10 March 2015

Synectics plc
("Synectics" or "the Group" or "the Company")

Final Results for the year ended 30 November 2014

Synectics plc (AIM: SNX), a leader in the design, delivery and management of integrated security and surveillance systems for the world's most demanding security environments, reports its final results for the year ended 30 November 2014.

Headlines

- Revenue £64.6 million (2013: £82.4 million)
- Underlying loss* £2.4 million (2013: underlying profit* £7.1 million)
- Loss before tax £3.7 million (2013: profit before tax £6.6 million)
- Underlying diluted EPS* (14.0)p (2013: 32.6p)
- Diluted basic EPS (20.6)p (2013: 29.4p)
- Net debt at 30 November 2014 £6.1 million (2013: net cash £1.2 million)
- Year-end order book £28.6 million (2013: £28.1 million)
- Cost base restructured to generate savings of £2.2 million per annum
- Launch of new Synergy 3 command and control software platform
- Opening of Synectics' Operations Centre in North Lincolnshire

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

Commenting on the results, David Coghlan, Chairman, said:

"Although the impact of the decline in the global oil & gas market last year was not foreseen, Synectics has fully addressed those issues within its control that contributed to the poor financial performance in 2014.

"With a leaner cost base, strengthened order books in early 2015, and under the leadership of new Chief Executive Paul Webb, we expect the Group to deliver significantly improved results in the current financial year."

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Chairman's Statement

Overview

Over the five years to 30 November 2013 Synectics made consistent and creditable progress in line with the objectives set by the Board. Underlying profits grew at a compound 49% per year, market leadership goals were achieved in core areas and the challenging targets set for medium-term Group operating margins were achieved.

Against that background, it is a matter of deep regret to report to shareholders that results for 2014 were poor. Synectics recorded an underlying loss on its operations and incurred substantial further one-off costs for actions taken to restore profitability as rapidly as possible.

The main reasons for this sharp negative turnaround fall into three categories:

1) Severe disruption in the global oil & gas market

The oil & gas industry is the largest end user sector for Synectics' specialised surveillance systems; in the 2013 financial year it represented 26% of total consolidated Group revenue. During 2014 a combination of increasing unrest in the Middle East and a substantial decline in oil & gas prices led to serial delays by end customers in the normal progress of projects. Earlier delays were expected to partially unwind in the second half of the financial year but in fact did not. In the end, Synectics' revenues in this sector in FY 2014 declined by £10 million, or 46%, compared with the previous year.

2) Management failings within part of Synectics' Integration & Managed Services ('IMS') division

Changes introduced in 2013 by new management within the UK security integration activities of IMS led to high staff turnover and less effective oversight of large, complex projects. Several of these projects suffered reduced margins and one recorded substantial losses. Radical action was taken to correct matters but the impact on IMS' 2014 results of this lost margin, and the diversion of resources away from winning and delivering new business, was a reduction of around £8.2 million in revenues and £3.5 million in profits compared with 2013.

3) Increased costs and operational gearing from recent investments made to support further growth

Synectics undertook a major upgrade of its information technology systems in 2013 and 2014. In 2013, the Systems division also acquired a new factory and consolidated two existing operations into that new site, while in recent years the Group expanded its central capabilities in human resources, marketing, procurement and finance. These investments in systems, capacity and capability were designed to provide a scalable operating platform able to support growth in Synectics' annual revenues to the £100 million level and beyond. The impact from disruption and additional costs on results for 2014 is difficult to quantify but significant.

Steps were taken at the end of the year and during the first quarter of 2015 to reduce the Group's overhead base by an annualised total of £2.2 million.

Fuller details of these issues and other factors affecting the year's results are set out in the Business Review section below.

The actions taken to reduce the Group's cost base and to address the management issues within the UK security integration activities are having the desired impact. Synectics is now leaner and more unified. The Group is better adapted to produce acceptable returns from lower revenues, though still benefitting from the recent improvements in systems and facilities that support our continued expectations of future growth in a fundamentally attractive market.

Results

In the year to 30 November 2014, Synectics' consolidated revenue was £64.6 million (2013: £82.4 million). The Group made an underlying loss before tax[1] of £2.4 million (2013: profit £7.1 million). After charging £1.4 million (2013: £0.5 million) for exceptional and non-underlying costs, the consolidated loss before tax for the year was £3.7 million (2013: profit £6.6 million).

Net debt at 30 November 2014 was £6.1 million (2013: net cash £1.2 million). In addition to the loss for the year, the other major impact on cash flow was an increase in working capital in the Systems division due to delays by Oil & Gas customers in progressing projects on originally contracted schedules. The latter effect is expected to unwind across 2015. Synectics has total debt facilities of £12 million.

As previously announced the Directors are not recommending payment of a final dividend for the year. Our intention is to resume payments as soon as prudently possible.

Business Review

Synectics' business is to provide integrated electronic security systems and services to specialist high-end markets. Our systems are based on core proprietary technology, in particular system integration and command and control software. This technology is adapted for the specific needs of our target customer sectors, and provides fundamental differentiation from mainstream suppliers in the wider electronic security market.

Systems Division

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	£31.9 million (2013: £44.8 million)
Gross margin	38.9% (2013: 38.5%)
Operating profit[2]	£1.0 million (2013: £7.0 million)
Operating margin[2]	3.2% (2013: 15.7%)

During 2014 the Systems division completed its major reorganisation, aimed at creating a much more unified, efficient and scalable business. The final step in that consolidation process was the physical relocation of the division's two UK operations centres in Sheffield and Brigg into a single 54,000 square foot freehold facility in North Lincolnshire. The move was completed towards the end of the first half of the financial year.

Systems now operates under a single functional management structure, with headquarters, sales/marketing and technical development in Sheffield, operations in North Lincolnshire and sales/local operations/support hubs in the US, Germany, Singapore and the UAE. Although the costs of disruption in the final relocation stage were greater than initially envisaged, achieving this organisational objective is a significant milestone in the Group's development.

Most of the reduction in revenues compared with 2013 arose in the Oil & Gas sector from customer-imposed delays both in progress on existing contracts and in the award of expected new contracts. As noted above, these delays ultimately resulted in revenues for the year being reduced by £10 million compared with the previous year, with an obviously damaging impact on profitability.

Revenues from surveillance systems for the Gaming sector were also lower in 2014 than in 2013. In this case the reduction was expected, being due to an exceptionally strong performance in the prior year from delivery to a Far East client of the largest and most complex surveillance system ever supplied by Synectics. Initial follow-on sales from that system were delivered in 2014, and substantial further sales are expected in 2015.

Successful delivery of that major system established an important reference site for Synectics, and has generated additional business from new customers in the region that will be delivered during 2015 and beyond.

Synectics' new Synergy 3 core software product was officially launched in April 2014 and has been received positively by existing and potential new customers. For the first time, Synergy 3 allows the same core command and control integration platform to manage surveillance systems from modest size up to the largest systems in the world, including customised integrated handling in one user interface of video surveillance, audio communications, access control, fire or smoke alarms, video analytics and input from virtually any other electronic sensor from any manufacturer. In the first quarter of 2015 we have been selected to supply a significant security and safety solution, using Synergy 3 to monitor and manage over 5,000 devices, for a high profile project at a major transport hub in the Far East.

Other substantial projects for the Systems division in the year included a surveillance system for a major oil development in the North Sea, our first casino client in the Philippines, several casino legacy system replacements and new installations in North America, and a number of public space contracts in the UK.

Indanet, our European transport operation, experienced good revenue growth during the year, in particular winning further repeat business from several large existing customers, together with a contract to upgrade and service a regional control room for a German train station operator to be equipped with the latest evolution of Synectics' command and control platform.

Integration & Managed Services Division

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 help desk. The IMS division supplies proprietary products and technology from Synectics' Systems division as well as from third parties.

Revenue	£33.7 million (2013: £38.4 million)
Gross margin	19.3% (2013: 24.7%)
Operating (loss)/profit[2]	£(1.1) million (2013: profit £2.2 million)
Operating margin[2]	(3.4)% (2013: 5.8%)

Within the IMS division, mobile systems and managed services performed acceptably during the year though, in the case of mobile systems, margins were adversely affected by start-up costs on a large new long-term contract.

The largest area of activity within the IMS division, integrated systems, performed poorly. The most serious impact was from problems on a large surveillance system integration sub-contract, which is a small part of a major new construction project within the UK. Some of the issues arose from delays and inefficiencies caused by adverse weather, limited site access and the actions of other contractors. However, inadequate internal project management contributed materially to the losses on the contract. Although no other material projects in the year were loss-making, several recorded margins below planned levels. There were also knock-on impacts on new business from the diversion of management resources to rectify this situation.

Firm action was taken by Group management to address the issues, including changes of senior management personnel and structure within the division. As part of these changes management has accelerated the closer integration of the managed services and integrated systems areas within the IMS division, providing operational benefits to both areas as well as reduced costs.

There has been a significant positive impact from the changes, although the knock-on effects of the disruption on winning new business extended through the second half.

Major wins for the division during the year included the installation of an electronic security solution in a custody suite for South Yorkshire Police, an upgrade of security systems at The British Museum, and an upgrade contract with a regional tram operator.

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 more acceptable levels of profitability in 2015.

Research & Development

Synectics continues to invest in its proprietary technology base. During 2014, the Group spent a total of £2.5 million on technology development (2013: £2.3 million). Of this total, £1.4 million was capitalised and the remainder expensed to the Income Statement. £0.5 million of previously capitalised development costs were 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. We aim for the Group's development roadmap to operate in a well-controlled environment that will enable us simultaneously both to deliver on time our planned new product introductions, and to support globally the bespoke, large-scale and innovative projects that our customers are increasingly looking for.

People

2014 was the most difficult year in the Group's recent history in terms of internal and external disruptions that placed unusual pressures on employees. In almost all cases our people responded with energy, common sense and exceptional commitment to the needs of our customers. Once again, I thank them sincerely.

Board Changes

John Shepherd retired as Chief Executive and from the Board on 31 January 2015. As noted at the beginning of this report, many good things were accomplished by the Group during John's tenure and, on behalf of the Board and shareholders, I record here our gratitude for his contributions and wish him all the best for the future.

Paul Webb, who has been with Synectics since 2004, joined the Board in November 2014 and was appointed Chief Executive on 1 February 2015. Paul has been instrumental in the successful development of Synectics' Systems division over recent years. He has a deep knowledge of our technology and markets, and the Board is confident he will provide outstanding executive leadership to the Group in the next phase of its development.

Strategy and Financial Objectives

In last year's report I noted that Synectics had achieved the goals it publicly set itself in 2010, and that the Board intended during 2014 to define our objectives for the next medium-term period. In light of events we deferred that process, and have now asked the new Chief Executive to lead his own review in the coming months. We expect to report on the results of that review and to set out the Group's revised objectives in the second half of 2015.

Outlook

The Group's order book on 30 November 2014 was £28.6 million, up marginally from the position a year earlier. Encouragingly, new orders in the first two months of the current year have been strong.

Although we do not expect any significant positive change in the underlying oil & gas market during 2015, there are signs that a number of projects that were put on hold in 2014 are being unblocked. This should mean that Synectics' revenues from that sector in the current year, particularly in the second half, will be above the reduced level experienced in 2014. The Group's second largest customer sector, Gaming, has a strong pipeline of business expected for the year, especially from the Far East, though again this is likely to be weighted towards the second half. Activity levels in other sectors of the electronic surveillance market remain solid.

The IMS division has secured significant orders in the early months of 2015, and is seeing a growing pipeline of expected new business. Reduced overhead costs in several areas of the Group are also contributing to the forecast improvement in results.

The issues affecting 2014 have been fully addressed and clear recovery plans are in place. Synectics is positioned for a much-improved performance in 2015 and the Board remains confident of its longer term prospects.

David Coghlan
Chairman

10 March 2015

[1] (loss)/profit before tax and non-underlying items (which comprise restructuring costs, acquisition costs, share-based payment charge, amortisation of acquired intangibles and reclassification of available-for-sale financial assets to profit or loss).

[2] before non-underlying items and Group central costs.

Consolidated Income Statement
For the year ended 30 November 2014

	Note	2014 £000	2013 £000
Revenue	2	**64,594**	82,363
Cost of sales		**(45,707)**	(55,664)
Gross profit		**18,887**	26,699
Operating expenses		**(22,444)**	(19,985)
(Loss)/profit from operations			
Excluding non-underlying items	2	**(2,192)**	7,217
Non-underlying items	3	**(1,365)**	(503)
Total (loss)/profit from operations		**(3,557)**	6,714
Finance income		**246**	245
Finance costs		**(437)**	(338)
(Loss)/profit before tax			
Excluding non-underlying items		**(2,383)**	7,124
Non-underlying items	3	**(1,365)**	(503)
Total (loss)/profit before tax		**(3,748)**	6,621
Income tax credit/(expense)	4	**390**	(1,704)
(Loss)/profit for the year attributable to equity holders of the parent		**(3,358)**	4,917
Basic earnings per ordinary share	6	**(20.6)p**	30.9p
Diluted earnings per ordinary share	6	**(20.6)p**	29.4p
Underlying basic earnings per ordinary share	6	**(14.0)p**	34.2p
Underlying diluted earnings per ordinary share	6	**(14.0)p**	32.6p

Consolidated Statement of Comprehensive Income
For the year ended 30 November 2014

	2014 **£000**	2013* £000
(Loss)/profit for the year	**(3,358)**	4,917
Items that will not be reclassified subsequently to profit or loss:		
Re-measurement gain/(loss) on defined benefit pension scheme, net of tax	**277**	(201)
Effect of recognising the pension scheme surplus, net of tax	**153**	-
Effect of not recognising the pension scheme surplus, net of tax	**-**	201
	430	-
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**224**	(65)
Available-for-sale financial assets:		
Gains arising during the period, net of tax	**-**	403
Less: reclassification adjustments for gains included in profit, net of tax	**-**	(403)
	224	(65)
Total comprehensive (loss)/income for the year attributable to equity holders of the parent	**(2,704)**	4,852

*Re-presented for the adoption of IAS19R ‘Employee Benefits’.

Consolidated Statement of Financial Position
As at 30 November 2014

	Note	2014 £000	2013 £000
Non-current assets			
Property, plant and equipment		**3,952**	2,641
Intangible assets		**23,357**	22,672
Retirement benefit asset		**540**	-
		27,849	25,313
Current assets			
Inventories		**12,624**	9,735
Trade and other receivables		**25,627**	27,695
Tax assets		**373**	-
Cash and cash equivalents	7	**1,349**	5,774
		39,973	43,204
Total assets		**67,822**	68,517
Current liabilities			
Loans and borrowings	8	**(4,553)**	(815)
Trade and other payables		**(22,569)**	(22,569)
Tax liabilities		**(72)**	(1,118)
Current provisions	9	**(1,147)**	(147)
		(28,341)	(24,649)
Non-current liabilities			
Loans and borrowings	8	**(2,872)**	(3,760)
Non-current provisions	9	**(22)**	(97)
Deferred tax liabilities		**(142)**	(469)
		(3,036)	(4,326)
Total liabilities		**(31,377)**	(28,975)
Net assets		**36,445**	39,542
Equity attributable to equity holders of Parent Company			
Called up share capital		**3,559**	3,539
Share premium account		**16,043**	15,765
Merger reserve		**9,971**	9,971
Other reserves		**(2,656)**	(2,797)
Currency translation reserve		**351**	127
Retained earnings		**9,177**	12,937
Total equity		**36,445**	39,542

Consolidated Statement of Changes in Equity
For the year ended 30 November 2014

	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 2012	3,514	15,721	9,565	(3,239)	192	9,387	35,140
Profit for the year	-	-	-	-	-	4,917	4,917
Other comprehensive loss:							
Currency translation adjustment	-	-	-	-	(65)	-	(65)
Total other comprehensive loss	-	-	-	-	(65)	-	(65)
Total comprehensive (loss)/income for the year	**-**	**-**	**-**	**-**	**(65)**	**4,917**	**4,852**
Dividends paid	-	-	-	-	-	(1,336)	(1,336)
Credit in relation to share-based payments	-	-	-	-	-	78	78
Issue of ordinary shares	5	44	-	-	-	-	49
Share scheme interests realised in the year	-	-	-	442	-	(109)	333
Acquisition of Coex Services Asia Pte Limited	20	-	406	-	-	-	426
At 30 November 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
Re-measurement 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	-	-	-	-	-	(928)	(928)
Credit in relation to share-based payments	-	-	-	-	-	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**

Consolidated Cash Flow Statement
For the year ended 30 November 2014

	Note	2014 £000	2013 £000
Cash flows from operating activities			
(Loss)/profit for the year		**(3,358)**	4,917
Income tax (credit)/expense		**(390)**	1,704
Finance income		**(246)**	(245)
Finance costs		**437**	338
Depreciation and amortisation charge		**1,515**	1,187
Loss/(profit) on disposal of non-current assets		**38**	(16)
Other non-underlying items		**-**	(191)
Share-based payment charge		**127**	78
Operating cash flows before movement in working capital		**(1,877)**	7,772
Increase in inventories		**(2,889)**	(2,533)
Decrease/(increase) in receivables		**2,068**	(586)
Increase/(decrease) in payables and provisions		**925**	(1,910)
Cash (used in)/generated from operations		**(1,773)**	2,743
Interest received		**1**	12
Tax paid		**(1,426)**	(731)
Net cash (used in)/from operating activities		**(3,198)**	2,024
Cash flows from investing activities			
Purchase of property, plant and equipment		**(2,021)**	(1,570)
Sale of property, plant and equipment		**-**	15
Acquisition of subsidiaries, net of cash acquired		**-**	(1,858)
Capitalised development costs		**(1,361)**	(1,008)
Purchased software		**(240)**	(335)
Net cash used in investing activities		**(3,622)**	(4,756)
Cash flows from financing activities			
(Repayment of)/proceeds from borrowings		**(804)**	2,952
Share scheme interests realised in the year		**110**	333
Issue of shares		**298**	49
Interest paid		**(192)**	(105)
Dividends paid		**(928)**	(1,336)
Net cash (used in)/from financing activities		**(1,516)**	1,893
Effect of exchange rate changes on cash and cash equivalents		**145**	122
Net decrease in cash and cash equivalents		**(8,191)**	(717)
Cash and cash equivalents at the beginning of the year		**5,774**	6,491
Cash and cash equivalents at the end of the year	7	**(2,417)**	5,774

Notes

1 Basis of preparation

The information contained within this announcement has been extracted from the audited financial statements which have been prepared in accordance with IFRS as adopted by the European Union ('adopted IFRS'), and with those parts of the Companies Act 2006 applicable to companies reporting under adopted IFRS. They have been prepared using the historical cost convention except where the measurement of balances at fair value is required.

2 Segmental analysis

Revenue	**2014 £000**	2013 £000
Systems	**31,876**	44,753
Integration & Managed Services	**33,746**	38,368
Total segmental revenue	**65,622**	83,121
Reconciliation to consolidated revenue:		
Intra-Group sales	**(1,028)**	(758)
	64,594	82,363

Underlying operating (loss)/profit	**2014 £000**	2013 £000
Systems	**1,031**	7,009
Integration & Managed Services	**(1,139)**	2,223
Total segmental underlying operating (loss)/profit	**(108)**	9,232
Reconciliation to consolidated underlying operating (loss)/profit:		
Central costs	**(2,084)**	(2,015)
	(2,192)	7,217

Underlying operating (loss)/profit 2014	**Underlying operating (loss)/profit £000**	Restructuring costs £000	Share-based payment charge £000	Amortisation of acquired intangibles £000	Total (loss)/profit 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)

3 Non-underlying items

	note	2014 £000	2013 £000
Restructuring costs	a	**1,120**	562
Acquisition costs	b	**-**	265
Share-based payment charge		**127**	78
Amortisation of acquired intangible assets		**118**	123
Reclassification of available-for-sale assets to profit or loss	c	**-**	(525)
		1,365	503

a. The restructuring costs incurred during the year ended 30 November 2014 relate predominantly to severance costs arising from a review of the Group's cost base.

   In 2013 restructuring costs arose from the internal reorganisation of the Group's businesses into two divisions.

b. Acquisition costs incurred during 2013 related to the acquisition of the remaining 49% outstanding share capital of Indanet and the remaining 80% of Coex Services Asia Pte Limited ('CSA').

c. The profit arising on the reclassification of available-for-sale assets to profit or loss in 2013 relates to the equity investments in the unlisted shares of CSA and O&G Vision Pte Limited which were designated as available-for-sale assets immediately prior to the acquisition of the remaining issued share capital of CSA. £525,000 was reclassified to profit as part of the acquisition accounting.

4 Taxation

Tax charge	2014 £000	2013 £000
Current taxation:		
UK tax	**(246)**	987
Overseas tax	**391**	512
Adjustments in respect of prior periods	**(130)**	93
Total current tax	**15**	1,592
Deferred taxation:		
Origination and reversal of temporary differences	**223**	215
Adjustments in respect of prior periods	**12**	(103)
Estimated recoverable deferred tax asset	**(640)**	-
Total deferred tax	**(405)**	112
Total tax (credit)/charge for the year	**(390)**	1,704

Reconciliation of tax (credit)/charge for the year

The corporation tax assessed for the year differs from the standard rate of corporation tax in the UK of 21.67% (2013: 23.33%). The differences are explained below:

	2014 £000	2013 £000
(Loss)/profit on ordinary activities before tax	**(3,748)**	6,621
Tax on (loss)/profit on ordinary activities before tax at standard rate of 21.67% (2013: 23.33%)	**(812)**	1,545
Effects of:		
Expenses not deductible for tax purposes	**264**	42
Net effect of different rates of tax in overseas businesses	**(47)**	(237)
Tax losses not recognised	**323**	467
Income not taxable	**-**	(45)
Rate change on deferred tax balance	**-**	(58)
Adjustment in respect of prior periods	**(118)**	(10)
Total tax (credit)/charge for the year	**(390)**	1,704

4 Taxation continued

Deferred tax assets of £0.6 million have been recognised in relation to legal entities which suffered a tax loss in the current 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 £2.7 million (2013: £1.9 million). No deferred tax asset (2013: £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 (2013: £19 million) available for offset against future taxable gains. No deferred tax asset in respect of these losses, which would amount to £3.8 million, has been recognised in these financial statements as there is insufficient certainty that the asset will be recovered against future capital gains.

A deferred tax liability of £110,000 has been recognised in relation to the Group's defined benefit asset during the year.

5 Dividends

The Directors are not recommending payment of a final dividend for the year (2013: 5.5p).

6 Earnings per ordinary share

	2014	2013
	Pence per share	Pence per share
Basic earnings per ordinary share	**(20.6)**	30.9
Diluted earnings per ordinary share	**(20.6)**	29.4
Underlying basic earnings per ordinary share	**(14.0)**	34.2
Underlying diluted earnings per ordinary share	**(14.0)**	32.6

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

	£000	£000
Earnings for basic and diluted earnings per share	**(3,358)**	4,917
Non-underlying items	**1,365**	503
Impact of non-underlying items on tax (credit)/charge for the year	**(295)**	30
Earnings for underlying basic and underlying diluted earnings per share	**(2,288)**	5,450

	000	000
Weighted average number of ordinary shares – basic calculation	**16,320**	15,929
Dilutive potential ordinary shares arising from share options[1]	**-**	789
Weighted average number of ordinary shares – diluted calculation	**16,320**	16,718

[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.

7 Cash and cash equivalents

	2014 £000	2013 £000
Cash at bank and in hand	**1,349**	5,774

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

	2014 £000	2013 £000
Cash at bank and in hand	**1,349**	5,774
Bank overdraft	**(3,766)**	-
	(2,417)	5,774

8 Loans and borrowings

	2014			2013		
	Current £000	**Non-current £000**	**Total £000**	Current £000	Non-current £000	Total £000
Bank term loan facilities	**787**	**2,872**	**3,659**	815	3,760	4,575
Bank overdraft	**3,766**	**-**	**3,766**	-	-	-
Total	**4,553**	**2,872**	**7,425**	815	3,760	4,575

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 facility	€2,900	30 September 2017	EURIBOR +2.75%	Group assets
£1.5 million term loan facility	£1,350	26 November 2018	LIBOR +2.5%	Group assets
£8.0 million overdraft	£3,766	On demand	Base +2.75%	Group assets

9 Provisions

	Restructuring £000	Deferred and contingent consideration £000	Property £000	Total £000
At 1 December 2012	-	1,408	73	1,481
Utilised in year	-	(1,408)	(14)	(1,422)
Charge to Income Statement	126	-	10	136
Acquisition during year	-	49	-	49
At 30 November 2013	126	49	69	244
Utilised in year	(183)	-	(16)	(199)
Charge to Income Statement	1,120	-	4	1,124
At 30 November 2014	**1,063**	**49**	**57**	**1,169**

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

	2014 £000	2013 £000
Current	**1,147**	147
Non-current	**22**	97
	1,169	244

10 Company information

Full Financial Statements

The auditors have issued an unqualified opinion on the full financial statements for the year ended 30 November 2014 which will be distributed to shareholders and delivered to the Registrar of Companies in due course. The financial information for 2014 and 2013 does not comprise statutory financial statements. Statutory financial statements for the year ended 30 November 2013, on which the auditors gave an unqualified opinion, have been delivered to the Registrar of Companies. Further copies of these results, and the full financial statements when published, will be available at the Company's registered office: Synectics plc, Studley Point, 88 Birmingham Road, Studley, Warwickshire, B80 7AS or on the Company website at www.synecticsplc.com.

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.