



Interim results presentation
Six months to 30 June 2007

3 September 2007

Highlights

Results

- Revenue growth 4% (11% at constant currency) to £19.88m (2006: £19.18m)
- Gross margin increased by 1.6% to 22.9% (2006: 21.3%)
- Operating profit growth 21% (34% at constant currency) to £1.40m (2006: £1.15m)
- Earnings (before exceptional gains) up 16% to 3.6p (2006: 3.1p)
- Interim dividend increased 4% to 1.20p (2006: 1.15p)

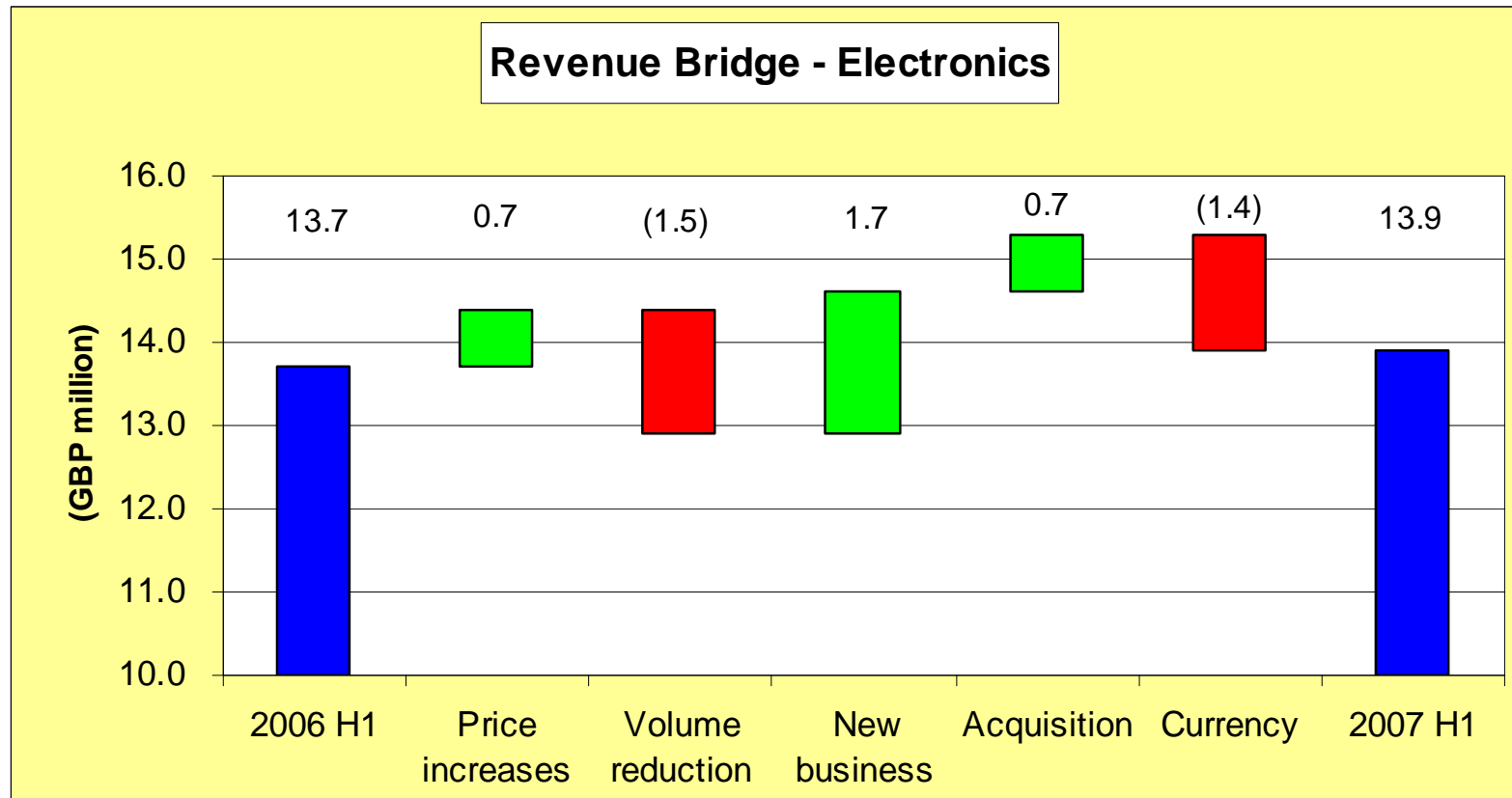
Cash flow

- Operating cash flow conversion >100%
- Contracts exchanged (subject only to searches) for sale of surplus freehold property £3.4m
- Pro-forma net debt £1.3m post-completion (gearing 16%)

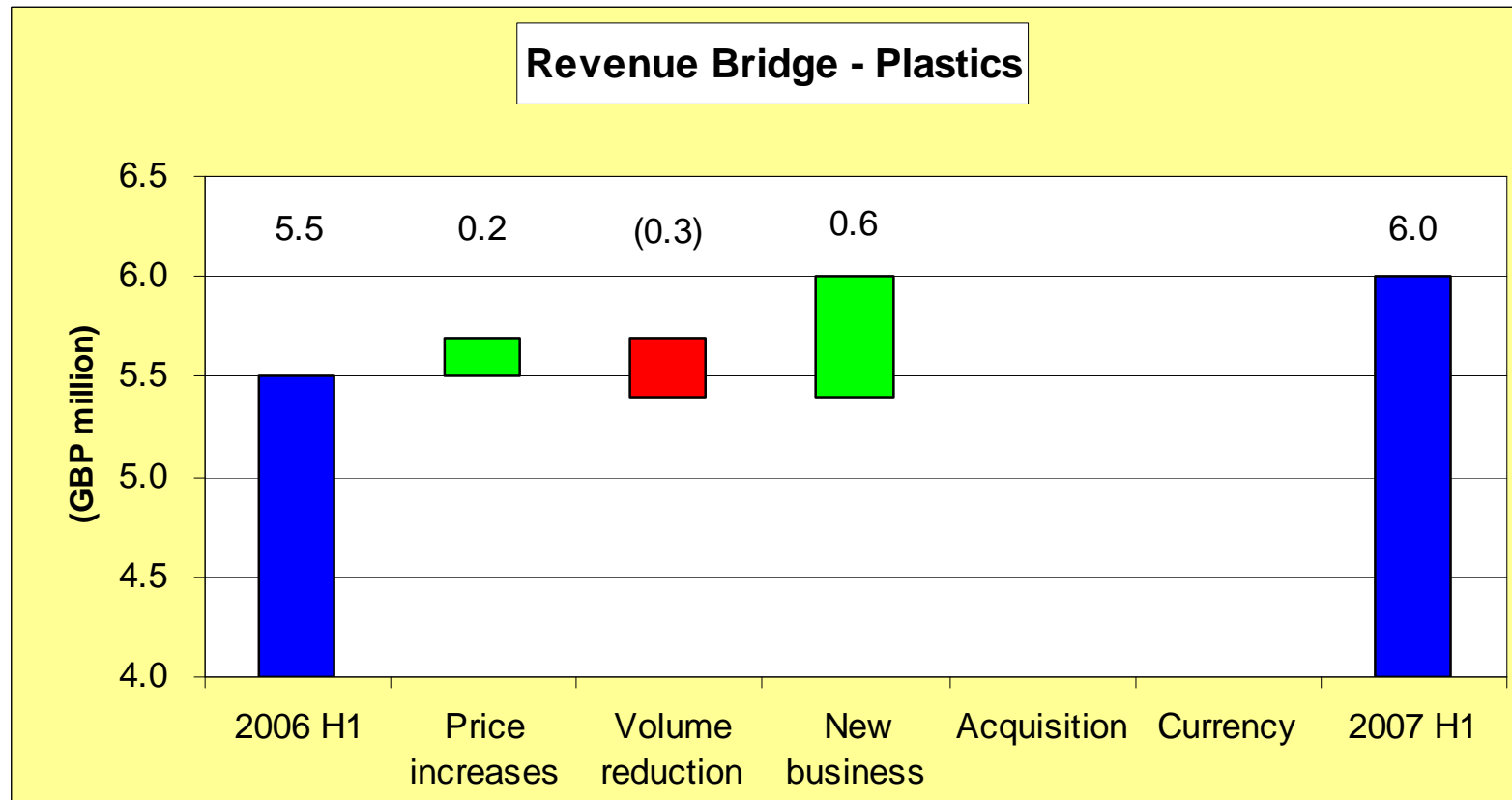
Strategy

- Increased business development activity
- Stadium Power momentum by acquisition
- Continued enhancement of Asia capabilities

Revenue Bridge Analysis - Electronics



Revenue Bridge Analysis - Plastics



Income statement

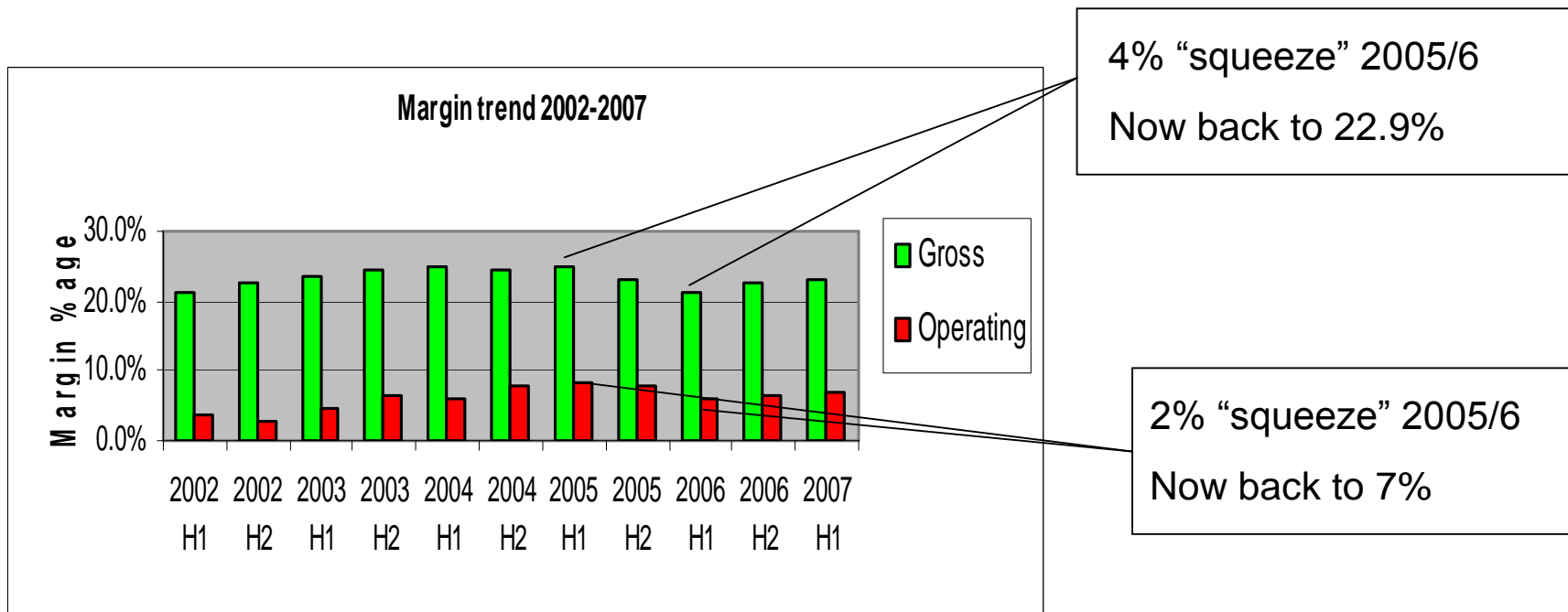
| | 30 June 2007 £000's | 30 June 2006 £000's (Restated) | |
|---|---------------------------|---|--|
| Revenue | 19,875 | 19,184 | Increase 4% (11% at constant currency) |
| Cost of sales | (15,327) | (15,094) | |
| Gross profit | 4,548 | 4,090 | Up from 21.3% to 22.9% |
| Other income | 219 | 213 | |
| Operating expenses | (3,370) | (3,149) | |
| Operating profit | 1,397 | 1,154 | Increase 21% (34% at constant currency) Operating margin up from 6% to 7% |
| Finance costs | (155) | (109) | |
| Profit before taxation and sale of property | 1,242 | 1,045 | Increased by 19% |
| Profit on sale of property | - | 362 | |
| Profit before tax | 1,242 | 1,407 | |
| Taxation | (237) | (165) | Tax rate estimate 19% (prior 12%) |
| Profit for the period | 1,005 | 1,242 | |
| Basic earnings per share | 3.6p | 3.1p* | Pre-exceptional earnings up 16% |
| Diluted earnings per share | 3.6p | 3.1p* | |
| Proposed interim dividend | 1.20p | 1.15p | Increase of 4% |

*excluding profit on sale of property

Impact of currency translation

- Half 1 actual – 11% weaker dollar
 - Turnover £1.4m adverse
 - Operating profits £0.09m adverse
- Half 2 outlook – 5% weaker dollar
 - Turnover £0.5m adverse
 - Operating profits £0.04m adverse
- Full year RmB appreciation 5%
 - Adverse £0.13m on operating costs

Margin trend



Targeted recovery to 25% gross, 8% operating margin

Working capital

- Inventory down 14% since June 2006
- Improved stock turns 5.4x (prior 5.1x)
- Trade debtors average 65 days (prior 66 days)
- Working capital 14% of sales (2006: 15%)

- Management targets set

Cash flow

| | | £m |
|---------------------------------------|-------|-------|
| Net debt at 1 January 2007 | | (4.4) |
| Operations | | |
| Trading activities | 2.0 | |
| Pension contributions | (0.5) | |
| Tax | (0.1) | 1.4 |
| Investments | | |
| Fixed assets | (0.3) | |
| Acquisition | (0.6) | (0.9) |
| Financing | | |
| Interest | (0.1) | |
| Dividends | (0.7) | (0.8) |
| Net debt at 30 June 2007 – actual | | (4.7) |
| Net proceeds due on sale of freeholds | | 3.4 |
| Pro-forma net debt at 30 June 2007 | | (1.3) |

Balance sheet

| | <u>30 June</u> <u>2007</u> <u>£m</u> | <u>31 December</u> <u>2006</u> <u>£m</u> |
|-------------------------|--|--|
| Fixed assets | 6.7 | 10.1 |
| Goodwill | 1.5 | 1.0 |
| Working capital | 5.3 | 5.6 |
| Property held for sale | 3.3 | - |
| Long term borrowings | (3.8) | (2.7) |
| | (0.5) | (2.7) |
| Current net borrowings | (0.9) | (1.7) |
| Net pension liabilities | (3.9) | (4.4) |
| Net assets | <u>8.2</u> | <u>7.9</u> |

Stadium Asia

Sales proposition:

- High mix, multi-product turnkey manufacturing expertise
- Robust processes, systems and management
- Flexible, customer specific solutions
- Protection of Intellectual Property
- Controlled growth
- World class standards



Business development:

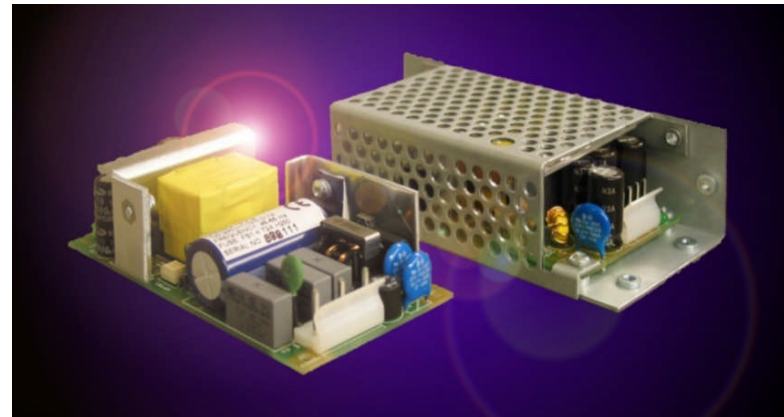
- Develop capabilities ahead of demand
- Broader range of capabilities
- Pitch selectively
- Standards
 - ROHS/WEEE
 - ISO 14001 (Environmental)
 - US FDA (Food and Drug Administration)
 - ISO 13485 (Medical products)
- Reflect capabilities in pricing/ margin
- Sales presence in UK, US and Asia



Stadium Power

Sales proposition:

- High specification custom and semi-custom solutions
- Demand driven by standards and approvals:
 - Safety (low voltage)
 - EMC (interference)
 - PFC (harmonics)
 - ROHS (environmental)
 - Applications
- Leads to increased complexity ie custom solutions



Stadium Power

Business development:

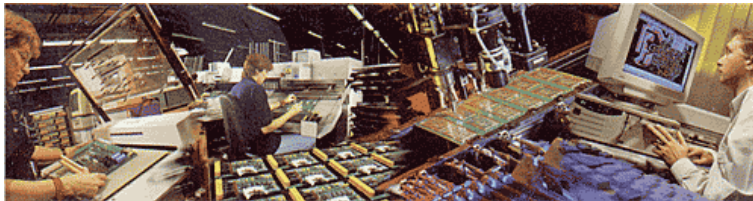
- Differentiate on time to market and cost
- Capitalise on Stadium Asia facility
- Open new routes to market
 - Sales resources
 - Acquisitions
 - Develop standard and semi-standard ranges



UK operations

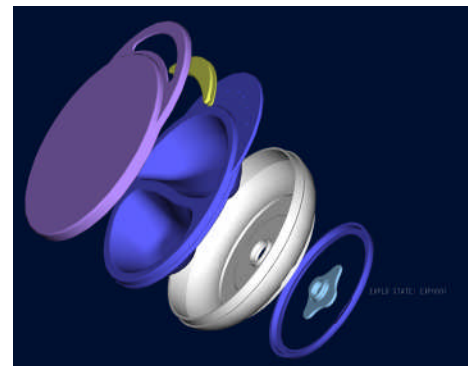
UK Electronics

- Customer satisfaction/retention
- Consolidation / elimination of competitors
- Implement lean techniques
 - performance improvements
 - cash generation
- Return to controlled growth



Branded Plastics

- Relatively mature markets
- Optimise capacity utilisation
- Resist margin dilution
- Focus on cash generation



Prospects

- H2 sales outlook satisfactory
- Pipeline filling for 2008 and beyond
- Mix/margin offsets operating cost escalation
- Investment in new capabilities and sectors
 - Technical plastics
 - Medical devices
- Continue to seek acquisition opportunities

