

2011 PRELIMINARY RESULTS

13 December 2011

X-Ray for Industry and Security

FY11 Highlights

- Threefold increase in order intake to £4.3million across all products / sectors
- Revenue up 48% to £2.2million
- Reduced overheads for fourth consecutive year
- Break-even in H2
- Significant nuclear contract of £0.9million
- Significant contract win for the SVXi system of £1.5million
- Year-end order book of £2.3million (2010: £90,000)
- Year-end cash balance of £945,000 (2010: £348,000)
- £300,000 investment in Company by Rise Step Development Int'l Ltd

Security Overview

- Security sales up 11% to £1,351,000 (2010: £1,218,000)
- Fourth consecutive year with revenue greater than £1.1million
- Strong FlatScan sales across all territories
- Axis-64 sales to the Middle East and the UK
- First tranche of SVXi contract taken to revenue
- Sales of complementary factored products
- Launch of FlatScan-15 at Counter Terror in London in April 2011
- Launch of ThreatSpect security software at Milipol in Paris in October 2011
- Margins at 43%

FlatScan-TPXi

Portable, real-time x-ray scanning system



FlatScan-POD

Transportable battery operated x-ray cabinet screening system



Industrial Overview

- Threefold increase in industrial revenue to £823,000 (FY:£253,000)
- Equates to 38% of 2011 revenue compared to 16% in 2010
- Includes contribution from nuclear, industrial inspection, software upgrades, spares and support contracts
- Margins at 39%

MDXi

Real-time x-ray industrial inspection systems



DEX-HRS

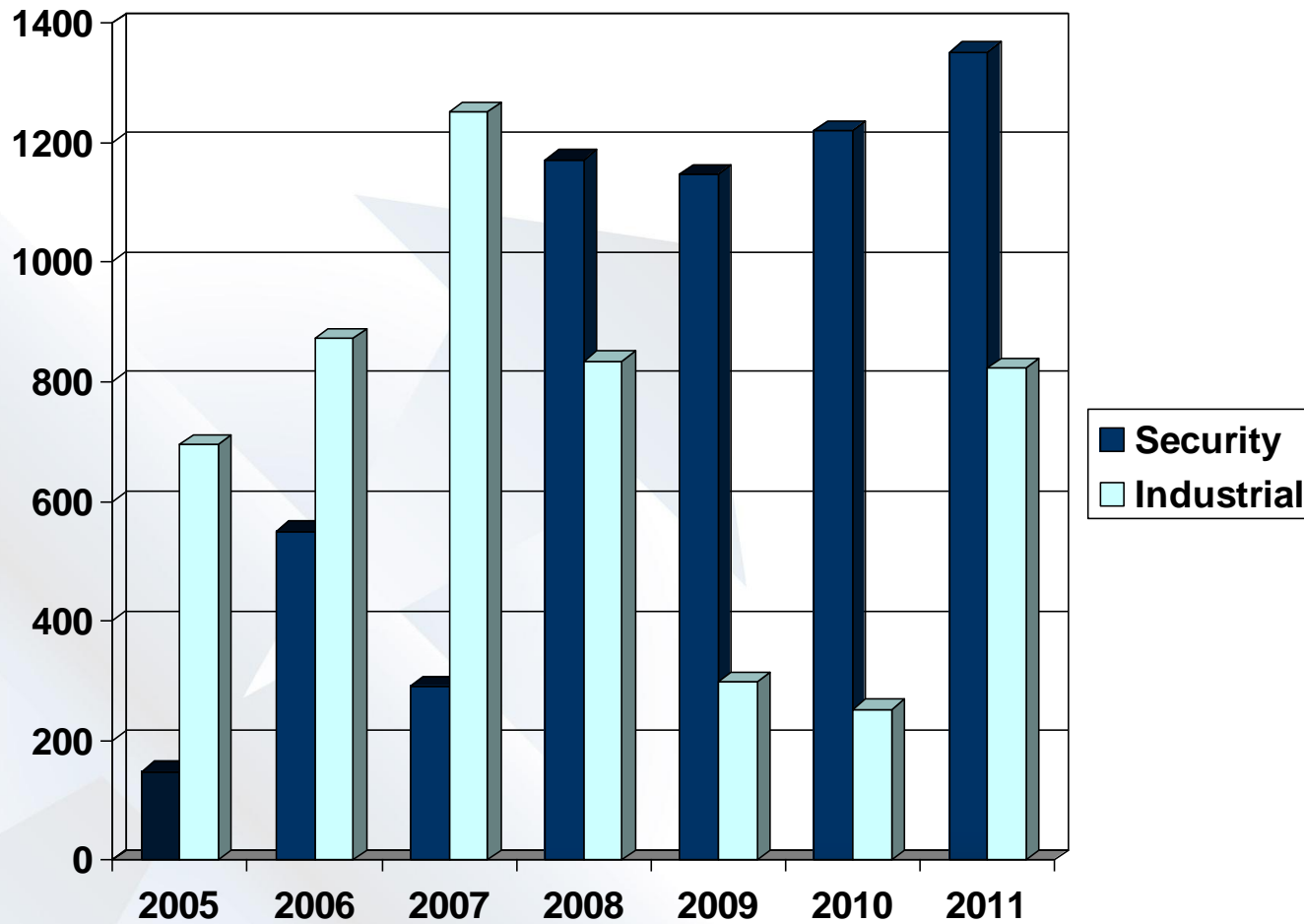
High resolution automated x-ray inspection system



Income Statement

	2008	2009	2010	2011
Revenue (£'000)	2,005	1,444	1,472	2,173
Gross Margin (%)	45%	48%	55%	41%
Overheads (£'000)	1,360	1,283	1,218	1,169
Profit/(Loss) (£'000)	(331)	(537)	(382)	(237)
EPS (pence)	(0.6)	(1.0)	(0.6)	(0.4)

Sales Mix by Sector



Balance Sheet

	2008	2009	2010	2011
Tangible Assets (£'000)	140	73	49	44
Inventories ('000)	154	233	273	315
Receivables ('000)	199	246	348	596
Net Cash (£'000)	1,535	850	348	945
Current Liabilities (£'000)	(417)	(323)	(204)	(1,029)
Net Assets (£'000)	1,611	1,079	814	871

Balance Sheet – in summary

- Year-end net cash at £945,000 (FY09: £348,000)
- Current liabilities include £520,000 of advance payments on contracts mostly deliverable in the first half of 2012
- Placing of 15,000,000 shares with proceeds of £300,000 by a Hong Kong based investor
- RBS overdraft facility of £100,000



EOD vehicle inspection



Drugs in petrol tank



Stun grenade in suitcase

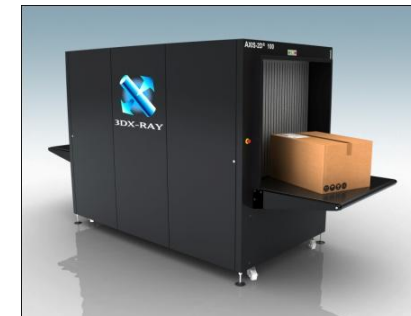
Commercial Strategy

The commercial strategy is to:

- Increase direct customer engagement
- Improve end user feedback to drive product development
- Extend sales reach through:
 - Increased activity in territory
 - Offering a wider product range
 - Additional sales through existing and new trading partners
- Capitalise on recent SVXi contract to secure repeat sales
- Focus on enhancing margins through improved design for manufacture and overseas outsourcing



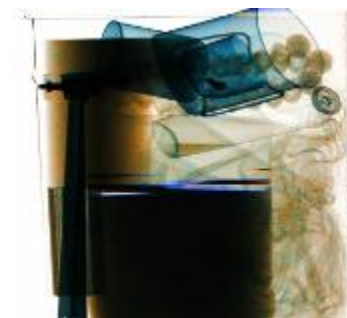
FlatScan-TPXi and 15



100 x 100 AXIS system

Investment in product development to support strategy during the year and ongoing:

- Introduction of larger and smaller size AXIS baggage screening systems
- FlatScan range extended to include smaller panel size
- SVXi contract enabling incremental development
- ThreatSpect new software suite for FlatScan system
- CatSpect industrial software further developed



Nuclear Waste

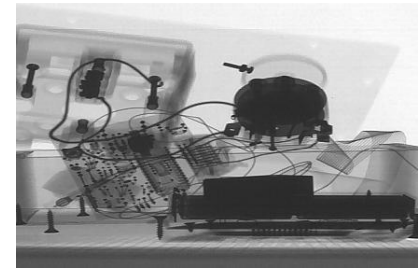


Battery Inspection

- FY12 brought forward order book of £2.3million mostly deliverable in H1 includes:
 - £0.7million nuclear sector contract
 - £1.3million SVXi systems
 - £72,000 AXIS-64 systems
 - £150,000 FlatScan systems
- Post year-end order intake includes two industrial inspection contracts for new applications



Nuclear waste drum inspection



Bomb found on underground

In Summary

- Company evolving into a proactive sales and marketing-led organisation
- Focusing on wider range of standard products and more diffuse customer base
- Range and value of contracts secured give tangible measure of success
- Break-even position in the second half of 2011
- Brought forward order book provides strong platform for current year revenue
- Company has relatively limited cash resources
- Sustainability of business performance remains the major challenge

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