

**Results for the half year ending
30 September 2011**

Presentation to Analysts
22 November 2011



Highlights

- Period of continuing strategic development and consolidation
- Underlying operating profit of £2.3 million (H1 2010 - £2.3 million)
- Technical Plastics maintained strong revenue streams of £29.2 million (H1 2010 - £29.1 million). Underlying operating profits were £2.0 million
- Precision Products benefited from the growth in LED based supercar lighting business, increasing underlying operating profits to £1.1 million (H1 2010 - £0.4 million). Terms of the Ford exit have now been finalised
- Much stronger second half expected in both divisions
- Cash generation from operations was £4.9 million (H1 2010 - £1.5 million)
- Conductive Inkjet Technology (“CIT”) has made excellent progress during the first half of this year. Yields are good and are improving further as we refine our procedures
- The bank refinancing exercise has now been completed with new committed facilities in place until November 2015
- Interim dividend increased to 0.75 pence per share (H1 2010 - 0.70 pence)



Technical Plastics

Six months to September	2011	2011	2011	2010	2010	2010
£'000s	External revenue	Operating profit	Margin	External revenue	Operating profit	Margin
CTP Europe	15,240	244	1.6%	15,936	914	5.7%
CTP USA and Asia	13,546	1,805	13.3%	12,779	1,668	13.1%
Continuing Operations	<u>28,786</u>	<u>2,049</u>	<u>7.1%</u>	<u>28,715</u>	<u>2,582</u>	<u>9.0%</u>



CTP Europe

- Tooling and design/development boosted profits in H1 2010. Much stronger H2 expected
- Additional capacity is being developed for new medical business in Czech Republic
- Good growth in LED optics and larger optical products

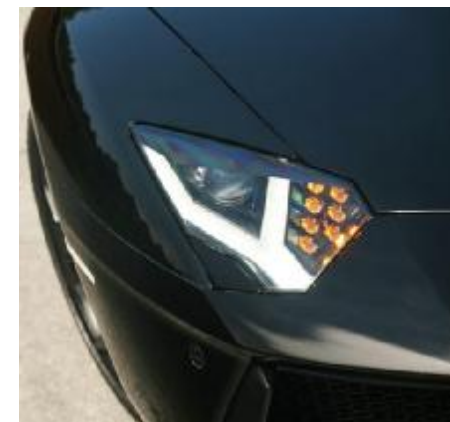
CTP USA & Asia

- Good growth in product sales in medical diagnostics business – China demand significant
- Indian business continues to expand at a rapid rate with a 3rd facility expansion in 2 years expected in 2012. New contract for 2013 and beyond



Precision Products

Six months to September	2011	2011	2011	2010	2010	2010
£'000s	External revenue	Operating profit	Margin	External revenue	Operating profit	Margin
Wipac	14,623	519	3.5%	11,464	(142)	-1.2%
Precision Engineering	3,551	552	15.5%	3,288	493	15.0%
Continuing Operations	<u>18,174</u>	<u>1,071</u>	<u>5.9%</u>	<u>14,752</u>	<u>351</u>	<u>2.4%</u>



Wipac

- Strong growth in LED based supercar lighting business
- Wipac has continued to win new programmes which will generate significant design and development and tooling revenues and profits over the next two years
- Terms of the Ford exit have now been finalised and the withdrawal will be complete by the year end

Precision Engineering

- Aerospace businesses performed well in H1 due to combination of sales mix and good cost control
- Some evidence of recovery in this sector
- These businesses generate strong operating margins and remain highly cash generative



Income Statement Comparative

Six months to September	2011 £million	2010 £million
Revenue	46,997	43,781
Operating profit		
Divisional operating profit	2,975	2,974
Central costs	(695)	(641)
Underlying operating profit - continuing operations	2,280	2,333
Rationalisation costs	(155)	(143)
Exceptional item - Ford exit	(1,180)	-
Operating profit	945	2,190
Net financing credit	335	294
Profit before tax	1,280	2,484
Taxation	(269)	(646)
Loss on discontinued operations, net of tax	(26)	(32)
Profit for the period	985	1,806

- Group turnover from continuing operations increased by 7.3% to £47.0 million
- Operating profits level with H1 2010
- Terms of the Ford exit have now been finalised. An impairment of the remaining assets of £1.0 million has been booked, with an additional provision of £0.2 million against the remainder of the expected costs
- Net financing credit comprises an IAS19 financing credit of £0.6 million, offset by net bank interest of £0.3 million
- Tax charge of 21.0% (H1 2010 - 26.0%) reflecting lower UK headline rate, use of prior period losses and tax planning initiatives



Cash Flow Statement

	<u>£'000s</u>	<u>£'000s</u>
Net debt at start of period		(19,102)
Cash from underlying operations	4,104	
Working capital	977	
Interest and tax	(605)	
Capital expenditure	(1,867)	
Free cash flow	2,609	
Pension payments above service cost	(217)	
Performance share plan awards	(512)	
Proceeds from exercise of share options	490	
Equity dividends	(1,357)	
Cash available for corporate activities	1,013	
Development expenditure	(999)	
Acquisitions and disposals	20	
Exchange movement	91	
Movement in net debt		125
Net debt at end of period		<u>(18,977)</u>

- Strong cash generation from operations
- Working capital improvement of £1.0 million (H1 2010 - £2.1 million investment)
- Capital expenditure of £1.9 million marginally above depreciation of £1.7 million, and includes spend on :-
 - UK technical moulding facilities
 - CIT FLT production facilities
 - Czech Republic clean room facilities
- Free cash flows of £2.6 million
- Development expenditure of £1.0 million represents capitalised cost of R&D spend in new technologies at CIT and CDS

Balance Sheet

Debt & Bank Facilities

- Net debt was £19.0 million as at 30 September 2011, a small improvement on year end net debt of £19.1 million
- The bank refinancing exercise has now been completed with existing banks and new committed facilities of £20.0 million are in place until November 2015
- The group also has £11.6 million of overdraft facilities
- The two main covenant tests relating to the facilities – interest cover and net debt to EBITDA – both continue to show a comfortable level of headroom as at 30 September 2011

Pension

- IAS19 deficit increased by £12.1 million to £21.2 million
- Asset values have fallen by £8.5 million and the defined pension liability has increased by £3.6 million
- Annual recovery plan payment of £1.0 million made in October 2011

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Conductive Inkjet Technology (“CIT”)

The CIT technology enables high speed digital printing or patterning of pure metallic circuits on plastic film.

There are four very large emerging markets for our technology :-

- Touch sensors using Fine Line Technology (“FLT”) – replacing expensive Indium Tin Oxide (“ITO”) sensors used in smartphones
- Printed electronics – especially roll-to-roll production of very low cost electronic circuits
- Organic LED lighting devices – as a low cost high efficiency transparent electrode (again replacing ITO)
- Organic photovoltaic devices – also as a high efficiency transparent electrode

The focus continues to be on FLT for touch screen applications given the scale of potential short-term opportunities



**CONDUCTIVE
INKJET
TECHNOLOGY**



CIT – Touch Sensors (“Fine Line Technology”)

- Technical progress has been excellent
- Close collaboration with Atmel – market leader in touch screen microcontrollers – continues and relationship is strong
- Full production is being simulated each week with sufficient film being produced for the equivalent of 150,000 smartphone screens
- Yields continue to be good and are improving further as procedures are refined
- The second full scale production line is to be commissioned in January 2012 and other third party production lines are expected to be operational by mid-2012
- The scale of capacity increases underway is clear evidence of the size of the market and commitment of our partners and 2012/13 sales and profits are expected to be transformational to the group

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CIT – Touch Sensors (“Fine Line Technology”)

- We have provided production samples to the leading mobile device manufacturers for smartphones and tablets and are experiencing a significant ramp up in this sampling process
- Customer validation and accelerated life testing will be completed soon
- The first production shipment will be determined by the customers’ supply chain management and it is difficult to gauge exact timing. This event will trigger a \$10.0 million prepayment from our partner and will be announced via RNS
- The gradient ramp up of full volume production is not yet known and it is not possible, therefore, to forecast this year’s sales and contribution from CIT with any confidence
- We have orders in hand, excluding circuitised touch screens, of around £0.5 million in our second half, which is a significant uplift on the first half.
- Touch screen revenues could be anywhere between £0 and £1.0 million in the fourth quarter
- Although full production ramp up may be a few weeks later than anticipated, we are very confident, on the basis of increased capacity now committed, in the prospects for next year’s sales

CIT – Other Opportunities

Printed Electronics

- Good technical and commercial progress in printed electronics
- InkjetFlex rapid prototyping service is delivering high volume opportunities for 2012

OLED

- OLED lighting and photovoltaic devices continue to make solid technical progress
- We expect to see the first commercial opportunities develop within the next financial year



Carclo Diagnostics Solutions (“CDS”)

- Formed to retain and develop ownership of patents related to the hardware developments made by Carclo in support of Platform Diagnostics Limited (“PDL”)
- Technical progress during H1 2011/12 has been exceptional and is focussed on three main areas :-
 - A simple test aimed at blood group type testing
 - A more detailed test measuring blood properties; and
 - A high-end device in partnership with EKF Diagnostics plc to develop a dialysis warning system
- The technology has application across a broad range of Point-of-Care diagnostic tests and is not limited to uses outlined above
- CDS will soon be looking to extend commercial partnerships in order to progress R&D and ultimately bring products to market
- The long term potential of CDS products is significant



Outlook

- Our businesses are performing well
- We expect further progress in our second half and are on track to deliver good growth for the year as a whole
- Whilst the world economic climate remains uncertain, recent contract awards will underpin further growth next year
- Progress at CIT is exciting
- The touch screen application is set to deliver a transformational contribution to the group, but CIT has many more opportunities for growth and the board is focussed on delivering the value of this growth to shareholders
- The CDS investment is going very well and has significant long term potential
- The balance sheet is strong and our financing is secure until November 2015
- The group remains very well placed