



# INTERIM REPORT RWS HOLDINGS PLC

# 2014



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The Group has delivered a solid performance in the first half of the current financial year in the face of considerable currency headwinds, especially for units trading in US dollars or Japanese yen.

The core patent translations business further enhanced its market leading position, underpinned by growth in demand from new and existing clients, and continuing progress in China and Japan. Our information division performed exceptionally well, primarily due to a welcome recovery in demand for search services as well as continued progress in PatBase subscriptions. In commercial translations, we have focused on more attractive specialist niches in the context of a competitive environment in both the UK and Europe. inovia's sales advanced by 28% in dollar terms but profitability was held back by a shift in customer mix and restructuring costs.

## ■ 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. 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 three principal business activities: Translations, which accounts for almost 75% of sales and incorporates patent and commercial translation services; 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; and inovia, the largest non-law firm provider of international patent filing solutions globally.

## ■ 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 for outstanding quality, in an otherwise fragmented sector. Our substantive portfolio of intellectual property support services, further enhanced



through the acquisition of inovia, offers cross-selling opportunities and strengthens our position in the IP market.

In terms of acquisitive growth, having been generally pleased with the return on acquisitions made to date, we continue to search for suitable potential acquisitions in the high level commercial 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

Sales for the six months ended 31 March 2014 were up by 31% to £48.2 million on a constant currency basis or by 28% to £46.9 million on a statutory basis (H1 2013: £36.7 million).

Profit before tax, amortization of intangibles and, in 2014, £0.5 million of share option cost, reached £10.8 million compared to £10.6 million in 2013. However the H1 2013 result benefitted from an unrealised gain on the US dollar balances held for the completion of the inovia acquisition. The net effect of this is a year on year adverse exchange rate movement of £1.1 million. Therefore, the increase in underlying profit before tax, after adjusting for this movement, is 16%. Adjusted diluted earnings per share were flat at 18.9p (2013: 18.9p).

At 31 March 2014, shareholder funds had reached £71.9 million (2013: £65.5 million), of which net cash represented £14.9 million (H1 2013: £28.0 million, FY 2013: £18.2 million). This is after the recent major cash outlays of US\$23.3 million consideration for the acquisition of inovia in September 2013 and the purchase of Building 3 at Chiltern Park at a cost of £4.3 million to provide space for future expansion. In addition the interim and final dividends for 2013, of £1.9 million & £6.7 million were paid in July 2013 and February 2014, respectively.

## ■ Currency Effects and Hedging

Reported revenues were £1.3 million lower than they would have been on a constant currency basis, as a result of the strong performance of the £ sterling. The Group is principally exposed to exchange rates for the Euro and, more recently, the US dollar. The average rate used for conversion of the Euro was 83.1p to the € versus 83.3p in the first half of 2013. For the US dollar, the average rate was 1.65 dollars to the £ versus 1.58 dollars in the first half of 2013, a decline of 4%. The average rate for the Japanese yen declined by 22%.

As a result of benefitting from holding unhedged US dollar balances in anticipation of the inovia acquisition at 31 March 2013, and movements in other currencies, the Group recorded a net unfavourable exchange variance of £1.1 million when compared to the first half of 2013.

Looking forward, the Group has hedged its estimated net trading exposure to the Euro at 1 Euro = 87p from 1 July 2014 to 30 September 2014, at 1 Euro = 83.5p from 1 October 2014 to 31 December 2014 and at 1 Euro = 81.3p from 1 January 2015 to 31 March 2015.

## ■ Dividend

The Directors have approved an interim dividend of 4.9p per share, an increase of 9% over the 2013 interim dividend of 4.5p per share, reflecting both the Group's strong financial position and the Board's confidence in the Group's ability to deliver further progress in the full financial year and beyond. This dividend will be paid on 25 July 2014 to those shareholders on the register on 27 June 2014. 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*

The Group's core patent translations business, which now accounts for approximately 56% of Group sales, grew its underlying revenues by 9% to £26.3 million (2013: £24.2 million, after elimination of £1.9 million of intercompany sales to inovia) driven by momentum from 2013 client wins, further growth in China, a satisfactory performance in Japan in local currency terms, and organic growth from longer term clients. The Group has enhanced its market leadership servicing a worldwide blue-chip client base including many of the world's most active patent filers. Our clients include 10 of the top 15 applicants at the World Intellectual Property Office and 11 of the top 15 applicants at the European Patent Office in 2013. With the combined direct sales presence of RWS and inovia in the US, we remain optimistic about converting the opportunities we see in what remains the largest market for intellectual property support services. Further strong demand for our patent translation services from European and North American corporates seeking to file patent applications in China has allowed us to invest in additional headcount there which has now passed 50. As first described in our 2013 Annual Report, we have established a new Chinese production and training centre in Rizhao in co-operation with two local universities. This allows us to develop our Chinese offering but at lower cost than in Beijing. A new cooperation project with other universities has just commenced and will add to the resources



and resilience of our Chinese operations. We have continued to develop our relationship with international patent bodies seeking translation of Chinese patent prosecution documents.

### ***Commercial Translations***

Our commercial translations business, which accounts for approximately 17% of Group sales, saw flat revenues of £8.0 million (2013: £8.0 million). This business includes all non-patent translations, the service sector where we encounter most competition and the markets most exposed to economic cycles. In the first half of the current financial year we experienced strong competition both in the UK and Europe, with margin pressures, and we have focused on specialist niches where more attractive margins are obtainable. We also experienced subdued trading in our German and Swiss operations, where a cyclical downturn was evident in German-speaking Europe. Plans are in place to develop a production centre for patent translations within our Berlin operations to service the Group.

### ***Information***

Our information business accounts for 7% of Group sales and grew by 19% to £3.1 million during the half year (2013: £2.6 million). In particular, our patent search and watch services grew by 41%. High margin revenues from PatBase subscriptions grew by 4%, reflecting the database's further market share gain as we continued to invest in searchability features and geographic coverage.

### ***inovia***

inovia, where the Group acquired the remaining two thirds of the equity in late September 2013, now forms the fourth element of the Group's business and accounted for 20% of Group sales. On a constant currency basis, inovia achieved a 28% increase in gross sales to US\$16.1 million (H1 2013: US\$12.6 million). In sterling terms, net sales revenues for the half year reached £9.5 million. As a full member of the Group, inovia has been active in developing relationships with European corporates, with some success. This initiative has however resulted in margin compression. In addition, senior sales management in the USA (inovia's key market) has been restructured following a review of operations. Apart from directly servicing their clients' filing needs, the inovia business also generates a large volume of patent translation work for the group.

Following the completion of the inovia acquisition, RWS' intellectual property support services revenues now account for in excess of 80% of the Group's sales.

## ■ Market and Regulatory Update

### *Patent Filing Statistics*

In March, the World Intellectual Property Office (WIPO) published figures showing a 5.1% increase in the 2013 PCT filings to 205,300 (2012: 195,400). The European Patent Office (EPO) also published figures in January showing the total number of European patent filings increased by 2.8% to 265,690 (2012: 258,450). Both the WIPO and EPO figures established new records for numbers of filings. European filings from Chinese applicants grew by 15.6%.

### *European Union Patent*

We have in the past drawn the market's attention to the proposed European Union Patent ("the Unitary Patent") and its potential impact upon the Group's sales and profits. Despite significant hurdles, the Unitary Patent has been making further progress. However, it appears to be consensus now that the earliest implementation would be in 2016 and that this is still very optimistic. It should be noted that a number of member states of the current European Patent system are not EU members, and that Spain and Italy remain implacably opposed to the Unitary Patent. Professional opinion remains highly sceptical both as regards jurisdiction and the fee structure.

Because the proposed Unitary Patent will run in parallel with the existing system and will have a new and untried litigation system, our research indicates that there is currently little interest amongst large corporates and their professional advisers in using the new system. That being the case, we anticipate minimal loss of revenues in the first few years after the introduction of the Unitary Patent.

## ■ People

As always, RWS depends upon its staff and their ongoing commitment to providing and maintaining the high levels of service our clients expect. Headcount has now reached 590 full time equivalents (2013: 524), and I thank them for their contribution to the Group's continuing market leadership.

## ■ Current Trading and Outlook

We have had a good start to the second half of the year notwithstanding the continued appreciation of sterling.

We have an encouraging pipeline in our core patent translations business, our information business continues to outperform, we have taken action to both





improve margins at inovia, where we continue to see strong sales growth, and reduce overheads in our German operations.

We anticipate greater benefit from 2013 client wins in the second half than we saw in the first half and we are well placed to continue increasing our leading share of the global intellectual property support services market. We, therefore, expect continued progress in the second half of the year and beyond.

**Andrew Brode**

Chairman

2 June 2014

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## Condensed Consolidated Statement of Comprehensive Income

	Unaudited 6 months ended 31 March 2014	Audited Year ended 30 Sept. 2013	Unaudited 6 months ended 31 March 2013
Note	£'000	£'000	£'000
<b>Revenue</b>	<b>46,889</b>	77,404	36,666
Cost of sales	<b>(28,257)</b>	(45,558)	(21,522)
<b>Gross profit</b>	<b>18,632</b>	31,846	15,144
Administrative expenses	<b>(8,941)</b>	(12,981)	(5,048)
<b>Profit from operations</b>	<b>9,691</b>	18,865	10,096
<b>Analysed as:</b>			
Operating profit before charging:	<b>10,951</b>	20,060	10,436
Amortization of customer relationships and trademarks	<b>(792)</b>	(727)	(340)
Share based payment costs	<b>(468)</b>	(468)	–
<b>Profit from operations</b>	<b>9,691</b>	18,865	10,096
Finance income	<b>39</b>	456	78
Finance expense	<b>(144)</b>	–	(32)
Net finance (expense)/income	<b>3</b>	456	46
Share in results of associate	–	496	107
Gain on disposal of associate	–	693	–
<b>Profit before tax</b>	<b>9,586</b>	20,510	10,249
Taxation expense	<b>(2,490)</b>	(4,592)	(2,511)
<b>Profit for the period</b>	<b>7,096</b>	15,918	7,738
<b>Other comprehensive income*</b>			
Exchange (loss)/gain on retranslation of foreign operations	<b>(757)</b>	(294)	269
<b>Total other comprehensive (expense)/income</b>	<b>(757)</b>	(294)	269
<b>Total comprehensive income</b>	<b>6,339</b>	15,624	8,007
<b>Total comprehensive income attributable to:</b>			
Owners of the parent	<b>6,339</b>	15,624	8,007
Basic earnings per Ordinary share (pence per share)	<b>5</b>	37.6	18.3
Diluted earnings per Ordinary share (pence per share)	<b>5</b>	37.6	18.3

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



	Unaudited at 31 March 2014	Audited at 30 Sept. 2013	Unaudited at 31 March 2013
Note	£'000	£'000	£'000
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill	29,842	30,325	14,329
Intangible assets	8,956	9,896	4,041
Property, plant and equipment	17,411	13,002	13,141
Investment in associate	–	–	4,452
Deferred tax assets	269	270	225
	<b>56,478</b>	<b>53,493</b>	<b>36,188</b>
<b>Current assets</b>			
Trade and other receivables	16,911	16,670	14,666
Foreign exchange derivatives	423	566	228
Cash and cash equivalents	14,905	18,211	28,036
	<b>32,239</b>	<b>35,447</b>	<b>42,930</b>
	<b>88,717</b>	<b>88,940</b>	<b>79,118</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	11,754	11,463	8,116
Income tax payable	2,461	2,555	2,619
Put and call option liability	–	–	769
Provisions	–	336	336
	<b>14,215</b>	<b>14,354</b>	<b>11,840</b>
<b>Non-current liabilities</b>			
Other creditors	–	–	100
Provisions	492	530	530
Deferred tax liabilities	2,155	2,343	1,116
	<b>2,647</b>	<b>2,873</b>	<b>1,746</b>
	<b>16,862</b>	<b>17,227</b>	<b>13,586</b>
<b>Total liabilities</b>			
<b>Total net assets</b>	<b>71,855</b>	<b>71,713</b>	<b>65,532</b>
<b>Equity</b>			
<b>Capital and reserves attributable to owners of the parent</b>			
Share capital	2,116	2,116	2,116
Share premium	3,583	3,583	3,583
Share based payment reserve	936	468	–
Reverse acquisition reserve	(8,483)	(8,483)	(8,483)
Foreign currency reserve	430	1,187	1,750
Retained earnings	73,273	72,842	66,566
<b>Total equity</b>	<b>71,855</b>	<b>71,713</b>	<b>65,532</b>

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## 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
<b>At 30 September 2012 (audited)</b>	2,116	3,583	(7,002)	64,532	63,229
Profit for the period	–	–	–	7,738	7,738
Currency translation differences	–	–	269	–	269
Other Comprehensive income for the period at 31 March 2013	–	–	269	7,738	8,007
Dividends	–	–	–	(5,704)	(5,704)
<b>At 31 March 2013 (unaudited)</b>	2,116	3,583	(6,733)	66,566	65,532
Profit for the period	–	–	–	8,180	8,180
Currency translation differences	–	–	(563)	–	(563)
Other Comprehensive income for the period at 30 September 2013	–	–	(563)	8,180	7,617
Dividends	–	–	–	(1,904)	(1,904)
Credit arising on share based payment charges	–	–	468	–	468
<b>At 30 September 2013 (audited)</b>	2,116	3,583	(6,828)	72,842	71,713
Profit for the period	–	–	–	7,096	7,096
Currency translation differences	–	–	(757)	–	(757)
Other Comprehensive income for the period at 31 March 2014	–	–	(757)	7,096	6,339
Dividends	–	–	–	(6,665)	(6,665)
Credit arising on share based payment charges	–	–	468	–	468
<b>At 31 March 2014 (unaudited)</b>	2,116	3,583	(7,117)	73,273	71,855
<b>Other reserves</b>		Share based payment reserve	Reverse acquisition reserve	Foreign currency reserve	Total other reserves
		£'000	£'000	£'000	£'000
<b>At 30 September 2012 (audited)</b>		–	(8,483)	1,481	(7,002)
Currency translation differences		–	–	269	269
Other Comprehensive income for the period at 31 March 2013		–	–	269	269
<b>At 31 March 2013 (unaudited)</b>		–	(8,483)	1,750	(6,733)
Currency translation differences		–	–	(563)	(563)
Other Comprehensive income for the period at 30 Sept. 2013		–	–	(563)	(563)
Credit arising on share based payment charges		468	–	–	468
<b>At 30 September 2013 (audited)</b>		468	(8,483)	1,187	(6,828)
Currency translation differences		–	–	(757)	(757)
Other Comprehensive income for the period at 31 March 2014		–	–	(757)	(757)
Credit arising on share based payment charges		468	–	–	468
<b>At 31 March 2014 (unaudited)</b>		936	(8,483)	430	(7,117)

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## Condensed Consolidated Statement of Cash Flows



	Unaudited 6 months ended 31 March 2014	Audited Year ended 30 Sept. 2013	Unaudited 6 months ended 31 March 2013
Note	£'000	£'000	£'000
<b>Cash flows from operating activities</b>			
Profit before tax	9,586	20,510	10,249
Adjustments for:			
Depreciation of property, plant and equipment	328	666	307
Amortization of intangible assets	792	799	377
Share based payment costs	468	468	–
Finance income	(39)	(456)	(78)
Finance expense	144	–	–
Share in results of associate	–	(496)	–
Gain on disposal of associate	–	(693)	–
<b>Operating cash flow before movements in working capital and provisions</b>	<b>11,279</b>	<b>20,798</b>	<b>10,855</b>
(Increase)/decrease in trade and other receivables	(291)	(318)	(178)
(Decrease)/increase in trade and other payables	(81)	119	101
<b>Cash generated from operations</b>	<b>10,907</b>	<b>20,599</b>	<b>10,778</b>
Income tax paid	(2,770)	(4,249)	(1,945)
<b>Net cash inflow from operating activities</b>	<b>8,137</b>	<b>16,350</b>	<b>8,833</b>
<b>Cash flows from investing activities</b>			
Interest received	89	151	127
Acquisition of subsidiary, net of cash acquired	–	(15,132)	–
Purchases of property, plant and equipment	(4,737)	(376)	(148)
Purchases of intangibles (computer software)	(8)	(34)	(19)
<b>Net cash outflow from investing activities</b>	<b>(4,656)</b>	<b>(15,391)</b>	<b>(40)</b>
<b>Cash flows from financing activities</b>			
Dividends paid	(6,665)	(7,608)	(5,704)
<b>Net cash outflow from financing activities</b>	<b>(6,665)</b>	<b>(7,608)</b>	<b>(5,704)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(3,184)</b>	<b>(6,649)</b>	<b>3,089</b>
Cash and cash equivalents at the beginning of the period	18,211	25,096	25,096
Exchange loss on cash and cash equivalents	(122)	(236)	(149)
<b>Cash and cash equivalents at the end of the period</b> 6	<b>14,905</b>	<b>18,211</b>	<b>28,036</b>
<b>Free cash flow</b>			
<b>Analysis of free cash flow</b>			
Net cash generated from operating activities	10,907	20,599	10,778
Net interest received	89	151	127
Income tax paid	(2,770)	(4,249)	(1,945)
Purchases of property, plant and equipment	(4,737)	(376)	(148)
Purchases of intangibles (computer software)	(8)	(34)	(19)
<b>Free cash flow</b>	<b>3,481</b>	<b>16,091</b>	<b>8,793</b>

## 1 Accounting policies

### Basis of preparation

The interim financial statements were approved by the Board of Directors on 30 May 2014. The interim results for the half years ended 31 March 2014 and 31 March 2013 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 2013.

The Group's statutory accounts for the year ended 30 September 2013 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.

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## 2 Segmental reporting

The Group comprises three principal divisions:

- \* 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.
- \* inovia division. Following the acquisition of inovia Holdings pty Limited on 17 September 2013 the Group has treated their results as a separate division and has reported them as such. inovia is a leading provider of web based international filing solutions.
- \* 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 2014 are as follows:

	Translations UK	Translations Overseas	inovia	Information	Unallocated	Group
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Revenue</b>						
Patent translation	24,139	2,186	–	–	–	26,325
Commercial translation	5,281	2,701	–	–	–	7,982
inovia	–	–	9,520	–	–	9,520
Information	–	–	–	3,062	–	3,062
<b>Total Revenue</b>	<b>29,420</b>	<b>4,887</b>	<b>9,520</b>	<b>3,062</b>	<b>–</b>	<b>46,889</b>
Operating profit/(loss) before charging:	8,694	784	390	1,436	(353)	10,951
Amortization of customer relationships and trademarks	(768)	–	–	(24)	–	(792)
Share based payment costs	(160)	(59)	–	(19)	(230)	(468)
<b>Operating profit/(loss)</b>	<b>7,766</b>	<b>725</b>	<b>390</b>	<b>1,393</b>	<b>(583)</b>	<b>9,691</b>
Finance income						39
Finance expense						(144)
Profit before tax						9,586
Taxation						(2,490)
<b>Profit for the period</b>						<b>7,096</b>

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

Segment assets	70,609	5,551	4,513	7,673	371	88,717
Segment liabilities	6,389	1,413	3,349	2,731	2,980	16,862
<b>Net assets/(liabilities)</b>	<b>64,220</b>	<b>4,138</b>	<b>1,164</b>	<b>4,942</b>	<b>(2,609)</b>	<b>71,855</b>

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## Notes to the Condensed Consolidated Financial Statements (CONTINUED)

The segment results for the year ended 30 September 2013 were as follows:

	Translations UK	Translations Overseas	inovia	Information	Unallocated	Group
	£'000	£'000	£'000	£'000	£'000	£'000
Revenue						
Patent translation	49,035	4,505	–	–	–	53,540
Commercial translation	11,010	6,366	–	–	–	17,376
inovia	–	–	1,186	–	–	1,186
Information	–	–	–	5,302	–	5,302
Total Revenue	60,045	10,871	1,186	5,302	–	77,404
Operating profit/(loss) before charging:	15,973	2,322	129	2,390	(754)	20,060
Amortization of customer relationships and trademarks	(584)	–	–	(143)	–	(727)
Share based payment costs	(160)	(59)	–	(19)	(230)	(468)
Operating profit/(loss)	15,229	2,263	129	2,228	(984)	18,865
Finance income						456
Share in results of associate						496
Gain on disposal of associate						693
Profit before tax						20,510
Taxation						(4,592)
Profit for the year						15,918

Overseas intercompany sales to the UK amounting to £4.2 million were eliminated on consolidation.

Segment assets	62,289	5,250	4,510	5,286	11,605	88,940
Segment liabilities	6,451	1,849	3,628	1,950	3,349	17,227
Net assets	55,838	3,401	882	3,336	8,256	71,713





The segment results for the six months ended 31 March 2013 were as follows:

	Translations UK	Translations Overseas	inovia	Information	Unallocated	Group
	£'000	£'000	£'000	£'000	£'000	£'000
Revenue						
Patent translation	23,814	2,276	–	–	–	26,090
Commercial translation	4,999	2,964	–	–	–	7,963
inovia	–	–	–	–	–	–
Information	–	–	–	2,613	–	2,613
Total Revenue	28,813	5,240	–	2,613	–	36,666
Operating profit/(loss) before charging:	8,656	1,049	–	1,090	(359)	10,436
Amortization of customer relationships and trademarks	(268)	–	–	(72)	–	(340)
Operating profit/(loss)	8,388	1,049	–	1,018	(359)	10,096
Finance income						78
Finance expense						(32)
Share in results of associate						107
Profit before tax						10,249
Taxation						(2,511)
Profit for the period						7,738

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

Segment assets	56,512	5,617	–	5,805	6,732	74,666
Investment in associate	–	4,452	–	–	–	4,452
Total assets	56,512	10,069	–	5,805	6,732	79,118
Segment liabilities	7,281	1,684	–	2,732	1,889	13,586
Net assets	49,231	8,385	–	3,073	4,843	65,532

3 Finance income and expense

	6 months ended 31 March 2014	Year ended 30 September 2013	6 months ended 31 March 2013
	£'000	£'000	£'000
Finance income			
– Returns on short-term deposits	39	149	78
– Fair value of outstanding forward foreign currency contracts	–	307	–
Finance expense			
– Fair value of outstanding forward foreign currency contracts	(144)	–	(32)
<b>Net finance income</b>	<b>(105)</b>	<b>456</b>	<b>46</b>

4 Dividends

	6 months ended 31 March 2014		Year ended 30 September 2013		6 months ended 31 March 2013	
	pence per share	£'000	pence per share	£'000	pence per share	£'000
Interim paid July	–	–	4.50	1,904	–	–
Final paid February	15.75	6,665	13.48	5,704	13.48	5,704
Dividends paid to shareholders	15.75	6,665	17.98	7,608	13.48	5,704

An interim dividend of 4.90 pence per Ordinary share will be paid on 25 July 2014 to Shareholders on the register at 27 June 2014. 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 2014. The interim dividend will reduce shareholders' funds by an estimated £2.1 million.



## 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 2014		Year ended 30 September 2013		6 months ended 31 March 2013	
	Earnings £'000	EPS Pence	Earning £'000	EPS Pence	Earning £'000	EPS Pence
Profit for the period	7,096	16.8	15,918	37.6	7,738	18.3
Post tax adjustments						
Amortization of customer relationships and trademarks (after tax)	626	1.4	574	1.4	257	0.6
Gain on sale of Associate	–	–	(547)	(1.3)	–	–
Charges for share based payments	370	0.9	370	0.9	–	–
Adjusted earnings	8,092	19.1	16,315	38.6	7,995	18.9
Basic diluted earnings	7,096	16.6	15,918	37.6	7,738	18.3
Adjusted diluted earnings	8,092	18.9	16,315	38.6	7,995	18.9

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 2014	Number of shares Year ended 30 September 2013	Number of shares 6 months ended 31 March 2013
Weighted average number of Ordinary shares in issue for basic earnings	42,315,968	42,315,968	42,315,968
Dilutive impact of share options	445,838	23,190	–
Weighted average number of Ordinary shares for diluted earnings	42,761,806	42,339,158	42,315,968

**6 Cash and cash equivalents**

	at 31 March 2014	at 30 September 2013	at 31 March 2013
	£'000	£'000	£'000
Cash at bank and in hand	13,205	14,161	23,032
Short-term deposits	1,700	4,050	5,004
Cash and cash equivalents in the cash flow statement	14,905	18,211	28,036

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.

**7 Events since the reporting date**

No significant events have occurred since 31 March 2014 at the date of authorisation of these financial statements.

# 2014



Registration No. 3002645

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