

# IDOX plc

7 July 2010

## Interim pre-tax profits up 14% as IDOX proves resilience against uncertainty

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 2010.

### Financial highlights

- Reported pre-tax profits up 14% to £2.1m (H1 2009: £1.9m), normalised\* pre-tax profits up 10% to £3.0m (H1 2009: £2.8m) despite revenues 5% lower at £15.0m (H1 2009: £15.7m)
- Gross margins up from 76% to 81%
- Recurring revenues now 61% of Group revenues
- Net cash £10.9m due to continuing strong working capital management (H1 2009: £6.0m)
- Normalised EPS 0.58p, Basic EPS 0.42p (H1 2009: 0.55p, 0.36p)
- Interim dividend up 25% to 0.10p per share (2009: 0.08p)
- Supplied technology solutions in three multiple-authority, shared-service partnerships
- Two earnings enhancing acquisitions in the second half funded out of existing cash resources; combined consideration of £6.2m

**Martin Brooks**, Chairman, said:

**"IDOX is a delivering on a substantial order book and has a good sales pipeline for the remainder of the financial year and beyond as local authorities recognise the potential to achieve significant cost savings through the deployment of its software."**

**"Our continued focus on service and quality, combined with a growth in recurring revenues and a reduction in costs, has built a high degree of resilience against the uncertainties of the government's future spending plans."**

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

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### Overview

IDOX continues to improve the resilience of its business despite the political and economic upheavals that slowed first-half sales and which continue to cast a cloud of uncertainty over the Local Government market.

Although sales were 5% lower, the Group achieved significant improvements in recurring revenues, gross margins, pre-tax profits and cash generation. The resulting financial strength has positioned IDOX well in a market that awaits a more detailed understanding of where the Coalition's budget-tightening measures will fall. With a strong balance sheet aided by good cash management, the Group has been able to increase dividends and fund acquisitions that further improve its quality of earnings.

### **Financial review**

The first half of the financial year saw continued delays in procurements and deployments that resulted in revenues falling 5% to £15.0m (H1 2009: £15.7m). However, the Group expects that normal seasonality will deliver a stronger second half, driven by a higher level of orders and deployments.

Overall, 61% of Group revenues are now recurring, providing robust visibility of future income in challenging markets.

The Software business delivered revenues of £11.5m (H1 2009: £12.5m) and improved recurring revenues to 59% (H1 2009: 50%), reflecting good progress in winning longer-term recurring maintenance and managed-service contracts over the past year.

The Information Solutions business increased revenues by 43% to £1.9m (H1 2009: £1.3m), reflecting the full-year impact of the J4B acquisition in April 2009. Subscription-based recurring revenues now account for 53% (H1 2009: 46%) of divisional revenue. The recent acquisition of Grantfinder Ltd ("Grantfinder"), a provider of value-added databases for government and EU funding information, extends the Group's capabilities and scale in Information Solutions and will further boost its recurring revenue stream.

In the Recruitment division, high-margin revenues from permanent placements have more than doubled to £0.2m (H1 2009: £0.1m) reflecting a significant improvement in the recruitment market over the past year. However, revenues in the low-margin contract recruitment business fell to £1.4m (H1 2009: £1.9m) resulting in total divisional revenue of £1.6m (H1 2009: £2.0m).

Gross margins for the Group improved from 76% to 81%, reflecting a shifting mix across all divisions toward higher-margin recurring revenues and a continued focus on quality across all areas of the business that enabled greater efficiency in delivery.

Although reported operating costs were flat at £8.7m (H1 2009: £8.7m) on a like-for-like basis, excluding the impact of J4B, operating costs were £1m lower than 2009.

EBITDA increased by 6% to £3.4m at an improved margin of 23% (H1 2009: £3.2m, 21%) that reflects good gross margin progression and continued cost control.

Net financing costs were reduced to £0.2m (H1 2009: £0.3m) reflecting the optimisation of IDOX's cash resources over the past year in making early debt repayments.

Reported pre-tax profits were 14% higher at £2.1m (H1 2009: £1.9m). Normalised pre-tax profits, which exclude exceptional charges, amortisation and share option costs, were 10% higher at £3.0m (H1 2009: £2.8m).

Basic earnings per share increased 17% to 0.42p (H1 2009: 0.36p). Adjusted earnings per share were 0.58p (H1 2009: 0.55p).

The Board continues to pursue a progressive dividend policy and has increased the interim dividend by 25% to 0.1p (2009: 0.08p). It will be paid on 16 August to shareholders on the register at 17 July 2009.

Strong cash management increased the Group's cash position to its highest-ever level of £14.2m. Net funds increased from £6.0m at 30 April 2009 to £10.9m at 30 April 2010.

Since 30 April 2010, a payment of £3.3m has been made to acquire Grantfinder and £2.9m is expected to be paid during July on completion of the acquisition of managed-service contracts from Macdonald, Dettwiler and Associates ("MDA"). Both acquisitions are immediately earnings enhancing.

### **Operational review**

The Group's core Software business clearly suffered from delays in the award of large contracts although the impact of these delays was to some extent mitigated by an increase in smaller, incremental upgrades. In addition, revenues were depressed by some delays in the implementation of already-signed contracts, as well as an increase in the complexity of installation of spatial software components within the Public Access product suite.

The Information Solutions business increased both its subscription and project revenues, although the knowledge management consultancy services market continues to be challenging.

In the Recruitment division, improving confidence in economic recovery delivered an uplift in longer-term search and selection assignments at the expense of short term contract assignments.

In the current market environment, IDOX continues to emphasise product innovation and service improvement in its chosen markets, as well as streamlining internal processes. In the first half IDOX was instrumental in helping to achieve:

- A shared service licensing partnership starting in Kent with an intention to roll-out nationally.
- A shared service land charges service in Leicestershire
- Provision of a specialist planning system to West Somerset enabling them to facilitate the impending major nuclear power plant at Hinkley Point
- Implementation of improved public services with the new IDOX Public Access modules in West Leicestershire
- A building control partnership in North Derbyshire
- Improved services to citizens with new on-line services in Harborough
- Simplification and rationalisation of back office gazetteer systems in Southampton

Delivery of the third phase of the Scottish Government's planning system is close to completion and remains on schedule. After a significant period of development, the new planning system commissioned by the Planning Service of Northern Ireland has been delivered into its pilot and roll out phases.

There has been significant uptake in the Group's Public Access modules with development of further modules in progress.

The continuing focus on quality of development, delivery and distribution across all areas of the business has resulted in a 5% improvement in gross margin and lower like-for-like indirect costs.

Combined with continued tight cash management, these improvements have increased resiliency and delivered further improvements in both profitability and cash in the first half.

The Group has announced two acquisitions in the year to date. In March it agreed to acquire the managed services business of MDA, comprising 11 Local Authority contracts. Completion is expected during July once novation of the contracts to IDOX is complete.

In May, IDOX acquired Grantfinder, an important provider of value-added databases for government and EU funding information to a wide range of UK public and private customers. The acquisition will extend the capabilities of the IDOX Group with additional value-added content and boost its subscription-based recurring revenue stream. On 22 June 2010, IDOX was notified by the OFT that under Section 5 of the Enterprise Act 2002, the acquisition of Grantfinder was being investigated. The OFT is considering whether the acquisition

should be referred to the Competition Commission. IDOX is fully cooperating with the OFT in its investigation and will provide an update in due course.

These acquisitions represent additions to the Group's core businesses, increase the level of recurring revenues and deliver further efficiency gains. The acquisitions are all immediately earnings enhancing and will be fully integrated within the current year.

The Group has continued to demonstrate its ability to deliver cost savings for local authorities that have standardised around IDOX as a single-supplier solution and is well placed to benefit from cuts as local authorities seek greater efficiencies.

IDOX continues to invest in R&D to develop additional services in areas such as smartphone technology and further integration between front and back office solutions. The Group's public access web solutions improve customer service and at the same time reduce back office costs and IDOX is working in partnership with many local authorities to create efficient shared services.

The continuous improvements achieved in the business over the past few years allows the Group to leverage the investment already made and there remains considerable opportunity to build on recent successes to deliver even better outcomes.

## Current Trading

There have been a number of larger new business wins that have come through since April, including the West Cheshire LGR contract for £490,000 and the West Somerset planning system. Despite the market uncertainties the sales pipeline remains healthy and the Group is delivering on its substantial order book.

## Outlook

The new UK Coalition Government has outlined its initial plans for savings ahead of a three year Comprehensive Spending Review to be published on 20 October 2010. The Board's view is while this may cause delays in commitment, the healthy level of current tender activity indicates that many local authorities recognise that IDOX and other software suppliers are critical to achieving the necessary efficiencies demanded by government.

Although the Board remains cautious about the longer-term outlook, pending the Government's detailed spending reviews, it is reassured that IDOX's financial strength, leading market position and broad capabilities provide a resilient platform for the future.

## Consolidated Statement of Comprehensive Income

For the six months ended 30 April 2010

		6 months to 30 April 10 (unaudited) £000	6 months to 30 April 09 (unaudited) £000	12 months to 31 October 09 (audited) £000
Revenue	Note 3	14,961	15,735	32,164
External charges		(2,881)	(3,811)	(7,283)
Gross margin		12,080	11,924	24,881
Staff costs		(7,057)	(6,990)	(14,026)
Other operating charges		(1,605)	(1,692)	(3,376)
		3,418	3,242	7,479
Depreciation		(232)	(181)	(372)
Amortisation		(636)	(510)	(1,112)
Goodwill Impairment Charge		-	-	(533)
Restructuring costs		(40)	(303)	(427)
Corporate Finance Costs		(167)	-	-
Share option costs		(37)	(59)	(99)
Operating profit		2,306	2,189	4,936
Finance income		11	17	125

Finance costs		(180)	(325)	(582)
Profit before taxation		2,137	1,881	4,479
Income tax expense	4	(696)	(652)	(1,020)
Profit for the period		1,441	1,229	3,459
Other comprehensive income for the period		-	-	-
Total comprehensive income for the period attributable to owners of the parent		1,441	1,229	3,459
Earnings per share				
Basic	5	0.42p	0.36p	1.01p
Diluted	5	0.42p	0.35p	1.00p

## Consolidated Balance Sheet

At 30 April 2010

	At 30 April 10 (unaudited) £000	At 30 April 09 (unaudited) £000	At 31 October 09 (audited) £000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	612	601	757
Intangible assets	32,266	33,460	32,608
Deferred tax assets	331	114	315
<b>Total non-current assets</b>	33,209	34,175	33,680
Trade and other receivables	9,866	10,625	6,462
Cash at bank	14,163	9,771	6,947
<b>Total current assets</b>	24,029	20,396	13,409
<b>Total assets</b>	57,238	54,571	47,089
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	2,430	4,541	3,171
Other liabilities	17,809	15,604	8,138
Provisions	130	74	138
Current tax	946	625	187
Deferred tax liabilities	-	250	-
Borrowings	1,000	1,000	1,000
<b>Total current liabilities</b>	22,315	22,094	12,634
<b>Non-current liabilities</b>			
Deferred tax liabilities	3,352	3,403	3,501
Borrowings	2,323	2,739	2,781
<b>Total non-current liabilities</b>	5,675	6,142	6,282
<b>Total liabilities</b>	27,990	28,236	18,916
<b>Net assets</b>	29,248	26,335	28,173
<b>EQUITY</b>			
Called up share capital	3,442	3,442	3,442
Capital redemption reserve	1,112	1,112	1,112
Share premium account	9,903	9,883	9,903
Treasury reserve	(206)	(8)	(212)
Shares options reserve	491	423	454
Other reserves	1,294	1,294	1,294
ESOP trust	(84)	(91)	(88)
Retained earnings	13,296	10,280	12,268

Total equity 29,248 26,335 28,173

## Consolidated Statement of Changes in Equity

	Issued share capital £000	Capital redemption reserve £000	Share Premium £000	Treasury reserve £000	Share options reserve £000	Other reserves £000	ESOP Trust £000	Profit and loss account £000	Total £000
<b>Balance at 1 November 2008 (audited)</b>	3,442	1,112	9,883	-	364	1,294	(96)	9,447	25,446
Share options granted	-	-	-	-	59	-	-	-	59
Share repurchase	-	-	-	(8)	-	-	-	-	(8)
Equity dividends paid	-	-	-	-	-	-	-	(396)	(396)
ESOP trust	-	-	-	-	-	-	5	-	5
<b>Transactions with owners</b>	-	-	-	(8)	59	-	5	(396)	(340)
Profit for the period	-	-	-	-	-	-	-	1,229	1,229
<b>Total comprehensive income for the period</b>	-	-	-	-	-	-	-	1,229	1,229
<b>Balance at 30 April 2009 (unaudited)</b>	3,442	1,112	9,883	(8)	423	1,294	(91)	10,280	26,335
Deferred tax on share based payments	-	-	-	-	-	-	-	25	25
Issue of share capital	-	-	20	3	-	-	-	-	23
Transfer on exercise of share options	-	-	-	-	(9)	-	-	9	-
Purchase of Treasury shares	-	-	-	(207)	-	-	-	-	(207)
Share option reserve	-	-	-	-	40	-	-	-	40
Equity dividends paid	-	-	-	-	-	-	-	(276)	(276)
ESOP trust	-	-	-	-	-	-	3	-	3
<b>Transactions with owners</b>	-	-	20	(204)	31	-	3	(242)	(392)
Profit for the period	-	-	-	-	-	-	-	2,230	2,230
<b>Total comprehensive income for the period</b>	-	-	-	-	-	-	-	2,230	2,230
<b>Balance at 31 October 2009 (audited)</b>	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
<b>Transactions with owners</b>	-	-	-	6	37	-	4	(413)	(366)
Profit for the period	-	-	-	-	-	-	-	1,441	1,441
<b>Total comprehensive income for the period</b>	-	-	-	-	-	-	-	1,441	1,441
<b>At 30 April 2010 (unaudited)</b>	3,442	1,112	9,903	(206)	491	1,294	(84)	13,296	29,248

**Statement of Cash Flows**

For the six months ended 30 April 2010

	6 months to 30 April 10 (unaudited) £000	6 months to 30 April 09 (unaudited) £000	12 months to 31 October 09 (audited) £000
<b>Cash flows from operating activities</b>			
Profit for the period before taxation	2,137	1,881	4,479
Adjustments for:			
Depreciation	232	181	372
Amortisation	636	510	1,112
Impairment	-	-	533
Finance income	(11)	(17)	(125)
Finance costs	180	283	497
Debt issue costs amortisation	-	-	85
Exchange gain	-	(12)	27
Share option costs	37	59	99
Movement in receivables	(3,404)	(2,348)	1,955
Movement in payables	8,897	7,689	(1,541)
	<hr/>	<hr/>	<hr/>
Cash generated by operations	8,704	8,226	7,493
Tax on profit paid	(101)	(1,091)	(2,152)
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<b>Net cash from operating activities</b>	8,603	7,135	5,341
<b>Cash flows from investing activities</b>			
Acquisition of subsidiary net of cash acquired	-	(791)	(795)
Purchase of property, plant & equipment	(88)	(280)	(595)
Purchase of intangible assets	(292)	(220)	(464)
Interest received	11	17	125
	<hr/>	<hr/>	<hr/>
<b>Net cash used in investing activities</b>	(369)	(1,274)	(1,729)
<b>Cash flows from financing activities</b>			
Proceeds from issue of share capital	-	-	20
Interest paid	(137)	(235)	(353)
Other loan related costs	-	(144)	(144)
Loan repayments	(500)	(3,000)	(3,000)
Equity dividends paid	(413)	(396)	(672)
Sale/(purchase) of own shares	10	(3)	(204)
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<b>Net cash flows from financing activities</b>	(1,040)	(3,778)	(4,353)
<b>Net movement on cash and cash equivalents</b>	<hr/>	<hr/>	<hr/>
	7,194	2,083	(741)
<b>Cash and cash equivalents at the beginning of the period</b>	6,947	7,688	7,688
<b>Foreign exchange loss on cash held in foreign currency</b>	22	-	-
<b>Cash and cash equivalents at the end of the period</b>	<hr/>	<hr/>	<hr/>
	14,163	9,771	6,947

## Notes to the Interim Consolidated Financial Statements

For the six months ended 30 April 2010

### 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 160 Queen Street, London, EC4V 4BV. The registered number of the company is 03984070.

The financial information for the year ended 31 October 2009 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 2009 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.

### 2. BASIS OF PREPARATION

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 2010. The interim condensed consolidated financial statements have been prepared in accordance with the recognition and measurement principles of IFRS as adopted by the European Union. 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 2009. 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 2009, except for the adoption of IAS 1 Presentation of Financial Statements (Revised 2007).

The adoption of IAS 1 (Revised 2007) does not affect the financial position or profits of the Group, but gives rise to additional disclosures. The measurement and recognition of the Group's assets, liabilities, income and expenses is unchanged. IAS 1 (Revised 2007) affects the presentation of owner changes in equity and introduces a 'Statement of comprehensive income'. The Group has also adopted IFRS 3 (Revised 2008) which introduces changes to the accounting for goodwill, the cost of business combinations and business combinations achieved in stages. The revised standard is applied prospectively.

### 3. SEGMENTAL ANALYSIS

As at 30 April 2010, 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 of 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.

Relevant assets and liabilities are allocated to reportable segments in line with the percentage of total revenue.

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.

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	
	Software £000	Information Solutions £000	Recruitment £000	Total £000
Total segment revenues	11,543	1,866	1,552	14,961
Interest Revenue	6	3	-	9
Interest Expense	-	-	-	-
Depreciation	188	44	-	232
Amortisation	108	-	-	108
Segment profit before taxation (see reconciliation below)	2,963	31	36	3,030
Segment total assets	19,267	3,115	2,590	24,972
Expenditures on segment non-current assets	197	3	3	203
Segment total liabilities	16,446	2,659	2,210	21,315

The segment results for the 6 months to 30 April 2009 are as follows:

	UK £000	Netherlands £000	Total £000	
Revenues from external customers	15,735	-	15,735	
	Software £000	Information 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 and amortisation	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

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

	<b>6 months to 30 April 10</b> <b>(unaudited)</b> <b>£000</b>	<b>6 months to 30 April 09</b> <b>(unaudited)</b> <b>£000</b>
Total profit for reportable segments	3,030	2,206
Amortisation	(528)	-
Other financial costs	(365)	(325)
Profit before taxation	<u>2,137</u>	<u>1,881</u>
<b>Assets</b>		
Total assets for reportable segments	24,972	21,111
Goodwill and intangible fixed assets	32,266	33,460
Entity's assets	<u>57,238</u>	<u>54,571</u>
<b>Liabilities</b>		
Total liabilities for reportable segments	21,315	20,844
Bank loan	3,323	3,739
Deferred tax liabilities	3,352	3,653
Group liabilities	<u>27,990</u>	<u>28,236</u>

Other financial costs relate to loan interest, exchange differences and amortisation, 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

	<b>6 months to 30 April 10</b> <b>(unaudited)</b> <b>£000</b>	<b>6 months to 30 April 09</b> <b>(unaudited)</b> <b>£000</b>	<b>12 months to 31 October 09</b> <b>(audited)</b> <b>£000</b>
<b>Current tax</b>			
Corporation tax on profits for the period	860	630	1,637
(Over)/under provision in respect of prior periods	-	-	(384)
Total current tax	<u>860</u>	<u>630</u>	<u>1,253</u>
<b>Deferred tax</b>			
Origination and reversal of timing differences	(164)	(77)	(321)
Adjustments in respect of prior periods	-	99	88
Total deferred tax	<u>(164)</u>	<u>22</u>	<u>(233)</u>
Total tax charge	<u>696</u>	<u>652</u>	<u>1,020</u>

Unrelieved trading losses of £116,415 (30 April 2009: £517,500), which when calculated at the standard rate of corporation tax in the United Kingdom of 28%, amounts to £32,596 (30 April 2009: £144,900). 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:

	<b>6 months to 30 April 10</b> <b>(unaudited)</b> <b>£000</b>	<b>6 months to 30 April 09</b> <b>(unaudited)</b> <b>£000</b>	<b>12 months to 31 October 09</b> <b>(audited)</b> <b>£000</b>
Profit for the period	1,441	1,229	3,459
<b>Basic earnings per share</b>			

Weighted average number of shares in issue	341,967,979	342,900,983	342,706,522
Basic earnings per share	0.42p	0.36p	1.01p
<b>Diluted earnings per share</b>			
Weighted average number of shares in issue used in basic earnings per share calculation	341,967,979	342,900,983	342,706,522
Dilutive share options	4,150,752	3,511,143	3,890,563
Weighted average number of shares in issue used in dilutive earnings per share calculation	346,118,731	346,412,126	346,597,085
Diluted earnings per share	0.42p	0.35p	1.00p

### Adjusted earnings per share

	<b>6 months to 30 April 10 (unaudited) £000</b>	<b>6 months to 30 April 09 (unaudited) £000</b>	<b>12 months to 31 October 09 (audited) £000</b>
Profit for the period	1,441	1,229	3,459
Adjusting items:			
Share option costs	37	59	99
Restructuring costs	40	303	427
Amortisation	689	510	1,112
Impairment	-	-	533
Interest rate swap and related costs	-	48	-
Taxation on above items	(214)	(258)	(459)
Adjusted profit for the period	1,993	1,891	5,171
Adjusted basic earnings per share	0.58p	0.55p	1.51p
Adjusted diluted earnings per share	0.57p	0.54p	1.49p

### 6. DIVIDENDS

During the period a dividend was paid in respect of the year ended 31 October 2009 of 0.12p per Ordinary share at a total cost of £413,000 (2009: 0.115p, £396,000).

A dividend of 0.10p per ordinary share (£344,000) has been proposed in respect of the interim period ended 30 April 2010 (2009: 0.08p, £276,000).

### 7. POST BALANCE SHEET EVENTS

On May 7 2010, the Group acquired the entire share capital of Grantfinder Limited for a total consideration of £3.3m cash, funded from existing cash resources. Grantfinder Limited is an important provider of value added databases for government and EU funding information to a wide range of UK public and private customers.

On 31 March 2010, the Group agreed in principle to acquire the assets and liabilities of 10 long-term managed service contracts from MacDonald, Dettwiler and Associates. At 30 April 2010 consideration had not yet been paid and full control of contracts had not been transferred. Payment and completion is subject to full control of all contracts. Consideration of £2.9m will be paid in cash out of existing resources. The contracts are for the provision of land and property information solutions to UK Local Authorities. The fair value of the assets and liabilities acquired is expected to be a £2.9m intangible asset relating to a backlog order book.

**Independent Review Report to IDOX plc**

For the six months ended 30 April 2010

**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 2010 which comprises the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, the 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 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 2010 is not prepared, in all material respects, in accordance with the basis of accounting described in Note 2.

GRANT THORNTON UK LLP  
AUDITOR  
London  
2010