

| 13 November 2006

**Preliminary Announcement
Year ended 30 September 2006**

DIPLOMAPLC

DIPLOMAPLC I

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I Group Overview

Overview – Sectors and Operating Businesses

Life Sciences

Serving research, environmental and clinical laboratories

Anachem

a1-envirosciences

Somagen

30% of Group Revenue

Seals

Hydraulic kits and components for heavy mobile machinery

Hercules Bulldog

HKX

FPE

28% of Group Revenue

Controls

Meeting the control needs of technically demanding operations

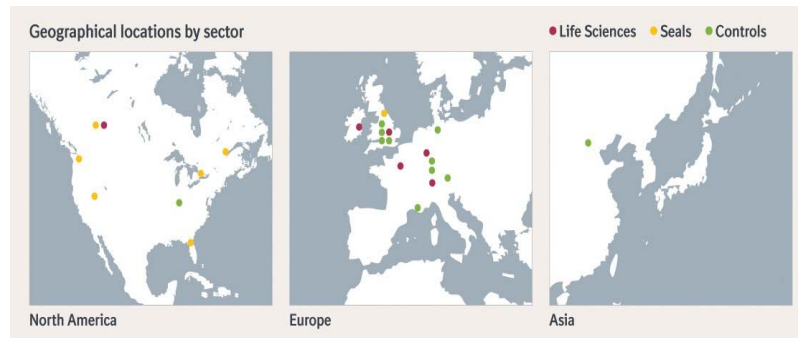
IS Group

Sommer Filcon

Hawco

42% of Group Revenue

Overview – Geographical Location



Overview – Strategy

The Group's strategic objective is to build more substantial, broader based businesses through a combination of organic growth and acquisition.

Strategic themes

- Focus on growth market segments
- Secure supply of quality differentiated products
- Strong customer relationships under-pinned by full service offering
- Motivated and committed management teams
- Efficient and responsive operations and information systems
- Carefully selected acquisitions to accelerate growth

Overview of Results

	Year ended 30 September		
	2006	2005	
Revenue	£128.2m	£111.3m	+15%
Operating profit, before sale of property	£19.4m	£16.5m	+18%
Profit before tax	£31.2m	£17.2m	+81%
Adjusted profit before tax	£20.4m	£17.2m	+19%
Free cash flow	£24.3m	£11.9m	+104%
Adjusted earnings per share	62.8p	53.7p	+17%
Dividends per share	23.0p	20.0p	+15%

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II Financial Highlights

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Profit Before Tax

	Year ended 30 September		
	2006 £m	2005 £m	
Revenue	<u>128.2</u>	<u>111.3</u>	+ 15%
Operating profit, before sale of property	19.4	16.5	+ 18%
<i>Operating margin</i>	<i>15.1%</i>	<i>14.8%</i>	
Finance income	<u>1.0</u>	<u>0.7</u>	
Adjusted profit before tax	20.4	17.2	+ 19%
Amortisation of acquisition intangibles	(0.3)	-	
Profit on sale of property	<u>11.1</u>	<u>-</u>	
Profit before tax	<u>31.2</u>	<u>17.2</u>	+ 81%

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Profit After Tax

	Year ended 30 September		
	2006 £m	2005 £m	
Profit before tax	31.2	17.2	
Taxation			
- on operations	(6.1)	(5.0)	
- on property	(0.9)	-	
Profit after tax	<u>24.2</u>	<u>12.2</u>	
Effective tax rate on operations	29.9%	29.1%	
Earnings per share			
Adjusted	62.8p	53.7p	+ 17%
Basic	105.5p	52.4p	+ 101%

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Free Cash Flow

	Year ended 30 September	
	2006 £m	2005 £m
Operating profit before property sale	19.1	16.5
Depreciation and amortisation	1.9	1.5
Working capital	(0.3)	(1.9)
Other*	0.2	0.3
Operating cash flow	20.9	16.4
Interest	1.0	0.7
Taxation	(7.1)	(3.7)
Capital expenditure	(1.4)	(1.4)
Property proceeds	11.0	0.4
Purchase of own shares	(0.1)	(0.5)
Free cash flow	24.3	11.9

* Pension and share schemes, net

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Cash Funds

	Year ended 30 September	
	2006 £m	2005 £m
Free cash flow	24.3	11.9
Acquisition cash paid	(7.0)	-
Deferred consideration paid	(1.0)	(0.3)
Dividends	(5.0)	(4.1)
	11.3	7.5
Cash funds brought forward	25.7	17.9
Exchange movement	(0.3)	0.3
Cash funds	36.7	25.7

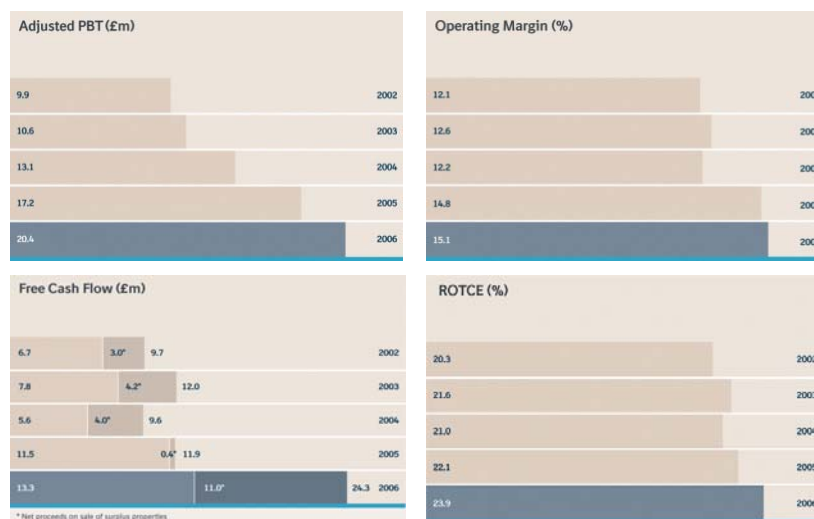
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Shareholders' Funds

As at 30 September	2006 £m	2005 £m
Goodwill	28.0	24.6
Other intangible assets	2.6	0.6
Tangible assets	9.5	9.8
	40.1	35.0
Net working capital	19.0	17.7
Trading capital employed	59.1	52.7
Retirement benefit obligations	(4.7)	(4.4)
Deferred tax asset	3.4	3.1
Cash funds	36.7	25.7
	94.5	77.1
less: Minority interests	(1.6)	(1.7)
Total shareholders' equity	92.9	75.4

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Key Financial Performance Measures



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III Review of Operations

Life Sciences – Overview

Suppliers of consumables, instrumentation and related services to research, environmental and clinical diagnostic laboratories

Year ended 30 September	2006	2005	
Revenue	£39.2m	£34.7m	+13%
Operating profit	£6.1m	£5.1m	+20%
Operating margin	15.6%	14.7%	

Life Sciences – Products



Life Sciences – Sector Breakdown

Customers	Geography	Products
LIFE SCIENCES RESEARCH 40%	UNITED KINGDOM 50%	CONSUMABLES 61%
INDUSTRIAL & ENVIRONMENTAL 20%	NORTH AMERICA 41%	SERVICE 10%
CLINICAL 40%	CONTINENTAL EUROPE 9%	INSTRUMENTATION 29%

Life Sciences – Highlights

- **Somagen** achieved steady sales growth with good performances in consumables, capital and service
- Sales and particularly operating profits boosted by appreciation of Canadian dollar
- Strong double digit sales growth for **a1-envirosciences**
- Operating margins improved significantly as greater critical mass was achieved
- **Anachem** maintained position in Bioscience through field sales coverage and relentless direct marketing
- New instruments and software gave improvement in second half to Instruments business

Life Sciences – CBISS Acquisition



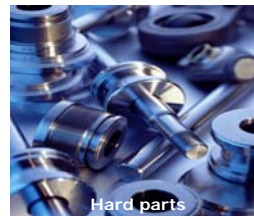
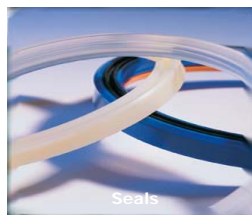
- Acquisition of CBISS completed in October 2006, for a maximum consideration of £6.0m
- CBISS is the leading UK supplier of bespoke CEMS (continuous emission monitoring systems) for waste incineration
- Also supplies equipment for gas leak detection and process and toxic gas monitoring
- Comprehensive service contracts and analyser hire account for 30% of revenues

Seals – Overview

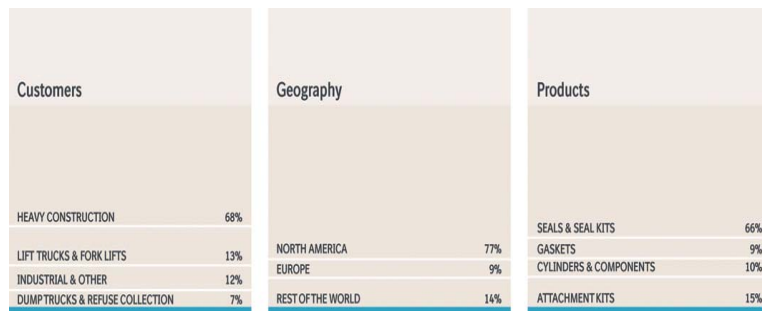
Suppliers of hydraulic seals, gaskets, cylinders and attachment kits for heavy mobile machinery applications

Year ended 30 September	2006	2005	
Revenue	£35.9m	£27.6m	+30%
Operating profit	£5.5m	£4.1m	+34%
Operating margin	15.3%	14.9%	

Seals – Products



Seals – Sector Breakdown



Seals – Highlights

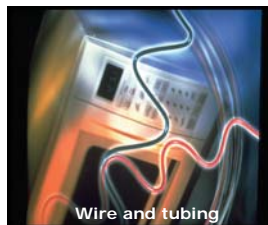
- Strong performance from **Hercules** business in US and Canada; 40% increase in international sales
- New sales and marketing initiatives brought growth for **Bulldog** in the second half, reversing the first half shortfall
- Investment in Hercules and Bulldog operations gave further gains in operational efficiencies and hence margins
- Exceptional growth in **HKX** since its acquisition in November 2005; facility move and IT upgrade completed
- IT upgrade completed at **FPE**, benefits should be seen in 2007

Controls – Overview

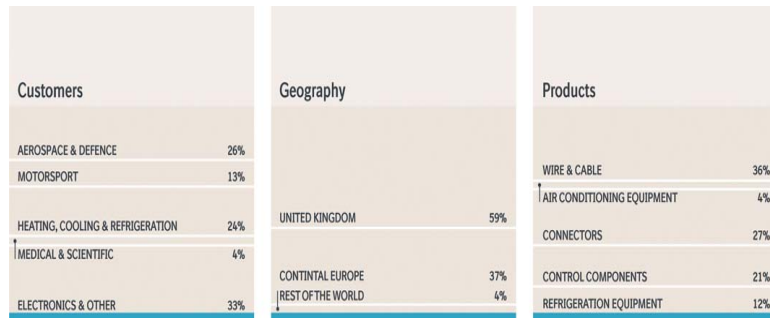
Suppliers of specialised wiring, connectors, fasteners and control devices for a range of technically demanding applications

Year ended 30 September	2006	2005	
Revenue	£53.1m	£49.0	+8%
Operating profit	£7.8m	£7.3m	+7%
Operating margin	14.7%	14.9%	

Controls – Products



Controls – Sector Breakdown



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Controls – Highlights

- Continued strong growth for the **IS Group** in buoyant Defence, Aerospace and Motorsport markets
- UK warehousing and logistics operations consolidated in Swindon; kitting operations expanded
- Strong order levels for **Sommer Filcon** from a range of defence programmes; medical sales also strong
- Successful cross selling between Sommer and Filcon sales teams; new franchises secured for cable protection and connector products
- **Hawco** Refrigeration business continued to grow; sales management strengthened in Controls business

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IV Outlook and Prospects

Outlook and Prospects

- The new financial year has started positively with the Group trading in line with internal budgets
- The Defence, Aerospace, Motorsport and Environmental markets in Europe continue to be relatively buoyant; some signs of caution in North American markets
- More modest growth likely in the core businesses this financial year
- Continued strong growth more dependent on further high quality acquisitions