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## IN SUMMARY

Carclo plc, the technology led plastics group, announces a robust first half performance in line with the board's expectations.

### Financial highlights

- Technical Plastics has performed well with operating profits of £2.0 million (2008 - £2.0 million) with operating margins up 0.7% to 7.5%
- Precision Products has faced a more difficult trading environment with lower demand in automotive antennas and aerospace cables which impacted profitability
- Profits before tax reduced to £1.7 million (2008 - £2.6 million), a resilient performance in the current economic climate
- Cash generated from operating activities improved to £2.6 million (2008 - £2.2 million) and net debt reduced to £17.5 million, with clear headroom on all bank covenants
- Interim dividend unchanged at 0.65 pence per share

### Operational highlights

- Technical Plastics has been successful in winning a number of new medical contracts which will deliver further growth going forward
- A stronger second half performance is expected in Precision Products due to growth in Wipac's lighting product sales and further design and development revenues from the supercar lighting programmes

- Conductive Inkjet Technology ("CIT") has made significant progress during the first half of the financial year and is well placed to generate substantial revenues from the application of its technology

Commenting on the results, Christopher Ross, chairman, said –

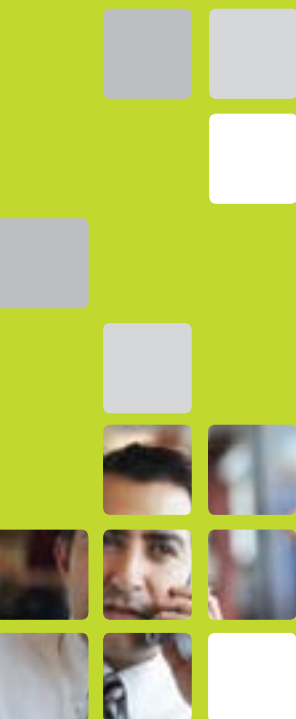
*"The group continues to trade in line with the board's expectations for the full year. We expect a stronger second half trading performance resulting in full year underlying profits at a similar level to last year.*

*We are entering an increasingly exciting period in the commercialisation of CIT.*

*With our finances robust, our core businesses in medical plastics and LED optics and lighting growing, and with the added excitement of CIT's commercialisation, we face the future with confidence."*

### Forward looking statements

Certain statements made in this half year financial report are forward looking statements. Such statements are based on current expectations and are subject to a number of risks and uncertainties that could cause actual events to differ materially from any expected future events or results referred to in these forward looking statements.



## CHAIRMAN'S STATEMENT

### Overview

Carclo has delivered a robust first half performance in line with the board's expectations against an economic backdrop that continues to be challenging. Underlying operating profits were £2.1 million (2008 – £3.3 million) and profit before tax was £1.7 million (2008 - £2.6 million). Technical Plastics has performed well with operating profits of £2.0 million, a similar level to the first half of the last financial year. Precision Products has faced a more difficult trading environment with lower demand in automotive antennas and aerospace cables and this has impacted on the profitability of this division. However, the supercar lighting programmes won by Wipac's specialist lighting business and major new medical programmes in Technical Plastics will drive growth in the second half of the financial year.

The group's financial position remains strong with net debt reducing during the first half of the year and clear headroom on all of our banking covenants.

The board has declared an unchanged interim dividend 0.65 pence per ordinary share.

The dividend will be paid on 6 April 2010 to shareholders on the register on 5 March 2010. The shares will trade ex-dividend from 3 March 2010.

### Financial position

Net debt at 30 September 2009 was £17.5 million, which represents gearing on assets (excluding the net pension deficit) of 33.3% (2008 – 30.3%). Over the first half of this financial year net debt has reduced by £0.3 million. Cash generated from operations was £2.6 million (2008 - £2.2 million) benefitting from a reduction in inventory levels and trade receivables.

The group completed the sale of one surplus property in the period raising net proceeds of £0.5 million and resulting in a profit of £0.1 million. Since the 30 September period end the group has disposed of a further property generating net proceeds of £0.6 million, in line with its carrying value.

As at 30 September 2009 the total drawings on the group's £20.0 million medium term loan facilities were £19.6 million. These committed facilities are well priced and do not expire until June 2012. In addition, the group has overdraft and other bank facilities totalling £11.9 million. The two main covenant ratios relating to the group's bank facilities are interest cover and net debt to EBITDA and the group has a comfortable level of headroom on both of these covenant tests.

### Operating review

#### Technical Plastics

Sales in Technical Plastics were £26.2 million (2008 - £28.7 million). This was an encouraging performance given last year's exit from a significant amount of lower margin automotive work. The division generated operating profits of £2.0 million (2008 - £2.0 million). This represents an operating margin of 7.5%, an increase of 0.7% over the same period last year. This increased operating margin is due to the continuing mix shift in favour of higher margin medical and optical business. Our UK medical business had a strong first half, with demand proving robust across a number of key customers.

Our US medical business saw a more subdued performance due principally to the impact of customer inventory reductions. Demand from our electronics customers, in particular in our Czech and Chinese operations, remained weak in the first half of the year. Our LED optics business continues to grow strongly with sales up by 30% on the corresponding period last year. Our strategy to focus on higher margin medical and optical work continues to deliver significant benefits and both the UK and US businesses have been successful in winning new medical contracts which will deliver further growth.

### Precision Products

Turnover in Precision Products was £15.3 million (2008 - £14.2 million). However, divisional operating profits at £0.8 million (2008 - £2.0 million) were lower than in the same period last year.

The higher sales compared to the corresponding period last year were due to increased design and development and tooling revenues generated by Wipac's supercar lighting programmes. This more than offset lower volumes in the antenna business where demand was well down compared to last year's strong first half. Sales in Wipac's aftermarket business were also down slightly on the comparative period last year.

Our UK aerospace cables business has seen lower turnover and operating profits in the first half as a result of much reduced demand from the corporate jet market where build rates have declined sharply.

A stronger second half performance is expected in Precision Products due to growth in Wipac's lighting product sales and further design and development revenues from the supercar lighting programmes.

### Conductive Inkjet Technology ("CIT")

CIT has made significant progress during the first half of the financial year and the business is well placed to generate substantial revenues from the application of its technology. The MetalJet 6000 contract manufacturing facility is now being marketed under the brand InkJetFlex and we have a growing portfolio of customers for printed electronic products including RFID antennas, medical and other sensors, and LED lighting strips. Through our website [www.inkjetflex.com](http://www.inkjetflex.com) we have also launched an innovative fast response service which has attracted a lot of interest. We anticipate that InkJetFlex will contribute to revenue growth in the second half of this financial year.

Considerable progress has also been achieved on CIT's fine line technology. Our Technology Strategy Board sponsored program with Cambridge Display Technology Ltd has produced OLED lighting panels using CIT's fine line capability on glass. The superior conductivity of the CIT solution produces a lighting panel which is more uniform than conventional ITO anode technology.

The fine line technology has also been successfully developed on plastic films. An important application for this technology is touch screen interfaces and in particular multi-touch screen products based upon capacitive sensing. We are now commissioning a roll to roll pilot line for this technology in our contract manufacturing facility to supply a strategic partner. This has the potential to be a very high volume application area for CIT.

### Platform Diagnostics ("PDL")

Carclo has made good progress on finalising the hardware for PDL's innovative point of care platform, but progress by our partner on the finalisation of the assay has been slow. Additional resources have now been committed to complete the assay development.

### Risks and uncertainties

In the annual report to shareholders in June 2009 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.

### Pensions

Under IAS 34 "Interim Financial Reporting" the group is required to review the carrying value of the pension asset or liability at the half year. Although the improvement in the equity markets since March 2009 has augmented the value of the pension scheme assets, this has been more than offset by the impact of the significant reduction in corporate bond yields on the scheme liabilities. As a result, the board has reflected an IAS 19 deficit of £24.6 million on the balance sheet compared to a deficit of £17.9 million as at 31 March 2009.



The provisions of IAS 19 "Employee Benefits" continue to cause volatility to the group income statement as well as to the group balance sheet. The consolidated income statement for the half year ended 30 September 2009 includes an IAS 19 financing charge of £0.2 million (2008 - £0.5 million credit).

Since the 30 September period end the group has made the annual £0.9 million recovery plan payment into the scheme.

The group has recently agreed a new recovery plan with the scheme trustees based on the triennial valuation of the scheme as at 31 March 2009 updated to 30 September 2009. In order to eliminate the funding shortfall, it has been agreed that additional annual contributions of £0.9 million per year will be payable from 31 October 2010 for a period of 15 years. These additional contributions will be indexed at 2.9% per annum from the commencement date of the new recovery plan. Although the recovery plan has been extended to correct the increased funding shortfall, the annual cash contributions under the new recovery plan remain at a similar level to the previous plan.

## Outlook

The group continues to trade in line with the board's expectations for the full year. We expect a stronger second half trading performance resulting in full year underlying profits at a similar level to last year.

The group's medical business has performed well in the first half of the financial year and we expect this to continue. We have won more new medical contracts which will drive further growth in Technical Plastics.

Precision Products will benefit from both further design and development revenues and an increase in product sales in the supercar lighting programmes.

In the other markets we serve demand has generally stabilised, however, we are not anticipating any sustained recovery in the short term.

We are entering an increasingly exciting period in the commercialisation of CIT and we expect that revenues are set to grow significantly.

In summary, the second half is expected to show good growth over the comparative period last year and we are confident that this growth should continue in the following financial year. With our finances robust, our core businesses in medical plastics and LED optics and lighting growing, and with the added excitement of CIT's commercialisation, we face the future with confidence.

Christopher Ross  
24 November 2009



## Condensed consolidated income statement

	Notes	Six months ended 30 September 2009 unaudited £000	Six months ended 30 September 2008 unaudited £000	Year ended 31 March 2009 audited £000
<b>Revenue</b>		<b>41,058</b>	42,694	87,436
<b>Underlying operating profit</b>				
Operating profit before exceptional costs		<b>2,138</b>	3,301	6,212
– rationalisation costs	5	<b>(103)</b>	(542)	(2,435)
– exceptional bad debts	5	–	(170)	(270)
After exceptional costs		<b>2,035</b>	2,589	3,507
<b>Operating profit</b>	4	<b>2,035</b>	2,589	3,507
Profit on sale of property		<b>79</b>	–	–
<b>Profit before financing costs</b>		<b>2,114</b>	2,589	3,507
Finance income	6	<b>4,247</b>	5,437	10,871
Finance charge	6	<b>(4,673)</b>	(5,439)	(10,727)
<b>Profit before tax</b>		<b>1,688</b>	2,587	3,651
Income tax expense	7	<b>(346)</b>	(323)	(456)
<b>Profit after tax but before (loss) / profit on discontinued operations</b>		<b>1,342</b>	2,264	3,195
(Loss) / profit on discontinued operations, net of tax	8	<b>(89)</b>	176	(270)
<b>Profit after tax, attributable to equity holders of the parent</b>		<b>1,253</b>	2,440	2,925
Earnings per ordinary share	9			
Basic – continuing operations		<b>2.3p</b>	4.0p	5.6p
Basic – discontinued operations		<b>(0.1)p</b>	0.3p	(0.5)p
Basic – total		<b>2.2p</b>	4.3p	5.1p
Diluted – continuing operations		<b>2.3p</b>	4.0p	5.6p
Diluted – discontinued operations		<b>(0.1)p</b>	0.3p	(0.5)p
Diluted – total		<b>2.2p</b>	4.3p	5.1p

## Condensed consolidated statement of comprehensive income

	Six months ended 30 September 2009 unaudited £000	Six months ended 30 September 2008 unaudited £000	Year ended 31 March 2009 audited £000
<b>Profit for the period</b>	<b>1,253</b>	2,440	2,925
<b>Other comprehensive income –</b>			
Foreign exchange translation differences	(540)	726	1,759
Actuarial losses on defined benefit scheme	(6,858)	(6,577)	(21,118)
Taxation on actuarial losses taken directly to equity	1,920	1,841	5,914
<b>Other comprehensive income, net of income tax</b>	<b>(5,478)</b>	(4,010)	(13,445)
<b>Total comprehensive income for the period</b>	<b>(4,225)</b>	(1,570)	(10,520)
<b>Attributable to equity holders of the parent</b>	<b>(4,225)</b>	(1,570)	(10,520)

## Condensed consolidated statement of financial position

	Notes	30 September 2009 unaudited £000	30 September 2008 unaudited £000	31 March 2009 audited £000
<b>Assets</b>				
Intangible assets	11	33,988	31,139	33,774
Property, plant and equipment	12	26,196	24,613	27,017
Investments		642	315	660
Deferred tax assets		9,663	4,440	7,794
<b>Total non current assets</b>		<b>70,489</b>	<b>60,507</b>	<b>69,245</b>
Inventories		10,068	10,841	11,399
Trade and other receivables		17,366	19,468	18,032
Cash and cash deposits		8,400	5,925	6,405
Non current assets classified as held for sale	13	837	1,579	1,302
<b>Total current assets</b>		<b>36,671</b>	<b>37,813</b>	<b>37,138</b>
<b>Total assets</b>		<b>107,160</b>	<b>98,320</b>	<b>106,383</b>
<b>Liabilities</b>				
Interest bearing loans and borrowings		19,561	17,011	19,621
Deferred tax liabilities		4,494	4,128	4,519
Retirement benefit obligations	14	24,600	5,000	17,924
Provisions and deferred consideration liabilities		412	450	945
<b>Total non current liabilities</b>		<b>49,067</b>	<b>26,589</b>	<b>43,009</b>
Trade and other payables		13,951	15,698	16,626
Current tax liabilities		1,944	2,149	1,884
Provisions		757	–	475
Interest bearing loans and borrowings		6,386	4,841	4,658
<b>Total current liabilities</b>		<b>23,038</b>	<b>22,688</b>	<b>23,643</b>
<b>Total liabilities</b>		<b>72,105</b>	<b>49,277</b>	<b>66,652</b>
<b>Net assets</b>		<b>35,055</b>	<b>49,043</b>	<b>39,731</b>
<b>Equity</b>				
Ordinary share capital issued	18	2,883	2,859	2,859
Share premium		4,128	3,916	3,916
Other reserves		3,584	3,657	3,656
Translation reserve		4,570	4,077	5,110
Retained earnings		19,890	34,534	24,190
<b>Total equity attributable to equity holders of the parent</b>		<b>35,055</b>	<b>49,043</b>	<b>39,731</b>

## 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
<b>Current half year period – unaudited</b>						
<b>Balance at 1 April 2009</b>	<b>2,859</b>	<b>3,916</b>	<b>5,110</b>	<b>3,656</b>	<b>24,190</b>	<b>39,731</b>
<b>Profit for the period</b>	–	–	–	–	1,253	1,253
<b>Other comprehensive income –</b>						
Foreign exchange translation differences	–	–	(540)	–	–	(540)
Actuarial losses on defined benefit scheme	–	–	–	–	(6,858)	(6,858)
Taxation on actuarial losses taken directly to equity	–	–	–	–	1,920	1,920
<b>Transactions with owners recorded directly in equity –</b>						
Share based payments	–	–	–	–	89	89
Dividends to shareholders	–	–	–	–	(776)	(776)
Exercise of share options	24	212	–	–	–	236
Transfer in respect of depreciation	–	–	–	(72)	72	–
<b>Balance at 30 September 2009</b>	<b>2,883</b>	<b>4,128</b>	<b>4,570</b>	<b>3,584</b>	<b>19,890</b>	<b>35,055</b>
<b>Prior half year period – unaudited</b>						
Balance at 1 April 2008	2,859	3,916	3,351	3,669	36,660	50,455
<b>Profit for the period</b>	–	–	–	–	2,440	2,440
<b>Other comprehensive income –</b>						
Foreign exchange translation differences	–	–	726	–	–	726
Actuarial losses on defined benefit scheme	–	–	–	–	(6,577)	(6,577)
Taxation on actuarial losses taken directly to equity	–	–	–	–	1,841	1,841
<b>Transactions with owners recorded directly in equity –</b>						
Share based payments	–	–	–	–	97	97
Dividends to shareholders	–	–	–	–	(735)	(735)
Proceeds from sale of own shares	–	–	–	–	396	396
Transfer in respect of depreciation	–	–	–	(12)	12	–
Adjustment to deferred consideration	–	–	–	–	400	400
Balance at 30 September 2008	2,859	3,916	4,077	3,657	34,534	49,043
<b>Prior year period – audited</b>						
Balance at 1 April 2008	2,859	3,916	3,351	3,669	36,660	50,455
<b>Profit for the period</b>	–	–	–	–	2,925	2,925
<b>Other comprehensive income –</b>						
Foreign exchange translation differences	–	–	1,759	–	–	1,759
Actuarial losses on defined benefit scheme	–	–	–	–	(21,118)	(21,118)
Taxation on actuarial losses taken directly to equity	–	–	–	–	5,914	5,914
<b>Transactions with owners recorded directly in equity –</b>						
Share based payments	–	–	–	–	105	105
Dividends to shareholders	–	–	–	–	(1,105)	(1,105)
Proceeds from sale of own shares	–	–	–	–	396	396
Transfer in respect of depreciation	–	–	–	(13)	13	–
Adjustment to deferred consideration	–	–	–	–	400	400
Balance at 31 March 2009	2,859	3,916	5,110	3,656	24,190	39,731

## Condensed consolidated statement of cash flows

	Notes	Six months ended 30 September 2009 unaudited £000	Six months ended 30 September 2008 unaudited £000	Year ended 31 March 2009 audited £000
<b>Cash generated from operations</b>	15	2,590	2,246	7,500
<b>Interest paid</b>		(213)	(537)	(934)
<b>Tax paid</b>		(90)	(92)	(238)
<b>Net cash from operating activities</b>		<b>2,287</b>	1,617	6,328
<b>Cash flows from investing activities</b>				
Proceeds from sale of property, plant and equipment		548	751	930
Interest received		7	71	154
Cash flows on discontinued operations		(89)	(46)	(115)
Acquisition of business undertaking, net of cash acquired		(211)	(1,582)	(1,849)
Acquisition of property, plant and equipment		(1,312)	(1,118)	(3,550)
Acquisition of intangible assets – computer software		(93)	(7)	(32)
Investment in Platform Diagnostics Limited		–	(50)	(406)
Development expenditure		(542)	(455)	(1,118)
<b>Net cash from investing activities</b>		<b>(1,692)</b>	(2,436)	(5,986)
<b>Cash flows from financing activities</b>				
Proceeds from the issue of share capital		236	–	–
Proceeds from sale of own shares		–	396	396
Drawings on term loan facilities		1,000	1,768	6,767
Repayment of borrowings		(251)	(218)	(6,516)
Dividends paid		(1,147)	(1,073)	(1,073)
<b>Net cash from financing activities</b>		<b>(162)</b>	873	(426)
Net increase / (decrease) in cash and cash equivalents		433	54	(84)
Cash and cash equivalents at beginning of period		2,026	1,139	1,139
Effect of exchange rate fluctuations on cash held		(193)	108	971
<b>Cash and cash equivalents at end of period</b>	16	<b>2,266</b>	1,301	2,026

## Notes on the accounts

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### 1 Basis of preparation

The condensed consolidated half year report for Carclo plc (“Carclo” or “the group”) for the six months ended 30 September 2009 has been prepared on the basis of the accounting policies set out in the audited accounts for the year ended 31 March 2009 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 22.

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 2009 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](http://www.carclo-plc.com).

The comparative figures for the financial year ended 31 March 2009 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 by way of emphasis without qualifying their report and (iii) did not contain statements under Section 237 (2) or (3) of the Companies Act 1985.

The half year report was approved by the board of directors on 24 November 2009 and is being sent to shareholders on 4 December 2009. 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”).

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### 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 2009, except as detailed below.

The following new standards, amendments or interpretations came into force for Carclo during the current financial year and have been adopted by the group from 1 April 2009 –

IAS 1 (revised) “Presentation of financial statements”. This standard requires a condensed consolidated statement of changes in equity to be disclosed as a primary statement, in prior periods this has been disclosed in the notes to the accounts. In addition, the changes in equity are classified between those changes which are “owner” and “non owner” in nature. The standard replaces the requirement to prepare a statement of total recognised income with a condensed consolidated statement of comprehensive income. This standard does not impact on the group’s reported financial performance or position.

IFRS 8 “Operating segments”. This standard requires segmental information to be presented on the same basis as that used for internal reporting to the chief operating decision maker. This has not resulted in a change to the reported segments.

## Notes on the accounts

continued

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### 2 Accounting policies continued

In addition to the above, the following standards, amendments and interpretations are now mandatory and have been adopted, where applicable, from 1 April 2009 but have had no impact on the group's financial statements –

IFRS 2 (amendment)*	Share-based payment – vesting conditions and cancellations
IAS 23 (revised)	Borrowing costs
IFRIC 13*	Customer loyalty programmes
IFRIC 14*	IAS 19 – the limit on a defined benefit asset, minimum funding requirements and their interaction
IFRIC 16	Hedges of a net investment in a foreign operation
IFRS 3 (revised)	Business combinations
IAS 27 (amendment)	Consolidated and separate financial statements
IAS 39 (amendment)	Eligible hedged items

\* These standards and interpretations have been adopted by the EU.

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### 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 2009.

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### 4 Segment reporting

At 30 September 2009, the group is organised into two, separately managed, business segments – Technical Plastics and Precision Products. 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). Conductive Inkjet Technology Limited is included within Unallocated whilst in its development phase.

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 supply systems to the automotive and aerospace industries.

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	Unallocated £000	Eliminations £000	Group total £000
<b>4 Segment reporting continued</b>					
The segment results for the six months ended 30 September 2009 were as follows –					
<b>Income Statement</b>					
Total revenue	26,161	15,346	45	(494)	41,058
Less inter-segment revenue	(433)	(61)	–	494	–
Total external revenue	25,728	15,285	45	–	41,058
Expenses	(23,775)	(14,442)	(703)	–	(38,920)
Underlying operating profit	1,953	843	(658)	–	2,138
Rationalisation costs	(92)	(11)	–	–	(103)
<b>Operating profit</b>	<b>1,861</b>	<b>832</b>	<b>(658)</b>	<b>–</b>	<b>2,035</b>
Profit on sale of surplus property					79
<b>Profit before net finance charge</b>					<b>2,114</b>
Net finance charge					(426)
Tax					(346)
Loss on discontinued operations, net of tax					(89)
<b>Profit after tax</b>					<b>1,253</b>
<b>Balance sheet information</b>					
Segment assets	59,479	22,532	25,149	–	107,160
Segment liabilities	(10,129)	(8,996)	(52,980)	–	(72,105)
<b>Net assets</b>	<b>49,350</b>	<b>13,536</b>	<b>(27,831)</b>	<b>–</b>	<b>35,055</b>

## Notes on the accounts

continued

	Technical Plastics £000	Precision Products £000	Unallocated £000	Eliminations £000	Group total £000
<b>4 Segment reporting continued</b>					
The segment results for the six months ended 30 September 2008 were as follows –					
<b>Income Statement</b>					
Total revenue	28,686	14,207	94	(293)	42,694
Less inter-segment revenue	(289)	(4)	–	293	–
Total external revenue	28,397	14,203	94	–	42,694
Expenses	(26,441)	(12,242)	(710)	–	(39,393)
Underlying operating profit	1,956	1,961	(616)	–	3,301
Rationalisation costs	(508)	–	(34)	–	(542)
Exceptional bad debts	(170)	–	–	–	(170)
<b>Operating profit before net finance charge</b>	<b>1,278</b>	<b>1,961</b>	<b>(650)</b>	<b>–</b>	<b>2,589</b>
Net finance charge					(2)
Tax					(323)
Profit on discontinued operations, net of tax					176
<b>Profit after tax</b>					<b>2,440</b>
<b>Balance sheet information</b>					
Segment assets	58,538	20,361	19,421	–	98,320
Segment liabilities	(12,483)	(7,466)	(29,328)	–	(49,277)
<b>Net assets</b>	<b>46,055</b>	<b>12,895</b>	<b>(9,907)</b>	<b>–</b>	<b>49,043</b>

	Technical Plastics £000	Precision Products £000	Unallocated £000	Eliminations £000	Group total £000
<b>4 Segment reporting continued</b>					
The segment results for the year ended 31 March 2009 were as follows –					
<b>Income Statement</b>					
Total revenue	55,033	33,000	135	(732)	87,436
Less inter-segment revenue	(620)	(112)	–	732	–
Total external revenue	54,413	32,888	135	–	87,436
Expenses	(50,691)	(29,144)	(1,389)	–	(81,224)
Underlying operating profit	3,722	3,744	(1,254)	–	6,212
Rationalisation costs	(2,274)	(54)	(107)	–	(2,435)
Exceptional bad debts	(270)	–	–	–	(270)
<b>Operating profit before net finance credit</b>	<b>1,178</b>	<b>3,690</b>	<b>(1,361)</b>	<b>–</b>	<b>3,507</b>
Net finance credit					144
Tax					(456)
Loss on discontinued operations, net of tax					(270)
<b>Profit after tax</b>					<b>2,925</b>
<b>Balance sheet information</b>					
Segment assets	61,293	23,316	21,774	–	106,383
Segment liabilities	(10,232)	(8,885)	(47,535)	–	(66,652)
<b>Net assets</b>	<b>51,061</b>	<b>14,431</b>	<b>(25,761)</b>	<b>–</b>	<b>39,731</b>

	Six months ended 30 September 2009 £000	Six months ended 30 September 2008 £000	Year ended 31 March 2009 £000
<b>5 Exceptional costs</b>			
Rationalisation costs	(103)	(542)	(2,435)
Exceptional bad debts	–	(170)	(270)
<b>Total exceptional costs</b>	<b>(103)</b>	<b>(712)</b>	<b>(2,705)</b>

The rationalisation costs in the six months to 30 September 2009 related primarily to the rationalisation of a Technical Plastics facility in the UK and the closure of a sales office in the USA.

The rationalisation costs in the year to 31 March 2009 related primarily to the closure of Technical Plastics facilities in Llanelli and Slough.

The exceptional bad debt charge in the periods under review relates to an additional provision on the net receivable from Delphi Corporation, a US based customer, which went into Chapter 11 in October 2005. The provision has been increased progressively to cover 100% of the net receivable as, in the current economic downturn in the automotive sector, the board consider the value of any potential recovery will be minimal.

## Notes on the accounts

continued

	Six months ended 30 September 2009 £000	Six months ended 30 September 2008 £000	Year ended 31 March 2009 £000
<b>6 Net finance (charge) / income</b>			
Finance revenue	7	69	136
Finance expense	(216)	(522)	(894)
Other finance revenue – retirement benefits	4,240	5,368	10,735
Other finance expense – retirement benefits	(4,457)	(4,917)	(9,833)
<b>Total</b>	<b>(426)</b>	<b>(2)</b>	<b>144</b>

## 7 Income tax

The half year accounts include a tax charge of 20.5% of profit before tax (2008 – 12.5%) 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 28.0% (2008 – 28.0%) as the group continues to benefit from prior period tax losses and tax planning initiatives.

	Six months ended 30 September 2009 £000	Six months ended 30 September 2008 £000	Year ended 31 March 2009 £000
<b>8 (Loss) / profit on discontinued activities, net of tax</b>			
Costs incurred in relation to non current assets held for sale	(89)	(46)	(134)
Profit on disposal of surplus property	–	322	322
Impairment of non current assets held for sale	–	(100)	(458)
<b>Total</b>	<b>(89)</b>	<b>176</b>	<b>(270)</b>

On 12 May 2006, the group disposed of its automotive control cables business. Costs of £0.1 million (2008 – £0.1 million) were incurred in relation to non current assets held for sale arising from the disposal of the business.

In the year ended 31 March 2009, a surplus UK property was disposed for a cash consideration, net of attributable costs, of £0.8 million and gave rise to a profit of £0.3 million. This property was formerly occupied by the card clothing business, which was disposed in June 2005.

The impairment of the non current assets held for sale relates to a vacant freehold French property, which was also occupied by the card clothing business, and the property formerly occupied by Gills Cables Limited, which was disposed in May 2006. The properties are being actively marketed and, in the current economic climate, the group is receiving offers below the carrying values. Accordingly, an impairment provision has been established in the year ended 31 March 2009 to reduce the carrying value, in each case, to current market expectations of saleable value.

## 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 –

	<b>Six months ended 30 September 2009 £000</b>	Six months ended 30 September 2008 £000	Year ended 31 March 2009 £000
Profit attributable to ordinary shareholders from continuing operations	<b>1,342</b>	2,264	3,195
(Loss) / profit from discontinued operations	<b>(89)</b>	176	(270)
Profit attributable to ordinary shareholders	<b>1,253</b>	2,440	2,925
	<b>Six months ended 30 September 2009 Shares</b>	Six months ended 30 September 2008 Shares	Year ended 31 March 2009 Shares
Weighted average number of ordinary shares in issue in the period	<b>57,262,958</b>	56,838,958	56,838,958
Effect of share options in issue	<b>374,558</b>	423,831	315,296
Weighted average number of ordinary shares (diluted) in the period	<b>57,637,516</b>	57,262,789	57,154,254

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

	<b>Six months ended 30 September 2009 pence</b>	Six months ended 30 September 2008 pence	Year ended 31 March 2009 pence
Basic – continuing operations	<b>2.3</b>	4.0	5.6
Basic – discontinued operations	<b>(0.1)</b>	0.3	(0.5)
Basic – total	<b>2.2</b>	4.3	5.1
Diluted – continuing operations	<b>2.3</b>	4.0	5.6
Diluted – discontinued operations	<b>(0.1)</b>	0.3	(0.5)
Diluted – total	<b>2.2</b>	4.3	5.1

## Notes on the accounts

continued

	Six months ended 30 September 2009 £000	Six months ended 30 September 2008 £000	Year ended 31 March 2009 £000
<b>10 Dividends paid and proposed</b>			
Ordinary dividends per 5 pence share declared in the period comprised –			
Final dividend for 2007 / 08 (1.3 pence per share)	–	735	734
Interim dividend for 2008 / 09 (0.65 pence per share)	–	–	371
Final dividend for 2008 / 09 (1.35 pence per share)	<b>776</b>	–	–
	<b>776</b>	735	1,105

The directors are proposing an interim dividend of 0.65 pence per ordinary share for the half year ended 30 September 2009. The dividend payment totalling £0.374 million will be paid on 6 April 2010 to shareholders on the share register at close of business on 5 March 2010. The proposed dividend has not been provided in the half year accounts.

	Six months ended 30 September 2009 £000	Six months ended 30 September 2008 £000	Year ended 31 March 2009 £000
<b>11 Intangible assets</b>			
The movements in the carrying value of intangible assets are summarised as follows –			
Net book value at the start of the period	<b>33,774</b>	28,934	28,934
Additions	<b>635</b>	462	1,150
Amortisation	<b>(119)</b>	(85)	(156)
Acquisition of business	–	1,357	1,325
Adjustment in respect of deferred consideration not payable	–	(150)	(250)
Effect of movements in foreign exchange	<b>(302)</b>	621	2,771
<b>Net book value at the end of the period</b>	<b>33,988</b>	31,139	33,774

Included within intangible assets is goodwill of £21.4 million (2008 – £19.7 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 2009, 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.

	Six months ended 30 September 2009 £000	Six months ended 30 September 2008 £000	Year ended 31 March 2009 £000
<b>12 Property, plant and equipment</b>			
The movements in the carrying value of property plant and equipment are summarised as follows –			
Net book value at the start of the period	27,017	25,429	25,429
Additions	1,256	1,007	3,483
Depreciation	(1,574)	(1,565)	(3,278)
Transfer to non current assets held for sale	–	(837)	(854)
Acquisition of business	–	132	132
Disposals	(12)	–	(123)
Impairment arising on site rationalisation	–	(152)	(369)
Effect of movements in foreign exchange	(491)	599	2,597
<b>Net book value at the end of the period</b>	<b>26,196</b>	<b>24,613</b>	<b>27,017</b>

	Six months ended 30 September 2009 £000	Six months ended 30 September 2008 £000	Year ended 31 March 2009 £000
<b>13 Non current assets classified as held for sale</b>			
Surplus land and buildings	822	1,579	1,284
Surplus plant and equipment	15	–	18
	<b>837</b>	<b>1,579</b>	<b>1,302</b>

At 31 March 2009, surplus properties with a net book value of £1.284 million had been reclassified as being held for sale. The carrying value of the surplus properties is net of impairment provisions of £0.458 million. In addition, surplus plant and equipment with a net book value of £0.018 million, arising on the closure of the Llanelli facility, had been reclassified as being held for sale.

In the six months ended 30 September 2009, one property located in Llanelli was disposed. The property was sold for £0.550 million, before costs, and had a carrying value of £0.460 million. Contracts were exchanged in September 2009 for the sale of another property for the sum of £0.600 million. This property has a carrying value of £0.592 million and the disposal completed on 16 November 2009. The remaining property continues to be actively marketed.

#### 14 Retirement benefit obligations

At 31 March 2009, the group had a retirement benefit liability, as calculated under the provisions of IAS 19 "Employee Benefits", of £17.9 million. Since the start of the current financial year, equity markets have recovered slightly although property portfolios remain depressed. As a consequence, the assets held by the group's defined benefit scheme increased in value by £19.7 million to £133.4 million. However, reductions in discount rates used to value scheme liabilities, from 7.0% at the start of the period to 5.7%, has resulted in the value of the liabilities increasing by £26.4 million to £158.0 million at 30 September 2009. As a consequence the scheme deficit, on an IAS 19 basis, has increased from £17.9 million to £24.6 million at 30 September 2009.

## Notes on the accounts

continued

	Six months ended 30 September 2009 £000	Six months ended 30 September 2008 £000	Year ended 31 March 2009 £000
<b>15 Cash generated from operations</b>			
Profit before financing costs	2,114	2,589	3,507
Adjustments for –			
Pension fund contributions in excess of service costs	(399)	(269)	(1,435)
Depreciation charge	1,574	1,565	3,278
Amortisation of intangible assets	119	85	156
Exceptional bad debt provision	–	170	270
Share of losses in associated company	18	–	11
Profit on disposal of surplus property	(79)	–	–
Loss / (profit) on disposal of other plant and equipment	6	–	(54)
Cash flows relating to provision for closure costs	(251)	–	–
Write down of assets charged to rationalisation costs	–	152	369
Share based payment charge	89	97	105
	<u>3,191</u>	<u>4,389</u>	<u>6,207</u>
Operating profit before changes in working capital	3,191	4,389	6,207
Changes in working capital (excluding the effects of acquisition and disposal of subsidiaries)			
Decrease / (increase) in inventories	1,126	(575)	(329)
Decrease / (increase) in trade and other receivables	333	(1,254)	920
(Decrease) / increase in trade and other payables and provisions	(2,060)	(314)	702
	<u>2,590</u>	<u>2,246</u>	<u>7,500</u>
Cash generated from operations	2,590	2,246	7,500
	<u>As at 30 September 2009 £000</u>	<u>As at 30 September 2008 £000</u>	<u>As at 31 March 2009 £000</u>
<b>16 Cash and cash equivalents</b>			
Cash and cash deposits	8,400	5,925	6,405
Bank overdrafts	(6,134)	(4,624)	(4,379)
	<u>2,266</u>	<u>1,301</u>	<u>2,026</u>

	Six months ended 30 September 2009 £000	Six months ended 30 September 2008 £000	Year ended 31 March 2009 £000
<b>17 Net debt</b>			
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	433	54	(84)
Net drawings of term loan borrowings	(749)	(1,550)	(251)
	<u>(316)</u>	<u>(1,496)</u>	<u>(335)</u>
Effect of exchange rate fluctuations on net debt	643	(685)	(3,793)
	<u>327</u>	<u>(2,181)</u>	<u>(4,128)</u>
Net debt at start of period	(17,874)	(13,746)	(13,746)
Net debt at end of period	<u>(17,547)</u>	<u>(15,927)</u>	<u>(17,874)</u>

	Number of shares	£000
<b>18 Ordinary share capital</b>		
Ordinary shares of 5 pence each –		
<b>Authorised at 30 September 2008, 31 March 2009 and 30 September 2009</b>	<b>80,000,000</b>	<b>4,000</b>
Issued and fully paid at 30 September 2008 and 31 March 2009	57,188,702	2,859
Shares issued on exercise of share options for cash	472,000	24
<b>Issued and fully paid at 30 September 2009</b>	<b>57,660,702</b>	<b>2,883</b>

In the six months ended 30 September 2009, options over 472,000 ordinary shares were exercised at an exercise price of 50.0 pence per share. These options were settled by £236,000 in cash in the period.

## 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 director's remuneration are disclosed in the group's annual report. In the six month months ended 30 September 2009, the directors' remuneration amounted to £256,900 (2008 – £256,900).

Ian Williamson is a non executive director of Suprajit Engineering Limited ("Suprajit"), a manufacturer of automotive components, based in Bangalore, India. Suprajit have 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 £9,447 have been made to Suprajit for these services in the six months to 30 September 2009 (2008 – nil).

## Notes on the accounts

continued

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### 19 Related parties continued

#### Group pension scheme

Carclo manages a pensions department which administers the group pension scheme. The associated investment costs are recharged to the scheme in full. The costs in the six months ended 30 September 2009 amounted to £0.448 million (2008 – £0.206 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 actuarial valuation, Carclo incurred an administration cost of £0.255 million, which has been charged against the IAS 19 pension scheme deficit (2008 – £0.269 million).

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### 20 Post Balance sheet events

In October 2009, the group injected £0.9 million in cash into the group pension scheme in accordance with the agreed funding plan.

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### 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.

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### 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

24 November 2009

## Independent review report to Carclo plc

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### 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 2009 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 2009 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FSA.

R I Moffatt  
Audit director  
For and on behalf of KPMG Audit Plc  
Leeds  
24 November 2009

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