

Vislink plc
Preliminary results for the year ended 31 December 2008

Vislink plc (“The Group”), the global technology business specialising in secure communications systems for the news & entertainment, law enforcement & public safety, marine & energy and the related services markets, has today announced its preliminary results for the year ended 31 December 2008.

Financial highlights

	2008 £'000	2007 £'000	Change
Revenue	101,025	98,580	+2.5%
Operating profit	865	14,216	
<i>Adjusted* operating profit</i>	<i>9,052</i>	<i>15,797</i>	<i>-42.7%</i>
<i>Adjusted* operating margin</i>	<i>9.0%</i>	<i>16.0%</i>	
Profit before taxation	585	13,956	
Cash generated from operating activities	8,628	9,253	
(Loss)/earnings per share: basic	(1.10)p	6.47p	
<i>Adjusted* earnings per share: basic</i>	<i>4.35p</i>	<i>7.30p</i>	<i>-40.4%</i>
Proposed dividend per share	1.25p	1.25p	

*Adjusted operating profit is operating profit before the amortisation and impairment of goodwill and acquired intangibles, share based payments and other exceptional costs. Adjusted operating margin and earnings per share are calculated on the same basis

Headlines:

- Order in-take grew by 7.4% to £70.6 million excluding orders from the 2GHz US spectrum relocation programme – headline orders were £92.7 million (2007: £101.4 million)
- Order backlog at 31 December 2008 was £34.1 million at year end FX rates (2007: £34.7 million)
- The Group continues to increase its investment in R&D; cash spend in 2008 was up 19.7% to £9.1 million including amounts capitalised (2007: £7.6 million); Link Research won the Association of International Broadcasters’ Most Innovative Use of Technology award
- As anticipated the adjusted operating profit declined to £9.1 million primarily due to lower margins from the 2GHz spectrum relocation programme in the USA
- The Group generated £8.6m of operating cash, and closed the year with £1.2 million of net cash (2007: £3.5 million) having made two acquisitions with a net cash outflow of £6.3 million
- Acquisition of PMR in August 2008 added critical mass to the law Enforcement and Public Safety business
- The Group announced its new strategic direction on 19 January 2009 to reorganise the business around its markets and is already seeing the early benefits from this change
- The Group expects to improve operational efficiency, combined with cost reductions, to underpin the 2009 financial performance

Tim Trotter, Chairman of Vislink said:

“Whilst we operate in sectors which are relatively resilient in times of economic downturn, the general economic environment will no doubt affect the Group. Improving the operational efficiency, combined with cost reductions from the rationalisation undertaken in January 2009, will underpin the Group’s underlying performance for the current year. Certain parts of the Group are already growing

faster than the markets they address, and we are confident that the customer-focus of the new organisation will provide further impetus to this performance. We entered 2009 with an order backlog of £34.1 million compared with one of £34.7 million at the beginning of 2008. Order intake (excluding the 2GHz US spectrum relocation programme) is comparable to the same period in 2008 but customer ordering patterns are less predictable and more volatile. Despite this the Board believes that the Group will weather the current climate satisfactorily.

We expect that 2009 will be a year of transition following the announcement on 19 January 2009 of the Group's new strategic direction. The Group has net cash and is cash generative, and the Board is therefore proposing that the dividend is maintained in respect of the 2008 financial year at 1.25 pence per share."

– ends –

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This preliminary announcement should be considered to be part of the Directors' report to be contained in the forthcoming Annual Report and Accounts for the year ended 31 December 2008 and as such has been drawn up and presented in accordance with and reliance upon applicable English company law (in particular section 463 of the Companies Act 2006 and section 90A of the Financial Services and Markets Act 2000) and the liabilities of the directors in connection with that report shall be subject to the limitations and restrictions provided by such law.

CHAIRMAN'S STATEMENT

Results for year ended 31 December 2008

Introduction

2008 has been a year of change for the Group. Duncan Lewis was appointed as Chief Executive in October in succession to Ian Scott-Gall who retired. A significant acquisition was made in the USA to support our strategic plans for the Law Enforcement and Public Safety markets and we acquired the assets of another small services business to build on the acquisition of WTS made in 2007. We expect that 2009 will be a year of transition following the announcement on January 19, 2009 of the Group's new strategic direction. The Group has net cash and is cash generative, and the Board is therefore proposing that the dividend is maintained in respect of the 2008 financial year at 1.25 pence per share.

Financial results

Group revenues were up 2.5% at £101.0 million (2007: £98.6 million). Underlying revenue, being revenue at constant exchange rates, fell by 4.3 per cent. Order in-take grew by 7.4% to £70.6 million excluding orders from the 2GHz US spectrum relocation programme; headline orders were £92.7 million (2007: £101.4 million).

Adjusted operating profit for the year, being operating profit before the amortisation and impairment of goodwill and acquired intangibles, share based payments and other exceptional costs, was £9.1 million (2007: £15.8 million), in line with expectations. The adjusted operating margin declined from 16.0 per cent to 9.0 per cent, resulting in a 40.4 per cent decline in adjusted earnings per share. As previously reported, this was primarily due to weaker margins than had been expected for products we supplied in the USA to support the 2GHz re-channelisation programme.

The reported operating profit was £0.9 million (2007: £14.2 million) after charging a non-cash impairment charge against the goodwill associated with the satellite business of Advent of £5.0 million, £2.0 million in respect of the amortisation of acquired intangibles (2007: £1.5 million), £1.0 million in respect of other exceptional costs (2007: £nil) and the effect of share-based payments. Profit before tax was £0.6 million (2007: £14.0 million).

The Group's cash generation remains strong. The net cash inflow generated from operating activities in the period was £8.6 million (2007: £9.3 million) and the net cash balance was £1.2 million at 31 December 2008 (31 December 2007: £3.5 million) after a cash outflow of £6.3 million in respect of the acquisitions made during the year and £5.3 million in capital investments.

Dividend and Shareholder Returns

The basic undiluted earnings per share for the year was a loss of 1.10 pence (2007: earnings of 6.47 pence). After adjusting for the amortisation and impairment of goodwill and acquired intangibles, share-based payments, other exceptional costs and related tax effects, the adjusted earnings per share was 4.35 pence (2007: 7.30 pence). As a result of the Group's strong cash generation the Board is proposing that the full-year dividend be maintained at 1.25 pence per share (2007: 1.25 pence).

The Board and Management

Ian Scott-Gall retired as Chief Executive on September 30, 2008 after nine years as Chief Executive. On behalf of the Board and our employees, I would like to thank Ian for all he has done for the Group during his stewardship. During his tenure the Group was transformed from a disparate holding company into a Group of profitable technology businesses through acquisitions and underlying organic growth.

Duncan Lewis joined the Group as Chief Executive on October 1, 2008. At the Board's request, Duncan undertook a review of the future direction of the company upon his appointment, the results of which are presented in his Strategy Review.

Tony Finizio, Chief Operating Officer of our US operations, retired from the Board at the end of the financial year. Morgan Kurk, President of MRC, left the company in January 2009. On behalf of the Board, I would like to thank them both for their contribution to the development of the Group.

Current Trading and Outlook

Revenues from the broadcast market continued to benefit from the 2GHz re-channelisation programme in the USA during 2008, despite a change in the product mix which reduced our margins. This programme as foreseen, has been running down in the course of the year, and as a result revenues declined by 22.1 per cent to £32.5 million (2007: £41.7 million). The programme is expected to be completed in the first half of 2009. The underlying growth in the broadcast revenues outside of the programme was 9.6 per cent, which is a good performance in the light of the overall economic environment.

WTS, our US services business, continued to benefit also from the 2GHz programme in the USA, as well as developing new business. Its performance was further enhanced through the acquisition of the contracts and assets of Marcom in July 2008.

Our Law Enforcement and Public Safety (LE&PS) business had a disappointing year, as revenues declined 41.2 per cent to £5.5 million in 2008 (compared to £9.4 million in 2007). In addition to the continuing delay in a number of government contracts, the Group failed to capitalise on other opportunities due to lack of organisational focus. In September, we completed the acquisition of Pacific Microwave Research (PMR) on the west coast of the USA, which now gives the Group leading-edge microwave technology in law enforcement video systems. This will help address some of our weaknesses in this sector.

Demand for new systems in our Hernis business from the marine and offshore markets continues to be strong, and the company has its strongest order backlog in its history.

The Group has not yet grown its LE&PS business to mitigate the decline in broadcast revenues as the 2GHz programme in the USA comes to an end. We are however expecting to see growth as a result of the acquisition of PMR, and accelerating growth from our Services business, both of which have strong operating margins. The underlying broadcast business will also continue to grow, albeit modestly, and the Group will continue to cut costs to maintain its margins.

Whilst we operate in sectors which are relatively resilient in times of economic downturn, the general economic environment will no doubt affect the Group. Improving the operational efficiency, combined with cost reductions from the rationalisation undertaken in January 2009, will underpin the Group's underlying performance for the current year. Certain parts of the Group are already growing faster than the markets they address, and we are confident that the customer-focus of the new organisation will provide further impetus to this performance. We entered 2009 with an order backlog of £34.1 million compared with one of £34.7 million at the beginning of 2008. Order-intake (excluding the 2GHz US spectrum relocation programme) is comparable to the same period in 2008 but customer ordering patterns are less predictable and more volatile. Despite this the Board believes that the Group will weather the current climate satisfactorily.

The Group remains cash generative and therefore has the capacity both to invest in organic growth and, where appropriate, to make tactical acquisitions building on the Group's excellent track record of acquisitions.

On behalf of the Board, may I thank all our employees for their tremendous efforts in the course of 2008.

Tim Trotter

Chairman

CHIEF EXECUTIVE'S STRATEGY REVIEW

Vislink Group provides secure communications to its customers, whether designed to get video pictures of a cargo hold back to the bridge of a ship, or news back to the studio, or the results of surveillance to security authorities, or the view of a motor race from the driver's cockpit.

Vislink operates in attractive market sectors which are growing and are relatively resilient to the economic cycle. This is because the majority of our products represent capital purchases by our customers whose own operations depend critically upon what we supply to them.

The Group's companies have consistently built their markets by winning the loyalty of its customers through the innovative ways in which they supply their customers with secure communications.

However, whilst the Group's companies have common technologies, rather than act in concert, they have historically stood alone, each trying to develop products and services for their customers without sharing customer knowledge, technology, systems, or manufacturing processes. Each company has been run as a standalone business, and the management of each was targeted to achieve certain operational and financial targets.

- Advent, Link and MRC each address the international broadcast market, and specifically the electronic newsgathering and entertainment niches. Between them, our 'broadcast' companies have built relationships with most of the world's broadcasters, creating substantial market shares by providing equipment which gets information securely to the broadcasters' studios.
- PMR, which we acquired in 2008, has developed unique digital surveillance and transmission technologies for the security and public safety markets.
- WTS (acquired in 2007) provides design, installation and maintenance services into the broadcast and security markets, supporting our businesses in the USA and overseas.
- Hernis addresses the offshore and onshore marine and energy markets with secure CCTV systems, in which it has secured over 25 per cent market share of its niche.

Three years ago, MRC won a multi-million dollar contract to supply Sprint/Nextel with equipment needed by broadcasters following a re-allocation of bandwidth in the USA. The profits from this contract have been invested in developing new business streams organically and through acquisition. As we come to the end of this contract – which will be completed in the course of the first half of 2009 - the Board initiated a review of the future strategy of the Group. As a result on January 19, 2009, we announced a re-organisation to address the historic weaknesses in the organisation and to build on our strengths.

Vislink has now been organised into four international Business Units, each of which will be focused on providing *secure communications* to the customers we serve. These are:

- *News and Entertainment* (which comprises the electronic news gathering and entertainment activities of Link, Advent and MRC);
- *Law Enforcement and Public Safety* (which combines the surveillance systems activities of Link, MRC, Advent and PMR together with our defence activities);
- *Marine and Energy* (which builds on the current Hernis business);
- *Services* (which combines the services businesses of MRC, WTS and Advent).

The Business Units are responsible for all aspects of sales, marketing and customer care, to ensure our customers have what they want when they want it. They are each responsible for their revenues and operating profits.

The Business Units are supported by two operational divisions:

- *Vislink Technologies* is responsible for forward technology strategy of the Group. It designs and develops products to meet the requirements of our customers.
- The Business Units will source their products through *Vislink Logistics*, which is responsible for the sourcing of materials and products in the most cost-efficient way for the Group.

In the past, each company has done its own research, development and engineering. Since they have operated in very similar fields, there has been overlapping investments. *Vislink Technologies* is investing in the strategy to bring new products to market whilst eliminating duplicated costs and re-deploying resources into areas of strategic importance to the Group.

Each company has also had its own design, test and manufacturing facilities. As a result, we have incurred relatively high fixed costs with none of the benefits of using our facilities flexibly to meet changes in demand. *Vislink Logistics* will control manufacturing across all our facilities to maximise their use, and will source from third parties where this is most cost-efficient.

Historically, each of the businesses has also invested in developing their own markets in the Middle East and Asia. However, our investments have been fragmented and subscale. The reorganisation means that we will now be positioned to invest in these and other developing regions, whilst rationalising our sales and marketing efforts in North America and Western Europe.

The Group is already seeing some early benefits of these changes:

- Headcount was cut by over 10 per cent in January 2009;
- *Vislink Logistics* has begun to rationalise the number of suppliers to the Group, and re-negotiate its purchasing arrangements;
- Manufacturing space is being rationalised and reduced; UK operations, currently on two sites, will be consolidated on to one site in the course of the second half of 2009; excess capacity will be eliminated in the USA at the end of the first half of 2009.
- Marine & Energy has identified several on-shore opportunities for Advent satellite systems and MRC microwave products;
- Control systems developed by Hennis (Marine & Energy) will be integrated into the product portfolios of MRC and Advent;
- Link wireless cameras and related technologies will be sold by Law Enforcement & Public Safety.

2009 will be a year of transition, as each of the new business units implements its forward strategy to develop and sell the technologies and products of the whole Group, whilst operations and technology investments are streamlined. As previously announced it is expected that the costs of the reorganisation will be circa £1.0 million in cash which will be charged as a other exceptional cost in 2009.

Our goal is to leave 2009 with a reduced cost base, and accelerating growth in each of our chosen sectors as we focus our resources more effectively.

In our Operational and Financial review we have reported our results in line with the way in which the Group has previously been managed. From 2009 we will report our results along the lines of our new business units. The table below shows the analysis of revenue for 2008 and 2007, at constant exchange rates, as the new organisation will be presented in the future.

Revenue	2008 £'000	2007 £'000	Change
News and Entertainment (excluding revenues from the 2GHz programme)	37,705	34,405	+9.6%
Marine and Energy	22,355	19,109	+17.0%
Law Enforcement and Public Safety Services	5,544 2,928	9,428 905	-41.2% +223.6%
Underlying revenue	68,532	63,847	+7.3%
2GHz relocation programme	32,493	41,699	-22.1%
FX adjustment	-	(6,966)	
Total revenue reported	101,025	98,580	+2.5%

Our employees have welcomed the changes and are fully committed to the future success of the Group.

Duncan Lewis
Chief Executive

OPERATING and FINANCIAL REVIEW
For the year ended 31st December 2008

Key Indicators

The table below sets out the trend in the key indicators that are used to measure the Group's performance.

Year ended 31 December	2008	2007	2006
Orders received (£'000)	92,690	101,374	97,540
Revenue (£'000)	101,025	98,580	100,498
Adjusted operating profit (£'000) ¹	9,052	15,797	14,425
Adjusted operating profit as a percentage of sales	9.0%	16.0%	14.4%
Adjusted earnings per share (pence)	4.35	7.30	6.44
Net cash generation from operating activities (£'000)	8,628	9,253	8,372
Shareholders' equity (£'000)	57,274	51,164	42,963
Return on capital employed ² (ROCE)	16.1%	33.1%	36.9%

Review of Operations in 2008
The Group's Markets

In 2008, the Group's companies sold into three distinctive markets: broadcast; defence, law enforcement and security (DLES); and marine safety. In 2008, broadcast sales represented 72 per cent of Group revenues (2007: 74 per cent), DLES 6 per cent (2007: 10 per cent) and marine safety 22 per cent (2007: 16 per cent).

In 2008, 59 per cent of the Group's sales were in the Americas, 24 per cent in Europe, and 17 per cent in Asia/Africa (2007: 63 per cent; 21 per cent and 16 per cent respectively). The Group uses a combination of direct sales, value added resellers, distributors and agents to reach its customers. The Group's major operations are in the USA, the UK and Norway; it also has sales offices in Dubai and Singapore.

Group orders received declined by 14.6 per cent at constant exchange rates. Within the broadcast market, orders flowing from the 2GHz re-channelisation programme in the USA declined 48 per cent to £22.1 million (2007: 42.9 million) as the programme comes to its end. Excluding the effects of the 2GHz programme, underlying orders received grew 7.4 per cent.

Within the broadcast market, revenue flowing from the 2GHz re-channelisation programme also declined, to £32.5 million (2007: £41.7 million). Excluding the effects of the 2GHz programme, underlying revenues grew in the broadcast segment 9.6 per cent year on year. This reflects the quality of the Group's products and its historic distribution strengths which are designed to meet the steady demand for HDTV, news and sports programming and new TV channels.

By contrast, revenues in the DLES segment declined 39.2 per cent year on year. A number of potential contracts were delayed. At the same time, the Group did not build on the traction it achieved in 2007 because we under invested in sales and marketing. In order to address this sector more effectively, the Group acquired Pacific Microwave Research (PMR) in September 2008. PMR has unique products in digital microwave video systems for surveillance from unmanned ground or

¹ Defined as operating profit before the amortisation and impairment of goodwill and acquired intangibles, share based payments and other exceptional costs. Adjusted EPS is calculated on the same basis after taking account of related tax effects.

² ROCE is calculated as the adjusted operating profit as a percentage of capital employed. Capital employed is defined as shareholders equity plus debt less cash and cash equivalents.

airborne vehicles. These products complement those of Advent, Link and MRC which are also sold into the DLES market.

Our investment in services in 2007, through the acquisition of Western Technical Services and in the expansion of our workforce supported by marketing and sales initiatives, has led to revenues increasing to £2.9 million (2007: £0.8 million). WTS supports the broadcast and DLES markets with planning, project management, installation and maintenance services. WTS has benefited from the demands of the rollout of the 2GHz programme, and further growth is expected in 2009.

Sales into the marine safety market increased by 37 per cent. The market is sub-divided into onshore and off-shore oil and gas and marine (including high risk vessels such as tankers and cargo ships as well as cruise and naval vessels). Demand in 2008 has come from growth in off-shore oil and gas rigs, and from on-shore investments by the major oil and gas companies.

UK RF Business

	2008	2007	Change
	£'000	£'000	
Revenue	31,098	35,821	-13.2%
(Including inter segmental)			
Adjusted operating profit	4,704	6,612	-28.8%
Adjusted operating margin	15.1%	18.5%	-3.4%

The UK business comprised Advent, which produces satellite communications, and Link, which produces wireless camera systems. Their products are used in live news and sports reporting, and for high-profile coverage of major events such as the Olympic Games.

The decline in revenues and operating profit was due to the impact of the rundown of the 2GHz programme in the USA, which reduced demand for Link products, combined with lower than expected international and DLES revenues. In addition revenues in 2007 included £2.1 million in respect of the completed legacy Venezuelan contract. Despite the lower sales we have continued to invest in R&D at both Link and Advent.

Demand for Advent's vehicle mounted satellite systems was sustained during the year with significant orders in Spain and Italy, including the project management and installation of a larger order for a fixed earth station won in 2007. The business continues to broaden its customer base by addressing the oil and marine markets as well as its traditional broadcast market.

Advent has launched new products, including the Mantis 5 which has both broadcast and DLES applications. The Summit flyaway system is a dedicated ruggedised satellite terminal launched in the first quarter. The Mantis 1.9m and 1.2m products were re-designed with fully motorised auto-acquisition software to meet the need for de-skilled operations in the DLES markets.

Link continues to benefit from the growth in demand for High Definition (HD) products in Europe and Asia. Link secured 38 orders for its products for the Beijing Olympics, and its cameras continue to be used in many major worldwide news and sporting events including the Rugby World Cup, the Six Nations Rugby and in motor racing where its cameras were used for the first ever on-board coverage of the entire Le Mans race in June. In July, there was similar on-board coverage from the DTM series at Brands Hatch, which was carried at 7GHz, previously considered to be impossible.

Link won the Association of International Broadcasters' Most Innovative Use of Technology award in November. Link has also benefitted from the 2GHz programme in the USA, albeit at a lower level

than in 2007, where its products are re-sold through MRC. MRC has also found markets and applications for Link's products into other standard and high definition segments.

The company launched a new miniaturised transmitter which was used at Le Mans. It continues to invest in the development of cellular diversity systems which it is selling into the broadcast and DLES markets within Europe.

US RF Business

	2008	2007	Change
	£'000	£'000	
Revenue (Including inter segmental)	58,326	59,299	-1.7%
Adjusted operating profit	4,277	9,535	-55.1%
Adjusted operating margin	7.3%	16.1%	-8.8%

The US RF business comprised the microwave business of MRC, the services business of WTS (acquired in July 2007) and the DLES microwave business of PMR (acquired in August 2008). The revenues of the businesses were £54.5million, £2.9 million and £0.9 million respectively (2007: £58.4 million; £0.9 million and £nil). All the businesses made a positive contribution to the operating profit in 2008.

During 2008, MRC continued to provide US broadcasters with advanced digital microwave infrastructure in support of the US Federal Communications Commission's 2GHz Broadband Auxiliary Service (BAS) relocation program. This programme will be completed in the first half of 2009, and as predicted, the volume of sales declined in 2008. Part of this decline was compensated for by the growth in sales at WTS, the acquisition of PMR together with modest growth in other markets.

As a result of increased costs of working for the 2GHz programme and changes in product mix, which also involved integrating more third-party products than had been envisaged when the 2GHz programme was planned, operating margins and operating profits declined in the year.

MRC's focus remains the development and supply of high definition video microwave systems used by television broadcasters and DLES agencies worldwide to support terrestrial, satellite and video downlink applications. MRC continues to hold about 60 per cent market share of the North American electronic news gathering (ENG) market, and continues to export to the rest of the Americas and to Asia. Its products are, as with Link and Advent, used in live news and sports reporting, and for high-profile coverage of major events such presidential inaugurations, parades and political conventions.

The company developed products to address upcoming customer requirements for increased efficiency, greater levels of automation and deployment of Internet Protocol (IP) based solutions. MRC's product strategy enables customers to expand their capabilities while leveraging existing investments, and maintaining the quality and dependability of the secure communications network.

MRC's AMG-1000 advanced mobile gateway provides secure IP VPN connectivity between remote News Gathering/Outside Broadcast vehicles and the broadcast studio via cellular wireless and Wi-Fi connection. In addition, it integrates with the company's MTX5000 ENG Mobile Transmitter to support in-band IP connectivity over terrestrial microwave links. MRC was awarded TV Technology's prestigious STAR Award for the AMG1000 product at the 2008 National Association of Broadcasters convention in Las Vegas.

The DRS4000, introduced in 2008, is a central site Receiver that uses innovative cellular diversity and maximal radio combining technologies to provide greatly enhanced reception in congested city centre environments, where high rise buildings and other obstacles often block line-of-sight transmissions. The DXR5000, MRC's next generation long haul digital radio system, offers the versatility of video and data transmission at speeds up to 155 Mbps. The DXR5000 is controlled and monitored via an IP based browser and Ethernet LAN connection.

In 2008 MRC expanded its portfolio of law enforcement and public safety products with the introduction of the DRS2000 and DRS6000 diversity receivers, next generation tactical receiver cases and enhanced solutions for airborne surveillance. MRC's airborne, terrestrial and mobile systems provide first responders with the tools to evaluate developing incidents in real-time, and to increase inter-agency collaboration and effectiveness. Many state and local public safety agencies such as Massachusetts State Police, Chicago Fire Department and Los Angeles County use MRC designed systems to deliver real-time video for surveillance on the ground, in the water and in the air.

PMR's product portfolio complements that of MRC. The PMR series of Digital Microwave transmitters and receivers uses COFDM (Coded Orthogonal Frequency Division Multiplexing) modulation coding, which provides link performance that is superior to traditional analogue systems. Digital microwave video is ideal for video applications where signal reflections are numerous, such as in an urban environment.

During the year, WTS was fully integrated into the Group. It grew its business on the back of the 2GHz programme and new opportunities for planning, design, integration/installation and maintenance for secure video and data communications applications such as electronic newsgathering, airborne law enforcement, cellular, satellite, localized wireless and site control systems.

WTS increased its overall customer base by 128 per cent, expanding both its TV broadcast and law enforcement customer set while also entering new markets such as Flo TV (television programming to mobile phones build out), US local government, and additional reach into non-US markets. Year over year, revenue grew by 95 per cent. In July of 2008, WTS purchased the services business backlog of MARCOM, a long-term value added reseller representing MRC in the northwest United States. WTS has grown from a single location in Orange, California to four sites: Orange, Billerica Massachusetts, San Jose, California and Tampa, Florida.

In response to WTS's customers' evolving services and solutions needs, WTS has expanded its product offerings. In 2008, WTS became an authorized reseller for Alcatel, BridgeWave, Motorola and NeraTel microwave radio products and added a structured cabling practice to provide the capability to install infrastructure such as fibre optics.

Norwegian Marine Safety

Year ended 31 December	2008	2007	Change
	£'000	£'000	
Revenue	22,355	16,843	+32.7%
Adjusted operating profit	2,805	1,741	+61.1%
Adjusted operating margin	12.5%	10.3%	+2.2%

Sales growth at Hervis has been fuelled by continued growth in demand from energy companies' investment in onshore pipelines and off-shore floating rigs, coupled with continuous growth in the

marine market, particularly drill ships. Growth in demand, accelerating delivery times and continuous cost-containment drove a further increase in operating profits.

Hernis pioneered the integration of intrinsically safe marine and offshore CCTV with other systems including process control, fire, gas and intruder alarms. Within the industry, Hernis has achieved class type approval for their explosion proof camera housings that differentiates them by providing quality assurance for their products and systems. This coupled with continuous investment in its products, has built customer loyalty.

Hernis has developed its markets and customer relationships through continuous investment in a network of business partners, supported by regional sales and technical support centres in Singapore, Houston and Brazil. It has, as a result, won approximately 25 per cent of its addressable market for off-shore products and around 10 per cent for its on-shore products. The domestic Norwegian offshore market for Hernis has been particularly strong; domestic sales represent 20 per cent of the total revenue.

Growth for Hernis in 2008 has come from strong marine and offshore oil and gas markets. The increasing level of investment in offshore oil and gas rigs by the major oil companies in 2007 and first half of 2008 has led to an increase in the demand for products and systems for floating rigs and drill ships.

Research & Development

Expenditure on research and development in 2008 was £7.9 million representing 7.9 per cent of revenues, compared with £5.8m in 2007 which represented 5.8 per cent of revenues. In addition, the Group has capitalised development costs in the year of £2.9 million (2007: £2.8 million). The amortisation of development costs of £1.8 million (2007: £1.1 million) is included in the reported expenditure. In cash terms, the Group spent £9.1m on R&D, an increase of 19.7 per cent over 2007.

The Group's policy is to invest in new product development at the current level to increase our market share and to maintain our competitive advantage. Following the announcement of the reorganisation of the Group in January 2009, and the appointment of a new Chief Technology Officer from the existing management team, Vislink Technologies is now responsible for the Group's forward technology strategy, designing and developing products to meet the needs of the business units and their customers. The unit has engineering teams focussed on the key areas that underpin the Group's secure communications expertise, including particular strengths in the design and development of RF modulation systems, video encoding and networking solutions. Vislink Technologies is a resource for all the Group's Business Units, providing a coordinated product development strategy that takes advantage of their common needs through shared electronics modules, delivering efficiencies in design, manufacture and support. A policy of field upgradability and continuous product improvement ensures the product offerings remain at the forefront of technology and protect our customers' investments.

Financial Review

The Group's results are summarised as follows:

Year ended 31 December	2008 £'000	2007 £'000
Revenue	101,025	98,580
Adjusted operating profit	9,052	15,797
Impairment of goodwill	(5,000)	-
Amortisation of acquired intangibles	(1,961)	(1,462)
Share-based payments	(249)	(119)
Other exceptional costs	(977)	-
Reported operating profit	865	14,216
Net finance costs	(279)	(245)
Share of loss in associate	(1)	(15)
Profit before tax	585	13,956
Taxation	(2,097)	(5,026)
Profit after tax	(1,512)	8,930
Effective tax rate ³	31.7%	35.4%
Basic (loss)/earnings per share	(1.10p)	6.47p
Adjusted earnings per share	4.35p	7.30p

Goodwill impairment

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. An impairment review has been undertaken in respect of the goodwill associated with the Advent satellite business. The basis for the review was to assess the strategic plans for the business and to discount the future expected cash flows using the Group's weighted average cost of capital in accordance with IAS36 "Impairment of Assets". The Board considered the estimated discounted cash flows for the Advent satellite operation from the business plan for the next two years and the Group's strategic plan for the following three years. The Board also reviewed the performance of the Advent business in 2008 against the prior year projections used in the impairment review undertaken the previous year. Having reviewed all the relevant calculations and the sensitivities the Board considered that there had been a £5.0 million impairment in the goodwill associated with the Advent business, and the appropriate non-cash charge has been made in the financial statements.

Other exceptional costs

Other exceptional costs comprise £0.65 million in respect of aborted acquisition costs and £0.33 million in respect of the cost of the compensation benefit package agreed with the retiring Chief Executive.

Finance costs

The net interest charge for the year was £0.28 million (2007: £0.24 million). Included within the interest charge is £0.16 million (2007: £0.19 million) in respect of the unwinding of the discounting of the deferred consideration associated with the acquisition of Link, WTS and PMR to their present value. Net interest paid in the year was £0.23 million (2007: £nil).

Taxation

The tax charge for the year was £2.10 million (2007: £5.03 million). The UK current tax charge was £1.33 million (2007: £1.20 million) and the overseas current taxation in the year was £1.32 million (2007: £3.63 million). Overseas taxation represents Norwegian corporation tax on the taxable profits of Hernis and state and federal taxes in respect of the US business. There was a deferred tax credit of £0.55 million (2007: charge of £0.19 million).

³ For 2008 the effective tax rate is that used to calculate adjusted earnings per share

The effective tax rate for the year calculated on the adjusted operating profit was 31.7 per cent (2007: 35.4 per cent) compared with the standard UK corporation tax rate applicable during the year of 28.5 per cent (2007: 30 per cent), which reflects the higher tax rate (40 per cent) that is attributable to the proportion of the Group's taxable profits generated in the US.

Current tax payable at December 31, 2008 was £1.82 million (2007: £0.78 million) and tax paid in the year was £1.57 million (2007: £5.20 million).

Cash flows

Group cash and cash equivalents was £9.03 million at December 31, 2008 (2007: £7.00 million).

The Group generated net cash from operating activities of £8.63 million in the year (2007: £9.25 million) after a net absorption of working capital of £1.48 million (2007: £3.80 million) primarily as a result of a reduction in trade creditors. A further £0.02 million was generated from the proceeds of the issue of new ordinary shares (2007: £0.08 million).

Investing activities absorbed £11.61 million of cash (2007: £5.92 million), comprising £6.32 million for the acquisitions of WTS and MARCOM, £2.95 million for capitalised development costs and a net £2.34 million for property, plant, equipment and investments. The acquisition consideration of PMR included a deferred element of £3.41 million (\$7.0 million) that can be earned over the period 2009 to 2012, depending on the performance of the business. The acquisitions were financed by utilisation of the existing revolving credit facility by drawing down a loan of £7.86 million.

Dividend payments in the year amounted to £1.73 million (2007: £1.38 million).

Net debt repayments during the year were £3.52 million (2007: £3.26 million), including the payment of £2.50 million of deferred consideration associated with the acquisition of Link (2007: £1.75 million). Group debt at December 31, 2008 comprised secured bank loans of £7.86 million (2007: £1.00 million) and unsecured loan notes of £nil (2007: £2.50 million) in respect of the Link deferred consideration earned.

At December 31, 2008 the Group had net funds of £1.17 million (2007: £3.50 million).

Returns to shareholders

It is the Group's stated strategy to only recommend a final dividend. The Board is recommending that the dividend be maintained at 1.25 pence per share (2007: 1.25 pence). The payment of the dividend will absorb approximately £1.73 million of cash. Subject to the approval of shareholders, the dividend will be paid on July 17, 2009, to those shareholders on the register at June 26, 2009.

Foreign currency risk

The largest exchange risk to the Group in terms of its reported results lies in the translation of the results of the US business from US dollars to sterling at the average rate ruling for the year. To a lesser extent the Group's results are also affected by the translation of the results of Hernis, our Norwegian business. If the results for the year to December 31, 2007 had been translated at the 2008 rates then the translation impact on revenue would be to increase prior year sales by £7.0 million and operating profits by £0.99 million. The principal exchange rates used by the Group in translating overseas profits and net assets into sterling are set out in the table below.

Rate compared to £ sterling	Average rate, 2008	Average rate, 2007	Year end rate, 2008	Year end rate, 2007
US dollar	1.85	2.00	1.44	1.99
Norwegian Krone	10.30	11.71	10.08	10.80

Risk management

The Board regularly reviews the full range of business risks facing the Group. The approach adopted is to identify, evaluate and manage the likely impact of risk on the Group's business objectives. Where the risks are unavoidable they are managed through business controls and where appropriate through insurance and treasury activities.

The Group has a programme of regular risk assessment, which incorporates internal control reviews of both a financial and non-financial nature. A process of continuous review has been in place throughout the year at an operating company level to consider the risk environment and the effectiveness of controls. The results of reviews, initiatives and progress on implementing control improvements are regularly reported to the Board.

Post balance sheet events

On January 19, 2009, the Group announced that the company will be organised into four international Business Units, each of which will be focused on the customers we serve. These will be:

- News and Entertainment (which will comprise the electronic newsgathering and entertainment activities of Link, Advent and MRC);
- Law Enforcement and Public Safety (which will combine the surveillance systems activities of PMR which was acquired in 2008, with those of Link, MRC and Advent)
- Marine and Energy (which will build on the current Hernis business)
- Services (which will combine the services businesses of MRC and Advent with WTS which was acquired in 2007).

Each of these sectors represents attractive markets experiencing steady and sustainable growth with a degree of resilience to the economic cycle. Research, Development and Engineering of the different Group companies will be brought together into one organisation ('Vislink Technology'), and led by a newly appointed Chief Technology Officer from within the existing management team. Manufacturing and Distribution will be similarly integrated under one organisation across the existing locations, whose remit will be to ensure the Business Units benefit from low-cost, flexible manufacturing and improved customer delivery and support.

Principal risks and uncertainties

Foreign exchange

The Group's exposure to market risk, liquidity risk, credit risk and cash flow interest rate risk remains largely unchanged from the position at 31 December 2007. The Group's principal risks and uncertainties continue to be the impact of foreign exchange rates on margins for non-domestic sales in each of our businesses. The Group mitigates this risk as far as possible through hedging expected foreign exchange receipts. Borrowings for overseas acquisitions have been hedged using our multi-currency revolving credit facility.

The Group is exposed to the translational risk of fluctuations in the value of sterling when translating overseas results and assets back into sterling. The exchange risk to the Group in terms of its reported results lies in the translation of the results of the US business from US dollars to GBP and on the translation of the results of Hernis, the Norwegian business. The Group's accounting policy is to translate the profits and losses of overseas operations using the average exchange rate for the financial year and the net assets and liabilities of overseas subsidiaries at the year end exchange rate. It continues to be the Group's policy not to hedge the foreign currency exposures on the translation of overseas profits or losses and net assets or liabilities to sterling as they are considered to be accounting rather than cash exposures. In the 2008 financial year the net assets of the Group increased by £9.08 million on the translation of foreign currency net investments (2007: £0.63 million) as a result of the strengthening of the US dollar against sterling.

Acquisitions

The Group expects to gain synergies from the integration of the business of MARCOM and PMR, the benefits of which will be seen in 2009. PMR has a number of opportunities in its markets that will enable the Group to establish a stronger Law Enforcement and Public Safety presence worldwide. We also expect to make progress in the penetration of the US defence satcoms market through Advent during 2009 from the more focussed approach to the market.

Markets

The Group's revenue is generated from its customer capital expenditure budgets. With 55 per cent of revenue generated in North America the Group remains exposed to the US broadcast market in particular. With the decline of revenue from the 2GHz relocation programme the Group is expecting to replace part of those revenues in 2009 with the installation services from WTS and increased revenue from Law Enforcement and Public Safety customers following the acquisition of PMR.

By reorganising the Group around its markets the Group expects to weather the current economic climate through its renewed focus on its existing customers as well as developing new relationships through expanding its presence in Asia and the Middle East. Improving the operational efficiency combined with cost reductions from the rationalisation under taken in January 2009 will help underpin the Group's underlying performance going forward.

Forward-looking statements

Certain statements in this preliminary announcement are forward-looking. Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct. Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements. The Group undertakes no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

Duncan Lewis, Chief Executive
James Trumper, Group Finance Director
March 25, 2009

CONSOLIDATED GROUP INCOME STATEMENT
for the year ended 31 December 2008

	Notes	2008 £'000	2007 £'000
Revenue*	2	101,025	98,580
Cost of sales		(62,573)	(58,848)
Gross profit		38,452	39,732
Sales and marketing expenses		(12,107)	(9,570)
Research and development costs		(7,901)	(5,835)
Administrative costs		(11,353)	(9,951)
Other expenses		(6,226)	(160)
Operating profit	2	865	14,216
Operating profit is analysed as:			
Adjusted operating profit	5	9,052	15,797
Amortisation of acquired intangibles		(1,961)	(1,462)
Goodwill impairment		(5,000)	-
Share-based payments		(249)	(119)
Other exceptional costs		(977)	-
Finance costs	3	(494)	(437)
Investment income	3	215	192
Share of loss in associate		(1)	(15)
Profit before taxation		585	13,956
Tax on profit	4	(2,097)	(5,026)
(Loss)/profit for the year being (loss)/profit attributable to equity shareholders		(1,512)	8,930
Earnings per share (pence per share):			
- basic	5	(1.10)p	6.47p
- diluted	5	(1.10)p	6.44p

*Revenue from acquisition in the year was £0.90 million (2007: £0.83 million).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2008

	2008	2007
	£'000	£'000
Opening shareholders' equity	51,164	42,963
(Loss)/profit for the financial period	(1,512)	8,930
Share options – value of employee services	249	119
Dividends	(1,726)	(1,381)
Movements in the profit and loss account	(2,989)	7,668
Translation difference on foreign currency net investments	9,082	627
Shares issued	17	56
Disposal of investment in own shares	-	19
Acquisition of own shares	-	(169)
Total movement in shareholders' equity	6,110	8,201
Closing shareholders' equity	57,274	51,164

**CONSOLIDATED GROUP BALANCE SHEET
as at 31 December 2008**

	Notes	2008 £'000	2007 £'000
Assets			
Non-current assets			
Goodwill		26,293	24,370
Intangible assets		14,981	7,283
Property, plant and equipment		6,972	5,220
Investment in associates		204	191
Deferred tax assets		770	630
		<u>49,220</u>	<u>37,694</u>
Current assets			
Inventories		19,468	15,847
Trade and other receivables		23,087	23,682
Derivative financial instruments		-	25
Cash and cash equivalents	8	9,032	7,004
		<u>51,587</u>	<u>46,558</u>
Liabilities			
Current liabilities			
Financial liabilities – borrowings	8	3	2,522
Trade and other payables		24,188	24,040
Current tax liabilities		1,818	779
Derivative financial instruments		257	11
Provisions		771	902
		<u>27,037</u>	<u>28,254</u>
Net current assets			
		<u>24,550</u>	<u>18,304</u>
Non-current liabilities			
Financial liabilities – borrowings	8	7,864	1,000
Deferred tax liabilities		2,016	2,226
Other non-current liabilities		6,026	1,332
Provisions		590	276
		<u>16,496</u>	<u>4,834</u>
		<u>57,274</u>	<u>51,164</u>
Capital and reserves			
Ordinary shares		3,465	3,463
Share premium account		4,900	4,885
Merger reserve		30,565	30,565
Translation reserve		5,843	(3,239)
Retained earnings		12,501	15,490
Total shareholders' equity	2	<u>57,274</u>	<u>51,164</u>

CONSOLIDATED GROUP CASH FLOW STATEMENT
for the year ended 31 December 2008

		2008	2007
	<i>Notes</i>	£'000	£'000
Cash flow from operating activities			
Cash generated from operations	7	10,426	14,451
Investment income		215	192
Finance costs		(446)	(192)
Taxation paid		(1,567)	(5,198)
Net cash generated from operating activities		8,628	9,253
Cash flows from investing activities			
Acquisition of subsidiary (net of cash acquired)		(6,318)	(1,291)
Proceeds from sale of property, plant and equipment		8	1
Purchase of property, plant and equipment		(2,348)	(1,790)
Expenditure on capitalised development costs		(2,947)	(2,839)
Net cash (absorbed by) investing activities		(11,605)	(5,919)
Cash flows from financing activities			
Net proceeds from issue of ordinary share capital		17	56
Net proceeds from sale of own shares		-	19
Acquisition of own shares		-	(169)
Repayment of borrowings – finance leases		(19)	(9)
Repayment of borrowings – secured		(1,000)	(2,500)
Repayment of borrowings – unsecured		(2,500)	(1,750)
Net proceeds from issue of new bank loan		7,864	1,000
Dividend paid to shareholders		(1,726)	(1,381)
Net cash generated/(absorbed) by financing activities		2,636	(4,734)
Net (decrease) in cash and cash equivalents		(341)	(1,400)
Effect of foreign exchange rate changes		2,369	245
Cash and cash equivalents at 1 January		7,004	8,159
Cash and cash equivalents at 31 December	8	9,032	7,004

NOTES TO THE ACCOUNTS
for the year ended 31 December 2008

1. BASIS OF PREPARATION

These results have been prepared in accordance with all International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), IFRIC interpretations and with those parts of the Companies Act, 1985 applicable to companies reporting under IFRS. There have been no changes in accounting policies during the year. The prior year numbers have been taken from the audited accounts.

2. SEGMENTAL ANALYSIS

In 2008 the Group was organised geographically by the location of its operations, where its products are produced and its service delivery activities are based. The internal management reporting within the Group also followed these lines. Therefore for the purposes of primary segmental reporting it is appropriate to split the results between the UK, the US and Norwegian businesses.

	Revenue		Operating Profit		Net Assets	
	2008	2007	2008	2007	2008	2007
	£'000	£'000	£'000	£'000	£'000	£'000
By business location:						
UK	31,098	35,821	4,704	6,612	23,277	30,016
US	58,326	59,299	4,277	9,535	28,275	21,734
Norway	22,355	16,843	2,805	1,741	9,134	7,027
Inter-segmental transactions	(10,754)	(13,383)	(105)	(25)	-	-
Central	-	-	(2,629)	(2,066)	(3,412)	(7,613)
	101,025	98,580	9,052	15,797	57,274	51,164
Amortisation and impairment of goodwill and acquired intangibles	-	-	(6,961)	(1,462)	-	-
Share based payments	-	-	(249)	(119)	-	-
Other exceptional costs	-	-	(977)	-	-	-
Total	101,025	98,580	865	14,216	57,274	51,164

Amortisation and impairment of acquired intangibles and goodwill relate to the UK business (£5.4 million) and the US business (£0.6 million).

The table below shows the analysis of Group revenue, by the geographic market of its customers, excluding inter-segmental sales.

By customer geographic market:	UK		US		Norway		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
UK & Ireland	4,340	3,869	195	233	1,393	1,612	5,928	5,714
Rest of Europe	8,106	7,662	1,009	767	9,257	6,867	18,372	15,296
North America	494	221	53,171	55,099	1,806	1,441	55,471	56,761
South America	1,388	2,400	2,397	2,078	228	328	4,013	4,806
Middle East	2,982	2,351	1	7	329	480	3,312	2,838
Asia	3,267	4,351	665	871	8,165	5,941	12,097	11,163
Africa	125	1,423	4	115	641	112	770	1,650
Other	331	216	195	74	536	62	1,062	352
Total	21,033	22,493	57,637	59,244	22,355	16,843	101,025	98,580

The tables below analyse revenue by product categories and by category of end user.

	2008	2007
	£'000	£'000
<i>Analysis of revenue by product category</i>		
Microwave radio and wireless camera products	58,966	59,896
Satellite products	16,776	18,859
Services	2,928	839
Broadcast projects	-	2,143
Marine CCTV products	22,355	16,843
	101,025	98,580

<i>Analysis of revenue by end user category</i>		
Broadcasters	73,046	72,824
Defence, law enforcement and security	5,800	9,542
Marine, oil and gas	22,179	16,214
	101,025	98,580

3. FINANCE COSTS – NET

	2008	2007
	£'000	£'000
Interest payable on bank borrowing	(300)	(174)
Interest payable on other loans	(38)	(78)
Unwinding of interest associated with the discounting of deferred consideration	(156)	(185)
Interest and similar charges payable	(494)	(437)
Investment income	215	192
Finance costs - net	(279)	(245)

4. TAXATION

The tax charge for the year comprises:

	2008	2007
	£'000	£'000
<i>Current tax</i>		
UK corporation tax	1,333	1,202
Foreign tax	1,317	3,633
Total current tax	2,650	4,835
<i>Deferred tax</i>		
UK corporation tax	(998)	(166)
Foreign tax	445	357
Total deferred tax	(553)	191
Taxation charge	2,097	5,026

UK Corporation tax is calculated at 28.5 per cent (2007 – 30 per cent) of the estimated assessable profit for the year. Foreign corporation taxes are calculated at the rates prevailing in the respective jurisdictions.

5. EARNINGS PER ORDINARY SHARE

Earnings per share is calculated by reference to a weighted average of 137,740,000 ordinary shares in issue during the period, excluding shares held by the Employees' Share Ownership Plan (2007: 137,955,000).

The diluted earnings per share is after taking account of a further nil shares (2007: 810,000) being the dilutive effect of share options.

Adjusted earnings

Vislink believes that adjusted operating profit, adjusted earnings and adjusted earnings per share provide additional useful information to shareholders. These measures are used by Vislink for internal performance analysis and incentive compensation arrangements. The term "adjusted" is not a defined term under IFRS and may not therefore be comparable with similarly titled profit measurements reported by other companies. The principal adjustments are made in respect of the amortisation and impairment of goodwill and acquired intangibles, share-based payments, other exceptional costs and related tax effects. The reconciliation between reported and underlying earnings and basic earnings per share is shown below:

	2008		2007	
	Earnings £'000	Basic EPS pence	Earnings £'000	Basic EPS pence
Reported earnings	(1,512)	(1.10)p	8,930	6.47p
Amortisation of acquired intangibles after tax	1,373	1.00p	1,023	0.74p
Impairment of goodwill	5,000	3.63p	-	-
Share-based payments	249	0.18p	119	0.09p
Other exceptional costs after tax	882	0.64p	-	-
Adjusted earnings	5,992	4.35p	10,072	7.30p

6. DIVIDENDS

The directors are proposing a final dividend in respect of the financial year ending 31 December 2008 of 1.25 pence per share, which will absorb an estimated £1.73 million of shareholders' funds. It will be paid on 17 July 2009 to shareholders who are on the register of members on 26 June 2009.

7. NOTES TO THE CASH FLOW STATEMENT

Reconciliation of profit attributable to shareholders to net cash flows from operating activities:

	2008	2007
	£'000	£'000
(Loss)/profit attributable to shareholders	(1,512)	8,930
Taxation	2,097	5,026
Depreciation	1,807	1,485
Impairment of goodwill	5,000	-
Amortisation of development costs	1,749	1,072
Amortisation of acquired intangibles	1,961	1,462
Share options - value of employee services	249	119
Investment income	(215)	(192)
Net finance costs	494	437
Derivative financial instruments	271	(14)
Share of loss of associate	1	15
(Increase) in inventories	(185)	(1,062)
Decrease/(increase) in trade and other receivables	5,822	(4,714)
(Decrease)/increase in payables	(7,074)	1,666
(Decrease)/increase in provisions	(39)	221
Net cash inflow from operating activities	10,426	14,451

8. NET FUNDS

The movements in cash and cash equivalents and borrowings in the period are as follows:

	Cash and cash equivalents	Short term borrowings	Other borrowings	Total net funds
	£'000	£'000	£'000	£'000
At 1 January 2008	7,004	(2,522)	(1,000)	3,482
Cash flow for the period	(341)	-	-	(341)
Net repayment/(drawing) of borrowings	-	2,519	(6,864)	(4,345)
Exchange rate adjustments	2,369	-	-	2,369
At 31 December 2008	9,032	(3)	(7,864)	1,165

9. DIRECTORS RESPONSIBILITIES

The announcement represents non-statutory accounts within the meaning of section 240 of the Companies Act 1985. A committee of the Board of Directors approved this report on 25 March 2009.

10. REPORT AND ACCOUNTS

Copies of the audited Report and Accounts will be sent to shareholders in due course and will then be available from the registered office at Marlborough House, Charnham Lane, Hungerford, Berkshire, RG17 0EY.