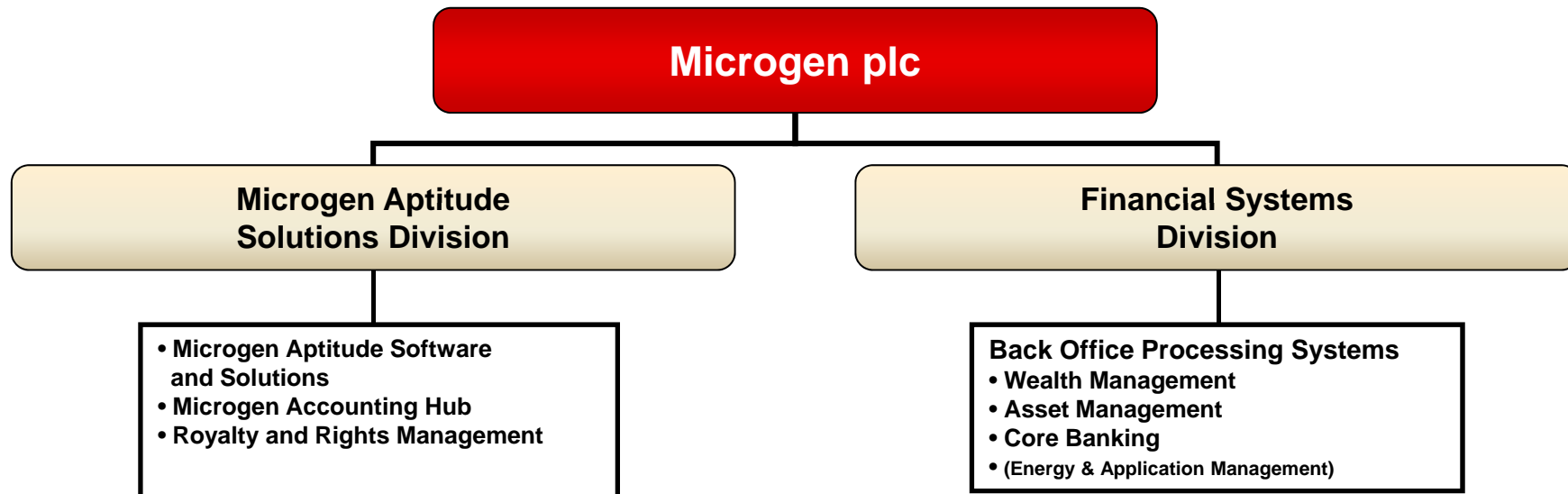


# microgen plc

## **Interim Results for the six months ended 30 June 2011**

21 July 2011

To be read in conjunction with the interim results  
announcement released on 21 July 2011



- 57% of Group Revenue
- 69% generated from Top 5 clients
- 19% operating margin

- 43% of Group Revenue
- 21% generated from Top 5 clients
- 47% operating margin

- Group revenue increased by 18% to £19.0m (H1, 2010 : £16.1m)
  - 38% revenue growth in Microgen Aptitude Solutions Division
- Adjusted operating profit increased by 20% to £4.6m (H1, 2010 : £3.8m)
  - Adjusted operating margin of 24.1% (H1, 2010 : 23.7%)
  - All internal research and development costs expensed. No capitalisation.
- Adjusted Basic EPS increased by 27% to 4.2 pence (H1, 2010 : 3.3 pence)
- Strong balance sheet with cash at 30 June 2011 of £26.9m (H1, 2010 : £25.0m)
  - £8.6m cash returned to shareholders in last twelve months via dividend and tender offer
  - Cash generated from operations of £4.4m in line with operating profit
  - Net funds at 30 June 2011 of £25.2m (H1, 2010 : £23.0m)
- Interim dividend increased by 22% to 1.1 pence per share (H1, 2010 : 0.9 pence)

# Group Income Statement

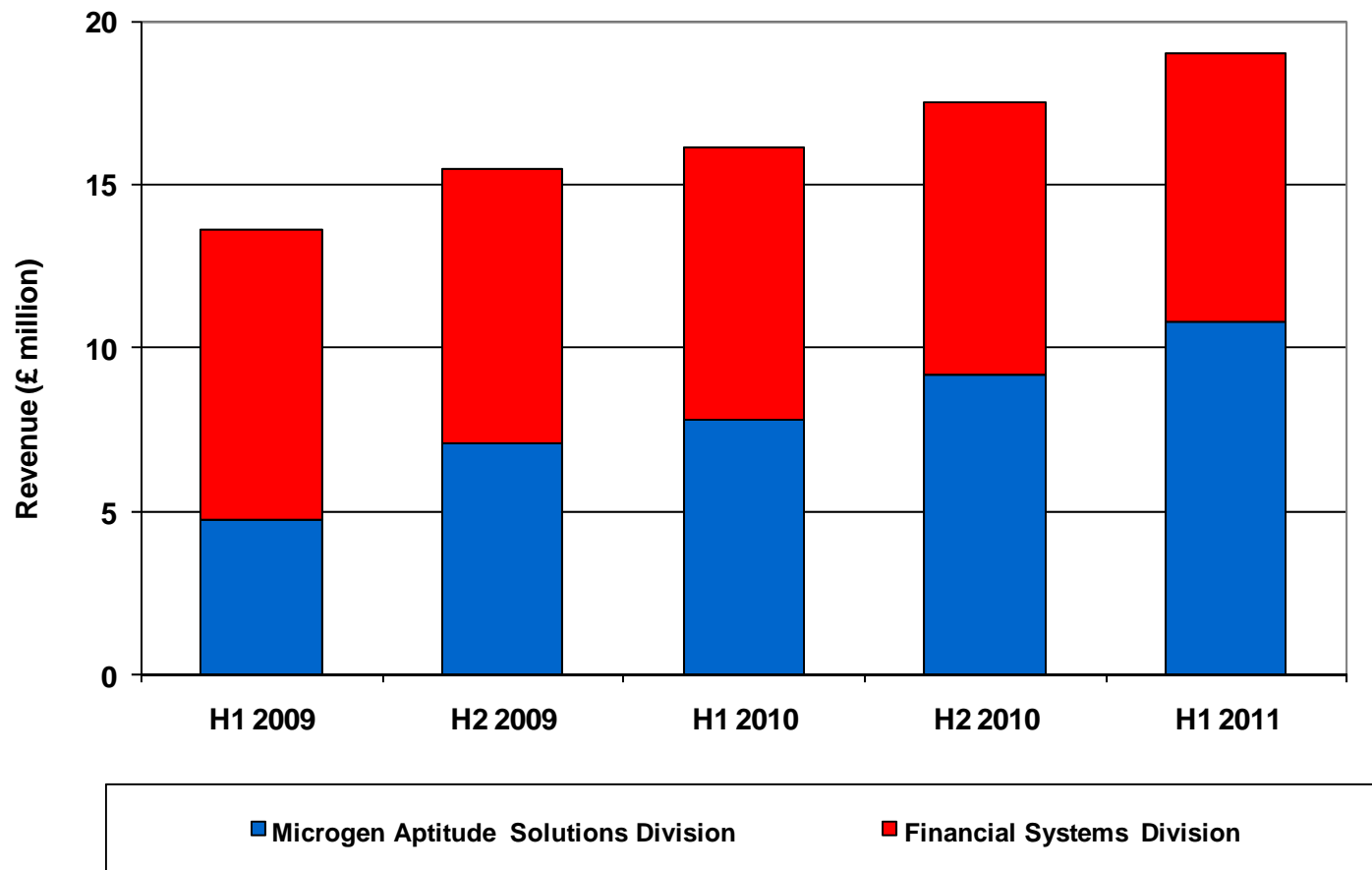
**microgen**

	Six months ended 30 June 2011 £000	Six months ended 30 June 2010 £000	Year ended 31 December 2010 £000
<b>Revenue</b>			
Microgen Aptitude Solutions Division	10,763	7,813	16,995
Financial Systems Division	8,251	8,334	16,674
<b>Total revenue</b>	<b>19,014</b>	<b>16,147</b>	<b>33,669</b>
<b>Operating costs (excl. Group overheads)</b>	<b>(13,129)</b>	<b>(11,106)</b>	<b>(22,976)</b>
<b>Operating profit before Group overheads</b>	<b>5,885</b>	<b>5,041</b>	<b>10,693</b>
<b>Operating profit before Group overheads (by division)</b>			
Microgen Aptitude Solutions Division	2,044	1,007	2,609
Financial Systems Division	3,841	4,034	8,084
	<b>5,885</b>	<b>5,041</b>	<b>10,693</b>
Group overheads	(1,309)	(1,220)	(2,600)
<b>Profit before interest, tax and intangible amortisation (PBITA)</b>	<b>4,576</b>	<b>3,821</b>	<b>8,093</b>
Net finance income/(cost)	57	(14)	14
<b>Profit before tax and intangible amortisation (PBTA)</b>	<b>4,633</b>	<b>3,807</b>	<b>8,107</b>
Intangible amortisation	(58)	(128)	(255)
<b>Profit before tax</b>	<b>4,575</b>	<b>3,679</b>	<b>7,852</b>
Taxation	(1,144)	(994)	(1,341)
<b>Net profit for the period</b>	<b>3,431</b>	<b>2,685</b>	<b>6,511</b>

# Group Revenue

microgen

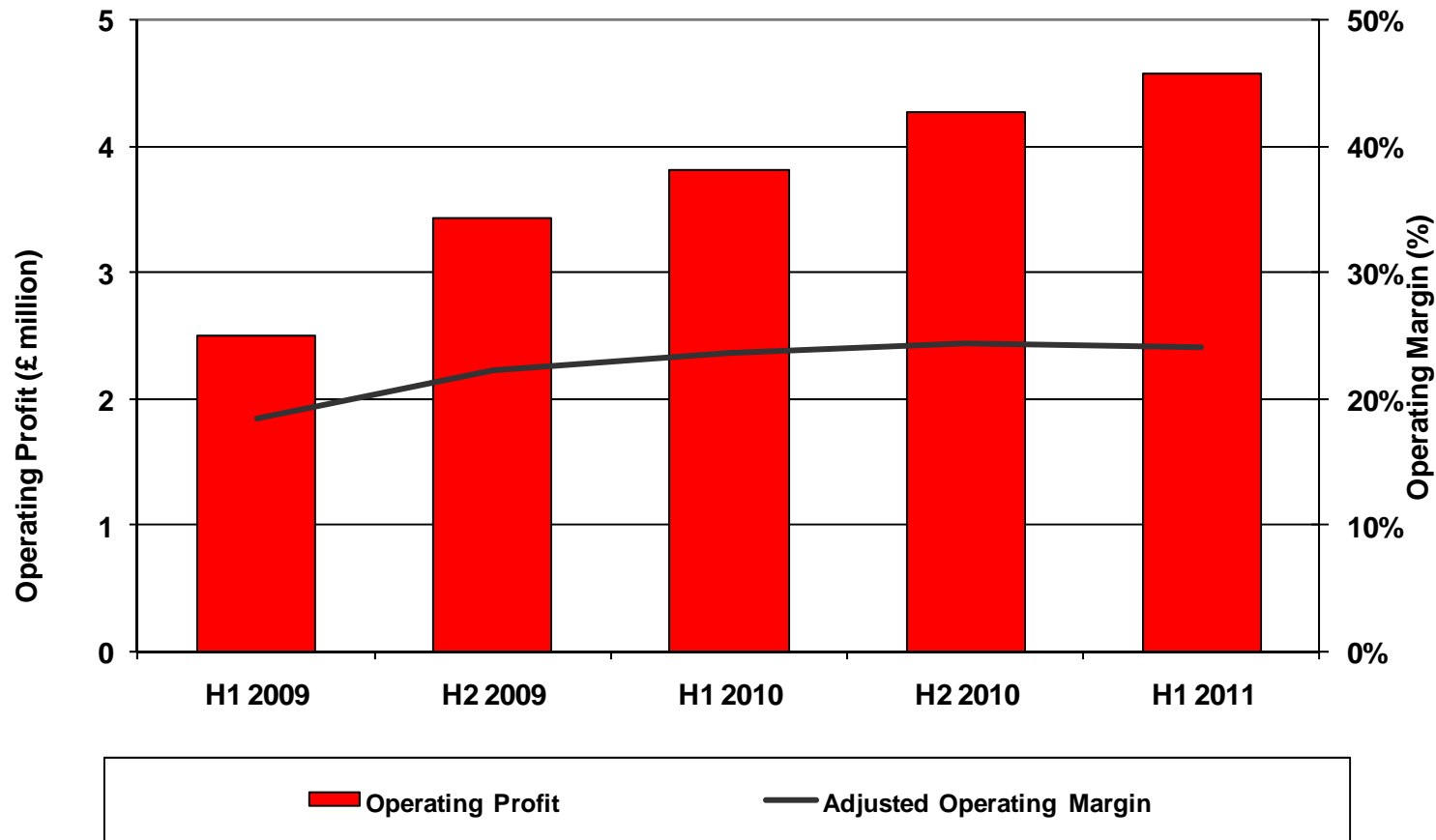
- Revenue growth of 18% to £19.0m (H1, 2010 : £16.1m)
- 38% revenue growth in Microgen Aptitude Solutions Division
- Microgen Aptitude Solutions Division now accounts for 57% of the Group's revenue



# Group Operating Profit

microgen

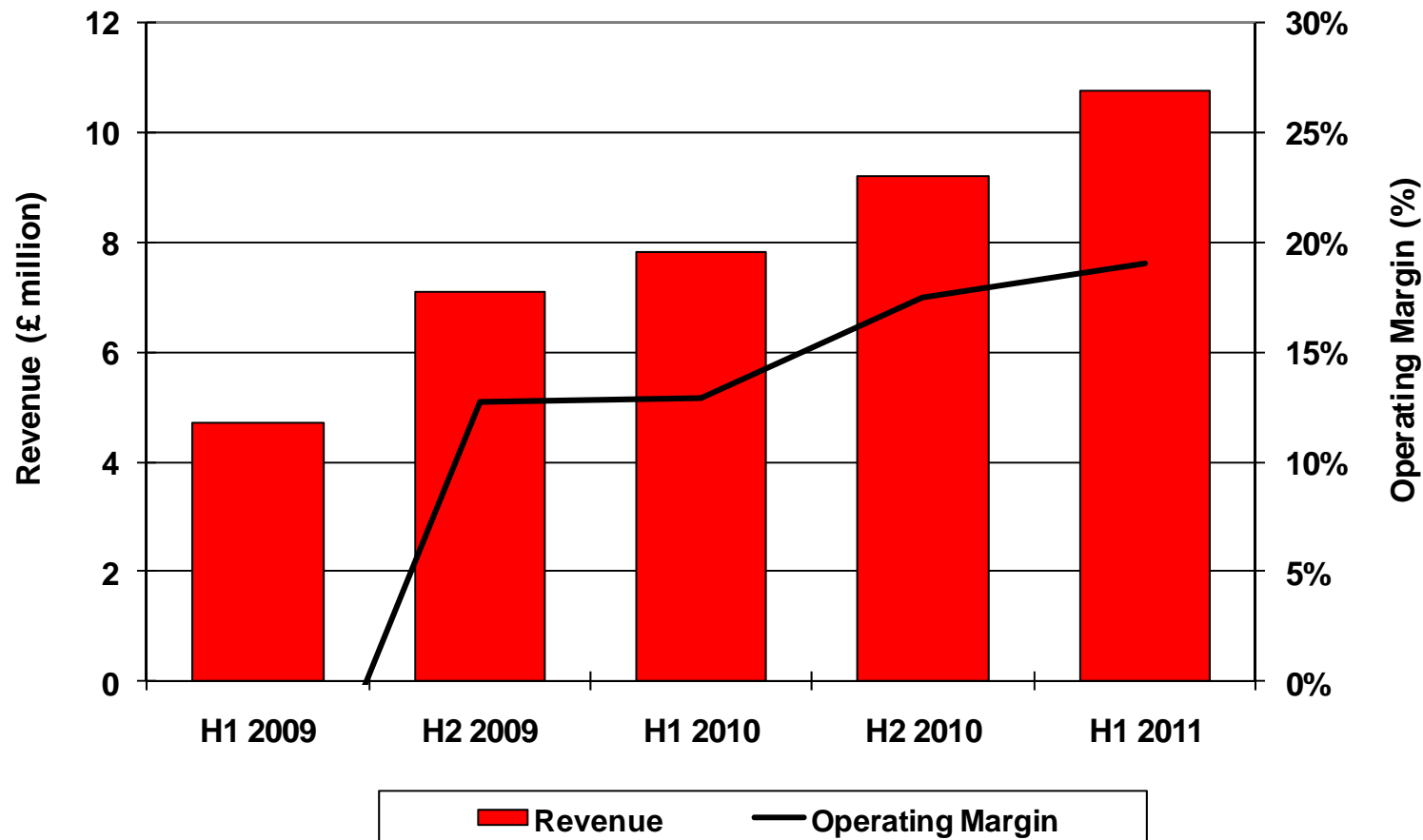
- Adjusted operating profit increased by 20% to £4.6m (H1, 2010 : £3.8m)
- Adjusted operating margin increased to 24.1% (H1, 2010 : 23.7%)
- All internal research and development costs are expensed



# Microgen Aptitude Solutions Division

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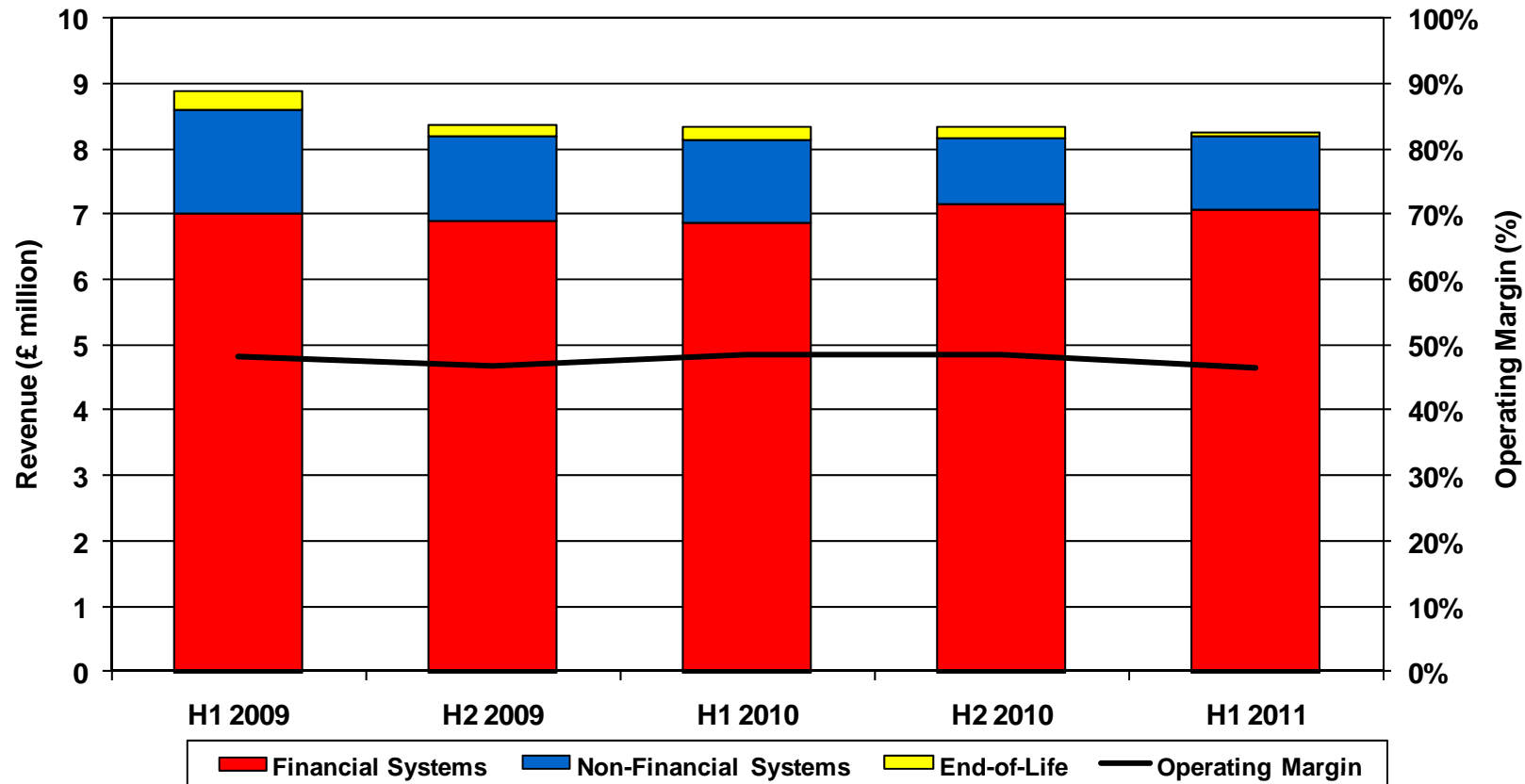
- Revenue growth of 38% to £10.8 million (H1, 2010 : £7.8 million)
- Operating profit increased by 103% to £2.0 million (H1, 2010 : £1.0 million) representing an increased operating margin of 19.0% (H1, 2010 : 12.9%)
- New name business secured together with a number of existing clients expanding the use of MASD's software



- **Large, typically Global Enterprises**, requiring applications that demand:
  - **Agility:** the ability to rapidly adopt new functionality for new business products/processes
  - **Performance:** the ability to handle very large enterprise volumes of data to improve the granularity and timeliness of information for Management and Regulatory reporting/decision making
  - **Transaction Processing:** the ability to automate the processing of the vast majority of transactions, typically System-2-System and Business-2-Business, ensuring that all related updates are completed together
  - **Integration:** the ability to blend legacy technology and applications with SOA and Cloud based services into new and preferment applications.
- **Combining Product with Domain Experience**
  - Financial Services (Investment Banks, Retail Banks and Treasury)
  - Digital Media Supply Chain
  - Insurance
  - Transport, Energy and Logistics
- **Sales Model**
  - Typically Annual License Fees (ALF) including both the “right to use the software” and maintenance for a minimum term
  - Provision of license, implementation consultancy and on-going support

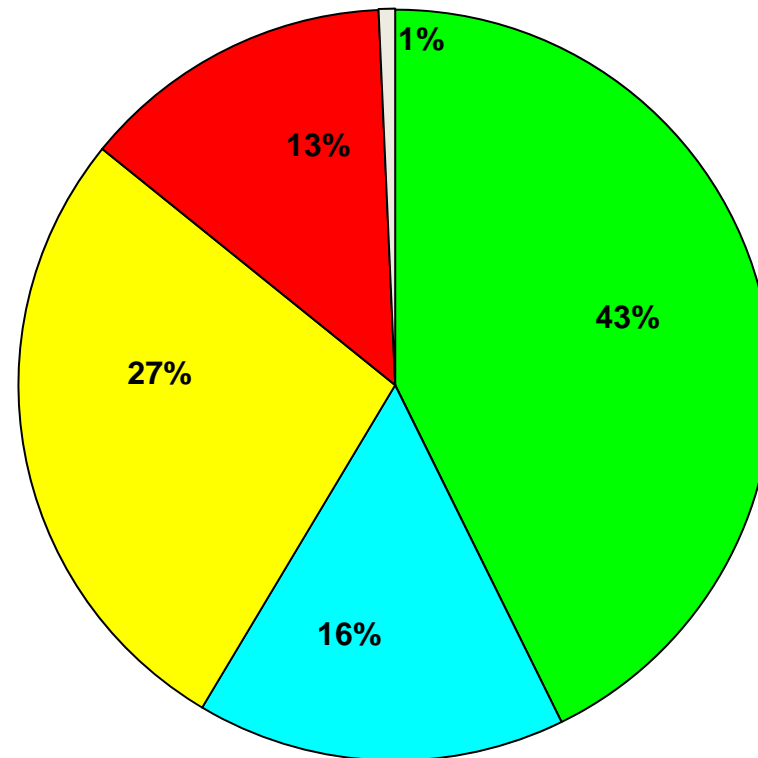


- Revenue consistent with prior period at £8.3m (H1, 2010 : £8.3m)
- Operating margins maintained at high level of 47% (H1, 2010 : 48%)
- High recurring revenue levels together with diverse client base provides resilience
- On-going review of smaller product lines to assess commercial viability



# Financial Systems Division Revenue Analysis

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- Wealth Management & Offshore Banking
- Asset Management
- Core Banking
- Energy & Application Management
- End-of-life Products

- Microgen Aptitude Solutions Division delivering strong profitable growth with new name business secured in addition to existing clients expanding their use of Microgen's software
- Financial Systems Division demonstrates resilience in a flat market with high recurring revenue base and strong operating margins
- Investment has continued in the development of Microgen Aptitude and the Microgen Accounting Hub including functionality to address the wider financial services market and the continued growth in transactional data processing ("Big Data")
- Strong balance sheet with cash at 30 June 2011 of £26.9 million demonstrates Microgen's financial stability to its prospects and customers and provides a stable platform from which to seek add-on acquisition opportunities to FSD

# **Appendix**

# Group Balance Sheet

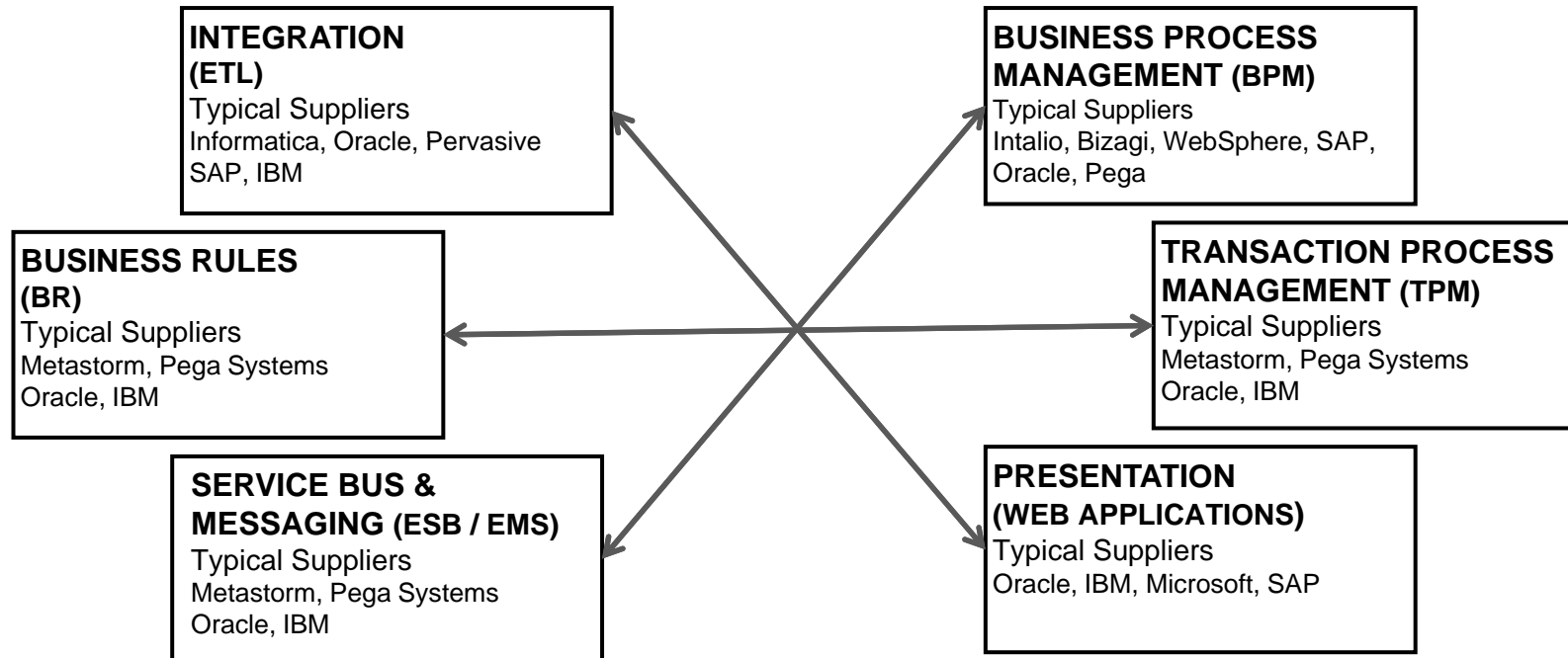
**microgen**

	As at 30 June 2011 £'000	As at 30 June 2010 £'000	As at 31 Dec 2010 £'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	41,774	41,774	41,774
Intangible assets	177	362	235
Property, plant and equipment	5,512	5,274	5,157
Deferred income tax asset	1,384	1,356	1,402
	<u>48,847</u>	<u>48,766</u>	<u>48,568</u>
<b>Current assets</b>			
Trade and other receivables	6,461	5,750	5,971
Financial assets – derivative financial instruments	56	-	56
Cash and cash equivalents	26,866	25,008	25,412
	<u>33,383</u>	<u>30,758</u>	<u>31,439</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Financial liabilities - borrowings associated with property - derivative financial instruments	(370)	(370)	(370)
Trade and other payables	(18,330)	(14,474)	(18,205)
Current income tax liabilities	(842)	(809)	(408)
Provisions for other liabilities and charges	-	-	(150)
	<u>(19,582)</u>	<u>(15,970)</u>	<u>(19,248)</u>
<b>Net current assets</b>	<b>13,801</b>	<b>14,788</b>	<b>12,191</b>
<b>Non-current liabilities</b>			
Financial liabilities – borrowings associated with property	(1,297)	(1,667)	(1,482)
Provisions for other liabilities and charges	(151)	(267)	(139)
	<u>(1,448)</u>	<u>(1,934)</u>	<u>(1,621)</u>
<b>NET ASSETS</b>	<b>61,200</b>	<b>61,620</b>	<b>59,138</b>

# Group Cash Flow

**microgen**

	Six months ended 30 June 2011 £'000	Six months ended 30 June 2010 £'000	Year ended 31 Dec 2010 £'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	4,448	3,115	11,348
Interest received	97	30	140
Interest paid	(40)	(44)	(94)
Tax paid	(691)	(725)	(1,506)
<b>Net cash generated from operating activities</b>	<b>3,814</b>	<b>2,376</b>	<b>9,888</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of investments	-	336	336
Purchase of property, plant and equipment	(685)	(360)	(586)
<b>Net cash generated (used in)/from investing activities</b>	<b>(685)</b>	<b>(24)</b>	<b>(250)</b>
<b>Cash flows from financing activities</b>			
Net proceeds from issue of ordinary share capital	176	-	285
Dividends paid	(1,701)	(1,303)	(2,084)
Repayment of mortgage	(185)	(185)	(370)
Purchase of own shares	-	-	(6,288)
<b>Net cash used in financing activities</b>	<b>(1,710)</b>	<b>(1,488)</b>	<b>(8,457)</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,419</b>	<b>864</b>	<b>1,181</b>
Opening cash and cash equivalents	25,412	24,178	24,178
Effects of exchange rate changes	35	(34)	53
<b>Closing cash and cash equivalents</b>	<b>26,866</b>	<b>25,008</b>	<b>25,412</b>



## Considerations

- **Integration** – Legacy and new systems
- **Maintenance** - Total Cost of Ownership
- **Auditable** – Compliance
- **Deliverability** – Time to market
- **Performance** - Speed of operation
- **Flexibility** – Ability to change
- **Agility** – Ability to change quickly & easily
- **Transparency** – Can be easily understood
- **Interoperability** – Work with other systems
- **Functionality Fit** – Solution fit for purpose

# “Big Data”: The Reality Today

microgen

Big Data is defined as the ability to process very large volumes of transactions and data in an “acceptable period” of time. Although major vendors are developing versions of comprehensive technology stacks, to satisfy functionality requirements, most large organisations have a mixture of vendor technology producing a complex and often non-integrated environment, unable to meet the performance requirements or address the complexity of Big Data

Segment	Microsoft	Oracle	SAP	IBM	CSCO/EMC/VM W	Hewlett-Packard
Consulting & Services	Microsoft Services	Oracle Consulting	SAP Consulting	IBM Global Services		HP Services (EDS)
Applications	Office, Dynamics	11i E-Business Suite	mySAP All In One BusinessOne			
Security Software	Security Essentials	Database Vault		Rational AppScan, Proventia	RSA	Fortify Tipping Point
Middleware & Tools	Internet Info.Server BizTalk Visual Basic, C++ Visual Studio	11g Application Server	NetWeaver OneBridge PowerBuilder	WebSphere Rational Information management Lotus		
Databases	SQL Server	11g Database	ASE, IQ SQL Anywhere	DB2 Nettezza		
Systems Management	Windows SMS	Enterprise Manager		Tivoli	vCenter	One View Mercury
Server Software	Windows NT Windows 2003 Windows 2008	Unbreakable Linux Oracle Solaris		z/OS IS/OS		ProLiant Integrity
Virtualisation	Hyper-V	Oracle VM			vSpere	
Server Hardware		SUN SPARC		p- Series X- Series I- Series Z- Series	Unified Computing System	Nontop 9000
Storage Systems		StorageTek Sun Storage		DS8000 DS6000 DS5000 DS3000	Symmetrix CLARiiON Celerra	XP, EVA/LeftHand, Windows File Server
Networking					Catalyst Ssries Nexus series	ProCurve 3Com

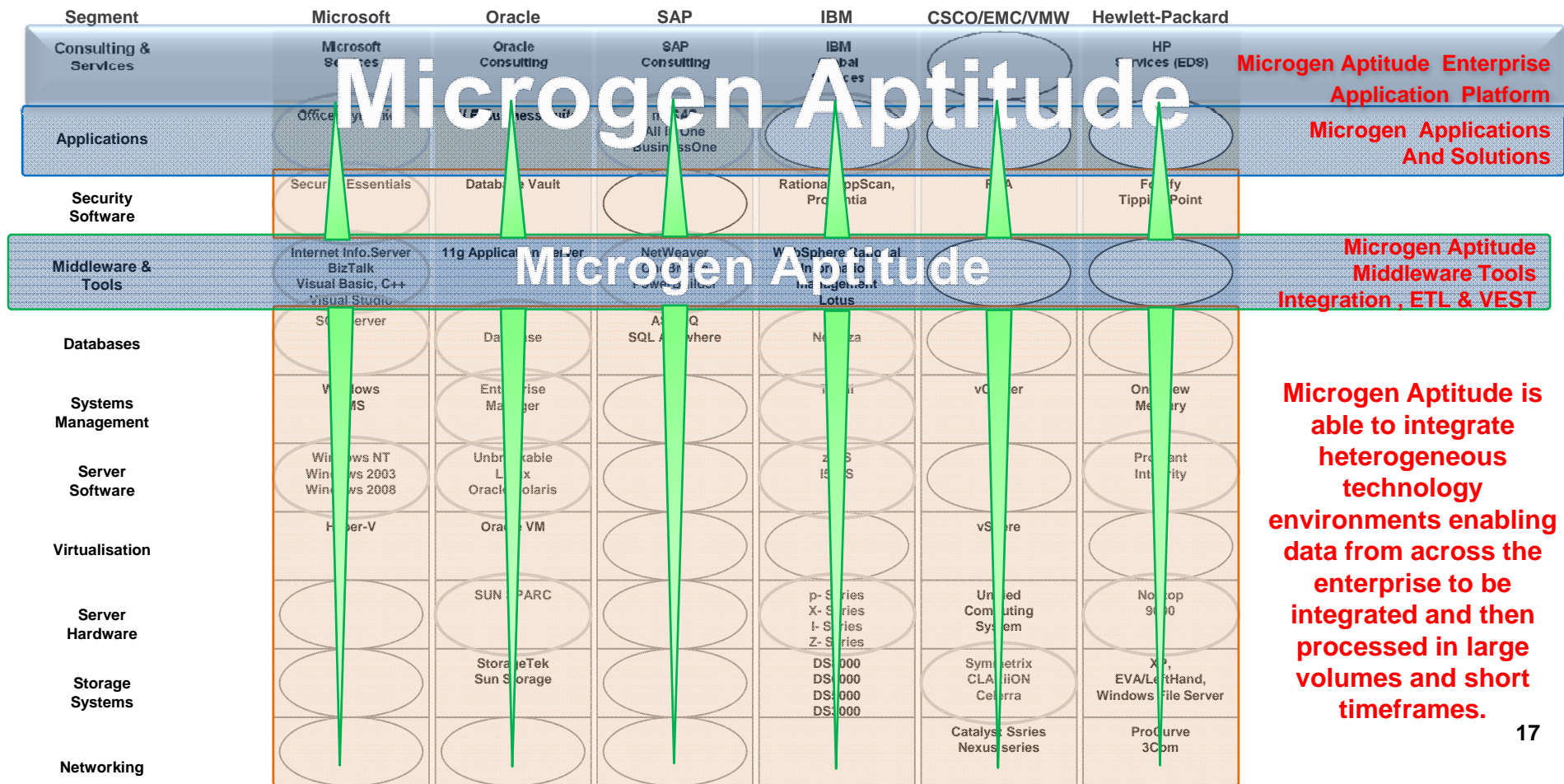
Content based on the information provided in the BofA Merrill Lynch report ‘Big Data heralds Golden Era of Database Market’ dated 22 November 2010



# Microgen Aptitude and Big Data

**microgen**

The robust integration and high performance capabilities of the Microgen Aptitude Platform enables the creation of Enterprise applications and solutions that can integrate heterogeneous technology environments and deliver applications/solutions capable of processing large volumes of transactions/data regardless of the technology “mix” deployed by an organisation



**Microgen Aptitude is able to integrate heterogeneous technology environments enabling data from across the enterprise to be integrated and then processed in large volumes and short timeframes.**

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[www.microgen.com](http://www.microgen.com)