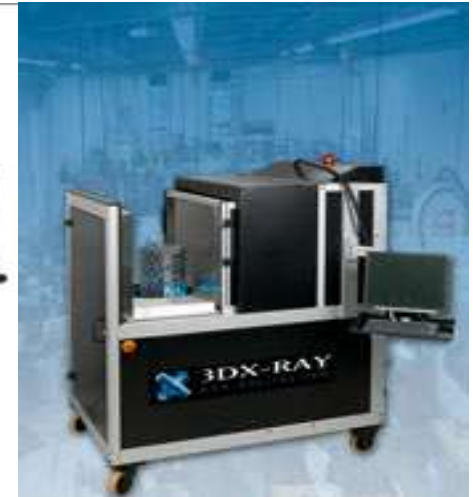




Image Scan Holdings plc

Advanced X-ray Imaging Systems

FY 2009 Preliminary Results





Financial Results

Income Statement

	2006	2007	30 September	
	2006	2007	2008	2009
Revenue (£'000)	1,422	1,541	2,005	1,444
Gross margin (%)	50%	46%	45%	48%
Overheads (£'000)	1,220	1,522	1,360	1,283
Profit/(loss) (£'000)	(470)	(761)	(331)	(537)
EPS (pence)	(1.3)	(1.9)	(0.6)	(1.0)



Financial Results

Balance Sheet

	30 September			
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
	(£'000)	(£'000)	(£'000)	(£'000)
Total assets	822	2,392	2,028	1,402
Net cash	(36)	1,531	1,535	850
Total liabilities	(965)	(515)	(418)	(323)
Total net assets/(liabilities)	(143)	1,877	1,610	1,079



Key Points

- Revenue at £1.4m (FY08: £2.0m)
- Improved gross margin at 48% (FY07: 45%)
- Overheads reduced by £77k to £1,283k
- Loss after tax of £537k (FY08: £331k)
- Year end net cash at £850,000 (FY08: £1.5m)
- Year end order book of £293k
- Appointment of new Chairman to provide sales and marketing lead

Overview - Security



Axis Baggage Screening

- 14 AXIS-3D® units sold into China
- Sale of AXIS-2D for mail room screening

FlatScan-TPXi

- Sales into new territories including Canada, Thailand, India and Middle East

Sales Channel

- Appointed regional sales manager for Middle East
- Appointed trading partner in India
- Increasing network of agents

Overview - Industrial



- Sale of MDXi-NT system into Japan
- Order received to further develop the software platform for the inspection of catalytic converters
- Other sales of spares and support only
- Lower level of enquiries
- Continue to pursue applications with prospects of repeat sales



Overview - Cost Control

Overheads

- Headcount reduction mainly affecting R&D team
- Reduction of non-core and corporate expenditure
 - Dispensed with corporate PR
 - Investor website to be incorporated into trading subsidiary 3DX-RAY website
 - Pay freeze for 2010

Build Costs

- Review of suppliers and components to drive down build costs



Overview – Marketing Initiatives

- Appointment of more industry-specific PR agency
- Funded sponsored link to improve web enquiry rate
- Re-launching 3DX-RAY website early 2010 with tools to proactively generate sales enquiries
- Strengthening sales channel

Post Year End Events

- Order intake in first two months exceeds £300k
- Company has moved to new premises close to Loughborough following expiry of lease at Melton Mowbray
- Second generation FlatScan-POD sold into the US Government





Strategy

- First imperative is to achieve breakeven and then move to sustainable profit
- Reduced infrastructure is capable of supporting growth
- Cultural change in company moving to becoming a proactive technical sales and marketing led organisation
- Security
 - Focus is on growing sales of standard security products in the short term and adding new sales channels
 - Introduction of new and enhancement of existing security products to meet customer needs



Strategy

➤ Industrial

- Industrial sector business will add further value in the medium term but it will take several years to develop repeatable sales
- In the short term we plan to target industrial market segments where we have clear core competencies and offer value



Summary

- The Board needs to demonstrate that it has the right strategy and is taking the necessary management actions
- The Company is seeking accreditation for its quality management system
- Despite long history of underperformance the Board believes the Company can deliver growth
- The Company is in transition but has limited time and cash resources
- The Board will closely monitor performance and revisit the strategy with shareholders by June 2010



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