



# MILLBROOK

SCIENTIFIC INSTRUMENTS PLC

Press Release

16 December 2008

## Millbrook Scientific Instruments plc

("Millbrook" or the "Company")

### Interim Results

Millbrook Scientific Instruments plc (AIM:MBK), the designer and manufacturer of innovative scientific instruments that measure nanoscale properties of thin films and coatings, announces its Interim Results for the six months ended 30 September 2008.

#### Overview (continuing operations)

	Six months ended 30 September 2008 (unaudited) £	Six months ended 30 September 2007 (unaudited) £	Year ended 31 March 2008 (audited) £
Revenue	1,313,998	1,013,219	2,484,055
EBITDA	74,564	(73,853)	(25,881)
Operating profit / (loss) – total	28,162	(113,021)	(68,613)
Basic profit / (loss) per share (in pence) - total	0.089p	(0.235p)	(0.290p)

- Revenue of £1,313,998 (2007: continuing operations £1,013,219). A significant increase over last year.
- EBITDA £74,564 (2007: continuing operations loss of £(73,853)) – a marked improvement due to increased sales and full effect of reduction in overheads.
- Sale of Aquila completed with effect from 18 June 2008.
- Move to new premises at Wrexham complete.
- Rollout of software upgrade for MiniSIMS ToF complete.
- First release of the software upgrade for MiniSIMS alpha completed – first two instruments with the new software now shipped.

- Total Group sales for FY2009 plus outstanding orders £2.4m at 11 December 2008 (£2.4m from continuing operations at 13 December 2007).
- Other priorities for the remainder of the Financial Year:
  - Complete improvements to production processes at Blackburn to ensure production and quality targets are reliably met;
  - Environmental enclosure for NanoTest;
  - Data analysis software for MiniSIMS.
- Economic conditions:
  - Demand for products unaffected to date;
  - Weakness of pound is generally beneficial although some supplies are sourced in other currencies.

### **Chairman's Statement**

Revenue for the six-month period ending 30 September 2008 was £1,313,998 (2007: continuing operations £1,013,219). The increase in revenue compared to 2007 was mainly due to increased sales and production at our new Wrexham facility. The operating profit from continuing operations for the period was £28,162 (2007: loss of £(113,021)). This improvement was due to the increase in sales referred to above and the effect of the reduction in overheads previously announced.

During the period under review, sales and orders of the NanoTest instrument have progressed satisfactorily. Continued steady growth is anticipated now that the constraints of space at the previous facility in Wrexham have been removed. Our thanks are due to our employees at Wrexham who worked tirelessly to achieve the move with minimum disruption to production.

The new software for both MiniSIMS ToF and alpha instruments is now complete. The roll out of the ToF upgrade is complete and the first two shipments of the alpha with new software have taken place. Improved data analysis software is also being developed this year. An environmental enclosure for the NanoTest instrument is under development at our Wrexham facility.

New orders have been achieved such that total group sales for FY 2009 to date plus outstanding orders at 11 December 2008 are £2.4m. The Board is clearly aware of the worsening economic climate and continues to monitor its effects on the business. Opportunities can be created in such a climate and the weakening pound is generally helpful to the sales effort. Currency fluctuations are hedged to the extent the Company's limited financial resources permit.

Shareholders will have noticed the weight of paper enclosed with the Annual Report for FY2008. Following the implementation of further sections of the Companies Act 2006 on 1 October 2008, the second new set of Articles of Association (part 5, item "B" of the Notice of AGM papers) are now in force. This will enable us to keep printing and postage costs to a minimum in the future.

**Committees**

The Audit and Remuneration Committees met once each in the period under review under the Chairmanship of Malcolm Fortnam. My grateful thanks are due once again to Malcolm for carrying out this role.

Our thanks are due to Edwards Veeder (Oldham) LLP, our auditors, for their assistance.

**Other Advisers**

We appointed Zeus Capital of Manchester as our Nomad and Broker effective 19<sup>th</sup> November 2008. I would like to express my thanks and those of the Board to Seymour Pierce, our Nomad since listing on AIM, for their advice and support over the years. Our legal advisers, Halliwells LLP, provided excellent help and advice throughout the period including assisting us to update our Articles of Association to ensure compliance with CA 2006.

**Board**

The Executive members of the Board carry a heavy burden of responsibility and my thanks are due to them for the cheerful and diligent manner in which they carry out their duties, especially Paul Grasske the Group CEO.

**Stephen M Blank**

Chairman

## CONDENSED GROUP INCOME STATEMENT

for the six months to 30 September 2008

		Unaudited 6 months to 30 September 2008	Unaudited 6 months to 30 September 2007 (as restated)	Audited Year ended 31 March 2008
	<b>Note</b>	£	£	£
<b>REVENUE</b>		1,313,998	1,013,219	2,484,055
Other income		11,932	14,565	14,491
Changes in inventories and work in progress		45,068	18,141	(64,893)
Work performed by the entity and capitalised		87,568	111,845	233,601
Raw material and consumables used		(575,212)	(405,373)	(880,252)
Employee benefits expense		(461,537)	(468,925)	(940,426)
Depreciation and amortisation expense		(133,970)	(114,346)	(239,666)
Other expenses	4	(259,685)	(282,147)	(675,523)
Operating Profit/(Loss)		28,162	(113,021)	(68,613)
Finance costs		(1,218)	(13,319)	(14,518)
Income/(Loss) before tax		26,944	(126,340)	(83,131)
Taxation	3	16,540	79,560	79,560
Income for the period from continuing operations		43,484	(46,780)	(3,571)
Income/(Loss) for the period from discontinued operations	5	22,281	(84,357)	(183,856)
Income/(Loss) for the period		65,765	(131,137)	(187,427)
Earnings per share				
Basic		0.089p	(0.235p)	(0.290p)
Diluted		0.077p	(0.211p)	(0.260p)

**CONDENSED GROUP INCOME STATEMENT continued**  
**for the six months to 30 September 2008**

**Earnings Before Interest, Tax and Depreciation and Amortisation (“EBITDA”)**

	Unaudited 6 months to 30 September 2008	Unaudited 6 months to 30 September 2007 (as restated)	Audited Year ended 31 March 2008
	£	£	£
EBITDA (continuing operations)	74,564	(73,853)	(25,881)
Exceptional items	-	(36,667)	(36,667)
Depreciation/loss on disposal	(25,026)	(19,452)	(32,544)
Work performed by entity and capitalised	87,568	111,845	233,601
Amortisation	(108,944)	(94,894)	(207,122)
Finance costs	(1,218)	(13,319)	(14,518)
Taxation	16,540	79,560	79,560
Income/(Loss) for the period from continuing operations	43,484	(46,780)	(3,571)
Discontinued operations	22,281	(84,357)	(183,856)
Income/(Loss) for the period	65,765	(131,137)	(187,427)

## CONDENSED STATEMENT OF CHANGES IN EQUITY

	Share Capital £	Share Premium £	Retained Earnings £	Total £
<b>At 30 September 2007</b>	2,882,871	963,449	(2,052,171)	1,794,149
Retained loss for the period	-	-	(26,275)	(26,275)
<b>At 31 March 2008</b>	2,882,871	963,449	(2,078,446)	1,767,874
Retained income for the period	-	-	65,765	65,765
<b>At 30 September 2008</b>	2,882,871	963,449	(2,012,681)	1,833,639

**CONDENSED GROUP BALANCE SHEET**  
for the six months to 30 September 2008

	Unaudited 6 months to 30 September 2008 £	Unaudited 6 months to 30 September 2007 £	Audited Year ended 31 March 2008 £
<b>Non Current Assets</b>			
Property, plant and equipment	149,628	115,932	155,474
Goodwill	836,308	836,308	836,308
Other intangible assets	605,631	595,280	609,086
	<u>1,591,567</u>	<u>1,547,520</u>	<u>1,600,868</u>
<b>Current Assets</b>			
Inventories	270,065	325,515	231,784
Trade and other receivables	747,688	784,553	819,695
Cash at bank and in hand	395,236	620,727	214,495
	<u>1,412,989</u>	<u>1,730,795</u>	<u>1,265,974</u>
<b>Total Assets</b>	<u>3,004,556</u>	<u>3,278,315</u>	<u>2,866,842</u>
<b>Current Liabilities</b>			
Bank loans and overdrafts	(246,947)	(505,970)	(134,019)
Trade and other payables	(660,685)	(593,763)	(660,844)
Other creditors and deferred income	(158,238)	(337,156)	(215,236)
	<u>(1,065,870)</u>	<u>(1,436,889)</u>	<u>(1,010,099)</u>
<b>Non Current Liabilities</b>			
Bank loans	(1,000)	(13,000)	(7,000)
Provision for deferred grant income	(104,047)	(34,277)	(81,869)
	<u>(1,170,917)</u>	<u>(1,484,166)</u>	<u>(1,098,968)</u>
<b>Net Assets</b>	<u>1,833,639</u>	<u>1,794,149</u>	<u>1,767,874</u>
<b>Equity</b>			
Called up share capital	2,882,871	2,882,871	2,882,871
Share premium account	963,449	963,449	963,449
Retained Earnings	(2,012,681)	(2,052,171)	(2,078,446)
<b>Total Equity</b>	<u>1,833,639</u>	<u>1,794,149</u>	<u>1,767,874</u>

**CONDENSED GROUP STATEMENT OF CASH FLOWS**  
for the six months to 30 September 2008

	Note	Unaudited 6 months to 30 September 2008 £	Unaudited 6 months to 30 September 2007 £	Audited Year ended 31 March 2008 £
<b>Net cash inflow from operating activities</b>	6	209,005	210,928	351,453
<b>Cash flows from investing activities</b>				
Payments to acquire intangible fixed assets		(142,999)	(133,308)	(277,559)
Payments to acquire tangible fixed assets		(26,808)	(4,568)	(90,081)
Less grants received		34,615	26,016	86,974
<b>NET CASH INFLOW BEFORE FINANCING</b>		73,813	99,068	70,787
<b>Cash flows from financing activities</b>				
Issue of ordinary share capital		-	400,000	400,000
Share issue costs		-	(14,415)	(14,415)
Finance arrangement fees		-	(36,667)	(36,667)
Loan repayments		(6,000)	(13,195)	(19,195)
		(6,000)	335,723	329,723
<b>INCREASE IN CASH</b>		67,813	434,791	400,510

**NOTES TO THE UNAUDITED ACCOUNTS**  
**for the six months ended 30 September 2008**

**1. BASIS OF PRESENTATION OF ACCOUNTS**

Millbrook Scientific Instruments PLC is incorporated in England and Wales. The condensed Group half-year financial statements consolidate those of the Company and its subsidiaries. They do not include all of the information required for full annual financial statements.

The half-year results are unaudited. The summary of results for the year ended 31 March 2008 is an extract from the published consolidated financial statements of the Group for that period which were prepared in accordance with IFRS as adopted by the European Union, and which have been reported on by the Group's auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified.

The Group's subsidiary, Aquila Instruments Ltd, was sold on the 18 June 2008. Aquila has been treated as a discontinued operation in these financial statements, however when the interim statement for the six months ended 30 September 2007 was prepared Aquila was still a continuing operation. The comparative figures for September 2007 have been restated to reflect the fact that Aquila is now a discontinued operation.

**2. EARNINGS PER ORDINARY SHARE**

	Unaudited 6 months to 30 September 2008 £	Unaudited 6 months to 30 September 2007 £	Audited Year ended 31 March 2008 £
Basic weighted average number of shares in the period	73,657,416	55,733,919	64,586,378
Diluted weighted average number of shares in the period	85,040,416	62,121,837	72,091,782
Earnings/(loss) attributable to members of the parent undertaking	65,765	(131,137)	(187,427)
Basic earnings/(loss) per share	0.089p	(0.235p)	(0.290p)
Diluted earnings/(loss) per share	0.077p	(0.211p)	(0.260p)

The earnings/(loss) per share (basic and diluted) has been calculated on the result after tax attributable to the ordinary shareholders and the weighted average number of shares in issue in the period.

At 30 September 2008 and 30 September 2007 there were 73,657,416 ordinary 1p shares in issue.

**3. TAX REFUND**

The tax refund relates to claims for Research and Development tax credits that have been submitted to HMRC.

#### 4. EXCEPTIONAL ITEMS

The following expenses are included in the Income Statement under 'Other expenses':

	Unaudited 6 months to 30 September 2008 £	Unaudited 6 months to 30 September 2007 £	Audited Year ended 31 March 2008 £
Finance arrangement fees	-	36,667	36,667

#### 5. DISCONTINUED OPERATIONS

One of the Group's subsidiary companies, Aquila Instruments Ltd, was sold on the 18 June 2008. The sale was fully anticipated when the accounts for the year ended 31 March 2008 were drawn up and provision was made in those accounts for the loss and costs of the disposal. However the loss on disposal has not been as great as anticipated and £22,281 of the loss has been released to the Income Statement.

#### 6. RECONCILIATION OF INCOME FOR PERIOD TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Unaudited 6 months to 30 September 2008 £	Unaudited 6 months to 30 September 2007 £	Audited Year ended 31 March 2008 £
Income/(Loss) for the period	65,765	(131,137)	(187,427)
Exceptional items (finance arrangement fees)	-	36,667	36,667
Income/(Loss) before exceptional item	65,765	(94,470)	(150,760)
Share based payment	-	5,023	35,038
Depreciation	25,026	22,452	38,530
Amortisation of intangibles	108,944	99,747	213,478
(Increase)/Decrease in inventories	(38,281)	4,856	98,587
(Increase)/Decrease in debtors	72,007	(117,565)	(152,707)
(Decrease)/Increase in creditors	(57,157)	268,518	213,679
Loss on disposal of intangible assets	-	-	3,350
Transfer of asset for resale from fixed assets	-	22,367	52,258
Loss on disposal of non-cash assets from discontinued operations	32,701	-	-
Net cash inflow from operating activities	209,005	210,928	351,453

## 7. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/(NET DEBT)

	Unaudited 6 months to 30 September 2008 £	Unaudited 6 months to 30 September 2007 £	Audited Year ended 31 March 2008 £
Increase in net cash in the period	67,813	434,791	400,510
Movement in bank loan	6,000	13,195	19,195
Movements in net debt	73,813	447,986	419,705
Net funds/(net debt) brought forward	73,476	(346,229)	(346,229)
Net funds carried forward	147,289	101,757	73,476

## 8. ANALYSIS OF NET FUNDS

	At 1 April 2008 £	Cash Flow £	Non Cash Movements £	At 30 September 2008 £
Cash at bank and in hand	214,495	180,741	-	395,236
Overdraft	(122,019)	(112,928)	-	(234,947)
Bank loans due within one year	(12,000)	6,000	(6,000)	(12,000)
Bank loans due beyond one year	(7,000)	-	6,000	(1,000)
Net funds	73,476	73,813	-	147,289

**For further information:**

**Millbrook Scientific Instruments plc**

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## **Independent Review Report to Millbrook Scientific Instruments PLC**

We have been engaged by the Company to review the condensed consolidated financial statements in the Interim Report for the six months ended 30 September 2008, which comprises the consolidated income statement, consolidated statement of changes in equity, consolidated balance sheet, consolidated cash flow statement and related notes. We have read the other information contained in the Interim Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated financial statements.

This report is made solely to the Company in accordance with guidance contained in International Standard on Review Engagements 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 interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the rules of the London Stock Exchange plc for companies trading securities on the AIM market which require that the half yearly report be presented and prepared in a form consistent with that which will be adopted in the Company's annual accounts having regard to the accounting standards applicable to such annual reports.

### **Our responsibility**

Our responsibility is to express to the Company a conclusion on the condensed consolidated financial statements in the Interim 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 we are not aware of any modifications that should be made to the financial information as presented for the six months ended 30 September 2008 or of any instances where the financial statements fail to comply with the rules of the London Stock Exchange for companies trading securities on the AIM market.

**Edwards Veeder (Oldham) LLP**  
Chartered Accountants  
& Registered Auditors  
16 December 2008

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