



A leading designer and manufacturer of electronic systems for satellite and microwave communications, to the telecommunications and defence markets and a specialist manufacturer for the aerospace market

**Preliminary results for the year
ended 31 March 2006**

www.intelek.plc.uk

Strategy

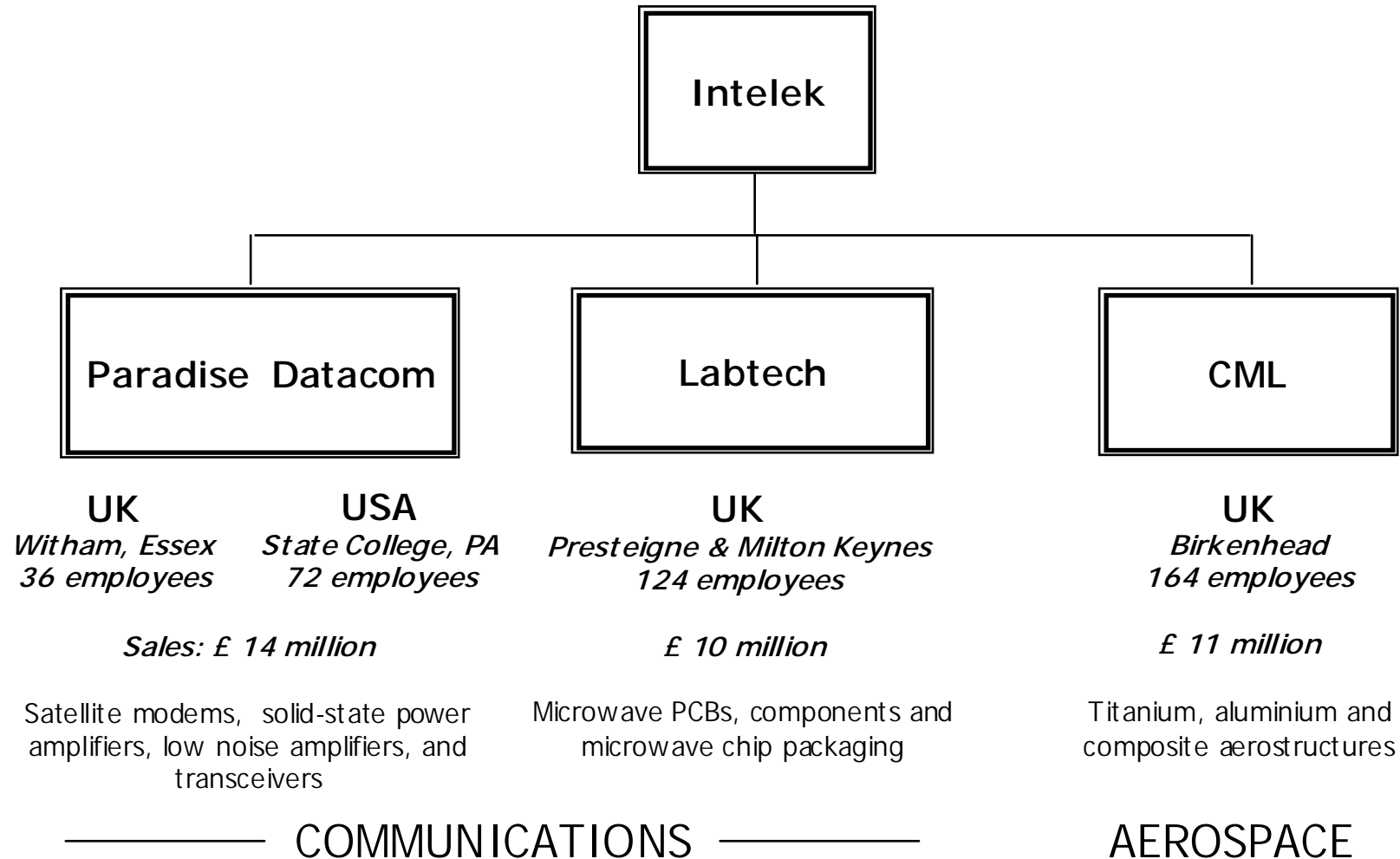
- Focus on Satellite and Wireless Communications
 - Increase market penetration
 - Capitalise on strength of brand reputation and product technology
 - Expand product range through extensive R&D
 - Extend geographic presence
 - Accelerate growth through selective acquisitions
- Optimise performance and value of non-core assets

Investment Proposition

- Unique UK exposure to Satcoms market – circa 10% growth pa
- Limited competition across the Satcom range
- Technology pace-setter in digital Satcom amplifiers
- New modems with unique capability set to increase Paradise Datacom's market penetration
- Labtech is moving up the value chain driven by new Microwave capability
- CML thriving on strong Aerospace market, recently awarded 5 yr Airbus contract



Group Structure



Financial Summary

Performance ahead of market expectation

- Strong final quarter
- Headline PBT up 5.6% at £1.81m
- PBT (after restructuring costs) up 29% to £1.8m
- Continuing EPS up 46% to 1.56p (2005: 1.07p)
- Full year dividend maintained at 0.36p
- Net debt £3.4m (2005: £2.3m)
- Interest cover over 8.7x (2005 : 6.2x)

Paradise Datacom

Design and manufacture in both USA and UK of an extensive line of amplifier and modem products for the satcoms industry

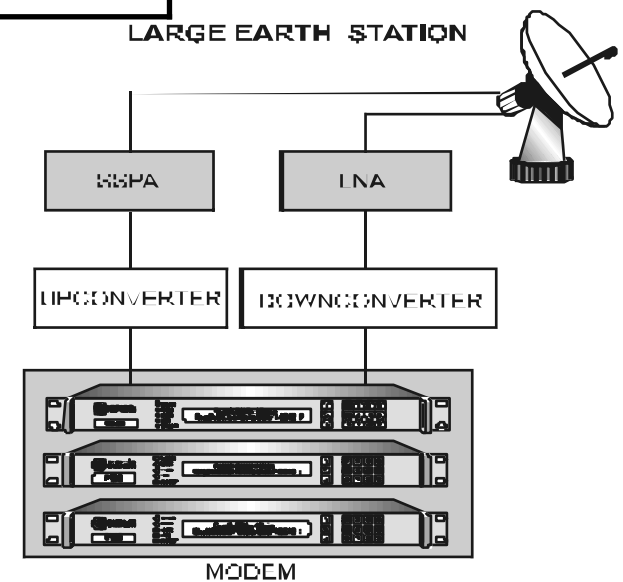
	Est. Market Size (£m)	Paradise Market Share	Paradise Market Rank
Modems	90	6%	#4
Amplifiers	110	8%	#4/5

Market sectors

- Satellite systems manufacturers and integrators
- Int'l telcos inc. mobile networks
- Govt agencies and contractors
- Satellite news gathering (SNG)

Strong markets

- Govt/ Military spend at high level
- Migration - tube to digital amplifiers, further market growth of £40 million p.a. within five years
- GSM driving growth in developing countries
- Recent natural and man-made disasters



Paradise Datacom

2006 Sales £14.1m (2005: £13.7m); Operating Profit £2.03m (2005: £1.96m)

- **Market position strengthens in high power amplifiers (SSPAs)**
 - Sales up 21% - expansion into Asia and Africa
 - Success of tube replacement strategy - £1.0m sales into SNG market (2005:nil)
 - Tranche 3 of ground-breaking supply to US weather programme (orders £0.9m)
- **New Evolution modem gaining market acceptance**
 - Orders growing through Q4, incl. \$240k Government order
 - Range extended
 - Unique and innovative features attracting widespread int'l interest
- **Demand for previous generation modems reduce as expected**
- **New US site**
 - Contributing factor to increasing level of SSPA output and margin



Labtech

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

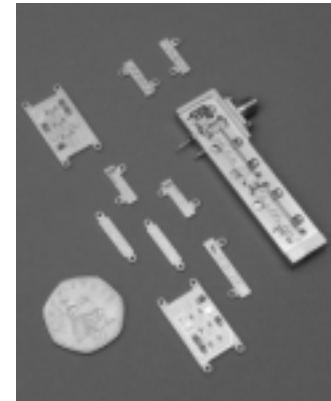
	Est. Market Size (£m)	Labtech Market Share	Labtech Market Rank
Circuits	90	10%	#3/4
Components	115	2%	#15

Market sectors

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

Market drivers positive

- Mobile telephone networks expanding
- Defence and security spending global priority
- Complexity of circuits increasing, favouring Labtech's high-tech capability
- Few comparable competitors



Labtech

Sales £10.2m (2005: £9.1m); Operating Profit £0.65m (2005: £1.15m)

Developing new business model for growth

- Added microwave design and manufacturing expertise
- Creating own IPR and product range
- Targeting specialist markets, lower volume, higher spec
 - 05/06 sales increased in Defence, down in highly competitive Telecom
- Investing in advanced process equipment
- Early signs are encouraging:
 - Microwave components operation ahead of expectations
 - First set of new products launched, more to follow soon
 - Combined technologies gain access to new markets – first order received on multi-year programme
 - Breaking further into North America, world's largest market
 - 16% growth in sales of other circuits, partly offsetting reduction in older programmes



CML

Comprehensive service in the manufacture of aircraft structures and sub-assemblies

4- & 5-axis precision machining of structural parts in titanium and aluminium

Composite components and assemblies

Repairs and spares service

Sales £11.0m (2005: £8.8m); Operating Profit £1.09m (2005: £0.36m)

- Sales up 25%, profit 10% of sales
- Programmes include Airbus (all aircraft), Hawker, C27, Nimrod, Lynx and Sea King
- Airbus at record levels and continuing to grow
- 5 yr Airbus contract: 2005/06 sales £4.6m
- Significant new business wins with French Aerospace companies
- Improved throughput and efficiency following restructuring
- 12-month order book £8.7m



Income Statement

	2006	2005	
	£m	£m	
Sales	35.2	31.5	➔ Aerospace up £2.2m + M'wave components 1st year
Gross Profit	9.7	9.1	
<i>Gross Margin</i>	28%	29%	➔ Mix effect on margin
Operating Profit	2.7	2.8	➔ Higher sales/support costs, plus R&D up, at £1.8m
Interest	-0.3	-0.4	➔ Cover 8.7x (2005 : 6.2x)
Pension finance cost	<u>-0.6</u>	<u>-0.6</u>	➔ = expected return on assets less interest on liabilities
Headline profit	<u>1.8</u>	<u>1.7</u>	➔ 6% increase
Restructuring costs		-0.3	
Profit before tax	<u>1.8</u>	<u>1.4</u>	➔ 29% increase
<i>Tax Rate (headline)</i>	27%	34%	➔ UK/US profit distribution, including prior year gain
<i>Dividend</i>	0.36p	0.36p	➔ Dividend maintained



Balance Sheet

	As at 31 March		
	2006	2005	
	£m	£m	
Goodwill	13.6	13.4	→ Restated to March'04 value, adjusted for currency
Fixed Assets	6.6	6.1	→ £1.9m capital expenditure, principally Labtech and CML
Inventory	4.2	3.5	→ Increase due to Microwave acq. & Paradise amplifiers
Debtors	6.7	6.0	→ Healthy debtor book, equivalent to 46 days of sales
Trade creditors	-6.5	-5.3	→ Higher activity level
Tax and other net assets	-0.8	-1.3	→ Microwave acquisition cost paid off
DB pension (net)	-9.1	-9.0	→ Discount rate, mortality changes exceed asset growth
Net Debt	<u>-3.4</u>	<u>-2.3</u>	→ £0.7m for Microwave acquisition, £1.9m capex
Net assets	<u>11.4</u>	<u>11.0</u>	



Cash Flow

	Year ended 31 March		
	2006	2005	
	£m	£m	
Cash from operations before..	2.5	1.9	➔ Up 34%. Pension contributions £1.4m
.. Microwave start-up working cap	-0.3		Microwave acquired without working capital
Interest (net)	-0.3	-0.5	
Tax	-0.2	0.1	➔ '05 had tax credit catch-up
Net capex (incl fin leases)	-1.8	-1.4	➔ Large items: laser, multilayer (Labtech), machining centres (CML)
(Acquisition)/disposal of business	-0.5	4.6	➔ '06 settlement for Microwave; '05 Pascall disposal
Dividends	-0.3	-0.4	
Net cashflow	-0.8	4.2	
Effect of exchange rates	-0.2	0.1	
b/f	-2.3	-6.6	
Net Debt	-3.4	-2.3	



Outlook for 2006/07

Paradise Datacom

- Technology leadership in amplifiers driving sales growth
- Increasing amplifier opportunities, especially in tube replacement and Govt
- Modem growth expected driven by new platform

Labtech

- Sales stable through period of change
- Opportunities for microwave components and high-spec circuits
- Microwave design, assembly and test capacity adding value to core PCB's

CML

- Aircraft build rates continue to increase
- 5-year Airbus order provides long term visibility
- Momentum continues apace

"Many of the changes at Paradise Datacom have borne fruit but some have still so to do. At Labtech, the business model is changing...CML should continue to benefit from a vibrant market... Overall, I expect to see steady but significant growth in our performance with a continuing improvement in our balance sheet"



Investment Proposition

- Unique UK exposure to Satcoms market – circa 10% growth pa
- Limited competition across the Satcom range
- Technology pace-setter in digital Satcom amplifiers
- New modems with unique capability set to increase Paradise Datacom's market penetration
- Labtech is moving up the value chain driven by new Microwave capability
- CML thriving on strong Aerospace market, recently awarded 5 yr Airbus contract



Appendices



Directors

Chairman	David Bramwell
Chief Executive	Ian Brodie
Finance Director	Kevin Edwards
Non-Executives	Nigel Mills Donald Wilson