press release

Embargoed until 0700 27 February 2012

Ultra Electronics Holdings plc
("Ultra" or "the Group")

Preliminary Results for the Year Ended 31 December 2011

FINANCIAL HIGHLIGHTS

	Year ended 31 December 2011	Year ended 31 December 2010	**Change**
Revenue	**£731.7m**	£710.0m	**+3%**
Underlying operating profit(1)	**£122.1m**	£110.3m	**+11%**
Underlying profit before tax(2)	**£114.9m**	£102.7m	**+12%**
IFRS profit before tax	**£91.2m**	£91.3m	**-**
Underlying earnings per share(2)	**120.2p**	107.9p	**+11%**
Dividend per share - final	**26.8p**	24.0p	**+12%**
- total	**38.5p**	34.6p	**+11%**

(1) *before amortisation of intangibles arising on acquisition and adjustments to deferred consideration net of acquisition costs. IFRS operating profit £99.2m (2010: £90.0m). See Note 2 for reconciliation.*
(2) *before amortisation of intangibles arising on acquisition, fair value movements on derivatives and adjustments to deferred consideration net of acquisition costs. Basic EPS 96.2p (2010: 96.8p). See Note 2 for reconciliation.*

- Resilient performance reflecting the Group's broad portfolio and customer base
  - organic revenue growth at constant currencies of 2%
  - organic growth* of underlying operating profit, at constant currencies, of 9%
- Continuing reinvestment to drive future growth
  - over 5% of revenue reinvested by Ultra in new product and business development
  - acquisition of four specialist cyber businesses in the year for £129m
- Underlying operating margin(1) increased to 16.7%
- Operating cash conversion* of 110% (five-year average 103%) reflecting high quality of earnings
- Robust balance sheet with headroom for further acquisitions
- Order book up 16% to £950m

Rakesh Sharma, Chief Executive, commented:
"The results for the year reflect the success of Ultra's strategies to create sustainable, long-term growth of shareholder value. Customers in Ultra's main defence markets of the US and UK have, for different reasons, delayed the start of new programmes and only funded existing ones on an incremental basis. Despite the headwinds from currency and Ultra's major activities in the UAE becoming part of an associated undertaking, the Group achieved 2% underlying organic revenue growth. In the year the Group's operating margin has improved and operating cash flow* has remained strong. Although market conditions are challenging, the Group continues to reinvest in its portfolio of differentiated, specialist capabilities while simultaneously maintaining constant downward pressure on the cost base of each business. In 2011 Ultra made four acquisitions that significantly augment the Group's range of security and cyber activities.

Ultra's strategy is constantly to broaden its portfolio of products and services that are positioned on a large number of international platforms and programmes in the defence, security, transport and energy markets. Ultra has a broad customer base worldwide, with sales outside the UK now representing about 70% of Group revenue. Ultra is strongly cash-generative and has the balance sheet strength to continue its investment in market sectors where customers preferentially focus their spend. The Group's security and civil markets contain niches that have higher than average growth potential as the cyber threat develops, aircraft build rates rise and airport infrastructure investment increases. These factors provide the Group with a resilient business model that, together with the full year benefit of acquisitions made in 2011, underpin the Board's confidence of continued progress in 2012 and beyond."

* see notes on page 2

FINANCIAL RESULTS

	Year ended 31 December 2011 £m	Year ended 31 December 2010 £m	Growth
Order book			
- Aircraft & Vehicle Systems	**177.4**	210.9	-15.9%
- Information & Power Systems	**442.2**	204.7	+116.0%
- Tactical & Sonar Systems	**330.7**	402.3	-17.8%
Total order book	**950.3**	817.9	+16.2%
Revenue			
- Aircraft & Vehicle Systems	**166.1**[1]	174.1	-4.6%
- Information & Power Systems	**257.0**	224.0	+14.7%
- Tactical & Sonar Systems	**308.6**	311.9	-1.1%
Total revenue	**731.7**	710.0	+3.1%
Organic underlying revenue growth at constant currencies			+2.2%
Underlying operating profit			
- Aircraft & Vehicle Systems	**31.1**	23.4	+32.9%
- Information & Power Systems	**30.5**	27.5	+10.9%
- Tactical & Sonar Systems	**60.5**	59.4	+1.9%
Total underlying operating profit	**122.1**	110.3	+10.7%
Organic underlying operating profit growth at constant currencies			+8.6%
Underlying operating margin			
- Aircraft & Vehicle Systems	**18.7%**	13.4%	
- Information & Power Systems	**11.9%**	12.3%	
- Tactical & Sonar Systems	**19.6%**	19.0%	
Total underlying operating margin	**16.7%**	15.5%	
Finance charges*	**(7.2)**	(7.6)	-5.3%
Underlying profit before tax	**114.9**	102.7	+11.9%
Operating cash flow*	**133.7**	106.4	
Operating cash conversion*	**110%**	96%	
Net debt*/(cash) at year-end	**46.1**	(17.8)	
Bank interest cover*	**23.4x**	23.2x	
Underlying earnings per share	**120.2p**	107.9p	+11.4%

Notes

[1] revenue reduced through the transfer of the Group's main activities in the UAE to an associated undertaking*

operating cash flow* *is cash generated by operations, less net capital expenditure, R&D, LTIP share purchases and acquisition costs.*
operating cash conversion* *is cash generated by operations, less net capital expenditure, R&D, LTIP share purchases and acquisition costs as % of operating profit before the costs of acquisitions and amortisation of intangibles arising on acquisition.*
net debt* *comprises loans and overdrafts less cash and cash equivalents.*
finance charges* *exclude fair value movements on derivatives.*
organic growth* *(of revenue or profit) is the annual rate of increase in revenue or profit that was achieved, assuming that acquisitions made during the prior year were only included for the same proportion of the current year.*
associated undertaking*: *Dascam's major activities became part of Al Shaheen, of which Ultra owns 49%, with effect from 1 August 2010. The enlarged Al Shaheen continues to be reported as an 'associated undertaking'.*
bank interest cover*: *is the ratio of underlying operating profit before tax to finance costs associated with borrowings.*

** see note above*

Revenue was 3% higher at £731.7m (2010: £710.0m). Of the increase, acquisitions contributed about 5% while exchange rate movements reduced revenue by over 2%. As previously advised, the Group's main activities in the UAE were accounted for as an associated undertaking*. This had the effect of reducing revenue by £14.4m, equivalent to 2%, resulting in organic growth at constant currencies of 2%.

In the year Ultra maintained its internal investment in the development of new business and products above 5% of revenue at £41.4m (2010: £39.7m).

Underlying operating profit increased 11% to £122.1m (2010: £110.3m). Organic growth at constant currencies was 9%; foreign exchange reduced profit by 2% and acquisitions contributed 4%. The underlying operating margin increased to 16.7% (2010: 15.5%).

Underlying profit before tax increased by 12% to £114.9m (2010: £102.7m), after net financing charges* of £7.2m (2010: £7.6m).

The Group's underlying tax rate in the year was 28.0% (2010: 28.0%) and the increase in underlying earnings per share was 11% to 120.2p (2010: 107.9p).

Reported (IFRS) profit before tax was £91.2m (2010: £91.3m) and reflected the combined effects of the elements detailed below:

All £m	**2011**	2010
Underlying profit before tax	**114.9**	102.7
Amortisation of intangibles arising on acquisition	**(23.1)**	(20.3)
(Loss)/profit on fair value movements on derivatives	**(0.8)**	8.9
Acquisition-related costs and adjustments	**0.2**	nil
Reported profit before tax	**91.2**	91.3

The Group's balance sheet remains strong, with net interest payable on borrowings covered around 23 times by underlying operating profit. Operating cash flow in the year was £133.7m (2010: £106.4m), after the £6.0m increase in deficit-reduction payments for the UK pension scheme. Ultra had net debt* at the end of the year of £46.1m compared to net cash* of £17.8m at the end of 2010. Net cash expenditure on acquisitions in the year was £142.1m (2010: £13.1m) including the payment of deferred consideration in respect of acquisitions made in prior years.

The renewal of £80m of the Group's revolving credit facility with the Group's syndicate of banks was completed at a revised total of £90m in early 2011. During the year, the Group agreed a 'shelf facility' with Prudential Investment Management Inc. that gives the Group access to the US private placement market on a bilateral basis. The facility is non-committed but is for up to $150m. As at the end of the year $10m of loan notes had been issued that will mature in 2018. A further $60m of loan notes were issued in January 2012 that will mature in January 2019.

The proposed final dividend is 26.8p, bringing the total dividend for the year to 38.5p (2010: 34.6p). This represents an annual increase of 11%, with the dividend being covered 3.1 times (2010: 3.1 times) by underlying earnings per share. If approved, the dividend will be paid on 4 May 2012 to shareholders on the register on 13 April 2012.

The order book at the end of 2011 increased by 16% to £950.3m compared to £817.9m at the end of 2010. As noted in previous announcements, there have been delays in the award of contracts in both the UK and US and this impacted the closing order book value. Within this order book total, the level of opening firm order cover against the current consensus of analysts' forecast of Group revenue for 2012 was 54% (prior year: 57%), reflecting in part the acquisition by the Group of businesses that typically have short order books. Within this total, Ultra's businesses in North America, where procurement delays by government agencies have been most marked, had an average opening order cover of 40% (prior year: 50%). The average for businesses elsewhere in the world was 65% (prior year: 70%). The resulting shape of the order book implies that, as in 2011, Ultra's performance in 2012 will be second-half weighted.

REINVESTING FOR GROWTH

Ultra continued its programme of reinvestment to drive long-term growth; the total in 2011 was £183.5m (2010: £52.8m), comprising £142.1m (2010: £13.1m) on acquisitions and £41.4m (2010: £39.7m) on new products and services and in new business development. In addition, customer-funding for new product development was £85.8m (2010: £73.0m).

In the year, the Group supported the flight test programmes of the F-35 JSF, Boeing 787 and Gulfstream G650 aircraft. The production phases of these programmes will contribute to Ultra's growth in the medium and long term. Ultra is also developing and qualifying advanced aircraft cockpit displays and engine instrumentation equipment for smaller aircraft. In the year the Group increased its investment in the development of the next generation of battlespace communications equipment. Examples include new systems and equipment aimed at enhancing the flow of real-time tactical information to the warfighter 'on the move'. Additionally, the Group is developing equipment that enhances the security and performance of modern tactical networks.

In early 2011 the Group acquired 3eTI, a business in Maryland USA that designs, develops, markets and supports military grade wireless local area network access points, mesh networks, security software, and encryption technologies for military, government and commercial markets. It is part of Ultra's Tactical & Sonar Systems division.

In September, Ultra acquired AEP, a leading supplier of secure network communication solutions. AEP's proprietary products are accredited by CESG/GCHQ, the UK government's national technical authority for secure electronic communications. AEP's security solutions include secure network gateways, remote access hardware encryption products and a 'security as a service' offering known as 'Cloud Protect'. AEP is also part of Ultra's Tactical & Sonar Systems division.

In December, the Group made two further acquisitions in the security and cyber field, SOTECH and Zu. SOTECH offers turnkey communications surveillance systems, integrating proprietary and commercial-off-the-shelf data analytic tools to manage large volumes of data from mobile, fixed line and broadband networks. Customers are government agencies that support and perform global counter-terrorism and counter-narcotic missions. SOTECH is part of the Group's Information & Power Systems division. Zu specialises in the provision of equipment for cyber surveillance systems, built primarily from two proprietary software products that operate on commercial-off-the-shelf hardware. Zu is now part of ProLogic in Ultra's Information & Power Systems division.

BOARD CHANGES

Andy Hamment will retire at the end of March 2012 after 23 years' service with Ultra, during which time he contributed significantly to the growth and development of the Group. As previously announced, Mark Anderson will succeed Andy as Group Marketing Director and will join the Board at that time.

OPERATIONAL REVIEW

Aircraft & Vehicle Systems

Revenue in Aircraft & Vehicle Systems reduced by 5% to £166.1m (2010: £174.1m) while underlying operating profit increased by 33% to £31.1m (2010: £23.4m). The Group's main activities in the UAE were accounted for as an associated undertaking* in 2011, reducing revenue by £14.4m, equivalent to 8% of divisional revenue. There were full-year contributions from Extec and AMI, both acquired in 2010. The division's order book reduced to £177.4m (2010: £210.9m), the major cause being the cancellation, for the convenience of the customer, of a contract to supply systems for a European military aircraft currently in development.

There was solid demand in the US for Ultra's HiPPAG airborne compressors used in stores ejection applications, offset by reductions in the year in the rate of production of hand controls for remote weapon systems. International sales of Magicard ID card printers increased as did demand in the UK for specialist high integrity manufacturing services. The level of investment in the development of aircraft equipment was lower in 2011 than in the prior year as major aircraft programmes moved into a production phase. The operating margin improved to 18.7% (2010: 13.4%) reflecting, as anticipated, the lower level of reinvestment, the improved US dollar hedged rate and accounting for activities in the UAE as an associated undertaking.

Highlights of activities in the year that will underpin the division's future performance included:

- selection by Embraer to supply landing gear, steering and door control systems on its new KC-390 military transport aircraft
- successful trials of Ultra's innovative propane-powered fuel cells, both in UAVs and as ground power sources. These fuel cells outperform batteries by a significant margin
- selection to provide various computers, displays and controls on the new Scout and Warrior armoured vehicles for the British Army

Information & Power Systems

Revenue in Information & Power Systems grew by 15% to £257.0m compared to £224.0m in the previous year. Underlying operating profit increased by 11% to £30.5m (2010: £27.5m). These results included a full-year contribution from Transmag, acquired in 2010, and a part-year contribution from SOTECH and Zu, acquired late in 2011. The order book at the end of the year was £442.2m (2010: £204.7m), the increase mainly driven by the multi-year systems integration contract for two airports in Oman.

There was strong demand in the year for specialist sensors and control systems for military and civil nuclear reactors. In addition, the division increased sales of the Group's specialist electrical power controls for Royal Navy submarines and for passenger transit systems. These increases were partially offset by reduced demand, both in the US and internationally, for Ultra's traditional ADSI command and control systems.

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

- being selected to act as the master systems integrator at two airports in Oman
- production contracts to supply reactor control systems and equipment for Royal Navy submarines
- completing qualification testing of an enhanced range of specialist sensors for use in nuclear power stations around the world

Tactical & Sonar Systems

Revenue in Tactical & Sonar Systems reduced by 1% to £308.6m (2010: £311.9m) and underlying operating profit rose by 2% to £60.5m (2010: £59.4m). These results include part-year contributions from 3eTI, acquired early in 2011 and AEP Networks, acquired later in the year. The closing order book was £330.7m (2010: £402.3m).

This is the Ultra division that was most affected in the year by defence procurement delays in the USA. These impacted order intake and sales of tactical radios and network access equipment leading to a reduced closing order book and lower revenue overall for the division. The reduction in sales was partially offset by higher activity levels on international sonar system developments in

Australia and the Netherlands and anti-submarine warfare activity in the US. Operating profit generally tracked sales volume and one-off redundancy costs were recognised in some businesses. The overall increase in operating margin to 19.6% (2010: 19.0%) reflected profit recognition at the end of some development contracts. In addition, the Canadian government has committed to making multi-year contributions to the costs of new product development for which there was a 'catch up' in the year relating to earlier activity.

Performance in future years will be underpinned by the following developments in 2011:

- selection in Turkey to supply the torpedo countermeasure system for a new submarine programme

- passing critical design reviews relating to the Group's new UK cryptographic equipment, following successful development and risk reduction activities

- contracts to install Ultra's secure wireless perimeter protection systems at an initial batch of US Navy bases

MARKET CONDITIONS

Many countries worldwide are still in the process of addressing the economic and political consequences of high budget deficits and this is exerting downward pressure on government spending. Overall, however, budgets addressable by Ultra remain sufficiently large to give headroom for further growth as the Group maintains its focus on innovation in market niches that are the focus of preferential spend by customers.

Defence

The level of international tension remains high, driven by the actions of rogue states and terrorist groups, political unrest and regional disputes. As a result, expenditure levels in Ultra's main defence and security market sectors remain high in absolute terms, though reductions are in train. The focus of a large part of this expenditure is on improving information superiority, command and control, unattended, long-life sensors and systems and secure communications. There is an increased emphasis on strengthening anti-submarine warfare capabilities, especially in the Asia Pacific regions. Ultra has strong and growing market positions in these areas, which should remain the focus of customer expenditure even as current military operations are scaled back.

In Ultra's main markets of the US and the UK, the difficult market conditions that affected 2011 will also apply throughout 2012. In the US, disruption caused by the delay in the appropriation of both the FY11 and FY12 defence budgets has meant that the planned level of progress on many programmes is not being made. While plans are being made by the DoD for coping with some level of budget reduction, the full effects of the potential sequestration process are not known. It is anticipated that political brinkmanship on budgets will continue through 2012, a Presidential election year. In the UK, the Ministry of Defence is undertaking a redesign of its entire procurement process, with the aim of achieving better value for money with fewer staff. While Ultra has benefitted from some contracts being let, the overall level of order intake has been affected by the incremental, rather than full, funding of programmes. In both the UK and US markets, government agencies are delaying the start of new programmes and incrementally funding continuing ones.

Overall, it is likely that only a few new platforms will be commissioned in the US and UK in the near term. However this typically drives demand for upgrades in the military capability of existing platforms by way of advanced electronic solutions. Ultra's focus on innovation, agility and speed of response ensures that the Group can take advantage of new and redefined requirements in these areas.

Security and cyber

The broader security and cyber markets now represent over 15% of Group revenue and continue to develop as areas of preferential customer spend, driven by an increasing level of terrorist, organised crime and state-sponsored cyber-attacks globally. The additional funding announced in many countries for addressing this cyber threat emphasises the increasing focus on this element of security. Covert surveillance and legal intercept of electronic communications continue to be effective ways of identifying and negating the threat. Ultra has highly specialised capabilities in secure communications, networks and a broad range of cryptographic equipment and management systems. The Group enhanced its portfolio of relevant capabilities in 2011 and won competitive contracts in the UK and US to develop next generation solutions; Ultra is well positioned to benefit from demand for enhanced cyber warfare defences around the world.

Transport

Population growth, global trade and the proliferation of low-cost airlines worldwide is driving demand for civil aircraft and infrastructure investment in mass passenger transport systems. Whilst investment decisions in some countries may be slowed by economic concerns, demand remains strong in the world's high-growth economies and Ultra continues successfully to win business in these areas.

The long-term, worldwide increase in air travel drives investment in infrastructure including airport IT systems where Ultra has a strong capability. An example of such investment is at Muscat and Salalah airports in Oman, where Ultra will act as master systems integrator for the new terminals.

Elsewhere in the aviation sector, increases have been announced in production rates at both Boeing and Airbus reflecting their long order books. Demand for airliners has been particularly strong in the Asia Pacific region of the world. Sales of equipment for the Boeing 787, as the build rate increases, will be additive to the Group's performance. Sales of regional aircraft, especially turboprops, has been more patchy and build rates are being reviewed by some manufacturers. Demand for business jets, however, remains strong.

Ground transport systems also require continuing investment in regions of high population density, a trend from which Ultra, with its specialist trackside power supplies, should benefit.

Energy

Around the world the strategic need is to have secure access to an increasing amount of energy with a low carbon footprint. The extraction of shale gas on a large scale is potentially a source of such energy though the political and environmental acceptability of such extraction is not yet assured. There is a steady increase in the level of investment in civil nuclear power generation, in both extending the life of existing plant and building new reactors. Ultra has niche capabilities in the supply of high integrity nuclear control systems and associated specialist sensors. The Group is therefore well placed to benefit as market opportunities develop globally.

The events at the Fukushima nuclear power station in Japan, following the tsunami in March, have sensibly led national nuclear regulatory bodies to initiate further nuclear safety reviews. While some new build projects will be delayed, the fundamental drivers of investment in nuclear power generation remain intact.

On a smaller scale, the need for low-cost, portable and clean power sources in the commercial trucking, remote industrial and recreational marine and automobile markets is driving interest in fuel cells. Ultra's innovative propane-powered fuel cells are well positioned in this regard.

RISKS AND UNCERTAINTIES

A number of potential risks and uncertainties exist which could have a material impact on the Group's performance in 2012 and beyond and which could cause actual results to differ materially from expected and historical levels. The directors do not consider that the principal risks and uncertainties have changed substantially since the publication of the Group's annual report for 2010. An explanation of the risks detailed below, and the robust business strategies that Ultra uses to manage and mitigate those risks and uncertainties, can be found on pages 31 to 33 of the annual report which is available for download at www.ultra-electronics.com/investors.

Excluding the Group's activities in the security and cyber fields, in which demand continues to grow, the defence sector contributes around 65% of Ultra's revenue and there is pressure on defence budgets. In the US, planning for the possible effects of sequestration is at an early stage and the political acceptability of widespread cuts is not yet clear. In the UK, however, it is clear that defence budgets are reducing. Nevertheless, the overall size of defence budgets worldwide, relative to the Group's revenue, provides sufficient headroom to support Ultra's continuing growth. In 2011 the normal defence procurement processes in the US and UK have been disrupted and it is likely that the impact thereof will continue in the short term.

There is a risk of programme delays or cancellations but this has always been a feature of the Group's markets. As no single programme typically represents more than 5% of Ultra's revenue in any year, the cancellation or curtailment of any single programme is unlikely to have a material impact on the Group.

Movements in foreign currency exchange rates result in both transaction and translation effects on the Group's results. Ultra's projected net transaction exposure is mitigated by the use of forward hedging contracts. By their nature, currency translation risks cannot be mitigated.

CONFIRMATION OF GOING CONCERN

The Directors have considered the guidance issued by the Financial Reporting Council and hereby confirm that the Group continues to adopt the 'going concern' basis in preparing its accounts.

The Board has made appropriate enquiries to support this view, looking forward for a period of at least twelve months. Salient points taken into consideration were:

- the Group's record of delivering high quality profits growth
- the adequacy of Ultra's financing facilities
- Ultra's positions in growth sectors of its markets
- the long-term nature of Ultra's markets and contracts
- the Group's minimal exposure to trading denominated in the euro
- the risks as discussed above

STRATEGIES FOR GROWTH

Ultra continues to pursue strategies to mitigate risk and provide a solid base on which to grow. The Group constantly widens its portfolio of differentiated offerings that are specified on an increasing list of international, multi-year platforms and programmes in many different markets. Ultra is positioned at multiple levels in the supply chain and has a broad customer base that includes governments and most of the world's major prime contractors. The Group constantly positions and repositions itself in its markets to maintain its focus on areas of preferential customer spend; Ultra specialises in electronics and integrated solutions, which are attracting an increasing proportion of customer budgets, even in periods of market uncertainty. These enduring customer relationships and long-term programme positions give resilience to Ultra's business model and maintain momentum in the Group's continuing progress, despite market fluctuations.

Ultra will maintain its consistent programme of reinvestment of cash generated through operations to drive further organic and acquisition growth in the medium and long term. Internally, the Group continues to reinvest in highly differentiated products and services that meet the operational needs of customers. This market-led innovation, agility and speed of response to changing market requirements provide a competitive edge that allows Ultra to succeed and to build long-term relationships with customers.

PROSPECTS

Ultra's strategy is constantly to broaden its portfolio of products and services that are positioned on a large number of international platforms and programmes in the defence, security, transport and energy markets. Ultra has a broad customer base worldwide, with sales outside the UK now representing about 70% of Group revenue. Ultra is strongly cash-generative and has the balance sheet strength to continue its investment in market sectors where customers preferentially focus their spend. The Group's security and civil markets contain niches that have higher than average growth potential as the cyber threat develops, aircraft build rates rise and airport infrastructure investment increases. These factors provide the Group with a resilient business model that, together with the full year benefit of acquisitions made in 2011, underpin the Board's confidence of continued progress in 2012 and beyond.

- End -

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NATURE OF ANNOUNCEMENT

This preliminary announcement of Ultra's audited results for the year ended 31 December 2011 does not serve as the dissemination announcement as required by Rule 6.3 of the Disclosure and Transparency Rules ('DTR'). A separate dissemination announcement will be made when the annual financial report is made public in accordance with DTR requirements.

This preliminary announcement has been prepared solely to provide additional information to enable shareholders to assess Ultra's strategies and the potential for those strategies to be fulfilled. It should not be relied upon by any other party or for any other purpose. This preliminary announcement contains certain forward-looking statements. Such statements are made by the directors in good faith based on the information available to them at the time of their approval of this report, and they should be treated with caution due to the inherent uncertainties underlying such forward-looking information. This preliminary announcement has been prepared for the Group as a whole and therefore gives greatest emphasis to those matters which are significant to Ultra when viewed as a complete entity.

Further information about Ultra:

Ultra Electronics is an internationally successful defence, security, transport and energy 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 about one hundred and fifty distinct market or technology niches within its twenty eight businesses. The diversity of niches enables Ultra to contribute to a large number of 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:

Defence: Ultra supplies advanced electronic and electrical systems and equipment to coalition defence forces around the world. The Group innovates to provide specialist capabilities that are superior to those available to the enemy. By focusing on delivering comparative military advantage, Ultra can gain market share and exploit the headroom for growth that is available in defence budgets worldwide.

Security and cyber: Ultra provides highly differentiated systems and capabilities to the broad security, intelligence and cyber market. Driven by the actions of rogue states, terrorist groups and organised crime, governments worldwide are focusing expenditure preferentially on addressing these threats. Ultra has highly specialised capabilities in secure communications, networks and high grade cryptographic equipment, key management systems and surveillance and intelligence gathering systems.

Transport: Ultra provides specialist software, systems and equipment for use in mass passenger transport systems. This includes high integrity real-time controls for civil aircraft, advanced IT solutions for modern airports and trackside power equipment for transit rail systems. Demand in all areas is driven by rising populations in affluent and developing regions of the world.

Energy: Countries around the world are addressing the strategic need to have secure access to increasing amounts of low carbon energy. Ultra has a range of safety critical sensors and controls used in existing and new build nuclear reactors. The Group has innovative portable energy sources powered by readily available propane gas. Ultra also has specialist sensors, derived from defence applications, which are highly effective in the underwater environment at hydrocarbon mapping.

Ultra Electronics Holdings plc
Preliminary Results for the Year Ended 31 December 2011
Consolidated Income Statement

	Note	**2011 £'000**	2010 £'000
Continuing operations			
Revenue	1	**731,733**	710,043
Cost of sales		**(514,944)**	(505,425)
Gross profit		**216,789**	204,618
Other operating income		**2,037**	943
Distribution costs		**(1,141)**	(1,121)
Administrative expenses		**(116,653)**	(113,781)
Share of profit from associate		**2,793**	2,558
Other operating expenses		**(4,610)**	(3,202)
Operating profit		**99,215**	90,015
Investment revenue	3	**296**	9,587
Finance costs	4	**(8,332)**	(8,293)
Profit before tax	1	**91,179**	91,309
Tax	5	**(25,015)**	(24,984)
Profit for the year from continuing operations		**66,164**	66,325
Attributable to:			
Owners of the Company		**65,884**	66,325
Non-controlling interests		**280**	-
Earnings per ordinary share (pence)			
From continuing operations			
- basic	7	**96.2**	96.8
- diluted	7	**95.8**	96.2

Ultra Electronics Holdings plc
Preliminary Results for the Year Ended 31 December 2011
Consolidated Statement of Comprehensive Income

	2011	2010
	£'000	£'000
Profit for the year	**66,164**	66,325
Exchange differences on translation of foreign operations	**2,719**	9,868
Gain/(loss) on net investment hedges	**289**	(2,453)
Actuarial (loss)/gain on defined benefit pension schemes	**(8,312)**	4,778
Loss on cash flow hedges	**(84)**	(1,013)
Transfer from profit and loss on cash flow hedges	**1,702**	2,224
Tax relating to components of other comprehensive income	**98**	(2,338)
Other comprehensive income for the year	**(3,588)**	11,066
Total comprehensive income for the year	**62,576**	77,391
Attributable to:		
Owners of the Company	**62,296**	77,391
Non-controlling interests	**280**	-

Ultra Electronics Holdings plc
Preliminary Results for the Year Ended 31 December 2011
Consolidated Balance Sheet

	Note	**2011 £'000**	2010 £'000 * as restated
Non-current assets			
Goodwill		**278,125**	221,761
Other intangible assets		**140,333**	85,299
Property, plant and equipment		**48,587**	45,354
Interest in associate		**6,610**	3,668
Deferred tax assets		**11,911**	15,503
Derivative financial instruments		**1,948**	3,750
		487,514	375,335
Current assets			
Inventories	8	**47,672**	49,366
Trade and other receivables	9	**197,071**	158,003
Cash and cash equivalents		**41,051**	68,129
Derivative financial instruments		**2,746**	2,933
		288,540	278,431
Total assets		**776,054**	653,766
Current liabilities			
Trade and other payables	10	**(235,709)**	(206,093)
Tax liabilities		**(19,721)**	(18,847)
Derivative financial instruments		**(263)**	(3,411)
Obligations under finance leases		**(63)**	(129)
Borrowings		**(78,912)**	(49,992)
Short-term provisions	11	**(14,457)**	(17,086)
		(349,125)	(295,558)
Non-current liabilities			
Retirement benefit obligations	12	**(82,871)**	(78,464)
Other payables	10	**(27,861)**	(20,409)
Deferred tax liabilities		**(11,942)**	(11,217)
Derivative financial instruments		**(804)**	(442)
Obligations under finance leases		**(76)**	(183)
Borrowings		**(8,148)**	-
Long-term provisions	11	**(10,059)**	(4,358)
		(141,761)	(115,073)
Total liabilities		**(490,886)**	(410,631)
Net assets		**285,168**	243,135
Equity			
Share capital		**3,449**	3,436
Share premium account		**43,862**	41,134
Own shares		**(2,581)**	(2,653)
Hedging reserve		**(14,023)**	(15,930)
Translation reserve		**33,898**	31,179
Retained earnings		**220,149**	185,969
Equity attributable to owners of the Company		**284,754**	243,135
Non-controlling interests		**414**	-
Total equity		**285,168**	243,135

* The restatement of goodwill and other intangible assets above relates to the reassessment of fair value of assets on the acquisition of Adaptive Materials Inc. that was acquired on 31 December 2010.

Ultra Electronics Holdings plc
Preliminary Results for the Year Ended 31 December 2011
Consolidated Cash Flow Statement

	Note	**2011 £'000**	2010 £'000
Net cash flow from operating activities	13	**115,413**	99,281
Investing activities			
Interest received		**296**	635
Purchase of property, plant and equipment		**(12,099)**	(15,526)
Proceeds from disposal of property, plant and equipment		**-**	3,813
Expenditure on product development and other intangibles		**(3,055)**	(3,214)
Acquisition of subsidiary undertakings (incl. acquisition costs)		**(146,180)**	(13,459)
Net cash acquired with subsidiary undertakings		**4,033**	385
Net cash used in investing activities		**(157,005)**	(27,366)
Financing activities			
Issue of share capital		**2,741**	2,837
Purchase of Long-Term Incentive Plan shares		**(422)**	(1,569)
Dividends paid		**(24,469)**	(22,006)
Funding from government loans		**1,621**	-
Loan syndication costs		**(771)**	(1,388)
Increase/(decrease) in borrowings		**35,776**	(22,068)
Decrease/(increase) in loan to associate		**1,948**	(3,267)
Minority investment		**134**	-
Repayment of obligations under finance leases		**(173)**	(54)
New finance leases		**-**	361
Net cash generated from/(used in) financing activities		**16,385**	(47,154)
Net (decrease)/increase in cash and cash equivalents		**(25,207)**	24,761
Cash and cash equivalents at beginning of year		**68,129**	41,809
Effect of foreign exchange rate changes		**(1,871)**	1,559
Cash and cash equivalents at end of year		**41,051**	68,129

Ultra Electronics Holdings plc

Preliminary Results for the Year Ended 31 December 2011
Consolidated Statement of Changes in Equity

	Equity attributable to equity holders of the parent							
	Share capital £'000	**Share premium account £'000**	**Reserve for own shares £'000**	**Hedging reserve £'000**	**Translation reserve £'000**	**Retained earnings £'000**	**Non-controlling interest £'000**	**Total equity £'000**
Balance at 1 January 2011	**3,436**	**41,134**	**(2,653)**	**(15,930)**	**31,179**	**185,969**	**-**	**243,135**
Profit for the year	-	-	-	-	-	65,884	280	66,164
Other comprehensive income for the year	-	-	-	1,907	2,719	(8,214)	-	(3,588)
Total comprehensive income for the year	**-**	**-**	**-**	**1,907**	**2,719**	**57,670**	**280**	**62,576**
Own shares acquired	-	-	(422)	-	-	-	-	(422)
Disposal of own shares	-	-	494	-	-	(494)	-	-
Equity-settled employee share schemes	13	2,728	-	-	-	1,974	-	4,715
Non-controlling interest's investment made in subsidiary	-	-	-	-	-	-	134	134
Dividend to shareholders	-	-	-	-	-	(24,469)	-	(24,469)
Tax on share-based payment transactions	-	-	-	-	-	(501)	-	(501)
Balance at 31 December 2011	**3,449**	**43,862**	**(2,581)**	**(14,023)**	**33,898**	**220,149**	**414**	**285,168**
Balance at 1 January 2010	**3,420**	**38,313**	**(1,450)**	**(12,464)**	**21,311**	**134,336**	**-**	**183,466**
Profit for the year	-	-	-	-	-	66,325	-	66,325
Other comprehensive income for the year	-	-	-	(3,466)	9,868	4,664	-	11,066
Total comprehensive income for the year	**-**	**-**	**-**	**(3,466)**	**9,868**	**70,989**	**-**	**77,391**
Own shares acquired	-	-	(1,569)	-	-	-	-	(1,569)
Disposal of own shares	-	-	366	-	-	(366)	-	-
Equity-settled employee share schemes	16	2,821	-	-	-	1,850	-	4,687
Dividend to shareholders	-	-	-	-	-	(22,006)	-	(22,006)
Tax on share-based payment transactions	-	-	-	-	-	1,166	-	1,166
Balance at 31 December 2010	**3,436**	**41,134**	**(2,653)**	**(15,930)**	**31,179**	**185,969**	**-**	**243,135**

1. Segmental analysis

(a) Revenue by segment

	2011 External revenue £'000	**2011** Inter segment £'000	**2011** Total £'000	2010 External revenue £'000	2010 Inter segment £'000	2010 Total £'000
Aircraft & Vehicle Systems	**166,061**	**21,201**	**187,262**	174,093	16,072	190,165
Information & Power Systems	**257,012**	**18,388**	**275,400**	223,999	6,072	230,071
Tactical & Sonar Systems	**308,660**	**19,703**	**328,363**	311,951	18,133	330,084
Eliminations	**-**	**(59,292)**	**(59,292)**	-	(40,277)	(40,277)
Consolidated revenue	**731,733**	**-**	**731,733**	710,043	-	710,043

(b) Profit by segment

2011

	Aircraft & Vehicle Systems £'000	**Information & Power Systems £'000**	**Tactical & Sonar Systems £'000**	**Total £'000**
Underlying operating profit	**31,140**	**30,517**	**60,459**	**122,116**
Amortisation of intangibles arising on acquisition	**(4,168)**	**(8,270)**	**(10,695)**	**(23,133)**
Adjustments to deferred consideration net of acquisition costs	**1,559**	**(371)**	**(956)**	**232**
Operating profit	**28,531**	**21,876**	**48,808**	**99,215**
Investment revenue				**296**
Finance costs				**(8,332)**
Profit before tax				**91,179**
Tax				**(25,015)**
Profit after tax				**66,164**

2010

	Aircraft & Vehicle Systems £'000	Information & Power Systems £'000	Tactical & Sonar Systems £'000	Total £'000
Underlying operating profit	23,420	27,533	59,393	110,346
Amortisation of intangibles arising on acquisition	(2,491)	(8,858)	(8,982)	(20,331)
Operating profit	20,929	18,675	50,411	90,015
Investment revenue				9,587
Finance costs				(8,293)
Profit before tax				91,309
Tax				(24,984)
Profit after tax				66,325

(c) Capital expenditure, additions to intangibles, depreciation and amortisation

	Capital expenditure and additions to intangibles (excluding goodwill)		Depreciation and amortisation	
	2011	2010	**2011**	2010
	£'000	£'000	**£'000**	£'000
Aircraft & Vehicle Systems	**2,991**	3,262	**10,673**	4,966
Information & Power Systems	**4,739**	7,867	**12,278**	12,344
Tactical & Sonar Systems	**7,424**	7,611	**15,620**	14,163
Total	**15,154**	18,740	**38,571**	31,473

The 2011 depreciation and amortisation expense includes £29,431,000 of amortisation charges (2010: £23,088,000) and £9,140,000 of property, plant and equipment depreciation charges (2010: £8,385,000).

(d) Total assets by segment

	2011	2010
	£'000	£'000
Aircraft & Vehicle Systems	**137,340**	152,083
Information & Power Systems	**311,576**	202,170
Tactical & Sonar Systems	**269,482**	209,198
	718,398	563,451
Unallocated	**57,656**	90,315
Consolidated total assets	**776,054**	653,766

Unallocated assets represent deferred tax assets, derivatives at fair value and cash and cash equivalents.

(e) Total liabilities by segment

	2011	2010
	£'000	£'000
Aircraft & Vehicle Systems	**49,572**	68,225
Information & Power Systems	**113,620**	70,890
Tactical & Sonar Systems	**126,713**	109,143
	289,905	248,258
Unallocated	**200,981**	162,373
Consolidated total liabilities	**490,886**	410,631

Unallocated liabilities represent derivatives at fair value, tax payables, deferred tax liabilities, retirement benefit obligations, bank loans and loan notes.

(f) Revenue by destination

	2011	2010
	£'000	£'000
United Kingdom	**215,227**	192,140
Continental Europe	**67,882**	67,093
Canada	**22,123**	19,429
USA	**333,266**	354,920
Rest of World	**93,235**	76,461
	731,733	710,043

(g) Other information (by geographic location)

	Non-current assets		Total assets		Additions to property, plant & equipment and intangible assets (excluding acquisitions)	
	2011	2010	**2011**	2010	**2011**	2010
	£'000	£'000	**£'000**	£'000	**£'000**	£'000
United Kingdom	**134,649**	117,092	**252,530**	224,925	**7,791**	10,751
USA	**273,768**	171,698	**345,790**	243,633	**5,429**	5,179
Canada	**40,081**	43,156	**56,613**	61,698	**1,321**	2,564
Rest of World	**25,157**	24,136	**63,465**	33,195	**613**	246
	473,655	356,082	**718,398**	563,451	**15,154**	18,740
Unallocated	**13,859**	19,253	**57,656**	90,315	**-**	-
	487,514	375,335	**776,054**	653,766	**15,154**	18,740

2. Additional performance measures

To present the underlying profitability of the Group on a consistent basis year-on-year, additional performance indicators have been used. These are calculated as follows:

	2011	2010
	£'000	£'000
Operating profit	**99,215**	90,015
Amortisation of intangibles arising on acquisition	**23,133**	20,331
Adjustments to contingent consideration net of acquisition costs	**(232)**	-
Underlying operating profit	**122,116**	110,346
Profit before tax	**91,179**	91,309
Amortisation of intangibles arising on acquisition	**23,133**	20,331
Adjustments to contingent consideration net of acquisition costs	**(232)**	-
Loss/(profit) on fair value movements on derivatives	**821**	(8,952)
Underlying profit before tax	**114,901**	102,688
Cash generated by operations	**149,318**	122,847
Purchase of property, plant and equipment	**(12,099)**	(15,526)
Proceeds on disposal of property, plant and equipment	**-**	3,813
Expenditure on product development and other intangibles	**(3,055)**	(3,214)
Purchase of Long-Term Incentive Plan shares	**(422)**	(1,569)
Operating cash flow	**133,742**	106,351

Underlying operating profit has been shown before acquisition related costs and the amortisation of intangible assets arising on acquisitions. To maintain a consistent presentation of financial performance over the longer term, this charge has been excluded from underlying operating profit. Underlying profit before tax and underlying earnings per share (see note 7) were also presented before these adjustments.

2. Additional performance measures (continued)

IAS 39 requires the Group to 'fair value' the derivative instruments used to manage Ultra's foreign exchange exposures. This creates volatility in the valuation of the outstanding instruments as exchange rates move over time. This will have minimal impact on profit over the full term of the instruments, but can cause significant volatility on particular balance sheet dates. Underlying profit before tax and underlying earnings per share (see note 7) are stated before changes in the valuation of foreign currency derivative instruments.

The Group is cash-generative and reinvests funds to support the continuing growth of the business. It seeks to use an accurate and appropriate measure of the funds generated internally while sustaining this growth. For this, Ultra uses operating cash flow, rather than cash generated by operations, as its preferred indicator of cash generated and available to cover non-operating expenses such as tax and interest payments. The Group believes that using cash generated by operations, with the exclusion of net expenditure on property, plant and equipment and outflows for capitalised product development and other intangibles, would result in an understatement of the true cash cost of sustaining a growing business.

3. Investment revenue

	2011	2010
	£'000	£'000
Bank interest	**296**	635
Fair value movement on derivatives	**-**	8,952
	296	9,587

4. Finance costs

	2011	2010
	£'000	£'000
Amortisation of finance costs of debt	**670**	507
Interest payable on bank loans, overdrafts and other loans	**3,137**	2,655
Interest payable on finance leases	**1**	5
Transfers to equity on cash flow hedges	**1,702**	2,224
Total borrowing costs	**5,510**	5,391
Retirement benefit scheme finance cost	**2,001**	2,902
Fair value movement on derivatives	**821**	-
	8,332	8,293

5. Tax

	2011	2010
	£'000	£'000
Current tax		
United Kingdom	**13,724**	9,030
Overseas	**16,590**	20,153
	30,314	29,183
Deferred tax		
United Kingdom	**(1,469)**	683
Overseas	**(3,830)**	(4,882)
	(5,299)	(4,199)
Total	**25,015**	24,984

6. Dividends

	2011	2010
	£'000	£'000
Final dividend for the year ended 31 December 2010 of 24.0p (2009: 21.6p) per share	**16,446**	14,755
Interim dividend for the year ended 31 December 2011 of 11.7p (2010: 10.6p) per share	**8,023**	7,251
	24,469	22,006
Proposed final dividend for the year ended 31 December 2011 of 26.8p (2010: 24.0p) per share	**18,424**	16,430

The 2011 proposed final dividend of 26.8p per share is proposed to be paid on 4 May 2012 to shareholders on the register at 13 April 2012. It was approved by the Board after 31 December 2011 and has not been included as a liability as at 31 December 2011.

7. Earnings per share

	2011	2010
	Pence	Pence
Basic underlying (see below)	**120.2**	107.9
Diluted underlying (see below)	**119.8**	107.3
Basic	**96.2**	96.8
Diluted	**95.8**	96.2

The calculation of the basic, underlying and diluted earnings per share is based on the following data:

	2011	2010
	£'000	£'000
Earnings		
Earnings for the purposes of earnings per share being profit for the year from continuing operations	**66,164**	66,325
Underlying earnings		
Profit for the year from continuing operations	**66,164**	66,325
Loss/(profit) on fair value movements on derivatives (net of tax)	**524**	(6,403)
Amortisation of intangibles arising on acquisition (net of tax)	**15,896**	14,035
Acquisition related costs net of contingent consideration (net of tax)	**129**	-
Earnings for the purposes of underlying earnings per share	**82,713**	73,957

See note 2 for an explanation of the adjustments to earnings

	2011	2010
	Number of shares	Number of shares
The weighted average number of shares is given below:		
Number of shares used for basic earnings per share	**68,809,084**	68,535,805
Number of shares deemed to be issued at nil consideration following exercise of share options	**261,857**	379,546
Number of shares used for fully diluted earnings per share	**69,070,941**	68,915,351

	2011	2010
	£'000	£'000
Underlying profit before tax	**114,901**	102,688
Tax rate applied for the purposes of underlying earnings per share	**28.0%**	28.0%

8. Inventories

	2011 £'000	2010 £'000
Raw materials and consumables	**30,045**	29,247
Work in progress	**10,053**	15,782
Finished goods and goods for resale	**7,574**	4,337
	47,672	49,366

9. Trade and other receivables

	2011 £'000	2010 £'000
Trade receivables	**124,654**	93,758
Provisions against receivables	**(1,743)**	(961)
Net trade receivables	**122,911**	92,797
Amounts due from contract customers	**53,027**	44,093
Other receivables	**14,609**	16,348
Prepayments and accrued income	**6,524**	4,765
	197,071	158,003

10. Trade and other payables

Amounts included in current liabilities:	2011 £'000	2010 £'000
Trade payables	**76,565**	70,566
Amounts due to contract customers	**82,656**	50,065
Other payables	**31,160**	33,622
Accruals and deferred income	**45,328**	51,840
	235,709	206,093

Amounts included in non-current liabilities:	2011 £'000	2010 £'000
Amounts due to contract customers	**19,414**	2,947
Other payables	**5,986**	15,403
Accruals and deferred income	**2,461**	2,059
	27,861	20,409

11. Provisions

	Warranties	Contract related provisions	Total
	£'000	**£'000**	**£'000**
At 1 January 2011	7,903	13,541	21,444
Created	2,128	9,475	11,603
Utilised	(1,387)	(7,110)	(8,497)
Exchange differences	6	(40)	(34)
At 31 December 2011	**8,650**	**15,866**	**24,516**
Included in current liabilities	5,089	9,368	14,457
Included in non-current liabilities	3,561	6,498	10,059
	8,650	**15,866**	**24,516**

12. Retirement benefit schemes

The amount included in the balance sheet arising from the Group's obligation in respect of its defined benefit retirement schemes is as follows:

	2011	2010
	£'000	£'000
Fair value of scheme assets	**149,084**	143,148
Present value of scheme liabilities	**(231,955)**	(221,612)
Scheme deficit	**(82,871)**	(78,464)
Related deferred tax asset	**20,873**	21,246
Net pension liability	**(61,998)**	(57,218)

13. Cash flow information

	2011	2010
	£'000	£'000
Operating profit	**99,215**	90,015
Adjustments for:		
Depreciation of property, plant and equipment	**9,140**	8,385
Amortisation of intangible assets	**29,431**	23,088
Acquisition costs and adjustments	**(232)**	-
Cost of equity-settled employee share schemes	**1,974**	1,850
Adjustment for pension funding	**(5,968)**	2,843
Loss/(profit) on disposal of property, plant and equipment	**61**	(38)
Share of profit from associate	**(2,793)**	(2,558)
Increase/(decrease) in provisions	**2,701**	(1,728)
Operating cash flow before movements in working capital	**133,529**	121,857
Decrease in inventories	**5,382**	4,232
Increase in receivables	**(26,488)**	(28,828)
Increase in payables	**36,895**	25,586
Cash generated by operations	**149,318**	122,847
Income taxes paid	**(29,134)**	(18,823)
Interest paid	**(4,771)**	(4,743)
Net cash from operating activities	**115,413**	99,281

13. Cash flow information (continued)

Reconciliation of net movement in cash and cash equivalents to movements in net (debt)/cash

	2011 £'000	2010 £'000
Net (decrease)/increase in cash and cash equivalents	**(25,207)**	24,761
Cash (inflow)/outflow from decrease in debt and finance leasing	**(37,224)**	21,761
Change in net debt arising from cash flows	**(62,431)**	46,522
Loan syndication costs	**771**	1,388
Amortisation of finance costs of debt	**(670)**	(507)
Translation differences	**(1,643)**	(893)
Movement in net (debt)/cash in the year	**(63,973)**	46,510
Net cash/(debt) at start of year	**17,825**	(28,685)
Net (debt)/cash at end of year	**(46,148)**	17,825

Net (debt)/cash comprised the following:

	2011 £'000	2010 £'000
Cash and cash equivalents	**41,051**	68,129
Borrowings	**(87,060)**	(49,992)
Obligations under finance leases included in current liabilities	**(63)**	(129)
Obligations under finance leases included in non-current liabilities	**(76)**	(183)
	(46,148)	17,825

Cash and cash equivalents comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less.

14. Post balance sheet events

Banking facilities

On 25 January 2012 a further $60 million of fixed interest loan notes were issued with a maturity date of January 2019. The proceeds were used to reduce the borrowings under the Group's revolving credit facilities by $60 million.

15. Five-year review

	2007 £m	2008 £m	2009 £m	2010 £m	2011 £m
Revenue					
Aircraft & Vehicle Systems	120.0	150.3	180.0	174.1	**166.1**
Information & Power Systems	106.6	141.3	193.5	224.0	**257.0**
Tactical & Sonar Systems	186.3	223.7	277.5	311.9	**308.6**
Total revenue	412.9	515.3	651.0	710.0	**731.7**
Underlying operating profit[(1)]					
Aircraft & Vehicle Systems	19.0	22.0	22.6	23.4	**31.1**
Information & Power Systems	16.7	19.9	23.6	27.5	**30.5**
Tactical & Sonar Systems	27.2	35.2	51.1	59.4	**60.5**
Total underlying operating profit[(1)]	62.9	77.1	97.3	110.3	**122.1**
Margin[(1)]	15.2%	15.0%	15.0%	15.5%	**16.7%**
Profit/(loss) before tax	56.6	(2.9)	107.9	91.3	**91.2**
Profit after tax	41.2	1.8	78.5	66.3	**66.2**
Operating cash flow[(2)]	52.2	79.0	111.6	106.4	**133.7**
Free cash before dividends, acquisitions and financing[(3)]	36.3	54.7	93.3	83.4	**100.1**
Net (debt)/cash at year-end[(4)]	(14.2)	(63.9)	(28.7)	17.8	**(46.1)**
Underlying earnings per share (p)[(5)]	65.4	80.1	96.4	107.9	**120.2**
Dividends per share (p)	21.2	26.0	31.2	34.6	**38.5**
Average employee numbers	3,054	3,582	3,961	4,006	**4,206**

Notes:
1. Before acquisition-related costs and amortisation of intangibles arising on acquisition and profit on disposal of property, plant and equipment net of property related provisions.
2. Cash generated by operations, less net capital expenditure, R&D and LTIP share purchases.
3. Free cash flow before dividends, acquisitions and financing has been adjusted to include the purchase of Long-Term Incentive Plan shares, which are included in financing activities.
4. Loans and overdrafts less cash and cash equivalents.
5. Before acquisition-related costs, amortisation of intangibles arising on acquisition, fair value movement on derivatives, profit on disposal of property, plant and equipment net of property-related provisions and loss on closing out foreign currency hedging contracts.

16. The financial information set out above does not constitute the company's statutory accounts for the years ended 31 December 2011 or 2010, but is derived from those accounts. Statutory accounts for 2010 have been delivered to the Registrar of Companies and those for 2011 will be delivered following the company's annual general meeting. The auditor has reported on those accounts; their reports were unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain statements under s498(2) or (3) Companies Act 2006.

16. (continued)

The preliminary announcement has been prepared on the basis of the accounting policies as stated in the financial statements for the year ended 31 December 2011. The company expects to publish full financial statements on 27 March 2012 (see note 17).

17. Copies of the annual report will be sent to shareholders who have elected to receive a copy of the annual report in due course and will also be available from the Company's registered office at 417 Bridport Road, Greenford, Middlesex, UB6 8UA. The report will also be available on the Company's website: www.ultra-electronics.com.