



Scientific Digital Imaging plc (“SDI”) designs and manufactures scientific and technology products for use in digital imaging and sensing and control applications including life sciences, healthcare, astronomy, manufacturing and art conservation. SDI operates through its company divisions: Applied Thermal Control, Astles, Atik Cameras, Sentek and Synoptics, as well as the recently acquired, Fistreem. SDI continues to grow by developing its own technology advancements and by improving its global distribution footprint, as well as through pursuing strategic, complementary acquisitions.

Contents

Strategic report

- 01 Interim highlights
- 02 SDI Group overview
- 04 Chairman’s statement

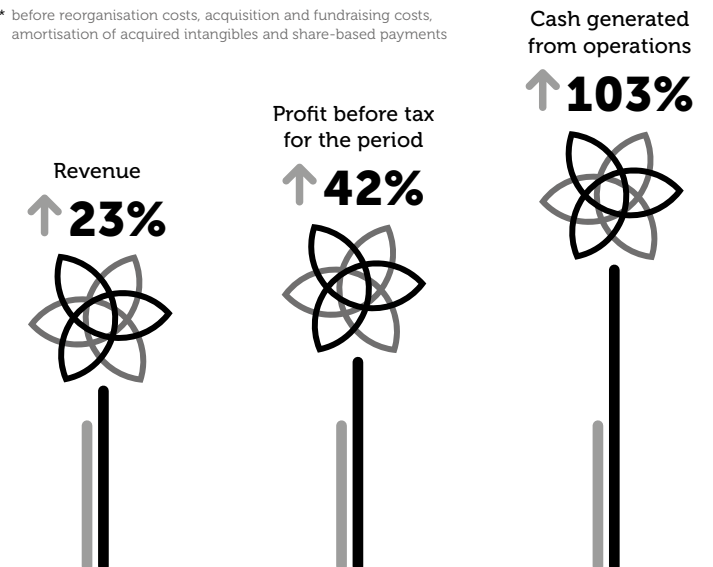
Financial statements

- 08 Consolidated income statement
- 09 Consolidated statement of comprehensive income
- 10 Consolidated balance sheet
- 11 Consolidated statement of cash flows
- 12 Consolidated statement of changes in equity
- 14 Notes to the interim financial statements

Interim highlights

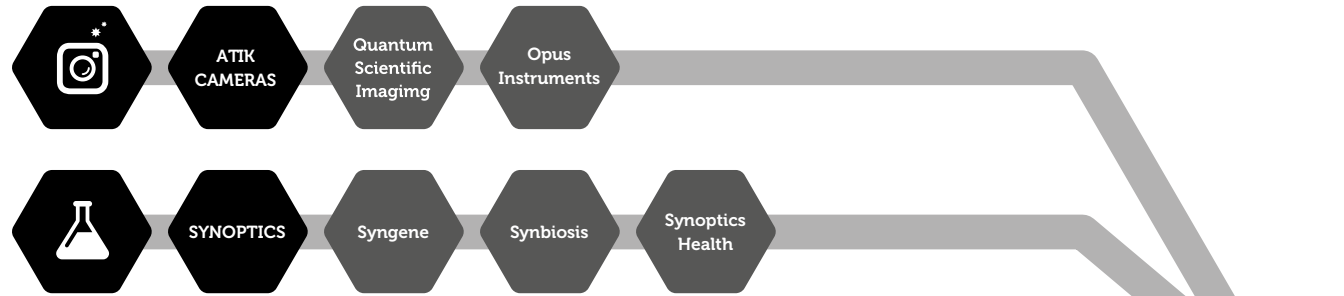
- Revenue increased by **23%** to **£8,047,000** (2017: £6,552,000)
- Revenue growth driven by organic (11%) and acquisitions (12%)
- Adjusted operating profit* for the period increased to **£1,494,000** (2017: £1,137,000)
- Adjusted profit before tax* increased to **£1,464,000** (2017: £1,110,000)
- Profit before tax for the period increased to **£1,199,000** (2017: £846,000)
- Cash generated from operations increased **103%** to **£1,531,000** (2017: 755,000)
- In September 2018 SDI acquired Fistreem International for consideration of **£756,000**

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

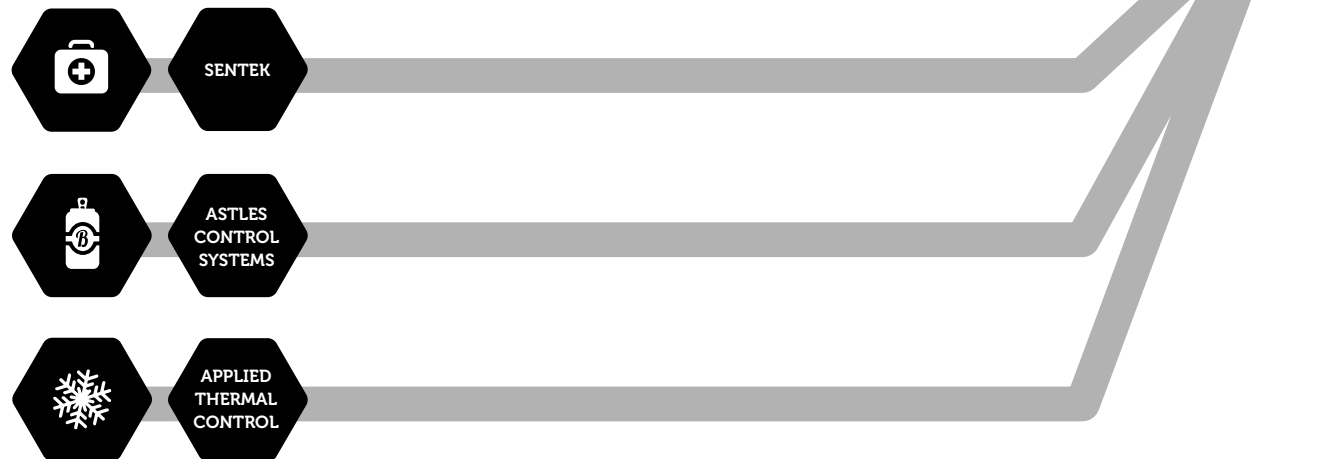


The SDI Group portfolio (as at 17.12.2018)

Digital Imaging



Sensors & Control



ATIK CAMERAS – Offered through 3 brands:

Atik Cameras – designs and manufactures highly sensitive cameras. These are marketed for life science and industrial applications.

Quantum Scientific Imaging (“QSI”) – designs and manufactures a range of high performance cameras that have applications in astronomy, life sciences and flat panel inspection.

Opus Instruments – designs and manufactures cameras for art conservation and restoration.

SYNOPTICS – Offered through 3 brands:

Syngene – produces advanced systems for documentation and analysis of gels for the molecular biologist.

Synbiosis – provides equipment to the microbiologist to automate the process of microbial colony counting and zone sizing.

Synoptics Health – manufactures ProReveal, a test to detect residual proteins on surgical instruments using fluorescence.

SENTEK

The UK’s largest independent producer of electrochemical, pH and conductivity sensors for water-based applications.

ASTLES CONTROL SYSTEMS

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

APPLIED THERMAL CONTROL

Applied Thermal Control (“ATC”), the largest acquisition made by the SDI Group during the financial year, designs and manufactures precision re-circulating chillers, coolers and heat exchangers used to control the thermal environment within life science and analytical system.

FISTREEM (Acquired September 2018)

Fistreem manufactures water purification products and vacuum ovens.



For more information visit:
www.scientificdigitalimaging.com

Chairman's statement

OVERVIEW

This has been a record-breaking six-month period with 23% sales growth and 31% growth in adjusted operating profit, together with welcoming a new acquisition, Fistreem International ("Fistreem"), to our portfolio of companies in September this year. The Group will continue to seek to acquire firms which have complementary technologies alongside growing its existing businesses.

SDI revenue was £8,047,000 in the six months to 31 October 2018 compared with £6,552,000 for the six months to 31 October 2017. The revenue increase was balanced between organic growth of 11%, notably at the Atik Cameras and Sentek divisions, and the contribution of revenues from Applied Thermal Control ("ATC") (acquired in August 2017), Quantum Scientific Imaging ("QSI") (acquired January 2018) and Fistreem acquired businesses in months in which they were not part of the Group in the prior year.

In digital imaging, Atik Cameras expanded revenues and profitability through both OEM and direct camera sales. The business has been enhanced by the acquisition of the QSI camera brand in 2018. Synoptics has continued to focus its product portfolio relative to the different international markets, which has led to the division maintaining profitability during the period.

In sensors and control, Sentek has again achieved a significant increase in revenue, and has expanded staffing and begun the expansion of its manufacturing facility. Astles also increased revenues, and ATC has now completed a full year of profitable trading within the Group.

We expect Fistreem, our most recent acquisition, to be earnings enhancing in this financial year.

During the period, SDI recruited a new CFO, Jon Abell and his appointment is allowing Mike Creedon, the Company's CEO who was covering the role, to concentrate on acquisitions and operational improvements for a growing business.

Basic earnings per share was 1.12p (2017: 0.98p). Fully diluted earnings per share was 1.10p (2017: 0.95p)

The Group has adequate working capital reserves and bank facilities that can be used, with its steady cashflow, to acquire new companies with complementary technologies and SDI expects to announce further expansion of the Group with the addition of at least another new company by the end of the financial year.

PRODUCT PORTFOLIO

Digital Imaging

The digital imaging portfolio consists of two companies, Atik Cameras and Synoptics. Atik Cameras designs and manufactures sensitive cameras for deep-sky astronomical and life science imaging applications under the Artemis, Atik, and QSI brands, as well as art conservation via Opus Instruments. Synoptics designs and manufactures innovative digital imaging systems for use in the life science and clinical markets via its Syngene, Synbiosis and Synoptics Health brands and utilises some of the Atik range in its products. These digital imaging companies delivered an 18% increase in sales revenue compared with the prior period.

ATIK CAMERAS

During the period, Atik Cameras reported strong sales and profitability with a mix of organic and acquisitive growth. OEM sales of cameras with customers including a major life science imaging company, an Asian manufacture of qPCR systems and the Synoptics group remained robust. OEM sales have been strengthened by the successful integration of QSI, which was acquired in February 2018. Atik has continued to work with all QSI's OEM customers to ensure existing products meet their requirements, as well as developing new QSI high-specification camera technology for use in life sciences.

Atik has also introduced a new version of the Opus Instruments Infrared Reflectography camera, APOLLO, into the art conservation market in 2018 which has seen strong reviews from the early buyers of the camera.

The division continues to develop new cameras which contain less-expensive CMOS (Complementary Metal-Oxide-Semiconductor) sensors instead of CCDs (Charge Coupled Devices), with a view to

replacing CCDs in many of its ranges by 2025. The Board believes the demand for Atik's products by life science OEMs, as well as the art conservation and amateur astronomy markets, will ensure Atik maintains its positive contribution to the SDI Group throughout 2019

SYNOPTICS

Syngene is continuing to market smaller, competitively priced DNA imaging systems, which are selling well across all territories. The division will offer a new high-end, multi-application G:BOX system with a 12 megapixel camera (the only one of its type in the world) in 2019. The Board believes this new system will be popular in European and North American markets and will also generate intra-group revenues and profit at Atik Cameras.

Sales revenue of Synbiosis' automated colony counters continued to grow in the period. Synbiosis is developing a high-value, fully-automated, plate-feeder and colony counter/zone measurement system designed for pharmaceutical companies that are testing new antibiotics and vaccines which will be launched in 2019.

Synoptics Health ProReveal, in-situ fluorescence test to detect proteins on surgical instruments, is being routinely used in 11 teaching hospitals and several decontamination companies across the UK. These hospitals are advocating ProReveal as best practice for detecting proteins on surgical instruments and are purchasing the consumables that are required to operate their systems, which are providing some sales growth with this product. However, because the NHS is not yet enforcing the new HTM 01-01 regulations, which state a test must be able to detect protein to $\leq 5 \mu\text{g}$ in situ on an instrument's surface, the uptake of ProReveal across the NHS is slow.

PRODUCT PORTFOLIO CONTINUED

Sensors & Control

The sensors and control segment of SDI currently encompasses three acquired companies; Applied Thermal Control (ATC), Astles Control Systems (Astles), and Sentek. ATC manufactures, and supplies chillers, coolers and heat exchangers used within scientific instruments. Astles is a supplier of chemical dosing and control systems to different manufacturing industries. Sentek manufactures and markets off-the shelf and custom-made, reusable and single-use electrochemical sensors for use in laboratory analysis, food, beverage, pharmaceutical and personal care manufacturing, as well as the leisure industry. The sensing and control companies, ATC, Astles and Sentek together delivered a 27% increase in sales revenue compared to the previous period.

ASTLES CONTROL SYSTEMS

Astles' chemical dosing and control systems equipment utilises many of Sentek's electrochemical sensors and has continued to sell into its existing markets and contributed to intra-group revenues during the period. The division has appointed Hal Stephenson as its new CEO, with the company founder Peter Astles taking on a business development role going forward.

APPLIED THERMAL CONTROL

Applied Thermal Control (ATC) is continuing to sell chillers into the life science sector, as well as into digital printing and laser lithography markets worldwide and has been earnings enhancing for the SDI Group during the period. ATC has redesigned one of its chiller systems to comply with new EU regulations on equipment containing fluorinated greenhouse gas and is testing these products in bioprocess automation.

SENTEK

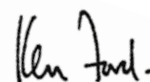
Sentek further increased sales turnover in the period, driven by sales growth of its reusable and single-use sensor portfolio. The single-use electrode business remains buoyant, with Sentek continuing to be a large OEM supplier to two global life science and healthcare companies. Sales of the automated systems made by these companies are increasing year on year and sales of the electrodes continue to grow as a consequence. To ensure the division meets quality and production demands, Sentek has recruited additional staff, and has leased and is refurbishing an additional building to increase the size of its manufacturing footprint. The new facilities will be ready for production by April 2019.

ACQUISITIONS

In September 2018, SDI acquired Fistreem, a manufacturer of water purification products and vacuum ovens. Its Cyclon Water Still water purifier is recognised as a world leading brand for scientific and healthcare applications. The Board believes that the integration risk relating to the acquisition is low and will increase SDI's business revenue by utilising its current staff level and premises. This is a complementary fit to the SDI Group, providing potential areas for market penetration and growth. The acquisition is expected to be earnings enhancing in its first full year of ownership.

OUTLOOK

Going forward, all our businesses are in good health and are prepared to trade profitably through any potential turbulence, while also developing new opportunities. The Board remains confident in the outlook for the year as current trading remains robust and comfortably in line with market expectations. SDI is continuing to review acquisition opportunities of profitable businesses and intends to add other companies to the Group. Alongside our existing portfolio of businesses serving global markets with niche technologies, we believe new acquisitions will maintain a good balance for continued growth and profitability. The Board hopes to add at least one other company to the Group before the end of the financial year as we continue with our successful strategy of organic and acquisitive growth.



KEN FORD
CHAIRMAN
17 December 2018

Consolidated income statement

Unaudited for the six months ended 31 October 2018

	6 months to 31 October 2018 Unaudited £'000	6 months to 31 October 2017 Unaudited £'000	12 months to 30 April 2018 Audited £'000
Note			
Revenue	8,047	6,552	14,496
Costs of sales	(2,736)	(2,163)	(4,954)
Gross profit	5,311	4,389	9,542
Administrative expenses	(3,970)	(3,384)	(7,473)
Reorganisation costs	(4)	(7)	(63)
Share-based payments	(48)	(5)	(65)
Acquisition and fundraising costs	(60)	(120)	(165)
Operating profit	1,229	873	1,776
Net financing expense	(30)	(27)	(63)
Profit before taxation	1,199	846	1,713
Income tax credit (charge)	(203)	25	(98)
Profit for the period	996	871	1,615
Earnings per share			
Basic earnings per share	5 1.12p	0.98p	1.81p
Diluted earnings per share	1.10p	0.95p	1.79p

Consolidated statement of comprehensive income

Unaudited for the six months ended 31 October 2018

	6 months to 31 October 2018 Unaudited £'000	6 months to 31 October 2017 Unaudited £'000	12 months to 30 April 2018 Audited £'000
Profit for the period	996	871	1,615
Other comprehensive income			
Exchange differences on translating foreign operations	50	(5)	(30)
Total comprehensive profit for the period	1,046	866	1,585

Consolidated balance sheet

Unaudited at 31 October 2017

	Note	31 October 2018 Unaudited £'000	31 October 2017 Unaudited £'000	30 April 2018 Audited £'000
Assets				
Non-current assets				
Intangible assets		11,299	10,609	10,727
Property, plant and equipment		370	503	431
Deferred tax asset		27	47	37
		11,696	11,159	11,195
Current assets				
Inventories		2,200	1,963	2,090
Trade and other receivables		2,858	2,186	2,221
Cash and cash equivalents		2,307	1,143	2,007
		7,365	5,292	6,318
Total assets		19,061	16,451	17,513
Liabilities				
Non-current liabilities				
Borrowings	6	1,378	1,171	1,391
Deferred tax liability		1,033	1,015	969
		2,411	2,186	2,360
Current liabilities				
Trade and other payables		2,392	1,907	2,309
Provisions for warranty		11	19	11
Borrowings	6	34	332	29
Current tax payable		494	229	244
		2,931	2,487	2,593
Total liabilities		5,342	4,673	4,953
Net assets		13,719	11,778	12,560
Equity				
Share capital		896	896	896
Merger reserve		3,030	3,030	3,030
Share premium account		6,390	6,390	6,390
Own shares held by Employee Benefit Trust		(17)	(85)	(82)
Other reserves		196	88	148
Foreign exchange reserve		159	134	109
Retained earnings		3,065	1,325	2,069
Total equity		13,719	11,778	12,560

Consolidated statement of cash flows

Unaudited for the six months ended 31 October 2018

	6 months to 31 October 2018 Unaudited £'000	6 months to 31 October 2017 Unaudited £'000	12 months to 30 April 2018 Audited £'000
Operating activities			
Profit for the period	996	871	1,615
Depreciation and amortisation	579	306	1,076
Impairment of capitalised development assets	50	-	-
Finance costs and income	30	27	63
(Decrease) / increase in provisions	-	-	(8)
Taxation expense in the income statement	203	(25)	98
Employee share-based payments	47	5	65
Operating cash flow before movement in working capital	1,905	1,184	2,909
(Increase)/decrease in inventories	(34)	(62)	(134)
Changes in trade and other receivables	(529)	(119)	(106)
Changes in trade and other payables	189	(248)	185
Cash generated from operations	1,531	755	2,854
Interest paid	(30)	(27)	(63)
Income taxes (received)/paid	(8)	-	(198)
Cash generated from operating activities	1,493	728	2,593
Cash flows from investing activities			
Capital expenditure on fixed assets	(69)	(165)	(184)
Sale of property plant and equipment	35	34	3
Expenditure on development and other intangibles	(273)	(32)	(620)
Acquisition of subsidiaries, net of cash	(744)	(926)	(1,341)
Net cash used in investing activities	(1,051)	(1,089)	(2,142)
Cash flows from financing activities			
Finance leases repayments net	(8)	(21)	(33)
Proceeds from bank borrowings	-	450	1,370
Deferred consideration paid	(152)	(1,353)	(1,201)
Exchange difference	-	(4)	(24)
Repayment of borrowings	-	(120)	(1,111)
Issues of shares	-	197	200
Net cash from/(used in) financing activities	(160)	(851)	799
Net (decrease)/increase in cash and cash equivalents	282	(1,212)	(348)
Cash and cash equivalents, beginning of period	2,007	2,355	2,355
Foreign currency movements on cash balances	18	-	-
Cash and cash equivalents, end of period	2,307	1,143	2,007

Consolidated statement of changes in equity

Unaudited for the six months ended 31 October 2018

	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
6 months to 31 October 2018 – unaudited								
Balance at 1 May 2018	896	3,030	109	6,390	(82)	148	2,069	12,560
Share-based payments	-	-	-	-	-	48	-	48
Release of shares on option exercise	-	-	-	-	65	-	-	65
Transactions with owners	-	-	-	-	65	48	-	113
Profit for the period	-	-	-	-	-	-	996	996
Foreign exchange on consolidation of subsidiary	-	-	50	-	-	-	-	50
Total comprehensive income for the period	-	-	50	-	-	-	996	1,046
Balance at 31 October 2018	896	3,030	159	6,390	(17)	196	3,065	13,719
6 months to 31 October 2017 – unaudited								
Balance at 1 May 2017	889	3,030	139	6,200	(85)	83	454	10,710
Share-based payments	-	-	-	-	-	5	-	5
Issue of share capital	7	-	-	190	-	-	-	197
Transactions with owners	7	-	-	190	-	5	-	202
Profit for the period	-	-	-	-	-	-	871	871
Foreign exchange on consolidation of subsidiary	-	-	(5)	-	-	-	-	(5)
Total comprehensive income for the period	-	-	(5)	-	-	-	871	866
Balance at 31 October 2017	896	3,030	134	6,390	(85)	88	1,325	11,778
12 months to 30 April 2018 – audited								
Balance at 1 May 2017	889	3,030	139	6,200	(85)	83	454	10,710
Shares issued	7	-	-	190	3	-	-	200
Share-based payments	-	-	-	-	-	65	-	65
Transactions with owners	7	-	-	190	3	65	-	265
Profit for the year	-	-	-	-	-	-	1,615	1,615
Foreign exchange on consolidation of subsidiaries	-	-	(30)	-	-	-	-	(30)
Total comprehensive income	-	-	(30)	-	-	-	1,615	1,585
Balance at 30 April 2018	896	3,030	109	6,390	(82)	148	2,069	12,560

Notes to the interim financial statements

1 General information and basis of preparation

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 2018 comprise the Company and its subsidiaries (together referred to as the "Group").

The Group has determined that, from the current financial year, it is appropriate to provide an analysis of its activities in two distinct operating segments, Digital Imaging and Sensors & Control, and this analysis is provided in Note 4, including comparative information from previous periods.

The unaudited consolidated interim financial statements are for the six months ended 31 October 2018. 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 2018 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 17 December 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 2018 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 2018 and for the six months ended 31 October 2017 has not been audited.

2 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 2018, except that the Group has implemented IFRS 15 ("Revenues from Contracts with Customers") with effect from 1 May 2018. No restatement to prior period comparatives was required.

Segment reporting

Until 30 April 2018, management considered that the Group constituted a single operating segment.

During the period, the Group has started to analyse its operating performance for management reporting purposes into two distinct segments, under the names Digital Imaging and Sensors & Control, and has concluded that it is appropriate to report these as operating segments under IFRS8.

The segment Digital Imaging incorporates the Synoptics brands Syngene, Symbiosis and Synoptics Health, and the Atik brands Atik Cameras, Opus and Quantum Scientific Imaging. These businesses use digital imaging to provide detailed analysis and images broadly to the biotechnology and amateur astronomy sectors. Revenues derive from the sale of instruments, major components for OEM customers' instruments, and from accessories and service.

The Sensors & Control segment combines our Sentek, Astles Control Systems and Applied Thermal Control entities. All of these businesses enable accurate control of scientific and industrial equipment. Their revenues also derive from the sale of instruments, major components for OEM customers' instruments, and from accessories and service.

The Board of Directors reviews operational results of these segments on a monthly basis, and decides on resource allocations to the segments and is considered the Group's chief operational decision maker. Historical but unaudited financial information for these segments is available for the year 2017-18, and is therefore presented below in addition to the information for the current period.

The Board has not yet allocated the newly-acquired Fistreem International unit to either of the segments, but would expect to have done so by the end of the financial year.

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

Notes to the interim financial statements CONTINUED**3 Alternative Performance Measures**

The Group uses Adjusted Operating Profit and Net Operating Assets as supplemental measures of the Group's profitability and investment in business-related assets, in addition to measures defined under IFRS. The Group considers these useful due to the exclusion of specific items that are considered to hinder comparison of underlying profitability and investments of the Group's segments and businesses. The following tables are included to define the terms Adjusted Operating Profit and Net Operating Assets used in this report.

	6 months to 31 October 2018 Unaudited £'000	6 months to 31 October 2017 Unaudited £'000	12 months to 30 April 2018 Unaudited £'000
Operating profit	1,229	873	1,776
Reorganisation costs	4	7	63
Share-based payments	48	5	65
Acquisition and fundraising costs	60	120	165
Amortisation of acquired intangible assets	153	132	277
Total adjusting items within operating profit	265	264	570
Adjusted operating profit	1,494	1,137	2,346
	31 October 2018 Unaudited £'000	31 October 2017 Unaudited £'000	30 April 2018 Unaudited £'000
Net assets	13,719	11,778	12,560
Deferred tax asset	27	47	37
Cash and cash equivalents	2,307	1,143	2,007
Borrowings (current and non-current)	(1,412)	(1,503)	(1,420)
Deferred tax liability	(1,033)	(1,015)	(969)
Current tax payable	(494)	(229)	(244)
Total adjusting items within net assets	(605)	(1,557)	(589)
Net operating assets	14,324	13,335	13,149

4 Segmental analysis

	6 months to 31 October 2018 Unaudited £'000	6 months to 31 October 2017 Unaudited £'000	12 months to 30 April 2018 Unaudited £'000
Revenues			
Digital Imaging	4,305	3,659	7,647
Sensors & Control	3,672	2,893	6,849
Fistream / Other	70	-	-
Group	8,047	6,552	14,496
Adjusted operating profit			
Digital Imaging	1,007	555	969
Sensors & Control	915	805	1,978
Fistream / Other	(428)	(223)	(601)
Group	1,494	1,137	2,346
Amortisation of acquired intangible assets			
Digital Imaging	7	3	7
Sensors & Control	146	129	270
Fistream / Other	-	-	-
Group	153	132	277

A reconciliation of Adjusted operating profit to Operating profit is provided in Note 3.

The Fistream / Other category includes revenues and costs for the newly acquired Fistream International entity, plus costs which cannot be allocated to the other segments.

Notes to the interim financial statements CONTINUED4 Segmental analysis CONTINUED

	31 October 2018 Unaudited £'000	31 October 2017 Unaudited £'000	30 April 2018 Unaudited £'000
Operating assets excluding acquired intangible assets			
Digital Imaging	4,395	4,097	3,976
Sensors & Control	2,036	1,694	1,966
Fistream / Other	118	428	20
Group	6,549	6,219	5,962
Acquired intangible assets			
Digital Imaging	1,352	1,139	1,360
Sensors & Control	8,003	7,903	8,148
Fistream / Other	824	-	-
Group	10,179	9,042	9,508
Liabilities			
Digital Imaging	(999)	(899)	(1,148)
Sensors & Control	(1,082)	(640)	(845)
Fistream / Other	(323)	(387)	(328)
Group	(2,404)	(1,926)	(2,321)
Net operating assets			
Digital Imaging	4,749	4,337	4,188
Sensors & Control	8,956	8,957	9,269
Fistream / Other	619	41	(308)
Group	14,324	13,335	13,149

A reconciliation of Adjusted operating profit to Operating profit is provided in Note 3.

The Fistream / Other category includes revenues and costs for the newly acquired Fistream International entity, plus costs which cannot be allocated to the other segments.

5 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. All profit per share calculations relate to continuing operations of the Group.

	Profit attributable to shareholders £'000	Weighted average number of shares	Basic earnings per share amount in pence
Basic earnings per share:			
Period ended 31 October 2018	996	89,115,396	1.12
Period ended 31 October 2017	871	89,152,003	0.98
Year ended 30 April 2018	1,615	89,391,064	1.81
Dilutive effect of share options:			
Period ended 31 October 2018		1,568,842	
Period ended 31 October 2017		2,300,652	
Year ended 30 April 2018		723,173	
Diluted earnings per share:			
Period ended 31 October 2018	996	91,202,266	1.10
Period ended 31 October 2017	871	91,452,655	0.95
Year ended 30 April 2018	1,615	90,114,237	1.79

Notes to the interim financial statements CONTINUED

6 Borrowings

	31 October 2018 £'000	31 October 2017 £'000	30 April 2018 £'000
Within one year:			
Bank finance	-	302	-
Finance leases	34	30	29
	34	332	29
After one year and within five years:			
Bank finance	1,370	1,139	1,370
Finance leases	8	32	21
	1,378	1,171	1,391
Total borrowings	1,412	1,503	1,420

Bank finance for 31 October 2018 relates to amounts drawn down under the Group's revolving bank facility with HSBC Bank plc. The Group has a £3,000,000 facility with an accordion option of an additional £2,000,000. The termination date of the facility is 3 April 2021, with options to extend for a further two years.

7 Business combinations

On 24 September 2018, the Company acquired the entire share capital of Fistreem International Limited, a company incorporated in England and Wales, for consideration payable in cash.

The provisional allocation of fair values of assets and liabilities acquired is as follows:

	Book value £'000	Provisional fair value adjustment £'000	Fair value £'000
Assets			
Non-current assets			
Fixed assets	1	-	1
Intangible assets – trade names	-	24	24
Intangible assets – customer relationships	-	430	430
Total non-current assets	1	454	455
Current assets			
Stock	107	(50)	57
Debtors	35	(2)	33
Cash at bank	12	-	12
Liabilities			
Trade and other payables	(35)	(5)	(40)
Taxation	(45)	-	(45)
Deferred tax on intangibles assets	-	(86)	(86)
Net assets acquired	75	311	386
Goodwill			370
Consideration and cost of investment			756
Fair value of consideration transferred			
Cash paid in year			756
			756

The fair value of the net assets acquired are net of the cash in the business at the acquisition date (£862,000) which was paid directly back to the previous owners under the conditions of the purchase agreement.

Fistreem International Limited contributed £70,000 revenue and £16,000 to the Group's profit for the period between the date of acquisition and the interim balance sheet date, excluding acquisition costs. The goodwill of £370,000 arising from the acquisition primarily relates to expected future profitability and growth expectations. Acquisition costs were £60,000 and these have been recognised on the face of the consolidated income statement.



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