

27 July 2011

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

PRELIMINARY RESULTS FOR THE YEAR ENDED 30TH APRIL 2011

The Board of Ideagen PLC (PLUS: IGNP) today announces the Company's preliminary Results for the year ended 30th April 2011.

**Financial Highlights**

- Revenue up by 133% to £2.25m (2010: £0.97m)
- Organic revenue growth of 40% in core KnowledgeWorker® business
- Adjusted EBITDA up by 172% to £0.52m (2010: £0.19m)\*
- Adjusted PBT up by 155% to £0.49m (2010: £0.19m)\*\*
- Basic Adjusted EPS up by 60% to 0.93 pence (2010: 0.58 pence)\*\*
- Cash at bank and in hand £0.76m (2010: £0.22m)
- Net Assets of £3.07m (2010: £0.86m)
- Recurring revenues of £1.7m at year end covering 70% of fixed cost base

\*Before tax credit, share based payments, acquisition costs, and gain in fair value of contingent consideration

\*\*Before tax credit, share based payments, acquisition costs, amortisation of acquisition intangibles and gain in fair value of contingent consideration.

**Operational Highlights**

- Fund raising of GBP1.7m in March 2011 to acquire Ideagen Software
- Successful integration of Ideagen and Root 3
- Appointment of Darren Spillane as Group Sales Director, joining from Kofax
- Support and Maintenance contract renewal rate of 95%
- Significant contract wins at ACCA and a major water company with a combined value of £900k
- Establishment of integrated value proposition focused on Capture, Content and Compliance
- Continued investment in the development of our flagship ECM platform KnowledgeWorker® with the release of 2 new modules covering Project Stage Gating and Contact Management

**David Hornsby, CEO of Ideagen, commented:** "We have made strong progress during the year both strategically and financially. Despite considerable investment in our products and sales team and the successful integration of two acquisitions we exceeded market forecasts in terms of PBT\*\* (21% ahead) and year-end cash balance (42% ahead). We are securing ever larger contracts and have strong recurring revenues and contract renewal rates. Current trading is positive and in line with management expectations and the Directors are confident of further progress going forward."

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## Chief Executive's Statement

I am pleased to announce our results for the year ended 30 April 2011 reported under IFRS. The year saw further transformation of the Company through continued organic revenue and profit growth and a second acquisition. During the year the Company successfully integrated three complementary businesses whilst delivering 40% organic revenue growth from our core KnowledgeWorker® product. In July 2011 our shareholders voted to change the Company's name to Ideagen plc and market the Company's products under a single brand.

## Results

These are the first financial statements of the Company to be prepared in accordance with International Financial Reporting Standards (IFRSs). The results and financial position of the Company were previously reported under UK GAAP.

Revenue for the year ended 30 April 2011 increased by 133% to £2.25m (2010: £0.97m) with a full year contribution from Root3 (now named Ideagen Capture) and one month's contribution from Ideagen Software. Organic revenue growth in the original core business, excluding the Root3 and Ideagen Software acquisitions, amounted to 40% increase over the previous financial year.

Operating profit before total amortisation and depreciation expenses, acquisition costs, share based payment charges and other exceptional items increased by 172% to £0.52m (2010: £0.19m). Profit before taxation, excluding amortisation of acquisition intangibles, acquisition costs, share based payment charges and exceptional items increased by 155% to £0.48m (2010:£0.19m).

The Company's financial position at 30 April 2011 has improved significantly since April 2010. This was due partly to increased profitability but primarily to the £1.70m placing in March 2011, which provided funding for the acquisition of Ideagen Software. Net assets at 30 April 2011 were £3.07m (2010: £0.86m).

During the year, the Group carried out a capital reduction which had the impact of transferring £3.19m from the share premium account into retained earnings, thereby eliminating the negative balance on retained earnings.

Excluding the deferred revenue provision, which is not viewed as a cash liability, the Group had net current assets at 30 April 2011 of £0.25m (2010:£0.08m) and a cash balance of £762,000 (2010:£022m).

## Company Strategy

The Company's strategic objective is to become the leading supplier of compliance based Enterprise Content Management (ECM) solutions to the UK Market. ECM is focused on the capture, storage, retrieval and distribution of 'unstructured' information such as documents, web pages and content, email, video and scanned images. Typically 'unstructured' information accounts for 80% of all data within an enterprise and its effective management is now a corporate necessity. Organisations are obliged to demonstrate compliance with industry standard, regulations and KPIs which represents a compelling driver for investment in the Company's products.

The Company intends to deliver its strategy through a combination of organic and acquisitive growth which will enhance our product set and provide scale within the business. The UK market is extremely fragmented with no dominant ECM supplier and the Company believes that consolidation in this sector will offer attractive opportunities over the next few years. Furthermore the emergence of "cloud" based computing has provided the Company with the opportunity to develop a SaaS business model which we expect to drive significant new business growth and recurring revenues.

In March the Company acquired Filebuton Ltd (trading as Ideagen Software Ltd), a supplier of document control and compliance software solutions. This acquisition has greatly enhanced the Company's value proposition, adding over 200 customers and increasing the Company's recurring revenues to approximately GBP1.7m per annum. The Company now has over 250 customers many of which are blue chip organisations operating in highly regulated industries.

## **Sales and Marketing**

The Company now has an integrated solution for Capture, Content and Compliance providing a platform to capture and manage information within a compliance regime. Sales and Marketing strategy has been aligned to focus on highly regulated industries such as Pharmaceuticals, Aerospace and Defence, Financial Services and Utilities and the Company is capitalising on existing relationships to promote enterprise-wide solutions. Organisations such as Astra Zeneca, the MOD, Allianz and Severn Trent rely on the Company's suite of products to manage and distribute vital information – such references provide a sound basis for future contract wins and growth.

In order to provide the necessary focus and expertise to drive organic growth, the Company has invested in an experienced sales team led by industry veteran Darren Spillane who joined the Company from Kofax in June 2010 and was appointed to the Board in December 2010. The adoption of a high quality sales methodology coupled with our enhanced proposition has driven a step change in the value of the contracts that the Company is able to win, often against the major global ECM companies. For example in September the Company was awarded a £0.33m contract with the Association of Certified Chartered Accountants (ACCA) and in March was awarded a £0.58m contract with a major UK water company. These deals compare favourably with the £0.02m average contract size in the previous financial year.

In addition to a direct sales force the Company has identified that to fully exploit the opportunity that cloud computing presents and to scale rapidly an indirect sales channel should be implemented as the primary route to market for our SaaS proposition. The Company has therefore evaluated a number of options and is in final negotiations with a global manufacturer of multi-functional devices and Europe's largest computer software distributor. Both of these organisations intend to sell KnowledgeWorker® through their direct sales teams and extensive reseller channels which will, if successful, accelerate sales across the EMEA region and underpin the Company's medium term growth objectives.

## **Product Direction and Roadmap**

Our experience suggests that companies are increasingly looking to deploy SaaS solutions which provide the benefit of both rapid deployment and lower cost of ownership over traditional on-premise systems. The Company's focus is therefore on providing solutions for Capture (Scanning & OCR), Content (Document, Contact & Business Process Management and Collaboration) and Compliance (Auditing, CAPA, Change Management, Quality, Standards and Compliance Processes) on-demand from the cloud.

The integration of our capture and OCR products (Ideagen Capture) has seen a first phase of integration, with the ability to use the AnyDocs Optical Character Recognition (OCR) applications to scan and OCR content direct into the KnowledgeWorker® ECM cloud platform (Ideagen Content). Scanned documents can dynamically initiate business processes, enable collaboration and automatically link content to customers, contacts and projects. Recent installations of this new interface have gone live at City & Guilds (processing exam papers), and Admin Business Solutions (ABS) (processing vehicle documents).

Planned enhancements for our ECM platform include increased support for mobile devices (such as iPad and smart phones), integration with social networks such as Twitter and LinkedIn and major performance enhancements to allow the continuous scaling of our platform to tens of thousands of businesses. In addition a

major upgrade of the interface is being planned to provide enhanced ease of use. The next major release of KnowledgeWorker® will be version 4.0 planned for launch in January 2012.

The integration of our newly acquired Quality and Compliance product Workbench with our capture products and ECM platform is also in development. This will provide a complete cloud based solution on a SaaS model to manage any type of information, content or business process from cradle to grave within a quality certified and compliant environment accessible from any device, anywhere, any time.

### **Staffing and Infrastructure**

The Company has implemented a fully integrated company 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 year end the Company had 36 employees across the following functions – Sales and Marketing – 10, Customer Services and Support – 10, Research and Development – 12, Finance and Administration – 3, Chief Executive – 1. It is envisaged that headcount will increase over the coming year to generate and support future growth.

The Company currently has 3 locations, Stevenage, Matlock and Bristol. Each office represents a 'Centre of Excellence' for a specific component of our product set. Our offices are linked via a single company network and mail system. The Company has outsourced the delivery of our SaaS platform to Rackspace, a global provider of Data Centre services.

### **Current Trading & Outlook**

We have made strong progress during the year both strategically and financially. Despite considerable investment in our products and sales team and the successful integration of two acquisitions we exceeded market forecasts in terms of PBT\*\* (21% ahead) and year-end cash balance (42% ahead). We are securing ever larger contracts and have strong recurring revenues and contract renewal rates. Current trading is positive and in line with management expectations and the Directors are confident of further progress going forward.

**David Hornsby**

**27 July 2011**

The Directors of the Issuer accept responsibility for this announcement.

**Ideagen plc****Consolidated Statement of Comprehensive Income for the year ended 30 April 2011**

|   | <b>Year ended<br/>30 April 2011<br/>£</b> | <b>Year ended<br/>30 April 2010<br/>£</b> |
|---|---|---|
| <b>Revenue</b>  | 2,253,407                                 | 965,783                                   |
| Cost of sales   | (268,314)                                 | (63,671)                                  |
| <b>Gross profit</b>   | <u>1,985,093</u>                          | <u>902,112</u>                            |
| Administration expenses   | (1,721,521)                               | (836,183)                                 |
| <b>Profit from operating activities</b>                                 | <u>263,572</u>                            | <u>65,929</u>                             |
| Profit from operating activities before adjustments for the following:  | 523,206                                   | 191,960                                   |
| Depreciation and amortisation   | (122,024)                                 | (19,586)                                  |
| Costs of acquiring a business   | (93,610)                                  | (89,445)                                  |
| Share-based payment charges   | (44,000)                                  | (17,000)                                  |
| <b>Profit from operating activities</b>                                 | <u>263,572</u>                            | <u>65,929</u>                             |
| Movement in fair value of contingent consideration                      | 113,000                                   | -   |
| Finance costs   | (5,595)                                   | 6,166                                     |
| <b>Profit before taxation</b>   | <u>370,977</u>                            | <u>72,095</u>                             |
| Taxation credit   | 198,893                                   | -   |
| <b>Profit for the year attributable to equity holders of the parent</b> | <u><u>569,870</u></u>                     | <u><u>72,095</u></u>                      |
| <b>Earnings per share</b>   | <b>pence</b>                              | <b>pence</b>                              |
| Basic   | 1.1                                       | 0.22                                      |
| Diluted   | 1.0                                       | 0.21                                      |

**Ideagen plc****Consolidated Statement of Financial Position at 30 April 2011**

|                                   | <b>30 April<br/>2011</b> | <b>30 April<br/>2010</b> | <b>1 May 2009</b>       |
|-----------------------------------|--------------------------|--------------------------|-------------------------|
| <b>Assets and liabilities</b>     | <b>£</b>                 | <b>£</b>                 | <b>£</b>                |
| <b>Non-current assets</b>         |                          |                          |                         |
| Intangible assets                 | 3,113,388                | 1,269,036                | -                       |
| Property, plant and equipment     | 69,742                   | 58,927                   | 23,429                  |
| Deferred tax asset                | <u>213,000</u>           | <u>-</u>                 | <u>-</u>                |
|                                   | <u>3,396,130</u>         | <u>1,327,963</u>         | <u>23,429</u>           |
| <b>Current assets</b>             |                          |                          |                         |
| Trade and other receivables       | 1,101,508                | 424,113                  | 77,135                  |
| Cash and cash equivalents         | <u>762,468</u>           | <u>220,054</u>           | <u>6,226</u>            |
|                                   | <u>1,863,976</u>         | <u>644,167</u>           | <u>83,361</u>           |
| <b>Current liabilities</b>        |                          |                          |                         |
| Trade and other payables          | 859,168                  | 523,381                  | 374,692                 |
| Borrowings                        | 10,000                   | 39,590                   | 38,325                  |
| Other financial liabilities       | 187,000                  | -                        | -                       |
| Current tax liabilities           | 137,713                  | -                        | -                       |
| Deferred revenue                  | 576,639                  | 250,509                  | 65,977                  |
| Other liabilities                 | <u>422,180</u>           | <u>-</u>                 | <u>-</u>                |
|                                   | <u>2,192,700</u>         | <u>813,480</u>           | <u>478,994</u>          |
| <b>Non-current liabilities</b>    |                          |                          |                         |
| Borrowings                        | -                        | -                        | 105,600                 |
| Other financial liabilities       | <u>-</u>                 | <u>300,000</u>           | <u>-</u>                |
|                                   | <u>-</u>                 | <u>300,000</u>           | <u>105,600</u>          |
| <b>Net assets / (liabilities)</b> | <u><u>3,067,406</u></u>  | <u><u>858,650</u></u>    | <u><u>(477,804)</u></u> |

Ideagen plc

Consolidated Statement of Financial Position at 30 April 2011 (continued)

|  | 30 April<br>2011        | 30 April<br>2010      | 1 May 2009              |
|--|-------------------------|-----------------------|-------------------------|
|  | £                       | £                     | £                       |
| <b>Equity</b>                                      |                         |                       |                         |
| Issued share capital                               | 697,316                 | 508,623               | 301,456                 |
| Share premium                                      | 1,406,193               | 3,192,851             | 2,152,659               |
| Share-based payments reserve                       | 61,000                  | 17,000                | -                       |
| Retained earnings                                  | <u>902,897</u>          | <u>(2,859,824)</u>    | <u>(2,931,919)</u>      |
| <b>Equity attributable to owners of the parent</b> | <u><u>3,067,406</u></u> | <u><u>858,650</u></u> | <u><u>(477,804)</u></u> |

## Notes

This information does not constitute the annual report and accounts of the Company for the year ended 30 April 2011. This will be available from [www.ideagenplc.com](http://www.ideagenplc.com) in due course.

The Company has adopted IFRS for the first time. Results for the year ended 30 April 2010 have been adjusted to comply with new accounting policies adopted as a result of the transition to using IFRSs. The adjustments to the previously reported profit for the year are summarised below. Accounting policies have been applied consistently to the two years ended 30 April 2011 as presented in this information.

|  | <b>Year ended 30 April<br/>2010 (the last period<br/>presented under UK<br/>GAAP)</b> |
|--|---|
|  | £   |
| Profit for the year previously presented under UK GAAP             | 165,111   |
|  | <hr/>   |
| Costs of acquisition previously capitalised have now been expensed | (89,445)  |
| Goodwill not amortised under IFRS                                  | 8,570   |
| Amortisation of acquisition intangibles recognised under IFRS      | (12,141)  |
|  | <hr/>   |
| Profit for the year ended 30 April 2010 under IFRS                 | 72,095  |
|  | <hr/>   |

Earnings per share information

|   | <b>Year ended<br/>30 April<br/>2011<br/>£</b> | <b>Year ended<br/>30 April<br/>2010<br/>£</b> |
|---|---|---|
| Profit for the year                             | 569,870                                       | 72,095  |
| Adjustments:                                    |   |   |
| Acquisition costs                               | 93,610  | 89,445  |
| Share-based payment charges                     | 44,000  | 17,000  |
| Amortisation of acquisition intangibles         | 92,042  | 12,141  |
| Gain on contingent consideration                | (113,000)                                     | -   |
| Tax credit                                      | (198,893)                                     | -   |
| Adjusted profit before tax                      | <u>487,629</u>                                | <u>190,681</u>                                |
| Basic weighted average number of shares         | 52,464,854                                    | 32,882,896                                    |
| Fully diluted weighted average number of shares | 55,468,745                                    | 34,411,906                                    |
| Basic adjusted eps                              | 0.93 pence                                    | 0.58 pence                                    |

Basic adjusted eps is based on the adjusted profit before tax figures shown above.