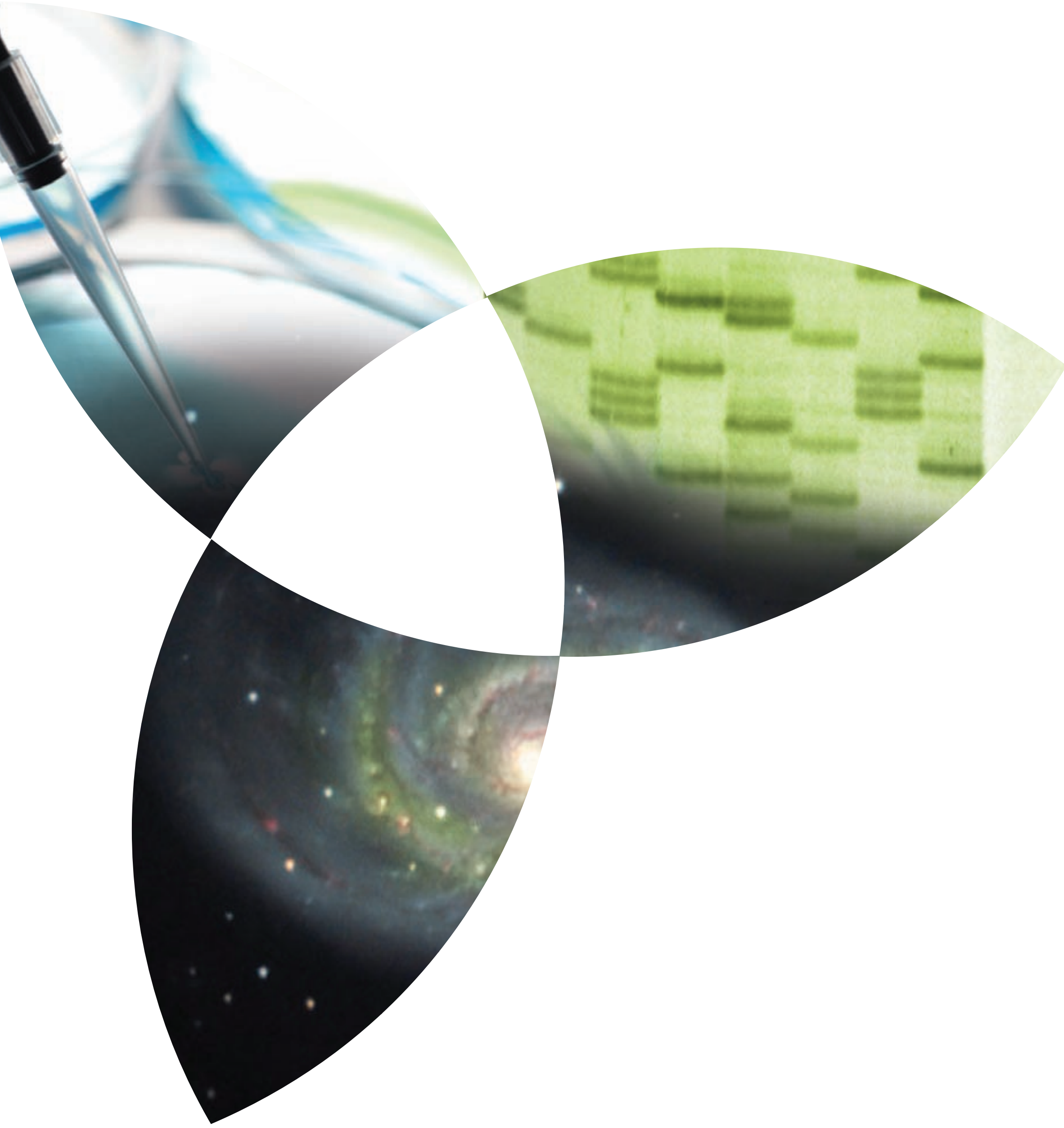
Annual Report and Accounts 2010
Scientific Digital Imaging plc



Contents

OurClients

BURZYNSKIRESEARCH

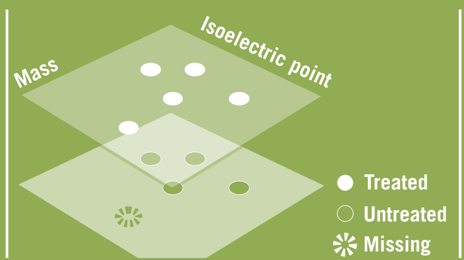
Critical research on anti-cancer drugs

At the Burzynski Research Institute in Texas, Dr Sonali Patil is using Syngene products to determine the molecular effects that compounds have on brain tumors. Proteomic science uses two-dimensional gels to separate the thousands of proteins in a sample, allowing them to be laid out as a ‘fingerprint’ across the gel. But searching for the one or two proteins that represent the difference between (say) a treated and untreated brain tumour is like looking for a straw in a haystack. It requires a specialised, high performance imaging system to record the gels and sophisticated software to analyse the images. Syngene’s Dyversity and Dymension products were chosen, and Dr Patil uses them to study proteins derived from glioblastoma cells. The information generated is helping to determine what effects different compounds have on proteins associated with brainstem glioma – an aggressive type of brain tumor – and could lead to the introduction of novel treatments for this life-threatening disease. The flexibility of the Dyversity system also allows it to be used for chemiluminesence imaging of one-dimensional gels for genomic studies.

Dr. Patil says “we have used Dyversity in conjunction with the Dymension 2D analysis software to quantify spots on 2D gels because the two integrate well and the software layout makes this complicated analysis easy. We are extremely happy with the way it presents data and have even identified a couple of protein spots which look promising. Additionally, the technical support we have had from Syngene has been exceptional”

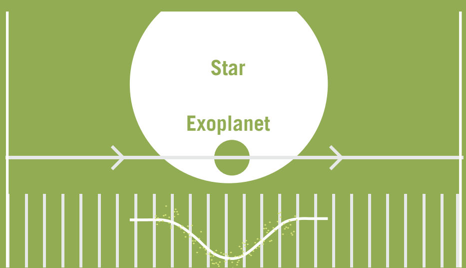
BURZYNSKI

Protein Study



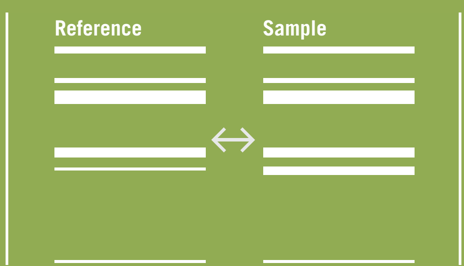
ATIK CAMERAS

The Dimming Effect



ABCAM

Antibodies



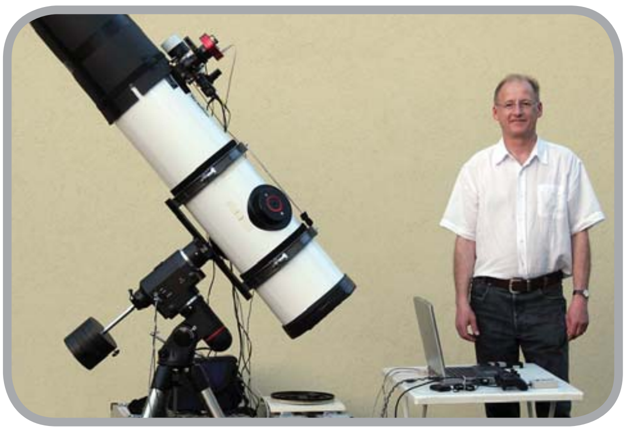
ATIKCAMERAS

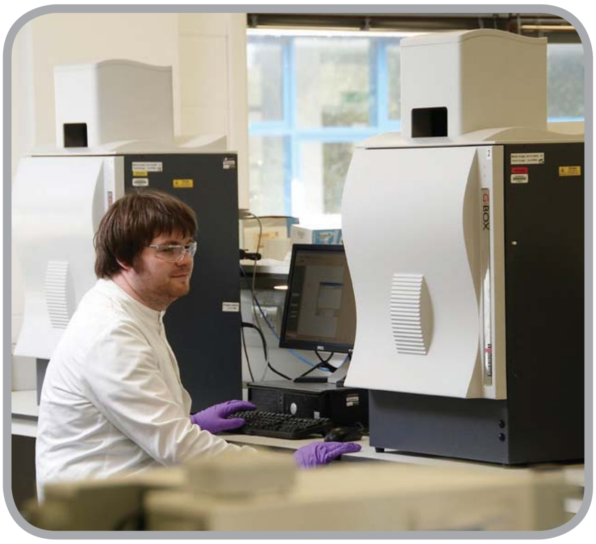
Spot distant planets

An exoplanet, or extrasolar planet, is one outside the solar system – in orbit around a distant star. Although the existence of exoplanets has been assumed for many years, the first confirmation of this was achieved only as recently as 1992. Since then around 455 exoplanets have been discovered, some hundreds of light years away, mostly by professional astronomers using the most sophisticated telescopes available.

Gerhard Dangl is an amateur astronomer who uses an Atik camera to detect the minute changes in the light reaching us from a distant star as an exoplanet's orbit takes it between the star and his telescope. In April 2010 he used this technique to observe the exoplanet TrEs-3, in orbit around a star some 1300 light years away which is about 1000 times too faint to be seen with the naked eye. To detect the dimming effect reliably, he needed to collect over 300 images over more than one hour whilst keeping the telescope accurately tracking the motion of the heavens. The high sensitivity of the Atik camera and the low level of noise (speckle) in the images are essential to the process, which is looking for a tiny change in an already tiny signal.

Gerhard's data, which clearly shows the predicted dimming effect, was verified by the Czech Astronomical Society and published as part of their international project on variable stars and exoplanets.





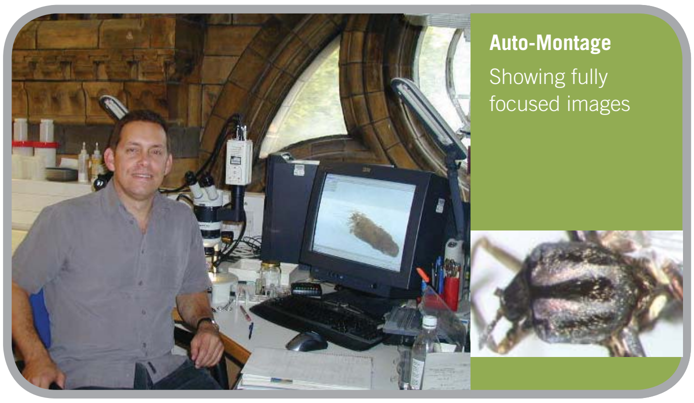
ABCAMPLC

Quality gel documentation for quality control

Abcam plc is a hugely successful producer and distributor of research-grade antibodies and reagents that it supplies to science laboratories around the world. Their research-grade antibodies are used as fundamental detection tools by bio-scientists. For example, a researcher trying to understand how a cell function works normally or has gone wrong in a diseased cell can use antibodies to mark and identify specific proteins that are present within the cell at a particular phase of its development.

At Abcam's headquarters on the Trinity Science Park in Cambridge the antibodies are produced and, crucially, checked for quality. Speed and accuracy are critical in this application, and in 2007 Abcam installed a Syngene G:BOX imager to replace their existing infra-red fluorescence detector. They found the system much more cost-effective and it generated accurate results in a fraction of the time, and consequently they installed another three systems in 2008. These are now used to image more than 200 samples every week.

OurClients



NATURALHISTORYMUSEUM

Insect studies at the Natural History Museum

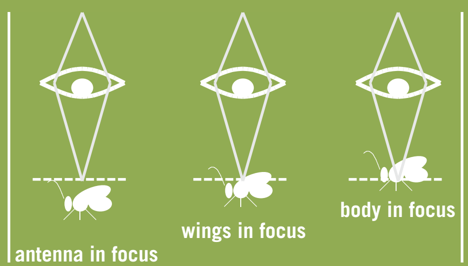
Syncroscopy has collaborated with the Natural History Museum in London since the outset, because it was the Museum that originally asked us to develop a solution to the problem it faced: the difficulty in recording accurate images of insects. Microscopes have a very shallow depth of field, so that if, say, the antennae of an insect are in focus then the body and legs probably won't be. We developed the solution, Auto-Montage, and it has been in use at the museum ever since.

Mr. Luis M. Hernández is a Research Entomologist at the museum, working on the taxonomy and systematics of blackflies. This family of insects is medically important because it transmits the parasite that causes river blindness in some 17 million people of the Afrotropical and Neotropical regions, and also economically important because it is highly sensitive to contamination of fresh water by various pollutants and therefore used as an environmental indicator.

Part of his research is the building of a digital image library of the taxonomic characters of the species, and processing of the images by Auto-Montage is an essential part of this process in order to present fully focused images on the web and in publications. He has imaged specimens collected in both Latin America and Thailand, and also imaged the 'master' specimens, or holotypes, held in various museums. Recently he worked at the Smithsonian Institute's National Museum of Natural History in Washington D.C., which is also a long-term user of Auto-Montage.

NATURAL HISTORY MUSEUM

Focal Plane of the Lens



SCIENTIFIC DIGITAL IMAGING PLC
www.scientificdigitalimaging.com

COMPANY REGISTRATION NUMBER
6385396

REGISTERED OFFICE
Beacon House
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Cambridge
CB4 1TF

DIRECTORS
H L Tee CBE
(Chairman)

P Atkin
(Chief Executive Officer)

M Creedon
(Chief Financial Officer)

E K Ford

J Gibbs
(Deputy Chairman)

A Simon

SECRETARY
M Creedon

ADVISERS

NOMINATED ADVISER AND BROKER
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Our Highlights

Results for the year ended 30 April 2010

- **Board strengthened** with two non-executive directors and one executive
- Revenue **increased by 6.4% to £7.2m** (2009: £6.8m) despite subdued economic conditions
- Operating profit before currency losses **£342k** (2009: £268k)
- Launched major new product, **ProtoCOL 2**
- **Strong cash balance £762k** (2009: £756k)
- Normalised EPS increased to **1.81p** (2009: 1.07p)

Chairman's Statement

On behalf of the Board I am pleased to report on a period in which we have successfully concentrated on growing the existing Group companies organically, whilst continuing in our efforts to acquire further complementary companies.

FINANCIAL RESULTS

Turnover for the period rose to £7.2m (2009: £6.8m), an increase of 6.4%, despite subdued economic conditions.

Operating profit for the year before currency losses was £342k (2009: £268k also adjusted for AIM admission expenses). After these, net trading profit for the year was £319k (2009: £106k). Basic earnings per share were 1.67p and fully diluted 1.46p, up from 0.05p and 0.04p respectively at the end of the previous period. Normalised earnings per share for the Group, excluding currency losses and AIM admission expenses were 1.81p (2009: 1.07p).

Cash of £331k (2009: £341k) was generated by operating activities. A convertible loan stock, issued to fund the Group's admission to AIM, stood at £352k at the end of the period (2009: £344k), and total borrowings stood at £422k (2009: 417k). Cash and cash equivalents were £762k at the end of the period (2009: £756k). The Group's net cash position was substantially unchanged at £340k (2009: £339k).

STRATEGY

The Board continues to pursue a focused strategy of acquiring digital imaging companies in the life sciences sector and in other scientific markets, 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 'buy and build' strategy will be primarily focused within Europe but, where opportunities exist, acquisitions in the United States and elsewhere will also be considered.

BOARD

Alf Vaisey retired from the Board at the end of March 2010, having provided valuable assistance to the Company's development, and especially to its establishment on AIM, since joining the Board in August 2008. We thank him for his contributions and wish him well.

In March 2010 we were joined by two experienced non-executive Directors, Ann Simon and Ken Ford. This was followed by the addition of Mike Creedon as Chief Financial Officer in May 2010. Each of them brings a wealth of experience and expertise across the financial, technology and scientific sectors.

CURRENT TRADING AND OUTLOOK

The global economic climate remains unstable and uncertain. Over recent periods, however, the Board's belief that the Group is relatively resilient to such uncertainty has been vindicated. The customers of the Group's principal subsidiary, Synoptics, are generally involved in projects whose funding is allocated on a long term basis, such as research or routine testing, and often through government agencies. Atik, the camera company, has continued to grow its share of the astronomy market and any downturn in consumer spending has been masked by this success.

Currency exchange rates can have a significant impact on our performance due to the wide geographical distribution of our markets. Prices to our distributors outside the US are generally denominated in Pounds Sterling, but local exchange rates can nevertheless affect the competitiveness of our products in those markets.

Chairman’s Statement

Following a period of maintained or increased government spending to support economies in an effort to mitigate recessionary pressures, it is possible that some reduction in grants and research budgets generally may have an adverse effect on the Group’s customers.

The Board continues to look at possible acquisition targets whilst being cautiously optimistic that its markets will remain stable and that the Group’s strategy will result in good medium-term growth.

STAFF

On behalf of the Board I would like to pay tribute to the continuing dedication and enthusiasm of all the employees of the Group. They have worked diligently and effectively through a period of considerable challenge to bring the Company to the point where it can make significant strides forward.

H L Tee CBE
Chairman

Members of the Board

HARRY TEE I CHAIRMAN

Harry Tee CBE joined the Board in 2008 and brings to SDI considerable experience of public and private companies. In 1994 he founded The Roxboro Group plc, now known as Dialight, which listed on the Official List of the London Stock Exchange and has grown organically and through acquisition to sales of £175 million per annum. He is now the non-executive chairman of Dialight plc.

Mr Tee is a recognised leader within the UK electronics industry and in 2005 formed and now chairs The Electronics Leadership Council. He is a Fellow of the Institution of Engineering and Technology (FIET), a Fellow of the Royal Institution (FRI), a Fellow of the Royal Society for the encouragement of Arts, Manufactures and Commerce (FRSA) and a Companion of the Chartered Institute of Management (CCIM).

PHIL ATKIN I CHIEF EXECUTIVE OFFICER

Phil Atkin was one of the three founders of Synoptics. He was instrumental in securing the initial funding for Synoptics and has been involved in the development of the business since incorporation. He was initially responsible for product research, design and development and served as Managing Director from 1997 until 2007, during which time he was instrumental in the reorientation of the company towards market-driven end-user products and the creation of the vertically orientated market divisions.

MIKE CREEDON I CHIEF FINANCIAL 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.

KEN FORD I NON-EXECUTIVE DIRECTOR

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 directorships include Aberdeen Asset Management, Morgan Grenfell and Wedd Durlacher. Ken is currently a director at AIM-listed companies BrainJuicer Group and Highams Systems Services Group.

JEREMY GIBBS I DEPUTY CHAIRMAN

Jeremy Gibbs graduated in Engineering Science, subsequently qualifying as a Chartered Mechanical Engineer and Chartered Electrical Engineer. His early career saw him obtaining management and consultancy positions in large engineering and technology-driven companies. Mr Gibbs was a non-executive director, then chairman, of NASDAQ-listed Futuremedia plc from 1997 to 2001. He is currently General Manager of Adaptivity Limited, a corporate finance boutique. Mr Gibbs was a Director of Synoptics from 2001 to 2008.

ANN SIMON I 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 is presently Chief Financial Officer of Sphere Medical Holding plc. She has managed IPOs (London full list and AIM), corporate acquisitions and trade sales and fund raisings 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.

Chief Executive's Operating Report

SYNOPTICS

Synoptics – a developer and manufacturer of innovative scientific instruments and systems that exploit digital imaging technology for a range of disciplines – accounted for 92% of the Group's revenues during the period.

Synoptics offers its products under three marketing brands, each targeting a different scientific discipline:

SYNBIOSIS

Synbiosis provides instruments and systems for microbiologists. In particular, it makes a range of instruments for counting and measuring the results of microbiological tests for the food, water and pharmaceutical markets. These instruments bring benefits to the customer in the form of reduced labour costs, more repeatable interpretations of the results, and by facilitating the automatic recording of samples for audit purposes – the latter becoming increasingly important as microbiological testing become more regulated.

During the period the new ProtoCOL 2 product was introduced fully to an expanded distribution network. New applications for the product were developed to support particular market segments. These applications are offered as optional software modules using the same basic instrument hardware and allow Synbiosis to target a broader range of markets. In addition, we have continued to refine the operation of ProtoCOL 2 to make it easier and more efficient in use.

We have worked to strengthen the distribution channels for the Synbiosis range – the improved ease of use of ProtoCOL 2 over its predecessor has made this possible – and have been particularly successful in Asia, where there is strong interest in the vaccine testing market. In the US, we have broadened the distribution network and added specific direct sales and support resource for this division.

SYNGENE

Syngene provides instruments, software and systems for documenting and analysing 'gels' used by molecular biologists in genomic and proteomic studies and is the largest of the three Synoptics businesses. Almost all research in the biological sciences involves an understanding of the underlying molecular processes involving DNA, RNA and proteins, and gel electrophoresis is a fundamental process in many laboratories working in this area.

Syngene continued to grow well across the world through its established network of distributors and (in the United States) manufacturers' representatives.

During the year the division performed particularly well in the US, thanks to further growth and strengthening of its representative network and improved acceptance and reputation of the brand with respect to its local competitors; we believe we have reached a 'tipping point' in this regard and are now an established player in the US market. Naturally, the increased value of the Dollar with respect to the Pound Sterling also had a beneficial effect on sales in the US over the period.

In the rest of the world, the picture was mixed with China and India showing good growth – particularly in high-end systems – but Europe and the UK flat. We also saw some growth in the Middle East.

Sales of a low-cost, innovative gel imaging system by one of the world's leading suppliers to the pharmaceutical, healthcare and life sciences markets continued to increase.

Chief Executive's Operating Report

SYNCROSCOPY

Syncroscopy provides digital imaging software to microscope users. Its main product, a software package that allows customers to overcome the severely limited depth of field in an optical microscope, is principally sold via Leica Microsystems, a leading microscope manufacturer. The software is offered as an option, as part of Leica's LAS software suite. During the period sales of the product grew and development has continued.

ATIK

Atik – formed in October 2008 by the acquisition and combination of Artemis and Perseu companies following their acquisition in October 2008 – designs and manufactures high-sensitivity cameras for deep-sky astronomical and life science imaging. It was acquired because of its strategic fit with the goals of SDI, the chance to achieve supply-chain integration of a key component of the Synoptics business, and because of its potential for growth in its astronomy market thanks to the quality of the principals.

Initially the cameras were designed with the needs of the astronomer in mind: high sensitivity and low noise for imaging faint objects in the night sky. However, these criteria also make the cameras suitable for low-light applications in other scientific applications and they were chosen by Synoptics in 2007 to provide cameras for the high-end Syngene systems.

The technological and market synergies identified at the time of the acquisitions have been achieved and Atik is performing well.

Development of a new software product for the post-processing of astronomical images has been accelerated through the use of a toolkit developed by Synoptics.

During the year we decided to launch the Atik range in the US, and our initiative has demonstrated the potential for Atik in this territory. Although the initial approach was to offer the cameras directly through a specific website and using the Synoptics office in Maryland to fulfil the orders, the increased profile of the brand has led to a number of good local companies wishing to distribute the cameras, and this may prove an attractive option.

Two important new camera ranges were launched during the year. The first, the Titan, has the facility to provide a stream of images at high speed and is suitable for planetary imaging and imaging of faint objects such as nebulae; this makes it an ideal camera for the beginner astrophotographer. Its fast readout rate also makes the platform suitable for a range of life science imaging applications.

The second new camera is a high resolution (8 megapixel), low noise camera at a very keen price that has attracted a great deal of interest from the astronomical community.

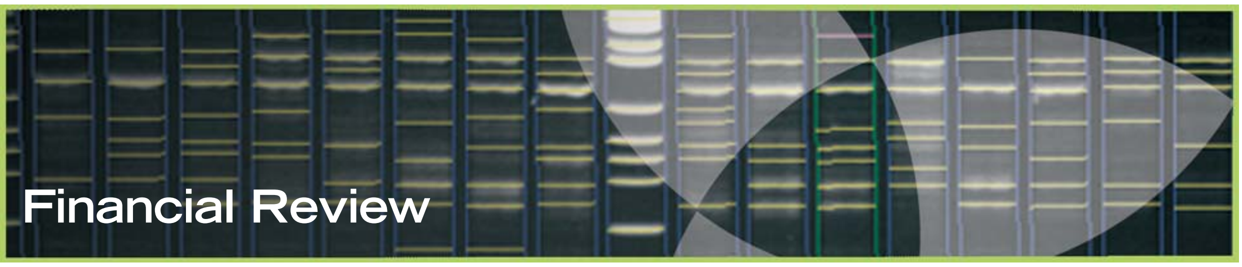
The growth of Atik has resulted in a need to increase production capacity.

SUMMARY

At Synoptics, the Synbiosis division has greatly strengthened its product range and distribution channels, and Syngene has enjoyed continued success, particularly in the US market.

Atik has made an increasing contribution to the Group thanks to both new cameras for Synoptics products and to growth in its amateur astronomy market.

We continue to pursue our strategy of 'buy and build' within the scientific digital imaging market.



Financial Review

GROUP SUMMARY

Group revenue for the year increased by 6.4% to £7.2m (2009: £6.8m).

Gross profit increased by 12.7% to £4.3m (2009: £3.8m) due to increased revenue and improved gross margins.

Operating profit for the year was £342k (2009: £268k) before currency losses; the previous year was distorted by the inclusion of the costs of bringing the Group to the AIM market. After these, net trading profit for the year was £319k (2009: £106k).

INVESTMENT IN R&D

Expenditure on research and development in the current year was £628k, representing 8.7% of Group sales (2009: £626k representing 9.3% of Group sales). Under IFRS we are required to capitalise certain development expenditure and in the year ending 30 April 2010 £176k 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 2010 was £104k (2009: £40k). The carrying value of the capitalised development at 30 April 2010 was £406k (2009: £335k) to be amortised over three years.

EARNINGS PER SHARE

Basic earnings per share for the Group were 1.67p (2009: 0.05p), diluted earnings per share for the Group were 1.46p (2009: 0.04p). Normalised earnings per share for the Group, excluding AIM admission costs and currency movements, were 1.81p (2009: 1.07p).

FINANCE COSTS AND INCOME

Net financing income was £3k (2009: £5k). The reduction in financing income was a result of the fall in interest rates during the year.

Net financing expense was £65k (2009: £54k). Loan stock interest charges for the year were £34k (2009: £25k). Loan stock of £379k was issued in July 2008.

TAXATION

The favourable tax balance of £18k is due to unrecognised tax losses in the Group and the additional deduction for research and development expenditure.

CASH FLOW

At the year end the Group had a cash balance of £762k (2009: £757k). The Group's net cash position was materially unchanged at £340k (2009: £339k).

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. Any exchange gains or losses from translating these items from one year to the next are recorded in reserves.

As with a 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.

SUMMARY

For the fourth consecutive year the Group has increased its revenues. Operating profit, adjusted for AIM admission costs and currency gains/losses, has increased by 28% from the level achieved in 2009. The Group retains a healthy balance sheet with a positive cash flow and net cash position of £340k (2009: £339k).

Report of the Directors

The Directors present their report together with the audited financial statements for the year ended 30 April 2010.

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 brand Atik), 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 focused strategy of acquiring digital imaging companies in the life sciences sector and in other scientific markets, 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 United States 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 Statement, Chief Executive's Statement and Financial Review, which appear on pages 7 to 12 give an overview of the performance of the Group during the year and likely future developments.

KEY PERFORMANCE INDICATORS

The key performance indicators (KPI's) used to monitor the business include revenue, gross margin, operating profit and earnings per share. The KPI's are regularly reviewed by the Directors and management in respect of changes within periods and changes between reporting periods. KPI highlights are provided within the Financial Review.

GROUP RESULTS

The Group profit for the year after taxation amounted to £276,478 (2009: profit £7,712) 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
P Atkin
E K Ford was appointed as a Director on 16 March 2010
J Gibbs
A Simon was appointed as a Director on 16 March 2010
A Vaisey resigned as a Director on 25 March 2010

After the end of the period M Creedon was appointed as a Director on 24 May 2010 .

The interests of the Directors and their families in the share capital of the Company are shown in the Remuneration report on page 20.

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 reappointed during the meeting.

Report of the Directors

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 21 October 2009, 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;
- 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.

STRUCTURE OF SHARE CAPITAL

As at 30 April 2010 the Company's authorised share capital of £10,000,000 comprised 1,000,000,000 Ordinary share of 1p each.

As at 30 April 2010 the Company had 18,015,842 (2009: 16,663,842) Ordinary shares in issue with a nominal value of 1p each.

During the year options over 19,000 Ordinary shares with a nominal value of 1p were exercised.

SUBSTANTIAL SHAREHOLDINGS

	Number of shares	Percentage of the issued class of share capital
Dana Investments BV	3,163,160	17.6%
BP Pension Fund	1,543,648	8.6%
AXA Equity and Law Life Assurance Society plc	1,209,704	6.7%
R J Howard	1,195,152	6.6%
Synoptics Employee Benefit Trust	711,528	3.9%
Minerva Trust Company	696,000	3.9%
P Atkin	657,940	3.6%
Dr. W O Saxton	649,992	3.6%
P Burton	621,040	3.4%

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 74 days (2009: 65 days) of average supplies.

Report of the Directors

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.

PRINCIPAL RISKS AND UNCERTAINTIES

The following section sets out the principal risks and uncertainties facing the Group. There may be other risks and uncertainties which are not yet known or which are currently considered to be immaterial but later turn out to have a material impact. Some of the areas set out will be outside of any influence that the business may exert. Should any of the risks actually materialise then the Company's business, financial condition, prospects and share price could be materially and adversely affected. Further details on financial risk management are set out in Note 25.

GENERAL ECONOMIC CONDITIONS

A continuing slowdown in economic conditions globally could have a material effect on sales and on operating profit. Management monitors feedback from distributors so as to become aware of market trends.

The current adverse economic conditions may cause both private and public organisations to reduce and/or defer their capital spending budgets which may impact on sales of our products.

COMPETITIVE ENVIRONMENT

The digital imaging sector is competitive and evolving rapidly and there exists a threat that existing competitors or potential new entrants could take market share.

INTELLECTUAL PROPERTY

The Group's ability to compete successfully will depend on its ability to protect its proprietary technology. As part of its trade secrets protection policies, the Group tries to limit access to, and distribution of, its software, related documentation and other proprietary information. The failure of the Group to protect its proprietary information and/or the expense of doing so could have a material adverse effect on its operating results and financial condition.

PRODUCT WARRANTY CLAIMS

If a product of the Group does not conform to agreed specifications or is otherwise defective, the Group may be subject to claims by its customers arising from product defects or related claims. The Group carries product liability insurance.

FINANCIAL MARKETS

Recent turmoil in global financial markets could pose risks to the financial position of both our customers and suppliers and also to the ability of the Group to renegotiate bank facilities.

Customers are subject to credit checks and there is close review of trade receivables, days outstanding and overdue amounts.

There are ongoing reviews of supplier bases to ensure wherever possible that there is not over-reliance on one specific supplier.

The Group has built up a long standing relationship with the principal Group bankers. Currently the Group has no draw down against the existing facility. Regular contact is kept with the banks to ensure that they understand the business and its requirements.

CURRENCY RATE RISK

A significant proportion of the Group's assets are denominated in US dollars. An adverse movement in exchange rate could lead to a devaluation of these assets.

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

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, to complete 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 reappointment as auditor in accordance with section 489(4) of the Companies Act 2006.

P Atkin
Chief Executive Officer

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 March 2010 the Board was comprised of the Chairman, one Executive Director and three Non-Executive Directors. In March 2010 the Board was strengthened by the appointment of two Non-Executive Directors and in May 2010 a Chief Financial Officer was appointed. 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 and are free from any relationship which could affect the exercise of their independent judgement. 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 businesses within the Group, and 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 prepares the operating plans and budgets required to deliver the agreed strategy for approval by the Board. 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 Company and is responsible to shareholders for the proper management of the Group. A statement of the Directors' responsibilities is given on page 21 and a statement on going concern is given on page 15.

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 19 to 20.

Corporate Governance Statement

AUDIT COMMITTEE

The Audit Committee, which is chaired by A Simon and has J Gibbs, E K Ford and H L Tee as members, meets not less than twice annually and more frequently if required. The committee considers that H L Tee should be a member of the committee because of the experience he provides.

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 auditor, and agreeing the level of remuneration and extent of non-audit services.

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 STRATEGY

The Board considers itself to be responsible for the Group's remuneration policy, however it has charged the Remuneration Committee with determining and maintaining remuneration packages for the Company's Chief Executive and senior executives that align executive rewards with shareholder value creation, motivate executives to attain challenging performance levels and consider both individual and Company performance.

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.

In the year ended 2010 19% (2009: 19%) of the potential on target direct remuneration of the Chief Executive was performance related. These calculations are made on the basis that all performance targets would have been met but not exceeded.

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.

PERFORMANCE RELATED PAY

The performance related pay for the Chief Executive and other senior executives is calculated on formulae which are determined at the start of each financial year by the Remuneration Committee. For each of the executives the formula measures the Group's performance against specified targets relating to operational performance of the Group or its subsidiaries and which align executives' interests with those of shareholders.

For the year ended 30 April 2010 the performance related pay scheme was designed around the achievement of contribution growth and cost control for the Synoptics business. The on target performance related pay payable for senior executives for the year was to be 24% of base salary. In the event, performance related pay of 21% of base salary was paid to the Group's senior executives, amounting to £83,000 in total. The performance related pay paid to the Chief Executive was £20,000 amounting to 21% of base salary.

Directors' Remuneration Report

DIRECTORS' REMUNERATION AND PENSION ENTITLEMENTS

The remuneration of the Directors is set out below:

	Salary / Fees £	Taxable Benefits £	Pension £	2010 Total £	2009 Total £
H L Tee	32,000	-	-	32,000	32,267
P Atkin	119,665	826	4,897	125,388	123,083
E K Ford	2,667	-	-	2,667	-
J Gibbs	20,000	-	-	20,000	46,308
R Howard	-	-	-	-	20,570
A Simon	2,667	-	-	2,667	-
A Vaisey	25,867	-	-	25,867	27,200
	202,866	**826**	**4,897**	**208,589**	**249,428**

The fees paid to J Gibbs and R Howard were paid to Adaptivity Ltd (until 31 December 2009) and Technology Management Services Ltd respectively.

The aggregate emoluments and amounts receivable under incentive schemes of the highest paid Director were £120,491 (2009: £117,810). Company pension contributions of £4,897 (2009: £4,756) were made to a money purchase scheme on his behalf and as at 30 April 2010 he held a total of 160,000 share options. No other Directors hold options.

No new share options were issued to Directors during the year, none were exercised in the year.

DIRECTORS' BENEFICIAL INTERESTS

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

	2010 No. of Shares	2009 No. of Shares
H L Tee	896,000	896,000
P Atkin	894,754	894,754
A Vaisey	50,000	50,000

The shares owned by H Tee include shares held in trust on his behalf. The shares held by P Atkin include shares held by his immediate family.

There has been no change in Directors' holdings since the year end.

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.

SERVICE CONTRACTS

The service contract with P Atkin, dated 17 November 2008, includes a notice period of twelve months if given by the Company during the two years following admission to AIM and six months thereafter, and six months if given by P Atkin. There are no predetermined provisions for compensation on termination of the Chief Executive's service contract that exceed 12 months' emoluments.

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

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 prepared consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS) and have elected to prepare separate parent company financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The Group financial statements are required by law to give a true and fair view of the state of affairs of the Group and parent company and of the profit or loss of 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 judgments and estimates that are reasonable and prudent
- state whether the applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Company and the Group 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.

In so far as each of the Directors is aware:

- there is no relevant audit information of which the Company's auditors are unaware; and
- the Directors have taken all steps that they ought to have taken 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 United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Report of the Independent Auditor

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF SCIENTIFIC DIGITAL IMAGING PLC

We have audited the consolidated financial statements of Scientific Digital Imaging plc for the year ended 30 April 2010 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of cash flow, 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 (IFRSs) 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 AUDITORS

As explained more fully in the Directors' Responsibilities Statement set out on page 21, the Directors are responsible for the preparation of the consolidated financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit 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/UKNP.

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 2010 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRS 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 2010.

Alison Seekings
Senior Statutory Auditor, for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cambridge

16 July 2010

Consolidated Income Statement
for the year ended 30 April 2010

	Note		2010		2009
		£	£	£	£
Revenue	5		7,186,072		6,753,869
Costs of sales			(2,894,171)		(2,946,222)
Gross Profit			**4,291,901**		**3,807,647**
- currency exchange gains/(losses)		(23,086)		183,077	
- administrative expenses		(3,949,501)		(3,539,519)	
- AIM listing expenses		-		(344,956)	
Total administrative expenses			(3,972,587)		(3,701,398)
Operating profit			319,314		106,249
Finance income		3,369		4,677	
Finance payable and similar charges	8	(64,953)		(54,137)	
Net financing expenses			(61,584)		(49,460)
Profit before tax	**6**		**257,730**		**56,789**
Income tax	9		18,748		(49,077)
Profit for the year			**276,478**		**7,712**
Earnings per share					
Basic earnings per share	21		1.67p		0.05p
Diluted earnings per share	21		1.46p		0.04p

All activities of the Group are classed as continuing.
The accompanying accounting policies and notes form an integral part of these financial statements

Statement of Comprehensive Income

for the year ended 30 April 2010

	12 months to 30 April 2010 £	12 months to 30 April 2009 £
Profit for the period	**276,478**	**7,712**
Other comprehensive income		
Exchange differences on translating foreign operations	(11,987)	17,993
Total comprehensive income for the period	**264,491**	**25,705**

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

Consolidated Balance Sheet

for the year ended 30 April 2010

	Note	2010	2009
		£	£
Assets			
Intangible assets	10	741,825	702,058
Property, plant and equipment	11	325,175	334,379
Deferred tax asset	12	153,689	22,959
		1,220,689	1,059,396
Current assets			
Inventories	13	680,345	508,710
Trade and other receivables	14	1,376,609	1,244,846
Cash and cash equivalents	15	761,933	756,686
		2,818,887	2,510,242
Total assets		**4,039,576**	**3,569,638**
Liabilities			
Non-current liabilities			
Borrowings	19	401,816	387,169
Deferred tax liability	12	121,830	111,101
		523,646	498,270
Current liabilities			
Trade and other payables	16	1,305,887	1,171,110
Provisions for warranty	18	12,500	12,500
Borrowings	19	20,237	30,148
Current tax payable		39,278	11,188
		1,377,902	1,224,946
Total liabilities		**1,901,548**	**1,723,216**
Net assets		**2,138,028**	**1,846,422**
Equity			
Share capital	20	180,158	166,638
Merger reserve		2,606,016	2,606,016
Share premium account		187,142	38,327
Own shares held by Employee Benefit Trust	22	(85,383)	(85,383)
Other reserves		263,904	399,124
Foreign exchange reserve		3,058	15,045
Retained earnings		(1,016,867)	(1,293,345)
Total Equity		**2,138,028**	**1,846,422**

The financial statements were approved by the Board of Directors on 16 July 2010

P Atkin
Chief Executive Officer

M Creedon
Chief Financial Officer

The accompanying accounting policies and notes form an integral part of these financial statements.
Company registration number: 6385396

Consolidated Statement of Cashflow

for the year ended 30 April 2010

	2010 £	2009 £
Operating activities		
Profit for the year	276,478	7,712
Depreciation and amortisation	294,680	195,522
Profit on sale of property, plant and equipment	(5,337)	(12,145)
Finance costs	61,584	49,460
Taxation (credit and income)/ expense in the income statement	(18,748)	49,077
Decrease/ (increase) in inventories	(177,536)	5,137
Increase in provisions	-	2,500
Exchange difference	(5,450)	(4,918)
Employee share based payments	15,037	15,346
Operating cash flows before movement in working capital	**440,708**	**307,691**
Changes in trade and other receivables	(141,924)	(68,205)
Changes in trade and other payables	140,387	157,506
Cash generated from operations	**439,171**	**396,992**
Interest paid	(52,974)	(48,704)
Income taxes (paid) / received	(55,480)	(7,730)
Cash generated from operating activities	**330,717**	**340,558**
Investing activities		
Capital expenditure	(168,214)	(237,915)
Acquisitions, net of cash acquired	-	(74,025)
Expenditure on development	(176,124)	(148,466)
Sale of property, plant and equipment	53,967	109,351
Interest received	3,481	4,600
Net cash used in investing activities	**(286,890)**	**(346,455)**
Financing activities		
Capital element of finance leases	(40,955)	(30,785)
Issue of loan stock	-	379,000
Issues of shares and warrants	2,375	41,659
Net cash from financing	**(38,580)**	**389,874**
Net changes in cash and cash equivalents	**5,247**	**383,977**
Cash and cash equivalents, beginning of year	**756,686**	**372,709**
Cash and cash equivalents, end of year	**761,933**	**756,686**

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 2010

	Share Capital £	Merger Reserve £	Foreign exchange £	Share premium £	Own shares held by EBT £	Other Reserves £	Retained earnings £	Total £
Balance at 30 April 2009	**166,638**	**2,606,016**	**15,045**	**38,327**	**(85,383)**	**399,124**	**(1,293,345)**	**1,846,422**
Shares issued as deferred payment	13,330	-	-	146,630	-	(159,960)	-	-
Deferred tax on options	-	-	-	-	-	9,703	-	9,703
Share based payments	-	-	-	-	-	15,037	-	15,037
Share options exercised	190	-	-	2,185	-	-	-	2,375
Transactions with owners	**13,520**	**-**	**-**	**148,815**	**-**	**(135,220)**	**-**	**27,115**
Profit for the year	-	-	-	-	-	-	276,478	276,478
Foreign exchange on consolidation of subsidiaries	-	-	(11,987)	-	-	-	-	(11,987)
Total comprehensive income for the period	**-**	**-**	**(11,987)**	**-**	**-**	**-**	**276,478**	**264,491**
Balance at 30 April 2010	**180,158**	**2,606,016**	**3,058**	**187,142**	**(85,383)**	**263,904**	**(1,016,867)**	**2,138,028**

	Share Capital £	Merger Reserve £	Foreign exchange £	Share premium £	Own shares held by EBT £	Other Reserves £	Retained earnings £	Total £
Balance at 30 April 2008	**163,306**	**2,606,016**	**(2,948)**	**-**	**(250,147)**	**22,872**	**(1,136,293)**	**1,402,806**
Deferred consideration on acquisitions	-	-	-	-	-	319,920	-	319,920
Deferred tax on options	-	-	-	-	-	(4,203)	-	(4,203)
Employee Benefit Trust adjustment	-	-	-	-	164,764	-	(164,764)	-
Share based payments	-	-	-	-	-	19,549	-	19,549
Equity element of loan stock	-	-	-	-	-	40,986	-	40,986
Share options exercised	3,332	-	-	38,327	-	-	-	41,659
Transactions with owners	**3,332**	**-**	**-**	**38,327**	**164,764**	**376,252**	**(164,764)**	**417,911**
Profit for the year	-	-	-	-	-	-	7,712	7,712
Foreign exchange on consolidation of subsidiaries	-	-	17,993	-	-	-	-	17,993
Total comprehensive income for the period	**-**	**-**	**17,993**	**-**	**-**	**-**	**7,712**	**25,705**
Balance at 30 April 2009	**166,638**	**2,606,016**	**15,045**	**38,327**	**(85,383)**	**399,124**	**(1,293,345)**	**1,846,422**

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

1 REPORTING ENTITY

Scientific Digital Imaging plc, a public limited company, is the Group's ultimate parent. It is registered in England and Wales. The consolidated financial statements of the Group for the year ended 30 April 2010 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 Group has elected to present its parent company financial statements in accordance with UK GAAP.

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 Pounds Sterling (£), which is also the functional currency of the ultimate parent company.

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 recognition 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 ongoing 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. 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.

Impairment of goodwill and 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.

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.

Fair values

A number of the Group's accounting policies and disclosures require the determination of fair value. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

3 PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with those of the annual financial statements for the year ended 30 April 2009, except for the adoption of IAS 1 Presentation of Financial Statements (revised 2007) and IFRS 8 Operating Segments.

The adoption of IAS 1 (revised 2007) does not affect the financial position or the profits of the Group, but gives rise to additional disclosures. IAS 1 Presentation of Financial Statements (Revised 2007) requires the presentation of a comparative balance sheet as at the beginning of the first comparative period, in some circumstances. Management considers that this is not necessary this year because the 2008 balance sheet is the same as previously published.

The adoption of IFRS 8 has not changed the segments which are disclosed. Under IFRS 8 the accounting policy for identifying segments is based on the internal management reporting information that is regularly reviewed by the chief operating decision maker.

Basis of Consolidation

Subsidiaries are entities controlled by the Group. 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.

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 the income statement.

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 directly in the foreign exchange reserve, such translation differences are recognised in the income statement 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 the income statement 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	3 years
Computer equipment	3 years
Tools and other equipment	3 years
Furniture, fixtures and fittings	5 years
Leasehold improvements	5 years

Goodwill

Goodwill represents the excess of the cost of an acquisition 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 income statement. 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. If impaired, goodwill is written down to the higher of fair value less costs to sell and value-in-use. The impairment of goodwill is based upon future discounted cash flows.

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;
- 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 the income statement 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. Upon 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 amortisation 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	3 years
Other intangible assets	5 -7 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.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement.

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.

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.

A financial asset, in particular the carrying value of trade receivables, is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Any impairment losses are recognised through the income statement.

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, and deferred shares to be issued as consideration for the acquisitions between 12 and 48 months from the date of acquisition.
- **"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 assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists the assets' recoverable amount is estimated being the greater of their net selling price and value in use. 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 assessment of the time value of the money and risks specific to the assets. Receivables with a short duration are not discounted.

An impairment loss in respect of trade and other receivables is reversed if there has been a change in the estimates used to determine the recoverable amount.

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 and other payables. All financial liabilities are measured at amortised cost.

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. 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.

On conversion of debt to equity, the carrying value of the debt instrument is transferred to equity and no gain or loss arises on the conversion.

Revenue Recognition

Revenue from the sale of goods 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

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 the profit and loss account over the period of the lease.

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

Taxation

Income tax expense comprises the current and deferred tax. Income tax is recognised in the income statement.

The tax currently payable is based on the taxable profit for the year. 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 is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally 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 temporary difference can be utilised.

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 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
A segment is a distinguishable component of the Group as reported internally and reviewed by the Board and chief operating decision maker.

Provisions
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 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 spread over the performance period during which the employees become unconditionally entitled to the award.

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. The amounts recognised as an expense are only adjusted to reflect changes in non-market conditions such as the actual number of forfeitures.

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 2013)
- IAS 24 (Revised 2009) Related Party Disclosures (effective 1 January 2011)
- Amendment to IAS 32 Classification of Rights Issues (effective 1 February 2010)
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective 1 July 2010)
- Prepayments of a Minimum Funding Requirement - Amendments to IFRIC 14 (effective 1 January 2011)
- Improvements to IFRS issued May 2010 (some changes effective 1 July 2010, others effective 1 January 2011)
- IFRS 3 Business Combinations (Revised 2008) (effective 1 July 2009)

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, except IFRS 3 which will require acquisition costs to be expensed. The Group does not intend to apply any of these pronouncements early.

5 SEGMENT ANALYSIS

Management consider that there is a single business segment being the supply of digital imaging equipment therefore business segmental analysis is not relevant.

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	**2010** **£**	**2009** **£**
United Kingdom	678,235	984,644
Europe	2,336,144	2,136,301
America	2,349,047	2,017,099
Asia	1,545,555	1,431,901
Rest of World	277,091	183,924
	7,186,072	**6,753,869**

Non-current assets by location	**2010** **£**	**2009** **£**
United Kingdom	892,498	829,806
Europe	114,912	59,981
America	59,590	146,650
	1,067,000	**1,036,437**

6 PROFIT BEFORE TAXATION

Profit for the year has been arrived at after charging:	**2010** £	**2009** £
Amortisation on intangibles (Note 10)	32,052	18,026
Depreciation charge for year:		
Property, plant and equipment	120,436	106,211
Property, plant and equipment held under finance leases	37,888	31,469
(Profit) / loss on disposal of property, plant and equipment	(5,337)	(12,145)
Research and development costs:		
Expensed as incurred	451,764	477,905
Amortisation charge	104,304	39,818
Auditor's remuneration Group:		
Audit of group accounts	32,528	25,000
Fees paid to the auditor and its associates in respect of other services:		
Audit of Company's subsidiaries	6,948	9,848
Tax services	5,975	7,325
Other services	25,000	88,000
Currency exchange losses and (gains)	23,086	(183,077)
Rental of land and buildings	102,209	114,206

7 DIRECTORS' AND EMPLOYEES' REMUNERATION

Staff costs during the year were as follows:

	2010 £	2009 £
Wages and salaries	2,141,148	1,889,379
Social security costs	255,850	211,427
Share based payments	15,037	19,550
Other pension costs	64,043	62,952
	2,476,078	**2,183,308**

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

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

	2010 Number	2009 Number
Administration	7	7
Production	17	16
Product development	12	9
Sales and marketing	12	11
	48	**43**

The remuneration of the Directors is set out below:

	Salary / Fees £	Taxable benefits £	Pension £	2010 Total £	2009 Total £
H L Tee	32,000	-	-	32,000	32,267
J Gibbs	20,000	-	-	20,000	46,308
E K Ford	2,667	-	-	2,667	-
P Atkin	119,665	826	4,897	125,388	123,083
A Vaisey	25,867	-	-	25,867	27,200
A Simon	2,667	-	-	2,667	-
R Howard	-	-	-	-	20,570
	202,866	**826**	**4,897**	**208,589**	**249,428**

The fees paid to J Gibbs and R Howard were paid to Adaptivity Ltd (until 31 December 2009) and Technology Management Services Ltd respectively.

The aggregate emoluments and amounts receivable under incentive schemes of the highest paid Director were £120,491 (2009: £117,810). Company pension contributions of £4,897 (2009: £4,756) were made to a money purchase scheme on his behalf and as at 30 April 2010 he held a total of 160,000 share options. No new share options were issued to Directors during the year.

The key personnel of the Company are the Directors. Details of their remuneration are set out above apart from their social security costs which are £21,673 (2009: £19,557). Share based payment charges paid to the Directors during the year ended 30 April 2010 was £5,671 (2009: £5,671).

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.

A summary of options outstanding at the end of the period is as follows:

	2010		2009	
	Number of share options	Exercise price of options	Number of share options	Exercise price of options
Outstanding at the beginning of the year	1,199,760	£0.125	1,611,760	£0.125
Exercised during the year	(19,000)	£0.125	(333,280)	£0.125
Expired during the year	(120,080)	£0.125	(78,720)	£0.125
Outstanding at the end of the year	**1,060,680**	**£0.125**	**1,199,760**	**£0.125**
Exercisable at the end of the year	524,680	£0.125	591,760	£0.125

The share price at the date of exercise of the options was 26p. No new share options were issued during the year.

Under the rules of both share option schemes, options are not normally exercisable until after 3 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 6 months of leaving the Board of Directors or Company for reasons other than for dismissal.

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.

	2010 £	2009 £
Current pension obligations included in liabilities	10,361	9,422

8 FINANCE COSTS

	2010 £	2009 £
Bank overdraft, invoice discounting and loan	10,718	12,046
Finance leases and hire purchase contracts	11,856	11,719
Loan stock	34,182	24,939
Other debt finance costs	8,197	5,433
	64,953	**54,137**

9 TAXATION

	2010 £	2009 £
Current tax expense	84,482	6,660
Deferred tax (credit)/expenses	(103,230)	42,417
Income tax (credit)/charge	**(18,748)**	**49,077**

Reconciliation of effective tax rate	2010 £	2009 £
Profit on ordinary activities before tax	257,730	56,789
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009: 25%)	72,164	14,197
Effects of:		
Expenses not deductible for tax purposes	10,004	43,760
Additional deduction for R&D expenditure	(43,939)	(34,875)
Transferred (from)/to tax losses	(56,977)	25,995
	(18,748)	**49,077**

The corporation tax rate has increased from 25% to 28% following an increase in the size of the Group.

10 INTANGIBLE ASSETS

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

Cost	Other intangibles £	Goodwill £	Development costs £	Total £
At 1 May 2009	216,000	169,517	600,643	986,160
Additions	-	-	176,123	176,123
At 30 April 2010	**216,000**	**169,517**	**776,766**	**1,162,283**
Amortisation				
At 1 May 2009	18,026	-	266,076	284,102
Amortisation for the year	32,052	-	104,304	136,356
At 30 April 2010	**50,078**	**-**	**370,380**	**420,458**
Net book amount at 30 April 2010	**165,922**	**169,517**	**406,386**	**741,825**
Net book amount at 30 April 2009	197,974	169,517	334,567	702,058

Cost	Other intangibles £	Goodwill £	Development costs £	Total £
At 1 May 2008	-	-	452,177	452,177
Additions	216,000	169,517	148,466	533,983
At 30 April 2009	**216,000**	**169,517**	**600,643**	**986,160**
Amortisation				
At 1 May 2008	-	-	226,258	226,258
Amortisation for the year	18,026	-	39,818	57,844
At 30 April 2009	**18,026**	**-**	**266,076**	**284,102**
Net book amount at 30 April 2009	**197,974**	**169,517**	**334,567**	**702,058**
Net book amount at 30 April 2008	-	-	225,919	225,919

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 Directors commissioned an independent valuation of the separately identifiable intangibles acquired and the resulting goodwill and these are the assumptions used in supporting the valuation. The recoverable amount of the goodwill has been based on the discounted cash flows from the unit, discounted at 10% over 5 years. The discounted cash flow assumes that the turnover of the unit will grow by 10% over the first 3 years and 5% from then onwards. This is based on historic growth levels and anticipated growth in new markets and agrees with an external source of WACC. This is the key assumption at arriving at the value in use of this separately managed and operated unit, however, if growth was assumed to be nil it would not cause the carrying value to exceed the recoverable amount.

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

11 PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles £	Computer equipment £	Tools and other equipment £	Furniture fixtures and fittings £	Building and leasehold improvements £	Total £
Cost						
At 1 May 2009	92,194	222,367	760,626	119,226	126,606	1,321,019
Exchange adjustments	-	-	(9,752)	-	(1,491)	(11,243)
Additions	36,935	18,365	145,123	1,513	1,214	203,150
Disposals	(34,713)	(778)	(119,070)	-	-	(154,561)
At 30 April 2010	**94,416**	**239,954**	**776,927**	**120,739**	**126,329**	**1,358,365**
Depreciation						
At 1 May 2009	69,309	191,722	552,794	115,342	57,473	986,640
Exchange adjustments	-	-	(5,818)	-	(26)	(5,844)
Charge for year	23,684	22,040	105,721	1,663	5,216	158,324
Disposals	(34,713)	(778)	(70,439)	-	-	(105,930)
At 30 April 2010	**58,280**	**212,984**	**582,258**	**117,005**	**62,663**	**1,033,190**
Net book value						
At 30 April 2010	**36,136**	**26,970**	**194,669**	**3,734**	**63,666**	**325,175**
At 30 April 2009	22,885	30,645	207,832	3,884	69,133	334,379

	Motor vehicles	Computer equipment	Tools and other equipment	Furniture fixtures and fittings	Building and leasehold improvements	Total
	£	£	£	£	£	£
Cost						
At 1 May 2008	126,021	206,325	612,620	116,390	55,746	1,117,102
Exchange adjustments	-	-	77,436	-	5,944	83,380
Additions	1,531	16,042	203,791	2,836	13,715	237,915
Additions on acquisition	-	-	7,520	-	51,201	58,721
Disposals	(35,358)	-	(140,741)	-	-	(176,099)
At 30 April 2009	**92,194**	**222,367**	**760,626**	**119,226**	**126,606**	**1,321,019**
Depreciation						
At 1 May 2008	83,378	173,258	462,993	113,165	53,416	886,210
Exchange adjustments	-	-	41,646	-	-	41,646
Charge for year	21,289	18,464	91,693	2,177	4,057	137,680
Disposals	(35,358)	-	(43,538)	-	-	(78,896)
At 30 April 2009	**69,309**	**191,722**	**552,794**	**115,342**	**57,473**	**986,640**
Net book value						
At 30 April 2009	**22,885**	**30,645**	**207,832**	**3,884**	**69,133**	**334,379**
At 30 April 2008	42,643	33,067	149,627	3,225	2,330	230,892

The net book value of property, plant and equipment includes an amount of £99,561 (2009: £92,248) in respect of assets held under finance leases and hire purchase contracts. Of this amount £60,557 (2009: £56,119) relates to property, £35,985 (2009: £21,036) relates to motor vehicles and £3,019 (2009: £15,093) relates to furniture, fixtures and fittings.

Depreciation on these assets is £2,296 (2009: £1,025), £23,518 (2009: £18,370) and £12,074 (2009: £12,074) respectively.

12 DEFERRED TAX

	Deferred tax asset	Deferred tax liability
	£	£
At 1 May 2009	22,959	(111,101)
Tax losses recognised	100,560	-
Short term timing differences	10,166	(19,643)
Charge on intangibles recognised on acquisition	-	8,914
Share based payments	20,004	-
At 30 April 2010	**153,689**	**(121,830)**

	2010		2009	
	Asset	Liability	Asset	Liability
	£	£	£	£
Deferred tax on capitalised R&D costs	-	(83,110)	-	(65,155)
Other temporary differences	23,988	(8,040)	13,822	(6,352)
Deferred tax on acquisition intangibles	-	(30,680)	-	(39,594)
Trading losses recognised	100,560	-	-	-
Share based payments	29,141	-	9,137	-
	153,689	**(121,830)**	**22,959**	**(111,101)**

13 INVENTORIES

	2010	2009
	£	£
Raw materials and consumables	468,615	373,751
Work in progress	30,959	27,274
Finished goods	180,771	107,685
	680,345	**508,710**

In the year ended 30 April 2010 a total of £2,912,801 (2009: £2,940,222) of inventories were consumed and charged to the income statement as an expense. In addition a total credit of £18,630 (2009: total charge £6,000) was made resulting from the write down of inventories.

14 TRADE AND OTHER RECEIVABLES

	2010	2009
	£	£
Trade receivables	1,147,405	1,089,368
Other receivables	150,110	90,324
Prepayments and accrued income	79,094	65,154
	1,376,609	**1,244,846**

Other receivables includes an amount of £35,276 (2009: nil) for income tax paid on account in Portugal.

All amounts are short-term. The carrying value of trade receivables is considered a reasonable approximation of fair value. 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:

	2010 £
Impairment provision as at 1 May 2009	30,000
Impairment losses recognised	(2,935)
Increase in provision	719
Provision as at 30 April 2010	**27,784**

In addition, some of the unimpaired trade receivables are past due at the reporting date. The age of financial assets past due but not impaired is as follows:

	2010 £	2009 £
Less than 1 month	376,216	308,103
More than 1 month but not more than 3 months	7,241	103,726
More than 3 months but not more than 6 months	6,209	18,778
More than 6 months but not more than 1 year	25,939	1,091
More than 1 year	18,507	1,966
	434,112	**433,664**

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

15 CASH AND CASH EQUIVALENTS

	2010 £	2009 £
Cash at bank and in hand	761,933	756,686

16 TRADE AND OTHER PAYABLES

	2010 £	2009 £
Trade payables	588,379	521,223
Social security and other taxes	53,888	56,587
Other payables	35,708	63,986
Accruals and deferred income	627,912	529,314
	1,305,887	**1,171,110**

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

17 LEASE LIABILITIES

The Group's motor fleet, a number of computers and a property in Portugal are held under finance lease arrangements. The net carrying amount of the assets held under leases is £99,561 (2009: £92,248)

30 April 2010	**Within 1 year**	**1 to 5 years**	**Over 5 years**	**Total**
Gross lease payments	23,430	36,449	19,887	79,766
Future interest	(3,193)	(4,704)	(1,491)	(9,388)
Net present values	**20,237**	**31,745**	**18,396**	**70,378**

30 April 2009	**Within 1 year**	**1 to 5 years**	**Over 5 years**	**Total**
Gross lease payments	35,071	29,072	29,243	93,386
Future interest	(4,923)	(9,385)	(5,239)	(19,547)
Net present values	30,148	19,687	24,004	73,839

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

18 WARRANTIES

	2010
	£
As at 1 May 2009	12,500
Provision utilised during the year	(3,596)
Provided for in year	3,596
Warranty provision as at 30 April 2010	**12,500**

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:

	2010	**2009**
	£	**£**
Within one year		
Finance leases	20,237	30,148
After one and within two years		
Finance leases	15,805	8,641
After two and within five years		
Loan stock	351,676	343,478
Finance leases	34,335	35,050
	386,011	378,528
Total borrowings	**422,053**	**417,317**

The proceeds of £379,000 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.

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. The 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 can be 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 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.

20 SHARE CAPITAL

	2010 £	2009 £
Authorised 1,000,000,000 (2009: 1,000,000,000) Ordinary shares of 1p each	10,000,000	10,000,000
Allotted, called up and fully paid 18,015,842 (2009 : 16,663,842) Ordinary shares of 1p each	180,158	166,638

	2010 Number	2009 Number	2010 £	2009 £
Opening shares in issue	16,663,842	16,330,560	166,638	163,305
Share options exercised	19,000	333,282	190	3,333
Deferred consideration shares issued	1,333,000	-	13,330	-
Closing shares in issue	**18,015,842**	**16,663,842**	**180,158**	**166,638**

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

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 £	Weighted average number of shares	Basic earnings per share amount in pence
Year ended 30 April 2010	**276,478**	**16,523,554**	**1.67**
Year ended 30 April 2009	7,712	15,841,221	0.05

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, dilutive deferred consideration and shares held by the Synoptics Employee Benefit Trust.

	Diluted earnings per share amount in pence
Year ended 30 April 2010	**1.46**
Year ended 30 April 2009	0.04

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

	2010	2009
Weighted average number of Ordinary shares used for basic earnings per share	16,523,554	15,841,221
Weighted average number of shares held by Synoptics Employee Benefit Trust	711,528	711,528
Weighted average number of ordinary shares used as deferred consideration	1,333,000	1,333,333
Weighted average number of ordinary shares under option	374,365	625,593
Weighted average number of ordinary shares used for diluted earnings per share	**18,942,447**	**18,511,675**

22 OWN SHARES HELD BY EMPLOYEE BENEFIT TRUST

The Group	Investment in own shares £
At 31 May 2009 and 30 April 2010	**85,383**

As at 30 April 2010 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;

	2010		2009	
	Land and buildings £	Other £	Land and buildings £	Other £
In one year or less	102,746	2,222	101,084	4,564
Between one and five years	281,119	-	361,409	2,282
	383,865	**2,222**	**462,493**	**6,846**

Lease payments recognised as an expense during the year amount to £102,209 (2009: £114,206).

The rental contract for the office building rented since 1996 at Beacon House, Nuffield Road, Cambridge has a lease which expires in September 2014. The rental contract for the office building rented since January 2003 at Frederick, Maryland has a lease which expired in May 2008. The lease has been renewed from June 2008 until May 2013 and includes a 3% per year increase clause for the duration of the lease.

24 RELATED PARTY TRANSACTIONS AND CONTROLLING RELATED PARTY

The Group's related parties comprise its Board of Directors all transactions with Directors are disclosed within the Directors Remuneration Report and the notes to the accounts. 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 RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments

The Group uses various financial instruments, including 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.

At 30 April 2010, the amount of borrowings at a fixed rate was £379,000 (2009:£379,000).

Currency risk

A significant proportion of the Group's assets are denoted in US Dollars and Euros. An adverse movement in exchange rate could lead to a devaluation of these assets. At as 30 April 2010 an adverse movement in the dollar of 5% would result in a reduction in the Group's assets of £49,393 (2009: £32,652). An adverse movement in the Euro of 5% would result in a reduction in the Group's assets of £10,687 (2009: £8,846)

The carrying amount of the Group's US Dollar- and Euro-denominated monetary assets and liabilities at the reporting date is as follows:

	Liabilities		Assets	
	2010	2009	2010	2009
US Dollars	137,048	128,024	1,131,081	781,061
Euros	196,522	144,221	412,035	311,390

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 receivables recognised at the balance sheet date. 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.

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 2010, the Group's financial liabilities have contractual maturities as summarised below:

		Current		Non-current
As at 30 April 2010	**Within 6 months £**	**Between 6 and 12 months £**	**Between 1 and 5 years £**	**Later than 5 years £**
Trade and other payables	**1,305,887**	**-**	**-**	**-**
Borrowings	**10,416**	**9,821**	**383,421**	**18,396**

		Current		Non-current
As at 30 April 2009	**Within 6 months £**	**Between 6 and 12 months £**	**Between 1 and 5 years £**	**Later than 5 years £**
Trade and other payables	1,171,110	-	-	-
Borrowings	15,830	14,318	363,165	24,004

26 SUMMARY OF FINANCIAL ASSETS AND LIABILITIES BY 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 2010 £	Non financial assets 2010 £	Financial liabilities 2010 £	Non financial liabilities 2010 £	Total balance sheet heading 2010 £
Cash at bank	761,933	-	-	-	761,933
Trade receivables	1,147,405	-	-	-	1,147,405
Other receivables	163,978	-	-		163,978
VAT and taxation	-	65,226	-	(93,166)	(27,940)
Loan Stock	-	-	(351,676)	-	(351,676)
Trade payables	-	-	(588,379)	-	(588,379)
Finance lease liability – current	-	-	(20,237)	-	(20,237)
Finance lease liability – non current	-	-	(50,140)	-	(50,140)
Other payables	-	-	(663,620)	-	(663,620)
Total	**2,073,316**	**65,226**	**(1,674,052)**	**(93,166)**	**371,324**

Balance sheet headings	Loans and other receivables 2009 £	Non financial assets 2009 £	Financial liabilities 2009 £	Non financial liabilities 2009 £	Total balance sheet heading 2009 £
Cash at bank	756,686	-	-	-	756,686
Trade receivables	1,089,368	-	-	-	1,089,368
Other receivables	134,737	-	-	-	134,737
VAT and taxation	-	20,741	-	(67,775)	(47,034)
Loan stock	-	-	(343,478)	-	(343,478)
Trade payables	-	-	(521,223)	-	(521,223)
Finance lease liability – current	-	-	(30,148)	-	(30,148)
Finance lease liability – non current	-	-	(43,691)	-	(43,691)
Other payables	-	-	(593,300)	-	(593,300)
Total	**1,980,791**	**20,741**	**(1,531,840)**	**(67,775)**	**401,917**

The fair values of the financial assets and liabilities at 30 April 2010 and 30 April 2009 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; and
- to provide an adequate return to shareholders

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.

	2010 £	2009 £
Capital		
Total equity	2,138,028	1,846,422
Less cash and cash equivalents	(761,933)	(756,686)
	1,376,095	**1,089,736**
Overall financing		
Total equity	2,138,028	1,846,422
Plus borrowings	422,053	417,317
	2,560,081	**2,263,739**
Capital-to-overall-financing ratio	**53.8%**	**48.1%**

Report of the Independent Auditor on the Company Financial Statements

REPORT OF THE INDEPENDENT AUDITOR 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 2010 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 Sections 495 and 496 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 AUDITORS

As explained more fully in the Directors' Responsibilities Statement set out on page 21, 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 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/UKNP.

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 2010
- 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 consolidated financial statements of Scientific Digital Imaging plc for the year ended 30 April 2010.

Alison Seekings
Senior Statutory Auditor, for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cambridge

16 July 2010

Company Balance Sheet
for the year ended 30 April 2010

	Note	2010 £	2009 £
Fixed assets			
Investments	5	641,559	626,522
Current assets			
Debtors	6	11,300	9,515
Cash at bank and in hand		16,004	889
		27,304	10,404
Creditors: amounts falling due within one year	7	(35,562)	(345,745)
Net current assets		**(8,258)**	**(335,341)**
Total assets less current liabilities		**633,301**	**291,181**
Creditors: amounts falling due after more than one year		(351,676)	(343,479)
Net assets		**281,625**	**(52,298)**
Capital and reserves			
Called up share capital	8	180,158	166,638
Share Premium account		187,142	38,327
Other reserves		248,166	393,089
Profit and loss account		(333,841)	(650,352)
Shareholders' funds		**281,625**	**(52,298)**

The financial statements were approved by the Board of Directors on 16 July 2010.

P Atkin
Chief Executive Officer

M Creedon
Chief Financial Officer

Company registration number: 6385396

Notes to the Company Financial Statements
for the year ended 30 April 2010

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

Scientific Digital Imaging plc qualifies 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.

Share Options

Scientific Digital Imaging plc regularly 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. All current share options have been issued to staff at Synoptics Limited and Synoptics Inc. The expense relating to these options is recognised in the subsidiary income statement.

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.

2 EMPLOYEE REMUNERATION

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

	2010 £	2009 £
Emoluments	142,703	59,467
Amounts payable to third parties in respect of Directors' services	14,667	66,879
	157,370	**126,346**

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 pages 19 and 20.

3 AUDITOR'S REMUNERATION

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

	2010 £	2009 £
Tax advice	1,250	-
Statutory audit	7,528	5,000

4 PROFIT 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 £316,511, (2009: loss (£528,304)).

5 INVESTMENTS

Investments in Group undertakings

	£
Cost and net book amount	
Cost and net book amount as at 1 May 2009	626.522
Share based payments	15,037
At 30 April 2010	**641,559**

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 Astronomica 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

	2010 £	2009 £
Other debtors	11,300	9,515

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

7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010 £	2009 £
Amounts owed to other Group companies	-	300,662
Trade creditors	18,627	6,242
Other creditors	-	23,313
Accruals and deferred income	16,935	15,528
	35,562	**345,745**

8 CALLED UP SHARE CAPITAL

	2010 £	2009 £
Authorised		
1,000,000,000 Ordinary shares of 1p each	10,000,000	1,000,000
Allotted, called up and fully paid		
18,015,842 (2009:16,330,560) Ordinary shares of 1p each	180,158	166,638

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 scheme (EMI scheme and approved scheme) has 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. Both 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.

9 RESERVES

	Share capital £	Share premium	Other reserves £	Profit and loss account £	Total £
Balance at 1 May 2009	166,638	38,327	393,089	(650,352)	(52,298)
Profit for the year	-	-	-	316,511	316,511
Consideration on acquisition	13,330	146,630	(159,960)	-	-
Exercise of options	190	2,185	-	-	2,375
Share based payments	-	-	15,037	-	15,037
Balance at 30 April 2010	**180,158**	**187,142**	**248,166**	**(333,841)**	**281,625**

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