IPPLUS PLC

INTELLIGENT PROFESSIONAL SOLUTIONS

INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2012

AIM STOCK CODE: IPP

IPPLUS PLC

FINANCIAL HIGHLIGHTS

	6 months ended 31 December 2012 (unaudited) £	6 months ended 31 December 2011 (unaudited) £	12 months ended 30 June 2012 (audited) £
Revenue	**4,058,279**	3,371,303	6,748,159
Profit before taxation	174,732	179,959	330,665
Profit after taxation	186,142	210,003	408,096

- Revenues increased by £686,976 (20%) compared to the corresponding prior year period
- Ansaback division continues to win new fixed seat business, revenue up by 15% on prior year period
- CallScripter secures important international contracts increasing revenue by 27%
- IP3 Telecom achieves level 1 credit card compliant solution with PCI-PAL
- Ancora Solutions revenue improves after successful contract wins, up 52% on prior year period
- Profit before taxation, after non-recurring costs of £71,252, was £174,732 (2011: £179,959)
- Net cash of £445,557 as at 31 December 2012 (30 June 2012: £317,350)

Further enquiries:

William Catchpole   Chief Executive Officer
Stuart Gordon   Chief Financial Officer
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CHAIRMAN'S STATEMENT

Financial Summary

Notwithstanding a difficult economic backdrop, the Group has successfully grown its revenue and developed new business over the six month period to 31 December 2012.

Ansaback has made progress in a highly competitive space with a shift to increasing numbers of fixed seats which, whilst beneficial in certain aspects, puts the margins under pressure.

CallScripter has similarly made good progress and has seen more business opportunities via reseller channels to overseas clients which represent the majority of the sales increases.

IP3 Telecom has made steady progress and successfully launched its PCI-PAL credit card solution, which significantly reduces the risk of credit card fraud. PCI-PAL has achieved full level one accreditation from the Payment Card Industry Security Standards Council governed by the world's major payment card companies. Ansaback clients use the IP3 network platform to enhance services and provide primary disaster recovery functions. We anticipate continued growth from this division having invested heavily in PCI-PAL's development over the period.

Ancora Solutions showed a substantial improvement against its corresponding period in 2011 by winning new clients and completing several large archive moves. Furthermore, the pipeline of tenders and contracts is encouraging.

Overall the Group has continued its forward momentum and generated a profit before taxation for the six months to 31 December 2012 of £174,732 (December 2011: £179,959). This was achieved on increased revenue of £4,058,279 (December 2011: £3,371,303). The result would have shown a marked improvement over the prior period but was impacted by £71,252 of non-recurring PCI development costs.

Business Summary

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

The Group now trades under five trading styles namely Ansaback, IP3 Telecom incorporating PCI-PAL, 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.

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.

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 on-going maintenance costs.

PCI-PAL is a hosted level one compliant credit card solution which enables customers to directly enter credit card details using their telephone keypad, significantly reducing the risk of credit card fraud.

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.

IPPLUS PLC

CHAIRMAN'S STATEMENT

Review of Operations

Revenue comparison for the six months to 31 December 2012

	2012 Revenue	2012 Increase	2012 %	2011 Revenue
Ansaback	£2,824,627	£358,672	+15%	£2,465,955
CallScripter	£726,964	£154,837	+27%	£572,127
Ancora	£506,688	£173,467	+52%	£333,221
Group	**£4,058,279**	**£686,976**	+20%	**£3,371,303**

Ansaback

- Ansaback revenue increased by 15% compared to the six months to December 2011
- Fixed seat business increased by 146% from £428,000 to £1,052,000
- Billable minutes decreased 19% from 2,732,506 to 2,212,677
- PCI-PAL Level 1 PCI DSS certification achieved - first banking customer signed

As a result of more fixed seat demand, there has been a substantial increase in revenue from this sector.

A split of the Ansaback call centre revenue is shown below:

Call centre revenue

Last year's increase in the number of available agent positions has allowed us to compete more effectively for larger enquiries, usually incorporating further fixed seat services. The larger client business tends to have a longer incubation period before going live in the call centre than the previously more traditional billable minute clients.

Telecoms, DRTV, R/etail and Charity sectors continue to be strong with a more difficult economic environment contributing to an increase in client movement, as businesses both in-source and out-source additional work.

Internal reporting and new product development have become increasingly important, with PCI-PAL and other recent communication advances enabling Ansaback to compete effectively in a more security conscious market.

Having achieved Level 1 compliance to the Payment Card Industry Data Security Standard ("PCI DSS") status with the PCI-PAL product in August 2012, IP3 Telecom is now one of only five UK hosted telecoms providers offering an agent assisted payment solution. This has resulted in exposure to new markets with new business won in the period in both the payments and banking sectors.

With PCI Level 1 compliance adding an additional service offering, IP3 Telecom is now well positioned to compete in many sectors. A sales focus on the Payment Card Industry ("PCI") sector has been evident as we work to capitalise on the early mover advantage in the PCI space.

CallScripter

CallScripter revenue continues to show solid growth with the division growing by 27% compared with the same period last year.

The Original Equipment Manufacturer collaboration with Interactive Intelligence has been renegotiated for their new 4.0 Dialler release. It is expected that this will increase the royalty revenues we receive for the core software product that we supply. Our close relationship also continues to grow with increasing sales across the US and EMEA (Europe, Middle East and Asia) territories, a particular highlight being a joint win to one of the largest worldwide outsourcers.

As we further develop our relationship with Genesys, CallScripter has been successful in winning a joint bid with Tieto Deutschland GmbH, a €2Bn revenue European systems integrator and one of Genesys' leading partners worldwide, to one of the largest central European banks.

We also continue to see growth from existing clients with the revenue split between direct and channels now running at approximately 50:50.

CallScripter (continued)

The market remains challenging but the expanded partner team has struck additional partner deals in North and South America, plus further expansion across Europe, which will continue to add momentum.

CallScripter's relationship with eLoyalty, the gold certified US Cisco partner where we enrich their desktop environment with our world class scripting solution, continues to progress well and be led by the flagship joint installation at one of the US's largest insurance companies. This project has now been in full production for just under a year.

Ancora Solutions

Ancora Solutions revenues have increased by 52% compared with the same period last year. This is based on an increase in removals and new archiving business from the Public Sector following on from the implementation of our new Electronic Document Management system. We are now able to offer digital and digital hybrid offerings. The Directors believe that Ancora's success is based on working closely with business managers, covering factors such as information security and regulatory demands.

The increase in our sales has been primarily driven from within the specialist removals sector, where two large national tenders were won and completed.

International removals continue to show progress and we expect to develop this throughout the second half of the year. The pipeline across all sectors looks strong and repeat business from our customers has increased significantly.

Dividend

In line with precedent the company will not be declaring an interim dividend.

Outlook

The Board is pleased with the Group's development in the six months to 31 December 2012 which was achieved in difficult business conditions. The Board looks forward to reporting further progress.

Philip Dayer
Chairman
8 February 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	6 months ended 31 December 2012 (unaudited) £	6 months ended 31 December 2011 (unaudited) £	12 months ended 30 June 2012 (audited) £
Revenue	3	**4,058,279**	3,371,303	6,748,159
Cost of sales		**(2,343,991)**	(1,683,221)	(3,838,766)
Gross profit		**1,714,288**	1,688,082	2,909,393
Administrative expenses		**(1,531,167)**	(1,505,489)	(2,568,473)
Operating profit	3	**183,121**	182,593	340,920
Finance income		**40**	316	1,428
Finance costs		**(8,429)**	(2,950)	(11,683)
Profit before taxation		**174,732**	179,959	330,665
Income tax credit	4	**11,410**	30,044	77,431
Profit and total comprehensive income attributable to equity holders of the parent company		**186,142**	210,003	408,096
Basic and diluted earnings per share	5	**0.59p**	0.66p	1.29p

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31 December 2012 (unaudited) £	31 December 2011 (unaudited) £	30 June 2012 (audited) £
ASSETS			
Non-current assets			
Land	**52,832**	52,832	52,832
Plant and equipment	**451,671**	456,299	445,284
Other intangible assets	**535,837**	530,546	544,739
Investment in joint venture	**-**	40	-
Deferred taxation	**280,000**	280,000	280,000
Non-current assets	**1,320,340**	1,319,717	1,322,855
Current assets			
Trade and other receivables	**1,456,866**	1,264,289	1,446,078
Current tax assets	**-**	-	55,387
Cash and cash equivalents	**499,724**	282,673	396,517
Current assets	**1,956,590**	1,546,962	1,897,982
Total assets	**3,276,930**	2,866,679	3,220,837
LIABILITIES			
Current liabilities			
Trade and other payables	**(835,133)**	(783,917)	(916,660)
Current portion of long-term borrowings	**(108,715)**	(85,992)	(101,970)
Current liabilities	**(943,848)**	(869,909)	(1,018,630)
Non-current liabilities			
Long term borrowings	**(86,231)**	(130,744)	(130,088)
Deferred taxation	**(65,000)**	(68,410)	(76,410)
Non-current liabilities	**(151,231)**	(199,154)	(206,498)
Total liabilities	**(1,095,079)**	(1,069,063)	(1,225,128)
Net assets	**2,181,851**	1,797,616	1,995,709
EQUITY			
Equity attributable to shareholders of the parent			
Share capital	**317,212**	317,212	317,212
Share premium	**89,396**	89,396	89,396
Other reserves	**18,396**	18,396	18,396
Profit and loss account	**1,756,847**	1,372,612	1,570,705
Total equity	**2,181,851**	1,797,616	1,995,709

CONSOLIDATED STATEMENT OF CASH FLOWS

	6 months ended 31 December 2012 (unaudited) £	6 months ended 31 December 2011 (unaudited) £	12 months ended 30 June 2012 (audited) £
Cash flows from operating activities			
Profit after taxation	**186,142**	210,003	408,096
Adjustments for:			
Depreciation	**103,012**	73,348	164,015
Amortisation of intangible assets	**87,301**	76,489	133,802
Interest income	**(40)**	(316)	(1,428)
Interest expense	**1,563**	1,672	4,492
Interest element of finance leases	**5,180**	1,278	3,819
Other interest	**1,686**	-	3,372
Income taxes received	**-**	(27,044)	(82,431)
Deferred tax provision	**(11,410)**	(3,000)	5,000
Profit on sale of associate	**-**	-	39,960
Profit on sale of fixed assets	**-**	-	(100)
Decrease/(increase) in trade and other receivables	**31,361**	(311,853)	(524,454)
(Decrease)/increase in trade and other payables	**(19,021)**	134,520	192,737
Decrease in inventories	**-**	3,636	3,636
Cash generated from operations	**385,774**	158,733	350,516
Income taxes received	**-**	27,044	27,044
Interest paid	**(1,563)**	(1,672)	(4,492)
Interest element of finance leases	**(5,180)**	(1,278)	(3,819)
Net cash generated from operating activities	**397,031**	182,827	369,249
Cash flows from investing activities			
Purchase of property, plant and equipment	**(76,736)**	(121,568)	(63,795)
Acquisition of Ancora business	**(12,000)**	(12,000)	(24,000)
Capitalisation of development costs	**(78,399)**	(48,873)	(120,378)
Interest received	**40**	316	1,428
Proceeds from sale of fixed assets	**-**	-	100
Net cash used in investing activities	**(167,095)**	(182,125)	(206,645)
Cash flows from financing activities			
Repayment of borrowings	**(25,000)**	(25,000)	(50,000)
Capital element of finance leases	**(83,729)**	(14,162)	(37,220)
Net cash used in financing activities	**(108,729)**	(39,162)	(87,220)
Net increase/(decrease) in cash and cash equivalents	**103,207**	(38,460)	75,384
Cash and cash equivalents at beginning of the period	**396,517**	321,133	321,133
Cash and cash equivalents at end of the period	**499,724**	282,673	396,517

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital £	Share Premium £	Other Reserves £	Profit and loss Account £	**Total Equity £**
Balance at 1 July 2011	317,212	89,396	18,396	1,162,609	**1,587,613**
Profit for the period	-	-	-	210,003	**210,003**
Balance at 31 December 2011	317,212	89,396	18,396	1,372,612	**1,797,616**
Profit for the period	-	-	-	198,093	**198,093**
Balance at 30 June 2012	317,212	89,396	18,396	1,570,705	**1,995,709**
Profit for the period	-	-	-	186,142	**186,142**
Balance at 31 December 2012	317,212	89,396	18,396	1,756,847	**2,181,851**

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 AIM Market of the London Stock Exchange. The Group's consolidated interim financial statements (the "interim financial statements") for the period ended 31 December 2012 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 31 December 2012. 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 30 June 2012.

The financial information for the year ended 30 June 2012 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 30 June 2012 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 30 June 2012 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 2012				
Revenue	2,824,627	726,964	506,688	4,058,279
Segment result	230,084	(55,765)	8,802	183,121
12 months to June 2012				
Revenue	4,917,176	1,183,283	647,700	6,748,159
Segment result	531,067	(93,714)	(96,433)	340,920
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

4. Taxation

	6 months ended 31 December 2012 (unaudited) £	6 months ended 31 December 2011 (unaudited) £	12 months ended 30 June 2012 (audited) £
Liability on capitalised assets	**11,410**	3,000	(5,000)
Prior year income tax receipt	-	27,044	82,431
Tax credit	**11,410**	30,044	77,431

Deferred tax

During the period the provision for Deferred Taxation was decreased by £11,410.

Income tax

The prior year income tax receipts relate to Research and Development claims repaid by HMRC.

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 31 December 2012 (unaudited)	6 months ended 31 December 2011 (unaudited)	12 months ended 30 June 2012 (audited)
Profit after taxation added to reserves	**£186,142**	£210,003	£408,096
Weighted average number of ordinary shares in issue during the period	**31,721,178**	31,721,178	31,721,178
Basic and diluted earnings per share	**0.59p**	0.66p	1.29p

6. Availability of interim statement

Copies of this interim statement will 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 Broker:	N+1 Singer	
Registrars:	Capita Registrars Limited	
Solicitors:	Faegre Baker Daniels LLP	
Bankers:	National Westminster Bank PLC Barclays Bank PLC	
Auditors:	Grant Thornton UK LLP	
Interim financial statements available at:	www.ipplusplc.com	

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