Craneware plc
("Craneware", "the Group" or the "Company")

Interim Results

8 March 2016 - Craneware (AIM: CRW.L), the market leader in Value Cycle solutions for the US healthcare market, announces its unaudited results for the six months ended 31 December 2015.

Financial Highlights (US dollars)

- Value of 'new sales' contracts signed in the period increased 15% compared to H1 2015
- Revenue increased 7% to $23.1m (H1 2015: $21.6m)
- Adjusted EBITDA[1] increased 12% to $7.1m (H1 2015: $6.3m)
- Profit before tax increased 15% to $6.1m (H1 2015: $5.3m)
- Adjusted basic EPS increased 14% to 18.8 cents per share (H1 2015: 16.5 cents per share)
- Cash at period end increased 24% to $45m (H1 2015: $36.4m)
- Proposed interim dividend increased 19% to 7.5p (H1 2015: 6.3p per share)

1. *Adjusted EBITDA refers to earnings before interest, tax, depreciation, amortisation, share based payments and acquisition and share transaction related costs.*

Operational Highlights

- Continued sales momentum and record pipeline
- Positive industry response to the Value Cycle
- Chargemaster Toolkit named Best in Klas for the 10th consecutive year in "2016 Best in KLAS Awards"
- Pharmacy ChargeLink, now selling 1:1 with Chargemaster Toolkit
- Progress on delivering Trisus product roadmap:
  - Development of Patient Engagement and Access gateway product on track
  - Reseller agreement signed post half-year end with US based VestaCare, an automated payment technologies and services company to offer accelerated payment and patient engagement solutions
- $7.5m contract win signed post half year end with an operator of 50 US hospitals

Keith Neilson, CEO of Craneware commented:

"Major changes in reimbursement and care delivery models have made understanding and reducing the cost of care, while providing quality patient outcomes, mission-critical for every healthcare provider in the US. With 50% of healthcare payments anticipated to have a value-based component by 2018, our offerings are expanding to meet the challenges of this value-driven healthcare market and pioneer the Value Cycle. We are confident that our position as a trusted financial performance partner will strengthen and provide us with the opportunity for accelerated long term growth.

"The strong sales performance in the first half of the year, and our high levels of recurring revenues coupled with a record sales pipeline provide us with confidence for the second half of the year and beyond."

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Craig Preston, CFO	Richard Kauffer	Hilary Buchanan

About Craneware

Craneware is the leader in automated value cycle solutions that help US provider organisations discover, convert and optimise assets to achieve best clinical outcomes and financial performance. Founded in 1999, Craneware has headquarters in Edinburgh, Scotland with offices in Atlanta, Boston and Phoenix employing over 200 staff. Craneware's market-driven, SaaS solutions normalise disparate data sets, bringing in up-to-date regulatory and financial compliance data to deliver value at the points where clinical and operational data transform into financial transactions, creating actionable insights that enable informed tactical and strategic decisions. To learn more, visit craneware.com and thevaluecycle.com.

Chairman Statement

We are pleased to report another positive performance in the first half of the financial year, delivering strong sales growth and steady progress with our product expansion strategy. Ongoing sales success has delivered an increase of 15% in the value of new sales contracts signed in the period compared to the same period last year and renewals by dollar value continued at significantly over 100%. In accordance with the Company's revenue recognition policy, the majority of revenue resulting from these sales will be recognised over future periods, adding to the Group's long term visibility of revenue under contract.

Adjusted EBITDA increased 12% to $7.1m and revenue increased 7% to $23.1m (H1 2015: $21.6m). High levels of cash generation in the period resulted in cash reserves of $45m (H115: $36.4m) having returned $3.1m to shareholders in dividends in the period.

As we approach an era where 50% of all US healthcare payments will have a value-based component, the Group's strategy is to expand its offering by providing deeper insight into a broad range of a hospital operations, enabling hospitals to analyse and manage data from across their organisation to ensure both enhanced levels of care as well as increased efficiencies. We will utilise a combination of in-house development expertise, partnerships and targeted acquisitions to add solutions that further support our customers in this new value-based reimbursement environment.

We have made good progress towards delivering this vision in the first half of the year. Internal operations are being optimised to support the strategy and our marketing efforts are already resulting in increased interest around "the value cycle" as it is adopted as a regular industry blog topic. In January, we were pleased to announce a funding facility from the Bank of Scotland of up to $50m, giving us the resources to execute upon our strategic vision whilst keeping net debt at reasonable levels. As with all previous potential acquisitions, strict criteria will continue to be applied to targets to ensure they both deliver against the product roadmap while being accretive to the financial strength of the Group.

The reseller agreement with VestaCare, announced post-period end, is an example of the flexible manner in which we will seek to enhance our product suite and strategic value to customers. This partnership, combined with the mobile platform provided by the 2014 acquisition of Kestros, deepens Craneware's reach within the early stages of Patient Engagement, an area of the healthcare market set to grow as patients assume a greater level of financial responsibility for their care and have closer interactions with their healthcare providers.

With growth in the period in line with management's expectations, high levels of cash generation and a clear strategic vision, the Board is confident in meeting market expectations for the full year and delivering significant growth.

George Elliott
Chairman
7 March 2016

Strategic Report: Operational & Financial Review

We have enjoyed a strong first half of the year, delivering both operationally and at the strategic level, where we are making concrete progress on our long-term strategic roadmap.

We have seen another increase in the level of new sales and have a record pipeline to support accelerated future growth. Importantly we have experienced good early indicators of support from our marketplace for the Value Cycle, our vision for the process and culture by which US healthcare providers pursue quality patient outcomes and optimal financial performance. A growing number of tenders now incorporate value-based reimbursement terminology and our customer discussions are widening away from a focus on the revenue cycle into how healthcare providers can deliver value-based care through understanding more about their clinical and operational, as well as financial, data.

Market Overview

Major changes in reimbursement and care delivery models have made understanding and reducing the cost of care mission-critical for every healthcare provider in the US. The new, value-driven healthcare market in the US is reorienting around best outcomes for best cost, which means the risks which hospital CFOs now need to manage are increasing significantly.

We see the main areas of risk as being a) alternative types of reimbursement models, and b) healthcare consumerisation. Our strategy is to develop our product suite to directly address these two areas of risk.

Alternative reimbursement models
The introduction of alternative types of reimbursement models mean a less predictable cash flow, with payments being tied to clinical outcome and quality. For example, Medicare recently announced the finalised rules for the Comprehensive Care Joint Replacement (CCJR) Program. Under this program the healthcare provider is now effectively measured on a number of criteria around the success of the most common joint replacement surgeries (hips & knees) over a period of 90 days post procedure. The ultimate payment they receive for all CCJR procedures carried out within the year are then adjusted according to the effectiveness of the patients' outcome, taking into account total cost of the procedure including follow ups. This requires CFOs to balance care, cost and payment to ensure financial viability.

Healthcare consumerisation
Meanwhile, the introduction of a consumer healthcare model that shifts significant payment responsibility to the patient, via means such as high deductible plans, means hospitals that historically have managed several business relationships (State and Federal authorities, insurance companies and large employers) for their reimbursement must now face a considerable business to consumer (the patient) model. The implications of this new purchaser of healthcare is a different kind of transparency demand; healthcare consumerisation.

In order to be successful in this environment, hospitals will need to face two challenges: provide competitive pricing for patients while continuing to deliver optimal clinical outcomes. Balancing quality outcomes with optimal financial performance will likely only be achieved through a greater use of data analytics, and with the increase of high-deductible plans hospitals will need to use mobile technology to increase the ease of securing payment from patients. Healthcare organizations in the US will be expected to be able to measure clinical outcomes and the cost of care at both a granular and macro level in order to receive proper reimbursement.

We call the process and culture by which healthcare providers pursue quality patient outcomes and optimal financial performance through the management of clinical, operational and financial assets, the Value Cycle.

Delivering the Value Cycle

Our strategy is to build on the trust and data assets we have established through our market-leading position in revenue cycle solutions to expand our product suite. By expanding into the cost management component of hospital operations and combining this with data from the revenue cycle we will provide a unique insight into the management and analysis of clinical and operational data. Our aim is to provide facilities with the ability to understand the risk component of managing the healthcare for large community populations and how most effectively to provide high quality care in a sustainable financial model. The expansion will be achieved through a combination of extensions to the current product set, internal product development, partnerships with other technology providers and targeted acquisitions.

The business continues to be aligned behind the Value Cycle strategy, across product development, sales, customer support and at a management level and will be optimised to be able to deliver scale with the recent appointment of an organisational design expert as Executive Vice President of Organisational Development.

As Craneware's tools are updated and expanded, they will each sit as a constituent part on a new cloud-based platform, the Trisus Enterprise Value Suite. Trisus will combine revenue integrity, cost management and decision enablement functionality in a versatile, customisable solution that fully delivers on Craneware's primary purpose to help healthcare systems improve margins and enhance patient outcomes. Development of the Trisus platform continues with a release of the first elements of the platform scheduled to take place during calendar 2017.

Our initial area of focus for expansion is within the area of patient access and engagement - addressing the growing consumerisation within healthcare.

Patient Access and Engagement

Development of a new fourth gateway product within the patient access and engagement area has progressed well in the period, on track for launch in calendar 2016.

In January 2016, post the period end, the Company announced the signing of an exclusive value added reseller agreement with US-based automated payment technologies and services company, VestaCare. VestaCare's VestaPay technology will be integrated with Craneware's medical necessity and price estimation products, to deliver enhanced patient engagement solutions, a key element of Craneware's product roadmap. These will be delivered via Craneware's mobile patient engagement platform, which has been developed following the acquisition of Kestros in 2014.

The enhanced solutions will help providers better address the financial risks associated with the rapidly changing role of patient financial responsibility in the era of the Value Cycle. By integrating with providers' financial systems to adjust patients' outstanding balances on their accounts in real time, providers can offer the individual a compassionate, flexible program of repayments to address patient responsibility, dramatically reducing the hospitals' exposure to "self-pay" debt. In addition, providers benefit from improved patient satisfaction, better pricing transparency and accelerated revenue. Craneware will receive an annual license fee from customers with an additional revenue share agreement based on patient collection improvements.

Acquisitions

The Board continues to assess opportunities to complement the Group’s organic growth strategy and increase speed to market for new products through acquisition. The Board adheres to a rigorous set of criteria to analyse acquisition opportunities, including quality of earnings and product offering. The $50 million funding facility provided by the Bank of Scotland announced previously, provides the Company with the firepower to carry out strategic acquisitions when these criteria are met.

Sales and Marketing

On top of the sales success witnessed during the period we were delighted to secure a significant contract win with a new customer just after the end of the period. The contract is expected to deliver $7.5m revenue over the initial five year term. The new customer is a growing hospital operator and consolidator that manages in excess of 50 hospitals across multiple US states primarily in non-urban communities. Chargemaster Corporate Toolkit® will be used by the group to establish and manage corporate standardisation across its entire portfolio of owned and managed facilities. This will enable system-wide reporting efficiencies and the timely submission of accurate claims whilst managing billing compliance risk.

The sales pipeline continues to be at a record high across all strata of hospital, providing confidence that we are on the right path towards accelerated revenue and profit growth in future years.

The sales mix remained healthy throughout the period with comparable level of sales between new customers and existing customers, both mid-contract and at renewal time. Following a strong performance by our Pharmacy ChargeLink product we saw equal levels of sales of Chargemaster Toolkit and Pharmacy ChargeLink for the first time in the period. We would expect to see all families' percentage of sales split equally in future years, as the Value Cycle gains further traction.

The average length of new hospital contracts continues to be in-line with our historical norms of approximately five years. Where Craneware enters into new product contracts with its existing customers, contracts are occasionally made co-terminus with the customer's existing contracts, and as such, the average length of these contracts remains greater than three years, in line with our expectations.

Awards

Chargemaster Toolkit® was named Category Leader in the “Revenue Cycle – Chargemaster Management” market category for the tenth consecutive year in the annual “2015/2016 Best in KLAS Awards: Software & Services.” KLAS’s annual “Best in KLAS” report provides unique insight gathered from thousands of healthcare organisations across the US. The report includes client satisfaction scores and benchmark performance metrics.

Financial Review

Revenues increased 7% to $23.1m (H115: $21.6m) and adjusted EBITDA 12% to $7.1m (H115: $6.3m) for the six month period to 31 December 2015. This has ultimately seen a 14% increase in adjusted basic earnings per share to 18.8 cents (H115: 16.5 cents). From this, we continue to see high levels of cash generation with our adjusted EBITDA to operating cash conversion exceeding 120%. This has resulted in cash at the period end of $45m (H115: $36.4m). Whilst it is expected that cash conversion will fluctuate year on year, our continued focus on a long term average of 100% EBITDA to operating cash conversion ensures the quality of underlying earnings.

A further highlight of the period has been the continued positive sales momentum, which has resulted in the value of new sales contracts written in the period increasing by 15% as compared to this same period last year. This achievement was continued following the period end, with the signing of a significant deal, announced on 2 February 2016, which is expected to deliver over $7.5m of revenue over its initial five year term. The Group’s conservative Annuity SaaS business model means the vast majority of the benefit from these sales are not seen in the period under review or indeed the current year, instead they add to ‘revenue visibility for future years which support the future growth of the Group.

The Annuity SaaS revenue recognition model results in software licence revenue being recognised over the life of the underlying contract (which for a new hospital sale is an average of five years) and any associated professional services revenue is recognised as we deliver the services i.e. on a percentage of completion basis. The benefit of this conservative revenue recognition model is it retains focus on the long term growth and stability of the Group.

At the end of each financial year, the Group reports its Three Year Visible Revenue KPI. This KPI shows the strength of the underlying annuity revenue stream that is building as a result of sales and these revenue recognition policies. At the subsequent half year reporting period, we report how that metric for the same three year period has progressed and built. This demonstrates both the effect of new sales and renewals in the period, although it is only a three year 'snapshot' which does not fully demonstrate the value of the underlying contracted revenue or the annuity. The total visible revenue for the three year period 1 July 2015 to 30 June 2018 has grown during this six month period to $130.8m from $123.4m at 30 June 2015. This comprises $107.4m 'Revenue under Contract', $22.3m 'Renewal Revenue' and $1.0m of 'Other Recurring Revenue'. Rolling this KPI forward to 31 January 2016 to take into account new sales contracts signed in January, including the significant contract win detailed above, the total visible revenue for the same three year period has increased to $136.8m.

'Revenue under Contract', relates to revenues that are supported by underlying contracts. 'Renewal Revenue' relates to the amount of revenue which is potentially available for renewal and could be recognised in each fiscal year provided the underlying contracts are renewed. In calculating this, we assume a 100% dollar value renewal level. As we sign renewal contracts for on average over three years, as the renewals occur the aggregated related revenue for all of the three years shown moves from 'renewal revenues' to 'revenue under contract'. The final element is 'Other Recurring Revenue, this relates to revenue that is not subject to long term contracts, which can be billable 'per transaction' or a set monthly amount and is usually invoiced on a monthly basis, however it is reasonable to expect it to be recurring in nature.

As we show our 'Renewal Revenue' in our revenue visibility graph at 100% of dollar value, we track and publish our 'Renewal Rate by dollar value KPI' to ensure our 100% assumption in producing our revenue visibility KPI is still appropriate. This KPI measures the average value of customers renewing in the relevant period (including cross sell and upsell to those renewing customers). We normally expect to see this KPI fluctuate year on year within our historic range being 85% to 115%.

In the period we have seen this renewal rate by dollar value exceed 115%. Whilst this reflects the renewal success in the period we do not believe it alters our expectations of our normal range of 85% to 115%. As previously flagged, this period saw a lower than usual number of customers due to renew.

We continue to target our investment as appropriate for the future growth of the Group, whilst ensuring the efficiency of all expenditures. This has contributed to our adjusted EBITDA margin which for the period is 30% as compared to 29% in the same period in the prior year. Ultimately the increase in EBITDA has resulted in the adjusted basic EPS increasing by 14% to 18.8 cents per share (H115: 16.5 cents) and adjusted diluted EPS increasing to 18.6 cents (H115: 16.4 cents). The adjustments we make to both these metrics are those normally expected and include costs related to acquisition and share activity in the period.

The Group continues to maintain a strong balance sheet and significant cash reserves of $45m ($36.4m at 31 December 2014 and $41.8m at 30 June 2015). The cash levels reported are after returning $3.1m to shareholders by way of dividends and tax payments of $1.6m in the period.

In our trading update on 22 January 2016 we also announced the Group had secured a funding facility from the Bank of Scotland of up to $50m. This combined with the Group's cash reserves provide opportunities for further future investment and enables the Board to continue to investigate strategic opportunities to further its growth strategy. During the period under review, no draw down of this facility was made.

We continue to report the results (and hold the cash reserves) of the Group in US Dollars, whilst having approximately twenty five percent of our costs, mainly our UK employees and purchases, denominated in Sterling. The average exchange rate for the Company during the reporting period was $1.53/£1 which was compares to $1.63/£1 in the corresponding period last year.

Dividend

The Board has resolved to pay an interim dividend of 7.5p (11.1 cents) per ordinary share in the Company on 1 April 2016 to those shareholders on the register as at 18 March 2016 (FY15 Interim dividend 6.3p). The ex-dividend date is 17 March 2016.

The interim dividend of 7.5p per share is capable of being paid in US dollars subject to a shareholder having registered to receive their dividend in US dollars under the Company's Dividend Currency Election, or who has registered to do so by the close of business on 18 March 2016. The exact amount to be paid will be calculated by reference to the exchange rate to be announced on 18 March 2016. The interim dividend referred to above in US dollars of 11.1 cents is given as an example only using the Balance Sheet date exchange rate of $1.48/£1 and may differ from that finally announced.

Outlook

Major changes in reimbursement and care delivery models have made understanding and reducing the cost of care, while providing quality patient outcomes, mission-critical for every healthcare provider in the US. With 50% of healthcare payments anticipated to have a value-based component by 2018, our offerings are expanding to meet the challenges of this value-driven healthcare market and pioneer the Value Cycle. We are confident that our position as a trusted financial performance partner will strengthen and provide us with the opportunity for accelerated long term growth.

The strong sales performance in the first half of the year, our high levels of recurring revenues coupled with a record sales pipeline provide us with confidence for the second half of the year and beyond.

Keith Neilson
Chief Executive Officer
7 March 2016

Craig Preston
Chief Financial Officer
7 March 2016

Craneware PLC
Interim Results FY16
Consolidated Statement of Comprehensive Income

	Notes	H1 2016 $'000	H1 2015 $'000	FY 2015 $'000
Revenue		**23,117**	21,573	44,817
Cost of sales		**(1,319)**	(1,181)	(2,421)
Gross profit		**21,798**	20,392	42,396
Net operating expenses		**(15,699)**	(15,179)	(29,984)
Operating profit		**6,099**	5,213	12,412
Analysed as:				
Adjusted EBITDA[1]		**7,065**	6,293	14,356
Acquisition costs and share related transactions		**(165)**	(154)	(219)
Share-based payments		**(116)**	(117)	(247)
Depreciation of plant and equipment		**(217)**	(259)	(467)
Amortisation of intangible assets		**(468)**	(550)	(1,011)
Finance income		**44**	41	84
Profit before taxation		**6,143**	5,254	12,496
Tax charge on profit on ordinary activities		**(1,520)**	(1,260)	(3,108)
Profit for the period attributable to owners of the parent		**4,623**	3,994	9,388
Total comprehensive income attributable to owners of the parent		**4,623**	3,994	9,388

[1]Adjusted EBITDA is defined as operating profit before, share based payments, depreciation, amortisation, acquisition costs and share related transactions.

Earnings per share for the period attributable to equity holders

- Basic ($ per share)	1a	**0.172**	0.149	0.350
- *Adjusted Basic ($ per share)[2]	1a	**0.188**	0.165	0.378
- Diluted ($ per share)	1b	**0.170**	0.148	0.348
- *Adjusted Diluted ($ per share)[2]	1b	**0.186**	0.164	0.375

[2]Adjusted Earnings per share calculations allow for the tax adjusted acquisition costs and share related transactions together with amortisation on acquired intangible assets to form a better comparison of the underlying performance with previous periods.

Craneware PLC
Interim Results FY16
Consolidated Statement of Changes in Equity

	Share Capital $'000	Share Premium $'000	Other Reserves $'000	Retained Earnings $'000	Total $'000
At 1 July 2014	539	15,496	235	28,646	44,916
Total comprehensive income – profit for the period	-	-	-	3,994	3,994
Transactions with owners					
Share-based payments	-	-	117	-	117
Impact of share options exercised	-	40	(54)	54	40
Issue of Ordinary shares related to business combination	4	1,820	-	-	1,824
Buy back of Ordinary shares	(7)	(3,572)	-	-	(3,579)
Dividend	-	-	-	(2,864)	(2,864)
At 31 December 2014	536	13,784	298	29,830	44,448
Total comprehensive income – profit for the period	-	-	-	5,394	5,394
Transactions with owners					
Share-based payments	-	-	130	182	312
Impact of share options exercised	-	3,572	(50)	(3,522)	-
Dividend	-	-	-	(2,524)	(2,524)
At 30 June 2015	536	17,356	378	29,360	47,630
Total comprehensive income – profit for the period	-	-	-	4,623	4,623
Transactions with owners					
Share-based payments	-	-	115	-	115
Impact of share options exercised	-	19	(33)	33	19
Dividend	-	-	-	(3,097)	(3,097)
At 31 December 2015	**536**	**17,375**	**460**	**30,919**	**49,290**

Craneware PLC
Interim Results FY16
Consolidated Balance Sheet as at 31 December 2015

	Notes	H1 2016 $'000	H1 2015 $'000	FY2015 $'000
ASSETS				
Non-Current Assets				
Plant and equipment		**1,205**	1,147	1,242
Intangible assets		**16,505**	15,956	16,196
Trade and other receivables	2	**2,527**	2,193	2,432
Deferred Tax		**1,697**	1,810	1,510
		21,934	21,106	21,380
Current Assets				
Trade and other receivables	2	**13,427**	16,041	15,010
Current tax assets		**79**	110	-
Cash and cash equivalents		**44,980**	36,374	41,832
		58,486	52,525	56,842
Total Assets		**80,420**	73,631	78,222
EQUITY AND LIABILITIES				
Non-Current Liabilities				
Deferred income		**480**	1,355	819
		480	1,355	819
Current Liabilities				
Deferred income		**24,049**	22,254	22,460
Current tax liabilities		**1,459**	1,351	1,289
Trade and other payables		**5,142**	4,223	6,024
		30,650	27,828	29,773
Total Liabilities		**31,130**	29,183	30,592
Equity				
Called up share capital	3	**536**	536	536
Share premium account		**17,375**	13,784	17,356
Other reserves		**460**	298	378
Retained earnings		**30,919**	29,830	29,360
Total Equity		**49,290**	44,448	47,630
Total Equity and Liabilities		**80,420**	73,631	78,222

Craneware PLC
Interim Results FY16
Consolidated Statement of Cash Flow for the six months ended 31 December 2015

	Notes	H1 2016 $'000	H1 2015 $'000	FY 2015 $'000
Cash flows from operating activities				
Cash generated from operations	4	**8,771**	11,772	22,025
Interest received		**44**	41	84
Tax paid		**(1,620)**	(1,218)	(2,527)
Net cash from operating activities		**7,195**	10,595	19,582
Cash flows from investing activities				
Purchase of plant and equipment		**(182)**	(74)	(378)
Acquisition of subsidiary, net of cash acquired	5	**-**	(247)	(247)
Capitalised intangible assets		**(788)**	(110)	(811)
Net cash used in investing activities		**(970)**	(431)	(1,436)
Cash flows from financing activities				
Dividends paid to company shareholders		**(3,097)**	(2,864)	(5,388)
Buy back of Ordinary shares		**-**	(3,579)	(3,579)
Proceeds from issuance of shares		**20**	40	40
Net cash used in financing activities		**(3,077)**	(6,403)	(8,927)
Net increase in cash and cash equivalents		**3,148**	3,761	9,219
Cash and cash equivalents at the start of the period		**41,832**	32,613	32,613
Cash and cash equivalents at the end of the period		**44,980**	36,374	41,832

Craneware PLC
Interim Results FY16
Notes to the Financial Statements

1. Earnings per Share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	H1 2016	H1 2015	FY 2015
Profit attributable to equity holders of the Company ($'000)	**4,623**	3,994	9,388
Weighted average number of ordinary shares in issue (thousands)	**26,833**	26,797	26,815
Basic earnings per share ($ per share)	**0.172**	0.149	0.350
Profit attributable to equity holders of the Company ($'000)	**4,623**	3,994	9,388
Tax adjusted acquisition costs, share related transactions and amortisation of acquired intangibles ($'000)	**419**	422	749
Adjusted Profit attributable to equity holders ($'000)	**5,042**	4,416	10,137
Weighted average number of ordinary shares in issue (thousands)	**26,833**	26,797	26,815
Adjusted Basic earnings per share ($ per share)	**0.188**	0.165	0.378

(b) Diluted

For diluted earnings per share, the weighted average number of ordinary shares calculated above is adjusted to assume conversion of all dilutive potential ordinary shares. The Group has one category of dilutive potential ordinary shares, being those granted to Directors and employees under the share option scheme.

	H1 2016	H1 2015	FY 2015
Profit attributable to equity holders of the Company ($'000)	**4,623**	3,994	9,388
Weighted average number of ordinary shares in issue (thousands)	**26,833**	26,797	26,815
Adjustments for: - share options (thousands)	**329**	162	188
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**27,162**	26,959	27,003
Diluted earnings per share ($ per share)	**0.170**	0.148	0.348

1. Earnings per Share (Cont.)

	H1 2016	H1 2015	FY 2015
Profit attributable to equity holders of the Company ($'000)	**4,623**	3,994	9,388
Tax adjusted acquisition costs, share related transactions and amortisation of acquired intangibles ($'000)	**419**	422	749
Adjusted Profit attributable to equity holders ($'000)	**5,042**	4,416	10,137
Weighted average number of ordinary shares in issue (thousands)	**26,833**	26,797	26,815
Adjustments for: - share options (thousands)	**329**	162	188
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**27,162**	26,959	27,003
Adjusted Diluted earnings per share ($ per share)	**0.186**	0.164	0.375

2. Trade and other receivables

	H1 2016 $'000	H1 2015 $'000	FY 2015 $'000
Trade Receivables	**10,051**	11,975	11,917
Less: provision for impairment of trade receivables	**(789)**	(778)	(779)
Net trade receivables	**9,262**	11,197	11,138
Other Receivables	**90**	95	99
Prepayments and accrued income	**3,240**	4,128	3,032
Deferred Contract Costs	**3,362**	2,814	3,173
	15,954	18,234	17,442
Less non-current receivables: Deferred Contract Costs	**(2,527)**	(2,193)	(2,432)
Trade and other receivables	**13,427**	16,041	15,010

There is no material difference between the fair value of trade and other receivables and the book value stated above.

3. Called up share capital

	H1 2016		H1 2015		FY 2015	
	Number	**$'000**	Number	$'000	Number	$'000
Authorised						
Equity share capital						
Ordinary shares of 1p each	**50,000,000**	**1,014**	50,000,000	1,014	50,000,000	1,014
Allotted called-up and fully paid						
Equity share capital						
Ordinary shares of 1p each	**26,836,032**	**536**	26,832,582	536	26,832,582	536

4. Consolidated Cash Flow generated from operating activities

Reconciliation of profit before taxation to net cash inflow from operating activities:

	H1 2016 $'000	H1 2015 $'000	FY 2015 $'000
Profit before taxation	**6,143**	5,254	12,496
Finance income	**(44)**	(41)	(84)
Depreciation on plant and equipment	**217**	259	467
Amortisation on intangible assets	**468**	550	1,011
Share-based payments	**116**	117	247
<u>Movements in working capital:</u>			
(Decrease in trade and other receivables	**1,501**	4,635	5,422
(Increase in trade and other payables	**370**	998	2,466
Cash generated from operations	**8,771**	11,772	22,025

5. Acquisition of subsidiary: Kestros Ltd

On 26th August 2014, the Company acquired 100% of the issued share capital of Kestros Ltd. The total consideration for the acquisition along with the fair value of the identified assets and assumed liabilities is shown below:

Recognised amounts of identifiable assets acquired and liabilities assumed	**Book Value $'000**	**Fair Value Adjustments 31-Dec-14 $'000**	**Provisional Fair Value $'000**
Tangibles fixed assets			
Plant and Equipment	2	-	2
Intangibles assets			
Proprietary Software	101	1,720	1,821
Other assets and liabilities			
Trade and other receivables	33	-	33
Bank and cash balances	43	-	43
Trade and other payables	(35)	-	(35)
	144	1,720	1,864
Goodwill			250
Fair Value			**2,114**

Satisfied by	**$'000**
Cash	290
Ordinary Shares issued – 211,539 shares at $8.623 (£5.20)	1,824
	2,114
Bank balances and cash acquired	43
Cash consideration	(290)
Net Cash on acquisition	**(247)**

The value of the equity consideration is subject to revenue performance criteria through to 31 July 2016 and in the unlikely event that these Revenue targets are not meet then a proportion of the consideration is repayable. Management believe that the revenue targets are easily achievable and as such the Fair Value of the transaction is deemed to be equal to the amount paid at acquisition. The acquisition costs, including all due diligence costs that relate to the transaction have been expensed as operating costs in compliance with IFRS 3 (revised). Had Kestros Ltd been consolidated from 1 July 2014, the consolidated statement of comprehensive income would be materially unaffected.

Goodwill of $250,000 has been recognised on acquisition and is attributable to the assembled workforce.

6. Basis of Preparation

The interim financial statements are unaudited and do not constitute statutory accounts as defined in S435 of the Companies Act 2006. These statements have been prepared applying accounting policies that were applied in the preparation of the Group's consolidated accounts for the year ended 30th June 2016. Those accounts, with an unqualified audit report, have been delivered to the Registrar of Companies.

7. Segmental Information

The Directors consider that the Group operates in a predominantly one business segment, being the creation of software sold entirely to the US Healthcare Industry, and that there are therefore no additional segmental disclosures to be made in these financial statements.

8. Significant Accounting Policies

The significant accounting policies adopted in the preparation of these statements are set out below.

Reporting Currency

The Directors consider that as the Group's revenues are primarily denominated in US dollars the principal functional currency is the US dollar. The Group's financial statements are therefore prepared in US dollars.

Currency Translation

Transactions denominated in foreign currencies are translated into US dollars at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities expressed in foreign currencies are translated into US dollars at rates of exchange ruling at the Balance Sheet date ($1.4802/£1). Exchange gains or losses arising upon subsequent settlement of the transactions and from translation at the Balance Sheet date, are included within the related category of expense where separately identifiable, or in general and administrative expenses.

Revenue Recognition

The Group follows the principles of IAS 18, "Revenue Recognition", in determining appropriate revenue recognition policies. In principle revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow into the Group.

Revenue is derived from sales of, and distribution agreements relating to, software licenses and professional services (including installation). Revenue is recognised when (i) persuasive evidence of an arrangement exists; (ii) the customer has access and right to use our software; (iii) the sales price can be reasonably measured; and (iv) collectability is reasonably assured.

Revenue from standard licensed products which are not modified to meet the specific requirements of each customer is recognised from the point at which the customer has access and right to use our software. This right to use software will be for the period covered under contract and, as a result our annuity based revenue model, recognises the licensed software revenue over the life of this contract. This policy is consistent with the Company's products providing customers with a service through the delivery of, and access to, software solutions (Software-as-a-Service ("SaaS")), and results in revenue being recognised over the period that these services are delivered to customers.

'White-labelling' or other 'Paid for development work' is generally provided on a fixed price basis and as such revenue is recognised based on the percentage completion or delivery of the relevant project. Where percentage completion is used it is estimated based on the total number of hours performed on the project compared to the total number of hours expected to complete the project. Where contracts underlying these projects contain material obligations, revenue is deferred and only recognised when all the obligations under the engagement have been fulfilled.

Revenue from all professional services is recognised as the applicable services are provided. Where professional services engagements contain material obligation, revenue is recognised when all the obligations under the engagement have been fulfilled. Where professional services engagements are provided on a fixed price basis, revenue is recognised based on the percentage completion of the relevant engagement. Percentage completion is estimated based on the total number of hours performed on the project compared to the total number of hours expected to complete the project.

Software and professional services sold via a distribution agreement will normally follow the above recognition policies.

Should any contracts contain non-standard clauses, revenue recognition will be in accordance with the underlying contractual terms which will normally result in recognition of revenue being deferred until all material obligations are satisfied.

The excess of amounts invoiced over revenue recognised are included in deferred income. If the amount of revenue recognised exceeds the amount invoiced the excess is included within accrued income.

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the acquisition date, of assets given, liabilities incurred or assumed, and the equity issued by the Group. The consideration transferred includes the fair value of any assets or liability resulting from a contingent consideration and acquisition costs are expensed as incurred.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 in the Statement of Comprehensive Income. Contingent consideration that is classified as equity is not re-measured and its subsequent settlement is accounted for within equity.

Goodwill arising on the acquisition is recognised as an asset and initially measured at cost, being the excess of fair value of the consideration over the Group's assessment of the net fair value of the identifiable assets and liabilities recognised.

If the Group's assessment of the net fair value of a subsidiary's assets and liabilities had exceeded the fair value of the consideration of the business combination then the excess ('negative goodwill') would be recognised in the Statement of Comprehensive Income immediately. The fair value of the identifiable assets and liabilities assumed on acquisition are brought onto the Balance Sheet at their fair value at the date of acquisition.

Intangible Assets

(a) Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition. Goodwill is capitalised and recognised as a non-current asset in accordance with IFRS 3 and is tested for impairment annually, or on such occasions that events or changes in circumstances indicate that the value might be impaired.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

(b) Proprietary software

Proprietary software acquired in a business combination is recognised at fair value at the acquisition date. Proprietary software has a finite life and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the associated costs over their estimated useful lives of 5 years.

(c) Contractual Customer relationships

Contractual customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relations have a finite useful economic life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the customer relationship which has been assessed as 10 years.

(d) Research and Development Expenditure

Expenditure associated with developing and maintaining the Group's software products are recognised as incurred. Where, however, new product development projects are technically feasible, production and sale is intended, a market exists, expenditure can be measured reliably, and sufficient resources are available to complete such projects, development expenditure is capitalised until initial commercialisation of the product, and thereafter amortised on a straight-line basis over its estimated useful life, which has been assessed as 5 years. Staff costs and specific third party costs involved with the development of the software are included within amounts capitalised.

(e) Computer software

Costs associated with acquiring computer software and licensed to-use technology are capitalised as incurred. They are amortised on a straight-line basis over their useful economic life which is typically 3 to 5 years.

Impairment of non-financial assets

At each reporting date the Group considers the carrying amount of its tangible and intangible assets including goodwill to determine whether there is any indication that those assets have suffered an impairment loss. If there is such an indication, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any) through determining the value in use of the cash generating unit that the asset relates to. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the impairment loss is recognised as an expense.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset. A reversal of an impairment loss is recognised as income immediately. Impairment losses relating to goodwill are not reversed.

Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held with banks and short term highly liquid investments. For the purpose of the Statement of Cash flow, cash and cash equivalents comprise of cash on hand, deposits held with banks and short term high liquid investments.

Share-Based Payments and Taxation Implications

The Group grants share options to certain employees. In accordance with IFRS 2, "Share-Based Payments" equity-settled share-based payments are measured at fair value at the date of grant. Fair value is measured by use of the Black-Scholes pricing model as appropriately amended. The fair value determined at the date of grant of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of shares that will eventually vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the Statement of Comprehensive Income, with a corresponding adjustment to equity. When the options are exercised the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium.

The share-based payments charge is included in net operating expenses and is also included in 'Other reserves'.

In the UK and the US, the Group is entitled to a tax deduction for amounts treated as compensation on exercise of certain employee share options under each jurisdiction's tax rules. A compensation expense is recorded in the Group's Statement of Comprehensive Income over the period from the grant date to the vesting date of the relevant options. As there is a temporary difference between the accounting and tax bases a deferred tax asset is recorded. The deferred tax asset arising is calculated by comparing the estimated amount of tax deduction to be obtained in the future (based on the Company's share price at the Balance Sheet date) with the cumulative amount of the compensation expense recorded in the Statement of Comprehensive Income. If the amount of estimated future tax deduction exceeds the cumulative amount of the remuneration expense at the statutory rate, the excess is recorded directly in equity against retained earnings.

9. Availability of announcement and Half Yearly Financial Report

Copies of this announcement are available on the Company's website, www.craneware.com. Copies of the Interim Report will be posted to shareholders, downloadable from the Company's website and available from the registered office of the Company shortly.