Idox plc

Interim Report & Accounts 2011

idox

One company: Infinite possibilities

Contents

idox

One company: Infinite possibilities

Financial and Operational Highlights

For the six months ended 30 April 2011

- **Revenue up 21% to £18.1m** (H1 2010: £15.0m).
- **Recurring revenues now 65%** (H1 2010: 61%) **of Group revenue.**
- **EBITDA margins up to 29%** (H1 2010: 23%) **on improved gross margins and tight cost control.**
- **Adjusted* pre-tax profits up 56% to £4.7m** (H1 2010: £3.0m)**, reported pre-tax profit down 8% to £2.0m** (H1 2010: £2.1m) **due to higher non-cash intangible amortisation and share option charges.**
- **Adjusted* EPS up 63% at 1.01p, basic EPS 0.41p** (H1 2010: 0.42p).
- **Interim dividend up 140% to 0.24p per share** (2010: 0.1p).
- **New orders in core public sector software business up 11%, increased mix of longer term shared and managed service contracts.**
- **Completed and integrated four earnings-enhancing acquisitions in 2010 and a fifth closed in early May.**
- **Cash £4.1m after funding four acquisitions, increasing dividend and paying off remaining debt early.**

* Normalised pre-tax profit & EPS excludes amortisation, exceptional restructuring and corporate finance charges and share option costs.

Chairman's and Chief Executive's Statement

For the six months ended 30 April 2011

Idox continues to perform strongly and widen its public sector and industrial offerings in large-scale document and information management. The Group is building on an excellent start in the engineering drawings business following the acquisition of McLaren Software in late 2010 and further new opportunities are emerging in both the Software and Information Solutions businesses. The reinvigoration of the McLaren Software business under the Group's ownership has also seen Idox enjoy its first reporting period of meaningful international revenues.

At the same time, local government new business has continued the recovery reported in the second half of last year, with an increasing proportion of longer-term shared and managed service contracts as part of the overall revenue mix.

Operational review

The business continues to make good progress on a broad number of fronts.

The Group's core public sector software business has continued to evolve and invest to meet the changing needs of its customers in the local government sector. The move towards devolved spending authority and the focus on productivity and core services have created opportunities for the Group to assist further its customers in meeting government targets through the use of technology.

In the first half, the business invested in new technology and processes to improve customer service, deliver low risk outcomes and meet this new demand. The Group has also enhanced its hosting capability and invested in new processes to ensure resilience and improved communication and security. As a consequence, the Group has been awarded 27001 accreditation (Information Security Management System).

Further investment in Information Technology Infrastructure Library (ITIL) compliant help desk solutions development resulted in product improvement and boosted productivity, enabling the Group to provide innovative solutions to fill gaps left by the withdrawal of government initiatives in the local government sector, such as the recently launched Consultee Cloud - a hosted data exchange system between disparate systems. The Consultee Cloud is currently applicable to planners and consultee bodies but has wider applicability for other groupings of stakeholders.

The Information Solutions business has completed the integration of last year's acquisitions and standardised around a common data and technical platform. The consulting and projects teams have further expanded their capability into delivering a variety of web projects as well as knowledge and information management solutions involving the integration of Sharepoint technology to deliver results.

Recruitment continues to make progress in a difficult market with steady growth in permanent and direct engagement revenues. There has been some improvement in contract revenues but, as yet, no recovery in government spend.

McLaren Software, the supplier of engineering document management and control applications acquired in December 2010, has had some notable contract wins and is focusing on a number of key developments related to asset management and complex capital project control.

During the first half of the year the Group has started to rationalise and combine office space which, by October, will leave the Group with just four UK offices - in London, Glasgow, Newbury and Manchester.

Outlook

The UK Government's Comprehensive Spending Review published last October and the subsequent local government settlement have provided a more stable environment for IT spending plans. In addition, markets for Idox's measured diversification into the technically related areas of engineering drawings, in sectors such as Oil and Gas, are upbeat and globally diversified.

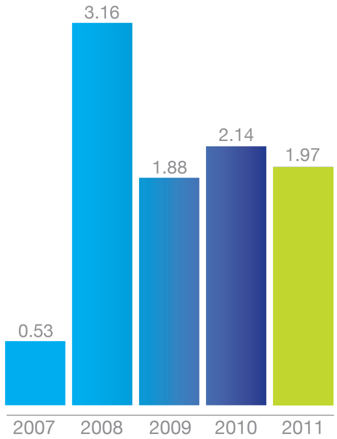
However, the wider economic outlook remains uncertain as European governments in particular struggle to cope with the impact of the global banking crisis.

Chairman's and Chief Executive's Statement

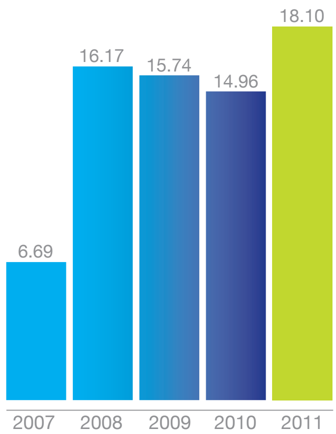
For the six months ended 30 April 2011

The Board is encouraged by the immediate outlook in Idox's markets and results in the first half of the year which reflect an improved seasonality compared to prior years. The Board expects organic growth to return to its businesses over the full year, but maintains a degree of caution in light of these macroeconomic uncertainties.

Continued focus on long-term relationships along with products that yield real economic benefits to the customer and bring high recurring revenues, margins and attractive cash generation remain the best defence against such possibilities. The Group expects to reinforce this process by securing further acquisitions with similar characteristics in its chosen public sector and corporate markets.



Normalised profit before tax (£m)



Turnover (£m)

Chief Financial Officer's Review

For the six months ended 30 April 2011

Revenues and operating profits saw strong progression in the first half of the financial year as acquisitions helped deliver a 21% growth in revenues to £18.1m (H1 2010: £15.0m) and a 56% increase in adjusted pre-tax profits (which exclude amortisation, share option costs and exceptional charges) to £4.7m (H1 2010: £3.0m).

Overall, 65% (H1 2010: 61%) of Group revenues are now recurring giving the Group increased earnings visibility and driving cash generation in the first half.

The Public Sector Software business delivered an increase in revenues of 9% to £12.5m (H1 2010: £11.5m) and improved recurring revenues to 66% (H1 2010: 59%), reflecting good progress in winning longer-term recurring maintenance and managed-service contracts over the past year in addition to the contribution from Strand Electoral systems, acquired in May 2010. New software and services sales to local government during the first half were encouraging and, as software and services are delivered in the second half of the year, the Group expects to see a return to organic growth within the business.

McLaren Software, acquired in December 2010, delivered a maiden contribution to revenue of £1.5m, aided by the $1.4m Chevron Gorgon contract where implementation commenced in March. The business is now integrated and its cost base refocused, enabling McLaren to deliver a modest EBITDA contribution in the first half with an expectation that this will accelerate further in the second half.

The Information Solutions business increased revenues by 35% to £2.5m (H1 2010: £1.9m), reflecting the impact of the Grantfinder acquisition in May 2010. Subscription-based recurring revenues from the grants and policy information business now account for 67% (H1 2010: 53%) of divisional revenue. With the completion of the integration of the Grantfinder, J4B and Idox Information Solutions business into one division the combined business delivered a four-fold increase in its contribution to £0.4m (2010: £0.1m).

Gross margins in the Recruitment business increased by 18%, reflecting the improved mix of higher margin permanent recruitment business and a continued improvement in the recruitment market over the past year. However, as a result of the switch into higher margin permanent placements, revenues fell in the low-margin contract recruitment business resulting in total divisional revenue of £1.5m (H1 2010: £1.6m).

Gross margins for the Group improved from 81% to 86%, reflecting a shifting mix across all divisions toward higher-margin recurring revenues, aided by the acquisitions.

Operating costs increased to £10.4m (H1 2010: £8.7m) as a result of acquisitions made over the past year. On a like-for-like basis, excluding acquisitions, operating costs fell 6% reflecting continued strong cost control in the business.

EBITDA increased by 51% to £5.2m at an improved margin of 29% (H1 2010: £3.4m, 23%) that reflects the strong revenue growth, increasing gross margins and continued cost control.

Net financing costs were flat at £0.2m (H1 2010: £0.2m) even after including a £0.1m exceptional non-cash charge relating to the early repayment of the term loan.

Adjusted pre-tax profits, which exclude exceptional charges, amortisation and share option costs, were 56% higher at £4.7m (H1 2010: £3.0m).

Reported pre-tax profits were £2.0m (H1 2010: £2.1m) due to increases in non-cash accounting charges. A significantly higher amortisation

Chief Financial Officer's Review

For the six months ended 30 April 2011

charge of £1.8m (H1 2010: £0.6m) related to the acquisitions made during the past year coupled with a higher share option charge of £0.5m (H1 2010: £0.04m) due to the recent share price appreciation and new grants of options reduced reported profits.

Adjusted earnings per share increased by 63% to 1.01p (H1 2010: 0.62p). Basic earnings per share were 0.41p (H1 2010: 0.42p).

The Board continues to pursue a progressive dividend policy and has increased the interim dividend by 140% to 0.24p (interim 2010: 0.1p). It will be paid on 18 August 2011 to shareholders on the register at 5 August 2011.

The Group's strong cash generation has enabled it to fund the acquisitions of McLaren Software, Strand, Grantfinder and LAMP from cash resources. In addition, the Group paid off its £2.5m remaining term loan, taken out at the time of the acquisition of CAPS in 2007, one year early leaving the group with no outstanding debt as at the end of April and cash balances of £4.1m.

Since 30 April 2011, a payment of £2.3m has been made to acquire LalPac following clearance from the Office of Fair Trading. The LalPac acquisition, which provides licensing software into the local government market, will be immediately earnings enhancing.

65% of Group revenues are now recurring

Consolidated Interim Statement of Comprehensive Income

For the six months ended 30 April 2011

	Note	6 months to 30 April 11 (unaudited) £000	6 months to 30 April 10 (unaudited) £000	12 months to 31 October 10 (audited) £000
Revenue	3	18,108	14,961	31,268
External charges		(2,547)	(2,881)	(5,290)
Gross margin		15,561	12,080	25,978
Staff costs		(8,339)	(7,057)	(14,170)
Other operating charges		(2,056)	(1,605)	(3,091)
Earnings before amortisation, depreciation, restructuring, corporate finance and share option costs		5,166	3,418	8,717
Depreciation		(223)	(232)	(403)
Amortisation		(1,823)	(636)	(2,260)
Restructuring costs		(185)	(40)	(187)
Corporate finance costs		(197)	(167)	(438)
Share option costs		(535)	(37)	(185)
Operating profit		2,203	2,306	5,244
Finance income		68	11	15
Finance costs		(300)	(180)	(316)
Profit before taxation		1,971	2,137	4,943
Income tax expense	4	(575)	(696)	(1,305)
Profit for the period		1,396	1,441	3,638
Other comprehensive income for the period net of tax		101	-	35
Total comprehensive income for the period attributable to owners of the parent		1,497	1,441	3,673
Earnings per share				
Basic	5	0.41p	0.42p	1.07p
Diluted	5	0.39p	0.42p	1.05p

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

Consolidated Interim Balance Sheet

At 30 April 2011

	At 30 April 11 (unaudited) £000	At 30 April 10 (unaudited) £000	At 31 October 10 (audited) £000
ASSETS			
Non-current assets			
Property, plant and equipment	403	612	504
Intangible assets	47,149	32,266	44,629
Other long-term financial assets	70	-	855
Deferred tax assets	539	331	283
Total non-current assets	48,161	33,209	46,271
Trade and other receivables	13,159	9,866	5,915
Cash at bank	4,060	14,163	2,004
Total current assets	17,219	24,029	7,919
Total assets	65,380	57,238	54,190
LIABILITIES			
Current liabilities			
Trade and other payables	3,363	2,430	2,784
Other liabilities	23,499	17,809	11,794
Provisions	133	130	133
Current tax	1,349	946	1,052
Borrowings	-	1,000	1,000
Total current liabilities	28,344	22,315	16,763
Non-current liabilities			
Deferred tax liabilities	4,979	3,352	4,549
Borrowings	-	2,323	1,866
Total non-current liabilities	4,979	5,675	6,415
Total liabilities	33,323	27,990	23,178
Net assets	32,057	29,248	31,012
EQUITY			
Called up share capital	3,442	3,442	3,442
Capital redemption reserve	1,112	1,112	1,112
Share premium account	9,903	9,903	9,903
Treasury reserve	(154)	(206)	(455)
Shares options reserve	961	491	630
Merger reserve	1,294	1,294	1,294
ESOP trust	(91)	(84)	(93)
Retained earnings	15,590	13,296	15,179
Total equity	32,057	29,248	31,012

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 2011

	Issued share capital £000	Capital redemption reserve £000	Share premium account £000	Treasury reserve £000	Share options reserve £000	Merger reserve £000	ESOP trust £000	Retained earnings £000	Total £000
Balance at 1 November 2009 (audited)	3,442	1,112	9,903	(212)	454	1,294	(88)	12,268	28,173
Share options granted	-	-	-	-	37	-	-	-	37
Share repurchase	-	-	-	6	-	-	-	-	6
Equity dividends paid	-	-	-	-	-	-	-	(413)	(413)
ESOP trust	-	-	-	-	-	-	4	-	4
Transactions with owners	-	-	-	6	37	-	4	(413)	(366)
Profit for the period	-	-	-	-	-	-	-	1,441	1,441
Total comprehensive income for the period	-	-	-	-	-	-	-	1,441	1,441
Balance at 30 April 2010 (un-audited)	3,442	1,112	9,903	(206)	491	1,294	(84)	13,296	29,248
Transfer on exercise of share options	-	-	-	-	(9)	-	-	(5)	(14)
Purchase of Treasury shares	-	-	-	(249)	-	-	-	-	(249)
Share options granted	-	-	-	-	148	-	-	-	148
Equity dividends paid	-	-	-	-	-	-	-	(344)	(344)
ESOP trust	-	-	-	-	-	-	(9)	-	(9)
Transactions with owners	-	-	-	(249)	139	-	(9)	(349)	(468)
Profit for the period	-	-	-	-	-	-	-	2,197	2,197
Other comprehensive income Gain on investment	-	-	-	-	-	-	-	35	35
Total comprehensive income for the period	-	-	-	-	-	-	-	2,232	2,232
Balance at 31 October 2010 (audited)	3,442	1,112	9,903	(455)	630	1,294	(93)	15,179	31,012
Share options granted	-	-	-	-	466	-	-	118	584
Purchase of Treasury shares	-	-	-	(218)	-	-	-	-	(218)
Transfer on exercise of share options	-	-	-	519	(135)	-	-	-	384
Equity dividends paid	-	-	-	-	-	-	-	(1,204)	(1,204)
ESOP trust	-	-	-	-	-	-	2	-	2
Transactions with owners	-	-	-	301	331	-	2	(1,086)	(452)
Profit for the period	-	-	-	-	-	-	-	1,396	1,396
Other comprehensive income Gain on investment	-	-	-	-	-	-	-	23	23
Exchange differences in reserves	-	-	-	-	-	-	-	78	78
Total comprehensive income for the period	-	-	-	-	-	-	-	1,497	1,497
At 30 April 2011 (unaudited)	3,442	1,112	9,903	(154)	961	1,294	(91)	15,590	32,057

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

Consolidated Interim Statement of Cash Flows

For the six months ended 30 April 2011

	6 months to 30 April 2011 (unaudited) £000	6 months to 30 April 2010 (unaudited) £000	12 months to 31 October 2010 (audited) £000
Cash flows from operating activities			
Profit for the period before taxation	1,971	2,137	4,943
Adjustments for:			
Depreciation	223	232	403
Amortisation	1,823	636	2,260
Amortisation of Xtra shares	4	-	-
Loss on disposal of property, plant and equipment	-	-	160
Finance income	(2)	(11)	(15)
Finance costs	109	180	189
Debt issue costs amortisation	134	-	85
Exchange (gain)/ loss	(54)	-	8
Share option costs	535	37	185
Movement in receivables	(6,712)	(3,404)	1,055
Movement in payables	9,524	8,897	(563)
Cash generated by operations	7,555	8,704	8,710
Tax on profit paid	(835)	(101)	(1,009)
Net cash from operating activities	6,720	8,603	7,701
Cash flows from investing activities			
Acquisition of subsidiary net of cash acquired	(1,000)	-	(5,543)
Sale/(purchase) of listed investment	964	-	(820)
Purchase of property, plant & equipment	(195)	(88)	(613)
Purchase of intangible assets	(384)	(292)	(3,470)
Interest received	2	11	15
Net cash used in investing activities	(613)	(369)	(10,431)
Cash flows from financing activities			
Interest paid	(110)	(137)	(189)
Loan repayments	(3,000)	(500)	(1,000)
Equity dividends paid	(1,204)	(413)	(757)
Sale/(purchase) of own shares	263	10	(267)
Net cash flows from financing activities	(4,051)	(1,040)	(2,213)
Net movement on cash and cash equivalents	2,056	7,194	(4,943)
Cash and cash equivalents at the beginning of the period	2,004	6,947	6,947
Foreign exchange loss on cash held in foreign currency	-	22	-
Cash and cash equivalents at the end of the period	4,060	14,163	2,004

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 2011

1. GENERAL INFORMATION

Idox plc is a leading supplier of software and services for the management of local government and other organisations. The company is a public limited company which is listed on the Alternative Investment Market and is incorporated and domiciled in the UK. The address of its registered office is 2nd Floor, Chancery Exchange, 10 Furnival Street, London EC4A 1AB. The registered number of the company is 03984070.

2. BASIS OF PREPARATION

The financial information for the period ended 30 April 2011 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 2010 have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified 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 2011. The Group financial statements for the year ended 31 October 2010 were prepared under International Financial Reporting Standards as adopted by the European Union. These interim financial statements have been prepared on a consistent basis and format. The provisions of IAS 34 'Interim Financial Reporting' have not been applied in full.

3. SEGMENTAL ANALYSIS

As at 30 April 2011, the Group is primarily organised into three main business segments, which are detailed below.

Financial information is reported to the Board on a business unit basis with revenue and operating profits split by business unit. Each business unit is deemed a reportable segment as each offer different products and services.

- Software – delivers software and service solutions to mainly local government customers across a broad range of departments

- Information Solutions – delivering both an information service and consultancy services to a diverse range of customers across both private and public sectors

- Recruitment – providing personnel with information, knowledge, records and content management expertise to a diverse range of 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, interest payments and share option charges. The assets and liabilities of the Group are not reviewed by the chief decision-maker on a segment basis.

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

Notes to the Interim Consolidated Financial Statements

For the six months ended 30 April 2011

The segment results for the 6 months to 30 April 2011 are as follows:

	UK £000	Netherlands £000	US £000	Australia £000	Total £000
Revenues from external customers	16,522	284	622	680	18,108

	Software £000	Information Solutions £000	Recruitment £000	Total £000
Revenues from external customers	14,106	2,515	1,487	18,108
Cost of sales	(1,561)	(154)	(832)	(2,547)
Gross profit	12,545	2,361	655	15,561
Operating costs	(7,959)	(1,965)	(471)	(10,395)
Profit before interest, tax, depreciation, amortisation, share option and restructuring costs	4,586	396	184	5,166
Depreciation	(174)	(46)	(3)	(223)
Amortisation	(586)	(40)	(4)	(630)
Share options costs	(499)	(22)	(14)	(535)
Restructuring	(185)	-	-	(185)
Profit before interest and tax	3,142	288	163	3,593
Interest receivable	1	2	-	3
Segment profit (see reconciliation below)	3,143	290	163	3,596

The segment results for the 6 months to 30 April 2010 are as follows:

	UK £000	Netherlands £000	Total £000
Revenues from external customers	14,687	274	14,961

Notes to the Interim Consolidated Financial Statements

For the six months ended 30 April 2011

	Software £000	Information Solutions £000	Recruitment £000	Total £000
Revenues from external customers	11,543	1,866	1,552	14,961
Cost of sales	(1,686)	(196)	(999)	(2,881)
Gross profit	9,857	1,670	553	12,080
Operating costs	(6,547)	(1,598)	(517)	(8,662)
Profit before interest, tax, depreciation, amortisation share option and restructuring costs	3,310	72	36	3,418
Depreciation	(188)	(44)	-	(232)
Amortisation	(108)	-	-	(108)
Share option costs	(37)	-	-	(37)
Restructuring	(30)	-	(10)	(40)
Profit before interest and tax	2,947	28	26	3,001
Interest receivable	6	3	-	9
Segment profit (see reconciliation below)	2,953	31	26	3,010

Reconciliations of reportable profit:

	6 months to 30 April 2011 (unaudited) £000	6 months to 30 April 2010 (unaudited) £000
Total profit for reportable segments	3,596	3,010
Amortisation	(1,193)	(528)
Corporate finance costs	(197)	(167)
Other financial costs	(235)	(178)
Profit before taxation	1,971	2,137

Other financial costs relate to loan interest, exchange differences and amortisation, which have not been included in reportable segments. Amortisation arising on IFRS intangible assets is not allocated to business segments.

Notes to the Interim Consolidated Financial Statements

For the six months ended 30 April 2011

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	6 months to 30 April 2011 (unaudited) £000	6 months to 30 April 2010 (unaudited) £000	12 months to 31 October 2010 (audited) £000
Current tax			
Corporation tax on profits for the period	1,132	860	1,909
Over provision in respect of prior periods	-	-	(37)
Total current tax	1,132	860	1,872
Deferred tax			
Origination and reversal of timing differences	(557)	(164)	(373)
Amortisation of intangibles difference in tax rate	-	-	(198)
Adjustments in respect of prior periods	-	-	4
Total deferred tax	(557)	(164)	(567)
Total tax charge	575	696	1,305

Unrecognised trading losses of £8,937,870 (30 April 2010: £116,415), which when calculated at the standard rate of corporation tax in the United Kingdom of 26%, amounts to £2,323,846 (30 April 2010: £32,596). The increase in trading losses is due to the acquisition of McLaren Group. These remain available to offset against future taxable trading profits of a subsidiary. Unrecognised capital losses of £4,210,189 (30 April 2010: Nil) remain available to offset against future capital profits.

Notes to the Interim Consolidated Financial Statements

For the six months ended 30 April 2011

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 11 (unaudited) £000	6 months to 30 April 10 (unaudited) £000	12 months to 31 October 10 (audited) £000
Profit for the period	1,396	1,441	3,638
Basic earnings per share			
Weighted average number of shares in issue	343,332,330	341,967,979	341,003,888
Basic earnings per share	0.41p	0.42p	1.07p
Diluted earnings per share			
Weighted average number of shares in issue used in basic earnings per share calculation	343,332,330	341,967,979	341,003,888
Dilutive share options	11,941,507	4,150,752	5,841,718
Weighted average number of shares in issue used in dilutive earnings per share calculation	355,273,837	346,118,731	346,845,606
Diluted earnings per share	0.39p	0.42p	1.05p

Adjusted earnings per share

	6 months to 30 April 11 (unaudited) £000	6 months to 30 April 10 (unaudited) £000	12 months to 31 October 10 (audited) £000
Profit for the period	1,396	1,441	3,638
Adjusting items:			
Share option costs	535	37	185
Restructuring costs	185	40	187
Amortisation	1,823	636	2,260
Corporate finance costs	197	167	438
Taxation on above items	(664)	(199)	(737)
Adjusted profit for the period	3,472	2,122	5,971
Adjusted basic earnings per share	1.01p	0.62p	1.75p
Adjusted diluted earnings per share	0.98p	0.61p	1.72p

The weighted average number of shares in issue has increased due to a reduction in Treasury shares held.

Notes to the Interim Consolidated Financial Statements

For the six months ended 30 April 2011

6. DIVIDENDS

During the period a dividend was paid in respect of the year ended 31 October 2010 of 0.35p per Ordinary share at a total cost of £1,204,000 (2009: 0.12p, £413,000).

A dividend of 0.24p per ordinary share at a total cost of £823,000 has been proposed in respect of the interim period ended 30 April 2011 (2010: 0.10p, £344,000).

7. ACQUISITIONS

On 13 December 2010, the Group acquired the entire share capital of McLaren Software Group Limited for a consideration of £3.

McLaren is a leading supplier of engineering document management and control applications serving many leading international companies in industries including oil & gas, mining, utilities, pharmaceuticals and transportation.

The acquisition of McLaren extends Idox's core skills in planning and building document management into the related area of engineering drawings. This will provide Idox with the opportunity of broadening its activities into complementary UK and international markets in both the private and public sector, particularly where the management of complex engineering systems interacts with regulatory oversight.

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

	Book value £000	Provisional fair value adjustments £000	Fair value £000
Intangible assets	-	2,812	2,812
Property, plant and equipment	31	(19)	12
Trade receivables	448	-	448
Other receivables	121	(37)	84
TOTAL ASSETS	600	2,756	3,356
Trade payables	65	-	65
Deferred revenue	1,276	-	1,276
Other creditors	1,410	10	1,420
Bank debt	1,000	-	1,000
Deferred tax liability	-	731	731
TOTAL LIABILITIES	3,751	741	4,492
NET DEFICIT			(1,136)
Purchased goodwill capitalised			1,136
Total consideration			3

Notes to the Interim Consolidated Financial Statements

For the six months ended 30 April 2011

The fair values stated above are provisional. The fair value adjustment for the intangible assets relates to customer relationships, trade names and software. A related deferred tax liability has also been recorded as a fair value adjustment.

The fair value of trade debtors is equal to the gross contractual amounts receivable. All debts have been reviewed and are considered recoverable.

Other adjustments made relate to accrued income adjustment to bring in line with group policy and consultancy fees.

The revenue included in the consolidated interim statement of comprehensive income since 13 December 2010 contributed by McLaren Group was £1,517k. McLaren group also contributed a loss after tax of £96k for the same period. If McLaren Group had been included from 1 November, it would have contributed revenue of £1,849k and a loss after tax of £455k.

Acquisition costs of £125k have been written off in the consolidated interim statement of comprehensive income.

8. POST BALANCE SHEET EVENTS

On 5 May 2011 the Group acquired the entire share capital of LalPac Ltd ('LalPac') for a gross consideration of up to £2.6m payable in cash from existing resources.

LalPac is one of the UK's leading providers of licensing management software and services, supplying 131 local authorities covering the full range of licensing including Taxi, Private Hire, Gambling and General Licensing functions. LalPac reported revenues of £1.5m in 2010 (unaudited), of which more than 85% is recurring.

Due to the acquisition completing so close to the period end, there has been insufficient time available to enable the identification of all assets, liabilities and contingent liabilities existing at the date of acquisition and to perform a full and reliable fair value exercise thereon. Consequently, full disclosure as set out in IFRS 3(R) "Business combinations" has not been given as it is impracticable to provide this information.

Independent Review Report to Idox plc

For the six months ended 30 April 2011

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 2011 which comprises the Consolidated Interim Statement of Comprehensive Income, the Consolidated Interim 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, overview, financial review, operational review and current trading and outlook 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 2011 is not prepared, in all material respects, in accordance with the basis of accounting described in Note 2.

GRANT THORNTON UK LLP
AUDITOR
London
13 June 2011

Idox plc software and services at a glance

For the six months ended 30 April 2011

software

Idox is a major supplier of software solutions and information services to the public sector and the leading applications provider to local government for core functions relating to land, people and property. Over 90% of UK local authorities are customers. Idox plc is committed to providing public-sector organisations with solutions which deliver real efficiency savings benefits whilst transforming their ability to access and manage information & knowledge, documents & content, business processes & workflow as well as connecting directly with the citizen via the web.

From standalone solutions for individual functions through to integrated corporate solutions, the Company's market leading Idox, Uniform and Plantech portfolio delivers improved data quality, stream-lined information-sharing, enhanced employee productivity and increased responsiveness to public service demands.

Idox continues to work in partnership with its local authority clients extending its Managed Services expertise. UKPlanning delivers planning &

information solutions

The Idox Information Solutions Division is an amalgamation of j4b Software & Publishing Limited, the Idox Information Service, GRANTfinder Ltd and TFPL Consulting, and provides information management, web development and online publishing services.

It specialises in the design and development of online systems to support economic development and encompasses editorial teams who are expert in researching and structuring web content. This includes major platform developments for UK government clients, including the voluntary sector finance portal Funding Central. The division has pioneered the development of innovation and knowledge transfer portals across Europe, working with the European Commission, and national and regional governments in Ireland and the UK.

Bringing together the collective strengths of the former companies j4b Software & Publishing Limited and GRANTfinder Ltd, the Division is building its reputation as Europe's leading publisher of grants and policy support information. It offers a suite of funding tools to help clients maximise their fundraising activities, with plans

recruitment

TFPL provides recruitment services throughout the UK and internationally.

TFPL's services include executive search and selection, permanent, interim and contract placement, recruitment advertising and career management. Working across all sectors from investment banking through to the public sector, TFPL Intelligent Resources places people into specialist roles in:

- Insight and Intelligence
- Knowledge & Information Management
- Records Management
- Publishing & Content Provision

With the boundaries between analytical disciplines, information management, operational processes and information technology becoming more blurred, we specialise in finding the right people that bridge these multidisciplinary roles.

TFPL's training service offers a range of public access and bespoke training solutions, providing you with a flexible and cost effective approach to training.

One company: Infinite possibilities

software cont'd

building control departments with a cost effective, efficient and risk free means of administering Planning and similar applications. The expertise of our staff is valued by customers who engage Idox to manage their solutions by hosted, remote or on-site managed services.

Lalpac Ltd was acquired on 4 May 2011. The LalPac suite of licensing management software products will take its place as an important part of a broader range of products and services that Idox offers. This acquisition will provide significant cross-selling opportunities within our customer base and ensure that we continue to deliver innovative solutions to our customers that can help them achieve efficiencies.

information solutions cont'd

to grow through the provision of training for organisations wishing to source funding.

The Idox Information Service is the most comprehensive information service on all aspects of policy and practice in local government. Combined with new policy information products in development, there are exciting prospects in a rapidly changing policy landscape.

TFPL Consultancy delivers high-value and cost effective advisory services to clients in all areas of knowledge, information, library, records management and information architecture. In addition it supports clients with the design, deployment and roll-out of solutions using SharePoint on an application and enterprise level.

recruitment cont'd

Our wide range of courses include:

> Knowledge management
> Information architecture & taxonomy
> Content & records management
> Records management
> Social computing
> SharePoint.

Company Information

For the six months ended 30 April 2011

Secretary and Registered Office:	J Mackie 2nd Floor, Chancery Exchange 10 Furnival Street London, EC4A 1AB
Nominated Advisor & Joint Broker:	Investec Bank plc 2 Gresham Street London EC2V 7QP
Joint Broker:	finnCap 60 New Broad Street London EC2M 1JJ
Auditors:	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:	Share Registrars Limited Suite E, 1st Floor 9 Lion and Lamb Yard Farnham Surrey GU9 7LL
Company Registration Number:	3984070
Financial Calendar:	Announcement of 2011 Annual Report - December 2011

idox

One company: Infinite possibilities

Idox plc

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