



For immediate release

8 June 2010

Carclo plc
("Carclo or the group")

Carclo plc, the technology led plastics group, today announces its full year results for the year ended 31 March 2010.

Highlights

- Profit before tax increased by 26.6% to £4.6 million
- Earnings per share increased by 15.7% to 5.9 pence
- The commercialisation of Conductive Inkjet Technology ("CIT") progressed significantly with the signing of an agreement with Atmel Corporation ("Atmel") for the development and launch of an innovative new touch screen product based upon CIT's patented processes

Commenting on the results, Christopher Ross, chairman said -

"The year just ended was another year of progress.

The group is well positioned for growth and the board remains committed to delivering shareholder value through a continued focus on its clear, consistent strategy."

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A presentation for analysts will be held at **9.30 a.m.** on 8 June 2010 at the offices of Weber Shandwick Financial, Fox Court, 14 Gray's Inn Road, London WC1X 8WS.

Notes to editors

About Carclo

Carclo plc is a technology led plastics group. It is a public company whose shares are quoted on the London Stock Exchange.

Two thirds of sales are derived from the supply of fine tolerance, injection moulded plastic components, which are used in medical, optical and electronics products. This business, Carclo Technical Plastics, operates internationally in a fast growing and dynamic market underpinned by rapid technological development.

A third of sales are derived from the supply of specialised precision products to the premium automotive and aerospace industries. Carclo is a leader in the development of high power LED lighting for supercars.

Carclo's strategy is to develop new technologies and products to drive future growth. Its investment in Conductive Inkjet Technology is at the heart of the newly emerging market for very low cost printed electronics.

Forward looking statements

Certain statements made in this announcement 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

The year to 31 March 2010 has been one of good progress in the face of a tough global recession. The highlights in the year were -

- In Technical Plastics operating profits increased to £4.4 million (2009 - £3.7 million) with operating margins up to 8.6% (2009 – 6.8%) as the division continues to benefit from its focus on the medical and specialist optics sectors
- Precision Products faced a more difficult year with operating profits down at £2.6 million (2009 - £3.7 million) mainly due to a reduction in aerospace demand
- Profit before tax increased by 26.6% to £4.6 million as exceptional rationalisation costs reduced by £2.1 million to £0.3 million
- Earnings per share increased by 15.7% to 5.9 pence
- The commercialisation of Conductive Inkjet Technology ("CIT") progressed significantly with the signing of an agreement with Atmel Corporation ("Atmel") for the development and launch of an innovative new touch screen product based upon CIT's patented processes
- The group raised £3.5 million by way of a share placing to facilitate the step up in investment in new technologies

Overall, a most satisfactory year of strategic progress, with the group continuing to focus on specialist medical and optical markets, expanding its global manufacturing footprint and underpinning future growth through continued investment in new technologies.

Cash flow and funding

Net debt at 31 March 2010 was £14.6 million (2009 – £17.9 million). The reduction in debt was due to a successful share placing which the group undertook in December 2009. The shares issued equated to 5.0% of Carclo's share capital at that time and raised £3.5 million in cash, after attributable costs. Unusually, and reflecting investor confidence in Carclo's strategy, the shares were issued without discount to the prevailing mid-market share price. The cash raised is being used to accelerate a number of growth projects principally in Carclo's technology business, CIT.

The group has medium term loan facilities totalling £20.0 million with its two principal UK bankers which fall due for renewal in 2012. In addition, the group has other banking facilities totalling £11.9 million. The group continues to operate well within these facilities and associated bank covenants.

Dividend

The board is recommending an unchanged final dividend of 1.35 pence per share. This gives a total dividend for the year of 2.0 pence per share (2009 – 2.0 pence).

Subject to shareholder approval, dividend payments will be posted on 9 September 2010 to shareholders on the register at close of business on 6 August 2010. The shares will be traded excluding the right to the dividend from 4 August 2010.

Employees

I would like to thank all those employed by Carclo for their significant contribution during the year. In particular, the board would like to re-iterate its thanks to the employees in the UK and USA who accepted a pay freeze during the financial year in light of the global recession. I am pleased to report that pay and salary increases were recommenced in the new financial year.

The board

The current service contracts for our executive directors terminate on the executive's 60th birthday. On this basis Carclo's chief executive, Ian Williamson, would cease to be a director on 27 March 2011.

During Ian's tenure as chief executive, Carclo has been transformed into a global technology led plastics group. The group has performed well during the recent economic downturn and is set for profitable growth. However, it is Carclo's investment in new technologies which has received Ian's particular focus and which is now starting to reap significant rewards, particularly at CIT.

The board believes that CIT will generate significant value for Carclo's shareholders over the next three years and that Ian is best placed to provide continuity of stewardship and strategic focus during this period.

The board, therefore, proposes to extend Ian's contract until 27 March 2013, when he will reach the age of 62, to enable him to continue the development of Carclo and, specifically, to oversee the commercialisation of CIT.

Ian Williamson was re-elected at the 2008 annual general meeting and would, therefore, not normally fall due for re-election before his contracted date of retirement. He has, however, decided to stand for re-election at the next annual general meeting on 2 September 2010 to allow shareholders to vote on the extension to his employment contract.

Outlook

The year just ended was another year of progress for the group.

Our medical business continues to identify opportunities for further growth which will support increased profitability in the Technical Plastics division. In addition, our LED optics business continues to generate strong compound growth.

In Precision Products, the significant design and development revenues generated by Wipac last year from LED supercar lighting will progressively convert to product sales in the new financial year and will drive growth in the medium term. The aerospace business, which was impacted by a significant reduction in demand last year, has now stabilised.

Conductive Inkjet Technology is now generating commercial revenues and we expect revenues to step up significantly in our second half as the new touch sensor products enter production.

The group is well positioned for growth and the board remains committed to delivering shareholder value through a continued focus on its clear, consistent strategy.

Christopher Ross

8 June 2010

Chief executive's review

Strategic development

Last year our consistent strategy to focus on our specialist businesses in medical plastics and LED lighting and to develop the group globally paid off. The medical market now accounts for 41% of group sales and our fast growing LED optics and lighting businesses account together for a further 16% of sales. The group is well balanced globally between UK, USA and faster growing low cost regions in eastern Europe, China and India.

We have good visibility of long term growth in these specialised businesses with blue chip customers and, in most cases, secure contractual agreements.

Carclo is unusual as a public company in having invested for the long term in new technologies which are potentially transformational. The most advanced of these investments is Conductive Inkjet Technology ("CIT"). CIT has developed a proprietary range of catalytic inks and films for the printing or patterning of pure metal on plastic surfaces. The commercial development of CIT has stepped up dramatically in the last year with the commissioning of the InkJetFlex facility in Cambridge and, more significantly, the agreement with Atmel Corporation to develop CIT fine line technology for touch sensor applications.

It is now clear that CIT will have a significant value either as part of Carclo or as a stand-alone entity. The board is very conscious of the need to deliver this value to shareholders. Our first responsibility is to ensure that the business is properly resourced commensurate with the scale of the commercial opportunity – we are, therefore, applying the proceeds of the share placing undertaken in December 2009 to extend the pilot production facility and associated technical resources. It is equally important that the CIT management team is focussed on the rapid commercialisation of this technology – so we have implemented appropriate incentive structures linked to the commercial success of CIT. Finally, we will shortly be appointing an external adviser to assist the board in evaluating all options for the future of CIT.

To quote directly from last year's report – "despite the global economic gloom and uncertainty, these are positive and exciting times for Carclo". One year on, the global economic gloom has lifted a little, but the sense of excitement within Carclo has stepped up a great deal more!

Operating review

	Carclo Technical Plastics		Carclo Precision Products	
	2010	2009	2010	2009
Revenue	£51.1m	£55.0m	£30.5m	£33.0m
Underlying operating profit *	£4.4 m	£3.7m	£2.6m	£3.7m
Net assets	£49.3m	£51.1m	£15.3m	£14.4m
Underlying operating margin	8.6%	6.8%	8.7%	11.3%
Return on capital employed *	8.9%	7.3%	17.3%	25.9%
Average number of employees	686	832	284	275

* before rationalisation costs and exceptional bad debts

Carclo Technical Plastics

Operating profits of £4.4 million were 18.4% ahead of the prior year on sales of £51.1 million (2009 - £55.0 million). The operating margin increased to 8.6% (2009 – 6.8%).

Chief executive's review - continued

In the prior year we exited from low margin automotive moulding transferring out just under 20% of the division's sales to other suppliers. This action freed up capacity for growth in our medical and optical businesses which have delivered an excellent improvement in operating margin. Medical and optical markets now represent two thirds of the divisional sales and are growing faster than the other markets we serve. The operating margin of the division will continue to benefit from this much improved mix of business.

The UK operations had a strong year, benefiting from good growth in medical diagnostics and LED optics and the contribution from new tooling and development programmes. We are in the process of re-commissioning moulding capacity in Scotland for our specialist medical and optical programmes.

The US operations delivered profits similar to the prior year. US demand, even in our niche medical markets, remained subdued for most of the year. However, demand has now stepped up and the US entered the new financial year trading strongly.

Our new assembly and moulding operation in Bangalore, India, delivered a profit in its first full year. We are increasing capacity in India this year and are establishing medical and white room operations. Operating profits in our Czech and China operations were slightly lower than the prior year – a creditable performance given the poor demand in the professional electronics markets we serve. Well over half of sales in China are now medical and the Czech facility has won its first major medical programme.

Carclo optics has a market leading position in the supply of secondary optics which shape and control light-beam patterns generated by solid state LED lighting devices. We continue to see high compound growth in this product area and it is now a significant component of profit growth. In the year, we established a dedicated business unit to support the market growth and extended our manufacturing and distribution support in the US and in China. We see significant opportunities for further growth in LED lighting applications.

Carclo Precision Products

The aerospace operations within the Precision Products division experienced the full force of the recession and were largely responsible for the decrease in operating profit from £3.7 million in 2009 to £2.6 million in 2010. Sales fell by £2.5 million to £30.5 million and the operating margin fell to 8.7% (2009 – 11.3%).

Bruntons Aero experienced the sharpest reduction in demand mainly due to its exposure to the corporate jet market. Jacottet Industrie, which we acquired in 2008, was less affected as it supplies Airbus and the commercial jet market. The combined business is still generating double digit operating margins – a good result given the very weak markets.

This has been a transitional year for Wipac. We are providing LED lighting for many of the new supercars now being launched. The design and development contracts for these new products generated significant profits in the year. These new products are now entering production and will contribute to sales and profits in the current year.

We are set for a couple of years of good sales growth as these products reach maturity. We continue to see new opportunities for our highly specialised skills in high power LED lighting. The other Wipac businesses – communication products and aftermarket lighting – were weaker than the prior year. Demand did improve in the second half of the year and the new year has started well.

Technology investments

Conductive Inkjet Technology ("CIT")

The pace of commercialisation at CIT has now stepped up significantly. CIT generated sales revenues of £0.3 million, including a maiden contribution from the InkJetFlex pilot manufacturing facility in Cambridge which became fully operational in the second half of the year. We are supplying a number of customers with initial production quantities for a broad spectrum of innovative applications. Each month we are adding new customers and applications to our portfolio.

The InkJetFlex pilot line is reliable and stable and delivers pixel perfect printed circuits on demand. To encourage designers to use the CIT solution, we have launched a web based tool for small batch and prototype runs (www.inkjetflex.com). For a small fixed charge, and on a very fast turnaround, designers can upload any circuit pattern and receive a fixed length of CIT printed material.

Applications in production include RFID tags, road traffic sensors, motion detectors, heating elements and LED lighting strips. Many other sensor and circuit applications have been sampled and are at varying stages of production development. We expect sales from the InkJetFlex facility to grow strongly over the coming 18 months.

Our objective is for CIT to be the preferred interconnect choice at the heart of printed electronics. We have made good progress with the flexographic inks based on the CIT patents and our principal partner, an established technical printer, is well advanced with a number of automotive applications of the technology. As InkJetFlex volumes and applications grow, we will look to extend our partnership arrangements with printers and contract manufacturers to accelerate the adoption of CIT technology.

Fine Line Technology ("FLT")

We have developed a variant of the CIT process which can be used with standard photolithography equipment to produce circuits with very fine features. In this process we produce a photosensitive film using CIT's catalytic materials. This film is then exposed in a UV photolithographic unit and the exposed film is developed and metallised in the MetalJet 6000P facility. The result is a roll to roll production process which can produce double sided circuits on plastic film with line widths of 4 microns. A human hair is typically 80 microns in diameter. These lines are not visible to the human eye.

An immediate application for FLT is as a touch screen sensor as used in smart phones and in larger e-reader and tablet devices. In December 2009 we signed an agreement with Atmel Corporation ("Atmel") to complete the technical and commercial development of this technology for touch screen applications. CIT is now installing a manufacturing facility in Cambridge for the production of touch screen sensors. In return for staged payments totalling \$1.0 million, Atmel has secured preferred access to the CIT capacity. Atmel has agreed minimum volumes for 2011 and 2012 to preserve the preferred access under the agreement. These minimum volumes are significant and will add materially to sales and profits for the group as a whole.

The first component of the manufacturing facility, a coating line to produce the photosensitive film, is now installed and operational. The second and third elements of the facility are expected to be installed by end of July 2010. We are aiming to have proof of process by the autumn and have the line ready for initial production by the end of the year.

There is a great deal of interest in this new technology and we have already provided samples of FLT touch sensors which have been integrated into mobile phones.

Chief executive's review - continued

The CIT touch sensors perform much better than existing Indium Tin Oxide ("ITO") sensors and the production cost of the CIT solution is much lower than ITO. The CIT technology has the potential to displace ITO in what is becoming a very large market for touch enabled devices. The sales and profit potential of this one application is substantial and is near term.

Displays and photovoltaics

We have a collaborative programme with Cambridge Display Technology Limited ("CDT") using the CIT materials to produce fine lines on glass for the front electrode of OLED displays and lighting panels. The joint development work has been partly supported by a Technology Strategy Board project ("NOMAD") which commenced in 2007. In April 2010 CDT announced an ITO free OLED lighting device using the CIT fine line technology to replace the ITO front electrode. The superior conductivity and optical characteristics of the CIT fine lines has allowed CDT to design a much improved OLED lighting device with significantly lower manufacturing costs.

Project NOMAD will be completed in July 2010. We are in discussions with CDT on further collaborations with the objective of enabling the commercialisation of OLED devices based on this new technology.

The work with CDT has been on glass substrates. However, we can also use the FLT pilot line to produce plastic films which function as transparent electrodes. This is particularly relevant to the development of low cost organic photovoltaic devices. We are engaged with a partner in researching this exciting application of the CIT technology.

Security applications

CIT's proprietary catalytic inks enable many innovative new products. Some of these lie outside of our mainstream developments in printed electronics, touch screens and OLED displays. We have recently concluded a joint development agreement with Worldmark International Limited ("Worldmark") to use the CIT technology in Brand Protection applications. Worldmark is a leader in providing Brand Protection solutions to many global brand owners.

As part of this agreement Worldmark has purchased printed electronics equipment from CIT, and plan to use CIT Technology to develop unique Brand Protection solutions, in combination with its proprietary coating, printing and material technology.

In the first phase of this joint development agreement, Worldmark has installed a MetalJet 2000 based development and prototype system in its UK R&D Centre in East Kilbride, Scotland.

Products developed from this collaboration will be marketed through Worldmark's Brand Protection Division.

As with other CIT applications, potential revenues from a successful commercialisation of this innovative product could be substantial.

Platform Diagnostics Limited ("PDL")

Platform Diagnostics was a venture capital backed company established to develop low cost point of care diagnostic devices based on Capillary Agglutination Technology ("CAT"). In 2007 Carclo and BBI Holdings plc ("BBI") took over the development of CAT within PDL. Carclo and BBI each own 29.8 % of PDL (2009 – 29.8%).

Chief executive's review - continued

Costs of development in the last year have been relatively modest but good progress has been made in refining the hardware design. We now have a simple, elegant product which will be straightforward to manufacture. The device is a fully integrated, quantitative test which is disposable and low cost. It uses a very small pinprick of blood as the sample. The test has been shown to work with BBI's proprietary d-dimer reagent chemistry.

The next step for both partners is to determine a viable route to market. A key technical issue is to broaden the range of assays available on the platform. We expect to complete our commercial assessment of the concept later this year.

Ian Williamson

8 June 2010

Finance director's review

Financial summary

	2010	2009
	£million	£million
Revenue	81.2	87.4
Divisional operating profit	7.1	7.5
Unallocated	(1.4)	(1.3)
Underlying operating profit from continuing operations	5.7	6.2
Exceptional items	(0.3)	(2.7)
Net bank interest	(0.4)	(0.7)
IAS 19 net financing (charge) / credit	(0.4)	0.9
Profit before tax	4.6	3.7
Income tax expense	(0.9)	(0.5)
Loss on discontinued operations	(0.2)	(0.3)
Profit attributable to ordinary shareholders	3.5	2.9
Ordinary dividend	(1.2)	(1.1)
Surplus for the year	2.3	1.8
Divisional operating margin from continuing operations	8.7%	8.6%
Basic earnings per share	5.9p	5.1p
Underlying earnings per share	6.6p	9.8p

Group turnover from continuing operations was £81.2 million (2009 – £87.4 million). The group saw a reduction in sales in both divisions during the year. In Technical Plastics this was mainly due to the prior year exit from lower margin automotive moulding and the impact of the downturn in our teletronics markets offset partially by growth in our medical and optical sales. In Precision Products the decline in sales was predominantly due to reduced demand in our aerospace businesses as a result of the global recession.

Divisional operating profit was £7.1 million (2009 - £7.5 million) and underlying operating profit from continuing operations was £5.7 million (2009 - £6.2 million).

Underlying profit after interest charges but before any adjustment for the IAS19 net financing charge was £5.3 million, broadly in line with the level of underlying profitability in the prior year (2009 - £5.5 million).

As expected, divisional operating profits in the second half of the year were well ahead of the profits generated during the first half. Our first half was impacted more significantly by the economic downturn whilst in the second half profitability improved in both divisions. In particular, Precision Products enjoyed a much stronger second half performance benefiting from Wipac's supercar lighting programmes.

Profit before tax was £4.6 million, an increase of 26.6% on the prior year. Exceptional costs at £0.3 million were much lower than in previous years, reflecting the fact that entering the year the group had already concluded most of its reorganisation and rationalisation plans. Net bank interest reduced to £0.4 million (2009 - £0.7 million) as a result of lower average debt levels and lower base and LIBOR interest rates. Profit before tax was impacted by a £0.4 million pensions net financing charge in compliance with the provisions of IAS 19 "Employee Benefits". In the previous year a net financing credit of £0.9 million was included in profit before tax. This substantial reversal has occurred as a consequence of the sharp decline in equity markets and pension investment values during the period to 31 March 2009.

Finance director's review – continued

The group tax charge for the year was £0.9 million (2009 - £0.5 million). This equates to an effective tax rate of 20.5% (2009 – 12.5%) which is below the normalised rate due mainly to the continuing benefit from prior period losses. No UK tax was paid during the year, although tax is being paid by the group's subsidiaries in the Czech Republic, France, India and China.

Basic earnings per share increased to 5.9 pence (2009 – 5.1 pence) although underlying earnings per share reduced to 6.6 pence (2009 – 9.8 pence) due in part to the rising tax charge.

A loss on disposal of discontinued operations of £0.2 million (2009 - £0.3 million) was charged to the income statement and this cost primarily relates to expenditure incurred on two surplus properties held for resale, one of which was sold during the year.

The profit attributable to ordinary shareholders was £3.5 million (2009 - £2.9 million). The board is recommending an unchanged final dividend of 1.35 pence per ordinary share.

Net debt and gearing

	2010	2009
	£million	£million
Underlying cash flow	6.4	9.9
Interest and tax	(0.8)	(1.0)
Capital expenditure	(2.8)	(3.6)
Free cash flow	2.8	5.3
Pension payments above regular cost	(1.9)	(1.4)
Other non recurring	0.2	-
Proceeds from share capital	4.4	0.4
Equity dividends	(1.1)	(1.1)
Cash flow available for corporate activities	4.4	3.2
Development expenditure	(1.2)	(1.1)
Acquisitions and disposals	(0.4)	(2.4)
Exchange movement	0.5	(3.8)
Decrease / (increase) in net debt in year	3.3	(4.1)

Net debt comprises interest bearing loans and borrowings less cash and cash deposits.

Net debt decreased in the year to £14.6 million (2009 - £17.9 million). This represents gearing of 24.8% (2009 – 34.0%) after excluding the net pension deficit.

The most significant impact on net debt during the year was the 5% cash placing announced on 16 December 2009 which raised net proceeds of £3.5 million. An additional £0.8 million was generated through the issue of shares from the exercise of employee share options and £0.1 million through the sale of shares from the Employee Trust to satisfy the exercise of share options for certain overseas employees.

Underlying cash flow from operations was £6.4 million (2009 - £9.9 million). An increase in working capital impacted operational cash generation and this was mainly due to an increase in sub contract tooling debtors relating to the supercar lighting contracts at Wipac. Working capital is expected to normalise during the new financial year as these programmes reach completion.

Group capital expenditure was £2.8 million (2009 - £3.6 million) representing 91.4% of the total group depreciation charge (2009 – 105.6%). Free cash flow was £2.8 million (2009 - £5.3 million).

Pension contributions of £1.9 million (2009 - £1.4 million) above the regular pension cost were made during the year. This included the annual recovery plan payment of £0.9 million, as well as scheme administration costs which are borne by the company. Other non recurring cash flows were £0.2 million (2009 - nil) with £1.3 million proceeds received from the sale of surplus property and fixed assets more than offsetting the £1.1 million cash cost of rationalisation, the majority of which related to the prior year Slough closure.

Development expenditure of £1.2 million (2009 - £1.1 million) was capitalised during the year primarily in respect of Conductive Inkjet Technology.

The net cash outflow due to acquisitions and disposals of businesses during the year was £0.4 million (2009 - £2.4 million) and this mainly relates to carry over costs from the acquisition of Jacottet Industrie in the previous financial year.

Financing

At 31 March 2010 the total drawings on the group's £20.0 million medium term bank facility were £18.7 million. These committed facilities do not expire until June 2012. The group also has overdraft and other bank facilities totalling £11.9 million. The two main covenants in the facility agreements are interest cover and the ratio of net debt to EBITDA and the group has a very secure level of headroom on both of these covenants as at 31 March 2010.

Under the facility agreements the group's lending banks hold security over the current assets of its three main UK trading subsidiaries and as at 31 March 2010 the value of this security was £21.2 million (2009 - £17.8 million).

On 16 December 2009 the group announced that it had placed 2,858,000 new shares raising funds of £3.7 million before expenses. These funds are being invested in a number of growth projects at Conductive Inkjet Technology, including the touch screen programme with Atmel Corporation. The group's strategy is to continue to reduce its debt level during the period running up to its next re-financing and, therefore, it was appropriate to raise equity investment for these growth investments.

Pensions

As at 31 March 2010 the pension deficit, as calculated under the provisions of IAS 19 "Employee Benefits", was £14.5 million, net of deferred tax (2009 – £12.9 million). Although there was a significant increase in the value of the investments held by the pension scheme during the year, this was more than offset by the increase in the pension scheme liability due to the steep decline in corporate bond yields on which the discount rate assumption is based.

The IAS 19 current service cost for the year was £0.2 million (2009 - £0.5 million). The group income statement also reflects an IAS 19 financing charge of £0.4 million (2009 – credit of £0.9 million) which represents the difference between the interest charge on the pensions scheme liability and the expected return on the pension scheme assets. In the current financial year this charge will revert to a credit reflecting the significant improvement in equity markets in the period to 31 March 2010.

The cash cost of employer pension contributions during the year was £0.5 million. An additional £1.6 million was paid into the pension scheme during the year - £0.9 million of this was the last payment due under the four year recovery plan and the remaining £0.7 million was scheme administration costs and the Pension Protection Fund levy.

During the year the group agreed a new recovery plan with the pension scheme trustees based on the triennial valuation at 31 March 2009 updated to 30 September 2009. It has been agreed that annual contributions of £0.9 million per year will be payable from 31 October 2010 for a period of 15 years. These annual payments, which will be indexed at 2.9% per annum from the commencement date of the new recovery plan, are similar to the contributions under the previous plan, although the recovery plan period has been extended in order to correct the increased funding shortfall.

At 31 March 2010 group properties with a net book value of £6.8 million and cash of £1.2 million were subject to a registered charge in favour of the group pension scheme.

Property disposals

The group disposed of two surplus properties. Its Llanelli site was sold early in the financial year for net proceeds of £0.5 million, resulting in a profit of £0.1 million. The group also sold its Lichfield site for net proceeds of £0.6 million, equivalent to its net book value.

Conductive Inkjet Technology (“CIT”)

The total amount of development expenditure capitalised during the year in respect of CIT was £1.1 million (2009 - £1.1 million). In addition, CIT also incurred £0.4 million (2009 - £0.4 million) on capital expenditure, the majority of which related to the installation of the production line for capacitive touch screens at our Cambridge facility.

The group balance sheet now includes intangible assets totalling £13.6 million in respect of CIT, of which £6.6 million is capitalised research and development funded by the group. The remaining £7.0 million relates to the fair value assigned to patents and goodwill which has arisen from the accounting treatment of the acquisitions of the minority holdings from our original joint venture partner. The group's policy is to amortise these intangibles on a straight line basis over the estimated economic life of the intangible asset which is judged to be a period of up to 12 years from the date upon which the patent or related development expenditure enters commercial production. During the year amortisation of £0.1 million (2009 - £0.1 million) was charged.

CIT generated revenues of £0.3 million during the year, approximately half of which resulted from the recognition of part of the US\$0.5 million payment received from Atmel under their agreement to pay US\$1.0 million in order to secure preferential access to CIT's production capacity and technology for the production of capacitive touch screens.

Robert Brooksbank

8 June 2010

Consolidated income statement year ended 31 March

	Notes	2010 £000	2009 £000
Revenue	2	81,152	87,436
<i>Underlying operating profit</i>			
Operating profit before exceptional costs		5,669	6,212
- rationalisation costs		(297)	(2,435)
- exceptional bad debts		-	(270)
After exceptional costs		5,372	3,507
Operating profit	2	5,372	3,507
Profit on sale of surplus property		79	-
Profit before financing costs		5,451	3,507
Finance revenue		8,521	10,871
Finance expense		(9,349)	(10,727)
Profit before tax		4,623	3,651
Income tax expense		(948)	(456)
Profit after tax but before loss on discontinued operations		3,675	3,195
Loss on discontinued operations, net of tax		(223)	(270)
Profit after tax, attributable to equity holders of the parent		3,452	2,925
Earnings per ordinary share	3		
Basic – continuing operations		6.3 p	5.6 p
Basic – discontinued operations		(0.4) p	(0.5) p
Basic - total		5.9 p	5.1 p
Diluted – continuing operations		6.3 p	5.6 p
Diluted – discontinued operations		(0.4) p	(0.5) p
Diluted - total		5.9 p	5.1 p

Consolidated statement of comprehensive income year ended 31 March

	2010 £000	2009 £000
Profit for the period	3,452	2,925
Other comprehensive income -		
Foreign exchange translation differences	(143)	2,804
Actuarial losses defined benefit scheme	(3,634)	(21,118)
Taxation on items taken directly to equity -		
Deferred tax	1,087	4,869
Corporation tax	354	-
Other comprehensive income, net of income tax	<u>(2,336)</u>	<u>(13,445)</u>
Total comprehensive income for the period, attributable to equity holders of the parent	<u>1,116</u>	<u>(10,520)</u>

Consolidated statement of financial position as at 31 March

	Notes	2010 £000	2009 £000
Assets			
Intangible assets		34,758	33,774
Property, plant and equipment		26,227	27,017
Investments		623	660
Deferred tax assets		9,167	7,794
Total non current assets		70,775	69,245
Inventories		10,263	11,399
Trade and other receivables		20,414	18,032
Cash and cash deposits		10,205	6,405
Non current assets classified as held for sale		223	1,302
Total current assets		41,105	37,138
Total assets		111,880	106,383
Liabilities			
Interest bearing loans and borrowings		18,678	19,621
Deferred tax liabilities		4,902	4,519
Retirement benefit obligations		20,087	17,924
Provisions		-	945
Total non current liabilities		43,667	43,009
Trade and other payables		15,019	16,626
Current tax liabilities		1,906	1,884
Provisions		515	475
Interest bearing loans and borrowings		6,166	4,658
Total current liabilities		23,606	23,643
Total liabilities		67,273	66,652
Net assets		44,607	39,731
Equity			
Ordinary share capital issued	5	3,071	2,859
Share premium		8,042	3,916
Other reserves		3,584	3,656
Translation reserve		5,032	5,110
Retained earnings		24,878	24,190
Total equity attributable to equity holders of the parent		44,607	39,731

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 £000
Balance at 1 April 2008	2,859	3,916	3,351	3,669	36,660	50,455
Profit for the period	-	-	-	-	2,925	2,925
Other comprehensive income -						
Foreign exchange translation differences	-	-	2,804	-	-	2,804
Actuarial losses on defined benefit scheme	-	-	-	-	(21,118)	(21,118)
Taxation on items taken directly to equity	-	-	(1,045)	-	5,914	4,869
Transactions with owners recorded directly in equity -						
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	<u>2,859</u>	<u>3,916</u>	<u>5,110</u>	<u>3,656</u>	<u>24,190</u>	<u>39,731</u>
Balance at 1 April 2009	2,859	3,916	5,110	3,656	24,190	39,731
Profit for the period	-	-	-	-	3,452	3,452
Other comprehensive income -						
Foreign exchange translation differences	-	-	(143)	-	-	(143)
Actuarial losses on defined benefit scheme	-	-	-	-	(3,634)	(3,634)
Taxation on items taken directly to equity	-	-	65	-	1,376	1,441
Transactions with owners recorded directly in equity -						
Share based payments	-	-	-	-	175	175
Dividends to shareholders	-	-	-	-	(1,175)	(1,175)
Exercise of share options	69	734	-	-	-	803
Issue of shares	143	3,392	-	-	-	3,535
Proceeds from sale of own shares	-	-	-	-	85	85
Transfer in respect of depreciation	-	-	-	(72)	72	-
Adjustment to deferred consideration	-	-	-	-	337	337
Balance at 31 March 2010	<u>3,071</u>	<u>8,042</u>	<u>5,032</u>	<u>3,584</u>	<u>24,878</u>	<u>44,607</u>

Consolidated statement of cash flows year ended 31 March

	Notes	2010 £000	2009 £000
Cash generated from operations	6	3,407	7,500
Interest paid		(477)	(934)
Tax paid		(378)	(238)
Net cash from operating activities		2,552	6,328
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		1,259	930
Interest received		45	154
Cash flows on discontinued operations		(160)	(115)
Acquisition of business undertaking, net of cash acquired		(214)	(1,849)
Acquisition of property, plant and equipment		(2,655)	(3,550)
Acquisition of intangible assets – computer software		(138)	(32)
Investment in Platform Diagnostics Limited		-	(406)
Development expenditure		(1,250)	(1,118)
Net cash from investing activities		(3,113)	(5,986)
Cash flows from financing activities			
Proceeds from the issue of share capital		3,535	-
Proceeds from exercise of share options		803	-
Proceeds from sale of own shares		85	396
Drawings on term loan facilities		1,000	6,767
Repayment of borrowings		(1,263)	(6,516)
Dividends paid		(1,147)	(1,073)
Net cash from financing activities		3,013	(426)
Net increase / (decrease) in cash and cash equivalents		2,452	(84)
Cash and cash equivalents at beginning of period		2,026	1,139
Effect of exchange rate fluctuations on cash held		(175)	971
Cash and cash equivalents at end of period		4,303	2,026
Cash and cash equivalents comprise -			
Cash and cash deposits		10,205	6,405
Bank overdrafts		(5,902)	(4,379)
		4,303	2,026

1. Notes on the preliminary statement

Basis of preparation

Whilst the financial information included in this preliminary statement has been prepared on the basis of the requirements of IFRSs in issue, as adopted by the European Union and effective at 31 March 2010, this statement does not itself contain sufficient information to comply with IFRS. The group expects to publish full consolidated financial statements on 25 June 2010.

The financial information set out in this preliminary statement does not constitute the company's consolidated financial statements for the years ended 31 March 2010 or 2009, but is derived from those financial statements. Statutory financial statements for 2009 have been delivered to the Registrar of Companies and those for 2010 will be delivered following the company's annual general meeting. The auditors, KPMG Audit Plc, have reported on those financial statements; their reports were unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain statements under section 498 (2) or (3) of the Companies Act 2006 in respect of the financial statements for 2010 nor a statement under section 237 (2) or (3) of the Companies Act 1985 in respect of the financial statements for 2009.

Directors' liability

Neither the company nor the directors accept any liability to any person in relation to this report except to the extent that such liability could arise under English law. Accordingly, any liability to a person who has demonstrated reliance on any untrue or misleading statement or omission shall be determined in accordance with section 90(A) of the Financial Services and Markets Act 2000.

2. Segment reporting

In the year ended 31 March 2010, the group has adopted 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.

At 31 March 2010, the group was organised into two main 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).

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 premium automotive and aerospace industries and is a leader in the development of high power LED lighting for supercars.

Discontinued operations relate to the disposal of the group's automotive control cables business in May 2006 and the card clothing business in June 2005.

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.

The group's geographical segments are based on the location of the group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers.

Notes on the accounts

continued

2. Segment reporting continued

Analysis by business segment

The segment results for the year ended 31 March 2010 were as follows -

	Technical Plastics £000	Precision Products £000	Unallocated £000	Eliminations £000	Group total £000
Consolidated income statement					
Total revenue	51,124	30,525	281	(778)	81,152
Less inter-segment revenue	(636)	(142)	-	778	-
Total external revenue	50,488	30,383	281	-	81,152
Expenses	(46,082)	(27,740)	(1,661)	-	(75,483)
Underlying operating profit	4,406	2,643	(1,380)	-	5,669
Rationalisation costs	(275)	(10)	(12)	-	(297)
Operating profit	4,131	2,633	(1,392)	-	5,372
Profit on sale of surplus property					79
Profit before net financing charge					5,451
Net finance charge					(828)
Income tax expense					(948)
Loss on discontinued operations, net of tax					(223)
Profit after tax, attributable to equity holders of the parent					3,452
Consolidated statement of financial position					
Segment assets	59,575	24,993	27,312	-	111,880
Segment liabilities	(10,289)	(9,710)	(47,274)	-	(67,273)
Net assets	49,286	15,283	(19,962)	-	44,607
Other segmental information					
Capital expenditure on property, plant and equipment	1,752	550	516	-	2,818
Capital expenditure on computer software	45	82	11	-	138
Depreciation	2,423	625	125	-	3,173
Amortisation of computer software	9	35	18	-	62

Notes on the accounts

continued

2. Segment reporting continued

Analysis by business segment

The segment results for the year ended 31 March 2009 were as follows -

	Technical Plastics £000	Precision Products £000	Unallocated £000	Eliminations £000	Group total £000
Consolidated income statement					
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)
Operating profit	1,178	3,690	(1,361)	-	3,507
Net finance credit					144
Income tax expense					(456)
Loss on discontinued operations, net of tax					(270)
Profit after tax, attributable to equity holders of the parent					2,925
Consolidated statement of financial position					
Segment assets	61,293	23,316	21,774	-	106,383
Segment liabilities	(10,232)	(8,885)	(47,535)	-	(66,652)
Net assets	51,061	14,431	(25,761)	-	39,731
Other segmental information					
Capital expenditure on property, plant and equipment	2,040	1,039	404	-	3,483
Capital expenditure on computer software	2	18	12	-	32
Depreciation	2,530	586	162	-	3,278
Amortisation of computer software	17	26	7	-	50

Notes on the accounts

continued

2. Segment reporting continued

Analysis by geographical segment

The business operates in three main geographical regions – the United Kingdom, North America and in lower cost regions such as the Czech Republic, China and India.

The geographic analysis was as follows -

	External revenue		Segment assets		Expenditure on tangible fixed assets and computer software	
	2010 £000	2009 £000	2010 £000	2009 £000	2010 £000	2009 £000
United Kingdom	29,428	32,156	10,473	2,808	2,130	2,373
North America	20,300	21,780	16,347	16,815	598	842
Rest of world	31,424	33,500	17,787	20,108	228	300
	81,152	87,436	44,607	39,731	2,956	3,515

The analysis of segment revenue represents revenue from external customers based upon the location of the customer. The analysis of segment assets and capital expenditure is based upon the location of the assets.

3. Earnings per share

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

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

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

	2010	2009
	£000	£000
Profit after tax from continuing operations	3,675	3,195
Loss from discontinued operations, net of tax	(223)	(270)
Profit after tax, attributable to equity holders of the parent	3,452	2,925
	2010	2009
	Shares	Shares
Weighted average number of ordinary shares in the year	58,464,666	56,838,958
Effect of share options in issue	383,658	315,296
Weighted average number of ordinary shares (diluted) in the year	58,848,324	57,154,254

In addition to the above, the company also calculates an earnings per share on the underlying profits as the board believe this to be a better yardstick against which to judge the progress of the group. Underlying profits are defined as profits before rationalisation costs, exceptional bad debts, site closure costs and the impact of property and business disposals, net of attributable taxes.

Notes on the accounts

continued

3. Earnings per share continued

The following table reconciles the group's profit to underlying profit used in the numerator in calculating underlying earnings per share -

	2010 £000	2009 £000
Profit after tax, attributable to equity holders of the parent	3,452	2,925
Rationalisation costs, net of tax	236	2,131
Exceptional bad debts, net of tax	-	236
Disposal of surplus property	(79)	-
Loss on disposal of discontinued operations, net of tax	223	270
Underlying profit attributable to equity holders of the parent	<u>3,832</u>	<u>5,562</u>

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

	2010 pence	2009 pence
Basic - continuing operations	6.3	5.6
Basic - discontinued operations	(0.4)	(0.5)
Basic – total	<u>5.9</u>	<u>5.1</u>
Diluted - continuing operations	6.3	5.6
Diluted - discontinued operations	(0.4)	(0.5)
Diluted – total	<u>5.9</u>	<u>5.1</u>
Underlying earnings per share – basic	<u>6.6</u>	<u>9.8</u>
Underlying earnings per share – diluted	<u>6.5</u>	<u>9.7</u>

4. Dividends paid and proposed

Ordinary dividends per 5 pence share declared in the period comprised -

	£000	2010 Pence	£000	2009 pence
Final dividend for 2007/08	-	-	734	1.30
Interim dividend for 2008/09	-	-	371	0.65
Final dividend for 2008/09	776	1.35	-	-
Interim dividend for 2009/10	399	0.65	-	-
	<u>1,175</u>	<u>2.00</u>	<u>1,105</u>	<u>1.95</u>

The directors are proposing a final dividend of 1.35 pence per ordinary share for the year ended 31 March 2010. If approved at the annual general meeting on 2 September 2010, the dividend payment totalling £0.828 million will be paid on 9 September 2010 to shareholders on the share register at close of business on 6 August 2010.

Notes on the accounts continued

5. Ordinary share capital

	Number of Shares	£000
Ordinary shares 5 pence each		
Authorised at 31 March 2009 and 31 March 2010	80,000,000	4,000
Issued and fully paid at 31 March 2009	57,188,702	2,859
Shares issued on placing of shares for cash	2,858,000	143
Shares issued on exercise of share options	1,375,000	69
Issued and fully paid at 31 March 2010	61,421,702	3,071

On 16 December 2009, Carclo issued 2,858,000 shares for cash at a price of 128.5 pence per share. The share placing raised £3.535 million after associated costs. The shares are fully paid. During the course of the financial year 1,375,000 shares were issued in respect of share options at an average exercise price of 58.4 pence per ordinary share. The shares are fully paid.

6. Cash generated from operations

	2010 £000	2009 £000
Profit before financing costs	5,451	3,507
Adjustments for -		
Pension fund contributions in excess of service costs	(1,906)	(1,435)
Depreciation charge	3,173	3,278
Amortisation of intangible assets	183	156
Exceptional bad debt provision	-	270
Share of losses in associated undertaking	37	11
Provisions charged in respect of site closure	49	1,070
Cash flow relating to provision for site closure	(617)	-
Profit on disposal of other plant and equipment	(78)	(54)
Write down of assets charged to rationalisation costs	32	369
Share based payment charge	175	105
Operating profit before changes in working capital	6,499	7,277
Changes in working capital (excluding the effects of acquisition and disposal of subsidiaries)		
Decrease / (increase) in inventories	1,020	(329)
(Increase) / decrease in trade and other receivables	(2,606)	920
Decrease in trade and other payables	(1,506)	(368)
Cash generated from operations	3,407	7,500