

**10 April 2006**

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**AEA Technology plc**

**Pre-close trading update and significant contract win.**

AEA Technology plc is today providing an update on trading prior to entering its close period ahead of its preliminary result announcement scheduled for June 8<sup>th</sup> 2006 and reporting a significant contract win.

The results for the Group for the year to March 31<sup>st</sup> 2006 will be in line with the market's expectations for pre-tax profits.

AEA Environment had a good year. In addition to a strong UK performance the business has made good progress in Europe winning contracts with the EU and establishing itself in Central and Eastern Europe. The Rail business successfully completed its significant restructuring and cost reduction programme, and expects to have operated at broadly breakeven in the second half. Whilst the market remains tough, the business is now in a stronger position to compete more aggressively. AEA's other businesses, Kinectrics, ESI and WMT are all expected to have performed in line with expectations.

AEA Environment has won a significant contract relating to the renewal and expansion of DEFRA's Envirowise programme, worth around £18.4 million in the first year, of which some £5.7 million will be directly attributable to our business. The contract will last for two years with the possibility of an extension to five years.

Cash performance has improved. The Company's net debt at the end of March 2006 will be better than market expectations. The target of £13m annualised cost reduction across the Group has been significantly exceeded. The Company also expects to meet its commitment to contain pension cash contributions as a result of a reduction in the pension deficit.

Chief Executive Officer Andrew McCree commented today:  
"AEA has made progress this year. The restructuring and cost reduction plans have been successful. Financial control is much improved and the Group has delivered a better cash performance. While there is still much to be done to improve the performance and focus of the Group, AEA is now in a much stronger position."

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