



**SDI GROUP PLC**  
INTERIM RESULTS FOR THE  
SIX MONTHS ENDED 30 SEPTEMBER 2009

## CORPORATE STATEMENT

**SDI GROUP PLC IS A LEADING SPECIALIST  
IN THE PROVISION OF INTEGRATED  
MATERIALS HANDLING SOLUTIONS  
FOR INTERNATIONAL RETAIL, WHOLESALE,  
FULFILMENT AND E-COMMERCE  
DISTRIBUTION OPERATIONS.**

The Group's collective experience and expertise encompasses the entire spectrum of automating distribution centre operations and infrastructure, from consultation, design and build to installation, maintenance and support.

The Group designs solutions which improve distribution centre productivity and reduce costs thereby helping to increase achieved retail sales margins while supporting sales growth.

SDI Group has operations in the UK, France, Germany, Italy, Spain and the Netherlands, ensuring that customers can benefit from the strength and expertise of the Group whilst benefiting from local market knowledge and support.

SDI is committed to continuing to invest further within these local markets to grow its business.



\* TRADING OPERATIONS

## HIGHLIGHTS

REVENUE\*

**£23.1m**

(six months ended 31 May 2008: £23.0m)

PROFIT BEFORE TAX\*

**£0.3m**

(six months ended 31 May 2008: loss of £2.7m)

CASH AND CASH EQUIVALENTS\*

**£3.9m**

(six months ended 31 May 2008: £4.4m)

### Financial highlights

- \* Revenue for the six months ended 30 September 2009\* of £23.1m (six months ended 31 May 2008\*: £23.0m). This compares to approximately £15.3m revenue related to the retained European operations
- \* Profit before tax of £0.3m (Six months ended 31 May 2008\*: loss of £2.7m). This compares to a loss of approximately £1.1m in the retained European operations. The improved results of the European operations reflect the streamlining of costs to reflect business requirements and increases in revenue.
- \* Cash and cash equivalents at period end £3.9m\* (31 May 2008\*: £4.4m)

### Operational highlights

- \* Revenue increases in both contract and maintenance business
- \* Contract wins with Decathlon, TK Maxx, Jack Wills and Wolverine
- \* Encouraging levels of enquiries
- \* Continuing cost-cutting measures across the Group

### Impact of changing year end

SDI Group plc changed its period end to 31 March (previously 30 November) to be more in line with the decision making processes of major retailers. Previously it was difficult to gauge future potential orders as most retailers defer decisions until after the peak Christmas trading period. A March year end allows greater clarity.

#### IFC CORPORATE STATEMENT

- 01 HIGHLIGHTS
- 02 CHAIRMAN'S STATEMENT
- 04 CONSOLIDATED INCOME STATEMENT
- 05 CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE
- 06 CONSOLIDATED BALANCE SHEET
- 07 CONSOLIDATED CASH FLOW STATEMENT
- 08 NOTES TO THE INTERIM FINANCIAL STATEMENTS

\* AIM Rule 18 would usually require the Company to provide comparative data for the six months ended September 2008. Since the Company has changed its period end from 30 November to 31 March it does not have consolidated accounts prepared in the manner of a set of statutory accounts showing the six months ended September 2008. In consultation with the Group's advisors, it was decided that the most meaningful comparative data would be interim accounts for a corresponding six month period i.e. to 31 May 2008, results which were also reviewed, but not audited, by the Group's auditors, PricewaterhouseCoopers LLP.

These financial statements use comparative data for the six months ended 31 May 2008 for the income statement and, for the balance sheet, compares the six months as at 30 September 2009 with the six months as at 31 May 2008 and with the sixteen months as at 31 March 2009.

Although the US subsidiaries were disposed of on 22 December 2008, the income statement and the balance sheet as at 31 May 2008 include the data for the disposed subsidiaries.

## CHAIRMAN'S STATEMENT



- \* SDI continues to see a strengthening sales pipeline
- \* SDI is in a stronger operational position
- \* Services and solutions continue to be in demand

I am pleased to present SDI Group plc's interim results for the six months ended 30 September 2009.

Trading conditions over the past six months have remained challenging for our retail customers and while some observers believe there are signs the economy is improving, the outlook for the next six months is going to remain tough. Despite this, SDI continues to see a strengthening sales pipeline although, due to the capital nature of our products, customers' decision making processes remain longer than previously experienced.

The Group strategy of having a presence across a number of European countries has provided opportunities to sign new contracts with customers through the difficult economic conditions and has helped to smooth the impact of the downturn during the past six months.

The Group has continued the process of reviewing and rationalising all operations, delivering further cost savings in the six months ended 30 September 2009. The management team will continue to review each operation to ensure that the Group cost base is aligned to the current level of activity.

### FINANCIAL REVIEW

Since the Company has changed its year end from 30 November to 31 March it does not have consolidated accounts prepared in the manner of a set of statutory accounts showing the six months ended September 2008. In consultation with the Group's advisors, it was decided that the most meaningful comparative data would be the accounts for the corresponding first half of last year i.e. to 31 May 2008, results which were also reviewed, but not audited, by the Group's auditors, PricewaterhouseCoopers LLP.

The interim statement uses comparative data for the six months ended 31 May 2008 for the income statement and, for the balance sheet, compares the six months as at 30 September 2009 with the six months as at 31 May 2008 and the sixteen months ended 31 March 2009.

Revenue for the six months ended 30 September 2009 was £23.1m (six months ended 31 May 2008: £23.0m) with gross profit margins of 21.8%, which was higher than that achieved in the six months ended 31 May 2008 of 11.2%. This was supported by the continuing push to sign long term maintenance contracts which typically generate higher margins as well as giving a certainty of income.

Despite the challenging market conditions, the operating profit for the six month period was £0.3m (six months ended 31 May 2008: loss £2.7m) and is an improvement on the operating loss before exceptional items of £0.7m for the sixteen month period ended 31 March 2009.

As a comparative set of results, the retained European businesses posted an operating loss of approximately £1.1m on revenue of £15.3m, for the six months ended 31 May 2008. These financial results are based on consolidated management accounts as at 31 May 2008.

The Group's cash and cash equivalents at 30 September 2009 was £3.9m (six months ended 31 May 2008: £4.4m; sixteen months ended 31 March 2009: £5.8m).

### OPERATIONAL REVIEW

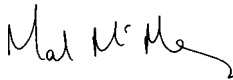
SDI's services and solutions continue to be in demand by the Group's retail customers, evidenced by the delivery of contracts with international customers such as Decathlon (France, Spain and Italy), Guess and Co-op (Italy), Wolverine (The Netherlands) and TK Maxx and Wincanton (UK).

The acquisition of PEP in April 2008 is allowing the business to concentrate all manufacturing in Germany and to benefit from the high calibre technical solutions which PEP brings to the Group, while at the same time reducing costs. The Group's geographical diversity is also providing some protection from country specific retail market downturn.

### CURRENT TRADING OUTLOOK

The level of enquiries is starting to show signs of recovery following the sustained period of economic downturn but signing new business remains challenging as our customers' decision making processes are delayed. The period immediately following Christmas will be an important indicator for the Group's future pipeline as a number of customers formalise plans for 2010.

The Group is encouraged by the increased size of projects currently being worked on in relation to twelve months ago and remains optimistic about 2010, although customer payment terms are longer than previously experienced, putting pressure on cash flow. Putting this to one side, the actions taken to streamline the business and its cost base means that, as the business moves towards 2010, it is in a stronger operational position than twelve months ago.

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**MARK MCMENEMY**  
**CHAIRMAN**  
**26 NOVEMBER 2009**

 The Group is encouraged by the increased size of projects and remains optimistic about 2010.

## CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

	Notes	Six months ended 30 September 2009 (Unaudited) £'000	Six months ended 31 May 2008 (Unaudited) £'000
<b>Continuing operations</b>			
<b>Revenue</b>	3	<b>23,068</b>	22,963
Cost of sales		<b>(18,035)</b>	(20,384)
<b>Gross profit</b>		<b>5,033</b>	2,579
Administrative expenses excluding exceptional items		<b>(4,716)</b>	(5,186)
Administrative expenses – exceptional items		—	(99)
Total administrative expenses		<b>(4,716)</b>	(5,285)
<b>Operating profit/(loss)</b>		<b>317</b>	(2,706)
Financial income		<b>159</b>	151
Financial expense		<b>(171)</b>	(27)
Net finance (cost)/income		<b>(12)</b>	124
Share of (loss) of associates		—	(40)
<b>Profit/(loss) before taxation</b>		<b>305</b>	(2,622)
Taxation		<b>(122)</b>	913
<b>Profit/(loss) for the financial period</b>		<b>183</b>	(1,709)
<b>Earnings/(loss) per ordinary share from continuing operations (in £)</b>			
– basic	4	<b>0.002</b>	(0.02)
– diluted		<b>0.002</b>	(0.02)

All of the profit/(loss) is attributable to the equity holders of the parent company.

The following notes are an integral part of this consolidated interim financial information.

All results are from continuing operations.

## CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

	<b>Six months ended 30 September 2009 (Unaudited) £'000</b>	Six months ended 31 May 2008 (Unaudited) £'000
<b>Profit/(loss) for the financial period</b>	<b>183</b>	(1,709)
Currency translation differences	(35)	749
<b>Net (expense)/income recognised directly to equity</b>	<b>(35)</b>	749
<b>Total recognised income/(expense) for the period</b>	<b>148</b>	(960)

## CONSOLIDATED BALANCE SHEET

AS AT 30 SEPTEMBER 2009

	Notes	As at 30 September 2009 (Unaudited) £'000	As at 31 May 2008 (Unaudited) £'000	As at 31 March 2009 (Audited) £'000
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment		1,384	1,735	1,498
Intangible assets		16,169	17,587	16,323
Investments in associates		—	49	—
Available-for-sale investments financial assets		—	75	—
Deferred tax assets		—	642	12
		<b>17,553</b>	20,088	17,833
<b>Current assets</b>				
Inventories		2,391	2,997	3,173
Current income tax receivable		149	433	220
Trade and other receivables	5	10,190	19,652	11,169
Cash and cash equivalents		3,902	4,413	5,816
		<b>16,632</b>	27,495	20,378
<b>Total assets</b>		<b>34,185</b>	47,583	38,211
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Deferred tax liability		112	237	—
Other payables		—	377	—
		<b>112</b>	614	—
<b>Current liabilities</b>				
Trade and other payables	6	11,270	16,151	15,344
Current income tax liability		—	314	138
<b>Total liabilities</b>		<b>11,392</b>	17,079	15,482
<b>Net assets</b>		<b>22,803</b>	30,504	22,729
<b>Equity</b>				
Called up share capital		1,091	1,091	1,091
Share premium		3,953	2,608	3,953
Other reserves		16,728	14,955	16,837
Retained earnings		1,031	11,850	848
Total equity		<b>22,803</b>	30,504	22,729
Minority interest in equity		—	—	—
<b>Total equity</b>		<b>22,803</b>	30,504	22,729

## CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

	Note	Six months ended 30 September 2009 (Unaudited) £'000	Six months ended 31 May 2008 (Unaudited) £'000	Sixteen months ended 31 March 2009 (Audited) £'000
<b>Cash flows from operating activities</b>	7	<b>(1,802)</b>	(5,857)	(223)
Interest received		159	151	255
Interest paid		(171)	(27)	(100)
Income tax paid		(65)	(137)	(754)
Cash flow from operating activities (discontinued operations)		—	—	(4,458)
<b>Net cash used by operating activities</b>		<b>(1,879)</b>	(5,870)	(5,280)
<b>Cash flows (used by)/from investing activities</b>				
Purchase of investments in subsidiary companies, net of cash acquired		—	86	(197)
Purchase of intangible assets		(13)	(37)	(215)
Purchase of plant and equipment		(176)	(404)	(1,001)
Proceeds from sale of plant and equipment		66	7	—
Cash flow from investing activities (discontinued operations)		—	—	(1,277)
<b>Net cash used in investing activities</b>		<b>(123)</b>	(348)	(2,690)
<b>Cash flows from financing activities</b>				
Dividends paid to shareholders		—	—	(982)
<b>Net cash used in financing activities</b>		<b>—</b>	—	(982)
<b>Decrease in cash and cash equivalents</b>		<b>(2,002)</b>	(6,218)	(8,952)
Cash and cash equivalents at start of period		5,816	10,137	10,137
Exchange differences		88	494	4,631
<b>Cash and cash equivalents at end of period</b>		<b>3,902</b>	4,413	5,816

# NOTES TO THE INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

## 1 BASIS OF PREPARATION

This financial information comprises a Consolidated balance sheet as at 30 September 2009 and related Consolidated income statement, Consolidated statement of recognised income and expense, Consolidated cash flow statement and related notes for the six months then ended of SDI Group plc (hereinafter referred to as 'financial information').

The interim financial results are unaudited and do not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the sixteen months ended 31 March 2009 were approved by the Board of Directors on 2 July 2009 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified and did not contain a statement under Section 498 of the Companies Act 2006.

AIM Rule 18 would usually require the Company to provide comparative data for the six months ended September 2008. Since the Company has changed its period end from 30 November to 31 March it does not have consolidated accounts prepared showing the six months ended September 2008 in the manner of a set of statutory accounts.

In consultation with the Group's advisors, it was decided that the most meaningful comparative data would be interim accounts for a corresponding six month i.e. to 31 May 2008, results which were also reviewed, but not audited, by the Group's auditors, PricewaterhouseCoopers LLP.

These financial statements use comparative data for the six months ended 31 May 2008 for the income statement and, for the balance sheet, compares the six months as at 30 September 2009 with the six months as at 31 May 2008 and with the sixteen months as at 31 March 2009.

The income statement and balance sheet as at 31 May 2008 include the data for the disposed of subsidiaries.

## 2 ACCOUNTING POLICIES

The accounting policies adopted in the financial information are consistent with those of the annual financial statements for the sixteen months ended 31 March 2009, as described in those financial statements.

### ASSETS HELD-FOR-SALE

Assets are classified as assets held-for-sale and stated at the lower of carrying amount and fair value, less costs to sell, representing the amount to be recovered through a sale transaction rather than through continuing use.

## 3 SEGMENTAL INFORMATION

### GEOGRAPHICAL SEGMENTS

The business operates in only one main geographical area being Europe (UK, Holland, Germany, Italy, France and Spain).

### BUSINESS SEGMENTS

The Group operates in only one business segment, the provision of integrated materials handling solutions. 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.

### 3 SEGMENTAL INFORMATION CONTINUED

#### REVENUE

	<b>Six months ended 30 September 2009 (Unaudited) £'000</b>	Six months ended 31 May 2008 (Unaudited) £'000
<b>Geographical analysis by origin</b>		
North America	—	8,749
South America	—	1,673
Europe	<b>29,668</b>	18,793
	<b>29,668</b>	29,215
Inter-company	<b>(6,600)</b>	(6,252)
<b>Total</b>	<b>23,068</b>	22,963

	<b>Six months ended 30 September 2009 (Unaudited) £'000</b>	Six months ended 31 May 2008 (Unaudited) £'000
<b>Geographical analysis by destination</b>		
North America	<b>33</b>	7,750
South America	—	2,422
Europe	<b>29,459</b>	19,032
Asia-Pacific	<b>176</b>	11
	<b>29,668</b>	29,215
Inter-company	<b>(6,600)</b>	(6,252)
<b>Total</b>	<b>23,068</b>	22,963

### 4 EARNINGS PER SHARE

#### BASIC

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

	<b>Six months ended 30 September 2009 (Unaudited)</b>	Six months ended 31 May 2008 (Unaudited)
Continuing operations		
Profit/(loss) attributable to equity holders (in £'000)	<b>183</b>	(1,709)
Weighted average number of ordinary shares in issue (000s)	<b>109,074</b>	106,912
<b>Basic earnings/(loss) per share (in £)</b>	<b>0.002</b>	(0.02)

## NOTES TO THE INTERIM FINANCIAL STATEMENTS CONTINUED

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

### 5 TRADE AND OTHER RECEIVABLES

	<b>As at 30 September 2009 (Unaudited) £'000</b>	As at 31 May 2008 (Unaudited) £'000	As at 31 March 2009 (Audited) £'000
Trade receivables	<b>5,563</b>	12,510	7,957
Related Company receivables	<b>53</b>	197	204
Amounts due from customers for contract work	<b>3,283</b>	4,780	1,933
Other receivables	<b>992</b>	1,198	639
Loans to related parties	<b>2</b>	—	—
Prepayments	<b>297</b>	967	436
	<b>10,190</b>	19,652	11,169

### 6 TRADE AND OTHER PAYABLES

	<b>As at 30 September 2009 (Unaudited) £'000</b>	As at 31 May 2008 (Unaudited) £'000	As at 31 March 2009 (Audited) £'000
Trade payables	<b>5,489</b>	7,866	8,265
Related Company payables	<b>287</b>	103	227
Advances received for contract work	<b>442</b>	3,503	2,378
Social security and other taxes	<b>985</b>	1,321	576
Accruals	<b>3,216</b>	2,076	2,364
Other liabilities	<b>576</b>	968	976
Deferred purchase consideration	<b>275</b>	314	558
	<b>11,270</b>	16,151	15,344

## 7 CASH FLOW (USED BY)/GENERATED FROM OPERATIONS

	<b>Six months ended 30 September 2009 (Unaudited) £'000</b>	Six months ended 31 May 2008 (Unaudited) £'000	Six months ended 31 March 2009 (Audited) £'000
Profit/(loss) before income tax	<b>305</b>	(2,622)	(1,584)
Adjustments for:			
Amortisation of intangible assets	<b>52</b>	99	573
Depreciation of tangible fixed assets	<b>194</b>	177	664
Share options granted to employees	<b>(68)</b>	34	42
Loss/(gain) on the disposal of plant property and equipment	<b>16</b>	(7)	112
Interest expense	<b>171</b>	27	100
Interest income	<b>(159)</b>	(151)	(255)
Share of loss from associates	<b>—</b>	40	—
Changes in working capital:			
Decrease/(increase) in inventories	<b>782</b>	(274)	(2,578)
Decrease/(increase) in trade and other receivables	<b>979</b>	(5,462)	(6,527)
(Decrease)/increase in trade and other payables	<b>(4,074)</b>	2,282	9,230
<b>Total net cash flow used by operations</b>	<b>(1,802)</b>	(5,857)	(223)

Aggregate cash flows arising from business combinations are presented separately on the face of the cash flow statement and are classified as investing activities, in accordance with IAS 7, 'Cash flow statements'.

Therefore, movements in working capital included within operating cash flows and presented above exclude working capital changes arising from business combinations.

## NOTES TO THE INTERIM FINANCIAL STATEMENTS CONTINUED

### FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

#### 8 BUSINESS COMBINATIONS

On 11 April 2008, SDI Group plc exchanged 2,973,077 shares and £803,000 cash for 100% of the voting shares of PEP Fordertechnik GmbH, PEP Anlagenbau GmbH, PEP Systemtechnik GmbH and Innova Plast Kunststofftechnik GmbH, a group of privately held, Germany based companies. The acquisition was accounted for in accordance with IFRS 3, 'Business combinations' using the purchase method. The fair value of the shares is taken as the price on the date of completion.

The acquired businesses contributed revenues of £908,000 and profit before tax after the amortisation of the backlog and contract pipeline of £13,000 to the Group for the period 11 April 2008 to 31 May 2008.

Details of net assets acquired and goodwill are as follows:

	£'000
Purchase consideration:	
– fair value of shares issued	1,375
– fair value of cash paid	803
– direct costs relating to the acquisition	133
Total purchase consideration	2,311
Fair value of net assets acquired	(187)
Goodwill	2,124

The goodwill is attributable to the workforce of the acquired businesses.

Goodwill is determined provisionally on these business combinations. IFRS 3 allows twelve months for the finalisation of the goodwill calculation in order to adjust for estimates such as taxation. Management does not expect any significant changes.

## 8 BUSINESS COMBINATIONS CONTINUED

The assets and liabilities as of 11 April 2008 arising from the acquisition of PEP Fordertechnik GmbH, PEP Anlagenbau GmbH, PEP Systemtechnik GmbH and Innova Plast Kunststofftechnik GmbH are as follows:

	Fair value £'000	Acquiree's carrying amount £'000
Cash and cash equivalents	739	739
Property, plant and equipment	311	128
Intangible assets	344	6
Inventories	427	427
Trade and other receivables	1,805	1,805
Trade and other payables	(3,293)	(3,293)
Deferred tax liability	(146)	—
Net assets acquired	187	(188)

The fair value of the intangible assets includes £338,000 for the valuation of the backlog and sales pipeline and the fair value of the tangible assets includes £183,000 for tooling.

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