26 October 2010

Intellego Holdings plc
('Intellego' or 'the Company')

INTERIM RESULTS FOR THE SIX MONTHS TO 30 SEPTEMBER 2010

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 2010.

HIGHLIGHTS OF INTERIM RESULTS

- Revenues are up 17% to £1,002,444 in the first half of current financial year to March 2011 (2009: £854,067)
- Net profits of £63,734 have been achieved against last year's net losses of £323,315
- Earnings per share are now positive at 0.02p per share (2009: loss per share of 0.02p)
- Intellego has benefited from a combination of a growing sales pipeline in our target markets generated by a new sales team and the impact of continuous overheads reductions
- Recently appointed channel development partners are expanding the business in key market sectors
- Investment in excess of £50,000 has been made in new product libraries, providing on-line courses in financial services and business compliance (anti-money laundering, data security, data protection and employment equality)

POST BALANCE SHEET ACTIVITIES

- The outlook is for continued profitable trading for October and to the end of the year
- The sales team has expanded to eight personnel representing 40% of the company's staff to focus on vertical market sectors
- Marketing spend is being increased in the second half to support sales delivery and to increase market awareness of our new products and bespoke content solutions
- Contributions from the sale of the NetDimensions distribution business and the Creditors Voluntary Arrangements are being released over the full financial year

Commenting on these results Chairman Angus Forrest, said: "The benefits of the changes and investments introduced by the new executive team are feeding through to the bottom line. The Company has recorded its first interim net profit in its history. We are confident that the business will continue to build on this performance with its new sales and product initiatives."

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Intellego Holdings plc

Unaudited Condensed Consolidated Interim Financial Statements for the period ended 30 September 2010

Chairman's Interim Statement at 30 September 2010

The benefits of the changes introduced by the new executive team are beginning to be reflected in these interim accounts with the Company showing a profit for the first time in its history. The first six months show revenues of £1,002,444 (2009: £854,067) with a net profit of £63,734 (2009: net loss of £323,315). This improvement is in line with the reports in the annual accounts and at the AGM.

The positive results have been generated from a combination of greater sales focus, the sale of our own higher margin products & services, the sale of part of the business, further cost reductions and the release of CVA liabilities.

The Half Year

As noted in the annual report and accounts, we sold the EKP software distribution business in April 2010 to NetDimensions (UK) Limited, for whom we continue to act as a partner and reseller. The transaction's impact on our results this period included the recognition of £176,000 in sales and an overall 28% improvement in gross margin to 77% from 49% last year. The Company Voluntary Arrangements (CVAs) have reduced and phased the payments to our trade and HMRC creditors, the benefit of which is partly realised in the current period through a reduction in costs amounting to £106,816. The balance sheet shows net liabilities of £624,712 although a further benefit from both these sources amounting to £533,238 will be released in the second half. Current liabilities have been reduced by more than £1,000,000 and are now equivalent to net current assets.

The cost reduction programme implemented over the last six month produced annualised savings of £273,800.

The business is now focused on specific products and bespoke content development within specialist markets, from which we expect to benefit from greater expertise and deeper market penetration. Over the six months with a smaller workforce the employee balance has changed with the headcount percentage in sales doubling and in-house production reducing by a third. The emphasis is towards a flexible structure composed of an internal team of client facing and design oriented subject matter experts supported by out-sourced contractors.

There are still further efficiencies to be realised but cost reduction is unlikely to fall from current levels as we begin to invest some of the savings in our sales team, new products and marketing initiatives.

Since the end of 2009 we have won three large new customer contracts for our products and bespoke content. Each of these should develop into long term relationships with contract values likely to be in excess of £100,000 over three years. We are also developing channels to market and these channel partners are beginning to contribute to our market presence and sales growth.

Markets and Products

Intellego's strategy is focused on the sale of content and related services supported by a smaller software business on the back of which we convert customer interest into the sale of content development and training services. This offers higher sales values, greater margins (77% compared to 49% as stated above) and greater recurring revenues. Our typical customers are medium and large organisations operating in the financial services, retail, pharmaceutical and healthcare markets and any others with compliance requirements. We are differentiating ourselves in our markets through expert knowledge of those industries.

Custom content
E-learning courses developed specifically to a customer's requirement are one of the Company's core offerings. We develop high quality learning products based on a combination of expert sector knowledge, consulting, and expertise in technology and methodology to transfer knowledge, to alter behaviour and to improve risk management.

Published content and training courses
A recently formed division is selling products and courses developed by Intellego on Anti-Money Laundering, Data Protection, Data Security and Equality. Various other courses are in development for launch later this year.

We have begun to market a range of courses and learning products for a new set of financial services exams, the RDR Level 4, which will be required for 50,000 wealth managers from 2012. We offer a full set of JO modules and are developing a range of RO modules which introduce innovative features to assist candidates both to learn and measure their progress.

Several co-ordinated marketing activities have commenced which support the sales team by raising Intellego's profile in order to generate sales leads and to promote the value of the Company's products and services as a combined solution. The benefit of this activity will be realised not only this financial year to 31 March 2011 but also in future years.

Outlook

We intend to build on the success of the first half year's results based on existing activity levels, supported by a sales pipeline with a value of £2.4 million. We expect a positive net earnings result for the full year as our product and marketing investments continue, sales improve and costs stay controlled.

I would like to thank every member of Intellego's staff for their contribution in what has been a difficult period of change and to every shareholder for your continued support.

Condensed consolidated interim statement of comprehensive income for the six months ended 30 September 2010

	Note	**Unaudited Six months to 30 September 2010 £**	Unaudited Six months to 30 September 2009 £	Audited Year to 31 March 2010 £
Continuing operations				
Revenue		**1,002,444**	854,067	1,853,266
Cost of sales		**(233,533)**	(436,475)	(1,037,843)
Gross profit		**768,911**	417,592	815,423
Operating charges before depreciation and Amortisation		**(599,297)**	(648,686)	(1,524,226)
EBITDA before restructuring costs		**169,614**	(231,094)	(708,803)
Restructuring costs		**(6,601)**	-	(66,000)
EBITDA after restructuring costs		**163,013**	(231,094)	(774,803)
Depreciation and amortisation		**(88,729)**	(78,879)	(233,451)
Operating profit / (loss)		**74,284**	(309,973)	(1,008,254)
Finance income		**-**	-	-
Finance cost		**(10,550)**	(13,352)	(35,561)
Profit / (loss) before tax expense		**63,734**	(323,325)	(1,043.815)
Tax expense		**-**	10	-
Profit / (loss) for the period attributable to equity holders of the company		**63,734**	(323,315)	(1,043,815)
Other comprehensive income / (expense)		**-**	-	-
Total comprehensive income / (expense) attributable to equity holders of the company		**63,734**	(323,315)	(1,043,815)
Earnings / (loss) per share attributable to the equity holders of the company during the period				
Basic and diluted earnings /(loss) per share		**0.02p**	(0.02p)	(0.58p)

Condensed consolidated interim statement of financial position

	Unaudited 30 September 2010 £	Unaudited 30 September 2009 £	Audited 31 March 2010 £
ASSETS			
Non-current assets			
Property, plant and equipment	**28,022**	75,677	51,599
Goodwill	**206,289**	278,295	206,289
Other intangible assets	**177,157**	255,752	198,817
	411,468	609,724	456,705
Current assets			
Inventories	**12,000**	4,342	12,000
Trade and other receivables	**310,100**	455,215	588,856
Cash and cash equivalents	**5,226**	39,231	8,029
	327,788	498,788	608,885
Total assets	**738,794**	1,108,512	1,065,590
LIABILITIES			
Current liabilities			
Trade creditors and other payables	**315,690**	667,250	1,268,303
Short-term borrowings	**43,086**	123,244	105,449
	358,776	790,494	1,373,752
Deferred income and other provisions	**617,307**	425,343	409,824
	976,083	1,215,837	1,783,576
Non-current liabilities			
Creditors falling due after more than 1 year	**275,773**	-	-
Long-term borrowings	**111,650**	172,270	131,960
Total non-current liabilities	**387,423**	172,270	131,960
Total liabilities	**1,363,506**	1,388,107	1,915,536
Net assets / (liabilities)	**(624,712)**	(279,595)	(849,946)
EQUITY			
Equity attributable to equity holders of the parent			
Share capital	**879,934**	831,567	853,017
Share premium account	**1,679,631**	1,416,349	1,545,048
Merger reserve	**31,000**	31,000	31,000
Shares to be issued	**-**	-	-
Profit and loss reserve	**(3,215,277)**	(2,558,511)	(3,279,011)
Total equity £	**(624,712)**	(279,595)	(849,946)

Condensed consolidated interim statement of changes in equity (unaudited)

	Share capital £	Share premium £	Merger Reserve £	Profit and loss reserve £	Total equity £
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)
Balance at 1 October 2009	831,567	1,416,349	31,000	(2,558,511)	(279,595)
Shares issued	21,450	128,699	-	-	150,149
Shares to be issued	-	-	-	-	-
Loss for the period	-	-	-	(720,500)	(720,500)
Balance at 31 March 2010	853,017	1,545,048	31,000	(3,279,011)	(849,946)
Balance at 1 April 2010	853,017	1,545,048	31,000	(3,279,011)	(849,946)
Shares issued	26,917	134,583	-	-	161,500
Profit for the period	-	-	-	63,734	63,734
Balance at 30 September 2010	879,934	1,679,631	31,000	(3,215,277)	(624,712)

Condensed consolidated interim statement of cash flow

	Note	**Unaudited Six months to 30 September 2010 £**	Unaudited Six months to 30 September 2009 £	Audited Year to 31 March 2010 £
Cash flows from operating activities				
Profit / (loss) after taxation		**63,734**	(323,315)	(1,043,815)
Adjustments for:				
Depreciation		**23,577**	27,255	52,887
Amortisation		**65,152**	51,624	108,559
Impairment		**-**	-	72,006
Investment income		**-**	-	-
Interest expense		**10,550**	13,352	35,561
Decrease/(increase) in trade and other receivables		**278,756**	236,587	102,945
Decrease/(increase) inventories		**-**	233	(7,425)
(Decrease)/increase in trade payables		**(469,357)**	280,737	304,797
Cash used in operations		**(27,588)**	(275,001)	(374,485)
Interest paid		**(10,550)**	(13,352)	(35,561)
Net cash (used in)/generated from operating activities		**(38,138)**	(288,353)	(410,046)
Cash flows from investing activities				
Investment in content and software		**(43,492)**	(21,264)	(22,818)
Interest received		**-**	-	-
Net cash used in investing activities		**(81,630)**	(21,264)	(22,818)
Cash flows from financing activities				
Proceeds from issue of share capital		**161,500**	(9,580)	(312,649)
Proceeds from/(repayment of) long-term bank loan		**(23,845)**	(9,607)	(130,346)
Net cash from / (used) in financing activities		**137,655**	(19,187)	(442,995)
Net increase / (decrease) in cash and cash equivalents		**56,025**	(451,875)	10,131
Cash and cash equivalents at beginning of period		**(50,799)**	239,895	(60,930)
Cash and cash equivalents at end of period		**5,226**	(211,980)	(50,799)

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 2010 and the comparative figures for the six months ended 30 September 2009 are unaudited. The financial information for the year ended 31 March 2010 does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Group's statutory financial statements for the year ended 31 March 2010, prepared under International Financial Reporting Standards (IFRS), received an unmodified audit report, did not contain statements under section 498(2) or section 498(3) of the Companies Act 2006 and have been filed with the Registrar of Companies.

2 Basis of preparation

These September 2010 condensed consolidated interim financial statements of Intellego Holdings plc are for the six months ended 30 September 2010. 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 2010.

The accounting policies applied are largely consistent with those of the annual financial statements for the year ended 31 March 2010, 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.

The group has net liabilities of £624,712 at 30 September 2010. Net liabilities would be reduced to £7,405 should all deferred income and provisions of £617,307 (largely generated from the sale of the NetDimensions business and the CVAs) be released to profit at 30 September 2010.

3 Segment analysis

The accounting policy for identifying segments is based on internal management reporting information that is regularly reviewed by the executive.
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 consulting, customisation, the development of content and the 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 and products. The revenues and net result generated by each of Intellego Holdings plc's business segments are summarised as follows:

6 months to 30 September 2010

	Distribution	Services	Publishing	Group
	£	£	£	£
Revenue	426,312	291,646	284,486	1,002,444
Profit for the period	27,104	18,543	18,087	63,734

6 months to 30 September 2009

	Distribution	Services	Publishing	Group
Revenue	323,060	366,799	164,208	854,067
(Loss) for the period	(50,867)	(250,711)	(17,737)	(323,315)

Year to 31 March 2010

	Distribution	Services	Publishing	Group
Revenue	1,051,588	530,692	270,986	1,853,266
S				
(Loss) for the period	(463,581)	(477,860)	(102,374)	(1,043,815)

4 Earnings per share

The calculation of basic earnings per share is based on a profit before tax expense for the period of £63,734 (losses 31 March 2010: (£1,043,815), 30 September 2009: £323,325) and on 263,546,682 ordinary shares (31 March 2010: 178,392,927, 30 September 2009: 147,217,459), being the weighted average number of ordinary shares in issue during the year.

The profit attributable to ordinary shareholders and the weighted average number of ordinary shares for the purpose of calculating the diluted earnings/loss per share are identical to those used for the basic earnings/loss per share.