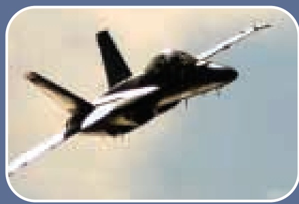
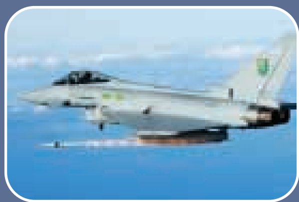
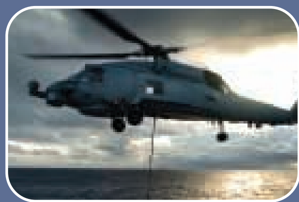
Ultra Electronics Holdings plc Annual Report and Accounts **2007**

mission critical…







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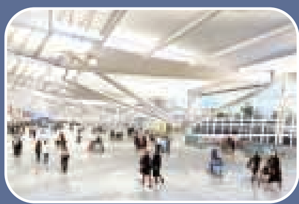



…superior performance

Ultra ELECTRONICS

Ultra at a Glance

Why Ultra is different

Ultra Electronics is an internationally successful defence and aerospace company with a long, consistent track record of development and growth, achieving 18% compound annual growth of total shareholder return since flotation in 1996.

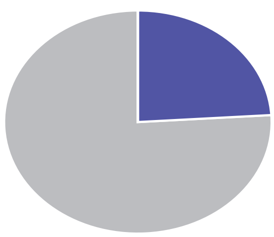
Ultra businesses constantly innovate to create solutions to customer requirements that are different from and better than those of the Group's competitors. By applying these differentiated solutions to a wide range of platforms and programmes, Ultra has built an exceptionally broad range of niche market positions. Ultra offers support to its customers through the design, delivery and support phases of a programme. Ultra businesses have a high degree of operational autonomy so that they may provide exceptionally agile and responsive support to customers and partners.

Ultra's independence allows it to work with all the world's major defence, aerospace and civil prime contractors.

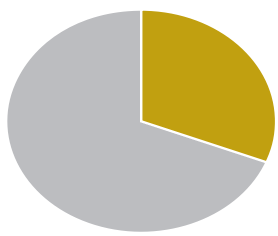
The major market sectors in which Ultra operates are:
battlespace IT systems and equipment • sonar systems • equipment for civil and military aircraft • specialist equipment for defence applications • specialist civil systems and equipment

Operationally, the Group is organised into three divisions:

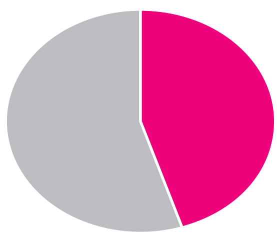
	Aircraft & Vehicle Systems	Information & Power Systems	Tactical & Sonar Systems
Major activities	Airframe ice protection systems; Active noise and vibration control; Aircraft system electronics; Aircraft system test equipment; High-integrity data bus network nodes; Armoured vehicle electronic systems; Collaborative working environment solutions; Crisis information management systems; High integrity software and systems; HiPPAG airborne compressors; Specialist pneumatic sub-systems; Human/machine interface equipment; Manned and unmanned vehicle control equipment; Remote weapon station control equipment; Rugged aircraft harness systems	Airport information management systems; Airport-wide systems integration; Land mine countermeasure systems; Combat systems; Command, control and information systems; Nuclear reactor control and instrumentation; Nucleonic sensors; Data fusion systems; Local situational awareness systems; ID card printers; Radar and electro-optic systems; Surveillance and tracking systems; Naval power conversion; Gas turbine electric start and regeneration systems; Signature measurement and control systems for naval vessels; Transit system power conversion and controls	Acoustic countermeasure systems; Airborne anti-submarine warfare systems; Autonomous underwater surveillance systems; Airborne targeting pods; Communications network interfacing equipment; Cryptographic equipment; Data link communication systems; Loitering munition systems; Radio communication systems; Sea mine disposal systems; Secure video conferencing systems; Sonar systems; Sonobuoys; Submarine tactical communication systems; Tactical radio systems; Torpedo defence systems; Underwater acoustic countermeasures; Voice and data communication systems
Businesses	**Controls■** **Datel■** **Electrics■** **Measurement Systems Inc.▲** **Precision Air Systems■**	**Advanced Tactical Systems▲** **Airport Systems■** **Command & Control Systems■** **EMS▲** **Manufacturing & Card Systems■** **PMES■** **SML Technologies■**	**Audiopack▲** **Criticom▲** **DNE Technologies▲** **Flightline Systems▲** **Maritime Systems▲** **Ocean Systems▲** **Sonar & Communication Systems■** **Tactical Communication Systems▲** **UnderSea Sensor Systems Inc▲**
Number of employees	**712**	**1,111**	**1,216**
Major customers	BAE Systems Boeing Bombardier Cobham EADS Finmeccanica General Dynamics UK MoD United Technologies US DoD	BAA BAE Systems British Energy BP EADS General Dynamics Lockheed Martin Rolls-Royce UK MoD US DoD	Australian DoD Avon BAE Systems Boeing Canadian DND Cubic Korean DoD Scott UK MoD US DoD
Revenue	**£100.0m 24%**	**£126.6m 31%**	**£186.8m 45%**



(2006: £93.9m)



(2006: £120.5m)



(2006: £162.6m)

▲ Businesses in North America
■ Businesses in the United Kingdom

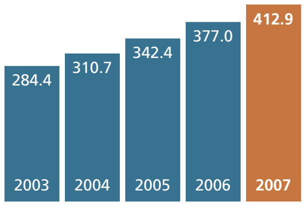
Cautionary Statement

This document contains forward looking statements that are subject to risk factors associated with, amongst other things, the economic and business circumstances occurring from time to time in the countries and sectors in which the group operates. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a wide range of variables which could cause actual results to differ materially from those currently anticipated.

Financial Highlights

Revenue £m

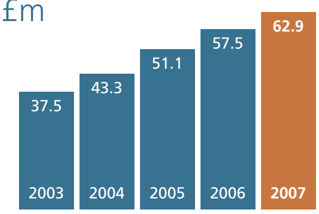
£412.9m
(2006: £377.0m)



+10%

Operating profit* £m

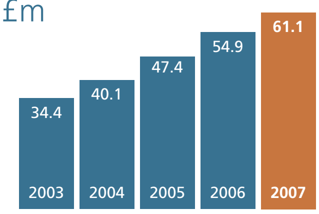
£62.9m
(2006: £57.5m)



+9%

Profit before tax* £m

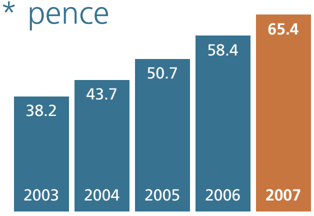
£61.1m
(2006: £54.9m)



+11%

Earnings per share* pence

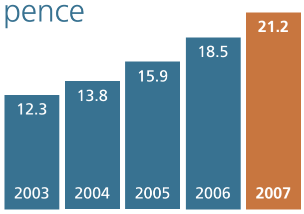
65.4p
(2006: 58.4p)



+12%

Dividend per share pence

21.2p
(2006: 18.5p)



+15%

*see footnote

Footnote

Throughout this document, the terms **headline operating profit**, **headline profit before tax** and **headline earnings per share** have the same meaning as, and are used interchangeably with, **operating profit***, **profit before tax*** and **earnings per share*** respectively.

headline operating profit*, **operating profit*** and **operating margin*** are before amortisation of intangibles arising on acquisition. IFRS profit from operations £59.0m (2006: £53.9m). See Note 2 for reconciliation.

headline profit before tax and **earnings per share*** are before amortisation of intangibles arising on acquisition and fair value movement on derivatives. IFRS profit before tax £56.6m (2006: £55.0m). See Note 2 for reconciliation.

operating cash flow* is cash generated by operations, less net capital expenditure, R&D and LTIP share purchases.

cash conversion* is cash generated by operations, less net capital expenditure, R&D and LTIP share purchases as % of profit from operations before amortisation of intangibles arising on acquisition.

net debt* comprises bank overdrafts and loans less cash and cash equivalents.

Contents

Chairman's statement

Dr Julian Blogh, Chairman

Total dividend per share

15% growth

21.2p

(2006: 18.5p)

Dear shareholder

I am pleased to report that 2007 has been another good year for Ultra. Your company has continued to benefit from its long-term focus on gaining strong market positions through being a niche supplier of electronic systems, products and services in growing sectors within the defence and aerospace markets. In many instances, Ultra's systems, equipment or services are mission-critical for the platform to which they contribute.

The Group increased profit before tax* by 11% and generated an operating cash flow* of £52 million whilst investing more in new markets, technologies, products and capabilities. As a result of this performance we are proposing to increase the total dividend per share by 15% to 21.2p. This is in line with the Group's policy of maintaining dividend cover at about three times.

Most importantly, the year has also seen us make good progress towards the Board's main objective of delivering superior performance to shareholders, as measured through total shareholder return. In terms of total shareholder return, Ultra outperformed the FTSE 250 index as a whole again in 2007, as it has done over the last five years.

The resilience of Ultra's superior financial performance is derived from the Group's broad mix of activities within its twenty one businesses, with no single programme contributing more than 5% of revenue in any year. As an independent company Ultra is able, subject to appropriate approvals, to provide its niche solutions to all of the free world's defence prime contractors. The Group's structure of three divisions with individual businesses addressing specific niche areas under the control of empowered management teams enables it to operate in a flexible and agile way. By constantly pursuing product and process innovation, Ultra's businesses are in a strong position to provide and deliver differentiated products, services and solutions to meet customer requirements. Consequently, the Group has established and sustains leadership positions in niche markets where its technological innovation creates a clear competitive advantage.

Ultra has a robust annual strategic review process. Each year, a rolling five year plan is reviewed and refreshed. At the core of this review process is the need to ensure we are maximising long-term value for shareholders while acting responsibly.

The Board has an evaluation process in which the effectiveness of the Board, its subcommittees and each individual Director are assessed over a rolling two year period. In 2007 the effectiveness of the individual Directors was reviewed with the assistance of an external consultant.

With regard to the new Transparency Directive all companies have to produce Interim Management Statements. We will be doing this but will not be moving to quarterly reporting. The Board believes that the financial return derived from pursuing the Group's strategy is only evident over a longer time frame.

At the centre of Ultra's success are its employees and, on behalf of the Board, I thank our people for their hard work and dedication. With so much professionalism, commitment and enthusiasm in the Group, talent management is an area where we place great emphasis in order to recruit, retain and develop the skills of staff at all levels of the organisation. The investment that we make in our people is vital to equip Ultra to meet the challenges of the future, to ensure that we capitalise on the many opportunities before us to win new business and to continue the development of the Group.

In conclusion, your company is in excellent shape and is on course to continue to deliver superior shareholder value. Ultra has a broad range of products and services and has a successful track record of winning positions on a wide range of international programmes. Combined with healthy market conditions, this gives the Board confidence in further progress in 2008.

Dr Julian Blogh, Chairman

"The Group has established and sustains leadership positions in niche markets where its technological innovation creates a clear competitive advantage."

*see footnote on page 01

Chief Executive's report
Ultra's objectives

Douglas Caster, Chief Executive

Earnings per share*

12% growth

65.4p

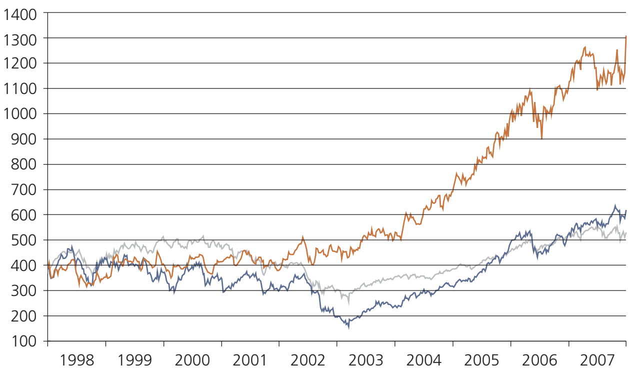
(2006: 58.4p)

The Board's prime objective continues to be to outperform the market in terms of annual increases in shareholder value by delivering above average increases in earnings and by communicating effectively with shareholders and the financial community generally.

The superior financial performance that is required in order to meet the above objective will be derived from the successful execution of competitive strategies implemented by each of Ultra's businesses, augmented by the delivery of a value-adding Group corporate strategy. The competitive strategies focus on winning in the niche, commercial markets in which the Group operates while the corporate strategy covers Ultra's investments in acquisitions and in significant internally funded development programmes.

Ultra's track record of delivering above average shareholder returns over the last ten years is summarised in the following graph:

Ultra share price (pence) – ten year performance



Ultra Electronics Holdings plc
FTSE all share price index
FTSE all share aerospace/defence

Competitive strategy

The resilience of Ultra's financial performance is derived from the Group's broad mix of activities within its twenty one businesses. Ultra's ability to combine its niche capabilities enables it to win contracts as a sub-systems integrator for complex systems, often involving a number of different Group businesses. Increasingly, Ultra teams with international, world-class partners to access 'best of breed' technology. The Group undertakes specialist system and sub-system design and integration, again often using the combined expertise of the Group businesses. The Group has a reputation for successful programme execution, culminating in innovative solutions utilising differentiated technologies delivered on-time to its customers. Ultra's spread of businesses across North America and the United Kingdom also enables it to address specific national requirements where a sovereign operational capability must be maintained.

Corporate strategy

Ultra's success is underpinned by its investment strategy. Ultra has demonstrated its expertise in identifying investment opportunities that deliver growth, either within existing businesses or by acquiring businesses which complement and broaden the Group's portfolio of products and services. During 2007 Ultra invested a total of £69.8m (2006: £35.4m) in acquisitions, research and development, capital expenditure and new business development. This investment relates to the development of systems on programmes that have been won and also supports the Group's long-term positioning for contracts to be won in the future.

To ensure that this investment strategy remains affordable, Ultra focuses on delivering a high quality of earnings from its operations. Evidence of this quality is the consistently strong cash generation that the Group has achieved. Over the last five years, the average conversion of operating profit* to operating cash flow* has been 102%.

The cash generated from operations is then available to fund acquisitions – Ultra seeks to maintain a broad balance between organic and acquisition growth. To date, all of Ultra's acquisitions have been funded by free cash flow and despite this the level of net debt* has remained low. It is foreseen that the acquisition strategy that has served Ultra well to date will be continued.

*see footnote on page 01

Ultra's strategies to achieve the Group's objective

18%

Total shareholder return
compound average growth rate since flotation in 1996

16%

Operating profit* growth at constant currencies

Ultra's success has been achieved by positioning its products and services on a broad range of international, long-term platforms and programmes. These positions are created by applying strategies to ensure that Ultra's offerings are differentiated from those of the competition in a way that the customer values. Focus is sustained on creating and maintaining this differentiation and on continuing to provide innovative solutions to satisfy evolving customer requirements.

1 To concentrate on aerospace and defence

The Group's core competencies, domain knowledge, and market positions give it particular credibility in the aerospace and defence sector worldwide. Core competencies include market positioning through a thorough understanding of customers' operational requirements; responding to complex invitations to tender or requests for proposals to capture large contracts; the management of complex development programmes where risks need careful identification and control; manufacturing and aftermarket support over long timescales and the discipline to meet our commitments. The strategy is to increase the capability of the Group to allow adjacent market sectors that exhibit growth to be served.

2 To be a niche player where the Group has competitive advantage through technology or market position

Within the Group's twenty one businesses, over one hundred niches can be identified where the aim is to sustain competitive advantage and achieve a world-leading position. The Group values its portfolio of niches, since each offering can be defended against competition through barriers to entry resulting in the potential for superior financial performance. Furthermore these niches provide a high level of resilience for the Group in the face of technological changes or funding cut backs. This wide spread gives the Group low dependency on any single programme or platform.

3 To offer a through-life product and service portfolio that includes systems, sub-systems, products and components

The Group values any position within the supply chain that is held by any particular niche. Frequently, more attractive margins can be generated by providing components than by supplying entire systems. Where the Group has a number of complementary niches, it does combine these to offer sub-systems, systems and through-life management solutions to customer requirements. Generally however, Ultra prefers to retain a leading niche position rather than constantly pursue the supply of systems with the hope of higher added value. The scope of Ultra's offering is determined after a rigorous strategic review.

*see footnote on page 01

Operating margin*

15.2%
(2006: 15.3%)

Operating cash conversion*

83%
(2006: 98%)

4 To grow organically and by acquisition

Each Ultra business has a contribution to make to the organic growth of the Group, as well as identifying well matched acquisition targets. To ensure that organic growth is achieved, businesses produce annual five-year strategic plans that target specific opportunities. The focus on cash generation is a key driver to the affordability of suitable acquisitions to augment the Group's growth rate. The Group's acquisition strategy is summarised as being the pursuit of bolt-on or bolt-in acquisitions that:

- are defence or aerospace based;
- are in a growth market sector;
- augment a current niche, or
- add a new, related niche, or
- widen Ultra's geographic reach.

The ideal size of acquisitions, as measured by annual revenue, is currently about £30m to £70m for bolt-ons and up to £15m for bolt-ins. 'Organisation transforming' acquisitions are unlikely owing to the risk profile of acquisitions. The Group will seek to maintain a robust portfolio of niche activities.

5 To have an efficient organisation with committed and competent people

Ultra seeks to maximise efficiency throughout its organisation. The levels of commitment and competency of business management teams is continuously assessed through strategic, budget, organisation and succession, and regular business performance reviews. The Group places a high degree of trust in, and has high expectations of, its senior staff and supports their development and improvement activities. Ultra empowers management teams to run their respective businesses to deliver agreed strategies, meet budgets and continuously develop their people. Ultra constantly develops its people and structure through a rigorous, annual organisation and succession planning process. Specific personalised training programmes are identified and provided as necessary, and good performance is rewarded through career development, bonuses and share options.

6 To be an excellent and strategic supplier to our customers

Having established an initial relationship with customers by offering innovative solutions, businesses are expected to maximise these positions for the long term. This is achieved by nurturing relationships through sustained on-time delivery of high quality products and services. Businesses often create strategic relationships rather than arms-length customer-supplier relationships by offering long-term support or through-life solutions. Many of the Group's niche offerings involve the design and supply of complex products and services which are typically safety or performance-critical in their application. This creates a dependency from the customers' perspective and encourages a long-term strategic relationship where Ultra's businesses become part of the customers' extended enterprises, to mutual benefit.

7 To gain competitive advantage by internal and external teaming

Teaming, internally within the Group or externally with other companies, broadens offerings by combining niche products or linking domain knowledge. It attains competitive advantage by accessing off-the-shelf technology at lower cost, allowing timely delivery while avoiding expensive development costs and high project risk. Increasingly, Ultra teams with international, world-class partners to access 'best of breed' technology and undertakes specialist system and sub-system design and integration, ensuring sovereign operational independence where required.

8 To meet our commitments

Ultra has built a reputation of meeting its commitments. This reputation is not only based on businesses meeting their obligations, but also by establishing a culture within the Group which is based on this principle. Ultra believes that this reputation is one of its defining and most valuable characteristics. Behaving in this way fosters long-term relationships.

*see footnote on page 01

Key Performance Indicators

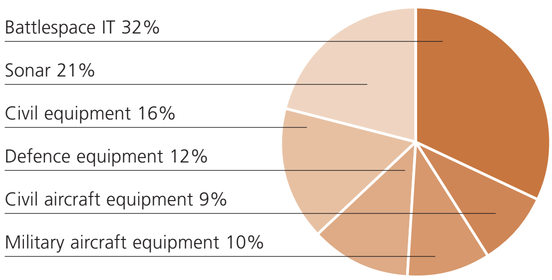
Performance indicator	**Definition**	**2007 result**	2006 result
1 Revenue growth	Growth in total Group revenue compared to the prior year.	**10%**	10%
2 Profit growth	Growth in Group profit before tax, amortisation of intangibles arising on acquisition and fair value movement on derivatives compared to the prior year.	**11%**	16%
3 Order book visibility	Order cover for next financial year as percentage of market consensus sales forecast for the year.	**67% cover on consensus forecast 2008 sales of £439m**	60% cover on actual 2007 sales of £413m
4 Growth in earnings per share over a three year period	Annual average growth in earnings per share, before amortisation of intangibles arising on acquisition and fair value movement on derivatives, calculated over a rolling three year period.	**14%**	15%
5 Cash conversion	Net cash from operating activities, less net purchases of property, plant and equipment, less expenditure on product development and LTIP purchases, expressed as a percentage of profit from operations before amortisation of intangibles arising on acquisition.	**83%**	98%
6 Interest cover	The ratio of profit from operations before amortisation of intangibles arising on acquisition to finance costs associated with bank borrowings.	**29 times**	22 times
7 Relative total shareholder return	Annual total shareholder return (capital growth plus dividends paid, assuming dividends reinvested) over a rolling five year period compared to the FTSE 250 index.	**+4% per annum**	+9% per annum

The indicators shown above have been identified by the Directors as giving the best overall indication of the Group's long-term success. **Revenue growth** gives a quantified indication of the rate at which the Group's business activity is expanding. A satisfactory **profit growth** trend confirms that additional revenue is being gained without profit margins being compromised. It also indicates that acquisitions are value-enhancing. **Order book visibility**, based upon expected sales during the year to come, gives the Board confidence as to the achievement of future growth forecasts. A key objective of the Board is to increase **earnings per share*** at a faster rate than other similar quoted companies in the UK. If successful this should ensure that investors will continue to hold Ultra's shares, rather than those of its peers. The Directors aim to manage the Group so that it continues to generate high levels of cash, which can then be reinvested in the business in the form of acquisitions. Ultra uses **operating cash conversion*** as a simple yet reliable measure of cash generation, which represents the major element of the Group's short-term incentive bonus scheme. Whilst free cash will continue to fund Ultra's expansion by acquisition, it is important to ensure that the balance sheet remains sufficiently strong and that the cost of carrying additional debt does not become too high. **Interest cover** is a reliable indicator of balance sheet strength. Finally, it remains the overriding objective of the Directors to provide shareholders with a long-term return on their investment in Ultra that exceeds that of other potential equity investments with a similar risk profile. **Total shareholder return** is a suitable measure, as compared to the overall population of FTSE 250 companies.

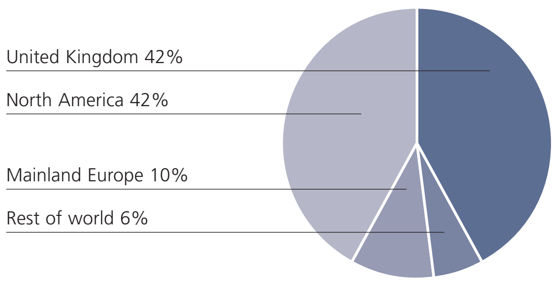
*see footnote on page 01

Ultra and its strategic positioning in growing niche markets

Revenue by sector



Revenue by region



Ultra Electronics is an internationally successful defence and aerospace company with a long, consistent track record of development and growth. Ultra businesses constantly innovate to create solutions to customer requirements that are different from and better than those of the Group's competitors. The Group has over one hundred distinct market or technology niches within its twenty one businesses. The diversity of niches enables Ultra to contribute to a large number of defence, aerospace and civil platforms and programmes and provides resilience to the Group's financial performance. Ultra has world-leading positions in many of its niches and, as an independent, non-threatening partner, is able to support all of the main prime contractors with specialist capabilities and solutions. As a result of such positioning, Ultra's systems, equipment or services are often mission-critical to the successful operation of the platform to which they contribute. In turn, this mission-criticality secures Ultra's positions for the long term which underpin the superior financial performance of the Group.

Ultra offers support to its customers through the design, delivery and support phases of a programme. Ultra businesses have a high degree of operational autonomy where the local management teams are empowered to devise and implement competitive strategies that reflect their expertise in their specific niches. The Group has a small head office and executive team that provide to the individual businesses the same agile, responsive support that they provide to customers as well as formulating Ultra's overarching, corporate strategy.

Across the Group's three divisions, the major market sectors in which Ultra operates are:

- **battlespace IT**, summarised as being the systems and equipment that allow coalition commanders to have an integrated, real-time picture of the disposition of friendly and enemy forces that is better than the one available to the enemy. This information superiority underpins rapid decision making which, together with effective command, control and communications, translates into military superiority. The use of battlespace IT is fundamental to the implementation of the military doctrines of 'network-centric warfare' or 'network-enabled capability' that are seen as transformational in the capability to win future battles. Expenditure on battlespace IT equipment therefore continues to represent an increasing share of the total defence budget in the main markets in which Ultra operates.
- **sonar systems**; expanding Ultra's traditional world-leading airborne anti-submarine warfare capability into broader activities in the underwater battlespace. These include integrated ship and submarine sonar systems, persistent seabed-deployed sensor arrays, torpedo defence and sea mine disposal systems. The fact that over forty countries have, between them, more than four hundred highly capable, stealthy submarines is continuing to focus expenditure in this sector.
- **civil and military aircraft equipment**. Ultra provides specialist sub-systems and equipment for military and civil aircraft. The main military aircraft programmes on which Ultra equipment is fitted continue to have political support, underpinned by consistent financial commitment. For civil aircraft, record order intake performance by all major aircraft manufacturers underpins increasing build rates for the medium term.
- **specialist defence equipment**, including power conversion and signature systems for naval ships and submarines. Ultra's specialist capability in high integrity controls for submarine nuclear reactors is included in this sector, for which there is continuing commitment to new platforms and the upgrade of existing boats. Ultra also supplies advanced sub-systems for modern armoured vehicles including those for electrical power management, indirect vision and weapon control. The need for increased mobility and force protection is driving a number of large military vehicle procurements in Ultra's main markets.
- **specialist civil systems and equipment**, including Ultra's advanced airport IT solutions. Airline passenger growth around the world is driving continuing expansion and upgrade of airport infrastructure. Ultra supplies trackside power equipment for rail transit systems, for which demand continues driven by the need to expand and upgrade rail networks. The UK market for nuclear power generation is expanding and Ultra's offering derived from its equivalent military capability is well positioned to benefit.

*see footnote on page 01

Aircraft & Vehicle Systems

16.1%

operating margin* for Aircraft & Vehicle Systems

(2006: 14.1%)

mission critical…
…superior performance

high integrity

Ultra provides advanced mission-critical systems for modern armoured vehicles. The crews of the Mastiff vehicles delivered to the British Army in 2007 can operate ‘under armour’ using Ultra’s all-round indirect vision system. US Army vehicles are being fitted with self defence weapons that are remotely operated using Ultra’s innovative, intuitive hand-held controllers.

Ultra continues to invest its resources in developing mission-critical systems for the world’s largest new aircraft programmes – the Boeing 787 Dreamliner civil aircraft, the F-35 Joint Strike Fighter and the Airbus A400M military transporter. System deliveries to support these development programmes were made by Ultra in 2007.

The control system for the UK AWE’s new Orion advanced high power laser, used to investigate nuclear effects, is undoubtedly mission-critical. In 2007 Ultra was selected by the AWE to design a control system using high integrity software.

Information & Power Systems

21%

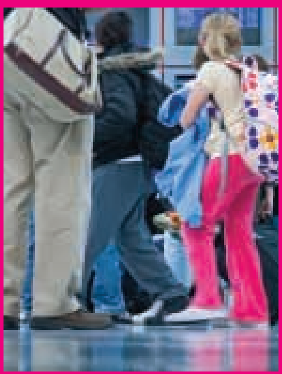
increase in order book value for Information & Power Systems

mission critical…
…superior performance

powerful solutions

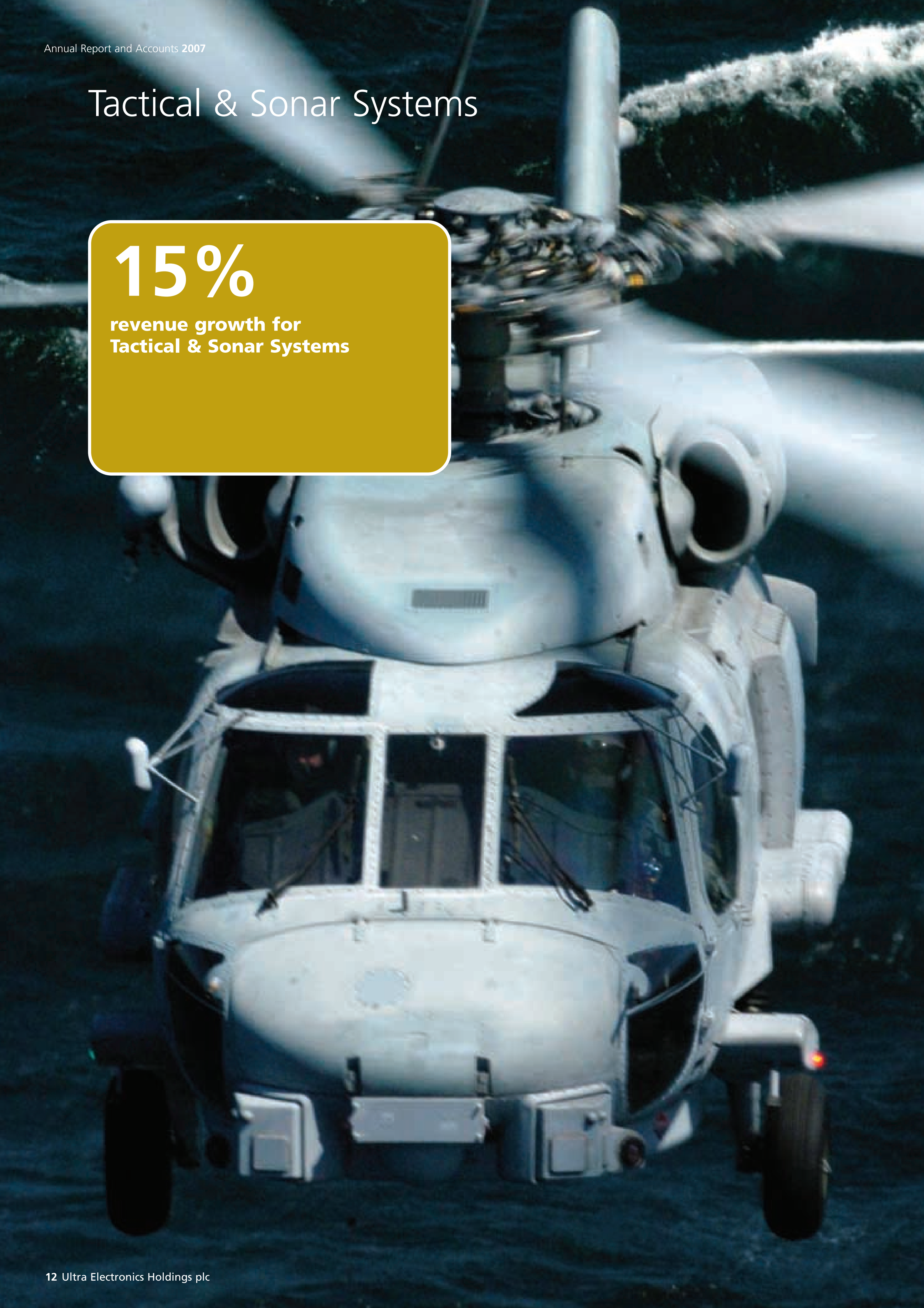
Ultra delivers its range of innovative electrical power control solutions to a broad range of civil and military customers. Ultra also supplies safety-critical control systems for nuclear reactors. Ultra's trackside power supplies are part of the upgrade of London's rail transit system in preparation for the 2012 Olympics.

Ultra's ADSI® system provides military information superiority by fusing data from a variety of tactical sources to provide a coherent, local airspace picture, showing friendly and hostile elements. A new, enhanced, user-friendly interface makes the system even easier to use.



The smooth throughput of passengers at busy modern airports must be maintained at all times. Airport IT systems that support this are mission-critical and so must be highly resilient. Airports around the world increasingly turn to Ultra to provide advanced, integrated IT solutions that will not let them down.

Tactical & Sonar Systems



15%

revenue growth for Tactical & Sonar Systems

mission critical…
…superior performance

highly capable

When the challenge is to find small but highly capable, stealthy submarines in noisy coastal waters, Ultra systems provide superior performance. Ultra supplies key elements of the mission systems on the world's most modern submarine-hunter aircraft. Ultra's technology is also being used in persistent, underwater, deployed sensing systems.

The ability to find small, mobile targets on the ground and to designate them for attack is critical to the mission of Royal Air Force Tornado aircraft flying in current operations in Iraq and Afghanistan. Ultra fitted the aircraft with an advanced targeting pod that greatly improved their mission capability.

Ultra's high capacity, line-of-sight radios form the backbone of a modern army's deployed, tactical communications network. The radios now have enhanced operational flexibility through being fully software controlled, as well as being able to transmit the higher volumes of information required in current and future operations.

Ultra's performance in 2007

£69.8m

investment by Ultra in acquisitions, new business development and facilities

(2006: £35.4m)

£621m

order book value at the end of 2007

"At the end of 2007 the Group's order book was valued at the record level of £621.0m, an increase of 6.4% over the value at the same time last year and an increase of 24.0% over the last two years."

Ultra's 2007 results

Ultra made further progress in the year, achieving good revenue and profit growth despite the continuing currency headwind. The resilience of Ultra's performance in the year reflected the Group's broad portfolio and spread of niche market positions. Margins were maintained after funding an increased investment in systems for new platforms that will support further growth of the Group. Contributions were made by the small acquisitions completed in 2006 and the further four acquisitions made in 2007, two of which were acquired so late in the year that they only made a small impact. Ultra's continuing success in winning new business on a broad range of international programmes resulted in a record order book of £621m at the year-end.

Group results

Revenue increased to £412.9m, a rise of 10% over the prior year of which 7% was organic. At constant currencies the growth would have been 13% of which 10% would have been organic. The operating margin* was almost unchanged at 15.2% despite the exchange rate impact and the higher level of investment in development programmes for new products. As a result operating profit* grew by 9% to £62.9m (2006: £57.5m). Net interest payable was 31% lower at £1.8m (2006: £2.6m) due mainly to lower borrowings through the year so that profit before tax* increased by 11% to £61.1m (2006: £54.9m). This was despite a £3.9m negative currency impact reflecting the weaker exchange rates that were used to translate the results of Ultra's subsidiaries in the USA and Canada into sterling and in converting US dollar receipts into local currency in Canada and the UK. At constant currencies operating profit* growth would have been 16%.

The effective tax rate for the Group decreased to 27.1% (2006: 28.0%) reflecting the tax benefits of recent acquisitions in the US and an associated increase in borrowings in that country. This resulted in earnings per share* growth of 12% to 65.4p (2006: 58.4p).

Operating cash flow* was again strong at £52.2m (2006: £56.5m). The conversion of operating profit* to operating cash flow* in the year was 83%. Over the last five years, the Group's average cash conversion* has been 102%, reflecting the high quality of Ultra's earnings and effective management of working capital. Net debt*

*see footnote on page 01

13%

revenue growth at constant currencies

102%

Ultra's average operating cash conversion* over the last five years

at the year-end was £14.2m (2006: £7.2m), after funding a cash investment of £69.8m in the year (2006: £35.4m). Of this amount, £31.0m (2006: £7.8m) after expenses was spent on acquisitions, £30.2m (2006: £22.9m) on new product and business development and a further £8.6m (2006: £4.8m) on new fixed assets. This investment of Ultra's funds was supplemented by further funding from customers for dedicated product development activities. In 2007, this amounted to £74.8m (2006: £69.4m) and so, in total, spending on new product and business development was equivalent to more than 25% of Group revenues (2006: 24%).

At the end of 2007 the Group's order book was valued at the record level of £621.0m, an increase of 6% over the value at the same time last year and an increase of 24% over the last two years. This order book maintains historic levels of firm order cover for the coming year and so provides the Group's customary level of forward visibility.

Acquisitions

Ultra made four acquisitions in 2007, Criticom, Telemus, Atkins and BCF Designs. They all have strong positions in growing niche markets that are typical of Ultra businesses and have enhanced the Group's portfolio of offerings. The total cash consideration for these acquisitions was £31.0m including expenses, financed largely using Ultra's cash resources.

- Criticom is a business employing 40 people, based in Maryland, USA. It designs, supplies and supports custom, secure and non-secure video conferencing solutions. The systems can include embedded high grade encryption devices and are sold into the defence, federal, state and local government sectors. Criticom is a standalone business within the Group's Tactical & Sonar Systems division.
- Telemus employs 11 people and is based in Ontario, Canada. It provides specialist electronic warfare and surveillance equipment and has sold its products and systems in Canada, Asia and Europe. In view of its small size Telemus has been bolted into Ultra's Tactical Communication Systems business within the Group's Tactical & Sonar Systems division.
- Atkins is a UK business employing 8 staff specialising in the supply of software solutions for emergency planning, command & control, crisis & incident management and computer based training & briefing. Atkins's customer base includes the UK MoD, central government, police and other emergency services. Atkins has been bolted into Ultra's Datel business in the Group's Aircraft & Vehicle Systems division.
- BCF Designs employs 40 people in the UK and 4 in the US. It specialises in the design and production of electronic testing solutions for the military and civil aircraft systems. Its customers include the UK MoD, the US DoD and many other defence agencies worldwide together with commercial customers such as Boeing, Lockheed Martin and BAE Systems. BCF Designs has been bolted into Ultra's Electrics business which is also in the Group's Aircraft & Vehicle Systems division.

*see footnote on page 01

Operational review

In 2007, Ultra delivered flight-worthy equipment for Boeing's 787 aircraft programme

Ultra sold an increased number of HiPPAG airborne compressors to the US Navy in 2007

Aircraft & Vehicle Systems

Revenue in Aircraft & Vehicle Systems increased by 6% to £100.0m compared to £93.9m in 2006 and operating profit* increased 22% to £16.1m (2006: £13.2m). These results include a contribution from Atkins and BCF Designs, both acquired late in the year. The division's order book at the end of the period was £181.6m (2006: £176.9m).

Revenue growth continued to be driven by the buoyant civil aerospace market and by customer-funded development programmes. In addition to sales of landing gear computers and noise cancellation systems for civil aircraft, the division benefited from good sales of specialist equipment for military aircraft programmes, especially the HiPPAG airborne compressor. There was continuing demand for systems and equipment that help improve the mobility and survivability of armoured vehicles being used in expeditionary operations including specialist hand controls for vehicle-mounted, remotely controlled weapon stations in the US.

In spite of adverse currency effects and continuing investment in new aircraft systems, operating profit* growth for the division reflected increased sales of HiPPAG, the benefit of having integrated Polyflex in 2006 and higher sales of specialist hand controls.

Highlights of the division's performance in the year that will underpin continuing growth in future years included:

- delivery of flightworthy wing ice protection equipment for Boeing's new 787 aircraft together with systems for use in the avionics validation and integration rigs. Ultra's system also successfully completed a challenging set of tests that constitute a major milestone in the airworthiness qualification process of the equipment.
- delivery of a functioning ice protection system meeting an interim design standard for the Pratt & Whitney F-135 engine on the new F-35 Joint Strike Fighter aircraft. Ultra was also selected in the year to adapt this system to provide ice protection for the lift fan that is required for the short take-off, vertical landing variant of the aircraft. Separately, Ultra's airborne HiPPAG compressor passed the necessary stringent environmental qualification tests for its role in the weapons ejection systems of the Joint Strike Fighter.
- successful entry into service of Ultra's innovative vision system for the British Army's new Mastiff armoured vehicle delivered to Afghanistan and Iraq in response to an urgent operational requirement. Ultra's equipment allows improved usage of the vehicles in day and night operations.

Information & Power Systems

Revenue in Information & Power Systems grew by 5% to £126.6m compared to £120.5m in the previous year. Operating profit* was £19.6m (2006: £19.3m). The order book at the end of the period had increased by 21% to £133.6m (2006: £110.2m) reflecting increased demand for Ultra's specialist power control equipment for both defence and transit system applications.

Revenue continued to benefit from strong growth in airport IT systems and increased demand for a range of command & control systems including specialist border and harbour surveillance. As predicted, sales in 2007 of Ultra's higher margin ADSI systems reduced to a more normal level following the exceptionally strong demand in 2006 driven by operations in Afghanistan and Iraq. Revenue also benefited from sales of specialist electrical power equipment, including high integrity 'rod control' systems that manage the activity levels of Rolls-Royce submarine nuclear reactors.

Operating profit* grew broadly in line with the revenues of the division, with the growth achieved by most businesses being offset by the lower level of profit from ADSI system sales. In particular, sales of specialist power equipment and strong demand for identity card printers helped this profit growth. The Group's continuing focus on cost control contributed to the operational performance of several businesses.

Features of the division's performance in the year that will underpin continuing future growth included:

- increased development activity for Rolls-Royce on a replacement high integrity control and instrumentation system for submarine nuclear reactors. In the year, initial contract cover for the production phase of the programme was received.
- selection by VT Shipbuilding to supply an integrated combat and surveillance system for three armed 90m ships with sophisticated radar and electro-optical target tracking and fire control capabilities for the Trinidad & Tobago government.

 *see footnote on page 01

Demand for Ultra's trackside power equipment for London's transport infrastructure helped drive the 21% increase in the order book for Information & Power Systems

Ultra delivered the SeaFox mine disposal system to the Royal Navy fleet in 2007

This is Ultra's first contract for a modular system that addresses the growing market for advanced offshore patrol vessels of this class.

- significant contract awards for Ultra's innovative transit system trackside power solutions. These included an initial contract to supply equipment for London's overground train network which is being upgraded in time for the 2012 Olympics.

Tactical & Sonar Systems

Revenue in Tactical & Sonar Systems increased by 15% to £186.3m (2006: £162.6m) and operating profit* rose 9% to £27.2m (2006: £25.0m). These results include the contributions from Criticom and Telemus, both acquired mid-year. The closing order book of £305.8m (2006: £296.5m) reflected strong demand from the US Army for tactical radio systems.

Revenue growth was driven by further sales of airborne targeting pods for UK Tornado aircraft and strong demand for battlespace IT products, notably tactical radios and network interfacing equipment for the US DoD. In both instances, the need to improve the capability of armed forces in current operations focused customer demand. Revenue also benefited from initial work on a technology demonstration for a new 'loitering munition' to provide precision attack capability at long range for the British Army. Delivery of Ultra's new sea mine disposal systems to the Royal Navy partially compensated for the reduction in sales of torpedo defence systems as that programme transitioned to its support phase during 2007.

The operating margin* reduced following the completion, in 2006, of the production phase of the UK torpedo defence system contract. Investment continued in 2007 in redesigning Ultra's complete range of firefighter voice communications products to ensure compliance with updated national standards that became effective late in the year. Operating profit* benefited from improved margins on sales of sonobuoys from Ultra's US business. The operating margin* was also improved by an increase in sales of battlespace IT equipment, especially a new, higher capacity tactical radio for the US Army.

Growth in future years will be underpinned as a result of the following events in 2007:

- the award of a contract relating to the supply of upgraded secure communications systems for the UK's Tornado GR4 aircraft fleet. There is potential for a through-life support contract for this equipment and for exports to other users of the Tornado aircraft.
- the receipt of a contract from the UK MoD to demonstrate a new submarine hunting system known as 'multi-static active' which will greatly improve the ability to detect stealthy, small but highly capable submarines. Ultra is also involved in programmes to improve anti-submarine warfare capabilities in the US.
- the award of an initial production contract by the US DoD for the KG-40AR cryptographic system which provides encryption for tactical data links used by NATO and coalition forces. Further production phases are planned for the KG-40AR, a modern replacement for an obsolete system of which many are still in service.

*see footnote on page 01

Influences on the Group's long-term value

The US Navy is procuring over 240 anti-submarine warfare helicopters for which Ultra is supplying specialist mission equipment

Ultra is demonstrating how unmanned air vehicles can be used to attack time-critical targets at long range cost effectively

Market trends likely to impact future prospects

Whilst budgets have continued to rise over recent years in Ultra's main defence markets, in both the US and UK the continuing costs of peacekeeping operations are straining these defence budgets. Nevertheless defence budgets continue to increase in real terms throughout the world.

In the US, Ultra's biggest defence market, the defence budget for 2007/8 is over $480 billion to fund the necessary strategic investments to modernise and recapitalise key capabilities in the armed forces. That figure does not include the tens-of-billions of dollars in expected costs for US operations in Iraq and Afghanistan. The administration funds the Iraq and Afghanistan deployments through separate legislation. The President's defence budget request for FY09 totals $515 billion to finance improved readiness through additional training and maintenance and by resetting or re-equipping forces following overseas deployments.

Within the US and UK defence budgets, expenditure continues to be focused on improving the use of intelligence, on enhancing the ability to deploy forces rapidly and in providing increased protection for personnel. Ultra has pursued a strategy through investment in product niches that has positioned the Group to benefit from these trends. Moreover, Ultra constantly seeks opportunities to offer new products and services to meet such customer requirements.

There is some evidence that the decline in one of Ultra's traditional market sectors, that of Anti-Submarine Warfare (ASW), is bottoming out. The US has committed to buying over 100 fixed wing aircraft and over 240 helicopters capable of performing ASW missions. The Canadian government is procuring 28 ASW helicopters. In Europe, the NH-90 ASW helicopter will shortly enter service as will, eventually, the Nimrod MRA4 aircraft. In the short term, Ultra is supplying equipment to each of these programmes. In the longer term, the entry into service of these platforms might be expected to increase the annual consumption and therefore demand for sonobuoys, the acoustic sensors that are used to detect submarines and for which Ultra is the world-leading supplier. There is also renewed interest on both sides of the Atlantic in upgrading sonobuoy sensor systems to improve the ability to sanitise coastal waters, where amphibious operations may be mounted, from the threat posed by stealthy submarines. Ultra is already under contract to develop 'multi-static active' systems to satisfy this requirement.

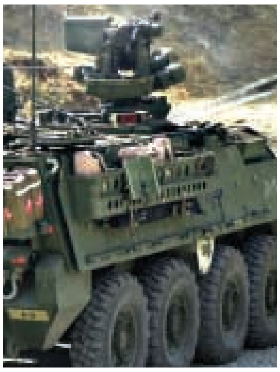
Ultra provides specialist sub-systems and equipment for military aircraft. The main military aircraft programmes on which Ultra equipment is fitted include the F/A-18 E/F Super Hornet and the F-35 Lightning II Joint Strike Fighter. These programmes continue to have political support, underpinned by consistent financial commitment. Ultra has production contracts for the second tranche of the Eurofighter Typhoon aircraft as well as firm contracts for the design and delivery of 192 aircraft sets of equipment for the new Airbus A400M military transport aircraft. The Group also is positioned on Boeing's 'Small Diameter Bomb' programme which will require over 2,000 bomb racks, each of which will contain a HiPPAG compressor.

The perceived terrorist threat to individuals and to economically important assets, together with the need to protect borders and coastlines from illegal immigrants and smugglers, are driving an increase in global demand for surveillance and enforcement systems, a market sector in which Ultra has innovative and cost-effective solutions. Ultra's success in winning contracts for combat systems on the ships for Trinidad & Tobago and for border and coastal surveillance systems demonstrate that the Group can continue to benefit from this market.

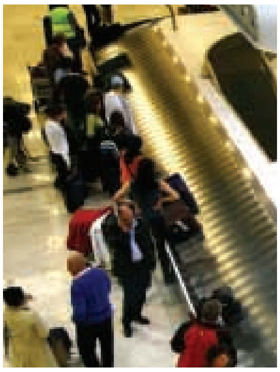
Worldwide, there is a move to increase the unmanned element of fighting forces. By so doing, the cost per platform is reduced as is the risk to personnel from enemy action. For Ultra, this will reduce demand for specialist Human-Machine Interface (HMI) equipment used in cockpits. Anticipating this, Ultra has positioned its HMI equipment for use on base stations that control the unmanned vehicles. Unmanned air vehicles must be controlled using high integrity radio links and Ultra has developed an innovative solution that is being adopted as an international standard. Ultra is also demonstrating unmanned air vehicle systems that, in addition to acting as surveillance assets, will be able to attack time-critical targets at long range.

In civil markets, aerospace remains healthy. Both Airbus and Boeing, benefiting from aircraft order backlogs equivalent to seven years' production, are increasing their build rates which will increase demand for original equipment. High aircraft

*see footnote on page 01



Ultra provides innovative hand controls for remotely operated weapons on armoured vehicles



Modern airports around the world rely on Ultra's airport IT solutions

utilisation, driven by greater demand for air travel as a result of growing populations with higher disposable incomes, is also increasing after market spares and repair activity. The high price of oil is causing a shift in demand from turbo-jet regional aircraft to more fuel efficient turbo-prop aircraft where Ultra has the opportunity to supply cabin quietening systems. Ultra has niche technology offerings that have well established positions on long-term aircraft build programmes that should provide a flywheel effect for Ultra's civil aerospace sales. Ultra's newer technology of wing ice protection has achieved a position on the Boeing 787 aircraft which is set to become one of the world's most successful aircraft programmes with firm orders at the end of 2007 for 817 aircraft.

The worldwide increase in air travel is also driving investment in infrastructure including airport IT systems. Ultra is an internationally competitive supplier of advanced airport IT systems and of integration services. The Group continues to win new business all around the world, reflecting the global nature of this market sector. Ground transport systems also require continuing investment in regions of high population density, a trend from which Ultra benefits. Ultra specialises in the supply of trackside power supplies for mass transit systems. In London, preparation for the 2012 Olympic Games is resulting in a high level of investment in the transport infrastructure and Ultra will supply equipment as part of this upgrade programme.

In the UK the need to reduce carbon emissions and the strategic need to maintain independence of energy supplies are driving an increasing level of planned investment in civil nuclear power generation. This is a market in which Ultra has niche capabilities, both in specialist sensors and, potentially, the supply of high integrity control systems derived from the Group's experience in the provision of the naval equivalents. This market includes both the refurbishment and life extension of existing installations and the supply of new power stations.

The order book at the end of the year was £621m, an increase 6% over the value at the same time last year and an increase of 24% over the last two years. The order book, at its closing level, continues to provide the Group with good earnings visibility.

Resources

Ultra has access to adequate financial and human resources to implement its strategy for the foreseeable future. The performance of Ultra is fundamentally driven by the individual and team contributions made by its employees. The Group's success in innovating to meet customer needs is based on the broad range of skills and capabilities of employees. The availability of appropriately skilled engineers and other specialist staff is finite. In this competitive market, Ultra pursues a number of initiatives to give it an advantage over competing employers to attract, retain and develop the best people. These are described more fully on pages 25 and 26 of this document.

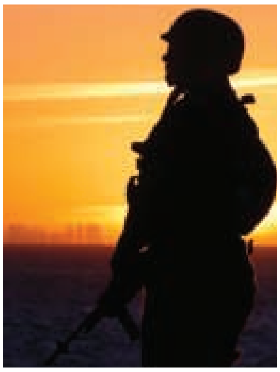
An important Group resource is its excellent reputation in the market with its customers. All employees strive constantly to ensure that this reputation is upheld. The eight Group strategies described on pages 4 and 5 of this document include a focus on being an excellent and strategic supplier and on meeting commitments.

Management of risks and uncertainties

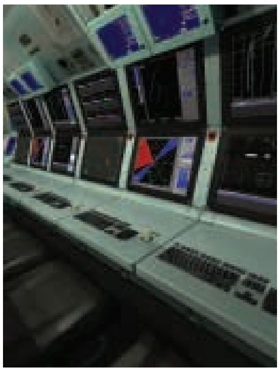
Ultra's confidence in its ability to continue to deliver growth is underpinned by a number of key factors. The Group has a track record of year-on-year success despite significant volatility in foreign exchange rates and whilst experiencing full market cycles in both the civil aerospace and defence sectors. These risks will continue to be mitigated through robust business strategies.

About three quarters of Ultra's revenue is from the defence sector. A theoretical risk would therefore be a significant worldwide reduction in defence expenditure. The overall size of the defence budgets relative to Ultra's annual revenue provides sufficient headroom for the Group's growth to continue. Ultra's constant focus has consistently been on ensuring that the Group's businesses operate in a large number of growing niche markets where the Group can create and maintain sustainable competitive advantage and can win business worldwide. This specialism and diversity give some protection from budget variations and so provide resilience to Ultra's performance.

*see footnote on page 01



Ultra supplies battlespace IT systems and equipment for allied forces engaged in current operations in Iraq and Afghanistan



Ultra is developing a new suite of reactor control and instrumentation equipment for Royal Navy submarines

"The perceived terrorist threat to individuals and to economically important assets, together with the need to protect borders and coastlines from illegal immigrants and smugglers, are driving an increase in global demand for surveillance and enforcement systems, a market sector in which Ultra has innovative and cost-effective solutions. Ultra's success in winning contracts for combat systems on the ships for Trinidad & Tobago and for border and coastal surveillance systems demonstrate that the Group can continue to benefit from this market."

Ultra's financial performance has not been significantly driven by the current allied operations in Afghanistan and Iraq. These operations will be scaled back in the next few years. Since Ultra did not benefit materially from the start of these operations, it is anticipated that such a withdrawal would not harm the Group's trading position. Indeed, it might well be an overall benefit to the Group as it may alleviate some of the current pressures on defence budgets.

The international spread of Ultra's activities provides resilience to its performance. The Group now sells its products and services in over thirty countries worldwide and this has broadened the customer base. Ultra also has a transatlantic capability, with eleven of its twenty one businesses being in North America and so is exploiting its innovative solutions and operating as a domestic agent on both sides of the Atlantic, thereby providing sovereign operational independence of the respective armed forces.

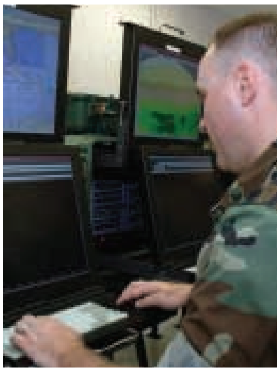
Ultra is represented on a significant range of major international programmes and platforms. Despite Ultra's growth it remains true that no single programme represents more than 5% of Ultra's revenue in any year. The cancellation or curtailment of any single programme is unlikely therefore to have a material adverse impact on the Group.

Ultra supplies all elements of the armed forces, i.e. the army, navy, air force and marines together with first responders such as medical staff and firefighters. This customer spread provides an element of risk mitigation. In addition, Ultra operates in a number of different distinct market sectors, including battlespace IT; sonar; military aircraft equipment and military vehicle equipment. Again, this reduces the risk of decline in any one market sector materially affecting Ultra's overall performance.

Ultra has significant business in the civil sector and this provides useful diversification, often providing an adjacent market in which to exploit complementary skills and technologies. Within the civil market, Ultra operates in aerospace, transport and commercial security sectors. This spread gives further resilience to Ultra's performance.

Ultra's reported financial results are influenced by movements in exchange rates and the overall impact is a combination of currency translation and currency transaction effects. The biggest

*see footnote on page 01



Ultra launched in 2007 an improved human-machine interface for its ADSI system of which over 900 are in use worldwide

In 2007 Ultra was awarded a contract for the development of enhanced secure radio communications equipment for the RAF's Tornado aircraft

sensitivity is to the US and Canadian dollars; more than half of Ultra's revenue is denominated in these currencies. Foreign exchange rate movements continued to impact adversely upon Ultra's profitability in 2007, with the further weakening of the US dollar having the biggest effect. The average dollar exchange rates used in the year to translate the sales and operating profits of Ultra's US and Canadian subsidiaries into sterling weakened on average by 8% and 3% respectively. The result was a negative translation impact upon revenue of 4%. On operating profit* the effect was a reduction of 3%, equivalent to £2.2m.

With regard to currency transaction risk, Ultra has a natural hedge from its geographic split of businesses. However some businesses in the UK and Canada also trade in foreign currencies, mainly US dollars. When the foreign currency weakens against local currencies this means that turnover suffers from a negative currency transaction effect. To reduce the impact, the Group has responded by sourcing a higher proportion of the cost of dollar-denominated products in dollar zones. This is in addition to the Group's usual currency hedging arrangements. Ultra's policy is to hedge forward its foreign currency trading exposure in order to increase certainty – the typical forward cover is 18-24 months for US dollar-denominated sales in the UK and Canada. Exposure to other currencies is hedged as it arises on specific contracts. The US dollar hedged rates weakened during 2007, with an overall adverse impact on operating profit* of £1.7m.

The lag between the time that foreign exchange contracts are taken out and the time of maturity means that effective hedged rates in 2008 will be even weaker. Ultra's effective US$:UK£ rate for 2008, based upon the forward contracts currently in place, is expected to be approximately $1.92, compared to $1.82 in 2007. For the US dollar to Canadian dollar exposure there is expected to be a weakening of 4% in the effective hedged rate for the year to come. At this point the negative transaction effect upon profit is expected to be approximately £3.0m more, assuming the same level of underlying trading as in 2007.

The industries in which the Group operates continue to experience restructuring, which sometimes results in Ultra's customers themselves becoming more vertically integrated. This may increase the incidence of the Group's customers having capabilities that overlap with Ultra's. The threat that this otherwise might pose is offset by Ultra's strategy of operating in specific market niches where it has some sustainable differentiation.

Ultra's customers aspire to stable or reducing prices for the goods and services that they procure. This inevitably leads to cost pressures to which the Group must respond. Ultra has a long track record of product innovation, exploiting new, lower cost electronics technologies to reduce costs whilst delivering improved performance. Additionally, operational efficiencies are achieved by working more intelligently, particularly through embracing lean manufacturing and design processes. More recently, Ultra has made significant progress in sourcing production in low cost economies where this is appropriate given the nature of the products that the Group provides. The anticipated cost reductions have been achieved, thereby helping protect and improve the Group's operating margins*.

Relationships

The diversified nature of Ultra's activities is reflected in the broad range of platforms and programmes in which the Group is involved. This diversification extends to customer, supplier and partner relationships. Within the major prime contractors, Ultra typically supplies products, equipment and sub-systems to a range of different platforms and programmes, with each one effectively acting as a different customer. Given that no single platform or programme represents more than 5% of revenue in any one year, there is, therefore, no single relationship of such significance that its severance would have a material impact on Ultra's performance or prospects.

*see footnote on page 01

Financial position of Ultra

David Jeffcoat, Group Finance Director

Bank interest cover

29 times
(2006: 22 times)

Operating cash flow*

Ultra achieved good cash generation in 2007, despite a higher level of expenditure on fixed assets and capitalised product development costs than in the previous year. Operating cash inflow in the year, after capital expenditure, capitalised development costs and LTIP share purchases, was £52.2m (2006: £56.5m). This meant that the ratio of cash to operating profit* was 83%, still maintaining the rolling five-year average at more than 100%. Working capital levels rose by £6.0m (2006: £0.3m reduction) in cash terms with higher inventory the main reason. Inventory levels rose at Ultra's tactical military radio business in Montreal, Canada, and at the civil aviation equipment business in Greenford, UK, where production rates of newly introduced products will grow in the first half of 2008. It was encouraging to see trade receivables fall by £6.1m, virtually cancelling out the £6.9m rise in 2006. The most significant reductions were achieved by the HiPPAG airborne compressor business in Gloucester, UK and by Sonar & Communication Systems in Greenford, UK. Trade payables remained virtually flat, with an increase of just £0.3m, despite the growth in Ultra's activity level. The number of days payables outstanding reduced slightly to 53, compared to 54 in 2006. Amounts due to customers on long-term contracts continued the recent trend and recorded a fall of £4.6m (2006: £3.6m) reflecting the change in the profile of Ultra's defence-related activities, which typically provide greater opportunities to achieve positive contract cash flows. However the net amount owed remained positive once again at £3.1m (2006: £6.1m).

Capital expenditure at £8.6m was significantly higher than in the previous year, when spending on new fixed assets was just £4.8m. The major investments in 2007 were made by Tactical Communication Systems in Montreal, Canada, which moved to a new larger location to accommodate future growth, and by Airport Systems, which installed new systems at Glasgow and Dublin Airports. These systems are subject to five-year leases to the airport operators and, as such, remain as fixed assets on the Group's balance sheet.

Acquisitions and intangible assets

The Group made four acquisitions in the year. Criticom Inc. was bought in July for an initial cash consideration before expenses of $28.0m (£13.8m). A further payment of up to $5.0m will be payable in 2008 based upon the operating performance of the business up to June 2008. Management's best current estimate of the additional amount that will be payable is $3.3m (£1.7m) and the costs of acquisition were £0.1m, making a total consideration of £15.6m. Of this amount, £0.9m was represented by fixed assets and working capital, £9.2m by intangible assets such as patents and intellectual property and the remaining £5.5m by goodwill. In November the Group acquired Atkins & Partners Limited for a cash consideration before expenses of £4.4m. This total cost was represented by £0.4m of cash, £0.1m of net current liabilities, £2.0m associated with intangibles arising on acquisition and £2.1m of goodwill. There were no significant fixed assets acquired. Another UK-based company, BCF Designs Limited, was bought in November for a cash consideration of £12.5m before expenses of £0.1m. This total has been apportioned as £1.3m worth of tangible fixed assets and working capital, intangible assets worth £6.0m and £5.3m of goodwill. Finally a small Canadian business, Telemus Inc., was acquired in July for £0.3m, of which £0.1m was treated as goodwill. Typically the intangible assets arising on acquisition will be amortised over a period of ten years. The goodwill will not be amortised but will be subject to annual impairment reviews.

Product development cash expenditure of £5.5m was capitalised during the year since it was regarded as creating intellectual property that has a significant long-term commercial value. The majority of this expenditure was incurred in developing electronic systems for the new Airbus A400M transport aircraft, which is not expected to go into production until 2010 at the earliest. Ultra has firm production orders for 192 aircraft and for this reason has confidence that the development expenditure can be recovered once production sales commence. The Group also incurred significant development costs last year in carrying out work on two other large new aircraft programmes, Boeing's 787 and the F35 Joint Strike Fighter being developed by Lockheed Martin. In neither case have substantial production orders been received as yet and, for this reason, all costs that were incurred in the year were written off directly against profits. Certain other development costs were capitalised in the year. These related to minor products where there was a high degree of confidence in commercial benefits accruing. The typical amortisation period for capitalised development costs is between five and ten years, depending upon the expected commercial life of the products involved.

*see footnote on page 01

Net debt* at year-end

£14.2m
(2006: £7.2m)

30 countries

Ultra sells its systems, products and services in more than 30 countries worldwide

Interest and profit before tax*

Financing costs, excluding losses on derivative financial instruments, reduced by £0.9m to £2.9m during 2007. The main reason for this was a lower level of average borrowings during the year. Ultra maintains cash on deposit in certain countries and the interest income on these funds fell by £0.4m in the year. Hence net bank interest costs were reduced to £2.2m (2006: £2.7m) They were covered 29 times by operating profit*.

Profit before tax, amortisation of intangible assets and the gain or loss on derivative financial instruments rose by 11% to £61.1m (2006: £54.9m). The amortisation charge for intangibles arising on acquisition was £3.9m in the year, higher by £0.3m than in 2006 due to the inclusion of a charge for the acquisitions made during 2007. A loss of £0.6m was recorded on financial instruments during the year, which represents the notional loss that resulted from restating the value of these instruments at the foreign exchange rates that applied at the beginning of the year to those at the end of the year. This compares to a gain of £3.7m in 2006. The Group's UK and Canadian businesses hedge forward their US dollar-denominated sales revenues, typically over an 18 to 24 month period. The reason for the 2007 loss was that a number of foreign contracts with a high intrinsic value at the start of 2007 actually matured during the year. The cover was maintained but by replacement contracts with a lower present value, since they would give rise to a smaller hedging gain if they were to mature at the exchange rates that applied at the end of the year. This change in the value of open contracts gives rise to a loss in the "marked to market" value of the outstanding contracts as a whole. It should be emphasised that this notional reported "loss" will never be realised; it is simply a timing effect. The real worth of the hedging contracts to the Group is to fix the value in local currency of foreign currency sales receipts in the future, thus reducing the uncertainty that would otherwise exist as to their realisable value. The benefit can be seen within other operating income on the Income Statement which records £5.1m of exchange gains in the year (2006: £1.5m). This compensated for the fact that foreign currency-denominated revenues are recorded at spot exchange rates, which has the effect of depressing gross margins when foreign currencies have weakened. Overall there was an increase of 3% in statutory profit before tax to £56.6m (2006: £55.0m).

Tax, earnings per share* and dividends

The effective Group tax rate dropped to 27.1% (2006: 28.0%) reflecting the benefits of the tax treatment of recent acquisitions in the USA, together with an increase in the benefits of tax incentives for research and development expenditure in the UK. Earnings per share*, based on profit before amortisation of intangible assets and the gain or loss on financial instruments, rose by 12% to 65.4p (2006: 58.4p). A final dividend of 14.5p is proposed by the Directors, bringing the total dividend payout to 21.2p (2006: 18.5p), an increase of 15%. This dividend is covered 3.1 times by earnings per share*, which is consistent with the Group's long-term policy.

Financing

Ultra generated £36.3m of free cash flow before dividends and acquisitions during 2007 (2006: £40.9m). After dividend payments of £13.0m this left £23.3m for acquisitions. There was acquisition spending of £31.0m in the year which was therefore funded in part by the Group's existing banking facilities. As a result and, after a negative currency effect of £1.2m, net debt* increased by £7.1m to £14.2m at the end of the year. The balance sheet therefore continues to be very strong and Ultra has substantial headroom on its facilities to make further acquisitions.

The Group's banking facilities were set up in 2005 and are provided by a small syndicate of banks, led by The Royal Bank of Scotland. They involve up to £120m of revolving credit over a five-year period, denominated in sterling, US dollars and Canadian dollars and are used for balance sheet and operational needs. Both the sterling and US dollar elements fund day-to-day working capital requirements and the US and Canadian dollar borrowings also represent natural hedges against assets denominated in those currencies. A further overdraft of £10m is also available for short-term working capital funding.

Financial risk management – interest rates

Much of the Group's current bank financing has been taken on to fund acquisitions in North America. Three year interest rate hedging contracts were entered into in December 2005 with the objective of reducing the risk associated with debt at floating interest rates. These cover $20m of US dollar borrowings and $30m of Canadian dollar debt and will both mature at the end of 2008. These

*see footnote on page 01

42%

transatlantic balance
the UK and North America each represented 42% of the Group's 2007 revenue

67%

order book visibility
at the end of 2007 Ultra had 67% firm order cover for 2008 consensus forecast sales of £439m

amounts effectively cover gross dollar borrowings of an equivalent amount that were in place at the end of the year. Therefore £25.3m out of total bank borrowings of £41.6m was at fixed interest rates. The remaining £16.3m of debt, comprising sterling-denominated borrowings, was at a floating rate of 6.2%. The effective overall interest rate for the total gross debt at year-end was 5.4%, broadly in line with the prevailing floating rates.

Pensions

Ultra offers company-funded retirement benefits to all its employees. A substantial number of staff in the UK participate in the Ultra Electronics Limited defined benefit scheme, which was closed to new entrants in 2003. The scheme was actuarially assessed using the 'projected unit' method at 31 December 2007, when the net scheme deficit calculated in accordance with IAS19 was £29.4m at the 2007 year-end, up from £24.6m in 2006. The present value of the liabilities increased by £12.5m in the year due mainly to a more conservative assumption for the mortality of scheme members. The assumed life expectancy was between three and four years longer than was assumed in the previous valuation. With some compensation from an increase of £6.7m in the fair value of the scheme assets and a small increase in the related tax asset, the net deficit rose by £4.8m overall. The scheme is relatively immature, with just 21% of the members already retired, remains strongly cash positive and has benefited in recent years from an investment strategy that was biased towards equities rather than bonds.

There was a full actuarial assessment carried out in April 2007 and the result was a funding deficit relating to past service of £31.1m before tax, assuming an annual discount rate for future liabilities of 5.5%. Following the completion of the assessment the employer has reached agreement with the pension scheme Trustee Board to eliminate the deficit by making annual payments of £0.25m per annum over a ten-year period commencing 2008. Certain company assets with an agreed value of approximately £10m will be offered as security against the deficit until such time as it has been eliminated or alternative arrangements are agreed. The funding position will be reassessed after the next full valuation has been carried out in 2010.

The scheme has a statement of investment principles, which includes a specific declaration on socially responsible investment; this is delegated to the investment managers. Pension management and governance is undertaken by the pension trustees on behalf of the members. The trustees include both company-nominated and employee-elected representatives. Ultra supports the trustees in a number of ways including the provision of training to the "Trustee Certificate of Essential Pensions Knowledge" standard which is assessed independently by the Pensions Management Institute.

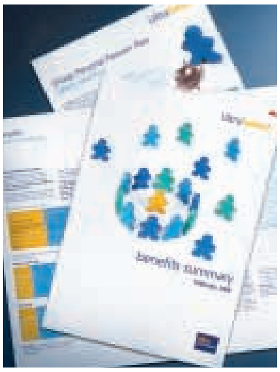
All staff that have joined Ultra in the UK since the defined benefit scheme was closed in 2003 have been invited to become members of the Ultra Electronics Group Personal Pension Plan. Under the terms of this defined contribution scheme, employee payments are supplemented by contributions from the company.

Certain employees at Tactical Communication Systems in Canada participate in a defined benefit scheme. This scheme is closed to new employees and had an IAS19 surplus of £0.3m at the end of 2007. Regular payments into the scheme are continuing with the objective of maintaining a satisfactory funding position. The Group's remaining Canadian employees participate in a number of defined contribution pension plans.

In the US, Ultra offers a defined contribution 401(k) retirement benefit plan to all full-time employees. Under this plan, Ultra provides participating and contributing employees with matching contributions, subject to plan and US Internal Revenue Service limitations. Criticom, which became part of Ultra during 2007, will consolidate its existing separate plan into the Ultra scheme during 2008. Wells Fargo provides administrative support and is also a directed trustee of the plan.

*see footnote on page 01

Corporate responsibility



Ultra's innovative flexibility benefits programme for UK employees has been in operation for seven years and 79% of employees use it to adapt their benefits to suit their own needs

Six of the last seven appointments at **Managing Director** and **President level** were made through internal promotion...

Ultra is a responsible citizen

Ultra believes that it should at all times be a responsible corporate citizen. As such the Group complies with all applicable legislation in the areas of trading, employment, health and safety and the environment. Ultra further believes that, in order to achieve superior business performance, the Group must, in certain areas, exceed the minimum standards required by law. Ultra's policies relating to its corporate responsibility are generally established by the Board with individual businesses taking a major role in their implementation.

Business ethics

Ultra requires that the Group's employees comply with the spirit and principles of laws and standards of conduct of the countries in which it does business as well as behaving ethically and with fairness. Directors and employees are required to avoid personal conflicts of interest regarding company business and are bound by strict rules on insider dealing and insider information.

In addition, all businesses are strictly required to comply fully with the relevant national export control regulations. They are also required to conduct their business in strict accordance with competition and anti-trust laws.

Ultra supports and respects the protection of internationally proclaimed human rights in the countries in which it operates.

Ultra does not make any political donations.

Customers

Customer relationships

Ultra promotes good working relationships with all its customers with a special emphasis on meeting its commitments. The Group receives direct feedback on relationships from UK MoD Supplier Relations Group and from many customers such as BAE Systems where Ultra is a member of the Major Equipment Supply Programme ("MESP"). The MESP reduced in size during 2007 to just five companies but this more focused list still includes Ultra. The refreshed MESP purpose is to 'adopt a strategic enterprise level engagement to understand strategic objectives, and to maximise synergy, commercial benefits and consistency of approach to both parties'.

Individual businesses work very hard to promote excellent relationships with customers and receive feedback in the form of metrics as well as recognition of exceptional performance.

For example, Sonar & Communication Systems received a letter of commendation from the Chief of the Air Staff for performance on the Litening Pod UOR (Urgent Operational Requirement) for the Tornado.

Ultra businesses also work very closely with customers in the development of new products.

Employees

People are at the heart of Ultra

The performance of Ultra is fundamentally driven by the individual and team contributions made by employees. Ultra's success in innovating to meet customer needs is based on the broad range of skills and capabilities of employees. All managers in Ultra, supported by HR professionals, work towards the aim of delivering an efficient organisation with competent and committed people to meet the Group's business commitments.

Ultra people have been recognised during 2007 including Kim Wrighton, Managing Director of the Group's Controls business, who was awarded the Order of the British Empire in the Queen's Birthday Honours List for services to the defence industry. The nomination followed Kim's inspirational leadership of the successful Surface Ship Torpedo Defence (SSTD) programme at Sonar & Communication Systems.

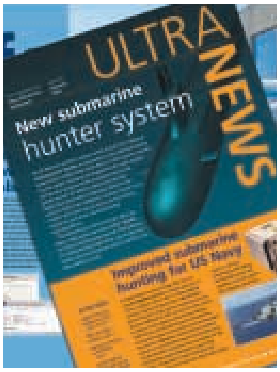
In order to ensure that Group businesses can recruit, retain, motivate and develop the right staff, Ultra pursues a range of initiatives, which are described below.

Employment practices and standards

Ultra believes that superior business performance can only be achieved through having committed and efficient people. Achieving this high quality requires Ultra to recruit widely and with no bias or discrimination. It is therefore the policy of Ultra to be an equal opportunities employer and to oppose all forms of unlawful or unfair discrimination on the grounds of sex, race, nationality, disability, sexual orientation, age, marital status, religion or political belief. In addition, the Group is a responsible employer, seeking to achieve a culture of fairness to employees and of being a good place both to work and develop a career. Employees and applicants are treated equally and fairly in respect of recruitment, remuneration, training, promotion and career development.

None of Ultra's businesses use forced, compulsory or child labour.

*see footnote on page 01



UltraNews is the Group's in-house magazine for employees and reached its 26th edition in 2007

Kim Wrighton, Managing Director of the Group's Controls business, was awarded the Order of the British Empire in the Queen's Birthday Honours List for services to the defence industry

Development and training

The Group actively supports and invests in training and development linked to business needs. Each business is responsible for identifying the training needs of its employees and managing its own training budget. This typically takes place through individual employee performance and development reviews, which are held at least annually. Specific training programmes are provided for individuals as necessary. Additionally, training programmes on leadership and management processes and techniques are run at Group level along with workshops on Ultra's successful competitive strategy, strategic selling, programme management and systems engineering processes.

Individual businesses provide a wide variety of training and development opportunities. As well as tuition reimbursement for shorter programmes, support also ranges from apprenticeship programmes to sponsorships at bachelor, master and doctorate level.

Ultra also has very strong links with a large number of universities. For example, USSI serves on the IPFW (Indiana University-Perdue University Fort Wayne) Industrial Advisory Committee for the College of Electrical and Computer Engineering and provides direct monetary and advisory support to the new Center of Excellence for System Engineering. During 2007 formal links with Brunel University were established by Command & Control Systems and this allows undergraduates to experience engineering in the defence sector for themselves. PMES has a KTP (Knowledge Transfer Partnership) with Sheffield University.

Manufacturing & Card Systems (M&CS) has a dedicated training facility and has four trainees undergoing Modern Apprenticeship training. In recognition of its commitment to development and training M&CS won, in October 2007, the Dorset "Open4Business" Training in the Workplace Award.

Benefits

Ultra offers competitive and comprehensive benefits to all employees, which are regularly reviewed. The Group believes in rewarding its employees well for good performance.

All US and Canadian employees are offered medical plans. Many businesses promote and offer specific wellness programmes such as smoking cessation, health screening and online resources.

Retirement benefits

Ultra offers retirement benefits to employees in the UK, US and Canada. Further details are provided on page 24.

Employee consultation

Gaining the commitment of everyone who works at Ultra involves effective communication and consultation. This takes a number of forms such as the bi-annual Group magazine "UltraNews", company-wide strategy and performance presentations, birthday and communication lunches, cascade "team brief" meetings and "YOURviews" employee surveys.

The "YOURviews" employee survey provides local management teams with feedback and an opportunity to benchmark performance across the Group. The process is typically repeated every one to two years; during 2007 the survey took place in 13 businesses and showed high levels of employee satisfaction and engagement.

Succession planning

An annual organisation and succession plan is produced by the Managing Director or President of each business and is used to identify development actions for employees with high potential. It also reviews the performance of the business management teams and any planned organisational changes. Good succession planning has allowed six of the last seven appointments of Managing Directors and Presidents to be filled internally.

Health and safety

A healthy, committed workforce working in a safe environment is necessary to achieve better business results. Ultra therefore places great emphasis on maintaining high standards of health and safety. All Ultra businesses are required to have a written local policy, to have the necessary resources to implement the policy, to provide adequate information, instruction and training for employees and to implement monitoring of health and safety standards.

The Chief Executive has been appointed as the main Board member with overall health and safety responsibility. The Managing Directors and Presidents of the operating businesses are responsible for implementation of the policy.

Bi-annual audits by independent, external, qualified assessors covering health and safety matters are conducted, most recently in 2007. Audits and the resulting follow-up process have proved effective in reaching and maintaining high standards across all sites.

Each business is required to submit a separate annual report on health and safety issues. The results of the audits and annual reports from each business are reviewed by the Board annually in January.

Ultra is committed to working together with others in the UK aerospace and defence industry in order to develop competitive supply chains

...**MSI** scored 99% in the external health and safety audit in 2007, while **ATS** and **USSI** scored 98%...

...**ATS**, **Datel** and **DNE** scored 100% in the external environmental audits in 2007.

Health and safety of employees, visitors and the local community alike is taken very seriously by the Group and the individual businesses.

Suppliers

Supplier and other partner relationships

Contracts with suppliers are placed following a fair, competitive tendering process on an arms length basis or through formal teaming agreements. Conflicts of interest are avoided at all times. Such relationships engender a cooperative culture which helps with problem solving and helps to accommodate changes to requirements where these occur. Gain-share arrangements are also entered into where appropriate and provide benefits for Ultra and its suppliers and partners.

Supplier payment policy

Operating businesses are responsible for agreeing the terms and conditions under which they conduct business transactions with their suppliers. It is Group policy that payments to suppliers are made in accordance with those terms, provided that the supplier is also complying with all relevant terms and conditions. The Group's actual payment performance at the end of 2007 is described on page 22.

Supply chain and SC21

Ultra is a founding signatory to SC21, the SBAC-led action plan for 21st Century supply chains, which was launched at Farnborough International in July 2006. Ultra is therefore committed to working together with others in the UK Aerospace and Defence industry in order to develop supply chains that remain competitive, so that Ultra is able to deliver increased value to its customers.

Senior Ultra representatives participate in the various SC21 Working Groups and the Key Customers Group to assist the SBAC with the implementation of SC21.

Local communities

Ultra recognises the importance of being a responsible partner in the communities in which it operates and in which its employees live. The Group has a positive attitude to environmental issues and is pleased to support selected charities and maintain links with the local communities.

Environment

Ultra recognises it is important, both for its employees and the communities in which it operates, that effective measures are in place to ensure that the Group minimises the environmental impact of its activities.

Ultra has a formal environmental policy that addresses compliance with environmental legislation, conformity with standards for air, waste disposal and noise, the economical use of materials and the establishment of appropriate environmental performance standards. Progress is monitored through annual reporting and a bi-annual audit process. The Chief Executive has been appointed as the main Board member with overall environmental responsibility. The Managing Directors and Presidents of the operating businesses are responsible for implementation of the policy.

Bi-annual external audits covering environmental matters are conducted by independent, external, qualified auditors; the last audit took place in 2007. As with health and safety, the audits and the resulting follow-up process have proved effective in reaching and maintaining high standards of compliance across all sites.

The results of the audits and annual reports from each business are reviewed by the Board annually in January.

In 2007 Sonar & Communication Systems joined Manufacturing & Card Systems in being accredited to ISO 14001. Datel is a member of the Lancashire Business Environment Association.

Nearly all Ultra businesses have video conferencing facilities. These have been progressively installed over the last nine years and have proven highly effective in holding reviews and other meetings eliminating the need for travel.

Charitable and community activities

In addition to the charitable donations made by the Group (see page 31 for details) Ultra employees are actively supported in their charitable fund-raising endeavours. A large number of local and national charities is supported.

Charitable activities at businesses across Ultra vary from donations to fund raising events including sponsored walks, runs and competitions. Many thousands of pounds are raised in this way. In addition, special assistance is given in a number of ways from donating blood and clothes collections to work experience and the youth sports teams sponsored by Airport Systems in the UK and DNE in the US.

Board of Directors

01 **Julian Blogh** CBE PhD CEng
Chairman, age 64, worked for Ferranti Radar and Plessey Radar before joining Dowty Electronic Systems where he was Managing Director of Sonar & Communication Systems from 1987 to 1992, when he was appointed Managing Director of Dowty Avionics. He led the management buy-out of seven defence and aerospace electronics businesses from the Dowty Group to form Ultra Electronics and became Chief Executive when it began trading in October 1993. Dr Blogh was also appointed Deputy Chairman in April 2004 and became Chairman in April 2005. Dr Blogh is also the non-executive Chairman of Gooch and Housego.

02 **Douglas Caster** BSc MIET
Chief Executive, age 54, started his career as an electronics design engineer with the Racal Electronics Group in 1975, before moving to Schlumberger in 1986 and then to Dowty as Engineering Director of Sonar & Communication Systems in 1988. In 1992, he became Managing Director of that business and, after participating in the management buy-out that formed Ultra Electronics, joined the board in October 1993. In April 2000, he was promoted to the position of Managing Director of Ultra's Information & Power Systems division. In April 2004 he was appointed Chief Operating Officer and became Chief Executive in April 2005.

03 **Chris Bailey*** FCA MCT
Non-Executive Director, age 61, was appointed to the board in January 2005. Mr Bailey was Group Finance Director of Aggregate Industries plc until 2004. He was the Finance Director of the precursor companies of Aggregate Industries from 1984 until its formation in 1997. He is a Fellow of the Institute of Chartered Accountants of England & Wales and is also a Member of the Association of Corporate Treasurers. Mr Bailey is also a non-executive director of Rok plc.

04 **Ian Griffiths*** BSc
Non-Executive Director, age 57, was appointed to the board in April 2003. From February 2006 until May 2007 Mr Griffiths was Managing Director, Royal Mail Letters. Previously, he was a main board executive director of GKN plc, where he was Group Managing Director GKN Automotive, having been a member of the GKN Driveline senior management team since 1990.

05 **Andy Hamment** BA FRAeS
Group Marketing Director, age 53, started his career with Hawker Siddeley before moving to Schlumberger in 1980, working in procurement and then marketing at Weston Aerospace before transferring to Solartron as Aerospace Business Manager. He joined Dowty in 1988 as Managing Director of the Controls business. He was appointed to his current position in July 2000 and joined the board at that time.

06 **Frank Hope** PhD CPhys MInstP
Managing Director, Information & Power Systems, age 53, started his career with Tecalemit as a design engineer working on robotics. He spent 13 years with Avimo Limited latterly as Managing Director, having previously held the positions of Technical Director and Operations Director. He joined Ultra in 1994 as Managing Director of the Electrics business. Dr Hope was appointed to the board of Ultra in January 1999 and in April 2000 became Managing Director of Aircraft & Vehicle Systems. He was appointed to his current position in April 2004.

07 **David Jeffcoat** BA FCMA
Finance Director and Company Secretary, age 57, started his career as a production engineer in the car industry. Since qualifying as an accountant he has held senior financial positions in several large corporations including GlaxoWellcome plc, where he was Finance Director of two subsidiaries. Before joining Ultra he was Group Financial Controller of Smiths Industries plc for three years. He was appointed to the board in July 2000.

08 **Andrew Walker*** MA CEng
Senior Non-Executive Director, age 56, was appointed to the board in June 1996. He is Chairman of both the Audit and Remuneration Committees. Having joined Dowty Group plc in 1978, he became an operating board member in 1991. Following TI Group's acquisition of Dowty, he became Managing Director of John Crane Polymer Engineering. He was Chief Executive of South Wales Electricity plc (SWALEC) from 1993 to 1996, and was Chief Executive of McKechnie plc from 1997 to 2001. Mr Walker is also a non-executive director of API Group plc, Manganese Bronze Holdings plc, Porvair plc, Delta plc, fountains plc, Brintons Ltd, Plastics Capital plc and is Chairman of Bioganix plc.

Ultra's Board comprises a team of individuals with the breadth and depth of experience necessary to steer the continued development of the Group

*Audit and Remuneration Committee members

Corporate governance

Executives and Advisors

Executive Team members

Douglas Caster
Chief Executive

David Jeffcoat
Group Finance Director
& Company Secretary

Andy Hamment
Group Marketing Director

Frank Hope
Managing Director
Information & Power Systems

Alan Jan-Janin
Managing Director
Aircraft & Vehicle Systems

Rakesh Sharma
Managing Director
Tactical & Sonar Systems

Keith Thomson
Group Human Resources Director

Business MDs & Presidents

John McAlonan
President
Advanced Tactical Systems

Graeme Stacey
Managing Director
Airport Systems

Marc Lawrence
President
Audiopack

Paul Summers
Managing Director
Command & Control Systems

Kim Wrighton
Managing Director
Controls

Bob Winegard
President
Criticom

Jason Birtwistle
Managing Director
Datel

Bill Gill
President
DNE Technologies

Mark Doyle
Managing Director
Electrics

Pete Crawford
President
EMS

Carlos Santiago
President
Flightline Systems

Ray Coles
Managing Director
Manufacturing & Card Systems

Doug Burd
President
Maritime Systems

Ken Tasch
President
Measurement Systems Inc.

Rick Kielmeyer
President
Ocean Systems

David Sammons
Acting Managing Director
PMES

Andy Yates
Managing Director
Precision Air Systems

Mike Clayton
Managing Director
SML

Phil Evans
Managing Director
Sonar & Communication Systems

Alan Barker
President
Tactical Communication Systems

Roland Fritts
President
USSI

External auditors

Deloitte & Touche LLP
Abbots House
Abbey Street
Reading RG1 3BD

Principal bankers

The Royal Bank of Scotland plc
135 Bishopsgate
London EC2M 3UR

Solicitors

Slaughter & May
One Bunhill Row
London EC1Y 8YY

Osborne Clarke
2 Temple Back East
Temple Quay
Bristol BS1 6EG

Financial advisors

Citigroup Global Markets Limited
Citigroup Centre
33 Canada Square
Canary Wharf
London E14 5LB

Stockbrokers

JPMorgan Cazenove Limited
20 Moorgate
London EC2R 6DA

Registrars

Equiniti
Aspect House
Spencer Road
Lancing
West Sussex BN99 6ZL

The members of Ultra's executive team have an average of 26 years experience working in the defence and aerospace industry

Business addresses

Aircraft & Vehicle Systems

Controls
417 Bridport Road
Greenford
Middlesex UB6 8UE
England
Tel: +44 (0) 20 8813 4444
www.ultra-controls.com

Datel
Taylor House
Caxton Road
Fulwood
Preston PR2 9ZB
England
Tel: +44 (0) 1772 907500
www.ultra-datel.com

Electrics
Kingsditch Lane
Cheltenham
Gloucestershire GL51 9PG
England
Tel: +44 (0) 1242 221166
www.ultra-electrics.com

Measurement Systems Inc.
50 Barnes Park North
Suite 102
Wallingford
Connecticut 06492
USA
Tel: +1 203 949 3500
www.ultra-msi.com

Precision Air Systems
Anson Business Park
Cheltenham Road East
Gloucester GL2 9QN
England
Tel: +44 (0) 1452 714382
www.ultra-pas.com

Information & Power Systems

Advanced Tactical Systems
3300 Duval Road, Suite 200
Austin
Texas 78759
USA
Tel: +1 512 327 6795
www.ultra-ats.com

Airport Systems
The Oaks
Crewe Road
Wythenshawe
Manchester M23 9SS
England
Tel: +44 (0) 161 946 3600
www.ultra-as.com

Command & Control Systems
Knaves Beech Business Centre
Loudwater
High Wycombe
Buckinghamshire HP10 9UT
England
Tel: +44 (0) 1628 530000
www.ultra-ccs.com

EMS
95 Horseblock Road
PO Box 640
Yaphank
New York 11980
USA
Tel: +1 631 345 6200
www.ultra-ems.com

Manufacturing & Card Systems
Waverley House
Hampshire Road
Granby Estate
Weymouth
Dorset DT4 9XD
England
Tel: +44 (0) 1305 784738
www.ultra-mcs.com

PMES
Armitage Road
Rugeley
Staffordshire WS15 1DR
England
Tel: +44 (0) 1889 503300
www.ultra-pmes.com

SML Technologies
316 Botley Road
Burridge
Southampton
Hampshire SO31 1BQ
England
Tel: +44 (0) 1489 557373
www.ultra-sml.com

Tactical & Sonar Systems

Audiopack
4933 Neo Parkway
Garfield Heights
Ohio 44128
USA
Tel: +1 216 332 7040
www.ultra-ap.com

Criticom
4211 Forbes Boulevard
Lanham
Maryland 20706
USA
Tel: +1 301 306 0600
www.ultra-criticom.com

DNE Technologies
50 Barnes Park North
Wallingford
Connecticut 06492
USA
Tel: +1 203 265 7151
www.ultra-dne.com

Flightline Systems
7625 Omnitech Place
Victor
New York 14564
USA
Tel: +1 585 924 4000
www.ultra-fei.com

Maritime Systems
40 Atlantic Street
Dartmouth
Nova Scotia B2Y4N2
Canada
Tel: +1 902 466 7491
www.ultra-uems.com

Ocean Systems
115 Bay State Drive
Braintree
Massachusetts 02184
USA
Tel: +1 781 848 3400
www.ultra-os.com

Sonar & Communication Systems
419 Bridport Road
Greenford
Middlesex UB6 8UA
England
Tel: +44 (0) 20 8813 4567
www.ultra-scs.com

Tactical Communication Systems
5990 Côte de Liesse
Montreal,
Quebec H4T 1V7
Canada
Tel: +1 514 855 6363
www.ultra-tcs.com

UnderSea Sensor Systems Inc.
4578 East Park 30 Drive
Columbia City
Indiana 46725
USA
Tel: +1 260 248 3500
www.ultra-ussi.com

Photography
Main Board: Molyneux Associates
Platforms/end applications courtesy of:
AWE, BAA, BAE Systems, Boeing,
EADS, Eurofighter, Lockheed Martin,
TfL, UK MoD, US DoD.

Registered Office:
Ultra Electronics Holdings plc
417 Bridport Road
Greenford
Middlesex UB6 8UA
England
Tel: +44 (0) 20 8813 4321
Fax: +44 (0) 20 8813 4322
www.ultra-electronics.com
information@ultra-electronics.com

Design: **HAT Associates** +44 (0)1242 253112