

For release: 30 July 2010

Chairman's Statement to the Annual General Meeting, 30 July 2010

The Company's results for 2009 published earlier this year showed that the company had recovered from the previous year's downturn with sales up at £7.62M (£6.67M – 2008) and profits before tax up at £452K (£289K – 2008). Exports once again continued to dominate the business with over 96% of sales being overseas (96% - 2008) with North America continuing as our largest market with sales of £5.3M (£3.83M – 2008).

The Company has also today announced its half year results for 2010, which show an almost identical picture to the first half of 2009. The challenge now is to replicate or improve on the second half of last year to deliver a result through to 31 December at least as good as 2009.

The UK pound sterling has been relatively weaker against the US dollar for most of last year and this, which has been helpful, but it has recently started a trend of strengthening since the UK election. Nevertheless, we remain competitive and well placed while it is at its current levels.

The current modest improvement in the global economy has yet to have any significant effect on overall business levels. We anticipate that the aerospace market will grow slowly through 2011 but the electronics sector on the other hand has already started growing quite strongly. We expect the core business to continue at about previous levels although we see interesting opportunities for new products and business both within our current markets and elsewhere.

The Company has maintained close control of cash and currently expects to remain cash positive through to the year end.

The period through to the end of 2010 and into 2011 will continue to be challenging in these relatively flat market conditions. However, the Board is satisfied that there are continued requirements for our current products and services and that the Company is following the right strategy and is developing the correct mix of new products to support the future growth of the business as the economy begins to return the real growth overall.



Dr. Peter Dickinson
Chairman

The directors of the issuer accept responsibility for this announcement.

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