

Vislink plc
Results for the year ended 31 December 2009

A year of successful transition

Vislink plc (“The Group”), the global technology business specialising in secure communications for the news & entertainment, law enforcement & public safety, marine & energy and the related services markets, has today announced its results for the year ended 31 December 2009.

Financial Headlines

	2009	2008	Change
	£'000	£'000	
Revenue	94,677	101,025	-6%
Operating profit	522	865	-40%
<i>Adjusted* operating profit</i>	5,216	9,052	-42%
<i>Adjusted* operating margin</i>	5.5%	9.0%	
Profit before taxation	57	585	
Net cash generated from operating activities	5,053	8,628	-41%
Earnings (loss) per share: basic	(0.60)p	(1.10)p	
<i>Adjusted* earnings per share: basic</i>	2.33p	4.35p	-47%
Dividend per share proposed	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 non-recurring costs. Adjusted earnings per share is calculated on the same basis after taking account of related tax effects and a tax adjustment relating to the periods 2002 - 2007.

- Underlying revenue** at constant exchange rates increased 14%, to £84.9m (2008: £74.4m)
- Re-organised divisions achieving strong growth:
 - Law Enforcement & Public Safety revenues grew by 79% to £9.9m (2008: £5.5m)
 - Marine & Energy revenues grew by 42% to £31.8m (2008: £22.4m)
 - Services division revenues grew 274% to £11.0m (2008: 2.9m)
- Positive change in the mix of business;
 - News & Entertainment now accounts for 44% of revenues (2008: 70%)
- Adjusted operating profit was £5.2m (2008: £9.1m) following lower revenues and therefore contribution from News & Entertainment
- Generated £5.1m of net operating cash (2008: £8.6m)
- Proposed dividend 1.25p per share

Operational Highlights:

- Group successfully reorganised into four international business units in January 2009
- Expanded international sales presence
- Significant increase in the launch of new products to address growth markets
- Significant reductions in the cost base as a result of streamlining operations
- Manufacturing overheads reduced by 11% (£1.8m) at constant exchange rates

**Underlying revenue is total revenue excluding revenue associated with product shipments from the 2GHz US spectrum relocation programme

Tim Trotter, Chairman of Vislink said:

“This has been a very important year for Vislink. We successfully completed the re-organisation of the Group into four cohesive business units, three of which have shown strong revenue growth. The new Group structure will benefit from our recently completed cost efficiency programme and from better access to the global marketplace, which whilst not fully recovered from the recession, is showing clear signs of improvement. The maintained dividend of 1.25 pence reflects our confidence of the future benefits that the restructured group will deliver and the growth opportunities in our markets.”

– ends –

For further information on 24 March 2010, please contact:

Duncan Lewis, Chief Executive	+44 (0)1488 685500
James Trumper, Group Finance Director	+44 (0)1488 685500
Andrew Hayes / Charlie Jack	+44 (0)207 796 4133
Hudson Sandler	

About Vislink plc

The Vislink Group is strategically focussed on providing secure communication technologies to customers in its chosen markets. We specialise in wireless, video and IP technologies together with the supporting management systems. We have four international business units organised to serve its customers in News & Entertainment, Law Enforcement & Public Safety, Marine & Energy and the related Services markets. With offices in the UK, USA, Norway, Dubai, South Africa and Singapore we employ over 450 people worldwide and have net assets in excess of £50 million. Our products include the design and manufacture of microwave radio, satellite transmission, wireless camera and marine CCTV systems; our manufacturing operations are in the UK, Norway and the USA.

Basis of preparation

The financial information set out herein does not constitute the Company's statutory financial statements for the year ended 31 December 2009 but is derived from those financial statements and the accompanying directors' report. Those financial statements have not yet been delivered to the Registrar, nor have the Auditors yet reported on them.

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. Nothing in this announcement should be construed as a profit forecast.

Chairman's Statement

For the year ended 31 December 2009

Introduction

2009 was an important though demanding year of transition following the announcement of the reorganisation of the Group on January 19, 2009. We replaced the holding company structure with four international business units that are focussed on our customers and their markets. They are supported by our operational divisions providing technology and logistics. To do this we appointed a new executive management team to lead our business units using the skills and experience that already existed in the Group.

As a result of this reorganisation we achieved strong revenue growth in our Law Enforcement & Public Safety, Services and Marine & Energy businesses. As expected, News & Entertainment's revenues have declined as the 2GHz relocation programme in the USA came to an end and broadcasters in the USA and Europe have reduced their capital expenditure plans. In line with our stated strategy to rebalance revenues and reduce our dependency on the traditional broadcast market, News & Entertainment now represents 44 per cent of the Group's revenues compared to 70 per cent in 2008. It is worth noting that the 2GHz relocation programme generated circa \$250 million (£160 million) of revenue over the past four years. The Group has benefitted greatly from the recognition it received in the broadcast technology sector as a result of its successful involvement in this project.

We are focused on expanding our market penetration. To support this we have increased our international presence by opening new sales and service centres in Dubai and South Africa, and expanding our centre in Singapore. We have also increased our investment in technology. We have launched a steady flow of new products for all our markets. All this has been achieved with only a 1 per cent increase in our overhead costs in technologies, sales, marketing and administration, at constant exchange rates, as we have re-directed resources to areas of growth.

During 2009 we have also streamlined our manufacturing operations and reduced costs by 11 per cent (£1.8 million). We reduced headcount by 13 per cent at the beginning of 2009 and this, together with Group-wide consolidated purchasing, has led to an improvement in our gross margin percentage from 38.1 per cent to 39.9 per cent on lower sales volumes. We have halved our space in North America and have consolidated our operations on to one site in the UK. We have started to implement a common CRM/ERP platform across the Group. This will lead to improved customer service, lower costs and improved cash management in 2010. We have introduced performance-based pay throughout the Group which we believe is a significant development in aligning reward with performance.

We have reduced our headcount by a further 10 per cent at the beginning of 2010 now that the 2GHz relocation programme is complete. We have targeted further cuts in direct costs through improved purchasing, including sourcing materials and products from the Far East, where we are locating Group procurement. These cuts will reduce overheads by £2.1 million in 2010, and will lead to further improvements in operational efficiencies. We see further opportunities to reduce our costs and grow our revenues through investment in our Far East operations. The maintained dividend of 1.25 pence reflects our confidence of the future benefits that the restructured group will deliver and the growth opportunities in its markets.

Financial Results

Group revenues were £94.7 million (2008: £101.0m). Underlying revenue, being revenue excluding the effects of the product shipments under the US 2GHz spectrum relocation programme, grew by 14 per cent to £84.9 million (2008: £74.4million) at constant exchange rates. Shipments for the 2GHz relocation programme were completed during the year.

Order intake for the year was £80.0 million (2008: £103.4 million). Underlying order intake was 2 per cent down at £76.0 million (2008: £77.3 million) at constant exchange rates. News & Entertainment felt the effects of the global economic downturn most, which resulted in non 2GHz order intake falling by 30 per cent. By contrast, we had growth, at constant exchange rates, in order intake of 91 per cent in Law Enforcement and Public Safety, 81 per cent in Services and 4 per cent in Marine and Energy.

Adjusted operating profit for the year, being operating profit before the amortisation and impairment of goodwill and acquired intangibles, share-based payments and other non-recurring costs, was £5.2 million (2008: £9.1 million). The adjusted operating margin declined from 9.0 per cent to 5.5 per cent. This was due to the

anticipated decline in operating margins in our News & Entertainment business due to the lower volumes in North America. This has been mitigated in part by improved operating margins in our other business units.

The reported operating profit was £0.5 million (2008: £0.9 million) after charging £3.4 million in respect of the amortisation of acquired intangibles (2008: £7.0 million, including a £5.0 million goodwill impairment), £0.9 million in respect of non-recurring net costs of the reorganisation of the Group (2008: £1.0 million¹) and the effect of share based payments. Profit before tax was £0.1 million (2008: £0.6 million).

The Group continues to generate positive operating cash flows. The net cash inflow generated from operating activities in the period was £5.1 million (2008: £8.6 million) and the net cash balance at December 31, 2009 was £0.6 million (2008: £1.2 million). Cash flows in the year included a dividend distribution to shareholders of £1.7 million (2008: £1.7 million) and net capital expenditure of £4.0 million (2008: £5.3 million).

Dividend and Shareholder Returns

The basic undiluted earnings per share for the year was a loss of 0.6 pence (2008: loss of 1.1 pence per share). After adjusting for the amortisation of acquired intangibles, share-based payments and other non-recurring costs and related tax effects, the adjusted earnings per share was 2.3 pence (2008: 4.4 pence).

The Board is proposing that the full-year dividend be maintained at 1.25 pence per share (2008: 1.25 pence).

The Board and Management

Len Mann, who joined the Group five years ago on the acquisition of Link, the company he founded, will be retiring from the Board at the Annual General Meeting on June 3rd, 2010. On behalf of the Board and the whole Group, I would like to thank Len for the significant contribution he has made; Link remains the heart of our technology.

The Board is currently undertaking a search for a new independent non-executive director.

Business Unit Performance

News & Entertainment revenues have suffered from the dual effects of the end of the 2GHz relocation programme, and the slowdown in capital expenditure by broadcasters in the USA and Europe which has led to the deferral of major projects. Markets in the Middle East and Far East are showing more resilience, which is why the Group has invested in new sales and service operations in these regions. Reported revenues declined 40 per cent to £42.1 million (2008: £70.2 million). Underlying revenues were £32.3 million (2008: £37.7 million). The News & Entertainment business unit expects to see a slow recovery in its US and European markets in 2010 though customer ordering patterns will remain unpredictable and somewhat volatile; we expect there to be continued growth in demand from the Middle East and the Far East.

Law Enforcement & Public Safety revenues grew by 79 per cent to £9.9 million (2008: £5.5 million). This is the result of the enhanced product line from the acquisition of PMR in the second half of 2008, together with further investment in new products, sales and customer service. Several major order opportunities were however, deferred by several months during the year and as a result, revenue growth was below our expectations. The business expects continued growth in demand as governments throughout the world invest to protect their citizens. Order intake will remain subject to the unforeseeable patterns of public procurement, which the law Enforcement Public Safety business unit will smooth over time by growing its pipeline, investing in competitive products and thereby building critical mass.

Marine & Energy had a record year in 2009 with revenue growing by 42 per cent to £31.8m (2008: £22.4m). Growth was fuelled by a strong historic order book for the marine segment of the market coupled with accelerating growth in demand from the onshore market. Demand has been slowing in the off-shore segment of the market as there have been fewer ships commissioned in the light of the current economic environment. Demand in the on-shore segment continues to grow with the recovery of oil prices. The net result was that our order intake growth in Marine & Energy was 4 per cent. Overall, the outlook is that the Marine & Energy business unit can expect marginal year-on-year revenue growth.

¹ Non-recurring in 2008 comprised £0.7 million in respect of aborted acquisition costs and £0.3million in respect of the cost of a compensation benefit package agreed with the retiring Chief Executive.

Our Services business grew its revenues by 274 per cent to £11.0 million (2008: £2.9 million). Growth has been derived from the continued demand for installations in the USA for the 2GHz relocation programme. There remain a small number of installations to be completed in the first quarter of 2010 as the installation phase of the programme comes to an end. In parallel, the business has been developing new lines of activity around the rapid growth and deployment of broadband in the USA, and the growth in demand for fixed earth station systems around the globe. The business expects continued revenue growth as a result of the growth in the broadband market, albeit with some reduction in margin as it incorporates products from third parties into its offering.

The Group spent £8.3 million on R&D and product development (2008: £7.9 million) and intends to maintain the level of investment necessary for the Group's future competitiveness, bringing innovative new products to market. Investment is progressively being increased in the next generation of IP products required by all our businesses, together with new products for the developing law enforcement and public safety market. Technology investment in the marine and energy portfolio is focused on the next generation of CCTV camera stations.

Current Trading and Outlook

The Group entered 2010 with an order backlog of £20.3 million compared with one of £34.1 million at the beginning of 2009, which included £5.7 million for the 2GHz programme. The start to 2010 has been mixed. The order intake for the first two months of the year is 17 per cent down on the same period last year. We are however, winning significant orders which were deferred from 2009. Pipelines are growing as the overall economic environment improves, although customer ordering patterns remain volatile, and there remains therefore a degree of unpredictability. The Group will benefit from the cost efficiencies created by the 10per cent headcount reduction, predominantly in North America as a consequence of the end of the BAS programme, since the year end.

The Group remains cash generative and therefore has the capacity to invest in organic growth and where appropriate, build on the Group's excellent track record for acquisitions by making further tactical additions.

The Board believes the Group is now well positioned for growth as the economy recovers.

On behalf of the Board, may I thank all our employees for their extraordinary efforts in the course of 2009 when they have had to deal with a major internal reorganisation as well the most exacting economic environment.

Tim Trotter, Chairman

March 24, 2010

OPERATING and FINANCIAL REVIEW For the year ended December 31, 2009

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	2009	2008	2007
Orders received (£'000)	80,010	92,690	101,374
Revenue (£'000)	94,677	101,025	98,580
Underlying revenue (£'000) ²	84,912	68,532	59,945
Underlying revenue at CER (£'000) ³	84,912	74,417	68,240
Adjusted operating profit (£'000) ⁴	5,216	9,052	15,797
Adjusted operating profit as a percentage of sales	5.5%	9.0%	16.0%
Adjusted earnings per share (pence)	2.33	4.35	7.30
Net cash generation from operating activities (£'000)	5,053	8,628	9,253
Shareholders' equity (£'000)	52,761	57,274	51,164
Return on capital employed ⁵ (ROCE)	10.0%	16.1%	33.1%

Review of Operations in 2009

The Repositioning of the Group

On January 19, 2009 Vislink was reorganised into four international business units, each of which is focused on providing secure communications to its customers. These are:

- News & Entertainment
- Law Enforcement & Public Safety
- Marine & Energy, and
- Vislink Services.

Each of these business units operate in attractive markets that have traditionally experienced steady and sustainable long-term growth with a degree of resilience to the economic cycle. Our strategy is to accelerate our revenue growth in each of these markets through expanding our global sales organisation, through technical product innovation, and through achieving world class logistical and customer support.

The business units are responsible for all aspects of marketing and product development, sales and customer care. They are each responsible for their orders, revenues and operating profits. The business units are supported by two operational divisions:

- Vislink Technologies is responsible for the forward technology strategy of the Group. It designs and develops products to meet the requirements of the business units' customers.
- Vislink Logistics is responsible for the sourcing of materials and products in the most cost-efficient way for the business units, with end-to-end responsibility for supply chain management.

The reorganisation has laid the platform that will lead to increased customer focus and operational performance by providing better service; by reducing overhead and manufacturing costs through economies of

² Underlying revenue is defined as revenue excluding revenue from product shipments under the 2GHz relocation programme.

³ CER: constant exchange rates

⁴ Defined as operating profit before the amortisation and impairment of goodwill and acquired intangibles, share based payments and other non-recurring costs. Adjusted EPS is calculated on the same basis after taking account of related tax effects and a tax adjustment relating to the periods 2002 to 2007.

⁵ 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.

scale; and by more efficient use of our R&D investment. In the course of 2009 we have demonstrated the effectiveness of the changes as follows:

- Three of the four business units have achieved revenue growth in 2009 despite the tough global economic environment. As anticipated, News and Entertainment revenues declined in the year with the completion of the 2GHz relocation programme.
- Gross margin has improved by 1.8 per cent to 39.9 per cent despite lower sales volume. This was achieved by reducing direct manufacturing costs by £1.8 million at constant exchange rates.
- Headcount has been reduced by 12.5 per cent, with most of the reductions coming out of Vislink Logistics.
- We have invested in our sales and service offices in Dubai and Singapore and opened a new sales office in South Africa. We have been able to make this investment whilst controlling total overheads; overhead at constant exchange rates has increased just 1.0 per cent.
- We have increased our cash investment in research and development by 5 per cent. Twenty new products have been launched, including the suite of eleven products for the law enforcement market called 'Kamelyon'. These are of modular design to reduce manufacturing costs and so that the technologies can be applied across all our markets.
- UK operations have been consolidated into a single site at Hemel Hempstead. The Chesham freehold site was sold for £1.8m and our leasehold premises in Watford vacated. Our manufacturing space in North America has been halved.
- Performance related pay has been introduced across most of the Group.
- A new CRM/ERP has been successfully piloted, and will be rolled out across the Group during 2010, and is expected to lead to improved customer service and further efficiency gains.
- A new website has been launched and our branding has been made consistent across the Group.

The Group's Markets

The Group supplies its global markets through its four business units.

The market for News & Entertainment (N&E) is the global broadcast contribution market where our products are used to capture live TV coverage of news and sports events. Our brands have a strong market presence, are recognised for their quality and we historically have strong distribution. Revenue is being driven by the demand for HDTV, news and sports programming and new TV channels and increasingly for IP-based workflow management.

For Law Enforcement & Public Safety (LEPS) the market is video collection and transmission solutions for surveillance purposes, either overt or covert, for government agencies and "homeland security". We have a growing presence in the USA with state and federal agencies through the acquisition of PMR in 2008 combined with the established helicopter downlink systems of MRC. Advent satcoms products are in use by a number of defence organisations around the world.

The marine safety systems market of our Marine & Energy (M&E) business unit is sub-divided into marine and on-shore and off-shore oil and gas sectors. This includes high risk vessels such as tankers and cargo ships; cruise and naval vessels; off-shore oil and gas rigs, and on-shore installations. Our customers are the major oil and gas and shipping companies.

Vislink Services supports the N&E and LEPS markets with design, project management, installation and maintenance of microwave and broadband networks and fixed earth stations. Services has benefited from the demands of the rollout of the 2GHz relocation programme in the USA and has derived its international business from building fixed earth stations using the Advent brand.

The business units use a combination of direct sales, value added resellers, distributors and agents to reach their customers. In 2009 both N&E and LEPS have strengthened their relationships with their value added resellers and distributors through a restructured reseller programme.

In 2009, N&E represented 44 per cent of the Group's revenues (2008: 70 per cent); LEPS 10 per cent (2008: 5 per cent), Marine & Energy 34 per cent (2008: 22 per cent) and Services 12 per cent (2008: 3 per cent). N&E revenues have declined as a proportion of the Group total as the 2 GHz relocation programme has come to an end. Part of the Group's strategy has been to rebalance its revenues and thereby reduce its dependency upon the traditional broadcast market.

It is also part of the Group's strategy to continue to increase its revenues from the Middle East, northern Africa, southern Africa, Asia and South America and to reduce its dependency upon North America. For this reason we have made a significant increase in staff in our sales offices in Singapore, Dubai and opened a new sales office in South Africa. In 2009 revenues in the Americas have reduced to 46 per cent of the Group's revenues (2008: 59 per cent) as a result of reduced N&E revenue. We have seen growth from Europe, which now represents 30 per cent of revenues (2008: 24 per cent) and sales in the rest of the world that accounted for 24 per cent of revenues (2008: 17 per cent).

BUSINESS UNIT REVIEWS

Group orders received in 2009 declined by 14 per cent to £80.0 million (2008: £92.7 million). Within N&E, orders flowing from the 2GHz relocation programme declined to £4.0 million (2008: £22.1 million). Excluding the effects of the 2GHz programme, underlying orders received increased 7.6 per cent to £76.0 million (2008: £70.6 million). Orders for our LEPS business unit increased by 122 per cent, in M&E the increase was 10 per cent and within Services, orders grew 114 per cent.

Group revenue declined 6.3 per cent to £94.7 million (2008: £101.0 million). Within N&E, revenue flowing from the 2GHz programme declined to £9.8 million (2008: £32.5 million). Excluding the effects of the 2GHz programme, underlying revenues grew 24 per cent to £84.9 million, despite a decline in underlying N&E sales of 14 per cent. Within LEPS, revenue increased by 79 per cent over 2008; within M&E, the increase was 42 per cent and within Services, revenue grew 274 per cent.

News & Entertainment

	2009	2008	Change
	£'000	£'000	
Underlying revenue	32,285	37,705	-14%
2GHz revenue	9,765	32,493	-70%
Revenue	42,050	70,198	-40%
Operating profit contribution*	8,685	20,392	-57%
Operating margin	20.7%	29.0%	-8.3pts

*Operating profit contribution is gross margin less sales and marketing overheads

During 2009 Vislink News & Entertainment (N&E) established a unified business unit to serve its broadcast industry customers worldwide. For the first time Vislink's Advent satellite communications solutions, Link Research wireless camera systems and MRC terrestrial microwave products were supported by a single sales team, maintained by global pre and post sales support and promoted by an integrated marketing organisation. N&E has four regional sales offices (in the USA, UK, Dubai and Singapore), each with technical and logistics support.

N&E revenue declined by £28.1 million, largely as a result of the £22.7 million reduction in the 2GHz programme. Underlying revenue declined by 14 per cent to £32.3 million. N&E markets worldwide were adversely impacted by economic retrenchment and the resultant decline in revenue from television advertising. This was compounded in our largest market, the United States, where some customers also have significant newspaper and print media holdings which were even more adversely affected by the economic downturn. Many of our customers responded by reducing capital expenditure, eliminating discretionary purchases and reducing staff levels. These economic forces had less impact on our Asian and Middle Eastern markets, which justified our new investments in those regions. The accelerating growth of these operations did not fully compensate for the slowdown in our traditional markets.

The gross profit margin for the N&E business remained constant at 39 per cent. However there was a reduction in the operating margin to 21 per cent (2008: 29 per cent) as a result of the lower sales volume. Total sales and marketing overheads were reduced by 4 per cent, net of making significant investments in staff and resources to support the increasingly important Asia Pacific and Middle East regions.

To improve the effectiveness and viability of our resellers and distributors, N&E launched a Channel Partner Programme. The Channel Partner Programme provides a consistent interface to the company for Advent, Link and MRC partners. It offers tiered levels of achievement to motivate and reward our valued partners. The programme offers pricing incentives, product and technical training opportunities, prioritised access to technical expertise and partner participation in marketing communications and promotion campaigns.

N&E launched a number of key products and technologies, including the DXL series long and short haul radios, NewSwift HD antenna system, XPC compact wireless camera transmitter, Deep Interleaving solutions and DVE/IRD series IP enabled Encoders/Decoders.

We believe that the weakness of the broadcast sector affected most vendors serving this market. We have seen a number of the opportunities that we pursued in 2009 being deferred to 2010. In February 2010 the contract award for the replacement and upgrade of the Alabama Public Television (APT) microwave network valued at US\$4.0 million (£2.5 million) was an example of such a deferment. N&E has seen quarterly increases in order intake in 2009, from £5.6 million in the first quarter to £9.0 million in the fourth quarter. The level of current prospects and enquiries is improving.

Law Enforcement & Public Safety

	2009	2008	Change
	£'000	£'000	
Revenue	9,918	5,544	+79%
Operating profit contribution*	1,757	343	+412%
Operating margin	17.7%	6.2%	+11.5pts

*Operating profit contribution is gross margin less sales and marketing overheads

During 2009 the Vislink Law Enforcement and Public Safety (LEPS) business was created to serve the global law enforcement market. LEPS sells a combination of the secure PMR and MRC terrestrial microwave systems, Advent branded satellite communications solutions and Link Research wireless camera systems.

LEPS has doubled the international regional sales management team in 2009. Further sales management expansion is expected in 2010. LEPS has four regional sales offices (in the USA, UK, Dubai and Singapore), each with technical and logistics support, some of which is shared with N&E until critical mass is reached.

Revenues in LEPS grew 79 per cent to £9.9 million (2008: £5.5 million). This was due to the benefits arising from the acquisition of PMR in 2008, which strengthened the business unit's product portfolio, and the increased investment in sales and marketing. PMR contributed £3.8 million of revenue (2008: £0.9 million). The growth rate in LEPS was slower than we had expected due to the deferment into 2010 of a number of major projects and the unpredictability of public purchasing decisions.

In the USA the L-Band Relocation programme continues to drive the timing of demand for products for the 'three letter agencies' at the federal level. At the local level in the USA, ordering patterns became more complex as we saw the continuing trend of counties collaborating in purchasing of surveillance equipment and the added scope and complexity of this approach has increased the gestation period for larger state level opportunities.

LEPS were active in Canada and South America with further growth expected in 2010. In South America, our video surveillance networks are serving as reference sites for certain key regions which will lead to further expansion in 2010. We also won business in South Africa for our video security products. Asia/Pacific successes included a major satcoms order in New Zealand for the defence forces and military satellite and microwave radio based video surveillance systems for Australia.

Our new product range, Kamelyon, was introduced in the fourth quarter of 2009. The Kamelyon product line features advanced technology in MPEG encoding and modulation. The product range serves the worldwide requirements for covert and overt surveillance and provides the core technology for worldwide Video Downlink applications. The Kamelyon product range represents a software definable platform which allows users to adapt the radio's core features to varying mission specific requirements. At the heart of the product is the

ability to maximize link robustness, transmission range, video quality and transmission time depending on deployment need.

The development of Kamelyon has created an opportunity for Vislink to showcase its technology differentiation in the fast growing areas of video compression, RF processing and modulation including our Range Master technology for narrow and wide band communications.

Marine & Energy

	2009	2008	Change
	£'000	£'000	
Revenue	31,758	22,355	+42%
Operating profit contribution*	8,948	4,579	+95%
Operating margin	28.2%	20.5%	+7.7pts

*Operating profit contribution is gross margin less sales and marketing overheads

Vislink Marine & Energy (M&E), which trades under the brand name of HERNIS, our Norwegian business, has had another record year for both sales and operating profits. Sales in M&E increased 42.1 per cent to £31.8 million (2008: £22.4 million). The market is subdivided into on-shore 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). Revenues in 2009 were derived from the backlog of investments in shipping that underpinned the business, together with new growth in the on-shore market as major oil and gas companies have invested in new pipelines.

HERNIS pioneered the integration of intrinsically safe marine and offshore CCTV with other systems including process control, fire, gas and intruder alarms. 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.

The majority of sales for the HERNIS products are highly influenced by the rate of global demand for energy. This has been growing rapidly, having tripled over the last fifty years, and increased 17% since 2000. Recent economic decline has reduced energy demand in 2008 and 2009, lowered energy prices and therefore slowed demand for energy infrastructure. Over the long term, it is expected that energy demand will increase due to growth in the global population and the progress of developing economies.

The marine market for commercial ships is also slow due to the economic downturn and is expected to decrease further in the coming year. The offshore market saw reductions in 2009 and this is expected to continue into the first half of 2010. However in the medium term expenditure within the offshore market is expected to grow slowly towards 2013 as energy prices recover.

HERNIS's biggest onshore regions are in the Middle East, Russia and Australia. The onshore market for intrinsically safe CCTV systems is loading/offloading terminals, pipelines and petrochemical plants. Traditionally HERNIS has had a small share of the onshore market. To compensate for the downturn within its two other market segments HERNIS has been exploring the potential of the onshore segment and has had success in 2009, securing amongst others, an order worth £6.5m for a pipeline in Russia.

HERNIS has upgraded/launched twelve products in 2009, including new control systems and products designed for the Russian pipeline project which will then be sold into other markets.

Services

	2009 £'000	2008 £'000	Change
Revenue	10,951	2,928	+274%
Operating profit contribution*	4,316	1,032	+318%
Operating margin	39.4%	35.2%	+4.2pts

*Operating profit contribution is gross margin less sales and marketing overheads

Our investment in Vislink Services has led to an increase in revenues of 274 per cent to £11.0 million (2008: £2.9 million). The business has benefited from the roll-out of the 2GHZ spectrum relocation programme, and installations will be completed in the first quarter of 2010. Services is developing alternative sources of revenues building on the Group's long experience in designing and installing fixed earth stations and the growth in broadband infrastructure build-out.

Revenue in the USA was £9.2 million, most of which came from the installation of broadcasters' new equipment for the 2GHZ relocation programme. The revenue outside the USA (£1.7 million) came from fixed earth station installations. Vislink Services also worked with LEPS during 2009 to expand law enforcement turnkey solutions for helicopter video downlinks and command vehicle video, voice and data connections. N&E and Vislink Services worked together to expand the breadth of application solutions available to our existing broadcaster customer base.

In the USA, the major initiative has been to position Services to enable it to participate in the broadband infrastructure build-out that is expected to grow quickly over the next few years. Our objective is to build a broadband offering for secure communications to span certain industries such as broadcast, education, law enforcement, mining, transportation and the general public sector. We have the resources to design, integrate, install and commission combined wired and wireless broadband infrastructure for indoor and outdoor access to voice, data and video via cell systems, the Internet and private, secure networks for clients in most industries.

In 2009, we had successes in broadcast, education, public safety and mining through developing our broadband capability. We designed, project managed and installed voice and data cabling and a fibre optic backbone throughout a new office building to provide voice, data, video and WiFi capability for a multinational phosphate mining company. Our solution was LEED certified (Leadership in Energy and Environment Design). We were also awarded a contract to design and implement a microwave system for control and safety communications in a dragline operation for the same company. There are opportunities to replicate similar systems in many other locations around the world. We designed and installed a wired and microwave backbone for general broadband communications on a college campus in Southern California. We also designed and installed a secure communications link between a fire department's headquarters and a command vehicle using Motorola PTP radios and our own proprietary antenna system, delivering mobility and interoperability with 70 Mbps of capacity over 20 miles.

Services has more than doubled its number of employees in the USA, adding sales and technical staff in five locations; adding staff in the UK and hiring a sales manager in South Africa to take the lead in increasing Vislink's participation in the growing sub Saharan markets of broadcast, public safety, fixed earth stations and broadband. Vislink Services also works with the LEPS and N&E sales teams in Asia and the Middle East to expand the Group's solutions offerings.

Vislink Technologies

Expenditure on research and development in 2009 was £8.3 million representing 9 per cent of revenues, compared with £7.9m in 2008, 8 per cent of revenues. In addition, the Group has capitalised development costs of £3.2 million (2008: £2.9 million). The amortisation of development costs of £2.0 million (2008: £1.8 million) is included in the reported expenditure. In cash terms, the Group spent £9.5 million on R&D, an increase of 5 per cent over 2008 (£9.0 million).

During 2009 product development activities have been reorganised, bringing the various R&D teams of the Vislink companies into one organisation operating from 4 sites in Hemel Hempstead, UK; Billerica, East coast of USA; Arendal, Norway; Vista, West coast of USA. The integration of the activities has seen significant improvements in the efficiency and effectiveness of the product development programme. Duplicated effort has been eliminated and the specialist expertise of the various sites is now applied to the best effect for all the products of the Vislink Group. All the sites operate to a common product development process which tightly

integrates the development activities with the market requirements and product launch processes of the individual business units. A focus on lean and efficient processes means that 85 per cent of the 80 staff in Vislink Technologies are engineers.

The reorganisation has resulted in a modular approach to product development, improving design reuse and providing more flexible building blocks for faster product introduction, greater economies of scale, lower support costs and faster return from cost reductions through design improvements. The Kamelyon product range utilises core encoding, decoding and demodulation modules that are also being used to develop new, high performance, cost effective products for the N&E market. Innovative modulation techniques developed to provide unrivalled performance in highly mobile applications for N&E are also available to Vislink's security customers as a result of the common modulation and demodulation cores used across the product range. Our Deep Interleaving technology, which has for the first time allowed uninterrupted wireless camera coverage from events as diverse as the Le Mans 24 hour race and the London Marathon, provides the same robust links in the Kamelyon products.

Vislink Technologies has strengthened and expanded its engineering skill base during 2009, despite the broader economic environment, with continued investment in training and recruitment. That investment is bringing a broad range of innovative technologies to Vislink's markets in 2010, with particular advances in IP network products and systems, modulations, satellite communications systems and video encoding and decoding to drive the growth of the Group.

Vislink Logistics

Vislink Logistics is responsible for the manufacture and delivery of the Group's product with the remit to ensure the business units benefit from low-cost, flexible manufacturing and improved customer delivery and support. During 2009 there were five operational sites, two in the USA, two in the UK and one in Norway. The UK sites were consolidated at the end of 2009. Following the reorganisation of the Group in January 2009 manufacturing overhead costs were reduced by £1.8 million, representing 11 per cent reduction on the prior year.

The goal for Logistics in 2009 was to become the single point of accountability for supply chain management, migrating all locations onto a common system, with the objective of reducing manufacturing costs and improving lead times for all products. Methodology and processes have been restructured to improve productivity across the organisation in conjunction with Vislink Technologies. By consolidating activities the number of suppliers has been reduced. However the full benefits of the approach will not be realised until the new Group wide ERP system is implemented during 2010.

FINANCIAL REVIEW

The Group's results are summarised as follows:

Year ended December 31,	2009 £'000	2008 £'000
Revenue	94,677	101,025
Adjusted operating profit	5,216	9,052
Impairment of goodwill	-	(5,000)
Amortisation of acquired intangibles	(3,406)	(1,961)
Share-based payments	(346)	(249)
Non-recurring costs	(942)	(977)
Reported operating profit	522	865
Net finance costs	(467)	(279)
Share of profit (loss) in associate	2	(1)
Profit before tax	57	585
Taxation	(884)	(2,097)
(Loss) after tax	(827)	(1,512)
Effective tax rate ⁶	32.5%	31.7%
Basic (loss) per share	(0.60p)	(1.10p)
Adjusted earnings per share	2.33p	4.35p

Goodwill impairment

The Group reviews goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. As part of the reorganisation of the Group, the historic goodwill has been reallocated to each of the new business units and a full impairment review has been undertaken. The directors have concluded that there has been no impairment of goodwill in the current year. The impairment in 2008 was in respect of the Advent satellite business.

Non-recurring costs

Non-recurring costs comprise £1.2 million in respect of rationalisation and redundancy costs resulting from the reorganisation of the Group. In addition a provision of £0.4m has been made in respect of a leasehold property that has been vacated before the end of the lease. These reorganisation costs have been mitigated by the net profit on the disposal of freehold properties of £0.7 million.

Finance costs

The net finance costs for the year was £0.5 million (2008: £0.3 million). Included within the interest charge is £0.2 million (2008: £0.2 million) in respect of the unwinding of the discounting of the deferred consideration associated with the acquisitions of WTS and PMR to their present value. Net interest paid in the year was £0.2 million (2008: £0.2 million).

Taxation

The tax charge for the year was £0.9 million (2008: £2.1 million). The UK current tax charge was a credit of £0.2 million (2008: charge of £1.3 million) and the overseas current taxation in the year was £0.8 million (2008: £1.3 million). Overseas taxation represents Norwegian corporation tax on the taxable profits of Hernis and state and federal taxes in respect of the US business. Overseas taxation includes a prior year tax charge resulting from settlement of IRS audits for the years 2002 to 2007 amounting to £0.6 million. There was a deferred tax charge of £0.3 million (2008: credit of £0.6 million).

The effective tax rate for the year calculated on the adjusted profit before tax was 32.5 per cent (2008: 31.7 per cent) compared with the standard UK corporation tax rate applicable during the year of 28.0 per cent (2008: 28.5 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.

⁶ The effective tax rate is that used to calculate adjusted earnings per share

Current tax payable at December 31, 2009 was £1.2 million in respect of Norwegian tax (2008: total tax payable of £1.8 million). There is corporation tax recoverable in respect of the UK amounting to £0.2 million (2008: £nil). Tax paid in the year was £2.0 million (2008: £1.6 million).

Cash flows

The Group held cash and cash equivalents of £7.4 million at December 31, 2009 (2008: £9.0 million).

The Group generated net cash from operating activities of £5.1 million in the year (2008: £8.6 million) after a net absorption of working capital of £0.04 million (2008: £1.5 million). Investing activities absorbed £4.5 million of cash (2008: £11.6 million), comprising £0.5 million in respect of deferred consideration on previous acquisitions, £3.2 million for capitalised development costs and a net £0.8 million for property, plant and equipment.

Dividend payments in the year amounted to £1.7 million (2008: £1.7 million).

Net debt repayments during the year were £0.2 million (2008: £3.5 million). Group debt at December 31, 2009 comprised a secured bank loan of £6.8 million (2008: £7.9 million). At December 31, 2009 the Group had net funds of £0.6 million (2008: £1.2 million).

Subsequent to the year end the Group has agreed in principal with its bankers new three year term loan facilities which are required to support the Group's activities and future growth opportunities. The directors expect to conclude the documentation on these facilities in the coming weeks.

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 (2008: 1.25 pence). The payment of the dividend will absorb approximately £1.7 million of cash. Subject to the approval of shareholders, the dividend will be paid on July 16, 2010, to those shareholders on the register at June 25, 2010.

Principal risks and uncertainties for the Group

The Group may be affected adversely by global economic conditions

The operating and financial performance of the Group is influenced by the economic conditions of the regions in which it operates, particularly the United Kingdom, Continental Europe and the USA. The Group is mitigating its reliance on these regions by expanding its activities in Asia Pacific, the Middle East and Africa. However the current strained global economic conditions and the volatility of international markets could result in a general reduction in business activity and a consequent loss of income for the Group. The recent global credit market conditions mean financial institutions are applying more stringent lending criteria and the availability of debt is low by historical comparison, which may mean that it will be more costly for the Group to raise funds to take advantage of opportunities.

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 international presence. Improving the operational efficiency of the Group combined with cost reductions will help underpin the underlying performance going forward.

Risks associated with the Group's markets

The markets in which the Group operate are mature and highly competitive with respect to price, geographic distinction, functionality, brand recognition and the effectiveness of sales and marketing.

Due to price pressure, the Group may experience fluctuations in future operating results. If the Group is unable to offset any reductions in selling prices and margins by increases in volumes and/or by decreases in operating expenses, turnover and profitability may be affected negatively. Competition could be intensified due to companies entering certain markets with new products or favourable cost structures. In such events Group sales, margins and/or market shares may decrease.

Group management and the business units are aware of the competitive risks in its markets and regularly review competitor activity in order to create strategies to protect the Group's position as far as possible.

Reputational risks for operational incidents

Many of the Group's products are for mission critical services, such as the safety of ships and ensuring uninterrupted transmission of live news and sports events. There is the risk that product failure will cause loss of services to Vislink customers, bringing damage to the Group's reputation. The provision of preventative redundancy in systems and strong customer service and support is a key part of the Group's offering to customers to mitigate such damage.

Operations overseas

The Group conducts its business in multiple jurisdictions and, as a result, assumes the accompanying risks which may include government regulations and administrative policies which could change quickly. Governments could expropriate assets, burdensome taxes or tariffs could be imposed, political changes in the business environment in which the Group operates and economic downturns, political instability and civil disturbances could disrupt the Group's business activities. Group management monitor the exposure to higher risk countries and where appropriate the Group will take out insurance to cover political risks.

The Group's business may be affected by the default of customers in respect of monies owed to the Group

As a consequence of its normal operations, the Group often has significant amounts owed to it by its customers. In the current market environment, the Group operating and financial performance may be impacted by increased exposure to the default of customers, which may reduce the Group's cash flows.

The Group policy is to limit its exposure by setting credit limits for each customer, where possible by reference to published credit ratings, to manage its exposure. In addition on larger contracts the Group seeks deposits and advance payments to maintain a positive cash flow and to cover its costs.

Senior management and senior personnel

The Group is dependent on members of its senior management team and skilled personnel. Its future success will depend in part on its ability to attract and retain highly skilled management and personnel. If the Group does not succeed in attracting and retaining skilled personnel, it may not be able to grow its business as anticipated. Further, the departure of certain senior employees from the Group could, in the short term, have a material adverse effect on the Group's business. In order to mitigate the risk the Board gives regular consideration to succession planning.

Availability of financing

The loan facilities entered into by the Group include a number of financial covenants imposing limits upon matters including gearing and interest cover. In addition there are covenants in relation to acquisitions, and disposals, amongst other matters. A significant deterioration in the Group's trading performance could result in a breach of these covenants and would constitute a default under such facilities, which might result in these borrowings becoming immediately repayable. The Board regularly review the level of cover and headroom against its banking covenants and maintains a regular dialogue with its bankers to ensure that the risk is managed appropriately.

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 December 31, 2008. 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 to fund overseas acquisitions are taken out in local currency to provide a natural hedge against the translation risk arising from the net assets of those businesses.

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 our trading entities in the USA and the results of HERNIS, our Norwegian business. The Group 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 Group policy not to hedge the foreign currency exposures on the translation of overseas profits or losses and net assets or liabilities as they are considered to be accounting rather than cash exposures.

In 2009 the net assets of the Group decreased by £2.3 million on the translation of foreign currency net investments (2008: increased by £9.1 million) as a result of the weakening of the US dollar against sterling. If the results for the year to December 31, 2008 had been translated at the 2009 rates then the translation impact on revenue would be to increase prior year sales by £11.9 million and operating profits by £0.8 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, 2009	Average rate, 2008	Year end rate, 2009	Year end rate, 2008
US dollar	1.56	1.85	1.61	1.44
Norwegian Krone	9.78	10.30	9.33	10.08

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 strategically acceptable or 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.

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
Group Chief Executive

James Trumper
Group Finance Director

March 24, 2010

**CONSOLIDATED GROUP INCOME STATEMENT
for the year ended 31 December 2009**

	Notes	Year ended 31 December 2009 (Unaudited) £'000	Year ended 31 December 2008 (Audited) £'000
Continuing operations			
Revenue	3	94,677	101,025
Cost of sales		(56,933)	(62,573)
Gross profit		37,744	38,452
Sales and marketing expenses		(14,038)	(12,107)
Research and development costs		(8,304)	(7,901)
Administrative costs		(10,186)	(9,392)
Other expenses		(4,694)	(8,187)
Operating profit	3,4	522	865
Operating profit is analysed as:			
Adjusted operating profit		5,216	9,052
Amortisation of acquired intangibles		(3,406)	(1,961)
Goodwill impairment		-	(5,000)
Share based payments		(346)	(249)
Non-recurring costs	4	(942)	(977)
Finance costs	5	(517)	(494)
Investment income	5	50	215
Share of profit / (loss) in associate		2	(1)
Profit before taxation		57	585
Taxation	6	(884)	(2,097)
(Loss) for the period being loss attributable to equity shareholders		(827)	(1,512)
(Loss) per share expressed in pence per share:			
- basic	8	(0.60)p	(1.10)p
- diluted	8	(0.60)p	(1.10)p

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2009**

	Year ended 31 December 2009 (Unaudited)	Year ended 31 December 2008 (Audited)
	£'000	£'000
(Loss) for the financial period	(827)	(1,512)
Translation difference on foreign currency net investments	(2,313)	9,082
Total comprehensive (loss)/income for the year attributable to shareholders	(3,140)	7,570

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY
for the year ended 31 December 2009**

	Year ended 31 December 2009 (Unaudited)	Year ended 31 December 2008 (Audited)
	£'000	£'000
Opening shareholders' equity	57,274	51,164
(Loss) for the financial period	(827)	(1,512)
Translation difference on foreign currency net investments	(2,313)	9,082
Total comprehensive (loss)/income for the period	(3,140)	7,570
Share options – value of employee services	346	249
Dividends	(1,720)	(1,726)
Proceeds from shares issued	-	17
Total movements in shareholders' equity	(4,514)	6,110
Closing shareholders' equity	52,760	57,274

**CONSOLIDATED GROUP STATEMENT OF FINANCIAL POSITION
as at 31 December 2009**

	31 December 2009 (Unaudited) £'000	31 December 2008 (Audited) £'000
Assets		
Non-current assets		
Goodwill	24,832	26,293
Intangible assets	12,192	14,981
Property, plant and equipment	5,756	6,972
Investment in associates	224	204
Deferred tax assets	958	770
	43,962	49,220
Current assets		
Inventories	15,655	19,468
Trade and other receivables	23,738	23,087
Non-current assets held for sale	461	-
Current tax assets	179	-
Net cash and cash equivalents	7,423	9,032
	47,456	51,587
Liabilities		
Current liabilities		
Financial liabilities: borrowings	-	3
Trade and other payables	22,677	24,188
Current tax liabilities	1,173	1,818
Derivative financial instruments	-	257
Provisions for other liabilities and charges	1,093	771
	24,943	27,037
Net current assets	22,513	24,550
Non-current liabilities		
Financial liabilities: borrowings	6,812	7,864
Deferred tax liabilities	2,380	2,016
Other non-current liabilities	4,143	6,026
Provisions for other liabilities and charges	380	590
	13,715	16,496
Net assets	52,760	57,274
Shareholders' equity		
Ordinary shares	3,465	3,465
Share premium account	4,900	4,900
Merger reserve	30,565	30,565
Translation reserve	3,530	5,843
Retained earnings	10,300	12,501
Total shareholders' equity	52,760	57,274

CONSOLIDATED GROUP STATEMENT OF CASH FLOWS
for the year ended 31 December 2009

	Notes	Year ended 31 December 2009 (Unaudited) £'000	Year ended 31 December 2008 (Audited) £'000
Cash flow from operating activities			
Cash generated from operations	9	7,333	10,426
Interest received		50	215
Interest paid		(289)	(446)
Taxation paid		(2,041)	(1,567)
Net cash generated from operating activities		5,053	8,628
Cash flows from investing activities			
Acquisition of subsidiary (net of cash acquired)		-	(6,318)
Proceeds from sale of property, plant and equipment		1,828	8
Deferred consideration in respect of acquisitions		(484)	-
Purchase of property, plant and equipment		(2,662)	(2,348)
Expenditure on capitalised development costs		(3,197)	(2,947)
Net cash (absorbed by) investing activities		(4,515)	(11,605)
Cash flows from financing activities			
Net proceeds from issue of ordinary share capital		-	17
Repayment of borrowings		(199)	(3,519)
Net proceeds from issue of new bank loan		-	7,864
Dividend paid to shareholders		(1,720)	(1,726)
Net cash (absorbed)/generated by financing activities		(1,919)	2,636
Net (decrease) in cash and cash equivalents		(1,381)	(341)
Cash and cash equivalents at 1 January 2009		9,032	7,004
Effect of foreign exchange rate changes		(228)	2,369
Cash and cash equivalents at 31 December 2009	10	7,423	9,032

**NOTES TO THE ACCOUNTS
for the year ended 31 December 2009**

1. GENERAL INFORMATION

Vislink plc (“the Company”) and its subsidiaries (together “the Group”) is a global technology business specialising in the provision of secure communications for the News & Entertainment, Law Enforcement & Public Safety, Marine & Energy and related technical Services markets. The Group has offices in the UK, USA, Norway, Dubai, South Africa and Singapore and employs over 450 people worldwide. The Group specialises in the design and manufacture of microwave radio, satellite transmission, wireless camera and marine CCTV systems. The Group has manufacturing subsidiaries in the UK, Norway and the USA.

The Company is a public limited company that is listed on the London Stock Exchange. The Company is registered and domiciled in the UK and its registered office is Marlborough House, Charnham Lane, Hungerford, Berkshire. The registered number of the Company is 4082188.

This preliminary announcement was approved for issue on 24 March 2010.

2. 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, 2006 applicable to companies reporting under IFRS. Other than to reflect the implementation of IAS1 (amendment), IFRS8 and IAS23 (amendment), there have been no changes in accounting policies during the year.

The financial information set out herein does not constitute the Company's statutory financial statements for the year ended 31 December 2009 but is derived from those financial statements and the accompanying directors' report. Those financial statements have not yet been delivered to the Registrar, nor have the Auditors yet reported on them. The financial information has been prepared in accordance with our accounting policies published in our financial statements for the year ended 31 December 2008. Statutory accounts for the year to 31 December 2009 will be delivered to the Registrar of Companies in due course.

The comparative figures for the year ended 31 December 2008 are not the Company's statutory accounts for the financial year but are derived from those accounts which have been reported by the Company's auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified and did not contain statements under Section 237 (2) or (3) of the Companies Act 1985

3. SEGMENTAL ANALYSIS

On 19 January 2009, the Group announced a reorganisation into four international business units that were focussed on providing secure communications to the customers that the Group served. As a result the Group's internal organisational and management structure has been reorganised to reflect the new structure, and an Executive Management Board has been created under the chairmanship of the Chief Executive to oversee the running of the Group. Each business unit has its own managing director who sits on the Executive Management Board together with the managing directors of logistics and technology and the directors of HR and IT.

The chief operating decision-maker has been identified as the Executive Management Board. This Board reviews the Group's internal financial reporting in order to assess performance and allocate resources. The same information is provided to the Board of Directors of Vislink plc. Management has therefore determined that the operating segments for the Group will be based on these reports.

The table below shows the analysis of Group external revenue and operating profit by business unit.

	Revenue		Operating profit	
	Year ended 31 December 2009 (Unaudited) £'000	Year ended 31 December 2008 (Audited) £'000	Year ended 31 December 2009 (Unaudited) £'000	Year ended 31 December 2008 (Audited) £'000
By business unit				
News & Entertainment (N&E)	42,050	70,198	8,685	20,392
Law Enforcement & Public Safety ((LEPS)	9,918	5,544	1,757	343
Marine & Energy (M&E)	31,758	22,355	8,948	4,579
Vislink Services (Services)	10,951	2,928	4,316	1,031
Vislink Technology	-	-	(8,304)	(7,901)
Administration	-	-	(10,186)	(9,392)
Adjusted operating profit			5,216	9,052
Amortisation of acquired intangibles and goodwill impairment			(3,406)	(6,961)
Share based payments			(346)	(249)
Non-recurring costs			(942)	(977)
Group total	94,677	101,025	522	865

Notes:

- Business unit operating profit is after charging for cost of goods sold and direct sales and marketing costs associated with that market.
- Vislink Technology represents the Group investment in research and development and product engineering.

Geographic revenue analysis

The table below analyses the revenue in each business unit by the geographic location of their customers. The Group totals are shown in the table that follows this.

	N&E		LEPS		M&E		Services	
	2009 £'000 Unaudited	2008 £'000 Audited	2009 £'000 Unaudited	2008 £'000 Audited	2009 £'000 Unaudited	2008 £'000 Audited	2009 £'000 Unaudited	2008 £'000 Audited
By geographic market:								
UK & Ireland	3,344	4,535	381	-	3,459	1,393	1,104	-
Rest of Europe	6,242	8,366	171	749	14,051	9,257	43	-
North America	22,638	45,941	6,410	4,795	2,848	1,806	9,239	2,928
South America	1,824	3,785	494	-	494	228	6	-
Middle East & Africa	3,050	2,983	118	-	2,428	329	549	-
Asia	3,756	3,932	152	-	6,741	8,165	-	-
Africa	1,020	129	700	-	1,022	641	-	-
Other	176	527	1,492	-	715	536	10	-
Total	42,050	70,198	9,918	5,544	31,758	22,355	10,951	2,928

	Year ended 31 December 2009 (Unaudited) £'000	Year ended 31 December 2008 (Audited) £'000
Totals by geographic market:		
UK and Ireland	8,288	5,928
Rest of Europe	20,507	18,372
North America	41,135	55,471
South America	2,818	4,013
Middle East	6,145	3,312
Asia	10,649	12,097
Africa	2,742	770
Other	2,393	1,062
	94,677	101,025
Analysis of revenue by product category		
Microwave radio and wireless camera products	39,767	58,966
Satellite products	13,915	16,776
Technical services	9,237	2,928
Broadcast projects	-	-
Marine CCTV products	31,758	22,355
	94,677	101,025

Net assets

The table below summarises the net assets of the Group by their geographic location. Balance sheet reporting will continue to be disclosed by the geographic location of the assets and liabilities of the Group as this is consistent with the presentation of internal reporting provided to the Executive Management Board and the Board of Directors of Vislink plc.

	31 December 2009 (Unaudited) £'000	31 December 2008 (Audited) £'000
By market:		
UK	18,657	19,865
North America	21,898	28,275
Norway	12,205	9,134
	52,760	57,274

4. OPERATING PROFIT

The following items of unusual nature, size or incidence have been charged to operating profit during the period and are described as non-recurring.

	Year ended 31 December 2009 (Unaudited) £'000	Year ended 31 December 2008 (Audited) £'000
(Profit) from disposal of freehold property	(699)	-
Rationalisation and redundancy costs	1,219	-
Onerous property commitments	422	-
Aborted acquisition costs	-	646
Compensation for loss of office	-	331
Total non-recurring costs	942	977

Following the reorganisation of the Group's operations into four international business units the Group has incurred rationalisation and redundancy costs of £1.22 million in the period. In addition during the year the UK businesses have been consolidated into one new leasehold site. As a result the existing freehold premises in Chesham were sold for £1.78 million (before costs); a legacy freehold property in the US is also on the market

and has been transferred to assets held for resale at its realisable value. The net profit from the freehold transactions is £0.70 million. The costs associated with the vacated leasehold premises in Watford have been fully provided for under the heading of onerous property commitments.

5. FINANCE COSTS – NET

	Year ended 31 December 2009 (Unaudited) £'000	Year ended 31 December 2008 (Audited) £'000
Interest payable on bank borrowing	(288)	(300)
Interest payable on other loans	-	(38)
Unwinding of interest associated with the discounting of deferred consideration	(229)	(156)
Finance costs	(517)	(494)
Investment income	50	215
Finance costs - net	(467)	(279)

6. INCOME TAX EXPENSE

	Year ended 31 December 2009 (Unaudited) £'000	Year ended 31 December 2008 (Audited) £'000
The tax charge for the period comprises:		
UK corporation tax	(199)	1,333
Foreign tax - current year	262	1,317
Foreign tax - prior year adjustment	557	-
Total current tax	620	2,650
Deferred tax:		
UK corporation tax	(586)	(998)
Foreign tax	850	445
Total deferred tax	264	(553)
Total taxation	884	2,097

7. DIVIDENDS

The directors are proposing a final dividend in respect of the financial year ending 31 December 2009 of 1.25 pence per share, which will absorb an estimated £1.72 million of shareholders' funds. It will be paid on 16 July 2010 to shareholders who are on the register of members on 25 June 2010.

8. EARNINGS PER ORDINARY SHARE

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year, excluding those held in the employee share trust which are treated as cancelled.

For diluted earnings per share the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The dilutive shares are those share options granted to employees where the exercise price is less than the average market price of the company's ordinary shares during the year.

Adjusted earnings

The directors believe that the adjusted operating profit, adjusted earnings and adjusted earnings per share provide additional useful information on underlying trends to shareholders. These measures are used by management for internal performance analysis and incentive compensation arrangements. The term "adjusted" is not a defined term used 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 of acquired intangibles, non-recurring costs and share based payments and related tax effects. Share based payments have been included in the adjustment following the approval of the Vislink Plc Long Term Incentive Plan by shareholders on March 7, 2008. In 2009 there is a significant prior year tax adjustment

that relates to the periods 2002 to 2007 that has also been excluded as it has a material effect on the consolidated Group tax charge for the year.

The reconciliation between reported and underlying earnings and basic earnings per share is shown below:

	Year ended 31 December 2009		Year ended 31 December 2008	
	Earnings £'000	Basic EPS pence	Earnings £'000	Basic EPS Pence
Reported earnings	(827)	(0.60)p	(1,512)	(1.10)p
Amortisation of acquired intangibles after tax	2,452	1.78p	1,373	1.00p
Impairment of goodwill	-	0.00p	5,000	3.63p
Share based payments	346	0.25p	249	0.18p
Non-recurring costs after tax	678	0.49p	882	0.64p
Tax adjustment in respect of prior years	557	0.41p	-	0.00p
Adjusted earnings	3,206	2.33p	5,992	4.35p

9. CASH FLOW FROM OPERATING ACTIVITIES

Reconciliation of the loss attributable to shareholders to the net cash flow from operating activities.

	Year ended 31 December 2009 (Unaudited) £'000	Year ended 31 December 2008 (Audited) £'000
(Loss) attributable to shareholders	(827)	(1,512)
Taxation	884	2,097
Depreciation	2,127	1,807
Impairment of goodwill	-	5,000
(Profit) on disposal of property, plant and equipment	(745)	-
Amortisation of development costs	1,981	1,749
Amortisation of acquired intangibles	3,406	1,961
Share options - value of employee services	346	249
Investment income	(50)	(215)
Net finance costs	517	494
Movement in fair value of derivative financial instruments	(257)	271
Share of (profit)/loss associate	(2)	1
Decrease / (increase) in inventories	3,090	(185)
(Increase) / decrease in trade and other receivables	(24)	5,822
(Decrease) in payables	(3,305)	(7,074)
Increase / (Decrease) in provisions	192	(39)
Net cash inflow from operating activities	7,333	10,426

10. NET FUNDS

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

	Cash and cash equivalents £'000	Short term borrowings £'000	Other borrowings £'000	Total net funds £'000
At 1 January 2009 (audited)	9,032	(3)	(7,864)	1,165
Cash flow for the period before financing	538	-	-	538
Net repayment (drawing) of borrowings	(199)	3	196	-
Dividend paid to shareholders	(1,720)	-	-	(1,720)
Exchange rate adjustments	(228)	-	856	628
At 31 December 2009 (unaudited)	7,423	-	(6,812)	611

Duncan Lewis
Chief Executive

James Trumper
Finance Director

24 March 2010