SDI

PLACING AND ADMISSION TO AIM

CENKOS

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, or the contents of this document, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant, fund manager or other independent adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) who specialises in advising on the acquisition of shares and other securities.

This document comprises an admission document prepared in accordance with the AIM Rules for Companies. Any offer of Ordinary Shares is being made only to qualified investors for the purposes of and as defined in section 86 of FSMA and accordingly this document does not constitute, and the Company is not making, an offer to the public within the meaning of sections 85 and 102B of FSMA. This document is therefore not an approved prospectus for the purposes of section 85 of FSMA, has not been prepared in accordance with the Prospectus Rules and has not been approved by or filed with the Financial Services Authority or by any other authority which could be a competent authority for the purposes of the Prospectus Directive. Copies of this document will be available free of charge to the public during normal business hours on any day (Saturdays, Sundays and public holidays excepted) at the offices of Cenkos Securities plc, 6 7 8 Tokenhouse Yard, London EC2R 7AS from the date of this document until one month from the date of Admission in accordance with rule 3 of the AIM Rules for Companies.

A copy of this document has been delivered to the London Stock Exchange as required by the AIM Rules for Companies.

The Directors, whose names appear on page 4 of this document, and the Company accept responsibility, both individually and collectively, for the information contained in this document. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Application will be made for the whole of the ordinary share capital in issue immediately following the Placing to be admitted to trading on AIM. It is expected that Admission will become effective and dealings for normal settlement in the Ordinary Shares will commence on 2 July 2007.

AIM is a market designed primarily for emerging or smaller companies, to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. The rules of AIM are less demanding than those of the Official List. It is emphasised that no application is being made for admission of the Ordinary Shares to the Official List. The Ordinary Shares will not be dealt on any other recognised investment exchange and no other such application will be made. Furthermore neither the London Stock Exchange nor the UKLA has itself examined or approved the contents of this document.

SDI Group plc

(incorporated in England and Wales under number 06081771)

Placing of 6,100,000 New Ordinary Shares and 53,588,617 Sale Shares at 49 pence per share

Admission to trading on AIM

Nominated Adviser and Broker

Cenkos Securities plc

EXPECTED SHARE CAPITAL IMMEDIATELY FOLLOWING ADMISSION

Authorised			*Issued and fully paid*	
Number	*Nominal value*		*Number*	*Nominal value*
200,000,000	£2,000,000	Ordinary Shares of one penny each	106,100,001	£1,061,000

THE WHOLE TEXT OF THIS DOCUMENT SHOULD BE READ. YOUR ATTENTION IS PARTICULARLY DRAWN TO THE RISK FACTORS SET OUT IN PART II OF THIS DOCUMENT.

The Placing is conditional on Admission taking place by 8.00 a.m. on 2 July 2007 (or such later date as Cenkos Securities plc and the Company agree, being not later than 16 July 2007). All of the Placing Shares will, on Admission, rank *pari passu* in all respects and will rank in full for all dividends and distributions declared, paid or made in respect of the Existing Ordinary Shares after Admission.

Each AIM Company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on Admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers.

Cenkos Securities plc, which is regulated by the Financial Services Authority, is acting as the Company's nominated adviser in connection with the matters set out in this document. Its responsibilities as the Company's nominated adviser under the AIM Rules for Nominated Advisors are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other entity or person. No representation or warranty, express or implied, is made by Cenkos Securities plc as to any of the contents of this document in connection with the proposed Placing. No liability whatsoever is accepted by Cenkos Securities plc for the accuracy of any information or opinions contained in this document or for the omission of any information from this document.

Cenkos Securities plc is acting exclusively for the Company, as broker, in relation to the Placing and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Cenkos Securities plc, or advising any other person on the Placing and the contents of this document or any matter referred to herein.

This document does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, shares to any person in any jurisdiction to whom or in which such offer or solicitation is unlawful or would impose any unfulfilled registration, publication or approval requirements on the Company or Cenkos Securities plc. The Ordinary Shares have not been, and will not be, registered under the United States Securities Act 1933, as amended, or under the securities legislation of any state of the United States or under the securities legislation of any province or territory of Canada or of Australia, the Republic of Ireland or Japan. Accordingly, subject to certain exceptions, the Ordinary Shares may not, directly or indirectly, be offered or sold within the United States, Canada, Australia, the Republic of Ireland or Japan or offered or sold to, or for the account or benefit of, a person within the United States (subject to certain exemptions) or a resident of Canada, Australia, the Republic of Ireland or Japan.

CONTENTS

EXPECTED TIMETABLE OF PRINCIPAL EVENTS*

	2007
Admission Document publication date	26 June
Admission and commencement of dealings in the Ordinary Shares on AIM	8.00am on 2 July
Where applicable, CREST accounts credited in respect of the Placing Shares	2 July
Where applicable, dispatch of definitive share certificates	by 9 July

*Each of the times and dates in the above table is subject to change. References to time are to London time

PLACING STATISTICS

Placing Price per Ordinary Share	£0.49
Number of Existing Ordinary Shares**	100,000,001
Number of New Ordinary Shares being issued pursuant to the Placing	6,100,000
Number of Sale Shares to be sold pursuant to the Placing	53,588,617
Gross proceeds of the Placing of the New Ordinary Shares	£3.0 million
Estimated net proceeds of the Placing of the New Ordinary Shares receivable by the Company after deducting expenses of approximately £2.3 million	£0.7 million
Number of Ordinary Shares in issue immediately following the Placing	106,100,001
Market capitalisation of the Company at the Placing Price at Admission	£52.0 million
Percentage of Enlarged Share Capital represented by the Placing Shares	56.2%

** The number of Ordinary Shares in issue as at the date of this document is 38,994,658 shares. Prior to Admission and the issue of the New Ordinary Shares 61,005,343 further Ordinary Shares will be issued pursuant to certain steps in the Re-organisation.

DIRECTORS, COMPANY SECRETARY AND ADVISERS

Directors	Mark McMenemy *(non-executive Chairman)* Gordon Smith *(Chief Executive Officer)* Gary Pyle *(Chief Financial Officer)* Mary Adams *(President US Operations)* Dominick Donald De Sanctis *(non-executive Director)* Richard Manning Arkle *(non-executive Director)*
Registered Office	11 Jarman Way Orchard Road Royston Hertfordshire SG8 5HW
Company Secretary	Gary Pyle
Nominated Adviser and Broker	Cenkos Securities plc 6.7.8 Tokenhouse Yard London EC2R 7AS
Solicitors to the Company	Eversheds LLP Kett House Station Road Cambridge CB1 2JY
Solicitors to the Nominated Adviser	Shepherd and Wedderburn LLP Condor House 10 St. Paul's Churchyard London EC4M 8AL
Auditor and Reporting Accountant	PricewaterhouseCoopers LLP Abacus House Castle Park Cambridge CB3 0AN
Registrars	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS13 8AE

PART I

INFORMATION ON THE GROUP

Introduction

SDI Group is a specialist in the design, build and support of warehouse handling systems in the international retail and order fulfilment sectors. The Group provides consultancy services and designs its customers' warehousing and distribution systems with end products including sortation and picking systems, automated retrieval systems and conveyor systems, together with the supporting IT infrastructure. The Group's main operations are in the UK and the USA but it also has a growing presence in other jurisdictions including France, Germany, Italy, Spain, the Netherlands and Chile.

As retailers face continued pressure on pricing, the reduction of their distribution costs has become an important focus in their quest to improve or maintain margins. With the increased incidence of retailers sourcing merchandise from around the world, the efficient storage and distribution of products has led to the Group seeing strong demand for its products and services, a trend that the Directors expect to continue in the future as retailers continue to seek to reduce distribution costs as a percentage of sales. With the Group's US and UK operations having 30 year and 10 year track records respectively, the Group has developed an international business and blue-chip customer base that includes Nordstrom Inc., J.C. Penney Company, Inc. and Marks and Spencer plc. It is intended that Admission will provide the Group with the ability to capitalise on the growth opportunities available to it and enable the Group to pursue suitable acquisitions where appropriate.

The individual members of the Group have not, historically, been organised in a conventional group structure (that is, they have not formed part of the same group of companies either for accounting or legal purposes). Although prior to the Re-organisation there was a degree of collaboration and co-operation between the individual members of the Group and certain companies had common directors and shareholders, there was no ultimate holding company and the relevant companies had different shareholders. On Admission, the Company will become the ultimate holding company of the members of the Group pursuant to the Re-organisation. Whilst certain steps in the Re-organisation have taken place, the formation of the Group will not be completed until Admission.

It should be noted that references in this document to the "Group" and the "SDI Group" are deemed to refer to the Group following the completion of the Re-organisation (unless otherwise stated or where the context otherwise requires). Further details of the Re-organisation are set out in paragraph 2 of Part V of this document.

Key strengths

The Directors believe that the Group's key strengths, which have contributed to its success to date, include its:

- *Value-added service offering with comprehensive after-sale support* – The Group provides consultancy services and bespoke material handling solutions tailored to individual requirements. These include both upfront consultancy and comprehensive after-sale and support services which the Directors believe is a key factor in differentiating the Group from many operators in its industry.
- *International reach* – The Group has an international reach, with offices and a skilled staff base in jurisdictions giving the Group the ability and track record of servicing customers in a number of overseas jurisdictions. This international network also has the benefit of enabling the Group to leverage its relationships with international retailers such as Nordstrom, Inc., TJ Maxx, a division of TJX Companies, Inc., and The Gap, Inc.
- *Wide product range and product innovation* – The Group is committed to product development which, the Directors believe, has led the Group to provide creative products and services.
- *Experienced management in the services and manufacturing industry* – The Group has a strong and well regarded management team with extensive experience in the logistics handling systems industry.
- *Strong international brand* – The Group has forged strong relationships with major blue-chip customers that have built the Group's brand in materials handling solutions into one of the leading and most recognised brands in the retail automation industry.

Structure and history of the Group

SDI Industries, Inc. was the first company to bear the "SDI" name and was founded in the United States in 1978 by Don De Sanctis and Dick Ursitti. They had worked previously in the engineering departments of large retailers and used their knowledge of retail logistics to build a team at SDI Industries, Inc. that could offer consultancy services relating to logistics automation and provide handling systems solutions. The US team was joined by Mary Adams, the current CEO of SDI Industries Inc., and took existing technology and adapted it for the US market. The business was successful in growing its customer base. In the early 1980s, SDI Industries, Inc. moved into a bespoke facility in Los Angeles, which the Group continues to use today as its US base for consultancy, R&D and manufacturing. Having experienced continued growth and customer demand for additional services, certain shareholders of SDI Industries, Inc. established a software operation in Florida incorporated as Real Time Integration, Inc. in 2000, enabling it to expand its service offering.

Independently in 1997, Gordon Smith, who is the Company's CEO, founded Greenstone Automation Limited in the UK, having spent the previous six years in retail distribution for Exel. Greenstone Automation followed a similar model to SDI Industries, Inc. in the US, and provided consultancy services to clients with a view to understanding their retail supply chain requirements and then designing solutions. In 2000, SDI Industries, Inc. bought a 20 per cent. stake in Greenstone Automation Limited which was renamed SDIGreenstone Limited.

SDI Industries, Inc. and SDIGreenstone Limited have since ventured into mainland Europe and Chile through partnering with local consultants or businesses. Operations commenced in Italy in October 2000 with Germany following in April 2002, France in December 2002, Holland in October 2003 and Spain in October 2004. The international expansion followed similar models that the Directors believe allowed overseas partners to capitalise upon the "SDI" brand and the expertise and resources of SDI Industries Inc. and SDIGreenstone Limited. The model has allowed penetration of markets to be attained quickly in certain jurisdictions with a lower capital requirement than would have been necessary with a more traditional start up model.

The Re-organisation

The main purpose of the Re-organisation is to ensure that, on Admission, SDIGreenstone Limited and its subsidiary undertakings and SDI Industries, Inc. and its subsidiary undertakings will all become part of the SDI Group (as set out in the Group Structure chart below).

This is being achieved, primarily, by the shareholders in SDIGreenstone Limited and SDI Industries, Inc. exchanging their shares in their respective companies for shares in the Company.

The Re-organisation has been and is to be effected by a number of steps. These steps are to be and, in certain cases, have been taken pursuant to a number of share exchange agreements entered into by the Company and shareholders of Group members on 7 June 2007, when the Company was a private limited company. Under the initial steps, that took place on 21 and 22 June 2007, shareholders in each of SDIGreenstone Limited, SDI Promech B.V., SDI Industries France S.A.S, SDI Industries Italia srl., MSM Automations GmBH & Co KG and RTI Industries, Inc. exchanged their shares in the relevant companies for Ordinary Shares.

On 25 June 2007 the Company was re-registered as a public limited company.

On 27 June 2007, the Company will acquire the shares of the shareholders in SDIGreenstone Iberia, S.L and Asesorias, Ingenieria y Systemas Logisticos S.A. in exchange for Ordinary Shares.

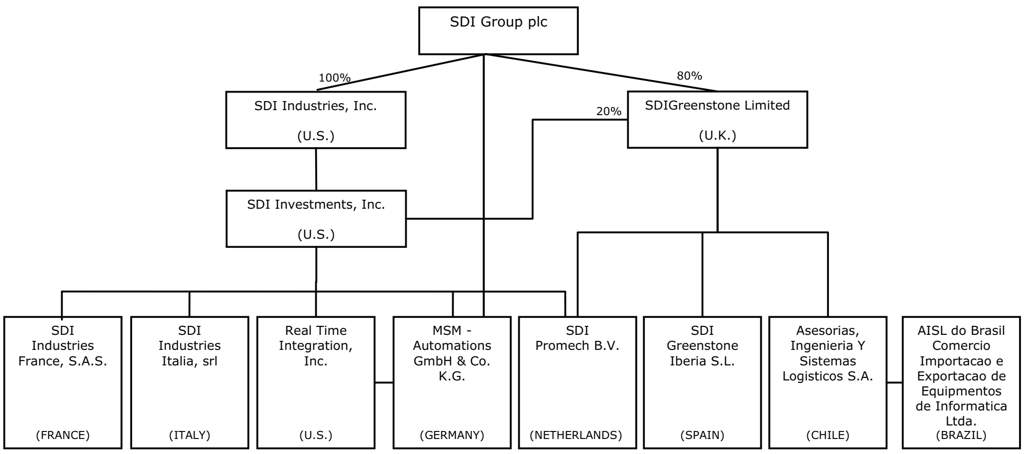
The final stage of the Re-organisation involves all the shareholders in SDI Industries, Inc. exchanging all their shares in SDI Industries, Inc. for 53,879,250 Ordinary Shares which would give such shareholders on Admission 53.8 per cent. of the Ordinary Shares in issue at that time. Under the terms of the Placing Agreement (as described in paragraph 11 of Part V of this document) the shareholders of SDI Industries, Inc. have agreed to sell, in aggregate, 37,138,511 of the Ordinary Shares that they will acquire on Admission pursuant to the aforementioned share exchange agreement to institutional investors leaving them with, in aggregate, 16,740,739 Ordinary Shares, representing 15.8 per cent. of the Company's issued share capital immediately following Admission and the Placing.

The Placing Agreement is conditional on placees having been procured by Cenkos in respect of all the Placing Shares and this condition is not capable of being waived by Cenkos or any of the other parties to the Placing Agreement.

Under the terms of the share exchange agreement with the SDI Industries, Inc. shareholders, the share exchange referred to is wholly conditional on Admission and, accordingly, if Admission does not occur, the share exchange agreement will not complete and the shareholders in SDI Industries, Inc. will not exchange their shareholdings in SDI Industries, Inc. for Ordinary Shares.

As the issue of the 53,879,250 Ordinary Shares pursuant to the share exchange agreement referred to above will take place prior to the former shareholders in SDI Industries, Inc. (the "concert party") completing the sale of Ordinary Shares to institutional investors pursuant to the Placing, the issue of the shares to such shareholders will constitute an acquisition of an interest in shares by persons acting in concert for 30 per cent. or more of the voting rights of the Company which would give rise to an obligation on such persons to make a mandatory offer for all the shares in the capital of the Company pursuant to and on the terms of Rule 9 of the City Code on Takeovers and Mergers. However, given the arrangements that have been put in place as described above, the effect of which is that the concert party will immediately following Admission and the Placing hold 15.8 per cent. of the voting rights in the Company, the Panel on Takeovers and Mergers have confirmed that the concert party will not be required to make a mandatory offer for all the shares in the capital of the Company pursuant to and on the terms of Rule 9 of the City Code on Takeovers and Mergers.

Further details of the Company and its subsidiaries are set out in paragraph 1 of Part V of this document. The Re-organisation is described in more detail in paragraph 2 of Part V of this document and the legal agreements pursuant to which the Re-organisation was achieved are summarised in paragraph 12 (a) of Part V of this document.



Business overview

From its main operations in the UK and the US, the Group designs and builds bespoke materials handling solutions in distribution centres, principally for non-food retailers. The Group provides solutions to the warehousing needs of customers, from initial consultancy services that identify customer requirements, followed by design and installation, through to maintenance and technical support post-implementation.

The Group's comprehensive offering enables it to provide bespoke products and services to address needs of individual customers and includes the following warehousing solutions:

- **Warehouse and equipment services** – solutions designed to improve space utilisation in warehouses to maximise storage space including, *inter alia*, the installation of efficient racking systems and mezzanine flooring;

- **IT systems** – bespoke software packages designed to run sortation, warehouse control, diagnostics and maintenance procedures either on a stand-alone basis or to complement the Group's hardware handling solutions with dedicated technical support from a systems development team;

- **Sortation systems** – the design and implementation of tailor-made sortation solutions to handle, process and sort a variety of goods including garments, books, CDs, DVDs and postal packages;

- **Automated storage and retrieval systems (ASRS)** – automation of stacker crane retrieval columns capable of moving on both horizontal and vertical axes for the automatic picking and restocking of pallets, large boxes or totes;

- **Picking systems** – provision of streamlined picking systems to improve the efficiency of picking operations and minimise warehousing overheads; and

- **Conveyor systems** – bespoke conveyor systems ranging from simple roller-based systems to complex conveyor systems with sortation capabilities.

The Group prides itself in providing a full service offering to its customers and works with them from the planning and design stage, through the build and installation phase, to the provision of training and maintenance services. A typical project of the Group will undergo the following phases:

- **Phase 1: planning and feasibility** – the Group carries out analysis of the cost-saving benefits that can potentially accrue to customers and undertakes preliminary design solutions;

- **Phase 2: design and engineering** – the Group carries out construction of the materials handling solution based on the feasibility study and the proposed design, and sourcing the necessary raw materials and system components;

- **Phase 3: user training and installation & testing** – the Group installs its solution and carries out various tests to ensure the smooth running of the product; and

- **Phase 4: maintenance and upgrades** – the Group provides technical and maintenance support after implementation, as well as product and software upgrades from time to time.

The Group's consultancy services provide the blue-print for the solution on any given project. The Directors regard this to differentiate the Group in the UK and Europe from many of its competitors. This value-added design and build approach will, the Directors believe, be a key factor in helping the Group to maintain its competitive position. The Directors recognise the importance of good planning and comprehensive consultation to the overall success of a project and the Group has dedicated consulting and design teams with experience in retail operations, architecture, industrial, mechanical and electrical engineering and marketing. The fact that SDI Group personnel programme and maintain software for customers ensures that relationships with these customers continue after installation. As well as providing the Group with ongoing revenue streams, it enables the Group to be well positioned for involvement with the future projects of these customers.

From its facilities in Rugby and Royston, the UK operation employs approximately 140 people and provides a full service offering, specialising in consultancy and design. Customers include Primark Stores Limited, Matalan Retail Limited, Asda Stores Limited and TNT UK Limited. The US operation, with its principal facility in Pacoima, Los Angeles employs 309 people with a product and service offering similar to the UK and with a wide customer base that includes The Gap, Inc., J.C. Penney Company, Inc. and Levi Strauss & Co. The Group also has a number of smaller subsidiaries in France, Spain, Germany, the Netherlands, Italy, Chile and Brazil. Most of these operations work closely with the UK and US operations in order to service clients outside of the core US and US territories. Customers of the international subsidiaries include Coltex Retail Group B.V. and TNT UK Limited. Of the subsidiaries, SDI Promech BV (based in the Netherlands) provides high speed sorting systems, MSM Automations GmbH & Co. KG (based in Germany) supplies IT hardware and software predominantly to

* Source:Freedonia Industry Study 2113

SDI Group members in Europe and Real Time Integration, Inc. (based in the US) supplies IT hardware and software predominantly in the US. Historically, most of the sales generated by these three international companies have been to other entities within the Group.

On Admission the Group will employ over 450 people operating from 10 different facilities. A table setting out summary financial information at the last year end of each of the companies that will form the principal operating subsidiaries of the Company and which illustrates their relative size is set out on page 8 of this document under the heading "Summary financial information".

The market

The global materials handling market has grown and was estimated to be US$25bn in 2005, and is predicted to rise to US$32bn by 2010*. The Directors believe that this growth can be explained by a number of reasons. In particular, retailers, in an attempt to enhance their offering and in response to consumer demand, have increased the variety of products sold together with additional sizes and price ranges. In addition, retailers in general, and large garment retailers in particular, have moved to source their product from lower cost jurisdictions around the world leading to a corresponding increase in logistics requirements. Taken together, these factors have led to fundamental changes in the supply chain with retailers requiring their warehouses to reduce inventory, whilst requiring deliveries on a more regular basis. Automated logistics infrastructures are required to pick, sort, pack and deliver products more efficiently and the Directors believe this can reduce distribution costs as a proportion of overall sale costs, in line with industry objectives.

Outside the mainstream retail sector, "buy at point of view" channels such as eBay have led to significant volume increases in parcel handling and parcel distributors are seeking to improve efficiency to meet this increased demand. The Directors estimate that up to 60 per cent. of a distribution centre's costs to be labour related. Cost reduction, as well as increased health and safety regulation, has led to a desire to remove personnel from the sorting system and increase automation. With automated materials handling solutions reducing labour cost by up to 50 per cent., the Directors expect these trends to continue and believe that the Group will be well positioned to benefit as a result.

The Directors believe that customers in the Group's industry have been increasingly inclined towards identifying and working more closely with a smaller number of "preferred suppliers". The Directors believe that this is an attempt to improve quality of service and to reduce the time spent on the tendering process. As relationships grow, suppliers and customers are able to work more closely on product development. As one of the few operators in the UK within the retail automation industry that provides a full service offering, SDIGreenstone Limited has found that it has benefited from the trend and the Directors expect this to continue to be the case in the future.

Competition

The Directors believe that there are no companies that compete directly with the Group as a whole but there are a number of companies that compete with various aspects of the Group's materials handling business. In that respect, the Directors believe that the Group's principal competitors are:

FKI plc ("FKI")

FKI is a global provider of automated materials handling solutions with offices in the US and UK and supplies its customers with, amongst other things, warehouse control systems. FKI is listed on the Official List.

Vanderlande Industries B.V. ("Vanderlande")

Vanderlande specialises principally in distribution and logistics, parcel handling and materials handling support for airports. Its product range includes a variety of sortation devices, conveyor systems and complementary IT software.

Dematic Limited ("Dematic")

Dematic is a UK based materials handling company that was acquired by Triton, a European investment company, in August 2006. Dematic derives a significant proportion of its revenue from its distribution and logistics business and it has business operations in Europe, US and Asia Pacific.

Savoye Limited ("Savoye")

Savoye, a subsidiary of Legris Industries Group, operates in the distribution and logistics business and has geographical reach in the UK and continental Europe. It specialises in manufacturing and the provision of carton erection and sealing equipment but also offers conveyor solutions, IT software and project management services.

PSB GmbH ("PSB")

PSB provides complete materials handling solutions by integrating various conveyor and sortation products with IT software and project management services and has a track record in the apparel retailing sector. Its business is focused on distribution and logistics with coverage in the UK, continental Europe, Israel and the United Arab Emirates.

Dürkopp Fördertechnik GmbH ("Dürkopp")

Dürkopp is a German manufacturer of hanging garment systems with overseas operations. Its business focuses on distribution and logistics.

Strategy and opportunities for growth

The Directors believe that the market in which the Group operates is likely to continue to grow, given the trends being seen in the retail and distribution industry, and that the Group is well placed to benefit from this. At the same time, the Directors intend to implement a number of strategic plans the purpose of which is to enhance the expansion of the Group's business. The Directors expect to continue to focus on retail distributors of non-food products but will also explore other product categories that have not historically been the focus of the Group. In addition, as the installed base of equipment grows, the Directors expect the Group to benefit from increased levels of maintenance and service revenue in the future. The Directors also expect the Group to benefit from its relationships with global retailers as these companies expand their international presence.

Whilst the Group will have facilities in numerous jurisdictions at Admission, the Directors believe that there may be opportunities to enhance its international offering by creating a presence in additional territories. The Directors will continue to assess these opportunities and will capitalise upon them when appropriate. At the same time, the Directors consider the market in which the Group operates to be highly fragmented and they expect to take advantage of this and for the Group to be a consolidator in the future.

Reasons for Admission

The Company is seeking Admission and undertaking the Placing to:

- raise its corporate profile;
- consolidate the Group under a listed holding company;
- gain an attractive acquisition currency and grow the business internationally; and
- attract, retain and incentivise key management.

Summary financial information

The companies which will form the Group at Admission have not, historically, been organised in a legal group structure and were not under common control and it is not possible to present historical financial information on the Group as if it had existed throughout the three year track record period. Historical financial information on the holding company, SDI Group plc, and the two largest parts of the Group, (the sub-groups headed by SDI Industries, Inc. and SDIGreenstone Limited) are presented in Part III of this document and together represent the majority of the historical trading of the new Group.

The fact that the historical financial information in Part III does not encompass all the entities which will form the Group means that the historical financial information may not be representative of future results. In addition, the Directors anticipate that, following the Re-organisation, the Group's consolidated financial information in accordance with IFRS will be presented as if SDI Industries, Inc had always been owned by the Company, and this acquisition will therefore not be recorded at fair value. The acquisitions of the other entities which will form the Group will be accounted for as purchase business combinations. On acquisition, the assets and liabilities of these entities will be recorded at fair value, with any excess of purchase consideration over the fair values of assets and liabilities acquired recorded as goodwill.

In addition, certain future operating costs, tax charges and dividends may be significantly different from those that arose under the historical capital structure.

The summary financial information below should be read in conjunction with the reports set out in sections A to C of Part III of this document. The companies listed in the table below will comprise the principal operating companies of the Group following the Re-organisation and Admission. The revenue and profit after tax of each of these operations for their most recent financial year and their net assets as at the end of that financial year are set out in the table below. It should be noted that, except where indicated, these results and balances are unaudited and have not been determined in accordance with IFRS as adopted in the EU.

	Year ended	*Revenue £'000*	*Profit after tax £'000*	*Net assets £'000*	
SDI Industries, Inc. – US segment	30 Nov 2006	23,987	828	7,255	Notes 1,5
SDI Industries, Inc. – European segment (consisting of SDI Industries France SAS and SDI Industries Italia srl)	30 Nov 2006	4,888	223	507	Notes 1,5
SDIGreenstone Limited (UK)	31 Mar 2007	21,515	949	2,236	Note 2
SDI Promech BV (Holland)	31 Dec 2006	3,407	61	373	Notes 3,4b,5
MSM Automations GmbH & Co KG (Germany)	31 Dec 2006	2,413	250	571	Notes 3,4a,5
SDIGreenstone Iberia, SL (Spain)	31 Dec 2006	867	66	52	Notes 3,5
Asesorias, Inversiones y Sistemas S.A (Chile)	31 Dec 2006	1,837	516	197	Notes 3,5
Real Time Integration, Inc. (US)	31 Mar 2007	5,580	467	1,358	Notes 3,4a,5

Note 1 – Extracted from the audited historical financial information in accordance with IFRS as adopted by the EU as presented in Part 3 Section A to this Admission Document.

Note 2 – Extracted from the audited historical financial information in accordance with IFRS as adopted by the EU as presented in Part 3 Section B to this Admission Document.

Note 3 – Extracted from unaudited management accounts prepared in accordance with local GAAP.

Note 4a – Substantially all of the revenues were earned from entities which will form part of the Group. Where relevant, therefore, these revenues represent costs in the historical financial information on SDI Industries, Inc. and SDIGreenstone Limited set out in Part III Sections B and C.

Note 4b – A large proportion of the revenues were earned from entities which will form part of the Group. Where relevant, therefore, these revenues represent costs in the historical financial information on SDI Industries, Inc. and SDIGreenstone Limited set out in Part III Sections B and C.

Note 5 – The functional currency of each operation is the currency of the primary economic environment in which it operates. The revenues and profits have been translated into pounds sterling at the average monthly exchange rate for the relevant period. The net assets of each undertaking have been translated into sterling at the exchange rate ruling on the last day of the accounting period.

Current trading and prospects

The decision to form the Group was taken in 2006 and, since that time, considerable work has been carried out to improve synergies and opportunities for the Group as a whole. The benefits of this approach are already being seen, with a specific example in Chile for Chile Express, a parcels carrier. This project, which was won by the Spanish office, involved a total of four SDI companies and was completed successfully. Following Admission, the Directors intend to pursue additional opportunities that will enable sales prospects and technology development to be maximised across the Group, as well as enabling sourcing of materials to be carried out more efficiently. In particular, the new Group structure will allow IT system development and consultant sourcing to be undertaken on a more global rather than localised basis. This is already creating opportunities on projects in France and the UK.

In preparation for Admission, better lines of communication within the Group have been introduced which are greatly enhancing the utilisation of resources throughout Group. This has led to more efficient use of resources and the Directors expect this to continue following Admission with additional operational efficiencies being achieved.

To date, sales in 2007 have continued to be strong, with the global retail market for the Group's products and services remaining buoyant and with retailers seeking to improve their cost base and margins. This has resulted in an expanding order book for Group companies in the first three months and the Directors view the prospects for each of the principal operating companies in the Group with optimism. The recent strengthening of the sales function in both the US and UK has focussed on the development of new customers and positive results have been seen as a result. The Directors are pleased to note that a significant number of revenue generating consultancy arrangements have been won which the Directors expect will result in design and build projects for the Group over the next 12 months.

There have been a number of developments since the start of the year, including the installation of a high speed crane operation for a customer in Spain, which has further extended the Group's solution capability. In addition, the development of software for Lacoste in the US is believed by the Directors to provide the Group with further sales opportunities with smaller retailers.

The Group's strong start to the year, the potential to develop further its product portfolio and the scope for geographical expansion all support the Directors' belief that the Group's financial and trading prospects for the current financial year and beyond are good.

Directors

Mark McMenemy, non-executive Chairman, aged 49

Mark has been a member of the Chartered Institute of Management Accountants since 1984 and has significant experience in the retail industry. He has held senior directorships at major high street and international retailers and was Group Finance Director at Clarks Shoes, Mothercare and Monsoon. At Monsoon, Mark was responsible for finance, property, legal, logistics and IT. He left Monsoon in March 2007 to pursue an alternative career through Pensive Solutions Ltd, a management consultancy he formed in 2003.

Gordon Smith, Chief Executive Officer, aged 44

Having spent a number of years as an international engineering consultant on projects in the Middle East, China and Africa, Gordon spent six years as a senior manager in Exel in key account management and third party logistics. He left Exel to found Greenstone Automation Limited (now called SDIGreenstone Limited) in 1997. Gordon holds a Bachelor of Engineering, a Master of Business Administration and is a Chartered Mechanical Engineer.

Gary Pyle, Group CFO, aged 41

Gary joined SDI in 2006. Prior to joining SDI, Gary was CFO of Pursuit Dynamics plc, an AIM-listed company specialising in the commercialisation of patented technology, for four years and he remains a non-executive director of Pursuit. Gary started his career with Hardcastle Burton, becoming a partner of this firm of accountants in 1995. Gary is a Chartered Accountant and a member of The Institute of Chartered Accountants in England & Wales.

Mary Adams, President US Operations, aged 49

Mary joined SDI Industries, Inc. in 1983 and held various executive positions before being promoted to her current position as President and CEO of US operations. Prior to joining SDI Industries, Inc. Mary was with the architectural firm Davis Brody & Associates in New York City. Mary holds a B.A. in Architecture from the Cooper Union School of Architecture in New York City.

Dominick Donald De Sanctis, non-executive Director, aged 75

Dominick De Sanctis, also known as Don De Sanctis, is a co-founder and former chairman of SDI Industries, Inc.. Under his direction SDI has become a global player in retail distribution consulting, engineering and automation solutions and, over the course of his 30 years in the retail industry, Don has acquired extensive knowledge and experience in consumer goods distribution. Don holds a bachelor's of science degree in industrial engineering and a master's degree from New York University.

Richard Arkle, non-executive Director, aged 58

Richard Arkle is currently Chairman of Volex Group plc, a global manufacturer of cable assembly solutions to the electronic industries, and a non-executive Director of Cash Management Systems Limited, a provider of cash management services to retailers and financial institutions. He was a partner at KPMG LLP (and predecessor practices) from 1 October 1982 until he retired on 30 September 2004, where as a senior partner he played a leading role in the development of the Transaction Services practice into a UK market leading position. He is a Fellow of the Institute of Chartered Accountants in England and Wales.

Dividend policy

No dividends have been declared or paid by the Company. The Company anticipates paying dividends on Ordinary Shares following Admission, while maintaining a suitable level of dividend cover. The Directors expect that future dividends will reflect the Group's trading performance and prospects. It is intended that the first dividend to be paid by the Company following Admission will be pro rated in respect of the period ended 30 November 2007.

Taxation

A general guide to the UK tax consequences that will apply to Shareholders who hold their Ordinary Shares as an investment and are UK tax resident individuals or companies is set out in paragraph 13 of Part V of this document and your attention is drawn to this section. Persons who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK are strongly advised to consult their own professional advisers.

Employee incentives

The Board recognises the importance of the Group's employees and consultants to the performance of the Group's business and believes that performance based incentives are an effective way to motivate and retain high calibre employees and consultants and to align the interests of management and key employees and consultants with those of the shareholders. The Company therefore intends to implement an incentive plan linked to earnings per share, where high performance will be rewarded.

Details of the incentive plan that applies to Gary Pyle are set out in paragraph 7(b) of Part V of this document. The Company has also adopted a Share Option Scheme for Group personnel, further details of which are contained in paragraph 13 of Part V of this document. A total of 500,000 Ordinary Shares are held under options granted under the Share Option Scheme representing 0.47 per cent. of the issued Ordinary Shares following Admission and the Placing.

Corporate governance and internal controls

The Directors recognise the importance of sound corporate governance. The Directors intend, insofar as is practicable given the Company's size and the constitution of the Board, to comply with the main provisions of the Combined Code.

The Directors have established an audit committee, a nomination committee and a remuneration committee. The remuneration committee will determine the terms and conditions of service, including the remuneration and grant of options to executive Directors. The audit committee has primary responsibility for monitoring the quality of internal financial controls and ensuring that the financial performance of the Company is properly measured and reported on, and for reviewing reports from the Company's auditors relating to the Company's accounting and internal controls. The nomination committee has primary responsibility for providing a formal, rigorous and transparent procedure for the appointment of new directors to the Board.

The Directors will comply with Rule 21 of the AIM Rules relating to directors' dealings and will also take all reasonable steps to ensure compliance by the Company's applicable employees.

Further details relating to corporate governance and internal controls can be found in paragraph 9 of Part V of this document.

The Placing

The Placing, which has not been underwritten by Cenkos, comprises the placing at the Placing Price of 59,688,617 Placing Shares with institutional and other investors. The New Ordinary Shares to be issued pursuant to the Placing represent approximately 5.7 per cent. of the Enlarged Share Capital of the Company and will raise approximately £0.7 million net of expenses for the Company.

The Placing Shares will be issued credited as fully paid and will, on issue, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive dividends and other distributions thereafter declared, made or paid in respect of the ordinary shares in the capital of the Company. Following the Placing, the interests of the Directors will amount, in aggregate, to 7.2 per cent. of the Enlarged Share Capital. Further details of the Directors' interests in Ordinary Shares are set out in paragraph 7 of Part V of this document.

Under the Placing Agreement, Cenkos has agreed to use its reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price and has conditionally placed all those shares at the Placing Price with institutional investors and other investors. The obligations of Cenkos are conditional upon, *inter alia,* Admission taking place by 8.00 am on 2 July 2007 (or such date, being not later than 16 July 2007, or as Cenkos and the Company shall agree). The Placing Agreement contains provisions entitling Cenkos to terminate the Placing Agreement at any time prior to Admission in certain circumstances. If the right is exercised, the Placing will lapse and Admission will not occur. A summary of the Placing Agreement is set out in paragraph 11 of Part V of this document.

Admission, settlement and CREST

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument. The Company has applied for the Ordinary Shares to be admitted to CREST and it is expected that the Ordinary Shares will be so admitted and accordingly enabled for settlement in CREST on the date of Admission. It is expected that Admission of the Placing Shares and the Existing Ordinary Shares will become effective and that dealings will commence on 2 July 2007. Accordingly, settlement of transactions in Ordinary Shares following Admission may take place within the CREST system if any Shareholder so wishes. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so. Persons acquiring shares as a part of the Placing may elect to receive Ordinary Shares in uncertificated form if, but only if, that person is a "system-member" (as defined in the CREST Regulations) in relation to CREST.

Lock-in arrangements

The Directors will, following Admission, together be interested in 20,151,137 Ordinary Shares representing approximately 19.0 per cent. of the Enlarged Share Capital of the Company.

Gary Pyle will at Admission be granted options over 1,785,713 Ordinary Shares, the vesting of 1,285,713 of which is subject to certain performance conditions. Further details of Gary Pyle's incentive arrangements are set out in paragraphs 7(b) and 13 of Part V of this document.

Each of the Directors, other than Mark McMenemy and Richard Arkle, and the Selling Shareholders has undertaken, subject to certain exceptions, not to dispose of any interest in securities of the Company for a period of 24 months from Admission and not to dispose of more than 50 per cent. of any such securities for a further 12 months thereafter without the consent of Cenkos. Further details of the lock-in arrangements are set out in paragraph 11 of Part V of this document.

Risk factors

The Group's business is dependent on many factors and potential investors are advised to read the whole of this document, and in particular Part II entitled "Risk Factors".

Additional information

Your attention is drawn to the additional information set out in Parts II to V of this document.

PART II

RISK FACTORS

Potential investors should carefully consider the specific risks described below before making a decision to invest in the Company's Ordinary Shares. If any of the following risks actually occur, the Group's business, financial condition, results or future operations could be materially affected. In such circumstances, the price of the Group's shares could decline and investors could lose all or part of their investment. This document contains forward-looking statements that involve risks and uncertainties. The Group's results could differ materially from those anticipated in the forward looking statements as a result of many factors, including the risks faced by the Group, which are described below and elsewhere in the document. Additional risks and uncertainties not currently known to the Board may also have an adverse effect on the Group's business. The information set out below does not constitute an exhaustive summary of the risks affecting the Group and is not set out in any order of priority. In particular, the Group's performance may be affected by changes in legal, regulatory and tax requirements in any of the jurisdictions in which it or any of its subsidiary companies operate or intend to operate as well as overall global financial conditions.

Before making any investment decision, prospective investors are strongly advised to consult an independent adviser authorised under FSMA who specialise in advising upon investments.

A. Risks relating to the business of the Group

Uncertainty on the effective integration of the SDI Group

The various operating subsidiaries have until the Re-organisation operated as stand-alone entities without central management and organisation. The success of the SDI Group will be dependent on the effective integration of the various entities including the implementation of group-wide cash management and tax planning measures. This will be a complex process and will place significant demands on the management, financial, technical and other resources of the Group. If the Directors are unsuccessful in integrating the Group effectively, the Group's financial and operating performance could materially suffer.

In addition, the change from a private company to a public company will require some cultural changes, increased awareness of the requirements of being a public company and a requirement to ensure that staff satisfy a number of new requirements, including the AIM Rules for Companies, disclosure and financial reporting requirements and enhanced corporate governance. There can be no assurance that the Group will successfully manage this transition and its failure to do so could have a material adverse effect on the Group's business, financial condition and/or operating or financial results and could negatively affect the price of Ordinary Shares.

Commercial arrangements

As a result of industry practices and a culture where transactions are based on networks and relationships a number of commercial arrangements between the Group and material customers, suppliers and retailers are not subject to formally documented terms and could therefore be terminated on short notice or be problematic to enforce. Additionally, the Group may not be able to limit its liability effectively if contracts are not reduced to writing. In the event of termination or inability to enforce their terms or rely on limitations of liability, this could have a materially adverse effect on the business and profitability of the Group.

Dependence on key executives and personnel

The Group's future success depends on the ability of management and key staff to operate effectively, both individually and as a group. The loss of any member of the Group's senior management could disrupt the business if no immediate suitable replacement is available to the Group and management time is spent on finding replacement candidates. The loss of key individuals could, therefore, have a material adverse effect on the stability of the Group's business and the future of the Group going forward. While the Group has entered into service agreements with each of its executive Directors, the retention of their services cannot be guaranteed.

Intellectual property

The Group develops bespoke software for use in its sorting systems and other logistics solutions but cannot be certain that the steps it has taken, or will take, to protect its intellectual property rights are adequate or that third parties will not infringe such proprietary rights. Due to the bespoke nature of the Group's products, the risk of a third party in possession of any of software designed and supplied by the Group manufacturing equipment for use with such software is not considered to be significant.

Such proprietary rights are developed by Group employees and whilst this alleviates any risk that the Group infringes the intellectual property of third parties, the adequacy of protections as to ownership of the designs in employment contracts (or arising by law) varies between jurisdictions.

Additional working capital requirements

Although the Directors believe that the Group has sufficient working capital for its current requirements, it may be necessary for the Group to raise further funds in the future. There is no guarantee that the then prevailing market conditions will allow for such a fundraising or that new investors will be prepared to subscribe for Ordinary Shares at the same price as the Placing Price or higher. Additionally, funds may be raised through the issue of new Ordinary Shares on a non pre-emptive basis which would result in a dilution of shareholders' interests or a reduction in research and development or the Group's operating activities, which could have a material adverse impact on the Group's business, financial condition and future prospects.

Potential product liability and insurance

The Group's business in the design, development and sale of materials handling solutions exposes it to potential product liability and indemnity risks as well as possible adverse publicity. Whilst the Group does seek to carry appropriate insurances in the territories in which it operates, there can be no assurance that the necessary insurance cover will be available to the Group at an acceptable cost or at all, or that, in the event of any claim, the level of insurance carried by the Group now or in the future will be adequate or that a product liability or other claim will not materially and adversely affect the Group's business.

Management of the growth of the Group's operations

Part of the Group's strategy is to grow the Group's operations organically and through the acquisition of companies and businesses. There can be no assurance that the Group will be able successfully to acquire suitable companies and businesses nor that they will be available at prices and on terms that will make them suitable at the relevant time, or at all. If the Group is unable to make such acquisitions it may not be able to implement its intended strategy.

In the event the Group acquires further companies or businesses, the Group's ability to manage its growth effectively, including the effect of integration into the Group of any companies or businesses acquired by it in the future, is likely to require the Group to take certain steps. These may include improving its operations, financial and management controls, reporting systems and procedures, training, motivating and managing its employees and, as required, installing new management information and control systems. There can be no assurance that the Group will be able to successfully integrate further businesses or companies into the Group or implement improvements to its management information and control systems in an efficient and timely manner or that, if implemented, such improvements will be adequate to support the Group's operations. Any inability of the Group to manage the integration of acquired companies and businesses successfully could have a material adverse effect on its financial condition, results of operations and prospects.

Reliance on third parties

The Group is reliant upon third party product and service providers for certain aspects of its business. Any interruption or deterioration in the performance of these third party product/ service providers could impair the timing and quality of the Group's products and services. In addition, if the contracts or other arrangements between the Group and any of these third party providers are terminated, the Group may not find alternative providers on a timely basis or on equivalent terms. The occurrence of these events could impact upon the Group's reputation and have a material adverse effect on the financial condition or results or operations of the Group and could negatively effect the price of Ordinary Shares.

In addition, the Group's manufacturing process is dependent on a limited number of suppliers of raw materials. If the Group is unable to obtain the required quantities of these materials at the quality, price and time that is necessary to meet the Group's customers' demands, it could have a material adverse effect on the Group's business.

Competition

The Company operates a competitive market and it can be expected that the competition will continue and/or increase in the future both from established competitors and new entrants to the market. The Group's competitors are likely to include companies with greater financial, technical and other resources than the Company. Such competitors may compete directly with the Group for clients and industry personnel and may be in a better position than the Group to compete for future business opportunities. Competitors may be able to develop products and services that are more attractive to customers than the Group's products and services. In order to be successful in the future the Group will need to continue to respond promptly and effectively to the challenges of changing customer requirements. An inability to devote sufficient resources to the development of its products and services in order to achieve this, the development of more aggressive competition in the market in which the Group operates and/or the introduction of new entrants into those markets, could lead to a material and adverse effect on the Group's business, financial condition and operating results and could negatively affect the price of Ordinary Shares. Further information on the competition faced by the Group is set out in Part I of this document under the heading "Competition".

B. Risks associated with the industry

Economic downturn

As the Group's business is closely correlated to the retail industry, the Group's revenue is directly linked to consumer spending patterns. An erosion of consumer confidence or a significant decline in consumer spending, particularly in key markets such as the UK and the US where the Group has substantial business operations, would directly impact on demand for the Group's materials handling solutions and its overall business and operating results.

Market growth

The success of the Group to date has depended, to a significant extent, on the growth in the market for its products and services. There can be no assurance that such market growth will continue and were market growth not to continue or slow down significantly, this would adversely affect the forecasted growth and revenue of the Group.

Foreign exchange currency risk

Exchange rates of the relevant local currencies in the countries that the Group operates against Sterling are an important factor as the Group will report its Group results in Sterling. The Group's financial results could, therefore, be adversely affected by significant appreciation of Sterling against the relevant currencies. This would distort the operating results of the subsidiaries of the Group based outside the UK and the Group has not employed hedging or other financial arrangements to minimise currency exchange risks.

Regulation

The Group is subject to the laws and regulations governing the logistics industry, including the Construction Design and Management Regulations, and general health and safety issues in the Group's manufacturing environment. Any future changes to the relevant regulatory environments in which the Group operates may result in more stringent compliance obligations for the Group and/or repercussions for the Group's current business model.

Steel prices

A key material used in the materials handling solutions installed by the Group at its customers' premises is steel. Steel prices fluctuate, are volatile are times and are affected by numerous factors over which the Group does not have any control, including world production levels, international economic trends, currency exchange fluctuations, expectations for inflation, speculative activity and consumption patterns. The aggregate effect of these factors is impossible to predict and, as a result, price forecasting can be impossible. There is no guarantee that steel prices will be maintained at the current levels in the future. Any sustained upward movements in the market prices of steel could render less economic or uneconomic the production and delivery of the Group's materials handling solutions to its customers.

Taxation

The Group operates in various jurisdictions and its business is subject to the effect of future changes to tax legislation and practice. Any change in the tax status of the Company or any member of the Group or in applicable taxation legislation or regulations in any relevant jurisdiction could affect the Company's ability to provide returns to Shareholders or negatively alter post tax returns to Shareholders. Statements in this document concerning the taxation of investors and Ordinary Shares are based on current tax law and practice in the United Kingdom which is subject to change. The taxation of an investment in the Company depends on the individual circumstances of the investor.

C. General risks

Trading market for the Ordinary Shares

The market price of the Ordinary Shares may be subject to fluctuations in response to many factors, including variations in the operating results of the Group, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, general economic conditions, legislative changes in the Group's sector and other events and factors outside of the Group's control.

In addition, stock markets have from time to time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for the Ordinary Shares.

Admission to AIM should not be taken as implying that there will be a liquid market for the Ordinary Shares. It may be more difficult for an investor to realise their investment in the Company than in a company whose shares are quoted on the Official List.

PART III

ACCOUNTANT'S REPORTS AND HISTORICAL FINANCIAL INFORMATION

The companies which will form the Group at Admission have not, historically, been organised in a legal group structure and were not under common control and it is not possible to present historical financial information on the Group as if it had existed throughout the three year track record period.

This Part III contains historical financial information on the holding company, SDI Group plc, and the two largest parts of the Group, the sub-groups headed by SDI Industries, Inc. and SDIGreenstone Limited. The historical financial information on SDI Group plc for the eight weeks ended 31 March 2007 is set out in Part III A; the historical financial information on SDI Industries, Inc. for the three years ended 30 November 2006 is set out in Part III B and the historical financial information on SDIGreenstone Limited is set out in Part III C.

PART III A

HISTORICAL FINANCIAL INFORMATION ON SDI GROUP PLC

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers LLP
Abacus House
Castle Park
Cambridge CB3 0AN

The Directors
SDI Group plc
11 Jarman Way
Orchard Road
Royston
Hertfordshire
SG8 5HW

The Directors
Cenkos Securities plc
6.7.8 Tokenhouse Yard
London EC2R 7AS

26 June 2007

Dear Sirs

SDI Group plc

We report on the financial information of SDI Group plc for the 8 week period ended 31 March 2007 set out below. This financial information has been prepared for inclusion in the admission document dated 26 June 2007 (the "**Admission Document**") of SDI Group plc (the "**Company**") on the basis of the accounting policies set out in note 2. This report is required by Schedule Two of the AIM Rules for Companies published by the London Stock Exchange plc (the "**AIM Rules**") and is given for the purpose of complying with that Schedule and for no other purpose.

PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Services Authority for designated investment business.

Responsibilities

As described in note 2, the Directors of the Company are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 23.1 of Annex I to the Prospectus Directive (2003/71/EC) and required by Schedule Two of the AIM Rules, consenting to its inclusion in the Admission Document.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Company as at the date stated and of its loss and cash flows for the period then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of paragraph (a) of Schedule Two of the AIM Rules we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants

Income statement

	Note	*8 week period ended 31 March 2007 £'000*
Administrative expenses		44
(Loss) before tax		(44)
Income tax expense	7	—
(Loss) for the financial period from continuing operations		(44)
(Loss) per ordinary share (expressed in £)		
- Basic and diluted	8	(0.09)

All results are from continuing operations.

The Company has no recognised income and expenses other than those included in the loss above and therefore no separate statement of recognised income and expense has been presented.

Balance sheet

	Note	*As at 31 March 2007 £'000*
Non-current assets		
Computer Equipment	9	6
		6
Current assets		
Prepayments		116
Called-up share capital not paid		23
		139
Total assets		145
Current liabilities		
Amounts due to related companies		166
Total liabilities		166
Net liabilities		(21)
Capital and reserves		
Called up share capital	10	5
Share premium	11	18
Retained deficit	12	(44)
Total Shareholders' deficit		(21)

The Company has no cash flows during the period and therefore a cash flow statement has not been presented. A reconciliation of net loss to net cash from operations is presented in note 15.

Notes to the financial information

1. General information

Corporate history

SDI Group plc (the "Company") was formed as a limited liability company under the name SDI Group Limited on 5 February 2007. It re-registered as a public company limited on 25 June 2007. The Company was formed as a proposed holding company. At 31 March 2007, it did not have any subsidiary undertakings.

The Company is domiciled in England. The address of its registered office is 11 Jarman Way, Orchard Road, Royston, Hertfordshire.

2. Accounting policies

a) ***Basis of preparation***

The financial statements are prepared in Sterling, rounded to the nearest thousand and are prepared on the historical cost basis.

At 31 March 2007, the Company had net liabilities of £21,000 and did not at that time have sources of income. Following the share purchases described in note 17, the Company is the holding company of a group and is entitled to receive dividend income from its subsidiary undertakings. Prior to its re-registration as a plc on 25 June 2007, a dividend was received from SDIGreenstone Limited such that the Company had distributable reserves on its re-registration as a plc. On the basis of this post balance sheet re-organisation, the Directors believe it is appropriate to prepare the historical financial information on the Company on the going concern basis.

The financial information has been prepared in accordance with the requirements of the AIM Rules and in accordance with this basis of preparation. The basis of preparation describes how the financial information has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU).

This financial information has been prepared on the basis of all applicable IFRSs, including all International Accounting Standards (IAS), Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC) interpretations issued by the International Accounting Standards Board (IASB) with effective dates for accounting periods beginning on or after 1 December 2006, being the beginning of the accounting period for which the Company will prepare its first consolidated financial statements, as head of a group. The financial information is prepared in accordance with the accounting policies expected to be applied in the Company's next consolidated financial statements.

Recent amendments to accounting standards and interpretations effective for the purposes of this financial information but not relevant to the activities of the Company are as follows:

- IAS 19 (Amendment), Employee benefits
- IAS 21 (Amendment), Net investment in a foreign operation.
- IAS 39 (Amendment), Cash flow hedge accounting of forecast intragroup transactions.
- IAS 39 (Amendment), The fair value option.
- IAS 39 and IFRS 4 (Amendment), Financial guarantee contracts.
- IFRS 1 (Amendment), First-time Adoption of International Financial Reporting Standards and IFRS 6 (Amendment), Exploration for and evaluation of mineral resources;
- IFRS 6, Exploration for and evaluation of mineral resources;
- IFRIC 4, Determining whether an arrangement contains a lease;
- IFRIC 5, Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds; and
- IFRIC 6, Liabilities arising from participating in a specific market – Waste electrical and electronic equipment.

- IFRIC 7, Applying the restatement approach under IAS 29
- IFRIC 8, Scope of IFRS 2
- IFRIC 9, Reassessment of embedded derivatives

A number of forthcoming standards and interpretations will be effective for years commencing after 1 December 2007:

Accounting standards which are not yet mandatory and not early adopted

- IFRS 7, 'Financial instruments: Disclosures, and the complementary amendment to IAS 1, 'Presentation of financial statements – Capital disclosures' will be mandatory for periods commencing on or after 1 January 2007. This standard replaces IAS 30 and the disclosure requirements in IAS 32 and locates in one place all disclosures relating to financial instruments. The new requirements incorporate many of IAS 32's disclosures as well as additional qualitative and quantitative disclosures on the risks arising from financial instruments. As this standard affects disclosure rather than measurement, the directors expect that the adoption of the standard will have no material effect on the financial results or position of the Group.

Interpretations to existing standards that are not yet effective and not relevant for the Company's operations:

The following interpretations to existing standards have been published but have not yet been endorsed by the EU. These standards are mandatory for accounting periods beginning after 1 November 2006 or later but are not relevant for the Company's operations:

- IFRIC 10, Interim Financial Reporting and Impairment
- IFRIC 11, IFRS 2 - Group and Treasury Share Transactions
- IFRIC 12, Service Concession Arrangements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form a basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on a regular basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

The accounting policies set out below have been applied consistently to all periods presented in this consolidated financial information.

b) ***Property, plant and equipment***

i) *Owned assets*

Plant and equipment are stated at cost less accumulated depreciation and impairment losses (see accounting policy on impairment).

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

ii) *Depreciation*

Depreciation is provided on a straight-line basis at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life as follows:

Computer equipment – 3 years

The residual value, if not insignificant, and the useful economic life of the assets are reassessed annually.

c) ***Impairment***

Assets subject to amortisation and depreciation are reviewed for impairment at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is calculated as the greater of its net selling price and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised in the income statement based on the amount by which the carrying amount exceeds the recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to a cash-generating unit (or group of units) and then to reduce the carrying amount of other assets in the unit (or group of units) on a *pro rata* basis.

In respect of other assets an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

d) ***Share capital***

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Where it is virtually certain that costs incurred prior to the balance sheet date will be offset against equity in this way, they are held as prepayments at that date.

e) ***Trade and other payables***

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

f) ***Taxation***

Income tax comprises current and deferred tax. It is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

g) ***Segment reporting***

A segment is a distinguishable component of the company that is engaged in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

h) ***Financial risk management***

The overall aim of the Company's financial risk management policies is to minimise potential adverse effects on financial performance and net assets. In the course of its business, the Company is exposed primarily to liquidity risk. The Company's policy on liquidity risk is to ensure that sufficient cash is available to fund on-going operations without the need to carry significant net debt, which it intends to achieve through the receipt of intercompany dividends once the group re-organisation described in note 16 is completed. The Company does not engage in foreign currency transactions.

The Company manages the principal financial risks within policies and operating parameters approved by the Board of Directors. The Company does not enter into speculative transactions.

3. Segmental information

The Company operates in only one business and geographic segment.

4. Services provided by the Company's auditor and network firms

During the year the Company obtained the following services from the Company's auditor at costs as detailed below:

	8 week period ended 31 March 2007 £'000
Audit services	
– Fees paid to the Company's auditor for the audit of the Company's annual financial statements	2

5. Staff numbers and costs

The average number of persons employed by the Company (including executive directors) during the period was as follows:

	8 week period ended 31 March 2007
Total number of employees	1

The aggregate costs of these persons were as follows:

	8 week period ended 31 March 2007 £'000
Wages and salaries	23
Social security costs	3
	26

6. Directors' emoluments

Emoluments paid by the Company to directors were:

	8 week period ended 31 March 2007 £'000
Remuneration and benefits for executive services (G. Pyle)	23

7. Income tax expense

	8 week period ended 31 March 2007 £'000
Loss on ordinary activities before tax	(44)
Loss on ordinary activities at the tax rates 30%	(13)
Effects of:	
Losses carried forward	8
Expenses not deductible for tax purposes	5
Total tax charge	—

8. Earnings per share

Basic and diluted

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year.

	8 week period ended 31 March 2007
(Loss) attributable to equity holders in £'000	(44)
Weighted average number of ordinary shares in issue	462,964
Basic and diluted (loss) per share in £	(0.09)

Diluted earnings per share equals basic earnings per share as the Company is loss making.

The earnings per share information presented above reflects the historical capital structure of the Company. Earnings per share of the SDI Group plc post Admission to the AIM market will be based on the capital structure post admission, which will therefore differ from earnings per share based on the historical capital structure.

9. Property, plant and equipment

	Computer equipment £'000
At 5 February 2007	—
Additions	6
Depreciation	—
Cost and Net Book Value at 31 March 2007	6

10. Called up share capital

	As at 31 March 2007 Number	*As at 31 March 2007 £'000*
Authorised	5,000,000	50
Allotted called up:		
Allotted during the period	500,002	5

2 Ordinary shares of £0.01 each were allotted on incorporation on 5 February 2007. A further 500,000 Ordinary shares of £0.01 were allotted on 9 February 2007 at a price of £0.046. These share are unpaid at 31 March 2007.

11. Share premium

	As at 31 March 2007 £'000
At 5 February 2007	—
Shares issued during the period	18
At 31 March 2007	18

12. Reserves

	Retained deficit £'000
At 5 February 2007	—
Retained loss for the period	(44)
At 31 March 2007	(44)

13. Deferred taxation

The Company has £8,000 of unrecognised deferred tax assets, representing unutilised losses to be carried forward. The deferred tax asset has not been recognised due to the uncertainty of its recoverability in the foreseeable future.

14. Financial instruments

The Company has no derivative financial instruments. The Company's financial instruments consist of short-term payables whose carrying value approximates fair value as a result of the short period to maturity. None of these instruments attract interest.

Borrowing facilities

The Company has no undrawn committed borrowing facilities in any of the years presented.

15. Reconciliation of net loss to net cash flow from operations

	8 weeks ended 31 March 2007 £'000
Net loss	(44)
(Increase) in prepayments	(116)
Increase in amounts due to related companies	160
Net cash flow from operations	—

16. Related party transactions

The ultimate controlling party is Mr G Pyle by virtue of his 100 per cent. ownership of the share capital of the Company.

The following transactions were carried out with related parties:

a) ***Year-end balances arising from purchases of good and services***

	As at 31 March 2007 £'000
Payables to related parties:	
Entities controlled by key management personnel	166
	166

The payables to related parties arise mainly from purchase transactions and are due under normal business terms. The payables are unsecured and bear no interest.

The entities controlled by key management personnel are various companies controlled by Mr G Smith, an executive director of the Company.

b) ***Year-end balances arising from subscription for shares***

	As at 31 March 2007 £'000
Receivables from related parties:	
Key management personnel	23
	23

The receivable from related parties arose from a subscription for 500,000 ordinary shares. The receivable is due under normal terms, is unsecured and bears no interest.

17. Events after the balance sheet date

Events after the balance sheet date in connection with a Group Re-organisation and Admission to the AIM market of the London Stock Exchange

(a) On 7th June 2007, the Company entered into a share exchange agreement with Darcy De Thierry and Gordon Smith whereby those persons agreed to transfer their shares in SDIGreenstone Limited to the Company, in exchange for 4,825,750 and 14,530,622 Ordinary Shares respectively. This transaction completed on 21 June 2007.

(b) On 7th June 2007, the Company entered into a share exchange agreement with Greenstone Automation Benelux B.V. whereby that company agreed to transfer its shares in SDI Promech B.V. to the Company, in exchange for 1,024,850 Ordinary Shares. This transaction completed on 22 June 2007. Immediately following this transaction, Greenstone Automation Benelux B.V. transferred the goodwill associated with a certain part of its business to SDI Promech B.V. in exchange for shares in SDI Promech B.V., such shares being subsequently transferred to the Company, in exchange for 2,051,466 Ordinary Shares, pursuant to a further share exchange agreement between Greenstone Automation Benelux B.V. and the Company. This transaction completed on 22 June 2007.

(c) Upon completion of the transfer of such shares in SDI Promech B.V. to the Company as described above, such shares were subsequently transferred by the Company to SDIGreenstone Limited pursuant to a further share exchange agreement and in exchange for ordinary shares in SDIGreenstone Limited. This transaction completed on 22 June 2007.

(d) On 7th June 2007, the Company entered into a share exchange agreement with Jean-Marc Moulin and Gilles Baulard whereby those persons agreed to transfer their shares in SDI Industries France S.A.S. to the Company, in exchange for 1,795,033 and 718,013 Ordinary Shares respectively. This transaction completed on 22 June 2007.

(e) On 7th June 2007, the Company entered into a share exchange agreement with Andrea Di Bella and Senni Gabriele whereby those persons agreed to transfer their shares in SDI Industries Italia srl. to the Company, in exchange for 892,388 and 123,088 Ordinary Shares respectively. This transaction completed on 22 June 2007.

(f) On 7th June 2007, the Company entered into a share exchange agreement with Paul Mess whereby Paul Mess agreed to transfer his partnership interest in MSM Automations GmbH & Co KG to the Company, in exchange for 1,707,846 Ordinary Shares. This transaction completed on 22 June 2007.

(g) On 7th June 2007, the Company entered into a share exchange agreement with James Suggs, Robert Jackson, Ruediger Lueg, Robert Nesbitt and Tridis LLC whereby those persons agreed to transfer the entire issued share capital of Real Time Integration, Inc. to the Company, in exchange for 1,014,900, 1,014,900, 1,014,900, 338,300 and 7,442,600 Ordinary Shares respectively. This transaction completed on 22 June 2007.

(h) On 7th June 2007, the Company entered into a share exchange agreement with Litavi Trade SL, John Hamilton and Gordon Smith whereby those persons agreed to transfer the entire issued share capital of SDIGreenstone Iberia, S.L. to the Company, in exchange for 615,440, 307,720 and 2,100,000 Ordinary Shares respectively. This transaction is expected to complete on 27 June 2007.

(i) Upon completion of the transfer of such shares in SDIGreenstone Iberia S.L. to the Company, such shares shall be transferred by the Company to SDIGreenstone Limited pursuant to a further share exchange agreement and in exchange for ordinary shares in SDIGreenstone Limited. This transaction is expected to complete on 27 June 2007.

(j) On 7th June 2007, the Company entered into a share exchange agreement with Compañia de Inversiones y Asesorias S.A. whereby that person agreed to transfer the entire issued share capital (save for one share) of Asesorias, Ingenieria y Sistemas Logisticos S.A. to the Company, in return for 4,102,933 Ordinary Shares. This transaction is expected to complete on 27 June 2007.

(k) Upon completion of the transfer of such shares in Asesorias, Ingenieria y Sistemas Logisticos S.A. to the Company, such shares shall be transferred by the Company to SDIGreenstone Limited pursuant to a further share exchange agreement and in exchange for ordinary shares in SDIGreenstone Limited. This transfer is expected to complete on 27 June 2007.

(l) On 7th June 2007, the Company entered into a share exchange agreement with Dominick Donald De Sanctis, Ursitti Residuary Trust, Mary Adams, Christopher Larkins, Patrick Eidemiller, Steve Haskell, Krish Nathan and Barron De Sanctis whereby those persons agreed to transfer the entire issued share capital of SDI Industries, Inc. to the Company, in exchange for 26,202,411, 4,142,675, 7,399,031, 3,470,152, 3,470,152, 2,980,819, 2,485,604 and 3,728,406 Ordinary Shares respectively. Completion of this transaction is conditional on and with effect from immediately prior to Admission.

(m) The following alterations in the share capital of the Company have taken place in the period between 31 March 2007 and the date of this document:

 (i) on 7th June 2007, the share capital of the Company was increased from £50,000 to £2,000,000 by the creation of a further 195,000,000 Ordinary Shares;

 (ii) The following allotments were made pursuant to the Re-organisation:

  a) on 21 June 2007, 14,530,622 Ordinary Shares were allotted to Gordon Smith and 4,825,750 Ordinary Shares were allotted to Darcy De Thierry;

  b) on 22 June 2007, 3,076,316 Ordinary Shares were allotted to Greenstone Automation Benelux B.V., 1,795,033 Ordinary Shares were allotted to Jean-Marc Moulin, 718,013 Ordinary Shares were allotted to Gilles Baulard, 892,388 Ordinary Shares were allotted to Andrea Di Bella, 123,088 Ordinary Shares were allotted to Senni Gabriele and 1,707,846 Ordinary Shares were allotted to Paul Mess; 1,014,900 Ordinary Shares were allotted to James Suggs, 1,014,900 Ordinary Shares were allotted to Robert Jackson, 1,014,900 Ordinary Shares were allotted to Ruediger Lueg, 338,300 Ordinary Shares were allotted to Robert Nesbitt, 7,442,600 Ordinary Shares were allotted to Tridis LLC.

(iii) In addition to the alterations in the share capital of the Company referred to above, the following allotments made pursuant to the Re-organisation are expected to take place:

(a) on 27 June 2007, 615,440 Ordinary Shares will be allotted to Litavi Trade, S.L., 2,100,000 Ordinary Shares will be allotted to Gordon Smith, 307,720 Ordinary Shares will be allotted to John Hamilton and 4,102,933 Ordinary Shares will be allotted to Companía de Inversiones y Asesorias S.A.;

(b) immediately prior to Admission, 26,202,411 Ordinary Shares will be allotted to Dominick Donald De Sanctis, 4,142,675 Ordinary Shares will be allotted to Ursitti Residuary Trust, 7,399,031 Ordinary Shares will be allotted to Mary Adams, 3,470,152 Ordinary Shares will be allotted to Christopher Larkins, 3,470,152 Ordinary Shares will be allotted to Patrick Eidemiller, 2,980,819 Ordinary Shares will be allotted to Steve Haskell, 2,485,604 Ordinary Shares will be allotted to Krish Nathan and 3,728,406 Ordinary Shares will be allotted to Barron De Sanctis.

PART III B

HISTORICAL FINANCIAL INFORMATION ON SDI INDUSTRIES, INC

PRICEWATERHOUSECOOPERS

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The Directors
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26 June 2007

Dear Sirs

SDI Group plc: Re. SDI Industries, Inc.

We report on the financial information on SDI Industries, Inc for the three years ended 30 November 2006, set out in this Part IIIB below. This financial information has been prepared for inclusion in the admission document dated 26 June 2007 (the "**Admission Document**") of SDI Group plc (the "**Company**") in relation to SDI Industries Inc on the basis of the accounting policies set out in note 2. This report is required by Schedule Two of the AIM Rules for Companies published by the London Stock Exchange plc (the "**AIM Rules**") and is given for the purpose of complying with that Schedule and for no other purpose.

Responsibilities

As described in note 2, the Directors of the Company are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 23.1 of Annex I of the AIM Rules, consenting to its inclusion in the Admission Document.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of

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significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to SDI Industries, Inc.'s circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of SDI Industries, Inc. as at the dates stated and of its profits, cash flows and statement of recognised income and expense for the periods then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of paragraph (a) of Schedule Two of the AIM Rules we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants

Consolidated Income statement

	Note	*Year ended 30 November 2004 £'000*	*Year ended 30 November 2005 £'000*	*Year ended 30 November 2006 £'000*
Revenue	4	19,685	21,807	28,106
Cost of sales		(15,799)	(19,371)	(23,446)
Gross profit		3,886	2,436	4,660
Administrative expenses excluding exceptional item		(3,561)	(2,468)	(3,012)
Administrative expenses- exceptional items	6	—	—	(338)
Total administrative expenses		(3,561)	(2,468)	(3,350)
Other income		48	40	—
Operating profit	6	373	8	1,310
Financial income	5	88	76	168
Financial expense	5	(4)	(4)	(1)
Net finance income	5	84	72	167
Share of (loss)/ profit of associates	13	(24)	(37)	246
Profit before tax		433	43	1,723
Income tax expense	9	(232)	(136)	(672)
Profit/(loss) for the financial period from continuing operations	21	201	(93)	1,051
Attributable to:				
Shareholders of the Company		162	(161)	950
Minority interest		39	68	101
		201	(93)	1,051
Earnings/(loss) per ordinary share (expressed in £)	10			
– Basic		0.02	(0.03)	0.15
– Diluted		0.02	(0.03)	0.15

All results are from continuing operations.

The historical financial information may not be representative of future results. For example, the historical capital structure does not reflect the future capital structure, and certain future operating costs, tax charges and dividends may be significantly different from those that arose under the historical capital structure.

Consolidated Statement of recognised income and expense

	Note	*Year ended 30 November 2004 £'000*	*Year ended 30 November 2005 £'000*	*Year ended 30 November 2006 £'000*
Profit/(loss) for the financial period		201	(93)	1,051
Currency translation differences	21	(923)	756	(993)
Net (expense)/ income recognised directly to equity		(923)	663	(993)
Total recognised (expense)/ income for the period		(722)	663	58
Attributable to:				
Shareholders of the Company		(761)	595	(43)
Minority interest		39	68	101
		(722)	663	58

Consolidated Balance sheets

	Note	*As at 30 November 2004 £'000*	*As at 30 November 2005 £'000*	*As at 30 November 2006 £'000*
Non-current assets				
Property, plant & equipment	12	319	255	246
Intangible assets	11	2	2	2
Investments in associates	13	425	420	701
Available-for-sale investments financial assets	14	19	55	49
Deferred tax assets	19	2	172	109
		767	904	1,107
Current assets				
Inventories	15	1,702	1,595	1,287
Trade and other receivables	16	6,053	7,116	7,359
Cash and cash equivalents	17	5,214	4,448	6,019
		12,969	13,159	14,665
Total assets		13,736	14,063	15,772
Current liabilities				
Trade and other payables	18	5,554	5,680	7,288
Current income tax liability		235	36	21
Total liabilities		5,789	5,716	7,309
Net assets		7,947	8,347	8,463
Capital and reserves				
Called up share capital	20	8,891	8,909	8,922
Other reserves	21	(12,296)	(11,495)	(12,098)
Retained earnings	21	11,295	10,823	11,430
		7,890	8,237	8,254
Minority interest	22	57	110	209
Total shareholders' funds		7,947	8,347	8,463

Consolidated Cash flow statements

	Note	*Year ended 30 November 2004 £'000*	*Year ended 30 November 2005 £'000*	*Year ended 30 November 2006 £'000*
Cash flows from/(used in) operating activities	24	145	(506)	3,198
Interest received		136	116	168
Interest paid		(4)	(4)	(1)
Income tax paid		(282)	(503)	(640)
Net cash from/(used in) operating activities		(5)	(897)	2,725
Cash flows from investing activities				
Purchase of available for sale investment		—	(32)	—
Purchase of plant & equipment		(33)	(16)	(130)
Sale of plant & equipment		—	1	—
Purchase of intangibles		(4)	(4)	(3)
Net cash used in investing activities		(37)	(51)	(133)
Cash flows from financing activities				
Purchase of treasury shares		(1,970)	(290)	—
Proceeds from exercise of share options		—	16	14
Dividends paid to shareholders		—	—	(343)
Dividends paid to minority interest		—	(8)	—
Net cash used in financing activities		(1,970)	(282)	(329)
Increase/(decrease) in cash and cash equivalents		(2,012)	(1,230)	2,263
Cash and cash equivalents at start of period		7,844	5,214	4,448
Exchange differences		(618)	464	(692)
Cash and cash equivalents at end of period		5,214	4,448	6,019

Notes to the financial information

1. Basis of preparation

Corporate history

SDI Industries, Inc. ("the Company") consults, designs, manufactures, and integrates systems to retail, wholesale, fulfilment and e-commerce industries for all aspects of distribution centre materials handling. The Company has subsidiary and associated undertakings which are listed in note 13. The Company, its subsidiaries and its associated undertakings are referred to in this financial information as "the Group".

The Company is a limited liability company incorporated and domiciled in California, USA. The address of its registered office is 13000 Pierce Street, Pacoima, Los Angeles, CA.

2. Accounting policies

a) ***Basis of preparation***

The financial statements are prepared in Sterling, rounded to the nearest thousand and are prepared on the historical cost basis as modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value through profit and loss.

The consolidated financial information has been prepared in accordance with the requirements of the AIM rules and in accordance with this basis of preparation. The basis of preparation describes how the financial information has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU). The Group has also adopted a consistent set of accounting policies with SDI Group plc.

This financial information has been prepared on the basis of all applicable IFRS, including all International Accounting Standards (IAS), Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC) interpretations issued by the International Accounting Standards Board (IASB) with effective dates for accounting periods beginning on or after 1 December 2006, being the beginning of the accounting period for which SDI Group plc will prepare its next financial statements. The financial information is prepared in accordance with the accounting policies expected to be applied in SDI Group plc's next financial statements.

Recent amendments to accounting standards and interpretations effective for the purposes of this financial information but not relevant to the activities of the Group are as follows:

- IAS 19 (Amendment), Employee benefits
- IAS 21 (Amendment), Net investment in a foreign operation.
- IAS 39 (Amendment), Cash flow hedge accounting of forecast intragroup transactions.
- IAS 39 (Amendment), The fair value option.
- IAS 39 and IFRS 4 (Amendment), Financial guarantee contracts.
- IFRS 1 (Amendment), First-time Adoption of International Financial Reporting Standards and IFRS 6 (Amendment), Exploration for and evaluation of mineral resources;
- IFRS 6, Exploration for and evaluation of mineral resources;
- IFRIC 4, Determining whether an arrangement contains a lease;
- IFRIC 5, Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds; and
- IFRIC 6, Liabilities arising from participating in a specific market – Waste electrical and electronic equipment.
- IFRIC 7, Applying the restatement approach under IAS 29
- IFRIC 8, Scope of IFRS 2
- IFRIC 9, Reassessment of embedded derivatives

A number of forthcoming standards and interpretations will be effective for years commencing after 1 December 2007:

Accounting standards which are not yet mandatory and not early adopted

- IFRS 7, 'Financial instruments: Disclosures, and the complementary amendment to IAS 1, 'Presentation of financial statements – Capital disclosures' will be mandatory for periods commencing on or after 1 January 2007. This standard replaces IAS 30 and the disclosure requirements in IAS 32 and locates in one place all disclosures relating to financial instruments. The new requirements incorporate many of IAS 32's disclosures as well as additional qualitative and quantitative disclosures on the risks arising from financial instruments. As this standard affects disclosure rather than measurement, the directors expect that the adoption of the standard will have no material effect on the financial results or position of the Group.

Interpretations to existing standards that are not yet effective and not relevant for the Group's operations:

The following interpretations to existing standards have been published but have not yet been endorsed by the EU. These standards are mandatory for accounting periods beginning after 1 November 2006 or later but are not relevant for the Group's operations:

- IFRIC 10, Interim Financial Reporting and Impairment
- IFRIC 11, IFRS 2 - Group and Treasury Share Transactions
- IFRIC 12, Service Concession Arrangements

The Group has taken the following exemptions available under IFRS 1:

- The Group has not applied IFRS 2 "Share-based payments" to options granted prior to 7 November 2002.
- The Group has not applied IFRS 3 "Business combinations" on business combinations occurring prior to the Group's date of transition to IFRS, being 1 December 2003.
- The balance on the cumulative translation adjustment on retranslation of subsidiaries' and associates' net assets has been set to zero at the date of transition to IFRS (1 December 2003).

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form a basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on a regular basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have significant effect on the financial statements largely related to the estimates used in estimating the percentage completion of construction contracts and in estimating the fair values of the Group's shares and share options for the purposes of determining the share option compensation charge and associated deferred tax.

i) *Revenue recognition*

The Group uses the percentage of completion method in accounting for its fixed price contracts to deliver engineering services. Use of the percentage of completion method requires the Group to estimate the services performed to date as a portion of the total services to be performed. Were the proportion of services performed to total services to be performed differ by 10 per cent. from management's estimates, the amount of revenue recognised in 2006 would be increased by £1,456,400 if the proportion performed were increased, or would be decreased by £1,456,400 if the proportion performed were decreased.

ii) *Share options*

The share option expense was calculated by estimating the fair value of the Group's shares. Were the fair value of the shares to increase by 10 per cent. from management's estimates, the amount of expense recognised would increase by £33,800 in 2006. If the fair value of the shares were to decrease by 10 per cent. from management's estimates, then the amount of expense recognised would decrease by £33,800 in 2006. No share options were granted in 2004 and 2005.

iii) *Deferred tax*

The deferred tax asset has been recognised based on management's assumption that there will be future taxable profits.

The accounting policies set out below have been applied consistently to all periods presented in this consolidated financial information.

b) ***Basis of consolidation***

Subsidiaries are entities that are directly or indirectly controlled by the Group. Control exists where the Group has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets of the subsidiary acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the assets transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group treats transactions with minority interests as transactions with parties external to the Group.

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20 per cent. and 50 per cent. of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

c) ***Foreign currencies***

The functional currency of each Group entity is the currency of the primary economic environment in which each entity operates. The consolidated financial statements are presented in sterling. The presentation currency differs from the functional currency of SDI Industries, Inc, which is the US dollar.

Transactions denominated in foreign currencies other than an entity's functional currency are translated at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the entity's functional currency at the exchange rates ruling at the balance sheet date. Foreign exchange differences arising on translation are recognised in the income statement.

The results and financial position of all associated entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- The Group's share of net assets, including goodwill in associates, is translated at the closing rate of exchange at the date of that balance sheet;
- The Group's share of profits and losses are translated at average exchange rates; and
- All resulting exchange differences are recognised as a separate component of equity.

d) ***Property, plant and equipment***

i) *Owned assets*

Improvements to leasehold property and plant and equipment are stated at cost less accumulated depreciation and impairment losses (see accounting policy on impairment).

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

ii) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases.

iii) Depreciation

Depreciation is provided on a straight-line basis at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life as follows:

Improvements to leasehold property	– over the period of the lease
Plant and other equipment	– 3 to 10 years

No depreciation is charged on assets in the course of construction.

The residual value and the useful economic life of the assets are reassessed annually.

e) ***Intangible assets***

Amortisation is provided on a straight-line basis at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life as follows:

Computer software	–	3 to 5 years
Licences	–	3 to 5 years

Provision is made against the carrying value of acquired intangible assets where an impairment in value is deemed to have occurred.

f) ***Inventories***

Inventories are valued at the lower of cost and net realisable value. Cost is calculated using the first-in-first-out principle. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating activity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

g) ***Cash and cash equivalents***

Cash and cash equivalents comprise cash balances and deposits. The Group considers all highly-liquid investments with original maturity dates of three months or less to be cash equivalents.

h) ***Impairment***

Assets subject to amortisation and depreciation are reviewed for impairment at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is calculated as the greater of its net selling price and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised in the income statement based on the amount by which the carrying amount exceeds the recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to a cash-generating unit (or group of units) and then, to reduce the carrying amount of other assets in the unit (or group of units) on a pro rata basis.

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

In respect of other assets an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

i) ***Share capital***

Dividends

Interim dividends are recorded when paid. Final dividends on ordinary shares are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Group's shareholders.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

j) ***Employee benefits***

Defined contribution plans

For defined contribution pension schemes operated by the Group, amounts payable are charged to the income statement as they fall due. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Share-based compensation

The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted.

The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised. The share option plans are equity settled.

k) ***Trade receivables and trade payables***

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. An impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within "administrative expenses." When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against "administrative expenses" in the income statement. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

l) ***Financial assets***

The Group classifies its financial assets in the following categories: loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

i) *Available for sale financial assets*

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Available for sale financial assets in unlisted securities are recorded at cost because there is not a quoted market price and the fair value cannot be estimated reliably. The available for sale financial assets are reviewed for impairment on an annual basis.

ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as "trade and other receivables" in the balance sheet (note 2(l)).

m) ***Revenue***

Revenue from consulting, design, manufacture and installation of systems and other engineering services is accounted for on a "percentage of completion method" to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the contract costs incurred up to the balance sheet date as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature.

The Group presents as an asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. Progress billings not yet paid by customers and retentions are included within "trade and other receivables".

The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Revenue from maintenance contracts is recognised in the period the services are provided using a straight line basis over the term of the contract.

n) ***Expenses***

i) *Lease payments*

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

Minimum lease payments on assets held under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

ii) *Net financing costs*

Net financing costs comprise interest payable on borrowings, interest receivable on cash and cash equivalents and foreign exchange gains and losses.

Interest income and expense is recognised in the income statement as it accrues, using the effective interest method.

o) ***Operating rental income***

Revenue from subleases is recognised on a straight line basis over the term of the contract.

p) ***Taxation***

Income tax comprises current and deferred tax. It is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

q) ***Segment reporting***

A segment is a distinguishable component of the Group that is engaged in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

r) ***Financial risk management***

The overall aim of the Group financial risk management policies is to minimise potential adverse effects on financial performance and net assets. In the course of its business, the Group is exposed primarily to foreign exchange risk, liquidity risk and credit risk. Interest rate risk is not considered significant, as the Group does not have any liabilities that accrue interest and interest income on bank deposits is not material.

The Group manages the principal financial risks within policies and operating parameters approved by the Board of Directors. The Group does not enter into speculative transactions.

i) *Foreign currency risk*

The Group operates domestically and overseas and also has investments in overseas entities. The Group does not currently hedge its cash flows or investments in overseas entities as the directors do not believe this to be appropriate given the low materiality of the items involved, but this is continually under review and may change depending on the Group's currency exposure and economic conditions.

ii) Liquidity risk

The Group's policy on liquidity risk is to ensure that sufficient cash is available to fund on-going operations without the need to carry significant net debt. Where appropriate financing can be negotiated, assets may be purchased under finance lease arrangements. The extent of this financing is not considered material.

iii) Credit risk

Credit risk arises on financial instruments such as trade receivables. Policies and procedures exist to ensure that customers have an appropriate credit history, and appropriate billing schedules for long-term contract work are agreed in order to mitigate the risks on this business activity.

Overall, the Group considers that it is not exposed to a significant amount of credit risk.

s) Exceptional items

Exceptional items are events or transactions that fall within the activities of the Group and which by virtue of their size or incidence have been disclosed in order to improve a reader's understanding of the financial statements.

3. Segmental information

Segment information is presented in respect of the Group's geographical and business segments. The primary format, geographical segments, is based on the geographical location of the assets generating the revenue.

Geographical segments

The business operates in 2 main geographical areas being the USA and Europe.

Business segments

The Group operates in only one business segment. The Group's equity associates operate in the same business as the Group, and therefore the Group's share of the net assets and net profit of associates is considered to be part of this single business segment.

Turnover

	Year Ended 30 November 2004 £'000	*Year Ended 30 November 2005 £'000*	*Year Ended 30 November 2006 £'000*
Geographical analysis by origin			
USA	17,966	18,126	23,987
Europe	1,839	4,582	4,888
	19,805	22,708	28,875
Inter-segment revenue	(120)	(901)	(769)
Total	19,685	21,807	28,106

	Year Ended 30 November 2004 £'000	*Year Ended 30 November 2005 £'000*	*Year Ended 30 November 2006 £'000*
Geographical analysis by destination			
USA	12,497	13,165	17,636
South America	46	2,365	3,764
Canada	1,352	473	1,502
Europe	3,332	5,566	5,817
Mexico	1,170	1,054	151
New Zealand	1,408	85	5
	19,805	22,708	28,875
Inter-segment revenue	(120)	(901)	(769)
Total	19,685	21,807	28,106

Depreciation and amortisation

	Year Ended 30 November 2004 £'000	*Year Ended 30 November 2005 £'000*	*Year Ended 30 November 2006 £'000*
Geographical analysis by origin			
USA	128	115	92
Europe	25	(17)	27
Total	153	98	119

Share option compensation

	Year Ended 30 November 2004 £'000	Year Ended 30 November 2005 £'000	Year Ended 30 November 2006 £'000
Geographical analysis by origin			
USA	—	—	338
Total	—	—	338

Profit/(loss) before taxation

	Year Ended 30 November 2004 £'000	Year Ended 30 November 2005 £'000	Year Ended 30 November 2006 £'000
Geographical analysis by origin			
USA	306	(158)	1,099
Europe	151	238	377
Associated undertakings (based in Europe)	(24)	(37)	246
Total	433	43	1,723

Assets

	Year Ended 30 November 2004 £'000	Year Ended 30 November 2005 £'000	Year Ended 30 November 2006 £'000
Geographical analysis by origin			
USA	11,709	11,815	13,383
Europe	1,602	1,828	1,688
Associated undertakings (based in Europe)	425	420	701
Total	13,736	14,063	15,772

Liabilities

	Year Ended 30 November 2004 £'000	Year Ended 30 November 2005 £'000	Year Ended 30 November 2006 £'000
Geographical analysis by origin			
USA	4,356	4,426	6,128
Europe	1,433	1,290	1,181
Total	5,789	5,716	7,309

Capital expenditure

	Year Ended 30 November 2004 £'000	*Year Ended 30 November 2005 £'000*	*Year Ended 30 November 2006 £'000*
Geographical analysis by origin			
USA	23	9	96
Europe	13	13	29
Total	36	22	125

4. Revenue

	Year Ended 30 November 2004 £'000	*Year Ended 30 November 2005 £'000*	*Year Ended 30 November 2006 £'000*
Construction contract revenue	19,621	20,439	27,874
Maintenance revenue	64	1,368	232
	19,685	21,807	28,106

5. Net finance income

	Year Ended 30 November 2004 £'000	*Year Ended 30 November 2005 £'000*	*Year Ended 30 November 2006 £'000*
Interest expense	4	4	1
	4	4	1
Interest income			
Bank balances	88	76	168
	88	76	168
Net finance income	84	72	167

6. Operating profit/(loss) on ordinary activities before taxation

Profit/(loss) on ordinary activities before taxation is stated after charging/(crediting):

	Year Ended 30 November 2004 £'000	*Year Ended 30 November 2005 £'000*	*Year Ended 30 November 2006 £'000*
Depreciation of tangible fixed assets – owned	149	96	114
Amortisation of intangible fixed assets	4	2	5
Staff costs (see note 7)	4,582	4,382	5,109
Administrative expenses – exceptional items	—	—	338
Operating lease rentals – property	320	365	298
Operating lease rentals – plant and machinery	250	347	324
Operating lease income	(48)	(40)	—

Exceptional administrative expenses arose due to share options granted to an employee (see note 20).

Services provided by the Group's auditor and network firms

During the year the Group obtained the following services from the Group's auditor at costs as detailed below:

	Year Ended 30 November 2004 £'000	*Year Ended 30 November 2005 £'000*	*Year Ended 30 November 2006 £'000*
Audit services – fees payable to Company auditor for the audit of the Company	36	44	38
	36	44	38

7. Staff numbers and costs

The average number of persons employed by the Group (including executive directors) during the period was as follows:

	Year Ended 30 November 2004	*Year Ended 30 November 2005*	*Year Ended 30 November 2006*
Total number of employees	209	203	207

The areas of the business where these people were employed were as follows:

	Year Ended 30 November 2004	*Year Ended 30 November 2005*	*Year Ended 30 November 2006*
Production	182	177	182
Selling and distribution	13	13	13
Administration	14	13	12
	209	203	207

The aggregate payroll costs of these persons were as follows:

	Year Ended 30 November 2004 £'000	*Year Ended 30 November 2005 £'000*	*Year Ended 30 November 2006 £'000*
Wages and salaries	4,257	4,008	4,379
Social security costs	318	367	388
Share options granted to employees	—	—	338
Pensions	7	7	4
	4,582	4,382	5,109

8. Directors' emoluments

Emoluments paid by the Group to the directors were:

Year ended 30 November 2004

	Remuneration and benefits for executive services £'000	*Pension contributions to defined contribution scheme £'000*	*Total £'000*
D De Sanctis	184	—	184
M Adams	96	—	96
	280	—	280

Year ended 30 November 2005

	Remuneration and benefits for executive services £'000	*Pension contributions to defined contribution scheme £'000*	*Total £'000*
D De Sanctis	183	—	183
M Adams	123	—	123
	306	—	306

Year ended 30 November 2006

	Remuneration and benefits for executive services £'000	*Pension contributions to defined contribution scheme £'000*	*Total £'000*
D De Sanctis	184	—	184
M Adams	97	1	98
	281	1	282

The aggregate emoluments of the directors are set out below:

	Year Ended 30 November 2004 £'000	*Year Ended 30 November 2005 £'000*	*Year Ended 30 November 2006 £'000*
Remuneration and benefits for executive services	280	306	341
Pension contributions to defined contribution scheme	—	—	1
	280	306	342

No employees other than the executive directors were identified as key management.

9. Income tax expense

	Year Ended 30 November 2004 £'000	Year Ended 30 November 2005 £'000	Year Ended 30 November 2006 £'000
Current tax			
Corporation tax on profits of the year	464	248	686
Under/(over) provision previous years	16	51	(59)
Total current tax	480	299	627
Deferred tax			
Origination and reversal of timing differences – assets	(248)	(163)	45
Total deferred tax (credit)/charge	(248)	(163)	45
Tax on profits on ordinary activities	232	136	672

The differences between the profit for the year at the standard US rate of corporation taxation of 36.7 per cent. (2005: 41.1 per cent., 2004: 36.1 per cent.) and the current taxation charge are detailed below:

	Year Ended 30 November 2004 £'000	Year Ended 30 November 2005 £'000	Year Ended 30 November 2006 £'000
Profit on ordinary activities before tax	433	43	1,723
Profit on ordinary activities at the tax rates of 36.7% (2005: 41.1%, 2004: 36.1%)	156	17	633
Effects of:			
Associated undertakings	9	15	(91)
Expenses not deductible for tax purposes	40	53	49
Tax rate on overseas profits	11	—	16
Permanent difference: share option compensation expense	—	—	124
Under/(over) provision previous years	16	51	(59)
Total tax charge	232	136	672

10. Earnings per share

(a) ***Basic***

Basic earnings per share is calculated by dividing the profit attributable to equity shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 30 November 2004	Year ended 30 November 2005	Year ended 30 November 2006
Profit/(loss) attributable to equity holders in £'000	162	(161)	950
Weighted average number of ordinary shares in issue (000's)	7,790	6,404	6,292
Basic earnings /(loss) per share in £	0.02	(0.03)	0.15

(b) ***Diluted***

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one dilutive potential ordinary share, share options. A calculation is done to determine the number of shares that could have been acquired at fair value based on the monetary value of the subscription rights attached to outstanding options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. As there is a loss in 2005, the effect of the share options on diluted earnings per share would be anti-dilutive.

	Year ended 30 November 2004	*Year ended 30 November 2005*	*Year ended 30 November 2006*
Profit/ (loss) attributable to equity holders in £'000	162	(161)	950
Weighted average number of ordinary shares in issue (000's)	7,790	6,404	6,292
Adjustment for share options (000's)	337	—	66
Weighted average number of ordinary shares for diluted earnings per share (000's)	8,127	—	6,358
Diluted earnings per share in £'s	0.02	(0.03)	0.15

The earnings per share information presented above reflects the historical capital structure of the Company. Earnings per share of the SDI Group plc post Admission to the AIM market will be based on the capital structure post admission, which will therefore differ from earnings per share based on the historical capital structure.

11. Intangible fixed assets

	Computer software and licences £'000
Cost	
At 1 December 2003	7
Additions	4
At 30 November 2004	11
Additions	4
Exchange differences	(1)
At 30 November 2005	14
Additions	3
At 30 November 2006	17
Amortisation	
At 1 December 2003	5
Amortisation for the year	4
At 30 November 2004	9
Amortisation for the year	2
Exchange differences	1
At 30 November 2005	12
Amortisation for the year	5
Exchange differences	(2)
At 30 November 2006	15
Net book value	
At 30 November 2004	2
At 30 November 2005	2
At 30 November 2006	2

12. Property, plant and equipment

	Improvements to property £'000	*Plant and machinery £'000*	*Fixtures, fittings, tools and equipment £'000*	*Motor vehicles £'000*	*Total £'000*
Cost					
At 1 December 2003	110	829	574	610	2,123
Additions	—	3	29	—	32
Exchange differences	(10)	(76)	(50)	(53)	(189)
At 30 November 2004	100	756	553	557	1,966
Additions	—	3	15	—	18
Disposals	—	—	—	(14)	(14)
Exchange differences	10	80	55	49	194
At 30 November 2005	110	839	623	592	2,164
Additions	—	67	10	45	122
Disposals	—	—	—	(140)	(140)
Exchange differences	(14)	(102)	(74)	(67)	(257)
At 30 November 2006	96	804	559	430	1,889
Depreciation					
At 1 December 2003	109	766	433	346	1,654
Charge for the year	—	22	52	75	149
Exchange differences	(10)	(71)	(41)	(34)	(156)
At 30 November 2004	99	717	444	387	1,647
Charge for the year	1	14	37	44	96
Disposals	—	—	—	(14)	(14)
Exchange differences	10	77	49	44	180
At 30 November 2005	110	808	530	461	1,909
Charge for the year	—	12	42	60	114
Disposals	—	—	—	(140)	(140)
Exchange differences	(14)	(99)	(67)	(60)	(240)
At 30 November 2006	96	721	505	321	1,643
Net book value					
At 30 November 2004	1	39	109	170	319
At 30 November 2005	—	31	93	131	255
At 30 November 2006	—	83	54	109	246

13. Investments in associates

Cost	£'000
At 1 December 2003	217
Share of loss*	(24)
Movement in reserves	233
Exchange difference	(1)
At 30 November 2004	425
Share of loss*	(37)
Movement in reserves	45
Exchange difference	(13)
At 30 November 2005	420
Share of profit*	246
Movement in reserves	52
Exchange difference	(17)
At 30 November 2006	701

* Share of (loss)/profit is after tax.

The result of the Group's associates, all of which are unlisted and draw up local accounts to 31 December each year (MSM-Automations GmbH & Co. KG and SDI Promech BV) or 31 March (SDIGreenstone Limited), and their assets (including goodwill and liabilities) are set out in the table below. The directors are of the opinion that the results for MSM-Automations GmbH & Co. KG and SDI Promech BV and net assets of the Group would not have been materially different had the associates prepared accounts to 30 November. SDIGreenstone Limited's results have been prorated to include the appropriate portion of profit/(loss) for year ended 30 November.

Name	*Country of incorporation*	*Assets £'000*	*Liabilities £'000*	*Revenues £'000*	*Profit/ (Loss) £'000*	*% Interest held*
31 December 2004						
MSM-Automations GmbH & Co. KG	Germany	875	720	1,274	77	27.8
SDI Promech BV	Holland	1,324	973	1,642	(10)	33
31 March 2005						
SDIGreenstone Limited	UK	2,541	1,345	10,935	(402)	20
31 December 2005						
MSM-Automations GmbH & Co. KG	Germany	898	574	1,742	147	27.8
SDI Promech BV	Holland	1,077	799	1,722	(58)	33
31 March 2006						
SDIGreenstone Limited	UK	4,123	2,922	7,406	(261)	20
31 December 2006						
MSM-Automations GmbH & Co. KG	Germany	1,801	1,226	2,414	263	27.8
SDI Promech BV	Holland	1,931	1,556	3,407	103	33
31 March 2007						
SDIGreenstone Limited	UK	6,357	3,829	21,765	1,067	20

The associated undertakings have no significant contingent liabilities.

The Company's subsidiaries are as follows:

Name	*Country of incorporation*	*% Ownership*
SARL SDI Industries France	France	55%
SDI Industries Italia Srl	Italy	53%

14. Available-for-sale financial assets

	Unlisted investments *£'000*
Cost	
At 1 December 2003	21
Exchange differences	(2)
At 30 November 2004	19
Addition	34
Exchange differences	2
At 30 November 2005	55
Exchange differences	(6)
At 30 November 2006	49

Unlisted investments include non-controlling shareholdings in a number of entities which are either dormant or whose activities are immaterial in the context of the Group's operations.

15. Inventories

	As at 30 November 2004 £'000	*As at 30 November 2005 £'000*	*As at 30 November 2006 £'000*
Raw materials and consumables	925	1,317	1,042
Work in progress	777	278	245
	1,702	1,595	1,287

The cost of inventories recognised as expense and included in "cost of sales" amounted to £14,163,000 (2005: £10,765,000 and 2004: £7,699,000).

Inventories were written down by £ nil (2005: £ nil and 2006: £ nil).

16. Trade and other receivables

	As at 30 November 2004 £'000	*As at 30 November 2005 £'000*	*As at 30 November 2006 £'000*
Trade receivables	4,735	5,804	5,701
Related company receivables	29	155	22
Amounts due from customers for contract work	519	232	940
Other receivables	44	130	96
Called-up share capital not paid	211	173	152
Loans to related parties	287	407	365
Prepayments and accrued income	228	215	83
	6,053	7,116	7,359

The loans to related parties are unsecured, non-interest bearing and are repayable on demand.

17. Cash and cash equivalents

	As at 30 November 2004 £'000	*As at 30 November 2005 £'000*	*As at 30 November 2006 £'000*
Bank balances	5,214	4,448	6,019
	5,214	4,448	6,019

18. Trade and other payables

	As at 30 November 2004 £'000	*As at 30 November 2005 £'000*	*As at 30 November 2006 £'000*
Current liabilities			
Trade payables	2,480	2,405	4,114
Related company payables	1,591	1,226	1,079
Advances received for contract work	680	1,034	1,352
Social security and other taxes	351	729	245
Accruals and deferred income	402	285	497
Other liabilities	50	1	1
	5,554	5,680	7,288

The amounts due to related parties are unsecured, non-interest bearing and due on demand.

19. Deferred taxation

Provision for deferred taxation liabilities is made at a rate of 34 per cent. on all timing differences. Deferred taxation assets have been calculated based upon the expected rates at which these amounts would reverse, at 34 per cent. Deferred taxation assets and liabilities and the movement in these over the year are detailed below:

	Short term timing differences £'000	*Accelerated capital allowances £'000*	*Net £'000*
At 1 December 2003	(262)	—	(262)
Credited / (charged) to the income statement	250	(2)	248
Exchange differences	16	—	16
At 30 November 2004	4	(2)	2
Credited / (charged) to the income statement	177	(14)	163
Exchange differences	9	(2)	7
At 30 November 2005	190	(18)	172
(Charged)/ credited to the income statement	(54)	9	(45)
Exchange differences	(20)	2	(18)
At 30 November 2006	116	(7)	109

There are no unrecognised deferred tax assets or liabilities.

20. Called up share capital

	Number of Ordinary Shares (thousands)	Ordinary Shares £'000
At 1 December 2003	8,742	8,891
Purchase of treasury shares	(2,213)	—
At 30 November 2004	6,529	8,891
Exercise of share options	298	18
Purchase of treasury shares	(577)	—
At 30 November 2005	6,250	8,909
Exercise of share options	253	13
At 30 November 2006	6,503	8,922

The total authorised number of ordinary shares excluding treasury shares, is 10 million shares (2005: 10 million shares, 2004: 10 million shares) with a nil par value. At 30 November 2006 there are 343,000 unpaid issued shares (2005: 434,000; 2004: 672,000). Amounts receivable from shareholders in respect of these unpaid shares total £152,000 (2005: £173,000; 2004: £211,000). All other issued shares are fully paid.

During the year, the Company acquired nil (2005: 577,000, 2004: 2,213,000) of its own shares at a cost of £nil (2005: £311,000, 2004: £1,890,000). These shares have been deducted from retained earnings within shareholders' equity. The shares are held as 'treasury shares'. The Company has the right to reissue these shares at a later date.

Share Options

Share options are granted to directors and to selected employees. The exercise price of all granted options is 0.06p. Options awarded are immediately exercisable. Movements in the number of share options outstanding are as follows:

	2004 Number of options (thousands)	2005 Number of options (thousands)	2006 Number of options (thousands)
At 1 December	451	451	153
Granted	—	—	100
Exercised	—	(298)	(253)
At 30 November	451	153	—

Options exercised in 2006 resulted in 253,000 shares (2005: 299,000 shares, 2004: nil) being issued at 0.06p each (2005: 0.06p).

The 451,000 options outstanding at 1 December 2003 were granted on 1 April 2001 so no compensation expense has been recognised in the accounts in accordance with the transition provisions of IFRS 2.

The 100,000 share options were granted on 1 February 2006 and were exercised on 1 October 2006. The fair value of the options granted in 2006 determined using the Black Scholes valuation model was £338,000. The significant inputs into the model were share price of £3.46 at the grant date, exercise price shown above, volatility of 0.3770, expected option life of one year, and annual risk-free interest rate of 5 per cent. The volatility has been estimated based on the average volatility of listed companies in the same sector as the Group.

No options are outstanding at 30 November 2006.

21. Reserves

a) *Retained earnings*

	£'000
At 1 December 2003	13,023
Retained profit for the year	162
Purchase of own shares	(1,890)
At 30 November 2004	11,295
Loss for the year	(161)
Purchase of own shares	(311)
At 30 November 2005	10,823
Retained profit for the year	950
Dividends paid	(343)
At 30 November 2006	11,430

Offset within retained earnings is £3,519,000 (2005: £4,008,000, 2004: £3,344,000) representing the cost of own shares held.

During 2006 a dividend of 0.06p per share totalling £343,000 was paid.

b) *Other reserves*

	Share options £'000	*Other reserves £'000*	*Other reserves - associates £'000*	*Translation reserve £'000*	*Total £'000*
At 1 December 2003	—	(11,606)	—	—	(11,606)
Share of movement in associates other reserves	—	—	233	—	233
Currency translation differences	—	—	—	(923)	(923)
At 30 November 2004	—	(11,606)	233	(923)	(12,296)
Share of movement in associates other reserves	—	—	45	—	45
Currency translation differences	—	—	—	756	756
At 30 November 2005	—	(11,606)	278	(167)	(11,495)
Share of movement in associates other reserves	—	—	52	—	52
Share options granted	338	—	—	—	338
Currency translation differences	—	—	—	(993)	(993)
At 30 November 2006	338	(11,606)	330	(1,160)	(12,098)

Other reserves of £11,606,000 (2005: £11,606,000; 2004: £11,606,000) represents the consideration to shareholders in excess of the carrying value arising on a recapitalisation transaction dated 20 July 1990.

22. Minority interest

	Minority interest *£'000*
At 1 December 2003	17
Retained profit for the year	39
Currency translation differences	1
At 30 November 2004	57
Retained profit for the year	68
Dividends paid to minority interest	(8)
Currency translation differences	(7)
At 30 November 2005	110
Retained profit for the year	101
Currency translation differences	(2)
At 30 November 2006	209

23. Financial instruments

The Group has no derivative financial instruments and does not hedge its investments in overseas entities. Disclosures in relation to the Group's non-derivative financial instruments are set out below.

Short-term receivables and payables

Short-term receivables and payables have been excluded from the fair value disclosures, as the carrying value is considered to be an appropriate approximation to fair value given their short term nature.

Interest rate risk profile of financial assets and liabilities

Financial liabilities

The Group has no financial liabilities which accrue interest.

Financial assets

The Group has no financial assets which earn interest other than cash.

Borrowing facilities

The Group has no undrawn committed borrowing facilities in any of the years presented.

24. Cash flow generated from operations

	As at 30 November 2004 £'000	*As at 30 November 2005 £'000*	*As at 30 November 2006 £'000*
Profit before tax	433	43	1,723
Adjustments for:			
Amortisation of intangible assets	4	2	5
Depreciation of tangible fixed assets	149	96	114
Share options granted to employees	—	—	338
Interest expense	4	4	1
Interest income	(136)	(116)	(168)
Share of loss /(profit) from associates	24	37	(246)
Changes in working capital:			
(Increase)/decrease in inventories	(157)	268	121
(Increase)/decrease in trade and other receivables	(334)	(404)	(1,171)
Increase/(decrease) in trade and other payables	158	(436)	2,481
Total net cash flow generated/(absorbed) from operations	145	(506)	3,198

25. Operating lease commitments

The future minimum lease payments in respect of non-cancellable leases for property, plant and machinery are as follows:

	As at 30 November 2004 £'000	*As at 30 November 2005 £'000*	*As at 30 November 2006 £'000*
Expiring within:			
One year	328	79	240
Two to five years	275	4	954
More than five years	—	—	249
	603	83	1,443

The Group leases an office/workshop facility in Pacoima, Los Angeles, on a 6 year lease with an annual rent of £230,000.

The Group also leases various plant and machinery under cancellable operating lease agreements. The lease expenditure charged to the income statement during the year is disclosed in Note 6.

26. Contracts in progress

The total effect of contracts in progress at year end is as follows:

	As at 30 November 2004 £'000	*As at 30 November 2005 £'000*	*As at 30 November 2006 £'000*
Aggregate amount of revenues recognised	8,203	6,715	14,565
Aggregate amount of costs incurred	(5,549)	(4,041)	(10,328)
Aggregate amount of profits recognised	2,654	2,674	4,237

There were 21 contracts in progress at 30 November 2006 (2005: 17, 2004: 26)

27. Related party transactions

The ultimate controlling party is Mr D De Sanctis.

The following transactions were carried out with related parties:

a) ***Sales of goods and services***

	Year ended 30 November 2004 £'000	*Year ended 30 November 2005 £'000*	*Year ended 30 November 2006 £'000*
Associates	1,028	127	176
Entities controlled by key management personnel	1,169	1,054	151
	2,197	1,181	327

Sales of goods and services are negotiated with related parties on a cost-plus basis, allowing a margin ranging from 0 per cent. to 50 per cent. The entities controlled by key management personnel are various companies controlled by Mr D De Sanctis, an executive director of the Group.

b) ***Purchases of goods and services***

	Year ended 30 November 2004 £'000	*Year ended 30 November 2005 £'000*	*Year ended 30 November 2006 £'000*
Associates	157	578	483
Entities controlled by key management personnel	2,641	1,944	2,964
	2,798	2,522	3,447

Purchases of goods and services are negotiated with related parties on a cost-plus basis, allowing a margin ranging from 0 per cent. to 50 per cent. The entities controlled by key management personnel are various companies controlled by Mr D De Sanctis, an executive director of the Group.

c) ***Year-end balances arising from sales/purchases of good and services***

	As at 30 November 2004 £'000	*As at 30 November 2005 £'000*	*As at 30 November 2006 £'000*
Receivables from related companies (Note 16):			
Associates	1	16	10
Entities controlled by key management personnel	28	139	12
	29	155	22
Payables to related companies (Note 18):			
Associates	151	9	60
Entities controlled by key management personnel	1,440	1,217	1,019
	1,591	1,226	1,079

The receivables from related parties arise mainly from the sales transactions and are due under normal business terms. The receivables are unsecured and bear no interest.

The payables to related parties arise mainly from the purchase transactions and are due under normal business terms. The payables are unsecured and bear no interest.

d) ***Loans to related parties***

	As at 30 November 2004 £'000	*As at 30 November 2005 £'000*	*As at 30 November 2006 £'000*
Associates	55	61	53
Entities controlled by key management personnel	130	231	209
Directors	102	115	103
	287	407	365

The entities controlled by key management personnel are various companies controlled by Mr D De Sanctis, an executive director of the Group.

The loans to related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

HISTORICAL FINANCIAL INFORMATION ON SDIGREENSTONE LIMITED

PRICEWATERHOUSECOOPERS

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26 June 2007

Dear Sirs

SDI Group plc: Re. SDIGreenstone Limited

We report on the financial information on SDIGreenstone Limited for the three years ended 31 March 2007 set out below in this Part III C. This financial information has been prepared for inclusion in the admission document dated 26 June 2007 (the "**Admission Document**") of SDI Group plc (the "**Company**") in relation to SDIGreenstone Limited on the basis of the accounting policies set out in note 2. This report is required by Schedule Two of the AIM rules for Companies published by the London Stock Exchange plc (the "**AIM Rules**") and is given for the purpose of complying with that Schedule and for no other purpose.

Responsibilities

As described in note 2 the Directors of the Company are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 23.1 of Annex I of the AIM Rules, consenting to its inclusion in the Admission Document.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to SDIGreenstone Limited's circumstances, consistently applied and adequately disclosed.

ricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Services Authority for designated investment business.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of SDIGreenstone Limited as at the dates stated and of its profits, cash flows and statement of recognised income and expense for the periods then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of paragraph (a) of Schedule Two of the AIM Rules we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants

Income statement

	Note	*Year ended 31 March 2005 £'000*	*Year ended 31 March 2006 £'000*	*Year ended 31 March 2007 £'000*
Revenue	4	10,842	7,464	21,515
Cost of sales		(8,918)	(6,274)	(18,179)
Gross profit		1,924	1,190	3,336
Administrative expenses excluding exceptional item		(1,362)	(1,566)	(1,983)
Administrative expenses exceptional item	6	(1,148)	—	—
Administrative expenses sub-total		(2,510)	(1,566)	(1,983)
Operating (loss)/profit	6	(586)	(376)	1,353
Financial income	5	15	5	32
Financial expense	5	(2)	(2)	(1)
Net finance income	5	13	3	31
Share of profit of associates	12	18	22	106
(Loss)/profit before tax		(555)	(351)	1,490
Income tax credit/(expense)	9	156	88	(435)
(Loss)/profit for the financial period from continuing operations	21	(399)	(263)	1,055
(Loss)/earnings per ordinary share (expressed in £'000s)				
– Basic	10	(3.99)	(2.63)	10.55
– Diluted	10	(3.99)	(2.63)	8.01

All results are from continuing operations.

The historical financial information may not be representative of future results. For example, the historical capital structure does not reflect the future capital structure, and certain future operating costs, tax charges and dividends may be significantly different from those that arose under the historical capital structure.

Statement of recognised income and expense

	Note	*Year ended 31 March 2005 £'000*	*Year ended 31 March 2006 £'000*	*Year ended 31 March 2007 £'000*
(Loss)/profit for the financial period	21	(399)	(263)	1,055
Deferred tax on employee share options	19	—	272	273
Currency translation differences	21	4	2	(4)
Net (expense)/income recognised directly to equity		4	274	269
Total recognised (expense)/income for the period		(395)	11	1,324

Balance sheets

	Note	*As at 31 March 2005 £'000*	*As at 31 March 2006 £'000*	*As at 31 March 2007 £'000*
Non-current assets				
Property, plant & equipment	11	298	315	244
Investments in associates	12	153	184	284
Available for sale financial asset	13	—	—	—
Deferred tax assets	19	243	731	895
Trade and other receivables	15	173	173	173
		867	1,403	1,596
Current assets				
Inventories	14	10	39	380
Trade and other receivables	15	1,385	2,115	2,598
Cash and cash equivalents	16	244	556	1,762
		1,639	2,710	4,740
Total assets		2,506	4,113	6,336
Current liabilities				
Finance lease liability	18	6	8	—
Trade and other payables	17	1,215	2,779	3,491
Current income tax liability		97	128	325
		1,318	2,915	3,816
Non-current liabilities				
Borrowings	18	8	—	—
Total liabilities		1,326	2,915	3,816
Net assets		1,180	1,198	2,520
Capital and reserves				
Called up share capital	20	—	—	—
Other reserves	21	1,152	1,433	1,700
Retained earnings	21	28	(235)	820
Total Shareholders' funds		1,180	1,198	2,520

Cash flow statements

	Note	Year ended 31 March 2005 £'000	Year ended 31 March 2006 £'000	Year ended 31 March 2007 £'000
Cash flows (used in)/from operating activities	23	(810)	525	1,354
Interest received		15	5	32
Interest paid		(2)	(2)	(1)
Income tax paid		(95)	(97)	(129)
Net cash (used in)/from operating activities		(892)	431	1,256
Cash flows from investing activities				
Purchase of plant & equipment		(210)	(113)	(52)
Sale of plant & equipment		—	—	10
Net cash used in investing activities		(210)	(113)	(42)
Cash flows from financing activities				
Capital element of finance lease borrowings		(7)	(6)	(8)
Net cash used in financing activities		(7)	(6)	(8)
Increase/(decrease) in cash and cash equivalents		(1,109)	312	1,206
Cash and cash equivalents at start of period		1,353	244	556
Cash and cash equivalents at end of period		244	556	1,762

1. General information

Corporate history

SDIGreenstone Limited ("the Company") consults, designs, manufactures, and integrates systems to retail, wholesale, fulfilment and e-commerce industries for all aspects of distribution centre materials handling. The Company has no subsidiary undertakings; its associated undertakings are listed in note 12. The Company and its associated undertakings are referred to in this financial information as "the Group".

The Company is a limited liability company incorporated and domiciled in England. The address of its registered office is 11 Jarman Way, Orchard Road, Royston, Hertfordshire.

2. Accounting policies

a) ***Basis of preparation***

The financial statements are prepared in Sterling, rounded to the nearest thousand and are prepared on the historical cost basis as modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value through profit and loss.

The consolidated financial information has been prepared in accordance with the requirements of the AIM Rules and in accordance with this basis of preparation. The basis of preparation describes how the financial information has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU).

The Company has also adopted a consistent set of accounting policies with SDI Group plc. See note 28 for a reconciliation of 2005 and 2006 historical financial statements to IFRS and group accounting policies.

This financial information has been prepared on the basis of all applicable IFRSs, including all International Accounting Standards (IAS), Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC) interpretations with effective dates for accounting periods beginning on or after 1 April 2004. The financial information is prepared in accordance with the accounting policies expected to be applied in SDI Group plc's next financial statements, for the year commencing 1 December 2006.

Recent amendments to accounting standards and interpretations effective for the purposes of this financial information but not relevant to the activities of the Company are as follows:

- IAS 19 (Amendment), Employee benefits
- IAS 21 (Amendment), Net investment in a foreign operation.
- IAS 39 (Amendment), Cash flow hedge accounting of forecast intragroup transactions.
- IAS 39 (Amendment), The fair value option.
- IAS 39 and IFRS 4 (Amendment), Financial guarantee contracts.
- IFRS 1 (Amendment), First-time Adoption of International Financial Reporting Standards and IFRS 6 (Amendment), Exploration for and evaluation of mineral resources;
- IFRS 6, Exploration for and evaluation of mineral resources;
- IFRIC 4, Determining whether an arrangement contains a lease;
- IFRIC 5, Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds; and
- IFRIC 6, Liabilities arising from participating in a specific market – Waste electrical and electronic equipment.
- IFRIC 7, Applying the restatement approach under IAS 29
- IFRIC 8, Scope of IFRS 2
- IFRIC 9, Reassessment of embedded derivatives

A number of forthcoming standards and interpretations will be effective for years commencing after 1 December 2007:

Accounting standards which are not yet mandatory and not yet early adopted

- IFRS 7, 'Financial instruments: Disclosures, and the complementary amendment to IAS 1, 'Presentation of financial statements – Capital disclosures' will be mandatory for periods commencing on or after 1 January 2007. This standard replaces IAS 30 and the disclosure requirements in IAS 32 and locates in one place all disclosures relating to financial instruments. The new requirements incorporate many of IAS 32's disclosures as well as additional qualitative and quantitative disclosures on the risks arising from financial instruments. As this standard affects disclosure rather than measurement, the directors expect that the adoption of the standard will have no material effect on the financial results or position of the Company.

Interpretations to existing standards that are not yet effective and not relevant for the Company's operations:

The following interpretations to existing standards have been published but have not yet been endorsed by the EU. These standards are mandatory for accounting periods beginning after 1 November 2006 or later but are not relevant for the Group's operations:

- IFRIC 10, Interim Financial Reporting and Impairment
- IFRIC 11, IFRS 2 – Group and Treasury Share Transactions
- IFRIC 12, Service Concession Arrangements

The Company has taken the following exemptions available under IFRS 1:

- The Company has not applied IFRS 3 "Business combinations" on business combinations occurring prior to the Company's date of transition to IFRS, being 1 April 2004.

- The balance on the cumulative translation adjustment on retranslation of associates' net assets has been set to zero at the date of transition to IFRS (1 April 2004).

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form a basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on a regular basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have significant effect on the financial statements are limited to the estimates used in estimating the percentage completion of construction contracts and in estimating the fair values of the Company's shares and share options for the purposes of determining the share option compensation charge and associated deferred tax.

i) *Revenue recognition*

The Company uses the percentage of completion method in accounting for its fixed price contracts to deliver engineering services. Use of the percentage of completion method requires the Company to estimate the services performed to date as a portion of the total services to be performed. Were the proportion of services performed to total services to be performed differ by 10 per cent. from management's estimates, the amount of revenue recognised in 2006 would be increased by £1,003,700 if the proportion performed were increased, or would be decreased by £1,003,700 if the proportion performed were decreased.

ii) *Share options*

The share option expense was calculated using the Black-Scholes model, which requires the Company to make certain assumptions about expected option life, volatility and the fair value of the Company's shares. The key estimate in the calculation of the share option expense is the fair value of the Company's shares. Were the fair value of the shares to increase by 10 per cent. from management's estimates, the amount of expense recognised in 2005 would increase by £117,000. If the fair value of the shares were to decrease by 10 per cent. from management's estimates, then the amount of expense recognised in 2005 would decrease by £108,000.

iii) *Deferred tax*

The deferred tax asset arising on the share options is calculated by comparing the estimated amount of tax deduction to be obtained in the future (based on the estimated value of the Company's share price at the balance sheet date) and will only be realised if the share options are exercised. If the estimated fair value of the Company increases by 10 per cent., the amount of the deferred tax asset would increase by £89,000. If the fair value of the Company decreases by 10 per cent., the amount of the deferred tax asset would decrease by £89,000.

The accounting policies set out below have been applied consistently to all periods presented in this consolidated financial information.

b) ***Basis of consolidation***

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20 per cent. and 50 per cent. of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost.

The Company's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Company.

c) ***Foreign currencies***

Transactions denominated in foreign currencies are translated at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the exchange rates ruling at the balance sheet date. Foreign exchange differences arising on translation are recognised in the income statement.

The results and financial position of all associated entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- The Company's share of net assets, including goodwill in associates, is translated at the closing rate of exchange at the date of that balance sheet;
- The Company's share of profits and losses are translated at average exchange rates; and
- All resulting exchange differences are recognised as a separate component of equity.

d) ***Property, plant and equipment***

i) *Owned assets*

Improvements to leasehold property and plant and equipment are stated at cost less accumulated depreciation and impairment losses (see accounting policy on impairment).

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

ii) *Leased assets for own use*

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases.

iii) *Depreciation*

Depreciation is provided on a straight-line basis at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life as follows:

Improvements to leasehold property	–	over the period of the lease
Plant and other equipment	–	3 to 10 years

No depreciation is charged on assets in the course of construction.

The residual value, if not insignificant, and the useful economic life of the assets are reassessed annually.

e) ***Inventories***

Inventories are valued at the lower of cost and net realisable value. Cost is calculated using the first-in-first-out principle. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating activity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

f) ***Cash and cash equivalents***

Cash and cash equivalents comprises cash balances and deposits. The Company considers all highly-liquid investments with original maturity dates of three months or less to be cash equivalents.

g) ***Impairment***

Assets subject to amortisation and depreciation are reviewed for impairment at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is calculated as the greater of its net selling price and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised in the income statement based on the amount by which the carrying amount exceeds the recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to a cash-generating unit (or group of units) and then to reduce the carrying amount of other assets in the unit (or group of units) on a pro rata basis.

In respect of other assets an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

h) Share capital

Dividends

Interim dividends are recorded when paid. Final dividends on ordinary shares are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

No treasury shares are held by the Company (or associates) at the year end.

i) ***Employee benefits***

Defined contribution plans

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The amounts payable are charged to the income statement as they fall due.

Share-based compensation

The Company has a single tranche of share options in issue. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted.

The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised. The share option plan is equity settled.

j) ***Trade receivables and trade payables***

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. An impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within "administrative expenses." When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against "administrative expenses" in the income statement. Trade payables recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

k) ***Financial assets***

The Company classifies its financial assets in the following categories: loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

i) *Available for sale financial assets*

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Available for sale financial assets in unlisted securities are recorded at cost because there is not a quoted market price and the fair value cannot be estimated reliably. The available for sale financial assets are reviewed for impairment on an annual basis.

ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as "trade and other receivables" in the balance sheet (note 2(k)).

l) ***Revenue***

Revenue from consulting, design, manufacture and installation of systems and other engineering services is accounted for on a "percentage of completion method" to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the contract costs incurred up to the balance sheet date as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature.

The Company presents as an asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. Progress billings not yet paid by customers and retentions are included within "trade and other receivables".

The Company presents as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Revenue from maintenance contracts is recognised in the period the services are provided using a straight line basis over the term of the contract.

m) ***Expenses***

i) *Lease payments*

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

Minimum lease payments on assets held under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

ii) *Net financing costs*

Net financing costs comprise interest payable on finance lease, interest receivable on cash and cash equivalents and foreign exchange gains and losses.

Interest income and expense is recognised in the income statement as it accrues, using the effective interest method.

n) ***Taxation***

Income tax comprises current and deferred tax. It is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

o) ***Segment reporting***

A segment is a distinguishable component of the Company that is engaged in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

p) ***Financial risk management***

The overall aim of the Company financial risk management policies is to minimise potential adverse effects on financial performance and net assets. In the course of its business, the Company is exposed primarily to foreign exchange risk, liquidity risk and credit risk. Interest rate risk is not considered significant, as the Company has only immaterial fixed rate finance lease borrowings and interest income on bank deposits is not material.

The Company manages the principal financial risks within policies and operating parameters approved by the Board of Directors. The Company does not enter into speculative transactions.

i) *Foreign currency risk*

The Company operates domestically and overseas, primarily in mainland Europe, and also has investments in overseas entities. The Company does not currently hedge its cash flows or investments in overseas entities as the directors do not believe this to be appropriate given the acceptably low materiality of the items involved, but this is continually under review and may change depending on the Company's currency exposure and economic conditions.

ii) *Liquidity risk*

The Company's policy on liquidity risk is to ensure that sufficient cash is available to fund on-going operations without the need to carry significant net debt. Where appropriate financing can be negotiated, assets may be purchased under finance lease arrangements. The extent of this financing is not considered material.

iii *Credit risk*

Credit risk arises on financial instruments such as trade receivables. Policies and procedures exist to ensure that customers have an appropriate credit history, and appropriate billing schedules for long-term contract work are agreed in order to mitigate the risks on this business activity.

Overall, the Company considers that it is not exposed to a significant amount of credit risk.

q) ***Exceptional items***

Exceptional items are events or transactions that fall within the activities of the Company and which by virtue of their size or incidence have been disclosed in order to improve a reader's understanding of the financial statements.

3. Segmental information

Segment information is presented in respect of the Company's business and geographical segments. The primary format, business segments, is based on the Company's management and internal reporting structure.

Business segments

The Company operates in only one business segment. The Company's equity associates operate in the same business as the Company, and therefore the Company's share of the net assets and net profit of associates is considered to be part of this single business segment.

Geographical segments

The business operates in 3 main geographical areas being the UK, Europe and Australia.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of the assets generating the revenue.

Revenue

	Year ended 31 March 2005 £'000	*Year ended 31 March 2006 £'000*	*Year ended 31 March 2007 £'000*
Geographical analysis by origin			
UK	10,842	7,464	21,515
Total	10,842	7,464	21,515

	Year ended 31 March 2005 £'000	*Year ended 31 March 2006 £'000*	*Year ended 31 March 2007 £'000*
Geographical analysis by destination			
UK	8,935	6,144	19,704
Europe	308	584	1,212
Australia	1,599	736	599
Total	10,842	7,464	21,515

Profit/(loss) before taxation

	Year ended 31 March 2005 £'000	*Year ended 31 March 2006 £'000*	*Year ended 31 March 2007 £'000*
Geographical analysis by origin			
UK	(573)	(373)	1,384
Associated undertakings (based in Europe)	18	22	106
Total	(555)	(351)	1,490

The above tables indicate the sector analysis used to manage the Company's business. Revenue between segments is immaterial.

Net assets

	Year ended 31 March 2005 £'000	*Year ended 31 March 2006 £'000*	*Year ended 31 March 2007 £'000*
Geographical analysis by origin			
UK	1,027	1,014	2,236
Associated undertakings (based in Europe)	153	184	284
Total	1,180	1,198	2,520

Capital expenditure

	Year ended 31 March 2005 £'000	*Year ended 31 March 2006 £'000*	*Year ended 31 March 2007 £'000*
Geographical analysis by origin			
UK	210	113	52
Total	210	113	52

4. Revenue

	Year ended 31 March 2005 £'000	Year ended 31 March 2006 £'000	Year ended 31 March 2007 £'000
Construction contracts	9,714	5,211	16,195
Maintenance revenue	1,128	2,253	5,320
	10,842	7,464	21,515

5. Net finance income

	Year ended 31 March 2005 £'000	Year ended 31 March 2006 £'000	Year ended 31 March 2007 £'000
Interest expense			
Hire purchase and finance lease arrangements	2	2	1
	2	2	1
Interest income			
Bank balances	15	5	32
Net finance income	13	3	31

6. Operating profit/(loss) on ordinary activities before taxation

Operating profit/ (loss) on ordinary activities before taxation is stated after charging:

	Year ended 31 March 2005 £'000	Year ended 31 March 2006 £'000	Year ended 31 March 2007 £'000
Depreciation of tangible fixed assets			
– owned	67	93	110
– leased	9	3	—
Staff costs (see note 7)	2,962	2,570	3,830
Administrative expenses exceptional item	1,148	—	—
Operating lease rentals – property	66	80	148
Operating lease rentals – plant and machinery	137	87	190

Exceptional administrative expenses arose due to share options granted to a director (see note 20). The exceptional item net of tax is £804,000.

Services provided by the Company's auditor and network firms

During the year the Company obtained the following services from the Company's auditor at costs as detailed below:

	Year ended 31 March 2005 £'000	Year ended 31 March 2006 £'000	Year ended 31 March 2007 £'000
Audit services			
– Statutory audit	4	7	14
Tax services			
– compliance services	1	1	5
– advisory services	1	1	—
Other services	16	11	14
	22	20	33

7. Staff numbers and costs

The average number of persons employed by the Company (including executive directors) during the period was as follows:

	Year ended 31 March 2005	*Year ended 31 March 2006*	*Year ended 31 March 2007*
Total number of employees	52	71	119

The areas of the business where these people were employed were as follows:

	Year ended 31 March 2005	*Year ended 31 March 2006*	*Year ended 31 March 2007*
Engineering	42	60	101
Selling and distribution	5	7	8
Administration	5	4	10
	52	71	119

The aggregate costs of these persons were as follows:

	Year ended 31 March 2005 £'000	*Year ended 31 March 2006 £'000*	*Year ended 31 March 2007 £'000*
Wages and salaries	1,599	2,249	3,402
Social security costs	172	257	361
Share options granted to director	1,148	—	—
Pensions	43	64	67
	2,962	2,570	3,830

8. Directors' emoluments

Emoluments paid by the Company to the directors were:

Year ended 31 March 2005

	Remuneration and benefits for executive services £'000	*Pension contributions to defined contribution scheme £'000*	*Total £'000*
G. Smith	176	33	209
J. Smith	45	—	45
D. De Thierry	76	10	86
	297	43	340

Year ended 31 March 2006

	Remuneration and benefits for executive services £'000	*Pension contributions to defined contribution scheme £'000*	*Total £'000*
G. Smith	376	35	411
J. Smith	34	—	34
D. De Thierry	165	10	175
	575	45	620

Year ended 31 March 2007

	Remuneration and benefits for executive services £'000	Pension contributions to defined contribution scheme £'000	Total £'000
G. Smith	202	35	237
J. Smith	31	—	31
D. De Thierry	50	10	60
	283	45	328

The aggregate emoluments of the directors are set out below:

	Year ended 31 March 2005 £'000	Year ended 31 March 2006 £'000	Year ended 31 March 2007 £'000
Remuneration and benefits for executive services	297	575	283
Share options granted to directors	1,148	—	—
Pension contributions to defined contribution scheme	43	45	45
	1,488	620	328

The number of directors for whom the Company made contributions to defined contribution pension schemes was 2 (2006: 2, 2005: 2).

The emoluments paid to the highest paid director were:

	Year ended 31 March 2005 £'000	Year ended 31 March 2006 £'000	Year ended 31 March 2007 £'000
Remuneration and benefits for executive services	176	376	202
Pension contributions to defined contribution scheme	33	35	35
	209	411	237

No employees other than executive directors were identified as key management.

9. Income tax expense

	Year ended 31 March 2005 £'000	Year ended 31 March 2006 £'000	Year ended 31 March 2007 £'000
Current tax			
Corporation tax on results for the year	98	128	326
Total current tax	98	128	326
Deferred tax			
Origination and reversal of timing differences	(254)	(216)	109
Total deferred tax charge/(credit)	(254)	(216)	109
Tax on (loss)/profit on ordinary activities	(156)	(88)	435

The differences between the (loss)/profit for the year at the standard rate of corporation taxation of 30 per cent. and the total taxation charge are detailed below:

	Year ended 31 March 2005 £'000	*Year ended 31 March 2006 £'000*	*Year ended 31 March 2007 £'000*
(Loss)/Profit on ordinary activities before tax	(555)	(351)	1,490
(Loss)/Profit on ordinary activities at the tax rates 30%	(167)	(105)	447
Effects of:			
Expenses not deductible for tax purposes	20	24	19
Tax rate on overseas profits	(5)	(7)	(31)
Small companies rate	(4)	—	—
Total tax charge	(156)	(88)	435

10. Earnings per share

(a) ***Basic***

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 March 2005	*Year ended 31 March 2006*	*Year ended 31 March 2007*
(Loss)/Profit attributable to equity holders in £'000	(399)	(263)	1,055
Weighted average number of ordinary shares in issue	100	100	100
Basic earnings per share in £'000	(3.99)	(2.63)	10.55

(b) ***Diluted***

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one dilutive potential ordinary share, share options. A calculation is done to determine the number of shares that could have been acquired at fair value based on the monetary value of the subscription rights attached to outstanding options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. As there is a loss in 2005 and 2006, the effect of the share options on diluted earnings per share would be anti-dilutive.

	Year ended 31 March 2005	*Year ended 31 March 2006*	*Year ended 31 March 2007*
(Loss)/profit attributable to equity holders in £'000	(399)	(263)	1,055
Weighted average number of ordinary shares in issue	100	100	100
Adjustment for share options	—	—	32
Weighted average number of ordinary shares for diluted earnings per share	—	—	132
Diluted earnings per share in £'000	(3.99)	(2.63)	8.01

The earnings per share information presented above reflects the historical capital structure of the Company. Earnings per share of the SDI Group plc post Admission to the AIM market will be based on the capital structure post admission, which will therefore differ from earnings per share based on the historical capital structure.

11. Property, plant and equipment

	Improvements to property £'000	*Plant and machinery £'000*	*Fixtures, fittings, tools and equipment £'000*	*Motor vehicles £'000*	*Computer equipment £'000*	*Total £'000*
Cost						
At 1 April 2004	44	41	57	61	149	352
Additions	123	7	27	—	53	210
At 31 March 2005	167	48	84	61	202	562
Additions	13	—	52	—	48	113
At 31 March 2006	180	48	136	61	250	675
Additions	—	4	8	—	40	52
Disposals	—	—	—	(61)	—	(61)
At 31 March 2007	180	52	144	—	290	666
Depreciation						
At 1 April 2004	25	13	17	12	121	188
Charge for the year	25	5	8	12	26	76
At 31 March 2005	50	18	25	24	147	264
Charge for the year	33	5	12	12	34	96
At 31 March 2006	83	23	37	36	181	360
Charge for the year	29	5	18	12	46	110
Disposals	—	—	—	(48)	—	(48)
At 31 March 2007	112	28	55	—	227	422
Net book value						
At 31 March 2005	117	30	59	37	55	298
At 31 March 2006	97	25	99	25	69	315
At 31 March 2007	68	24	89	—	63	244

Included within Motor vehicles are assets held under finance leases with net book value £nil (2006: £10,030, 2005:£26,465).

No impairment losses have been recorded on property, plant and equipment (2006: £nil, 2005: £nil).

12. Investments in associates

	Year ended 31 March 2005 £'000	Year ended 31 March 2006 £'000	Year ended 31 March 2007 £'000
Beginning of year	131	153	184
Share of profit*	18	22	106
Exchange differences	4	2	(4)
Movement in reserves	—	7	(2)
End of year	153	184	284

Investments in associates at 31 March 2007 include goodwill of £383,000 (2006: £391,000 and 2005: £388,000).

* Share of profit is after tax.

The result of the Company's associates, all of which are unlisted and draw up local statutory accounts to 31 December each year, and their assets (including goodwill) and liabilities, are set out in the table below. The directors are of the opinion that the results and net assets of the Company would not have been materially different had the associates prepared accounts to 31 March.

Name	*Country of incorporation*	*Assets £'000*	*Liabilities £'000*	*Revenues £'000*	*Profit/ (Loss) £'000*	*% interest held*
31 December 2004						
MSM-Automations GmbH & Co. KG	Germany	835	688	1,263	76	27.8
SDIPromech BV	Holland	1,263	928	1,627	(10)	33
31 December 2005						
MSM-Automations GmbH & Co. KG	Germany	901	576	1,755	148	27.8
SDIPromech BV	Holland	1,081	802	1,735	(59)	33
31 December 2006						
MSM-Automations GmbH & Co. KG	Germany	1,790	1,219	2,387	262	27.8
SDIPromech BV	Holland	1,919	1,546	3,370	101	33

The associated undertakings have no significant contingent liabilities.

13. Available for sale financial asset

	As at 31 March 2005 £	As at 31 March 2006 £	As at 31 March 2007 £
Beginning and end of year	450	450	450

Available for sale financial asset represents a 10 per cent. investment in SARL SDI Industries France, an unlisted company incorporated in France, and a 14 per cent. investment in SDI Industries Italia Srl, an unlisted company incorporated in Italy.

14. Inventories

	As at 31 March 2005 £'000	As at 31 March 2006 £'000	As at 31 March 2007 £'000
Raw materials and consumables	10	39	380
	10	39	380

The cost of inventories recognised as an expense and included in "cost of sales" amounted to £4,905,000 (2006: £1,978,000 and 2005: £4,592,000).

Inventories were written down by £ nil (2005: £ nil and 2006: £ nil).

15. Trade and other receivables

	As at 31 March 2005 £'000	*As at 31 March 2006 £'000*	*As at 31 March 2007 £'000*
Trade receivables	642	1,155	1,148
Related company receivables	387	633	604
Amounts due from customers for contract work	—	184	218
Other receivables	3	—	127
Prepayments and accrued income	307	107	104
Loans to related parties	219	209	570
Less: non-current portion: loans to related parties	(173)	(173)	(173)
	1,385	2,115	2,598

The loans to related parties are unsecured, non-interest bearing and due on demand.

16. Cash and cash equivalents

	As at 31 March 2005 £'000	*As at 31 March 2006 £'000*	*As at 31 March 2007 £'000*
Bank balances	244	556	1,762
	244	556	1,762

17. Trade and other payables

	As at 31 March 2005 £'000	*As at 31 March 2006 £'000*	*As at 31 March 2007 £'000*
Trade payables	610	766	1,209
Amounts due to related companies	149	339	314
Advances received for contract work	60	1,110	1,201
Social security and other taxes	166	497	206
Accruals	152	64	541
Other liabilities	78	3	20
	1,215	2,779	3,491

The amounts due to related parties are unsecured, non-interest bearing and due on demand.

18. Borrowings

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

	As at 31 March 2005 £'000	*As at 31 March 2006 £'000*	*As at 31 March 2007 £'000*
Finance lease liabilities – minimum lease payments:			
No later than 1 year	7	8	—
Later than 1 year and no later than 5 years	8	—	—
	15	8	—
Future finance charges on finance leases	1	—	—
Present value of finance lease liabilities	14	8	—
The present value of finance lease liabilities is as follows:			
No later than 1 year	6	8	—
Later than 1 year and no later than 5 years	8	—	—
	14	8	—
The gross finance lease obligation is as follows:			
No later than 1 year	7	8	—
Later than 1 year and no later than 5 years	8	—	—
	15	8	—
Future finance charges on finance costs	1	—	—
Present value of finance lease liabilities	14	8	—

19. Deferred taxation

Provision for deferred taxation liabilities is made at a rate of 30 per cent. on all timing differences. Deferred taxation assets have been calculated based upon the expected rates at which these amounts would reverse, at 30 per cent. Deferred taxation assets and liabilities and the movement in these over the period are detailed below:

	Share options granted to directors £'000	*Short term timing differences £'000*	*Accelerated capital allowances £'000*	*Other £'000*	*Net £'000*
At 1 April 2004	—	1	(12)	—	(11)
Credited/(charged) to the income statement	344	(86)	(1)	(3)	254
At 31 March 2005	344	(85)	(13)	(3)	243
Credited directly to equity	272	—	—	—	272
Credited to the income statement	—	208	5	3	216
At 31 March 2006	616	123	(8)	—	731
Credited directly to equity	273	—	—	—	273
Credited/(charged) to the income statement	—	(123)	14	—	(109)
At 31 March 2007	889	—	6	—	895

There are no unrecognised deferred tax assets or liabilities.

20. Called up share capital

	As at 31 March 2005 £	As at 31 March 2006 £	As at 31 March 2007 £
Authorised:			
A Ordinary shares of £1 each	100	100	100
B Ordinary shares of £1 each	26	26	26
Ordinary shares of £1 each	126	126	126
Alloted, called up and fully paid:			
A Ordinary shares of £1 each	100	100	100

The B Ordinary shares rank *pari passu* with the A Ordinary shares, except that they do not entitle the holder to vote.

Share options

26 share options were granted to a director on 1 October 2004. The exercise price of the granted options is £1,200 per share. The options vested immediately and may be exercised up to 10 years after the date of grant. These options were outstanding and were all exercisable at 31 March 2005, 2006 and 2007, and no other options were granted, forfeited, exercised or expired in the three years ended 31 March 2007.

The fair value of these options determined using the Black-Scholes valuation model was £1,147,952. The significant inputs into the model were share price of £44,880 at the grant date, exercise price shown above, volatility of 0.3770, expected option life of 10 years, and annual risk-free interest rate of 5 per cent. The volatility rate has been estimated based on the average volatility of listed companies in the same sector as the Company.

These options were exercised after the balance sheet date, on 16 May 2007.

Also on 1 October 2004, 6 options over B Ordinary shares with an exercise price of £1 each, were issued to SDI Investments, Inc., which holds 20 per cent. of the Company's issued share capital. These options were also exercised on 16 May 2007.

21. Reserves

a) Retained earnings

	£'000
At 1 April 2004	427
Retained loss for the year	(399)
At 31 March 2005	28
Retained loss for the year	(263)
At 31 March 2006	(235)
Retained profit for the year	1,055
At 31 March 2007	820

b) Other reserves

	Translation difference £'000	*Share option £'000*	*Deferred Tax £'000*	*Other £'000*	*Total £'000*
At 1 April 2004	—	—	—	—	—
Share options granted to directors	—	1,148	—	—	1,148
Currency translation differences – Associates	4	—	—	—	4
At 31 March 2005	4	1,148	—	—	1,152
Deferred tax on employee share options	—	—	272	—	272
Movement in other reserves – Associates	—	—	—	7	7
Currency translation differences – Associates	2	—	—	—	2
At 31 March 2006	6	1,148	272	7	1,433
Deferred tax on employee share options	—	—	273	—	273
Movement in other reserves – Associates	—	—	—	(2)	(2)
Currency translation differences – Associates	(4)	—	—	—	(4)
At 31 March 2007	2	1,148	545	5	1,700

22. Financial instruments

The Company has no derivative financial instruments and does not hedge its investments in overseas entities. Disclosures in relation to the Company's non-derivative financial instruments are set out below.

Short-term receivables and payables

Short-term receivables and payables have been excluded from the fair value disclosures, as the carrying value is considered to be an appropriate approximation to fair value given their short-term nature.

Interest rate risk profile of financial assets and liabilities

The interest rate risk profile of the Company's financial assets and liabilities for the period was:

Financial liabilities

The finance lease liability is denominated in sterling and is at a fixed rate of interest. There are no financial liabilities on which no interest is paid.

All the Company's creditors falling due within one year (other than borrowings) are excluded from the interest rate risk profile either due to the exclusion of short-term items or because they do not meet the definition of a financial liability, such as tax balances.

Financial assets

The Company has no material financial assets other than cash or short-term receivables.

Fair values of financial assets and financial liabilities

Finance leases

The fair value materially approximates to the carrying value reported in the balance sheet.

Borrowing facilities

The Company has no undrawn committed borrowing facilities in any of the years presented.

23. Cash flow generated from operations

	As at 31 March 2005 £'000	*As at 31 March 2006 £'000*	*As at 31 March 2007 £'000*
(Loss)/ Profit before income tax	(555)	(351)	1,490
Adjustments for:			
Share options granted	1,148	—	—
Depreciation of property and equipment	76	96	110
Loss on sale of fixed assets	—	—	3
Share of profit from associates	(18)	(22)	(106)
Interest expense	2	2	1
Interest income	(15)	(5)	(32)
Changes in working capital:			
Increase in inventories	—	(29)	(341)
Increase/ (decrease) in trade and other receivables	431	(730)	(483)
(Decrease)/ increase in trade and other payables	(1,879)	1,564	712
Total net cash flow (absorbed)/generated from operations	(810)	525	1,354

24. Operating lease commitments

The future minimum lease payments in respect of non-cancellable leases for property, plant and machinery are as follows:

	Year ended 31 March 2005 £'000	*Year ended 31 March 2006 £'000*	*Year ended 31 March 2007 £'000*
One year	92	110	110
Two to five years	—	193	83
	92	303	193

The Company leases an office/workshop facility in Rugby, on a 3 year lease with an annual rent of £110,000.

The Company also leases various plant and machinery under cancellable operating lease agreements. The lease expenditure charged to the income statement during the year is disclosed in Note 6.

25. Pension schemes

The Company has established a defined contribution scheme for directors.

Pension costs for defined contribution schemes are as follows:

	As at 31 March 2005 £'000	*As at 31 March 2006 £'000*	*As at 31 March 2007 £'000*
Defined contribution schemes	43	64	67

26. Related party transactions

The ultimate controlling party is Mr G Smith.

The following transactions were carried out with related parties:

a) ***Sales of goods and services***

	As at 31 March 2005 £'000	*As at 31 March 2006 £'000*	*As at 31 March 2007 £'000*
Associates	—	145	554
Entities controlled by key management personnel	530	28	545
Other related parties	1,550	1,959	987
	2,080	2,132	2,086

Sales of goods and services are negotiated with related parties on a cost-plus basis, allowing a margin ranging from 0 per cent. to 50 per cent. The entities controlled by key management personnel are various companies controlled by Mr G Smith, an executive director of the Company. Other related parties are companies in which the Company and/or SDI Investments, Inc., a shareholder in the Company, has a material stake.

b) ***Purchases of goods and services***

	As at 31 March 2005 £'000	*As at 31 March 2006 £'000*	*As at 31 March 2007 £'000*
Associates	580	613	2,132
Entities controlled by key management personnel	52	313	847
Other related parties	854	493	802
	1,486	1,419	3,781

Purchases of goods and services are negotiated with related parties on a cost-plus basis, allowing a margin ranging from 0 per cent. to 50 per cent. The entities controlled by key management personnel are various companies controlled by Mr G Smith, an executive director of the Company. Other related parties are companies in which the Company and/or SDI Investments, Inc., a shareholder in the Company, has a material stake.

c) ***Year-end balances arising from sales/purchases of good and services***

	As at 31 March 2005 £'000	*As at 31 March 2006 £'000*	*As at 31 March 2007 £'000*
Receivables from related companies (Note 15):			
Associates	33	—	—
Entities controlled by key management personnel	55	—	4
Other related parties	299	633	600
	387	633	604
Payables to related companies (Note 17):			
Associates	2	150	40
Entities controlled by key management personnel	5	2	6
Other related parties	142	187	268
	149	339	314

The receivables from related parties arise mainly from the sales transactions and are due under normal business terms. The receivables are unsecured and bear no interest.

The payables to related parties arise mainly from the purchase transactions and are due under normal business terms. The payables are unsecured and bear no interest.

d) ***Loans to related parties***

	As at 31 March 2005 £'000	*As at 31 March 2006 £'000*	*As at 31 March 2007 £'000*
Associates	164	139	136
Entities controlled by key management personnel	34	32	231
Other related parties	21	38	203
	219	209	570

The loans to related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

The entities controlled by key management personnel are various companies controlled by Mr G Smith, an executive director of the Company. Other related parties are companies in which the Company and/or SDI Investments, Inc., a shareholder in the Company, has a material stake.

27. Contracts in progress

The total effect of six contracts in progress at year end 31 March 2007(six: 2006; one: 2005) is as follows:

	As at 31 March 2005 £'000	*As at 31 March 2006 £'000*	*As at 31 March 2007 £'000*
Aggregate amount of revenues incurred	1,599	2,676	10,037
Aggregate amount of costs incurred	(857)	(1,772)	(8,498)
Aggregate amount of profits recognised	742	904	1,539

28. Explanation of transition to IFRS

The Company previously reported its financial statements for the years ended 31 March 2005 and 31 March 2006 under UK GAAP. Presented below are the reconciliations of profit for the years ended 31 March 2005 and 31 March 2006 and the reconciliations of equity at 1 April 2004 (date of transition to IFRS) and at 31 March 2005 and 31 March 2006 (dates of last UK GAAP financial statements) as required by IFRS 1. The Company has also changed certain of its accounting policies to align its accounting policies with the accounting policies expected to be applied in SDI Group plc's next financial statements. For explanations of the nature and effect of the changes in accounting policies, refer to note 29.

i) ***Reconciliations of 31 March 2005 UK GAAP profit and loss account to IFRS income statement***

	Notes	UK GAAP £'000	Effect of transition to IFRS £'000	IFRS £'000
		Year ended 31 March 2005		
Revenue	a	10,555	287	10,842
Cost of sales		(8,918)	—	(8,918)
Gross profit		1,637	287	1,924
Administrative expenses excluding exceptional item	b	(1,371)	9	(1,362)
Administrative expenses exceptional item	c	—	(1,148)	(1,148)
Administrative expenses sub-total		(1,371)	(1,139)	(2,510)
Operating profit/ (loss)		266	(852)	(586)
Financial income		15	—	15
Financial expense		(2)	—	(2)
Net finance income		13	—	13
Share of profit of associates	d	—	18	18
Profit /(loss) before tax		279	(834)	(555)
Income tax expense	c, e	(99)	255	156
Profit /(loss) after tax		180	(579)	(399)

ii) ***Reconciliations of 31 March 2006 UK GAAP profit and loss account to IFRS income statement***

	Notes	UK GAAP £'000	Effect of transition to IFRS £'000	IFRS £'000
		Year ended 31 March 2006		
Revenue	a	7,955	(491)	7,464
Cost of sales	a	(6,070)	(204)	(6,274)
Gross profit		1,885	(695)	1,190
Administrative expenses	b	(1,561)	(5)	(1,566)
Operating profit/ (loss)		324	(700)	(376)
Financial income		5	—	5
Financial expense		(2)	—	(2)
Net finance income		3	—	3
Share of profit of associates	d	—	22	22
Profit /(loss) before tax		327	(678)	(351)
Income tax expense	e	(123)	211	88
Profit /(loss) after tax		204	(467)	(263)

iii) ***Reconciliation of equity from UK GAAP to IFRS at 1 April 2004, 31 March 2005 and 31 March 2006***

	Notes	*1 April 2004 £'000*	*31 March 2005 £'000*	*31 March 2006 £'000*
Total equity as reported under UK GAAP		641	821	1,025
Adjustments for:				
Revenue accounting policy alignment	a	(2)	285	(410)
Depreciation policy alignment	b	16	25	20
Equity accounting for associates	d	(228)	(210)	(188)
Foreign currency reserve on associates	d	—	4	6
Share of movement in associates other reserves	d	—	—	7
Deferred tax on employee share options	c	—	—	272
Income tax	e	—	255	466
Total equity as reported under IFRS		427	1,180	1,198

29. Explanation of material adjustments to equity at 31 March 2006, 31 March 2005 and 1 April 2004 and to profit for the year ended 31 March 2005 and 31 March 2006

a) ***Revenue***

Revenue is recognised in accordance with IAS 11 using the percentage of completion method. Percentage of completion is measured by comparing costs incurred with the total costs expected to be incurred on a particular contract, and this methodology is that expected to be adopted by SDI Group plc in its next set of consolidated financial statements. Under UK GAAP, percentage completion had been estimated based on an estimate of the value of the work carried out at the balance sheet date.

b) ***Depreciation***

The Company has aligned its depreciation policies with those of SDI Group plc. Previously, depreciation was recognised on a declining balance basis and is now recognised on a straight line basis.

c) ***Share-based payments***

The Company issues equity-settled share-based payments to certain employees. In accordance with IFRS 2, equity-settled share based payments are measured at fair value at the date of grant, in respect of options granted after 7 November 2002 and which were outstanding at 31 March 2004. The fair value determined at the grant date of the equity-settled share-based payments was expensed in the year ended 31 March 2005, as the share options vested immediately. Under UK GAAP, no amounts were included in expense for the share-based payment, as the Company had applied the FRSSE accounting rules under which no compensation charge for share-based compensation was required to be recorded.

As a consequence of accounting for share-based payments, a temporary difference between the accounting and tax bases arises, and a deferred tax asset is recorded. The deferred tax asset arising is calculated by comparing the estimated amount of tax deduction to be obtained in the future (based on the Company's share price at the balance sheet date) with the cumulative amount of the compensation expense recorded in the income statement. If the amount of estimated future tax deduction exceeds the cumulative amount of the remuneration expense at the statutory rate, the excess is recorded directly in equity, against retained earnings.

d) ***Associates***

In accordance with IAS 28, the Company accounts for its investments in which it has a significant influence using the equity method. When the investor has 20 per cent. or more of the voting power of the investee, it is presumed that the investor has significant influence. Under the equity method, the investment in an associate is initially recognised at cost and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The investor's share of the profit or loss of the investee is recognised in the investor's profit or loss. Distributions received from an investee reduce the carrying amount of the investment. Under UK GAAP, the Company did not prepare consolidated accounts, as it did not have any subsidiary undertakings. As a result, investments in associates were accounted for using the cost method, whereby the investment is initially recognised at cost and no further adjustments are made to the investment balance.

e) ***Income tax expense***

	31 March 2005 £'000	*31 March 2006 £'000*
Income tax (expense) under UK GAAP	(99)	(123)
Deferred tax effect of compensation expense under UK GAAP	344	—
Accounting policy alignment: long-term contract accounting	(89)	211
Income tax credit under IFRS	156	88

30. Events after the balance sheet date

Subsequent to 31 March 2007, the corporate tax rate was changed from 30 per cent. to 28 per cent. The new rate will be effective from 1 April 2008.

On 21 June 2007 SDI Group plc became the ultimate controlling party, by virtue of its majority holding in the Company's share capital.

On 22 June 2007 the Company issued 10 shares to SDI Group plc in exchange for SDI Group plc's 33.3 per cent. holding in SDI Promech BV.

On 22 June 2007 the Company issued 19 shares to SDI Group plc in exchange for SDI Group plc's holding of 121 Shares of €100 each of SDI Promech BV.

PART IV

UNAUDITED PRO FORMA STATEMENT OF NET ASSETS

Please refer to the paragraph headed "Summary Financial Information" in Part I of this document for general information regarding the formation of the Group. Set out below is an unaudited pro forma statement of consolidated net assets of the Group which has been prepared under IFRS to demonstrate the effect of the group Re-organisation and the Placing of the New Ordinary Shares as if they had occurred at 31 March 2007. The pro forma statement has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and therefore may not give a true picture of the financial position of the Group. The unaudited pro forma statement has been prepared on the basis set out in the notes below.

Unaudited pro forma statement of net assets

	SDIGroup plc net assets at 31 March 2007 (1) £'000	*SDI Industries Inc net assets at 30 November 2006 (2) £'000*	*SDI Greenstone Limited net assets at 31 March 2007 (3) £'000*	*Elimination of inter-company trading balances (4) £'000*	*Elimination of equity accounting for associates (5,6) £'000*	*Share consideration (8) £'000*	*Share Placing (9) £'000*	*Group pro forma £'000*
Non-current assets								
Goodwill	—	—	—	—	—	10,772	—	10,772
Other intangible assets	—	2	—	—	—	—	—	2
Property, plant and equipment	6	246	244	—	—	—	—	496
Investments in associates and joint ventures	—	701	284	—	(985)	—	—	—
Available for sale investments	—	49	—	—	—	—	—	49
Trade & other receivables	—	—	173	—	—	—	—	173
Deferred tax assets	—	109	895	—	—	—	—	1,004
	6	1,107	1,596	—	(985)	10,772	—	12,496
Current assets								
Inventories	—	1,287	380	—	—	—	—	1,667
Trade and other receivables	139	7,359	2,598	(176)	—	—	—	9,920
Cash and cash equivalents	—	6,019	1,762	—	—	—	26,947	34,728
	139	14,665	4,740	(176)	—	—	26,947	46,315
Total assets	145	15,772	6,336	(176)	(985)	10,772	26,947	58,811
Current liabilities								
Trade and other payables	166	7,309	3,816	(176)	—	—	—	11,115
	166	7,309	3,816	(176)	—	—	—	11,115
Total liabilities	166	7,309	3,816	(176)	—	—	—	11,115
Net assets / (liabilities)	(21)	8,463	2,520	—	(985)	10,772	26,947	47,696

(1) Extracted without material adjustment, from the historical financial information on SDI Group plc as at and for the year ended 31 March 2007 which is presented in Section A of Part III of this document.

(2) Extracted without material adjustment, from the historical financial information on SDI Industries, Inc. as at 30 November 2006 set out in Section B of Part III of this document. The SDI Industries, Inc. group holds majority stakes in SDI Industries Italia srl and SDI Industries France SAS, such that the results and balances of these entities are consolidated with those of SDI Industries Inc. SDIGreenstone Limited holds minority interests in those undertakings. At the relevant balance sheet date, 33 per cent. of the shares in SDI Industries Italia srl and 35 per cent. of the shares in SDI Industries France SAS were not held by either the group headed by SDI Industries, Inc or by the group headed by SDIGreenstone Limited. The net assets of SDI Industries Italia srl and SDI Industries France SAS amounted to £507,000 at 31 December 2006. The minority interests have been or will be purchased as part of the group re-organisation prior to Admission and share consideration of £11,729,000.

(3) Extracted without material adjustment, from the historical financial information on SDIGreenstone Limited as at 31 March 2007 set out in Section C of Part III of this document.

(4) An adjustment has been made to eliminate balances between the SDI Industries, Inc. group and SDIGreenstone Limited. The inter-company balances eliminated are those recorded in the records of SDI Industries, Inc. as at 30 November 2006.

(5) SDI Industries, Inc. holds a 20 per cent. investment in SDIGreenstone Limited, which is equity accounted in the consolidated accounts of SDI Industries, Inc. This adjustment eliminates SDI Industries, Inc's. share of SDIGreenstone Limited's net assets (£504,000), which would otherwise be double-counted in this pro forma statement. The acquisition costs of SDIGreenstone Limited, which will be accounted for as a purchase business combination, are shown in note (8).

(6) SDI Industries, Inc. and SDIGreenstone Limited hold investments in MSM-Automations GmbH & Co. KG and SDI Promech BV, which are equity-accounted in the consolidated accounts of the respective historical financial information. As part of the group re-organisation, each of these associated undertakings has become part of the Group prior to Admission. As these entities are not individually or collectively material, no historical financial information on these entities has been presented in this Admission Document. An adjustment has been made to eliminate these equity accounting entries (which contribute £481,000 to Group net assets, but the effect of the acquisition of the interests in these entities previously held by third parties at the relevant balance sheet date and the resultant consolidation of these entities has not been shown in the pro forma information.

The net assets of MSM-Automations GmbH & Co KG at 31 December 2006 were £575,000. The combined holding by SDIGreenstone Limited and SDI Industries Inc in MSM Automations GmbH & Co KG was 56 per cent., i.e. the minority interest at the relevant balance sheet date was 44 per cent. The cost of this acquisition will be £837,000 satisfied in shares. The net assets of SDI Promech BV at 31 December 2006 were £375,000. The combined holding by SDIGreenstone Limited and SDI Industries, Inc in SDI Promech BV was 67 per cent., i.e. the minority interest at the relevant balance sheet date is 33 per cent. The cost of this acquisition will be £1,507,000 satisfied in shares.

(7) Asesorias, Ingenieria y Sistemas Logisticos S.A. Real Time Integration, Inc. and SDIGreenstone Iberia, SL will be acquired as part of the group re-organisation. Neither SDIGreenstone Limited nor SDI Industries, Inc. currently holds investments in these entities. As these entities are not individually or collectively material to the Group, no historical financial information has been presented in this Admission Document. As a result, the effect of the acquisition of these companies and the resultant consolidation of their assets and liabilities has not been shown in the pro forma information. The net assets of Asesorias, Ingerieria y Sistemas Logisticos S.A. at 31 December 2006 were £197,000. The cost of the acquisition of this entity as part of the re-organisation will be £2,010,000 satisfied in shares. The net assets of Real Time Integration, Inc. at 31 March 2007 were £1,353,000. The cost of the acquisition of this entity as part of the re-organisation will be £5,304,000 satisfied in shares. The net assets of SDI Greenstone Iberia, SL at 31 December 2006 were £52,000. The cost of the acquisition of this entity will be £1,481,000 satisfied in shares.

(8) An adjustment has been made to reflect pro forma goodwill of £10,772,000 arising on the acquisition of SDIGreenstone Limited calculated on the basis of the total consideration (plus costs) of £13,292,000 less the value of net assets of SDIGreenstone of £2,520,000 as at 31 March 2007. No adjustment has been made to reflect any fair value adjustments to assets and liabilities of SDIGreenstone as at 31 March 2007.

(9) An adjustment has been made to reflect a net cash inflow of £29,247,000 after costs of £2,300,000 from the Placing of the New Ordinary Shares made at the time of SDI Group plc's admission to AIM.

(10) This pro forma has been prepared in a manner consistent with the accounting policies to be adopted by SDI Group plc in its next consolidated financial statements.

(11) No account has been taken of trading or other transactions of SDI Group plc or SDIGreenstone Limited since 31 March 2007 to the date of this document. No account has been taken of trading or other transactions of SDI Industries, Inc. since 30 November 2006 to the date of this document.

(12) The historical financial information may not be representative of future results. For example, the historical capital structure does not reflect the future capital structure, and certain future operating costs, tax charges and dividends may be significantly different from those that are under the new capital structure.

PART V

ADDITIONAL INFORMATION

1. Incorporation and general

(a) The Company was incorporated in England and Wales on 5 February 2007 under the name of SDI Group Limited with registered number 06081771 as a private company with limited liability under the Companies Act 1985. The Company was re-registered as a public company and changed its name to SDI Group plc on 25 June 2007.

(b) The Company's registered office is at 11 Jarman Way, Orchard Road, Royston, Hertfordshire SG8 5HW. It is domiciled in the United Kingdom. The telephone number of the registered office of the Company is + (44) 01763 244 299.

(c) The Company's UK head office and principal place of business is at 20 Somers Road, Somers Road Industrial Estate, Rugby, Warwickshire CV22 7DH, United Kingdom. The telephone number of the UK head office and principal place of business of the Company is + (44) 01763 244 299.

(d) The ISIN number of the Ordinary Shares is GB00B1YW3F48.

(e) Save as specifically indicated below, the Company is the ultimate holding company of the Group, and has the following significant subsidiary undertakings, being those considered by the Company to be likely to have a significant effect on the assessment of the assets and liabilities, financial position and/or profits and losses of the Group. As at the date of this document the Company is not the ultimate holding company of Asesorias, Ingeniería y Sistemas Logisticos S.A.; Real Time Integration, Inc.; SDI Industries, Inc.; or SDIGreenstone Iberia S.L. and the table below gives details of the ownership of such companies and their subsidiaries as at Admission (rather than the date of this document). As explained in the relevant footnotes to the table below, the Company will become the ultimate holding company of such companies upon Admission.

Name	*Country of incorporation*	*Registered Office or business address*	*Principal Activity*	*Percentage of shares/voting rights held*	*Issued capital as at 31 December 2006 unless otherwise indicated*	*Reserves as at 31 December 2006 unless otherwise indicated*
AISL do Brasil – Comercio Importacao e Exportacao de Equipamentos de Informatica Ltda	Brazil	Rua Santos Dumont, 392 Loja 2 13024-020 Campinas San Paolo Brazil	Carries out Sales and design aspects of logistical products and automation systems.	90% held by Asesorias, Ingeniería y Sistemas Logisticos S.A.	—	—
Asesorias, Ingenieria y Sistemas Logisticos S.A.[1]	Chile	Avenida Alonso de Córdova 5151 Officina número 303 Comuna de Las Condes Santiago Chile	Carries out sales and design aspect of logistical products and automation systems.	99% held by the Company 1% held by SDIGreenstone Limited[1]	$3,270	$498,310
Green and Associates, LLC	United States of America	1040 Bear Gulch Rd. Woodside California 94062 United States of America	Consulting.	50% held by SDI Investments, Inc.		$117,542 (at 31/12/05)

Name	*Country of incorporation*	*Registered Office or business address*	*Principal Activity*	*Percentage of shares/voting rights held*	*Issued capital as at 31 December 2006 unless otherwise indicated*	*Reserves as at 31 December 2006 unless otherwise indicated*
MSM-Automations GmbH & Co KG (a limited liability partnership)	Germany	Heisenberg Str 6 48599 Giona Germany	Develops software for use in the automation and logistical solutions.	61.1% held by the Company 27.8% held by SDI Investments, Inc 11.1% held by Real Time Integration, Inc.	€458,000	€68,000
MSM Verwaltungs GmbH	Germany	Möllenweg 3 48559 Gronau Germany	Acts as a management company managing the business of MSM Automations GmbH & Co KG.	100% held by MSM-Automations GmbH & Co KG	—	—
Real Time Integration, Inc.	United States of America	1819 S. Riverview Drive Melbourne Florida 32901 United States of America	Develops software for use in the automation and logistical solutions.	100% held by the Company	$46,016	$2,602,416 (at 31/03/07)
SDI Industries Chile S.A.	Chile	13000 Pierce Street Pacoima California 91331 -2528 United States of America	Dormant.	60% held by SDI Investments, Inc.	—	—
SDI Industries France S.A.S	France	1 Boulevard John Kennedy 91100 Corbeil Essonnes France	Carries out sales and design aspects of logistical products and automation systems.	10% held by SDIGreenstone Limited 55% held by SDI Investments, Inc. 35% held by the Company	€10,000	€311,377
SDI Industries Italia srl	Italy	Genova Via D'Annunzio Gabriele 2/53 B 16121 Italy	Carries out sales and design aspects of logistical products and automation systems.	14% held by SDIGreenstone Limited 53% held by SDI Investments, Inc. 33% held by the Company	€25,800	€18,994
SDI Industries, Inc.[2]	United States of America	13000 Pierce Street Pacoima California 91331-2528 United States of America	Designer and manufacturer of logistical products and automation systems.	100% held by the Company[2]	$15,355,300 (at 30/11/06)	$817,930
SDI Ingeneria Limitada	Chile	13000 Pierce Street Pacoima California 91331-2528 United States of America	Dormant.	100% held by SDI Investments, Inc.	—	—

Name	*Country of incorporation*	*Registered Office or business address*	*Principal Activity*	*Percentage of shares/voting rights held*	*Issued capital as at 31 December 2006 unless otherwise indicated*	*Reserves as at 31 December 2006 unless otherwise indicated*
SDI Investments, Inc.	United States of America	13000 Pierce Street Pacoima California 91331-2528 United States of America	Holding Company.	100% held by SDI Industries, Inc.	—	—
SDI Promech B.V.	The Netherlands	Waterland 10 1948 RK in Beverwijk The Netherlands	Designs and manufacturers components and small scale sorting machinery for logistical products and automation systems.	66.7% held by SDIGreenstone Limited 33.3% held by SDI Investments, Inc.	€18,100	€356,592
SDIGreenstone Iberia S.L.[4]	Spain	Barrio Las Torres 3, 08810 Sant Pere de Ribes Barcelona Spain	Carries out sales and design aspects of logistical products and automation systems.	100% held by SDIGreenstone Limited[4]	€3,100	€74,124
SDIGreenstone Limited	England and Wales	11 Jarman Way Orchard Road Royston Hertfordshire SG8 5HW	Designer and manufacturer of logistical products and automation systems.	80% held by the Company 20% held by SDI Investments, Inc.	£100	£674,000 (at 31/03/07)

Notes:

1. As at the date of this document, Asesorias, Ingeniería y Sistemas Logisticos S.A. is wholly owned by third parties. The entire issued share capital of this company save for one share, which will be acquired by SDIGreenstone Limited to satisfy the Chilean legal requirement that the company has at least two shareholders, will prior to Admission be (i) acquired by the Company and (ii) subsequently transferred to SDIGreenstone Limited as part of the Re-organisation and pursuant to the agreements referred to at paragraphs 2(j) and (k) of this Part V of this document.

2. As at the date of this document, SDI Industries, Inc., is wholly owned by third parties. The entire issued share capital of this company will be acquired by the Company conditional on and with effect from immediately prior to Admission as part of the Re-organisation and pursuant to the agreement referred to in paragraph 2(l) of this Part V of this document.

3. As at the date of this document, SDIGreenstone Iberia S.L. is wholly owned by third parties. The entire issued share capital of this company will prior to Admission be (i) acquired by the Company and (ii) subsequently transferred to SDIGreenstone Limited as part of the Re-organisation and pursuant to the agreement(s) referred to at paragraphs 2(h) and (i) of this Part V of this document.

2. Re-organisation

(a) On 7 June 2007, the Company entered into a share exchange agreement with Darcy De Thierry and Gordon Smith whereby those persons agreed to transfer their shares in SDIGreenstone Limited to the Company, in exchange for 4,825,750 and 14,530,622 Ordinary Shares respectively. This transaction completed on 21 June 2007.

(b) On 7 June 2007, the Company entered into a share exchange agreement with Greenstone Automation Benelux B.V. whereby that company agreed to transfer its shares in SDI Promech B.V. to the Company, in exchange for 1,024,850 Ordinary Shares. This transaction completed on 22 June 2007. Immediately following this transaction, Greenstone Automation Benelux B.V. transferred the goodwill associated with a certain part of its business to SDI Promech B.V. in exchange for shares in SDI Promech B.V., such shares being subsequently transferred to the

Company, in exchange for 2,051,466 Ordinary Shares, pursuant to a further share exchange agreement between Greenstone Automation Benelux B.V. and the Company. This transaction completed on 22 June 2007.

(c) Upon completion of the transfer of such shares in SDI Promech B.V. to the Company as described above, such shares were subsequently transferred by the Company to SDIGreenstone Limited pursuant to a further share exchange agreement and in exchange for ordinary shares in SDIGreenstone Limited. This transaction completed on 22 June 2007.

(d) On 7 June 2007, the Company entered into a share exchange agreement with Jean-Marc Moulin and Gilles Baulard whereby those persons agreed to transfer their shares in SDI Industries France S.A.S. to the Company, in exchange for 1,795,033 and 718,013 Ordinary Shares respectively. This transaction completed on 22 June 2007.

(e) On 7 June 2007, the Company entered into a share exchange agreement with Andrea Di Bella and Senni Gabriele whereby those persons agreed to transfer their shares in SDI Industries Italia srl. to the Company, in exchange for 892,388 and 123,088 Ordinary Shares respectively. This transaction completed on 22 June 2007.

(f) On 7 June 2007, the Company entered into a share exchange agreement with Paul Mess whereby Paul Mess agreed to transfer his partnership interest in MSM Automations GmbH & Co KG to the Company, in exchange for 1,707,846 Ordinary Shares. This transaction completed on 22 June 2007.

(g) On 7 June 2007, the Company entered into a share exchange agreement with James Suggs, Robert Jackson, Ruediger Lueg, Robert Nesbitt and Tridis LLC whereby those persons agreed to transfer the entire issued share capital of Real Time Integration, Inc. to the Company, in exchange for 1,014,900, 1,014,900, 1,014,900, 338,300 and 7,442,600 Ordinary Shares respectively. This transaction completed on 22 June 2007.

(h) On 7 June 2007, the Company entered into a share exchange agreement with Litavi Trade SL, John Hamilton and Gordon Smith whereby those persons agreed to transfer the entire issued share capital of SDIGreenstone Iberia, S.L. to the Company, in exchange for 615,440, 307,720 and 2,100,000 Ordinary Shares respectively. This transaction will complete on 27 June 2007.

(i) Upon completion of the transfer of such shares in SDIGreenstone Iberia S.L. to the Company, such shares shall be transferred by the Company to SDIGreenstone Limited pursuant to a further share exchange agreement and in exchange for ordinary shares in SDIGreenstone Limited. This transaction will complete on 27 June 2007.

(j) On 7 June 2007, the Company entered into a share exchange agreement with Compañia de Inversiones y Asesorias S.A. whereby that person agreed to transfer the entire issued share capital (save for one share) of Asesorias, Ingenieria y Sistemas Logisticos S.A. to the Company, in return for 4,102,933 Ordinary Shares. This transaction will complete on 27 June 2007.

(k) Upon completion of the transfer of such shares in Asesorias, Ingenieria y Sistemas Logisticos S.A. to the Company, such shares shall be transferred by the Company to SDIGreenstone Limited pursuant to a further share exchange agreement and in exchange for ordinary shares in SDIGreenstone Limited. This transfer will complete on 27 June 2007.

(l) On 7 June 2007, the Company entered into a share exchange agreement with Dominick Donald De Sanctis, Ursitti Residuary Trust, Mary Adams, Christopher Larkins, Patrick Eidemiller, Steve Haskell, Krish Nathan and Barron De Sanctis whereby those persons agreed to transfer the entire issued share capital of SDI Industries, Inc. to the Company, in exchange for 26,202,411, 4,142,675, 7,399,031, 3,470,152, 3,470,152, 2,980,819, 2,485,604 and 3,728,406 Ordinary Shares respectively. This transaction will complete conditional on and effective from immediately prior to Admission.

(m) Within one month of Admission, as part of the Re-organisation, the Company intends to transfer its shareholdings obtained pursuant to the Re-organisation steps set out above in SDI Industries Italia srl., SDI Industries France S.A.S and Real Time Integration, Inc. down to SDI Industries, Inc. in exchange for shares in SDI Industries, Inc. and subsequently for SDI

Industries, Inc. to transfer those shareholdings to SDI Investments, Inc. in exchange for shares in SDI Investments, Inc.

(n) Within one month of Admission as part of the Re-organisation, it is intended that SDIGreenstone Limited shall transfer its shareholding obtained prior to the Re-organisation in SDI Industries France, S.A.S to SDI Investments, Inc. for cash.

(o) Within one month of Admission as part of the Re-organisation, it is intended that SDIGreenstone Limited shall transfer its shareholding obtained prior to the Re-organisation in SDI Industries Italia, srl. to SDI Investments, Inc. for cash.

Note: contractual arrangements and documentation have not yet been put in place for steps (m) to (o) of the Re-organisation. Such intra-group arrangements are intended to be finalised and implemented within one month of Admission.

3. Share capital

(a) On incorporation, the authorised share capital of the Company was £50,000 divided into 5,000,000 Ordinary Shares of 1 pence each, two of which were issued fully paid to the subscribers to the Company's memorandum of association.

(b) The following table shows the authorised and issued share capital of the Company (i) as at the date of this document; and (ii) immediately following Admission and the Placing:

	Authorised	*Number*	*Issued and fully paid*	*Number*
(i) Current	£2,000,000	200,000,000	£1,000,000	100,000,001
(ii) Immediately following Admission and the Placing	£2,000,000	200,000,000	£10,610,000	106,100,001

(c) The following alterations in the share capital of the Company have taken place in the period from the date of incorporation of the Company to the date of this document:

(i) on 9th February 2007, 500,000 Ordinary Shares were allotted at par to Gary Pyle;

(ii) on 7th June 2007, the share capital of the Company was increased from £50,000 to £2,000,000 by the creation of a further 195,000,000 Ordinary Shares;

(iii) The following allotments were made pursuant to the Re-organisation:

a) on 21 June 2007, 14,530,622 Ordinary Shares were allotted to Gordon Smith and 4,825,750 Ordinary Shares were allotted to Darcy De Thierry;

b) on 22 June 2007, 3,076,316 Ordinary Shares were allotted to Greenstone Automation Benelux B.V., 1,795,033 Ordinary Shares were allotted to Jean-Marc Moulin, 718,013 Ordinary Shares were allotted to Gilles Baulard, 892,388 Ordinary Shares were allotted to Andrea Di Bella, 123,088 Ordinary Shares were allotted to Senni Gabriele and 1,707,846 Ordinary Shares were allotted to Paul Mess; 1,014,900 Ordinary Shares were allotted to James Suggs, 1,014,900 Ordinary Shares were allotted to Robert Jackson, 1,014,900 Ordinary Shares were allotted to Ruediger Lueg, 338,300 Ordinary Shares were allotted to Robert Nesbitt, 7,442,600 Ordinary Shares were allotted to Tridis LLC.

(iv) In addition to the alterations in the share capital of the Company referred to above, the following allotments made pursuant to the Re-organisation will take place:

(a) on 27 June 2007, 615,440 Ordinary Shares will be allotted to Litavi Trade, S.L., 2,100,000 Ordinary Shares will be allotted to Gordon Smith, 307,720 Ordinary Shares will be allotted to John Hamilton and 4,102,933 Ordinary Shares will be allotted to Companía de Inversiones y Asesorias S.A.;

(b) immediately prior to Admission, 26,202,411 Ordinary Shares will be allotted to Dominick Donald De Sanctis, 4,142,675 Ordinary Shares will be allotted to Ursitti Residuary Trust, 7,399,031 Ordinary Shares will be allotted to Mary Adams, 3,470,152 Ordinary Shares will be allotted to Christopher Larkins, 3,470,152 Ordinary Shares will be allotted to Patrick Eidemiller, 2,980,819 Ordinary Shares will be allotted to Steve Haskell, 2,485,604 Ordinary Shares will be allotted to Krish Nathan and 3,728,406 Ordinary Shares will be allotted to Barron De Sanctis,

(not taking into account the issue of the New Ordinary Shares).

(d) An option to subscribe for 1,061,000 Ordinary Shares at the Placing Price has been granted to Cenkos pursuant to the Cenkos Option, exercisable at any time, in whole or in part, up to the fifth anniversary of the date of Admission. Further details of the option agreement are set out in paragraph 12(b)(iii) of this Part V below.

(e)

(i) Pursuant to a written resolution dated 7 June 2007 for the purposes of the Re-organisation the Directors were generally and unconditionally authorised in accordance with section 80 of the Act to exercise all the powers of the Company to allot relevant securities (as defined in section 80 of the Act) up to an aggregate nominal amount of £1,000,000 (representing 50 per cent. of the authorised but unissued share capital) such authority to expire on 1 June 2012; and

(ii) Pursuant to an ordinary resolution passed on 25 June 2007, the Directors were generally and unconditionally authorised in accordance with section 80 of the Act to exercise all the powers of the Company to allot relevant securities (as defined in section 80 of the Act) up to an aggregate nominal amount of £974,276 such authority to expire on the conclusion of the Annual General Meeting of the Company to be held in 2008 or on 30 August 2008, whichever is earlier; and

(iii) Pursuant to a special resolution passed on 25 June 2007 the Directors were empowered (pursuant to section 95(1) of the Act) to allot equity securities (as defined in section 94(2) of the Act) for cash pursuant to the authority described in paragraph 3(e)(ii) of this Part V of this document above as if section 89(1) of the Act did not apply to such allotment, such power being limited to (a) the allotment of equity securities by way of rights in proportion to the respective number of shares held by or deemed to be held by the holders of equity securities or other persons entitled to participate in the issue on the relevant record date, (b) the allotment of up to 6,100,000 Ordinary Shares in connection with the Placing, (c) the allotment of up to 1,061,000 Ordinary Shares pursuant to the Cenkos Option, (d) in respect of any other issue up to an aggregate nominal amount of £15,915,000, such power being expressed to expire on the date of the next annual general meeting of the Company or on 30 August 2008, whichever is the earlier.

(f) In accordance with the resolutions passed as set out in paragraph 3(e) of this Part V, the Directors currently have authority to allot Ordinary Shares in the period ending at the conclusion of the Company's Annual General Meeting in 2008 or on 30 August 2008 (whichever is the earlier) as follows:

(i) general authority pursuant to section 80 of the Act to allot up to an aggregate nominal amount of £1,974,276 (197,427,600 Ordinary Shares); and

(ii) specific authority pursuant to section 95 of the Act to make allotments for cash otherwise than *pro rata* to existing shareholders up to an aggregate nominal amount of £230,760 (23,076,000 Ordinary Shares).

(g) The authorised but unissued share capital of the Company following the Placing, (assuming full take-up) which the Directors will be authorised to allot pursuant to the authority referred to in paragraph 3(f) of this Part V of this document above, will be £913,276, representing approximately 33.33 per cent. of the Company's issued share capital once the share capital authorised to be allotted for the purposes of the Placing and the Cenkos Option has been duly allotted.

(h) Save for the allotments referred to in paragraph 3(c) of this Part V of this document above, since 5th February 2007 no capital of the Company has been allotted for cash or for a consideration other than cash.

(i) Save in respect of the Re-organisation as disclosed in paragraph 2 of this Part V of this document above, the issue of the Placing Shares and the grant of options under the Share Option Scheme and the grant of the Cenkos Option no share or loan capital of the Company is proposed to be issued or is under option or is agreed conditionally or unconditionally to be put under option. No capital of any subsidiary undertaking (as listed in paragraph 1(e) of this Part V of this document above) is proposed to be issued or is under option or is agreed conditionally or unconditionally to be put under option save that Mr. Marcelo Bueno, the minority shareholder in AISL to Brasil – Commercio Importacao e Exportacao de Equipmentos de Informatica Ltda has an option to acquire 5 per cent. of the shares in that company if certain targets are met in 2007, and a further 5 per cent. of the shares in that company if certain targets are met in 2008.

(j) The Ordinary Shares will, on Admission, rank *pari passu* in all respects and will rank in full for all dividends and other distributions thereafter declared, made or paid on the Ordinary Shares capital of the Company.

(k) The Ordinary Shares are in registered form and capable of being held in uncertificated form. None of the Ordinary Shares are being marketed or made available in whole or in part to the public in conjunction with the applications for Admission other than pursuant to the Placing. The Ordinary Shares to be issued pursuant to the Placing are being issued at the Placing Price, representing a premium of 48p over the nominal value of £0.01 each. The expected date for Admission is 2 July 2007.

(l) The currency of the issue is pounds sterling.

(m) The Company does not have in issue any securities not representing share capital.

(n) No Ordinary Shares are held by or on behalf of the Company.

(o) Upon Admission, the Existing Ordinary Shares will be diluted by the allotment and issue of 6,100,000 New Ordinary Shares, which will represent a 6.1 % dilution of the holders of Existing Ordinary Shares.

4. Memorandum and Articles

The principal objects of the Company, which are set out in clause 4 of its Memorandum of Association, are to act as a general commercial company and include to purchase, acquire and take options over any property whatever and any rights or privileges over or in respect of any property.

The Articles contain, *inter alia*, provisions to the following effect:

(a) ***Voting rights***

Subject to the provisions of the Statutes, to paragraph 4(f) of this Part V of this document below, (as reflected in the Articles) and to any special terms as to voting upon which any shares may for the time being, be held, on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by its duly appointed representative shall have one vote and on a poll every member present in person or by representative or proxy shall have one vote for every ordinary share in the capital of the Company held by him. A proxy need not be a member of the Company.

(b) ***Variation of rights***

Subject to the provisions of the Statutes, if at any time the capital of the Company is divided into different classes of shares all or any of the rights or privileges attached to any class of shares in the Company may be varied or abrogated with the consent in writing of the holders of three-fourths in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of that class. At every such separate general meeting (except an adjourned meeting), the quorum shall be two persons holding or representing by proxy at least one-third in nominal value of the issued shares of that class.

(c) ***Alteration of capital***

The Company may, subject to the provisions of the Statutes, by ordinary resolution increase its share capital, consolidate and divide all or any of its share capital into shares of a larger nominal value, sub-divide all or any of its shares into shares of a smaller nominal value and cancel any shares not taken, or agreed to be taken, by any person.

The Company may, subject to the provisions of the Statutes, by special resolution reduce or cancel its share capital or any capital redemption reserve or share premium account.

Subject to and in accordance with the provisions of the Statutes, the Company may purchase its own shares (including any redeemable shares), provided that the Company shall not purchase any of its shares unless such purchase has been sanctioned by an extraordinary resolution passed at a separate meeting of the holders of any class of shares convertible into, exchangeable for or carrying a right to subscribe for equity shares in the capital of the Company which are of the same class as those proposed to be purchased.

(d) ***Transfer of shares***

A member may transfer all or any of his shares (1) in the case of certificated shares by an instrument in writing in any usual or common form or in such other form as may be approved by the directors and (2) in the case of uncertificated shares, through CREST in accordance with and subject to the CREST Regulations and the facilities and requirements of the relevant system concerned. The instrument of transfer of a certificated share shall be executed by or on behalf of the transferor and, if the share is not fully paid, by or behalf of the transferee. The Directors may in their absolute discretion refuse to register a transfer of any partly paid share on which the Company has a lien, provided that dealings in the shares are not prevented from taking place on an open and proper basis. Subject to paragraph 4(f) of this Part V of this document below, the Articles contain no restrictions on the free transferability of fully paid shares provided that the transfer is in respect of only one class of share and is accompanied by the share certificate and any other evidence of title required by the Directors and that the provisions in the Articles relating to the deposit of instruments for transfer have been complied with.

(e) ***Dividends***

(i) The Company may by ordinary resolution declare dividends provided that no dividend shall be paid otherwise than out of profits available for distribution in accordance with the Statutes and no dividend shall exceed the amount recommended by the Directors. The Directors may from time to time pay such interim dividends as appear to the Directors to be justified by the profits of the Company.

(ii) Subject to the rights of persons, if any, holding shares with special dividend rights, and subject to paragraph 4(f) of this Part V of this document below, all dividends shall be apportioned and paid *pro rata* according to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid. No amount paid or credited as paid in advance of calls shall be regarded as paid on shares for this purpose.

(iii) All dividends unclaimed for a period of 12 years after the payment date for such dividend shall if the Directors so resolve be forfeited and shall revert to the Company.

(f) ***Suspension of rights***

If a member or any other person appearing to be interested in shares held by such member has been duly served with notice under section 793 of the Companies Act 2006 or any other provision of the Statutes concerning the disclosure of interests in voting shares and is in default in supplying to the Company within 14 days (or such longer period as may be specified in such notice) the information thereby, required, then (if the Directors so resolve) such member shall not be entitled to vote or to exercise any right conferred by membership in relation to meetings of the Company in respect of the shares which are the subject of such notice. Where the holding represents more than 0.25 per cent. of the issued shares of that class, the payment of dividends may be withheld, and such member shall not be entitled to transfer such shares otherwise than by an arms length sale.

(g) ***Return of capital***

Subject to any preferred, deferred or other special rights, or subject to such conditions or restrictions to which any shares in the capital of the Company may be issued, on a winding-up or other return of capital, the holders of Ordinary Shares are entitled to share in any surplus assets *pro rata* to the amount paid up on their ordinary shares. A liquidator may, with the sanction of an extraordinary resolution of the Company and any other sanction required by the Statutes divide amongst the members in specie or in kind the whole or any part of the assets of the Company, those assets to be set at such value as he deems fair. A liquidator may also vest the whole or any part of the assets of the Company in trustees on trusts for the benefit of the members.

(h) ***Pre-emption rights***

There are no rights of pre-emption in respect of transfers of issued Ordinary Shares under the Articles.

In certain circumstances, the Company's members may have statutory pre-emption rights under the Statutes in respect of the allotment of new shares in the Company. These statutory pre-emption rights would require the Company to offer new shares for allotment by existing shareholders on a *pro rata* basis before allotting them to other persons. In such circumstances, the procedure for the exercise of such statutory pre-emption rights would be set out in the documentation by which such shares would be offered to the Company's members.

(i) ***Borrowing powers***

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and assets both present and future (including uncalled capital) and, subject to section 80 of the Act, to issue debenture stock or any other securities whether outright or as collateral security for any debt, liability or obligation of the Company or any third party. The aggregate amount at any one time owing by the Company and all its subsidiaries in respect of monies borrowed by them or any of them (exclusive of monies borrowed by the Company or any of its subsidiaries from such companies) shall not at any time without the previous sanction of the shareholders in general meeting exceed a sum equivalent to three times the aggregate of the capital of the Company for the time being issued and paid up and the amounts standing to the credit of the share premium account, capital redemption reserve and profit and loss account of the Company and each of its subsidiary companies.

(j) ***Annual General Meeting***

An annual general meeting is to be held once every year at such time and place as may be determined by the Directors. Annual general meetings should be held within a period of not more than 15 months after the holding of the last preceding annual general meeting. Annual general meetings are called on 21 days notice in writing, exclusive of the day of which it is served or deemed to be served and of the day on which the meeting is to be held, and is to be given to all members on the register at the close of business on a day determined by the Company, such day being not more than 21 days before the day that the notice of meeting is sent. The annual general meeting may be called on shorter notice providing all members entitled to attend and vote thereat agree. The Company may specify in the notice of meeting a time, not more than 48 hours before the time fixed for the meeting, by which a person must be entered into the register in order to have the right to attend or vote at the meeting.

(k) ***Extraordinary General Meetings***

Extraordinary general meetings may be called whenever the Directors think fit or when required pursuant to the Statutes. An extraordinary general meeting at which it is proposed to pass a special resolution or a resolution of which special notice has been given to the Company shall be called on at least 21 clear days notice in writing. Any other extraordinary general meeting is to be called on at least 14 clear days notice in writing exclusive of the day on which it is served or deemed to be served and the day on which it is to be held. An extraordinary general meeting can be called on shorter notice if a majority in number of the members having a right to attend and vote at the extraordinary general meeting, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right, consent. Two members present in person or by proxy and entitled to vote shall be a quorum for all purposes.

(l) ***Directors***

Save as provided in the Articles, a Director shall not vote as a Director in respect of any contract, transaction or arrangement or proposed contract, transaction or arrangement or any other proposal whatsoever in which he has any interest which (together with any interest of any person connected with him) is to his knowledge a material interest (otherwise than by virtue of an interest in shares or debentures or other securities of or otherwise in or through the Company), and if he shall do so his vote shall not be counted, nor in relation thereto shall he be counted in the quorum present at the meeting.

A Director shall (in the absence of some other material interest than is indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution relating to any of the following matters namely:

(i) the giving of any security, guarantee or indemnity in respect of money lent or obligations incurred by him or by any other person at the request of, or for the benefit of, the Company or any of its subsidiary undertakings;

(ii) the giving of any security, guarantee or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which the Director himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

(iii) the giving of any indemnity or provision of funding in respect of liquidation procedings in accordance with the Articles unless the terms of such agreement confer upon such Director a benefit not generally available to any other Director;

(iv) an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings for subscription or purchase in which offer he is or is to be or may be entitled to participate as a holder of securities or as an underwriter or sub-underwriter;

(v) any matter involving or relating to any other company in which he or any person connected with him is interested, directly or indirectly, and whether as an officer or shareholder or otherwise, provided that he and any persons connected with him are not to his knowledge the holder (otherwise than as a nominee for the Company or any of its subsidiary undertakings) of or beneficially interested in one per cent. or more of any class of the equity share capital of such company (or of any third company through which his interest is derived) or of the voting rights available to members of the relevant company (any such interest being deemed for the purpose of the relevant Article to be a material interest in all circumstances);

(vi) an arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates; or

(vii) the purchase and/or maintenance of any insurance policy for the benefit of Directors or for the benefit of persons including Directors.

Fees may be paid out of the funds of the Company to Directors who are not managing or executive Directors at such rates as the Directors may from time to time determine provided that such fees do not in aggregate exceed the sum of £250,000 per annum (exclusive of value added tax if applicable) or such other figure as the Company may by ordinary resolution from time to time determine.

Any Director who devotes special attention to the business of the Company, or otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a director, may be paid such additional remuneration as the Directors or any committee authorised by the Directors may determine.

The Directors (including alternate directors) shall be entitled to be paid out of the funds of the Company all their travelling, hotel and other expenses properly incurred by them in connection with the business of the Company, including their expenses of travelling to and from meetings of the Directors, committee meetings or general meetings.

A Director may hold any other office or employment with the Company (other than the office of auditor) in conjunction with his office of director for such period and on such terms as the Directors may determine, and, respect to the provisions of the Statutes, no Director or intending Director shall be disqualified by his office from entering into any contract, arrangement, transaction or proposal with the Company relating to the tenure of any other such office or employment or as vendor, purchaser or otherwise, nor shall any such contract, arrangement, transaction or proposal or any contract, arrangement, transaction or proposal entered into by or on behalf of the Company in which any Director or any person connected with him is in any way interested (whether directly or indirectly) be liable to be avoided. A Director who is not liable to account to the Company for any benefit realised from any contract, arrangement, transaction or proposal by reason of such Director holding that office or of the fiduciary relationship established by that office if the Director has declared his interest in accordance with the Statutes.

The remuneration and other terms and conditions of appointment of a Director appointed to any executive office or employment with the Company shall from time to time (without prejudice to the provisions of any agreement between him and the Company) be fixed by the Directors or by any committee appointed by the Directors, and may (without limitation) be by way of fixed salary, lump sum, commission on the dividends or profits of the Company (or of any other company in which the Company is interested) or other participation in any such profits or by any combination of them.

5. Mandatory bids/squeeze outs

Other than as provided by Chapter 3 of Part 28 of the Companies Act 2006 and the City Code on Takeovers and Mergers, there are no rules or provisions relating to mandatory bids and/or squeeze-out and sell rules in relation to the Ordinary Shares.

6. Public Takeovers

There have been no public takeover bids by third parties in respect of the Company since its incorporation.

7. Directors' interests

(a) The interests of each Director and those of any person connected with them within the meaning of section 346 of the Act ("Connected Person"), all of which are beneficial in the share capital of the Company are as follows:
Directors:

	Present [1]		*Immediately following Admission*	
	Number of Ordinary Shares	*Percentage of issued share capital %*	*Number of Ordinary Shares*	*Percentage of issued share capital %*
Gordon Smith	14,530,622	37.26	12,391,476	11.70%
Gary Pyle	500,001	1.28%	500,001	0.47%
Donald De Sanctis[2]	—	—	2,620,241	2.47%
Mary Adams[3]	—	—	4,439,419	4.18%
Mark McMenemy	—	—	100,000	0.09%
Richard Arkle	—	—	100,000	0.09%

Notes:

1. It is envisaged that, pursuant to the Placing: (i) Mr Smith will sell 4,239,146 Ordinary Shares, (ii) Mr Pyle will sell no Ordinary Shares, (iii) Mr De Sanctis will sell 23,582,170 Ordinary Shares, (iv) Ms Adams will sell 2,959,612 Ordinary Shares. As at the date of this document, the allotments referred to in paragraph 3(c)(iv) of this Part V have not taken place. These allotments will take place prior to Admission.

2. As at the date of this document, neither Mr De Sanctis nor Ms Adams hold any Ordinary Shares. However, prior to Admission pursuant to the acquisition by the Company of SDI Industries, Inc. as part of the Reorganisation, 26,202,411 Ordinary Shares will be issued to Mr De Sanctis and 399,031 Ordinary Shares will be issued to Ms Adams. Further details of the said acquisition are set out in paragraph 2(l) of this Part V of this document.

3. As at the date of this document neither Mr McMenemy nor Mr Arkle hold any Ordinary Shares. However, on admission each of them will each subscribe at the Placing Price for 100,000 Ordinary Shares.

On Admission, the Company intends to implement a Long Term Incentive Plan (LTIP), which will permit the Company to make awards to employees selected by the Remuneration Committee. Awards will consists of a right to receive a number of shares for no consideration (or for nominal consideration) upon the achievement by the Company of stretching financial performance targets.

The Remuneration Committee intends that, immediately following the implementation of the LTIP, Gary Pyle will be granted three awards under the LTIP:

- An award to acquire shares with a value equal to up to 150 per cent. of salary (as at the date of grant) which equates to 428,571 Ordinary Shares, subject to the earnings per share (EPS) of the Company for the year ended 30 November 2008 being equal to or more than 6.6 pence. If the EPS is equal to 5.5 pence then he will only be able to exercise acquisition rights over 285,714 Ordinary Shares. If the EPS is between 5.5 pence and 6.6 pence then the number of shares subject to the LTIP will be adjusted pro rata. If EPS is below 5.5 pence then the award for that year will lapse.
- An award to acquire shares with a value equal to up to 150 per cent. of salary (as at the date of grant) which equates to 428,571 Ordinary Shares, subject to the earnings per share (EPS) of the Company for the year ended 30 November 2009 being equal to or more than 7.4 pence. If the EPS is equal to 6.1 pence then he will only be able to exercise acquisition rights over 285,714 Ordinary Shares. If the EPS is between 6.1 pence and 7.4 pence then the number of shares subject to the LTIP will be adjusted pro rata. If EPS is below 6.1 pence then the award for that year will lapse.
- An award to acquire shares with a value equal to up to 150 per cent. of salary (as at the date of grant) which equates to 428,571 Ordinary Shares, subject to the earnings per share (EPS) of the Company for the year ended 30 November 2010 being equal to or more than 8.5 pence. If the EPS is equal to 7.1 pence then he will only be able to exercise acquisition rights over 285,714 Ordinary Shares. If the EPS is between 7.1 pence and 8.5 pence then the number of shares subject to the LTIP will be adjusted pro rata. If EPS is below 7.1 pence then the award for that year will lapse.

On 25 June 2007 Gary Pyle was granted options over 500,000 Ordinary Shares pursuant to the Share Option Scheme for nil consideration, such options to be exercisable from 25 June 2010 at an exercise price of 49 pence per Ordinary Share.

(b) Save as disclosed above, no Director has any interest in the share capital or loan capital of the Company or any of its subsidiaries nor does any person connected with the Directors (within the meaning of section 346 of the Companies Act 1985) have any such interests, whether beneficial or non-beneficial.

(c) The Directors have held the following directorships and/or been a partner in the following partnerships within the five years prior to the date of this document:

(i) ***Gordon Roger Smith***

Current directorships/partnerships:
FSH Poland sp. z o.o.
Greenstone Consulting Limited
Greenstone Fabrication Services Limited
Greenstone Refrigeration Services Limited
Rantail Properties Limited
SDI Promech B.V.
SDIGA Properties Limited
SDIGreenstone Limited

Previous directorships/partnerships over the last five years:
Jarman Way Management Company Limited

(ii) ***Gary Steven Pyle***

Current directorships/partnerships:
Pursuit Dynamics plc
Pursuit Dynamics, Inc.
Pursuit Fire Limited
Pursuit Processing Equipment Ltd

Pursuit Marine Drive Limited
Pursuit Resources Limited
Pursuit Turbine Cooling Limited
SDIGreenstone Limited

Previous directorships/partnerships over the last five years:
Ion Medicare Limited
Hardcastle Burton

(iii) ***Dominick Donald De Sanctis***

Current directorships/partnerships:
D & R Rentals, LLC
SDI Australasia Pty. Limited
Real Time Integration, Inc.
SDI Industries France S.A.S.
SDI Industries Italia srl.
SDI Industries, Inc.
SDI Investments, Inc.

Previous directorships/partnerships over the last five years:
None

(iv) ***Mary Adams***

Current directorships/partnerships:
SDI Industries, Inc.

Previous directorships/partnerships over the last five years:
Adlar LLC
French Investments LLC
Nardone's LLC
Pierce Investments LLC
Riverview Investments LLC
Tridis LLC
Waterhouse LLC

(v) ***Mark McMenemy***

Current directorships/partnerships:
C & J Clark Inc.
C & J Clark North America Limited
Monsoon Accessorize International Limited
Pensive Solutions Limited

Previous directorships/partnerships over the last five years:
Childrens World Limited
Monsoon Accessorize Limited
Monsoon Holdings Limited
Monsoon plc
Mothercare plc
Mothercare UK Limited
Storehouse Finance plc

(vi) ***Richard Arkle***

Current directorships/partnerships:
Volex Group plc
Cash Management Systems Limited

Previous directorships/partnerships:
KPMG LLP

(d) Save as disclosed above, no Director:

(i) has any unspent convictions in relation to indictable offences;

(ii) has been bankrupt or the subject of an individual voluntary arrangement, or has had a receiver appointed to any asset of such Director;

(iii) has been a director of any company which, while he was a director at the time of or within the twelve months preceding such events, had a receiver appointed or went into compulsory liquidation, creditors' voluntary liquidation, administration or company voluntary arrangement, or made any composition or arrangement with its creditors generally or with any class of its creditors;

(iv) has been a partner of any partnership which, while he was a partner at the time of or within the twelve months preceding such events, went into compulsory liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset:

(v) has had any public criticism by statutory or regulatory authorities (including recognised professional bodies); or

(vi) has been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

(e) So far as the Directors are aware, no person, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.

(f) So far as the Directors are aware, there are no arrangements the operation of which may at a later date result in a change of control of the Company.

(g) Save as disclosed in paragraph 7(a) of this Part V above, and as set out below the Company is not aware of any person who is directly or indirectly interested in 3 per cent. or more of the issued share capital or voting rights of the Company:

	Immediately following Admission	*Percentage of total issued share capital*
F&C Asset Management plc	7,500,000	7.07%
Artemis Investment Management	4,900,000	4.62%
Legal & General Investment Management	4,600,000	4.34%
UBS Global Asset Management	3,815,000	3.60%
Polar Capital Partners	3,700,000	3.49%
M&G Investment Management Limited	3,200,000	3.02%

(h) None of the Company's major holders of shares listed above has voting rights which are different from other holders of Ordinary Shares.

(i) There are no loans made or guarantees granted or provided by any member of the Group to or for the benefit of any Director.

(j) No Director is or has been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Group and which was effected by the Company or any of its subsidiaries during the current or immediately preceding financial year or which was effected by the Company or any of its subsidiaries during any earlier financial year and remains in any respect outstanding or unperformed.

8. Directors' service contracts

(a) Gordon Smith has entered into a service agreement with the Company dated 25 June 2007 subject to termination upon 12 months' notice by either party. This agreement provides for an annual salary of £190,000, a car allowance of £15,000 per annum, membership of a private medical scheme, entitlement to participate in a permanent health insurance scheme if set up by the Company and life assurance cover.

(b) Gary Pyle has entered into a service agreement with the Company dated 25 June 2007 subject to termination upon 12 months' notice by either party. This agreement provides for an annual salary of £140,000, a car allowance of £11,000 per annum, membership of a private medical scheme, entitlement to participate in a permanent health insurance scheme if set up by the Company and life assurance cover.

(c) The services of Mark McMenemy as non-executive Director and Chairman are provided under the terms of an agreement with the Company for an initial period of three years, continuing thereafter subject to termination upon at least one months' notice, at an initial fee of £50,000 per annum.

(d) The services of Richard Arkle as non-executive Director are provided under the terms of an agreement with the Company for an initial period of three years, continuing thereafter subject to termination upon at least one months' notice, at an initial fee of £30,000 per annum.

(e) SDI Industries, Inc. has entered into a consultancy agreement with Emerald Spring Industries, Inc. for the provision of consultancy and managerial services to that company. Emerald Spring Industries, Inc. is wholly owned by Mr De Sanctis. The agreement states that (if elected), Mr De Sanctis will be a director of SDI Industries, Inc. and the annual fee for these consultancy and managerial services is U.S.$336,000. The term of the agreement is 12 months with automatic renewal after a further 12 months subject to non-renewal on 12 months' notice by either party.

(f) Mary Adams is an employee of SDI Industries, Inc., although she has not entered into a service agreement with that company. She receives an annual salary of US $200,000.

(g) Save as set out in this paragraph 8 above, there are no service agreements in existence between any of the Directors and the Company or any of its subsidiaries which cannot be determined by the employing company without payment of compensation (other than statutory compensation) within one year.

9. The Board and corporate governance

Corporate Governance

The Board supports the highest standards of corporate governance and bases its arrangements on the Combined Code. The following summary shows how, in the period ending 30 November 2007, the Board intends to apply the 14 principles of good governance set out in section one of the Combined Code.

The Directors have been made aware of the Combined Code recommendation that, where they have concerns that cannot be resolved about the running of the Company or a proposed action, they should ensure that their concerns are recorded in the Board minutes. Non-executive Directors have also been made aware of the recommendation that, on resignation, they should provide a written statement to the Chairman, for circulation to the Board, if they have any such concerns.

The Combined Code attaches importance to boards having processes for individual and collective performance evaluation. The Board has accordingly reviewed and updated existing processes for evaluating its operation and performance, including committees.

For the individual performance evaluation, executive Directors are assessed by the Remuneration Committee against annual performance targets. The Chairman talks to each non-executive Director at least annually about a review of their performance. The senior independent non-executive Director leads an evaluation process of the performance of the Chairman in discussion with the other non-executive Directors, taking into account of the views of the executive Directors.

Where a non-executive Director stands for re-election, the Chairman will confirm to Shareholders whether he is satisfied following formal performance evaluation that the person's performance continues to be effective and that the person continues to demonstrate commitment to the role.

Committee details

Remuneration Committee

The Remuneration Committee comprises three independent non-executive Directors.

The members of the Remuneration Committee are:

- Mark McMenemy (*chairman*)
- Gordon Smith
- Richard Arkle

The Remuneration Committee will meet at least once each year and shall hold further meetings at its discretion. Any member of the Remuneration Committee has the power to call a meeting.

The chairman of the Remuneration Committee is appointed by the Board on the recommendation of the Nomination Committee. The quorum for the Remuneration Committee is two and in the absence of the chairman, the other members present shall choose one of them to chair the meeting.

The duties of the Remuneration Committee are to:

- determine and agree with the Board the framework or broad policy for the remuneration of the Chairman, executive Directors and any other members of the executive management that the Board delegates to it;
- determine the remuneration policy and individual remuneration packages including bonuses, incentive payments, share options, pension arrangements and any other benefits;
- determine targets for any performance related pay schemes and to ask the Board, where appropriate, to seek shareholder approval for any long term incentive arrangements;
- determine the contractual terms on termination and individual termination payments, ensuring that compensation commitments do not have the effect of rewarding poor performance and the duty of the individual to mitigate loss is fully recognised;
- ensure that remuneration packages and arrangements are fair to the individual and the Company, and give due regard to the comments and recommendations of the Combined Code, the AIM Rules for Companies and associated guidance;
- be told of and be given the chance to advise on any major changes in employee benefit structures in the Group;
- recommend and monitor the level and structure of remuneration for senior managers below Board level as determined;
- examine and authorise claims for expenses from the Chief Executive and from the Chairman; and
- recommend an annual report for the Board to put to shareholders on executive remuneration compliant with relevant legal and regulatory provisions.

The Remuneration Committee is authorised by the Board to:

- investigate any activity or state of affairs within its terms of reference;
- seek any information it requires from any employee or officer of the Company in order to perform its duties;
- select, set the terms of reference for and appoint remuneration consultants, at the Company's expense; and
- obtain, at the Company's expense, outside legal or other professional advice where necessary in the course of its activities and to require the attendance of outsiders with relevant experience and expertise if it considers it necessary.

Audit Committee

The purpose of the Audit Committee is to provide formal and transparent arrangements for considering how to apply the financial reporting and internal control principles set out in the Combined Code and to maintain an appropriate relationship with the Company's auditors.

The members of the Audit Committee are:

- Richard Arkle (*chairman*)
- Mark McMenemy

The Audit Committee will be responsible for reviewing the scope, results and cost-effectiveness of internal and external audit, and has delegated power from the Board to exercise the power from Shareholders to agree fees for external auditors. The Audit Committee will be responsible for satisfying itself on the effectiveness of the Company's internal audit function and on the independence, objectivity and effectiveness of external auditors. The Audit Committee will review the operation of internal controls and, from the coming year, will report to the Board on the annual review of the internal control and risk management.

Nomination Committee

The purpose of the Nomination Committee is to establish a formal, rigorous and transparent process for the appointment of new Directors.

The members of the Nomination Committee are:

- Mark McMenemy (*chairman*)
- Gordon Smith
- Richard Arkle

A majority of Nomination Committee members are independent non-executive Directors.

The function of the Nomination Committee is to provide a formal, rigorous and transparent procedure for the appointment of new directors to the Board. In carrying out its duties, the Nomination Committee is primarily responsible for:

- identifying and nominating candidates to fill Board vacancies;
- reviewing and evaluating the structure, size and composition of the Board with regard to the balance of skills, knowledge and experience and making recommendations accordingly;
- reviewing the time requirements of non-executive Directors;
- giving full consideration to succession planning; and
- reviewing the leadership of the Group.

10. Related party transactions

Other than in respect of the Re-organisation and as set out in Section A of Part III of this document, the allotments referred to in paragraph 3(c) of this Part V above the Company has not entered into any related party transaction in the period up to the date of Admission.

11. Placing arrangements

On 26 June 2007, the Company (1), the Directors (2), the Selling Shareholders (3) and Cenkos (4) entered into the Placing Agreement pursuant to which Cenkos has agreed, conditional upon, *inter alia*, Admission taking place on or before 8.00a.m. on 2 July 2007 (or such later time or date as the Company and Cenkos shall agree being not later than 16 July 2007) to use its reasonable endeavours to arrange for relevant placees to subscribe for the Placing Shares. The Placing has not been underwritten. The Company will pay to Cenkos a corporate finance fee of £1.07 million and a commission equal to 4.5 per cent. of the total aggregate value at the Placing Price of the New Ordinary Shares together with all costs and expenses and VAT where appropriate. The Selling Shareholders will pay to Cenkos a commission equal to 1 per cent. of the total aggregate value at the Placing Price of the Sale Shares. The Placing Agreement provides for the payment by the Company of all expenses of and incidental to the Placing and the application for Admission, including the fees and costs of other professional advisers, all costs relating to the Placing including printing, advertising and distribution charges, the fees payable in connection with Admission and the fees of the registrars. The Placing Agreement contains certain warranties given by the Company and the Directors in favour of Cenkos and an indemnity from the Company in favour of Cenkos. Cenkos may terminate the Placing Agreement in specified circumstances prior to Admission, including in the event of a breach of the warranties contained in the Placing Agreement. The liability of the Directors is limited in certain respects.

Pursuant to the Placing Agreement, the Directors, other than Mark McMenemy and Richard Arkle, and the Selling Shareholders entered into lock-in arrangements with the Company and Cenkos pursuant to which they have agreed: (i) not to dispose of any of their Restricted Shares at any time during the First Restricted Period, (ii) not to dispose of more than 50 per cent. of their Restricted Shares at any time during the Second Restricted Period. The exceptions to the lock-in include a transfer pursuant to acceptance of a takeover, transfers to a connected person or family trust, transfers in connection with certain group re-organisations, transfers required by order of a competent court, transfers to beneficiaries of a Shareholder following death and otherwise with the consent of Cenkos and the Company. For these purposes, "Restricted Shares" means any Ordinary Shares held by a Shareholder or any of his connected persons, "First Restricted Period" means the period from the date of Admission to the second anniversary of the date of Admission and "Second Restricted Period" means the period from the second anniversary of the date of Admission to the third anniversary of the date of Admission.

12. Material contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company and its subsidiaries during the two years preceding the date of this document and are or may be material:

(a) Contracts relating to the Re-organisation:

(i) A share exchange agreement (as described in paragraph 2(a) (above)) dated 7 June 2007 between Darcy De Thierry (1), Gordon Smith (2) and the Company (3), whereby the Company agreed to purchase 80 "A" Ordinary Shares and 26 "B" Ordinary Shares together constituting 80% of the issued share capital of SDIGreenstone Limited in consideration for Ordinary Shares. This agreement contains warranties in favour of the Company in respect of title to the shares sold, the share capital of SDIGreenstone Limited, the interests of SDIGreenstone Limited in other corporate entities and the information supplied to the Company by the sellers. This agreement contains an indemnity for any liability of the target company for taxation which arises on or before completion of this agreement provided that such indemnity shall not apply where the liability in question was provided for in the most recent accounts of the target company or arose in its ordinary course of business after that date. Such indemnity is only payable where the liability or liabilities in question total more than £100,000.

(ii) A share exchange agreement dated 7 June 2007 between Greenstone Automation Benelux B.V. (1) and the Company (2), whereby Greenstone Automation Benelux B.V. agreed to sell shares in SDI Promech B.V. to the Company, in return for Ordinary Shares (as described in paragraph 2(b) (above)). This agreement contains warranties in favour of the Company in respect of title to the shares sold, the share capital of SDI Promech B.V., the interests of SDI Promech B.V. in other corporate entities and the information supplied to the Company by the seller. This agreement contains an indemnity for any liability of the target company for taxation which arises on or before completion of this agreement provided that such indemnity shall not apply where the liability in question was provided for in the most recent accounts of the target company or arose in its ordinary course of business after that date. Such indemnity is only payable where the liability or liabilities in question total more than £100,000.

(iii) An asset transfer agreement dated 7 June 2007 between Greenstone Automation Benelux B.V. (1) and SDI Promech B.V. (2) whereby certain parts of Greenstone Automation Benelux B.V.'s business were transferred to SDI Promech B.V. by Greenstone Automation Benelux B.V. in exchange for shares in SDI Promech B.V. (as described in paragraph 2(b) (above)).

(iv) A share exchange agreement dated 7 June 2007 between Greenstone Automation Benelux B.V. (1) and the Company (2), whereby Greenstone Automation Benelux B.V. agreed to sell shares in SDI Promech B.V. to the Company in return for Ordinary Shares (as described in paragraph 2(c) (above)). This agreement contains warranties in favour of the Company in respect of title to the shares sold, the share capital of SDI Promech, B.V., the interests of SDI Promech B.V. in other corporate entities and the information supplied to the Company by the seller. This agreement contains an indemnity for any liability of the target company for taxation which arises on or before completion of this agreement provided that such indemnity shall not apply where the liability in question was provided for in the most recent accounts of the target company or arose in its ordinary course of business after that date. Such indemnity is only payable where the liability or liabilities in question total more than £100,000.

(v) A share exchange agreement dated 7 June 2007 between Jean-Marc Moulin (1), Gilles Baulard (2) and the Company (3), whereby the Company agreed to purchase shares in SDI Industries France S.A.S. in return for Ordinary Shares (as described in paragraph 2(d) (above)). This agreement contains warranties in favour of the Company in respect of title to the shares sold, the share capital of SDI Industries France S.A.S., the interests of SDI Industries France S.A.S. in other corporate entities and the information supplied to the Company by the sellers. This agreement contains an indemnity for any liability of the target company for taxation which arises on or before completion of this agreement provided that such indemnity shall not apply where the liability in question was provided for in the most recent accounts of the target company or arose in its ordinary course of business after that date. Such indemnity is only payable where the liability or liabilities in question total more than £100,000.

(vi) A share exchange agreement dated 7 June 2007 between Andrea Di Bella (1), Senni Gabriele (2) and the Company (3), whereby the Company agreed to purchase shares in SDI Industries Italia srl. in return for Ordinary Shares (as described in paragraph 2(e) (above)). This agreement contains warranties in favour of the Company in respect of title to the shares sold, the share capital of SDI Industries Italia srl. the interests of SDI Industries Italia srl. in other corporate entities and the information supplied to the Company by the sellers. This agreement contains an indemnity for any liability of the target company for taxation which arises on or before completion of this agreement provided that such indemnity shall not apply where the liability in question was provided for in the most recent accounts of the target company or arose in its ordinary course of business after that date. Such indemnity is only payable where the liability or liabilities in question total more than £100,000.

(vii) A share exchange agreement dated 7 June 2007 between Paul Mess (1) and the Company (2), whereby the Company agreed to purchase Paul Mess's partnership interest in MSM Automations GmbH & Co KG in return for Ordinary Shares (as described in paragraph 2(f) (above)). This agreement contains warranties in favour of the Company in respect of title to the interest sold, the partnership structure of MSM Automations GmbH & Co KG, the interests of MSM Automations GmbH & Co KG in other corporate entities and the information supplied to the Company by the seller. This agreement contains an indemnity for any liability of the target company for taxation which arises on or before completion of this agreement provided that such indemnity shall not apply where the liability in question was provided for in the most recent accounts of the target company or arose in its ordinary course of business after that date. Such indemnity is only payable where the liability or liabilities in question total more than £100,000.

(viii) A share exchange agreement dated 7 June 2007 between James Suggs (1), Robert Jackson (2), Ruediger Lueg (3), Robert Nesbitt (4) and Tridis LLC. (5) and the Company (6), whereby the Company agreed to purchase shares in Real Time Integration, Inc. in return for Ordinary Shares (as described in paragraph 2(g) (above)). This agreement contains warranties in favour of the Company in respect of title to the shares sold, the share capital of Real Time Integration, Inc., the interests of Real Time Integration, Inc. in other corporate entities and the information supplied to the Company by the sellers. Completion of this agreement will take place prior to Admission. This agreement contains an indemnity for any liability of the target company for taxation which arises on or before completion of this agreement provided that such indemnity shall not apply where the liability in question was provided for in the most recent accounts of the target company or arose in its ordinary course of business after that date. Such indemnity is only payable where the liability or liabilities in question total more than £100,000.

(ix) A share exchange agreement dated 7 June 2007 between Litavi Trade SL (1), John Hamilton (2), Gordon Smith (3) and the Company (4), whereby the Company agreed to purchase shares in SDIGreenstone Iberia, S.L. in return for Ordinary Shares (as described in paragraph 2(g) (above)). This agreement contains warranties in favour of the Company in respect of title to the shares sold, the share capital of SDIGreenstone Iberia S.L., the interests of SDIGreenstone Iberia S.L. in other corporate entities and the information supplied to the Company by the sellers. This agreement contains an indemnity for any liability of the target company for taxation which arises on or before completion of this agreement provided that such indemnity shall not apply where the liability in question was provided for in the most recent accounts of the target company or arose in its ordinary course of business after that date. Such indemnity is only payable where the liability or liabilities in question total more than £100,000. Completion of this agreement will take place on the service of a written notice by the Company on the sellers.

(x) A share exchange agreement dated 7 June 2007 between Compañia de Inversiones y Asesorias S.A. (1) and the Company (2), whereby the Company agreed to purchase shares in Asesorias, Ingeniería y Sistemas Logisticos S.A in return for Ordinary Shares (as described in paragraph 2(i) (above)). This agreement contains warranties in favour of the Company in respect of title to the shares sold, the share capital of Asesorias, Ingeniería y Sistemas Logisticos S.A, the interests of Asesorias, Ingeniería y Sistemas Logisticos S.A in other corporate entities and the information supplied to the Company by the sellers. This agreement contains an indemnity for any liability of the target company for taxation which arises on or before completion of this agreement provided that such indemnity shall not apply where the liability in question was provided for in the most recent accounts of the target company or arose in its ordinary course of business after that date. Such indemnity is only payable where the liability or liabilities in question total more than £100,000.

(xi) A share exchange agreement dated 7 June 2007 between Donald De Sanctis (1), Ursitti Residuary Trust (2), Mary Adams (3), Christopher Larkins (4), Patrick Eidemiller (5), Steve Haskell (6), Krish Nathan (7) and Barron De Sanctis (8) and the Company (9), whereby the Company agreed to purchase shares in SDI Industries, Inc. in return for Ordinary Shares (as described in paragraph 2(l) (above)). This agreement contains warranties in favour of the Company in respect of title to the shares sold, the share capital of SDI Industries, Inc., the interests of SDI Industries, Inc. in other corporate entities and the information supplied to the Company by the sellers. Completion of this agreement is conditional upon Admission. This agreement contains an indemnity for any liability of the target company for taxation which arises on or before completion of this agreement provided that such indemnity shall not apply where the liability in question was provided for in the most recent accounts of the target company or arose in its ordinary course of business after that date. Such indemnity is only payable where the liability or liabilities in question total more than £100,000.

(b) Material Contracts relating to Admission:

(i) A nominated adviser and broker agreement dated 26 June 2007 between the Company (1), and Cenkos as nominated adviser and broker (2) pursuant to which the Company has appointed Cenkos to act as nominated adviser to the Company and as stockbroker to the Company for the purposes of AIM. The Company has agreed to pay to Cenkos a fee of £45,000 per annum. The agreement is terminable on one months' prior notice by either party.

(ii) The Placing Agreement described in paragraph 11 above.

(iii) An option agreement dated 26 June 2007 between the Company and Cenkos pursuant to which the Company has agreed, conditional on Admission, to grant to Cenkos an option to subscribe for up to 1,061,000 Ordinary Shares. The option will vest on Admission. The exercise price in respect of the Ordinary Shares over which the option can be exercised is the Placing Price. The exercise price and the number of shares over which the option can be exercised are subject to adjustment in certain circumstances. The option will lapse at midnight on the fifth anniversary of the date of Admission to the extent that it is not exercised before that time.

13. Share Option Scheme

Prior to Admission, the Company will adopt the Share Option Scheme, the principal provisions of which are summarised below.

13.1 *Status of the Share Option Scheme*

The Share Option Scheme is designed to permit the Company to grant (or procure the grant of) qualifying enterprise management incentive ("EMI") share options within the meaning of Schedule 5 Income Tax (Earnings and Pensions) Act 2003 over Ordinary Shares. The Share Option Scheme, however, also permits the Company to grant (or procure the grant of) options which are not qualifying EMI options.

13.2 *Eligibility*

In order to qualify for participation in the Share Option Scheme, an individual must be an employee or an executive director ("Eligible Employee") of the Company or one of its subsidiaries.

13.3 *Administration*

The Share Option Scheme is governed by its rules and is administered by the Remuneration Committee. The Remuneration Committee has absolute discretion in selecting to whom options under the Share Option Scheme are to be granted and (subject to the limits set out below) in determining the number of Ordinary Shares over which an option is to be granted.

The Remuneration Committee also has the discretion to decide when options are to be granted (subject to permitted grant periods, see below), the option price and the vesting provisions.

13.4 *Grant of Options*

Options may be granted within a period of 42 days commencing on any of the following:

- the date of Admission;
- the date on which the London Stock Exchange is next open for the transaction of business following the date of the preliminary announcement of the Company's annual results or of the announcement of the Company's half year results; or
- any other date fixed by the Remuneration Committee where the committee views circumstances to be exceptional so as to justify the grant of an option.

No consideration is payable for the grant of an option.

No options may be granted more than ten years after the date of adoption of the Share Option Scheme.

The option is personal to the option holder and may not be transferred (other than on the death of an option holder, in which case the option may be exercised by his/her personal representatives).

13.5 *Participation Limits*

Following the date of Admission the number of Ordinary Shares that may be issued (or be capable of issue) pursuant to options granted under the Share Option Scheme rules shall not exceed 10 per cent. of the issued share capital of the Company from time to time.

The aggregate market value of Ordinary Shares subject to an option or options granted to an option holder in any one financial year may not exceed 100 per cent. of the option holder's base salary. The Remuneration Committee has the discretion to grant options in excess of this limit but only if the Remuneration Committee decide that there are exceptional circumstances to justify this.

Options granted on or prior to the date of Admission, options granted over Ordinary Shares already in issue and options which have lapsed or have been surrendered shall not count towards the above Share Option Scheme limits.

13.6 *Option Price*

The holder of an option under the Share Option Scheme will be entitled to acquire Ordinary Shares at a price to be determined by the Remuneration Committee at the time when the option is granted (such price not to be less than the market value of an Ordinary Share as at the date of grant).

13.7 ***Vesting and Performance Condition***

At the time of grant of an option, the Remuneration Committee has the discretion to determine:

- the date or dates following which the option may be exercised as to some or all of the Ordinary Shares under the option ("Vesting Date(s)");
- the number of Ordinary Shares which may be acquired following a Vesting Date ("Vested Shares"); and
- in the event of an option becoming exercisable before a Vesting Date (for example, in the event of a cessation of employment in the circumstances set out below or on a take-over), whether or not the number of Ordinary Shares that become Vested Shares in relation to such future Vesting Date shall be scaled-back on a time-apportioned basis ("Scaling-back").

The Remuneration Committee may also determine whether the number of Ordinary Shares that become Vested Shares on a Vesting Date is subject to the achievement of an objective performance condition.

The Remuneration Committee shall have the discretion to waive or amend a performance condition if the Company's circumstances change. Should an option become exercisable before the end of the period during which the performance conditions are measured (for example, in the event of a cessation of employment in the circumstances set out below or on a take-over), the Remuneration Committee may adjust the performance condition so that it can be measured over the reduced time period.

13.8 ***Exercise and lapse of options***

Generally an option can only be exercised in respect of Vested Shares following a Vesting Date.

Options lapse if not exercised by the tenth anniversary of the date of grant.

No option may be exercised at a time when such exercise would be in breach of the AIM Rules for Companies.

If an option holder ceases to be employed within the Group due to death, ill-health, injury, disability, redundancy, retirement or as a consequence of the company or business the option holder works for no longer being part of the Group (or in any other exceptional circumstance as determined by the Remuneration Committee in its absolute discretion), his option may be exercised as to:

- all shares that are Vested Shares as at the date of cessation of employment; and
- all shares which would have become Vested Shares on a subsequent Vesting Date subject to the satisfaction of any outstanding performance condition (as adjusted) and subject to the application of any Scaling-back.

In the event of a take-over, liquidation or demerger an option may be exercised as to:

- all shares that are Vested Shares as at the date of any such take-over, liquidation or demerger; and
- all shares which would have become Vested Shares on a subsequent Vesting Date subject to the satisfaction of any outstanding performance condition (as adjusted) and subject to the application of any Scaling-back.

If an option holder ceases to be employed within the Group in any other circumstance, all options then held by him shall lapse immediately.

As a condition of exercise of an option, an option holder must indemnify the Company (or any member of the Group) for any liability to income tax and, employee's national insurance contributions arising as a result of the exercise of the option. The Remuneration Committee also has the discretion to make it a condition of exercise that the option holder must also indemnify the Company (or any member of the Group) for any liability to employer's national insurance contributions arising as a result of the exercise of the option.

13.9 ***Issue and listing of shares***

Ordinary Shares will be allotted and issued or transferred within 30 days of the exercise of an option. Ordinary Shares allotted will rank in full for all dividends or other distributions payable by reference to a record date occurring on or after the date of allotment of such Ordinary Shares. Ordinary Shares transferred on the exercise of an option shall be transferred without the benefit of any rights attaching to the shares by reference to a record date preceding the date of exercise. In all other respects the Ordinary Shares so issued or transferred shall be identical and rank *pari passu* with the fully paid registered Ordinary Shares in issue on the date of exercise.

The Company will make an application to AIM so that upon the issue of Ordinary Shares on exercise, such Shares shall be admitted to trading on AIM.

13.10 ***Adjustments in share capital***

In the event of any variation of or increase in the share capital of the Company, the number of Ordinary Shares subject to options and/or the option price may be adjusted by the Remuneration Committee.

13.11 ***Amendments***

The board of directors of the Company may resolve to alter the rules of the Share Option Scheme. Such alterations cannot adversely affect any subsisting options without the sanction of the relevant option holders.

14. UK Taxation

The comments set out below are based on existing UK law and what is understood to be current HM Revenue & Customs practice, both of which are subject to change, possibly with retrospective effect. They are intended as a general guide only, relating only to certain limited aspects of the tax treatment of Shareholders resident for tax purposes in the UK (except insofar as express reference is made to the treatment of non-UK residents) who hold their Ordinary Shares as an investment and who are the absolute beneficial owners thereof. Certain categories of Shareholders, such as traders, broker-dealers, insurance companies and collective investment schemes, as well as Shareholders who have (or are deemed to have) acquired their shares by virtue of an office or employment or who alone control more than 5 per cent. of the Company's share capital, may be subject to special rules and this summary does not apply to them.

Shareholders who are in any doubt about their tax position, or who are resident or otherwise subject to taxation in a jurisdiction other than the UK, should consult their own professional advisers immediately.

Taxation of dividends

The Company will not be required to withhold tax at source when paying a dividend.

An individual Shareholder who is resident in the UK (for tax purposes) and who receives a dividend from the Company will be entitled to a tax credit which may be set off against the Shareholder's total income tax liability on the dividend. The tax credit will be equal to 10 per cent. of the aggregate of the dividend and the tax credit (the "gross dividend"), which is also equal to one-ninth of the cash dividend received. An individual Shareholder who is liable to income tax only at a rate or rates not exceeding the basic rate will be subject to tax on the dividend at a rate of 10 per cent. of the gross dividend, so that the tax credit will satisfy in full such Shareholder's liability to income tax on the dividend. In the case of a UK resident individual Shareholder who is liable to income tax at the higher rate, the tax credit will be set off against but not fully match the Shareholder's tax liability on the gross dividend and such Shareholder will have to account for additional tax equal to 22.5 per cent. of the gross dividend (which is also equal to 25 per cent. of the cash dividend received) to the extent that the gross dividend, when treated as the top slice of the Shareholder's income, falls above the threshold for higher rate income tax. Where the tax credit exceeds the Shareholder's tax liability, the Shareholder cannot claim repayment of the tax credit from HM Revenue & Customs.

UK resident corporate Shareholders will generally not be subject to corporation tax on dividends paid by the Company. Such Shareholders will not be able to claim repayment of tax credits attaching to those dividends.

Non-UK resident Shareholders will not generally be able to claim repayment from HM Revenue & Customs of any part of the tax credit attaching to dividends paid by the Company. An entitlement to the repayment of all or part of the tax credit may be available if there is an appropriate provision granting the entitlement under any applicable double tax treaty between the UK and the jurisdiction in which that Shareholder is resident. In most cases, however, the amount of tax credit that can be paid to non-UK Shareholders in respect of any dividend payment will be nil as a result of the terms of the relevant treaty. A Shareholder resident outside the UK may also be subject to foreign taxation on dividend income under local law. Shareholders who are not resident in the UK (for tax purposes) should obtain their own tax advice concerning tax liabilities on dividends received from the Company, whether they are entitled to claim repayment of any part of any tax credit and, if so, the procedure for doing so.

Taxation of disposals

(a) *UK resident Shareholders*

A sale or other disposal of Ordinary Shares by a Shareholder who is (at any time in the relevant UK tax year) resident or, in the case of an individual, ordinarily resident in the UK for tax purposes may give rise to a chargeable gain (or allowable loss) for the purposes of UK taxation on chargeable gains, depending upon the Shareholder's circumstances and subject to any available exemption or relief.

(b) *Individual Shareholders temporarily non-resident in the UK*

An individual Shareholder who disposes of Ordinary Shares while only temporarily not resident or ordinarily resident in the UK for tax purposes, may, under anti-avoidance legislation, still be liable to UK tax on his or her return to the UK, depending on the Shareholder's circumstances and subject to any available exemption or relief, on any chargeable gain realised on the disposal. A period of non-residence of less than five whole tax years prior to the year in which the Shareholder returns to the UK will be treated as a temporary period for these purposes.

(c) *Non-UK resident Shareholders*

Shareholders who are not resident or ordinarily resident for tax purposes in the UK and who are not affected by the rules relating to temporary non-residence referred to in (b) above will not be liable for UK tax on chargeable gains realised on the disposal of their Ordinary Shares unless such Ordinary Shares are used, held or acquired for the purposes of a trade, profession or vocation carried on in the UK through a branch or agency (or, in the case of a corporate Shareholder, a permanent establishment) in connection with which the Ordinary Shares are held. Such Shareholders may be subject to foreign taxation on any gain under local law.

UK inheritance and gift taxes

The Ordinary Shares will be assets situated in the UK for the purposes of UK inheritance tax. A gift of such assets by, or the death of, an individual holder of such assets may (subject to any available exemption or relief) give rise to a liability to UK inheritance tax even if the holder is neither domiciled in the UK nor deemed to be domiciled there under certain rules relating to long residence or previous domicile. For inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift, and particular rules apply to gifts where the donor reserves or retains some benefit. Special rules also apply to close companies and to trustees of settlements who hold Ordinary Shares, bringing them within the charge to inheritance tax. A gift or sale of an asset at an undervalue can also give rise to a capital gains tax liability on the donor. Shareholders should consult an appropriate professional adviser if they make a gift of any kind or intend to hold any Ordinary Shares though trust arrangements. They should also seek professional advice in a situation where there is potential for a double charge to UK inheritance tax and capital gains tax (or any equivalent tax in another country).

UK stamp duty and stamp duty reserve tax

Holders of Ordinary Shares will be registered on the register of the Company held by the Registrars in the UK. Persons who are a "system member" of CREST (as defined in the CREST Regulations) may elect to hold their Ordinary Shares through CREST for trading on the London Stock Exchange.

The statements in this paragraph relating to UK stamp duty and stamp duty reserve tax ("SDRT") summarise the current position and are intended as a general guide only. Certain categories of person are not generally liable to stamp duty or SDRT and others may be liable at a higher rate or may, although not primarily liable for tax, be required to notify and account for it. Special rules apply to agreements made by, amongst others, market intermediaries.

No stamp duty or SDRT will be payable on the issue of New Ordinary Shares pursuant to the Placing other than in circumstances involving depositary receipts or clearance services referred to below.

Stamp duty at the rate of 0.5 per cent. of the actual consideration paid (rounded up if necessary to the next multiple of £5) is payable on an instrument transferring Ordinary Shares. Stamp duty is normally payable by the purchaser. A charge to SDRT will also arise on an unconditional agreement to transfer Ordinary Shares (at the rate of 0.5 per cent. of the consideration paid), although the liability will be cancelled and any SDRT already paid will be repaid, generally with interest, provided that the instrument transferring Ordinary Shares is executed and duly stamped within six years of the date of the agreement or the date on which it became unconditional (as the case may be). SDRT is normally the liability of the purchaser.

Where Ordinary Shares are issued or transferred (a) to, or to a nominee for, a person whose business is or includes the provision of clearance services or (b) to, or to a nominee or agent for, a person whose business is or includes issuing depositary receipts, stamp duty or SDRT may be payable at the higher rate value of 1.5 per cent. of the amount or value of the consideration payable or, in certain circumstances, the value of the Ordinary Shares (rounded up if necessary to the next multiple of £5 in the case of stamp duty). This liability for stamp duty or SDRT will strictly be accountable by the depositary or clearance service operator or their nominee, as the case may be, but will in practice generally be reimbursed by the relevant participants in the clearance service or depositary receipt scheme. Clearance service providers may opt, provided certain conditions are satisfied, for the normal rate of stamp duty or SDRT (0.5 per cent. of the consideration paid) to apply to issues or transfers of Ordinary Shares into, and to transactions within, the clearance service instead of the higher rate of 1.5 per cent. generally applying to an issue or transfer of Ordinary Shares into the clearance service and the exemption from stamp duty and SDRT on transfer of Ordinary Shares whilst in the service.

Under the CREST system for paperless share transfers, no stamp duty or SDRT will arise on a transfer of Ordinary Shares into the system unless such a transfer is made for consideration in money or money's worth, in which case a liability to SDRT (usually at a rate of 0.5 per cent. of the consideration paid) will arise. Paperless transfers of Ordinary Shares within CREST will generally be liable to SDRT, rather than stamp duty, at the rate of 0.5 per cent. of the consideration paid. CRESTCo is obliged to collect SDRT on relevant transactions within CREST.

The sale of the Existing Ordinary Shares by the Selling Shareholders under the Placing will give rise to a liability to stamp duty and/or SDRT as described above. The Selling Shareholders will meet the liability to stamp duty of purchasers of Sale Shares that will arise on the sale of each Sale Share under the Placing at no more than the rate of 0.5 per cent. of the Placing Price. The Selling Shareholders will also meet any liability to SDRT of the purchasers on each Sale Share arising in respect of the initial transfer of the Sale Shares under the Placing by the Selling Shareholders within the CREST system at no more than the rate of 0.5 per cent. of the Placing Price.

Close companies

The Company and its UK subsidiary (SDIGreenstone Limited) will, prior to the Placing and may following the Placing, be close companies. In addition, the subsidiaries of the Group which are not UK resident would be close companies if they were UK resident. As a result, certain transactions entered into by the Company or other members of the Group may have tax implications for Shareholders. Shareholders should consult their own professional advisers on the potential impact of the close company rules.

Any person who is in any doubt as to his tax position or who may be subject to tax in any other jurisdiction should consult his professional adviser.

15. Carrying amounts

For the purposes of paragraph 160 of The Committee of European Securities Regulators' recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses no. 809/2004, carrying amounts of balances in the historical financial information of SDI Industries, Inc. and SDIGreenstone Limited with entities which will become subsidiaries under the Re-organisation are as follows:

	Value at which investment held £'000	*Receivables due from new subsidiaries £'000*	*Payables due to new subsidiaries £'000*
SDI Promech B.V. (Holland)	249	136	73
MSM Automations GmbH & Co KG (Germany)	318	53	29
SDIGreenstone Iberia, SL (Spain)	—	96	3
Asesorias, Ingeniería y Sistemas Logisticos S.A (Chile)	—	—	—
Real Time Integration, Inc. (US)	—	—	1,091

16. Investments

There are no investments being made by the Company or to be made in the future in respect of which firm commitments have been made.

17. Working capital

In the opinion of the Directors, having made due and careful enquiry and taking into account the net proceeds of the Placing the working capital available to the Group is sufficient for its present requirements, that is for at least the next twelve months from the date of Admission.

18. Litigation

No member of the Group is or has been involved in any governmental, legal or arbitration proceedings and the Company is not aware of any such proceedings pending or threatened by or against the Group during the 12 months preceding the date of this document which may have or have had in the recent past a significant effect on the financial position or profitability of the Group.

19. Details of Selling Shareholders

Details of the Selling Shareholders are as follows:

Name of Selling Shareholder	*Business Address of Selling Shareholder*	*Number of Ordinary Shares offered for sale*	*Nature of position, office or other material relationship with the Group held within the past three years*
Don De Sanctis	13000 Pierce Street Pacoima California 91331-2528 US	23,582,170	Director
Gordon Smith	11 Jarman Way Orchard Road Royston Herfordshire SG8 5HW	4,239,146	Director
Tridis LLC	13000 Pierce Street Pacoima California 91331-2528 US	2,977,040	former shareholder of Real Time Integration, Inc.
Mary Adams	13000 Pierce Street Pacoima California 91331-2528 US	2,959,612	Director
Darcy De Thierry	20 Somers Road Somers Road Industrial Estate Rugby Warwickshire CV22 7DH	1,930,300	director, employee and former shareholder of SDIGreenstone Limited
Ursitti Residuary Trust	13000 Pierce Street Pacoima California 91331-2528 US	4,142,675	shareholder of SDI Industries, Inc.
Compañia de Inversiones y Asesorias S.A.	Avenida Alonson de Córdova 5151 Officina número 303 Comuna de Las Condes Santiago Chile	1,641,173	shareholder of Asesorias, Ingenieria y Sistemas Logisticos S.A.
Barron De Sanctis	13000 Pierce Street Pacoima California 91331-2528 US	1,491,362	director and shareholder of SDI Industries, Inc.
Christopher Larkins	13000 Pierce Street Pacoina California 91331-2528 US	1,388,061	shareholder of SDI Industries, Inc.
Patrick Eidemiller	13000 Pierce Street Pacoima California 91331-2528 US	1,388,061	director and shareholder of SDI Industries, Inc.

Steve Haskell	13000 Pierce Street Pacoima California 91331-2528 US	1,192,328	shareholder of SDI Industries, Inc.
Krish Nathan	13000 Pierce Street Pacoima California 91331-2528 US	994,242	shareholder of SDI Industries, Inc.
Greenstone Automation Benelux B.V.	Parallelweg 124-27,1 948 NN Beverwijk The Netherlands	1,845,437	former shareholder of SDI Promech B.V.
Jean-Marc Moulin	1 Boulevard John Kennedy 91100 Corbeil Essonnes France	718,013	former shareholder of SDI Industries France S.A.S.
Paul Mess	Heisenberg Str. 6 48599 Giona Germany	683,138	former limited partner of MSM - Automations HmbH & Co. K.G.
Robert Jackson	1819 S. Riverview Drive Melbourne Florida 32901 US	405,960	director and former shareholder of Real Time Integration, Inc.
James Suggs	1819 S. Riverview Drive Melbourne Florida 32901 US	405,960	director and former shareholder of Real Time Integration, Inc.
Ruediger Lueg	1819 S. Riverview Drive Melbourne Florida 32901 US	405,960	director and former shareholder of Real Time Integration, Inc.
Andrea Di Bella	Genova Via D'Annunzio Gabriele 2/53 B 16121 Italy	356,955	former shareholder of SDI Industries Italia srl
Gilles Baulard	1 Boulevard John Kennedy 91100 Corbeil Essonnes France	287,205	former shareholder of SDI Industries France, S.A.S.
Litavi Trade S.L.	Barrio Les Torres 08810 St. Perede Ribes Barcelona Spain	61,544	former shareholder of SDI Greenstone Iberia S.L.
Robert Nesbitt	1819 S. Riverview Drive Melbourne Florida 32901 US	135,320	former shareholder of Real Time Integration, Inc.

John Hamilton	Parallelweg 124-27,1 948 NN Beverwijk The Netherlands	307,720	former shareholder of SDI Greenstone Iberia S.L.
Senni Gabriele	Genova Via D'Annunzio Gabriele 2/53 B 16121 Italy	49,235	former shareholder of SDI Industries Italia srl

20. General

(a) Save as disclosed in elsewhere in this document, there has been no significant change in the financial or trading position of the Company or SDIGreenstone Limited since 31 March 2007, the date to which the historical financial information on those companies have been drawn up or in the financial or trading position of SDI Industries, Inc. since 30 November 2006, the date to which the historical financial information on that company has been drawn up.

(b) PricewaterhouseCoopers LLP, a member of the Institute of Chartered Accountants for England and Wales, has given and has not withdrawn its written consent to the inclusion in this document of its reports in the form and context in which they appear.

(c) Cenkos, which is regulated by the Financial Services Authority, has given and has not withdrawn its written consent to the inclusion in this document of its name in the form and context in which it appears.

(d) The expenses of and incidental to the Placing, are estimated to amount to approximately £2.3 million (excluding VAT).

(e) There are no patents or other intellectual property rights, licences or particular contracts which are of fundamental importance to the Group's business.

(f) There are no arrangements under which future dividends are waived or agreed to be waived.

(g) The financial information set out in this document does not constitute statutory accounts within the meaning of section 240 of the Act. Since the Company was incorporated on 5th February 2007, no statutory accounts have yet been delivered to the registrar of companies.

(h) The Ordinary Shares will only be traded on AIM.

(i) The Company's registrar and paying agent for the payment of dividends is Computershare Investor Services PLC of The Pavilions, Bridgwater Road, Bristol BS13 8AE.

(j) Except for fees payable to the professional advisers whose names are set out on page 4 of this document, payments to trade suppliers, securities issued pursuant to the Re-organisation or otherwise as described in paragraph 3(c) (above), securities issued or to be issued pursuant to the Share Option Scheme, no person has received any fees, securities in the Company or other benefit to a value of £10,000 or more, whether directly or indirectly, from the Company within the 12 months preceding the application for Admission, or has entered into any contractual arrangement to receive from the Company, directly or indirectly, any such fees, securities or other benefit on or after Admission.

(k) Where information in this document has been sourced from a third party, it has been accurately reproduced and, as far as the Company is aware and is able to ascertain from the information published by the third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

(l) There is no minimum amount which, in the opinion of the Directors, must be raised under the Placing.

21. Availability of documents

Copies of this document will be available free of charge to the public on the Company's website www.sdigroup.com.

Dated: 26 June 2007

PART VI

DEFINITIONS

The following definitions apply throughout this document unless the context requires otherwise:

"Act"	the Companies Act 1985 (as amended)
"Admission"	Admission of the Existing Ordinary Shares and Placing Shares to trading on AIM becoming effective in accordance with the AIM Rules for Companies
"AIM"	AIM, the market of that name operated by the London Stock Exchange
"AIM Rules for Companies"	the AIM rules for Companies published by the London Stock Exchange, as amended from time to time
"AIM Rules for Nominated Advisers"	the AIM rules for Nominated Advisers published by the London Stock Exchange, as amended from time to time
"Articles"	the articles of association of the Company, as at the date of this document
"Audit Committee"	the audit committee of the Company as described in paragraph 9 of Part V of this document
"Board" or "Directors"	the board of directors of the Company whose names are set out on page 4 of this document
"Cenkos"	Cenkos Securities plc, the Company's nominated adviser and broker (as defined in the AIM Rules for Companies and the AIM Rules for Nominated Advisers), a member of the London Stock Exchange and regulated by the Financial Services Authority
"Cenkos Option"	the option to subscribe for Ordinary Shares granted to Cenkos, further details of which are set out in paragraph 12(b) (iii) of Part V of this document
"Company" or "SDI"	SDI Group plc, a company incorporated in England and Wales under number 06081771
"Combined Code"	the Principles of Good Governance and Code of Best Practice prepared by the Committee on Corporate Governance and issued and maintained by the Financial Reporting Council, as amended from time to time
"Construction Design and Management Regulations"	the Construction (Design and Management) Regulations 2007
"Chairman"	the Chairman of the Company from time to time
"City Code on Takeovers and Mergers"	the City Code on Takeovers and Mergers as from time to time interpreted by the Panel on Takeovers and Mergers
"Companies Act 2006"	the Companies Act 2006 (as amended)
"CREST"	the relevant system (as defined in the CREST Regulations) for paperless settlement of share transfers and the holding of shares in uncertificated form which is administered by CRESTCo
"CRESTCo"	CRESTCo Limited, the operator of CREST

"CREST Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001/3755) (as amended)
"Enlarged Share Capital"	the issued Ordinary Share capital of the Company upon Admission
"Existing Ordinary Shares"	the Ordinary Shares (including the Ordinary Shares issued or to be issued pursuant to the Re-organisation) in issue immediately prior to Admission and the issue of New Ordinary Shares
"Existing Shareholders"	the holders of Existing Ordinary Shares
"First Restricted Period"	as defined in paragraph 11 of Part V of this document
"FSMA"	the Financial Services and Markets Act 2000 (as amended)
"Group" or "SDI Group"	the Company and its subsidiaries and subsidiary undertakings on Admission
"London Stock Exchange"	London Stock Exchange plc
"New Ordinary Shares"	6,100,000 new Ordinary Shares to be issued pursuant to the Placing
"Nomination Committee"	the nomination committee of the Company as described in paragraph 9 of Part V of this document
"Official List"	the Official List of the UKLA
"Ordinary Shares"	shares of 1p each in the capital of the Company
"Placing"	the conditional placing by Cenkos of the Placing Shares at the Placing Price in accordance with the Placing Agreement and as described in this document
"Placing Price"	49 pence per Placing Share
"Placing Shares"	the New Ordinary Shares and the Sale Shares
"Prospectus Directive"	directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading
"Prospectus Rules"	the Prospectus Rules issued by the Financial Services Authority
"Remuneration Committee"	the remuneration committee of the Company as described in paragraph 9 of Part V of this document
"Re-organisation"	the re-organisation of the corporate bodies comprised in the Group, as described in paragraph 2 of Part V of this document
"Restricted Shares"	as defined in paragraph 12 of Part V of this document
"Sale Shares"	the 53,588,617 Ordinary Shares to be sold by the Selling Shareholders pursuant to the Placing
"Second Restricted Period"	as defined in paragraph 12 of Part V of this document
"Selling Shareholders"	those shareholders who are selling shares, details of which are given in paragraph 18 of Part V of this document
"Shareholder"	holder of Ordinary Shares from time to time

"Share Option Scheme"	the SDI Group PLC 2007 Unapproved Executive Share Option Scheme
"Statutes"	the Act and Companies Act 2006
"uncertificated" or "in uncertificated form"	recorded on the relevant register of Ordinary Shares as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
"UK"	United Kingdom of Great Britain and Northern Ireland
"UKLA"	the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of FSMA
"United States" or "US"	the United States of America, its territories and possessions, any state of the United States and the District of Columbia