

# IDOX plc

7 July 2009

## Market position strengthened with highest ever order book

IDOX plc (AIM: IDOX, 'the Group', 'IDOX'), the supplier of software and services to the UK public sector, announces interim results for the six months ended 30 April 2009.

### Financial highlights

- Highest ever first-half order book of £9.1m, significantly ahead of expectations
- Revenues £15.7m (H1 2008: £16.2m), reflecting second-half scheduling of deliveries
- Software revenues stable; overall recurring revenue level rose to 57% of total Group revenues (H1 2008: 51%)
- Tight cost controls achieve £1.5m annualised cost savings
- Normalised pre-tax profit £2.8m (H1 2008: £3.6m)\*
- Adjusted EPS 0.59p (H1 2008: 0.74p)
- Strong working capital management delivers £6.0m net cash (2008: £1.0m) after repayment of £3.0m of debt, dividend payment and cash acquisition of J4B
- Maiden interim dividend of 0.08p per share

### Operational highlights

- Won all three large contracts tendered by new Unitary Authorities, totalling £1.95m
- Awarded £1.5m contract to deliver Stream 3 of Scottish Executive project following successful delivery of Stream 2
- Improved efficiency after 12% headcount reduction
- Continued focus on service and quality benefits delivery and cash generation

\* Normalised pre-tax profit is derived by adding back exceptional restructuring charges, amortisation and share option costs

**Martin Brooks**, Chairman, said:

***"We have built a record order book in the first half that will translate into higher deliveries in the second. Our strength in the local government market has been demonstrated by our success in winning all three major systems contracts, worth nearly £2m, tendered by the new Unitary Authorities.***

***"We have consolidated our strong position in Scotland by winning Stream 3 of the Scottish Government ePlanning Efficient Government Project, following successful delivery of the first two phases.***

***"Profits in the first half reflect a weighting of deliveries toward the second half as previously indicated, and were also impacted by some one-off costs related to delivery of the Stream 2 project. Second-half results are expected to benefit not only from the phasing of deliveries referred to above, but also from efficiencies introduced in the first half.***

***“Our continuing focus on greater efficiency has improved our cash position even after the early repayment of debt and our acquisition of J4B. We have therefore decided to declare a maiden interim dividend.***

***“The Group remains on course for a full-year performance in line with expectations and our strong order book gives us confidence about prospects for the second half and beyond.”***

## **Enquiries:**

### **IDOX**

Martin Brooks, Chairman  
Richard Kellett-Clarke, Chief Executive  
William Edmondson, Chief Financial Officer

020 7332 6000

### **Investec**

Andrew Pinder / Erik Anderson

020 7597 4000

### **College Hill**

Adrian Duffield / Carl Franklin

020 7457 2020

## **About IDOX plc**

IDOX plc is a supplier of software solutions and services principally to the UK public sector and the leading applications provider to local government for core functions relating to land, people and property through its *UNI-form*, *Plantech* and *IDOX* product range. Over 70% of UK local authorities are customers.

The Group gives public-sector organisations the tools to manage information and knowledge, documents and content, business processes and workflow as well as connecting directly with the citizen via the web.

It also supplies decision support content and additional specialist services via the IDOX Information Service and the recently acquired J4B business.

Under the TFPL brand the company is transforming approaches to knowledge and content management via consultancy and training, as well as providing these specialist skills to customers through its recruitment division.

For more information see [www.idoxgroup.com](http://www.idoxgroup.com)

## Overview

IDOX continued to make good progress in the first half of 2009, consolidating its position as a leading supplier of software and services to the Local Government market.

The Group's software business exited the first half with a record order backlog that stood at £6.5m on 30 April 2009, up from £3.8m at the beginning of the year, mainly as a result of the highest ever first-half order book of £9.1m. As previously indicated, deliveries will be weighted towards the second half, partially reflecting the increasing size and complexity of contracts that IDOX is winning in open tender. As a result, first-half revenues are slightly lower this year, with a consequent impact on profits, but the Group remains on course for a full-year performance in line with expectations.

The quality of the Group's software and services was demonstrated by the fact that IDOX won the first three contracts tendered by the newly created Unitary Authorities of Cornwall, Central Bedfordshire and Shropshire.

Tight cost controls, which achieved annualised cost savings of £1.5m, and strong management of working capital ensured that the Group increased its cash position by £2m, even after the payment of £1.1m tax (H1 2008: £0), the £0.8m acquisition of J4B and an early repayment of £3.0m of debt. Net funds now stand at £6.0m compared with £1.0m at the beginning of the year.

The Group is paying a maiden interim dividend of 0.08p per share, demonstrating its confidence in the future, its net cash position and strong cash generation.

## Markets

IDOX is a leading supplier of software solutions and services to the UK Local Government sector, principally within Land & Property. It is estimated by Kable, the research company, that ICT investment by Local Authorities was £3.8bn in 2008/9, the largest single area of Government IT spending.

The Group continues to see strong tender activity from Local Authorities despite the challenging economic environment and the expectation of cuts in public spending. The Board believes that the larger the savings required the greater will be the need to invest in technology such as IDOX's to deliver Government outcomes and improve efficiency and quality of service.

As the market leader in Land & Property IDOX is positioned well to cross-sell and share technology platforms to take advantage of opportunities in other sectors within Local Government.

## Financial review

Despite the significant deterioration in the wider economy, revenues were only slightly down on the same period last year, at £15.7m (H1 2008: £16.2m). This is more a reflection of the second-half weighting of deliveries than any softening of the market, which largely remains robust.

Software now accounts for 80% of Group revenues, or £12.5m (H1 2008: £12.5m), of which about 52% is recurring. Overall, 57% of Group revenues are recurring providing excellent visibility on future income.

The Solutions business contributed £1.3m to revenues (H1 2008: £1.5m), reflecting a reduced demand for training services from corporate clients, as discretionary spend tightened.

The Recruitment business proved resilient, contributing revenues of £2.0m, only slightly down from the £2.1m achieved in the first half of 2008.

Gross margins for the Group (revenue less external charges) eased from 81% to 76%, reflecting a shifting mix within the recruitment business towards interim placements, which now account for 95% of recruitment revenues (2008: 87%). Software margins of 85% were marginally reduced by additional costs associated with the delivery of the Scottish Government Stream 2 project.

Operating costs were reduced to £8.7m (H1 2008: £9.0m) as a result of tight cost controls and the completion of the integration of acquisitions. The associated headcount reduction of 12% since October resulted in an exceptional charge of £0.3m. The full benefit of these savings will flow through in the second half and 2010.

EBITDA of £3.2m or 20% (H1 2008: £4.1m or 25%) reflects the slight fall in revenue in the Solutions business, a lower-margin Recruitment business and the increased costs of delivering major contracts in the Software division.

Normalised pre-tax profits, which exclude exceptional restructuring charges, amortisation and share option costs, were £2.8m (H1 2008: £3.6m). Reported pre-tax profits were £1.9m (H1 2008: £3.2m).

Adjusted earnings per share were 0.59p (H1 2008: 0.74p). Reported basic earnings per share were 0.36p (H1 2008: 0.63p).

An interim dividend of 0.08p will be paid on 14 August to shareholders on the register at 17 July 2009. It is the Board's current intention to pay dividends in the ratio of approximately 40% interim and 60% final and to pursue a progressive dividend policy.

Strong cash management increased the Group's cash position to £9.7m at 30 April 2009, after a £1.1m tax payment, £0.8m to fund the J4B acquisition, the payment of £0.4m in dividends and the repayment of £3.0m of debt. Net cash increased from £1.0m at 1 November 2008 to £6.0m at 30 April 2009.

## **Operational review**

IDOX's Software business ended the first half of 2009 with a record contracted work-in-progress that increased from £3.8m at the beginning of the financial year, to £6.5m on 30 April, including £9.1m of new orders offset by £6.2m of implementations and a movement in deferred income of £0.2m.

Notable wins included all three large systems contracts tendered by the new Unitary Authorities, following changes brought on by the Local Government Review (LGR).

Contracts worth a combined £1.95m were awarded by the new authorities in Cornwall, Central Bedfordshire and Shropshire. Delivery of these contracts is concentrated in the second half, with maintenance contract durations ranging up to seven years. The Group expects a further five new Unitary Authorities created under Phase 1 of the LGR to issue tenders in 2009/10 with a further three Unitaries created under Phase 2 expected to tender in 2010/11.

IDOX successfully delivered Stream 2 of the Scottish Government's ePlanning Efficient Government Project on time, despite a number of external factors that resulted in some additional costs and a shortening of the implementation time. The value of IDOX's work on this important Scottish project has since been enhanced by the award of the contract for Stream 3, worth a further £1.5m, in early June.

There is continuing demand from existing customers for additional software modules and services such as Public Access systems. Smaller contract wins (less than £0.2m) represent over 65% of total orders in the first half.

IDOX continues to invest in the development of new software modules to increase penetration of existing and new vertical markets within Local Government. The recent launch of the

Enterprise management dashboard solution enables customers to monitor workflow in order to further improve efficiency and deliver an increased return on investment from their IDOX software installations. In addition the significantly upgraded Public Access system allows customers to meet Government targets for online service delivery and improving citizens' access to information.

The Solutions business has performed in line with expectations and the acquisition of J4B has enhanced the capabilities of the existing IDOX Information Service ("IIS") by increasing its expertise in the creation of web-managed content solutions for Government.

In the Recruitment division, revenues from interim placements held up well, despite the challenging recruitment market. As expected, permanent recruitment and training, which contributes less than 5% of Recruitment revenues, suffered from cutbacks in the banking, law and professional services markets. Although these markets are now showing signs of stability, the Group has taken actions to reflect the changing market by headcount reduction and reallocation of staff.

In operational terms, the Group has made significant progress in cross training staff to improve flexibility and continues to improve internal processes and systems to make the business more efficient. The benefit of these changes is expected in the second half of 2009 and in 2010, although the Group is already seeing improvements in contract delivery and cash collection. Group overheads are now expected to be lower in the second half, with further benefits flowing through into 2010.

The Group continues to look for suitable acquisitions and was pleased to announce the acquisition of J4B on 23 April 2009. J4B has made an encouraging start, having signed its largest-ever contract in April with the National Council of Voluntary Organisations to create, host and maintain a funding information portal for the voluntary community sector.

In February, the Group announced a strategic partnership with Kirona Systems to provide mobile solutions for field-based workers in local government. The first local authority site is expected to go live in August with a further six orders awaiting delivery.

## **Outlook and current trading**

The Group believes that the outlook remains encouraging for its services. Local Authorities remain under pressure to cut costs, while at the same time improving both services and outcomes through the use of innovative new technologies such as those developed by IDOX.

Tender issue activity within IDOX's addressable markets remains robust and the current sales pipeline gives us good visibility for the future.

The Board expects that the backlog of contracted work will be delivered in the second half which, coupled with cost reductions, provides further confidence about the outcome for the year.

## Consolidated Income Statement For the six months ended 30 April 2009

	Note	6 months to 30-Apr-09 (unaudited) £000	6 months to 30-Apr-08 (unaudited) £000	12 months to 31-Oct-08 (audited) £000
Revenue	3	15,735	16,167	34,034
External charges		(3,811)	(3,082)	(7,017)
Gross margin		11,924	13,085	27,017
Staff costs		(6,990)	(6,918)	(14,745)
Other operating charges		(1,692)	(2,114)	(3,697)
		3,242	4,053	8,575
Depreciation		(181)	(185)	(340)
Amortisation		(510)	(446)	(920)
Restructuring costs		(303)	-	-
Share option costs		(59)	(33)	(108)
Operating profit		2,189	3,389	7,207
Finance income		17	154	263
Finance costs		(325)	(387)	(901)
Profit before taxation		1,881	3,156	6,569
Income tax expense	4	(652)	(988)	(1,785)
Profit for the period		1,229	2,168	4,784
Earnings per share				
Basic	5	0.36p	0.63p	1.40p
Diluted	5	0.35p	0.62p	1.38p

## Consolidated Balance Sheet At 30 April 2009

	At 30 April 2009 (unaudited) £000	At 30-Apr-08 (unaudited) £000	At 31-Oct-08 (audited) £000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant & equipment	601	448	500
Intangible assets	33,460	32,011	31,887
Deferred tax assets	114	584	265
<b>Total non-current assets</b>	<b>34,175</b>	<b>33,043</b>	<b>32,652</b>
Trade & other receivables	10,625	11,440	8,276
Cash at bank	9,771	12,468	7,688
<b>Total current assets</b>	<b>20,396</b>	<b>23,908</b>	<b>15,964</b>
<b>Total assets</b>	<b>54,571</b>	<b>56,951</b>	<b>48,616</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			

Trade & other payables	4,541	6,864	2,845
Other liabilities	15,604	15,085	8,113
Provisions	74	-	370
Current tax	625	1,574	1,086
Deferred tax liabilities	250	-	250
Derivative financial instrument	-	-	96
Borrowings	1,000	1,000	1,000
<b>Total current liabilities</b>	22,094	24,523	13,760
<b>Non-current liabilities</b>			
Trade & other payables	-	-	422
Deferred tax liabilities	3,403	3,667	3,292
Borrowings	2,739	6,111	5,696
<b>Total non-current liabilities</b>	6,142	9,778	9,410
<b>Total liabilities</b>	28,236	34,301	23,170
<b>Net assets</b>	26,335	22,650	25,446
 <b>EQUITY</b>			
Called up share capital	3,442	3,432	3,442
Capital redemption reserve	1,112	1,112	1,112
Share premium account	9,883	9,793	9,883
Treasury reserve	(8)	-	-
Shares options reserve	423	393	364
Other reserves	1,294	1,294	1,294
ESOP trust	(91)	(103)	(96)
Retained earnings	10,280	6,729	9,447
<b>Total equity</b>	26,335	22,650	25,446

## Consolidated Statement of Changes in Equity At 30 April 2009

	Issued share capital	Capital redemption reserve	Share Premium	Treasury reserve	Share options reserv e	Other reserv es	ESO P Trust	Profit and loss account	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>At 1 November 2007 (audited)</b>	3,420	1,112	9,706	-	359	1,294	(104)	4,903	20,690
Profit for the period	-	-	-	-	-	-	-	2,168	2,168
Total recognised income and expense for the period	-	-	-	-	-	-	-	2,168	2,168
Share options granted	-	-	-	-	34	-	-	-	34
Issue of share capital	12	-	87	-	-	-	-	-	99
Equity dividends paid	-	-	-	-	-	-	-	(342)	(342)
ESOP trust	-	-	-	-	-	-	1	-	1
<b>At 30 April 2008 (unaudited)</b>	3,432	1,112	9,793	-	393	1,294	(103)	6,729	22,650
Profit for the period	-	-	-	-	-	-	-	2,616	2,616
Total recognised income and expense for the period	-	-	-	-	-	-	-	2,616	2,616
Issue of share capital	10	-	90	-	-	-	-	-	100
Transfer on exercise of Share options	-	-	-	-	(103)	-	-	103	-
Share options granted	-	-	-	-	74	-	-	-	74
Equity dividends paid	-	-	-	-	-	-	-	(1)	(1)
ESOP trust	-	-	-	-	-	-	7	-	7
<b>At 31 October 2008 (audited)</b>	3,442	1,112	9,883	-	364	1,294	(96)	9,447	25,446
Profit for the period	-	-	-	-	-	-	-	1,229	1,229
Total recognised income and expense for the period	-	-	-	-	-	-	-	1,229	1,229
Share options granted	-	-	-	-	59	-	-	-	59
Share repurchase	-	-	-	(8)	-	-	-	-	(8)
Equity dividends paid	-	-	-	-	-	-	-	(396)	(396)
ESOP trust	-	-	-	-	-	-	5	-	5
<b>At 30 April 2009 (unaudited)</b>	3,442	1,112	9,883	(8)	423	1,294	(91)	10,280	26,335

## Consolidated Cash Flow Statement For the six months ended 30 April 2009

	6 months to 30 April 2009 (unaudited) £000	6 months to 30 April 2008 (unaudited) £000	12 months to 31 October 2008 (audited) £000
<b>Cash flows from operating activities</b>			
Profit for the period before taxation	1,881	3,156	6,569
Adjustments for:			
Depreciation	181	185	340
Amortisation	510	446	920
Finance income	(17)	(154)	(263)
Finance costs	283	387	901
Exchange gain	(12)	-	-
Share option costs	59	34	108
Movement in receivables	(2,348)	(3,795)	(538)
Movement in payables	7,689	8,138	(1,830)
<b>Cash generated by operations</b>	<b>8,226</b>	<b>8,397</b>	<b>6,207</b>
Tax on profit paid	(1,091)	-	(1,280)
<b>Net cash from operating activities</b>	<b>7,135</b>	<b>8,397</b>	<b>4,927</b>
<b>Cash flows from investing activities</b>			
Acquisition of subsidiary net of cash acquired	(791)	(3,797)	(3,833)
Purchase of property, plant & equipment	(280)	(84)	(291)
Purchase of intangible fixed assets	(220)	-	(353)
Interest received	17	154	263
<b>Net cash used in investing activities</b>	<b>(1,274)</b>	<b>(3,727)</b>	<b>(4,214)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of share capital	-	99	199
Interest paid	(235)	(387)	(816)
Other loan related costs	(144)	-	-
Loan repayments	(3,000)	(500)	(1,000)
Equity dividends paid	(396)	(342)	(343)
Sale/(purchase) of own shares	(3)	1	8
<b>Net cash flows from financing activities</b>	<b>(3,778)</b>	<b>(1,129)</b>	<b>(1,952)</b>
<b>Net movement on cash and cash equivalents</b>	<b>2,083</b>	<b>3,541</b>	<b>(1,239)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>7,688</b>	<b>8,927</b>	<b>8,927</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>9,771</b>	<b>12,468</b>	<b>7,688</b>

**Notes to the Condensed Consolidated Interim Financial Statements  
For the six months ended 30 April 2009****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 of the London Stock Exchange and is incorporated and domiciled in the UK. The address of its registered office is 160 Queen Street, London, EC4V 4BV. The registered number of the company is 03984070.

The financial information for the year ended 31 October 2008 set out in this interim report does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985. The Group's statutory financial statements for the year ended 31 October 2008 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 237(2) or Section 237(3) of the Companies Act 1985.

**2 BASIS OF PREPERATION**

The accounting policies have been applied consistently throughout the group for the purposes of the preparation of the condensed consolidated interim report. These interim condensed consolidated financial statements are for the six months ended 30 April 2009. The group has elected not to apply IAS 34, Interim Financial Reporting. The interim condensed consolidated financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 October 2008. The same accounting policies, presentation and methods of computation are followed in this interim condensed consolidated report as were applied in the Group's annual financial statements for the year ended 31 October 2008.

**3 SEGMENTAL ANALYSIS**

The Group's primary basis of segmentation is by class of business.

The segment results for the six months ended 30 April 2009 are as follows:

	Software £000	Solutions £000	Recruitment £000	Total £000
Total segment revenues	12,460	1,309	1,966	15,735
Inter-segment revenues	-	-	-	-
Revenues from external customers	12,460	1,309	1,966	15,735
Depreciation	147	33	1	181
Amortisation	510	-	-	510
Segment operating profit	2,233	31	(75)	2,189
Interest revenue	10	3	4	17
Segment profit before tax	2,243	34	(71)	2,206
Segment total assets	16,718	1,756	2,637	21,111
Expenditures on segment non-current assets	193	87	-	280
Segment total liabilities	16,455	1,754	2,635	20,844

The segment results for the six months ended 30 April 2008 are as follows:

	Software £000	Solutions £000	Recruitment £000	Total £000
Total segment revenues	12,516	1,513	2,138	16,167
Inter-segment revenues	-	-	-	-
Revenues from external customers	12,516	1,513	2,138	16,167
Depreciation and amortisation	136	35	14	185
Amortisation	446	-	-	446
Segment operating profit	3,130	164	95	3,389
Interest revenue	142	5	7	154
Segment profit before tax	3,272	169	102	3,543
Segment total assets	19,752	2,074	3,116	24,942
Expenditures on segment non-current assets	67	6	6	79
Segment total liabilities	21,507	1,316	700	23,523

Reconciliations of reportable profit/(loss) and assets and liabilities:

	<u>2009</u>	<u>2008</u>
<b>Segment Profit or Loss</b>		
Total profit for reportable segments	2,206	3,543
Other financial costs	<u>(325)</u>	<u>(387)</u>
Group Profit Before Tax	<u>1,881</u>	<u>3,156</u>
<b>Assets</b>		
Total assets for reportable segments	21,111	24,942
Goodwill and intangible fixed assets	<u>33,460</u>	<u>32,009</u>
Entity's assets	<u>54,571</u>	<u>56,951</u>
<b>Liabilities</b>		
Total liabilities for reportable segments	20,844	23,523
Bank loan	3,739	7,111
Deferred taxation	<u>3,653</u>	<u>3,667</u>
Group liabilities	<u>28,236</u>	<u>34,301</u>

Other financial costs relate to loan interest and a one off swap interest charge paid by IDOX plc, which along with the loan have not been included in reportable segments. Goodwill and intangible fixed assets and related deferred tax entries are held at consolidation level only and are therefore shown as reconciling items.

**4 TAX ON PROFIT ON ORDINARY ACTIVITIES**

	6 months to 30-Apr-09 (unaudited) £000	6 months to 30-Apr-08 (unaudited) £000	12 months to 31-Oct-08 (audited) £000
<b>Current tax</b>			
Corporation tax on profits for the period	630	993	2,149
(Over)/under provision in respect of prior periods	-	-	(272)
Total current tax	<u>630</u>	<u>993</u>	<u>1,877</u>
<b>Deferred tax</b>			
Origination and reversal of timing differences	(77)	87	(205)
Adjustments in respect of prior periods	<u>99</u>	<u>(92)</u>	<u>113</u>
Total deferred tax	<u>22</u>	<u>(5)</u>	<u>(92)</u>
Total tax charge	<u>652</u>	<u>988</u>	<u>1,785</u>

Unrelieved trading losses of £517,500 (30 April 2008: £320,000), which when calculated at the standard rate of corporation tax in the United Kingdom of 28%, amounts to £144,900 (30 April 2008: £89,600). These 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-Apr-09 (unaudited) £000	6 months to 30-Apr-08 (unaudited) £000	12 months to 31-Oct-08 (audited) £000
Profit for the period	1,229	2,168	4,784
<b>Basic earnings per share</b>			
Weighted average number of shares in issue	342,900,983	341,511,611	342,059,867
Basic earnings per share	<u>0.36p</u>	<u>0.63p</u>	<u>1.40p</u>
<b>Diluted earnings per share</b>			
Weighted average number of shares in issue used in basic earnings per share calculation	342,900,983	341,511,611	-
Dilutive share options	3,511,143	5,738,152	5,061,729
Weighted average number of shares in issue used in dilutive earnings per share calculation	346,412,126	347,249,763	347,121,596
Diluted earnings per share	<u>0.35p</u>	<u>0.62p</u>	<u>1.38p</u>

**Adjusted earnings per share**

	6 months to 30-Apr-09 (unaudited) £000	6 months to 30-Apr-08 (unaudited) £000	12 months to 31-Oct-08 (audited) £000
Profit for the period	1,229	2,168	4,784
Adjusting items:			
Share option costs	59	33	108
Restructuring costs	303	-	-
Amortisation	510	446	920
Interest rate swap and related costs	48	-	96
Taxation on above items	(143)	(130)	(257)
Adjusted profit for the period	<u>2,006</u>	<u>2,517</u>	<u>5,651</u>
Adjusted basic earnings per share	0.59p	0.74p	1.65p
Adjusted diluted earnings per share	0.58p	0.73p	1.63p

**6 DIVIDENDS**

During the period a dividend was paid in respect of the year ended 31 October 2008 of 0.115p per Ordinary share at a total cost of £0.4m (2008: 0.1p, £0.3m). An Interim dividend of 0.08p will be paid on 14 August 2009 for the 6 month period ending 30 April 2009 at a total cost of £0.3m.

**7 ACQUISITIONS**

On 23 April 2009, the Group acquired the entire share capital of J4B Software and Publishing Limited for a consideration of £1.1m, of which £0.8m was satisfied in cash and £0.3m is due as deferred consideration. Goodwill arising on the acquisition of J4B Software and Publishing Limited has been capitalised. The purchase of Software and Publishing Limited has been accounted for using the acquisition method of accounting.

	Book value £000	Provisional fair value adjustments £000	Fair value £000
Intangible assets	-	865	865
Property, plant and equipment	34	-	34
Trade receivables	333	-	333
Investments	13	-	13
Other receivables	63	-	63
Cash at bank	311	-	311
<b>TOTAL ASSETS</b>	<b>754</b>	<b>865</b>	<b>1,619</b>
Trade payables	(57)	-	(57)
Deferred revenue	(212)	(466)	(678)
Corporation tax	(36)	-	(36)
Social security and other taxes	(156)	-	(156)
Accruals	(186)	-	(186)
Deferred tax liability	-	(242)	(242)
<b>TOTAL LIABILITIES</b>	<b>(647)</b>	<b>(708)</b>	<b>(1,355)</b>
<b>NET ASSETS</b>	<b>107</b>	<b>157</b>	<b>264</b>
Purchased goodwill capitalised			<u>838</u>
			<b>1,102</b>
Satisfied by:			
Cash to vendor			815
Costs of acquisition			<u>287</u>
Total consideration			<u><b>1,102</b></u>

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.

Other adjustments were made to the revenue recognition policy for subscription income in order to bring it in line with group policy.

Given that the acquisition took place on 23 April 2009, the Group is still establishing the appropriateness of the fair values of trade receivables balances.

The profit after taxation of J4B Software and Publishing Limited for the period from 1 January 2009, the beginning of the subsidiary's financial year, to the date of acquisition was £14k. The profit after taxation for the period ended 30 April 2009 was £14k.

**Independent review report to IDOX plc****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 2009 which comprises the Consolidated Income Statement, Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity and the related notes. We have read the other information contained in the half yearly financial report which comprises the overview, markets, financial review, operational review and outlook and considered whether they contain 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.

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 2009 is not prepared, in all material respects, in accordance with the basis of accounting described in Note 2.

GRANT THORNTON UK LLP  
AUDITOR  
London  
6 July 2009

**Notes:**

1. The maintenance and integrity of IDOX plc website is the responsibility of the directors: the interim review does not involve consideration of these matters and, accordingly, the

company's reporting accountants accept no responsibility for any changes that may have occurred to the interim report since it was initially presented on the website.

2. Legislation in the United Kingdom governing the preparation and dissemination of the interim report differ from legislation in other jurisdictions.