Global Specialists in Integrated Security Systems

Synectics plc

Annual Report and Accounts for the year ended 30 November 2015

We design, deliver and manage integrated security and surveillance systems for the world's most demanding security environments

Oil & Gas

Gaming

Transport & Infrastructure

High Security & Public Space

In this report

Visit our investor website for up to the minute news and announcements: www.synecticsplc.com

Securing assets, livelihoods and people in demanding environments is what we do best. We help to protect oil rigs in the harsh conditions of the North Sea, frenetically busy international airports, cash-intensive casinos, and entire urban transport networks.

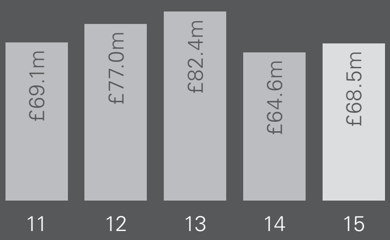
It is our highly evolved Synergy 3 technology – combined with deeply committed people whose expertise and focus are, we believe, unparalleled – that makes all the difference. Our customers know they can have total trust in our solutions, and depend on us to deliver what they need, where they need it.

Headlines

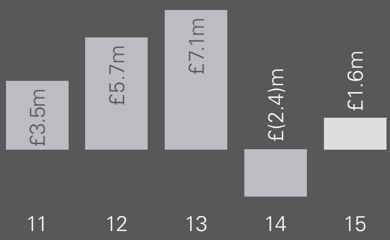
- Revenue up 6% to £68.5 million (2014: £64.6 million)
- Underlying profit* £1.6 million (2014: underlying loss* £2.4 million)
- Profit before tax £0.5 million (2014: loss before tax £3.7 million)
- Underlying diluted EPS* 8.0p (2014: (14.0)p)
- Diluted EPS 2.5p (2014: (20.6)p)
- Net cash at 30 November 2015 £0.5 million (2014: net debt £6.1 million)
- Year-end order book £26.6 million (2014: £28.6 million)
- Successful implementation of profit recovery plan
- Modest dividend restored with recommended payment of 1.0p per share

Financial overview

Revenue
+6%

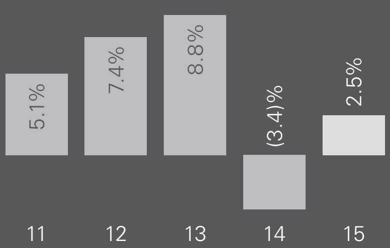


Underlying profit/(loss)* before tax
+167%

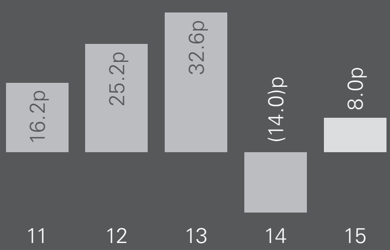


* Underlying profit/(loss) represents profit/(loss) before tax and non-underlying items (which comprise restructuring costs, share-based payment charge and amortisation of acquired intangibles). Underlying earnings per ordinary share are based on profit/(loss) after tax but before non-underlying items.

Underlying operating margin**
+5.9%



Underlying diluted EPS*
+157%



** Underlying operating margin represents underlying operating profit/(loss) as a percentage of revenue, where underlying operating profit/(loss) represents underlying profit/(loss) before tax before charging finance income and finance costs.

Where security and surveillance are fundamental to our customers' operations, Synectics will deliver

Who we are

We are security and surveillance experts who create solutions for security and surveillance experts. Everything we do comes from a deep understanding of our customers and their needs. They know they can rely on us to listen to them and ensure that every solution is adapted exactly to meet their own set of challenges.

What makes us tick

We want our customers to have complete peace of mind, knowing that the people, assets and livelihoods that they are responsible for protecting are safe.

We understand the pressures our customers face and we develop solutions they can absolutely depend on.

Where we operate

We work across four core sectors:

- Oil & Gas
- Gaming
- Transport & Infrastructure
- High Security & Public Space

Across three continents:

- Europe
- Asia
- North America

Our global reach and expertise in different (yet highly compatible) core sectors has equipped us with a rich seam of transferable knowledge. This helps us to keep innovating in existing areas of expertise and gives us scope to move into new sectors where security and surveillance are also critical.

Our structure

Our business is split into two focussed divisions: Systems and Integration & Managed Services ('IMS').

Systems provides specialist electronic surveillance systems, based on its own proprietary technology, globally to end customers with large-scale and highly complex security requirements.

IMS focusses on delivering end-to-end, high integrity security and surveillance solutions, specialist mobile systems for transport operators, as well as service-led solutions for the management of facilities and security services.

Highlights 2015

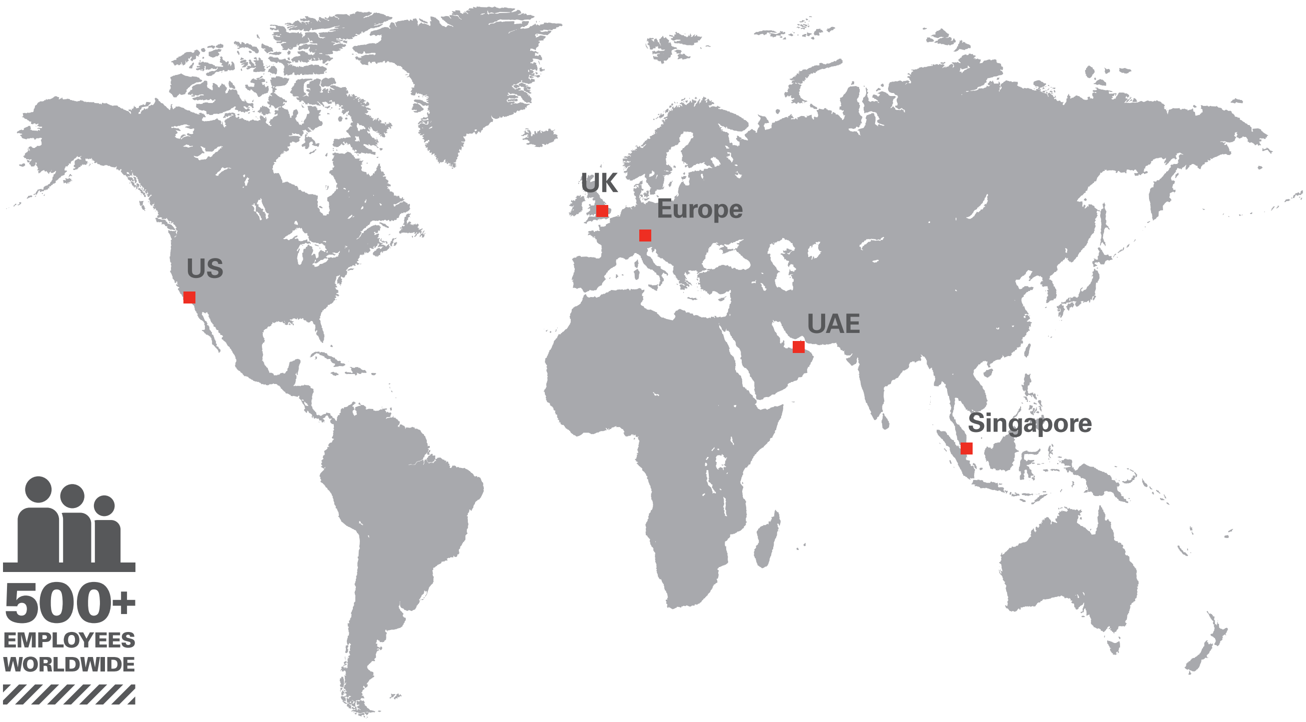
£68.5m
total sales

31.2%
gross margin

£0.5m
net cash

Five global hubs

■ Operational hubs

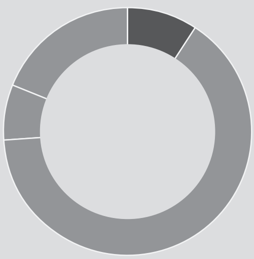


500+
EMPLOYEES WORLDWIDE

Operations by geography

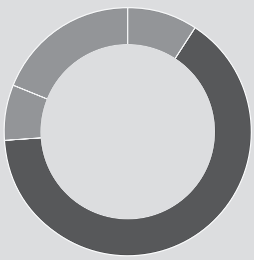
North America

Revenue
9%
£6.3m



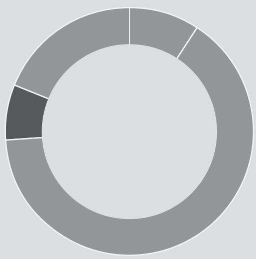
United Kingdom and Europe

Revenue
65%
£44.5m



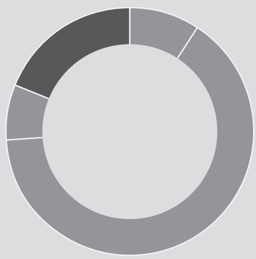
Middle East

Revenue
7%
£4.9m



Asia and Pacific

Revenue
19%
£12.8m



Our sales are measured by geographical location of contract.

"Synectics achieved its expected return to profitability after the significant downturn of the previous year. The recovery plan put in place at the beginning of the year was successfully implemented and delivered."

David Coghlan
Chairman

Overview

In 2015 Synectics achieved its expected return to profitability after the significant downturn of the previous year. The recovery plan put in place at the beginning of the year was successfully implemented and delivered across the Group. All areas of activity were profitable. In the case of our largest single end market sector, Oil & Gas, revenues recovered somewhat compared with last year, but profitability was still markedly lower than in 2013, reflecting the continued impact of delays and cancellations in industry infrastructure investment brought about by the 70% decline in the price of oil.

Within the IMS division, substantial improvements were achieved both through better management control over the delivery of large security integration projects, and through solid organic growth of revenues and margins. The mobile systems transport surveillance activities produced a particularly strong performance in the year.

Good progress was also made by management in further simplifying the Group's operating structure and in sharpening our focus on those specialist areas of the global electronic security and surveillance market where Synectics' technology and capabilities are among the best in the world.

Results

For the year to 30 November 2015, Synectics' consolidated revenue grew by 6.0% to £68.5 million (2014: £64.6 million). The Group made an underlying profit[1] of £1.6 million (2014: loss £2.4 million). After charging £1.0 million (2014: £1.4 million) for exceptional restructuring and other non-underlying costs, the consolidated profit before tax for the year was £0.5 million (2014: loss £3.7 million). Underlying diluted earnings per share was 8.0p (2014: loss per share 14.0p).

In last year's Annual Report, I stated that Synectics was expecting to generate substantial positive cash flow during 2015, as exceptionally high working capital balances caused by project delays in 2014 were unwound. I am pleased to report that this was achieved, with net cash flow from operations for the financial year of £6.9 million, and a net cash position at 30 November 2015 of £0.5 million (2014: net debt £6.1 million).

Dividend

In light of Synectics' return to profitability and much-improved cash position, the Board is recommending payment of a resumed final dividend of 1.0p per share, payable on 6 May 2016 to shareholders registered on 29 March 2016, for consideration by shareholders at the Company's Annual General Meeting on 27 April 2016.

People

I would once again like to pass on to all employees the sincere thanks of the Board and shareholders for their continued commitment and efforts last year.

During 2015 the Group significantly increased its focus on formally collating and acting on employee feedback in all areas of our activity. Senior management and the Board appreciate the valuable feedback and pay close attention to employees' comments. The results from the latest employee survey showed a desire for increased training in a number of areas, and this will be actively addressed in the current year.

Board changes

Paul Webb, previously head of the Systems division, was appointed Chief Executive from 1 February 2015. He has already brought to the role the benefits of his considerable energy and talents, as well as his deep knowledge of Synectics' technology and markets.

As previously announced, Nigel Poultney retired as Group Finance Director, and from the Board, on 30 November 2015. He will remain with Synectics on a part-time basis, as Company Secretary and to effect an extended handover to his successor, for the remainder of this year. Nigel has been with Synectics for 24 years; throughout that time he has served the Group with outstanding commitment, loyalty and skill, and I am pleased to acknowledge here the Board's most sincere gratitude to him.

Mike Stilwell was appointed to the Board as Group Finance Director on 1 December 2015, having previously served as Financial Controller. Mike joined Synectics in 2012, and we look forward to working with him now in his new role.

Finally, Michael Butler was appointed to the Board on 23 February 2016 as an independent Non-Executive Director. Michael has had a highly successful business career, most recently in the satellite communications sector where his appointments have included a substantial period as Chief Operating Officer and a main board director of Inmarsat plc. His background and skills are very relevant to Synectics' technology and markets, and are complementary to those of our other Non-Executive Directors.

Collectively, these are significant changes which should provide the Board with a positive combination of fresh viewpoints and continuity.

Strategy, organisation and financial objectives

A critical review led by Paul Webb, the Group's new Chief Executive, over the past year has confirmed our strategy of creating leadership positions within specialised sectors of the electronic security and surveillance industry, through the combination of deep sector-specific market knowledge and, where appropriate, our own proprietary technologies. These proprietary technologies are based on open systems and built around Synectics' core integration software; they are developed specifically for our chosen specialist market sectors and must provide fundamental differentiation from the offerings of mainstream suppliers in the wider electronic security market.

The other main conclusions from the review are set out in detail in the Strategic Review on pages 6 to 15. In brief summary they include that:

» the Group's transport and critical infrastructure systems activities, some elements of which are currently in different divisions, should be much more closely integrated under the umbrella of the Systems division;

» there is considerable scope to increase revenues, margins and quality of earnings through closer alignment and co-operation across the Group's current range of activities;

» more of the Group's resources and energies should be directed at a smaller sub-set of activities that are strategically relevant to the development of our business; and

» the Group should creatively devise and exploit further opportunities to expand the scope of its supply in existing market sectors, with a clear focus on selling, wherever feasible, end-to-end packages of systems and services to increasingly sophisticated and demanding customers.

The reorganisation of the Group's transport & infrastructure activities will be coupled with additional investment in sales and technical capabilities during 2016. This area is a key thrust for the Group in which we see substantial opportunity for growing Synectics' revenues through an increasingly differentiated sector-specific approach, as has already been successfully applied to the gaming and oil & gas sectors.

Over the five years to 30 November 2013, Synectics grew its revenues and profits consistently and, at the end of that period, achieved the medium-term objective set by the Board in 2010 of a consolidated operating margin in the range of 8%–10%. In 2013 the Group also invested significantly in its products, internal systems and facilities, and it is now a more sustainable and more scalable business, but with a consequent higher fixed cost base even after the recent overhead reductions.

Looking beyond the serious current dislocations in the oil & gas market, the Board's view is that Synectics remains well capable of achieving, in normal market conditions, consolidated operating profits in the same 8%–10% range as previously set.

Outlook

Synectics' expectations for 2016 are not based on any assumption of improvement in the oil & gas market. However, market volatility means that short-term forecasts are subject to higher than usual levels of uncertainty. The gaming sector appears well positioned for a good year, especially in the second half, and we expect a continuation of the improving trend in integration & managed services.

For Synectics as a whole, the Board is looking forward to a year of continued progress, though subject in some areas to an abnormally uncertain macro-economic environment.

David Coghlan
Chairman

24 February 2016

1 Underlying profit/(loss) represents profit/(loss) before tax and non-underlying items (which comprise restructuring costs, share-based payment charge and amortisation of acquired intangibles).

"On the back of this hard fought year, I am really pleased we have been able to return the business to solid profitability and significantly strengthen its cash position."

Paul Webb
Chief Executive

Overview

When I stepped into this role it was clear my immediate challenge was not to dramatically change our strategy, but to refresh the execution and refocus our efforts on areas of critical importance.

So for us, 2015 has been a year of transition during which we have tackled some tough problems and laid a platform for future growth.

Our approach to this has been fairly simple: we've provided strategic clarity, focussed on re-engaging with individuals and teams throughout the organisation and continued the process of aligning our business.

Immediate challenges

Our objective this year was simple: to get the business back on track.

With increasingly unpredictable market conditions it was very important that we retained our agility, to enable us to quickly and effectively adapt our approach, and that we continued to realise all the opportunities in the sectors we operate in.

But we had become less focussed in a number of areas of critical importance, so reinstating a 'customer first' approach was vitally important, as well as focussing on our people.

Key elements of strategy

A critical element of Synectics' strategy is to create leadership positions within specialised high-end sectors of the electronic security and surveillance industry, through the combination of deep sector-specific market knowledge and, where appropriate, our own proprietary technologies. This requires our people to be knowledgeable experts in the relevant parts of our customers' businesses. It is therefore critically important we develop, equip and retain our staff to confidently fulfil that role.

Focussing on our sector-first principle is also vital to taking our deep vertical-market expertise into new territories. The considerable success of our Gaming business over the past few years epitomises the power of this approach, as we have successfully taken a proposition previously centred on the US into the Asian market. We are applying this skill to reassess the Group's activities and effectively address the wider opportunities we can see in the transport & infrastructure market.

Our customers have consistently told us that we should act as one company, and that we had at times been slow to react to this. There is considerable scope for closer alignment and co-operation across the Group's current range of activities, and the Group's transport & infrastructure systems activities will now be much more closely integrated.

The role of Synectics in the industry

Where security and surveillance is a fundamental part of our customers' operations, it is our responsibility to be their trusted partner. We achieve this by forming close relationships with our customers, supporting them in the long term by getting to know them and their specific needs.

In the specialist sectors in which we operate, there are few companies that feel at home in those sorts of environments, and can do what Synectics does best. What we can deliver goes beyond just security and surveillance technology: we have hugely experienced people, and apply our creative intelligence to put together solutions that work.

Our people have an unrivalled level of commitment, expertise and focus that makes a huge difference to our customers. It's this blend of aptitude and attitude that ultimately gives them confidence, and I believe that strength gives us a valuable advantage. Synectics' history has played a big part in developing this 'can-do' attitude, and our values are built around that ethos.

We have the track record that proves we can deliver complex, challenging projects, and an enviable client reference list.

It's this combination of smart technology and safe hands, together with deep sector knowledge, that's unique in this industry.

Paul Webb
Chief Executive

24 February 2016

DEUTSCHE BAHN REGIONAL RAILWAYS IN NUREMBERG

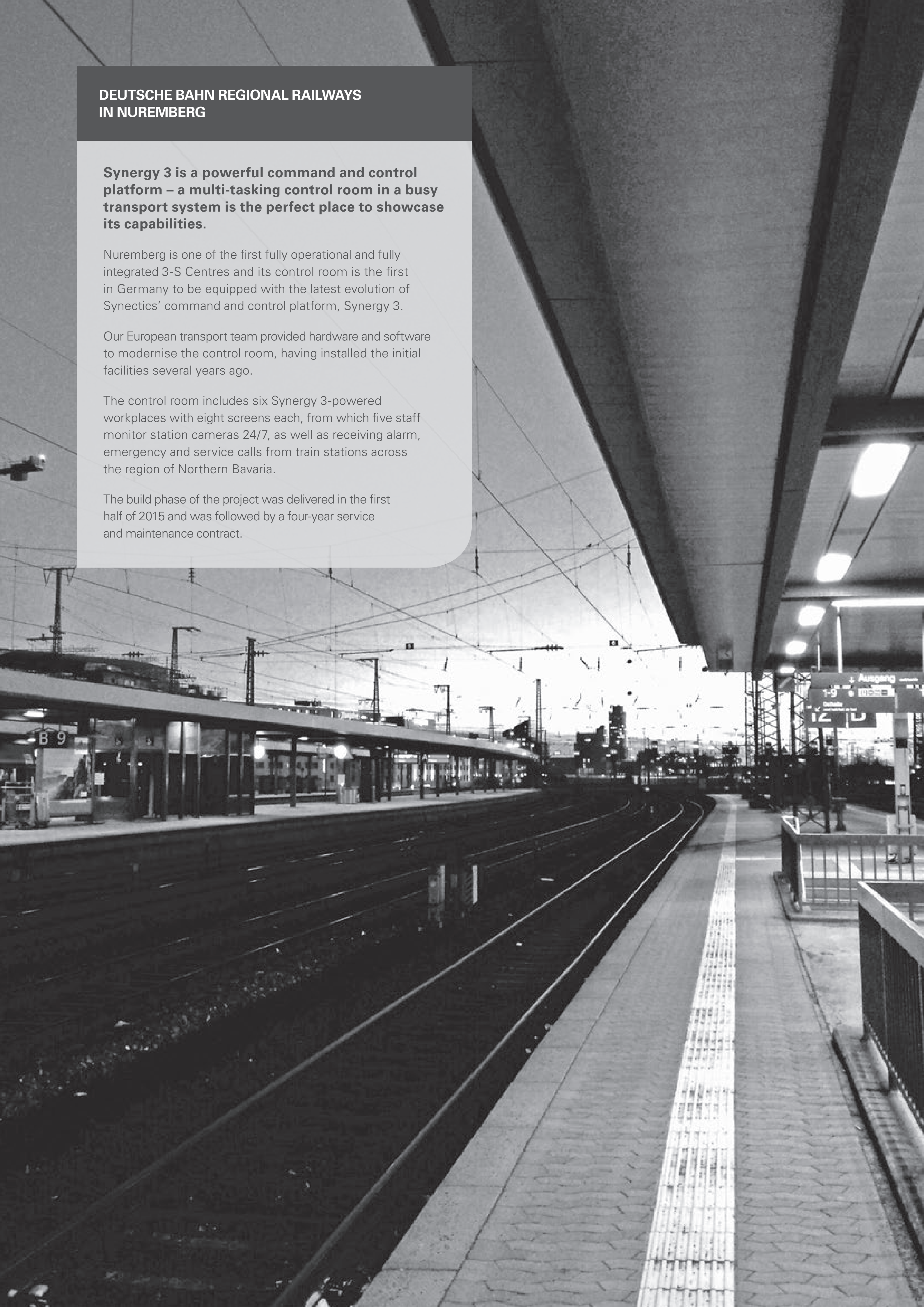
Synergy 3 is a powerful command and control platform – a multi-tasking control room in a busy transport system is the perfect place to showcase its capabilities.

Nuremberg is one of the first fully operational and fully integrated 3-S Centres and its control room is the first in Germany to be equipped with the latest evolution of Synectics' command and control platform, Synergy 3.

Our European transport team provided hardware and software to modernise the control room, having installed the initial facilities several years ago.

The control room includes six Synergy 3-powered workplaces with eight screens each, from which five staff monitor station cameras 24/7, as well as receiving alarm, emergency and service calls from train stations across the region of Northern Bavaria.

The build phase of the project was delivered in the first half of 2015 and was followed by a four-year service and maintenance contract.



We thrive on providing solutions for environments where security and surveillance are crucial

Overview

With decades of experience in our core sectors, we deliver solutions that perfectly fit our customers' needs.

We get to know them and their challenges inside out, and then apply our unique creative intelligence and smart technology to develop security and surveillance solutions that give total peace of mind.

Deeper integration of all aspects of electronic security, surveillance and operational management systems is a key demand driver in all our core market sectors. Our response to this need is to build on the core principle that inspired our name – Synectics. We intelligently combine disparate technologies in creative ways to provide total solutions that are greater than the sum of their parts.

Find out more about **our markets** on our customer website: **www.synecticsglobal.com**

	Market opportunities
Oil & Gas	The downturn in the oil & gas market will inevitably bring changes, some of which have already taken place with more still to follow. We believe we will see a different landscape in terms of customers, competition and opportunities over the next few years. Even in these difficult market conditions, the need for comprehensive, reliable, integrated, multi-site management systems remains a key requirement. It is the value of Synectics' reputation for delivering solutions, coupled with a good commercial understanding of how to track opportunities and build a leading position, which enables Synectics to continue to win projects.
Gaming	Our evolved Synergy command and control software platform continues to open up opportunities for system upgrades and expansions with longstanding customers. In Asia, the market is still expanding and as our reputation within the region becomes even more firmly established we anticipate that more and more gaming corporations will value Synectics' technical ingenuity and turnkey reliability.
Transport & Infrastructure	This is a large global market, spanning urban transport systems including airports and ports. There is a constant supply of major infrastructure upgrade opportunities and entirely new builds. Synectics' capability to integrate legacy systems with latest generation technology using our proprietary command and control platform, Synergy 3, gives us the opportunity to deliver truly class-leading integrated security and surveillance solutions to this growing and innovation-led transport & infrastructure market.
High Security & Public Space	Critical and high security sites such as power stations and major utilities provide another obvious target for disruption of essential services. Coupled with the UK's high level security status, these threats continue to drive investment in security provision. As many local authorities move to consolidate their offerings, reduce cost and achieve operational efficiencies, Synectics continues to be well positioned to offer an end-to-end technology and resource solution to manage costs and improve the identification of potential threats.

Demand drivers	How we succeed
Although the market is experiencing global challenges, it continues to face complex demands to ensure the security of its sites: safety of on-site personnel, protection of offshore and onshore pipeline locations and the monitoring of hazardous and explosive areas. The market also demands solutions that comply with the ever-changing landscape of the rigorous compliance legislation in this sector.	We have a strong position in this market, with a proposition based around turnkey solutions, excellent market knowledge and reputation, specialist expertise, and a specialist product range (COEX and Synergy) that is proven to be exceptionally reliable in very demanding conditions. Our ability to anticipate and respond to changes that are occurring in the market is crucial. We succeed by focussing on building strong relationships and it is our highly skilled and experienced people that enable us to interact with highly knowledgeable customers throughout every stage of a project.
Gaming environments are demanding, highly regulated and cash intensive. Effective gaming surveillance systems must deliver on performance and resiliency to ensure the highest level of protection. An effective gaming surveillance solution is never just about technology – it is about empowering users to work smarter, not harder, giving them the uniquely relevant and specific information they need to take appropriate action under critical conditions to mitigate the risk of player scams, fraudulent claims, staff collusion and other security infringements. Customising the user experience is a vital advancement for the casino industry. The ability to combine data events from multiple alarm, transactional and analytical systems to achieve heightened levels of situational awareness is fast becoming an operational necessity.	Our success in this market is founded on a proposition based around proven, scalable, highly reliable, flexible, customisable, open platform, turnkey security management systems designed for and utilised by the world's largest, most demanding and tightly regulated gaming facilities. We combine experienced technical and sales teams with deep industry knowledge, a proven track record, the features and capabilities of Synergy 3, and the flexibility to work with existing hardware and preferred integrator partners. This proposition appeals primarily to large single property or multi-casino gaming corporations that value close long-term relationships, technical ingenuity and turnkey reliability.
Critical infrastructure is an obvious target for disruption of essential services. Synectics is well positioned to mitigate this risk, through innovation, technology, integration, remote monitoring, alarm escalation and provision of resource and response services as and when needed. Transportation environments also face a variety of unique security challenges to ensure the efficient, safe and secure transportation of passengers and cargo. The demand for intelligent and attractive public transportation solutions is high and Synectics' combined strength and capability can deliver an integrated security solution in this often multi-faceted market.	We have a proven and current track record of delivering large-scale, integrated solutions for transport environments including Berlin, Frankfurt and Jakarta. Our core Synectics infrastructure offer, which combines smart technology and human capability, is readily deployable in this growing market.
Customers that fall within the commercial, high security arena, such as major utilities and financial institutions, continue to seek more sophisticated, value-added solutions from partners with the credentials and track record to deliver. Greater integration of security systems with operational and building management systems continues to drive demand.	We have a long history of delivering turnkey/end-to-end solutions for the high security market, based on intuitive command and control. Synectics' strength in design, integration, outsourced management and processes enables us to assume an ever-increasing responsibility for the protection of critical and high security sites, infrastructure and employees.

We continue to invest in strategically relevant research & development to meet the fast-changing market needs of our customers

Smart technology

Synectics continues to invest in its proprietary technology base. During 2015, the Group spent a total of £2.1 million on technology development (2014: £2.5 million). Of this total, £0.6 million was capitalised and the remainder expensed to the Income Statement. £0.9 million of previously capitalised development costs was amortised in the year.

The Synectics Technology Centre operates within the Systems division as a consolidated development unit for the Group as a whole. The focus continues to be on developing products that are specifically directed to the needs of Synectics' core target customer sectors. The Group's development roadmap operates in a well controlled environment that enables us simultaneously both to deliver on time our planned new product introductions, and to support globally the bespoke, large-scale and innovative projects that an increasing proportion of our customers are looking for.

In 2015, the focus was on:

» further sector-led enhancements of our Synergy 3 command and control platform;

» major upgrading of the capability of our T1600 mobile recording device and the introduction of other transport-focussed developments;

» development of the C3000 series HD camera primarily for use in the oil & gas sector; and

» continuation of our open systems philosophy.

Synergy 3

In 2014 we launched the third generation of our highly evolved command and control system.

Since then, Synergy 3 has been widely adopted in all our market sectors, including deployment in a number of major projects.

However, based on both market trends and customer feedback, we continue to innovate and extend this product platform with sector-focussed capabilities, including:

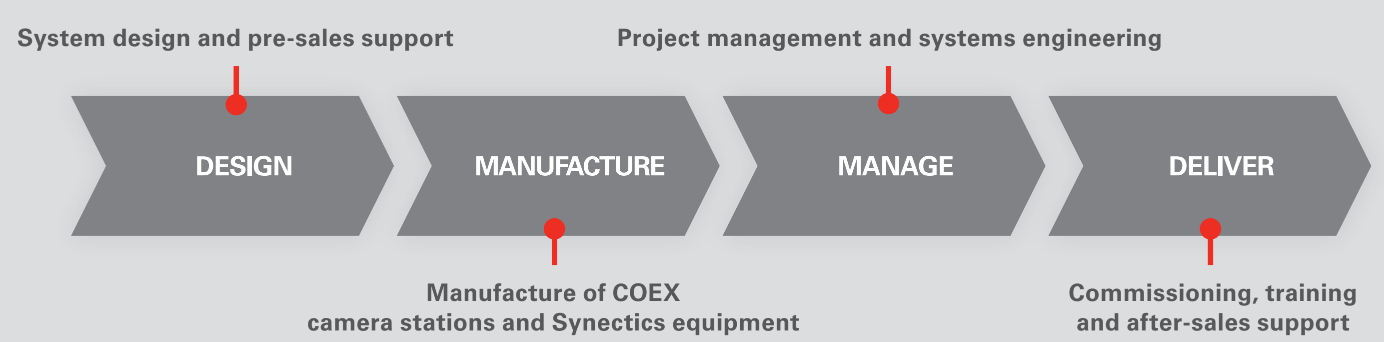
» close integration of market-leading video content analysis systems;

» significant enhancements to our Dataveillance engine and procedural workflow capabilities, providing true situational awareness;

» enhanced data mining capabilities with deep integration to gaming management systems; and

» further ONVIF compliance.

Synergy 3 was chosen for Jakarta International Airport, where the command and control system required close integration to numerous sub-systems including market-leading video analytics.
See **Jakarta International Airport** case study on **page 21**



Synergy 3 Transport

During 2015, Synergy 3 was also adapted to suit the needs of our transportation customers, bringing evolved command and control and data analysis capabilities for both static and mobile applications in the transport sector.

Being built on our open systems philosophy, Synergy 3 Transport delivers consistent management of evidentially valuable video and data from Synectics' own T-series devices as well as recording devices from third parties.

Other transport-focussed developments

Following the launch last year of the T1600 product, our hybrid on-vehicle recording device, 2015 saw the release of a major phase II implementation, which included additional functionality driven by our customers' requirements, as well as significantly extending its data acquisition capabilities.

In 2015 we also delivered our first video-based automatic passenger counting solution, based on our proprietary recording platform.

C3000

2015 also saw the introduction of our IP COEX C3000 HD camera stations with high definition image capture, and on-board compression technology. Specifically engineered for hazardous areas and extreme environments, including the high temperatures of the Middle East, the enhanced C3000 camera station can stream high quality 1080p video signals in temperatures up to 70°C and as low as -55°C.

Open standards

Significant progress was made to enable the COEX C3000 HD IP camera to be ONVIF Profile S conformant and this capability will be launched early in 2016.

Our continued commitment to open standards saw Synergy 3 achieve ONVIF Profile S conformance in the period. Development to support further ONVIF standards was also progressed to a level that will see ONVIF Profile G conformance achieved in early 2016.

Open standards conformance is crucial to many of our customers to ensure freedom of choice of edge devices such as cameras and access control systems.

Looking ahead

We continue to closely monitor technology and market trends in order to drive our products and solutions forward in a strategically relevant manner, with a number of new products and enhancements to be introduced during 2016. Our approach to developing close relationships with our customers enables us to work with them to deliver the solutions that meet their exacting requirements.

A good example of this is our Advanced System Control suite, the part of our Synergy 3 solution that users see and touch, which will be launched in 2016.

The suite has been designed and developed over a period of time in close collaboration with a number of end users of our system, who have provided us with invaluable feedback that has ultimately resulted in the new ergonomically designed control suite.

This is a significant step forward in user operability. It will see tactile devices such as joysticks and buttons paired intimately with gesture-based controls, which will allow operators to control our systems in a highly intuitive manner.

Advanced System Control Suite

"Customer feedback combined with our expert knowledge, our experience and our analysis of future market trends were all channelled into evolving Synergy 3."

Paul Webb
Chief Executive

We consider our people to be our greatest asset

Safe hands

Synectics' smart technology is not enough. The combined expertise and employee desire to take on challenging projects is key. We are small enough to have a human face, but have the credentials and scale to handle big, complex projects.

We have countless accumulated years of knowledge and expertise working with customers in environments where security and surveillance are fundamental to their operation. But the main reason our customers put their trust in us is that we, as individuals, take the time to get to know them and their challenges properly and we work relentlessly to provide their ideal solution.

Synectics' history has played a big part in developing a 'can-do' attitude, and our values are built around that ethos.

We constantly applaud individuals who have these values at the forefront of their minds and champion the behaviours that we, and our customers, expect.

As a Group we also formally applaud individuals and teams who genuinely 'live our values' through a recognition and reward process that is shared across the business.

Key focus areas

During 2015 we significantly increased our focus on formally collating and acting on employee feedback in all areas of our activity. The most significant issue to arise from the latest employee survey was a desire for increased training in a number of areas, and this will be actively addressed in the current year.

We reintroduced a slightly modified performance and development review process during the year. The process not only provides more structure and guidance for our managers and employees, but also reinforces the importance of, and relationship between, capability, engagement and performance. Initial feedback has been positive and we will continue to build on this.

"Our people have an unrivalled level of commitment, expertise and focus that makes a huge difference to our customers. It's this blend of aptitude and attitude that ultimately gives them confidence, and I believe that strength gives us a valuable advantage."

Paul Webb
Chief Executive

Our values underpin everything we do. We...

Understand
We listen, advise, respond and add value to all our internal and external customers.

Innovate
We are flexible, creative, proactive people and we deliver expert solutions using innovative technologies.

Respect
We care, embrace diversity and trust each other. We are inclusive and we communicate openly and honestly.

Do the right thing
We act with integrity and we collaborate to deliver on our commitments. We challenge each other to improve.

SINGAPORE CASINO

Forging lasting customer relationships based on performance excellence is at the heart of our business and is integral to our continued growth in global markets.

In 2015 Synectics secured a contract to significantly expand its fully integrated surveillance, recording and control room solution for an existing casino client in the Far East.

The project was the second major phase of work for this client. Phase I was delivered in 2013 when we designed and installed the largest and most complex surveillance system in the Group's history.

Singapore has the world's most demanding and rigorously enforced gaming regulations. The country's two casinos alone generate approximately £6 billion per year and record nearly 20,000 cameras between them. Lost video coverage can result in fines of up to 10% of revenue.

Synectics was selected for the initial contract based on our system resilience and scalability, development agility, highly knowledgeable and responsive team, a proven track record, and our local presence.

We combine deep sector-specific market knowledge with smart technology and safe hands

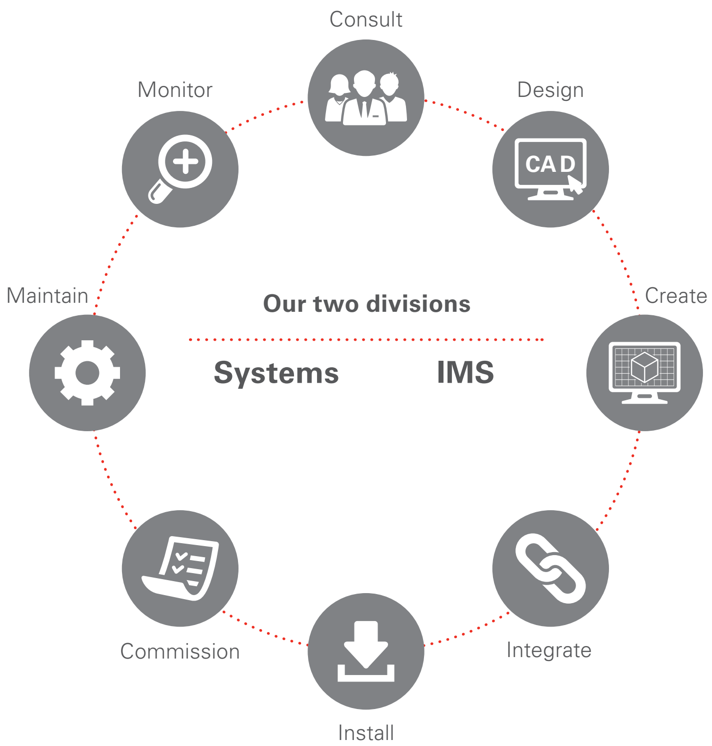
Our integrated offering

We meet customers' increasingly sophisticated needs

Our customers are increasingly looking for us to deliver integrated solutions uniquely tailored for their individual needs, whilst demanding reliability and a high level of control for systems in a range of demanding security environments.

We deliver end-to-end integrated electronic security systems

The scope of our services ranges from system consultation and design, through installation and maintenance, to a fully-managed service solution. This can be delivered as an end-to-end solution or as a combination of services specifically selected in partnership with our customers to support their individual needs.



Underpinned by our core strengths

We are experts
We have three decades of experience in creating security and surveillance solutions for some of the world's most challenging environments. By developing close, long-term working relationships with our customers, we have been able to consistently provide solutions that are perfectly adapted to their needs.

We are creative
We approach every new challenge with creative intelligence, combining technologies and ideas in new ways. This enables us to create solutions that are always greater than the sum of their parts.

Our revenue model

We have a largely contract-based revenue model

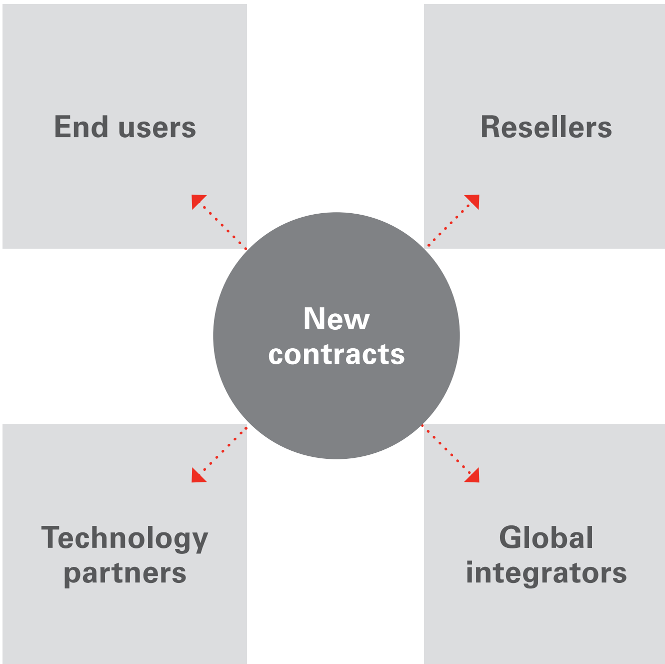
By continuing to innovate and in keeping close to our customers we benefit from high contract renewal levels, helping to secure our income streams for the longer term.

We drive revenue by winning larger shares of bigger projects

We achieve this by identifying major opportunities at an early stage and working with our customers to develop solutions that protect their investments.

Sales channels

We generate new business by working in partnership with global integrators, technology partners and resellers, as well as working directly with end users.



We are human

We are big enough to handle challenges of any size. But we are also small enough to give our customers a great service based on partnership, co-operation and long-term relationship building.

We are committed

We have a clear focus: providing security and surveillance solutions where they are absolutely critical. Our satisfaction comes from knowing we have helped our customers by providing the best solution possible – where it matters most to them. Even our research & development initiatives are entirely driven by real, current customer challenges.

> **"The Group returned to profitability in 2015 after the poor financial performance of the previous year."**
>
> **Mike Stilwell**
> Finance Director

Keeping track of Group performance

Group results for the year

The Group returned to profitability in 2015 after the poor financial performance of the previous year.

Total revenue for the year increased by 6% from £64.6 million to £68.5 million resulting in an underlying operating profit of £1.7 million compared to a loss of £2.2 million in 2014.

In response to 2014's poor trading performance, actions were taken at the end of last year and in the first half of 2015 to reduce the Group's cost base. The successful implementation of these actions has contributed to the Group's return to profitability.

Although our results continued to be impacted by disruption in global oil & gas markets, we nevertheless made revenue progress in this, our largest single market sector. In addition, improved management control ensured that the project cost overrun of the previous year was not repeated.

£0.8 million of restructuring costs were incurred during the year as action was taken to reduce the Group's cost base, and are included in £1.0 million of non-underlying items reflected in the Income Statement.

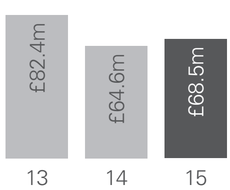
Overall cash inflow in the period was £5.6 million due largely to the year's trading profit and unwinding of abnormally high working capital levels at the beginning of the year arising primarily from increased stock and contract work in progress owing to the slowdown in activity in the Oil & Gas sector. The Group finished the year with net cash of £0.5 million compared with net debt at 30 November 2014 of £6.1 million. The net movement of £6.6 million comprised an increase in cash and cash equivalents of £5.6 million and a £1.0 million reduction in term debt.

Other key performance indicators are discussed in more detail on the following pages.

Key performance indicators
Our performance is measured principally using the following financial indicators.

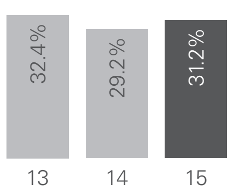
Revenue

+6.0%



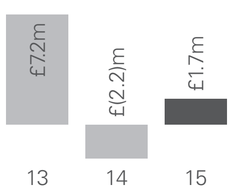
Gross margin

+2.0%



Underlying operating profit/(loss)

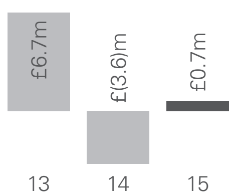
+177%



Operating profit/(loss) before non-underlying items* and goodwill impairment.

Operating profit/(loss)

+119%



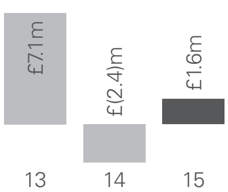
Key performance indicators

Measure	2015	2014	Fav/(adv)
Revenue (£m)	**68.5**	64.6	3.9
Gross margin %	**31.2%**	29.2%	2.0%
Underlying operating profit/(loss) (£m) Operating profit/(loss) before non-underlying items*	**1.7**	(2.2)	3.9
Underlying profit/(loss) before tax (£m) Profit/(loss) before tax and non-underlying items*	**1.6**	(2.4)	4.0
Profit/(loss) before tax (£m)	**0.5**	(3.7)	4.2
Underlying operating margin % Ratio of underlying operating profit/(loss) to revenue	**2.5%**	(3.4)%	5.9%
Diluted earnings per share (p)	**2.5**	(20.6)	23.1
Underlying diluted earnings per share (p) Based on underlying profit/(loss) before tax	**8.0**	(14.0)	22.0
Order book (£m)	**26.6**	28.6	(2.0)
Recurring revenue (£m) Contracted sales where a service is delivered over a future time period and revenues are recognised in the relevant future accounting period	**16.7**	15.7	1.0
Recurring revenue as % of total revenue	**24.4%**	24.4%	–
Net cash/(debt) (£m) Cash balances net of loans	**0.5**	(6.1)	6.6
Working capital % Working capital as % of total revenue	**15.0%**	24.3%	9.3%
Free cash flow (£m) Cash flow from operations less capital expenditure, but before any payments in respect of non-underlying items	**8.0**	(5.2)	13.2
Cash conversion % Ratio of free cash flow to underlying operating profit	**468%**	N/A	N/A

* Non-underlying items comprise restructuring costs, share-based payment charge and amortisation of acquired intangibles.

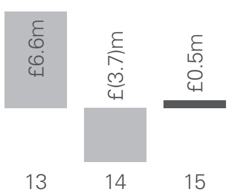
Our **key performance indicators** continue on **the following pages**

Underlying profit/(loss) before tax
+167%

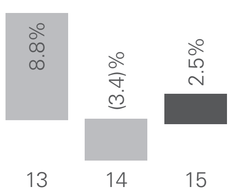


Profit/(loss) before tax, non-underlying items*, goodwill impairment and adjustments to deferred and contingent consideration.

Profit/(loss) before tax
+114%

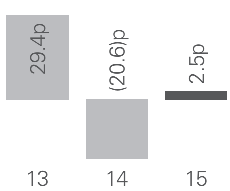


Underlying operating margin
+5.9%



Ratio of underlying operating profit/(loss) to revenue.

Diluted earnings per share
+112%



Income Statement

Overall Group revenue for the year to 30 November 2015 amounted to £68.5 million compared with £64.6 million in the previous year, an increase of £3.9 million (6.0%).

Revenue split between our two business segments was as follows:

Revenue	2015 £000	2014 £000	Inc/(dec) £000	Inc/(dec)
Systems	**32,670**	31,876	794	2.5%
Integration & Managed Services	**36,820**	33,746	3,074	9.1%
Intra-Group	**(986)**	(1,028)	42	
Total revenue	**68,504**	64,594	3,910	6.1%

Revenues in the Systems division increased by £0.8 million to £32.7 million. This was largely due to improved sales performance in our Gaming and Oil & Gas sectors.

Revenues in the IMS division increased significantly by 9% to £36.8 million. This improvement was seen largely in our mobile systems business which saw an increase in its core market, in line with a rise in new UK bus and coach registrations, together with increased international activity.

Recurring revenue increased year on year to £16.7 million (2014: £15.7 million), representing approximately 24% of sales (2014: 24%).

The proportion of sales arising outside the UK increased slightly during the year to 43%, compared with 42% in the previous year.

Sales by geographical location of contract	2015 £000		2014 £000		Inc/(dec) £000
UK	**38,833**	**57%**	37,310	58%	1,523
Rest of Europe	**5,681**	**8%**	7,336	11%	(1,655)
UK and Europe – total	**44,514**	**65%**	44,646	69%	(132)
North America	**6,341**	**9%**	8,535	13%	(2,194)
Middle East	**4,903**	**7%**	3,344	5%	1,559
Asia and Pacific	**12,746**	**19%**	8,069	13%	4,677
Total revenue	**68,504**	**100%**	64,594	100%	3,910

Consolidated gross margins for 2015 increased by 2.0% overall. Improvements in margins of 5.5% in the IMS division, around half of which arose largely as a result of the non-recurrence of a substantial loss-making UK integration contract in the previous year, were offset by modest margin reductions in the Systems division due largely to price competition in the Oil & Gas sector.

The full segmental analysis is as follows:

Gross margin %	2015	2014	Inc/(dec)
Systems	**37.5%**	38.9%	(1.4)%
Integration & Managed Services	**24.8%**	19.3%	5.5%
Total Group	**31.2%**	29.2%	2.0%

Underlying operating expenses in the year decreased by 6.9% to £19.6 million largely as a result of actions taken to reduce the Group's cost base in response to last year's poor performance.

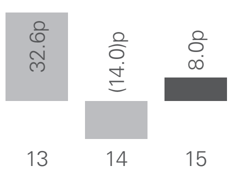
Operating expenses	2015 £000	2014 £000	Inc/(dec) £000	Inc/(dec)
Underlying operating expenses	**19,628**	21,079	(1,451)	(6.9)%
Non-underlying items:				
Restructuring costs	**806**	1,120	(314)	
Share-based payment charge	**125**	127	(2)	
Amortisation of acquired intangibles	**107**	118	(11)	
	1,038	1,365	(327)	
Total operating expenses	**20,666**	22,444	(1,778)	(7.9)%

Non-underlying operating expenses amounted to £1.0 million (2014: £1.4 million) and included restructuring costs of £0.8 million arising from continued re-alignment of the Group's operating cost base in response to the trading performance in the previous year.

Net finance costs in 2015 reduced by £28,000 to £163,000 largely due to interest receivable on pension scheme assets exceeding interest payable on pension scheme liabilities during the year.

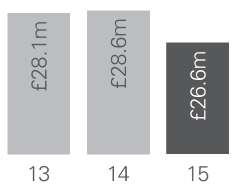
Finance income/(costs)	2015 £000	2014 £000	Inc/(dec) £000	Fav/(adv)
Finance income	**225**	246	(21)	(8.5)%
Finance costs	**(338)**	(437)	49	11.2%
Net finance costs	**(163)**	(191)	28	14.7%

Underlying diluted earnings per share
+157%

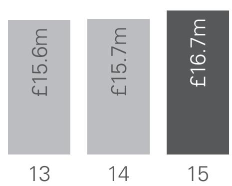


Based on underlying profit/(loss) before tax.

Order book
-7%

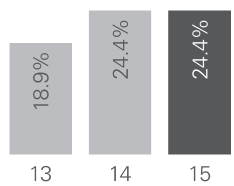


Recurring revenue
+6.4%



Contracted sales where a service is delivered over a future time period and revenues are recognised in the relevant future accounting period.

Recurring revenue as % of total revenue
–%



Consolidated underlying profit before tax was £1.6 million in 2015 compared with a loss of £2.4 million in the year to 30 November 2014.

Profits from the Systems division increased to £1.3 million on the back of a 2.5% increase in revenue, rationalised cost base but reduced gross margins as a result of increased competition within Oil & Gas. In IMS a 9% improvement in sales, together with the non-recurrence of a £1.0 million negative impact from the unprofitable integration contract in 2014, resulted in a £2.2 million profit for the division. Central costs savings of £0.2 million were made across the year, reducing the central cost base to £1.8 million.

Underlying profit/(loss)	2015 £000	2014 £000	Inc £000	Fav
Systems	**1,337**	1,031	306	29.7%
Integration & Managed Services	**2,224**	(1,139)	3,363	295.3%
Central costs	**(1,848)**	(2,084)	236	11.3%
Underlying operating profit/(loss)	**1,713**	(2,192)	3,905	178.1%
Interest	**(163)**	(191)	28	14.7%
Underlying profit/(loss) before tax	**1,550**	(2,383)	3,933	165.0%

Research & development costs are charged to the division benefitting from the service provided by the Synectics Technology Centre, principally the Systems division. In 2015 £2.1 million was spent on research & development with £1.6 million charged to the Income Statement after capitalisation of £0.6 million of development costs. This compares with total expenditure of £2.5 million in 2014 of which £1.4 million was capitalised.

Due to improved performance in both divisions in 2015, the Group underlying operating margin was 2.5% compared with (3.4)% in 2014.

Underlying operating margins	2015	2014	Inc
Systems	**4.1%**	3.2%	0.9%
Integration & Managed Services	**6.0%**	(3.4)%	9.4%
Total Group	**2.5%**	(3.4)%	5.9%

The tax charge for 2015 was £0.1 million compared with a tax credit in 2014 of £0.4 million due to the losses incurred in that year. The underlying tax rate (being the percentage ratio of the tax charge for the period to underlying profit before tax, after adding back the tax effect of non-underlying items) was 15% and benefited from the lower tax rates applicable to the Group's subsidiaries in Singapore and Macau.

At 30 November 2015 the Group recognised a deferred tax asset of £0.5 million (30 November 2014: £0.6 million) in relation to tax losses which are expected to be offset against future taxable profits. Further tax losses of £2.6 million (30 November 2014: £2.7 million) are capable of offset against the future taxable profits of certain Group companies, but have not yet been recognised in the financial statements.

Diluted earnings per share for 2015 was 2.5p compared with (20.6)p in the year ended 30 November 2014. However, the Directors believe that a better measure of performance is the underlying diluted earnings per share which is calculated on the underlying profit/(loss) before tax as defined above. Diluted underlying earnings per share was 8.0p compared with (14.0)p in 2014.

Earnings per share	2015 p	2014 p	Inc p	Inc
Diluted earnings per share	**2.5**	(20.6)	23.1	112%
Diluted underlying earnings per share	**8.0**	(14.0)	22.0	157%

Statement of Financial Position

The net assets of the Group amounted to £36.8 million at 30 November 2015 (30 November 2014: £36.4 million) and can be summarised as follows:

	2015 £000	2014 £000
Property, plant and equipment	**3,264**	3,952
Intangibles	**22,372**	23,357
Retirement benefit asset	**515**	540
Non-current assets	**26,151**	27,849
Cash balances/(overdraft)	**3,224**	(2,417)
Loans and borrowings	**(2,675)**	(3,659)
Net cash/(debt)	**549**	(6,076)
Other net current assets	**10,267**	15,682
Net tax assets	**4**	159
Provisions	**(129)**	(1,169)
Net tax assets	**36,842**	36,445

Non-current assets at 30 November 2015 were £26.2 million compared with £27.8 million at 30 November 2014, and include a retirement benefit asset of £0.5 million arising from the surplus on the Group's closed defined benefit scheme (see note 29 on pages 72 to 75).

Total capital expenditure in the year decreased to £1.0 million compared to £3.6 million in 2014, as the prior year saw significant spending on the development of the Group's Scunthorpe property purchased in 2013 to consolidate two existing operations into one site, together with £0.3 million on a major upgrade of information technology systems. During 2015 £0.6 million was capitalised in respect of technology development projects.

This capital expenditure of £1.0 million (2014: £3.6 million) compares with depreciation and amortisation charges of £1.9 million in the year (2014: £1.5 million).

Working capital levels fell by £5.4 million to £10.3 million at 30 November 2015 as abnormally high working capital levels at the beginning of 2015 unwound over the year. These balances arose primarily from increased stock and contract work in progress owing to the slowdown in activity in the Oil & Gas sector.

Statement of Financial Position continued

As a consequence, working capital expressed as a percentage of annual revenues decreased from 24% in 2014 to 15% at 30 November 2015.

The tax asset reduced during the year as a result of a net tax refund of £0.1 million, as payments in respect of 2015 profits were more than offset by refunds for the losses incurred during 2014. The net tax balance at 30 November 2015 was £4,000 and reflected a net current tax asset of £0.2 million (2014: £0.3 million) and a deferred tax liability of £0.2 million (2014: £0.1 million). The deferred tax balance includes a deferred tax asset of £0.5 million (2014: £0.6 million) in relation to losses incurred in the prior period.

Provisions at 30 November 2015 amounted to £129,000 (30 November 2014: £1.2 million). The prior year amount included £1.1 million in respect of restructuring costs which were subsequently settled in the first half of 2015.

Cash

The Group ended the year with net cash of £0.5 million at 30 November 2015 (30 November 2014: net debt of £6.1 million) including term loans of £2.7 million drawn to finance the acquisition of Synectic Systems GmbH (previously Indanet GmbH) in 2012 and to purchase the property in Scunthorpe in 2013 which are repayable in 2017 and 2018 respectively.

The movement in net debt during the year is reflected in the Statement of Financial Position as follows:

	£000
Increase in cash balances	1,989
Decrease in bank overdrafts	3,652
Net cash inflow	5,641
Loan repayments during the year	727
Effect of exchange rate changes	257
Increase in net cash	6,625

The net cash inflow of £5.6 million in the year is summarised in the table below. Major non-operating cash flow items include capital expenditure of £1.0 million as described above, offset by proceeds from the sale of property of £0.3 million, receipt of a government grant of £0.3 million in relation to employment and training in North Lincolnshire and scheduled loan repayments of £0.7 million.

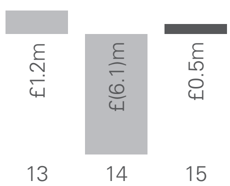
	2015 £000	2014 £000
Underlying operating profit/(loss)	**1,713**	(2,192)
Depreciation and amortisation charges and profit/(loss) on disposal of non-current assets	**1,735**	1,435
Decrease/(increase) in working capital	**5,429**	(833)
Government grant released to Income Statement	**(146)**	–
Cash from/(used in) operations before non-underlying payments	**8,731**	(1,590)
Restructuring costs	**(1,814)**	(183)
Cash generated by/(used in) operations	**6,917**	(1,773)
Interest paid (net)	**(181)**	(191)
Taxation received/(paid)	**78**	(1,426)
Capital expenditure	**(1,001)**	(3,622)
Disposal proceeds	**280**	–
Cash received from government grant	**311**	–
Loan repayments	**(727)**	(804)
Issue of shares and share scheme interests realised in the year	**13**	408
Dividends paid	**–**	(928)
Effect of exchange rate changes	**(49)**	145
Net cash flow	**5,641**	(8,191)

Mike Stilwell
Finance Director

24 February 2016

Net cash/(debt)

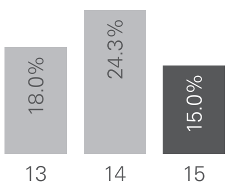
+108%



Cash balances net of loans.

Working capital

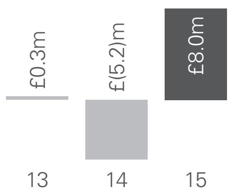
+9.3%



Working capital as % of revenue.

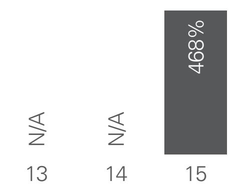
Free cash flow

+254%



Cash flow from operations less capital expenditure, but before any payments in respect of non-underlying items.

Cash conversion



Ratio of free cash flow to underlying operating profit.

TERMINAL 3 AT JAKARTA'S SOEKARNO-HATTA INTERNATIONAL AIRPORT

Our deep understanding of the client's specific needs, plus our strong proprietary technology offering enabled us to demonstrate 'the art of the possible'. We have delivered a client solution that will not only support its needs today, but is agile enough to deliver for it in the future.

Synectics has designed and delivered an integrated security management solution for the new Terminal 3 at Jakarta's Soekarno-Hatta International Airport, the busiest airport in South East Asia.

Airport operator PT. Angkasa Pura II (Persero) – (AP II) required a reliable, resilient and scalable end-to-end solution that provided a single control environment and supported integration with the airport's multiple edge device sub-systems.

Working in partnership with systems integrator Jaya Teknik, part of the Jaya Group of companies, we supplied an integrated, end-to-end security and safety solution with Synergy 3 command and control.

"Synectics was selected for this project because it was able to demonstrate extensive experience in designing and delivering mission-critical solutions."

Linda Hadi, Vice Director at Jaya Teknik TICT Division

Systems

Oil & Gas

Gaming

Transport & Infrastructure

High Security & Public Space

Synectics' Systems division provides specialist electronic surveillance systems, based on its own proprietary technology, globally to end customers with large-scale highly complex security requirements, particularly for oil & gas operations, gaming, infrastructure protection, high security and public spaces.

Revenue	£32.7 million (2014: £31.9 million; 2013: £44.8 million)
Gross margin	37.5% (2014: 38.9%; 2013: 38.5%)
Operating profit*	£1.3 million (2014: £1.0 million; 2013: £7.0 million)
Operating margin*	4.1% (2014: 3.2%; 2013: 15.7%)

The Systems division began 2015 with the difficult combined task of bedding in its new organisation and expanded central operations facility opened the previous year, while at the same time completing significant overhead and direct cost reductions to adapt to changed market conditions in the oil & gas industry. The resulting challenges were addressed successfully, with a minimum of disruption.

Oil & Gas

The market for security and surveillance systems in the oil & gas sector continued to experience volatility and changing customer intentions but, against that difficult background, Synectics grew its revenues in the sector and increased its market share. The business remained profitable and is well positioned to benefit when more normal market conditions return.

The business successfully refocussed its efforts on the smaller packages of works, extensions and upgrades that are proceeding, mainly with existing clients (for example Phase III of the North East Bab Field Development in the UAE, as well as ongoing work at the Jazan Refinery located in Saudi Arabia), which has enabled it to grow revenues despite the difficult conditions.

The challenging market conditions continue to result in project cancellations, deferrals and a significant reduction in the number of new project opportunities. Against this background, Synectics nevertheless secured a number of new oil & gas projects, most notably working with new customers, to deliver solutions for the TouatGaz project in Algeria and the Kaombo FPSO project in Angola. Significantly, there were no major lost bids in the period.

As mergers, acquisitions and withdrawals continue to reshape the customer and competitor landscape, the business remains agile and focussed on developing new routes and key strategic partnerships in the changing market, to keep it on a strong footing when the market recovers.

We continue to identify some opportunities in the marine market from our historical strengths within the shipyards of Korea and South East Asia, though this market also remains weak.

Project highlight

Delivering end-to-end turnkey solutions: TouatGaz (Algeria)

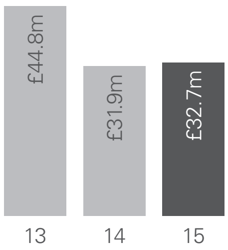
Synectics has delivered an integrated command and control system for this important onshore oil & gas installation. The system incorporates COEX camera stations and Synectics' Synergy 3 command and control platform for hundreds of cameras. Synectics' ability to provide full end-to-end turnkey solutions and to operate in extreme heat (up to 70°C), with high system resilience, were all factors influencing the contract award.

"This project reflects the strong presence Synectics has in the North African market, providing both onshore and offshore solutions for key developments in the region."

Paul Webb, Chief Executive

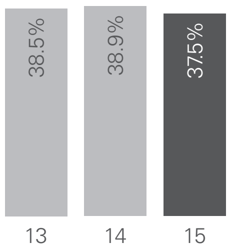
Revenue

+2.5%



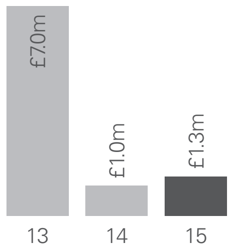
Gross margin

-1.4%



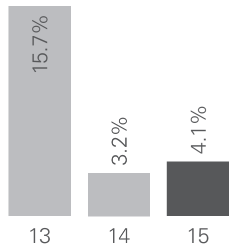
Operating profit*

+30%



Operating margin*

+0.9%



Gaming

The Gaming sector performed well in 2015, both through strong repeat business from existing core customers and from securing new customers particularly in the Far East.

2015 saw Synectics' Synergy 3 command and control platform gain significant traction in the gaming market. It has been adopted by a significant number of new sites, as well as being rolled out to many existing sites as part of upgrade projects, particularly in the North American market where Synectics now supports around 100 gaming sites.

The Far East continues to be a focus for growth in this sector. As well as a major expansion programme for an existing client in Singapore, during the period we have also provided integrated surveillance solutions for a number of major casinos in Malaysia, Korea and the Philippines. These new installations build on Synectics' strong base across the region and should provide significant follow-on opportunities.

Since the year end, Synectics has been awarded a further multi-million pound contract to provide an integrated surveillance solution for a new casino resort in Macau, currently under construction for a major international gaming operator.

This follows the opening of an office in Macau in 2015, which will play a key role in extending our sales and support capability at a local level in this market.

> **"Our extensive US experience in the sector enabled us to demonstrate our key attributes to the Asia Pacific market – quality, reliability and a deep understanding of our customers' operational needs. From that base we've built a reputation that is going from strength to strength."**
>
> **Paul Webb**, Chief Executive

The outlook remains positive with significant investment and development activity continuing in the Asian market, which we are well positioned to take advantage of given our ever-strengthening presence in the region.

Transport & Infrastructure

Synectics has a long track record of delivering solutions for complex and sensitive environments where protecting people and assets is critical. Increased focus on transport & infrastructure, which is a large and growing segment of the market, suits our core strengths and capabilities well. We are already seeing positive results from the realignment of our activities in this area, which will continue into 2016.

During 2015, our enterprise software platform, Synergy 3, was selected as the airport safety and security solution for Terminal 3 at Jakarta's Soekarno-Hatta International Airport, the first Synergy 3 deployment in the sector.

Other projects included a situational awareness system for a top ten international airline, a government highways project in Asia, a major rail hub in Germany, and our first passenger counting solution for the German rail market.

Although the UK public space market remains challenging, Synectics continues to support many sites in this sector and has successfully secured contracts for upgrades and expansions, including two London Boroughs, to supply Synectics' Synergy 3 command and control system.

* Before non-underlying items and Group central costs.

Integration & Managed Services

Transport & Infrastructure

High Security & Public Space

Synectics' Integration & Managed Services ('IMS') division is one of the leading UK providers of design, integration, turnkey supply, monitoring and management of large-scale electronic security systems. Its main markets are in critical infrastructure, transport, public space and multi-site systems. Its capabilities include a nationwide network of service engineers, UK government security-cleared personnel and facilities, and an in-house 24-hour monitoring centre and helpdesk. The IMS division supplies proprietary products and technology from Synectics' Systems division as well as from third parties.

Revenue	£36.8 million (2014: £33.7 million; 2013: £38.4 million)
Gross margin	24.8% (2014: 19.3%; 2013: 24.7%)
Operating profit/(loss)*	£2.2 million (2014: loss £1.1 million; 2013: profit £2.2 million)
Operating margin*	6.0% (2014: (3.4)%; 2013: 5.8%)

Within the IMS division, the managed services and mobile systems activities performed well during 2015, and our integrated services activities completed a successful turnaround and return to profitability.

The IMS division also achieved key milestones during 2015 in its objective of sales growth through active closer co-operation, both internally between the managed services and integration activities of IMS, and within the wider Synectics Group between IMS and the Systems division. There are clear benefits being achieved from this co-operation and cross-selling, and we expect these gains to increase markedly over time.

Integrated systems

The UK security systems integration activities successfully transitioned during 2015 to a new operating structure. At the outset of the 2015 financial year the Board tasked the new senior management team with delivering a rapid and sustainable recovery from the loss incurred in the previous year, which had arisen from the direct and indirect impacts of delays and cost overruns on a major project. Although some of the benefits of the changes introduced are still to come, losses were eliminated and a positive profit contribution was generated in the year. Much good work has been done by management to put in place the improved sales and operational platform needed to deliver the levels of revenue and profit growth of which this business is capable.

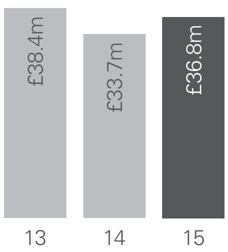
In this period, more focus has been given to larger commercial, high security and infrastructure projects, where Synectics' businesses have traditionally done well. Examples include the successful retention of a power utility service contract for a further three-year term, and the first significant project with a large global construction company.

After the year end we also secured a major contract under which we will deliver and service a complex security and safety system for a new gas-fired power station that will supply electricity to a million UK homes.

We continued to win significant work in the public heritage sector, securing the initial stage of a five-year project to upgrade the entire security platform for the British Museum. This award also included a three-year service and maintenance contract. Other contracts were won for the Victoria and Albert Museum and the Royal Parks.

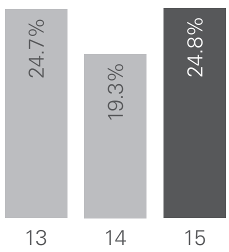
Revenue

+9%



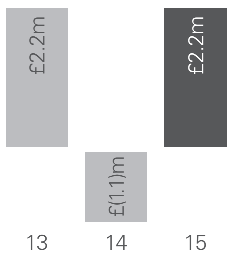
Gross margin

+5.5%



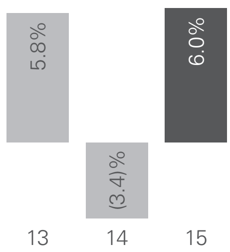
Operating profit/(loss)*

+300%



Operating margin*

+9.4%



Managed services

Our managed services team continued to perform well and delivered another solid year.

Our focus continues to be on delivering security management and facilities management services for clients with large and complex estates. Although glass-fronted retail has been under considerable pressure from online retail models and consolidation has been evident, few reduced their estate size during the period.

We continued to focus on delivering outstanding service to our existing clients, resulting in a number of significant contract renewals including with Jewson, WHSmith, Aurum Group and Argos.

As a result of these longstanding client partnerships we are well placed to identify opportunities to expand our service provision. In turn, this has led to investment in our bespoke operations system to accommodate a more interactive service tracking solution. This has significantly enhanced our core proposition and has opened up opportunities to secure new clients in adjacent sectors.

Mobile systems

Our mobile systems business delivered exceptionally good results both in terms of organic revenue growth and increased operating margins, derived principally from improved operational efficiencies on a continuing long-term contract and a return to modest growth in new UK bus registrations. Notable successes during the year included contracts with ADL Plaxton for Hong Kong Citybus vehicles, as well as a major upgrade programme with Go-Ahead.

In addition, Synectics secured a major new three-year service and support contract with Metroline, further consolidating our position as the UK and Ireland's leading on-vehicle CCTV and telematics provider to the bus and coach market.

As industry thought leaders, Synectics also initiated a series of customer forums with London and other major bus operators during the period. These forums provide opportunities to gain valuable insights into future market developments.

Contract highlight

Continuing our partnership with Metroline

In 2015 we secured a three-year service contract with Metroline Travel & West to support and maintain CCTV systems on its fleet of over 1,600 vehicles.

The contract also includes the installation of 400 T1600 DVR upgrades to the Metroline West fleet of vehicles.

Synectics has been working in partnership with Metroline since 2003, when CCTV was first introduced onto its buses.

"From the start we have had a strong relationship with Synectics based on good service and a willingness to work with us on existing and new projects as our demands of technology increase."

Ian Foster, Engineering Director at Metroline

Synectics' IMS division remains one of the UK's largest and most capable providers of security systems and services, and the Board is confident the division will deliver further improvement in results in 2016.

* Before non-underlying items and Group central costs.

The Board of Directors

Board composition

The Board of Synectics comprises, in addition to the Chairman, four Independent Non-Executive Directors and two Executive Directors. Membership of each of the Audit Committee and Remuneration Committee is made up solely of the Independent Non-Executive Directors. This structure follows the Code provisions for listed companies of any size.

David Coghlan
Chairman

has degrees in Law and in Finance from the University of New South Wales in Sydney and an MBA from Wharton in Philadelphia. He was formerly a partner at strategy consultants Bain & Company. He is currently a director of AIM-quoted SCISYS plc and chairman and/or a director of several other companies, mainly in the electronics technology field.

Paul Webb
Chief Executive

joined the Group in 2004. Since then Paul has overseen the rapid growth of the Group's industrial systems activities and, more latterly, led the consolidation of all of Synectics' proprietary technology systems activities into a single operation. He has a degree in Physics from Imperial College London.

Mike Stilwell
Finance Director

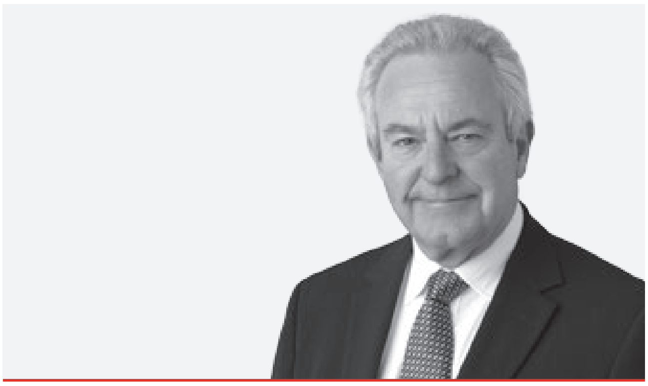
joined Synectics in October 2012 as Group Financial Controller, after finance roles with the Saint-Gobain Group, Coventry Building Society and the Caparo Group. He qualified as a Chartered Accountant with KPMG in 2001 and has a degree in Accounting and Financial Analysis from the University of Warwick.

Peter Rae
Senior Independent Non-Executive Director

is the Senior Independent Non-Executive Director and is a graduate of the University of Cambridge, and formerly chief executive of S.W. Wood plc (now Wyndeham Press plc). He has current interests in a wide range of engineering and other businesses.

Dennis Bate CBE
Independent Non-Executive Director

has 54 years of experience in the construction industry, of which 38 years were spent with Bovis, most latterly as board director responsible for Bovis' operations in the UK and Eastern Europe. Following retirement from Bovis, Dennis has held a number of non-executive roles and currently provides a wide range of consultancy services. He was awarded the CBE for his services within the industry.



Steve Coggins
Independent Non-Executive Director

has held various senior roles in both sales and marketing and general management in the information technology arena including senior vice-president at both Amdahl (now part of Fujitsu) and at Silicon Graphics. Earlier he spent time at IBM and also in engineering computing in the aircraft industry.

Michael Butler
Independent Non-Executive Director

has held various senior roles in general management, sales and marketing in telecommunications businesses, including president and chief operating officer and an executive board director of Inmarsat plc. He was previously managing director of MCI Worldcom UK. He is currently a director of several other companies, including non-executive chairman of Broadband Satellite Services Limited, and also a qualified business coach.

"The Board is very conscious of its role to reinforce development and training, including succession planning, as a crucial link between the Group's strategy and the skills and expertise of its people."

David Coghlan
Chairman

Introduction to governance

For some time now Synectics has been including in its Annual Reports a specific section collating the Board's reports on the various elements of corporate governance. The formal reports on these matters are contained in the following sections. The purpose of this regular introduction is to provide a broader narrative account of Synectics' governance in one or two specific areas.

In previous introductions I have provided a progress report on our continuing review of governance in general as well as an explanation of the rationale behind the Board's approach to some important issues:

- values and leadership;
- the composition, independence and effectiveness of the Board;
- the Group's share-based long-term remuneration plans;
- diversity;
- risk management; and
- corporate culture.

Those comments still remain an up-to-date reflection of core aspects of Synectics' governance and, although I won't repeat them here, anyone wanting a fuller picture will find the detail in the Group's 2012, 2013 and 2014 Annual Reports, available on our corporate website.

The issue I would like to address this year is Synectics' development and training of its people.

Although the matter of a board's role in overseeing the development of a company's human resources attracts less attention than some other governance topics, possibly because it is less easily reduced to some or other simplified (or simplistic) metric, it is actually included front and centre in the UK Corporate Governance Code. The very first principle set out in the Code includes the provision that:

'The board should set the company's strategic aims and ensure that the necessary financial and human resources are in place for the company to meet its objectives…'

Adequate finances are fairly self-evident but what is the Board doing to oversee Synectics' human resources?

The question breaks down into two related but distinct issues: succession planning, and development and training of our staff.

The Board has spent considerable time over recent years discussing succession planning for the Group's senior management ranks. The Chief Executive, Finance Director and Divisional Managing Directors are all regularly assessed on the development and progress of succession plans within their areas of responsibility, and Non-Executive members of the Board have frequent opportunities to observe and interact with those identified for potential senior promotion, individually, through the work of the Audit Committee and at full Board meetings and strategy sessions. These plans are discussed regularly both by the full Board and by the Chairman and Non-Executive Directors without Executives present.

One result of this explicit attention can be seen in the fact that the Group has at different times within the last year been able to replace both its Chief Executive and its Finance Director with internal promotions.

The importance of this was brought home during a 'lessons learned' debate by the Directors as part of the Board's self-evaluation process last year, during which there emerged a clear consensus that the root cause of a damaging and avoidable lapse in operational management in one of our divisions could be traced back to external hiring mistakes. The corollary is that, while the cost of 'over-investing' in recruiting, training and developing our own employees may look in straitened times like a temptingly discretionary overhead, it can easily be dwarfed by the consequences of an inadequate internal promotion pool.

Beyond succession planning, the wider issue of development and training of our employees has been given increased importance by Synectics' Board and senior management in recent years. A few examples among many of how this objective is being implemented include:

» the introduction of special sessions by the Group's senior technology leaders where staff in non-technical functions are educated on the details of our latest technology and products;

» mentoring assignments where senior managers support individuals in the broader management team;

» the introduction of a leadership development programme; and

» the inclusion of personal development of their staff as a specific element in the personal objectives of our senior managers.

As mentioned elsewhere in this Annual Report, feedback on training from Synectics' regular all-employee opinion survey in 2015 was clear, and could be crudely summarised as 'we want more, please'.

A critical element of Synectics' strategy is to serve specialist high-end sectors of the security market through making our products and services more precisely adapted to the individual needs of those sectors. This requires our people to be knowledgeable experts in the relevant parts of our customers' businesses. The Group's success will depend in part on how well we develop, equip and retain our staff to confidently fulfil that role.

The Board is very conscious of its role in this area: to reinforce development and training, including succession planning, as a crucial link between the Group's strategy and the skills and expertise of its people. We increasingly see human resources as a core issue, properly at the forefront of governance principles.

Finally, the Board continues to support wholeheartedly the letter and spirit of the UK Corporate Governance Code, and it remains our intent to follow Code provisions wherever we sensibly can within the constraints of the Group's size and resources.

David Coghlan
Chairman

24 February 2016

The corporate governance disclosures include the Chairman's Introduction, the Corporate Governance Statement, the Remuneration Committee report and the Audit Committee report.

The Board

The Board comprises a Non-Executive Chairman, four Non-Executive Directors and two Executive Directors. The Group believes the size and composition of the Board give it sufficient independence, balance and broad experience to provide effective oversight of Synectics' strategy, performance, resources and standards of conduct. The strong representation of Non-Executive Directors on the Board demonstrates its independence, provides a greater depth of experience and facilitates challenge.

The roles of the Chairman and the Group Chief Executive are undertaken by separate individuals. The Chairman, David Coghlan, is responsible for leadership of the Board and ensuring that there is effective communication with shareholders. The day-to-day leadership and management of the business are undertaken by the Group Chief Executive, Paul Webb, assisted by senior management.

Peter Rae fulfils the role of the Senior Independent Non-Executive Director of the Group. He was appointed based on his ability to perform the role and his deep knowledge and experience of the Group. He supports and deputises for the Chairman on matters relating to Directors and engagement with shareholders.

The Company Secretary, in conjunction with the Chairman, ensures that accurate, timely and clear information is provided to the Board in order for informed decisions and discussions to take place. The Company Secretary is responsible for advising the Board on governance matters and regulatory requirements. The appointment and removal of the Company Secretary is a matter reserved for the Board. All Directors have direct access to the Company Secretary and to independent professional advice at the Group's expense as required.

The Group purchases and maintains Directors' and officers' liability insurance in respect of the Group, the Company and its Directors throughout each financial year.

Role of the Board

Great importance is placed on a well informed and decisive Board. Board meetings are held regularly throughout the year. In 2015, six scheduled Board meetings and eight Board Committee meetings were held. In addition, as it does each year, the Board convened and participated in a separate full day's discussion of the Group's strategy and three-year plan.

The Board has adopted a schedule of matters reserved for its consideration and those delegated to Board Committees. The Board's responsibilities include setting the Group's overall business and commercial strategy; setting and monitoring business objectives to achieve the strategy; setting and monitoring annual budgets and financial and capital plans; and considering Group policies and any major investments or organisational changes.

Agenda items scheduled for every Board meeting include strategy, business performance, operations, human resources, finance and governance. The agenda is reviewed and agreed by the Chairman to ensure that the Board addresses the right issues at the right times and that sufficient time is allowed for appropriate consideration and debate.

Following Board Committee meetings, the Board receives copies of the Committees' minutes at the next Board meeting and can raise any queries or concerns with the Committee Chairmen.

Board meetings

Board meetings are scheduled in different Group offices to give the Board the opportunity to meet local management and employees, and to develop greater business knowledge and depth of awareness of business-specific opportunities and threats. All Directors receive papers sufficiently in advance of meetings to enable due consideration.

During 2015, matters dealt with by the Board included:

» review and monitoring of Group strategy and progress against business objectives;

» operational and financial performance of the Group;

» Group budgets and three-year plan;

» approval of financial statements and dividend policy;

» risk management oversight;

» review of internal controls and approval of the internal audit plan;

» Board and senior management succession planning;

» approval of large contracts and bids;

» approval of large capital expenditure projects;

» Committee reports and recommendations;

» remuneration of Executive Directors and senior management;

» review of corporate governance reporting; and

» Board and Committee evaluation and progress of actions from the 2014 evaluation.

Attendance at Board and Board Committee meetings during the 2015 financial year was as follows:

	Total number of meetings		
	Board	Audit Committee	Remuneration Committee
DJ Coghlan Chairman	5	–	–
D Bate	5	3	4
SW Coggins Chairman of Audit Committee	5	3	4
PM Rae Chairman of Remuneration Committee	5	3	4
J Shepherd (resigned 31 January 2015)	1*	–	–
NC Poultney (resigned 30 November 2015)	5	–	–
PA Webb	5	–	–

* Number of meetings eligible to attend prior to retirement from the Board: one.

Directors’ conflicts of interest

A Conflicts Register is maintained by the Company Secretary to monitor and manage any potential conflicts of interest. Training on the Companies Act 2006 has been given to all Directors on the provisions within, and Directors are reminded of their duties at each Board meeting. Any conflicts are declared at the first Board meeting at which the Director becomes aware of a potential conflict and then recorded in the Conflicts Register. The Board considers all conflicts in line with the provisions set out in the Articles and non-conflicted Directors can authorise conflicts with or without limits and conditions. The Directors are required to review their interests recorded in the Conflicts Register on an annual basis.

Board Committees

The Group has two standing Board Committees: a Remuneration Committee and an Audit Committee. The roles and activities of those Committees are included in the respective Committee reports on pages 32 to 37.

The functions of a nominations committee are undertaken by the Group Board as a whole. Where necessary and appropriate, a nominations sub-committee is appointed temporarily to fulfil specific tasks. Given the size of the Group, and the size and composition of its Board, the Directors believe it is both practical and beneficial for matters of Board composition and recruitment, Board performance evaluation, Executive and Non-Executive succession planning, and training and development to be undertaken by the Board as a whole. All such matters are regularly scheduled on the Board’s agenda and are discussed thoroughly and robustly, incorporating the detailed perspectives and experience of all Directors.

Board appointments

All Non-Executive Directors are provided with a letter of appointment on acceptance of the appointment, which includes the terms and conditions of their role. The letters of appointment are updated as appropriate from time to time and are available on request from the Company Secretary.

Diversity

The Group recognises the benefits of having a diverse board, senior management team and workforce in general and seeks to recruit and develop the best-qualified candidates to support and achieve the Group’s long-term strategic and business objectives. The Group monitors and encourages diversity across the whole workforce in terms of gender, skills, culture, disability and ethnicity and believes such diversity contributes to the success of the Group.

Board performance and effectiveness

Induction

The Group’s policy is for all new Directors to undertake a formal and comprehensive induction to the Group upon joining the Board. The induction process is undertaken by the Company Secretarial department. On acceptance of appointment all Directors are provided with an induction pack, which includes: their appointment letter and terms; latest accounts and constitutional documents; protocol for conflicts of interest, price-sensitive information, Directors’ duties and data protection; Group Model Code and Group policies; Board meeting procedures and matters reserved; Board minutes for the previous twelve months; and meeting dates and contact details. Substantive induction to the Group’s businesses is provided through meetings with senior management and site visits to the Group’s operations.

Performance evaluation

The Board undertakes a self-assessment process annually. This includes evaluation of the performance and effectiveness of the Board, of its Committees and of each Director. The process is led by the Chairman and involves a full, robust and open debate in a Board meeting and actions for improvement are agreed. Progress against these actions arising from performance evaluations is then monitored and reported on throughout the following year. The performance of the Chairman is reviewed in the Chairman’s absence by the Board, led by the Senior Independent Director. Directors’ individual performance and development objectives are set to support individual and business needs, as well as the action plan for the Board and Committees.

Independence

As part of the appraisal of each Director, the independence of all Non-Executive Board members is reviewed and evaluated annually. Peter Rae, Steve Coggins and Dennis Bate have served on the Board for 18, eleven and ten years respectively. Each brings different and complementary high-level experience relevant to the current business and future development of the Group. During 2015, and at all times previously, each has addressed all issues facing the Board with a high level of candour, robustness and insight. Their in-depth knowledge of the Group and the electronic surveillance industry, gained from their tenure, combined with their different and complementary skills and knowledge developed from other directorships, provide valuable independent perspectives and contribute to the success of the Group and to the performance and effectiveness of the Board. For these reasons, each of these three Non-Executive Directors is considered by the Board to be independent.

During 2015 Synectics conducted an extensive and open search for an additional Independent Non-Executive Director, culminating in the appointment of Michael Butler on 23 February 2016. Michael’s credentials are described in the Board of Directors section on page 27.

Shareholder engagement

The Board welcomes dialogue with shareholders and actively engages with them through face-to-face meetings and written queries, and at the Company’s Annual General Meeting. Individual meetings are conducted with those substantial shareholders who so request following the announcement of final and half-year results. The Group’s brokers are requested to collate all responses from such investor meetings and to pass these to the Board. In addition, the Chairman apprises all Board members of any other significant shareholder feedback or discussions. As part of the continued review of the Group’s governance reporting, the Annual Report and Accounts includes expanded narrative governance disclosures that take into account the views of shareholders expressed through the engagement process.

This report provides information about the Remuneration Committee, the remuneration policies approved and applied by the Board, and the actual remuneration of Directors for the year ended 30 November 2015. This report does not constitute a directors' remuneration report in compliance with the requirements of the Code, as the Group is exempt from such requirements.

Unaudited information

Remuneration Committee

The Group's Remuneration Committee comprises:

- Peter Rae, Chairman of the Committee, Senior Independent Non-Executive Director;
- Dennis Bate, Independent Non-Executive Director;
- Michael Butler, Independent Non-Executive Director; and
- Steve Coggins, Independent Non-Executive Director.

The Committee members are Independent Non-Executive Directors and have no personal or financial interests, other than as shareholders, in the matters considered by the Committee.

The Remuneration Committee operates within the remit delegated by the Board, which is set out in formal terms of reference. The remuneration of Non-Executive Directors is a matter for the Chairman and the Executive members of the Board. No Director or manager is involved in any decision regarding their own remuneration. A copy of the terms of reference can be obtained from the Company Secretary or from the Group's website at www.synecticsplc.com/index.php/remuneration-committee.

Neither the Executive Directors nor the Chairman attend other than by invitation of the Remuneration Committee and are not present at any discussion of their own remuneration.

The principal duties of the Remuneration Committee are to:

- recommend to the Board for approval overall Group remuneration policies, and the specific remuneration each year for all Directors and senior management, including bonuses, incentive payments and share options and awards;
- ensure Executive Directors and senior executive management are provided with appropriate incentives to encourage enhanced performance in a fair and reasonable manner;
- approve the design of, and determine targets for, any performance-related pay schemes;
- review the design of all share incentive plans for approval by the Board and, where appropriate, shareholders;
- determine whether awards will be made under any share incentive plans, including the size of the award and the performance targets to be used;
- determine the policy for pension arrangements for Executive Directors and senior executive management;
- ensure that contractual terms on termination and any payments made are fair, that failure is not rewarded and that the duty to mitigate loss is fully recognised;
- consider applicable legislation, regulation, best practice guidance and recommendations, and developments on remuneration policy and remuneration reporting;
- review remuneration trends at individual subsidiaries and the Group as a whole, and oversee any major changes in employee benefit structures across the Group;
- select and appoint any remuneration consultants to advise the Committee, if required; and
- review the Committee's performance, constitution and terms of reference to ensure it operates effectively and to recommend any changes to the Board for approval.

The Committee Chairman reports formally to the Board on the Committee's proceedings after each meeting; ensures that an annual report of the Group's remuneration policy and practices is published in the Group's Annual Report and Accounts; and (from 2012) ensures each year that the Remuneration Committee report, which contains the Directors' remuneration, is put to shareholders for approval at the Annual General Meeting.

The Committee is authorised by the Board to seek any information it requires from any employee of the Group in order to perform its duties and to obtain external professional advice at the Group's expense.

During the past financial year the Remuneration Committee met four times. The Committee considered the 2014 bonus awards for certain senior executive management and salary increases for the Executive Directors and senior executive management. The Committee approved the discretionary executive bonus scheme to take effect in the financial year 2015 for Executive Directors. For the 2015 financial year, the upper limits on bonuses were set at 75% of base salary for the Chief Executive and 60% for the Finance Director. An award of options under the Performance Share Plan on 30 March 2015, for the Executive Directors and senior managers, was considered and approved. The Committee approved exercises of options over shares, and sales of shares, in respect of the Group's various incentive plans during the year. The Committee determined the appropriate leaver treatment for participants in the Performance Share Plan who had left the Group during the year. The Committee also approved the remuneration of senior executives and the remuneration terms for Mike Stilwell, effective from his appointment to the Board on 1 December 2015.

Remuneration policy for Executive Directors

Executive Directors are employed by the Group and are required to devote substantially the whole of their time to its affairs. The policy of the Board is to provide competitive packages reflective of the industry in which it operates to attract, retain and motivate high calibre individuals as Executive Directors and to ensure that their remuneration packages (consisting of basic salary, performance-related bonuses, pension arrangements and other benefits including interests in share schemes) reflect their responsibilities, performance and experience, and encourage and reward superior performance. The policy is also aimed at ensuring employees are rewarded fairly for their individual contributions to its performance and encourage appropriate behaviours in line with the Group's attitude to risk.

The principal elements of the Executive Directors' remuneration packages are as follows:

- Basic salary – the Group aims to pay competitive market salaries and to recognise individual development and progression through the annual salary and personal review processes. Salaries are reviewed annually.
- Annual performance-related bonuses – in line with the scheme covering other senior members of staff, performance-related bonuses for the Executive Directors are based on the achievement of specific financial targets for the Group and agreed personal objectives.
- Pension arrangements – the Group makes contributions into money purchase schemes on behalf of the Executive Directors. Pension payments are based only on basic salary.
- Other benefits – these principally comprise car benefits, life assurance and membership of the Group's healthcare scheme.
- Long-term incentive arrangements – the Group operates various share plans in which certain of the Executive Directors participate. Details of the share plans are given in note 22 to the financial statements. Directors' interests in the shares of the Group are detailed in the shareholdings disclosure on page 39.

Executive Directors are not automatically entitled to compensation payments for loss of office, other than payment in lieu of their contractual notice period, if legally required.

Executive Directors do not hold directorships in other companies unrelated to the Group, and, accordingly, no remuneration is due to the Group.

Remuneration policy for Non-Executive Directors

Non-Executive Directors are independent of the Group and are expected to spend an average of approximately two days a month on the Group's business. They are not restricted from undertaking additional directorships, subject to avoiding any conflicts of interest.

After considering recommendations from the Chairman, the Board determines the remuneration of the Non-Executive Directors excluding the Chairman. The remuneration of the Chairman is determined by the Remuneration Committee. Non-Executive Directors receive fees which are reviewed annually in light of their responsibilities, experience and contribution to the Group's affairs, as well as market rates. Non-Executive Directors do not receive any performance-related pay or rewards, and the Group does not deduct for, or contribute to, a pension.

Audited information

Details of the Directors' emoluments are given below.

a) Remuneration

	Salary and fees £000	Bonuses* £000	Benefits £000	**2015 Total (excl pension) £000**	2014 Total (excl pension) £000	**2015 Pension £000**	2014 Pension £000
Executive Directors							
NC Poultney (retired 30 November 2015)	187	41	31	**259**	200	**34**	32
PA Webb	219	39	20	**278**	18	**26**	2
J Shepherd**	42	–	6	**48**	290	**5**	30
Non-Executive Directors							
DJ Coghlan	75	–	12	**87**	86	–	–
PM Rae	30	–	–	**30**	30	–	–
SW Coggins	30	–	–	**30**	30	–	–
D Bate	30	–	–	**30**	30	–	–
Total	613	80	69	**762**	684	**65**	64

* Bonuses are paid or accrued based on the achievement of agreed personal objectives and corporate performance metrics.

** Mr Shepherd retired from the Board on 31 January 2015. During the year Mr Shepherd received an amount for compensation for loss of office in line with the arrangements disclosed in the 2014 Remuneration Committee report.

Pension contributions shown above reflect pension payments into money purchase arrangements. There were no other pension payments or accrued pension benefits arising under money purchase schemes in respect of Directors.

b) Share schemes

The Directors' interests in the Company's share schemes are presented below. No new options were granted to, or exercised by, any Director between 1 December 2015 and 24 February 2016.

Performance Share Plan

The following Executive Directors held an interest in the Company's shares at 30 November 2015 through awards made under the Synectics Performance Share Plan (the 'PSP'), which was established on 9 October 2012, as set out below and in note 22.

Under the rules of the PSP, selected employees are awarded an interest over a certain number of Company shares which only vest after a three-year period, at nil cost to the employees. The number of shares that vest at the end of the three-year period is dependent on the Company meeting certain performance thresholds linked to the FTSE AIM All Share Total Return Index. The performance conditions are identical to those that applied under the Executive Shared Ownership Plan, details of which are presented below.

The awards made in October 2012 reached the end of their vesting period in October 2015. After the year end the Committee reviewed the Company's performance against the applicable performance conditions and has determined that no proportion of the 2012 award could be considered to have vested. As such, the participants' interests in the 2012 award have lapsed.

No rights under this scheme were exercised by Directors during the year.

Executive Shared Ownership Plan

The following Directors shown below held an interest in the Company's shares at 30 November 2015 through participation in the Quadnetics Executive Shared Ownership Plan (the 'ExSOP'), which was established on 7 July 2009, having superseded an earlier scheme established in 2005, as set out below and in note 22. The last awards under the ExSOP were made in March 2011.

Under the provisions of the ExSOP, shares are jointly owned by nominated senior employees and by an employees' share trust on terms, similar to a share option scheme, whereby the value of appreciation in the Company's share price over a minimum three-year period accrues to the relevant employee, provided the Company meets certain performance thresholds linked to the FTSE AIM All Share Total Return Index. No rights under this scheme were exercised by Directors during the year.

Awards made under the PSP

	9 October 2012		31 October 2013		30 March 2015	
Date awarded	Number of shares	Issue price (p)	Number of shares	Issue price (p)	Number of shares	Issue price (p)
NC Poultney	10,000	272.5	5,000	510.0	30,000	117.5
PA Webb	10,000	272.5	5,000	510.0	50,000	117.5

Participation in the ExSOP

	7 July 2009*		7 March 2011	
Date awarded	Number of shares	Issue price (p)	Number of shares	Issue price (p)
NC Poultney	200,000	147.5	10,000	178.0
PA Webb	100,000	147.5	100,000	178.0
DJ Coghlan	93,243	147.5	–	–

* Share awards issued on this date were rolled over from share awards held under a previous version of the ExSOP.

Employees' Share Acquisition Plan

The Executive Directors also participate in the Quadnetics Employees' Share Acquisition Plan (the 'ESAP'), which was adopted on 23 April 2010. Deductions from salary are used to buy partnership shares in Synectics plc at the end of each six-month accumulation period. The Trustee of the ESAP will use any dividend income paid on these shares to buy further shares to be held in the scheme as dividend shares.

Partnership shares can be withdrawn from the scheme by the employee at any time, but withdrawals before the fifth anniversary after purchase are subject to income tax; withdrawals after the fifth anniversary of their purchase date can be made in full and are not subject to income tax. Dividend shares are required to be held in trust for a period of three years following the purchase date. Employees who leave the Group are required to withdraw all of their shares in the scheme and are subject to the same rules.

The Executive Directors had the following interests over Company shares held in the ESAP at 30 November 2015:

Partnership shares	Purchase price (p)	NC Poultney Number of shares	PA Webb Number of shares
14 October 2010	147.5	338	338
7 April 2011	177.5	422	422
2 November 2011	185.5	405	405
20 April 2012	200.0	375	375
9 October 2012	272.5	275	275
3 April 2013	282.5	265	266
14 October 2013	393.0	191	190
4 April 2014	404.0	186	186
2 October 2014	350.0	257	214
17 April 2015	153.0	589	492
22 October 2015	123.5	729	607
		4,032	**3,770**
Dividend shares			
25 July 2011	200.0	7	7
2 November 2011	205.0	9	9
17 May 2012	289.0	19	19
9 October 2012	272.5	14	14
8 May 2013	445.0	21	21
4 October 2013	488.0	13	13
7 May 2014	430.0	30	30
		113	**113**
		4,145	**3,883**

The mid-market prices of the Company's shares at the beginning and end of the financial year were as follows:

	Ordinary shares of 20p each
At 1 December 2014	155.0p
At 30 November 2015	107.5p

The maximum and minimum share prices during the year were as follows:

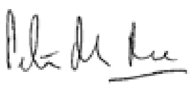
	Ordinary shares of 20p each
Maximum	212.5p
Minimum	107.5p

c) Service contracts

There are no Directors' service contracts with notice periods in excess of one year. The notice periods under the service agreements for Executive Directors and letters of appointment for Non-Executive Directors are as follows:

	Notice period
DJ Coghlan	12 months
D Bate	3 months
MJ Butler	3 months
SW Coggins	6 months
PM Rae	1 month
MJ Stilwell	6 months
PA Webb	12 months

By Order of the Board



Peter Rae
Chairman of the Remuneration Committee

24 February 2016

Audit Committee

The Audit Committee comprises:

- Steve Coggins, Chairman of the Committee, Independent Non-Executive Director;
- Dennis Bate, Independent Non-Executive Director;
- Michael Butler, Independent Non-Executive Director; and
- Peter Rae, Senior Independent Non-Executive Director.

All of the Committee members are Independent Non-Executive Directors and have no personal or financial interests, other than as shareholders, in the matters considered by the Committee.

The Audit Committee has formal terms of reference which set out its duties delegated by the Board. A copy of the terms of reference can be obtained from the Company Secretary or from the Group's website at www.synecticsplc.com/index.php/audit-committee.

During the last financial year the Committee met three times. Neither the Executive Directors nor the Chairman attend meetings other than by invitation of the Committee members. The Committee invites the auditor to attend certain meetings.

The Committee is authorised by the Board to obtain external professional advice at the Group's expense in order to perform its duties.

The main function of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities. Its principal duties are to:

- make recommendations to the Board on the appointment, re-appointment or removal of the external auditor and the amount of their remuneration;
- discuss and agree the scope of the audit and review the auditor's management letter and the Group's response;
- review and agree the scope and work of the Group's internal audit activities;
- review half-year and annual financial statements and formal announcements relating to financial performance;
- review the adequacy and effectiveness of the Group's internal financial controls, and internal control and risk management systems;
- consider compliance with relevant laws and regulations;
- consider findings of internal investigations and management's response; and
- review the Committee's terms of reference and recommend any proposed changes to the Board for approval.

During the financial year the Audit Committee considered the following matters:

- the suitability of the Group's accounting policies and practices;
- the half-year and full-year financial results;
- the scope and cost of the external audit;
- the auditor's full-year report for 2014;
- the re-appointment and evaluation of the performance of KPMG LLP as the Group's external auditor (incumbent since 2007);
- the arrangements in respect of Internal Audit, including its resourcing and the scope of the annual internal audit plan for 2015/16;
- periodic internal control reporting;
- corporate governance developments; and
- a summary of the key risks that may impact the Group and agreed mitigating actions to minimise the risk.

Internal controls

The Board of Directors, advised by the Audit Committee, has overall responsibility for the Group's system of internal control and for reviewing its effectiveness. Details of the system of internal control, the principal risks facing the Group, and the strategies put in place to mitigate them, are set out in the Risks and Risk Management section on pages 42 and 43.

Audit independence

The Audit Committee and the Board place great emphasis on the objectivity of the external auditor in its reporting to shareholders.

The audit partner and senior manager are present at Audit Committee meetings as required to ensure full communication of matters relating to the audit. The overall performance of the auditor is reviewed annually by the Audit Committee, taking into account the views of management, and feedback is provided when necessary to senior members of the audit firm unrelated to the audit. The Audit Committee also has discussions with the auditor, without management being present, on the adequacy of controls and on any judgemental areas. The scope of the forthcoming year's audit is discussed in advance by the Audit Committee. Audit fees are approved by the Audit Committee.

In accordance with best practice and professional standards, external auditors are required to adhere to a rotation policy whereby the audit engagement partner is rotated after five years. The most recent audit partner rotation was in 2012.

The Committee keeps the performance and independence of KPMG under annual review and an audit tender will be undertaken at a time considered appropriate by the Committee, taking into account the independence, quality of the audit and service provided by the external auditor.

Assignments of non-audit work have been and are subject to controls by management that have been agreed by the Audit Committee so that audit independence is not compromised.

Other than audit, the Board is required to give prior approval of work carried out by the auditor and its associates in excess of £50,000. Part of this review is to determine that other potential providers of the services have been adequately considered. These controls provide the Audit Committee with confidence in the independence of the auditor in its reporting on the audit of the Group.

Non-audit services

The Audit Committee is satisfied that the current provision of non-audit services by the Group's auditor does not impair its independence or objectivity. That conclusion is based on the relatively low amount of fees for non-audit services in comparison to audit services (see note 5 to the financial statements), and on specific discussions with the auditor.

By Order of the Board

Steve Coggins
Chairman of the Audit Committee

24 February 2016

The following matters are reported by the Directors in accordance with the Companies Act 2006 requirements in force at the date of this Annual Report and Accounts.

Principal activities

The principal activities of Synectics plc (the 'Company') and its subsidiary companies (the 'Group') are set out within the Strategic Report, which comprises the Chairman's Statement, the Strategic Review, the Performance Review and the Risks and Risk Management section, on pages 4 to 25, and pages 42 and 43.

Review of business and future developments

The Consolidated Income Statement for the year ended 30 November 2015 is set out on page 45.

A review of the Group's business activities during the year and its prospects for the future can be found in the Chairman's Statement, the Strategic Review and the Performance Review on pages 4 to 25. These reports together with the Chairman's Introduction, the Corporate Governance Statement, the Remuneration Committee report and the Audit Committee report are incorporated into this report by reference and should be read as part of this report.

Key performance indicators

The Directors measure the Group's performance principally using the following financial indicators (as reflected in this Annual Report):

» revenue;

» gross margin %;

» underlying operating profit and underlying profit before tax;

» underlying operating margin %, being the ratio of underlying operating profit to revenue;

» operating profit;

» profit before tax;

» diluted earnings per share;

» underlying diluted earnings per share (based on underlying profit after tax);

» order book;

» recurring revenue (being contracted sales where a service is delivered over a future time period and revenues are recognised in the relevant future accounting period);

» recurring revenue as a % of total revenue;

» net cash balance;

» working capital %;

» free cash flow; and

» cash conversion %.

Principal risks and uncertainties

Details of the principal risks and uncertainties considered by the Board to affect the Group, and the related risk mitigation actions, are given on pages 42 and 43.

Group results and dividends

The consolidated profit after tax for the year was £406,000 (2014: loss after tax £3,358,000).

The Directors recommend a final dividend of 1.0p per share (2014: £nil), totalling around £173,000 to be paid on 6 May 2016 to shareholders registered on 29 March 2016. There was no interim dividend paid during the year (2014: £nil).

Financial instruments

Details of financial instruments to which the Group is a party are shown in note 30 to the financial statements.

Fixed assets

In the opinion of the Directors, there is no material difference between the book value and the current open market value of the Group's interest in land and buildings.

Research & development expenditure

The Group has continued to invest in research & development of both software and hardware products for surveillance applications during the year incurring total costs of £2.1 million (2014: £2.5 million), of which £1.6 million (2014: £1.2 million) has been written off to the Income Statement.

Share capital

The Company's issued ordinary share capital comprises a single class of ordinary shares of 20p each, with 17,794,439 shares in issue and listed on AIM of the London Stock Exchange as at 30 November 2015. No shares were held in treasury and 1,419,464 shares were held by the Company's employee share trusts. Details of movements in the issued share capital can be found in note 21 to the financial statements. No securities were issued in connection with a rights issue during the year.

Each share carries the right to one vote at general meetings of the Company. All issued shares are fully paid up and carry no additional obligations or special rights. There are no restrictions on transfers of shares in the Company, or on the exercise of voting rights attached to them, other than those which may from time to time be applicable under existing laws and regulations.

Employee share plans

During the year, the Company has remained within its headroom limits for the issue of new shares for share plans as set out in the rules of the plans. The Company uses an employee benefit trust to acquire partnership shares (at the end of each accumulation period) and dividend shares in the market, when permitted. A total of 24,237 shares in the Company were purchased by the employee benefit trust during the 2015 financial year.

Directors' interests

Interests of the Directors and their connected persons in the issued share capital of the Company as at 30 November 2015 were as follows:

	2015 Number of shares held	2015 Interests in share schemes	2015 Total interests in shares	2014 Total interests in shares
DJ Coghlan	**1,521,303**	**93,243**	**1,614,546**	1,594,546
PM Rae	**232,302**	**–**	**232,302**	218,302
D Bate	**146,000**	**–**	**146,000**	146,000
SW Coggins	**13,080**	**–**	**13,080**	13,080
NC Poultney	**13,000**	**259,145**	**272,145**	240,827
PA Webb	**–**	**268,883**	**268,883**	217,784
	1,925,685	**621,271**	**2,546,956**	2,430,539

Significant shareholdings

As at the close of the market on 10 February 2016, the Company was aware of the following holdings, excluding Directors' holdings, of 3% or more of the Company's total issued share capital:

	Number of shares	% of total voting rights	Nature of interest
Whitehall Associated SA	5,335,000	29.98%	Direct
Charles Stanley Group Plc	1,477,711	8.30%	Direct
Quadnetics Employees Benefit Trust	1,419,464	7.98%	Direct
Standard Life Investments Limited	843,048	4.74%	Direct
Cavendish Asset Management	691,200	3.88%	Direct
Lion Nominees Limited	552,362	3.10%	Indirect

Board of Directors

With the exception of John Shepherd who retired from the Board on 31 January 2015, all Directors were in office throughout the financial year ended 30 November 2015. On 30 November 2015 Nigel Poultney retired from the Board and from the role of Finance Director. Subsequent to the year end, on 1 December 2015, Mike Stilwell was appointed to the Board and appointed Finance Director and Michael Butler was appointed to the Board as a Non-Executive Director on 23 February 2016. Details and biographies of the current Directors are shown on pages 26 and 27.

The powers of the Company's Directors and rules that apply to changes in the Directors are set out in the Company's Articles of Association (the 'Articles'). Any changes to the Articles would require the consent of the Company's shareholders.

In accordance with the Articles, one-third of the Directors are required to retire by rotation at each Annual General Meeting and, being eligible, offer themselves for re-election. The Directors proposed for re-election at the 2016 Annual General Meeting are Michael Butler, Peter Rae and Mike Stilwell.

Directors' indemnity

As permitted by the Articles, each of the Directors has the benefit of an indemnity which is a qualifying third-party indemnity as defined by section 234 of the Companies Act 2006. The indemnity was in force throughout the financial year and is currently in force. No indemnity is provided for the Group's auditor.

Conflicts of interest

The Articles permit the Board to consider and, if it sees fit, authorise situations where a Director has an interest that conflicts, or may possibly conflict, with the interests of the Group ('Situational Conflicts'). The Board operates an effective formal system for Directors to declare Situational Conflicts and for them to be authorised by the non-conflicted Directors if thought appropriate and subject to limits or conditions.

Related party transactions

Internal controls are in place to ensure that any related party transactions involving Directors or their connected persons are carried out on an arm's length basis and are properly recorded. Details of any related party transactions are given in note 26 to the financial statements.

Essential contracts or arrangements

The Group has a number of contractual agreements with suppliers in support of its business activities. Whilst the loss of certain of these arrangements may cause temporary disruption, there are none, for which mitigation plans have not been put in place, which are individually considered to be essential to the Group's business.

Change of control provisions

There are no significant agreements which contain provisions entitling other parties to exercise termination or other rights in the event of a change of control of the Group; and no provisions in the Directors' service agreements or employees' contracts that provide for compensation for loss of office or employment occurring because of a takeover.

Employment policies

The Group employed an average of 533 people in 2015 (2014: 546).

The Group has established employment policies that comply with current legislation and codes of practice, including in the areas of health and safety and equal opportunities. The Group consults employees on developments and changes to take account of their views when making decisions that may impact their interests.

The Group makes every effort to recruit and continue the employment, training and promotion of those persons who are or become disabled.

Employee engagement

The Group engages with its employees regularly through various media: email alerts, focus groups, monthly bulletins, team briefings, a biannual senior management conference and an annual staff survey. Details of the performance of the Group are shared with all employees at the appropriate time using the methods above.

The Group operates a HMRC-approved share incentive plan to encourage employees to take a greater interest in the Group's performance through share ownership. Details are set out in the Remuneration Committee report on pages 32 to 35.

Policy on payment of suppliers

The Group's policy during the year was to pay suppliers in accordance with agreed terms. At 30 November 2015 the Group had 59 days' purchases outstanding in trade payables (2014: 61 days').

Charitable donations and activity

The Group made donations amounting to £3,700 (2014: £2,800) to charitable causes during the year.

Political donations

The Group made no political donations during the year and its policy is not to make such donations.

Going concern

The financial statements have been prepared on a going concern basis. The Directors have reviewed the Group's objectives, policies and processes for managing its capital, financial risk management, financial instruments, exposure to credit and liquidity risk, and financial forecasts. As a result of this review the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason the Directors continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in note 1 to the financial statements.

Annual General Meeting

The notice convening the Annual General Meeting is distributed separately to shareholders at least 20 working days before the meeting. Separate resolutions are proposed on each substantially separate issue. The poll results from the 2016 Annual General Meeting will be made available on the Company's website after the meeting.

Auditor

A resolution for the re-appointment of KPMG LLP as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

Post-balance sheet events

There are no post-balance sheet events to report.

Disclosure of information to auditor

Having made the required enquiries, so far as the Directors are aware, there is no relevant audit information (as defined by section 418(3) of the Companies Act 2006) of which the Company's auditor is unaware and each Director has taken all steps that ought to have been taken to make himself aware of any relevant audit information and to ensure that the Company's auditor is aware of that information.

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report, the Strategic Report, the Directors' Report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. As required by the AIM Rules of the London Stock Exchange they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU and applicable law and have elected to prepare the Parent Company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of their profit or loss for that period. In preparing each of the Group and Parent Company financial statements, the Directors are required to:

» select suitable accounting policies and then apply them consistently;

» make judgements and estimates that are reasonable and prudent;

» for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;

» for the Parent Company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

» prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibilities statement

The Directors confirm that to the best of their knowledge:

» the financial statements, prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;

» the Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and

» the Annual Report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Forward-looking statements

This report may contain certain statements about the future outlook for Synectics plc. Although the Directors believe their expectations are based on reasonable assumptions, any statements about future outlook may be influenced by factors that could cause actual outcomes and results to be materially different.

Strategic report approval

The Strategic Report, set out on pages 4 to 25, and pages 42 and 43, consists of the Chairman's Statement, the Strategic Review, the Performance Review and the Risks and Risk Management section.

By Order of the Board

Nigel Poultney
Company Secretary

24 February 2016

Understanding and managing key risks to the Group

The Group seeks to understand and manage the various risks that arise from its operations. The Group is subject to a variety of risks which may have an adverse impact on the business, results of operations, cash flow, turnover, profitability, assets, liquidity and capital reserves.

The principal risks facing the Group, and the strategies put in place to mitigate them, are described here.

The Board of Directors, advised by the Audit Committee, has overall responsibility for the Group's system of internal control and for reviewing its effectiveness. Responsibility for implementing sound and effective systems of internal control has been delegated by the Board to senior management. The purpose of the system of internal control is to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance against material misstatement or loss.

The Directors have established an organisational structure with clear operating procedures, lines of responsibility and delegated authority. In particular there are clear procedures for capital investment appraisal and approval, contract risk appraisal and financial reporting within a comprehensive financial planning and accounting framework.

The Directors believe the internal control environment is generally adequate and appropriate given the size and complexity of the Group. During the prior year a failure in controls to identify project management issues on a large, complex project in the Integration & Managed Services division led to significant cost overruns being incurred. Measures were immediately put in place to prevent this happening again. These additional controls have been effective throughout the year.

In order to give additional assurance on controls, and to supplement the work undertaken by the external auditor, the Group uses the experience of its central accounting team to undertake a programme of internal audit approved by the Group's Audit Committee.

People skills and dependency

Reputational risk

Project delivery risk and contractual liabilities

Technological risk

Product failure risk

Price and margin pressure

Declining global energy prices impacting project awards and timescales

Geopolitical risk impacting project awards and timescales

Risk **Factors that may impact the business**	Mitigation **What we are doing to minimise the risk**
As with most businesses, particularly those operating in a technical field, we are dependent on our employees with key managerial, engineering and technical skills.	The Group aims to offer appropriate remuneration packages and incentive arrangements in order to mitigate this risk. In addition the Group actively reviews its succession planning objectives and, in recent years, has increased its focus on personal development reviews and the provision of relevant training for all members of staff.
The nature of the Group's business and its customer base means that Synectics is dependent for future business on its reputation in the marketplace, particularly for the quality and reliability of its products and services, and the overall integrity of its people.	The Board recognises the importance of maintaining Synectics' strong culture and promoting its core values. The Board, and all levels of management, consistently emphasise the need to embed these attributes in the culture of the Group, and test this by regularly seeking feedback from customers and employees.
Where the Group's service offering fails to meet agreed standards or timescales there is a risk that the Group will be exposed to cost overruns and claims for contractual liabilities as a result of this failure.	Project and service delivery are closely monitored and reviewed across Synectics on a regular and frequent basis. The Group maintains rigorous quality standards in all its operations and carefully assesses the terms on which it agrees to enter into contractual relationships at appropriate levels of responsibility.
As the industry becomes increasingly technical and transitions to digital technology, there is a risk that products become obsolete or irrelevant.	Synectics seeks to counter this risk through its investment in research & development resources and a continued focus on customer-led development to ensure that the most appropriate product development paths are followed. One example of such an initiative is the annual customer forum held for the bus and coach customers of our Integration & Managed Services division.
Where the Group's product offering fails to meet agreed standards there is a risk that the Group will be exposed to replacement or rework costs as a result of this failure.	Product quality is closely monitored and reviewed across Synectics. The Group maintains rigorous quality standards in all its operations and expects the same standards of its supplier base. Where possible product liability is mitigated through contractual arrangements within the supply chain.
The electronic security industry in general is competitive with continued pressure on sales and margins.	We will continue to focus on customer sectors where electronic security systems have a critical cost of failure, or an extreme environmental requirement, rather than the mass volume markets. In addition we will maintain a core of increasingly software-based proprietary technology giving higher margin opportunities, and focus on developing recurring revenues.
Declining returns for companies investing in large energy-related infrastructure ventures may lead to projects being delayed or cancelled altogether. This could reduce demand for the Group's specialist products designed predominantly for the Oil & Gas sector, and hence negatively impact performance. These delays could also detrimentally impact the Group's working capital position.	The Group mitigates this risk by addressing a number of sectors, other than Oil & Gas, which are less heavily influenced by oil prices. In addition overhead costs are kept under constant review to ensure that they are appropriate to activity levels within the business.
Political instability has the potential to impact whether new projects go ahead, existing project timescales and the trading partners the Group chooses to work with. The Group's trading performance, particularly within the Oil & Gas sector, is potentially exposed to delays in the scheduling of large-scale projects as a result of the changing geopolitical landscape in the Middle East. These delays could also detrimentally impact the Group's working capital position.	The Group attempts to mitigate this risk through winning business globally in regions where project timescales are not impacted by local political issues and ensuring detailed knowledge of projects on which it is bidding.

Read more about how the Group manages risk in the **Corporate Governance Statement** on **pages 30 and 31**

The **Audit Committee** advises the Board of Directors on matters of risk management. It has its own report, which can be read on **pages 36 and 37**

Independent auditor's report

To the members of Synectics plc

We have audited the financial statements of Synectics plc for the year ended 30 November 2015, which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement, the Parent Company Balance Sheet and the related notes. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards ('IFRSs') as adopted by the EU. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement (set out on page 41), the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

» the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 November 2015 and of the Group's profit for the year then ended;

» the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;

» the Parent Company financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and

» the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

» adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or

» the Parent Company financial statements are not in agreement with the accounting records and returns; or

» certain disclosures of Directors' remuneration specified by law are not made; or

» we have not received all the information and explanations we require for our audit.

Stuart Smith
Senior Statutory Auditor
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

24 February 2016

Consolidated income statement
For the year ended 30 November 2015

	Note	2015 £000	2014 £000
Revenue	2	**68,504**	64,594
Cost of sales		**(47,163)**	(45,707)
Gross profit		**21,341**	18,887
Operating expenses	3	**(20,666)**	(22,444)
Profit/(loss) from operations			
– Excluding non-underlying items	6	**1,713**	(2,192)
– Non-underlying items	4	**(1,038)**	(1,365)
Total profit/(loss) from operations		**675**	(3,557)
Finance income	8	**225**	246
Finance costs	9	**(388)**	(437)
Profit/(loss) before tax			
– Excluding non-underlying items		**1,550**	(2,383)
– Non-underlying items	4	**(1,038)**	(1,365)
Total profit/(loss) before tax		**512**	(3,748)
Income tax (expense)/credit	10	**(106)**	390
Profit/(loss) for the year attributable to equity holders of the Parent		**406**	(3,358)
Basic earnings per ordinary share	12	**2.5p**	(20.6)p
Diluted earnings per ordinary share	12	**2.5p**	(20.6)p
Underlying basic earnings per ordinary share	12	**8.0p**	(14.0)p
Underlying diluted earnings per ordinary share	12	**8.0p**	(14.0)p

Consolidated statement of comprehensive income

For the year ended 30 November 2015

	2015 £000	2014 £000
Profit/(loss) for the year	**406**	(3,358)
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement (loss)/gain on defined benefit pension scheme, net of tax	**(36)**	277
Effect of recognising the pension scheme surplus, net of tax	–	153
	(36)	430
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**234**	224
Losses on a hedge of a net investment taken to equity	**(345)**	–
	(111)	224
Total comprehensive income/(loss) for the year attributable to equity holders of the Parent	**259**	(2,704)

Consolidated statement of financial position
As at 30 November 2015

	Note	2015 £000	2014 £000
Non-current assets			
Property, plant and equipment	13	**3,264**	3,952
Intangible assets	14	**22,372**	23,357
Retirement benefit asset	29	**515**	540
		26,151	27,849
Current assets			
Inventories	15	**10,391**	12,624
Trade and other receivables	16	**21,265**	25,627
Tax assets		**542**	373
Cash and cash equivalents	17	**3,338**	1,349
		35,536	39,973
Total assets		**61,687**	67,822
Current liabilities			
Loans and borrowings	19	**(857)**	(4,553)
Trade and other payables	18	**(21,389)**	(22,569)
Tax liabilities		**(379)**	(72)
Current provisions	20	**(104)**	(1,147)
		(22,729)	(28,341)
Non-current liabilities			
Loans and borrowings	19	**(1,932)**	(2,872)
Non-current provisions	20	**(25)**	(22)
Deferred tax liabilities	10	**(159)**	(142)
		(2,116)	(3,036)
Total liabilities		**(24,845)**	(31,377)
Net assets		**36,842**	36,445
Equity attributable to equity holders of the Parent Company			
Called up share capital	21	**3,559**	3,559
Share premium account		**16,043**	16,043
Merger reserve		**9,971**	9,971
Other reserves		**(2,639)**	(2,656)
Currency translation reserve		**240**	351
Retained earnings		**9,668**	9,177
Total equity		**36,842**	36,445

The financial statements on pages 45 to 77 were approved and authorised for issue by the Board of Directors on 24 February 2016 and were signed on its behalf by:

Paul Webb
Chief Executive

Mike Stilwell
Finance Director

Company number: 1740011

Consolidated statement of changes in equity

For the year ended 30 November 2015

	Called up share capital £000	Share premium account £000	Merger reserve £000	Other reserves £000	Currency translation reserve £000	Retained earnings £000	Total £000
At 1 December 2013	3,539	15,765	9,971	(2,797)	127	12,937	39,542
Loss for the year	–	–	–	–	–	(3,358)	(3,358)
Other comprehensive income							
Currency translation adjustment	–	–	–	–	224	–	224
Remeasurement gain on defined benefit pension scheme, net of tax	–	–	–	–	–	430	430
Total other comprehensive income	–	–	–	–	224	430	654
Total comprehensive income/(loss) for the year	–	–	–	–	224	(2,928)	(2,704)
Dividends paid (note 11)	–	–	–	–	–	(928)	(928)
Credit in relation to share-based payments (note 23)	–	–	–	–	–	127	127
Issue of ordinary shares	20	278	–	–	–	–	298
Share scheme interests realised in the year	–	–	–	141	–	(31)	110
At 30 November 2014	3,559	16,043	9,971	(2,656)	351	9,177	36,445
Profit for the year	–	–	–	–	–	406	406
Other comprehensive loss							
Currency translation adjustment	–	–	–	–	(111)	–	(111)
Remeasurement loss on defined benefit pension scheme, net of tax	–	–	–	–	–	(36)	(36)
Total other comprehensive loss	–	–	–	–	(111)	(36)	(147)
Total comprehensive (loss)/income for the year	–	–	–	–	(111)	370	259
Credit in relation to share-based payments (note 23)	–	–	–	–	–	125	125
Share scheme interests realised in the year	–	–	–	17	–	(4)	13
At 30 November 2015	**3,559**	**16,043**	**9,971**	**(2,639)**	**240**	**9,668**	**36,842**

Consolidated cash flow statement

For the year ended 30 November 2015

	Note	2015 £000	2014 £000
Cash flows from operating activities			
Profit/(loss) for the year		**406**	(3,358)
Income tax expense/(credit)	10	**106**	(390)
Finance income	8	**(225)**	(246)
Finance costs	9	**388**	437
Depreciation and amortisation charge		**1,885**	1,515
(Profit)/loss on disposal of non-current assets		**(43)**	38
Government grant released to Income Statement	24	**(146)**	–
Share-based payment charge		**125**	127
Operating cash flows before movement in working capital		**2,496**	(1,877)
Decrease/(increase) in inventories		**2,233**	(2,889)
Decrease in receivables		**4,408**	2,068
(Decrease)/increase in payables and provisions		**(2,220)**	925
Cash generated from/(used in) operations		**6,917**	(1,773)
Interest received		**–**	1
Tax received/(paid)		**78**	(1,426)
Net cash from/(used in) operating activities		**6,995**	(3,198)
Cash flows from investing activities			
Purchase of property, plant and equipment	13	**(346)**	(2,021)
Sale of property, plant and equipment		**280**	–
Capitalised development costs	14	**(553)**	(1,361)
Purchased software	14	**(102)**	(240)
Net cash used in investing activities		**(721)**	(3,622)
Cash flows from financing activities			
Repayment of borrowings		**(727)**	(804)
Share scheme interests realised in the year		**13**	110
Cash received from government grant	24	**311**	–
Issue of shares		**–**	298
Interest paid		**(181)**	(192)
Dividends paid	11	**–**	(928)
Net cash used in financing activities		**(584)**	(1,516)
Effect of exchange rate changes on cash and cash equivalents		**(49)**	145
Net increase/(decrease) in cash and cash equivalents		**5,641**	(8,191)
Cash and cash equivalents at the beginning of the year		**(2,417)**	5,774
Cash and cash equivalents at the end of the year	17	**3,224**	(2,417)

1 Principal accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the periods presented unless otherwise stated.

Basis of preparation

These financial statements have been prepared in accordance with IFRS as adopted by the EU ('adopted IFRS'), and with those parts of the Companies Act 2006 applicable to companies reporting under adopted IFRS. The Company has elected to prepare its Parent Company financial statements in accordance with UK GAAP; these are presented on pages 78 to 86.

The consolidated financial statements of the Company as at and for the year ended 30 November 2015 comprise the Company and its subsidiaries and the Group's interest in jointly controlled entities.

These financial statements have been prepared using the historical cost convention except where the measurement of balances at fair value is required as set out below. The following policies are those that the Group considers to be its principal accounting policies in respect of its consolidated results.

Standards and interpretations effective in the current period

The following standards and interpretations have been adopted in the financial statements as they are mandatory for the year ended 30 November 2015:

Endorsed		Effective for periods beginning on or after:
IFRS 10	Consolidated Financial Statements	1 January 2014
IFRS 11	Joint Arrangements	1 January 2014
IFRS 12	Disclosure of Interests in Other Entities	1 January 2014
IAS 27	Separate Financial Statements	1 January 2014
IAS 28	Investments in Associates and Joint Ventures	1 January 2014
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014

Disclosure of interests in other entities

As a result of IFRS 12, the Group and the Company have expanded disclosures about their interests in subsidiaries.

Offsetting financial assets and financial liabilities

With effect from 1 December 2015, the Group has adopted 'Offsetting Financial Assets and Financial Liabilities' (amendments to IAS 32). The amendments clarify that to offset financial assets and financial liabilities, the Group's right of offset must be legally enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy of the Group and all of the counterparties. Following a review of the Group's cash pooling arrangements which have previously been presented net by geography and banking group within cash and cash equivalents (see note 17), management has determined that the right of offset is enforceable and therefore the existing presentation of the cash pooling arrangements is appropriate.

The adoption of the standards and interpretations above has not had a material impact on the Group's financial statements.

The following standards and interpretations are available for early adoption but have not been applied by the Group in these financial statements:

Endorsed		Effective for periods beginning on or after:
Annual improvements to IFRSs	2011–2013 Cycle	1 January 2015
Annual improvements to IFRSs	2010–2012 Cycle	1 February 2015
Amendments to IAS 19	Defined Benefit Plans	1 February 2015
Annual improvements to IFRSs	2012–2014 Cycle	1 February 2016

The Directors anticipate that all of the above standards, interpretations and amendments will be adopted in the Group's financial statements for the year commencing 1 December 2015 and/or 1 December 2016 as appropriate.

None of these standards, interpretations or amendments is expected to have a material impact on profit, earnings per share or net assets in future periods.

The following standards are not yet effective and have not been adopted early by the Group:

IFRS 15 'Revenue from Contracts with Customers'

IFRS 16 'Leases'

IFRS 9 'Financial Instruments'

1 Principal accounting policies continued

Going concern

The Group's business activities, together with factors likely to affect its future development, performance and position, and information on the financial position of the Group, its cash flows and liquidity position, are described in the reports which together make up the Strategic Report on pages 4 to 25 and on pages 42 and 43.

As detailed in note 19, the Group has secured banking facilities in place which are used to meet the day-to-day working capital requirements. There are various covenants attached to these facilities. The Directors have considered the financial position of the Group at 30 November 2015 and the projected cash flows and financial performance of the Group for at least twelve months from the date of approval of these financial statements.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group would be able to operate within the terms of its current facilities.

As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully and have adequate resources to continue in operation as a going concern for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Change in subsidiary ownership and loss of control

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Where the Group loses control of a subsidiary, the assets and liabilities are derecognised along with any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Goodwill

Goodwill is recorded at cost, being the excess of the cost of acquisition over the fair value at the date of acquisition of the Group's share of identifiable assets, liabilities and contingent liabilities, less accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill would not be reversed in a subsequent period.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Revenue

Revenue, which excludes value added tax, is measured at the fair value of the consideration received or receivable. Revenue is reduced for rebates and other similar allowances.

Installation contract income

Revenue and profits attributable to contracts are included in the Consolidated Income Statement as the contracts proceed in proportions relevant to their state of completion (based on costs incurred as a proportion of estimated total contract costs), less amounts recognised in previous years.

1 Principal accounting policies continued

Contract balances

When contract costs incurred to date plus recognised profits less recognised losses exceed payments on account, the surplus is shown as amounts due from customers for contract work. For contracts where payments on account exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the Consolidated Statement of Financial Position, as a liability. Amounts billed for work performed but not yet paid by the customer are included in the Consolidated Statement of Financial Position under trade and other receivables.

The Group sells certain products bundled with maintenance or other services to be delivered over a predetermined period of time. Where the commercial substance is that the individual components operate independently of each other such that each component represents a separable good or service that can be provided to customers, either on a stand-alone basis or as an optional extra or, alternatively, where one or more of the components may be capable of being provided by another supplier, these are considered as identifiable and separate components to which general revenue recognition criteria can be applied separately. Once the separate components have been identified, the amount received or receivable from the customer is allocated based on the individual component's fair value.

Maintenance contracts

Income receivable from maintenance contracts is recognised in revenue on a straight-line basis over the contract term. Income from maintenance contracts which relates to periods subsequent to the year end is included in current liabilities as deferred income.

Sale of goods

Revenue from the sale of goods is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods, which primarily takes place on delivery of the goods. Revenues arising from the sale of goods are not significant to the total Group revenue.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets acquired under finance leases, including hire purchase agreements where applicable, are capitalised and depreciated in accordance with the Group's depreciation policy or over the term of the lease if shorter. The capital element of future lease payments is included in the Consolidated Statement of Financial Position as obligations under finance leases. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are expensed directly to income.

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

Benefits received as an incentive to sign a lease, whatever form they may take, are credited to the Consolidated Income Statement on a straight-line basis over the lease term.

Foreign currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group entity are expressed in Sterling ('£'), which is the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in the Consolidated Income Statement in the period in which they arise.

Exchange differences arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity in the translation reserve. Foreign currency differences arising on the retranslation of a hedge of a net investment in a foreign operation are recognised directly in equity, in the translation reserve, to the extent that the hedge is effective. When the hedged part of a net investment is disposed of, the associated cumulative amount in equity is recycled to profit or loss as an adjustment to the profit or loss on disposal.

1 Principal accounting policies continued

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Sterling using exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and recognised in the Group's foreign currency translation reserve. Such exchange differences are recognised in the Consolidated Income Statement in the period in which the foreign operation is disposed.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rates prevailing at the balance sheet date.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset by reducing the cost of the asset, and therefore reducing subsequent depreciation charges.

Retirement benefit costs

Group employees are members of various pension schemes, all of which operate on a money purchase basis. Contributions to these schemes are charged to the Consolidated Income Statement as an expense when employees have rendered service entitling them to the contributions.

The Group also operates a retirement benefit scheme, which has deferred defined benefit members. The expected return on the scheme's assets and the expected increase in the present value of the scheme's liabilities during the period are included in the Consolidated Income Statement as other finance income and charges as appropriate. Actuarial gains and losses are recognised in the Consolidated Statement of Comprehensive Income. Pension scheme liabilities and, to the extent that they are recoverable, pension scheme assets are recognised in the Consolidated Statement of Financial Position and represent the difference between the market value of the scheme's assets and the present value of the scheme's liabilities.

Pension scheme liabilities are determined on an actuarial basis using the projected unit credit method and are discounted at a rate using the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

Share-based payments

In accordance with IFRS 2, equity-settled share-based payments are measured at fair value at the date of grant. The fair value is recognised as an employee expense on a straight-line basis over the vesting period, based on the Group's estimate of the number of shares that will eventually vest. The fair value of the options granted is calculated using an option pricing model which is based on the Black-Scholes model, taking into account the terms and conditions upon which the options were granted.

Transactions of the Company-sponsored Executive Shared Ownership Plan are treated as being those of the Company and are therefore reflected in the Parent Company and Group financial statements. In particular the scheme's purchases of shares in the Company are debited directly to equity, within 'Other reserves'.

Taxation

The income tax expense is the sum of current tax and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the Consolidated Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

1 Principal accounting policies continued

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in the Consolidated Income Statement, except where they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquirer’s interest in the net fair value of the acquiree’s identifiable assets, liabilities and contingent liabilities over the cost of the business combination.

Non-underlying items

The Group discloses certain financial information both including and excluding non-underlying items. The presentation of information excluding non-underlying items allows a better understanding of the underlying trading performance of the Group and provides consistency with the Group’s internal management reporting. Non-underlying items are identified by virtue of their size, nature or incidence and the Directors consider that these items should be separately identified.

Dividends

Dividends proposed by the Directors and unpaid at the end of the year are not recognised in the financial statements until they have been approved by shareholders at a general meeting of the Company. Interim dividends are recognised when they are paid.

1 Principal accounting policies continued

Property, plant and equipment

All property, plant and equipment assets are stated at cost less accumulated depreciation.

Depreciation is calculated so as to write off the cost of fixed assets, other than freehold land which is not depreciated, less their estimated residual values, on a straight-line basis over the estimated useful life, commencing on the first day of the month after being brought into use. The principal annual rates used for this purpose are:

- Freehold buildings – 2%
- Short leasehold improvements – over the term of the lease
- Plant, equipment and motor vehicles – 10% to 33%

Residual values, remaining useful lives and depreciation methods are reviewed annually and adjusted if appropriate.

Gains or losses on disposal are included in the Consolidated Income Statement.

Research & development costs

Research costs are written off to the Consolidated Income Statement as incurred.

Development costs are capitalised and held as 'Intangible assets' in the Consolidated Statement of Financial Position when the costs relate to a clearly defined project; the costs are separately identifiable; the outcome of such a project has been assessed with reasonable certainty as to its technical feasibility and its ultimate commercial viability; the aggregate of the deferred costs plus all future expected costs in bringing the product to market is exceeded by the future expected sales revenue; and adequate resources are expected to exist to enable the project to be completed. Amortisation is charged over the useful life of the product, from the commencement of commercial sales, which is usually over a period of three to five years.

Amortisation periods and methods are reviewed annually and adjusted if appropriate.

Development expenditure that does not meet these criteria is written off to the Consolidated Income Statement as incurred.

Other intangible assets

Other intangible assets, such as purchased computer software, are shown at historical cost less accumulated amortisation and impairment losses.

Amortisation is charged to the Consolidated Income Statement on a straight-line basis from the date the assets are available for use over the estimated useful lives of the intangible asset. The useful life of purchased software is three to five years.

Amortisation periods and methods are reviewed annually and adjusted if appropriate.

Impairment of tangible and intangible assets other than goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets, other than goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units.

Recoverable amount is the higher of fair value less costs to sell 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in income.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in income.

1 Principal accounting policies continued

Inventories
Inventories are valued at the lower of cost and net realisable value on a first in first out basis. In the case of finished goods, cost includes all direct expenditure and production overheads based on the normal level of activity. Where necessary, an appropriate allowance is made for obsolete, slow-moving and defective inventories.

Provisions
Provisions are recognised in the Consolidated Statement of Financial Position when there is a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Deferred consideration relating to business combinations
Deferred consideration relating to business combinations is initially measured at fair value at the date of acquisition and at subsequent reporting dates measured in accordance with the appropriate accounting standard, with the corresponding gain or loss being recognised in profit or loss.

Restructuring
A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will be carried out.

Onerous contracts
Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Financial instruments
The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. The Group does not apply hedge accounting.

Cash and cash equivalents
Cash and cash equivalents comprise cash held by the Group and short-term bank deposits and bank current accounts with an original maturity of three months or less at acquisition.

Trade and other receivables
Trade receivables are initially recognised at fair value. Subsequent to initial recognition, they are measured at amortised cost less any impairment loss.

Trade and other payables
Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, they are measured at amortised cost.

Loans and borrowings
Loans and borrowings comprise bank term loans and bank overdrafts.

Offsetting of financial assets and financial liabilities
Financial assets and financial liabilities are offset and the net amount is reported in the Consolidated Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously. To meet these criteria, the right of set-off must not be contingent on a future event and must be legally enforceable in all of the following circumstances: the normal course of business, the event of default and the event of insolvency or bankruptcy of the Group and all of the counterparties.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Judgements in applying the Group's accounting policies
In the process of applying the Group's accounting policies, management makes various judgements that can significantly affect the amounts recognised in the financial statements. The critical judgements are considered to be the following:

1 Principal accounting policies continued

Revenue recognition

When the outcome of a contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date. This is normally measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where products and maintenance are bundled in a contract some judgement may be required to identify the separate components which are recognised in accordance with general revenue recognition criteria.

Capitalisation of development costs

It is Group policy to capitalise and amortise development expenditure for the production of new or substantially improved products and processes if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development. Such expenditure is amortised over the period which the Directors expect to obtain economic benefits. This policy includes judgements regarding the initial recognition of the asset based upon market research and expected future net revenues. It also includes estimations regarding the period of amortisation.

Significant estimates

In the application of the Group's accounting policies the Directors are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing 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 the revision and future periods if the revision affects both current and future periods. To date there has been no material impact on the carrying value of assets or liabilities from such estimates.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill is allocated. The value-in-use calculation includes estimates about future financial performance and long-term growth rates and requires management to select a suitable discount rate in order to calculate the present value of those cash flows. The key assumptions used in the impairment review are disclosed in note 14 to the financial statements.

Deferred tax

The Group has recognised deferred tax assets in respect of unutilised losses and other temporary differences arising in certain of the Group's businesses. This requires management to make decisions on the recoverability of such deferred tax assets based on future forecasts of taxable profits. If these forecast profits do not materialise, or there are changes in the tax rates or to the period over which the losses or temporary differences might be recognised, the value of the deferred tax asset will need to be revised in a future period.

The Group has losses for which no value has been recognised for deferred tax purposes in these financial statements, as future economic benefit of these temporary differences is not probable. If appropriate profits are earned in the future, the temporary difference may result in a benefit to the Group in the form of a reduced tax charge in a future period.

Defined benefit plans

Accounting for pensions requires the Group to use actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit asset or obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The Group has recognised an asset in respect of the scheme surplus at the balance sheet date. Future economic benefits are available to the Group in the form of reduction in future contributions or a cash refund. Further details regarding the defined benefit plan are given in note 29.

Provisions

Provisions are recognised in the Consolidated Statement of Financial Position when there is a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation. Provisions for restructuring are recognised when the Group has an approved restructuring plan that has either commenced or been announced publicly. Future operating costs are not provided for.

2 Segmental analysis

IFRS 8 requires operating segments to be determined based on the Group's internal reporting to the Chief Operating Decision Maker ('CODM'). The CODM has been determined to be the Chief Executive as he is primarily responsible for the allocation of resources to the segments and the assessment of the performance of each of the segments. Segment information is presented in respect of the Group's strategic operating segments. The operating segment reporting format reflects the differing economic characteristics and nature of the services provided by the Group and is the basis on which strategic and operating decisions are made by the CODM.

The management of the Group's operations, excluding Central functions, is organised within two strategic operating segments, Systems and Integration & Managed Services. These, together with Central functions, comprise the Group's three reportable segments. No operating segments have been aggregated to form these reportable segments.

The CODM uses underlying operating profit, as reviewed at monthly business review meetings, as the key measure of the segments' results as it reflects the segments' underlying trading performance for the period under evaluation. Underlying operating profit is a consistent measure within the Group.

Revenue	2015 £000	2014 £000
Systems	**32,670**	31,876
Integration & Managed Services	**36,820**	33,746
Total segmental revenue	**69,490**	65,622
Reconciliation to consolidated revenue:		
Intra-Group sales	**(986)**	(1,028)
	68,504	64,594

No single customer contributed 10% or more to the Group's revenues.

Underlying operating profit/(loss)	2015 £000	2014 £000
Systems	**1,337**	1,031
Integration & Managed Services	**2,224**	(1,139)
Total segmental underlying operating profit/(loss)	**3,561**	(108)
Reconciliation to consolidated underlying operating profit/(loss):		
Central costs	**(1,848)**	(2,084)
	1,713	(2,192)

Underlying operating profit 2015	Underlying operating profit* £000	Restructuring costs £000	Share-based payment charge £000	Amortisation of acquired intangibles £000	Total profit from operations £000
Systems	**1,337**	(521)	(41)	–	775
Integration & Managed Services	**2,224**	–	(37)	–	2,187
Total segmental underlying operating profit	**3,561**	(521)	(78)	–	2,962
Reconciliation to consolidated underlying operating profit:					
Central costs	**(1,848)**	(285)	(47)	(107)	(2,287)
	1,713	(806)	(125)	(107)	675

* Underlying operating profit/(loss) represents operating profit/(loss) before non-underlying items (restructuring costs, share-based payment charge and amortisation of acquired intangibles).

2 Segmental analysis continued

Underlying operating loss 2014	Underlying operating profit/(loss)* £000	Restructuring costs £000	Share-based payment charge £000	Amortisation of acquired intangibles £000	Total profit/(loss) from operations £000
Systems	1,031	(74)	(50)	–	907
Integration & Managed Services	(1,139)	(278)	(37)	–	(1,454)
Total segmental underlying operating loss	(108)	(352)	(87)	–	(547)
Reconciliation to consolidated underlying operating loss:					
Central costs	(2,084)	(768)	(40)	(118)	(3,010)
	(2,192)	(1,120)	(127)	(118)	(3,557)

* Underlying operating profit/(loss) represents operating profit/(loss) before non-underlying items (restructuring costs, share-based payment charge and amortisation of acquired intangibles).

Net assets

Net assets attributed to each business segment represent the net external operating assets of the respective businesses excluding goodwill, bank balances and debt which are shown as unallocated amounts, together with central assets and liabilities.

	Assets £000	Liabilities £000	**2015 Net assets £000**
Systems	24,642	(8,885)	**15,757**
Integration & Managed Services	13,179	(11,405)	**1,774**
Total segmental net assets	37,821	(20,290)	**17,531**
Reconciliation to consolidated net assets:			
Goodwill	19,166	–	**19,166**
Cash and borrowings	3,338	(2,789)	**549**
Unallocated	1,362	(1,766)	**(404)**
	61,687	(24,845)	**36,842**

	Assets £000	Liabilities £000	2014 Net assets £000
Systems	28,899	(10,635)	18,264
Integration & Managed Services	16,454	(11,478)	4,976
Total segmental net assets	45,353	(22,113)	23,240
Reconciliation to consolidated net assets:			
Goodwill	19,491	–	19,491
Cash and borrowings	1,349	(7,425)	(6,076)
Unallocated	1,629	(1,839)	(210)
	67,822	(31,377)	36,445

By geographical segment Geographical location of contract	**2015 Revenue £000**	**2015 Total assets £000**	**2015 Capital additions £000**	2014 Revenue £000	2014 Total assets £000	2014 Capital additions £000
United Kingdom and Europe	**44,514**	**51,880**	**238**	44,646	60,847	1,835
North America	**6,341**	**4,326**	**57**	8,535	3,118	95
Middle East	**4,903**	**38**	**–**	3,344	22	–
Asia and Pacific	**12,746**	**5,443**	**51**	8,069	3,835	91
	68,504	**61,687**	**346**	64,594	67,822	2,021

3 Net operating expenses

	2015 £000	2014 £000
Distribution costs	258	294
Administrative expenses (before non-underlying costs)	19,370	20,785
Non-underlying costs (note 4)	1,038	1,365
Total administrative expenses	20,408	22,150
	20,666	22,444

4 Non-underlying items

	Note	2015 £000	2014 £000
Restructuring costs	a	806	1,120
Share-based payment charge		125	127
Amortisation of acquired intangible assets		107	118
		1,038	1,365

a. The restructuring costs incurred during 2015 and 2014 relate predominantly to severance costs arising from a review of the Group's cost base.

5 Auditor's remuneration

	2015 £000	2014 £000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	38	41
Fees payable to the Company's auditor for other services to the Group:		
– the audit of the Company's subsidiaries pursuant to legislation	93	112
– tax compliance services	54	40
– other tax advisory services	10	20
	195	213

6 Profit/(loss) from operations

	2015 £000	2014 £000
Profit/(loss) from operations is stated after charging:		
Amortisation of intangible assets	1,255	807
Depreciation of property, plant and equipment	630	708
Cost of inventories recognised as an expense	33,449	32,364
Research & development expenditure	1,569	1,172
Rental payments under operating leases:		
– plant, machinery and vehicles	922	920
– other	804	763

7 Staff costs and Directors' remuneration

The average number of persons (including Executive Directors) employed by the Group during the year was:

	2015 Number	2014 Number
Reportable segment (see note 2)		
Systems	**239**	249
Integration & Managed Services	**278**	279
Central	**16**	18
	533	546

	2015 £000	2014 £000
Staff costs (for the above persons)		
Wages and salaries	**18,344**	18,819
Social security costs	**1,858**	2,101
Pension costs	**506**	505
Share-based payment charge	**125**	127
	20,833	21,552

The Directors consider that the key management personnel of the business comprises its Board of Directors, whose remuneration is shown in the Remuneration Committee report on page 33, and members of the Executive Management Team. Details of the remuneration for key management personnel are set out in note 26.

8 Finance income

	2015 £000	2014 £000
Bank interest receivable	**–**	4
Interest income on pension scheme assets	**225**	242
	225	246

9 Finance costs

	2015 £000	2014 £000
Interest payable on bank overdrafts	**92**	100
Interest payable on bank loans	**89**	95
Interest on pension scheme liabilities	**207**	242
	388	437

10 Taxation

Tax charge/(credit)	2015 £000	2014 £000
Current taxation		
UK tax	**3**	(246)
Overseas tax	**295**	391
Adjustments in respect of prior periods	**(260)**	(130)
Total current tax	**38**	15
Deferred taxation		
Origination and reversal of temporary differences	**(163)**	223
Adjustments in respect of prior periods	**231**	12
Estimated recoverable deferred tax asset	**–**	(640)
Total deferred tax	**68**	(405)
Total tax charge/(credit) for the year	**106**	(390)

10 Taxation continued

Reconciliation of tax charge/(credit) for the year

The corporation tax assessed for the year differs from the standard rate of corporation tax in the UK of 20.33% (2014: 21.67%). The differences are explained below:

	2015 £000	2014 £000
Profit/(loss) on ordinary activities before tax	**512**	(3,748)
Tax on profit/(loss) on ordinary activities before tax at standard rate of 20.33% (2014: 21.67%)	**104**	(812)
Effects of:		
Expenses not deductible for tax purposes	**112**	264
Net effect of different rates of tax in overseas businesses	**(164)**	(47)
Tax losses not recognised	**83**	323
Adjustment in respect of prior periods	**(29)**	(118)
Total tax charge/(credit) for the year	**106**	(390)

Deferred tax

The deferred tax in the Consolidated Statement of Financial Position relates to the following:

Deferred tax (liability)/asset	Property, plant and equipment £000	Other temporary differences £000	Retirement benefit asset £000	Losses £000	Total £000
At 1 December 2013	(341)	(128)	–	–	(469)
Income Statement	(54)	(181)	–	640	405
Statement of Comprehensive Income	–	–	(110)	–	(110)
Currency translation adjustment	(5)	37	–	–	32
At 30 November 2014	(400)	(272)	(110)	640	(142)
Income Statement	20	101	–	(189)	(68)
Statement of Comprehensive Income	–	–	7	–	7
Currency translation adjustment	(3)	47	–	–	44
At 30 November 2015	**(383)**	**(124)**	**(103)**	**451**	**(159)**

Factors that may affect future tax charges

In July 2015, the UK government announced its intention to further reduce the corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020. This has been substantively enacted during the year. Accordingly deferred tax has been provided for at the rate at which it is expected to be settled.

Deferred tax assets of £0.5 million (2014: £0.6 million) have been recognised in relation to legal entities which suffered a tax loss in the preceding period. The assets are recognised based upon future taxable profit forecasts for the entities concerned.

The Group has further tax losses available to be carried forward for offset against the future taxable profits of certain Group companies amounting to approximately £2.6 million (2014: £2.7 million). No deferred tax asset (2014: £nil) in respect of these losses has been recognised at the year end as the Group does not currently anticipate being able to offset these against future profits in order to realise any economic benefit in the foreseeable future.

In addition to the above, the Group has capital losses of approximately £19 million (2014: £19 million) available for offset against future taxable gains. No deferred tax asset in respect of these losses, which would amount to £3.4 million, has been recognised in these financial statements as there is insufficient certainty that the asset will be recovered against future capital gains.

11 Dividends

The following dividends were paid by the Company during the year:

	2015		2014	
	Pence per share	£000	Pence per share	£000
Final dividend paid in respect of prior year but not recognised as liabilities in that year	–	–	5.5	950
Interim dividend paid in respect of current year	–	–	–	–
	–	–	5.5	950
Total dividend paid, net of treasury share dividends	–	–	–	928
Proposed final dividend for the year ended 30 November	1.0	173	–	–

The proposed final dividend for the year ended 30 November 2015 has not yet been approved by shareholders and as such has not been included as a liability as at 30 November 2015. Subject to approval, this is expected to be paid on 6 May 2016 to shareholders on the register at 29 March 2016. This will give a total dividend for the year of 1.0p per share (2014: £nil per share).

12 Earnings per ordinary share

	2015 Pence per share	2014 Pence per share
Basic earnings per ordinary share	2.5	(20.6)
Diluted earnings per ordinary share	2.5	(20.6)
Underlying basic earnings per ordinary share	8.0	(14.0)
Underlying diluted earnings per ordinary share	8.0	(14.0)

Earnings per ordinary share have been calculated by dividing the profit/(loss) after taxation attributable to equity holders of the Parent for each financial year by the weighted average number of ordinary shares in issue and ranking for dividend during the year.

The calculations of basic and underlying earnings per share are based upon:

	2015 £000	2014 £000
Earnings for basic and diluted earnings per share	406	(3,358)
Non-underlying items	1,038	1,365
Impact of non-underlying items on tax charge/(credit) for the year	(128)	(295)
Earnings for underlying basic and underlying diluted earnings per share	1,316	(2,288)

	2015 000	2014 000
Weighted average number of ordinary shares – basic calculation	16,370	16,320
Dilutive potential ordinary shares arising from share options[1]	193	–
Weighted average number of ordinary shares – diluted calculation	16,563	16,320

1 Under IFRS no allowance is made for the dilutive impact of share options which reduce a loss. The basic and diluted EPS measures are therefore the same for the year ended 30 November 2014.

13 Property, plant and equipment

	Freehold land and buildings £000	Short leasehold improvements £000	Plant, equipment and motor vehicles £000	Total £000
Cost				
At 1 December 2013	1,077	1,399	3,850	6,326
Additions	1,074	110	837	2,021
Disposals	–	(12)	(410)	(422)
Currency translation adjustment	–	1	19	20
At 30 November 2014	2,151	1,498	4,296	7,945
Additions	–	16	330	346
Disposals	(315)	(59)	(161)	(535)
Government grant related to asset	(165)	–	–	(165)
Transfer between categories	–	(15)	15	–
Currency translation adjustment	–	13	(19)	(6)
At 30 November 2015	1,671	1,453	4,461	7,585
Depreciation				
At 1 December 2013	51	765	2,869	3,685
Charge for the year	29	101	578	708
Disposals	–	(10)	(374)	(384)
Currency translation adjustment	–	(1)	(15)	(16)
At 30 November 2014	80	855	3,058	3,993
Charge for the year	34	112	484	630
Disposals	(93)	(44)	(161)	(298)
Transfer between categories	33	(10)	(23)	–
Currency translation adjustment	–	14	(18)	(4)
At 30 November 2015	54	927	3,340	4,321
Net book value				
At 30 November 2015	**1,617**	**526**	**1,121**	**3,264**
At 30 November 2014	2,071	643	1,238	3,952

14 Intangible assets

	Goodwill £000	Acquired intangibles £000	Capitalised development costs £000	Purchased software £000	Total £000
Cost					
At 1 December 2013	23,560	716	4,632	1,540	30,448
Additions	–	–	1,361	240	1,601
Disposals	–	–	–	(9)	(9)
Currency translation adjustment	(117)	(31)	(11)	–	(159)
At 30 November 2014	23,443	685	5,982	1,771	31,881
Additions	–	–	553	102	655
Disposals	–	–	–	(4)	(4)
Currency translation adjustment	(741)	(80)	(24)	(11)	(856)
At 30 November 2015	22,702	605	6,511	1,858	31,676
Amortisation and impairment					
At 1 December 2013	3,993	288	2,592	903	7,776
Charge for the year	–	118	472	217	807
Currency translation adjustment	(41)	(16)	7	–	(50)
Disposals	–	–	–	(9)	(9)
At 30 November 2014	3,952	390	3,071	1,111	8,524
Charge for the year	–	107	930	218	1,255
Currency translation adjustment	(416)	(49)	–	(6)	(471)
Disposals	–	–	–	(4)	(4)
At 30 November 2015	3,536	448	4,001	1,319	9,304
Net book value					
At 30 November 2015	**19,166**	**157**	**2,510**	**539**	**22,372**
At 30 November 2014	19,491	295	2,911	660	23,357

Annual test for impairment of goodwill

During the year, the Group assessed the recoverable amount of goodwill by comparing it to the value in use of the cash-generating units ('CGUs') to which it relates. Goodwill acquired in a business combination is allocated, at acquisition, to the CGUs that are expected to benefit from that business combination. The carrying amount of goodwill was allocated to the CGUs as follows:

	2015 £000	2014 £000
Systems	**9,977**	10,302
Integration & Managed Services (excluding Mobile)	**4,580**	4,580
Mobile	**4,609**	4,609
	19,166	19,491

The recoverable amount of the CGUs is determined based on a value-in-use calculation which uses cash flow projections based on financial budgets and business plans approved by the Directors covering a three-year period. The three-year cash flows continue to be risk adjusted to reflect a conservative outlook. Cash flows beyond that period have been extrapolated using a steady 2.25% per annum growth rate, which the Directors consider to be specific to the business and does not exceed the UK long-term average growth rate, and is therefore considered appropriate to apply to each of the CGUs.

14 Intangible assets continued

The key assumptions used in the cash flow projections are as follows:

» continued working capital unwind in 2016;

» terminal value applied after ten years assuming an eight (2014: seven) times multiple; and

» pre-tax discount rates as follows:

	2015 %	2014 %
Systems	**10.7**	9.9
Integration & Managed Services (excluding Mobile)	**10.4**	9.5
Mobile	**10.1**	9.1

The discount rates used are based on the Group weighted average cost of capital, which has been risk adjusted to reflect specific divisional risks such as the nature of the market served, cost profiles and the barriers to entry into each market segment, as well as other macro-economic factors.

The other key assumptions have been assigned values by management using estimates based on past experience and expectations of the future performance of the CGUs.

The Directors believe that, based on sensitivity analysis performed, even in the current economic conditions any reasonably possible change in the key assumptions on which the recoverable amounts are based would not cause the CGUs' carrying amounts to exceed the recoverable amounts. Therefore there is no impairment to goodwill in the period.

15 Inventories

	2015 £000	2014 £000
Raw materials and consumables	**4,449**	5,782
Work in progress	**821**	1,110
Finished goods for resale	**4,807**	4,441
	10,077	11,333
Contract balances	**314**	1,291
	10,391	12,624

	2015 £000	2014 £000
Contract balances comprise:		
Net costs incurred	**314**	1,291

16 Trade and other receivables

	2015 £000	2014 £000
Trade receivables	**13,502**	15,493
Allowance for doubtful debts	**(302)**	(273)
	13,200	15,220
Amounts recoverable on contracts	**6,177**	7,599
Other receivables	**1,137**	2,051
Prepayments	**751**	757
	21,265	25,627

Trade receivables are non-interest bearing and generally have 30 to 90-day terms. At 30 November 2015 the Group had 59 days' sales outstanding in trade receivables (2014: 61 days').

Due to their short maturities, the fair value of trade and other receivables approximates to their book value.

16 Trade and other receivables continued

Movement in allowance for doubtful debts

	2015 £000	2014 £000
At 1 December	273	502
Provided	241	146
Amounts utilised	(212)	(375)
At 30 November	302	273

As at 30 November 2015, trade receivables of £3,962,000 (2014: £5,430,000) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2015 £000	2014 £000
Up to three months past due	3,216	4,405
Three to six months past due	196	484
Over six months past due	550	541
	3,962	5,430

17 Cash and cash equivalents

	2015 £000	2014 £000
Cash at bank and in hand	3,338	1,349

For the purpose of the Consolidated Cash Flow Statement, cash and cash equivalents comprise the following:

	2015 £000	2014 £000
Cash at bank and in hand	3,338	1,349
Bank overdraft	(114)	(3,766)
	3,224	(2,417)

The fair value of cash and cash equivalents approximates to their book value.

Cash at bank earns interest at the daily bank base rate.

18 Trade and other payables

	2015 £000	2014 £000
Trade payables	7,797	9,208
Other taxation and social security	1,334	1,207
Other payables	315	223
Accruals	8,224	8,242
Deferred income	3,719	3,689
	21,389	22,569

Due to their short maturities, the fair value of trade and other payables approximates to their book value.

19 Loans and borrowings

	2015			2014		
	Current £000	Non-current £000	Total £000	Current £000	Non-current £000	Total £000
Bank term loans	743	1,932	2,675	787	2,872	3,659
Bank overdraft	114	–	114	3,766	–	3,766
Total	857	1,932	2,789	4,553	2,872	7,425

19 Loans and borrowings continued

The fair value of financial liabilities is not substantially different from the carrying value. The terms and debt repayment details of the loans and borrowings are as follows:

	Value drawn 000	Maturity	Interest rate	Security
€3.7 million term loan	€2,100	30 September 2017	EURIBOR +2.75%	Group assets
£1.5 million term loan	£1,200	26 November 2018	LIBOR +2.5%	Group assets
£8.0 million overdraft facility	£114	On demand	Base +2.5%	Group assets

During the year €0.8 million of the Euro and £150,000 of the Sterling bank loans were repaid.

20 Provisions

	Restructuring £000	Deferred and contingent consideration £000	Property £000	Total £000
At 1 December 2013	126	49	69	244
Utilised in the year	(183)	–	(16)	(199)
Charge to Income Statement	1,120	–	4	1,124
At 30 November 2014	1,063	49	57	1,169
Utilised in the year	(1,814)	–	(38)	(1,852)
Charge to Income Statement	806	–	6	812
At 30 November 2015	**55**	**49**	**25**	**129**

Provisions have been analysed between current and non-current as follows:

	2015 £000	2014 £000
Current	**104**	1,147
Non-current	**25**	22
	129	1,169

The Group has a number of properties where the Directors believe that dilapidation costs may be incurred or where the property is sublet and the Directors believe that they may not be able to fully recover future rental costs, and therefore appropriate cost provisions have been made. It is anticipated that the property cost provision carried forward at 30 November 2015 will be utilised within three years. The restructuring provision relates to severance costs incurred in the year and is expected to be utilised in the year ending 30 November 2016. The deferred consideration provision will also be utilised in the year ending 30 November 2016.

21 Called up share capital and reserves

The number of allotted, called up and fully paid shares is as follows:

	2015		2014	
	Number	**£000**	Number	£000
Ordinary shares of 20p each				
Allotted, called up and fully paid	**17,794,439**	**3,559**	17,794,439	3,559

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Group. The 1,419,464 shares held under the Group Executive Shared Ownership Plan ('ExSOP') at 30 November 2015 are treated as treasury shares and are therefore excluded from the basic earnings per share calculation.

The merger reserve has been created in accordance with sections 612 and 613 of the Companies Act 2006 whereby the premium on ordinary shares in the Company issued to acquire shares has been credited to the merger reserve rather than the share premium account.

The cost of own shares held within the ExSOP of £3,363,003 (2014: £3,379,214) has been deducted from other reserves. The nominal value of these shares is £283,893 (2014: £285,493). Other reserves also includes a capital redemption reserve of £8,000 (2014: £8,000).

22 Options over shares of Synectics plc

The Group operated three share schemes in the year: the Quadnetics Employees' Share Acquisition Plan, the Quadnetics Executive Shared Ownership Plan and the Synectics Performance Share Plan.

Quadnetics Employees' Share Acquisition Plan

The Quadnetics Employees' Share Acquisition Plan (the 'ESAP') was adopted on 23 April 2010. Deductions from salary are used to buy partnership shares in Synectics plc at the end of each six-month accumulation period. The Trustee will use any dividend income paid on these shares to buy further shares to be held in the scheme as dividend shares.

Partnership shares can be withdrawn from the scheme by the employee at any time, but withdrawals before the fifth anniversary after purchase are subject to income tax; withdrawals after the fifth anniversary of their purchase date can be made in full and are not subject to income tax. Dividend shares are required to be held in trust for a period of three years following the purchase date. Employees who leave the Group are required to withdraw all of their shares in the scheme and are subject to the same rules.

The scheme holds 55,510 ordinary shares at 30 November 2015, which were acquired by the scheme Trustee as follows:

Effective date of purchase	Type of shares	Third or fifth anniversary of the purchase date	Purchase/ base price	2015 Number of shares	2014 Number of shares
14 October 2010	Partnership	15 October 2015	147.5p	**3,123**	3,461
7 April 2011	Partnership	8 April 2016	177.5p	**4,235**	4,657
25 July 2011	Dividend	26 July 2014	200.0p	**63**	70
2 November 2011	Partnership	3 November 2016	185.5p	**3,902**	4,307
2 November 2011	Dividend	3 November 2014	205.0p	**86**	95
20 April 2012	Partnership	21 April 2017	200.0p	**3,840**	4,275
17 May 2012	Dividend	18 May 2015	289.0p	**179**	198
9 October 2012	Partnership	10 October 2017	272.5p	**2,849**	3,509
9 October 2012	Dividend	10 October 2015	272.5p	**136**	150
3 April 2013	Partnership	4 April 2018	282.5p	**3,024**	3,754
8 May 2013	Dividend	9 May 2016	445.0p	**206**	231
4 October 2013	Dividend	5 October 2016	488.0p	**131**	149
14 October 2013	Partnership	15 October 2018	393.0p	**2,802**	3,806
4 April 2014	Partnership	5 April 2019	404.0p	**2,746**	3,949
7 May 2014	Dividend	8 May 2017	430.0p	**309**	357
2 October 2014	Partnership	3 October 2019	350.0p	**4,372**	5,855
17 April 2015	Partnership	18 April 2020	153.0p	**9,683**	–
22 October 2015	Partnership	23 October 2020	123.5p	**13,824**	–
Shares held at end of year				**55,510**	38,823

At 30 November 2015 the shares held by the ESAP had a market value of £59,673 (2014: £60,176).

Movements during the year were as follows:

	Number of shares
Shares held at 1 December 2014	38,823
Shares acquired during the year	24,237
Withdrawals from the scheme during the year	(7,550)
Shares held at 30 November 2015	**55,510**

Quadnetics Executive Shared Ownership Plan

The Quadnetics Executive Shared Ownership Plan (the 'ExSOP') was formed in July 2009. Under the provisions of the ExSOP, shares (the 'ExSOP shares') are jointly owned by nominated senior employees and by an employees' share trust on terms, similar to a share option scheme, whereby the value of appreciation in the Company's share price over a minimum three-year period accrues to the relevant employee, provided the Company meets certain performance thresholds.

22 Options over shares of Synectics plc continued

In summary, none of the awarded ExSOP shares will vest unless the total return (dividends plus share price appreciation) on the Company's shares is better than the performance of the FTSE AIM All Share Total Return Index over the three-year period from award. The shares will vest fully if the Company's performance beats the Index by more than 5% over that period. If the Company's share performance matches the Index, then 25% of the awarded shares will vest and between these points vesting will be pro-rata.

In March 2011, 293,000 shares available in the trust as a result of employees leaving the Group were transferred to the corporate Trustee of the Plan at £1.73 each as joint owner together with certain employees, being the mid-market price of the Company's ordinary shares immediately prior to the transfer.

ExSOP shares outstanding at 30 November 2015 are exercisable as follows:

Date awarded	Exercise dates	Relevant share price at date of award	2015 Number of shares	2014 Number of shares
7 July 2009	8 July 2012 onwards	147.5p	**790,081**	798,081
7 March 2011	8 March 2014 onwards	173.0p	**142,400**	142,400
Balance of shares in respect of leavers			**486,983**	486,983
			1,419,464	1,427,464

Movements during the year were as follows:

	Number of shares
Shares held at 1 December 2014	1,427,464
Vested shares sold or transferred in the year	(8,000)
Shares held at 30 November 2015	**1,419,464**

Dividends have been waived in respect of the 486,983 shares not specifically allocated to employees.

Synectics Performance Share Plan

The Synectics Performance Share Plan (the 'PSP') was formed on 9 October 2012.

Under the PSP, selected employees are entitled to exercise an option to receive a certain number of Synectics plc shares at any time after a three-year vesting period, at no cost to themselves. The number of shares that are awarded at the end of the three-year period is dependent on the achievement of certain performance criteria.

The performance criteria are identical to those that apply under the existing ExSOP. Provided that the total return on Synectics plc shares has outperformed the FTSE AIM All Share Total Return Index (the 'Index') by 5% or more in the three years following the award, beneficiaries will be entitled to receive the full number of shares awarded. If Synectics plc's share performance matches the Index, then 25% of the awarded shares will vest and between these points vesting will be pro-rata. If the total return on Synectics plc shares underperforms the Index, then no entitlement will vest. The limit on the number of shares over which interests may be awarded also remains unchanged.

It is intended that if the performance criteria are met in full or part, the appropriate number of shares will be transferred to the employees from unallocated Synectics plc shares already held within the employee benefit trust established for the existing ExSOP.

PSP shares outstanding at 30 November 2015 are exercisable as follows:

Date awarded	Exercise dates	Relevant share price at date of award	2015 Number of shares	2014 Number of shares
9 October 2012	9 October 2015 onwards	272.5p	–	88,250
31 October 2013	31 October 2016 onwards	510.0p	**55,500**	65,500
5 March 2014	5 March 2017 onwards	437.5p	**14,000**	23,000
30 March 2015	30 March 2018 onwards	125.0p	**300,000**	–
			369,500	176,750

84,250 (2014: nil) options under the PSP expired during the year.

23 Share-based payment charge

The fair value of services received in return for share options granted or awards made under the Group's share schemes is measured by reference to the fair value of the share options granted or share scheme shares awarded.

For the equity-settled share scheme awards, the estimate of the fair value of the services received for accounting purposes is measured based on an adjusted Black-Scholes model using the following assumptions:

Synectics PSP	October 2012 awards	October 2013 awards	March 2014 awards	**March 2015 awards**
Number of share options awarded	142,250	78,500	25,500	**335,000**
Exercise price	nil	nil	nil	**nil**
Share price on date of award	£2.725	£5.10	£4.375	**£1.25**
Expected volatility	20%	25%	30%	**30%**
Expected dividend yield	3.5%	2.2%	2.3%	**4.0%**
Risk-free interest rate	2.1%	3.0%	3.1%	**1.8%**
Vesting period	3 years	3 years	3 years	**3 years**
Expected life of option	4 years	5 years	5 years	**5 years**

The weighted average fair value of options granted during 2015 was £1.02.

The expected volatility is based wholly on the historic volatility.

Share options and share scheme awards are granted under a service condition and a performance measure based around the Company's share price relative to the FTSE AIM All Share Total Return Index.

The total charge recognised for the year arising from share-based payments is as follows:

	2015 £000	2014 £000
Equity-settled share-based payments	**125**	127
Total carrying value of liabilities	**–**	–

24 Government grants

	2015 £000	2014 £000
At 1 December	**–**	–
Received during the year	**311**	–
Released to the Income Statement	**(146)**	–
Offset against related asset	**(165)**	–
At 30 November	**–**	–

Government grants have been received for the purchase of certain items of property, plant and equipment. There is one remaining condition attached to these grants which is expected to be met during the first half of 2016.

25 Contingent liabilities

Certain subsidiary companies have agreed to guarantee a number of bonds, issued by Lloyds Bank plc, HSBC and JLT, amounting to a total of £1.0 million at 30 November 2015 (2014: £1.2 million).

26 Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. The subsidiaries in the Group are listed in note 6 of the Company accounts.

During the year Synectic Systems Group Limited received a credit of £5,360 through return of goods (2014: purchases of £80,251) to a company in which a Director of Synectics plc and its subsidiaries has an indirect interest. There were no amounts outstanding at 30 November 2015 (2014: prepaid balance £7,251).

An amount of £7,500 (2014: £nil) was paid for services provided in the year to a company in which a Director of Synectics plc held a direct interest. There were no amounts outstanding at 30 November 2015.

During the year an amount was paid to the spouse of a Director of Synectic Systems (Asia) Pte Limited of S$4,320 for provision of accommodation to an external consultant engaged by the company (2014: S$nil).

26 Related party transactions continued

Transactions with key management personnel:

	2015 £000	2014 £000
Salary and fees	613	775
Benefits	69	100
Bonus	80	–
Compensation for loss of office	–	318
Total short-term remuneration	762	1,193
Post-employment benefits	65	85
Share-based payments	28	30
	855	1,308

John Shepherd retired from the Board on 31 January 2015. During the year John Shepherd received an amount for compensation for loss of office in line with the arrangements disclosed in the 2014 Annual Report.

27 Capital commitments

At the year end capital commitments not provided for in these financial statements amounted to £113,650 (2014: £105,730).

28 Operating lease commitments

The Group had total outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2015 £000	2014 £000
Within one year	1,393	1,622
Within two to five years	2,956	2,696
In excess of five years	689	1,208
	5,038	5,526

The Group's lease commitments primarily relate to land and buildings and vehicles.

29 Pension commitments

The Group operates a defined benefit pension scheme and a number of defined contribution schemes.

a) Defined benefit scheme

The Group operates the Quadrant Group plc Retirement Benefit Scheme. This scheme includes both a defined benefit section in respect of past employees of the Group and a defined contributions section in respect of past employees and one current employee. The accrual of benefits in the defined benefit section ceased in 1996 and the liabilities relate only to members with preserved benefits or pensions in payment. A full actuarial valuation was carried out by a qualified independent actuary, independent of the scheme's sponsoring employer, as at 30 June 2013. These results have been updated to 30 November 2015. The major assumptions used by the actuary are shown on page 74.

The Group has paid contributions of £nil (2014: £5,000) in the year.

29 Pension commitments continued

The disclosures below relate to the defined benefit section, with the contributions to the defined contributions section being disclosed in section b) on page 75.

Net defined benefit asset

	2015 £000	2014 £000
Fair value of scheme assets	**6,310**	6,409
Present value of scheme liabilities	**(5,795)**	(5,869)
Net defined benefit asset	**515**	540
Effect of not recognising the scheme surplus	**–**	–
Net defined benefit asset recognised in the balance sheet	**515**	540
Associated deferred tax liability	**(103)**	(110)

Future economic benefits are available to the Group in the form of a reduction in future contributions or a cash refund. Any surplus ultimately repaid by the Trustees would be subject to a tax charge deducted at source.

Reconciliation of opening and closing balances of the present value of the defined benefit obligations

	2015 £000	2014 £000
Defined benefit obligations at the start of the year	**5,869**	5,565
Interest cost	**207**	242
Re-measurements:		
– gains due to scheme experience	**(11)**	(1)
– gains due to changes in demographic assumptions	**–**	(190)
– losses due to financial assumptions	**59**	489
Benefits paid	**(329)**	(236)
Defined benefit obligations at the end of the year	**5,795**	5,869

Reconciliation of opening and closing balances of the fair value of plan assets

	2015 £000	2014 £000
Fair value of plan assets at the start of the year	**6,409**	5,753
Interest income	**225**	242
Return on plan assets, excluding amounts recognised in interest income	**5**	645
Contributions by the Company	**–**	5
Benefits paid	**(329)**	(236)
Fair value of plan assets at the end of the year	**6,310**	6,409

(Losses)/gains recognised in the Consolidated Statement of Comprehensive Income

	2015 £000	2014 £000
Return on plan assets, excluding amounts recognised in interest income	**5**	645
Re-measurements	**(48)**	(298)
Total actuarial (losses)/gains	**(43)**	347
Effect of recognising the scheme surplus	**–**	193
Total amount recognised in the Consolidated Statement of Comprehensive Income	**(43)**	540

The cumulative amount of actuarial gains and losses recognised in the Consolidated Statement of Comprehensive Income since the adoption of IAS 19 is £497,000 (2014: £540,000).

29 Pension commitments continued

Assets

	2015 Fair value of plan assets £000	2014 Fair value of plan assets £000	2013 Fair value of plan assets £000
Equity	**155**	151	146
Bonds	**6,106**	6,255	5,611
Cash	**49**	3	(4)
Total assets	**6,310**	6,409	5,753

As at 30 November 2015, the fair value of the assets shown above include holdings of £17,596 in Synectics plc shares which constitute employer-related investments. There are no further amounts in assets which represent the Company's own financial instruments or any property occupied by, or other assets used by, the Company.

Actual return on plan assets

The actual return on the plan assets over the year ended 30 November 2015 was £230,000.

Principal actuarial assumptions

	2015 % per annum	2014 % per annum	2013 % per annum
Inflation	**3.20**	3.20	3.70
Inflation (CPI)	**2.30**	2.30	2.80
Rate of discount	**3.50**	3.60	4.30
Allowance for revaluation of deferred pensions of CPI or 5% pa if less	**2.30**	2.30	2.80
Allowance for commutation of pension for cash at retirement	**–**	–	–

The mortality assumptions adopted at 30 November 2015 imply the following life expectancies at age 65:

	2015 Years	2014 Years
Male currently aged 45	**24.1**	24.0
Female currently aged 45	**26.5**	26.4
Male currently aged 65	**22.3**	22.2
Female currently aged 65	**24.6**	24.5

Analysis of the sensitivity to the principal assumptions of the present value of the defined benefit obligation

The sensitivities shown are approximate and each sensitivity considers one change in isolation. The inflation sensitivity includes the impact of changes to the assumptions for revaluation and pension increases. The average duration of the defined obligation at the period ending 30 November 2015 is 13 years.

	Change in assumption	Change in liability
Discount rate	Decrease of 0.25%	Increase by 3.0%
Rate of inflation	Increase of 0.25% pa	Increase by 0.1%
Rate of mortality	Increase in life expectancy of one year	Increase by 3.5%

The Company estimates that no additional contributions will be paid to the plan during the year ending 30 November 2016.

29 Pension commitments continued

History of experience gains and losses

	30 Nov 2015 £000	30 Nov 2014 £000	30 Nov 2013 £000	30 Nov 2012 £000	30 Nov 2011 £000
Fair value of plan assets	**6,310**	6,409	5,753	5,996	5,450
Present value of defined benefit obligations	**(5,795)**	(5,869)	(5,565)	(5,629)	(5,165)
Surplus in plan	**515**	540	188	367	285
Experience adjustment on plan assets	**–**	–	(266)	641	350
Experience adjustment on defined benefit obligations	**11**	1	(203)	(27)	–

b) Defined contribution schemes

Contributions made by the Company to the defined contribution section of the Quadrant Group plc Retirement Benefit Scheme amounted to £34,000 in the year (2014: £39,000).

There are also a number of other defined contribution pension schemes operated by various companies within the Group. The Group's total expense for these other schemes in the year was £472,000 (2014: £466,000).

30 Financial instruments

Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders. The capital structure of the Group consists of cash held in interest-bearing current accounts (note 17), loans and borrowings on fixed terms (note 19), bank overdrafts (note 19) and equity attributable to equity holders of the Parent, comprising issued share capital (note 21), reserves and retained earnings. The Group is not subject to any externally imposed capital requirements. The Group's dividend policy depends on both the earnings profile and investment opportunities together with wider macro-economic factors.

Foreign currency risk

The Group operates internationally giving rise to exposure from changes in foreign exchange rates, with the US Dollar, the Euro and the Singapore Dollar being the main foreign currencies in which the Group trades. The Group's policy is to manage transaction exposure in respect of the Group's UK subsidiaries through the use of forward exchange contracts, which are entered into in respect of forecast foreign currency transactions when the amount and timing of such forecast transactions becomes reasonably certain. The Group had no commitments in respect of forward exchange contracts at either 30 November 2015 or 30 November 2014.

At 30 November 2015, certain subsidiaries within the Group had the following forecast foreign currency transactions during the next two years which have not been hedged, principally due to either natural hedges being available of receipts against payments or to significant uncertainty over the timing of the transactions:

	2015 €000	2015 $000	2014 $000
Receipts	**–**	**4,390**	1,403
Payments	**(195)**	**(3,322)**	–

30 Financial instruments continued

The Group is exposed to fluctuations in exchange rates on the translation of profits earned by its overseas subsidiaries. These profits are translated at average exchange rates for the year which is an approximation to rates at the date of transaction. The Group's overseas subsidiaries account for approximately 7.2% (2014: 0.6%) of the Group's net assets as follows:

Functional currency of entity	2015 %	2014 %
US Dollars	4.2	1.9
Euros	(3.0)	(4.1)
Singapore Dollars	6.0	2.8
Total	7.2	0.6

Translation exposure in respect of these assets is not hedged.

At 30 November 2015 the Group held foreign currency cash balances of $1,963,000 (2014: $2,941,000) and S$25,000 (2014: S$907,000), and was overdrawn by €2,576,000 (2014: €1,333,000).

The following table details the Group's sensitivity to a 10% fall in the relevant foreign currencies:

	USD impact		Euro impact		SGD impact	
	2015 £000	2014 £000	2015 £000	2014 £000	2015 £000	2014 £000
Profit/(loss)	34	112	(146)	(348)	192	61
Other equity	159	152	21	74	269	130
Total	193	264	(125)	(274)	461	191

The table below shows the extent to which the Group had significant monetary assets and liabilities in currencies other than the local currency of the Company in which they are recorded. Foreign exchange differences on the retranslation of these assets and liabilities are recognised in the Consolidated Income Statement.

	2015		2014	
	Sterling £000	SGD £000	Sterling £000	SGD £000
Sterling	–	198	–	75
US Dollars	(332)	333	(323)	771
Euros	(1,517)	–	(2,185)	–
Total	(1,849)	531	(2,508)	846

The Group's investment in its German subsidiary, Indanet GmbH (previously Synectic Systems GmbH), is hedged by a Euro-denominated loan (carrying amount: €3.7 million (2014: €3.7 million)) which mitigates the foreign currency risk arising from the retranslation of the subsidiary's net assets. The loan is designated as a net investment hedge. No ineffectiveness was recognised from the net investment hedge. The fair value of the loan is not substantially different from its carrying value. The Group's investments in other subsidiaries are not hedged.

Credit risk

Credit risk refers to the risk that a customer or counterparty to a financial instrument fails to meet its contractual obligations, resulting in financial loss to the Group, and arises principally from the Group's receivables from customers and interest-bearing current accounts. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit using information supplied by independent rating agencies where available. The Group also uses other publicly available information and its own trading records to rate major customers. The credit risk on current accounts is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

At the balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Consolidated Statement of Financial Position.

30 Financial instruments continued

Liquidity risk

Liquidity risk is the risk that the Group does not have sufficient cash to meet its financial obligations as they fall due. The Group ensures that sufficient cash and undrawn facilities are available to fund ongoing operations and to meet its medium-term capital and funding obligations, and to meet any unforeseen obligations and opportunities.

At the year end, the Group had net funds/(debt) of:

	2015 £000	2014 £000
Current accounts (note 17)	3,338	1,349
Loans and borrowings (note 19)	(2,789)	(7,425)
	549	(6,076)

The level of the Group's bank overdraft facilities is reviewed annually and at 30 November 2015 the Group had undrawn overdraft facilities of up to £7.9 million, on which interest would be payable at the rate of bank base rate +2.50%.

Financial liabilities of the Group principally comprise trade creditors falling due for payment within twelve months of the balance sheet date (2014: twelve months), bank overdraft repayable on demand and bank loans which fall due for final repayment within three years of the balance sheet date.

Interest risk

Interest-bearing assets comprise cash held in current accounts, earning interest at bank base rate. During the year these bank deposits bore interest at base rate of 0.5% (2014: 0.5%). The Group benchmarks the rates being obtained in order to maximise its returns, within the credit risk framework referred to above.

The interest rates for bank loans and overdrafts are set out in note 19.

The Group's funding position did not carry any significant interest rate risk at 30 November 2015 or 30 November 2014.

A 0.5% rise or fall in interest rates would not have a material impact on the results of the Group.

31 Subsidiaries

The Group consists of a Parent Company, Synectics plc, incorporated in the UK and a number of subsidiaries held directly and indirectly by Synectics plc, which operate and are incorporated around the world. Note 6 to the Company's financial statements lists details of all subsidiaries.

One subsidiary, Synectic Systems (Macau) Limited, has an accounting reference date of 31 December, which is different to that of the consolidated financial statements of 30 November. This is to more closely align the accounting period with the tax reporting requirements in Macau and thereby reduce administrative costs.

Company balance sheet

As at 30 November 2015

	Note	2015 £000	2014 £000
Fixed assets			
Plant, equipment and motor vehicles	5	**407**	527
Investments in subsidiary undertakings	6	**19,426**	19,348
		19,833	19,875
Current assets			
Debtors	7	**30,811**	29,347
Creditors: amounts falling due within one year	8	**(8,330)**	(5,875)
Net current assets		**22,481**	23,472
Total assets less current liabilities		**42,314**	43,347
Creditors: amounts falling due after more than one year	8	**(6,616)**	(5,691)
Loans and borrowings	9	**(1,932)**	(2,871)
Provisions for liabilities and charges	10	**(57)**	(767)
Non-current liabilities		**(8,605)**	(9,329)
Net assets		**33,709**	34,018
Capital and reserves			
Called up share capital	11	**3,559**	3,559
Share premium account	12	**16,043**	16,043
Merger reserve	12	**9,971**	9,971
Other reserves	12	**(1,393)**	(1,406)
Retained earnings	12	**5,529**	5,851
Equity shareholders' funds		**33,709**	34,018

The financial statements on pages 78 to 86 were approved and authorised for issue by the Board of Directors on 24 February 2016 and were signed on its behalf by:

Paul Webb
Director

Mike Stilwell
Director

Company number: 1740011

The principal activity of the Company was to act as a holding company for its trading subsidiaries.

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom ('UK GAAP'). A summary of the more important Company accounting policies, which have been consistently applied, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Fixed asset investments

Fixed asset investments are stated at cost plus deemed capital contributions arising from share-based payment transactions less any provision for impairment. The Company records an increase in its investments in subsidiaries equal to the share-based payments charge recognised by its subsidiaries with a corresponding credit to equity. Details of the Group's share-based payment charge are set out in note 23 of the Group Financial Statements.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges are accounted for on an accruals basis in the profit or loss account and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is calculated so as to write off the cost of fixed assets, less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned, commencing on the first day of the month after being brought into use. The principal annual rates used for this purpose are 10%–33%.

Leased assets

Rentals payable under operating leases are written off to the profit and loss account on a straight-line basis over the term of the lease.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered. Deferred tax balances are not discounted.

Pension costs

Company employees are members of a number of schemes, all of which operate on a money purchase basis. Contributions to these schemes are charged to the profit and loss account as incurred.

The Company also participates in a retirement benefit scheme, the Quadrant Group plc Retirement Benefit Scheme, which has deferred defined benefit members. The expected return on the scheme's assets and the expected increase in the present value of the scheme's liabilities during the period are included in the profit and loss account as other finance income or charges as appropriate. Actuarial gains and losses are recognised in the statement of total recognised gains and losses. Pension scheme liabilities and, to the extent that they are recoverable, pension scheme assets are recognised in the balance sheet and represent the difference between the market value of the scheme's assets and the present value of the scheme's liabilities, net of deferred taxation.

Pension scheme liabilities are determined on an actuarial basis using the projected unit method and are discounted at a rate using the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The Company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

1 Principal accounting policies continued

Foreign currency

Transactions denominated in foreign currency are translated into Sterling at the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities in foreign currencies are retranslated into Sterling at rates of exchange ruling at the end of the financial period or, if appropriate, at the forward contract rate. Exchange differences arising on these transactions are taken to the profit and loss account in the period in which they arise.

Dividends

Dividends proposed by the Directors and unpaid at the end of the year are not recognised in the financial statements until they have been approved by shareholders at a general meeting of the Company. Interim dividends are recognised when they are paid.

Employee share schemes

Transactions of the Company-sponsored ExSOP are treated as being those of the Company and are therefore reflected in the Parent Company financial statements. In particular the scheme's purchases of shares in the Company are debited directly to equity.

Related party transactions

The Company takes advantage of the exemption under FRS 8 and does not disclose transactions with wholly owned subsidiaries.

2 Directors' remuneration

Directors' remuneration is shown in the Remuneration Committee report on page 33.

3 Directors

The remuneration of the Directors is set out below:

Directors' emoluments	2015 £000	2014 £000
Salaries and benefits	585	508
Pension benefits under defined contribution plan	65	64
Compensation for loss of office	–	318
	650	890

Detailed information on the emoluments, pensions, option holdings and shareholdings for each Director is shown in the Remuneration Committee report on pages 32 to 35.

4 Dividends

The following dividends were paid by the Company during the year:

	2015		2014	
	Pence per share	£000	Pence per share	£000
Final dividend paid in respect of prior year but not recognised as liabilities in that year	–	–	5.5	950
Interim dividend paid in respect of current year	–	–	–	–
	–	–	5.5	950
Total dividend paid, net of treasury share dividends	–	–	–	928
Proposed final dividend for the year ended 30 November	1.0	173	–	–

The proposed final dividend for the year ended 30 November 2015 has not yet been approved by shareholders and as such has not been included as a liability as at 30 November 2015. Subject to approval, this is expected to be paid on 6 May 2016 to shareholders on the register at 29 March 2016. This will give a total dividend for the year of 1.0p per share (2014: £nil per share).

5 Plant, equipment and motor vehicles

	£000
Cost	
At 1 December 2014	740
Additions	18
At 30 November 2015	758
Depreciation	
At 1 December 2014	213
Charge for the year	138
At 30 November 2015	351
Net book value	
At 30 November 2015	**407**
At 30 November 2014	527

6 Investments in subsidiary undertakings

	£000
Cost	
At 1 December 2014	27,530
Share-based payments capital contribution	78
At 30 November 2015	27,608
Provision for impairment as at 1 December 2014 and 30 November 2015	(8,182)
Net book value	
At 30 November 2015	**19,426**
At 30 November 2014	19,348

6 Investments in subsidiary undertakings continued

Details of the Company's subsidiaries at 30 November 2015 are as follows:

	Country of incorporation	Class of share	Proportion of voting rights and shares held	Nature of business
Directly held by Synectics plc				
Synectic Systems Group Limited	UK	Ordinary shares	100%	Design and manufacture of video systems control products, integrated digital CCTV systems and CCTV equipment and systems for extreme or hazardous environments
Quadrant Security Group Limited	UK	Ordinary shares	100%	Design, installation and maintenance of CCTV security systems and integrated security systems, and security management and support services
Synectic Systems Inc.	USA	Common stock	100%	Design and supply of video systems control products and integrated digital CCTV systems
Indanet GmbH (previously Synectic Systems GmbH)	Germany	Ordinary shares	100%	German holding company
Coex Limited	UK	Ordinary shares	100%	Dormant
Flash No.1 Limited	UK	Ordinary shares	100%	Dormant
Flash No.2 Limited	UK	Ordinary shares	100%	Dormant
Flash No.3 Limited	UK	Ordinary shares	100%	Dormant
Fotovalue Limited	UK	Ordinary shares	100%	Dormant
Foxall & Chapman Limited	UK	Ordinary shares	100%	Dormant
Look CCTV Limited	UK	Ordinary shares	100%	Dormant
Look Closed Circuit TV Limited	UK	Ordinary shares	100%	Dormant
Midlands Video Systems Limited	UK	Ordinary shares	100%	Dormant
Monument Photographic Laboratories Limited	UK	Ordinary shares	100%	Dormant
MVS (Research) plc	UK	Ordinary shares	100%	Dormant
Newco 3006 Limited	UK	Ordinary shares	100%	Dormant
Protec plc	UK	Ordinary shares	100%	Dormant
QSG Limited	UK	Ordinary shares	100%	Dormant
Quadnetics Employees' Trustees Limited	UK	Ordinary shares	100%	Dormant
Quadnetics Group Limited	UK	Ordinary shares	100%	Dormant
Quadnetics Limited	UK	Ordinary shares	100%	Dormant
Quadnetics SIP Trustees Limited	UK	Ordinary shares	100%	Dormant
Quadrant Integrated Systems Limited	UK	Ordinary shares	100%	Dormant
Quadrant Properties Limited	UK	Ordinary shares	100%	Dormant
Quadrant Research & Development Limited	UK	Ordinary shares	100%	Dormant
Quadrant Support Services Limited	UK	Ordinary shares	100%	Dormant
Quadrant Video Systems plc	UK	Ordinary shares	100%	Dormant
Quick Imaging Centre Limited	UK	Ordinary shares	100%	Dormant
S&M (Processing) Limited	UK	Ordinary shares	100%	Dormant
Sanpho Pension Trustees Limited	UK	Ordinary shares	100%	Dormant

6 Investments in subsidiary undertakings continued

	Country of incorporation	Class of share	Proportion of voting rights and shares held	Nature of business
Directly held by Synectics plc (continued)				
SSS Management Services Limited	UK	Ordinary shares	100%	Dormant
Stanmore Systems Limited	UK	Ordinary shares	100%	Dormant
Synectic Systems Limited	UK	Ordinary shares	100%	Dormant
Synectics Group Limited	UK	Ordinary shares	100%	Dormant
Synectics High Security Limited	UK	Ordinary shares	100%	Dormant
Synectics Industrial Systems Limited	UK	Ordinary shares	100%	Dormant
Synectics Mobile Systems Limited	UK	Ordinary shares	100%	Dormant
Synectics Security Group Limited	UK	Ordinary shares	100%	Dormant
Synectics Security Networks Limited	UK	Ordinary shares	100%	Dormant
Synectics Surveillance Technology Limited	UK	Ordinary shares	100%	Dormant
Synectics Technology Centre Limited	UK	Ordinary shares	100%	Dormant
Indirectly held by Synectics plc				
Synectic Systems GmbH (previously Indanet GmbH)	Germany	Ordinary shares	100%	Design and manufacture of video systems control products, integrated digital CCTV systems and CCTV equipment and systems for the transport sector
Synectic Systems (Asia) Pte Limited	Singapore	Ordinary shares	100%	Design and supply of video systems control products and integrated digital CCTV systems
Synectic Systems (Macau) Limited	Macau	Ordinary shares	100%	Design and supply of video systems control products and integrated digital CCTV systems
A1 Presentations Limited	UK	Ordinary shares	100%	Dormant
Falcon Equipment and Systems Limited	UK	Ordinary shares	100%	Dormant
IES Integrated Electronic Systems Limited	UK	Ordinary shares	100%	Dormant
Integrated Environmental Systems Limited	UK	Ordinary shares	100%	Dormant
Protec 2001 Limited	UK	Ordinary shares	100%	Dormant
Quadrant Security Group (Saudi Arabia) Limited	Saudi Arabia	Ordinary shares	100%	In liquidation
SDA Network Solutions Limited	UK	Ordinary shares	100%	Dormant
SDA Protec (2001) Limited	UK	Ordinary shares	100%	Dormant
SDA Protec Limited	UK	Ordinary shares	100%	Dormant
Sectronic (Marketing) Limited	UK	Ordinary shares	100%	Dormant
Security Design Associates (1979) Limited	UK	Ordinary shares	100%	Dormant
Software Developments (Digital Direct) Limited	UK	Ordinary shares	100%	Dormant
SSS Managed Services Limited	UK	Ordinary shares	100%	Dormant
Synectics Managed Services Limited	UK	Ordinary shares	100%	Dormant
Synectics No. 2 Limited	UK	Ordinary shares	100%	Dormant

7 Debtors

	2015 £000	2014 £000
Deferred taxation	**26**	26
Other debtors	**6**	80
Amounts due from subsidiaries	**30,653**	28,896
Corporation tax receivable	**47**	317
Prepayments and accrued income	**79**	28
	30,811	29,347

	2015 £000	2014 £000
Deferred taxation		
At 1 December 2014	**26**	15
Credit to profit and loss	**–**	11
At 30 November 2015	**26**	26

The deferred taxation balances comprise:

	2015 £000	2014 £000
Fixed asset timing differences	**16**	16
Other timing differences	**10**	10
	26	26

8 Creditors

	2015 £000	2014 £000
Amounts falling due within one year		
Bank overdraft	**7,161**	4,524
Loans and borrowings (note 9)	**743**	787
Trade creditors	**195**	320
Amounts owed to subsidiaries	**1**	2
Other taxation and social security	**–**	67
Other creditors	**11**	13
Accruals and deferred income	**219**	162
	8,330	5,875
Amounts falling due after more than one year		
Amounts owed to subsidiaries	**6,616**	5,691
	14,946	11,566

The bank overdraft is part of a Group offset arrangement.

9 Loans and borrowings

	2015 £000	2014 £000
Current (note 8)	**743**	787
Non-current	**1,932**	2,871
Total	**2,675**	3,658

Loans and borrowings comprise the Company's bank term loan and overdraft facilities. The terms and debt repayment details are as follows:

	Value drawn 000	Maturity	Interest rate	Security
€3.7 million term loan	€2,100	30 September 2017	EURIBOR +2.75%	Group assets
£1.5 million term loan	£1,200	26 November 2018	LIBOR +2.5%	Group assets
£8.0 million overdraft facility	£7,161	On demand	Base + 2.5%	Group assets

During the year €0.8 million of the Euro and £150,000 of the Sterling bank loans were repaid.

10 Provisions for liabilities and charges

	Restructuring £000	Property £000	Total £000
At 1 December 2014	732	35	767
Utilised in the year	(936)	(35)	(971)
Charged to the profit and loss account	261	–	261
At 30 November 2015	**57**	**–**	**57**

The restructuring provision relates to severance costs incurred and is expected to be utilised in the year ending 30 November 2016.

11 Called up share capital

The number of allotted, called up and fully paid shares is as follows:

	2015		2014	
	Number	**£000**	Number	£000
Ordinary shares of 20p each				
Allotted, called up and fully paid	**17,794,439**	**3,559**	17,794,439	3,559

12 Reserves

The movements on equity shareholders' funds during the year were as follows:

	Called up share capital £000	Share premium account £000	Merger reserve £000	Other reserves £000	Retained earnings £000	Total £000
At 1 December 2014	3,559	16,043	9,971	(1,406)	5,851	34,018
Loss after tax for the year	–	–	–	–	(447)	(447)
Credit in relation to share-based payments	–	–	–	–	125	125
Share scheme interests realised in the year	–	–	–	13	–	13
At 30 November 2015	**3,559**	**16,043**	**9,971**	**(1,393)**	**5,529**	**33,709**

Cumulative goodwill written off directly to the profit and loss account at 30 November 2015 was £593,000 (2014: £593,000).

The consolidated result attributable to the shareholders of Synectics plc for the year includes a loss of £447,000 (2014: profit £1,484,000) which has been dealt with in the financial statements of the Company. Synectics plc has taken advantage of the legal dispensation under section 408 of the Companies Act 2006 allowing it not to publish a separate profit and loss account.

13 Contingent liabilities

The Company has agreed, in some instances jointly with subsidiary companies, to guarantee borrowings, annual operating lease rentals and performance bonds amounting to £1.0 million at 30 November 2015 (2014: £1.2 million).

14 Capital commitments

At 30 November 2015 capital commitments not provided for in these financial statements amounted to £nil (2014: £nil).

15 Operating lease commitments

The Company is committed to making operating lease payments during the next year as follows:

	2015			2014		
	Land and buildings £000	Other £000	Total £000	Land and buildings £000	Other £000	Total £000
Operating leases which expire:						
Within one year	–	4	4	–	6	6
Within two to five years	26	34	60	26	65	91
	26	38	64	26	71	97

16 Pension commitments

Some employees of the Company are members of the defined contribution section of a defined benefit pension scheme (the Quadrant Group plc Retirement Benefit Scheme) and defined contribution schemes operated by the Group. For further details of the Quadrant Group plc Retirement Benefit Scheme, see note 29 of the Group financial statements.

Defined contribution schemes

Contributions made by the Company to the defined contribution section of the Quadrant Group plc Retirement Benefit Scheme amounted to £34,000 in the year (2014: £39,000).

In addition, the Company's total expense for other defined contribution pension schemes during the year was £58,000 (2014: £81,000).

The principal subsidiaries and divisions within the Group during the year were as follows:

Quadrant Security Group Limited

Design, installation, maintenance and management of advanced integrated CCTV and security systems

qsg.co.uk
3 Attenborough Lane
Chilwell
Nottingham NG9 5JN

Tel: +44 (0) 115 925 2521

Axis 6
Rhodes Way
Radlett Road
Watford
Hertfordshire WD24 4YW

Tel: +44 (0) 1923 211550

SSS Management Services

Total security outsourcing support and management services to retail and multi-site customers

sss-support.co.uk
Shannon House
Coldharbour Lane
Aylesford
Kent ME20 7NS

Tel: +44 (0) 1622 798200

Synectic Systems Group Limited

Design and development of advanced surveillance technology, operating through the following divisions:

synecticsglobal.com
Synectics House
3–4 Broadfield Close
Sheffield S8 0XN

Tel: +44 (0) 114 255 2509

Moat Road
Normanby Enterprise Park
North Lincolnshire DN15 9BL

Tel: +44 (0) 1652 688908

Synectics Mobile Systems

Development and supply of CCTV systems for bus manufacturers and operators

synecticsmobile.com
2 Wyder Court
Bluebell Way
Millennium City Park
Preston PR2 5BW

Tel: +44 (0) 1253 891222

Synectic Systems, Inc.

Developers of integrated software solutions and products for complex security and surveillance networks

synecticsglobal.com
4180 Via Real, Suite A
Carpinteria
California 93013
USA

Tel: +1 888 755 6255

Synectic Systems GmbH (previously Indanet GmbH)

Provider of integrated surveillance and security management systems to the European transport industry

synectics-germany.de
Machtlfinger Straße 13
81379 München

Tel: +49 89 748862-0

Synectic Systems (Asia) Pte Limited

Provision of specialist video-based electronic systems and technology, for use in high security applications

synecticsglobal.com
10 Ubi Crescent
#06–80 Ubi Techpark (Lobby E)
Singapore 408564

Tel: +65 6749 6166

Synectic Systems (Macau) Limited

Provision of specialist video-based electronic systems and technology, for use in high security applications

synecticsglobal.com
Avenida Comercial de Macau
Fit
5 Andar "A"
Macau

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Auditor

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Birmingham B4 6GH

Registrars and transfer office

Capita Asset Services
The Registry
34 Beckenham Road
Beckenham BR3 4TU

Corporate communications

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107 Cheapside
London EC2V 6DN

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