

Kromek Group plc

Half Year Results

Growth in all areas and record revenue for H1

Kromek Group plc (“Kromek” or “the Group”), a leading R&D supplier of patented radiation detection technologies and products to the medical, security and nuclear markets, announces its half yearly results for the six months ended 31 October 2013. The Group has achieved more than threefold, year-on-year, revenue growth for the period, driven by the acquisition of eV Products and strong customer demand in all of the Group’s three target sectors of Medical Imaging, Security Screening and Nuclear Detection. The Group has significantly improved EBITDA as a result of higher revenues and also strengthened cash reserves following the IPO.

FINANCIAL HIGHLIGHTS

	Six months ended October 2013 £'000	Six months ended October 2012 £'000	Year ended April 2013 £'000
Revenue	2,372	710	2,691
EBITDA	(1,316)	(1,980)	(773)
Cash	9,961	571	309
Net Debt	-	(500)	(2,449)

OPERATIONAL HIGHLIGHTS

Accelerating traction across key sectors with high value customer and contract wins

Medical Imaging

- Two year development program worth up to \$5.3m in the medical CT market which is valued at \$4.3bn as an exclusive partner with one of the top four OEMs in the market. The overall market for CT scanners is estimated to grow to a value of \$5.1bn per annum by 2017, offering major opportunities and potential for growth for Kromek.
- Secured a further \$990k contract from another medical imaging OEM following the period end.

Security Screening

- Ten contracts during the period for Bottle Scanners secured from UK airports, building on the installed base in Finland, Germany and Australia. Additional contracts were secured with airport groups from Belgium, Cyprus, Latvia and Portugal following the period end.
- New European legislation coming into force mandating partial lifting of the ban on the carriage of liquids on board aircraft by 31 January 2014.
- Achieved new highest level of certification from the European Civil Aviation Conference (“ECAC”) for the Kromek Bottle Scanner.

Nuclear Detection

- Contracts worth up to \$2.5m from Northrop Grumman in the USA for two separate programmes commenced during August 2013.
- A contract of up to \$1.2m from Domestic Nuclear Defence Office, part of US Department of Homeland Security, and orders from a number of commercial customers in Asia, Europe and USA.
- Kromek Ltd and its US subsidiary Nova R&D are team members of a Northrop Grumman (“NGC”) led consortium which has been awarded a contract under a \$4bn IDIQ programme by the US Defense Threat Reduction Agency following the close of the period.

Strong patent portfolio further enhanced

- As at the time of the IPO, Kromek had an intellectual property portfolio of more than 70 granted patents and 110 pending applications. The Group has filed 5 new patent applications and had 6 patents granted internationally during the period. A further 3 patents were filed following the close of the period.

Commenting on this performance and the current outlook, Arnab Basu CEO said: “Kromek is currently growing strongly as we enter the rapid commercialisation phase of our business, utilising our powerful IP and technology platforms. The strong increase in sales of the Bottle Scanner and a program worth up to \$5.3m in medical imaging are good examples of this commercialisation phase in action.

“Having completed a successful IPO during the period, we are also now in a stronger financial position as we look to grow our business. We have seen encouraging take-up of our products in all of our three target sectors and are confident about the future prospects of the business.”

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About Kromek

Kromek Group plc is a UK technology company (global HQ in County Durham) and a leading developer of high performance radiation detection products based on cadmium zinc telluride ("CZT"). Using its core CZT technology Kromek designs, develops and produces x-ray and gamma ray imaging and radiation detection products for the medical, security screening and nuclear markets.

The Group's products provide high resolution information on material composition and structure and are used in multiple applications, ranging from the identification of cancerous tissues to hazardous materials, such as explosives, and the analysis of radioactive materials.

Kromek uses multiple technologies in its manufacturing processes, including the established methods of 'liquid phase' detector production, and also 'vapour phase' production methods, which allow the production of high quality, high performance detectors on an industrial scale. Kromek has an intellectual property portfolio of more than 70 granted patents and 110 pending applications.

The Group's business model provides a vertically integrated technology offering to customers, from the growth of CZT crystals to finished products or detectors, including software, electronics and application specific integrated circuits ("ASICs").

The Board believes that the vertical integration offered by Kromek, combined with the benefit of 25 years of research into CZT production and the patents and trade secrets accumulated by the Group, are unparalleled in the market place.

The Group has operations in the UK, Germany and USA (California and Pennsylvania), and is selling internationally through a combination of distributors and direct OEM sales. Currently, the Group has over one hundred full time employees across its global operations.

Interim Results Statement

Introduction

The Group is pleased to report a strong set of results and to report that the business has made excellent progress during the period. We have achieved more than threefold, year-on-year, revenue growth for the first half, driven by the acquisition of eV Products and strong customer demand in all of the Group's three target sectors of Medical Imaging, Security Screening and Nuclear Detection. Importantly for our future prospects, this performance has been and, we believe, future growth will be, underpinned by regulatory drivers and industry trends which are strongly aligned to the Group's multispectral detection and imaging offerings. We are pleased to see positive developments in our patent portfolio with further grants and new applications covering our core technologies during the period.

Financial Review

The financial performance for the first half saw strong growth in revenue whilst we maintained a tight control on the cost base, with employee numbers remaining stable. The revenue growth from £0.7m for the prior period to £2.4m for the first half was generated from higher nuclear and security product sales from the UK, enhanced by contracts with OEMs in the medical imaging sector combined with the impact of the acquisition of eV Products, Inc.

The Group received a \$1m non-refundable exclusivity payment from a top four OEM in the Computed Tomography (CT) market. The development programme with this top four OEM is progressing as planned. Further, we signed two contracts with Northrop Grumman in the US which commenced during the second quarter and will continue into the second half. As a result of the increased revenue and stable cost base, the Group's loss before interest, tax, depreciation and amortisation reduced to £1.3m versus a loss of £2.0m for the first half of 2012.

Following the IPO on 16 October 2013, net proceeds of £13.4m were raised by the Group, of which £3m was applied to the repayment of loans and interest, so that the Group does not expect to carry any interest burden for the foreseeable future. Following the loan and interest repayments, net cash was £10m at 31 October 2013.

Operational Review

Kromek's offerings continue to generate significant traction with global customers in all three of its key commercial sectors. Post IPO, our progress has accelerated and we are performing well against our stated objectives including: strengthening the commercial teams in all three sectors to increase our market penetration and better serve our customers, investing in focussed product development and will conduct a strategic review of our IP portfolio. We have opened a new office in Germany and recruited a highly experienced team to lead our sales and marketing effort for our products in the Nuclear Detection market.

We have had a number of high value customer and contract wins and have made continuous improvements to our new product offerings. Since the IPO we have further developed the patent portfolio and recruited further talent to the Group both at the operational and Board level.

High Value customers and contract wins

Medical Imaging

The global medical imaging market was valued at \$24bn in 2013 and is expected to reach an annual value of \$35bn by 2019. Within that market, the CT scanner and nuclear imaging segments, two of Kromek's key areas, are expected to show the fastest rate of growth. The overall market for CT scanners is estimated to grow to a value of \$5.1bn per annum by 2017, offering major opportunities and potential for growth for Kromek.

This growth is being reflected in the ongoing interest and investment from all the major players in multi spectral CT (computed tomography) and high resolution radiation based diagnostic imaging systems. The Group entered into a two year program worth up to \$5.3m as an exclusive partner to one of the top four Original Equipment Manufacturers ("OEMs") in this segment, and secured a further contract worth \$990k from another medical imaging OEM during the period. We continue to see a positive uptake of our products in other target segments within the medical imaging sector and are continuing to develop additional commercial relationships.

Security Screening

The European Civil Aviation Conference regulations which will bring about a partial lifting of the ban on the carriage of liquids on board aircraft by 31 January 2014, is driving demand for the Group's bottle scanner product. It is thought that the addressable market for this product over the next three years is worth around £150m. During this period we have received further contracts for Bottle Scanners from ten UK airports as well as orders from airport groups from Cyprus, Portugal, Belgium and more recently Latvia, building on the installed base we have in Finland, Germany and Australia.

The majority of Kromek's Bottle Scanner sales targets for the current financial year are now either delivered or contracted for delivery in the year to 30 April 2014. The product received the highest level of certification (Type B, Standard 3) from ECAC during this period and further improvements were made by further reducing the scan time to around 10 seconds, which significantly enhances its operational aspect in airports.

We have also made progress in our €1.2m EU funded program for developing liquid detection capability as add on modules for existing baggage scanning systems using multispectral detectors and advanced algorithms. Whilst not yet certified, it is envisaged that this technology will in time

address the Type C baggage scanning markets in the EU and the wider world. The programme is due to come to a conclusion in April 2014 and we look forward to providing an update on further progress in due course.

Nuclear Detection

The continued trend in the nuclear detection market towards portable high performance spectroscopic detectors is being driven by key US Government programmes. This plays to the strengths of Kromek's detector technology and product platform and the Group has won contracts worth up to \$2.5m with Northrop Grumman in the USA for two separate programmes and another contract worth up to \$1.2m from the Domestic Nuclear Defence Office, part of the US Department of Homeland Security. Additionally, contracts have been secured from a number of commercial customers in Asia, Europe and the USA.

Beyond these strong wins, we are also delighted to report that two of our operating companies, Kromek Ltd and Nova R&D, are members of a team led by the Northrop Grumman Corporation ("NGC") which has been awarded a contract under a program which is part of the US Defense Threat Reduction Agency (DTRA) Countering Weapons of Mass Destruction Research and development IDIQ program. This IDIQ allows DTRA to procure research and development, providing scientific and technological solutions to meet the Department of Defense's non-proliferation, counter-proliferation and consequence management objectives. The program has been funded to a total of \$4 billion and covers a number of functional areas including modelling, simulation, systems engineering, physical countermeasures, nuclear detection, sensor platforms and treaty and verification technologies. Both companies were selected by NGC for their specific areas of expertise and capabilities they bring to the program, supported by their previous relationships with DTRA.

In response to these industry developments, we have introduced SIGMA™ – a compact high efficiency radiation detector to complement our current GR1 product family.

IP and Patent Portfolio

The Group has continued to invest and develop its intellectual property portfolio to enhance our market position and protect our products and technology offerings. During the reporting period Kromek filed five new patent applications and a further three patents were filed following the period end as we continue to build our portfolio. The Group's portfolio at the IPO included 70 granted patents and 110 pending applications.

Board Appointments

Lawrence Kinet joined the Board in October following a career which included serving as President of Smiths Medical, London, a \$1.3bn company. He brings substantial experience and expertise in the medical imaging markets which will be of great value to us as we seek to leverage our world class technology in this arena. Peter Bains also joined the Board following a 23 year career at GlaxoSmithKline. Peter brings with him extensive strategic and operational leadership expertise and I am delighted that we will be able to draw on his knowledge at the Board. To complete the evolution of the Board as Kromek joined AIM, the Group's CFO, Derek Bulmer, was appointed to the Board on 5 December 2013 as its second executive member.

Current Trading and Outlook

The Board is pleased with the good progress made during the first half of the year and with the significant expansion of our order book compared to the prior period. This growth has come about through the acquisition of eV Products and the award of several high value contracts from key customers in our target sectors. We have also cemented strategic relationships with major players in the medical and nuclear detection field. The uptake of the Bottle Scanner by European airports will

also open up adoption of this product into wider global markets where we continue to invest in developing relationships.

Post IPO we are expanding our commercial teams in each of our three target sectors to increase our market penetration and capitalise on sales opportunities. We continue to work on developing strategic relationships which will provide channels to market for our OEM products in the medical imaging and security screening sectors. We are delivering on our current order commitments and we continue to book new orders with new and existing customers. We have also initiated new product developments as we continue to reinforce our ability to respond swiftly to market needs and further grow the business.

With Kromek better funded than at any time in its history and with growing demand for the Group's underlying technology platforms, both as OEM components and as Kromek products, the prospects for the business are very positive.

Kromek Group Plc
Consolidated condensed income statement
For the six months ended 31 October 2013

		Six months ended October 2013 £'000 (Unaudited)	Six months ended October 2012 £'000 (Unaudited)	Year ended 30 April 2013 £'000 (Audited)
	Note			
Continuing operations				
Revenue	4	2,372	710	2,691
Cost of sales		(924)	(993)	(1,431)
Gross profit/(loss)		1,448	(283)	1,260
Other operating income		649	-	25
Distribution costs		(39)	(56)	(110)
Administrative expenses		(4,026)	(1,934)	(5,077)
Operating loss		(1,968)	(2,273)	(3,902)
Finance income		-	-	-
Finance costs		(513)	(18)	(171)
Exceptional items: Negative goodwill released to the income statement		-	-	2,417
Loss before tax		(2,481)	(2,291)	(1,656)
Tax	5	648	514	1,013
Loss from continuing operations		(1,833)	(1,777)	(643)
Earnings/(losses) per share	7			
-basic (£)		(0.02)	(0.24)	(0.08)
-diluted (£)		(0.02)	(0.23)	(0.08)

Kromek Group Plc

Consolidated condensed statement of comprehensive income

For the six months ended 31 October 2013

	Six months ended October 2013 £'000 (Unaudited)	Six months ended October 2012 £'000 (Unaudited)	Year ended 30 April 2013 £'000 (Audited)
Profit/(loss) for the year	(1,833)	(1,777)	(643)
Exchange differences on translation of foreign operations	(303)	(8)	200
Total Comprehensive income/(losses) for the period	(2,136)	(1,785)	(443)

Kromek Group Plc
Consolidated condensed statement of financial position
For the six months ended 31 October 2013

	Note	Six months ended October 2013 £'000 (Unaudited)	Six months ended October 2012 £'000 (Unaudited)	Year ended 30 April 2013 £'000 (Audited)
Non-current assets				
Goodwill		1,275	1,275	1,275
Other intangible assets		6,373	3,593	6,137
Property, plant and equipment		2,597	1,054	3,005
		<u>10,245</u>	<u>5,922</u>	<u>10,417</u>
Current assets				
Inventories		1,836	703	2,098
Trade and other receivables		1,276	524	1,579
Current tax assets		1,234	446	767
Cash and bank balances		9,961	571	309
		<u>14,307</u>	<u>2,244</u>	<u>4,753</u>
Total assets		<u>24,552</u>	<u>8,166</u>	<u>15,170</u>
Current liabilities				
Trade and other payables		(3,865)	(1,922)	(3,149)
Current tax liabilities		(1)	-	(1)
Loans and borrowings		-	(500)	(2,449)
		<u>(3,866)</u>	<u>(2,422)</u>	<u>(5,599)</u>
Net current assets/(liabilities)		<u>10,441</u>	<u>(178)</u>	<u>(846)</u>
Non-current liabilities				
Deferred tax		(1,364)	(113)	(1,544)
Total liabilities		<u>(5,230)</u>	<u>(2,535)</u>	<u>(7,143)</u>
Net assets		<u>19,322</u>	<u>5,631</u>	<u>8,027</u>
Equity				
Share capital	8	1,074	1,175	1,175
Share premium account		34,580	21,308	22,278
Capital redemption reserve		1,175	-	-
Translation reserve		(144)	(49)	159
Retained earnings		(17,363)	(16,803)	(15,585)
Total equity		<u>19,322</u>	<u>5,631</u>	<u>8,027</u>

Kromek Group Plc
Consolidated condensed statement of changes in equity
For the six months ended 31 October 2013

Equity attributable to equity holders of the Group

	Share Capital £'000	Share Premium Account £'000	Capital Redemption Reserve £'000	Translation Reserve £'000	Retained Earnings £'000	Total £'000
Balance at 1 May 2013	1,175	22,278	-	159	(15,585)	8,027
Loss for the period	-	-	-	-	(1,833)	(1,833)
Translation of foreign subsidiaries	-	-	-	(303)	-	(303)
Total comprehensive income for the period	-	-	-	(303)	(1,833)	(2,136)
Share reorganisation	780	(780)	-	-	-	-
Share buyback	(1,175)	-	1,175	-	-	-
Issue of new shares	294	-	-	-	-	294
Premium on shares issued less expenses	-	13,082	-	-	-	13,082
Credit to equity for equity-settled share based payments	-	-	-	-	55	55
Balance at 31 October 2013	1,074	34,580	1,175	(144)	(17,363)	19,322
Balance at 1 May 2012	1,175	20,330	-	(41)	(15,064)	6,400
Loss for the period	-	-	-	-	(1,777)	(1,777)
Translation of foreign subsidiaries	-	-	-	(8)	-	(8)
Total comprehensive income for the period	-	-	-	(8)	(1,777)	(1,785)
Premium on shares issued less expenses	-	978	-	-	-	978
Credit to equity for equity-settled share based payments	-	-	-	-	38	38
Balance at 31 October 2012	1,175	21,308	-	(49)	(16,803)	5,631
Balance at 1 May 2012	1,175	20,330	-	(41)	(15,064)	6,400
Loss for the year	-	-	-	-	(642)	(642)
Translation of foreign subsidiaries	-	-	-	200	-	200
Total comprehensive income for the period	-	-	-	200	(642)	(442)
Premium on shares issued less expenses	-	1,948	-	-	-	1,948
Credit to equity for equity-settled share based payments	-	-	-	-	121	121
Balance at 30 April 2013	1,175	22,278	-	159	(15,585)	8,027

Kromek Group Plc
Consolidated condensed statement of cash flows

For the six months ended 31 October 2013

	Note	Six months ended October 2013 £'000 (Unaudited)	Six months ended October 2012 £'000 (Unaudited)	Year ended 30 April 2013 £'000 (Audited)
Net cash from operating activities	9	(34)	(39)	(1,245)
Investing activities				
Purchases of property, plant and equipment		-	(50)	(58)
Purchases of patents and trademarks		(39)	(194)	(400)
Capitalisation of research and development costs		(327)	(522)	(906)
Acquisition of overseas trade and assets		-	-	(1,273)
Deferred consideration		-	(54)	(54)
Net cash (used in)/from investing activities		(366)	(820)	(2,691)
Financing activities				
Loans repaid		(2,449)	-	1,949
Proceeds on issue of shares		13,375	979	1,949
Interest paid		(571)	(18)	(170)
Net cash (used in)/from financing activities		10,355	961	3,728
Net increase/(decrease) in cash and cash equivalents		9,955	102	(208)
Cash and cash equivalents at beginning of period		309	477	477
Effect of foreign exchange rate changes		(303)	(8)	40
Cash and cash equivalents at end of period		9,961	571	309

Kromek Group Plc

Notes to the unaudited interim statements

For the six months ended 31 October 2013

1. Basis of preparation

This interim financial report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The company Kromek Group Plc (formally Kromek Group Limited) was initially set up as a new shell holding company for listing the group as a Plc. A share for share exchange occurred with the shares of Kromek Limited and Kromek Group Limited which has been accounted for using merger accounting principles. The results and cash flows of the combining group have therefore been brought into the financial statements of the combined group from the beginning of the financial year in which the combination occurred. The corresponding figures have been restated by including the results of the combining group for the previous year and their balance sheets at the previous balance sheet date. The auditors reported on the Kromek Limited accounts for the year ended 30 April 2013; their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The accounting policies used in this interim financial report are consistent with International Financial Reporting Standards. The same accounting policies, presentation and methods of computation are followed in this condensed set of financial statements as applied in the Group's latest annual audited financial statements.

The condensed set of financial statements included in this interim report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

This interim report for the period ending 31 October 2013 was approved by the Board of Directors on 7 January 2014.

2. Going concern

The directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the interim financial statements.

3. Interim report

The interim report and the interim announcement will be available from the Group's website at www.kromek.com.

Kromek Group Plc

Notes to the unaudited interim statements (continued)

For the six months ended 31 October 2013

4. Business and geographical segments

Products and services from which reportable segments derive their revenues

For management purposes, the Group is organised into two business units (UK and USA) and it is on these operating segments that the Group is providing disclosure.

The chief operating decision maker is the Board of Directors who assess performance of the segments using the following key performances indicators; revenues, gross profit and operating profit. The amounts provided to the Board with respect to assets and liabilities are measured in a way consistent with the Financial Statements.

The turnover, profit on ordinary activities and net assets of the Group are attributable to one business segment, i.e. the development of digital colour x-ray imaging enabling direct materials identification, as well as developing a number of detection products in the industrial and consumer markets.

Analysis by geographical area

A geographical analysis of the Group's revenue by destination is as follows:

	Six months ended October 2013 £'000 (Unaudited)	Six months ended October 2012 £'000 (Unaudited)	Year ended 30 April 2013 £'000 (Audited)
United Kingdom	261	37	85
North America	1,371	475	1,240
Asia	477	162	1,165
Europe	242	36	200
Australasia	21	-	1
	<hr/>	<hr/>	<hr/>
Total revenue	<u>2,372</u>	<u>710</u>	<u>2,691</u>

Kromek Group Plc
Notes to the unaudited interim statements (continued)

For the six months ended 31 October 2013

4. Business and geographical segments (continued)

A geographical analysis of the Group's revenue by origin is as follows:

Six months ended 31 October 2013

	UK Operations £'000	USA Operations £'000	Total for Group £'000
Revenue from sales			
Revenue by segment:			
-Sale of goods and services	580	1,219	1,799
-Other revenue	-	643	643
Total sales by segment	<u>580</u>	<u>1,862</u>	<u>2,442</u>
Removal of inter-segment sales	(17)	(53)	(70)
Total external sales	<u>563</u>	<u>1,809</u>	<u>2,372</u>
Other operating income			
Legal settlements	490	-	490
Grants received	159	-	159
Segment result – operating profit/(loss)	(1,412)	(556)	(1,968)
Interest expense	(513)	-	(513)
Loss before tax	<u>(1,925)</u>	<u>(556)</u>	<u>(2,481)</u>
Tax (charge)/credit	467	181	648
Loss for the year	<u>(1,458)</u>	<u>(375)</u>	<u>(1,833)</u>
Other information			
Property, plant and equipment additions	-	-	-
Depreciation of PPE	(149)	(255)	(404)
Intangible asset additions	274	92	366
Amortisation of intangible assets	(76)	(59)	(135)
Balance Sheet			
Total assets	<u>16,870</u>	<u>7,682</u>	<u>24,552</u>
Total liabilities	<u>(4,318)</u>	<u>(912)</u>	<u>(5,230)</u>

Inter-segment sales are charged at prevailing market prices.

No impairment losses were recognised in respect of property, plant and equipment and goodwill.

Kromek Group Plc

Notes to the unaudited interim statements (continued)

For the six months ended 31 October 2013

4. Business and geographical segments (continued)

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of the share of profits of associates, central administration costs including directors' salaries, investment revenue and finance costs, and income tax expense. This is the measure reported to the Group's Chief Executive for the purpose of resource allocation and assessment of segment performance.

5. Tax

The Group has recognised R&D tax credits of £468k (six months ended 31 October 2012: £444k) for the six months ended 31 October 2013.

Deferred tax liabilities have been reduced by £180k (six months ended 31 October 2012: £69k) for the six months ended 31 October 2013 as a result of losses incurred by Group entities.

6. Dividends

The directors do not recommend the payment of a dividend (six months ended 31 October 2012: £nil).

7. Losses per share

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

Losses

	Six months ended October 2013 £'000 (Unaudited)	Six months ended October 2012 £'000 (Unaudited)	Year ended 30 April 2013 £'000 (Audited)
Losses for the purposes of basic earnings per share being net profit attributable to owners of the Company	<u>(1,833)</u>	<u>(1,777)</u>	<u>(642)</u>
	Six months ended October 2013 '000 (Unaudited)	Six months Ended October 2012 '000 (Unaudited)	Year ended 30 April 2013 '000 (Audited)
Number of shares			
Weighted average number of ordinary shares for the purposes of basic earnings per share	107,357	7,464	7,572
Effect of dilutive potential ordinary shares: Share options and warrants	<u>4,015</u>	<u>368</u>	<u>342</u>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<u>111,372</u>	<u>7,832</u>	<u>7,914</u>

Kromek Group Plc
Notes to the unaudited interim statements (continued)

For the six months ended 31 October 2013

7. Losses per share (continued)

	Six months ended October 2013 £ (Unaudited)	Six months ended October 2012 £ (Unaudited)	Year ended 30 April 2013 £ (Audited)
Basic	(0.02)	(0.24)	(0.08)
Diluted	(0.02)	(0.23)	(0.08)

8. Share capital

During the interim period, a capital restructure was undertaken as a result of the IPO. The class D and G shares of total nominal value of £1.175m in Kromek Limited were acquired by the Group for £1 each and then cancelled, thus creating a capital redemption reserve.

The remaining ordinary share capital in Kromek Limited of 0.004p per share was merged into a single class of ordinary 1p shares and a bonus issue of 10% was also issued for the K ordinary and preference shares. The ordinary shares were then exchanged on a 10:1 basis for shares in Kromek Group Plc. In addition, a further 29m shares were issued for a net consideration of £13.4m.

Kromek Group Plc
Notes to the unaudited interim statements (continued)

For the six months ended 31 October 2013

9. Notes to the cash flow statement

	Six months ended October 2013 £'000 (Unaudited)	Six months Ended October 2012 £'000 (Unaudited)	Year ended 30 April 2013 £'000 (Audited)
Loss for the period	(1,833)	(1,777)	(643)
Adjustments for:			
Finance income	-	-	-
Finance costs	571	18	171
Income tax credit	(648)	(514)	(1,013)
Depreciation of property, plant and equipment	404	172	447
Amortisation of intangible assets	135	119	264
Negative goodwill released to income statement	-	-	(2,417)
Share-based payment expense	55	38	121
Operating cash flows before movements in working capital	<u>(1,316)</u>	<u>(1,944)</u>	<u>(3,070)</u>
Decrease in inventories	262	32	(284)
Decrease in receivables	426	435	(625)
Increase in payables	594	79	1,375
Cash generated by/(used in) operations	1,282	546	466
Tax (paid)/received	-	1,359	1,359
Net cash from operating activities	<u>(34)</u>	<u>(39)</u>	<u>(1,245)</u>

10. Events after the balance sheet date

There are no significant or disclosable post-balance sheet events.