



RWS GROUP



New horizons

2016 Interim Report RWS Holdings Plc



RWS GROUP

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RWS Holdings plc has delivered an excellent performance in the first half of the current financial year, with a strong maiden contribution from its recent acquisition, CTi, and a material improvement in gross margins.

The core patent translations business showed further progress, building upon existing and new client work, and supported by continuing growth in China. Commercial translations remained stable, as did intellectual property search revenues. PatBase continued to grow its subscription revenues which advanced by over 6%.

■ 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, medical, commercial, legal and financial translation services and linguistic validation. Its main business – patent translation and filing – translates well over 70,000 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 chemical, aerospace, defence, life sciences and pharmaceutical, automotive and telecoms industries, as well as patent agents acting on behalf of such clients. With its commercial translation division, the Group also provides translation and interpreting services in the above specialist areas outside the patent sphere. As a result of the recent acquisition of Corporate Translations Inc ("CTi"), based in Connecticut, USA, the Group is now a major world player in life sciences translation and linguistic validation.

The Group's Information division provides 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 exclusively by subscription. The newly expanded Group's revenues split as follows:

Patent Translation and Filing	- 65%
Life Sciences	- 20%
Commercial Translations	- 10%
Information and PatBase	- 5%

■ Strategy

Our strategy is focused upon organic growth complemented by deploying our cash holdings for selective acquisitions, providing they can enhance shareholder value. Organic growth is driven by increases in the worldwide patent filing activities of our existing and potential multinational clients, enhanced service offerings, 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 for outstanding quality. Our substantive portfolio of intellectual property support services offers cross-selling opportunities and strengthens our position in the IP market. CTi positions the Group as a major force in life sciences, as well as providing us with a significant base from which to expand our sales in the substantial US market for all Group services.

In terms of acquisitive growth, we continue to search for and selectively review suitable potential acquisitions in the high level commercial translation and intellectual property support services sector, and in life sciences. We seek niche businesses capable of delivering well above industry average levels of profitability or highly complementary businesses reinforcing our dominant positions.

■ Results and Financial Review

Sales for the six months ended 31 March 2016 were £56.9 million (2015: £45.4 million), an increase of 25.3%. Sales increased by 4% on a constant currency basis excluding CTi.

Profit before tax, amortization of intangibles, share option costs and exceptional acquisition costs, was £13.9 million (2015: £10.8 million), an increase of 28.7%. Adjusted earnings per share were up by 25.6% to 4.9p (2015: 3.9p).

At 31 March 2016, shareholder funds amounted to £93.7 million (2015: £80.0 million), of which cash represented £16.6 million (2015: £21.5 million) and the balance outstanding on the new five year term loan, drawn down in October 2015 to part fund the CTi acquisition, was £29.7 million. During the six months ended 31 March 2016, the major cash outlays were the final dividend for 2015 of £8.1 million, corporation tax of £3.0million and the self-funded element of the CTi acquisition of US\$25 million. The Group received £5.3 million from the issue of 4,138,380 new shares following the exercise of share options.

■ Currency Effects and Hedging

The Group's principal exposure is to the Euro, and more recently, following the CTi acquisition, to the US dollar. The average conversion rate for the Euro was 74.6p = 1 Euro versus 75.9p in the first half of 2015. For the US Dollar, the average rate was 1.46 dollars = 1 £ versus 1.54 dollars in the six months ended 31 March 2015.

Looking forward, the Group has hedged its estimated net trading exposure to the Euro at 1 Euro = 75.4p to 30 September 2016 and at 80.5p from 1 October 2016 to 31 March 2017. The estimated net effect on the Group's trading results from exchange rate movements and mark to market on forward contracts was a negative £1.0 million as compared to the results for the first half of 2015.

■ Dividend

The Directors have approved an interim dividend of 1.15p per share, an increase of 12% over the 2015 interim dividend of 1.03p. This increase reflects both the Group's strong financial position and the Board's belief that further progress can be achieved. This dividend will be paid on 22 July 2016 to those shareholders on the register on 24 June 2016. The Group remains committed to a progressive dividend policy, as announced at flotation in November 2003 and delivered every year since then.

■ Operating Review

Patent Translations and Filing

The Group's core patent translations and filing activities, which now account for approximately 65% of total sales, grew revenues by 6.1% to £36.8 million (2015: £34.7 million), driven by a solid performance from existing clients, new client wins and additional growth in China. We continue to enhance our market leadership especially amongst the world's most active international patent filers and our inovia-branded patent filing business and technology platform, now fully integrated into the Group, continues to drive patent translation revenues in Europe, the USA and Australia and is also being marketed in Asia. Demand for into-Chinese patent applications from European and North American corporates continues to expand, coupled with an increasing demand from Chinese patent applicants. We now have three offices in China and have expanded our sales team. We continue to deliver on a major project with an international patent entity requiring translation of Chinese patent prosecution documents. The current pipeline of new client opportunities is encouraging.

Information

The Group's information business (patent search, watch and litigation support, as well as PatBase) delivers excellent margins despite accounting for just 5% of Group revenues. The search activities were in line with 2015; PatBase, the subscription-only database service, continued its growth, with recognised revenues advancing 6.3% versus 2015. We continue to invest in IT infrastructure, searchability features and geographic coverage.

Life Sciences

The major event for the Group in the first half was the acquisition of CTi, as announced on 2 November 2015, for a \$70 million cash consideration funded by \$25 million from internal cash resources and \$45 million through a five year loan provided by Barclays. Five months of CTi's results are, therefore, included in the Group's results for the half year ended 31 March 2016 and during this period the business delivered sales of £9.4 million and an adjusted profit before tax of £2.7 million. This represented like for like sales growth of 35% against weak comparatives during the same period in the prior year.

CTi is the world's leading translation company focussing entirely upon life sciences translation and linguistic validation. The Board decided to integrate our existing UK life sciences activities, PharmaQuest and the Medical Translation Division, into CTi to form an enlarged unit and greater combined market share. We are now able to offer clients production sites across continents which will enable us to build upon our market leading position with major pharmaceutical groups and contract research organisations in Europe. This integration is well advanced, as is the search for replacements for the two founding vendors.

Commercial Translations

Our commercial translations business accounts for approximately 10% of Group sales, and delivered consistent results in a highly competitive market place. This business includes all non-patent activities, excluding life sciences, and is the Group activity most exposed to economic cycles. Given the anaemic growth rates in this division's core markets, a maintained level of revenues is a resilient outcome, where new client wins, and an expanding interpreting offering, have served to replace cyclical slow sales from several large clients, whilst we also continue to optimise the use of our resources by growing the patent translation facility we have in Germany.

■ Market and Regulatory Update

Patent Filing Statistics

The World Intellectual Property Office (WIPO) recently published figures showing a 1.7% increase in the 2015 PCT filings to 218,000. Applicants from the USA remain the largest filers under this system with 26.3% of filings, with the largest growth coming from China, up 16.8% on prior year, with a total share of 13.7%. The European Patent Office (EPO) has also issued statistics showing that the total number of European patent filings increased by 1.6% to 278,867 in 2015, again a new record. In addition, European filings from Chinese applicants increased by 22.2%.

European Union Patent

We now expect the proposed European Union Patent ("the Unitary Patent") to come into effect in the first half of calendar 2017, unless the United Kingdom votes on 23 June to leave the European Union. Should a leave vote prevail, there could be a further delay.

The proposed Unitary Patent, when implemented, will not have the same territorial coverage as the current, long-established patent application procedures, and will run in parallel. It will also have a different litigation process and fee structure. As such, we believe our major clients will be cautious in their take up of the new system and will decide upon their patenting strategies as they observe the Unitary Patent in action and assess which of the two systems they prefer for the majority of their filings.

■ People

RWS is a quintessential 'people' business. Our excellent and leading reputation depends upon the skills and commitment of our staff. The headcount (including 141 CTi employees) had reached 787 (2015: 615) at 31 March 2016, and I am grateful for their contribution to delivering this strong set of results.

■ Current Trading and Outlook

This has been a period of strong progress in which RWS has continued to perform well, despite a low-growth world economic environment, consolidated its world leading position in intellectual property and established a market leading position in life sciences support services through its acquisition of CTi.

Trading in the first two months of the second half has been strong, aided by favourable currency movements. Our technology platforms, extended expertise and market position form a strong base from which we intend to expand aggressively and profitably and we are encouraged by the opportunities we are seeing across the business. Furthermore, our robust financial position leaves us well placed to continue to selectively review a healthy pipeline of potential acquisitions.

The Board is, therefore, confident about further progress in the second half of the year and beyond.

Andrew Brode

Chairman

7 June 2016

Condensed Consolidated Statement of Comprehensive Income

		Unaudited 6 months ended 31 March 2016	Audited Year ended 30 Sept. 2015	Unaudited 6 months ended 31 March 2015
	Note	£'000	£'000	£'000
Revenue	2	56,853	95,215	45,378
Cost of sales		(33,170)	(57,706)	(27,732)
Gross profit		23,683	37,509	17,646
Administrative expenses		(11,932)	(16,677)	(8,510)
Operating profit		11,751	20,832	9,136
Analysed as:				
Operating profit before charging:		14,773	22,894	10,403
Amortization of customer relationships, trademarks and technology		(2,117)	(1,607)	(817)
Acquisition costs		(899)	-	-
Share based payment costs		(6)	(455)	(450)
Operating profit		11,751	20,832	9,136
Finance income		12	71	419
Finance expense		(893)	(251)	-
Net finance (expense)/income	3	(881)	(180)	419
Profit before tax		10,870	20,652	9,555
Taxation expense		(2,715)	(5,124)	(2,295)
Profit for the period		8,155	15,528	7,260
Other comprehensive income*				
Exchange gain on retranslation of foreign operations		2,639	1,069	1,472
Total other comprehensive income		2,639	1,069	1,472
Total comprehensive income attributable to:				
Owners of the parent		10,794	16,597	8,732
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Basic earnings per Ordinary share (pence per share)	5	3.8	7.3	3.4
Diluted earnings per Ordinary share (pence per share)	5	3.8	7.3	3.4

*Other comprehensive income includes only items that will be subsequently reclassified to Profit before tax when specific conditions are met.

Condensed Consolidated Statement of Financial Position

	Unaudited at 31 March 2016	Audited at 30 Sept. 2015	Unaudited at 31 March 2015
Note	£'000	£'000	£'000
Assets			
Non-current assets			
Goodwill	56,669	31,445	31,704
Intangible assets	28,334	6,836	7,730
Property, plant and equipment	17,627	17,732	17,926
Deferred tax assets	487	340	353
	103,117	56,353	57,713
Current assets			
Trade and other receivables	26,389	17,907	17,517
Foreign exchange derivatives	-	309	945
Cash and cash equivalents	6 16,561	30,569	21,467
	42,950	48,785	39,929
Total assets	146,067	105,138	97,642
Liabilities			
Current liabilities			
Loan – amount repayable within one year	6,250	-	-
Trade and other payables	17,729	14,797	12,451
Foreign exchange derivatives	379	-	-
Income tax payable	2,309	2,417	2,461
Provisions	78	77	519
	26,745	17,291	15,431
Non-current liabilities			
Long term loan	23,438	-	-
Other payables	30	30	30
Provisions	258	301	341
Deferred tax liabilities	1,906	1,826	1,841
	25,632	2,157	2,212
Total liabilities	52,377	19,448	17,643
Total net assets	93,690	85,690	79,999
Equity			
Capital and reserves attributable to owners of the parent			
Share capital	2,157	2,116	2,116
Share premium	8,888	3,583	3,583
Share based payment reserve	887	1,801	1,796
Reverse acquisition reserve	(8,483)	(8,483)	(8,483)
Foreign currency reserve	4,277	1,638	2,041
Retained earnings	85,964	85,035	78,946
Total equity	93,690	85,690	79,999

Condensed Consolidated Statement of Changes in Equity

	Share capital	Share premium	Other reserves (see below)	Retained earnings	Total equity attributable to owners of the parent
	£'000	£'000	£'000	£'000	£'000
At 30 September 2014 (audited)	2,116	3,583	(6,568)	79,303	78,434
Profit for the period	-	-	-	7,260	7,260
Currency translation differences	-	-	1,472	-	1,472
Other Comprehensive income for the period at 31 March 2015	-	-	1,472	7,260	8,732
Dividends	-	-	-	(7,617)	(7,617)
Credit arising on share based payment charges	-	-	450	-	450
At 31 March 2015 (unaudited)	2,116	3,583	(4,646)	78,946	79,999
Profit for the period	-	-	-	8,268	8,268
Currency translation differences	-	-	(403)	-	(403)
Other Comprehensive income for the period at 30 Sept. 2015	-	-	(403)	8,268	7,865
Dividends	-	-	-	(2,179)	(2,179)
Credit arising on share based payment charges	-	-	5	-	5
At 30 September 2015 (audited)	2,116	3,583	(5,044)	85,035	85,690
Profit for the period	-	-	-	8,155	8,155
Currency translation differences	-	-	2,639	-	2,639
Other Comprehensive income for the period at 31 March 2016	-	-	2,639	8,155	10,794
Issue of shares	41	5,305	-	-	5,346
Dividends	-	-	-	(8,146)	(8,146)
Exercise of share options	-	-	(920)	920	-
Credit arising on share based payment charges	-	-	6	-	6
At 31 March 2016 (unaudited)	2,157	8,888	(3,319)	85,964	93,690
Other reserves		Share based payment reserve	Reverse acquisition reserve	Foreign currency reserve	Total other reserves
		£'000	£'000	£'000	£'000
At 30 September 2014 (audited)		1,346	(8,483)	569	(6,568)
Currency translation differences		-	-	1,472	1,472
Other Comprehensive income for the period at 31 March 2015		-	-	1,472	1,472
Credit arising on share based payment charges		450	-	-	450
At 31 March 2015 (unaudited)		1,796	(8,483)	2,041	(4,646)
Currency translation differences		-	-	(403)	(403)
Other Comprehensive income for the period at 30 September 2015		-	-	(403)	(403)
Credit arising on share based payment charges		5	-	-	5
At 30 September 2015 (audited)		1,801	(8,483)	1,638	(5,044)
Currency translation differences		-	-	2,639	2,639
Other Comprehensive income for the period at 31 March 2016		-	-	2,639	2,639
Exercise of share options		(920)	-	-	(920)
Credit arising on share based payment charges		6	-	-	6
At 31 March 2016 (unaudited)		887	(8,483)	4,277	(3,319)

Condensed Consolidated Statement of Cash Flows

	Unaudited 6 months ended 31 March 2016	Audited Year ended 30 Sept. 2015	Unaudited 6 months ended 31 March 2015
Note	£'000	£'000	£'000
Cash flows from operating activities			
Profit before tax	10,870	20,652	9,555
Adjustments for:			
Depreciation of property, plant and equipment	470	824	398
Amortization of intangible assets	2,130	1,663	844
Share based payment costs	6	455	450
Finance income	(12)	(71)	(419)
Finance expense	893	251	-
Operating cash flow before movements in working capital and provisions	14,357	23,774	10,828
Increase in trade and other receivables	(2,467)	(1,529)	(1,125)
(Decrease)/increase in trade and other payables	(868)	2,037	175
Cash generated from operations	11,022	24,282	9,878
Income tax paid	(2,993)	(5,091)	(2,215)
Net cash inflow from operating activities	8,029	19,191	7,663
Cash flows from investing activities			
Interest paid	(204)	-	-
Interest received	12	76	26
Acquisition of subsidiary, net of cash acquired	7 (47,068)	-	-
Purchases of property, plant and equipment	(314)	(1,258)	(1,015)
Purchases of intangibles (computer software)	(152)	(33)	(16)
Net cash outflow from investing activities	(47,726)	(1,215)	(1,005)
Cash flows from financing activities			
Proceeds from borrowing	29,485	-	-
Repayment of borrowing	(1,619)	-	-
Proceeds from the issue of share capital	5,346	-	-
Dividends paid	(8,146)	(9,796)	(7,617)
Net cash inflow/(outflow) from financing activities	25,066	(9,796)	(7,617)
Net (decrease)/increase in cash and cash equivalents	(14,631)	8,180	(959)
Cash and cash equivalents at the beginning of the period	30,569	22,479	22,479
Exchange gain/(loss) on cash and cash equivalents	623	(90)	(53)
Cash and cash equivalents at the end of the period	6 (16,561)	30,569	21,467
Free cash flow			
Analysis of free cash flow			
Net cash generated from operating activities	11,022	24,282	9,878
Net interest (paid)/received	(192)	76	26
Income tax paid	(2,993)	(5,091)	(2,215)
Purchases of property, plant and equipment	(314)	(1,258)	(1,015)
Purchases of intangibles (computer software)	(152)	(33)	(16)
Free cash flow	7,371	17,976	6,658

1 Accounting policies

Basis of preparation

The interim financial statements were approved by the Board of Directors on 6 June 2016. The interim results for the half years ended 31 March 2016 and 31 March 2015 are neither audited nor reviewed by our auditors and the accounts in this interim report do not therefore 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 2015.

The Group's statutory accounts for the year ended 30 September 2015 have been filed with the Registrar of Companies. The report of the auditors on those accounts 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 same accounting policies, presentation and methods of computation are followed in these condensed consolidated financial statements as were applied in the Group's latest annual audited financial statements.

2 Segmental reporting

Reporting segments have been reclassified from prior years, and the comparatives have been restated in order to be more representative of the Group's current internal reporting. Following the successful integration of the inovia web-based filing business into the Patent translation business and the acquisition of Corporate Translations Inc (see note 7) the Board monitors and manages the Group in four reportable segments and assesses these segments on revenue and profit/(loss) from operations. The four segments are:

- Translation division providing patent and technical document translation and filing services in the UK, USA, Europe, Japan and China.
- Life sciences division providing technical translations and linguistic validation to the Medical and Pharmaceutical sector.
- Commercial division providing non patent technical translation and localisation services.
- 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.

Notes to the Condensed Consolidated Financial Statements (CONTINUED)

The segment results for the six months ended 31 March 2016 are as follows:

	Patent and Commercial UK £'000	Patent and Commercial Overseas £'000	Life Sciences £'000	Information £'000	Unallocated £'000	Group £'000
Revenue						
Patent translation	34,583	2,186	-	-	-	36,769
Commercial translation	3,025	2,595	-	-	-	5,620
Life sciences	-	-	11,419	-	-	11,419
Information	-	-	-	3,045	-	3,045
Total Revenue	37,608	4,781	11,419	3,045	-	56,853
Operating profit/(loss) before charging:	9,054	1,256	3,123	1,692	(352)	14,773
Amortization of customer relationships, trademarks and technology	(475)	(159)	(1,411)	(72)	-	(2,117)
Acquisition costs	-	-	-	-	(899)	(899)
Share based payment costs	(6)	-	-	-	-	(6)
Operating profit/(loss)	8,573	1,097	1,712	1,620	(1,251)	11,751
Finance income						12
Finance expense						(893)
Profit before tax						10,870
Taxation						(2,715)
Profit for the period						8,155

Overseas intercompany sales to the UK amounting to £2.9 million are eliminated on consolidation.

Segment assets	63,003	12,488	61,987	6,200	2,389	146,067
Segment liabilities	10,818	2,338	34,665	3,392	1,164	52,377
Net assets	52,185	10,150	27,322	2,808	1,225	93,690

Notes to the Condensed Consolidated Financial Statements (CONTINUED)

The segment results for the year ended 30 September 2015 were as follows:

	Patent and Commercial UK £'000	Patent and Commercial Overseas £'000	Life Sciences £'000	Information £'000	Unallocated £'000	Group £'000
Revenue						
Patent translation	69,334	4,013	-	-	-	73,347
Commercial translation	6,079	5,578	-	-	-	11,657
Life sciences	-	-	4,204	-	-	4,204
Information	-	-	-	6,007	-	6,007
Total Revenue	75,413	9,591	4,204	6,007	-	95,215
Operating profit/(loss) before charging:	17,490	2,099	893	3,114	(702)	22,894
Amortization of customer relationships, trademarks and technology	(903)	(316)	(245)	(143)	-	(1,607)
Share based payment costs	(140)	(59)	(23)	-	(233)	(455)
Operating profit/(loss)	16,447	1,724	625	2,971	(935)	20,832
Finance income						71
Finance expense						(251)
Profit before tax						20,652
Taxation						(5,124)
Profit for the year						15,528

Overseas intercompany sales to the UK amounting to £5.2 million were eliminated on consolidation.

Segment assets	72,943	11,039	7,369	6,024	7,763	105,138
Segment liabilities	11,415	2,427	756	2,585	2,265	19,448
Net assets	61,528	8,612	6,613	3,439	5,498	85,690

Notes to the Condensed Consolidated Financial Statements (CONTINUED)

The segment results for the six months ended 31 March 2015 were as follows:

	Patent and Commercial UK £'000	Patent and Commercial Overseas £'000	Life Sciences £'000	Information £'000	Unallocated £'000	Group £'000
Revenue						
Patent translation	32,666	2,000	-	-	-	34,666
Commercial translation	2,896	2,827	-	-	-	5,723
Life sciences	-	-	2,021	-	-	2,021
Information	-	-	-	2,968	-	2,968
Total Revenue	35,562	4,827	2,021	2,968	-	45,378
Operating profit/(loss) before charging:	7,724	1,093	389	1,527	(330)	10,403
Amortization of customer relationships, trademarks and technology	(462)	(161)	(122)	(72)	-	(817)
Share based payment costs	(139)	(59)	(22)	-	(230)	(450)
Operating profit/(loss)	7,123	873	245	1,455	(560)	9,136
Finance income						419
Profit before tax						9,555
Taxation						(2,295)
Profit for the period						7,260

Overseas intercompany sales to the UK amounting to £2.4 million were eliminated on consolidation.

Segment assets	70,977	11,122	6,726	7,700	1,117	97,642
Segment liabilities	10,665	1,957	532	3,616	873	17,643
Net assets	60,312	9,165	6,194	4,084	244	79,999

Notes to the Condensed Consolidated Financial Statements (CONTINUED)

3 Finance income and expense

	6 months ended 31 March 2016		Year ended 30 September 2015		6 months ended 31 March 2015	
	£'000		£'000		£'000	
Finance income						
- Returns on short-term deposits		12		71		28
- Movement in the fair value of foreign currency contracts		-		-		391
Finance expense						
- Bank interest payable		(205)		(6)		-
- Movement in the fair value of foreign currency contracts		(688)		(245)		-
Net finance (expense)/income		(881)		(180)		419

4 Dividends

	6 months ended 31 March 2016		Year ended 30 September 2015		6 months ended 31 March 2015	
	pence per share	£'000	pence per share	£'000	pence per share	£'000
Interim paid July	-	-	1.03	2,179	-	-
Final paid February	3.85	8,146	3.60	7,617	3.60	7,617
Dividends paid to shareholders	3.85	8,146	4.63	9,796	3.60	7,617

An interim dividend of 1.15 pence per Ordinary share will be paid on 22 July 2016 to Shareholders on the register at 24 June 2016. 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 2016. The interim dividend will reduce shareholders' funds by an estimated £2.5 million.

Notes to the Condensed Consolidated Financial Statements (CONTINUED)

5 Earnings per Ordinary share

The Group shows both a basic and 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 2016		Year ended 30 September 2015		6 months ended 31 March 2015	
	Earnings £'000	EPS Pence	Earnings £'000	EPS Pence	Earnings £'000	EPS Pence
Profit for the period	8,155	3.8	15,528	7.3	7,260	3.4
Post tax adjustments						
Amortization of customer relationships, trademarks and technology	1,694	0.8	1,286	0.6	654	0.3
Acquisition costs	719	0.3	-	-	-	-
Charges for share based payments	5	-	364	0.2	360	0.2
Adjusted earnings	10,573	4.9	17,178	8.1	8,274	3.9
Basic diluted earnings	8,155	3.8	15,528	7.3	7,260	3.4
Adjusted diluted earnings	10,573	4.9	17,178	8.1	8,274	3.9

Basic earnings per share are based on the post-tax profit for the period and a weighted average number of Ordinary shares in issue during the period.

	Number of shares 6 months ended 31 March 2016	Number of shares Year ended 30 September 2015	Number of shares 6 months ended 31 March 2015
	Weighted average number of Ordinary shares in issue for basic earnings	212,694,548	211,579,840
Dilutive impact of share options	2,305,214	1,086,738	1,584,941
Weighted average number of Ordinary shares for diluted earnings	214,999,762	212,666,578	213,164,781

Notes to the Condensed Consolidated Financial Statements (CONTINUED)

6 Cash and cash equivalents

	at 31 March 2016	at 30 September 2015	at 31 March 2015
	£'000	£'000	£'000
Cash at bank and in hand	9,616	15,935	17,798
Short-term deposits	6,945	14,634	3,669
Cash and cash equivalents in the cash flow statement	16,561	30,569	21,467

Short-term deposits includes deposits with a maturity of three months or less, or deposits that can be readily converted into cash. The fair value of these assets supports their carrying value.

Notes to the Condensed Consolidated Financial Statements (CONTINUED)

7 Acquisition

On 30 October 2015, the Group acquired the entire issued share capital of Corporate Translations Inc (“CTI”) for a cash consideration of US\$70 million plus US\$2 million for working capital. The acquisition was funded by a US\$45 million five year loan and internal cash resources.

The provisional fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	Book value	Provisional fair value adjustments	Provisional fair values
	£'000	£'000	£'000
Net assets acquired:			
Property, plant and equipment	168	(118)	50
Trade name	-	957	957
Orderbook	-	824	824
Customer relationships	-	15,724	15,724
Clinician Database	-	4,467	4,467
Trade and other receivables	6,020	-	6,020
Cash and cash equivalents	208	-	208
Trade and other payables	(3,762)	-	(3,762)
	2,634	21,854	24,488
Goodwill			22,788
Total consideration			47,276
Satisfied by:			
Cash			17,791
Loan			29,485
			47,276
Cash flow:			
Total consideration			47,276
Cash included in undertaking acquired			(208)
Net cash consideration in cash flow statement			47,068

Corporate Translations Inc contributed £9.4 million revenue and £2.1 million to the Group’s profit after tax for the year between the date of acquisition and the balance sheet date.

Acquisition costs of £899,000 have been charged through the Comprehensive Income Statement.

8 Events since the reporting date

No significant events have occurred since 31 March 2016 at the date of authorisation of these financial statements.

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