



2006 HALF-YEAR RESULTS

To see comments made by Neil Rodgers, Chief Executive at the 2006 Half Year Results Presentation, place your cursor over the icons. View comments with Adobe Acrobat version 6 or later.

HIGHLIGHTS

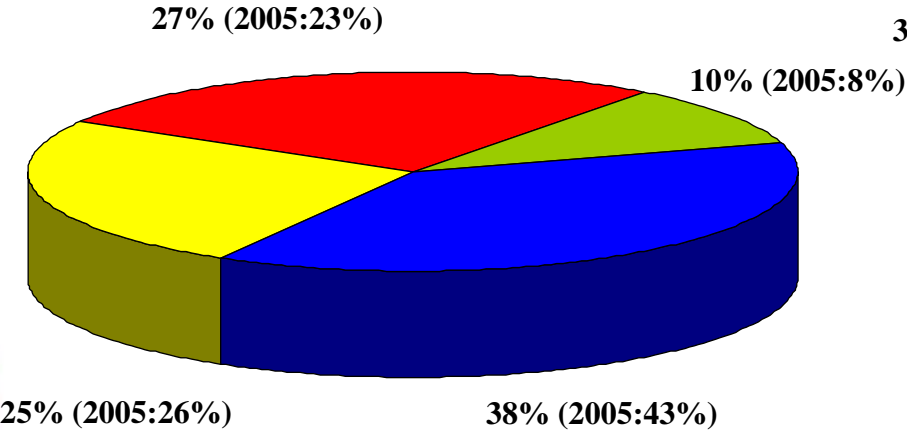
- **Strong order intake and increased revenue and operating profit before exceptional items**
- **Electronic and electrical sectors profitability improved**
- **Operating profit before exceptional items up by 10%**
- **EPS before exceptional items up 23% to 7.0p (2005 : 5.7p)**
- **Interim dividend maintained at 3.69p**

FINANCIAL SUMMARY

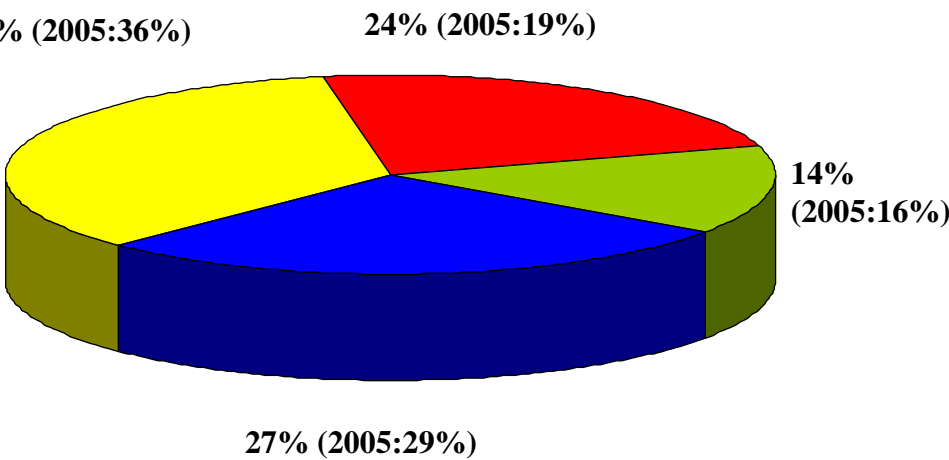
£Ms	<u>2006</u> 1 st Half	<u>2005</u> 1 st Half	<u>2005</u> 2 nd Half	<u>2005</u> Full Year
Revenue	301.8	286.4	278.9	565.3
Operating profit	17.8	16.2	13.7	29.9
Exceptional items	-	5.0	(2.9)	2.1
	17.8	21.2	10.8	32.0
Interest to third parties	(1.6)	(1.6)	(1.5)	(3.1)
Finance cost on pension	(0.9)	(1.2)	(0.9)	(2.1)
Profit before taxation	15.3	18.4	8.4	26.8
Taxation	(4.5)	(5.5)	(3.0)	(8.5)
Profit after taxation from ongoing activities	10.8	12.9	5.4	18.3
Discontinued business	-	(1.4)	(3.9)	(5.3)
Profit after taxation	10.8	11.5	1.5	13.0

GEOGRAPHICAL ANALYSIS OF REVENUE

Origin



Destination



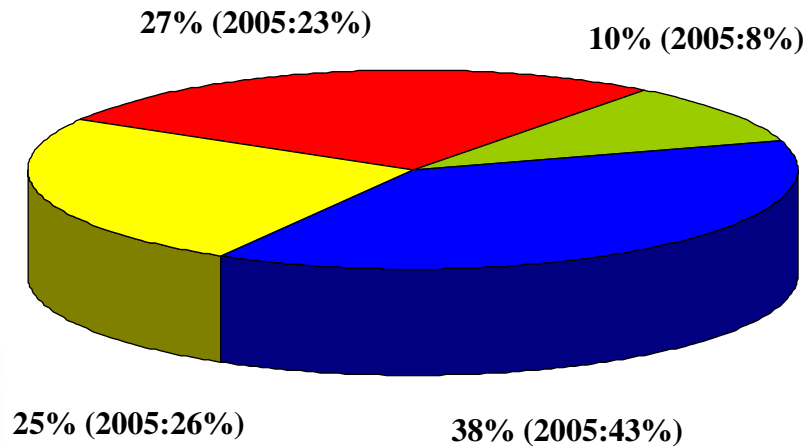
■ United Kingdom ■ Rest of Europe ■ North America ■ Rest of the World

GEOGRAPHICAL ANALYSIS OF ONGOING REVENUE

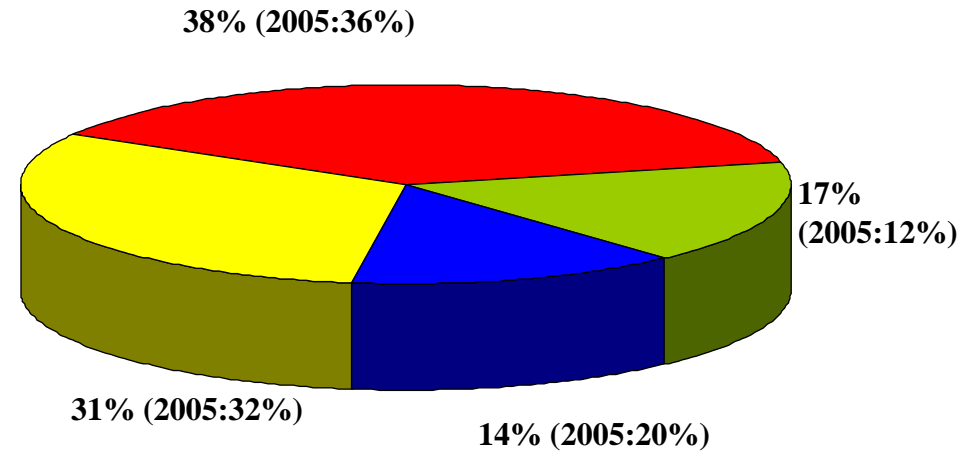
	Origin				Destination			
	2006 1 st Half		2005 1 st Half		2006 1 st Half		2005 1 st Half	
	£m	%	£m	%	£m	%	£m	%
United Kingdom	115.9	38	122.9	43	81.7	27	82.0	29
Rest of Europe	74.9	25	75.3	26	106.1	35	103.7	36
North America	81.9	27	66.4	23	70.7	24	55.8	19
Rest of the World	29.1	10	21.8	8	43.3	14	44.9	16
	<hr/> 301.8 <hr/>	100	<hr/> 286.4 <hr/>	100	<hr/> 301.8 <hr/>	100	<hr/> 286.4 <hr/>	100

REVENUE AND OPERATING PROFIT BY ORIGIN

Revenue



Operating Profit



■ United Kingdom ■ Rest of Europe ■ North America ■ Rest of the World

GEOGRAPHICAL ANALYSIS OF ONGOING REVENUE AND OPERATING PROFIT BY ORIGIN

	Revenue				Operating Profit			
	2006 1 st Half		2005 1 st Half		2006 1 st Half		2005 1 st Half	
	£m	%	£m	%	£m	%	£m	%
United Kingdom	115.9	38	122.9	43	2.4	14	3.3	20
Rest of Europe	74.9	25	75.3	26	5.6	31	5.1	32
North America	81.9	27	66.4	23	6.8	38	5.8	36
Rest of the World	29.1	10	21.8	8	3.0	17	2.0	12
	<u>301.8</u>	100	<u>286.4</u>	100	<u>17.8</u>	100	<u>16.2</u>	100



SECTOR PERFORMANCE



ANALYSIS OF REVENUE BY PRODUCT

	2006 1st Half		2005 1st Half		2005 2nd Half		2005 Full Year	
	£m	%	£m	%	£m	%	£m	%
Electronic:								
Sensors and electronic systems	99.0	33	97.4	34	97.6	35	195.0	34
Electronic components	71.2	23	65.9	23	63.7	23	129.6	23
EMS	33.0	11	27.4	10	32.9	12	60.3	11
	<u>203.2</u>	<u>67</u>	<u>190.7</u>	<u>67</u>	<u>194.2</u>	<u>70</u>	<u>384.9</u>	<u>68</u>
Electrical:								
Power systems	29.0	10	25.0	9	25.4	9	50.4	9
Power transmission	69.6	23	70.7	24	59.3	21	130.0	23
	<u>98.6</u>	<u>33</u>	<u>95.7</u>	<u>33</u>	<u>84.7</u>	<u>30</u>	<u>180.4</u>	<u>32</u>
Total – ongoing activities	<u><u>301.8</u></u>	100	<u><u>286.4</u></u>	100	<u><u>278.9</u></u>	100	<u><u>565.3</u></u>	100



OPERATING PROFIT BY PRODUCT

£Ms	2006 1 st Half	2005 1 st Half	2005 2 nd Half	2005 Full Year
Electronic:				
Sensors and electronic systems	5.7	5.3	3.8	9.1
Electronic components	4.6	5.1	3.6	8.7
EMS	2.0	1.5	0.5	2.0
	<u>12.3</u>	<u>11.9</u>	<u>7.9</u>	<u>19.8</u>
Electrical:				
Power systems	2.0	1.8	2.8	4.6
Power transmission	3.5	2.5	3.0	5.5
	<u>5.5</u>	<u>4.3</u>	<u>5.8</u>	<u>10.1</u>
Total – ongoing activities	<u><u>17.8</u></u>	<u><u>16.2</u></u>	<u><u>13.7</u></u>	<u><u>29.9</u></u>

ANALYSIS OF REVENUE BY MARKET

	2006 1st Half		2005 1st Half		2005 2nd Half		2005 Full Year	
	£m	%	£m	%	£m	%	£m	%
Electronic:								
Automotive	117.2	39	112.2	39	114.6	41	226.8	40
Telecom and Computer	37.0	12	32.4	12	34.2	12	66.6	12
Industrial	49.0	16	46.1	16	45.4	17	91.5	16
	<u>203.2</u>	<u>67</u>	<u>190.7</u>	<u>67</u>	<u>194.2</u>	<u>70</u>	<u>384.9</u>	<u>68</u>
Electrical:								
Power systems	29.0	10	25.0	9	25.4	9	50.4	9
Power transmission	69.6	23	70.7	24	59.3	21	130.0	23
	<u>98.6</u>	<u>33</u>	<u>95.7</u>	<u>33</u>	<u>84.7</u>	<u>30</u>	<u>180.4</u>	<u>32</u>
Total – ongoing activities	<u><u>301.8</u></u>	100	<u><u>286.4</u></u>	100	<u><u>278.9</u></u>	100	<u><u>565.3</u></u>	100



SENSORS AND ELECTRONIC SYSTEMS

Highlights

- **German volumes maintained**
- **Further new business won utilising Autopad® technology**
- **New orders for electronic systems from US OEM for China manufacture**
- **Contract awarded for semi intelligent accelerator pedals by Japanese OEM**

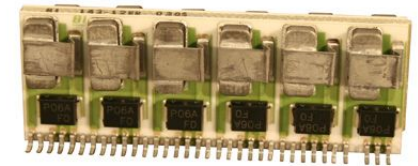
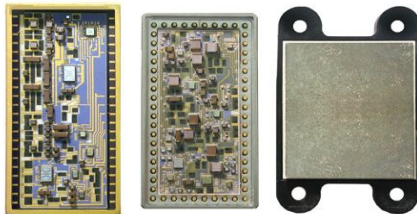
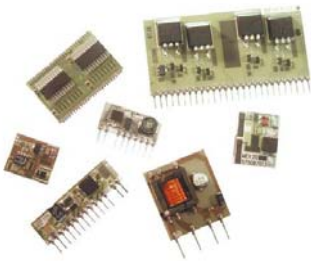




ELECTRONIC COMPONENTS

Highlights

- **Strong order intake**
- **High demand for tanfilm specialist precision products**
- **Eurofighter orders released with further intake expected**
- **Higher profitability in microcircuit business**

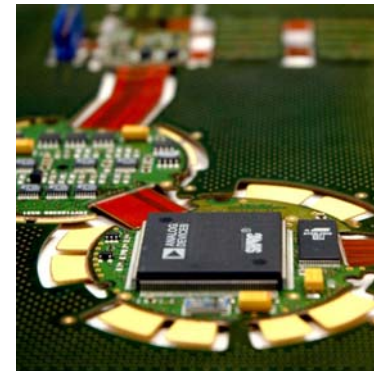




ELECTRONIC MANUFACTURING SERVICES

Highlights

- **TTeis China continues strong performance**
- **Malaysian EMS facility ramping up production**
- **Rationalisation of UK EMS underway**
- **Further business wins in defence and aerospace**





POWER SYSTEMS AND TRANSMISSION

Highlights

- Profitability improvement
- Export genset business highly successful
- Accessories and connection systems order intake strong
- T45 Destroyer cable contracts commence manufacture





OUR ONGOING STRATEGY

AUTOMOTIVE

- **Build upon the success of Autopad®**
(specifically chassis, powertrain and cockpit applications)
- **Continued rationalisation of electronic systems manufacturing**
(1 plant per region: Europe, North and South America, Asia)
- **Expand low cost manufacturing capability**
(Eastern Europe, China, India)
- **Increase new business in global markets**
(other major European markets, India, Korea, Japanese transplants)



OUR ONGOING STRATEGY

COMPONENTS

- **Establish third party resale product range sourced in China**
(testing complete, first orders placed)
- **Increase sales in Far Eastern region**
(ongoing)
- **Continue to develop visible LED lighting business**
(progress maintained)
- **Increase pace of new product launches to secure future growth**
(ongoing)



OUR ONGOING STRATEGY

ELECTRONIC MANUFACTURING SERVICES

- **Consolidate UK operations**
(loss making Northern England facility closure recently announced)
- **Continue transfer of work to low cost Chinese and Malaysian facilities**
(telephone system build transferred to Malaysia)
- **Expand customer base in China**
(new business won totalling £3 million)
- **Continue to gain new business wins in target high margin defence and commercial sectors**
(£5 million additional defence work won)



OUR ONGOING STRATEGY

POWER SYSTEMS/TRANSMISSION

- **Develop low cost third party sources of supply**
(ongoing)
- **Move accessories and cable manufacturing progressively to low cost economies**
(accessories business will commence manufacture in China October 2006)
- **Expand genset/UPS service offering following completion of consolidation**
(consolidation completed, business merger complete by year end)
- **Relocate companies from Gravesend site**
(new factory acquired, first move complete by year end)





CASH FLOW

CASH FLOW FROM OPERATIONS

£Ms	2006 1 st Half	2005 1 st Half	2005 2 nd Half	2005 Full Year
Profit for the period	10.8	11.5	1.5	13.0
Finance costs	2.5	3.2	2.9	6.1
Taxation	4.5	4.9	0.3	5.2
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	17.8	19.6	4.7	24.3
Depreciation and amortisation	16.0	17.2	20.0	37.2
Gain on sale of fixed assets	(2.0)	(7.7)	(4.3)	(12.0)
Gain on sale of subsidiary	-	-	(4.1)	(4.1)
Other non-cash items	(0.2)	(0.3)	0.4	0.1
Additional payments to pension funds	(0.8)	(1.9)	(7.4)	(9.3)
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Operating cash flow before movements in working capital	<u>30.8</u>	<u>26.9</u>	<u>9.3</u>	<u>36.2</u>

CASH FLOW FROM OPERATIONS

£Ms	2006 1 st Half	2005 1 st Half	2005 2 nd Half	2005 Full Year
Operating cash flow before movements in working capital	30.8	26.9	9.3	36.2
Decrease in property	-	0.1	-	0.1
Decrease / (Increase) in inventories	-	1.5	3.6	5.1
(Increase) / Decrease in receivables and derivatives	(13.0)	(6.4)	19.2	12.8
Increase / (Decrease) in payables	3.2	3.0	(2.9)	0.1
Exchange differences	(4.4)	1.6	2.4	4.0
Tax paid	(2.0)	(5.8)	(2.9)	(8.7)
Cash inflow from operations	14.6	20.9	28.7	49.6

GROUP CASH FLOW

£Ms	2006 1st Half	2005 1st Half	2005 2nd Half	2005 Full Year
Cash inflow from operations	14.6	20.9	28.7	49.6
Capital expenditure	(9.2)	(6.8)	(8.8)	(15.6)
Development expenditure	(4.9)	(5.2)	(3.5)	(8.7)
Proceeds of sale of property, plant and equipment and grants received	4.4	17.4	3.9	21.3
Proceeds from sale of subsidiary	-	-	7.8	7.8
Acquisition of business	-	(8.8)	(1.3)	(10.1)
Interest paid (net)	(1.4)	(1.8)	(1.6)	(3.4)
Ordinary dividend paid	(9.9)	(9.8)	(5.8)	(15.6)
Net cash flow before financing	(6.4)	5.9	19.4	25.3
Movement of loans and finance leases	(0.1)	(1.5)	8.7	7.2
(Decrease)/increase in cash and cash equivalents	<u>(6.5)</u>	<u>4.4</u>	<u>28.1</u>	<u>32.5</u>

GROUP BALANCE SHEET

£Ms	2006 June	2005 December	2005 June
Non-current assets	176.1	186.2	192.8
Deferred tax asset	<u>22.6</u>	<u>30.0</u>	<u>23.0</u>
	<u>198.7</u>	<u>216.2</u>	<u>215.8</u>
Inventories	93.9	93.9	100.2
Receivables and financial instruments	108.3	95.1	115.7
Cash and cash equivalents	<u>22.2</u>	<u>24.0</u>	<u>18.0</u>
	224.4	213.0	233.9
Current payables and liabilities	(107.4)	(101.7)	(107.3)
Short term borrowing	<u>(8.5)</u>	<u>(4.0)</u>	<u>(77.9)</u>
Net current assets	<u>108.5</u>	<u>107.3</u>	<u>48.7</u>
Total assets less current liabilities	307.2	323.5	264.5
Non-current provisions and liabilities	(8.6)	(8.4)	(9.7)
Long term borrowings	(62.5)	(67.1)	(5.6)
Deferred tax and pension provisions	<u>(71.1)</u>	<u>(96.3)</u>	<u>(79.0)</u>
Total net assets	<u>165.0</u>	<u>151.7</u>	<u>170.2</u>





THE FUTURE

OUTLOOK

- **Continue to develop low cost manufacturing in China and Malaysia**
- **Grow visible light emitting diodes component, inductive sensor and new component businesses**
- **Build upon success of new product introductions**
- **Continue to explore substantial acquisition opportunities**
- **Well positioned for a successful 2006**



A World Leader in Sensor and Electronic Component Technology