



ToroTrak

World leaders in full-toroidal traction drive technology



**Half year results
to 30 September 2008**



November 2008



Highlights

- **Robust funding position**
- **Strong order book**
- **Trading in line with July expectations**
- **Significant business development activity**
- **Projects progressing to plan**
- **Infinitrak first product well received**

Market opportunities increased



Economic climate and prospects

- **Financial position robust – confident of medium to long term commercial success**
- **Stronger prospects than at start of year:**
 - Credentials enhanced
 - Strengthened commitment from existing licensees
 - Growing portfolio of high quality prospects in key markets
- **US operations impacted by downturn in OPE market**
- **Diversity of opportunities providing resilience to current economic conditions**



Infinitrak

- **Difficult trading backdrop – US lawn tractor sales down by circa 30% +**
- **Premium / new launches impacted the most**
- **Uncertain demand outlook during recession**

BUT

- **Demand for TTT from prominent US retailer:**
 - 1,000 to 2,000 units
- **Development continues in 2nd transmission – “STT”**
- **3rd party sales - business development underway**
- **Remain confident of success in the sector**



Truck and bus

- **Excellent progress:**
 - European truck and bus manufacturer programme
 - Business development opportunities
- **Real value being established:**
 - Fuel economy and emissions
 - Performance and driveability
 - Lower cost
- **Potential for extent and reach of Torotrak technology in this market is significant**



Off-highway

- **Iseki and Carraro continue to progress their plans towards market introduction**
- **New prospects in emerging economies – strong levels of business development activity**
- **Fork lift truck project delivered to customer – exceeded expectations:**
 - Proves capability in the sector
 - Brings new prospects into portfolio



Automotive

- **Shift in focus from premium automotive towards small cars:**
 - New client working with Torotrak to study small car transmission
 - Aisin continue to support development
- **Tata Motors progressing to plan and have selected first target application:**
 - Strong commitment to the technology
 - Broad span of applications covered in licence
- **Mechanical hybrid work under development:**
 - Consortium project with Jaguar progressing to plan
 - Outcome will be demonstrator vehicle and plan for production
 - F1 uncertain, but mainstream automotive opportunities emerging



Financial highlights

	FY 09 H1	FY 08 H1	+/-
Revenue	£ 0.9m	£ 0.5m	£0.4m
Loss before tax	£ (1.9)m	£ (2.4)m	£0.5m
Operating cash outflow	£ (1.9)m	£ (2.4)m	£0.5m
Net cash	£ 9.7m	£ 8.7m	£1.0m

- Strong revenue weighting H2 as expected



Summary

- **Positive operating cash flow remains key target:**
 - Timing issues of licence payments
 - Royalties and joint venture income
- **Sufficient capital to achieve this, with resilience to sensitivities**
- **Engineering development programmes with lead customers:**
 - Key to market introduction AND earnings
- **Bridgeheads for technology acceptance:**
 - Infinitrak
 - High profile licensees for truck and bus, off-highway, KERS
- **Whilst building long-term prospects for further commercialisation**

Full-toroidal traction drive technology



One transmission technology,
many benefits

Improved
fuel economy

Simple control

Fully scalable
technology

Reduced
emissions

High efficiency

Low cost

Lightweight

Refined, seamless
performance

Compact

High power density



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Appendix



Income statement

	Unaudited six months to 30/09/08 £000	Unaudited six months to 30/09/07 £000
Revenue	927	521
Development expenses	(2,333)	(2,283)
Administrative expenses - normal	(860)	(869)
Administrative expenses - non-recurring operating costs	-	(164)
Total administrative expenses	(860)	(1,033)
Operating loss	(2,266)	(2,795)
Finance income	306	146
Loss before taxation	(1,960)	(2,649)
Taxation	105	200
Loss for the period	(1,855)	(2,449)
Basic and diluted loss per share (pence)	(1.27)	(1.93)



Balance sheet

	Unaudited as at 30/09/08 £000	Audited as at 31/03/08 £000	Unaudited as at 30/09/07 £000
Non current assets			
Intangible assets	1,179	1,154	1,084
Property, plant and equipment	1,013	1,102	1,044
Total non current assets	2,192	2,256	2,128
Current assets			
Inventories	34	32	35
Trade and other receivables	930	517	1,644
Current tax	214	514	468
Cash and cash equivalents	9,658	11,549	8,676
Total current assets	10,836	12,612	10,823
Total assets	13,028	14,868	12,951
Current liabilities			
Trade and other payables	(2,301)	(2,525)	(1,094)
Total current liabilities	(2,301)	(2,525)	(1,094)
Net assets	10,727	12,343	11,857



Cash flow statement

	Unaudited six months to 30/09/08 £000	Unaudited six months to 30/09/07 £000
Loss for the period	(1,855)	(2,449)
Adjustments for:		
Depreciation	114	75
Amortisation	53	50
Finance income receivable	(306)	(146)
Loss on disposal of intangible assets	60	2
Taxation	(105)	(200)
(Increase)/decrease in inventories	(2)	11
Increase in trade and other receivables	(299)	(282)
(Decrease)/increase in trade and other payables	(226)	231
Charges in relation equity settled employee share schemes and bonuses	231	266
Cash used in operations	(2,335)	(2,442)
Income tax received	405	-
Net cash used in operating activities	(1,930)	(2,442)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(25)	(32)
Acquisition of patents	(136)	(109)
Finance income received	192	110
Net cash used in investing activities	31	(31)
Cash flows from financing activities		
Net proceeds from the issue of share capital	-	6,849
Net cash generated in financing activities	-	6,849
Net (decrease)/increase in cash and cash equivalents	(1,899)	4,376
Cash and cash equivalents at start of period	11,549	4,307
Exchange gain/(loss) on currency translation	8	(7)
Cash and cash equivalents at end of period	9,658	8,676
Cash and cash equivalents held in JV not under direct control of the Group	52	162



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