ANDOR TECHNOLOGY PLC

Andor Defies Global Downturn with Strong Interim Results

Interim Results for the Six Months ended 31 March 2009

Belfast, Tuesday 21 April 2009 - Andor Technology plc (AND.L), the leading developer and manufacturer of high performance digital cameras for academic, industrial and government applications globally today announces interim results for the six months ended 31 March 2009.

Financial Highlights

- Turnover up 40% to £16.1m (H1'08: £11.5m)
- EBITDA up 95% to £2.3m (H1'08: £1.2m)
- *Operating profit up 102% to £1.6m (H1'08: £0.8m)
- *PBT up 107% to £1.7m (H1'08: £0.8m)
- *EPS up 99% to 5.12 pence (H1'08: 2.57 pence)
- £2.5m cash generated in the six month period

* Pre exceptional items

Operational Highlights

- US sales up 60% driven by focus on OEM
- Systems division sales up 66% and first systems sales in China
- Successful mid-range product launches (iVac, Clara) with more to follow
- New design contract win worth US$2.1m for delivery by 2010
- Record order book entering second half of financial year
- Well positioned to benefit from stimulus plans

Commenting on the results Conor Walsh, Chief Executive, said:

"In December 2007 we said the new strategy for the business would deliver from 2009 and onwards and to date that has been the case. We are seeing the benefit of many of the strategic initiatives launched at that time, but the better news is that there is more to come. Clearly this has been an exceptional period and it is important we set realistic and achievable expectations for the business going forward. There will be bumps in the road, but the business is now on a sound footing, delivering real profit and cash, with a clear strategy and full product roadmap."

- ends -

For further information, please contact:

Andor Technology plc	
Conor Walsh, Chief Executive	Tel. +44 (0) 28 9023 7126
Singer Capital Markets	
Jeff Keating, Joint Head Corporate Finance	Tel. +44 (0) 20 3205 7500

Visit: www.andor.com

Notes to Editors:

Andor Technology plc (www.andor.com) is at the forefront of developing and manufacturing instruments for the global scientific imaging and spectroscopy markets. The company's range of CCD and intensified CCD camera systems are used throughout the world for academic, industrial and government research across a wide range of fields such as biotechnology, physics and chemistry. Using Andor products these customers can break new ground by performing experiments that have previously been considered impossible. Independently conducted customer research confirms that Andor's low-light solutions are considered world beating.

Established in 1989, Andor's corporate headquarters are in Belfast, Northern Ireland. Operating in a global market, Andor's US headquarters opened in Connecticut in 1997. Andor has regional sales offices in Europe, the US, Japan and China.

The company is quoted on the London Stock Exchange's AIM market and commenced dealings in its Ordinary Shares in December 2004 (AND.L).

Financial Overview

This year we celebrate 20 years in business at Andor, so I am especially pleased to report the Company delivered exceptional financial performance for the first six months to 31 March 2009. The results are even more remarkable given the economic backdrop that exists now and during the period. Trading has been in excess of market expectations, with every region and sector delivering significant growth over the same period last year. The strategy outlined in December 2007 is now delivering real profitability and, while favourable currency movements are playing a part, the underlying business is strong and the outlook for the remainder of the year is good.

Sales have grown 40% to £16.1m (H1'08: £11.5m) and operating profit pre exceptional has grown 102% to £1.6m (H1'08: £0.8m). This has resulted in earnings per share increasing 99% to 5.12 pence (H1'08: 2.57 pence). Cash conversion from operating profit was 197% driven by favourable working capital movements and net cash generated in the period was £2.5m.

Sales grew across all geographic regions. In the US sales have grown 60% largely due to a shift in focus to OEM opportunities in 2008 and the contract win that year against which we are now delivering. In Asia Pacific sales continue to grow strongly, increasing 28% and sales to Europe are up 38% on the same period last year.

More than 90% of our sales are outside of the UK and so the weakening of Sterling against the major currencies in the period has had a material impact on profitability. That said, we forward contract a significant proportion of our currency exposure and so we have not yet fully benefited from this movement. The volatility of exchange rate movements and the current uncertain economic backdrop makes it difficult to forecast future currency impacts, however we will continue our forward contract strategy.

Research and development expenditure was 11.3% of sales (H1 2008: 11.2%). This amount includes impairment provisions on certain intangibles which in the current period amounted to £0.4m (H1 2008: nil).

Operating margins pre exceptional grew to 10.2% from 7.1% and EBITDA margins increased to 14.5% from 10.4%. The tax charge for the period of £287,000 equates to 18% of profit before tax. This tax rate benefits from tax credits received against research and development expenditure.

Cash from operating activities was £3m, an increase of 190% over the same period last year. Capital expenditure was £0.3m, a reduction of £0.5m and the net cash inflow after financing costs was £2.5m (H1'08: £0.2m). At the balance sheet date the Company had cash of £6.7m and net cash of £4.5m. Stock grew by £1.9m however a significant proportion of this will be delivered to customers in Q3 of our financial year.

Segment Review: Systems Division

Last year sales in this segment grew by 109% and we said in our annual statement that 2009 would be a year of consolidation. I am delighted to report that sales have grown a further 66% in the first six months of this financial year, which is a remarkable performance following on from the growth of last year. In the period we also sold our first systems in China to the universities of Hefei and Wuhan. This is central to further growth as China is an important developing market for Andor. We continue to invest in the systems division and plan for a major new product launch in the second half of calendar year 2009.

Segment Review: Scientific Research

Sales to our scientific research customers grew by 39% compared to the same period last year, with particularly strong performance achieved in Europe and Asia Pacific. Our strategy is to expand the product portfolio and therefore significantly increase the addressable market. During the period we launched two cameras, the iVac and the Clara, both of which add to our mid-price point camera range. Scientific research is a core market for Andor and we have invested heavily in this area over the past two years and further product launches are planned. In this segment, Andor is well positioned to benefit from the announced stimulus plans both in the US and Japan.

Segment Review: OEM

Increasing OEM sales is a target growth area for Andor to better balance our exposure to the scientific research market, and to provide volume repeat business for our manufacturing facility. I am pleased to report we have reversed the decline of 2008 and grown sales to OEM customers by 23%. This is an especially strong performance given our customers' product is typically a major capital investment for the end user, something that is challenging in the current financial climate.

I am also pleased to report we have won a new design contract worth US$2.1m for delivery by 2010. This project, for the development of a new camera, has the potential to lead to significant sales of product in subsequent years. Our security contract is now complete and has been delivered to the customer's satisfaction. We have been informed that the test phase has been extended by the end user and no production units will be sold in 2009. This has no impact on our projections as we were aware of this risk and had not forecast any sales.

Outlook

In December 2007 we said the new strategy for the business would deliver from 2009 and onwards and to date that has been the case. We are seeing the benefit of many of the strategic initiatives launched at that time, but the better news is that there is more to come. Clearly this has been an exceptional period and it is important we set realistic and achievable expectations for the business going forward. There will be bumps in the road, but the business is now on a sound footing, delivering real profit and cash, with a clear strategy and full product roadmap. We believe the current markets offer opportunities for consolidation and that is something we will be turning our attention to over the coming year.

Conor Walsh
Chief Executive
21 April 2009

Profit and loss account

	Unaudited Six months ended 31 March 2009 £'000	Unaudited Six months ended 31 March 2008 £'000	Audited Year ended 30 September 2008 £'000
Turnover	16,129	11,516	24,717
Cost of sales	(7,210)	(6,154)	(13,010)
Gross profit	8,919	5,362	11,707
Net operating expenses	(7,374)	(4,549)	(10,192)
	1,645	813	2,115
Operating profit before exceptional items			
Exceptional items	(100)	-	(600)
Operating profit	1,545	813	1,515
Net interest receivable/(payable)	19	(10)	(5)
	1,564	803	1,510
Profit on ordinary activities before taxation			
Tax charge on profit on ordinary activities	(287)	(112)	(379)
Profit for the financial period	1,277	691	1,131

Earnings per share pre exceptional (pence)			
- Basic	5.12	2.57	6.45
- Diluted	5.02	2.53	6.35

The company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no material difference between the profit on ordinary activities before taxation and the profit for the year stated above and their historical cost equivalents.

Balance sheet

	Unaudited Six months ended 31 March 2009 £'000	Unaudited Six months ended 31 March 2008 £'000	Audited Year ended 30 September 2008 £'000
Fixed assets			
Intangible assets	204	147	94
Tangible assets	5,661	6,477	6,228
	5,865	6,624	6,322
Current assets			
Stocks	7,040	4,830	5,229
Debtors	4,502	5,703	5,767
Cash at bank and in hand	6,660	3,164	4,140
	18,202	13,697	15,136
Creditors: amounts falling due within one year	(5,417)	(3,198)	(4,075)
Net current assets	12,785	10,499	11,061
Total current assets less current liabilities	18,650	17,123	17,383
Creditors: amounts falling due after more than one year	(2,177)	(2,343)	(2,138)
Provisions for liabilities	(224)	(184)	(234)
Deferred income	(1,617)	(1,745)	(1,680)
Net assets	14,632	12,851	13,331
Capital and reserves			
Called up share capital	538	537	538
Share premium account	4,786	4,768	4,786
Capital redemption reserve	1,843	1,843	1,843
Profit and loss account	7,465	5,703	6,164
Shareholders' funds	14,632	12,851	13,331

Cash flow statement

	Unaudited Six months ended 31 March 2009 £'000	Unaudited Six months ended 31 March 2008 £'000	Audited Year ended 30 September 2008 £'000
Net cash inflow from operating activities (note 4)	3,046	1,049	2,038
Returns on investments and servicing of finance			
Interest received	66	60	141
Interest paid	(49)	(76)	(150)
	17	(16)	(9)
Taxation			
Corporation tax paid	(14)	(21)	(43)
Capital expenditure			
Purchase of tangible fixed assets	(279)	(810)	(911)
Capital grant received	-	5	5
	(279)	(805)	(906)
Net cash inflow before financing	2,770	207	1,080
Financing			
Issue of share capital	-	1	2
Premium on issue of ordinary shares	-	20	38
Advances received from invoice discounting	(156)	-	156
Repayment of principal under mortgage	(94)	(61)	(133)
	(250)	(40)	63
Increase in cash in the period	2,520	167	1,143

Independent review report to Andor Technology plc

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2009, which comprises the profit and loss account, balance sheet, cash flow statement and related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the AIM Rules for Companies which require that the financial information must be presented and prepared in a form consistent with that which will be adopted in the company's annual financial statements.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of the AIM Rules for Companies and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2009 is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 1 and the AIM Rules for Companies.

PricewaterhouseCoopers LLP
Chartered Accountants
Belfast
20 April 2009

Independent review report to Andor Technology plc (continued)

Notes:

(a) The maintenance and integrity of the Andor Technology plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim report since it was initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

Notes to the unaudited results for the six months ended 31 March 2009

1 Basis of preparation

The financial information for the six month period ended 31 March 2009, which is unaudited and does not constitute statutory accounts, has been prepared using accounting policies which will be adopted in the company's 30 September 2009 statutory accounts.

The abridged financial information for the year ended 30 September 2008 has been extracted from the company's statutory accounts for that year, which have been filed with the Registrar of Companies. The report of the auditors on those accounts was unqualified and did not contain a statement under either Article 245(2) or Article 245(3) of the Companies (Northern Ireland) Order 1986.

During the six month period ended 31 March 2009 the company changed its accounting policy in respect of the translation of foreign currency monetary assets and liabilities. Under the revised accounting policy, monetary assets and liabilities are translated at the forward currency contracted rate rather than at the closing exchange rate, as permitted by UK Generally Accepted Accounting Principles. This change in accounting policy does not have a material impact on the prior period statements included in this financial information for the six month period ended 31 March 2009. However the impact on current period profit is an additional charge of £113,400.

2 Taxation

	Unaudited Six months ended 31 March		Audited Year ended 30 September
	2009	2008	2008
	£'000	£'000	£'000
Taxation on profit for the period			
Corporation tax	297	75	292
Deferred tax	(10)	37	87
	287	112	379

2 Taxation (continued)

The difference between the current tax on ordinary activities for the period, reported in the profit and loss account, and the current tax charge that would result from applying the standard rate of UK tax to the profit on ordinary activities before taxation, is explained below:

	Unaudited Six months ended 31 March		Audited Year ended 30 September
	2009	2008	2008
	£'000	£'000	£'000
Profit on ordinary activities before tax	1,564	803	1,510
Profit on ordinary activities before tax at the standard rate of UK Corporation Tax of 28%(30%)	438	241	438
Research and development tax allowances	(191)	(148)	(305)
Tax relief for share options exercised	-	(2)	26
Excess of depreciation over capital allowances	10	(29)	(46)
Excess foreign taxes suffered	14	4	16
Expenses not deductible	43	9	177
Timing differences – pension contributions	-	-	1
Deferred capital grant release	-	-	(39)
Adjustments in respect of prior periods	(17)	-	24
Current tax charge for the period	297	75	292

3 Earnings per share

Earnings per ordinary share is based on retained profit for the financial period and on the weighted average number of ordinary shares in issue during the period. **Diluted earnings per share** is calculated using an adjusted number of shares reflecting the number of dilutive shares under option.

The weighted average number of shares used in the calculation of earnings per share are as follows:

	Six months ended 31 March		Year ended 30 September
	2009 Number of shares	2008 Number of shares	2008 Number of shares
Weighted average number of shares:			
Basic	26,892,493	26,819,943	26,835,333
Diluted	27,440,882	27,252,698	27,250,295

4 Net cash inflow from operating activities

	Six months ended 31 March		Year ended 30 September
	2009	2008	2008
Continuing operations	£'000	£'000	£'000
Operating profit	1,545	813	1,515
Depreciation	351	349	699
Amortisation of intangible fixed assets	385	54	108
Amortisation of capital grant	(62)	(69)	(135)
Increase in stocks	(1,811)	(387)	(786)
Decrease/(increase) in debtors	1,265	(217)	(281)
Increase in creditors	1,349	451	843
Adjustment in respect of employee share option schemes	24	55	75
Net cash inflow from operating activities	3,046	1,049	2,038

5 Exceptional items

Exceptional items are fees incurred in relation to the takeover bids.