

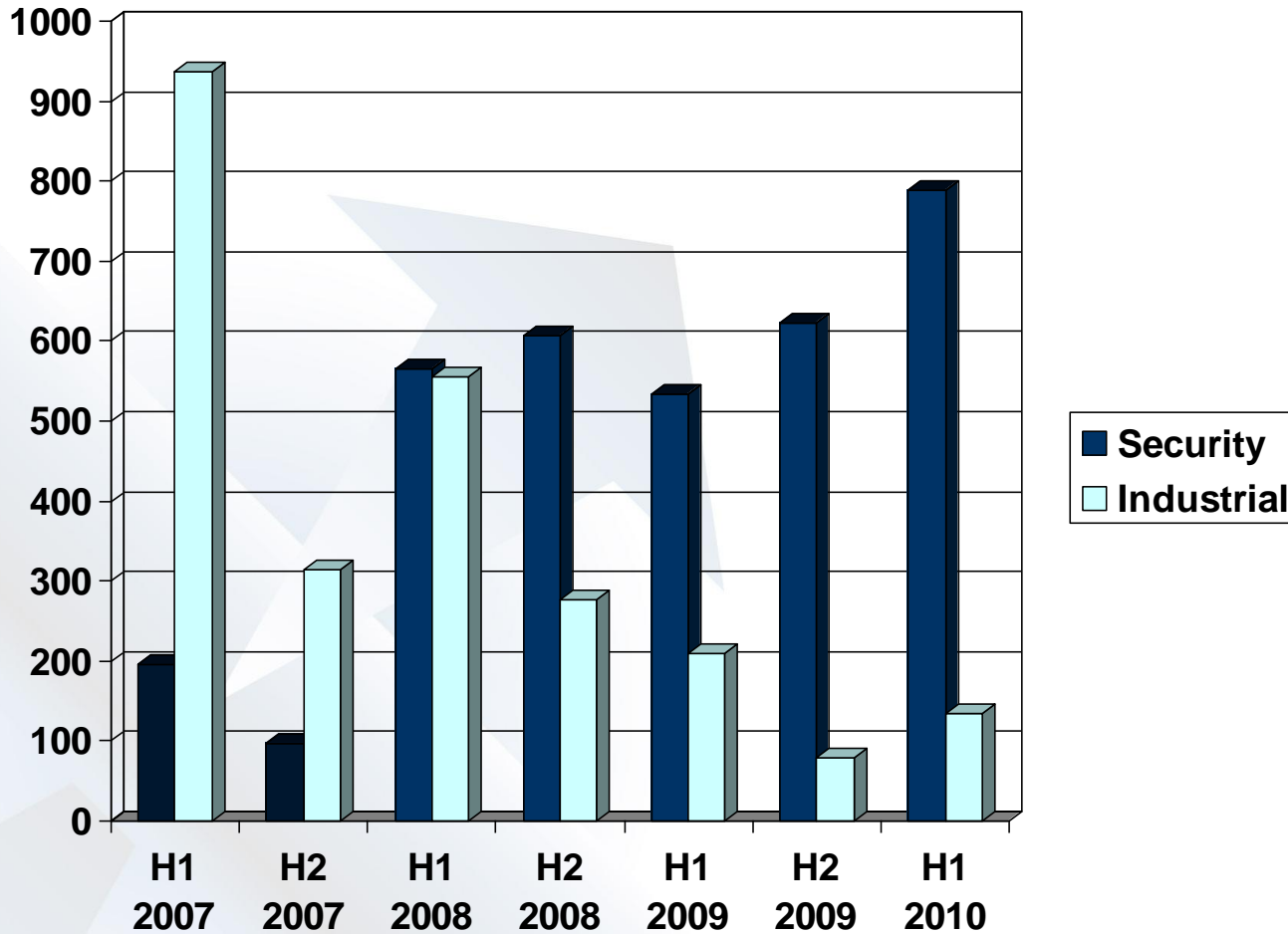
INTERIM RESULTS

Wednesday 19 May 2010

Income Statement

	HY 2010	HY 2009	FY 2009
Revenue (£'000)	922	743	1,444
Gross Margin (%)	54%	44%	48%
Overheads (£'000)	604	700	1,283
Profit/(Loss) (£'000)	(108)	(355)	(537)
EPS (pence)	(0.19)	(0.64)	(0.96)

Sales Mix by Sector



Security Overview

- Security sales up 48% on H1 2009
- Predominantly FlatScan-TPXi & POD sales
- Appointed new agents including G4S and IAL Serco in the Middle East
- Launched POD 2 at Counter Terror in April 2010 in the UK
- Two FlatScan-PODs sold to security agencies in UK and US
- Attended 4 security exhibitions: Intersec in Dubai and 3 UK security and counter terror exhibitions

FlatScan-TPXi

Portable, real-time x-ray scanning system



FlatScan-POD

Transportable battery operated x-ray cabinet screening system



Industrial Overview

- Industrial equates to 15% of H1 sales
- Predominantly Catspect project to provide new software platform for Johnson Matthey
- Johnson Matthey support contracts renewed
- Completed evaluation of battery inspection market and packaging market
- Revisiting opportunities in the nuclear sector

MDXi

Real-time x-ray industrial inspection systems



DEX-HRS

High resolution automated x-ray inspection system



Build Costs

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

Overheads

- Pay freeze for FY2010
- HY includes £20,000 of one-off relocation costs
- Cost of new premises expected to be comparable to previous location
- Investor web site has been incorporated into trading subsidiary website (www.3dx-ray.com)

	Gross Margin %	Head-count No.	Over-heads £'000
FY2007	46%	22	1,522
FY2008	45%	18	1,360
FY2009	48%	15	1,283
HY2010	54%	15	604

Income Statement – in summary

- Revenue up 24% at £922,000 (HY09: £743,000)
- Sales mix 85% security / 15% industrial
- Gross margin strengthened to 54% (HY09: 44%)
- Overheads down 14% to £604,000 (HY09: £700,000)
- Loss reduced by 70% to £108,000 (HY09: £355,000)



Balance Sheet

	HY 2010	FY 2009	HY 2009
Tangible Assets (£'000)	96	73	116
Inventories and Receivables ('000)	643	479	663
Net Cash (£'000)	643	850	929
Current Liabilities (£'000)	(297)	(323)	(450)
Net Assets (£'000)	1,085	1,079	1,258

Balance Sheet – in summary

- Capital expenditure associated with office relocation of £33,000
- Investment in demonstration equipment and long-lead stock items to facilitate delivery of orders
- High sales in February and March resulting in increased period end debtors
- Year end net cash at £643,000 (FY09: £850,000)
- Placing of 5,569,812 shares at 2p each
- Proceeds of £111,396 for working capital purposes
- RBS overdraft facility of £100,000

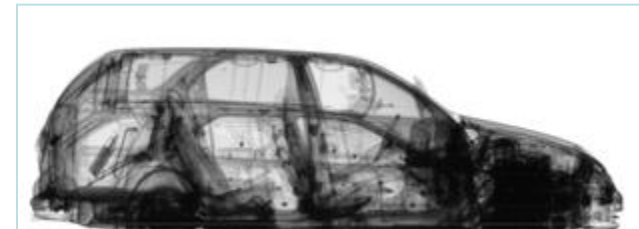


Year to Date Highlights

- HY order intake exceeds £800,000
- Period end order book of £200,000
- Company moved to new premises close to Loughborough following expiry of lease at Melton Mowbray



- ISO9000 certification awarded in Dec 2009



Security

- Growing sales of standard security products
- Adding new sales channels to maximise distribution coverage worldwide
- Appointment of UK sales executive in May 2010
- Introducing new and enhanced security products to meet market needs
- Development of 3D x-ray laptop demonstrator
- The SVXi has been demonstrated to many agencies including representatives from the UK Border Agency, Iraq, Pakistan, Kuwait and Brazil

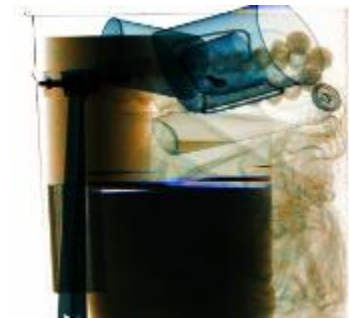


Concealed
weapon in
door panel



Industrial

- Recent signs of renewed interest
- Short term focus on market segments where we have clear core competencies and offer value
- Targeting the nuclear, battery and packaging markets
- Looking to partner with sector specialist systems integrators
- Medium term prospects taking several years to develop repeatable sales



Nuclear Waste



Battery Inspection

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
- 25% of personnel now working directly on sales and marketing activities
- In addition engineering staff provide technical sales support at demonstrations and exhibitions
- Aiming to extend recurring support revenue especially within the UK
- Despite historical underperformance the Board believes that the Company has the structure and strategy to deliver growth
- Company is much better focused but has limited time and cash resources

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