INTELEK

Interim Results

for the six months ended 30 September 2001

Contents

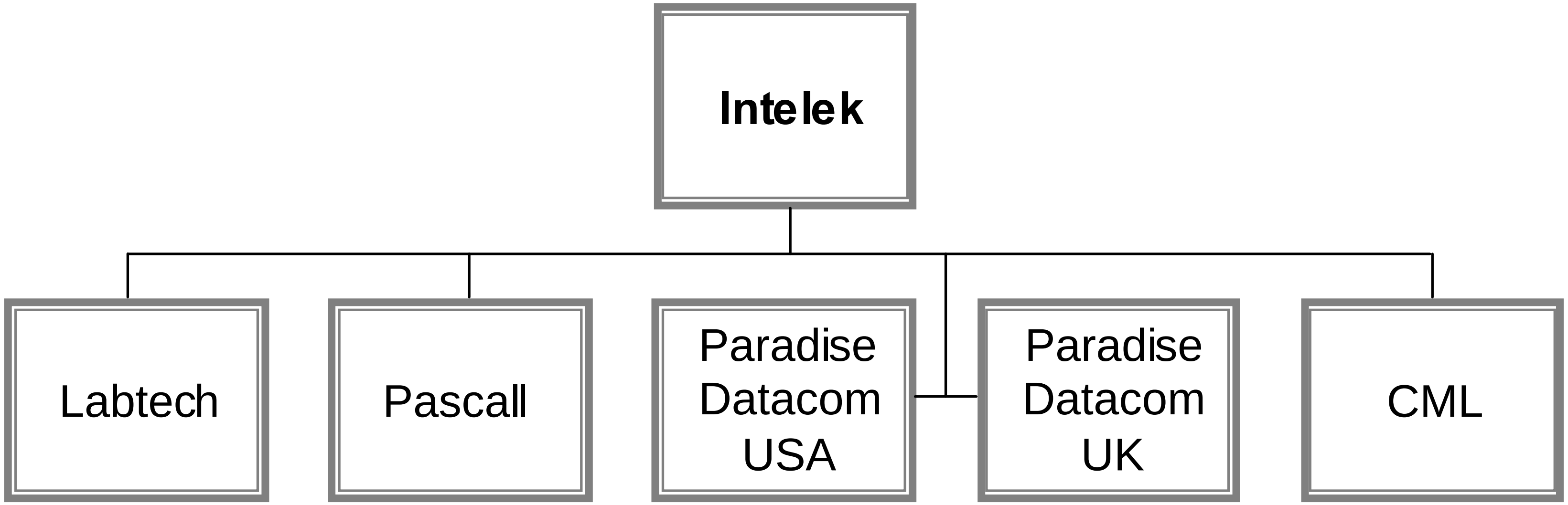
Responding to Short-term Change

- **Period of turbulence for markets**
  - **Economic downturn in US depressing wireless communications market**
  - **Tragic events of 11 September adversely impacting aerospace market**
- **Intelek adjusting rapidly to changes in market to maximise performance**
  - **Redundancies at CML and Labtech**
- **Product development schedules unchanged**
  - **New turbo and internet modems winning substantial market interest**
- **Corporate strategy remains on track**

Intelek's Strategy

- Focus on niches in wireless comms equipment market
- Electronics now accounts for 75% of Group sales
- Organic growth through introduction of new products and expanded geographical coverage
- Further working capital improvements targetted
- Continue to identify acquisition prospects consistent with stated strategy

Intelek Structure



Advanced microwave processing technology

Switch-mode power supplies, RF sub-systems and satcom monitoring

Satellite modems, solid-state power amplifiers and low noise amplifiers

Machined and composite aerostructures

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Headline Results

- **Sales up 25% to £19.8M**
- **Operating profit up 31% to £1.4M**
- **Headline EPS down from 1.35p to 0.90p**
- **Dividend maintained at 0.24p**
- **Gearing reduced from 106% to 79%**
- **Successful integration of Paradise Datacom**

Group Profit and Loss Account

£'000	Half Year		Year
	2001/2	2000/1	2000/1
Turnover	**19,760**	15,855	35,920
Operating Profit pre-amortisation	**1,386**	1,062	2,960
Goodwill amortisation	**(411)**		(57)
Exceptional items	**(146)**	-	(273)
Interest	**(382)**	(258)	(558)
PBT	**447**	804	2,072
Headline EPS	**0.90p**	1.35p	3.87p
Dividends per share	**0.24p**	0.24p	0.90p

	Half Year	
	2001/2	2000/1
Underlying PBT	**1,172**	804
Redundancy costs	**(168)**	-
Goodwill amortisation	**(411)**	
ACE property disposal	**217**	-
Closure of Pascall-Microwave	**(363)**	-
Net PBT	**447**	804

- **Sales up 25%, underlying PBT up 46%** **(pre goodwill, exceptionals and redundancy)**
- **Actions taken to downsize in view of market changes will benefit 2nd half**
- **Interest cover held at 4.1 (based on underlying PBT)**
- **Headline earnings per share down 33%** **(shares in issue up 84%)**

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Group Balance Sheet

Balance Sheet

£'000	**Sep 2001**	Sep 2000	Mar 2001
Tangible fixed assets	**9,176**	8,562	9,094
Stock and work in progress	**6,612**	4,306	6,666
Debtors	**7,300**	6,070	9,260
Creditors	**(7,722)**	(7,413)	(11,530)
Investments	**327**	453	398
Goodwill (including £5.5m deferred)	**16,018**	-	16,430
Net Debt	**(6,922)**	(6,164)	(5,494)
Net Assets/Shareholders funds	**24,789**	5,814	24,824

£000	**Sep 2001**	Sep 2000
Cashflow		
Net funds from operations	2,267	1,636
Working capital movement	(1,391)	(670)
Capital expenditure	(1,028)	(907)
Redundancies	(168)	
ACE property disposal	357	
Pascall Microwave closure	(198)	
Acquisitions and disposals	(313)	
Financing	(376)	(310)
Taxation	(578)	(31)
	(1,428)	(282)

- **Capital spend £1.0M, £0.2M in excess of depreciation**
- **ACE Tooling property disposal generated net £0.4M cash**
- **Working capital hit by trading downturn**
- **Net funds from operations of £2.3M (last year £1.6m)**
- **Net cash outflow of £1.4m after high tax payment of £0.6M and £0.7M for redundancy, exceptionals and acquisition/disposal costs**

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Trading Performance - Labtech

- **Continued reduction in forecasts from major infrastructure customer in June, July and August, now stable**
- **Other sales up by 29%**
  - **Year on year growth expected to slow in second half**
  - **GPRS deliveries ramping up**
- **Redundancies amounting to 25% of workforce completed in September**
- **Active participant in microwave device packaging programme with major European partners**

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Trading Performance - Pascall Electronics

- **Pascall returns to profit, achieving 5% margin**
- **Breakeven point reduced by 25%**
- **Sales and order intake substantially in line with budget**
- **Lean manufacturing programme driving further costs out of the business**
- **Next generation, high density power supply technology at advanced stage of development**

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Trading Performance - Paradise Datacom

- Sales of £5.1m (£5.3m in previous year)
- US order intake low in Q1, improved in Q2 with signs of further improvement in Q3
- UK business in line with budget profit
- New Turbo modem now shipping
  - £0.4M order received in August, delivered in October
- First shipments of Internet modem in October
- Largest ever order for amplifiers ($1M) booked in November
- Pascall Microwave absorbed
  - Business integrated with Paradise Datacom

Trading Performance - CML

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- Sales up by 5%, operating profit margins slightly reduced
- New Airbus business win
  - Shipments commence November 2001
- 13% downsizing in November responding to aftermath of tragic events of 11 September
- Further expansion of Treatments completed - responding to increased demand from local engineering companies

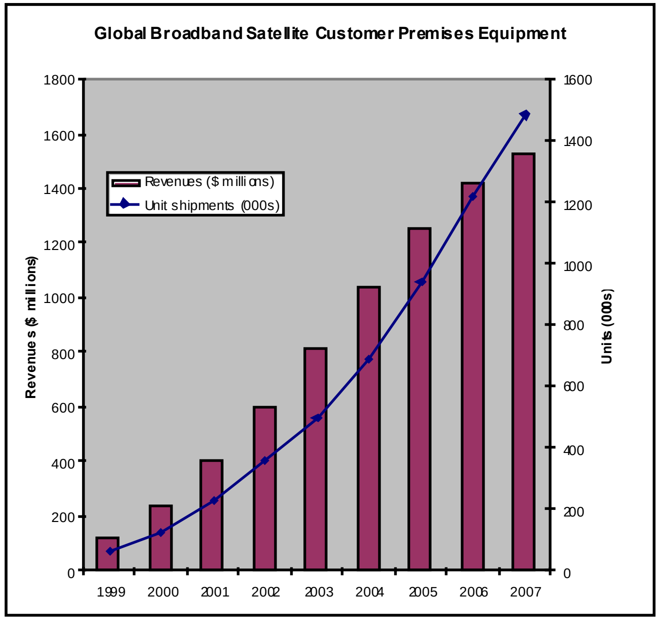
Market Dynamics –
Wireless Communications Infrastructure

- **Mobile phone infrastructure growth "flat for calendar 2001, flat to down 10% during calendar 2002", evidence of destocking continues[1]**
- **GPRS handsets shipping in volume[2]**
- **GSM/GPRS sales stronger in Africa, Middle East and Pacific Rim with build-up of GPRS traffic during next 12-18 months[3]**
- **Successful demonstrations of 3G networks[4], 3G expected to ramp up gradually during 2002, volume business remains on schedule for 2003[5]**
- **Labtech gaining market share worldwide through superior product performance**

1,3,5 : Ericsson 11/01
2 : Motorola 11/01
3: Alcatel 7/01
4 : Alcatel 10/01
5 : Nokia

Market Dynamics – Satellite Communications

- **Network operators starting to place orders again**
- **Satellite transmission capacity continues to increase**
  - **Active transponder capacity to increase 30% between 1999 and 2004**[1]
  - **Internet transmission driving growth – 4.5% of transponder capacity in 1999 and 11.3% in 2004**[2]
  - **Fixed VSAT market growing 5-7% per annum**[3]
- **Long-term growth from broadband communications**
  - **Satellite networks expected to supply 5-10% of broadband transmission capacity**
- **New Paradise Datacom products focussed on growth sectors**



Satellite News 7/01

1&2 : Euroconsult, from Via Satellite 9/01 3: Lehman Brothers, from Interspace magazine, 7/01

Market Dynamics -Aerospace

	2000	2001	2002
Airbus forecast pre-Sept 11	311	330	390
Current Airbus forecast	311	320	300
Boeing forecast pre-Sept 11	489	538	520
Current Boeing forecast	489	522	350

- Airbus A380 development continuing unchanged, with aircraft entering commercial service in 2006
  - Emirates increase commitment from 7 planes to a firm order for 22 planes with option for further 10
- Eurofighter and Joint Strike Fighter progressively to take up defence capacity
- IFES market slow-down, but
  - Live TV and Internet addition to roll-out during 2002
  - Interest in improved airborne communications for security

Outlook

- Intelek's corporate strategy remains on track, despite current uncertainty in our chosen markets
  - Considered response taken in all subsidiaries

- Aerospace Market remains fragile and uncertain
  - Tragic events of 11 September
  - Reductions expected in build rates for IFES systems
  - Airbus build rates expected to be slightly down in 2002, corporate jet rates also down, impacting CML, where cost-base has been reduced

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Outlook

- **Communications Market**
  - **Labtech's major customer programme levelled out, other activity still increasing with substantial new programme (>£1M per annum) commenced September 2001**
  - **Paradise Datacom has received its largest ever orders for modems (August 2001) and amplifiers (November 2001)**
  - **Pascall continues to improve with almost full order cover for current year**

"Overall, considering the uncertainties in our markets, I expect to be able to report a satisfactory outcome for the full year[1]."

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1 : Intelek's Chairman, Roger Fletcher