



SCISYS

SCISYS PLC

Interim Report

For the six months ended 30 June 2016

Stock Code: SSY

16

Welcome to our 2016 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.



Financial and Operational Highlights:

- Operating profit at £1.1m (2015: loss of £1.1m).
- Revenue up 35% to £22.2m (2015: £16.5m).
- Strong closing half year order book of £35m (2015: £28m).
- Net funds of £1.4m (2015: net debt £1.9m).
- Interim dividend reinstated at 0.53 pence per share.
- Basic earnings per share at 2.8 pence (2015: loss per share of 4.9 pence).
- The South African Broadcasting Corporation buys dirac from M&B division.
- ESD provides support to Vodafone for the UK national 105 phone line service.
- Space division secures over £3.2m of new contracts, mainly from existing programmes.

Mike Love, Chairman of SCISYS, commenting on the results, said:

“We are pleased with this bounce back to profitability and healthy organic growth in revenues at the half-year mark. At this point in time we fully anticipate that we can achieve the uplift in full year market expectations as announced in our trading update in August.”

For more information visit www.scisys.co.uk

Chairman’s Statement

Introduction

SCISYS is reporting strong results for the first half of 2016. Although revenues are at a record level, profitability during the first half has been hit by hedging losses as a result of wide currency fluctuations. However we expect significant benefit to be derived from the weaker pound for the remainder of the year if the euro-sterling exchange rate remains at current levels.

Our order book remains robust and at the end of June was £35m (2015: £28m), which is marginally behind our record opening order book for 2016 and 25% higher than June 2015.

This trading performance is reflected by a further strengthening of the Group’s cash position.

Key financials

The Group’s revenue totalled £22.2m (2015: £16.5m), a record historic first-half level, including £8.6m from ESD, £9.6m from Space, £3.5m from M&B and £0.4m from Xibis. In the six months ended 30 June 2016, the Group’s operating profit was £1.1m (2015: loss of £1.1m). Basic earnings per share for the period recovered to 2.8 pence (2015: loss per share of 4.9 pence). A fuller explanation is available in the Finance review section.

Operating Review

Introduction

All divisions have performed well during the first half of 2016. Contracts were delivered on time and within budget and helped to improve our cash position. Major new contracts were won and added to our strong order book. There are strong prospects for future contract wins in all divisions during the second half, some of which have materialised already.

We do not expect any adverse operational

consequences as a result of June’s EU referendum outcome impacting any divisional opportunities in the short to medium term.

Enterprise Solutions & Defence (ESD) division

ESD has had an excellent first half year and has impressively substantiated the earlier signs of recovery. Based on the very strong order book at the beginning of the year and significant recurring revenues from well-established customers the Division has delivered revenues of £8.6m, 79% up on the first half of 2015.

Current projects are all in a healthy state, on plan in terms of cost and time to deliver, and have helped to achieve a very good contribution margin of 29%.

The 105 national power-cut phone line service provided by Vodafone for the Energy Networks Association (ENA) went live in April. SCISYS delivered the call routing component of the service, similar to the 101 and 111 systems previously supplied by SCISYS. Callers dialling the 105 number are put through to their local electricity network operator to report or receive information about power cuts and to report damage to electricity power lines and substations.

ESD	Six months ended 30 June 2016 £’000	Six months ended 30 June 2015 £’000	Year ended 31 December 2015 £’000
Revenue	8,598	4,809	12,202
Contribution value ¹	2,526	(378)	1,745
Contribution margin ²	29%	(8%)	14%

In September another significant contract was secured with the UK Ministry of Defence (MOD) to deliver further research and software development services to the Defence Science and Technology

Chairman's Statement continued

Laboratory (Dstl). The project extends SCISYS' reach into the area of tactical combat systems in surface warships as it will create and demonstrate a new decision support system for use by the Royal Navy.

Based on the strong order book and its successful delivery the Division is well positioned to end the year on a similarly strong footing.

Space division

During the first half of the year our Space division has secured over £3.2m of new contracts, mainly from existing programmes; these include the European satellite-navigation system, Galileo, and the European Space Agency's (ESA) rover mission to Mars, ExoMars.

With the launch of the first of two ExoMars missions, Europe is now on the way to Mars. This historic step was also supported by SCISYS Flight Dynamics experts working in the Flight Control Team of ExoMars at ESOC in Darmstadt.

SPACE	Six months ended 30 June 2016 £'000	Six months ended 30 June 2015 £'000	Year ended 31 December 2015 £'000
Revenue	9,601	7,868	16,432
Contribution value ¹	1,917	1,215	3,283
Contribution margin ²	20%	15%	20%

Consequently, the Space division has been able to increase its revenues during the first half year to £9.6m, 22% ahead of the comparative period in 2015. Divisional contribution benefited even more and moved the divisional contribution margin to 20%.

There are considerable bid opportunities with ESA, Eumetsat and also from German national and bilateral programmes that, if won, will secure revenues for the Space division for several years.

Significant progress has been made with SCISYS's proprietary PLENITER product which provides reusable functional modules to operate complete satellite missions. In a post period event OneWeb, a new internet telecommunications enterprise which is preparing to build, deploy and operate the World's biggest satellite constellation to provide global internet access for all, has chosen PLENITER to plan its mission of several hundred satellites.

As an ongoing commitment to innovation in space, SCISYS and PLENITER have become partners of the PTScientists and their "Mission to the Moon" in the frame of the Google Lunar-XPRIZE competition.

Media & Broadcast (M&B) division

M&B secured its first win in South Africa in April. A €2m contract for South Africa Broadcasting Corporation demonstrates dira!'s international reputation hard won over many years with state broadcasters in Europe. This was the second major win during the period, adding to a £2m contract with a major UK radio broadcaster won in February.

Although won well into the first 6 months of 2016, both contracts, together with the robust repeat business and smaller wins from the existing client base, have helped to deliver a healthy performance for the first half year. With its

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

strengthened order book position the outlook for M&B during the second half year is encouraging.

M&B	Six months ended 30 June 2016 £'000	Six months ended 30 June 2015 £'000	Year ended 31 December 2015 £'000
Revenue	3,503	3,128	6,355
Contribution value ¹	959	948	2,011
Contribution margin ²	27%	30%	32%

Xibis Limited

Xibis has broken even during the first half but has sufficient wins and quality near prospects that can be delivered during the second half to meet its expected budgeted full year profit and revenue targets.

Xibis	Six months ended 30 June 2016 £'000	Six months ended 30 June 2015 £'000	Year ended 31 December 2015 £'000
Revenue	359	398	901
Contribution value ¹	5	(64)	27
Contribution margin ²	1%	(16)%	3%

Financial Review

Results for the half year to June 2016 demonstrate that SCISYS has bounced back from last year's setbacks and built on the recovery witnessed in the second half of 2015.

Total revenues were up 35% to £22.2m (2015: £16.5m) and the professional fees' component

increased by 40% to £18.4m (2015: £13.1m). Despite absorbing a foreign exchange expense of £0.5m that relates to future periods the Group generated an operating profit of £1.1m (2015: £1.1m loss). Basic earnings per share for the period were 2.8p (2015: 4.9p loss per share).

The average euro-sterling exchange rate for the period was €1.28/£, which represents an 8% uplift from the comparative 2015 value of €1.38/£. This movement boosted revenues to a record historic first-half level.

Approximately half of the Group's business is conducted in euros. SCISYS mitigates its exposure to exchange rate movements by entering into hedging contracts to convert forecast surplus euros into sterling at fixed forward rates. Such contracts are revalued quarterly on a mark-to-market basis. Following June's referendum vote for the UK to leave the EU the value of the pound fell sharply against the euro. This gave rise to an adverse revaluation at 30 June of the Company's remaining 2016 and 2017 hedging contracts and resulted in a £0.5m charge in the income statement for the first half of the year.

While currency hedging contracts restrict losses when spot rates move adversely, potential gains from favourable fluctuations are also limited and the Company realised a loss of £0.2m on trades that matured in the period.

The uplift in trading performance was reflected in buoyant cash flows. At the end of the reporting period, the Group had bank deposits (comprising cash and cash equivalents less overdrafts) of £5.6m (30 June 2015: £3.0m). Unutilised working capital facilities totalled £4.6m (30 June 2015: £3.1m). Group debt excluding bank overdrafts at the period end was £4.2m (30 June 2015: £4.9m). The resulting net cash was £1.4m, £2.4m higher than the 2015 year-end position of £1.0m net debt (30 June 2015: £1.9m net debt).

Chairman's Statement continued

The effective tax rate for the period of 15% reflects the anticipated rate for 2016 as a whole. Tax rates between the first halves of 2015 and 2016 are not comparable due to last 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 2016.

Dividend

Our final dividend for full year to 31 December 2015 was 1.78 pence per share and put us back on track in our stated strategy of progressive dividend growth of around 10% per annum. I can now confirm that an interim dividend of 0.53 pence per share will be paid on 10 November 2016 to shareholders on the register as at 14 October 2016. The shares are expected to go ex-dividend on 13 October 2016.

Outlook

We are pleased with this bounce back to profitability and healthy organic growth in revenues at the half-year mark. At this point in time we fully anticipate that we can achieve the uplift in full year market expectations as announced in our trading update in August.

Given the strength of our short term pipeline we expect the top line momentum achieved during the first six months to continue for the rest of the year. Our closing order book position and recent contract wins provide a solid foundation for the second half of the year. All divisions are

performing to or are exceeding budget. As has been seen in previous years, we anticipate a stronger trading performance in the latter half of the year, and continued organic growth well in line with our medium-term objectives. We also expect to see positive impacts on profitability from the weaker pound if this continues for the second half.

We continue to look for opportunities to acquire companies where there is a good market, product and cultural fit.

Based on current performance on projects and order pipeline, the Directors remain fully confident in the future prospects of the Group.

Chairman
Mike Love

Consolidated Income Statement

	Unaudited 6 months to 30 June 2016 £'000	Unaudited 6 months to 30 June 2015 £'000	Audited Year ended 31 December 2015 £'000
Revenue (note 2)	22,223	16,524	36,106
Operating costs	(21,165)	(17,654)	(35,299)
Share of results of associates	13	-	3
Operating profit/(loss)	1,071	(1,130)	810
"Adjusted operating profit" being operating profit before share based payments, exceptional charges and amortisation arising on business combinations	1,090	(1,108)	821
Share based payments	(19)	(22)	(11)
Operating profit/(loss)	1,071	(1,130)	810
Finance costs	(99)	(97)	(198)
Finance income	1	1	2
Profit/(loss) before tax	973	(1,226)	614
Tax charge	(146)	(189)	(241)
Profit/(loss) for the period attributable to equity holders of the parent	827	(1,415)	373
Earnings/(loss) per share (note 5)			
Basic	2.8p	(4.9)p	1.3p
Diluted	2.7p	(4.6)p	1.2p

Consolidated Statement of Comprehensive Income

	Unaudited	Unaudited	Audited
	6 months to	6 months to	Year ended
	30 June	30 June	31 December
	2016	2015	2015
	£'000	£'000	£'000
Profit/(loss) for the period	827	(1,415)	373
Other comprehensive income/(expense) not recycling through the Income Statement			
Currency translation differences on foreign currency investments	826	(708)	(431)
Total comprehensive income/(expense) for the period attributable to equity holders of the parent	1,653	(2,123)	(58)

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2016 (unaudited)	Share Capital	Share Premium	Merger Reserve	Capital Redemption Reserve	Translation Reserve	Retained Earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 January 2016	7,272	143	943	83	416	11,199	20,056
Total comprehensive income for the period							
Profit in the period	-	-	-	-	-	827	827
Other comprehensive income							
Foreign currency translation	-	-	-	-	826	-	826
Total comprehensive income for the period	-	-	-	-	826	827	1,653
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Share based payments	-	-	-	-	-	19	19
Total contributions by and distributions to owners	-	-	-	-	-	19	19
Balance as at 30 June 2016	7,272	143	943	83	1,242	12,045	21,728

Consolidated Statement of Changes in Equity continued

For the six months ended	Share Capital	Share Premium	Merger Reserve	Capital Redemption Reserve	Translation Reserve	Retained Earnings	Total
30 June 2015 (unaudited)	£'000	£'000	£'000	£'000	£'000	£'000	£'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 income 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 year ended	Share Capital	Share Premium	Merger Reserve	Capital Redemption Reserve	Translation Reserve	Retained Earnings	Total
31 December 2015 (audited)	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 January 2015	7,272	143	943	83	847	11,169	20,457
Total comprehensive income for the period							
Profit in the period	-	-	-	-	-	373	373
Other comprehensive income							
Foreign currency translation	-	-	-	-	(431)	-	(431)
Total comprehensive income for the period	-	-	-	-	(431)	373	(58)
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Dividends paid	-	-	-	-	-	(340)	(340)
Share based payments	-	-	-	-	-	11	11
Treasury shares	-	-	-	-	-	(25)	(25)
Exercise of share options	-	-	-	-	-	11	11
Total contributions by and distributions to owners	-	-	-	-	-	(343)	(343)
Balance as at 31 December 2015	7,272	143	943	83	416	11,199	20,056

Consolidated Statement of Financial Position

	Unaudited	Unaudited	Audited
	30 June	30 June	31 December
	2016	2015	2015
	£'000	£'000	£'000
Non-current assets			
Property, plant and equipment	8,885	8,514	8,635
Goodwill	7,894	7,717	7,763
Other intangible assets	70	87	68
Interests in associates	84	-	62
Deferred tax assets	29	20	25
	16,962	16,338	16,553
Current assets			
Inventories	331	354	211
Trade and other receivables	13,781	12,243	12,299
Corporation tax receivable	775	629	977
Cash and cash equivalents	5,617	4,206	4,352
	20,504	17,432	17,839
Total assets	37,466	33,770	34,392
Equity			
Issued share capital	7,272	7,272	7,272
Share premium account	143	143	143
Merger reserve	943	943	943
Retained earnings	12,045	9,756	11,199
Translation reserve	1,242	139	416
Other reserves	83	83	83
Equity attributable to equity holders of the parent	21,728	18,336	20,056
Current liabilities			
Trade and other payables	10,359	8,463	7,848
Bank overdrafts and loans	804	3,876	3,304
Corporation tax payable	446	497	738
Deferred income	307	145	113
	11,916	12,981	12,003
Non-current liabilities			
Bank loans	3,416	2,202	2,007
Deferred tax	406	251	326
	3,822	2,453	2,333
Total liabilities	15,738	15,434	14,336
Total equity and liabilities	37,466	33,770	34,392

Consolidated Statement of Cash Flows

	Unaudited	Unaudited	Audited
	6 months to	6 months to	Year ended
	30 June	30 June	31 December
	2016	2015	2015
	£'000	£'000	£'000
Cash flow from operating activities			
Profit/(loss) before tax	973	(1,226)	614
Net finance costs	98	96	196
Operating profit/(loss)	1,071	(1,130)	810
(Increase)/decrease in trade receivables	(1,604)	58	149
Increase/(decrease) in trade payables	2,706	527	(127)
Depreciation and amortisation	352	371	730
Share of profit of associate	(13)	-	(3)
Share based payments	19	22	11
Tax payments	(303)	(432)	(583)
Net cash flow from operating activities	2,228	(584)	987
Cash flow from investing activities			
Acquisition of subsidiary	-	(830)	(830)
Acquisition of investment in an associate	-	-	(59)
Proceeds from disposal of property, plant and equipment	-	-	48
Purchase of plant, property and equipment	(284)	(260)	(667)
Exercise of share options	-	5	11
Interest received	1	1	2
Net cash flow from investing activities	(283)	(1,084)	(1,495)
Cash flows from financing activities			
Dividends paid	-	-	(340)
Interest paid	(99)	(97)	(198)
Investment in own shares	-	(25)	(25)
Debt repayments	(516)	(377)	(779)
Net cash flow from financing activities	(615)	(499)	(1,342)
Net increase/(decrease) in cash and cash equivalents	1,330	(2,167)	(1,850)
Cash and cash equivalents at the start of the period	3,625	5,798	5,798
Exchange and other movements	662	(584)	(323)
Cash and cash equivalents at the end of the period	5,617	3,047	3,625
Cash and cash equivalent deposits held in non-UK based banks	3,370	3,801	4,136
Net bank deposit/(overdraft) with UK based banks	2,247	(754)	(511)
	5,617	3,047	3,625

Notes to the Unaudited Interim Report for the 6 months to 30 June 2016

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 2016 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 2016. These policies are unchanged from those set out by the Group in its consolidated financial statements for the year ended 31 December 2015 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 2016 that impact on the financial results or presentation.

The interim financial information for the six months ended 30 June 2016 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 2015. 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 2015.

The Interim Report was approved by the Directors on 21 September 2016.

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

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

	Space	ESD	M&B	Xibis	Total
External revenues	£'000	£'000	£'000	£'000	£'000
6 months ended 30 June 2016 (unaudited)					
Professional fees revenue	7,831	6,836	3,416	311	18,394
Other revenue	1,770	1,762	87	48	3,667
External revenue for reportable segments	9,601	8,598	3,503	359	22,061
Other external revenue					162
Consolidated revenue					22,223
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
Year ended 31 December 2015 (audited)					
Professional fees revenue	12,898	9,920	6,179	805	29,802
Other revenue	3,534	2,282	176	96	6,088
External revenue for reportable segments	16,432	12,202	6,355	901	35,890
Other external revenue					216
Consolidated revenue					36,106

Notes to the Unaudited Interim Report for the 6 months to 30 June 2016

2 Segmental analysis continued

Information about reportable segments continued

	Space	ESD	M&B	Xibis	Total
Profit/(loss) before tax	£'000	£'000	£'000	£'000	£'000
6 months ended 30 June 2016 (unaudited)					
Reportable segment contribution	1,885	2,526	958	5	5,374
Other contribution	32	-	1	-	33
Contribution	1,917	2,526	959	5	5,407
Central overheads					(4,336)
EBITA					1,071
Finance costs					(99)
Finance income					1
Profit before tax					973
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)
Year ended 31 December 2015 (audited)					
Reportable segment contribution	3,366	1,745	2,004	27	7,142
Other contribution	(83)	-	7	-	(76)
Contribution	3,283	1,745	2,011	27	7,066
Central overheads					(6,256)
EBITA					810
Finance costs					(198)
Finance income					2
Profit before tax					614

2 Segmental analysis continued

Information about reportable segments continued

	Space	ESD	M&B	Xibis	Total
Group assets	£'000	£'000	£'000	£'000	£'000
As at 30 June 2016 (unaudited)					
Reportable segment – non-current assets	3,424	-	3,380	1,090	7,894
Reportable segment – current assets	6,950	4,609	1,416	172	13,147
	10,374	4,609	4,796	1,262	21,041
Other – non-current assets					9,068
Other – current assets					7,357
Total assets					37,466
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 31 December 2015 (audited)					
Reportable segment – non-current assets	3,293	-	3,380	1,090	7,763
Reportable segment – current assets	6,013	4,658	800	204	11,675
	9,306	4,658	4,180	1,294	19,438
Other – non-current assets					8,790
Other – current assets					6,164
Total assets					34,392

Notes to the Unaudited Interim Report for the 6 months to 30 June 2016

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 2016 (unaudited)					
Reportable segment – current liabilities	699	966	418	22	2,105
Other – non-current liabilities					3,822
Other – current liabilities					9,811
Total liabilities					15,738
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 31 December 2015 (audited)					
Reportable segment – current liabilities	278	1,315	29	22	1,644
Other – non-current liabilities					2,333
Other – current liabilities					10,359
Total liabilities					14,336

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 2016 (unaudited)				
Revenue from external customers by location of customers	10,956	10,917	350	22,223
As at 30 June 2016				
Non-current assets:				
Intangible assets	1,090	6,874	-	7,964
Tangible assets	5,975	2,910	-	8,885
Interests in associates	-	84	-	84
Deferred tax assets	-	29	-	29
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				
Non-current assets:				
Intangible assets	1,090	6,714	-	7,804
Tangible assets	6,024	2,490	-	8,514
Deferred tax assets	-	20	-	20
Year ended 31 December 2015 (audited)				
Revenue from external customers by location of customers	17,878	17,671	557	36,106
As at 31 December 2015				
Non-current assets:				
Intangible assets	1,090	6,741	-	7,831
Tangible assets	6,004	2,631	-	8,635
Interests in associates	-	62	-	62
Deferred tax assets	-	25	-	25

Notes to the Unaudited Interim Report for the 6 months to 30 June 2016

3 Taxation

	Unaudited	Unaudited	Audited
	6 months to	6 months to	Year ended
	30 June	30 June	31 December
	2016	2015	2015
	£'000	£'000	£'000
Current tax charge	109	326	321
Deferred tax charge/(credit)	37	(137)	(80)
Total tax charge	146	189	241

The charge for taxation for the six months ended 30 June 2016 reflects an effective rate for the period consistent with the anticipated rate for the full year.

4 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 2016.

5 Earnings/(loss) per share

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

	Unaudited	Unaudited	Audited
	6 months to	6 months to	Year ended
	30 June	30 June	31 December
	2016	2015	2015
	£'000	£'000	£'000
Profit/(loss) attributable to shareholders	827	(1,415)	373
Number of shares	'000	'000	'000
Basic weighted average number of shares	29,043	29,075	29,086
Diluted weighted average number of shares	31,016	30,828	31,082

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.

6 Adjusted earnings/(loss) per share

	Unaudited	Unaudited	Audited
	6 months to	6 months to	Year ended
	30 June	30 June	31 December
	2016	2015	2015
Basic	2.9p	(4.8)p	1.3p
Diluted	2.7p	(4.5)p	1.2p

In order to present a measure of earnings per share which 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 2016

6 Adjusted earnings/(loss) 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 5 and the following earnings data:

	Unaudited 6 months to 30 June 2016 £'000	Unaudited 6 months to 30 June 2015 £'000	Audited Year ended 31 December 2015 £'000
Profit/(loss) attributable to shareholders	827	(1,415)	373
Adjusted for:			
Share based payments	19	22	11
Adjusted earnings	846	(1,393)	384

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 Dividends

For year ending 31 December 2015, the Company paid a final dividend of 1.78 pence per share in July 2016. The Board is recommending payment of an interim dividend for 2016 of 0.53 pence per share, to be paid on 10 November 2016 to shareholders on the register as at 14 October 2016.

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.

Directors

Mike Love (Non-Executive Chairman)
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

Natasha Laird

Company Registered number 3426416.
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