



Thursday, 1 December 2011

## ANITE PLC

### Half year results for the six months ended 31 October 2011

Anite plc ("Anite" or "the Company" or "the Group"), the leading provider of software solutions to the international wireless and leisure travel industries, today announces its half year results for the six months ended 31 October 2011.

#### Financial highlights (adjusted)<sup>1</sup>:

- Revenue up 33% to £56.2m (2010: £42.3m)
- Operating profit up 59% to £11.8m (2010: £7.4m)
- Operating margin of 21.0% (2010: 17.5%)
- Profit before tax up 69% to £11.0m (2010: £6.5m)
- Basic earnings per share up 75% to 2.8p (2010: 1.6p)
- Net cash of £12.6m (April 2011: £27.7m; October 2010: £28.4m), following settlement of £21.6m currency swap liability
- Interim dividend up 19% to 0.375p per share (2010: 0.315p per share)

#### Statutory results:

- Revenue from continuing operations of £56.2m (2010: £42.3m)
- Operating profit from continuing operations of £8.8m (2010: £7.0m)
  - includes share based payments charge of £1.0m (2010: credit £1.3m)
- Profit from continuing operations before tax of £8.5m (2010: £6.1m)
- Profit for the period of £6.0m (2010: £4.3m)
- Basic earnings per share 2.1p (2010: 1.5p); diluted earnings per share 1.9p (2010: 1.4p)

#### Operating highlights:

- Group Orders:
  - Intake up 65% to £63.8m (2010: £38.6m)
  - Closing order book £92.5m (30 April 2011: £84.9m; 31 October 2010: £58.6m)
  - Book to bill ratio 1.1 (2010: 0.9)
- Wireless:
  - Strong demand in Handset Testing for LTE (4G) and 2G/3G
  - Strong growth in Conformance Testing and Interoperability Testing products
  - Wireless represented 84% of Group revenue (2010: 77%)
  - LTE represented 45% of Handset Testing revenue (2010: 24%)
  - Invex benchmarking product launched towards end of the first half
- Travel:
  - Progress on major @com developments
  - Strong order intake, increased backlog of contracted orders and growing pipeline

<sup>1</sup>Adjusted results are for continuing operations before share-based payments, amortisation of acquired intangible assets, other gains and losses and recycled hedge losses.

**Christopher Humphrey, Chief Executive, said:**

“Anite had a great first half. Both revenue and adjusted operating profit were well ahead of the Board’s original expectations. As a result, we are confident we will be able to report significant growth for the year as a whole.

“We believe that our positioning in the wireless testing market and the development of both the LTE and interoperability testing markets will provide the Group with opportunities for sustainable growth in the coming years.”

**For further information, please contact:**

**Anite plc**

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Richard Amos, Group Finance Director

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***An analysts' meeting will be held today at 9.15 for 9.30 a.m. at the London Stock Exchange, 10 Paternoster Square, London, EC4M 7LS***

**Notes to editors**

Anite is an international software and solutions company focused on the provision of test and operational systems in the wireless market and reservation and e-commerce solutions to the leisure travel industry.

Anite's solutions, which have developed from its comprehensive sector knowledge, are based around the supply of Anite-owned software products. The full range of services Anite delivers to its customers – which include implementation systems, integration and maintenance and managed services – enables it to maximise customer satisfaction. With its headquarters in the UK, Anite employs around 500 staff in 14 countries across Europe, America, Asia and the Middle East.

*This interim statement contains forward-looking statements. These forward-looking statements are not guarantees of future performance. Rather, they are based on current views and assumptions and involve known and unknown risks, uncertainties and other factors that may cause actual results to differ from any future results or developments expressed or implied from the forward-looking statements. Each forward-looking statement speaks only as of the date of the particular statement and, save to the extent required by the applicable law or regulation, we do not undertake any obligation to update or renew any forward-looking statement.*

## Half year results for the six months ended 31 October 2011

*All references to adjusted profit relate to continuing operations for the period before share-based payments, amortisation of acquired intangible assets, other gains and losses and recycled hedge losses. See the attached income statement and notes for details. A reconciliation of adjusted results to reported statutory results is given in the Financial Review.*

### HALF YEAR OVERVIEW

#### Introduction

Anite had an excellent first half of the current financial year recording a strong financial performance and making progress in each of its three businesses.

We are starting to realise benefits of the emerging opportunities from the development and roll-out of 4G ('LTE') technology. Although we believe that these opportunities remain at a relatively early stage, it was very encouraging to see the Handset Testing business achieving growth in revenues and profits in the period which were ahead of our expectations. Network Testing will be a later beneficiary of the LTE roll-out programme and is well positioned to take advantage of that phase.

We are encouraged by the record order book the Travel business has reported and the progress made on delivering the major projects currently under contract. Growth in this business is dependent on securing new contracts and in that regard we are also encouraged by the pipeline of new opportunities that is healthier than at any time in recent years; overall, Travel continues to make progress towards an inflexion point in its performance.

We will continue to invest in our products and markets to maintain leadership and deliver sustainable growth.

#### Group results summary

Overall half year results were strong with significant growth in revenue and adjusted operating profit. Revenue grew by 33% to £56.2m (2010: £42.3m) with Handset Testing the significant contributor as its revenue grew 68% to £34.7m (2010: £20.6m).

Group order intake was up 65% to £63.8m (2010: £38.6m). Each of the businesses achieved a book-to-bill ratio greater than 1.0, with Travel reporting a ratio of 1.7 (2010: 0.8) as it took £15.3m of orders, mainly extensions to existing contracts.

Adjusted operating profit was £11.8m (2010: £7.4m) with adjusted operating margins of 24% reported by the Wireless division (2010: 22%) and 18% by the Travel division (2010: 15%). After finance costs of £0.8m (2010: £0.9m), adjusted profit before tax was £11.0m (2010: £6.5m).

Adjusted basic earnings per share increased 75% to 2.8p (2010: 1.6p).

Anite has a strong balance sheet with net cash resources and financial flexibility provided by significant undrawn bank facilities. Net cash as at 31 October 2011 was £12.6m (April 2011: £27.7m; October 2010: £28.4m). The reduction in net cash reflects the settlement in the period of the liability on the currency swap which was capped in April 2010 at a maximum liability of £21.6m.

Towards the end of the period, the Group extended its financial flexibility by signing a new revolving bank facility that provides £20m of additional debt capacity for five years. This new facility is in addition to the existing £5m overdraft facility. The new revolving credit facility and the overdraft remain undrawn at 31 October 2011.

#### Dividend

Reflecting its confidence in the Group's prospects, the Board has declared an interim dividend of 0.375p per share (2010: 0.315p) representing a 19% increase. The dividend will be paid on 17 February 2012 to shareholders on the register at 27 January 2012.

**Outlook**

Following the strong start to the year the Board's expectations for full year revenue and profit have increased, as reported in the recent Trading Update, and are anticipated to show a significant increase over last year. Whilst recognising that the growth rate achieved in the first half was exceptional, the Board's confidence reflects the expectation of continued growth in demand in the wireless testing market balanced against the potential risks and challenges presented by the volatile global macro-economic climate.

Expectations for Handset Testing are tempered by the current pipeline visibility for that business. At this stage, we expect its second half performance will be similar to the first half. In addition, we expect both Network Testing and Travel to improve their performances in the second half. In Network Testing, this is expected to be driven by sales of the Invex 4G product that we launched at the end of the first half. Travel's currently contracted business supports a continuation of recent financial performance, with improvement dependent on conversion of prospects currently in the sales pipeline. Overall, we therefore expect that the second half will show significant growth in Group revenue and profit over the comparative period last year.

In summary, the Handset Testing business is far better positioned for the emerging 4G opportunity than it was at the start of the 3G technology phase, both in terms of market position and product offering. We believe that our positioning in the wireless testing market as a whole and the development of both the LTE and interoperability testing markets will provide the Group with opportunities for sustainable growth in the coming years.

**Clay Brendish** Chairman

**Christopher Humphrey** Chief Executive

**30 November 2011**

## **OPERATING REVIEW**

Anite's operations comprise two divisions: Wireless and Travel. The Wireless division is made up of two separately managed businesses: Handset Testing and Network Testing.

The overall results for the Group show a strong performance in the first half of this year compared to the same period last year, specifically in Handset Testing.

### **Wireless performance**

#### **Handset Testing**

The results for the Handset Testing business for the period show that order intake increased by 74% to £35.4m (2010: £20.3m), revenue increased by 68% to £34.7m (2010: £20.6m), and adjusted operating profit increased by £5.5m to £9.0m (2010: £3.5m).

The period has been characterised by strong demand for handset testing products as the roll-out of LTE technology continues to gather pace. Driven by continued investment in networks over the period, including the expansion of Verizon's coverage from 55 to 179 US markets, the launch of AT&T's LTE network and investment both inside and outside China in the "TDD" variant of the LTE technology, the handset and chipset manufacturers are starting to deliver more LTE compatible devices and hence are requiring more testing equipment. The period did benefit from a large consolidated annual order from one customer, but adjusting for this, underlying growth was still strong.

Growth in LTE revenues continued to be the main driver of Handset Testing growth, rising to £15.6m in the period (2010: £5.0m), and now represents 45% of overall Handset Testing revenue. However, revenues for 2G/3G technologies also increased by 22% to £19.1m (2010: £15.6m).

The growth in our 2G/3G technology revenues was not forecast. This partly reflects handset manufacturers investing in increased capacity to test the 3G capability of LTE compatible devices as existing capacity is taken up testing 2G/3G compatible devices that continue to dominate the volumes of new devices being launched globally. However, it also reflects growth that we are achieving in Interoperability Testing which covers testing for all devices supplied for use on a specific operator's networks regardless of whether they are 2G, 3G or LTE. Interoperability Testing has become an increasingly important part of our Handset Testing business, now accounting for over one third of its revenues.

Conformance Testing remains our most significant product, although our market opportunity in LTE conformance testing remains at a very early stage. We retain our market leadership in conformance testing with 330 validated test cases. The gap between Anite and its competition is closing, as we had anticipated, as the "FDD" variant of the LTE standard becomes more mature. However our early collaboration work with handset manufacturers in verifying the tests has cemented us as the thought leader in this field.

Net revenue margin (revenue less third-party hardware cost) fell to 72% compared to 77% in the same period last year. This was due to the anticipated impact of changes in product mix with a higher proportion of hardware sales and a lower proportion of maintenance revenue occurring during the current phase of LTE. After fixed costs, net operating margin increased to 26% (2010: 17%).

Investment in R&D has increased in the period as we accelerated development of our LTE products to keep pace with the market dynamics. The R&D charge to the income statement was £5.9m in the period (2010: £4.2m) including £0.6m amortisation of previously capitalised costs (2010: £0.6m). An additional £1.0m of development cost was capitalised in the period (2010: £1.0m) reflecting investment incurred in maintaining our market lead in conformance test scripts.

Other fixed costs in Handset Testing have increased from £8.2m last year to £10.1m to support the increased sales volumes and installed base of systems.

Handset Testing normally has a revenue and profit profile that is biased to the second half of the year. However, based on the current pipeline visibility that we have in this area and given the smoothing

impact of the exceptional first half order referred to above, we currently believe that second half revenue and profit performance in Handset Testing will be similar to that achieved in the first half.

### **Network Testing**

Network Testing order intake for the period was up 20% at £13.1m (2010: £10.9m) and revenue up 6% to £12.7m (2010: £12.0m) although adjusted operating profit was down 28% to £2.6m (2010: £3.6m).

The network testing market has continued at the overall level seen in the second half of last year and revenue and adjusted operating profit for the period are, as expected, broadly consistent with that period. Comparison to the first half of last year is impacted by a number of factors, most notably the inclusion this year of the overhead costs acquired with the Invex product line in January 2011. This has had the impact of temporarily reducing profitability in the business in the first half, as revenue from the Invex product in the period was minimal, with the new product only fully launched during the latter part of the second quarter.

Net revenue margin fell to 70% (2010: 75%). The fall is magnified because of an unusually high comparative margin last year. A decline from a more typical 72% was due mainly to a change in sales mix.

The income statement charge for investment in R&D in Network Testing increased to £1.8m (2010: £1.1m) including £0.1m amortisation of capitalised costs (2010: £nil), with the increase reflecting the investment in the Invex products acquired. In addition, £0.3m of R&D costs (2010: £nil) were capitalised in relation to the development of the benchmarking product.

Other fixed costs in Network Testing increased by £0.2m to £4.5m (2010: £4.3m). The increase reflects the non R&D elements of the cost base that was taken on with the Invex acquisition.

The investments that we have been making over the last couple of years in Network Testing including the acquisition of Invex have, we believe, positioned us strongly within the market and in particular in respect of LTE tools. The market for these is not anticipated to develop in any material way until late 2012; however our early investment is building industry credibility and ensuring that we are well positioned when the opportunity arises. We have also greatly strengthened our North American presence as a result of the Invex acquisition.

We expect sales from the Invex benchmarking product to accelerate in the second half of this year. As a result, we anticipate that the second half will be better than the first half and our expectation is that full year Network Testing profit will be in line with that achieved last year.

### **Travel**

Travel order intake in the period more than doubled to £15.3m (2010: £7.4m) albeit revenue fell by 9% to £8.8m (2010: £9.7m). Adjusted operating profit was £1.6m (2010: £1.5m). The order book of contracted but undelivered revenue at the period end was £69.7m (30 April 2011: £63.2m, 31 October 2010: £46.8m).

The order intake in the period was predominantly multi-year extensions to existing contracts and as such, the majority of revenue from these orders will not be realised this financial year. However, of the £69.7m order-book at the period end, approximately £8m is expected to be delivered in the second half of this financial year.

During the first half of the year Travel made progress on the development element of the TUI UK contract which was signed in April 2011. The TUI Central Europe @com deployment is now fully operational and moving into a normal support and maintenance phase. During the period further development work has been delivered to TUI Central Europe to add additional functionality.

Progress has also been made on other smaller deployments of the @com system. Overall @com revenue represented 62% of first half Travel revenue (2010: 51%).

The net revenue percentage was 97% (2010: 96%), with Travel fixed costs reducing by £0.9m to £6.9m (2010: £7.8m), partly due to reduced headcount and partly due to foreign exchange gains of £0.3m compared to the prior period. Net operating margins in Travel increased to 18% (2010: 15%).

The Travel division continues to have a strong backlog of contracted orders and the pipeline of sales prospects is healthier than it has been for some considerable time. Given the difficult macro-economic backdrop, sales cycles in this market may be less predictable. However, we expect that some of the current opportunities will result in second half orders, leading to financial performance in line with that achieved in the second half of last year.

We continue to work to optimise the Travel business' long term value through further development of the @com product, widening of the customer base and the transformation of the business model to a pure play software business with licence and maintenance income.

## FINANCIAL REVIEW

### Key Performance Indicators (“KPIs”)

As set out in our most recent annual report, the Board uses a range of financial and non-financial performance indicators, reported on a periodic basis, to monitor the Group’s performance over time.

Half year ended 31 October:	2011	2010	%Inc/(dec)
<b>Financial KPIs</b>			
Order Intake	<b>£63.8m</b>	£38.6m	65%
Revenue	<b>£56.2m</b>	£42.3m	33%
Adjusted operating profit	<b>£11.8m</b>	£7.4m	59%
Research & development total spend	<b>£8.3m</b>	£5.7m	46%
<b>Non Financial KPI</b>			
Headcount (period end)	<b>490</b>	444	10%

The directors consider the performance against these KPIs to be good.

### Revenue

Revenue from continuing operations was up 33% at £56.2m (2010: £42.3m). Geographically, revenues by destination were: United Kingdom 12% (2010: 17%); other Europe, Middle East & Africa 28% (2010: 32%); the Americas 35% (2010: 23%); and Asia & Rest of World 25% (2010: 28%).

### Reconciliations of Adjusted and Statutory Profits

Reconciliations of adjusted EBITDA of £14.2m to the operating profit of £8.8m and adjusted operating profit of £11.8m to the reported profit before tax for the year of £8.5m are set out in the tables below. The reconciling items are those that, in the opinion of the Board, are either one-off in nature or are non-cash related and are not therefore indicative of the Group’s underlying trading.

Half year ended 31 October:	2011	2010
	£m	£m
Adjusted EBITDA	<b>14.2</b>	9.7
Depreciation	<b>(1.5)</b>	(1.4)
Amortisation of intangible assets	<b>(0.9)</b>	(0.9)
<b>Adjusted operating profit</b>	<b>11.8</b>	7.4
Share-based payments	<b>(1.0)</b>	1.3
Amortisation of acquired intangible assets	<b>(2.0)</b>	(1.7)
<b>Operating profit</b>	<b>8.8</b>	7.0

<b>Half year ended 31 October:</b>	<b>2011</b>	2010
	<b>£m</b>	£m
<b>Adjusted operating profit</b>	<b>11.8</b>	7.4
Net finance charges before recycled hedge losses	<b>(0.8)</b>	(0.9)
<b>Adjusted profit before tax</b>	<b>11.0</b>	6.5
Share-based payments	<b>(1.0)</b>	1.3
Amortisation of acquired intangible assets	<b>(2.0)</b>	(1.7)
Other gains and losses	<b>0.5</b>	0.1
Recycled hedge losses	-	(0.1)
<b>Profit from continuing operations before tax</b>	<b>8.5</b>	6.1

### **Currency effects**

Overall, there was no net translational currency impact on revenue (Handsets £(0.5)m, Networks £0.5m) but a £1.0m negative impact on first half operating profit (net loss £0.9m) compared to the previous year (net gain £0.1m). The divisional split of the profit impact was Handsets £(1.1)m, Networks £(0.3)m, Travel £0.5m and Group £(0.1)m.

The average exchange rates, half year on half year, for the US dollar weakened against sterling from £1=US\$1.53 to £1=US\$1.61, and for the euro strengthened from £1=€1.19 to £1=€1.14. The closing exchange rate for the euro weakened against sterling to £1=€1.14 (April 2011: £1=€1.12) and the closing exchange rate for the US dollar strengthened to £1=US\$1.61 (April 2011: £1=US\$1.67).

### **Operating expenses**

Total operating expenses in the period increased to £23.9m (2010: £18.3m). A detailed breakdown is given in note 2.3.

Within total operating expenses are one-off and non-cash items not charged to adjusted operating profit and underlying operating expenses that are charged to adjusted operating profit. The underlying operating expenses increased to £20.9m (2010: £17.9m), mainly due to increased selling costs in Handset Testing due to their increased revenue and an increase in R&D costs of £2.4m in Handset Testing and Network Testing, as explained in the Operating review. R&D costs are expected to continue at around this level in the second half of the year.

During the period, unallocated Group corporate costs were £1.4m (2010: £1.2m) including non-operational property costs of £0.1m (2010: £0.5m) and costs associated with the renewal of the banking facilities of £0.1m (2010: £nil).

After the underlying operating expenses, adjusted operating profit increased by 59% to £11.8m (2010: £7.4m). Adjusted EBITDA was up 46% at £14.2m (2010: £9.7m).

One-off and non-cash expenses excluded from adjusted profit calculations totalled £3.0m (2010: £0.4m). This included amortisation of acquired intangible assets of £2.0m (2010: £1.7m) and a share-based payments charge of £1.0m (2010: credit £1.3m). After these non-operational costs, the Group reported an overall operating profit of £8.8m (2010: operating profit of £7.0m).

### **Group finance costs**

The Group incurred a net finance charge of £0.8m (2010: £1.0m). This was despite having an excess of cash over borrowings throughout the period. This was principally because the borrowings within the capital structure were fixed at the relatively high long-term rates available when the facilities were put in place in 2006, but surplus cash earns interest only at current low rates. The finance charge will reduce significantly from November 2011 following the repayment of the swap and expiry of these interest rate arrangements.

### **Taxation**

The tax charge for the period on continuing operations was £2.6m (2010: £1.8m). The tax rate on the statutory operating profit was 30.2% (2010: 29.3 %). The underlying tax rate on adjusted profit before tax is 28.5% (2010: 28.9 %). Tax paid in the period was £1.5m (2010: £1.0m).

### **Earnings per share**

After taking account of the factors described above, adjusted basic earnings per share were 2.8p (2010: 1.6p), adjusted diluted earnings per share were 2.6p (2010: 1.5p). The overall basic earnings per share for continuing operations were 2.1p (2010: 1.5p).

### **Cash flow**

Net cash flow generated from operating activities was £12.5m (2010: £4.6m). This represented a conversion of 106% of adjusted profit before tax (2010: 62%). Cash at the period end benefitted from a £2m temporary working capital reduction that is expected to reverse in the second half of the year.

Capital expenditure in the period was £1.9m (2010: £1.9m) and a further £1.3m was incurred on capitalised development expenditure (2010: £1.0m), which represented the cost of writing conformance test cases for Handset Testing's LTE product and development of the benchmarking product in Networks.

On 31 October, we settled our swap liability of £21.6m which was taken out in conjunction with the acquisition of our Networks business in 2006.

Dividends paid in the period were £2.1m (2010: £1.9m) and £0.7m was incurred on buying shares for the Employee Benefit Trust (2010: £1.0m). After these movements, net cash decreased by £15.1m (2010: net cash decrease of £1.4m).

### **Borrowings and facilities**

The outstanding balance on the Group's term loan facility at 31 October 2011 was £10.0m (October 2010: £15.0m). This was covered by £22.6m of cash at 31 October 2011 (October 2010: £43.4m). This facility expired on 30 November 2011 and the £10.0m was settled on that date.

On 26 October 2011 the Group signed a new 5 year revolving credit facility of £20m to replace the one that had been due to expire on 31 October 2011. The Group also has further a net overdraft facility of £5.0m (2010: £5.0m). Both these facilities were undrawn at 31 October 2011.

## **Key risks and uncertainties, going concern and Statement of Directors' Responsibilities**

### **Risks and uncertainties**

There are a number of potential risks and uncertainties which could have a material impact on the Group's performance over the remaining six months of the financial year and could cause actual results to differ materially from expected and historical results.

These risks include:

- Global economic and geo-political risks
- Competitiveness
- Technology risks
- Project delivery risks
- Human resource and organisation risks, and
- Financial risks

The directors do not consider that the principal risks and uncertainties have changed since the publication of the annual report for the year ended 30 April 2011. A detailed explanation of these risks is set out on pages 30 to 32 of the annual report which is available at [www.anite.com](http://www.anite.com).

### **Outlook**

Any forward-looking statements, made within this interim half year report, have been made in good faith by the Directors based on the information made available up to the date of the Directors' approval of this report, and these forward-looking statements should be treated with caution due to the inherent uncertainties, including macro-economic, IT service and solution market uncertainties and business risk factors which may affect the outcome.

### **Going concern**

In considering going concern and liquidity risk, the Directors have reviewed the Group's future cash requirements and earnings projections. The Directors believe these forecasts, which show the Group being covenant compliant for the foreseeable future, have been prepared on a prudent basis, and have also considered the impact of a range of reasonably possible changes to trading performance. The Directors have concluded that given these circumstances, together with the significant cash balances and unused loan facilities, it is appropriate to prepare the financial statements of the Group on a going concern basis.

### **Statement of Directors' responsibilities**

The Directors confirm that to the best of their knowledge:

- The condensed set of financial statements has been prepared in accordance with IAS 34; and
- The financial highlights and review of business performance includes a fair review of the information required by the Disclosure and Transparency Rules (DTR) of the Financial Services Authority, paragraph DTR 4.2.7R and DTR 4.2.8R.

**By order of the Board**

**Richard Amos**

**Group Finance Director and Company Secretary**

**30 November 2011**

## **INDEPENDENT REVIEW REPORT TO ANITE PLC**

We have been engaged by the company to review the condensed consolidated set of financial statements in the half-yearly financial report for the six months ended 31 October 2011 which comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity, the condensed consolidated balance sheet, and the condensed consolidated cash flow statement and related notes 1 to 10. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

### **Directors' responsibilities**

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

### **Our responsibility**

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

### **Scope of review**

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 October 2011 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, United Kingdom  
30 November 2011

## Condensed consolidated income statement

	Note	Six months ended 31 October 2011 (unaudited) £000	Six months ended 31 October 2010 (unaudited) £000	Year ended 30 April 2011 (audited) £000
<b>Continuing operations</b>				
<b>Revenue</b>	2.1	<b>56,242</b>	42,299	93,694
Cost of sales		<b>(23,496)</b>	(17,049)	(38,184)
<b>Gross profit</b>		<b>32,746</b>	25,250	55,510
Distribution costs		<b>(6,223)</b>	(5,239)	(11,358)
Research and development		<b>(8,554)</b>	(5,888)	(12,838)
Administrative expenses		<b>(9,168)</b>	(7,160)	(17,354)
<b>Operating expenses</b>	2.3	<b>(23,945)</b>	(18,287)	(41,550)
Operating profit before share-based payments, amortisation of acquired intangible assets and restructuring costs		<b>11,751</b>	7,403	17,660
Share-based payments	3	<b>(980)</b>	1,280	126
Amortisation of acquired intangible assets		<b>(1,970)</b>	(1,720)	(3,582)
Restructuring costs		–	–	(244)
<b>Operating profit</b>		<b>8,801</b>	6,963	13,960
Other gains and losses		<b>487</b>	113	19
Finance income	4	<b>266</b>	153	484
Finance charges	4	<b>(1,025)</b>	(1,130)	(2,242)
<b>Profit from continuing operations before tax</b>		<b>8,529</b>	6,099	12,221
Tax expense	5	<b>(2,574)</b>	(1,789)	(3,270)
<b>Profit from continuing operations</b>		<b>5,955</b>	4,310	8,951
Profit from discontinued operations	5	–	–	484
<b>Profit for the period - attributable to equity holders of the parent</b>		<b>5,955</b>	4,310	9,435
<b>Continuing and discontinued operations</b>				
Earnings per share – basic	6	<b>2.1p</b>	1.5p	3.3p
– diluted		<b>1.9p</b>	1.4p	3.1p
<b>Continuing operations</b>				
Earnings per share – basic	6	<b>2.1p</b>	1.5p	3.1p
– diluted		<b>1.9p</b>	1.4p	2.9p

## Condensed consolidated statement of comprehensive income

	Six months ended 31 October 2011 (unaudited) £000	Six months ended 31 October 2010 (unaudited) £000	Year ended 30 April 2011 (audited) £000
Note			
<b>Retained profit for the period</b>	<b>5,955</b>	4,310	9,435
Exchange differences arising on translation of foreign operations	<b>(1,178)</b>	(12)	1,941
Cash flow hedges taken to equity	<b>237</b>	171	404
Recycling of fair value loss on cash flow hedges from equity to profit or loss <sup>1</sup>	<b>42</b>	84	133
Tax credit / (charge) taken directly to other comprehensive income	<b>50</b>	6	(559)
5			
<b>Total comprehensive income</b>	<b>5,106</b>	4,559	11,354

1 The fair value losses recycled to the income statement in the period are disclosed within finance charges (note 4).

## Condensed consolidated statement of changes in equity

	Issued share capital £000	Share premium account £000	Own shares £000	Merger reserve £000	Capital redemption reserve £000	Other reserves £000	Retained earnings £000	Total £000
<b>Balance at 1 May 2010</b>	<b>33,652</b>	<b>25,500</b>	<b>(3,895)</b>	<b>722</b>	<b>2,741</b>	<b>(6,748)</b>	<b>25,978</b>	<b>77,950</b>
<b>Changes in equity for the period to 31 October 2010</b>								
Total comprehensive income for the period	–	–	–	–	–	248	4,311	4,559
Issue of share capital	15	29	–	–	–	–	–	44
Purchase of own shares into employee benefit trust	–	–	(957)	–	–	–	–	(957)
Gain on sale of shares from employee benefit trust	–	–	17	–	–	–	(12)	5
Recognition of share- based payments after tax	–	–	–	–	–	–	(1,280)	(1,280)
Dividend paid	–	–	–	–	–	–	(1,905)	(1,905)
<b>Balance at 31 October 2010 (unaudited)</b>	<b>33,667</b>	<b>25,529</b>	<b>(4,835)</b>	<b>722</b>	<b>2,741</b>	<b>(6,500)</b>	<b>27,092</b>	<b>78,416</b>
<b>Changes in equity for the period to 30 April 2011</b>								
Total comprehensive income for the period	–	–	–	–	–	1,671	5,124	6,795
Issue of share capital	13	31	–	–	–	–	–	44
Purchase of own shares into employee benefit trust	–	–	(4,394)	–	–	–	–	(4,394)
Recognition of share- based payments after tax	–	–	–	–	–	–	1,760	1,760
Dividend paid	–	–	–	–	–	–	(921)	(921)
<b>Balance at 30 April 2011 (audited)</b>	<b>33,680</b>	<b>25,560</b>	<b>(9,229)</b>	<b>722</b>	<b>2,741</b>	<b>(4,829)</b>	<b>33,055</b>	<b>81,700</b>
<b>Changes in equity for the period to 31 October 2011</b>								
Total comprehensive income for the period	–	–	–	–	–	(849)	5,955	5,106
Issue of share capital	2	7	–	–	–	–	–	9
Purchase of own shares into employee benefit trust	–	–	(673)	–	–	–	–	(673)
Gain on sale of shares from employee benefit trust	–	–	752	–	–	–	(749)	3
Recognition of share- based payments after tax	–	–	–	–	–	–	705	705
Dividend paid	–	–	–	–	–	–	(2,103)	(2,103)
<b>Balance at 31 October 2011 (unaudited)</b>	<b>33,682</b>	<b>25,567</b>	<b>(9,150)</b>	<b>722</b>	<b>2,741</b>	<b>(5,678)</b>	<b>36,863</b>	<b>84,747</b>

## Condensed consolidated balance sheet

	Note	31 October 2011 (unaudited) £000	31 October 2010 (unaudited) £000	30 April 2011 (audited) £000
<b>Non-current assets</b>				
Goodwill		57,953	57,412	58,690
Other intangible assets		17,740	17,911	19,254
Property, plant and equipment		9,420	10,055	9,226
Deferred tax assets		2,613	1,957	2,491
		<b>87,726</b>	<b>87,335</b>	<b>89,661</b>
<b>Current assets</b>				
Inventories		7,098	3,244	4,722
Trade and other receivables		29,443	24,699	31,939
Derivative financial assets		224	927	486
Current tax assets		811	224	224
Cash and cash equivalents		22,632	43,427	37,667
		<b>60,208</b>	<b>72,521</b>	<b>75,038</b>
<b>Total assets</b>		<b>147,934</b>	<b>159,856</b>	<b>164,699</b>
<b>Current liabilities</b>				
Trade and other payables		(32,476)	(22,022)	(30,538)
Bank borrowings	7	(10,000)	(4,996)	(9,995)
Current tax payable		(10,490)	(8,056)	(8,257)
Derivative financial liabilities		–	(23,233)	(22,394)
Provisions		(5,423)	(4,289)	(4,794)
		<b>(58,389)</b>	<b>(62,596)</b>	<b>(75,978)</b>
<b>Non-current liabilities</b>				
Bank borrowings	7	–	(9,991)	–
Deferred tax liabilities		(3,045)	(3,936)	(3,561)
Provisions		(1,753)	(4,917)	(3,460)
		<b>(4,798)</b>	<b>(18,844)</b>	<b>(7,021)</b>
<b>Total liabilities</b>		<b>(63,187)</b>	<b>(81,440)</b>	<b>(82,999)</b>
<b>Net assets</b>		<b>84,747</b>	<b>78,416</b>	<b>81,700</b>
<b>Equity</b>				
Issued share capital	8	33,682	33,667	33,680
Share premium account		25,567	25,529	25,560
Own shares		(9,150)	(4,835)	(9,229)
Merger reserve		722	722	722
Capital redemption reserve		2,741	2,741	2,741
Other reserves		(5,678)	(6,500)	(4,829)
Retained earnings		36,863	27,092	33,055
<b>Total equity</b>		<b>84,747</b>	<b>78,416</b>	<b>81,700</b>

The accompanying notes are an integral part of this consolidated balance sheet

## Condensed consolidated cash flow statement

	Note	Six months ended 31 October 2011 (unaudited) £000	Six months ended 31 October 2010 (unaudited) £000	Year ended 30 April 2011 (audited) £000
<b>Profit for the period</b>				
Continuing operations		<b>5,955</b>	4,310	8,951
Discontinued operations		–	–	484
		<b>5,955</b>	4,310	9,435
<b>Adjustments for:</b>				
Tax charge – continuing and discontinued	5	<b>2,574</b>	1,789	2,786
Other gains and losses		<b>(487)</b>	(113)	(19)
Finance charges (net)	4	<b>759</b>	977	1,758
Depreciation and impairment of property, plant and equipment		<b>1,479</b>	1,434	2,722
Amortisation of intangible assets		<b>958</b>	936	1,796
Amortisation of acquired intangible assets		<b>1,970</b>	1,720	3,582
Share-based payments	3	<b>980</b>	(1,280)	(126)
Decrease in provisions		<b>(1,124)</b>	(581)	(1,458)
<b>Operating cash flows before movements in working capital</b>		<b>13,064</b>	9,192	20,476
(Increase)/decrease in inventories		<b>(2,376)</b>	1,208	(115)
Decrease/(increase) in receivables		<b>2,497</b>	(181)	(7,260)
Increase/(decrease) in payables		<b>1,579</b>	(3,518)	4,071
Movements in working capital		<b>1,700</b>	(2,491)	(3,304)
<b>Cash generated from operations</b>		<b>14,764</b>	6,701	17,172
Interest received		<b>473</b>	102	190
Interest paid		<b>(1,154)</b>	(1,189)	(1,899)
Income taxes paid		<b>(1,516)</b>	(1,053)	(2,012)
<b>Net cash generated from operating activities</b>		<b>12,567</b>	4,561	13,451
<b>Cash flow from investing activities</b>				
Settlement of cross currency swap		<b>(21,590)</b>	–	–
Purchase of product line including earn out payments		<b>(33)</b>	–	(1,263)
Purchase of property, plant and equipment		<b>(1,548)</b>	(1,526)	(2,836)
Purchase of software licences		<b>(294)</b>	(401)	(631)
Expenditure on capitalised product development		<b>(1,343)</b>	(1,013)	(2,657)
<b>Net cash used in investing activities</b>		<b>(24,808)</b>	(2,940)	(7,387)
<b>Cash flow from financing activities</b>				
Issue of ordinary share capital		<b>9</b>	44	88
Purchase of own shares into employee benefit trust		<b>(673)</b>	(957)	(5,351)
Proceeds from sale of own shares from employee benefit trust		<b>3</b>	5	5
Dividend paid to Company's shareholders		<b>(2,103)</b>	(1,905)	(2,826)
Decrease in bank loans		–	–	(5,000)
<b>Net cash used in financing activities</b>		<b>(2,764)</b>	(2,813)	(13,084)
<b>Net decrease in cash and cash equivalents</b>		<b>(15,005)</b>	(1,192)	(7,020)
Effect of exchange rate changes		<b>(30)</b>	(184)	(116)
Cash and cash equivalents at beginning of period		<b>37,667</b>	44,803	44,803
<b>Cash and cash equivalents at end of period</b>	7	<b>22,632</b>	43,427	37,667

## 1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards (IFRS) as adopted by the European Union and in accordance with International Accounting Standard (IAS) 34: 'Interim Financial Reporting'.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in preparation of the Group's annual financial statements for the year ended 30 April 2011 as available on our website [www.anite.com](http://www.anite.com).

### 1.1 Information regarding future accounting standards

The IFRIC interpretations, amendments to existing standards and new standards that are mandatory for the Group's accounting periods beginning on or after 1 May 2011 have been adopted in the Group's October 2011 Interim Report

### 1.2 Reclassification of comparative figures

The Group has reclassified certain items in its comparative figures, from the condensed consolidated statement of other comprehensive income to the condensed consolidated statement of changes in equity, in order to more closely reflect the underlying nature of the transactions. The items and their comparable amounts are: Gain on sale of shares from employee benefit trust (October 2010 - £5,000, April 2011 - £nil) and Recognition of share-based payments after tax (October 2010 – credit £1,280,000, April 2011 – charge £1,760,000). These reclassifications have no effect on either the condensed consolidated income statement or the condensed consolidated balance sheet.

### 1.3 Other information

The financial information contained in this Interim Report does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The financial information contained in this Interim Report has been reviewed by the auditors but not audited.

The figures for the year ended 30 April 2011 do not constitute the statutory accounts for that period but are based upon the Group's audited accounts prepared under IFRS. The statutory accounts for the year ended 30 April 2011 have been delivered to the Registrar of Companies. The auditor's report on those accounts was unqualified and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

On 30 November 2011, this unaudited Interim Report was approved by the Board of Directors for issue.

## 2 REVENUE AND SEGMENTAL INFORMATION

### 2.1 Revenue from operations

		Six months ended 31 October 2011 £000	Six months ended 31 October 2010 £000	Year ended 30 April 2011 £000
Own product software licences		<b>23,168</b>	16,314	39,198
Bespoke services, systems integration and implementation of software products		<b>3,788</b>	3,394	7,720
Managed services		<b>2,219</b>	2,284	4,467
Software maintenance and support		<b>12,640</b>	10,880	22,572
Sale of third-party products and services		<b>14,427</b>	8,469	18,779
Other		–	958	958
<b>Revenue from operations</b>	2.2	<b>56,242</b>	42,299	93,694
Finance income	4	<b>266</b>	153	484
<b>Total revenue</b>		<b>56,508</b>	42,452	94,178

## 2.2 Operating segments – primary basis

The Group is organised into four operating segments: Handset Testing; Network Testing; Travel and Group. With the exception of Group, which performs the head office function, each operating segment derives its revenue from the development, installation and support of software products relating to its relevant industry sector.

Operating segment information under the primary reporting format is as disclosed in the tables below:

Six months ended 31 October 2011	Handset Testing £000	Network Testing £000	Total Wireless £000	Travel £000	Group £000	Total £000
External revenue	34,725	12,718	47,443	8,799	–	56,242
Internal revenue	–	–	–	–	850	850
<b>Total revenue</b>	<b>34,725</b>	<b>12,718</b>	<b>47,443</b>	<b>8,799</b>	<b>850</b>	<b>57,092</b>
<b>Segment adjusted<sup>1</sup> profit / (loss) before tax</b>	<b>9,011</b>	<b>2,575</b>	<b>11,586</b>	<b>1,561</b>	<b>(2,113)</b>	<b>11,034</b>
Net finance charges before recycled hedge loss	–	–	–	–	717	717
<b>Segment adjusted<sup>1</sup> operating profit / (loss)</b>	<b>9,011</b>	<b>2,575</b>	<b>11,586</b>	<b>1,561</b>	<b>(1,396)</b>	<b>11,751</b>
Share-based payments	(359)	(89)	(448)	39	(571)	(980)
Amortisation of acquired intangible assets	–	(1,970)	(1,970)	–	–	(1,970)
<b>Segment operating profit / (loss)</b>	<b>8,652</b>	<b>516</b>	<b>9,168</b>	<b>1,600</b>	<b>(1,967)</b>	<b>8,801</b>
Other gains and losses	–	–	–	–	487	487
Finance charges (net)	–	–	–	–	(759)	(759)
<b>Profit / (loss) from continuing operations before tax</b>	<b>8,652</b>	<b>516</b>	<b>9,168</b>	<b>1,600</b>	<b>(2,239)</b>	<b>8,529</b>
Tax expense	–	–	–	–	(2,574)	(2,574)
<b>Profit / (loss) from continuing operations</b>	<b>8,652</b>	<b>516</b>	<b>9,168</b>	<b>1,600</b>	<b>(4,813)</b>	<b>5,955</b>
Profit from discontinued operations	–	–	–	–	–	–
<b>Profit / (loss) for the period</b>	<b>8,652</b>	<b>516</b>	<b>9,168</b>	<b>1,600</b>	<b>(4,813)</b>	<b>5,955</b>
<b>Segment total assets</b>	<b>29,655</b>	<b>77,760</b>	<b>107,415</b>	<b>11,612</b>	<b>28,907</b>	<b>147,934</b>

<sup>1</sup> Profit / (loss) from continuing operations before share-based payments, amortisation of acquired intangible assets, other gains and losses and recycled hedge losses

## 2.2 Operating segments – primary basis (continued)

Six months ended 31 October 2010	Handset Testing £000	Network Testing £000	Total Wireless £000	Travel £000	Group £000	Total £000
External revenue	20,606	11,965	32,571	9,728	–	42,299
Internal revenue	–	–	–	–	620	620
<b>Total revenue</b>	<b>20,606</b>	<b>11,965</b>	<b>32,571</b>	<b>9,728</b>	<b>620</b>	<b>42,919</b>
<b>Segment adjusted<sup>1</sup> profit / (loss) before tax</b>	<b>3,537</b>	<b>3,610</b>	<b>7,147</b>	<b>1,548</b>	<b>(2,185)</b>	<b>6,510</b>
Net finance charges before recycled hedge loss	–	–	–	–	893	893
<b>Segment adjusted<sup>1</sup> operating profit / (loss)</b>	<b>3,537</b>	<b>3,610</b>	<b>7,147</b>	<b>1,548</b>	<b>(1,292)</b>	<b>7,403</b>
Share-based payments	559	31	590	168	522	1,280
Amortisation of acquired intangible assets	–	(1,720)	(1,720)	–	–	(1,720)
<b>Segment operating profit / (loss)</b>	<b>4,096</b>	<b>1,921</b>	<b>6,017</b>	<b>1,716</b>	<b>(770)</b>	<b>6,963</b>
Other gains and losses	–	–	–	–	113	113
Finance charges (net)	–	–	–	–	(977)	(977)
<b>Profit / (loss) from continuing operations before tax</b>	<b>4,096</b>	<b>1,921</b>	<b>6,017</b>	<b>1,716</b>	<b>(1,634)</b>	<b>6,099</b>
Tax expense	–	–	–	–	(1,789)	(1,789)
<b>Profit / (loss) from continuing operations</b>	<b>4,096</b>	<b>1,921</b>	<b>6,017</b>	<b>1,716</b>	<b>(3,423)</b>	<b>4,310</b>
Profit from discontinued operations	–	–	–	–	–	–
<b>Profit / (loss) for the period</b>	<b>4,096</b>	<b>1,921</b>	<b>6,017</b>	<b>1,716</b>	<b>(3,423)</b>	<b>4,310</b>
<b>Segment total assets</b>	<b>22,959</b>	<b>76,761</b>	<b>99,720</b>	<b>10,750</b>	<b>49,386</b>	<b>159,856</b>

1 Profit / (loss) from continuing operations before share-based payments, amortisation of acquired intangible assets, other gains and losses and recycled hedge losses

## 2.2 Operating segments – primary basis (continued)

Year ended 30 April 2011	Handset Testing £000	Network Testing £000	Total Wireless £000	Travel £000	Group £000	Total £000
External revenue	49,543	24,148	73,691	20,003	–	93,694
Internal revenue	–	–	–	–	1,370	1,370
<b>Total revenue</b>	<b>49,543</b>	<b>24,148</b>	<b>73,691</b>	<b>20,003</b>	<b>1,370</b>	<b>95,064</b>
<b>Segment adjusted<sup>1</sup> profit / (loss) before tax</b>	<b>10,003</b>	<b>6,420</b>	<b>16,423</b>	<b>4,206</b>	<b>(4,594)</b>	<b>16,035</b>
Net finance charges before recycled hedge loss	–	–	–	–	1,625	1,625
<b>Segment adjusted<sup>1</sup> operating profit / (loss)</b>	<b>10,003</b>	<b>6,420</b>	<b>16,423</b>	<b>4,206</b>	<b>(2,969)</b>	<b>17,660</b>
Share-based payments	314	(112)	202	28	(104)	126
Amortisation of acquired intangible assets	–	(3,582)	(3,582)	–	–	(3,582)
Restructuring costs	–	(281)	(281)	–	37	(244)
<b>Segment operating profit / (loss)</b>	<b>10,317</b>	<b>2,445</b>	<b>12,762</b>	<b>4,234</b>	<b>(3,036)</b>	<b>13,960</b>
Other gains and losses	–	–	–	–	19	19
Finance income	–	–	–	–	484	484
Finance charges	–	–	–	–	(2,242)	(2,242)
<b>Profit / (loss) from continuing operations before tax</b>	<b>10,317</b>	<b>2,445</b>	<b>12,762</b>	<b>4,234</b>	<b>(4,775)</b>	<b>12,221</b>
Tax expense	–	–	–	–	(3,270)	(3,270)
<b>Profit / (loss) from continuing operations</b>	<b>10,317</b>	<b>2,445</b>	<b>12,762</b>	<b>4,234</b>	<b>(8,045)</b>	<b>8,951</b>
Profit from discontinued operations	–	–	–	–	484	484
<b>Profit / (loss) for the period</b>	<b>10,317</b>	<b>2,445</b>	<b>12,762</b>	<b>4,234</b>	<b>(7,561)</b>	<b>9,435</b>
<b>Segment total assets</b>	<b>29,811</b>	<b>79,491</b>	<b>109,302</b>	<b>12,161</b>	<b>43,236</b>	<b>164,699</b>

<sup>1</sup> Profit / (loss) from continuing operations before share-based payments, amortisation of acquired intangible assets, restructuring costs, other gains and losses and recycled hedge losses

## 2.3 Operating expenses

	Six months ended 31 October 2011 £000	Six months ended 31 October 2010 £000	Year ended 30 April 2011 £000
<b>Distribution costs</b>			
– amortisation of acquired intangible assets	1,141	1,096	2,211
– other	5,082	4,143	9,147
	<b>6,223</b>	<b>5,239</b>	<b>11,358</b>
<b>Research and development</b>			
– amortisation of internally generated assets	714	638	1,230
– other	7,011	4,626	10,237
	<b>7,725</b>	<b>5,264</b>	<b>11,467</b>
– amortisation of acquired intangible assets	829	624	1,371
	<b>8,554</b>	<b>5,888</b>	<b>12,838</b>
<b>Administrative expenses</b>			
– share-based payments	980	(1,280)	(126)
– restructuring costs	–	–	244
– other	8,188	8,440	17,236
	<b>9,168</b>	<b>7,160</b>	<b>17,354</b>
<b>Total operating expenses</b>	<b>23,945</b>	<b>18,287</b>	<b>41,550</b>
<b>Analysed as:</b>			
– share-based payments	980	(1,280)	(126)
– amortisation of acquired intangible assets	1,970	1,720	3,582
– restructuring costs	–	–	244
<b>One-off and non-trading operating expenses excluded from adjusted profit</b>	<b>2,950</b>	<b>440</b>	<b>3,700</b>
– amortisation of internally generated assets	714	638	1,230
– other underlying operating expenses	20,281	17,209	36,620
<b>Total operating expenses</b>	<b>23,945</b>	<b>18,287</b>	<b>41,550</b>

### 3 SHARE-BASED PAYMENTS

	Six months ended 31 October 2011 £000	Six months ended 31 October 2010 £000	Year ended 30 April 2011 £000
Equity settled	705	(1,280)	(305)
Cash settled	275	–	179
<b>Share-based payments charge/(credit)</b>	<b>980</b>	<b>(1,280)</b>	<b>(126)</b>

The Group does not operate separate cash-settled share-based payment arrangements; however, the employer's NIC liability arising on the outstanding awards is treated as such an arrangement for accounting purposes.

### 4 NET FINANCE CHARGE

	Six months ended 31 October 2011 £000	Six months ended 31 October 2010 £000	Year ended 30 April 2011 £000
<b>Finance income</b>			
Interest receivable and similar income	2	7	15
Interest on short-term deposits	215	146	412
Interest on extended payment terms	49	–	57
<b>Total finance income</b>	<b>266</b>	<b>153</b>	<b>484</b>
<b>Finance charges</b>			
Bank loans and overdrafts <sup>1</sup>	(78)	(118)	(202)
Other loans/commitment fees	(29)	(30)	(82)
Losses on financial instruments in a hedging relationship:			
– Interest rate swaps and caps – cash flow hedges	(478)	(479)	(952)
– Cross currency swaps – net investment hedge	(347)	(345)	(691)
Other interest	–	–	(36)
Unwinding of discount on provisions <sup>2</sup>	(51)	(74)	(146)
<b>Finance charges before recycled hedge loss</b>	<b>(983)</b>	<b>(1,046)</b>	<b>(2,109)</b>
Recycling of fair value loss on cash flow hedges <sup>3</sup>	(42)	(84)	(133)
<b>Total finance charges</b>	<b>(1,025)</b>	<b>(1,130)</b>	<b>(2,242)</b>
Adjusted net finance charge before recycled hedge loss	(717)	(893)	(1,625)
Recycling of fair value loss on cash flow hedges <sup>3</sup>	(42)	(84)	(133)
<b>Net finance charge</b>	<b>(759)</b>	<b>(977)</b>	<b>(1,758)</b>

1 Finance charges on bank loans and overdrafts include amortisation of issue costs of £5,000 (October 2010: £20,000, April 2011: £28,000).

2 The unwinding of discount on provisions relates to property and deferred consideration provisions.

3 The recycling of fair value loss on cash flow hedges arises due to the future repayments of the term loan reducing the interest payments causing some of the interest cash flows to be classed as no longer probable. In accordance with IAS 39, an equivalent proportion of the fair value losses under the interest rate swap arrangement, previously taken to equity, are released to profit and loss.

## 5 TAX EXPENSE

Continuing operations	Six months ended 31 October 2011 £000	Six months ended 31 October 2010 £000	Year ended 30 April 2011 £000
<b>Current tax</b>			
UK corporation tax	1,592	596	922
Foreign tax	1,571	1,192	2,495
	<b>3,163</b>	<b>1,788</b>	<b>3,417</b>
Adjustments in respect of prior years			
UK corporation tax	–	–	(27)
Foreign tax	–	–	83
	–	–	56
<b>Total current tax expense</b>	<b>3,163</b>	<b>1,788</b>	<b>3,473</b>
<b>Deferred tax</b>			
UK	(123)	449	700
Foreign	(466)	(448)	(903)
Total deferred tax expense / (credit)	(589)	1	(203)
<b>Total income tax expense</b>	<b>2,574</b>	<b>1,789</b>	<b>3,270</b>

Income tax for the interim period is charged at 28.5% (October 2010: 28.9%), representing the weighted average of the estimated annual effective income tax rate expected to apply to the adjusted profit for the full year in each jurisdiction and major category of income within continuing operations. The equivalent weighted average rate on the statutory profit is 30.2% (October 2010: 29.3%).

Discontinued operations	Six months ended 31 October 2011 £000	Six months ended 31 October 2010 £000	Year ended 30 April 2011 £000
<b>Current tax - Adjustments in respect of prior years</b>			
UK corporation tax	–	–	(484)
<b>Total income tax credit</b>	–	–	(484)

Tax (credit) / charge taken to equity	Six months ended 31 October 2011 £000	Six months ended 31 October 2010 £000	Year ended 30 April 2011 £000
Deferred tax relating to the translation adjustment to acquired intangible assets	(50)	(6)	75
UK corporation tax relating to foreign exchange	–	–	484
<b>Income tax relating to components of other comprehensive income</b>	<b>(50)</b>	<b>(6)</b>	<b>559</b>
Deferred tax relating to share-based payments	–	–	(785)
<b>Total tax credit taken to equity</b>	<b>(50)</b>	<b>(6)</b>	<b>(226)</b>

## 6 EARNINGS PER SHARE

The calculations of earnings per share are based on the Group profit for the period, adjusted profit<sup>1</sup> and weighted average number of shares in issue:

	Basic			Diluted		
	Six months ended 31 October 2011	Six months ended 31 October 2010	Year ended 30 April 2011	Six months ended 31 October 2011	Six months ended 31 October 2010	Year ended 30 April 2011
EPS summary						
Basic EPS	<b>2.1p</b>	1.5p	3.3p	<b>1.9p</b>	1.4p	3.1p
Basic EPS for continuing operations	<b>2.1p</b>	1.5p	3.1p	<b>1.9p</b>	1.4p	2.9p
Adjusted EPS <sup>2</sup>	<b>2.8p</b>	1.6p	4.0p	<b>2.6p</b>	1.5p	3.8p
	Six months ended 31 October 2011	Six months ended 31 October 2010	Year ended 30 April 2011	Six months ended 31 October 2011	Six months ended 31 October 2010	Year ended 30 April 2011
	Pence per share	Pence per share	Pence per share	£000	£000	£000
Profit for the period	<b>2.1</b>	1.5	3.3	<b>5,955</b>	4,310	9,435
Profit from discontinued operations	–	–	(0.2)	–	–	(484)
Profit for the year on continuing operations	<b>2.1</b>	1.5	3.1	<b>5,955</b>	4,310	8,951
<b>Reconciliation to adjusted profit:</b>						
Other gains and losses (net of tax)	<b>(0.1)</b>	–	–	<b>(361)</b>	(81)	(14)
Recycled hedge losses <sup>3</sup> (net of tax)	–	–	–	<b>31</b>	61	96
Amortisation of acquired intangible assets (net of tax)	<b>0.5</b>	0.4	0.9	<b>1,504</b>	1,272	2,650
Share-based payments (net of tax)	<b>0.3</b>	(0.3)	(0.1)	<b>763</b>	(931)	(337)
Restructuring costs (net of tax)	–	–	0.1	–	–	254
<b>Adjusted profit<sup>1</sup></b>	<b>2.8</b>	1.6	4.0	<b>7,892</b>	4,631	11,600

1 Profit from continuing businesses before other gains and losses, recycled hedge losses, amortisation of acquired intangible assets, share-based payments and restructuring costs.

2 Earnings per share on adjusted profit<sup>1</sup> have been included to give a clearer understanding of the results of the continuing businesses.

3 Recycled hedge losses relate to the recycling of fair value losses on cash flow hedges reclassified from equity to profit or loss in the period.

	Six months ended 31 October 2011	Six months ended 31 October 2010	Year ended 30 April 2011
Number of shares ('000)			
Weighted average number of shares in issue – used to calculate basic earnings per share	<b>283,902</b>	290,164	289,781
Effect of potentially dilutive ordinary shares – SAYE and share option schemes	<b>24,562</b>	22,906	15,351
Number of shares used to calculate diluted earnings per share	<b>308,464</b>	313,070	305,132

## 7 NET CASH

	31 October 2011 £000	31 October 2010 £000	30 April 2011 £000
Cash and cash equivalents	<b>22,632</b>	43,427	37,667
Bank borrowings – current	<b>(10,000)</b>	(4,996)	(9,995)
Bank borrowings – non-current	–	(9,991)	–
<b>Net cash</b>	<b>12,632</b>	28,440	27,672

## 8 CALLED UP SHARE CAPITAL

	Ordinary shares of 11.25p each		Deferred redeemable shares of £1 each	
	Number	£000	Number	£000
Allotted, issued and fully paid:				
At 1 May 2011	298,936,276	33,630	50,000	50
Issued during the period	21,390	2	–	–
<b>At 31 October 2011</b>	<b>298,957,666</b>	<b>33,632</b>	<b>50,000</b>	<b>50</b>

## 9 DIVIDENDS

The Company paid a final dividend of 0.735p (2010: 0.65p) per share, totalling £2,103,000 (2010: £1,905,000) on 25 October 2011.

## 10 CONTINGENT LIABILITIES

There are contingent liabilities that arise in the normal course of business in respect of indemnities, warranties, guarantees and legal claims. However, the Directors have considered that none of these claims is expected to result in a material loss to the Group. There has been no change in the Directors' assumptions in regard to contingent liabilities since the year ended 30 April 2011.