

For immediate release

27 August 2009

Spectrum Technologies plc
Chairman's Statement to the Annual General Meeting, 27 August 2009



The Company's results for 2008 published earlier this year reflect the impact of the global downturn with sales down to £6.67M (£8.38M – 2007) and profits before tax down to £257K (£566K – 2007). Exports once again continued to dominate the business with over 96% of sales being overseas (93% - 2007) and North America continuing as our largest market with sales of £3.83M. The weakness of the US dollar versus sterling through to the third quarter of 2008 continued to have a negative effect on profits throughout the whole year and into this year as forward exchange contracts that were put in place throughout 2007/8 unwound. The relative strength of the dollar since last autumn has helped rebalance the situation this year, although this has been offset by the general downturn in the markets which has continued into 2009.

Despite the exceptional economic downturn and volatility seen in the global markets over the last 18 months Spectrum has managed to avoid the worst of the fall out. The Company has been relatively well positioned compared to the post 9/11 downturn in that it entered this recession with a strong product range, having completed the introduction of a new generation of wire markers and updated wire stripper products in early 2008. These have enabled it to continue to attract orders for its products into the aerospace and electronics markets. The Company has consequently avoided having to downsize and has in fact continued to expand moderately while investing in new product developments.

Our products continue to be well received in the market and we have maintained a strong position against the competition throughout the current year. A key new product development in hand is NovaJet, a new ink jet based wire marking system developed to process non-laser markable wires for specialist aerospace and non-aerospace applications, the first of which is due to be delivered to the launch customer, Sikorsky Aircraft, in the near future.

By maintaining close control of cash during this period Spectrum has also been able to meet a key goal of significantly strengthening its financial position, achieving a much stronger position at the end of first half of this year with net cash at £519K compared to a net negative position of (£112K) in mid 2008. The Company currently expects to remain cash positive through to the year end.

The period through to the end of 2010 will no doubt continue to be challenging. We have seen reduced customer activity and volatility in order intake over the last eighteen months. Nevertheless the Company remains on a stable footing with business at current levels. Observers of the general economy are beginning to talk about the end of recession and the expectation is for a return to growth in the medium term. The Board is satisfied that the Company has been moving in the right direction and that there are continued requirements for our current products and services and real potential for the new products now coming on stream. We will therefore continue to maintain a steady course while preparing for the upturn.

ENDS

A handwritten signature in black ink, appearing to read "P. Dickinson", with a horizontal line underneath it.

Dr. Peter Dickinson
Chairman

The directors of the issuer accept responsibility for this announcement.

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