 dividend of 0.183 pence per share

Operational Highlights

- Acquisitions of Covalent, IPI, PleaseTech and Logen adding further IP, customers and recurring revenue to the Group
- Strengthening of the Board through the addition of Ben Dorks as Chief Customer Officer and Barnaby Kent as Chief Operating Officer
- Significant growth in SaaS business driven by investment in Coruson, Ideagen's cloud based Governance, Risk and Compliance (GRC) platform and the Group's acquisition strategy
- 45 new SaaS customer wins including British Airways, Ryanair, Johnson Matthey, Air Transat and Telefonica

- Over 150 new on-premise customer wins including Babcock, Doncasters Group, KLM and Argenta Bank
- Strong account management with significant contract extensions from SABIC, BDO, Jaguar Land Rover, Imperial Tobacco and DHL
- Continued high levels of customer retention with support and maintenance contract renewal rate of 97% (FY2016: 96%)
- Ongoing product innovation and investment across all products

* Comparison calculated on a pro-forma basis as if acquisitions had been in the Group for the same period in the previous year
** Before share based payments and exceptional items
*** Before share based payments, amortisation of acquisition intangibles and exceptional items

David Hornsby, CEO of Ideagen, commented: "The Group's focus this year was on the delivery of our organic growth objectives whilst continuing the execution of our buy and build strategy which resulted in four valuable acquisitions. We are delighted to report another year of strong growth, which has been underpinned by excellent cash generation and has augmented our position as a leader in the Governance, Risk and Compliance (GRC) market.

Trading since the year end has remained robust and we continue to see strong demand for our products from new potential customers. Moreover our growing recurring revenues and the repeat business derived from more than 3,000 customers, an increase of over 800 from last year, provides the Board with confidence in the prospects for the Group for the current year and beyond."

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About Ideagen plc

Ideagen is a UK company quoted on the London Stock Exchange AIM market (Ticker: IDEA.L). Ideagen is a supplier of Information Management software with operations in the UK, the United States and the Middle East. The Company specialises in Governance, Risk and Compliance (GRC) and Healthcare solutions for organisations operating within highly regulated industries. With an excellent portfolio of software products, Ideagen is able to provide complete information lifecycle solutions that enable our customers to meet their regulatory and quality compliance standards, helping them to mitigate risks and achieve operational excellence

The Group has a customer base of over 3,000 organisations using the Ideagen suite of products, including many blue chip names such as BAE Systems, Emirates, Shell and the European Central Bank as well as 180 hospitals in the UK and US.

CHAIRMAN'S STATEMENT

I am pleased to report on another strong performance for the year to 30 April 2017, representing Ideagen's 8th consecutive year of revenue and EBITDA growth. The Group met or exceeded all key financial and operational objectives for the year covering revenue, profitability, organic growth, cash generation and customer retention.

These results demonstrate that Ideagen has scale, a world class customer base, an outstanding product set and a proven and effective management team. This year's focus has been a combination of organic growth combined with a return to the execution of our buy and build strategy.

The Board believes the long term prospects for the Group are positive. The Governance, Risk and Compliance (GRC) market was, according to Gartner, worth $4.4 billion globally in 2016 and is estimated to be growing at 13% per annum. We believe that we have established a compelling business platform that has been enhanced by the four acquisitions made this year and are well placed to participate in this growth.

Highly regulated organisations require the tools we provide to help them identify, assess and manage corporate risk while complying with international industry standards, and many are only in the early stages of adopting an enterprise-wide approach. The Board believes that the Group's cloud solutions will be a particular growth area for the company which will increase the percentage of total revenues derived from recurring contracts providing even greater visibility of earnings.

In January Ben Dorks and Barnaby (Barney) Kent joined the Board as Chief Customer Officer and Chief Operating Office respectively, both Ben and Barney joined ideagen through the acquisition of Plumtree in 2013. Since then both have taken on increasing levels of responsibility, consistently met challenging business objectives and have developed as outstanding business leaders. Ben and Barney have been fundamental to the successful execution of the Group's growth strategy and are now contributing effectively at board level. We continue to review the optimum board structure and will look to further strengthen the team at Non-Executive level in due course.

In line with our progressive dividend policy and reflecting our continued confidence in the prospects for the Group, the Board is pleased to propose a final dividend of 0.142 pence per share making a total dividend of 0.21 pence for the year (FY2016: 0.183 pence) an increase of 15%. Subject to approval at the forthcoming AGM, the final dividend will be payable on 22 November 2017 to shareholders on the register on 3 November 2017. The corresponding ex-dividend date is 2 November 2017.

The success of Ideagen is the result of the excellence and dedication of our employees and on behalf of the Board I should like to thank all of them for their continued hard work. The new financial year has started well and I look forward to continued growth.

Jonathan Wearing
Non-Executive Chairman

CHIEF EXECUTIVE'S REVIEW

Business Review

I am pleased to report on another excellent performance for the twelve months ended 30 April 2017 during which we achieved strong organic revenue growth* of approximately 10% and made four important acquisitions each of which made a contribution in the year .

Total revenue of £27.1 million (2016: £21.9 million) represented overall growth of 24% and adjusted EBITDA grew 26% to £7.9 million (2016: £6.3 million), each slightly ahead of expectations. A key financial metric for the Group continues to be adjusted EPS and I am pleased to report an increase in adjusted diluted EPS of 19% to 3.16 pence for the year (FY2016: 2.66 pence).

Our early visibility of revenue ahead of expectations enabled the Group to bring forward the investment in a number of sales, marketing and technology initiatives that had been planned for the current year. This additional investment has provided additional resource, technology and infrastructure to further support the Group's growth strategy.

Net cash at the end of the year of £4.2million was also ahead of expectations following strong cash generation, particularly during the second half. Outstanding acquisition-related borrowings at 30 April 2017 of £2million were repaid shortly after the year end, and consequently the Group has now returned to having a debt free balance sheet.

The Group continues to benefit from a strong and growing base of recurring revenues, which represented 57% of total revenue in the year (2016: 54%). The Group is committed to increasing the percentage of total revenue derived from recurring contracts through the medium term transition from a traditional licence model to a SaaS subscription based model. This transition is well underway and recurring SaaS revenues represented 18% of total revenues within the year (2016: 9%).

GRC represents the large majority of Ideagen revenues at 84% and continues to be the primary engine of growth for the Group. GRC provides software tools that enable customers to identify, assess and prioritise risk and to manage information in line with rigorous regulations. In each of our chosen verticals, our customers are increasingly required to take a holistic view of risk management, internal audit and compliance, with many organisations at the beginning of the adoption phase of high value enterprise-wide solutions.

In order to drive growth we have successfully added new customers to the Group across all of our key GRC verticals, with aviation, life sciences and financial services providing particularly notable success in the year. We also continue to maintain a focus on product enhancement and innovation which has seen acceptance across the user base, resulting in significant revenues from strong retention of recurring contracts and new projects from our extensive customer base.

As in the previous two financial years the clinical management solutions market continues to be impacted by the uncertainty of funding for acute NHS Trusts. However our existing customers in this market continue to provide us with strong levels of recurring revenues, adding to the underlying financial strength of the business.

Following the previous year, during which the Board decided not to make any acquisitions, the Group re-embarked on the execution of its proven buy and build strategy. Ideagen had been aware of all four companies acquired for a number of years and had been tracking their progress carefully. The acquisitions made during the year were :

- Covalent, a supplier of risk assurance and performance management software to the Public Sector and Financial Services;
- IPI, a supplier of quality reporting software to the Aerospace and Defence Industry;
- PleaseTech, a supplier of document review and control software primarily to Life Sciences industry
- Logen, a Bulgarian reseller of ''Ideagen Pentana'' our audit management product.

Each of the acquisitions are performing well by adding intellectual property, recurring revenues, vertical market consolidation and technical expertise to the Group and will form part of our enlarged GRC business.
The acquisition of PleaseTech was funded primarily by an oversubscribed share placing of £10 million which completed in March. The Board remains committed to an ongoing buy and build strategy and would expect to complete further acquisitions in the future assuming targets meet our criteria and represent value for shareholders.

Markets and Product Strategy

Ideagen's product and market strategy is geared to market penetration horizontally in governance, risk and compliance and vertically in transport, advanced manufacturing, life science, healthcare and financial services. As an acquisitive Plc, we both acquire and develop new products and continue to identify acquisitions that support our market penetration approach.

We have subject matter expertise and decades of experience in our vertical markets and in our technology domains. These are as follows:

GRC Domains:
- Quality Management
- Safety Management
- Risk Management
- Audit Management
- Performance Management

Vertical markets:
- Transport
- Advanced Manufacturing
- Life Science
- Government
- Healthcare
- Financial Services

We develop and sell software products that satisfy our customers' critical needs at the intersection of these domains and markets. Thus, we primarily provide risk based quality and safety management software to transport, manufacturing, life science and healthcare and risk based audit and performance software to financial services, accounting firms and the public sector.

Due to the horizontal nature of GRC the Group can also supply to other vertical markets, for example Oil and Gas and Construction and it is likely that additional key vertical markets will evolve over time.

Clinical Workflow

Ideagen also provides clinical workflow software solutions to the UK NHS where trusts are seeking to modernise and transform processes by digitising medical records. The primary goal of this transformation is to improve patient outcomes and care quality while also generating efficiency savings. The NHS is aiming to implement widespread modernisation and digitisation of working practices. Ideagen clinical workflow and hospital information management solutions have been designed in close collaboration with NHS customers to deliver innovation and improvements in quality, performance and productivity

Sales and Marketing Review

Our marketing objectives are to generate qualified sales leads and to enhance the global recognition and reputation of our brand and solutions. This is achieved through content driven product and vertical marketing covering blogs, white papers, webinars, a dedicated digital team and over 50 global events per year. Our principal marketing initiatives target key executives and decision makers within our existing and prospective customer base.

We sell our products primarily through a direct sales force which generate 93 percent of Group revenue and also through relationships with resellers. Our sales force operates globally with a focus on UK, Europe, North America, and Asia. The team is organized by both vertical market and function area and includes 40 'quota carrying' sales executives and account managers supported by technical sales and domain experts. We generate revenues from sales to new customers and through repeat licence and services sales to our existing customers.

Customer Examples

Ideagen Coruson at Johnson Matthey - Cloud Based Risk and Quality Management

Operating across a number of highly-regulated industries, Johnson Matthey is required to conduct stringent testing of its products which includes unique and specialised detection, diagnostic and measurement solutions in order to achieve and maintain compliance to a series of industry standards.

Among those standards includes ISO 9001. Using a previous software system for general quality management and business performance reporting, Johnson Matthey's day-to-day quality processes were "manual, slow and laborious".

Ideagen Coruson, Ideagen's cloud-based software solution, was rolled out by the company to address those issues, initially being adopted as a dedicated quality solution.

Rachel Burke, Global Quality Manager at Johnson Matthey, said: "We had planned on using Ideagen Coruson to modernise our legacy quality system - such as managing non-conformances, customer complaints, document management and supplier issues. What we found, was that the system was so user friendly, effective and popular among staff that it is now used for risk based processes and procedures outside of our initial scope."

Ideagen Q-Pulse at Doncasters Group - On Premise Quality Management

Doncasters Group Ltd required a quality management solution which would successfully bring together all of their business processes and allow them to be managed from one central and electronic place.

Since initial implementation, the Q-Pulse software has been expanded within the Doncasters Group. From its initial Bramah installation in Sheffield, they now have four sites in the UK using the software extensively to manage tasks such as non-conformance management as well as the tracking of maintenance, recalls and calibration data.

Peter Rowe, VP of Quality at Doncasters Group, said: "The Q-Pulse product has taken many of the human issues out of quality management and this has resulted in an increase in quality levels - as well as an awareness of quality in general - at all of our sites currently using the system."

Ideagen Pentana at Argenta Bank - Internal Audit and Risk Management

Following the success of the Pentana auditing software within its Internal Audit and Risk Management departments, Argenta, a Bank based in Belgium and operating across the BENELUX region, has turned its attention to transforming the operational performance of its Inspection team using the same software.

With over 500 branches requiring regular visits each year, Argenta's Inspection team was continuously battling issues during each visit, mostly related to their use of a series of manual, paper-based methods.

During each visit, Argenta's inspectors are required to run various tests and document many observations and results. With each inspection lasting just one day, Argenta's Inspection team has limited time.

By implementing Pentana, paper-based and manual processes which were obstructing inspectors during their on-site reviews, were removed. Now, the Inspection team uses Pentana to perform inspections of Argenta's local branches, to document their findings, recommendations and actions electronically in a consistent way and to deliver the outputs in a standardised and easy to consume report. In short, Argenta's Inspection team's processes are now solid and consistent while objective measurement is now possible and action follow-up automatic.

Christel Van Camp, Process Manager within the department of Compliance and Integrity at Argenta, said: "Because our inspectors do not have to deal with potential barriers of paper-based systems and processes, our inspections now generate around 50% more output while re-work and other manual tasks have significantly decreased."

Outlook

Trading since the year end has remained robust and we continue to see strong demand for our products from new potential customers. With acquisitions made during the previous year performing well, and with a base of over 3,000 customers generating growing recurring revenues and repeat business the Board has every confidence in the continued prospects for the Group.

David Hornsby
Chief Executive Officer

FINANCIAL and OPERATIONAL REVIEW

Financial Review

Revenue for the year ended 30 April 2017 increased by 24% to £27.1 million (FY2016: £21.9 million). Within this, pro-forma organic revenue growth was, like last year, approximately 10%. This is calculated based on a comparison with pro-forma revenue for FY2016 of £24.6 million which includes revenues for Covalent, IPI, PleaseTech and Logen for the same period that they were owned by the group in FY2017.

The Group provides software solutions in two areas; GRC and Content and Clinical.

Revenues from the GRC market of £22.7 million represented 84% (FY2016: 80%) of total Ideagen revenues. This continues to be the main area of focus for the Group, and the proportion of overall revenues that it represents will increase further in coming years with the effects of full years' contributions from the acquisitions made during this year. Pro-forma organic revenue growth in GRC was 13% during the year (FY2016: 23%).

Content and Clinical, which accounts for 16% or £4.5million of Group revenues (FY2016: 20% and £4.4 million) is predominantly focused on content and clinical management for the NHS. It has seen revenues decline in recent years however this pattern has now stabilised with revenues growing by 1% in the year.

Recurring revenues have grown strongly this year, both because of the Group's continued focus on SaaS-based products, and through acquisitions of companies with high levels of recurring revenues. Recurring revenues were £15.5 million (FY2016: £11.9 million) making up 57% (FY2016: 54%) of total revenues and are equivalent to 93% (FY2016: 81%) of operating costs. This proportion will increase further with a full contribution from the acquisitions; the Group particularly considers high recurring revenue models as a key feature for acquisition targets.

With the increased focus on SaaS software sales, on-premise software licence revenues represented a declining proportion of revenues at 20.3% (FY2016: 24.0%) or £5.5million (FY2016: £5.3million) of total revenues as expected. Maintenance and Support revenues on traditional licence sales continued to grow in value terms however, for the same reasons, this also represents a reducing proportion of total revenues at 39.4% (FY2016: 45.1%). Professional services revenues represented a relatively stable proportion of total sales at 21.1% (FY2016: 20.2%). Revenues are analysed by revenue stream in note 2.

Adjusted EBITDA increased by 26% to £7.9 million (FY2016: £6.3 million) and the adjusted EBITDA margin at 29.0% remained at a similar level to FY2016 (28.5%). We consider it important to invest significantly in our staff and the infrastructure of the business to support continued organic growth and to provide a strong, scalable platform for the integration of future acquisitions.

Amortisation of acquisition intangibles of £4.3 million (FY2016: £3.7 million) represents the majority of the total depreciation and amortisation charge of £5.3 million (FY2016: £4.3 million). Amortisation of development costs amounted to £0.7 million (FY2016: £0.4 million). The share-based payment charge of £1.2 million (FY2016: £0.9 million) relates to the Group's equity-settled share option schemes and included £0.3million of national insurance costs on the exercise of non-tax efficient options. The remainder of the charge does not represent a cash cost to the Group.

The adjusted Group tax charge is analysed in note 5 and amounted to £0.8 million (FY2016: £0.7 million). This has been adjusted to exclude the deferred tax effects associated with the amortisation of acquisition intangibles and share based payment charges. The adjusted Group tax charge represents 12% (FY2016: 12%) of adjusted profit before tax of £6.9 million (FY2016: £5.7 million). The Group's use of tax losses, R&D tax credit claims and tax deductions linked to the exercises of share options means there is no UK corporation tax liability on FY2017 profits.

As a result of the above, adjusted diluted earnings per share increased by 19% to 3.16p (FY2016: 2.66p).

The Group's financial position has continued to strengthen during the year with net assets increasing to £46.4 million (FY2016: £33.7 million).

The level of intangible assets increased to £56.4 million (FY2016: £32.6 million) mainly as a result of the four acquisitions completed during the year. The Group capitalised £2.0 million (FY2016: £1.6 million) of R&D development costs during the year which represented 7.3% (FY2016: 7.5%) of total revenues. The increase is due to costs capitalised in respect of the products being developed by the businesses acquired during the year.

The acquisitions made during the year were funded through a combination of the Group's existing resources, an over-subscribed £10million share placing, deferred consideration payments agreed as part of the deals and the entry into a revolving working capital facility to cover short-term financing needs. At 30 April 2017, £2million of this revolving facility was still being utilised however this has been repaid since the year end, and accordingly, the Group currently has no material external borrowings outstanding.

Cash generated by operations improved significantly during the year and amounted to £8.9 million (FY2016: £4.9 million) representing cash conversion of approximately 113% (FY2016: 78%) of adjusted EBITDA. The Board has set a cash conversion target of 90% and therefore the performance in the year represents significant over achievement. It is however important to note that this figure was positively impacted by the receipt, prior to the year-end of £0.8million of cash from option holders who have exercised options near the end of the financial year to cover payroll taxes arising on the exercise. This sum was paid out after the year end. Excluding this sum, cash generated by operations would have represented approximately 103% of adjusted EBITDA. Free Cash flow also improved significantly to £6.1 million (FY2016 £2.8 million) representing 77% (FY2016: 45%) of adjusted EBITDA. The group ended the year with net cash balances of £4.2 million.

During the year, the Group made the final deferred consideration payment of £1.6 million in respect of the acquisition of Gael Ltd. The Group also expects to pay a total of approximately £4.2m over the next two years in respect of contingent or deferred consideration on acquisitions completed in the year.

Operational Review

Ideagen has a strong cultural drive towards operational excellence focused around its people, processes, systems and facilities. At 30 April 2017 Ideagen had 363 employees based across its UK and international office network, with over 230 of these located at the 2 core UK offices of Nottingham and East Kilbride. Ideagen maintains an international office presence in the US, Dubai, Bulgaria, and Malaysia, where a combined total of 41 people are based.

The organisation remains committed to significant investment in R&D, with 95% of resources based at the core R&D sites in Nottingham, East Kilbride, Bulgaria, and Malaysia. Ideagen maintains its focus building upon core markets, both geographically and vertically, and delivering excellence across the customer base. As a result the company has 77 people within Sales & Marketing, 68 in Service Delivery, and 43 in Support.

Ideagen is pleased to combine success with continued investment in the team, and 52% of employees have been with the Group for 3 or more years. The Group is delighted that this traditionally male dominated sector has seen strong growth in female applications, resulting in a ratio of 71% male to 29% female.

In order to facilitate the growth of recent years, Ideagen continues to invest significantly in 'best of breed' systems that have scalability, functionality and reporting at their core. Salesforce.com remains the number one system for the organisation, providing both the internal platform for sales, marketing, and service delivery and the external platform for self-service support portals for our customers.

As Ideagen develops, significant resource is invested in benchmarking processes and systems to ensure best practice is standard and that Ideagen remains fit for growth. Ideagen remains committed to relevant accreditations and currently holds Microsoft Gold Partner status, ISO 9001, ISO 27001, and ISO 14001. The company has membership to a significant number of leading bodies including the Chartered Quality Institute (CQI), Institute of Internal Auditors (IIA), Airports Council International Europe (ACI), and the Institute of Biomedical Science (IBMS).

Graeme Spenceley
Chief Financial Officer

Ideagen plc

Group Statement of Comprehensive Income for the year ended 30 April 2017

	Note	2017	2016
		£'000	£'000
Revenue	2	27,112	21,936
Cost of sales		(2,841)	(2,632)
Gross profit		24,271	19,304
Operating costs		(16,404)	(13,047)
Profit from operating activities before depreciation, amortisation, share-based payment charges and exceptional items		7,867	6,257
Depreciation and amortisation		(5,255)	(4,322)
Costs of acquiring businesses		(609)	-
Restructuring costs		(104)	-
Share-based payment charges		(1,203)	(936)
Profit from operating activities		696	999
Movement in fair value of contingent consideration		-	(4)
Finance (costs) / income		(33)	7
Profit before taxation		663	1,002
Taxation	4	68	315
Profit for the year		731	1,317
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translating foreign operations		252	88
Corporation tax on exercise of options		277	27
Total comprehensive income for the year attributable to the owners of the parent company		1,260	1,432
Unadjusted earnings per share	3	**Pence**	**Pence**
Basic		0.40	0.74
Diluted		0.38	0.71
Adjusted earnings per share	3	**Pence**	**Pence**
Basic		3.32	2.78
Diluted		3.16	2.66

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Group Statement of Financial Position at 30 April 2017

	2017	2016
	£'000	£'000
Assets and liabilities		
Non-current assets		
Intangible assets	56,427	32,572
Property, plant and equipment	583	433
Deferred income tax assets	1,348	877
	58,358	33,882
Current assets		
Inventories	10	33
Trade and other receivables	10,971	8,244
Current income tax recoverable	27	-
Cash and cash equivalents	6,205	6,317
	17,213	14,594
Current liabilities		
Trade and other payables	5,115	2,506
Contingent consideration on business combinations	2,054	-
Current income tax liabilities	-	13
Short-term borrowings	2,000	-
Deferred revenue	11,609	6,603
Deferred consideration on business combinations	1,640	1,623
	22,418	10,745

Non-current liabilities

Deferred consideration on business combinations	460	-
Deferred income tax liabilities	6,274	4,048
	6,734	4,048
Net assets	46,419	33,683

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Group Statement of Financial Position at 30 April 2017 (continued)

	2017	**2016**
	£'000	**£'000**
Equity		
Issued share capital	1,981	1,790
Share premium	33,405	23,598
Merger reserve	1,658	1,167
Share-based payments reserve	961	1,482
Retained earnings	8,081	5,565
Foreign currency translation reserve	333	81
Equity attributable to the owners of the parent	46,419	33,683

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Group Statement of Cash Flows for the year ended 30 April 2017

	2017	**2016**

	£'000	£'000
Cash flows from operating activities		
Profit for the year	731	1,317
Depreciation of property, plant and equipment	249	201
Amortisation of intangible non-current assets	5,006	4,121
(Profit)/loss on disposal of property, plant and equipment	(14)	3
Share-based payment charges	1,203	936
Finance costs/(income) recognised in profit or loss	33	(7)
Taxation credit recognised in profit or loss	(68)	(315)
Business acquisition costs in profit or loss	609	-
Movement in fair value of contingent consideration	-	4
Decrease in inventories	23	22
Increase in trade and other receivables	(1,395)	(834)
Increase/(decrease) in trade and other payables	1,237	(894)
Increase in deferred revenue liability	1,264	348
Cash generated by operations	8,878	4,902
Finance (costs paid)/income received	(33)	7
Income tax paid	(14)	(41)
Business acquisition costs paid	(390)	(92)
Employer's national insurance paid on share-based payments	(108)	-
Net cash generated by operating activities	8,333	4,776
Cash flows from investing activities		
Net cash outflow on acquisition of businesses net of cash acquired	(16,394)	-
Payments of deferred consideration on business combinations	(1,623)	(1,618)
Payments of contingent consideration on business combinations	-	(51)
Payments for development costs	(1,988)	(1,643)
Payments for property, plant and equipment	(289)	(347)
Proceeds of disposal of property, plant and equipment	23	11
Net cash used in investing activities	(20,271)	(3,648)
Cash flows from financing activities		
Proceeds from placing of equity shares	10,000	-
Payments for share issue costs	(334)	-
Proceeds from issue of shares under the share option schemes	324	172
New short-term borrowings	2,000	-
Equity dividends paid	(346)	(306)
Net cash generated/(used) by financing activities	11,644	(134)
Net (decrease)/increase in cash and cash equivalents during the year	(294)	994
Cash and cash equivalents at the beginning of the year	6,317	5,266
Effect of exchange rate changes on cash balances held in foreign currencies	182	57
Cash and cash equivalents at the end of the year	6,205	6,317

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Group Statement of Changes in Equity for the year ended 30 April 2017

	Share capital	Share premium	Merger reserve	Share-based payments reserve	Retained earnings
	£'000	£'000	£'000	£'000	£'000
Balance at 1 May 2016	1,790	23,598	1,167	1,482	5,565
Share placing	133	9,867	-	-	-
Share placing issue costs	-	(335)	-	-	-
Shares issued on acquisition of business	9	-	491	-	-
Shares issued under share option scheme	49	275	-	-	-
Share-based payments	-	-	-	858	-
Transfer on exercise of share options	-	-	-	(1,379)	1,379
Taxation on share-based payments in equity	-	-	-	-	475
Equity dividends paid	-	-	-	-	(346)
Total transactions with owners recognised directly in equity	191	9,807	491	(521)	1,508
Profit for the year	-	-	-	-	731
Other comprehensive income for the year	-	-	-	-	277
Total comprehensive income for the year	-	-	-	-	1,008
Balance at 30 April 2017	**1,981**	**33,405**	**1,658**	**961**	**8,081**

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Group Statement of Changes in Equity for the year ended 30 April 2016

	Share capital	Share premium	Merger reserve	Share-based payments reserve	Retained earnings
	£'000	£'000	£'000	£'000	£'000
Balance at 1 May 2015	1,773	23,443	1,167	653	4,160

Shares issued under share option scheme	17	155	-	-	-
Share-based payments	-	-	-	921	-
Transfer on exercise of share options	-	-	-	(92)	92
Taxation on share-based payments in equity	-	-	-	-	275
Equity dividends paid	-	-	-	-	(306)
Total transactions with owners recognised directly in equity	17	155	-	829	61
Profit for the year	-	-	-	-	1,317
Other comprehensive income for the year	-	-	-	-	27
Total comprehensive income for the year	-	-	-	-	1,344
Balance at 30 April 2016	**1,790**	**23,598**	**1,167**	**1,482**	**5,565**

Notes

1 Basis of information

The financial information included in this preliminary announcement is unaudited. This information does not constitute the annual report and accounts of the Group for the year ended 30 April 2017 within the meaning of section 434 of the Companies Act 2006. This will be available from www.ideagen.com in due course. The audited annual report and accounts of the Group for the year ended 30 April 2016 has been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain any statement under section 498 (2) or (3) of the Companies Act 2006 and did not include references to any matters to which the auditor drew attention by way of emphasis. Consistent accounting policies have been applied in the preparation of this information over the two years ended 30 April 2017.

2 Revenue

An analysis of the Group's revenue is given below.

	2017	2016
	£'000	£'000
Recurring software revenues	4,785	2,055
Recurring support & maintenance	10,685	9,885
Total recurring revenues	15,470	11,940
Software - new licence revenues	5,493	5,255

Professional services	5,723	4,439
Other	426	302
Total revenue	**27,112**	**21,936**

3 Earnings per share information

Basic earnings per share is calculated by dividing the profit for the year attributable to the owners of the Group ('Earnings') by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is calculated by dividing Earnings by the weighted-average number of ordinary shares outstanding during the year as adjusted for the effect of all potentially dilutive shares, including share options.

In order to better demonstrate the performance of the Group, adjusted earnings per share calculations have also been presented which take into account items typically adjusted for by users of financial statements. The adjusted earnings and earnings per share information are shown below.

	2017	**2016**
	£'000	**£'000**
Profit for the year (Earnings)	**731**	**1,317**
Adjustments:		
Costs of acquiring businesses	609	-
Restructuring costs	104	-
Share-based payment charges	1,203	936
Deferred taxation on share based payment charges	78	(168)
Amortisation of acquired intangibles	4,318	3,715
Deferred taxation on amortisation of acquired intangibles	(977)	(851)
Movement in fair value of contingent consideration	-	4
Adjusted earnings	**6,066**	**4,953**
Weighted average number of shares	182,719,656	178,379,433
Diluted weighted average number of shares	191,847,039	186,316,355
Basic earnings per share	0.40 pence	0.74 pence
Diluted earnings per share	0.38 pence	0.71 pence
Adjusted basic earnings per share	3.32 pence	2.78 pence
Adjusted diluted earnings per share	3.16 pence	2.66 pence

4 Taxation

Further information on the taxation credit in the Group Statement of Comprehensive Income is as follows:

	2017 £'000	2016 £'000
UK income tax charge / (credit)	228	(15)
Overseas income tax charge	53	34
	281	19
Deferred tax credit on amortisation of acquisition intangibles	(977)	(851)
Deferred tax charge / (credit) on share based payment charges	78	(168)
Deferred tax charge on utilisation of tax losses	222	442
Deferred tax charge on development costs	328	243
Total deferred taxation credit	(349)	(334)
Total taxation credit	(68)	(315)

5 Adjusted profit before taxation and adjusted taxation charge in the Income Statement

	2017 £'000	2016 £'000
Adjusted earnings (note 3)	6,066	4,953
Adjusted taxation charge (below)	831	704
Adjusted profit before taxation	**6,897**	**5,657**
Taxation (credit)/charge in the Statement of Comprehensive Income	(68)	(315)
Add back:		
Deferred tax credit on amortisation of acquisition intangibles (note 3)	977	851
Deferred tax credit on share based payment charges (note 3)	(78)	168
Adjusted taxation charge	**831**	**704**
Adjusted taxation charge based on adjusted profit before taxation	12%	12%