INTELLIGENT PROFESSIONAL SOLUTIONS

INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2013
AIM STOCK CODE: IPP

FINANCIAL HIGHLIGHTS

	6 months ended 31 December 2013 (unaudited) £	6 months ended 31 December 2012 (unaudited) £	12 months ended 30 June 2013 (audited) £
Revenue	4,714,745	4,058,279	8,076,158
Profit before taxation	613,984	174,732	345,856
Profit on early lease surrender	(352,367)	-	-
PCI non-recurring costs	-	71,252	71,252
Underlying profit before taxation	261,617	245,984	417,108
Profit after taxation	613,700	186,142	472,856
Basic and diluted earnings per share (EPS)	1.94p	0.59p	1.49p
Adjusted EPS*	*0.83p*	*0.81p*	*1.72p*

* after adjusting for PCI non-recurring costs and profit on early lease surrender

- Revenue increased by £656,466 (16%) compared to the corresponding prior year period
  – Ansaback division continued to win new fixed seat business
  – IP3 Telecom increased sales with IP3 and PCI-PAL services
  – CallScripter revenue fell to £517,733 (2012: £726,964) after a tough trading period
  – Ancora Solutions had a difficult trading period

- Profit before taxation of £613,984 (2012: £174,732)

- Property purchase was broadly cash neutral and generated a one-off profit on lease surrender by the sub-tenant of £352,367

- Underlying profit before tax increased by 6% to £261,617 (2012: £245,984)

- Cash balance of £655,664 as at 31 December 2013 (30 June 2013: £559,574), an increase of £96,090, with an indebtedness of £1,180,818

- Cash balance reflects strong underlying generation of cash from operations (excluding lease benefit) of £622,025 (December 2012: £452,026; adjusted for non-recurring costs) and includes payment of £94,662 maiden dividend in respect of the prior financial year and share buybacks totalling £29,750

CHAIRMAN'S STATEMENT

Financial Summary

Whilst the media reports that the economy is finally pulling itself out of the long recession, the reality is that businesses are fighting hard to maintain and grow their market share. Our Group has successfully grown its revenue, developed and won new business, and maintained its core profitability over the last six months.

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

IP3 Telecom, the telecommunication division of Ansaback, has made excellent progress with its Level 1 compliant PCI-PAL credit card solution, designed to minimise credit card fraud. New contracts have been won and the pipeline is encouraging for the second half.

CallScripter has faced several challenges on larger contracts which resulted in a rather lacklustre performance. The recruitment of additional resource for this division is in hand and there is a confidence that the product remains a market leader.

Ancora Solutions has struggled to add to its recurring revenue base despite winning several new prestigious contracts in the last period. In view of its poor performance the directors are considering the options to develop and review this division.

As previously reported on 1 July 2013 the Group purchased its principal place of business in Ipswich for the sum of £1,550,000. This purchase was funded by a mortgage of £1,192,500 and existing cash resources. The Group has occupied the ground floor of this building since May 2000 and was at a stage where more space was required. The transaction provides the upper floor of the office block for the Group's planned expansion. Whilst annual overheads have increased marginally reflecting increased rates on the enlarged property use, the Group's floor space has doubled and the mortgage repayments for the entire building are less than the previous ground floor rent. This new space has already been utilised for additional services with a major utility company.

In addition, and subsequent to the transaction, the sub-tenant of the upper floor agreed to the early termination of its lease in consideration of which it paid the Group the sum of £352,367. This payment was utilised to fund the required deposit, making the transaction broadly cash neutral and has been recorded as a non–recurring profit in these results.

Overall the Group generated a profit before taxation for the six months to December 2013 of £613,984 (December 2012: £174,732), which included a one-off profit of £352,367. This was achieved on an increased revenue of £4,714,745 (December 2012: £4,058,279).

However the underlying profit (after excluding the non-recurring items and the lease termination profit) increased by 6% to £261,617 (2012: £245,984) as shown below:

	6 months ended 31 December 2013 (unaudited) £	6 months ended 31 December 2012 (unaudited) £	12 months ended 30 June 2013 (audited) £
Declared Profit before taxation	**613,984**	174,732	345,856
Profit on early lease termination	**(352,367)**	-	-
PCI non-recurring costs	-	71,252	71,252
Underlying profit before taxation	**261,617**	245,984	417,108

Business Summary

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

The Group trades under five trading styles namely Ansaback, which includes IP3 Telecom and PCI-PAL, Ancora Solutions and CallScripter.

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

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

IP3 Telecom is the telephony services arm of Ansaback and provides a range of network level interactive call services. With options for self-sufficiency or fully managed services, the platform gives the user the ability to run a professional call handling operation without the necessity for expensive hardware, installation, and on-going maintenance costs. PCI-PAL is a hosted Level 1 compliant credit card solution designed to minimise credit card fraud.

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

Review of Operations

Ansaback

Ansaback revenue increased by 37% compared to the six months to December 2012.

Larger clients have become more important for Ansaback, as we see the business model continue to evolve to more skilled fixed seat client requirements. Bureau billable minutes increased by 18%, while fixed seat business showed proportionately higher growth over this period. Our on-going challenge is to increase agent skills across bureau and fixed seats in line with client expectations, whilst managing larger business demands.

The available agent positions have increased from 150 to 250 allowing us to compete for much larger tenders than previously. We continue to focus on our key sectors, including R/etail, DRTV, Charity and other media response sectors, as well as Telecoms, Accident Management and Energy sectors.

Referrals and existing clients also continue to account for a high percentage of our business growth. Our skilled and experienced employees in both call centre and support functions remain a key asset in achieving this growth along with client retention.

Review of Operations (continued)

IP3 Telecom

IP3 Telecom, the telecommunications division of Ansaback, has made excellent progress in the first half of the year with revenue increasing by 18% compared with the same period last year. With the foundations firmly in place from early 2013, the PCI-PAL client base has grown significantly with new business contracts over achieving against internal expectations.

With the growth in revenue, the division has set records for calls and minutes handled, and transactions processed in the period. We have secured a number of important early contracts for PCI-PAL across a variety of sectors including financial services, outsourcing, leisure, and retail. Pipeline activity is encouraging, resulting in a positive outlook. The continued growth of the PCI-PAL channel network is supporting pipeline growth and further strengthening the brand as a market leader with the support of key industry specific partners.

CallScripter

Following consistent strong growth over recent years, the first half year performance has been more difficult than expected. This is due to a few of the larger UK and international project opportunities which CallScripter is now being shortlisted for, a very positive reflection of our enhanced market positioning, slipping beyond anticipated close dates. These large deal delays are typically occurring because we are now only one component of much larger contact centre/telephony projects. These are often being sold via strategic partners, where the size of the total requirement can mean that client Boards can easily delay decisions by one or two months citing 'tough market conditions'. We also sometimes have limited direct sales involvement to obtain first hand qualification of the likely closing dates.

The Original Equipment Manufacturer ("OEM") collaboration with Interactive Intelligence Inc. ("ININ") remains strong so much so that they now wish to resell the complete CallScripter software solution rather than the OEM branded EasyScripter solution. This is a resounding endorsement of CallScripter by a market leading full suite Contact Centre solution supplier, which will result in larger sales opportunities as their pipeline for the standard CallScripter suite builds. This closer product collaboration will be released in phases over the coming months, backed by a re-promotion of our strategic relationship within ININ and a number of proactive international joint marketing initiatives to new prospects and existing customers.

We continue to see growth from channel sales versus direct clients, as planned, with the revenue split now running at approximately 50:50 and with a corresponding increase in international sales versus UK sales where the revenue split was also approximately 50:50 over the last 18 months.

CallScripter established a direct relationship with Cisco, by joining their Cisco Developer Network. This will enable us to capitalise on their significant contact centre market push internationally and most importantly the fact that they do not have an alternative scripting solution within their ecoPartners network worldwide. As reported in the June 2013 annual accounts we are already seeing substantive business with eLoyalty, the US gold certified Cisco partner, and we are nurturing this relationship to gain additional clients.

We continue to build on the ININ, Avaya and Cisco strategic relationships following our partner strategy put in place over 3 years ago to align with the market leaders.

Review of Operations (continued)

Ancora Solutions

Ancora Solutions had a difficult period with revenues falling from last year's record six month sales and returning to more modest 2011 levels. Trading remains tough with private sector companies reluctant to move and invest in new buildings and plant. In view of its poor performance the directors are considering the options to develop and review this division.

Dividend

The company will not be declaring an interim dividend.

Outlook

Overall the Board is pleased with the Group's trading in the six months to December 2013. This was achieved in business conditions which remain difficult and the Board believes that these trading conditions will continue throughout 2014. Nevertheless the Board looks forward to reporting further progress.

Philip Dayer
Chairman
14 February 2014

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	**6 months ended 31 December 2013 (unaudited) £**	6 months ended 31 December 2012 (unaudited) £	12 months ended 30 June 2013 (audited) £
Revenue	3	**4,714,745**	4,058,279	8,076,158
Cost of sales		**(2,911,150)**	(2,343,991)	(4,715,865)
Gross profit		**1,803,595**	1,714,288	3,360,293
Administrative expenses		**(1,518,737)**	(1,531,167)	(3,001,749)
Other operating income		**352,367**	-	-
Operating profit	3	**637,225**	183,121	358,544
Finance income		**1,716**	40	3,105
Finance costs		**(24,957)**	(8,429)	(15,793)
Profit before taxation		**613,984**	174,732	345,856
Income tax (charge)/credit	4	**(284)**	11,410	127,000
Profit and total comprehensive income attributable to equity holders of the parent company		**613,700**	186,142	472,856
Basic and diluted earnings per share	5	**1.94p**	0.59p	1.49p

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31 December 2013 (unaudited) £	31 December 2012 (unaudited) £	30 June 2013 (audited) £
ASSETS			
Non-current assets			
Land and buildings	**1,719,530**	52,832	62,482
Plant and equipment	**413,974**	451,671	390,058
Other intangible assets	**537,895**	535,837	548,828
Deferred taxation	**373,000**	280,000	373,000
Non-current assets	**3,044,399**	1,320,340	1,374,368
Current assets			
Trade and other receivables	**1,764,811**	1,456,866	1,604,583
Current tax assets	**-**	-	20,759
Cash and cash equivalents	**655,664**	499,724	559,574
Current assets	**2,420,475**	1,956,590	2,184,916
Total assets	**5,464,874**	3,276,930	3,559,284
LIABILITIES			
Current liabilities			
Trade and other payables	**(1,165,684)**	(835,133)	(905,543)
Current portion of long-term borrowings	**(99,357)**	(108,715)	(92,163)
Current liabilities	**(1,265,041)**	(943,848)	(997,706)
Non-current liabilities			
Long term borrowings	**(1,186,867)**	(86,231)	(37,900)
Deferred taxation	**(65,000)**	(65,000)	(65,000)
Non-current liabilities	**(1,251,867)**	(151,231)	(102,900)
Total liabilities	**(2,516,908)**	(1,095,079)	(1,100,606)
Net assets	**2,947,966**	2,181,851	2,458,678
EQUITY			
Equity attributable to shareholders of the parent			
Share capital	**317,212**	317,212	317,212
Share premium	**89,396**	89,396	89,396
Other reserves	**18,396**	18,396	18,396
Profit and loss account	**2,522,962**	1,756,847	2,033,674
Total equity	**2,947,966**	2,181,851	2,458,678

CONSOLIDATED STATEMENT OF CASH FLOWS

	6 months ended 31 December 2013 (unaudited) £	6 months ended 31 December 2012 (unaudited) £	12 months ended 30 June 2013 (audited) £
Cash flows from operating activities			
Profit after taxation	**613,700**	186,142	472,856
Adjustments for:			
Depreciation	**130,493**	103,012	212,217
Amortisation of intangible assets	**91,909**	87,301	153,883
Interest income	**(1,716)**	(40)	(3,105)
Interest expense	**18,714**	1,563	3,126
Interest element of finance leases	**4,557**	5,180	9,295
Other interest	**1,686**	1,686	3,372
Income taxes paid/(received)	**284**	-	(22,590)
Deferred tax provision	**-**	(11,410)	(104,410)
Profit on sale of fixed assets	**(260)**	-	(600)
(Increase)/decrease in trade and other receivables	**(141,101)**	26,361	(169,506)
Increase/(decrease) in trade and other payables	**256,126**	(19,021)	(12,657)
Cash generated from operations	**974,392**	380,774	541,881
Income taxes received	**-**	-	55,387
Interest paid	**(18,714)**	(1,563)	(9,295)
Interest element of finance leases	**(4,557)**	(5,180)	(3,126)
Net cash generated from operating activities	**951,121**	374,031	584,847
Cash flows from investing activities			
Purchase of property, plant and equipment	**(1,767,942)**	(76,736)	(133,977)
Deferred acquisition of Ancora business	**(12,000)**	(12,000)	(24,000)
Deferred consideration from sale of Commercial Finance Brokers (UK) Limited	**7,500**	5,000	11,000
Capitalisation of development costs	**(80,976)**	(78,399)	(157,972)
Interest received	**1,716**	40	3,105
Proceeds from sale of fixed assets	**260**	-	600
Net cash used in investing activities	**(1,851,442)**	(162,095)	(301,244)

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

	6 months ended 31 December 2013 (unaudited) £	6 months ended 31 December 2012 (unaudited) £	12 months ended 30 June 2013 (audited) £
Cash flows from financing activities			
Loan received	**1,192,500**	-	-
Repayment of borrowings	**(32,899)**	(25,000)	(50,000)
Buy-back of Treasury Shares	**(29,750)**	-	(9,887)
Dividend paid	**(94,662)**	-	-
Capital element of finance leases	**(38,778)**	(83,729)	(60,659)
Net cash received/(used) in financing activities	**996,411**	(108,729)	(120,546)
Net increase in cash and cash equivalents	**96,090**	103,207	163,057
Cash and cash equivalents at beginning of the period	**559,574**	396,517	396,517
Cash and cash equivalents at the end of the period	**655,644**	499,724	559,574

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital £	Share Premium £	Other Reserves £	Profit and loss Account £	**Total Equity £**
Balance at 1 July 2012	317,212	89,396	18,396	1,570,705	**1,995,709**
Profit and total recognised income and expense for the period	-	-	-	186,142	**186,142**
Balance at 31 December 2012	317,212	89,396	18,396	1,756,847	**2,181,851**
Shares placed into Treasury	-	-	-	(9,887)	**(9,887)**
Transactions with owners	-	-	-	(9,887)	**(9,887)**
Profit and total recognised income and expense for the period	-	-	-	286,714	**286,714**
Balance at 30 June 2013	317,212	89,396	18,396	2,033,674	**2,458,678**
Shares placed into Treasury	-	-	-	(29,750)	**(29,750)**
Dividend paid	-	-	-	(94,662)	**(94,662)**
Transactions with owners	-	-	-	(124,412)	**(124,412)**
Profit and total recognised income and expense for the period	-	-	-	613,700	**613,700**
Balance at 31 December 2013	317,212	89,396	18,396	2,522,962	**2,947,966**

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. Nature of operations and general information

IPPlus PLC is the Group's ultimate parent company and is a public limited company domiciled in England and Wales (registration number 3869545). The company's registered office, which is also its principal place of business, is Melford Court, The Havens, Ransomes Europark, Ipswich IP3 9SJ. The Company's ordinary shares are traded on the AIM Market of the London Stock Exchange. The Group's consolidated interim financial statements (the "interim financial statements") for the period ended 31 December 2013 comprise the Company and its subsidiaries (the "Group").

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

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

2. Basis of preparation of financial information

These interim financial statements are for the six months ended 31 December 2013. 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 2013.

The financial information for the year ended 30 June 2013 set out in these interim financial statements does not constitute statutory accounts as defined by Section 434 of the Companies Act 2006. The Group's statutory financial statements for the year ended 30 June 2013 have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain statements under Section 498(2) or Section 498(3) of the Companies Act 2006.

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

The accounting policies adopted are consistent with those utilised in the financial statements for the year ended 30 June 2013 and have been applied consistently throughout the Group for the purposes of preparation of these interim financial statements.

3. Segmental information

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

Business segments	Ansaback £	CallScripter £	Ancora £	Group £
6 months to December 2013				
Revenue	3,866,270	517,733	330,742	4,714,745
Segment result	845,061	(171,470)	(36,366)	637,225
12 months to June 2013				
Revenue	5,759,218	1,490,042	826,898	8,076,158
Segment result	458,456	(49,936)	(49,976)	358,544
6 months to December 2012				
Revenue	2,824,627	726,964	506,688	4,058,279
Segment result	230,084	(55,765)	8,802	183,121

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)

4. Taxation

	6 months ended 31 December 2013 (unaudited) £	6 months ended 31 December 2012 (unaudited) £	12 months ended 30 June 2013 (audited) £
Liability on capitalised assets	**-**	11,410	-
Prior year income tax (adjustments)/receipt	**(284)**	-	22,590
Tax (charge)/credit	**(284)**	11,410	22,590

Deferred tax

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

Income tax

The prior year income tax adjustment and receipt relates to Research and Development claims repaid by HMRC.

5. Earnings per share

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

	6 months ended 31 December 2013 (unaudited)	6 months ended 31 December 2012 (unaudited)	12 months ended 30 June 2013 (audited)
Profit after taxation added to reserves	**£613,700**	£186,142	£472,856
Weighted average number of ordinary shares in issue during the period	**31,579,732**	31,721,178	31,714,825
Basic and diluted earnings per share	**1.94p**	0.59p	1.49p

6. Purchase of building

As previously reported, on 1 July 2013 the Group purchased its principal place of business in Ipswich for the sum of £1,550,000. This purchase was funded by a mortgage of £1,192,500 and existing cash resources.

The Group has occupied the ground floor of this building since May 2000 and was at a stage where more space was required. The transaction provides the upper floor of the office block for the Group's planned expansion. Whilst annual overheads have increased marginally reflecting increased rates on the enlarged property use, the Group's floor space has doubled and the mortgage repayments for the entire building are less than the previous ground floor rent. This new space has already been utilised for additional services to a major utility company.

In addition, and subsequent to the transaction, the sub-tenant of the upper floor agreed to the early termination of its lease in consideration of which it paid the Group the sum of £352,367. This payment was utilised to fund the required deposit, making the transaction broadly cash neutral, and has been recorded as a non–recurring profit in these results.

COMPANY INFORMATION

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

Secretary:	Robert Stuart McWhinnie Gordon BA FCMA CGMA
Company registration number:	3869545
Registered office:	Melford Court The Havens Ransomes Europark Ipswich Suffolk IP3 9SJ
Nominated Advisers and Broker:	Nplus1 Singer
Registrars:	Capita Registrars Limited
Solicitors:	Shepherd and Wedderburn LLP
Bankers:	NatWest Bank PLC Barclays Bank PLC
Auditors:	Grant Thornton UK LLP
Interim financial statements available at:	www.ipplusplc.com

IPPLUS PLC

INTELLIGENT PROFESSIONAL SOLUTIONS

IPPlus Plc
2 Melford Court
The Havens
Ransomes Europark
Ipswich, Suffolk
IP3 9SJ, UK

T: +44 (0)1473 321800
F: +44 (0)1473 321801
E: info@ipplusplc.com

www.ipplusplc.com