



INTERIM REPORT 2015

RWS HOLDINGS PLC



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The Group has produced a solid performance during the half year despite some challenging conditions, most notably the impact of significant currency headwinds driven by the strength of sterling.

The core patent translations business maintained its market leading position, supported by existing and new clients and with continuing progress in China and Japan, albeit with longer lead times to convert significant new client wins. Commercial translations in the UK, Germany and Switzerland retained their market share in the face of intensifying competition particularly in the UK. Information search revenues reverted to normal levels after an exceptionally strong performance in the comparative period last year, whilst PatBase continued to expand its subscription revenues. inovia's revenues were slightly lower during the period but we are taking a number of actions with the aim of returning the business to growth in the future.

We were delighted to be awarded the Queen's Award for Enterprise in International Trade 2015 - the fifth such award we have received.

■ 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 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 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 73% 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, we continue to search for suitable potential acquisitions in the intellectual property support services and high level commercial translation 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 2015 on a constant currency basis were £46.9 million, in line with 2014. On a statutory basis, they were £45.4 million (H1 2014: £46.9 million).

Profit before tax, amortization of intangibles and share option costs, was flat at £10.8 million (H1 2014: £10.8 million). Adjusted diluted earnings per share showed a small increase at 3.9p (H1 2014: 3.8p), adjusted for the 5 for 1 share split in February 2015.

At 31 March 2015, shareholder funds reached £80.0 million (H1 2014: £71.9 million), of which net cash represented £21.5 million (H1 2014: £14.9 million; FY 2014: £22.5 million). The principal major cash outlays were the interim and final dividends for 2014, of £2.1 million and £7.6 million paid in July 2014 and February 2015, respectively.

■ Currency Effects and Hedging

Reported revenues were £1.5 million lower than on a constant currency basis, as a result of a strong pound sterling. The Group's principal exposure is to the Euro, and, more recently, to the US dollar. The average conversion rate for the Euro was 75.9p = 1 Euro versus 83.1p in the first half of 2014. For the US dollar, the average rate was 1.54 dollars = 1 pound versus 1.65 dollars in the first half of 2014. The average rate for the Japanese yen was 181.6 = 1 pound versus 168.0 yen in the comparable period.

Looking forward, the Group has hedged its estimated net trading exposure to the Euro at 1 Euro = 81p for the period 1 June to 31 December 2015. On the same estimated basis, exposure to the US dollar is hedged at 1 GBP = US\$1.57 from 1 June to 30 September 2015.

■ Dividend

The Directors have approved an interim dividend of 1.03p per share, an increase of 5% over the 2014 interim dividend of 0.98p (adjusted for the 5 for 1 share split in February 2015) which will be paid on 24 July 2015 to those shareholders on the register on 26 June 2015. This increase reflects the Group's strong financial base, the Board's confidence in the Group's market position and our commitment to a progressive dividend policy, which was stated at flotation in November 2003 and has been delivered upon every year since then.

■ Operating Review

Patent Translations

The Group's core patent translations business, which now accounts for approximately 56% of Group sales, recorded sales at constant currency of £26.4 million (H1 2014: £26.3 million), while reported sales were £25.3 million. This performance includes momentum from some 2014 client wins, further growth in China, a satisfactory performance in Japan in local currency terms, an increase in English into German work and organic growth from longer term clients, but was offset by a number of corporate clients scaling back spending in line with their focus on cost savings as well as a slower than expected conversion of new client wins into significant sales.

The Group has maintained 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 at the European Patent Office in 2014.

Following the acquisition of inovia in September 2013, we have been concentrating on platform and product consolidation and technical development to make our filing services attractive to the Group's larger corporate accounts and new prospects. Following a phase of cross-selling with several client wins in particular in Europe and the US, further integration will combine the Group's services and sales teams, starting in the US (the largest market for intellectual property support services).

Our Japanese business has been successful in securing new client wins for Group services including European validations and PCT filing, particularly in the pharmaceutical industry.

China continues to attract North American and European patent filers seeking patent protection there, as a result of which our headcount in China has grown to 57 employees. As first outlined in last year's review, we have continued to develop the production and training centre with two universities in Rizhao, which has caught



the attention of the university in Xi'an where a similar centre has now been established. The implementation of a Chinese patent search group, further training links and initiatives with IP firms and universities in other IP centres in China, coupled with the development of new technology driven production workflows, will enable the Group to build its presence and brand in China to increase local sales with an expanded sales force.

inovia

inovia, which was fully acquired in late September 2013, accounted for 21% of Group sales. In the first half of 2015, inovia achieved gross sales of £9.4 million (H1 2014: £9.5 million), in addition to generating significant translation revenues for the Group. We have made good progress in winning work from smaller corporates in the US following a highly professional marketing campaign albeit new client wins have largely replaced lower revenues from existing clients and progress in converting our pipeline of larger prospects into wins has been slow.

Following the removal of the inovia CEO role, new reporting lines and management structures have been implemented in conjunction with a schedule for full integration initiatives. Key projects which are underway include:

- integrating inovia and RWS's client portal interfaces and linking inovia's portal into Group clients' intellectual property management systems;
- introducing translation technology into inovia's technology platform to better facilitate large client wins;
- fully integrating inovia and RWS's sales teams - the largest sales team in the US will be led by a new head of sales for North America while further regional sales teams will be set up in territories where inovia has no sales presence and little market penetration, including in Asia; and
- further consolidation of suppliers and services, including more integrated pricing structures.

In October 2014 inovia was recognised as the leading foreign filing provider by Managing Intellectual Property magazine's annual ranking of the top Patent Cooperation Treaty (PCT) firms, further consolidating the Group's position as a leading provider of intellectual property support services. We are confident that we have put the structure in place to enable inovia to continue to build on its leading position and deliver growth for the wider Group.

Information

Our information business accounts for 6% of Group sales and achieved £3.0 million in revenues during the half year (H1 2014: £3.1 million). This performance reflects several successful client wins as well as a good flow of regular work from a number

of clients in the first half of this year whilst the first half of 2014 benefitted from exceptional order volumes from our largest search client which have now returned to normal levels. High margin revenues from PatBase subscriptions grew by 7%, reflecting the database's further market share gains as we continued to invest in searchability features and geographic coverage.

Commercial Translations

Sales of our commercial translations business, which accounts for approximately 17% of Group turnover, were up 2% on a constant currency basis to £8.2 million (H1 2014: £8.0 million) or slightly lower on a statutory basis at £7.7 million due to adverse exchange rates.

The commercial translations business includes all of our non-patent translations activities and it remains the sector of our business most exposed to competition. It operates in the UK, Germany and Switzerland. Given the intensity of the competition, we continue to focus upon specialist niches and larger projects where the Group's resources and expertise can provide a competitive edge and we have had continued success with growing the volume of work delivered under certain European institutional contracts. Our German-speaking activities grew by 12% (in constant currency) in the first half on the comparable period, continuing the improvement we started to see in the second half of last year. However, this was partially offset by lower revenues in the UK where we have continued to see a highly competitive environment. English into German patent translation volumes have grown significantly in the first half, assisted by our new into-German patent translation facility in the Berlin office which is progressing well and continues to increase volumes. Apart from adding resources and helping to develop new technology driven workflows to the Group, this production facility also balances cyclical work load effects in commercial translation activities.

Beyond translation activities, we have more than doubled the number of interpretation assignments undertaken in the first half compared to the same period a year ago.

The commercial translation business continues to provide good cross selling opportunities for the patent translation business.

■ Market and Regulatory Update

Patent Filing Statistics

In March, the World Intellectual Property Office (WIPO) published figures showing a 4.5% increase in the 2014 PCT filings to 214,500 (2013: 205,300). The European Patent Office (EPO) also published figures in January showing the total number of European patent filings increased by 3.1% to 274,174 (2014: 265,690). Both the



WIPO and EPO figures established new records for numbers of filings. Chinese patent applications grew by 12.5% overall.

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 optimistic. The impending UK referendum on EU membership adds new uncertainties both on the timeline and, should the UK withdraw, the overall benefits of the Unitary Patent. In addition, there has been a further delay in finalising fee structures. Professional opinion remains highly sceptical regarding jurisdiction. It should also be noted that a number of member states of the current European Patent system are not EU members and that certain EU members continue to oppose the Unitary Patent. At this stage we still 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 615 full time equivalents (2014: 590), and I thank them for their contribution to the Group's continuing market leadership.

■ **Current Trading and Outlook**

We have seen trading performance in the first two months of the second half of the year in line with our expectations, at a similar level to that seen in the first half, held back by the continued strength of sterling and a subdued trading performance at inovia.

We have an encouraging pipeline of opportunities, particularly in patent translations, we are taking action to integrate inovia further and we are investing in additional sales resource to drive top line performance in future periods.

Our financial position remains strong and we are well placed to build upon our leading share of the global intellectual property support services market.

Andrew Brode

Chairman

2 June 2015

| | | Unaudited 6 months ended 31 March 2015 | Audited Year ended 30 Sept. 2014 | Unaudited 6 months ended 31 March 2014 |
|---|------|--|--|--|
| | Note | £'000 | £'000 | £'000 |
| Revenue | 2 | 45,378 | 93,556 | 46,889 |
| Cost of sales | | (27,732) | (56,783) | (28,257) |
| Gross profit | | 17,646 | 36,773 | 18,632 |
| Administrative expenses | | (8,510) | (17,187) | (8,941) |
| Operating profit | | 9,136 | 19,586 | 9,691 |
| Analysed as: | | | | |
| Operating profit before charging: | | 10,403 | 22,036 | 10,951 |
| Amortization of customer relationships and trademarks | | (817) | (1,572) | (792) |
| Share based payment costs | | (450) | (878) | (468) |
| Operating profit | | 9,136 | 19,586 | 9,691 |
| Finance income | | 419 | 57 | 39 |
| Finance expense | | – | (14) | (144) |
| Net finance income/(expense) | 3 | 419 | 43 | (105) |
| Profit before tax | | 9,555 | 19,629 | 9,586 |
| Taxation expense | | (2,295) | (4,430) | (2,490) |
| Profit for the period | | 7,260 | 15,199 | 7,096 |
| Other comprehensive income* | | | | |
| Exchange gain/(loss) on retranslation of foreign operations | | 1,472 | (618) | (757) |
| Total other comprehensive income/(expense) | | 1,472 | (618) | (757) |
| Total comprehensive income | | 8,732 | 14,581 | 6,339 |
| Total comprehensive income attributable to: | | | | |
| Owners of the parent | | 8,732 | 14,581 | 6,339 |
| | | | **restated | **restated |
| Basic earnings per Ordinary share (pence per share) | 5 | 3.4 | 7.2 | 3.3 |
| Diluted earnings per Ordinary share (pence per share) | 5 | 3.4 | 7.1 | 3.3 |

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

**Earnings per share for the year ended 30 September 2014 and the prior interim period of 31 March 2014 have been restated to reflect the sub division of shares (see note 4).

Condensed Consolidated Statement of Financial Position



| | | Unaudited at 31 March 2015 | Audited at 30 Sept. 2014 | Unaudited at 31 March 2014 |
|--|------|----------------------------------|--------------------------------|----------------------------------|
| | Note | £'000 | £'000 | £'000 |
| Assets | | | | |
| Non-current assets | | | | |
| Goodwill | | 31,704 | 30,512 | 29,842 |
| Intangible assets | | 7,730 | 8,228 | 8,956 |
| Property, plant and equipment | | 17,926 | 17,310 | 17,411 |
| Deferred tax assets | | 353 | 353 | 269 |
| | | 57,713 | 56,403 | 56,478 |
| Current assets | | | | |
| Trade and other receivables | | 17,517 | 16,385 | 16,911 |
| Foreign exchange derivatives | | 945 | 554 | 423 |
| Cash and cash equivalents | 6 | 21,467 | 22,479 | 14,905 |
| | | 39,929 | 39,418 | 32,239 |
| Total assets | | 97,642 | 95,821 | 88,717 |
| Liabilities | | | | |
| Current liabilities | | | | |
| Trade and other payables | | 12,451 | 12,277 | 11,754 |
| Income tax payable | | 2,461 | 2,198 | 2,461 |
| Provisions | | 519 | 480 | – |
| | | 15,431 | 14,955 | 14,215 |
| Non-current liabilities | | | | |
| Other payables | | 30 | 30 | – |
| Provisions | | 341 | 378 | 492 |
| Deferred tax liabilities | | 1,841 | 2,024 | 2,155 |
| | | 2,212 | 2,432 | 2,647 |
| Total liabilities | | 17,643 | 17,387 | 16,862 |
| Total net assets | | 79,999 | 78,434 | 71,855 |
| 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 |
| Share based payment reserve | | 1,796 | 1,346 | 936 |
| Reverse acquisition reserve | | (8,483) | (8,483) | (8,483) |
| Foreign currency reserve | | 2,041 | 569 | 430 |
| Retained earnings | | 78,946 | 79,303 | 73,273 |
| Total equity | | 79,999 | 78,434 | 71,855 |

| | 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 2013 (audited) | 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 | |
| At 31 March 2014 (unaudited) | 2,116 | 3,583 | (7,117) | 73,273 | 71,855 | |
| Profit for the period | – | – | – | 8,103 | 8,103 | |
| Currency translation differences | – | – | 139 | – | 139 | |
| Other Comprehensive income for the period at 30 September 2014 | – | – | 139 | 8,103 | 8,242 | |
| Dividends | – | – | – | (2,073) | (2,073) | |
| Credit arising on share based payment charges | – | – | 410 | – | 410 | |
| 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 | |
| | | | Share based payment reserve | Reverse acquisition reserve | Foreign currency reserve | Total other reserves |
| Other reserves | | | £'000 | £'000 | £'000 | £'000 |
| At 30 September 2013 (audited) | | 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 | |
| At 31 March 2014 (unaudited) | | 936 | (8,483) | 430 | (7,117) | |
| Currency translation differences | | – | – | 139 | 139 | |
| Other Comprehensive income for the period at 30 Sept. 2014 | | – | – | 139 | 139 | |
| Credit arising on share based payment charges | | 410 | – | – | 410 | |
| 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) | |

Condensed Consolidated Statement of Cash Flows



| | Unaudited 6 months ended 31 March 2015 | Audited Year ended 30 Sept. 2014 | Unaudited 6 months ended 31 March 2014 restated |
|---|--|--|--|
| Note | £'000 | £'000 | £'000 |
| Cash flows from operating activities | | | |
| Profit before tax | 9,555 | 19,629 | 9,586 |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment | 398 | 599 | 328 |
| Amortization of intangible assets | 844 | 1,632 | 792 |
| Share based payment costs | 450 | 878 | 468 |
| Finance income | (419) | (57) | (39) |
| Finance expense | – | 14 | 144 |
| Operating cash flow before movements in working capital and provisions | 10,828 | 22,695 | 11,279 |
| (Increase)/decrease in trade and other receivables | (1,125) | 64 | (291) |
| Increase/(decrease) in trade and other payables | 175 | 503 | (81) |
| Cash generated from operations | 9,878 | 23,262 | 10,907 |
| Income tax paid | (2,215) | (5,239) | (2,770) |
| Net cash inflow from operating activities | 7,663 | 18,023 | 8,137 |
| Cash flows from investing activities | | | |
| Interest received | 26 | 108 | 89 |
| Purchases of property, plant and equipment | (1,015) | (4,919) | (4,737) |
| Purchases of intangibles (computer software) | (16) | (78) | (8) |
| Net cash outflow from investing activities | (1,005) | (4,889) | (4,656) |
| Cash flows from financing activities | | | |
| Dividends paid | 4 (7,617) | (8,738) | (6,665) |
| Net cash outflow from financing activities | (7,617) | (8,738) | (6,665) |
| Net (decrease)/increase in cash and cash equivalents | (959) | 4,396 | (3,184) |
| Cash and cash equivalents at the beginning of the period | 22,479 | 18,305 | 18,305 |
| Exchange loss on cash and cash equivalents | (53) | (222) | (216) |
| Cash and cash equivalents at the end of the period | 6 21,467 | 22,479 | 14,905 |
| Free cash flow | | | |
| Analysis of free cash flow | | | |
| Net cash generated from operating activities | 9,878 | 23,262 | 10,907 |
| Net interest received | 26 | 108 | 89 |
| Income tax paid | (2,215) | (5,239) | (2,770) |
| Purchases of property, plant and equipment | (1,015) | (4,919) | (4,737) |
| Purchases of intangibles (computer software) | (16) | (78) | (8) |
| Free cash flow | 6,658 | 13,134 | 3,481 |

1 Accounting policies

Basis of preparation

The interim financial statements were approved by the Board of Directors on 1 June 2015. The interim results for the half years ended 31 March 2015 and 31 March 2014 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 2014.

The Group's statutory accounts for the year ended 30 September 2014 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

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, 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 2015 are as follows:

| | Translations UK | Translations Overseas | inovia | Information | Unallocated | Group |
|--|--------------------|--------------------------|--------------|--------------|--------------|---------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Revenue | | | | | | |
| Patent translation | 23,313 | 2,000 | – | – | – | 25,313 |
| Commercial translation | 4,917 | 2,827 | – | – | – | 7,744 |
| inovia | – | – | 9,353 | – | – | 9,353 |
| Information | – | – | – | 2,968 | – | 2,968 |
| Total Revenue | 28,230 | 4,827 | 9,353 | 2,968 | – | 45,378 |
| Operating profit/(loss) before charging: | 7,858 | 1,093 | 254 | 1,528 | (330) | 10,403 |
| Amortization of customer relationships and trademarks | (745) | – | – | (72) | – | (817) |
| Share based payment costs | (161) | (59) | – | – | (230) | (450) |
| Operating profit/(loss) | 6,952 | 1,034 | 254 | 1,456 | (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 £2.8 million are eliminated on consolidation.

| | | | | | | |
|---------------------|---------------|--------------|--------------|--------------|------------|---------------|
| Segment assets | 77,168 | 6,285 | 5,372 | 7,700 | 1,117 | 97,642 |
| Segment liabilities | 7,678 | 1,562 | 3,914 | 3,616 | 873 | 17,643 |
| Net assets | 69,490 | 4,723 | 1,458 | 4,084 | 244 | 79,999 |

The segment results for the year ended 30 September 2014 were as follows:

| | Translations UK | Translations Overseas | inovia | Information | Unallocated | Group |
|--|--------------------|--------------------------|--------|-------------|-------------|---------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Revenue | | | | | | |
| Patent translation | 47,738 | 4,288 | – | – | – | 52,026 |
| Commercial translation | 10,502 | 5,499 | – | – | – | 16,001 |
| inovia | – | – | 19,373 | – | – | 19,373 |
| Information | – | – | – | 6,156 | – | 6,156 |
| Total Revenue | 58,240 | 9,787 | 19,373 | 6,156 | – | 93,556 |
| Operating profit/(loss) before charging: | 16,383 | 2,175 | 967 | 3,135 | (624) | 22,036 |
| Amortization of customer relationships and trademarks | (1,429) | – | – | (143) | – | (1,572) |
| Share based payments costs | (320) | (117) | – | 19 | (460) | (878) |
| Operating profit/(loss) | 14,634 | 2,058 | 967 | 3,011 | (1,084) | 19,586 |
| Finance income | | | | | | 57 |
| Finance expense | | | | | | (14) |
| Profit before tax | | | | | | 19,629 |
| Taxation | | | | | | (4,430) |
| Profit for the year | | | | | | 15,199 |

Overseas intercompany sales to the UK amounting to £4.8 million were eliminated on consolidation.

| | | | | | | |
|---------------------|--------|-------|-------|-------|-------|--------|
| Segment assets | 70,247 | 5,739 | 5,448 | 6,148 | 8,239 | 95,821 |
| Segment liabilities | 6,851 | 1,893 | 2,881 | 2,709 | 3,053 | 17,387 |
| Net assets | 63,396 | 3,846 | 2,567 | 3,439 | 5,186 | 78,434 |



The segment results for the six months ended 31 March 2014 were as follows:

| | Translations UK | Translations Overseas | inovia | Information | Unallocated | Group |
|--|--------------------|--------------------------|--------|-------------|-------------|---------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Revenue | | | | | | |
| 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 |
| Total Revenue | 29,420 | 4,887 | 9,520 | 3,062 | – | 46,889 |
| 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) |
| Operating profit/(loss) | 7,766 | 725 | 390 | 1,393 | (583) | 9,691 |
| Finance income | | | | | | 39 |
| Finance expense | | | | | | (144) |
| Profit before tax | | | | | | 9,586 |
| Taxation | | | | | | (2,490) |
| Profit for the period | | | | | | 7,096 |

Overseas intercompany sales to the UK amounting to £2.4 million were 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 |
| Net assets/(liabilities) | 64,220 | 4,138 | 1,164 | 4,942 | (2,609) | 71,855 |

3 Finance income and expense

| | 6 months ended 31 March 2015 | Year ended 30 September 2014 | 6 months ended 31 March 2014 |
|---|---------------------------------|---------------------------------|---------------------------------|
| | £'000 | £'000 | £'000 |
| Finance income | | | |
| – Returns on short-term deposits | 28 | 57 | 39 |
| – Movement in the fair value of foreign currency contracts | 391 | – | – |
| Finance expense | | | |
| – Interest on deferred consideration relating to an acquisition | – | (1) | – |
| – Movement in the fair value of foreign currency contracts | – | (13) | (144) |
| Net finance income | 419 | 43 | (105) |

4 Dividends

| | 6 months ended 31 March 2015 | | Year ended 30 September 2014 | | 6 months ended 31 March 2014 | |
|--------------------------------|---------------------------------|-------|---------------------------------|-------|---------------------------------|-------|
| | pence per share | £'000 | *pence per share restated | £'000 | *pence per share restated | £'000 |
| Interim paid July | – | – | 0.98 | 2,073 | – | – |
| Final paid February | 3.60 | 7,617 | 3.15 | 6,665 | 3.15 | 6,665 |
| Dividends paid to shareholders | 3.60 | 7,617 | 4.13 | 8,738 | 3.15 | 6,665 |

At the RWS Holdings plc AGM on 10 February 2015, shareholders approved a resolution to subdivide the Company's existing shares so that each 5p Ordinary share was subdivided into 5 Ordinary shares of 1p each. These new 1p shares were admitted for trading on the London Stock Exchange on 11 February 2015.

* The dividend payment per share has been restated for prior periods to reflect the share split.

An interim dividend of 1.03 pence per Ordinary share will be paid on 24 July 2015 to Shareholders on the register at 26 June 2015. 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 2015. The interim dividend will reduce shareholders' funds by an estimated £2.2 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 2015 | | Year ended 30 September 2014 | | 6 months ended 31 March 2014 | |
|---|---------------------------------|--------------|---------------------------------|---------------------------|---------------------------------|---------------------------|
| | Earnings £'000 | EPS Pence | Earning £'000 | EPS *Pence restated | Earning £'000 | EPS *Pence restated |
| Profit for the period | 7,260 | 3.4 | 15,199 | 7.2 | 7,096 | 3.3 |
| Post tax adjustments | | | | | | |
| Amortization of customer relationships and trademarks | 654 | 0.3 | 1,242 | 0.6 | 626 | 0.3 |
| Charges for share based payments | 360 | 0.2 | 694 | 0.3 | 370 | 0.2 |
| Adjusted earnings | 8,274 | 3.9 | 17,135 | 8.1 | 8,092 | 3.8 |
| Basic diluted earnings | 7,260 | 3.4 | 15,199 | 7.1 | 7,096 | 3.3 |
| Adjusted diluted earnings | 8,274 | 3.9 | 17,135 | 8.0 | 8,092 | 3.8 |

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 2015 | *Number of shares Year ended 30 September 2014 | *Number of shares 6 months ended 31 March 2014 |
|--|---|--|--|
| Weighted average number of Ordinary shares in issue for basic earnings | 211,579,840 | 211,579,840 | 211,579,840 |
| Dilutive impact of share options | 1,584,941 | 2,053,790 | 2,229,190 |
| Weighted average number of Ordinary shares for diluted earnings | 213,164,781 | 213,633,630 | 213,809,030 |

* The number of shares and the earnings per share for prior periods have been restated to reflect the subdivision of shares (see note 4).

6 Cash and cash equivalents

| | at 31 March 2015 | at 30 September 2014 | at 31 March 2014 |
|---|---------------------|-------------------------|---------------------|
| | £'000 | £'000 | £'000 |
| Cash at bank and in hand | 17,798 | 12,990 | 13,205 |
| Short-term deposits | 3,669 | 9,489 | 1,700 |
| Cash and cash equivalents in the cash flow statement | 21,467 | 22,479 | 14,905 |

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 2015 at the date of authorisation of these financial statements.



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