press release

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Ultra Electronics Holdings plc
("Ultra" or "the Group")
Interim Results for the six months to 30 June 2013

FINANCIAL HIGHLIGHTS

	Six months to 30 June 2013	Six months to 30 June 2012	**Change**
Revenue	**£367.7m**	£370.2m	**-0.7%**
Underlying operating profit(1) †	**£57.9m**	£57.3m	**+1.0%**
Underlying profit before tax(2) †	**£55.4m**	£55.0m	**+0.7%**
IFRS profit before tax†	**£39.6m**	£37.8m	**+4.8%**
Underlying earnings per share(2) †	**59.5p**	58.6p	**+1.5%**
Interim dividend per share	**12.7p**	12.2p	**+4.1%**

- Steady performance, with revenue and operating profit as expected
- Investment to drive future growth maintained
    - 5% of revenue reinvested by Ultra in new products and business development
    - acquisition of one specialist business in the period
- Underlying operating margin(1) of 15.7%
- Cash conversion of 81%
- Robust balance sheet at x0.72 net debt/EBITDA with headroom for further acquisitions

Rakesh Sharma, Chief Executive, commented:

"Ultra's steady performance reflects the anticipated conditions across our markets. The security & cyber, transport and nuclear energy markets, now 46% of the Group's business, remain strong with good trading in the period. Procurement process constraints and uncertainty in both the US and UK defence markets currently impact order flow and reduce visibility. Despite this, the Group has secured a number of key contract wins. Ultra is maintaining its investment in new products and business development, while continuing to broaden and diversify its customer base and markets worldwide, supported by targeted acquisitions. The Group's operating businesses continue to resize and reshape to match market conditions in a balanced approach that protects current performance while positioning for medium and long-term growth. Ultra is bidding on a number of larger contracts that, if won, could provide additional medium-term growth, although at present the timing of these is uncertain. These opportunities aside, the Group is performing as expected at this stage of the year and the Board is confident of its performance expectations being met for the year as a whole."

(1) before amortisation of intangibles arising on acquisition and adjustments to deferred consideration net of acquisition costs. IFRS operating profit was £52.6m (2012: £41.3m†).
(2) before amortisation of intangibles arising on acquisition, fair value movements on derivatives, unwinding of discount on provisions and adjustments to contingent consideration net of acquisition costs and net interest charges on defined benefit pension schemes. Basic EPS was 46.5p (2012: 40.5p†).
† 2012 comparatives have been restated following adoption of IAS 19 "Employee Benefits" (revised)

INTERIM MANAGEMENT REPORT

FINANCIAL RESULTS

	Six months to 30 June 2013 £m	Six months to 30 June 2012† as restated £m	Growth
Order book			
- Aircraft & Vehicle Systems	**162.6**	171.7	-5.3%
- Information & Power Systems	**405.9**	425.4	-4.6%
- Tactical & Sonar Systems	**308.7**	346.6	-10.9%
Total order book	**877.2**	943.7	-7.0%
Revenue			
- Aircraft & Vehicle Systems	**74.3**	71.5	+3.9%
- Information & Power Systems	**154.8**	155.2	-0.3%
- Tactical & Sonar Systems	**138.6**	143.5	-3.4%
Total revenue	**367.7**	370.2	-0.7%
Organic underlying revenue movement at constant currencies			-4.3%
Underlying operating profit*			
- Aircraft & Vehicle Systems	**16.0**	14.0	+14.3%
- Information & Power Systems	**20.4**	20.2	+1.0%
- Tactical & Sonar Systems	**21.5**	23.1	-6.9%
Total underlying operating profit*	**57.9**	57.3	+1.0%
Organic underlying operating profit movement at constant currencies			-4.0%
Underlying operating margin*			
- Aircraft & Vehicle Systems	**21.5%**	19.6%	
- Information & Power Systems	**13.2%**	13.0%	
- Tactical & Sonar Systems	**15.5%**	16.1%	
Total underlying operating margin*	**15.7%**	15.5%	+20bpts
Finance charges*	**(2.5)**	(2.3)	
Underlying profit before tax	**55.4**	55.0	+0.7%
Operating cash flow*	**46.7**	35.4	
Operating cash conversion*	**81%**	62%	
Net debt/EBITDA	**0.72**	1.07	
Net debt* at period-end	**46.7**	67.6	
Bank interest cover*	**23.5x**	24.6x	
Underlying earnings per share	**59.5p**	58.6p	+1.5%

**** defined below:***
underlying operating profit *before amortisation of intangibles arising on acquisition and adjustments to contingent consideration net of acquisition costs. IFRS operating profit was £52.6m (2012: £41.3m†).*
underlying profit before tax *before amortisation of intangibles arising on acquisition, fair value movements on derivatives, unwinding of discount on provisions, adjustments to contingent consideration net of acquisition costs and net interest charges on defined benefit pension schemes. Basic EPS was 46.5p (2012: 40.5p†).*
operating cash flow *is cash generated by operations and dividends from associates, less net capital expenditure, R&D and LTIP share purchases.*
operating cash conversion *is cash generated by operations and dividends from associates, less net capital expenditure, R&D and LTIP share purchases 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, discount on provisions and the net interest charge on defined benefit pensions.*
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.*
EBITDA *is the statutory profit before tax for the half-year before finance costs, investment revenue, amortisation and depreciation, excluding adjustments to contingent consideration net of acquisition costs.*
bank interest cover *is the ratio of underlying operating profit to finance costs associated with borrowings.*
† 2012 comparative operating profit, operating margin, finance charges, profit before tax and earnings per share have been restated following the adoption of IAS 19 “Employee Benefits” (revised) and the decision to treat pension finance expenses as non-underlying. See note 2 of interim financial statements.

Revenue in the period was broadly flat at £367.7m (2012: £370.2m). Acquisitions contributed over 2%, whilst exchange rate movements increased revenue by a further 1%. Underlying revenue at constant currencies fell by 4%, primarily due to the difficult US defence market and continuing reduced demand for tactical radios.

Underlying operating profit increased by 1% to £57.9m (2012: £57.3m[†]). Organic operating profit at constant currencies declined by 4%, offset by a foreign exchange contribution of 1% and acquisition growth of over 4%. The resulting underlying operating margin was 15.7% (2012: 15.5%[†]).

Underlying profit before tax increased marginally to £55.4m (2012: £55.0m[†]), after net financing charges of £2.5m (2012: £2.3m[†]).

The Group's underlying tax rate in the period was 24.5% (2012: 26.0%) and the increase in underlying earnings per share was 1.5% to 59.5p (2012: 58.6p[†]).

Reported (IFRS) profit before tax was £39.6m (2012: £37.8m[†]) and reflected the combined effects of the elements detailed below:

All £m	**2013 H1**	2012 H1
Underlying profit before tax[†]	**55.4**	55.0
Amortisation of intangibles arising on acquisition	**(14.5)**	(15.1)
(Loss)/profit on fair value movements on derivatives	**(7.7)**	0.5
Acquisition-related adjustments	**9.3**	(0.9)
Unwinding of discount on provisions	**(0.6)**	0.0
Net interest charge on defined benefit pensions[†]	**(2.3)**	(1.7)
Reported profit before tax[†]	**39.6**	37.8

IAS 19 (revised 2011) has impacted the accounting for the Group's defined benefit pension scheme by (i) replacing the interest cost and expected return on plan assets with a net interest charge on the net defined benefit liability, and (ii) reclassifying administration costs of the defined benefit scheme from finance costs to administration expenses. Please see note 2 for further details.

The Group's balance sheet remains strong, with net debt/EBITDA of x0.72 and net interest payable on borrowings covered around 24 times by underlying operating profit. Operating cash flow in the half year was £46.7m (2012: £35.4m). Deficit reduction payments for the UK pension scheme continued at £3.6m (2012: £3.6m) for the period. A triennial valuation is being conducted and will report before the year end. Ultra had net debt at the end of the period of £46.7m compared to £43.0m at the end of 2012. Net cash expenditure on acquisitions in the period was £14m (2012: £25m) including the payment of deferred consideration in respect of acquisitions made in prior years.

The proposed interim dividend is 12.7p, an increase of 4.1%, with the dividend being covered 4.7 times (2012: 4.8 times) by underlying earnings per share. If approved, the dividend will be paid on 27 September 2013 to shareholders on the register on 30 August 2013.

The order book at the end of the period was £877.2m compared to £943.7m in the previous year, a reduction of 7%. Of this, trading of the Oman contract contributed 4% while a delay in contract award for the Warrior programme to the second half contributed 3%. Order book cover for 2013 remains strong at over 85%.

INVESTING FOR GROWTH

Ultra continues to invest in new product and business development, sustaining spending at its customary high levels. Internal investment in the period was sustained at about 5% of revenue at £17.1m (2012: £22.3m). A further £3.2m of investment was capitalised as confidence in long-term commercial value increased and technical milestones were reached.

[†] 2012 comparatives restated following adoption of IAS 19 "Employee Benefits" (revised)

In June 2013 the Group acquired Varisys, a UK business that develops products for high performance embedded computing applications. Its products and services portfolio include bespoke solutions for customers operating in the aerospace, defence, telecommunications and industrial sectors. Varisys is now a part of Ultra's Aircraft & Vehicle Systems division.

OPERATIONAL REVIEW

Aircraft & Vehicle Systems

Revenue in Aircraft & Vehicle Systems increased by 4% to £74.3m (2012: £71.5m) and underlying operating profit increased by 14% to £16.0m (2012: £14.0m[†]). The order book was reduced by 5% to £162.6m (2012: £171.7m).

Sales in the period were lifted by increased sales in Ultra's long-term specialist ice protection systems business and by a short-term Urgent Operational Requirement radio contract for the British Army. The increase in underlying operating profit reflected lower investment spend at this stage of the cycle and improved business mix as well as a strong contribution from Varisys, a recent acquisition. These factors more than offset an under-recovery of overhead in Ultra's fuel cell business due to order placement delays. As a result, operating margin improved to 21.5% (2012: 19.6%[†]). The reduction in order book was due to continuing delays in the award of the UK Warrior armoured fighting vehicle programme which has now slipped into the second half of the year.

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

- selection by Embraer Defense and Security to supply translating harnesses for the KC390 military transport aircraft. This success builds upon previous contracts to provide the control units for the KC390 landing gear, steering and cabin door.

- our teaming partner Raytheon winning the US Joint Miniature Munitions Bomb Release Unit (JMM BRU). Ultra's work share will include the provision of the complete stored energy system. Contract award is expected in autumn 2013.

- the award of an exclusive long term supply agreement with Pratt & Whitney for the electronic control unit that manages the Joint Strike Fighter's F-135 engine's Electrical Ice Protection System (EIPS). The agreement is effective for the life of the engine programme.

Information & Power Systems

Revenue in Information & Power Systems was broadly flat at £154.8m (2012: £155.2m). Underlying operating profit increased by 1% to £20.4m (2012: £20.2m[†]*)*. The order book at the end of the period was reduced by 5% to £405.9m (2012: £425.4m).

A number of factors influenced first half revenues. There were higher sales of TACPOD and ADSI products, together with increased sales of electrical power management equipment to the UK submarine programme and a strong performance from the recently acquired SOTECH. These were offset by lower sales from the Oman airport IT systems contract as the project is prolongated and some volume reductions as a long-running nuclear control system programme for the Royal Navy comes to an end. In addition, US budget cuts are impacting software support service sales, resulting in further headcount reductions in the affected businesses. The underlying operating margin increased slightly to 13.2% (2012: 13.0%[†]) despite taking a £1.1m charge for commissions on the recently won mid-life upgrade contract for an Indonesian Fatahillah class corvette. The order book reduction at the end of the period reflects trading out of the Oman airport IT project and some tactical systems contracts, partly offset by the addition of the Fatahillah contract.

[†] 2012 comparatives restated following adoption of IAS 19 "Employee Benefits" (revised)

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

- a £16.1m contract for the supply of specialist instrumentation to EDF Energy. Under this contract Ultra will manufacture and support safety-critical nuclear reactor instrumentation for use in EDF Energy's current UK nuclear power stations. This is the first contract to benefit from Ultra's recent investment in a state-of-the-art nuclear instrumentation manufacturing facility.

- award of a first contract for Ultra's nuclear sensors in a non-safety related application at two US plants, providing access to a broader scope of applications beyond the "reactor island" on the global fleet of Westinghouse nuclear power stations.

- a contract worth £32m with the Republic of Indonesia Ministry of Defence for the mid-life modernisation of the first of the Fatahillah Class corvettes, including the development, installation and integration of the combat system.

Tactical & Sonar Systems

Revenue in Tactical & Sonar Systems reduced by 3% to £138.6m (2012: £143.5m). The division's underlying operating profit reduced by 7% to £21.5m (2012: £23.1m[†]). Order book was reduced by 11% to £308.7m (2012: £346.6m).

Additional Litening pod sales in the UK, good progress on the ECU crypto programme, and an 8.5% boost in ASW sales in the US helped offset continued lower sales for tactical radios, lower international sonobuoy sales and the impact of US budget cuts and contract delays. Underlying operating profit benefitted from stronger ASW contract margins but was impacted by forewarned restructuring costs of £2.1m at the Group's tactical radio business, together with the investment costs required to position the business for future radio opportunities. Profit reduction compared with 2012 also reflected the inclusion of end of contract releases in last year's figure. The division's underlying operating margin reduced to 15.5% (2012: 16.1%[†]). The order book reduction reflects the trading out of contracts and delays in the flow of US contract awards, which is more evident in this division. This division also has a growing element of IDIQs (indefinite delivery/indeterminate quantity contracts) and short term orders demonstrating Ultra's long-term positioning.

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

- a £14m contract extension to its End Cryptographic Unit Replacement Programme (ECURP) for the integration & installation phase of the programme. This will see Ultra manage the roll-out and deployment of this critical national capability. It recognises Ultra's extensive capability in system integration and management of complex equipment roll-out programmes.

- a contract for the manufacture of four submarine towed arrays for the Royal Canadian Navy's Victoria Class submarines.

- an increase in ASW spend reflects the US 'Pivot to the Pacific' policy. The US Navy has recently changed from issuing an annual sonobuoy tender and issued an 5 year IDIQ competitive tender for which Ultra, through its JV, was the only bidder. Contract award is expected in Q4 2013 with an estimated value of between $400m and $500m over five years.

MARKET ENVIRONMENT

In the US and UK, government spending pressures remain evident. Within many of the market niches that Ultra targets, funding is being sustained and even increased, while long-term investment in new markets is generating additional opportunities. Increasingly, focus is on life extension of equipment as much as new build, and customers are seeking mature, proven and comprehensive solutions that match their specific need and environment.

[†] 2012 comparatives restated following adoption of IAS 19 "Employee Benefits" (revised)

Defence (54% of Group revenue)

In the US, a six month Continuing Resolution followed by sequestration (under the 2011 Budget Control Act) saw substantial FY13 budget reductions of about $50bn. These cuts have mainly fallen on operations, service and maintenance activities, as the DoD seeks to protect its manpower costs and future equipment programme. Programme delays have continued, driven by remaining uncertainty and processing issues resulting from cuts in the working hours of procurement staff. The President's FY14 submission largely ignores sequestration and continues to reflect a US strategic focus on the Asia-Pacific that benefits maritime and air forces, with a resurgence in anti-submarine warfare. This has been directly reflected in a year-on-year increase in orders for Ultra's ASW related offerings.

In the UK, the defence equipment budget has largely stabilised, with further cost savings falling on support functions. Cost pressures remain across all programmes, as evidenced by the strong focus on legacy extension as well as pressure on supply chain costs. Delays in awards of expected programmes have continued, reflecting issues within the MOD procurement process as it continues to reorganise.

Strong national defence and security programmes in emerging markets provide a wide range of opportunities but access to them requires strategic patience and long-term relationship building. After five years of a sustained focus on these new geographic markets, Ultra is beginning to see success. In Turkey, Ultra has teamed with indigenous industry partners to develop the next generation of ship torpedo defence, and is now looking to other opportunities. The Group has established valuable partnerships in India, allowing access to a range of opportunities, and has now made a breakthrough in Indonesia. Together with Ultra's established positions in the Middle East and Australia, these markets provide valuable opportunities for growth.

Security & Cyber (24% of Group revenue)

In the geographic markets in which the Group has a presence, security and cyber-security remain resilient areas of spend. Government programmes to deliver information assurance and protect sensitive data play strongly to Ultra's growing encryption and secure network capabilities. Access to these sensitive markets requires a close relationship with national authorities and the ability to team successfully with complementary partners; both Ultra strengths. Border security and critical national infrastructure protection also remain key opportunities in core and emerging markets.

Transport & Energy (22% of Group revenue)

The commercial aircraft sector continues to see high global demand and a strong order backlog. This healthy market is reflected in continuing investment in airport infrastructure, either to upgrade capacity and capabilities or to promote national image. Rail investment remains strong, either as a means of internal investment in recovering economies (UK Comprehensive Spending Review identified £15bn for road and rail projects) or for nation building in emerging economies. Both provide substantial opportunity. Nuclear power plant new-build has experienced a pause after Fukushima but this event has also triggered additional opportunities in the demand for enhanced safety systems and specialist sensors to extend the life of existing plants.

RISKS AND UNCERTAINTIES

A number of potential risks and uncertainties exist which could have a material impact on the Group's performance in 2013 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 2012. 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 in the annual report which is available for download at www.ultra-electronics.com/investors.

In the Group's security and cyber fields demand continues to grow. However, within the defence sector, which contributes around 54% of Ultra's revenue, there is continuing pressure on US and UK defence budgets. In the US, the DoD continues to model a range of options, from full funding of the FY14 Presidential budget request to a continuation of Sequestration under the Budget Control Act (2011). Nevertheless, the overall size of defence budgets worldwide, relative to the Group's revenue, provides sufficient headroom to support Ultra's continuing growth.

There is a risk of programme delays or cancellations but this has always been a feature of the Group's markets. Excluding the Oman Airport IT project, no programme represents more than 5% of Ultra's revenue in any year, so 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

PERFORMANCE & PROSPECTS

Ultra's steady performance reflects the anticipated conditions across our markets. The security & cyber, transport and nuclear energy markets, now 46% of the Group's business, remain strong with good trading in the period. Procurement process constraints and uncertainty in both the US and UK defence markets currently impact order flow and reduce visibility. Despite this, the Group has secured a number of key contract wins. Ultra is maintaining its investment in new products and business development, while continuing to broaden and diversify its customer base and markets worldwide, supported by targeted acquisitions. The Group's operating businesses continue to resize and reshape to match market conditions in a balanced approach that protects current performance while positioning for medium and long-term growth. Ultra is bidding on a number of larger contracts that, if won, could provide additional medium-term growth, although at present the timing of these is uncertain. These opportunities aside, the Group is performing as expected at this stage of the year and the Board is confident of its performance expectations being met for the year as a whole.

- End -

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NATURE OF ANNOUNCEMENT

This Interim Management Report ("IMR") 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 IMR 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 IMR 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 eighty 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 defence forces around the world. The Group innovates to provide battle-winning, specialist capabilities that are tailored to the customer's need and environment. 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 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 Electronics Holdings plc
Condensed Consolidated Income Statement
for the half-year ended 30 June 2013

	Six months to 30 June 2013	Six months to 30 June 2012 * as restated	Year to 31 December 2012 * as restated
	£'000	£'000	£'000
Revenue	**367,744**	370,164	760,826
Underlying operating profit	**57,882**	57,308	121,844
Operating profit	**52,642**	41,305	88,271
Underlying profit before tax	**55,415**	54,978	116,502
Profit before tax	**39,630**	37,763	80,218
Underlying earnings per share (pence)	**59.5**	58.6	125.5
Basic earnings per share (pence)	**46.5**	40.5	88.6
Dividend per share (pence)	**12.7**	12.2	40.0

* see note 2

Ultra Electronics Holdings plc
Condensed Consolidated Income Statement
for the half-year ended 30 June 2013

	Note	**Six months to 30 June 2013**	Six months to 30 June 2012 * as restated	Year to 31 December 2012 * as restated
		£'000	£'000	£'000
Continuing operations				
Revenue	3	**367,744**	370,164	760,826
Cost of sales		**(258,893)**	(264,100)	(534,622)
Gross profit		**108,851**	106,064	226,204
Other operating income		**725**	1,117	2,008
Distribution costs		**(321)**	(293)	(1,264)
Administrative expenses		**(55,800)**	(66,539)	(140,509)
Share of profit from associate		**293**	1,375	3,487
Other operating expenses		**(1,106)**	(419)	(1,655)
Operating Profit	3	**52,642**	41,305	88,271
Investment revenue	5	**39**	711	1,583
Finance costs	6	**(13,051)**	(4,253)	(9,636)
Profit before tax		**39,630**	37,763	80,218
Tax	7	**(6,797)**	(9,604)	(18,644)
Profit for the period from continuing operations		**32,833**	28,159	61,574
Attributable to:				
Owners of the Company		**32,348**	27,992	61,265
Non-controlling interests		**485**	167	309
Earnings per ordinary share (pence)				
From continuing operations				
Basic	9	**46.5**	40.5	88.6
Diluted	9	**46.4**	40.3	88.3

* see note 2

Ultra Electronics Holdings plc
Condensed Consolidated Statement of Comprehensive Income
for the half-year ended 30 June 2013

	Six months to 30 June 2013	Six months to 30 June 2012 * as restated	Year to 31 December 2012 * as restated
	£'000	£'000	£'000
Profit for the period	**32,833**	28,159	61,574
Items that will not be reclassified to profit or loss:			
Actuarial gain/(loss) on defined benefit pension schemes	**7,598**	1,294	(3,510)
Tax relating to items not reclassified	**(1,746)**	(311)	(705)
Total items that will not be reclassified to profit or loss	**5,852**	983	(4,215)
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations	**17,533**	(4,297)	(12,803)
(Loss)/gain on net investment hedges	**(3,122)**	1,417	4,044
Tax relating to items that may be reclassified	**-**	-	77
Total items that may be reclassified to profit or loss	**14,411**	(2,880)	(8,682)
Other comprehensive income for the period	**20,263**	(1,897)	(12,897)
Total comprehensive income for the period	**53,096**	26,262	48,677
Attributable to:			
Owners of the Company	**52,611**	26,095	48,368
Non-controlling interests	**485**	167	309

* see note 2

Ultra Electronics Holdings plc
Condensed Consolidated Balance Sheet
as at 30 June 2013

	Note	**At 30 June 2013 £'000**	At 30 June 2012 £'000	At 31 December 2012 £'000
Non-current assets				
Goodwill		**312,020**	297,933	291,824
Other intangible assets		**132,283**	147,116	139,160
Property, plant and equipment	10	**62,417**	51,999	57,756
Interest in associate		**8,561**	7,901	8,989
Deferred tax assets		**4,533**	9,358	1,138
Derivative financial instruments	17	**405**	2,263	3,152
Trade and other receivables	11	**4,444**	-	4,133
		524,663	516,570	506,152
Current assets				
Inventories		**49,435**	50,158	52,185
Trade and other receivables	11	**202,430**	187,898	201,039
Cash and cash equivalents		**50,331**	65,628	30,840
Derivative financial instruments	17	**467**	2,521	2,454
		302,663	306,205	286,518
Total assets	3	**827,326**	822,775	792,670
Current liabilities				
Trade and other payables	12	**(235,618)**	(221,990)	(242,858)
Tax liabilities		**(11,619)**	(18,740)	(13,428)
Derivative financial instruments	17	**(2,226)**	(422)	(490)
Obligations under finance leases		**(54)**	(44)	(37)
Borrowings		**(46,809)**	(86,236)	(27,544)
Short-term provisions	13	**(16,562)**	(26,231)	(22,474)
		(312,888)	(353,663)	(306,831)
Non-current liabilities				
Retirement benefit obligations		**(74,302)**	(80,207)	(83,096)
Other payables	12	**(22,426)**	(20,083)	(20,987)
Deferred tax liabilities		**(6,465)**	(10,456)	(7,079)
Derivative financial instruments	17	**(1,290)**	(200)	(99)
Obligations under finance leases		**(15)**	(50)	(50)
Borrowings		**(50,113)**	(46,928)	(46,209)
Long-term provisions	13	**(8,481)**	(14,923)	(14,094)
		(163,092)	(172,847)	(171,614)
Total liabilities	3	**(475,980)**	(526,510)	(478,445)
Net assets		**351,346**	296,265	314,225
Equity				
Share capital	14	**3,479**	3,459	3,470
Share premium account		**50,993**	46,180	48,752
Own shares		**(2,581)**	(2,581)	(2,581)
Hedging reserve		**(13,101)**	(12,606)	(9,979)
Translation reserve		**38,608**	29,601	21,119
Retained earnings		**272,720**	231,631	252,745
Total equity attributable to equity holders of the parent		**350,118**	295,684	313,526
Non-controlling interest		**1,228**	581	699
Total equity		**351,346**	296,265	314,225

Ultra Electronics Holdings plc
Condensed Consolidated Statement of Changes in Equity
for the half-year ended 30 June 2013

	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 2013	**3,470**	**48,752**	**(2,581)**	**(9,979)**	**21,119**	**252,745**	**699**	**314,225**
Profit for the period	-	-	-	-	-	32,348	485	32,833
Other comprehensive income for the period	-	-	-	(3,122)	17,489	5,852	44	20,263
Total comprehensive income for the period	**-**	**-**	**-**	**(3,122)**	**17,489**	**38,200**	**529**	**53,096**
Equity-settled employee share schemes	9	2,241	-	-	-	1,034	-	3,284
Dividend to shareholders	-	-	-	-	-	(19,259)	-	(19,259)
Balance at 30 June 2013	**3,479**	**50,993**	**(2,581)**	**(13,101)**	**38,608**	**272,720**	**1,228**	**351,346**

Ultra Electronics Holdings plc
Condensed Consolidated Statement of Changes in Equity (continued)
for the half-year ended 30 June 2012

	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
	Equity attributable to equity holders of the parent							
Balance at 1 January 2012	**3,449**	**43,862**	**(2,581)**	**(14,023)**	**33,898**	**220,149**	**414**	**285,168**
Profit for the period - restated	-	-	-	-	-	27,992	167	28,159
Other comprehensive income for the period - restated	-	-	-	1,417	(4,297)	983	-	(1,897)
Total comprehensive income for the period	**-**	**-**	**-**	**1,417**	**(4,297)**	**28,975**	**167**	**26,262**
Equity-settled employee share schemes	10	2,318	-	-	-	973	-	3,301
Dividend to shareholders	-	-	-	-	-	(18,466)	-	(18,466)
Balance at 30 June 2012	**3,459**	**46,180**	**(2,581)**	**(12,606)**	**29,601**	**231,631**	**581**	**296,265**

Ultra Electronics Holdings plc
Condensed Consolidated Statement of Changes in Equity (continued)
for the year ended 31 December 2012

	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 2012	**3,449**	**43,862**	**(2,581)**	**(14,023)**	**33,898**	**220,149**	**414**	**285,168**
Profit for the year - restated	-	-	-	-	-	61,265	309	61,574
Other comprehensive income for the year - restated	-	-	-	4,044	(12,779)	(4,138)	(24)	(12,897)
Total comprehensive income for the year	**-**	**-**	**-**	**4,044**	**(12,779)**	**57,127**	**285**	**48,677**
Equity-settled employee share schemes	21	4,890	-	-	-	1,974	-	6,885
Dividend to shareholders	-	-	-	-	-	(26,877)	-	(26,877)
Tax on share-based payment transactions	-	-	-	-	-	372	-	372
Balance at 31 December 2012	**3,470**	**48,752**	**(2,581)**	**(9,979)**	**21,119**	**252,745**	**699**	**314,225**

	Note	**Six months to 30 June 2013 £'000**	Six months to 30 June 2012 £'000	Year to 31 December 2012 £'000
Net cash inflow from operating activities	15	**40,884**	26,855	82,243
Investing activities				
Interest received		**39**	176	193
Dividends received from equity accounted investments		**1,296**	-	765
Purchase of property, plant and equipment		**(9,211)**	(8,327)	(20,470)
Proceeds from disposal of property, plant and equipment		**159**	15	67
Expenditure on product development and other intangibles		**(3,758)**	(1,287)	(4,659)
Acquisition of subsidiary undertakings		**(18,508)**	(29,319)	(40,904)
Net cash acquired with subsidiary undertakings		**4,388**	5,437	5,445
Net cash used in investing activities		**(25,595)**	(33,305)	(59,563)
Financing activities				
Issue of share capital		**2,250**	2,328	4,911
Dividends paid		**(19,259)**	(18,466)	(26,877)
Funding from government loans		**837**	643	1,298
Loan syndication costs		**(181)**	-	(722)
Increase/(decrease) in borrowings		**18,551**	46,673	(10,145)
Decrease in loan to associate		**-**	-	577
Repayment of obligations under finance leases		**(18)**	(45)	(52)
Net cash used in financing activities		**2,180**	31,133	(31,010)
Net increase/(decrease) in cash and cash equivalents		**17,469**	24,683	(8,330)
Cash and cash equivalents at beginning of period		**30,840**	41,051	41,051
Effect of foreign exchange rate changes		**2,022**	(106)	(1,881)
Cash and cash equivalents at end of period		**50,331**	65,628	30,840

1. General information

The information for the year ended 31 December 2012 does not constitute statutory accounts as defined in section 435 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor's report on those accounts was not qualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying the report and did not contain statements under section 498 (2) or (3) of the Companies Act 2006.

These interim Financial Statements, which were approved by the Board of Directors on 2 August 2013, have not been audited or reviewed by the Auditor.

2. Accounting policies

The annual financial statements of Ultra Electronics Holdings plc are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The condensed consolidated financial statements included in this half-yearly financial report have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with International Accounting Standard 34 'Interim Financial Reporting' as adopted by the European Union.

The same accounting policies, presentation and methods of computation are followed in the condensed set of financial statements as applied in the Group's latest annual audited financial statements, except as described below.

The following Standards and interpretations were adopted as at 1 January 2013:

- IFRS 13 "Fair Value Measurement"
- IAS 1 "Presentation of Items of Other Comprehensive Income"
- IAS 19 (revised 2011) "Employee Benefits"

IFRS 13 has introduced new disclosures as set out in note 17. The amendment affected presentation only and had no impact on the Group's financial position or performance.

The amendments to IAS 1 require items of other comprehensive income to be grouped by those items that will be reclassified subsequently to profit or loss and those that will never be reclassified, together with their associated income tax. The amendments have been applied retrospectively, and hence the presentation of items of comprehensive income has been restated to reflect the change. The amendment affected presentation only and had no impact on the Group's financial position or performance.

IAS 19 (revised 2011) has impacted the accounting for the Group's defined benefit scheme by (i) replacing the interest cost and expected return on plan assets with a net interest charge on the net defined benefit liability, and (ii) reclassifying administration costs of the defined benefit scheme from finance costs to administration expenses. There is no change to the net pension liability or to net assets as a result of the change. The comparative profit and loss accounts have been restated: for the comparative half-year ended 30 June 2012 the effect of adopting IAS 19 (revised 2011) is to reduce previously reported profit before tax by £1.3m and for the year ended 31 December 2012 by £2.6m. Subsequent to the adoption of IAS19 (revised 2011), the Group has also elected to disclose the finance expense on the net defined benefit pension liability as a specific adjusting item within the calculation of underlying profit before tax as set out in note 4. Consequently, the comparative figures have been restated as follows: for the half-year ended 30 June 2012 previously reported underlying profit before tax has increased by £0.5m and for the year ended 31 December 2012 by £0.9m.

The impact on the income statement is set out in the table below:

	Six months to 30 June 2012			Year to 31 December 2012		
	As reported £'000	Adjusting item £'000	As restated £'000	As reported £'000	Adjusting item £'000	As restated £'000
Operating profit	**41,520**	**(215)**	**41,305**	**88,671**	**(400)**	**88,271**
Investment revenue	711	-	711	1,583	-	1,583
Finance costs	(3,174)	(1,079)	(4,253)	(7,448)	(2,188)	(9,636)
Profit before tax	39,057	(1,294)	37,763	82,806	(2,588)	80,218
Tax	(9,915)	311	(9,604)	(19,240)	596	(18,644)
Profit after tax	**29,142**	**(983)**	**28,159**	**63,566**	**(1,992)**	**61,574**
Profit attributable to owners of the company	28,975	(983)	27,992	63,257	(1,992)	61,265
EPS – basic	41.9p	(1.4)p	40.5p	91.5p	(2.9)p	88.6p
EPS – diluted	41.8p	(1.5)p	40.3p	91.2p	(2.9)p	88.3p

2. Accounting policies (continued)

The impact on the statement of comprehensive income is set out in the table below:

	Six months to 30 June 2012			Year to 31 December 2012		
	As reported £'000	Adjusting item £'000	As restated £'000	As reported £'000	Adjusting item £'000	As restated £'000
Profit for the period	**29,142**	**(983)**	**28,159**	**63,566**	**(1,992)**	**61,574**
Other comprehensive income for the period	(2,880)	983	(1,897)	(14,889)	1,992	(12,897)
Total comprehensive income for the period	**26,262**	**-**	**26,262**	**48,677**	**-**	**48,677**
Attributable to owners of the company	26,095	-	26,095	48,368	-	48,368

The impact on underlying results (see note 4 & 9) is set out in the table below:

	Six months to 30 June 2012			Year to 31 December 2012		
	As reported £'000	Adjusting item £'000	As restated £'000	As reported £'000	Adjusting item £'000	As restated £'000
Underlying operating profit	**57,523**	**(215)**	**57,308**	**122,244**	**(400)**	**121,844**
Underlying profit before tax	**54,525**	**453**	**54,978**	**115,566**	**936**	**116,502**
Underlying EPS – basic	58.1p	0.5p	58.6p	124.5p	1.0p	125.5p
Underlying EPS – diluted	57.9p	0.5p	58.4p	124.1p	1.0p	125.1p

3. Segment information

	Six months to 30 June 2013			Six months to 30 June 2012		
	External revenue £'000	**Internal revenue £'000**	**Total £'000**	External revenue £'000	Internal revenue £'000	Total £'000
Revenue						
Aircraft & Vehicle Systems	**74,344**	**9,417**	**83,761**	71,502	6,270	77,772
Information & Power Systems	**154,775**	**3,776**	**158,551**	155,231	6,495	161,726
Tactical & Sonar Systems	**138,625**	**11,587**	**150,212**	143,431	9,113	152,544
Eliminations	**-**	**(24,780)**	**(24,780)**	-	(21,878)	(21,878)
Consolidated revenue	**367,744**	**-**	**367,744**	370,164	-	370,164

3. Segment information (continued)

	Aircraft & Vehicle Systems £'000	Information & Power Systems £'000	Tactical & Sonar Systems £'000	Six months to 30 June 2013 Total £'000
Underlying operating profit	**15,972**	**20,404**	**21,506**	**57,882**
Amortisation of intangibles arising on acquisition	**(1,392)**	**(5,355)**	**(7,798)**	**(14,545)**
Adjustments to deferred consideration net of acquisition costs	**(63)**	**-**	**9,368**	**9,305**
Profit from operations	**14,517**	**15,049**	**23,076**	**52,642**
Investment revenue				**39**
Finance costs				**(13,051)**
Profit before tax				**39,630**
Tax				**(6,797)**
Profit after tax				**32,833**

	Aircraft & Vehicle Systems £'000	Information & Power Systems £'000	Tactical & Sonar Systems £'000	Six months to 30 June 2012 * as restated Total £'000
Underlying operating profit	13,989	20,258	23,061	57,308
Amortisation of intangibles arising on acquisition	(1,817)	(6,941)	(6,371)	(15,129)
Adjustments to deferred consideration net of acquisition costs	(22)	(201)	(651)	(874)
Profit from operations	12,150	13,116	16,039	41,305
Investment revenue				711
Finance costs				(4,253)
Profit before tax				37,763
Tax				(9,604)
Profit after tax				28,159

	Aircraft & Vehicle Systems £'000	Information & Power Systems £'000	Tactical & Sonar Systems £'000	Year to 31 December 2012 * as restated Total £'000
Underlying operating profit	30,645	44,905	46,294	121,844
Amortisation of intangibles arising on acquisition	(3,571)	(14,005)	(14,503)	(32,079)
Adjustments to deferred consideration net of acquisition costs	(315)	(518)	(661)	(1,494)
Profit from operations	26,759	30,382	31,130	88,271
Investment revenue				1,583
Finance costs				(9,636)
Profit before tax				80,218
Tax				(18,644)
Profit after tax				61,574

* see note 2

3. Segment information (continued)

	At 30 June 2013 £'000	At 30 June 2012 £'000	At 31 December 2012 £'000
Total assets by segment			
Aircraft & Vehicle Systems	**170,015**	146,464	146,872
Information & Power Systems	**289,914**	294,284	296,411
Tactical & Sonar Systems	**311,661**	302,257	311,803
	771,590	743,005	755,086
Unallocated	**55,736**	79,770	37,584
Total assets	**827,326**	822,775	792,670

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

	At 30 June 2013 £'000	At 30 June 2012 £'000	At 31 December 2012 £'000
Total liabilities by segment			
Aircraft & Vehicle Systems	**40,112**	41,872	42,594
Information & Power Systems	**100,403**	103,272	121,273
Tactical & Sonar Systems	**142,641**	138,177	139,547
	283,156	283,321	303,414
Unallocated	**192,824**	243,189	175,031
Total liabilities	**475,980**	526,510	478,445

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

	Six months to 30 June 2013 £'000	Six months to 30 June 2012 £'000	Year to 31 December 2012 £'000
Revenue by geographical destination			
United Kingdom	**129,165**	107,795	225,671
Continental Europe	**26,557**	26,214	55,769
Canada	**8,503**	11,472	19,038
USA	**154,346**	164,673	349,145
Rest of World	**49,173**	60,010	111,203
	367,744	370,164	760,826

During the period to 30 June 2013 there were two direct customers (2012: one) that accounted for greater than 10% of the Group's turnover. Sales to these customers during the period were £87m and £41m (2012: £73m and £35m).

4. 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:

	Six months to 30 June 2013	Six months to 30 June 2012 * as restated	Year to 31 December 2012 * as restated
	£'000	£'000	£'000
Operating profit	**52,642**	41,305	88,271
Amortisation of intangibles arising on acquisition	**14,545**	15,129	32,079
Adjustments to contingent consideration net of acquisition costs	**(9,305)**	874	1,494
Underlying operating profit	**57,882**	57,308	121,844
Profit before tax	**39,630**	37,763	80,218
Amortisation of intangibles arising on acquisition	**14,545**	15,129	32,079
Adjustments to contingent consideration net of acquisition costs	**(9,305)**	874	1,494
Unwinding of discount on provisions	**634**	-	577
Loss/(profit) on fair value movements on derivatives	**7,661**	(535)	(1,390)
Net interest charge on defined benefit pensions	**2,250**	1,747	3,524
Underlying profit before tax	**55,415**	54,978	116,502
Cash generated by operations (see note 15)	**58,146**	44,099	112,387
Purchase of property, plant and equipment	**(9,211)**	(8,327)	(20,470)
Proceeds on disposal of property, plant and equipment	**159**	15	67
Expenditure on product development and other intangibles	**(3,758)**	(1,287)	(4,659)
Dividend from equity accounted investment	**1,296**	-	765
Acquisition costs	**63**	874	1,494
Operating cash flow	**46,695**	35,374	89,584

Underlying operating profit has been shown before acquisition-related costs and the amortisation of intangible assets arising on acquisitions, which relates to acquired intellectual property, customer relationships and profit in acquired order book. To maintain a consistent presentation of financial performance over the longer term, these charges have been excluded from underlying operating profit. Underlying profit before tax and underlying earnings per share (see note 9) have also been presented before these adjustments.

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 9) are stated before changes in the valuation of foreign currency derivative instruments so that the underlying operating performance of the Group can be seen more clearly.

Following the adoption of IAS 19 (revised 2011), the Group has decided to present underlying profit before tax and underlying earnings per share (see note 9) before the net interest charge on defined benefit pensions so that the underlying operating performance of the Group can be seen more clearly. The comparatives for the half-year ended 30 June 2012 and year ended 31 December 2012 have been restated as set out in note 2.

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 considers 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 under-reporting of the true cash cost of sustaining a growing business.

* see note 2

5. Investment revenue

	Six months to 30 June 2013 £'000	Six months to 30 June 2012 £'000	Year to 31 December 2012 £'000
Interest income	**39**	176	193
Fair value movement on derivatives	**-**	535	1,390
	39	711	1,583

6. Finance costs

	Six months to 30 June 2013 £'000	Six months to 30 June 2012 * as restated £'000	Year to 31 December 2012 * as restated £'000
Amortisation of finance costs of debt	**451**	275	591
Interest payable on bank loans and overdrafts	**2,052**	2,227	4,943
Interest payable on finance leases	**3**	4	1
Total borrowing costs	**2,506**	2,506	5,535
Net interest charge on defined benefit pensions	**2,250**	1,747	3,524
Unwinding of discount on provisions	**634**	-	577
Fair value movement on derivatives	**7,661**	-	-
	13,051	4,253	9,636

7. Tax

	Six months to 30 June 2013 £'000	Six months to 30 June 2012 * as restated £'000	Year to 31 December 2012 * as restated £'000
Current tax			
United Kingdom	**5,370**	6,914	13,023
Overseas	**3,481**	6,106	9,905
	8,851	13,020	22,928
Deferred tax			
United Kingdom	**(1,427)**	(768)	83
Overseas	**(627)**	(2,648)	(4,367)
	(2,054)	(3,416)	(4,284)
Total tax charge	**6,797**	9,604	18,644

From 1 April 2013 the standard rate of UK corporation tax reduced from 24% to 23% and UK deferred tax balances have been re-measured at this rate as the decrease was substantively enacted on 17 July 2012. The UK government has also announced its intention to reduce the main rate of corporation tax to 21% from 1 April 2014 and to 20% from 1 April 2015. These further proposed rate reductions had not been substantively enacted at the balance sheet date and are therefore not reflected in these interim financial statements. The proposed reductions in the rate were substantively enacted on 2 July 2013.

* see note 2

8. Ordinary dividends

	Six months to 30 June 2013 £'000	Six months to 30 June 2012 £'000
Final dividend for the year ended 31 December 2012 of 27.8p (2011: 26.8p) per share	**19,259**	18,466
Proposed interim dividend for the year ended 31 December 2013 of 12.7p (2012: 12.2p) per share	**8,807**	8,411

The interim 2013 dividend of 12.7 pence per share will be paid on 27 September 2013 to shareholders on the register at 30 August 2012. It was approved by the Board after 30 June 2013 and has not been included as a liability at 30 June 2013.

9. Earnings per share

	Six months to 30 June 2013	Six months to 30 June 2012 * as restated	Year to 31 December 2012 * as restated
	Pence	Pence	pence
From continuing operations			
Basic underlying (see below)	**59.5**	58.6	125.5
Diluted underlying (see below)	**59.3**	58.4	125.1
Basic	**46.5**	40.5	88.6
Diluted	**46.4**	40.3	88.3

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

	Six months To 30 June 2013	Six months to 30 June 2012 * as restated	Year to 31 December 2012 * as restated
	£'000	£'000	£'000
Earnings			
Earnings for the purposes of earnings per share being profit for the period from continuing operations	**32,348**	27,992	61,265
Underlying earnings			
Profit for the period from continuing operations	**32,348**	27,992	61,265
Loss/(profit) on fair value movements on derivatives (net of tax)	**5,899**	(407)	(1,155)
Amortisation of intangibles arising on acquisition (net of tax)	**10,196**	10,948	22,271
Unwinding of discount on provisions	**488**	-	436
Acquisition related costs net of contingent consideration (net of tax)	**(9,305)**	663	1,273
Net interest charge on defined benefit pensions (net of tax)	**1,727**	1,328	2,713
Earnings for the purposes of underlying earnings per share	**41,353**	40,524	86,803

The weighted average number of shares is given below:

	Six months to 30 June 2013	Six months to 30 June 2012	Year to 31 December 2012
Number of shares used for basic earnings per share	**69,491,696**	69,131,515	69,165,099
Number of shares deemed to be issued at nil consideration following exercise of share options	**186,470**	254,225	215,138
Number of shares used for fully diluted earnings per share	**69,678,166**	69,385,740	69,380,237

	Six months to 30 June 2013	Six months to 30 June 2012 * as restated	Year to 31 December 2012 * as restated
	£'000	£'000	£'000
Underlying profit before tax	**55,415**	54,978	116,502
Taxation charge on underlying profit	**(13,577)**	(14,287)	(29,390)
Non-controlling interest	**(485)**	(167)	(309)
Underlying profit after tax attributable to equity shareholders	**41,353**	40,524	86,803
Tax rate applied for the purposes of underlying earnings per share	**24.5%**	26.0%	25.23%

* see note 2

10. Property, plant and equipment

During the period, the Group spent £9.2m on the acquisition of property, plant and equipment. The Group did not make any significant disposals during the period.

11. Trade and other receivables

Non-current	**At 30 June 2013 £'000**	At 30 June 2012 £'000	At 31 December 2012 £'000
Trade receivables	**4,444**	-	4,133
	4,444	-	4,133

Current	**At 30 June 2013 £'000**	At 30 June 2012 £'000	At 31 December 2012 £'000
Trade receivables	**85,734**	97,109	96,355
Provisions against receivables	**(1,318)**	(1,935)	(1,445)
Net trade receivables	**84,416**	95,174	94,910
Amounts due from contract customers	**82,762**	63,819	87,727
Prepayments & other receivables	**35,252**	28,905	18,402
	202,430	187,898	201,039

12. Trade and other payables

	At 30 June 2013 £'000	At 30 June 2012 £'000	At 31 December 2012 £'000
Amounts included in current liabilities:			
Trade payables	**75,805**	63,427	75,773
Amounts due to contract customers	**96,087**	85,270	96,620
Other payables	**63,726**	73,293	70,465
	235,618	221,990	242,858
Amounts included in non-current liabilities:			
Amounts due to contract customers	**12,077**	15,450	11,333
Other payables	**10,349**	4,633	9,654
	22,426	20,083	20,987

13. Provisions

	Warranty £'000	Contractual £'000	Total £'000
At 30 June 2012	6,770	34,384	41,154
At 31 December 2012	8,681	27,887	36,568
At 30 June 2013	**7,219**	**17,824**	**25,043**
Included in current liabilities	3,983	12,579	16,562
Included in non-current liabilities	3,236	5,245	8,481
	7,219	**17,824**	**25,043**

Provisions for warranty costs are based on an assessment of future claims with reference to past experience; such costs are generally incurred within two years after delivery. Contractual provisions for dilapidations will be payable at the end of the contracted life which is up to fifteen years, and contractual provisions relating to contingent consideration will be payable in up to two years.

14. Share capital

179,786 shares, with a nominal value of £8,989 have been allotted in the first six months of 2013 under the terms of the Group's various share option schemes. The aggregate consideration received by the Company was £2,250,000

15. Cash flow information

	Six months to 30 June 2013 £'000	Six months To 30 June 2012 * as restated £'000	Year to 31 December 2012 * as restated £'000
Operating profit	**52,642**	41,305	88,271
Adjustments for:			
Depreciation of property, plant and equipment	**5,511**	5,548	10,882
Amortisation of intangible assets	**15,562**	15,767	35,242
Cost of equity-settled employee share schemes	**1,034**	973	1,974
Adjustment for pension funding	**(3,444)**	(3,117)	(6,809)
Loss/(profit) on disposal of property, plant and equipment	**76**	(5)	137
Share of profit of associate	**(293)**	(1,375)	(3,487)
(Decrease)/increase in provisions	**(12,567)**	1,685	(3,088)
Operating cash flow before movements in working capital	**58,521**	60,781	123,122
Decrease/(increase) in inventories	**4,948**	(503)	(2,719)
Decrease/(increase) in receivables	**5,756**	13,109	(5,969)
Decrease in payables	**(11,079)**	(29,288)	(2,047)
Cash generated by operations	**58,146**	44,099	112,387
Income taxes paid	**(15,124)**	(15,566)	(25,589)
Interest paid	**(2,138)**	(1,678)	(4,555)
Net cash inflow from operating activities	**40,884**	26,855	82,243

Reconciliation of net movement in cash and cash equivalents to movement in net debt

	Six months to 30 June 2013 £'000	Six months to 30 June 2012 £'000	Year to 31 December 2012 £'000
Net increase/(decrease) in cash and cash equivalents	**17,469**	24,683	(8,330)
Cash (inflow)/outflow from (increase)/decrease in debt and finance leasing	**(19,371)**	(47,271)	8,898
Change in net debt arising from cash flows	**(1,902)**	(22,588)	568
Loan syndication costs	**-**	-	903
Amortisation of finance costs of debt	**(451)**	(275)	(551)
Translation differences	**(1,307)**	1,381	2,228
Movement in net debt in the period	**(3,660)**	(21,482)	3,148
Net debt at start of period	**(43,000)**	(46,148)	(46,148)
Net debt at end of period	**(46,660)**	(67,630)	(43,000)

Net debt comprised the following:

	At 30 June 2013 £'000	At 30 June 2012 £'000	At 31 December 2012 £'000
Cash and cash equivalents	**50,331**	65,628	30,840
Borrowings	**(96,922)**	(133,164)	(73,753)
Obligations under finance leases	**(69)**	(94)	(87)
	(46,660)	(67,630)	(43,000)

* see note 2

16. Going Concern

On 13 January 2013 the Group replaced its existing £120 million revolving credit facility with a new £100 million revolving credit facility that expires in December 2017.

After making due enquiries, and in accordance with the FRC's "Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009", the Directors' view is that the Group has adequate resources to continue in operational existence for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing these condensed consolidated half year financial statements.

17. Financial Instruments

Exposure to currency risks arises in the normal course of the Group's business. Derivative financial instruments are used to hedge exposure to all significant fluctuations in foreign exchange rates. All of the Group's financial instruments have been assessed as Level 2 and comprise foreign exchange forward contracts.

The directors consider that the carrying amount of all financial assets and liabilities approximates to their fair value.

Fair value measurements as at 30 June 2013 are set out in the table below. These forward exchange contracts have been fair valued using forward exchanges rates that are quoted in an active market.

	At 30 June 2013 £'000	At 30 June 2012 £'000	At 31 December 2012 £'000
Financial assets:			
Derivatives used for hedging	**872**	4,784	5,606
Total	**872**	4,784	5,606
Financial liabilities:			
Derivatives used for hedging	**(3,516)**	(622)	(589)
Total	**(3,516)**	(622)	(589)

18. Acquisitions

Varisys

On 6 June 2013, the Group acquired the entire share capital of Varisys Limited for initial cash consideration of £18m. Additional amounts of up to £2m will be payable subject to performance and retention of the business founders over the next two years, and will be expensed to the profit and loss account as incurred.

Varisys designs and manufactures products for high performance embedded computing applications. Its products and services portfolio include bespoke solutions for customers operating in the aerospace, defence, telecommunications, and industrial sectors. The acquisition gives Ultra an organic capability in this specialist, niche area, allowing Group businesses to meet customer requirements more quickly and cost-effectively.

The fair values of the net assets acquired are currently being calculated and have not been finalised due to the proximity of the acquisition to the period end. A provisional assessment of the opening balance sheet is as follows:

	Provisional fair value £'000
Intangible assets	-
Property, plant and equipment	48
Cash and cash equivalents	4,388
Inventories	931
Receivables	3,027
Payables	(1,567)
Net assets acquired	6,827
Goodwill and other intangible assets arising on acquisition	11,173
Purchase consideration	18,000

18. Acquisitions (continued)

The accounting exercise for calculating the fair value of acquired intangibles and deferred tax has not yet been completed. Acquisition costs of £0.1m were charged to the income statement during the half year.

The total goodwill on this acquisition expected to be deductible for tax is £nil.

If the acquisition had been completed on the first day of the financial year the Group revenues for the period would have been £381.4m and the Group would have reported a profit before tax of £44.8m.

19. Other matters

Seasonality
The Group's financial results have not historically been subject to significant seasonal trends.

Related party transactions
At 30 June 2013, a loan of £701,000 (30 June 2012: £1,271,000) was due from Al Shaheen Adventure LLC (ASA), the Group's 49% equity accounted investment. During the period repayments of £nil were received in respect of this loan. A small amount of trading also occurs with ASA, in the normal course of business and on an arm's length basis. Balances are settled on normal trade terms and the amounts outstanding at 30 June 2013 were insignificant.

There were no other significant related party transactions, other than the remuneration of key management personnel during the period.

RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

(a) these condensed financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting";
(b) this half year report includes a fair review of the information required by Disclosure and Transparency Rule (DTR) 4.2.7R (indication of important events during the period and description of principal risks and uncertainties for the remainder of the financial year); and
(c) this half year report includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and changes therein).

By order of the Board

Rakesh Sharma	Mary Waldner
Chief Executive	Group Finance Director
2 August 2013	