idox

One company: Infinite possibilities

Interim Report & Accounts 2014

About Idox

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

Its Public Sector Software Division is the leading applications provider to UK local government for core functions relating to land, people and property, such as its market leading planning systems and election management software. Over 90% of UK local authorities are now customers. The Division provides public sector organisations with tools to manage information and knowledge, documents, content, business processes and workflow as well as connecting directly with the citizen via the web. It also supplies, predominantly to the public sector in the UK and internationally, decision support content such as grants and planning policy information as well as related specialist services, including election management solutions.

The Engineering Information Management Division delivers engineering document control, project collaboration and facility management applications to many leading companies in industries such as oil & gas, architecture and construction, mining, utilities, pharmaceuticals and transportation in North America and around the world.

The Group employs over 500 staff located in the UK, the USA, Europe, India and Australia.

For more information see www.idoxplc.com

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Financial and Operational Highlights

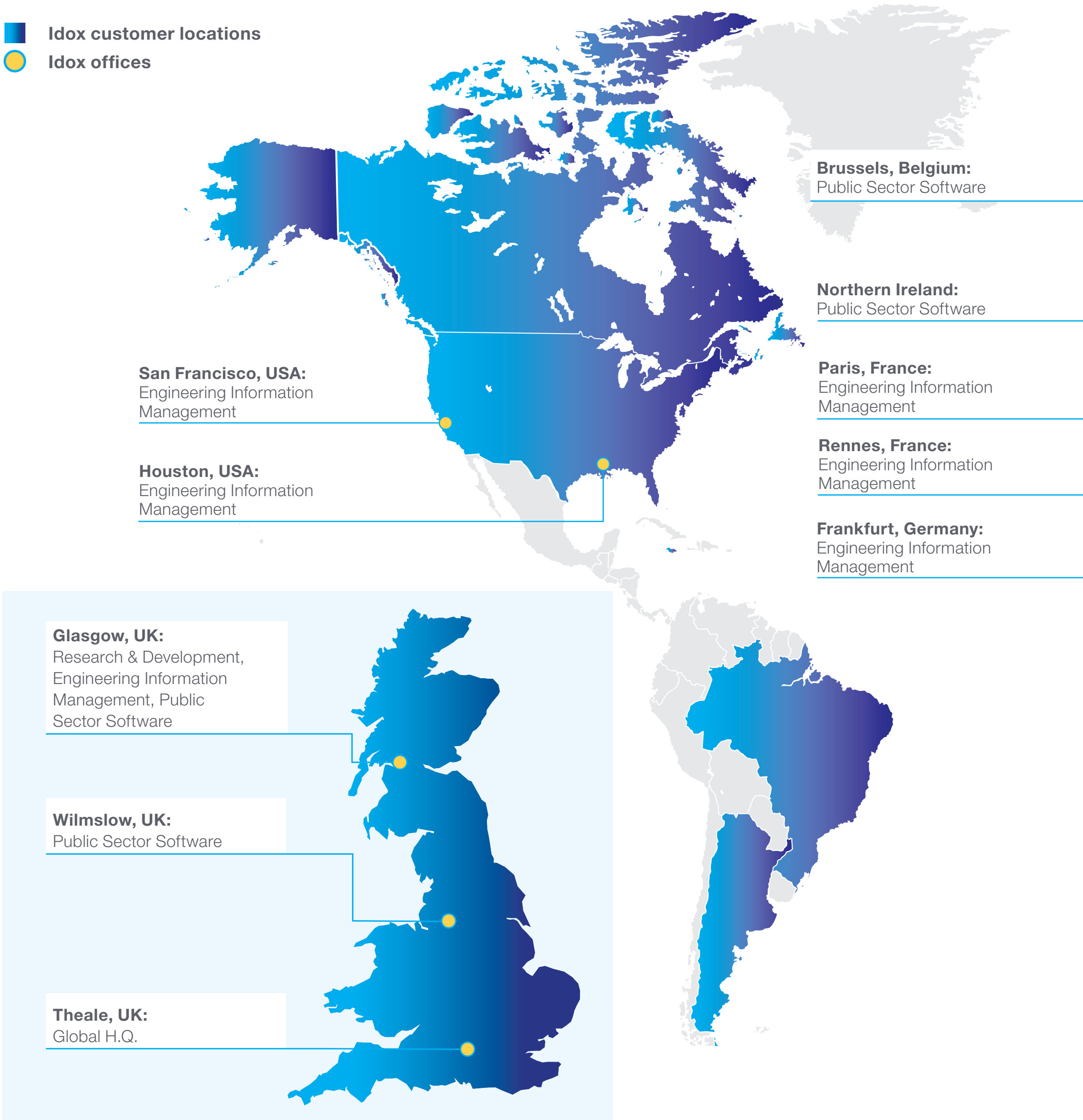
- **Revenues up 12% to £29.6m (H1 2013: £26.6m)**
- **Significant reduction in net debt to £8.7m (H1 2013: £17.7m)**
- **EIM Division contributed 33% of Group revenues (H1 2013: 31%) and achieved revenue growth of 20%**
- **PSS Division revenue increased to £19.7m (H1 2013: £18.3m), of which 57% was recurring**
- **Adjusted EBITDA* up 36% to £7.9m (H1 2013: £5.8m)**
- **Adjusted profit before tax** up 40% to £6.9m (H1 2013: £5.0m)**
- **Profit before tax up 35% to £3.5m (H1 2013: £2.6m)**
- **Adjusted basic EPS** 1.51p (H1 2013: 1.02p). Basic EPS 0.75p (H1 2013: 0.56p)**
- **Comprehensive reorganisation of EIM Division completed**
- **Seven new managed service contract wins in PSS Division**

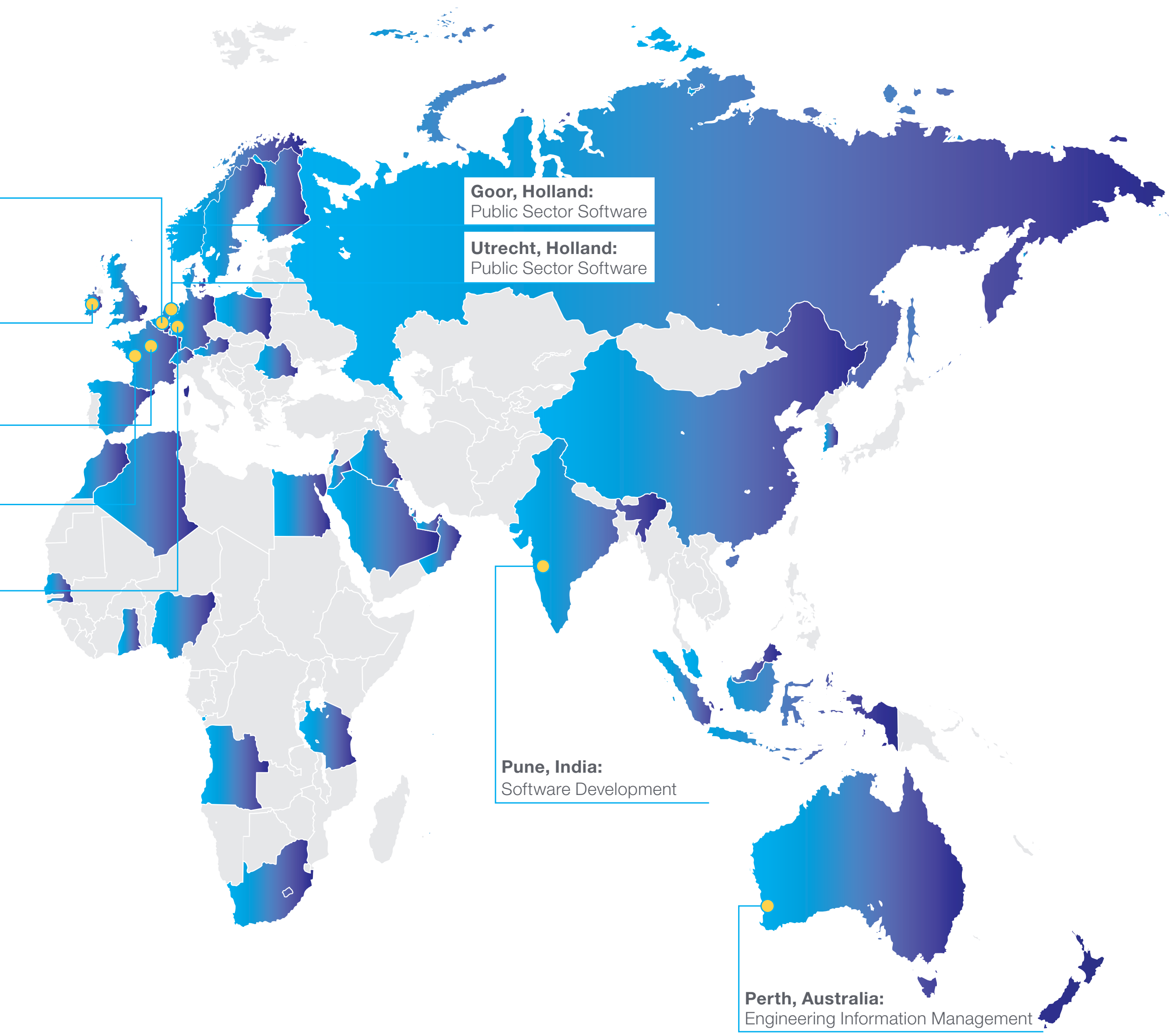
* EBITDA is defined as earnings before interest, tax, amortisation, depreciation, restructuring, acquisition costs and share option costs

** Adjusted profit before tax and adjusted EPS excludes amortisation, restructuring, acquisition costs, share option costs and impairment costs

At a Glance

Idox plc is a supplier of software solutions and services to the UK public sector and increasingly to highly regulated asset intensive industries around the world in the wider corporate sector.




Goor, Holland:
Public Sector Software
Utrecht, Holland:
Public Sector Software
Pune, India:
Software Development
Perth, Australia:
Engineering Information Management

Chairman's and Chief Executive's Statement

Overview

The business has continued to make sound progress across both divisions as demonstrated by the improvement in first half revenues and EBITDA. The expansion of the core business away from being simply a provider of software under the traditional capital purchase and maintenance revenue model to a provider of more complete solutions in our chosen domains has continued and looks to be gathering momentum. This has the added benefit of more predictable and smoother revenue flows which provides us with improving future visibility. Further, our recurring revenue levels have remained stable at around 50% for the Group, which we expect to continue into 2015.

The Company has been rigorous in its approach to improve its working practices following a disappointing 2013. We have shifted the focus of the business towards the generation of revenue, improving margins, increasing market share and providing add-on services to existing customers. The business is now also stronger for its strengthened management team, including the appointment of Jane Mackie as Group CFO and Peter Russell-Smith as Managing Director of our Engineering Division, as well as improved systems and controls, which has led to tighter discipline across all areas of the Company.

The Group is seeing medium-term growth potential in all targeted industries and geographies, with a need to streamline and implement efficiencies in the resources sector, and a greater acceptance of Business Process Outsourcing (BPO) by public sector and corporates alike. Idox is gaining a reputation in its chosen markets for being the domain expert for document control and the benefits of this broader offering are being felt by both the Company and its customers.

Operational Review

The Public Sector Software Division ("PSS") again increased its market share, with wins in Luton, Barnet, Glasgow, Solihull, Blackpool and Kent, as well as completing seven new managed services contracts in the first half of the year, more than was achieved in the whole of 2013. They included Highland, Leeds, South Norfolk, Birmingham, Aylesbury, Gateshead and Trafford.

UK councils continue to look for solutions which deliver better services and cost efficiencies, although some have had small relief through an increase in planning fees caused by an improvement in construction and economic activity.

PSS continued to offer both managed services and hosted solutions and to expand its embryonic BPO solutions. The grants business has shown strong growth in consultancy hours billed and new client wins; the latter will flow through into future revenues. The compliance and content businesses have been stabilised and restructured to drive improvements in margin. All of which will positively impact the second half of the year and into 2015.

The Engineering Information Management Division ("EIM") has been substantially restructured to improve its customer service and account management, in line with the successful public sector approach, and is now focused on three core markets where it has domain expertise: Oil & gas, utilities and infrastructure.

The EIM Division has revised and updated its product suites across its key platforms leading to a better engagement with its key accounts, while improvements in process and quality have already been implemented. EIM is now ready to launch its facilities management ("FM") and SaaS solutions in the US in the second half of the year and further extend its BPO services, having already signed two small contracts in the first half.

The Division has also recently introduced a new service to assist oil & gas corporates in their transfer of assets; a rising trend which offers the Company a solid opportunity to form new long-term relationships. In a market where we are seeing the key players trading assets to balance their capacity and demand, EIM will offer to capture all documentation around an asset to aid in the diligence process, and thereby effect the efficient and seamless handover of the acquired asset in line with the purchasers' own operating procedures and approach, thus de-risking the process, where possible, for both parties.

As reported previously, the restructuring of internal systems and cost base has delivered in excess of the previously announced £1 million of savings and some of this should flow through into H2. In addition, the final stage of the roll out of the Company's new Enterprise Resource Planning (ERP) system has been accelerated to cover all the operations of the business and is delivering further improvements in management systems and control at a lower cost.

The increased focus on financial controls has already delivered improvements, as demonstrated by the strong cash position and improvements in net debt, which is down £11.0m to £8.7m, as at 30 April 2014.

Outlook

The Company will continue with this process of improvement in the second half of the year, with the focus now being turned towards the more creative development of products and services, in order to deliver greater innovation for our customers and thus a greater value added service, thereby reinforcing Idox's leading market position.

The business enters the second half clearly focused on its areas of expertise, and is increasingly recognised as leading the market in the provision of the management of all content, be it traditional documents and data, or broader consulting, hosting and BPO services. All of this provides improved customer journeys, optimal efficiency and compliance.

Martin Brooks
Chairman

Richard Kellett-Clarke
Chief Executive Officer

11 June 2014

Chief Financial Officer's Review

Financial Review

Group revenues from continuing operations grew by 12% to £29.6m (H1 2013: £26.6m) due to organic growth in both the PSS and EIM divisions and the impact of the Artesys acquisition in 2013. The Group maintained the geographical split of its revenues with 32% generated outside of the UK (H1 2013: 31%). Gross profit earned was 13% higher at £26.8m (H1 2013: £23.9m) and the Group saw an increase in gross margin from 90% to 91% as a result of an increased mix of higher margin software business. Earnings before interest, tax, amortisation, depreciation, restructuring, acquisition and share option costs ("Adjusted EBITDA") increased by 36% to £7.9m (H1 2013: £5.8m) with EBITDA margins of 27% (H1 2013: 22%).

Performance by segment

The PSS division, which accounted for 67% of Group revenues (H1 2013: 69%), delivered revenues of £19.7m (H1 2013: £18.3m). Product and services revenue grew organically by 9% on the previous year driven by further market share gains, seven new managed service contract wins and a focus on add on services to the existing customer base. Election activity increased on the same period in 2013 due to Individual Electoral Registration projects and the European elections.

Recurring revenues within the PSS division were 57% (H1 2013: 58%) excluding election revenue. Divisional Adjusted EBITDA increased by 25% to £5.6m (H1 2013: £4.5m), delivering a 29% margin, a 4% increase on 2013 due to a focus on higher margin product sales.

The EIM division accounted for 33% of Group revenues (H1 2013: 31%) and achieved revenue growth of 20% to £9.9m (H1 2013: £8.2m). Revenue grew organically by 13% and there was a full six months contribution from Artesys acquired on 9 April 2013. Revenue growth has been driven by improved levels of service in the core market sectors of oil and gas, infrastructure and utilities and a focus on account management.

Adjusted EBITDA for the EIM business increased to £2.2m (H1 2013: £1.3m), 29% of the Group total. Margins increased to 23% (H1 2013: 16%) reflecting a stronger performance in licence sales compared to the same period in 2013.

Profit before tax

Within the income statement, we present both profit before tax and adjusted profit before tax which is a performance measure that is not defined by GAAP but which the directors believe provides a reliable and consistent measure of the Group's underlying financial performance. Adjusted profit before tax and adjusted EPS excludes amortisation, restructuring, acquisition, share option costs and impairment costs.

Adjusted profit before tax increased 40% to £6.9m (H1 2013: £5.0m). Administrative expenses increased 5% to £19.0m (H1 2013: £18.1m) with 4% of this increase due to a full six months contribution in the period of Artesys. Staff costs increased by 2% on a like for like basis and other overheads remained stable on the prior period.

Financing costs remained stable at £0.6m and includes interest payable of £0.4m (H1 2013: £0.4m) and amortisation of the loan facility fees of £0.07m (H1 2013: £0.09m).

Reported profit before tax increased 33% to £3.4m (H1 2013: £2.6m). Amortisation of intangibles increased from £2.7m to £2.8m as a result of a full year of Artesys. Restructuring charges of £0.2m (H1 2013: £0.09m) relate to the internal reorganisation of the EIM division and streamlining of corporate functions between London and Newbury into the combined Theale office which will result in cost savings going forward. There was a one off benefit of £0.8m included in acquisition costs in H1 2013 related to the release of earn-out obligations on the Opt2Vote acquisition which did not become payable. Excluding this £0.8m benefit acquisition costs reduced to £0.01m (H1 2013: £0.08m).

The Group continues to invest in developing innovative technology solutions and has incurred capitalised Research and Development costs of £0.52m (H1 2013: £0.56m). Research and Development costs expensed in the period were £2.8m (H1 2013: £2.5m).

Taxation

The Group's effective tax rate for the period was 23% compared to -13% for 2013. The rate of 23% is the estimated annualised rate, representing the Group's longer term effective rate of tax, taking into account the effects of rate changes and share scheme deductions in the period. The increase in the effective rate of tax is also the result of recognition of a deferred tax asset in the prior year in relation to previously unrecognised losses within the EIM business and recognition of a deferred tax asset in respect of share options. Unrelieved trading losses of £1.0m in the UK and £2.6m overseas remain available to offset against future taxable trading profits. The Board believes the Group will benefit from these tax losses in the future.

Earnings per share and dividends

Adjusted earnings per share improved by 48% to 1.51p (H1 2013: 1.02p). Diluted adjusted earnings per share increased 52% to 1.47p (H1 2013: 0.97p).

Basic earnings per share improved by 34% to 0.75p (H1 2013: 0.56p). Diluted earnings per share increased by 35% to 0.73p (H1 2013: 0.54p).

The Board proposes an interim dividend of 0.325p, an increase of 8% on the 2013 interim dividend. The interim dividend will be paid on 15 October 2014 to shareholders on the register at 3 October 2014.

Balance sheet and cashflows

Idox's balance sheet continued to strengthen during the period and at 30 April 2014 net assets were £47.4m compared to £39.3m at 30 April 2013.

Cash generated from operating activities before tax as a percentage of Adjusted EBITDA was 185%, up from 176% in the previous year. The high percentage in both periods reflects the seasonality of maintenance cash flows within the Public Sector Software division.

The Group ended the period with net debt of £8.7m (H1 2013: £17.7m) after total dividends of £2.4m. The Group's total signed debt facilities at 30 April 2014 stood at £30.4m, a combination of a term loan and flexible working capital and acquisition revolving credit facilities. The working capital facility of £8m and acquisition facility of £15m are due to expire during the next 12 months, however this is expected to be renegotiated with the bank on similar terms. The Board has considered the headroom in the bank facilities and are comfortable that unless there was a substantial deterioration in trading, Group budgets do not indicate any covenant breaches on the bank facilities currently in place.

Deferred income, representing invoiced maintenance and SaaS contracts yet to be recognised in revenue stood at £21.4m at 30 April 2014 (H1 2013: £21.7m), giving good visibility of revenue in the new financial year. Accrued income, representing future cash flows from managed service contracts was £7.6m (H1 2013: £4.1m).

Jane Mackie

Chief Financial Officer

11 June 2014

Consolidated Interim Statement of Comprehensive Income

For the six months ended 30 April 2014

	Note	6 months to 30 April 2014 (unaudited) £000	As restated 6 months to 30 April 2013 (unaudited) £000	12 months to 31 October 2013 (audited) £000
Continuing operations				
Revenue	3	29,633	26,569	57,319
Cost of sales		(2,736)	(2,713)	(5,298)
Gross margin		26,897	23,856	52,021
Administrative expenses		(19,032)	(18,065)	(36,967)
Earnings before amortisation, depreciation, restructuring, acquisition costs and share option costs		7,865	5,791	15,054
Depreciation		(371)	(347)	(722)
Amortisation		(2,871)	(2,728)	(5,388)
Restructuring costs		(225)	(88)	(525)
Acquisition costs		(16)	764	664
Share option costs		(375)	(315)	(499)
Operating profit		4,007	3,077	8,584
Finance income		36	68	138
Finance costs		(599)	(546)	(1,209)
Share of profit of joint venture		10	–	–
Profit before taxation		3,454	2,599	7,513
Analysed as:				
Adjusted profit before tax		6,941	4,966	13,261
Amortisation of intangibles		(2,871)	(2,728)	(5,388)
Restructuring costs		(225)	(88)	(525)
Acquisition costs		(16)	764	664
Share option costs		(375)	(315)	(499)
Income tax expense	4	(809)	(635)	851
Profit for the period from continuing operations		2,645	1,964	8,364

	Note	6 months to 30 April 2014 (unaudited) £000	As restated 6 months to 30 April 2013 (unaudited) £000	12 months to 31 October 2013 (audited) £000
Discontinued operations				
Net results for the period from discontinued operations	7	–	(509)	(519)
Loss on disposal of discontinued operations		–	–	(322)
Net result for the period from discontinued operations		–	(509)	(841)
Total operations				
Net result for the period attributable to the owners of the parent		2,645	1,455	7,523
Other comprehensive income for the period				
Items that will be reclassified subsequently to profit or loss:				
Exchange gains on retranslation of foreign operations		–	–	43
Other comprehensive income for the period, net of tax		–	–	43
Total comprehensive income for the period attributable to owners of the parent from continuing operations		2,645	1,455	7,566
Earnings per share from continuing and discontinued operations attributable to owners of the parent during the period				
Basic earnings per share				
From continuing operations	5	0.75p	0.56p	2.41p
From discontinued operations	5	–	(0.15p)	(0.24p)
From total operations	5	0.75p	0.41p	2.17p
Diluted earnings per share				
From continuing operations	5	0.73p	0.54p	2.30p
From discontinued operations	5	–	(0.14p)	(0.23p)
From total operations	5	0.73p	0.40p	2.07p

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

Consolidated Interim Balance Sheet

At 30 April 2014

	Note	At 30 April 2014 (unaudited) £000	At 30 April 2013 (unaudited) £000	At 31 October 2013 (audited) £000
ASSETS				
Non-current assets				
Property, plant and equipment		953	979	850
Intangible assets		67,574	71,196	69,484
Investment in joint venture		10	–	–
Deferred tax assets		2,141	1,254	2,509
Other receivables		1,883	322	1,723
Total non-current assets		72,561	73,751	74,566
Current assets				
Trade and other receivables		23,653	22,204	17,344
Cash and cash equivalents		12,620	9,147	3,399
Disposal group	8	–	990	–
Total current assets		36,273	32,341	20,743
Total assets		108,834	106,092	95,309
LIABILITIES				
Current liabilities				
Trade and other payables		6,722	4,446	4,662
Other liabilities		27,883	27,263	16,790
Provisions		121	193	56
Current tax		1,192	1,296	985
Derivative financial instruments		37	113	66
Borrowings		17,547	2,639	3,732
Disposal group	8	–	818	–
Total current liabilities		53,502	36,768	26,291
Non-current liabilities				
Deferred tax liabilities		4,242	5,784	4,870
Borrowings		3,711	24,221	19,462
Total non-current liabilities		7,953	30,005	24,332
Total liabilities		61,455	66,773	50,623
Net assets		47,379	39,319	44,686

	Note	At 30 April 2014 (unaudited) £000	At 30 April 2013 (unaudited) £000	At 31 October 2013 (audited) £000
EQUITY				
Called up share capital		3,573	3,485	3,493
Capital redemption reserve		1,112	1,112	1,112
Share premium account		11,445	10,197	10,355
Treasury reserve		(4)	(83)	(12)
Shares options reserve		1,699	1,948	1,955
Merger reserve		1,294	1,294	1,294
ESOP trust		(183)	(102)	(142)
Foreign currency translation reserve		145	117	145
Retained earnings		28,298	21,351	26,486
Total equity		47,379	39,319	44,686

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 2014

	Called up share capital £000	Capital redemption reserve £000	Share premium account £000
Balance at 1 November 2012 (audited)	3,485	1,112	10,197
Share award granted	–	–	–
Transfer on exercise of share options	–	–	–
Share options granted	–	–	–
Equity dividends paid	–	–	–
ESOP trust	–	–	–
Transactions with owners	–	–	–
Profit for the period	–	–	–
Other comprehensive income			
Exchange differences in reserves	–	–	–
Total comprehensive income for the period	–	–	–
At 30 April 2013 (unaudited)	3,485	1,112	10,197
Issue of share capital	8	–	158
Transfer on exercise of share options	–	–	–
Share options granted	–	–	–
Disposal of share options	–	–	–
ESOP trust	–	–	–
Equity dividends paid	–	–	–
Transactions with owners	8	–	158
Profit for the period	–	–	–
Other comprehensive income			
Exchange gains on retranslation of foreign operations	–	–	–
Total comprehensive income for the period	–	–	–
Balance at 31 October 2013 (audited)	3,493	1,112	10,355
Issue of share capital	80	–	1,090
Share options granted	–	–	–
Transfer on exercise of share options	–	–	–
Equity dividends paid	–	–	–
ESOP trust	–	–	–
Transactions with owners	80	–	1,090
Profit for the period	–	–	–
Deferred tax movement on share options			
Total comprehensive income for the period	–	–	–
At 30 April 2014 (unaudited)	3,573	1,112	11,445

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

Treasury reserve £000	Share options reserve £000	Merger reserve £000	ESOP trust £000	Foreign currency retranslation reserve £000	Retained earnings £000	Total £000
(107)	1,825	1,294	(95)	102	21,087	38,900
–	–	–	–	–	205	205
24	(8)	–	–	–	(3)	13
–	131	–	–	–	–	131
–	–	–	–	–	(1,393)	(1,393)
–	–	–	(7)	–	–	(7)
24	123	–	(7)	–	(1,191)	(1,051)
–	–	–	–	–	1,455	1,455
–	–	–	–	15	–	15
–	–	–	–	15	1,455	1,470
(83)	1,948	1,294	(102)	117	21,351	39,319
–	–	–	–	–	–	166
71	(75)	–	–	–	34	30
–	159	–	–	–	1	160
–	(77)	–	–	–	77	–
–	–	–	(40)	–	–	(40)
–	–	–	–	–	(1,045)	(1,045)
71	7	–	(40)	–	(933)	(729)
–	–	–	–	–	6,068	6,068
–	–	–	–	28	–	28
–	–	–	–	28	6,068	6,096
(12)	1,955	1,294	(142)	145	26,486	44,686
–	–	–	–	–	–	1,170
–	272	–	–	–	–	272
8	(528)	–	–	–	507	(13)
–	–	–	–	–	(1,417)	(1,417)
–	–	–	(41)	–	–	(41)
8	(256)	–	(41)	–	(910)	(29)
–	–	–	–	–	2,645	2,645
					77	77
–	–	–	–	–	2,722	2,722
(4)	1,699	1,294	(183)	145	28,298	47,379

Consolidated Interim Statement of Cash Flows

For the six months ended 30 April 2014

	6 months to 30 April 2014 (unaudited) £000	6 months to 30 April 2013 (unaudited) £000	12 months to 31 October 2013 (audited) £000
Cash flows from operating activities			
Profit for the period before taxation	3,454	2,599	7,513
Adjustments for:			
Depreciation	371	347	723
Amortisation	2,871	2,728	5,388
Finance income	(7)	(6)	(33)
Finance costs	436	454	973
Interest rate swap liability	(29)	(23)	(70)
Debt issue costs amortisation	79	95	159
Exchange (gain)/loss	–	(38)	42
Share option costs	273	324	499
Share of profit of joint venture	(10)	–	–
Movement in receivables	(6,469)	(5,120)	(1,675)
Movement in payables	13,544	8,856	(1,663)
Cash generated by operations	14,513	10,216	11,856
Tax on profit paid	(773)	(728)	(1,728)
Cash generated from discontinued operations	–	61	(285)
Net cash from operating activities	13,740	9,549	9,843
Cash flows from investing activities			
Acquisition of subsidiaries net of cash acquired	–	(1,779)	(1,779)
Deferred consideration paid relating to subsidiaries acquired in prior period	–	(182)	(585)
Purchase of property, plant & equipment	(474)	(500)	(774)
Purchase of intangible assets	(961)	(745)	(1,696)
Finance income	7	6	33
Disposal of discontinued operation	–	–	312
Net cash used in investing activities	(1,428)	(3,200)	(4,489)
Cash flows from financing activities			
Interest paid	(620)	(454)	(853)
New loans	1,000	6,900	8,900
Loan related costs	(43)	24	(123)
Loan repayments	(3,016)	(5,800)	(11,322)
Equity dividends paid	(1,417)	(1,393)	(2,438)
Sale of own shares	1,005	15	241
Net cash flows used in financing activities	(3,091)	(708)	(5,595)
Net movement on cash and cash equivalents	9,221	5,641	(241)
Cash and cash equivalents at the beginning of the period	3,399	3,640	3,640
Cash and cash equivalents at the end of the period	12,620	9,281	3,399

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 2014

1. GENERAL INFORMATION

IDOX plc is a supplier of specialist document management collaboration solutions and services to the UK public sector and to highly regulated asset intensive industries around the world in the wider corporate sector. The company is a public limited company which is listed on the Alternative Investment Market and is incorporated and domiciled in the UK. The address of its registered office is 1310 Waterside, Arlington Business Park, Theale, Reading, RG7 4SA. The registered number of the company is 03984070.

2. BASIS OF PREPARATION

The financial information for the period ended 30 April 2014 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 2013 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 2014. The Group financial statements for the year ended 31 October 2013 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 2014, the Group is primarily organised into two main operating segments, which are detailed below. On 1 July 2013 the recruitment segment was sold. As Recruitment was a separately identifiable operating segment the results for the period ended 30 April 2013, and comparative periods, have been reclassified as a discontinued operation. On 1st September 2013 following an internal reorganisation, the Information Solutions segment was combined with Public Sector Software. The results for the period are included within the Public Sector Software segment and the comparative periods have been restated.

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

- Public Sector Software – delivering software and information service solutions to local government customers and public sector organisations across a broad range of departments
- Engineering Information Management – delivering engineering document management and control solutions to asset intensive industry sectors

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

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

Notes to the Interim Consolidated Financial Statements

For the six months ended 30 April 2014 continued

3. SEGMENTAL ANALYSIS CONTINUED

The segment revenues by geographic location for the period ended 30 April 2014 are as follows:

6 months to 30 April 2014	Continuing operations (unaudited) £000	Discontinued operations (unaudited) £000	Total operations (unaudited) £000
Revenues from external customers:			
United Kingdom	20,028	–	20,028
USA/Canada	5,256	–	5,256
Europe	3,692	–	3,692
Australia/Rest of World	657	–	657
	29,633	–	29,633

The segment revenues by geographic location for the period ended 30 April 2013 are as follows:

6 months to 30 April 2013	Continuing operations (unaudited) £000	Discontinued operations (unaudited) £000	Total operations (unaudited) £000
Revenues from external customers:			
United Kingdom	18,411	884	19,295
USA/Canada	2,680	–	2,680
Europe	3,540	76	3,616
Australia/Rest of World	1,938	5	1,943
	26,569	965	27,534

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

	Public Sector Software £000	Engineering Information Management £000	Total £000
Revenues from external customers	19,714	9,919	29,633
Cost of sales	(1,874)	(862)	(2,736)
Gross profit	17,840	9,057	26,897
Operating costs	(12,217)	(6,815)	(19,032)
Profit before interest, tax, depreciation, amortisation, share option, acquisition costs and restructuring costs	5,623	2,242	7,865
Depreciation	(305)	(66)	(371)
Amortisation	(2,249)	(622)	(2,871)
Restructuring costs	(89)	(136)	(225)
Share options costs	(243)	(132)	(375)
Profit/(loss) before interest and tax	2,737	1,286	4,023
Finance income	4	3	7
Finance costs net	64	(160)	(96)
Share of profit of joint venture	10	–	10
Segment profit (see reconciliation below)	2,815	1,129	3,944

Notes to the Interim Consolidated Financial Statements

For the six months ended 30 April 2014 continued

3. SEGMENTAL ANALYSIS CONTINUED

The segment results for the 6 months to 30 April 2013 are as follows:

	Public Sector Software £000	Engineering Information Management £000	Recruitment (discontinued operation) £000	Total £000
Revenues from external customers	18,325	8,244	965	27,534
Cost of sales	(2,051)	(662)	(482)	(3,195)
Gross profit	16,274	7,582	483	24,339
Operating costs	(11,776)	(6,289)	(522)	(18,587)
Profit before interest, tax, impairment, depreciation, amortisation, share option and restructuring costs	4,498	1,293	(39)	5,752
Depreciation	(284)	(63)	(1)	(348)
Amortisation	(2,061)	(667)	–	(2,728)
Restructuring costs	(37)	(51)	–	(88)
Acquisition costs	850	(49)	(37)	764
Share options costs	(280)	(36)	(12)	(328)
Impairment of goodwill	–	–	(457)	(457)
Profit before interest and tax	2,686	427	(546)	2,567
Finance income	–	1	–	1
Finance costs net	(76)	126	–	50
Segment profit/(loss) (see reconciliation below)	2,610	554	(546)	2,618

Reconciliations of reportable profit:

	6 months to 30 April 2014 (unaudited) £000	6 months to 30 April 2013 (unaudited) £000
Total profit for reportable segments	3,944	2,618
Acquisition costs	(16)	–
Net financial costs	(474)	(528)
Discontinued operations loss*	–	509
Profit before taxation from continuing operations	3,454	2,599

Acquisition costs comprise legal fees in relation to arrangement of Group working capital facilities. Net financial costs relate to Group bank loan interest, bank facility fee amortisation and fair value loss on financial derivatives which have not been included in reportable segments.

*Discontinued operations loss excludes Group costs allocated to the segment relating to impairment of goodwill and acquisition costs relating to disposal.

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	6 months to 30 April 2014 (unaudited) £000	6 months to 30 April 2013 (unaudited) £000	12 months to 31 October 2013 (audited) £000
Current tax			
Corporation tax on profits for the period	770	820	1,611
Foreign tax on overseas companies	270	191	624
Over provision in respect of prior periods	(49)	(123)	(652)
Total current tax	991	888	1,583
Deferred tax			
Origination and reversal of timing differences	(89)	(254)	(2,199)
Adjustment for rate change	(97)	–	(164)
Adjustments in respect of prior periods	4	–	(74)
Total deferred tax	(182)	(254)	(2,437)
Total tax charge	809	634	(854)
Analysed as:			
Tax charge from continuing operations	809	635	(851)
Tax charge from discontinued operations	–	(1)	(3)

Unrelieved trading losses of £1,067,000 in the UK and £2,773,000 overseas remain available to offset against future taxable trading profits.

Notes to the Interim Consolidated Financial Statements

For the six months ended 30 April 2014 continued

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:

Continuing operations	6 months to 30 April 2014 (unaudited) £000	6 months to 30 April 2013 (unaudited) £000	12 months to 31 October 2013 (audited) £000
Profit for the period	2,645	1,964	8,364
Basic earnings per share			
Weighted average number of shares in issue	351,772,662	348,303,384	347,231,721
Basic earnings per share	0.75p	0.56p	2.41p
Diluted earnings per share			
Weighted average number of shares in issue used in basic earnings per share calculation	351,772,662	348,303,384	347,231,721
Dilutive share options	9,464,795	18,170,822	16,020,147
Weighted average number of shares in issue used in dilutive earnings per share calculation	361,237,457	366,474,206	363,251,868
Diluted earnings per share	0.73p	0.54p	2.30p

Discontinued operations	6 months to 30 April 2014 (unaudited) £000	6 months to 30 April 2013 (unaudited) £000	12 months to 31 October 2013 (audited) £000
Loss for the period	–	(509)	(841)
Basic earnings per share			
Weighted average number of shares in issue	351,772,662	348,303,384	347,231,721
Basic earnings per share	–	(0.15p)	(0.24p)
Diluted earnings per share			
Weighted average number of shares in issue used in basic earnings per share calculation	351,772,662	348,303,384	347,231,721
Dilutive share options	9,464,795	18,170,822	16,020,147
Weighted average number of shares in issue used in dilutive earnings per share calculation	361,237,457	366,474,206	363,251,868
Diluted earnings per share	-	(0.14p)	(0.23p)

Total operations	6 months to 30 April 2014 (unaudited) £000	6 months to 30 April 2013 (unaudited) £000	12 months to 31 October 2013 (audited) £000
Profit for the period	2,645	1,455	7,523
Basic earnings per share			
Weighted average number of shares in issue	351,772,662	348,303,384	347,231,721
Basic earnings per share	0.75p	0.41p	2.17p
Diluted earnings per share			
Weighted average number of shares in issue used in basic earnings per share calculation	351,772,662	348,303,384	347,231,721
Dilutive share options	9,464,795	18,170,822	16,020,147
Weighted average number of shares in issue used in dilutive earnings per share calculation	361,237,457	366,474,206	363,251,868
Diluted earnings per share	0.73p	0.40p	2.07p

	6 months to 30 April 2014 (unaudited) £000	6 months to 30 April 2013 (unaudited) £000	12 months to 31 October 2013 (audited) £000
Adjusted earnings per share			
Profit for the period	2,645	1,455	7,523
Adjusting items:			
Amortisation	2,871	2,728	5,388
Restructuring costs	225	88	525
Acquisition costs	16	(764)	(664)
Share option costs	375	328	511
Impairment	–	457	457
Taxation on above items	(813)	(723)	(1,477)
Adjusted profit for the period	5,319	3,569	12,263
Adjusted basic earnings per share	1.51p	1.02p	3.53p
Adjusted diluted earnings per share	1.47p	0.97p	3.38p

Notes to the Interim Consolidated Financial Statements

For the six months ended 30 April 2014 continued

6. DIVIDENDS

During the period a dividend was paid in respect of the year ended 31 October 2013 of 0.40p per ordinary share at a total cost of £1,417,000 (2012: 0.40p, £1,393,000).

A dividend of 0.325p per ordinary share at a total cost of £1,158,000 has been proposed in respect of the interim period ended 30 April 2014 (H1 2013: 0.30p, £1,045,000).

7. DISCONTINUED OPERATIONS

The Group announced on 1 July 2013 the sale of the recruitment business, TFPL Limited. The TFPL business represented an identifiable division of the Group and as such has been disclosed as a discontinued operation for the period ended 30 April 2013 and the year ended 31 October 2013. A single amount is shown on the consolidated statement of comprehensive income representing the post-tax result of the discontinued operation for the period until disposal. Additionally the post-tax loss arising from the disposal of the operation has been recognised within the discontinued operations section of the consolidated statement of comprehensive income.

Operating activities of discontinued operations	6 months to 30 April 2014 £000	6 months to 30 April 2013 £000	12 months to 31 October 2013 £000
Revenue	–	965	1,307
Costs of sale	–	(482)	(717)
Depreciation and amortisation	–	(1)	(1)
Impairment	–	(457)	(457)
Other operating expenses	–	(535)	(655)
Operating result	–	(510)	(523)
Finance costs	–	–	–
Result from discontinued operations before taxation	–	(510)	(523)
Tax expense	–	1	4
Net operating result from discontinued operations	–	(509)	(519)

8. DISPOSAL GROUP

The Group announced on 1 July 2013 the sale of the recruitment business, TFPL Limited. The assets and liabilities relating to this business have been classified as a disposal group on the balance sheet for the 6 months to April 2013.

The carrying amount of assets and liabilities in the disposal group may be analysed as follows:

Assets	6 months to 30 April 2013 £000
Goodwill	500
Property, plant and equipment	1
Trade and other receivables	347
Deferred tax asset	7
Cash & cash equivalents	135
Total assets of the disposal group	990

Liabilities	6 months to 30 April 2013 £000
Trade and other payables	83
Other liabilities	366
Current tax	–
Intercompany liabilities	369
Total liabilities of the disposal group	818

9. GOING CONCERN

The working capital facility of £8m and acquisition facility of £15m are due to expire during the next 12 months, however this is expected to be renegotiated with the bank on similar terms. The Board has considered the headroom in the bank facilities and are comfortable that unless there was a substantial deterioration in trading, Group budgets do not indicate any covenant breaches on the bank facilities currently in place.

10. POST BALANCE SHEET EVENTS

On 1 May 2014, Idox plc purchased 1,000,000 of its own ordinary shares of 1 pence each at a price of 40.47 pence per share. All of these shares will be held as treasury shares.

Independent Review Report to IDOX plc

For the six months ended 30 April 2014

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 2014 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 2014 is not prepared, in all material respects, in accordance with the basis of accounting described in Note 2.

GRANT THORNTON UK LLP

Auditor

London

11 June 2014

Company Information

For the six months ended 30 April 2014

Secretary and Registered Office:	J Mackie 2nd Floor 1310 Waterside Arlington Business Park Theale RG7 4SA
Nominated Advisor & Joint Broker:	N+1 Singer Advisory LLP 1 Bartholomew Lane London EC2N 2AX
Auditor:	Grant Thornton UK LLP Grant Thornton House Melton Street Euston Square London NW1 2EP
Corporate Solicitors:	Memery Crystal 44 Southampton Buildings London WC2A 1AP
Registrars:	Share Registrars Limited Suite E, 1st Floor 9 Lion and Lamb Yard Farnham Surrey GU9 7LL
Company Registration Number:	3984070
Financial Calendar:	Announcement of 2014 Annual Report – December 2014

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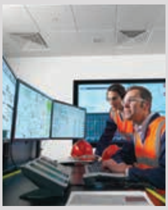

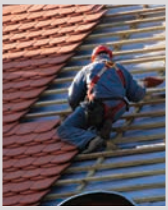

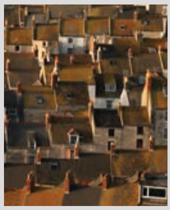
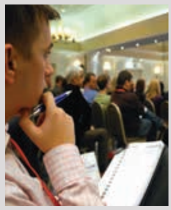


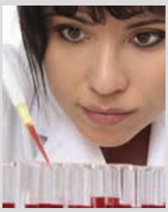










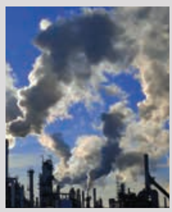

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