22 January 2013

Ideagen PLC
("Ideagen" or the "Company")

Unaudited interim results for the six months ended 31 October 2012

Ideagen PLC (AIM: IDEA), a leading supplier of Compliance based Information Management solutions, announces its unaudited interim results for the six months ended 31 October 2012.

Financial Highlights

- Revenue increased by 51% to £2.58m (2011: £1.71m)
  - Recurring revenues represent 55% of total revenue
  - Recurring revenues cover 90% of the fixed cost base
- Adjusted EBITDA increased by 47% to £0.75m (2011: £0.51m)*
- Adjusted PBT increased by 44% to £0.69m (2011: £0.48m)**
- Adjusted diluted EPS increased by 15% to 0.63p (2011: 0.55p)
- Cash generated by operations of £0.65m (2011: £0.59m)
- Net cash of £1.21m (30 April 2012: £1.39m)
- Net Assets of £5.98m (30 April 2012: £5.79m)

*Before share based payments of £0.03m (2011: £0.02m)
**Before share based payments of £0.03m (2011: £0.02m) and amortisation of acquisition intangibles of £0.43m (2011: £0.08m).

Operational Highlights

- Full Integration of Proquis Ltd into UK Compliance business
- Continued investment in Research and Development across all product areas
- Further investment in US technical and delivery team
- Sale to first two non US Department of Veterans Affairs (the 'VA') hospitals in US at San Joaquin, California and Hermann Memorial, Texas
- Support and maintenance contract renewal rate of 95%

Post Balance Sheet Events

- Notice received from the US Department of Veterans Affairs to execute year two of the Prism contract worth a minimum of $1.65m
- Acquisition of Plumtree Group Ltd for total consideration of £2.5m, adding over 125 NHS customers and £1m of recurring revenue
- Placing raising £6m at 19p per share

David Hornsby, CEO of Ideagen, commented: "We have made further progress during the first half of this year in terms of operating profit, whilst making considerable investment in our product, sales and technical resources. As expected following the period end, the 'VA' provided formal notification to proceed with year two of the Prism contract and delivery of the programme is fully on schedule.

These results are therefore comfortably in line with the board's expectations. Furthermore, our increasing recurring revenues, new contract wins within the healthcare sector and the acquisition of Plumtree Group Ltd underpin our confidence in the outlook for the rest of the year."

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Chief Executive's Statement

I am pleased to announce our interim results for the half year ended 31st October 2012. The period witnessed further transformation of the Company through the provision of Information Management solutions to highly regulated organisations predominantly in Complex Manufacturing, Healthcare and the Utility sectors.

Our solutions are focused on the capture, storage, retrieval and distribution of 'unstructured' information such as paper and electronic documents, web forms and content, email, video and scanned images. It has been independently estimated that 'unstructured' information accounts for more than 80 per cent of all data within an organisation and we believe that its effective management is a corporate necessity. Increasingly organisations are obliged to demonstrate compliance with industry standards, regulations and KPIs which acts as a compelling driver for investment in the Company's products.

The Company's strategy is now focused on providing our compliance based information management (CIM) solutions to businesses operating within highly regulated industries. The Company's solutions are used by businesses to help them maintain compliance with internationally recognised governing bodies, standards agencies and internal business processes and therefore largely insulates us from the macroeconomic uncertainty affecting many of our peers within the software sector. We are of the opinion that the UK industry remains fragmented with no dominant compliance based information management supplier and that consolidation in this sector will offer attractive opportunities over the next few years. The Company therefore intends to deliver its strategy for profitable growth through a combination of organic expansion and selective acquisitions where they either enhance or complement the Company's product set or enhance our delivery capabilities to existing and new customers.

The primary emerging market for the Company is the Healthcare sector, and in November 2011 the Company was awarded a landmark contract with the US Department of Veterans Affairs ("the VA"). The contract is to supply the software platform to support the implementation of ISO 9001 across 155 hospitals. The programme has successfully met all of its first year objectives and year 2 of the contract was confirmed as expected, shortly after the period end.

The Company believes that there is a significant wider opportunity within the VA which is the largest single healthcare system in the USA. In addition to the VA contract awarded in November 2011 the Company had previously supplied software to 33 VA laboratories and have, since the contract award, won an additional 2 laboratories - Amarillo and Orlando. There are a further 120 laboratories within the VA, which along with other departments, such as nursing services, represent strong business potential.

Moreover, whilst the VA is the largest healthcare system in the USA, it only represents a small percentage of the total market opportunity. According to the American Hospital Association there are 5,754 accredited hospitals in the USA. The VA with 155 hospitals represents 2.6% of the total market opportunity. The Company has therefore established a dedicated sales team in US Healthcare and a pipeline outside of the VA is emerging; in the period the Company has secured our first 'non VA' hospitals at San Joaquin, California and Hermann Memorial, Texas.

The Company also believes that the UK healthcare market represents another growth opportunity for small, innovative vendors following the dismantling of the NHS National Programme for IT. To support our growth strategy in the UK Healthcare sector, in December 2012 the Company announced the acquisition of Plumtree Group Ltd ("Plumtree") a supplier of Information Management software to the Healthcare sector for total consideration of £2.5 million. The acquisition of Plumtree has provided the Company with over 125 NHS customers, £1 million in recurring revenues and an entry point into the UK healthcare market for our compliance product.

Outlook

The successful acquisition and integration of Proquis during the period highlighted our capability to consolidate the fragmented industry in which we operate. Furthermore, our successful entry into the US and UK healthcare sector is also particularly exciting and provides the Company with a significant market opportunity in which to grow profitably over the near to medium term. The success in the US with the VA and our building recurring revenues also provides us significant confidence that we are pursuing the correct business strategy and underpin our confidence in the outlook for the rest of the year.

David Hornsby – Chief Executive

Financial Review

Revenue for the six months ended 31 October 2012 increased by 51% to £2.58m (2011: £1.71m) with an increase in adjusted EBITDA of 47% to £0.75m (2011: £0.51m) and an increase in adjusted profit before tax of 44% to £0.69m (2011: £0.48m) including a contribution from Proquis for the first time. At 31 October 2012, the Group had recurring revenues which cover approximately 90% of the fixed cost base and represent approximately 55% of group turnover.

The Group's financial position has continued to strengthen. Net assets increased to £5.98m at 31 October 2012 (30 April 2012: £5.79m; 31 October 2011: £3.40m) following the acquisition of Proquis in January 2012. Current liabilities at 31 October 2012 included a deferred revenue provision of £0.91m and £0.42m of deferred consideration on the Proquis acquisition which has subsequently been settled in shares in January 2013. Excluding these amounts, considered non-cash liabilities, the Group had net current assets at 31 October 2012 of £0.98m (30 April 2012 £0.68m: 31 October 2011: £0.73m).

Cash balances at 31 October 2012 were £1.23m (30 April 2012: £1.50m; 31 October 2011: £1.17m) with borrowings of only £0.01m (30 April 2012: £0.11m; 31 October 2011 £nil). Cash generated by operations for the six months to 31 October 2012 amounted to £0.65m (2011: £0.59m) representing 87% of adjusted EBITDA. The net cash outflow of £0.27m in the six months to 31 October 2012 resulted from significant non-operating cash outflows including AIM flotation costs of £0.25m, payments of £0.37m in deferred consideration on business combinations and the repayment of £0.09m of borrowings acquired in Proquis.

Post Balance sheet events

On 21 December 2012, Ideagen completed the acquisition of 100% of the share capital of Plumtree, a UK based business supplying Information Management Software to the healthcare sector, for total consideration of £2.5million. The consideration consisted of a cash payment of £1.6m and the issue of 4.5m new ordinary shares in Ideagen.

This acquisition was partly funded by way of a placing of 31,578,948 new shares at a price of 19 pence per share which raised £6m before expenses ("the Placing"). The first tranche of the Placing was completed on 19 December 2012 and the second stage was completed on 10 January 2013 following shareholder approval at a General Meeting held on 7 January 2013. Group cash balances at 11 January 2013 following the completion of the placing amounted to £5.3m. The placing leaves the Group in a strong cash position as we look to continue our organic and acquisitive growth strategy.

Graeme Spenceley – Finance Director

Consolidated Statement of Comprehensive Income for the six months ended 31 October 2012

	Six months ended 31 October 2012	Six months ended 31 October 2011
	£	£
Revenue	2,581,554	1,705,679
Cost of sales	(182,743)	(128,824)
Gross profit	2,398,811	1,576,855
Administration expenses	(2,158,811)	(1,191,763)
Profit from operating activities	240,000	385,092
Profit from operating activities before adjustments for the following:	751,218	513,109
Depreciation and amortisation	(480,218)	(106,017)
Share-based payment charges	(31,000)	(22,000)
Profit from operating activities	240,000	385,092
Finance costs	(9,597)	(4,043)
Profit before taxation	230,403	381,049
Taxation expense	(58,784)	(75,000)
Profit for the period	171,619	306,049
Other comprehensive income		
Exchange differences on translating foreign operation	(10,246)	-
Total comprehensive income for the period attributable to the owners of the parent company	161,373	306,049
Earnings per share	**pence**	**pence**
Basic	0.22	0.44
Diluted	0.21	0.42

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Consolidated Statement of Financial Position at 31 October 2012

	31 October 2012	30 April 2012	31 October 2011
	£	£	£
Assets and liabilities			
Non-current assets			
Intangible assets	7,221,346	7,533,060	3,065,569
Property, plant and equipment	85,018	80,487	77,789
Deferred tax asset	200,000	230,540	213,000
	7,506,364	7,844,087	3,356,358
Current assets			
Trade and other receivables	961,034	1,167,083	955,401
Cash and cash equivalents	1,225,291	1,495,771	1,167,116
	2,186,325	2,662,854	2,122,517
Current liabilities			
Trade and other payables	618,988	1,014,775	698,477
Borrowings	12,839	106,652	-
Other financial liabilities	114,000	187,000	187,000
Current tax liabilities	259,787	174,394	89,107
Deferred revenue	907,416	1,053,245	686,656
Other liabilities	620,000	918,590	422,180
	2,533,030	3,454,656	2,083,420
Non-current liabilities			
Deferred tax liabilities	1,081,680	1,166,679	-
Other financial liabilities	100,000	100,000	-
	1,181,680	1,266,679	-
Net assets	5,977,979	5,785,606	3,395,455

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Consolidated Statement of Financial Position at 31 October 2012 (continued)

	31 October 2012	30 April 2012	31 October 2011
			Restated (note2)
	£	£	£
Equity			
Issued share capital	778,816	778,816	697,316
Share premium	1,408,443	1,408,443	1,406,193
Merger reserve	1,020,000	1,020,000	260,000
Share-based payments reserve	168,080	137,080	83,000
Retained earnings	924,966	753,347	948,946
Foreign currency translation reserve	(2,326)	7,920	-
Deferred equity consideration reserve	1,680,000	1,680,000	-
Equity attributable to owners of the parent	5,977,979	5,785,606	3,395,455

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Consolidated Statement of Cash Flows for the six months ended 31 October 2012

	Six months ended 31 October 2012	Six months ended 31 October 2011
	£	£
Cash flows from operating activities		
Profit for the period	171,619	306,049
Depreciation of property, plant and equipment	14,588	14,293
Amortisation of intangible non-current assets	465,630	91,724
Share-based payment charge	31,000	22,000
Finance costs recognised in profit or loss	9,597	4,043
Tax charge recognised in profit or loss	58,784	75,000
Decrease in trade and other receivables	206,049	146,107
(Decrease) in trade and other payables	(161,864)	(179,072)
(Decrease) / increase in deferred revenue	(145,829)	110,017
Cash generated by operations	649,574	590,161
Interest paid	(2,868)	(300)
Corporation tax paid	(27,850)	(123,606)
AIM flotation costs paid	(247,353)	-
Acquisition costs paid	(3,545)	-
Net cash generated by operating activities	367,958	466,255
Cash flows from investing activities		
Payments of deferred consideration on business combinations	(371,590)	-
Payments for intangible assets	(153,916)	(43,905)
Payments for property, plant and equipment	(19,119)	(7,702)
Net cash used by investing activities	(544,625)	(51,607)
Cash flows from financing activities		
Repayment of borrowings	(93,813)	(10,000)
Net cash used by financing activities	(93,813)	(10,000)
Net (decrease) / increase in cash and cash equivalents during the period	(270,480)	404,648
Cash and cash equivalents at the beginning of the period	1,495,771	762,468
Cash and cash equivalents at the end of the period	1,225,291	1,167,116

Ideagen plc: Consolidated Statements of Changes in Equity

	Share capital	Share premium	Merger Reserve restated (Note 2)	Share based payments reserve	Retained earnings re-stated (Note 2)	Foreign currency translation reserve	Deferred equity consideration reserve	Total attributable to owners of the parent
For the six months to 31 October 2012	**£**	**£**	**£**	**£**	**£**	**£**	**£**	**£**
At 1 May 2012	778,816	1,408,443	1,020,000	137,080	753,347	7,920	1,680,000	5,785,606
Profit for the period	-	-	-	-	171,619	-	-	171,619
Share-based payments	-	-	-	31,000	-	-	-	31,000
Other comprehensive income for the period	-	-	-	-	-	(10,246)	-	(10,246)
At 31 October 2012	778,816	1,408,443	1,020,000	168,080	924,966	(2,326)	1,680,000	5,977,979
For the six months to 31 October 2011								
At 1 May 2011	697,316	1,406,193	260,000	61,000	642,897	-	-	3,067,406
Profit for the period	-	-	-	-	306,049	-	-	306,049
Share-based payments	-	-	-	22,000	-	-	-	22,000
At 31 October 2011	697,316	1,406,193	260,000	83,000	948,946	-	-	3,395,455
For the year ended 30 April 2012								
At 1 May 2011	697,316	1,406,193	260,000	61,000	642,897	-	-	3,067,406
Shares issued as part consideration in a business combination	80,000	-	760,000	-	-	-	-	840,000
Shares issued under share option scheme	1,500	2,250	-	-	-	-	-	3,750
Profit for the year	-	-	-	-	108,530	-	-	108,530
Other comprehensive income for the year	-	-	-	-	-	7,920	-	7,920
Share-based payments	-	-	-	78,000	-	-	-	78,000
Transfer on exercise of share options	-	-	-	(1,920)	1,920	-	-	-
Deferred equity consideration on a business combination	-	-	-	-	-	-	1,680,000	1,680,000
At 30 April 2012	**778,816**	**1,408,443**	**1,020,000**	**137,080**	**753,347**	**7,920**	**1,680,000**	**5,785,606**

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Notes to the interim financial information

1 Basis of information

The interim financial information for the 6 months ended 31 October 2012 and the six months ended 31 October 2011 included in this announcement is unaudited and does not constitute the Group's statutory for those periods. The comparative financial information for the year ended 30 April 2012 included in this announcement is not the Group's statutory accounts for that period. Those accounts were reported on by the Group's auditors and have been delivered to the Registrar of Companies. Accounting policies consistent with those adopted in the annual accounts of the company for the year ended 30 April 2012 have been applied in the preparation of this interim financial information.

2 Re-statement of reserves

On 16 March 2010, 4,000,000 ordinary shares were issued at 7.5 pence per share as part of the initial consideration for the purchase of the whole of the ordinary share capital of Ideagen Capture Limited (formerly Root 3 Systems Limited). Share premium of £260,000 was recognised on this share issue in the financial statements for that year. During the year ended 30 April 2011, a special resolution was passed at a general meeting of the Company to carry out a capital reduction under the provisions set out in chapter 10 of Part 17 of the Companies Act 2006. The effect of this was to transfer the balance on the share premium account as at 30 April 2010 of £3,192,851 to retained earnings.

However, the issue of shares on 16 March 2010 fell within the merger relief provisions set out in Section 612 of the Companies Act 2006. Consequently, the premium arising on issue of these shares should have been credited to a merger reserve which would not have been reduced as part of the capital reduction process.

The financial information presented in this announcement has been restated from the figures previously reported in the interim financial information for the six months ended 31 October 2011. A merger reserve of £260,000 has been recognised and a commensurate reduction in retained earnings made in the consolidated statement of financial position and the consolidated statement of changes in equity as at 31 October 2011. These adjustments have no impact on the results reported in the Statement of Comprehensive income, the consolidated cash flows or on the total of shareholders' equity in any accounting period.

3 Earnings per share information

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

In order to better demonstrate the performance of the Company, 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.

Earnings per share information	Six months ended 31 October 2012	Six months ended 31 October 2011
	£	£
Profit for the period (Earnings)	171,619	306,049
Adjustments:		
Share-based payment charges	31,000	22,000
Amortisation of acquired intangibles	432,555	77,207
Deferred taxation on amortisation of acquired intangibles	(114,448)	-
Adjusted earnings	520,726	405,256
Other current and deferred taxation	173,232	75,000
Adjusted profit before taxation	693,958	480,256
Weighted average number of shares	77,881,558	69,731,558
Diluted weighted average number of shares	82,878,296	73,066,796
Basic earnings per share	0.22 pence	0.44 pence
Diluted earnings per share	0.21 pence	0.42 pence
Basic adjusted earnings per share	0.67 pence	0.58 pence
Diluted adjusted earnings per share	0.63 pence	0.55 pence