18 November 2009

Intellego Holdings plc

('Intellego' or 'the Company')

INTERIM RESULTS FOR THE SIX MONTHS TO 30 SEPTEMBER 2009

The Board of Intellego, the AIM traded eLearning and compliance courseware solutions business, announces its unaudited interim results for the six months to 30 September 2009.

HIGHLIGHTS

- Revenues of £854,067 (2008: £1,110,494)
- Increased recurring revenues
- Strong and growing prospect list
- Overheads reduction program on track.
- Appointment of new Sales Director and Marketing Manager
- Launched new library of online courses for retailers, Retail Essentials

POST BALANCE SHEET ACTIVITIES

- £400,000 order signed with BPP to supply new product, Xyleme
- Record level order intake for October
- Advanced stage opportunities with a specialist retailer, a large banking group and a multinational pharmaceutical company
- Expect recovery of sales delayed in H1, and overall sales growth for the year

Commenting on these results Chairman Angus Forrest, said: **"During the period we have concentrated on the sales and marketing of the Company and its products with a view to improving its financial performance. To this end we have appointed a new Sales Director and Marketing Manager; re-organized the structure of the sales force to increase its productivity; implemented a new sales management system; and targeted our effort towards engaging in strategic partnerships with customers, enabling a direct correlation between the training provided and enhanced performance.**

"We are confident that, with our existing pipeline, we will be able to recover the sales lost in the first half, ending the year with an overall increase in sales and significantly improved financial result for the year.

"Intellego strategy continues to be growth through a combination of organic growth and acquisition."

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Intellego Holdings plc

Unaudited Condensed Consolidated Interim Financial Statements for the period ended 30 September 2009

Chairman's Statement

During the period we have concentrated on the sales and marketing of the Company and its products with a view to improving its financial performance.

This has included the appointment of a new Sales Director and Marketing Manager and the re-organization of the structure of the sales force to increase its productivity. We have also implemented a new sales management system and targeted our effort towards engaging in strategic partnerships with customers, enabling a direct correlation between the training provided and enhanced performance.

As previously announced, the first six months of the year showed sales down to £854,067 (2008: £1,110,494) whilst loss after tax was £323,315 (2008: £110,786). A major reason for the fall in sales revenue is the increased length of time customers have been taking to negotiate and place orders.

In October we announced a £400,000 order from BPP for our new product Xyleme, a learning content management system. Our order intake in October was at a record level and we have major opportunities at an advanced stage with a specialist retailer, a large banking group and a multinational pharmaceutical company.

The sales team has been focusing on making Intellego a strategic partner and, through its training solutions, enabling customers to see a direct correlation between the training and resulting enhanced performance. This necessitates contact with customers at a higher operational level than we have previously targeted, it also implies larger contracts generating greater revenues over a longer period.

Current trading and prospects

We have a very strong sales prospect pipeline; many of the prospects have been in negotiation for some time and are for large orders, deliverable over many months - starting in Q4 2009. We are confident that, with our existing pipeline, we will be able to recover the sales lost in the first half, ending the year with an overall increase in sales and significantly improved financial result for the year. We expect to make announcements as these opportunities are secured.

The emphasis for Intellego is now to resume previous rates of sales growth over the next twelve months solely through organic growth, whilst holding costs.

Management changes

Andy Green has resigned as managing director and will be leaving Intellego with immediate effect. I would like to thank Andy for his contribution to the Company as a founder and subsequently as managing director when he had the difficult task of leading the business through the recent turbulent financial times. The Board wishes him well for the future.

It is intended that John Hammond, who joined us in August, will be appointed as sales director shortly. In the three months since he started John has introduced new sales management systems and process.

For the immediate future I will remain as executive chairman until a new managing director is appointed.

Thanks

I would like to thank all of the staff for their efforts during the period and our shareholders for their support.

Condensed consolidated interim statement of comprehensive income for the six months ended 30 September 2009

	Note	**Unaudited Six months to 30 September 2009 £**	Unaudited Six months to 30 September 2008 £	Audited Year to 31 March 2009 £
Continuing operations				
Revenue		**854,067**	1,110,494	2,342,124
Cost of sales		**(436,475)**	(262,650)	(674,903)
Gross profit		**417,592**	847,844	1,667,221
Operating charges before depreciation and Amortisation		**(648,686)**	(898,446)	(1,947,114)
EBITDA before restructuring costs		**(231,094)**	(50,602)	(279,893)
Restructuring costs		**-**	-	(73,914)
EBITDA after restructuring costs		**(231,094)**	(50,602)	(353,807)
Depreciation and amortisation		**(78,879)**	(51,874)	(126,403)
Operating loss		**(309,973)**	(102,476)	(480,210)
Finance income		**-**	902	1,310
Finance cost		**(13,352)**	(15,967)	(31,062)
Loss before tax expense		**(323,325)**	(117,541)	(509,962)
Tax expense		**10**	6,755	7,354
Loss for the period attributable to equity holders of the company		**(323,315)**	(110,786)	(502,608)
Other comprehensive income / (expense)		**-**	-	-
Total comprehensive income / (expense) attributable to equity holders of the company		**(323,315)**	(110,786)	(502,608)
Loss per share attributable to the equity holders of the company during the period				
Basic and diluted loss per share	4	**(0.02p)**	(0.09p)	(0.40p)

Condensed consolidated interim statement of financial position

	Unaudited 30 September 2009 £	Unaudited 30 September 2008 £	Audited 31 March 2009 £
ASSETS			
Non-current assets			
Property, plant and equipment	**75,677**	72,543	81,668
Goodwill	**278,295**	278,295	278,295
Other intangible assets	**255,752**	323,293	307,376
	609,724	674,131	667,339
Current assets			
Inventories	**4,342**	5,475	4,575
Trade and other receivables	**455,215**	976,743	691,802
Cash and cash equivalents	**39,231**	71,520	92,905
	498,788	1,053,738	789,282
Total assets	**1,108,512**	1,727,869	1,456,621
LIABILITIES			
Current liabilities			
Trade and other payables	**1,092,593**	1,107,671	1,373,330
Short-term borrowings	**123,244**	302,714	173,049
	1,215,837	1,410,385	1,546,379
Non-current liabilities			
Long-term borrowings	**172,270**	38,629	29,022
Total non-current liabilities	**172,270**	38,629	29,022
Total liabilities	**1,388,107**	1,449,014	1,575,401
Net assets	**(279,595)**	278,855	(118,780)
EQUITY			
Equity attributable to equity holders of the parent			
Share capital	**831,567**	654,066	661,567
Share premium account	**1,416,349**	1,423,776	1,423,849
Merger reserve	**31,000**	29,387	31,000
Shares to be issued	**-**	15,000	-
Profit and loss reserve	**(2,558,511)**	(1,843,374)	(2,235,196)
Total equity	**(279,595)**	278,855	(118,780)

Condensed consolidated interim statement of changes in equity (unaudited)

	Share capital £	Share premium £	Merger Reserve £	Shares to be issued £	Profit and loss reserve £	Total equity £
Balance at 1 April 2008	649,314	1,423,849	29,387	15,000	(1,732,588)	384,962
Shares issued	4,752	(73)	-	-	-	4,679
Loss for the period	-	-	-	-	(110,786)	(110,786)
Balance at 30 September 2008	654,066	1,423,776	29,387	15,000	(1,843,374)	278,855
Balance at 1 October 2008	654,066	1,423,776	29,387	15,000	(1,843,374)	278,855
Shares issued	-	-	410	-	-	410
Shares to be issued	7,500	-	1,203	(15,000)	-	(6,297)
Loss for the period	-	-	-	-	(391,822)	(391,822)
Balance at 31 March 2009	661,567	1,423,849	31,000	-	(2,235,196)	(118,780)
Balance at 1 April 2009	661,567	1,423,849	31,000	-	(2,235,196)	(118,780)
Shares issued	170,000	(7,500)	-	-	-	162,500
Loss for the period	-	-	-	-	(323,315)	(323,315)
Balance at 30 September 2009	831,567	1,416,349	31,000	-	(2,558,511)	(279,595)

Condensed consolidated interim statement of cash flow

	Note	**Unaudited Six months to 30 September 2009 £**	Unaudited Six months to 30 September 2008 £	Audited Year to 31 March 2009 £
Cash flows from operating activities				
Loss after taxation		**(323,315)**	(110,786)	(502,608)
Adjustments for:				
Depreciation		**27,255**	20,712	45,322
Amortisation		**51,624**	31,162	81,081
Investment income		**-**	(902)	(1,310)
Interest expense		**13,352**	15,967	31,068
Decrease/(increase) in trade and other receivables		**236,587**	(382,513)	(97,572)
Decrease/(increase) inventories		**233**	(7)	897
(Decrease)/increase in trade payables		**(280,737)**	315,366	581,021
Cash used in operations		**(275,001)**	(111,001)	137,899
Interest paid		**(13,352)**	(15,967)	(31,068)
Net cash (used in)/generated from operating activities		**(288,353)**	(126,968)	106,831
Cash flows from investing activities				
Purchase of property, plant and equipment		**(21,264)**	(11,509)	(45,244)
Investment in intangible assets		**-**	(94,968)	(128,969)
Overdraft acquired with business		**-**	(8,155)	(8,155)
Acquisition of business		**-**	(191,990)	(191,990)
Interest received		**-**	902	1,310
Net cash used in investing activities		**(21,264)**	(305,720)	(373,048)
Cash flows from financing activities				
Proceeds from issue of share capital		**162,500**	(9,580)	(15,394)
Proceeds from/(repayment of) long-term bank loan		**183,844**	(9,607)	(19,214)
Net cash used in financing activities		**346,344**	(19,187)	(34,608)
Net increase / (decrease) in cash and cash equivalents		**36,727**	(451,875)	(300,825)
Cash and cash equivalents at beginning of period		**(60,930)**	239,895	239,895
Cash and cash equivalents at end of period		**(24,203)**	(211,980)	(60,930)

Notes to the condensed consolidated interim financial statements

1 General information

The financial information set out in this condensed interim report for the six months ended 30 September 2009 and the comparative figures for the six months ended 30 September 2008 are unaudited. The financial information for the year ended 31 March 2009 does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985. The Group's statutory financial statements for the year ended 31 March 2009, prepared under International Financial Reporting Standards (IFRS), received an unmodified audit report, did not contain statements under section 237(2) or (3) of the Companies Act 1985 and have been filed with the Registrar of Companies.

2 Basis of preparation

These September 2009 condensed consolidated interim financial statements of Intellego Holdings plc are for the six months ended 30 September 2009 and prepared under IFRS. 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 prepared under IFRS, for the year ended 31 March 2009.

The accounting policies applied are largely consistent with those of the annual financial statements for the year ended 31 March 2009, as described in those financial statements. The only exception relates to the taxation policy. For the purpose of the interims the tax charge on the underlying business performance is calculated by reference to the estimated effective rate for the full year.

Going concern

The group has net liabilities of £279,595 at 30 September 2009. The directors have assessed the ability of the group to continue its operations based on forecasts covering the next 12 months. The forecast includes the assumptions that there is a share placing to raise a further £250,000.

3 Segment analysis

The Group's primary reporting format is business segment and its secondary format is geographical segment by origin of revenue.
Intellego operates three main business segments Distribution, Services and Publishing. The activity undertaken by the Distribution segment is the resale of software developed by third parties. The Services segment includes consultancy, customisation, including development of content, and integration of e-learning systems. Maintenance of these systems is undertaken by the Distribution segment. The Publishing segment includes the sale of internally generated content. The revenues and net result generated by each of Intellego plc's business segments are summarised as follows:

6 months to 30 September 2009

	Distribution	Services	Publishing	Group
	£	£	£	£
Revenue	323,060	366,799	164,208	854,067
Loss	(54,867)	(250,711)	(17,737)	(323,315)

6 months to 30 September 2008

	Distribution	Services	Publishing	Group
Revenue	431,777	581,547	97,169	1,110,494
Loss for the period	(30,234)	(71,705)	(8,846)	(110,785)

Year to 31 March 2009

	Distribution	Services	Publishing	Group
Revenue	808,353	1,169,191	364,580	2,342,124
Loss for the period	(194,017)	(289,267)	(19,324)	(502,608)

4 Loss per share

The calculation of basic loss per share is based on a loss for the period of £323,315 (31 March 2009: £502,608, 30 September 2008: £110,786) and on 147,217,459 (31 March 2009: 131,060,569, 30 September 2008: 117,078,211) ordinary shares, being the weighted average number of ordinary shares in issue during the year.

The loss attributable to ordinary shareholders and the weighted average number of ordinary shares for the purpose of calculating the diluted loss per share are identical to those used for the basic loss per share. Similarly, the adjusted loss attributable to ordinary shareholders and the weighted average number of ordinary shares for the purposes of calculating the diluted loss per share are identical to those used for the loss per share. This is because the exercise of share options and warrants would have the effect of reducing the loss per share and is therefore not dilutive under the terms of IAS 33.