Financial Review 2006
### Group profit and loss account

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2005</th>
<th>Movement</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Turnover</strong></td>
<td>62.3</td>
<td>56.1</td>
<td>11.0%</td>
</tr>
<tr>
<td><strong>Contribution</strong></td>
<td>25.4</td>
<td>23.2</td>
<td>9.3%</td>
</tr>
<tr>
<td><strong>Unallocated expenses</strong></td>
<td>(20.1)</td>
<td>(19.3)</td>
<td>4.1%</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>5.3</td>
<td>3.9</td>
<td>34.9%</td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td>5.8</td>
<td>4.5</td>
<td>30.5%</td>
</tr>
<tr>
<td><strong>Earnings per share</strong></td>
<td>11.8p</td>
<td>10.1p</td>
<td>16.8%</td>
</tr>
</tbody>
</table>

**2005 Operating Profit pro forma £5.0m**
### Sales and Contribution (£m)

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2005</th>
<th>% Movement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sales</td>
<td>Contribution</td>
<td>Sales</td>
</tr>
<tr>
<td>Components</td>
<td>32.0</td>
<td>14.8</td>
<td>26.6</td>
</tr>
<tr>
<td>Signals/Illumination</td>
<td>30.3</td>
<td>10.6</td>
<td>29.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>62.3</strong></td>
<td><strong>25.4</strong></td>
<td><strong>56.1</strong></td>
</tr>
</tbody>
</table>
### Contribution Margin

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Components</td>
<td>46.2%</td>
<td>50.1%</td>
</tr>
<tr>
<td>Signals/Illumination</td>
<td>35.0%</td>
<td>33.5%</td>
</tr>
</tbody>
</table>
Significant Cashflow Items

- £2.5m acquisition of Lumidrives
- £0.8m ongoing cash contribution to DB pension schemes
- £0.3m funding of Employee Share Plan
- Working capital absorption £4.1m
- Dividend payment of £1.5m
Components

- Good overall growth in 2006
- Major “one time” disconnect contracts
- Distributor POS growth 6%
- Continued strong position with key accounts
- Market slowdown in December 2006 continued through the first quarter
- Good opportunities for Meter Disconnects in the US
Signals/Illumination

2005

- Traffic: 63%
- Obstruction: 15%
- Illumination: 25%
- Other: 1%

2006

- Traffic: 54%
- Obstruction: 15%
- Illumination: 10%
- Other: 21%
Disappointing revenue affected by:
- Deferral of big city Traffic Light contracts in USA
- Obstruction Light market in Poland slow
- Cautious adoption of LEDs by major US Lighting OEMs
- Strategy for growth still valid with major expansion expected to come from European Traffic, Obstruction, Coloured Lighting and Industrial White Lighting
2006 New Products for Growth

- US Traffic New ITE Range of Signals
- European Traffic
  - New range of Signals for Siemens Germany
  - New 40 volt Signals for Netherlands
  - New 40 volt Signals for Germany
  - New versatile driver for general European Market
2006 New Products for Growth

- Obstruction
  - Generation 3 Red Beacon
  - Hazardous Location Red Beacon
  - Hazardous Location Signal Lights
  - Universal Tower Adaptor
2006 New Products for Growth

- Obstruction continued....
  - 20,000 Candela White Strobe for US Cellular and European Wind Markets
2006 New Products for Growth

- Obstruction continued….
  - 20,000 Candela White Strobe for US Cellular and European Wind Markets
  - Synchronised Red Beacon for US Wind Market
2006 New Products for Growth

- Illumination
  - Hazardous Location White Downlight
  - Colourdriver RF
2007 New Products for Growth

- “Safesite” Hazardous Location Downlight for 100watt HID replacement
- Light engine launch at Lightfair 2007
- Product submitted to UL/ETL 4/16 for C1/D2 approval (mid May completion)
- Beta sites May/June
2007 New Products for Growth

- Colourdriver XP
  - Next Generation product with added value features for colour
2007 New Products for Growth

- **Linkled IP**

  Patent applied for:
  Multi use cable grommet, secures cable, retains resin and maintains IP seal.
2007 New Products for Growth

- Fluorescent replacement for bus interiors
2007 New Products for Growth

- Spectramix fixtures using Power Line Modems
2008 (?) New Products for Growth

- DTI Light Engine project
  - 12,000 Lumen Light Engine for Low Energy Street Lighting
  - Project in association with University of Manchester
  - Objective to produce cost effective solution
Research & Development

Intellectual Property essential to protect innovation

- 25 Patents filed
- 32 Patents pending
- 10 Patents issued

Operations

- Mexico transitioned to new site
- ISO 9000 for Mexico as well as Farmingdale, Roxboro and Newmarket
- Newmarket recommended for TS16949
- Successful transition of Traffic Light Manufacturing from Germany to Newmarket
- Lumidrives moved to larger facility
- Over 60% of workforce in low cost labour area
- Material cost reduction programmes in place
Summary

- Components orders expected to continue at current levels throughout the year
- Potential for Smart Meter Disconnect in US Market
- Continued growth in European Traffic
- Continued growth of Obstruction red lights
- White Strobe to drive Obstruction in Wind and Cellular Markets
- Continued growth in Lighting both coloured and white as new products introduced and customer projects launch through 2007 after Lightfair
- Engineering focus on new products and patents
- Operations to focus on maintaining/improving margins and improving supply chain