

Interim Results
30 September 2010

Presentation to Analysts
November 2010



Highlights

- Technical Plastics has performed well with operating profits of £2.6 million
- Precision Products was impacted by customer delays in super car lighting with operating profits lower at £0.4 million
- Group profit before tax increased to £2.5 million
- Earnings per share increased by 31.8% to 2.9 pence
- Interim dividend increased to 0.7 pence per share
- A stronger second half performance is expected in Precision Products driven by Wipac's supercar lighting programmes
- Conductive Inkjet Technology has made substantial progress this year and we have agreed a significant extension to the Atmel agreement



Technical Plastics

Six months to September	2010			2009		
	External revenue	Operating profit	Margin	External revenue	Operating profit	Margin
CTP Europe	16,307	1,105	6.8%	16,515	1,598	9.7%
CTP USA and Asia	12,408	1,477	11.9%	9,213	355	3.9%
	<u>28,715</u>	<u>2,582</u>	<u>9.0%</u>	<u>25,728</u>	<u>1,953</u>	<u>7.6%</u>



CTP Europe

- Continued growth in medical and optical business
- Business transferred from Europe to India
- Scottish facility now upgraded to be our second medical and optical plant in the UK
- LED optics business continues to grow rapidly

CTP USA and Asia

- Good volume recovery in US medical
- Chinese business sees good growth in revenues and profits
- Our new Indian facility is operating well and production capacity has been expanded

Precision Products

Six months to September	2010			2009		
£000s	External revenue	Operating profit	Margin	External revenue	Operating profit	Margin
Wipac	11,464	(142)	-1.2%	12,141	612	5.0%
Precision Engineering	3,288	493	15.0%	3,144	231	7.3%
	<u>14,752</u>	<u>351</u>	<u>2.4%</u>	<u>15,285</u>	<u>843</u>	<u>5.5%</u>



Wipac

- Profitability affected by supercar lighting programme delays and start-up costs
- Supercar lighting programmes set to deliver strong growth in the second half
- Second half sales and profitability expected to exceed the prior year second half

Precision Engineering

- Profits increased due to improved product mix and cost control
- No sustained recovery in demand



Income Statement Comparative

Six months ended	2010 £000s	2009 £000s
Revenue	43,781	41,058
Operating profit		
Divisional operating profit	2,974	2,699
Central costs	(641)	(561)
Underlying operating profit from continuing operations	2,333	2,138
Rationalisation costs	(143)	(103)
Profit on sale of surplus property	-	79
Operating profit	2,190	2,114
Net financing credit / (charge)	294	(426)
Profit before tax	2,484	1,688
Taxation	(646)	(346)
Loss on discontinued operations, net of tax	(32)	(89)
Profit for the period	1,806	1,253

- Group turnover from continuing operations increased to £43.8 million
- Underlying operating profit increased to £2.3 million
- Rationalisation costs mainly relate to transfer of large optical programmes to Scottish plant
- Net financing credit - net bank interest of £0.2 million and IAS 19 financing credit of £0.5 million
- Tax charge of 26.0%
- Interim dividend increased to 0.7 pence per share



Financial Position – Cash Flow

	£m	£m
Net debt at start of period		(14.6)
Cash from underlying operations	4.0	
Working capital	(2.1)	
Interest and tax	(0.3)	
Capital expenditure	(2.9)	
Free cash flow	(1.3)	
Pension payments above service cost	(0.2)	
Reorganisation and closure costs	(0.2)	
Proceeds from exercise of share options	0.1	
Equity dividends	(1.2)	
Cash available for corporate activities	(2.8)	
Development expenditure	(0.8)	
Exchange movement	0.3	
Movement in net debt		(3.3)
Net debt at end of period		(17.9)

- Cash from operations of £4.0 million
- Increase in working capital due to increased sales
- Capex of £2.9 million is nearly twice the depreciation charge
- Includes expenditure on -
 - Ø upgrading medical and optical capacity in the UK
 - Ø CIT pilot lines
- £0.8 million capitalised cost of R&D spend, mainly on CIT



Financial Position – Balance Sheet

Debt & Bank Facilities

- Net debt was £17.9 million as at 30 September 2010
- Group has £20.0 million of well priced committed facilities which do not expire until June 2012
- The group also has £11.6 million of overdraft facilities
- The two main covenants tests relating to the facilities – interest cover and net debt to EBITDA – both show a comfortable level of headroom

Pension

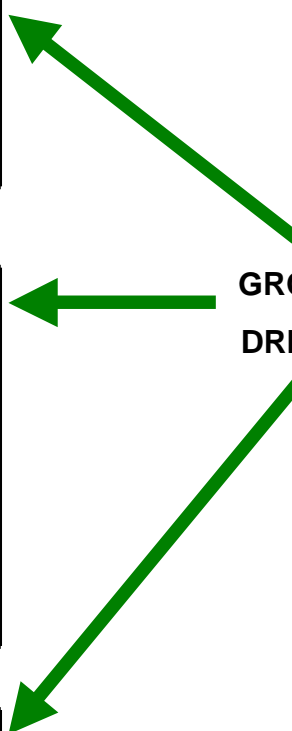
- IAS19 deficit increased to £23.3 million as at 30 September 2010
- Pension scheme assets increase in value but liability also increases due to fall in corporate bond yields
- Group income statement reflects a £0.5 million IAS 19 financing credit
- Annual recovery plan payment of £0.9 million made in October



Group Profile

	Sector	Approximate % of Group *
Technical Plastics	Medical / Optical	47%
	Electronics	10%
	Industrial / Automotive	7%
Precision Products		
Wipac	Supercar Lighting	14%
	Communications	10%
	Branded Aftermarket	3%
Precision Engineering	Aerospace	6%
	Industrial	2%
CIT	Technology	1%

GROWTH DRIVERS



* Based on sales volumes estimated for 2010 / 11



Conductive Inkjet Technology

Fine Line Technology (“FLT”)

“Our focus at CIT has been on completing the pilot line for our Fine Line Technology for the production of touch screen sensors for smart phones and high-end computing devices”

Agreement with Atmel Corporation (“Atmel”)

- \$1.0 million payment for preferential access to CIT’s capacity subject to certain milestones -
 - Ø \$0.5 million on signing in December 2009
 - Ø \$0.25 million on the installation of a dedicated production facility at Cambridge – **completed end September 2010**
 - Ø \$0.25 million on production validation – **Atmel has now agreed to release this payment**



**CONDUCTIVE
INKJET
TECHNOLOGY**

Conductive Inkjet Technology - FLT

Commercial progress

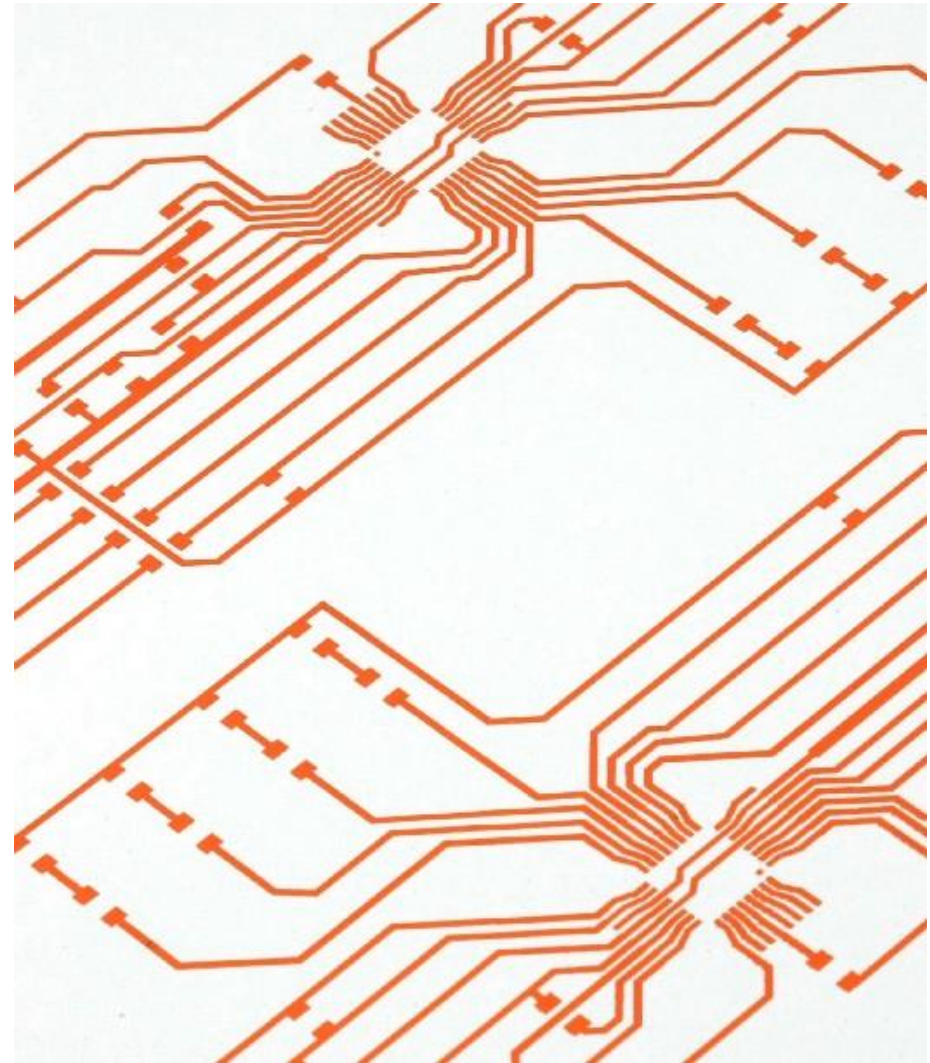
- Atmel now market leader in touch screen microcontrollers
- Atmel working closely with major mobile phone manufacturers using CIT's technology
- Agreement with Atmel has been extended -
 - Ø for a further two years subject to volume and sales revenue targets
 - Ø for an additional five years if these targets are met
 - Ø Atmel will take the lead in development of required manufacturing capacity
 - Ø Atmel will make a prepayment of \$10.0 million to CIT in respect of future supplies of coated film and products
 - Ø Prepayment will be made on commencement of volume shipments – expected in second half of 2011



Conductive Inkjet Technology - FLT

Technical progress

- CIT's second generation chemistry ("Gen 2") gave line widths of eight microns
- This line width is barely visible to the human eye but in some applications there is a residual reflectivity
- CIT has developed a third generation solution ("Gen 3") which has sub four micron lines and eliminates reflectivity
- Pilot line will be upgraded to Gen 3 in the new year and volume production is expected to commence in the second half of 2011



Conductive Inkjet Technology - InkJetFlex

- CIT's "InkJetFlex" business continues to gain momentum
- Printed electronics are manufactured at the facility in Cambridge
- CIT is supplying two RFID tag producers -
 - Ø specialised applications
 - Ø applications require the higher performance characteristics of CIT's technology
 - Ø potential future volumes in both cases are substantial
- CIT continues to supply smaller volumes to a broad range of customers with a diverse range of applications



Conductive Inkjet Technology – Other Projects

Project with Cambridge Display Technology (“CDT”)

- This programme uses CIT technology to produce fine lines on glass to replace ITO for the front electrodes of OLED displays and lighting panels
- With CDT we continue to develop this project towards commercialisation. Potential revenues are as significant as the touch screen product

Project with Eight19 Limited

- Eight19 is a Cambridge based company developing high efficiency organic photovoltaics
- CIT’s technology is being used to produce the front transparent electrode
- Joint programme is receiving funding from the Technology Strategy Board



Platform Diagnostics Limited (“PDL”)

- PDL now has a highly innovative disposable Point-Of-Care blood testing device
- The device has been shown to work well using a D-dimer assay for testing for deep vein thrombosis
- Development of the device has taken longer than expected due to manufacturing challenges
- Carclo owns outright the IPR relating to the mechanical features and the low cost electronics



Outlook

- The strategic progress made in the half year was excellent and the financial results were encouraging set against a background of continued economic uncertainty.
- The second half of the financial year is set to build on this momentum.
- The group continues to benefit from growth opportunities in medical diagnostics and LED optics.
- Start-up costs on the supercar lighting projects are progressively reducing which will underpin an improved second half performance in this business.
- Technical and commercial progress at CIT is very exciting and the board is determined to capitalise on the opportunities presented.
- We have good, well positioned, growing businesses and great technological opportunities.

