

**SDI** GROUP



**Scientific Digital Imaging plc**

Interim Report 2017

Scientific Digital Imaging plc (“SDI”) designs and manufactures scientific and technology products for use by the life science, healthcare, astronomy, consumer manufacturing and art conservation markets through the Synoptics brands (Syngene, Synbiosis and Synoptics Health), the Atik Cameras brand, the Opus Instruments brand (Osiris), Sentek, Astles Control Systems as well as the recently acquired, Applied Thermal Control.

SDI intends to grow through its own technology advancements, as well as through pursuing strategic, complementary acquisitions.



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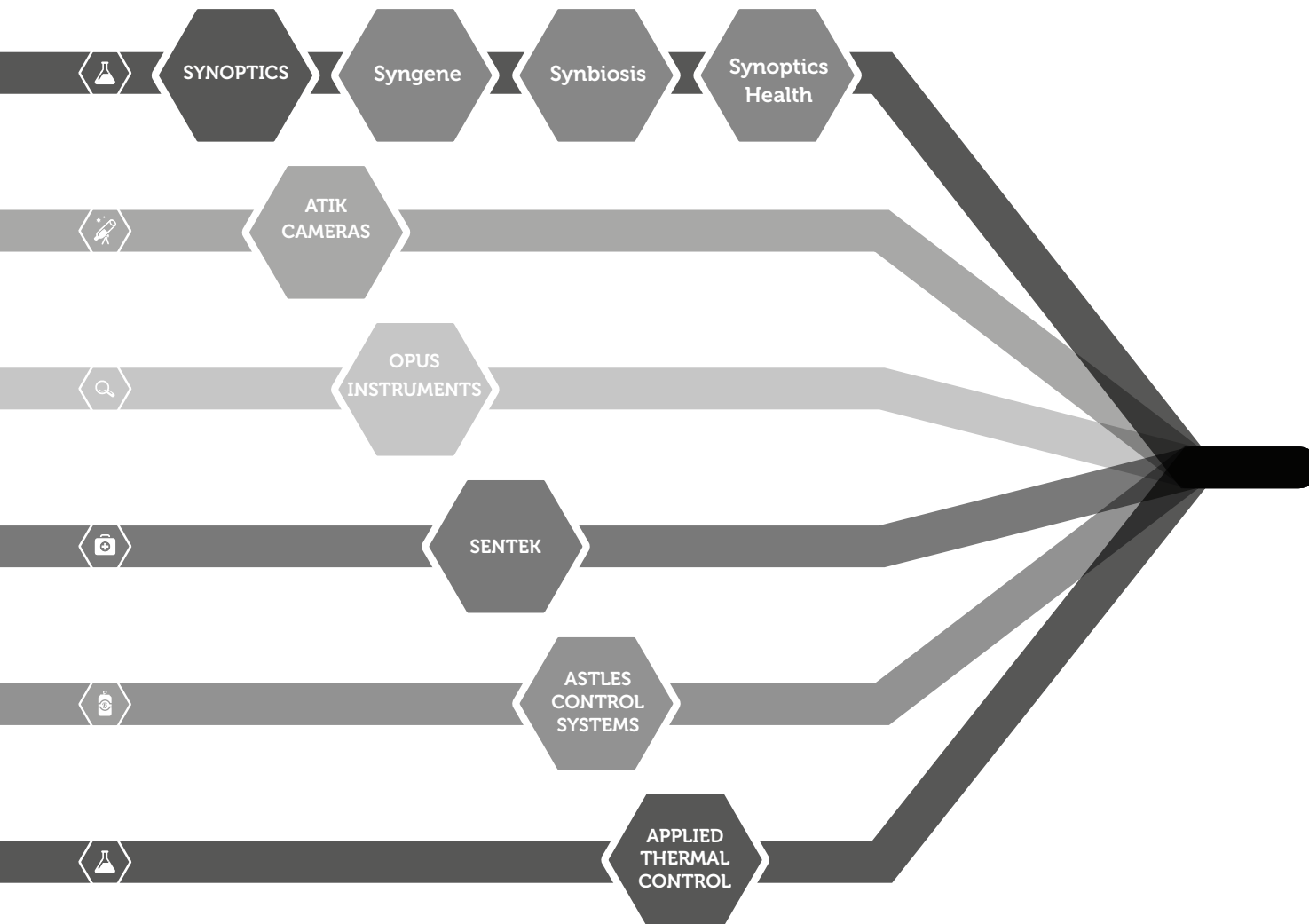
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# Interim highlights

-  **Revenue increased by 34% to £6,552,000** (2016: £4,902,000)
-  **Approximately one quarter of the revenue growth since the 2016 Interim figures arose organically with approximately three quarters accounted for by the impact of acquisitions;** The organic revenue growth was delivered by Sentek and Atik Cameras with the growth from acquisitions delivered by Astles Control Systems and Applied Thermal Control
-  **Gross margin increased to 67%** (2016: 63.6%)
-  **Adjusted profit before tax\* for the period increased to £1,089,000** (2016: £454,000), with approximately one quarter of the increase due to organic development and the balance as a result of acquisitions
-  **Profit before tax for the period increased to £846,000** (2016: £410,000)
-  **In August 2017 SDI acquired Applied Thermal Control** for an initial consideration of £686,000, with the total consideration (including earn-out) capped at £1.2 million, plus an additional cash payment for net assets at completion

\* before reorganisation costs, acquisition and fundraising costs, amortisation of acquired intangibles and share based payments

## SDI Group overview



Acquired August 2017



For more information visit:  
[www.scientificdigitalimaging.com](http://www.scientificdigitalimaging.com)

## SDI operates through six main brands:

### Synoptics

Synoptics designs and manufactures innovative systems for use in the life science and clinical markets. The Company exploits digital imaging technologies for a range of applications and offers its products through three brands:

- **Syngene** – manufactures equipment for life scientists to image and analyse gels and blots used for DNA and protein analysis
- **Synbiosis** – produces equipment for microbiologists to automate microbial colony counting and inhibition zone analysis
- **Synoptics Health** – focuses on imaging proteins on surgical instruments in the hospital and clinical environments using the ProReveal system.

### Atik Cameras

Atik Cameras designs and manufactures sensitive cameras for deep-sky astronomical and life science imaging applications under the Atik brand.

### Opus Instruments

Opus designs and manufactures Osiris, an infrared camera, which is used to examine and authenticate works of art.

### Sentek

Sentek manufactures and sells both reusable and single-use electrodes for the measurement of pH and conductivity of aqueous solutions. Applications range from laboratory use, to monitoring food, beverage and biologics-based pharmaceuticals manufacturing, as well as personal care and leisure applications.

### Astles Control Systems

Astles is a supplier of chemical dosing and control systems to different manufacturing industries including manufacturers of beverage cans, engineering including motor components, white goods, architectural aluminium and steel.

### Applied Thermal Control

Applied Thermal Control designs and manufactures precision re-circulating chillers, coolers and heat exchangers used to control the thermal environment within a wide variety of applications including within the scientific instrument support market (including electron microscopes, x-ray, diffraction and mass spectrometers).

# Chairman's statement

## OVERVIEW

In the six month period ended 31 October 2017 we saw both organic growth and growth from acquisitions.

SDI revenue was £6,552,000 in the six months to 31 October 2017 (increase of 34%, relative to revenue of £4,902,000 for the six months to 31 October 2016).

The increase in revenue came from organic growth arising from the Sentek and Atik Cameras brands, and from additional revenues as a result of the acquisitions of Astles Control Systems ("Astles") and Applied Thermal Control ("ATC").

Our newest acquisitions, Astles and ATC develop and market technology which can be utilised by Sentek as well as being used in bioprocess automation alongside Sentek sensors. They offer new opportunities for intra-group revenue generation and new market access.

During the period we have continued to reorganise the Synoptics brands and have significantly reduced the size of the Syngene product portfolio relative to the different international markets. This has made it easier for our sales team and distributors to focus their marketing and has allowed us to reduce our holding of camera and hardware stocks, which has contributed to increased profitability for the Synoptics brands.

Basic earnings per share was 0.98p (2016: basic earnings per share 0.64p).

The Company intends to continue seeking to acquire scientific and technology product based firms, including those which have complementary technologies for imaging and consumer manufacturing applications.

## PRODUCT PORTFOLIO

### Consumer manufacturing

#### **Astles Control Systems**

Astles chemical dosing and control systems utilise many of Sentek's electrochemical sensors and has contributed to intra-group revenues during the period. As the firm was acquired in January 2017, there are no comparative growth figures from October 2016 but with a healthy order book the Board expects Astles to be earnings enhancing for the Group during the financial year. The acquisition earn-out consideration payment was made in the period with £1,353,000 being paid to the previous owners of Astles.

#### **Applied Thermal Control**

ATC, acquired in August 2017, is redesigning one of its chiller systems to comply with new EU regulations prohibiting the sale of equipment containing fluorinated greenhouse gas from 2022. These new chillers will work in bioprocessing systems and will be tested for use by one of the world's largest suppliers of bioprocess automation. This is a growing market which is also served by our Sentek brand. ATC is a complementary fit to the SDI Group and provides potential areas for growth as ATC can access our European network of dealers to market their products.

#### **Sentek**

Sentek increased sales turnover by 23% in the period, driven by continuing strong sales growth of its single-use electrodes. These electrodes are used in bioprocessing and process analytics applications and Sentek is an OEM supplier to two major life science and healthcare companies. Since sales of the systems made by these companies are increasing globally to pharmaceuticals and biotech customers, sales of the electrodes continue to grow in line. Sentek has also seen growth in demand for its ion selective electrodes as a major UK competitor has ceased trading leaving Sentek as the only UK manufacturer of this type of electrode. To ensure the brand maintains quality and meets production demands, Sentek has leased an additional building to double the size of its manufacturing facility and has recruited additional production staff.

# Chairman's statement continued

## Imaging Technology

### Atik Cameras

During the period, Atik Cameras reported continued strong sales and profitability. The brand continues to develop new products and launched its Atik Horizon cameras which contain less-expensive CMOS (Complementary Metal-Oxide-Semiconductor) sensors instead of CCDs. Using these new CMOS sensors, offers Atik Cameras the opportunity to increase profitability of some of its cameras for astronomy and life science applications without compromising on image quality.

Atik Cameras is also developing a new version of the OSIRIS camera for art conservation which will be introduced in 2018 and marketed to customers that have the first-generation OSIRIS camera.

The Board believes the demand for Atik Cameras by life science OEMs, as well as the amateur astronomy and art conservation markets will ensure the brands continue to make a positive contribution to the SDI Group in 2018.

### Synoptics

The Synoptics Group saw an improved profit during the period compared to the prior year. This was due in part to a retrospectively negotiated payment of a licencing fee from a customer for the sale of Auto-Montage imaging software for use with their microscopes, as well as reduced overhead, stock and staffing costs resulting from refocusing Syngene, the largest of the Synoptics brands.

Syngene has rationalised its range and has discontinued the T:Genius, U:Genius and PXi imaging systems and is now offering the NuGenius as its basic gel imager. To ensure Syngene remains competitive in North America a new small and competitively priced high-end imaging system, the G:BOX mini was launched in the second half of 2017 and is beginning to sell in the region.

Sales of Synbiosis colony counters continued to grow throughout the period and in September 2017 Synbiosis introduced a new software module for automatic identification of bacteria cultured on Liofilchem and Merck ISO 9308-1 compliant chromogenic media. Using this upgraded software further increases the product utility of ChromoZona, Protos 3 and ProtoCOL 3. Due to the continuing strong drive to develop antibiotics and vaccines worldwide the Company believes demand for its colony counting and zone measurement automation will continue in pharmaceutical markets throughout 2018.

Synoptics Health is beginning to see more interest from the NHS for ProReveal, an in-situ fluorescence test to detect proteins on surgical instruments. Currently, ProReveal is the only available CE-marked instrument, of which the Board are aware, capable of determining less than 50ng of protein in-situ so fulfils UK Department of Health (DoH) guidance. The DoH has stated that surgical instruments likely to be in contact with high risk neurological tissue, for example, are expected to move to in-situ protein detection methodologies by 1 July 2017 and those in acute care should have implemented this guidance by 1 July 2018.

To date, 11 ProReveal systems have been sold to prestigious teaching hospitals specialising in neurosurgery in England, Wales and Northern Ireland including the Queen's Medical Centre at Nottingham, one of the busiest neurosurgical departments in England.

The Board believes the pressure to implement the new DoH guidelines and the use of ProReveal in pioneering NHS hospitals, which are advocating ProReveal as the best practice for detecting proteins on surgical instruments will lead to a steady uptake of the system in additional NHS hospitals, and the Board is optimistic regarding increased traction for the brand in the coming year.

With a mix of equipment and consumables businesses in the SDI Group covering diverse technology sectors and geographical markets, we are developing a balanced portfolio for continued growth and profitability.

## ACQUISITIONS AND BANKING

In August 2017 SDI acquired ATC with capacity for growth further utilising its current staff level and existing premises. ATC is a complementary fit to the SDI Group, providing potential areas for market penetration and growth and the acquisition is expected to be earnings enhancing in its first full year of ownership.

In order to provide greater flexibility to pursue our strategy we have recently refinanced our banking facilities to provide £3m of committed facilities for the next 3 years with options to both extend the maturity date and amount of the facility. The £3m facility has an accordion option which permits the facility to be expanded to £5m with HSBC's consent, and that the Company has the option to extend the maturity of the facility by a maximum of two extra years.

## OUTLOOK

SDI is continuing to add profitable businesses to the Group, which alongside existing brands are providing the Group with increased profitability and continued positive operating cash flows. The Board is hopeful SDI will add another company to the Group during 2018 as we continue to pursue our strategy of organic and acquisitive growth.



**Ken Ford**

Chairman  
25 January 2018



# Consolidated income statement

Unaudited for the six months ended 31 October 2017

	Note	6 months to 31 October 2017 Unaudited £'000	6 months to 31 October 2016 Unaudited £'000	12 months to 30 April 2017 Audited £'000
Revenue		<b>6,552</b>	4,902	10,748
Costs of sales		<b>(2,163)</b>	(1,784)	(3,837)
<b>Gross Profit</b>		<b>4,389</b>	3,118	6,911
Administrative expenses		<b>(3,384)</b>	(2,670)	(5,693)
Reorganisation costs		<b>(7)</b>	(4)	(87)
Share based payments		<b>(5)</b>	-	(2)
Acquisition and fundraising costs		<b>(120)</b>	(6)	(165)
<b>Operating profit</b>		<b>873</b>	440	964
Net financing expense		<b>(27)</b>	(25)	(61)
<b>Profit/(loss) before taxation</b>		<b>846</b>	410	903
Income tax credit/(charge)		<b>25</b>	3	(75)
<b>Profit for the period</b>		<b>871</b>	413	828
<b>Earnings per share</b>				
Basic earnings per share	2	<b>0.98p</b>	0.64p	1.17p
Diluted earnings per share		<b>0.95p</b>	0.63p	1.14p

# Consolidated statement of comprehensive income

Unaudited for the six months ended 31 October 2017

	<b>6 months to 31 October 2017 Unaudited £'000</b>	6 months to 31 October 2016 Unaudited £'000	12 months to 30 April 2017 Audited £'000
<b>Profit for the period</b>	<b>871</b>	413	828
<b>Other comprehensive income</b>			
<b>Items that will be reclassified subsequently to profit and loss</b>			
Exchange differences on translating foreign operations	(5)	218	126
<b>Total comprehensive profit for the period</b>	<b>866</b>	631	954

# Consolidated balance sheet

Unaudited at 31 October 2017

	Notes	31 October 2017 Unaudited £'000	31 October 2016 Unaudited £'000	30 April 2017 Audited £'000
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment		503	422	478
Intangible assets		10,609	4,303	9,770
Deferred tax asset		47	76	48
		<b>11,159</b>	4,801	10,296
<b>Current assets</b>				
Inventories		1,963	1,766	1,747
Trade and other receivables		2,186	1,573	1,931
Cash and cash equivalents		1,143	1,773	2,355
		<b>5,292</b>	5,112	6,033
<b>Total assets</b>		<b>16,451</b>	9,913	16,329
<b>Liabilities</b>				
<b>Current liabilities</b>				
Overdraft		-	127	-
Trade and other payables		1,907	1,442	3,228
Provisions for warranty		19	21	19
Borrowings	3	332	282	254
Current tax payable		229	-	228
		<b>2,487</b>	1,872	3,729
<b>Non-current liabilities</b>				
Borrowings	3	1,171	166	940
Trade and other payables		-	107	-
Deferred tax liability		1,015	373	950
		<b>2,186</b>	646	1,890
<b>Total liabilities</b>		<b>4,673</b>	2,518	5,619
<b>Net assets</b>		<b>11,778</b>	7,395	10,710
<b>Equity</b>				
Share capital		896	642	889
Merger reserve		3,030	3,030	3,030
Share premium account		6,390	3,457	6,200
Foreign exchange reserve		134	231	139
Own shares held by Employee Benefit Trust		(85)	(85)	(85)
Other reserves		88	81	83
Retained earnings		1,325	39	454
<b>Total equity</b>		<b>11,778</b>	7,395	10,710

# Consolidated statement of cash flows

Unaudited for the six months ended 31 October 2017

	<b>6 months to 31 October 2017 Unaudited £'000</b>	6 months to 31 October 2016 Unaudited £'000	12 months to 30 April 2017 Audited £'000
<b>Operating activities</b>			
Profit for the period	871	413	828
Depreciation and amortisation	306	354	769
Finance costs and income	27	25	61
Taxation expense in the income statement	(25)	3	75
Increase in provisions	-	-	1
Release of deferred consideration	-	-	(41)
Employee share based payments	5	-	2
<b>Operating cash flow before movement in working capital</b>	<b>1,184</b>	795	1,695
Increase in inventories	(62)	(321)	(237)
Changes in trade and other receivables	(119)	133	(72)
Changes in trade and other payables	(248)	67	20
<b>Cash generated from operations</b>	<b>755</b>	674	1,406
Interest paid	(27)	(25)	(61)
Income taxes received	-	(151)	(19)
<b>Cash generated from operating activities</b>	<b>728</b>	498	1,326
<b>Cash flows from investing activities</b>			
Capital expenditure on fixed assets	(165)	(166)	(215)
Expenditure on development and other intangibles	(32)	(196)	(643)
Acquisition of subsidiaries, net of cash	(926)	-	(3,277)
Proceeds from sale of property, plant & equipment	34	-	-
<b>Net cash used in investing activities</b>	<b>(1,089)</b>	(362)	(4,135)
<b>Cash flows from financing activities</b>			
Movement in finance leases	(21)	(5)	(10)
Share issue costs	-	-	-
Proceeds from share issue	197	-	2,990
Deferred consideration	(1,353)	-	(62)
Repayment of borrowings	(120)	-	(745)
Exchange difference	(4)	-	119
Other loans	-	(50)	-
Proceeds from bank borrowings	450	(85)	1,164
<b>Net cash from/(used in) financing activities</b>	<b>(851)</b>	(140)	3,456
<b>Net (decrease)/increase in cash &amp; cash equivalents</b>	<b>(1,212)</b>	(4)	685
<b>Cash &amp; cash equivalents, beginning of period</b>	<b>2,355</b>	1,708	1,708
<b>Foreign currency movements on cash balances</b>	<b>-</b>	69	-
<b>Cash and cash equivalents, end of period</b>	<b>1,143</b>	1,773	2,355

# Consolidated statement of changes in equity

Unaudited for the six months ended 31 October 2017

6 months to 31 October 2017 – unaudited	Share capital £'000	Merger reserve £'000	Share premium £'000	Own shares held by EBT £'000	Other reserves £'000	Foreign exchange £'000	Retained earnings £'000	Total £'000
<b>Balance at 1 May 2017</b>	889	3,030	6,200	(85)	83	139	454	10,710
Share based payments	-	-	-	-	5	-	-	5
Issue of share capital	7	-	190	-	-	-	-	197
<b>Transactions with owners</b>	<b>7</b>	<b>-</b>	<b>190</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>202</b>
Profit for the period	-	-	-	-	-	-	871	871
Foreign exchange on consolidation of subsidiary	-	-	-	-	-	(5)	-	(5)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5)</b>	<b>871</b>	<b>866</b>
<b>Balance at 31 October 2017</b>	<b>896</b>	<b>3,030</b>	<b>6,390</b>	<b>(85)</b>	<b>88</b>	<b>134</b>	<b>1,325</b>	<b>11,778</b>

6 months to 31 October 2016 – unaudited	Share capital £'000	Merger reserve £'000	Share premium £'000	Own shares held by EBT £'000	Other reserves £'000	Foreign exchange £'000	Retained earnings £'000	Total £'000
<b>Balance at 1 May 2016</b>	642	3,030	3,457	(85)	81	13	(374)	6,764
Share based payments	-	-	-	-	-	-	-	-
<b>Transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Profit for the period	-	-	-	-	-	-	413	413
Foreign exchange on consolidation of subsidiary	-	-	-	-	-	218	-	218
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>218</b>	<b>413</b>	<b>631</b>
<b>Balance at 31 October 2016</b>	<b>642</b>	<b>3,030</b>	<b>3,457</b>	<b>(85)</b>	<b>81</b>	<b>231</b>	<b>39</b>	<b>7,395</b>

12 months to 30 April 2017 – audited	Share capital £'000	Merger reserve £'000	Share premium £'000	Own shares held by EBT £'000	Other reserves £'000	Foreign exchange £'000	Retained earnings £'000	Total £'000
<b>Balance at 1 May 2016</b>	642	3,030	3,457	(85)	81	13	(374)	6,764
Shares issued	247	-	2,743	-	-	-	-	2,990
Share based payments	-	-	-	-	2	-	-	2
<b>Transactions with owners</b>	<b>247</b>	<b>-</b>	<b>2,743</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>2,992</b>
Profit for the year	-	-	-	-	-	-	828	828
Foreign exchange on consolidation of subsidiaries	-	-	-	-	-	126	-	126
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>126</b>	<b>828</b>	<b>954</b>
<b>Balance at 30 April 2017</b>	<b>889</b>	<b>3,030</b>	<b>6,200</b>	<b>(85)</b>	<b>83</b>	<b>139</b>	<b>454</b>	<b>10,710</b>

# Notes to the interim financial statements

Unaudited for the six months ended 31 October 2017

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

## Reporting entity

Scientific Digital Imaging plc (the “Company”), a public limited company, is the Group’s ultimate parent. It is registered in England and Wales. The consolidated interim financial statements of the Company for the period ended 31 October 2017 comprise the Company and its subsidiaries (together referred to as the “Group”).

## Basis of preparation

The unaudited consolidated interim financial statements are for the six months ended 31 October 2017. These interim financial statements have been prepared using the recognition and measurement principles of International Accounting Standards, International Financial Reporting Standards and Interpretations adopted for use in the European Union (collectively EU IFRS). The financial information for the year ended 30 April 2017 is based upon the audited statutory accounts for that year. The consolidated interim financial information has been prepared on the historical cost basis. The consolidated interim financial statements are presented in British pounds (£), which is also the functional currency of the ultimate parent company.

The consolidated interim financial information was approved by the Board of Directors on 25 January 2018.

The financial information set out in this interim report does not constitute statutory accounts as defined in section 435 of the Companies Act 2006. The figures for the year ended 30 April 2017 have been extracted from the statutory financial statements of Scientific Digital Imaging plc which have been filed with the Registrar of Companies.

The auditor’s report on those financial statements was unqualified and did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006. The financial information for the six months ended 31 October 2017 and for the six months ended 31 October 2016 has not been audited.

## 1 Principal accounting policies

The principal accounting policies adopted in the preparation of the condensed consolidated interim information are consistent with those followed in the preparation of the Group’s financial statements for the year ended 30 April 2017.

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

## 2 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 period, excluding shares held by the Synoptics Employee Benefit Trust. All profit per share calculations relate to continuing operations of the Group.

	<b>Profit attributable to shareholders £'000</b>	<b>Weighted average number of shares</b>	<b>Basic earnings per share amount in pence</b>
<b>Period ended 31 October 2017</b>	<b>871</b>	<b>89,152,003</b>	<b>0.98</b>
Period ended 31 October 2016	413	64,224,808	0.64
Year ended 30 April 2017	828	70,972,367	1.17

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

	<b>Diluted earnings per share amount in pence</b>
<b>Period ended 31 October 2017</b>	<b>0.95</b>
Period ended 31 October 2016	0.63
Year ended 30 April 2017	1.14

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

	<b>31 October 2017</b>	31 October 2016	30 April 2017
Weighted average number of ordinary shares used for basic earnings per share	<b>89,152,003</b>	64,224,808	70,972,367
Weighted average number of ordinary shares under option	<b>2,300,652</b>	1,033,000	1,645,000
Weighted average number of ordinary shares used for diluted earnings per share	<b>91,452,655</b>	65,257,808	72,617,367

# Notes to the interim financial statements continued

Unaudited for the six months ended 31 October 2017

## 3 Borrowings

	31 October 2017 £'000	31 October 2016 £'000	30 April 2017 £'000
<b>Within one year:</b>			
Bank finance	302	264	215
Finance leases	30	18	39
	<b>332</b>	282	254
<b>After one year &amp; within five years:</b>			
Bank finance	1,139	166	896
Finance leases	32	-	44
	<b>1,171</b>	166	940
<b>Total borrowings</b>	<b>1,503</b>	448	1,194

Bank finance related to bank loans secured by a fixed and floating charge over the Group's undertakings. The loans are repayable in monthly instalments over five years:

- (a) Loan for the acquisition of Opus Instruments, Sentek and Astles attracts an interest rate of 4% over base rate and expires September 2020.
- (b) Loan for the acquisition of Applied Thermal Control attracts an interest rate of 4.5% over base rate and expires September 2022.

We will be partially utilising a £3m facility provided by HSBC to pay down the loans. The £3m facility has an accordion option which permits the facility to be expanded to £5m with HSBC's consent.

## 4 Business Combinations

In August 2017, the Company acquired the entire share capital of Applied Thermal Control Limited, a company incorporated in England and Wales, for a consideration payable in cash and shares.

The assets and liabilities acquired were as follows:



#### 4 Business Combinations continued

	Book Value £'000	Provisional Fair Value adjustment £000	Fair Value £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets	18	-	18
Intangible assets – trade names	-	27	27
Intangible assets – customer relationships	-	426	426
<b>Total non-current assets</b>	<b>18</b>	<b>453</b>	<b>471</b>
<b>Current assets</b>			
Stock	155	(3)	152
Debtors	185	-	185
Cash at bank	11	-	11
<b>Liabilities</b>			
Trade and other payables	(99)	-	(99)
Taxation – PAYE/NIC/VAT	(28)	-	(28)
Deferred tax on intangibles assets		(91)	(91)
<b>Net assets acquired</b>	<b>242</b>	<b>359</b>	<b>601</b>
<b>Goodwill</b>			<b>536</b>
<b>Consideration and cost of investment</b>			<b>1,137</b>
<b>Fair value of consideration transferred</b>			
Cash paid in year			727
Share issued			200
Deferred consideration			210
			<b>1,137</b>

The fair values assigned are provisional and will be finalised within 12 months of the acquisition date.

Applied Thermal Control Limited contributed £255,000 revenue and £45,000 to the Group's profit for the period between the date of acquisition and the interim balance sheet date.

The goodwill of £536,000 arising from the acquisition primarily relates to expected future profitability and growth expectations.

Deferred consideration of c.£210,000, accrued for at the interim balance sheet date, is expected to be paid in February 2018 based upon trading results to 31 December 2017.



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