



For immediate release

7 June 2018

RWS Holdings plc

Half year report for the six months to 31 March 2018

RWS Holdings plc ("RWS", "the Group"), one of the world's leading language, intellectual property support services and localization providers, today announces its half year results for the six months ended 31 March 2018.

Financial Highlights:

A transformational period for the Group

- Revenue increased by 82% to £139.6m (H1 2017: £76.6m). Includes a £52.1m five-month contribution from Moravia
 - 5% underlying growth* on a constant currency basis
- Adjusted operating profit** up by 61% to £30.5m (H1 2017: £19.0m)
- Adjusted profit before tax*** up by 47% to £28.6m (H1 2017: £19.4m) including a £4.7m five-month contribution from Moravia
 - underlying growth* of 12% on a constant currency basis
 - £1.8m impact from adverse exchange rate movements
- Adjusted earnings per share was up by 19% to 8.2p (H1 2017: 6.9p)
- Interim dividend increased by 15% to 1.50p (H1 2017: 1.30p)
- Net debt at period end of £82.8m (H1 2017: £31.8m), after £242.3m net cash outflow for the acquisition of Moravia and £46.2m outflow for repayment of borrowings, reflecting continued strong underlying cash generation
 - acquisition of Moravia funded by a £182m share placing and a US\$160m refinanced loan facility

* excluding impact of Moravia and Article One Partners acquisitions but LUZ acquisition included on the basis of a full contribution in both periods

** before finance income and expense, amortization of intangibles and exceptional acquisition costs

*** before amortization of intangibles and exceptional acquisition costs

Operating Highlights:

A good underlying performance bolstered by acquisition of leading localization provider

- Acquisition of Moravia in November 2017, a leading provider of technology-enabled localization services to the largest technology companies in the world:

- enhanced RWS's global presence with operations in the Czech Republic, USA, Japan, China, Argentina and Ireland
 - added a profitable, cash generative business of scale in an attractive, adjacent market
 - now anticipating achieving £5m annualized cost savings
- Excellent performance from our Life Sciences activities with underlying revenue up by 9%. The successful integration of our two US acquisitions, CTi and LUZ, delivering very positive results and meaningful additional revenues from key customers
 - Patent Translation & Filing delivered a solid performance, following record revenues in 2017. China continued to expand and future growth prospects remain encouraging
 - Patent Information enjoyed a further 11% growth in revenues building upon record revenues in 2017
 - Language Solutions delivered good growth following prior year reorganization which has supported greater collaboration, cross selling and efficiency

Current Trading and Outlook:

- Trading performance since the period end has continued in line with our expectations
- Growth expected to accelerate in the second half, driven by:
 - good organic momentum and a strong sales pipeline
 - accelerating revenue performance at Moravia over the last two months and better than anticipated synergies
 - an improving run rate at Article One Partners
- The important £/US\$ exchange rate has recently moved in the Group's favour and will have a favourable impact on revenues and profits if current rates are maintained
- Net estimated Euro trading exposure hedged at a rate of 1 Euro = 90p to 30 September 2018. US dollar exposure partially hedged via dollar denominated debt

Andrew Brode, Chairman of RWS, commented on outlook:

"RWS has delivered a solid performance over the first half, despite the challenges presented by currency headwinds and we are pleased with the progress we are making with managing the assimilation of Moravia.

"The Group's trading performance since the period end has been in line with our expectations, and we are pleased to see currency headwinds abating. Moravia, in particular, has enjoyed an excellent start to the second half with new client wins since its acquisition, and we are encouraged by good momentum across the Group.

"As the premier global supplier of intellectual property support services, a major force in life sciences and a global player in localization, we are exceptionally well positioned to drive further international expansion.

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

For further information contact:**RWS Holdings plc**

Andrew Brode, Chairman

Richard Thompson, Chief Executive Officer

01753 480200

MHP

Katie Hunt / Simon Hockridge

0203 128 8100

Numis

Stuart Skinner / Kevin Cruickshank (Nominated Adviser)

Michael Burke (Corporate Broker)

0207 260 1000

About RWS:

RWS is the world's leading provider of intellectual property support services (patent translations international patent filing solutions and searches), a market leader in life sciences translations and linguistic validation, a leading localization provider, and a high level specialist language service provider in other technical areas, providing for the diverse needs of a blue-chip multinational client base from Europe, North America and Asia. RWS is based in the UK, with offices in Europe, the USA, China, Japan, Latin America and Australia, and is listed on AIM, the London Stock Exchange regulated market (RWS.L).

For further information, please visit: www.rws.com

This announcement contains inside information, which is disclosed in accordance with the Market Abuse Regulation, which came into effect on 3 July 2016.

Forward-Looking Statements

This announcement contains certain statements that are forward-looking statements. They appear in a number of places through this announcement and include statements regarding our intentions, beliefs or current expectations and those of our officers, directors and employees concerning, amongst other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the business we operate. By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this document and, unless otherwise required by applicable law, the Company undertakes no obligation to update or review these forward-looking statements. Nothing in this announcement should be construed as a profit forecast. The Company and its directors accept no liability to third parties in respect of this document save as would arise under English law.



RWS Holdings plc

Results for the six months to 31 March 2018

Chairman's Statement

I am pleased to report that RWS has delivered a solid performance across the Group and grown sales, profits and dividends despite significant currency headwinds. We have added a market-leading player in localization services, Moravia, to our premier positions in intellectual property support and life sciences services.

Business Overview

RWS is one of the world's leading language solutions providers, focusing on key market segments where the quality of its services is of critical importance to its customers. The Group has a blue chip multinational client base spanning Europe, North America and Asia that is particularly active in the medical, pharmaceutical, chemical, automotive, technology and telecoms industries.

Following the acquisition of Moravia, the Group now operates five divisions, as follows:

- **RWS Patent Translation & Filing** is the world's premier supplier of patent translations and filing solutions. RWS differentiates itself from the competition through the quality of its translations, its high level of Intellectual Property (IP) expertise and customer service and the use of its international web based patent filing platform, 'inovia'. Uniquely the business employs over 100 full time, highly qualified translators.
- **RWS Life Sciences** focuses solely on the language service needs of the life sciences market, providing technical translations and linguistic validation to large pharmaceuticals and clinical research organizations in North America and Europe. This division includes both the CTi and LUZ businesses, which were fully integrated as one business with effect from 1 October 2017.
- **Moravia** is a leading provider of technology-enabled localization services with long term relationships with some of the largest publicly traded technology companies in the world. It addresses its clients' large, complex and time-critical localization requirements, including adapting content, software, websites and applications across more than 160 languages and multiple platforms.
- **RWS Patent Information** 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 as an annual subscription service, and AOP, an innovative IP information business with access to 42,000 researchers globally.
- **RWS Language Solutions** (formerly "Commercial Translations") manages the Group's non-patent and non-life science translations and it remains the division most exposed to competition, with a particular emphasis on technical translations.

Our Strategy

Our strategy is to grow the Group's revenue and net profit by focusing on providing an increasing range of complementary specialist translation and language services to existing and new customers, driving organic growth. This is supplemented by selective acquisitions, providing these are complementary to our existing business and enhance shareholder value.

Organic growth is driven by:

- increases in the worldwide patent filing activities of existing and potential multinational clients
- the development of new drugs by the pharmaceutical industry
- the growing demand for language services through globalization
- the outsourcing by corporates, clinical research organizations, law firms and attorneys of all or part of their foreign patent search, filing, translation, localization and linguistic validation processes
- the Group's ability to attract new clients by virtue of its leading position and reputation, in an otherwise fragmented sector, with whom activity levels typically build up over time
- the Group's ability to expand in new or existing but growing geographies
- leveraging the Group's excellent relationships with clients to promote and expand the sale of other Group services
- the retention of our client base.

Whilst the primary near term focus is on assimilating Moravia and driving synergies across the enlarged Group, we will continue to review selective potential acquisitions in the IP support services and specialist translation spaces that would further accelerate growth. We seek businesses capable of delivering above industry average levels of profitability or highly complementary businesses capable of reinforcing the Group's dominant position in intellectual property support and language services.

We are pleased that our strategy has delivered 14 years of sales, profit and dividend growth since flotation.

Results and Financial Review

The Group has achieved further progress in its underlying operational performance, building upon the record growth experienced in 2017 in the core patent translations business, the information business including PatBase, and in China. Following the acquisition of LUZ in February 2017, our life sciences activities have been integrated and performed exceptionally well. Our most recent acquisition – Moravia - contributed significantly to Group revenues.

Group sales advanced by 82% to £139.6m (H1 2017: £76.6m). Adjusted operating profit before finance income and expenditure, amortization of intangibles and exceptional acquisition costs increased by 60.5% to £30.5m (H1 2017: £19.0m).

Adjusted profit before tax, amortization of intangibles and exceptional acquisition costs increased by 47.4% to £28.6m (H1 2017: £19.4m). This profit included a five-month contribution from Moravia of £4.7m.

Adjusted earnings per share increased by 18.8% to 8.2p (H1 2017: 6.9p).

As at 31 March 2018, shareholders' funds had reached £324.6m (2017: £152.3m), augmented by the £181.9m placing of new shares, net of issue costs, in connection with the acquisition of Moravia. The five year term loan originally drawn down to fund the two life sciences acquisitions (CTi and LUZ) was rolled up into a new five year loan of US\$160m to part fund the Moravia acquisition.

As at 31 March 2018, net debt amounted to £82.8m (H1 2017: £31.8m) comprising the term loan of £107.1m less cash of £24.3m. During the six months ended 31 March 2018, the major cash outlays were the final dividend of £14.2m, income tax of £4.9m and the total Moravia acquisition costs of £242.3m. The Group continued its long record of strong underlying cash generation.

Currency Effects and Hedging

The principal currency markets have continued to display considerable volatility and RWS has experienced significant headwinds as a result. Having previously been highly exposed to the Euro exchange rate, almost two thirds of our revenues are now in US Dollars as a result of our three acquisitions in Life Sciences and Moravia. The negative effect of currency movements on operating profit between the first halves of 2017 and 2018 amounted to £1.8m, on an underlying constant currency basis. For the financial year ending 30 September 2018, the Group's net exposure to the Euro was hedged at the favourable rate of 1 Euro = 90p, but the benefit was marked to market at 30 September 2017. Exposure to the US Dollar is currently partially hedged through the natural hedge provided by the dollar denominated term loan and local entity hedges.

Following the Moravia acquisition, net Euro transactional exposure will be broadly neutral. However, we are reviewing our options in terms of hedging our very significant US Dollar revenues.

Acquisition of Moravia

The Group announced on 3 November 2017 that it had completed the acquisition of Moravia, a Czech based provider of technology-enabled localization services for many of the world's leading technology companies. The cash consideration was US\$320m, which was funded by a £182m share placing, and a US\$160m refinanced loan facility.

The acquisition was in line with our stated strategy of complementing organic growth with selective acquisitions offering growth potential in attractive and complementary sectors and/or geographies.

This key acquisition enhances RWS's global presence, adding operations in the Czech Republic, USA, Japan, China, Argentina and Ireland, whilst adding a further profitable, cash generative business of real scale and confirming the Group's position as a leading global provider of language management services.

Taxation

Following the recent US Tax Reform legislation, we anticipate that the reduction in the Federal tax rate from 35% to 21% will lower our overall tax rate to circa 23% in the current financial year and to 21% in 2019. As previously announced, the change will, therefore, have a material positive impact on earnings per share and cash generation.

Dividend

The Directors have approved an interim dividend of 1.50p per share, representing an increase of 15% over the 2017 interim dividend of 1.30p. This increase reflects both the Group's strong financial position and the Board's belief in further progress. This dividend will be paid on 20 July 2018 to those shareholders on the register on 29 June 2018, and the ex-dividend date is 28 June 2018. The Group remains committed to a progressive dividend policy, which has been adhered to since flotation in November 2003.

Board and Management Changes

Tomas Kratochvil, formerly Chief Executive Officer of Moravia, was appointed as an Independent Non-Executive Director with effect from 28 March 2018, bringing over two decades of experience with Moravia and his deep knowledge of the global localization market to the Board. Tomas has also become a member of RWS's Remuneration Committee.

In January 2018, Paul Danter, formerly EVP, Business Development & Client Services, was appointed as CEO of Moravia. Paul joined Moravia in 2016 with over 17 years of experience in software sales, marketing and product management including in executive level positions at MobileIQ and Argogroup.

In April 2018, Joe Lugo was promoted to become RWS's Chief Operating Officer ("COO"). Prior to this change Joe had been COO of LUZ and more recently COO of RWS Life Sciences, where he has played a pivotal role in the successful integration of CTi and LUZ into the RWS Life Sciences division, continued to drive the growth of the LUZ business and managed last year's acquisition of AOP.

Joe's new role is initially focused on the identification and implementation of best operational practice across the Group. This will include working alongside Paul Danter (Moravia's CEO) to ensure that this business is successfully assimilated into the wider Group, without damaging the unique Moravia ethos that has made the business such a success. As part of the Group's senior management team, Joe will report directly to Richard Thompson.

Operating Review

RWS Patent Translation & Filing

Patent Translation & Filing represented 35% of Group revenues during the period and reported revenues of £49.5m (H1 2017: £49.6m) or 1% growth on an underlying constant currency basis. It delivered adjusted operating profit of £15.5m (H1 2017: £13.5m).

The division delivered a solid performance given its strong comparatives in the prior financial year 2017, when it performed exceptionally well, particularly in its European translation and filing service. In 2018, European sales reverted back to more usual levels offset by 7% growth in the division's other key service, Worldfile.

Growth in Worldfile sales has largely been driven by sales of additional services to existing customers, revenue growth from customers won in prior periods and new customer wins, including a number resulting from cross selling from other divisions.

China has seen further growth in H1 FY 2018 as demand for into-Chinese patent applications from European and North American corporates continues to expand. It is encouraging to note that the acquisition of Moravia has enhanced the Group's reputation in this strategically important market, particularly amongst the larger Chinese corporates.

Tight control over costs and overheads enabled the division to deliver a very strong profit performance on stable revenues.

RWS Life Sciences

Life Sciences represented 19% of Group revenues during the period and grew revenues by 54% to £26.2m (H1 2017: £17.0m) or 9% on an underlying basis (constant currency and adjusting for LUZ). It delivered adjusted operating profit of £8.0m (H1 2017: £3.7m).

The division performed strongly in the first half benefitting from good revenue growth in its key markets and the full period impact of LUZ, acquired in February 2017, partly offset by adverse exchange rates as the US\$ weakened against the GBP.

As previously reported, the integration of CTi and LUZ was completed in September 2017 and the division is now beginning to see the benefits of this action, with better utilization of operational resources, which combined with a full six months of the higher margin LUZ business helped to drive a 251bp gross margin improvement.

The division is continuing to expand and has increased its investment in China and Japan initially to support existing clients but with a view to developing the local market.

Moravia: An RWS Company

The Moravia business was acquired in November 2017 and the results reported for this business cover the five months of trading since then. However, to help understand the results of Moravia, pro forma comparative revenue for the first half of 2017 has been provided below.

Moravia's five-month contribution represented 37% of Group revenues during the period and it grew revenues by 9% to \$71.5m (pro forma for the same five months in 2017: \$65.9m). It contributed adjusted operating profit of £4.7m.

The good sales growth of 9% was despite the largely anticipated reduction in volumes at one of its top five customers, excluding which sales across the division were up 17% reflecting an average of 20% growth across its other four top customers.

Despite this good start to RWS's ownership, the division's performance was not as strong as we had anticipated due principally to a negative impact from foreign exchange movements as a result of over 95% of its revenue being in US\$, whilst the majority of the cost base is in Euro and CZK, a slower increase in activity than expected from a small number of clients and a higher cost base

than we had originally expected. However, we are encouraged by Moravia's first half client wins, improving levels of activity with existing clients and its pipeline of new opportunities, which have led to an excellent revenue performance in the last two months. We are also pleased to see that Moravia is already benefitting from the cross pollination of sales opportunities from the rest of the Group.

In addition, the integration process is proceeding well and we have identified a higher level of synergies than previously expected, which we now anticipate will achieve annualized cost savings of c.£5m delivered incrementally over the second half and beyond.

As previously reported, Moravia is being managed as a separate division within RWS; Paul Danter has been appointed as CEO, the management team has been restructured and operational responsibilities realigned, resulting in a leaner, faster reacting division. We are already seeing the benefits of the changes as intra division communication improves and cost savings are identified and realized.

The division's Life Sciences business is currently being integrated into RWS Life Sciences. This work is well advanced, is in line with our timetable and will be completed by September 2018. Similarly, the assimilation of the wider Moravia division into RWS is successfully moving forward and will again be complete by the end of the year.

RWS Patent Information

The Group's intellectual property information business (including PatBase) continued to deliver excellent growth with sales of £4.8m in the period (H1 2017: £3.8m) and now represents 4% of Group revenues. Revenues from our search activities were 9.9% ahead of the comparative period in 2017 and revenues at PatBase, our high margin subscription-only database service, advanced 7.4% over the same period. The Article One Partners ("AOP") business purchased in September 2017 generated revenue of £0.8m in the period.

The integration of AOP into the RWS Patent Information division is on schedule and will be completed by September 2018. This acquisition provides the Group with additional crowd sourced service offerings, enabling the Group to provide IP searches from within the US for the first time, and has a unique operating platform which is being rolled out across the division.

The cost structure of the AOP business has been realigned during the period, which is expected to result in the business becoming profitable in the fourth quarter of our current financial year.

In the first half, the division recorded an adjusted operating profit of £1.7m (including a loss at AOP of £0.6m) compared with a £2.0m profit in the first half of 2017.

RWS Language Solutions

Language Solutions represented 5% of Group revenues during the period and grew revenues by 11% to £7.0m (H1 2017: £6.3m). It delivered adjusted operating profit of £0.6m (H1 2017: £0.3m).

In September 2017, this division was reorganized and the three businesses that had previously been classified as 'Commercial Translations' were rebranded as 'RWS Language Solutions' and brought under one divisional management structure. The positive results of this change are already becoming apparent with an encouraging growth in sales and profit.

Language Solutions' performance was driven by a combination of new customer wins, sales expansion with existing clients, and the realization of the benefits of sharing operational resource across the division, which has improved utilization and delivered improved margins.

The division has also benefited from sales referrals from other RWS Divisions, particularly Moravia, which have helped boost the Group's small interpreting business.

Market and Regulatory Update

Patent Filing Statistics

The World Intellectual Property Organisation (WIPO) recently published figures showing a 4.5% increase in the 2017 PCT Filings to 243,500. Applicants from the USA remain the largest filers under the PCT system, but the strongest growth came from China and Japan, with WIPO forecasting that China will overtake the USA in 2020. The European Patent Office (EPO) has also issued its 2017 Annual Report which shows that the total number of European Patent Filings increased by 4.4% to 310,784. The WIPO and EPO statistics are both at new record levels.

European Union Patent

We now anticipate that the proposed European Union Patent ("the Unitary Patent") will come into effect in the first quarter of calendar 2019 at the earliest. Whilst the UK has now ratified the new Unified Patent Court (UPC) Agreement and the Unitary Patent, the Brexit negotiations may influence implementation.

Implementation requires ratification by the three most important (for patenting activities) countries i.e. Germany, France and the UK. We understand that ratification by Germany is currently delayed by a challenge before the German Constitutional Court

The proposed Unitary Patent will run in parallel with the current system, thus affording applicants a clear choice. We expect our clients to tailor their patenting strategies as they observe the Unitary Patent in action and to decide which of the two systems they prefer.

People

The Group's activities remain labour intensive but with increasing support from technological advances. We are, therefore, highly reliant upon the skills, dedication and commitment of all of our staff, who are driven by the demands for excellent quality and timely delivery required by our clients. The Group's Full time Equivalents ("FTEs") reached 2,374 (2017: 908) at 31 March 2018, which includes Moravia's FTEs of 1,409.

Current Trading and Outlook

The Group has delivered a solid performance over the first half, despite the challenges presented by currency headwinds and we are pleased with the progress we are making with managing the assimilation of Moravia.

The Group's trading performance since the period end has been in line with our expectations, and we are pleased to see currency headwinds abating. Moravia, in particular, has enjoyed an excellent start to the second half with new client wins since its acquisition, and we are encouraged by good momentum across the Group. The Board believes that our premier positions in intellectual property support services, life sciences and, most recently, localization, provide an excellent platform for further global expansion.

Whilst our primary near term focus is on the continuing assimilation of Moravia and driving synergies across the enlarged Group, the Group's robust financial position and strong cash generation provide the support for both organic and acquisitive growth.

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

Andrew Brode
Chairman

7 June 2018

RWS Holdings plc

Condensed Consolidated Statement of Comprehensive Income

		Unaudited 6 months ended	Unaudited 6 months ended	Audited Year ended
	Note	31 March 2018 £'000	31 March 2017 £'000	30 September 2017 £'000
Revenue	2	139,561	76,615	164,040
Cost of sales		(84,658)	(43,114)	(92,269)
Gross profit		54,903	33,501	71,771
Administrative expenses		(34,717)	(19,537)	(37,790)
Operating profit		20,186	13,964	33,981
Analysed as:				
Operating profit before charging:		30,525	19,012	43,405
Amortization of acquired intangibles		(3,668)	(2,682)	(6,574)
Acquisition costs		(6,671)	(2,366)	(2,850)
Operating profit		20,186	13,964	33,981
Finance income	3	36	720	973
Finance expense	3	(1,938)	(358)	(1,088)
Profit before tax		18,284	14,326	33,866
Taxation expense		(5,699)	(3,669)	(9,306)
Profit for the period	2	12,585	10,657	24,560
Other comprehensive income *				
Exchange (loss)/gain on retranslation of foreign operations		(13,822)	2,524	(4,702)
Total other comprehensive income		(13,822)	2,524	(4,702)
Total comprehensive income attributable to:				
Owners of the parent		(1,237)	13,181	19,858
Basic earnings per Ordinary share (pence per share)	5	4.7	4.9	11.0
Diluted earnings per Ordinary share (pence per share)	5	4.7	4.8	10.9

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

RWS Holdings plc

Condensed Consolidated Statement of Financial Position

	Note	Unaudited at 31 March 2018 £'000	Unaudited at 31 March 2017 £'000	Audited at 30 September 2017 £'000
Assets				
Non-current assets				
Goodwill		313,067	99,060	101,108
Intangible assets		48,810	57,720	48,787
Property, plant and equipment		22,662	17,907	18,147
Deferred tax assets		1,456	1,858	1,475
		385,995	176,545	169,517
Current assets				
Trade and other receivables		67,679	38,013	41,682
Foreign exchange derivatives		4,091	34	281
Cash and cash equivalents	6	24,312	16,193	20,064
		96,082	54,240	62,027
Total assets		482,077	230,785	231,544
Liabilities				
Current liabilities				
Loans		22,534	9,600	8,955
Trade and other payables		42,597	24,990	27,689
Income tax payable		5,324	3,721	2,748
Provisions		82	80	82
		70,537	38,391	39,474
Non-current liabilities				
Loans		84,558	38,400	31,343
Other payables		30	30	30
Provisions		346	340	297
Deferred tax liabilities		1,342	1,343	1,515
		86,276	40,113	33,185
Total liabilities		156,813	78,504	72,659
Total net assets		325,264	152,281	158,885
Equity				
Capital and reserves attributable to owners of the parent				
Share capital		2,732	2,279	2,293
Share premium		232,104	48,827	50,718
Share based payment reserve		526	875	526
Reverse acquisition reserve		(8,483)	(8,483)	(8,483)
Foreign currency reserve		(8,407)	12,641	5,415
Retained earnings		106,792	96,142	108,416
Total equity		325,264	152,281	158,885

RWS Holdings plc

Condensed Consolidated Statement of Changes in Equity

	Share capital £'000	Share premium £'000	Other reserves (see below) £'000	Retained earnings £'000	Total equity attributable to owners of the parent £'000
At 30 September 2016 (audited)	2,157	8,947	2,509	95,087	108,700
Profit for the period	-	-	-	10,657	10,657
Currency translation differences	-	-	2,524	-	2,524
Total Comprehensive income for the period at 31 March 2017	-	-	2,524	10,657	13,181
Issue of shares	122	39,880	-	-	40,002
Dividends	-	-	-	(9,602)	(9,602)
At 31 March 2017 (unaudited)	2,279	48,827	5,033	96,142	152,281
Profit for the period	-	-	-	13,903	13,903
Currency translation differences	-	-	(7,226)	-	(7,226)
Total Comprehensive income for the period at 30 September 2017	-	-	(7,226)	13,903	6,677
Issue of shares	14	1,891	-	-	1,905
Deferred tax on unexercised share options	-	-	-	394	394
Income tax on unexercised share options	-	-	-	598	598
Dividends	-	-	-	(2,970)	(2,970)
Exercise of share options	-	-	(349)	349	-
At 30 September 2017 (audited)	2,293	50,718	(2,542)	108,416	158,885
Profit for the period	-	-	-	12,585	12,585
Currency translation differences	-	-	(13,822)	-	(13,822)
Total Comprehensive income for the period at 31 March 2018	-	-	(13,822)	12,585	(1,237)
Issue of shares	439	181,386	-	-	181,825
Dividends	-	-	-	(14,209)	(14,209)
At 31 March 2018 (unaudited)	2,732	232,104	(16,364)	106,792	325,264

	Share based payment reserve £'000	Reverse acquisition reserve £'000	Foreign currency reserve £'000	Total other reserves £'000
At 30 September 2016 (audited)	875	(8,483)	10,117	2,509
Currency translation differences	-	-	2,524	2,524
Other Comprehensive income for the period at 31 March 2017	-	-	2,524	2,524
At 31 March 2017 (unaudited)	875	(8,483)	12,641	5,033
Currency translation differences	-	-	(7,226)	(7,226)
Other Comprehensive income for the period at 30 September 2017	-	-	(7,226)	(7,226)
Exercise of share options	(349)	-	-	(349)
At 30 September 2017 (audited)	526	(8,483)	5,415	(2,542)
Currency translation differences	-	-	(13,822)	(13,822)
Other Comprehensive income for the period at 31 March 2018	-	-	(13,822)	(13,822)
At 31 March 2018 (unaudited)	526	(8,483)	(8,407)	(16,364)

RWS Holdings plc

Condensed Consolidated Statement of Cash Flows

	Note	Unaudited 6 months ended 31 March 2018 £'000	Unaudited 6 months ended 31 March 2017 £'000	Audited Year ended 30 September 2017 £'000
Cash flows from operating activities				
Profit before tax		18,284	14,326	33,866
Adjustments for:				
Depreciation of property, plant and equipment		1,297	583	1,171
Amortization of intangible assets		4,497	2,704	6,709
Finance income		(36)	(720)	(973)
Finance expense		1,938	358	1,088
Operating cash flow before movements in working capital and provisions		25,980	17,251	41,861
Increase in trade and other receivables		(4,733)	(5,023)	(8,019)
(Decrease)/increase in trade and other payables		(5,891)	2,452	4,244
Cash generated from operating activities		15,356	14,680	38,086
Income tax paid		(4,928)	(4,821)	(9,687)
Net cash inflow from operating activities		10,428	9,859	28,399
Cash flows from investing activities				
Interest paid		(1,285)	(274)	(1,009)
Interest received		36	5	11
Acquisition of subsidiary, net of cash acquired	7	(242,312)	(68,961)	(74,834)
Purchases of property, plant and equipment		(1,090)	(615)	(1,495)
Purchases of intangibles		(2,775)	(680)	(728)
Net cash outflow from investing activities		(247,426)	(70,525)	(78,055)
Cash flows from financing activities				
Proceeds from borrowings		120,301	21,000	21,000
Transaction costs related to loans and borrowings		(1,614)	-	-
Repayment of borrowings		(46,236)	(3,560)	(8,159)
Proceeds from the issue of share capital, net of share issue costs		181,825	40,002	41,907
Dividends paid		(14,209)	(9,602)	(12,572)
Net cash inflow from financing activities		240,067	47,840	42,176
Net increase/(decrease) in cash and cash equivalents		3,069	(12,826)	(7,480)
Cash and cash equivalents at the beginning of the period		20,064	27,910	27,910
Exchange gains/(losses) on cash and cash equivalents		1,179	1,109	(366)
Cash and cash equivalents at the end of the period	6	24,312	16,193	20,064
Free cash flow				
Analysis of free cash flow				
Net cash generated from operating activities		15,356	14,680	38,086
Net interest paid		(1,249)	(269)	(998)
Income tax paid		(4,928)	(4,821)	(9,687)
Purchases of property, plant and equipment		(1,090)	(615)	(1,495)
Purchases of intangibles		(2,775)	(680)	(728)
Free cash flow		5,314	8,295	25,178

RWS Holdings plc

Notes to the Condensed Consolidated Financial Statements

1 Accounting policies

Basis of preparation

The interim financial statements were approved by the Board of Directors on 6 June 2018. The interim results for the half years ended 31 March 2018 and 31 March 2017 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 2017.

The Group's statutory accounts for the year ended 30 September 2017 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 and disclosure principles are followed in these condensed consolidated financial statements as were applied in the Group's latest annual audited financial statements unless otherwise stated.

2 Segmental reporting

Following the acquisition of Moravia the Board monitors and manages the Group in five reportable segments and assesses these segments based on revenue and profit/(loss) from operations. The five segments are:

* RWS Patent Translation & Filing division providing patent and technical document translation and filing services in the UK, USA, Continental Europe, Japan, China and Australia

* Patent Information division which offers a full range of patent search, retrieval and monitoring services as well as a comprehensive patent database service accessible by subscribers, known as PatBase.

* Life Sciences division providing technical translations and linguistic validation to the Medical and Pharmaceutical sector.

* RWS Language Solutions division which provides non-patent or non-life science technical translations.

* Localization division (Moravia)

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

The segment results for the six months ended 31 March 2018 are as follows:

	Patent Translation & Filing £'000	Patent Information £'000	Life Sciences £'000	Language Solutions £'000	Moravia £'000	Unallocated £'000	Group £'000
Revenue	49,468	4,813	26,158	6,979	52,143	-	139,561
Operating profit before charging:	15,489	1,724	8,018	601	4,674	19	30,525
Amortization of acquired intangibles	(479)	(72)	(2,985)	(132)	-	-	(3,668)
Acquisition costs	-	-	-	-	-	(6,671)	(6,671)
Operating profit/(loss)	15,010	1,652	5,033	469	4,674	(6,652)	20,186
Finance income							36
Finance expense							(1,938)
Profit before tax							18,284
Taxation							(5,699)
Profit for the period							12,585
Segment assets	67,730	14,458	124,798	13,137	258,400	3,554	482,077
Segment liabilities	13,636	4,586	44,257	2,041	88,700	3,593	156,813
Net assets/(liabilities)	54,094	9,872	80,541	11,096	169,700	(39)	325,264

RWS Holdings plc

Notes to the Condensed Consolidated Financial Statements (continued)

The segment results for the six months ended 31 March 2017 (restated) were as follows:

	Patent Translation & Filing £'000	Patent Information £'000	Life Sciences £'000	Language Solutions £'000	Moravia £'000	Unallocated £'000	Group £'000
Revenue	49,611	3,750	16,998	6,256	-	-	76,615
Operating profit/(loss) before charging:	13,543	1,980	3,667	326	-	(504)	19,012
Amortization of acquired intangibles	(554)	(72)	(1,872)	(184)	-	-	(2,682)
Acquisition costs	-	-	-	-	-	(2,366)	(2,366)
Operating profit/(loss)	12,989	1,908	1,795	142	-	(2,870)	13,964
Finance income							720
Finance expense							(358)
Profit before tax							14,326
Taxation							(3,669)
Profit for the period							10,657
Segment assets	71,096	6,964	138,169	11,848	-	2,708	230,785
Segment liabilities	13,625	4,203	58,053	1,655	-	968	78,504
Net assets/(liabilities)	57,471	2,761	80,116	10,193	-	1,740	152,281

The segment results for the year ended 30 September 2017 (restated) were as follows:

	Patent Translation & Filing £'000	Patent Information £'000	Life Sciences £'000	Language Solutions £'000	Moravia £'000	Unallocated £'000	Group £'000
Revenue	97,766	7,700	45,347	13,227	-	-	164,040
Operating profit/(loss) before charging:	27,270	4,100	11,986	959	-	(910)	43,405
Amortization of acquired intangibles	(1,066)	(143)	(4,994)	(371)	-	-	(6,574)
Acquisition costs	-	-	-	-	-	(2,850)	(2,850)
Operating profit/(loss)	26,204	3,957	6,992	588	-	(3,760)	33,981
Finance income							973
Finance expense							(1,088)
Profit before tax							33,866
Taxation							(9,306)
Profit for the year							24,560
Segment assets	67,926	12,557	131,274	14,132	-	5,655	231,544
Segment liabilities	14,229	4,350	50,344	3,003	-	733	72,659
Net assets	53,697	8,207	80,930	11,129	-	4,922	158,885

3 Finance income and expense

	6 months ended 31 March 2018 £'000	6 months ended 31 March 2017 £'000	Year ended 30 September 2017 £'000
Finance income			
- Returns on short-term deposits	36	5	11
- Movement in the fair value of foreign currency contracts	-	715	962
Finance expense			
- Bank interest payable	(1,867)	(358)	(1,088)
- Movement in the fair value of foreign currency contracts	(71)	-	-
Net finance (expense)/income	(1,902)	362	(115)

RWS Holdings plc

Notes to the Condensed Consolidated Financial Statements (continued)

4 Dividends

	6 months ended 31 March 2018		6 months ended 31 March 2017		Year ended 30 September 2017	
	pence per share	£'000	pence per share	£'000	pence per share	£'000
Interim paid July	-	-	-	-	1.30	2,970
Final paid February	5.20	14,209	4.45	9,602	4.45	9,602
Dividends paid to shareholders	5.20	14,209	4.45	9,602	5.75	12,572

An interim dividend of 1.50 pence per Ordinary share will be paid on 20 July 2018 to Shareholders on the register at 29 June 2018. This dividend, declared by the Directors after the balance sheet date, has not been recognized in these financial statements as a liability at 31 March 2018. The interim dividend will reduce shareholders' funds by an estimated £4.1 million.

5 Earnings per Ordinary share

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

	6 months ended 31 March 2018		6 months ended 31 March 2017		Year ended 30 September 2017	
	Earnings £'000	EPS Pence	Earnings £'000	EPS Pence	Earnings £'000	EPS Pence
Profit for the period	12,585	4.7	10,657	4.9	24,560	11.0
Adjustments:						
Amortization of acquired intangibles	3,668	1.3	2,682	1.2	6,574	2.9
Acquisition costs	6,671	2.5	2,366	1.1	2,850	1.3
Tax effect of adjustments	(828)	(0.3)	(714)	(0.3)	(1,972)	(0.9)
Adjusted earnings	22,096	8.2	14,991	6.9	32,012	14.3
Diluted earnings	12,585	4.7	10,657	4.8	24,560	10.9
Adjusted diluted earnings	22,096	8.2	14,991	6.8	32,012	14.2

Basic earnings per share of 4.7p 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 2018	Number of shares 6 months ended 31 March 2017	Number of shares Year ended 30 September 2017
Weighted average number of Ordinary shares in issue for basic earnings	269,032,021	218,620,204	223,735,513
Dilutive impact of share options	1,489,455	2,297,486	1,539,927
Weighted average number of Ordinary shares for diluted earnings	270,521,476	220,917,690	225,275,440

6 Cash and cash equivalents

	at 31 March 2018 £'000	at 31 March 2017 £'000	at 30 September 2017 £'000
Cash at bank and in hand	20,902	15,232	19,227
Short-term deposits	3,410	961	837
Cash and cash equivalents in the cash flow statement	24,312	16,193	20,064

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.

RWS Holdings plc

Notes to the Condensed Consolidated Financial Statements (continued)

7 Acquisition of Moravia

On 3 November 2017, the Group acquired the entire issued share capital of Moravia US Holding Co, Inc and Moravia LUX Holding Company Sarl (together "Moravia"), a leading provider of technology-enabled localization services for a cash consideration of US\$320 million plus certain other adjustments and transaction costs. These were funded by a £182 million cash placing of new ordinary shares and a new US\$160 million loan which refinanced the Group's existing facility.

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

	Book and Provisional fair values £'000
Net assets acquired:	
Property, plant and equipment	8,409
Trade and other receivables	25,075
Cash and cash equivalents	8,326
Trade and other payables	<u>(21,981)</u>
	19,829
Goodwill	<u>230,809</u>
Total consideration	<u>250,638</u>
Satisfied by:	
Cash	128,351
Loan	<u>122,287</u>
	250,638
Cash flow:	
Total consideration	250,638
Cash included in undertaking acquired	<u>(8,326)</u>
Net cash consideration in cash flow statement	<u>242,312</u>

The identification of intangible assets within the Goodwill balance had not been ascertained at the publication date of this report hence there has been no amortization of such assets as at 31 March 2018.

Moravia contributed £52.1 million revenue and £3.8 million to the Group's profit after tax for the year between the date of acquisition and the balance sheet date.

Acquisition costs of £6.7 million have been charged through the Statement of Comprehensive Income.

8 Events since the reporting date

No significant events have occurred since 31 March 2018 as at the date of authorizing these financial statements.
