Craneware®

H1 2010

Craneware plc
Interim Report

Craneware plc (AIM: CRW.L) is recognised as the leader in automated revenue integrity solutions that improve US healthcare providers' financial performance. Revenue Integrity is an approach to revenue management focused on achieving optimal legitimate reimbursement, operational efficiency and compliance with government regulations. Craneware Software-as-a-Service (SaaS) solutions support the transformation of provider organisations' revenue integrity processes. There are three major categories of Craneware solutions: Revenue Cycle, Strategic Pricing and Supply Management.

Founded in May 1999, Craneware introduced the first automated chargemaster management solution for US hospitals and health systems in October that year. By the end of 2000, more than 20 customers were signed and implemented, establishing the strong growth pattern that continues today. Craneware's solutions now help more than 1,000 healthcare providers – ranging from small community hospitals to large healthcare networks.

In September 2007, Craneware listed on the AIM market of the London Stock Exchange. Today, Craneware employs more than 130 staff and is headquartered in Livingston, Scotland, with offices in the US. At a time when it is more critical than ever for healthcare providers to improve reimbursement and operational efficiency whilst reducing compliance risk, Craneware solutions deliver results, efficiently helping customers establish a solid foundation for financial performance improvement.

Contents

Financial and Operating Highlights

Financial

- Total of $25.0m of contracts signed in the half (H109: $21.8):
  - 25% increase in revenues to $13.3m (H109: $10.6m)
  - Future revenues under contract increasing to $71.8m (FY09: $60.1m)
- EBITDA* increased 36% to $3.4m (H109: $2.5m)
- EBITDA* margin increased to 26% (H109: 24%)
- Profit before taxation increased by 28% to $3.3m (H109: $2.6m)
- Basic EPS increased by 18% to $0.092 (H109: $0.078)
- Interim dividend of 4.7 pence per share (FY09 Interim dividend 1.8p; FY09 Total dividend 4.7p), total dividend for FY10 expected to be in line with stated progressive dividend policy

* EBITDA refers to earnings before interest, tax, depreciation, amortisation and share based payments

Operational

- Launch and first sales of fifth product, Supplies ChargeLink™
- Product attachment rate increased to 1.5 (FY09: 1.4)
- Signed reseller agreement with McKesson and secured first sales
- New multi-year contract signed with North Shore-LIJ Health System, the largest integrated healthcare system in New York State

Quick Facts — Financial

15%
increase in contracted sales in the period to $25m

19%
increase in future revenues under contract in the period to $71.8m

25%
increase in revenues to $13.3m

36%
increase in EBTIDA* to $3.4m

28%
increase in profit before tax to $3.3m

29%
increase in cash to $26.9m

Craneware Innovation

Craneware introduced the original automated chargemaster management solution to US healthcare providers more than ten years ago. Today, Craneware's automated Revenue Integrity Solutions™ have grown to include three product families: Strategic Pricing, Revenue Cycle and Supply Management. Craneware SaaS solutions provide a level of visibility that allows US hospitals and other healthcare providers to identify the root causes of their revenue leakage and more accurately price, charge and code for services and supplies related to patient care.

Craneware innovation is market-driven, meaning we look to the market in order to identify opportunities where automation can help healthcare providers improve financial performance. Then, we work with our customers to bring solutions to the industry that meet actual needs. Through Craneware User Groups, Client Advisory Council, and the online client community, customers participate in a collaborative network, where they share best practices while enhancing existing and influencing new products and services. This network is a resource for ongoing dialogue. Customers are so passionate about their business process improvements and results achieved using Craneware solutions that they regularly appear alongside Craneware experts at industry trade shows and events.

Craneware continues to invest in innovating new solutions for customers. The most recent solution announced to help hospitals address revenue leakage is Supplies ChargeLink™. According to a 2009 Healthcare Financial Management Association member survey, the majority of US hospitals believe they are compensated for less than half of their reimbursable supplies. This new product supports revenue integrity by linking providers' supply and financial systems so that they can see where they're not charging for supplies that they should charge for.

Industry experts estimate that, on average, US hospital systems are wasting $4 million annually in excess supplies costs due to the lack of business intelligence within their supply chains. Over the next few years, as providers focus on increasing revenue, reducing costs and managing regulatory compliance, experts predict that the importance of solid business intelligence and the demand for powerful analytic tools will grow in healthcare. Supplies ChargeLink provides the unmatched supply chain visibility that hospitals need to optimise their supplies management.

What is Driving Our Growth?

In today's fast-changing competitive environment, healthcare provider organisations are realising the importance of investing in automation solutions like those offered by Craneware. Craneware sells the tools and workflow improvements necessary for healthcare providers to successfully meet evolving healthcare reform requirements. For over a decade, Craneware has earned respect as the leader in revenue integrity solutions for US healthcare providers. Today, these organisations need Craneware solutions more than ever to achieve optimal reimbursement for the services and supplies associated with patient care while increasing efficiency and minimising risk.

Key industry trends are driving demand for Craneware Revenue Integrity Solutions. US President Obama has made healthcare reform a main agenda item. Proposed US healthcare reforms drive towards increased regulation, which adds to an organisations' need for Craneware solutions. There is an **increase in healthcare compliance audits** including significant penalties for non-compliance with continually evolving regulatory requirements. Meeting the requirements of recent **pricing transparency legislation** for patient friendly billing is yet another challenge. The industry **trend toward consolidation** drives demand for corporate standardisation solutions like Chargemaster Corporate Toolkit®. To help manage all of these pressures, the **industry is focused on information technology solutions like those Craneware provides**.

Craneware software allows customers to quickly see dramatic advances in sustainable financial and operational performance improvements whilst mitigating compliance risk. Keeping up with the constant regulatory adjustments is especially important today. The US Department of Health and Human Services is actively using Medicare Recovery Audit Contractors, or RACs, to detect and correct improper payments in the Medicare Fee-For-Service program. Non-compliance has severe penalties including fines and even custodial sentences. As of late 2009, RACs have begun an active wave of audits across the US. The contractors, charged with finding Medicare underpayments to providers as well as overpayments, receive 10 percent of what they collect.

In order not to be perceived as an easy target for RACs, provider organisations need automated tools both to ensure compliance with ever-changing regulatory requirements and to have a clear audit trail like the one provided by Craneware's Chargemaster Toolkit®. RACs have a maximum three-year look-back, so the sooner US healthcare organisations set a solid revenue integrity foundation in place with automated compliance updates and a clear audit trail, the greater the reduction of risk for their organisations. One of the biggest factors increasing compliance risk is lack of visibility into revenue cycle and supply chain processes. Craneware solutions provide visibility into business processes, which empowers customers to identify specific root causes of revenue leakage and potential compliance issues. This enables customers to proactively address causal issues.

Most competitive provider organisations realise that they must have a new level of clarity and transparency to demonstrate accountability to key stakeholders, focus on cost-control, protect against risks and meet recent **pricing transparency regulations** now passed in 37 states. Craneware Revenue Integrity Solutions provide unmatched visibility into how services are charged. Our Patient Charge Estimator™ supports customers in meeting HFMA guidelines for ***PATIENT FRIENDLY BILLING***® to promote clear, concise, and correct patient-friendly financial communications.

Changes in the competitive world of healthcare are **trending toward consolidation**, amassing larger integrated delivery networks (IDNs) and integrating physician practices into hospital and health system organisations. Whenever there is increased acquisition and merger activity amongst healthcare providers, it represents opportunity for Craneware as the leading provider of solutions that enable optimal management of disparate hospital system and

What is Driving Our Growth? [Cont'd.]

physician group practice organisations' revenue cycles to a corporate standard in accord with industry best practices. Additionally, during times of change and consolidation, organisations look for strong strategic partners like Craneware.

Craneware partners with numerous hospital information systems, patient accounting systems and Group Purchasing Organisations. These alliances extend Craneware's market reach and the range of solutions we offer customers. For example, in September 2009, McKesson, the world's largest healthcare services company, chose Craneware's Chargemaster Toolkit to integrate into McKesson's next generation hospital information system (HIS), Horizon Enterprise Revenue Management™. This significant reseller agreement is a testament to Craneware's best-of-breed standing. By integrating the two solutions, McKesson and Craneware are delivering a coordinated approach to enterprise revenue management.

Craneware's market opportunity is significant. Of the 5,815 registered US hospitals, less than half have purchased an automated chargemaster management solution, which is Craneware's core area of expertise. KLAS, the leading source of US healthcare information technology vendor performance metrics, has ranked Craneware's flagship product Chargemaster Toolkit as first in the "Revenue Cycle – Chargemaster Management" market category in the "Top 20 Best in KLAS Awards: Software & Professional Services" report every year since 2006. Based on direct, detailed feedback from healthcare providers across North America, this KLAS ranking proves that Chargemaster Toolkit is the first-choice amongst healthcare executives for effective chargemaster automation.

Customers are choosing Craneware solutions because they work, the software is intuitive, user friendly, and delivers significant return on investment. High performing healthcare organisations are choosing Craneware as the best-of-breed solution for improving revenue integrity. In December 2009, nationally-recognised non-profit health system, Intermountain Healthcare, entered a multi-year agreement with Craneware to advance standardisation of its chargemaster management process. Having been recognised by President Obama as a bellwether in healthcare, Intermountain Healthcare is setting the standard as an efficiently-run healthcare system that delivers excellent patient care. The integrated workflow of Craneware's solutions will connect the health system's varied revenue management processes. This will provide greater visibility to help Intermountain ensure that they capture charges effectively and achieve best-practice revenue cycle operating processes across the Intermountain Healthcare enterprise.

Successful provider organisations today must pursue business from a solid strategic and operational foundation of revenue integrity. To address revenue integrity initiatives, Craneware tools are needed to empower staff to readily manage in accordance with industry best practices and access the unmatched visibility into their business processes, which is necessary in order to identify, address and prevent revenue leakage. The high return on investment Craneware software delivers to customers, combined with our strong partnerships and the growing financial pressure on healthcare organisations are key reasons Craneware is well-positioned for further significant growth.

"We selected Craneware to help us stay in compliance with government regulations, making sure our codes are appropriate for the services we're billing. We chose Craneware's Bill Analyzer solution to help us identify billing issues at our nine hospitals, and allow us to quickly, consistently and accurately resolve them. While we knew Craneware would keep us compliant, what we hadn't anticipated was Craneware's ability to augment our efforts to improve financial efficiency. It was these benefits that convinced us we made the right choice."

– Wendy Acardi

Director of Revenue Integrity, Advocate Health Care, Oak Brook, Ill.

Craneware Revenue Integrity Solutions

Hospitals must focus on financial performance and process improvements to thrive in the atmosphere of healthcare reform. One of the nine strategies for success most commonly identified by healthcare financial executives who responded to HFMA's April 2009 Healthcare Financial Pulse survey was, "engaging staff in financial performance improvement." This is exactly what Craneware's software aims to achieve. Craneware software engages and empowers financial staff with the tools and streamlined workflow processes needed for improved financial performance. In addition, clinical staffs are engaged through the LiteView, Workflow, and Best Practice features of Chargemaster Toolkit , as well as Bill Analyzer process analysis that specifically facilitates effective collaboration between clinical and financial staff.

Craneware SaaS automation empowers healthcare financial managers with unmatched visibility into their business, flagged exceptions to industry best practices requiring attention, ability to perform "what-if" pricing analysis, dashboards, both standardised and self-service reporting and analytics, and more.

No.1 in KLAS for Four Consecutive Years

Chargemaster Toolkit® is ranked No. 1 in the Revenue Cycle-Chargemaster Management market category in the "Top 20 Best in KLAS Awards" published in December 2009, 2008, 2007 and 2006.

Peer Reviewed

The Healthcare Financial Management Association (HFMA) performs an annual independent industry evaluation. Craneware has achieved HFMA Peer Reviewed status for Craneware's Chargemaster Toolkit®, Chargemaster Corporate Toolkit®, Bill Analyzer, Online Reference Toolkit® and Interface Scripting Module. To achieve this status, HFMA interviewed Craneware clients and determined that Craneware solutions continue to meet the stringent peer review program standards and provide value.

Quick Facts — The Technology

Craneware solutions are based on a subscription model per licensed user. Craneware products employ a mix of traditional client/server Windows applications and hosted ASP technologies to provide a comprehensive enterprise solution for healthcare financial performance management. Customer data is always kept secure within healthcare facilities' own networks, compliant with US Health Insurance Portability and Accountability Act (HIPAA) regulations related to sensitive patient information.

Only registered users can access Craneware's extensive knowledge base and regulatory products through available hospital-based browsers with Internet access. This allows Craneware's software to be rolled out to a number of staff within a facility, permitting different prescribed levels of interaction with minimal impact to resource-strained IS teams and busy users.

Craneware's Revenue Integrity Solutions are divided into three product families with **Decision Dashboard®** spanning across all three families.

Revenue Cycle Solutions

Chargemaster Toolkit®
Chargemaster Corporate Toolkit®
Chargemaster Toolkit® - CAH

Toolset for capturing legitimate reimbursement by automating chargemaster management processes, customisable for organisations from small community hospitals to large healthcare networks.

Online Reference Toolkit®

Web-based tool for reducing risk by providing access to reference and regulatory resources.

Interface Scripting Module

Software for ensuring items are billed accurately by automatically uploading chargemaster changes to the patient billing system.

Chargemaster Maintenance Process Assessment, Design and Implementation

Professional Services that define and implement best-practices, decision-making and maintenance protocols, which engage key stakeholders in a well controlled, defensible chargemaster process including custom setup of the Chargemaster Toolkit Request and Workflow modules.

Chargemaster Quality Review and Education

Professional Services that optimize the chargemaster maintenance process via Craneware's Chargemaster Toolkit, establishing best practices and leadership process and improvement training

Chargemaster Corporate Standardisation Services

Professional Services project management to fast track corporate chargemaster standardisation

Revenue Cycle Solutions [cont'd.]

Bill Analyzer
Software for improving charge capture processes by identifying lost revenue and categorising areas of risk, resulting in cleaner, more compliant, claims and for retrospectively identifying trends and correcting issues within an organisation's charge capture process that lead to lost revenue.

Charge Capture Performance Improvement Services
Professional Services based on analytic review of Bill Analyzer data that identifies areas of highest financial risk, evaluates root causes of missing charges, and provides an action plan and customised process to improve charge capture that avoids additional staff resources and implements an expedited learning curve leading to a sustainable process for ongoing financial improvement

Physician Revenue Toolkit®
Software for managing a physician group's charges, codes, RVUs, fee schedules and related information – also includes Online Reference Toolkit®

Physician Management Toolkit
Tracks key financial and operational drivers through data trending with Decision Dashboard®

Decision Dashboard®
Software providing decision makers with actionable financial information by monitoring key performance indicators.

Supply Management Solutions

Pharmacy ChargeLink®
Pharmacy supply application for improving charge capture, pricing and cost management, establishing and maintaining a connection between a hospital's pharmaceutical purchases and billing.

Pharmacy ChargeLink® Implementation
Professional Services that ensure an efficient return on investment and implement best practices for ongoing use, which includes an expert review of 12 months of pharmacy purchase history and chargemaster data for reimbursable medications, reporting and training.

Supplies ChargeLink™
Supplies software solution for optimising reimbursement by establishing and maintaining a connection between a hospital's supply purchase history and chargemaster, ensuring accurate pricing, coding and billing of chargeable supplies.

Supplies ChargeLink™ Implementation
Professional Services to ensure an efficient return on investment and implement best practices for ongoing use including data review, reporting and training.

Strategic Pricing Solutions

Patient Charge Estimator™
Software that supports defensible and transparent pricing, and simplifies providing estimates for inpatient and outpatient services.

Patient Charge Estimator™ Implementation
Professional Services to maximise immediate return on investment and establish an effective business process for ongoing use of the tool. Includes: policy, procedure and process design to improve upfront collections, and to achieve quick and accurate estimates. The service also includes documented evaluations and recommendations, templates for patient estimate letters, scripts for staff, onsite training, and software setup and implementation.

Comparative Pricing Modules
Comparison modules for benchmarking a facility's current prices against those of similar organisations based on information derived from Medicare.

Fee Schedule Modules
Fee schedule applications for viewing and comparing a facility's current pricing against published state and national rates.

Pricing Policy Analysis Module
Analysis modules that establish the accurate price for medications based on actual acquisition costs and proposed reimbursement in accordance with established mark-up formulas.

Chairman's Statement

"The partnerships Craneware has in place, such as the reseller agreement with McKesson are augmenting the Company's own sales team and extending Craneware's market reach."

George Elliot, Chairman

Craneware has delivered another strong six months of growth and profitability, increasing revenues by 25% to $13.3m and EBITDA* by 36% to $3.4m. Importantly, our new products continue to gain traction in the market and we have seen the average product attachment rate increase from 1.4 at 30 June 2009 to 1.5 in the current half.

With the US healthcare market facing increasing levels of legislation and growing fiscal pressures there are compelling external factors adding further to Craneware's long-term growth potential. As one of the most highly respected software providers to the US healthcare industry, Craneware occupies a central position in the emerging industry segment of Revenue Integrity. Craneware's move to focus its product ranges into this new market segment is giving clarity to its product positioning and strengthening its marketing, as evidenced by record sales this half.

The Board believes Craneware has an extending market opportunity ahead of it. Of the 5,815 hospitals in the U.S, over half still have no automated chargemaster management solution, the area in which Craneware is an established market leader, while the new product families are in markets with low penetration.

Building on recent years' product launches, this half saw the launch of Supplies ChargeLink, a new product in our Supply Management family. We believe the potential market for this product to be significant, with more than half of US hospitals believing they are not fully reimbursed for their supplies and over three-quarters having no automated process to attempt to do so. The first contracts have been secured for the new product following the launch in December 2009 and extensive marketing is currently on-going. New product momentum will continue through 2010, which will see the launch of our sixth product; a solution within our Strategic Pricing family.

* EBITDA refers to earnings before interest, tax, depreciation, amortisation and share based payments

In tandem with our focus on direct sales and product development, is our channel partnership strategy. The partnerships Craneware has in place, such as the reseller agreement with McKesson are augmenting the Company's own sales team and extending Craneware's market reach. This half saw the first sales of the Company's products with McKesson's systems.

In conjunction with the growth plans described above, the Board continues to assess potential acquisition opportunities in line with our stated M&A policy.

As always, the commitment of the entire Craneware team to customer service is the foundation on which the Company's success is built and I would like to thank our employees for their tireless efforts and our customers for their tremendous loyalty and support.

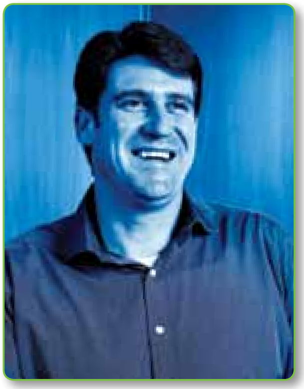
The Board believes Craneware is extremely well-positioned in a high growth market and therefore continues to view the future with confidence.

George Elliott, Chairman
19th February 2010

Operational Review

"…total value of contracts signed during the period…was $25.0m, a 15% increase over the corresponding period last year which was our previous record."

Keith Neilson, CEO and co-founder



"…revenues in the period have increased 25% to $13.3m, which has resulted in a 36% increase to $3.4m in our reported EBITDA*"

Craig Preston, CFO

Introduction

Craneware's strong performance in the half has resulted from a continued focus on sales execution supported by increased marketing initiatives. We continue to invest considerably in our product set, the benefits of which will flow through in future years and the half saw the successful launch in December 2009 of our fifth product, Supplies ChargeLink. Market dynamics continue to work in our favour and we believe our market opportunity to be expanding.

Market Developments:

Increased regulation and industry reform continue to drive growth

The US healthcare system continues to undergo unprecedented levels of change and public scrutiny, which combined with the global economic downturn, means healthcare organisations are experiencing extraordinary fiscal and legislative pressures. These factors have resulted in healthcare management teams increasing their focus on making the process and information technology changes that will deliver more value to their organisations for the services they provide.

This focus is expected to contribute to high industry growth rates. The US Healthcare IT market, boosted by the American Recovery and Reinvestment Act (ARRA) of 2009 is the largest of the global healthcare IT markets, with double digit growth rates expected for the next seven years.

Key industry trends continue to drive demand for Craneware's solutions. Central to these trends are proposed healthcare reforms which are expected to introduce increased regulation in areas such as insurance coverage, reimbursement, and the industry competitive environment. These areas combined with previously introduced legislation including healthcare compliance audits, have resulted in an industry acutely focused on information technology to help manage reform.

Sales and Marketing:

Focused on Revenue Integrity

During the first half of this year Craneware focused its products within the newly defined industry segment of Revenue Integrity, an area which is growing in industry recognition. Several PR and marketing initiatives are currently ongoing to reinforce Craneware's position as the industry leader within this market.

We continue to strengthen our sales team and processes, formalising our client sales management teams. A new Executive Vice President of Sales has been appointed and additional members have been added to the sales team.

Hires have also been made within the business development and channel partner team, reflecting our focus in this area following the early success of the Premier, Amerinet and McKesson channel partner agreements.

Product Development:

Expansion of the product set

Building on feedback from our customers we have continued to make enhancements to our current products, increasing areas such as functionality and accessibility. One key area of development has been the integration of our products with McKesson's following the signing of a reseller agreement with the company in September 2009. This work is continuing on schedule and implementation has already begun in the first hospitals to purchase the combined system.

The half concluded with the successful launch and the first customer win of a new product, Supplies ChargeLink™, part of our Supply Management family of products. This software solution helps hospitals better manage and optimise reimbursement for chargeable supplies, automating the manual processes that most hospitals use to align their supply chain, charge capture and billing procedures. The Directors believe the potential market for this new product to be significant, with a recent Healthcare Financial

Management Association InstaPoll of members finding that more than 50 percent of U.S. hospitals believe they are reimbursed for less than half of their chargeable supplies. While another report completed by Porter Research found 75 percent of U.S. hospitals currently do not use any automation tools to compare their supply purchase histories with actual billing for supplies.

First to purchase the new software, made generally available in December 2009, was Washington County Regional Medical Center, a 116-bed, non-profit organisation serving east Central Georgia since 1960.

Launch of Value-based Pricing Analysis Product

Development work on our forthcoming, Value-based Pricing Analysis product has progressed well with launch planned for the last quarter of the calendar year. This will be the fourth new product to be launched since our IPO and will bring our total number of products to six. Sitting within our Strategic Pricing family of products, this product will enable hospitals to set appropriate and defensible pricing policies that optimise reimbursement, increase operational efficiency, and minimise compliance risk. The product is anticipated to contribute to revenue by the end of calendar 2010.

Number 1 in KLAS

During the year, the Company's flagship product, Chargemaster Toolkit®, was once again awarded the number one position in its category by the prestigious industry research house KLAS in the U.S., reaffirming Craneware's market leading position for the fourth year in a row.

New Contract Win

We are pleased to announce today a new multi-year contract with North Shore-LIJ Health System, the largest integrated healthcare system in New York State and winner of the 2010 NQF National Quality Healthcare Award. We are delighted to have secured this prestigious organisation in a competitive situation, maintaining our momentum as we move into the second half of the year.

Financial Review

Following on from our trading update on 18 January 2010, we are pleased to report that revenues in the period have increased 25% to $13.3m (H109:$10.6m), which has resulted in a 36% increase to $3.4m in our reported EBITDA* (H109: $2.5m).

The increased investment made in sales and marketing during FY09 and continued into this period has resulted in a further increase in the total value of contracts signed during the period. The total value, including renewal activity was $25.0m, a 15% increase over the corresponding period last year (H109: $21.8m) which was our previous record.

With our annuity revenue recognition model the majority of the benefit derived from these contracts has been to increase our visibility over future revenues (Figure 1.), which has now increased to $71.8m. Of this future revenue under contract we have already invoiced $13.2m which is recorded as deferred income in the Balance Sheet. The remaining $58.6m will be invoiced in future periods.

Continued control over costs throughout the Company has resulted in net operating expenses increasing by only $1.2m to $8.9m (H109: $7.7m) allowing us to increase our EBITDA* margins to 26% (H109: 24%).

During the period, we have made payments in respect of taxation of $0.9m (H109: $0.1m) due to the increased tax charge on our increasing profits and the timing of our advance payments on account. We have also paid out the FY09 final dividend to shareholders of $1.2m (H109: $1.2m).

Even after taking account of these payments we have increased the cash position of the Company to $26.9m (H109: $20.8m) from $26.2m at 30 June 2009.

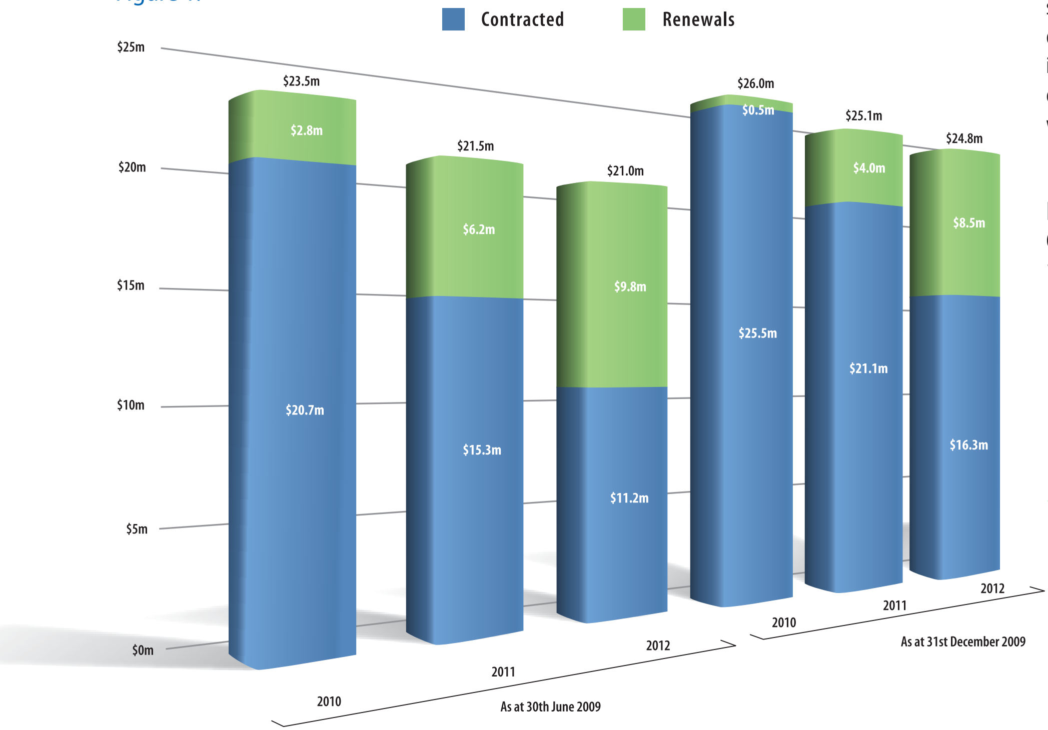
* EBITDA refers to earnings before interest, tax, depreciation, amortisation and share based payments

With the reporting currency (and cash reserves) of the Company being in US Dollars, we have seen a small benefit from the strengthening Dollar during the period on our UK purchases including the salary costs of our UK based employees. The average conversion rate for the Company during the reporting period was $1.64/£1 as compared to an average conversion rate in the corresponding period last year of $1.73/£1.

Dividend

The Board has resolved to pay an interim dividend of 4.7p per ordinary share of the Company (FY09 Interim 1.8p: Total Dividend FY09 4.7p) on 1 April 2010 to those shareholders on the register as at 5 March 2010. The Company intends to propose a final dividend, subject to approval at the Annual General Meeting, such that the total dividend for the FY10 is in line with its stated "progressive" dividend policy. The ex-dividend date is 3 March 2010.

Figure 1.



Outlook

We have been pleased with our strong performance in the first half of this year, which has seen the broadening of our product set, the increase of our customer base and the strengthening of our market position. Legislative and fiscal pressures are continuing to focus our customers on revenue integrity, a niche of the US IT healthcare market, of which we are at the forefront. These market dynamics combined with the quality of our software and our focus on customer support means we have secured another record half of sales, the main benefit of which will be seen in future years. With our sixth new product due to launch this calendar year and our ongoing focus on sales execution, we are confident in our ability to achieve significant revenue and earnings growth and we continue to look to the future with confidence.

Keith Neilson, Chief Executive Officer
Craig Preston, Chief Financial Officer
19th February 2010

"visibility over future revenues, … now increased to $71.8m"

Consolidated Income Statement

	Notes	unaudited H1 2010 $000	unaudited H1 2009 $000	audited FY 2009 $000
Revenue		**13,256**	10,627	22,993
Cost of sales		**(1,160)**	(637)	(1,381)
Gross profit		**12,096**	9,990	21,612
Net operating expenses		**(8,906)**	(7,703)	(16,262)
Operating profit		**3,190**	2,287	5,350
Analysed as:				
Operating profit before share-based payments, depreciation and amortisation		**3,417**	2,511	5,812
Share-based payments		**(46)**	(36)	(82)
Depreciation of plant and equipment		**(97)**	(100)	(204)
Amortisation of intangible assets		**(84)**	(88)	(176)
Finance income		**110**	285	520
Profit before taxation		**3,300**	2,572	5,870
Tax charge		**(965)**	(616)	(1,422)
Profit for the period		**2,335**	1,956	4,448

The results relate to continuing operations.

The company has no comprehensive income other than those included in the Income Statement above and, therefore, no separate Statement of Comprehensive Income has been presented.

Earnings per share for the period attributable to equity holders

	Notes	unaudited H1 2010	unaudited H1 2009	audited FY 2009
- Basic ($ per share)	1a	**0.092**	0.078	0.177
- Diluted ($ per share)	1b	**0.089**	0.074	0.170

Consolidated Statement of Changes in Equity

	Notes	Share Capital $'000	Share Premium Account $'000	Other Reserves $'000	Retained Earnings $'000	Total $'000
At 1 July 2008		509	9,253	3,041	3,296	16,099
Share-based payments		-	-	36	45	81
Retained profit for the period		-	-	-	1,957	1,957
Dividends		-	-	-	(1,172)	(1,172)
At 31 December 2008		509	9,253	3,077	4,126	16,965
Share-based payments		-	-	46	(82)	(36)
Options exercised		3	(3)	-	-	-
Retained profit for the period		-	-	-	2,491	2,491
Dividends		-	-	-	(745)	(745)
At 30 June 2009		512	9,250	3,123	5,790	18,675
Share-based payments		-	-	46	436	**482**
Retained profit for the period		-	-	-	2,335	**2,335**
Dividends		-	-	-	(1,220)	**(1,220)**
At 31 December 2009		**512**	**9,250**	**3,169**	**7,341**	**20,272**

Consolidated Balance Sheet as at 31 December 2009

	Notes	unaudited H1 2010 $000	unaudited H1 2009 $000	audited FY 2009 $000
ASSETS				
Non-Current Assets				
Plant and equipment		**309**	408	345
Intangible assets		**1,475**	989	1,206
Deferred tax		**1,223**	1,086	718
Trade and other receivables		**25**	50	25
		3,032	2,533	2,294
Current Assets				
Trade and other receivables		**7,576**	7,990	5,187
Cash and cash equivalents		**26,917**	20,818	26,169
		34,493	28,808	31,356
Total Assets		**37,525**	31,341	33,650
EQUITY & LIABILITIES				
Non-Current Liabilities				
Deferred income		**11**	126	124
		11	126	124
Current Liabilities				
Deferred income		**13,172**	11,885	10,964
Trade and other payables		**4,070**	2,365	3,887
		17,242	14,250	14,851
Total Liabilities		**17,253**	14,376	14,975
Equity				
Called up share capital	2	**512**	509	512
Share premium account		**9,250**	9,253	9,250
Other reserves		**3,169**	3,077	3,123
Retained earnings		**7,341**	4,126	5,790
Total Equity		**20,272**	16,965	18,675
Total Equity and Liabilities		**37,525**	31,341	33,650

Consolidated Cashflow Statement for the Six Months Ended 31 December 2009

	Notes	unaudited H1 2010 $000	unaudited H1 2009 $000	audited FY 2009 $000
Cash flows from operating activities				
Cash generated from operations	3	**3,123**	1,068	7,378
Interest received		**110**	285	520
Tax (paid) / refunded		**(851)**	(98)	(202)
Net cash from operating activities		**2,382**	1,255	7,696
Cash flows from investing activities				
Purchase of plant and equipment		**(60)**	(93)	(134)
Capitalised intangible assets		**(354)**	(284)	(588)
Net cash used in investing activities		**(414)**	(377)	(722)
Cash flows from financing activities				
Dividends paid to shareholders		**(1,220)**	(1,172)	(1,917)
Net cash used in financing activities		**(1,220)**	(1,172)	(1,917)
Net increase / (decrease) in cash and cash equivalents		**748**	(294)	5,057
Cash and cash equivalents at the start of the period		**26,169**	21,112	21,112
Cash and cash equivalents at the end of the period		**26,917**	20,818	26,169

Notes to the Interim Financial Statements

1 Earnings per Share

	unaudited H1 2010 $000	unaudited H1 2009 $000	audited FY 2009 $000
(a) Basic			
Profit attributable to equity holders ($'000)	**2,335**	1,956	4,448
Weighted average number of ordinary shares in issue ('000s)	**25,298**	25,123	25,187
Basic earnings per share ($ per share)	**0.092**	0.078	0.177
(b) Diluted			
Profit attributable to equity holders ($'000)	**2,335**	1,956	4,448
Weighted average number of ordinary shares in issue ('000s)	**25,298**	25,123	25,187
Adjustments for: - share options ('000s)	**982**	1,213	1,007
Weighted average number of ordinary shares for diluted earnings per share ('000s)	**26,280**	26,337	26,194
Diluted earnings per share ($ per share)	**0.089**	0.074	0.170

2 Called-Up Share Capital

	unaudited	H1 2010	unaudited	H1 2009	audited	FY 2009
	Number	$000	Number	$000	Number	$000
Authorised						
Equity share capital						
Ordinary shares of 1p each	**50,000,000**	**1,014**	50,000,000	1,014	50,000,000	1,014
Allotted called-up and fully paid						
Equity share capital						
Ordinary shares of 1p each	**25,297,750**	**512**	25,143,850	509	25,297,750	512

Notes to the Interim Financial Statements

3 Cash Flow Generated from Operating Activities

	unaudited H1 2010 $000	unaudited H1 2009 $000	audited FY 2009 $000
Reconciliation of profit before tax to net cash inflow from operating activities			
Profit before tax	**3,300**	2,573	5,870
Finance income	**(110)**	(285)	(520)
Depreciation of plant and equipment	**97**	100	204
Amortisation of intangible assets	**84**	88	176
Share-based payments	**46**	36	82
Movements in working capital:			
(Increase) / decrease in trade and other receivables	**(2,390)**	(3,280)	(452)
Increase in trade and other payables	**2,096**	1,836	2,018
Cash generated from operations	**3,123**	1,068	7,378

Basis of Preparation

The interim financial statements are unaudited and do not constitute statutory accounts as defined in S435 of the Companies Act 2006. These statements have been prepared applying accounting policies that were applied in the preparation of the Group's consolidated accounts for the year ended 30th June 2009. Those accounts, with an unqualified audit report, have been delivered to the Registrar of Companies.

Segmental Information

The Directors consider that the Group operates in one business segment, being the creation of software sold entirely to the US Healthcare Industry, and that there are therefore no additional segmental disclosures to be made in these financial statements.

The interim report was approved by the Board of Directors on 19th February 2010.

Notes to the Interim Financial Statements

Significant Accounting Policies

The significant accounting policies adopted in the preparation of these statements are set out below.

Reporting Currency

The Directors consider that as the Group's revenues are primarily denominated in US dollars the principal functional currency is the US dollar. The Group's financial statements are therefore prepared in US dollars.

Currency Translation

Transactions denominated in foreign currencies are translated into US dollars at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities expressed in foreign currencies are translated into US dollars at rates of exchange ruling at the balance sheet date ($1.6149/£1). Exchange gains or losses arising upon subsequent settlement of the transactions and from translation at the balance sheet date, are included within the related category of expense where separately identifiable, or in general and administrative expenses.

Revenue Recognition

The Group follows the principles of IAS 18, "Revenue Recognition", in determining appropriate revenue recognition policies. In principle revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow into the Group.

Revenue comprises the value of software license sales, installation, training, maintenance and support services, and consulting engagements. Revenue is recognised when (i) persuasive evidence of an arrangement exists; (ii) delivery has occurred or services have been rendered; (iii) the sales price has been fixed and determinable; and (iv) collectability is reasonably assured.

For software arrangements with multiple elements, revenue is recognised dependent on whether vendor-specific objective evidence ("VSOE") of fair value exists for each of the elements. VSOE is determined by reference to sales to external customers made on a stand-alone basis. Where there is no VSOE revenue is recognised rateably over the full term of each contract.

Revenue from standard license products which are not modified to meet the specific requirements of each customer is recognised when the risks and rewards of ownership of the product are transferred to the customer.

Revenue from installation and training is recognised as services are provided, and from consulting engagements when all obligations under the consulting agreement have been fulfilled.

Software sub licensed to third parties is recognised in accordance with the underlying contractual agreements. Where separate services are delivered, revenue is recognised on delivery of the service.

The excess of amounts invoiced and future invoicing over revenue recognised, is included in deferred revenue. If the amount of revenue recognised exceeds the amounts invoiced the excess amount is included within accounts receivable.

Intangible Assets – Research and Development Expenditure

Expenditure associated with developing and maintaining the Group's software products are recognised as incurred. Where, however, new product development projects are technically feasible, production and sale is intended, a market exists, expenditure can be measured reliably, and sufficient resources are available to complete such projects, development expenditure is capitalised until initial commercialisation of the product, and thereafter amortised on a straight-line basis over its estimated useful life. Staff costs and specific third party costs involved with the development of the software are included within amounts capitalised.

Impairment Tests

The Group considers whether there is any indication that non-current assets are impaired on an annaul basis. If there is such an indication, the Group carries out an impairment test by measuring the assets' recoverable amount, which is the higher of the assets' fair value less costs to sell and their value in use. If the recoverable amount is less than the carrying amount an impairment loss is recognised.

Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held with banks and short term highly liquid investments. For the purpose of the cash flow statement, cash and cash equivalents comprise of cash on hand, deposits held with banks and short term high liquid investments.

Share-Based Payments and Taxation Implications

The Group issues equity-settled share-based payments to certain employees. In accordance with IFRS 2, "Share Based Payments" equity-settled share-based payments are measured at fair value at the date of grant. Fair value is measured by use of the Black-Scholes pricing model as amended to cater for share options in issue where vesting is based on future valuation performance conditions. The fair value determined at the date of grant of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of shares that will eventually vest.

The share-based payments charge is shown separately on the income statement and is also included in 'Other reserves'.

In the UK and the US, the Group is entitled to a tax deduction for amounts treated as compensation on exercise of certain employee share options under each jurisdiction's tax rules. As explained under "Share-based payments", a compensation expense is recorded in the Group's income statement over the period from the grant date to the vesting date of the relevant options. As there is a temporary difference between the accounting and tax bases a deferred tax asset is recorded. The deferred tax asset arising is calculated by comparing the estimated amount of tax deduction to be obtained in the future (based on the Company's share price at the balance sheet date) with the cumulative amount of the compensation expense recorded in the income statement. If the amount of estimated future tax deduction exceeds the cumulative amount of the remuneration expense at the statutory rate, the excess is recorded directly in equity against retained earnings.

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