

2012 PRELIMINARY RESULTS

11 December 2012

FY12 Highlights

- Revenue doubled to £4.3million
- Increased sales across both sectors
- Significant investment of £388,000 (2012: £137,000) in R&D
- Expansion of product line to include 4 new products
- Break-even in both half-years
- Maiden profit after 16 years



MedSpect

Security Overview

- Security sales up 119% to £2,954,000 (2011: £1,351,000)
- Successful roll-out of new SVXi vehicle screening product
- First sale of AXIS-100 baggage screening system
- Margin of 35% reflecting sales mix:
 - Lower margins on highly competitive baggage screening market
 - Major elements of the SVXi subcontracted
 - One-off costs associated with product introductions

FlatScan-TPXi

Portable, real-time x-ray scanning system



FlatScan-POD

Transportable battery operated x-ray cabinet screening system



- Industrial revenue increased by 64% to £1,348,000 (FY: £ 823,000)
- Developed two additional industrial inspection systems:
 - MDXi-200, a more compact, lower cost system
 - MedSpect, for inspection of small medical devices
- Two new industrial customers with repeat business potential
- Nuclear contract proving to be more costly than originally planned
- Margin at 45%

MDXi

Real-time x-ray industrial inspection systems



DEX-HRS

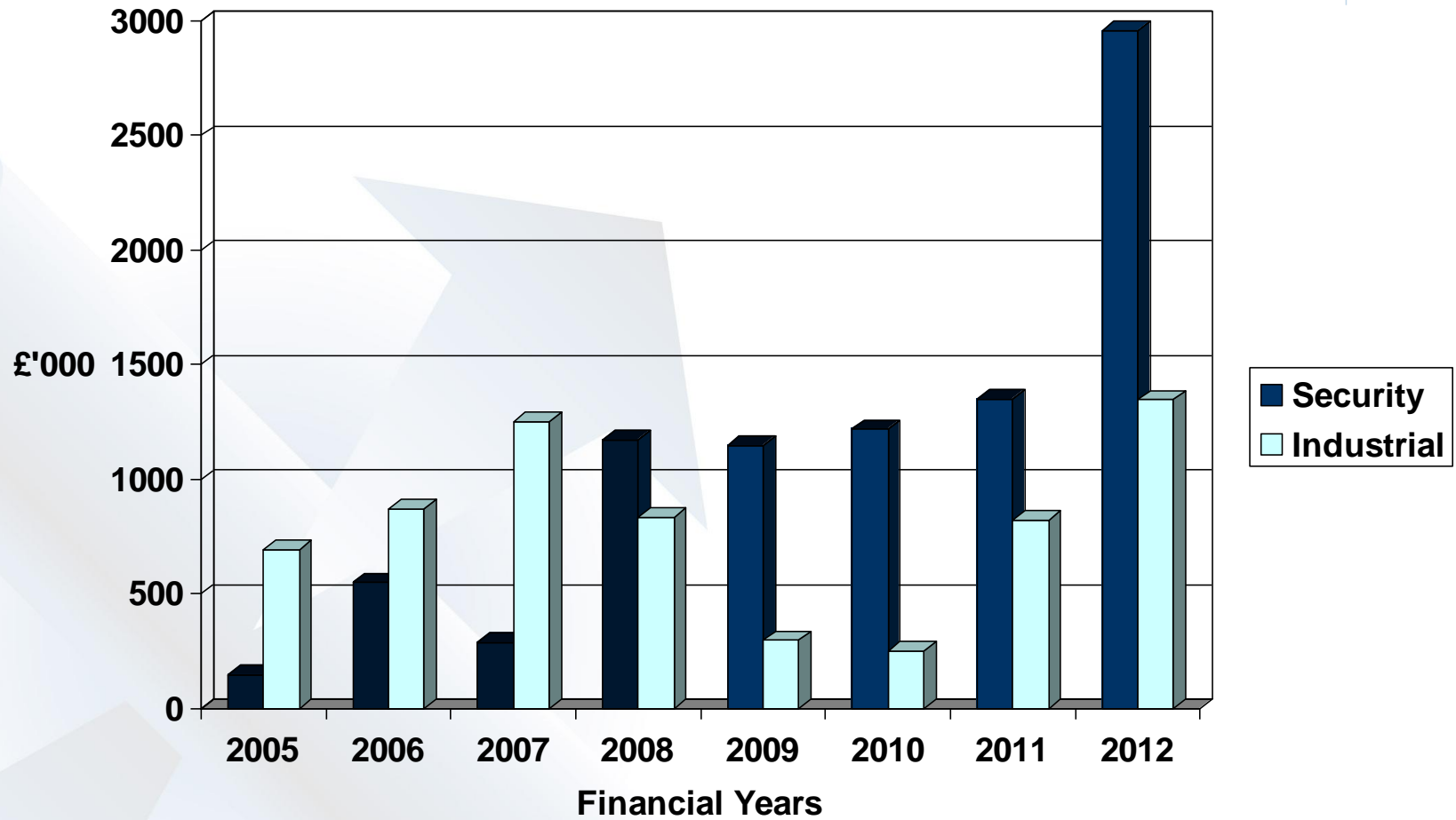
High resolution automated x-ray inspection system



Income Statement

	2008	2009	2010	2011	2012
Revenue (£'000)	2,005	1,444	1,472	2,173	4,302
Gross Margin (%)	45%	48%	55%	41%	38%
Overheads (£'000)	1,360	1,283	1,218	1,169	1,624
Profit/(Loss) (£'000)	(331)	(537)	(382)	(237)	108
EPS (pence)	(0.6)	(1.0)	(0.6)	(0.4)	0.14

Sales Mix by Sector



Balance Sheet

	2008	2009	2010	2011	2012
Tangible Assets (£'000)	140	73	49	44	39
Inventories ('000)	154	233	273	315	413
Receivables ('000)	199	246	348	596	1,197
Net Cash (£'000)	1,535	850	348	945	74
Current Liabilities (£'000)	(417)	(323)	(204)	(1,029)	(746)
Net Assets (£'000)	1,611	1,079	814	871	977

Balance Sheet

- Year-end cash balance of £74,000
- Receivables at £1,197,000 of which £350,000 received within 3 days of the year end
- Current bank balance of £343,000
- RBS overdraft facility of £100,000
- Investment in stock continues to support wider product range



EOD vehicle inspection



Drugs in petrol tank



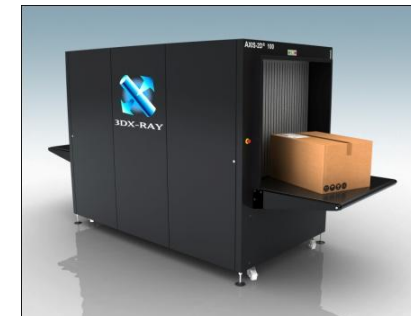
Stun grenade in suitcase

Positive signs that strategy adopted is valid:

- Established sales team
- Extending reach into key territories
- Web site continuing to produce better quality sales leads
- Strong sales enquiry pipeline
- Both sectors increasing in revenue and sales opportunities
- Incrementally extending product range



FlatScan-TPXi and 15



100 x 100 AXIS system

Product Portfolio

2008	2012
AXIS-3D	AXIS-3D, AXIS-64, AXIS-100, AXIS-53
FlatScan-TPXi	FlatScan-TPXi Gen 2 FlatScan-15, ThreatSpect
	SVXi
MDXi-400, MDXi-NT	MDXi-400, MDXi-NT CatSpect, MDXi-200
	MedSpect



SVXi

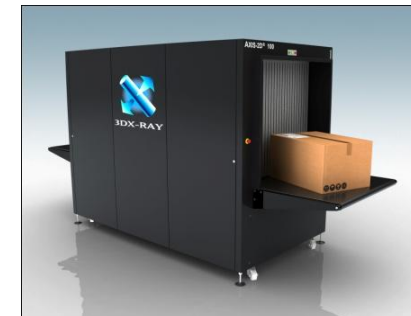


MedSpect

- The Board decided against raising additional funding to further extend the product range:
 - High business risk
 - Low forecast margins
 - Concerns over investor returns
 - Not considered to be in the best interests of shareholders
- Incremental investment in product range to continue
- 2013 focus on improved profitability



FlatScan-TPXi and 15



100 x 100 AXIS system

- Capitalise on investment in product development
- Consolidation of business
- Continue to extend sales reach and strengthen partnerships in key territories
- Development of new vehicle screening product
- Build on industrial expertise to secure new business opportunities
- Focus on build cost reduction to strengthen gross margins
- Improved manufacturing planning and stock control
- Cost control

Two significant Board changes announced today:

- Nick Fox to step down as Chief Technical Officer
 - Will continue to serve on Board as non executive director
 - With effect from 11 June 2013
- Appointment of Vincent Deery to the Image Scan Board
 - As Sales and Marketing Director
 - With effect from 1 January 2013
 - Vincent has:
 - An honours degree in Manufacturing Engineering
 - Successful career in sales and business development in a range of high tech sectors
 - Worked for 3DX-RAY for 5 years
 - Improved the top line performance over recent years

- Company continues to become more sales and marketing driven
- Extension of product range driven by market feedback and customer demand
- Contracts continue to be drawn from a wider range of customers, sectors and territories
- Strong pipeline but sales target for 2013 is still challenging
 - Current order book of £450,000
- Company has relatively limited cash resources and cash flows can vary considerably
- Sustainability of business performance remains the major challenge

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