IDOX PLC

2008

interim report

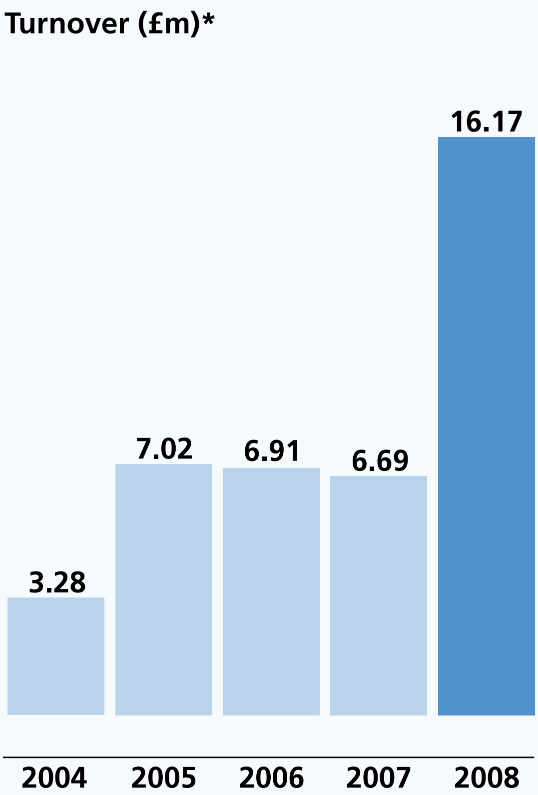
Interim Report & Accounts 2008

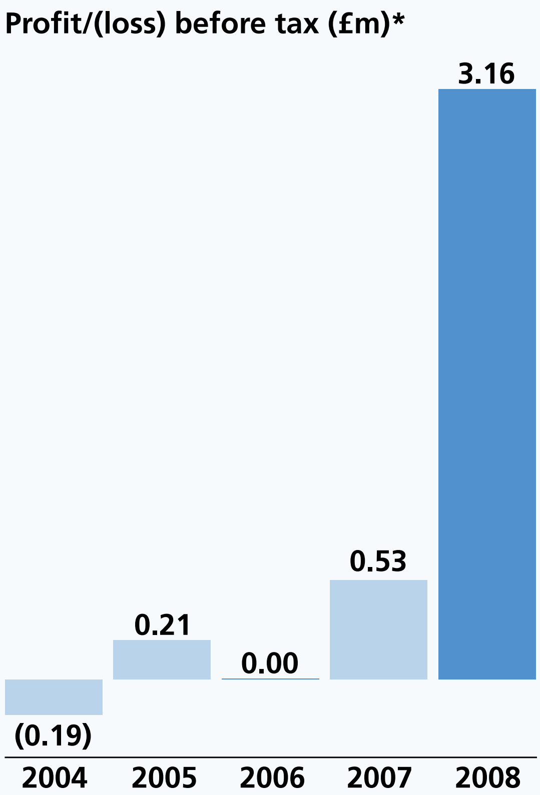
www.IDOXplc.com

Financial and Operational Highlights

For the six months ended 30 April 2008

- **Revenues up 142% to £16.2m** (H1 2007: £6.7m)
- **Gross margins up sharply to 81%** (H1 2007: 68%)
- **Normalised pre-tax profit increased more than five fold to £3.6m** (H1 2007: £0.7m)
- **Pre-tax profits jump to £3.2m** (H1 2007: £0.5m)
- **Adjusted EPS up from 0.45p to 0.78p**
- **£5.4m cash, net of borrowings and after acquisition of Plantech** (H1 2007: £6.2m)
- **Significant proportion of recurring revenues**
- **Record £2.3m contract win in Scotland**
- **Plantech integration strengthens market position**
- **Now serving 330 local authorities**





*Unaudited per six month period to 30 April

Chairman's Statement

For the six months ended 30 April 2008

I am pleased to report that first-half revenues increased by 142% to £16.2m, with excellent first-time contributions to the interim results from CAPS, acquired in June 2007 and from Plantech, which joined the Group in February 2008.

For the six months to 30 April 2008, profitability grew even more strongly than revenues compared to the prior period, increasing more than five fold to £3.6m as a result of a more favourable mix of software in Group revenues, cost savings across the Group and the fact that the integration of CAPS went considerably better than we expected. Annualised savings of nearly £3.5m have been achieved at no cost to quality or customer service.

Our cash generation was very strong. Despite a net cash outflow of £3.9m to fund the acquisition of Plantech, the Group increased its net cash position, after all borrowings, from £1.3m on 1 November 2007, to £5.4m on 30 April 2008.

Our core software business has continued to deliver good organic growth. Software revenues now account for around 77% of Group sales and more than 90% of profits. A significant proportion of IDOX's core software revenues are recurring, demonstrating the resilience of our business model.

The award of the Scottish Planning contract in April demonstrates that we are winning larger and more complex contracts against more established industry competitors. The £2.3m contract was the largest to date and placed IDOX firmly at the heart of a major national IT procurement programme.

IDOX has a strong position in the UK local authority market. The combination of IDOX, CAPS and Plantech brands and products has given us a client base of 330 authorities – 71% of the total. This represents a powerful opportunity to cross-sell our growing range of products and managed services.

Local authorities represent the largest single area of government IT investment and although each authority has a high degree of autonomy in the way it procures technology, all are aware of the need to spend taxpayers' money carefully. Providing we continue to deliver them software that offers a rapid return on investment, significant gains in efficiency and an assured reliability of service, we believe our business model will remain attractive – characterised as it is by strong recurring revenues and long-term customer relationships.

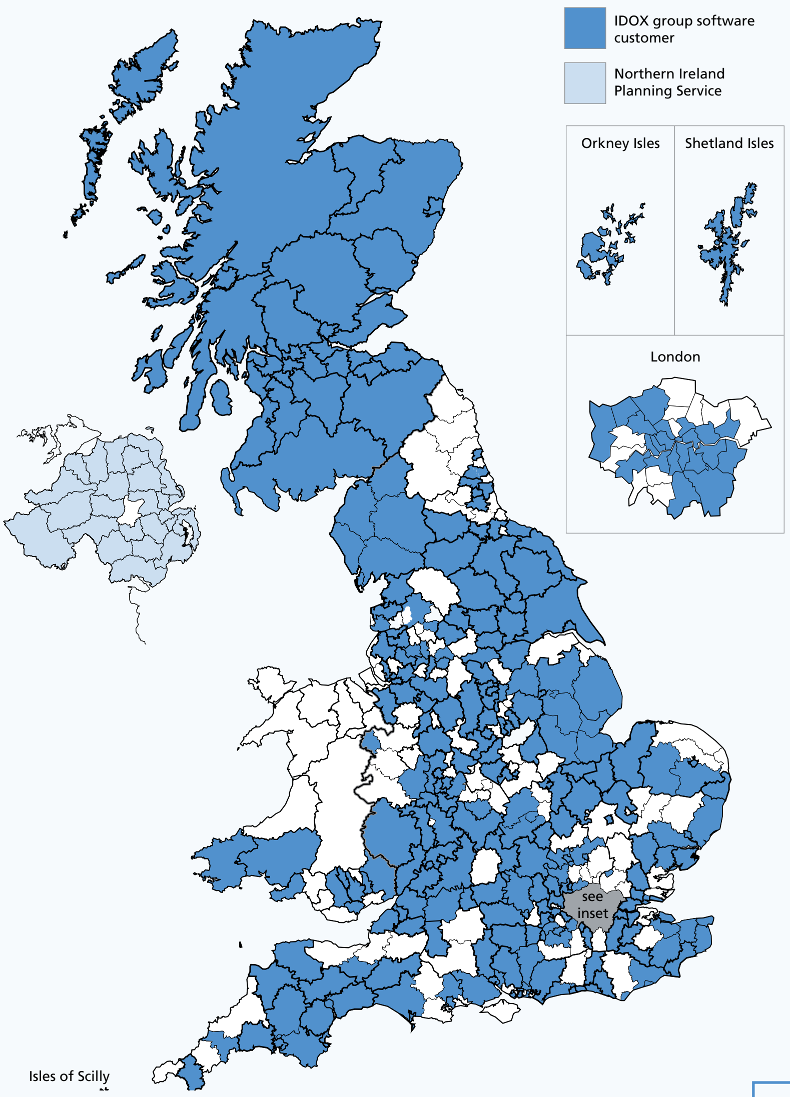
IDOX has strengthened its senior operational team and the appointment of a Chief Financial Officer is well advanced.

Martin Brooks
Chairman
20 June 2008

This announcement was approved by the Board of Directors on 20 June 2008.

The combination of IDOX, CAPS and Plantech brands and products has given us a client base of 330 authorities

IDOX GROUP UK LOCAL AUTHORITY CUSTOMERS



Chief Executive's Report

For the six months ended 30 April 2008

Financial

Revenues increased 142% to £16.2m (H1 2007: £6.7m), largely as a result of strong maiden interim contributions from CAPS and Plantech, acquired in June 2007 and February 2008 respectively.

Software now accounts for 77% of Group revenues, or £12.5m, up from 46% or £3.0m in the first half of 2007. Our Solutions business contributed £1.5m or 9% of Group revenues (H1 2007: £1.7m, 25%), while the Recruitment business increased revenues by nearly 11% to £2.1m, representing 13% of total sales (H1 2007: £1.9m, 29%).

Gross margins have improved significantly as a result of the increasing proportion of software sales across the Group. In the first half of 2008 the Group achieved a gross margin of 81% compared with 74% at the end of 2007 and 68% in the first half of 2007.

Operating costs have increased as a consequence of the two acquisitions. However, the integration and cost-saving programmes undertaken resulted in a substantial improvement in operating margins, which stood at 21.0% at the end of the first half of 2008, compared with 8.6% at the end of FY 2007 and 6.5% for the first half of 2007.

Normalised pre-tax profits, which exclude amortisation and share option costs, increased by more than five fold to £3.6m. (H1 2007: £0.7m). Reported pre-tax profits increased over 500% to £3.2m (H1 2007: £0.5m).

On a segmental basis, Software accounted for 91% of Group profit before tax, or £2.9m, up 359% on the same period last year (H1 2007: £0.6m, 119% of Group profits). The Solutions division increased profits by 88% from £90,000 in H1 2007 to £169,000 in H1 2008. The Recruitment business returned to profitability, turning a loss of £191,000 in H1 2007 to a profit of £102,000 in the first half of 2008.

Adjusted earnings per share were up from 0.45p to 0.78p. Reported basic earnings per share increased by 62% to 0.63p, (H1 2007: 0.39p).

With the addition of Plantech we now supply software, services or a combination of both to 71% of the UK's local authorities

The Group's cash position has improved significantly as a result of improved profitability and cost savings, and despite a £3.8m cash outflow to fund the acquisition of Plantech. As at 30 April 2008, cash at bank stood at £12.5m, up

from £8.9m at the start of the period on 1 November 2007. Including all borrowings, the Group increased net cash from £1.3m at 1 November 2007, to £5.4m at 30 April 2008.

Operating cash conversion was particularly strong with cash generated by operations standing at £8.4m, compared to £1.7m for the comparative period.

Operational review

IDOX is firmly focused on becoming a partner of choice in the supply of software and services to the local government sector. Whatever the state of the wider economy, local authorities are continuing to invest in software and services that will make them more efficient and more accessible to local people and local businesses.

With the addition of Plantech we now supply software, services or a combination of both to 71% of the UK's local authorities. Our goal is now to continue to improve the level of cross selling so that authorities find it attractive to buy not just one IDOX offering, but several.

Software

The highlight of the first half was the £2.3m contract awarded to our Glasgow office by the Scottish Executive. This is IDOX's largest contract to date and it demonstrates that the Group can win substantial contracts against much larger competition. IDOX's Electronic Document and Records Management software and Web Publication software will be implemented, as part of a national planning reform programme, across 16 Planning Authorities in Scotland.

cash generated by operations standing at £8.4m, compared to £1.7m for the comparative period

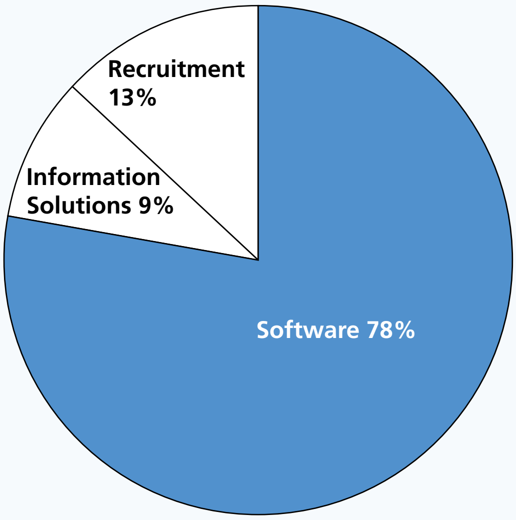
In addition to the Scottish contract, IDOX gained notable wins elsewhere, including Sheffield, Eastleigh, South Gloucester, West Lindsay and Westminster.

Chief Executive's Report cont'd

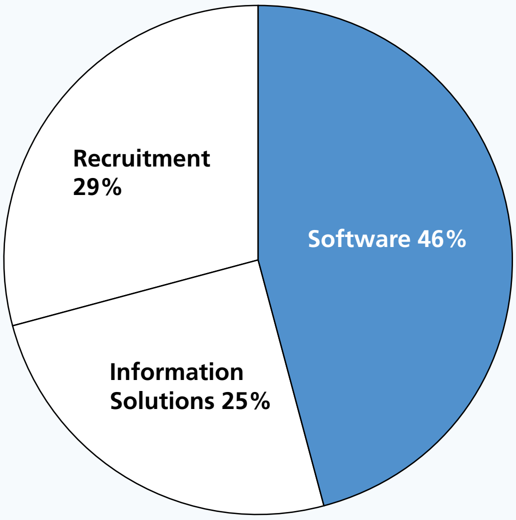
For the six months ended 30 April 2008

DIVISIONAL ANALYSIS: REVENUE MIX

6 months to 30 April 2008



6 months to 30 April 2007



Chief Executive's Report cont'd

For the six months ended 30 April 2008

IDOX continues to invest in research and development to improve the quality and functionality of its products so as to meet the evolving needs of local authorities. Further advances have been made in our Revenues and Benefits products, records management, and mobile solutions. The Group's product portfolio will be enhanced with the forthcoming launch of Plantech's Enterprise management tool, which will eventually be made available to the wider Uniform customer base.

Solutions

Within the Solutions business, its consultancy service has updated its business approach, strengthened its management and relaunched itself with re-introduction of EBIC 2008, a strategy conference for knowledge and information professionals, which will take place later this year in Berlin after a 20-month absence.

The Information Service has a successful start to the year, rolling out its first Reading Room pilot to provide curating and archival services which can be accessed on the internet.

Recruitment

The Recruitment business increased turnover by nearly 11% and returned to profitability, mostly as a result of an increase in the use of contract staff. We continue to assess our strategic options for this business.

Outlook and current trading

Today's results demonstrate the strength that IDOX has achieved since we repositioned the Group in 2006. The result of our actions is a focused and cash-generating organisation with a high level of recurring revenues and accelerating profitability. IDOX has built a significant position in a local authority market that continues to grow steadily, driven by the need to increase efficiency, improve services and achieve maximum return on investment for taxpayers' money.

Now that CAPS and Plantech have been integrated successfully, we have the strength to participate further in sector consolidation and are actively pursuing acquisition opportunities that are capable of increasing shareholder value. The Board looks forward with considerable confidence.

Richard Kellett-Clarke
Chief Executive Officer
20 June 2008

This announcement was approved by the Board of Directors on 20 June 2008.

Consolidated Income Statement

For the six months ended 30 April 2008

	Note	6 months to 30 April 2008 (unaudited) £000	6 months to 30 April 2007 (unaudited) £000	12 months to 31 October 2007 (audited) £000
Revenue		16,167	6,686	20,625
External charges		(3,082)	(2,153)	(5,435)
		13,085	4,533	15,190
Staff costs		(6,918)	(2,935)	(8,639)
Other operating charges		(2,114)	(889)	(3,709)
		4,053	709	2,842
Depreciation		(185)	(149)	(343)
Amortisation		(446)	-	(362)
Share option costs		(33)	(128)	(359)
Operating profit		3,389	432	1,778
Finance income		154	96	336
Finance costs		(387)	-	(318)
Profit before taxation		3,156	528	1,796
Income tax expense	4	(988)	223	(109)
Profit for the period		2,168	751	1,687
Earnings per share				
Basic	5	0.63p	0.39p	0.63p
Diluted	5	0.62p	0.39p	0.63p

Consolidated Balance Sheet

At 30 April 2008

	At 30 April 2008 (unaudited) £000	At 30 April 2007 (unaudited) £000	At 31 October 2007 (audited) £000
ASSETS			
Non-current assets			
Property, plant & equipment	448	423	513
Intangible assets	32,011	4,024	27,348
Deferred tax assets	584	539	651
Total non-current assets	33,043	4,986	28,512
Trade & Other Receivables	11,440	3,070	6,963
Cash at bank	12,468	6,189	8,927
Total current assets	23,908	9,259	15,890
Total assets	56,951	14,245	44,402
LIABILITIES			
Current liabilities			
Trade & other payables	21,949	5,043	12,206
Current tax	1,574	28	581
Borrowings	1,000	-	1,000
Total current liabilities	24,523	5,071	13,787
Non-current liabilities			
Deferred tax liabilities	3,667	-	3,314
Borrowings	6,111	-	6,611
Total non-current liabilities	9,778	-	9,925
Total liabilities	34,301	5,071	23,712
Net assets	22,650	9,174	20,690
EQUITY			
Called up share capital	3,432	1,953	3,420
Capital redemption reserve	1,112	1,112	1,112
Share premium account	9,793	820	9,706
Shares options reserve	393	128	359
Other reserves	1,294	1,294	1,294
ESOP trust	(103)	(100)	(104)
Retained earnings	6,729	3,967	4,903
Total equity	22,650	9,174	20,690

Consolidated Statement of Changes in Equity

For the six months ended 30 April 2008

	Issued share capital £000	Capital redemption reserve £000	Share Premium £000	Share options reserve £000	Other reserves £000	ESOP Trust £000	Profit and loss account £000	Total £000
At 1 November 2006 (audited)	1,953	1,112	820	-	1,294	(96)	3,324	8,407
Profit for the period	-	-	-	-	-	-	751	751
Total recognised income and expense for the period	-	-	-	-	-	-	751	751
	-	-	-	-	-	-	-	-
Share options granted	-	-	-	128	-	-	-	128
Equity dividends paid	-	-	-	-	-	-	(108)	(108)
ESOP trust	-	-	-	-	-	(4)	-	(4)
At 30 April 2007 (unaudited)	1,953	1,112	820	128	1,294	(100)	3,967	9,174
Profit for the period	-	-	-	-	-	-	936	936
Total recognised income and expense for the period	-	-	-	-	-	-	936	936
Issue of share capital	1,467	-	9,533	-	-	-	-	11,000
Share issue costs	-	-	(647)	-	-	-	-	(647)
Share options granted	-	-	-	231	-	-	-	231
ESOP trust	-	-	-	-	-	(4)	-	(4)
At 31 October 2007 (audited)	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
At 30 April 2008 (unaudited)	3,432	1,112	9,793	393	1,294	(103)	6,729	22,650

Consolidated Cash Flow Statement

For the six months ended 30 April 2008

	6 months to 30 April 2008 (unaudited) £000	6 months to 30 April 2007 (unaudited) £000	12 months to 31 October 2007 (audited) £000
Cash flows from operating activities			
Profit for the period	3,156	528	1,796
Adjustments for:			
Depreciation	185	149	342
Amortisation	446	-	362
Impairment	-	-	400
Finance income	(154)	(96)	(336)
Finance costs	387	-	318
Debt issue costs amortisation	-	-	36
Share option costs	34	128	359
Movement in receivables	(3,795)	(339)	(160)
Movement in payables	8,138	1,334	(3,225)
Cash generated by operations	8,397	1,704	(108)
Net cash from operating activities	8,397	1,704	(108)
Cash flows from investing activities			
Acquisition of subsidiary net of cash acquired	(3,797)	-	(13,305)
Purchase of property, plant & equipment	(84)	(139)	(320)
Interest received	154	96	336
Net cash used in investing activities	(3,727)	(43)	(13,289)
Cash flows from financing activities			
Proceeds from issue of share capital	99	-	11,000
Debt issue costs	-	-	(425)
Share issue costs paid	-	-	(647)
Interest paid	(387)	-	(318)
Proceeds from long-term borrowing	-	-	8,000
Loan repayments	(500)	-	-
Deferred consideration paid	-	(200)	-
Equity dividends paid	(342)	(98)	(108)
Sale/(Purchase) of own shares	1	(4)	(8)
Net cash flows from financing activities	(1,129)	(302)	17,494
Net movement on cash and cash equivalents	3,541	1,359	4,097
Cash and cash equivalents at the beginning of the period	8,927	4,830	4,830
Cash and cash equivalents at the end of the period	12,468	6,189	8,927

Notes on the Interim Report

For the six months ended 30 April 2008

1 BASIS OF PREPARATION

These interim financial statements do not constitute statutory accounts and are unaudited.

These condensed consolidated interim financial statements of IDOX plc have been prepared using accounting policies in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS) as adopted by the European Union and are covered by IFRS 1, First-time Adoption of IFRS, because they are part of the period covered by the group's first IFRS financial statements for the year ending 31 October 2008. They do not include all 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 2007. The group has not applied IAS 34, Interim Financial Reporting, which is not mandatory for AIM listed UK Groups, in the preparation of these interim financial statements.

Consolidated financial statements of IDOX plc until 31 October 2007 had been prepared in accordance with UK Generally Accepted Accounting Principles (UK GAAP). UK GAAP differs in certain respects from IFRS. When preparing the consolidated interim financial statements for 2008, management has amended certain accounting, valuation and consolidation methods applied in the UK GAAP financial statements to comply with IFRS. In the current period, the group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) as adopted by the European Union and the International Financial Reporting Interpretations Council (IFRIC) of the IASB that are relevant to its operations and effective for accounting periods beginning on or after 1 November 2007. The group has also chosen to adopt IFRS 8 Operating Segments early. The standard, which is effective from 1 January 2009 will therefore be adopted in the financial statements to 31 October 2008.

The Group has elected not to apply IFRS 3 "Business Combinations" retrospectively to business combinations prior to 1 November 2006. Accordingly the classification of the combination (acquisition, reverse acquisition or merger) remains unchanged from that used under UK GAAP. Assets and liabilities are recognised at the date of transition if they would be recognised under IFRS, and are measured using their UK GAAP carrying amount immediately post-acquisition as deemed cost under IFRS, unless IFRS requires fair value measurement. Deferred tax is adjusted for the impact of any consequential adjustments after taking advantage of the transitional provisions.

The comparative figures in respect of the interim period ended 30 April 2007 and the year ended 31 October 2007 have been restated to reflect these adjustments. Reconciliations and descriptions of the effect of the transition from UK GAAP to IFRS on the group's equity and its net income are given in note 8 to the interim statements. Comparative UK GAAP figures for the year ended 31 October 2007 have been extracted from the statutory accounts, on which the auditors gave an unqualified report and which have been filed with the Registrar of Companies.

2 ACCOUNTING POLICIES

The policies set out below represent amended policies under IFRS, have been consistently applied to all the periods presented and will apply for the full year to 31 October 2008.

Goodwill

Goodwill representing the excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired, is capitalised and reviewed annually for impairment. Goodwill is carried at cost less accumulated impairment losses. Negative goodwill is recognised immediately after acquisition in the income statement.

Goodwill written off to reserves prior to date of transition to IFRS remains in reserves. There is no re-instatement of goodwill that was amortised prior to transition to IFRS. Goodwill previously written off to reserves is not written back to profit or loss on subsequent disposal.

Other intangible assets

Intangible assets with a finite useful life are amortised to the consolidated income statement on a straight-line basis over their estimated useful lives, which are reviewed on an annual basis. Amortisation commences when the asset is available for use. The residual values of intangible assets are assumed to be zero.

Research and development

Expenditure on research (or the research phase of an internal project) is recognised as an expense in the period in which it is incurred. Development costs incurred are capitalised when all the following conditions are satisfied:

- completion of the intangible asset is technically feasible so that it will be available for use or sale
- the group intends to complete the intangible asset and use or sell it
- the group has the ability to use or sell the intangible asset
- the intangible asset will generate probable future economic benefits. Among other things, this requires that there is a market for the output from the intangible asset or for the intangible asset itself, or, if it is to be used internally, the asset will be used in generating such benefits
- there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and
- the expenditure attributable to the intangible asset during its development can be measured reliably.

Development costs not meeting the criteria for capitalisation are expensed as incurred. The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management. Amortisation commences upon completion of the asset, and is shown within other operating charges.

Careful judgement by the directors is applied when deciding whether the recognition requirements for development costs have been met. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems at the time of recognition. Judgements are based on the information available at each balance sheet date. In addition, all internal activities related to the research and development of new software products are continuously monitored by the directors.

Customer relationships

Customer relationships represent the purchase price of customer lists and contractual relationships purchased on the acquisition of CAPS Solutions Limited and Plantech Limited. These relationships are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight line method over a period of 20 years.

Trade names

Trade names represent the named intangible asset recognised on the acquisition of CAPS Solutions Limited and Plantech Limited. These trade names are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight line method over a period of 20 years.

Software

Software represents the UNI-form and ACOLAID software purchased on the acquisition of CAPS Solutions Limited and Plantech Limited. The software is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight line method over a period of 10 years.

Impairment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the group at which management monitors the related cash flows.

Goodwill, other individual assets or cash-generating units that include goodwill, other intangible assets with an indefinite useful life, and those intangible assets not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group has become a party to the contractual provisions of the instrument.

Trade and other receivables

Trade and other receivables are initially recognised at their fair value and subsequently measured at their amortised cost less any provision from impairment. A provision for impairment is made where there is objective evidence that amounts will not be recovered in accordance with original terms of the agreement.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and on deposit and are subject to an insignificant risk of changes in value. There are no material differences in the cash flow statement between that presented under IFRS and as previously presented under UK GAAP.
Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its financial liabilities.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded initially at fair value, net of direct transaction costs. Such instruments are subsequently carried at their amortised cost and finance charges, including premiums payable on settlement or redemption, are recognised in the income statement over the term of the instrument using an effective rate of interest.

Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently at amortised cost.

Derivative financial instruments

The Group's activities expose the entity primarily to interest rate risk. The Group uses interest rate swap contracts to manage these exposures. The Group does not use derivative financial instruments for speculative purposes. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles in the use of financial derivatives.

The Group does not apply hedge accounting. Where material, changes in the fair value of derivative financial instruments are recognised in the income statement as they arise.

Deferred taxation

Current tax is the tax currently payable based on taxable profit for the year. Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

There have been no other changes to accounting policies resulting in any financial impact on these financial statements.

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 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
Interest revenue	142	5	7	154
Interest expense	(387)	-	-	(387)
Net interest revenue	(245)	5	7	(233)
Depreciation and amortisation	136	35	14	185
Amortisation	446	-	-	446
Segment profit	2,885	169	102	3,156
Profit on ordinary activities before taxation for the period	-	-	-	3,156
Segment total assets	53,760	2,057	1,134	56,951
Expenditures on segment non-current assets	67	6	6	79
Segment total liabilities	32,285	1,316	700	34,301

The segment results for the six months ended 30 April 2007 are as follows:

	Software £000	Solutions £000	Recruitment £000	Total £000
Total segment revenues	3,054	1,703	1,929	6,686
Inter-segment revenues				
Revenues from external customers	3,054	1,703	1,929	6,686
Interest revenue	92	4	-	96
Depreciation	101	40	8	149

Notes on the Interim Report cont'd

For the six months ended 30 April 2008

	Software £000	Solutions £000	Recruitment £000	Total £000
Segment profit	629	90	(191)	528
Profit on ordinary activities before taxation for the period	-	-	-	528
Segment total assets	5,148	4,701	4,396	14,245
Expenditures on segment non-current assets	58	48	34	140
Segment total liabilities	1,833	1,673	1,565	5,071

4 TAX ON PROFIT ON ORDINARY ACTIVITIES

	6 months to 30 April 2008 (unaudited) £000	6 months to 30 April 2007 (unaudited) £000	12 months to 31 October 2007 (audited) £000
Current tax			
Corporation tax on profits for the period	993	28	523
Under provision in respect of prior periods	-	-	58
Total current tax	993	28	581
Deferred tax			
Origination and reversal of timing differences	87	(251)	(6)
Adjustments in respect of prior periods	(92)	-	(466)
Total deferred tax	(5)	(251)	(472)
Total tax charge	988	(223)	109

Unrelieved trading losses of £320,000 (30 April 2007: £1,394,000), which when calculated at the standard rate of corporation tax in the United Kingdom of 28%, amounts to £89,600 (30 April 2007: £418,000). 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 April 2008 (unaudited) £000	6 months to 30 April 2007 (unaudited) £000	12 months to 31 October 2007 (audited) £000
Profit for the period	2,168	751	1,687
Basic earnings per share			
Weighted average number of shares in issue	341,511,611	194,229,779	267,538,092
Basic earnings per share	0.63p	0.39p	0.63p
Diluted earnings per share			
Weighted average number of shares in issue used in basic earnings per share calculation	341,511,611	194,229,779	267,538,092
Dilutive share options	5,738,152	-	564,869
Weighted average number of shares in issue used in dilutive earnings per share calculation	347,249,763	194,229,779	268,102,961
Diluted earnings per share	0.62p	0.39p	0.63p

Notes on the Interim Report cont'd

For the six months ended 30 April 2008

Adjusted earnings per share

	6 months to 30 April 2008 (unaudited) £000	6 months to 30 April 2007 (unaudited) £000	12 months to 31 October 2007 (audited) £000
Profit for the period	2,168	751	1,687
Adjusting items:			
Share option costs	33	128	359
Amortisation	446	-	362
Adjusted profit for the period	2,647	879	2,408
Adjusted basic earnings per share	0.78p	0.45p	0.90p
Adjusted diluted earnings per share	0.76p	0.45p	0.90p

6 DIVIDENDS

	At 30 April 2008 (unaudited) £000	At 30 April 2007 (unaudited) £000	At 31 October 2007 (audited) £000
Final dividend paid in respect of year ended 31 October 2006	-	108	-
Pence per ordinary share	-	0.05p	-
Final dividend paid in respect of year ended 31 October 2007	342	-	-
Pence per ordinary share	0.1p	-	-

7 ACQUISITIONS

On 21 February 2008, the Group acquired the entire share capital of Plantech Limited for a consideration of £5,133,000, satisfied in cash. Goodwill arising on the acquisition of Plantech Limited has been capitalised. The purchase of Plantech Limited has been accounted for using the acquisition method of accounting.

	Book value £000	Fair value adjustments £000	Fair value £000
Intangible assets	153	2,520	2,673
Property, plant and equipment	56	(20)	36
Trade receivables	677	(32)	645
Other receivables	130	-	130
Cash at bank	1,526	-	1,526
TOTAL ASSETS	2,542	2,468	5,010
Trade payables	(66)	-	(66)
Deferred revenue	(69)	-	(69)
Corporation tax	(9)	-	(9)
Social security and other taxes	(133)	-	(133)
Accruals	(727)	-	(727)
Deferred tax liability	-	(706)	(706)
TOTAL LIABILITIES	(1,004)	(706)	(1,710)
NET ASSETS	1,538	1,762	3,300
Purchased goodwill capitalised			2,023
			5,323

	Book value £000	Fair value adjustments £000	Fair value £000
Satisfied by:			
Cash to vendor			5,133
Costs of acquisition			190
Total cash paid			5,323

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 bring the carrying values of property, plant and equipment and trade receivables in line with their fair value.

Given that the acquisition took place on 21 February 2008, the Group is still establishing the appropriateness of the fair values of trade receivables balances.

The profit after taxation of Plantech Limited for the period from 1 May 07, the beginning of the subsidiary's financial year, to the date of acquisition was £85,828. The profit after taxation for the year ended 30 April 2007 was £294,056.

8 EXPLANATION OF TRANSITION TO IFRS

As stated in the Basis of Preparation, this is the Group's first condensed consolidated interim report for part of the period covered by the first IFRS annual consolidated financial statements prepared in accordance with IFRS as adopted by the EU. An explanation of how the transition from UK GAAP to IFRS has affected the Group's financial position, financial performance and cash flows is set out below.

IFRS 1 permits companies adopting IFRS for the first time to take certain exemptions from the full requirements of IFRS in the transition period. These interim financial statements have been prepared on the basis of taking the following exemptions:

- Business combinations prior to 1 November 2006, the Group's date of transition to IFRS, have not been restated to comply with IFRS 3 "Business Combinations". Goodwill arising from these business combinations of £5,655,879 has not been restated other than as set out in the note below
- No other exemptions have been applied.

Reconciliation of income statement for year ended 31 October 2007

	Notes	UK GAAP (audited) £000	Effect of transition to IFRS £000	IFRS (unaudited) £000
Revenue		20,625	-	20,625
External charges		(5,435)	-	(5,435)
		15,190	-	15,190
Staff costs		(8,639)	-	(8,639)
Other operating charges	a	(3,309)	(400)	(3,709)
		3,242	(400)	2,842
Depreciation		(343)	-	(343)
Amortisation	a, b	(1,439)	1,077	(362)
Share option costs		(359)	-	(359)

Notes on the Interim Report cont'd

For the six months ended 30 April 2008

	Notes	UK GAAP (audited) £000	Effect of transition to IFRS £000	IFRS (unaudited) £000
Operating profit		1,101	677	1,778
Finance income		336	-	336
Finance costs		(318)	-	(318)
Profit before taxation		1,119	677	1,796
Income tax expense	c	(218)	109	(109)
Profit for the period		901	786	1,687

Reconciliation of income statement for six months ended 30 April 2007

	Notes	UK GAAP (unaudited) £000	Effect of transition to IFRS £000	IFRS (unaudited) £000
Revenue		6,686	-	6,686
External charges		(2,153)	-	(2,153)
		4,533	-	4,533
Staff costs		(2,935)	-	(2,935)
Other operating charges		(889)	-	(889)
		709	-	709
Depreciation		(149)	-	(149)
Amortisation	a, b	(289)	289	-
Share option costs		(128)	-	(128)
Operating profit		143	289	432
Finance income		96	-	96
Profit before taxation		239	289	528
Income tax expense		223	-	223
Profit for the period		462	289	751

Notes to the reconciliations of the income statements

a) Under IFRS goodwill is not amortised, but is subject to an annual impairment review. Goodwill amortised of £1,439,000 for the year to 31 October 2007, and £289,000 for the period to 30 April 2007 has been removed. Further, when amortisation of goodwill was removed the carrying value in respect of TFPL Limited was not supportable by £400,000.

b) Following a fair value exercise on the company's intangible assets, the newly created assets are now being amortised over 10 to 20 years. This has resulted in an amortisation charge of £362,000 for the period to 31 October 2007, and £nil for the period to 30 April 2007.

c) A deferred tax liability has been created as a result of the fair value of the newly created intangible assets. The subsequent release of deferred tax arises from the charging of amortisation against the intangible assets.

9 RECONCILIATION OF EQUITY

	Note	As at 1 November 2006 £000	As at 30 April 2007 £000	As at 31 October 2007 £000
Net assets and equity under UK GAAP		8,407	8,885	19,904
Adjustments (after taxation)				
IAS 38 – 'Intangible assets'				
Intangible assets - goodwill	a	-	289	1,039
Intangible assets – other	b	-	-	(362)
IAS 12 – Income taxes				
Deferred tax on intangibles	c	-	-	109
Net assets and equity under IFRS		8,407	9,174	20,690

Notes to the Reconciliations of Equity

a) Under IAS 38 Intangible Assets should not incur an amortisation charge, but should be subject to an annual impairment review. As a result of this the intangible assets have been increased by the amortisation charge incurred, which at 31 October 2007 was £1,439,000 and at 30 April 2007 was £289,000. This has been offset by an impairment charge of £400,000.

b) The Group acquired CAPS Solutions Limited on 7 June 2007. Application of IFRS 3 to this business combination resulted in identification of intangible assets, being customer relationships, trade names and software. Under IFRS these have been recognised separately in the balance sheet at their fair value at the date of acquisition. Under UK GAAP these intangible assets were subsumed within goodwill. The result of this adjustment is to decrease goodwill and increase intangible assets at the date of combination. At the 30 April 2007 and 31 October 2007 the value of the intangible assets were increased by £nil, and £11,410,000 respectively. A corresponding decrease in goodwill has also taken place in the same periods. The intangible assets are being amortised between 10 and 20 years. This has resulted in a charge for the year to 31 October 2007 of £362,000 and £nil for the period to 30 April 2007.

c) IAS 12 requires deferred tax to be provided on all taxable temporary differences. The income earned whilst the intangible asset is used will be taxable and there will be no tax deductions against that income from the use of the asset. This results in a temporary difference equal to the carrying value of the asset on initial recognition in the consolidated accounts. The result of this adjustment is to increase the deferred tax liability, increase retained earnings and increase goodwill. As at the 30 April 2007 and 31 October 2007 the value of deferred tax liabilities was increased by £nil and £3,423,000 respectively. As the intangible asset is amortised, the temporary difference will decrease and there is a reduction in the deferred tax liability recognised in the consolidated income. The recognition of this deferred tax credit to the income statement reduces the impact of the amortisation of the intangible asset on the profits for the year.

Independent Review Report to IDOX plc

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 April 2008 which comprises the Consolidated Income Statement, Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity and the related notes. We have read other information contained in the interim report comprising only the Chairman's statement and the Chief Executive's statement and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

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 directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority. As disclosed in note 1, the next annual financial statements of the group will be prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The accounting policies are consistent with those that the directors intend to use in the next annual financial statements.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements 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 condensed set of financial statements in the half-yearly financial report for the six months ended 30 April 2008 is not prepared, in all material respects, in accordance with the basis of accounting described in Note 1.

GRANT THORNTON UK LLP
AUDITOR
London
23 June 2008

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.

IDOX plc software and services at a glance

software

Local government is IDOX Software's key market, whether installed in land, property and revenues & benefits departments as well as on an enterprise-wide basis. Our broadening range of software and services is providing solutions and growth in:

- Planning
- Building Control
- Revenues & Benefits
- Social Services
- Environmental Health
- Public Sector Housing
- Land Charges
- Trading Standards
- Licensing
- Estates Management
- Contaminated Land

IDOX Software comprises of a number of web and database applications including Case Management, Document Management, Records Management, Knowledge Management, Workflow, Web Access, Online XML Forms, XML Services, Management Reporting and Mobile, developed on an open platform capable of being installed independently and/or integrated with other in-house or third party systems.

The acquisition of Plantech adds capabilities in local authority performance management.

information services

IDOX operates the most comprehensive information service on all aspects of policy and practice in local government in the United Kingdom. This encompasses everything from forward planning and development control issues to the modernisation agenda, from economic development to lifelong learning and from social inclusion issues to health and housing. It is widely used by researchers, policy makers and practitioners in local and central government, regional development agencies, consultancies and local regeneration bodies. Thousands of articles from over 500 professional journals are available electronically searchable by keyword and abstract.

The service also manages specialist electronic 'reading rooms' and content management solutions for government and NGOs to facilitate better communication and to form electronic communities of interest. Examples include reading rooms on labour market research and evaluations of economic development projects.

managed services

IDOX continues to work in partnership with its local authority clients extending its Managed Services expertise. UKPlanning delivers Planning & Building Control departments with a cost effective, efficient and risk free means of administering applications and realising e-Planning targets quickly. Applications are scanned and indexed, or completed online, and published on the council's websites and www.UKPlanning.com for public review and comment.

Unity provides an offsite fully managed and resilient UNI-*form* Case Management system to local authorities ensuring 24 by 7 by 365 availability at a lower cost to in-house alternatives.

consultancy

Our experienced consultancy team works with management in the public and private sectors in all areas of records management, content management, knowledge management and library and information services. We help organisations to share their knowledge and information to become more effective in the flexible ways that they work.

We work in partnership with clients and software providers and systems integrators.

We provide advice on the current state of clients' information and knowledge assets and offer strategic guidance on future directions. This includes design policies and procedures, information architectures, taxonomies and metadata frameworks, implementation, data migration and project management expertise.

recruitment

TFPL recruitment services include the UK and international placement of permanent, interim and contract personnel for a range of positions requiring information, knowledge, records and web content management expertise. Increasingly there are also requests for the supply of technology, change management and content management professionals. With the boundaries between information management and information technology becoming more blurred, we specialise in finding staff that bridge these multi-disciplinary roles.

training

TFPL's training team provides both public and in-house courses in:

- Knowledge management
- Information architecture & taxonomy
- Content management
- Records management
- Library & information management services

We develop bespoke awareness and learning programmes for our clients.

Company Information

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Auditors:	Grant Thornton UK LLP Grant Thornton House Melton Street Euston Square London NW1 2EP
Corporate Solicitors:	Memery Crystal 44 Southampton Buildings London WC2A 1AP
Registrars:	Share Registrars Limited 1st Floor 9 Lion and Lamb Yard Farnham Surrey GU9 7LL
Company Registration Number:	3984070

Financial Calendar:	Announcement of 2008 Annual Report - December 2008

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