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Results for full year ended
31 March 2014

Presentation to Analysts
10 June 2014

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Highlights

- Revenue increased by 12.4% to £97.3 million due to strong sales in traditional divisions and increasing sales at CIT
- Divisional operating profit increased to £8.6 million and underlying operating profit from continuing operations was up to £ 6.6 million.
- Profit before tax of £4.8 million
- CIT coating line operating well and at high yields. Volume sales commenced to Atmel
- Stand alone business created to commercialise printed electronics
- Technical Plastics well placed to enjoy a period of high growth and margin improvement
- LED Technologies had an excellent year. Significant supercar lighting design wins in Wipac will drive several years of double digit growth
- Precision Engineering has continued to generate good profits
- Increased investment in Carclo Diagnostic Solutions underpinned by technological and commercial developments

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Financial Highlights

	Year ended 31 March 2014 £000	Year ended 31 March 2013 £000	Increase %
Revenue			
Technical Plastics	58,080	55,335	5.0
LED Technologies	28,160	23,013	22.4
Precision Engineering	7,776	7,505	3.6
Conductive Inkjet Technology	3,251	661	391.8
Total	**97,267**	**86,514**	**12.4**
Operating profit before exceptional items	**6,551**	**5,585**	**17.3**
Operating profit	**6,031**	**4,915**	**22.7**
Profit before tax and amortisation (PBTA)	**5,777**	**3,578**	**61.5**
Profit before tax	**4,771**	**3,217**	**48.3**
Basic earnings per share	**5.5p**	**4.3p**	**27.9**
Final dividend per share	**2.65p**	**2.55p**	**3.9**
Net debt	**17,680**	**9,178**	**92.6**

The comparatives have been restated in respect of the revisions to IAS 19 - "Employee Benefits”

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CIT – XSense™ Project

Commercial progress

- CIT commissioned its coating manufacturing facility on time early in the financial year
- £3.3 million of coated film to Atmel during the year, and this was a mix of sales for our partner's production qualification and sales for end customer products
- Two program wins announced by Atmel during the year and one after. All were for HP products with screen sizes 10.1" to 11.6"
- Significant changes in the touch industry due to new competitors and lower prices and improved electrical performance in ITO
- Competitors priced aggressively against ITO based touch sensors, in particular One Glass Solution and Glass Film Film
- Lower pricing and aggressive OEM purchasing has reduced the effective price of touch sensors by half during the year
- Enormous remaining touch sensor market with HP, ASUS, Lenovo, Dell and Chinese white box manufacturers all believed to use metal mesh
- The adoption of metal mesh remains a key strategic objective of the major OEMs

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CIT – XSense™ Project

Technical progress

- CIT evolved its metal mesh technology with focus on manufacturing efficiency, line width and substrate agnosticism
- These key developments are either in evaluation trials with our partner or in the final stages of scaled up testing in Cambridge
- We are now resourced to scale coated film output to support touch sensor sales growth from our Cambridge operation with limited additional capex
- Manufacturing effort has been focused on driving our technology to improve output yields and improve cost efficiency
- We are working closely with our partner to support the cost competitiveness of our product and to assist them to increase market take-up

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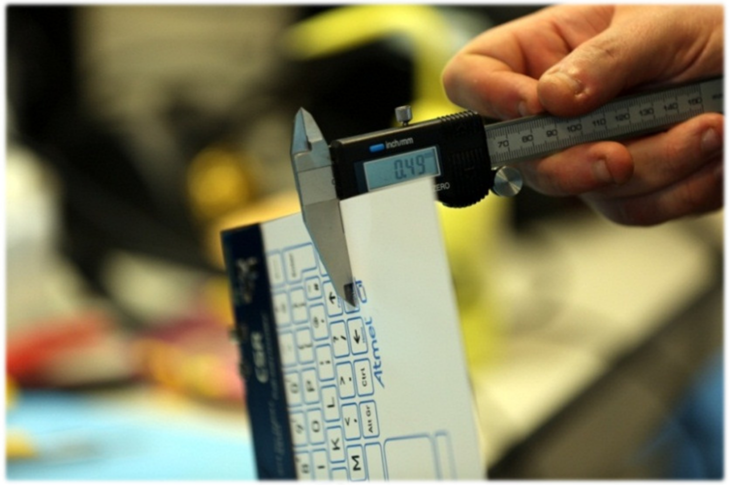
CIT – Other applications

Printed Electronics

- Our printed electronics technology was the precursor to Touch
- With a high volume and low cost method of creating copper on film circuitry we have now created a standalone CIT business tasked with commercialising this technology
- Pilot scale production equipment now installed means we can add component assembly to our materials and demonstrate the unique capabilities to customers and supply small scale functioning product
- Our focus will be on integrating electronics into medical devices and as such we are working on several technology demonstrators
- We are also working on a number of other projects in printed electronics as well as projects that utilise our fine line technology
- Our strategy will be to focus on medium term revenue opportunities which may be supplied from our own facilities or built by external partners



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Carclo Diagnostic Solutions – Progress

- CDS has developed fully disposable, novel Point-of-Care diagnostics platforms which do not rely on a secondary reader
- CDS platforms integrate low cost electronics from CIT with microfluidic mouldings from Technical Plastics
- CDS partnered EKF Diagnostics plc to develop Micropoc-pro to use with their acute kidney injury marker (pi-GST)
- Initial trials show encouraging indicative results. Further trials with larger numbers of devices are planned
- A global consultancy firm's strategic review was very positive and recommended on the most suitable market applications

- Our new life sciences technical group and existing team will focus on device development in four application areas
- The £2.5 billion market for the four products is growing rapidly.
- Our model is initial development of an optimised demo device with our partners, thereafter licensing deals would be expected to provide either one-off or recurring revenues
- After positive progress we see accelerating investment as necessary to realise the potential of this development

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Carclo Diagnostic Solutions – Development Timelines

		Coag CAT	pi-GST Pro	CRP CAT	Troponin-I Pro
Phase 1	Prepare Product Definition Document Develop prototype assay			Q4' 2014	Q1' 2015
Phase 2	Optimisation of assay and device, R&D scale Performance evaluation	Q3' 2014	Q1' 2014	Q3' 2015	Q1' 2016
Phase 3	Scale-up device and reagent manufacturing process Performance assessment	Q2' 2015	Q1' 2015	Q1' 2016	Q3' 2016
Commercial Partnership		Q3' 2015	Q2' 2015	Q2' 2016	Q4' 2016
Phase 4	Validation Verification				
Phase 5	Regulatory submissions Launch activities	12-months	12-months	12-months	12-months

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Technical Plastics

£million	2014 Revenue	2014 Operating profit	2014 Margin	2013 Revenue	2013 Operating profit	2013 Margin
Technical Plastics	**58.1**	**4.6**	**7.9%**	55.3	4.0	7.1%

** as previously indicated the geographical comparative analysis is increasingly uninformative due primarily to the flux of business between global locations and as a result this is no longer provided*

- Sales increase predominantly from key medical accounts
- Operating profits increased to £4.6 million with improved 7.9% margin consistent with our 10% medium term target
- We won significant new work in USA centred on our newly expanded Latrobe factory and in Czech where we are finalising a lease for further manufacturing space
- Our Indian facility performed well and is pursuing other work from global organisations operating within India
- After a difficult year our Chinese operation is focused on targeting international companies serving domestic markets
- The closure of our non-medical, loss making Harthill operation will enable an exit from lower margin work and reallocation of higher margin, more sustainable programs
- We are now very well placed to enjoy an extended period of high growth and margin enhancement across all of our remaining facilities over the coming years

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LED Technologies

£million	Revenue 2014	Operating profit 2014	Margin 2014	Revenue 2013	Operating profit 2013	Margin 2013
LED Technologies	**28.2**	**2.6**	**9.1%**	23.0	2.2	9.5%

- Wipac has now secured new lighting programs for a number of leading global supercar brands
- We were awarded design and manufacture contracts for six new vehicles in the year and are in the final negotiation stages for several others. We would normally have anticipated winning two or three lighting contracts per year
- We now service most of the leading iconic automotive brands
- We have focused on building more strategic relationships with key customers to align our lighting R&D activities
- We are investing £4.0 million over the next two years into our facilities
- Carclo Optics increased its turnover by 34.3% with a greater focus on bespoke 'cluster' optics for major OEMs
- We have completed the lease on a larger facility in Aylesbury to relocate Carclo Optics from our Slough facility
- We expect the LED Technologies division to maintain double digit revenue growth for the coming years and this will drive year on year growth in margins

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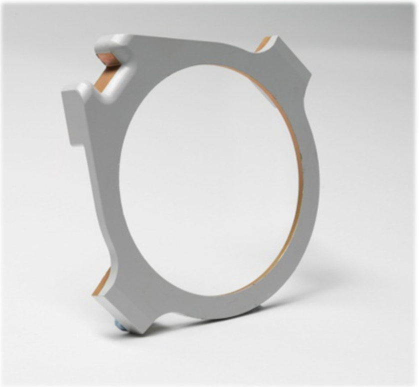
Precision Engineering

£million	2014 Revenue	2014 Operating profit	2014 Margin	2013 Revenue	2013 Operating profit	2013 Margin
Precision Engineering	**7.8**	**1.5**	**19.8%**	7.5	1.5	20.1%



- The year was aided by a one-time remedial machining contract
- Underlying financial performance was lower year on year due to a reduction in volumes at our French operations
- This business will remain profitable and we will continue to focus the business towards OEM supply to replace the inevitable reduction in spares as older aircraft are retired

Income Statement Comparative

	2014 £million	2013 restated £million
Revenue	**97.3**	86.5
Operating profit		
Divisional operating profit	**8.6**	7.7
Central costs	**(2.0)**	(2.1)
Underlying operating profit from continuing operations	**6.6**	5.6
Exceptional Items	**(0.5)**	(0.7)
Operating profit	**6.1**	4.9
Net financing credit / (charge)	**(1.3)**	(1.7)
Profit before tax	**4.8**	3.2
Income tax expense	**(1.2)**	(0.4)
Loss on discontinued operations, net of tax	**(0.0)**	(0.1)
Profit for the period	**3.6**	2.7
Of which attributable to:		
Non-controlling interests	***(0.0)***	*(0.0)*
Equity holders of the parent	***3.6***	*2.7*
	3.6	*2.7*

- 2013 restated in respect of revisions to IAS 19
- Group turnover from continuing operations increased to £97.3 million
- Divisional operating profit was £8.6 million
- Central costs include £0.6 million of pension scheme administration costs
- Underlying operating profit was £6.6 million
- Exceptional charge of £0.5 million due mainly to £0.4 million of Uni-Pixel litigation costs
- Net bank financing costs of £0.6 million
- IAS 19 financing charge of £0.7 million
- Profit before tax of £4.8 million
- Tax charge of 24.8% is higher than the 23% UK rate due to profits earned in higher tax jurisdictions.
- Basic earnings per share increased to 5.5 pence
- Underlying earnings per share increased to 6.1 pence
- Proposed final dividend of 1.80 pence per share

Financial Position – Cash Flow

	£million	£million
Net debt at start of period		**(9.2)**
Cash from operations	11.4	
Working capital	(4.1)	
Interest and tax	(1.4)	
Net capital expenditure	(7.5)	
Free cash flow	**(1.6)**	
Additional pension contributions	(1.0)	
Non-recurring cash flows	(0.6)	
Performance share plan awards	(0.9)	
Proceeds from share transactions	0.4	
Equity dividends	(1.7)	
Cash flow from corporate activities	**(5.4)**	
Development expenditure	(3.5)	
Acquisitions and disposals	-	
Exchange movement	0.4	
Movement in net debt		**(8.5)**
Net debt at end of period		**(17.7)**

- Cash generation from operations of £11.4 million
- Increase in working capital due largely to partial utilisation of US$10.0 million Atmel prepayment received in 2013
- Group capital expenditure of £7.5 million in cash terms was above depreciation due largely to the US Technical Plastics facility expansion
- Additional pensions contributions totalled £1.0 million. The group also paid the pension scheme administration costs of £0.6 million
- £3.5 million development expenditure relates to CIT (£2.4 million) and CDS (£1.1 million)

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Financial Position – Debt and pensions

Debt

- Group debt of £17.7 million at 31 March 2014 representing gearing of 23.7%, excluding the net pension surplus
- Due to high capital expenditure, the cash cost of developing our technology businesses and utilisation of the Atmel prepayment, net debt increased from £9.2 million to £17.7 million
- Group debt will increase further in the current year due to further capital expenditure to fund the group's significant growth prospects
- Since the year end, we have negotiated an additional £6.0 million of committed facility with one of our lending banks. The group now has £26.0 million of committed facilities which expire in November 2015 and overdraft facilities totalling £11.4 million
- The group has very comfortable levels of headroom on its main banking covenants

Pensions

- The scheme showed a small IAS 19 surplus of £0.2 million, net of deferred tax, at 31 March 2014
- Scheme assets increased by £13.3 million whilst the scheme liability decreased by £2.3 million
- The cash cost of the pension scheme was £1.6 million in the year
- Under the recovery plan based on the scheme triennial valuation as at 31 March 2012 annual contributions will remain at the £1.0 million level indexed annually at 2.9%
- The group income statement reflected a £0.7 million financing charge and £0.6 million scheme admin costs under the revised IAS 19

Outlook

- Whilst the touch screen market has become significantly more competitive we are well positioned for our touch business to grow. Our partnership with Atmel Corporation remains strong and we are both committed to growing the XSense™ business. We are continuing to enhance our product offering and we believe our technical solution remains very attractive to potential customers

- We are now investing further in our Printed Electronics business where we believe we have developed a strong product offering

- Following the commercial review of CDS we have prepared an aggressive development plan to drive the technology forward for use in several high value application areas where the overall market size is an estimated £2.5 billion

- Technical Plastics continues to win new business and following a reorganisation of our manufacturing resources, we are now well positioned to drive efficiencies and increase our net operating margins towards our medium term target of 10%

- Our LED Technologies division, including Wipac, our niche supercar lighting business, has now succeeded in launching its LED dip beam light into the supercar segment and this continues to create additional opportunities. We are currently improving and expanding our manufacturing capabilities to cope with the large influx of new work. A marketing emphasis on optics clusters within LED Optics has been successful and further design enhancements for our optics range have recently been concluded to support future growth

- Precision Engineering, which now consists of our aerospace businesses, remains both profitable and cash generative

- In summary, the group is poised for further growth both in its traditional areas and in its new technology ventures. It has the resources, bank facilities and business prospects to drive this growth over the coming years and generate shareholder value