idox

Interim Report & Accounts 2015

About Idox

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 560 staff located in the UK, North America, Europe, India and Australia.

For more information see www.idoxplc.com

Financial and Operational Highlights

- **Revenues flat at £29.6m (H1 2014: £29.6m)**
- **14% increase in Public Sector revenue to £22.5m (H1 2014 £19.7m)**
- **Reduction in net debt to £9.7m from £15.8m as at 31 October 2014**
- **£2m revenue generated from outsourced service delivery for the 2015 UK General Election**
- **Successful integration of Digital Spirit acquisition**
- **Adjusted EBITDA* down 10% to £7.1m (H1 2014: £7.9m)**
- **Profit before tax down 11% to £3.1m (H1 2014: £3.5m)**
- **Adjusted basic EPS** 1.49p (H1 2014: 1.51p). Basic EPS 0.65p (H1 2014: 0.75p)**

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

** Adjusted EPS excludes amortisation, restructuring, acquisition, corporate finance and share option costs

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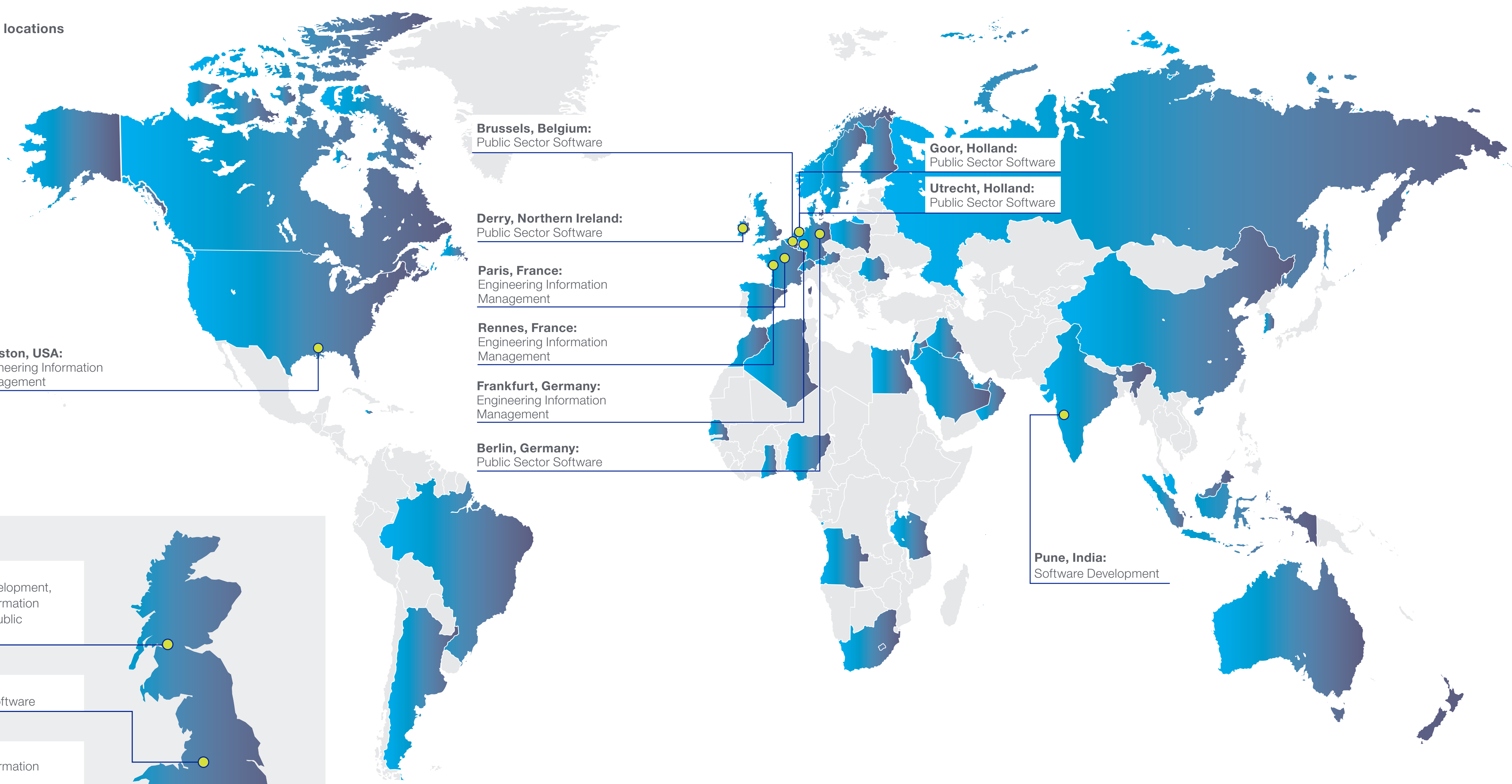
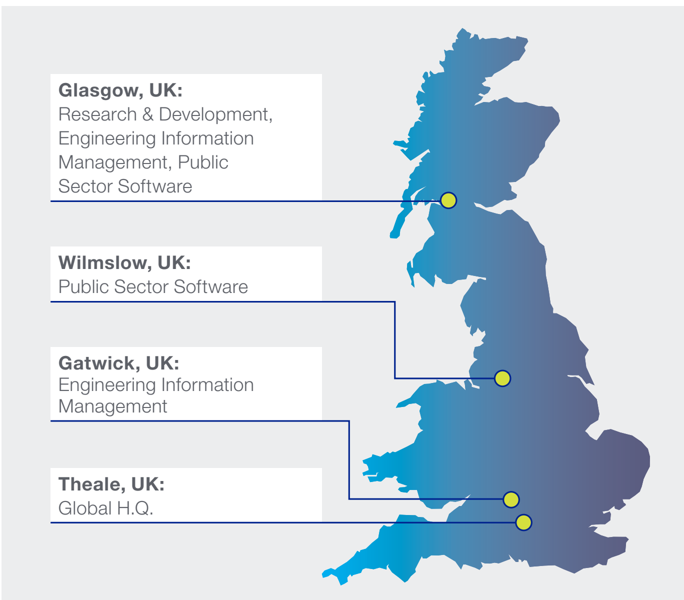
At a Glance

Idox customer locations

Idox offices





Chairman's and Chief Executive's Statement

Overview

First half trading was strong in the Group's Public Sector business ("PSS") whose double digit revenue growth offset the continuing and expected difficult trading conditions in the oil & gas segment of our Engineering Information Management ("EIM") business.

The completed restructuring of the Group, started last financial year, has delivered significant efficiencies which we expect will enable us to maintain margins over the full year and has placed the Group in a positive position for the second half of the trading year. We believe that we are now in a more focused position to take advantage of the continuing opportunities within the Public Sector and to take a lead in the now slowly improving engineering markets.

Public sector spending constraint has continued to open up opportunities for further market share gains, through system consolidation, managed services, and in developing innovative solutions that drive efficiency and productivity. In the Engineering business we are seeing a small amount of new business growth within the infrastructure market but we believe it will be some time before we see renewed growth in our utilities and oil & gas market sales pipeline.

We have continued to invest in all of our product lines, but based on current market opportunity there is a particular emphasis on the expansion of our public sector business, especially in continuing to develop opportunities around our core local government markets.

Operational Review

The Public Sector division has seen organic growth across all business areas, excluding Election seasonality, and especially within Grants and Compliance, where on a constant currency basis and excluding acquisitions they have seen growth of 11% and 8% respectively.

The UK General & Local Elections have added significantly to the performance of the Public Sector division in the first half of the year where we delivered election services to 25% of councils across the UK. We have further Elections business in the second half of the year with a significant number of by-elections and in supporting the delivery of elections in Norway.

We have seen further increases in market share for our core software solutions as a result of system consolidation within our existing customer base and in new customer contract wins. There has been similar expansion in the delivery of managed services with significant wins at Watford and Pendle Borough Councils with combined contract values of £1.4m. Over 20% of our local authority customers have now started using one or more of our managed service solutions, which is faster progress than we expected. We continue to have a strong pipeline for managed service and software sales, across all of the domains in which we operate.

There has been further expansion in sales outside of our core Local Government market. The Grants business has seen a 30% increase in new business sales compared to the first half of 2014, with particular growth in education and health, where research funding tool RESEARCHconnect is being well-received as an engaging and cost-effective alternative to more established competitor products. Our central government sales teams have signed contracts with the Scottish Government with combined values of over £1.6m, to assist in the delivery of their next generation online planning system, and we have delivered an upgraded centralised software platform for Northern Ireland's new local authority structure.

The acquisition of Digital Spirit was completed at the end of last year. The first half has seen the complete integration, re-homing, and consolidation of branding with our existing compliance business, whilst at the same time maintaining revenues. The combined business is on track to meet what the Directors believe to be management's ambitious targets.

Much of the product and service development focus for this year is in our "AllGov" project. This integrates new and existing technologies that will result in the launch during the second half of the year of an automated national register for planning, building control and licensing services. This will pull together the content from our local authority customer base and provide them not only with the ability to deliver better services to the community but to also assist them in their cost recovery and in operating even more efficiently. The solution will also allow consumers and businesses to transact online more effectively with local authorities.

Our Information Service business has expanded from the provision of information services into content origination and advice on subjects relevant to the Group's wider customer base. This activity has supported an update to the Group's website (www.idoxplc.com) and is now publishing real time information and content via a company blog and social media distribution; this will be further extended in the second half of the year.

The EIM business has seen the successful delivery of a number of enterprise projects for major Energy companies and we have been awarded a significant contract for a hosted system supporting the design for natural gas exploitation in Algeria. We continue to close business in the Nuclear sector and our SaaS business is operating near its 2014 performance.

The restructuring of the Group was completed in the first quarter of the current financial year and has resulted in delivering tighter integration and greater focus on our core markets. To date, it has delivered annualised savings across the Group in excess of £3.0m and will deliver improved margins in PSS.

Outlook

The business is particularly excited by the potential for the "AllGov" project and what it will mean to our customers in terms of improved service delivery and the revenue potential for both Idox and local government. We expect to complete another six hosting and managed service solutions this year, bringing the total to nine for the full year, and we see this as evidence of the growing acceptance of our ability to offer a total solution and cost saving to our customers.

Whilst the focus in the second half will be on the public sector side of the business we are well positioned should we see signs of recovery in the engineering business. We continue to make further investment in new sales and marketing activity, which give us confidence in achieving current market guidance for the full year.

Martin Brooks
Chairman

Richard Kellett-Clarke
Chief Executive Officer

5 June 2015

Chief Financial Officer's Review

Financial Review

Group revenues from continuing operations were flat at £29.6m (H1 2014: £29.6m). The Group maintained the geographical split of its revenues with 34% generated outside of the UK (H1 2014: 32%). Gross profit earned was 4% down at £25.9m (H1 2014: £26.9m) and the Group saw a decrease in gross margin from 91% to 88% as a result of lower margin election activity. Earnings before interest, tax, amortisation, depreciation, restructuring, acquisition, corporate finance and share option costs ("Adjusted EBITDA") decreased by 10% to £7.1m (H1 2014: £7.9m) with EBITDA margins of 24% (H1 2014: 27%).

Performance by segment

The PSS division, which accounted for 76% of Group revenues (H1 2014: 67%), delivered revenues of £22.5m (H1 2014: £19.7m). Product and services revenue grew organically by 14% on the previous year driven by further market share gains. Election activity contributed £2m revenue due to the 2015 General Election (H1 2014: £2.3m). The acquisition of Digital Spirit in October 2014 resulted in an increase in compliance revenues to £3.5m (H1 2014: £1m).

Recurring revenues within the PSS division were 56% (H1 2014: 67%) decreasing due to the contribution of Digital Spirit compliance revenue in the period. Divisional Adjusted EBITDA increased by 11% to £6.2m (H1 2014: £5.6m), delivering a 28% margin.

The EIM division accounted for 24% of Group revenues (H1 2014: 33%) with revenue declining 28% from £9.9m to £7.1m due to a rapid down turn in market conditions. Recurring revenues within the EIM division increased to 64% (H1 2014: 50%). Adjusted EBITDA for the EIM business fell to £1.0m (H1 2014: £2.2m). Margins decreased to 14% (H1 2014: 23%) reflecting a lack of licence sales compared to the same period in 2014.

Profit before tax

Adjusted EBITDA decreased 10% to £7.1m (H1 2014: £7.9m) as the Group's cost of sales increased by 33% to £3.6m (H1 2014: £2.7m) due to higher election costs and Digital Spirit cost of sales. Administrative expenses were flat at £22.9m (H1 2014: £22.9m) and on a like for like basis excluding Digital Spirit decreased 8%. Staff costs decreased by 6% on a like for like basis due to the restructuring of the EIM business.

Financing costs decreased 17% to £0.5m (H1 2014: £0.6m) and includes interest payable of £0.3m (H1 2014: £0.4m) and bank fees of £0.15m (H1 2014: £0.12m). Finance income increased to £0.59m (H1 2014: £0.04m) and includes £0.4m of exchange gain on translation of intercompany balances.

Reported profit before tax was down 14% to £3.0m (H1 2014: £3.5m). Restructuring charges of £0.8m (H1 2014: £0.2m) relate to the restructuring of the EIM division and the integration of Digital Spirit. Acquisition costs of (£0.1m) include £0.15m income relating to deferred consideration on Digital Spirit which did not and will not become payable.

The Group continues to invest in developing innovative technology solutions and has incurred capitalised Research and Development costs of £0.4m (H1 2014: £0.5m). Research and Development costs expensed in the period were £2.5m (H1 2014: £2.8m).

Taxation

The Group's effective tax rate for the period was 24% compared to 23% for 2014. The increase in the effective rate of tax is as a result of higher profits in Europe charged at a higher rate of tax. Unrelieved trading losses of £4.6m overseas, mainly in the US, remain available to offset against future taxable trading profits.
The Board believes the Group will benefit from these tax losses in the future.

Earnings per share and dividends

Adjusted earnings per share fell to 1.49p (H1 2014: 1.51p). Diluted adjusted earnings per share fell to 1.46p (H1 2014: 1.47p).

Basic earnings per share fell to 0.65p (H1 2014: 0.75p). Diluted earnings per share fell to 0.64p (H1 2014: 0.73p).

The Board proposes an interim dividend of 0.325p. The interim dividend will be paid on 14 October 2015 to shareholders on the register at 2 October 2015.

Balance sheet and cashflows

The Group's balance sheet continued to strengthen during the period and at 30 April 2015 net assets were £48.8m compared to £47.4m at 30 April 2014.

Cash generated from operating activities before tax as a percentage of Adjusted EBITDA was 149% (H1 2014: 185%).

The Group ended the period with net debt of £9.7m (2014: £8.7m), after restructuring costs of £0.8m and total dividends of £2.7m. The Group's total signed debt facilities at 30 April 2015 stood at £40m, a combination of a £17m term loan and £23m revolving credit facility, split £25m the Royal Bank of Scotland and £15m Silicon Valley Bank.

Deferred income, representing invoiced maintenance and SaaS contracts yet to be recognised in revenue stood at £19.7m at 30 April 2015 (H1 2014: £21.4m). Accrued income, representing future cash flows from managed service contracts in the PSS division increased to £9.1m (H1 2014: £7.6m).

Jane Mackie
Chief Financial Officer
5 June 2015

Consolidated Interim Statement of Comprehensive Income

For the six months ended 30 April 2015

	Note	6 months to 30 April 2015 (unaudited) £000	6 months to 30 April 2014 (unaudited) £000	12 months to 31 October 2014 (audited) £000
Revenue	3	29,581	29,633	60,677
Cost of sales		(3,638)	(2,736)	(6,413)
Gross margin		25,943	26,897	54,264
Administrative expenses		(22,959)	(22,890)	(45,774)
Operating profit		2,984	4,007	8,490
Analysed as:				
Earnings before depreciation, amortisation, restructuring costs, acquisition costs, corporate finance costs and share option costs		7,142	7,865	16,393
Depreciation		(383)	(371)	(813)
Amortisation		(2,790)	(2,871)	(5,953)
Restructuring costs		(841)	(225)	(365)
Acquisition costs		143	(16)	(148)
Corporate finance costs		1	–	(157)
Share option costs		(288)	(375)	(467)
Finance income		586	46	233
Finance costs		(508)	(599)	(1,144)
Profit before taxation		3,062	3,454	7,579
Income tax expense	4	(748)	(809)	(1,736)
Profit for the period		2,314	2,645	5,843
Other comprehensive income for the period				
Items that will be reclassified subsequently to profit or loss:				
Exchange losses on retranslation of foreign operations		(435)	–	(107)
Other comprehensive income for the period, net of tax		(435)	–	(107)
Total comprehensive income for the period attributable to owners of the parent		1,879	2,645	5,736
Earnings per share attributable to owners of the parent during the period				
Basic earnings per share	5	0.65p	0.75p	1.65p
Diluted earnings per share	5	0.64p	0.73p	1.59p

The accompanying notes form an integral part of these financial statements.

Consolidated Interim Balance Sheet

At 30 April 2015

	At 30 April 2015 (unaudited) £000	At 30 April 2014 (unaudited) £000	At 31 October 2014 (audited) £000
ASSETS			
Non-current assets			
Property, plant and equipment	777	953	1,449
Intangible assets	65,270	67,574	66,794
Deferred tax assets	1,996	2,141	1,570
Other receivables	1,909	1,893	2,262
Total non-current assets	69,952	72,561	72,075
Current assets			
Trade and other receivables	25,036	23,653	18,846
Cash and cash equivalents	9,005	12,620	5,855
Total current assets	34,041	36,273	24,701
Total assets	103,993	108,834	96,776
LIABILITIES			
Current liabilities			
Trade and other payables	5,767	6,722	4,788
Other liabilities	25,455	27,883	16,649
Provisions	23	121	18
Current tax	1,543	1,192	1,003
Derivative financial instruments	–	37	–
Borrowings	4,447	17,547	7,397
Total current liabilities	37,235	53,502	29,855
Non-current liabilities			
Deferred tax liabilities	3,644	4,242	4,038
Borrowings	14,274	3,711	14,293
Total non-current liabilities	17,918	7,953	18,331
Total liabilities	55,153	61,455	48,186
Net assets	48,840	47,379	48,590
EQUITY			
Called up share capital	3,587	3,573	3,587
Capital redemption reserve	1,112	1,112	1,112
Share premium account	11,741	11,445	11,741
Treasury reserve	(1,271)	(4)	(1,001)
Shares options reserve	1,772	1,699	1,636
Merger reserve	1,294	1,294	1,294
ESOP trust	(239)	(183)	(213)
Foreign currency translation reserve	(397)	145	38
Retained earnings	31,241	28,298	30,396
Total equity	48,840	47,379	48,590

The accompanying notes form an integral part of these financial statements.

Consolidated Interim Statement of Changes in Equity

For the six months ended 30 April 2015

	Called up share capital £000	Capital redemption reserve £000	Share premium account £000	Treasury reserve £000	Share options reserve £000	Merger reserve £000	ESOP trust £000	Foreign currency retranslation reserve £000	Retained earnings £000	Total £000
Balance at 1 November 2013 (audited)	3,493	1,112	10,355	(12)	1,955	1,294	(142)	145	26,486	44,686
Issue of share capital	80	–	1,090	–	–	–	–	–	–	1,170
Share options granted	–	–	–	–	272	–	–	–	–	272
Transfer on exercise of share options	–	–	–	8	(528)	–	–	–	507	(13)
Deferred tax movement on share options	–	–	–	–	–	–	–	–	77	77
ESOP trust	–	–	–	–	–	–	(41)	–	–	(41)
Equity dividends paid	–	–	–	–	–	–	–	–	(1,417)	(1,417)
Transactions with owners	80	–	1,090	8	(256)	–	(41)	–	(833)	48
Profit for the period	–	–	–	–	–	–	–	–	2,645	2,645
Total comprehensive income for the period	–	–	–	–	–	–	–	–	2,645	2,645
At 30 April 2014 (unaudited)	3,573	1,112	11,445	(4)	1,699	1,294	(183)	145	28,298	47,379
Issue of share capital	14	–	296	–	–	–	–	–	–	310
Share options granted	–	–	–	–	93	–	–	–	–	93
Transfer on exercise of share options	–	–	–	–	(156)	–	–	–	156	–
Purchase of treasury shares	–	–	–	(997)	–	–	–	–	–	(997)
Deferred tax movement on share options	–	–	–	–	–	–	–	–	(98)	(98)
ESOP trust	–	–	–	–	–	–	(30)	–	–	(30)
Equity dividends paid	–	–	–	–	–	–	–	–	(1,158)	(1,158)
Transactions with owners	14	–	296	(997)	(63)	–	(30)	–	(1,100)	(1,880)
Profit for the period	–	–	–	–	–	–	–	–	3,198	3,198
Other comprehensive income										
Exchange gains on retranslation of foreign operations	–	–	–	–	–	–	–	(107)	–	(107)
Total comprehensive income for the period	–	–	–	–	–	–	–	(107)	3,198	3,091
Balance at 31 October 2014 (audited)	3,587	1,112	11,741	(1,001)	1,636	1,294	(213)	38	30,396	48,590
Share options granted	–	–	–	–	182	–	–	–	–	182
Transfer on exercise of share options	–	–	–	–	(46)	–	–	–	–	(46)
Purchase of treasury shares	–	–	–	(270)	–	–	–	–	–	(270)
Deferred tax movement on share options	–	–	–	–	–	–	–	–	43	43
Equity dividends paid	–	–	–	–	–	–	–	–	(1,512)	(1,512)
ESOP trust	–	–	–	–	–	–	(26)	–	–	(26)
Transactions with owners	–	–	–	(270)	136	–	(26)	–	(1,469)	(1,629)
Profit for the period	–	–	–	–	–	–	–	–	2,314	2,314
Other comprehensive income										
Exchange gains on retranslation of foreign operations	–	–	–	–	–	–	–	(435)	–	(435)
Total comprehensive income for the period	–	–	–	–	–	–	–	(435)	2,314	1,879
At 30 April 2015 (unaudited)	3,587	1,112	11,741	(1,271)	1,772	1,294	(239)	(397)	31,241	48,840

The accompanying notes form an integral part of these financial statements.

Consolidated Interim Statement of Cash Flows

For the six months ended 30 April 2015

	6 months to 30 April 2015 (unaudited) £000	6 months to 30 April 2014 (unaudited) £000	12 months to 31 October 2014 (audited) £000
Cash flows from operating activities			
Profit for the period before taxation	3,062	3,454	7,579
Adjustments for:			
Depreciation	383	371	813
Amortisation	2,790	2,871	5,953
Finance income	(118)	(7)	(48)
Finance costs	446	436	856
Interest rate swap liability	–	(29)	(66)
Debt issue costs amortisation	50	79	233
Share option costs	182	273	365
Movement in receivables	(5,938)	(6,479)	(1,300)
Movement in payables	9,764	13,544	(1,078)
Cash generated by operations	10,621	14,513	13,307
Tax on profit paid	(920)	(773)	(1,807)
Net cash from operating activities	9,701	13,740	11,500
Cash flows from investing activities			
Acquisition of subsidiaries	–	–	(1,586)
Cash acquired on acquisition of subsidiaries	–	–	93
Purchase of property, plant & equipment	(226)	(474)	(909)
Purchase of intangible assets	(752)	(961)	(1,647)
Finance income	118	7	48
Net cash used in investing activities	(860)	(1,428)	(4,001)
Cash flows from financing activities			
Interest paid	(230)	(620)	(892)
New loans	2,000	1,000	22,000
Loan related costs	(89)	(43)	(532)
Loan repayments	(5,019)	(3,016)	(23,337)
Equity dividends paid	(1,512)	(1,417)	(2,575)
Purchase of own shares	(342)	–	(1,084)
Sale of own shares	–	1,005	1,483
Net cash flows used in financing activities	(5,192)	(3,091)	(4,937)
Net movement on cash and cash equivalents	3,649	9,221	2,562
Cash and cash equivalents at the beginning of the period	5,855	3,399	3,399
Exchange gains on cash and cash equivalents	(499)	–	(106)
Cash and cash equivalents at the end of the period	9,005	12,620	5,855

The accompanying notes form an integral part of these financial statements.

Notes to the Interim Consolidated Financial Statements

For the six months ended 30 April 2015

1. GENERAL INFORMATION

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. The company is a public limited company which is listed on the Alternative Investment Market and is incorporated and domiciled in the UK. The address of its registered office is 1310 Waterside, Arlington Business Park, Theale, Reading, RG7 4SA. The registered number of the company is 03984070.

2. BASIS OF PREPARATION

The financial information for the period ended 30 April 2015 set out in this interim report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Group's statutory financial statements for the year ended 31 October 2014 have been filed with the Registrar of Companies. The auditor's report on those financial statements was unmodified and did not contain statements under Section 498(2) or Section 498(3) of the Companies Act 2006.

The interim financial information has been prepared using the same accounting policies and estimation techniques as will be adopted in the Group financial statements for the year ending 31 October 2015. The Group financial statements for the year ended 31 October 2014 were prepared under International Financial Reporting Standards as adopted by the European Union. These interim financial statements have been prepared on a consistent basis and format. The provisions of IAS 34 'Interim Financial Reporting' have not been applied in full.

3. SEGMENTAL ANALYSIS

Financial information is reported to the chief operating decision maker, which comprises the Chief Executive 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 – delivering government, funding and compliance solutions
- Engineering Information Management – delivering engineering document management and control solutions to asset intensive industry sectors

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.

Notes to the Interim Consolidated Financial Statements

For the six months ended 30 April 2015 continued

3. SEGMENTAL ANALYSIS CONTINUED

The segment revenues by geographic location were as follows:

	6 months to 30 April 2015 £000	6 months to 30 April 2014 £000
Revenues from external customers:		
United Kingdom	19,569	20,028
North America	3,205	5,256
Europe	6,179	3,692
Australia	240	306
Rest of World	388	351
	29,581	29,633

The segment results for the 6 months to 30 April 2015 were:

	Public Sector Software £000	Engineering Information Management £000	Total £000
Revenues from external customers	22,452	7,129	29,581
Cost of sales	(2,795)	(843)	(3,638)
Gross profit	19,657	6,286	25,943
Administrative expenses	(13,481)	(5,320)	(18,801)
Profit before interest, tax, depreciation, amortisation, share option costs, acquisition costs and restructuring costs	6,176	966	7,142
Depreciation	(310)	(73)	(383)
Amortisation	(2,123)	(667)	(2,790)
Share option costs	(295)	7	(288)
Restructuring costs	(486)	(355)	(841)
Acquisition costs	143	–	143
Profit/(loss) before interest and taxation	3,105	(122)	2,983
Finance income	(72)	649	577
Finance costs	(24)	(4)	(28)
Segment profit (see reconciliation below)	3,009	523	3,532

The segment results for the 6 months to 30 April 2014 were:

	Public Sector Software £000	Engineering Information Management £000	Total £000
Revenues from external customers	19,714	9,919	29,633
Cost of sales	(1,874)	(862)	(2,736)
Gross profit	17,840	9,057	26,897
Administrative expenses	(12,217)	(6,815)	(19,032)
Profit before interest, tax, depreciation, amortisation, share option costs, acquisition costs and restructuring costs	5,623	2,242	7,865
Depreciation	(305)	(66)	(371)
Amortisation	(2,249)	(622)	(2,871)
Share option costs	(243)	(132)	(375)
Restructuring costs	(89)	(136)	(225)
Profit before interest and taxation	2,737	1,286	4,023
Finance income	14	3	17
Finance costs	64	(160)	(96)
Segment profit (see reconciliation below)	2,815	1,129	3,944

Reconciliations of reportable profit:

	6 months to 30 April 2015 (unaudited) £000	6 months to 30 April 2014 (unaudited) £000
Total profit for reportable segments	3,532	3,944
Corporate finance costs	1	(16)
Net financial costs	(471)	(474)
Profit before taxation	3,062	3,454

Corporate finance costs comprise legal fees in relation to the new banking facility. Net financial costs relate to Group bank loan interest, bank facility fee amortisation and bank facility costs which have not been included in reportable segments.

Notes to the Interim Consolidated Financial Statements

For the six months ended 30 April 2015 continued

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	6 months to 30 April 2015 (unaudited) £000	6 months to 30 April 2014 (unaudited) £000	12 months to 31 October 2014 (audited) £000
Current tax			
Corporation tax on profits for the period	1,140	770	1,439
Foreign tax on overseas companies	333	270	489
Over provision in respect of prior periods	(4)	(49)	(75)
Total current tax	1,469	991	1,853
Deferred tax			
Origination and reversal of timing differences	(759)	(89)	(4)
Adjustment for rate change	38	(97)	(104)
Adjustments in respect of prior periods	–	4	(9)
Total deferred tax	(721)	(182)	(117)
Total tax charge	748	809	1,736

Unrelieved trading losses of £nil in the UK and £4,684,000 overseas remain available to offset against future taxable trading profits (excluding unrecognised overseas losses of £109,000).

5. EARNINGS PER SHARE

The earnings per 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:

	6 months to 30 April 2015 (unaudited) £000	6 months to 30 April 2014 (unaudited) £000	12 months to 31 October 2014 (audited) £000
Profit for the period	2,314	2,645	5,843
Basic earnings per share			
Weighted average number of shares in issue	354,847,015	351,772,662	353,448,442
Basic earnings per share	0.65p	0.75p	1.65p
Diluted earnings per share			
Weighted average number of shares in issue used in basic earnings per share calculation	354,847,015	351,772,662	353,448,442
Dilutive share options	8,695,769	9,464,795	15,015,960
Weighted average number of shares in issue used in dilutive earnings per share calculation	363,542,784	361,237,457	368,464,402
Diluted earnings per share	0.64p	0.73p	1.59p

Adjusted earnings per share	6 months to 30 April 2015 (unaudited) £000	6 months to 30 April 2014 (unaudited) £000	12 months to 31 October 2014 (audited) £000
Profit for the period	2,314	2,645	5,843
Add back:			
Amortisation	2,790	2,871	5,953
Share option costs	288	375	467
Acquisition costs	(143)	16	148
Corporate finance costs	(1)	–	157
Restructuring costs	841	225	365
Tax effect	(784)	(813)	(1,458)
Adjusted profit for the period	5,305	5,319	11,475
Adjusted basic earnings per share	1.49p	1.51p	3.25p
Adjusted diluted earnings per share	1.46p	1.47p	3.11p

6. DIVIDENDS

During the period a dividend was paid in respect of the year ended 31 October 2014 of 0.425p per ordinary share at a total cost of £1,512,000 (2013: 0.40p, £1,417,000).

A dividend of 0.325p per ordinary share at a total cost of £1,156,000 has been proposed in respect of the interim period ended 30 April 2015 (H1 2014: 0.325p, £1,158,000).

7. ACQUISITIONS

Digital Spirit GmbH

During the period there have been several fair value adjustments in respect of the acquisition of Digital Spirit GmbH on 22 October 2014. The adjustments totalled £321,000.

A number of adjustments were processed to align company policies with Idox Group policies. These included £242,000 in respect of intangible assets, £100,000 in respect of the bad debt provision, and the release of a £101,000 guarantee provision.

There were also some adjustments processed in respect of pre-acquisition trading, including £48,000 for a pre-acquisition management charge.

During the period the deferred consideration relating to the acquisition was released to acquisition costs in the statement of comprehensive income as the consideration conditions were not met.

Independent Review Report to Idox plc

For the six months ended 30 April 2015

Introduction

We have been engaged by the company to review the financial information in the half-yearly financial report for the six months ended 30 April 2015 which comprises the Consolidated Interim Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Interim Statement of Changes in Equity, the Consolidated Interim Statement of Cash Flows and the related notes. We have read the other information contained in the half yearly financial report which comprises only the highlights, Chairman's and Chief Executive's Statement and Chief Financial Officer's Review and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with guidance contained in ISRE (UK and Ireland) 2410, 'Review of Interim Financial Information performed by the Independent Auditor of the Entity'. Our review work has been undertaken so that we might state to the company those matters we are required to state to them in a review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusion we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The AIM rules of the London Stock Exchange require that the accounting policies and presentation applied to the financial information in the half-yearly financial report are consistent with those which will be adopted in the annual accounts having regard to the accounting standards applicable for such accounts.

As disclosed in Note 2, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The financial information in the half-yearly financial report has been prepared in accordance with the basis of preparation in Note 2.

Our responsibility

Our responsibility is to express to the Company a conclusion on the financial information in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial information in the half-yearly financial report for the six months ended 30 April 2015 is not prepared, in all material respects, in accordance with the basis of accounting described in Note 2.

GRANT THORNTON UK LLP

Statutory Auditor, Chartered Accountants

London

5 June 2015

Company Information

For the six months ended 30 April 2015

Secretary and Registered Office:	J Mackie 2nd Floor 1310 Waterside Arlington Business Park Theale RG7 4SA
Nominated Advisor & Joint Broker:	N+1 Singer Advisory LLP 1 Bartholomew Lane London EC2N 2AX
Auditor:	Grant Thornton UK LLP Grant Thornton House Melton Street Euston Square London NW1 2EP
Corporate Solicitors:	Memery Crystal 44 Southampton Buildings London WC2A 1AP
Registrars:	Neville Registrars Limited Neville House 18 Laurel Lane Halesowen B63 3DA
Company Registration Number:	3984070
Financial Calendar:	Announcement of 2015 Annual Report – December 2015

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