

Overview

- Strong improvement in overall results compared with 2009
- Underlying PBT doubled
- Most of our end markets recovering
- Customer base expanded and concentration reduced
- Strong results from Performance Materials and Wireless Systems Divisions
 - *growth in revenues, operating profits and margins*
- Handset Products Division in transition
 - *exiting mechanisms product line*
 - *achieving growth in handset metals*
 - *recovery expected in antennae systems*
 - *expanding products and capabilities beyond mobile phones*
- Market fundamentals attractive, financial position strong

Results Summary

£ millions	H1 2010	H1 2009	△
Performance Materials			
Revenue	112.7	86.3	31%
PBIT	13.5	4.8	
	12.0%	5.6%	
Handset Products			
Revenue	104.3	142.4	(27)%
PBIT	2.1	6.3	
	2.0%	4.4%	
Wireless Systems			
Revenue	57.6	37.4	54%
PBIT	2.9	0.3	
	5.0%	0.8%	
Total			
Revenue	274.6	266.1	3%
PBIT	18.5	11.4	62%
	6.7%	4.3%	

- Revenue up 5% in US\$
- Underlying PBT £15.1 million (2009: £7.6 million)
- Net R&D spend largely maintained; benefits of 2008/09 actions to reduce other overhead costs
- Impairment charge £18 million for Mechanisms exit (but cash neutral)
- Operating cash flow £13.1 million (2009: £22.8 million)
- Net debt £62.8 million (Dec. 2009: £45.4 million)
- EPS of 4.4 pence (2009: 2.8 pence)
- Interim dividend of 2.1 pence

Financial Results

Jonathan Silver



Revenue & Profit

£ millions	Half Year to 30 June		Full Year
	2010	2009	2009
Revenue	274.6	266.1	528.8
Operating profit	18.5	11.4	33.6
Finance costs	(3.4)	(3.8)	(7.1)
Underlying profit before tax*	15.1	7.6	26.5

- Revenues up 3%, profits have doubled
- Mechanisms loss (£1.5m) and FX hedging headwind (£1.8m) in H1/10

* before exceptionals, amortisation of acquired intangibles, gain or loss on disposal of businesses, fair valuing of financial instruments and acquisition transaction costs

Results Translated in US\$: a better guide to performance

	Half Year to 30 June 2010		Half Year to 30 June 2009	
	US\$m	%	US\$m	%
Revenue	419.9	100%	398.4	100%
Cost of sales	(284.3)	(67.7%)	(283.4)	(71.1%)
Gross margin	135.6	32.3%	115.0	28.9%
SG&A	(75.1)	(17.9%)	(67.8)	(17.0%)
Gross R&D	(32.9)	(7.8%)	(35.2)	(8.8%)
Net capitalised development	0.7	0.1%	5.0	1.2%
PBIT	28.3	6.7%	17.0	4.3%

- Gross margins up by over 3%
 - revenue growth in higher margin divisions
- Activity based cost increases in Direct Overheads and SG&A
 - but employment costs lower year on year
 - cost base significantly below 2008
- Cap Dev write downs reduced net Cap Dev credit in H1/10

Performance Materials

\$ millions	2010	2009	
	H1	H1	FY
Performance Materials (PM)			
Revenue	172.3	129.2	285.3
PBIT*	20.7	7.2	29.9
	12.0%	5.6%	10.5%

- Broad based growth in H1/10
- Gross margins up, net margins more than doubled

* before exceptionals, amortisation of acquired intangibles and acquisition transaction costs

Handset Products

\$ millions	2010	2009	
	H1	H1	FY
Handset Products (HP)			
Revenue	159.6	213.2	410.8
PBIT*	3.2	9.4	18.3
	2.0%	4.4%	4.5%

- Antenna volumes up year on year
- Antenna revenues down by 22%; lower ASPs
- Mechanisms revenues \$15m in H1/10 (H1/09, \$41m)
- Handset metals 7% up in H1/10

* before exceptionals, amortisation of acquired intangibles and acquisition transaction costs

Wireless Systems

\$ millions	2010	2009	
	H1	H1	FY
Wireless Systems (WS)			
Revenue	88.0	56.0	133.1
PBIT*	4.4	0.5	4.6
	5.0%	0.9%	3.4%

- Strong recovery by NA automotive OEMs
- WLAN infrastructure recovery in H1/10
- Volume driving margin recovery

* before exceptionals, amortisation of acquired intangibles and acquisition transaction costs

Exceptional Items: Charge to Income Statement H1/10

£ millions	Asset Write Downs	Intangible Assets Write Downs	Total
Performance Materials	-	-	-
Handset Products*	(3.7)	(14.3)	(18.0)
Wireless Systems	-	-	-
	(3.7)	(14.3)	(18.0)

* relates to assets of the Mechanisms product line

- £2m of closure costs to come funded by contract run out and realisation of working capital

Cash Flow

£ millions	Half Year to 30 June		Full Year
	2010	2009	2009
Operating profit	18.5	11.4	33.6
Depreciation	9.1	8.2	16.7
Amortisation of capitalised development	4.3	2.3	5.6
Other and non-cash	0.7	0.7	1.3
	32.6	22.6	57.2
(Increase) / decrease in working capital [†]	(6.3)	14.1	20.0
Capitalised development	(4.8)	(5.6)	(11.1)
Capital expenditure	(8.4)	(8.3)	(16.4)
Operating cash flow	13.1	22.8	49.7

- Operating cash conversion >70% in H1/10

[†] after adjusting for creditor decreases on exceptional items of £4.0m in 2010

Trading Cash Flow & Movement in Net Borrowings

£ millions	Half Year to 30 June		Full Year
	2010	2009	2009
Operating cash flow	13.1	22.8	49.7
Finance costs	(3.5)	(4.6)	(7.7)
Tax	(4.7)	(6.8)	(9.8)
Trading cash flow	<u>4.9</u>	<u>11.4</u>	<u>32.2</u>
Dividends*	(13.8)	-	(14.0)
Acquisitions	-	(1.7)	(1.8)
Disposals	(0.5)	(0.6)	(2.6)
Exceptionals	(4.0)	(4.8)	(12.0)
Proceeds from issue of shares	-	-	83.0
	<u>(13.4)</u>	<u>4.3</u>	<u>84.8</u>
Exchange on cash and borrowings	(4.0)	11.4	9.3
(Increase) / reduction in net borrowings	<u>(17.4)</u>	<u>15.7</u>	<u>94.1</u>

* Interim and Final dividends for 2009

Balance Sheet

£ millions	30 June 2010	31 December 2009
Shareholders' equity	595.5	579.6
Net borrowings	62.8	45.4
Capital employed	<u>658.3</u>	<u>625.0</u>

[†] Interest cover (covenant basis)	5.9	4.2
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^{††} Net borrowings / EBITDA	1.1	1.0
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[†] minimum of 2.5 times required by Group's loan facilities

^{††} maximum of 3.5 times allowed by Group's loan facilities

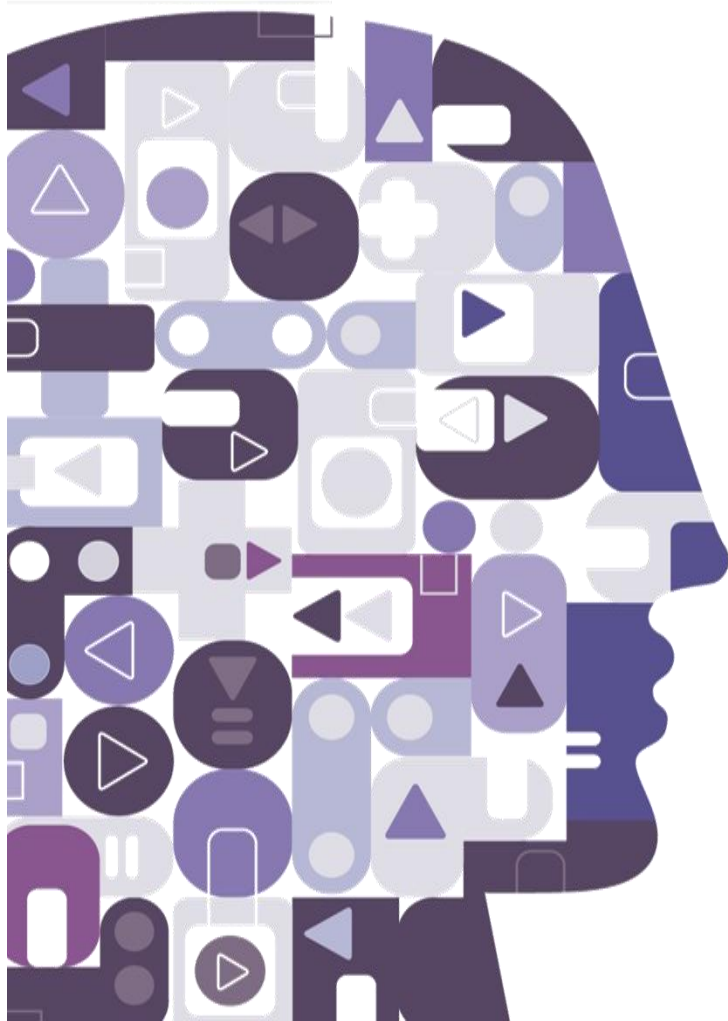
Earnings, Tax & Dividend

Pence per share	Half Year to 30 June	
	2010	2009 [†]
Continuing underlying earnings*	4.4	2.8
Continuing underlying tax rate	21.9%	24.9%
Dividend per share	2.1	3.47

Average number of shares (million)	266.2	204.5
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[†] adjusted for bonus element of Rights Issue

* before exceptionals, amortisation of acquired intangibles, gain or loss on disposal of businesses, deferred tax on acquired intangible assets and goodwill, fair valuing of financial instruments and acquisition transaction costs



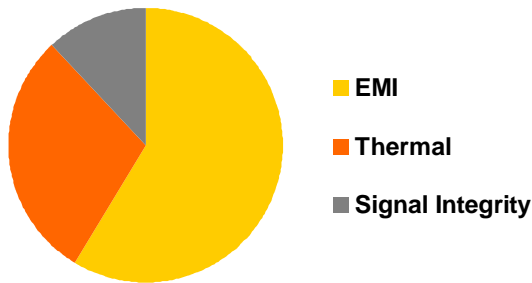
Business Review

Peter Hill

“We provide specialist products and solutions for our customers that allow their own electronic devices to operate functionally, efficiently and cost effectively”

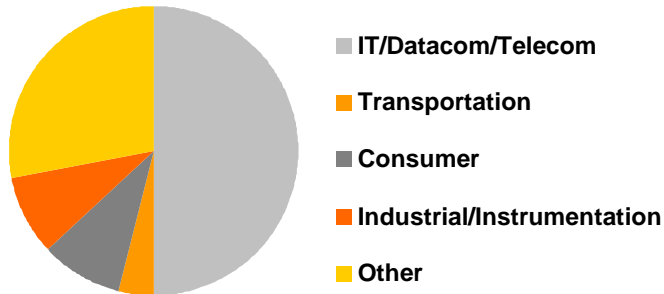
Performance Materials

H1 2010 REVENUE (£112.7M) BY PRODUCT SEGMENT



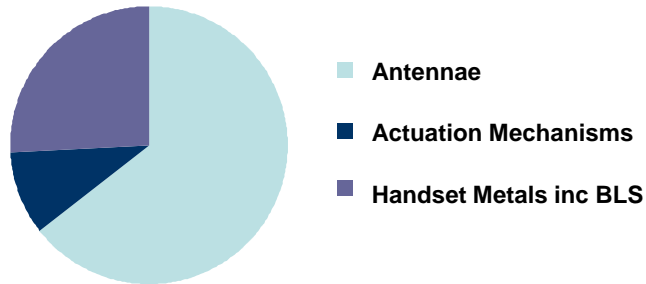
- Good results across all three product lines
- Particularly strong performance in Thermal, very good progress in EMI shielding, and excellent recovery in Signal Integrity
- Demand growth from internet routers, telecom base stations, notebook and desktop PCs, printers, LED lighting, and gaming consoles
- Increased penetration at key customers plus new customer wins
- Further progress expected

BY MARKET SEGMENT



Handset Products

H1 2010 REVENUE (£104.3M)
BY PRODUCT SEGMENT

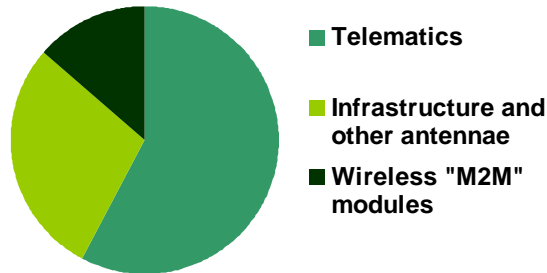


- In transition – performance mixed
- Expansion of customer base and non mobile phone revenues
- Material reduction in overall customer concentration
- Focus on achieving continued growth in metals, orderly exit from mechanisms, and on growing revenue/improving performance in antennae
- Focus also on continued new product development and on operational excellence
- Division being restructured to reflect transition and to maximise synergies



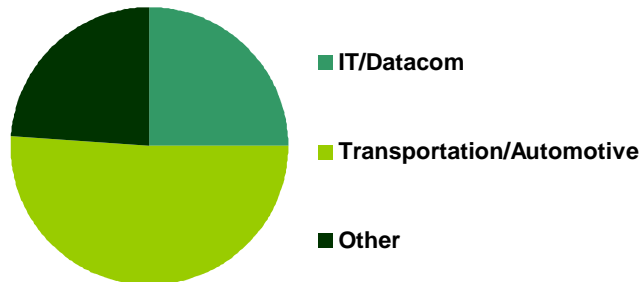
Wireless Systems

H1 2010 REVENUE (£57.6M) BY PRODUCT SEGMENT



- Strong result from telematics: US auto recovery; GM / Chrysler H1 '09 Ch 11, revenue growth from new key customer
- Growth in “Intelligent Transportation Systems”, “smart antennae” with software controls and wireless modules
- Infrastructure antennae recovering, especially in WLAN, WiMax and RFID
- Geographic expansion continues
- Multiple new product launches
- Improving profitability through manufacturing vertical integration and operational gearing

BY MARKET SEGMENT



Summary & Conclusions



Summary & Conclusions

- Business overall is recovering well from the recession
- Strong and growing businesses in Performance Materials, Wireless Systems and handset metals
- Handset Products in transition; being restructured
- Customer base and range of product applications being expanded
- Continuing focus on technology leadership, low cost manufacturing, cost control and cash generation
- Business well positioned: expect to demonstrate further progress

