

17 June 2009

**Imaginatik Plc
("Imaginatik" or the "Company")
Final Results**

Imaginatik plc (AIM: IMTK), a leading provider of enterprise collaboration software, announces its Final Results for the year ended 31 March 2009.

Financial Highlights

- Turnover increased 45% to £4.58m (2008: £3.16m)
- Maiden operating profit, before share option charges, of £0.13m (2008: Operating loss £0.07m, before share option charges)
- EBITDA before share option charges increased to £238,000 (2008: £34,000)
- Annual recurring revenues increased 82% to £3.29m (2008: £1.81m)
- Cash and cash equivalents of £1.14m (2008: £1.09m)

Operational Highlights

- Continued growth of blue-chip customer list, including the addition of Reed Elsevier, Chubb, Novartis and Bombardier Aerospace
- First annual contract signed through IBM global reseller agreement
- Increased investment into sales and marketing operations following a Placing in September 2008 which raised £203,000 of new funding, net of expenses
- Release of Idea Central Version 9 with new features and functionality

Chief Executive, Mark Turrell commented: "We continue to occupy a leading position in our niche of the enterprise collaboration software market, through our proven ability to offer a scalable and robust enterprise-level solution. During the year, over 40 of the world's largest companies utilised Idea Central to identify millions of dollars worth of cost-savings and process improvements."

"The increase in our client base and average contract value has seen revenues grow by 45% to £4.58m and helped the Company record its maiden year of operating profit, before share option charges. These results combined with our growing recurring revenue stream, healthy cash position and strengthened sales and marketing operations mean we have good reason to be confident of another strong performance in the year ahead."

For further information please contact:

Imaginatik plc
Mark Turrell, CEO / Shawn Taylor, CFO

Tel: 020 7917 2975

Arbuthnot Securities Limited
Tom Griffiths

Tel: 020 7012 2000

ICIS
Caroline Evans-Jones / Hilary Millar

Tel: 020 7651 8688

About Imaginatik

Imaginatik is a leading provider of web-based enterprise collaboration software. Imaginatik's core software, Idea Central, is designed to help companies focus on idea generation towards strategic business objectives, and to share, develop and review those ideas across the organisation. Some of the world's largest organisations such as Merck, Dow, Chevron, General Electric and Cargill use Imaginatik's software, consulting and leading-edge research to enable their best-of-breed innovation, cost-reduction and process improvement activities.

Having been named as a World Economic Forum Technology Pioneer and a finalist for the IBM Lotus Awards in the Best Industry Solution category, Imaginatik's software and consulting services have helped clients discover significant sources of additional revenue, as well as tangible cost savings. Imaginatik is also committed to developing strategic solutions in the field of innovation, working with academic institutions such as the Hult Business School in Boston, and the Cass School of Business, London, as well as leading practitioners of corporate innovation.

For further information please visit www.imaginatik.com

Chairman's Statement

The year ended 31 March 2009 was a year of significant achievement for Imaginatik, in which the Company delivered another year of material revenue growth and secured its maiden year of operating profit before share option charges. This has been made possible through the strong management of the business by the executive team, the effectiveness of our sales operations and the compelling proposition of our software and services. Whilst we continue to seek ways to improve performance, we are progressing well down the path to sustainable revenue and profit growth.

Imaginatik has not been immune to the broader economic downturn, but as a relatively small software company, it has the agility to adjust rapidly to the changing currents of a shifting global economy. This has stood us in good stead during the year, enabling a seamless change of emphasis in our marketing messages from one that is primarily focused on innovation to a message of cost reduction and efficiency savings, two areas for which our software is extremely well suited. These messages have been well received by both our current and prospective customers for whom we have continued to deliver some quite extraordinary levels of return on their investment.

One of the Company's key assets is our exceptional customer base. New customers added during the year include such well known multi-nationals as Reed Elsevier, Chubb, Novartis and Bombardier Aerospace.

Since the year end, Geoff Carss was appointed to the Board as Executive Vice President with responsibility for sales, marketing and professional services. Previously at IBM and Ernst & Young, Geoff brings a high level of sales and business development expertise and industry contacts, we look forward to working with him in the years to come. In July 2008 we announced the departure of Non-executive director Philip Nutburn from the Board. Philip joined the Board at the time of the IPO and we would like to thank him for his contribution to the growth of the business.

Once again, it is the energy and commitment of our employees in the US and UK which have been the foundation for our success. I would like to thank them and our customers for their continued support as we look towards another successful year ahead.

Howard Marshall

Non-Executive Chairman

17 June 2009

Chief Executive's Review

As highlighted at the time of our Interim Results, we are continuing to mature as a company with a growing confidence in the value of our enterprise collaboration management software. I am pleased to report that despite the poor global economic conditions, we continued to experience strong demand for our software and services.

During the year we have focused on the continued development of our sales operations and selling processes, whilst cultivating a growing number of reference customers willing to endorse the Company's capabilities. Towards the end of the year we initiated a more pro-active marketing strategy to support our efforts in sales and in particular embarked on marketing the use of our technology for cost reduction. We intend to build on these foundations in the current financial year.

We continue to move our focus away from one-off project deals to annual licences, resulting in an increase in the number of annual deals signed in the year. This in turn has increased our recurring revenue base to £3.29m as at 31 March 2009, an increase of £2.6m in the last three years. Furthermore we have no single client contributing more than 10% of the total. This provides us with an excellent foundation for the years ahead.

Financial review

Turnover for the year ended 31 March 2009 grew by 45% to £4.58m (2008: £3.16m), of which 18% was derived from up-selling our software and services into existing customers, 33% from selling into new clients, and 49% from recurring business (2008 %: 20:52:28). We added 11 new customers on annual contracts (2008: 9) and the revenue split between geographies remained similar to the previous year, with 82% arising in the USA and 18% from the Rest of the World. We expect the US to continue to be our core geography for the foreseeable future, although we are now seeing a growing market in Europe and increasing interest from the Far East and Australia.

The growth in our client base has increased our annual recurring revenues from £1.81m at 31 March 2008 to £3.29m at 31 March 2009, an increase over the year of £1.48m. Of this £0.73m was the result of favourable currency movements principally in respect of the US\$. During the year we reviewed our exposure to currency risk and elected not to hedge on the basis that the business has a natural hedge in place with just over 50% of all costs being in US\$, we will keep this position under review.

Total operational costs, before share option charges, increased 38% in the year to £4.45m (2008: £3.22m), reflecting the growing business and in particular an increased investment in our sales operations. The Company secured an operating profit before share option costs of £128,893 moving from an operating loss in 2008 of £56,533. In order to maintain an attractive incentivisation package for all of our employees we rebased all share options to 4.0p per option; this resulted in a profit and loss charge for the year of £233,260 (2008: £74,015). After accounting for share options, the Company recorded a loss on ordinary activities before taxation of £102,428, a reduction of 27% from the previous year (2008: £139,647).

In September 2008 we raised £223,268 before expenses by way of a conditional placing of 5,550,000 new Ordinary Shares of 0.0625p each at 4p per share from institutions. The net proceeds of the placing have been utilised to strengthen our sales operation in the US.

Cash and cash equivalents at the year end were £1.14m (2008: £1.09m) and net total equity attributable to shareholders has risen to £1.45m (2008: £1.06m).

Sales and marketing

During the year we have made considerable efforts to strengthen and grow our direct sales team, adding new sales people in the US. We are continuing to recruit in this area and expect to see the impact of revenues from this increased headcount during the next financial year.

As stated above, our strategy in terms of new customer wins is to sign an increasing number of annual contracts which deliver long-term revenue streams; wherever possible we are moving away from one-off pilot projects. This has resulted in the signing of 11 new annual contract customers in the year, including Capital One, Novartis and Telstra, an increase from 9 in 2008, and we now have over 40 customers on annual contracts. As well as signing a higher number of contracts, the last year also saw the Company contract a number of multi-year deals and we have seen the average contract value rise by over 68% in the year. All of our contracts continue to be delivered under the Software as a Service (SaaS) model.

We continue to sell into a wide range of industries, with new clients in the year coming from the telecommunications, pharmaceutical, insurance, medical, chemicals, publishing and manufacturing industries. We were pleased to sign Boehringer Ingelheim during the year, our sixth major pharmaceutical customer. This is proving to be a particularly fruitful industry for us and one on which we intend to continue to focus.

As mentioned at the time of our Interim Results, the growing awareness of the potential of enterprise collaboration management software and our continued efforts to grow a vocal user group of customers resulted in excellent attendance levels at our first European Forum held in London in November 2008. Representatives from a wide range of companies attended from across Europe and the US, including both current and prospective customers. This is a strong demonstration of the growing importance of collaboration management software to enterprises.

During the latter part of the year we took a strategic decision to increase our levels of investment in marketing the Company and our offerings. We now have an expanded marketing group and have launched a number of new marketing initiatives including trade PR in the US and targeted initiatives to the Fortune 100 companies on the use of Idea Central to generate cost-savings. We expect this increased level of investment to continue in the year ahead.

In addition to software sales, we are also now increasing our capabilities in the area of Professional Services; with a long term roadmap that demonstrates to new and existing clients how we can assist them in achieving longer-term success in the use of our software and processes.

Customer case studies

Idea Central continues to deliver significant results for some of the world's leading organisations. Some examples of projects implemented over the year through the use of our software are as follows:

- **Chubb:** the 11th largest property and casualty insurer in the US.

The goal of the Idea Central implementation was to identify, within three months, viable new revenue opportunities from all parts and levels of the organisation. The Chubb Group of Insurance companies realised the importance of speed, agility and collaboration in the way it found and exploited new revenue opportunities. A proven product innovator with a long list of firsts, Chubb sought to build on that strength by making innovation an even more pervasive part of its culture. With more than 10,000 employees spread over 120 offices in 28 countries, the sheer size and complexity of the Chubb organisation posed a barrier to large-scale collaborative innovation. Using Idea Central, Chubb ran a one month ideation event designed to solicit new ideas for profitable growth from all of its employees around the world. The

participation levels were much higher than expected, with 35% of Chubb's 10,000 employees participating, generating significant new revenue opportunities.

- **CSC:** A leading global consulting, systems integration and outsourcing company.

The goal was to create a platform to bring together CSC's best ideas and make them a reality. The company's practice is for account teams to work as autonomous units, enabling close proximity to the client. However, one byproduct of this decentralisation is a tendency for large accounts to develop and maintain their own set of practices, a pattern reinforced by the difficulty of sharing the best practices and related wisdom between account teams. CSC realised the need for a solution that would enable these disparate groups to engage in highly focused collaboration, both in terms of goals and timeframe. After a series of highly successful trials, CSC has embraced Idea Central and made it the linchpin of how CSC brings the company together to solve problems. CSC now enjoys closer, faster and more fruitful collaboration across account teams and business units.

- **Pfizer:** the largest research-based biomedical and pharmaceutical company in the world and a 6% shareholder in Imaginatik.

The Challenge was to optimise and streamline creative thinking to sustain a solid pipeline of new products and drive efficient problem solving. The solution was the implementation of a collaborative "Idea Farm" application built by Imaginatik on the IBM Lotus Domino platform, managing end-to-end innovation process from idea generation to review and decision. The outcomes were:

- Identified US\$100 million in pipeline net present value
- Achieved US\$20 million in cost avoidance since 2006
- Leveraged intellectual capital to maximise returns on research investments
- Aligned creative potential of individuals with current and future business needs
- Breeding faster pace of innovation to solve problems in healthcare

Partnering and reselling

Complementary to our direct sales team, we continue to work with various partners and are actively seeking ways in which to grow this channel to market and extend our global reach. Our partnership with IBM delivered our first annual client during the year, and CSC, as one of the world's largest IT consultancies is also proving to be not only a successful customer, but also a potential lead generator.

Responding to customers' demand to add more value to our implementations, we have established during this year a partnership with Hult's IXL Centre to provide high level innovation training and thought leadership.

Market and competition

The market for enterprise collaboration software continues to grow and is recognised by Forrester Research as a strategic growth area for major corporations. The flexibility of the Imaginatik collaboration solution allows our clients to apply this technology for multiple purposes, ranging from innovation and product development, to cost reduction and sustainability. This is proving highly beneficial in the current economic climate as clients have become more interested in the tool for cost reduction, with a number of clients reporting excellent results from using the software across their businesses to solve a wide range of problems. General purpose tools such as Microsoft Sharepoint and open-source software such as blogs and wikis lack the management capabilities required for this space. A purpose built tool such as Imaginatik's Idea Central is

proving more effective at supporting client needs for rapid cost effective implementation and project success.

Very few collaborative software suites have been developed to focus on the areas of process improvement, cost efficiencies and innovation, fewer yet have been developed to be robust and scalable enough for implementation at an enterprise level. This is where we believe Imaginatik is unique. In over a decade of working with blue-chip companies, we have built up a leading position offering a web-based software suite, securely hosted, into which some of the world's biggest organisations have trusted their most sensitive information. The fact that we are repeatedly selling additional software and services into these customers is a huge endorsement and provides us significant competitive advantage in the market place.

Product and services

We have continued to invest in the development of Idea Central to ensure the product is oriented correctly as the market for Enterprise Collaboration Management software evolves and we plan to increase our product investment in the next financial year. During the year, version 9 of Idea Central was launched with enhanced reporting structures, increased functionality in the area of corporate social networking, improvements in scalability and enterprise capabilities. On the development roadmap for the year ahead is a specialist chemistry application which is being developed in conjunction with Pfizer and a third party software house. We are also investing in further enhancing the user interface.

Change of advisor

On 2 June 2009, post the year end, the Company announced the appointment of Arbutnot Securities Limited as its nominated adviser and broker.

Outlook

We continue to occupy a leading position in our niche of the enterprise collaboration software market, through our proven ability to offer a scalable and robust enterprise-level solution. During the year, over 40 of the world's largest companies utilised Idea Central to identify millions of dollars worth of cost-savings and process improvements.

The increase in our client base and average contract value has seen revenues grow by 45% to £4.58m and helped the Company record its maiden year of operating profit, before share option charges. These results combined with our growing recurring revenue stream, healthy cash position and strengthened sales and marketing operations mean we have good reason to be confident of another strong performance in the year ahead.

Mark Turrell
Chief Executive Officer
17 June 2009

Consolidated Income Statement for the year ended 31 March 2009

	Note	Unaudited 2009 £	Audited 2008 £
Revenue	2	4,580,809	3,159,002
Staff costs		(2,642,770)	(2,029,927)
Depreciation written off tangible non-current assets		(66,080)	(56,820)
Amortisation written off intangible non-current assets		(42,865)	(33,992)
Other external charges		(312,196)	(172,407)
Other operating charges		(1,621,265)	(996,404)
Operating loss before financing and taxation		(104,367)	(130,548)
Operating profit/(loss) before share option costs		128,893	(56,533)
Share option costs		(233,260)	(74,015)
Finance income / (costs)		1,939	(9,099)
Loss on ordinary activities before taxation		(102,428)	(139,647)
Taxation expense		-	-
Loss on ordinary activities for the year		(102,428)	(139,647)
Loss per share: Basic and diluted	3	(0.08p)	(0.12p)

Consolidated Statement of Changes in Equity for the Year Ended 31 March 2009

	Share capital £	Share premium £	Share option reserve £	Retained earnings £	Total £
Loss for the year	-	-	-	(102,428)	(102,428)
Share options	-	-	233,260	-	233,260
	-	-	233,260	(102,428)	13,083
Shares issued	4,738	259,678	-	-	264,416
Balance at 1 April 2008	78,182	2,170,258	103,515	(1,295,934)	1,056,021
Balance at 31 March 2009	82,920	2,429,936	336,775	(1,398,362)	1,451,269

Consolidated Balance Sheet as at 31 March 2009

	Unaudited 2009		Audited 2008	
	£	£	£	£
ASSETS				
Non-current assets				
Property, plant and equipment	91,311		59,935	
Intangible assets	<u>154,239</u>		<u>99,626</u>	
		245,550		159,561
Current assets				
Trade and other receivables	1,551,522		885,486	
Cash and cash equivalents	<u>1,136,231</u>		<u>1,090,490</u>	
		2,687,753		1,975,976
Total assets		<u>2,933,303</u>		<u>2,135,537</u>
EQUITY AND LIABILITIES				
Equity				
Issued capital	82,920		78,182	
Share premium	2,429,936		2,170,258	
Share option reserve	336,775		103,515	
Retained earnings	<u>(1,398,362)</u>		<u>(1,295,934)</u>	
Total equity		1,451,269		1,056,021
Liabilities				
Non-current liabilities				
Interest-bearing loans and borrowings	-		17,184	
		-		17,184
Current liabilities				
Interest-bearing loans and borrowings	19,713		27,051	
Trade and other payables	<u>1,462,321</u>		<u>1,035,281</u>	
		1,482,034		1,062,332
Total liabilities		<u>1,482,034</u>		<u>1,079,516</u>
Total equity and liabilities		<u>2,933,303</u>		<u>2,135,537</u>

Consolidated Cash Flow Statement for the Year Ended 31 March 2009

	Note	Unaudited £	2009 £	Audited £	2008 £
Cash flows from operating activities	6		781		(210,364)
Investing activities					
Acquisition of property, plant and equipment		(97,456)		(24,764)	
Acquisition of intangible assets		(97,478)		-	
Net cash used in investing activities			(194,934)		(24,764)
Net cash flow before financing activities			(194,153)		(235,128)
Financing activities					
Net proceeds from the issue of share capital		264,416		485,045	
Repayment of borrowings		(24,522)		(21,873)	
Net cash generated from financing activities			239,894		463,172
Net increase in cash and cash equivalents			45,741		228,044
Opening net cash and cash equivalents			1,090,490		862,446
Closing net cash and cash equivalents			1,136,231		1,090,490

Notes to the consolidated financial statements

1. Basis of preparation

The financial information contained in this unaudited preliminary announcement does not constitute accounts as defined by section 240 of the Companies Act 1985. The financial information for the year ended 31 March 2008 is derived from the statutory accounts for that year which have been delivered to the Registrar of Companies. The auditors reported on those accounts, their report was unqualified and did not contain a statement under section 237(2) or (3) of the Companies Act 1985. The statutory accounts for the year ended 31 March 2009 will be finalised based on the information in this unaudited preliminary announcement and will be delivered to the Registrar of Companies following the Annual General Meeting. The Group has prepared its financial statements for the year ended 31 March 2009 in accordance with International Financial Reporting Standards 'IFRS' as adopted by the European Union.

2. Segmental reporting

The Directors consider that the Group has one class of business, being the provision of innovation software and related professional services. These services are provided to clients in different geographical areas using resources shared between those markets. Therefore segmental information is presented in respect of the Group's geographical segments relating to where customers are based. This is the primary basis of segmental reporting. The geographical segmental reporting reflects the Group's management and internal reporting structure.

Segmental results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The location of customers is not significantly different to the location of assets.

	2009	2008
	£	£
Segmental revenue:		
United States of America	3,698,510	2,619,246
Rest of the World	882,299	539,756
	<hr/> 4,580,809	<hr/> 3,159,002
Segmental result:		
United States of America	(67,984)	241,911
Rest of the World	(34,444)	(381,558)
	<hr/> (102,428)	<hr/> (139,647)
Carrying amount:		
United States of America		
Assets	2,380,269	1,324,254
Liabilities	(919,413)	(440,793)
Rest of the world		
Assets	553,034	811,283
Liabilities	(562,621)	(638,723)
	<hr/> 1,451,269	<hr/> 1,056,021
Additions to property, plant, equipment, and intangible assets:		
United States of America	58,774	12,432
Rest of the world	136,160	12,332
	<hr/> 194,934	<hr/> 24,764

Other:

Depreciation		
United States of America	49,422	34,456
Rest of the world	16,658	22,364
Amortisation		
Rest of the world	42,865	33,992
Share option costs		
United States of America	53,650	19,759
Rest of the world	179,610	57,256
Other share-based payments		
Rest of the world	68,490	92,125

3. Earnings per share

Basic loss per share (EPS) has been calculated in accordance with IAS 33 'Earnings per share'. The calculation of EPS is based on losses of £102,428 (2008: losses of £139,647) and on a weighted average number of ordinary shares in existence during the year of 129,258,575 (2008: 117,270,883).

The share options issued during the current and prior year are considered to be anti-dilutive, and therefore diluted EPS equals basic EPS.

4. Barter transactions

During the year barter transactions totalling £246,000 were entered into by the Group. There was no profit or loss recorded on these transactions. At the year end there was deferred income balance of £13,000 and deferred costs of £13,000 in respect of barter transactions.

5. Share capital

	2009 £	2008 £
Authorised		
500,000,000 ordinary shares of 0.0625p each	312,500	312,500
	<hr/>	<hr/>
	2009 £	2008 £
Allotted, called up and fully paid		
132,671,917 ordinary shares of 0.0625p each	82,920	-
125,090,957 ordinary shares of 0.0625p each	-	78,182
	<hr/>	<hr/>
	82,920	78,182

On 24 June 2008:

- 736,842 new ordinary shares of 0.0625p each with a fair value of £34,872 were issued to directors in lieu of accrued salary.

On 3 September 2008:

- 5,550,000 new ordinary shares of 0.0625p each were placed with investors for a net cash consideration of £202,045. Issue costs relating to the above placing were £20,083, and have been deducted from the share premium account

On 19 December 2008:

- 1,294,118 new ordinary shares of 0.0625p each with a fair value of £27,500 were issued to directors in lieu of accrued salary.

6. Reconciliation of operating loss to net cash outflow from operating activities

	2009	2008
	£	£
Operating loss	(104,367)	(130,548)
Depreciation of tangible fixed assets	66,080	56,820
Amortisation of intangible fixed assets	42,865	33,992
Share option charge	233,260	77,015
Other share-based payments	-	22,125
Net interest paid	1,939	(9,099)
Operating cash flows before movements in working capital	239,777	50,305
Increase in trade and other receivables	(666,036)	(87,493)
Increase/(decrease) in payables	427,040	(173,176)
Net movement in working capital	(238,996)	(260,669)
Net cash from operating activities	781	(210,364)

7. Availability

Copies of the Company's unaudited preliminary results announcement are available from its offices at 6 Wessex Way, Colden Common, Winchester SO21 1WP and on its website, www.imaginatik.com.