press release

Embargoed until 0700 1 March 2010

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

Preliminary Results for the Year Ended 31 December 2009

FINANCIAL HIGHLIGHTS

	Year ended 31 December 2009	Year ended 31 December 2008	**Change**
Revenue	**£651.0m**	£515.3m	**+26%**
Headline operating profit(1)	**£97.3m**	£77.1m	**+26%**
Headline profit before tax(2)	**£89.5m**	£72.2m	**+24%**
IFRS profit/(loss)before tax	***£107.9m***	*(£2.9m)*	***n/a***
Headline earnings per share(2)	**96.4p**	80.1p	**+20%**
Dividend per share - final	**21.6p**	18.0p	**+20%**
- total	**31.2p**	26.0p	**+20%**

(1) *before amortisation of intangibles arising on acquisition and profit on disposal of property, plant and equipment net of property-related provisions. IFRS profit from operations £76.0m (2008: £64.1m). See Note 2 for reconciliation.*
(2) *before amortisation of intangibles arising on acquisition, fair value movements on derivatives, profit on disposal of property, plant and equipment net of property-related provisions and loss on closing out foreign currency hedging contracts. Basic EPS 115.1p (2008: 2.6p). See Note 2 for reconciliation.*

- Strong performance reflecting the success of Ultra's strategies
  - good contribution from acquisitions
  - operating profit growth at constant currencies of 18%
  - resilience from the Group's range of specialist capabilities
- Continuing investment to drive future growth
- Headline operating margin maintained at 15%
- High quality of earnings with operating cash conversion* of 115% (five-year average 102%)
- Robust balance sheet maintained and funding position secured
- Opening firm order cover* for 2010 above 60%

Douglas Caster, Chief Executive, commented:
"The strong results for the year underline the success of Ultra's strategies to deliver sustainable, long-term growth. This is achieved through continued investment in a portfolio of differentiated products and services which are positioned on a large number of international platforms and programmes in the defence, security, transport and energy markets. Ultra has, through this broad range of positions, created a flywheel effect that drives its performance year after year, despite market fluctuations. In 2009, the Group maintained significant investment in new products as well as in business development and acquisitions which has expanded Ultra's range of specialist capabilities and extended the areas of the world in which the Group operates.

Ultra has positioned itself in high growth sectors within its markets, has a broad portfolio of offerings on long-term programmes with a wide customer base and continues to expand its geographic reach. Ultra has created a resilient business model that will drive future order intake and support its performance in 2010 and beyond."

* see note on page 2

OVERVIEW

The Group's performance in the year demonstrated the benefit of having a broad portfolio of niche activities. Ultra's strong revenue growth combined with a 15% headline operating margin drove the increase in headline operating profit in the year. Operating cash conversion* was 115% in 2009, bringing the five-year average to 102% and extending Ultra's track record of strong cash generation.

FINANCIAL RESULTS

	Year ended 31 December 2009 £m		Year ended 31 December 2008 £m		Growth
Order book					
- Aircraft & Vehicle Systems	**203.1**		214.9		-5.5%
- Information & Power Systems	**218.2**		173.3		+25.9%
- Tactical & Sonar Systems	**340.5**		395.3		-13.9%
Total order book		**761.8**		783.5	-2.8%
Revenue					
- Aircraft & Vehicle Systems	**157.6**		130.1		+21.1%
- Information & Power Systems	**215.9**		161.5		+33.7%
- Tactical & Sonar Systems	**277.5**		223.7		+24.1%
Total revenue		**651.0**		515.3	+26.3%
Organic revenue growth					+15.5%
Headline operating profit					
- Aircraft & Vehicle Systems	**20.9**		19.7		+6.1%
- Information & Power Systems	**25.3**		22.2		+14.0%
- Tactical & Sonar Systems	**51.1**		35.2		+45.2%
Total headline operating profit		**97.3**		77.1	+26.2%
Organic headline operating profit growth					+17.3%
Headline operating margin					
- Aircraft & Vehicle Systems	**13.3%**		15.1%		
- Information & Power Systems	**11.7%**		13.7%		
- Tactical & Sonar Systems	**18.4%**		15.7%		
Total headline operating margin		**15.0%**		15.0%	
Finance charges*		**(7.8)**		(4.9)	+59.2%
Headline profit before tax		**89.5**		72.2	+24.0%
Operating cash flow*		**111.6**		79.0	
Cash conversion*		**115%**		102%	
Net debt* at year-end		**28.7**		63.9	
Bank interest cover		**19.7x**		19.0x	
Headline earnings per share		**96.4p**		80.1p	+20.3%

Note

operating cash flow* *is cash generated by operations, less net capital expenditure, R&D and LTIP share purchases.*
cash conversion* *is cash generated by operations, less net capital expenditure, R&D and LTIP share purchases as % of profit from operations before amortisation of intangibles arising on acquisition and profit on disposal of property, plant and equipment net of property-related provisions.*
net debt* *comprises bank overdrafts and loans less cash and cash equivalents.*
finance charges* *exclude gain on fair value movements on derivatives and loss on closing out foreign currency hedging contracts.*
organic revenue growth* *is the annual rate of increase in revenue that was achieved, assuming that acquisitions made during the prior year were only included for the same proportion of the current year.*
opening firm order cover *(%)* represents the firm orders due for delivery in the next twelve months trading compared to analysts' consensus revenue forecast for the same period*

* see note on page 2

Revenue was 26% higher at £651.0m (2008: £515.3m). At constant currencies growth was 17% of which acquisitions contributed 11%.

Headline operating profit increased 26% to £97.3m (2008: £77.1m). Growth at constant currencies was 18% of which 9% came from acquisitions. The headline operating margin was maintained at 15%.

In 2009 Ultra increased its charge for the development of new business and products by £2.0m to £35.1m (2008: £33.1m). Net financing charges, excluding fair value movement on derivatives and the loss on closing out surplus currency hedges, were £2.9m higher at £7.8m (2008: £4.9m) due to higher borrowings through the year as a result of acquisition spending and the £2.1m increase in pension finance charge to £2.9m (2008: £0.8m).

Headline profit before tax was £89.5m (2008: £72.2m), an increase of 24% and the Group's effective tax rate in the year was 26.5% (2008: 24.6%). This increase was primarily caused by the increase in the proportion of the Group's profits that are generated in North America where the marginal rate of taxation is higher for Ultra. This is likely to result in further increases in future years. As a consequence of the higher tax rate in 2009, the increase in headline earnings per share was 20% at 96.4p (2008: 80.1p).

Operating cash conversion* was 115%. This is after capital expenditure and the capitalisation of certain development costs. The Group's customary focus on cash management has resulted in operating working capital growing more slowly than revenue during the year. There was also an increase in the level of payments in advance from customers on long-term contracts. In cash terms, Ultra made an investment in 2009 of £34.5m (2008: £32.5m) on the development of new products and business, of which £0.3m was capitalised (2008: £0.6m) as an intangible asset.

Reported profit before tax was £107.9m (2008: loss of £2.9m). Ultra's IFRS profit before tax reflected the combined effects of the elements detailed below:

All £m	**2009**	2008
Headline profit before tax	**89.5**	72.2
Amortisation of intangibles arising on acquisition	**(26.3)**	(13.0)
Loss on closing out foreign currency hedging contracts	**(15.9)**	nil
Profit/(loss) on fair value movements on derivatives	**55.6**	(62.1)
Profit on disposal of property, plant and equipment, net of property-related provisions	**5.0**	nil
Reported profit/(loss) before tax	**107.9**	(2.9)

The Group's balance sheet remains strong, with net interest payable on borrowings covered around 20 times by headline operating profit. Net debt* at the end of the year reduced to £28.7m compared to £63.9m at the end of 2008. This decrease of £35.2m was after a net cash expenditure on acquisitions in the year of £30.8m (2008: £78.8m) including the payment of deferred consideration in respect of acquisitions made in prior years. The strengthening of sterling against US and Canadian dollars at the year end reduced net debt by £5.8m.

During the year the Group negotiated with its banking syndicate the renewal of the major (£120m) part of its revolving £200m credit facility. This was completed in early 2010 and provides Ultra with a secure funding position. The amount drawn down against this facility was £70.8m (2008: £107.8m) at the year-end, of which £61.4m was denominated in US or Canadian dollars.

Ultra operates defined benefit pension schemes in the UK and Canada, all of which are closed to new entrants. The combined deficit on these schemes, net of deferred tax, increased to £55.8m in the year, £13.5m higher than at the end of 2008. The Board believes that the pension funding position remains sound.

* see note on page 2

The proposed final dividend is 21.6p, bringing the total dividend for the year to 31.2p (2008: 26.0p). This represents an annual increase of 20%, with the dividend being covered 3.1 times (2008: 3.1 times) by headline earnings per share. If approved, the dividend will be paid on 4 May 2010 to shareholders on the register on 9 April 2010.

The order book at the end of 2009 was £761.8m compared to £783.5m (£761.1m at constant currencies) at the end of 2008. As previously notified, there has been evidence of delays in the award of contracts in the UK as defence priorities are re-examined and this impacted the closing order book value. Ultra has firm positions on programmes that will drive strong order intake in 2010. Within the order book total, opening firm order cover* for trading in 2010 has been maintained at its customary level of above 60%.

INVESTING FOR GROWTH

Ultra continued to invest to support its strategy to deliver long-term growth. Investments in the year were in new products and services, in new business development as well as in acquisitions.

In 2009 the Group continued to invest in the Boeing 787, Airbus A400M and Gulfstream G650 aircraft programmes which, having all achieved first flights, will contribute to growth in the medium and long term. The Group also invested in developing the next generation of battlespace communications equipment. Ultra's internal investment in the year to drive future growth totalled £35.1m, up from the 2008 total of £33.1m. Ultra reviews all such investments to ensure that there is a robust business case leading to an acceptable return for the Group in the medium term.

As planned, the rate of acquisition spending slowed from that experienced in 2008. The eight acquisitions made in 2008 have been successfully integrated into the Group. During 2009 Ultra made four acquisitions; Tisys SA in France and Avalon Systems Pty Ltd. in Australia together with Xerion Systems and Scytale Inc., both in the USA. They have enhanced the Group's portfolio of offerings and extended the Group's geographic reach. The initial cash consideration paid in the year for these acquisitions was £16.4m, financed using Ultra's existing facilities.

BOARD CHANGES

In the year Paul Dean joined the Group board as Group Finance Director and Sir Robert Walmsley replaced Andrew Walker as a non-executive director. Chris Bailey became Ultra's senior independent non-executive director. The intended succession plan has been announced in which Douglas Caster becomes Chairman in 2011 and Rakesh Sharma succeeds him as Chief executive.

OPERATIONAL REVIEW

Aircraft & Vehicle Systems

Revenue in Aircraft & Vehicle Systems increased by 21% to £157.6m compared to £130.1m in 2008 and headline operating profit increased by 6% to £20.9m (2008: £19.7m). There was a full-year contribution from Dascam, acquired in December 2008. The division's order book reduced during the year by 6% to £203.1m (2008: £214.9m) as multi-year aircraft equipment contracts for Eurofighter and A400M were traded.

The 21% growth of revenue in the year was driven by the Dascam contribution and by solid demand across the division's businesses for equipment and systems fitted to aircraft, both military and civil, and to armoured vehicles. There was a reduced level of activity in the division associated with creating high integrity software for aircraft systems, primarily associated with the Boeing 787 and F-35 Joint Strike Fighter aircraft programmes, and appropriate restructuring action was taken. Headline operating profit growth was lower at 6% reflecting the costs of restructuring noted above

* see note on page 2

and the dilutive effect of lower margin funded development activity in the sales mix. The headline operating margin was also suppressed by the increased charge against profit relating to investment in new aircraft systems.

Highlights of activities in the year that will underpin continuing growth included:

- first flights of the Boeing 787, Airbus A400M and Gulfstream G650 aircraft, on each of which Ultra has equipment that will move to the production phase

- a contract, with production options, for final development of the control electronics of the cannon specified for the British Army's upgraded Warrior and new FRES SV armoured vehicles

- progress through flight test of the F-35 Joint Strike Fighter for which Ultra will supply engine and lift fan ice protection systems and its HiPPAG pneumatic compressors for weapons release and missile cooling

Information & Power Systems

Revenue in Information & Power Systems grew by 34% to £215.9m compared to £161.5m in the previous year. Headline operating profit increased by 14% to £25.3m (2008: £22.2m). These results included full-year contributions from ProLogic, NSPI and Radmon, acquired in 2008, and a part-year contribution from Tisys. The second half performance from ProLogic operating under the Proxy Board that was put in place during the first half of 2009 reflected a sustainable and increasing level of customer demand. The order book at the end of the year had increased by 26% to £218.2m (2008: £173.3m).

Revenue and profit growth reflected strong demand for Ultra's specialist surveillance systems, both for air defence and for operating base protection, and for specialist power equipment for mass transit systems. Demand for airport IT systems recovered in the second half though profit was impacted by high bid costs in the period for substantial overseas opportunities.

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

- selection of the airborne version of Ultra's real-time command and control system for two upgrade programmes for the US Navy's P-3 aircraft

- the award of multi-year contracts to supply specialist, civil, nuclear-qualified sensors for use in China and the UK

- selection to undertake IT integration at Hangzhou and Kunming airports in China

Tactical & Sonar Systems

Revenue in Tactical & Sonar Systems increased by 24% to £277.5m (2008: £223.7m) and headline operating profit rose 45% to £51.1m (2008: £35.2m). These results included full-year contributions from AudioSoft and MISL, acquired in 2008, and part-year contributions from Xerion and Avalon. The closing order book was £340.5m (2008: £395.3m), a reduction of 14% in the year reflecting delays in contract placement in the UK and US.

Strong battlespace IT demand, especially from US and international customers for tactical radio systems, drove the revenue and profit performance in the year. The full-year contribution from MISL, acquired in 2008, was strengthened by the increase in volume of production deliveries of its unique communication equipment. Deliveries of Ultra's advanced anti-submarine warfare systems and equipment to domestic and international customers also made a good contribution to growth.

* see note on page 2

Growth in future years will be underpinned as a result of the following developments in 2009:

- continuing strong US and international demand for the Group's enhanced line-of-sight tactical radios
- the award of a contract, with potentially significant production options, for risk reduction activities relating to new UK cryptographic equipment
- the application of Ultra's specialist underwater acoustic capability in advanced sensor and countermeasure systems in the US and UK

MARKET CONDITIONS

Defence and security

The level of international tension is not reducing and this results in continuing expenditure worldwide on defence and security. In Ultra's main markets, defence priorities are under review, as reflected in the recent Quadrennial Defense Review ('QDR') in the US and the forthcoming UK Strategic Defence Review. These highlight the significant competing pressures for funds that have caused recent contract delays. Nevertheless in the US the President's budget requests for the near to medium term are for the core defence budget to grow at about 3% per annum with substantial additional funds for continuing operations in Afghanistan and Iraq. The QDR reprioritises funds to improving information superiority, command and control, unmanned sensors and systems, communications and cyber-warfare, with the F-35 Joint Strike Fighter aircraft programme and a continuing submarine-based nuclear deterrent also indicated as high priorities. These are all areas where Ultra has strong market positions. In the UK it is likely that defence budgets will be squeezed. As a consequence fewer new platforms will be built so the military capability of existing platforms will have to be upgraded. This typically drives demand for advanced electronic solutions. Additionally, all modern armed forces rely on many forms of sophisticated electronic systems to achieve smart capability for precision targeting, information superiority as well as interoperability between coalition forces. As a result, an increasing proportion of defence and security budgets is being spent on electronics.

The Group's broad portfolio of specialist capabilities that contribute to smart electronic solutions positions it well to secure further work in the medium term to satisfy future operational requirements. The Group's independence allows it to work with all the major prime contractors on new platforms as well as upgrade programmes. Overall, budgets addressable by Ultra will remain sufficiently large to give the Group considerable headroom for further growth.

Elsewhere, in areas where Ultra has recently achieved market presence, such as Turkey, Australia and the Middle East, defence spending continues to rise in real terms.

Transport

In the transport sector, the fundamental driver of long-term growth is the increase in business and leisure travel, especially in those areas of the world with rapidly rising populations that have disposable income. This drives demand for civil aircraft, infrastructure investment in airports and in mass passenger transit systems - all areas where Ultra has a strong capability. In the short term there may be cuts in production rates at both Boeing and Airbus despite their long order books though the profit impact on Ultra of these reductions will not be material. Sales of equipment for the Boeing 787, when it enters airline service, will be additive to the Group's performance.

The long-term worldwide increase in air travel drives investment in infrastructure including airport IT systems. The Group continues to win new business around the world, reflecting the global nature of this market sector. Ground transport systems also require continuing investment in regions of high population density, a trend from which Ultra benefits.

* see note on page 2

Energy
Around the world the strategic need to have secure access to an increasing amount of energy from independent sources is driving a higher level of investment in civil nuclear power generation. This investment is in extending the life of existing plant as well as building new reactors. Ultra has niche capabilities in the supply of high integrity control systems and the associated specialist sensors and is therefore well placed to benefit as the market opportunity develops.

RISKS AND UNCERTAINTIES

The directors do not consider that the principal risks and uncertainties have changed since the publication of the Group's annual report for 2008. 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 19 to 21 of the 2008 annual report which is available for download at www.ultra-electronics.com.

About three-quarters of Ultra's revenue is from the defence sector and there will be continuing pressure on defence budgets. Current projections are, however, that baseline budgets, excluding supplemental funds for continuing operations, will continue to grow in the US, Ultra's main market. The overall size of defence budgets relative to the Group's revenue ensures that sufficient headroom exists to support Ultra's continuing growth.

There is a risk of programme delays or cancellations but this has historically always been a feature of the Group's markets. However, no single programme represents more than 5% of Ultra's revenue in any year. The cancellation or curtailment of any single programme is therefore unlikely to have a significant 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 in October 2009 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. Salient points taken into consideration were:

- the Group's track record of delivering high quality profits growth
- that Ultra's banking facilities have been renewed
- Ultra's positions in high growth sectors of its markets
- the long-term nature of Ultra's markets and contracts
- that the Group started 2010 with over 60% firm order cover for analysts' consensus revenue forecast for the year

* see note on page 2

PROSPECTS

The Group continues to benefit from its long track record of making successful investments, both internally and in acquisitions. These have continually re-positioned the Group in high growth market sectors and broadened Ultra's range of specialist capability areas. This has resulted in an expanded portfolio of differentiated offerings that are positioned on an increasing list of international platforms and programmes. This spread of activity drives revenue and profits growth while mitigating risk and providing resilience to the Group's overall financial performance. Ultra is positioned at all levels in the supply chain and has a broad customer base that includes governments and most of the world's major defence and aerospace prime contractors. The Group continues to extend its range of systems, equipment, product and services to meet customers' emerging requirements. In addition, Ultra has continued to increase the list of countries in which it does business.

Following successful negotiations with its banks, Ultra has the facilities in place to allow more businesses to be acquired to broaden the Group's portfolio still further. Ultra continues to pursue high quality businesses that can be acquired at reasonable prices and to which ownership by the Group would add value.

Ultra's overall order book at the year-end was valued at £762m. Within this, firm order cover for the next twelve months' trading has been maintained at its traditional level of over 60%, thereby giving good visibility of future earnings.

Ultra has positioned itself in high growth sectors within its markets, has a broad portfolio of offerings on long-term programmes with a wide customer base and continues to expand its geographic reach. This has created a resilient business model that supports Ultra's future performance. These factors give the Board confidence in the continuing progress of the Group.

- End -

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* see note on page 2

NATURE OF ANNOUNCEMENT

This preliminary announcement of Ultra's audited results for the year ended 31 December 2009 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 reports are 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 and aerospace company with a long, consistent track record of development and growth. Ultra businesses constantly innovate to create solutions to customer requirements that are different from and better than those of the Group's competitors. The Group has over one hundred distinct market or technology niches within its twenty four businesses. The diversity of niches enables Ultra to contribute to a large number of defence, aerospace and civil platforms and programmes and provides resilience to the Group's financial performance. Ultra has world-leading positions in many of its niches and, as an independent, non-threatening partner, is able to support all of the main prime contractors with specialist capabilities and solutions. As a result of such positioning, Ultra's systems, equipment or services are often mission-critical to the successful operation of the platform to which they contribute. In turn, this mission-criticality secures Ultra's positions for the long term which underpin the superior financial performance of the Group.

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

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

• **battlespace IT**, summarised as being the systems and equipment that allows coalition commanders to have an integrated, real-time picture of the disposition of friendly and enemy forces that is better than the one available to the enemy. This information superiority underpins rapid decision making which, together with effective command, control and communications, translates into military superiority. The use of battlespace IT is fundamental to the implementation of the military doctrines of 'network-centric warfare' or 'network-enabled capability' that are seen as transformational in the capability to win future battles. Expenditure on battlespace IT equipment therefore continues to represent an increasing share of the total defence budget in the main markets in which Ultra operates.

• **sonar systems**, expanding Ultra's traditional world-leading airborne anti-submarine warfare capability into broader activities in the underwater battlespace. These include integrated ship and submarine sonar systems, persistent seabed-deployed sensor arrays, torpedo defence and sea mine disposal systems. The fact that over forty countries have, between them, more than four hundred highly capable, stealthy submarines is continuing to focus expenditure in this sector.

• **civil and military aircraft equipment**, Ultra provides specialist sub-systems and equipment for military and civil aircraft. The main military aircraft programmes on which Ultra equipment is fitted continue to have political support, underpinned by consistent financial commitment. For civil aircraft, record order intake performance by all major aircraft manufacturers underpins increasing build rates for the medium term.

• **specialist defence equipment**, including power conversion and signature systems for naval ships and submarines. Ultra's specialist capability in high integrity controls for submarine nuclear reactors is included in this sector, for which there is continuing commitment to new platforms and the upgrade of existing boats. Ultra also supplies advanced sub-systems for modern armoured vehicles including those for electrical power management, indirect vision and weapon control. The need for increased mobility and force protection is driving a number of large military vehicle procurements in Ultra's main markets.

• **specialist civil systems and equipment**, including Ultra's advanced airport IT solutions. Airline passenger growth around the world is driving continuing expansion and upgrade of airport infrastructure. Ultra supplies trackside power equipment for rail transit systems, for which demand continues to be driven by the need to expand and upgrade rail networks. The UK market for nuclear power generation is expanding and Ultra's offering derived from its equivalent military capability is well positioned to benefit.

Ultra Electronics Holdings plc
Preliminary Results for the Year Ended 31 December 2009
Consolidated Income Statement

	Note	**2009 £'000**	2008 £'000
Continuing operations			
Revenue	1	**651,036**	515,271
Cost of sales		**(462,524)**	(373,100)
Gross profit		**188,512**	142,171
Other operating income		**5,112**	3,444
Distribution costs		**(1,038)**	(1,050)
Administrative expenses		**(109,527)**	(77,345)
Other operating expenses		**(7,023)**	(3,146)
Profit from operations		**76,036**	64,074
Headline operating profit	2	**97,330**	77,091
Amortisation of intangibles arising on acquisition		**(26,303)**	(13,017)
Profit on disposal of property, plant and equipment net of property-related provisions		**5,009**	-
Profit from operations		**76,036**	64,074
Investment revenue	3	**56,212**	1,229
Finance costs	4	**(24,350)**	(68,191)
Profit/(loss) before tax	1	**107,898**	(2,888)
Headline profit before tax	2	**89,486**	72,198
Amortisation of intangibles arising on acquisition		**(26,303)**	(13,017)
Profit/(loss) on fair value movements on derivatives		**55,630**	(62,069)
Profit on disposal of property, plant and equipment net of property-related provisions		**5,009**	-
Loss on closing out foreign currency hedging contracts		**(15,924)**	-
Profit/(loss) before tax		**107,898**	(2,888)
Tax	5	**(29,418)**	4,645
Profit for the year from continuing operations attributable to equity holders of the parent		**78,480**	1,757
Earnings per ordinary share (pence)			
From continuing operations			
- basic	7	**115.1**	2.6
- diluted	7	**114.8**	2.6

Ultra Electronics Holdings plc
Preliminary Results for the Year Ended 31 December 2009
Consolidated Statement of Comprehensive Income

	2009	2008
	£'000	£'000
Profit for the year	**78,480**	1,757
Exchange differences on translation of foreign operations	**(18,810)**	46,711
Gain/(loss) on net investment hedges	**7,128**	(17,814)
Actuarial losses on defined benefit pension schemes	**(16,706)**	(17,625)
Loss on cash flow hedges	**(116)**	(4,612)
Transfer from profit and loss on cash flow hedges	**1,759**	195
Tax relating to components of other comprehensive income	**2,728**	6,749
Other comprehensive income for the year	**(24,017)**	13,604
Total comprehensive income for the year	**54,463**	15,361

Ultra Electronics Holdings plc
Preliminary Results for the Year Ended 31 December 2009
Consolidated Balance Sheet

	Note	**2009 £'000**	2008 £'000
Non-current assets			
Intangible assets		**301,848**	325,683
Property, plant and equipment		**36,644**	34,916
Interest in associate		**1,107**	2,120
Deferred tax assets		**18,159**	28,650
Derivative financial instruments		**4,908**	1,257
		362,666	392,626
Current assets			
Inventories	8	**50,612**	52,826
Trade and other receivables	9	**122,442**	117,406
Cash and cash equivalents		**41,809**	43,385
Derivative financial instruments		**994**	6,998
Assets held for sale		**-**	828
		215,857	221,443
Total assets		**578,523**	614,069
Current liabilities			
Trade and other payables	10	**(169,553)**	(171,159)
Tax liabilities		**(9,020)**	(5,055)
Derivative financial instruments		**(9,164)**	(38,934)
Obligations under finance leases		**(5)**	(105)
Bank loans		**(70,489)**	-
Short-term provisions	11	**(15,591)**	(17,224)
		(273,822)	(232,477)
Non-current liabilities			
Retirement benefit obligations	12	**(77,497)**	(58,761)
Other payables	10	**(18,023)**	(21,864)
Deferred tax liabilities		**(14,721)**	(13,654)
Derivative financial instruments		**(4,071)**	(33,927)
Obligations under finance leases		**-**	(5)
Bank loans		**-**	(107,214)
Long-term provisions	11	**(6,923)**	(2,098)
		(121,235)	(237,523)
Total liabilities		**(395,057)**	(470,000)
Net assets		**183,466**	144,069
Equity			
Share capital		**3,420**	3,407
Share premium account		**38,313**	36,427
Own shares		**(1,450)**	(1,974)
Hedging and translation reserve		**9,452**	22,615
Retained earnings		**133,731**	83,594
Total equity		**183,466**	144,069

Ultra Electronics Holdings plc

Preliminary Results for the Year Ended 31 December 2009

Consolidated Cash Flow Statement

	Note	**2009** **£'000**	2008 £'000
Net cash flow from operating activities	13	**102,056**	69,102
Investing activities			
Interest received		**582**	1,229
Purchase of property, plant and equipment		**(10,042)**	(14,198)
Proceeds from disposal of property, plant and equipment		**3,062**	1,231
Expenditure on product development and other intangibles		**(2,352)**	(1,941)
Acquisition of subsidiary undertakings		**(31,601)**	(83,845)
Net cash acquired with subsidiary undertakings		**843**	5,007
Net cash used in investing activities		**(39,508)**	(92,517)
Financing activities			
Issue of share capital		**1,899**	1,379
Purchase of Long-Term Incentive Plan shares		**-**	(674)
Dividends paid		**(18,749)**	(15,225)
Loan syndication costs		**-**	(527)
(Decrease)/increase in borrowings		**(29,051)**	48,568
Repayment of obligations under finance leases		**(104)**	(81)
New finance leases		**-**	114
Loss on closing out foreign currency hedging contracts		**(15,924)**	-
Net cash (used in)/from financing activities		**(61,929)**	33,554
Net increase in cash and cash equivalents		**619**	10,139
Cash and cash equivalents at beginning of year		**43,385**	27,419
Effect of foreign exchange rate changes		**(2,195)**	5,827
Cash and cash equivalents at end of year		**41,809**	43,385

Ultra Electronics Holdings plc

Preliminary Results for the Year Ended 31 December 2009

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 and translation reserve £'000**	**Retained earnings £'000**	**Total equity £'000**
Balance at 1 January 2009	**3,407**	**36,427**	**(1,974)**	**22,615**	**83,594**	**144,069**
Profit for the year	-	-	-	-	78,480	78,480
Other comprehensive income for the year	-	-	-	(13,163)	(10,854)	(24,017)
Total comprehensive income for the year	**-**	**-**	**-**	**(13,163)**	**67,626**	**54,463**
Disposal of own shares	-	-	524	-	(524)	-
Equity settled employee share schemes	13	1,886	-	-	1,490	3,389
Dividend to shareholders	-	-	-	-	(18,749)	(18,749)
Deferred tax on share-based payment transactions	-	-	-	-	294	294
Balance at 31 December 2009	**3,420**	**38,313**	**(1,450)**	**9,452**	**133,731**	**183,466**
Balance at 1 January 2008	**3,394**	**35,061**	**(1,972)**	**(6,282)**	**111,693**	**141,894**
Profit for the year	-	-	-	-	1,757	1,757
Other comprehensive income for the year	-	-	-	28,897	(15,293)	13,604
Total comprehensive income for the year	**-**	**-**	**-**	**28,897**	**(13,536)**	**15,361**
Own shares acquired	-	-	(674)	-	-	(674)
Disposal of own shares	-	-	672	-	(672)	-
Equity settled employee share schemes	13	1,366	-	-	1,451	2,830
Dividend to shareholders	-	-	-	-	(15,225)	(15,225)
Deferred tax on share-based payment transactions	-	-	-	-	(117)	(117)
Balance at 31 December 2008	**3,407**	**36,427**	**(1,974)**	**22,615**	**83,594**	**144,069**

Ultra Electronics Holdings plc
Preliminary Results for the Year Ended 31 December 2009
Notes

1. Segmental analysis

(a) Revenue by segment

	2009			2008		
	External revenue £'000	**Inter segment £'000**	**Total £'000**	External revenue £'000	Inter segment £'000	Total £'000
Aircraft & Vehicle Systems	**157,654**	**2,566**	**160,220**	130,098	3,836	133,934
Information & Power Systems	**215,881**	**7,267**	**223,148**	161,512	9,484	170,996
Tactical & Sonar Systems	**277,501**	**13,982**	**291,483**	223,661	6,891	230,552
Eliminations	**-**	**(23,815)**	**(23,815)**	-	(20,211)	(20,211)
Consolidated revenue	**651,036**	**-**	**651,036**	515,271	-	515,271

(b) Profit by segment

	2009			
	Aircraft & Vehicle Systems £'000	**Information & Power Systems £'000**	**Tactical & Sonar Systems £'000**	**Total £'000**
Headline operating profit	**20,940**	**25,325**	**51,065**	**97,330**
Amortisation of intangibles arising on acquisition	**(4,715)**	**(10,828)**	**(10,760)**	**(26,303)**
Profit on disposal of property, plant and equipment net of property-related provisions	**(1,380)**	**7,489**	**(1,100)**	**5,009**
Profit from operations	**14,845**	**21,986**	**39,205**	**76,036**
Investment revenue				**56,212**
Finance costs				**(24,350)**
Profit before tax				**107,898**
Tax				**(29,418)**
Profit after tax				**78,480**

(b) Profit by segment (continued)

	2008			
	Aircraft & Vehicle Systems £'000	Information & Power Systems £'000	Tactical & Sonar Systems £'000	Total £'000
Headline operating profit	19,727	22,188	35,176	77,091
Amortisation of intangibles arising on acquisition	(2,957)	(3,012)	(7,048)	(13,017)
Profit on disposal of property, plant and equipment net of property-related provisions	-	-	-	-
Profit from operations	16,770	19,176	28,128	64,074
Investment revenue				1,229
Finance costs				(68,191)
Loss before tax				(2,888)
Tax				4,645
Profit after tax				1,757

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

	Capital expenditure and additions to intangibles (excluding goodwill)		**Depreciation and amortisation**	
	2009 £'000	2008 £'000	**2009 £'000**	2008 £'000
Aircraft & Vehicle Systems	**1,839**	1,128	**6,339**	4,540
Information & Power Systems	**5,008**	9,925	**15,133**	6,548
Tactical & Sonar Systems	**5,547**	5,086	**14,824**	11,426
Total	**12,394**	16,139	**36,296**	22,514

The 2009 depreciation and amortisation expense includes £28,574,000 of amortisation charges (2008: £15,488,000) and £7,722,000 of property, plant and equipment depreciation charges (2008: £7,026,000).

(d) Total assets by segment

	2009 £'000	2008 £'000
Aircraft & Vehicle Systems	**104,141**	105,089
Information & Power Systems	**202,592**	200,149
Tactical & Sonar Systems	**205,920**	228,541
	512,653	533,779
Unallocated	**65,870**	80,290
Consolidated total assets	**578,523**	614,069

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

(e) Total liabilities by segment

	2009	2008
	£'000	£'000
Aircraft & Vehicle Systems	**52,421**	49,946
Information & Power Systems	**67,601**	76,148
Tactical & Sonar Systems	**90,073**	86,361
	210,095	212,455
Unallocated	**184,962**	257,545
Consolidated total liabilities	**395,057**	470,000

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

(f) Revenue by destination

	2009	2008
	£'000	£'000
United Kingdom	**173,042**	184,845
Continental Europe	**59,453**	51,892
Canada	**13,415**	15,999
USA	**336,236**	225,530
Rest of World	**68,890**	37,005
	651,036	515,271

(g) Other information (by geographic location)

	Total assets		**Additions to property, plant & equipment and intangible assets (excluding acquisitions)**	
	2009	2008	**2009**	2008
	£'000	£'000	**£'000**	£'000
United Kingdom	**204,089**	205,048	**6,442**	10,560
USA	**220,413**	265,192	**3,519**	3,422
Canada	**59,447**	42,533	**2,330**	2,141
Rest of World	**28,704**	21,006	**103**	16
	512,653	533,779	**12,394**	16,139

2. Additional performance measures

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

	2009	2008
	£'000	£'000
Profit from operations	**76,036**	64,074
Amortisation of intangibles arising on acquisition	**26,303**	13,017
Profit on disposal of property, plant and equipment net of property-related provisions	**(5,009)**	-
Headline operating profit	**97,330**	77,091
Profit/(loss) before tax	**107,898**	(2,888)
Amortisation of intangibles arising on acquisition	**26,303**	13,017
(Profit)/loss on fair value movements on derivatives	**(55,630)**	62,069
Profit on disposal of property, plant and equipment net of property-related provisions	**(5,009)**	-
Loss on closing out foreign currency hedging contracts	**15,924**	-
Headline profit before tax	**89,486**	72,198
Cash generated by operations	**120,944**	94,579
Purchase of property, plant and equipment	**(10,042)**	(14,198)
Proceeds on disposal of property, plant and equipment	**3,062**	1,231
Expenditure on product development and other intangibles	**(2,352)**	(1,941)
Purchase of Long-Term Incentive Plan shares	**-**	(674)
Operating cash flow	**111,612**	78,997

Headline operating profit has been shown before 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, this charge has been excluded from headline operating profit. In addition headline operating profit is stated before the profit on disposal of property, plant and equipment net of property-related provisions, which includes the net profit recognised on the disposal of the Armitage Road, Rugeley property and is after deducting a dilapidations provision relating to a number of properties that are approaching their lease expiry dates. Headline profit before tax and headline earnings per share (see note 7) are also 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. Following the significant exchange rate movements that occurred in the latter part of 2008, the Group reviewed its level of hedging cover for the next two years and reduced it to match the expected net inflow of US dollars. In doing so, during 2009, the Group incurred one-off costs of £15.9m associated with closing out the hedging contracts. These costs do not affect the underlying operating performance of the Group. Ultra is therefore stating headline profit before tax and headline earnings per share (see note 7) before changes in the valuation of its foreign currency derivative instruments and the costs associated with the reduction in the level of hedging cover so that the headline operating performance of the Group can be seen more clearly.

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

	2009	2008
	£'000	£'000
Bank interest	**582**	1,229
Fair value movement on derivatives	**55,630**	-
	56,212	1,229

4. Finance costs

	2009	2008
	£'000	£'000
Amortisation of finance costs of debt	**384**	114
Interest payable on bank loans and overdrafts	**3,389**	4,972
Interest payable on finance leases	**1**	4
Transfers to equity on cash flow hedges	**1,759**	195
Total borrowing costs	**5,533**	5,285
Fair value movement on derivatives	**-**	62,069
Retirement benefit scheme finance cost	**2,893**	837
Loss on closing out foreign currency hedging contracts	**15,924**	-
	24,350	68,191

5. Tax

	2009	2008
	£'000	£'000
Current tax		
United Kingdom	**2,840**	10,100
Overseas	**14,089**	7,169
	16,929	17,269
Deferred tax		
United Kingdom	**10,621**	(12,570)
Overseas	**1,868**	(9,344)
	12,489	(21,914)
Total	**29,418**	(4,645)

6. Dividends

	2009 £'000	2008 £'000
Final dividend for the year ended 31 December 2008 of 18.0p (2007:14.5p) per share	**12,226**	9,806
Interim dividend for the year ended 31 December 2009 of 9.6p (2008: 8.0p) per share	**6,523**	5,419
	18,749	15,225
Proposed final dividend for the year ended 31 December 2009 of 21.6p (2008:18.0p) per share	**14,723**	12,209

The 2009 proposed final dividend of 21.6p per share is proposed to be paid on 4 May 2010 to shareholders on the register at 9 April 2010. It was approved by the Board after 31 December 2009 and has not been included as a liability as at 31 December 2009.

7. Earnings per share

	2009 pence	2008 Pence
Basic headline	**96.4**	80.1
Diluted headline	**96.2**	79.7
Basic	**115.1**	2.6
Diluted	**114.8**	2.6

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

	2009 £'000	2008 £'000
Earnings		
Earnings for the purposes of earnings per share being profit for the year from continuing operations	**78,480**	1,757
Headline earnings		
Profit for the year from continuing operations	**78,480**	1,757
(Profit)/loss on fair value movements on derivatives (net of tax)	**(39,415)**	43,927
Amortisation of intangibles arising on acquisition (net of tax)	**18,854**	8,781
Profit on disposal of property, plant and equipment net of property-related provisions (net of tax)	**(3,625)**	-
Loss on closing out foreign currency hedging contracts (net of tax)	**11,465**	-
Earnings for the purposes of headline earnings per share	**65,759**	54,465

See note 2 for an explanation of the adjustments to earnings

	2009 Number of shares	2008 Number of shares
The weighted average number of shares is given below:		
Number of shares used for basic earnings per share	**68,200,931**	68,007,223
Number of shares deemed to be issued at nil consideration following exercise of share options	**166,156**	311,743
Number of shares used for fully diluted earnings per share	**68,367,087**	68,318,966

7. Earnings per share (continued)

	2009	2008
	£'000	£'000
Headline profit before tax	**89,486**	72,198
Tax rate applied for the purposes of headline earnings per share	**26.5%**	24.6%

8. Inventories

	2009	2008
	£'000	£'000
Raw materials and consumables	**31,022**	32,989
Work in progress	**15,765**	15,778
Finished goods and goods for resale	**3,825**	4,059
	50,612	52,826

9. Trade and other receivables

	2009	2008
	£'000	£'000
Trade receivables	**75,710**	79,897
Provisions against receivables	**(1,112)**	(1,908)
Net trade receivables	**74,598**	77,989
Amounts due from contract customers	**26,594**	27,641
Other receivables	**13,993**	6,503
Prepayments and accrued income	**7,257**	5,273
	122,442	117,406

10. Trade and other payables

Amounts included in current liabilities	**2009**	2008
	£'000	£'000
Trade payables	**54,877**	61,350
Amounts due to contract customers	**39,105**	32,562
Other payables	**24,655**	38,674
Accruals and deferred income	**50,916**	38,573
	169,553	171,159

Amounts included in non-current liabilities:	**2009**	2008
	£'000	£'000
Amounts due to contract customers	**2,467**	4,545
Other payables	**11,946**	15,970
Accruals and deferred income	**3,610**	1,349
	18,023	21,864

11. Provisions

	Warranties £'000	Contract related provisions £'000	Total £'000
At 1 January 2009	9,655	9,667	19,322
Created	1,732	7,640	9,372
Utilised	(3,349)	(2,659)	(6,008)
Exchange differences	(158)	(14)	(172)
At 31 December 2009	**7,880**	**14,634**	**22,514**
Included in current liabilities	6,822	8,769	15,591
Included in non-current liabilities	1,058	5,865	6,923
	7,880	**14,634**	**22,514**

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:

	2009 £'000	2008 £'000
Fair value of scheme assets	**127,183**	100,890
Present value of scheme liabilities	**(204,680)**	(159,651)
Scheme deficit	**(77,497)**	(58,761)
Related deferred tax asset	**21,738**	16,512
Net pension liability	**(55,759)**	(42,249)

13. Cash flow information

	2009 £'000	2008 £'000
Profit from operations	**76,036**	64,074
Adjustments for:		
Depreciation of property, plant and equipment	**7,722**	7,026
Amortisation of intangible assets	**28,574**	15,488
Cost of equity settled employee share schemes	**1,490**	1,295
Decrease in post employment benefit obligation	**(863)**	(91)
Profit on disposal of property, plant and equipment, net of property related provisions	**(4,977)**	(682)
Loss on revaluation of assets transferred to held for sale	**35**	270
Disposal of asset held for sale	**726**	-
Increase in provisions	**337**	2,526
Operating cash flow before movements in working capital	**109,080**	89,906
Decrease/(increase) in inventories	**31**	(226)
Increase in receivables	**(2,481)**	(13,964)
Increase in payables	**14,314**	18,863
Cash generated by operations	**120,944**	94,579
Income taxes paid	**(13,529)**	(20,502)
Interest paid	**(5,359)**	(4,975)
Net cash from operating activities	**102,056**	69,102

13. Cash flow information (continued)

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

	2009 £'000	2008 £'000
Net increase in cash and cash equivalents	**619**	10,139
Cash outflow/(inflow) from decrease/(increase) in debt and finance leasing	**29,155**	(48,624)
Change in net debt arising from cash flows	**29,774**	(38,485)
Loan syndication costs	**-**	527
Amortisation of finance costs of debt	**(310)**	(114)
Translation differences	**5,790**	(11,624)
Movement in net debt in the year	**35,254**	(49,696)
Net debt at start of year	**(63,939)**	(14,243)
Net debt at end of year	**(28,685)**	(63,939)

Net debt comprised the following:

	2009 £'000	2008 £'000
Cash and cash equivalents	**41,809**	43,385
Bank loans	**(70,489)**	(107,214)
Obligations under finance leases included in current liabilities	**(5)**	(105)
Obligations under finance leases included in non-current liabilities	**-**	(5)
	(28,685)	(63,939)

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

On 5 February 2010 the Group renewed its £120m banking facility which is provided by a small syndicate led by the Royal Bank of Scotland. This renewed facility provides revolving credit over a three and a half year period and is denominated in Sterling, Australian dollars, Canadian dollars, Euros or US dollars and is used for balance sheet and operational needs. The facility is provided in equal proportions by the Royal Bank of Scotland, Bank of America, Barclays, Lloyds TSB and Santander. This facility is in addition to the groups existing £80m Revolving Credit Facility and a £10m overdraft facility for funding short-term working capital requirements.

15. Acquisitions

Tisys SA

On 20 May 2009, the Group acquired the entire share capital of Tisys SA, a Company based in Annecy, France for a cash consideration including costs of £5.2m. The aggregate net assets acquired and their provisional fair values based on the Directors' initial assessment of net realisable value together with details of the purchase consideration were as follows:

	Book value £'000	Revaluations £'000	Fair value £'000
Intangible assets	32	1,866	1,898
Property, plant and equipment	21	-	21
Net cash	843	-	843
Inventories	77	-	77
Receivables	1,670	-	1,670
Payables	(1,488)	(723)	(2,211)
Net assets acquired	1,155	1,143	2,298
Goodwill arising on acquisition			2,861
Purchase consideration, including acquisition costs			**5,159**

The profit contribution from Tisys was approximately £0.2m in the period from date of acquisition to 31 December 2009, before a charge of £0.5m relating to the amortisation of intangibles arising on acquisition. The goodwill arising on the acquisition is attributable to the value of synergies arising from the acquisition, the acquiree's assembled workforce and anticipated future profits from access to new markets.

Avalon Systems Pty Ltd

On 7 July 2009, the Group acquired the entire share capital of Avalon Systems Pty Ltd, a Company based in Adelaide, Australia for a cash consideration including costs of £8.3m. The aggregate net assets acquired and their provisional fair values based on the Director's initial assessment of net realisable value together with details of the purchase consideration were as follows:

	Book value £'000	Revaluations £'000	Fair value £'000
Intangible assets	-	4,261	4,261
Property, plant and equipment	790	-	790
Receivables	1,800	-	1,800
Payables	(829)	(1,278)	(2,107)
Net assets acquired	1,761	2,983	4,744
Goodwill arising on acquisition			3,543
Purchase consideration, including acquisition costs			**8,287**

The profit contribution from Avalon was approximately £0.9m in the period from date of acquisition to 31 December 2009, before a charge of £0.8m relating to the amortisation of intangibles arising on acquisition. The goodwill arising on the acquisition is attributable to the value of synergies arising from the acquisition, the acquiree's assembled workforce and anticipated future profits arising from access to new markets.

15. Acquisitions (continued)

Scytale Inc

On 16 October 2009, the Group acquired the entire share capital of Scytale Inc, a company based in Baltimore, Maryland, USA for an initial cash consideration including costs of £3.3m. The aggregate net assets acquired and their provisional fair values based on the Director's initial assessment of net realisable value together with details of the purchase consideration were as follows:

	Book value £'000	Revaluations £'000	Fair value £'000
Intangible assets	-	2,015	2,015
Property, plant and equipment	133	-	133
Inventories	85	-	85
Receivables	535	-	535
Payables	(305)	(814)	(1,119)
Net assets acquired	448	1,201	1,649
Goodwill arising on acquisition			3,239
Purchase consideration, including acquisition costs			**4,888**
Total consideration			**4,888**
Less deferred consideration			**(1,606)**
Cash consideration			**3,282**

The profit contribution from Scytale was approximately £0.1m in the period from date of acquisition to 31 December 2009. The goodwill arising on the acquisition is attributable to the value of synergies arising from the acquisition, the acquiree's assembled workforce and anticipated future profits arising from access to new markets.

Xerion Systems Inc.

On 7 August 2009, the Group acquired the trade and assets of Xerion Systems Inc for a cash consideration of £0.5m including costs. Goodwill arising on the acquisition amounted to £0.7m. The profit contribution from Xerion in the period was not significant.

16. Five year review

	2005 £m	2006 £m	2007 £m	2008 £m	**2009 £m**
Revenue					
Aircraft & Vehicle Systems	84.4	93.9	100.0	130.1	**157.6**
Information & Power Systems	117.3	120.5	126.6	161.5	**215.9**
Tactical & Sonar Systems	140.7	162.6	186.3	223.7	**277.5**
Total revenue	342.4	377.0	412.9	515.3	**651.0**
Headline operating profit(1)					
Aircraft & Vehicle Systems	15.9	13.2	16.1	19.7	**20.9**
Information & Power Systems	18.1	19.3	19.6	22.2	**25.3**
Tactical & Sonar Systems	17.1	25.0	27.2	35.2	**51.1**
Total headline operating profit(1)	51.1	57.5	62.9	77.1	**97.3**
Margin(1)	14.9%	15.3%	15.2%	15.0%	**15.0%**
Profit/(loss) before tax	40.7	55.0	56.6	(2.9)	**107.9**
Profit after tax	29.4	39.6	41.2	1.8	**78.5**
Operating cash flow(2)	53.8	56.5	52.2	79.0	**111.6**
Free cash before dividends, acquisitions and financing(3)	38.1	40.9	36.3	54.7	**93.3**
Net debt at year-end(4)	34.3	7.2	14.2	63.9	**28.7**
Headline earnings per share (p)(5)	50.7	58.4	65.4	80.1	**96.4**
Dividends per share (p)	15.9	18.5	21.2	26.0	**31.2**
Average employee numbers	2,880	2,989	3,054	3,582	**3,961**

Notes:
1. Before 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. Bank overdrafts and loans less cash and cash equivalents.
5. Before 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.

17. The financial information set out above is based on the Company's financial statements for the years ended 31 December 2009 and 31 December 2008 which are prepared in accordance with IFRS as adopted by the EU. Statutory accounts for 2008 have been delivered to the Registrar of Companies and those for 2009 will be delivered following the Company's annual general meeting. The auditors have reported on those accounts; their reports were unqualified and did not draw attention to any matters by way of emphasis without qualifying their report. The report on the 31 December 2009 financial statements did not contain statements under

S498 (2) or (3) Companies Act 2006 and the report on the 31 December 2008 financial statements did not contain statements under S237 (2) or (3) Companies Act 1985.

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 2008. The company expects to publish full financial statements that comply with IFRS on 31 March 2010 (see note 18 below).

18. 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.