

14 November 2007

**Imaginatik Plc
("Imaginatik" or the "Company")
Interim Results for the Six Months Ending 30 September 2007**

Imaginatik plc (AIM: IMTK), a leading provider of Innovation and Collaborative Problem-Solving software and processes, announces its Interim Results for the six months ended 30 September 2007.

Financial Highlights

- Turnover of £1.15m (2006: £1.27m)
- Operating loss of £469,000 (2006: operating profit £155,000)
- Increase of recurring revenue on an annualised basis to £1.4m (2006: £0.9m)
- Current debtors of just over £1m (2006: £564,000), majority receivable by 31 December 2007
- Cash at bank and in hand of £108,000 (2006: £218,000)

Corporate Highlights

- Signing of global reselling agreement with IBM
- Addition of eight blue chip clients five of whom were converted from pilot programmes to full annual licence fee paying customers, including BSkyB and Xerox
- Total number of annual licence customers at period end was 43 (2006: 35)
- Total number of active customers on pilot programmes at period end was 15 (2006: 12)
- Product enhanced to better support blue chip enterprise customers

Chief Executive, Mark Turrell commented: "Imaginatik is still in the early stages of its development. It is exciting to see the benefits of our strategy beginning to emerge. We are on course to make sound progress this year and there are clear signs that momentum in the innovation market is increasing, which will drive our future growth. Therefore, with the securing of further multi-year contracts and increased investment in strategic partnerships, such as IBM, we believe the future for the Company is promising."

For further information please contact:

Imaginatik plc
Mark Turrell, CEO / Shawn Taylor, CFO

Tel: 020 7917 2975

WH Ireland
Tim Cofman / Katy Birkin

Tel: 0121 265 6330

ICIS
Tom Moriarty / Caroline Evans Jones

Tel: 020 7651 8688

Imaginatik Plc

Interim Results for the Six Months Ended 30 September 2007

Chairman's statement

As was indicated at the time of our AGM statement on 27th July 2007 sales were lower than were expected and the loss has weakened our balance sheet. Whilst the market is at an early stage of development the investment by major corporations in collaborative infrastructures within their organisations is confirmation that demand for our technology and methodology will grow. Of particular note are the conversion of many pilot customers on to long-term contracts and the winning of some impressive new blue-chip customers.

Whilst an exciting position to be in, we also have to be aware of the risks that can face companies in emerging markets and as such we are keeping a firm control on costs and seeking ways in which to attack the market in the most cost effective manner possible. The relationship with IBM is an example of this and, being a small company with limited sales and marketing resources, we anticipate that partnership with companies that extend our market penetration will be a central part of our growth strategy.

Given our market position and the potential growth of the sector I look forward to the future with confidence. I would like to thank the management and all those at Imaginatik for their continued commitment and hard work that has driven the Company to date.

Chief Executive's Review

The six months ended 30th September 2007 have seen progress in the development of Imaginatik. The strategy that the Board implemented towards the beginning of this calendar year to focus on the closing of larger multi-year contracts with customers, combined with securing strategic partnerships contributed to a slow start in Q1 of this year, but it has now started to bear fruit and we experienced far better sales in Q2. The business is currently negotiating a number of substantial contracts, the timing of which remains uncertain and our sales pipeline is strong. During the period, the Company has achieved major contract wins with blue chip clients including BSkyB, Fireman's Fund (a division of Allianz) and Xerox. Each of these represents a six figure multi-year contract and exemplifies the type of business which will drive the growth of Imaginatik.

While this strategy represents a significant opportunity for the future growth of Imaginatik, the investment in time and capital that this has required has resulted in lower revenues than the same period last year. However, with a large proportion of licence fees on our recurring revenue base falling to be accounted for in the second half of the year, we are still confident of achieving a successful outcome for the year. We are encouraged by the rise in the recurring revenue base, which has risen 50% from last year to over £1.4m on an annualised basis. These revenues, which comprise annual license, maintenance and hosting fees, help underpin our overheads and provide a solid platform from which the Company can grow.

Financial Review

Turnover for the six months ended 30th September 2007 fell 9.4% to £1.15m (2006: £1.27m). This was largely due to the greater focus on securing larger deals and strategic partnerships and a de-emphasis from small projects. We are confident that this is in the best long-term interests of both the Company and its shareholders. We have therefore seen an operating loss in this period of £469,000, down from a profit of £155,000 in 2006. The revenue split between the geographies was 75% USA vs. 25% Rest of World (2006: 93% USA vs. 7% Rest of World).

Current debtors stand at just over £1m, the majority of which are expected to be received by the end of December 2007. The Company has deferred revenue of £500,000, most of which will be released into the P&L account in the second half of the financial year. The increase in costs is primarily due to an increase in staff costs – average headcount during the period was 32 (2006: 23). Cash in hand at the end of the period was £108,000. With the expected increase in revenues in H2, the Company is expecting to be profitable in the second half of the year. Looking at the balance sheet, net total equity attributable to shareholders amounted to £179,000 in comparison to £611,000 as at 31 March 2007 reflecting the reported loss for the period.

Imaginatik Plc

Interim Results for the Six Months Ended 30 September 2007

Business and New Customers

The Company is pleased to report impressive progress in its existing customer business with an additional eight new annual license paying customers, most of which were converted from pilot projects. All of these clients are blue chip companies and represent significant revenue sources for Imaginatik. We have 15 existing pilot programmes ongoing at the period end, and as we have already shown with our ability to convert these programmes into full implementations, we are confident of closing more multi-annual deals to boost revenues further.

In terms of expanding existing customer revenue, we are also performing well with nearly 20% of all new business coming from existing clients. This is an excellent endorsement of our products and comes as a direct result of our extremely high customer satisfaction levels. We have proven that once a product of ours is in operation, the opportunities to up sell to customers become significant. In addition, we have put in place contracts that make it easy for our customers to buy additional licences after the first contract is signed.

During the period, many customers have reported the success of the Company's technology, examples of which include:

- One of the world's leading providers of IT hardware and software looking for ideas from its employees as to how they can reduce its carbon footprint.
- One of the world's top 5 pharmaceutical companies managing its collaboration with the Scripps Research Institute for continuous review of scientific papers using our Open Innovation module.
- One of the world's leading consumer products companies involving its employees in the creation of new brand names.

Our list of contracted clients has expanded to include Allianz, Baker Hughes, Bayer, Blue Cross Blue Shield, Capital One, Cargill, Carlson, Chevron, Coca-Cola Company, Computer Science Corporation, Dow Chemical, Eastman Chemical, General Electric, Goodyear, Grace Chemicals, Hallmark, Henkel, Hewlett-Packard, IBM, IPSOS Group, KPMG, Kraft, Lexmark, Merck, Merrill Lynch, Nokia, Pfizer, Royal Mail, Solvay, The Hartford, Weyerhaeuser, Whirlpool and Xerox.

Partners

In order to accelerate our global growth and extend our market reach, we are seeking to engage with blue chip partners to act as resellers of our technology, in combination with their consulting services. Over the next few years our goal is to see about 20% of total revenues derived from the partner channel.

The Master Reseller Agreement we signed with IBM in August of this year is an excellent endorsement of the quality of our offering. We have since trained and enabled 30 IBM consultants from the UK, USA, Australia, Sweden and Germany to sell our technology as part of a broader innovation based engagement. Following this agreement, we closed our first deal with a tier one US Investment Bank and believe that the potential opportunities through this partnership are significant.

Products and Services

We continue to develop our software to ensure that we offer innovative and relevant products to our client base. During November 2007, the Company will release Version 8 of Idea Central, an improved version of our software that taps into recent trends such as the social networking phenomenon and the Web 2.0 user experience. The release includes new reporting tools and offers significantly enhanced configurability of the core software. A proportion of the investment in this development has been co-funded by clients, a strong demonstration of their ongoing belief in our solutions.

Imaginatik Plc

Interim Results for the Six Months Ended 30 September 2007

We have made further investment in upgrading our server infrastructure in order to support the growing size of our hosted customer implementations and allow for a higher number of concurrent users.

Market/Competition

Imaginatik remains one of the only proven enterprise-level vendors of technology solutions for Idea Management. The market continues to be relatively fragmented and we would expect to see consolidation increase over the coming years.

Whilst the Idea Management market is still in its infancy, as companies face the ever increasing problem of finding new ways to innovate, we are confident that it will continue to grow significantly. We expect two of the biggest growth industries to be in pharmaceuticals and banking; industries which are currently seeing increased competition and regulation and which intrinsically have high levels of knowledge and expertise locked within their employee base. We are actively seeking opportunities in these areas.

Outlook

Following the IPO at the end of last year, Imaginatik has continued to achieve good progress in the development of its market position. The Company is still in the early stages of its development and it is exciting to see the benefits of our strategy beginning to emerge. Although the Company has made an operating loss over the period, it has made a strategic change to its business model, and the benefits of this change are starting to emerge.

The market is continuing to have a greater appreciation of the business benefits that can be derived from tapping into the 'collective genius' within organisations. Therefore, with the securing of further multi-year contracts and increased investment in strategic partnerships, such as IBM, we believe the future for the Company is promising.

Imaginatik Plc

Interim Results for the Six Months Ended 30 September 2007

Condensed unaudited consolidated interim income statement

For the six months ended 30 September 2007

	6 months to 30 Sept 2007 £'000	6 months to 30 Sept 2006 £'000	Year to 31 March 2007 £'000
Revenue	1,151	1,272	2,492
Cost of sales	(68)	(70)	(183)
Gross profit	<u>1,083</u>	<u>1,202</u>	<u>2,309</u>
Administrative expenses	(1,552)	(1,047)	(3,353)
Analysed as:			
Administrative expenses before exceptional items	(1,552)	(1,047)	(2,741)
Exceptional items	3 -	-	(612)
Operating (loss)/profit before financing costs	<u>(469)</u>	<u>155</u>	<u>(1,044)</u>
Analysed as:			
Operating (loss)/profit before financing costs and exceptional items	(469)	155	(432)
Exceptional items	-	-	(612)
Operating (loss)/profit before financing costs	<u>(469)</u>	<u>155</u>	<u>(1,044)</u>
Financial expenses	(1)	(57)	(85)
(Loss)/profit before tax	<u>(470)</u>	<u>98</u>	<u>(1,129)</u>
Income tax expense	-	-	-
(Loss)/profit for the period	<u>(470)</u>	<u>98</u>	<u>(1,129)</u>
Basic and diluted earnings per share (p)	4 <u>(0.40)</u>	<u>6,144</u>	<u>(2.43)</u>

All amounts are attributable to equity holders of the parent, and all arise from continuing operations. No amounts were recognised directly in equity, and therefore no separate statement of recognised income and expense has been presented.

Imaginatik Plc

Interim Results for the Six Months Ended 30 September 2007

Condensed unaudited consolidated interim balance sheet

	30 Sept 2007	30 Sept 2006	31 March 2007
<i>Note</i>	£000	£000	£000
Assets			
Property, plant and equipment	87	20	92
Intangible assets	117	-	208
Total non-current assets	<u>204</u>	<u>20</u>	<u>300</u>
Trade and other receivables	1,090	650	798
Cash and cash equivalents	108	218	862
Total current assets	<u>1,198</u>	<u>868</u>	<u>1,660</u>
Total assets	<u>1,402</u>	<u>888</u>	<u>1,960</u>
Equity			
Issued capital	73	-	73
Share premium	1,690	-	1,690
Retained earnings	6 (1,584)	(372)	(1,152)
Total equity attributable to equity holders of the parent	<u>179</u>	<u>(372)</u>	<u>611</u>
Liabilities			
Interest-bearing loans and borrowings	-	105	39
Total non-current liabilities	<u>-</u>	<u>105</u>	<u>39</u>
Interest-bearing loans and borrowings	25	479	27
Trade and other payables	1,198	676	1,283
Total current liabilities	<u>1,223</u>	<u>1,155</u>	<u>1,310</u>
Total liabilities	<u>1,223</u>	<u>1,260</u>	<u>1,349</u>
Total equity and liabilities	<u>1,402</u>	<u>888</u>	<u>1,960</u>

Imaginatik Plc

Interim Results for the Six Months Ended 30 September 2007

Condensed unaudited consolidated interim statement of cash flows

For the six months ended 30 September 2007

	Note	6 months to 30 Sept 2007 £000	6 months to 30 Sept 2006 £000	Year to 31 March 2007 £000
Cash flows from operating activities				
Net interest paid	7	(699)	163	(378)
Net cash from operating activities		<u>(700)</u>	<u>110</u>	<u>(475)</u>
Cash flows from investing activities				
Acquisition of property, plant and equipment		(12)	(17)	(102)
Acquisition of intangible fixed assets		-	-	(55)
Net cash from investing activities		<u>(12)</u>	<u>(17)</u>	<u>(157)</u>
Cash flows from financing activities				
Net proceeds from the issue of share capital		-	-	1,473
Repayment of borrowings		(41)	(17)	(121)
Net cash from financing activities		<u>(41)</u>	<u>(17)</u>	<u>1,352</u>
Net increase in cash and cash equivalents		(753)	76	720
Cash and cash equivalents at 1 April		862	142	142
Cash and cash equivalents at 30 September		<u>108</u>	<u>218</u>	<u>862</u>

Imaginatik Plc

Interim Results for the Six Months Ended 30 September 2007

Notes to the unaudited condensed consolidated interim financial statements

1. Background

Imaginatik plc (the "Company") is a company domiciled in the United Kingdom. The condensed consolidated interim financial statements of the Company for the six months ended 30 September 2007 comprise the Company and its subsidiary (together referred to as the "Group").

The condensed consolidated interim financial statements were authorised for issuance on 14 November 2007.

The interim financial statements are not statutory accounts for the purposes of S240 of the Companies Act 1985. The Financial Information for the year ended 31 March 2007 is based on the statutory accounts for the financial year ended 31 March 2007 restated for the effects of the adoption of International Financial Reporting Standards in issue and adopted for use in the European Union ("IFRSs"). The statutory accounts, on which the auditors issued an unqualified opinion, have been delivered to the Registrar of Companies. The half-year figures, which are for the 6 month period ended 30 September 2007, have not been audited.

2. Basis of preparation

The financial statements are presented in pounds sterling, rounded to the nearest thousand, unless stated otherwise. They are prepared on the historical cost basis.

These condensed unaudited consolidated interim financial statements have been prepared on the basis of IFRSs that are effective or available for early adoption at the Group's first IFRS annual reporting date, 31 March 2008. Based on these IFRSs, the Board of Directors have made assumptions about the accounting policies expected to be adopted when the first IFRS annual financial statements are prepared for the year-ended 31 March 2008.

The IFRSs that will be effective or available for voluntary early adoption in the annual financial statements for the period ended 31 March 2008 are still subject to change and to the issue of additional interpretation(s) and therefore cannot be determined with certainty. Accordingly, the accounting policies for that annual period that are relevant to this interim financial information will be determined only when the first IFRS financial statements are prepared at 31 March 2008.

The preparation of the condensed consolidated interim financial statements in accordance with IFRSs resulted in no significant changes to the accounting policies as compared with the most recent annual financial statements prepared under previous GAAP. The accounting policies have been applied consistently to all periods presented in these condensed consolidated interim financial statements. They also have been applied in preparing an opening IFRS balance sheet at 1 April 2006 for the purposes of the transition to IFRSs, as required by IFRS 1. The transition from previous GAAP to IFRSs had no impact on the net assets, results or cash flows reported previously by the Group.

The accounting policies have been applied consistently throughout the Group for purposes of these condensed unaudited consolidated interim financial statements.

Imaginatik Plc

Interim Results for the Six Months Ended 30 September 2007

Notes to the condensed consolidated interim financial statements

3. Exceptional items

The exceptional items in the year ended 31 March 2007 comprise £611,930 of staff costs. Certain directors and staff were issued shares upon the flotation of the company. Those shares have been accounted for as an equity-settled share-based transaction in accordance with IFRS 2 'Share-based Payment'. The exceptional staff costs include the fair value of the shares issued together with the related national insurance charge and other associated costs.

4. Earnings per share

Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 September 2007 was based on the loss attributable to ordinary shareholders of £470,463 (six months ended 30 September 2006: profit of £98,318; year ended 31 March 2007: loss of £1,128,976) and a weighted average number of ordinary shares outstanding during the six months ended 30 September 2007 of 116,601,225 (six months ended 30 September 2006: 1,600; year ended 31 March 2007: 46,456,587), calculated as follows:

Weighted average number of ordinary shares

	<i>Note</i>	6 months to 30 Sept 2007	6 months to 30 Sept 2006	Year to 31 March 2007
Shares in issue at the beginning of the period	a	116,601,226	1,600	1,600
Effect of shares issued in the period		-	-	46,454,987
Weighted average number of ordinary shares for the period		<u>116,601,226</u>	<u>1,600</u>	<u>46,456,587</u>

Note a: Adjusted for the share split in October 2006.

Diluted earnings per share

There were no share options or other dilutive instruments in place in the period ended 30 September 2006. The options in place during the period ended 30 September 2007 and during the year ended 31 March 2007 are considered to have an anti-dilutive effect. Therefore basic and diluted earnings per share are the same for each of the three periods.

5. Segment reporting

Segment information is presented in the condensed consolidated interim financial statements in respect of the Group's geographical segments, which are the primary basis of segment reporting. The geographical segment reporting format reflects the Group's management and internal reporting structure.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Geographical segments

The Group's operations comprise the following main geographical segments, determined on the basis of the location of customers:

- United States of America
- The rest of the world

Imaginatik Plc

Interim Results for the Six Months Ended 30 September 2007

Notes to the condensed consolidated interim financial statements

5. Segment reporting (continued)

	6 months to 30 Sept 2007 £000	6 months to 30 Sept 2006 £000	Year to 31 March 2007 £000
Segment revenue			
United States of America	861	1,178	2,346
Rest of the world	290	94	145
	<u>1,151</u>	<u>1,272</u>	<u>2,491</u>

Segment result

United States of America	(401)	87	(271)
Rest of the world	(69)	11	(858)
	<u>(470)</u>	<u>98</u>	<u>(1,129)</u>

6. Reserves

	30 Sept 2007 £000	30 Sept 2006 £000	31 March 2007 £000
Retained earnings			
At the beginning of the period	(1,152)	(470)	(470)
(Loss)/profit for the period	(470)	98	(1,129)
Share-based payments	38	-	447
At the end of the period	<u>(1,584)</u>	<u>(372)</u>	<u>(1,152)</u>

Share premium

At the beginning of the period	1,690	-	-
Shares issued in the period, net of expenses	-	-	1,690
At the end of the period	<u>1,690</u>	<u>-</u>	<u>1,690</u>

7. Cash flows from operating activities

	6 months to 30 Sept 2007 £000	6 months to 30 Sept 2006 £000	Year to 31 March 2007 £000
Net (loss)/profit	(470)	98	(1,129)
Depreciation of tangible fixed assets	18	5	19
Amortisation of intangible fixed assets	91	-	-
Net interest expense	1	57	85
Share-based payment expense	38	-	447
(Increase)/decrease in trade and other receivables	(292)	(178)	(320)
Increase/(decrease) in payables	(85)	181	520
Net cash from operating activities	<u>(699)</u>	<u>163</u>	<u>(378)</u>