

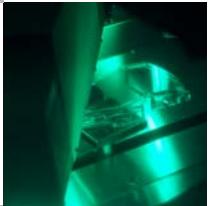
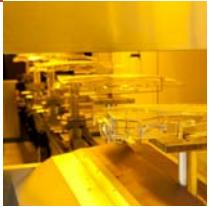
carclo

Interim 2016



index

- 3 About Carclo
- 4 Highlights
- 6 Chairman's statement
- 9 Condensed consolidated income statement
- 10 Condensed consolidated statement of comprehensive income
- 11 Condensed consolidated statement of financial position
- 12 Condensed consolidated statement of changes in equity
- 13 Condensed consolidated statement of cash flows
- 14 Notes on the accounts
- 23 Independent review report to Carclo plc



about carclo

Carclo plc is a public company whose shares are quoted on the Main Market of the London Stock Exchange.

Carclo's strategy is to develop and expand its key manufacturing assets in markets where there are significant further opportunities to drive shareholder value. To enhance profit margins and support its customers, the group has been investing across its global footprint.

Approximately three fifths of group revenues are generated from the supply of fine tolerance, injection moulded plastic components, mainly for medical products. The balance of group revenue is derived mainly from the design and supply of specialised injection moulded LED based lighting systems to the premium automotive industry.

Global contract manufacturer to medical market



Leading designer and manufacturer for luxury and supercar LED Lighting



Leading supplier of control cables in Europe



highlights

Half year results for the six months ended 30 September 2016

Strong profit growth across the business

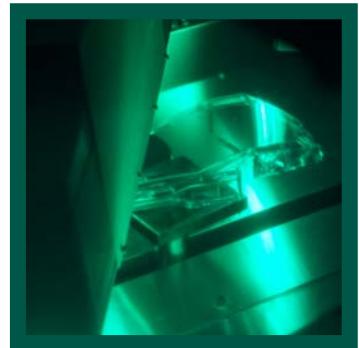
Carclo plc, the global manufacturing group, announces a strong trading performance in the first half of the financial year with all businesses trading in line with the boards expectations.

Financial Highlights

- Group revenue increased by 10.7% to £63.3 million (2015 - £57.2 million)
- Operating profit before exceptional items increased by 19.0% to £5.6 million (2015 - £4.7 million), with underlying operating margin increasing by 62 basis points to 8.8% (2015 – 8.2%)
- Earnings per share increased by 24.4% to 5.6p (2015 – 4.5p)
- Increased profitability driven by strong performances from the Technical Plastics and LED Technologies divisions
- As anticipated net debt rose to £27.6 million at the half year (31 March 2016 - £24.8 million), due partly to the impact of currency movements on the retranslation of the Group's US dollar and Euro denominated medium term loans; the Group's financing remains secure and well within covenant requirements
- IAS 19 retirement benefit liability net of deferred tax increased to £42.6 million from £18.9 million at the previous year end; a long term pension deficit funding agreement with the trustees is in place with the next triennial valuation at 31 March 2018

	6 Months ended 30 September 2016 £000	6 Months ended 30 September 2015 £000
Revenue		
Technical Plastics	39,240	31,468
LED Technologies	20,559	21,172
Aerospace	3,485	3,063
CIT Technology	-	1,483
Total	63,284	57,186
Underlying* operating profit		
Technical Plastics	3,450	2,523
LED Technologies	2,913	2,763
Aerospace	715	632
CIT Technology	-	2
Unallocated	(1,503)	(1,237)
Total	5,575	4,683
Exceptional items		
Operating profit	(18)	17
Underlying* profit before tax	5,557	4,700
Profit before tax	4,848	4,076
Basic earnings per share	4,830	4,093
Underlying* earnings per share	5.6p	4.5p
Net debt	27,551	27,276

*underlying is defined as before all exceptional items



Operational Highlights

- In Technical Plastics divisional operating margin increased to 8.8% (2015 – 8.0%) and we have commenced the expansion of our Bangalore, India facility that will double its overall capacity
- Following the period end we have completed the acquisition of Precision Tool & Molding, LLC, trading as Precision Tool & Die, which will bring significant new capabilities to Technical Plastics and broaden the division's offering to its customers and also completed a new share placing to repay the short-term debt facility used to fund the initial consideration for the acquisition and to reduce medium term debt
- In LED Technologies, all of Wipac's current design, development and tooling projects, including its new medium volume lighting project, are on plan
- The Aerospace division has benefited from stable demand in the first half of the financial year



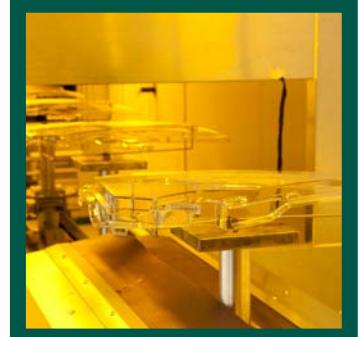
Commenting on the results, Michael Derbyshire, Chairman said -

II The Group has enjoyed a strong first half trading performance with all divisions performing well and showing solid progress over the comparative period last year.

In particular, our strategy to invest in increased capacity in our Technical Plastics division is continuing to facilitate strong growth in revenues which is resulting in good margin appreciation. The exciting acquisition of Precision Tool & Die provides further capabilities and opportunities for this division and its customer base has been enthusiastic about the combination of our businesses leading to an enhanced offering.

In LED Technologies, our Wipac luxury and supercar lighting business has continued to perform well, benefiting from good product demand and its continuing ability to win new customer programmes and it is expected to deliver significant growth into the future.

The board confirms that the Group is trading in line with its expectations for the full year and expects the Group to have a stronger second half of the financial year, benefiting additionally from the anticipated contribution from the Precision Tool & Die acquisition. **II**



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

Carclo has traded strongly in the first half of the financial year, with good revenue and profit progression in Technical Plastics, good progress in LED Technologies and with the Group delivering an overall performance in line with the board's expectations.

Group revenues increased by 10.7% to £63.3 million (2015 - £57.2 million). Group underlying operating profits of £5.6 million were significantly higher than those for the comparative period last year (2015 - £4.7 million). This was driven by excellent performances in Technical Plastics and LED Technologies, with the performance of Aerospace broadly consistent with the comparative period last year.

Unallocated costs were a little higher than the comparative period last year at £1.5 million (2015 - £1.2 million) but in line with the previous half year period. The IAS 19 pension finance charge at £0.4 million (2015 - £0.2 million) was also higher than in the comparative period last year. Underlying profit before tax increased 18.9% to £4.8 million (2015 - £4.1 million).

The Group generated profit before tax in the six months to 30 September 2016 of £4.8 million (2015 – £4.1 million). As a result, earnings per share for the six months to 30 September 2016 increased 24.4% to 5.6p (2015 – 4.5p).

The board expects the Group to have a stronger second half performance reflecting in particular further growth in its Technical Plastics division which will benefit additionally from the integration of and profits generated by Precision Tool & Die.



Operating Review

Technical Plastics

The Group's Technical Plastics business reported revenues of £39.2 million (2015 - £31.5 million), an increase of 24.7% on the comparative period last year. Divisional operating profits increased by 36.7% to £3.5 million (2015 - £2.5 million). The divisional operating margin increased from 8.0% to 8.8% and we expect this margin to increase further in the second half of the year towards our medium-term target of 10% for this division.

Our UK business has outperformed expectations in the first half of the financial year with good product demand from many of its customers and strong sub contract tooling activity.

Our US business has continued to trade well benefiting from good customer demand and cost management. The expansion of our Tucson, Arizona facility has now been completed and the integration of Precision Tool & Die is underway and this business is expected to contribute sales and profits in the second half of the financial year.

We have commenced the expansion of our Bangalore, India facility on our land adjacent to the existing facility. This investment should double the capacity of this business by the summer of 2017. Our new facility in Taicang, China is operating well, and supporting the

growth of its main medical customer and is now beginning to secure new opportunities from both new and existing customers.

This division derives the majority of its revenues from outside the UK and, therefore, movements in foreign exchange rates do affect its financial results with sales in the first half around £2 million higher than at the previous year's rates. Whilst foreign exchange contracts that we put in place prior to the EU Referendum have limited the net benefit on profit from foreign exchange rates in the first half of the financial year, we expect to benefit from the retranslation of overseas profits during the second half of the financial year should sterling rates remain broadly at current levels.

LED Technologies

The Group's LED Technologies division is made up of our Wipac luxury car and supercar lighting business, based in Buckingham, UK and our LED Optics and aftermarket business, based in Aylesbury UK.

Performance in the division during the first half of the year was ahead of the comparative period last year despite slightly lower turnover of £20.6 million (2015 - £21.2 million) mainly due to the phasing of design, development and tooling contracts. Divisional operating profit increased by 5.4% to £2.9 million (2015 - £2.8 million).

Lighting product sales have been in line with targets due to good demand across a range of customers. Design, development and sub contract tooling revenues, which in aggregate made up just over half of Wipac's sales, were slightly ahead of expectations and this has driven an improved profits performance by the division for the period. All of Wipac's current design, development and tooling projects, including its new medium volume lighting project, are on plan. The market for low and medium volume lighting projects has remained strong and we continue to see good growth in this sector with Wipac well placed to deliver significant growth into the future.

Our LED Optics business enjoyed a strong first half, benefiting especially from strong demand for custom optics. We are commencing the process of consolidating some of our LED Optics manufacturing business in our Technical Plastics facility in Brno, Czech Republic and this should enable the business to benefit from both additional production space and the lower cost base.

Aerospace

The Group's aerospace business enjoyed a good first half performance, with sales of £3.5 million (2015 - £3.1 million) and divisional operating profits of £0.7 million (2015 - £0.6 million). We are planning to target more OEM work in our machined components business which has traditionally been focussed on the spares market.

This business continues to be both very profitable and cash generative for the Group, with little ongoing investment required.

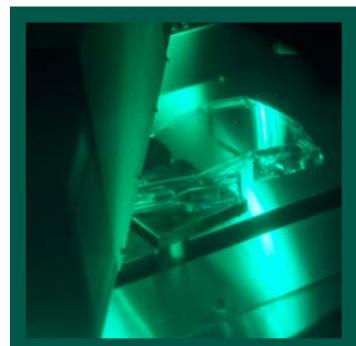
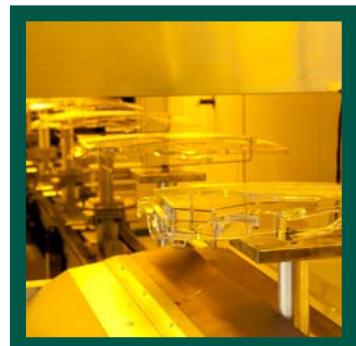


Carclo Diagnostic Solutions

The closure of Carclo Diagnostic Solutions ("CDS"), which was announced in our statement of 16 May 2016, will be completed by the end of the calendar year.

Acquisition of Precision Tool & Die ("PTD") and associated Equity Fund Raising

On 14 October 2016 the Group announced that its US subsidiary, CTP Carrera Inc., had acquired Precision Tool & Molding, LLC, trading as Precision Tool & Die, for an initial consideration of US\$5.5 million (approximately £4.5 million) in cash plus further deferred consideration of up to US\$1.0 million (approximately £0.8 million) in cash, subject to the satisfaction of certain performance criteria. The completion consideration was also subject to a working capital adjustment of up to US\$750,000 (approximately £615,000) of which an initial payment of US\$256,397 (approximately £210,000) was paid on completion of the acquisition.



chairman's statement

Acquisition of PTD and Associated Equity Fund Raising continued

The total working capital adjustment will be determined shortly. The acquisition was funded by an additional short term debt facility which has been repaid using the proceeds of a placing of approximately 6.6 million new ordinary shares at a price of 120 pence, raising net proceeds of approximately £7.7 million after costs.

Financial position

Net debt has risen since the last financial year-end to £27.6 million (31 March 2016 - £24.8 million). Debt was expected to rise slightly due to the high level of ongoing capital expenditure and an increase in working capital to support growth in our businesses, and additionally reflects the negative impact of weaker sterling on the re-translation of the Group's foreign currency denominated borrowings.

The Group generated cash from operations of £3.2 million (2015 - £2.5 million) with working capital increasing by £4.5 million (2015 - £6.4 million) due mainly to a significant increase in trade debtors resulting from the invoicing of a large tooling contract in our UK Technical Plastics business just prior to the half year end. Capital expenditure in the six months to 30 September 2016 on a cash basis was £3.6 million (2015 - £3.2 million) the majority of which relates to investment in additional capacity in our US and UK Technical Plastics businesses. The retranslation of the Group's Euro and US dollar denominated medium term loans resulted in an increase in the sterling value of the Group's net debt of £1.3 million since the previous financial year end.

Since the half year end the Group announced the placing of approximately 6.6 million new shares at 120 pence per share raising net proceeds of £7.7 million, of which approximately £4.7 million was used to repay the short-term debt facility used to fund the initial consideration for the acquisition of Precision Tool & Die. The additional funds raised have mainly been utilised to repay part of the Group's medium term loan facility and this will result in a reduction in the Group's net debt at the financial year end. The Group's balance sheet remains strong and its financing is well within its two main banking covenant limits.

The Group's pension deficit net of applicable deferred tax under IAS19 "Employee Benefits" as at 30 September 2016 has increased to £42.6 million from £18.9 million at 31 March 2016.

Although the Pension Scheme's assets have increased in value by £5.5 million, the Pension Scheme liability has increased by £33.6 million since 31 March 2016. This increased liability has mainly resulted from the significant reduction in the corporate bond yield (from 3.5% to 2.3%) during the period. As reported in our trading update of 14 October 2016, the material increase in the IAS19 pension deficit has extinguished Carclo plc's distributable reserves and so the Group was unable to pay the recommended final dividend of 1.95 pence per share which was referred to in the results announcement made on 7 June 2016. As a consequence, the Group has not declared an interim dividend.

The cash cost of the pension scheme has, however, remained at similar levels and the annual recovery plan payment of £1.2 million was made subsequent to the 30 September 2016 period end. The Group's next triennial valuation is expected to be as at 31 March 2018.

Risks and uncertainties

In the annual report to shareholders in June 2016 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, while recognising some increased economic uncertainty post the EU referendum and the US elections, the board does not consider that the principal risks and uncertainties have changed since the publication of the Annual Report for the year ended 31 March 2016.

Outlook

The Group has enjoyed a strong first half trading performance with all divisions performing well and showing solid progress over the comparative period last year.

In particular, our strategy to invest in increased capacity in our Technical Plastics division is continuing to facilitate strong growth in revenues which is resulting in good margin appreciation. The exciting acquisition of Precision Tool & Die provides further capabilities and opportunities for this division and its customer base has been enthusiastic about the combination of our businesses leading to an enhanced offering.

In LED Technologies, our Wipac luxury and supercar lighting business has continued to perform well, benefiting from good product demand and its continuing ability to win new customer programmes and it is expected to deliver significant growth into the future.

The board confirms that the Group is trading in line with its expectations for the full year and expects the Group to have a stronger second half of the financial year, benefiting additionally from the anticipated contribution from the Precision Tool & Die acquisition.

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Six months ended 30 September 2016 unaudited £000	Six months ended 30 September 2015 unaudited £000	Year ended 31 March 2016 audited £000
Revenue	4	63,284	57,186	118,974
Underlying operating profit				
Operating profit before exceptional items		5,575	4,683	10,034
– rationalisation costs	5	31	77	65
– litigation costs	5	(49)	(60)	(64)
– impairment of Carclo Diagnostic Solutions	5	-	-	(4,858)
After exceptional items		5,557	4,700	5,177
Operating profit	4	5,557	4,700	5,177
Finance revenue	6	59	13	17
Finance expense	6	(786)	(620)	(1,299)
Profit before tax		4,830	4,093	3,895
Income tax expense	7	(1,151)	(1,146)	(1,708)
Profit after tax		3,679	2,947	2,187
Attributable to –				
Equity holders of the parent		3,688	2,957	2,200
Non-controlling interests		(9)	(10)	(13)
		3,679	2,947	2,187
Earnings per ordinary share	8			
Basic		5.6p	4.5p	3.3p
Diluted		5.6p	4.5p	3.3p

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 September 2016 unaudited £000	Six months ended 30 September 2015 unaudited £000	Year ended 31 March 2016 audited £000
Profit for the period	3,679	2,947	2,187
Other comprehensive income -			
Items that will not be reclassified to the income statement			
Remeasurement losses on defined benefit scheme	(27,736)	(6,413)	(11,846)
Deferred tax arising	4,137	1,535	1,647
Total items that will not be reclassified to the income statement	(23,599)	(4,878)	(10,199)
Items that are or may in the future be classified to the income statement			
Foreign exchange translation differences	4,523	(1,007)	1,489
Deferred tax arising	-	-	(924)
Total items that are or may in future be classified to the income statement	4,523	(1,007)	565
Other comprehensive income, net of income tax	(19,076)	(5,885)	(9,634)
Total comprehensive income for the period	(15,397)	(2,938)	(7,447)
Attributable to -			
Equity holders of the parent	(15,388)	(2,928)	(7,434)
Non-controlling interests	(9)	(10)	(13)
	(15,397)	(2,938)	(7,447)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 September 2016 unaudited £000	30 September 2015 unaudited £000	31 March 2016 audited £000
Assets				
Intangible assets	10	21,704	23,599	20,257
Property, plant and equipment	11	40,014	32,968	36,597
Investments		7	7	7
Deferred tax assets		14,132	9,219	9,799
Total non current assets		75,857	65,793	66,660
Inventories		16,896	15,305	15,596
Trade and other receivables		32,614	33,535	26,647
Cash and cash deposits		19,462	11,111	16,692
Non current assets classified as held for sale	12	200	700	700
Total current assets		69,172	60,651	59,635
Total assets		145,029	126,444	126,295
Liabilities				
Interest bearing loans and borrowings		31,698	29,523	30,746
Deferred tax liabilities		5,636	4,768	6,038
Retirement benefit obligations	13	51,347	18,737	23,216
Total non current liabilities		88,681	53,028	60,000
Trade and other payables		21,019	23,799	20,192
Current tax liabilities		2,755	2,553	1,920
Provisions		178	1,389	620
Interest bearing loans and borrowings		15,315	8,864	10,696
Total current liabilities		39,267	36,605	33,428
Total liabilities		127,948	89,633	93,428
Net assets		17,081	36,811	32,867
Equity				
Ordinary share capital issued	18	3,319	3,311	3,311
Share premium		410	18	18
Other reserves		2,254	2,254	2,254
Translation reserve		8,355	2,260	3,832
Retained earnings		2,765	28,978	23,465
Total equity attributable to equity holders of the parent		17,103	36,821	32,880
Non-controlling interests		(22)	(10)	(13)
Total equity		17,081	36,811	32,867

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the company							Non-controlling interests £000	Total equity £000
	Share capital £000	Share premium £000	Translation reserve £000	Other reserves £000	Retained earnings £000	Total £000			
Current half year period – unaudited									
Balance at 1 April 2016	3,311	18	3,832	2,254	23,465	32,880	(13)	32,867	
Profit for the period	-	-	-	-	3,688	3,688	(9)	3,679	
Other comprehensive income –									
Foreign exchange translation differences	-	-	4,523	-	-	4,523	-	4,523	
Remeasurement losses on defined benefit scheme	-	-	-	-	(27,736)	(27,736)	-	(27,736)	
Taxation on items above	-	-	-	-	4,137	4,137	-	4,137	
Transactions with owners recorded directly in equity –									
Share based payments	5	346	-	-	(193)	158	-	158	
Dividends to shareholders	-	-	-	-	(596)	(596)	-	(596)	
Exercise of share options	3	46	-	-	-	49	-	49	
Balance at 30 September 2016	3,319	410	8,355	2,254	2,765	17,103	(22)	17,081	
<hr/>									
Prior half year period – unaudited									
Balance at 1 April 2015	3,310	-	3,267	2,254	32,522	41,353	-	41,353	
Profit for the period	-	-	-	-	2,957	2,957	(10)	2,947	
Other comprehensive income –									
Foreign exchange translation differences	-	-	(1,007)	-	-	(1,007)	-	(1,007)	
Remeasurement losses on defined benefit scheme	-	-	-	-	(6,413)	(6,413)	-	(6,413)	
Taxation on items above	-	-	-	-	1,535	1,535	-	1,535	
Transactions with owners recorded directly in equity –									
Share based payments	-	-	-	-	198	198	-	198	
Dividends to shareholders	-	-	-	-	(1,821)	(1,821)	-	(1,821)	
Exercise of share options	1	18	-	-	-	19	-	19	
Balance at 30 September 2015	3,311	18	2,260	2,254	28,978	36,821	(10)	36,811	
<hr/>									
Prior year period – audited									
Balance at 1 April 2015	3,310	-	3,267	2,254	32,522	41,353	-	41,353	
Profit for the period	-	-	-	-	2,200	2,200	(13)	2,187	
Other comprehensive income –									
Foreign exchange translation differences	-	-	1,489	-	-	1,489	-	1,489	
Remeasurement losses on defined benefit scheme	-	-	-	-	(11,846)	(11,846)	-	(11,846)	
Taxation on items above	-	-	(924)	-	1,647	723	-	723	
Transactions with owners recorded directly in equity –									
Share based payments	-	-	-	-	471	471	-	471	
Dividends to shareholders	-	-	-	-	(1,821)	(1,821)	-	(1,821)	
Exercise of share options	1	18	-	-	-	19	-	19	
Taxation on items recorded directly in equity	-	-	-	-	292	292	-	292	
Balance at 31 March 2016	3,311	18	3,832	2,254	23,465	32,880	(13)	32,867	

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Six months ended 30 September 2016 unaudited £000	Six months ended 30 September 2015 unaudited £000	Year ended 31 March 2016 audited £000
Cash generated from operations	14	3,215	2,499	13,933
Interest paid		(396)	(377)	(877)
Tax paid		(949)	(321)	(1,253)
Net cash from operating activities		1,870	1,801	11,803
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment		526	21	207
Interest received		59	13	16
Acquisition of property, plant and equipment		(3,607)	(3,180)	(8,274)
Acquisition of intangible assets – computer software		(119)	(52)	(140)
Development expenditure		(9)	(768)	(1,386)
Net cash from investing activities		(3,150)	(3,966)	(9,577)
Cash flows from financing activities				
Proceeds from exercise of share options		49	19	20
Drawings on term loan facilities		-	-	400
Repayment of term loan facilities		(400)	-	-
Cash outflow in respect of performance share plan awards		(59)	-	-
Dividends paid		(596)	(563)	(1,821)
Net cash from financing activities		(1,006)	(544)	(1,401)
Net (decrease) / increase in cash and cash equivalents		(2,286)	(2,709)	825
Cash and cash equivalents at beginning of period		5,996	5,142	5,142
Effect of exchange rate fluctuations on cash held		437	(186)	29
Cash and cash equivalents at end of period	15	4,147	2,247	5,996

NOTES ON THE ACCOUNTS

1 Basis of preparation

Except as outlined below, the condensed consolidated half year report for Carclo plc ("Carclo" or "the Group") for the six months ended 30 September 2016 has been prepared on the basis of the accounting policies set out in the audited accounts for the year ended 31 March 2016 and in accordance with the Disclosure and Transparency Rules of the UK Financial Conduct Authority and the requirements of IAS 34 "Interim Financial Reporting" as adopted by the EU.

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

The half year report does not constitute financial statements and does not include all of the information and disclosures required for full annual statements. It should be read in conjunction with the annual report and financial statements for the year ended 31 March 2016 which is available either on request from the company's registered office, Springstone House, PO Box 88, 27 Dewsbury Road, Ossett, WF5 9WS, or can be downloaded from the corporate website - www.carclo-plc.com.

The comparative figures for the financial year ended 31 March 2016 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 498 (2) of the Companies Act 2006.

The half year report was approved by the board of directors on 15 November 2016 and is being sent to shareholders on 25 November 2016. 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").

The Group meets its day-to-day working capital requirements through its banking facilities. The Group's business activities and financial position, the factors likely to affect its future development and performance, and its objectives and policies in managing financial risks to which it is exposed are disclosed in the Group's 2016 Annual Report and Accounts. After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its condensed interim financial statements.

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 2016.

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting period beginning on or after 1 April 2016. The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 April 2016:

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11);

Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38);

Equity Method in Separate Financial Statements (Amendments to IAS 27);

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28);

Annual Improvements to IFRSs 2012 -2014 Cycle; and

Disclosure Initiative (Amendments to IAS 1).

The above standards are not expected to have a material impact on the Consolidated Financial Statements.

IFRS 15 -"Revenue From Contracts With Customers" has been published which will be mandatory for the Group's accounting period beginning on or after 1 April 2018. The Group is still considering the impact of this standard, however it is anticipated the impact on the financial position and performance of the Group will not be material.

IFRS 16 –"Leases" has been published which will be mandatory for the Group's accounting period beginning on or after 1 April 2019. The Group is still considering the impact of this standard however it is anticipated the impact on the financial position and performance of the Group will not be material.

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 2016.

NOTES ON THE ACCOUNTS

4 Segment reporting

The Group is organised into four, separately managed, business segments - Technical Plastics, LED Technologies, Aerospace and CIT Technology. These are the segments for which summarised management information is presented to the Group's chief operating decision maker (comprising the main board and Group 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 LED Technologies segment develops innovative solutions in LED lighting, and is a leader in the development of high power LED lighting for luxury cars and supercars.

The Aerospace segment supplies systems to the manufacturing and aerospace industries.

The CIT Technology segment manages its portfolio of IP over the digital printing of conductive metals onto plastic substrates.

The Unallocated segment also includes the Group's development companies, Platform Diagnostics Limited and Carlo Diagnostic Solutions.

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	LED Technologies £000	Aerospace £000	CIT Technology £000	Unallocated £000	Eliminations £000	Group total £000
The segment results for the six months ended 30 September 2016 were as follows –							
Consolidated income statement							
Total revenue	39,864	20,665	3,485	-	-	(730)	63,284
Less inter-segment revenue	(624)	(106)	-	-	-	730	-
 Total external revenue	 39,240	 20,559	 3,485	 -	 -	 -	 63,284
Expenses	(35,790)	(17,646)	(2,770)	-	(1,503)	-	(57,709)
 Underlying operating profit	 3,450	 2,913	 715	 -	 (1,503)	 -	 5,575
Exceptional costs	(43)	-	-	471	(446)	-	(18)
 Operating profit	 <u>3,407</u>	 <u>2,913</u>	 <u>715</u>	 <u>471</u>	 <u>(1,949)</u>	 <u>-</u>	 <u>5,557</u>
Net finance expense						(727)	
Income tax expense						(1,151)	
 Profit after tax	 <u>3,679</u>						
Consolidated statement of financial position							
Segment assets	93,148	31,425	7,474	1,664	11,318	-	145,029
Segment liabilities	(18,188)	(4,620)	(819)	(313)	(104,008)	-	(127,948)
 Net assets	 <u>74,960</u>	 <u>26,805</u>	 <u>6,655</u>	 <u>1,351</u>	 <u>(92,690)</u>	 <u>-</u>	 <u>17,081</u>

NOTES ON THE ACCOUNTS

4 Segment reporting continued

	Technical Plastics £000	LED Technologies £000	Aerospace £000	CIT Technology £000	Unallocated £000	Eliminations £000	Group total £000
The segment results for the six months ended 30 September 2015 were as follows –							
Consolidated income statement							
Total revenue	32,243	21,185	3,063	1,483	-	(788)	57,186
Less inter-segment revenue	(775)	(13)	-	-	-	788	-
Total external revenue	31,468	21,172	3,063	1,483	-	-	57,186
Expenses	(28,945)	(18,409)	(2,431)	(1,481)	(1,237)	-	(52,503)
Underlying operating profit	2,523	2,763	632	2	(1,237)	-	4,683
Exceptional costs	(98)	-	-	175	(60)	-	17
Operating profit	2,425	2,763	632	177	(1,297)	-	4,700
Net finance expense							(607)
Income tax expense							(1,146)
Profit after tax							2,947
Consolidated statement of financial position							
Segment assets	75,547	27,333	6,463	2,220	14,881	-	126,444
Segment liabilities	(12,984)	(6,713)	(889)	(1,214)	(67,833)	-	(89,633)
Net assets	62,563	20,620	5,574	1,006	(52,952)	-	36,811
	Technical Plastics £000	LED Technologies £000	Aerospace £000	CIT Technology £000	Unallocated £000	Eliminations £000	Group total £000
The segment results for the year ended 31 March 2016 were as follows –							
Consolidated income statement							
Total revenue	71,953	40,483	6,386	1,647	-	(1,495)	118,974
Less inter-segment revenue	(1,480)	(15)	-	-	-	1,495	-
Total external revenue	70,473	40,468	6,386	1,647	-	-	118,974
Expenses	(64,281)	(35,104)	(5,057)	(1,760)	(2,738)	-	(108,940)
Underlying operating profit	6,192	5,364	1,329	(113)	(2,738)	-	10,034
Exceptional costs	(412)	-	-	477	(4,922)	-	(4,857)
Operating profit	5,780	5,364	1,329	364	(7,660)	-	5,177
Net finance expense							(1,282)
Income tax expense							(1,708)
Profit after tax							2,187
Consolidated statement of financial position							
Segment assets	80,509	30,300	6,645	1,588	7,253	-	126,295
Segment liabilities	(13,655)	(6,746)	(820)	(935)	(71,272)	-	(93,428)
Net assets	66,854	23,554	5,825	653	(64,019)	-	32,867

NOTES ON THE ACCOUNTS

5 Exceptional costs	Six months ended		Six months ended 30 September 2015 £000	Year ended 31 March 2016 £000
	30 September	2016		
	£000	£000		
Litigation costs	(49)		(60)	(64)
Net rationalisation costs	31		77	65
Impairment review of Carlo Diagnostic Solutions	-		-	(4,858)
			(18)	17
				(4,857)

All rationalisation costs relate to the group's UK operations.

6 Net finance expense	Six months ended		Six months ended 30 September 2015 £000	Year ended 31 March 2016 £000
	30 September	2016		
	£000	£000		
Finance revenue	59		13	17
Finance expense	(391)		(427)	(928)
Net interest on the net defined benefit obligations	(395)		(193)	(371)
			(727)	(607)
				(1,282)

7 Income tax expense	Six months ended		Six months ended 30 September 2015 £000	Year ended 31 March 2016 £000
	30 September	2016		
	£000	£000		
The expense recognised in the condensed consolidated income statement comprises -				
Tax expense arising on ordinary activities	(1,155)		(1,142)	(2,073)
Deferred tax (expense) / credit arising on exceptional items	-		(22)	365
Current tax credit arising on exceptional items	4		18	-
Total income tax expense recognised in the condensed consolidated income statement		(1,151)	(1,146)	(1,708)

The half year accounts include a tax charge of 23.8% of profit before tax (2015 -28.0%) based on the estimated average effective income tax rate on ordinary activities for the full year. The Group's effective tax rate on ordinary activities is at a higher level than the underlying UK tax rate of 20.0% (2015 -20.0%) as the Group is earning a higher proportion of its profits in higher tax jurisdictions.

During the six months ended 30 September 2016 a £4.137 million credit was recognised in other comprehensive income in respect of deferred tax arising on remeasurement losses on the defined benefit obligations.

Deferred tax assets and liabilities at 30 September 2016 have been calculated on the rates substantively enacted at the balance sheet date. The UK Finance Bill 2016 provides for reductions in the UK corporation tax rate from 20% to 19% in the year commencing 1 April 2017 and then reducing to 17% from 1 April 2020. These rates became substantively enacted on 26 October 2015 and 6 September 2016 respectively. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 30 September 2016 has been calculated based on the rate of 17% substantively enacted at the balance sheet date.

NOTES ON THE ACCOUNTS

8 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 period.

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 period (adjusted for dilutive options).

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

	Six months ended 30 September 2016 £000	Six months ended 30 September 2015 £000	Year ended 31 March 2016 £000
Profit after tax from continuing operations	3,679	2,947	2,187
Loss attributable to non-controlling interests	9	10	13
Profit after tax, attributable to equity holders of the parent	<u>3,688</u>	<u>2,957</u>	<u>2,200</u>

	Six months ended 30 September 2016 Shares	Six months ended 30 September 2015 Shares	Year ended 31 March 2016 Shares
Weighted average number of ordinary shares in the period	66,285,508	66,202,185	66,204,557
Effect of share options in issue	1,184	34,751	36,413
Weighted average number of ordinary shares (diluted) in the period	<u>66,286,692</u>	<u>66,236,936</u>	<u>66,240,970</u>

In addition to the above, the company also calculates an earnings per share based on underlying profit as the board believe this to be a better yardstick against which to judge the progress of the Group. Underlying profit is defined as profit before impairments, rationalisation costs, one-off retirement benefit effects, exceptional bad debts, business closure costs, litigation costs and the impact of property and business disposals, net of attributable taxes.

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

	Six months ended 30 September 2016 £000	Six months ended 30 September 2015 £000	Year ended 31 March 2016 £000
Profit after tax, attributable to equity holders of the parent	3,688	2,957	2,200
Rationalisation costs, net of tax	(25)	(62)	(77)
Litigation costs, net of tax	39	48	51
Impairment review of Carlo Diagnostic Solutions, net of tax	-	-	4,518
Underlying profit attributable to equity holders of the parent	<u>3,702</u>	<u>2,943</u>	<u>6,692</u>

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

	Six months ended 30 September 2016 Pence	Six months ended 30 September 2015 Pence	Year ended 31 March 2016 Pence
Basic	5.6	4.5	3.3
Diluted	5.6	4.5	3.3
Underlying earnings per share - basic	5.6	4.4	10.1
Underlying earnings per share - diluted	5.6	4.4	10.1

NOTES ON THE ACCOUNTS

9 Dividends paid and proposed	Six months ended		Six months ended 30 September 2015 £000	Year ended 31 March 2016 £000
	30 September	2016		
	£000	£000		
Ordinary dividends per 5 pence share paid in the period comprised –				
Interim dividend for 2014/15 (0.85 pence per share)		-	563	-
Final dividend for 2014/15 (1.90 pence per share)		-	1,258	1,258
Interim dividend for 2015/16 (0.90 pence per share)		596	-	596
			596	1,821
				1,854

As outlined in our trading update of 14 October 2016, the Group's IAS 19 pension deficit increased significantly due to the material decrease in the corporate bond yield used to discount the pension liability. As expected, due to the materially increased IAS19 pension deficit extinguishing the Company's distributable reserves, the Group did not pay the recommended final dividend of 1.95 pence per share which was referred to in the results announcement made on 7 June 2016 and the directors are not proposing an interim dividend for 2016/17.

10 Intangible assets	Six months ended		Six months ended 30 September 2015 £000	Year ended 31 March 2016 £000
	30 September	2016		
	£000	£000		
The movements in the carrying value of intangible assets are summarised as follows –				
Net book value at the start of the period	20,257		26,000	26,000
Additions	128		821	1,527
Impairment arising on review of CIT Technology	(16)		(2,968)	(2,968)
Impairment arising on review of Carlo Diagnostic Solutions	-		-	(4,858)
Amortisation	(63)		(79)	(168)
Effect of movements in foreign exchange	1,398		(175)	724
Net book value at the end of the period	21,704		23,599	20,257

Included within intangible assets is goodwill of £21.2 million (2015 - £18.9 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 2016, the carrying value of goodwill was supported by such value in use calculations. There has been no indication of subsequent impairment in the current financial year.

NOTES ON THE ACCOUNTS

11 Property, plant and equipment	Six months ended		Six months ended 30 September 2015 £000	Year ended 31 March 2016 £000
	30 September	2016 £000		
The movements in the carrying value of property, plant and equipment are summarised as follows –				
Net book value at the start of the period	36,597		31,721	31,721
Additions	3,585		3,400	8,236
Depreciation	(2,344)		(1,765)	(3,806)
Disposals	(29)		(6)	(275)
Effect of movements in foreign exchange	2,205		(382)	721
Net book value at the end of the period	40,014		32,968	36,597

12 Non current assets classified as held for sale	As at		As at 30 September 2015 £000	As at 31 March 2016 £000
	30 September	2016 £000		
Surplus land and buildings				
	200		700	700
Net book value at the end of the period	200		700	700

At the period end surplus property with a written down value of £0.200 million (2015 - £0.700 million) has been reclassified as being held for sale. This relates to the properties at the recently closed Harthill site. During the period one of the properties was sold for £0.500 million net of costs. The remaining property is being actively marketed with an expectation that it will be sold within the next year.

13 Retirement benefit obligations

At 31 March 2016 the Group had a retirement benefit liability, as calculated under the provisions of IAS 19 "Employee Benefits", of £23.216 million. Since the start of the current financial year, equity markets have strengthened which has resulted in the scheme's assets increasing in value by £5.497 million to £179.206 million. However, a decrease in the discount rate used to evaluate the scheme's liabilities, from 3.5% at the start of the period to 2.3% has contributed to the value of the liabilities increasing by £33.628 million to £230.553 million. As a consequence the scheme, on an IAS 19 basis, has increased from a £23.216 million liability at 31 March 2016 to a £51.347 million liability at 30 September 2016.

14 Cash generated from operations	Six months ended		Six months ended 30 September 2015 £000	Year ended 31 March 2016 £000
	30 September	2016 £000		
Operating profit				
Adjustments for –				
Pension fund contributions in excess of service costs	-		-	(1,068)
Depreciation charge	2,344		1,765	3,806
Amortisation of intangible assets	63		79	168
Exceptional impairment of intangible assets, arising on rationalisation of business	16		2,968	7,826
Provisions utilised in respect of rationalisation	(442)		(814)	(1,583)
Loss / (profit) on disposal of other plant and equipment	3		(15)	68
Share based payment charge	216		198	471
Operating cash flow before changes in working capital	7,757		8,881	14,865
Changes in working capital				
Increase in inventories	(507)		(2,039)	(1,939)
Increase in trade and other receivables	(4,937)		(9,474)	(1,919)
Increase in trade and other payables	902		5,131	2,926
Cash generated from operations	3,215		2,499	13,933

NOTES ON THE ACCOUNTS

15 Cash and cash equivalents	As at 30 September 2016 £000	As at 30 September 2015 £000	As at 31 March 2016 £000
Cash and cash deposits	19,462	11,111	16,692
Bank overdrafts	(15,315)	(8,864)	(10,696)
	4,147	2,247	5,996

16 Net debt	Six months ended 30 September 2016 £000	Six months ended 30 September 2015 £000	Year ended 31 March 2016 £000
The net movement in cash and cash equivalents can be reconciled to the change in net debt in the period as follows -			
Net (decrease) / increase in cash and cash equivalents	(2,286)	(2,709)	854
Net repayment / (drawings) of term loan borrowings	400	-	(400)
	(1,886)	(2,709)	454
Effect of exchange rate fluctuations on net debt	(915)	(49)	(686)
	(2,801)	(2,758)	(232)
Net debt at start of period	(24,750)	(24,518)	(24,518)
Net debt at end of period	(27,551)	(27,276)	(24,750)

17 Financial instruments

The fair value of financial assets and liabilities are not materially different from their carrying value.

There are no material items as required to be disclosed under the fair value hierarchy.

18 Ordinary share capital	Number of shares	£000
Ordinary shares of 5 pence each -		
Issued and fully paid at 31 March 2015	66,189,142	3,310
Shares issued on exercise of share options	24,000	1
	66,213,142	3,311
Issued and fully paid at 30 September 2015	-	-
Shares issued on exercise of share options		
	66,213,142	3,311
Issued and fully paid at 31 March 2016	66,213,142	3,311
Shares issued on exercise of share options	163,500	8
	66,376,642	3,319

In the six months ended 30 September 2016, options over 163,500 ordinary shares were exercised at an average exercise price of 30.0 pence per share. The shares are fully paid.

NOTES ON THE ACCOUNTS

19 Related parties

Identity of related parties

The Group has a related party relationship with its subsidiaries, its directors and executive officers and the Group pension schemes.

Transactions with key management personnel

Full details of directors' remuneration are disclosed in the Group's annual report. In the six months ended 30 September 2016, the directors' remuneration amounted to £0.476 million (2015 - £0.666 million).

Group pension scheme

Carclo employs a third party professional firm to administer the Group pension scheme. The associated investment costs are borne by the scheme in full. 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. Carclo incurred an administration cost of £0.319 million which has been charged against other operating expenses (2015 - £0.377 million).

20 Post balance sheet events

In October 2016, the Group injected £1.169 million in cash into the Group pension scheme in accordance with the agreed funding plan.

On 14 October Carclo announced that its US subsidiary, CTP Carrera Inc., had acquired Precision Tool & Molding, LLC, trading as Precision Tool & Die for an initial consideration of \$5.5 million (approximately £4.5 million) in cash plus further deferred consideration of up to \$1.0 million (approximately £0.8 million) in cash, subject to the satisfaction of certain performance criteria. The completion consideration is subject to a working capital adjustment of up to US\$750,000 (approximately £615,000), of which, an initial payment of \$256,397 (approximately £210,000) was paid upon completion of the acquisition. The total working capital adjustment will be determined subsequent to the completion of the acquisition.

On 14 October Carclo announced a placing of approximately 6.6 million new ordinary shares at a price of 120 pence, raising net proceeds of approximately £7.7 million after costs.

21 Seasonality

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

22 Responsibility statement

We confirm that to the best of our knowledge -

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

By order of the Board

Chris Malley – chief executive

Robert Brooksbank – finance director

15 November 2016

INDEPENDENT REVIEW REPORT TO CARCLO PLC

Introduction

We have been engaged by the company to review the Condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2016 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 Conduct Authority ("the UK FCA"). 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 FCA.

As disclosed in note 1 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 2016 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FCA.

John Pass

For and on behalf of

KPMG LLP

Chartered Accountants

1 Sovereign Square

Sovereign Street

Leeds

LS1 4DA

15 November 2016

carclo

REGISTERED OFFICE: SPRINGSTONE HOUSE, PO BOX 88,
27 DEWSBURY ROAD, OSSETT, WEST YORKSHIRE WF5 9WS

T +44 (0) 1924 268040 F +44 (0) 1924 283226 W www.carclo-plc.com
E investor.relations@carclo-plc.com

Designed & printed by OCW Advertising & Marketing Ltd www.ocw.co.uk