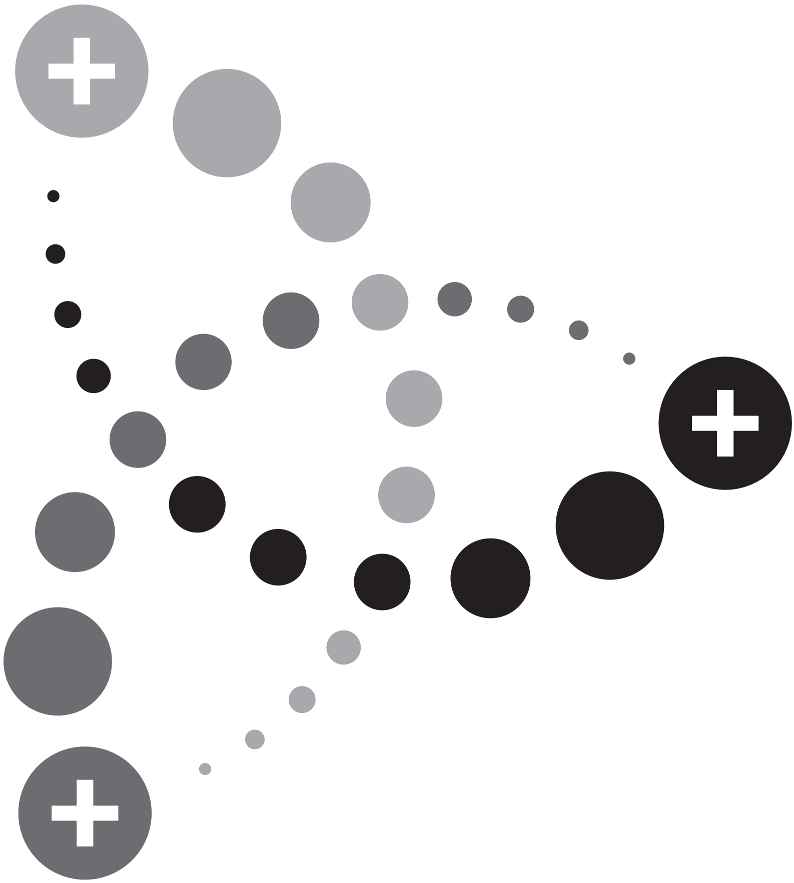
SDIGROUP



Scientific Digital Imaging plc **Interim Report 2019**

SDI designs and manufactures scientific and technology products for use in digital imaging and sensing and control applications including life sciences, healthcare, astronomy, manufacturing, precision optics and art conservation. SDI operates through its company divisions: Atik Cameras, Synoptics, Graticules Optics, Sentek, Astles Control Systems, Applied Thermal Control, MPB Industries and Fistreem.

SDI continues to grow by developing its own technology advancements and by improving its global sales channels, as well as through pursuing strategic, complementary acquisitions.

The interim report can also be viewed on the Company's website: www.scientificdigitalimaging.com

Contents

Highlights

Revenue
+42%

Profit before tax for the period
+27%

Cash generated from operations
+34%

- **Revenue increased by 42% to £11.45m** (2018: £8.05m)
- **Revenue growth both organic (6.4%) and from acquisitions (35.8%)**
- **Adjusted Operating Profit* increased 41% to £2.10m** (2018: £1.49m)
- **Statutory operating profit increased 32% to £1.62m** (2018: £1.23m)
- **Adjusted Profit Before Tax* increased 36% to £2.00m** (2018: £1.46m)
- **Profit before taxation increased 27% to £1.52m** (2018: £1.20m)
- **Adjusted diluted EPS* increased 28% to 1.70p** (2018: 1.33p)
- **Statutory diluted EPS increased by 20% to 1.32p** (2018: 1.10p)
- **Cash generated from operations increased 34% to £2.05m** (2018: £1.53m)
- **Net debt** at 31 October 2019 was £0.57m (30 April 2019: net debt of £1.51m)**
- **On 29 November 2019, after the end of the reporting period, SDI acquired Chell Instruments Limited for a consideration of £4.3m plus an additional cash payment for net assets at completion.**

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

** bank finance less cash and cash equivalents.

Chairman's Statement

"The Group has made a good start to the financial year. Despite the potential for economic variability, influenced by political conditions (including Brexit) and currency fluctuations, the Board is confident that our diversified portfolio of businesses is on course to deliver a full year financial performance in line with market expectations."

For the six month period ended 31 October 2019, we are pleased to report that the SDI Group plc ("SDI") revenues, gross margin, adjusted profits and profit before taxation all show continuing solid progress. The Group, including the 2019 acquisitions of Thermal Exchange Limited, Graticules Optics Limited and MPB Industries Limited, is trading in line with expectations.

To reflect the changing nature of our company portfolio, which includes many businesses with technology unrelated to digital imaging, on 30 October 2019 we changed the Company name from Scientific Digital Imaging plc to SDI Group plc. No acquisitions were completed in the period as successful consolidation and integration of SDI's new and existing companies was the Group's immediate priority.

Now that these internal activities have been completed, the Board has again been actively seeking to acquire further companies to add to its portfolio.

Revenues

Group revenues increased by 42% to £11.45m (2018: £8.05m). Turnover from our five sensors and control companies grew by 58% to £5.80m (2018: £3.67m) with Sentek, Astles and Applied Thermal Control all showing double digit increases. The digital imaging segment grew by 29%, with Atik continuing to grow and Graticules Optics, one of our newly acquired businesses, both increasing sales over the same period last year and posting a significantly increased order book.

Sales of our largely niche technologies remain evenly divided across North America, the UK and rest of Europe and China, which is helping to offset some of the Brexit uncertainty around trading in Europe. The order book remains in line with expectations as many of our businesses continue to supply OEM products and components to fixed-term call-off contracts for major industrial and life science equipment providers.

Chairman's Statement CONTINUED

Profits

Group profit before tax increased by 27% to £1.52m (2018: £1.20m). The increase in profitability was driven by organic revenue growth (6%) and by the contributions from businesses acquired in the preceding year.

We continue to provide shareholders with adjusted profit numbers to help them better understand underlying operating performance given variable acquisition-related costs and non-cash charges. The adjustments in this period totalled £481,000 before tax (2018: 265,000), and these include a £282,000 charge for amortisation of acquired intangible assets and £59,000 of reorganisation cost. Adjusted Profit Before Tax increased by 36%.

Basic earnings per share increased by 22% from 1.12p to 1.37p; fully diluted earnings per share also improved 20% to 1.32p (2018: 1.10p). Adjusted EPS increased by 28%.

Cash Flow

Cash generated from operations increased by 34% to £2.05m (2018: £1.53m). Contributing to this was a reduction in average debtor days in both reporting segments. Capital expenditure, including leasehold improvements and for demo instruments increased to £226,000 from £69,000 in 2018. Net debt, bank finance less cash, reduced by £0.93m in the six month period.

Operations

Following on from investments at Sentek last year, SDI has been making further improvements to its production facilities in several locations:

- Fistreem is being relocated into the Synoptics site in Cambridge, UK, and its Loughborough site will be closed. Fistreem products are being assembled in Cambridge to better utilise manufacturing capacity; the facility is fully operational in December 2019.
- SDI signed a lease agreement on a new site in Leicestershire for co-locating Thermal Exchange and Applied Thermal Control to develop and manufacture their complementary chiller technologies. Both companies have relocated there in December 2019, enabling synergies in R&D and production expertise, as well as economies of scale in terms of overhead costs.
- The Atik Camera production site in Lisbon, Portugal has reached capacity. Therefore, from June 2019, SDI leased and is refurbishing a new site which will more than double manufacturing space, with the aim to relocate production there in January 2020.

The combined effect of these actions all in calendar 2019 is to reduce factory roof count by two units, while significantly increasing capacity, and improving the working environment for staff, efficiency and product quality, covering over 80% of our production output.

We have also made good progress in recruiting across the Group, filling key positions in sales, R&D, production and finance.

Acquisitions

After the period end, on 29 November 2019, SDI acquired Chell Instruments Limited ("Chell") for an initial consideration of £4.3m plus an additional cash payment for net assets at completion, still to be determined. Chell specialises in the design, manufacture and calibration of pressure, vacuum and gas flow measurement instruments for a variety of sectors including aerospace, vehicle aerodynamics, gas and steam turbine testing and power generation industries. For the year ended 31 December 2018, Chell achieved revenue of £4.7m, gross profit of £2.5m and profit before tax of £0.78m. The Board has identified areas within Chell that have the potential for growth using the strong management team the company has recruited over the years. The Acquisition is expected to be earnings enhancing in its first full year of ownership.

The acquisition was funded through an extension of our bank debt facility, which now consists of a £5.0m revolving facility (not fully drawn) and a £4.8m term loan, both expiring in April 2023.

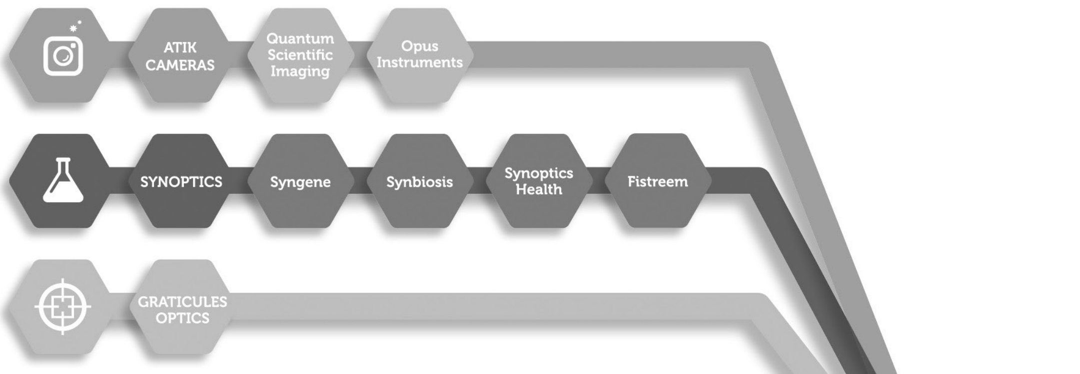
OUTLOOK

The Group has made a good start to the financial year. Despite the potential for economic variability, influenced by political conditions (including Brexit) and currency fluctuations, the Board is confident that our diversified portfolio of businesses is on course to deliver a full year financial performance in line with market expectations.

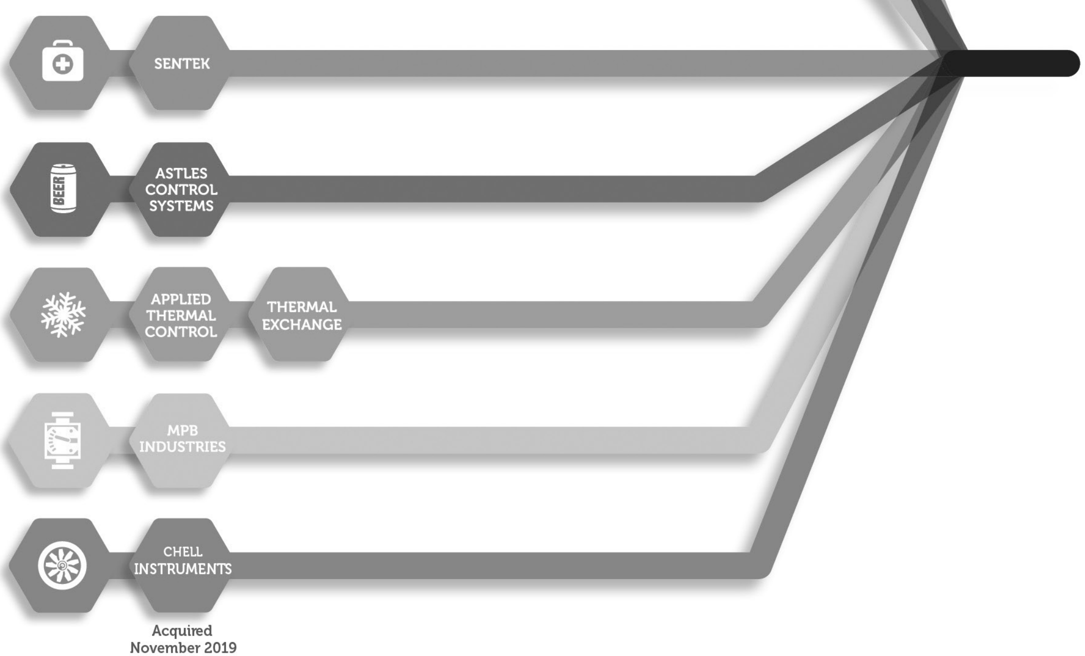
KEN FORD
CHAIRMAN
16 December 2019

The SDI Group Overview

Digital Imaging



Sensors & Control



Digital Imaging

The digital imaging segment consists of three divisions, Atik Cameras, Graticules Optics and Synoptics.

ATIK CAMERAS

Atik Cameras offers three brands of camera:

- **Atik** – highly sensitive cameras for life science and industrial applications, as well as deep-sky astronomy;
- **Quantum Scientific Imaging (QSI)** – high performance cameras with applications in astronomy, life science and flat panel display inspection; and
- **Opus Instruments** – infrared reflectography cameras for art conservation and restoration.

GRATICULES OPTICS

Designs and manufactures precision micro pattern products on glass, film and metal foil.

SYNOPTICS

Offers a range of instruments under four brands:

- **Syngene** – advanced systems for documentation and analysis of gels for molecular biologists. This brand utilises some of the range from Atik Cameras;
- **Synbiosis** – equipment for microbiologists to automate colony counting and zone measurement;
- **Synoptics Health** – ProReveal, to detect residual proteins on surgical instruments; and
- **Fistreem** – water purification products and vacuum ovens.

Sensors & Control

The sensors and control segment of SDI currently encompasses five divisions; Applied Thermal Control, Thermal Exchange, Astles Control Systems (Astles), MPB Industries and Sentek.

APPLIED THERMAL CONTROL AND THERMAL EXCHANGE

Applied Thermal Control and Thermal Exchange manufacture and supply chillers, coolers and heat exchangers used within industrial, medical and scientific markets.

ASTLES CONTROL SYSTEMS

Astles is a supplier of chemical dosing and control systems to manufacturing customers worldwide.

MPB INDUSTRIES

Designs and manufactures flowmeters and other equipment for measuring liquids and gases for industrial and scientific applications.

SENTEK

Sentek manufactures and markets off-the-shelf and custom-made, reusable and single-use electrochemical sensors for use in laboratory analysis, food, beverage, pharmaceutical and personal care manufacturing, as well as the leisure industry.

For more information visit:**www.scientificdigitalimaging.com**

Consolidated Income Statement

Unaudited for the six months ended 31 October 2019

	Note	**6 months to 31 October 2019 Unaudited £'000**	6 months to 31 October 2018 Unaudited £'000	12 months to 30 April 2019 Audited £'000
Revenue		**11,445**	8,047	17,427
Costs of sales		**(3,680)**	(2,736)	(5,902)
Gross profit		**7,765**	5,311	11,525
Operating expenses		**(6,144)**	(4,082)	(9,327)
Analysed as:				
Reorganisation costs		**(59)**	(4)	(124)
Share based payments		**(140)**	(48)	(136)
Acquisition and fundraising costs		**–**	(60)	(288)
Amortisation of acquired intangible assets		**(282)**	(153)	(356)
Other operating costs		**(5,663)**	(3,817)	(8,423)
Operating expenses		**(6,144)**	(4,082)	(9,327)
Operating profit		**1,621**	1,229	2,198
Net financing expense		**(104)**	(30)	(77)
Profit before taxation		**1,517**	1,199	2,121
Income tax charge		**(189)**	(203)	(209)
Profit for the period		**1,328**	996	1,912
Earnings per share	5			
Basic earnings per share		**1.37p**	1.12p	2.10p
Diluted earnings per share		**1.32p**	1.10p	2.05p

Consolidated Statement of Comprehensive Income

Unaudited for the six months ended 31 October 2019

	6 months to 31 October 2019 Unaudited £'000	6 months to 31 October 2018 Unaudited £'000	12 months to 30 April 2019 Audited £'000
Profit for the period	**1,328**	996	1,912
Other comprehensive income			
Exchange differences on translating foreign operations	**26**	50	31
Total comprehensive profit for the period	**1,354**	1,046	1,943

Consolidated Balance Sheet

Unaudited at 31 October 2019

	Note	**31 October 2019 Unaudited £'000**	31 October 2018 Unaudited £'000	30 April 2019 Audited £'000
Assets				
Non-current assets				
Intangible assets		**16,900**	11,299	17,194
Property, plant and equipment		**3,281**	370	767
Deferred tax asset		**182**	27	180
		20,363	11,696	18,141
Current assets				
Inventories		**2,785**	2,200	2,576
Trade and other receivables		**3,425**	2,858	3,340
Cash and cash equivalents		**2,727**	2,307	2,494
		8,937	7,365	8,410
Total assets		**29,300**	19,061	26,551
Liabilities				
Non-current liabilities				
Borrowings	6	**5,358**	1,378	4,016
Deferred tax liability		**1,356**	1,033	1,448
		6,714	2,411	5,464
Current liabilities				
Trade and other payables		**2,927**	2,392	3,280
Provisions for warranty		**16**	11	11
Borrowings	6	**449**	34	84
Current tax payable		**597**	494	626
		3,989	2,931	4,001
Total liabilities		**10,703**	5,342	9,465
Net assets		**18,597**	13,719	17,086
Equity				
Share capital		**972**	896	972
Merger reserve		**3,030**	3,030	3,030
Share premium account		**8,696**	6,390	8,696
Own shares held by Employee Benefit Trust		**–**	(17)	(17)
Other reserves		**424**	196	284
Foreign exchange reserve		**166**	159	140
Retained earnings		**5,309**	3,065	3,981
Total equity		**18,597**	13,719	17,086

Consolidated Statement of Cash Flows

Unaudited for the six months ended 31 October 2019

	6 months to 31 October 2019 Unaudited £'000	6 months to 31 October 2018 Unaudited £'000	12 months to 30 April 2019 Audited £'000
Operating activities			
Profit for the period	**1,328**	996	1,912
Depreciation, amortisation and impairment	**919**	629	1,202
Finance costs and income	**104**	30	77
(Decrease) / increase in provisions	**5**	–	(12)
Taxation expense in the income statement	**189**	203	209
Employee share based payments	**140**	47	136
Operating cash flow before movement in working capital	**2,685**	1,905	3,524
Changes in inventories	**(201)**	(34)	65
Changes in trade and other receivables	**(94)**	(529)	(415)
Changes in trade and other payables	**(339)**	189	446
Cash generated from operations	**2,051**	1,531	3,620
Interest paid	**(104)**	(30)	(77)
Income taxes paid	**(312)**	(8)	(319)
Cash generated from operating activities	**1,635**	1,493	3,224
Cash flows from investing activities			
Capital expenditure on fixed assets	**(226)**	(54)	(413)
Sale of property plant and equipment	**3**	35	45
Expenditure on development and other intangibles	**(257)**	(273)	(591)
Acquisition of subsidiaries, net of cash	**–**	(744)	(6,668)
Deferred consideration paid	**–**	(152)	(152)
Net cash used in investing activities	**(480)**	(1,188)	(7,779)
Cash flows from financing activities			
Payments of lease liabilities	**(225)**	(23)	(36)
Proceeds from bank borrowings	**–**	–	3,600
Repayment of borrowings	**(700)**	–	(970)
Issues of shares	**–**	–	2,449
Net cash from/(used in) financing activities	**(925)**	(23)	5,043
Net (decrease)/increase in cash and cash equivalents	**230**	282	488
Cash and cash equivalents, beginning of period	**2,494**	2,007	2,007
Foreign currency movements on cash balances	**3**	18	(1)
Cash and cash equivalents, end of period	**2,727**	2,307	2,494

Consolidated Statement of Changes in Equity

Unaudited for the six months ended 31 October 2019

6 months to 31 October 2019 – unaudited	**Share capital £'000**	**Merger reserve £'000**	**Foreign exchange £'000**	**Share premium £'000**	**Own shares held by EBT £'000**	**Other reserves £'000**	**Retained earnings £'000**	**Total £'000**
Balance at 1 May 2019	972	3,030	140	8,696	(17)	284	3,981	17,086
Share-based payments	–	–	–	–	–	140	–	140
Release of shares on option exercise	–	–	–	–	17	–	–	17
Transactions with owners	**–**	**–**	**–**	**–**	**17**	**140**	**–**	**157**
Profit for the period	–	–	–	–	–	–	1,328	1,328
Foreign exchange on consolidation of subsidiaries	–	–	26	–	–	–	–	26
Total comprehensive income for the period	**–**	**–**	**26**	**–**	**–**	**–**	**1,328**	**1,354**
Balance at 31 October 2019	**972**	**3,030**	**166**	**8,696**	**–**	**424**	**5,309**	**18,597**

6 months to 31 October 2018 – unaudited	Share capital £'000	Merger reserve £'000	Foreign exchange £'000	Share premium £'000	Own shares held by EBT £'000	Other reserves £'000	Retained earnings £'000	Total £'000
Balance at 1 May 2018	896	3,030	109	6,390	(82)	148	2,069	12,560
Share-based payments	–	–	–	–	–	48	–	48
Release of shares on option exercise	–	–	–	–	65	–	–	65
Transactions with owners	**–**	**–**	**–**	**–**	**65**	**48**	**–**	**113**
Profit for the period	–	–	–	–	–	–	996	996
Foreign exchange on consolidation of subsidiaries	–	–	50	–	–	–	–	50
Total comprehensive income for the period	**–**	**–**	**50**	**–**	**–**	**–**	**996**	**1,046**
Balance at 31 October 2018	**896**	**3,030**	**159**	**6,390**	**(17)**	**196**	**3,065**	**13,719**

12 months to 30 April 2019 – audited	Share capital £'000	Merger reserve £'000	Foreign exchange £'000	Share premium £'000	Own shares held by EBT £'000	Other reserves £'000	Retained earnings £'000	Total £'000
Balance at 1 May 2018	896	3,030	109	6,390	(82)	148	2,069	12,560
Shares issued	76	–	–	2,306	65	–	–	2,447
Share-based payments	–	–	–	–	–	136	–	136
Transactions with owners	**76**	**–**	**–**	**2,306**	**65**	**136**	**–**	**2,583**
Profit for the year	–	–	–	–	–	–	1,912	1,912
Foreign exchange on consolidation of subsidiaries	–	–	31	–	–	–	–	31
Total comprehensive income	**–**	**–**	**31**	**–**	**–**	**–**	**1,912**	**1,943**
Balance at 30 April 2019	**972**	**3,030**	**140**	**8,696**	**(17)**	**284**	**3,981**	**17,086**
Restatement for IFRS 16 ("Leases")	–	–	–	–	–	–	–	–
Balance at 01 May 2019	**972**	**3,030**	**140**	**8,696**	**(17)**	**284**	**3,981**	**17,086**

Notes to the Interim Financial Statements

1 General Information and Basis of Preparation

SDI Group plc (formerly known as Scientific Digital Imaging plc *the "Company"*), a public limited company, is the Group's ultimate parent. It is registered in England and Wales. The consolidated interim financial statements of the Company for the period ended 31 October 2019 comprise the Company and its subsidiaries (together referred to as the "Group").

The unaudited consolidated interim financial statements are for the six months ended 31 October 2019. These interim financial statements have been prepared using the recognition and measurement principles of International Accounting Standards, International Financial Reporting Standards and Interpretations adopted for use in the European Union (collectively EU IFRS). The consolidated interim financial information has been prepared under the historical cost convention, as modified by the recognition of certain financial instruments at fair value. The consolidated interim financial statements are presented in British pounds (£), which is also the functional currency of the ultimate parent company.

The consolidated interim financial information was approved by the Board of Directors on 16 December 2019.

The financial information set out in this interim report does not constitute statutory accounts as defined in section 435 of the Companies Act 2006. The figures for the year ended 30 April 2019 have been extracted from the statutory financial statements of Scientific Digital Imaging plc which have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006.

The financial information for the six months ended 31 October 2019 and for the six months ended 31 October 2018 has not been audited.

2 Principal Accounting Policies

The principal accounting policies adopted in the preparation of the condensed consolidated interim information are consistent with those followed in the preparation of the Group's financial statements for the year ended 30 April 2019, except that the Group has implemented IFRS 16 ("Leases") with effect from 1 May 2019.

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

IFRS 16 'Leases'

The Group has adopted IFRS 16 from 1 May 2019 and applied the modified retrospective approach. IFRS 16 provides a single on-balance sheet accounting model for lessees which recognises a right-of-use asset, representing its right to use the underlying asset, and lease liability, representing its obligations to make payment in respect of the use of the underlying asset. The accounting distinction between finance and operating leases for lessees is removed. Comparatives for the prior period have not been restated and the adjustments arising from the new leasing standard are therefore recognised in the opening balance sheet on 1 May 2019 as follows:

	1 May 2019 Unaudited £'000
Non-current assets	
Property, plant and equipment (right of use assets)	**2,477**
Current assets	
Trade and other receivables	**(22)**
Total assets	**2,455**
Non-current liabilities	
Lease liabilities	**1,999**
Current liabilities	
Lease liabilities	**456**
Total liabilities	**2,455**
Total movement in retained earnings as at 1 May 2019	**–**

On adoption of IFRS 16, the Group recognised liabilities for leases which had been classified as operating leases under previous accounting standards. The lease liability has been measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate as at 1 May 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 May 2019 was 3.1%.

	1 May 2019 Unaudited £'000
Operating lease commitments as disclosed at 30 April 2019	**2,706**
Adjustment to commitment disclosures	**282**
	2,988
Effect of discounting (at incremental borrowing rate as at 1 May 2019)	**(533)**
Lease liability recognised as at 1 May 2019	**2,455**

The adjustment to commitment disclosures consists of recognition differences on new leases, different assumptions on break clauses and rent reviews, and short term and low value leases.

Notes to the Interim Financial Statements CONTINUED

Practical expedients applied

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- Excluded initial direct costs for the measurement of right-of-use assets at the date of the initial application
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease

Impact on the income statement

The impact on the income statement for the six months ended 31 October 2019 is to increase operating profit by approximately £10,000 and increase finance costs by £38,000 resulting in a decrease in profit before tax of £28,000. The impact on the income statement for the year ended 30 April 2020 is expected to increase operating profit by approximately £24,000 and increase finance costs by £81,000 resulting in a decrease in profit before tax of £57,000.

Impact on the cash flow statement

There has been a change to the classification of cash flows in the cash flow statement with operating lease payments previously categorised as operating cash flow now being split between the principal element, included as payments of lease liabilities within financing activities and the interest element, included as interest paid within cash generated from operating activities. In the six months to 31 October 2019 there were £228,000 of operating lease payments comprising £192,000 of payment of lease liabilities and £36,000 of interest paid.

Accounting policy

The Group recognises a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is initially measured at cost, comprising the initial amount of the lease liability plus any initial direct costs incurred and an estimate of costs to restore the underlying asset, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the asset or the end of the lease term. The right-of-use asset is included within property, plant & equipment in the balance sheet.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the incremental borrowing rate. The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or a rate or a change in the Group's assessment of whether it will exercise an extension or termination option. When the lease liability is re-measured, a corresponding adjustment is made to the right-of-use asset. The lease liability is included within borrowings in the balance sheet.

Payments associated with short-term leases or low-value assets are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets mostly comprise of IT and office equipment.

3 Alternative Performance Measures

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

The following table is included to define the term Adjusted Operating Profit:

	6 months to 31 October 2019 Unaudited £'000	6 months to 31 October 2018 Unaudited £'000	12 months to 30 April 2018 Audited £'000
Operating Profit (as reported)	**1,621**	1,229	2,198
Adjusting items (all costs):			
Reorganisation costs	**59**	4	124
Share based payments	**140**	48	136
Acquisition and fundraising costs	**–**	60	288
Amortisation of acquired intangible assets	**282**	153	356
Total adjusting items within Operating Profit	**481**	265	904
Adjusted Operating Profit	**2,102**	1,494	3,102

Adjusted Profit Before Tax is defined as follows:

	6 months to 31 October 2019 Unaudited £'000	6 months to 31 October 2018 Unaudited £'000	12 months to 30 April 2018 Audited £'000
Profit before tax (as reported)	**1,517**	1,199	2,121
Adjusting items (as above)	**481**	265	904
Adjusted Profit Before Tax	**1,998**	1,464	3,025

Notes to the Interim Financial Statements CONTINUED

Adjusted EPS is defined as follows:

	6 months to 31 October 2019 Unaudited £'000	6 months to 31 October 2018 Unaudited £'000	12 months to 30 April 2018 Audited £'000
Profit for the period (as reported)	**1,328**	996	1,912
Adjusting items (as above)	**481**	265	904
Less taxation on adjusting items calculated at the UK statutory rate	**(91)**	(50)	(172)
Adjusted net profit	**1,718**	1,211	2,644
Divided by diluted weighted average number of shares in issue (Note 5)	**100,846,707**	91,202,266	93,330,500
Adjusted diluted EPS	**1.70p**	1.33p	2.83p

Net Operating Assets is defined as follows:

	31 October 2019 Unaudited £'000	31 October 2018 Unaudited £'000	30 April 2018 Audited £'000
Net assets	**18,597**	13,719	17,086
Deferred tax asset	**182**	27	180
Cash and cash equivalents	**2,727**	2,307	2,494
Borrowings (current and non-current)	**(5,807)**	(1,412)	(4,100)
Deferred tax liability	**(1,356)**	(1,033)	(1,449)
Current tax payable	**(597)**	(494)	(626)
Total adjusting items within Net assets	**(4,851)**	(605)	(3,501)
Net Operating Assets	**23,448**	14,324	20,586

4 Segmental Analysis

	6 months to 31 October 2019 Unaudited £'000	6 months to 31 October 2018 Unaudited Restated £'000	12 months to 30 April 2019 Audited £'000
Revenues			
Digital Imaging	**5,639**	4,305	9,434
Sensors & Control	**5,806**	3,672	7,993
Other	**–**	70	–
Group	**11,445**	8,047	17,427
Adjusted Operating Profit			
Digital Imaging	**1,210**	1,023	1,954
Sensors & Control	**1,361**	915	2,165
Other	**(469)**	(444)	(1,017)
Group	**2,102**	1,494	3,102
Amortisation of acquired intangible assets			
Digital Imaging	**90**	7	50
Sensors & Control	**192**	146	306
Other	**–**	–	–
Group	**282**	153	356

A reconciliation of Adjusted Operating Profit to Operating Profit for the Group is provided in Note 3.

Analysis of amortisation of acquired intangible assets has been included separately as the Group considers it to be an important component of profit which is directly attributable to the reported segments.

The Other category includes costs which cannot be allocated to the other segments, and consists principally of Group HQ costs.

The analysis for the 6 months to October 2018 has been restated to allocate Fistreem revenues and costs to the Digital Imaging segment. In the Interim Report for the 6 months to October 2018, these had been shown in the Other segment, pending a decision on the appropriate reporting segment for Fistreem activities.

Notes to the Interim Financial Statements CONTINUED

	31 October 2019 Unaudited £'000	31 October 2018 Unaudited Restated £'000	30 April 2019 Audited £'000
Operating assets excluding acquired intangible assets			
Digital Imaging	**6,508**	4,512	4,828
Sensors & Control	**4,110**	2,036	3,020
Other	**53**	2	27
Group	**10,671**	6,549	7,875
Acquired intangible assets			
Digital Imaging	**5,461**	2,176	5,552
Sensors & Control	**10,260**	8,003	10,451
Other	**–**	–	–
Group	**15,721**	10,179	16,003
Liabilities			
Digital Imaging	**(1,185)**	(1,140)	(1,281)
Sensors & Control	**(1,514)**	(1,083)	(1,361)
Other	**(245)**	(181)	(649)
Group	**(2,944)**	(2,404)	(3,291)
Net Operating Assets			
Digital Imaging	**10,784**	5,548	9,099
Sensors & Control	**12,856**	8,956	12,110
Other	**(192)**	(180)	(623)
Group	**23,448**	14,324	20,586

A reconciliation of Net Operating Assets to net assets for the Group is provided in Note 3.

The Other category includes assets and liabilities which cannot be allocated to the other segments.

The analysis for 31 October 2018 has been restated to allocate Fistreem operating assets and liabilities to the Digital Imaging segment. In the Interim Report for the 6 months to October 2018, these had been shown in the Other segment, pending a decision on the appropriate reporting segment for Fistreem activities.

5 Earnings Per Share

The calculation of the basic earnings per share is based on the profits attributable to the shareholders of SDI Group plc divided by the weighted average number of shares in issue during the period. All profit per share calculations relate to continuing operations of the Group.

	Profit attributable to shareholders £'000	Weighted average number of shares	Earnings per share amount in pence
Basic earnings per share:			
Period ended 31 October 2019	**1,328**	97,203,951	1.37
Period ended 31 October 2018	**996**	89,115,396	1.12
Year ended 30 April 2019	**1,912**	91,209,753	2.10
Dilutive effect of share options:			
Period ended 31 October 2019		3,642,756	
Period ended 31 October 2018		1,568,842	
Year ended 30 April 2019		2,120,747	
Diluted earnings per share:			
Period ended 31 October 2019	**1,328**	100,846,707	1.32
Period ended 31 October 2018	**996**	91,202,266	1.10
Year ended 30 April 2019	**1,912**	93,330,500	2.05

Notes to the Interim Financial Statements CONTINUED

6 Borrowings

	31 October 2019 £'000	31 October 2018 £'000	30 April 2019 £'000
Within one year:			
Bank finance	**–**	–	–
Lease liabilities (formerly only finance leases)	**449**	34	84
	449	34	84
After one year and within five years:			
Bank finance	**3,300**	1,370	4,000
Lease liabilities (formerly only finance leases)	**1,103**	8	16
	4,403	1,378	4,016
After more than five years:			
Lease liabilities (formerly only finance leases)	**955**	–	–
Total borrowings	**5,807**	1,412	4,100

Bank finance for 31 October 2019 relates to amounts drawn down under the Group's £5,000,000 revolving bank facility with HSBC UK Bank plc. The termination date of the facility is 3 April 2023.

Subsequent to the end of the period, the Group has agreed an additional £4,800,000 amortising facility with HSBC UK Bank plc which has the same termination date of 3 April 2023.

Leases at 31 October 2018 and 30 April 2019 include only finance leases. Following adoption of IFRS 16 from 1 May 2019, there is no longer an accounting distinction between finance and operating leases (see Note 2). On 1 May 2019, £2,455,000 of liabilities from leases formerly classified as operating leases were recognised, of which £456,000 were due within one year.

7 Post Balance Sheet Event

On 29 November 2019 the Group completed the acquisition of Chell Instruments Limited ("Chell") for an initial consideration of £4.3m plus an additional cash payment, still to be determined, for net assets at completion. Chell specialises in the design, manufacture and calibration of pressure, vacuum and gas flow measurement instruments for a variety of sectors including aerospace, vehicle aerodynamics, gas and steam turbine testing and power generation industries. For the year ended 31 December 2018, Chell achieved revenue of £4.7m, gross profit of £2.5m and profit before tax of £0.78m. The Board has identified areas within Chell that have the potential for growth using the strong management team the company has recruited over the years. The Acquisition is expected to be earnings enhancing in its first full year of ownership.

Associated with the acquisition, the Group agreed and drew down an additional £4.8m borrowing facility with its bank HSBC UK Bank plc.

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