



Image Scan Holdings plc

Advanced X-ray Imaging Solutions

2009 Annual General Meeting





FY08 Financial Results

Income Statement

| | 30 September | | | |
|-----------------------|--------------|-------------|--------------|--------------|
| | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> |
| Revenue (£'000) | 843 | 1,422 | 1,541 | 2,005 |
| Gross margin (%) | 47% | 50% | 46% | 45% |
| Overheads (£'000) | 1,116 | 1,220 | 1,522 | 1,360 |
| Profit/(loss) (£'000) | (692) | (470) | (761) | (331) |
| EPS (pence) | (2.7) | (1.3) | (1.9) | (0.6) |
| Net cash | 36 | 137 | 1,531 | 1,535 |

FY08 Sales Overview



Security

- 5 AXIS-3D[®] units sold into China in FY08
- New FlatScan-TPXi 'stop & search' screening cabinets supplied to the British Transport Police
- FlatScan-TPXi sales of £425,000 through distributor iCM

Industrial

- Successful completion of £1m contract for British Nuclear Group with £400k revenue in H1 08
- Sale of MDXi-400 into Johnson Matthey for their plant in the US
- Boston Power contract awarded in H2 08 against international competition

FY09 Sales Highlights to date



Security

- Confirmation of Chinese contract valued at £630k
- Order for 10 FlatScan-TPXi received from distributor iCM following sales into Egypt and Thailand
- First direct sales of security equipment into India
- First sales into Canada of FlatScan-TPXi through North American agent

Industrial

- New order of £141k from Johnson Matthey in Japan

Progress in the Past Year

- **Sales Process** - fast, professional response times to enquiries and applications
- **Marketing** – improvement in web-based enquiries and marketing materials
- **Exhibitions** – raised profile through industry expertise
- **Quality** – documented systems in place, in use and ready for external audit
- **Costs** – appointed procurement consultant on a success fee basis to drive down prime costs
- **Personnel** – right mix of skills and personalities to deliver

Company Re-organisation



Changes made to **reduce costs and change** culture:

- 3 technical staff made redundant at a cost of £50k and net annualised saving of £168k
- Nick Fox to provide technical and business development lead
- Appointment of Louise George as CEO to introduce a more disciplined strategic focus
- Promotion of Vince Deery to Sales and Marketing Director of the subsidiary trading company, 3DX-RAY Ltd
- Actively recruiting additional sales executive



Sales & Marketing Strategy

Current sales & marketing initiatives

- Brand profiling to strengthen marketing of products and services
- Appointed marketing company to transform the website from being an information board to generating enquiries
- Appointed new PR agent to carry out targeted marketing
- Planned press tour in Far East to promote x-ray inspection of Li-ion batteries



Sales & Marketing Strategy

Current sales & marketing initiatives

- Working with an Indian business adviser to develop a market entry strategy for India
- Planning a market research visit to India with UKTI support
- Securing opportunities to address key security conferences
- Ongoing evaluation of marketing materials
- Lobbying the Government through Board contacts to champion public sector support for UK technology

Prospects for 2009



- Slow start in the first 5 months with only £230,000 of sales recorded
- Difficult economic conditions have seen some sales to the automotive sector delayed
- Reduced industrial enquiries

However,

- Confirmed current order book at £900,000 following recent contract wins – all scheduled for delivery in FY09

Prospects for 2009



- Looking to secure follow-on orders for the inspection of Li-ion batteries building on initial success in FY08
- Opportunities to develop a cabinet-based solution such as the FlatScan-POD for use in airports, railways, hotels and corporate buildings
- Security enquiry rate strong following attendance at Counter Terror exhibition

Note

- The Company will be moving offices late 2009 as the existing lease expires and cannot be renewed

Company Strategy



- Company to maintain tight cost control
- Effective management of resources towards marketing and project priorities
- Strengthening of technical lead to support the sales process and identify new market opportunities
- Focus on raising company profile through more structured and proactive marketing initiatives with contracted specialist marketing support
- Pursuing Board level contacts to open doors especially in the India and China market