

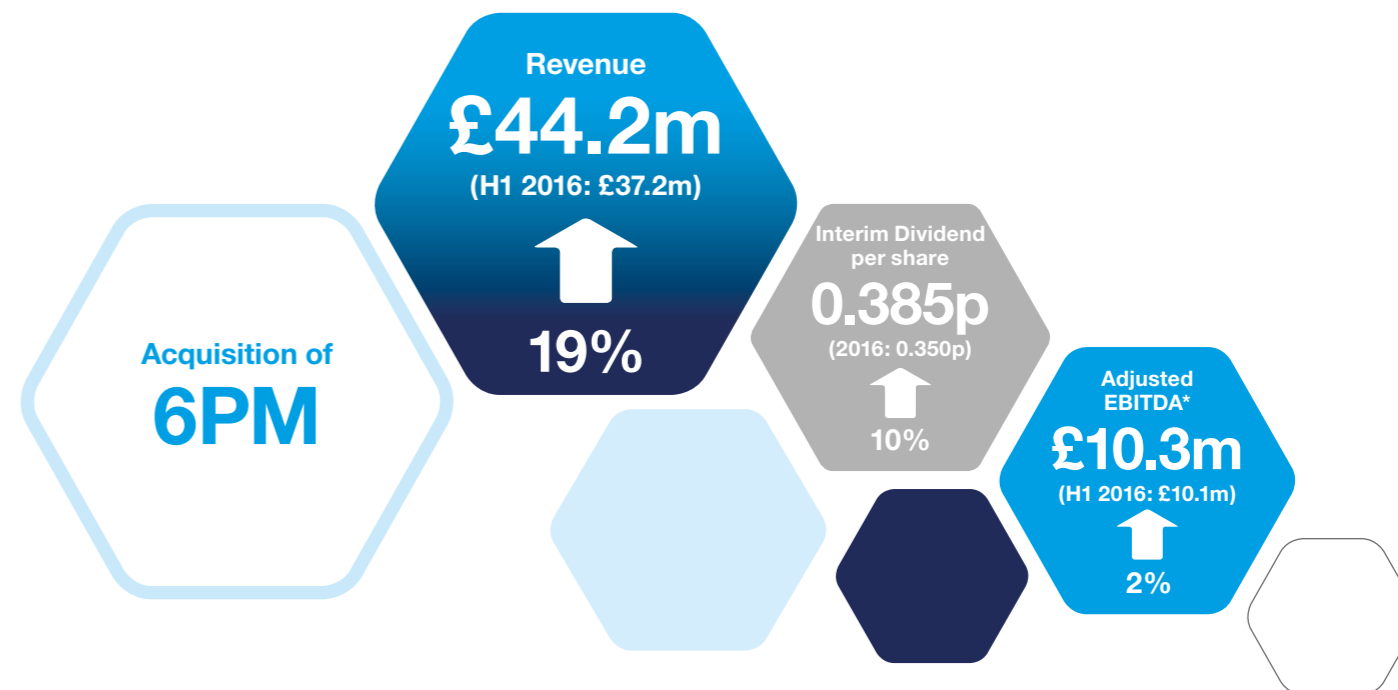


Interim Report & Accounts 2017





Financial and Operational Highlights



Financial Highlights

- Revenues up 19% to £44.2m (H1 2016: £37.2m), benefiting from first time half year contributions from three recent acquisitions
- Adjusted EBITDA* increased 2% to £10.3m (H1 2016: £10.1m)
- Profit before tax was £4.1m** (H1 2016: £6.5m)
- Basic EPS 0.87p (H1 2016 1.71p)
- Adjusted profit before tax*** £6.9m (H1 2016: £7.9m), reflecting increased investment and finance costs
- Adjusted EPS*** 1.46p (H1 2016: 1.97p)
- Cash generated from operating activities before tax as a percentage of Adjusted EBITDA was 116% (H1 2016: 145%)
- Net debt as at 30 April 2017 was £28.2m (H1 2016 £13.9m; 31 October 2016: £25.0m); including £5.4m cash paid to vendors in H2 2016 acquisitions and £11.6m bond from 6PM acquisition
- Interim dividend of 0.385p (2016: 0.350p) up 10%

Operational Highlights

- Solid progress in line with our expectations: on track for full year
- Strategic focus on, and continued investment in, public sector
- New digital services platform, enabled by recent acquisitions, underpinning public sector focus and future growth
- Initial contributions from recent acquisitions – integrations on track
- First time contribution from Idox Health (formerly 6PM), integration progressing and is trading in line with acquisition expectations

Current trading

- Visibility of revenues from the UK General Election and a healthy pipeline and order book
- Full second half contributions from 2016-17 acquisitions (including Idox Health)
- Further progress with digital services platform now offering 30 citizen-centric services
- Recent contract wins and a strong pipeline of orders

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For more information see www.idoxplc.com

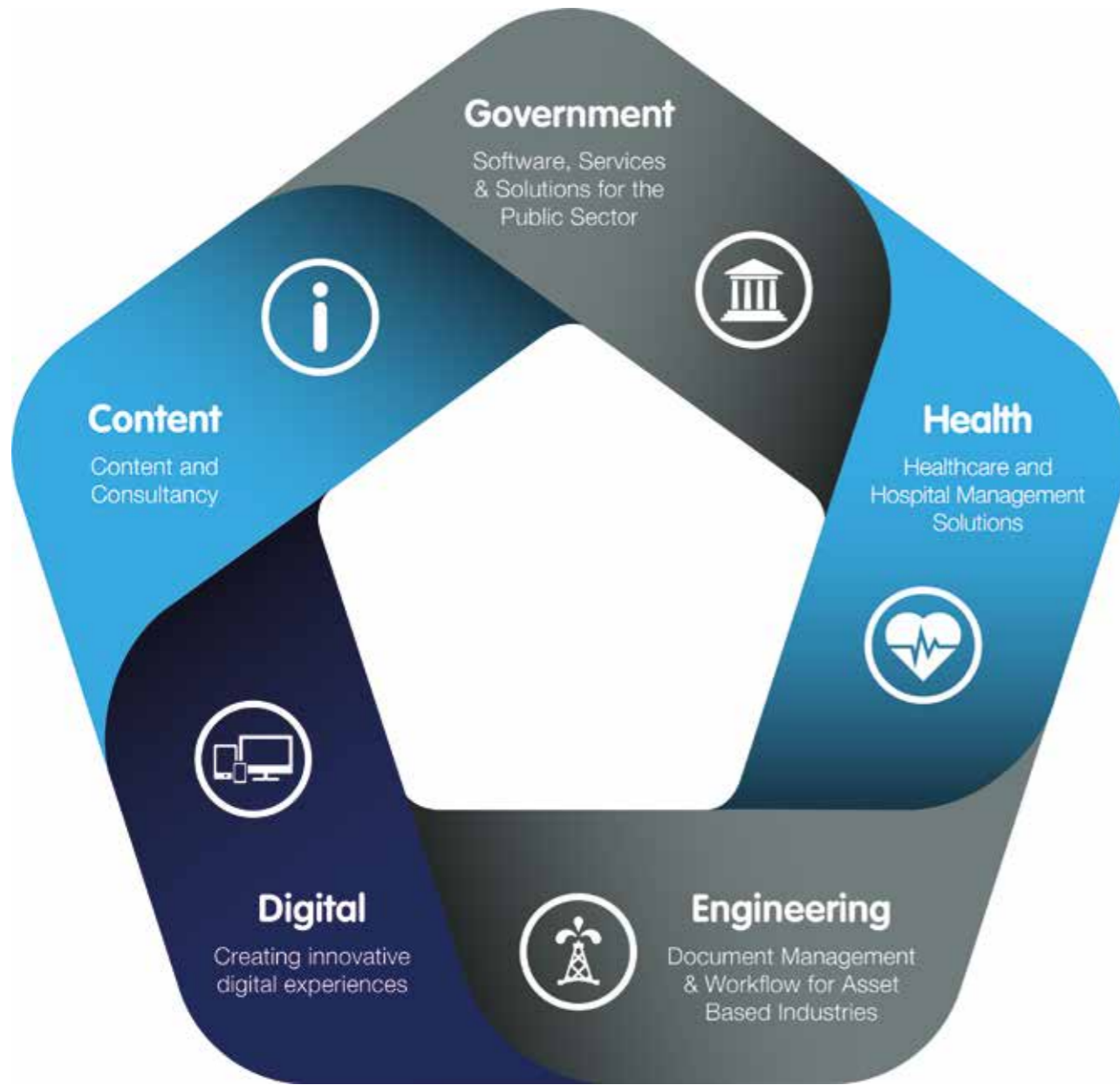


* Adjusted EBITDA is defined as earnings before amortisation, depreciation, restructuring, acquisition, corporate finance and share option costs

** Includes £0.1m acquisition credit

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

Our Company at a Glance

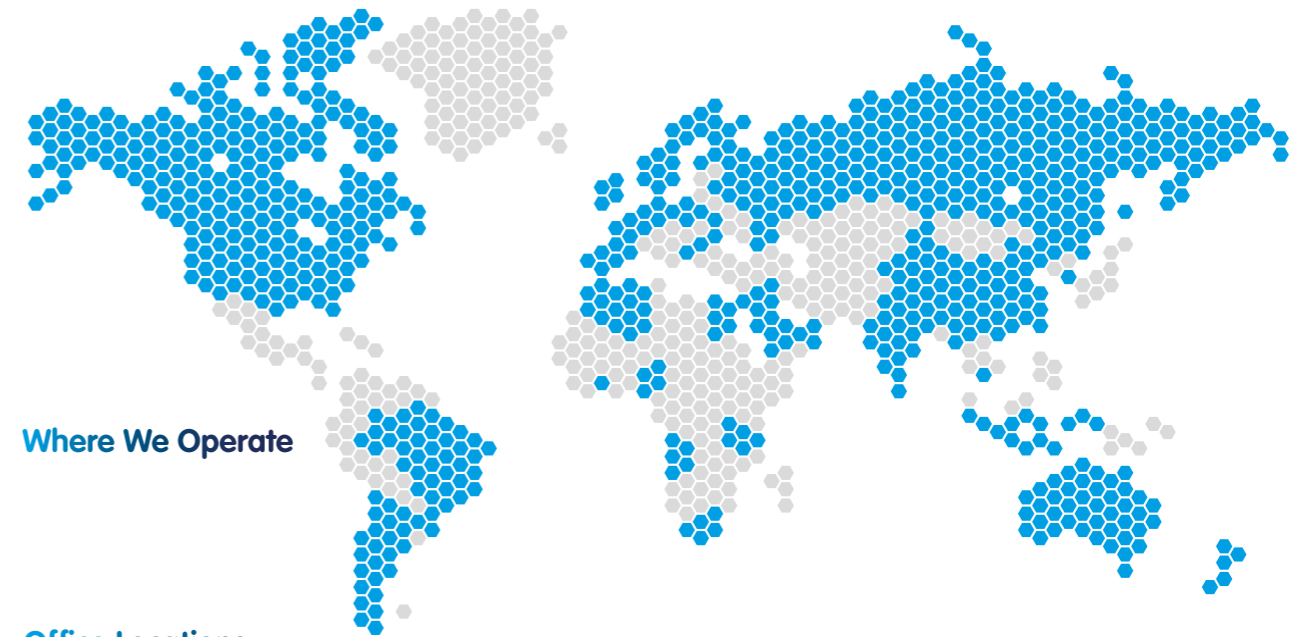


As a leading supplier of software, services and content to a customer base spanning both the UK and international markets, Idox is committed to transforming the way organisations operate for the better.

We support our customers by delivering solutions that provide the right tools, at the right time, to enable better service delivery and business efficiency across a number of sectors.

Our core areas of operation include Public Services, Engineering, Funding, Commercial and Digital, with broad and demonstrable capabilities and expertise that have supported – and continue to support – a wide range of customers including government departments and agencies, local government, the police and emergency services, health and social care, transport, education and commercial organisations.

Idox is committed to helping the public sector to strengthen, grow and thrive. As a trusted partner for over 30 years, we serve the public sector organisations that are adapting and enhancing services today to deliver tangible benefits and outcomes that achieve the vision of a sustainable, efficient and digitally transformed world of the future.



Where We Operate

Office Locations

United Kingdom

Burton on Trent, UK
Cambridge, UK
Derry, N.Ireland
Glasgow, UK
Liverpool, UK
London, UK
Manchester, UK
Theale, UK
Wilmslow, UK

Europe

Berlin, Germany
Brussels, Belgium
Birkirkara, Malta
Goor, Holland
Limerick, Ireland
Paris, France
Rennes, France
Skopje, Macedonia
Utrecht, Holland

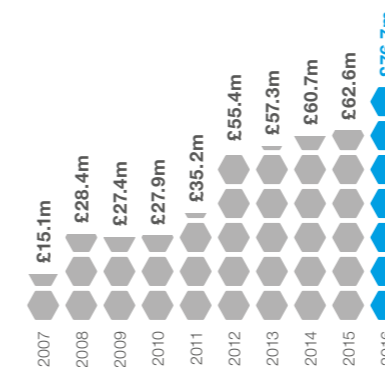
Rest of the World

Houston, USA
Pune, India

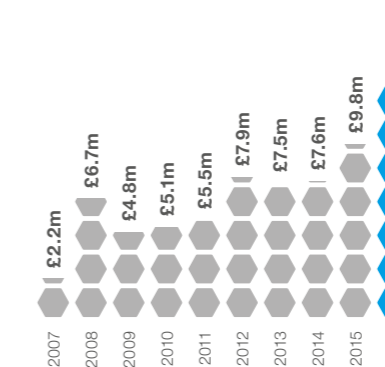


10 Years Performance

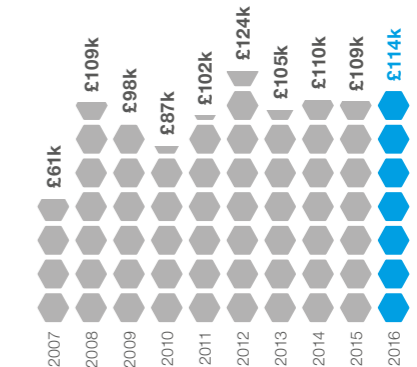
Revenue



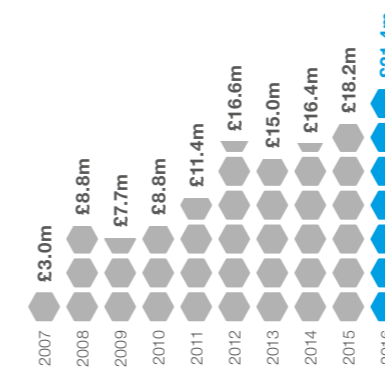
Profit before tax



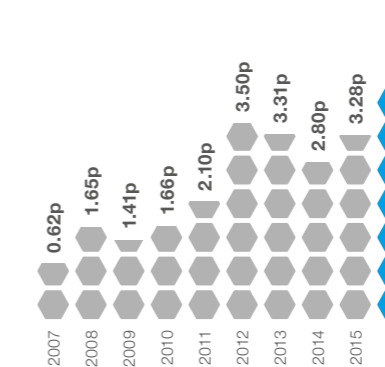
Revenue per head



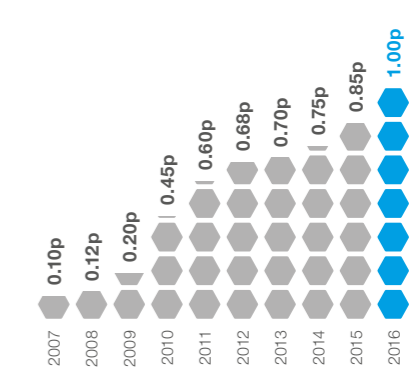
Adjusted EBITDA



Adjusted EPS



Dividend per share



Chairman's and Chief Executive's Statement



Laurence Vaughan
Chairman



Andrew Riley
Chief Executive Officer

Results

The Board is pleased to report solid progress in the first half, in line with our expectations and slightly ahead of last year. Our strong revenue growth of 19% reflects the recent acquisitions including a first-time contribution from 6PM (acquired February 2017), and debut first half contributions from Open Objects and Rippleffect (both acquired in H2 2016).

Idox has also successfully continued its strategy to focus on the public sector, which as a market now accounts for 73% of Group revenues. The acquisitions of Reading Room and Rippleffect, now fully integrated into the new Digital Division, have successfully accelerated our expansion to becoming a digital solution provider, delivering common technology across the Group and supporting the release of several new products and services that are generating returns and will help underpin a successful full year.

The first half has seen strong performances from our Local Government and Grants businesses. The Engineering business has maintained its improved performance and Compliance has improved significantly over the same time last year.

A key feature of the year as a whole will be our elections activity; as anticipated, the first half of the year was less active than the same period last year, whereas the second half of the year will benefit from this week's UK General Election - providing further confidence in our second half performance.

We continue to deliver operational efficiencies. Following the appointment of a new Chief Executive and in-line with our public sector refocus, the business structure and reporting lines are in the process of being simplified and further operational synergies being realised; we are consolidating our UK business operations into three main locations (Glasgow, Liverpool and London) with several smaller offices being closed both in the UK and overseas.

The work of the first half of the year provides a strong foundation for future growth, not only for the remainder of this financial year but in the longer term. With the Board's expectation that recurring and repeating revenues will account for over 82% of annual revenues, the launch and early adoptions by customers of our new product portfolio and a

continued focus on driving efficiencies, we are confident in both the short and longer term prospects for the business.

Acquisition

During the period, the Group acquired 6PM Holdings plc which delivers healthcare solutions, principally to the NHS within the UK, using a combination of proprietary software, infrastructure, and professional services that enables healthcare organisations to enhance and optimise efficiency. This acquisition supports the Group's strategy of expanding its health and social care presence.

6PM has made good progress since acquisition, integration is proceeding well, trading is in line with expectations and the business has secured several encouraging contract wins.

Interim Dividend

The Board is pleased to declare an interim dividend of 0.385p representing an increase of 10% over the previous year's dividend of 0.35p. This increase is consistent with our progressive dividend policy to grow dividends in line with earnings growth and reflects our confidence in the Group's full year prospects.

Divisional Review

Public Sector

The Public Sector division (comprising local government, elections, facilities management and transport) delivered revenues of £20.6m (H1 2016: £20.5m). This performance included the benefit of a full six month contribution from Open Objects (it was acquired in the second half last year) but also reflects the expected lower elections revenues.

Through the Group's digital strategy, the business has launched a number of new solutions. The iApply platform now supports over 30 citizen services covering areas as diverse as taxi licensing, the management of housing of multiple occupation (HMOs) and waste collection. iApply is a "digital as a service" platform, where we deliver cloud-based multi-tenanted, transactional solutions that can be fully integrated with our back-office systems. The solutions can be delivered next day, delivering immediate savings and efficiencies to local councils across the UK.



"Lilie has been an excellent investment for Northumbria Healthcare Trust. It has helped us to drive the service, to modernise the service and to evaluate the service constantly so that it is never static or stale but it's an evolving services that meets the demands of the public."

Dr Helen McIlveen,
Clinical Lead of Sexual Health Services,
Northumbria Health NHS Foundation Trust

Chairman's and Chief Executive's Statement continued

The solution offers Pay-As-You-Go transactions, paid for by the end consumer, or alternatively a periodic fee paid by the local authority. We expect the breadth of citizen services supported by the iApply platform to gather pace and more than double from its current level by the end of this financial year. Using the same underlying technology and digital as a service platform, the division has also successfully launched a new suite of mobile products supporting remote working and employee safety.

Idox's digital service platform delivered over 60 million transactions, and revenues in H1 in excess of £2m, with uptake expected to increase in the second half of the year as the current order book is fulfilled and through conversion of the strong sales pipeline.

The business has continued to increase market share with new customer wins with Newport and Blaby councils.

Election revenues in the period were £2.3m (H1 16: £4.1m), reflective of lower first half election activity than in previous years; however, we successfully completed delivery of the Scottish Government e-count project where our market leading e-count product supported all 32 Scottish local authorities to count the vote. We have expanded our delivery of services for the 2017 UK General Election, with 10 additional customers contracted compared to the 2015 General Election. We continue our commercial activity to spread our elections services into Europe.

Digital

The focus during H1 has been on the integration of Rippleffect (acquired August 2016) into Reading Room to form the Idox Digital Division. This business has been completely restructured with significant synergies realised. Reflecting this period of reorganisation, revenues in the period were £7.6m (H1 2016: £4.8m).

In addition to supporting the accelerated delivery of our digital as a service platform, the division is supporting our wider public sector initiatives. In the first half of the year, the business successfully launched a new website for South Norfolk Council, with a radically new approach to delivering content rich web services to local authorities; we intend to offer this solution to our wider customer base over the next 18 months.

The business has also collaborated on several other initiatives across the Group including transport portals for Cornwall and Northamptonshire Councils and a number of micro sites for the London Borough of Newham. It will also launch a new Idox Group web presence in the second half of the year.

In addition to Idox Digital's work in the public sector, we have successfully delivered a new mobile enabled website for Skoda UK and Taylor Wimpey.

Grants

Grants revenues in the period were £3.6m (H1 2016: £3.2m), up 13% on the same period last year. We continue to see expansion of both consultancy and content services, with the most significant growth coming from the sale of our research funding platform for universities across Europe.

Utilising our digital service platform, grant content services will be launched in the second half of the year utilising a Pay-As-You-Go model.

Compliance

We have made good progress in addressing the performance challenges of the last financial year. Revenues increased by 20% to £2.4m (H1 2016: £2.0m).

Key sales in the period include Voestalpine, Cologne Transport Authority and Pennon Group plc.

Based on development activity in the first half, Compliance will be launching several new initiatives during the second half. In response to the new General Data Protection Regulation, we will be launching a package of compliance training programmes for sale to the UK public sector and our new Pay-As-You-Go platform, building on the digital service platform, will be launched focusing on the SME markets.

We expect Compliance to continue to improve its performance in the second half.

Engineering

The improved performance last year has been maintained, with a relatively stable contribution to revenues of £6.6m (H1 2016: £6.8m).

We have seen new contract wins with CNRL to support their acquisition of the Athabasca Oil Sands operation from Shell and adoption of our new defect management tool by the PM group. The stabilised oil price and positive messages from the US government have seen greater confidence amongst our oil and gas customers and we are seeing increased tender activities for new projects across all the geographies in which we operate.

Idox Health

Idox Health comprises our most recent acquisition, 6PM, and going forward will include the health operations of the wider Group. 6PM traded in line with our acquisition expectations with revenues of £3.4m. The integration is progressing well and is on target to be completed by the end of 2017. Following the acquisition in February 2017, there is an ongoing, internal restructuring and reorganisation exercise and we have carried out a restatement of 6PM's historic statutory accounts to align them with IFRS accounting standards.

Recent sales include tracking solutions for Derby, Doncaster, and Belfast. We are seeing encouraging early adoption of our StrokePad clinical systems, supported by investment from NHS England. StrokePad was developed in collaboration with leading cardiologists and uses the aggregation of data and information across a hospital to demonstrably improve stroke outcomes while also improving efficiency. There has also been further adoption of our Sexual Health clinical system especially within central London.

Early collaboration between Idox Health and the wider Group is also showing initial returns, especially in facilities management where we have seen sales to NHS trusts including East Cheshire, Northumberland, East Lancashire, East Sussex and the Royal Marsden.

Markets

We see no change in the outlook for our core markets. We continue to support our customers, both public sector and commercial, in delivering solutions that provide them with the efficiencies, regulatory compliance and improved customer experience they require.

We continue to be positive about both existing operations and the additional opportunities available to the Group during the run up to, and post, the UK's exit from the European Union. The Board continues to be confident that the Group will ultimately be a beneficiary due to our key role in implementing any resulting legislative changes within our core systems.

Growth strategy

The Board's objective is to continue to focus Idox on becoming a leading international supplier of software, services, managed services and content to the wide public sector in the UK and abroad.

We have made good progress in delivering our new digital transformation solutions in support of the channel shift and automation demanded by our core local government market and the wider public sector. We will continue to expand the Group both organically and through acquisition to further enable this.

We will continue to invest in developing solutions based on our digital service platform that maximise our existing and growing presence within the public sector as a whole, and which delivers a common technology and commercial opportunities for the Group.

Outlook

The work of the first half of the year provides a strong basis for future growth, not only in the remainder of this financial year, but over the longer term. With recurring and repeating revenues forecast to account for over 82% of annual revenues, the launch and early adoptions of our new product portfolio, the benefit of the General Election and a continued focus on driving efficiencies, the Board has confidence in both the short and longer term prospects for the Group and in maintaining guidance for the full year.

Laurence Vaughan

Chairman

5 June 2017

Andrew Riley

Chief Executive

“We have made solid progress in the first half. We have continued to refocus the business on the public sector, with significant investment in our digital services platform for future growth.”

“The outlook for the remainder of the year is encouraging and we have good visibility for our second half performance, which is expected to benefit from a number of positives, not least strong elections activity, the phasing of new contracts and the realisation of the benefits of acquisition and organic investment.”

Andrew Riley,
Chief Executive of Idox

Chief Financial Officer's Review



Jane Mackie
Chief Financial Officer

Financial Review

Group revenues grew by 19% to £44.2m (H1 2016: £37.2m) driven by the impact of three acquisitions; Open Objects providing social care software and services (July 2016), Rippleffect, a Digital Agency (August 2016) and 6PM providing software and services to the NHS (February 2017). 75% of Group revenues were generated in the UK (H1 2016: 74%) with the two acquisitions completed in 2016 having the majority of their customers based in the UK. Gross profit earned increased 15% to £37.1m (H1 2016: £32.3m) and the Group saw a slight decrease in gross margin from 87% to 84% as a result of lower margin election print revenue related to May 2017's local elections and the impact of a lower contribution from the Digital division. Earnings before interest, tax, amortisation, depreciation, restructuring, acquisition, corporate finance and share option costs ("Adjusted EBITDA") increased by 2% to £10.3m (H1 2016: £10.1m) with EBITDA margins decreasing to 23% (H1 2016: 27%).

Performance by segment

Following the acquisition of 6PM there has been an increase from five to six segments with the addition of Health which reflects the results of 6PM. Open Objects acquired in July 2016 is part of the PSS segment and Rippleffect acquired in August 2016 is part of the Digital segment.

The PSS division, which accounted for 47% of Group revenues (H1 2016: 55%), delivered revenues of £20.6m (H1 2016: £20.5m) and

included a contribution from Open Objects acquired in July 2016. Product and services revenue increased by 23% (or organically by 14%) to £10.0m (H1 2016: £8.1m). Election revenues accounted for £2.3m (H1 2016: £4.1m) of PSS revenues with the division delivering on the May local elections and preparation work on the General Election. Recurring revenues within the PSS division from maintenance and hosting were £8.3m (H1 2016: £8.3m). Recurring revenues represented 40% (H1 2016: 40%) of total PSS revenue. Divisional Adjusted EBITDA increased by 5% to £8.3m (H1 2016: £7.9m), delivering a 40% EBITDA margin (H1 2016: 39%).

The Digital division accounted for 17% of Group revenues (H1 2016: 13%) with revenue of £7.6m (H1 2016: £4.8m) and included Rippleffect acquired in August 2016.

The EIM division accounted for 15% of Group revenues (H1 2016: 18%) with revenue of £6.6m (H1 2016: £6.8m). Recurring revenues within the EIM division from maintenance and SaaS were 59% (H1 2016: 58%).

The Grants division in the UK and Netherlands saw double digit revenue growth in the period of 13% to £3.6m (H1 2016: £3.2m). Likewise the Compliance division in Germany and Belgium saw double digit revenue growth in the period of 20% to £2.4m (H1 2016: £2.0m).

Health contributed three months trading to the period, since the acquisition of 6PM in February 2017 with revenues of £3.4m.



"I have a personal history with Idox that spans over many years, companies and roles. I have always found the business agile and responsive to my business needs and the requirements of changing legislation. Our customers require a 24/7 service and Idox has enabled us to offer that."

Philip Skill,
Head of ICT & Lead Business Consultant,
Stroud District Council

Chief Financial Officer's Review continued



Profit before tax

Adjusted EBITDA increased 2% to £10.3m (H1 2016: £10.1m). Cost of sales increased 45% with 43% of the increase due to acquisitions in the period. Administrative expenses increased by 26% to £31.8m (H1 2016: £25.2m) or excluding acquisitions by 3%. Staff costs increased by 25% to £22.8m (H1 2016: £18.1m) or excluding acquisitions increased by 3%.

Finance costs have increased to £1.4m (H1 2016: £0.6m) due to the revaluation of the 6PM bond as at April 2017 (£0.6m) and an increase in interest payable to £0.6m (H1

2016: £0.4m) as a result of the 6PM bond. The Maltese Stock Exchange bond was issued in 2015 at a nominal value of €13m is repayable in 2025 and has a coupon rate of 5.1%.

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 Group. A full reconciliation between underlying profit and the profit attributable to shareholders is provided in the following table:

	6 months to 30 April 2017 (unaudited) £000	6 months to 30 April 2016 (unaudited) £000	12 months to 31 October 2016 (audited) £000
Adjusted profit before tax			
Profit before tax for the period	4,060	6,536	12,983
Add back:			
Amortisation on acquired intangibles	2,536	1,782	3,817
Acquisition credits	(79)	(668)	(404)
Restructuring costs	394	209	330
Adjusted profit for the period	6,911	7,859	16,726

Reported profit before tax decreased to £4.1m (H1 2016: £6.5m) as a result of higher amortisation and finance costs following the acquisition of 6PM. Further, the prior period benefited from a £0.7m credit to acquisition costs as the result of a decrease in the Cloud Amber earn out. Acquisition credits of £0.1m (H1 2016: £0.7m) relate to £0.1m of 6PM acquisition costs and a further £0.2m reduction in the earn out of Cloud Amber. Restructuring charges of £0.4m (H1 2016: £0.2m) relates to the restructuring of the Digital division following the acquisition of Rippleffect.

The Group continues to invest in developing innovative technology solutions and has incurred capitalised Research and Development costs of £1.9m (H1 2016: £1.0m). Research and Development costs expensed in the period were £2.7m (H1 2016: £1.7m).

Taxation

The Group's effective tax rate for the period was 16% compared to 9% for 2016. The increase in the effective rate of tax is a result of higher taxable profits in Europe and the unwinding of deferred tax on European and US losses, all of which were subjected to a higher rate of tax than the UK rate for the period of 19.83%.

A further increase to the effective tax rate was on account of the revaluation of the 6PM bond.

Unrelieved trading losses of £1.6m, mainly in the US, remain available to offset against future taxable trading profits in the relevant jurisdictions. Estimated unrelieved tax credits in Malta of £5.9m, brought into the Group following the 6PM acquisition, also remain available for future offset against trading profits. The Board believes that the Group will benefit from these tax losses and tax credits in the future.

Earnings per share and dividends

Adjusted earnings per share fell to 1.46p (H1 2016: 1.97p). Diluted adjusted earnings per share fell to 1.41p (H1 2016: 1.85p). Adjusted earnings per share was impacted in the period by increased finance costs following the acquisition of 6PM.

Basic earnings per share fell to 0.87p (H1 2016: 1.71p). Diluted earnings per share fell to 0.84p (H1 2016: 1.61p). Basic earnings per share fell due to the impact of the 6PM acquisition on; increased finance costs, increased amortisation on acquired intangibles and increased acquisition costs.

The Board proposes an interim dividend of 0.385p. The interim dividend will be paid on 18 October 2017 to shareholders on the register at 6 October 2017.

Balance sheet and cashflows

The Group's balance sheet continued to strengthen during the period and at 30 April 2017 net assets were £91.0m compared to £59.0m at 30 April 2016. This includes £35.1m relating to goodwill on acquisition and other intangibles of 6PM.

Cash generated from operating activities before tax as a percentage of Adjusted EBITDA was 116% (H1 2016: 145%).

The Group ended the period with net debt of £28.2m (H1 2016: £13.9m; 31 October 2016: £25.0m), after utilising the facility for the acquisition of Rippleffect (£2.0m) and Open Objects (£3.4m) since H1 2016 and taking on the 6PM bond of £11.6m since 31 October 2016.

The Group's total signed debt facilities at 30 April 2017 stood at £33.75m, a combination of a £10.75m term loan and £23m revolving credit facility, split £22.5m the Royal Bank of Scotland and £11.25m Silicon Valley Bank.

Deferred income, representing invoiced maintenance and SaaS contracts yet to be recognised in revenue stood at £25.4m at 30 April 2016 (H1 2016: £20.6m). Accrued income, representing future cash flows, increased to £20.5m (H1 2016: £15.1m; 31 October 2016: £18.8m). The increase in accrued income since year end is attributable to an increase from 6PM (£0.7m) and General Election activity (£0.7m).

Jane Mackie

Chief Financial Officer
5 June 2017

Consolidated Interim Statement of Comprehensive Income

For the six months ended 30 April 2017

	Note	6 months to 30 April 2017 (unaudited) £000	6 months to 30 April 2016 (unaudited) £000	12 months to 31 October 2016 (audited) £000
Revenue	3	44,203	37,209	76,739
Cost of sales		(7,131)	(4,907)	(10,138)
Gross profit		37,072	32,302	66,601
Administrative expenses		(31,830)	(25,164)	(52,316)
Operating profit		5,242	7,138	14,285
Analysed as:				
Earnings before depreciation, amortisation, restructuring costs, acquisition costs, corporate finance costs and share option costs		10,253	10,132	21,452
Depreciation		(507)	(241)	(584)
Amortisation		(3,968)	(2,847)	(6,052)
Restructuring costs		(394)	(209)	(330)
Acquisition credits		79	668	404
Corporate finance costs		(11)	(8)	(8)
Share option costs		(210)	(357)	(597)
Finance income		192	27	55
Finance costs		(1,374)	(629)	(1,357)
Profit before taxation		4,060	6,536	12,983
Income tax expense	4	(652)	(458)	(1,177)
Profit for the period		3,408	6,078	11,806
Non-controlling interest		(49)	–	–
Profit for the period attributable to the owners of the parent		3,359	6,078	11,806
Other comprehensive income for the period				
Items that will be reclassified subsequently to profit or loss:				
Exchange (losses)/gains on retranslation of foreign operations		(73)	120	295
Other comprehensive income for the period, net of tax		(73)	120	295
Total comprehensive income for the period attributable to owners of the parent		3,286	6,198	12,101
Earnings per share attributable to owners of the parent during the period				
Basic earnings per share	5	0.87p	1.71p	3.30p
Diluted earnings per share	5	0.84p	1.61p	3.18p

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

Consolidated Interim Balance Sheet

At 30 April 2017

	At 30 April 2017 (unaudited) £000	At 30 April 2016 (unaudited) £000	At 31 October 2016 (audited) £000
Non-current assets			
Investment property	718	–	–
Property, plant and equipment	1,507	1,041	1,115
Intangible assets	117,586	74,174	82,519
Investments	1,116	–	–
Deferred tax assets	3,682	1,841	2,114
Other receivables	6,200	5,631	6,094
Total non-current assets	130,809	82,687	91,842
Current assets			
Stock	358	–	–
Trade and other receivables	46,071	30,771	33,753
Cash and cash equivalents	5,739	11,402	3,787
Total current assets	52,168	42,173	37,540
Total assets	182,977	124,860	129,382
LIABILITIES			
Current liabilities			
Trade and other payables	13,082	7,561	7,643
Deferred consideration	1,850	478	478
Other liabilities	34,971	27,132	19,736
Provisions	44	33	39
Current tax	1,359	1,713	1,468
Borrowings	2,700	3,547	2,425
Total current liabilities	54,006	40,464	31,789
Non-current liabilities			
Deferred tax liabilities	6,741	3,607	4,351
Deferred consideration	–	–	1,600
Bonds	11,605	–	–
Borrowings	19,616	21,750	26,410
Total non-current liabilities	37,962	25,357	32,361
Total liabilities	91,968	65,821	64,150
Net assets	91,009	59,039	65,232
EQUITY			
Called up share capital	4,083	3,622	3,640
Capital redemption reserve	1,112	1,112	1,112
Share premium account	37,966	12,291	13,480
Treasury reserve	(1,244)	(1,258)	(1,244)
Share option reserve	2,209	1,985	2,222
Merger reserve	1,294	1,294	1,294
ESOP trust	(302)	(260)	(274)
Foreign currency translation reserve	(16)	(118)	57
Retained earnings	45,858	40,371	44,945
Non-controlling interest	49	–	–
Total equity	91,009	59,039	65,232

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 2017

	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	Minority interest £000	Total £000
Balance at 1 November 2015 (audited)	3,587	1,112	11,741	(1,271)	1,900	1,294	(242)	(238)	35,756	–	53,639
Issue of share capital	35	–	550	–	–	–	–	–	–	–	585
Share options granted	–	–	–	–	355	–	–	–	–	–	355
Transfer on exercise of share options	–	–	–	13	(270)	–	–	–	259	–	2
Deferred tax movement on share options	–	–	–	–	–	–	–	–	163	–	163
ESOP trust	–	–	–	–	–	–	(18)	–	–	–	(18)
Equity dividends paid	–	–	–	–	–	–	–	–	(1,885)	–	(1,885)
Transactions with owners	35	–	550	13	85	–	(18)	–	(1,463)	–	(798)
Profit for the period	–	–	–	–	–	–	–	–	6,078	–	6,078
Other comprehensive income											
Exchange gains on retranslation of foreign operations	–	–	–	–	–	–	–	120	–	–	120
Total comprehensive income for the period	–	–	–	–	–	–	–	120	6,078	–	6,198
At 30 April 2016 (unaudited)	3,622	1,112	12,291	(1,258)	1,985	1,294	(260)	(118)	40,371	–	59,039
Issue of share capital	18	–	1,189	–	–	–	–	–	–	–	1,207
Share options charge	–	–	–	–	242	–	–	–	–	–	242
Transfer on exercise of share options	–	–	–	–	(5)	–	–	–	–	–	(5)
Purchase of treasury shares	–	–	–	14	–	–	–	–	–	–	14
Deferred tax movement on share options	–	–	–	–	–	–	–	–	109	–	109
ESOP trust	–	–	–	–	–	–	(14)	–	–	–	(14)
Equity dividends paid	–	–	–	–	–	–	–	–	(1,263)	–	(1,263)
Transactions with owners	18	–	1,189	14	237	–	(14)	–	(1,154)	–	290
Profit for the period	–	–	–	–	–	–	–	–	5,728	–	5,728
Other comprehensive income											
Exchange gains on retranslation of foreign operations	–	–	–	–	–	–	–	175	–	–	175
Total comprehensive income for the period	–	–	–	–	–	–	–	175	5,728	–	5,903
Balance at 31 October 2016 (audited)	3,640	1,112	13,480	(1,244)	2,222	1,294	(274)	57	44,945	–	65,232

Consolidated Interim Statement of Changes in Equity

For the six months ended 30 April 2017

	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	Minority interest £000	Total £000
Issue of share capital	443	–	25,251	–	–	–	–	–	–	–	25,694
Costs of share issue	–	–	(765)	–	–	–	–	–	–	–	(765)
Share option charge	–	–	–	–	210	–	–	–	–	–	210
Transfer on exercise of share options	–	–	–	–	(223)	–	–	–	223	–	–
Deferred tax movement on share options	–	–	–	–	–	–	–	–	(42)	–	(42)
ESOP trust	–	–	–	–	–	–	(28)	–	–	–	(28)
Equity dividends paid	–	–	–	–	–	–	–	–	(2,627)	–	(2,627)
Transactions with owners	443	–	24,486	–	(13)	–	(28)	–	(2,446)	–	22,442
Profit for the period	–	–	–	–	–	–	–	–	3,359	–	3,359
Non-controlling interest	–	–	–	–	–	–	–	–	–	49	49
Other comprehensive income											
Exchange gains on retranslation of foreign operations	–	–	–	–	–	–	–	(73)	–	–	(73)
Total comprehensive income for the period	–	–	–	–	–	–	–	(73)	3,359	49	3,335
At 30 April 2017 (unaudited)	4,083	1,112	37,966	(1,244)	2,209	1,294	(302)	(16)	45,858	49	91,009

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

Consolidated Interim Statement of Cash Flows

For the six months ended 30 April 2017

	6 months to 30 April 2017 (unaudited) £000	6 months to 30 April 2016 (unaudited) £000	12 months to 31 October 2016 (audited) £000
Cash flows from operating activities			
Profit for the period before taxation	4,060	6,536	12,983
Adjustments for:			
Depreciation	507	241	584
Amortisation	3,968	2,847	6,052
Acquisition credits	(227)	(722)	(722)
Finance income	(26)	(27)	(55)
Finance costs	612	462	873
Bond revaluation	630	–	–
Debt issue costs amortisation	50	50	100
Research and development tax credit	(211)	–	(301)
Share option costs	210	356	597
Movement in stock	(46)	–	–
Movement in receivables	(9,730)	(4,549)	(6,292)
Movement in payables	12,050	9,438	(271)
Cash generated by operations	11,847	14,632	13,548
Tax on profit paid	(939)	(1,337)	(2,456)
Net cash from operating activities	10,908	13,295	11,092
Cash flows from investing activities			
Acquisition of subsidiaries	(15,611)	–	(4,701)
Purchase of property, plant & equipment	(707)	(274)	(639)
Purchase of intangible assets	(2,363)	(1,980)	(4,168)
Finance income	26	27	55
Net cash used in investing activities	(18,655)	(2,227)	(9,453)
Cash flows from financing activities			
Interest paid	(605)	(445)	(827)
New loans	210	2,000	13,000
Loan related costs	(26)	(42)	(96)
Loan repayments	(7,267)	(4,011)	(11,524)
Equity dividends paid	(2,627)	(1,885)	(3,148)
Purchase of own shares	–	(18)	–
Sale of own shares	20,070	585	570
Net cash flows used in financing activities	9,755	(3,816)	(2,025)
Net movement on cash and cash equivalents	2,008	7,252	(386)
Cash and cash equivalents at the beginning of the period	3,787	4,084	4,084
Exchange (losses)/ gains on cash and cash equivalents	(56)	66	89
Cash and cash equivalents at the end of the period	5,739	11,402	3,787

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 2017

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 2017 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 2016 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 2017. The Group financial statements for the year ended 31 October 2016 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 Directors continue to adopt the going concern basis in preparing the interim financial statements. The provisions of IAS 34 'Interim Financial Reporting' have not been applied in full.

3. Segmental analysis

In previous periods, the Group was organised into five main operating segments. Following the acquisition and integration of 6PM Holdings plc, an additional Health segment was created. As at 30 April 2017 the Group is therefore organised into six operating segments, which are detailed below.

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 (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
- Health (HLT) – delivering a broad range of innovative solutions to the healthcare market

Open Objects acquired in July 2016 is part of the PSS segment, and Rippleffect acquired in August 2016 is incorporated in the Digital segment.

Since the prior period, results from the Information Unit business have been reclassified from the Grants segment to the Digital segment. 2016 comparatives have been restated below.

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 continued

For the six months ended 30 April 2017

3. Segmental analysis continued

The segment revenues by geographic location are as follows:

	6 months to 30 April 2017 £000	6 months to 30 April 2016 £000
Revenues from external customers:		
United Kingdom	33,237	27,677
North America	3,846	2,929
Europe	6,761	5,692
Australia	193	459
Rest of World	166	452
	44,203	37,209

The segment results for the 6 months to 30 April 2017 were:

	PSS £000	EIM £000	GRS £000	COMP £000	DIG £000	HLT £000	Total £000
Revenue	20,595	6,578	3,629	2,356	7,644	3,401	44,203
Profit before interest, tax, depreciation, amortisation, share option costs, acquisition costs and restructuring costs	8,335	934	679	(43)	2	346	10,253
Adjusted segment operating profit	5,755	333	477	(252)	(695)	(376)	5,242
Finance income							192
Finance costs							(1,374)
Profit before Tax							4,060

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

	PSS £000	EIM £000	GRS Restated £000	COMP £000	DIG Restated £000	HLT £000	Total £000
Revenue	20,526	6,751	3,167	1,985	4,780	–	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	6,377	499	343	(387)	306	–	7,138
Finance income							27
Finance costs							(629)
Profit before Tax							6,536

Since the prior period, results from the Information Unit business have been reclassified from the Grants segment to the Digital segment. 2016 comparatives have been restated with £300,000 of revenue, and £74,000 of profit before interest, tax, depreciation, amortisation, share option costs, acquisition costs and restructuring costs, previously reported in Grants now reported in the Digital segment.

4. Tax on profit on ordinary activities

	6 months to 30 April 2017 (unaudited) £000	6 months to 30 April 2016 (unaudited) £000	12 months to 31 October 2016 (audited) £000
Current tax			
Corporation tax on profits for the period	1,078	1,355	2,634
Foreign tax on overseas companies	228	184	508
Over provision in respect of prior periods	(261)	(334)	(754)
Total current tax	1,045	1,205	2,388
Deferred tax			
Origination and reversal of timing differences	(525)	(550)	(961)
Adjustment for rate change	131	(195)	(252)
Adjustments in respect of prior periods	1	(2)	2
Total deferred tax	(393)	(747)	(1,211)
Total tax charge	652	458	1,177

Unrelieved trading losses of £186,000 in the UK and £1,409,000 overseas remain available to offset against future taxable trading profits (excluding unrecognised overseas losses of £713,000).

Estimated unrelieved tax credits in Malta of £5,890,000 remain available to offset against future taxable trading profits.

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 2017 (unaudited) £000	6 months to 30 April 2016 (unaudited) £000	12 months to 31 October 2016 (audited) £000
Profit for the period	3,359	6,078	11,806
Basic earnings per share			
Weighted average number of shares in issue	386,326,486	356,283,980	357,989,177
Basic earnings per share	0.87p	1.71p	3.30p
Diluted earnings per share			
Weighted average number of shares in issue used in basic earnings per share calculation	386,326,486	356,283,980	357,989,177
Dilutive share options	13,139,217	21,691,469	13,579,022
Weighted average number of shares in issue used in dilutive earnings per share calculation	399,465,703	377,975,449	371,568,199
Diluted earnings per share	0.84p	1.61p	3.18p

Notes to the Interim Consolidated Financial Statements continued

For the six months ended 30 April 2017

5. Earnings per share continued

	6 months to 30 April 2017 (unaudited) £000	6 months to 30 April 2016 (unaudited) £000	12 months to 31 October 2016 (audited) £000
Adjusted earnings per share			
Profit for the period	3,359	6,078	11,806
Add back:			
Amortisation on acquired intangibles	2,536	1,782	3,817
Acquisition credits	(79)	(668)	(404)
Restructuring costs	394	209	330
Tax effect	(586)	(398)	(829)
Adjusted profit for the period	5,624	7,003	14,720
Adjusted basic earnings per share	1.46p	1.97p	4.11p
Adjusted diluted earnings per share	1.41p	1.85p	3.96p

6. Dividends

During the period a dividend was paid in respect of the year ended 31 October 2016 of 0.650p per ordinary share at a total cost of £2,627,000 (2016: 0.525p, £1,885,000).

A dividend of 0.385p per ordinary share at a total cost of £1,607,000 has been proposed in respect of the interim period ended 30 April 2017 (H1 2016: 0.35p, £1,263,000).

7. Acquisitions

6PM Holdings plc

On 3 February 2017, the Group acquired the entire share capital of 6PM Holdings plc for a total consideration of £18.46m, being £13.63m in cash and £4.83m in shares. 6PM Group delivers healthcare solutions, principally to the NHS within the UK, using a combination of proprietary software, infrastructure, and professional services that enables healthcare organisations to enhance and optimise efficiency. The products consist of primarily Hospital Management Solutions, Clinical Systems and Mobile Health Solutions. The acquisition supports the Group's strategy of expanding its health and social care presence.

Goodwill arising on the acquisition of 6PM has been capitalised and consists largely of the workforce value, synergies and economies of scale expected from combining the operations of 6PM with Idox. None of the goodwill recognised is expected to be deductible for income tax purposes. The purchase of 6PM has been accounted for using the acquisition method of accounting.

	Book value £000	Provisional fair value adjustments £000	Fair value £000
Intangible assets – goodwill	1,149	(1,149)	–
Intangible assets – other	2,216	16,514	18,730
Property, plant and equipment	1,408	(1,201)	207
Investment property	721	–	721
Investment	1,117	–	1,117
Stock	313	–	313
Trade receivables	1,375	(164)	1,211
Other receivables	1,503	–	1,503
Deferred tax asset	4,354	–	4,354
Cash at bank	(1,977)	–	(1,977)
TOTAL ASSETS	12,179	14,000	26,179
Bank loans	(469)	–	(469)
Bond	(10,979)	–	(10,979)
Trade payables	(821)	–	(821)
Other liabilities	(2,537)	(550)	(3,087)
Deferred income	(3,855)	(142)	(3,997)
Corporation tax	(14)	–	(14)
Social security and other taxes	(1,224)	–	(1,224)
Deferred tax liability	(2,696)	(2,843)	(5,539)
TOTAL LIABILITIES	(22,595)	(3,535)	(26,130)
NET ASSETS			49
Purchased goodwill capitalised			18,415
Total consideration			18,464
Satisfied by:			
Cash to vendor			13,634
Issue of share capital			4,830
Total consideration			18,464

Notes to the Interim Consolidated Financial Statements continued

For the six months ended 30 April 2017

7. Acquisitions continued

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 £16.7m 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 £1,322,000 in respect of intangible assets, £1,201,000 in relation to property, plant and equipment, £164,000 in relation to trade debtors, £550,000 in relation to accruals and £142,000 in relation to deferred income.

The revenue included in the consolidated statement of comprehensive income since 3 February 2017, contributed by 6PM was £3,401,000. 6PM also made a loss of £164,000 for the same period. If 6PM had been included from 1 November 2016, it would have contributed £4,864,000 to Group revenue and a loss after tax of £1,240,000.

Acquisition costs of £149,000 have been written off in the consolidated statement of comprehensive income.

Cloud Amber Limited

During the period the contingent consideration was adjusted from £478,000 to £250,000. The reduction was a result of missing the revenue target as set out in the Share Purchase Agreement. At the reporting date, the adjusted contingent consideration had been paid. The adjustment of £228,000 is included in 'Acquisition credits' in the Consolidated Interim Statement of Comprehensive Income.

Rippleffect Limited

During the period there have been further fair value adjustments in respect of the acquisition of Rippleffect Studios Limited on 22nd August 2016. The adjustments totalled £449,000.

A number of adjustments were processed to align company policies with Idox Group policies. These included an adjustment of £18,000 in respect of accrued income and £467,000 in respect of deferred income.

8. LTIP

Richard Kellett-Clarke stepped down as CEO on 9 November 2016. The Nomination & Remuneration Committee of the Idox Board agreed that on the anniversary of that date, namely 9 November 2017, Richard's outstanding LTIP award of 1,900,000 shares will become unconditional and therefore vest on that date.

As part of the conditions of the LTIP under a Lock In deed, Richard is restricted from selling any or all of them, unless required to settle tax liability, for a further two years from that date.

Independent Review Report to Idox plc

For the six months ended 30 April 2017

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 2017 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 2017 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 2017

Company Information

Secretary and Registered Office:

J Mackie

2nd Floor
1310 Waterside
Arlington Business Park
Theale
Reading
RG7 4SA

Nominated Adviser and Broker:

N+1 Singer

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 Ltd

Neville House
18 Laurel Lane
Halesowen
B63 3DA

Financial PR:

MHP Communications Ltd

6 Agar Street
London
WC2N 4HN

Company Registration Number:

03984070