2013 ANNUAL REPORT

SDI plc is focused on the application of digital imaging technology to the needs of the scientific community.

We are digital imaging specialists, designing and manufacturing unique high precision instruments for life science, microbiology and astronomy applications.

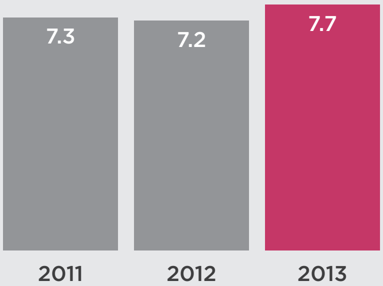
Our business has grown to include Synoptics, Artemis and Perseu, all world class businesses, broadening our product portfolio and design and engineering capabilities.

Our vision is to become an industry leader in providing the very finest imaging tools. We plan to achieve this goal through increased research and development and strategic acquisitions.

Highlights of the year

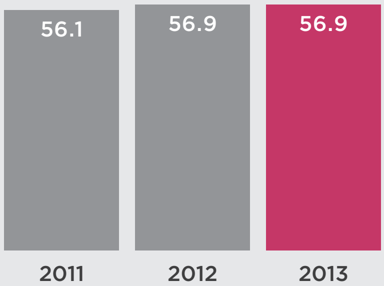
SALES (£M)

£7.7m



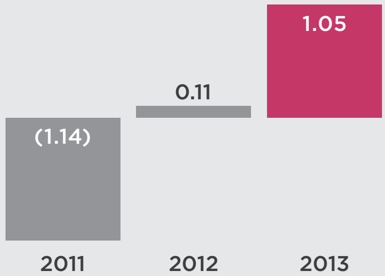
GROSS MARGINS (%)

56.9%



EARNINGS PER SHARE (P)

1.05p



- Revenue increased to £7.7m (2012: £7.2m).
- Operating profit for the year was £280k (2012: £84k).
- Basic profit per share was 1.05p per share (2012: 0.11p).
- Post-period event – successful equity fundraising of £850,000 (before expenses) to enable a loan note repayment and to reinvest in the business.

Find out more online at **scientificdigitalimaging.com**

SDI at a glance

Scientific Digital Imaging plc

Scientific Digital Imaging plc, through its subsidiaries, offers a range of digital imaging solutions for life science, microbiology, astronomy and health markets.

Synoptics

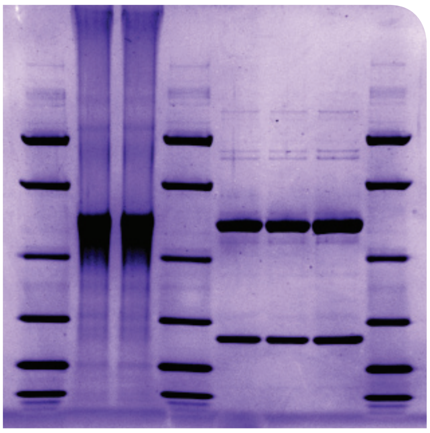
Designs and manufactures scientific instruments based on digital imaging technology.

- Syngene
- Synbiosis
- Syncroscopy
- Synoptics Health

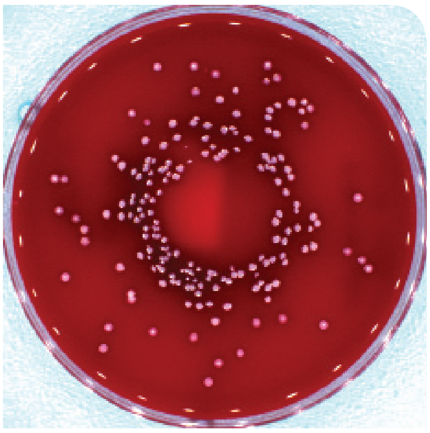
Artemis CCD

Manufactures high-sensitivity cameras for deep-sky astronomy and life science imaging.

- Atik Cameras
- Artemis CCD Cameras



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 which apply digital imaging techniques to microscopy applications, such as life and material sciences.

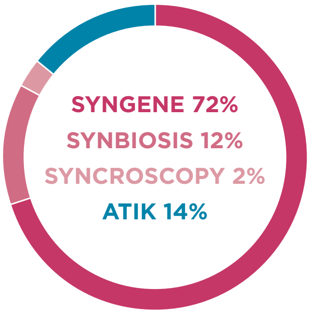
SYNOPTICS REVENUE

£6.7m

ARTEMIS CCD REVENUE

£1.0m

GROUP REVENUE SHARE



Synoptics' highlights of 2013

- Large order for Synbiosis systems from the Chinese State Food and Drug Administration.
- New division Synoptics Health formed to market and supply ProReveal.
- Global demand has notably increased and a number of new worldwide distributors have been appointed.
- To meet demand, Syngene has introduced new PXi Touch systems for image capture which are selling well.

Artemis CCD's highlights of 2013

- Artemis CCD Camera brand together with a dedicated web site was created to differentiate the scientific camera range from the existing astronomy focused Atik brand.
- The release of new, high performance, sensors from Sony has enabled the introduction of new cameras based on existing designs, giving Atik a competitive edge against companies relying more heavily on sensors from other manufacturers.
- The Atik dealer network continues to grow with new appointments being made in America, India, Brazil, Japan and China, as well as in Europe.

Synoptics Health focuses on imaging techniques within the clinical environment.

> See the case study on page 9

Atik is Europe's leading specialist manufacturer of cooled CCD cameras for use in astronomy.

Artemis CCD designs and produces low noise cooled CCD cameras for low light applications using a wide range of Charge Coupled Device sensors matched to highly efficient control electronics.

Chairman's statement

"SDI has come through the recession very robustly, aided by its modernisation and investment programme. We have continued to seek process improvements during the downturn and also maintained our skill base and output capability. These factors stand us in good stead as volume recovery continues."

Ken Ford
Chairman

Overview

I am delighted to confirm that in my first report as Chairman for the twelve months ended 30 April 2013, Scientific Digital Imaging plc ("SDI") has continued to generate profits during this period of continued weakened global trading conditions. With the internal reorganisation completed and the advances in SDI in-house product development programmes, we now have several new competitively priced, automated systems in our portfolio, launched in the past year for which demand is exceeding supply. The Board is confident that SDI is well positioned to continue to grow.

Post-year end SDI raised £850,000 by way of a placing for cash to enable repayment of a loan note and to reinvest in the business. This placing ensures we can fulfil the forward orders of our products, especially the ProReveal system for which global demand has notably increased.

Group revenues increased and gross margins remained stable in the year following SDI's reorganisation. Additionally, re-engineering of the technology portfolio to eliminate the use of third party camera components is producing improved profitability. The outcome of these successful activities is a significant turnaround in the business and there are many opportunities for the Group to develop, especially within the Synoptics Health and Synbiosis brands, to enable on-going growth for the coming year.

Financial results

Revenue for the period increased to £7.7m (2012: £7.2m), an increase of 6.9%. This has resulted in an operating profit for the year of £280k, a profit margin of 3.6% after reorganisation costs of £14k (2012: £73k) and share based payments of £4k (2012: £nil). This result is inclusive of currency gains. The increase in SDI revenue is due to the Synoptics subsidiary, whose Syngene and Synbiosis brands saw increased revenue. Basic earnings per share were 1.05p and diluted earnings were 1.01p.

These results are the best we have reported since 2009 and the Board believes business for the future continues to look promising. We look forward to new sales from the patented ProReveal product launched during the year.

Strategy

During the year SDI has focused on improving the underlying business which has proved a successful strategy. In the year, the Group did not add any new companies but the Board believes the Group is now in a position to acquire new businesses with complementary product portfolios and this will be part of SDI's strategy in the year ending 2014. SDI will also continue to invest in its current operations to take advantage of the under-exploited rapid microbiology testing and healthcare sectors where SDI's new products are currently well positioned for growth.

Current trading and outlook

The financial year to the end of April 2013 marked a turning point for SDI, increasing profitability and recommencing its acquisition strategy. SDI has come through the recession very robustly, aided by its modernisation and investment programme. We have continued to seek process improvements during the downturn and also maintained our skill base and output capability. These factors stand us in good stead as volume recovery continues.

We continue to see investment in our imaging products in the developing markets in the Asia-Pacific region. SDI received a large order for Synbiosis systems from the Chinese State Food and Drug Administration ("SFDA"), where there is on-going interest in our automation. We will promote our products globally but will focus on developing our North American market and on the Asia-Pacific region where we have put in place six new distributors to exploit Synoptics Health's unique ProReveal technology.

The Board expects SDI to continue to make good progress over the coming financial year as we will continue to pursue our strategy of organic and acquisitive growth. We believe that the recent SFDA order independently validates our technology as the "gold standard" and consider that our growth in Asia will continue to be fuelled by their need for excellent automation in the life sciences. The Company's new products, especially in the rapid microbiology testing and healthcare sectors, show commitment to innovation and the Board views SDI's prospects for 2013 positively.

Staff

On behalf of the Board, I would like to thank our staff. They have continued to work tirelessly to ensure our new technology portfolio is ready for launch at key events. It is their commitment which has helped SDI to be successful and I am convinced will drive the Company to even greater success in the coming year.

Ken Ford
Chairman
23 July 2013

Chief executive's operating report

"At Synoptics, Syngene has introduced new PXi Touch systems for image capture, which are selling well, and the Synbiosis ProtoCOL 3 continues to be purchased as the global gold standard colony counter. These successes combined with the introduction of our flourishing new Synoptics Health Division and its ProReveal technology ensure current and forecast sales are very positive."

Mike Creedon
Chief Executive Officer

SDI designs and manufactures digital imaging technology for use by the scientific community, through its Synoptics brands (Syngene, Synoptics Health, Synbiosis and Syncroscopy) and the Artemis CCD company brands (Atik Cameras and Artemis CCD Cameras).

SYNOPTICS

Synoptics designs and manufactures scientific instruments based on digital imaging technology, mainly for the life science, microbiology healthcare and microscopy markets. The Divisions offer their products under marketing brands including G:BOX, PXi, ProtoCOL and ProReveal, each targeting a different sector of these markets.

Syngene

Syngene remains the largest of the Synoptics brands and accounted in 2013 for 83% of the Synoptics company's turnover. The brand provides systems and software for documenting and analysing "gels" and "blots" used by scientists in genomic and proteomic studies. Almost all research in biological sciences requires an understanding of the underlying molecular processes involving DNA, RNA and proteins, and gel electrophoresis and Western blotting continue to be key processes in many laboratories working in this area.

To keep pace with the continuing global trend for the smaller format imaging systems, this year, Syngene extended its range by adding the PXi gel documentation product with the introduction of six new touch screen versions. These new systems have been selling successfully in Europe and the USA where research budgets remain restricted. The PXi system is also selling well in Asia because lab space is at a premium and smaller format gels are routinely used in research.

To ensure PXi and Syngene's higher-end G:BOX imaging systems continue to be competitively priced and generate good gross margins, the products have been re-engineered to include cameras (one of the most expensive components of the systems) sourced not from a third party, but instead from SDI's Artemis CCD Company.

We continue to build a strong sales and marketing team for these products and this year have appointed a new distributor in Canada and invested in a dedicated sales person and manufacturer's representative to cover North America, where a number of our competitors are based. Our new sales team for the UK and Europe is performing well and our Syngene sales in the Asia-Pacific and Middle East region continue to grow.

Syngene's products are particularly strong in the area of imaging multiple fluorescent dyes. To maintain our competitive position in this application, we intend to update our image analysis software, GeneTools, which we anticipate will help us continue to grow the Syngene brand.

Synoptics Health

During the year, SDI introduced the new brand of Synoptics Health to market and supply ProReveal, an automated viewer and fluorescence-based spray test to detect proteins remaining on surgical instruments after the decontamination process. ProReveal could help to prevent hospital infections caused by protein based prions such as variant Creutzfeldt-Jakob Disease ("vCJD"). The unique ProReveal fluorescence imaging technology, the result of our successful strategic collaboration with Queen Mary University of London, has been well received in the UK. Independent studies have shown ProReveal can detect nanogram amounts of protein, which is 100 times more sensitive than current gold standard tests being used in sterile services departments ("SSDs").

ProReveal is well positioned in the healthcare market to meet new UK guidelines for decontamination as the Department of Health ("DOH") in England is preparing to issue a minimum safe standard for the amount of protein that is allowed to remain on a surgical instrument after decontamination. The Ninhydrin kit (the current gold standard test) used in UK SSDs is not sensitive enough to provide an adequate level of protein detection*. ProReveal is the only technology currently available that can meet nanogram levels of detection and could potentially be installed in 300 SSDs, in hospitals and private decontamination companies throughout the UK.

In 2013, ten ProReveal systems were sold in the UK and Synoptics Health's UK distributor has installed three ProReveal systems in two major SSDs of leading London hospitals and one in an NHS training facility. This means that existing and future SSD personnel receiving training at these sites will be familiar with this technology and are more likely to consider it for use in their own hospital SSDs.

Synoptics Health is currently enjoying a first mover advantage in this untapped healthcare market sector not just in the UK but internationally. During the period, the Synoptics Health Division appointed a network of six new distributors throughout the Asia-Pacific region and these partners intend to show the ProReveal system in numerous hospitals in the region in Q3 of 2013. In Europe, the Division has appointed a new distributor in Germany and sold four systems, which are being independently evaluated by German hospitals. There are plans to have Dutch and Italian distributors in place as well as a North American distributor, within the next few months ensuring growth in demand for the ProReveal viewer and, more importantly, a recurring revenue stream for the ProReveal spray over the coming year.

Synbiosis

The Synbiosis division provides systems for microbiologists to automatically count and measure microbial colonies and these are used for microbiological testing in the food, water and pharmaceutical markets. These systems benefit users by reducing labour costs, providing more reproducible results, and by automatic recording data for audit purposes, an area which is becoming increasingly important as microbiological testing becomes more regulated.

Like the molecular biology sector, there is a need for affordable automated microbiology testing and to fill this niche in 2013 Synbiosis re-designed and launched aCOLyte 3, a low cost automated colony counter, which will appeal to the large clinical and academic markets where equipment budgets remain restricted.

In 2013, the ProtoCOL 3 automated high-end colony counter proved popular, especially in Asia where 25 systems were sold in China to the major Government organisation, the (SFDA). This ProtoCOL 3 placement is significant as it was the result of a six month tender process, in which technology from ten other international companies was assessed alongside and thus validates the ProtoCOL 3 as a world leading system for automated colony counting.

To build on the success of this brand, Synbiosis launched its new ProtoCOL 3 statistical analysis software in 2013. The software is compatible with new European Pharmacopoeia/USA Pharmacopoeia regulations and allows microbiologists to rapidly obtain potency data from their zone measurements or colony count results. The Chinese SFDA is currently reviewing the software, with a view to adding the package to each of the 25 ProtoCOL 3 systems installed throughout China.

To allow Synbiosis to enter the lucrative market of rapid microbiology testing, we are collaborating with CHROMagar, an international company that supplies the world's widest range of chromogenic media, to introduce a version of ProtoCOL 3 which will automatically recognise and identify different types of microorganisms based on colony colour. This innovation provides another first mover advantage as no other commercial colony counter currently in the microbiology market can perform this task with the same level of accuracy and because of our competitive advantage Synbiosis expects good sales growth of this product.

* The Journal of Hospital Infection, 21 March 2013.

Chief executive's operating report continued

SYNOPTICS continued

Syncroscopy

The Syncroscopy Division provides digital imaging software to microscope users. Its main product, AutoMontage, is a software package that allows customers to overcome the severely limited depth of field in an optical microscope. AutoMontage continues to sell well under licence to Leica Microsystems, a leading microscope manufacturer, as an optional part of Leica's LAS software suite.

ARTEMIS CCD

The Artemis CCD company acquired by SDI in October 2008 designs and manufactures high-sensitivity cameras. These are sold to life science and industrial applications under its Artemis Cameras brand and for deep-sky astronomy imaging as Atik Cameras. During 2013 we have reorganised to reduce costs and improve our competitive advantage.

Artemis Cameras

In the period, the new Artemis CCD Camera brand, together with a dedicated website, was created to differentiate the scientific camera range from the existing astronomy focused Atik brand. This is proving successful in guiding OEM customers towards long-term direct business to business relationships. Artemis CCD Cameras provide additional features and compatibility with scientific equipment control and image analysis software plus a wider model range to improve flexibility of integration for the system designer. A completely new VS range was introduced aimed specifically at the OEM customer base and fluorescence microscopy users. The Company also appointed its first distributor for scientific cameras in the territories of France, UK, Ireland and Spain.

Atik Cameras

During the year Atik Camera sales grew again with increases in sales to the USA leading the way. The release of new, high performance sensors from Sony has enabled the introduction of new cameras based on existing designs. These have proved popular and provided a cost efficient way to introduce new products as well as giving Atik a competitive edge against companies relying more heavily on sensors from other manufacturers.

The Atik dealer network continues to grow with new appointments being made in America, India, Brazil, Japan and China as well as in Europe. While it is expected the majority of sales to continue to come from established western markets, Atik are in a good position to take advantage of increases in discretionary expenditure coming from faster growing economies.

The majority of Atik's development effort in the year has been spent on a new platform which is planned to be used to introduce a new range of cameras this year targeting increased ease of use and integration of functions. Collaborations with third party developers has brought MacOS support for our camera to customers not wishing to run the cameras through Microsoft Windows.

Summary

At Synoptics, Syngene has introduced new PXi Touch systems for image capture, which are selling well, and the Synbiosis ProtoCOL 3 continues to be purchased as the global gold standard colony counter. These successes combined with the introduction of our flourishing new Synoptics Health Division and its ProReveal technology ensure current and forecast sales are very positive.

Artemis CCD continues to make an increasing contribution to the SDI Group thanks to both intra-group revenues to Synoptics and growth in both its amateur astronomy and science markets.

Life science markets are beginning a tentative recovery and we anticipate that new products, especially in rapid microbiology testing and healthcare sectors released during the first half of 2013, together with the on-going cost efficiencies within the Group, should result in steady growth for SDI throughout the coming year.

Mike Creedon
Chief Executive Officer
23 July 2013

Synoptics Health: ProReveal Test

The patented ProReveal Protein Detection Test is a new ultra-sensitive fluorescence technique for checking and detecting residual proteins that can remain on surgical instruments after the decontamination process.

ProReveal offers a fast, effective and highly sensitive test for protein detection as an alternative to the "swabbing techniques" used in many SSDs.

With the ProReveal test the whole instrument is checked for protein not just a small "swabbed" area. The results provide a visual display of the presence (or absence) of any protein and whether the level is above or below defined detection limits.

The sensitivity of the test and the method used remove any doubt from the checking process. The ProReveal test is simple and takes under five minutes to perform. Since the test is both visual and quantifiable, users will be confident that their decontamination processes are performing to the highest standards.

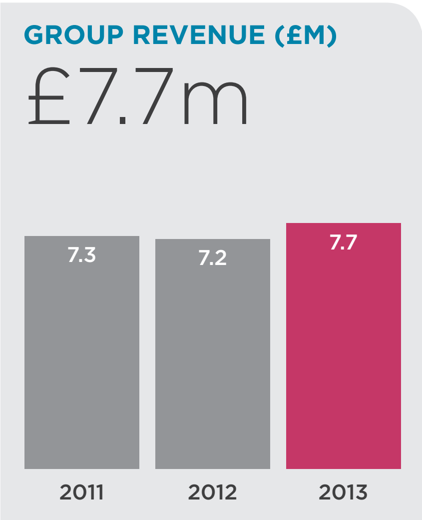
With the ProReveal test the whole instrument is checked for protein, not just a small "swabbed" area.

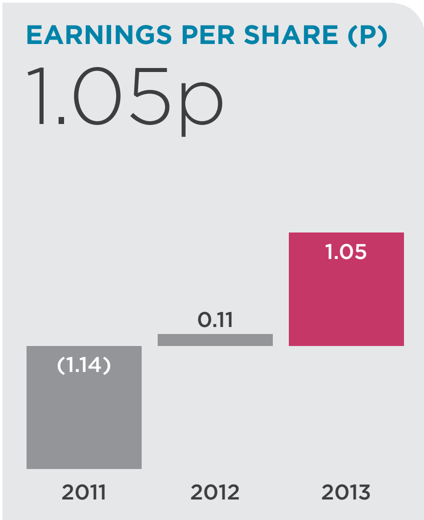
Find out more online at
synopticshealth.com/proreveal-test/

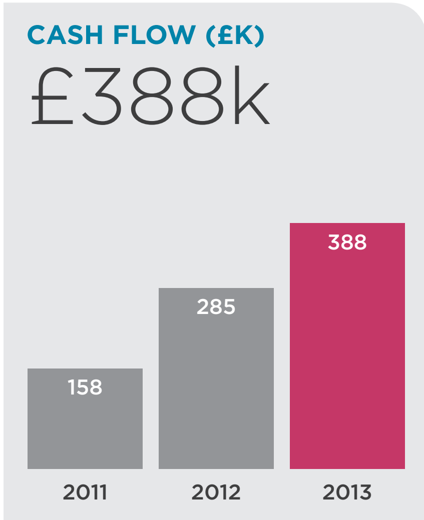
Key features

- Rapid result in under five minutes with a PASS or FAIL indicator.
- Provides a quantitative measurement over the whole of the instrument.
- A visual indication as to the location of any residual protein.
- Can detect less than 50ng of residual protein.
- Follows the new CPFF-01-01 guidelines for fluorescence-based protein detection methods.
- 3D view of the instrument shows where protein is present and how much.
- Patented viewer and reagent spray.

Financial review







Group summary

- Group revenue for the year increased by 6.9% to £7.7m (2012: £7.2m).
- Gross profit increased to £4.4m (2012: £4.1m) with gross margins at 56.9% (2012: 56.9%).
- Operating profit for the year was £280k (2012: £84k) after reorganisation costs of £14k (2012: £73k) and share based payments of £4k (2012: £nil).
- Increase in basic earnings per share to 1.05p in 2013 (2012: 0.11p).

Investment in R&D

Total research and development in the current year was £600k, representing 7.8% of Group sales (2012: £494k representing 6.9% of Group sales). Under IFRS we are required to capitalise certain development expenditure and in the year ending 30 April 2013 £430k of cost was capitalised and added to the balance sheet. This expenditure represents the Group's investment in new product development. The amortisation charge for 2013 was £247k (2012: £235k). The carrying value of the capitalised development at 30 April 2013 was £622k (2012: £454k) to be amortised over three years.

Reorganisation costs

The Board has carried out a thorough review of the operations and structures of the Group in 2012 and £14k of costs from the review and reorganisation were incurred in 2013.

Earnings Per Share

Basic Earnings Per Share for the Group were 1.05p (2012: 0.11p). Diluted earnings per share for the Group were 1.01p (2012: 0.10p).

Finance costs and income
Net financing expense was £67k (2012: £64k). Loan stock interest charges for the year were £34k (2012: £34k). Loan stock of £379k was issued in July 2008.

Taxation
The tax charge of £21k (2012: £nil) is largely due to the deferred tax charge in the Group; this is inclusive of any deduction for R&D expenditure.

Cash flow
During the year the Group had improved cash flow, reporting a cash balance of £388k (2012: £285k) at the year end.

Currency translation
The results for the Group's overseas businesses are translated into pounds sterling at the average exchange rates for the relevant year. The balance sheets of overseas businesses are translated into pounds sterling at the relevant exchange rate at the year end. Exchange gains or losses from translating these items from one year to the next are recorded in other comprehensive income.

As with the majority of international companies, the Group's UK and overseas businesses purchase goods and services, and sell some of their products, in non-functional currencies. Where possible, the Group nets such exposures or keeps this exposure to a minimum. The Group's principal exposure is to US dollar and euro currency fluctuations.

Funding and deposits
The Group utilises short-term facilities to finance its operations. The Group has one principal banker with an invoice discounting facility of up to £500k. At the year end the Group had cash on the balance sheet. Surplus funds are placed on short-term deposit.

The Group utilises long-term borrowings from the issue of loan stock and finance leases.

Summary
The reorganisation of the Group is now complete and it is in a position to offer competitive products at competitive prices whilst achieving improved gross margins.

Board of directors

Ken Ford
Chairman

Ken Ford joined the Board in March 2010. He was previously Chief Executive of Teather & Greenwood, the investment bank, and brings over 36 years' City experience to the Company including a strong understanding of shareholder value, strategic planning and corporate transactions. Ken's previous roles include Aberdeen Asset Management, Morgan Grenfell and Wedd Durlacher. Ken is currently a director at AIM-listed companies BrainJuicer Group plc and Nakama Group plc.

Mike Creedon
Chief Executive Officer

Mike Creedon joined the Board in May 2010. A Chartered Certified Accountant, Mike brings to SDI considerable experience of working within quoted companies and technology businesses and of fundraisings, mergers and acquisitions. In particular, he has recent experience of AIM-listed technology companies. Previous finance director posts include Innovision Limited, a subsidiary of the NASDAQ-listed company Leitch Technology Corp., Ninth Floor plc and Ideal Shopping Direct plc.

Jeremy Gibbs
Deputy Chairman

Jeremy Gibbs has a degree in Engineering Science from Balliol College, Oxford, and he is a Chartered Mechanical Engineer and Chartered Electrical Engineer. He has over 30 years' management experience, including start-ups, blue chips and university spin-outs. Mr Gibbs was a non-executive director, then chairman, of NASDAQ-listed Futuremedia plc from 1997 to 2001. He is currently CEO of New College of the Humanities in London. Mr Gibbs was a Director of Synoptics from 2001 to 2008. He serves as Chairman of the Remuneration Committee.

Ann Simon
Non-executive Director

Ann Simon joined the Board in March 2010 and has worked in finance, particularly listed companies in the healthcare and technology sectors, since 1985. She has managed IPOs (London full list and AIM), corporate acquisitions and trade sales and fundraisings in the public and private markets. Prior to that she undertook corporate finance advisory work at Cazenove & Co. over a period of more than ten years, for clients ranging from start-ups to FTSE100 companies. Dr Simon serves as chairman of the Audit Committee.

Report of the directors

Principal activity and business review

Scientific Digital Imaging Plc ("SDI") is focused on the application of digital imaging technology to the needs of the scientific community. Its principal subsidiary is Synoptics Limited, which designs and manufactures special-purpose instruments for use mainly in the life sciences, supplying customers in the academic and research sectors. In October 2008 SDI acquired the entire share capital of Artemis CCD Limited and Perseu Comercio De Equipamento Para Informatica E Astronomia SA ("Perseu") (now marketed under the brands Atik Cameras and Artemis CCD Cameras), companies that design and manufacture high-sensitivity cameras for both astronomical and life sciences applications and whose products are used in instruments manufactured by Synoptics Limited.

The Board intends to pursue a strategy of acquiring digital imaging or related companies, as well as seeking to generate organic growth. The Board believes there are many businesses operating within the market, a number of which have not achieved critical mass, and that this presents an ideal opportunity for consolidation. This strategy will be primarily focused within Europe but, where opportunities exist, acquisitions in the USA and elsewhere will also be considered. The acquisition of Artemis and Perseu represented the first step in the implementation of this strategy.

The Chairman's Report, Chief Executive's Operating Report and Financial Review, which appear on pages 4 to 11, give an overview of the performance of the Group during the year and likely future developments.

Key Performance Indicators

The Key Financial Performance Indicators ("KPIs") used to monitor the business include the order pipeline, revenue, gross profit, operating profit, cash and earnings per share. The KPIs are reviewed on a monthly basis against budget by the Directors and management in respect of changes within periods and changes between reporting periods. KPI highlights are provided within the Financial Review.

The non-financial key performance indicator is to monitor research and development projects to project management targets.

Group results

The Group profit for the year after taxation amounted to £192k (2012: £20k) and has been transferred to reserves.

The Board does not recommend the payment of a dividend.

Directors

The Directors who served during the period are set out below:

H L Tee CBE (retired 11 September 2012)

M Creedon

E K Ford

J Gibbs

Dr A Simon

The interests of the Directors and their families in the share capital of the Company are shown in the Remuneration report on page 17.

The appointment and replacement of Directors of the Company is governed by its Articles of Association and the Companies Acts. The Articles of Association may be amended by special resolution of the shareholders.

The Company must have a minimum of two Directors holding office at all times. There is no maximum number of Directors. The Company may, by ordinary resolution, appoint any person to be a Director. The Board may appoint a person who is willing to act as Director, either to fill a vacancy or as an addition to the Board. A Director appointed in this way may hold office only until the dissolution of the next Annual General Meeting unless he or she is re-appointed during the meeting.

Power of Directors

The Directors are responsible for the management of the business of the Company and may exercise all powers of the Company subject to applicable legislation and regulation and the Memorandum and Articles of Association.

At the Annual General Meeting held on 1 September 2012, the Directors were given the power to:

- arrange for the Company to purchase its own shares in the market up to a limit of 15% of its issued share capital;
- allot ordinary shares up to an aggregate nominal value of £100,000; and
- issue equity securities for cash, otherwise than to existing shareholders in proportion to their existing shareholdings, up to an aggregate nominal value of £50,000.

Report of the directors continued

Structure of share capital

As at 30 April 2013 the Company's authorised share capital of £10,000,000 comprised 1,000,000,000 ordinary shares of 1p each.

As at 30 April 2013 the Company had 19,368,242 (2012: 18,701,742) ordinary shares in issue with a nominal value of 1p each.

Employee involvement

During the year, the policy of providing employees with information about the Group has been continued through regular meetings which are held between local management and employees to allow a free flow of information and ideas.

The Group gives full and fair consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Employees who become disabled are provided, where practicable, with continuing employment under normal terms and conditions and are provided with training and career development where appropriate.

Supplier payment policy and practice

It is the Company's policy, which is also that applied to the Group, to agree payment terms with suppliers when agreeing the terms of a transaction, to ensure that both parties are aware of these terms. Group trade payables at the year end amounted to 54 days (2012: 58 days) of average supplies.

Going concern

The Directors, having reviewed the trading forecasts and the cash resources of the Group and after making appropriate enquiries, consider that the Group has adequate resources to continue in operation for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the accounts. The Group utilises short-term facilities to finance its operations with an invoice discounting facility of up to £500k provided by its principal banker.

Loan notes which will total £379k at maturity are due for repayment in July 2013. Since the balance sheet date the Group raised £850k (before expenses) of which part of this fundraising will be used to repay the loan.

Principal risks and uncertainties

The following represents, in the opinion of the Board, the principal risks of the business. It is not a complete list of all the risks and the priority, impact and likelihood of the risks may change over time.

Financial risk management objectives and policies

Financial risk management objectives and policies are discussed in Note 25 "Financial risk management objectives and policies".

Dependence on key distributors

Failure to effectively manage our distributors of products could damage customer confidence and adversely affect our revenues and profits.

In order to mitigate this risk the Group has a team dedicated to maintaining close relationships with our distributors.

Competition

Competition from direct competitors or third party technologies could impact upon our market share and pricing.

In order to mitigate this risk the Group continues to invest in researching its markets and continues to offer new products to changing customer preferences. In addition the Group invests in research and development to maintain its competitive advantage.

Acquisition strategy

The Board plans to make acquisitions of businesses if the targets fit appropriately into the Group by strengthening our product range and existing technologies, offering new and attractive routes to markets, high performance and motivated management and a proven track record.

The successful implementation of our acquisition strategy depends on our ability to identify targets, in completing the transactions, to achieve an acceptable rate of return and to successfully integrate the business in a timely manner post acquisition.

Auditor

Grant Thornton UK LLP offer themselves for re-appointment as auditor in accordance with section 489(4) of the Companies Act 2006.

On behalf of the Board

Mike Creedon
Chief Executive Officer
23 July 2013

Corporate governance statement

The Board remains committed to maintaining high standards of corporate governance throughout the Group. The Board is accountable to the Company's shareholders for good corporate governance. This statement describes how the principles of corporate governance are applied to the Company.

The workings of the Board and its committees

The Board

From 1 May 2012 to 11 September 2012 the Board comprised the Chairman, one Executive Director and three Non-executive Directors. On 11 September 2012 H L Tee CBE resigned to be replaced by E K Ford. Mr Gibbs, a Non-executive Director is an advisor to the Group's major shareholder and is not considered to be independent. The remaining Non-executive Directors are considered to be independent, provide a solid foundation for good corporate governance for the Group and ensure that no individual or group dominates the Board's decision making process. The Non-executive Directors are independent of management. Each Non-executive Director continues to demonstrate that he has sufficient time to devote to the Company's business.

The Non-executive Directors constructively challenge and assist in developing the strategy of the Group. They scrutinise the performance of management against the Group's objectives and also monitor the reporting of performance. The Board is provided with regular and timely information on the financial performance of the Group as a whole, together with reports on trading matters, markets and other relevant matters.

There are clearly defined roles for the Chairman and Chief Executive. The Chairman is responsible for leadership of the Board, ensuring effectiveness of the Board in all aspects, conducting Board meetings and the effective and timely communication of information to shareholders. The Chairman is able to provide advice, counsel and support to the Chief Executive. The Chief Executive has direct charge of the Group's day-to-day activities and sets the operating plans and budgets required to deliver the agreed strategy. The Chief Executive is also responsible for ensuring that the Group has in place appropriate risk, management and control mechanisms.

The Board is collectively responsible for the performance of the Group and is responsible to shareholders for proper management of the Group. A statement of Directors' responsibilities is given on page 18 and a statement on going concern is given on page 14.

The Board has a formal schedule of matters specifically reserved to it for decisions including the approval of annual and interim results and recommendation of dividends, approval of annual budgets, approval of larger capital expenditure and investment proposals, review of the overall system of internal control and risk management and review of corporate governance arrangements. Other responsibilities are delegated to the Board Committees, being the Audit and Remuneration Committees, which operate within clearly defined terms of reference and which report back to the Board.

Relevant papers are distributed to members in advance of Board and Committee meetings. Directors' knowledge and understanding of the Group is enhanced by visits to the operations and by receiving presentations by senior management on the results and strategies of the business units. Directors may take independent professional advice on any matter at the Company's expense if they deem it necessary in order to carry out their responsibilities. The Company has secured appropriate insurance cover for Directors and Officers.

Board Committees

The following committees deal with specific aspects of the Group's affairs.

Remuneration Committee

Details of the Remuneration Committee can be found in the Directors' Remuneration Report on page 17.

Audit Committee

The Audit Committee, which is chaired by A Simon and has J Gibbs and K Ford as members, meets not less than twice annually and more frequently if required.

The Board considers that each member of the Audit Committee has recent and relevant financial experience and an understanding of accounting and financial issues relevant to the industries in which Scientific Digital Imaging operates. The Committee provides a forum for reporting by the Group's external auditors. Meetings are also attended by Executives at the invitation of the Committee.

The Audit Committee is responsible for reviewing a wide range of matters, including the half year and annual accounts before their submission to the Board, and monitoring the controls which are in force to ensure integrity of the information reported to shareholders. The Audit Committee makes recommendations to the Board on the appointment and responsibilities of external auditors and on their remuneration both for audit and non-audit work and discusses the nature, scope and results of the audit with external auditors.

The Committee is also responsible for monitoring the cost effectiveness, independence and objectivity of Grant Thornton UK LLP, the external auditors, and agreeing the level of remuneration and extent of non-audit services.

Corporate governance statement continued

Audit independence

The Board and Audit Committee place great emphasis on the objectivity of the Group's auditors, Grant Thornton UK LLP. Audit Committee meetings are attended by the auditors to ensure full communication of matters relating to the audit and the Audit Committee meets with the auditors without the executives present to discuss, amongst other matters, the adequacy of controls and any material judgement areas.

Internal control

The Board has overall responsibility for establishing and maintaining the Group's system of internal control and for reviewing its effectiveness. The Directors have reviewed the effectiveness of the system of internal controls in operation. The role of the Group's management is to implement the Board policies on risk and control. Internal control systems are designed to meet the particular needs of the business concerned and the risks to which it is exposed and by their nature can provide reasonable but not absolute assurance against material misstatement or loss.

The key procedures, which the Directors have established to review and confirm the effectiveness of the system of internal control, include the following:

- **Management structure.** The Board has overall responsibility for the Group and there is a formal schedule of matters specifically reserved for decision by the Board. The Chief Executive has been given responsibility for specific aspects of the Group's affairs. The Chief Executive also meets regularly with the Managing Directors and management teams of the subsidiary businesses.
- **Quality and integrity of personnel.** The integrity and competence of personnel is ensured through high recruitment standards and subsequent training courses. High quality personnel are seen as an essential part of the control environment.
- **Financial information.** There is a comprehensive budgeting and forecasting system. Each year the Board approves the annual budget. Key risk areas are identified and reported to the Board. Performance is monitored on a monthly basis against budget and the prior year and relevant actions identified.

  The Board receives and reviews monthly management accounts together with full year forecasts which are updated quarterly. Performance against forecast and budget is closely monitored.

  The Chief Executive prepares a monthly report for the Board on key developments, performance and issues in the businesses.
- **Audit Committee.** The Audit Committee monitors, through reports to it by the external auditors, the controls which are in force and any perceived gaps in the control environment. The Audit Committee also considers and determines relevant action in respect of any control issues raised by these reports.

Directors' remuneration report

Remuneration Committee

The Remuneration Committee is chaired by J Gibbs. A Simon and K Ford are also members of the Committee. In determining the remuneration packages, the Remuneration Committee may seek the view of the other Board members. The Committee consults with the Chief Executive on matters relating to the performance and remuneration of other senior executives within the Group. The Chief Executive was present for part of the Remuneration Committee meetings but not when his own remuneration was discussed.

Remuneration policy

The objective of the remuneration policy is to provide packages for executives that are designed to attract, retain and motivate people of high quality and experience.

The remuneration package for the Chief Executive and senior Executives consists of an annual salary, short-term incentive scheme, pension arrangements and health benefits.

The Committee believes that the base salary and benefits for Executives should represent a fair return for employment but that the maximum total potential remuneration may only be achieved in circumstances where the Executive has met challenging objectives that contribute to the Company's overall profitability and performance. Performance related elements, being the quarterly performance related pay, form a significant proportion of the remuneration of the Executives aligning their interests with those of the shareholders and providing incentives for performance. A significant proportion of the Executive's total package is therefore required to be at risk.

Basic salary and benefits

The basic salaries of the Chief Executive and senior executives are reviewed annually and take effect from 1 July each year. The basic salary is determined by reference to relevant market data and the individual's experience, responsibilities and performance. Benefits principally comprise pension arrangements, life insurance, permanent health insurance, private healthcare and in some cases a company car.

Directors' remuneration and pension entitlements

The remuneration of the Directors is set out below:

	Salary/ fees £'000	Taxable benefits £'000	Pension £'000	**2013 Total £'000**	2012 Total £'000
H L Tee	—	—	—	**—**	8
P Atkin	—	—	—	**—**	41
J Gibbs	16	—	—	**16**	15
K Ford	16	—	—	**16**	15
A Simon	16	—	—	**16**	15
M Creedon	100	1	3	**104**	95
	148	1	3	**152**	189

Directors' beneficial interests

Directors' beneficial interests in shares in the Company are set out below:

	2013 Number	2012 Number
H L Tee	**896,000**	896,000
A Simon	**8,348**	—
K Ford	**275,000**	75,000
M Creedon	**2,000**	2,000

The shares owned by H L Tee include shares held in trust on his behalf.

None of the Directors had or has an interest in any material contract relating to the business of the Company or any of its subsidiary undertakings.

Directors' beneficial interests in share options in the Company are set out below:

	2013 Number	2012 Number
M Creedon	**285,000**	135,000

Service contracts

The service contract with M Creedon dated 25 April 2010 includes a notice period of six months if given by either party.

The Non-executive Directors' service contracts include a notice period of three months if given by either party.

Remuneration policy for Non-executive Directors

Fees for the Non-executive Directors are determined by the Board as a whole. The Non-executive Directors do not participate in the Company's performance related pay scheme and are not eligible for pension scheme membership.

Directors' responsibilities

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 elected to prepare consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and have elected to prepare separate parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). 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 and the profit or loss of the Company and 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;
- state whether the IFRSs for Group and UK GAAP for parent company have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 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 confirm that:

- so far as each Director is aware there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board

Ken Ford
Chairman
23 July 2013

Mike Creedon
Chief Executive Officer
23 July 2013

Report of the independent auditor

Independent Auditor's Report to the members of Scientific Digital Imaging plc

We have audited the group financial statements of Scientific Digital Imaging plc for the year ended 30 April 2013 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of cash flows, the consolidated statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRS") as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 18, the directors are responsible for the preparation of the group 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 Group 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 ("APB's") Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the consolidated financial statements:

- give a true and fair view of the state of the Group's affairs as at 30 April 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

- 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.

Other matter

We have reported separately on the parent company financial statements of Scientific Digital Imaging plc for the year ended 30 April 2013.

James Brown
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cambridge
23 July 2013

Consolidated income statement
for the year ended 30 April 2013

	Note	2013 £'000	2012 £'000
Revenue	5	**7,665**	7,170
Cost of sales		**(3,304)**	(3,090)
Gross profit		**4,361**	4,080
– currency exchange (losses)/gains		**(2)**	2
– reorganisation costs		**(14)**	(73)
– share based payments		**(4)**	—
– other administrative expenses		**(4,061)**	(3,925)
Total administrative expenses		**(4,081)**	(3,996)
Operating profit		**280**	84
Finance income	8	**—**	1
Finance payable and similar charges	8	**(67)**	(65)
Net financing expenses		**(67)**	(64)
Profit before tax	6	**213**	20
Income tax	9	**(21)**	—
Profit for the year		**192**	20
Earnings per share			
Basic earnings per share	21	**1.05p**	0.11p
Diluted earnings per share	21	**1.01p**	0.10p

All activities of the Group are classed as continuing.

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

Consolidated statement of comprehensive income
for the year ended 30 April 2013

	2013 £'000	2012 £'000
Profit for the period	**192**	20
Other comprehensive income		
Exchange differences on translating foreign operations	**39**	(21)
Total comprehensive income for the period	**231**	(1)

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

Consolidated balance sheet

for the year ended 30 April 2013

	Note	2013 £'000	2012 £'000
Assets			
Intangible assets	10	**896**	726
Property, plant and equipment	11	**415**	386
Deferred tax asset	12	**125**	113
		1,436	1,225
Current assets			
Inventories	13	**947**	826
Trade and other receivables	14	**1,467**	1,527
Cash and cash equivalents	15	**388**	285
		2,802	2,638
Total assets		**4,238**	3,863
Liabilities			
Non-current liabilities			
Borrowings	19	**38**	423
Deferred tax liability	12	**164**	138
		202	561
Current liabilities			
Trade and other payables	16	**1,423**	1,282
Provisions for warranty	18	**17**	17
Borrowings	19	**472**	114
Current tax payable		**—**	—
		1,912	1,413
Total liabilities		**2,114**	1,974
Net assets		**2,124**	1,889
Equity			
Share capital	20	**194**	187
Merger reserve		**2,606**	2,606
Share premium account		**335**	262
Own shares held by Employee Benefit Trust	22	**(85)**	(85)
Other reserves		**100**	176
Foreign exchange reserve		**(34)**	(73)
Retained earnings		**(992)**	(1,184)
Total equity		**2,124**	1,889

The financial statements were approved by the Board of Directors on 23 July 2013.

Ken Ford
Chairman

Mike Creedon
Chief Executive Officer

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

Company registration number: 6385396

Consolidated statement of cash flows

for the year ended 30 April 2013

	2013 £'000	2012 £'000
Operating activities		
Profit for the year	**192**	20
Depreciation and amortisation	**492**	457
Profit on sale of property, plant and equipment	**(2)**	—
Finance costs and income	**67**	64
Taxation expense in the income statement	**21**	—
Increase in provisions	**—**	—
Exchange difference	**39**	(26)
Employee share based payments	**4**	—
Operating cash flows before movement in working capital	**813**	515
Increase in inventories	**(139)**	(45)
Changes in trade and other receivables	**48**	(136)
Changes in trade and other payables	**153**	228
Cash generated from operations	**875**	562
Interest paid	**(67)**	(56)
Income taxes received/(paid)	**—**	5
Cash generated from operating activities	**808**	511
Investing activities		
Capital expenditure	**(356)**	(155)
Expenditure on development	**(430)**	(229)
Sale of property, plant and equipment	**93**	41
Interest received	**—**	—
Net cash used in investing activities	**(693)**	(343)
Financing activities		
Movement of finance leases	**(12)**	(21)
Bank borrowing movement	**—**	(25)
Issues of shares and warrants	**—**	2
Net cash from financing	**(12)**	(44)
Net changes in cash and cash equivalents	**103**	124
Cash and cash equivalents, beginning of year	**285**	158
Foreign currency movements on cash balances	**—**	3
Cash and cash equivalents, end of year	**388**	285

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

Consolidated statement of changes in equity

for the year ended 30 April 2013

	Share capital £'000	Merger reserve £'000	Foreign exchange £'000	Share premium £'000	Own shares held by EBT £'000	Other reserves £'000	Retained earnings £'000	Total £'000
Balance at 30 April 2013	187	2,606	(73)	262	(85)	176	(1,184)	1,889
Shares issued as deferred payment	7	—	—	73	—	(80)	—	—
Share based payments	—	—	—	—	—	4	—	4
Transaction with owners	7	—	—	73	—	(76)	—	4
Profit for the year							192	192
Foreign exchange on consolidation of subsidiaries	—	—	39	—	—	—	—	39
Total comprehensive income for the period	—	—	39	—	—	—	192	231
Balance at 30 April 2013	**194**	**2,606**	**(34)**	**335**	**(85)**	**100**	**(992)**	**2,124**

	Share capital £'000	Merger reserve £'000	Foreign exchange £'000	Share premium £'000	Own shares held by EBT £'000	Other reserves £'000	Retained earnings £'000	Total £'000
Balance at 30 April 2012	187	2,606	(52)	260	(85)	176	(1,204)	1,888
Share options issued	—	—	—	2	—	—	—	2
Transactions with owners	—	—	—	2	—	—	—	2
Profit for the year	—	—	—	—	—	—	20	20
Foreign exchange on consolidation of subsidiaries	—	—	(21)	—	—	—	—	(21)
Total comprehensive income for the period	—	—	(21)	—	—	—	20	(1)
Balance at 30 April 2012	187	2,606	(73)	262	(85)	176	(1,184)	1,889

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

Notes to the consolidated financial statements

for the year ended 30 April 2013

1 Reporting entity

Scientific Digital Imaging plc, a public limited company, is the Group's ultimate parent. It is registered and domiciled in England and Wales. The consolidated financial statements of the Group for the year ended 30 April 2013 comprise the Company and its subsidiaries (together referred to as the "Group"). The details of subsidiary undertakings are listed in Note 5 to the Company Financial Statements.

2 Basis of preparation

The consolidated financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and as applied with the provisions of the Companies Act 2006.

The financial statements have been prepared on the historical cost basis. The principal accounting policies of the Group are set out below.

The consolidated financial statements are presented in British pounds (£), which is also the functional currency of the ultimate parent company. All values are rounded to the nearest thousand (£'000) except where otherwise indicated.

Accounting judgements and estimates

The preparation of financial statements requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual amounts may differ from these estimates.

Judgements

Careful judgement by the management is applied when deciding whether the capitalisation requirements for development costs have been met. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems at the time of recognition. Judgements are based on the information available at each balance sheet date. In addition, all internal activities related to the research and development of new products are continuously monitored. The carrying value of development costs is detailed in Note 10.

Estimates

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

Intangibles – development costs

The Group is required to capitalise any development costs that meet the criteria as per IAS 38 (see research and development accounting policy, page 26). Significant assumptions are made in categorising development costs and in estimating the future profits expected from the development. Changes in these assumptions could affect the value of costs capitalised and hence the amount charged to the income statement.

The point at which development costs meet the criteria for capitalisation is critically dependent on management's judgement of the point at which technical and commercial feasibility is demonstrable.

Impairment of goodwill and other intangible assets

The impairment analysis of intangible assets is based upon future discounted cash flows and a number of assumptions have been made to estimate the future cash flows expected to arise from the cash-generating unit as well as a suitable discount rate in order to calculate present value. Factors like lower than anticipated sales and resulting decreases of net cash flows and changes in discount rates could lead to impairment. For details of assumptions see Note 10. The carrying amount of goodwill for this and prior year was £170k. Other intangibles had a carrying amount of £89k (2012: £102k).

Deferred taxation

Deferred tax is provided for based on management's estimation of future profits and utilisation of tax losses. Changes in these assumptions could affect the value of deferred tax provided for and hence the amount charged to the income statement. The total carrying amount of the deferred tax asset at 30 April 2013 is £125k (2012: £113k) of which £113k (2012: £112k) relates to trading losses.

3 Principal accounting policies

The principal accounting policies adopted are consistent with those of the annual financial statements for the year ended 30 April 2012.

Basis of consolidation

Subsidiaries are entities controlled by the Group where control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intra-group balances and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated statements.

Business combinations

Business combinations are accounted for using the acquisition method under the revised IFRS 3 "Business combinations". The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair value assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration agreement. "Other reserves" includes deferred shares to be issued as consideration as part of the Atik group purchase in prior years. Acquisition costs are expensed as incurred. The Group recognises identifiable assets acquired and liabilities assumed, including contingent liabilities, in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Foreign currency

Transactions entered into by Group entities in a currency other than the functional currency of the company which incurred them are recorded at the rate of exchange at the time of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss.

For the purpose of presenting the consolidated financial statements the assets and liabilities of the Group's overseas operations are translated using exchange rates prevailing on the balance sheet date.

Income and expense items of overseas operations are translated at exchange rates approximating to those ruling when the transactions took place. Exchange differences arising from this policy are recognised in other comprehensive income and accumulated in the foreign exchange reserve, such translation differences are reclassified from equity to profit or loss as a reclassification adjustment in the period in which the foreign operation is disposed of.

Property, plant and equipment

Property, plant and equipment is stated at cost, less accumulated depreciation. Depreciation is charged to profit or loss on a straight line basis over the estimated useful lives of each part of property, plant and equipment to write down the cost of the asset to its residual value. Residual values are reviewed annually.

The estimated useful lives are as follows:

Motor vehicles	three years
Computer equipment	three years
Tools and other equipment	three years
Furniture, fixtures and fittings	five years
Building and leasehold improvements	five years

Goodwill

Goodwill represents the excess of the fair value of the consideration transferred over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative, it is recognised immediately in the profit or loss as a gain from a bargain purchase. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Goodwill is also reviewed for impairment immediately following an acquisition. The impairment of goodwill is based upon value in use, determined using estimated future discounted cash flows.

3 Principal accounting policies continued

Research and development

Expenditure on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding is recognised in the income statement as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the following conditions are met:

- completion of the intangible asset is technically feasible so that it will be available for use or sale;
- the Group intends to complete the intangible assets and use or sell it;
- the Group has the ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits. Among other things, this requires that there is a market for the output from the intangible asset or the intangible asset itself, or, if it is to be used internally, the asset will be used for generating such benefits; and
- the expenditure attributable to the intangible asset during its development can be measured reliably.

The expenditure capitalised includes direct cost of material, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development is stated at cost less accumulated amortisation and impairment losses.

Amortisation is charged to profit and loss on a straight line basis over the estimated useful lives of intangible assets unless such lives are indefinite upon completion of the project. Amortisation is shown within administrative expenses in the income statement. The estimated useful lives of current development projects are between three and five years. Until completion of the project the assets are subject to impairment testing.

Other intangible assets

Intangible assets acquired as part of an acquisition of a business are capitalised separately from goodwill providing the assets are separable or they arise from contractual or other legal rights and their fair value can be measured reliably. The fair value of intangible assets includes any tax benefit.

Intangible assets with a finite life are amortised over their useful economic lives. Amortisation is recognised in the income statement within administrative expenses on a straight line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

Capitalised development costs	three years
Other intangible assets	five–seven years

Impairment

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses for cash-generating units reduce first the carrying value of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indicators that an impairment loss previously recognised may no longer exist.

3 Principal accounting policies continued

Impairment continued

Any impairment in respect of goodwill is not reversed. Impairment losses on assets recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment had been recognised.

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their location and condition at the balance sheet date. Items are valued using the first in, first out method. When inventories are used, the carrying amount of these inventories is recognised as an expense in the period in which the related revenue is recognised. Provisions for write down to net realisable value and losses of inventories are recognised as an expense in the period in which the write down or loss occurs.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and deposits.

Equity

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares.
- "Merger reserve" represents the difference between the parent company's cost of investment and the subsidiary's share capital and share premium where a group reorganisation qualifies as a common control transaction.
- "Share premium account" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- "Foreign exchange reserve" represents the differences arising from translation of investments in overseas subsidiaries.
- "Own shares held by Employee Benefit Trust" represents shares held in trust for the benefit of employees.
- "Other reserve" represents equity-settled share based employee remuneration until such share options are exercised. Deferred shares to be issued as consideration for acquisitions and the equity component of convertible loan stock.
- "Retained earnings" represents retained profits.

Contributions to pension schemes

Defined Contribution Scheme

Obligations for contributions for defined contribution plans are recognised as an expense in the income statement when they are due.

Financial assets

The Group's financial assets comprise trade receivables, other receivables, cash and cash equivalents. Trade and other receivables are initially stated at fair value and thereafter at amortised cost using effective interest method. The carrying amounts of the Group's financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. The amount of the impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. The impairment loss is recognised in profit or loss.

An impairment loss in respect of trade and other receivables is reversed if the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised.

Financial liabilities

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument. The Group's financial liabilities comprise trade payables, other payables and bank borrowings. All financial liabilities are measured at fair value plus transaction costs on initial recognition and subsequently are measured at amortised cost.

3 Principal accounting policies continued

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that results in a residual interest in the assets of the Company after deducting all of its financial liabilities. Equity instruments do not include a contractual obligation to deliver cash or other financial assets to another entity.

Any instrument that does have the obligation to deliver cash or another financial asset to another entity is classified as a financial liability. Financial liabilities are presented under liabilities on the balance sheet.

Compound instruments

Compound instruments comprise both a liability and equity component. In accordance with International Accounting Standard (IAS) 32 "Financial Instruments: Presentation," such instruments are to be split into their debt and equity elements, with each element being accounted for separately.

At date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar debt instrument without the equity component. The residual is the difference between the net proceeds of issue and the liability component (at time of issue) and is accounted for as an equity instrument.

The interest expense on the liability component is calculated applying the effective interest rate for the liability component of the instrument. The difference between this amount and any repayments is added to the carrying amount of the financial liability.

Revenue recognition

Revenue is solely from the sale of goods and is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the customers. Revenue is recognised when goods are despatched. Revenue from the sale of goods provided is measured at the fair value of the consideration received or receivable, net of returns, VAT and trade discounts.

Leased assets

Leases are classified as finance leases when they transfer substantially all the risks and rewards of ownership; otherwise leases are classified as operating leases.

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful economic lives. Depreciation is over the shorter of the lease term and the useful life of the asset. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to profit or loss over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are recognised in profit or loss on a straight line basis over the term of the lease.

Taxation

Income tax expense comprises current and deferred tax.

The tax currently payable is based on the taxable profit for the year. Current tax is recognised in profit or loss, except that current tax relating to items recognised in other comprehensive income is recognised in other comprehensive income and current tax relating to items recognised directly in equity is recognised in equity. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability, unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Group or it is probable that reversal will not occur in the foreseeable future. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the temporary difference can be utilised.

3 Principal accounting policies continued

Taxation continued

The carrying value of deferred tax is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow part or all of the assets to be recovered.

Deferred tax is calculated using tax rates that are enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax relating to items recognised in other comprehensive income is recognised in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Segment reporting

The Group identifies reportable operating segments based on internal management reporting that is regularly reviewed by the chief operating decision maker and reported to the Board. The chief operating decision maker is the Chief Executive Officer.

Provisions

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Group and the amounts can be estimated reliably.

A provision for warranties is recognised when the underlying products are sold. The provision is based on historical warranty data and a weighing of possible outcomes against their associated probabilities.

Employee benefit trust

The Employee Benefit Trust is a separately administered discretionary trust for the benefit of employees, the assets of which comprise shares in the Company. The material assets, liabilities, income and costs of the ESOP or EBT are consolidated within these financial statements. Until such time as the Company's own shares held by the trust vest unconditionally in employees, the consideration paid for the shares is deducted in arriving at shareholders' funds.

Share based payments

Scientific Digital Imaging plc regularly issues share options to employees. The fair value of the award granted is recognised as an employee expense within the income statement with a corresponding increase in equity. The fair value is measured at the grant date and allocated over the vesting period based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates.

The fair value of the grants is measured using the Black-Scholes model taking into account the terms and conditions upon which the grants were made.

4 Standards and interpretations currently in issue but not yet effective

The following new standards and interpretations, which are yet to become mandatory, have not been applied in the consolidated financial statements:

- IFRS 9 "Financial Instruments" (effective 1 January 2015).
- IFRS 10 "Consolidated Financial Statements" (effective 1 January 2014).
- IFRS 12 "Disclosure of Interests in Other Entities" (effective 1 January 2014).
- IFRS 13 "Fair Value Measurement" (effective 1 January 2014).
- IAS 27 (Revised) "Separate Financial Statements" (effective 1 January 2014).

Based on the Group's current business model and accounting policies, management does not expect material impacts on the consolidated financial statements when the standards and interpretations become effective. The Group does not intend to apply any of these pronouncements early.

Notes to the consolidated financial statements continued

for the year ended 30 April 2013

5 Segment analysis

Management consider that there is a single operating segment being the supply of digital imaging equipment, encompassing Synoptics' three marketing brands: Syngene, Synbiosis, Syncroscopy and the Atik brand which is used within Synoptics' brands and sold externally to the amateur astronomy market. Each of the brands have a number of products and whilst sales performance of each brand are monitored, resources are managed and strategic decisions made on the basis of the Group as a whole.

The geographical analysis of revenue by destination and non-current assets (excluding deferred tax) by location is set out below:

Revenue by destination of external customer	**2013 £'000**	2012 £'000
United Kingdom (country of domicile)	**747**	802
Germany	**774**	505
Rest of Europe	**1,443**	1,376
America	**2,354**	2,248
Hong Kong	**743**	500
India	**482**	665
Rest of Asia	**809**	734
Rest of World	**313**	340
	7,665	7,170

Non-current assets by location	**2013 £'000**	2012 £'000
United Kingdom	**1,076**	894
Portugal	**62**	61
America	**173**	157
	1,311	1,112

6 Profit before taxation

Profit for the year has been arrived at after charging/(crediting):

	2013 £'000	2012 £'000
Amortisation on other intangibles (Note 10)	**13**	32
Depreciation charge for year:		
– property, plant and equipment	**208**	169
– property, plant and equipment held under finance leases	**24**	21
(Profit)/loss on disposal of property, plant and equipment	**(2)**	—
Research and development costs:		
– expensed as incurred	**381**	494
– amortisation charge	**247**	235
Auditor's remuneration Group:		
– audit of Group accounts	**8**	8
Fees paid to the auditor and its associates in respect of other services:		
– audit of Company's subsidiaries	**30**	29
– tax services	**4**	4
– other services	**2**	2
Currency exchange (gains) and losses	**(3)**	(2)
Rental of land and buildings	**120**	120

7 Directors' and employees' remuneration

Staff costs during the year were as follows:

	2013 £'000	2012 £'000
Wages and salaries	**2,073**	2,140
Social security costs	**176**	225
Share based payments	**4**	—
Other pension costs	**64**	65
	2,317	2,430

The share based payment charge is included in the income statement separately.

Staff costs relating to capitalised research and development are excluded from the table above.

The average number of employees of the Group during the year was:

	2013 Number	2012 Number
Administration	**8**	8
Production	**15**	15
Product development	**13**	12
Sales and marketing	**14**	12
	50	47

The remuneration of the Directors is set out below:

	Salary/ fees £'000	Taxable benefits £'000	Pension £'000	2013 Total £'000	2012 Total £'000
H L Tee	**—**	**—**	**—**	**—**	8
J Gibbs	**16**	**—**	**—**	**16**	15
P Atkin	**—**	**—**	**—**	**—**	41
A Simon	**16**	**—**	**—**	**16**	15
K Ford	**16**	**—**	**—**	**16**	15
M Creedon	**100**	**1**	**3**	**104**	95
	148	**1**	**3**	**152**	189

The aggregate emoluments and amounts receivable under incentive schemes of the highest paid Director were £104k (2012: £95k). Company pension contributions of £3k (2012: £nil) were made to a money purchase scheme. As at 30 April 2013 the highest paid Director held a total of 285,000 share options (2012: 135,000 share options). No share options were exercised by any Director during the year.

Key management for the Group is considered to be the Directors of the Group. Employer's National Insurance in respect of Directors was £18k in 2013 (2012: £22k).

Share based employee remuneration

Two employee share option schemes (EMI scheme and approved scheme) have been established, under which options may be granted to employees (including Directors) to subscribe for ordinary shares in the Company. A further share option scheme (unapproved scheme) has been established under which options may be granted to employees and directors to subscribe for ordinary shares in the Company. All schemes have been approved by shareholders in general meetings. The approved scheme has been approved by HM Revenue & Customs.

Notes to the consolidated financial statements continued

for the year ended 30 April 2013

7 Directors' and employees' remuneration continued

Share based employee remuneration continued

A summary of options outstanding currently is as follows:

	2013		2012	
	Number of share options	Average exercise price of options	Number of share options	Average exercise price of options
Outstanding at the beginning of the year	**903,200**	**£0.139**	1,203,680	£0.129
Granted during the year	**643,000**	**£0.199**	—	—
Exercised during the year	**—**	**—**	(19,400)	£0.125
Expired during the year	**(416,200)**	**£0.125**	(281,080)	£0.125
Outstanding at the end of the year	**1,130,000**	**£0.185**	903,200	£0.139
Exercisable at the end of the year	**344,000**	**£0.125**	805,200	£0.125

The share options at the end of the year have a weighted average remaining contractual life of 8.8 years (2012: 3.6 years).

Under the rules of the share option schemes, options are not normally exercisable until after three years from the date of the grant. Options may, however, be exercised early in certain circumstances such as, for example, option holders ceasing to be employed as a result of injury, disability, redundancy or retirement. Option holders in the unapproved scheme may exercise their options within six months of leaving the Board of Directors or Company for reasons other than for dismissal.

Options were valued using the Black-Scholes option pricing model. The fair price per option granted in the year and the assumptions used in the calculations were as follows:

	2013
Risk-free interest rate	**1.5%**
Expected volatility	**36%**
Expected option life in years	**10 years**
Expected dividend yield	**Nil**
Weighted average share price	**21.5p**
Weighted average exercise price	**20.5p and 12.5p**
Weighted average fair value of options granted	**4.7p**

Expected volatility was determined by calculating the historical volatility of the Group's share price over three years. The expected life used in the model has been adjusted, based upon management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The share based payment expense for the Group totalled £4k (2012: £nil).

Pensions

The Group operates a defined contributions pension scheme for the benefit of the employees. The assets of the scheme are administered by trustees in a fund independent from those of the Group. Total contributions for the Group were £64k (2012: £65k).

	2013 £'000	2012 £'000
Current pension obligations included in liabilities	**10**	9

8 Finance costs

	2013 £'000	2012 £'000
Bank overdraft and invoice discounting	**27**	14
Finance leases and hire purchase contracts	**6**	4
Loan stock	**34**	34
Other debt finance costs	**—**	13
Bank interest received	**—**	(1)
	67	64

9 Taxation

	2013 £'000	2012 £'000
Corporation tax:		
Corporation tax due	**—**	10
Current year R&D claim	**—**	—
Prior year R&D claim	**2**	—
	2	10
Deferred tax expense/(credit)	**19**	(10)
Income tax charge	**21**	—

Reconciliation of effective tax rate

	2013 £'000	2012 £'000
Profit on ordinary activities before tax	**213**	20
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.92% (2012: 25.84%)	**51**	5
Effects of:		
Expenses not deductible for tax purposes	**1**	14
Additional deduction for R&D expenditure	**(104)**	(58)
Transferred to tax losses	**73**	39
	21	—

The Group takes advantage of the enhanced tax deductions for research and development expenditure in the UK and expects to continue to be able to do so.

Notes to the consolidated financial statements continued

for the year ended 30 April 2013

10 Intangible assets

The amounts recognised in the balance sheet relate to the following:

Cost	Other intangibles £'000	Goodwill £'000	Development costs £'000	Total £'000
At 1 May 2012	216	170	1,257	1,643
Additions	—	—	430	430
At 30 April 2013	**216**	**170**	**1,687**	**2,073**
Amortisation				
At 1 May 2012	114	—	803	917
Amortisation for the year	13	—	247	260
At 30 April 2013	**127**	**—**	**1,050**	**1,177**
Net book amount at 30 April 2013	**89**	**170**	**637**	**896**
Net book amount at 30 April 2012	102	170	454	726

Cost	Other intangibles £'000	Goodwill £'000	Development costs £'000	Total £'000
At 1 May 2011	216	170	1,028	1,414
Additions	—	—	229	229
At 30 April 2012	216	170	1,257	1,643
Amortisation				
At 1 May 2011	82	—	568	650
Amortisation for the year	32	—	235	267
At 30 April 2012	114	—	803	917
Net book amount at 30 April 2012	102	170	454	726
Net book amount at 30 April 2011	134	170	460	764

The goodwill relates to the acquisition of Artemis CCD Ltd and Perseu SA. These subsidiaries have been treated as a single cash-generating unit (Atik) for the purpose of calculating the recoverable amount of goodwill which is based on its value in use. The impairment assessment for the cash-in-use generating unit was based on value-in-use calculations covering a detailed one year forecast, followed by an extrapolation of expected cash flows using a 5% growth rate. These cash flows extrapolated over the five years and discounted using a rate of 20%. A five year period has been chosen because management's experience and knowledge of the business indicates that an equivalent business will have a useful life in excess of five years. Management's key assumption for this cash-generating unit include stable profit margins and resulting cash flows which have been determined based upon past experience in this market. The Group is not currently aware of any probable changes that would lead to the carrying value exceeding the recoverable amount.

The amortisation charge is included within administrative expenses within the income statement.

11 Property, plant and equipment

	Motor vehicles £'000	Computer equipment £'000	Tools and other equipment £'000	Furniture, fixtures and fittings £'000	Building and leasehold improvements £'000	Total £'000
Cost						
At 1 May 2012	94	147	959	101	127	1,428
Additions	—	30	318	8	—	356
Disposals	(17)	—	(150)	(1)	—	(168)
At 30 April 2013	**77**	**177**	**1,127**	**108**	**127**	**1,616**
Depreciation						
At 1 May 2012	90	100	688	94	70	1,042
Charge for year	4	28	187	10	3	232
Disposals	(17)	—	(55)	(1)	—	(73)
At 30 April 2013	**77**	**128**	**820**	**103**	**73**	**1,201**
Net book value						
At 30 April 2013	**—**	**49**	**307**	**5**	**54**	**415**
At 30 April 2012	4	47	271	7	57	386

	Motor vehicles £'000	Computer equipment £'000	Tools and other equipment £'000	Furniture, fixtures and fittings £'000	Building and leasehold improvements £'000	Total £'000
Cost						
At 1 May 2011	94	104	924	124	127	1,373
Additions	—	49	142	10	—	201
Disposals	—	(6)	(107)	(33)	—	(146)
At 30 April 2012	94	147	959	101	127	1,428
Depreciation						
At 1 May 2011	77	88	606	119	67	957
Charge for year	13	18	148	8	3	190
Disposals	—	(6)	(66)	(33)	—	(105)
At 30 April 2012	90	100	688	94	70	1,042
Net book value						
At 30 April 2012	4	47	271	7	57	386
At 30 April 2011	17	16	318	5	60	416

The net book value of property, plant and equipment includes an amount of £66k (2012: £79k) in respect of assets held under finance leases and hire purchase contracts. Of this amount £25k (2012: £37k) relates to building and leasehold improvements, £nil (2012: £4k) relates to motor vehicles and £41k (2012: £38k) relates to computer equipment.

Depreciation on these assets is £nil (2012: £nil), £14k (2012: £13k) and £10k (2012: £8k) respectively.

Notes to the consolidated financial statements continued

for the year ended 30 April 2013

12 Deferred tax

	2013		2012	
	Deferred tax asset £'000	**Deferred tax liability £'000**	Deferred tax asset £'000	Deferred tax liability £'000
At 1 May 2012	**113**	**(138)**	113	(148)
Deferred tax on capitalised R&D	**—**	**(20)**	—	6
Tax losses utilised	**—**	**—**	19	—
Short-term temporary differences	**12**	**(14)**	(11)	(4)
Charge on intangibles recognised on acquisition	**—**	**8**	—	8
Share based payments	**—**	**—**	(8)	—
At 30 April 2013	**125**	**(164)**	113	(138)

	2013		2012	
	Asset £'000	**Liability £'000**	Asset £'000	Liability £'000
Deferred tax on capitalised R&D	**—**	**(129)**	—	(109)
Other temporary differences	**12**	**(20)**	1	(13)
Deferred tax on acquisition intangibles	**—**	**(15)**	—	(16)
Trading losses recognised	**113**	**—**	112	—
	125	**(164)**	113	(138)

Deferred tax assets are recognised for tax losses available for carrying forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred tax assets of £430k (2012: £524k) in respect of losses. Total losses (provided and unprovided) totalled £1.8m (2012: £2.4m).

There were no unrecognised taxable temporary differences.

13 Inventories

	2013 £'000	2012 £'000
Raw materials and consumables	**649**	583
Work in progress	**79**	25
Finished goods	**219**	218
	947	826

There is no material difference between the replacement cost of inventory and the amounts stated above.

In the year ended 30 April 2013 a total of £3,101k (2012: £3,098k) of inventories were consumed and charged to the Income statement as an expense. In addition a total adjustment of £23k (2012: total adjustment £8k) was made resulting from the reduction of inventory provisions/write down of inventories.

14 Trade and other receivables

	2013 £'000	2012 £'000
Trade receivables	**1,284**	1,348
Other receivables	**118**	119
Prepayments	**65**	60
	1,467	1,527

All amounts are short-term. All of the receivables have been reviewed for indications of impairment. A provision is made against debtors that are considered not to be recoverable.

A reconciliation of the movement in the impairment provision for trade receivables is as follows:

	2013 £'000	2012 £'000
Impairment provision as at 1 May 2012	**16**	18
Impairment losses recognised	**—**	—
Decrease in provision	**2**	(2)
Provision as at 30 April 2013	**18**	16

In addition, some of the unimpaired trade receivables are past due at the reporting date. There are no indications that financial assets neither past due nor impaired are irrecoverable. The age of financial assets past due but not impaired is as follows:

	2013 £'000	2012 £'000
Less than one month	**336**	414
More than one month but not more than three months	**143**	195
More than three months but not more than six months	**42**	44
More than six months but not more than one year	**57**	103
More than one year	**33**	16
	611	772

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

15 Cash and cash equivalents

	2013 £'000	2012 £'000
Cash at bank and in hand	**388**	285

16 Trade and other payables

	2013 £'000	2012 £'000
Trade payables	**645**	668
Social security and other taxes	**132**	99
Other payables	**498**	338
Accruals and deferred income	**148**	177
	1,423	1,282

All amounts are short-term. The carrying values are considered to be a reasonable approximation of fair value.

Notes to the consolidated financial statements continued
for the year ended 30 April 2013

17 Lease liabilities
The Group's motor fleet, a number of computers and a leasehold property in Portugal, are held under finance lease arrangements. The net carrying amount of the assets held under leases is £66k (2012: £78k).

30 April 2013	Within 1 year £'000	1 to 5 years £'000	Over 5 years £'000	Total £'000
Gross lease payments	**33**	**43**	**—**	**76**
Future interest	**(5)**	**(5)**	**—**	**(10)**
Net present values	**28**	**38**	**—**	**66**

30 April 2012	Within 1 year £'000	1 to 5 years £'000	Over 5 years £'000	Total £'000
Gross lease payments	28	45	12	90
Future interest	(5)	(5)	(2)	(12)
Net present values	23	40	15	78

Obligations under finance leases and hire purchase contracts are secured on the assets to which they relate.

18 Provision for warranties

	2013 £'000	2012 £'000
As at 1 May 2012	**17**	17
Provision utilised during the year	**(17)**	(5)
Provided for in year	**17**	5
Warranty provision as at 30 April 2013	**17**	17

Warranties of between one and three years are given with the sales of products. There are potential costs associated with the repair of goods under these warranties which could occur at any time over the next three years. The level of costs is uncertain. The warranty provision is based on the historical cost of warranty repairs over the last three years. It is expected that the majority of this expenditure will be incurred in the next financial year.

19 Borrowings
Borrowings are repayable as follows:

	2013 £'000	2012 £'000
Within one year		
Loan stock	**368**	—
Bank finance	**76**	91
Finance leases	**28**	23
	472	114
After one and within five years		
Loan stock	**—**	368
Finance leases	**38**	40
	38	408
Over five years		
Finance leases	**—**	15
Total borrowings	**510**	537

Bank finance relates to amounts drawn down under the Group's invoice discounting facility.

The proceeds of £368,000 from the issue of the loan stock are stated after adjustment in accordance with the accounting treatment required under IAS 32. Certain rights that are attached to the Company's loan stock result in it having characteristics of both equity and liabilities. Therefore the loan stock is considered to be a compound instrument.

19 Borrowings continued

The value of the liability component has been calculated based on the present value of the future cash flows in respect of payments the Company is obliged to make to holders of its loan stock. A value of £40,986 included within equity under the heading "Other reserve" is the residual amount.

The loan stock is unsecured, bears interest at 9% per annum and could have been converted at any time prior to 30 April 2013 at a rate of one ordinary share for every £0.70 nominal amount of loan stock. Any unconverted loan stock is due for repayment on 31 July 2013.

Subscribers to the loan stock also received warrants to subscribe for one ordinary share at a price of £0.70 for each £4.00 of loan stock subscribed for. The warrants are valid until 31 July 2013, except that this period may be extended by the Company at its sole option. The total number of warrants issued by the Company was 94,750.

20 Share capital

	2013 £'000	2012 £'000
Authorised		
1,000,000,000 (2011: 1,000,000,000) ordinary shares of 1p each	**10,000**	10,000
Allotted, called up and fully paid		
19,368,242 (2012: 18,701,742) ordinary shares of 1p each	**194**	187

	2013 Number	2012 Number	**2013 £'000**	2012 £'000
Opening shares in issue	**18,701,742**	18,682,342	**187**	187
Share options exercised	**—**	19,400	**—**	—
Deferred consideration shares issued	**666,500**	—	**7**	—
Closing shares in issue	**19,368,242**	18,701,742	**194**	187

711,528 ordinary shares (2012: 711,528) are held by the Synoptics Employee Benefit Trust and are reserved for providing employee benefits such as satisfying the exercise of share options.

The deferred consideration shares were paid to Mr R Tripa as the final tranche of shares when the Group acquired Perseu Comercio De Equipamento Para Informatica E Astronomia SA in October 2008.

21 Earnings per share

The calculation of the basic 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, excluding shares held by the Synoptics Employee Benefit Trust. All earnings per share calculations relate to continuing operations of the Group.

	Profits attributable to shareholders £'000	Weighted average number of shares	Basic earnings per share amount in pence
Year ended 30 April 2013	**192**	**18,323,464**	**1.05**
Year ended 30 April 2012	20	17,989,257	0.11

The calculation of the 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 and dilutive deferred consideration.

Notes to the consolidated financial statements continued

for the year ended 30 April 2013

21 Earnings/(loss) per share continued

	Diluted earnings/ (loss) per share amount in pence
Year ended 30 April 2013	**1.01**
Year ended 30 April 2012	0.10

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

	2013	2012
Weighted average number of ordinary shares used for basic earnings per share	**18,323,464**	17,989,257
Weighted average number of ordinary shares used as deferred consideration	**—**	666,500
Weighted average number of ordinary shares under option	**659,063**	370,927
Weighted average number of ordinary shares used for diluted earnings per share	**18,982,527**	19,026,684

Since the balance sheet date the Group announced that it had raised approximately £850,000 (before expenses) through a placing and a subscription of new ordinary shares. This will increase the shares in issue to 25,034,910. The impact would be a dilution of the earnings per share amount to 0.76p.

22 Own shares held by employee benefit trust

The Group	Investment in own shares £'000
At 31 May 2012 and 30 April 2013	85

As at 30 April 2013 the trust held 711,528 shares in Scientific Digital Imaging plc.

23 Operating leasing commitments

Future total minimum rental payments under non-cancellable operating leases are as follows;

	2013		2012	
	Land and buildings £'000	**Other £'000**	Land and buildings £'000	Other £'000
In one year or less	**70**	**—**	102	6
Between one and five years	**20**	**13**	75	12
	90	**13**	177	18

Lease payments recognised as an expense during the year amount to £120k (2012: £120k).

Synoptics Limited has a rental contract for the office building rented since 1996 at Beacon House, Nuffield Road, Cambridge which expires in September 2014.

Synoptics Inc. has a rental contract for the office building rented since January 2003 at Frederick, Maryland. This lease has been renewed until July 2018 and includes a 3% per year increase clause for the duration of the lease.

Artemis CCD Limited has a lease on an office building at Lodge Farm Barns, New Road, Bawburgh, Norwich. The lease commenced on 1 May 2012 and expires on 31 March 2017. Artemis CCD Limited shall be entitled to terminate the lease 18 months and 36 months from the commencement date serving six months prior written notice.

24 Related party transactions and controlling related party

The Group's related parties comprise its Board of Directors. Transactions with Directors are disclosed within the Directors' Remuneration Report and Note 7. Unless otherwise stated, none of the transactions incorporated in these financial statements include any special terms or conditions. There is no ultimate controlling party.

25 Financial risk management objectives and policies

Financial instruments

The Group uses various financial instruments, including assets, liabilities, short-term loans and loan stock. The main purpose of these financial instruments is to raise finance for the Group's operations. The existence of these financial instruments exposes the Group to a number of financial risks, primarily interest rate risk and currency risk.

Interest rate risk

The Group finances its operations through a mixture of retained profits, short-term bank borrowings, loan stock and shareholders' equity. The Group's exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed and floating facilities for the bank overdraft and invoice discounting facility.

At 30 April 2013, the amount of borrowings at a fixed rate relating to the original loan stock balance was £368,000 (2012: £368,000). Interest rate sensitivity is not material.

Currency risk

A significant proportion of the Group's assets are denoted in dollars and euros but only a small amount are within an entity with a differing functional currency. An adverse movement in exchange rate could lead to a devaluation of these assets. At as 30 April 2013 an adverse movement in the dollar of 5% would result in a reduction in the Group's equity and profit or loss of £nil (2012: £1k). An adverse movement in the Euro of 5% would result in a reduction in the Group's equity and profit or loss of £nil (2012: £nil).

The carrying amount of the Group's dollar- and euro-denominated monetary assets with a differing functional currency at the reporting date is as follows:

	Assets	
	2013 000	2012 000
US dollars	**41**	39
Euros	**15**	19

In addition an element of the Group's revenue and overhead transactions is completed in a foreign currency. Transaction exposure is hedged through the use of currency accounts.

Credit risk

The Group's exposure to credit risk is limited to the carrying amount of cash deposits and trade and other receivables recognised at the balance sheet date £1,800k (2012: £1,758k). Risks associated with cash deposits are limited as the banks used are reputable with quality external credit ratings.

The principal credit risks lies with trade receivables. In order to manage credit risk credit limits are set for customers based on a combination of payment history and third party credit references. Details of overdue trade receivables are provided in Note 14.

Notes to the consolidated financial statements continued
for the year ended 30 April 2013

25 Financial risk management objectives and policies continued
Liquidity risk
The Group monitors its liquidity by monitoring cash outflows and available credit facilities on a regular basis. The funding for long-term liquidity is additionally secured by an adequate amount of external credit facilities.

As at 30 April 2013, the Group's financial liabilities have contractual maturities as summarised below:

	Current		Non-current	
As at 30 April 2013	**Within 6 months £'000**	**Between 6 and 12 months £'000**	**Between 1 and 5 years £'000**	**Later than 5 years £'000**
Trade and other payables	**1,273**	**—**	**—**	**—**
Borrowings	**458**	**14**	**38**	**—**

	Current		Non-current	
As at 30 April 2012	Within 6 months £'000	Between 6 and 12 months £'000	Between 1 and 5 years £'000	Later than 5 years £'000
Trade and other payables	1,183	—	—	—
Borrowings	105	14	413	17

26 Summary of financial assets and liabilities by IAS 39 category
The carrying amounts of the Group's financial assets and liabilities as recognised at the balance sheet date of the years under review may also be categorised as follows:

Balance sheet headings	Loans and other receivables 2013 £'000	Non-financial assets 2013 £'000	Financial liabilities at amortised cost 2013 £'000	Non-financial liabilities 2013 £'000	Total balance sheet heading 2013 £'000
Bank	**388**	**—**	**(75)**	**—**	**313**
Trade receivables	**1,284**	**—**	**—**	**—**	**1,284**
Other receivables	**131**	**—**	**—**	**—**	**131**
VAT and taxation	**—**	**52**	**—**	**(132)**	**(80)**
Loan stock	**—**	**—**	**(368)**	**—**	**(368)**
Trade payables	**—**	**—**	**(645)**	**—**	**(645)**
Finance lease liability – current (outside scope)	**—**	**—**	**(28)**	**—**	**(28)**
Finance lease liability – non-current (outside scope)	**—**	**—**	**(38)**	**—**	**(38)**
Other payables and accruals	**—**	**—**	**(646)**	**—**	**(646)**
Total	**1,803**	**52**	**(1,800)**	**(132)**	**(77)**

26 Summary of financial assets and liabilities by IAS 39 category continued

Balance sheet headings	Loans and other receivables 2012 £'000	Non-financial assets 2012 £'000	Financial liabilities at amortised cost 2012 £'000	Non-financial liabilities 2012 £'000	Total balance sheet heading 2012 £'000
Cash at bank	285	—	(91)	—	194
Trade receivables	1,348	—	—	—	1,348
Other receivables	125	—	—	—	125
VAT and taxation	—	54	—	(99)	(45)
Loan stock	—	—	(368)	—	(368)
Trade payables	—	—	(668)	—	(668)
Finance lease liability – current (outside scope)	—	—	(23)	—	(23)
Finance lease liability – non-current (outside scope)	—	—	(55)	—	(55)
Other payables and accruals	—	—	(515)	—	(515)
Total	1,758	54	(1,720)	(99)	(7)

The fair values of the financial assets and liabilities at 30 April 2013 and 30 April 2012 are not materially different from their book values.

27 Capital management policies and procedures

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern;
- to provide an adequate return to shareholders; and
- be in a position to make acquisitions ("buy and build" strategy).

The Group monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the balance sheet.

Although the Group is not constrained by any externally imposed capital requirements, its goal is to maximise its capital-to-overall-financing ratio by reducing borrowings. Refer to Note 28 Events After The Balance Sheet Date.

	2013 £'000	2012 £'000
Capital		
Total equity	**2,124**	1,889
Less cash and cash equivalents	**(388)**	(285)
	1,736	1,604
Overall financing		
Total equity	**2,124**	1,889
Plus borrowings	**510**	537
	2,634	2,426
Capital-to-overall-financing ratio	**65.9%**	66.1%

28 Events after the balance sheet date

Since the balance sheet date the Company announced that it had raised approximately £850,000 (before expenses) through a placing of 4,833,334 new ordinary shares of 1p each and following the receipt of subscription for 833,334 new ordinary shares in the Company. In issue following the placing and the subscription, expected 2 August 2013, will be 25,034,910 ordinary shares. The loan stock of £368,000 due for repayment on 31 July 2013 will be repaid from this fundraising.

Report of the independent auditor
on the Company financial statements

Independent Auditor's Report to the members of Scientific Digital Imaging plc
We have audited the parent company financial statements of Scientific Digital Imaging plc for the year ended 30 April 2013 which comprise the parent company balance sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor
As explained more fully in the Directors' Responsibilities Statement set out on page 18, the directors are responsible for the preparation of the parent company 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 parent company 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 ("APB's") Ethical Standards for Auditors.

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements
In our opinion the parent company financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 April 2013;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter 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 parent company 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.

Other matter
We have reported separately on the group financial statements of Scientific Digital Imaging plc for the year ended 30 April 2013.

James Brown
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cambridge
23 July 2013

Company balance sheet
for the year ended 30 April 2013

	Note	2013 £'000	2012 £'000
Fixed assets			
Investments	5	**653**	649
Current assets			
Debtors	6	**96**	91
		96	91
Creditors: amounts falling due within one year	7	**(646)**	(274)
Net current liabilities		**(550)**	(183)
Total assets less current liabilities		**103**	466
Creditors: amounts falling due after more than one year	8	**—**	(368)
Net assets		**103**	98
Capital and reserves			
Called up share capital	9	**194**	187
Share premium account		**335**	262
Other reserves		**96**	176
Profit and loss account		**(522)**	(527)
Shareholders' funds		**103**	98

The financial statements were approved by the Board of Directors on 23 July 2013.

Ken Ford
Chairman
Company registration number: 6385396

Mike Creedon
Chief Executive Officer

Notes to the company financial statements

for the year ended 30 April 2013

1 Principal accounting policies

Basis of preparation

The separate financial statements of the Company have been prepared under the historical cost convention and in accordance with United Kingdom accounting standards.

The principal accounting policies of the Company are set out below and have remained unchanged from the previous year.

Investments

On the acquisition of Synoptics Limited, Scientific Digital Imaging plc qualified for merger relief under Companies Act 2006 s612 and has recorded the investment in Synoptics Limited at the nominal value of the shares issued, less provision for impairment. All other investments are recorded at cost, less provision for impairment.

Share options

Scientific Digital Imaging plc issues share options to employees. The fair value of the employee services received in exchange for the grant of options is recognised as an expense which is written off to the profit and loss account over the vesting period of the option. The amount to be expensed is determined by reference to the fair value of the options at the grant date adjusted for the estimate of the number expected to vest. All current share options have been issued to staff at Synoptics Limited, Scientific Digital Imaging plc and Synoptics Inc. The expense relating to these options is recognised in the relevant subsidiary profit and loss account. The carrying value of the investment in those subsidiaries is increased by an amount equal to the value of the share based payment charge attributable to the option holders in the respective subsidiaries.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that results in a residual interest in the assets of the Company after deducting all of its financial liabilities. Equity instruments do not include a contractual obligation to deliver cash or other financial asset to another entity.

Any instrument that does have the obligation to deliver cash or another financial asset to another entity is classified as a financial liability. Financial liabilities are presented under creditors on the balance sheet.

Compound financial instruments

Compound financial instruments comprise both a liability and equity component. In accordance with Financial Reporting Standard ("FRS") 25 "Financial Instruments: Disclosure and Presentation" such instruments are to be split into their debt and equity elements, with each element being accounted for separately. This shows the different future obligations arising from each element of the instrument.

At date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar debt instrument. The residual is the difference between the net proceeds of issue and the liability component (at time of issue) and is accounted for as an equity instrument.

The interest expense on the liability component is calculated applying the effective interest rate for the liability component of the instrument. The difference between this amount and any repayments is added to the carrying amount of the financial liability.

Related party transactions

In accordance with Financial Reporting Standard Number 8: "Related Party Disclosures", the Company is exempt from disclosing transactions with wholly-owned entities that are part of the Group headed by Scientific Digital Imaging plc as it is a parent company publishing Group financial statements.

2 Employee remuneration

Remuneration in respect of Directors paid by the Company was as follows:

	2013 £'000	2012 £'000
Emoluments	**147**	187
Pension	**3**	2
Amounts payable to third parties in respect of Directors' services	**—**	—
	150	189

During the period no Directors exercised any share options held over ordinary shares of Scientific Digital Imaging plc.

Details of Directors' interests in the shares and options of the Company are provided in the Remuneration Committee Report on page 17. The highest paid Director aggregate entitlements were £104k (2012: £95k). Company pension contributions of £3k (2012: £nil) were made to a money purchase scheme. As at 30 April 2013 the highest paid Director held a total of 285,000 share options (2012: 135,000 share options).

3 Auditor's remuneration

Auditor's remuneration attributable to the Company is as follows:

	2013 £'000	2012 £'000
Tax advice	**1**	1
Statutory audit	**8**	8

4 Result for the year

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The parent company's own profit for the financial period was £5k (2012: £2k).

5 Investments

Investments in Group undertakings

	£'000
Cost and net book amount as at 1 May 2012	649
Capital contributions in respect of share based payments	4
At 30 April 2013	653

Details of the investments are as follows:

Subsidiary undertakings	Country of incorporation	Holdings	Proportion of voting rights	Nature of business
Synoptics Limited	England and Wales	Ordinary shares	100%	Manufacturer
Artemis CCD Limited	England and Wales	Ordinary shares	100%	Design
Perseu Comercio De Equipamento Para Informatica E Astronomia SA	Portugal	Ordinary shares	100%	Manufacturer
The following companies are all held by Synoptics Limited:				
Image Techniques of Cambridge Limited	England and Wales	Ordinary shares	100%	Dormant
Myriad Solutions Limited	England and Wales	Ordinary shares	100%	Dormant
Synoptics Inc	USA	Ordinary shares	100%	Distributor

Each of the above investments has been included in the consolidated financial statements.

6 Debtors

	2013 £'000	2012 £'000
Amounts due by other Group companies	**91**	86
Other debtors	**5**	5
	96	91

All debtors fall due within one year of the balance sheet date.

7 Creditors: amounts falling due within one year

	2013 £'000	2012 £'000
Amounts owed to other Group companies	**240**	242
Loan stock	**368**	—
Accruals and deferred income	**38**	32
	646	274

Notes to the company financial statements continued

for the year ended 30 April 2013

8 Borrowings

	2013 £'000	2012 £'000
Loan stock	**368**	368

The proceeds of £368,000 from the issue of the loan stock are stated after adjustment in accordance with the accounting treatment required under FRS 25. Certain rights that are attached to the Company's loan stock result in it having characteristics of both equity and liabilities. Therefore the loan stock is considered to be a compound instrument.

The value of the liability component has been calculated based on the present value of the future cash flows in respect of payments the Company is obliged to make to holders of its loan stock. A value of £40,986 included within equity under the heading "Other reserve" is the residual amount.

The loan stock is unsecured, bears interest at 9% per annum and could be converted at any time prior to 31 July 2013 at a rate of one ordinary share for every £0.70 nominal amount of loan stock. Any unconverted loan stock is due for repayment on 13 July 2013.

Subscribers to the loan stock also received warrants to subscribe for one ordinary share at a price of £0.70 for each £4.00 of loan stock subscribed for. The warrants are valid until 31 July 2013, except that this period may be extended by the Company at its sole option. The total number of warrants issued by the Company was 94,750.

9 Called up share capital

	2013 £'000	2012 £'000
Authorised		
1,000,000,000 ordinary shares of 1p each	**10,000**	10,000
Allotted, called up and fully paid		
19,368,242 (2012: 18,701,742) ordinary shares of 1p each	**194**	187

711,528 Ordinary shares are held by the Synoptics Employee Benefit Trust and are reserved for issue under options.

Share options

Two employee share option schemes (EMI scheme and approved scheme) have been established, under which options may be granted to employees (including Directors) to subscribe for Ordinary shares in the Company. A further share option scheme (unapproved scheme) has been established under which options may be granted to employees and Directors to subscribe for Ordinary shares in the Company. All schemes have been approved by shareholders in general meetings. The approved scheme has been approved by HM Revenue & Customs.

A summary of options outstanding currently is provided in Note 7 to the consolidated financial statements.

10 Events after the balance sheet date

Since the balance sheet date the Company announced that it had raised approximately £850,000 (before expenses) through a placing of 4,833,334 new ordinary shares of 1p each and following the receipt of subscription for 833,334 new ordinary shares in the Company. In issue following the placing and the subscription, expected 2 August 2013, will be 25,034,910. The loan stock of £368,000 due for repayment on 31 July 2013 will be repaid from this fundraising.

11 Reserves

	Share capital £'000	Share premium £'000	Other reserves £'000	Profit and loss account £'000	Total £'000
Balance at 1 May 2012	187	262	176	(527)	98
Profit for the year	—	—	—	5	5
Shares issued	7	73	(80)	—	—
Balance at 30 April 2013	**194**	**335**	**96**	**(522)**	**103**

Company advisors

Company registration number:	6385396
Registered office:	Beacon House Nuffield Road Cambridge CB4 1TF
Directors:	E K Ford (Chairman) J Gibbs (Deputy Chairman) Dr A J B Simon (Non-executive Director) M Creedon (Chief Executive Officer)
Company Secretary:	M Creedon
Bankers:	National Westminster Bank Plc 35–37 Fitzroy Street Cambridge CB1 1EU
Solicitors:	Mills & Reeve Botanic House 100 Hills Road Cambridge CB2 1PH
Auditor:	Grant Thornton UK LLP Registered Auditor Chartered Accountants 101 Cambridge Science Park Milton Road Cambridge CB4 0FY
Nominated Advisor and Broker:	finnCap Limited 60 New Broad Street London EC2M 1JJ
Registrar:	Share Registrars Limited Suite E First Floor 9 Lion & Lamb Yard Farnham Surrey GU9 7LL

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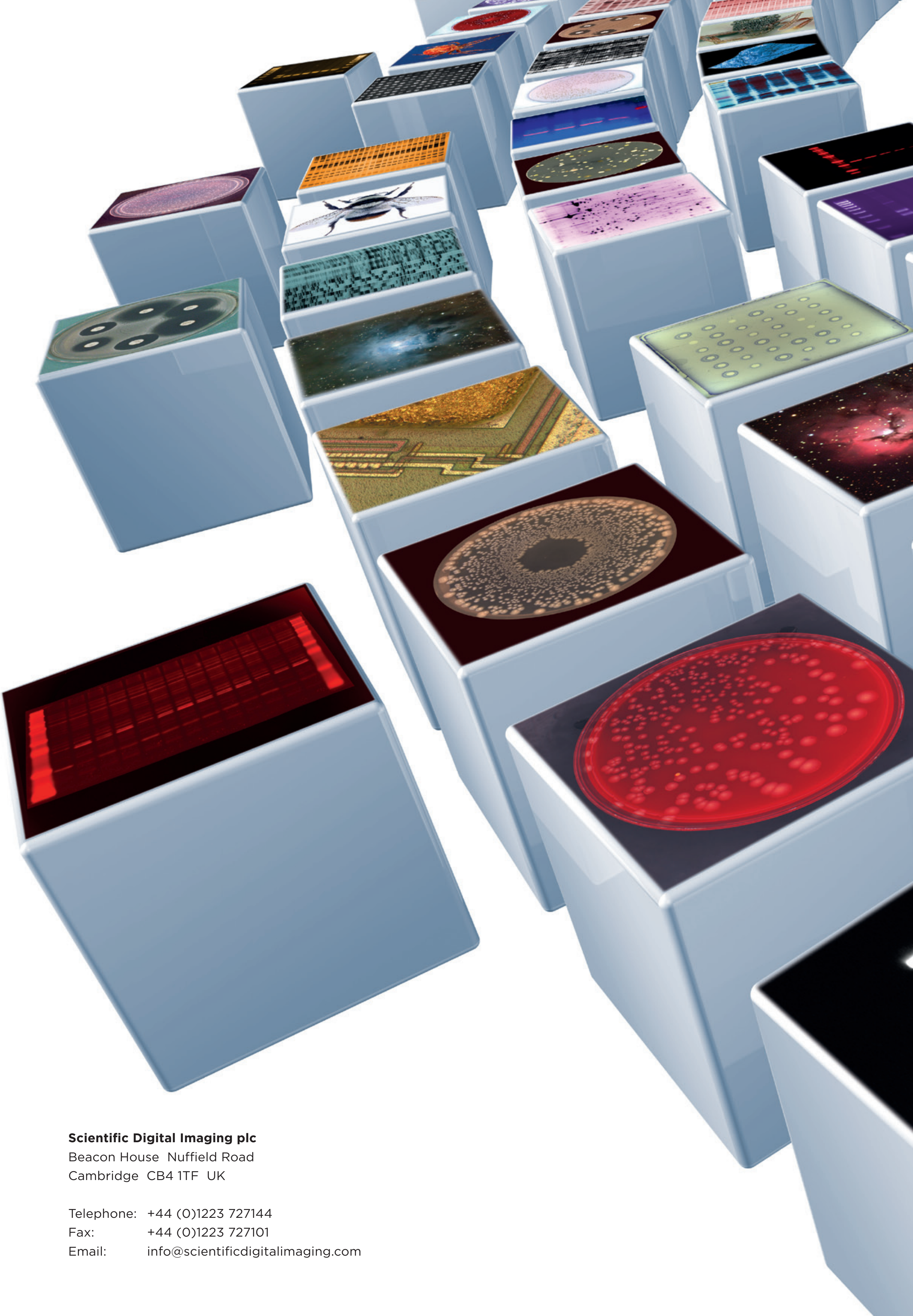

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