Interim Report & Accounts 2016

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.

Government Solutions

Funding Solutions

Information Services

Compliance Solutions

Integrated Transport Solutions

Digital Consultancy

Engineering Information Management Solutions

Facilities Management

For more information see www.idoxplc.com

Financial and Operational Highlights

Revenues up 26%

Adjusted EBITDA* increased 42%

Financial highlights:

- Revenues up 26% to £37.2m (H1 2015: £29.6m) including 5% organic growth
- Adjusted EBITDA* increased 42% to £10.1m (H1 2015: £7.1m)
- Adjusted EBITDA* margin improved to 27% (H1 2015: 24%)
- Profit before tax was 110% higher at £6.5m** (H1 2015: £3.1m)
- Adjusted profit before tax*** was 36% up at £7.9m (H1 2015: £5.8m)
- Adjusted EPS*** 1.97p up 56% (H1 2015 restated: 1.26p)
- Cash generated from operating activities before tax as a percentage of Adjusted EBITDA was 145% (H1 2015: 149%)
- Net debt as at 30 April 2016 stood at £13.9m (H1 2015 £9.7m; 31 October 2015: £23.2m); £9.35m cost of the two acquisitions in H2 2015
- Interim dividend of 0.35p (2015: 0.325p) up 8%

Operational highlights:

- Strong performance from Public Sector Software (PSS):
  - Organic growth – 81 new system wins
  - Delivered local election solutions in May 2016
  - Good progress with digital services platform
- Good first time contribution from Reading Room (acquired in H2 2015)
- Engineering Information Management (EIM) continued its recovery with 10% organic revenue growth and double digit margins

Current trading:

- Visibility of revenues from the European Referendum and a healthy pipeline and order book

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

** Includes £0.7m acquisition credit

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

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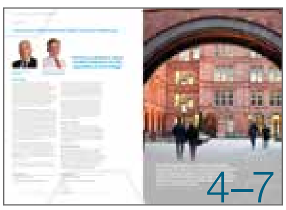
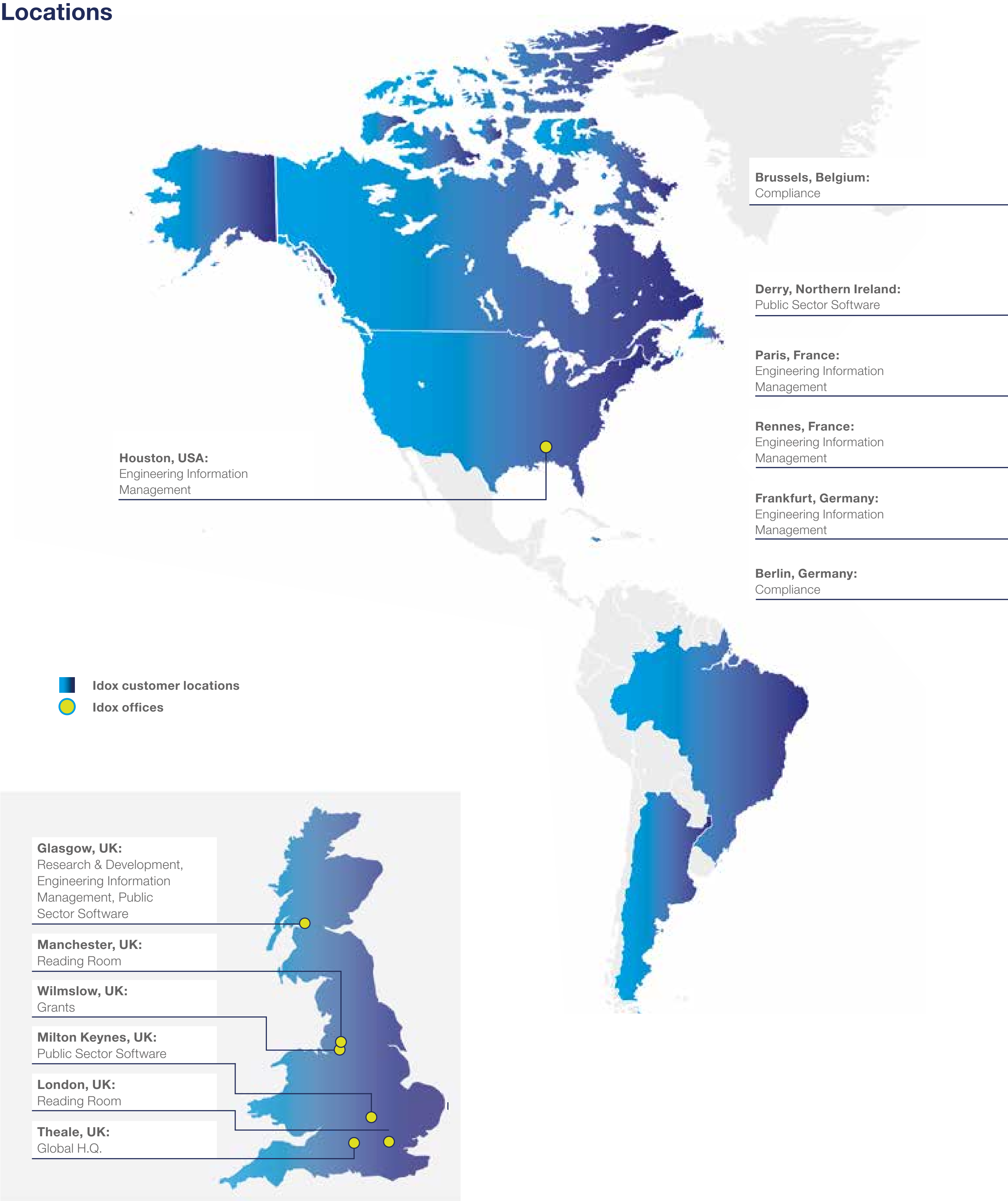


Strategic Report

At a Glance

Locations



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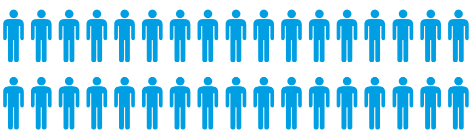
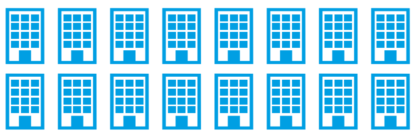


The Group employs over 665 staff

16



16 Idox offices worldwide

Strategic Report

Chairman's and Chief Executive's Statement

Laurence Vaughan
Chairman

Richard Kellett-Clarke
Chief Executive Officer

"The Group is pleased to report excellent progress in line with expectations and its strategy."

Introduction

The Group is pleased to report excellent progress in line with expectations and its strategy. Our strong revenue and adjusted profit growth (26% and 36% respectively) reflected the success of focusing on supporting our customers to deliver efficiency in key areas of our domain expertise; this growth was derived from a combination of solid organic revenue growth (5%) and a good first time contribution from Reading Room (acquired in H2 2015).

Despite global macroeconomic uncertainty our principal markets were stable during the period and the Group continued to benefit from its diversified business model and sources of earnings. We are a beneficiary of the EU Referendum on 23 June as a provider of election services to many local councils, whilst there has been no impact due to uncertainty about the outcome of that vote to date. Our energy related markets were flat, as predicted, while there was a change of sales mix in our compliance market but neither held back the progress made at Group level.

First half trading was strong in Public Sector, Software, Grants and Engineering Information Management all of which delivered year-on-year revenue growth of between 10% and 30%. The two acquisitions made in the second half of last year – Cloud Amber and Reading Room – were successfully integrated in line with our plan.

Gross margin in the first half was fractionally lower due to the increased mix of lower margin election revenues, with costs in the business as a whole continuing to be tightly managed. We have now fully transferred all operating subsidiaries to our Group Enterprise Resource Planning system and we continue to look for operational improvements across the business.

89% (2015: 88%) of Idox's half year revenues were derived from recurring contracts with customers and from repeat customers from whom the Group had derived revenues in the same period last year; this gives the Group significant revenue visibility and is evidence of Idox's strong relationships and focus on customer service.

Interim dividend

The Board is pleased to declare an interim dividend of 0.35p, representing an increase of 8% over the previous year's interim dividend of 0.325p. This increase is consistent with both our improved performance and our progressive dividend policy to grow dividends in line with earnings growth.

Divisional Review

In previous periods the Group was organised into two main operating segments, Public Sector Software and Engineering Information Management. Following an internal reorganisation the Group is now organised into five operating segments. The Board believes this provides greater transparency as well as operational benefits. The changes are as follows:

Old segments	New segments
Public Sector Software	Public Sector Software
Engineering Information Management	Engineering Information Management
	Grants
	Compliance
	Reading Room

"The wider organisation is my client, and I've got to make sure that everyone's experience when they come into this building is a good one – that they've got the right facilities, that they've got the right services. CAFM Explorer has given me the visibility and management control I need to deliver this."

Antonia Whiley, Head of Facilities Historic England

"In the past 4 years my team has secured over £17 million in grants for the Local Authority, local schools and voluntary sector partners in Bolton. Most of this has been generated as a result of the GRANTfinder service."

Lesley Turner, Strategic Resources and Partnerships Manager, Bolton Council

Chairman's and Chief Executive's statement continued

Public Sector Software (PSS)

The Public Sector Software division (comprising the local government, elections, facilities management and transport (Cloud Amber) businesses) continued to accelerate market share gains with 81 new system wins in the six months, compared to 240 systems in the past three years.

Included in this were some impressive wins by the elections' business including a contract for the Electoral Office for Northern Ireland to supply, implement and support a new electoral management system over a ten year term. This followed on from the Scottish Government eCount project, a particularly proud moment for our substantially Glasgow-based team. Idox has a unique capability in this area with a proven track record compared to its competition and our reputation has attracted interest from overseas partners to pitch for elections counts internationally. We are currently in the middle of delivering the EU Referendum, having delivered the Scottish Government, Council and Police Commissioner elections in May.

The Group continued to make good progress with its digital services platform and extended the solutions using the platform. It provided integration services for the Scottish Online Planning system – with over 72% of all planning applications in Scotland being delivered online and being brokered through our systems. The use of iApply for Planning and Building Control continues to expand and we are on target to launch iApply for Licensing in the second half. The platform is also supporting delivery of our new mobile applications with new products launched in the period for Building Control & Environmental Health Inspection and more to be released in the second half.

Facilities Management had a particularly strong start to the year winning 14 contracts and delivering year-on-year revenue growth of 30%. This was achieved through increased cross-selling into our existing Education, Central and Local Government customer base.

Grants

The Grants business, where there has been investment for growth, reported a near 18% growth in revenues compared to the first half of 2015 with gains across the board.

Compliance

Compliance had a relatively slow start to the year after its strong finish last year, due to a change in sales mix, but has made good progress on its strategic initiatives. It launched sales in the North American market with a first major contract win in Canada with our partners WSP Parsons Brinckerhoff. It also launched a new product in conjunction with our legal partner Freshfields LLP in the UK. The team also continues to be actively involved in the development of the International ISO 19600 Compliance Management System for large businesses.

Reading Room

Reading Room, our newly acquired digital change web consultancy, has had a strong outturn given the significant amount of restructuring, re-training and integration completed in the first six months. Against this backdrop it returned a profit in the six months some 50% higher than that for the whole of the previous year. Notable projects were the go live of Royal.UK, the official website of the Royal Family in the Queen's ninetieth year, and a modernised and more focused Arts Council website. Reading Room also began working with other Group businesses and is delivering transport portals for our other recent acquisition, Cloud Amber, as well as assisting in extending our capabilities in digital services and providing better user experience and customer journeys for our local authority client base.

Engineering Information Management (EIM)

Engineering showed year-on-year growth in revenues driven by further sales to EDF and our installed customer base spending on iterative change to deliver operational efficiency gains. We are seeking to capitalise on this with the launch of our new Onlink and Opidis add on products. The division has also signed its inaugural, and hoped first of many, reseller agreement with Amplexor in Canada.

Our technology

With the accelerated development of our digital services platform, new engineering operational solutions from our French company and increased capability in hosting and managed services, we continue to develop relevant solutions delivering savings, productivity gains, and a better user and operator experience for customers. As we further develop these capabilities and bolster our reputation as experts at digital change we continue to create opportunities for future growth.

Our markets

Public sector spending constraints continue to drive this market to consider new and innovative ways of doing things as well as encouraging further consolidation around core domain expert suppliers. The flat engineering market is now mirroring the public sector in focusing on enhancement and operational and digital changes to drive efficiency. Our ability to deliver efficiency gains and cost savings to customers leaves us well positioned to benefit from these market drivers.

Group strategy

Our intention is to continue Idox's transformation into a much larger business that is a market leader in its core markets. This will be achieved via a combination of organic growth and selective acquisitions, funded from the Group's cash flows and financial facilities. This is intended to deliver double digit annual growth with a short to medium term objective to grow the Group from its current £63m in annual revenue to £100m at sustainable margins.

Outlook

Following the strong first half performance, we have additional visibility of revenues from the European Referendum and a healthy pipeline and order book. These together with full year contributions from last year's acquisitions, means the Board is confident of at least meeting market expectations for the financial year as a whole.

Laurence Vaughan
Chairman
6 June 2016

Richard Kellett-Clarke
Chief Executive

Strategic Report

Chief Financial Officer's Review

"Group revenues grew by 26% to £37.2m (H1 2015: £29.6m) driven by organic growth of 5% and the impact of two acquisitions"

Jane Mackie, Chief Financial Officer

Jane Mackie
Chief Financial Officer

Financial Review

Group revenues grew by 26% to £37.2m (H1 2015: £29.6m) driven by organic growth of 5% and the impact of two acquisitions Cloud Amber Ltd and Reading Room Ltd. 26% of Group revenues were generated outside of the UK (H1 2015: 34%) with a change in geographical mix due to the two acquisitions, which have a majority customer base in the UK. Gross profit earned increased 25% to £32.3m (H1 2015: £25.9m) and the Group saw a slight decrease in gross margin from 88% to 87% as a result of lower margin election print revenue related to May local elections and the EU Referendum. Earnings before interest, tax, amortisation, depreciation, restructuring, acquisition, corporate finance and share option costs ("Adjusted EBITDA") increased by 42% to £10.1m (H1 2015: £7.1m) with EBITDA margin increasing to 27% (H1 2015: 24%).

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 PSS division, which accounted for 55% of Group revenues (H1 2015: 57%), delivered revenues of £20.5m (H1 2015: £17.0m) due to 11% organic growth and the contribution of Cloud Amber. Product and services revenue grew by 25% (organic: 8%) to £8.1m (H1 2015: £6.5m). Election revenues accounted for £4.1m (H1 2015: £2.2m) of PSS revenues with the division delivering on the Scottish eCount project, May local elections and preparation work on the EU Referendum. Recurring revenues within the PSS division were 40% (H1 2015: 49%) decreasing due to the contribution of election revenue in the period. Divisional Adjusted EBITDA increased by 27% to £7.9m (H1 2015: £6.2m), delivering a 39% EBITDA margin (H1 2015: 37%).

The EIM division accounted for 18% of Group revenues (H1 2015: 21%) with revenue increasing 10% to £6.8m (H1 2015: £6.2m). Recurring revenues within the EIM division were 58% (H1 2015: 61%) decreasing slightly due to an improvement in licence sales. Adjusted EBITDA for the EIM business increased to £1.2m (H1 2015: (£0.17m)). EBITDA margin increased to 17% (H1 2015: (3%)) reflecting the restructuring in the division carried out in 2015 and organic revenue growth in the period.

The Grants division saw double digit revenue growth in the period of 18%. The Compliance division had a decrease in revenues from £3.5m to £2m due to a change in sales mix. There was initial revenue contribution in the period from Reading Room of £4.5m.

"iApply helps us hit our targets. Receiving submissions electronically means that we can turn notices around and approve them in less than 24 hours, ensuring our timeframe is drastically reduced, which improves the customer experience."

Les Chapman MRICS MCIM, Head of Building Control, NYBCP

Strategic Report

Chief Financial Officer's Review continued

> "The Group's balance sheet continued to strengthen during the period and at 30 April 2016 net assets were £59m compared to £48.8m at 30 April 2015."

Profit before tax

Adjusted EBITDA increased 42% to £10.1m (H1 2015: £7.1m). Cost of sales increased 16% excluding acquisitions with part of this increase due to higher election print costs on the prior period. Administrative expenses increased by 10% to £25.2m (H1 2015: £22.9m) or excluding acquisitions decreased by 10%. Staff costs increased by 15% to £17.4m (H1 2015: £15.1m) or excluding acquisitions decreased by 9% due to the restructuring carried out in the EIM division in 2015.

Finance income decreased to £0.03m (H1 2015: £0.59m) as the prior period includes £0.4m of exchange gain on translation of intercompany balances. Financing costs increased 20% to £0.6m (H1 2015: £0.5m) and includes interest payable of £0.42m (H1 2015: £0.36m).

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	6 months to 30 April 2016 (unaudited) £000	6 months to 30 April 2015 (unaudited) £000	12 months to 31 October 2015 (audited) £000
Profit before tax for the period	6,536	3,062	9,763
Add back:			
Amortisation on acquired intangibles	1,782	2,016	3,778
Acquisition credits	(668)	(143)	(34)
Restructuring costs	209	841	1,025
Adjusted profit for the period	7,859	5,776	14,532

Reported profit before tax increased 110% to £6.5m (H1 2015: £3.1m). Restructuring charges of £0.2m (H1 2015: £0.8m) relates to the integration of Reading Room. Acquisition credts of £0.7m include £0.7m income relating to an adjustment to the final consideration for Cloud Amber.

The Group continues to invest in developing innovative technology solutions and has incurred capitalised Research and Development costs of £0.97m (H1 2015: £0.42m). Research and Development costs expensed in the period were £1.7m (H1 2015: £2.5m).

Taxation

The Group's effective tax rate for the period was 7% compared to 20% for 2015. The decrease in the effective rate of tax is a result of four main factors; large share option exercises in the period, the write-off of an element of deferred consideration, the decrease in the deferred tax rate to 18% and repayment of tax following amended FY13 R&D claims. Unrelieved trading losses of £2.7m from overseas, mainly in the US, remain available to offset against future taxable trading profits in the relevant jurisdictions. The Board believes that the Group will benefit from these tax losses in the future.

Earnings per share and dividends

Adjusted earnings per share increased to 1.97p (H1 2015 restated: 1.26p). Diluted adjusted earnings per share increased to 1.85p (H1 2015 restated: 1.23p).

Basic earnings per share increased to 1.71p (H1 2015: 0.65p). Diluted earnings per share increased to 1.61p (H1 2015: 0.64p).

The Board proposes an interim dividend of 0.35p. The interim dividend will be paid on 19 October 2016 to shareholders on the register at 7 October 2016.

Balance sheet and cashflows

The Group's balance sheet continued to strengthen during the period and at 30 April 2016 net assets were £59.0m compared to £48.8m at 30 April 2015.

Cash generated from operating activities before tax as a percentage of Adjusted EBITDA was 145% (H1 2015: 149%).

The Group ended the period with net debt of £13.9m (H1 2015: £9.7m; 31 October 2015: £23.2m), after utilising the facility for the acquisition of Cloud Amber (£3.75m) and Reading Room (£5.6m) since H1 2015. The Group's total signed debt facilities at 30 April 2016 stood at £37.5m, a combination of a £14.5m term loan and £23m revolving credit facility, split £23.4m the Royal Bank of Scotland and £14.1m Silicon Valley Bank.

Deferred income, representing invoiced maintenance and SaaS contracts yet to be recognised in revenue, stood at £20.6m at 30 April 2016 (H1 2015: £19.7m). Accrued income, representing future cash flows, increased to £15.1m (H1 2015: £9.1m; 31 October 2015: £13.2m). The increase in accrued income since year end is attributable to an increase from the Scottish Government eCount project (£1.2m) and the EU Referendum work (£0.6m).

Jane Mackie

Chief Financial Officer

6 June 2016

Financial Statements

Consolidated Interim Statement of Comprehensive Income

For the six months ended 30 April 2016

	Note	6 months to 30 April 2016 (unaudited) £000	6 months to 30 April 2015 (unaudited) £000	12 months to 31 October 2015 (audited) £000
Revenue	3	37,209	29,581	62,575
Cost of sales		(4,907)	(3,638)	(6,684)
Gross margin		32,302	25,943	55,891
Administrative expenses		(25,164)	(22,959)	(45,347)
Operating profit		7,138	2,984	10,544
Analysed as:				
Earnings before depreciation, amortisation, restructuring costs, acquisition costs, corporate finance costs and share option costs		10,132	7,142	18,215
Depreciation		(241)	(383)	(785)
Amortisation		(2,847)	(2,790)	(5,480)
Restructuring costs		(209)	(841)	(1,025)
Acquisition credits		668	143	34
Corporate finance costs		(8)	1	–
Share option costs		(357)	(288)	(415)
Finance income		27	586	445
Finance costs		(629)	(508)	(1,226)
Profit before taxation		6,536	3,062	9,763
Income tax expense	4	(458)	(748)	(1,934)
Profit for the period		6,078	2,314	7,829
Other comprehensive income for the period				
Items that will be reclassified subsequently to profit or loss:				
Exchange gains/(losses) on retranslation of foreign operations		120	(435)	(276)
Other comprehensive income for the period, net of tax		120	(435)	(276)
Total comprehensive income for the period attributable to owners of the parent		6,198	1,879	7,553
Earnings per share attributable to owners of the parent during the period				
Basic earnings per share	5	1.71p	0.65p	2.21p
Diluted earnings per share	5	1.61p	0.64p	2.10p

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

Consolidated Interim Balance Sheet

At 30 April 2016

	At 30 April 2016 (unaudited) £000	At 30 April 2015 restated (unaudited) £000	At 31 October 2015 (audited) £000
ASSETS			
Non-current assets			
Property, plant and equipment	1,041	777	1,077
Intangible assets	74,174	65,270	74,812
Deferred tax assets	1,841	1,996	1,649
Other receivables	5,631	2,550	4,956
Total non-current assets	82,687	70,593	82,494
Current assets			
Trade and other receivables	30,771	24,395	26,713
Cash and cash equivalents	11,402	9,005	4,084
Total current assets	42,173	33,400	30,797
Total assets	124,860	103,993	113,291
LIABILITIES			
Current liabilities			
Trade and other payables	7,561	5,767	7,109
Other liabilities	27,610	25,455	19,083
Provisions	33	23	29
Current tax	1,713	1,543	1,815
Borrowings	3,547	4,447	2,428
Total current liabilities	40,464	37,235	30,464
Non-current liabilities			
Deferred tax liabilities	3,607	3,644	4,357
Borrowings	21,750	14,274	24,831
Total non-current liabilities	25,357	17,918	29,188
Total liabilities	65,821	55,153	59,652
Net assets	59,039	48,840	53,639
EQUITY			
Called up share capital	3,622	3,587	3,587
Capital redemption reserve	1,112	1,112	1,112
Share premium account	12,291	11,741	11,741
Treasury reserve	(1,258)	(1,271)	(1,271)
Shares option reserve	1,985	1,772	1,900
Merger reserve	1,294	1,294	1,294
ESOP trust	(260)	(239)	(242)
Foreign currency translation reserve	(118)	(397)	(238)
Retained earnings	40,371	31,241	35,756
Total equity	59,039	48,840	53,639

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

Financial Statements

Consolidated Interim Statement of Changes in Equity

For the six months ended 30 April 2016

	Called up share capital £000	Capital redemption reserve £000	Share premium account £000
Balance at 1 November 2014 (audited)	3,587	1,112	11,741
Share options granted	–	–	–
Transfer on exercise of share options	–	–	–
Purchase of treasury shares	–	–	–
Deferred tax movement on share options	–	–	–
Equity dividends paid	–	–	–
ESOP trust	–	–	–
Transactions with owners	–	–	–
Profit for the period	–	–	–
Other comprehensive income			
Exchange losses on retranslation of foreign operations	–	–	–
Total comprehensive income for the period	–	–	–
At 30 April 2015 (unaudited)	3,587	1,112	11,741
Share options granted	–	–	–
Deferred tax movement on share options	–	–	–
ESOP trust	–	–	–
Equity dividends paid	–	–	–
Transactions with owners	–	–	–
Profit for the period	–	–	–
Other comprehensive income			
Exchange gains on retranslation of foreign operations	–	–	–
Total comprehensive income for the period	–	–	–
Balance at 31 October 2015 (audited)	3,587	1,112	11,741
Issue of share capital	35	–	550
Share options granted	–	–	–
Transfer on exercise of share options	–	–	–
Equity dividends paid	–	–	–
Deferred tax movement on share options	–	–	–
ESOP trust	–	–	–
Transactions with owners	35	–	550
Profit for the period	–	–	–
Other comprehensive income			
Exchange gains on retranslation of foreign operations	–	–	–
Total comprehensive income for the period	–	–	–
At 30 April 2016 (unaudited)	3,622	1,112	12,291

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

Treasury reserve £000	Share options reserve £000	Merger reserve £000	ESOP trust £000	Foreign currency retranslation reserve £000	Retained earnings £000	Total £000
(1,001)	1,636	1,294	(213)	38	30,396	48,590
–	182	–	–	–	–	182
–	(46)	–	–	–	–	(46)
(270)	–	–	–	–	–	(270)
–	–	–	–	–	43	43
–	–	–	–	–	(1,512)	(1,512)
–	–	–	(26)	–	–	(26)
(270)	136	–	(26)	–	(1,469)	(1,629)
–	–	–	–	–	2,314	2,314
–	–	–	–	(435)	–	(435)
–	–	–	–	(435)	2,314	1,879
(1,271)	1,772	1,294	(239)	(397)	31,241	48,840
–	128	–	–	–	–	128
–	–	–	–	–	156	156
–	–	–	(3)	–	–	(3)
–	–	–	–	–	(1,156)	(1,156)
–	128	–	(3)	–	(1,000)	(875)
–	–	–	–	–	5,515	5,515
–	–	–	–	159	–	159
–	–	–	–	159	5,515	5,674
(1,271)	1,900	1,294	(242)	(238)	35,756	53,639
–	–	–	–	–	–	585
–	355	–	–	–	–	355
13	(270)	–	(6)	–	259	(4)
–	–	–	–	–	(1,885)	(1,885)
–	–	–	–	–	163	163
–	–	–	(12)	–	–	(12)
13	85	–	(18)	–	(1,463)	(798)
–	–	–	–	–	6,078	6,078
–	–	–	–	120	–	120
–	–	–	–	120	6,078	6,198
(1,258)	1,985	1,294	(260)	(118)	40,371	59,039

Financial Statements

Consolidated Interim Statement of Cash Flows

For the six months ended 30 April 2016

	6 months to 30 April 2016 (unaudited) £000	6 months to 30 April 2015 (unaudited) £000	12 months to 31 October 2015 (audited) £000
Cash flows from operating activities			
Profit for the period before taxation	6,536	3,062	9,763
Adjustments for:			
Depreciation	241	383	785
Amortisation	2,847	2,790	5,480
Acquisition credits	(722)	–	(156)
Finance income	(27)	(118)	(135)
Finance costs	462	446	892
Debt issue costs amortisation	50	50	100
Share option costs	356	182	309
Movement in receivables	(4,549)	(5,938)	(7,070)
Movement in payables	9,438	9,764	(225)
Cash generated by operations	14,632	10,621	9,743
Tax on profit paid	(1,337)	(920)	(1,670)
Net cash from operating activities	13,295	9,701	8,073
Cash flows from investing activities			
Acquisition of subsidiaries	–	–	(9,350)
Cash acquired on acquisition of subsidiaries	–	–	433
Purchase of property, plant & equipment	(274)	(226)	(559)
Purchase of intangible assets	(1,980)	(752)	(1,826)
Finance income	27	118	135
Net cash used in investing activities	(2,227)	(860)	(11,167)
Cash flows from financing activities			
Interest paid	(445)	(230)	(579)
New loans	2,000	2,000	13,000
Loan related costs	(42)	(89)	(178)
Loan repayments	(4,011)	(5,019)	(7,538)
Equity dividends paid	(1,885)	(1,512)	(2,668)
Purchase of own shares	(18)	(342)	(344)
Sale of own shares	585	–	–
Net cash flows used in financing activities	(3,816)	(5,192)	1,693
Net movement on cash and cash equivalents	7,252	3,649	(1,401)
Cash and cash equivalents at the beginning of the period	4,084	5,855	5,855
Exchange gains/(losses) on cash and cash equivalents	66	(499)	(370)
Cash and cash equivalents at the end of the period	11,402	9,005	4,084

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 2016

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 quoted 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 2016 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 2015 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 2016. The Group financial statements for the year ended 31 October 2015 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.

Restatement of comparatives

The Group have restated the consolidated balance sheet for 2015 to reflect a change in the amounts recoverable on contracts which are receivable in greater than one year. Amounts recoverable on contracts are included in trade and other receivables and represent revenue recognised in excess of payments on account. The Group have classified £641k from current assets to non-current assets following a review of 2015 balances.

The Group have revised the adjusted earnings per share calculation to conform to common practice within the industry. The calculation now adjusts for amortisation on acquired intangibles, acquisition costs, restructuring costs and the tax effect on these. This was first applied in the Group's statutory financial statements for the year ended 31 October 2015. The impact of this is a reduction in the period to 30 April 2015 adjusted EPS from 1.49p to 1.26p and a reduction in the adjusted diluted EPS from 1.46p to 1.23p.

3. 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 30 April 2016 the Group is primarily organised into five operating segments, which are detailed below. Segmental analysis for the comparative period to 30 April 2015 has been restated to show results for all five business segments.

Financial information is reported to the chief operating decision maker, which comprises 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
- Reading Room (RR) – 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.

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Notes to the Interim Consolidated Financial Statements continued

For the six months ended 30 April 2016

3. SEGMENTAL ANALYSIS continued

The segment revenues by geographic location were as follows:

	6 months to 30 April 2016 £000	6 months to 30 April 2015 £000
Revenues from external customers:		
United Kingdom	27,677	19,569
North America	2,929	3,205
Europe	5,692	6,179
Australia	459	240
Rest of World	452	388
	37,209	29,581

The segment results for the 6 months to 30 April 2016 were:

	PSS £'000	EIM £'000	GRS £'000	COMP £'000	RR £'000	Total £000
Revenue	20,526	6,751	3,467	1,985	4,480	37,209
Profit before interest, tax, depreciation, amortisation, share option costs, acquisition costs and restructuring costs	7,908	1,175	556	(189)	682	10,132
Adjusted segment operating profit	6,409	499	343	(387)	306	7,170
Finance income						27
Finance costs						(629)
Unallocated corporate finance costs						(32)
Profit before Tax						6,536

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

	PSS £'000	EIM £'000	GRS £'000	COMP £'000	RR £'000	Total £000
Revenue	16,979	6,150	2,928	3,524	–	29,581
Profit before interest, tax, depreciation, amortisation, share option costs, acquisition costs and restructuring costs	6,206	(171)	525	582	–	7,142
Adjusted segment operating profit	3,802	(1,164)	63	282	–	2,983
Finance income						586
Finance costs						(508)
Unallocated corporate finance costs						1
Profit before Tax						3,062

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	6 months to 30 April 2016 (unaudited) £000	6 months to 30 April 2015 (unaudited) £000	12 months to 31 October 2015 (audited) £000
Current tax			
Corporation tax on profits for the period	1,355	1,140	2,310
Foreign tax on overseas companies	184	333	498
Over provision in respect of prior periods	(334)	(4)	(259)
Total current tax	1,205	1,469	2,549
Deferred tax			
Origination and reversal of timing differences	(550)	(759)	(555)
Adjustment for rate change	(195)	38	–
Adjustments in respect of prior periods	(2)	–	(60)
Total deferred tax	(747)	(721)	(615)
Total tax charge	458	748	1,934

Unrelieved trading losses of £nil in the UK and £2,699,000 overseas remain available to offset against future taxable trading profits (excluding unrecognised overseas losses of £139,000).

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 2016 (unaudited) £000	6 months to 30 April 2015 restated (unaudited) £000	12 months to 31 October 2015 (audited) £000
Profit for the period	6,078	2,314	7,829
Basic earnings per share			
Weighted average number of shares in issue	356,283,980	354,847,015	354,730,817
Basic earnings per share	1.71p	0.65p	2.21p
Diluted earnings per share			
Weighted average number of shares in issue used in basic earnings per share calculation	356,283,980	354,847,015	354,730,817
Dilutive share options	21,691,469	8,695,769	17,234,828
Weighted average number of shares in issue used in dilutive earnings per share calculation	377,975,449	363,542,784	371,965,645
Diluted earnings per share	1.61p	0.64p	2.10p

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Notes to the Interim Consolidated Financial Statements continued

For the six months ended 30 April 2016

5. EARNINGS PER SHARE continued

Adjusted earnings per share	6 months to 30 April 2016 (unaudited) £000	6 months to 30 April 2015 restated (unaudited) £000	12 months to 31 October 2015 (audited) £000
Profit for the period	6,078	2,314	7,829
Add back:			
Amortisation on acquired intangibles	1,782	2,016	3,778
Acquisition credits	(668)	(143)	(34)
Restructuring costs	209	841	1,025
Tax effect	(398)	(571)	(961)
Adjusted profit for the period	7,003	4,457	11,637
Adjusted basic earnings per share	1.97p	1.26p	3.28p
Adjusted diluted earnings per share	1.85p	1.23p	3.13p

6. DIVIDENDS

During the period a dividend was paid in respect of the year ended 31 October 2015 of 0.525p per ordinary share at a total cost of £1,885,000 (2014: 0.425p, £1,512,000).

A dividend of 0.35p per ordinary share at a total cost of £1,267,000 has been proposed in respect of the interim period ended 30 April 2016 (H1 2015: 0.325p, £1,156,000).

7. ACQUISITIONS

Cloud Amber Limited

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 8th 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.

Independent Review Report to Idox plc

For the six months ended 30 April 2016

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 2016 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 2016 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

6 June 2016

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Company Information

For the six months ended 30 April 2016

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 2016 Annual Report – December 2016

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