



26 November 2015

**ULS Technology plc
(The "Group" or the "Company")**

Half Year Results for the Six Months Ended 30 September 2015

ULS Technology plc (AIM:ULS), the provider of online B2B platforms for the UK conveyancing and financial intermediary markets, announces its half yearly results for the six months to 30 September 2015.

Financial Highlights

- Revenue increased by 18.5% to £9.8m (H1 2015: £8.2m)
- Gross Margin improved substantially to 44.5% (H1 2015: 33.8%)
- Underlying Operating Profit¹ increased by 32.0% to £1.9m (H1 2015: £1.4m)
- Adjusted Underlying EPS^{1,2} 2.28p (H1 2015: 1.74p)
- Net Cash and equivalents of £2.7m (FY 2015; £1.2m)
- Interim dividend of 1.05p per share, an increase of 5% on the previous 6 months

1. Before acquisition intangibles amortisation and exceptional costs relating to movements in the deferred consideration for Legal-Eye Limited

2. Based on number of shares in issue at the end of the period

Operating Highlights

- Increasing conveyancing market share in stable market conditions
- Legal Eye acquisition now fully integrated into the Group and contributing positively
- Healthy and growing pipeline of new conveyancing prospects
- Successful launch of Estate Agency Performance Comparison Service (estateagent4me)

Ben Thompson, Chief Executive of ULS Technology plc, commented: "I am very pleased with the strong performance in the first half of the current year with underlying operating profits increasing at an impressive rate due to significant revenue growth. This increase in revenue reflects both organic growth, realised through securing new conveyancing agreements, as well as the first six months' contribution from Legal Eye, which was acquired towards the end of the last financial year.

"Looking into the second half of the year, market conditions appear stable, as affordability constraints and increasing regulation are offset by increasing housing construction levels and increasing re-mortgage activity levels. We also have a growing pipeline of new business relationships.

"I would personally like to thank Nigel Hoath for his support and I am pleased that we will benefit from his continued involvement as a Non-Executive. I look forward to what should be an exciting second half of the year."

Enquiries:

ULS Technology plc

Tel: 01844 262392

Peter Opperman, Chairman

Ben Thompson, CEO

John Williams, Finance Director

Numis Securities Limited (Nomad & Broker)

Tel: 0207 260 1000

Stuart Skinner / Paul Gillam, Corporate Advisory

James Serjeant, Corporate Broking

Walbrook PR Limited

ulsgroup@walbrookpr.com or Tel: 020 7933 8780

Paul Cornelius

Mob: 07866 384 707

Helen Cresswell

Mob: 07841 917 679

Chief Executive's Report

The first six months of this year have been encouraging. The 18% increase in revenue compared to the first half of last year demonstrates strong trading by the Company, with almost two-thirds of this generated organically. New customer acquisition has led to our market share increasing during the period. The Company's 35% growth in underlying profit also reflects this new business growth, as well as the consolidation of margin improvements made in the second half of the last financial year. The Company continues to invest in the development of estateagent4me as part of its plans to grow its conveyancing proposition in new markets.

The Company's 32% growth in underlying profits is particularly impressive in the light of the substantial investment in the core business, with overheads increased by 85%. This increase in overheads comprises the costs of developing estateagent4me, higher commission and bonuses due to the improved year-on-year performance, lower levels of capitalised research and development and increased amortisation. Investment through overhead spend on estateagent4me for the six months ended 30 September 2015 was over £300,000. As this site has only recently gone live there is no revenue at this stage

The Company generated £1.5m in cash in the six months ended 30 September 2015, with net cash increasing from £1.2m at 31 March 2015 to £2.7m at 30 September 2015. Pre-dividend, the net cash generated was an impressive £2.2m. The Board intends to use this strong cash generation to continue to pay a progressive dividend in addition to funding bolt-on acquisitions.

Legal Eye

In February 2015, the Company acquired Legal Eye, which provides compliance services to solicitors and conveyancing firms. This acquisition has enabled the Company to evolve and adapt its conveyancing service to mortgage lenders and, as a result, increase the pipeline of new potential relationships compared to this point last year. The Company intends to grow its new business relationships and market share with lenders. Legal Eye has contributed profitably to these financial results.

Strategy

The Board's core strategy remains focused on growing the Company's conveyancing market share. This is being done by:

- working more closely with its existing customers and introducers,
- securing new lender and intermediary relationships,
- opening up the estate agent market for conveyancing through estateagent4me, and
- developing more direct business with end-consumers.

In addition to organic revenue growth, the Company will also consider tactical acquisitions that are consistent with delivering its strategy and growth plans as it did with Legal Eye.

estateagent4me

The Company launched its new customer-facing estate agency comparison service under the brand 'estateagent4me' in June 2015. This new service enables homeowners to source, rank and instruct the best agent based on criteria that are most important to them, such as price achievability, speed to sell and overall cost. This is a data-led business giving customers objective performance information rather than taking the estate agents' marketing at face value. estateagent4me allows the Company to engage at the optimum time with homeowners, at the point when they are choosing to move home.

It has the potential to fundamentally disrupt the entire estate agency market, adding value and choice to customers whether they want to work with a traditional agent or an online agent. The service has been received very positively by consumers and estate agents. We will now work to drive significant volumes of traffic to the site and to monetise that traffic.

Market Review

The number of housing transactions during the period remained broadly similar to last year. Disappointingly, although house prices have continued to rise, the market did not see the post-election pick up that some had forecast. The Board believes that this has been due to increased mortgage regulation, affordability constraints, and a lack of property stock for sale. Mortgage lending has however seen a modest increase, although volumes remain very significantly below their 2007 peak, implying that there is likely to be some pent-up demand yet to be released.

Government policy and stimulus is supporting increased construction levels and helping some First Time Buyers to get onto the property ladder. Furthermore, underlying economic conditions remain strong and the Company expects some pick up in re-mortgaging activity in the run up to an increase in the UK interest rate for the first time since 2007, although this may still be some time away.

Interim Dividend

The Company is pleased to announce that it will pay an interim dividend of 1.05 pence per share; this is a five per cent increase on the dividend paid for the six months to 31 March 2015. The dividend record date will be 4 December 2015 and the dividend is expected to be paid on 18 December 2015.

Board Changes

Ben Thompson became Chief Executive on 2 November 2015, with Nigel Hoath moving to a Non-Executive role.

Outlook

The Board expects the financial performance of the Group to increase as it continues to grow its market share of the conveyancing market due to a growing pipeline of new relationships. The Group is also well positioned to benefit from future interest rate rises, increase in wages and an improvement in the general economic confidence in the UK housing market.

Ben Thompson
Chief Executive Officer

UNAUDITED INCOME STATEMENT
Six months to 30 September 2015

	Note	6 months to 30 Sep 2015 Unaudited £'000s	6 months to 30 Sep 2014 Unaudited £'000s	Year ended 31 Mar 2015 Audited £'000s
Revenue	3	9,755	8,234	16,137
Cost of sales		<u>(5,408)</u>	<u>(5,449)</u>	<u>(10,101)</u>
Gross profit		4,347	2,785	6,036
Administrative expenses		<u>(2,509)</u>	<u>(1,354)</u>	<u>(3,031)</u>
Operating profit before exceptional expenses		1,838	1,431	3,005
Exceptional administrative expenses	4	<u>(204)</u>	<u>(1,330)</u>	<u>(1,399)</u>
Operating profit	3	1,634	101	1,606
Finance income		3	7	43
Finance costs		(34)	(74)	(139)
Exceptional Finance costs	4	<u>(116)</u>	<u>-</u>	<u>-</u>
Profit on ordinary activities before taxation		1,487	34	1,510
Tax on profit on ordinary activities		<u>(368)</u>	<u>(124)</u>	<u>(415)</u>
Profit / (loss) for the financial period		<u>1,119</u>	<u>(90)</u>	<u>1,095</u>
Basic earnings / (loss) per share (£)	5	0.0173	(0.0016)	0.0179
Diluted earnings / (loss) per share (£)	5	0.0165	(0.0016)	0.0175

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
Six months to 30 September 2015

	6 months to 30 Sep 2015 Unaudited £'000s	6 months to 30 Sep 2014 Unaudited £'000s	Year ended 31 Mar 2015 Audited £'000s
Profit / (loss) for the period	1,119	(90)	1,095
Total comprehensive income / (expense) for the period	<u>1,119</u>	<u>(90)</u>	<u>1,095</u>

UNAUDITED BALANCE SHEET

At 30 September 2015

	Note	30 Sep 2015 Unaudited £'000s	30 Sep 2014 Unaudited £'000s	31 Mar 2015 Audited £'000s
NON-CURRENT ASSETS				
Intangible assets		3,059	1,709	3,146
Goodwill		4,524	3,297	4,524
AFS financial assets		100	-	100
Property, plant and equipment		568	699	665
Prepayments		204	81	69
		<u>8,455</u>	<u>5,786</u>	<u>8,504</u>
CURRENT ASSETS				
Inventory		32	42	29
Trade and other receivables		874	510	820
Cash and cash equivalents		3,969	5,699	2,810
		<u>4,875</u>	<u>6,251</u>	<u>3,659</u>
TOTAL ASSETS	3	<u>13,330</u>	<u>12,037</u>	<u>12,163</u>
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY				
Share capital	6	259	259	259
Share premium account		4,530	4,530	4,530
Capital redemption reserve		113	113	113
Share based payment reserve		50	-	23
Retained earnings		2,081	644	1,609
TOTAL EQUITY		<u>7,033</u>	<u>5,546</u>	<u>6,534</u>
NON-CURRENT LIABILITIES				
Borrowings		530	1,250	890
Contingent consideration	8	1,588	-	1,268
Deferred taxation		479	231	499
		<u>2,597</u>	<u>1,481</u>	<u>2,657</u>
CURRENT LIABILITIES				
Trade and other payables		2,540	4,145	1,924
Borrowings		720	720	720
Current tax payable		440	145	328
		<u>3,700</u>	<u>5,010</u>	<u>2,972</u>
TOTAL LIABILITIES	3	<u>6,297</u>	<u>6,491</u>	<u>5,629</u>
TOTAL EQUITY AND LIABILITIES		<u>13,330</u>	<u>12,037</u>	<u>12,163</u>

UNAUDITED STATEMENT OF CHANGES IN EQUITY
Six months to 30 September 2015

	Share capital £'000s	Share premium £'000s	Capital redemption reserve £'000s	Share based payment reserve £'000s	Retained earnings £'000s	Total equity £'000s
For the period ended 30 September 2015						
At 1 April 2015	259	4,530	113	23	1,609	6,534
Profit for the period	-	-	-	-	1,119	1,119
Share-based payments	-	-	-	27	-	27
Dividends paid	-	-	-	-	(647)	(647)
At 30 September 2015	259	4,530	113	50	2,081	7,033
For the period ended 30 September 2014						
At 1 April 2014	326	100	-	-	3,984	4,410
Loss for the period	-	-	-	-	(90)	(90)
Issue of shares	46	4,568	-	-	-	4,614
Issue costs	-	(138)	-	-	-	(138)
Redemption of deferred shares	(113)	-	113	-	-	-
Payment of dividends	-	-	-	-	(3,250)	(3,250)
At 30 September 2014	259	4,530	113	-	644	5,546
For the year ended 31 March 2015						
At 1 April 2014	326	100	-	-	3,984	4,410
Profit for the year	-	-	-	-	1,095	1,095
Issue of shares	46	4,568	-	-	-	4,614
Issue costs	-	(138)	-	-	-	(138)
Redemption of deferred shares	(113)	-	113	-	-	-
Share-based payments	-	-	-	23	-	23
Payment of dividends	-	-	-	-	(3,470)	(3,470)
At 31 March 2015	259	4,530	113	23	1,609	6,534

UNAUDITED STATEMENT OF CASH FLOWS

Six months to 30 September 2015

	6 months to 30 Sep 2015 Unaudited £'000s	6 months to 30 Sep 2014 Unaudited £'000s	Year ended 31 Mar 2015 Audited £'000s
Cash flows from operating activities			
Profit before taxation	1,487	34	1,510
Finance income	(3)	(7)	(43)
Finance costs	34	74	139
Amortisation	232	46	184
Depreciation	115	102	217
Share-based payments	27	-	23
Increase in contingent consideration	320	-	-
Tax paid	(276)	(135)	(282)
	<u>1,936</u>	<u>114</u>	<u>1,748</u>
Changes in working capital			
(Increase) / decrease in inventories	(3)	2	15
(Increase) / decrease in trade and other receivables	(189)	193	21
Increase in trade and other payables	616	2,564	264
	<u>616</u>	<u>2,564</u>	<u>264</u>
Cash inflow from operating activities	<u>2,360</u>	<u>2,873</u>	<u>2,048</u>
Cash flows from investing activities			
Purchase of intangible software assets	(145)	(312)	(590)
Purchase of property, plant and equipment	(18)	(69)	(148)
Acquisition of investments	-	-	(100)
Acquisition of subsidiary (net of cash acquired)	-	-	(998)
Interest received	3	7	43
	<u>3</u>	<u>7</u>	<u>43</u>
Net cash used in investing activities	<u>(160)</u>	<u>(374)</u>	<u>(1,793)</u>
Cash flows from financing activities			
Share issue proceeds	-	4,476	4,476
Dividends paid	(647)	(3,250)	(3,470)
Interest paid	(34)	(74)	(139)
New loans	-	4,000	4,000
Repayment of loans	(360)	(3,969)	(4,329)
	<u>(360)</u>	<u>(3,969)</u>	<u>(4,329)</u>
Net cash (used in) / generated from financing activities	<u>(1,041)</u>	<u>1,183</u>	<u>538</u>
Net increase in cash and cash equivalents	<u>1,159</u>	<u>3,682</u>	<u>793</u>
Cash and cash equivalents at beginning of period	<u>2,810</u>	<u>2,017</u>	<u>2,017</u>
Cash and cash equivalents at end of period	<u><u>3,969</u></u>	<u><u>5,699</u></u>	<u><u>2,810</u></u>

Notes to the financial information

Six months to 30 September 2015

1. GENERAL

The interim financial information for the six months to 30 September 2015 is unaudited and was approved by the Directors of the Company on 25 November 2015. The condensed financial information set out above does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006.

The Company's operations are not subject to seasonality or cyclicalities.

A dividend of £647,279 has been paid in the six months ended 30 September 2015 (six months to 30 September 2013: £3,250,000).

2. ACCOUNTING POLICIES

The interim financial information in this report has been prepared on the basis of the accounting policies set out in the Group's most recent annual financial statements for the year ended 31 March 2015.

IFRS is subject to amendment and interpretation by the International Accounting Standards Board ("IASB") and the IFRS Interpretations Committee and there is an on-going process of review and endorsement by the European Commission.

The financial information has been prepared using accounting policies that the Directors expect to be applicable as at 31 March 2016, with the exception of IAS 34.

The Directors have adopted the going concern basis in preparing the financial information. In assessing whether the going concern assumption is appropriate, the Directors have taken into account all relevant available information about the foreseeable future.

The condensed financial information for the period ended 31 March 2015 set out in this interim report does not comprise the Group's statutory accounts as defined in section 434 of the Companies Act 2006.

3. SEGMENT REPORTING

Management identifies its operating segments based on the Group's service lines, which represent the main product and services provided by the Group. The Group's three main operating segments are:

- Comparison services
- Compliance consultancy for the legal sector
- All other segments which includes head office functions

Any inter-segment indebtedness is excluded when arriving at the assets and liabilities for each segment. Consolidation items such as goodwill and intangibles sit within 'Other'.

	Comparison £'000s	Compliance £'000s	Other £'000s	Total £'000s
For the period ended 30 September 2015				
Revenue	9,263	492	-	9,755
Operating Profit	2,084	197	(647)	1,634
Total Assets	5,502	473	7,355	13,330
Total Liabilities	2,589	189	3,519	6,297
For the period ended 30 September 2014				
Revenue	8,234	-	-	8,234
Operating Profit	1,394	-	(1,293)	101
Total Assets	4,816	-	7,221	12,037
Total Liabilities	2,726	-	3,765	6,491
For the year ended 31 March 2015				
Revenue	16,064	73	-	16,137
Operating Profit	3,103	11	(1,508)	1,606
Total Assets	4,083	222	7,858	12,163
Total Liabilities	2,238	148	3,243	5,629

4. EXCEPTIONAL EXPENSES

Exceptional Administrative Expenses

	6 months to 30 Sep 2015 £'000	6 months to 30 Sep 2014 £'000	Year to 31 Mar 2015 £'000
Increase in estimated contingent consideration	204	-	-
IPO expenses	-	1,314	1,314
Acquisition expenses	-	16	85
	<u>204</u>	<u>1,330</u>	<u>1,399</u>

Exceptional Finance Costs

	6 months to 30 Sep 2015 £'000	6 months to 30 Sep 2014 £'000	Year to 31 Mar 2015 £'000
Change in NPV of contingent consideration	116	-	-
	<u>116</u>	<u>-</u>	<u>-</u>

5. EARNINGS PER SHARE

Basic earnings/ (loss) per share is calculated by dividing the profit / (loss) attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Given the Company's reported loss for the previous period, share options and warrants are not taken into account when determining the weighted average number of ordinary shares in issue during that period and therefore the basic and diluted loss per share are the same.

Basic and diluted earnings per share

	6 months to 30 Sep 2015 £	6 months to 30 Sep 2014 £	Year to 31 Mar 2015 £
Total basic earnings /(loss) per share	<u>0.0173</u>	<u>(0.0016)</u>	<u>0.0179</u>
Total diluted earnings /(loss) per share	<u>0.0165</u>	<u>(0.0016)</u>	<u>0.0175</u>

The earnings / (loss) and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	6 months to 30 Sep 2015 £'000s	6 months to 30 Sep 2014 £'000s	Year to 31 Mar 2015 £'000s
Earnings / (loss) used in the calculation of total basic and diluted earnings per share	<u>1,119</u>	<u>(90)</u>	<u>1,095</u>

Number of shares	6 months to 30 Sep 2015 Number	6 months to 30 Sep 2014 Number	Year to 31 Mar 2014 Number
Weighted average number of ordinary shares for the purposes of basic earnings per share	<u>64,727,875</u>	<u>57,604,398</u>	<u>61,156,378</u>

Taking the Group's dilutive potential ordinary shares into consideration in respect of the Group's weighted average number of ordinary shares for the purposes of diluted earnings per share, is as follows:

Number of shares	6 months to 30 Sep 2015	6 months to 30 Sep 2014	Year to 31 Mar 2015
Potential dilutive effect of share options and warrants	<u>2,936,732</u>	<u>314,368</u>	<u>1,564,060</u>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<u>67,664,607</u>	<u>57,918,766</u>	<u>62,720,438</u>

6. SHARE CAPITAL

a) Share Capital

Subsequent to a share for share exchange during the previous period (125 new Ordinary shares at 0.4p nominal value per share for all previous Ordinary share categories), the Company has one class of Ordinary share which carries no right to fixed income nor has any preferences or restrictions attached.

Issued and fully paid:

	30 Sep 2015 £'000s	30 Sep 2014 £'000s	31 Mar 2015 £'000s
Ordinary shares of 0.40p each	<u>259</u>	<u>259</u>	<u>259</u>

	30 Sep 2015 Number	30 Sep 2014 Number	31 Mar 2015 Number
At beginning of the period	64,727,875	425,533	425,533
Ordinary shares issued on subdivision	-	52,766,092	52,766,092
Deferred shares issued on subdivision	-	225,533	225,533
Deferred shares cancelled	-	(225,533)	(225,533)
New Share Issue	-	11,536,250	11,536,250
	<u>64,727,875</u>	<u>64,727,875</u>	<u>64,727,875</u>

b) Share based payments

During the period the Group granted 213,596 options at an exercise price of £0.535 per share which was the closing price of the Company's shares on the day prior to the date of the grant.

These options granted were on the same terms as previous options granted. They vest in 3 equal tranches, three, four, and five years after date of grant. The options are settled in equity once exercised. If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Options are forfeited if the employee leaves the Group before the options vest.

At the end of the period, there were 3,126,335 options outstanding with a weighted average exercise price of £0.42 per share

7. BORROWINGS

In July 2014 the Group took out a bank loan of £4 million, of which £1,850,000 was repaid in August 2014. The remaining balance is repayable in quarterly instalments of £180,000 with quarterly interest payments charged at 2.75% over base rate.

8. CONTINGENT CONSIDERATION

On 27 February 2015, the Group acquired 100% of the issued ordinary share capital of Legal-Eye Limited, a company incorporated in England and Wales. Part of the consideration was contingent based on two times EBITDA of Legal Eye for each of this financial year and the next one. The movement in the contingent consideration in this period is as follows

	30 Sep 2015 £'000s
At beginning of the period	1,268
Change in NPV due to movement in time	116
Increase in estimated consideration payable	<u>204</u>
At end of the period	<u>1,588</u>