RWS HOLDINGS PLC ANNUAL REPORT

2011

UK USA FRANCE GERMANY SWITZERLAND CHINA JAPAN

THE QUEEN'S AWARDS
FOR ENTERPRISE:
INTERNATIONAL TRADE
2009

RWS GROUP

It gives me great pleasure to be able to report another year of progress for RWS against a challenging and volatile economic backdrop. For its eighth consecutive year as a public company it has delivered growth in sales, underlying profits and dividends, demonstrating the strength and resilience of the Group's core, market leading patent translations business. Beyond patent translation, technical translations benefitted from a recovery in Germany and Switzerland, whilst PatBase was the primary driver of growth within our information services business.

Business Overview

RWS is the world's leading provider of patent translations and one of Europe's leading players in the provision of intellectual property support services and high level technical, legal and financial translation services. Its main business – patent translation – translates well over 65,000 patents and intellectual property related documents each year. It has a blue chip multinational client base from Europe, North America and Asia, active in patent filing in the medical, pharmaceutical, chemical, aerospace, defence, automotive and telecoms industries, as well as patent agents acting on behalf of such clients. The Group has two principal business activities; Translations, which accounts for over 90% of sales and incorporates patent, commercial and technical translation services, and Information, which includes a comprehensive range of patent search, retrieval and monitoring services as well as PatBase, one of the world's largest searchable commercial patent databases, access to which is sold exclusively as a subscription service.

Strategy

Our strategy is focused upon organic growth complemented by deploying our substantial cash holdings for selective acquisitions, providing they can be demonstrated to enhance shareholder value. Organic growth is driven by increases in the worldwide patent filing activities of our existing and potential multinational clients, the growing demand for language services and our ability to increase our market share by winning new clients attracted by our leading position and reputation, in an otherwise fragmented sector. Whilst the global number of applications fell modestly during the recession of 2008/2009, it recovered in 2010 and we have successfully grown market share amongst our target blue-chip customers who have historically remained committed to protecting their intellectual property through the cycle.

In terms of acquisitive growth, having been pleased with the return on acquisitions made to date, we continue to search for suitable potential acquisitions in the high level technical translation and intellectual property support services spaces. We seek niche businesses capable of delivering well above industry average levels of profitability or highly complementary businesses capable of reinforcing our dominant position in intellectual property support services.

Results and Financial Review

The Group has achieved a strong underlying operational performance, reflecting continued growth in the core patent translations business, together with encouraging growth in medical translations, a full recovery in Germany, excellent profits in China and further growth in our database subscription service – PatBase.

Sales advanced by 8% to £65.4m (2010: £60.6m), a creditable achievement in competitive market conditions. Underlying operating profit before amortization of intangibles and, in 2010, the net cost of relocation was up 12.6% to £16.1m (2010: £14.3m). Profit before tax, intangibles amortization (and in 2010 relocation costs) was £16.2m (2010: £14.6m), a rise of 11% and achieved despite a further reduction in interest income of £0.14m and a mark to market loss of £0.1m on foreign exchange contracts. Reported profit before tax was £15.6m (2010: £13.7m), a rise of 14%, and basic earnings per share 26.2p (2010: 23.2p). The effective tax rate was 29.1% (2010: 28.6%); the increase was due to the level of non-qualifying depreciation.

Diluted adjusted earnings per share rose by 9% to 27.2p (2010: 24.9p). There was no change during 2011 in the number of shares in issue.

At 30 September 2011 shareholders' funds had reached £58.1m (2010: £52.7m), of which net cash represented £24.8m (2010: £17.9m). The movement in net cash reflects an underlying increase of £3.8m and is after the £1.6m rebate, received in November 2010, of the VAT cash outlay in relation to the purchase of the new premises in July 2010 and the repayment, in July 2011, of the £1.5m building development loan by the developer. The significant other cash outlays included corporation tax of £3.8m, the final dividend for 2010 and the interim dividend for 2011, totalling £5.9m.

Following the decision to adopt rolling twelve month currency hedging, volatility was much reduced. The average rate used for conversion of the Euro was 86.9p against 87.0p in 2010. Looking forward, RWS has hedged its estimated net trading exposure at 1 Euro = 86.9p until 30 November 2012. Currently US$ exposure is hedged at $1.59 = £1 until 30 September 2012.

Interest income on the Group's substantial cash balances reduced further following the purchase of the new premises, the repayment of the development loan, and with the Bank of England maintaining a base rate of 0.5% throughout the financial year.

Dividend

The Board recommend a final dividend of 11.75p per share. The interim dividend, paid in July, was 3.65p per share, so that the total payout in respect of the year will amount to 15.4p per share, an increase of 15% over 2010, reflecting the growth in Group earnings during 2011 and our confidence in the continued progress of the Group.

The proposed total dividend per share is 1.7 times covered by basic earnings per share. Subject to shareholder approval at the Annual General Meeting, the final dividend will be paid on 17 February 2012 to all shareholders on the register at 20 January 2012.

Operating Review

Translations

The Group's core business (accounting for 70% of sales) remains patent translations. In a period of considerable economic upheaval, the resilience of our patent translation services has been a key element in the Group's further progress. The Group's market leadership is reflected in an impressive list of blue-chip multinational clients with good penetration amongst those corporates who are most active in patent filing. We provide a high quality and competitive "translate and file" service which began in Europe and has now been successfully extended on a global scale. US multinationals wishing to file via the national and PCT routes recognise the benefits of our WorldFile service and RWS is benefitting from its increased direct sales effort in the US, which remains the market with the largest potential for intellectual property protection services.

It was also pleasing to note that demand for our Beijing patent translation service was encouraging. Revenues grew by 38% and profits by 52%. We are investing in staff, training and systems as our activities focus upon servicing European and North American corporates' patent applications for filing in China. This work is principally sourced from our other offices.

Technical translation services account for 23% of Group revenues. These comprise commercial and technical non-patent translations requiring high standards of quality and accuracy. This sector experiences the highest levels of competition and we seek to delineate ourselves through our ability to manage larger projects, deliver high quality client service and through our focus on technical, specialist niches to achieve acceptable margins. This market segment is more exposed to the economic cycle and, predictably, government work in particular has become extremely competitive. In Germany, the recovery noted in the last quarter of 2009/10 followed through into 2010/11.

Information

The information services business accounts for 7% of sales, and a significantly higher proportion of profit. The underlying activity levels of our core patent search and watch services, which declined in the recession, have now stabilised, but remain well below pre-recession levels.

The PatBase database subscription service has enjoyed further worldwide subscriber interest. We continue to invest in improving its coverage and searchability. This investment has paid dividends in the form of a further 12% growth in subscription revenues in the period. The scalability and operational gearing of PatBase has allowed it to increase margins by 400bps and grow to contribute over 12% of Group profits.

Post Balance Sheet Acquisition

In line with our stated strategy, RWS announced on 11 October 2011 the acquisition of an initial one third interest in inovia Holdings Pty Limited ("inovia"), a leading provider of web-based international patent filing solutions, and an agreement to acquire the remaining share capital, for a maximum aggregate price of US$31.2 million.

The total cash consideration comprises an initial payment of US$5.8 million and deferred consideration for the remaining two thirds of the issued share capital, which will be calculated according to an agreed earnout formula and payable in September 2013. The deferred consideration is capped at a maximum of US$25.4 million, which will become due if revenues of not less than US$29 million and EBITDA of not less than US$5.4 million are delivered by the business for the year ended 30 June 2013.

Headquartered in New York, inovia is the largest non-law firm provider of international patent filing solutions globally. Its patented, web-based technology provides over 1000 law firm and corporate clients with cost effective processing of international patent applications, typically producing cost savings in excess of 30%. From its locations in the US, Australia, Europe and Japan, its patent filing service covers 62 jurisdictions in 84 countries.

inovia's sales for the year ended 30 June 2011 were US$15.1 million, an increase of 33.5% over 2010. Its EBITDA remained marginally negative for the financial year but the business is expected to become profitable in the new financial year. As at 30 June 2011, the business had net assets of US$1.5 million. inovia has continued to trade in line with the management team's expectations since the beginning of the current financial year and for the quarter ended 30 September 2011 revenues were 72% ahead of the corresponding quarter in 2010.

Market Update

Statistics recently issued by the European Patent Office and the World Intellectual Property Organisation point to an upturn in the number of patent applications in 2010 following two years of recession induced decline; an encouraging sign that research and development and the protection of intellectual property rights has remained a priority during and after the global downturn.

In April 2011, the European Patent Office published figures showing 235,000 European patent applications were filed in 2010, a record in its 34 year history and an 11% increase over 2009.

In May 2011, the World Intellectual Property Organisation reported that 164,300 international patent applications were filed under its Patent Cooperation Treaty (PCT) in 2010, an increase of 5.7% over 2009.

Principal Risks

The Directors, having further reviewed the Group's risk profile, remain convinced that the principal risks to the business are errors in the provision of the Group's services, in a mismatch between currencies (especially as between the Euro and Sterling), and in regulatory changes to patent translation requirements in Europe. Additionally, as with any people business delivering high quality services, the Group depends upon its ability to attract and retain well trained staff.

These risks are mitigated as follows:

■ Failings in service provision are most likely to arise as a result of human error. RWS was one of the earliest adopters of ISO certification and invests in exhaustive and regularly updated procedures to minimise the risk of error. In addition, the Group carries substantial professional indemnity insurance.

■ Currency risk is normally addressed via hedging operations. Currently, Sterling/Dollar exposure for the whole of 2011/12 has been hedged at $1.59 = £1, and Sterling/Euro exposure is similarly hedged at 1 Euro = 86.9p.

■ The London Agreement was implemented in May 2008 and the three financial years thereafter have borne the full effect, which was broadly in line with our expectations. RWS would also be impacted if a further initiative – the European Union Patent – were to become effective. This latter initiative was declared illegal by the European Court of Justice in March 2011, but the majority of European governments continue to seek ways to circumvent this ruling. The thrust of our acquisition strategy since 2005 has been to target technical translation businesses which have zero exposure to any regulatory developments in the patent field.

■ As a major employer in the local area of South Buckinghamshire, we believe we offer stability of employment, competitive salaries and an excellent working environment. In the current economic climate we have been successful in recruiting high calibre staff as required.

People

RWS has always been dependent upon the quality and commitment of its entire staff to provide and maintain the high levels of service expected by our clients. We were pleased that we were able to avoid staff reductions in the recent recession; headcount has now reached 493 full time equivalents (2010: 466) and productivity continues to improve.

Directorate Change

RWS announced on 12 October 2011 that Liz Lucas, who has been with the Group for 34 years and Chief Executive of its Translation activities for 19 years, would retire with effect from 31 December 2011. We also announced the appointment of Reinhard Ottway as Group Chief Executive with effect from 1 January 2012. Reinhard joined RWS in 1993, and since 2001 has been a key member of the executive team as Business Development Director with a pivotal role in the Group's international expansion.

The Board, employees and shareholders owe Liz an enormous debt for her inspirational leadership and extreme professionalism. The management team she leaves behind her is testament to the skills she has demonstrated in positioning RWS as the widely respected market leader. Liz has accepted the Board's invitation to become a Non-Executive Director and will represent RWS in a similar capacity on the Board of inovia.

Corporate Social Responsibility

RWS seeks to be a socially responsible company which has a positive impact on the communities it operates in. We look to employ a workforce which reflects the diversity of our communities. No discrimination is tolerated, and we endeavour to give all our employees the opportunity to develop their capabilities. We provide an excellent working environment, the latest technology and appropriate training.

Our staff contribute generously and regularly to a wide selection of local and national charities and their contributions are matched by the Group.

Premises

There has been extensive reorganisation of our UK operations' premises since the beginning of the calendar year. We acquired a new freehold headquarters building in Chalfont St Peter, South Buckinghamshire in July 2010; following extensive fit-out, we moved four separate offices into the new building in January 2011. Not only has the Group benefitted from a reduction in its rental costs since that time, but we are also already identifying operational efficiencies as well as enjoying an enhanced, modern environment. The purchase price equated to a yield of 7.5% at the expense of limited interest income.

Current Trading and Outlook

Trading in the first two months of the new financial year has been in line with management's expectations. Whilst the macroeconomic environment, particularly in the Eurozone, remains uncertain, we have fully hedged our Euro and US Dollar trading exposure for the current financial year and our strong financial position leave us well placed to deliver continued progress during 2012.

Furthermore, our recent investment in inovia's excellent proprietary technology platform adds a highly complementary and scaleable service to our existing patent search and translation offering. We expect its considerable growth prospects, as well as cross selling opportunities, to materially enhance the Group's leading position in intellectual property protection over the medium term.

Andrew Brode
Executive Chairman

13 December 2011

Andrew S Brode (71)
Executive Chairman

Member of the Audit Committee and Remuneration Committee

Appointed as a Director 11 April 2000.

Founder of Bybrook and led the management buy in of the RWS Group. A substantial shareholder in the Company.

Non-Executive Director of Vitesse Media plc and a director of other private equity financed media companies.

Elisabeth A Lucas (55)
Chief Executive Officer of RWS Translations Division

Appointed as a Director 11 November 2003.

Joined RWS Group in 1977, Managing Director of Translations Division from 1992 and Chief Executive Officer from 1995.

Michael A McCarthy (64)
Finance Director and Company Secretary

Appointed as a Director and Company Secretary 11 November 2003.

In 2000 joined RWS Group as Finance Director. 1988 to 1999 with the RAC in a senior financial role.

Peter Mountford (54)
Non-Executive Director

Chairman of the Audit Committee and Member of the Remuneration Committee

Appointed as a Director 11 April 2000.

Chairman of Mountford Capital Limited, Chairman of Heropreneurs and a director of a number of other private companies.

David E Shrimpton (68)
Senior independent Non-Executive Director

Chairman of the Remuneration Committee and Member of the Audit Committee.

Appointed as a Director 1 January 2010.

Non-Executive Director of a number of private companies.

Registered office
Europa House
Chiltern Park
Chiltern Hill
Chalfont St Peter
Buckinghamshire
SL9 9FG

Company registration number
3002645

The Directors present their annual report together with the audited financial statements for the year ended 30 September 2011.

Principal activities

The Company's principal activity is the business of holding investments in trading subsidiaries, with a view to earning a profit to be distributed to shareholders. The principal activities of subsidiary undertakings are intellectual property support services (patent translations and technical searches) for the pharmaceutical, chemical, medical, telecoms, aerospace, defence and automotive industries. The Group also provides specialist technical, legal and financial translation services to a number of areas of industry outside the patent arena.

Business performance and risks

The review of the business, operations, principal risks and outlook are dealt with in the Executive Chairman's Statement on pages 2 to 5. The key performance indicators of the Group are revenues and pre-tax profit before amortization of customer relationships and trademarks.

Financial results

The financial statements set out the results of the Group for the year ended 30 September 2011 which are shown on page 16.

Group revenues advanced by 8% to £65.4 million (2010: £60.6 million) and pre-tax profit before amortization of intangibles (and in 2010 relocation costs) was £16.2 million (2010: £14.6 million), a rise of 11% despite a reduction in net finance income. Profit before tax was £15.6 million (2010: £13.7 million). The current year total tax expense was £4.5 million (2010: £3.9 million) an effective tax rate of 29.1% (2010: 28.6%) the increase being mainly due to the level of non-qualifying depreciation. Basic earnings per share was 26.2 pence (2010: 23.2pence).

Dividends

The Directors recommend a final dividend of 11.75 pence per Ordinary share to be paid on the 17 February 2012 to shareholders on the register at 20 January 2012, which, together with the dividend of 3.65 pence paid in July 2011, makes a total dividend for the year of 15.40 pence (2010: 13.40 pence). The final dividend will be reflected in the financial statements for the year ending 30 September 2012. The proposed total dividend per share is 1.7 times covered by basic earnings per share.

Going concern accounting basis

In view of the Group's resources, results of operations and overall financial condition, the Directors have a reasonable expectation that Group has adequate resources to continue in operation for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

Financial instruments

Information about the use of financial instruments by the Group is given in note 17 to the financial statements.

Political and charitable contributions

Financial contributions to charities and good causes during the year amounted to £7,000 (2010:£6,000). There were no political donations.

Events after the reporting date

RWS announced on 11 October 2011 the acquisition of an initial one third interest in inovia Holding Pty Limited, a leading provider of web-based international patent filing solutions, and an agreement to acquire the remaining share capital, for a maximum aggregate price of US$31.2 million.

The total cash consideration comprises an initial payment of US$5.8 million and deferred consideration for the remaining two thirds of the issued share capital, which will be calculated according to an agreed earnout formula and payable in September 2013. The deferred consideration is capped at a maximum of US$25.4 million, which will become due if revenues of not less than US$29.0 million and EBITDA of not less than US$5.4 million are delivered by the business for the year ended 30 June 2013.

Directors

Details of members of the Board at 30 September 2011 are set out on page 6.

The interests of the Directors in shares during the year is set out on page 11 in the Directors' Remuneration Report. The only change to the shareholdings of Directors between 30 September 2011 and 13 December 2011 is that Andrew Brode reduced his holding by 556,000 shares by way of a gift to The King Edward's School Birmingham Trust.

Andrew Brode retires by rotation at the Annual General Meeting and being eligible offers himself for re-election. The Company's Annual General Meeting will be held in London on 13 February 2012.

Corporate governance

Statement by the Directors on compliance with the Combined Code

The Company is listed on the Alternative Investment Market (AIM). The UK Corporate Governance Code (formerly the Combined Code) on Corporate Governance does not apply to AIM companies, however, the Board is committed to ensuring that the Group is well governed and follows the principles of the Code in so far as is practicable and relevant to its size and status.

The Board

The Board comprises three Executive and two Non-Executive Directors. The Board considers that both of the Non-Executive Directors are independent in character and judgement and that there are no relationships or circumstances which are likely to affect their independent judgement.

The Executive Directors have direct responsibility for business operations whilst the Non-Executive Directors have a responsibility to bring independent, objective judgement to bear on Board decisions. The Board met six times during the year to review financial performance and approve key business decisions, so that it retained control over strategic, budgetary, financial and organisational issues and monitored executive management. In addition to the Executive Directors, the members of the Senior Executive Team are: Yvette Edwards, Managing Director Information Division; Reinhard Ottway, Business Development Director, and Charles Sitch, Managing Director UK Translations Division. These and other senior managers are invited to attend board meetings and report on the areas of responsibility delegated to them.

Audit Committee

The members of the Audit Committee are Peter Mountford (committee Chairman), David Shrimpton and Andrew Brode. The members, with the exception of Andrew Brode, are Non-Executive Directors and the Board is satisfied that they have recent and relevant financial experience. The Finance Director and representatives from the external auditors attend meetings at the request of the Committee. During the year the Committee met twice.

The Committee reviews and makes recommendations to the Board on: any change in accounting policies; decisions requiring a major element of judgement and risk; compliance with accounting standards and legal and regulatory requirements; disclosures in the interim and annual report and accounts; dividend policy and payment; any significant concerns of the external auditor about the conduct, results or overall outcome of the annual audit of the Group; and, any matters that may significantly affect the independence of the external auditor.

Remuneration Committee

The members of the Remuneration Committee are David Shrimpton (committee Chairman), Peter Mountford and Andrew Brode. With the exception of Andrew Brode, the members are Non-Executive Directors. Further information about the Committee and the Company's remuneration policy is set out on page 10 in the Directors' Remuneration Report.

Internal controls and risk management

The Board has overall responsibility for the Group's system of internal controls. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Directors believe that the Group has internal control systems in place appropriate to the size and nature of the business. The key elements are: bimonthly group board meetings with reports from and discussions with senior executives on performance and key risk areas in the business; monthly financial reporting, for the Group and for each subsidiary, of actual performance compared to budget and previous year; annual budget setting; and, a defined organisational structure with appropriate delegation of authority. The Board also receives a report from the external auditor on matters identified in the course of the statutory audit work.

Employment of disabled persons

It is Company policy that people with disabilities should have the same consideration as others with respect to recruitment, retention and personal development. People with disabilities, depending on their skills and abilities, enjoy the same career prospects as other employees and the same scope for realising potential.

Employee involvement

The Company's policy is to consult and discuss with employees at staff meetings matters likely to affect employee interests. The Company is committed to a policy of recruitment and promotion on the basis of aptitude and ability irrespective of sex, race or religion. Group subsidiaries endeavour to provide equal opportunities in recruiting, training, promoting and developing the careers of all employees.

Substantial shareholdings and options

At 30 September 2011, excluding the Directors, the following were substantial shareholders:

	% holding
BlackRock Investment Management	8.9
Liontrust Asset Management	5.7
Invesco Perpetual	5.0
Octopus Investments	4.1
Artemis Investment Management	3.1

Authority to allot

Under section 549 Companies Act 2006, the Directors are prevented, subject to certain exceptions, from allotting shares or from granting rights to subscribe for or to convert any security into shares without the authority of the shareholders in general meeting or the Company's articles of association (the "Articles"). An ordinary resolution will be proposed at the forthcoming Annual General Meeting to authorise the Directors to allot shares, and to grant rights to subscribe for or convert any security into shares, up to an aggregate nominal value of £705,266, representing approximately one third of the share capital of the Company in issue at 13 December 2011 (being the last practicable date prior to the publication of this Annual Report). The Directors' authority will expire on the earlier of 12 May 2013 and the conclusion of the next Annual General Meeting. This authority complies with guidelines issued by institutional investors. The Directors have no immediate plans to make use of this authority. As at the date of this report the Company does not hold any Ordinary shares in the capital of the Company in treasury.

Statutory Pre-emption Rights

Under section 561 of the Companies Act 2006, when new shares are allotted, they must first be offered to existing shareholders pro rata to their holdings. A special resolution will be proposed at the forthcoming Annual General Meeting which renews, for the period ending on 12 May 2013 or, if earlier, the date of the next Annual General Meeting, the authorities previously granted to the Directors to: (a) allot shares of the Company in connection with a rights issue or other pre-emptive offer; and (b) otherwise allot shares of the Company, or sell treasury shares for cash, up to an aggregate nominal value of £211,579 (representing in accordance with institutional investor guidelines, approximately 10% of the share capital in issue as at 13 December 2011, (being the last practicable date prior to the publication of this Annual Report)) as if the pre-emption rights of section 561 did not apply. The Directors have no immediate plans to make use of these authorities. In addition, and in line with best practice, the Company has not issued more than 7.5% of its issued share capital on a non-pro rata basis over the last three years.

Payment policies

The terms of sales collections and supplier payments will reflect local commercial practice. In the UK, the Company and each of its UK subsidiary undertakings have policies to ensure that suppliers are paid on time and seek to abide by the agreed terms of payment. The policy includes arrangements for accelerated payment of small suppliers. The total amount of money owed by the Group and its subsidiary undertakings at the balance sheet date was equivalent to 23 days (2010: 28 days) average purchases. The Company had no trade creditors at the year end.

Auditors

All of the Directors have taken all the steps that they ought to have taken to make themselves aware of any information relevant to the audit and established that the auditors are aware of that information. As far as each of the Directors is aware, the auditors have been provided with all relevant information.

BDO LLP have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the Annual General Meeting.

On behalf of the Board

Michael McCarthy
Director

13 December 2011

The Company is listed on the Alternative Investment Market (AIM) and is therefore not required to prepare a report on directors' remuneration. The following information is voluntarily disclosed.

Remuneration Committee

The members of the Remuneration Committee are David Shrimpton (committee Chairman), Peter Mountford and Andrew Brode. David Shrimpton and Peter Mountford are Non-Executive Directors and Andrew Brode is the Executive Chairman and a substantial shareholder in the Ordinary shares of the Company.

The remit of the Committee is primarily to determine and agree with the Board the framework or broad policy for the remuneration of the Company's Executive Directors and, if required by the Board, the Senior Executives of the Group. The remuneration of Non-Executive Directors is a matter for the Board, excluding the Non-Executive Directors, and no director or manager is involved in any decision as to his or her own remuneration.

The Board has confirmed that the Group's overall remuneration policy and purpose is to attract and retain the right people and provide appropriate incentives to encourage enhanced performance so as to create growth in shareholder value.

Individual elements of remuneration

For Executive Directors and Senior Executives the benefit components contained in the total remuneration package are: base salary; performance related annual bonus, but this does not apply to the Executive Chairman; and, other customary benefits such as holidays, car and health benefits, sickness benefit and pensions.

For Non-Executive Directors the benefit component is a base fee.

Service contracts

Neither of the Non-Executive Directors has a service contract. Their appointments will continue unless and until terminated by either party giving not less than 30 days' notice.

The notice period of all the Executive Directors is less than one year. The date of the Executive Chairman's service contract is 30 October 2003 and the service contracts of Elisabeth Lucas and Michael McCarthy are dated 14 November 2003. In the event of the termination of an Executive Director's service contract, depending upon the circumstances, the Company may be liable to provide compensation to the Executive Director equivalent to the benefits which he or she would have received during the contractual notice period.

The service contracts of Executive Directors continue unless and until terminated by either party giving at least six months' notice.

Directors' emoluments and pension contributions

The aggregate remuneration, excluding pension contributions, paid or accrued for the Directors of the Company for service in all capacities during the year ended 30 September 2011 was £865,000 (2010: £823,000). The remuneration of individual directors and the pension contributions paid by the Group to their personal pension schemes during the year were as follows:

	Salary or fees	Bonus	Taxable benefits	**2011 Total**	**2011 Pension contributions**	2010 Total	2010 Pension contributions
	£'000	£'000	£'000	**£'000**	**£'000**	£'000	£'000
Andrew Brode	234	–	3	**237**	**26**	236	26
Elisabeth Lucas	215	85	1	**301**	**6**	283	6
Michael McCarthy	231	35	1	**267**	**7**	243	6
Peter Mountford	30	–	–	**30**	**–**	30	–
David Shrimpton	30	–	–	**30**	**–**	23	–
	740	120	5	**865**	**39**	823	38

Until 1 April 2011 Bradmount Investments Limited had an agreement with Peter Mountford that the fees and other emoluments payable in respect of his non-executive directorship of RWS Holdings plc were payable to Bradmount Investments Limited, a company of which he is a Director.

Directors' interests in shares

The interests of the Directors (including the interests of their families and related trusts), all of which were beneficial, in the Ordinary shares of the Company at 1 October 2010 and 30 September 2011 are shown below. Andrew Brode sold 3,000 shares and Mrs Diane Brode, his wife, purchased 3,000 shares during the year; there were no other shares acquired or sold by the Directors during the year. None of the Directors has a beneficial interest in the shares of any of the Company's subsidiaries.

	Ordinary shares of 5 pence at start and end of year
Andrew Brode	18,590,812
Elisabeth Lucas	10,000
Michael McCarthy	–
Peter Mountford	3,325
David Shrimpton	–
	18,604,137

Subsequent to 30 September 2011, Andrew Brode disposed of 556,000 of his shares by way of gift to The King Edward's School Birmingham Trust and therefore held 18,034,812 shares at the date of this report.

Transactions with directors

During the year there were no material transactions between the Company and the Directors, other than their emoluments.

On behalf of the Board

Michael McCarthy
Director

13 December 2011

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the Company and of the profit or loss of the group for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;

- make judgements and accounting estimates that are reasonable and prudent;

- state whether the group financial statements have been prepared in accordance with IFRSs as adopted by the European Union and the Company financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice, subject to any material departures disclosed and explained in the financial statements;

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

We have audited the financial statements of RWS Holdings plc for the year ended 30 September 2011 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows, the Company balance sheet and the related notes. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standard (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's 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 and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 30 September 2011 and of the group's profit for the year then ended;

- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;

- the parent company's financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or

- the parent company financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

Julian Frost, senior statutory auditor for and on behalf of BDO LLP, statutory auditor London United Kingdom
13 December 2011

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

	Note	2011 £'000	2010 £'000
Revenue	3	**65,394**	60,625
Cost of sales		**(36,914)**	(33,434)
Gross profit		**28,480**	27,191
Other operating income		**–**	253
Administrative expenses		**(12,953)**	(14,118)
Profit from operations	4	**15,527**	13,326
Analysed as:			
Operating profit before charging:		**16,097**	14,270
Amortization of customer relationships and trademarks	11	**(570)**	(566)
Relocation costs and related other operating income	4	**–**	(378)
Profit from operations		**15,527**	13,326
Finance income	6	**210**	346
Finance expense	6	**(98)**	(15)
Profit before tax		**15,639**	13,657
Taxation expense	7	**(4,545)**	(3,908)
Profit for the year		**11,094**	9,749
Other comprehensive income			
Exchange gain/(loss) on retranslation of foreign operations		**201**	(318)
Total other comprehensive income/(expense)		**201**	(318)
Total comprehensive income		**11,295**	9,431
Total comprehensive income attributable to:			
Owners of the parent		**11,295**	9,431
Basic earnings per Ordinary share (pence per share)	9	**26.2**	23.2
Diluted earnings per Ordinary share (pence per share)	9	**26.2**	23.0

The notes on pages 20 to 38 form part of these financial statements.

Registered Company 3002645		2011	2010
	Note	£'000	£'000
Assets			
Non-current assets			
Goodwill	10	**13,057**	13,070
Intangible assets	11	**3,589**	4,182
Property, plant and equipment	12	**13,530**	12,426
Deferred tax assets	13	**246**	205
Other receivables	14	**–**	1,500
		30,422	31,383
Current assets			
Trade and other receivables	14	**14,485**	14,056
Foreign exchange derivatives	17	**7**	105
Cash and cash equivalents	19	**24,845**	17,908
		39,337	32,069
Total assets		**69,759**	63,452
Liabilities			
Current liabilities			
Trade and other payables	15	**7,434**	7,086
Income tax payable		**2,141**	1,378
Provisions	16	**486**	642
		10,061	9,106
Non-current liabilities			
Provisions	16	**547**	567
Deferred tax liabilities	13	**1,093**	1,134
		1,640	1,701
Total liabilities		**11,701**	10,807
Total net assets		**58,058**	52,645
Equity			
Capital and reserves attributable to owners of the parent			
Share capital	18	**2,116**	2,116
Share premium		**3,583**	3,583
Reverse acquisition reserve		**(8,483)**	(8,483)
Foreign currency reserve		**2,310**	2,109
Retained earnings		**58,532**	53,320
Total equity		**58,058**	52,645

The notes on pages 20 to 38 form part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 13 December 2011 and were signed on its behalf by:

Andrew Brode
Director

	Share capital	Share premium account	Other reserves (see below)	Retained earnings	Attributable to owners of the parent	Non-controlling interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 October 2009	2,065	3,401	(6,056)	48,649	48,059	10	48,069
Issue of shares	51	182	–	–	233	–	233
Preference share redemption	–	–	–	–	–	(10)	(10)
Dividends	–	–	–	(5,078)	(5,078)	–	(5,078)
Profit for the year	–	–	–	9,749	9,749	–	9,749
Currency translation differences	–	–	(318)	–	(318)	–	(318)
At 30 September 2010	2,116	3,583	(6,374)	53,320	52,645	–	52,645
Dividends	–	–	–	(5,882)	(5,882)	–	(5,882)
Profit for the year	–	–	–	11,094	11,094	–	11,094
Currency translation differences	–	–	201	–	201	–	201
At 30 September 2011	**2,116**	**3,583**	**(6,173)**	**58,532**	**58,058**	**–**	**58,058**

Other reserves	Foreign currency reserve	Reverse acquisition reserve	Total other reserves
	£'000	£'000	£'000
At 1 October 2009	2,427	(8,483)	(6,056)
Currency translation differences	(318)	–	(318)
At 30 September 2010	2,109	(8,483)	(6,374)
Currency translation differences	201	–	201
At 30 September 2011	**2,310**	**(8,483)**	**(6,173)**

The nature and purpose of each reserve within equity is as follows:

– Share capital is nominal value of the shares issued.
– Share premium is the amount received for shares issued in excess of their nominal value.
– Foreign currency reserve is the gain or loss arising on retranslating the net assets of overseas operations into sterling.
– Reverse acquisition reserve was created when RWS Holdings plc became the legal parent of Bybrook Limited. The substance of this combination was that Bybrook Limited acquired RWS Holdings plc.
– Retained earnings are the cumulative net gains and losses.

The notes on pages 20 to 38 form part of these financial statements.

	Note	2011 £'000	2010 £'000
Cash flows from operating activities			
Profit before tax		**15,639**	13,657
Adjustments for:			
Depreciation of property, plant and equipment		**485**	260
Amortization of intangible assets		**641**	661
Finance income		**(210)**	(346)
Finance expense		**98**	15
Operating cash flow before movements in working capital and provisions		**16,653**	14,247
Increase in trade and other receivables		**(420)**	(2,302)
Increase in trade and other payables		**173**	1,018
Cash generated from operations		**16,406**	12,963
Interest paid		**–**	(15)
Income tax paid		**(3,864)**	(3,885)
Net cash inflow from operating activities		**12,542**	9,063
Cash flows from investing activities			
Interest received		**203**	346
Development loan repaid	14	**1,500**	1,072
Purchases of property, plant and equipment	12	**(1,589)**	(11,929)
Purchases of intangibles (computer software)	11	**(34)**	(84)
Net cash inflow/(outflow) from investing activities		**80**	(10,595)
Cash flows from financing activities			
Proceeds from the issue of share capital		**–**	233
Preference shares redeemed		**–**	(10)
Dividends paid	8	**(5,882)**	(5,078)
Net cash outflow from financing activities		**(5,882)**	(4,855)
Net increase/(decrease) in cash and cash equivalents		**6,740**	(6,387)
Cash and cash equivalents at beginning of the year		**17,908**	24,269
Exchange gains on cash and cash equivalents		**197**	26
Cash and cash equivalents at end of the year	19	**24,845**	17,908

Free cash flow

	2011 £'000	2010 £'000
Analysis of free cash flow		
Net cash generated from operations	**16,406**	12,963
Net interest received	**203**	331
Income tax paid	**(3,864)**	(3,885)
Purchases of property, plant and equipment	**(1,589)**	(11,929)
Purchases of intangibles (computer software)	**(34)**	(84)
Free cash flow	**11,122**	(2,604)

The Directors consider that the free cash flow analysis above indicates the cash generated from (2010: utilised in) normal activities excluding acquisitions and dividends paid.

The notes on pages 20 to 38 form part of these financial statements

1 Accounting policies

Basis of accounting and preparation of financial statements
RWS Holdings plc is a Company incorporated in the UK.

The Group financial statements consolidate those of the Parent Company and its subsidiaries. The Parent Company financial statements present information about the Company as a separate entity and not about its Group.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

The Company has elected to prepare the Company financial statements in accordance with UK Accounting Standards. These are presented on pages 39 to 43 and the accounting policies in respect of Company information are set out on page 40.

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

Changes in accounting policies
There were no new standards, interpretations and amendments, applied for the first time from 1 October 2010, that have had a material effect on the financial statements.

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for later accounting periods and which have not been adopted early.

There were no new standards, amendments or interpretations that are expected to have a material impact on the Group.

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and judgements that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates. Judgements include classification of transactions between the income statement and the balance sheet, whilst estimations focus on areas such as carrying values and estimated lives.

Consolidation
A subsidiary is an entity controlled, directly or indirectly. Control is regarded as the power to govern the financial and operating policies of the entity so as to benefit from its activities. The financial results of subsidiaries are consolidated from the date control is obtained until the date that control ceases. All intra-group transactions are eliminated as part of the consolidation process.

On 11 November 2003, RWS Holdings plc became the legal parent company of Bybrook Limited and its subsidiary undertakings. The substance of the combination was that Bybrook Limited acquired RWS Holdings plc in a reverse acquisition. Goodwill arose on the difference between the fair value of the legal parent's share capital and the fair value of its net liabilities at the reverse acquisition date. This goodwill was written-off in the year ended 30 September 2004, because the goodwill had no intrinsic value.

Business combinations
Under the requirements of IFRS 3 (revised), all business combinations are accounted for using the acquisition method ('acquisition accounting'). The cost of a business acquisition is the aggregate of fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer. Following IFRS 3 (revised) becoming effective, costs directly attributable to business combinations are expensed, where previously they were treated as part of the cost of the acquisition. The cost of a business combination is allocated at the acquisition date by recognising the acquiree's identifiable assets, liabilities and contingent liabilities that satisfy the recognition criteria, at their fair values at that date. The acquisition date is the date on which the acquirer effectively obtains control of the acquiree. An intangible asset, such as customer relationships or trademarks, is recognised if it meets the definition of an intangible asset under IAS 38 'Intangible assets', and its fair value can be measured reliably. The excess of the cost of acquisition over the fair value of the Group's share of the net assets acquired is recorded as goodwill.

Intangible assets

(i) Goodwill arising on acquisitions is capitalised and subject to an impairment review, both annually and when there is an indication that the carrying value may not be recoverable. Prior to 1 October 2006, goodwill was amortized over its estimated useful life; such amortization ceased on 30 September 2006. On transition to IFRS goodwill that arose at the reverse acquisition date referred to in the note 'Consolidation', will remain eliminated against reserves.

(ii) Intangible assets separately identified from goodwill acquired as part of a business combination are initially stated at fair value. The fair value attributable is determined by discounting the expected future cash flows to be generated from that asset at the risk adjusted weighted average cost of capital appropriate to that intangible asset. The assets are amortized over their estimated useful lives which range from five to ten years.

(iii) Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These assets are amortized using the straight line method over their estimated useful lives (not exceeding three years).

Revenue recognition

Group revenue represents the fair value of the consideration received or receivable for the rendering of services, net of value added tax and other similar sales based taxes, rebates and discounts and after eliminating inter-company sales. Revenue, other than subscription and commission income, is recognised as a translation, filing or search is fulfilled in accordance with agreed client instructions and includes, where contracts are partially completed, the revenue on the element of the work completed but not yet delivered.

Subscription revenue is recognised on a straight line basis over the term during which the service is provided. Commission income is credited to revenue upon securing the related sale.

Accrued income represents the full receivable value of work completed but not yet invoiced.

Foreign currencies

The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group company are expressed in pounds sterling, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the individual financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.

Exchange differences on all transactions are taken to operating profit.

In the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates, which approximate to actual rates, for the relevant accounting period. Exchange differences arising, if any, are classified as equity and recognised in the Group's foreign currency reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. The Group has elected to treat goodwill and fair value adjustments arising on acquisitions before the date of transition to IFRSs as sterling-denominated assets and liabilities.

Segment reporting

Segment information reflects how management controls the business. This is primarily by the type of service supplied and then by the geographic location of the business units delivering those services. The assets and liabilities of the segments reflect the assets and liabilities of the underlying companies involved.

Property, plant and equipment

The Group's policy is to write off the difference between the cost of each item of property, plant and equipment and its estimated residual value systematically over its estimated useful life using the straight-line method on the following bases:

Freehold Land – Nil
Freehold buildings – 2%
Long leasehold and leasehold improvements – the length of the lease
Furniture and equipment – 10% to 33%

All items of property, plant and equipment are tested for impairment when there are indications that the carrying value may not be recoverable. Any impairment losses are recognised immediately in the Statement of Comprehensive Income.

The gain or loss on disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Comprehensive Income.

Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to foreign exchange arising from operational activities.

Derivative financial instruments are initially measured at fair value (with direct transaction costs being included in the Statement of Comprehensive Income as an expense) and are subsequently remeasured to fair value at each reporting date. Changes in carrying value are recognised in the Statement of Comprehensive Income.

Trade and other receivables

Trade and other receivables represent amounts due from customers in the normal course of business. All amounts are initially stated at fair value and carried at amortized cost where there is objective evidence of any impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held at call with banks and highly liquid investments with original maturities of three months or less and are subject to an insignificant risk of changes in value.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. Tax is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

The current tax payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the Statement of Comprehensive Income because it excludes items that are not taxable or deductible. The Group's current tax assets and liabilities are calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is calculated using tax rates that are expected to apply in the period when the liability is settled or the asset realised based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Share-based remuneration

The Group had share options that vested before the date of transition to IFRS and accordingly has not accounted for them under IFRS 2 'Share based payments'. Since then, the Group has not granted any share options.

Employee benefits

The Group operates a defined contribution pension plan and has no further obligations once the contributions have been paid. Payments to the plan are recognised in the Statement of Comprehensive Income as they fall due.

Paid holidays are regarded as an employee benefit and as such are charged to the Statement of Comprehensive Income as the benefits are earned. An accrual is made at the balance sheet date to reflect the fair value of holidays earned but not yet taken.

Trade and other payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event from which it is probable that it will result in an outflow of economic benefits that can reasonably be estimated.

Leases

Leases taken by the Group are assessed individually as to whether they are finance leases or operating leases. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

All other leases are classified as operating leases.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease rental payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. The benefit of lease incentives is spread over the term of the lease.

The Group currently has no material finance leases.

Capital

The Group considers its capital to comprise its ordinary share capital, share premium, other reserves and accumulated retained earnings. In managing its capital, the Group's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders through a combination of capital growth and distributions. The Group has historically considered equity funding as the most appropriate form of capital for the Group but keeps this under review bearing in mind the risks, costs and benefits to equity shareholders of introducing debt finance.

Equity issued by the Company is recorded as the proceeds received net of direct issue costs.

2 Critical judgements in applying the Group's accounting policies

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions are reviewed on an ongoing basis. In the future, actual experience may vary materially from management expectation.

Key sources of estimation uncertainty

The following critical judgement has the most significant effect on the amounts recognised in the financial statements:

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating units and the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the cash-generating unit. More details on the carrying value of goodwill is included in note 10.

3 Segment information

The Group comprises two divisions, the Translation division (for management reporting analysed between UK and Overseas operations) providing patent and technical document translation, filing and localisation services in the UK, USA, Europe, Japan and China, and the Information division, which offers a full range of patent search, retrieval and monitoring services as well as an extremely comprehensive patent database service accessible by subscribers, known as PatBase.

The unallocated segment relates to corporate overheads, assets and liabilities.

The segment results for the year ended 30 September 2011 are as follows:

	Translations UK	Translations Overseas	Information	Unallocated	Group
	£'000	£'000	£'000	£'000	£'000
Revenue	**50,586**	**10,205**	**4,603**	**–**	**65,394**
Operating profit/(loss) before charging:	12,764	1,914	2,008	(589)	16,097
Amortization of customer relationships and trademarks	(570)	–	–	–	(570)
Operating profit/(loss)	**12,194**	**1,914**	**2,008**	**(589)**	**15,527**
Finance income					210
Finance expense					(98)
Profit before taxation					15,639
Taxation					(4,545)
Profit for the year					**11,094**

Overseas intercompany translation sales to the UK amounting to £2.4 million have been eliminated on consolidation.

The segment results for the year ended 30 September 2010 are as follows:

	Translations UK (restated)	Translations Overseas (restated)	Information (restated)	Unallocated (restated)	Group
	£'000	£'000	£'000	£'000	£'000
Revenue	46,619	9,712	4,294	–	60,625
Operating profit/(loss) before charging (as previously stated):	11,488	1,484	2,209	(911)	14,270
Reallocation	(378)	39	41	298	–
Operating profit/(loss) before charging: (restated)	11,110	1,523	2,250	(613)	14,270
Amortization of customer relationships and trademarks	(566)	–	–	–	(566)
Relocation costs and related operating income	(378)	–	–	–	(378)
Operating profit/(loss)	10,166	1,523	2,250	(613)	13,326
Finance income					346
Finance expense					(15)
Profit before taxation					13,657
Taxation					(3,908)
Profit for the year					9,749

Certain unallocated costs have now been allocated to segments.

Overseas intercompany translation sales to the UK amounting to £1.9 million have been eliminated on consolidation.

The segment assets and liabilities at 30 September 2011 are as follows:

	Translations UK	Translations Overseas	Information	Unallocated	Group
	£'000	£'000	£'000	£'000	£'000
Total assets	**47,069**	**5,531**	**4,582**	**12,577**	**69,759**
Total liabilities	**6,421**	**1,577**	**1,686**	**2,017**	**11,701**
Capital expenditure	1,290	194	45	94	1,623
Depreciation	283	89	69	44	485
Amortization	599	31	–	11	641

The segment assets and liabilities at 30 September 2010 are as follows:

	Translations UK	Translations Overseas	Information	Unallocated	Group
	£'000	£'000	£'000	£'000	£'000
Total assets	43,592	5,791	3,890	10,179	63,452
Total liabilities	5,351	1,606	1,711	2,139	10,807
Capital expenditure	11,782	105	82	44	12,013
Depreciation	67	89	61	43	260
Amortization	615	25	–	21	661

Capital expenditure comprises additions to property, plant and equipment and intangible assets, including additions from acquisitions through business combinations.

The majority of unallocated assets relates to cash held by the Parent Company.

Segment assets and liabilities are reconciled to the Group's assets and liabilities as follows:

	Assets 2011	**Liabilities 2011**	Assets 2010	Liabilities 2010
	£'000	**£'000**	£'000	£'000
Segment assets and liabilities	**57,182**	**9,684**	53,273	8,668
Unallocated:				
Deferred tax	**223**	**906**	205	1,134
Derivative financial instruments	**7**	**–**	105	–
Property, plant and equipment	**89**	**–**	40	–
Non-financial assets	**282**	**564**	1,652	438
Other financial assets and liabilities	**11,976**	**547**	8,177	567
Total unallocated	**12,577**	**2,017**	10,179	2,139
	69,759	**11,701**	63,452	10,807

Assets allocated to a segment consist primarily of operating assets such as property, plant and equipment, intangible assets, goodwill, receivables and cash.

Liabilities allocated to a segment comprise primarily trade payables and other operating liabilities.

The Group's operations are based in the UK, Europe, Asia and the United States of America. The table below shows turnover by the geographic market in which customers are located.

	2011	2010
	£'000	£'000
UK	**7,729**	7,529
Continental Europe	**44,177**	41,231
Asia and the United States of America	**13,488**	11,865
	65,394	60,625

No customer accounted for more than 5% (2010: 6%) of Group turnover.

The following is an analysis of revenue, carrying amount of assets, and additions to property, plant and equipment and intangible assets, analysed by the geographical area in which the Group's undertakings are located.

	Revenue		Segment assets		Capital expenditure	
	2011	2010	2011	2010	2011	2010
	£'000	£'000	£'000	£'000	£'000	£'000
UK	**55,189**	50,913	**64,229**	57,679	**1,429**	11,908
Continental Europe	**5,789**	5,227	**2,864**	2,898	**163**	89
Asia and the United States of America	**4,416**	4,485	**2,666**	2,875	**31**	16
	65,394	60,625	**69,759**	63,452	**1,623**	12,013

4 Operating profit

	2011	2010
	£'000	£'000
This has been arrived at after charging/(crediting):		
Staff costs (note 5)	**19,881**	19,160
Depreciation of property, plant and equipment (note 12)	**485**	260
Amortization of intangible assets (note 11)	**641**	661
Foreign exchange gains	**18**	319
Operating lease rentals:		
– Property	**715**	1,212
– Plant and equipment	**142**	127
Relocation costs relating to the move to new premises:		
–Other operating income	**–**	(253)
– Dilapidation provisions, redundancy and moving costs	**–**	631
Auditors' remuneration		
Fees payable to the Company's auditor for the audit of the Group's annual accounts	**57**	51
Fees payable to the Company's auditor and its associates for other services:		
– the audit of the subsidiaries pursuant to legislation	**65**	61
– taxation	**64**	46
– all other services	**70**	29
Total fees	**256**	187

In 2010 relocation costs related to the move to the new office building in Buckinghamshire and the other operating income related to compensation in relation to the delayed completion of the purchase of the building.

5 Staff costs

	2011 £'000	2010 £'000
Staff costs (including directors) comprise:		
Wages and salaries	**17,391**	16,787
Social security costs	**2,158**	2,053
Pension costs	**332**	320
	19,881	19,160

The Group operates a defined contribution pension scheme making payments on behalf of employees to their personal pension schemes. Payments of £332,000 (2010: £320,000) were made in the year and charged to the income statement in the period they fell due. At the year end there were unpaid amounts included within Other Creditors totalling £41,000 (2010: £40,000).

Details of directors' remuneration, pension contributions and share options are disclosed in the Directors' Remuneration Report on pages 10 to 11.

Key management compensation

	2011 £'000	2010 £'000
Salaries, bonuses and short-term employee benefits	**2,112**	2,096

The key management compensation includes the five (2010: five) directors of RWS Holdings plc, the members of the Senior Executive Team who are not directors of RWS Holdings plc and the three managing directors of the operating subsidiary undertakings based overseas.

The average number of people employed by the Group, including directors and part-time employees, during the year was:

	2011 Number	2010 Number
Production staff	**379**	381
Administrative staff	**92**	95
	471	476

6 Finance income and expense

	2011 £'000	2010 £'000
Finance income		
– Returns on short-term deposits and development loan	**210**	346
Finance expense		
– Interest on overdrafts	**–**	(15)
– Fair value of forward foreign currency contracts outstanding at the year end.	**(98)**	–
Net finance income	**112**	331

7 Taxation

	2011 £'000	2010 £'000
Taxation recognised in the income statement is as follows:		
Current tax expense		
Tax on profit for the current year		
– UK	**3,905**	2,763
– Overseas	**596**	493
Adjustment to prior years	**120**	(127)
	4,621	3,129
Deferred tax (credit)/expense		
Origination and reversal of temporary differences	**(76)**	779
Total tax expense in the Statement of Comprehensive Income	**4,545**	3,908

The table below reconciles the UK statutory tax charge to the Group's total tax charge.

	2011 £'000	2010 £'000
Profit before taxation	**15,639**	13,657
Notional tax charge at UK corporation tax rate of 27% (2010: 28%)	**4,222**	3,824
Effects of:		
Items not deductible or not chargeable for tax purposes	**131**	163
Differences in overseas tax rates	**131**	87
UK tax rate change	**(59)**	–
Utilisation of losses brought forward	**–**	(39)
Adjustments in respect of prior periods	**120**	(127)
Total tax expense for the year	**4,545**	3,908

8 Dividends to shareholders

	2011 pence per share	2011 £'000	2010 pence per share	2010 £'000
Final, paid 18 February 2011 (2010: paid 19 February 2010)	**10.25**	**4,337**	8.85	3,745
Interim, paid 15 July 2011 (2010: paid 16 July 2010)	**3.65**	**1,545**	3.15	1,333
	13.90	**5,882**	12.00	5,078

The Directors recommend a final dividend in respect of the financial year ended 30 September 2011 of 11.75 pence per Ordinary share to be paid on 17 February 2012 to shareholders who are on the register at 20 January 2012. This dividend is not reflected in these financial statements as it does not represent a liability at 30 September 2011. The final proposed dividend will reduce shareholders' funds by an estimated £5.0 million.

9 Earnings per Ordinary share

Basic and diluted earnings per share are based on the post-tax group profit for the year and a weighted average number of Ordinary shares in issue during the year calculated as follows:

	2011	2010
Weighted average number of Ordinary shares in issue for basic earnings	**42,315,968**	42,096,937
Dilutive impact of share options	**–**	200,403
Weighted average number of Ordinary shares for diluted earnings	**42,315,968**	42,297,340

Adjusted earnings per Ordinary share is also presented to eliminate the effects of amortization of customer relationships and trademarks and net costs of relocation in 2010. This presentation shows the trend in earnings per Ordinary share that is attributable to the underlying trading activities. The reconciliation between the basic and adjusted figures is as follows:

	2011	2010	2011 Basic earnings per share	2010 Basic earnings per share	2011 Diluted earnings per share	2010 Diluted earnings per share
	£'000	£'000	pence	pence	pence	pence
Profit for the year	11,094	9,749	26.2	23.2	26.2	23.0
Amortization of customer relationships and trademarks (after tax)	422	408	1.0	1.0	1.0	1.0
Net cost of relocation	–	378	–	0.9	–	0.9
Adjusted earnings	11,516	10,535	27.2	25.1	27.2	24.9

10 Goodwill

	2011	2010
	£'000	£'000
Cost and net book value		
At 1 October	13,070	13,281
Exchange adjustments	(13)	(211)
At 30 September	13,057	13,070

Goodwill arising on acquisitions is capitalised and subject to an impairment review, both annually and when there is an indication that the carrying value may not be recoverable. Prior to 1 October 2006, goodwill was amortized over its estimated useful life; such amortization ceased on 30 September 2006.

During the year, goodwill was tested for impairment. The recoverable amount for cash-generating units has been measured based on a value in use calculation using performance projections over 5 years with residual growth assumed at 2%. A risk adjusted pre-tax discount rate of 20.4% has been applied to the projections, being the Group's pre-tax weighted average cost of capital. No impairments were identified (2010 – no impairment).

Following the restructuring of UK Translation operations, the UK is now viewed as a single cash-generating unit.

The allocation of goodwill to cash generating units is as follows:

	2011	2010
	£'000	£'000
Translations		
UK	8,065	8,065
Continental Europe	4,558	4,571
	12,623	12,636
Information	434	434
At 30 September	13,057	13,070

Subsidiaries

A list of the subsidiaries whose results or financial position principally affect the figures shown in the Group financial statements is shown in note 4 to the Company's separate financial statements.

11 Intangible assets

	Trademarks	Customer relationships	Software	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 October 2009	272	5,306	422	6,000
Additions	–	–	84	84
Disposals	–	–	(87)	(87)
Currency translation	(14)	(143)	(5)	(162)
At 30 September 2010	258	5,163	414	5,835
Additions	–	–	34	34
Disposals	–	–	(158)	(158)
Currency translation	(2)	10	1	9
At 30 September 2011	**256**	**5,173**	**291**	**5,720**
Amortization and impairment				
At 1 October 2009	90	745	280	1,115
Amortization charge	52	514	95	661
Disposals	–	–	(87)	(87)
Currency translation	(5)	(26)	(5)	(36)
At 30 September 2010	137	1,233	283	1,653
Amortization charge	51	519	71	641
Disposals	–	–	(158)	(158)
Currency translation	(1)	(4)	–	(5)
At 30 September 2011	**187**	**1,748**	**196**	**2,131**
Net book value				
At 1 October 2009	182	4,561	142	4,885
At 30 September 2010	121	3,930	131	4,182
At 30 September 2011	**69**	**3,425**	**95**	**3,589**

Trademarks and Customer Relationships are amortized over 5 to 10 years and Software over 3 years. The carrying value of Software will be fully written down within 1 to 3 years of the reporting date and the carrying value of Trademarks and Customer Relationships will be fully written down within 5 to 8 years of the reporting date.

12 Property, plant and equipment

	Freehold land and buildings	Leasehold land, buildings, and improvements	Furniture and equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 October 2009	–	978	2,106	26	3,110
Currency translation	–	–	(10)	–	(10)
Additions	11,538	–	391	–	11,929
Disposals	–	(93)	(1,073)	–	(1,166)
At 30 September 2010	11,538	885	1,414	26	13,863
Currency translation	–	–	6	–	6
Additions	812	–	777	–	1,589
Disposals	–	(366)	(275)	–	(641)
At 30 September 2011	**12,350**	**519**	**1,922**	**26**	**14,817**
Depreciation					
At 1 October 2009	–	637	1,695	16	2,348
Currency translation	–	–	(5)	–	(5)
Depreciation charge	–	28	230	2	260
Disposals	–	(93)	(1,073)	–	(1,166)
At 30 September 2010	–	572	847	18	1,437
Currency translation	–	–	6	–	6
Depreciation charge	133	28	323	1	485
Disposals	–	(366)	(275)	–	(641)
At 30 September 2011	**133**	**234**	**901**	**19**	**1,287**
Net book value					
At 1 October 2009	–	341	411	10	762
At 30 September 2010	11,538	313	567	8	12,426
At 30 September 2011	**12,217**	**285**	**1,021**	**7**	**13,530**

13 Deferred tax

The deferred tax assets and liabilities and the movements during the year, before offset of balances within the same jurisdiction, are as follows:

Deferred tax assets	Share based payments £'000	Accelerated tax depreciation £'000	Other temporary differences £'000	Total £'000
At 1 October 2009	785	157	201	1,143
Charged to income	(785)	–	(141)	(926)
Charged to equity	–	–	(12)	(12)
At 30 September 2010	–	157	48	205
(Charged)/credited to income	–	(92)	133	41
At 30 September 2011	**–**	**65**	**181**	**246**

Deferred tax liabilities	Accelerated tax depreciation £'000	Intangibles £'000	Total £'000
At 1 October 2009	–	1,328	1,328
Credited to income	–	(159)	(159)
Credited to equity	–	(35)	(35)
At 30 September 2010	–	1,134	1,134
Charged/(credited) to income	187	(222)	(35)
Credited to equity	–	(6)	(6)
At 30 September 2011	**187**	**906**	**1,093**

	2011 £'000	2010 £'000
Deferred tax assets	**246**	205
Deferred tax liabilities	**(1,093)**	(1,134)
Net deferred tax balance at 30 September 2011	**(847)**	(929)

The deferred tax rate is lower than that applied in the prior year.

14 Trade and other receivables

	2011 £'000	2010 £'000
Due in less than one year		
Trade receivables	**11,662**	9,864
Less: allowance for doubtful debts	**(60)**	(79)
	11,602	9,785
Other receivables	**185**	1,913
Prepayments and accrued income	**2,698**	2,358
	14,485	14,056

Trade receivables are non-interest bearing and generally have a 30 day term. Due to their short maturities, the carrying amount of trade and other receivables approximate to their fair value.

14 Trade and other receivables (continued)

Trade receivables net of allowances are held in the following currencies:

	2011	2010
	£'000	£'000
Due in less than one year (continued)		
Sterling	2,450	1,934
Euros	6,405	4,864
Japanese Yen	622	999
US Dollars	1,406	1,443
Swiss Francs	618	477
Other	101	68
	11,602	9,785

The ageing of trade receivables at the reporting date was:

	2011	2010
	£'000	£'000
Not past due	7,442	6,455
Past due 1–30 days	2,357	2,086
Past due 31–60 days	1,349	769
Past due 61–90 days	370	365
Past due > 90 days	84	110
	11,602	9,785

Movement in allowance for doubtful debts:

	2011	2010
	£'000	£'000
At 1 October	79	76
(Released)/charged	(19)	3
At 30 September	60	79

Given the profile of the Group's customers no further credit risk has been identified with trade receivables other than those balances for which an allowance has been made.

	2011	2010
	£'000	£'000
Due in more than one year		
Other receivables	–	1,500

This development loan was fully repaid by 13 July 2011.

15 Trade and other payables

	2011	2010
	£'000	£'000
Trade payables	1,876	2,286
Other tax and social security payable	761	614
Other creditors	1,962	1,536
Accruals and deferred income	2,835	2,650
	7,434	7,086

The carrying amount of trade and other payables approximates to their fair value. Trade payables normally fall due within 30 to 60 days.

16 Provisions

	2011	2010
	£'000	£'000
Due in less than one year		
At 1 October	**642**	–
Provided in the year	**–**	642
Utilised	**(156)**	–
At 30 September	**486**	642
This provision relates to the cost of dilapidations arising on the move to Chiltern Park.		
Due in more than one year		
At 1 October	**567**	586
Paid in year	**(69)**	(66)
Unwinding of discount rate	**49**	47
At 30 September	**547**	567

This long term provision relates to monthly ongoing future pension payments to a third party.

17 Financial instruments and financial risk management

Categories of financial instruments

All financial assets other than derivative assets are classified as loans and receivables, and all financial liabilities are held at amortized cost.

The principal financial assets and liabilities on which financial risks arise are as follows:

	Carrying value	Carrying value
	2011	2010
	£'000	£'000
Financial assets		
Trade and other receivables – current	**13,435**	11,289
Other receivables – non-current	**–**	1,500
Financial derivative	**7**	105
Cash and cash equivalents	**24,845**	17,908
	38,287	30,802
Financial liabilities		
Trade and other payables	**4,675**	4,647

Financial risk management objectives and policies

The principal financial risks to which the Group is exposed are those of credit, foreign currency, liquidity and interest rate. Each of these is managed as set out below.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's Finance Director.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

Liquidity risk

In addition to its cash balances the Group has an overdraft facility of £1.5 million which was undrawn as at the year end. The Group also had a short-term overdraft facility of AUD 6 million of which AUD 134,000 was utilised at the year end. Most available funds, after meeting working capital requirements, are invested in sterling and euro deposits with maturities not exceeding three months. Accordingly, liquidity risk is considered to be low.

Interest rate risk

The majority of the Group's cash balances are held with its principal bankers earning interest at variable rates of interest. The target yield on deposits is UK base rate plus a margin. To the extent the sterling overdraft is utilised it attracts a rate of base plus 2% and the Australian Dollar facility attracts 6.25% (2% above Barclays Bank's reference rate).

The interest rate and currency profiles of the Group's cash and cash equivalents at 30 September 2011 are set out below.

	Floating rate 2011 £'000	Floating rate 2010 £'000
Assets		
Sterling	**18,462**	12,056
Euros	**3,248**	2,319
Yen	**1,355**	1,163
US Dollar	**915**	1,765
Swiss Francs/Australian Dollar	**865**	605
	24,845	17,908

If interest rates changed by 1% the profit and loss impact would not be material to the Group's results in either the current or prior year.

Credit risk

The Group is exposed to credit risk on cash and cash equivalents, derivative instruments and trade and other receivables.

Cash balances, predominantly held in the UK, are placed with the Group's principal bankers who are rated A+ or A by Standard & Poor's. During the year funds have been mainly spread evenly between two institutions.

Trade receivable exposures are managed locally in the operating units where they arise. The client base tends to be major blue chip organisations or self regulated bodies such as patent agents and legal firms. As a result the Group rarely considers a credit check is appropriate but, and where management have doubt, they will use their judgement and may impose a credit limit or require payment in advance. No client accounts for more than 5% (2010 – 6%) of group revenues and there were no significant concentrations of credit risk at the balance sheet date.

Provisions for doubtful debts are established in respect of specific trade and other receivables where it is deemed they may be irrecoverable.

Foreign currency risk

Approximately 52% (2010 – 52%) of group external sales in the reporting period were denominated in Euros while the cost base of the Group is predominantly denominated in sterling.

The Group has established spot and forward foreign exchange facilities with its principal bankers at a level that enables it to manage most of its currency exposures on expected future sales over the next twelve months. Foreign exchange contracts at spot may also be transacted through a specialist foreign exchange intermediary approved by the Board after due consideration of their credit rating. The Group's policy is, where possible, to allow Group entities to settle liabilities denominated in the functional currency with cash generated in that currency from their own operations. Transaction exposures arise from non-local currency sales and purchases by subsidiaries with gains and losses on transactions arising from fluctuations in exchange rates being recognised in the income statement. In entities which have a material exposure the policy is to seek to manage the risk using forward foreign exchange contracts.

Assets and liabilities of Group entities located in Germany, Switzerland, the United States, Japan and China are principally denominated in their respective currencies and are therefore not materially exposed to currency risk. On translation to sterling gains or losses arising are recognised directly in equity.

The carrying amounts of the Group's material foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

	Liabilities 2011 £'000	Liabilities 2010 £000	Assets 2011 £'000	Assets 2010 £000
Euros	**646**	951	**7,911**	5,232
US Dollars	**57**	102	**2,027**	3,293
Swiss Francs	**–**	1	**860**	608
Yen	**–**	12	**252**	221
Other	**84**	60	**101**	–
	787	1,126	**11,151**	9,354

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 10% increase and decrease in sterling against the major currencies listed in the table above. The sensitivity analysis includes only the outstanding denominated monetary items and adjusts their translation at the end of the period for a 10% change in the sterling exchange rate. A positive number below indicates an increase in profit and other equity where sterling weakens against the relevant currency. For a 10% strengthening of sterling against the relevant currency, there would be an equal and opposite impact on profit and other equity, and the balances would be negative. The sensitivities below are based on the exchange rates at the reporting date used to convert the assets or liabilities to sterling.

	Profit and loss impact 2011 £'000	2010 £000
Euros	**660**	389
US Dollars	**179**	290
Swiss Francs	**78**	55
Yen	**23**	19
	940	753

If the exchange rate on uncovered exposures were to move significantly between the year end and date of payment or receipt there could be an impact on the Group's profit. As all financial assets and liabilities other than the development loan in 2010 are short-term in nature this risk is not considered to be material.

Whilst the table above indicates the Group's gross exposure, in practice this would be reduced as a result of the forward foreign currency contracts in place. The fair value of the forward foreign currency contracts at 30 September 2011 was £7,000 which was confirmed to the valuation provided by Barclays Capital, the investment banking division of Barclays Bank plc.

The Group's derivative financial instruments in place at the year end are as follows:

	2011 £'000	2010 £000
Forward foreign currency exchange contracts	**7**	105
An analysis of the Group's financial instruments' maturity is as follows:		
Up to 3 months	**21**	126
3 to 6 months	**(63)**	5
6 to 12 months	**49**	(26)
	7	105

Capital risk

The Group considers its capital to comprise its ordinary share capital, share premium and retained earnings. In managing its capital, the Group's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders through a combination of capital growth and distributions. The Group has historically considered equity funding as the most appropriate form of capital for the Group but keeps this under review bearing in mind the risks, costs and benefits to equity shareholders of introducing debt finance.

The Group is not subject to externally imposed capital requirements.

18 Share capital

	2011 Number	2011 £'000	2010 Number	2010 £'000
Authorised				
Ordinary shares of 5 pence each	**100,000,000**	**5,000**	100,000,000	5,000
Allotted, called up and fully paid				
At 1 October	**42,315,968**	**2,116**	41,303,988	2,065
Share options exercised	–	–	1,011,980	51
At 30 September	**42,315,968**	**2,116**	42,315,968	2,116

At 30 September 2011 there were no outstanding share options to be exercised. (2010: nil)

19 Cash and cash equivalents

	2011 £'000	2010 £'000
Cash at bank and in hand	**10,857**	4,576
Short-term deposits	**13,988**	13,332
	24,845	17,908

Short-term deposits have original maturity of three months or less. The fair value of these assets supports their carrying value.

There are no restrictions regarding the utilisation of the Group's cash resources.

20 Related party transactions

During the year there were no material transactions with related parties (2010: £nil).

Key management compensation is disclosed in note 5.

21 Commitments and contingent liabilities

The Group had no material capital commitments contracted for but not provided for in the financial statements. (2010: £1.1m)

22 Leases

Operating lease payments represent rentals payable by the Group for its office properties and certain equipment. Property leases have various terms, escalation clauses and renewal rights.

	2011	2010
	£'000	£'000
At the reporting date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:		
Within one year	**726**	851
In the second to fifth years inclusive	**938**	1,282
After five years	**379**	536
	2,043	2,669

23 Events since the reporting date

RWS announced on 11 October 2011 the acquisition of an initial one third interest in inovia Holding Pty Limited, a leading provider of web-based international patent filing solutions, and an agreement to acquire the remaining share capital, for a maximum aggregate price of US$31.2 million.

The total cash consideration comprises an initial payment of US$5.8 million and deferred consideration for the remaining two thirds of the issued share capital, which will be calculated according to an agreed earnout formula and payable in September 2013. The deferred consideration is capped at a maximum of US$25.4 million, which will become due if revenues of not less than US$29.0 million and EBITDA of not less than US$5.4 million are delivered by the business for the year ended 30 June 2013.

The following parent entity financial statements are prepared under UK GAAP and relate to the Company and not to the Group. The statement of accounting policies which have been applied to these accounts can be found on page 40.

Company Balance Sheet
at 30 September

Registered Company 3002645	Note	2011 £'000	2010 £'000
Fixed assets			
Investments	4	**13,525**	13,525
Debtors	5	**–**	1,500
		13,525	15,025
Current assets			
Debtors	5	**3,343**	5,051
Cash at bank		**11,310**	8,007
		14,653	13,058
Creditors: amounts due within one year	6	**306**	146
Net current assets		**14,347**	12,912
Net assets		**27,872**	27,937
Capital and reserves			
Called up share capital	7	**2,116**	2,116
Share premium account	8	**3,583**	3,583
Capital reserve	8	**2,030**	2,030
Profit and loss account	8	**20,143**	20,208
Shareholders' funds	8	**27,872**	27,937

The financial statements were approved by the Board of Directors and authorised for issue on 13 December 2011 and were signed on its behalf by:

Andrew Brode
Director

1 Accounting policies

Basis of preparation

These financial statements present financial information for RWS Holdings plc as a separate entity, and have been prepared in accordance with the historical cost convention, the Companies Act 2006 and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice). The Company's Consolidated Financial Statements, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, are separately presented. The principal accounting policies adopted in these company financial statements are set out below and, unless otherwise indicated, have been consistently applied for all periods presented.

In accordance with FRS 18, Accounting policies, the Directors have reviewed the accounting policies of the Company as set out below and consider them to be appropriate.

Related party transactions

The Company is exempt under the terms of FRS 8, Related party disclosures, from disclosing related party transactions with entities that are part of the Group.

The principal accounting policies are:

Investments

Investments are stated at cost less provision for impairment.

Pensions

Contributions to personal pension plans are charged to the profit and loss account in the period in which they fall due.

Dividend distribution

Interim dividends are recorded when they are paid and the final dividends are recorded when they become legally payable.

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2 Profit for the year

The Company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own Profit and Loss Account in these financial statements. The Company profit after tax for the year ended 30 September 2011 under UK GAAP was £5,817,000 (2010: £5,987,000).

Fees paid to BDO LLP and its associates for non-audit services to the Company itself are not disclosed in the individual accounts of RWS Holdings plc because the Company's consolidated accounts are required to disclose such fees on a consolidated basis.

3 Directors and employees

There were no employees (2010: nil) of the Company other than the Directors.

The remuneration of the Directors of RWS Holdings plc for services in all capacities is set out below:

	2011	2010
	£'000	£'000
Directors' emoluments	865	823
Pension costs – paid to the Director's personal pension scheme	39	38
Gains on exercise of share options	–	2,752
	904	3,613

During the year the Company had 5 (2010: 5) directors, including two Non-Executive Directors, providing services to the Group.

During the year 3 directors (2010: 3) received contributions to their personal pension schemes.

There were no share options available for exercise in 2011; in 2010 two directors exercised their remaining options.

Emoluments of the highest paid director:

	2011	2010
	£'000	£'000
Emoluments	301	283
Pension costs – paid to the Director's personal pension scheme	6	6
Gains on exercise of share options	–	964
	307	1,253

Details of directors' remuneration, pension contributions and share options are disclosed in the Directors' Remuneration Report on pages 10 to 11 .

4 Investments

	2011	2010
	£'000	£'000
Cost and net book value at beginning and end of year	13,525	13,525

The following were the principal wholly owned subsidiary undertakings and have been consolidated in the financial statements:

	Country of incorporation	Nature of business
Bybrook Limited	England	Holding company
Document Service Center GmbH	Germany	Technical and legal translations
Eclipse Translations Limited	England	Technical and legal translations
Ifama GmbH	Switzerland	Technical and legal translations
KK RWS Group	Japan	Patent, technical and legal translations
Lawyers' and Merchants' Translation Bureau Inc	USA	Technical and legal translations
Plastics Translations Limited	England	Holding company
RWS Group GmbH	Germany	Technical and legal translations
RWS Group Limited	England	Holding company
RWS Information Limited	England	Patent and technical information searches
RWS (Overseas) Limited	England	Holding company
RWS Translations Limited	England	Patent, technical and legal translations

All principal subsidiary undertakings, except Bybrook Limited, are held indirectly.

5 Debtors

	2011 £'000	2010 £'000
Amounts owed by Group undertakings	**3,318**	5,000
Other debtors	**–**	1
Prepayments	**25**	50
Amounts due within one year	**3,343**	5,051

The amounts owed by Group undertakings are repayable on demand and classified as due within one year.

	2011 £'000	2010 £'000
Other debtors – due in more than one year	**–**	1,500

This development loan was fully repaid by 13 July 2011.

6 Creditors: amounts due within one year

	2011 £'000	2010 £'000
Amounts owed to group undertakings	**151**	39
Other creditors	**7**	–
Accruals	**148**	107
	306	146

7 Share capital

	2011 Number	2011 £'000	2010 Number	2010 £'000
Authorised				
Ordinary shares of 5 pence each	**100,000,000**	**5,000**	100,000,000	5,000
Allotted, called up and fully paid				
Ordinary shares of 5 pence each				
At beginning of the year	**42,315,968**	**2,116**	41,303,988	2,065
Share options exercised	**–**	**–**	1,011,980	51
At end of year	**42,315,968**	**2,116**	42,315,968	2,116

In 2010 cash consideration of £232,755 was received for 1,011,980 shares issued on the exercise of share options.

At 30 September 2011 there were no outstanding share options to be exercised. (2010: nil)

8 Shareholders' funds and movements on reserves

	Share capital £'000	Share premium account £'000	Capital reserve £'000	Profit and loss account £'000	Share-holders' funds £'000
At beginning of year	2,116	3,583	2,030	20,208	27,937
Dividends	–	–	–	(5,882)	(5,882)
Profit for the year	–	–	–	5,817	5,817
At end of year	**2,116**	**3,583**	**2,030**	**20,143**	**27,872**

The balance on the capital reserve reflects amounts not distributable to shareholders and has therefore not been transferred in its entirety to the profit and loss account. The balance on this account is non-distributable.

9 Reconciliation of movements on shareholders' funds

	2011	2010
	£'000	£'000
Profit for the year	**5,817**	5,987
Dividends paid	**(5,882)**	(5,078)
Net (decrease)/increase in shareholders' funds	**(65)**	909
Opening shareholders' funds	**27,937**	26,795
Net (decrease)/increase in shareholders' funds	**(65)**	909
Issue of shares (note 7)	**–**	233
Shareholders' funds at end of year	**27,872**	27,937

10 Guarantees and other financial commitments

In respect of sterling overdraft facilities, the Company, together with certain subsidiary undertakings, has given to the Group's principal bankers cross-guarantees secured by fixed and floating charges over the assets of the Group. At the end of the year liabilities covered by these guarantees totalled £nil (2010: £nil).

11 Related party transactions

The Company has taken advantage of the exemption allowed under Financial Reporting Standard No 8 "Related Party Transactions" not to disclose any transactions or balances with entities which are part of the Group as consolidated financial statements of the ultimate parent company are available from Companies House.

12 Post balance sheet events

There have been no events since 30 September 2011 that require disclosure.

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