



ANNUAL GENERAL MEETING

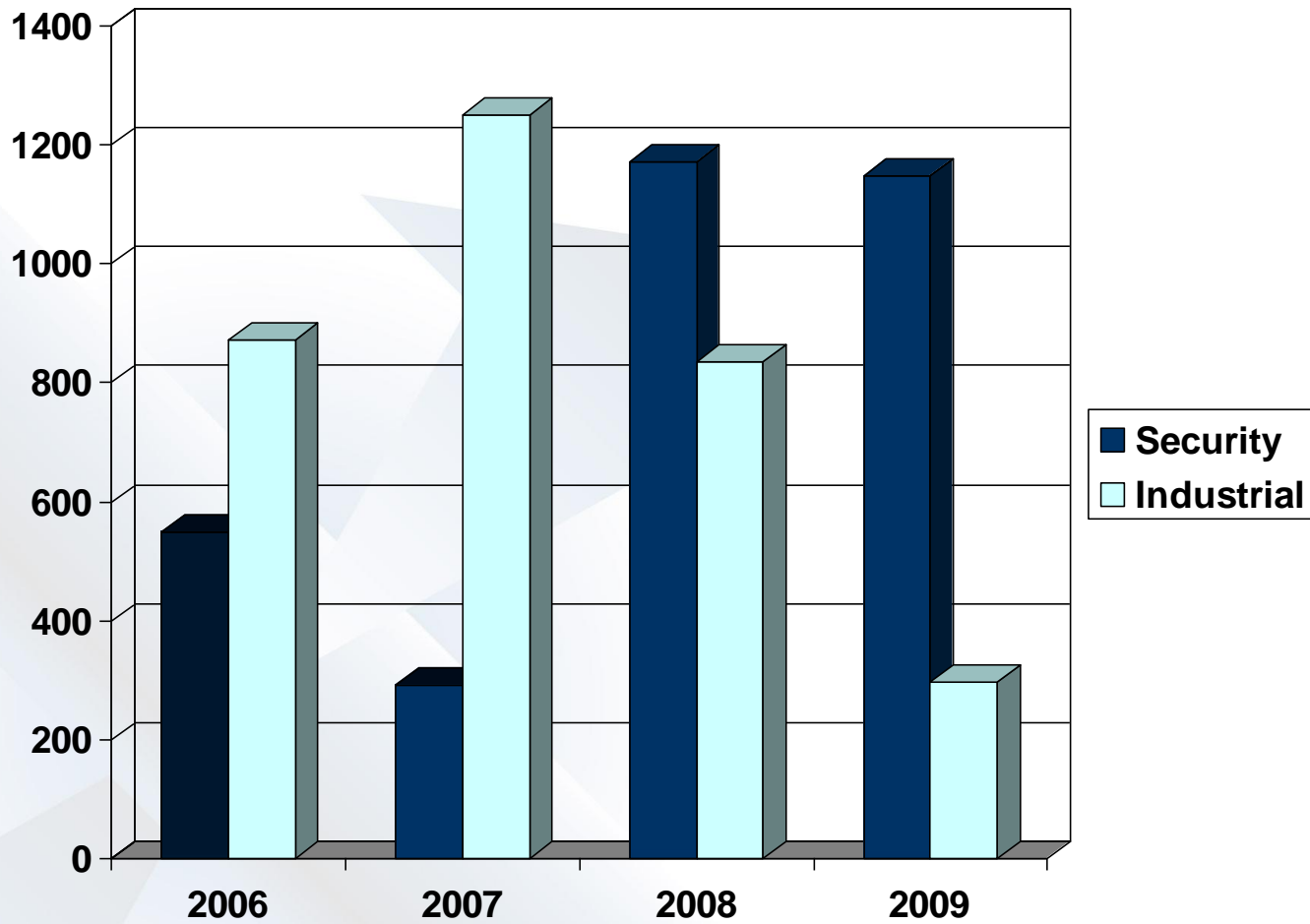
Thursday 25 March 2010

X-Ray for Industry and Security

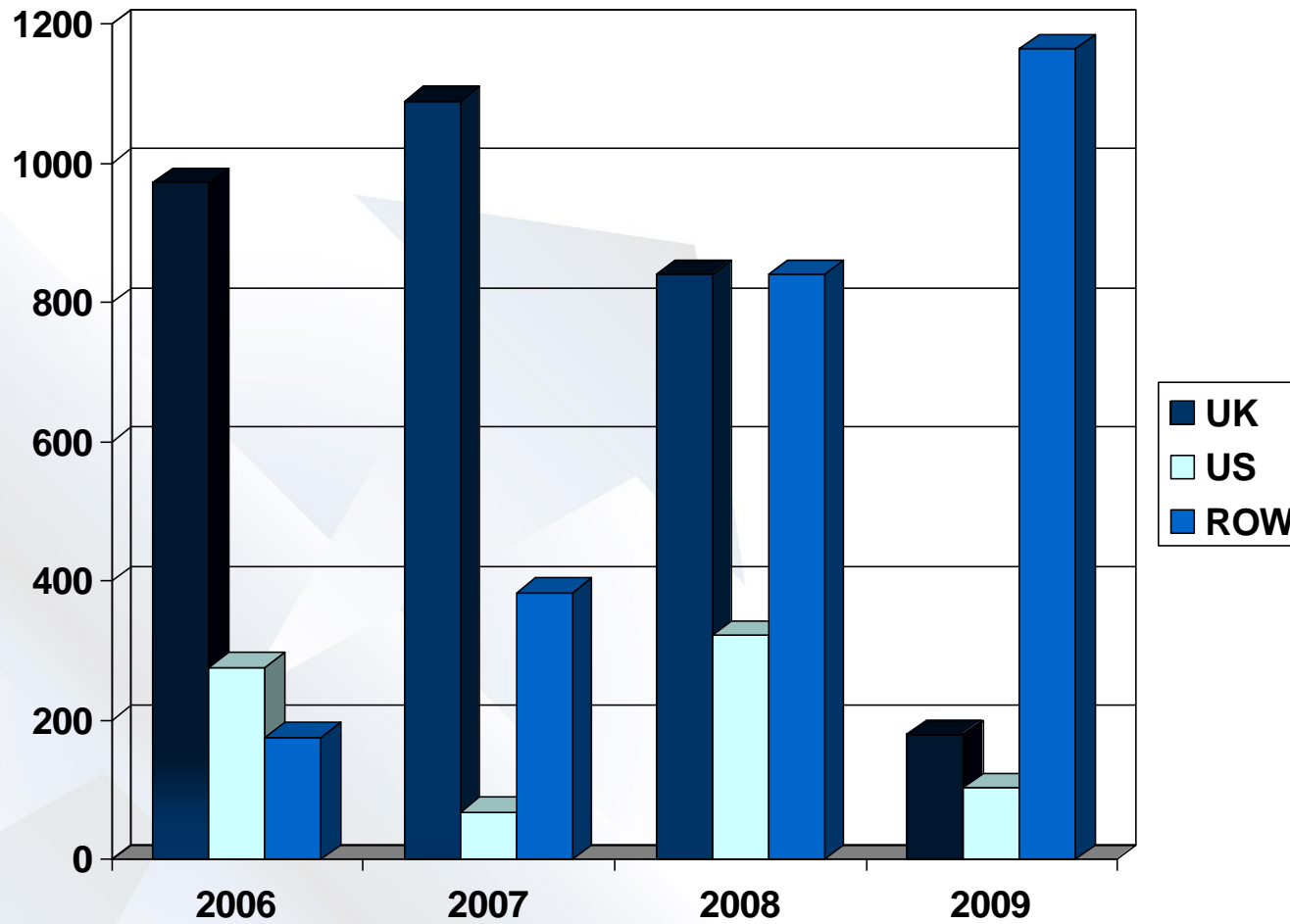
Income Statement

	2007	2008	2009
Revenue (£'000)	1,541	2,005	1,444
Gross Margin (%)	46%	45%	48%
Overheads (£'000)	1,522	1,360	1,283
Profit/(Loss) (£'000)	(761)	(331)	(537)
EPS (pence)	(1.9)	(0.6)	(1.0)

Sales Mix by Sector



Sales Mix by Region



Balance Sheet

	2007	2008	2009
Tangible Assets (£'000)	111	140	73
Inventories and Receivables ('000)	750	353	479
Net Cash (£'000)	1,531	1,535	850
Current Liabilities (£'000)	(515)	(417)	(323)
Net Assets (£'000)	1,877	1,611	1,079

Key Points

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

Baggage Screening

- 14 AXIS-3D[®] units sold into China
- Sales of AXIS-2D into the City for mail room screening

Portable Screening

- FlatScan-TPXi sales into new territories including Canada, Thailand, India and the Middle East

Sales Channels

- Appointed Regional Sales Manager for the Middle East and South East Asia
- Appointed trading partner in India
- Increasing network of agents



Industrial Sales

- Industrial accounted for 21% of FY09 revenue
- One system sale of MDXi-NT into Japan
- Renewal of Johnson Matthey support contracts
- Order received to further develop the software platform for the inspection of catalytic converters

Opportunities

- Early signs of increasing level of enquiries
- Continuing to pursue applications with the prospect of repeat sales



Build Costs

- Review of suppliers and components to drive down build costs as evidence by improved margin

Overheads

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

	Gross Margin %	Head-count No.	Over-heads £'000
2007	46%	22	1,522
2008	45%	18	1,360
2009	48%	15	1,283

Marketing Initiatives

- Appointment of more industry-specific PR agency
- Funded sponsored link to improve web enquiry rate
- Re-launching 3DX-RAY website early in 2010 designed to improve hit rate and generate sales enquiries
- Continuing to strengthen sales channels including appointment of G4S and IAL Serco as agents in the Middle East and South East Asia

Current Year to Date

- Company moved to new premises close to Loughborough following expiry of lease at Melton Mowbray
-  ISO9000 certification has been secured
- Pay freeze for 2010
- Order intake in year to date exceeds £800k
- FlatScan-TPXi orders in year to date exceed FY09 FlatScan sales
- FlatScan-POD sold into the US Government and to the British Transport Police



Security

- Growing sales of standard security products
- Adding new sales channels
- Introducing new and enhanced security products to meet market needs

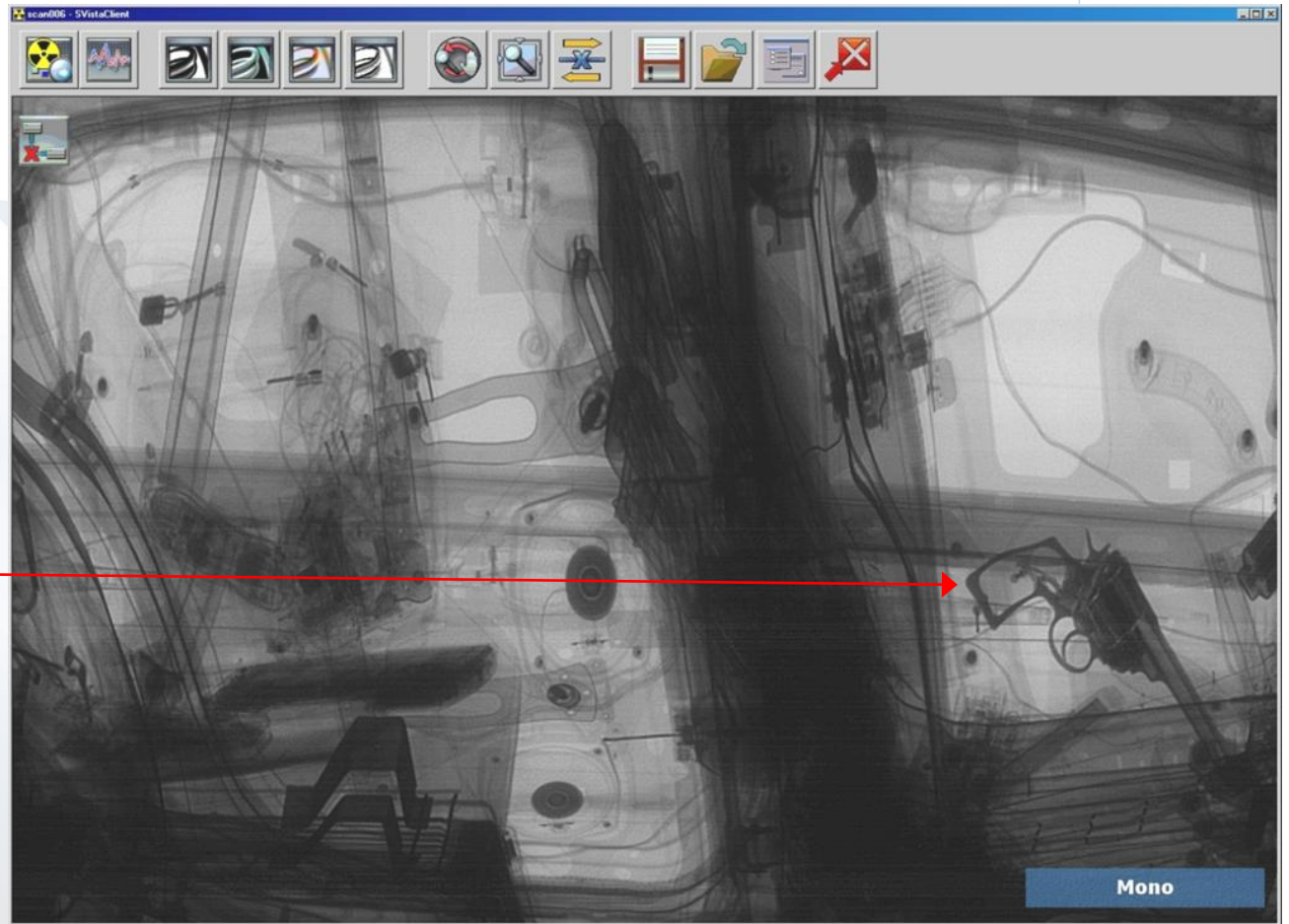
Small Vehicle X-ray Inspection (SVXi)

- The SVXi has been demonstrated to many agencies including representatives from the UK Border Agency, Iraq, Pakistan, Kuwait and Brazil





Concealed weapon
in door panel



Industrial

- Medium term prospects taking several years to develop repeatable sales
- Short term focus on market segments where we have clear core competencies and offer value

Overall

- Imperative to achieve breakeven and move to sustainable profit
- Reduced infrastructure is capable of supporting growth
- Cultural change towards a proactive sales and marketing led organisation

Summary

- The Board needs to demonstrate that it has the right strategy and is taking the necessary management actions
- Despite long history of underperformance the Board believes that 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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← Security — Industrial →

