SCISYS

SCISYS PLC

Interim Report

For the six months ended 30 June 2015

Stock Code: SSY

SCISYS

Welcome to our 2015 interim report

The SCISYS Group is a leading developer of IT services. We develop robust, real-world application solutions and products, and provide supporting services that create real business benefit.

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Financial Headlines

Six months to 30 June

	2015 Unaudited	2014 Unaudited
EBITA	(£1.1m)	£1.4m
(Loss)/profit before tax	(£1.2m)	£1.3m
Basic (loss)/earnings per share	(4.9p)	4.0p
Revenue	£16.5m	£21.1m
Professional fees	£13.1m	£16.7m
Group net debt at 30 June 2015	£1.9m	£1.8m

Operational Highlights

- Constructive progress made with the client to resolve the problem project that led to the June profits warning.
- M&B division secures a second Large-Scale Framework contract from the BBC followed by two substantial call-offs.
- ESD division achieves IEP contract award by Lockheed Martin.
- ESD division wins a major multi-year research contract with Dstl for UK MoD.
- Space division secures contract extensions for additional maintenance and software change on the Galileo project.
- Xibis wins major contracts with Spirit Healthcare and Pets at Home.
- SCISYS UK Ltd gains certification to the UK Cyber Essentials Scheme.

For more information visit www.scisys.co.uk

Chairman's Statement

Overview

Introduction

June's trading update identified two causes for our downgraded expectations for 2015:

a) significant issues with one problematic fixed-price project in our Enterprise Solutions & Defence (ESD) division required extensive provisions to be taken in the period to fulfil the contract; and
b) the Company continuing to suffer from the relative strength of sterling over the weaker euro, which has had a negative impact on consolidated top-line revenues and the translation of profits denominated in euros.

The consequential reduction in first half profitability was anticipated, as were reduced revenues because resources were committed to the project for longer than planned, reducing capacity to capitalise on other revenue generating opportunities. This effect was felt in addition to the devaluation of euro denominated revenues.

There has been further downward pressure on revenues in the first six months of the year caused by deferrals of expected revenues in all divisions. A number of anticipated contract wins have already materialised in the second half.

Resolving the issues on the errant project remains our short-term priority and the steps we have taken are progressing constructively. In combination with the projected ramp up from July onwards, we remain confident in achieving the revised market guidance for the full year.

Results

During the first six months of 2015 the Company generated revenues of £16.5m (2014: £21.1m), an operating loss of £1.1m (2014: profit of £1.4m) and a loss before tax of £1.2m (2014: profit of £1.3m). The Group's balance sheet remains strong.

Operating Review

Enterprise Solutions & Defence (ESD) division

ESD has suffered significantly during the period from the large project that has incurred substantial losses.

Additionally, the first half performance was also impaired by slow order intake during the first few months. However, on-going projects have performed well and the Division has now won several important contracts which help to secure revenues for the remainder of 2015, 2016 and beyond.

These wins include a contract (Imagery Exploitation Programme or IEP) as part of a team working with Lockheed Martin for the UK MoD to deliver a new-generation intelligence capability. This will provide improved situational awareness and analysis and enhanced intelligence gathering capabilities across the nation's armed forces, wherever they are.

The Coal Authority has requested functional enhancements for its INFERIS system, which recently issued its one-millionth mining report.

A new multi-year support contract was secured with Vodafone to operate the NHS 111 service.

A significant contract has been awarded by the Defence Science and Technology Laboratory, Dstl. The multi-year research programme will investigate an optimised future operations room in support of the Maritime Air Defence Command Team, and helps to raise SCISYS' profile further in the Maritime sector.

Assessing the business anticipated for the rest of 2015 and beyond, the Division is recruiting to match resource requirements with the expected levels of business.

Chairman's Statement continued

£'000	Six months ended 30 June 2015	Six months ended 30 June 2014	Year ended 31 December 2014
Revenue	4,809	7,321	13,483
Contribution value [1]	(378)	1,788	3,203
Contribution margin [2]	(8%)	24%	24%

Revenues during the first half are down on the comparative period by £2.5m. Of this total, £1.1m related to additional loss provisions on the problem project and a further £0.3m arose from lost opportunities due to resources being absorbed by the project.

The £2.2m reduction in contribution is primarily attributable to the problem project, where future losses have had to be recognised up front.

Space division

Overall, Space has performed in line with expectations that envisaged a back-loaded full-year performance as some of the bigger opportunities were anticipated to materialise during the second half.

The Division has continued its solid performance, which has seen a marked improvement in recent years. Its involvement in Galileo continues to be a steady and healthy source of income. The operations support activities for the European Space Agency (ESA) remain strong, and recent wins of new simulator contracts further increase SCISYS' credentials in this domain. An extension has been secured to continue work on the French-German Merlin Earth observation programme.

However, this division has been hit hard by the strength of sterling against the euro, impacting revenues by £0.9m during the first half year.

£'000	Six months ended 30 June 2015	Six months ended 30 June 2014	Year ended 31 December 2014
Revenue	7,868	9,300	18,559
Contribution value [1]	1,215	1,669	3,980
Contribution margin [2]	15%	18%	21%

The relative effect on divisional contribution is even bigger because UK Space operations incur the bulk of their costs in sterling while the majority of their contracts for ESA are realised in euro. Currency hedging activities in the Division have nonetheless limited this bottom line impact.

Media & Broadcast (M&B) division

Revenues were £1.3m lower than the previous period, with £0.4m related to the foreign exchange devaluation. At the same time, the Division has managed to improve its comparative margin.

The award of a second exclusive BBC framework for Audio Editing & Playout was a major achievement and provides a firm base for the Division to operate in the UK for the next few years. As a first significant call-off, the Radio Digital Archive will allow journalists on-line to search, retrieve and re-use archived audio material easily. The performance of the German speaking part of the Division has been excellent with steady maintenance revenues forming a firm foundation. The international business is progressing well with existing customers and the team is hopeful of extending its reach into new territories.

[1] Contribution value is revenue less divisional costs (i.e. before central overheads deducted)
[2] Contribution margin is the percentage of contribution value achieved against revenue generated

£'000	Six months ended 30 June 2015	Six months ended 30 June 2014	Year ended 31 December 2014
Revenue	3,128	4,407	8,059
Contribution value [1]	948	1,215	2,481
Contribution margin [2]	30%	28%	31%

Xibis Limited

This is the first time that we are reporting on the performance of the recent Xibis acquisition. Revenue was slightly below plan at £0.4m for the first half, resulting in a small loss during the period which we expect to recover on a full-year basis.

The founders decided to leave the company to pursue their non-business interests and SCISYS wishes to record its appreciation of the professional way in which they have remained involved since the acquisition.

The new management team, comprising the remaining directors and other senior management, is settling in successfully and providing continuity to the business.

Xibis is making excellent progress. It has won some excellent new contracts, including Pets at Home and Spirit Healthcare, which represents the highest value contract in its history. It involves delivery of a significantly improved solution for mobile tele-health services.

Financial Review

The half-year results were materially affected by the issues identified in the trading update that was issued in June. Substantial provisions were made for forecast cost overruns on an isolated fixed-price project while the continued weakness of the euro relative to sterling devalued euro-denominated revenues and profits on translation.

At the operating level, the Group recorded a loss of £1.1m (2014: £1.4m profit). Total revenues were down 22% to £16.5m (2014: £21.1m) and the professional fees' component fell by 22% to £13.1m (2014: £16.7m).

Accordingly, the Group reported a basic loss of 4.9p per share for the period (2014: 4.0p earnings per share).

The average euro-sterling exchange rate for the period was €1.38/£, which is a 12% devaluation from the comparative 2014 value of €1.22/£. On a constant-currency basis, revenues for the period would have been £1.6m higher than reported. The Group seeks to mitigate its exposure to foreign-exchange movements by undertaking various hedging activities. These include taking out currency options or forward contracts for the conversion of surplus UK euro receipts, holding German cash deposits in sterling accounts and utilisation of euro-denominated borrowing facilities in the UK. The benefits of these mechanisms materialise as a reduction in operating costs.

As reported in the Operating Review, the former owners of the Xibis business, which SCISYS acquired in December 2014, have left the company. Under the terms of the Sale & Purchase Agreement, this meant that they sacrificed all their rights to the potential £2.3m earnout based on trading results for the two years ending 31 December 2016. In the 2014 financial statements, the present value of anticipated deferred payments payable under the earnout in March 2017 was reported as £0.3m. Cancellation of the earnout has been treated as a measurement period adjustment under IFRS3. As such, the contingent consideration and associated goodwill have been eliminated by way of a fair-value adjustment with no impact on current-year profits.

At the end of the reporting period, the Group had bank deposits (comprising cash and cash

Chairman's Statement continued

equivalents less overdrafts) of £3.0m (30 June 2014: £2.8m). Unutilised working capital facilities totalled £3.1m (30 June 2014: £4.5m). Group debt excluding bank overdrafts at the period end was £4.9m (30 June 2014: £4.6m). The resulting net debt was £2.2m higher than the 2014 year-end position at £1.9m (30 June 2014: £1.8m), although £0.8m of the net cash outflow in the period related to payment of deferred consideration for the Xibis acquisition.

In June's trading update the Company reported that, while its balance sheet remained strong and was underpinned with solid freehold property assets, the Group may breach certain banking covenants at 30 June when these were tested in mid-August. Over recent years, SCISYS has maintained strong relationships with its lenders and this was validated when we issued an update on 4 September, which confirmed that the anticipated breaches had been waived by the Group's principal bankers and revised covenant thresholds had been agreed up to the end of 2016. The relaxed covenant limits provide sufficient headroom to support trading in line with the Board's current expectations. In addition, the Group's other UK bank has confirmed that it will waive any breach when its covenants are tested following publication of the full year 2015 results, subject to achievement of at least £0.5m EBITDA for the year. This target is comfortably within current market guidance levels. Neither lender has increased interest rates or levied punitive charges as a result of the covenant breaches.

Tax rates between the first halves of 2014 and 2015 are not comparable due to this year's losses. SCISYS continues to benefit from the tax-credit system for UK expenditure on Research & Development. Credits are received in the form of cash rebates from HM Revenue & Customs, and this serves to offset the relatively high corporate tax rates experienced by our German business.

The half-year accounts are presented on a basis consistent with policies to be adopted for the Annual Report & Accounts for the year ending 31 December 2015.

Dividend

While confident of achieving a satisfactory outcome, the Board is nevertheless taking a prudent view pending resolution of all of the issues to close out the problem project. It has accordingly decided to suspend payment of an interim dividend (2014: 0.44p per share) while reserving its position regarding the level of a full-year dividend until the final commercial arrangements and the resulting impact on full-year earnings and cash flow are known.

Outlook

Our markets remain tough but opportunities exist and we are confident of winning several new projects in the second half. The pipeline of prospects is particularly encouraging, which bodes well for a sustained recovery.

The Board believes that the Group's stated strategy remains valid and that future growth in profits and margins can be delivered once the reported problems have been resolved. We are confident that we will achieve the revised market guidance for the full year.

Chairman
Mike Love

Consolidated Income Statement

	Unaudited 6 months to 30 June 2015 £'000	Unaudited 6 months to 30 June 2014 £'000	Audited Year ended 31 December 2014 £'000
Revenue (note 2)			
Existing operations	**16,524**	21,145	40,330
Acquisitions	**-**	-	29
	16,524	21,145	40,359
Operating costs	**(17,654)**	(19,754)	(37,175)
Operating (loss)/profit	**(1,130)**	1,391	3,184
"Adjusted operating (loss)/profit" being operating (loss)/profit before share based payments, exceptional charges and amortisation arising on business combinations	**(1,108)**	1,471	3,361
Share based payments	**(22)**	(20)	(42)
Exceptional charges (note 3)	**-**	(60)	(135)
Operating (loss)/profit	**(1,130)**	1,391	3,184
Finance costs	**(97)**	(97)	(182)
Finance income	**1**	3	5
(Loss)/profit before tax	**(1,226)**	1,297	3,007
Tax charge	**(189)**	(138)	(766)
(Loss)/profit for the period attributable to equity holders of the parent	**(1,415)**	1,159	2,241

(Loss)/earnings per share (note 6)			
Basic	**(4.9)p**	4.0p	7.7p
Diluted	**(4.6)p**	3.8p	7.3p

Consolidated Statement of Comprehensive Income

	Unaudited 6 months to 30 June 2015 £'000	Unaudited 6 months to 30 June 2014 £'000	Audited Year ended 31 December 2014 £'000
(Loss)/profit for the period	**(1,415)**	1,159	2,241
Other comprehensive income not recycling through the Income Statement			
Currency translation differences on foreign currency investments	**(708)**	(256)	(413)
Total comprehensive (expense)/income for the period attributable to equity holders of the parent	**(2,123)**	903	1,828

Consolidated Statement of Changes in Equity

For the 6 months ended 30 June 2015 (unaudited)	**Share Capital £'000**	**Share Premium £'000**	**Merger Reserve £'000**	**Capital Redemption Reserve £'000**	**Translation Reserve £'000**	**Retained Earnings £'000**	**Total £'000**
Balance as at 1 January 2015	7,272	143	943	83	847	11,169	20,457
Total comprehensive income for the period							
Loss in the period	-	-	-	-	-	(1,415)	(1,415)
Other comprehensive income							
Foreign currency translation	-	-	-	-	(708)	-	(708)
Total comprehensive expense for the period	-	-	-	-	(708)	(1,415)	(2,123)
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Share based payments	-	-	-	-	-	22	22
Treasury shares	-	-	-	-	-	(25)	(25)
Exercise of share options	-	-	-	-	-	5	5
Total contributions by and distributions to owners	-	-	-	-	-	2	2
Balance as at 30 June 2015	**7,272**	**143**	**943**	**83**	**139**	**9,756**	**18,336**

Consolidated Statement of Changes in Equity continued

For the 6 months ended 30 June 2014 (unaudited)	Share Capital £'000	Share Premium £'000	Merger Reserve £'000	Capital Redemption Reserve £'000	Translation Reserve £'000	Retained Earnings £'000	Total £'000
Balance as at 1 January 2014	7,272	143	943	83	1,260	9,382	19,083
Total comprehensive income for the period							
Profit in the period	-	-	-	-	-	1,159	1,159
Other comprehensive income							
Foreign currency translation	-	-	-	-	(256)	-	(256)
Total comprehensive income for the period	-	-	-	-	(256)	1,159	903
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Share based payments	-	-	-	-	-	20	20
Treasury shares	-	-	-	-	-	(75)	(75)
Exercise of share options	-	-	-	-	-	16	16
Total contributions by and distributions to owners	-	-	-	-	-	(39)	(39)
Balance as at 30 June 2014	7,272	143	943	83	1,004	10,502	19,947

Consolidated Statement of Changes in Equity continued

For the year ended 31 December 2014 (audited)	Share Capital £'000	Share Premium £'000	Merger Reserve £'000	Capital Redemption Reserve £'000	Translation Reserve £'000	Retained Earnings £'000	Total £'000
Balance as at 1 January 2014	7,272	143	943	83	1,260	9,382	19,083
Total comprehensive income for the period							
Profit in the period	-	-	-	-	-	2,241	2,241
Other comprehensive income							
Foreign currency translation	-	-	-	-	(413)	-	(413)
Total comprehensive income for the period	-	-	-	-	(413)	2,241	1,828
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Dividends paid	-	-	-	-	-	(435)	(435)
Share based payments	-	-	-	-	-	42	42
Treasury shares	-	-	-	-	-	(100)	(100)
Exercise of share options	-	-	-	-	-	39	39
Total contributions by and distributions to owners	-	-	-	-	-	(454)	(454)
Balance as at 31 December 2014	7,272	143	943	83	847	11,169	20,457

Consolidated Statement of Financial Position

	Unaudited 30 June 2015 £'000	Unaudited 30 June 2014 £'000	Audited 31 December 2014 £'000
Non-current assets			
Property, plant and equipment	**8,514**	8,867	8,899
Goodwill	**7,717**	6,763	8,141
Other intangible assets	**87**	139	92
Deferred tax assets	**20**	24	23
	16,338	15,793	17,155
Current assets			
Inventories	**354**	434	325
Trade and other receivables	**12,243**	12,943	12,334
Corporation tax receivable	**629**	897	429
Cash and cash equivalents	**4,206**	2,821	5,798
	17,432	17,095	18,886
Total assets	**33,770**	32,888	36,041
Equity			
Issued share capital	**7,272**	7,272	7,272
Share premium account	**143**	143	143
Merger reserve	**943**	943	943
Retained earnings	**9,756**	10,502	11,169
Translation reserve	**139**	1,004	847
Other reserves	**83**	83	83
Equity attributable to equity holders of the parent	**18,336**	19,947	20,457
Current liabilities			
Trade and other payables	**8,463**	7,711	8,743
Bank overdrafts and loans	**3,876**	1,120	875
Corporation tax payable	**497**	257	460
Deferred income	**145**	63	167
	12,981	9,151	10,245
Non-current liabilities			
Bank loans	**2,202**	3,503	4,595
Other payables	**-**	-	316
Deferred tax	**251**	287	428
	2,453	3,790	5,339
Total liabilities	**15,434**	12,941	15,584
Total equity and liabilities	**33,770**	32,888	36,041

Consolidated Statement of Cash Flows

	Unaudited 6 months to 30 June 2015 £'000	Unaudited 6 months to 30 June 2014 £'000	Audited Year ended 31 December 2014 £'000
Cash flow from operating activities			
(Loss)/profit before tax	**(1,226)**	1,297	3,007
Net finance costs	**96**	94	177
Operating (loss)/profit	**(1,130)**	1,391	3,184
Decrease in trade receivables	**58**	795	1,713
Increase/(decrease) in trade payables	**527**	(1,141)	(2,103)
Deferred consideration	**-**	-	1,143
Depreciation and amortisation	**371**	397	795
Share based payments	**22**	20	42
Tax payments	**(432)**	(119)	100
Net cash flow from operating activities	**(584)**	1,343	4,874
Cash flow from investing activities			
Acquisition of subsidiary	**(830)**	-	(800)
Cash acquired with subsidiary	**-**	-	442
Proceeds from disposal of property, plant and equipment	**-**	(4)	7
Purchase of plant, property and equipment	**(260)**	(195)	(625)
Exercise of share options	**5**	16	39
Interest received	**1**	3	5
Net cash flow from investing activities	**(1,084)**	(180)	(932)
Cash flows from financing activities			
Dividends paid	**-**	-	(435)
Interest paid	**(97)**	(97)	(182)
Investment in own shares	**(25)**	(75)	(100)
Bank loan received	**-**	-	1,200
Debt repayments	**(377)**	(303)	(602)
Net cash flow from financing activities	**(499)**	(475)	(119)
Net (decrease)/increase in cash and cash equivalents	**(2,167)**	688	3,823
Cash and cash equivalents at the start of the period	**5,798**	2,349	2,349
Exchange and other movements	**(584)**	(217)	(374)
Cash and cash equivalents at the end of the period	**3,047**	2,820	5,798
Cash and cash equivalent deposits held in non-UK based banks	**3,801**	2,347	4,216
Net bank (overdraft)/deposits with UK based banks	**(754)**	473	1,582
	3,047	2,820	5,798

Notes to the Unaudited Interim Report for the 6 months to 30 June 2015

1 Basis of preparation of Interim Financial Information & Statement of Compliance

SCISYS PLC (the "Company") is a UK company incorporated in England & Wales. The entities consolidated in the half year financial statements of the Company for the six months to 30 June 2015 comprise the Company and its subsidiaries (together referred to as the "Group"). The Group reports its financial results in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU").

This interim results announcement is prepared in accordance with the IFRS accounting policies expected to be applied by the Group at 31 December 2015. These policies are unchanged from those set out by the Group in its consolidated financial statements for the year ended 31 December 2014 and available on the Group's website at www.scisys.co.uk. As permitted, this interim report has been prepared in accordance with the AIM rules and not in accordance with IAS 34 'Interim Financial Reporting' and is therefore not fully compliant with IFRS. There are no new standards or interpretations endorsed by the EU during 2015 that impact on the financial results or presentation.

The interim financial information for the six months ended 30 June 2015 is unaudited and does not include all of the information required to constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. It should therefore be read in conjunction with the audited financial statements for the year ended 31 December 2014. These published accounts have been reported on by the Group's auditors and have been delivered to the Registrar of Companies. The report of the auditors was (1) unqualified; (2) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (3) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The preparation of these consolidated half year financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these consolidated half year financial statements, the significant judgements made by management in applying the Group's accounting policies and the key areas of estimation were the same as those that applied to the consolidated financial statements for the year ended 31 December 2014.

The Interim Report was approved by the Directors on 23 September 2015.

2 Segmental analysis

The management structure and reporting of financial information to the chief operating decision maker (the Board) is the basis used to define operating segments.

The Group provides IT services to commercial and public sector organisations through the following four divisions:

- Space
- Enterprise Solutions & Defence (ESD)
- Media & Broadcast (M&B)
- Xibis

The Xibis division represents the business of Xibis Limited, which was acquired by SCISYS PLC as a wholly owned subsidiary on 14 December 2014.

Divisional results, assets and liabilities represent items directly attributable to a division. Unallocated expenses comprise central overheads and corporate expenses. Assets and liabilities which are allocated to operating divisions comprise trade receivables, amounts recoverable on contracts, inventories and payments received on account.

Information about reportable segments

External revenues	Space £'000	ESD £'000	M&B £'000	Xibis £'000	Total £'000
6 months ended 30 June 2015 (unaudited)					
Professional fees revenue	**6,046**	**3,653**	**3,044**	**353**	**13,096**
Other revenue	**1,822**	**1,156**	**84**	**45**	**3,107**
External revenue for reportable segments	**7,868**	**4,809**	**3,128**	**398**	**16,203**
Other external revenue					**321**
Consolidated revenue					**16,524**
6 months ended 30 June 2014 (unaudited)					
Professional fees revenue	7,255	5,743	3,657	-	16,655
Other revenue	2,045	1,578	750	-	4,373
External revenue for reportable segments	9,300	7,321	4,407	-	21,028
Other external revenue					117
Consolidated revenue					21,145
Year ended 31 December 2014 (audited)					
Professional fees revenue	14,531	10,753	7,149	21	32,454
Other revenue	4,028	2,730	910	8	7,676
External revenue for reportable segments	18,559	13,483	8,059	29	40,130
Other external revenue					229
Consolidated revenue					40,359

Notes to the Unaudited Interim Report for the 6 months to 30 June 2015

2 Segmental analysis continued

Information about reportable segments continued

(Loss)/profit before tax	Space £'000	ESD £'000	M&B £'000	Xibis £'000	Total £'000
6 months ended 30 June 2015 (unaudited)					
Reportable segment contribution	**1,266**	**(378)**	**946**	**(64)**	**1,770**
Other contribution	**(51)**	**-**	**2**	**-**	**(49)**
Contribution	**1,215**	**(378)**	**948**	**(64)**	**1,721**
Central overheads					**(2,851)**
EBITA					**(1,130)**
Finance costs					**(97)**
Finance income					**1**
Loss before tax					**(1,226)**
6 months ended 30 June 2014 (unaudited)					
Reportable segment contribution	1,693	1,788	1,196		4,677
Other contribution	(24)	-	19		(5)
Contribution	1,669	1,788	1,215		4,672
Central overheads					(3,281)
EBITA					1,391
Finance costs					(97)
Finance income					3
Profit before tax					1,297
Year ended 31 December 2014 (audited)					
Reportable segment contribution	3,835	3,203	2,453	(13)	9,478
Other contribution	145	-	28	-	173
Contribution	3,980	3,203	2,481	(13)	9,651
Central overheads					(6,467)
EBITA					3,184
Finance costs					(182)
Finance income					5
Profit before tax					3,007

2 Segmental analysis continued

Information about reportable segments continued

Group assets	Space £'000	ESD £'000	M&B £'000	Xibis £'000	Total £'000
As at 30 June 2015 (unaudited)					
Reportable segment – non-current assets	**3,248**	**-**	**3,380**	**1,089**	**7,717**
Reportable segment – current assets	**5,092**	**5,244**	**967**	**110**	**11,413**
	8,340	**5,244**	**4,347**	**1,199**	**19,130**
Other – non-current assets					**8,621**
Other – current assets					**6,019**
Total assets					**33,770**
As at 30 June 2014 (unaudited)					
Reportable segment – non-current assets	3,383	-	3,380		6,763
Reportable segment – current assets	5,611	4,464	2,077		12,152
	8,994	4,464	5,457		18,915
Other – non-current assets					9,030
Other – current assets					4,943
Total assets					32,888
As at 31 December 2014 (audited)					
Reportable segment – non-current assets	3,358	-	3,380	1,403	8,141
Reportable segment – current assets	5,563	4,543	1,521	161	11,788
	8,921	4,543	4,901	1,564	19,929
Other – non-current assets					9,014
Other – current assets					7,098
Total assets					36,041

Notes to the Unaudited Interim Report for the 6 months to 30 June 2015

2 Segmental analysis continued

Information about reportable segments continued

Group liabilities	Space £'000	ESD £'000	M&B £'000	Xibis £'000	Total £'000
As at 30 June 2015 (unaudited)					
Reportable segment – current liabilities	**219**	**2,567**	**8**	**14**	**2,808**
Other – non-current liabilities					**2,453**
Other – current liabilities					**10,173**
Total liabilities					**15,434**
As at 30 June 2014 (unaudited)					
Reportable segment – current liabilities	510	1,228	162		1,900
Other – non-current liabilities					3,790
Other – current liabilities					7,251
Total liabilities					12,941
As at 31 December 2014 (audited)					
Reportable segment – current liabilities	453	1,118	74	14	1,659
Other – non-current liabilities					5,339
Other – current liabilities					8,586
Total liabilities					15,584

2 Segmental analysis continued

Information about reportable segments continued

Geographical split	UK £'000	Rest of Europe £'000	Other £'000	Total £'000
6 months ended 30 June 2015 (unaudited)				
Revenue from external customers by location of customers	**7,222**	**8,978**	**324**	**16,524**
As at 30 June 2015 (unaudited)				
Non-current assets:				
Intangible assets	**1,090**	**6,714**	**-**	**7,804**
Tangible assets	**6,024**	**2,490**	**-**	**8,514**
Deferred tax assets	**-**	**20**	**-**	**20**
6 months ended 30 June 2014 (unaudited)				
Revenue from external customers by location of customers	10,590	10,340	215	21,145
As at 30 June 2014 (unaudited)				
Non-current assets:				
Intangible assets	-	6,902	-	6,902
Tangible assets	5,980	2,887	-	8,867
Deferred tax assets	-	24	-	24
Year ended 31 December 2014 (audited)				
Revenue from external customers by location of customers	19,060	20,649	650	40,359
As at 31 December 2014 (audited)				
Non-current assets:				
Intangible assets	-	8,233	-	8,233
Tangible assets	6,084	2,815	-	8,899
Deferred tax assets	-	23	-	23

Notes to the Unaudited Interim Report for the 6 months to 30 June 2015

3 Exceptional charges

	Unaudited 6 months to 30 June 2015 £'000	Unaudited 6 months to 30 June 2014 £'000	Audited Year ended 31 December 2014 £'000
Restructuring costs	**-**	60	135

4 Taxation

	Unaudited 6 months to 30 June 2015 £'000	Unaudited 6 months to 30 June 2014 £'000	Audited Year ended 31 December 2014 £'000
Current tax charge	**326**	43	521
Deferred tax (credit)/charge	**(137)**	95	245
Total tax charge	**189**	138	766

The charge for taxation for the six months ended 30 June 2015 reflects an effective rate for the period consistent with the anticipated rate for the full year.

5 Impairment of goodwill

Goodwill is tested for impairment every half year based on management's estimation of the value in use of the cash generating units (CGUs) to which the goodwill has been allocated. The value in use calculation is dependent upon management's estimate of future cashflows expected to arise from the CGU and a suitable discount rate.

Management has considered the estimates of cashflows and applicable discount rates and has concluded that no impairment is necessary at 30 June 2015. Contingent consideration and associated goodwill of £316,000, relating to the acquisition of Xibis Limited in December 2014, has been eliminated during the period as a result of a measurement period fair value adjustment under IFRS3.

6 (Loss)/earnings per share

The calculation of the Group basic and diluted earnings per ordinary share is based on the following data:

	Unaudited 6 months to 30 June 2015 £'000	Unaudited 6 months to 30 June 2014 £'000	Audited Year ended 31 December 2014 £'000
(Loss)/profit attributable to shareholders	**(1,415)**	1,159	2,241
Number of shares	**'000**	'000	'000
Basic weighted average number of shares	**29,075**	29,075	29,086
Diluted weighted average number of shares	**30,828**	30,828	30,867

The weighted average number of shares for the calculation of basic earnings per share excludes own shares held in treasury.

The weighted average number of shares for the calculation of diluted earnings per share includes own shares held in treasury together with EMI, CSOP and unapproved share options outstanding during the period.

7 Adjusted (loss)/earnings per share

	Unaudited 6 months to 30 June 2015	Unaudited 6 months to 30 June 2014	Audited Year ended 31 December 2014
Basic	**(4.8)p**	4.3p	8.2p
Diluted	**(4.5)p**	4.0p	7.8p

In order to present a measure of earnings per share that is more representative of the Group's underlying operating performance, earnings are adjusted to be net of the costs shown in the highlighted box on the face of the Income Statement.

Notes to the Unaudited Interim Report for the 6 months to 30 June 2015

7 Adjusted earnings per share continued

The calculation of the Group adjusted basic and diluted earnings per ordinary share is based on the number of shares in Note 6 and the following earnings data:

	Unaudited 6 months to 30 June 2015 £'000	Unaudited 6 months to 30 June 2014 £'000	Audited Year ended 31 December 2014 £'000
(Loss)/profit attributable to shareholders	**(1,415)**	1,159	2,241
Adjusted for:			
Share based payments	**22**	20	42
Exceptional charges (note 3)	**-**	60	135
Corporation tax	**-**	-	(24)
Adjusted (loss)/earnings	**(1,393)**	1,239	2,394

The weighted average number of shares for the calculation of basic earnings per share excludes own shares held in treasury.

The weighted average number of shares for the calculation of diluted earnings per share includes own shares held in treasury together with EMI, CSOP and unapproved share options outstanding during the period.

8 Dividends

For year ending 31 December 2014, the Company paid an interim dividend of 0.44 pence per share in November 2014 and a final dividend of 1.17 pence per share in July 2015. The Board is not recommending payment of an interim dividend for 2015.

The Interim Report is available electronically on the SCISYS website at www.scisys.co.uk. Copies are also available at SCISYS PLC's Registered Office at Methuen Park, Chippenham, Wiltshire, SN14 0GB.

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David Coghlan (Independent Non-Executive Director)
David Jones (Deputy Chairman)
Klaus Heidrich (Chief Executive Officer)
Chris Cheetham (Finance Director)
Steve Brignall (Technical Director)
Klaus Meng (Executive Director)

Company Secretary

Peter Murden

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