



Xaar plc
half-yearly report 2009





WHO?

Xaar plc, listed on the LSE and established in 1990, is the world-leading independent supplier of industrial inkjet printheads.

340 employees, operating out of six global offices across Asia, Europe, South America and the USA, work together to help make our customers successful each year. We focus on providing flexible solutions for applications in the Graphics, Packaging, Coding and Marking and Ceramics sectors and on making Xaar inkjet the core technology of choice for manufacturers of industrial printers.

IFC Who?

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CHAIRMAN'S STATEMENT



Recovery in market share achieved in China after new product launches

Continuing strong interest in new Platform 3 products, however volume growth remains modest

Transfer of manufacturing capability from Sweden to UK under way; relocation process is on track

Interim dividend maintained at 1.0p per share (H1, 2008: 1.0p)

Introduction

Trading in the first half of 2009 has improved following the difficult second half of 2008, with revenues up 7% compared with that period. New Platform 1 (P1) product launches have taken place resulting in the recovery of market share in China, albeit at reduced margins. The workforce restructuring announced last year in response to trading conditions has reduced costs as planned, with only a limited effect on operations as a whole.

I am encouraged by the number of printing equipment manufacturers announcing new models based on Xaar's Platform 3 (P3) technology and further developments are underway.

The company continues to be cash generative and has maintained a robust cash balance while maintaining dividends.

Results

Revenues for the six months ending 30 June 2009 were £20.9m (H1, 2008: £22.5m; H2, 2008: £19.5m). Product sales were £18.3m (H1, 2008: £20.6m; H2, 2008: £16.9m). Royalty revenue was £2.1m (H1, 2008: £1.6m; H2, 2008: £2.3m). Development income increased to £0.5m (H1, 2008: £0.3m; H2, 2008: £0.2m).

Gross margin at 42% has improved against the 39% achieved in the second half of last year but is still below the margin achieved in last year's first half (H1, 2008: 58%). Several factors contributed to the still depressed level of gross margin in the period: aggressive pricing was used to win back market share for P1 products in China; lower production volumes negatively impacted manufacturing unit costs and the costs incurred stabilising and supporting customers' new product launches, were above those expected.

CHAIRMAN'S STATEMENT

Results continued

Adjusted profit before tax for the period was £1.3m (H1, 2008: £3.4m; H2, 2008: loss of £0.3m). After providing for restructuring costs of £0.2m (H1, 2008: £nil), the impairment of a trade investment of £0.6m (H1, 2008: £nil), foreign exchange losses of £1.3m (H1, 2008: gain of £0.9m) on Swedish kronor intercompany balances and the £46k credit in relation to share-based payments (H1, 2008: cost of £0.5m), the reported loss before tax was £0.8m (H1, 2008: profit of £3.8m).

After payment of the final dividend for 2008 of £0.9m, net cash at 30 June 2009 was £10.3m (31 December 2008: £11.0m; 30 June 2008: £10.0m).

During July the board became concerned over the ability of a small print integration company, in which the company has had a 10% shareholding since 2005, to continue trading. Whilst the board is hopeful that a resolution can be found that realises some value for shareholders, the board has taken a conservative view and impaired the investment of £0.6m in full.

Business commentary

Following difficult trading in 2008, it was essential to accelerate the development of new products to re-establish Xaar's market leadership in China, still the company's biggest market. The first new product to be launched was the Proton, followed by the Electron (formally launched in early July 2009). A modified launch strategy was used to develop a sharper competitive edge. Focus was placed on a small number of leading original equipment manufacturers as launch partners, rather than making the new products available to the market as a whole. Proton has exceeded the company's expectations in terms of initial sales and been instrumental in helping Xaar to win back market share and regain its market leadership in China.

Proton's price/performance coupled with the more controlled distribution strategy has so far proved to be a successful response to the specific licensee competitive activity in China.

Other licensees continue to increase their sales of Xaar technology-based products in non-competitive areas. Proton and Electron will extend the P1 family longevity and further product releases are planned.

The continuing relatively stable internal economies of both China and India have helped Xaar to weather the global economic downturn. In Europe, printer manufacturers' increased uptake of the company's new technologies (P2 and P3) has been insufficient to offset the continued decline in the wide-format graphics and coding and marking markets (P1). In contrast, our business in the Americas has shown growth in the period as a decline in P1 business in South America has been more than compensated for by growth of P3 business in North America. The company expects these trends to lead to a better geographic balance in its business.

In the period, digital printing machine manufacturers announced a further ten machines incorporating Xaar's Platform 3 technology. These new printing machines cover diverse applications ranging from high speed label printing through to industrial/ceramics printing. These have been mainly in Europe and North America and provide real evidence that Xaar technology can be applied successfully in other 'printing' applications. However, as previously stated, the board expects the transition from product launch to volume sales to be slower than originally expected, given both the technical challenges involved and the current economic environment.

As stated above, the support costs of getting customers to market with new products have been higher than expected. The considerable variety of inks, substrates and operating conditions has resulted in the requirement for a level of printhead upgrade or replacement, application engineering and on-site development effort that were not anticipated. This has been exacerbated by sales into new markets where the company has less experience than in its traditional markets.

Following the announcement in March of the decision to rationalise manufacturing in order to focus all production on the company's 'state of the art' facility in Huntingdon, UK, the relocation process is on track to be completed within the originally stated timescale. The first tranche of equipment has now been moved from the company's Swedish plant in Jarfällä to the Huntingdon facility.

Change of advisor

After conducting a formal review of candidates, the board appointed Landsbanki Securities (UK) Limited as the company's stock broker and financial advisor during the second half of 2008. Following the Icelandic banking crisis the securities business transferred out of Landsbanki, trading briefly under the Teathers banner before becoming part of Singer Capital Markets Limited (a wholly employee owned independent firm). Whilst the advisor's names have changed, the company's advisory team has remained largely unchanged throughout this process.

Dividend

Based on the continuing cash generation of the business the interim dividend will be maintained at 1.0p per share and will be paid on 25 September 2009 to shareholders on the register at close of business on 28 August 2009.

Outlook

Continuing favourable industry comment and further P3 product adoption strengthen the board's belief that the commercial inkjet printing market will continue to grow over the medium term and that Xaar will remain a leader in that business. Whilst the board is somewhat encouraged by trading volumes in the period, the continuing lack of visibility and uncertainty in the economic environment means that caution must be maintained when looking forward.



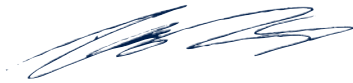
Phil Lawler
Chairman
18 August 2009

“
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DIRECTORS' RESPONSIBILITIES

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 "Interim Financial Reporting", as adopted by the European Union;
- the Chairman's statement includes a fair review of the information required by DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
- the Chairman's statement includes a fair review of the information required by DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during the period; and also any changes in the related party transactions described in the last annual report that could do so.



Ian Dinwoodie
Chief Executive
18 August 2009



Andrew Taylor
Finance Director

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2009

	Notes	Six months ended 30 June 2009 (unaudited) £'000	Six months ended 30 June 2008 (unaudited) £'000	Twelve months ended 31 December 2008 (audited) £'000
Continuing operations				
Revenue	2	20,908	22,478	42,017
Cost of sales		(12,069)	(9,424)	(21,389)
Gross profit		8,839	13,054	20,628
Distribution costs		(1,644)	(2,444)	(5,012)
Administrative expenses		(8,043)	(7,049)	(11,657)
Operating (loss)/profit		(848)	3,561	3,959
Investment income		89	225	450
Finance costs		(19)	(32)	(57)
Profit before tax before restructuring costs, share-based payments, impairment of trade investments and foreign exchange gain/(loss) on Swedish kronor denominated intercompany loans		1,279	3,386	3,064
Restructuring costs		(209)	—	(553)
Share-based payments		46	(487)	132
Impairment of trade investments		(639)	—	(120)
Foreign exchange gain/(loss) on Swedish kronor denominated intercompany loans		(1,255)	855	1,829
(Loss)/profit before tax		(778)	3,754	4,352
Tax	3	(97)	(923)	(921)
(Loss)/profit for the period attributable to shareholders		(875)	2,831	3,431
Earnings per share from continuing operations				
Basic	4	(1.4)p	4.5p	5.6p
Diluted	4	(1.4)p	4.4p	5.5p

Dividends paid in the period amounted to £928,000 or 1.5p per share 2008 final dividend (six months to 30 June 2008: £1,530,000 or 2.5p per share 2007 final dividend; twelve months to 31 December 2008: £2,148,000 or 3.5p per share being 2.5p per share 2007 final dividend and 1.0p per share 2008 interim dividend).

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2009

	Share capital £'000	Share premium £'000	Own shares £'000	Other reserves £'000	Hedging and translation reserves £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2009 (audited)	6,350	10,525	(4,465)	3,919	594	21,514	38,437
Loss for the period	—	—	—	—	—	(875)	(875)
Exchange differences on translation of foreign operations	—	—	—	—	814	—	814
Losses on cash flow hedges	—	—	—	—	(677)	—	(677)
Tax on items taken directly to equity	—	—	—	—	190	126	316
Total comprehensive income for the period	—	—	—	—	327	(749)	(422)
Dividends	—	—	—	—	—	(928)	(928)
Charge to equity for equity-settled share-based payments	—	—	—	(46)	—	—	(46)
Balance at 30 June 2009 (unaudited)	6,350	10,525	(4,465)	3,873	921	19,837	37,041
	Share capital £'000	Share premium £'000	Own shares £'000	Other reserves £'000	Hedging and translation reserves £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2008 (audited)	6,285	10,146	(4,465)	4,051	529	20,550	37,096
Profit for the period	—	—	—	—	—	2,831	2,831
Exchange differences on translation of foreign operations	—	—	—	—	(115)	—	(115)
Tax on items taken directly to equity	—	—	—	—	—	69	69
Total comprehensive income for the period	—	—	—	—	(115)	2,900	2,785
Issue of share capital	21	174	—	—	—	—	195
Dividends	—	—	—	—	—	(1,530)	(1,530)
Credit to equity for equity-settled share-based payments	—	—	—	487	—	—	487
Balance at 30 June 2008 (unaudited)	6,306	10,320	(4,465)	4,538	414	21,920	39,033

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2009

	Six months ended 30 June 2009 (unaudited) £'000	Six months ended 30 June 2008 (unaudited) £'000	Twelve months ended 31 December 2008 (audited) £'000
(Loss)/profit for the period	(875)	2,831	3,431
Exchange differences on translation of foreign operations	814	(115)	(260)
(Loss)/gain on cash flow hedges	(677)	—	452
Tax relating to components of other comprehensive income	316	69	(446)
Other comprehensive income for the period	453	(46)	(254)
Total comprehensive income for the period	(422)	2,785	3,177

CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2009

	As at 30 June 2009 (unaudited) £'000	As at 30 June 2008 (unaudited) £'000	As at 31 December 2008 (audited) £'000
Non-current assets			
Property, plant and equipment	12,193	12,763	12,667
Goodwill	720	720	720
Other intangible assets	5,872	6,916	6,650
Investments	1,261	2,020	1,900
Deferred tax asset	4	316	239
	20,050	22,735	22,176
Current assets			
Inventories	6,388	7,164	7,269
Trade and other receivables	7,300	10,325	7,796
Cash and cash equivalents	10,856	10,723	11,601
Derivative financial instruments	147	263	704
	24,691	28,475	27,370
Total assets	44,741	51,210	49,546
Current liabilities			
Trade and other payables	(4,889)	(7,884)	(5,997)
Other financial liabilities	(180)	(204)	(210)
Current tax liabilities	(88)	(1,666)	(1,321)
Obligations under finance leases	—	(1)	—
Provisions	(321)	(143)	(528)
Derivative financial instruments	(327)	—	(352)
	(5,805)	(9,898)	(8,408)
Net current assets	18,886	18,577	18,962
Non-current liabilities			
Deferred tax liabilities	(1,527)	(1,731)	(2,260)
Other financial liabilities	(368)	(548)	(441)
	(1,895)	(2,279)	(2,701)
Total liabilities	(7,700)	(12,177)	(11,109)
Net assets	37,041	39,033	38,437
Equity			
Share capital	6,350	6,306	6,350
Share premium	10,525	10,320	10,525
Own shares	(4,465)	(4,465)	(4,465)
Other reserves	3,873	4,538	3,919
Hedging and translation reserves	921	414	594
Retained earnings	19,837	21,920	21,514
Equity attributable to shareholders	37,041	39,033	38,437
Total equity	37,041	39,033	38,437

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2009

	Note	Six months ended 30 June 2009 (unaudited) £'000	Six months ended 30 June 2008 (unaudited) £'000	Twelve months ended 31 December 2008 (audited) £'000
Net cash from operating activities	5	1,419	1,674	4,228
Investing activities				
Investment income		89	—	457
Purchases of property, plant and equipment		(875)	(2,010)	(3,307)
Proceeds on disposal of property, plant and equipment		5	60	75
Expenditure on capitalised product development		(26)	(468)	(854)
Net cash used in investing activities		(807)	(2,418)	(3,629)
Financing activities				
Dividends paid		(928)	(1,530)	(2,148)
Proceeds from issue of ordinary share capital		—	195	444
Finance costs		—	—	(57)
Repayments of borrowings		(103)	(97)	(198)
Repayments of obligations under finance leases		—	(258)	(259)
Net cash outflow from financing activities		(1,031)	(1,690)	(2,218)
Net decrease in cash and cash equivalents		(419)	(2,434)	(1,619)
Effect of foreign exchange rate changes		(326)	121	184
Cash and cash equivalents at beginning of period		11,601	13,036	13,036
Cash and cash equivalents at end of period		10,856	10,723	11,601

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2009

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

These interim financial statements have been prepared in accordance with the accounting policies set out in the company's annual report and accounts 2008 and were approved by the board of directors on 18 August 2009. The interim financial statements for the six months ended 30 June 2009 have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union. The interim financial statements do not include all the information and disclosures in the annual financial statements, and should be read in conjunction with the company's annual financial statements as at 31 December 2008.

The financial information in these interim financial statements does not constitute statutory financial statements as defined in section 435 of the Companies Act 2006. The group's annual report for the year ended 31 December 2008 has been filed with the Registrar of Companies and the auditor's reports on those financial statements was not qualified and did not contain statements made under section 237(2) or section 237(3) of the Companies Act 1985.

The interim financial statements are unaudited but have been reviewed by the auditors, Deloitte LLP, who were appointed during the period. The report of the auditors to the company is set out on page 13.

Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the group's annual financial statements for the year ended 31 December 2008, except for the adoption of new standards and interpretations, noted below. Adoption of these standards and interpretations did not have any effect on the financial position or performance of the group.

IFRS 8: Operating Segments

In the current financial year, the group has adopted IFRS 8 "Operating Segments". IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the group that are regularly reviewed by the Chief Executive to allocate resources to the segments and to assess their performance. The adoption of IFRS 8 has not resulted in any change to the identified segments previously reported.

IAS 1 (revised): Presentation of Financial Statements

The group has also adopted IAS 1 (revised) "Presentation of Financial Statements" during the period. The standard requires the presentation of a statement of changes in equity as a primary statement, separate from the income statement and statement of comprehensive income. As a result, a consolidated statement of changes in equity has been included in the primary statements, showing changes in each component of equity for each period presented.

Income statement presentation

Following the decision to rationalise manufacturing by transferring production facilities from Sweden to the UK, certain costs that will no longer be incurred once the move is completed have been shown separately on the face of the income statement to enable users to identify the group's ongoing operating performance without such items. The restructuring balance includes the relevant costs from the transfer project. Foreign exchange movements on the Swedish kronor denominated intercompany trading balances have also been separately identified.

Additionally an impairment charge on investments is shown separately on the face of the income statement. As the result of an impairment review, the group concluded that there was no longer sufficient evidence that the future economic performance of one of its trade investments supported its carrying value. The full value of this investment has therefore been recognised as an impairment loss in the income statement in the period, within administrative expenses.

Risks and uncertainties

An outline of the key risks and uncertainties faced by the group was outlined in the 2008 financial statements, including anticipating technology trends, retaining key staff and successfully executing business growth initiatives. It is anticipated that the risk profile will not significantly change for the remainder of the year. Risk is an inherent part of doing business and the strong cash position of the group along with the underlying profitability of the core business leads the directors to believe that the group is well placed to manage business risks successfully.

Going concern

The group's forecasts and projections, taking account of reasonably possible changes in trading performance, support the conclusion that there is a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the going concern basis has been adopted in preparing the half-yearly financial statements.

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2009

2. BUSINESS SEGMENTS

For management reporting purposes, the group's operations are currently analysed according to product type. These product groups are the basis on which the group reports its primary segment information.

Segment information about these product types is presented below:

	Six months ended 30 June 2009 (unaudited) £'000	Six months ended 30 June 2008 (unaudited) £'000	Twelve months ended 31 December 2008 (audited) £'000
Revenue			
Printheads and related products	18,322	20,600	37,511
Development fees	529	316	605
Licence fees and royalties	2,057	1,562	3,901
Total revenue	20,908	22,478	42,017

	Six months ended 30 June 2009 (unaudited) £'000	Six months ended 30 June 2008 (unaudited) restated £'000	Twelve months ended 31 December 2008 (audited) restated £'000
Result			
Printheads and related products	(1,244)	9,114	1,736
Development fees	(170)	(38)	(75)
Licence fees and royalties	1,457	897	2,643
Total segment result	43	9,973	4,304
Unallocated corporate expenses	(891)	(6,412)	(345)
Operating profit	(848)	3,561	3,959
Investment income	89	225	450
Finance costs	(19)	(32)	(57)
(Loss)/profit before tax	(778)	3,754	4,352
Tax	(97)	(923)	(921)
(Loss)/profit after tax	(875)	2,831	3,431

Unallocated corporate expenses relate to administrative expenses which cannot be directly attributed to any of the principal product groups.

Comparatives have been restated to reflect a change in allocation of certain costs between segments.

There has been no material movement in segment assets during the period.

3. INCOME TAX

The major components of income tax expense in the income statement are as follows:

	Six months ended 30 June 2009 (unaudited) £'000	Six months ended 30 June 2008 (unaudited) £'000
Current income tax		
Income tax charge	144	979
Deferred income tax		
Relating to origination and reversal of temporary differences	(47)	(56)
Income tax expense	97	923

4. EARNINGS PER ORDINARY SHARE – BASIC AND DILUTED

The calculation of basic and diluted earnings per share is based upon the following data:

	Six months ended 30 June 2009 (unaudited) £'000	Six months ended 30 June 2008 (unaudited) £'000	Twelve months ended 31 December 2008 (audited) £'000
Earnings			
Earnings for the purposes of basic earnings per share being net (loss)/profit attributable to equity holders of the parent	(875)	2,831	3,431
Number of shares			
Weighted average number of ordinary shares for the purposes of basic earnings per share	63,505,633	62,881,307	61,458,643
Effect of dilutive potential ordinary shares:			
Share options	—	1,143,744	526,969
Weighted average number of ordinary shares for the purposes of diluted earnings per share	63,505,633	64,025,051	61,985,612

5. NOTES TO THE CASH FLOW STATEMENT

	Six months ended 30 June 2009 (unaudited) £'000	Six months ended 30 June 2008 (unaudited) £'000	Twelve months ended 31 December 2008 (audited) £'000
(Loss)/profit before tax	(778)	3,754	4,352
Adjustments for:			
Share-based payments	(46)	487	(132)
Depreciation of property, plant and equipment	1,546	1,594	3,010
Impairment loss on trade investments	639	—	120
Finance costs	—	—	57
Investment income	—	—	(450)
Amortisation of intangible assets	804	692	1,351
Loss/(gain) on disposal of property, plant and equipment	12	(14)	—
(Decrease)/increase in provisions	(207)	(50)	335
Operating cash flows before movements in working capital	1,970	6,463	8,643
Decrease/(increase) in inventories	1,233	(3,050)	(2,769)
Decrease/(increase) in receivables	510	(1,842)	609
(Decrease)/increase in payables	(1,760)	764	(1,206)
Cash generated by operations	1,953	2,335	5,277
Income taxes paid	(534)	(661)	(1,049)
Net cash from operating activities	1,419	1,674	4,228

Cash and cash equivalents (which are presented as a single class of asset on the face of the balance sheet) comprise cash at bank and other short term highly liquid investments with a maturity of three months or less.

6. DATE OF APPROVAL OF INTERIM FINANCIAL STATEMENTS

The interim financial statements cover the period 1 January 2009 to 30 June 2009 and were approved by the board on 18 August 2009.

Further copies of the interim financial statements are available from the company's registered office, Science Park, Cambridge CB4 0XR and can be accessed on the Xaar plc website, www.xaar.com.

INDEPENDENT REVIEW REPORT

FOR THE SIX MONTHS ENDED 30 JUNE 2009

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2009 which comprises the condensed consolidated income statement, condensed consolidated statement of changes in equity, condensed consolidated statement of comprehensive income, condensed consolidated balance sheet, condensed consolidated cash flow statement and the related notes 1 to 6. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with guidance contained in ISRE 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2009 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Deloitte LLP

Cambridge

18 August 2009

DIRECTORS AND ADVISORS

Phil Lawler

Chairman

Ian Dinwoodie

Chief Executive

Andrew Taylor

Finance Director
and Company Secretary

Phil Eaves

Sales and Marketing Director

Greg Lockett

Manufacturing Director

Ramon Borrell

Research and Development Director

Robert Eckelmann

Non-executive Director

John Scott

Senior Independent Director

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Secretary

Andrew Taylor

Financial advisor

and lead broker

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