i-documentsystems group plc is an innovative software company providing a suite of Internet applications for enterprise-wide document, information and content management. The company was successfully launched on the Alternative Investment Market of the London Stock Exchange in December 2000.

Its principal product, Image-Gen, is a sophisticated suite of software applications that allows complex paper and electronic processes to be automated using Internet technologies. It is ideally suited to deliver on the e-Government requirement where this market represents a significant opportunity with deadlines for delivery by 2005. The Group is the market leader in putting the Local Government Planning process on the Internet and anticipates growth in delivering other services, both in the public and private sectors, electronically.

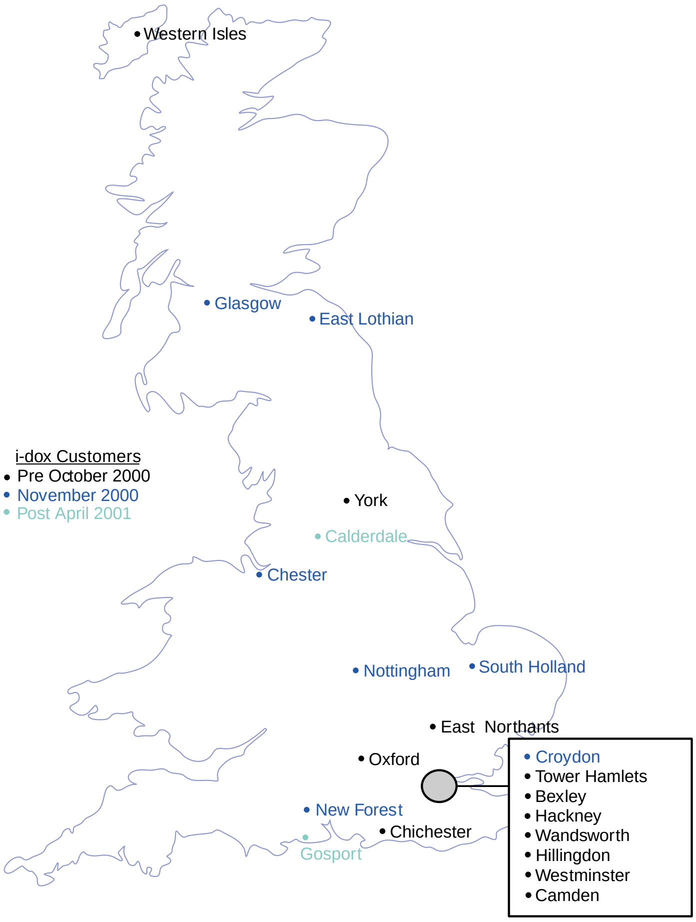


Image-Gen is an Internet based document and information management system. The product has been designed to co-ordinate and manage information from multiple sources such as e-mail, forms on the web, electronic documents and traditional paper which has been scanned, using a standard web browser to securely access this information across the Internet, Extranet or Intranet. This award-winning product is people based, not process-driven, thus delivering flexibility in its use and adaptability in its application. This is one of the first systems to deliver services electronically and it helps Local Government to meet the e-Government initiative.

Key components of the product include:

Image-Gen i-portal provides organisations with a powerful and cost-effective way to access, manage and publish documents and information from and to a website. The Internet Portal facilitates dynamic interaction over the Intranet, Extranet or the Internet for electronic forms and documents. These are circulated using i-flow and the data can be integrated into vertical applications using XML, minimising double entry of data.

Image-Gen i-dms is award winning, flexible and easy to use. It can be implemented in a single department or enterprise-wide. It is a secure web-based solution, able to process any type of document ranging from scanned images and web pages to electronic documents including voice, video or office documents and e-mail.

Image-Gen i-flow provides a unique workflow solution to the problems of information management and distribution. It replicates the way people work and puts people rather than processes at its centre. It allows structured and controlled allocation of documents and tasks including e-mail from managers to staff. The system also monitors responses and generates performance reports allowing management of historically unstructured office environments.

Image-Gen i-kms allows complex or simple free text searches on internal data stored on any server or repository, even an entire website, thus allowing the user to find the file or item of text within a file. The integration of optical character recognition software brings paper files into the searching equation. The i-kms component delivers Information and Knowledge management throughout the enterprise.

Chairman's Statement

For the six months ended 30 April 2001

The period to 30 April 2001 was a very significant one for the Group. The Group further advanced its position as the market leader in converting UK Local Authority planning applications and processes onto the Internet through its Image-Gen suite of products, extended the capability of its products into other local authority departments, brought its ASP model UKPlanning to beyond the development stage, and became a quoted public company on the Alternative Investment Market of the London Stock Exchange (AIM).

Financial Results

As explained in an announcement on 25 April 2001, the considerable progress which the Group has made over the last six months, in particular the number of local authority contracts won, has not yet been reflected in increased revenues.

There are several reasons for this. Some authorities have opted to pay on a rental basis which spreads revenues over a longer period. This boosts the Group's income in the longer term but brings in less up-front. In addition, some deals have been concluded later than expected.

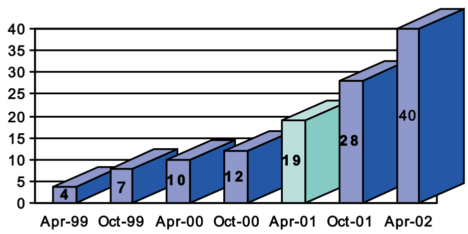
A further factor which has affected our results is that a major investment has been made in additional staff to accelerate the growth of the Group.

The Group therefore made a loss of £475,000 in the six months to April 2001 based on a turnover of £459,000. This equates to a loss per share of 0.41p. Comparative figures for the same period last year were a loss of £92,000 based on a turnover of £483,000, equating to a loss per share of 0.19p.

Net Cash at 30 April 2001 was £3,161,000. As at 26 June 2001 this figure was approximately £3,000,000.

Local Authority Business

The directors consider that the best indicator at present of the company's progress is the number of local authorities that have committed to the Group's products. Over the past two years this number has increased, and is anticipated to continue increasing, as follows:



New contracts awarded in the six months ended 30 April 2001 were from Chester, Croydon, East Lothian, Glasgow City, New Forest, Nottingham and South Holland councils. The 19 local authorities using or committed to Image-Gen represent a 76% share of the 25 local authorities believed to have document management solutions in their Planning departments. There are 468 local authorities in the UK, all of which are expected to comply with the Prime Minister's directive to ensure that all local government services are available electronically by 2005. As well as this pressure from Central Government, there is a strong cost saving and efficiency argument for electronic availability of documents in Planning departments. Consequently the Group continues to believe that it is well placed to benefit from the remainder of the 468 local authorities in the UK moving to similar solutions as the existing 25.

Chairman's Statement (continued)

For the six months ended 30 April 2001

The revenue model for the Group's income from a local authority is partly determined by the size of the local authority, by the timing of when the contract arises in the financial year and by the degree and timing of rollout into other council departments over time.

Customers for Image-Gen include Westminster, the local authority with the most planning applications in the UK, and the Western Isles, which has one of the smallest number of planning applications. Five new local authorities were signed up in the month of March, which is typically an important month for council commitments. The geographical spread of the Group's local authority business is now quite diverse.

After the period end, the Group made an announcement of an important contract win for Gosport Council in the Revenue and Benefits area. Previously all councils had largely been won through the Planning area. The Group also announced the appointment of MVM Consultants plc, a subsidiary of Anglian Water plc, as a reseller, which gives the Group access to 300 council customers of MVM. Both of these deals are strategically important.

Our participation in various relevant trade shows has been very successful with a significant number of opportunities to follow up and signs of establishing our brand. The e-Government strategy has delivered significant opportunities. These will be further enhanced with additional market awareness driven by marketing and sales programmes over the next 12 months.

The Group has continued to enjoy a 100% customer retention rate among its local authority customers. Not a single local authority customer has been lost since the Group commenced business.

Banking and Financial Business

This is currently less significant as an area of focus for the Group than local authorities, but remains an area where the Group sees potential. The Group has a number of important banking customers including Abbey National, Bank of America, CIBC and Sumitomo Bank. Applications provided include the efficient electronic handling of derivatives documentation, and assisting financial institutions with the process of storing documents demonstrating that they know their customer (otherwise known as Enhanced Due Diligence). The latter is in response to increasing pressure from financial regulators concerned about money laundering.

Product Development

The development of our key suite of products has been significant. In order to establish ourselves as a corporate provider we have added additional functionality within Image-Gen. Some of this has been achieved by enhancing our own software. We have also incorporated the third party JetForms product which delivers the immediate benefit of electronic forms with an output in XML (eXtensible Mark-up Language) delivering compliance with e-GIF (Government Interoperability Framework), a mandatory component within Local Government.

The Group announced in its flotation prospectus its intention to develop the UKPlanning system, an ASP (Application Service Provider) model for local authority planning applications. Rather than each council separately developing the expertise to store and index documents and maintaining the hardware infrastructure to make these available on the internet, the Group would provide this service on an outsourced basis using its existing Image-Gen technology, and it would be possible to view each participating council's planning applications through a single portal known as ukplanning.com. This new service has received considerable acceptance from the user community. The Group has made significant headway with implementing this service and has had two customers, Hackney and Wandsworth, testing the system in a live environment. This has proved successful so far with Phase 1 completed in June 2001. There are significant development tasks outstanding but it is anticipated that the remaining phases should be completed by the end of the calendar year.

Chairman's Statement (continued)

For the six months ended 30 April 2001

The Group won an award for the best workflow product for its Image-Gen i-flow product at the IM2000 awards in November 2000.

People

The Group has seen a large rise in staff numbers over the past six months as the board has started aggressively to execute the business plan anticipated during flotation. In June 2001 staff numbers were 30 as against 18 in October 2000. This expansion has been centred on the Sales and Marketing areas and in the recently established Glasgow office, taking advantage of a skilled and highly competitive pool of IT talent available in Scotland. Support for Scotland and much of the North of England will be carried out from Glasgow. It is anticipated that for the Group's current businesses the number of employees in Scotland will in due course exceed that in London.

AIM Flotation

Despite a very difficult market for the technology sector at the end of 2000, the Group, through Noble & Company Limited as Nominated Advisors and Brokers, raised £3,400,000 on AIM at a price of 12p per share (£3,000,000 after issue costs and expenses). The shares commenced trading on AIM on 19 December 2000. At the same time a further £1,970,000 of preference shares already issued by the Group were converted into ordinary shares at an average price of approximately 9.5p per share. Since admission to AIM, shares have traded in a range of 10.75p to 23.25p.

Dividend

As stated in the float prospectus, earnings for the foreseeable future will be re-invested to finance the growth of the Group's business. The directors do not recommend the payment of a dividend.

Outlook

The board is very positive about i-documentsystems' future. This is based on the investment that has now been made in infrastructure, the significant increase in pipeline revenues, the rise in brand awareness, and finally on the continued e-Government push towards total electronic services by 2005. However, given the variation in length of time between contract award and revenue recognition, the speed of revenue growth remains difficult to forecast in the short term and fluctuations in half yearly revenue figures may occur for some time.

Summary

The half year has been a period of laying firm foundations. The board is intent on developing the group as a major player in its chosen marketplace. The board's primary focus is to build market share and it is therefore unlikely that the Group will return to profit during the expansion phase over the next 18 months. It is hoped to achieve profitability in the year to October 2003.

All our staff deserve congratulations for maintaining the company's market leading position despite the considerable time pressures resulting from the flotation. The directors join me in thanking them and also our advisors for all their good work.

John Wisbey
Chairman
29 June 2001

The interim report was approved by the Board on 29 June 2001

Consolidated Profit and Loss Account

For the six months ended 30 April 2001

	Note	6 months to 30 April 2001 (unaudited) £	7 months to 31 October 2000 (audited) £	6 months to 30 April 2000 (unaudited) £
Turnover		459,379	501,648	482,960
External charges		(126,847)	(80,631)	(61,090)
		332,532	421,017	421,870
Staff costs		(534,634)	(438,624)	(235,178)
Other operating charges		(348,645)	(192,607)	(189,484)
Operating loss		(550,747)	(210,214)	(2,792)
Net interest		76,196	(32,556)	(89,181)
Loss on ordinary activities before taxation		(474,551)	(242,770)	(91,973)
Tax on loss on ordinary activities		0	0	0
Loss for the period transferred to reserves		(474,551)	(242,770)	(91,973)
Loss per share (pence)				
Basic	(2)	0.41	0.33	0.19
Diluted		0.41	0.33	0.19

Consolidated Balance Sheet

At 30 April 2001

	At 30 April 2001 (unaudited) £	At 31 October 2000 (audited) £	At 30 April 2000 (unaudited) £
Fixed assets			
Tangible assets	62,755	32,963	4,937
Current assets			
Debtors	659,764	244,826	419,237
Cash at bank and in hand	3,161,742	729,766	2,505
	3,821,506	974,592	421,742
Creditors: amounts falling due within one year	(510,437)	(275,093)	(164,974)
Net current assets	3,311,069	699,499	256,768
Total assets less current liabilities	3,373,824	732,462	261,705
Creditors: amounts falling due after more than one year	0	0	(1,947,524)
	3,373,824	732,462	(1,685,819)
Capital and reserves			
Called up share capital	2,395,186	2,103,218	632,218
Share premium account	4,028,876	1,204,931	112,401
Profit and loss account	(3,050,238)	(2,575,687)	(2,430,438)
	3,373,824	732,462	(1,685,819)
Shareholders' funds			
Equity	3,373,824	(1,072,360)	(1,685,819)
Non-equity	0	1,804,822	0
	3,373,824	732,462	(1,685,819)

Consolidated Cash Flow Statement

For the six months ended 30 April 2001

	Note	6 months to 30 April 2001 (unaudited) £	7 months to 31 October 2000 (audited) £	6 months to 30 April 2000 (unaudited) £
Net cash outflow from operating activities	(4)	(712,298)	(28,358)	(103,796)
Returns on investments and servicing of finance				
Interest received		76,196	5,150	0
Interest paid		0	(37,706)	(89,181)
Net cash (outflow) from returns on investments and servicing of finance		76,196	(32,556)	(89,181)
Capital expenditure and financial investment				
Purchase of tangible fixed assets		(47,835)	(33,866)	(3,853)
Net cash outflow from capital expenditure and financial investment		(47,835)	(33,866)	(3,853)
Financing				
Issue of share capital		3,443,206	2,563,530	344,619
Expenses paid in connection with share issues		(327,293)	0	0
Repayment of long term borrowings		0	(1,947,524)	(150,086)
Net cash inflow from financing		3,115,913	616,006	194,533
Increase/(decrease) in cash	(5)	2,431,976	521,226	(2,297)

Notes to the Interim Report

For the six months ended 30 April 2001

1 Basis of Preparation

The interim financial information has been prepared based on accounting policies consistent with those set out in the company's statutory accounts for the period ended 31 October 2000.

The financial information set out in this interim report does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The figures for the period ended 31 October 2000 have been extracted from the statutory accounts, which have been filed with the Registrar of Companies. The auditors' report on those financial statements was unqualified and did not contain a statement under section 237(2) of the Companies Act 1985.

2 Loss Per Share

The loss per ordinary share is calculated by reference to the loss attributable to ordinary shareholders divided by the weighted average number of shares in issue during each period, as follows:

	6 months to 30 April 2001 £	**7 months to 31 October 2000 £**	**6 months to 30 April 2000 £**
Loss for the period	£(475,000)	£(243,000)	£(92,000)
Weighted average number of shares in issue	115,962,000	74,079,000	47,740,600
Loss per share	(0.41)p	(0.33)p	(0.19)p

The loss attributable to ordinary shareholders and weighted average number of ordinary shares for the purpose of calculating the diluted loss per ordinary share are identical to those used for basic loss per ordinary share. This is because the conversion of preference shares or exercise of options would have the effect of reducing the loss per ordinary share and is therefore not dilutive under the terms of FRS 14.

The number of shares for comparative periods has been restated to reflect the sub-divisions of each £1 ordinary share into 100 ordinary shares of 1p each

3 Share Capital

In November 2000 8,635 ordinary shares of £1 each were issued to Tim Bowen, a director, at £5 per share.

On 8 December 2000 the authorised share capital was increased to £4,000,000 by the authorisation of an additional 3,000,000 deferred shares of 1p each. On the same date all preference shares were re-designated as an aggregate of 2,170,000 £1 ordinary shares, and all ordinary £1 shares including the re-designated preference shares were sub-divided into 100 ordinary shares of 1p each.

On 19 December 2000 the company was admitted to the Alternative Investment Market. 28,333,333 ordinary shares of 1p each were placed at 12p per share. Immediately after admission there were 128,317,234 ordinary shares of 1p each in issue.

4 Net Cash Outflow from Operating Activities

	6 months to 30 April 2001 £	**7 months to 31 October 2000 £**	**6 months to 30 April 2000 £**
Operating loss	(550,747)	(210,214)	(2,792)
Depreciation	16,926	6,177	1,843
Loss on disposal of tangible fixed assets	1,117	0	0
(Increase)/decrease in debtors	(414,938)	98,374	(187,447)
Increase in creditors	235,344	77,305	84,600
Net cash outflow from operating activities	(712,298)	(28,358)	(103,796)

5 Reconciliation of Net Cash Flow to Movement in Net Funds

	6 months to 31 October 2001 £	7 months to 31 October 2000 £	6 months to 30 April 2000 £
Increase/(decrease) in cash in the period	2,431,976	521,226	(2,297)
Movement in net funds in the period	2,431,976	521,226	(2,297)
Cash flow from financing	0	1,947,524	150,086
Net funds at 1 November 2000	729,766	(1,738,984)	(2,092,313)
Net funds at 30 April 2001	3,161,742	729,766	(1,944,524)

Independent Review Report to i-documentsystems group plc

Introduction
We have been instructed by the company to review the financial information set out on pages 4 to 8 and we have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Directors' Responsibility
The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. Best practice requires that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review Work Performed
We conducted our review in accordance with guidance contained in Bulletin 1999/4 'Review of Interim Financial Information' issued by the Auditing Practices Board. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

Review Conclusion
On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 April 2001.

Grant Thornton
Chartered Accountants
London
29 June 2001