

PRELIMINARY RESULTS

24 January 2011

X-Ray for Industry and Security

- Three consecutive years of security sales in excess of 1.1m
- Stronger gross margin of 54% arising on sales of standard security systems
- Appointment of UK sales manager in May 2010
- Investment in new products to broaden the security portfolio
- Reduced overheads by £65,000 despite increased headcount and new product programmes
- ISO:9000 accreditation awarded in December 2009
- Launch of new website and revamp of all marketing materials in May 2010

Security Overview

- Predominantly FlatScan-TPXi & POD sales
- FlatScan sales up 70% across wider customer base
- No repeat of large FY09 AXIS-3D order
- Overall security sales up 6%
- Appointed new agents in the Middle East and Asia
- Launched POD 2 at Counter Terror in April 2010 in the UK
- Two FlatScan-PODs sold to security agencies in UK and US
- Attended exhibitions in the UK and the Middle East

FlatScan-TPXi

Portable, real-time x-ray scanning system



FlatScan-POD

Transportable battery operated x-ray cabinet screening system



Industrial Overview

- Industrial equates to 16% of FY10 sales
- Predominantly Catspect project to provide new software platform for major existing customer
- All annual support contracts renewed
- Revisiting opportunities in the nuclear sector

MDXi

Real-time x-ray industrial inspection systems



DEX-HRS

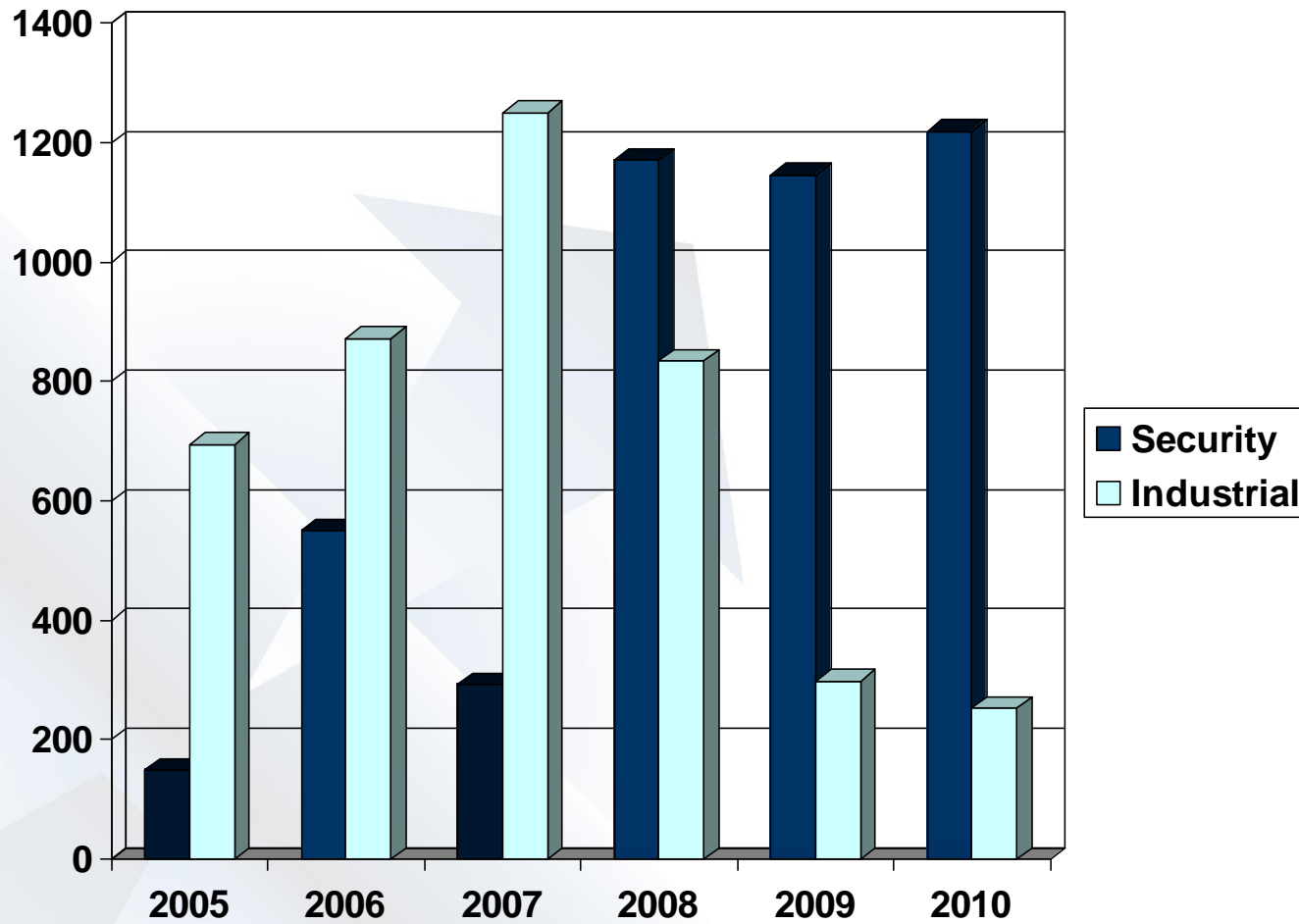
High resolution automated x-ray inspection system



Income Statement

	2007	2008	2009	2010
Revenue (£'000)	1,541	2,005	1,444	1,472
Gross Margin (%)	46%	45%	48%	55%
Overheads (£'000)	1,522	1,360	1,283	1,218
Profit/(Loss) (£'000)	(761)	(331)	(537)	(382)
EPS (pence)	(1.9)	(0.6)	(1.0)	(0.6)

Sales Mix by Sector



Balance Sheet

	2007	2008	2009	2010
Tangible Assets (£'000)	111	140	73	49
Inventories ('000)	289	154	233	273
Receivables ('000)	461	199	246	348
Net Cash (£'000)	1,531	1,535	850	348
Current Liabilities (£'000)	(515)	(417)	(323)	(204)
Net Assets (£'000)	1,877	1,611	1,079	814

Balance Sheet – in summary

- Capital expenditure associated with office relocation of £33,000
- Investment in demonstration equipment to promote sales
- High sales in August and September resulting in increased period end debtors
- Year end net cash at £348,000 (FY09: £850,000)
- Placing of 5,569,812 shares with proceeds of £111,396
- RBS overdraft facility of £100,000



EOD vehicle inspection



Drugs in petrol tank



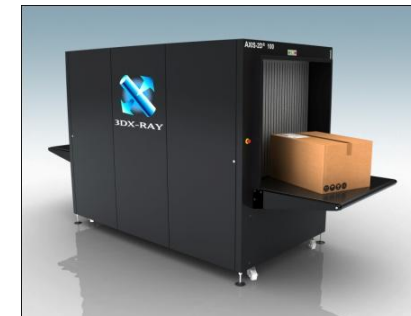
Stun grenade in suitcase

Security

- Growing sales of standard security products
- Adding new sales channels to maximise coverage worldwide
- Sales manager appointed in May to develop UK market
- Development of new security products driven by market feedback:
 - Introduction of a smaller FlatScan system to complement product range
 - Development of different AXIS tunnel sizes to address wider baggage screening market
- Focus on emerging and niche applications rather than competing on high volume, low margin sales dominated by well-established industry leaders



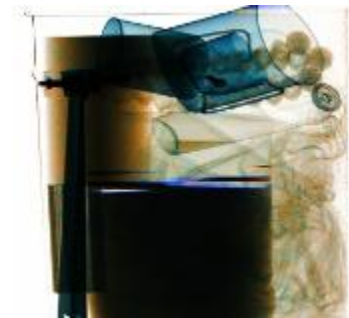
FlatScan-TPXi and 15



100 x 100 AXIS system

Industrial

- Short term focus on market segments where we have a proven track record
- Pursuit of enquiries only where probability of repeat business is high
- Maintain close contact with historical industrial partners
- Developing specialism in nuclear sector
- Early signs of renewed interest
- Medium term prospects taking several years to develop repeatable sales



Nuclear Waste



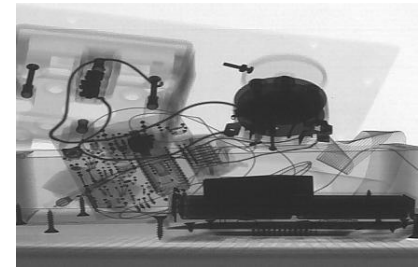
Battery Inspection

Post Year End Order Intake

- FY11 Order intake to date exceeds £1.3million and includes:
 - £0.75million nuclear sector contract
 - £335,000 industrial orders for software and equipment within the automotive sector
 - £230,000 security FlatScan-TPXi orders from Middle East, Southeast Asia and China



Nuclear waste drum inspection



Bomb found on underground

- Fundamental progress made in repositioning the Company's strategic focus
- Cultural change towards a proactive sales and marketing-led organisation
- Developments being market and customer-driven
- Well-balanced organisational structure capable of supporting growth
- Still imperative to achieve breakeven and move to sustainable profit
- Despite historical underperformance the Board believes that recent orders are an encouraging testament to the strategy
- Current order book provides strong platform for current year growth
- Company is much more focused but still has limited cash resources

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