The information communicated in this announcement includes inside information for the purposes of Article 7 of Regulation 596/2014 (MAR).

SCISYS PLC
(AIM: SSY)
INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

SCISYS PLC ("SCISYS"), the supplier of bespoke software systems, IT-based solutions and support services to the space, media & broadcast, government, defence and commercial sectors is pleased to announce its interim results for the half year to 30 June 2017. The Directors anticipate that SCISYS will deliver full-year results at the upper end of current guidance, a view supported by the 30 June 2017 order-book value of £64m and buoyed by recent contract wins.

Financial and Operational Highlights:

- Adjusted operating profit up 18% to £1.3m (2016: £1.1m).
- Revenues up 23% to £27.2m (2016: £22.2m).
- Record half-year order book of £64m (2016: £35m).
- Net debt reduced from £10.2m at 31 December 2016 to £9.0m (30 June 2016: net funds £1.4m).
- Interim dividend up 11% at 0.59 pence per share (2016: 0.53p).
- Post-period end, December 2016 acquisition, ANNOVA, achieved major project milestone on flagship BBC contract, triggering payment of first earn out instalment in September.
- ANNOVA's success exceeded expectations reflected in 2017 opening balance sheet, resulting in exceptional charge of £1.8m for revalued contingent consideration.
- Exceptional charges and amortisation arising on ANNOVA acquisition produced statutory operating loss of £1.3m (2016: £1.1m profit) and basic LPS of 4.9p (2016: EPS 2.8p).
- Adjusted basic earnings per share reduced to 1.4p (2016: 2.8p) due to the impact of tax on exceptional charges.
- ANNOVA secured a succession of key contract wins with existing and new customers, including Canadian broadcaster, Corus TV.
- M&B division gained its first French customer with RTL contract win and South African Broadcasting Corporation project entered large roll-out phase.
- ESD division secured one of seven coveted places on key Metropolitan Police Service framework.
- Space division delivered 26% increase in first half-year contribution.

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

"We are very pleased and buoyed by a solid operational performance and key contract wins across the Group resulting in our record order book. We are particularly pleased by the robust performance of ANNOVA; it is already evident that this acquired business is delivering significant strategic benefit to the Group. At this point in time we anticipate that we will deliver full-year results at the upper end of current guidance."

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Notes to Editors:

Employing around 500 staff, SCISYS group is a leading developer of information and communications technology services, e-business, web and mobile applications, editorial newsroom and advanced technology solutions. The Company operates in a broad spectrum of market sectors, including Media & Broadcast, Space, Government, Defence and Commerce. SCISYS clients are predominantly blue-chip and public-sector organisations. Customers include the Environment Agency, the Ministry of Defence, Airbus Defence & Space, Arqiva, Vodafone, the European Space Agency, EUMETSAT, the BBC, RNLI, Interflora and the National Trust. The Company has UK offices in Chippenham, Bristol, Leicester and Reading and German offices in Bochum, Darmstadt, Dortmund and Munich. More information is available at www.scisys.co.uk

Introduction

The Board of SCISYS is pleased with the Group's results for the first half of 2017, in particular with its record order book, which stands at £64m (2016: £35m), and the performance of the recently acquired ANNOVA business. As previously signalled, 2017 revenues and profits will be heavily weighted towards the second half of the year. This is a consequence of the phasing both in contract deliveries and the placing of new orders across the year, a pattern particularly pronounced within ANNOVA. We continue to expect an overall benefit from the weaker pound for the remainder of the year if the euro-sterling exchange rate remains at current levels.

Key financials

The Group's revenue totalled £27.2m (2016: £22.2m). In the six months ended 30 June 2017, the Group's adjusted operating profit was £1.3m (2016: £1.1m). Adjusted basic earnings per share were 1.4p (2016: 2.8p). A fuller explanation is available in the Finance Review section.

Operating Review

Introduction

All divisions performed well during the first half of 2017, delivering contracts on time and within budget and generating improved operating cash flows. Across the Group we won strategic contracts and gained significant new customers, including Corus TV in Canada and RTL radio in France. We entered the second half with strong prospects for noteworthy future contract wins in all divisions, some of which have already materialised.

We still do not expect any adverse operational consequences as a result of Brexit in the short to medium term but continue to explore options to optimise our future trading position and prepare contingency plans in response to the continued uncertainty.

Enterprise Solutions & Defence (ESD) division

ESD delivered a solid first half year and has expectations of a stronger second half. The division continues to work on ongoing defence projects for the Ministry of Defence, and on delivering further research and software development services to the Defence Science and Technology Laboratory (Dstl) among many other activities.

Current projects are running to plan and resulted in a creditable contribution margin of 23%, given the anticipated bias towards the second half year. The division's other projects span a wide range of commercial and public sector customers and varied software projects, including ongoing work for the Coal Authority, Vodafone, UKPN, Arqiva and Siemens.

Following an intense procurement process, in May 2017, ESD secured a strategic success as one of only seven organisations to gain a place on the Metropolitan Police Solution Provider Framework. Notable other framework successes include agreements with Siemens and a G-Cloud framework for government procurement.

Based on the strong order book, the successful delivery and exciting opportunities in the pipeline, the division is well positioned to end the year on a strong footing.

	Six months ended 30 June 2017 £'000	Six months ended 30 June 2016 £'000	Year ended 31 December 2016 £'000
Revenue	7,901	8,598	16,652
Contribution value	1,809	2,526	4,462
Contribution margin	23%	29%	27%

Space division

The division delivered an excellent performance during the first half year as it continued to build on previous success in contributing to the Galileo satellite navigation programme, various programmes for the European Space Agency (ESA), and also in delivering its proprietary commercial PLENITER software suite for the planning, implementation, control and operation of complete satellite missions.

In February 2017, the division won a €1.9m contract with the international technology group, GMV, for the design and implementation of a mission control system to support the EUMETSAT Polar System Earth observation programme and recently renewed its customer relationship with Japan's Meteorological Agency.

Space division's projects ran well during the first six months of the year, including the Galileo programmes, where we are well positioned to secure substantial contract extensions in the second half of the year. New project starts include the software design, coding and verification activities for aspects of the ESA's rover mission to Mars, ExoMars. The division also continues to be a major player in Earth-observation programmes, and work has commenced with Airbus Defence and Space for its delivery to the ongoing French-German MERLIN satellite climate mission.

	Six months ended 30 June 2017 £'000	**Six months ended 30 June 2016 £'000**	**Year ended 31 December 2016 £'000**
Revenue	11,561	9,601	19,874
Contribution value	2,423	1,917	4,157
Contribution margin	21%	20%	21%

Media & Broadcast (M&B) division

M&B secured its first win in South Africa in April 2016 with a €2m contract for South Africa Broadcasting Corporation (SABC) for implementation of its proprietary dira! radio solution. The pilot phase completed in January 2017 and the next phase is to equip 5 channels at SABC in Johannesburg, after which the system will be rolled out to 15 regional locations across South Africa. The activity is expected to pick up during the second half of the year.

M&B continues to develop its dira! product, with the latest innovations being delivered to a large UK media broadcaster. The division gained its first French customer and added a major private broadcaster to its portfolio by securing a contract with RTL in May.

The outlook for the full year is encouraging as the project deliveries are expected to gain momentum over the forthcoming months. In turn, we anticipate that this will rebuild M&B's contribution margin towards previous levels.

	Six months ended 30 June 2017 £'000	**Six months ended 30 June 2016 £'000**	**Year ended 31 December 2016 £'000**
Revenue	3,539	3,503	8,026
Contribution value	728	959	2,512
Contribution margin	21%	27%	31%

ANNOVA Systems

ANNOVA has demonstrated its growing success with a number of recent contract wins based on its proprietary OpenMedia product, one of the leading newsroom computer systems worldwide. Impressively, ANNOVA has won an initial contract with Corus Entertainment, the biggest media-content company in Canada. Corus is adding OpenMedia to its award-winning Global News operations across the country.

In August, ANNOVA won a strategic contract with German ARD-aktuell to develop a portal for ARD's programmes – including its primetime news programme, Tagesschau – based on the OpenMedia Newsboard product. This complemented the earlier award of a €2.5m contract with a major German public broadcaster for replacement of a competitor's installation.

ANNOVA achieved a key commercial milestone in its flagship long-term contract with the BBC in August. Following the successful live operation of its solution on pilot customer sites, OpenMedia will now be rolled out across the BBC estate.

Given the progress made by ANNOVA since its acquisition to date, the outlook for the full year and the medium term future are highly encouraging.

	Six months ended 30 June 2017 £'000	**Six months ended 30 June 2016 £'000**	**Year ended 31 December 2016 £'000**
Revenue	3,610	n/a	n/a
EBITA*	283	n/a	n/a
EBITA margin*	8%	n/a	n/a

* other divisions are measured on their contribution to shared Group overheads whereas ANNOVA currently remains largely independent, allowing the computation of a representative EBITA

Finance Review

Results for the half year to 30 June 2017 continue to show encouraging progress, partly from the initial inclusion in the consolidated figures of results for ANNOVA Systems ("ANNOVA"), which SCISYS acquired on 31 December 2016.

Total revenues were up 23% to £27.2m (2016: £22.2m) and the professional fees component increased by 22% to £22.4m (2016: £18.4m). The underlying measure of trading performance, adjusted operating profit, which excludes the costs of the Group's long-term share incentive schemes, exceptional items and amortisation of intangible assets arising on business acquisition, was up 18% at £1.3m (2016: £1.1m). Adjusted basic EPS, calculated on the profit for the period before post-tax exceptional items, share-based payments and amortisation of acquisition-related intangible assets, were 1.4p (2016: 2.9p). As highlighted in our AGM statement in June, we anticipate that the second half-year financial performance will be substantially stronger than the first half.

The statutory operating loss was £1.3m (2016: £1.1m profit) after bearing amortisation costs relating to the ANNOVA acquisition of £1.0m (2016: £nil) and net exceptional items of £1.6m (2016: £nil). Exceptional items comprised two elements, a one-off R&D tax credit of £0.2m and a charge of £1.8m to reflect an uplift in consideration payable to ANNOVA's former owners as the acquired business surpassed its forecasts. Further explanation of these items is provided below. Basic loss per share was 4.9p (2016: EPS 2.8p).

The average euro-sterling exchange rate for the period was €1.16/£, which represents a 10% uplift from the comparative 2016 value of €1.28/£. Although this movement contributed to record first-half revenues, a historic high was also reached on a constant-currency basis.

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. The net charge in the income statement for hedging contracts that matured in the period and on revaluation of future contracts was £0.1m (2016: £0.7m).

The total purchase price payable for the ANNOVA acquisition is heavily dependent on an earn-out payable over three years, linked both to average profitability and achievement of key commercial milestones in its flagship contract with the BBC. ANNOVA successfully obtained customer acceptance for a critical phase of this project three months earlier than had been provided for in the acquisition balance sheet. This triggered payment of a first earnout instalment of €2.0m in September 2017, of which 10% was satisfied in new SCISYS PLC shares, with the balance paid in cash from existing Group resources. As a result of ANNOVA's outperformance, the anticipated total contingent consideration payable was reassessed at 30 June 2017, resulting in an exceptional £1.8m charge for the first half year.

Net cash flow from operations increased to £2.7m (2016: £2.2m). At the end of the reporting period, the Group had bank deposits of £7.2m (30 June 2016: £5.6m). Unutilised working capital facilities totalled £4.7m (30 June 2016: £4.6m). Group debt at the period end was £16.2m (30 June 2016: £4.2m). The resulting net debt was £9.0m, a reduction of £1.2m from the 2016 year-end position of £10.2m net debt (30 June 2016: £1.4m net cash).

The effective tax rate for the period of 17% reflects the anticipated rate for 2017 as a whole (2016: 15%). SCISYS continues to benefit from the tax-credit system for UK expenditure on R&D in SMEs, receiving credits in the form of cash rebates from HM Revenue & Customs. Up to and including 2016 these were incorporated into the net tax charge. An accounting standard change requires R&D tax credits from 2017 to be treated as deductions from operating expenses. SCISYS anticipates that it will no longer qualify for the SME tax credit scheme in 2018 as it expects to exceed the headcount eligibility threshold. Accordingly, the above-the-line tax credit of £0.2m in the current period is treated as an exceptional item.

The half-year accounts are presented on a basis consistent with policies to be adopted for the Annual Report & Finance Statements for the year ending 31 December 2017.

Dividend

Our dividend for the full year to 31 December 2016 was 1.96 pence per share in line with our strategy of progressive dividend growth. I can now confirm that an interim dividend of 0.59 pence per share will be paid on 9 November 2017 to shareholders on the register as at 13 October 2017. The shares are expected to go ex-dividend on 12 October 2017.

Outlook

The second half of 2017 has started with some excellent new contract wins and significant deliveries on key projects. We are seeing healthy top-line growth while cash flows remain strong.

While our immediate focus is on exploiting the opportunity offered by the recent acquisition of ANNOVA, 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 our new business pipeline, the Directors remain fully confident of meeting the upper end of full-year expectations, as well as the future prospects of the Group.

Chairman
Mike Love

Consolidated Income Statement

	Unaudited **6 months to 30 June 2017**	Unaudited 6 months to 30 June 2016	Audited Year ended 31 December 2016
	£'000	£'000	£'000
Revenue (note 2)	**27,175**	22,223	45,744
Operating costs	**(28,504)**	(21,165)	(42,974)
Share of results of associates	**15**	13	17
Operating (loss)/profit	**(1,314)**	1,071	2,787
"Adjusted operating profit" being operating profit before share based payments, exceptional charges and amortisation arising on business combinations	**1,252**	1,090	3,231
Exceptional items (note 3)	**(1,561)**	-	(458)
Amortisation of Intangibles	**(991)**	-	-
Share based payments	**(14)**	(19)	14
Operating (loss)/profit	**(1,314)**	1,071	2,787
Finance costs	**(388)**	(99)	(186)
Finance income	**6**	1	1
(Loss)/profit before tax	**(1,696)**	973	2,602
Tax credit/(charge) (note 4)	**282**	(146)	(380)
(Loss)/profit for the period attributable to equity holders of the parent	**(1,414)**	827	2,222
(Loss)/earnings per share (note 6)			
Basic	**(4.9)p**	2.8p	7.6p
Diluted	**(4.8)p**	2.7p	7.5p

Consolidated Statement of Comprehensive Income

	Unaudited **6 months to 30 June 2017**	Unaudited 6 months to 30 June 2016	Audited Year ended 31 December 2016
	£'000	£'000	£'000
(Loss)/profit for the period	**(1,414)**	827	2,222
Other comprehensive income not recycling through the Income Statement			
Currency translation differences on foreign currency investments	**54**	826	1,105
Total comprehensive (expense)/income for the period attributable to equity holders of the parent	**(1,360)**	1,653	3,327

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2017 (unaudited)	Share Capital £'000	Share Premium £'000	Merger Reserve £'000	Capital Redemp-tion Reserve £'000	Trans-lation Reserve £'000	Retained Earnings £'000	Total £'000
Balance as at 1 January 2017	7,272	143	943	83	1,521	12,751	22,713
Total comprehensive income for the period							
Loss in the period	-	-	-	-	-	(1,414)	(1,414)
Other comprehensive income							
Foreign currency translation	-	-	-	-	54	-	54
Total comprehensive income for the period	-	-	-	-	54	(1,414)	(1,360)
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Share based payments	-	-	-	-	-	14	14
Treasury shares	-	-	-	-	-	(361)	(361)
Share options	-	-	-	-	-	74	74
Total contributions by and distributions to owners	-	-	-	-	-	(273)	(273)
Balance as at 30 June 2017	**7,272**	**143**	**943**	**83**	**1,575**	**11,064**	**21,080**

For the six months ended 30 June 2016 (unaudited)	Share Capital £'000	Share Premium £'000	Merger Reserve £'000	Capital Redemp-tion Reserve £'000	Trans-lation Reserve £'000	Retained Earnings £'000	Total £'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 year ended 31 December 2016 (audited)	Share Capital £'000	Share Premium £'000	Merger Reserve £'000	Capital Redemp-tion Reserve £'000	Trans-lation Reserve £'000	Retained Earnings £'000	Total £'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	-	-	-	-	-	2,222	2,222
Other comprehensive income							
Foreign currency translation	-	-	-	-	1,105	-	1,105
Total comprehensive income for the period	-	-	-	-	1,105	2,222	3,327
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Dividends paid	-	-	-	-	-	(671)	(671)
Share based payments	-	-	-	-	-	(14)	(14)
Exercise of share options	-	-	-	-	-	15	15
Total contributions by and distributions to owners	-	-	-	-	-	(670)	(670)
Balance as at 31 December 2016	7,272	143	943	83	1,521	12,751	22,713

Consolidated Statement of Financial Position

	Unaudited	Unaudited	Audited
	30 June 2017	30 June 2016	31 December 2016
	£'000	£'000	£'000
Non-current assets			
Property, plant and equipment	**9,295**	8,885	9,057
Goodwill	**15,950**	7,894	15,593
Other intangible assets	**5,810**	70	6,848
Other receivables	**87**	-	85
Interests in associates	**108**	84	90
Deferred tax assets	**311**	29	282
	31,561	16,962	31,955
Current assets			
Inventories	**434**	331	261
Trade and other receivables	**20,524**	13,781	19,621
Corporation tax receivable	**1,027**	775	1,098
Cash and cash equivalents	**7,166**	5,617	6,915
	29,151	20,504	27,895
Total assets	**60,712**	37,466	59,850
Equity			
Issued share capital	**7,272**	7,272	7,272
Share premium account	**143**	143	143
Merger reserve	**943**	943	943
Retained earnings	**11,064**	12,045	12,751
Translation reserve	**1,575**	1,242	1,521
Other reserves	**83**	83	83
Equity attributable to equity holders of the parent	**21,080**	21,728	22,713
Current liabilities			
Trade and other payables	**17,826**	10,359	14,310
Bank overdrafts and loans	**3,707**	804	3,804
Corporation tax payable	**31**	446	190
Deferred income	**245**	307	459
	21,809	11,916	18,763
Non-current liabilities			
Bank loans	**12,514**	3,416	13,355
Other payables	**3,627**	-	3,408
Deferred tax	**1,682**	406	1,611
	17,823	3,822	18,374
Total liabilities	**39,632**	15,738	37,137
Total equity and liabilities	**60,712**	37,466	59,850

Consolidated Statement of Cash Flows

	Unaudited 6 months to 30 June 2017	Unaudited 6 months to 30 June 2016	Audited Year ended 31 December 2016
	£'000	£'000	£'000
Cash flow from operating activities			
(Loss)/profit before tax	**(1,696)**	973	2,602
Net finance costs	**382**	98	185
Operating (loss)/profit	**(1,314)**	1,071	2,787
Increase in trade receivables	**(1,077)**	(1,604)	(3,992)
Increase in trade payables	**1,717**	2,706	579
Deferred consideration	**1,561**	-	3,318
Depreciation and amortisation	**1,515**	352	781
Share of profit of associate	**(15)**	(13)	(17)
Share based payments	**14**	19	(14)
Tax credits/(payments)	**296**	(303)	(1,250)
Net cash flow from operating activities	**2,697**	2,228	2,192
Cash flow from investing activities			
Acquisition of subsidiary	**-**	-	(9,723)
Cash acquired with subsidiary	**-**	-	2,202
Proceeds from disposal of property, plant and equipment	**1**	-	-
Purchase of plant, property and equipment	**(789)**	(284)	(663)
Exercise of share options	**74**	-	15
Interest received	**6**	1	1
Net cash flow from investing activities	**(708)**	(283)	(8,168)
Cash flows from financing activities			
Dividends paid	**-**	-	(671)
Interest paid	**(388)**	(99)	(186)
Investment in own shares	**(361)**	-	-
Loans received	**260**	-	9,906
Debt repayments	**(1,308)**	(516)	(939)
Net cash flow from financing activities	**(1,797)**	(615)	8,110
Net increase in cash and cash equivalents	**192**	1,330	2,134
Cash and cash equivalents at the start of the period	**6,666**	3,625	3,625
Exchange and other movements	**308**	662	907
Cash and cash equivalents at the end of the period	**7,166**	5,617	6,666
Cash and cash equivalent deposits held in non-UK based banks	**5,522**	3,370	6,709
Net bank deposit/(overdraft) with UK based banks	**1,644**	2,247	(43)
	7,166	5,617	6,666

Notes to the Unaudited Interim Report

For the six months to 30 June 2017

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 2017 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 2017. These policies are unchanged from those set out by the Group in its consolidated financial statements for the year ended 31 December 2016 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 2017 that impact on the financial results or presentation.

The interim financial information for the six months ended 30 June 2017 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 2016. 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 2016.

The Interim Report was approved by the Directors on 14 September 2017.

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 five divisions:

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

2 Segmental analysis continued

Information about reportable segments

External revenues	**Space £'000**	**ESD £'000**	**M&B £'000**	**Xibis £'000**	**ANNOVA £'000**	**Total £'000**
6 months ended 30 June 2017 (unaudited)						
Professional fees revenue	**8,631**	**6,394**	**3,326**	**368**	**3,610**	**22,329**
Other revenue	**2,930**	**1,507**	**213**	**34**	**-**	**4,684**
External revenue for reportable segments	**11,561**	**7,901**	**3,539**	**402**	**3,610**	**27,013**
Other external revenue						**162**
Consolidated revenue						**27,175**
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
Year ended 31 December 2016 (audited)						
Professional fees revenue	16,293	13,284	7,541	460	-	37,578
Other revenue	3,581	3,368	485	412	-	7,846
External revenue for reportable segments	19,874	16,652	8,026	872	-	45,424
Other external revenue						320
Consolidated revenue						45,744

2 Segmental analysis continued

Information about reportable segments continued

(Loss)/profit before tax	**Space £'000**	**ESD £'000**	**M&B £'000**	**Xibis £'000**	**ANNOVA £'001**	**Total £'000**
6 months ended 30 June 2017 (unaudited)						
Reportable segment contribution	**2,087**	**1,809**	**728**	**44**	**283**	**4,951**
Other contribution	**336**	**-**	**-**	**-**	**-**	**336**
Contribution	**2,423**	**1,809**	**728**	**44**	**283**	**5,287**
Central overheads						**(5,610)**
EBITA						**(323)**
Amortisation of intangible assets						**(991)**
Finance costs						**(388)**
Finance income						**6**
Loss before tax						**(1,696)**
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
Year ended 31 December 2016 (audited)						
Reportable segment contribution	4,229	4,512	2,512	104	-	11,357
Other contribution	(72)	(50)	-	-	-	(122)
Contribution	4,157	4,462	2,512	104	-	11,235
Central overheads						(8,448)
EBITA						2,787
Finance costs						(186)
Finance income						1
Profit before tax						2,602

2 Segmental analysis continued

Information about reportable segments continued

Group assets	**Space £'000**	**ESD £'000**	**M&B £'000**	**Xibis £'000**	**ANNOVA £'000**	**Total £'000**
As at 30 June 2017 (unaudited)						
Reportable segment – non-current assets	**3,500**	**-**	**3,380**	**1,090**	**7,980**	**15,950**
Reportable segment – current assets	**9,093**	**3,971**	**1,139**	**142**	**5,163**	**19,508**
	12,593	**3,971**	**4,519**	**1,232**	**13,143**	**35,458**
Other – non-current assets						**15,611**
Other – current assets						**9,643**
Total assets						**60,712**
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 31 December 2016 (audited)						
Reportable segment – non-current assets	3,466	-	3,380	1,090	7,657	15,593
Reportable segment – current assets	6,657	6,836	1,534	288	3,209	18,524
	10,123	6,836	4,914	1,378	10,866	34,117
Other – non-current assets						16,362
Other – current assets						9,371
Total assets						59,850

Group liabilities	**Space £'000**	**ESD £'000**	**M&B £'000**	**Xibis £'000**	**ANNOVA £'000**	**Total £'000**
As at 30 June 2017 (unaudited)						
Reportable segment – current liabilities	**1,773**	**1,549**	**375**	**-**	**2,133**	**5,830**
Other – non-current liabilities						**17,823**
Other – current liabilities						**15,979**
Total liabilities						**39,632**
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 31 December 2016 (audited)						
Reportable segment – current liabilities	1,050	1,360	265	-	1,788	4,463
Other – non-current liabilities						18,374
Other – current liabilities						14,300
Total liabilities						37,137

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 2017 (unaudited)				
Revenue from external customers by location of customers	**12,299**	**14,319**	**557**	**27,175**
As at 30 June 2017				
Non-current assets:				
Intangible assets	**-**	**21,760**	**-**	**21,760**
Tangible assets	**5,910**	**3,385**	**-**	**9,295**
Interests in associates	**-**	**108**	**-**	**108**
Other receivables	**-**	**87**	**-**	**87**
Deferred tax assets	**-**	**311**	**-**	**311**
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
Year ended 31 December 2016 (audited)				
Revenue from external customers by location of customers	22,052	22,605	1,087	45,744
As at 31 December 2016				
Non-current assets:				
Intangible assets	-	22,441	-	22,441
Tangible assets	5,904	3,153	-	9,057
Interests in associates	-	90	-	90
Other receivables	-	85	-	85
Deferred tax assets	-	282	-	282

3 Exceptional items

	Unaudited 6 months to 30 June 2017 £'000	Unaudited 6 months to 30 June 2016 £'000	Audited Year ended 31 December 2016 £'000
Acquisition costs	**-**	-	(458)
Contingent consideration	**(1,786)**	-	-
R&D tax credits	**225**	-	-
Exceptional items	**(1,561)**	-	(458)

Contingent consideration payable for the ANNOVA acquisition is linked both to average profitability over a 3-year earn out period and achievement of key commercial milestones. ANNOVA outperformed the first-year expectations that were reflected in projected amounts payable in the acquisition balance sheet. The anticipated total contingent consideration payable was reassessed at 30 June 2017, resulting in the exceptional charge.

Up to and including 2016 R&D tax credits were incorporated into the net tax charge but from 2017 these are to be treated as deductions from operating expenses. SCISYS anticipates that it will no longer qualify for the SME tax credit scheme in 2018 as it expects to exceed the headcount eligibility threshold so the above-the-line tax credit in the current period is treated as an exceptional item.

The 2016 acquisition costs represent fees paid to professional advisors and statutory charges relating to the acquisition of ANNOVA that do not qualify for capitalisation as costs for issuing debt or equity instruments.

4 Taxation

	Unaudited 6 months to 30 June 2017	Unaudited 6 months to 30 June 2016	Audited Year ended 31 December 2016
	£'000	£'000	£'000
Current tax (credit)/charge	**(114)**	109	393
Deferred tax (credit)/charge	**(168)**	37	(13)
Total tax (credit)/charge	**(282)**	146	380

The charge for taxation for the six months ended 30 June 2017 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 2017.

6 (Loss)/earnings per share

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

	Unaudited 6 months to 30 June 2017	Unaudited 6 months to 30 June 2016	Audited Year ended 31 December 2016
	£'000	£'000	£'000
(Loss)/profit attributable to shareholders	**(1,414)**	827	2,222
Number of shares	**'000**	'000	'000
Basic weighted average number of shares	**29,005**	29,043	29,047
Diluted weighted average number of shares	**29,677**	31,016	29,577
Basic	**(4.9)p**	2.8p	7.6p
Diluted	**(4.8)p**	2.7p	7.5p

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

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

7 Adjusted Earnings per Share

	Unaudited	Unaudited	Audited
	6 months to 30 June 2017	6 months to 30 June 2016	Year ended 31 December 2016
Basic	**1.4p**	2.9p	9.2p
Diluted	**1.3p**	2.9p	9.0p

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 post-tax costs shown in the highlighted box on the face of the Income Statement.

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	Unaudited	Audited
	6 months to 30 June 2017	6 months to 30 June 2016	Year ended 31 December 2016
	£'000	£'000	£'000
(Loss)/profit attributable to shareholders	**(1,414)**	827	2,222
Adjusted for:			
Exceptional items	**1,561**	-	458
Corporation tax	**(589)**	-	-
Amortisation of intangible assets	**991**	-	-
Deferred tax	**(168)**	-	-
Share based payments	**14**	19	(14)
Adjusted earnings	**395**	846	2,666

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 2016 the Company paid a final dividend of 1.43 pence per share in July 2017. The Board is recommending payment of an interim dividend for 2017 of 0.59 pence per share, to be paid on 9 November 2017 to shareholders on the register as at 13 October 2017.

Interim Report

The Interim Report will be posted to shareholders shortly and for those shareholders who have elected to receive communications electronically it will be available to view on the SCISYS website at www.scisys.co.uk. Copies will also be available at SCISYS PLC's Registered Office at Methuen Park, Chippenham, Wiltshire, SN14 0GB.