



CONTENTS

3	In summary
4	Chairman's statement
8	Condensed consolidated income statement
8	Condensed consolidated statement of comprehensive income
9	Condensed consolidated statement of financial position
10	Condensed consolidated statement of changes in equity
11	Condensed consolidated statement of cash flows
12	Notes on the accounts
23	Independent review report to Carclo plc

CHAIRMAN'S STATEMENT

Our businesses are performing well

Overview

Carclo has traded in line with the board's expectations for the first half of the current financial year and the group is positioned for a much more profitable second half performance. Technical Plastics remains in a strong position developing its niche in the medical diagnostics and LED optics sectors and has increased its global capacity with the expansion of its Indian business. In Precision Products a number of new supercar lighting projects have been won which will utilise our expertise in state of the art LED optics to generate growth through to the year end and beyond. CIT continues to make significant progress, especially on the Fine Line Technology project and yields are good and are improving further as we refine our procedures.

Underlying operating profits of £2.3 million were in line with the prior year with a stronger performance at Wipac and in our Aerospace businesses offsetting an anticipated reduction in operating profits in Technical Plastics.

The group generated profit before tax in the six months to 30 September 2011 of £1.3 million (2010 - £2.5 million), after the recognition of an impairment charge of £1.2 million in respect of our planned exit from the Ford volume automotive communication business. Consequently, basic earnings per ordinary share decreased by 44.8% to 1.6 pence, although underlying earnings per share increased to 3.4 pence (2010 - 3.2 pence). Operating cash generation was strong, assisted by efficient working capital management.

Financial position

Net debt at 30 September 2011 was £19.0 million, slightly up on the group's net debt a year ago (2010 - £17.9 million) and a small improvement on the year end net debt at 31 March 2011 (£19.1 million).

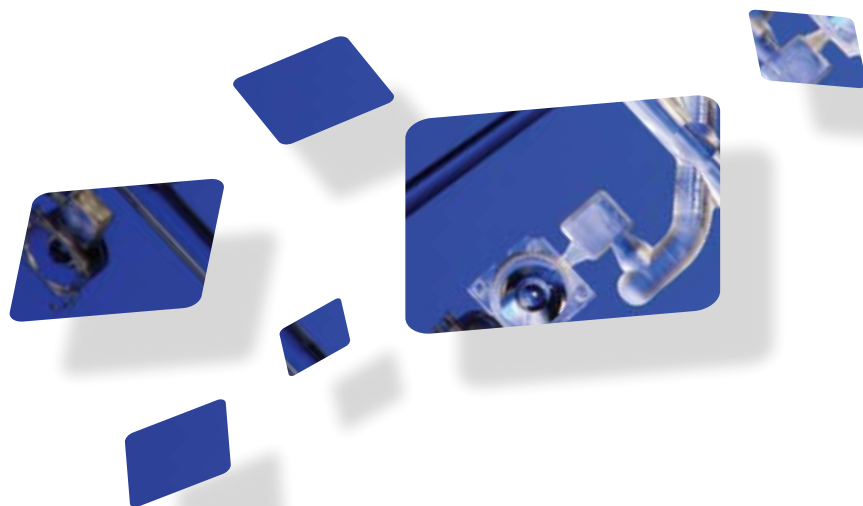
This represents gearing on assets (excluding the net pension deficit) of 31.3% (2010 - 30.1%). Cash generated from operations was £4.9 million (2010 - £1.5 million), boosted by a £1.0 million improvement in working capital (2010 - investment of £2.1 million).

Capital expenditure in the six months to 30 September 2011 amounted to £1.9 million (2010 - £2.9 million). Technical moulding facilities in the UK have been upgraded to further increase and improve manufacturing capacity for optical and medical products and investment has commenced in the Czech Republic to install clean room medical production facilities. Investment in new technologies has continued at a high level with £1.0 million (2010 - £0.8 million) invested in development costs at CIT and CDS.

As at 30 September 2011 the total drawings on the group's £20.0 million medium term loan facilities were £19.0 million. These committed facilities have now been renewed with the group's existing banks for a further four years and these new facilities run until November 2015. The facilities are competitively priced in the current market and the covenant terms remain similar to the previous agreement. The group also has overdraft facilities totalling £11.6 million.

Since the start of the current financial year, equity markets have fallen which has resulted in the group's retirement benefit pension scheme deficit, on an IAS 19 basis, increasing from £9.1 million at 31 March 2011 to £21.2 million at 30 September 2011.

The board has declared an increased interim dividend of 0.75 per ordinary share. The dividend will be paid on 10 April 2012 to shareholders on the register on 2 March 2012. The shares will trade ex-dividend from 29 February 2012.



Operating Review

Technical Plastics

Carclo Technical Plastics had sales of £29.2 million, up 0.2% on the same period last year. Operating profits, before rationalisation costs, reduced by £0.5 million to £2.0 million. Last year's first half benefited from high tooling and design and development revenues which are more evenly spread this year. As a consequence the second half in this division is expected to be stronger than last year.

Product sales continue to grow, led by our US medical diagnostic business. Demand from developing economies, especially China, is driving significant growth in customers serving the laboratory blood testing market. Our LED optics business continues to be the division's fastest growing segment with an increased volume of 17.2% over the corresponding period last year.

We continue to invest to support the growth of our medical and optical businesses. The upgrading of the facility in Scotland is now complete and enables the site to meet the stringent requirements for the clean environment moulding of optical components and provides additional capacity for new medical business. In the Czech Republic, state-of-the-art integrated clean room modules are being installed for medical manufacturing, and in China the facility is being modernised to meet customer requirements as a medical moulding facility.

Our newest facility in India has been very successful and we have recently been awarded a multi-million pound contract. This will require a further expansion of the manufacturing facility in India, the third such expansion in just 2 years. The capital cost of this expansion will fall in 2012 and the significantly increased sales will benefit our 2013/14 financial year.

Across the division, schedules remain generally firm. In recent weeks we have seen some customers reducing schedules, but in each case there has been a specific cause for the weakness – for example, we produce micro-moulded filters which are used in disk drives, and that industry is at a virtual halt as a result of the Thai floods. Provided these areas

of weakness do not broaden into a generalised downturn, then we expect the division to deliver a strong second half and show year on year growth in profitability.

Precision Plastics

The Precision Products division generated sales of £18.3 million (2010 - £14.8 million), an increase of 23.6%. Underlying operating profits increased significantly on the comparable half year at £1.1 million (2010 - £0.4 million). The improvement in profitability reflects the growth of Wipac's LED based supercar lighting business. Wipac has continued to win new programmes and these will generate significant design, development and tooling revenues over the next two years.

Wipac has now finalised the terms for the withdrawal from automotive antennas and cables. This withdrawal will be complete by the year end and we have made a provision of £1.2 million to cover the predominantly non-cash impairment charge on the redundant assets.

The aerospace businesses generated good growth above the prior year with profits continuing to improve through a combination of sales mix and good cost control. These businesses continue to achieve strong operating margins and cash generation.

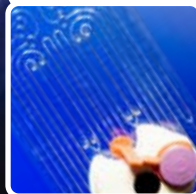
We expect the good performance of Precision Products to continue in the second half of the financial year.

Recent contract awards will underpin further growth next year





CHAIRMAN'S STATEMENT CONTINUED



Conductive Inkjet Technology ("CIT")

CIT continues to be focussed on the Fine Line Technology ("FLT") for touch screen applications and progress has been excellent. Each week now, we use a small proportion of our pilot line capacity to simulate full-scale manufacture by producing in excess of 1 mile of circuitised film (touch sensors in reel to reel format), which is the equivalent of 150,000 smartphone screens. Yields are good and are improving further as we refine our procedures.

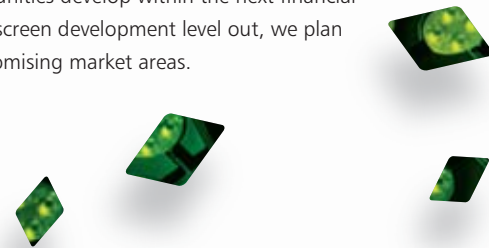
The second full scale production line will be commissioned by a third party in January 2012. Further third party owned production lines are now in final stages of planning and these are expected to be operational before mid-2012. Together these lines will provide a six-fold increase on the capacity of the Cambridge pilot line. The scale of the capacity increases underway is clear evidence of the size of the market and the commitment of our commercial partners.

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. We are now providing samples of touch screens for devices that are in current production. 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.

We are hopeful that this will take place in the fourth quarter of the current financial year, and as this event will trigger the \$10.0 million prepayment from our partner, we will make an announcement on the Regulatory News Service.

Given that volume production of circuitised touch screens is expected to start within a few weeks either side of our financial year end, and the gradient of the ramp-up is not yet known, it is very difficult to forecast this year's sales and contribution from CIT. Excluding circuitised touch screens, we have orders in hand of approximately £0.5 million in our second half, which is a significant uplift on the first half, and we may, in addition, achieve some revenues from touch screens. Although full production ramp up may be a few weeks later than anticipated, we are very confident, on the basis of the increased capacity now committed, in the prospects for next year's sales.

Our resources remain almost exclusively focussed on the touch screen application, but we continue to make good technical and commercial progress in printed electronics, where we are now starting to see the benefit of our InkjetFlex rapid prototyping service delivering high volume opportunities for 2012. Our OLED lighting and organic photovoltaics projects continue to make good progress and we expect to see the first commercial opportunities develop within the next financial year. As the technical demands of the touch screen development level out, we plan to increase our commercial focus in these promising market areas.



Carclo Diagnostic Solutions ("CDS")

Carclo Diagnostic Solutions was formed to retain and develop ownership of the patents related to the hardware developments made by Carclo in support of Platform Diagnostics Limited ("PDL"). CDS also has a controlling interest in PDL's intellectual property rights. Significant technical progress has been made in the development of this technology package. Three distinctive platforms are under development. These are a simple test aimed at blood group type testing, a full quantitative assay measuring blood properties - coagulation and D-dimer, and a high-end device in partnership with EKF Diagnostics plc based on their innovative kidney function markers. We will shortly be releasing more information on these developments and seeking to extend our commercial partnerships.

Risks and uncertainties

In the annual report to shareholders in June 2011 we provided a detailed review of the risks faced by the group and how these risks are managed. We continue to face, and proactively manage, the risks and uncertainties in our business and there has been no significant change in the risks faced by the group.

Outlook

Our businesses are performing well. Whilst we are mindful of the uncertain world economic environment, we expect further progress in our second half and are on track to deliver good growth for the year as a whole, and recent contract awards will underpin further growth next year.

Progress at CIT is exciting, with the touch screen application set to deliver a transformational contribution to the group; CIT also has many other opportunities for growth and the board is focussed on delivering the value of this growth to shareholders. The CDS investment is progressing well and has significant long term potential.

The balance sheet is strong and our financing is secure.

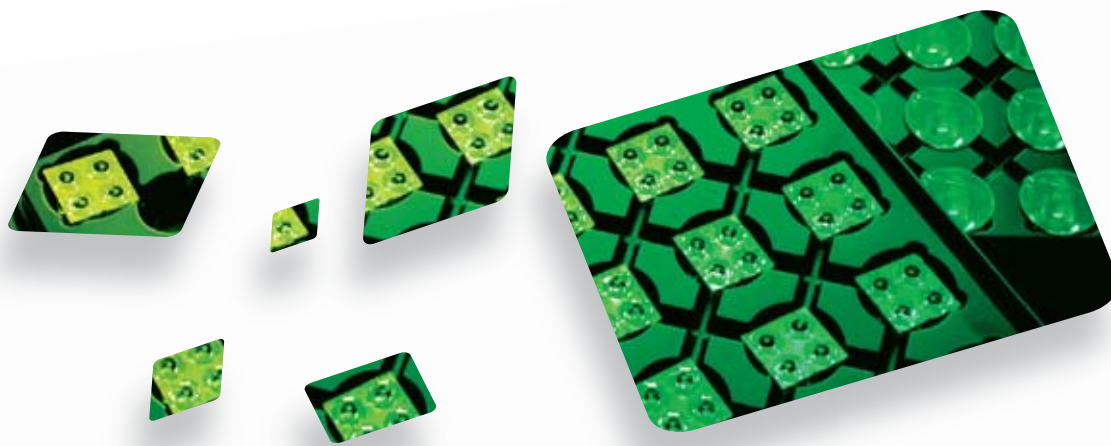
The group remains very well placed.

Christopher Ross

Chairman

22 November 2011

The balance sheet is strong
and our financing is secure



Outlook

Condensed consolidated income statement

	Notes	Six months ended 30 September 2011 unaudited £000	Six months ended 30 September 2010 unaudited £000	Year ended 31 March 2011 audited £000
Revenue	4	46,997	43,781	88,645
Underlying operating profit				
Operating profit before exceptional items		2,280	2,333	5,917
– rationalisation costs	5	(155)	(143)	(274)
– exit from Ford volume automotive communication business	5	(1,180)	–	–
– exceptional credit in respect of retirement benefits		–	–	500
After exceptional items		945	2,190	6,143
Operating profit	4	945	2,190	6,143
Finance revenue	6	4,932	4,876	9,828
Finance expense	6	(4,597)	(4,582)	(9,199)
Profit before tax		1,280	2,484	6,772
Income tax expense	7	(269)	(646)	(770)
Profit after tax but before loss on discontinued operations		1,011	1,838	6,002
Loss on discontinued operations, net of tax	8	(26)	(32)	(85)
Profit after tax, attributable to equity holders of the parent		985	1,806	5,917
Earnings per ordinary share	9			
Basic – continuing operations		1.6p	3.0p	9.8p
Basic – discontinued operations		0.0p	(0.1)p	(0.2)p
Basic – total		1.6p	2.9p	9.6p
Diluted – continuing operations		1.6p	3.0p	9.8p
Diluted – discontinued operations		0.0p	(0.1)p	(0.2)p
Diluted – total		1.6p	2.9p	9.6p

Condensed consolidated statement of comprehensive income

	Six months ended 30 September 2011 unaudited £000	Six months ended 30 September 2010 unaudited £000	Year ended 31 March 2011 audited £000
Profit for the period	985	1,806	5,917
Other comprehensive income –			
Foreign exchange translation differences	151	(266)	(298)
Actuarial (losses) / gains on defined benefit scheme	(12,975)	(3,953)	6,463
Actuarial gain due to statutory change to CPI for deferred revaluation and pension increases	–	–	1,440
Taxation on items taken directly to equity	3,244	1,107	(2,458)
Other comprehensive income, net of income tax	(9,580)	(3,112)	5,147
Total comprehensive income for the period, attributable to equity holders of the parent	(8,595)	(1,306)	11,064

Condensed consolidated statement of financial position

	Notes	30 September 2011 unaudited £000	30 September 2010 unaudited £000	31 March 2011 audited £000
Assets				
Intangible assets	11	37,180	35,143	36,406
Property, plant and equipment	12	29,328	27,219	29,950
Investments		1,002	717	747
Deferred tax assets		9,878	10,190	6,635
Total non current assets		77,388	73,269	73,738
Inventories		12,140	11,192	12,343
Trade and other receivables		17,638	20,124	18,831
Cash and cash deposits		8,491	10,824	11,048
Non current assets classified as held for sale	13	215	218	221
Total current assets		38,484	42,358	42,443
Total assets		115,872	115,627	116,181
Liabilities				
Interest bearing loans and borrowings		–	18,225	19,002
Deferred tax liabilities		5,139	4,819	5,141
Retirement benefit obligations	14	21,186	23,300	9,067
Total non current liabilities		26,325	46,344	33,210
Trade and other payables		15,092	13,392	15,551
Current tax liabilities		1,910	2,423	1,941
Provisions		200	292	–
Interest bearing loans and borrowings		27,468	10,502	11,148
Total current liabilities		44,670	26,609	28,640
Total liabilities		70,995	72,953	61,850
Net assets		44,877	42,674	54,331
Equity				
Ordinary share capital issued	18	3,089	3,075	3,078
Share premium		8,668	8,143	8,189
Other reserves		3,584	3,584	3,584
Translation reserve		4,885	4,766	4,734
Retained earnings		24,651	23,106	34,746
Total equity attributable to equity holders of the parent		44,877	42,674	54,331

Condensed consolidated statement of changes in equity

	Attributable to equity holders of the company					
	Share capital £000	Share premium £000	Translation reserve £000	Other reserves £000	Retained earnings £000	Total equity £000
Current half year period – unaudited						
Balance at 1 April 2011	3,078	8,189	4,734	3,584	34,746	54,331
Profit for the period	–	–	–	–	985	985
Other comprehensive income –						
Foreign exchange translation differences	–	–	151	–	–	151
Actuarial losses on defined benefit scheme	–	–	–	–	(12,975)	(12,975)
Taxation on items taken directly to equity	–	–	–	–	3,244	3,244
Transactions with owners recorded directly in equity –						
Share based payments	–	–	–	–	89	89
Dividends to shareholders	–	–	–	–	(926)	(926)
Exercise of share options	11	479	–	–	–	490
Proceeds from sale of own shares	–	–	–	–	19	19
Performance share plan awards	–	–	–	–	(531)	(531)
Balance at 30 September 2011	3,089	8,668	4,885	3,584	24,651	44,877
Prior half year period – unaudited						
Balance at 1 April 2010	3,071	8,042	5,032	3,584	24,878	44,607
Profit for the period	–	–	–	–	1,806	1,806
Other comprehensive income –						
Foreign exchange translation differences	–	–	(266)	–	–	(266)
Actuarial losses on defined benefit scheme	–	–	–	–	(3,953)	(3,953)
Taxation on items taken directly to equity	–	–	–	–	1,107	1,107
Transactions with owners recorded directly in equity –						
Share based payments	–	–	–	–	90	90
Dividends to shareholders	–	–	–	–	(829)	(829)
Exercise of share options	4	101	–	–	–	105
Adjustment to deferred consideration	–	–	–	–	7	7
Balance at 30 September 2010	3,075	8,143	4,766	3,584	23,106	42,674
Prior year period – audited						
Balance at 1 April 2010	3,071	8,042	5,032	3,584	24,878	44,607
Profit for the period	–	–	–	–	5,917	5,917
Other comprehensive income –						
Foreign exchange translation differences	–	–	(298)	–	–	(298)
Actuarial gains on defined benefit scheme	–	–	–	–	6,463	6,463
Actuarial gain due to statutory change to CPI for deferred revaluation and pension increases	–	–	–	–	1,440	1,440
Taxation on items taken directly to equity	–	–	–	–	(2,458)	(2,458)
Transactions with owners recorded directly in equity –						
Share based payments	–	–	–	–	144	144
Dividends to shareholders	–	–	–	–	(1,260)	(1,260)
Exercise of share options	7	147	–	–	–	154
Proceeds from sale of own shares	–	–	–	–	21	21
Performance share plan awards	–	–	–	–	(406)	(406)
Adjustment to deferred consideration	–	–	–	–	7	7
Balance at 31 March 2011	3,078	8,189	4,734	3,584	34,746	54,331

Condensed consolidated statement of cash flows

	Notes	Six months ended 30 September 2011 unaudited £000	Six months ended 30 September 2010 unaudited £000	Year ended 31 March 2011 audited £000
Cash generated from operations	15	4,864	1,497	6,800
Interest paid		(315)	(266)	(582)
Tax paid		(301)	(128)	(422)
Net cash from operating activities		4,248	1,143	5,796
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment		46	24	52
Interest received		11	41	161
Cash flows on discontinued operations		(26)	(32)	(85)
Acquisition of property, plant and equipment		(1,857)	(2,885)	(6,924)
Acquisition of intangible assets – computer software		(9)	(16)	(49)
Investment in Platform Diagnostics Limited		(12)	–	(135)
Development expenditure		(987)	(763)	(2,073)
Net cash from investing activities		(2,834)	(3,631)	(9,053)
Cash flows from financing activities				
Proceeds from exercise of share options		490	105	154
Proceeds from sale of own shares		19	–	21
Drawings on term loan facilities		–	–	750
Repayment of borrowings		–	(253)	(250)
Cash outflow in respect of performance share plan awards		(531)	–	(406)
Dividends paid		(1,358)	(1,228)	(1,227)
Net cash from financing activities		(1,380)	(1,376)	(958)
Net increase / (decrease) in cash and cash equivalents		34	(3,864)	(4,215)
Cash and cash equivalents at beginning of period		(100)	4,303	4,303
Effect of exchange rate fluctuations on cash held		103	(117)	(188)
Cash and cash equivalents at end of period	16	37	322	(100)

Notes on the accounts

1 Basis of preparation

The condensed consolidated half year report for Carclo plc ("Carclo" or "the group") for the six months ended 30 September 2011 has been prepared on the basis of the accounting policies set out in the audited accounts for the year ended 31 March 2011 and in accordance with the Disclosure and Transparency Rules of the UK Financial Services Authority and the requirements of IAS 34 "Interim Financial Reporting" as adopted by the EU.

The financial information is unaudited, but has been reviewed by the auditors and their report to the company is set out on page 23.

The half year report does not constitute financial statements and does not include all of the information and disclosures required for full annual statements. It should be read in conjunction with the annual report and financial statements for the year ended 31 March 2011 which is available either on request from the company's registered office, Springstone House, PO Box 88, 27 Dewsbury Road, Ossett, WF5 9WS, or can be downloaded from the corporate website - **www.carclo-plc.com**.

The comparative figures for the financial year ended 31 March 2011 are not the company's statutory accounts for that financial year. Those accounts have been reported on by the company's auditors and delivered to the Registrar of Companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters which the auditors drew attention to by way of emphasis without qualifying their report and (iii) did not contain statements under Section 498 (2) of the Companies Act 2006.

The half year report was approved by the board of directors on 22 November 2011 and is being sent to shareholders on 2 December 2011. Copies are available from the company's registered office and can also be downloaded from the corporate website.

The group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs").

2 Accounting policies

The accounting policies, methods of computation and presentation applied by the group in this condensed consolidated half year report are the same as those applied by the group in its annual report and financial statements for the year ended 31 March 2011.

There have been no new standards, amendments or interpretations that have come into force for Carclo during the current financial year.

3 Accounting estimates

The preparation of the half year financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. In preparing these half year financial statements, the significant judgements made by management in applying the group's accounting policies and the key source of estimation uncertainty were the same as those applied to the audited consolidated financial statements as at, and for the year ended, 31 March 2011.

Notes on the accounts continued

4 Segment reporting

At 30 September 2011, the group is organised into three, separately managed, business segments - Technical Plastics, Precision Products and Conductive Inkjet Technology. These are the segments for which summarised management information is presented to the group's chief operating decision maker (comprising the main board and general executive committee).

The Technical Plastics segment supplies fine tolerance, injection moulded plastic components, which are used in medical, optical and electronics products. This business operates internationally in a fast growing and dynamic market underpinned by rapid technological development.

The Precision Products segment supplies systems to the automotive and aerospace industries and is a leader in the development of high power LED lighting for supercars.

The Conductive Inkjet Technology segment undertakes applied research into the digital printing of conductive metals onto plastic substrates.

Transfer pricing between business segments is set on an arm's length basis. Segmental revenues and results include transfers between business segments. Those transfers are eliminated on consolidation.

	Technical Plastics £000	Precision Products £000	Conductive Inkjet Technology £000	Unallocated £000	Eliminations £000	Group total £000
The segment results for the six months ended 30 September 2011 were as follows –						
Consolidated income statement						
Total revenue	29,196	18,259	37	–	(495)	46,997
Less inter-segment revenue	(410)	(85)	–	–	495	–
Total external revenue	28,786	18,174	37	–	–	46,997
Expenses	(26,737)	(17,103)	(182)	(695)	–	(44,717)
Underlying operating profit	2,049	1,071	(145)	(695)	–	2,280
Rationalisation costs	(124)	–	–	(31)	–	(155)
Exit from Ford volume automotive communication business	–	(1,180)	–	–	–	(1,180)
Operating profit	1,925	(109)	(145)	(726)	–	945
Net finance income						335
Income tax expense						(269)
Loss on discontinued operations, net of tax						(26)
Profit after tax, attributable to equity holders of the parent						985
Consolidated statement of financial position						
Segment assets	61,199	23,894	18,471	12,308	–	115,872
Segment liabilities	(8,526)	(8,423)	(2,099)	(51,947)	–	(70,995)
Net assets	52,673	15,471	16,372	(39,639)	–	44,877

Notes on the accounts continued

	Technical Plastics £000	Precision Products £000	Conductive Inkjet Technology £000	Unallocated £000	Eliminations £000	Group total £000
4 Segment reporting continued						
The segment results for the year ended 31 March 2011 were as follows –						
Consolidate income statement						
Total revenue	55,798	33,118	499	–	(770)	88,645
Less inter-segment revenue	(602)	(168)	–	–	770	–
Total external revenue	55,196	32,950	499	–	–	88,645
Expenses	(50,158)	(30,746)	(513)	(1,311)	–	(82,728)
Underlying operating profit	5,038	2,204	(14)	(1,311)	–	5,917
Rationalisation costs	(215)	(32)	(27)	–	–	(274)
Exceptional credit in respect of retirement benefits	–	–	–	500	–	500
Operating profit	4,823	2,172	(41)	(811)	–	6,143
Net finance income						629
Income tax expense						(770)
Loss on discontinued operations, net of tax						(85)
Profit after tax, attributable to equity holders of the parent						5,917
Consolidated statement of financial position						
Segment assets	61,992	27,094	17,343	9,752	–	116,181
Segment liabilities	(11,143)	(11,253)	(769)	(38,685)	–	(61,850)
Net assets	50,849	15,841	16,574	(28,933)	–	54,331
			Six months ended 30 September 2011 £000	Six months ended 30 September 2010 £000		Year ended 31 March 2011 £000

5 Rationalisation costs

Redundancy costs	(124)	(14)	(59)
Other operating expenses	(31)	(129)	(215)
Provisions in respect of future property costs	(155)	(143)	(274)
Exit from Ford volume automotive communication business	(1,180)	–	–
Total	(1,335)	(143)	(274)

All rationalisation costs relate to the group's UK operations

As discussed in the Report & Accounts 2011, following the year end discussions were held with Ford in relation to the group exiting their volume automotive communication business over the next 12 to 18 months. During the current period these negotiations have been completed and an impairment review of the remaining assets completed leading to an impairment of £0.980 million. An additional provision of £0.200 million has been made against the remainder of the expected costs.

Notes on the accounts continued

	Six months ended 30 September 2011 £000	Six months ended 30 September 2010 £000	Year ended 31 March 2011 £000
6 Net finance income			
Finance revenue	11	42	78
Finance expense	(315)	(253)	(541)
Other finance revenue – retirement benefits	4,921	4,834	9,668
Other finance revenue – interest receivable on recovery of indirect taxes	–	–	82
Other finance expense – retirement benefits	(4,282)	(4,329)	(8,658)
Total	335	294	629

7 Income tax expense

The half year accounts include a tax charge of 21.0% of profit before tax (2010 - 26.0%) based on the estimated average effective income tax rate for the full year. The group's effective tax rate continues to run at a lower level than the underlying UK tax rate of 26.0% (2010 - 28.0%) as the group continues to benefit from prior period tax losses and tax planning initiatives.

	Six months ended 30 September 2011 £000	Six months ended 30 September 2010 £000	Year ended 31 March 2011 £000
8 Loss on discontinued operations, net of tax			
Costs incurred in relation to non current assets held for sale	(26)	(32)	(85)
Total	(26)	(32)	(85)

In the six months ended 30 September 2011, costs of £0.026 million were incurred in relation to non current assets held for sale (2010 - £0.032 million). These assets were properties which were used by businesses which were sold in prior years.

Notes on the accounts continued

9 Earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary shareholders of the company divided by the weighted average number of ordinary shares outstanding during the period.

The calculation of diluted earnings per share is based on profit attributable to ordinary shareholders of the company divided by the weighted average number of ordinary shares outstanding during the period (adjusted for dilutive options).

The following details the profit and average number of shares used in calculating the basic and diluted earnings per share -

	Six months ended 30 September 2011 £000	Six months ended 30 September 2010 £000	Year ended 31 March 2011 £000
Profit attributable to ordinary shareholders from continuing operations	1,011	1,838	6,002
Loss from discontinued operations	(26)	(32)	(85)
Profit attributable to ordinary shareholders	985	1,806	5,917

	Six months ended 30 September 2011 Shares	Six months ended 30 September 2010 Shares	Year ended 31 March 2011 Shares
Weighted average number of ordinary shares in issue in the period	61,649,931	61,390,193	61,425,277
Effect of share options in issue	315,035	470,219	268,262
Weighted average number of ordinary shares (diluted) in the period	61,964,966	61,860,412	61,693,539

The following table summarises the earnings per share figures based on the above data -

	Six months ended 30 September 2011 Pence	Six months ended 30 September 2010 Pence	Year ended 31 March 2011 Pence
Basic – continuing operations	1.6	3.0	9.8
Basic – discontinued operations	0.0	(0.1)	(0.2)
Basic – total	1.6	2.9	9.6
Diluted – continuing operations	1.6	3.0	9.8
Diluted – discontinued operations	0.0	(0.1)	(0.2)
Diluted – total	1.6	2.9	9.6

Notes on the accounts continued

	Six months ended 30 September 2011 £000	Six months ended 30 September 2010 £000	Year ended 31 March 2011 £000
10 Dividends paid and proposed			
Ordinary dividends per 5 pence share declared in the period comprised –			
Final dividend for 2009/10 (1.35 pence per share)	–	829	828
Interim dividend for 2010/11 (0.70 pence per share)	–	–	432
Final dividend for 2010/11 (1.50 pence per share)	926	–	–
	<u>926</u>	<u>829</u>	<u>1,260</u>

The directors are proposing an interim dividend of 0.75 pence per ordinary share for the half year ended 30 September 2011. The dividend payment totalling £0.463 million will be paid on 10 April 2012 to shareholders on the share register at close of business on 2 March 2012. The proposed dividend has not been provided in the half year accounts.

	Six months ended 30 September 2011 £000	Six months ended 30 September 2010 £000	Year ended 31 March 2011 £000
11 Intangible assets			
The movements in the carrying value of intangible assets are summarised as follows –			
Net book value at the start of the period	36,406	34,758	34,758
Additions	996	779	2,122
Amortisation	(199)	(172)	(316)
Effect of movements in foreign exchange	(23)	(222)	(158)
Net book value at the end of the period	<u>37,180</u>	<u>35,143</u>	<u>36,406</u>

Included within intangible assets is goodwill of £21.2 million (2010 - £21.2 million). The carrying value of goodwill is subject to annual impairment tests by reviewing detailed projections of the recoverable amounts from the underlying cash generating units. At 31 March 2011, the carrying value of goodwill was supported by such value in use calculations. There has been no indication of subsequent impairment in the current financial year.

Notes on the accounts continued

	Six months ended 30 September 2011 £000	Six months ended 30 September 2010 £000	Year ended 31 March 2011 £000
12 Property, plant and equipment			
The movements in the carrying value of property, plant and equipment are summarised as follows –			
Net book value at the start of the period	29,950	26,227	26,227
Additions	2,033	2,800	7,188
Depreciation	(1,707)	(1,587)	(3,204)
Disposals	(23)	(1)	(10)
Impairment of assets due to the exit from Ford volume automotive communication business	(980)	–	–
Effect of movements in foreign exchange	55	(220)	(251)
Net book value at the end of the period	29,328	27,219	29,950
	As at 30 September 2011 £000	As at 30 September 2010 £000	As at 31 March 2011 £000
13 Non current assets classified as held for sale			
Surplus land and buildings	215	218	221
Net book value at the end of the period	215	218	221
At 30 September 2011, a surplus property with a net book value of £0.215 million had been reclassified as being held for sale. The property, which is located in France, continues to be actively marketed.			
14 Retirement benefit obligations			
At 31 March 2011, the group had a retirement benefit liability, as calculated under the provisions of IAS 19 “Employee Benefits”, of £9.067 million. Since the start of the current financial year, equity markets have fallen which has resulted in the scheme’s assets decreasing in value by £8.497 million to £139.937 million. However, a reduction in the discount rate used to evaluate the scheme’s liabilities, from 5.6% at the start of the period to 5.2%, has resulted in the value of the liabilities increasing by £3.622 million to £161.123 million. As a consequence the scheme deficit, on an IAS 19 basis, has increased from £9.067 million at 31 March 2011 to £21.186 million at 30 September 2011.			

Notes on the accounts continued

	Six months ended 30 September 2011 £000	Six months ended 30 September 2010 £000	Year ended 31 March 2011 £000
15 Cash generated from operations			
Operating profit	945	2,190	6,143
Adjustments for –			
Pension fund contributions in excess of service costs	(217)	(235)	(1,607)
Depreciation charge	1,707	1,587	3,204
Amortisation of intangible assets	199	172	316
Share of losses in associated undertaking	7	5	10
Cash flows relating to provision for site closure	–	(216)	(502)
Profit on disposal of other plant and equipment	(23)	(23)	(42)
Provisions charged in respect of exit from Ford volume automotive communication business	1,180	–	–
Exceptional credit in respect of retirement benefits	–	–	(500)
Share based payment charge	89	90	144
	<hr/>	<hr/>	<hr/>
Operating cash flow before changes in working capital	3,887	3,570	7,166
Changes in working capital (excluding the effects of acquisition and disposal of subsidiaries)			
Decrease / (increase) in inventories	269	(1,040)	(2,192)
Decrease in trade and other receivables	1,192	57	1,441
(Decrease) / increase in trade and other payables	(484)	(1,090)	385
	<hr/>	<hr/>	<hr/>
Cash generated from operations	4,864	1,497	6,800
	<hr/>	<hr/>	<hr/>
	As at 30 September 2011 £000	As at 30 September 2010 £000	As at 31 March 2011 £000
16 Cash and cash equivalents			
Cash and cash deposits	8,491	10,824	11,048
Bank overdrafts	(8,454)	(10,502)	(11,148)
	<hr/>	<hr/>	<hr/>
	37	322	(100)
	<hr/>	<hr/>	<hr/>

Notes on the accounts continued

	Six months ended 30 September 2011 £000	Six months ended 30 September 2010 £000	Year ended 31 March 2011 £000
17 Net debt			
The net movement in cash and cash equivalents can be reconciled to the change in net debt in the period as follows –			
Net increase / (decrease) in cash and cash equivalents	34	(3,864)	(4,215)
Net repayments / (drawings) of term loan borrowings	–	253	(500)
	<u>34</u>	<u>(3,611)</u>	<u>(4,715)</u>
Effect of exchange rate fluctuations on net debt	91	347	252
	<u>125</u>	<u>(3,264)</u>	<u>(4,463)</u>
Net debt at start of period	<u>(19,102)</u>	<u>(14,639)</u>	<u>(14,639)</u>
Net debt at end of period	<u>(18,977)</u>	<u>(17,903)</u>	<u>(19,102)</u>
		Number of shares	£000
18 Ordinary share capital			
Ordinary shares of 5 pence each –			
Authorised at 30 September 2010, 31 March 2011 and 30 September 2011	80,000,000		4,000
Issued and fully paid at 31 March 2010	61,421,702		3,071
Shares issued on exercise of share options	83,000		4
Issued and fully paid at 30 September 2010	61,504,702		3,075
Shares issued on exercise of share options	57,000		3
Issued and fully paid at 31 March 2011	61,561,702		3,078
Shares issued on exercise of share options	221,500		11
Issued and fully paid at 30 September 2011	61,783,202		3,089
In the six months ended 30 September 2011, options over 37,000 ordinary shares were exercised at an average exercise price of 86.7 pence per share. The shares are fully paid. In addition 184,500 shares were issued to settle performance share plan awards.			

19 Related parties

Identity of related parties

The group has a related party relationship with its subsidiaries, its associate, its directors and executive officers and the group pension scheme.

Transactions with key management personnel

Full details of directors' remuneration are disclosed in the group's annual report. In the six months ended 30 September 2011, the directors' remuneration amounted to £0.263 million (2010 - £0.261 million).

Ian Williamson is a non executive director of Suprajit Engineering Limited ("Suprajit"), a manufacturer of automotive components based in Bangalore, India. Suprajit has provided assistance in the establishment of Carclo's Technical Plastics facility in India including the lease of a manufacturing and storage facility in Bangalore. Payments totalling £0.023 million have been made to Suprajit for these services in the six months to 30 September 2011 (2010 - £0.062 million).

Group pension scheme

Carclo manages a pensions department which administers the group pension scheme. The associated investment costs are recharged to the schemes in full. The costs in the six months ended 30 September 2011 amounted to £0.196 million (2010 - £0.110 million). From 1 April 2007, it has been agreed with the trustees of the pension scheme that, under the terms of the recovery plan, Carclo would bear the scheme's administration costs whilst ever the scheme was in deficit, as calculated at the triennial valuation. As the scheme was in deficit under the latest actual valuation, Carclo incurred an administration cost of £0.217 million which has been charged against the IAS 19 pension scheme deficit (2010 - £0.249 million).

20 Post balance sheet events

In October 2011, the group injected £0.953 million in cash into the group pension scheme in accordance with the agreed funding plan.

21 Seasonality

There are no specific seasonal factors which impact on the demand for products and services supplied by the group, other than for the timing of holidays and customer shutdowns. These tend to fall predominantly in the first half of Carclo's financial year and, as a result, revenues and profits are usually higher in the second half of the financial year compared to the first half.

22 Responsibility statement

We confirm that to the best of our knowledge -

- the condensed set of financial statements has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU;
- the interim management report includes a fair review of the information required by -
 - (a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
 - (b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

By order of the board

Ian Williamson – chief executive

Robert Brooksbank – finance director

22 November 2011

Independent review report to Carclo plc

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2011 which comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of financial position, the condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the Disclosure and Transparency Rules ("the DTR") of the UK's Financial Services Authority ("the UK FSA"). Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FSA.

The annual financial statements of the group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2011 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FSA.

Mike Barradell
Audit director
For and on behalf of KPMG Audit Plc
Leeds

22 November 2011

