



An LSE techMARK Company

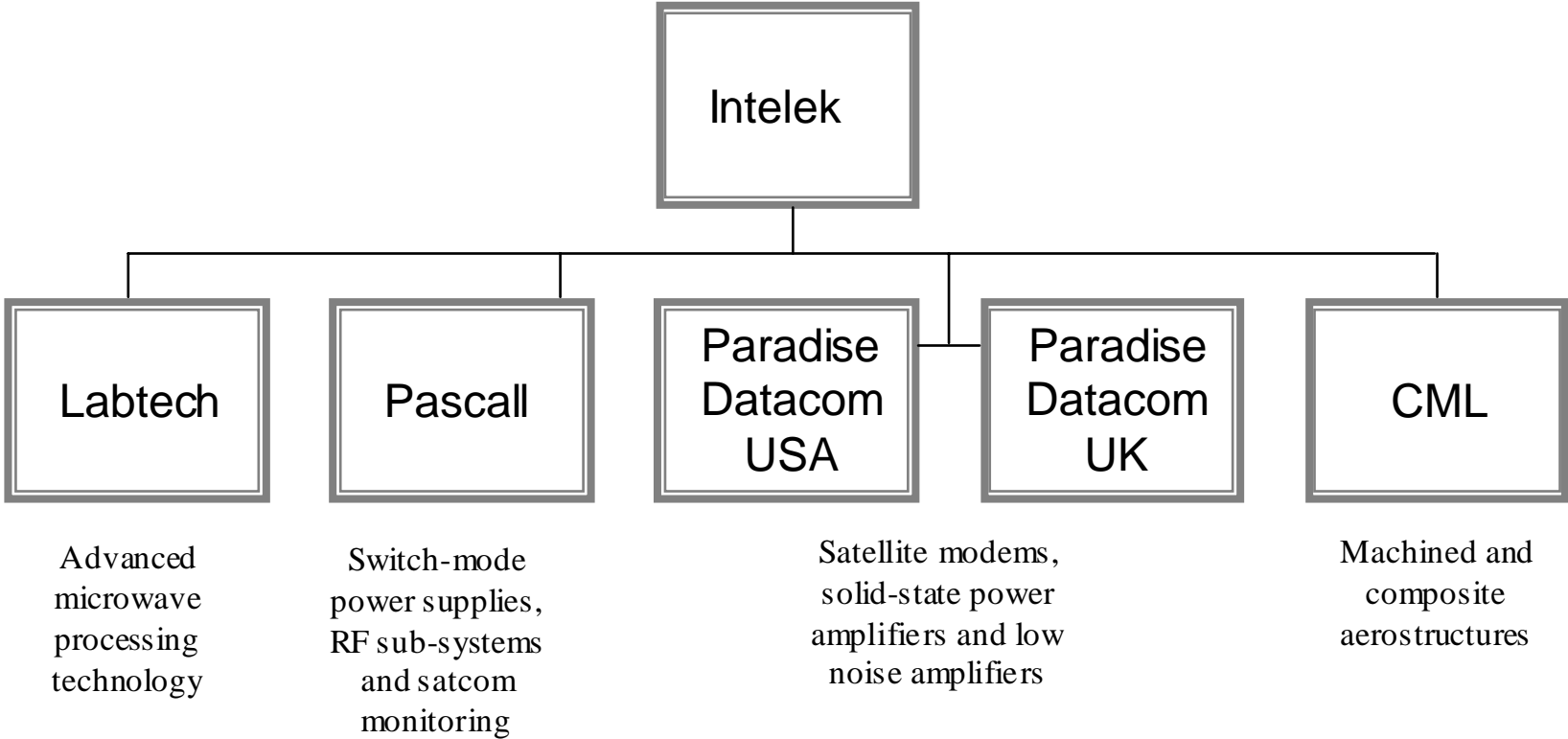
Preliminary Results
for year ended 31st March 2001

Intelek builds on its specialist design and manufacturing skills to take advantage of niche opportunities in the global communications and aerospace markets

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Paradise Datacom post-acquisition update
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Intelek Structure



Directors

- Roger B Fletcher : Non-executive Chairman
- Ian D Brodie : Chief Executive
- Kevin N Edwards : Finance Director
- Nigel L Mills : Executive Director
- John S Ellison : Company Secretary
- Donald Wilson : Non-executive Director

Headlines

- Profit before exceptional items, goodwill amortisation and tax up 33%
- Headline EPS up 25%
- Dividend up 20%
- Gearing reduced from 105% to 63%
- Acquisition of Paradise Datacom
- Disposal of ACE Tooling

Group Profit and Loss Account

£'000	2001	2000
Turnover	35,920	33,626
Operating Profit	2,903	2,459
Exceptional items	(273)	(55)
Interest	(558)	(651)
PBT	2,072	1,753
Taxation	(831)	(520)
Earnings	1,241	1,233
Headline EPS	3.87p	3.09p
Dividends per share	0.90p	0.75p

		2001		2000
Original	Continuing	2,078		1,726
	ACE	127		82
		2,205	22%	1,808
Acquired	Paradise	197		-
		2,402	33%	1,808
Goodwill amortisation		(57)		-
Disposals		99		(55)
Goodwill writeoff		(372)		-
		2,072		1,753

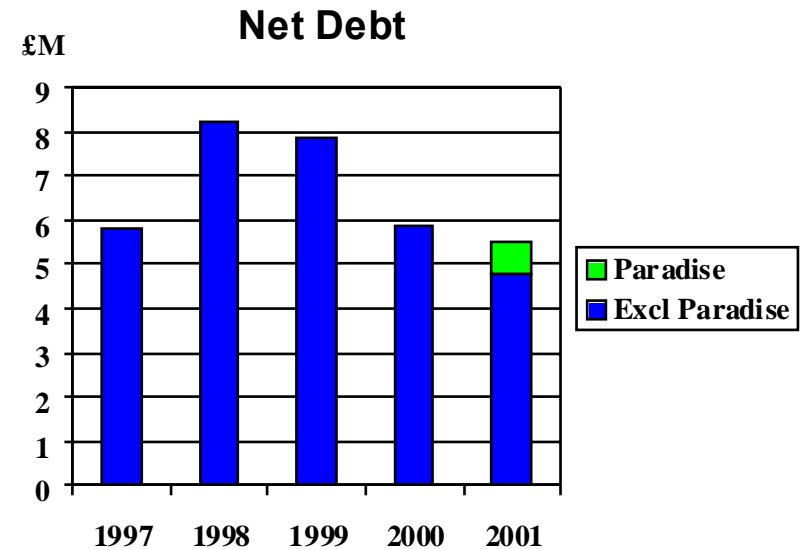
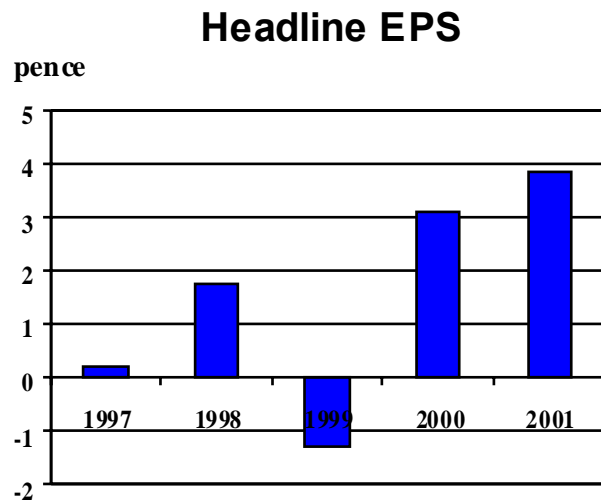
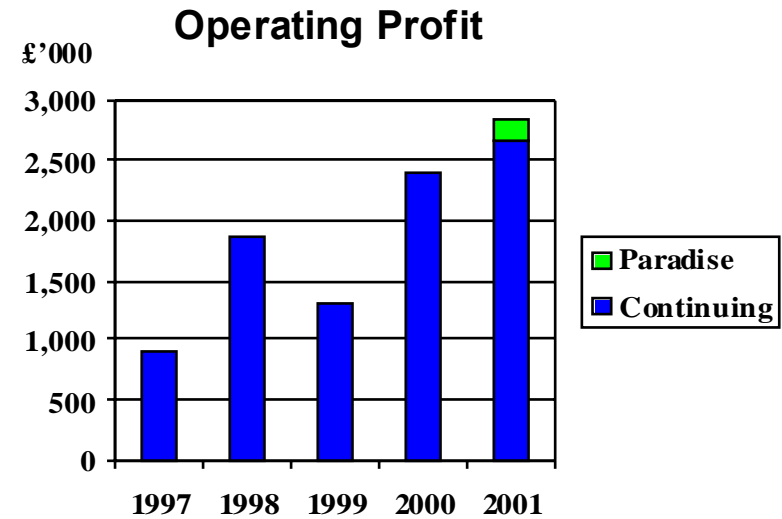
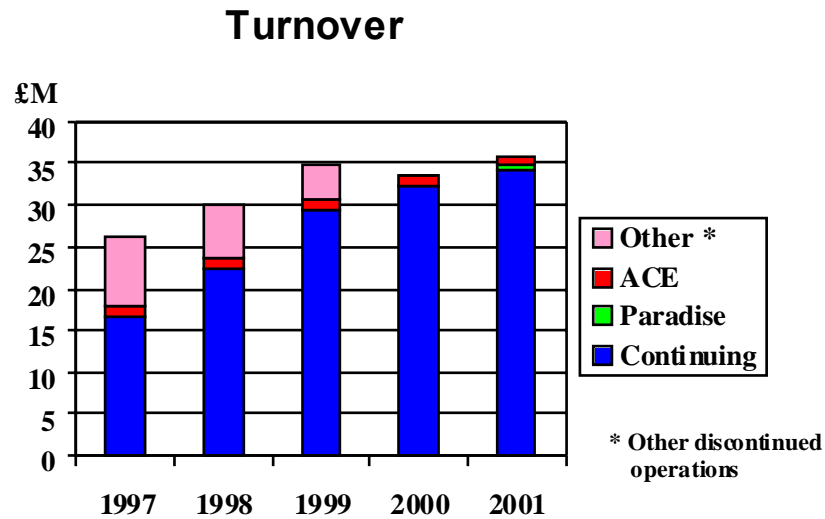
- PBT, excluding Paradise, up 22%
- PBT, pre goodwill and exceptionals, up 33%
- R&D investment £1.1M
- Interest cover up to 5.3 from 3.8
- Headline earnings per share up 25%

Group Balance Sheet

£'000	Paradise	2001	2000
Tangible fixed assets	466	9,093	8,287
Stock and work in progress	2,244	6,666	4,040
Debtors	1,837	9,260	5,920
Creditors	(1,825)	(11,243)	(7,208)
Investments		398	453
Goodwill (including £5.5m deferred)		16,430	
Net Debt	(259)	(5,494)	(5,882)
Net Assets/Shareholders funds	2,463	25,110	5,610
Net asset value/share		32.1p	12.9p

- Purchase of Paradise – net assets £2.5M & goodwill £16.4M
- Capital spend £1.8M, £0.5M in excess of depreciation
- Working capital/sales ratio improved from 10.7% to 10.2%
- Share issue raised £10.1M gross
- Ordinary shares in issue increased by 80% to 78.2M
- Net cash inflow (excluding Paradise) of £1.1M
- Net gearing (including Paradise and share issue) down from 105% to 63%

Financial Performance



1997 adjusted from 11 months for Turnover and Operating Profit

Paradise Datacom Acquisition

- Modems and microwave amplifiers for satellite communications market
- Completed 7th March 2001
- Initial consideration of £12.8 million
 - £3.9M cash, £5.9M Loan Notes & £3.0M shares
- Performance based deferred consideration £5.5M
 - Payable late 2002 in shares or cash at Intelek's option
- £10.1M new equity raised

Disposal of Non-Core Operation

- ACE Tooling Inc, the US aerospace business, sold in March 2001
- Proceeds of \$0.8M, of which \$0.2M payable over 2 years
- Profit on disposal of \$0.4M, \$0.2M deferred
- Goodwill write-off of \$0.5M
- Sale excluded cash (\$0.8M) and property (value c. \$0.6M)
- Property being marketed for disposal



Trading Performance - Labtech

- Sales and profits up more than 50%
- Year end order book up 54%
- Plating capacity trebled
- Volume production from MMIC assembly capability
- Total capital expenditure £1.1M

Trading Performance - Pascall Electronics

- Slowdown in demand resulting in decreased sales and small operating loss
- Actions taken
 - Cost base reduced in second half
 - Production efficiency improvements delivering improved margins
- New product development
- Order book steady and prospects improving



INVESTOR IN PEOPLE

Trading Performance - Paradise Datacom

- Four months to March 2001, sales of £3.5M and £0.7M operating profit
- Pascall Microwave integrated
- Substantial procurement savings negotiated
- Successful launch of compact outdoor SSPA
- Turbo modem recently launched
- Internet and L-band modem development on schedule
- Performance to date in line with plan

Trading Performance - CML



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	Annual Build Rate May 2000	Annual Build Rate May 2001
Airbus 320	288	312
Airbus 330/340	72	96
BAe Avro RJ	17	14
Bombardier Learjet	43	84
Raytheon Hawker	60	60

- Sales increased 5.8%
- Operating profit increased 14.5%
- £1.0M cash generated
- Airbus now second largest programme
- Further expansion of Treatments in process

Market Dynamics - Wireless Communications Infrastructure

- Slow-down in telecomms market well documented
- Mobile phone infrastructure growth downgraded this year to around 10%¹, with pick-up forecast thereafter
- Labtech market share increasing
- Long-term growth driven by demand for capacity and mobile data services
 - European 3G infrastructure to cost 140 billion Euros²
 - Over 800,000 LMDS customer units to be shipped per year by 2005³

1 : Ericsson

2 : Durlacher Research

3 : Allied Business Intelligence

Market Dynamics - Satellite Communications

- Short-term investment slowdown
- Pick-up expected second half
- Satellite transmission capacity still increasing
- Internet led growth
- Long-term growth from broadband communications
 - Satellite networks expected to supply 5-10%¹ of broadband transmission capacity
- New Paradise products focussed on growth sectors
 - Expected to benefit second half

Market Dynamics -Aerospace

- Passenger traffic to increase at 5% per annum from 2000-2009¹
- Over 7000 new passenger aircraft required by 2009¹
- 1.7 million new passenger seats required 2000-2009¹
- Regional airlines beginning to retrofit
- Further retrofit driven by next-generation IFES systems with live TV and Internet
- Airbus A380 to enter commercial service in 2006

Outlook

- Paradise Datacom performing in line with expectation
- Sales and profits for rest of Group ahead of same period last year
- Orders from some telecoms customers slowed down, impacting Q2
- New products and programmes expected to benefit second half

“We continue to expect the full year to show further significant progress”

The Way Forward

- Communications now accounts for 75% of Group sales
- Organic growth through introduction of new products and expanded geographical coverage
- Further working capital improvements targeted
- Continue to identify acquisition prospects consistent with stated strategy