

+ IPPLUS PLC

INTELLIGENT PROFESSIONAL SOLUTIONS



IPPlus PLC Interim Report

For the six months ended 31st December 2011

AIM stock code: IPP

WELCOME TO IPPLUS PLC

Our client portfolio is extremely prestigious and we go to considerable lengths to preserve their anonymity which also helps prevent casual solicitation. We aim to increase the client base without losing the individual client relationships. A key to our growth has been offering excellent client relationship management and as the business expands we will strengthen this activity. The software division has a product which works well on an international basis and our goal is to become a market leader in delivering the best product in our market niche. Achieving this via multi channel activity with a more recent emphasis in SaaS (Software as a Service) model is eminently possible.

OUR BRANDS



CallScripter™

CallScripter, a software house producing Customer Interaction Management (CIM) software tools for the contact centre market. Currently installed both within the UK in major call centres and internationally through multi channel delivery partners.

www.callscripter.com

IP 3 TELECOM

IP3 Telecom, interactive voice response and call handling software. A cutting edge provider of hosted "cloud" technology. Whether working on bespoke automated IVR solution, or setting up hosted contact centres, our ethos of innovative thinking and customer service is always at the forefront of what we do.

www.ip3tele.com

ansaback

Ansaback, a 24/7 bureau contact centre operation. An exemplary discreet service for discerning clients who wish to overflow and outsource certain calls when required.

www.ansaback.co.uk

ANCORA SOLUTIONS

Ancora, document and data solutions. Securely managing archiving services, removing and storing documents, secure destruction and recycling of confidential materials. We deliver a national and international service in the medical and scientific industries, as well as industrial and professional sectors.

www.ancorasolutions.co.uk

- + Profit before taxation increased by 152% compared to the corresponding prior year period
- + Revenue increased by £869,684 compared to the corresponding prior year period
- + Closing net cash balance of £178,506
- + Ansaback secured a significant new three year contract with a major utility company
- + CallScripter increased revenue by 29%
- + IP3 Telecom minutes up by 175%
- + Ancora Solutions revenue flat with an unexpectedly low December due to the loss of a major client

FINANCIAL HIGHLIGHTS

	6 months ended 31st December 2011 (unaudited) £	6 months ended 31st December 2010 (unaudited) £	12 months ended 30th June 2011 (audited) £
Revenue	3,371,303	2,501,619	5,246,070
Profit before taxation	179,959	71,287	39,356
Profit after taxation	210,003	100,845	66,914

CHAIRMAN'S STATEMENT

FINANCIAL SUMMARY

The tough UK and worldwide trading conditions have made business difficult for a large number of companies and many retailers suffered, as evidenced by high street closures and lacklustre Christmas figures.

Despite this economic background the Group has improved revenue and profit in the six months.

New Ansaback clients have joined and in November we secured a prestigious contract to provide emergency help desk cover for a major utility company. The physical disaster recovery unit, branded as Suffolk Disaster Recovery, is fully operational, and as well as providing back up facilities to our call centre, now has two external clients utilising all of its spare capacity.

CallScripter has further expanded its territories and channels and the pipeline of opportunities as a result of the Integrated Software Vendor deal mentioned in our last statement continues to grow. We expect this relationship to play an important part in the division's future growth. Despite delays in some client's procurement processes, there has been a steady improvement in the divisional result. The total number of licences worldwide now exceeds 15,000 in 27 countries and recurring revenues continue to build. In the coming year we expect increased client interest in our cloud-computing based solutions.

IP3 Telecom has had an excellent six months winning new accounts and launching additional services to augment the existing product ranges. 86% of Ansaback clients now use the

IP3 network platform to enhance services and provide primary disaster recovery functions. We anticipate continued growth from this division and additional resources are being directed to it.

Ancora Solutions traded within expectations but encountered a difficult December which impacted adversely on its results.

Overall the Group has continued its forward momentum and generated a profit before taxation for the six months to December 2011 of £179,959 (December 2010: £71,287). This was achieved on an increased revenue of £3,371,303 (December 2010: £2,501,619).

BUSINESS SUMMARY

IPPlus PLC operates through two principal subsidiaries, IPPlus (UK) Limited and CallScripter Limited.

The Group trades under four trading styles namely Ansaback, IP3 Telecom, Ancora Solutions and CallScripter.

Ansaback is a 24 hours a day, 7 days a week bureau telephony service providing overflow and out of hours call handling, emergency cover; dedicated phone resources, non-geographic, low call and Freephone telephone facilities as well as disaster recovery lines and other ancillary telecommunication services.

IP3 Telecom is the telephony services arm of Ansaback and provides a range of network level interactive call services. With options for self-sufficiency or fully managed services, the platform gives the user the ability to run a

professional call handling operation without the necessity for expensive hardware, installation, and ongoing maintenance costs.

Ancora Solutions is a regional leader in document storage and secure document destruction serving many leading blue chip companies within the legal, medical, property, and transportation sectors.

CallScripter is an enhanced customer interaction software suite specifically developed for contact centres, telesales and telemarketing operations. Our clients gain major benefits by introducing CallScripter's dynamic scripting environment into their organisation. The software facilitates the rapid set-up, handling and reporting of sophisticated inbound, outbound and e-mail campaigns.

REVIEW OF OPERATIONS

Revenue comparison for the six months to December 2011:

	2011 increase	2011 %	2010 increase	2010 %
Ansaback	£407,343	+20%	£122,013	+6%
CallScripter	£129,120	+29%	£100,579	+29%
Ancora Solutions	£333,221	—	—	—
Company	£869,684	+35%	£222,592	+10%

ANSABACK

- Revenue increased by 20% compared to the six months to December 2010
- Billable minutes increased by 1.4% from 2,983,285 to 3,025,586
- 387 clients, up from 348 in December 2010

Amongst the many sectors we service Retail and DRTV have not been adversely affected but the Charity sector has seen fewer campaigns, reflecting the more difficult economic environment. In addition Telecoms continues to be strong, adding 16 new clients in the six months.

As larger clients become increasingly important for us, our business model is

evolving with a greater need for more dedicated seats than previously. This trend reduces the margin that Ansaback earns but provides greater visibility of revenues.

As a result there has been a substantial increase in the seats required within the call centre and the associated infrastructure and systems required to service these. We now have 142 agents' positions, representing the most significant change to the layout and agent seat capacity since setting up the operation.

Eleven of our staff passed their NVQ apprenticeships and we continue to encourage development and internal promotion from the call centre.

CHAIRMAN'S STATEMENT

IP3 TELECOM

- 175% increase in minutes compared to the corresponding prior year period
- IP3 hosted contact centre technology rolled out for dedicated agents

86% of Ansaback clients now route over the IP3 Network. The business tends to be of a recurring revenue with limited amendments required once the set-up phase has been completed. The clients have the benefit of self service access 24/7 to call recording and other technical features. The IP3 website is also generating new business and we have seen a steady growth in enquiries unrelated to the Ansaback business. The division now has multiple language IVR messaging and we envisage that this type of specialist service will be a differentiator which will appeal to larger clients.

CALLSCRIPTER

CallScripter revenues improved and the division grew by 29% compared to the same period last year. As the division has successfully gained critical mass it has been able to absorb overheads and losses have reduced significantly.

The Original Equipment Manufacturer collaboration with Interactive Intelligence has increased their revenue in a number of territories and we maintained our close relationship by attending their USA partner conference in Indianapolis. Feedback from the

show was extremely positive, with a number of partners wishing to explore joint collaboration opportunities.

As a result of our relationship with Genesys, CallScripter has been selected as a strategic part of ProtoCall One's G-Cloud solution. ProtoCall are a leading Genesys System Integrator in the United Kingdom. This will be the first Genesys SaaS (Software as a Service) offering in Europe.

We have also seen growth from existing clients, including one which has implemented CallScripter into new contact centres in Australia and the US.

The market remains challenging but our revitalised partner team have struck new partner deals in the US, which we believe will add momentum over the coming months, continuing the strategy initiated by the Board over two years ago.

CallScripter was also selected by ELoyalty to enrich their own desktop environment with a world class scripting solution supporting both inbound and outbound calling. ELoyalty, a gold certified partner for Cisco in the United States, provides a suite of applications for Cisco UCCE icApplications™ which extend the functionality and services offered by Cisco as standard.

Our new CallScripter software development has been primarily focused on network cloud solutions. To this end, October's Call Centre Expo saw the launch of a new CallScripter web based diary solution (a much requested item) and a prototype visual editor. This will be part of the CallScripter V5 General Availability release in April 2012. Further web portals are currently being developed that will form the basis of a new cloud based reporting tool.

ANCORA SOLUTIONS

Following five months of trading close to expectations, December proved to be a very difficult month which had an adverse effect on the division's results. The impact of losing a large archiving and shredding client combined with the continuing weak economy has led to a significant reduction in specialist relocations, both in terms of enquiries and repeat business.

On a positive note there has been an encouraging pipeline of new tenders and proposals, although the lead time from contact to new account is generally protracted.

Ancora added a new fleet of vehicles which are more fuel efficient and provide tracking to monitor performance and enhanced security for clients. A cardboard compacting system was also introduced which increases our spread of recycling options.

DIVIDEND

The Company will not be declaring an interim dividend.

OUTLOOK

The Board is pleased with the Group's progress in the six months to December 2011. This was achieved in challenging business conditions and the Board has no reason to believe that these difficult conditions will not continue into the second half of the year. Nevertheless the Board look forward to reporting further progress and will continue to invest in the businesses of the Group.

Philip Dayer

Chairman
15th February 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		6 months ended 31st December 2011 (unaudited) £	6 months ended 31st December 2010 (unaudited) £	12 months ended 30th June 2011 (audited) £
	Note			
Revenue	3	3,371,303	2,501,619	5,246,070
Cost of sales		(1,683,221)	(1,420,257)	(3,023,705)
Gross profit		1,688,082	1,081,362	2,222,365
Administrative expenses		(1,505,489)	(1,012,285)	(2,184,277)
Operating profit	3	182,593	69,077	38,088
Finance income		316	2,210	2,957
Finance costs		(2,950)	—	(1,689)
Profit before taxation		179,959	71,287	39,356
Taxation	4	30,044	29,558	27,558
Profit and total comprehensive income attributable to equity holders of the parent company		210,003	100,845	66,914
Basic and diluted earnings per share	5	0.66p	0.34p	0.22p

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31st December 2011 (unaudited) £	31st December 2010 (unaudited) £	30th June 2011 (audited) £
Assets			
Non-current assets			
Land	52,832	—	52,832
Plant and equipment	456,299	279,518	408,078
Other intangible assets	530,586	254,898	558,163
Investment in joint venture	40	40	40
Deferred tax assets	280,000	280,000	280,000
Non-current assets	1,319,757	814,456	1,299,113
Current assets			
Stock	—	—	3,636
Trade and other receivables	1,264,289	886,031	964,916
Cash and cash equivalents	282,673	366,504	321,133
Current assets	1,546,962	1,252,535	1,289,685
Total assets	2,866,679	2,066,991	2,588,798
Liabilities			
Current liabilities			
Trade and other payables	(783,917)	(484,737)	(723,923)
Current portion of long-term borrowings	(85,992)	—	(58,551)
Current liabilities	(869,909)	(484,737)	(782,474)
Non-current liabilities			
Long-term borrowings	(130,744)	—	(147,301)
Deferred taxation	(68,410)	(69,410)	(71,410)
Non-current liabilities	(199,154)	(69,410)	(218,711)
Total liabilities	(1,069,063)	(554,147)	(1,001,185)
Net assets	1,797,616	1,512,844	1,587,613
Equity			
Equity attributable to shareholders of the parent			
Share capital	317,212	297,908	317,212
Share premium	89,396	—	89,396
Other reserves	18,396	18,396	18,396
Profit and loss account	1,372,612	1,196,540	1,162,609
Total equity	1,797,616	1,512,844	1,587,613

CONSOLIDATED STATEMENT OF CASH FLOWS

	6 months ended 31st December 2011 (unaudited) £	6 months ended 31st December 2010 (unaudited) £	12 months ended 30th June 2011 (audited) £
Cash flows from operating activities			
Profit after taxation	210,003	100,845	66,914
Adjustments for:			
Depreciation	73,348	39,072	100,372
Amortisation of intangible assets	76,489	58,491	130,264
Investment income	(316)	(2,210)	(2,957)
Interest expense	1,672	—	1,303
Interest element of finance leases	1,278	—	386
Income taxes received	(27,044)	(31,558)	(31,558)
Deferred tax provision	(3,000)	2,000	4,000
Loss on sale of fixed assets	—	—	390
(Increase)/decrease in trade and other receivables	(311,853)	79,963	1,078
Increase/(decrease) in trade and other payables	122,520	(99,466)	127,520
Decrease/(increase) in inventories	3,636	—	(2,936)
Cash generated from operations	146,733	147,137	394,776
Income taxes received	27,044	31,558	31,558
Interest paid	(1,672)	—	(1,303)
Interest element of finance leases	(1,278)	—	(386)
Net cash from operating activities	170,827	178,695	424,645
Cash flows from investing activities			
Purchase of property, plant and equipment	(121,568)	(125,300)	(185,258)
Purchase of Ancora business	—	—	(289,000)
Capitalisation of development costs	(48,873)	(64,116)	(123,656)
Interest received	316	2,210	2,957
Proceeds from sale of fixed assets	—	—	363
Net cash used in investing activities	(170,125)	(187,206)	(594,594)
Cash flows from financing activities			
Repayment of borrowings	(25,000)	—	(20,833)
Share issue costs	—	—	(2,300)
Loan received	—	—	150,000
Capital element of finance leases	(14,162)	—	(10,800)

CONSOLIDATED STATEMENT OF CASH FLOWS

	6 months ended 31st December 2011 (unaudited) £	6 months ended 31st December 2010 (unaudited) £	12 months ended 30th June 2011 (audited) £
Net cash used in financing activities	(39,162)	—	116,067
Net decrease in cash and cash equivalents	(38,460)	(8,511)	(53,882)
Cash and cash equivalents at beginning of the period	321,133	375,015	375,015
Cash and cash equivalents at the end of the period	282,673	366,504	321,133

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £	Share premium £	Other reserves £	Profit and loss account £	Total equity £
Balance at 1st July 2010	297,908	—	18,396	1,095,695	1,411,999
Profit for the period	—	—	—	100,845	100,845
Balance at 31st December 2010	297,908	—	18,396	1,196,540	1,512,844
Shares issued	19,304	91,696	—	—	111,000
Share issue expenses	—	(2,300)	—	—	(2,300)
Loss for the period	—	—	—	(33,931)	(33,931)
Balance at 30th June 2011	317,212	89,396	18,396	1,162,609	1,587,613
Profit for the period	—	—	—	210,003	210,003
Balance at 31st December 2011	317,212	89,396	18,396	1,372,612	1,797,616

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS AND GENERAL INFORMATION

IPPlus PLC is the Group's ultimate parent company and is a public limited company domiciled in England and Wales (registration number 3869545). The Company's registered office, which is also its principal place of business, is Melford Court, The Havens, Ransomes Europark, Ipswich IP3 9SJ. The Company's ordinary shares are traded on the Alternative Investment Market of the London Stock Exchange. The Group's consolidated interim financial statements (the "interim financial statements") for the period ended 31st December 2011 comprise the Company and its subsidiaries (the "Group").

The Company operates principally as a holding company. The main subsidiaries are engaged in the provision of a 24 hours a day, 7 days a week out of hours and overflow telephony service, the development and sale of call centre contact relationship management software and the provision of secure storage and destruction of documents.

The interim financial statements are presented in pounds sterling (£), which is also the functional currency of the parent company.

2. BASIS OF PREPARATION OF FINANCIAL INFORMATION

These interim financial statements are for the six months ended 31st December 2011. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30th June 2011.

The financial information for the year ended 30th June 2011 set out in these interim financial statements does not constitute statutory accounts as defined by Section 434 of the Companies Act 2006. The Group's statutory financial statements for the year ended 30th June 2011 have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain statements under Section 498(2) or Section 498(3) of the Companies Act 2006.

These interim financial statements are based on the recognition and measurement principles of applicable International Financial Reporting Standards in issue as adopted by the European Union and have been prepared under the historical cost convention.

The accounting policies adopted are consistent with those utilised in the financial statements for the year ended 30th June 2011 and have been applied consistently throughout the Group for the purposes of preparation of these interim financial statements.

3. SEGMENTAL INFORMATION

IPPlus PLC operates three business sectors, Ansaback, CallScripter and Ancora Solutions. The revenue and operating profit/(loss) of each business sector is summarised below:

Business segments	Ansaback	CallScripter	Ancora	Group
	£	£	£	£
6 months to				
December 2011				
Revenue	2,465,955	572,127	333,221	3,371,303
Segment result	274,439	(72,674)	(19,172)	182,593
12 months to				
June 2011				
Revenue	3,948,184	955,775	342,111	5,246,070
Segment result	264,677	(240,342)	13,753	38,088
6 months to				
December 2010				
Revenue	2,058,612	443,007	—	2,501,619
Segment result	209,987	(140,910)	—	69,077

4. TAXATION

Income tax

During the period the Group received a tax credit amounting to £27,044 relating to a repayment arising from a Research and Development claim for the period to June 2010.

Deferred tax

During the period the provision for Deferred Taxation was decreased by £3,000.

	6 months ended 31st December 2011 (unaudited) £	6 months ended 31st December 2010 (unaudited) £	12 months ended 30th June 2011 (audited) £
Liability on capitalised assets	3,000	(2,000)	(4,000)
Prior year income tax receipt	27,044	31,558	31,558
Tax credit	30,044	29,558	27,558

NOTES TO THE INTERIM FINANCIAL STATEMENTS

5. EARNINGS PER SHARE

The calculation of the earnings per share is based on the profit after taxation added to reserves divided by the weighted average number of ordinary shares in issue during the relevant period. No diluted profit per share is shown because all options are non-dilutive.

	6 months ended 31st December 2011 (unaudited)	6 months ended 31st December 2010 (unaudited)	12 months ended 30th June 2011 (audited)
Profit after taxation added to reserves	£210,003	£100,845	£66,914
Weighted average number of ordinary shares in issue during the period	31,721,178	29,790,743	30,646,984
Basic and diluted earnings per share	0.66p	0.34p	0.22p

6. PURCHASE OF ANCORA SOLUTIONS

On 21st January 2011 the Company purchased, via its main operating subsidiary IPPlus (UK) Limited, the business, assets and goodwill of Ancora Solutions Limited for a consideration of £474,000.

Of the amount paid, £279,000 was settled in cash on completion; £84,000 was deferred and will be paid in cash over a period of 42 months, while the balance was settled through the issue of 1,930,435 ordinary 1p shares in the Company issued at a price of 5.75p per share.

7. AVAILABILITY OF INTERIM STATEMENT

Copies of this interim statement are being sent to the Company's shareholders and will also be available from the Company's head office at Melford Court, The Havens, Ransomes Europark, Ipswich, Suffolk IP3 9SJ. A copy is also available to download on the corporate news page of the Group website at www.ipplusplc.com.

COMPANY INFORMATION

Directors:	Philip John Dayer	Chairman
	William Alexander Catchpole	Chief Executive Officer
	Geoffrey Forsyth	Chief Technical Officer
	Robert Stuart McWhinnie Gordon	Chief Financial Officer
	Bernard Joseph Waldron	Non Executive Director

Secretary: Robert Stuart McWhinnie Gordon BA FCMA CGMA

Company registration number: 3869545

Registered office: Melford Court
The Havens
Ransomes Europark
Ipswich
Suffolk IP3 9SJ

Nominated Advisers and Brokers: Nplus1 Brewin LLP

Registrars: Capita Registrars Limited

Solicitors: Fasken Martineau LLP

Bankers: NatWest Bank PLC
Barclays Bank PLC

Auditors: Grant Thornton UK LLP

Interim financial statements available at: www.ipplusplc.com





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