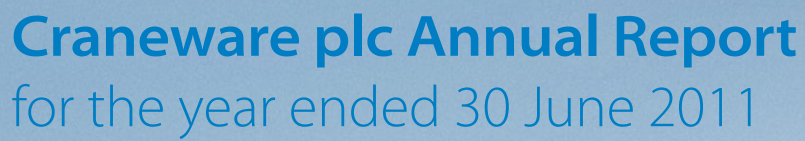

Craneware plc Annual Report
for the year ended 30 June 2011

Craneware

About Craneware

Craneware is the leader in automated revenue integrity solutions that improve financial performance and mitigate risk for US healthcare organisations. Founded in 1999, Craneware has headquarters in Edinburgh, Scotland with offices in Atlanta, Boston, Nashville and Scottsdale employing more than 200 staff. Craneware's market-driven, SaaS solutions help hospitals and other healthcare providers more effectively price, charge, code and retain earned revenue for patient care services and supplies. This optimises reimbursement, increases operational efficiency and minimises compliance risk. By partnering with Craneware, clients achieve the visibility required to identify, address and prevent revenue leakage. To learn more, visit craneware.com and stoptheleakage.com.

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Financial and Operational Highlights

Financial

- Strong revenue and profit growth
  - 34% increase in revenues to $38.1m (2010: $28.4m)
  - Adjusted EBITDA[1] increased 32% to $10.1m (2010: $7.6m)
  - Adjusted profit before taxation increased 27% to $9.3m (2010: $7.3m)
  - Profit before tax increased 19% to $8.7m (2010: $7.3m)
  - Basic adjusted EPS increased 17% to 25.6 cents (2010: 21.8 cents)
  - Basic EPS increased 6% to 23.1 cents (2010: 21.8 cents)
- Positive operational cash flow of $10.1m (2010: $8.9m)
- Cash at year end $24.2m (2010: $29.4m) following $9m payment to acquire ClaimTrust in February 2011
- Proposed final dividend of 4.8p (7.7 cents) per share giving total dividend for the year of 8.8p (14.2 cents) per share (2010: 8p (12 cents) per share)

[1] Adjusted EBITDA refers to earnings before interest, tax, depreciation, amortisation, share based payments and transaction related costs

Operational

- Significantly increased market share; approx. 1,500 US hospitals now use Craneware software
- Integration of ClaimTrust as Craneware InSight, Inc. proceeding ahead of plan
- Leading indicator, the acceleration of the Recovery Audit Contractor programme, now taking place and expected to increase demand in future years

Quick Facts — Financial

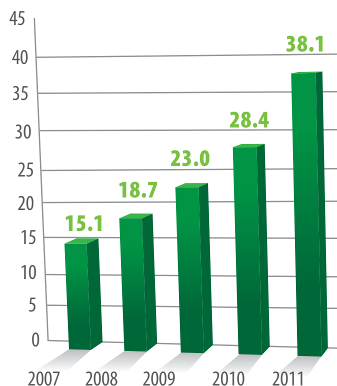
32%
increase in Adjusted EBITDA[1]

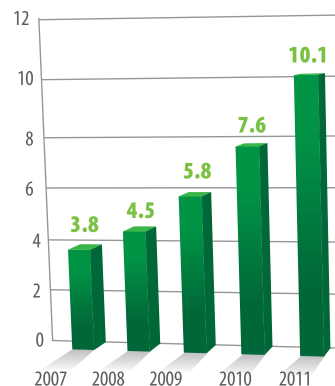
34%
increase in revenues

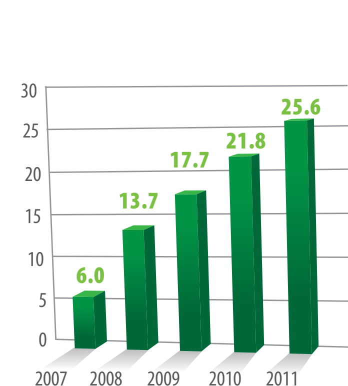
17%
increase in basic adjusted EPS

$24.2m
cash at year end

1.5
product attachment rate







Craneware Innovation

Craneware introduced the healthcare industry's original chargemaster management solution more than twelve years ago. For the last five years, Craneware's Chargemaster Toolkit® has ranked number one in the "Top 20 Best in KLAS Awards" report, the leading independent source of healthcare IT performance metrics. Craneware SaaS solutions provide a level of visibility that allows US hospital and healthcare organisations to identify the specific causes of their revenue leakage, more accurately price, charge and code for patient care services and supplies, while improving charge capture and compliance documentation.

Craneware's innovation is market-driven, meaning we look to the market in order to identify opportunities where automation can help healthcare organisations improve financial performance. Then, we work with customers to bring those solutions to the industry that exactly address healthcare organisations' actual needs. Through Craneware User Groups, the Craneware Client Advisory Council, and the online customer community, customers participate in a collaborative network where they engage in sharing best practices while enhancing existing and influencing new products and services. This network is a resource for ongoing dialogue. Craneware has also launched stoptheleakage.com, an online resource for ongoing dialogue where healthcare revenue integrity professionals can download whitepapers, read case studies and participate in blog posts written by Craneware thought leaders. One result of this engagement with the marketplace is that customers are so passionate about their business process improvements and results achieved using Craneware solutions that they regularly appear alongside Craneware experts at industry trade shows and events.

Craneware continues to invest in innovating new solutions for customers. The most recent solutions that help US hospital and healthcare organisations improve their financial performance are **Physician Revenue Toolkit® – Corporate** and **Value-based Pricing Analyzer™**. Physician Revenue Toolkit – Corporate enables hospitals to manage multiple physician operations' charges to a corporate standard for greater operational efficiency, optimal reimbursement and reduced compliance risk. Value-based Pricing Analyzer simplifies and automates the price-modeling process, providing the speed and flexibility hospitals need to adapt to dynamic market conditions, anticipate potential impacts of changes, and ensure pricing is defensible, transparent and competitive. By enabling clients to align their business processes with best practices for compliance and reimbursement using our software, Craneware has become a trusted healthcare business partner, known for our track-record of successful innovation, industry expertise and a deep commitment to helping hospitals improve financial performance through revenue integrity.

A Unique Challenge and a Unique Opportunity

Healthcare is one of the largest segments of the US economy, and with healthcare reform expected to provide insurance to 40 million of the expected 55 million uninsured Americans, demand for healthcare services will only increase. To achieve US healthcare reform objectives of "doing more with less," organisations must accurately capture all revenue to which they are entitled, whilst ensuring documented compliance to keep revenue earned. Craneware Revenue Integrity Solutions™ help customers efficiently achieve these critical demands.

The US healthcare industry's reimbursement is unlike any in the world: highly complex, with ever-growing regulatory requirements. Sixty to sixty-five percent of healthcare costs are paid by various government programs, with the rest paid by private insurers. All of these payors expect different criteria to be met for payment, while rules on what insurers and government will pay are continually changing. As a result, hospitals' need for software to maintain charge compliance continues to intensify.

Craneware helps healthcare provider organisations navigate this complex environment successfully, with solutions that help ensure correct, compliant pricing, charging and coding for patient care services and supplies so they can get paid accurately and successfully defend earned revenue in an audit. Craneware Revenue Integrity Solutions help healthcare organisations to both achieve revenue integrity and sustain it.

When hospitals use Craneware Revenue Integrity Solutions, they find the greatest rewards in improved reimbursement for outpatient encounters: a revenue area of increasing importance to hospitals, growing from 28% of gross revenue in1994 to 41% in 2009. Many healthcare provider organisations are looking to further expand outpatient services for their greater profitability.

Increasingly Complex Healthcare Environment

The 2011 edition of AHA Hospital Statistics puts the total number of registered US hospitals at 5,795. Presently fewer than half of these have chargemaster management software such as Craneware's Chargemaster Tookit®. As the US healthcare industry undergoes changes in coding and reimbursement models, it will become nearly impossible for hospitals to keep up with these changes without such software.

Adding complexity, even a mid-size hospital can have as many as 100 different systems. Most of these systems do not consistently share data to "talk" to each other, making it easy for essential business information to fall through the cracks. US healthcare's complexity has exceeded the capabilities for healthcare professionals and departments to operate in these isolated silos. Craneware helps connect previously siloed systems so hospitals can ensure they're not doing anything incorrectly that would prevent them from being paid.

Healthcare organisations also face pressure to meet both funded and unfunded technology mandates before their competitors. These pressures are driving acquisitions of both hospitals and physician practices as well as adoption of additional business automation. When integrating healthcare acquisitions, standardisation of organisation-wide pricing, charging and coding offers opportunity to optimise revenue and reduce compliance risks. Craneware's market-leading tools help different healthcare provider organisations reach a corporate revenue integrity standard, put more efficient processes in place and support best practice standardisation whilst enabling a more accountable and compliant way of doing business.

The *2011 Annual Report of the US Hospital IT Market, HIMSS Analytics* says of the Revenue Cycle Management (RCM) environment that, "this market segment continues to generate high levels of demand for enhanced and complimentary software products to meet changes in these business requirements and technological advances in electronic data exchange." The report goes on to describe next generation revenue cycle management (NGRCM) saying, "These are solutions that focus on improving collection rate, business office workflows, productivity and the overall efficiency of the RCM process, whilst also improving patient satisfaction and convenience. The NGRCM market is still in its infancy, but these applications will become critical solutions for all hospitals within the next few years." Craneware's market leadership in RCM and NGRCM positions us well for growth.

The ClaimTrust Acquisition

Reducing risks associated with managing financial transactions in order to keep earned revenue is a pressing priority for US hospitals facing a myriad of audits from state and federal entities as well as private payors. The Recovery Audit Contractor (RAC) demonstration phase alone took back from providers over $980 million in previously approved and paid Medicare payments. In addition, a hospital can easily lose 7%-10% of its revenue to denied claims that could successfully be corrected and resubmitted. That level of unrecovered revenue can mean the difference between operating at a loss and staying in the black.

Craneware's acquisition of ClaimTrust in February 2011 was a major step in providing solutions to address these risks. ClaimTrust – now known as Craneware® InSight – solutions have helped hospitals successfully manage the RAC process to win more than twice as many appeals as their peers and defend millions of dollars in Medicare RAC denials. Craneware and Craneware InSight tools have an unmatched track record and knowledge base for helping US hospitals efficiently optimise and defend earned revenue from audits and denials.

Building Partnerships

Over the years, Craneware has cultivated an extensive network of healthcare business relationships. Among these allies are industry-leading hospital information systems, patient accounting systems and Group Purchasing Organisations (GPOs). These relationships provide a competitive advantage in maximising opportunities to sell the range of Craneware Revenue Integrity Solutions and deliver compelling value to customers.

As Craneware modernises customers' revenue integrity processes with effective technologies, our view is toward delivering long-term value and partnership. Since our beginning, we have devoted ourselves to building strong customer relationships, from implementation and training through business process advancement. Customers tell us they value Craneware not only for the effectiveness of our industry-leading software, but for the partnership we offer them: a key reason why renowned healthcare organisations have entrusted Craneware over the years with increasing contracts for additional software and services. We take great pride in the quality of our software, the calibre of our people and the collective track record they represent.

Craneware's software innovations are helping US healthcare drive business improvements that will ultimately result in better health for patients and institutions alike. This need for innovation and quality in a changing and complex environment, and our determination to lead the response to this need, is ultimately driving our growth.

Clockwise from top-left: Her Majesty the Queen greeting Craneware's CEO Keith Neilson and Craneware's Chief Technology Officer and US President Gordon Craig at a reception for winners of the Queen's Awards for Enterprise 2011 held at Buckingham Palace; Gordon Craig and Keith Neilson at Buckingham Palace; Craneware Client Sales Manager Christian Borchet, Healthcare Financial Management Association president Dick Clarke, Craneware Territory Sales Manager Chris Hammond and Craneware InSight Senior Consultant Karen Hoppe; United States Surgeon General Dr. Regina M. Benjamin with Craneware's Executive VP of Marketing Ann Marie Brown and Senior VP of Finance and Operations Sandy Rasmussen at Modern Healthcare's Top 25 Women in Healthcare gala, a portion of the Women Leading Healthcare Conference which Craneware sponsored in July; Gordon Craig, Lord Provost of the City of Edinburgh and the Queen's Lord Lieutenant in Scotland, George Grubb, Lady Provost Elizabeth Grubb and Keith Neilson at the opening of Craneware's new Tanfield office and the presentation of the Queens Award for International Trade.

Quick Facts – The Technology

Craneware solutions are based on an annuity subscription model. Craneware products employ a mix of traditional client/server Windows applications and hosted ASP technologies to provide a comprehensive enterprise solution for healthcare financial performance management. Client data is always kept secure within healthcare facilities' own networks or Craneware's high-security data centre, compliant with US Health Insurance Portability and Accountability Act (HIPAA) regulations related to sensitive patient information.

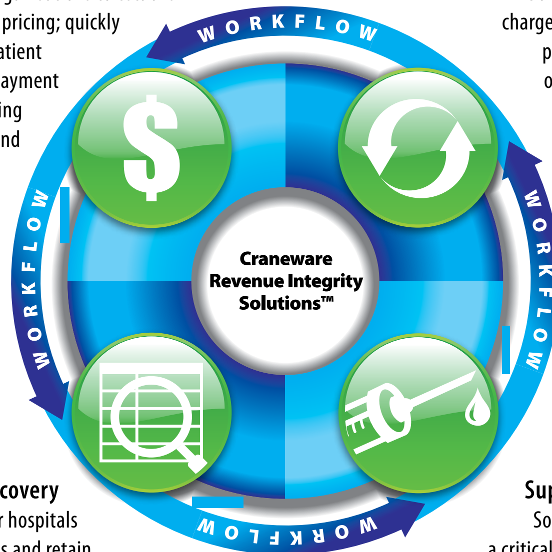
Only registered users can access Craneware's extensive knowledge base and regulatory products through available hospital-based browsers with Internet access. This allows Craneware's software to be rolled out to a number of staff in a facility, permitting different prescribed levels of interaction with minimal impact to resource-strained IS teams and busy users.

Craneware Revenue Integrity Solutions encompass four product families – Access Management & Strategic Pricing, Audit & Revenue Recovery, Revenue Cycle and Supply Management – with corresponding modules and services.

Craneware and Craneware InSight Products and Services

Access Management & Strategic Pricing
Solutions that enable organisations to establish transparent, defensible pricing; quickly and accurately assess patient benefits; and manage payment responsibility – improving cash flow, compliance and patient satisfaction

Revenue Cycle
Solutions that automate chargemaster management processes – increasing operational efficiency, minimising risk and helping to prevent revenue leakage

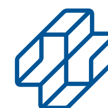


Audit & Revenue Recovery
Solutions that empower hospitals to manage payor denials and retain more cash from RAC and other auditors – ensuring that they collect and retain all the revenue to which they are entitled

Supply Management
Solutions that establish a critical connection between pharmaceutical and supply purchases and billing – improving charge capture, coding and financial performance

Craneware's Chargemaster Toolkit® is ranked No. 1 in the Revenue Cycle - Chargemaster Management market category in the "Top 20 Best in KLAS Awards" report, published December 2010. www.KLASresearch.com.
Data © 2010 KLAS Enterprises, LLC. All rights reserved.

Healthcare Financial Management Association staff and volunteers determined that Craneware's Chargemaster Toolkit®, Chargemaster Corporate Toolkit®, Bill Analyzer, Online Reference Toolkit®, and Interface Scripting Module have met specific criteria developed under the HFMA Peer Review Process. HFMA does not endorse or guarantee the use of these products.



national platinum sponsor

Access Management & Strategic Pricing

Value-based Pricing Analyzer®
software simplifies the price modeling process to ensure pricing is transparent, defensible and competitive.

Patient Charge Estimator®
software supports defensible and transparent pricing, and simplifies providing estimates for inpatient and outpatient services.

InSight Medical Necessity®
provides web-based, all-payor, medical necessity validation and Advance Beneficiary Notice (ABN) creation, which reduces accounts-receivable days by preventing medical necessity denials, and facilitates payment communication with Medicare beneficiaries.

InSight Eligibility
provides web-based, all-payor, eligibility verification, which can prevent rejections related to inactive covered benefit plans or coordination of benefits at patient access, saving time not only at patient access but also in the billing office.

Supply Management

Pharmacy ChargeLink®
improves charge capture, pricing and cost management, establishing and maintaining a connection between a hospital's pharmaceutical purchases and billing.

Supplies ChargeLink®
helps optimise reimbursement for chargeable supplies by establishing and maintaining a connection between a hospital's supply purchase history and its chargemaster, which helps ensure accurate pricing, coding and billing of these supplies.

Revenue Cycle

Chargemaster Toolkit®, Chargemaster Corporate Toolkit® and Chargemaster Toolkit® - CAH
automate chargemaster management processes for capturing optimal legitimate reimbursement for hospitals. Customisable for organisations from small community hospitals to large healthcare networks.

Bill Analyzer
is HFMA Peer-Reviewed software that improves charge capture processes by identifying lost revenue and categorising areas of risk resulting in cleaner, more compliant claims.

Physician Revenue Toolkit®, Physician Management Toolkit and Physician Revenue Toolkit® – Corporate
are for managing physician group charges, codes, RVUs, fee schedules, and related information – includes Online Reference Toolkit® for physician billing. Corporate version manages charges to a corporate standard. Management version includes Decision Dashboard® that tracks Key Performance Indicators (KPIs) for strategic physician group management.

Supporting Modules

Online Reference Toolkit®
is an HFMA Peer-Reviewed Web-based tool for reducing risk by providing access to reference and regulatory resources.

Interface Scripting Module
is HFMA Peer-Reviewed software that automatically uploads chargemaster changes to the patient billing system for accurate billing.

Audit & Revenue Recovery

InSight Audit™
software is comprehensive, web-based audit management tool that empowers healthcare organisations to manage RAC and other medical claim audits and workflows from one central location.

InSight Payment Variance Analyzer™
identifies, tracks and helps eliminate revenue lost in the form of underpaid claims.

InSight Denials®
analyses, tracks, trends and reports on denial data, providing workflow tools to distribute denied claims to the right departments and staff for resubmission.

Supporting Services

Craneware Professional Services and Craneware InSight provide companion implementation and consulting services that help facilities apply best practices and achieve a fast sustainable return-on-investment. Craneware augments initial product training with live or self-led web-based training through the Craneware Performance Center and optional fee-based training.

"Craneware has continued to deliver...the Company is an established part of the fabric of the US healthcare industry."

George Elliot, Chairman

Craneware has continued to deliver against the backdrop of an evolving marketplace. We have launched four new products during the year, one of which we have developed organically, while three came via the acquisition of ClaimTrust. We now count nearly 1,500 hospitals as our customers with some of the largest hospital groups in the US amongst our growing band of software users. Through our increased marketing efforts and continued commitment to customer service, our reputation in the healthcare market as thought leaders in the area of 'revenue integrity' has moved forward significantly in the year.

With approximately 25% of hospitals in the US now using one or more of Craneware's nine core products, the Company is an established part of the fabric of the US healthcare industry. While the US economy has been under much scrutiny in recent months and the debate about healthcare reform continues, what is unavoidable is that US healthcare facilities are being asked to provide a higher level of patient care, to a greater number of people, at a lower cost per patient. There is therefore a compelling case for the implementation of software such as ours to efficiently protect the revenue to which these healthcare facilities are entitled.

Following the acquisition of ClaimTrust in February, we have been extremely encouraged by the response from our customers to the newly launched Craneware InSight products in our "Audit Revenue and Recovery" product family. The first sales of InSight products into our existing customer base have taken place and we have built a strong list of prospects. The expertise in the area of audits and appeals brought to us by the ClaimTrust team has already proven to be a valuable addition to the Group. We continue to assess opportunities for similar acquisitions.

We see the increasing level of fines levied on hospitals from the Recovery Audit Contractor (RAC) programme, as a leading indicator of hospital demand for our unique solution set. In addition, we expect other factors such as the anticipated McKesson re-engagement in sales of their Horizon software, into which our Revenue Cycle Management tools have been integrated, to help drive forward customer decision making in the coming year.

We continue to have extremely high levels of revenue visibility due to the multiyear nature of our contracts and our annuity revenue recognition policy. At the end of the year under report Craneware had visibility of over $105m of revenue for the next three years, having increased from $83m at 30 June 2010.

I would like to take this opportunity to once again welcome the Craneware InSight team and customers into Craneware and thank all our customers, people and partners for their ongoing support.

The expansion of our market share, our strong financial position and excellent sales pipeline provide the Board with a great deal of confidence in our ability to continue to execute on our growth strategy.

George Elliott
Chairman
29 August 2011

"This year has seen...our largest organic increase in both revenues and EBITDA to date."

Keith Neilson, CEO and co-founder

"As we enter the current financial year we have visibility of $105m in revenue for the next three years and over $24m in cash."

Craig Preston, CFO

Introduction

This year has seen the business deliver our largest organic increase in both revenues and EBITDA to date with revenues growing organically by 25% and adjusted EBITDA growing by 32%. The ClaimTrust acquisition resulted in an overall revenue growth rate of 34%. Importantly, the business generated a high level of cash from operating activities in the period, reaching $10m (a 100% conversion of adjusted EBITDA), a fourfold increase since IPO. This strong set of results continues to demonstrate the success of the Craneware strategy in building out its unique product suite, ensuring Craneware's market leading position as the strength of the business model delivers growth into the long term.

Although sales to channel partners and large hospital systems have not been at previous levels, we believe that this is a factor of timing and not a long term or general market trend. The results this year have been achieved despite this timing issue and the significant strength of current pipeline opportunities compared to historical norms gives us confidence that the growth opportunities for Craneware remain strong. We continue to outperform our competition in the majority of customer opportunities and believe that as the RAC audit programme gathers pace so will the pressures on hospitals to move towards automated systems in order to manage these audits and protect revenue. Our acquisition of ClaimTrust in particular means we believe we are well positioned to assist our clients in this ever more pressing area.

Our focus in the year ahead will be on the cross sale of our increased product set to our extended customer base, the integration of further ClaimTrust products into our offering and the continued winning of market share. As we enter the current financial year we have visibility of $105m in revenue for the next three years and over $24m in cash.

Integration of ClaimTrust

We were delighted to have completed the acquisition of ClaimTrust on 17 February 2011. This is the first acquisition for Craneware and one which the Board believes to be strategically valuable, bringing new areas of expertise into the Group, adding a new product family and increasing our market share with the addition of over 250 hospitals. All of ClaimTrust's products are applicable to the Craneware customer base and target audience providing for a significantly expanded market opportunity.

The first 90 day integration plan of ClaimTrust as Craneware InSight Inc, has now been successfully completed. Both sales teams have been cross-trained in the products and the management teams aligned. In terms of marketing, the products have been given a common branding and messaging under Craneware InSight and we have established the foundation for new customers for the InSight products to join on Craneware's traditional Annuity Software as a Service revenue model. We are pleased to report that the uptake of products by the Craneware customer base has been positive thus far, securing our first customer, the Kingman Regional Medical Center, in June 2011 and have made further sales since then supporting our belief that the future for the products is extremely promising.

Market Developments

The US healthcare market continues to be impacted by the introduction of new legislation and increased regulation as the government seeks to reduce the burden of healthcare on the state whilst making healthcare available to a larger percentage of the population. Cuts to Medicaid state budgets, the means-tested programme for certain individuals and families with low incomes and resources, have been as high as 20% across the US. Meanwhile the number of people enrolling in the Medicaid programme continues to increase by an additional 1% along with a 1.1% increase in the uninsured for every 1% increase in the national unemployment rate. These factors mean a growing number of hospitals are seeking technology based solutions to help improve accuracy of billing and reduce regulatory burdens, thereby protecting their slim profit margins.

Two specific factors which have moved forward during the year have been the introduction of the finalised RAC programme and the movement in healthcare IT coding towards the use of ICD-10 (as explained below).

RAC Programme

The Recovery Audit Contractors are tasked with detecting and correcting past improper payments to hospitals, whether these are overpayments which need to be recouped, or underpayments which need to be reimbursed. Following a demonstration pilot of the RAC programme in five states (California, Florida, New York, Massachusetts and South Carolina) from 2004 to 2007, US Congress authorised the nationwide expansion of the initiative through the Tax Relief and Health Care Act of 2006, which regulated that it be rolled out nationwide by January 1, 2010.

While the RACs identified and recouped $92.3m of corrections from hospitals in its first 12 months of the programme to September 2010, this has increased significantly to $592.5m in the subsequent 9 month period[1], placing a huge burden on hospitals. These increasing amounts being levied on hospitals are creating a major stimulus for hospital purchasing decisions for software such as Craneware InSight's Audit and the Board believes are a leading indicator of further Craneware product family sales.

Craneware InSight Audit

Recovery Audit Contractors can request a maximum of 500 records per 45 days from any individual healthcare provider over a 3-year look back period. The volume of record requests and denials initially overwhelmed healthcare providers, and still proves to be a burden.

The InSight Audit product organises, manages and reports on all audit requests, responses and appeal activities for all audit types. It stores the relevant information and documents the steps taken to appeal denials, whilst also identifying trends and areas of exposure. InSight Audit manages (1) the patient record, (2) the RAC audit workflow, and (3) reports on areas of risk.

InSight Audit can also be used to manage the RAC appeal process, from the initial decision to appeal through to successful resolution of the appeal; aiding hospitals recoup cash and reduce the financial cost of doing so. The five levels of this process take between 2 to 3 years to complete for each individual RAC denial; costing in resources, tracking and reporting an estimated $2,000 to appeal per record, if no technology solution has been implemented. Therefore with RACs able to request up to 500 records every 45 days, this can easily escalate to a significant cost.

ClaimTrust, having been based in the RAC demonstration catchment area in 2007, prior to the government's full roll-out of the initiative, gained early insight into what was needed in terms of product development; Craneware InSight appealed and won 84% of RAC Medicare denials on behalf of its customers, when nationally only 8% of denials were appealed and won[2] .

HIPAA 5010 & ICD-10

ICD-10 is a new, more detailed diagnosis and procedure code set and logic. The goal of the introduction of this new coding is to improve patient care, enhance claims processing, and improve data collection. Due to the increased number of codes, the change in the number of characters per code, and increased code specificity, this transition will require significant planning, training, software/system upgrades/replacements, as well as other necessary investments. The HIPAA transaction standard 5010 is a transaction format that allows for the additional field length and addition of non-numeric characters to support ICD-10. All hospitals are required to have moved to the use of 5010 by January 2012 with ICD-10 coming into effect from 1 October 2013. Craneware anticipates that the introduction of this coding will require hospitals to reassess their current IT and data collection systems, effectively mandating investment in this area. If physicians and hospitals are not ready for these changes, they risk claim rejections and interrupted cash flow. All of Craneware's software is already ICD-10 compatible.

Sales and Marketing

Due to the expansion of our customer base in the year, we have chosen to align our sales teams into three geographical regions, with each region headed up by an experienced Regional Vice President. We continue to build our separate Sales Support and Marketing Teams in our Atlanta office. Each team will have a mix of experience and skill sets, this combined with the closer geographical alignment will, we believe, better place us to meet the requirements of our current and future customers. We anticipate further investment into these teams, in line with our revenue growth, as we look to meet the market opportunity.

Following the acquisition of ClaimTrust in February this year, we added over 250 hospitals to Craneware, many of these hospitals having only one of the now nine 'core' products. As a result of this larger customer base, our average product attachment rate per customer is now 1.5 products as compared to 1.7 prior to the acquisition. This represents an increased cross sell opportunity of now 7.5 products per customer as we have broadened the product solutions we can offer to meet our customers' needs.

At the half year period we advised that we were trialing a system of 'auto renewals' in order to enable our sales people to focus more on the sales of new products. However, having now assessed this change of structure over some months, we do not believe that this system generated the benefits anticipated for either our customers or Craneware. As a result, we have therefore reverted to our traditional active multi-year renewal policy, commissioning the sales teams accordingly. This serves to provide a greater level of revenue visibility for future years, whilst retaining the administrative safeguard of the auto-renewal language in our standard contract.

During the year we have seen our dollar value of renewals in the year drop below our historical norms of over 100%. This was exacerbated by the reduced number of hospitals due to renew and two large hospital groups who, having given an indication they would renew their original product sets in the period, subsequently entered into discussions regarding the purchase of additional products, leading to an extended period of negotiation. It is important to note that both these large hospital groups are under contract. In the period since the year end we have seen a return to our historical norms of at least 100%.

Internally Craneware continues to target a revenue split of no more than 50% from any one product by the start of FY14 (1 July 2013) and we remain confident that we are achieving the correct additional balance of non-Chargemaster sales to achieve this, whilst continuing to add to our Chargemaster customer base.

The average length of new customer contracts continues to be stable at approximately five years. Where we enter into new product contracts with our existing customers, these contracts are typically made co-terminus with the customer's existing contracts, and as such the average length of these contracts is three years, in line with our expectations. Annualised new facility value dipped slightly as a result of the new customer mix in the year, it is anticipated this will stabilise or increase in future years.

[1] CMS – Centers for Medicare & Medicaid Services, June 2011

[2] The Medicare Recovery Audit Contractor (RAC Program: Update to the Evaluation of the 3-year Demonstration June 2010, CMS)

We continue to actively engage with some of the largest multi-hospital groups in the US and have several potential new deals in the pipeline. Due to the size of these groups these types of contracts naturally take longer to close but we are confident we will continue to see success in this area, as we continue to grow our market share.

In addition to our internal sales teams, Craneware continues to partner with numerous industry-leading hospital information systems, patient accounting systems and GPOs. These alliances both extend Craneware's market reach and the range of solutions we offer clients. Sales from the McKesson partnership, whereby Craneware's Revenue Cycle Management software is integrated into McKesson's healthcare IT platform, Horizon, have been slower this year than anticipated as McKesson delayed the roll-out of its new platform. However, there are strong indications that they intend to move forward from January 2012 which should benefit Craneware. We continue to further develop our GPO partnerships with Premier and Amerinet.

Product Development

Product development continues to sit at the heart of Craneware's success as we build our portfolio of products sitting in and around the point where clinical data turns into financial data. This year saw the successful launch and first sale of our second product within our Strategic Pricing family, Value-based Pricing Analyzer, helping hospitals more effectively, accurately and sustainably manage their pricing strategies for services, drugs and supplies, optimising their financial performance while making strategic decisions in both a transparent and defensible manner.

New Product Family - Audit Revenue and Recovery

Since February our focus has been on the integration of the first three of the ClaimTrust products into our core offering under the newly developed "Audit and Revenue Recovery" product family. These products are InSight Audit™, InSight Payment Variance Analyzer™ and InSight Denials®. Each of these three products has the potential to be used by customers alongside any of the current Craneware product suite to help manage and protect against the increasing number of audits being carried out under the Medicare Recovery RAC programme introduced as part of healthcare reform. We therefore believe the potential for these products to be significant as the RAC programme gathers pace in 2012 and 2013.

Our focus this year will be on the integration of the remaining 3 ClaimTrust products, fully integrating them within the product suite and into Craneware branding and finding new innovative ways of leveraging the strengths of the combined data sets of the two companies.

Customers

Approximately 1,500 hospital facilities across all States in the US utilise one or more of our software products, representing nearly a quarter of all US hospital facilities. We continue to win market share and believe our reputation for customer support and product innovation, combined with our strong industry partnerships mean we will continue to do so in the year ahead.

Our customer base continues to cover a broad range of facilities, from small community hospitals to some of the largest healthcare networks such as Intermountain Healthcare, Cleveland Clinic and many of the other faith-based charity hospital networks. We were delighted to begin working this year with Shriners Hospitals for Children®, a national 20 hospital group headquartered in Florida representing our largest children's hospital customer to date.

During the year our core product, Chargemaster Toolkit® was awarded the number one position in its category by the prestigious US industry research house KLAS for the fifth consecutive year, demonstrating Craneware's commitment to continually enhancing our software to meet current conditions and delivering unparalleled customer service and support to healthcare facilities across the country.

Financial Review

The financial results for the current year represent another significant milestone in Craneware's evolution. Following the completion of the ClaimTrust acquisition on 17 February 2011, the results for the first time include a contribution, albeit four months, from our new subsidiary Craneware InSight Inc ("InSight"). The financial detail underlying this acquisition, the accounting treatments adopted and how we have adapted our reporting as a consequence is explained below.

Revenue

Revenues in the year have grown by 34% to $38.1m (2010: $28.4m) of which the original Craneware business pre the acquisition (the "Core" business) generated organic growth of 25% to $35.5m (2010: $28.4m) with InSight delivering revenues of $2.6m in the period since its acquisition. Of this total revenue $33.4m (2010: $24.7m) has been delivered from licence revenues generated through our customers' use of the software, the remainder $4.7m (2010: $3.7m) has been delivered from our Professional Services organisation through their work implementing the software and consulting services provided to hospitals in the Revenue Integrity area, primarily ensuring they generate the maximum value from our software solutions.

We continue to generate 100% of our revenue from software and associated professional services to hospitals in the US. Following the acquisition we have nine core products that are equally applicable to our hospital customer base and have cross-trained our sales force to meet this opportunity. As such we still define our revenue as being derived from one market segment in the financial statements.

Earnings

As a result of the acquisition, the Group is now reporting an 'Adjusted' earnings before interest, taxation, share based payments, depreciation, and amortisation ("EBITDA"). This EBITDA is calculated in accordance with the prior years but also adjusts for the impact of the one-off costs related to the acquisition such as the legal and due diligence costs, which amounted to $516,796. Reporting an 'Adjusted' EBITDA is consistent with other acquisitive companies as it allows for a more accurate understanding of the underlying profit generated from operations and for a direct comparison year on year.

EBITDA for the year has grown to $10.1m (2010: $7.6m) an increase of 32% in the period. As expected, as a result of our increased investment and integration spend in InSight, all of the EBITDA growth is organic with InSight being EBITDA neutral in its contributing period.

Organic EBITDA margins have increased to 28.5% (2010: 26.8%). It was anticipated that the InSight business would dilute the Core margins for a period of time until sufficient operating leverage could be gained as a result of the acquisition. As a result, the overall Group margin for the year was 26.5%.

Revenue – Recognition and Visibility

Craneware Core business continues to recognise revenue primarily through its annuity revenue recognition model. This model sees software licence revenue recognised over the life of the contracts we sign (which during the year has remained stable for new customers at an average contract life of 5 years), with any associated professional services revenue recognised as we deliver the services. As a result of this revenue recognition model, the maximum value of an average contract that can be recognised as revenue in the current year is 20% plus the value of associated professional services that have been delivered. This leaves the remaining 80% of the licence revenue being contracted but not recognised until future reporting periods.

InSight has historically adopted a different revenue model, with monthly invoicing and recognition. Whilst this revenue is classed as 'recurring' it does not meet the strict criteria of no break clauses the Company has applied to call it 'contracted'. Over time it is our intention to migrate InSight to the core business model.

As a result of the combined business models, the Company has identified the "Three Year Visible Revenue" metric as the primary KPI to assess the medium term growth prospects. This metric includes:

- InSight revenue identified as recurring in nature (subject to an estimated churn rate of 8% per year);
- Future revenue under contract;
- Revenue generated from renewals (calculated at 100%).

During the year, the Three Year Visible Revenue has increased 26.5% from $83m to $105m. The breakdown of this total is as follows (Figure 1):

- InSight contributed $16.5m.
- Future revenue under contract contributed $62.6m of which $28.1m will be recognised in FY12, $20.1m in FY13 and $14.4m in FY14.
- Revenue generated from renewal activities contributed $25.9m (i.e. customers coming to the end of their existing multi-year contracts) being $3.1m in FY12, $8.6m in FY13 and $14.2m in FY14.

Operating Expenses

We have continued our planned investment during the year. In relation to the Core business we have increased our Client Servicing spend by 19% to $4.8m (2010: $4.0m) and have made investments in our infrastructure to support our future growth (including new offices in Atlanta and an office move to Edinburgh) resulting in our G&A costs increasing by 15% to $3.8m from $3.3m. Where we have made investments in prior years, we have continued to grow in these areas, albeit at lower rates with sales and marketing spend increasing by 11% to $7.8m (2010: $7.1m) and product development by 16% to $4.4m after capitalising $0.2m of costs relating to new products (2010: $3.8m after capitalising $0.5m of costs relating to new products). These investments combined with the InSight cost base included since the acquisition date of $2.6m has resulted in net operating expenses (before acquisition costs, share based payments, depreciation and amortisation) of $23.4m (2010: $18.8m). This represents a growth in our operating costs of 24% as compared to a revenue growth of 34%.

Acquisition of ClaimTrust Inc

On the 17 February 2011, the Company acquired the entire share capital of ClaimTrust Inc. for an initial consideration of $15m. This initial consideration was formed of $9m cash and $6m of new shares issued. The acquisition is subject to a further contingent consideration payment of up to a further $4.5m (payable in cash) depending on financial over-performance in both revenue and EBITDA for the 12 months to 30 June 2012. The $6m of new shares issued by Craneware plc represents an additional 641,917 shares (of which 617,731 have been issued by 30 June 2011).

The acquisition was completed via a newly formed 100% owned subsidiary Craneware InSight Inc. Following the acquisition, the ClaimTrust business was consolidated into Craneware InSight Inc. In presenting these consolidated financial statements the financial results (including the balance sheet) of Craneware InSight have been included since the date of acquisition.

On consolidation, International Accounting Standards require the Company to estimate the fair value of the contingent consideration and separately identify intangible assets and their Fair Value. Taking these values into account along with the net assets acquired results in consolidated goodwill being recognised in the Consolidated Balance Sheet.

The Company (with the assistance of an external independent advisor) has estimated, based on industry standard modelling methodologies, the fair value of contingent consideration to be $0.95m. Intangible assets relating to the 'attributable value' of existing customer relationshipes and proprietary software have been separately identified and have been recorded on consolidation with a fair value of $3.0m and $1.2m respectively. As a result, consolidated goodwill recorded on the balance sheet as a result of the acquisition is $12.3m.

Cash

We continue to measure the quality of these earnings through our ability to convert them into operating cash. We are pleased to report that for the third successive year we have collected at least 100% of our EBITDA as operating cash. This has resulted in the Group's cash balance being $24.2m (2010: $29.4m) despite paying out $9.0m in relation to the acquisition of ClaimTrust and returning $3.0m to our shareholders by way of dividend payments.

Balance Sheet

The Group maintains a strong balance sheet position, not only through our significant cash balance but with rigorous controls over working capital and no debt.

Currency

The reporting currency for the Group (and cash reserves) is US Dollars. Whilst the majority of our cost base is US located and therefore US Dollar denominated we do have approximately one quarter of the cost base based in the UK relating primarily to our UK employees (and therefore denominated in Sterling). As a result, we continue to closely monitor the Sterling to US Dollar exchange rate, and where appropriate consider hedging strategies. During the year, we have not seen a significant impact through exchange rate movements, with the average exchange rate throughout the year being $1.5906 as compared to $1.5821 in the prior year.

Taxation

As expected, we have seen an increase in our expected rate of taxation this year to a more normalised level of 30.5% (2010: 23.9%). The Group's effective rate of taxation is dependent on the ratio of profits generated in the UK and overseas (which will change following the acquisition) and the applicable tax rates in the respective jurisdictions. In the two immediately preceding years, we have seen lower effective rates of taxation due primarily to agreeing enhanced Research and Development tax relief in respect of financial years 2002 to 2009.

EPS

As with EBITDA, the Group is now reporting an adjusted EPS figure. This adjusted EPS figure has also been adjusted for amounts relating to the acquisition, i.e., $516,796 relating to one-off acquisition related expenses and $147,302 relating to the amortisation on acquired intangibles. Reporting an adjusted EPS figure and how this has been calculated, is again consistent with other acquisitive companies and allows for a more accurate direct comparison year on year.

Adjusted basic EPS has increased by 17% to $0.256 (2010: $0.218) and adjusted diluted EPS has increased by 20% to $0.253 (2010: $0.21). The growth rates for both these metrics has been affected by the higher tax effective rate detailed above and the increased number of shares in issue as a result of both the acquisition and share options exercised in the year.

Dividend

The Board recommends a final dividend of 4.8p (7.7 cents) per share giving a total dividend for the year of 8.8p (14.14 cents) per share (2010: 8.0p (11.99 cents) per share). Subject to confirmation at the Annual General Meeting, the final dividend will be paid on 9 December 2011 to shareholders on the register as at 11 November 2011, with a corresponding ex-Dividend date of 9 November 2011.

The final dividend of 4.8p 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 register to do so by the close of business on 11 November 2011. The exact amount to be paid will be calculated by reference to the exchange rate to be announced on 11 November 2011. The final dividend referred to above in US dollars of 7.7 cents is given as an example only using the Balance Sheet date exchange rate of $1.6055/£1 and may differ from that finally announced.

Outlook

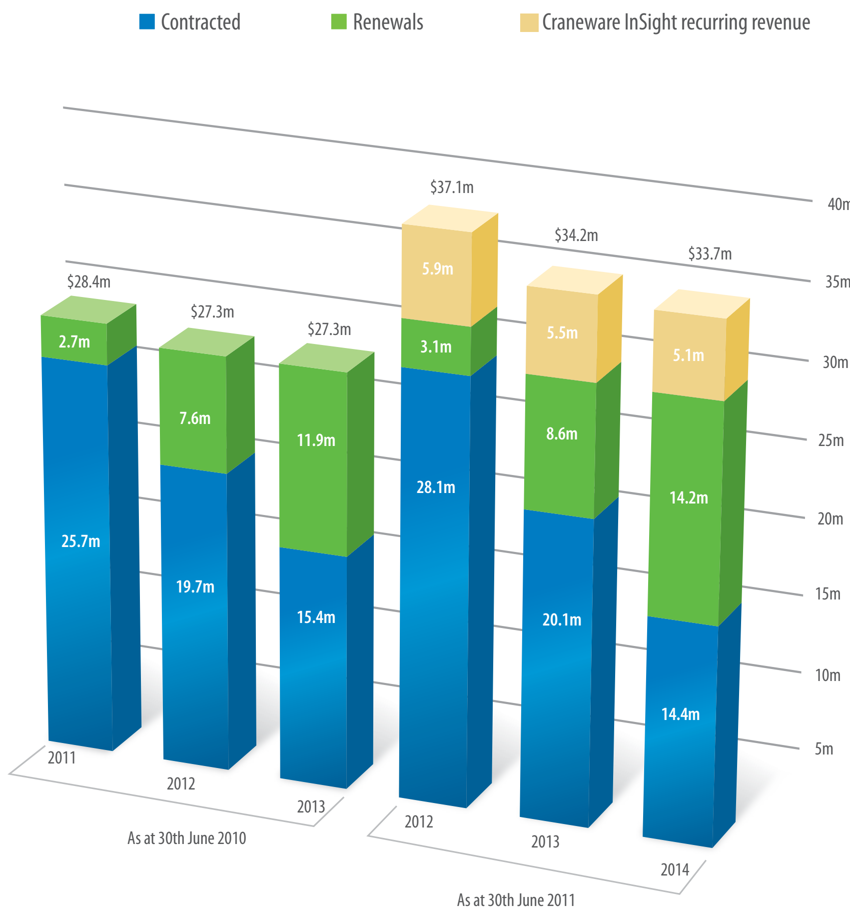
This has been another year of strong growth for Craneware both in operational and financial terms, highlighting the strength of our product offering and business model.

The financial challenges presented by today's economy and healthcare reform mean it has never been more important for hospitals to increase efficiency and protect revenue in order to meet their objectives of providing increased levels of care to a growing hospital population. We believe our suite of software combined with our industry expertise uniquely positions us to help hospitals protect themselves against this changing market landscape, automating regulatory updates, increasing accuracy of pricing, charging and coding for procedures, supplies and pharmaceuticals and helping to manage the increasing number of government led audits.

Consequently with the market drivers, such as the Recovery Audit Contractor programme, expected to increase in the year ahead, the robust nature of our business model which provides for strong cash generation and high levels of future revenue visibility, together with our strong pipeline, we look to the future with confidence.

Keith Neilson, Chief Executive Officer
Craig Preston, Chief Financial Officer
29 August 2011

Figure 1.
70% visibility of 2012 expected revenue*



*Consensus analyst forecasts

George R Elliott, 58 — Non-Executive Chairman :: Appointed 10 August 2007

George is non-executive Chairman of Cupid plc (CUP) and Kewill plc (KWL). He is also a non-executive Director of Summit Corporation plc (SUMM) and Corsair Components Inc. From 2000-2007 George was Chief Financial Officer of Wolfson Microelectronics plc (WLF), a leading global provider of high performance mixed-signal semiconductors to the consumer electronics market. Previously, he was Business Development Director at McQueen International Ltd (now Sykes), where he was responsible for strategic sales and marketing. George, formerly a partner of Grant Thornton, is a member of the Institute of Chartered Accountants of Scotland and has a degree in Accountancy and Finance from Heriot-Watt University.

Keith Neilson, 42 — Chief Executive Officer :: Co-founder

Keith co-founded Craneware in 1999 and has served as its CEO ever since. Under Keith's guidance, Craneware became recognised as the pioneer in revenue integrity management and a leading provider of superior products and professional services. Keith's direction has helped Craneware to win multiple prestigious awards in such areas as international achievement, business growth strategy and innovation. Keith was named The Entrepreneurial Exchange's "Emerging Entrepreneur of the Year 2003" and was a finalist in the 2004 World Young Business Achiever Award, winning the Award of Excellence in the Business Strategy category. He received the UK Software & Technology Entrepreneur of the Year Award from Ernst & Young in 2008 and was the Insider Elite Young Business Leader of the Year in 2009. Prior to launching Craneware, Keith worked primarily in international management, where he handled sales, marketing and technical consulting for companies with operations around the world. He studied Physics at Heriot-Watt University, Edinburgh, receiving a bachelor's degree in 1991.

Craig T Preston, 40 — Chief Financial Officer :: Appointed 15 September 2008

Craig was appointed to the Board on 15 September 2008, just as the company was entering its second year as a publicly traded corporation on the London Stock Exchange. As CFO, he directs Craneware's financial operations in both the United Kingdom and United States. Craig has significant experience in senior financial roles with other private and public technology companies, including those with a multi-national presence. Prior to Craneware, he was group director of finance and company secretary at Intec Telecom Systems plc. Earlier, he served as corporate development manager at London Bridge Software plc. During his time there, he also held the role of CFO for Phoenix International, a previously NASDAQ-traded software company, following its acquisition by London Bridge. Earlier in his career, Craig worked for Deloitte in both the United Kingdom and United States. Craig has a degree in Accounting and Financial Management from the University of Sheffield. He is also a member of the Institute of Chartered Accountants in England and Wales.

Neil P Heywood, 49 — Non-Executive Director :: Appointed 31 January 2002

Neil is Managing Director of Matrix Alpha Analytics and Chairman of Codeplay Software. Prior to Matrix, Neil was co-founder and CEO of Quadstone from 1995 to 2001. Quadstone won numerous awards for its software and was named best "Small Start-up" of the year at the Financial Times/BVCA awards in 1999. It was acquired by Portrait Software in 2006. Quadstone was a buy-out from the Edinburgh Parallel Computing Centre, a department at the University of Edinburgh, which Neil managed. Prior to EPCC, Neil was a co-founder and later Commercial Director of 3L, a software firm specialising in software for parallel computers. 3L was bought by Spectrum Signal Processing, Inc. Neil received his B.Sc. in Computer Science from the University of Edinburgh in 1984.

Ron F Verni, 63 — Non-Executive Director :: Appointed 1 May 2009

Ron is currently a director of Kewill plc (KWL), and on the Board of Advisors of Company.com, CEO Ventures, and the Robinson College of Business. Before that he was President & CEO of Sage Software, Inc, and a member of the Board of directors of the Sage Group plc. Under his leadership, the company grew from less than $160 million in revenue to over $1 billion, from under 1,000 employees to over 5,000, and from 1 million business customers to over 2.5 million. Ron also engineered over 20 acquisitions and oversaw their successful integration into the company. Prior to Sage Software, Ron was President and CEO of Peachtree Software, Inc., a leading pioneer in business management solutions for small to medium size businesses. Ron also was a Vice President of Marketing with Automatic Data Processing, President and CEO of NEBS Software, Inc., and the founder and CEO of ASTEC Software.

The directors present herewith their report and the audited financial statements for the year ended 30 June 2011.

Principal Activities and Business Review

The Group's principal activity continues to be the development, licensing and ongoing support of computer software for the US healthcare industry.

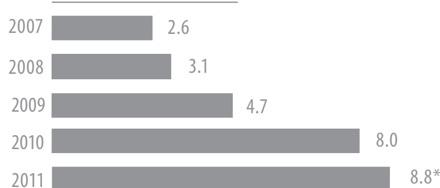
The Company is required by the Companies Act to include a business review in this report. This includes an analysis of the development and performance of the Group during the financial year and its position at the end of the financial year, including relevant key performance indicators (principally revenue, adjusted operating profit before acquisition costs, share based payments, depreciation and amortisation, visibility of revenue over the next three years and the product attachment rate). Detailed information on all matters required is presented in the Operational Review contained in pages 8–12 and is incorporated into this report by reference. A description of the principal risks and uncertainties facing the Group is set out below.

Where the Directors' Report, Chairman's Statement and Operational Review contain forward looking statements, these are made by the directors in good faith based on the information available to them at the time of their approval of this report. Consequently, such statements should be treated with caution due to their inherent uncertainties, including both economic and business risk factors, underlying such forward looking statements or information.

Financial Results and Dividends

The Group's revenue for the year was $38.1m (2010: $28.4m) which has generated an operating profit (before one off acquisition related expenses) of $9.1m (2010: $7.1m). The full results for the year, which were approved by the Board of directors on 29 August 2011, are set out in the accompanying financial statements and the notes thereto.

During the year the Company paid an interim dividend of 4.0p (6.4 cents). The directors are recommending the payment of a final dividend of 4.8p (7.7 cents) per share giving a total dividend of 8.8p (14.1 cents) per share based on the results for 2011 (2010: 8.0p (11.99 cents)). Subject to approval at the Annual General Meeting, the final dividend will be paid on 9 December 2011 to shareholders on the register as at 11 November 2011.



The level of dividend proposed for the year continues (and the directors intend to continue in future years) the Company's stated progressive dividend policy based on the Group's retained annual earnings. The level of distributions will be subject to the Group's working capital requirements and the ongoing needs of the business.

Research and Development Activities

The Group continues its development programme of software products for the US healthcare industry which includes research and development of new complimentary products, integration (where appropriate) of products acquired through the ClaimTrust acquisition in the year and the enhancements to the Group's existing portfolio of market leading products. The directors regard investment in development activities as a prerequisite for success in the medium and long term future. During the year development expenditure amounted to $5.0m (2010: $3.8m) net of expenditure capitalised of $0.2m (2010: $0.5m).

Financial Instruments

The financial risk management strategy of the Group, its exposure to currency risk, interest rate risk, counterparty risk and liquidity is set out in note 3 to the financial statements.

Principal Risks and Uncertainties

To deliver continued sustainable growth, the Group recognises the need to minimise the likelihood and impact of key risks. These risks are both general in nature (i.e. business risks faced by all businesses), and more specific to the Group and the market in which it operates. The nature of the US Healthcare industry and associated risks are detailed in the Operational Review on pages 8–12.

The risks outlined here are those principal risks and uncertainties that are material to the Group. They do not include all risks associated with the Group and are not set out in any order of priority.

US Healthcare Reform

Issue: The US healthcare industry is going through a continued period of fundamental reform, the outcome of which has yet to be fully determined and as such could impact the Group's market opportunity.

Actions: The Group has taken steps to ensure it stays at the forefront of how the industry is interpreting current proposals and actions they are taking. It does this through, amongst other things, its

- 'Strategic Advisory Council' which is formed from the industry experts from within the Group;
- Regular attendance by members of this Council and other senior management at healthcare forums and industry education events; and
- Client forums.

The Strategic Advisory Council, the Operations Board and the PLC board come together at periodic intervals to review developments in the market and provide direct input to the Group's ongoing strategy appraisal and product development.

Competitive Landscape

Issue: New entrants to the market or increased competition from existing competitors could significantly impact the Group's market opportunity.

Actions: The Group continually monitors its competitive landscape, including both existing and potential new market entrants. Significant barriers to entry continue to exist, including but not limited to the significant data content built over the Group history which exists within the products. The Group continues to ensure its products are platform agnostic and actively seeks partnerships with other Healthcare IT vendors.

Management of Growth

Issue: The Group continues to grow significantly both organically and through acquisition which could place strain on the current management and other resources of the Group.

Actions: The Group's Annuity SaaS ("Software as a Service") business model combined with its detailed forecasting processes provide significant visibility to expected growth rates. This allows the Group increased certainty when planning in advance, including on necessary resourcing levels. To ensure the correct infrastructure to support growth, assessments are performed within systems, policies & procedures and business controls upgraded, as appropriate, in each major component of the Group's infrastructure. In 2011 these included insurance, pricing & contracting, financial reporting, human resources and IT systems.

Dependence on Key Executives and Personnel

Issue: Due to the size of the Group significant reliance is placed on a few members of the executive and senior management team, the retention of which cannot be guaranteed.

Actions: The Group continues to expand its senior management team, with a new appointment to the Operations Board having been made during the year following the ClaimTrust acquisition. In addition, the Group has developed its 'leadership framework' to help develop its leaders of the future. In regards to retention the Remuneration Committee continues to monitor and develop the remuneration packages of key personnel to ensure they are both competitive and include appropriate long term incentives.

Failure to develop or acquire appropriate software solutions

Issue: Reliance on a small number of products could significantly limit the Group's market opportunity and leave it unable to meet its customers' needs.

Actions: Whilst remaining focused on its core 'Revenue Integrity' market the Group has both internally developed and acquired a total product suite of 9 core products (from the original 1 in 2007). The Group publishes its product attachment rate during every reporting period and has a strategic goal of generating no more than 50% of its revenue in any year, from any one product.

Intellectual Property Risk

Issue: Failure to protect, register and enforce (if appropriate) the Group's Intellectual Property Rights could materially impact the Group's future performance.

Actions: The Group has, and will continue to, register its trademarks and protects access to its copyrights and confidential information, as appropriate. The Group would vigorously defend itself against a third-party claim should any arise. The Group also has in place strict physical and data security processes and encryption to protect its intellectual property.

Acquisition Risk

Issue: The Group has a stated acquisition strategy. Any acquisition carries with it an inherent risk, including failure to identify material matters that could adversely affect future Group performance.

Actions: Whilst the Group has limited experience of acquisitions, the Board members individually have significant experience in regards to completing acquisitions.

In addition, and where appropriate, the Board appoints independent professional advisors to assist in the consideration of the acquisition and to assist management in the due diligence process.

The principal *financial risks* are detailed in Note 3 to the financial statements. How the Board determines and manages risks is detailed in the Corporate Governance report on pages 17 – 20.

In summary, the US Healthcare market is not immune to the macro-economic climate and, with the increasing focus and requirements of the proposed Healthcare reform, the Group expects the market to continue to be very competitive. The Group therefore aims to remain at the forefront of product innovation and delivery, through a combination of in-house development and specific acquisition opportunities. This requires the recruitment, retention, and reward of skilled staff, alongside responsiveness to changes, and the opportunities that result, as they arise.

Going Concern

The directors, having made suitable enquiries and analysis of the accounts, including the consideration of:

- cash reserves,
- no debt or debt related covenants,
- continued cash generation, and
- Annuity SaaS business model

have determined that the Group has adequate resources to continue in business for the foreseeable future and that it is therefore appropriate to adopt the going concern basis in preparing these financial statements.

Directors

The directors of the Company are listed on page 13.

The directors have the power to manage the business of the Company, subject to the provisions of the Companies Act, the Memorandum and Articles of Association of the Company, and to any directions given by special resolution, including the Company's power to purchase its own shares. The Company's Articles of Association may only be amended by a special resolution of the Company's shareholders.

Details of the directors' service contracts and their respective notice terms are detailed in the Remuneration Committee Report on page 22.

Authorised and Issued Share Capital

The Company's authorised share capital at the balance sheet date was 50,000,000 ordinary shares of 1p each of which 26,792,681 were issued and fully paid up. During the year, the Company has issued 617,731 shares (a further 24,186 are to be issued to give a total issued of 641,917) in respect of the ClaimTrust Inc acquisition detailed on page 43. In addition, options were exercised pursuant to the Company's share option schemes, resulting in the allotment of 809,100 new ordinary shares. No further new ordinary shares have been allotted as a result of these matters since the end of the financial year to the date of this report.

Directors and their interests

The interests of the directors who held office at 30 June 2011 and up to the date of this report in the share capital of the company, were as follows:

	2011	2010
G R Elliott	**15,650**	15,650
N P Heywood	**130,356**	127,926
K Neilson	**3,448,779**	3,398,044
	3,594,785	3,541,620

Directors' interests in share options are detailed in the Remuneration Committee Report on page 23.

Substantial shareholders

As at 1 August 2011, the Company had been notified of the following beneficial interests in 3% or more of the issued share capital pursuant to section 793 of the Companies Act 2006:

	No. of Ordinary £0.01 Shares	% of issued share capital
K Neilson	3,448,779	12.87
Standard Life Investments	3,202,589	11.95
W G Craig	3,153,151	11.77
Aegon Asset Management	2,304,817	8.60
Fidelity Investments	1,997,717	7.46
Artemis Investment Management	1,212,500	4.53
Blackrock	952,401	3.55
D Paterson	873,800	3.26
Axa Investment Managers	848,248	3.17

The total number of shares as at 30 June 2011 and 1 August 2011 was 26,792,681.

Indemnity of Directors and Officers

Under the Company's Articles of Association and subject to the provisions of the Companies Act, the Company may and has indemnified all directors or other officers against liability incurred by him in the execution or discharge of his duties or exercise of his powers, including but not limited to any liability for the costs of legal proceedings where judgement is given in their favour. In addition, the Company has purchased and maintains appropriate insurance cover against legal action brought against directors and officers.

Corporate Social Responsibility & Environmental Policy

The Group is committed to maintaining a high level of social responsibility. It is the Group's policy to support and encourage environmentally sound business operations, with aspects and impact on the environment being considered at Board level. Recognising that the Group's operations have minimal direct environmental impact, the Group aims to ensure that:

- it meets all statutory obligations;
- where sensible and practical, it encourages working practices, such as teleconferencing, teleworking and electronic information exchange that reduce environmental impact; and
- recycles waste products wherever possible, encouraging use of environmentally friendly materials, and disposing safely of any non-recyclable materials.

Customers

The Group treats all its customers with the utmost respect and seeks to be honest and fair in all relationships with them. The Group provides its customers with products and levels of customer service of outstanding quality.

Community

The Group seeks to be a good corporate citizen respecting the laws of the countries in which it operates and adhering to best social practice where feasible. It aims to be sensitive to the local community's cultural social and economic needs.

Employees and Employee Involvement

The Group recognises the value of its employees and that the success of the Group is due to their efforts. The Group respects the dignity and rights of all its employees. The Group provides clean, healthy and safe working conditions. An inclusive working environment and a culture of openness are maintained by the regular dissemination of information. The Group endeavours to provide equal opportunities for all employees and facilitates the development of employees' skill sets. A fair remuneration policy is adopted throughout the Group.

The Group does not tolerate any sexual, physical or mental harassment of its employees. The Group operates an equal opportunities policy and specifically prohibits discrimination on grounds of colour, ethnic origin, gender, age, religion, political or other opinion, disability or sexual orientation. The Group does not employ underage staff.

The general policy of the Group is to welcome employee involvement as far as it is reasonably practicable. Employees are kept informed by meetings, regular updates and web page postings. In addition the Group's UK and US senior management teams meet regularly to review performance against the Group's strategic aims and development roadmaps.

The Group maintains core values of Honesty, Integrity, Hard Work, Service and Quality and actively promotes these values in all activities undertaken on behalf of the Group.

Employment of Disabled Persons

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Policy on payment of Payables

Relationships with suppliers and subcontractors are based on mutual respect, and the Group seeks to be honest and fair in its relationships with suppliers and subcontractors, and to honour the terms and conditions of its agreements in place with such suppliers and subcontractors.

The Group does not believe that the giving or accepting of bribes is acceptable business conduct.

It is the Group's normal practice to make payments to suppliers in accordance with agreed terms and conditions, generally within 30 days, provided that the supplier has performed in accordance with the relevant terms and conditions. Trade payables at 30 June 2011 represented, on average 21 days purchases (2010: 25 days) for the Group and 22 days purchases (2010: 26 days) for the Company.

Charitable and Political Contributions

The Group has developed the "Craneware Cares" program. The focus of Craneware Cares is to raise awareness and funds for charity. In FY11, the Company directly donated $2,374 relating to corporate participation in the Highland 100 charitable bike riding events (2010: $5,401) and $7,820 to CHAS, Children's Hospice Association Scotland, a Scottish charity established to provide hospice services in Scotland for children and young people with life-limiting conditions. Additionally, the Craneware Cares program raised more than $3,500 from industry speaking engagements that was donated to Villa La Paz Foundation for poor and abandoned children needing medical care, as well as arranged donations from Hotels Rewards programs to The American Red Cross relief efforts in honour of Craneware clients affected by natural disasters. Neither the Company nor its subsidiary made any donation for political purposes in fiscal years 2011 or 2010.

Annual General Meeting

The resolutions to be proposed at the AGM, together with explanatory notes, appear in a separate Notice of Annual General Meeting which is sent to all Shareholders. The proxy card for registered shareholders is distributed along with the notice.

Company Registration

The Company is registered in Scotland as a public limited company with number SC196231.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and Parent Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. In preparing these financial statements, the directors have also elected to comply with IFRSs, issued by the International Accounting Standards Board (IASB). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- state whether applicable IFRSs as adopted by the European Union and IFRSs issued by IASB have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors and Disclosure of Information to Auditors

Each director, as at the date of this report, has confirmed that insofar as they are aware there is no relevant audit information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware, and they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

A resolution to reappoint PricewaterhouseCoopers LLP as auditors will be proposed at the Annual General Meeting.

Approved by the Board of directors and signed on behalf of the Board by:

Craig Preston
Company Secretary
29 August 2011

The Board of directors ("the Board") acknowledges the importance of the Principles set out in The UK Corporate Governance Code issued in June 2010 (the "Code"). Although the Code is not compulsory for AIM listed companies, the Board recognises the importance of good corporate governance practices and therefore has applied the principles as far as practicable for a public Company of its size. This Report and the Remuneration Committee Report (on pages 21–23) identify how it has complied with both the individual principles and the 'spirit' of the Code as a whole.

The Code itself defines the purpose of corporate governance being "to facilitate effective, entrepreneurial and prudent management that can deliver the long-term success of the company;" it is this overarching objective that the Board has sought to achieve in applying the Code principles.

Leadership

The role of the Board

"Every Company should be headed by an effective Board which is collectively responsible for the long-term success of the company."

The Company's Board is headed by its Chairman George Elliott and comprises two executive directors, Keith Neilson, Chief Executive Officer and Craig Preston, Chief Financial Officer along with two further non-executive directors, Ron Verni (Senior Independent Director) and Neil Heywood. Detailed biographies of all directors are contained on page 13.

The Board meets regularly, usually monthly, to discuss and agree on the various matters brought before it, including the Group trading results. The Board is well supported by the Group's Operations Board (details of which are provided below) and a broader senior management team, who collectively have the qualifications and experience necessary for the day to day running of the Group.

There is a formal schedule of matters reserved for the Board, which include approval of the Group's strategy, annual budgets and business plans, acquisitions, disposals, business development, annual reports and interim statements, plus any significant financing and capital expenditure plans. As part of this schedule, the Board has clearly laid out levels of devolved decision making authority to the Group's Operations Board.

The Board has further established an Audit Committee and a Remuneration Committee details of which are provided below. George Elliott is a member of both these committees, in addition to the two independent non-executives. In deciding this the Company has taken advantage of the Code's 'relaxations' available to smaller companies. The Board has also established a Nominations Committee which is chaired by Neil Heywood and includes George Elliott and Ron Verni as its members. Part of the role of the Nominations Committee is to review and determine the composition and structure of the Board as well as, if appropriate, identify potential candidates to be appointed as directors. During the year, the Board as a whole performed a review of its composition as part of its annual performance review and determined the Board was of an appropriate size and composition for the Group in its current form. As such no separate meetings of the Nominations Committee have been held.

Attendance of directors at Board and Committee meetings convened in the year, along with the number of meetings that they were invited to attend, are set out below:

	Board	Nominations Committee	Remuneration Committee	Audit Committee
No. Meetings in year	13	-	2	3
Executive Directors				
K Neilson	12/13	-	-	-
C T Preston	13/13	-	-	-
Non Executive Directors				
G R Elliott	11/13	-	2/2	1/3
N P Heywood	11/13	-	2/2	3/3
R Verni	12/13	-	2/2	3/3

Where any Board member has been unable to attend Board or Committee meetings during the year, input has been provided to the Company Secretary ahead of the meeting. The relevant Chairman then provides a detailed briefing along with the minutes of the meeting following its conclusion.

As detailed in the Directors' Report on page 15, the Company maintains appropriate insurance cover against legal action brought against directors and officers. The Company has further indemnified all directors or other officers against liability incurred by them in the execution or discharge of their duties or exercise of their powers.

Division of Responsibilities

"There should be a clear division of responsibilities at the head of the company between the running of the Board and the executive responsible for the running of the company's business. No one individual should have unfettered powers of decision."

The Board has established clearly defined and well understood roles for George Elliott as Chairman of the Company, and Keith Neilson as Chief Executive Officer. The Chairman is responsible for the leadership of the Board, ensuring its effectiveness and setting its agenda. Once strategic and financial objectives have been agreed by the Board, it is the Chief Executive Officer's responsibility to ensure they are delivered upon. To facilitate this, Keith Neilson as CEO chairs the Group's Operations Board which comprises the Chief Financial Officer and four further members of the Senior Management Team. The day-to-day operation of the Group's business is managed by this Board, subject to the clearly defined authority limits.

The Chairman

"The chairman is responsible for leadership of the Board and ensuring its effectiveness on all aspects of its role."

George Elliott was appointed Chairman of the Board in August 2007, shortly before the Company listed on the AIM market. At that time the then Board satisfied themselves that he was independent, fulfilling the requirements of the Code.

In setting the Board agendas, the Chairman, in conjunction with the Company Secretary, ensures input is gathered from all Board directors on matters that should be included. 'Board papers' are issued in advance of meetings to ensure Board members have appropriate detail in regards to matters that will be covered, thereby encouraging openness and healthy debate.

Non-Executive Directors

"As part of their role as members of a unitary Board, non-executive directors should constructively challenge and help develop proposals on strategy."

The Board has appointed Ron Verni as Senior Independent Director. In this role, Ron provides a sounding board for the Chairman as well as providing an additional channel of contact for shareholders, other directors or employees, if the need arises.

In addition to matters outlined above, there is regular communication between executive and non-executive directors, including where appropriate, updates on matters requiring attention prior to the next Board meeting. The non-executive directors meet, as appropriate but no less than annually, without executive directors being present and further meet annually without the Chairman present.

Effectiveness

The Composition of the Board

"The Board and its committees should have the appropriate balance of skills, experience, independence and knowledge of the company to enable them to discharge their respective duties and responsibilities effectively."

The composition of the Board has been designed to give a good mix and balance of different skill sets, including significant experience in:

- High growth companies;
- Software and healthcare sectors;
- Entrepreneurial cultures;
- Both UK and US companies;
- Acquisitions; and
- Other listed plc companies.

Through this mix of experience the Board and the individual directors are well positioned to set the strategic aims of the Company as well as drive the Group's values and standards throughout the organisation, whilst remaining focused on their obligations to shareholders and meeting their statutory obligations.

The Board reviews on an annual basis the independence of each non-executive director. In making this consideration the Board determines whether the director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the directors' judgement. In regards to Ron Verni, the Board considered, that during the year, he was paid a consulting fee by the Company. This fee related to advice and assistance he provided to the Executive team in concluding the due diligence and acquisition of ClaimTrust Inc. This fee was not material and nonrecurring in nature and therefore the Board has concluded this does not affect his independence. In regards to Neil Heywood, the Board considered his appointment to the original Craneware Limited Board being in January 2002. Whilst Neil's tenure is over 9 years, the Company and the Board have significantly changed since the Company's IPO in 2007, as a result of this and Neil's conduct, the Board has concluded this has not affected his independence.

Appointments to the Board

"There should be a formal, rigorous and transparent procedure for the appointment of new directors to the Board."

When a new appointment to the Board is to be made, consideration is given to the particular skills, knowledge and experience that a potential new member could add to the existing Board composition. A formal process is then undertaken, usually involving external recruitment agencies (as has been the case with the last two appointments to the Board), with appropriate consideration being given, in regards to executive appointments, to internal and external candidates. Before undertaking the appointment of a non-executive director, the Chairman establishes that the prospective director can give the time and commitment necessary to fulfil their duties, in terms of availability both to prepare for and attend meetings and to discuss matters at other times.

This process is normally performed under the remit of the Nominations Committee.

Commitment

"All directors should be able to allocate sufficient time to the company to discharge their responsibilities effectively."

All Board directors recognise the need to allocate sufficient time to the Company for them to be able to meet their responsibilities as Board members. All non-executive director contracts include minimum time commitments; however these are recognised to be the minimums.

Details of the other directorships held by each Board Member are provided in the Director Biographies on page 13. The Board has evaluated the time commitments required by these other roles and does not believe it affects their ability to perform their duties with the Company. No executive director currently holds any other plc directorship. The non-executive director contracts are available for inspection at the Company's registered office and are made available for inspection both before and during the Company's Annual General Meeting.

Development

"The Board should be supplied in a timely manner with the information in a form and a quality appropriate to enable it to discharge its duties."

The Chairman is responsible for ensuring that all the directors continually update their skills, their knowledge and familiarity with the Group in order to fulfil their role on the Board and the Board's Committees. Updates dealing with changes in legislation and regulation relevant to the Group's business are provided to the Board by the Company Secretary/Chief Financial Officer and through the Board Committees.

All directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures are properly complied with and that discussions and decisions are appropriately minuted. Directors may seek independent professional advice at the Company's expense in furtherance of their duties as directors.

Training in matters relevant to their role on the Board is available to all Board directors. New directors are provided with an induction in order to introduce them to the operations and management of the business.

In addition, the non-executive directors join, at least once a quarter, the Group's Operations Board. This provides all directors with direct access to the senior management of the Company and allows for better understanding of how the strategy set by the Board is being implemented across the Group.

Further to this the non-executive directors also regularly join the Group's Strategic Advisory Council. This is a committee of the Group's industry experts who meet periodically to assess potential changes in the US Healthcare market identifying both opportunities and risks to the Group.

Evaluation

"The Board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors."

During the year, a formal evaluation was conducted by means of a detailed questionnaire which was completed by each director. The results of this process were collated by the Chairman and were presented to the Board as a whole. This evaluation included a review of the performance of individual directors including the Chairman and the Board Committees. Based on this evaluation, the Board has taken steps to implement certain agreed upon suggestions, but overall has concluded that its performance in the past year had been satisfactory.

The Board has considered the Code's recommendation that the evaluation of the Board be carried out externally at least every three years. The Board recognises this recommendation is not applicable to AIM listed companies and has determined it was not necessary to carry out an external review in the current year.

Re-election

"All directors should be submitted for re-election at regular intervals, subject to continued satisfactory performance."

Under the Company's Articles of Association, at every Annual General Meeting, at least one-third of the directors who are subject to retirement by rotation, are required to retire and may be proposed for re-election. In addition, any director who was last appointed or re-appointed three years or more prior to the AGM is required to retire from office and may be proposed for re-election. Such a retirement will count in obtaining the number required to retire at the AGM. New directors, who were not appointed at the previous AGM, automatically retire at their first AGM and, if eligible, can seek re-appointment.

However, the Board recognises the Code's recommendation that all directors should stand for re-election every year, and whilst not a requirement, the Board has decided to adopt this recommendation as best practice. As such, all directors will retire from office at the Company's forthcoming AGM and stand for re-appointment.

Accountability

Financial and Business Reporting

"The Board should present a balanced and understandable assessment of the company's position and prospects."

The Board recognises its responsibilities, including those statutory responsibilities laid out on page 16. An assessment of the Group's market, business model and performance is presented in the Chairman's Statement and the Operational Review on pages 7–12.

As detailed on page 15 of the Directors' Report, the Board has confirmed that it is appropriate to adopt the going concern basis in preparing financial statements.

Risk Management and Internal Control

"The Board is responsible for determining the nature and extent of the significant risks it is willing to take in achieving its strategic objectives. The Board should maintain sound risk management and internal control systems."

The directors recognise their responsibility for the Group's system of internal control, and have established systems to ensure that an appropriate and reasonable level of oversight and control is provided. These systems are reviewed for effectiveness annually by the Audit Committee and the Board. The Group's systems of internal control are designed to help the Group meet its business objectives by appropriately managing, rather than eliminating, the risks to those objectives. The controls can only provide reasonable, not absolute, assurance against material misstatement or loss.

Executive directors and senior management meet to review both the risks facing the business and the controls established to minimise those risks and their effectiveness in operation on an ongoing basis. The aim of these reviews is to provide reasonable assurance that material risks and problems are identified and appropriate action taken at an early stage. From this review the company maintains its internal risk register which forms the foundation of the Board and the Audit Committee review process.

The annual financial plan is reviewed and approved by the Board. Financial results with comparisons to plan and forecast results are reported on at least a quarterly basis to the Board together with a report on operational achievements, objectives and issues encountered. The quarterly reports are supplemented by interim monthly financial information. Forecasts are updated quarterly in the light of market developments and the underlying performance and expectations. Significant variances from plan are discussed at Board meetings and actions set in place to address them.

Approval levels for authorisation of expenditure are at set levels and cascaded through the management structure with any expenditure in excess of predefined levels requiring approval from the executive directors and selected senior managers.

Measures continue to be taken to review and embed internal controls and risk management procedures into the business processes of the organisation and to deal with areas of improvement which come to the management's and the Board's attention. Metrics and quality objectives continue to be actively implemented and monitored as part of a continual improvement programme.

Details of the principal risks and uncertainties facing the Group are detailed in the Directors' Report on pages 14–15. The principal *financial risks* are detailed in Note 3 to the financial statements.

Audit Committee and Auditors

"The Board should establish formal and transparent arrangements for considering how they should apply the corporate reporting risk management and internal control principles and for maintaining an appropriate relationship with the Company's auditor."

An Audit Committee has been established to assist the Board with the discharge of its responsibilities in relation to internal and external audits and controls. The Audit Committee will normally meet at least three times a year. The Audit Committee is chaired by Neil Heywood and its other members are George Elliott and Ron Verni. The Chief Financial Officer, Chief Executive Officer and other senior management attend meetings by invitation and the Committee also meets the external auditors without management present. George Elliott, as a member of the Audit Committee has recent and relevant financial experience.

Details of how the Audit Committee has discharged its responsibilities are provided below.

Remuneration

The Level and Components of Remuneration

"Levels of remuneration should be sufficient to attract, retain and motivate directors of the quality required to run the company successfully, but a company should avoid paying more than is necessary for this purpose. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance."

The Company has established a Remuneration Committee to assist the Board in this area. This Committee is chaired by Ron Verni and its other members are George Elliott and Neil Heywood. It is usual for Keith Neilson, as Chief Executive Officer, to be invited to attend meetings except where matters under review by the Committee relate to him.

The Committee has responsibility for making recommendations to the Board on the remuneration packages of the executive directors, and monitor the level and structure of remuneration for senior management, this includes:

- making recommendations to the Board on the Company's policy on director and senior staff remuneration, and to oversee long term incentive plans (including share option schemes);
- ensuring remuneration is both appropriate to the level of responsibility and adequate to attract and/ or retain directors and staff of the calibre required by the Company; and
- ensuring that remuneration is in line with current industry practice.

The Committee has presented its Remuneration Report on pages 21–23, which details the work undertaken operating under its terms of reference (which are available at the Company's registered office), to discharge its responsibilities.

Procedure

"There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his or her own remuneration."

Details of how the Committee and Board have discharged their responsibilities in this area are detailed in the Remuneration Report on pages 21–23.

Relations with Shareholders

Dialogue with Shareholders

"There should be a dialogue with shareholders based on mutual understanding of objectives. The Board as a whole has responsibility for ensuring that a satisfactory dialogue with shareholders takes place."

The Company engages in full and open communication with both institutional and private investors and responds promptly to all queries received. In conjunction with the Company's brokers and other financial advisors all relevant news is distributed in a timely fashion through appropriate channels to ensure shareholders are able to access material information on the Company's progress.

To facilitate this:

- all shareholders are invited to attend the AGM and are encouraged to take the opportunity to ask questions;
- the primary point of contact for shareholders on operational matters is Keith Neilson as CEO and Craig Preston as CFO; and
- the primary point of contact for shareholders on corporate governance and other related matters is George Elliott as Chairman. Ron Verni as Senior Independent Director is available as a point of contact should a shareholder not wish to contact the Chairman for any reason.

Keith Neilson and Craig Preston meet regularly with shareholders, normally immediately following the Company's half year and full year financial results announcements, to discuss the Group's performance and answer any questions. The Board monitors the success of these meetings through anonymous evaluations from both shareholders and analysts performed by the Company's Broker and Financial PR advisor.

The Company's website has a section for investors which contains all publicly available financial information and news on the Company.

Constructive Use of the AGM

"The Board should use the AGM to communicate with investors and to encourage their participation."

The Board encourages attendance at its AGM from all shareholders. The Notice of AGM together with all resolutions and explanations of these resolutions are sent at least 20 working days before the meeting. All directors, where possible, make themselves available to answer any questions shareholders may have. Results of all votes on resolutions are published as soon as practicable on the Company's website.

The Audit Committee

During the year the Audit Committee, operating under its terms of reference (which are available at the Company's registered office), discharged its responsibilities, including reviewing and monitoring:

- interim and annual reports information including consideration of the appropriateness of accounting policies and material assumptions and estimates adopted by management;
- developments in accounting and reporting requirements;
- external auditors' plan for the year-end audit of the Company and its subsidiaries;
- the Committee's effectiveness;
- the Internal Risk Register covering the systems of internal control and their effectiveness, reporting and making new recommendations to the Board on the results of the review and receiving regular updates on key risk areas of financial control;
- the requirements or otherwise for an internal audit function;
- the performance and independence of the external auditors concluding in a recommendation to the Board on the reappointment of the auditors by shareholders at the Annual General Meeting. The auditors provide annually a letter to the Committee confirming their independence and stating the methods they employ to safeguard their independence;
- the audit and non-audit fees charged by the external auditors; and
- the formal engagement terms entered into with the external auditors.

The Committee has also reviewed the arrangements in place for internal audit and concluded, due to the current size and complexity of the Company, that a formal internal audit function was not required.

Under its terms of reference the Audit Committee is responsible for monitoring the independence, objectivity and performance of the external auditors, and for making a recommendation to the Board regarding the appointment of external auditors on an annual basis. The Group's external auditors, PricewaterhouseCoopers LLP, were first appointed as external auditor of the Company for the year ended 30 June 2003.

The Audit Committee has also implemented procedures relating to the provision of non-audit services by the Company auditors, which include requiring non-audit work and any related fees over and above a de-minimis level to be approved in advance by the Chairman of the Audit Committee. Details of the fees paid to the auditors for audit and non-audit services are shown in Note 6 to the financial statements.

The Audit Committee has considered the level of non-audit services and the related fees paid and have concluded they do not compromise auditor independence.

AIM Rule Compliance Report

Craneware plc is quoted on AIM and as a result the Company has complied with AIM Rule 31 which requires the following:

- have in place sufficient procedures, resources and controls to enable its compliance with the AIM Rules;
- seek advice from its Nominated Advisor ("Nomad") regarding its compliance with the AIM Rules whenever appropriate and take that advice into account;
- provide the Company's Nomad with any information it reasonably requests in order for the Nomad to carry out its responsibilities under the AIM Rules for Nominated Advisors, including any proposed changes to the Board and provision of draft notifications in advance;
- ensure that each of the Company's directors accepts full responsibility, collectively and individually, for compliance with the AIM Rules; and
- ensure that each director discloses without delay all information which the Company needs in order to comply with AIM Rule 17 (Disclosure of Miscellaneous Information) insofar as that information is known to the director or could with reasonable diligence be ascertained by the director.

Approved by the Board of directors and signed on behalf of the Board by:

Craig Preston
Company Secretary
29 August 2011

This report sets out Craneware plc's remuneration and benefits for the financial year under review. A resolution to approve the report will be proposed at the Annual General Meeting of the Company at which the financial statements will be presented for approval.

Remuneration Committee

The Company has a Remuneration Committee ("the Committee") in accordance with the recommendations of the UK Corporate Governance Code. The members of the Committee are Ron Verni (Chairman), Neil Heywood and George Elliott. None of the Committee has any personal financial interests, other than as shareholders, in matters directly decided by this Committee, nor are there any conflicts of interests arising from cross directorships or day to day involvement in the running of the business.

The Company's Chief Executive Officer often attends meetings, at the invitation of the Committee, to advise on operational aspects of implementing existing and proposed policies. The Company Secretary acts as secretary to the Committee. Under the Committee Chairman's direction, the Chief Executive Officer and the Company Secretary have responsibility for ensuring the Committee has the information relevant to its deliberations. In formulating its policies, the Committee has access, as required, to professional advice from outside the Company and to publicly available reports and statistics.

The remuneration of the non-executive directors is determined by the Board as a whole within limits set out in the Articles of Association.

Policy

Executive remuneration packages are designed to attract, motivate and retain directors of the calibre necessary to achieve the Group's growth objectives and to reward them for enhancing shareholder value. The main elements of the remuneration package for executive directors and senior management are:

- basic annual salary and benefits in kind;
- annual performance related bonus;
- pension entitlement; and,
- share option awards.

The Company's policy is that a substantial proportion of the remuneration of executive directors should be performance related.

None of the executive directors hold any outside appointments.

Directors' remuneration

In assessing all aspects of the package provided, the Committee compares packages offered by similar listed companies. The Committee has designed the overall directors' remuneration packages to ensure both the short and long term objectives of the Company are met and potentially exceeded and also that the directors are incentivised to maximise return to the Company's shareholders.

The remuneration package comprises:

(i) Basic Salary and pension entitlement

This is normally reviewed annually, usually in September, or when an individual's position or responsibilities change and is normally paid as a fixed cash sum monthly.

In regards to pension entitlement, the Company pays a fixed sum to a personal pension plan on behalf of the Chief Executive Officer.

(ii) Annual Performance Related Bonus

Under the annual performance related bonus plan executive directors are eligible to earn a cash bonus payment based on targets that are set by the Committee. In determining these targets, the Committee's objective is to set targets that reflect challenging financial performance in the current year, but also provide for the future growth of the Company.

(iii) Share Options

The Company operates the Craneware Employees' Share Option Plan 2007 ("Share Option Plan") from which, and at the discretion of the Committee, executive directors and other employees (including senior management) may be awarded share options under this scheme.

During the year, the executive directors were awarded share options under this scheme, details of which are shown in the table on page 23. These options are subject to performance criteria based on long term shareholder returns.

Following the year end, the Remuneration Committee has engaged Hewitt New Bridge Street Consultants to perform a review of executive and senior management remuneration. This review has been performed against a peer group of similar sized software and services listed companies and a peer group of similar sized AIM listed companies across all sectors. The conclusions and recommendations of this report will be incorporated as part of the longer term strategy for executive remuneration.

Service Contracts

The executive directors and the non-executive directors are employed under individual employment arrangements or letters of appointment where appropriate. Details of these service contracts are set out below.

	Contract Date	Unexpired Term	Normal Notice Period
K Neilson	Founder	Rolling	*3 months
C T Preston	15 September 2008	Rolling	*3 months
G R Elliott	10 August 2007	1 year 11 months	1 month
N P Heywood	11 January 2002	Rolling	1 month
R Verni	1 May 2009	Rolling	1 month

** The notice terms for Keith Neilson and Craig Preston are normally three months, however in the event of a change of control, these notice periods are automatically extended to twelve months.*

Directors' Interests

The directors' interests in the ordinary shares of the Company are set out in the Directors' Report on page 15.

Directors' Emoluments

For directors who held office during the course of the year, emoluments for the year ending 30 June 2011 were as follows (note: With the exception of R Verni, all directors are paid in UK Sterling; the amounts below are translated at the relevant average exchange rate for period being reported) :

	Salary/Fees ($)	Benefits ($)	Bonus ($)	Pension ($)	**2011 Total ($)**	2010 Total ($)
Executives						
K Neilson	254,337	701	102,164	7,953	**365,155**	403,898
C T Preston	223,360	602	102,164	-	**326,126**	367,413
Non-Executives						
G R Elliott	85,594	-	-	-	**85,594**	100,405
N P Heywood	46,212	-	-	-	**46,212**	52,203
R Verni	65,920	-	-	-	**65,920**	49,629
Total	675,423	1,303	204,328	7,953	**889,007**	973,548

1. Aggregate emoluments disclosed above do not include any amounts for the value of options to acquire ordinary shares in the Company held by the directors.

2. Benefits represent payments for health insurance, death in service and disability insurance.

3. Accrued bonuses are included in the above and were approved by the Remuneration Committee.

Directors' interests in share options

Directors' share options as at 30 June 2011 were in respect of directors who held office during the course of the year:

	Exercise Price (cents)	Exercise Price (pence)	Issue Date	Held At 30/06/10	Granted During Year	Exercised During Year	Lapsed During Year	**Held At 30/06/11**
K Neilson								
Ordinary shares ("initial options")	1.991	1.0	Sep-07	20,000	-	(20,000)	-	**-**
Ordinary shares	534.0	335.0	Dec-09	42,870	-	-	-	**42,870**
Ordinary shares	618.0	401.0	Sept-10	-	40,150	-	-	**40,150**
C T Preston								
Ordinary shares	365.0	208.0	Sep-08	72,115	-	-	-	**72,115**
Ordinary shares	534.0	335.0	Dec-09	37,649	-	-	-	**37,649**
Ordinary shares	618.0	401.0	Sept-10	-	35,162	-	-	**35,162**

Employee share options as at 30th June 2011 were:

	Exercise Price (cents)	Exercise Price (pence)	Issue Date	Held At 30/06/10	Granted During Year	Exercised During Year	Lapsed During Year	**Held At 30/06/11**
Ordinary shares ("initial options")	1.991	1.0	Sep-07	909,100	-	(789,100)	-	**120,000**
Ordinary shares	369.0	187.0	May-08	40,600	-	-	-	**40,600**
Ordinary shares	355.3	211.0	Oct-08	14,424	-	-	-	**14,424**
Ordinary shares	542.0	343.0	Oct-09	44,285	-	-	-	**44,285**
Ordinary shares	534.0	335.0	Dec-09	89,784	-	-	-	**89,784**
Ordinary shares	618.0	401.0	Sept-10	-	180,343	-	(47,548)	**132,795**

On behalf of the Remuneration Committee:

Ron Verni
Chairman of the Remuneration Committee
29 August 2011

We have audited the Group and Parent Company financial statements (the "financial statements") of Craneware plc for the year ended 30 June 2011 which comprise the Group and Parent Company Balance Sheets, the Consolidated Statement of Comprehensive Income, the Group and Parent Company Statement of Cash Flow, the Group and Parent Company Statement of Changes in Equity, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 16, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2011 and of the group's profit and group's and the parent company's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

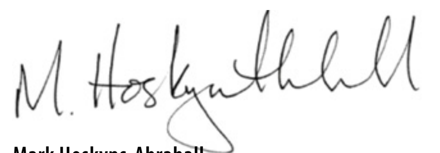
Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Mark Hoskyns-Abrahall
Senior Statutory Auditor
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh

29 August 2011

Consolidated Statement of Comprehensive Income for the year ended 30 June 2011

	Notes	Continuing Operations 2011 $'000	Acquisition 17/2/11 - 30/6/11 $'000	**Total 2011 $'000**	Total 2010 $'000
Revenue	4	35,511	2,613	**38,124**	28,397
Cost of sales		(4,554)	(142)	**(4,696)**	(2,553)
Gross profit		30,957	2,471	**33,428**	25,844
Net operating expenses	5	(22,197)	(2,677)	**(24,874)**	(18,781)
Operating profit	6	8,760	(206)	**8,554**	7,063
Analysed as:					
Adjusted EBITDA[1]		10,074	3	**10,077**	7,622
Acquisition costs on business combination		(517)	-	**(517)**	-
Share based payments	8	(139)	-	**(139)**	(114)
Depreciation of plant and equipment		(266)	(46)	**(312)**	(192)
Amortisation of intangible assets		(392)	(163)	**(555)**	(253)
Finance income	9	99	-	**99**	195
Profit before taxation		8,859	(206)	**8,653**	7,258
Tax charge on profit on ordinary activities	10	(2,719)	81	**(2,638)**	(1,733)
Profit for the year attributable to owners of the parent		6,140	(125)	**6,015**	5,525
Total comprehensive income attributable to owners of the parent		6,140	(125)	**6,015**	5,525

Earnings per share for the period attributable to equity holders

	Notes	**2011**	2010
- Basic ($ per share)	12a	**0.231**	0.218
Adjusted Basic ($ per share)[2]	12a	**0.256**	0.218
- Diluted ($ per share)	12b	**0.228**	0.210
Adjusted Diluted ($ per share)[2]	12b	**0.253**	0.210

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

[2]Adjusted Earnings per share calculations allow for acquisition costs and amortisation on acquired intangible assets to form a better comparison with the previous year.

The accompanying notes are an integral part of these financial statements.

Statements of Changes in Equity for the year ended 30 June 2011

Group	Notes	Share Capital $'000	Share Premium $'000	Other Reserves[1] $'000	Retained Earnings $'000	Total $'000
At 1 July 2009		512	9,250	3,123	5,790	18,675
Total comprehensive income - profit for the year		-	-	-	5,525	5,525
Transactions with owners:						
Share-based payments		-	-	114	730	844
Dividends	11	-	-	-	(2,992)	(2,992)
At 30 June 2010		512	9,250	3,237	9,053	22,052
Total comprehensive income - profit for the year		-	-	-	6,015	6,015
Transactions with owners:						
Share-based payments		-	-	139	1,249	1,388
Impact of share options exercised		13	-	(3,074)	3,074	13
Issue of ordinary shares related to business combination	16	11	5,989	-	-	6,000
Dividends	11	-	-	-	(3,063)	(3,063)
At 30 June 2011		**536**	**15,239**	**302**	**16,328**	**32,405**

Company	Notes	Share Capital $'000	Share Premium $'000	Other Reserves[1] $'000	Retained Earnings $'000	Total $'000
At 1 July 2009		512	9,250	2,226	4,429	16,417
Total comprehensive income - profit for the year		-	-	-	4,877	4,877
Transactions with owners:						
Share-based payments		-	-	52	131	183
Dividends	11	-	-	-	(2,992)	(2,992)
At 30 June 2010		512	9,250	2,278	6,445	18,485
Total comprehensive income - profit for the year		-	-	-	5,446	5,446
Transactions with owners:						
Share-based payments		-	-	84	478	562
Impact of share options exercised		13	-	(2,225)	2,225	13
Issue of ordinary shares related to business combination	16	11	5,989	-	-	6,000
Dividends	11	-	-	-	(3,063)	(3,063)
At 30 June 2011		**536**	**15,239**	**137**	**11,531**	**27,443**

[1]Other reserves relate to share-based payments and are detailed in Note 1 and these reserves are not available for distribution.

The accompanying notes are an integral part of these financial statements.

Consolidated Balance Sheet as at 30 June 2011

	Notes	2011 $'000	2010 $'000
ASSETS			
Non-Current Assets			
Plant and equipment	13	**2,167**	281
Intangible assets	14	**17,728**	1,474
Deferred tax	18	**-**	1,521
		19,895	3,276
Current Assets			
Trade and other receivables	17	**13,121**	8,596
Cash and cash equivalents	21	**24,176**	29,442
		37,297	38,038
Total Assets		**57,192**	41,314
EQUITY & LIABILITIES			
Non-Current Liabilities			
Contingent consideration	16, 23	**954**	-
Deferred tax	18	**52**	-
Deferred income		**250**	218
		1,256	218
Current Liabilities			
Deferred income		**15,638**	13,660
Corporation tax		**288**	392
Trade and other payables	22	**7,605**	4,992
		23,531	19,044
Total Liabilities		**24,787**	19,262
Equity			
Called up share capital	19	**536**	512
Share premium account		**15,239**	9,250
Other reserves		**302**	3,237
Retained earnings		**16,328**	9,053
Total Equity		**32,405**	22,052
Total Equity and Liabilities		**57,192**	41,314

Registered Number SC196331

The accompanying notes are an integral part of these financial statements.

The financial statements on pages 25–50 were approved and authorised for issue by the Board of directors on 29 August 2011 and signed on its behalf by:

Keith Neilson
Director

Craig Preston
Director and Company Secretary

Company Balance Sheet as at 30 June 2011

	Notes	2011 $'000	2010 $'000
ASSETS			
Non-Current Assets			
Investment in subsidiary undertakings	15	**-**	-
Plant and equipment	13	**1,647**	159
Intangible assets	14	**1,313**	1,467
Deferred tax	18	**67**	284
Amounts due from subsidiary undertakings		**14,923**	-
		17,950	1,910
Current Assets			
Trade and other receivables	17	**11,753**	7,670
Cash and cash equivalents	21	**20,272**	28,213
		32,025	35,883
Total Assets		**49,975**	37,793
EQUITY & LIABILITIES			
Non-Current Liabilities			
Deferred income		**250**	218
		250	218
Current Liabilities			
Deferred income		**15,590**	13,660
Corporation tax		**673**	854
Trade and other payables	22	**6,019**	4,576
		22,282	19,090
Total Liabilities		**22,532**	19,308
Equity			
Called up share capital	19	**536**	512
Share premium account		**15,239**	9,250
Other reserves		**137**	2,278
Retained earnings		**11,531**	6,445
Total Equity		**27,443**	18,485
Total Equity and Liabilities		**49,975**	37,793

Registered Number SC196331

The accompanying notes are an integral part of these financial statements.

The financial statements on pages 25–50 were approved and authorised for issue by the Board of directors on 29 August 2011 and signed on its behalf by:

Keith Neilson
Director

Craig Preston
Director and Company Secretary

Statements of Cash Flows for the year ended 30 June 2011

	Notes	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Cash flows from operating activities					
Cash generated/(used) from operations	20	**10,089**	8,906	**(1,499)**	8,572
Interest received		**99**	195	**99**	195
Tax paid		**(1,595)**	(2,188)	**(1,579)**	(966)
Net cash from operating activities		**8,593**	6,913	**(2,979)**	7,801
Cash flows from investing activities					
Purchase of plant and equipment	13	**(1,790)**	(127)	**(1,679)**	(37)
Acquisition of subsidiary, net of cash acquired	16	**(8,772)**	-	**-**	-
Capitalised intangible assets	14	**(247)**	(521)	**(233)**	(518)
Net cash used in investing activities		**(10,809)**	(648)	**(1,912)**	(555)
Cash flows from financing activities					
Dividends paid to company shareholders	11	**(3,063)**	(2,992)	**(3,063)**	(2,992)
Proceeds from issuance of shares		**13**	-	**13**	-
Net cash used in financing activities		**(3,050)**	(2,992)	**(3,050)**	(2,992)
Net (decrease)/increase in cash and cash equivalents		**(5,266)**	3,273	**(7,941)**	4,254
Cash and cash equivalents at the start of the year		**29,442**	26,169	**28,213**	23,959
Cash and cash equivalents at the end of the year		**24,176**	29,442	**20,272**	28,213

The accompanying notes are an integral part of these financial statements.

General Information

Craneware plc (the Company) is a public limited company incorporated and domiciled in Scotland. The Company has a primary listing on the AIM stock exchange. The address of its registered office and principal place of business is disclosed on page 53 of the financial statements. The principal activity of the Company is described in the Directors' Report.

Basis of preparation

The financial statements are prepared in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS), IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historic cost convention. The applicable accounting policies are set out below, together with an explanation of where changes have been made to previous policies on the adoption of new accounting standards in the year, if relevant.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The Company and its subsidiary undertakings are referred to in this report as the Group.

1 Principal accounting policies

The principal accounting policies adopted in the preparation of these accounts are set out below. These policies have been consistently applied, unless otherwise stated.

Reporting currency

The Directors consider that as the Group's revenues are primarily denominated in US dollars the Company's 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 $1.6055/£1 (2010 : $1.4961/£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.

New Standards, amendments and interpretations effective in the year

The directors have adopted the following Standards, amendments and interpretations (where relevant to the Group and subject to their endorsement by the EU) and they have concluded that they have no material financial impact on the financial statements of the Group or Company.

A collection of amendments (effective 1 January 2010*) as part of the IASB programme of annual enhancements included updates to:

- IFRS 2, 'Share-based payments',
- IFRS 5, 'Non-current assets held for sale and discontinued operations',
- IFRS 8, 'Operating segments',
- IAS 1, 'Presentation of financial statements',
- IAS 7, 'Statement of cash flows',
- IAS 17, 'Leases',
- IAS 18, 'Revenue',
- IAS 36, 'Impairment of assets',
- IAS 38, 'Intangible assets', and
- IAS 39, 'Financial instruments: Recognition and measurement'.

Other relevant standards are summarised below:

IFRS 1, 'First-time adoption' on 'Financial instrument disclosures' (effective 1 July 2010*), amendment providing first time adopters with the same transition provisions as included in previous amendment to IFRS 7, 'Financial instruments: Disclosures'.

IFRS 2, 'Share-based payments' (effective 1 January 2010*), amendment relating to group cash-settled share based payment transactions.

IAS 32, 'Financial instruments: Presentation' (effective 1 February 2010*), amendment relating to classification of rights issues.

IFRIC 19, 'Extinguishing financial liabilities with equity investments' (effective 1 July 2010*) a clarification of the requirements of IFRS when an entity renegotiates the terms of a financial liability with its creditors and the creditors accept the entities shares or equity instruments as full or partial settlement.

New Standards, amendments and interpretations not yet effective

The directors anticipate that the future adoption of the following Standards, amendments and interpretations (where relevant to the Group and subject to their endorsement by the EU) will have no material financial impact on the financial statements of the Group and Company. None of the below Standards, amendments or interpretations has been adopted early.

- IFRS 7, 'Financial instruments: Disclosures' on derecognition (effective 1 July 2011*),
- IFRS 9, 'Financial instruments: classification and measurement' (effective 1 January 2013*),
- IFRS 10, 'Consolidated financial statements' (effective 1 January 2013*),
- IFRS 11, 'Joint arrangements' (effective 1 January 2013*),
- IFRS 12, 'Disclosures of interests in other entities' (effective 1 January 2013*),
- IFRS 13, 'Fair value measurement' (effective 1 January 2013*),
- IAS 1, 'Financial statement presentation' regarding other comprehensive income' (effective 1 July 2012*),
- IAS 12, 'Income taxes' on deferred tax (effective 1 January 2012*),
- IAS 19, 'Employee benefits' (effective 1 January 2013*),
- IAS 24, 'Related party disclosures' (effective 1 January 2011*),
- IAS 27, 'Separate financial statements' (effective 1 January 2013*), and
- IAS 28 (revised 2011), 'Associates and joint ventures' (effective 1 January 2013*).

*Effective for accounting periods starting on or after this date.

1 Principal accounting policies (cont'd.)

Basis of consolidation

The consolidated statement of comprehensive income, balance sheet, statement of changes in equity and statement of cashflows include the accounts of the Parent Company and its subsidiaries. Subsidiaries are all entities over which the Group has power to govern the financial and operational policies, generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control transferred to the Group and are deconsolidated from the time control ceases. Intra Group revenue and profits/(losses) are eliminated on consolidation and all sales and profit figures relate to external transactions only. As permitted by Section 408(4) of the Companies Act 2006, the statement of comprehensive income of the Parent Company is not presented. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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.

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.

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.

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.

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 is 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. 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.

1 Principal accounting policies (cont'd.)

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.

Plant and Equipment

All plant and equipment are stated at historical cost less depreciation, costs include the original purchase price of the asset and the costs attributable to bring the asset to its working condition for its intended use. Depreciation is provided to write off the cost less estimated residual values of tangible fixed assets over their expected useful lives. It is calculated at the following rates:

Computer equipment	- Between 20% - 33% straight line
Tenants improvements	- Between 10% - 20% straight line*
Office furniture	- Between 14% - 25% straight line

*As part of the annual assessment of the appropriateness of the previous periods depreciation rates it was concluded that an amendment should be applied to the rate at which some of the Tenants improvements are being written off, consequently the historic 20% straight line basis was amended to a 10% straight line basis based on the useful economic life expected from the material investment made during the year into the new offices development. This change did not result in a material difference to the depreciation charge for the year if the change had not been made and will not have a material impact on future years.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of assets are included in operating profit.

Repairs and maintenance are charged to the statement of comprehensive income during the financial year in which they are incurred. The cost of major renovations is included in the carrying amount of the assets when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group.

Taxation

The charge for taxation is based on the profit for the period and takes into account deferred taxation. Taxation is computed using the liability method. Under this method, deferred tax assets and liabilities are determined based on temporary differences between the financial reporting and tax bases of assets and liabilities and are measured using enacted rates and laws that will be in effect when the differences are expected to reverse. The deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will arise against which the temporary differences will be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets and liabilities arising in the same tax jurisdiction are offset.

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. As explained under "Share-based payments", 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.

Investment in subsidiaries

Investment in Group undertakings is recorded at cost, which is the fair value of the consideration paid, less any provision for impairment.

Operating leases

The costs of operating leases are charged on a straight line basis over the duration of the leases in arriving at operating profit.

Financial assets

The Group classifies its financial assets in the following categories: (i) at fair value through profit and loss, (ii) loans and receivables and (iii) available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. At each Balance Sheet date included in the financial information, the Group held only items classified as loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the Balance Sheet date. These are classified as non-current assets. Loans and receivables are classified as 'trade and other receivables' or 'cash and cash equivalents' in the Balance Sheet.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairments. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within 'net operating expenses'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against net operating expenses in the statement of comprehensive income.

Financial liabilities

The only financial liability held by the Group at each Balance Sheet date included in the financial information is trade payables. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1 Principal accounting policies (cont'd.)

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 statements of cash flows, cash and cash equivalents comprise of cash on hand, deposits held with banks and short term high liquid investments.

Employee benefits

The Group operates a defined contribution Stakeholder Pension Scheme as described in Section 3 of Welfare Reform and Pensions Act 1999. Private medical insurance is also offered to every employee. Amounts payable in respect to these benefits are charged to the Statement of Comprehensive Income as they fall due. The Group has no further payment obligations once the payments have been made. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Share-based payments

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'.

Share capital

Ordinary shares are classified as equity.

Dividends

Dividends are recorded in the accounts in the year in which they are approved by the shareholders. Interim dividends are recognised as a distribution when paid.

2 Critical accounting estimates and judgements

The preparation of financial statements in accordance with international financial reporting standards requires the directors to make critical accounting estimates and judgements that affect the amounts reported in the financial statements and accompanying notes. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying value of assets and liabilities within the next financial year are discussed below:

- **Investment in Subsidiary/Purchase Price Allocation**: the Group determines whether investments in subsidiaries and the related Intangible assets acquired are impaired at least on an annual basis and measures the recoverable amount of the investment whenever there is an indication that the investment may be impaired. This requires an estimation of the value in use of the applicable cash generating unit. Estimating the value in use requires the Group to make an estimate of the expected future cashflows from the subsidiary and also to choose a suitable discount rate in order to calculate the present value of those cashflows. Where there is an indication of impairment, management perform an impairment review to determine the level of provision required.

- **Calculation of goodwill and contingent consideration**: Goodwill is calculated based on estimated consideration payable to the former shareholders of the acquired subsidiary. This consideration includes a contingent element which is based on future estimated profits. This requires an initial assessment as to the probability of whether the full amount of the purchase consideration will be payable. These accounting estimates and judgements are based on assumptions that management and the Board of directors believe are reasonable under the circumstances and are disclosed in more detail in Note 16. The Group also makes estimates and judgements concerning the future and the resulting estimates may, by definition, vary from the related actual results.

- **Provision for impairment of trade receivables**: the Group assesses trade receivables for impairment which requires the directors to estimate the likelihood of payment forfeiture by customers.

- **Revenue recognition**: the Group assesses the economic benefit that will flow from future milestone payments in relation to sub-licensing partnership arrangements. This requires the directors to estimate the likelihood of the Group, its partners, and sub-licensees meeting their respective commercial milestones and commitments.

- **Capitalisation of development expenditure**: the Group capitalises development costs provided the conditions laid out previously have been met. Consequently the directors require to continually assess the commercial potential of each product in development and its useful life following launch.

- **Provisions for income taxes**: the Group is subject to tax in the UK and US and this requires the directors to regularly assess the applicability of its transfer pricing policy.

- **Share-based payments**: the Group requires to make a charge to reflect the value of share-based equity-settled payments in the period. At each grant of options and Balance Sheet date, the directors are required to consider whether there has been a change in the fair value of share options due to factors including number of expected participants.

3 Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (primarily currency risk and cash flow interest rate risk), credit risk and liquidity risk.

Risk management is carried out under policies approved by the Board of directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk and credit risk.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises when commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. The Group operates primarily in the US however a significant proportion of costs are incurred in Sterling.

Management are therefore required to continually assess the Group's foreign exchange risk against the Group's functional currency, and whether any form of hedge should be entered into. The Group's policy has not been to enter into hedging arrangements, although the Board continues to assess the appropriateness of this approach.

The directors believe that a 10% change in the value of Sterling relative to the Dollar would impact post-tax profits and equity between approximately $550,000 and $600,000 (dependent on whether lower or higher) as a result of foreign exchange gains/losses on Sterling denominated transactions and the translation of Sterling denominated current liabilities. The directors believe that 10% is appropriate for the sensitivity analysis based on recent movements in the exchange rates.

(ii) Cash flow and interest rate risk

The Group has no significant interest-bearing assets or liabilities, other than cash held on deposit at variable rates. The directors believe that a 25 basis point move

3 Financial risk management (cont'd)

(ii) Cash flow and interest rate risk (cont'd.)

in interest rates would, with all variables held constant, alter post-tax profit and equity for the year in the region of $65,000 higher/lower respectively. The directors believe that 25 basis points is appropriate for the sensitivity analysis based on recent market conditions.

(b) Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents and trade receivables. In order to minimise the Group's exposure to risk, all cash deposits are placed with reputable banks and financial institutions. The Group's exposure to trade receivables is reduced due to contractual terms which require installation, training, annual licensing and support fees, to be invoiced annually in advance.

(c) Counterparty risk

The Group has significant cash and cash equivalent balances and in order to mitigate the risk of failing institutions management have treasury deposits spread across a range of reputable banks, the details of which are disclosed on page 53.

(d) Liquidity risk

Management review the liquidity position of the Group to ensure that sufficient cash is available to meet the underlying needs of the Group as they fall due for payment.

The table below analyses the Group's financial liabilities which will be settled on a net basis into relevant maturity grouping based on the remaining period from the Balance Sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total $'000
At 30 June 2010					
Trade Payables	588	-	-	-	588
At 30 June 2011					
Trade Payables	**984**	**-**	**-**	**-**	**984**

There is no difference between the undiscounted liabilities and the amounts shown in Note 22 as the Group's financial liabilities are all short term in nature.

Capital risk management

The Group is cash generative and trading is funded internally. As a result, management do not consider capital risk to be significant for the Group. Contracts are normally billed annually in advance. Assuming timely receivables collection, the Group will have favourable movements from working capital by generating cash ahead of revenue recognition. Consequently funds are retained in the business to finance future growth, either organically or by acquisition.

4 Revenue

The chief operating decision maker has been identified as the Board of directors. The Group revenue is derived entirely from the sale of software and professional services (including installation) to hospitals within the United States of America. Consequently the Board has determined that Group supplies only one geographical market place and as such revenue is presented in line with management information without the need for additional segmental analysis. All of the Group assets are located in the United States of America with the exception of the Parent Company's, the net assets of which are disclosed separately on the Company Balance Sheet. Revenue is analysed as follows:

	2011 $'000	2010 $'000
Software	**33,381**	24,739
Professional services	**4,743**	3,658
Total revenue	**38,124**	28,397

5 Net operating expenses

Net operating expenses are comprised of the following:

	2011 $'000	2010 $'000
Sales and marketing expenses	**8,368**	7,102
Client servicing	**5,775**	4,037
Research and development	**5,024**	3,785
Administrative expenses	**4,143**	3,314
Acquisition costs on business combination	**517**	-
Share-based payments (Note 8)	**139**	114
Depreciation of plant and equipment	**312**	192
Amortisation of intangible assets	**555**	253
Exchange loss/(gain)	**41**	(16)
Net operating expenses	**24,874**	18,781

6 Operating profit

The following items have been included in arriving at operating profit:

	2011 $'000	2010 $'000
Staff costs (Note 7)	**14,773**	12,196
Acquisition costs on business combination	**517**	-
Depreciation of plant and equipment	**312**	192
Amortisation of intangible assets	**555**	253
Impairment of trade receivables	**581**	202
Operating lease rents for premises	**607**	263

Services provided by the Group's auditor

During the year the Group obtained the following services from the Group's auditors as detailed below:

	2011 $'000	2010 $'000
Statutory audit - Parent company financial statements and consolidation	**81**	64
Tax compliance and other tax services	**89**	54
Employee incentive advice	**-**	3
Other assurance services	**1**	3
	171	124

7 Staff costs

The average number of persons employed by the Group during the year, excluding non-executive directors, is analysed below:

	2011 Number	2010 Number
Sales and distribution	**39**	33
Client servicing	**58**	41
Research and development	**53**	39
Administration	**22**	18
	172	131

Employment costs of all employees excluding non-executive directors:

	2011 $'000	2010 $'000
Wages and salaries	**13,246**	10,952
Social security costs	**1,372**	1,114
Post employment benefits	**16**	16
Share-based payments	**139**	114
Total direct costs of employment	**14,773**	12,196
Highest paid director:		
Salary and short-term employee benefits	**357**	396
Post employment benefits	**8**	8
Share-based payments	**18**	6
	383	410

Directors' emoluments are detailed in the Remuneration Committee Report on page 22 and key management compensation is given in the Related Party Transaction note on pages 49–50. Retirement benefits are accruing to 1 of the executive directors under a defined contribution scheme (2010: 1).

8 Share-based payments

The Group has an equity-settled share-based payment scheme, whereby options over shares in Craneware plc can be granted to employees and directors. A charge is shown in the statement of comprehensive income of $139,058 (2010: $113,589) as detailed in Note 7 above.

Options issued under the 2006 Share Options Plan over Ordinary shares and Incentive shares were granted at par and have been adjusted to reflect the 299 for 1 share split. Options over Ordinary shares vested on admission to AIM on 13 September 2007 and became fully exercisable on that date, whilst options over Incentive shares lapsed at this event. Outstanding options lapse upon leaving employment or if not exercised within 10 years from the date of grant. Directors and employees interests in share options are set out in the Remuneration Committee Report on page 23.

The market value of share options exercised during the year ranged from $8.60 (£5.37) to $8.55 (£5.37). The market value at 30 June 2011 was $9.47 (£5.90).

Under the 2007 Share Options Plan, options over a maximum of 1,400,000 ordinary shares ("initial options") were granted on 14 September 2007 shortly after admission to AIM with an exercise price of $0.02 (£0.01) per share. These options are subject to performance targets, will not normally vest until 1 October 2010, and will normally lapse upon leaving employment or at 30 April 2011.

Other options over ordinary shares under the 2007 Share Options Plan may be granted with an exercise price no less than the market value of the Ordinary shares on the date of grant, and in the case of the directors of the Company will be granted subject to sufficiently stretching performance targets. These options will be subject to time based vesting and will not normally be exercisable before the third anniversary of grant. Such options will lapse on the tenth anniversary of grant.

The fair value of options granted was estimated on the date of grant using the Black-Scholes option pricing model as appropriately adjusted. The Company estimates the number of options likely to vest by reference to the Group's staff retention rate, and expenses the fair value over the relevant vesting period. A sufficiently long trading history of the Company's own share price, dating from IPO to date of grant, results in an actual volatility calculation for all grants from December 2010. Prior to this date volatility had to be estimated by reference to similar companies whose shares are traded on a recognised stock exchange.

The assumptions for each option grant were as follows:

Date of Grant	6-Sep-10	22-Dec-09	14-Oct-09	5-Jan-09	21-Oct-08	8-Sep-08	2-May-08	14-Sep-07	13-Sep-07
Options over Ordinary shares									
Share price at date of grant	$6.18	$5.34	$5.42	$3.10	$3.55	$3.65	$3.69	$2.60	$2.60
Share price at date of grant	£4.01	£3.35	£3.43	£2.12	£2.11	£2.08	£1.87	£1.28	£1.28
Vesting period (years)	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.04	0.00
Expected volatility	24%	23%	40%	40%	40%	40%	40%	40%	40%
Risk free rate	1.18%	1.96%	1.86%	2.10%	3.82%	4.41%	5.00%	5.75%	5.75%
Dividend yield	2.2%	1.5%	1.4%	1.5%	1.5%	1.5%	1.0%	1.0%	1.0%
Exercise price	$6.18	$5.34	$5.42	$3.10	$3.55	$3.65	$3.69	$0.02	0.007cents
Exercise price	£4.01	£3.35	£3.43	£2.12	£2.11	£2.08	£1.87	£0.01	0.0033p
Number of employees	20	10	1	1	1	1	1	84	1
Shares under option	255,655	170,303	44,285	30,000	14,424	72,115	40,600	1,400,000	50,100
Fair value per option	$1.40	$1.34	$1.37	$0.85	$1.01	$1.67	$1.11	$0.95	$2.60

8 Share-based payments (cont'd)

The following options have been granted over Ordinary shares:

2006 Share Option Plan:	**2011 options number**	2010 options number
Ordinary share options (0.0033p exercise price)		
Outstanding at 1 July	**-**	68,100
Granted	**-**	-
Forfeited	**-**	-
Exercised	**-**	(68,100)
Outstanding at 30 June	**-**	-
2007 Share Options Plan:		
Initial options of ordinary shares (£0.01 exercise price)		
Outstanding at 1 July	**929,100**	930,300
Granted	**-**	-
Forfeited	**-**	(1,200)
Exercised	**(809,100)**	-
Outstanding at 30 June	**120,000**	929,100
Ordinary share options (£1.87 exercise price)		
Outstanding at 1 July	**40,600**	40,600
Granted	**-**	-
Forfeited	**-**	-
Outstanding at 30 June	**40,600**	40,600
Ordinary share options (£2.08 exercise price)		
Outstanding at 1 July	**72,115**	72,115
Granted	**-**	-
Forfeited	**-**	-
Outstanding at 30 June	**72,115**	72,115
Ordinary share options (£2.11 exercise price)		
Outstanding at 1 July	**14,424**	14,424
Granted	**-**	-
Forfeited	**-**	-
Outstanding at 30 June	**14,424**	14,424
Ordinary share options (£2.12 exercise price)		
Outstanding at 1 July	**-**	30,000
Granted	**-**	-
Forfeited	**-**	(30,000)
Outstanding at 30 June	**-**	-
Ordinary share options (£3.43 exercise price)		
Outstanding at 1 July	**44,285**	-
Granted	**-**	44,285
Forfeited	**(44,285)**	-
Outstanding at 30 June	**-**	44,285
Ordinary share options (£3.35 exercise price)		
Outstanding at 1 July	**170,303**	-
Granted	**-**	170,303
Forfeited	**-**	-
Outstanding at 30 June	**170,303**	170,303
Ordinary share options (£4.01 exercise price)		
Outstanding at 1 July	**-**	-
Granted	**255,655**	-
Forfeited	**(47,548)**	-
Outstanding at 30 June	**208,107**	-

9 Finance income

	2011 $'000	2010 $'000
Deposit interest receivable	**93**	195
Other interest	**6**	-
Total interest receivable	**99**	195

10 Tax on profit on ordinary activities

	2011 $'000	2010 $'000
Profit on ordinary activities before tax	**8,653**	7,258
Current tax		
Corporation tax on profits of the year	**3,257**	2,005
Foreign exchange on taxation in the year	**42**	58
Adjustments for prior years	**68**	(257)
Total current tax charge	**3,367**	1,806
Deferred tax		
Origination & reversal of timing differences	**(749)**	(73)
Change in tax rate	**20**	-
Total deferred tax (credit)	**(729)**	**(73)**
Tax on profit on ordinary activities	**2,638**	1,733

The difference between the current tax charge on ordinary activities for the year, reported in the consolidated statement of comprehensive income, and the current tax charge that would result from applying a relevant standard rate of tax to the profit on ordinary activities before tax, is explained as follows:

	2011	2010
Profit on ordinary activities at the UK tax rate 27.5% (2010: 28%)	**2,380**	2,032
Effects of		
Adjustment in respect of prior years:		
Current tax	**68**	(257)
Change in tax rate	**20**	-
State tax	**60**	49
Additional US tax on profits 34% (2010: 34%)	**76**	59
Foreign Exchange	**34**	(33)
Expenses not deductible for tax purposes	**13**	(1)
Tax deduction on share plan charges	**(13)**	(116)
Total tax charge	**2,638**	1,733

11 Dividends

The dividends paid during the year were as follows:

	2011 $'000	2010 $'000
Final dividend, re 30 June 2010 - 5.31 cents (3.3 pence)/share	**1,333**	1,220
Interim dividend, re 30 June 2011 - 6.44 cents (4.0 pence)/share	**1,730**	1,772
Total dividends paid to company shareholders in the year	**3,063**	2,992

The proposed final dividend for 30 June 2011 is subject to approval by the shareholders at the Annual General Meeting and has not been included as a liability in these accounts.

12 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 shares in issue during the year.

	2011	2010
Profit attributable to equity holders of the Company ($'000)	**6,015**	5,525
Weighted average number of ordinary shares in issue (thousands)	**26,079**	25,315
Basic earnings per share ($ per share)	**0.231**	0.218

Adjusted Basic earnings per share is calculated under the same method as shown above except that the profit attributable to equity holders of the Company is increased by $664,098 which represents the total acquisition costs expensed during the year and amortisation of acquired intangible assets. This gives rise to an adjusted basic earnings per share of $0.256.

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 share options granted to directors and employees under the share option scheme (Note 8).

	2011	2010
Profit attributable to equity holders of the Company ($'000)	**6,015**	5,525
Weighted average number of ordinary shares in issue (thousands)	**26,079**	25,315
Adjustment for: - Share options (thousands)	**324**	1,005
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**26,403**	26,320
Diluted earnings per share ($ per share)	**0.228**	0.210

Adjusted diluted earnings per share is calculated under the same method as shown above except that the profit attributable to equity holders of the Company is increased by $664,098 which represents the total acquisition costs expensed during the year and amortisation of acquired intangible assets. This gives rise to an adjusted diluted earnings per share of $0.253.

13 Plant and equipment

Group	Computer Equipment $'000	Office Furniture $'000	Tenants Improvements $'000	Total $'000
Cost				
At 1 July 2010	804	287	343	1,434
Additions	246	403	1,141	1,790
Acquisition of subsidiary (Note 16)	243	68	97	408
At 30 June 2011	1,293	758	1,581	3,632
Depreciation				
At 1 July 2010	665	231	257	1,153
Charge for year	146	79	87	312
At 30 June 2011	811	310	344	1,465
NBV at 30 June 2011	**482**	**448**	**1,237**	**2,167**
Cost				
At 1 July 2009	709	265	333	1,307
Additions	95	22	10	127
At 30 June 2010	804	287	343	1,434
Depreciation				
At 1 July 2009	570	185	206	961
Charge for the year	95	46	51	192
At 30 June 2010	665	231	257	1153
NBV at 30 June 2010	139	56	86	281

Company	Computer Equipment $'000	Office Furniture $'000	Tenants Improvements $'000	Total $'000
Cost				
At 1 July 2010	447	198	336	981
Additions	162	401	1,116	1,679
At 30 June 2011	609	599	1,452	2,660
Depreciation				
At 1 July 2010	395	171	256	822
Charge for year	55	63	73	191
At 30 June 2011	450	234	329	1,013
NBV at 30 June 2011	**159**	**365**	**1,123**	**1,647**
Cost				
At 1 July 2009	413	198	333	944
Additions	34	-	3	37
At 30 June 2010	447	198	336	981
Depreciation				
At 1 July 2009	350	137	206	693
Charge for year	45	34	50	129
At 30 June 2010	395	171	256	822
NBV at 30 June 2010	52	27	80	159

14 Intangible assets

Goodwill and Other Intangible assets

Group	Goodwill $'000	Customer Relationships $'000	Proprietary Software $'000	Development Costs $'000	Computer Software $'000	Total $'000
Cost						
At 1 July 2010	-	-	-	2,385	293	2,678
Additions	-	-	-	199	48	247
Additions acquired at Fair Value	12,264	2,964	1,222	-	112	16,562
At 30 June 2011	12,264	2,964	1,222	2,584	453	19,487
Amortisation						
At 1 July 2010	-	-	-	944	260	1,204
Charge for the year	-	66	82	364	43	555
At 30 June 2011	-	66	82	1,308	303	1,759
NBV at 30 June 2011	**12,264**	**2,898**	**1,140**	**1,276**	**150**	**17,728**
Cost						
At 1 July 2009	-	-	-	1,886	271	2,157
Additions	-	-	-	499	22	521
At 30 June 2010	-	-	-	2,385	293	2,678
Amortisation						
At 1 July 2009	-	-	-	725	226	951
Charge for the year	-	-	-	219	34	253
At 30 June 2010	-	-	-	944	260	1,204
NBV at 30 June 2010	-	-	-	1,441	33	1,474

The additions acquired in the year are all in respect of the 17 February 2011 acquisition of Craneware InSight Inc. (Note 16). Future anticipated payments arising from earn-outs are based on the directors' best estimates of these contingent obligations. The earn-out is dependent on the future performance of the relevant business and a continued assessment of the liability arising is performed at least twice yearly.

In accordance with the Group's accounting policy, the carrying values of goodwill and other intangible assets are reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired.

For goodwill the recoverable amount of the applicable cash-generating unit, which relates to the acquisition in the period (Note 16), has been determined on the basis of fair value less costs to sell, determined by the binding contract for the sale of the ClaimTrust Inc. business to Craneware plc, as enacted on 17 February 2011. The consideration for the sale supports the valuation of goodwill, as does the proximity of the applicable impairment review date to this agreement.

14 Intangible assets (cont'd)

Goodwill and Other Intangible assets (Cont'd.)

Company	Development Costs $'000	Computer Software $'000	Total $'000
Cost			
At 1 July 2010	2,385	227	2,612
Additions	199	34	233
At 30 June 2011	2,584	261	2,845
Amortisation			
At 1 July 2010	944	201	1,145
Charge for the year	364	23	387
At 30 June 2011	1,308	224	1,532
NBV at 30 June 2011	**1,276**	**37**	**1,313**
Cost			
At 1 July 2009	1,886	208	2,094
Additions	499	19	518
At 30 June 2010	2,385	227	2,612
Amortisation			
At 1 July 2009	725	172	897
Charge for the year	219	29	248
At 30 June 2010	944	201	1,145
NBV at 30 June 2010	1,441	26	1,467

15 Investments in subsidiary undertakings

The following information relates to the subsidiaries which, in the opinion of the directors, principally affected the profits or assets of the Group:

Name of Company	Class of Shares held	Proportion of Nominal Value of Issued Shares held by Craneware plc	Nature of Business
Craneware Inc	Ordinary	100%	Sales & Marketing
Craneware InSight Inc	Ordinary	100%	Product Development & Professional Services

Craneware Inc is incorporated in the United States of America and Craneware plc hold 10,000 (2010: 10,000) common shares with a nominal value of $0.01 each. The results of the Subsidiary Company have been included in the consolidated financial statements.

On the 17 February 2011 Craneware plc established Craneware InSight Inc, to acquire all of issued share capital of ClaimTrust Inc (subsequently disclosed in Note 16) and this Company is also incorporated in the United States of America. Craneware plc holds 1,000 common shares with a nominal value of $0.0001 each. The results of the Subsidiary Company have been included in the consolidated financial statements from the date of acquisition.

16 Acquisition of subsidiary: Craneware InSight Inc

On 17 February 2011, the Company acquired 100% of the issued share capital of ClaimTrust Inc. On the date of acquisition the assets and liabilities of ClaimTrust Inc. were merged into the newly created entity, Craneware InSight Inc. 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 $'000	Fair Value $'000
Tangible fixed assets			
Plant and equipment	408	-	408
Intangible assets			
Computer software	112	-	112
Customer relationships	-	2,964	2,964
Proprietary software	-	1,222	1,222
Other assets and liabilities			
Trade and other receivables	1,171	-	1,171
Bank and cash balances	228	-	228
Trade and other payables	(741)	-	(741)
Deferred tax	-	(1,674)	(1,674)
	1,178	2,512	3,690
Goodwill			12,264
Fair Value			**15,954**

Satisfied by:	
Cash	9,000
Ordinary shares issued - 641,917 shares at $9.347 (£5.83)	6,000
Fair value of contingent deferred consideration	954
	15,954
Bank balances and cash acquired	228
Cash consideration	(9,000)
Net cash on acquisition	**(8,772)**

The contingent consideration is subject to performance criteria, including revenue and profit targets, set for the next financial year and consequently the actual consideration is payable following the respective year end. The maximum potential deferred consideration payable is an additional $4.5m subject to meeting all the performance criteria. The acquisition costs, including all due diligence costs that related to the transaction amounted to $516,796 and these have been expensed as operating costs in compliance with IFRS 3 (revised).

Goodwill of $12,263,819 has been recognised on acquisition and is attributable to future customers, future software and the assembled workforce.

In the period following the acquisition, Craneware InSight Inc. contributed $2,612,624 to Group revenue and $3,016 to adjusted EBITDA* which has been included with the consolidated statement of comprehensive income for the year. Had Craneware InSight Inc. been consolidated from 1 July 2010, the consolidated statement of comprehensive income would show revenue of $42,958,489 and adjusted EBITDA* of $10,235,219.

The initial accounting for the business combination is incomplete as at 30 June 2011 and is based on provisional amounts. In particular, the directors are still to determine if there is a deferred tax asset in relation to net operating losses carried forward from the acquired business that can be recognised.

*Adjusted EBITDA is defined as operating profit before acquisition costs, share based payments, depreciation and amortisation.

17 Trade and other receivables

	Group		Company	
	2011 $'000	2010 $'000	**2011 $'000**	2010 $'000
Trade receivables	**8,856**	7,507	**8,159**	7,507
less: provision for impairment of trade receivables	**(876)**	(445)	**(856)**	(445)
Net trade receivables	**7,980**	7,062	**7,303**	7,062
Other receivables	**335**	288	**134**	58
Amounts owed from group companies	**-**	-	**14,923**	-
Prepayments and accrued income	**4,806**	1,246	**4,316**	550
	13,121	8,596	**26,676**	7,670
Less non-current trade receivables	**-**	-	**(14,923)**	-
Current portion	**13,121**	8,596	**11,753**	7,670

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

As at 30 June 2011, trade receivables of $1,057,793 (2010: $538,666) were past due and therefore deemed to be impaired. The amount of the provision against these receivables was $876,438 as of 30 June 2011 (2010: $437,337). The individually impaired receivables mainly relate to customers' financial difficulties and unresolved disputes. It was assessed a portion of the receivables is expected to be recovered. The ageing of these receivables is as follows:

	2011 $'000	2010 $'000
Less than 30 days past due	**-**	-
30 – 60 days past due	**-**	1
61 – 90 days past due	**-**	31
91 + days past due	**1,058**	507
	1,058	539

As at 30 June 2011, trade receivables of $2,169,265 (2010: $1,576,109) were past due but not impaired. These relate to a number of customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2011 $'000	2010 $'000
Less than 30 days past due	**831**	731
31 – 60 days past due	**315**	467
61 – 90 days past due	**186**	119
91 + days past due	**837**	259
	2,169	1,576

17 Trade and other receivables (cont'd)

As at 30 June 2011, trade receivables of $5,629,478 (2010: $5,384,874) were not past due or impaired, and the Group does not anticipate collection issues. None of these balances were deemed to be impaired (2010: $7,500).

Movement on the provision for impairment of trade receivables is as follows:

	2011 $'000	2010 $'000
At 1 July	**445**	322
Provision for receivables impairment on revenue recognised	**895**	269
Provision acquired on business combination	**20**	-
Receivables written off during year as uncollectable	**(179)**	(79)
Unused amounts reversed	**(305)**	(67)
At 30 June	**876**	445

The creation and release of provision for impaired receivables has been included in net operating expenses in the statement of comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Group does not hold any collateral as security.

18 Deferred taxation

Deferred tax is calculated in full on the temporary differences under the liability method using a rate of tax of 26% (2010: 28%) in the UK and 39% (2010: 39%) in the US including a provision for state taxes.

The movement on the deferred tax account is shown below:

	Group		Company	
	2011 $'000	2010 $'000	**2011 $'000**	2010 $'000
At 1 July	**1,521**	718	**284**	157
Acquired at fair value on business combination	**(1,674)**	-	**-**	-
(Charge)/credit to comprehensive income	**729**	73	**(106)**	(4)
Transfer direct to equity	**(628)**	730	**(111)**	131
At 30 June	**(52)**	1,521	**67**	284

The movements in deferred tax assets and liabilities during the year are shown below. Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net. The net deferred tax liability at 30 June 2011 was $52,237 (2010: Net asset of $1,520,735).

18 Deferred taxation (cont'd)

Deferred tax assets - recognised **Group**	**Accelerated accounting depreciation $'000**	**Short term timing differences $'000**	**Losses $'000**	**Share Options $'000**	**Total $'000**
At 1 July 2010	7	89	-	1,430	1,526
Credited/(charged) to comprehensive income	31	-	898	(157)	772
Debited to equity	-	-	-	(628)	(628)
Total provided at 30 June 2011	**38**	**89**	**898**	**645**	**1,670**
At 1 July 2009	7	89	-	650	746
Credited to comprehensive income	-	-	-	50	50
Credited to equity	-	-	-	730	730
Total provided at 30 June 2010	7	89	-	1,430	1,526

Deferred tax liabilities - recognised

Group	**Accelerated tax depreciation $'000**	**Total $'000**
At 1 July 2010	(5)	(5)
Acquired Intangible assets on business combination	(1,674)	(1,674)
Charged to comprehensive income	(43)	(43)
Total provided at 30 June 2011	**(1,722)**	**(1,722)**
At 1 July 2009	(28)	(28)
Credited to comprehensive income	23	23
Total provided at 30 June 2010	(5)	(5)

The analysis of the deferred tax assets and liabilities is as follows:

Group	**2011 $'000**	2010 $'000
Deferred tax assets:		
Deferred tax assets to be recovered after more than 1 year	**683**	1,437
Deferred tax assets to be recovered within 1 year	**987**	89
	1,670	1,526
Deferred tax liabilities:		
Deferred tax liabilities to be recovered after more than 1 year	**(1,722)**	(5)
Deferred tax liabilities to be recovered within 1 year	**-**	-
	(1,722)	(5)
Net deferred tax (assets)/liabilities	**(52)**	1,521

The Company's Deferred tax assets and liabilities are all expected to be recovered after 1 year.

18 Deferred taxation (cont'd)

Deferred tax assets - recognised Company	Accelerated accounting depreciation $'000	Short term timing differences $'000	Losses $'000	Share Options $'000	Total $'000
At 1 July 2010	-	-	-	289	289
Charged to comprehensive income	-	-	-	(63)	(63)
Debited to equity	-	-	-	(111)	(111)
Total provided at 30 June 2011	**-**	**-**	**-**	**115**	**115**
At 1 July 2009	-	-	-	185	185
Charged to comprehensive income	-	-	-	(27)	(27)
Credited to equity	-	-	-	131	131
Total provided at 30 June 2010	-	-	-	289	289

Deferred tax liabilities - recognised

Company	Accelerated tax depreciation $'000	Total $'000
At 1 July 2010	(5)	(5)
Charged to comprehensive income	(43)	(43)
Total provided at 30 June 2011	**(48)**	**(48)**
At 1 July 2009	(28)	(28)
Credited to comprehensive income	23	23
Total provided at 30 June 2010	(5)	(5)

19 Called up share capital

Authorised

	2011		2010	
	Number	**$'000**	Number	$'000
Equity share capital Ordinary shares of 1p each	**50,000,000**	**1,014**	50,000,000	1,014

Allotted called-up and fully paid

	2011		2010	
	Number	**$'000**	Number	$'000
Equity share capital Ordinary shares of 1p each	**26,792,681**	**536**	25,365,850	512

The movement in share capital during the year is represented as follows:

- 809,100 Ordinary Share options were exercised in the year, as detailed in the Remuneration Committee Report on page 23.
- 617,731 Ordinary Shares were issued by the Balance Sheet date as equity in respect of the consideration for the Craneware InSight Inc acquisition at price of $9.347 (£5.83).

20 Cash flow generated from operating activities

Reconciliation of profit before tax to net cash inflow from operating activities

	Group		Company	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Profit before tax	**8,653**	7,258	**7,538**	6,280
Finance income	**(99)**	(195)	**(99)**	(195)
Depreciation on plant and equipment	**312**	192	**190**	129
Amortisation on intangible assets	**555**	253	**387**	248
Share-based payments	**139**	114	**84**	52
Movements in working capital:				
Increase in trade and other receivables	**(3,353)**	(3,385)	**(14,345)**	(1,030)
Increase in trade and other payables	**3,882**	4,669	**4,746**	3,088
Cash generated from operations	**10,089**	8,906	**(1,499)**	8,572

21 Cash and cash equivalents

	Group		Company	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Cash at bank and in hand	**24,176**	29,442	**20,272**	28,213

The effective rates on short term bank deposits were 0.35% (2010: 0.73%).

22 Trade and other payables - current

	Group		Company	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Trade payables	**984**	588	**414**	229
Amounts owed to group companies	**-**	-	**1,483**	2,822
Social security and PAYE	**371**	72	**146**	72
Other creditors	**26**	-	**-**	-
Accruals	**6,186**	4,104	**3,938**	1,225
Advance receipts	**38**	228	**38**	228
	7,605	4,992	**6,019**	4,576

Amounts owed to Group companies are non-interest bearing and have no fixed repayment terms. Trade payables are settled in accordance with those terms and conditions agreed, generally within 30 days, provided that all trading terms and conditions on invoices have been met. The Group's average payment period at 30 June 2011 was 21 days (2010: 25 days).

23 Contingent liabilities and financial commitments

a) Deferred consideration

The Parent Company and consequently the Group have contingent consideration that relates to the acquisition of Craneware InSight Inc. The consideration is payable based on the future revenue and profits of this company over the following financial year and as such will be payable in approximately September 2012 (Note 16).

b) Capital commitments

The Group has no capital commitments at 30 June 2011 (2010: $nil).

c) Lease commitments

The Group leases certain land and buildings. The commitments payable by the Group under these operating leases are as follows:

	2011 $'000	2010 $'000
Within one year	**446**	198
Between 2 and 5 years	**2,176**	647
More than 5 years	**4,633**	276
	7,255	1,121

The rents payable under these leases are subject to renegotiation at various intervals specified in the leases. The Group pays all insurance, maintenance and repairs of these properties. During the year the Group has acquired 2 additional leases in respect of business combinations and signed a new 12 year lease on new headquarters offices based in Edinburgh.

24 Related party transactions

During the year the Group has traded in its normal course of business with shareholders, consultancy businesses and its wholly owned subsidiary in which directors, former directors and the subsidiary have a material interest as follows:

	2011		2010	
Group	**Charged $**	**Outstanding at year end $**	Charged $	Outstanding at year end $
Fees for services provided as non-executive directors				
Fees	**112,132**	**3,969**	101,832	15,970
Salaries and Short-term employee benefits	**85,594**	**-**	100,405	7,855
Executive directors				
Salaries and Short-term employee benefits	**683,328**	**204,328**	763,401	299,220
Post employment benefits	**7,953**	**-**	7,910	-
Share-based payments	**53,856**	**-**	30,590	-
Other key management				
Salaries and Short-term employee benefits	**1,264,951**	**306,492**	1,374,746	473,830
Post employment benefits	**7,953**	**-**	7,910	-
Share-based payments	**41,344**	**-**	26,388	-

24 Related party transactions (cont'd)

Company	2011 Charged $	2011 Outstanding at year end $	2010 Charged $	2010 Outstanding at year end $
Fees for services provided as non-executive directors				
Fees	**112,132**	**3,969**	101,832	15,970
Salaries and Short-term employee benefits	**85,594**	**-**	100,405	7,855
Executive directors				
Salaries and Short-term employee benefits	**683,328**	**204,328**	763,401	299,220
Post employment benefits	**7,953**	**-**	7,910	-
Share-based payments	**53,856**	**-**	30,590	-
Other key management				
Salaries and Short-term employee benefits	**594,283**	**204,328**	675,940	299,220
Post employment benefits	**7,953**	**-**	7,910	-
Share-based payments	**17,329**	**-**	8,377	-
Amounts due to Craneware Inc - Subsidiary company				
Sales commission	**14,077,095**	**-**	13,118,407	-
Net operating expenses	**5,688,147**	**-**	2,682,527	-
Balance (Note 22)	**-**	**1,483,259**	-	2,822,295
Amounts due from Craneware InSight Inc - Subsidiary company				
Balance (Note 17)	**-**	**14,923,115**	-	-

Key management are considered to be the directors together with the Chief Operating Officer, Chief Technology Officer (also now the newly appointed President of US Operations), the EVP of Marketing, the outgoing Executive Vice President of Sales and the Executive Vice President of Craneware InSight Inc. (appointed to the Operations Board at the time of the Craneware InSight Inc. acquisition).

There were no other related party transactions in the year which require disclosure in accordance with IAS 24.

25 Ultimate controlling party

The directors have deemed that there are no controlling parties of the Company.

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Personal Notes

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