RWS GROUP

# INTERIM REPORT 2011

## RWS Holdings plc

UK | USA | FRANCE | GERMANY | SWITZERLAND | JAPAN | CHINA

THE QUEEN'S AWARDS
FOR ENTERPRISE:
INTERNATIONAL TRADE
2009

RWS GROUP
www.rws.com

# Contents

The Group has again achieved a robust performance across most of its operating divisions and geographies. The core patent translations business built upon its market leading position by growing the level of activity for both existing clients and those won in 2010, whilst the technical translations business benefitted from the sharp upturn in the German economy. In addition, our successful currency hedging strategy removed much of the volatility experienced in previous years.

## Business Overview

RWS is Europe's leading provider of intellectual property support services and high level technical, legal and financial translation services. Its main business – patent translations – is the largest operation of its kind in Europe, translating over 50,000 patents and intellectual property related documents each year. It addresses a blue-chip multinational client base from Europe, North America and Japan, active in patent filing in the medical, pharmaceutical, chemical, aerospace, defence, automotive, electronics 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, the largest searchable commercial patent database, available 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 has, in the past, been driven by the increasing numbers of patent applications worldwide, the growing demand for language services and our ability to increase our market share by exploiting our leading position and reputation in an otherwise fragmented sector. Whilst the global number of applications fell during the recession, 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 2010 the number of patents granted grew for the first time in three years, which should underpin the potential for a further uplift in work in future periods.

In terms of acquisitive growth, having been pleased with the return on acquisitions made to date, we continue to search for suitable potential targets 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. We continue to review a healthy pipeline of potential acquisitions but remain resolute that we will not overpay.

## Results and Financial Review

Sales for the six months ended 31 March 2011 exceeded management's expectations and were up 10.5% at £32.4M (2010: £29.4M). All of the sales growth was organic and without any support from price increases. In constant currency terms sales grew by 11.6%.

Profit before tax and amortization of intangibles rose by 21.6% to £8.2M (2010: £6.8M). With continuing record low levels of interest rates, interest income declined from £189,000 to £117,000.

Adjusted diluted earnings per share were up 21.7% to 14.0p (2010: 11.5p).

At 31 March 2011, shareholder funds had reached £54.2M (2010: £49.0M), of which net cash represented £20.0M (2010: £23.8M). Having spent £12.8M on the purchase and fit out of the Group's new freehold premises, principally in the second half of 2010, these figures demonstrate that the underlying levels of cash generated by the business remained excellent.

Other significant cash outlays included corporation tax and the final dividend for 2010, paid in February 2011 of £4.3M. Free cash flow rose to £6.3M (2010: £3.1M), driven by the increase in profits and lower corporation tax payments.

Following the decision to adopt rolling twelve-month currency hedging, volatility was much reduced as compared to the prior year. The average rate used for conversion of the euro was 85.7 pence against 89.5 pence in 2010. Looking forward, the Group has hedged its net trading exposure at 1 Euro = 85.6 pence until 30 September 2011 and at 1 Euro = 86.5 pence until 30 September 2012. Currently, US$ exposure is hedged at $1.54 = £1 until 30 September 2011 and at $1.57 = £1 until 31 May 2012.

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

## Dividend

The Directors have approved an interim dividend of 3.65 pence per share, an increase of 15.9% over the 2010 interim dividend. This dividend will be paid on 15 July 2011 to those shareholders on the register on 17 June 2011. The Group remains committed to a progressive dividend policy and expects the total dividend for the year to continue to advance.

## Operating Review

### *Translations*

The patent translations business continued to demonstrate its strength and resilient qualities despite the anaemic economic recovery. Accounting for almost 70% of Group revenues, RWS's patent translation business is the market leader and enjoys an enviable array of blue-chip European and North American multinational clients. It provides a high quality and competitive "translate and file" service which has also been successfully extended to Japan and China. The US market offers particular potential given the large number of corporates with substantial research and development budgets, and RWS is now benefitting from its increased direct sales effort in the US; in the first half of 2011, the business saw a significant flow of work from the excellent level of client wins achieved in 2010.

We were also pleased to note that our Beijing patent translation service, which moved into profit in 2010, made further significant progress. It grew revenues by 50% and profit before tax by c200%, as it benefitted from the investment made in staffing. Its activities focus upon servicing European and North American corporates' patent applications for filing in China, with the work emanating from the Group's other offices.

Technical translation services account for 23% of Group revenues. These are non-patent related services requiring a high degree of accuracy and quality. In 2009 and 2010, this part of our business experienced a harsh economic environment, reducing work and intensifying competition in all of our key markets. In 2011 the business climate has improved somewhat, particularly so in Germany.

### *Information*

The information services business accounts for 7% of sales but a markedly higher percentage of operating profit. The patent search and watch services had experienced decline during the recession but are showing signs of stabilisation albeit at levels which remain below pre-recession experience.

The PatBase database subscription service has, however, enjoyed further worldwide subscriber interest. Our continued investment in both content and searchability has further enhanced PatBase's comprehensive data and functionality. We are confident that these competitive advantages will ensure the continued reliance on our service by existing subscribers and underpin PatBase's ability to grow its market share. Subscription revenues grew by 12.5% in the six month period. PatBase has now grown to represent in excess of 10% of overall Group profits.

## Market and Regulatory 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.

There has been a significant recent development in relation to a proposed single EU-wide patent regime, namely the European Union Patent. On 8 March 2011, the European Court of Justice ruled that the proposed plans for a European and Community Patent Court were illegal under EU law, thereby halting a unified litigation system for patent disputes. Whilst efforts are now in hand to push ahead with a single EU Patent regardless of this decision, it is our belief that major corporates are unlikely to risk a new rights protection regime until a legal structure for litigation and appeal has been established and shown to be operating satisfactorily over a period of several years.

## People

As a typical business support services group, RWS is highly dependent upon the quality and commitment of its staff to maintain the levels of service expected by our clients. Headcount has now reached 470 full time equivalents (2010: 459) and productivity continues to improve.

## Premises

There has been extensive reorganisation of our UK operations' premises since the beginning of the financial 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 a more suitable, 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 opening weeks of the second half year has continued to be strong and in line with our expectations. Given the excellent performance in the first half of the year, an improvement in the Group's key Eurozone markets, Germany and France, and the conservative hedging policies in place, the Board is confident of continued strong progress in the second half of the financial year and now anticipates that the outturn for the year as a whole will be at least at the top end of current market expectations.

**Andrew Brode**
Executive Chairman

3 June 2011

# Condensed Consolidated Statement of Comprehensive Income

| | Note | Unaudited 6 months ended 31 March 2011 £'000 | Audited Year ended 30 Sept. 2010 £'000 | Unaudited 6 months ended 31 March 2010 £'000 |
|---|---|---|---|---|
| **Revenue** | | **32,447** | 60,625 | 29,360 |
| Cost of sales | | **(18,228)** | (33,434) | (16,422) |
| Gross profit | | **14,219** | 27,191 | 12,938 |
| Other operating income | | **–** | 253 | – |
| Administrative expenses | | **(6,371)** | (14,118) | (6,618) |
| **Profit from operations** | | **7,848** | 13,326 | 6,320 |
| Analysed as: | | | | |
| Operating profit before charging: | | **8,130** | 14,270 | 6,608 |
| Amortization of customer relationships and trademarks | | **(282)** | (566) | (288) |
| Relocation costs and related other operating income | | **–** | (378) | – |
| **Profit from operations** | | **7,848** | 13,326 | 6,320 |
| Finance income | | **117** | 346 | 189 |
| Finance expense | | **–** | (15) | (15) |
| **Profit before tax** | | **7,965** | 13,657 | 6,494 |
| Taxation expense | 3 | **(2,258)** | (3,908) | (1,858) |
| **Profit for the period** | | **5,707** | 9,749 | 4,636 |
| **Other comprehensive income** | | | | |
| Exchange gain/(loss) on retranslation of foreign operations | | **187** | (318) | (232) |
| **Total other comprehensive income/(expense)** | | **187** | (318) | (232) |
| **Total comprehensive income** | | **5,894** | 9,431 | 4,404 |
| **Total comprehensive income attributable to:** | | | | |
| Owners of the parent | | **5,894** | 9,431 | 4,404 |
| | | | | |
| Basic earnings per Ordinary share (pence per share) | 5 | **13.5** | 23.2 | 11.1 |
| Diluted earnings per Ordinary share (pence per share) | 5 | **13.5** | 23.0 | 11.0 |

# Condensed Consolidated Statement of Financial Position

| | Note | **Unaudited at 31 March 2011 £'000** | Audited at 30 Sept. 2010 £'000 | Unaudited at 31 March 2010 £'000 |
|---|---|---|---|---|
| **Assets** | | | | |
| **Non-current assets** | | | | |
| Goodwill | | **13,159** | 13,070 | 13,173 |
| Intangible assets | | **3,902** | 4,182 | 4,502 |
| Property, plant and equipment | | **13,697** | 12,426 | 1,953 |
| Investment in joint venture | | **–** | – | 170 |
| Deferred tax assets | | **249** | 205 | 362 |
| Other receivables | | **1,500** | 1,500 | 2,585 |
| | | **32,507** | 31,383 | 22,745 |
| **Current assets** | | | | |
| Trade and other receivables | | **13,655** | 14,056 | 12,327 |
| Foreign exchange derivatives | | **79** | 105 | – |
| Cash and cash equivalents | 6 | **19,943** | 17,908 | 23,778 |
| | | **33,677** | 32,069 | 36,105 |
| **Total assets** | | **66,184** | 63,452 | 58,850 |
| **Liabilities** | | | | |
| **Current liabilities** | | | | |
| Trade and other payables | | **7,753** | 7,086 | 7,116 |
| Income tax payable | | **2,051** | 1,378 | 958 |
| Provisions | | **540** | 642 | – |
| | | **10,344** | 9,106 | 8,074 |
| **Non-current liabilities** | | | | |
| Provisions | | **567** | 567 | 586 |
| Deferred tax liabilities | | **1,071** | 1,134 | 1,229 |
| | | **1,638** | 1,701 | 1,815 |
| **Total liabilities** | | **11,982** | 10,807 | 9,889 |
| **Total net assets** | | **54,202** | 52,645 | 48,961 |
| **Equity** | | | | |
| **Capital and reserves attributable to owners of the parent** | | | | |
| Share capital | | **2,116** | 2,116 | 2,116 |
| Share premium | | **3,583** | 3,583 | 3,583 |
| Reverse acquisition reserve | | **(8,483)** | (8,483) | (8,483) |
| Foreign currency reserve | | **2,296** | 2,109 | 2,195 |
| Retained earnings | | **54,690** | 53,320 | 49,540 |
| | | **54,202** | 52,645 | 48,951 |
| **Minority interest** | | **–** | – | 10 |
| **Total equity** | | **54,202** | 52,645 | 48,961 |

| | Share capital | Share premium | Other reserves (see below) | Retained earnings | Attributable to owners of the parent | Minority interest | Total equity |
|---|---|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| At 30 September 2009 (audited) | 2,065 | 3,401 | (6,056) | 48,649 | 48,059 | 10 | 48,069 |
| Total comprehensive income for the period | – | – | (232) | 4,636 | 4,404 | – | 4,404 |
| Dividend paid | – | – | – | (3,745) | (3,745) | – | (3,745) |
| Issue of shares | 51 | 182 | – | – | 233 | – | 233 |
| At 31 March 2010 (unaudited) | 2,116 | 3,583 | (6,288) | 49,540 | 48,951 | 10 | 48,961 |
| Total comprehensive income for the period | – | – | (86) | 5,113 | 5,027 | – | 5,027 |
| Dividend paid | – | – | – | (1,333) | (1,333) | – | (1,333) |
| Preference share redemption | – | – | – | – | – | (10) | (10) |
| At 30 September 2010 (audited) | 2,116 | 3,583 | (6,374) | 53,320 | 52,645 | – | 52,645 |
| Total comprehensive income for the period | – | – | 187 | 5,707 | 5,894 | – | 5,894 |
| Dividend paid | – | – | – | (4,337) | (4,337) | – | (4,337) |
| **At 31 March 2011 (unaudited)** | **2,116** | **3,583** | **(6,187)** | **54,690** | **54,202** | – | **54,202** |

| **Other reserves** | Reverse acquisition reserve | Foreign currency reserve | Total other reserves |
|---|---|---|---|
| | £'000 | £'000 | £'000 |
| At 30 September 2009 (audited) | (8,483) | 2,427 | (6,056) |
| Total comprehensive income for the period | – | (232) | (232) |
| At 31 March 2010 (unaudited) | (8,483) | 2,195 | (6,288) |
| Total comprehensive income for the period | – | (86) | (86) |
| At 30 September 2010 (audited) | (8,483) | 2,109 | (6,374) |
| Total comprehensive income for the period | – | 187 | 187 |
| **At 31 March 2011 (unaudited)** | **(8,483)** | **2,296** | **(6,187)** |

# Condensed Consolidated Statement of Cash Flows

| | Note | Unaudited 6 months ended 31 March 2011 £'000 | Audited Year ended 30 Sept. 2010 £'000 | Unaudited 6 months ended 31 March 2010 £'000 |
|---|---|---|---|---|
| **Cash flows from operating activities** | | | | |
| Profit before tax | | **7,965** | 13,657 | 6,494 |
| Adjustments for: | | | | |
| Depreciation of property, plant and equipment | | **198** | 260 | 130 |
| Amortization of intangible assets | | **326** | 661 | 338 |
| Finance income | | **(117)** | (346) | (189) |
| Finance expense | | **–** | 15 | 15 |
| **Operating cash flow before movements in working capital and provisions** | | **8,372** | 14,247 | 6,788 |
| Decrease/(increase) in trade and other receivables | | **386** | (2,302) | (781) |
| Increase in trade and other payables | | **503** | 1,018 | 523 |
| **Cash generated from operations** | | **9,261** | 12,963 | 6,530 |
| Interest paid | | **–** | (15) | (15) |
| Income tax paid | | **(1,584)** | (3,885) | (2,254) |
| **Net cash inflow from operating activities** | | **7,677** | 9,063 | 4,261 |
| **Cash flows from investing activities** | | | | |
| Interest received | | **117** | 346 | 162 |
| Development loan repaid | | **–** | 1,072 | – |
| Purchases of property, plant and equipment | | **(1,458)** | (11,929) | (1,323) |
| Purchases of intangibles (computer software) | | **(2)** | (84) | (19) |
| **Net cash outflow from investing activities** | | **(1,343)** | (10,595) | (1,180) |
| **Cash flows from financing activities** | | | | |
| Dividends paid | | **(4,337)** | (5,078) | (3,745) |
| Proceeds from the issue of share capital | | **–** | 233 | 233 |
| Preference shares redeemed | | **–** | (10) | – |
| **Net cash outflow from financing activities** | | **(4,337)** | (4,855) | (3,512) |
| **Net increase/(decrease) in cash and cash equivalents** | | **1,997** | (6,387) | (431) |
| Cash and cash equivalents at the beginning of the period | | **17,908** | 24,269 | 24,269 |
| Exchange gains on cash and cash equivalents | | **38** | 26 | (60) |
| **Cash and cash equivalents at the end of the period** | 6 | **19,943** | 17,908 | 23,778 |

**Free cash flow**

| | Unaudited 6 months ended 31 March 2011 £'000 | Audited Year ended 30 Sept. 2010 £'000 | Unaudited 6 months ended 31 March 2010 £'000 |
|---|---|---|---|
| Analysis of free cash flow | | | |
| Net cash generated from operating activities | **9,261** | 12,963 | 6,530 |
| Net interest received | **117** | 331 | 147 |
| Income tax paid | **(1,584)** | (3,885) | (2,254) |
| Purchases of property, plant and equipment | **(1,458)** | (11,929) | (1,323) |
| Purchases of intangibles (computer software) | **(2)** | (84) | (19) |
| **Free cash flow** | **6,334** | (2,604) | 3,081 |

## 1 Accounting policies

### Basis of preparation

The interim financial statements were approved by the Board of Directors on 2 June 2011 and the interim results for the half years ended 31 March 2011 and 31 March 2010 are neither audited nor reviewed by our auditors. The accounts in this interim report do not constitute statutory accounts in accordance with Section 434 of the Companies Act 2006. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 September 2010. The Group's statutory accounts for the year ended 30 September 2010 have been filed with the Registrar of Companies. The auditors have reported on the accounts for the year ended 30 September 2010; their report was unqualified, did not contain any statements under s498 (2) or (3) of the Companies Act 2006 and did not contain any matters to which the auditors drew attention without qualifying their report.

The financial information presented in this document has been prepared on the basis of the IFRS in issue that are either endorsed by the EU and effective at 30 September 2011 or are expected to be endorsed before the financial statements are approved and authorised for issue. Based on these adopted and unadopted IFRS, the Directors have made assumptions about the accounting policies expected to be applied when the annual IFRS statements are prepared for the year ended 30 September 2011. In addition, the adopted IFRS that will be effective in the annual financial statements for the year ended 30 September 2011 are still subject to change and to additional interpretations and therefore can not be determined with certainty. Accordingly, the accounting policies for that annual period will be determined finally only when the annual financial statements for the Group are prepared for the year ended 30 September 2011.

## 2 Segmental reporting

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 six months ended 31 March 2011 are as follows:

| | Translations UK £'000 | Translations Overseas £'000 | Information £'000 | Unallocated £'000 | Group £'000 |
|---|---|---|---|---|---|
| **Revenue** | **25,170** | **5,038** | **2,239** | **–** | **32,447** |
| Operating profit/(loss) before charging: | 6,581 | 923 | 974 | (348) | 8,130 |
| Amortization of customer relationships and trademarks | (282) | – | – | – | (282) |
| Relocation costs and related operating income | – | – | – | – | – |
| **Operating profit/(loss)** | **6,299** | **923** | **974** | **(348)** | **7,848** |
| Finance income | | | | | 117 |
| Finance expense | | | | | – |
| Profit before tax | | | | | 7,965 |
| Taxation | | | | | (2,258) |
| **Profit for the period** | | | | | **5,707** |

Overseas intercompany translation sales to the UK amounting to £1,108,000 are eliminated on consolidation.

| | | | | | |
|---|---|---|---|---|---|
| Total assets | 46,723 | 4,764 | 5,581 | 9,116 | 66,184 |
| Total liabilities | (6,290) | (1,495) | (2,228) | (1,969) | (11,982) |
| **Net assets** | **40,433** | **3,269** | **3,353** | **7,147** | **54,202** |

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

| | Translations UK £'000 | Translations Overseas £'000 | Information £'000 | Unallocated £'000 | Group £'000 |
|---|---|---|---|---|---|
| Revenue | 46,619 | 9,712 | 4,294 | – | 60,625 |
| Operating profit/(loss) before charging: | 11,488 | 1,484 | 2,209 | (911) | 14,270 |
| Amortization of customer relationships and trademarks | (566) | – | – | – | (566) |
| Relocation costs and related operating income | (378) | – | – | – | (378) |
| Operating profit/(loss) | 10,544 | 1,484 | 2,209 | (911) | 13,326 |
| Finance income | | | | | 346 |
| Finance expense | | | | | (15) |
| Profit before tax | | | | | 13,657 |
| Taxation | | | | | (3,908) |
| Profit for the year | | | | | 9,749 |

Overseas intercompany translation sales to the UK amounting to £1,882,000 are eliminated on consolidation.

| | Translations UK £'000 | Translations Overseas £'000 | Information £'000 | Unallocated £'000 | Group £'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) |
| Net assets | 38,241 | 4,185 | 2,179 | 8,040 | 52,645 |

The segment results for the six months ended 31 March 2010 are as follows:

| | Translations UK £'000 | Translations Overseas £'000 | Information £'000 | Unallocated £'000 | Group £'000 |
|---|---|---|---|---|---|
| Revenue | 22,718 | 4,540 | 2,102 | – | 29,360 |
| Operating profit/(loss) before charging: | 5,770 | 749 | 880 | (791) | 6,608 |
| Amortization of customer relationships and trademarks | (288) | – | – | – | (288) |
| Relocation costs and related operating income | – | – | – | – | – |
| Operating profit/(loss) | 5,482 | 749 | 880 | (791) | 6,320 |
| Finance income | | | | | 189 |
| Finance expense | | | | | (15) |
| Profit before tax | | | | | 6,494 |
| Taxation | | | | | (1,858) |
| Profit for the period | | | | | 4,636 |

Overseas intercompany translation sales to the UK amounting to £768,000 are eliminated on consolidation.

| | | | | | |
|---|---|---|---|---|---|
| Total assets | 39,215 | 6,045 | 3,726 | 9,864 | 58,850 |
| Total liabilities | (4,270) | (1,423) | (2,051) | (2,145) | (9,889) |
| Net assets | 34,945 | 4,622 | 1,675 | 7,719 | 48,961 |

## 3 Taxation

The charge for the 6 months ended 31 March 2011 is at the likely effective tax rate that will be applicable for the whole year.

## 4 Dividends

| | 6 months ended 31 March 2011 Pence per share | 6 months ended 31 March 2011 £'000 | Year ended 30 Sept. 2010 Pence per share | Year ended 30 Sept. 2010 £'000 | 6 months ended 31 March 2010 Pence per share | 6 months ended 31 March 2010 £'000 |
|---|---|---|---|---|---|---|
| Interim for 2010: paid July 2010 (2009: 2.80 pence) | – | – | 3.15 | 1,333 | – | – |
| Final for 2010: paid February 2011 (2009: 8.85 pence) | **10.25** | **4,337** | 8.85 | 3,745 | 8.85 | 3,745 |
| Dividends paid to shareholders | **10.25** | **4,337** | 12.00 | 5,078 | 8.85 | 3,745 |

An interim dividend of 3.65 pence per Ordinary share will be paid on 15 July 2011 to Shareholders on the register at 17 June 2011. This dividend, declared by the Directors after the balance sheet date, has not been recognised in these financial statements as a liability at 31 March 2011.

## 5 Earnings per Ordinary share

The Group shows both a basic and an adjusted earnings per share figure as the Directors believe that this information will be of interest to the users of the accounts in measuring the Group's performance and underlying trends.

| | 6 months ended 31 March 2011 Earnings £'000 | 6 months ended 31 March 2011 EPS Pence | Year ended 30 Sept. 2010 Earnings £'000 | Year ended 30 Sept. 2010 EPS Pence | 6 months ended 31 March 2010 Earnings £'000 | 6 months ended 31 March 2010 EPS Pence |
|---|---|---|---|---|---|---|
| Profit for the period | **5,707** | **13.5** | 9,749 | 23.2 | 4,636 | 11.1 |
| Amortization of customer relationships and trademarks (after taxation) | **203** | **0.5** | 408 | 1.0 | 207 | 0.5 |
| Net cost of relocation | – | – | 378 | 0.9 | – | – |
| Adjusted earnings | **5,910** | **14.0** | 10,535 | 25.1 | 4,843 | 11.6 |
| Basic diluted earnings | **5,707** | **13.5** | 9,749 | 23.0 | 4,636 | 11.0 |
| Adjusted diluted earnings | **5,910** | **14.0** | 10,535 | 24.9 | 4,843 | 11.5 |

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

## 5 Earnings per Ordinary share (continued)

| | **Number of shares 6 months ended 31 March 2011** | Number of shares Year ended 30 Sept. 2010 | Number of shares 6 months ended 31 March 2010 |
|---|---|---|---|
| Weighted average number of Ordinary shares in issue for basic earnings | **42,315,968** | 42,096,937 | 41,876,702 |
| Dilutive impact of share options | **–** | 200,403 | 401,907 |
| Weighted average number of Ordinary shares for diluted earnings | **42,315,968** | 42,297,340 | 42,278,609 |
| Ordinary shares issued under options exercised during the period | **–** | – | 1,011,980 |

## 6 Cash and cash equivalents

| | **at 31 March 2011** | at 30 Sept. 2010 | at 31 March 2010 |
|---|---|---|---|
| | **£'000** | £'000 | £'000 |
| Cash at bank and in hand | **3,526** | 4,576 | 13,078 |
| Short-term deposits | **16,417** | 13,332 | 10,700 |
| Cash and cash equivalents in the cash flow statement | **19,943** | 17,908 | 23,778 |

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

## Corporate headquarters
Europa House
Chiltern Park
Chiltern Hill
Chalfont St Peter
Buckinghamshire
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United Kingdom
Tel.: +44 (0)1753 480200
Fax: +44 (0)1753 480280

## Registered office and registration number
55 Baker Street, London W1U 7EU
No. 3002645

## Auditors
BDO LLP
55 Baker Street
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## Solicitors
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# INTERIM REPORT 2011

RWS Holdings plc