IPPLUS PLC

Interim Report December 2008

HIGHLIGHTS

	6 months ended 31 December 2008 (unaudited) £	6 months ended 31 December 2007 (unaudited) £	12 months ended 30 June 2008 (audited) £
Revenue	**1,935,839**	1,805,123	3,947,385
(Loss)/profit before taxation	**(64,936)**	138,019	392,202

- Group name changed to IPPlus PLC on 29 September 2008
- Turnover up by 7% on corresponding prior year period
- Measures in place to reduce overheads and return Group to profitability
- Closing cash at 31 December 2008 of £239,273

Company registration number: 3869545

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

Secretary: Robert Stuart McWhinnie Gordon
BA FCMA

Bankers: NatWest Bank PLC
Barclays Bank PLC

Solicitors: Fasken Martineau LLP

Auditors: Grant Thornton UK LLP

Nominated Advisers and Brokers: Brewin Dolphin Limited

Registrars: Equiniti Limited

Interim financial statements available at
www.ipplusplc.com

Directors:

Philip John Dayer	(Chairman)
Peter Michael Brown	(Non-Executive Director)
Stephen John Allen	(Non-Executive Director)
William Alexander Catchpole	(Managing Director)
Geoffrey Forsyth	(Technical Director)
Robert Stuart McWhinnie Gordon	(Financial Director)

Financial Summary

In the six months to December 2008 the Group suffered a loss before taxation of £64,936 (December 2007: profit of £138,019), on a slightly increased turnover of £1,935,839 (December 2007: £1,805,123).

The Group cash position at the 31 December 2008 amounted to £239,273, a reduction in the period of £70,241, the major expenditure being the further payment of £64,461 for the new telephone switch. This cash balance has been strengthened by the arrangement of a £100,000 overdraft facility with NatWest Bank PLC.

On the strength of the previous year's performance the Board actioned an expansion programme. The cost of new staff, coupled to the annual pay review carried out in June, substantially increased our monthly overheads whilst expected revenue increases slowly dipped as the recession started to bite. This adverse impact on profitability was further aggravated by both the expected seasonal rise in call volumes during October and November failing to materialise and the pressure the credit crunch placed on donations to the charity sector which historically provides sizeable traffic and revenue running up to Christmas.

Against this background, the Board implemented a cost reduction review to ensure that the Company was well placed to progress in both the current climate and when the economy starts to turn around. The first act was to downsize the newly expanded sales team and salaried staff were then asked to consider taking voluntary salary cuts to safeguard the existing team. The entire staff were aware of daily news reports of the struggles of other well-known companies and appreciated that immediate action was required to stabilise our position and prevent further headcount reductions. As such, these proposals were accepted as a preferred course of action. The new reduced salary levels, with directors and senior executives suffering the largest cuts, became effective from 1 January 2009, and should return the business to a stable footing.

Change of Name

The Board decided to rename the Company to better reflect the various component divisions and at the AGM on 29 September 2008 it was agreed to rename the business as IPPlus PLC.

Business Summary

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

The Group trades under three main trading names: CallScripter, Ansaback and IP3 Telecom.

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

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

IP3 Telecom is the telephony services arm of the Ansaback business providing a range of network level interactive call services. With options for self-sufficiency or fully managed services, the platform gives the user the ability to run a professional call handling operation without the necessity for expensive hardware, installation, and ongoing maintenance costs. Clients can route their required services through our web portal, allowing them to monitor their call traffic in real time or have reports sent periodically by email, fax or text.

The platform allows for fast and efficient configuration of services, with most functions available to go live at the push of a button. Web access also allows remote management from anywhere in the world, without any proprietary software requirement. We have triple redundancy in place covering location, infrastructure and service providers. This minimises the chance of any client downtime and is key to the resilience of the platform.

Review of Operations

CallScripter

We have made steady progress in increasing the sales but as the market tightens our customers' expenditure comes under increased scrutiny. We have secured our second public sector contract and this will position us well to tackle more public sector tenders. We are poised to expand the OEM (Original Equipment Manufacturer) collaboration with Interactive Intelligence Inc. (ININ), adding the new reporting module to the existing bundle. The hosted solution continues to gain momentum with six clients now using the system which runs within a web-farm based in East London. This new service is ideally placed for the home-worker market and one of the fastest growing "Home Call Centre" companies is now using the hosted platform to deliver its solutions to its UK home workers.

Ansaback

The call volumes have remained sluggish as traffic has dipped across virtually every sector. Importantly, existing clients have remained loyal and new business has been added making up for some of the call volume decreases. The TV shopping channels have remained busy albeit not as much as in previous years. In recessionary times outsourcing is seen as a cost effective solution for a myriad of marketing, sales and order taking functions and we are currently quoting for an increased number of quality outsourced projects, many of which are referrals from existing clients.

IP3 Telecom

We now have 52 clients using the platform with early sales and marketing being focused on current Ansaback clients, which will continue to be the target market for the first half of 2009. Negotiations have opened with several insurance broker networks, where the platform will support our delivery into the financial services market where telephony efficiency is paramount, and IP3 Telecom will continue to work closely with CallScripter in their push to enter the public sector. Notably, on this front, we have agreed a trial with a local District Council which started in January 2009.

Risks

The risks remain unchanged. A key risk within Ansaback is the technology utilised in the call centre and as such we have invested in a 'state-of-the-art' modern telephone switch. This new switch includes fail-over systems to further increase our business continuity/disaster recovery readiness whilst also enabling us to offer additional services to clients. Looking at other risks, to lower our susceptibility to power outages, we have a standby generator in case of power cuts, while our main computer systems have been upgraded to improve their resilience and minimise any downtime should a problem arise. Additionally, the Ansaback business is heavily dependent on consumer spending and any weakening in consumer confidence might have an adverse impact on the divisional performance. IP3 Telecom could be affected if there is a major carrier breakdown affecting the entire network.

The risks to the CallScripter division continue to be in the ability of our sales team and the partner resellers to achieve both domestic and international market penetration.

Dividend

The directors do not recommend payment of a dividend.

Outlook

Whilst the current outlook for the economy is difficult, the group offers products and services which are required by businesses. As witnessed by the many TV and newspaper reports since 1 January, further deterioration across many sectors is evident and we have noticed a recent worsening in the movement of orders into sales, with some expected sales moving from December to February. The board does not consider these sales to be lost, but it would appear that, in the current economic climate, some customers are starting to delay their purchasing decisions. Given current sales levels and the lumpy nature of our turnover the Directors anticipate the second half of the year to be an improvement on the first six months, and expect the overall annual result to break-even. The forthcoming months will present testing trading conditions and, whilst we are financially strong in cash terms, we have realigned our cost base and working practices to meet these challenges.

Philip Dayer
Chairman
13 February 2009

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	**6 months ended 31 December 2008 (unaudited) £**	6 months ended 31 December 2007 (unaudited) £	12 months ended 30 June 2008 (audited) £
Revenue	3	**1,935,839**	1,805,123	3,947,385
Cost of sales		**(1,060,404)**	(950,655)	(1,970,925)
Gross profit		**875,435**	854,468	1,976,460
Administrative expenses		**(947,777)**	(727,320)	(1,600,486)
Operating (loss)/profit	3	**(72,342)**	127,148	375,974
Finance income		**8,061**	15,490	22,426
Finance expenditure		**(655)**	(4,619)	(6,198)
(Loss)/profit before taxation		**(64,936)**	138,019	392,202
Taxation		**—**	—	180,566
(Loss)/profit for the period		**(64,936)**	138,019	572,768
Attributable to:				
Equity holders of the parent company		**(64,936)**	138,019	572,768
Basic and diluted earnings per share	4	**(0.2)p**	0.5p	1.9p

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	**31 December 2008 (unaudited) £**	31 December 2007 (unaudited) £	30 June 2008 (audited) £
ASSETS				
Non-current assets				
Intangible assets		**231,048**	203,735	222,252
Plant and equipment		**238,246**	198,564	259,715
Deferred taxation		**280,000**	76,000	280,000
Non-current assets		**749,294**	478,299	761,967
Current assets				
Trade and other receivables		**764,779**	654,443	943,826
Cash and cash equivalents		**239,273**	324,637	309,514
Current assets		**1,004,052**	979,080	1,253,340
Total assets		**1,753,346**	1,457,379	2,015,307
LIABILITIES				
Non-current liabilities				
Long-term borrowings		—	(10,273)	(3,781)
Deferred taxation		**(58,160)**	(34,726)	(58,160)
Non current liabilities		**(58,160)**	(44,999)	(61,941)
Current liabilities				
Trade and other payables		**(442,059)**	(484,178)	(614,793)
Current portion of long-term borrowings		**(10,273)**	(55,161)	(30,783)
Current liabilities		**(452,332)**	(539,339)	(645,576)
Total liabilities		**(510,492)**	(584,338)	(707,517)
Net assets		**1,242,854**	873,041	1,307,790
EQUITY				
Equity attributable to shareholders of the parent				
Share capital		**297,908**	297,908	297,908
Other reserves		**18,396**	18,396	18,396
Profit and loss account		**926,550**	556,737	991,486
Total equity		**1,242,854**	873,041	1,307,790

IPPLUS PLC

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	6 months ended 31 December 2008 (unaudited) £	6 months ended 31 December 2007 (unaudited) £	12 months ended 30 June 2008 (audited) £
Cash flows from operating activities			
(Loss)/profit for the period	**(64,936)**	138,019	572,768
Adjustments for:			
Interest income	**(8,061)**	(15,490)	(22,426)
Interest expense	**—**	3,245	3,802
Interest element of finance leases	**655**	1,374	2,396
Deferred tax provision	**—**	—	(180,566)
Depreciation	**26,041**	18,229	40,222
Amortisation	**51,890**	32,789	83,677
Decrease/(increase) in trade and other receivables	**179,047**	5,800	(283,583)
(Decrease) in trade and other payables	**(101,450)**	(124,557)	(9,727)
Cash generated from operations	**83,186**	59,409	206,563
Interest paid	**—**	(3,245)	(3,802)
Interest element of finance leases	**(655)**	(1,374)	(2,396)
Net cash generated from operating activities	**82,531**	54,790	200,365
Cash flows from investing activities			
Interest received	**8,061**	15,490	22,426
Capitalisation of development costs	**(60,686)**	(53,754)	(108,121)
Customer contracts purchased	**—**	—	(15,038)
Purchase of property, plant and equipment	**(75,856)**	(72,206)	(148,769)
Net cash used in investing activities	**(128,481)**	(110,470)	(249,502)
Cash flows from financing activities			
Repayments of borrowings	**(15,000)**	(25,001)	(46,667)
Capital element of finance leases	**(9,291)**	(8,572)	(8,572)
Net cash used in financing activities	**(24,291)**	(33,573)	(55,239)
Net decrease in cash	**(70,241)**	(89,253)	(104,376)
Cash at beginning of the period	**309,514**	413,890	413,890
Net decrease in cash	**(70,241)**	(89,253)	(104,376)
Cash at the end of the period	**239,273**	324,637	309,514

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £	Other reserves £	Profit and loss account £	**Total equity £**
Balance at 31 December 2007	297,908	18,396	556,737	**873,041**
Total recognised Income and expense for the period	—	—	434,749	**434,749**
Balance at 30 June 2008	297,908	18,396	991,486	**1,307,790**
Total recognised Income and expense for the period	—	—	(64,936)	**(64,936)**
Balance at 31 December 2008	297,908	18,396	926,550	**1,242,854**

1. NATURE OF OPERATIONS AND GENERAL INFORMATION

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

IPPlus PLC is the Group's ultimate parent company. It is incorporated and domiciled in the United Kingdom. The address of IPPlus PLC's registered office is also its principal place of business. IPPlus PLC's shares are listed on the Alternative Investment Market of the London Stock Exchange.

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

These interim financial statements do not constitute statutory accounts as defined in Section 240 of the Companies Act 1985. The Group's statutory financial statements for the year ended 30 June 2008, prepared under IFRS (International Financial Reporting Standards), have been filed with the Registrar of Companies. The auditors' report on those financial statements was unqualified and did not contain a statement under Section 237 (2) of the Companies Act 1985.

2. BASIS OF PREPARATION OF FINANCIAL INFORMATION

These interim financial statements are for the six months ended 31 December 2008. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2008.

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

The accounting policies adopted are consistent with those expected to be used in the financial statements for the year ended 30 June 2009 and have been applied consistently throughout the Group for the purposes of preparation of these interim financial statements.

3. SEGMENT INFORMATION

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

Business segments	Ansaback £	CallScripter £	Group £
6 months to December 2008			
Revenue	1,585,173	350,666	1,935,839
Segment result	97,553	(169,895)	(72,342)
12 months to June 2008			
Revenue	3,244,122	703,263	3,947,385
Segement result	359,722	16,252	375,974
6 months to December 2007			
Revenue	1,578,389	226,734	1,805,123
Segment result	176,152	(49,004)	127,148

4. EARNINGS PER SHARE

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

	6 months ended 31 December 2008 (unaudited)	6 months ended 31 December 2007 (unaudited)	12 months ended 30 June 2008 (audited)
(Loss)/profit after taxation added to reserves	**£(64,936)**	£138,019	£572,768
Weighted average number of ordinary shares in issue during the period	**29,790,743**	29,790,743	29,790,743
Basic and diluted (loss)/earnings per share	**(0.2)p**	0.5p	1.9p

5. CHANGE OF NAME

On 29 September 2008 the Company changed its name from County Contact Centres PLC to IPPlus PLC.

6. AVAILABILITY OF INTERIM STATEMENT

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

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