Scientific Digital Imaging plc
("SDI" or the "Company")
(AIM: SDI)

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS TO 31 OCTOBER 2013

The Board of Scientific Digital Imaging plc, the AIM quoted group focused on the application of digital imaging technology to the needs of the scientific community, is pleased to announce its unaudited interim results for the six months ended 31 October 2013.

Highlights

- Successful equity fund raising of £850,000 to enable repayment of a loan and to reinvest in the business
- Loss before tax £74,000 (2012: profit £11,000)
- The Board expects improvements in the second half of the year as new product sales come through
- ProReveal (a patented protein detection test) launched internationally
    - 24 units being evaluated worldwide
    - Appointment of five new international distributors
    - New leasing capability put in place
    - New secondary market in the washer and detergent sector

Ken Ford, Chairman of SDI, commented:

"The Board anticipates that the new products released during this first half of our year together with on-going cost efficiencies, should result in an improvement in margins and profitability which should be reflected in the second half of this financial year.

Enquiries

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Copies of the interim report are being sent to shareholders and can also be viewed on the Company's website: www.scientificdigitalimaging.com

Interim highlights

- Successful equity fund raising of £850,000 to enable repayment of a loan and to reinvest in the business
- Loss before tax £74,000 (2012: profit £11,000)
- The Board expects improvements in the second half of the year as new product sales come through
- ProReveal internationally launched
    - 24 units being evaluated worldwide
    - Appointment of five new international distributors
    - New leasing capability put in place
    - New secondary market in the washer and detergent sector
- ProReveal 2 launched in Q4 2013 at the Medica show
- Three new touch screen versions of low cost PXi gel documentation equipment launched
- Introduction of new versions of the G:BOX with better performance and significantly lower build costs
- Synbiosis launched aCOLyte 3, a new version of its well established automated colony counter

Synoptics

The principal subsidiary of SDI is Synoptics which designs and manufactures special-purpose, innovative instruments and systems for use in the life science industry. The Company exploits digital imaging technologies for a range of disciplines and offers its products through four brands:

- Syngene – produces equipment for life scientists to image and analyse electrophoresis gels used for DNA and protein analysis
- Synbiosis – produces equipment for microbiologists to automate microbial colony counting
- Syncroscopy – provides systems that apply digital imaging techniques to microscopy applications, such as life and material sciences
- Synoptics Health – focuses on imaging techniques within the hospital and clinical environments using their unique ProReveal product

Artemis CCD

Artemis designs and manufactures high sensitivity cameras for deep-sky astronomical and life science imaging under the Atik and Artemis CCD brands.

Chairman's statement

OVERVIEW

In July 2013 SDI successfully raised £850,000 before expenses (£760,000 net of expenses) by way of a placing of shares for cash to enable it to repay a loan note and to reinvest in the business. The new funding has ensured that we are able to fulfil our forward orders, particularly for the ProReveal system, for which global demand has increased. A number of units are now being demonstrated both in the UK and internationally and we continue to receive positive feedback.

SDI's revenue was £3,537,000 in the six months to 31 October 2013 (a reduction of £210,000, relative to revenue of £3,747,000 for the six months to 31 October 2012). This was predominantly due to a reduction in Synoptics revenues of £353,000, despite Artemis CCD revenues increasing by £143,000. Gross margin percentage increased due to sales mix and re-engineering of products within the Synoptics division and administrative expenses reduced to £2,151,000 (2012: £2,165,000).

Despite the fall in Synoptics revenues, progress has been made with new products that have yet to be reflected in sales revenues. We have also aligned our costs with our revenues and are confident these improvements should be reflected in financial results in the second half of the year.

The overall effect of the reduced sales but increased gross margin and reduced cost of sales and administrative expenses was a loss of £74,000 (2012: profit £11,000). The basic and fully diluted loss per share was 0.33p (2012: basic and fully diluted earnings per share 0.06p)

The successful fund raising in July 2013 strengthened the Group's cash position from £388,000 at 30 April 2013 to £541,000 at 31 October 2013 (after the repayment of a loan note of £368,000 which matured on 31 July 2013).

PRODUCT PORTFOLIO

In the past six months, Synoptics Health has continued the phased international launch of ProReveal, a fluorescence test to detect proteins on surgical instruments, and has appointed a worldwide network of dealers. There are currently 24 ProReveal systems being demonstrated in the UK and internationally and the system is being included in the budget cycle of several overseas hospitals, where we are expecting orders in 2014.

To make it easier for wash room personnel to choose how they wish to detect proteins on surgical instruments, Synoptics Health has re-developed the ProReveal system software, and the new ProReveal 2 launched in Q4 2013 at the major trade show, Medica.

A secondary new market where we expect ProReveal sales to grow is the washer and detergent sector. A ProReveal system has been sold in the period to a leading healthcare detergent manufacturer to help improve the efficacy of their detergent. Synoptics Health is planning a promotion campaign to capitalise on this niche application of the ProReveal in this sector in Q4 2013 and Q1 2014.

Syngene remains the largest of the Synoptics brands. The three new touch screen versions of its PXi budget gel documentation equipment were launched in the period. To ensure that the higher end G:BOX imaging systems remain competitively priced in relation to the PXi, Syngene has streamlined the range and introduced new versions of the G:BOX which have a better performance and significantly lower build cost. These will be promoted in 2014 and should ensure the brand continues to provide a high margin revenue stream in the latter half of the financial year.

Synbiosis launched a low end automated colony counter, aCOLyte 3 and is seeing steady sales growth in clinical and academic markets. The high end colony counter ProtoCOL 3 continues to sell well in the US and in emerging markets.

Artemis CCD is concentrating on its in house efforts to sell cameras to OEM customers. It is in negotiation with a number of potential OEM customers and expects to see the rewards in 2014. While developing its life science OEM business, Artemis CCD continues to work closely with Synoptics, providing cameras which power the high performance advantage of many of Synoptics' systems, thus maintaining cost-efficiency across the SDI group.

Under its original Atik brand, sales of established products to amateur astronomers have grown steadily in the first half of the year. This growth has been spread evenly across our major territories in Europe and North America.

BUSINESS OPERATIONS

The Synoptics US group is being restructured to ensure that our Syngene US dealer representative network is being fully utilised and to assess new US distributors for both the Synbiosis and Syngene Divisions. This will result in a significant cost reduction in our US operations and a better coverage of the US market, where Synbiosis products are increasingly sought after. The Synoptics Health Division has added five new international distributors in the period and has put in place a leasing agreement to allow hospitals to rent the ProReveal system. This offers an alternative for many hospitals to accessing the capital equipment budget; a time consuming process, and enable them to assess the technology.

The restructuring of our US office, the addition of new Synoptics Health international distributors and new leasing capabilities sets SDI in good stead to leverage the Company's advantage with the superior product ranges in our portfolio and secure growth for our stakeholders.

OUTLOOK

The Board anticipates that the new products released during this half of our year, together with on-going cost efficiencies, should result in an improvement in margins and profitability which should be reflected in the second half of this financial year.

Ken Ford, Chairman
19 December 2013

Consolidated income statement
Unaudited for the six months ended 31 October 2013

	Note	**6 months to 31 October 2013 Unaudited £'000**	6 months to 31 October 2012 Unaudited £'000	12 months to 30 April 2013 Audited £'000
Revenue		**3,537**	3,747	7,665
Costs of sales		**(1,436)**	(1,539)	(3,304)
Gross profit		**2,101**	2,208	4,361
Currency exchange loss		**(22)**	(10)	(2)
Administrative expenses		**(2,124)**	(2,155)	(4,061)
Share based payments		**(5)**	-	(4)
Reorganisation costs		**-**	-	(14)
Total administrative expenses		**(2,151)**	(2,165)	(4,081)
Operating (loss)/profit		**(50)**	43	280
Financial income		**-**	—	—
Financial expenses		**(24)**	(31)	(67)
(Loss)/Profit before taxation		**(74)**	12	213
Income tax expense		**-**	1	21
(Loss)/profit for the period		**(74)**	11	192
Earnings per share				
Basic (loss)/earnings per share	2	**(0.33p)**	0.06p	1.05p
Diluted (loss)/earnings per share		**(0.33p)**	0.06p	1.01p

Consolidated statement of comprehensive income
Unaudited for the six months ended 31 October 2013

	6 months to 31 October 2013 Unaudited £'000	6 months to 31 October 2012 Unaudited £'000	12 months to 30 April 2013 Audited £'000
(Loss)/profit for the period	**(74)**	11	192
Other comprehensive income			
Items that will be reclassified subsequently to profit and loss			
Exchange differences on translating foreign operations	**(30)**	(6)	39
Total comprehensive (loss)/profit for the period	**(104)**	5	231

Consolidated balance sheet
Unaudited at 31 October 2013

	Note	**31 October 2013 Unaudited £'000**	31 October 2012 Unaudited £'000	30 April 2013 Audited £'000
Assets				
Non-current assets				
Property, plant and equipment		**392**	459	415
Intangible assets		**884**	718	896
Deferred tax asset		**125**	107	125
		1,401	1,284	1,436
Current assets				
Inventories		**1,061**	934	947
Trade and other receivables		**1,327**	1,607	1,467
Cash and cash equivalents		**541**	169	388
		2,929	2,710	2,802
Total assets		**4,330**	3,994	4,238
Liabilities				
Current liabilities				
Trade and other payables		**1,213**	1,394	1,423
Provisions for warranty		**17**	22	17
Borrowings	3	**115**	529	472
		1,345	1,945	1,912
Non-current liabilities				
Borrowings	3	**35**	23	38
Deferred tax liability		**164**	132	164
		199	155	202
Total liabilities		**1,544**	2,100	2,114
Net assets		**2,786**	1,894	2,124
Equity				
Share capital		**250**	194	194
Merger reserve		**2,606**	2,606	2,606
Share premium account		**1,040**	335	335
Foreign exchange reserve		**(64)**	(79)	(34)
Own shares held by Employee Benefit Trust		**(85)**	(85)	(85)
Other reserves		**105**	96	100
Retained earnings		**(1,066)**	(1,173)	(992)
Total equity		**2,786**	1,894	2,124

Consolidated statement of cash flows

Unaudited for the six months ended 31 October 2013

	6 months to 31 October 2013 Unaudited £'000	6 months to 31 October 2012 Unaudited £'000	12 months to 30 April 2013 Audited £'000
Operating activities			
(Loss)/profit for the period	**(74)**	11	192
Depreciation and amortisation	**252**	246	492
Profit on sale of property, plant and equipment	**-**	-	(2)
Finance costs and income	**24**	31	67
Taxation expense recognised in the income statement	**-**	1	21
Increase in provision	**-**	5	-
Exchange difference	**(38)**	(6)	39
Employee share based payments	**5**	-	4
Operating cash flow before movement in working capital	**169**	288	813
Increase in inventories	**(114)**	(108)	(139)
Decrease in trade and other receivables	**140**	(80)	48
Decrease in trade and other payables	**(210)**	110	153
Cash (used in)/generated from operations	**(15)**	210	875
Interest paid	**(24)**	(27)	(67)
Income taxes paid	**-**	-	-
Cash generated from operating activities	**(39)**	183	808
Cash flows from investing activities			
Capital expenditure	**(96)**	(179)	(356)
Investment in development	**(121)**	(132)	(430)
Proceeds from sale of property, plant and equipment	**-**	-	93
Net cash used in investing activities	**(217)**	(311)	(693)
Cash flows from financing activities			
Capital element of finance leases	**17**	(7)	(12)
Loan stock repaid	**(243)**	-	-
Issue of shares net of costs	**635**	-	-
Bank borrowings	**8**	19	-
Net cash used in financing activities	**417**	12	(12)
Net changes in cash and cash equivalents	**161**	(116)	103
Cash and cash equivalents, beginning of period	**388**	285	285
Foreign currency movements on cash balances	**(8)**	—	—
Cash and cash equivalents, end of period	**541**	169	388

Consolidated statement of changes in equity

Unaudited for the six months ended 31 October 2013

6 months to 31 October 2013 – unaudited	Share capital £'000	Merger reserve £'000	Share premium £'000	Own shares held by EBT £'000	Other reserves £'000	Foreign exchange £'000	Retained earnings £'000	Total £'000
Balance at 1 May 2013	194	2,606	335	(85)	100	(34)	(992)	2,124
Share based payments	-	-	-	-	5	-	-	5
Shares issue	56	-	705	-	-	-	-	761
Transactions with owners	**56**	**-**	**705**	**-**	**-**	**-**	**-**	**766**
Profit for the period	-	-	-	-	-	-	(74)	(74)
Foreign exchange on consolidation of subsidiary	-	-	-	-	-	(30)	-	(30)
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**(30)**	**(74)**	**(104)**
Balance at 31 October 2013	**250**	**2,606**	**1,040**	**(85)**	**105**	**(64)**	**(1,066)**	**2,786**

6 months to 31 October 2012 – unaudited	Share capital £'000	Merger reserve £'000	Share premium £'000	Own shares held by EBT £'000	Other reserves £'000	Foreign exchange £'000	Retained earnings £'000	Total £'000
Balance at 1 May 2012	187	2,606	262	(85)	176	(73)	(1,184)	1,889
Shares issued as deferred payment	7	—	73	—	(80)	—	—	—
Transactions with owners	7	—	73	—	(80)	—	—	—
Profit for the period	—	—	—	—	—	—	11	11
Foreign exchange on consolidation of subsidiary	—	—	—	—	—	(6)	—	(6)
Total comprehensive income for the period	—	—	—	—	—	(6)	11	5
Balance at 31 October 2012	194	2,606	335	(85)	96	(79)	(1,173)	1,894

12 months to 30 April 2013 – audited	Share capital £'000	Merger reserve £'000	Share premium £'000	Own shares held by EBT £'000	Other reserves £'000	Foreign exchange £'000	Retained earnings £'000	Total £'000
Balance at 1 May 2012	187	2,606	262	(85)	176	(73)	(1,184)	1,889
Shares issued as deferred payment	7	—	73	—	(80)	—	—	—
Share based payments	—	—	—	—	4	—	—	4
Transactions with owners	7	—	73	—	(76)	—	—	4
Profit for the year							192	192
Foreign exchange on consolidation of subsidiaries	—	—	—	—	—	39	—	39
Total comprehensive income	—	—	—	—	—	39	192	231

Balance at 30 April 2013	194	2,606	335	(85)	100	(34)	(992)	2,124

Notes to the interim financial statements

Unaudited for the six months ended 31 October 2013

The accompanying accounting policies and notes form an integral part of these interim financial statements.

Reporting entity

Scientific Digital Imaging plc (the "Company"), a public limited company, is the Group's ultimate parent. It is registered in England and Wales. The consolidated interim financial statements of the Company for the period ended 31 October 2013 comprise the Company and its subsidiaries (together referred to as the "Group").

Basis of preparation

The unaudited consolidated interim financial statements are for the six months ended 31 October 2013. These interim financial statements have been prepared using the recognition and measurement principles of International Accounting Standards, International Financial Reporting Standards and Interpretations adopted for use in the European Union (collectively EU IFRS). The financial information for the year ended 30 April 2013 is based upon the audited statutory accounts for that year.

The consolidated interim financial information has been prepared on the historical cost basis.

The consolidated interim financial statements are presented in British pounds (£), which is also the functional currency of the ultimate parent company.

The consolidated interim financial information was approved by the Board of Directors on 19 December 2013.

The financial information set out in this interim report does not constitute statutory accounts as defined in section 435 of the Companies Act 2006. The figures for the year ended 30 April 2013 have been extracted from the statutory financial statements of Scientific Digital Imaging plc which have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006. The financial information for the six months ended 31 October 2013 and for the six months ended 31 October 2012 is unaudited.

1. Principal accounting policies

The principal accounting policies adopted in the preparation of the condensed consolidated interim information are consistent with those followed in the preparation of the Group's financial statements for the year ended 30 April 2013.

The accounting policies have been applied consistently throughout the Group the purposes of preparation of these interim financial statements.

2. Earnings per share

The calculation of the basic (loss)/earnings per share is based on the (losses)/profits attributable to the shareholders of Scientific Digital Imaging plc divided by the weighted average number of shares in issue during the year, excluding shares held by the Synoptics Employee Benefit Trust. All (loss)/profit per share calculations relate to continuing operations of the Group.

	(Loss)/Profit attributable to shareholders £'000	Weighted average number of shares	Basic (loss)/earnings per share amount in pence
Period ended 31 October 2013	**(74)**	**22,098,744**	**(0.33)**
Period ended 31 October 2012	11	18,051,793	0.06
Year ended 30 April 2013	192	18,323,464	1.05

The calculation of diluted earnings per share is based on the profits attributable to the shareholders of Scientific Digital Imaging plc divided by the weighted average number of shares in issue during the year, as adjusted for dilutive share options, dilutive deferred consideration and shares held by the Synoptics Employee Benefit Trust.

	Diluted (loss)/earnings per share amount in pence
Period ended 31 October 2013	**(0.33)**
Period ended 31 October 2012	0.06
Year ended 30 April 2013	1.01

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The reconciliation of average number of ordinary shares used for basic and diluted earnings is as below:

	31 October 2013	30 October 2012	30 April 2013
Weighted average number of ordinary shares used for basic earnings per share	**22,098,744**	18,051,793	18,323,464
Weighted average number of ordinary shares under option	**1,004,233**	191,672	659,063
Weighted average number of ordinary shares used for diluted earnings per share	**23,102,977**	18,243,465	18,982,527

Due to the loss generated in the period ended 31 October 2013, the diluted loss per share for that period is the same as the undiluted loss per share.

3. Borrowings

	31 October 2013 £'000	31 October 2012 £'000	30 April 2013 £'000
Within one year:			
Bank finance	**84**	110	76
Finance leases	**31**	47	28
Loan stock	**-**	372	368
	115	529	472
After one year and within five years:			
Loan stock	**-**	-	-
Finance leases	**35**	23	38
	35	23	38
Over five years:			
Finance leases	**-**	-	-
Total borrowings	**150**	552	510

The Group utilises short-term facilities to finance its operation. The Group has one principal banker with an invoice discounting facility of up to £500,000. At the end of the period the Group had utilised £84,000 of this facility.

During the period £243,000 of loan stock was repaid and the balance of £125,000 was converted into shares

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