

Group Profit and Loss Account (unaudited)

for the half year ended 30 September 2000

		Half year ended 30 September 2000 £000	30 September 1999 £000	Year to 31 March 2000 £000
Turnover	1	15,855	16,711	33,626
Operating profit		1,062	1,049	2,459
Exceptional items				
Loss on disposal of business and property		—	(2,367)	(2,326)
Provision for disposal of business released		—	2,367	2,271
Profit on ordinary activities before interest		1,062	1,049	2,404
Interest		(258)	(336)	(651)
Profit on ordinary activities before taxation		804	713	1,753
Taxation	2	(241)	(217)	(520)
Profit after taxation		563	496	1,233
Ordinary dividends		(100)	(85)	(313)
Transfer to reserves		463	411	920
Earnings per Ordinary share	3			
Basic		1.35p	1.21p	2.99p
Diluted		1.33p	1.21p	2.98p
Dividends per Ordinary share		0.24p	0.20p	0.75p



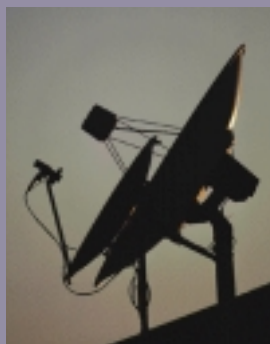
P.O. Box 25, South Marston Park,
Swindon, Wiltshire, SN3 4TR, UK

Tel: +44 (0)1793 827000

Fax: +44 (0)1793 827578

E-mail: info@intelek.plc.uk

Web site: www.intelek.plc.uk



Interim Report 2000

Chairman's Statement

Results

The Group's pre tax profits increased by 13% to £0.80 million (1999: £0.71 million) on turnover of £15.9 million (1999: £16.5 million from continuing operations). Earnings per share increased by 12% to 1.35 pence (1999: 1.21 pence), whilst gearing at 30 September 2000 stood at 101%, a substantial improvement on the 153% level 12 months ago.

Dividend

In the light of these results and our expectations for the full year, your Board of Directors has declared an interim dividend of 0.24 pence per Ordinary share, an increase of 20% over last year's level. The dividend will be payable on 6 April 2001 to shareholders on the register at 9 March 2001.

Trading

Labtech, our specialist manufacturer of microwave printed circuit boards has produced an excellent set of results with sales and operating profits up by more than 30% on last year's levels. Labtech is one of the world leaders in this field and continues to gain share in a market which is growing significantly. The company has recently been particularly successful in obtaining significant production orders with a number of new major international customers in the wireless telecommunications sectors. So far this year, £0.5 million has been invested in new plant to increase production capacity to meet the expected further increases in demand.

Pascall, our telecommunications and avionics sub-systems subsidiary has recorded a disappointing set of results. Sales were significantly down on last year as a result of a temporary slow-down in the avionic retrofit market for in-flight power suppliers and low take-up in the low-cost satellite ground monitoring equipment. Management changes have taken place, and following a strategic review a decision was made to exit the defence sector of the company's activities. A number of redundancies were instituted which in part were responsible for Pascall's poor performance.

CML and ACE Tooling, our aerospace businesses made good progress. Sales were slightly ahead of last year as the benefits of the recently announced 3 year Airbus order fed through to sales. Margins benefited from manufacturing efficiency measures instigated last year with the result that operating profits moved ahead significantly.

Prospects

Trading in the second half of the year has started well, significantly up on the same period last year. Prospects at Labtech continue to be excellent, which, coupled with an improving situation at Pascall leads me to continue to expect a good result for the year as a whole.

Roger B. Fletcher

Chairman

27 November 2000

Group Balance Sheet (unaudited)

as at 30 September 2000

	As at 30 September 2000 £000	As at 30 September 1999 £000	As at 31 March 2000 £000
Fixed assets			
Tangible fixed assets	8,562	8,308	8,287
Investments	453	468	453
	9,015	8,776	8,740
Current assets			
Stocks and work in progress	4,306	3,995	4,040
Debtors	6,070	6,240	5,920
Cash at bank and in hand	—	868	140
	10,376	11,103	10,100
Creditors			
Amounts falling due within one year	(8,181)	(7,093)	(7,995)
	2,195	4,010	2,105
Total assets less current liabilities			
Creditors			
Amounts falling due after more than one year	(4,806)	(7,527)	(4,878)
Provisions for liabilities and charges	(31)	(73)	(31)
Deferred income	(271)	(208)	(326)
Net assets	6,102	4,978	5,610
Equity shareholders' funds	6,102	4,978	5,610

Approved by the Board of Directors on 27 November 2000.

Summarised Group Cash Flow Statement (unaudited)

for the half year ended 30 September 2000

		Half year ended	Year to
		30 September	31 March
		2000	2000
Note		£000	£000
Net cash flow from operating activities	4	966	3,503
Return on investment and servicing of finance		(258)	(651)
Taxation		(31)	(36)
Capital expenditure and financial investment		(599)	(850)
Acquisitions and disposals	5	—	123
Equity dividends paid		(87)	(190)
Net cash flow before financing		(9)	1,899
Financing			
Issue of shares		35	116
Net debt repaid in the year		(100)	(3,199)
Repayment of hire and lease purchase finance		(289)	(549)
		(354)	(3,632)
Decrease in cash	6	(363)	(1,733)

- (a) The interim report for the half year ended 30 September 2000 has been prepared on the basis of the accounting policies set out in the Report and Accounts for the year ended 31 March 2000. The financial information contained herein does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985 and was neither audited nor reviewed by the auditors.
- (b) The statutory accounts for the year ended 31 March 2000, which have been delivered to the Registrar of Companies, carry an unqualified report by the auditors, and do not contain a statement under Section 237(2) or Section 237(3) of the Companies Act 1985.
- (c) Copies of this Statement are being sent to Shareholders. Further copies are available from the Company Secretary, PO Box 25, South Marston Park, Swindon, SN3 4TR, and it is also available on our Web Site, <http://www.intelek.plc.uk>.

Notes to the Accounts (unaudited)

for the half year ended 30 September 2000

1. Turnover

	Half year ended 30 September 2000 £000	30 September 1999 £000	Year to 31 March 2000 £000
The geographical markets for direct sales by the Group were:			
Continuing operations			
European Community (excluding UK)	5,146	3,561	8,000
Rest of Europe	14	18	40
United States of America	3,428	5,991	11,164
Rest of World	534	111	470
Overseas	9,122	9,681	19,674
United Kingdom	6,733	7,030	13,952
Total turnover	15,855	16,711	33,626
Group Sales by business segment were:			
Electronics	9,956	10,663	21,886
Aerospace	5,899	5,865	11,557
Discontinued operations	—	183	183
	15,855	16,711	33,626

Further segmental information is not shown since, in the opinion of the Directors, its disclosure would be seriously prejudicial to the interests of the Group.

2. Taxation

	£000	£000	£000
UK Corporation tax	232	202	526
Foreign tax	9	15	37
Adjustment for prior year	—	—	7
	241	217	570
Deferred taxation	—	—	(50)
	241	217	520

3. Earnings per ordinary share

The earnings per share ratios have been calculated on the weighted average number of shares in issue, excluding those shares held by the employee trust during the half year, of 41,788,740 (1999: 41,076,862). Diluted earnings per share have been calculated after adjusting the weighted average number of shares in issue in each period for the dilutive effect of shares held under unexercised options. The dilutive effects have not been significant.

Notes to the Accounts (unaudited)

for the half year ended 30 September 2000

4. Reconciliation of operating profit to net cash flow from operating activities

	Half year ended 30 September 2000 £000	30 September 1999 £000	Year to 31 March 2000 £000
Operating Profit	1,062	1,049	2,459
Depreciation	629	578	1,154
Deferred income	(54)	(8)	(38)
Profit on disposal of tangible fixed assets	(1)	(2)	(21)
(Increase)/decrease in stocks and work in progress	(266)	124	79
(Increase)/decrease in debtors	(150)	(133)	9
Decrease in creditors	(254)	(537)	(139)
Net cash flow from operating activities	966	1,071	3,503

5. Acquisitions and Disposals

	£000	£000	£000
Sale proceeds	—	200	200
Expenses of sale	—	(77)	(77)
Net proceeds	—	123	123

6. Reconciliation of net cash flow to movement in net debt

	£000	£000	£000
Decrease in cash	(363)	(926)	(1,733)
Repayment of lease finance	289	283	549
Lease finance of subsidiary disposal	—	398	398
Cash outflow from debt	100	604	3,198
Changes resulting from cash flow	26	359	2,412
New finance leases	(308)	(152)	(466)
(Increase)/decrease in net debt	(282)	207	1,946
Opening net debt	(5,882)	(7,828)	(7,828)
Closing net debt	(6,164)	(7,621)	(5,882)
Analysis of net debt			
Cash at bank net of overdrafts	(789)	869	(426)
Debt	(4,494)	(7,677)	(4,594)
Finance leases	(881)	(813)	(862)
	(6,164)	(7,621)	(5,882)