



*A leading designer and manufacturer of satellite and
microwave equipment and components for the
telecommunications and defence markets*

&

A specialist manufacturer for the aerospace market

**Interim results for the six months
ended 30 September 2006**

Presentation Team

Non-exec Chairman

David Bramwell

Chief Executive

Ian Brodie

Finance Director

Kevin Edwards



Results Highlights

Performance exceeds market expectations

- Operating performance accelerated through the first half
- Headline PBT up 25% at £1.0m (£4.0m after pension credit)
- Order intake up 16% at £18.8m
- Pension deficit reduced by £4.8m – 37% (cost £1.8m)
- Headline EPS up 29% to 0.80p
- Interim dividend up 8% at 0.13p
- Interest cover 7.2x



Strategy

Increase penetration of Satellite and Wireless Communications market

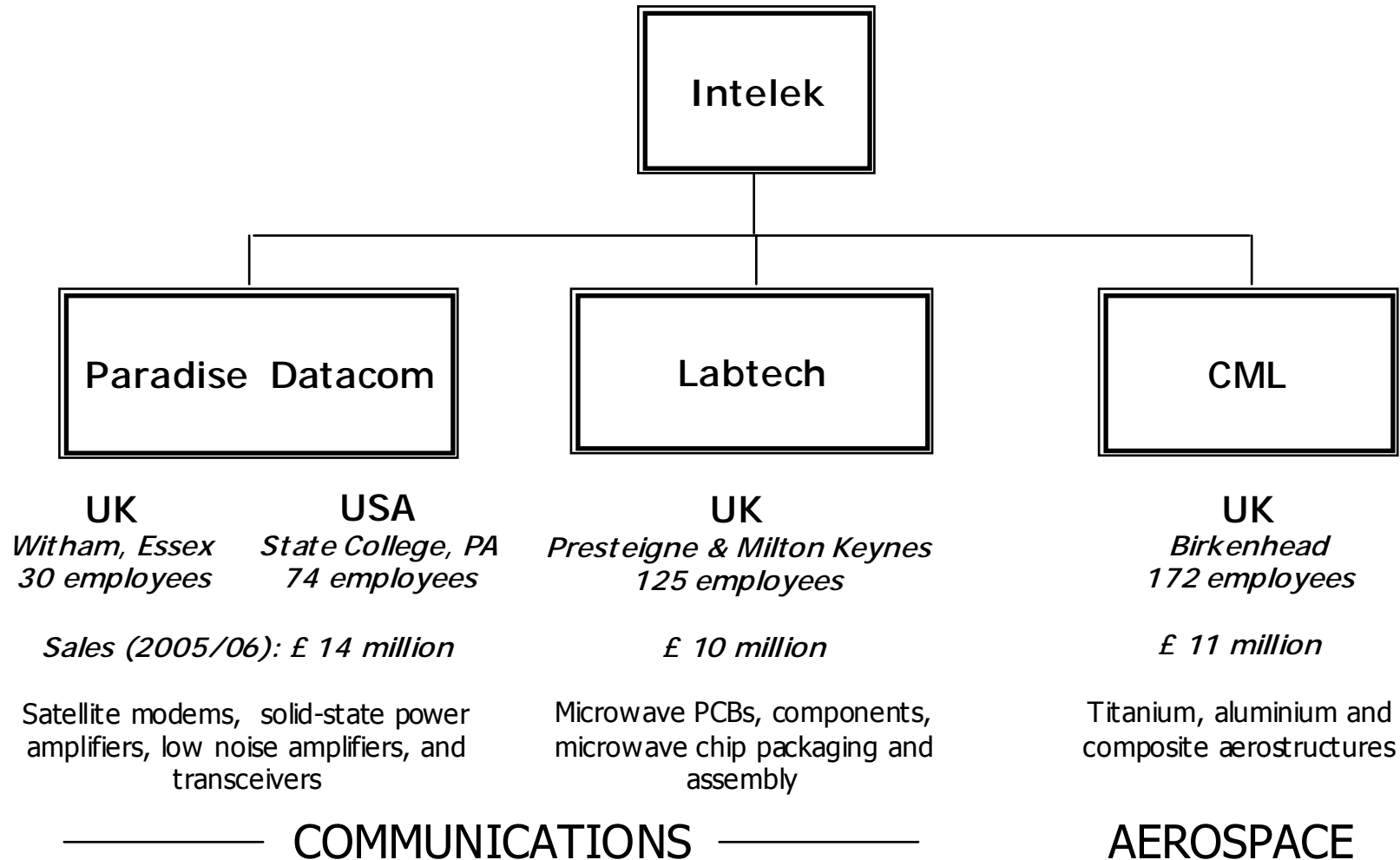
- Capitalise on strength of brand reputation and product technology
- Target expanding sectors, e.g. Government & Satellite News Gathering
- Expand product range through extensive R&D
- Extend geographic presence e.g. Far East

Accelerate growth through selective acquisitions

Optimise performance and value of non-core assets



Group Structure



Paradise Datacom

Design and manufacture an extensive line of amplifier and modem products for the satcoms industry

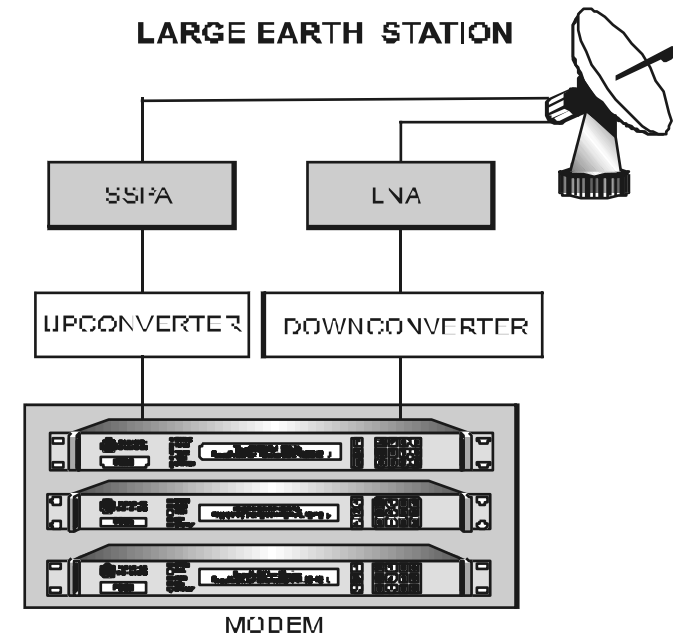
	Est. Market Size (£m)	Paradise Market Share	Paradise Market Rank
Modems	90	6%	#4
Amplifiers	110	9%	#4/5

Market sectors

- Satellite systems manufacturers and integrators
- International telecoms companies including mobile networks
- Govt agencies and contractors
- Satellite news gathering (SNG)

Strong markets

- Govt / Military spend at high level
- Superior technology driving migration to SSPA
- GSM driving growth in developing countries
- Recent natural and man-made disasters



Paradise Datacom

2006 Sales £ 8.5m (2005: £6.6m); Operating Profit £ 1.34m (2005: £0.83m)

- Record sales for amplifiers, market share continuing to increase
 - Sales up 33% on 2005
 - 3rd tranche of satellite weather tracking programme delivered, 4th tranche pending
 - Won 2 major US Government contracts
- Growing demand for Evolution modem range
 - Sales increasing month by month
 - Unique and innovative features attracting widespread interest
 - Orders from China, Spain and Switzerland
- Record financial performance
 - Order inflow of £9.2m, up 41%
 - Operating profit up 61% at 16% of sales (2005:13%)



Labtech

Advanced microwave PCB processing, microwave chip packaging, assembly and high-performance broadband microwave components

	Est. Market Size (£m)	Labtech Market Share	Labtech Market Rank
Circuits	90	10%	#3/4
Components	115	2%	#15

Market sectors

- Mobile telephone base stations
- Point-to-point radio links
- Defence projects
- Space and ground station satcom

Market drivers

- Mobile telephone networks expanding
- Defence and security spending global priority
- Complexity of circuits increasing, creating new technological challenges
- Continued pressure from Far East competitors on volume products



Labtech

Sales £4.4m (2005: £4.8m); Operating Profit £ (0.27)m (2005: £0.32m)

- As expected H1 net margins affected by:
 - Competitive pricing on older volume programmes
 - Low initial yields on new more complex programmes
 - Rising raw material prices
- Recent trading returns to profit, benefiting from:
 - New microwave component designs launched in Q1, initial orders received
 - Established full auto-assembly and test capability for MMIC components
 - Selective price increases implemented in August
 - New programmes increased sales in Aug/Sept, platform for H2
- Positive new business prospects



CML

Manufacturer of aircraft structures and sub-assemblies

- Programmes include Airbus , Hawker, C27, Nimrod, Lynx and Sea King
- Robust performance
 - Sales £5.6 (2005: £5.4m);
 - Operating Profit £0.64m (2005: £0.56m)
 - 12-month order book £8.4m (2005: £7.6m)
- Airbus:
 - Signed new 5 yr contract
 - A380 issues - minor direct effect on CML
 - Single aisle at record levels, expected to increase further
- Hawker corporate jet – further increase in build rates
- Broadening the customer base – initial orders of £0.24m
- Plans to upgrade composites facility



Income Statement

Half year to 30 September				
	2006	2005	%	
	£m	£m	growth	
Sales	18.4	16.8	9%	Paradise sales up, now 46% of Group (2005: 39%)
Gross Profit	4.9	4.7		
<i>Gross Margin</i>	27%	28%		
Operating Profit	1.3	1.3		Growth at Paradise covers under-recovery at Labtech
Interest	-0.2	-0.2		Interest cover 7.2x
Pension finance cost	-0.1	-0.3		Benefits from pension project & assumption changes
Headline profit	1.0	0.8	26%	
Pension project	3.0			
Profit before tax	4.0	0.8		
<i>Tax Rate (headline)</i>	33%	35%		
<i>Dividend</i>	0.13	0.12p	8%	



Balance Sheet

	As at 30 September	
	2006	2005
	£m	£m
Goodwill	13.5	13.5
Fixed Assets	6.8	6.4
Inventory	3.7	3.3
Debtors	6.6	6.6
Trade creditors	-4.9	-5.0
Tax and other net assets	-0.3	-0.7
Pension transfer	-1.2	0.0
DB pension (net of tax)	-5.8	-8.7
Net Debt	-5.0	-3.5
Net assets	<u>13.4</u>	<u>11.9</u>

- £0.9m Capex, £0.5m in conversion of op. leases
- Paradise inventory increased to support Sales
- Debtor days reduced further
- Pension transfer payments mostly in H2
- Pension project impact on net assets



Cash Flow

Six months ended 30 September		
	2006	2005
	£m	£m
Cash from operations before:	1.0	1.2
Pension contribution	-0.7	
Pension transfers	-0.7	
Interest (net)	-0.2	-0.2
Tax	-0.1	-0.4
Net capex (incl fin leases)	-0.9	-0.9
Acquisition of business		-0.5
Dividends	-0.2	-0.2
Net cashflow	-1.8	-1.0
Effect of exchange rates	0.2	-0.2
b/f	-3.4	-2.3
Net Debt	-5.0	-3.5

- **Supplier payments accelerated temporarily during sourcing change at Paradise**
- **Scheduled pension contribution paid month earlier to assist transfer funding**
- **First tranche of pension transfer**



Pension Project

Delinking of final salary

- Earnings for active scheme members fixed at 1 July 2006 values (+RPI)

Transfers out

- Non-pensioner members given enhanced offer to transfer out
- Well received by membership, with higher than expected take-up

Summary values (before tax):

Delinking	Deficit reduction	£ 0.3 m	} 37% of March '06 balance
Transfers	Deficit reduction	£ 4.5 m	
	Cost to Intelek	£(1.8)m	
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Net benefit		£ 3.0 m	
		<hr/>	



Investment Proposition

- Unique exposure to Satcoms market offers attractive growth
- Strong reputation and specialist markets limit competitive threat
 - High power digital amplifiers lead the market
 - Innovative new generation modems
 - Labtech offers a credible European alternative to U.S. sourced product
 - High specification microwave circuits command premium prices
- CML continues to benefit from strong aerospace demand
- Strong order book provides significant visibility and confidence
- Pensions liability significantly reduced
- Further progress on a clear strategic vision for the business



Prospects for 2006/07

The Board is confident of Full Year prospects

Paradise Datacom – Continuing strong growth

Labtech - Profitable for the full year

CML - Continuation of robust performance

Strategy on track





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Proposed Transfer to AIM

- Regulatory framework more appropriate for Intelek's size
- Can execute most transactions more efficiently
- Tax benefits for private shareholders
- Intelek will maintain levels of Corporate Governance
- Expected admission to AIM 14 December 2006
- AIM not eligible for PEPs and ISAs (holders must transfer / realise investments)



Proposed Capital Reduction

- IFRS (pensions) reduce distributable reserves, restricting dividends
- Affects Group's ability to expand
- To avoid this, plan to convert £10m capital reserves to distributable
- Approved by shareholders, now will seek Court approval
- Expected Court hearing date 20 December 2006
- Should become effective 2/3 days after approval

