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PRELIMINARY RESULTS YEAR ENDED 31 DECEMBER 2006

Stadium Group plc reports improved results in second half

Stadium Group plc, the AIM listed provider of Electronic Manufacturing Services announces its preliminary results for the year ended 31 December 2006.

Highlights

- Turnover up 6% to £38.55m (2005 : £36.52m)
- Profits before tax £2.35m (2005 : £2.64m)
- Earnings per share 7.0p (2005 : 7.6p)
- Underlying profits unchanged at constant currency rates
- Adjusted PBT*, adjusted earnings* and operating cash flow improved in second half over first
- Stadium Power acquisition of KRP contributing ahead of plan
- Total dividend up 3% to 3.6 pence (2005 : 3.5 pence)

Chairman Nick Brayshaw comments:

“Following four years of profit growth, the company has demonstrated some resilience in recovering from the challenging market conditions prevalent in the first half of 2006. During the second half of the year a turning point was reached, with sales, margins and operating cash flow all showing improvement. We look forward with confidence to further organic growth, and will continue to seek to augment this with suitable acquisitions when appropriate opportunities arise.”

* stated before exceptional gains and goodwill amortisation (see table on following page)

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STADIUM GROUP PLC

SUMMARISED PRELIMINARY RESULTS

For the year ended 31 December 2006

Stadium Group produces electronic products and assemblies for original equipment manufacturers from its manufacturing facilities in China and the UK. Stadium serves customers across the UK, Asia, Europe, Americas and Australia. Stadium's products are focused on the Consumer, Industrial and Automotive sectors.

Summarised results	***2006 H1 Unaudited £m***	***2006 H2 Unaudited £m***	**2006 Unaudited £m**	**2005 Unaudited £m**
Group turnover				
Asia	*10.7*	*10.6*	**21.3**	20.2
UK	*8.5*	*8.8*	**17.3**	16.3
Total	*19.2*	*19.4*	**38.6**	36.5
Adjusted PBT*	*1.05*	*1.11*	**2.16**	2.60
Goodwill amortisation	*(0.07)*	*(0.08)*	**(0.15)**	(0.13)
Exceptional items	*0.36*	*(0.02)*	**0.34**	0.17
Reported PBT	*1.34*	*1.01*	**2.35**	2.64
Cashflow from operations (excl pensions)	*0.57*	*1.37*	**1.94**	1.84
Pension contributions	*(0.57)*	*(0.52)*	**(1.09)**	(1.24)
Cashflow from operations	*0.00*	*0.85*	**0.85**	0.60
	Pence	***Pence***	**Pence**	**Pence**
Adjusted EPS*	*3.1*	*3.2*	**6.3**	7.6
Goodwill amortisation	*(0.2)*	*(0.3)*	**(0.5)**	(0.5)
Exceptional items	*1.2*	*0.0*	**1.2**	0.5
Reported EPS	*4.1*	*2.9*	**7.0**	7.6
Dividend per share	*1.15*	*2.45*	**3.60**	3.50

* stated before exceptional gains and goodwill amortisation

STADIUM GROUP PLC

CHAIRMAN'S STATEMENT

Covering the year ended 31 December 2006

Introduction

I am pleased to report improved results in the second half of the year and satisfactory full year results for the year ended 31 December 2006.

The business has delivered further sales growth, and margins are recovering after a period of turbulence arising from increasing commodity prices.

Management have successfully completed the first acquisition since the Strategic Review in 2001, and the business is well placed to make further progress in 2007.

Results

As anticipated, profit before taxation reduced by 11% to £2.35m (2005: £2.64m), although it should be noted that much of this reduction is attributable to the translation of dollar earnings at a weaker exchange rate.

Earnings before exceptional items and goodwill amortisation of 6.3p were slightly ahead of market expectation, although down by 17% compared with 2005 (7.6p). Reported earnings, which reflect the exceptional gain on sale of freehold property, were 7.0p (2005: 7.6p).

Net cash inflow from operating activities increased by 42% to £0.85m (2005: £0.60m). Net bank borrowings increased during the year from £2.06m to £4.38m reflecting investment in the relocation of our office premises in Hong Kong and also the acquisition of KRP Power Source (UK) Limited in August.

Dividends

The Board proposes a final dividend of 2.45 pence per share (2005 : 2.4 pence) to be paid on 8 May 2007 to shareholders on the register on 13 April 2007. This brings the total dividends for the year to 3.6 pence per share, an increase of 3% over the prior year (3.5 pence per share), which is covered by earnings 1.9 times (2005 : 2.2 times).

Company Secretary

David Collins retired as Company Secretary on 31 December 2006 after more than twenty years of service to the company. Colin Wilson ACA was appointed as Group Financial Controller in April 2006, and assumed responsibility as Company Secretary upon David Collins' retirement.

Prospects

Following four years of profit growth, the company has demonstrated some resilience in recovering from the challenging market conditions prevalent in the first half of 2006. During the second half of the year a turning point was reached, with sales, margins and operating cash flow all showing improvement. We look forward with confidence to further organic growth, and will continue to seek to augment this with suitable acquisitions when appropriate opportunities arise.

Nick Brayshaw

Chairman

26 February 2007

STADIUM GROUP PLC

CHIEF EXECUTIVE'S REVIEW

Covering the year ended 31 December 2006

Overview

The business has reported satisfactory results in view of the underlying market conditions, and enters 2007 with a positive outlook.

Financial results

Turnover increased 6% to £38.55m (2005: £36.52m), with similar rates of growth across both Electronics and Plastics, and both in Asia and the UK.

Operating profit reduced as expected by 12% to £2.28m (2005: £2.60m). This was a reflection of the more challenging trading conditions prevailing for much of the year, and especially the first half. In particular, material, energy and operating costs increased sharply, leading to pressure on margins until their effect could be fully reflected in selling prices. Notwithstanding these pressures, reported profits would have been virtually unchanged at constant rates of exchange, the effects of which are explained below.

Profit before taxation decreased by 11% to £2.35m (2005 : £2.64m), or by 17% to £2.16m (2005 : £2.60m) before adjusting for exceptional gain and goodwill amortisation. The exceptional gain related to the sale of freehold property in Hong Kong arising on the relocation of Stadium Asia office premises amounting to £0.34m (2005: sale of surplus UK freehold property of £0.33m).

Reported earnings per share were 7.0 pence, a decrease of 8% on last year (2005: 7.6 pence). Earnings before exceptional gains and goodwill amortisation were 6.3 pence (2005: 7.6 pence).

Effects of foreign currency exchange rates

During the year the United States dollar weakened against Sterling by approximately 15% and ended the year at the lowest level for many years. The translation effect of these movements reduced reported sales by £1.49m (4%), profit before taxation by £0.14m (6%) and net assets by £0.89m (11%) when compared with the opening rate of exchange.

Furthermore, the Chinese Yuan has appreciated by a further 5% during the year against the United States Dollar, adding approximately £0.2m to operating costs in China.

Electronics

	2006 **£'000**	**2005** **£'000**
Turnover		
- Asia	21,262	20,228
- UK	6,693	6,227
	27,955	26,455
Operating Profit	1,873	2,173

Sales overall grew by 6% to £27.96m and it was especially satisfying to experience a return to growth in our UK operations. Automotive volumes continued to decline as expected, although significant new business has been awarded that will enter production during 2007.

Our phased withdrawal from the telecom market was completed during the first half of the year, without incurring significant exit costs, and we do not anticipate further activity in this sector.

Strong growth was experienced in consumer markets and there are further substantial opportunities in the pipeline.

Material prices, which increased rapidly throughout the first half of the year, were more stable in the second half. Most major customers have now accepted price increases to reflect new economics, although some marginal business was sacrificed where such increases could not be achieved.

Our goal remains to work with substantial long term partners who recognise the value of quality, service and reliability when executing sourcing decisions.

Whilst operating margin for the full year reduced by 1.5% to 6.7%, the performance in the second half (7.3%) marked a recovery from the 6.1% reported at the interim stage.

Stadium Power contributed more than £3.3m of sales, including £0.4m from the acquisition of KRP Power Source (UK) Ltd on 30 August 2006. Growth was less than expected as a result of technology changes in the gaming machine sector resulting in lower demand for hardware. Development of a range of industry standard items for manufacture by Stadium Asia and distribution through Stadium Power and KRP will be completed during 2007.

Plastics

	2006 £'000	**2005 £'000**
Turnover	10,597	10,060
Operating Profit	848	871

Growth in sales was attributable to new product launches and additional market share won by Stadium Building Products.

Profits were virtually unchanged; a commendable performance when taking into account the substantial increases in material and energy costs incurred during the year.

Balance sheet and cash flow

Cash flow from operations amounted to £0.85m, stated after meeting pension deficit funding contributions of £1.09m (2005: net inflow of £0.60m after pension contributions of £1.24m)

Net cash outflow on fixed assets of £1.00m included the relocation of the Hong Kong office of Stadium Asia Limited at a net cost of £0.2m. There was further investment in manufacturing plant and equipment in Asia and the UK totaling £0.80m, slightly ahead of the corresponding depreciation charge.

The acquisition of KRP Power Source (UK) Limited was completed on 30 August 2006 at a total cost of £0.57m. This additional investment in the business was funded by drawing down net bank loans of £2.70m, and resulted in year end borrowings of £4.38m (2005: £2.06m).

Pensions

The market value of the pension scheme assets increased by 11% during the year to exceed £22m. The net pension liability, measured on a basis consistent with that used in the prior year, would have reduced from £4.86m to approximately £3.0m. The directors, in consultation with the scheme actuary, have recognised more recent guidance on expected mortality rates. The effect of this new guidance has resulted in an 8% increase to the scheme liabilities before deferred tax amounting to £2.04m, and a net pension liability of £4.45m.

Acquisitions

During the year we completed the acquisition of KRP Power Source (UK) Limited for net cash consideration of £0.57m. Since completion on 30 August 2006 the business has performed slightly ahead of our expectations contributing an operating profit (before goodwill amortisation) of £0.06m.

Further acquisition activity, focused particularly on businesses with product design, marketing and distribution capabilities, remains a priority.

Outlook

Current trading is ahead of the corresponding period last year and the immediate outlook is encouraging.

We anticipate growth in revenues and a further recovery in margins in 2007, although sustained dollar weakness against both Sterling and the Chinese Yuan may offset the full effect of this improvement in reported earnings.

Nigel Rogers
Chief Executive
26 February 2007

STADIUM GROUP PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2006

	Note	***Total 2006 Unaudited £'000***	*Total 2005 Unaudited £'000*
Turnover - continuing operations	1	**38,552**	36,515
Cost of sales		**(30,059)**	(27,684)
Gross profit		**8,493**	8,831
Net operating expenses before exceptional items and goodwill		**(6,070)**	(5,937)
Exceptional operating expenses		**-**	(161)
Goodwill amortisation		**(148)**	(132)
Net operating expenses		**(6,218)**	(6,230)
Operating profit – continuing operations	2	**2,275**	2,601
Profit on sale of fixed assets	3	**340**	330
Interest payable		**(250)**	(144)
Other finance costs		**(12)**	(150)
Profit on ordinary activities before taxation		**2,353**	2,637
Taxation		**(341)**	(482)
Profit for the financial year		**2,012**	2,155
Earnings per share			
Basic	4	**7.0p**	7.6p
Diluted		**7.1p**	7.5p

Statement of total recognised gains and losses			
Profit for the financial year		**2,012**	2,155
Movements on foreign exchange		**(885)**	418
Actuarial losses (net of deferred tax)		**(298)**	(331)
Total recognised gains and losses	8	**829**	2,242

STADIUM GROUP PLC

CONSOLIDATED BALANCE SHEET

as at 31 December 2006

	Note	***2006 Unaudited***	*2005 Unaudited*
		£'000	*£'000*
Fixed assets			
Intangible assets		**872**	537
Tangible assets		**10,102**	9,832
		10,974	10,369
Current assets			
Stocks		**5,872**	5,943
Debtors due within one year		**7,571**	6,624
Cash		**296**	236
		13,739	12,803
Creditors: amounts falling due within one year			
Bank overdrafts		**(1,434)**	(1,758)
Creditors		**(8,343)**	(8,688)
		(9,777)	(10,446)
Net current assets		**3,962**	2,357
Total assets less current liabilities		**14,936**	12,726
Creditors: amounts falling due after more than one year		**(2,713)**	-
Provisions for liabilities and charges		**-**	(28)
Net assets excluding net pension liability		**12,223**	12,698
Net pension liability	9	**(4,449)**	(4,858)
Net assets	2	**7,774**	7,840
Capital and reserves			
Called up equity share capital		**1,440**	1,432
Share premium account		**4,233**	4,184
Capital redemption reserve		**88**	88
Profit and loss account	8	**2,013**	2,136
Equity shareholders' funds		**7,774**	7,840
Bank borrowings (net)	7	**4,383**	2,064
Gearing		**56.4%**	26.3%

STADIUM GROUP PLC

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2006

	Note	***2006 Unaudited***	*2005 Unaudited*
		£'000	*£'000*
Net cash inflow from operating activities	6	**847**	605
Servicing of finance		**(250)**	(145)
Tax paid		**(386)**	(326)
Capital expenditure			
Purchase of tangible fixed assets		**(1,683)**	(702)
Sale of tangible fixed assets		**686**	694
		(997)	(8)
Acquisitions and disposals			
Acquisition consideration paid		**(569)**	-
Receipt of deferred consideration		**-**	313
		(569)	313
Equity dividends paid		**(1,022)**	(956)
Net cash outflow before financing		**(2,377)**	(517)
Financing			
Loans drawn down		**3,392**	-
Loans repaid		**(689)**	(1,045)
Equity share capital subscribed		**58**	166
Net cash outflow from financing		**2,761**	(879)
Increase/(decrease) in cash in the year	7	**384**	(1,396)

STADIUM GROUP PLC

NOTES:

1. Turnover

(a) By segment:	***2006*** ***£'000***	*2005* *£'000*
Electronics - manufactured in Asia	**21,262**	20,228
- manufactured in UK	**6,693**	6,227
	27,955	26,455
Branded Plastics	**10,597**	10,060
	38,552	36,515

	2006		*2005*	
(b) By destination:	***Electronics £'000***	***Total £'000***	*Electronics £'000*	*Total £'000*
UK	**14,164**	**24,218**	13,470	23,045
Europe	**2,189**	**2,649**	2,774	3,214
Asia	**4,205**	**4,220**	4,998	4,998
Americas	**4,767**	**4,767**	3,189	3,189
Other	**2,630**	**2,698**	2,024	2,069
	27,955	**38,552**	26,455	36,515

	2006		*2005*	
(c) By industry sector:	***Electronics £'000***	***Total £'000***	*Electronics £'000*	*Total £'000*
Consumer	**14,707**	**25,304**	10,973	21,033
Industrial	**9,973**	**9,973**	9,829	9,829
Automotive	**3,078**	**3,078**	4,751	4,751
Telecom	**197**	**197**	902	902
	27,955	**38,552**	26,455	36,515

(d) Turnover includes £401,000 (2005 : £nil) derived from KRP Power Source (UK) Limited, a distributor of power conversion products, acquired on 30 August 2006.

2. Segment information

	Operating profit		Net Assets	
	2006	*2005*	***2006***	*2005*
	£'000	*£'000*	***£'000***	*£'000*
Electronics	**1,873**	2,173	**8,383**	8,078
Branded Plastics	**848**	871	**4,485**	4,057
Group				
Net pension liability	**-**	-	**(4,449)**	(4,858)
Exceptional operating costs	**-**	(161)	**-**	-
Goodwill amortisation	**(148)**	(132)	**872**	537
Other	**(298)**	(150)	**(1,517)**	26
	(446)	(443)	**(5,094)**	(4,295)
Total	**2,275**	2,601	**7,774**	7,840

Operating profit includes £42,000 (2005 : £nil) derived from KRP Power Source (UK) Limited, a distributor of power conversion products, acquired on 30 August 2006.

3. Profit on sale of fixed assets

Profit on sale of fixed assets comprises gains on the sale of freehold properties, including office premises in Hong Kong (2006) and factory premises at Clacton (2005).

4. Earnings per share

The calculation of basic earnings per share is based on the profit for the financial year of £2,012,000 (2005 : £2,155,000) and the weighted average number of ordinary shares in issue during the year of 28,755,369 (2005 : 28,537,013).

The reconciliation of basic earnings per share to earnings per share excluding exceptional items and goodwill amortisation is as follows:

	2006	***2006***	*2005*	*2005*
	£'000	**pence**	£'000	pence
Earnings per share (before exceptional items and goodwill)	**1,820**	**6.3**	2,169	7.6
Exceptional items (after taxation)	**340**	**1.2**	118	0.5
Goodwill amortisation	**(148)**	**(0.5)**	(132)	(0.5)
Basic earnings per share	**2,012**	**7.0**	2,155	7.6

5. Dividends

The proposed final dividend of 2.45 pence per share will amount to £706,000 and will be payable on 8 May 2007 to shareholders on the register on 13 April 2007.

6. Net cash inflow from operating activities

	2006	*2005*
	£'000	*£'000*
Operating profit	**2,275**	2,601
Release of grants received	**-**	(45)
Goodwill amortisation	**148**	132
Share option costs	**70**	60
Depreciation	**864**	841
Loss on sale of tangible fixed assets	**-**	6
Difference between pension charge and cash contributions	**(1,092)**	(1,237)
Decrease/(increase) in stocks	**169**	(2,096)
Increase in debtors	**(715)**	(520)
(Decrease)/increase in creditors	**(872)**	863
Net cash inflow from operating activities	**847**	605

7. Analysis of changes in net debt

	2005	***Cash Flow***	***2006***
	£'000	***£'000***	***£'000***
Cash	236	**60**	**296**
Bank overdrafts	(1,758)	**324**	**(1,434)**
	(1,522)	**384**	**(1,138)**
Loans due within one year	(542)	**10**	**(532)**
Loans due after one year	-	**(2,713)**	**(2,713)**
	(2,064)	**(2,319)**	**(4,383)**

8. Profit and loss account reserve

	Note	***2006 Unaudited***	*2005 Unaudited*
		£'000	*£'000*
Balance at 1 January		**2,136**	(1,961)
Transfer from merger reserve		**-**	2,751
Total net recognised gains and losses		**829**	2,242
Share option costs recognised		**70**	60
Dividends paid		**(1,022)**	(956)
Balance at 31 December		**2,013**	2,136

9. Net pension liability

	2006 Unaudited £'000	2005 Unaudited £'000
Market value of scheme assets	**22,381**	20,145
Present value of scheme liabilities	**(28,737)**	(27,085)
Scheme deficit	**(6,356)**	(6,940)
Related deferred tax asset	**1,907**	2,082
Net pension liability	**(4,449)**	(4,858)

Movements during the year comprised:		
Net pension liability at 1 January		**(4,858)**
Current service costs (including curtailment)		**(312)**
Contributions paid		**1,261**
Finance costs		**(12)**
Experience gains		**892**
Changes in actuarial assumptions	- mortality	**(2,043)**
	- other	**798**
Deferred taxation		**(175)**
		(4,449)

10. Financial Information

This preliminary announcement does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985.

The information for the year ended 31 December 2006 is an extract from the statutory accounts to that date. The statutory accounts for the year ended 31 December 2005 have been delivered to the Registrar of Companies and included an audit report which was unqualified and which did not contain a statement under Section 237(2) or (3) of the Companies Act 1985. The statutory accounts for the year ended 31 December 2006, upon which the auditors have still to report, will be delivered to the Registrar following the Company's annual general meeting.

11. Annual Report & Financial Statements

The Annual Report and Financial Statements will be posted to shareholders shortly. The Annual General Meeting will be on Thursday 19th April 2007 at 12 Smithfield Street, London, EC1A 9BD. Copies of the Annual Report and of this announcement will be available at the Company's registered office: Stephen House, Brenda Road, Hartlepool, TS25 2BQ.