Ideagen plc

Directors' Report and Consolidated Financial Statements

for the Year Ended 30 April 2012

Registration number: 02805019

Ideagen plc

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Ideagen plc

Officers and advisors

Directors	Jonathan P Wearing – Non-Executive Chairman David R K Hornsby - Chief Executive Officer Graham C Harrop – Chief Operating Officer Graeme P Spenceley – Finance Director Les D Paul – Chief Technology Officer Alan M Carroll – Non-Executive Director
Secretary	Les D Paul
Registered Office	Lime Tree Business Park Lime Tree Road Matlock Derbyshire DE4 3EJ
Nominated advisor	finnCap Limited 60 New Broad Street LONDON EC2M 1JJ
Auditors	RSM Tenon Audit Limited Statutory Auditor The Poynt 45 Wollaton Street Nottingham NG1 5FW

Chief Executive's Report for the year ended 30 April 2012

I am pleased to announce our results for the year ended 30 April 2012. The year saw further transformation of the Group through continued organic revenue and profit growth and a third acquisition. The acquisition of Proquis has provided the Group with over 100 new customers, a web based compliance platform and a US presence. During the year the Group invested in ongoing product development, sales resource and additional management whilst delivering adjusted eps** growth of 35%. In July 2012, the Company moved its share quotation from PLUS to AIM to further support our strategy for growth. The Group finished the year with a cash position of £1.50 million.

The results and financial position of the Group are summarised on page 6.

**Before share based payments, acquisition costs, AIM flotation costs and amortisation of acquisition intangibles

Strategy

The Directors' strategic objective is for the Group to become a leading supplier of compliance based Enterprise Information Management (EIM) solutions to the UK in general and to the US healthcare market. EIM is focused on the capture, storage, retrieval and distribution of 'unstructured' information such as documents, web pages 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 the Directors 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 Group's products.

The Directors believe that the Group's portfolio of products occupy a niche that comprises elements of the Enterprise Content Management (ECM) and the Governance, Risk and Compliance market sectors. Our Intellectual Property includes formal document control combined with business process management in the areas of competency, audit, incident reporting and corrective action which provides a fully integrated compliance proposition. In the opinion of the Directors there is no clear global leader in this field and there is a significant opportunity to exploit a gap in the market.

The Group intends to deliver its strategy through a combination of organic and acquisitive growth which will enhance and complement the Group's product set and provide scale within the business. The Directors are of the opinion that the UK market and the US healthcare sector are both fragmented with no dominant compliance based EIM supplier and that consolidation in this sector will offer attractive opportunities over the next few years. Furthermore, the emergence of "cloud" based computing has provided the Group with the opportunity to develop a SaaS business model which we expect to drive significant new business growth and recurring revenue opportunities.

In January 2012, the Company acquired Proquis Ltd and its US subsidiary, a supplier of document control and compliance software solutions. This acquisition has greatly enhanced the Group's value proposition, adding over 100 customers and increasing the Group's recurring revenues to approximately £3.3m per annum. The Group now has over 400 customers many of which are blue chip organisations operating in highly regulated industries.

Sectors and Market Opportunity

The Group is focused on providing compliance based information management solutions to businesses in highly regulated industries. The Group's solutions are used by companies to help them maintain compliance with internationally recognised standards and internal business processes.

There are over 19,000 ISO standards which are published by the International Organisation for Standardization. Whilst the Group's software covers a number of specific standards relating to health and safety, information security and environmental compliance, the main standards which the Group's products help customers comply with are based around ISO9000 Quality Management. The ISO9000 family of standards are related to quality management systems and are designed to ensure that organisations meet the needs of customers and other stakeholders.

In the Directors' experience with customers, proper quality management can improve business performance, often having a positive effect on investment, market share, sales growth, sales margins, competitive advantage, and avoidance of litigation.

Any organisation which has implemented a standards based quality management system, in the Directors' opinion, represents a potential customer for the Group's products. As of December 2009, more than one million organisations worldwide were independently certified for ISO9001 suggesting that this standard is one of the most widely used management tools in the world today.

Additionally, there are many industry specific standards, which are often based on ISO, which the Group's products can manage in an effective manner. Industries such as Pharmaceutical, Aerospace and Defence, Healthcare, Utilities and Manufacturing represent focus areas for the Group.

The primary emerging market for the Group is Healthcare in the USA. In November 2011 the Group 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 software will be used primarily within one department concerned with the re-use of surgical instrumentation and will underpin the requisite standard operating procedures required to ensure patient safety.

The Directors believe that there is a significant wider opportunity within the VA which is the largest single healthcare system in the USA. In addition to the November 2011 contract, Proquis Inc 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 therefore represents 2.6% of the total market opportunity. The Group has quickly established a dedicated sales team in US Healthcare and a pipeline outside of the VA is emerging.

Product Strategy and Portfolio

As authors of Workbench Professional, Proquis Enterprise and KnowledgeWorker® software products, the Group is able to provide complete content lifecycle solutions that enable organisations to meet their Regulatory and Quality Compliance standards whilst helping them to reduce costs and improve efficiency.

Proquis Enterprise

Proquis Enterprise is a highly scalable Internet based platform which helps businesses improve processes associated with the management of Regulatory and Quality Compliance. Proquis Enterprise consists of a number of modules including audit management, personnel/training and competency, document control, customer care, issues and actions, equipment control, management review, health and safety, supplier control and process management.

Allclear

Allclear is a process charting tool which can be run independently as a client application. It can also be used as a module within Proquis Enterprise for displaying process diagrams. A unique charting feature allows text input to be automatically converted to a graphical process chart. This feature has been patented under United States Patent number 5617578.

Workbench

Workbench is the Group's Client Server Regulatory and Quality Compliance software which is modular based and configurable for customers' specific requirements. Through Workbench, documents are controlled and stored in the tailored system which can then be used as a resource by the customer organisation to improve quality, environmental and other standards and compliance management such as audits, change management and document control. Workbench was developed in-house by Ideagen Software Limited and was added to the Group's product portfolio when Filebutton Limited was acquired by the Company in 2011.

KnowledgeWorker®

KnowledgeWorker® is the ECM software system built in-house by Ideagen with Microsoft development tools and designed to work with Microsoft Office and Outlook. KnowledgeWorker® addresses content/document management and collaboration by storing, indexing, classifying and cataloguing information from many sources including electronic documents, scanned documents, web forms, email and output from back office business software applications. The system combines content administration with workflow, thereby integrating information content with business processes. Once the information is captured the search technology in KnowledgeWorker® allows users to then easily retrieve the stored information and view related records and data, unlocking the wealth of data contained in corporate documentation. KnowledgeWorker® is also available as a Software as a Service (SaaS) product and is operated as a multi-tenanted ECM platform.

Data Capture

Ideagen Capture Limited provides integrated scanning and capture solutions that enable customers to transform their paper documents and business forms into searchable electronic documents and information which can be used to power front and back office line-of-business applications. Typically, digitally captured documents are stored either in the Group's on-site KnowledgeWorker® SaaS platform or on other third parties' document management systems. When used with KnowledgeWorker's web services architecture, customers are able to scan directly to the "cloud" and automatically initiate business processes (workflow) to be processed across an organisation and its supply chain or customers.

Staffing and Infrastructure

The group has implemented a fully integrated structure with functions covering Sales and Marketing, Customer Services and Support, Research and Development and Finance and Administration represented on the executive management team.

At 30 April 2012 the Group had 55 employees across the following functions – Sales and Marketing – 13, Customer Services and Support – 22, Research and Development – 13, Finance and Administration – 6, Chief Executive – 1. It is envisaged that headcount will increase over the coming year to generate and support future growth.

The Group currently has 5 locations, Stevenage, Matlock, Bristol, Sittingbourne and Schaumburg (USA). The Group has outsourced the hosting of our SaaS platform to Rackspace, a global provider of Data Centre services.

Current Trading & Outlook

We are securing ever larger contracts and have strong recurring revenues and contract renewal rates. Current trading remains in line with expectations and the Directors look to the future with confidence.

David Hornsby

Chief Executive

4th October 2012

Financial Review of the Year Ended 30 April 2012

Results

Revenue for the year ended 30 April 2012 increased by 78% to £4.00million (2011: £2.25millon) with a full year contribution from Ideagen Software and a four month contribution from Proquis, which was acquired in January 2012.

Adjusted operating profit* increased by 127% to £1.18million (2011: £0.52million). Profit before taxation excluding amortisation of acquisition intangibles, AIM flotation expenses, acquisition expenses, share based payment charges and other exceptional items increased by 120% to £1.08million (2011: £0.49million).

Basic adjusted earnings per share increased by 35% to 1.26 pence (2011: 0.93 pence).

The Company completed the move of its share quotation from PLUS to AIM on 2nd July 2012 to support the Group's growth strategy. The full costs of the flotation on AIM, which amounted to £247,000, have been expensed in the Statement of Comprehensive Income for the year ended 30 April 2012.

*****Before total depreciation and amortisation charges, AIM flotation expenses, acquisition expenses and share based payment charges

Statement of financial position

The Group's financial position has continued to strengthen during the last year. Net assets increased to £5.79million at 30 April 2012 (2011: £3.07million) following the acquisition of Proquis and cash balances at 30 April 2012 were £1.50million (2011: £0.76million).

The total consideration for the acquisition of Proquis was £3.24million, of which £0.84 million was settled through the issue of new shares in Ideagen plc on the date of acquisition. The remaining £2.4million will be settled through further share issues of up to £2.1million over several years and cash consideration of up to £0.3million of which £0.2million has been paid since the year end. The remaining cash and share consideration of £2.2million is contingent upon the occurrence of future events which are described fully in the notes to the financial statements. Of this contingent consideration, £1.68million is included in equity and £0.52million is included in liabilities.

Current liabilities include a deferred revenue provision of £1.05million and £0.42million of deferred consideration on the Proquis acquisition which, if payable, will be settled in shares rather than cash. Excluding these amounts, the Group had net current assets at 30 April 2012 of £0.68million (2011: £0.25million).

Cash flow

Cash balances at 30 April 2012 increased to £1.50million (2011: £0.76million). Operating cash inflows for the year ended 30 April 2012 were strong with cash generated by operations of £1.26million (2011: £0.06million).

The group continues to pay close attention to credit control and the collection of debts has improved during the year.

Other large cash outflows in the year were in respect of deferred consideration on a business combination from a previous year, corporation tax and the continuing investment in developing the group's software.

Graeme Spenceley

Finance Director

4th October 2012

The directors present their report and the audited consolidated financial statements for the year ended 30 April 2012.

Directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards adopted for use in the European Union and applicable law. Under company law the directors must not approve financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group and the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements*;*
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the group's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

In so far as the directors, individually, are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Principal activities and business review

The principal activity of the group is the development and supply of software solutions and the provision of associated professional and support services. Further information on the activities of the Group and a review of the business is included in the Chief Executive's Report on pages 3 to 5.

Management commentary

The Group has not fully adopted the non-mandatory Practice Statement on 'Management Commentary' issued by the IASB in December 2010 however a number of elements of that Statement have been addressed within this set of reports and financial statements. The Directors have presented a level of commentary on the Group's results, financial position, products, customers and strategy within the Chief Executive's Report, the Financial Review and the Directors' Report which they consider appropriate to the Group's current circumstances and position. This level of commentary will be kept under review in future reporting periods.

Principal risks and uncertainties

Risk management is an important part of the management process throughout the Group and a policy of continuous improvement is adopted in assessing the adequacy of the internal system of controls. The Group's operations expose it to a variety of risks including strategic, economic, operational and financial. The management of the group monitors the exposures to these risks in order to limit the adverse effects of these risks on the financial performance of the Group.

Strategic. The Group operates in a dynamic market and constantly seeks to ensure the solutions it offers are competitive.

Economic. A further worsening of the economic climate may lead to reduced spend on IT systems and services by customers. However, the Group has products and solutions which can help customers lower their cost base in difficult trading conditions and to some extent address compliance issues which need to covered even in an economic downturn.

Operational. The Group's most significant assets are the intellectual property developed by the Group, the intangible assets acquired with business acquisitions and the employees of the Group. The Group's quality procedures seek to ensure that the products are reliable and of high quality.

Financial. Management actively review the cash flow position of the group both in the short and medium term and maintain a level of cash and debt finance facilities designed to ensure that the Group has sufficient funds for its operations. The greater part of the Group's revenues and costs are denominated in sterling however the Group is exposed to foreign exchange risk, principally through profits and cash inflows generated in US dollars by the Group's US subsidiary. The foreign exchange risk is partly addressed by maximising costs denominated in US dollars. Management closely monitors exchange rate fluctuations and will use forward contracts when considered to be appropriate to reduce this risk. The Group implements appropriate credit checks on potential customers before sales are made. The amount of exposure to individual customers is subject to a limit which is regularly reassessed.

Results and dividend

A summary of the results and financial position of the Group is included in the Financial Review on page 6 and details are set out in the financial statements.

No dividends have been paid during the year and no dividend is proposed in respect of the year.

Policy and practice on payment of creditors

The Company does not follow any standard code of practice on payment of creditors however it does endeavour to ensure all payments are made within mutually agreed credit terms. At 30 April 2012 trade payables represented 39 days of purchases (2011: 33 days).

Directors

The directors who held office during the year were as follows:

- Jonathan P Wearing
- David R K Hornsby
- Graham C Harrop (appointed 15 March 2012)
- Graeme P Spenceley
- Les D Paul
- Alan M Carroll (appointed 31 May 2012)
- Darren P Spillane (resigned 1 June 2012)

Auditors

RSM Tenon Audit Limited is willing to continue in office. In accordance with the Companies Act 2006, a resolution for their reappointment will be proposed at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by:

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Les Paul
Director & Company Secretary

4th October 2012

Independent Auditors' Report to the Shareholders of

Ideagen plc (Registration number: 02805019)

We have audited the financial statements of Ideagen plc for the year ended 30 April 2012 which comprise the Group and Parent Company Statements of Financial Position, the Group Statement of Comprehensive Income, the Group and Parent Company Statements of Cash Flow, the Group and Parent Company Statements of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as regards the parent company financial statements as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 30 April 2012 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditors' Report to the Shareholders of
Ideagen plc (Registration number: 02805019)

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Alistair Hunt
Senior Statutory Auditor
for and on behalf of:
RSM Tenon Audit Limited, Statutory Auditor
The Poynt
45 Wollaton Street
Nottingham
NG1 5FW

Date:

Ideagen plc

Consolidated Statement of Comprehensive Income for the Year Ended 30 April 2012

	Note	Year ended 30 April 2012	Year ended 30 April 2011
		£	£
Revenue	2	4,002,207	2,253,407
Cost of sales		(382,049)	(268,314)
Gross profit		3,620,158	1,985,093
Administration expenses		(3,335,168)	(1,721,521)
Profit from operating activities	3	284,990	263,572
Profit from operating activities before adjustments for the following:		1,178,623	523,206
Depreciation and amortisation	3	(457,181)	(122,024)
Costs of acquiring businesses	18	(111,099)	(93,610)
AIM flotation expenses	3	(247,353)	-
Share-based payment charges	20	(78,000)	(44,000)
Profit from operating activities	3	284,990	263,572
Movement in fair value of contingent consideration	15	-	113,000
Finance costs	6	(7,659)	(5,595)
Profit before taxation		277,331	370,977
Taxation (expense) / credit	7	(168,801)	198,893
Profit for the year		108,530	569,870
Other comprehensive income			
Exchange differences on translating foreign operation		7,920	-
Total comprehensive income for the year attributable to the owners of the parent company		116,450	569,870
Earnings per share		**pence**	**pence**
Basic	8	0.15	1.09
Diluted	8	0.14	1.03

Ideagen plc (Registration number: 02805019)

Consolidated Statement of Financial Position at 30 April 2012

	Notes	30 April 2012 £	30 April 2011 £	30 April 2010 £
Assets and liabilities				
Non-current assets				
Intangible assets	9	7,533,060	3,113,388	1,269,036
Property, plant and equipment	10	80,487	69,742	58,927
Deferred tax asset	7	230,540	213,000	-
		7,844,087	3,396,130	1,327,963
Current assets				
Trade and other receivables	12	1,167,083	1,101,508	424,113
Cash and cash equivalents		1,495,771	762,468	220,054
		2,662,854	1,863,976	644,167
Current liabilities				
Trade and other payables	13	1,014,775	859,168	523,381
Borrowings	14	106,652	10,000	39,590
Other financial liabilities	15	187,000	187,000	-
Current tax liabilities	16	174,394	137,713	-
Deferred revenue		1,053,245	576,639	250,509
Other liabilities	17	918,590	422,180	-
		3,454,656	2,192,700	813,480
Non-current liabilities				
Deferred tax liabilities	7	1,166,679	-	-
Other financial liabilities	15	100,000	-	300,000
		1,266,679	-	300,000
Net assets		5,785,606	3,067,406	858,650

The notes on pages 20 to 50 form an integral part of these financial statements.

Ideagen plc (Registration number: 02805019)

Consolidated Statement of Financial Position at 30 April 2012 (continued)

	Notes	30 April 2012	30 April 2011 Restated (Note 26)	30 April 2010 Restated (Note 26)
		£	£	£
Equity				
Issued share capital	19	778,816	697,316	508,623
Share premium	19	1,408,443	1,406,193	2,932,851
Merger reserve	19	1,020,000	260,000	260,000
Share-based payments reserve	20	137,080	61,000	17,000
Retained earnings		753,347	642,897	(2,859,824)
Foreign currency translation reserve		7,920	-	-
Deferred equity consideration reserve	19	1,680,000	-	-
Equity attributable to owners of the parent		5,785,606	3,067,406	858,650

Approved and authorised for issue by the Board on 4th October 2012 and signed on its behalf by:

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Les Paul – Director **Graeme Spenceley** – Director

The notes on pages 20 to 50 form an integral part of these financial statements.

Ideagen plc (Registration number: 02805019)

Company Statement of financial position as at 30 April 2012

	Notes	30 April 2012 £	30 April 2011 £	30 April 2010 £
Assets and liabilities				
Non-current assets				
Intangible assets	9	240,542	239,272	-
Property, plant and equipment	10	28,689	17,694	19,462
Investments in subsidiaries	11	5,682,599	2,442,599	732,946
Deferred tax asset	7	173,000	172,000	-
Trade and other receivables	12	167,054	167,054	167,054
		6,291,884	3,038,619	919,462
Current assets				
Trade and other receivables	12	639,110	892,869	396,063
Cash and cash equivalents		598,314	168,959	120,623
		1,237,424	1,061,828	516,686
Current liabilities				
Trade and other payables	13	949,164	486,301	212,124
Borrowings	14	-	10,000	39,590
Other financial liabilities	15	187,000	187,000	-
Deferred revenue		131,741	85,060	68,539
Other liabilities	17	918,590	422,180	-
		2,186,495	1,190,541	320,253
Non-current liabilities				
Other financial liabilities	15	100,000	-	300,000
		100,000	-	300,000
Net assets		5,242,813	2,909,906	815,895

The notes on pages 20 to 50 form an integral part of these financial statements.

Company Statement of financial position as at 30 April 2012 (continued)

	Notes	30 April 2012	30 April 2011 Restated (Note 26)	30 April 2010 Restated (Note 26)
		£	£	£
Equity				
Issued share capital	19	778,816	697,316	508,623
Share premium	19	1,408,443	1,406,193	2,932,851
Merger reserve	19	1,020,000	260,000	260,000
Share-based payments reserve	20	137,080	61,000	17,000
Retained earnings		218,474	485,397	(2,902,579)
Deferred equity consideration reserve	19	1,680,000	-	-
Equity attributable to owners of the parent		5,242,813	2,909,906	815,895

Approved and authorised for issue by the Board on 4th October 2012 and signed on its behalf by:

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Les Paul - Director

…………………………………..

Graeme Spenceley - Director

Ideagen plc

Consolidated statement of changes in equity for the year ended 30 April 2012

	Share capital	Share premium restated (Note 26)	Merger reserve restated (Note 26)	Share based payments reserve	Retained earnings restated (Note 26)	Foreign currency translation reserve	Deferred equity consideration reserve	Total attributable to owners of the parent
	£	£	£	£	£	£	£	£
Balance at 1 May 2010	**508,623**	**2,932,851**	**260,000**	**17,000**	**(2,859,824)**	**-**	**-**	**858,650**
						-	-	
Share placing (note 19)	188,693	1,509,544	-	-	-	-	-	1,698,237
Share placing issue costs (note19)	-	(103,351)	-	-	-	-	-	(103,351)
Capital reduction (note 19)	-	(2,932,851)	-	-	2,932,851	-	-	-
Share-based payments (note 20)	-	-	-	44,000	-	-	-	44,000
Profit for the year	-	-	-	-	569,870	-	-	569,870
Balance at 30 April 2011	**697,316**	**1,406,193**	**260,000**	**61,000**	**642,897**	**-**	**-**	**3,067,406**
Shares issued as part consideration for the acquisition of Proquis Limited (note 19)	80,000	-	760,000	-	-	-	-	840,000
Shares issued under share option scheme (note 19)	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 (note 20)	-	-	-	78,000	-	-	-	78,000
Transfer on exercise of share options (note 20)	-	-	-	(1,920)	1,920	-	-	-
Deferred equity consideration on acquisition of Proquis Limited (note 19)	-	-	-	-	-	-	1,680,000	1,680,000
Balance at 30 April 2012	**778,816**	**1,408,443**	**1,020,000**	**137,080**	**753,347**	**7,920**	**1,680,000**	**5,785,606**

The notes on pages 20 to 50 form an integral part of these financial statements.

Ideagen plc

Company statement of changes in equity for the year ended 30 April 2012

	Share capital	Share premium restated (note 26)	Merger reserve restated (note 26)	Share-based payments reserve	Retained earnings restated (note 26)	Deferred equity consideration reserve	Total attributable to owners of the parent
	£	£	£	£	£		£
Balance at 1 May 2010	508,623	2,932,851	260,000	17,000	(2,902,579)	-	815,895
Share placing (note 19)	188,693	1,509,544	-	-	-	-	1,698,237
Share placing issue costs (note 19)	-	(103,351)	-	-	-	-	(103,351)
Capital reduction (note 19)	-	(2,932,851)	-	-	2,932,851	-	-
Share-based payments (note 20)	-	-	-	44,000	-	-	44,000
Profit for the year	-	-	-	-	455,125	-	455,125
Balance at 30 April 2011	697,316	1,406,193	260,000	61,000	485,397	-	2,909,906
Shares issued as part consideration for the acquisition of Proquis Limited (note 19)	80,000	-	760,000	-	-	-	840,000
Shares issued under share option scheme (note 19)	1,500	2,250	-	-	-	-	3,750
Share-based payments (note 20)	-	-	-	78,000	-	-	78,000
Transfer on exercise of share options (note 20)	-	-	-	(1,920)	1,920	-	-
Deferred equity consideration on the acquisition of Proquis Limited (note 19)	-	-	-	-	-	1,680,000	1,680,000
Loss for the year	-	-	-	-	(268,843)	-	(268,843)
Balance at 30 April 2012	778,816	1,408,443	1,020,000	137,080	218,474	1,680,000	5,242,813

The notes on pages 20 to 50 form an integral part of these financial statements.

Ideagen plc

Consolidated statement of cash flows for the year ended 30 April 2012

	Note	Year ended 30 April 2012 £	Year ended 30 April 2011 £
Cash flows from operating activities			
Profit for the year		108,530	569,870
Depreciation of property, plant and equipment	10	30,304	14,845
Amortisation of intangible non-current assets	9	426,877	107,179
Share-based payment charge	20	78,000	44,000
Finance costs recognised in profit or loss		7,659	5,595
Tax charge/(credit) recognised in profit or loss	7	168,801	(198,893)
Acquisition costs in profit or loss		111,099	93,610
AIM flotation costs accrued in profit or loss		247,353	-
Net foreign exchange loss in profit or loss		12,079	-
Gain recognised on fair value of contingent consideration	15	-	(113,000)
Decrease/(Increase) in trade and other receivables		175,159	(616,366)
(Decrease)/increase in trade and other payables		(277,739)	167,131
Increase/(decrease) in deferred revenue liability		173,352	(16,916)
Cash generated by operations		1,261,474	57,055
Interest paid		(4,387)	(5,595)
Corporation tax paid		(152,966)	-
Acquisition costs paid		(50,554)	(93,610)
Net cash generated / (used) by operating activities		1,053,567	(42,150)
Cash flows from investing activities			
Net cash inflow/ (outflow) on acquisition of subsidiaries	18	34,600	(824,260)
Payment of deferred consideration on a business combination		(123,590)	-
Payments for intangible assets		(130,512)	(152,138)
Payments for property, plant and equipment		(31,764)	(4,334)
Net cash used in investing activities		(251,266)	(980,732)
Cash flows from financing activities			
Proceeds from issue of equity shares	19	3,750	1,698,237
Payment for share issue costs	19	-	(103,351)
Repayment of borrowings		(63,892)	(29,590)
Net cash (used)/ generated by financing activities		(60,142)	1,565,296
Net increase in cash and cash equivalents during the year		742,159	542,414
Cash and cash equivalents at the beginning of the year	24	762,468	220,054
Effect of exchange rate changes on cash balances held in foreign currencies		(8,856)	-
Cash and cash equivalents at the end of the year	24	1,495,771	762,468

The notes on pages 20 to 50 form an integral part of these financial statements.

Ideagen plc

Company statement of cash flows for the year ended 30 April 2012

	Note	Year ended 30 April 2011 £	Year ended 30 April 2011 £
Cash flows from operating activities			
(Loss)/profit for the year		(268,843)	455,125
Depreciation of property, plant and equipment	10	9,562	5,898
Amortisation of intangible non-current assets	9	55,270	15,137
Share-based payment charge	20	78,000	44,000
Finance costs recognised in profit or loss		7,520	5,509
Tax credit recognised in profit or loss	7	(1,000)	(172,000)
Acquisition costs in profit or loss		111,099	93,610
AIM flotation costs accrued in profit or loss		247,353	-
Gain recognised on fair value of contingent consideration	15	-	(113,000)
Decrease/(increase) in trade and other receivables		393,743	(579,111)
(Increase) in intra-group debtors		(139,984)	(32,695)
(Decrease)/increase in trade and other payables		(126,169)	274,177
Increase in intra-group creditors		277,862	-
Increase in deferred revenue		46,681	16,521
Cash generated by operations		691,094	13,171
Interest paid		(4,248)	(5,509)
Acquisition costs paid		(50,554)	(93,610)
Net cash generated/(used) by operating activities		636,292	(85,948)
Cash flows from investing activities			
Payments for investments in subsidiaries	18	-	(1,287,473)
Payment of deferred consideration on a business combination		(123,590)	-
Payments for intangible assets		(56,540)	(139,409)
Payments for property, plant and equipment		(20,557)	(4,130)
Net cash used in investing activities		(200,687)	(1,431,012)
Cash flows from financing activities			
Proceeds from issue of equity shares	19	3,750	1,698,237
Payment for share issue costs	19	-	(103,351)
Repayment of borrowings		(10,000)	(29,590)
Net cash (used)/generated by financing activities		(6,250)	1,565,296
Net increase in cash and cash equivalents during the year		429,355	48,336
Cash and cash equivalents at the beginning of the year	24	168,959	120,623
Cash and cash equivalents at the end of the year	24	598,314	168,959

The notes on pages 20 to 50 form an integral part of these financial statements.

1 Accounting policies

Reporting entity

Ideagen plc is a public limited company, incorporated and domiciled in England & Wales. The ordinary shares of the company are traded on the AIM market of the London Stock Exchange.

Statement of compliance

These financial statements have been prepared in accordance with all International Financial Reporting Standards (IFRSs), as adopted by the European Union, and IFRIC interpretations applicable as at 30 April 2012.

Basis of preparation

These financial statements have been prepared in sterling on an historical cost basis, unless otherwise stated, and have been rounded to the nearest pound.

The Company has taken advantage of the exemption provided under section 408 of the Companies Act 2006 not to present its individual Statement of Comprehensive Income and related notes. The loss for the year dealt with in the financial statements of the parent Company for the year ended 30 April 2012 was £268,843 (2011: a profit of £455,125).

A summary of the significant accounting policies used in the preparation of these financial statements is set out below.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings made up to 30 April 2012. Subsidiaries are consolidated from the date of acquisition, being the date on which the group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances and transactions are eliminated. The financial statements of all subsidiaries are prepared up to the same date as the parent Company.

Revenue recognition

Revenue is measured at the fair value of the consideration received from the sale of software licences and the rendering of services, net of value added tax and any discounts. Revenue is recognised as follows:

(a) Perpetual software licences

Revenue is recognised on delivery of the licence to the customer.

(b) Services

Revenue in respect of professional services such as consulting days, training and bespoke development are recognised as these services are delivered.

(c) Annual maintenance

Revenue is recognised on a time-basis over the length of the maintenance period. Annual maintenance is normally invoiced in advance and a deferred revenue liability is recognised in the statement of financial position to represent the element of the maintenance revenue deferred to be recognised as revenue in the future.

1 Accounting policies (continued)

Foreign currencies

In preparing the financial information of each individual group entity, transactions in currencies other than the entity's functional currency are recognised at the rates of exchange prevailing at the date of those transactions. At the end of the financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

For the purposes of the consolidated financial information, the assets and liabilities of foreign operations are translated into sterling using exchange rates prevailing at the end of each financial year. Income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the year, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising are recognised in other comprehensive income and accumulated in a foreign currency translation reserve within equity.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability is included in the Statement of Financial Position as a finance lease obligation. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Rentals payable under operating leases are expensed in the Statement of Comprehensive Income on a straight line basis over the lease term.

Taxation

The tax charge or credit is based on the result for the period and comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the period end date and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities included in the financial statements and the tax base of those assets and liabilities. Deferred tax assets are recognised only to the extent that the directors consider that it is probable that there will be suitable taxable profits in the future against which an asset can be utilised.

Deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the period end date. Deferred tax assets and deferred tax liabilities arising in different tax jurisdictions are not offset.

Pensions and post retirement benefits

Payments are made to individual private defined contribution pension arrangements for certain employees. Contributions are charged in the Statement of Comprehensive Income as they become payable.

Goodwill

Goodwill arising on business combinations is initially measured at cost being the excess of the fair value of the consideration paid over the group's interest in the net fair value of the identifiable assets and liabilities acquired. Goodwill is subsequently measured at cost less any accumulated impairment losses.

Goodwill is not amortised but is reviewed annually for impairment. Impairment is determined by assessing the recoverable amount of the cash-generating unit which contains the goodwill. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the Statement of Comprehensive Income.

1 Accounting policies (continued)

The Company's investments in subsidiaries

The Company recognises its investments in subsidiaries at cost less any impairment in its separate financial statements.

Other intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. The estimated useful life and amortisation method are reviewed annually with the effect of any changes being reflected on a prospective basis.

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less amortisation and accumulated impairment losses.

Research costs are expensed as incurred. An intangible asset arising from expenditure on a project is only recognised if management considers that it is technically feasible and that there are sufficient resources available to complete the asset so that it will be available for use or sale, that it intends to complete and is able to sell or use the asset to generate future economic benefits and that the costs of the development project can be measured reliably. Following the initial recognition of the expenditure, the asset will be carried at cost less accumulated amortisation and impairment losses. Amortisation is applied once the asset is available for sale to write off the cost over the period which is expected to benefit from the sale of the asset.

The annual amortisation rates currently applied to the group's intangible assets are as follows:

Software	20% or 25%
Development costs	25%
Customer relationships	10%
Customer contract	20% (the length of the contract term)

Amortisation charges are included in Administration expenses in the Statement of Comprehensive Income.

Property, plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated at 25% on a reducing balance basis so as to write off the cost, less any estimated residual values, over the expected useful economic lives of the assets concerned.

The remaining useful lives and residual values of plant and equipment are reassessed by the directors each year.

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any indication exists, the carrying values are written down to the recoverable amount.

Impairment of assets

The Group reviews the carrying amounts of its tangible and intangible assets at least annually to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount provided that this does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1 Accounting policies (continued)

Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade and other receivables are measured at amortised cost using the effective interest method less any impairment provision. An impairment provision is made against a trade receivable only when there is objective evidence that the group may not be able to recover the whole invoiced amount as a result of events occurring after the initial recognition of the asset.

Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand and short term deposits with an original maturity date of 3 months or less. For the purpose of the statement of cash flows, cash and cash equivalents as defined above are stated net of any outstanding bank overdrafts.

Financial liabilities and equity instruments

Equity and debt instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

The Group’s financial liabilities include trade and other payables and borrowings which are measured at amortised cost using the effective interest rate method.

An equity instrument is any contract which evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group, such as share capital and share premium, are recognised at the proceeds received net of direct issue costs.

Contingent consideration

Contingent consideration is initially measured at fair value at the date of completion of the acquisition.

The accounting for changes in the fair value of contingent consideration arising on business combinations that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as a liability is remeasured to fair value at subsequent reporting dates and the corresponding gain or loss is recognised in the Statement of Comprehensive Income.

Share-based payments

Certain employees and directors have been granted share options under the group’s share option scheme. The scheme is an equity-settled arrangement and options granted under the scheme have a maximum life of 10 years from the date of grant. Options are capable of being exercised in stages. One third can be exercised one year after grant date, a further third can be exercised two years after grant date and all options are capable of being exercised three years from the grant date. There are no other vesting conditions except that the options will lapse on leaving employment with the company.

The cost of equity settled transactions with employees is measured by reference to the fair value on the date they are granted. The fair value is determined using a Black-Scholes pricing model based on a range of inputs. The fair value of equity-settled transactions is charged to the Statement of Comprehensive Income over the period in which the service conditions are fulfilled with a corresponding credit to a share-based payments reserve in equity.

On the exercise of share options, an amount equal to the fair value of the option at the date it was granted is transferred from the share-based payments reserve into retained earnings.

1 Accounting policies (continued)

Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the year end date and the amounts reported for revenues and expenses during the year. However the nature of estimation means that actual outcomes could differ from those estimates.

In applying the Group's accounting policies, management has made the following judgements and estimates which have the most significant effect on the amounts recognised in the financial statements.

Deferred tax assets

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits. Details of the deferred tax asset recognised in respect of trading losses are given in Note 7.

Share-based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Judgement is required in determining the most appropriate valuation model and the most appropriate inputs into the model including the level of volatility and the expected life of the option. Further information is given in Note 20.

Impairment of goodwill

The Group tests goodwill for impairment on an annual basis in line with the accounting policy noted above. This involves judgement regarding the future development of the business and the estimation of the level of future profitability and cash flows to support the carrying value of goodwill.

Impairment of other assets

The Group reviews the carrying value of all other assets for indications of impairment at each period end. If indicators of impairment exist, the carrying value of the asset is subject to further testing to determine whether its carrying value exceeds its recoverable amount. This process will usually involve the estimation of future cash flows which are likely to be generated by the asset.

Contingent consideration

An additional amount of consideration may become payable to the vendors of Ideagen Capture Limited contingent on the level of profitability of that business in the 12 month period immediately following its acquisition by the Group. The level of profitability achieved by the business has not yet been finally agreed upon and, as a result, the Directors have used judgement in estimating the amount of contingent consideration which may become payable under this arrangement.

Further consideration may also become payable in respect of the acquisition of Proquis Limited contingent upon the level of revenue from a particular customer in the 12 month period immediately following the completion of the acquisition and on the annual renewal of an option on a contract by a customer in the United States. Judgement has been used in assessing the amount of contingent consideration which may become payable under this arrangement.

Further information is given in Notes 15, 17 and 18.

IFRSs in issue but not yet effective

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective.

Amendments to IFRS 7 – Disclosures on transfers of financial assets

Effective for annual periods beginning on or after 1 July 2011. These amendments increase the disclosure requirements involving transfers of financial assets and are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. They also require additional disclosures where transfers of financial assets are not evenly distributed throughout the period. The Directors do not anticipate that these amendments will have a significant effect on the Group's disclosures regarding financial assets.

1 Accounting policies (continued)

IFRSs in issue but not yet effective (continued)

Amendments to IFRS 1 – Severe hyperinflation

Effective for annual periods beginning on or after 1 July 2011. These amendments provide guidance for entities emerging from severe hyperinflation. They will have no impact on the Group's results and financial position as the parent company and all of the Group's subsidiary undertakings are based in the UK.

Amendments to IAS 12 – Deferred tax: recovery of underlying assets

Effective for annual periods beginning on or after 1 January 2012. The amendments provide a practical approach for measuring deferred tax assets and liabilities when investment property is measured using the fair value model under IAS 40. The Group does not currently have any investment properties so the amendments will not affect the Group's financial statements.

IFRS 9 – Financial Instruments

Effective for annual periods beginning on or after 1 January 2013. IFRS 9 introduces new requirements for the classification and recognition of financial assets and liabilities. IFRS 9 requires all financial assets within the scope of IAS 39 to be subsequently measured at amortised cost or fair value. All other debt investments or equity investments are measured at fair values at the end of subsequent accounting periods. The Group's financial assets are primarily trade and other receivables. It is anticipated that there will be no impact on the Group's financial assets from the adoption of IFRS 9. The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at fair value through profit or loss which are attributable to changes in the credit risk of that liability. The Group will adopt IFRS 9 in the period beginning on 1 May 2013, however the Directors consider that adoption of IFRS 9 would not currently have a material effect on the financial statements of the Group. This will be kept under review if new types of financial assets and liabilities are entered into by the Group in the future.

IFRS 10 Consolidated Financial Statements

Effective for annual periods beginning on or after 1 January 2013. IFRS 10 provides additional guidance in the determination of control as the determining factor in whether an entity should be included in the consolidated financial statements of the parent company. This is not expected to have any impact on the financial statements of the group.

IFRS 11 Joint arrangements

Effective for annual periods beginning on or after 1 January 2013. This standard focuses more on the rights and obligations of a joint arrangement rather than its legal form and requires a single method of accounting for interests in jointly controlled entities. The group does not currently have any arrangements of this type.

IFRS 12 Disclosure of interests in other entities

Effective for annual periods beginning on or after 1 January 2013. IFRS 12 is a comprehensive standard which covers the disclosure requirements for all forms of interests in other entities including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The group does not currently have an interest in any entities other than its wholly owned subsidiary undertakings.

IFRS 13 Fair value measurement

Effective for annual periods beginning on or after 1 January 2013. This standard provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. This standard will be adopted by the group in the accounting period beginning on 1 May 2013.

Amendments to IAS 1 Presentation of Financial Statements

Effective for annual periods beginning on or after 1 January 2013. The amendment to IAS1 will require that items included in Other Comprehensive Income that may be reclassified to the profit and loss section of the income statement should be grouped together. This does not currently have an impact on the financial statements of the group.

Amendments to IAS 19 Employee Benefits

Effective for annual periods beginning on or after 1 January 2013. The amendment to IAS 19 makes a number of important changes to the accounting and disclosure requirements of defined benefit pension arrangements. The group does not have any defined benefit pension arrangements and the accordingly the amendment will have no impact on the financial statements of the group.

2 Revenue

The group has a single reportable segment. An analysis of revenue by product or service is given below

	Year ended 30 April 2012	Year ended 30 April 2011
	£	£
Software licence sales	1,168,905	1,023,038
Maintenance and support	1,660,921	888,200
Professional services	1,172,381	342,169
	4,002,207	2,253,407

An analysis of external revenue by location of customers and non-current assets by location of assets is given below:

	External revenue by location of customers		Non-current assets by location of assets*	
	2012	2011	2012	2011
	£	£	£	£
United Kingdom	2,969,436	2,225,753	3,638,409	3,183,130
United States of America	810,216	-	2,662,501	-
Other	222,555	27,654	-	-
Unallocated	-	-	1,312,637	-
	4,002,207	2,253,407	7,613,547	3,183,130

*Non-current assets exclude deferred tax assets.

Annual revenue from one customer in the year ended 30 April 2012 amounted to £564,784 (2011: £nil). Annual revenue from a further customer was less than 10% of group revenue in the year ended 30 April 2012 but in the year ended 30 April 2011 amounted to £392,325.

3 Profit from operating activities

Profit from operating activities is stated after charging the following:

	Year ended 30 April 2012 £	Year ended 30 April 2011 £
Auditors' remuneration:		
- The audit of the company's annual accounts	9,500	11,205
- The audit of the company's subsidiaries' annual accounts	20,000	9,545
- Tax Services	6,000	4,250
- Services in connection with re-registration as a public company	-	5,500
- Services in connection with the flotation of the company on AIM	58,700	-
- Other Services – due diligence	10,250	10,750
Operating lease charges – land & buildings	127,339	74,726
Amortisation of acquisition-related intangible assets	367,361	92,042
Amortisation of other intangible assets	59,516	15,137
Total amortisation of intangible assets	426,877	107,179
Depreciation of owned PPE assets	30,304	14,845
Total depreciation and amortisation	457,181	122,024

The company completed a move from PLUS to AIM on 2 July 2012. The total AIM flotation expenses of £247,353 have been expensed in the Statement of Comprehensive Income for the year ended 30 April 2012.

4 Particulars of employees

The average number of persons employed by the group during the period, analysed by category, was as follows:

	Year ended 30 April 2012 No.	Year ended 30 April 2011 No.
Administrative staff	4	2
Sales and marketing	8	5
Technical and support	26	10
	38	17

The aggregate payroll costs of these persons were as follows:

	Year ended 30 April 2012 £	Year ended 30 April 2011 £
Wages and salaries	1,382,141	731,658
Social security costs	138,494	81,837
Other pension costs	5,885	3,910
Share based payment costs	78,000	44,000
	1,604,520	861,405

5 Directors' remuneration

The directors' remuneration (including fees) for the year was as follows:

	Year ended 30 April 2012 £	Year ended 30 April 2011 £
Directors' remuneration	261,016	181,475
Share-based payments	73,500	22,875
Directors' pension contributions	-	-
	334,516	204,350

The remuneration of the directors of the company during the year ended 30 April 2012 was as follows:

	Salary or fees £
David Hornsby	78,300
Les Paul	61,133
Darren Spillane	77,500
Graeme Spenceley	36,000
Jonathan Wearing	5,833
Graham Harrop	2,250
	261,016

None of the directors accrued any benefits under company pension schemes or received any benefits in kind during the year. The contracts of employment of the executive directors include notice periods of 6 months.

6 Finance costs

	Year ended 30 April 2012 £	Year ended 30 April 2011 £
Bank interest payable	-	2,469
Bank interest receivable	(620)	-
Bank loan interest payable	81	-
Other interest payable	8,198	3,126
	7,659	5,595

7 Taxation

The tax expense/(credit) recognised in the Statement of Comprehensive Income can be analysed as follows:

	Year ended 30 April 2012 £	Year ended 30 April 2011 £
Current tax		
UK corporation tax on profit for the current year	167,879	14,107
Adjustments in respect of prior years	(4,109)	-
	163,770	14,107
Deferred tax		
Deferred tax expense/(credit) for the current year	5,031	(213,000)
Total tax expense/(credit) recognised for the current year	168,801	(198,893)

Reconciliation of the current year tax expense/(credit)

The tax expense/(credit) for the year is higher (2011: lower) than the standard rate of corporation tax in the UK of 26% (2011: smaller company rate of 21%). The differences are reconciled below:

	Year ended 30 April 2012 £	Year ended 30 April 2011 £
Profit before taxation	277,331	370,977
Tax on profit at standard rate of 26% (2011: 21%)	72,106	77,905
Expenses not deductible for tax purposes	146,730	39,234
Depreciation in excess of capital allowances	12,480	(280)
Gain not taxable	-	(23,730)
Change in current tax rate	-	(706)
Effect on deferred tax from change in current tax rate	(1,480)	-
Initial recognition of deferred tax asset on losses	-	(213,000)
Different tax rates in overseas jurisdictions	13,154	-
Utilisation of tax losses brought forward	(70,080)	(78,316)
Adjustments recognised in current year tax in respect of prior years	(4,109)	-
Tax expense/(credit) recognised for the current year	168,801	(198,893)

The movement in recognised deferred tax assets and liabilities during the year was as follows:

Group	Deferred tax asset: Trading losses £	Deferred tax liability: Intangibles £
At 1 May 2010	-	-
Deferred tax asset on trading losses recognised in profit or loss	213,000	-
At 30 April 2011	213,000	-
Recognised in profit or loss	(57,230)	52,199
Recognised on acquisition of a business	74,770	(1,218,878)
At 30 April 2012	230,540	(1,166,679)

7 Taxation (continued)

Company	Deferred tax asset: Trading losses £
At 1 May 2010	-
Deferred tax asset on trading losses recognised in profit or loss	172,000
At 30 April 2011	172,000
Recognised in profit or loss	1,000
At 30 April 2012	173,000

The deferred tax asset on trading losses has been recognised to the extent that it is considered probable that it can be recovered against future taxable profits based on profit forecasts for the foreseeable future.

Total trading losses of certain group companies available for offset against future trading profits amounted to £1,853,000 at 30 April 2012 (2011: £2,035,000). Trading losses of £968,000 have been recognised in deferred tax at 30 April 2012 (2011: £922,000) and in addition there were trading losses not recognised in deferred tax carried forward in the Group at 30 April 2012 of £885,000 (2011: £1,113,000).

The group also has capital losses not recognised in deferred tax of £63,000 at 30 April 2012 (2011: £63,000).

8 Earnings per share

Basic earnings per share is computed by dividing the profit for the year attributable to equity holders of the parent by the weighted-average number of ordinary shares outstanding during the year.

Diluted earnings per share is computed by dividing the profit for the year attributable to equity holders of the parent 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.

The following tables set out the computations for basic and diluted earnings per share:

		Year ended 30 April 2012	
	Earnings £	Weighted average number of shares	Per-share amount Pence
Basic EPS			
Profit for the year attributable to equity holders of the parent	108,530	72,191,394	0.15
Effect of dilutive securities: share options	-	3,678,023	
Diluted EPS			
Profit for the year attributable to equity holders of the parent	108,530	75,869,417	0.14

8 Earnings per share (continued)

	Earnings £	Year ended 30 April 2011 Weighted average number of shares	Per-share amount Pence
Basic EPS			
Profit for year attributable to equity holders of the parent	569,870	52,464,854	1.09
Effect of dilutive securities: share options	-	3,003,891	
Diluted EPS			
Profit for the year attributable to equity holders of the parent	569,870	55,468,745	1.03

In order to better demonstrate the performance of the Group, an adjusted earnings per share calculation has been presented below which adds back or deducts items typically adjusted for by users of financial statements. The weighted average number of shares used in the calculation of both the adjusted basic and diluted earnings per share amounts are the same as those used for the unadjusted earnings per share amounts as presented above.

The calculations of the adjusted basic and diluted earnings per share amounts are based on the following earnings.

	Year ended 30 April 2012 £	Year ended 30 April 2011 £
Profit for the year attributable to equity holders of the parent	108,530	569,870
Adjustments:		
Costs of acquiring a business	111,099	93,610
AIM flotation expenses	247,353	-
Share-based payment charges	78,000	44,000
Amortisation of acquisition-related intangibles (Note 3)	367,361	92,042
Movement in fair value of contingent consideration	-	(113,000)
Taxation credit	-	(198,893)
Adjusted earnings	912,343	487,629

	Year ended 30 April 2012 pence	Year ended 30 April 2011 pence
Adjusted earnings per share:		
Basic	1.26	0.93
Diluted	1.20	0.88

9 Intangible assets

Group

	Goodwill	Software	Customer relationships	Development costs	Customer contract	Total
	£	£	£	£		£
Cost						
At 1 May 2010	686,005	110,172	485,000	-	-	1,281,177
Additions	-	121,097	-	-	-	121,097
Acquisition through business combination	1,127,393	137,000	420,000	-	-	1,684,393
Additions from internal development	-	-	-	146,041	-	146,041
At 30 April 2011	1,813,398	368,269	905,000	146,041	-	3,232,708
Acquisition through business combination	916,037	568,000	409,000	-	2,823,000	4,716,037
Additions from internal development	-	-	-	130,512	-	130,512
At 30 April 2012	2,729,435	936,269	1,314,000	276,553	2,823,000	8,079,257
Amortisation						
At 1 May 2010	-	7,641	4,500	-	-	12,141
Amortisation expense	-	67,579	39,600	-	-	107,179
At 30 April 2011	-	75,220	44,100	-	-	119,320
Amortisation expense	-	124,735	102,900	27,542	171,700	426,877
At 30 April 2012	-	199,955	147,000	27,542	171,700	546,197
Net carrying amount						
At 30 April 2010	686,005	102,531	480,500	-	-	1,269,036
At 30 April 2011	1,813,398	293,049	860,900	146,041	-	3,113,388
At 30 April 2012	2,729,435	736,314	1,167,000	249,011	2,651,300	7,533,060

9 Intangible assets (continued)

Goodwill

Goodwill arose on the acquisition of Ideagen Capture Limited in March 2010, on the acquisition of Filebutton Limited in April 2011 and on the acquisition of Proquis Limited in January 2012. See note 18 for further information.

The carrying amount of goodwill included in the Ideagen Capture cash-generating unit was £686,005 and the carrying amount of goodwill included in the Ideagen Software/Filebutton cash-generating unit was £1,127,393. These amounts were tested for impairment at 30 April 2012 by comparing the carrying value of the cash-generating unit with the recoverable amount. The recoverable amount was determined using a value in use methodology. The key assumptions used in the value in use calculations were as follows:

(i) The operating cash flows for these businesses for the next 2 years are based on budgets and forecasts approved by the Board which are closely linked with recent historical performance and current sales opportunities. The operating cash flow budget is most sensitive to the level of new business sales.

(ii) No growth has been assumed in operating cash flows for the remainder of the value in use calculation period

(iii) A discount rate of 9% has been used.

<u>Ideagen Capture</u>

On the basis of the above assumptions, over a 15 year period the recoverable amount of the unit based on value in use is estimated to exceed the carrying amount by £501,000. Over a 10 year period, the recoverable amount of the unit based on value in use is estimated to exceed the carrying amount by £223,000. Annual operating cash inflows would need to be consistently 24% below the no-growth assumption used in the value in use calculation over a 10 year period to cause the carrying amount to exceed the recoverable amount. Over a 15 year value in use period, operating cash inflows would need to be consistently 41% below the no-growth assumption used in the value in use calculation to cause the carrying amount to exceed the recoverable amount. The directors do not currently expect this to happen based on the historic sales performance of the business and actions being taken to grow the business further.

<u>Ideagen Software / Filebutton</u>

On the basis of the above assumptions, over a 15 year period the recoverable amount of the unit based on value in use is estimated to exceed the carrying amount by £4,369,000. Over a 10 year period, the recoverable amount of the unit based on value in use is estimated to exceed the carrying amount by £2,883,000. Annual operating cash inflows would need to be consistently 58% below the no-growth assumption used in the value in use calculation over a 10 year period to cause the carrying amount to exceed the recoverable amount. Over a 15 year value in use period, operating cash inflows would need to be consistently 67% below the no-growth assumption used in the value in use calculation to cause the carrying amount to exceed the recoverable amount. The directors do not currently expect this to happen based on the historic sales performance of the business and actions being taken to grow the business further.

Development costs

Development costs are internally generated.

9 Intangible assets (continued)

Company

	Software	Development costs	Total
	£	£	£
Cost			
At 1 May 2010	-	-	-
Additions	121,097	-	121,097
Additions from internal development	-	133,312	133,312
At 30 April 2011	121,097	133,312	254,409
Additions from internal development	-	56,540	56,540
At 30 April 2012	121,097	189,852	310,949
Amortisation			
At 1 May 2010	-	-	-
Amortisation expense	15,137	-	15,137
At 30 April 2011	15,137	-	15,137
Amortisation expense	30,274	24,996	55,270
At 30 April 2012	45,411	24,996	70,407
Net carrying amount			
At 30 April 2010	-	-	-
At 30 April 2011	105,960	133,312	239,272
At 30 April 2012	75,686	164,856	240,542

10 Property, plant and equipment

Group

	Fixtures and fittings £	Office equipment £	Motor vehicles £	Total £
Cost				
At 1 May 2010	46,128	121,599	-	167,727
Additions	-	4,334	-	4,334
Acquisition through business combination	-	21,326	-	21,326
At 30 April 2011	46,128	147,259	-	193,387
Additions	630	26,261	4,873	31,764
Acquisition through business combination	-	9,676	-	9,676
Foreign currency exchange differences	-	(269)	(135)	(404)
At 30 April 2012	46,758	182,927	4,738	234,423
Accumulated depreciation				
At 1 May 2010	15,441	93,359	-	108,800
Depreciation expense	4,903	9,942	-	14,845
At 30 April 2011	20,344	103,301	-	123,645
Depreciation expense	4,541	25,632	131	30,304
Foreign currency exchange differences	-	(9)	(4)	(13)
At 30 April 2012	24,885	128,924	127	153,936
Net carrying amount				
As at 30 April 2010	30,687	28,240	-	58,927
As at 30 April 2011	25,784	43,958	-	69,742
As at 30 April 2012	21,873	54,003	4,611	80,487

10 Property, plant and equipment (continued)

Company

	Fixtures and fittings £	Office equipment £	Total £
Cost			
At 1 May 2010	21,680	105,625	127,305
Additions	-	4,130	4,130
At 30 April 2011	21,680	109,755	131,435
Additions	-	20,557	20,557
At 30 April 2012	21,680	130,312	151,992
Accumulated depreciation			
At 1 May 2010	15,036	92,807	107,843
Depreciation expense	1,661	4,237	5,898
At 30 April 2011	16,697	97,044	113,741
Depreciation expense	1,246	8,316	9,562
At 30 April 2012	17,943	105,360	123,303
Net carrying amount			
As at 30 April 2010	6,644	12,818	19,462
As at 30 April 2011	4,983	12,711	17,694
As at 30 April 2012	3,737	24,952	28,689

11 Fixed asset investments

Company

	Shares in subsidiaries £
Cost	
As at 1 May 2010	732,946
Addition in the year	1,709,653
As at 30 April 2011	2,442,599
Addition in the year	3,240,000
As at 30 April 2012	5,682,599
Net carrying amount	
As at 30 April 2010	732,946
As at 30 April 2011	2,442,599
As at 30 April 2012	5,682,599

Details of investments in which the Company holds 20% or more of the nominal value of any class of share capital are as follows. All of these subsidiaries are incorporated in England & Wales with exception of Proquis Inc. which is incorporated in the United States.

Name of subsidiary	Nature of business	Class	%
Ideagen Capture Limited	Sale of software licences, software maintenance and related professional services	Ordinary	100
Ideagen Software Limited	Sale of software licences, software maintenance and related professional services	Ordinary	100
Proquis Limited	Sale of software licences, software maintenance and related professional services	Ordinary	100
Proquis Inc.	Sale of software licences, software maintenance and related professional services	Ordinary	100
Filebutton Limited	Dormant	Ordinary	100
Root3 Systems Limited	Dormant	Ordinary	100
Ideagen Systems Limited	Dormant	Ordinary	100
Ideagen Datum Limited	Dormant	Ordinary	100

12 Trade and other receivables

Group

	30 April 2012 £	30 April 2011 £	30 April 2010 £
Trade receivables	1,090,113	1,062,405	361,778
Prepayments and accrued income	54,972	22,396	40,855
Other receivables	21,998	16,707	21,480
	1,167,083	1,101,508	424,113

Company

	30 April 2012 £	30 April 2011 £	30 April 2010 £
Current			
Trade receivables	319,109	723,308	233,760
Prepayments and accrued income	10,048	4,883	29,197
Amounts receivable from subsidiaries	287,955	147,971	115,276
Other receivables	21,998	16,707	17,830
	639,110	892,869	396,063
Non-Current			
Amounts receivable from subsidiaries	167,054	167,054	167,054

During the year ended 30 April 2011, £115,000 of trade receivables were settled by the transfer of the legal ownership of certain intellectual property rights to the Company. This is included in additions to software in Note 9 to these financial statements. The directors consider that the fair value of this software acquired is worth at least the amounts at which it is included in the financial statements.

All trade and other receivables have been reviewed for impairment. Unless specific agreement has been reached with individual customers, sales invoices are due for payment 30 days after the date of the invoice. Where customers delay making payment, an assessment of the potential loss of customer goodwill arising from the enforcement of contractual payment terms may take place when considering actions to be taken to secure payment. Trade receivables include amounts that are past due at the reporting date for which no allowance for doubtful debts has been recognised because these amounts are still considered to be recoverable. The group does not hold any collateral or other credit enhancements over its trade receivable balances.

An analysis of trade receivables that are not yet due or past the due date but not impaired is set out below.

Group	30 April 2012 £	30 April 2011 £	30 April 2010 £
Not yet due	621,533	330,940	169,706
0 – 30 days overdue	272,225	509,435	86,424
30 – 60 days overdue	50,819	42,855	48,058
60+ days overdue	157,288	196,246	62,590
	1,101,865	1,079,476	366,778
Allowance for doubtful debts (all against debts 60+ days overdue)	(11,752)	(17,071)	(5,000)
	1,090,113	1,062,405	361,778

12 Trade and other receivables (continued)

Company

	30 April 2012 £	30 April 2011 £	30 April 2010 £
Not yet due	43,465	83,545	138,477
0 – 30 days overdue	168,199	453,270	14,376
30 – 60 days overdue	-	16,451	23,317
60+ days overdue	116,894	179,492	62,590
	328,558	732,758	238,760
Allowance for doubtful debts (all against debts 60+ days overdue)	(9,449)	(9,450)	(5,000)
	319,109	723,308	233,760

Trade receivables are shown net of an allowance for doubtful debts, movements on which are set out below.

Group	30 April 2012 £	30 April 2011 £	30 April 2010 £
Balance at the start of the year	17,071	5,000	-
On acquisition of business	1,741	-	-
Impairment losses recognised	88,386	49,374	5,000
Amounts written off as uncollectible	(95,407)	(37,303)	-
Foreign exchange differences	(39)	-	-
Balance at the end of the year	11,752	17,071	5,000

Company	30 April 2012 £	30 April 2011 £	30 April 2010 £
Balance at the start of the year	9,450	5,000	-
On acquisition of business	-	-	-
Impairment losses recognised	87,785	41,753	5,000
Amounts written off as uncollectible	(87,786)	(37,303)	-
Foreign exchange differences	-	-	-
Balance at the end of the year	9,449	9,450	5,000

13 Trade and other payables

Group

	30 April 2012 £	30 April 2011 £	30 April 2010 £
Trade payables	272,954	346,697	244,037
Other taxes and social security payables	233,732	305,126	155,044
Other payables	-	-	8,311
Accruals	508,089	207,345	115,989
	1,014,775	859,168	523,381

13 Trade and other payables (continued)

Company

	30 April 2012 £	30 April 2011 £	30 April 2010 £
Trade payables	143,272	213,098	130,179
Other taxes and social security payables	145,500	178,490	52,150
Amounts payable to subsidiaries	277,862	-	-
Accruals	382,530	94,713	29,795
	949,164	486,301	212,124

14 Borrowings

Group

	30 April 2012 £	30 April 2011 £	30 April 2010 £
Current			
Bank loan	6,737	-	14,298
Other loans	99,915	10,000	25,292
	106,652	10,000	39,590

Company

	30 April 2012 £	30 April 2011 £	30 April 2010 £
Current			
Bank loan	-	-	14,298
Other loans	-	10,000	25,292
	-	10,000	39,590

Interest is payable at 5% per annum over the bank base rate on the amounts owed on the bank loan. The bank loan is secured by a fixed and floating charge over the assets of a subsidiary company.

Other loans at 30 April 2012 are loans to two subsidiary companies which were acquired during the year from two directors of those subsidiary companies. Interest is payable at 3.18% per annum on £31,664 of these other loans at 30 April 2012. The remaining other loans are non-interest bearing.

All of the group's borrowings at 30 April 2012 are repayable in less than one year.

15 Other financial liabilities

Group and Company

	30 April 2012 £	30 April 2011 £	30 April 2010 £
Current			
Contingent consideration on the acquisition of Ideagen Capture Limited	187,000	187,000	-
	187,000	187,000	-
Non-Current			
Contingent consideration on the acquisition of Proquis Limited (Note 18)	100,000	-	-
Contingent consideration on the acquisition of Ideagen Capture Limited	-	-	300,000
	100,000	-	300,000

Part of the consideration for the acquisition of Ideagen Capture Limited in March 2010 was contingent on the achievement of certain revenue and profitability targets in the period following the acquisition. The amount of any further consideration payable under this arrangement has not yet been finally agreed with the vendors but it will range from £nil to a maximum of £386,000 depending on the achievement of these targets. Any further consideration is to be satisfied in equal amounts of cash and ordinary shares in Ideagen plc.

At 30 April 2010, the fair value of the contingent consideration was estimated at £300,000 and, under the terms of the arrangement, this is considered to be a financial liability. The amount of contingent consideration payable under this arrangement has not yet been finally agreed with the vendor. Based on information available, the directors re-assessed the estimated fair value of the contingent consideration at 30 April 2012 and 30 April 2011 at £187,000.

The resulting gain of £113,000 due to the reduction in the estimated fair value of the contingent consideration payable at 30 April 2011 was included as a separate item in the Statement of Comprehensive Income for the year ended 30 April 2011.

16 Current tax liabilities

Group

	30 April 2012 £	30 April 2011 £	30 April 2010 £
Current corporation tax liability recognised on acquisition of businesses	25,868	123,606	-
Other current corporation tax liabilities	148,526	14,107	-
	174,394	137,713	-

The current tax liability recognised on acquisition of a business in the year ended 30 April 2012 was in respect of the acquisition of Proquis Limited and its subsidiary Proquis Inc. (2011: acquisition of Filebutton Limited and its subsidiaries). Further details can be found in note 18.

17 Other liabilities

Group and Company

	30 April 2012 £	30 April 2011 £	30 April 2010 £
Deferred consideration on acquisition of Filebutton Limited (Note 18)	298,590	422,180	-
Deferred consideration on acquisition of Proquis Limited	200,000	-	-
Contingent consideration on acquisition of Proquis Limited	420,000	-	-
	918,590	422,180	-

The deferred consideration on acquisition of Proquis Limited of £200,000 was paid in cash in May 2012. The contingent consideration on the acquisition of Proquis Limited of £420,000 will be settled by the issue of new ordinary shares in Ideagen plc. This is payable on 10 January 2013 and is based on the issue of 4,000,000 ordinary shares in Ideagen plc at 10.5 pence per share. The amount of consideration which will become payable is contingent and will vary based on the level of revenue from a major US customer in the twelve months following the completion of the acquisition. Further information on deferred and contingent consideration is given in Note 18.

18 Business combinations

Acquisition of Proquis Limited

On 10 January 2012, the company acquired 100% of the issued ordinary share capital of Proquis Limited, a company domiciled in England together with its subsidiary Proquis Inc. which is domiciled in the United States of America. The acquisition of Proquis is expected to enhance the Group's existing business through the addition of the client base of Proquis and by providing access to a highly scalable technology platform.

The fair values of the identifiable assets acquired and liabilities recognised at the date of acquisition are summarised in the table below.

	£
Non-current assets	
Customer relationships intangible	409,000
Software intangible	568,000
Customer contract intangible	2,823,000
Property plant and equipment	9,676
Deferred tax asset	74,770
Current assets	
Trade and other receivables	247,905
Cash and cash equivalents	34,600
Current liabilities	
Trade and other payables	(123,887)
Deferred revenue	(312,077)
Current tax	(25,868)
Bank loans	(16,597)
Other loans	(145,681)
Non-current liabilities	
Deferred tax	(1,218,878)
Net identifiable assets acquired	2,323,963

The directors expect that all of the above receivables will be collected.

18 Business combinations (continued)

The fair value of the consideration at the date of acquisition is as follows:	£
Shares issued on acquisition	840,000
Cash payment on 1 May 2012 (included in Other Liabilities)	200,000
Contingent consideration payable in shares (included in Other Liabilities)	420,000
Contingent consideration payable in shares (included in Equity)	1,680,000
Contingent consideration payable in cash (included in Non-Current Other financial liabilities)	100,000
Total consideration	3,240,000

The fair value of the consideration payable at the date of acquisition was £3.24million consisting of cash of £300,000 and 28 million ordinary shares in Ideagen plc at 10.5 pence per share. The initial consideration on the date of acquisition was 8 million ordinary shares in Ideagen plc issued at 10.5 pence per share together with cash consideration of £200,000 payable on 1 May 2012. In addition, contingent consideration of up to 20 million ordinary shares in Ideagen plc at 10.5 pence per share plus further cash consideration of £100,000 may become payable as set out below. This contingent consideration is subject to the level of future revenue from a major customer in the United States in the first twelve months after acquisition and also on the annual renewal of an option by that major customer to continue with a particular contract. The maximum contingent consideration may become payable as follows:

- 10 January 2013: the issue of up to 7,275,270 ordinary shares in Ideagen plc
- 10 January 2014: the issue of up to 5,775,060 ordinary shares in Ideagen plc
- 10 January 2015: the issue of up to 6,949,670 ordinary shares in Ideagen plc
- from 10 January 2016: four cash payments of £25,000 payable on a quarterly basis

Of the 7,275,270 shares contingently issuable on 10 January 2013, 4,000,000 are contingent on the level of revenue from a major US customer in the twelve months following acquisition. The remaining 3,275,270 shares are contingent on the renewal of an option by the same major US customer in November 2012 to continue with a particular contract. All of the remaining issues of shares and cash payments noted above from 2014 onwards are contingent on the renewal of annual options by the same customer on the same contract. If the option is renewed each year, the above amounts will be payable in full. If the option is not taken up then none of the contingent consideration linked to the contract for subsequent years will become payable.

Goodwill arising on acquisition is as follows:	£
Fair value of consideration at date of acquisition	3,240,000
Less: fair value of net identifiable assets acquired	(2,323,963)
Goodwill arising on acquisition	916,037

Goodwill arose on the acquisition of Proquis Limited as the consideration paid for the combination effectively included amounts in relation to the benefit of revenue growth, expected synergies and the assembled workforce of Proquis Limited. These benefits are not recognised separately from goodwill because they do not meet the criteria for recognition as identifiable intangible assets. None of this goodwill is expected to be deductible for tax purposes.

The costs of the acquisition of £111,099 have been expensed within Administration Expenses in the Statement of Comprehensive Income for the year ended 30 April 2012. The Statement of Comprehensive Income for the year ended 30 April 2012 includes revenue of £783,000 and profit after taxation of £260,000 in respect of the subsidiaries acquired. Disclosure of information on revenue and profit or loss for the combined entity as though the acquisition of Proquis had been completed on 1 May 2011 is impracticable as the accounting reference date for Proquis was previously 30 September and it did not prepare reliable revenue and profit information on a monthly basis.

18 Business combinations (continued)

The net cash inflow on acquisition of Proquis Limited was as follows:	£
Cash acquired in subsidiaries	34,600
Net cash inflow on acquisition of Proquis Limited	34,600

Acquisition of Filebutton Limited

On 4 April 2011, the Company acquired 100% of the issued ordinary share capital of Filebutton Limited and its 100% owned trading subsidiary, Ideagen Software Limited. These companies were acquired primarily to expand the group's product offering.

The fair values of the identifiable assets acquired and liabilities recognised at the date of acquisition are summarised in the table below.

Identifiable assets acquired and liabilities recognised:	**£**
Non-current assets	
Customer relationships intangible	420,000
Software intangible	137,000
Property plant and equipment	21,326
Current assets	
Trade and other receivables	176,029
Cash and cash equivalents	463,213
Current liabilities	
Trade and other payables	(168,656)
Deferred revenue	(343,046)
Current tax	(123,606)
Net identifiable assets acquired	582,260

The directors expect that all of the above receivables acquired will be collected.

The fair value of the consideration at the date of acquisition is as follows:	£
Cash paid	1,287,473
Deferred consideration payable	422,180
Total consideration	1,709,653

Deferred consideration of £422,180 was payable at the date of acquisition. During the year ended 30 April 2012, £123,590 of this deferred consideration was paid. The remaining deferred consideration at 30 April 2012 of £298,590 is payable in three instalments of £98,590 in May 2012, £100,000 in November 2012 and £100,000 in April 2013. Interest is payable on £200,000 of the remaining balance at 10% per annum. Early repayment is permitted.

18 Business combinations (continued)

Goodwill arising on acquisition of Filebutton was as follows:	£
Fair value of consideration at date of acquisition	1,709,653
Less: fair value of net identifiable assets acquired	(582,260)
Goodwill arising on acquisition	1,127,393

Goodwill arose on the acquisition of Filebutton Limited and its principal trading subsidiary Ideagen Software Limited as the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth and the assembled workforce of these companies. These benefits are not recognised separately from goodwill because they do not meet the criteria for recognition as identifiable intangible assets. None of this goodwill is expected to be deductible for tax purposes.

Net cash outflow on acquisition of Filebutton Limited:	£
Consideration paid in cash	1,287,473
Less: cash acquired in subsidiary	(463,213)
Net cash outflow on acquisition of subsidiary	824,260

The costs of the acquisition of £93,610 have been expensed as Administration Expenses in the Statement of Comprehensive Income for the year ended 30 April 2011.

The statement of comprehensive income for the year ended 30 April 2011 includes revenue of £140,151 and profit after taxation of £56,427 in respect of the companies acquired. If this business combination had been completed on 1 May 2010, the estimated revenue of the enlarged group for the year ended 30 April 2011 would have been £3,320,000 and the estimated profit before tax would have been £703,000.

19 Equity share capital, share premium and other reserves

Group and Company

	30 April 2012 £	30 April 2011 £	30 April 2010 £
Issued and fully paid share capital			
77,881,558 ordinary shares of £0.01 each (2011:69,731,558 shares; 2010:50,862,256 shares)	778,816	697,316	508,623

	30 April 2012 £	30 April 2011 restated (Note 26) £	30 April 2010 restated (Note 26) £
Share premium	1,408,443	1,406,193	2,932,851
Merger reserve	1,020,000	260,000	260,000
Deferred equity consideration reserve	1,680,000	-	-

Shares issued in the year ended 30 April 2012

On 10 January 2012, 8,000,000 ordinary shares were issued at 10.5 pence per share as part of the initial consideration for the purchase of the whole of the ordinary share capital of Proquis Limited. A merger reserve of £760,000 arose on this issue of shares.

On 9 February 2012, 150,000 ordinary shares were issued at 2.5 pence per share on the exercise of share options through the Enterprise Management Incentive Scheme operated by the company. Share premium of £2,250 arose on this issue of shares.

Shares issued in the year ended 30 April 2011

On 31 March 2011 a placing of 18,869,302 ordinary shares was made for cash at 9 pence per share resulting in gross proceeds of £1,698,237. The share premium on this issue was £1,509,544 excluding share issue costs charged to the share premium account of £103,351.

Capital reduction

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 Companies Act 2006. The effect of this was to transfer the balance on the share premium account at that time of £2,932,851 to retained earnings.

Deferred equity consideration reserve

The deferred equity consideration reserve is in respect of 16,000,000 ordinary shares in Ideagen plc which are contingently issuable at a price of 10.5 pence each in respect of the acquisition of Proquis Limited. The issue of these shares is contingent on the annual renewal of an option by a major US customer to continue with a particular contract. The first annual renewal is due in November 2012 with further renewals due in November of subsequent years. If the option is renewed in November 2012, then 3,275,270 shares will be issuable in January 2013. Contingent upon renewals in subsequent years, 5,775,060 shares will be issuable in January 2014 and 6,949,670 shares in January 2015. If an annual renewal is not taken up then none of the contingent share issues linked to the contract for subsequent years will become payable.

20 Share-based payments and Share Options

The company operates an Enterprise Management Incentive share option Scheme which permits the grant to directors and staff of options in respect of ordinary shares in the company. Some of the options granted under this scheme do not have the tax benefits normally associated with Enterprise Management Incentive options however these options are identical in all other respects. The Scheme is an equity-settled arrangement and options granted under the scheme have a maximum life of 10 years from the date of grant. Options are capable of being exercised in stages. One third can be exercised one year after grant date, a further third can be exercised two years after grant date and all options are capable of being exercised three years from the grant date. There are no other vesting conditions except to note that the options will lapse on leaving employment with the company.

The following is a summary of the share options outstanding under the Scheme.

Year ended 30 April 2012

	Number of options	Weighted average exercise price
Outstanding at 1 May 2011	5,471,000	4.3 pence
Granted during the year	2,133,333	9.0 pence
Exercised during the year	(150,000)	2.5 pence
Outstanding at 30 April 2012	7,454,333	5.7 pence
Exercisable as at 30 April 2012	3,047,667	3.8 pence

Of the options outstanding at 30 April 2012, 36,000 options have an exercise price of 20 pence, 3,675,000 options have an exercise price of 2.5 pence, 200,000 options have an exercise price of 7 pence, 1,410,000 options have an exercise price of 8.5 pence and 2,133,333 options have an exercise price of 9 pence.

The price of Ideagen plc ordinary shares at the date of exercise of the options noted above was 13.25 pence. The fair value of the options exercised during the year at the date the options were granted was 1.28 pence per share. The total fair value of the options exercised during the year at the date the options were granted was £1,920. This amount was transferred from the share-based payment reserve to retained earnings during the year.

The weighted average remaining contractual life of these options at 30 April 2012 is 8.2 years.

The fair value of the options granted during the year ended 30 April 2012 was estimated at the date of grant using the Black-Scholes option pricing model. The inputs to the option pricing model are summarised below.

Share price at grant date	9 pence
Exercise price	9 pence
Expected volatility	59%
Expected dividend yield	0%
Expected option life	5 years
Risk-free interest rate	1.47%
Fair value of option	4.6 pence

Future share price volatility has been estimated by using historic share price volatility over the most recent period commensurate with the expected life of the option.

During the year ended 30 April 2012 the company recognised expenses of £78,000 in the Statement of Comprehensive Income in relation to its equity-settled share option scheme. These option charges have been credited to a share-based payment reserve within equity. The balance on this reserve at 30 April 2012 amounted to £137,080.

20 Share-based payments and Share Options (continued)

Year ended 30 April 2011

The movements in outstanding options during the year ended 30 April 2011 were as follows.

	Number of options	Weighted average exercise price
Outstanding at 1 May 2010	4,179,000	3.2 pence
Granted during the year	1,410,000	8.5 pence
Lapsed during the year	(118,000)	14.1 pence
Outstanding at 30 April 2011	5,471,000	4.3 pence
Exercisable as at 30 April 2011	1,386,000	3.2 pence

Of the options outstanding at 30 April 2011, 36,000 options have an exercise price of 20 pence, 3,825,000 options have an exercise price of 2.5 pence, 200,000 options have an exercise price of 7 pence and 1,410,000 options have an exercise price of 8.5 pence.

The weighted average remaining contractual life of these options at 30 April 2011 is 8.7 years. No share options were exercised during the year.

The fair value of the options granted during the year ended 30 April 2011 was estimated at the date of grant using the Black-Scholes option pricing model. The inputs to the option pricing model are summarised below.

Share price at grant date	9.5 pence
Exercise price	8.5 pence
Expected volatility	67%
Expected dividend yield	0%
Expected option life	5 years
Risk-free interest rate	2.66%
Fair value of option	5.7 pence

Future share price volatility has been estimated by using historic share price volatility over the most recent period commensurate with the expected life of the option.

During the year ended 30 April 2011 the company recognised expenses of £44,000 in the statement of comprehensive income in relation to its equity-settled share option scheme. These option charges have been credited to a share-based payment reserve within equity. The balance on this reserve at 30 April 2011 amounted to £61,000 (2010:£17,000).

Other outstanding share options

In addition to the options granted under the terms of the Enterprise Management Incentive share option scheme disclosed above, a total of 217,850 further options have been granted by the company in earlier years and remained outstanding at both 30 April 2012 and 30 April 2011. Of this total, 114,100 options are exercisable at any time prior to 12 May 2015 at an exercise price of 28 pence each, 15,000 options are exercisable at any time prior to 6 July 2015 at 28 pence and 88,750 options are exercisable at any time prior to 21 November 2015 at 20 pence.

21 Capital management

The group's objective when managing capital is to safeguard the group's ability to continue as a going concern so that it can continue to provide a return to shareholders and benefits for other stakeholders.

The capital monitored by the group consists of all components of equity attributable to owners of the parent as set out in the consolidated Statement of Changes in Equity other than the foreign currency translation reserve, both long and short term borrowings disclosed in Note 14, deferred and contingent liabilities arising from business combinations disclosed in Notes 15 and 17 and cash and cash equivalents.

The group currently maintains a capital structure which is appropriate for its needs principally through a combination of cash flow management and forecasting and the issue of new shares, primarily in connection with the funding of business acquisitions. The group does not currently have any long term borrowings and the group's current short term borrowings have only arisen through business combinations.

The group is not subject to externally imposed capital requirements other than the minimum capital requirements imposed by the Companies Act 2006 on all public limited companies.

22 Operating lease commitments

As at 30 April 2012 the group had aggregate commitments under non-cancellable operating leases which expire as follows:

	Land & Buildings 30 April 2012 £	Land & Buildings 30 April 2011 £
Within one year	24,250	-
Between one and two years	-	40,865
Between two and five years	376,947	297,388
Over 5 years	-	-
	401,197	338,253

23 Pension schemes

The pension cost charge for the period represents contributions payable by the group into individual pension arrangements in respect of certain employees on a defined contribution basis and amounted to £5,885 (2011: £3,910).

24 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding overdrafts as follows.

Group

	30 April 2012 £	30 April 2011 £
Cash and bank balances	1,495,771	762,468

Company

	30 April 2012 £	30 April 2011 £
Cash and bank balances	598,314	168,959

25 Related party transactions

Ideagen plc is the parent company of the group. There was no overall control of Ideagen plc.

25 **Related party transactions (continued)**

Balances and transactions between the Company and its wholly owned subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Company and other related parties are disclosed below.

During the year ended 30 April 2011, the company repaid a loan of £2,700, which had been outstanding at 30 April 2010, to Mr J P Wearing, a director. No interest was payable on this loan. At 30 April 2012 and 30 April 2011, no amounts were due to or from Mr Wearing.

At the time of the share placing in March 2011, the Company issued 112,500 ordinary shares to Mr L D Paul, a director, for a consideration of 9 pence per share resulting in gross proceeds of £10,125.

A loan to the company of £22,592 from Mr D R K Hornsby, a director, was included in current borrowings at 30 April 2010. During the year ended 30 April 2011, £12,592 of this loan was repaid to Mr Hornsby. The balance of this loan owing to Mr Hornsby at 30 April 2011 of £10,000 was repaid during the year ended 30 April 2012. No interest was payable on this loan.

Trade payables in the Company at 30 April 2012 also include £51,487 (2011: £86,487) payable to Glacier Software Limited, a company controlled by Mr Hornsby. These amounts are in respect of fees payable to Mr Hornsby as a director of the Company.

At the time of the share placing in March 2011, the Company issued 335,000 ordinary shares to Mr Hornsby for a consideration of 9 pence per share resulting in gross proceeds of £30,150.

At 30 April 2012, trade and other payables in the Company include £2,628 (2011: £7,100) payable to Mr G P Spenceley, a director of the company. These amounts are in respect of fees payable to Mr Spenceley as a director of the Company.

At 30 April 2012, trade and other payables in the Company include £2,376 (2011: £nil) payable to Mr G C Harrop, a director of the company. This amount is in respect of fees payable to Mr Harrop as a director of the Company.

At the time of the share placing in March 2011, the Company issued 112,500 ordinary shares to Mr D P Spillane, a director of the Company at the time, for a consideration of 9 pence per share resulting in gross proceeds of £10,125. At 30 April 2012, trade and other payables in the Company include £6,667 (2011: £nil) payable to B D Consulting Ltd, a company controlled by Mr D P Spillane, a director of the company at the time. These amounts are in respect of fees payable to Mr Spillane as a director of the Company.

For the purposes of this note there are not considered to be any key management personnel other than the directors of the Company. The remuneration of the directors of the company is disclosed in note 5 of these financial statements.

26 Restatement of equity 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 at 30 April 2011 and 30 April 2010 included in these financial statements has therefore been restated from the figures previously reported in the statutory financial statements for the year ended 30 April 2011. The consolidated and company Statements of Financial Position and Statements of Changes in Equity as at 30 April 2010 have been restated by reducing the previously reported share premium account by £260,000 and by the recognition of a merger reserve of £260,000. In addition, the company and consolidated Statements of Financial Position and Statements of Changes in Equity as at 30 April 2011 have also been restated by reducing the previously reported balance of retained earnings by £260,000 and by the recognition of a merger reserve of £260,000.

These adjustments have no impact on the reported results, earnings per share, net assets or on the total of shareholders' equity.