

Key Technologies PLC

Chairman / CEO's Statement in respect of the Preliminary Results for the 12 months ended 30 June 2009

We are pleased to report a year of further progress in which the underlying profit before taxation of £2.889m was 26.4% ahead of the previous year (£2.285m). Revenue during the period was £20.700m, which was 10.7% ahead of the previous year (£18.707m). The underlying basic earnings per share for the year of 30.0p was 9% ahead of last year's figure of 27.5p.

Despite the recession, and the anticipated reductions in government spending, we believe that our key markets of defence and rail will be resilient, given the challenges faced by the defence and infrastructure markets.

During the year we generated a healthy cash flow of £3.258m from operating activities. This resulted in the company having net cash of £3.3m at the year end and borrowings of £2.8m including hire purchase agreements.

In November 2008, the company issued new ordinary shares with net proceeds of £1.8m. This equity was raised to fund future developments and acquisitions, particularly in the Defence, Security and Rail sectors.

Our two major divisions of STS Defence and STS Rail both performed well during the year.

In addition, our other business, STS Switchgear, continued to make a contribution to our overall performance.

STS Defence

STS Defence produced growth in both sales and profitability over the previous year and continued to win new orders for the future. This division continues to win new customers and further investment in new equipment and technology was made during the year. It is pleasing to report that recently we have received accreditation for Nadcap, the leading global quality assurance standard for aerospace contractors. We are the first company in the UK to achieve this for our product sector. This will enable us to extend our customer base further and put us in an excellent position to win additional contracts.

STS Rail

STS Rail continued to perform well in a competitive market, winning additional business on repeating contracts. Further capital investment was expended to improve our operating efficiencies and enhance our quality rating.

Acquisitions

We have a very strong balance sheet and have significant borrowing facilities available for further development of our business, particularly relating to acquisitions. We continue to evaluate well-researched targets that will be earnings enhancing and make a good fit within the Group going forward.

Dividends

A final dividend of 1.2p will be paid on 7 January 2010 to shareholders on the register on 25 November 2009.

Outlook

The new financial year has started well, with a particularly good order book in our STS Defence business. Although the markets in which we operate are competitive, we are responding to the challenges of the global economy in a robust manner. We expect to make further progress in the current year.

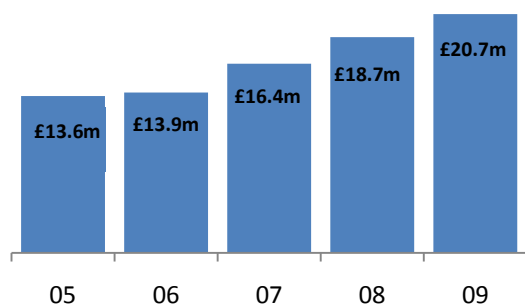
Key Technologies PLC

Key Financial Highlights

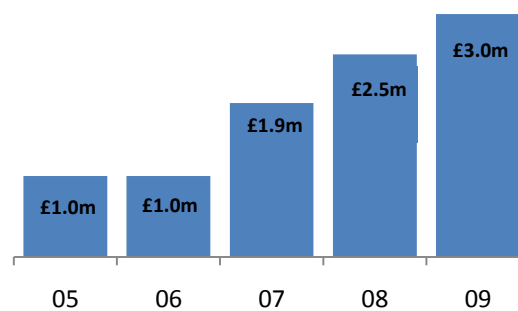
- Record revenue and profits
- Underlying earnings per share growth of 9.1%
- First dividend declared of 1.2p

Results from continuing business	2009		2008
Revenue	£20.700m	+10.7%	£18.707m
Underlying operating profit	£3.014m	+20.7%	£2.498m
Underlying profit before tax	£2.889m	+26.4%	£2.285m
Underlying earnings per share	30.0p	+9.1%	27.5p
Net cash/(debt)	£0.511m	£3.756m	(£3.245)m

Revenue



Underlying Operating Profit



INDEPENDENT AUDITOR'S STATEMENT TO THE DIRECTORS OF KEY TECHNOLOGIES PLC

We have examined the non-statutory summary consolidated financial statements for the year ended 30 June 2009 consisting of consolidated income statement, consolidated balance sheet and consolidated cashflow statement.

Respective responsibilities of the directors and the auditor

The directors are responsible for preparing the summarised annual report consisting of the Chairmans Statement and summarised annual financial statements (consolidated income statement, consolidated balance sheet and consolidated cashflow statement) in accordance with applicable United Kingdom law.

Our responsibility is to report to you our opinion on the consistency of the summarised annual financial statements within the summarised annual report with the full annual financial statements and the Directors' Report.

We also read the other information contained in the summarised annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the summarised financial statements. The other information comprises only the Chairman's Statement.

We conducted our work in accordance with principles contained in Bulletin 2008/3 issued by the Auditing Practices Board. Our report on the company's full financial statements describes the basis of our opinions on those financial statements and on the Directors' Report.

Opinion

In our opinion the non-statutory summary financial statements are consistent with the full financial statements and the Directors' Report of Key Technologies plc for the period ended 30 June 2009.

We have not considered the effects of any events between the date on which we signed our report on the full annual financial statements (16 September 2009) and the date of this statement.

HLB Vantis Audit plc

Date: 29 September 2009

**Chartered Accountants
Registered Auditor**

Stoughton House
Harborough Road
Oadby
Leicester
LE2 4LP



Key Technologies PLC

CONSOLIDATED INCOME STATEMENT

	12 Months Ended 30 June 2009		12 Months Ended 30 June 2008	
	£'000		£'000	
Turnover	20,700	100.0%	18,707	100.0%
Cost of sales	(13,804)	(66.7%)	(12,413)	(66.4%)
Gross profit	6,896	33.3%	6,294	33.6%
Administration costs	(3,926)	(19.0%)	(3,820)	(20.4%)
Other operating income	44	0.2%	24	0.1%
Underlying operating profit	3,014	14.6%	2,498	13.4%
Net interest payable	(171)	(0.8%)	(251)	(1.3%)
Other finance income	46		38	
Underlying profit before tax	2,889	14.0%	2,285	12.2%
Loan cost amortisation	(10)		(62)	
Share based payments	29		(153)	
Profit before tax	2,908	14.0%	2,070	11.1%
Corporation tax	(786)	(3.8%)	(582)	(3.1%)
Net profit before dividend	2,122	10.3%	1,488	8.0%
Dividend				
Retained profit	2,122	10.3%	1,488	8.0%
Basic earnings per share	30.4p		24.0p	
Underlying basic earnings per share	30.0p		27.5p	
Diluted earnings per share	29.1p		23.4p	
Underlying diluted earnings per share	28.7p		26.8p	

Key Technologies PLC

CONSOLIDATED BALANCE SHEET

	30 June 2009	30 June 2008
	£'000	£'000
Fixed assets		
Intangible assets	7,842	7,782
Tangible assets	959	662
Retirement benefit scheme	51	227
	8,852	8,671
Current Assets		
Stocks	1,491	1,841
Trade and other receivables	3,505	3,610
Cash at bank and in hand	3,302	350
Net Current Assets	8,298	5,801
Current Liabilities		
Bank loan and overdraft	(690)	(937)
Trade and other payables	(6,176)	(6,323)
Hire purchase contracts	(84)	(51)
Net Current Liabilities	(6,950)	(7,311)
Net current assets / (liabilities)	1,348	(1,510)
Non Current Liabilities		
Bank and other loans	(1,897)	(2,587)
Hire purchase contracts	(120)	(20)
Deferred tax	(38)	(71)
Provisions	(236)	(385)
	(2,291)	(3,063)
	7,909	4,098
Capital & Reserves		
Called up share capital	74	62
Share premium account	1,777	-
Merger reserve	3,410	3,410
Profit and loss account	2,648	626
	7,909	4,098

Key Technologies PLC

CONSOLIDATED CASH FLOW STATEMENT

	12 Months Ended 30 June 2009 £'000	12 Months Ended 30 June 2008 £'000
Cash Flow from operating activities		
Operating profit	3,043	2,345
Share based payment transactions	(29)	153
Depreciation	255	196
Amortisation of licences	7	6
Net cost of defined benefit schemes	(6)	3
Profit on disposal of tangible assets	-	(1)
Change in stocks	350	(325)
Change in debtors	105	(658)
Change in current liabilities	(310)	624
Change in provisions	(157)	(63)
Net cash inflow from operating activities	3,258	2,280
Returns on investments and servicing of finance		
Net interest paid	(125)	(250)
Taxation		
Corporation tax paid	(602)	(420)
Capital expenditure		
Acquisition of tangible assets	(552)	(359)
Acquisition of intangible assets	(2)	(2)
Receipts from sales of fixed assets	-	1
Net cash outflow from capital expenditure	(554)	(360)
Acquisition and disposals		
Payments to acquire subsidiary undertakings	-	(1,681)
Financing		
Short term bank loan repayments		
Long term bank loan repayments	(700)	(2,750)
New long term bank loans	-	3,452
Capital element of hire purchase contracts	133	(51)
Net proceeds from share issue	1,789	-
Net cash inflow from financing	1,222	651
Increase in cash for the period	3,199	220

Note to the Financial Statements for the Year Ending 30 June 2009

On 1 April 2008 Key Technologies PLC (formerly Ensco 658 Limited) acquired the entire share capital of STS International Limited. As a result the trading period in the statutory accounts of Key Technologies PLC represents the 15 month period from 1 April 2008 to 30 June 2009. The statutory accounts were prepared in accordance with International Accounting Standards.

To aid comparison the summary financial statements above compare the group results of Key Technologies PLC for the 12 months to June 2009 with the group results of STS International Limited for the 12 months to June 2008, combined with the single entity results of Key Technologies PLC for the trading period from 1 April 2008 to 30 June 2008.

Prior to the current period the group prepared consolidated statutory accounts in line with United Kingdom Accounting Standards. In order bring the comparative figures for 2008 into line with International Accounting Standards an adjustment has been made to reverse goodwill amortisation previously charged. The directors consider that there are no further material amendments required to the comparative figures in order to bring them into line with International Accounting Standards.

Any information in the financial statements referring to trading prior to the year ending June 2008 relates only to the group results of STS International Limited.

Key Technologies PLC

Financial Calendar

Annual General Meeting	18 th November 2009
Ex-dividend date for 2009 final dividend	25 th November 2009
Final 2009 ordinary dividend payable	7 th January 2010
Announcement December 2009 interim results	March 2010