INVU:

ANNUAL REPORT & ACCOUNTS 2009

"I can't think of a business that wouldn't benefit from using Invu"
Edmund Wink, Marketing Director Peak Drink Dispense Ltd

"I estimate an instant saving of £300 per month on those printing and postage costs alone. I'm confident we'll more than see a return on our investment"
Terry Smith IT Manager, Floyd Automatic Tooling

"In the relatively short time we have been using Invu, the school's administrative department has already seen significant benefits"
Lorraine Baker, Business Manager,
Headlands School and Community Science College

" I would recommend Invu as it's the only EDM application I know that is so flexible regarding integration with other products. Invu is not just about document management / control. It allows the information to be integrated to all business processes and ensures the information is not only accessible but any appropriate actions are carried out and logged."
Nottinghamshire Enterprises

"As a company we need to be focused on sales and front-of-house, driving new business and delivering a quality service to our customers. Now we know that Series 6 is answering our filing and retrieval needs so well, we have been able to devote more time to business development whilst reducing our billing time.
It's an ideal situation!"
Kevin Tasker, Managing Director, Railbookers

INVU PLC

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 JANUARY 2009

SORTED

DIRECTORS AND ADVISORS
For the year ended 31 January 2009

Directors:	D Goldman (Non-executive chairman) C Gallick J V Halestrap T P Maxfield (Non-executive) B Fisher (Non-executive)
Secretary:	JC Agostini FCA
Registered Office:	The Beren, Blisworth Hill Farm Stoke Road Blisworth NORTHANTS NN7 3DB
Auditors:	BDO Stoy Hayward LLP Registered auditors Chartered accountants 55 Baker Street LONDON W1U 7EU
Solicitors:	(UK) Addleshaw Goddard LLP 150 Aldersgate Street LONDON EC1A 4EJ (USA) Hunton Williams LLP 1445 Ross Avenue Suite 3200 DALLAS TEXAS 75202
Bankers:	Bank of Scotland plc 55 Temple Row BIRMINGHAM B2 5LS

DIRECTORS AND ADVISORS
For the year ended 31 January 2009

Nominated advisor and broker:	Arburthnot Securities Limited Arburthnot House 20 Ropemaker Street LONDON EC2Y 9AR
Registrars:	Capita IRG Plc The Registry, 34 Beckenham Road Beckenham KENT BR3 4TU
Public Relations:	Financial Dynamics Limited Holborn Gate 26 Southampton Buildings LONDON WC2A 1PB

FINANCIAL STATEMENTS
For the year ended 31 January 2009

INDEX

CHAIRMAN'S STATEMENT

This financial year has been extremely challenging and our performance has been disappointing, leading the Board to initiate a series of significant changes. The Group has struggled to resolve issues relating to its receivables, and has suffered from the knock on effects of this issue; the main one being a serious negative impact on operating cash flow.

We have taken several steps to stabilise the Group's financial position, most of which we announced in December. They include the recruitment of Colin Gallick as CEO to replace David Morgan, the Group's founder; a strategic review of the sales and business model of the Group; and changes to the way in which the Group engages with its channel partners, including the complete eradication of the use of stock as part of our sales strategy. In addition, the Group has reduced overhead levels by about 20% to bring its operations in line with its current trading position. This has stemmed the significant cash outflows caused by a combination of the stagnation of our debtors, and a drop in the levels of new business experienced last autumn, as the macro-economic environment weakened.

These steps are the beginning of a process to restore the Group to profitability and to being cash flow positive. We expect that further changes will be made as the strategy of the business evolves.

On a more positive note, we have seen trading gradually improve over the last few months with consistent product and InvuCare deployments during the current financial year ending 31 January 2010. Our market share in certain key verticals, such as accountancy, continues to grow steadily. These encouraging signs help to restore confidence in our ability to grow the business, and crucially we maintain a high renewal rate for InvuCare, our maintenance and software assurance. In addition, our Series 6 product which had been the source of some of our difficulties is now in good shape giving both our partners, and indeed our employees, greater confidence in the Group.

Board changes

I would like to take this opportunity to thank Bernard Fisher who stepped into the role of interim CEO at short notice. Everyone connected to the Group has benefited from Bernard's positive contribution, stabilising the Group during this turbulent period. I would like to thank David Morgan, who has recently left the Group and stepped down from the Board and John Agostini who resigned in July 2009 and will leave the Group in September 2009.

In the last months we have taken steps to strengthen the management team and position Invu better for the next phase of its development. I am very pleased with our recent CEO appointment. Colin Gallick is an experienced channel executive having worked for companies ranging from an international leader such as Compaq, and also playing a leading role in various successful growth companies like Utopia, Witness Systems, and GuardedNet. The bulk of Colin's experience is in sales and marketing and I am pleased to say that our employees and business partners have responded positively to his appointment.

The bedrock of the Group's survival has been its employees and I want to thank them for their continued support. Their loyalty has been a constant throughout and has given me the encouragement and confidence to remain excited about our long term prospects.

Daniel Goldman

Non Executive Chairman

31 July 2009

CHIEF EXECUTIVE'S STATEMENT

Introduction

I am very excited at the opportunity to manage Invu and I have found employees, management and partners excited about the future of the Group. While I do not under-estimate the task ahead, I am very encouraged by the platform in place. I would like to thank current and past management and employees of the Group for their loyalty and dedication and look forward to the task ahead.

While still too early to make any real predictions, my ambitions for Invu are high, and what I have found so far suggests that a strong product and team are in place to help me realise the Group's goals.

The trading performance for the year ended 31 January 2009 was very disappointing; I am anticipating that the new revenue business model implemented on 1 February 2009 will provide us with greater financial and operational clarity. My first task of getting to know all of the employees and partners is all but complete, and I will be making every effort to understand the expectations of all of our stakeholders, and in particular our investors.

Financial Performance

The year to 31 January 2009 resulted in a reduction in turnover and significant losses incurred. In addition, the balance sheet was weakened as a result of a further deterioration in our debtor position. All of this led to the changes initiated by the Board in December, some of which are ongoing, and have been described in the Chairman's statement above. There are already signs that the new sales strategy and reduced operating costs are aiding the Group's recovery.

Turnover for the year was £3.36m (2008: £8.71m), and reflects the impact of the economy on our customer base and the continued problems with Series 6 in H1. The revenue recognised in the current year includes £0.85m, which was subsequently provided in full and was charged in administrative expenses. Recognised recurring revenues from InvuCare increased to £1.64m in the year ended 31 January 2009, compared to £1.47m in the previous year.

Gross profit margin was 91.4% (2008: 96.6%). The reduction is purely attributable to the fixed element of cost of sales being a much higher percentage of the reduced turnover in the year. As turnover increases (even modestly), we would expect the gross margin to approach previous levels.

Technical and support expenditure, which includes research and un-capitalised development, discussed in note 5 on page 35, technical support and professional services, was £1.38m for the year (2008: £0.89m). It remains the Group's policy to direct research and development according to the needs of the market. After a period of difficulties from the initial release of Series 6, significant investment has brought the product to a position where it is robust and reliable and has now been strongly welcomed into the market as a leading document management product. As a result, the development team can now devote significantly more effort on specific market orientated projects such as "Invu for Accountants" and "Invu for Enterprise". The foundations for the next generation of Invu software are also being laid.

Sales and marketing expenditure increased by 6% to £1.93m (2008: £1.82m). The significant reduction in turnover for the year meant that sales costs rose to 57% of turnover (2008: 21%). Approximately half of this increase is attributable to the strategies relating to Ergo, in addition to various marketing activities relating to our core products. Going forward all of the sales and marketing activities will be directed to our core products and the support of our partner channel. As recently announced, David Morgan is pursuing a new venture focused on developing the opportunities around Invu's Ergo technology, and as a result will be licensing the technology from Invu, including a royalty arrangement, as well as supporting Ergo customers on an ongoing basis. As with every area of the business, future costs will be commensurate with anticipated turnover levels.

General and administrative expenses, excluding debt provisions were £2.10m (62% of turnover). This compares with £2.33m (27% of turnover) excluding restructuring costs and debt provisions for the previous year.

CHIEF EXECUTIVE'S STATEMENT

Loss before tax excluding debt provisions and restructuring costs for the year ended 31 January 2009 amounted to £2.55m (2008 profit of £3.42m). This figure is extremely disappointing and relates to operating losses incurred as a result of lower than expected turnover due to continued problems with Series 6 in the first half and the effects of the global slowdown in the second half. Most significantly, the £7.04m of debt provisions has resulted in a loss before tax of £9.59m. The post tax loss for the year is £8.83m (2008: profit £0.99m) and loss per share is (7.89)p (2008: earnings per share 1.07p).

The Group's balance sheet was weakened by significant cash out flows, particularly in the second half. The Group secured a revolving working capital facility of £0.75m from its bankers in September 2008 which has provided the Group with the cash to work through this difficult period. On 26 May 2009, the Company announced that it had entered into an agreement with one of its substantial shareholders, Tyne & Wear Holdings Limited ("**Tyne & Wear**"), pursuant to which Tyne & Wear has agreed to provide a term loan facility of up to £0.5 million and on 23 July 2009, Invu announced that, subject to shareholder approval, it proposes to raise an aggregate of £1.5 million through a placing of 50 million new Ordinary Shares at a price of 2 pence per share and the issue of Convertible Loan Notes. In addition, the Company has agreed in principle, the terms of a £0.5 million secured loan with Shore Capital Limited, acting as the investment manager of the Puma Venture Capital Trusts. Further details relating to these fundraising initiatives are available separately in the announcements mentioned above. Net cash outflow from operating activities was £2.25m (2008: £2.34m) and is consistent with the pre tax loss for the year before depreciation and exceptional debt provisions. Purchase of intangible assets of £0.54m, taxation payments of £0.20m and repayments to US shareholders of £0.14m contributed to a net decrease in cash and cash equivalents of £3.21m (2008: increase of £0.40m).

The debtor position has been substantially reduced through the provisioning of debts that were either old or deemed to be in doubt. This has given rise to a trade debtor position as at 31 January 2009 of £1.01m (2008: £10.80m). The Group has undertaken a review of its sales processes, leading to a change in the revenue business model which modifies the way Invu interacts with its resellers as from 1 February 2009.

The Board will not be recommending the payment of a final dividend.

Trading

This year has been very challenging for trading. Total sites grew to 4,208 and total seats deployed were almost 83,000 at 31 January 2009. During the year, the Group sold software to 508 new sites (2008: 727) installing a total of 10,928 new seats (2008: 17,635). Repeat sales continue to be an important source of revenue with sales to 387 existing customer sites (2008: 427 sites).

The Group has accredited 32 new resellers (2008: 47) during the year and at 31 January 2009 our reseller base stood at 188 (2008: 166). We are currently reviewing the entire channel strategy with a view to focusing more closely on our most successful partners, and also introducing additional partners in specific vertical sectors.

InvuCare recurring revenue represents a significant proportion of invoiced sales, and increased during the year ended 31 January 2009 by nearly 12% to £1.64m (2008: £1.47m). This equates to an 82% renewal rate (2008: 77%) and is directly attributable to the significant improvements to Series 6 during the year.

As a result of the downturn in trading and the level of debtors, we initiated a cost reduction programme across all departments in the fourth quarter of the year. This exercise resulted in a 20% reduction in overheads. Most of these savings were achieved through staff redundancies and a thorough review of all other costs. We are closely looking at all areas of the business to make sure that we are investing only in our core business activities which can form the base of our future growth and return to profitability. The anticipated influx of funds from the various fundraising announcements mentioned above will be key to the Group's recovery and growth plans.

CHIEF EXECUTIVE'S STATEMENT

Sales and Marketing and Channel Management

There have been several changes to sales and marketing processes during the year. The most key of these has been to stop any forms of stock sales to the channel. This form of business had in the early years proved a successful method for developing new partners, giving them strong incentives to sell the product by selling amounts of stock at larger discounts, and then actively helping them to sell this on to their customers. Over the last two years this has become a much larger part of our business, and, in particular, immediately prior to, and following, the launch of Series 6.

The well documented problems following the release of Series 6 led to a position that had become unmanageable, leaving the Group with a very high level of debtors across a number of our channel partners. In spite of attempts to do so, the Group was unable to reduce this and consequently this has created severe knock-on effects within the Group, the key one being significant cash out flow weakening its balance sheet.

Radical action has now been taken with the Group eradicating this policy totally, and also making a change to the accounting policy in recognition of this change as from 1 February 2009. In addition, the remuneration policy with regards to both our sales executives and also our channel partners has been changed to incentivise purely against sales by our partners to their customers, rather than sales made by Invu to its channel partners. This has had a dramatic affect on the number of recognised sales in the financial year, and is coupled with a broader review of the relationship we have with our partners. The results of that review have led to a series of actions that are being introduced gradually to our partners, facilitated by a period of dialogue, both inside the Group, but crucially also with our key partners.

We have also restructured the channel to allow for our senior partners to be more differentiated in the market, based on their technical and vertical skill set. To that end, we have recently launched Invu for Accountants, which is a more specific version of our core product with integration into the IRIS Practice Management suite. This is the first of several similar initiatives looking to consolidate the various verticals where we already have a strong position, and extend into new verticals where we feel we have a compelling market proposition. In addition, where appropriate, we are hiring selectively in order to address the geographic gaps in our sales team.

I will be working on a more detailed sales and marketing plan, integrated with our product road map in the coming weeks, and expect to give a more in depth presentation by the time of our interim results.

Our main overseas market is still the Netherlands where we continue to work through Bell Micro as the senior distributor. We are reviewing the structure of the Dutch sales operation and expect to make further announcements about this later in the year.

Product Development

During the year we have continued to solve problems relating to Series 6, and the majority of these have been resolved to the satisfaction of the channel and the customers. There remain some open issues relating to the migration from version 5.4 to 6, but these are also gradually being mitigated.

During the year the team continued to develop the Ergo products, although this has now been discontinued as part of the change in focus allowing the team to create a roadmap solely in support of the core product set around Series 6.

I have made some changes to the processes relating to product management and development, creating a team consisting of our CTO, Stuart Evans, Product Manager, Mark Palmer, and Chief Architect John Rippington, who now take full responsibility for the execution of the Group's strategy with respect to future developments of the product.

CHIEF EXECUTIVE'S STATEMENT

Strategy

Having undertaken a review of the business and its opportunities, I now have some clear strategic priorities. These are to re-engage with existing successful partners, dominate existing verticals, attack new verticals, extend into the "M" of SME and return to market-driven innovation.

Current trading

Product deployments for the first quarter of the current year are broadly in line with expectations with 2,532 seats deployed (Q1 2008: 2,463). The improvements to Series 6 have contributed to InvuCare renewals also being at anticipated levels. The overhead reductions made in the fourth quarter of the year ended 31 January 2009 now provide a stable cost base from which to grow the business in line with the strategy outlined above. Following the debt provisions made at the year end, the changes to our sales processes, and the revised business model, debtor days have been reduced significantly.

Outlook

Much work remains to be done to complete a comprehensive business plan, although certain things are already clear:

- We must re-engage more positively with our channel partners to give them fuller support in their efforts to grow their businesses. Some of the other problems in the business have side-tracked us away from this primary role.
- We must focus on our core mission which is a document management Group selling to SMEs through partner channels.
- We must continue to improve the quality of our partner base, looking towards larger partners with more of a "business solution" focus. This is not to replace our existing base of partners, who do a great job for us, but will allow us to penetrate markets currently closed to the Group.

Finally, I will continue the work initiated by Bernard Fisher, the interim CEO, in rebuilding the confidence of all our stakeholders in the business, as our success will rely upon the motivation and satisfaction of our employees and partners.

I am excited about the opportunities ahead of us and look forward to reporting on our continued progress in due course.

Colin Gallick

Chief Executive Officer

31 July 2009

FINANCIAL REVIEW

The year's trading performance has been disappointing. Continued problems with Series 6 in H1, the impact of the weakening macro-economic climate last autumn, and the Group's decision to eradicate the use of stock as part of our sales strategy, resulted in decreased revenues of £3.4m (2008: £8.7m). One encouraging sign was the increase in business from the accountancy sector which accounted for 25% of all new sites during the year and showed a 32% growth rate from 392 sites on 31 January 2008 to 519 sites on 31 January 2009. Our dominance in this sector bodes well for the future and this is reflected in our marketing and development plans for the year ending 31 January 2010.

Recognised recurring revenues from InvuCare remained an important feature of the business and increased by 12% to £1.64m (2008: £1.47m). The Group recognises the importance of this revenue stream, particularly in the current economic climate, and embarked on several initiatives during the year aimed at maximising the renewal of these contracts. This resulted in an 82% renewal rate for the year (2008: 77%).

Gross margins fell to 91.4% (2008: 96.6%) due to the value of the fixed element of costs on a much lower turnover.

Excluding the debt provisions of £7.04m (2008: £0.70m) and the group restructuring costs of £1.00m incurred in the previous year, operating costs increased by 11.7% to £5.63m (2008: £5.04m). The increased costs were mainly attributable to additional development and marketing costs. In Q4 of last year, as a consequence of the deteriorating economic climate and poor sales performance, the Group initiated a series of overhead cuts amounting to an annual reduction of £1.23m. These cuts were completed by the 31 January 2009 and were designed to bring operating costs in line with the Group's anticipated trading position in the following year.

Loss before tax excluding debt provisions and restructuring costs for the year ended 31 January 2009 amounted to £2.55m (2008 profit of £3.42m). When included, the £7.04m of debt provisions gives a loss before tax of £9.59m. The post tax loss for the year is £8.83m (2008: profit £0.99m) and loss per share is (7.89)p (2008: earnings per share 1.07p). In view of the losses the Board will not be recommending the payment of a final dividend.

Net cash outflow from operating activities was £2.25m (2008: £2.34m) and is consistent with the pre tax loss for the year before depreciation and exceptional debt provisions. Purchase of intangible assets of £0.54m, taxation payments of £0.20m and repayments to US shareholders of £0.14m contributed to a net decrease in cash and cash equivalents of £3.21m (2008: increase of £0.40m).

The Group's balance sheet was weakened by significant cash out flows, particularly in the second half. The Group secured a revolving working capital facility of £0.75m from its bankers in September 2008 which has provided the Group with the cash to work through this difficult period, and the Group is currently considering alternatives to strengthen the balance sheet through both debt and equity.

The debtor position has been substantially reduced through the provisioning of debts that were either old or deemed to be in doubt. This has given rise to a trade debtor position as at 31 January 2009 of £1.01m (2008: £10.80m). The Group has undertaken a review of its sales processes, leading to a change in the business model as at 1 February 2009.

The Group's website at www.invu.net contains a wide variety of information about our activities and visitors can download copies of the report and accounts as well as other materials and items of interest.

John Agostini

Group Head of Finance

31 July 2009

DIRECTORS

Executive Directors

Colin Gallick, Chief Executive Officer

Colin Gallick has 25 years experience within the software industry. Before joining Invu Plc, he was interim CEO for a number of software companies and also completed several assignments for Avaya, a leading telecommunications company, most recently integrating Ubiquity Software Corporation for them. During his career, he has guided several growth stage technology companies in preparation for their next stages of development, including acting as Chairman of Reading University Enterprise Hub. Between 2001 and 2006, Colin was CEO of SecEurope Ltd, later GuardedNet Inc, the Security Information Management vendor, where he set up the EMEA operations. GuardedNet was sold to Micromuse Inc in 2005.

Jonathan Victor Halestrap, Director of Sales and Marketing

Jonathan joined the Group in July 2000 as Director of Sales and Marketing. Prior to joining Invu, Jonathan was Northern European Business Development Manager for Motiva Limited, a global information management solutions company. In 1996, Jonathan joined the international software company Bentley Systems Limited, where he became Channel Director, prior to which he was Group Sales Director at Orchid Limited. Jonathan graduated from Coventry Polytechnic in 1984 with a Bachelor of Science degree in engineering.

Non-Executive Directors

Daniel Goldman, Non-Executive Chairman

Daniel joined the Board in May 1999 and replaced David Morgan as Chairman in 2002. He has significant experience with emerging technology companies, raising private equity finance and providing bespoke corporate finance advice. Daniel is currently Managing Director of DG Goldman Investments Limited, a provider of strategic advice and investment banking services and a director of several emerging technology companies. He is also a director of the Puma II Fund, a fund managed by the Shore Capital Group with a bias towards technology. Daniel holds a degree in Engineering and Business Administration and studied corporate finance at the London Business School.

Thomas Patrick Maxfield, Non-Executive Director

Tom joined the Board of Invu in May 1999. Between 1989 and 1997 he was a main board director of The Sage Group plc, a supplier of accounting software. His responsibilities included the development of a national reseller network, creating and maintaining telesales and field sales operations, and the creation of the Group's retail sales channel. Since leaving Sage, Tom founded Seaham Hall Limited, an independent private company set up to develop and acquire several hotel and restaurant properties of which he is a director. The businesses were sold in March 2008 to von Essen Hotels and Tom is now developing an urban day spa concept, Serenity in the City. Tom holds a Bachelor of Honours degree in Modern Languages.

Bernard Fisher, Non-Executive Director

Bernard Fisher joined the Board of Invu in June 2005. He has over 30 years experience in the IT sector, including roles within the industry and as an external advisor. Bernard is currently Chairman of Chemistry Communications the UK's largest independent Customer Relationship Marketing and Direct Marketing company. Bernard is currently executive Chairman of Casewise Systems Limited, the leading independent supplier of business process modelling and enterprise architecture software, and also Chairman of ITIM Limited a leading supplier of software solutions to retailers. Prior to that, Bernard focused on his career as an entrepreneur, starting up and providing business development advice to a range of high technology enterprises. Bernard has extensive experience of management and growth of businesses throughout Europe and the US, both organically and through acquisition. Highlights of his career include being an independent non-executive director on the board of The Sage Group plc between 1989 and 1996, and representing 3i on the board of Adaytum, sold to Cognos for $160m in 2002. The first half of Bernard's career was spent in a series of technical roles, starting with the BBC and culminating as European Technical Director for the ICL Group of companies.

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements for the year ended 31 January 2009.

Principal activity

The Company is a holding company. The Group is principally engaged in the design and sale of computer software for the electronic management of information and documents.

Business review

A more detailed review of the Group's activities is contained within the Chairman's statement, Chief Executive's statement and the Financial review on pages 1 to 6.

Results

The audited financial statements for the year ended 31 January 2009 are set out on pages 17 to 50. The Group's loss for the year after tax amounted to £8.83m (2008: profit £0.99m). In view of the loss the Board will not be recommending the payment of a final dividend.

Directors

The Directors who served during the year were as follows:

D Goldman	
D Morgan	(resigned 13 May 2009)
J C Agostini	(resigned 10 July 2009)
J Halestrap	
T P Maxfield	
B Fisher	

On 9 April 2009, Colin Gallick was appointed as a director.

Details of directors' service contracts and share options held by the directors are included within the remuneration report.

Directors' responsibilities for the financial statements

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company, for safeguarding the assets of the company, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a Directors' Report which complies with the requirements of the Companies Act 1985.

The directors are responsible for preparing the annual report and the financial statements in accordance with the Companies Act 1985. The directors are also required to prepare financial statements for the group in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market. The directors have chosen to prepare financial statements for the company in accordance with IFRSs, as adopted by the EU.

REPORT OF THE DIRECTORS

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Group's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs.

A fair presentation also requires the directors to:

- consistently select and apply appropriate accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

Financial statements are published on the Group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Group's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Employees

The Group operates recruitment and selection procedures to attract, motivate and retain the best staff regardless of race, religion, sexual orientation, age or disability. To that end it is committed to offering equal employment opportunities. The Group encourages share ownership through a share option scheme.

The Group maintains a policy of keeping all employees fully informed about its plans and progress through regular meetings, formal presentations and electronic communication. Participation by employees in the progress and profitability of the Group is encouraged, where appropriate, through bonus schemes and the Group share option scheme. Employee development is encouraged with formal staff appraisals and training programmes.

Health, safety and environmental policies

The Group recognises and accepts its responsibilities for health, safety and the environment (H,S&E) and has a dedicated team which provides advice and support in this area. The team regularly discuss the latest H,S&E issues and receive training in specific areas pertinent to the business. The team also perform internal reviews on a regular basis to ensure compliance with best practise and all relevant legislation. As a provider of document management software, the group is mindful of the positive impact our software (which is also used in-house) has on the environment, by drastically reducing the use of paper. Furthermore, as part of our marketing strategy, any leads provided by existing and potential end users are rewarded by the planting of trees in Africa at Invu's cost.

Supplier payment policy and practice

It is the Group's policy to agree terms and conditions with suppliers and to pay in accordance with them, provided the goods or services concerned have been supplied in accordance with those terms and conditions. Normal terms of payment are between 30 and 60 days. Trade payables at the period end amounted to 69 days (2008: 65 days) of average supplies for the year ended 31 January 2009.

REPORT OF THE DIRECTORS

Key performance indicators

Key performance indicators, including the management of profitability and working capital, monitored on an on-going basis by management are set out below:

Indicator	2009	2008	Measure
Turnover (£m)	3.4	8.7	
Profitability ratios			
Gross margin	91.4%	96.6%	Gross profit as a percentage of turnover
Liquidity ratio			
Current ratio	1.10	3.34	Current assets divided by current liabilities (excluding deferred income)
Other indicators			
New installed sites	508	727	
Repeat sites	387	427	
Total new seats installed	10,928	17,635	
InvuCare renewal rate	82%	77%	
Non-financial indicators			
Quality management	The Invu group operates a quality policy that has been accredited to ISO 9001 for the development and sale of products for document, content and information management.		

Auditors

The directors who held office at 31 January 2009 confirm that, so far as they are each aware, there is no relevant audit information of which the Group's Auditors are unaware and each director has taken all the steps he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Group's Auditors are aware of that information.

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the Annual General Meeting.

Post balance sheet events

Colin Gallick was appointed as the Company's Chief Executive Officer on 9 April 2009. David Morgan resigned as a Director of the Company on 13 May 2009 and John Agostini resigned as a director of the company on 10 July 2009.

The Group has gone, and is going through a re-financing process. More information is available in the Chief Executive's statement.

Annual General Meeting

The Annual General Meeting will be held at The Beren, Blisworth Hill Farm, Stoke Road, Blisworth Northants, NN7 3DB on Wednesday 26 August 2009 at 10 am. The notice of the Annual General Meeting accompanies these financial statements.

ON BEHALF OF THE BOARD

John Agostini, Secretary

31 July 2009

CORPORATE GOVERNANCE REPORT

Statement by the directors on compliance with the Combined Code

The Company is listed on the Alternative Investment Market (AIM) and is therefore not required to comply with the provisions of the 2006 Financial Reporting Council's revised Combined Code. Nevertheless the Board is committed to ensuring that proper standards of corporate governance operate throughout the Group and has followed the principles of the Code in so far as is practicable and appropriate for the nature and size of the Group.

A statement of directors' responsibilities in respect of the financial statements is set out on page 8.

The Board

The Board, comprising two Executive directors, a non-executive Chairman and two further non-executive directors, are responsible to shareholders for the overall strategy of the Group as well as considering a formal schedule of matters reserved to it. The Board meets regularly during the year, reviewing trading performance, setting and monitoring strategy and examining major capital expenditure and acquisition opportunities. The Board is supplied in a timely manner with information in a form suitable to enable it to discharge its duties. Professional advice from independent sources is available if required. All directors are subject to election by the shareholders at the first Annual General Meeting following their appointment, and to re-election thereafter at intervals of no more than three years.

Board Committees

Audit Committee

The Audit Committee comprises all of the non-executive directors, Daniel Goldman, Tom Maxfield and Bernard Fisher, and the Finance Director. Executive directors are invited to attend meetings when considered appropriate. The Committee is responsible for reviewing the half year and annual financial statements prior to submission to the Board and monitoring the Group's systems of internal control. The Committee also ensures the independence and objectivity of the external auditors and also review their remuneration and the provision of non-audit services by external auditors. Taxation and legal advice are provided to the Group by independent advisors with experience in the relevant jurisdictions.

Remuneration Committee

The Remuneration Committee is chaired by Daniel Goldman and comprises all three of the non-executive directors. When appropriate the Committee also invites the views of the Chief Executive. The Committee makes recommendations to the Board, within agreed terms of reference, on the Group's framework of executive remuneration and cost. It also determines the remuneration and benefits packages for the executive directors and any changes to their service contracts. The committee also reviews and approves the Company's share option schemes.

Nominations Committee

The Nominations Committee comprises the Chief Executive and the non-executive directors. It is responsible for making recommendations to the Board on all new appointments to the Board and considering and making recommendations as to the Board's composition and balance.

Internal control

The Board has overall responsibility for the Group's system of internal control and for reviewing its effectiveness. These systems of internal control can only provide reasonable, not absolute, assurance that no material loss or misstatement has occurred.

CORPORATE GOVERNANCE REPORT

Assessment of business risk

The Group has an ongoing process for identifying, evaluating and managing business risk. Strategic risks are regularly reviewed by the Board. Risks relating to the key activities of the Group are assessed continuously and, where necessary, mitigation strategies implemented.

Control environment

The Group's operating procedures encompass a comprehensive system for providing information, both financial and non-financial, to the Board including:

- Established organisational structure with clearly defined levels of responsibility and delegation of authority;
- Clearly defined operating guidelines and procedures with authorisation limits set at appropriate limits;
- Formal accounting policies and procedures applicable to all areas of the Group;
- Annual review of internal controls;
- Comprehensive budgeting and financial reporting systems involving review and approval of budgets by the Board, monthly monitoring of performance against these budgets and full variance analysis;
- Detailed operational procedures, that incorporate key controls, have been developed within the Group. These procedures take account of the implications of changes in law and regulations.

Shareholder relations

Invu is committed to open communication with all its shareholders and recognises the importance of maintaining a regular dialogue with shareholders to ensure that the Group's strategy and performance is understood. As an AIM quoted company, the directors continue to hold regular meetings with institutional shareholders to discuss and review the Group's activities, objectives and performance.

Communication with private shareholders is principally through the Annual General Meeting, where participation is encouraged and where the Board is available to answer questions. Shareholders are also encouraged to contact the Company directly and the directors undertake to reply to all such contacts either by telephone or e-mail with information that is within the public domain. To this end, the Group's website has a specific investor relations area with access to annual reports and other information. The website also affords the opportunity for investors and potential investors to contact the Group with any queries they may have. The Group will always use its best endeavours to respond to these requests.

Every shareholder will receive by post a full annual report each year and an interim report at the half year. Care is taken that price sensitive information is released to all shareholders, institutional and private, at the same time in accordance with London Stock Exchange requirements. The report of the Remuneration Committee has been approved by the Board of Directors for submission to shareholders for approval at the Annual General Meeting.

REMUNERATION REPORT

This remuneration report is provided on a voluntary basis.

Unaudited information

The Remuneration Committee operates within defined terms of reference and comprises the non-executive Chairman, Daniel Goldman and the other non-executive directors, Tom Maxfield and Bernard Fisher. When appropriate the Committee consults with the Chief Executive in respect of its proposals. The Committee is chaired by Daniel Goldman and meets as and when remuneration issues arise.

Remuneration policy

The policy of the Group is to ensure that executive directors are fairly rewarded for their individual contributions to the Group's overall performance and is designed to attract, motivate and retain executive directors and key staff of the right calibre. The Committee is responsible for recommendations on all elements of directors' remuneration including, in particular, basic salary, annual bonus, share options, benefits and any other incentive awards. In setting executive salaries, the Remuneration Committee considers a number of factors, such as market conditions, salaries in comparable companies in similar industries and affordability, also taking into account performance and market comparisons.

COMPONENTS OF EXECUTIVE DIRECTORS' REMUNERATION

Salary

Salaries are reviewed annually with effect from 1st February and adjustments made, if required, to reflect competitive pay levels, changes in responsibility and Group performance.

Bonuses

Executive directors are eligible to participate in an annual bonus programme, which is calculated by reference to appropriate targets. The bonus elements are on a sliding scale dependent upon the Executive directors achieving performance criteria set out by the Remuneration Committee. The criteria include targets for turnover, and net profit in line with market expectations. In addition to the formal bonus scheme, the Committee has the discretion to recommend the payment of ad hoc awards to reflect exceptional performance.

Share Options

Following the completion of the Group restructuring in December 2007, new share option schemes were approved, with options being granted to all directors and staff. The Company's share option schemes are set out in note 21 to the financial statements. The directors believe it is important to incentivise key management and employees generally by granting them options over shares in the Company to allow them to participate over time in any increase in value of the Group.

Pensions

Executives contribute to a defined contribution group personal pension scheme. As with all other employees, the Group will match executives' contributions up to a level of 2% of salary. The assets of this scheme are administered by trustees in a fund independent from those of the Group.

Other benefits

The Committee aims to provide an objective and independent assessment of all benefits granted to directors.

REMUNERATION REPORT

Service contracts

The service agreement of Colin Gallick can be terminated by himself or the Group under certain conditions within the first six months of his appointment with a six month notice period. Thereafter, the agreement can be terminated by Colin Gallick or the Group provided at least twelve months notice has been given. The service agreements of all other Executive directors can be terminated by the director or the Group provided at least six months notice has been given.

Non-Executive Directors' remuneration

The Board, based on a recommendation by the non-executive Chairman determines the remuneration of the non-executive directors. The non-executive directors do not currently participate in the various benefit schemes operated by the Group apart from share option schemes. All non-executive directors are engaged on letters of appointment, which set out their duties and responsibilities. Both the Company and the non-executive directors are required to give one months notice of termination.

Share price information

The mid-market price of the ordinary shares was 3.00p at 31 January 2009. For the year ended 31 January 2008 the market price of Invu Plc from 1 February 2008 to 31 January 2009 ranged from a low of 2.50p to a high of 34.50p.

Audited information

Directors' remuneration

The remuneration of the directors is as follows:

	Salaries and fees	Bonuses	Benefits in kind	TOTAL		PENSIONS	
				2009	2008	**2009**	2008
	£'000	£'000	£'000	**£'000**	£'000	**£'000**	£'000
David Morgan	99	10	17	**126**	188	**2**	2
John Agostini	90	5	13	**108**	155	**2**	2
Jon Halestrap	90	5	12	**107**	168	**2**	2
Daniel Goldman	15	-	-	**15**	30	**-**	-
Bernard Fisher	81	-	-	**81**	37	**-**	-
Tom Maxfield	15	-	-	**15**	15	**-**	-
	390	20	42	**452**	593	**6**	6

Share options

	Granted	Number of options	Exercise price	Exercise period
David Morgan	6 Dec 07	932,018	28.5p	6 Dec 07 to 6 Dec 17
John Agostini	6 Dec 07	727,412	28.5p	6 Dec 07 to 6 Dec 17
Jon Halestrap	6 Dec 07	727,412	28.5p	6 Dec 07 to 6 Dec 17
Daniel Goldman	6 Dec 07	150,000	28.5p	6 Dec 07 to 6 Dec 17
Tom Maxfield	6 Dec 07	50,000	28.5p	6 Dec 07 to 6 Dec 17
Bernard Fisher	6 Dec 07	50,000	28.5p	6 Dec 07 to 6 Dec 17

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF INVU PLC

We have audited the group and parent company financial statements (the ''financial statements") of Invu Plc for the period ended 31 January 2009 which comprise the consolidated income statement, the consolidated and company balance sheets, the consolidated and company cash flow statements, the consolidated statements of recognised income and expense and the related notes. These financial statements have been prepared under the accounting policies set out therein.

We have also audited the information in the Remuneration Report that is being described as audited.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report, the remuneration report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements and the part of the remuneration report marked as audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the directors' report is consistent with those financial statements. In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions are not disclosed.

We read other information contained in the annual report, and consider whether it is consistent with the audited financial statements. This other information comprises only, the Chairman's Statement, the Chief Executive's statement, the financial review, the Report of the Directors, the Corporate Governance report and the unaudited part of the Remuneration Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF INVU PLC

Opinion

In our opinion:

- the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 31 January 2009 and of its loss for the year then ended;
- the parent company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the parent company's affairs as at 31 January 2009;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

Emphasis of matter – going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 2 to the financial statements concerning the Group's ability to continue as a going concern. The matters explained in note 2 to the financial statements relating to the equity fundraising in addition to the reliance on the Group achieving an adequate level of sales in order to maintain sufficient working capital to support its activities and continue in operational existence, indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

BDO Stoy Hayward LLP

Chartered Accountants and Registered Auditors

London

31 July 2009

CONSOLIDATED INCOME STATEMENT
For the year ended 31 January 2009

	Notes	2009 £'000	2008 £'000
Continuing operations			
Revenue	4	**3,362**	8,711
Cost of sales		**(290)**	(297)
Gross profit		**3,072**	8,414
Distribution costs		**(428)**	(416)
Other administration expenses		**(5,203)**	(5,629)
Bad debts written off		**(7,038)**	(695)
Total administration expenses		**(12,241)**	(6,324)
(Loss)/profit from operations	5	**(9,597)**	1,674
Finance income	7	**21**	157
Finance costs	8	**(13)**	(109)
(Loss)/profit before income tax		**(9,589)**	1,722
Income tax credit/(expense)	9	**762**	(728)
(Loss)/profit for the year	20	**(8,827)**	994
Attributable to:			
Equity holders of the Company		**(8,827)**	994
Earnings per share			
Basic (pence per share)	10	**(7.89)**	1.07
Diluted (pence per share)	10	**(7.89)**	1.07

The accompanying accounting policies and notes on pages 23 to 50 are an integral part of these consolidated financial statements.

STATEMENT OF RECOGNISED INCOME AND EXPENSE
For the year ended 31 January 2009

	Notes	2009 £'000	2008 £'000
Exchange differences arising on translation of foreign currency net investments	20	**125**	(55)
Reversal of deferred tax asset previously recognised	20	**-**	(111)
Net gain/(loss) recognised directly in equity		**125**	(166)
(Loss)/profit for the year	20	**(8,827)**	994
Total recognised (expense)/income for the year		**(8,702)**	828
Attributable to:			
Equity holders of the Company		**(8,702)**	828

The Company did not have any other income or expense other than the loss for the year.

The accompanying accounting policies and notes on pages 23 to 50 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET
As at 31 January 2009

	Notes	2009 £'000	2008 £'000
Non-current assets			
Other intangible assets	11	**951**	835
Property, plant and equipment	12	**377**	468
Deferred tax asset	18	**244**	279
		1,572	1,582
Current assets			
Inventories	14	**184**	258
Trade and other receivables	15	**2,098**	11,032
Cash and cash equivalents		**-**	2,569
		2,282	13,859
Total assets		**3,854**	15,441
Current liabilities			
Trade and other payables	16	**2,601**	5,736
Bank overdraft		**642**	-
Obligations under finance leases	17	**31**	41
Current taxation		**-**	690
		3,274	6,467
Net current (liabilities)/assets		**(992)**	7,392
Non-current liabilities			
Obligations under finance leases	17	**32**	42
Deferred tax	18	**244**	245
		276	287
Total liabilities		**3,550**	6,754
Net assets		**304**	8,687
Equity			
Share capital	19	**1,135**	1,068
Shares to be issued	20	**29**	1,466
Merger reserve	20	**29,260**	27,539
Share option reserve	20	**283**	315
Reverse acquisition reserve		**(20,570)**	(20,570)
Retained earnings	20	**(9,897)**	(1,070)
Foreign currency translation reserve	20	**64**	(61)
Total equity		**304**	8,687
Attributable to:			
Equity holders of the Company		**304**	8,687

The accompanying accounting policies and notes on pages 23 to 50 are an integral part of these consolidated financial statements.

The financial statements were authorised and approved for issue by the Board of Directors on 31 July 2009 and were signed on its behalf.

C Gallick
Director

D Goldman
Director

COMPANY BALANCE SHEET
As at 31 January 2009

	Notes	2009 £'000	2008 £'000
Non-current assets			
Investments	13	**8,007**	31,214
		8,007	31,214
Current assets			
Cash and cash equivalents		**-**	703
Total assets		**8,007**	31,917
Current liabilities			
Trade and other payables	16	**1,242**	1,880
Total liabilities		**1,242**	1,880
Net assets		**6,765**	30,037
Equity			
Share capital	19	**1,135**	1,068
Shares to be issued	20	**29**	1,466
Merger reserve	20	**29,260**	27,539
Share option reserve	20	**283**	315
Retained earnings	20	**(23,942)**	(351)
Total equity		**6,765**	30,037
Attributable to:			
Equity holders of the Company		**6,765**	30,037

The notes on pages 23 to 50 are an integral part of these consolidated financial statements.

The financial statements were authorised and approved for issue by the Board of Directors on 31 July 2009 and were signed on its behalf.

C Gallick
Chief Executive Officer

D Goldman
Director

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 January 2009

	Note	2009 £'000	2008 £'000
Net cash flow from operations	22	**(2,252)**	(2,339)
Taxation		**200**	-
Net cash flow from operations	22	**(2,452)**	(2,339)
Cash flows from investing activities			
Interest received		**21**	117
Purchases of property, plant and equipment		**(35)**	(279)
Purchases of intangible assets		**(543)**	(709)
Net cash used in investing activities		**(557)**	(871)
Cash flows from financing activities			
Receipts from the issue of shares		**-**	4,176
Payment of issue costs paid		**-**	(132)
Interest paid		**(13)**	(109)
Repayment to shareholders		**(136)**	(276)
Repayment of obligations under finance leases		**(53)**	(48)
Net cash flow from financing activities		**(202)**	3,611
Net (decrease)/increase in cash and cash equivalents		**(3,211)**	401
Cash and cash equivalents			
At the beginning of the year		**2,569**	2,168
At the end of the year		**(642)**	2,569

The accompanying accounting policies and notes on pages 23 to 50 are an integral part of these consolidated financial statements.

COMPANY CASH FLOW STATEMENT
For the year ended 31 January 2009

	Note	2009 £'000	2008 £'000
Net cash flow from operations	22	**(351)**	(11)
Cash flows from investing activities			
Purchase of subsidiary undertakings		**(136)**	(276)
Net cash used in investing activities		**(136)**	(276)
Cash flows from financing activities			
Receipts from group undertakings		**-**	990
Repayments to group companies		**(216)**	-
Net cash used in financing activities		**(216)**	990
Net (decrease)/increase in cash and cash equivalents		**(703)**	703
Cash and cash equivalents			
At the beginning of the year		**703**	-
At the end of the year		**-**	703

The accompanying accounting policies and notes on pages 23 to 50 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 January 2009

1. GENERAL INFORMATION

Invu Plc is a Company incorporated in England and Wales. The Group is principally engaged in the design and sale of computer software for the electronic management of information and documents.

These financial statements are presented in United Kingdom pounds sterling because that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policies set out in note 2.

2. PRINCIPAL ACCOUNTING POLICIES

Basis of accounting

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS and IFRIC interpretations) published by the International Accounting Standards Board (IASB), as endorsed by the European Union, and with those parts of the Companies Act 1985 applicable to companies preparing their accounts under IFRS.

The financial statements have been prepared on the going concern basis. The principal accounting policies adopted are set out below and have been consistently applied to all the periods presented, unless otherwise stated.

Basis of preparation

The Company has elected to take the exemption under S230 of the Companies Act 1985 to not present the parent company income statement.

Basis of consolidation

On 6 December 2007 the Company, Invu Plc, became the legal parent Company of Invu Inc in a share-for-share transaction. Due to the relative values of the companies, the former Invu Inc shareholders became the majority shareholders of Invu Plc. Further, the Group's continuing operations and executive management were those of Invu Inc. Accordingly, the substance of the combination was that Invu Inc acquired Invu Plc in a reverse acquisition.

Under IFRS 3, "Business Combinations", the acquisition of Invu Inc by Invu Plc has been accounted for as a reverse acquisition. However, the consolidated financial statements have been prepared in the name of the legal parent, Invu Plc.

Other than the reverse acquisition by Invu Inc as described above, the consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group. All intra-Group transactions, balances, income and expenses are eliminated in full on consolidation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 January 2009

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Going concern

In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Group can continue in operational existence for the foreseeable future.

Following a challenging financial year in which the balance sheet has been weakened by significant cash outflows, the Board have looked at various options for repaying the Group's bank debt, strengthening the Group's working capital position, providing the Group with the resources to execute its revised strategy and ensuring the Group's ability to continue in operational existence.

Management has prepared group cash flow projections for the 2009/10 and 2010/11 financial years. These projections indicate that the Group require a further cash injection in order to continue in operational existence. In recent months Invu Plc have secured some additional funding and are in the process of seeking further additional funds.

At the date of approval of these financial statements, there are two areas of significant uncertainty which the Directors have considered in reaching their conclusion:

- the appropriateness of the going concern basis is reliant on the group achieving an adequate level of sales in order to maintain sufficient working capital to support its activities; and
- the appropriateness of the going concern basis is reliant on the group successfully concluding the additional fund raising which is underway and has been included within the group cash flow projections.

Level of Sales

The directors are positive about the direction, focus and momentum of the business and cash flow forecasts indicate that the Group's resources, assuming the successful completion of the additional funding described below, provide it with adequate funding to support its activities for the foreseeable future. However, having completed certain sensitivity analysis on the forecasts, it is evident that should the level of revenue fall short of expectations, the company would need to arrange additional finance. While the directors are confident that they would be able to obtain the necessary financial support, there are no binding agreements in place.

Additional Funding

The Group has announced that it proposes to raise an aggregate of £1.5 million through a placing of 50 million new Ordinary Shares at a price of 2 pence per share and the issue of Convertible Loan Notes. The Placing is conditional, amongst other things, upon the Company obtaining approval from Shareholders granting authority to the Board to allot the Placing Shares and to disapply pre-emption rights which would otherwise apply to the allotment of the Placing Shares. The Placing is also conditional on the execution by the Company of the Convertible Loan Note Instrument and on Admission.

In the event that the resolution is not passed, then the Group would be unable to continue within the current finances available to them and, therefore, require further cash injection in order to continue in operational existence.

These two conditions indicate the existence of material uncertainties which may cast significant doubt about the company's ability to continue as a going concern. Nevertheless after making enquiries and considering the uncertainty described above, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. It is on this basis that the directors consider it appropriate to prepare the financial statements on a going concern basis. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable in accordance with the Group's principal activities, net of VAT and trade discounts.

The initial sale of product is inclusive of maintenance for the first twelve months, with services being separately charged on the invoice, thereafter, fees for services and maintenance are charged to resellers separately from the sale of software. Revenues from the sale of software to resellers are recognised upon product shipment when fees are fixed, collectability is probable and the Group has no significant obligations remaining under the sale agreement. Revenue in relation to maintenance fees are spread over the period to which it relates.

For those sale agreements to resellers which provide the resellers with the right to multiple copies in exchange for guaranteed amounts, software revenues are recognised at delivery of the product master of the first copy as the reseller has no recourse to the Group after this point. Per copy royalties on sales which exceed the guarantee are recognised as earned.

Resellers are charged an accreditation fee each year for training and consulting to be provided by the Group to the resellers and this fee is recognised evenly over each accreditation period.

The Group's resellers provide primary maintenance and ongoing support to the end users. The Group provides secondary support to the end users via the resellers and charges the reseller an annual fee for this support. The fees charged by the Group to the resellers are recognised over a twelve month period. Where the end user no longer has an accredited reseller, support fees are charged by the Group to the end user and recognised over a twelve month period.

Interest income is accrued on a time basis, by reference to the principle outstanding and at the effective interest rate applicable.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognised at the date of acquisition.

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses on an annual basis. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Any goodwill arising on acquisitions before the date transition to IFRSs has been retained at the previous UK GAAP amounts, subject to being tested for impairment at that date.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight-line method, on the following bases:

Computer equipment	- 25% per annum
Motor vehicles	- 25% per annum
Fixtures, fittings & equipment	- 25% per annum

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in income.

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the year in which it is incurred.

An internally-generated intangible asset arising from the Group's software development is recognised only if all of the following conditions are met:

- an asset is created that can be identified (such as software and new processes);
- it is probable that the asset created will generate future economic benefits;
- the development cost of the asset can be measured reliably;
- the product or process is technically and commercially feasible; and
- sufficient resources are available to complete the development and to either sell or use the asset.

Internally-generated intangible assets are amortised on a straight line basis over their useful lives. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the year in which it is incurred.

Amortisation begins when the asset is available for use and is charged to administration expenses in the income statement.

The useful economic lives of internally-generated intangible assets are considered by the directors to be a period of 3 years.

Computer software, software rights and licenses

Acquired computer software and software licenses are capitalised on the basis of the costs incurred to acquire and to bring to use the specific software. These costs are amortised over their estimated useful economic lives of 4 years on a straight line basis and charged to administration expenses in the income statement.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the net book amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such an indication of impairment is identified, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cashflows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Investments

Investments in subsidiary undertakings are included at cost less impairment charges in the Company's financial statements.

Leasing

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 recognised as assets of the company at their fair value or, if lower, at the present value of minimum lease payments, each determined at the inception of the lease. The corresponding liability is included in the balance sheet as a finance lease obligation.

Lease payments are analysed between capital and interest. The interest element is charged to the consolidated income statement over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease.

Inventories

Inventories and work in progress are stated at the lower of cost and net realisable value on a first in first out basis. The cost of inventories comprises all costs of purchase and other costs incurred in bringing the inventories to their location and condition at the balance sheet date. Provision for write-downs to net realisable value and losses of inventories are recognised as an expense in the year in which the write-down or loss occurs. Reversals are recognised as a reduction in the amount previously recognised as an expense in the year in which the reversal occurs.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Financial Instruments

(a) Financial Assets

The group's financial assets fall into the category of loans and receivables. The group does not have any financial assets in the categories of fair value through profit and loss or available for sale. The group has not classified any of its financial assets as held to maturity.

Unless otherwise indicated, the carrying values of the group's financial assets are a reasonable approximation of their fair values.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services (e.g. trade receivables) but also include cash and cash equivalents and other types of contractual monetary asset. They are initially recognized at fair value plus transaction costs that are directly attributable to the acquisition or issue and subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. The effect of discounting on these financial instruments is not considered material.

Impairment provisions are recognized when there is objective evidence (such as significant financial difficulties, default or significant delay in payment on the part of the counter-party) that the group will be unable to collect all the amounts due under the terms of the receivable, the amount of such provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the receivable. For trade receivables, such provisions are recorded in a separate allowance account with the loss being recognized within administrative expenses in the income statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

(b) Financial Liabilities

The group classifies its financial liabilities in the category of financial liabilities measured at amortised cost. The group does not have any financial liabilities at fair value through profit or loss.

Unless otherwise indicated, the carrying values of the group's financial liabilities are a reasonable approximation of their fair values.

Financial liabilities measured at amortised cost

Financial liabilities measured at amortised cost include:

- Trade payables and other short-dated monetary liabilities, which are initially recognized at fair value and subsequently carried at amortised cost using the effective interest rate method.
- Bank and other borrowings, which are initially recognized at fair value net of any transaction costs directly attributable to the acquisition of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that the interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the balance sheet. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest payable while the liability is outstanding.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Share-based payments

The Group has applied the requirements of IFRS 2 Share-Based Payments. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested as of 1 January 2005.

The Group issues equity settled share based payments to certain employees. Equity settled share based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity settled share based payments is expensed on a straight line basis over the vesting period, based on the Group's best estimate of shares that will eventually vest.

Fair value is measured by use of a binomial lattice pricing model. The expected life used in the model has been adjusted based on management's best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations.

Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest.

Retirement benefit costs

The Group operates a contracted in money purchase pension scheme. Contributions are charged to the income statement as they become payable in accordance with the rules of the schemes. At 31 January 2009 there were no outstanding contributions (2008 £nil).The Company provided no post-retirement benefits to its employees.

Taxation

The taxation ('tax') expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Foreign currencies

The financial information is presented in UK £ Sterling which is the functional currency of the legal parent company.

Monetary assets and liabilities denominated in foreign currencies in each company are translated at the rates of exchange prevailing at the balance sheet date. Transactions in foreign currencies are translated at the rate prevailing at the date of transaction.

On consolidation, revenues, costs and cash flows are included in the Group income statement and cash flows at the actual rate or the average rate of exchange for the year if it approximates to the actual rate. Assets and liabilities denominated in foreign currencies are translated into UK £ Sterling using rates of exchange ruling at the balance sheet date.

Exchange differences on the re-translation of opening net assets and results for the year of foreign subsidiary undertakings are recognised in the foreign currency translation reserve net of differences on related foreign currency borrowings. Other gains and losses arising from foreign currency transactions, including trading, are included in the consolidated income statement.

Standards, interpretations and amendments to published standards which are not yet effective

The following new standards, amendments and interpretations to existing standards have been published that are mandatory for the group's accounting periods beginning on or after 1 January 2009 or later periods and which the group has decided not to adopt early. These fall into three categories:

i) New standards, amendments or interpretations, the adoption of which may have a material impact on the results or net assets of the group:

   There are none in this category.

ii) New standards, amendments or interpretations, the adoption of which would affect the presentation of the group's financial statements:

- Amendment to IAS 1 Presentation of Financial Statements Agreements (effective for accounting periods beginning on or after 1 January 2009). Amendments to the presentation of owner changes in equity and comprehensive income.
- Revised IFRS 3 Business Combinations Agreements (effective for accounting periods beginning on or after 1 July 2009). This revised statement makes certain changes to the accounting for acquisitions, including a requirement to write off acquisition costs to profit and loss account instead of including them in the costs of acquisition, but does not require past acquisitions to be restated.

iii) New standards, amendments or interpretations, the adoption of which would have no material impact on the results or net assets of the group or the presentation of the group's financial statements:

- Revised IFRS 1 First-time adoption of International Financial Reporting Standards (effective for accounting periods beginning on or after 1 January 2009).
- IFRS 8, Operating Segments (effective for accounting periods beginning on or after 1 January 2009).

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

- FRIC 13 – Customer Loyalty Programmes (effective for accounting periods beginning on or after 1 July 2008).
- IFRIC 15 – Agreements for the Construction of Real Estate (effective for accounting periods beginning on or after 1 January 2009).
- IFRIC 16 – Hedges of a Net Financial Investment in a Foreign Operation (effective for accounting periods beginning on or after 1 October 2008).
- IFRIC 17 – Distribution of Non-cash Assets to Owners (effective for accounting periods beginning on or after 1July 2009).
- IFRIC 18 – Transfer of Assets from Customers (Issued 29 January 2009).
- Amendment to IAS 23 Borrowing costs (effective for accounting periods beginning on or after 1 January 2009).
- Amendment to IFRS 2 Share-based payments: Vesting Conditions and Cancellations (effective for accounting periods beginning on or after 1January 2009).
- Amendments to IAS 27 Consolidated and Separate Financial Statements Cancellations (effective for accounting periods beginning on or after 1July 2009).
- Amendments to IAS 39 and IFRS 7: Reclassification of Financial Instruments (effective 27 November 2008).

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about net book amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

Material estimates and assumptions are made in particular with regard to share based payments, bad debt provisions, the amortisation period for intangible assets and impairment reviews.

3. FINANCIAL RISKS

3.1 Financial risk factors

The Group's and Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's and Company's overall risk management programme seeks to minimise potential adverse affects on the Group's and Company's financial performance.

(a) Market risk

i. Foreign exchange risk

Transactions in foreign currency

The Group operates internationally and is exposed to foreign exchange risks arising from various currency exposures, primarily with respect to the US dollar and the Euro. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. To mitigate this risk the Group holds cash in both US Dollars and Euro denominated accounts both in the UK and overseas.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through inter-group borrowings denominated in the relevant foreign currencies.

Cash held in foreign currencies

Foreign currency is held predominantly in US dollars and a 5% movement in exchange rates either way would result in a £13,000 movement in net assets. For funds held in euros, a 5% movement would result in an immaterial movement in net assets.

ii. Fair value interest rate risk and cash flow interest rate risk

As the Group has no significant interest-bearing assets and liabilities, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

(b) Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as committed transactions.. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

The management of the Group reviews debtors weekly on an individual account basis; provision for any potential bad debts is made on a monthly basis. The effect of foreign exchange movement on the debtors balance is minimal as each trading company invoices in the currency of the country in which it trades, funds are remitted in the same currency.

A more details review of the aging of trade receivables is provided in note 15 to the financial statements.

3. FINANCIAL RISKS (Continued)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors forecasts of the Group's liquidity comprising undrawn borrowing facilities and cash and cash equivalents on the basis of expected cash flows. This is generally carried out in the operating companies of the Group in accordance with recommended accounting practice and limits set by the Group.

Management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these; monitoring balance sheet liquidity ratios against internal and external regulatory requirements; and maintaining debt financing plans.

3.2 Capital risk management

The Group considers its capital to comprise its share capital, merger reserve and other capital reserves less the accumulated retained losses.

The Group's objectives when managing its capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, taking on new debt, or sell assets to reduce debt. The Group's capital is all equity capital and is summarised in note 19.

4. SEGMENTAL ANALYSIS

The Group has elected to segment its operations on the basis of 'geographical segmentation of operations'. The Group has determined that this is the most appropriate segmental split to reflect the nature of the Group's operations. The Group has three distinct trading companies operating in two main geographical areas. These are:

- United Kingdom
- Benelux

Geographical segmental information

An analysis of revenue is given below:	**2009**	2008
	£'000	£'000
United Kingdom	**2,364**	7,871
Benelux	**998**	840
	3,362	8,711

There is no material difference between turnover by origin and destination.

All revenue is generated by sales to external customers and represents the sale of software and related services. The revenue recognised in the current year includes £0.85m, which was subsequently provided in full and was charged through administrative expenses.

An analysis of (loss)/profit before tax is given below:	**2009**	2008
	£'000	£'000
United Kingdom	**(8,695)**	1,866
Benelux	**(894)**	(144)
	(9,589)	1,722

An analysis of assets (including goodwill) is given below:	**2009**	2008
	£'000	£'000
United Kingdom	**3,806**	14,042
Benelux	**48**	1,399
	3,854	15,441

An analysis of liabilities is given below:	**2009**	2008
	£'000	£'000
United Kingdom	**3,498**	6,056
Benelux	**52**	698
	3,550	6,754

4. SEGMENTAL ANALYSIS (Continued)

Other information

Capital additions:	**2009**	2008
	£'000	£'000
United Kingdom	**618**	1,073
	618	1,073

Depreciation and amortisation:	**2009**	2008
	£'000	£'000
United Kingdom	**586**	310
	586	310

Analysis of Revenue:	**2009**	2008
	£'000	£'000
Sale of Software	**1,459**	7,053
Rendering of Services	**1,903**	1,658
	3,362	8,711

Business segmental information

Revenue, profit before taxation and net assets all relate to the Group's principal activity, being the design and sale of computer software for the electronic management of information and documents.

5. (LOSS)/PROFIT FROM OPERATIONS

The profit from operations for the year has been arrived at after charging/(crediting) the following amounts:

	2009	2008
	£'000	£'000
Research and development expenditure	**408**	190
Depreciation of property, plant and equipment	**151**	125
Loss on disposal of fixed assets	**7**	-
Amortisation of intangible assets	**435**	185
Auditors' remuneration:		
Audit services	**35**	30
Audit of subsidiary undertakings	**25**	20
Share option (credit)/costs	**(32)**	118
Loss/(gain) on foreign exchange	**2**	(13)
Operating leases - land and buildings	**308**	189
- other	**4**	8

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 January 2009

6. STAFF COSTS

Staff costs during the year amounted to:	2009 £'000	2008 £'000
Wages and salaries	**2,689**	2,284
Social security	**299**	268
Other pension costs	**28**	21
Share option (credit)/costs	**(32)**	118
	2,984	2,691

The average number of people employed by the Group (including directors) during the year was 65 (2008: 62), there were no employees in the company and nil in the prior year.

Included within staff costs are directors emoluments amounting	2009 £'000	2008 £'000
Total emoluments	**452**	593
Pension costs	**6**	6
	458	599
Share option (credits)/costs	**(18)**	64
Key management personnel remuneration	**440**	663

During the year 3 (2008: 3) directors accrued benefits under the money purchase pension scheme.

During the year no directors exercised any share options (2008: gain of £57,711). In 2008 the highest paid director exercised share options for a gain of £22,771.

Details of directors' remuneration are disclosed within the audited financial information section of the Remuneration Report on pages 13 to 14.

7. FINANCE INCOME

	2009 £'000	2008 £'000
Interest on bank deposits	**21**	157

8. FINANCE COSTS

	2009 £'000	2008 £'000
Finance leases	**6**	6
Other interest payable	**7**	103
	13	109

9. TAXATION

	2009 £'000	2008 £'000
Current taxation		
- Adjustment in respect of prior years	**(65)**	-
- Current tax (credit)/charge for the year	**(731)**	690
Deferred taxation		
- Current year charge	**34**	38
Total tax (credit)/charge	**(762)**	728

The tax rate used for the reconciliations below is the corporate tax rate of 28% payable by corporate entities in the United Kingdom on taxable profits under tax law in that jurisdiction, the effective rate of taxation used for the calculation of the deferred taxation being 28%.

The charge for the year can be reconciled to the profit per the income statement as follows:

	2009 £'000	2008 £'000
(Loss)/profit before taxation	**(9,589)**	1,722
Profit multiplied by standard rate of corporation tax in the UK of 28% (2008: 30%)	**(2,685)**	517
Tax effect of:		
Expenses not deductable	**13**	341
Unrecognised losses utilised in the year	**(12)**	(38)
Research and development tax credits	**(60)**	-
Tax effect of share options	**(9)**	(101)
Consolidation adjustments	**(965)**	-
Fixed asset timing differences	**8**	-
Unutilised losses carried forward	**2,914**	-
Deferred tax movement	**34**	9
Total tax (credit)/charge for the year	**(762)**	728

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 January 2009

10. EARNINGS PER SHARE

	2009	2008
	£'000	£'000
Basic earnings per share		
(Loss)/profit for the financial year	**(8,827)**	994

	2009	2008
	Number	Number
Weighted average number of common shares in issue during the year	**11,899,731**	92,937,782
Basic earnings per share	**(7.89)p**	1.07p
Diluted earnings per share	**(7.89)p**	1.07p

The basic earnings per share is based on the loss after taxation of £8,827,000 (2008: profit of £994,000) and on the weighted average number of shares in issue during the year of 111,899,731 (2008: 92,927,782).

In accordance with IAS 33 and IFRS 3, there is no difference calculated between the basic and diluted earnings per share figures on the basis of the average market value and exercise prices prevailing during the period.

11. GOODWILL AND OTHER INTANGIBLE ASSETS

Group

	Goodwill £'000	Development costs £'000	Computer softwares £'000	Software rights and licences £'000	Total £'000
Cost					
At 1 February 2007	828	281	127	100	1,336
Additions	-	635	74	-	709
At 31 January 2008	828	916	201	100	2,045
At 1 February 2008	828	916	201	100	2,045
Additions	-	478	73	-	551
At 31 January 2009	**828**	**1,394**	**274**	**100**	**2,596**
Amortisation					
At 1 February 2007	828	15	82	100	1,025
Charge for the year	-	159	26	-	185
At 31 January 2008	828	174	108	100	1,210
At 1 February 2008	828	174	108	100	1,210
Charge for the year	-	363	72	-	435
At 31 January 2009	**828**	**537**	**180**	**100**	**1,645**
Net book amount					
At 31 January 2007	-	266	45	-	311
At 31 January 2008	-	742	93	-	835
At 31 January 2009	**-**	**857**	**94**	**-**	**951**

Goodwill acquired in a business combination is allocated at acquisition to the cash generating units that are expected to benefit from that business combination. The goodwill on consolidation is related to the acquisition of Invu Netherlands B.V. (formerly Corsham Holding B.V.), which is considered to be a cash generating unit.

Goodwill is not amortised but is reviewed for impairment on an annual basis or more frequently if there are indications that goodwill may be impaired.

Recoverable amounts of the cash generating units are based on the value in use. The key assumptions for the value in use calculations are those regarding discount rates, growth rates and expected changes in margins. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money.

Internally generated intangible assets are capitalised when the criteria are met as defined in note 2, Principal Accounting Policies.

Other intangibles include patents acquired which meet the definition of an intangible asset. These are included within software rights and licenses.

The parent, Invu Plc, entity does not hold any intangible fixed assets.

12. PROPERTY, PLANT AND EQUIPMENT

Group	Computer equipment £'000	Motor vehicles £'000	Fixtures, fittings & equipment £'000	Total £'000
Cost				
At 1 February 2007	327	50	179	556
Additions	277	25	62	364
At 31 January 2008	604	75	241	920
At 1 February 2008	604	75	241	920
Additions	29	32	6	67
Disposals	-	(24)	-	(24)
At 31 January 2009	**633**	**83**	**247**	**963**
Depreciation				
At 1 February 2007	202	36	89	327
Charge for the year	80	9	36	125
At 31 January 2008	282	45	125	452
At 1 February 2008	282	45	125	452
Charge for the year	93	13	45	151
Disposals	-	(17)	-	(17)
At 31 January 2009	**375**	**41**	**170**	**586**
Net book amount				
At 31 January 2007	125	14	90	229
At 31 January 2008	322	30	116	468
At 31 January 2009	**258**	**42**	**77**	**377**

The figures stated above include assets held under finance leases and similar hire purchase contracts, as follows:

Property, plant and equipment includes assets held under hire purchase finance lease with a net book amount of £60,001. Depreciation amounting to £36,500 has been charged to the income statement during the year.

The parent, Invu Plc, entity does not hold any property, plant and equipment or other tangible fixed assets.

13. INVESTMENTS

Company	Capital contributions to subsidiaries £'000	Shares in Group undertakings £'000	Total £'000
At 1 February 2008	315	30,899	**31,214**
Cancelled share options	(32)	-	**(32)**
Provision against investment	-	(23,175)	**(23,175)**
At 31 January 2009	**283**	**7,724**	**8,007**

Name of subsidiary	Country of registration or incorporation	Shares held and voting power held by the Company	Shares held and voting power held by the Group	Principal activity
Invu 2007 Limited	England & Wales	100% ordinary shares	-	Software and related services, design and sales
Montague Limited	Isle of Man	100% ordinary shares	-	Software and related services, design and sales
Invu Inc 1	United States	-	100% ordinary shares	Intermediate holding company
Invu (UK) plc 2	England & Wales	-	100% ordinary shares	Intermediate holding company
Invu Services Limited 3	England & Wales	-	100% ordinary shares	Software and related services, design and sales
Invu International Holdings Limited 3	England & Wales	-	100% ordinary shares	Holds intellectual property rights
Invu Netherlands B.V. 4	The Netherlands	-	100% ordinary shares	Software and related services and sales

1 Held via Invu 2007 Limited
2 Held via Invu Inc
3 Held via Invu (UK) Plc
4 Held via Invu International Holdings Limited

All investments are held directly unless otherwise stated.

All principal subsidiary undertakings operate in their country of incorporation. The Group consolidates its subsidiary activities. The accounting year-end of the subsidiary undertakings consolidated in these financial statements on 31 January 2009.

There are no significant restrictions on the ability of subsidiary undertakings to transfer funds to the parent, other than those imposed by the Companies Act 1985.

14. INVENTORIES

	Group 2009 £'000	Group 2008 £'000
Finished Goods	184	258
	184	258

15. TRADE AND OTHER RECEIVABLES

Current

	Group 2009 £'000	Group 2008 £'000
Trade receivables	1,014	10,798
Prepayments and accrued income	345	234
VAT recoverable	739	-
	2,098	11,032

All amounts above are due within one year.

Of the above amounts, only trade receivables are classified as financial assets, which was the same in the prior year.

Included in the Group's trade receivable balance are debtors with a carrying amount of £462,000 (2008: £2,950,000) which are past due at the reporting date. The average age of these receivables is 86 days (2008: 92 days).

Ageing of past due but not impaired receivables:	**Group 2009 £'000**	Group 2008 £'000
30-60 days	45	741
60-90 days	49	537
90 days +	368	1,672
	462	2,950

Movement in bad debt provision:	**Group 2009 £'000**	Group 2008 £'000
At 1 February 2008	695	-
Movement in provision	7,038	695
At 31 January 2009	**7,733**	695

The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

16. TRADE AND OTHER PAYABLES

Current	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
Trade payables	**444**	1,222	**12**	-
Other payables	**526**	715	**48**	551
Other taxation and social security	**259**	1,175	**-**	-
Accruals and deferred income	**1,372**	2,624	**-**	-
Amounts owed to Group undertakings	**-**	-	**1,182**	1,329
	2,601	5,736	**1,242**	1,880

All amounts above are payable within one year

Of the above, £1,141,000 (2008: £2,248,000) relates to financial liabilities as referred to in note 2.

The Directors consider that the net book amount of trade payables approximates to their fair value. All amounts included in trade and other payables are non-interest bearing and are not secured on the assets of the Group, and are repayable on demand.

17. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2009 £'000	2008 £'000	**2009 £'000**	2008 £'000
Amounts payable under finance leases:				
Within one year	**36**	47	**31**	41
Between one and five years	**34**	49	**32**	42
	70	96	**63**	83
Less future finance charges	**(7)**	(13)		
Present value of lease obligations	**63**	83		
Analysed as:				
Current finance lease liabilities	**31**	41	**31**	41
Non-current finance lease liabilities	**32**	42	**32**	42

Amounts due under finance leases are secured on the assets to which they relate.

18. DEFERRED TAXATION

Group

The following are the major deferred tax assets and liabilities recognised by the Group and movements thereon during the current and prior reporting year.

Deferred tax assets

	Losses £'000
At 1 February 2008	279
Income Statement charge	(35)
At 31 January 2009	**244**

Deferred tax liabilities	Accelerated Capital Allowances £'000	Total £'000
At 1 February 2008	245	245
Income statement (credit)	(1)	(1)
At 31 January 2009	**244**	**244**

At the balance sheet date, the Group has unused tax losses, as below, available for offset against future profits in the respective countries. Deferred tax assets were only recognized in the year to the extent that there was an equivalent deferred tax liability

Country	**Unrelieved Tax Losses 2009 £'000**	Unrelieved Tax Losses 2008 £'000
UK	**8,936**	220
US	**1,641**	821
Netherlands	**894**	-
	11,471	1,041

19. SHARE CAPITAL AND PREMIUM

Group and Company	2009	2008
	£'000	£'000
Authorised:		
250,000,000 ordinary shares, £0.01 ordinary shares – INVU Plc	**2,500**	2,500
	2,500	2,500

	2009	2008
	£'000	£'000
Allotted and fully paid:		
113,472,662 ordinary shares, £0.01 ordinary shares	**1,135**	-
106,776,312 ordinary shares, £0.01 ordinary shares	**-**	1,068
	1,135	1,068

During the year the Group issued the following £0.01 ordinary shares for consideration of £0.2626, based on a fair value supplied by a third party professional valuer, per share against an inter-company liability. This resulted in additions to the merger reserve of £1,691,498 for the premium received over the nominal value of the shares in accordance with S131 of the Companies Act 1985.

Date of Issue	Number of shares	Consideration
		£
22 February 2008	1,655,390	434,705
14 March 2008	1,018,037	267,337
25 April 2008	2,911,560	764,576
13 June 2008	451,219	118,490
01 August 2008	145,552	38,222
15 October 2008	87,312	22,928
26 November 2008	265,280	69,663
28 January 2009	162,000	42,541
	6,696,350	**1,758,462**

Shares to be issued

As part of the cost of the Group re-organisation the Company is committed to issuing a further 5,584,990 £0.01 ordinary shares at a price of £0.2626 per share which will give a merger reserve under s131 of the Companies Act 1985 of £1,411,000. The Directors have reflected this amount within share capital and reserves as the company was committed to this issue at the year end.

20. RESERVES

The share premium reserve related to excess consideration received in respect of the issue of ordinary shares over and above the par value. The reserve is non-distributable.

The Merger reserve in accordance with s131 of the Companies Act 1985 arises from the issue of ordinary shares in the reverse acquisition undertaken by Invu Inc. The Merger reserve is non-distributable.

The Share Option reserve represents the cumulative cost charged to the Income Statement for share based payments. Further information is disclosed in note 21.

The Foreign Currency translation reserve represents exchange movements on the opening balance sheet of the group's overseas undertakings whose functional currency is not £ Sterling.

The reverse acquisition reserve is a non-distributable capital reserve arising on consolidation as a result of the reserve acquisition of Invu Inc on 6 December 2007. There has been no movement in the reverse acquisition reserve in the year.

Group	Shares to be issued £'000	Merger reserve £'000	Foreign currency translation £'000	Share option reserve £'000	Retained earnings £'000	Total £'000
At 31 January 2008	1,466	27,539	(61)	315	(1,070)	28,189
Loss for the year	-	-	-	-	(8,827)	(8,827)
Premium arising on issue of equity shares	(1,437)	1,721	(351)	-	-	(67)
Forex movement on reserves	-	-	476	-	-	476
Share option costs	-	-	-	(32)	-	(32)
At 31 January 2009	**29**	**29,260**	**64**	**283**	**(9,897)**	**19,739**

Company	Merger reserve £'000	Foreign currency translation £'000	Share option reserve £'000	Retained earnings £'000	Total £'000
At 31 January 2008	1,466	27,539	315	(351)	28,969
Loss for the year	-	-	-	(23,591)	(23,591)
Premium arising on issue of equity shares	(1,437)	1,721	-	-	284
Share option (credit)/costs	-	-	(32)	-	(32)
At 31 January 2009	**29**	**29,260**	**283**	**(23,942)**	**5,630**

As permitted by Section 230 of the Companies Act 1985, the income statement of the parent company is not presented as part of these accounts. The parent company's retained loss for the financial year amounted to £23,591,000.

21. SHARE-BASED PAYMENTS

INVU PLC

As described within the accounting policies the Company applies IFRS 2 – Share Based Payments, in relation to share options granted to employees of the Group. There were no share options granted during the year ended 31 January 2009.

Scheme	Date of Grant	Number of common shares granted	Exercise Price per share	Expiry Date
2007 Share Option Plan - Staff	6 December 2007	926,077	28.5p	6 December 2017
2007 Share Option Plan	6 December 2007	557,712	28.5p	6 December 2017
2007 Share Option Plan – Employees (Replacement Options)	6 December 2007	405,000	28.5p	6 December 2017
2007 Share Option Plan – Directors (Replacement Options)	6 December 2007	1,950,000	28.5p	6 December 2017
Non – Executive Directors	6 December 2007	280,000	28.5p	6 December 2017

2007 Share option plan

The share options under these schemes either vested at the time of grant or were subject to the achievement of certain earnings per share performance targets.

If the performance targets are not met then the employees' share options will vest on 14 September 2011 and the directors share options will vest on 6 December 2013.

Options will vest immediately where Invu Plc is subject to a change in control.

Non-executive directors

The share options under this scheme are subject to the same vesting conditions as the options under the 2001 executive share option scheme. The Invu Inc Executive Share Option Scheme was cancelled and replaced by the Invu Plc Non-Executive Share Option Scheme.

21. SHARE-BASED PAYMENTS (Continued)

Expense arising from share options

The estimated fair value at the date of grant of each share option was calculated by applying a binomial lattice option pricing model. The model inputs were the exercise price, expected volatility of 29%, expected dividend yield of 2%, contractual life dependant on the type and date of the option granted (as per detail given above) and a risk-free interest rate of 4.56% for the options granted on 6 December 2007. Early exercise is not considered likely in material amounts and therefore no adjustments have been made in this respect. The directors have determined volatility using their knowledge of the business and by reviewing the rates of comparative companies.

	2008 Invu Plc		2008 Invu Plc	
Scheme	**Number of Share options 2009**	**Weighted average Exercise price 2009**	Number of Share options 2008	Weighted average Exercise price 2008
		£		£
Outstanding at beginning of the year – Invu Plc/Inc	**4,237,048**	**0.285**	4,750,161	0.199
Granted during the year – Invu Plc	**-**	**-**	4,237,048	0.285
Cancelled during the year - Invu Plc/Inc	**118,259**	**0.285**	2,903,517	0.253
Exercised during the year - Invu Inc	**-**	**-**	1,846,644	0.104
Outstanding at the end of the year	**4,118,789**	**0.285**	4,237,048	0.285
Exercisable at the end of the year – Invu Plc	**2,840,979**	**0.285**	1,608,100	0.285

The options outstanding at the 31 January 2009 had a weighted average exercise price of £0.285, and a weighted average remaining contractual life of 9 years.

The market price on 31 January 2009 of the £0.01 ordinary shares of Invu Plc was £0.03 (2008: £0.2375). For the year ended 31 January 2009 the market price ranged from a low of £0.0250 to a high of £0.3450 (2008 Invu Inc from 1 February 2007 to 6 December 2007and Invu plc from 6 December 2007 to 31 January 2008 ranged from a low of £0.2300 to a high of £0.3250).

22. NOTES TO THE CASH FLOW STATEMENT

Group	**2009**	2008
	£'000	£'000
(Loss)/profit from operations	**(9,597)**	1,674
Exchange rate movements	**125**	(55)
Depreciation of property, plant and equipment	**151**	125
Loss on disposal of fixed assets	**7**	-
Amortisation of intangibles	**435**	185
Share option schemes	**(32)**	118
Operating cash flows before movements in working capital	**(8,911)**	2,047
Decrease/(increase) in inventories	**74**	(38)
Decrease/(increase) in receivables	**8,934**	(4,891)
Increase/(decrease) in payables	**(2,349)**	543
Net cash flow from operating activities	**(2,252)**	(2,339)

Company	**2009**	2008
	£'000	£'000
(Loss) from operations	(416)	(351)
Operating cash flows before movements in working capital	**(416)**	(351)
Decrease/(increase) in receivables	703	(25,375)
(Decrease)/increase in payables	(638)	25,715
Cash generated by operations	**65**	340
Net cash flow from operating activities	**(351)**	(11)

23. COMMITMENTS

Group

The future minimum lease payments under non-cancellable operating leases are as follows:

	Land & buildings 2009	**Other 2009**	Land & buildings 2008	Other 2008
	£'000	**£'000**	£'000	£'000
Within one year	69	5	162	9
Between one and two years	-	2	-	7
Between two and five years	-	-	-	-
Total minimum lease payments	**69**	**7**	162	16

The Company does not have any non-cancellable operating leases.

Neither the Group nor the Company has any capital commitments as at 31 January 2009 or 31 January 2008.

24. CONTINGENCIES

Group and Company

Neither the Group or the Company has any material contingent liabilities identified as at 31 January 2009 or 31 January 2008.

25. RELATED PARTY TRANSACTIONS

The Group

There were no related party transactions during the year.

The Company

As at 31 January 2009 the Company owed intergroup companies £1,182,000 (2008: £1,329,000). The Company entered into related party transactions with other group companies for recharges of professional fees from intergroup companies of £405,694 (2008: £350,856).

“We have been particularly impressed with the ease of use of Invu’s solutions and the excellent technical fit between Sharp’s OSA hardware and the .NET Invu programmes. Add to this the competitive pricing and strong customer base of Invu and we are confident that we are partnering with an ideal company to help develop the Sharp portfolio across our region.”
Peter Hoorn, Benelux Sales Director, Sharp

“In the relatively short time that we have been using Invu, I have already eradicated 2 filing cabinets from my office, safe in the knowledge that this information is securely held within a simple repository, that is readily accessible even to remote users.”
Jonathan Deacon, Financial Director, Buckfast Abbey

“ I can honestly say that investing in the Invu system was one of the best business decisions I ever made. The Invu system creates something you can’t buy - time.”
Mike Miles, Managing Director, Accalon Associates Limited

“ Invu immediately showed its expertise and the final product cannot be compared to anything currently on the market.
The product was modified to fit in perfectly with our business requirements and is now fundamental to the business. We have users who say they cannot think how they operated before Invu.”
Pierre Swart, Universal Music Group

“ Invu is completely user-defined and we have been able to easily adapt it to our requirements.
We have been very impressed with the benefits.”
Stewart Wallace, Fleet Superintendent, Stena Line

Invu Plc.
The Beren
Blisworth Hill Farm
Stoke Road
Blisworth
Northamptonshire
NN7 3DB

T: 01604 859893
F: 01604 859902
e: info@invu.net
w: www.invu.net