
Full year results

Year ended 31 March 2011

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Torotrak – who we are

Torotrak is...

The global innovator in gearless traction drive technology to reduce CO₂ emissions in vehicles

Our technology...

Substantially improves fuel economy in vehicles

Harnesses the power of supercharging to reduce engine size

Enables wasted energy to be recovered efficiently through flywheels.

Torotrak - Technology

<i>Markets / application</i>	<i>What it delivers</i>	<i>How it is achieved</i>
Main drive transmissions Commercial vehicles	Greater than 10% fuel economy benefits cleaner emissions	enables engine to run at its sweet spot clean burn = clean emissions
Variable pressure charging	enables engines to be downsized to reduce CO₂	delivers big engine ‘feel’ from a small engine delivers engine boost quickly and at the right time
Mechanical hybrids	> 20% fuel economy benefit in cars and commercial vehicles	enhanced stop / start by capturing braking energy, storing it in a flywheel and using this energy to restart the vehicle

Driving change

New chairman John Weston

Board reduced to two executives and two non-executives

Reduced executive base pay; more performance related

CEO – now engineering lead

CFO – now commercial lead

Reduction in non-core employees generating a £1.8 million annualised reduction in costs

Without compromising on capability

Encapsulated in a new, clearer look

....these changes reflect our determination to have a team empowered to deliver both technically and commercially.

Market drivers

Demand driven by...

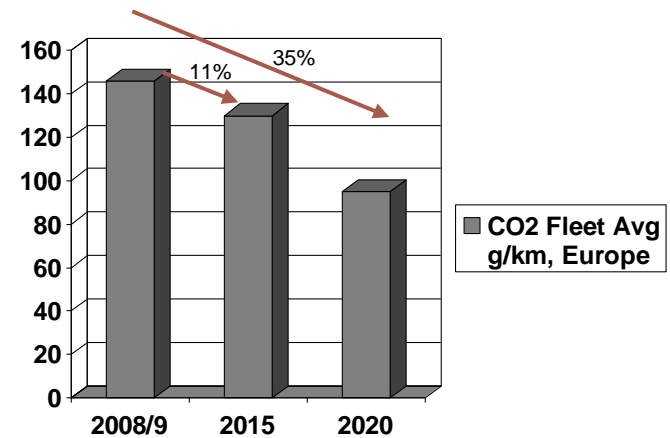
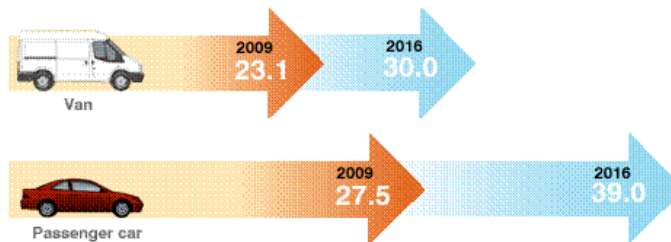
Cost of fuel; emissions


Legislation

Right price and as a 'new' technology, **highly tested** and **credible**

US FUEL EFFICIENCY TARGETS

Miles per US gallon



 Financials

Financial Performance

	2011 £m	Restated 2010 £m
Revenue	5.1	7.6
Operating cash outflow *	(4.8)	(1.1)
Operating (loss)/profit before restructuring	(2.9)	0.7
(Loss)/profit after tax	(3.1)	0.4

* £3.5m licence fees received immediately after year end

Revenues

Year ended 31 March 2011	Engineering services £m	Income from Licence agreements £m	Total £m
Revenue (by market)			
Commercial vehicles	2.1	2.7	4.9
Off-highway	-	-	-
Automotive	0.2	-	0.2
	2.3	2.7	5.1
Year ended 31 March 2010 - Restated			
Revenue (by market)			
Commercial vehicles	1.5	6.0	7.5
Off-highway	-	-	-
Automotive	0.1	-	0.1
	1.6	6.0	7.6

Operating costs

	Group 2011 £m	Restated Group 2010 £m
Employee costs	4.0	4.1
Depreciation and amortisation	0.4	0.3
Operating lease payments	0.3	0.2
Other development costs	0.6	0.4
Other administrative expenses	1.4	1.4
Total expenses	6.7	6.4

27% reduction in annualised operating costs following restructuring

Balance sheet

As at 31 March 2011	Group 2011 £m	Group 2010 £m
Patent (intangible) assets	1.3	1.4
Property, plant and equipment	0.7	1.0
Investment in Rotrex JV	0.3	-
Net working capital	0.6	(1.6)
Cash *	8.3	13.1
Net assets	11.2	13.9

* £3.5m licence fees received immediately after year end

 Progress Report

Progress Report – Main drive transmissions

We set out to...

Support Allison in completing the first prototype in vehicle

Progress to further licensing

Complete ETBM turn key programme

We have...

Completed prototype in vehicle and substantial 'due diligence'

Secured Allison further commitments: £8 million over next 12 months

Multi-stage engineering **production intent** programme underway

Installed in truck and **tested** on rig

Milestone payment £0.3 million on vehicle handover

Technology transfer underway

Final milestone when bus installation complete

Progress Report – New technology applications

We set out to...

Progress development for variable drive superchargers

Progress development of variable drive mechanical hybrid

We have...

Formed Rotrak JV

Developed prototype Rotrak Unit 8 months later

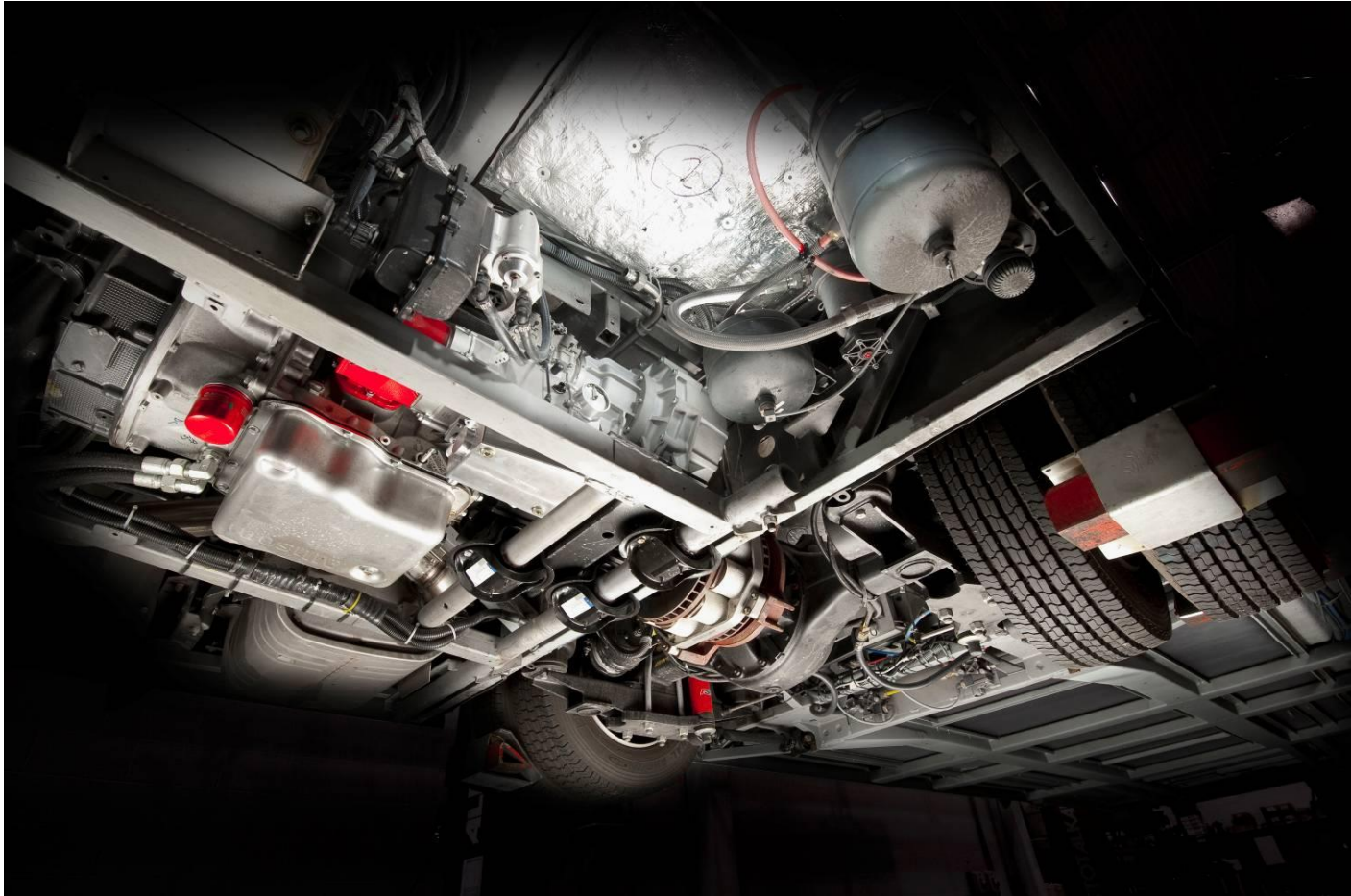
Received strong industry interest

Installed mechanical flywheel in Jaguar delivering >20% FE

Bus programme delayed slightly

Confirmed industry appetite

Progress Report – Flybus installation



Progress Report – Leaner, more focus

We set out to...

Launch Infnitrak technology in market areas that command a premium, in volumes that are meaningful

Reduce our cost base, focus on core opportunities, leverage external resources

We have...

Restructured Infnitrak joint venture:
£1 million proceeds
£0.2 million net contribution
Licence rights returned
MTD non-exclusive licence
Cash outflow eliminated

Restructured Torotrak's organisation root and branch:
£1.8 million annualised cash savings preserved/enhanced capability

Progress Report – Opportunities & funding

We set out to...

Maintain financial strength

Maximise opportunities with existing licensees, customers and suppliers

We have...

£8.3 million cash at year end
£3.5 million licence payment in April 2011

Tata Pixel concept car with Torotrak small car transmission **revealed**





Current year focus

Strategic direction

Commercialisation of protected IP through...

In volume:

Licensees – higher investment; mature routes to market

JVs – lower investment; disruptive market influences

Lower volume:

we will pursue other routes to market, including partnering

Financial...

Self-sustaining through to recurring positive cash flow

Combination of up front licence fees and partner investment

Engineering services contribution – focused on strategic priorities

Current year focus

Commercial vehicle production intent programmes

Variable superchargers/mechanical hybrids – visible hardware, tangible test results, development partners

Opportunities for visible product eg: lower volume earlier routes to market

Leveraging partnerships for development eg: low cost car transmissions

Cost-effective component suppliers diversified/strategic relationships

Driving change – our focus on values

We have...

Reviewed our objectives, our way of working, the Torotrak 'brand', our values

Articulated our values:

Dynamic, Tenacious, Inventive, Collaborative

Defined by a **determination to succeed**

Shared internally and externally with our key partners

Changed our visual identity and the way we communicate

In order to be **more visible** and **better understood** as we move towards commercialisation