



**Interim Report**

*2011*

**“Has done a great job in his time here,  
and has been a real driver for the team.”**

**- Aviva Healthcare**

# CUSTOMER SYSTEMS PLC

## CHAIRMAN'S STATEMENT FOR THE CONSOLIDATED UNAUDITED GROUP RESULTS FOR THE HALF YEAR ENDED 31<sup>st</sup> JULY 2011

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I am happy to be able to announce a strong performance for the half-year ending on 31<sup>st</sup> July 11.

This half year has not been as strong as the exceptionally strong equivalent period in the previous year. It did, however, represent a small growth in both revenue and profit before tax when compared with the second half of the last financial year, and continues our record of solid financial achievement especially by comparison with other similar organisations.

### Results in Brief

Revenues for the six-month period were 13.41% lower at £2.97m: (2010: £3.44m). Profit before tax was 27.1% lower at £1.18m (2010: £1.61m). The pre-tax margin was 39.5% compared with 47.0% for the first half of last year.

Basic earnings per share were 24.73% down at 7.61 pence (2010: 10.11 pence).

Our balance sheet remains strong. At 31<sup>st</sup> July 2011, cash and current asset investments totalled £2.59m. Net assets at the balance sheet date were £2.81m and net current assets were £2.77m.

### Dividends

Dividends remain suspended due to the penal levels of income tax currently being charged to high earners, which rates we hope the government are sincere in describing as temporary. The board continues to review this and to try to divine the government's intentions. The board has also given some thought to the idea of a share buy-back as an alternative but no decision has been made on this yet, and it has to be said that the tax rules governing share buy-backs are quite dauntingly complex.

### Legal Action

As has been previously reported, we are pursuing legal action in the High Court against several ex-employees for breach of contract. The number of defendants has increased from three to four as a result of information served by one of the original defendants. The extra complexity of the case has caused a lengthening of the timescales involved compared to the timescales that I previously reported. There will now be a "split trial" beginning with a first trial on the issue of the liability of the defendants which is scheduled for November 2011. Assuming that we are able to establish that liability exists, this will be followed by a further trial on the quantification of damages, which will take place in 2012.

A hearing was held earlier this year on certain interlocutory matters which were disputed by some of the defendants. We prevailed in this hearing and were awarded our costs with respect to the disputed issues. Nevertheless, the overall process is costly, and our results for the half year described above would have been noticeably better if we had not needed to spend money on legal fees. We remain highly confident in the strength of our case, and increasingly so as the process continues.

# CUSTOMER SYSTEMS PLC

## CHAIRMAN'S STATEMENT (continued)

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### **Reporting to Shareholders**

Since we ceased to be a publicly quoted company three years ago, we have decided that the extent and expense of our public reporting is a little disproportionate given our status as an unquoted plc. On the other hand, we want to continue our tradition of openness and clarity and to make sure that our shareholders are kept informed of our progress and financial status.

One change we are instigating now is to make the chairman's statement of the half-year interim results considerably shorter, whilst still preserving the fuller chairman's statement which appears in our annual report.

The second change is that this is the last interim report which we will print and distribute. While the annual report will continue as a printed document, the interim report will be a relatively brief electronic document which will appear on the investors' page of our website. This is partly to save cost and internal effort. It also stems from a realisation that the printed report was not actually reaching some of our minority investors because so many of them have their shares in nominee accounts of their stockbrokers.

To make communication with our shareholders smoother, we will henceforth hold a list of email addresses of shareholders who wish to be kept up to date. If you wish to be included on this list, please send an email requesting inclusion to [enquiry@customersystems.com](mailto:enquiry@customersystems.com) and make sure that you get an acknowledgement from me that you have been included in the list.

Whenever an announcement or financial report appears on the investors' page of our website, I will send an email to everyone on the list alerting them to its existence.

### **Conclusion**

Our continued success is a result of our excellent workforce to whom I would like to extend my thanks and that of the board. We would also like to thank our customers for continuing to work with us and for continuing to bring us the challenges that we enjoy.

**Steve Austen**

8<sup>th</sup> September 2011

# CUSTOMER SYSTEMS PLC

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the half year ended 31 July 2011

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	<b>Unaudited 6 Months ended 31 July 2011</b>	Unaudited 6 Months ended 31 July 2010	Audited 12 Months ended 31 January 2011
Note	£	£	£
<b>Turnover</b>	<b>2,974,961</b>	3,435,638	6,358,087
Administrative expenses	<u>(1,845,945)</u>	<u>(1,822,868)</u>	<u>(3,615,288)</u>
<b>Operating profit</b>	<b>1,129,016</b>	1,612,770	2,742,799
Interest receivable	<b>6,126</b>	1,467	13,279
Other finance income / (charges)	<u><b>40,916</b></u>	<u>-</u>	<u>(26,143)</u>
<b>Profit on ordinary activities before taxation</b>	<b>1,176,058</b>	1,614,237	2,729,935
Tax on profit on ordinary activities	2 <u>(297,511)</u>	<u>(447,866)</u>	<u>(763,728)</u>
<b>Profit for the period</b>	<u><b>878,547</b></u>	<u>1,166,371</u>	<u>1,966,207</u>
Earnings per ordinary share – basic (pence)	3 <u><b>7.61</b></u>	<u>10.11</u>	<u>17.04</u>
Weighted average number of ordinary shares in issue	<b>11,541,150</b>	11,541,150	11,541,150

# CUSTOMER SYSTEMS PLC

## CONSOLIDATED BALANCE SHEET

At 31 July 2011

	<b>Unaudited as at 31 July 2011 £</b>	Unaudited as at 31 July 2010 £	Audited as at 31 January 2011 £
<b>Fixed Assets</b>			
Tangible assets	<u>45,238</u>	<u>57,188</u>	<u>54,457</u>
<b>Current assets</b>			
Debtors	1,068,874	862,908	805,845
Current asset investments	850,019	-	877,387
Cash at bank and in hand	1,736,835	1,272,872	1,118,469
	<u>3,655,728</u>	<u>2,135,780</u>	<u>2,801,701</u>
<b>Creditors: amounts falling due within one year</b>	<u>(890,215)</u>	<u>(1,060,599)</u>	<u>(923,954)</u>
<b>Net current assets</b>	<u>2,765,513</u>	<u>1,075,181</u>	<u>1,877,747</u>
<b>Total assets less current liabilities</b>	<u>2,810,751</u>	<u>1,132,369</u>	<u>1,932,204</u>
<b>Capital and reserves</b>			
Called up share capital	115,412	115,412	115,412
Share premium account	72,718	72,718	72,718
Profit and loss account	<u>2,622,621</u>	<u>944,239</u>	<u>1,744,074</u>
<b>Shareholders' funds</b>	<u>2,810,751</u>	<u>1,132,369</u>	<u>1,932,204</u>

# CUSTOMER SYSTEMS PLC

## CONSOLIDATED CASH FLOW STATEMENT

For the half year ended 31 July 2011

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	<b>Unaudited 6 Months ended 31 July 2011 £</b>	Unaudited 6 Months ended 31 July 2010 £	Audited 12 Months ended 31 January 2011 £
<b>Net cash inflow from operating activities</b>	<b>893,932</b>	1,774,952	2,962,061
<b>Returns on investments and servicing of finance</b>			
Interest received	<b>6,126</b>	1,467	6,464
Other finance income received / charges paid	<b>12,386</b>	-	8,184
<b>Taxation</b>	<b>(342,779)</b>	(250,206)	(679,291)
<b>Management of liquid resources</b>			
Purchase of current asset investments	<b>(841,736)</b>	-	(911,714)
Sale of current asset investments	<b>897,634</b>	-	-
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets	<b>(8,297)</b>	(3,495)	(17,388)
Sales of tangible fixed assets	<b>1,100</b>	-	-
<b>Equity dividends paid</b>	<b>-</b>	(1,226,824)	(1,226,825)
<b>Increase / (decrease) in cash</b>	<b>618,366</b>	295,894	141,491

# CUSTOMER SYSTEMS PLC

## NOTES TO THE INTERIM REPORT 2011

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### **1. BASIS OF PREPARATION**

The accounting policies used for the audited financial statements at 31 January 2011 have been used in the preparation of this interim report.

The interim report is unaudited and does not comprise full financial statements. The results for the year to 31 January 2011 are an abridged statement of the financial statements for that year which have been delivered to the Registrar of Companies, and on which the auditors' report was unqualified.

### **2. TAX CHARGE**

The tax charge relating to the current half year is based on the current estimate of the effective tax rate for the full year.

### **3. EARNINGS PER SHARE**

The earnings per share are based on the profit for the period of £878,547 and on a weighted average number of shares of 11,541,150

### **4. FOREIGN CURRENCY**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

### **5. CURRENT ASSET INVESTMENTS**

The group has a portfolio of investments in securities traded on active markets which are stated at fair value and are classified as being at fair value through profit and loss.

The fair values of these securities are based on the quoted bid price as at the balance sheet date.

# CUSTOMER SYSTEMS PLC

## NOTES TO THE INTERIM REPORT 2011

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### 6. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<b>Unaudited 6 Months ended 31 July 2011 £</b>	Unaudited 6 Months ended 31 July 2010 £	Audited 12 Months ended 31 January 2011 £
Profit for the period	<b>878,547</b>	1,166,371	1,966,207
Dividends	<b>-</b>	(1,226,824)	(1,226,825)
Net increase / (decrease) in shareholders' funds	<b>878,547</b>	(60,453)	739,382
Opening shareholders' funds	<b>1,932,204</b>	1,192,822	1,192,822
Closing shareholders' funds	<b>2,810,751</b>	1,132,369	1,932,204

***“The instructor was awesome!”***

***-Nestlé Waters***

**Company registration number:** 3509265

**Registered office:** 1 Guildford Street  
Chertsey  
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KT16 9BG

**Directors:** Mr SN Austen  
Mr DK Scattergood

**Secretary:** Mr AJ Prowse

**Auditors:** Bishop Fleming  
Chartered Accountants  
16 Queen Square  
Bristol  
BS1 4NT

**Registrars:** Neville Registrars  
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The ISIN code of our shares in the CREST system is IGB0032037870.

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