**14 December 2016**

# Idox plc
**('Idox' or 'the Group' or 'the Company')**

## Final results for the year ended 31 October 2016

**Financial highlights:**

- Revenues up 23% to £76.7m (2015: £62.6m)
- Adjusted EBITDA* increased 18% to £21.5m (2015: £18.2m)
- Adjusted EBITDA* margin 28.0% (2015: 29.1%)
- Adjusted profit before tax** was £16.7m, up 15% (2015: £14.5m)
- Adjusted EPS** 4.11p up 25% (2015: 3.28p)
- Net debt as at 31 October 2016 stood at £25.0m (31 October 2015 £23.1m; £4.7m net cash outflow on two acquisitions in the second half of the financial year)
- Proposed final dividend of 0.650p (2015: 0.525p) making a total of 1p (2015: 0.850p), an increase of 18% for the financial year

**Operational highlights:**

- Recurring and repeating revenues represented 82% of revenues
- Another strong performance from Public Sector Software (PSS):
  - Represented 53% of Group revenues
  - Organic revenue growth of 5% – strong election year and winning of market share
  - Won 90 new local authority customers – 92% of all local authorities now customers
- Acquisitions:
  - Open Objects and Rippleffect enhanced the Group's capabilities in social care and digital services respectively
- Board succession planning completed; Andrew Riley appointed Chief Executive in November 2016, Richard Kellett-Clarke becomes a non-Executive Director

**Statutory Equivalents**

The above highlights are based on adjusted results. Reconciliations between adjusted and statutory results are contained within these financial statements. The statutory equivalents of the above results are as follows:

- Profit before tax was 33% higher at £13m (2015: £9.8m)
- Basic EPS increased by 49% to 3.30p (2015: 2.21p)

* *Adjusted EBITDA is defined as earnings before amortisation, depreciation, restructuring, acquisition, corporate finance and share option costs*

** *Adjusted profit before tax and adjusted EPS excludes amortisation on acquired intangibles, restructuring and acquisition costs*

**Andrew Riley, Chief Executive of Idox said:**

"Idox has reported another year of strong progress, driven by organic growth complemented by contributions from acquisitions, underpinned by our strategy of positioning the Group as a key partner to enable its customers to achieve significant efficiencies through digital technologies.

"We have started the new financial year strongly building on this good performance, have integrated recent acquisitions and have had early successes winning contracts. The Group is well positioned in its markets and has a strong revenue visibility, order book and pipeline. We are on track to achieve our target of £100m of revenues at sustainable margins in the short to medium term, through a combination of organic growth and acquisitions.

"Overall, the outlook for Idox in the coming years is therefore very positive and our expectations for the Group's financial performance are unchanged."

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No 596/2014.

**For further information please contact**:

| | |
|---|---|
| **Idox** plc<br>Laurence Vaughan, Chairman<br>Andrew Riley, Chief Executive<br>Jane Mackie, Chief Financial Officer | +44 (0) 870 333 7101 |
| **N+1** Singer (NOMAD and Broker)<br>Shaun Dobson<br>Liz Yong | +44 (0) 20 7496 3000 |
| **MHP** (Financial PR)<br>Reg Hoare/Andrew Leach/Charlie Barker | +44 (0) 20 3128 8100 |

*An analyst meeting will be held at the offices of N+1 Singer, 1 Bartholomew Lane, London, EC2N 2AX at 10.15 for 10.30am this morning. Please contact idox@mhpc.com to register.*

## About Idox plc

Idox plc is a supplier of specialist information management solutions to the public sector and to highly regulated asset intensive industries around the world in the wider corporate sector.

Idox is the leading applications provider to UK local government for core functions relating to land, people and property, such as its market leading planning systems and election management software. Over 90% of UK local authorities are now customers. Idox provides public sector organisations with tools to manage information and knowledge, documents, content, business processes and workflow as well as connecting directly with the citizen via the web, and providing elections management solutions. It also supplies in the UK and internationally, decision support content such as grants and planning policy information and corporates compliance services. Idox delivers engineering document control, project collaboration and facility management applications to many leading companies in industries such as oil & gas, architecture and construction, mining, utilities, pharmaceuticals and transportation in North America and around the world.

The Group employs over 760 staff located in the UK, North America, Europe, India and Australia.

For more information see www.idoxplc.com.

## CHAIRMAN'S STATEMENT

### Overview

I am pleased to report a year of strong progress for Idox, driven by organic growth complemented by contributions from acquisitions. The success of Idox continued to be underpinned by its strategy of positioning itself as a key partner enabling customers to achieve significant efficiencies through digital technologies.

In generally stable markets, the Group continued to benefit from its diversified business model and sources of earnings which helped mitigate challenges in some of our smaller markets.

### Results

Idox grew revenue by 23% to a record £76.7m and achieved an 18% increase in Adjusted EBITDA. The overall Group margin was slightly lower than the prior year due to the anticipated change in mix of election and digital services revenues.

As in previous years, a significant percentage (82%; 2015: 88%) of Idox's annual revenues were derived either from recurring contracts with customers or from repeat customers from whom the Group had derived revenues in the prior year; this gives the Group significant revenue visibility and is evidence of Idox's strong relationships and focus on customer service.

A summary of our financial key performance indicators is presented below:

| | 2016 | 2015 | Change |
|---|---|---|---|
| Revenue | £76.7m | £62.6m | 23% |
| Adjusted EBITDA* | £21.5m | £18.2m | 18% |
| Adjusted EBITDA* margin | 28% | 29% | -1% |
| Adjusted EPS** | 4.11p | 3.28p | 25% |

**Adjusted EBITDA is defined as earnings before depreciation, amortisation, restructuring, acquisition, corporate finance and share option costs*
***Adjusted EPS excludes amortisation on acquired intangibles, restructuring and acquisition costs*

### Group strategy

Idox has a strong reputation and market leading positions principally in important segments of the public sector software market in the United Kingdom and Europe. The Group partners with its customers so they can achieve efficiency savings using digital technology.

The Group's strategy is to become a much larger business by establishing and building on its leading market positions by extending its public sector domains and expanding its delivery of digital services across all areas of local government. This will be achieved through a combination of organic and acquisitive growth. This is intended to deliver double digit annual revenue growth with a short to medium term objective of £100m of revenues at sustainable margins.

### Acquisitions

During the financial year, two acquisitions were completed in line with our strategy, both of which contributed to the year's financial performance whilst expanding our capabilities and providing cross selling opportunities. The Group has a strong track record of acquisition integration and delivering earnings enhancing contributions from such transactions. The recent acquisitions were:

- Open Objects Software Limited ('Open Objects') in July 2016 broadened our capability in the important social care market where the Group has historically been under-represented
- Rippleffect Studio Limited ('Rippleffect') in August 2016 added e-commerce consultancy expertise to add to our digital capabilities
- In addition, there was a strong contribution from the acquisition of Reading Room, completed just prior to the previous year end in October 2015.

Together these acquisitions have enhanced our capabilities, such that we can now deliver content, domain specific solutions, managed and hosted services and web services to improve processes, productivity and customer engagement in all of our chosen domains.

**Dividends**

The Board is pleased to propose, subject to shareholder approval at the Company's Annual General Meeting, a final dividend of 0.650p (2015: 0.525p), bringing the total for the year to 1p. This represents an increase of 18% over the previous year total of 0.850p, and is consistent with both our strong performance in the year and our progressive dividend policy to grow dividends in line with earnings growth.

**The Board**

On 10 November 2016, we announced some significant board changes as part of our succession planning. Richard Kellett-Clarke stepped down as Chief Executive and Andrew Riley, previously the Group's Chief Operating Officer (COO), was appointed Chief Executive. Andrew's appointment ensures continuity of both leadership and strategy and he takes over at a time when the business is in the best shape it has ever been. Andrew joined the Group in 2000 and was Managing Director of Idox's Public Sector Software Division from 2011 before becoming COO. Richard will remain at Idox as a Non-Executive Director, until the end of the current financial year ending 31 October 2017 to ensure an orderly handover and to assist with the integration of recent acquisitions and the ongoing development of the Group's strategy.

Richard has played a key role in the transformation of Idox over the last ten years, first as Finance Director, then as Chief Operating Officer and most recently as Chief Executive. From joining the Group in 2006 he has been instrumental in establishing and delivering the Group's organic and acquisition growth strategy, resulting in a near fifteen-fold increase in the share price and market capitalisation over that time. We thank him for his significant contribution to the Group.

In January 2016, the Board was pleased to appoint Barbara Moorhouse as a non-Executive Director; she has more than 25 years of management experience across the private and public sectors and replaces Dame Wendy Hall who stepped down in December 2015.

**Outlook**

The Group has started the new financial year strongly building on the good performance and organic and acquisitive growth of 2016. We also believe there is a relatively stable outlook in all our markets notwithstanding recent political developments. We have integrated recent acquisitions and have had early successes winning contracts in the new financial year in a number of our segments in both the UK and Europe. The importance to our customers of achieving efficiency through the effective use of information technology should not be underestimated.

The encouraging adoption of the Government's digital services initiative by the public sector and local government especially, and the early success of blending this with our recently acquired digital capability, has encouraged us to accelerate our developments in this area. We believe this growth in digital engagement will benefit our Public Sector Software business as its products are focused on delivering savings and helping local authorities improve their consumer experiences.

The Board remains confident that the Group is well positioned in its markets and will continue to perform well in 2017 given its strong revenue visibility, order book and pipeline. The Group remains on track to achieve its target of £100m of revenues at sustainable margins in the short to medium term, through a combination of organic growth and acquisitions.

Overall, the outlook for Idox in the coming years is therefore very positive and our expectations for the Group's financial performance are unchanged.

**Laurence Vaughan**
Chairman

## CHIEF EXECUTIVE'S REVIEW

**Overview of operational performance**

We are pleased to report that the Group performed strongly during the year with double digit growth in both revenues and adjusted profits, including good contributions from organic growth and recent acquisitions.

The year saw the continued expansion of our digital services platform which, through a combination of internal development and technology acquisition, is increasingly underpinning deliveries of new products and services across the Group in a more efficient and sustainable way.

Management focus during the year has continued to be in accelerating the expansion of the digital services platform, completing and consolidating recent acquisitions, and in continuing the drive for further productivity improvements and performance across the Group.

**Public Sector Software ('PSS')**

The Public Sector Software business, which represented 53% of Group revenues for the year, had a particularly strong performance with revenues up 14%. The year saw significant elections activity and we delivered services in support of Local Elections, the EU referendum and a new e-count solution for the Scottish Government to be used in the local elections in May 2017.

The digital service platform has been instrumental in delivering new solutions and add-on products to our existing customers with a combined value of £2.9m. The platform has been used to provide integration for the new national online planning and building standards services for the Scottish Government, as well as providing the infrastructure for a new suite of platform independent mobile applications for use across our core back office software solutions. The framework has also provided the capability to write new back office applications and underpins the long term upgrade strategy for our existing back office applications. The first of these new systems is a new national election system for Northern Ireland, on which we plan to build a next generation platform for the wider UK and future international expansion.

The iApply service, also based on the digital service platform, was launched earlier in the year to provide a national planning application service; it has been successfully extended to provide online licensing and building control applications, achieving a monthly transaction volume of over 10,000 applications by the end of the financial year. The platform will be expanded during the current financial year to deliver further customer journeys with a vision of delivering a comprehensive suite of services for local government over the next three years.

We have continued to see further market share gains with 90 new local authority customers in the year, 19 new system sales and a further 11 managed service customers.

The integration of the Facilities Management business within the public sector team during the prior year has continued to deliver benefits in terms of improved sales performance and cross selling opportunities. Revenues within Facilities Management grew by 11%. Key contracts wins included Carillion, SSS Managed Services and Pinsent Masons.

Our Transport business (formerly Cloud Amber) was held back in the first half of the year by the need to focus on completing the delivery of two complex sales contracted prior to acquisition. One of these was a new integrated transport management system for a new bus station in Perth Australia. This underground bus station is Australia's first to work more like an airport, with buses departing from different stands for each trip to maximise efficiency with the flow of buses and passengers being fully controlled by our software solutions.

A significant milestone was achieved with our next generation adaptive control platform that has successfully completed field trials throughout a number of key road junctions in Southampton, enabling real time control of traffic lights. This development paves the way for our next generation of fully adaptive artificial intelligence algorithms enabling pioneering policy lead control of the road network.

The business finished the year strongly with a major project win either side of the year end.

**Digital**

Reading Room has performed well in its first full year within the Group, delivering revenues of £9.1m and an improved EBITDA margin of 13%. The business has been fully integrated and rebranded as Idox Digital and, with the acquisition of Rippleffect, has become a true full service digital agency.

The business is working in collaboration with other parts of the Group, in support of delivering the digital service platform and combined product and service offerings. The main successes have been in delivering Unified Travel Information Portals in in Cornwall and Northamptonshire that provide an end to end one stop shop in which all modes of transport, cars, taxis, buses, DRT, flights, trains including walking and cycling are included so that travellers can make informed choices.

Other significant contracts in the period included delivery of the new Royal Family website, and systems for the Ministry of Defence, NHS, British Cycling and Reynolds Porter Chamberlain.

**Grants**

The Grants business continued to increase its customer base, and deliver bigger grants on a success fee basis for larger customers.

We have seen acceleration in the adoption of the Research Connect platform within European Universities via our new pan-European sales team.

**Compliance**

Revenue in our compliance business declined by 28% to £4.4m, which was partly the result of aligning its year end to Idox's after a very strong prior year. This was further compounded by a decline in demand for our core compliance e-learning programmes. Some R&D and sales issues were resolved in the second half of the year, which has resulted in significant new contract wins in the first month of the new financial year, including sales to a major German airline and a leading German tools provider.

**Engineering Information Management ('EIM')**

The EIM business returned to modest growth with revenues up 3% to £14.1m and a much improved EBITDA margin increasing to 23% from 16%. It has benefited from early and decisive action taken in the prior year to realign the business following the global market decline in oil and gas capital projects activity.

EIM has achieved key contracts wins, including Odebrecht, BNP Paribas, Strabag, Weherhauser, PM Group and a reseller agreement with Amplexor. It also continued to make further productivity gains, and is well poised to benefit from any improvement in its core markets, while continuing to invest in its new Cloud based services.

**Acquisitions**

The Group has made two acquisitions in the second half of the year: Rippleffect and Open Objects. Both acquisitions have been made to support our objectives of expanding our digital capability and extending our presence within the public sector. Both businesses will have been fully integrated into the Group, ahead of schedule, by the end of calendar year 2016.

Open Objects, acquired in July, provides digital services to the social care and health markets within the UK, enabling citizens and care providers to engage digitally in care provision. In addition to providing significant penetration into the social care and health markets, the acquisition expands the digital service platform's capability, especially within data management. The business supplies solutions to Social Care departments within the UK and has expanded its presence since acquisition with new wins from Warrington and London Borough of Waltham Forest

Rippleffect, acquired in August, is a digital agency based in Liverpool that completes our skills and technical capability by providing with the Group with an e-commerce capability for use within the digital service platform under the Idox Digital Brand. The business has a focus on sport and has 7 premiership football clubs as customers with wins since acquisition including Middlesbrough FC.

**Markets**

The Group continues to operate successfully and has grown in challenging markets despite continuing pressure on government expenditure and grant funding. We see no change in outlook for our core markets, whilst the diversity of our offerings and tight integration of our businesses into a single management structure continues to allow us to take advantage of opportunities and respond to challenges.

We have seen minor delays in customer decision making as a consequence of the EU referendum, and we expect this to continue through the period of uncertainty around the nature of the UK's exit. The Board expects the Group to ultimately be a beneficiary due to our key role in implementing the required changes to legislation within our core systems.

**Growth strategy**

The Group has refocused on become a leading international supplier of software, services, managed services and content to the wider public sector, whilst continuing to deliver service to private sector customers as well.

Following recent acquisitions, Idox has presence across all UK public sector markets and it is the Board's intention to accelerate the consolidation of the Group's presence within these markets in the same way it has done within the UK Local Government market space. In addition, we will also seek international expansion opportunities.

The Group's investment strategy in the coming year is to continue the development of the digital service platform and to build the commercial teams to facilitate its growth.

The Board believes that channel shift and automation remain fundamental to the delivery of public services and that the Group remains well placed to support not only local government but the wider public sector to achieve this.

The business is on schedule to deliver its target of £100m revenues in the short to medium term.

**Andrew Riley**
Chief Executive Officer

**FINANCIAL REVIEW**

Group revenues grew by 23% to £76.7m (2015: £62.6m) driven by 2% organic growth and the impact of four acquisitions. Cloud Amber Ltd and Reading Room Ltd were acquired during 2015 and had a full year impact for the first time in 2016. Open Objects Software Ltd and Rippleffect Studio Ltd were acquired in 2016 and made a contribution in the current year. 27% of Group revenues were generated outside of the UK (2015: 34%) with a change in geographical mix due to the four acquisitions which have the majority of their customer base in the UK. Gross profit earned was 19% higher at £66.6m (2015: £55.9m) and the Group saw a slight decrease in gross margin from 89% to 87% as a result of lower margin election print revenue related to May local elections and the EU Referendum. Earnings before amortisation, depreciation, restructuring, acquisition, corporate finance and share option costs ("Adjusted EBITDA") increased by 18% to £21.5m (2015: £18.2m) with Adjusted EBITDA margins of 28% (2015: 29%).

**Performance by segment**

In previous periods, the Group was organised into two main operating segments. Following an internal reorganisation the Group is now organised into five operating segments.

The Public Sector Software (PSS) segment, which accounted for 53% of Group revenues (2015: 57%), delivered revenues of £41.0m (2015: £35.8m) due to 5% organic growth and the contribution of Cloud Amber and Open Objects. Product and services revenue grew 13% to £19.0m (2015: £16.8m). Election revenue accounted for £5.6m (2015: £2.6m) of PSS revenues with the segment delivering on the Scottish eCount project, May local elections and EU Referendum, in comparison to only the UK General Election in 2015. Recurring revenues within the PSS segment were 42% (2015: 45%) decreasing due to the contribution of election revenue in the period. Segmental Adjusted EBITDA increased by 16% to £16.3m (2015: £14.1m) delivering a 40% EBITDA margin (2015: 39%).

The Engineering Information Management (EIM) segment accounted for 18% of Group revenues (2015: 22%) and reported a revenue increase of 4% to £14.1m (2015: £13.6m). The proportion of recurring revenues in the EIM business from maintenance and Software-as-a-Service ("SaaS") were 57% (2015: 56%). Segmental Adjusted EBITDA for the EIM segment increased 50% to £3.3m (2015: £2.2m). EBITDA margin increased to 23% (2015: 16%) reflecting the restructuring in the segment carried out in 2015 and organic revenue growth in the period.

The Digital segment had revenue of £10.9m (2015: £1.1m) which included a full year of Reading Room acquired in November 2015 and an initial revenue contribution of £1.2m from Rippleffect acquired in 2016.

The Grants business in the UK and Netherlands saw 8% growth on the prior period with revenues of £6.4m (2015: £5.9m). The Compliance business in Europe had a decrease in revenues from £6.1m to £4.4m.

**Profit before tax**

Adjusted EBITDA increased 18% to £21.5m (2015: £18.2m), or organically by 6%. Cost of sales increased 51% to £10.1m (2015: £6.7m). Cost of sales increased 19% excluding acquisitions due to higher election print and postage costs on the prior year. Administrative expenses increased 15% to £52.3m (2015: £45.3m), or excluding acquisitions in the year decreased by 4%. Staff costs increased by 19% to £35.9m (2015; £30.3m), excluding acquisitions staff costs decreased by 6% due to a full year benefit of 2015 restructuring costs from EIM and higher R&D capitalisation. Other overheads increased by 2% on a like-for-like basis.

Financing costs increased 17% to £1.4m (2015: £1.2m) and included interest payable of £0.8m (2015: £0.7m) and bank charges of £0.3m (2015: £0.4m). Finance income decreased to £0.1m (2015: £0.4m) as the prior period included £0.3m of exchange gain on translation of intercompany balances.

Adjusted profit before tax and adjusted earnings per share are alternative performance measures, considered by the Board to be a better reflection of true business performance than looking at the Group's results on a statutory basis only. These measures are widely used by research analysts covering the Company. A full reconciliation between underlying profit and the profit attributable to shareholders is provided in the following table:

| **Adjusted profit before tax** | **12 months to 31 October 2016 (audited) £000** | **12 months to 31 October 2015 (audited) £000** |
|---|---|---|
| Profit before tax for the year | 12,983 | 9,763 |
| Add back: | | |
| Amortisation on acquired intangibles | 3,817 | 3,778 |
| Acquisition credits | (404) | (34) |
| Restructuring costs | 330 | 1,025 |
| Adjusted profit for the year | 16,726 | 14,532 |

Reported profit before tax was up 33% to £13.0m (2015: £9.8m). Amortisation of intangibles remained flat at £3.8m (2015: £3.8m) due to intangibles from prior acquisitions becoming fully amortised offset by amortisation on new intangibles relating to acquisitions. Amortisation on Research and Development was £1.3m (2015: £1.0m) and amortisation on software licences increased to £1.0m (2015: £0.7m). Restructuring charges of £0.3m (2015: £1.0m) relates to the integration of Reading Room, Rippleffect and Open Objects. Acquisition credits of £0.4m include acquisition costs of £0.3m and a £0.7m credit relating to a reduction of the contingent consideration for Cloud Amber as a result of the revenue target being missed as described in the Share Purchase Agreement.

The Group continues to invest in developing innovative technology solutions and has incurred capitalised Research and Development costs of £2.8m (2015: £1.2m). Research and Development costs expensed in the period were £4.5m (2015: £4.1m).

**Taxation**

The effective tax rate ('ETR') for the period was 9.06% (2015: 19.80%). A significant tax repayment was processed in 2016, in respect of historic R&D claims covering FY13, FY14 and the Reading Room Group's 31 March 2014 year-end. The Reading Room Group had never previously made an R&D claim. Furthermore, the decrease in the deferred tax rate provided for, from 20% to 18%, in advance of decreases in the UK corporation tax main rate to 19% (01 April 2017) and 17% (01 April 2020), resulted in downward pressure on the ETR given the Group's net deferred tax liability position.

Other factors decreasing ETR in 2016 were share option exercises, the utilisation of pre-acquisition losses and a non-taxable write-off of deferred consideration. A factor mitigating the decrease in ETR was the decision not to recognise international losses incurred in the US and Germany during 2016 until potential utilisation becomes more certain.

The higher effective tax rate in 2015 was due to a larger proportion of the overall tax charge being incurred in overseas jurisdictions with a higher rate of corporation tax than the UK. Another factor increasing the tax rate in 2015 was the derecognition of deferred tax assets in the US given uncertainty over the assets' future recoverability.

**Earnings per share and dividends**

Adjusted earnings per share increased by 25% to 4.11p (2015: 3.28p). Adjusted diluted earnings per share increased by 27% to 3.96p (2015: 3.13p).

Basic earnings per share increased by 49% to 3.30p (2015: 2.21p). Diluted earnings per share increased by 51% to 3.18p (2015: 2.10p).

The Board proposes a final dividend 0.650p, an increase of 24% on the previous final dividend, giving a total dividend for the year of 1p and an 18% growth for the full year. This is in line with our progressive dividend policy for our dividends to track our earnings per share. Subject to shareholder approval at the forthcoming Annual General Meeting, the final dividend is expected to be paid on the 21 April 2017 to shareholders on the register at 31 March 2017.

**Balance sheet and cashflows**

The Group's balance sheet continued to strengthen during the period and at 31 October 2016 net assets were £65.2m compared to £53.6m at 31 October 2015.

Cash generated from operating activities before tax as a percentage of Adjusted EBITDA was 63%, up from 53% in the previous year.

The Group ended the period with net debt of £25.0m (2015: £23.1m) after utilising the facility for the acquisition of Open Objects (£3.4m paid in cash and a further £1.6m which will be utilised in 2018) and Rippleffect (£2.0m). The Group's total signed debt facilities at 31 October 2016 stood at £35m, a combination of a £12m term loan and £23m revolving credit facility, split £21.9m with the Royal Bank of Scotland and £13.1m with the Silicon Valley Bank.

Deferred income, representing invoiced maintenance and SaaS contracts yet to be recognised in revenue, stood at £15.9m at 31 October 2016 (2015: £14.6m). Accrued income, increased to £18.8m (2015: £13.2m). £3.8m of the increase relates to a higher volume of longer term contracts with local authorities, £0.7m relates to an EIM contract closed in October 2016 and £0.9m relates to acquisitions.

**Jane Mackie**
Chief Financial Officer

**Consolidated Statement of Comprehensive Income for the year ended 31 October 2016**

| | Note | 2016 £000 | 2015 £000 |
|---|---|---|---|
| **Revenue** | 2 | 76,739 | 62,575 |
| Cost of sales | | (10,138) | (6,684) |
| **Gross profit** | | **66,601** | **55,891** |
| Administrative expenses | | (52,316) | (45,347) |
| **Operating profit** | | **14,285** | **10,544** |
| **Analysed as:** | | | |
| **Earnings before depreciation, amortisation, restructuring, acquisition costs, corporate finance costs and share option costs** | | **21,452** | **18,215** |
| Depreciation | | (584) | (785) |
| Amortisation | | (6,052) | (5,480) |
| Restructuring costs | | (330) | (1,025) |
| Acquisition credits | | 404 | 34 |
| Corporate finance costs | | (8) | - |
| Share option costs | | (597) | (415) |
| Finance income | | 55 | 445 |
| Finance costs | | (1,357) | (1,226) |
| **Profit before taxation** | | **12,983** | **9,763** |
| Income tax expense | 3 | (1,177) | (1,934) |
| **Profit for the year** | | 11,806 | 7,829 |
| **Other comprehensive income for the year** | | | |
| Items that will be reclassified subsequently to profit or loss: | | | |
| Exchange losses on retranslation of foreign operations | | 295 | (276) |
| **Other comprehensive income for the year, net of tax** | | 295 | (276) |
| **Total comprehensive income for the year attributable to owners of the parent** | | **12,101** | **7,553** |
| **Earnings per share attributable to owners of the parent during the year** | | | |
| Basic | 4 | 3.30p | 2.21p |
| Diluted | 4 | 3.18p | 2.10p |

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**Consolidated Balance Sheet**
**At 31 October 2016**

| | 2016 £000 | 2015 £000 |
|---|---|---|
| **ASSETS** | | |
| **Non-current assets** | | |
| Property, plant and equipment | 1,115 | 1,077 |
| Intangible assets | 82,519 | 74,812 |
| Deferred tax assets | 2,114 | 1,649 |
| Other receivables | 6,094 | 4,956 |
| **Total non-current assets** | 91,842 | 82,494 |
| | | |
| **Current assets** | | |
| Trade and other receivables | 33,753 | 26,713 |
| Cash and cash equivalents | 3,787 | 4,084 |
| **Total current assets** | 37,540 | 30,797 |
| | | |
| **Total assets** | 129,382 | 113,291 |
| | | |
| **LIABILITIES** | | |
| **Current liabilities** | | |
| Trade and other payables | 7,643 | 7,109 |
| Other liabilities | 20,214 | 19,083 |
| Provisions | 39 | 29 |
| Current tax | 1,468 | 1,815 |
| Borrowings | 2,425 | 2,428 |
| **Total current liabilities** | 31,789 | 30,464 |
| | | |
| **Non-current liabilities** | | |
| Deferred tax liabilities | 4,351 | 4,357 |
| Deferred consideration | 1,600 | - |
| Borrowings | 26,410 | 24,831 |
| **Total non-current liabilities** | 32,361 | 29,188 |
| **Total liabilities** | 64,150 | 59,652 |
| **Net assets** | 65,232 | 53,639 |
| | | |
| **EQUITY** | | |
| Called up share capital | 3,640 | 3,587 |
| Capital redemption reserve | 1,112 | 1,112 |
| Share premium account | 13,480 | 11,741 |
| Treasury reserve | (1,244) | (1,271) |
| Share options reserve | 2,222 | 1,900 |
| Merger reserve | 1,294 | 1,294 |
| ESOP trust | (274) | (242) |
| Foreign currency retranslation reserve | 57 | (238) |
| Retained earnings | 44,945 | 35,756 |
| **Total equity** | 65,232 | 53,639 |

**Consolidated Statement of Changes in Equity**
**For the year ended 31 October 2016**

| | Called up share capital | Capital redemption reserve | Share premium account | Treasury reserve | Share options reserve | Merger reserve | ESOP trust | Foreign currency retranslation reserve | Retained earnings | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| **Balance at 1 November 2014** | **3,587** | **1,112** | **11,741** | **(1,001)** | **1,636** | **1,294** | **(213)** | **38** | **30,396** | **48,590** |
| Share options charge | - | - | - | - | 309 | - | - | - | - | 309 |
| Exercise of share options | - | - | - | - | (45) | - | - | - | - | (45) |
| Purchase of treasury shares | - | - | - | (270) | - | - | - | - | - | (270) |
| Deferred tax movement on share options | - | - | - | - | - | - | - | - | 199 | 199 |
| ESOP trust | - | - | - | - | - | - | (29) | - | - | (29) |
| Equity dividends paid | - | - | - | - | - | - | - | - | (2,668) | (2,668) |
| **Transactions with owners** | **-** | **-** | **-** | **(270)** | **264** | **-** | **(29)** | **-** | **(2,469)** | **(2,504)** |
| Profit for the period | - | - | - | - | - | - | - | - | 7,829 | 7,829 |
| **Other comprehensive income** | | | | | | | | | | |
| Exchange gains on retranslation of foreign operations | - | - | - | - | - | - | - | (276) | - | (276) |
| **Total comprehensive income for the period** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **(276)** | **7,829** | **7,553** |
| **Balance at 31 October 2015** | **3,587** | **1,112** | **11,741** | **(1,271)** | **1,900** | **1,294** | **(242)** | **(238)** | **35,756** | **53,639** |
| Issue of share capital | 53 | - | 1,739 | - | - | - | - | - | - | 1,792 |
| Share options charge | - | - | - | - | 597 | - | - | - | - | 597 |
| Exercise of share options | - | - | - | - | (275) | - | - | - | 259 | (16) |
| Purchase of treasury shares | - | - | - | 27 | - | - | - | - | - | 27 |
| Deferred tax movement on share options | - | - | - | - | - | - | - | - | 272 | 272 |
| ESOP trust | - | - | - | - | - | - | (32) | - | - | (32) |
| Equity dividends paid | - | - | - | - | - | - | - | - | (3,148) | (3,148) |
| **Transactions with owners** | **53** | **-** | **1,739** | **27** | **322** | **-** | **(32)** | **-** | **(2,617)** | **(508)** |
| Profit for the period | - | - | - | - | - | - | - | - | 11,806 | 11,806 |
| **Other comprehensive income** | | | | | | | | | | |
| Exchange gains on retranslation of foreign operations | - | - | - | - | - | - | - | 295 | - | 295 |
| **Total comprehensive income for the period** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **295** | **11,806** | **12,101** |
| **At 31 October 2016** | **3,640** | **1,112** | **13,480** | **(1,244)** | **2,222** | **1,294** | **(274)** | **57** | **44,945** | **65,232** |

## Consolidated Cash Flow Statement for the year ended 31 October 2016

| | 2016<br>£000 | 2015<br>£000 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Profit for the period before taxation | 12,983 | 9,763 |
| Adjustments for: | | |
| Depreciation | 584 | 785 |
| Amortisation | 6,052 | 5,480 |
| Acquisition credits | (722) | (156) |
| Finance income | (55) | (135) |
| Finance costs | 873 | 892 |
| Debt issue costs amortisation | 100 | 100 |
| Research and development tax credit | (301) | - |
| Share option costs | 597 | 309 |
| Movement in receivables | (6,292) | (7,070) |
| Movement in payables | (271) | (225) |
| **Cash generated by operations** | 13,548 | 9,743 |
| | | |
| Tax on profit paid | (2,456) | (1,670) |
| **Net cash from operating activities** | 11,092 | 8,073 |
| | | |
| **Cash flows from investing activities** | | |
| Acquisition of subsidiaries | (4,701) | (8,917) |
| Purchase of property, plant and equipment | (639) | (559) |
| Purchase of intangible assets | (4,168) | (1,826) |
| Finance income | 55 | 135 |
| **Net cash used in investing activities** | (9,453) | (11,167) |
| | | |
| **Cash flows from financing activities** | | |
| Interest paid | (827) | (579) |
| New loans | 13,000 | 13,000 |
| Loan related costs | (96) | (178) |
| Loan repayments | (11,524) | (7,538) |
| Equity dividends paid | (3,148) | (2,668) |
| Purchase of own shares | - | (344) |
| Sale of own shares | 570 | - |
| **Net cash flows from financing activities** | (2,025) | 1,693 |
| | | |
| **Net movement on cash and cash equivalents** | (386) | (1,401) |
| | | |
| **Cash and cash equivalents at the beginning of the period** | 4,084 | 5,855 |
| Exchange gains on cash and cash equivalents | 89 | (370) |
| **Cash and cash equivalents at the end of the period** | 3,787 | 4,084 |

**Notes to the announcement for the year ended 31 October 2016**

## 1 ACCOUNTING POLICIES

### Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain financial assets and liabilities, being derivatives at fair value through profit or loss.

The financial information set out in the announcement does not constitute the Group's statutory accounts for the year ended 31 October 2016 within the meaning of section 434 of the Companies Act 2006. The financial information for the year ended 31 October 2015 is derived from the statutory accounts for that year which have been delivered to the Registrar of Companies. The financial information for the year ended 31 October 2016 is derived from the statutory accounts for that year which were approved by the Directors on 13 December 2016. The statutory accounts for the year ended 31 October 2016 will be delivered to the Registrar of Companies following the Company's Annual General Meeting. The auditors reported on those accounts; their report was unqualified and did not contain a statement under Section 498(2) or (3) of the Companies Act 2006.

### Restatement of comparative figures

In previous periods, the Group was organised into two main operating segments. Following the acquisition and integration of Cloud Amber Limited and Reading Room Limited, and an internal reorganisation, the operating segments were revised. As at 31 October 2016, the Group is primarily organised into five operating segments. The segmental analysis for the comparative period to 31 October 2015 has been restated to show results for all five business segments.

## 2 SEGMENTAL ANALYSIS

In previous periods, the Group was organised into two main operating segments. Following the acquisition and integration of Cloud Amber Limited and Reading Room Limited, and an internal reorganisation, the operating segments were revised. As at 31 October 2016, the Group is primarily organised into five operating segments, which are detailed below. The segmental analysis for the comparative period to 31 October 2015 has been restated to show results for all five business segments.

Financial information is reported to the chief operating decision maker, which in the year ended 31 October 2016 comprised the Chief Executive Officer, the Chief Operating Officer and the Chief Financial Officer, monthly on a business unit basis with revenue and operating profits split by business unit. Each business unit is deemed an operating segment as each offers different products and services.

- Public Sector Software (PSS) – delivering specialist information management solutions and services to the public sector
- Engineering Information Management (EIM) – delivering engineering document management and control solutions to asset intensive industry sectors
- Grants (GRS) – delivering funding solutions to private and third sector customers
- Compliance (COMP) – delivering compliance solutions to corporate, public and commercial customers
- Digital (DIG) – delivering digital consultancy services to public, private and third sector customers

Segment revenue comprises sales to external customers and excludes gains arising on the disposal of assets and finance income. Segment profit reported to the Board represents the profit earned by each segment before the allocation of taxation, Group interest payments and Group acquisition costs. The assets and liabilities of the Group are not reviewed by the chief operating decision maker on a segment basis.

The Group does not place reliance on any specific customer and has no individual customer that generates 10% or more of its total Group revenue.

The segment revenues by geographic location are as follows:

| | **2016 £000** | **2015 £000** |
|---|---|---|
| **Revenues from external customers** | | |
| United Kingdom | 55,739 | 41,463 |
| USA | 6,361 | 6,987 |
| Europe | 12,271 | 12,804 |
| Australia | 1,008 | 617 |
| Rest of World | 1,360 | 704 |
| | 76,739 | 62,575 |

Revenues are attributed to individual countries on the basis of the location of the customer.

| | **2016 £000** | **2015 £000** |
|---|---|---|
| **Revenues by type** | | |
| Recurring revenues | 32,861 | 27,613 |
| Non-recurring revenues | 43,878 | 34,962 |
| | 76,739 | 62,575 |

The segment results by business unit for the year ended 31 October 2016:

| | **PSS £000** | **EIM £000** | **GRS £000** | **COMP £000** | **DIG £000** | **Total £000** |
|---|---|---|---|---|---|---|
| Revenue | 40,966 | 14,059 | 6,433 | 4,371 | 10,910 | 76,739 |
| Profit before interest, tax, depreciation, amortisation, share option costs, acquisition costs and restructuring costs | 16,310 | 3,300 | 689 | 135 | 1,018 | 21,452 |
| Adjusted segment operating profit | 11,961 | 2,113 | 309 | (277) | 179 | 14,285 |
| Finance income | | | | | | 55 |
| Finance costs | | | | | | (1,357) |
| Profit before Tax | | | | | | 12,983 |

The segment results by business unit for the year ended 31 October 2015:

| | PSS £000 | EIM £000 | GRS £000 | COMP £000 | DIG £000 | Total £000 |
|---|---|---|---|---|---|---|
| Revenue | 35,803 | 13,606 | 5,919 | 6,101 | 1,146 | 62,575 |
| Profit before interest, tax, depreciation, amortisation, share option costs, acquisition costs and restructuring costs | 14,127 | 2,242 | 571 | 985 | 290 | 18,215 |
| Adjusted segment operating profit | 9,540 | 347 | (65) | 537 | 185 | 10,544 |
| Finance income | | | | | | 445 |
| Finance costs | | | | | | (1,226) |
| Profit before Tax | | | | | | 9,763 |

**3 INCOME TAX**

The tax charge is made up as follows:

| | 2016 £000 | 2015 £000 |
|---|---|---|
| **Current tax** | | |
| UK corporation tax on profits for the period | 2,634 | 2,310 |
| Foreign tax on overseas companies | 508 | 498 |
| Over provision in respect of prior periods | (754) | (259) |
| Total current tax | 2,388 | 2,549 |
| **Deferred tax** | | |
| Origination and reversal of temporary differences | (961) | (555) |
| Adjustment for rate change | (252) | - |
| Adjustments in respect of prior periods | 2 | (60) |
| Total deferred tax | (1,211) | (615) |
| **Total tax charge** | 1,177 | 1,934 |

The differences between the total tax charge above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax, together with the impact on the effective tax rate, are as follows:

| | 2016 £000 | % ETR movement | 2015 £000 | % ETR Movement |
|---|---|---|---|---|
| Profit before taxation on continuing operations | 12,983 | | 9,763 | |
| Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2015: 20%) | 2,597 | 20.00 | 1,953 | 20.00 |
| Effects of: | | | | |
| Share option deduction | (216) | (1.66) | 84 | 0.86 |
| Tax losses arising (utilised) in year | (113) | (0.87) | 0 | 0.00 |
| International losses not recognised | 172 | 1.32 | 3 | 0.03 |
| Other timing differences | 5 | 0.04 | 150 | 1.54 |
| Expenses not deductible for tax purposes | 118 | 0.91 | 103 | 1.06 |
| Prior year over-provision | (751) | (5.78) | (330) | (3.38) |
| Non-taxable income | (152) | (1.17) | (46) | (0.47) |
| Adjustment for tax rate differences | (374) | (2.88) | 85 | 0.86 |

| | | | | |
|---|---|---|---|---|
| R&D enhanced relief | (139) | (1.07) | (99) | (1.01) |
| Foreign tax suffered | 30 | 0.22 | 31 | 0.31 |
| | 1,177 | 9.06 | 1,934 | 19.80 |

The effective tax rate ('ETR') for the period was 9.06% (2015: 19.80%). A significant tax repayment was processed in 2016, in respect of historic R&D claims covering FY13, FY14 and the Reading Room Group's 31 March 2014 year-end. Furthermore, the decrease in the deferred tax rate provided for, from 20% to 18%, in advance of decreases in the UK corporation tax main rate to 19% (1 April 2017) and 17% (1 April 2020), resulted in downward pressure on the ETR given the Group's net deferred tax liability position.

The higher effective tax rate in 2015 was due to a larger proportion of the overall tax charge being incurred in overseas jurisdictions with a higher rate of corporation tax than the UK. Another factor increasing the tax rate in 2015 was the derecognition of deferred tax assets in the US given uncertainty over the assets' future recoverability.

Movement on trading losses during 2016 are as follows:

| **Recognised trading losses** | **UK unrelieved trading losses £000** | **Foreign unrelieved trading losses £000** | **Total unrelieved trading losses £000** | **Tax effect £000** |
|---|---|---|---|---|
| As at 1 November 2015 | - | 2,281 | 2,281 | 456 |
| Impact of decrease in deferred tax rate | - | - | - | (45) |
| Recognised during the year | - | 41 | 41 | 7 |
| Utilised during the year | - | 76 | 76 | 14 |
| | - | 2,398 | 2,398 | 432 |
| **Unrecognised trading losses** | | | | |
| Losses not recognised | - | (880) | (880) | (158) |
| | - | (880) | (880) | (158) |

As noted above, no UK trading losses were brought forward to 2016. Foreign losses of £310,000 were utilised during the year in the US, however, the sterling value of the losses increased to the extent that the closing sterling value of these US losses is higher than at Oct 15, notwithstanding the utilisation during 2016. This explains the positive utilisation contribution above. The closing derecognised overseas losses of £880,000 relate to the US and Germany. The decision was made to derecognise these assets until there is more certainty over their future utilisation. Across the year the total deferred tax asset in respect of unrelieved trading losses has decreased from £456,000 to £432,000.

## 4 EARNINGS PER SHARE

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

| | **2016 £000** | **2015 £000** |
|---|---|---|
| Profit for the year | 11,806 | 7,829 |
| **Basic earnings per share** | | |
| Weighted average number of shares in issue | 357,989,177 | 354,730,817 |
| Basic earnings per share | 3.30p | 2.21p |
| Weighted average number of shares in issue | 357,989,177 | 354,730,817 |
| Add back: | | |
| Treasury shares | 3,023,469 | 2,863,552 |
| ESOP shares | 875,044 | 1,139,245 |
| Weighted average allotted, called up and fully paid share capital | 361,887,690 | 358,733,614 |

**Diluted earnings per share**

| | | |
|---|---|---|
| Weighted average number of shares in issue used in basic earnings per share calculation | 357,989,177 | 354,730,817 |
| Dilutive share options | 13,579,022 | 17,234,828 |
| Weighted average number of shares in issue used in dilutive earnings per share calculation | 371,568,199 | 371,965,645 |
| Diluted earnings per share | 3.18p | 2.10p |

| **Adjusted earnings per share** | **2016 £000** | **2015 £000** |
|---|---|---|
| Profit for the year | 11,806 | 7,829 |
| Add back: | | |
| Amortisation on acquired intangibles | 3,817 | 3,778 |
| Acquisition credits | (404) | (34) |
| Restructuring costs | 330 | 1,025 |
| Tax effect | (829) | (961) |
| Adjusted profit for year | 14,720 | 11,637 |
| Weighted average number of shares in issue - basic | 357,989,177 | 354,730,817 |
| Weighted average number of shares in issue - diluted | 371,568,199 | 371,965,645 |
| Adjusted earnings per share | 4.11p | 3.28p |
| Adjusted diluted earnings per share | 3.96p | 3.13p |

## 5 ACQUISITIONS

**Open Objects Software Limited**

On 25 July 2016, the Group acquired the entire share capital of Open Objects Software Limited for a total consideration of £6.24m, being £5.04m in cash and £1.20m in shares. Open Objects offer managed cloud services to the public sector, specialising in social care and health. It is a UK market leader in the provision of Adult Social Care and Family Services software and services to local authorities. The acquisition supports the Group’s strategy of extending its Public Sector domains.

Goodwill arising on the acquisition of Open Objects has been capitalised and consists largely of the workforce value, synergies and economies of scale expected from combining the operations of Open Objects with Idox. None of the goodwill recognised is expected to be deductible for income tax purposes. The purchase of Open Objects has been accounted for using the acquisition method of accounting.

| | Book value £000 | Provisional fair value adjustments £000 | Fair value £000 |
|---|---|---|---|
| Intangible assets | 1 | 3,646 | 3,647 |
| Property, plant and equipment | 54 | (11) | 43 |
| Trade receivables | 954 | - | 954 |
| Other receivables | 86 | - | 86 |
| Cash at bank | 1,040 | - | 1,040 |
| TOTAL ASSETS | 2,135 | 3,635 | 5,770 |
| Trade payables | (73) | - | (73) |
| Other liabilities | (144) | - | (144) |
| Deferred income | (1,101) | - | (1,101) |
| Social security and other taxes | (2) | - | (2) |
| Deferred tax liability | - | (656) | (656) |
| TOTAL LIABILITIES | (1,320) | (656) | (1,976) |
| NET ASSETS | | | 3,794 |
| Purchased goodwill capitalised | | | 2,443 |
| **Total consideration** | | | 6,237 |

Satisfied by:

| | |
|---|---|
| Cash to vendor | 3,437 |
| Issue of share capital | 1,200 |
| Earn out consideration | 1,600 |
| **Total consideration** | 6,237 |

Due to the timing of the acquisition, the fair values stated above are provisional based on management's best estimate. The fair value adjustment for the intangible assets includes £3,645,000 in relation to customer relationships, trade names and software. A related deferred tax liability has also been recorded as a fair value adjustment. Adjustments were also processed to align company policies with Idox Group policies. These included £1,000 in respect of intangible assets and £11,000 in relation to property, plant and equipment.

The revenue included in the consolidated statement of comprehensive income since 25 July 2016, contributed by Open Objects was £825,000. Open Objects also made a profit of £159,000 for the same period. If Open Objects had been included from 1 November 2015, it would have contributed £3,078,000 to Group revenue and a profit after tax of £423,000.

The earn out period is 1 April 2017 to 31 March 2018. The earn out arrangement requires the Group to pay the former owners of Open Objects an amount to be determined by revenue in the earn out period, up to a maximum of £1,600,000 in cash. £1,600,000 has been recognised at the date of acquisition, which represents the fair value of the contingent consideration. At the reporting date, management's best estimate, based on forecast revenues, is that the full contingent consideration will be payable.

Acquisition costs of £75,000 have been written off in the consolidated statement of comprehensive income.

**Rippleffect Studio Limited**

On 22 August 2016, the Group acquired the entire share capital of Rippleffect Studio Limited for a total consideration of £2.039m in cash. Rippleffect is a digital consultancy agency with expertise in the delivery of digital solutions for the sports, leisure and public sector markets including the provision of e-commerce platforms. The acquisition is complementary to Idox's Digital segment and provides new technology. The acquisition also supports the Group's strategy of expansion into sector neutral content and digital platforms.

Goodwill arising on the acquisition of Rippleffect has been capitalised and consists largely of the workforce value, synergies and economies of scale expected from combining the operations of Rippleffect with Idox. None of the goodwill recognised is expected to be deductible for income tax purposes. The purchase of Rippleffect has been accounted for using the acquisition method of accounting.

| | Book value £000 | Provisional fair value adjustments £000 | Fair value £000 |
|---|---|---|---|
| Intangible assets | - | 2,492 | 2,492 |
| Property, plant and equipment | 17 | (8) | 9 |
| Trade receivables | 609 | - | 609 |
| Accrued Income | 1,277 | (879) | 398 |
| Other receivables | 45 | - | 45 |
| Cash at bank | (265) | - | (265) |
| TOTAL ASSETS | 1,683 | 1,605 | 3,288 |
| | | | |
| Trade payables | (280) | - | (280) |
| Other liabilities | (54) | (186) | (240) |
| Deferred Income | - | (603) | (603) |
| Social security and other taxes | (159) | - | (159) |
| Deferred tax liability | - | (449) | (449) |
| TOTAL LIABILITIES | (493) | (1,238) | (1,731) |
| NET ASSETS | | | 1,557 |
| Purchased goodwill capitalised | | | 482 |
| **Total consideration** | | | 2,039 |

Satisfied by:

| | |
|---|---|
| Cash to vendor | 2,039 |
| Earn out consideration | - |

| | |
|---|---|
| **Total consideration** | 2,039 |

Due to the timing of the acquisition, the fair values stated above are provisional, based on management's best estimate. The fair value adjustment for the intangible assets relates to customer relationships and trade names. A related deferred tax liability has also been recorded as a fair value adjustment. Adjustments were also processed to align company policies with Idox Group policies. These included £8,000 in respect of fixed assets, £879,000 in relation to accrued income, £186,000 in relation to accruals and £603,000 in relation to deferred income.

The fair value of trade receivables is equal to the gross contractual amounts receivable. An initial review of trade receivables has not indicated any recoverability issues.

The revenue included in the consolidated statement of comprehensive income since 22 August 2016, contributed by Rippleffect, was £1,151,000. Rippleffect also made a loss of £82,000 for the same period. If Rippleffect had been included from 1 November 2015, it would have contributed £6,000,000 to Group revenue and a loss after tax of £312,000.

There is no earn out period for Rippleffect.

Acquisition costs of £48,000 have been written off in the consolidated statement of comprehensive income.

Had the above acquisitions occurred at the beginning of the financial year, the revenue of the Group would be £85.8m and the profit before tax of the Group would be £13.1m.

**Cloud Amber Limited**

During the period, a fair value adjustment was made in respect of the acquisition of Cloud Amber Limited on the 7 July 2016. The adjustment totalled £215,000 and was in relation to the release of a bad debt provision not utilised.

During the period the contingent consideration was adjusted from £1,200,000 to £478,000. The reduction was a result of missing the revenue target as set out in the Share Purchase Agreement. At the reporting date, management's best estimate is that the adjusted contingent consideration will be payable. The adjustment of £722,000 is included in 'Acquisition credits' in the Consolidated Interim Statement of Comprehensive Income.

**Reading Room Limited**

During the period, there have been several fair value adjustments in respect of the acquisition of Reading Room Limited on 8 October 2015. The adjustments totalled £414,000.

A number of adjustments were processed to align company policies with Idox Group policies. These included £238,000 in respect of intangible assets, £71,000 in respect of property, plant and equipment, £12,000 in respect of the bad debt provision, £193,000 in respect of deferred income and £74,000 in respect of accruals.

**Acquisition cash flows**

Acquisition cash flows in the year are as follows:

| **Subsidiaries acquired during the year:** | **Net cash outflow £000** |
|---|---|
| Open Objects Software Limited | 2,397 |
| Rippleffect Studio Limited | 2,304 |
| | 4,701 |

No additional fair value adjustments have been made in the year in respect of prior year acquisitions.

## 6 FURTHER COPIES

Copies of this announcement and the full annual report and accounts will be available, free of charge, for a period of one month from the Company's Nominated Adviser and Broker N+1 Singer, 1 Bartholomew Lane, London, EC2N 2AX, Tel: 020 7496 3000 or from IDOX plc, 2nd floor, 1310 Waterside, Arlington Business Park, Theale, Reading, RG7 4SA. Copies of the full financial statements will be made available to shareholders in due course.