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e2v

2 million people are in receipt of life-saving radiotherapy treatments around the world through the use of e2v products

RF power solutions

e2v has imaging devices at the heart of **more than 150 space-based instruments** including **major science observations, planetary exploration missions** and **earth observation systems**

High performance imaging solutions

Our data converters operate in the harshest of space environments, **powering satellite communication systems and each handling 10,000 fully encrypted broadband lines**

Hi-rel semiconductor solutions

e2v technologies plc
Annual Report & Financial Statements **2013**

Innovative solutions for high performance systems

Full year revenue(1) of £196 8m and adjusted(2) operating profit of £32 2m

Significant reduction in net borrowings(3) to £9 8m from £30 0m

Full year dividend maintained with final dividend of 2 8 pence per share

Record year end order book at £195m, up 36% from the prior year

Order book for delivery over the next 12 months of £130m, up 10% from prior year

	Year ended 31 March 2013 £m	Year ended 31 March 2012 £m
Revenue (excluding disposal businesses)(1)	**196.8**	219 8
Adjusted(2) operating profit	**32.2**	41 0
Adjusted(2) profit before tax	**30.8**	38 6
Profit before tax	**34.2**	32 0
Net borrowings(3)	**9.8**	30 0
Adjusted(4) earnings per share	**11.07p**	13 37p
Earnings per share	**12.53p**	11 12p
Dividend per share	**4 1p**	4 1p

(1) Excludes the Group's non-core businesses disposed in May 2012 and October 2012

(2) Adjusted operating profit is before operating specific items Adjusted profit before tax is before all specific items

(3) Net borrowings excludes debt issue costs

(4) Adjusted earnings is profit before all specific items less tax where applicable

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Chairman's & Chief Executive Officer's Statement

The full year trading performance reflected the ongoing restructuring and increased flexibility in our cost base which we have utilised to mitigate the challenging trading environment.

Neil Johnson
Chairman

Keith Attwood
Chief Executive Officer

Overview

We are pleased to report performance for the year which was in line with expectations in a challenging trading environment with delayed order placement and slower progress than planned on space programmes Action taken to control costs and implement ongoing restructuring, combined with utilising the flexibility that we established in the Group, have helped to maintain operating margins in line with expectations Strong cash generation during the year included the benefit of completing the strategic realignment of the Group with the sale of the non-core businesses and has significantly reduced net borrowings to £9 8m

Financial performance

Revenue excluding the Group's non-core businesses sold during the year was £196 8m (2012 £219 8m), reflecting deferral of US and UK defence orders, lower demand in commercial and industrial markets, and less progress than anticipated on space programmes

Adjusted[1] operating profit of £32 2m (2012 £41 0m) represents a margin of 16 4%, in line with expectations The actions taken by management have reduced the cost base by £8 8m in the year, demonstrating the resilience of the Group

Adjusted[2] earnings per share at 11 07p (2012 13 37p) reflect reduced financing costs through lower borrowings and the full year benefit of our facility that was arranged in July 2011 along with a reduction in our tax rate to 23 3% Earnings per share were 12 53p (2012 11 12p), reflecting the profit on disposal of non-core businesses and the sale of the surplus property in Grenoble

We end the year with a record order book at £195m (2012 £143m), an increase of 36% The order book for delivery over the coming 12 months was £130m (2012 £118m), an increase of 10%

Strategy

We have continued to deliver on our strategy during the year, through our focus on our chosen application segments and expansion in the US and Asia We have reviewed and re-affirmed the strategy with the Board during the year The geographic spread and the range of markets we serve, along with our broad portfolio of products, provide the Group with some additional resilience given a number of our markets continue to be constrained by economic pressures We have made progress on a number of key strategic initiatives during the year, including building our presence in the US and Asia

In RF power solutions we have received the initial order under a multi-year development agreement with Rio Tinto for the design and supply of large-scale Prowave® microwave generators Going forward, our priority is to execute our existing customer programmes and engage on opportunities to move up the value chain in radiotherapy and electronic countermeasures, with continued active management of the commercial and industrial product portfolio

In High performance imaging solutions we are pleased to have booked multi-year orders with the China Academy of Space Technology (CAST), European Space Agency (ESA) and a US programme We have introduced our new Complementary Metal Oxide Semiconductor (CMOS) based line scan camera for machine vision applications which is gaining traction in the market In October we were awarded a further £3 8m of funding from the Regional Growth Fund in the UK to support our strategic plan for growth within our space imaging business Going forward our focus is the delivery of our current order book for space and a full year of activity from the new products introduced this year

In Hi-rel semiconductors we were pleased to announce the memorandum of understanding with Micron Technology to support end of life product lines, in addition to our strategic partnerships with Freescale, Everspin, and Maxim Our focus is therefore on developing our strategic partnerships and our Semiconductor Lifecycle Management (SLiM™) offering which is even more relevant in the current environment when platform life extension and lifetime cost are driving funding decisions although there remains uncertainty in the US defence sector

Dividend

The Board has recommended an unchanged final dividend of 2 8p per share, making a total dividend for the year of 4 1p This represents an increased pay-out ratio, with dividend cover moving to 2 7 times (2012 3 3 times) reflecting the Board's confidence in the resilience of the Group, the low level of borrowings and the Group's cash generation potential

Board

We thank Chris Geoghegan for his contribution as Chairman, leading the Group through the major restructuring of both the balance sheet and the business over the last three years

Our people

This year we have welcomed 96 new joiners to our core staff of over 1,500 at the end of the year and congratulate 70 members of our existing team who have taken on new or expanded roles Our graduate and apprentice schemes have been active with 21 young people joining us under these development programmes This year has been a time of continuing change, including the start of the reorganisation of our Chelmsford site The Board wishes to thank the staff for their commitment to our strategy and their dedicated contribution in what has been a challenging year

Outlook

Looking forward, whilst we expect a slow start, we continue to anticipate modest revenue growth for the coming year, reflecting the strength of our order book We remain cautious about the broader economic environment, and the potential impact on orders received and delivered in the year

Neil Johnson
Chairman

Keith Attwood
Chief Executive Officer

(1) Adjusted operating profit is before operating specific items

(2) Adjusted earnings is profit before all specific items less tax where applicable

Business Profile

We apply our expertise to deliver innovative solutions for high performance systems at a component, sub-system and service level Our business is built upon two core technologies

- **Radio Frequency (RF) and microwave products, sub-systems and solutions**
- **Semiconductor based products and solutions**

These enable us to deliver technology solutions offering ground-breaking innovation, transformational economics, life-enhancing capabilities and environmentally sensitive alternatives into specialist global application segments through three divisions

- **RF power solutions**
- **High performance imaging solutions**
- **Hi-rel semiconductor solutions**

By division

RF power solutions

Radiotherapy

RF power systems for the generation of high energy x-rays for the treatment of cancer

Defence electronic countermeasures

ITAR free components and compact sub-systems for electronic countermeasure protection of high value air, land and naval platforms, including platform life extensions and upgrades

ProWave® industrial processing systems

Microwave and RF generators for the processing of bulk materials, delivering transformation economics into a range of material processing application

High performance imaging solutions

Machine vision

Cameras and modules for sensitive, high speed inspection processes, with standard interfaces for easy integration

Space imaging

Space-qualified imaging sensors and arrays for space science, earth observation and astronomy applications

Scientific and other imaging

High sensitivity, low noise sensors enabling high end scientific instruments, intra-oral x-ray sensors, and thermal imaging cameras for fire and security

Hi-rel semiconductor solutions

Aerospace and defence semiconductors

Hi-rel semiconductors for demanding aerospace and defence applications

- High precision assembly, packaging & test of microprocessors, memory and analogue components for military and space markets
- Extended availability of obsolete and end-of-life integrated circuits
- State of the art high speed data converters

Long term obsolescence management through e2v's Semiconductor Lifecycle Management (SLiM™) programme

SLiM™ is a long term, proactive approach for assuring continuity of supply of critical components in aerospace and defence systems, extending platform life by managing obsolescence, controlling through-life support costs and managing counterfeit risks

Key drivers

Medical and science

Ongoing demand for spares reflecting growth in the installed medical base and Original Equipment Manufacturers (OEMs) that are expanding their activities in Asia with increasing local competition Overall we estimate sustained growth in medical but a continued slowdown in government funding for scientific research

Aerospace and defence

Increased demand for earth observation associated with climate change monitoring space science and growth in commercial aircraft production

In defence, we are seeing a shift to platform life extension and upgrade programmes Electronic warfare and communications is receiving funding in a decreasing envelope and there is a growing focus on semiconductor counterfeit and obsolescence management

Commercial and industrial

Capital investment remains subdued, although there are opportunities in Asia and the BRIC markets for new product lines The aftermarket sectors that we address have remained steady, giving overall an estimated cyclical market which responds to the timing of capital investment

Images courtesy Rio Tinto NASA Airbus

Business Review

Summary

Revenue (excluding the disposal businesses) of £196 8m is down 10% compared with the last financial year, reflecting the challenging trading environment, with order deferral in US and UK defence markets, lower demand in commercial and industrial markets and for science imaging applications In addition, the improvement in our space imaging business from our recovery programme was slower than planned and completion of our US defence development programme was delayed

Adjusted[1] operating profit of £32 2m reflected the lower level of revenue offset by actions taken by management to contain costs and generate cash so sustaining the operating profit margin at 16 4% The flexibility that was built into the cost base has been utilised and further restructuring was launched in the UK, at an estimated cost of £1 2m

Cash generation during the year was strong delivering a £20 2m reduction in net borrowings The stronger operating performance in the second half, as well as the benefit from our inventory reduction programme contributed £23 5m Net borrowings also benefited from the cash generated by the disposal of the non-core businesses as well as the sale of the surplus property in France, resulting in closing net borrowings of £9 8m which was better than our expectations

Our order book at 31 March 2013 was at record levels with the closing order book of £195m (2012 £143m) representing an increase of £52m, similarly our order book for delivery over the coming 12 months increased by £12m to £130m (2012 £118m) This now includes the full 12 months of radiotherapy order cover offsetting the change in mix as the prior year included £6m relating to the non-core businesses that were disposed during the year The strength of our order book positions us well for growth, although those businesses that typically have lower level of order cover can be more vulnerable to the broader economic environment

Strategy and business model

Objective

Our objective is to be a leading global provider of innovative, specialist technology solutions for high performance long life systems

Markets

We focus on specialist international sectors in medical, space, aerospace, defence and commercial and industrial markets We seek to generate growth through providing higher value solutions and new product development, platform life extension and upgrade, and new applications which provide transformational economics We are also expanding our global presence with our new facilities in the US and Asia supporting our teams of in-country sales and engineering specialists

Strategic plan

Our growth strategy is built on market expansion into sub-systems and solutions

- **Across our 8 key applications representing c ⅔ of the total business**
- **Through expansion of geographic presence in the US and Asia Pacific**

(1) Adjusted operating profit is before operating specific items

In the medical and science markets that we address, the key drivers are ongoing demand for spares reflecting growth in the installed base, and Original Equipment Manufacturers (OEMs) that are expanding their activities in Asia with increasing local competition Overall we estimate sustained growth in medical, but a continued slowdown in government funding for scientific research

The aerospace and space markets continue to benefit from demand for earth observation associated with climate change monitoring, as well as increasing demand from international markets for space science and in aerospace we are seeing steady growth in commercial aircraft production Overall we estimate sustained growth in space from international countries and continued civil aviation demand

In the defence markets that we address, we are seeing a shift to platform life extension and upgrade programmes in response to growing budget pressures with increasing uncertainty over programme funding Electronic warfare and communications is receiving funding in an overall decreasing envelope There is also a growing focus on semiconductor counterfeit and obsolescence management

In commercial and industrial markets, capital investment remains subdued, although there are opportunities in Asia and the BRIC markets for new product lines The aftermarket sectors that we address have remained steady, giving overall an estimated cyclical market which responds to the timing of capital investment

Overall our addressable markets of c £3 5bn we anticipate to grow in the range of 1-3% over the next three years

Strategy

Our business is built on two core technologies of firstly Radio Frequency (RF) and microwave products, sub-systems and solutions and secondly semiconductor based products and solutions Through these, we deliver technology for high performance systems at a component, sub-system and service level We have capability of working in regulated environments, managing security and export control and delivering to demanding specifications and high quality standards with traceability

We are repositioning the Group in the value chain, moving from a component to a sub-system scope of supply, with long term service Increasingly our customers are seeking to engage the Group on a development and advisory basis utilising the Group's highly skilled engineering teams

We focus our investment on eight key application areas, reduced from 20 areas of focus three years ago Within the eight key applications are the two sectors creating new markets for us with high growth potential, of SLiM™ and industrial processing systems We are also expanding our presence in the US and Asia

Our strategy provides the opportunity for growth through our expanded markets, increased focus on our customer relationships moving from the supply of components to integrated sub-systems and services, so delivering a greater level of customer intimacy

Operating model

The Group is organised into three product divisions supported by our focus in the US and Asia along with Group functions The divisions deliver solutions targeted at specialist global application segments We are often a leader in these specific applications

The three main product divisions have responsibility for product design and development, sales and customer service and work closely with the strengthened regional teams in the US and Asia

RF power solutions (RFP) – providing high performance electron devices, sub-systems and solutions in three main application segments radiotherapy, electronic countermeasures and industrial processing systems

High performance imaging solutions (HPI) – providing advanced Charged Coupled Device (CCD) and Complementary Metal Oxide Semiconductor (CMOS) imaging sensors, cameras and solutions in three main application segments machine vision, space imaging and scientific imaging

Hi-rel semiconductor solutions (HRS) – providing high reliability semiconductors and services in two main application segments aerospace and defence semiconductors which includes hi-rel assembly, packaging and test services, extended availability of obsolete and end-of-life integrated circuits and high speed data converters, along with semiconductor lifecycle management under the Group's SLiM™ brand

US – capabilities include our new facility in Milpitas, California with plastic and ceramic hi-rel semiconductor design, assembly, test and qualification, with expansion in progress to provide RF and microwave development and camera assembly and test, as well as service for thermal imaging products Sales and business development and support are provided nationwide

Asia – capabilities include our network of sales offices in Hong Kong, Korea and Japan that provide sales support and application engineering across the region as well as our international purchasing office based in Taiwan In our qualified manufacturing facility in Beijing China we have commenced production of thermal imaging cameras and have capacity to support other product lines including radiotherapy and industrial cameras and sensors

Group functions provide overall direction and resourcing and drive best practice and

- Global operations with responsibility for all manufacturing and supply chain activity across the four main manufacturing sites based in Chelmsford (UK), Grenoble (France), Milpitas (California, US) and Beijing (China)

- Support services including group marketing and technology, finance, commercial, IT and human resources

Outcomes and Key Performance Indicators (KPIs)

Our strategy and business model seeks to provide the opportunity for sustainable profitable growth over the long term We monitor sales growth and operating profit margin for the Group and its product divisions Sales growth is targeted initially at 4-8% and to return to 10% per annum after three years and the adjusted(1) operating profit margin target is to be greater than 17% The level of the order book is a leading indicator of the business performance Due to the nature of some of the Group's long term contracts the full order book can be more variable, hence the 12 month order book is our chosen measure

We have two KPIs that measure the progress made in repositioning the Group in its value chain The percentage of sales from sub-systems and solutions is a measure of how the much of the Group's revenue comes from more complex products and services Geographic reach, the percentage of sales outside Western Europe, measures the effectiveness of our geographic expansion outside of the Group's traditional European customer base

As a technology company we have a portfolio of products and technologies which evolves over time with new products being added and other products being withdrawn New business proportion is a measure of the refresh within the portfolio and we consider that growth is normally achieved at a new business proportion of greater than around 12%

Geographic focus

In the US we relocated into our new larger facility in Milpitas, which provides secure wafer storage, hi-reliability assembly and test facilities and capacity for the expansion of our US RFP and HPI businesses The US leadership team has been strengthened with a number of key appointments including a new president The US team is developing relationships with key customers and established several strategic agreements, as well as providing support to existing programmes such as the ALE-55 and our development programme for the F15

In China we completed the fit out of our facility, which has achieved ISO9002 certification and commenced production of thermal imaging cameras in February We have expanded our sales and technical teams in Korea and China supporting the new product introductions particularly those targeted at industrial applications and the international space business We have established new distribution and channel partners in Japan, Korea, China and South East Asia

(1) Adjusted operating profit is before operating specific items

RF power solutions

Financials

Revenue decreased by 5% to £81 9m (2012 £86 1m) Radiotherapy sales were steady, with anticipated stronger performance in the final quarter Electronic countermeasures delivered good growth from its continuing programmes including the US ALE-55 programme for the F18 Super Hornet In industrial processing systems we signed a two year development agreement with Rio Tinto and are completing the first phase of the work As anticipated, the activity in the remaining portfolio of products is lower than the prior year reflecting reduced demand in these mature commercial and industrial markets

The division's adjusted[1] operating profit was £16 9m (2012 £12 5m), an increase of 35% The benefits from ongoing cost control and development programmes moving into revenue has delivered improved operating margins

The order book at 31 March 2013 was £108m (2012 £60m) The increase reflects the renewal of the multi-year radiotherapy contracts with Accuray and Elekta The orders due for delivery in 12 months as at 31 March 2013 were £62m (2012 £50m), up 24% in line with the total order book

Application segments

Radiotherapy

We deliver RF power systems for the generation of high energy x-rays for the treatment of cancer, high performance, high reliability products and provide the continuity for long term spares that our radiotherapy customers require We are established as the market leader for the supply of magnetrons, thyratrons, modulators and services Our principal customers are the radiotherapy system OEMs including Accuray, Elekta and Varian Key drivers for the market include the increasing incidence of cancer worldwide, for which radiotherapy is the most cost effective treatment, increasing demand in Asia for radiotherapy services, new equipment demand which is dependent on healthcare spending, the demand for spares which is driven by the growing installed base and the spares replacement cycle which can be between five to ten years after a new system is commissioned

The division's radiotherapy revenue was steady, in part, reflecting some overstocking by one of our major customers in the prior year For the coming years we continue to anticipate that spares revenue will grow in line with the past expansion of the installed base over the last five to ten years Growth is anticipated to be driven by continued new build demand, which accounts for approximately one third of the growth, along with the growing installed base that underpins the other two thirds of the anticipated growth We continue to engage with our customer base regarding moving up the value chain and developing new RF generating sub-systems

Electronic countermeasures

We provide leading technology for platform life extension programmes and upgrades to enhance capability and provide electronic countermeasure protection of high value air, land and naval assets We manufacture key components, such as magnetrons, coupled-cavity and helix Travelling Wave Tubes (TWTs), and, at a sub-system level, Microwave Power Modules (MPMs) and transmitters, as well as delivering design and development services Our products are primarily of European origin, so are not restricted under the US's International Traffic in Arms

Proportion of e2v sales (%)

41%

Sales

£81.9m

-5%

Adjusted[1] operating profit

£16.9m

+35%

12 month order book

£62m

+24%

'2 million people are in receipt of life-saving radiotherapy treatments around the world through the use of e2v products '

David Cameron and Nick Clegg tour ProWave® facility

On Tuesday 8 May 2012 the Prime Minister David Cameron and the Deputy Prime Minister Nick Clegg toured our ProWave® facility which is benefiting from a £6 million Regional Growth Fund grant

ProWave® uses industrial scale microwave technology to reduce energy usage and increase yields in the processing of bulk materials across a range of industries

In October 2012 we announced the signing of a development agreement with Rio Tinto covering the design and supply of large-scale ProWave® microwave and radio frequency generators for use in projects to improve the efficiency of mineral recovery The agreement followed on from the signing of a memorandum of understanding earlier in the year and forms a framework under which we will scale up microwave generation to the scale required by Rio Tinto Successful completion of the development phase anticipated at two years, could then lead to the supply of mine ready microwave equipment.

Regulation (ITAR) which is a key advantage in our international markets In the US, our operations are authorised for defence programmes and we have expanded our US operational footprint, in support of our programmes Key customers are the system level OEMs, including BAE Systems, Selex Galileo, Raytheon, Saab, EADS and Thales For some novel applications we also contract directly with the end users or governmental laboratories through their technology groups

Revenue growth in electronic countermeasures was driven by our existing programmes including the ALE-55 programme for the F18 Super Hornet We have completed the development contract for our F15 programme and are supporting initial flight trials Western defence budgets are anticipated to reduce with short term uncertainty in the US, with a shift to platform life extensions and upgrade programmes Growth is anticipated to come in Europe from contracts to supply MPMs and novel systems and in the US from the current contracts and future upgrade programmes Our MPM and ultra wideband TWT provides opportunities in Europe and the US, because of the product's size, weight and performance

Industrial processing systems

We provide Microwave and RF generators for the processing of bulk materials, delivering transformational economics in energy consumption and material yield into a range of established sectors The current focus is in applications for mining, where we are providing RF generators and development support

During the year we signed a development agreement with Rio Tinto covering the design and supply of large-scale ProWave® microwave and RF generators for use in projects to improve the efficiency of mineral recovery This followed on from the signing of a memorandum of understanding in February 2012 We are completing the initial phase of our development work with Rio Tinto The completion of the vermiculite field trials during the year identified a number of technical challenges, with the result that no revenue is now planned from this application The technology developed as part of the vermiculite programme supports our activities with Rio Tinto

We have continued to invest in our R&D programmes and infrastructure, which is in part funded by the Regional Growth Fund, in conjunction with the University of Nottingham and that supports this key opportunity for growth

Other applications

The remaining portfolio of businesses in the division are principally focused on applications in commercial and industrial markets including, radar for commercial shipping and industrial applications such as, industrial heating, induction and dielectric welding, lasers and cargo screening along with satellite communication amplifiers

As anticipated, revenue for the remaining businesses was lower than the prior year reflecting softer demand in industrial end user markets The cost flexibility built into the business and the ongoing restructuring has been instrumental in materially improving operating margins

(1) Adjusted operating profit is before operating specific items

High performance imaging solutions

Financials

Reported revenue decreased by 3% to £64 5m (2012 £66 2m) Demand for machine vision cameras into process control applications in Asia was stronger in the second half through the take up of our new CMOS based line scan camera Scientific imaging was lower than the prior year reflecting softer end user demand In space our recovery programme has delivered growth in the second half The remaining businesses, including thermal imaging and dental products, have delivered good underlying growth

The division's adjusted[(1)] operating profit before taxation was £7 3m (2012 £10 3m), a decrease of £3 0m This was due to the lower volumes, which included the end of the high margin last time buy activity and some lower margin space programmes reflecting the technical challenges The space imaging recovery programme has required increased resources to supplement our existing capability

The order book at 31 March 2013 was £63m (2012 £56m) The growth in the order book reflects good order intake in the space sector and underlying growth in the other application segments as one-off orders are being replaced by ongoing business The orders due for delivery in 12 months as at 31 March 2013 were £49m (2012 £44m), up 11% in line with the total order book

Application segments

Machine vision

Our camera platforms provide sensitive, high speed performance for demanding inspection processes where quality and reliability are key customer requirements for applications such as semiconductor and electronics manufacturing inspection, food and beverage processing, ophthalmology and document imaging Our products include line scan cameras for high end machine vision and Optical Coherence Tomography (OCT) ophthalmological applications based on CCD sensor technology Each end user market has specialised inspection equipment suppliers that are e2v's customers, including for OCT/ophthalmology Carl Zeiss, Meditec, Canon and Optopol, and for semiconductor and electronics Orbotech and Basler Additionally, there are a large number of integrators which we access via distributors and our agents

Revenue in machine vision was flat, reflecting softer demand in the first half, with a stronger second half reflecting the take up of our new CMOS based line scan camera (the Eliixa+), which provides high speed sensitivity and high resolution for high end inspection applications and is performing strongly Further growth is anticipated to come from the general increase in factory automation and the drive to increase productivity and quality, as well as the investment in new flat panel display manufacturing equipment for the next generation OLED displays In addition, our increased sales resources in Asia provide a platform to support these important high growth markets

Space imaging

We are the world leading supplier for space qualified, visible range, high performance imaging sensors and sub-systems for space and ground based science applications

We have a long established heritage of providing reliable, high performance, high quality space qualified imaging sensors and arrays for space science and astronomy applications and high speed, high resolution sensors for earth observation satellites Countries wishing to maintain

Proportion of e2v sales (%)

33%

Sales

£64.5m

-3%

Adjusted[(1)] operating profit

£7.3m

-29%

12 month order book

£49m

+11%

'e2v has imaging devices at the heart of more than 150 space-based instruments including major science observations, planetary exploration missions and earth observation systems '

e2v sensors part of NASA's biggest-ever Mars exploration

NASA's most advanced Mars rover, Curiosity, incorporates e2v imaging sensors in two of the instruments designed to assess if Mars is, or ever has been, an environment that can support life

e2v sensors equip the rover's Chemistry and Mineralogy instrument (CheMin) and the Chemistry and Camera instrument (ChemCam) CheMin identifies and measures the minerals on the planet using sophisticated x ray detection techniques The ChemCam instrument consists of a laser, which vaporises rock samples, and a camera which analyses the material produced

In March 2013 the e2v equipped instruments detected key elements necessary for life, enabling NASA to confirm that Mars could have supported a habitable environment

e2v imaging sensors on board NASA's Mars Reconnaissance Orbiter also captured an image of the Curiosity rover descending to land on Mars

independent observation capabilities and the increasing investment in monitoring climate change are driving a growing demand for new observation satellite programmes We have a strong position in Europe for these CCD sensors and our product remains attractive for this application due to the long proven performance in flight We are also developing a CMOS based technology platform which in part is funded by our £3 8m award from the UK Regional Growth Fund We have been successful in recent years in winning programmes in the US and other international space markets including China The main end users are worldwide space agencies including NASA, ESA, CNES and CAST as well as the prime satellite manufacturers including Astrium, Thales, Lockheed Martin, and Ball Aerospace

The space imaging recovery programme has delivered growth in the second half reflecting the delivery of milestones on a number of programmes This business by nature will remain technically challenging Order intake in space has remained strong with the £8 4m order for ESA's Euclid space science mission, as well as securing other orders for Sentinel and a US programme Current growth in space imaging is underpinned by major programmes in the order book

Scientific imaging

We provide high sensitivity, low noise sensors enabling high end scientific instruments Our scientific imaging sensors are used in spectroscopy, microscopy, crystallography, fluoroscopy and broad scientific imaging applications The market for high end scientific cameras is currently highly concentrated with three manufacturers Andor, Hamamatsu and Roper, all of whom we support We have a significant market share, proprietary technology and have strong relationships with these major customers

Revenue in scientific imaging was lower than the prior year with softer end user demand reflecting the current macroeconomic environment which is restricting government science spending

Other applications

We support a range of other specialist applications for our technology including CMOS dental intra-oral sensors, CMOS area array sensors for use in automatic data collection systems including 2D barcode reading, and thermal imaging products We have expanded our CMOS platform with a 46% increase in CMOS based products sold

Underlying growth has come from the continuing portfolio including the dental sensors and the new product introductions in thermal imaging Growth, particularly in Asia, is anticipated from new customers for our CMOS dental sensors, as increasing wealth makes dental care affordable and the move from film based to digital technology is driven by ease of use and lower running costs Thermal imaging is now a vital technology to support firefighting, law enforcement and security and our new hand held products provide market leading performance for their size and weight The demand for 2D bar code reading is replacing laser technology and facilitating new applications

(1) Adjusted operating profit is before operating specific items

Hi-rel semiconductor solutions

Proportion of e2v sales (%)

26%

Financials

Reported revenue decreased by 25% to £50 4m (2012 £67 5m) The reduction in revenue reflects the anticipated reduction following the completion of the first phase of our SLIM™ contract for the 68k microprocessor in the prior year In aerospace and defence semiconductors lower revenue reflects defence market uncertainty particularly in the US

The division's adjusted[1] operating profit was £11 3m (2012 £21 1m), a decrease of 46% This was due to the anticipated lower volumes and margins principally due to the 68K SLIM™ contract in addition to the softer demand in defence In response to the reduced demand we have drawn on the flexibility that was established in our Grenoble business, along with careful cost control in the US as we moved into our new facility in July These actions sustained the margin for the business at 22%, in line with our expectations

The order book at 31 March 2013 was £24m (2012 £20m) The increase primarily reflects increased orders for the smart sensor business reflecting final orders from customers The orders for delivery within 12 months as at 31 March 2013 were £19m (2012 £18m)

Sales

£50.4m

-25%

Adjusted[1] operating profit

£11.3m

-46%

12 month order book

£19m

+6%

Application segments

Aerospace and defence semiconductors

We provide high reliability semiconductors and packaging and test services that meet the demanding specifications of our aerospace and defence customers and have an established reputation for providing through life support for critical programmes We have strategic partnerships with Freescale, Everspin, Maxim and Micron to provide a range of high reliability versions of their standard products We continue to explore additional strategic partnerships We provide market leading packaging and screening options, and redesigned End-of-Life (EOL) military specification integrated circuits We provide our customers with continuity of supply of over 4000 QML-certified components made obsolete by the original device manufacturer The routes to market for semiconductor components are generally through distributors and we have strong relationships with two of the major worldwide component distributors, Arrow and Avnet We were pleased to announce in October 2012 the signing of a memorandum of understanding with Micron Technology to be the aftermarket provider of certain memory products for aerospace, industrial and defence customers

Revenue from aerospace and defence semiconductors was lower due to the deferral of anticipated orders on defence programmes as funds have not been flowing down the supply chain, reflecting the uncertainty in the market particularly in the US In our European test and assembly business, that mainly serves the space market, we have also seen reduced level of activity reflecting lower US demand We currently have market leading positions and have continued to bring new products to market which should underpin future growth We received the first order from Shandong Space in China for the e2v digital to analogue data converter following its approval by CAST We also shipped the first Defence Logistics Agency (DLA) approved products from our Lattice product life extension programme and released a number of new product lines, including four new data converters and hi-rel versions of the Freescale QorIQ microprocessor family for the aerospace and defence market The potential for further growth is anticipated to be achieved through design wins for new products and the through life support provided into by the SLIM™ programmes

'Our data converters operate in the harshest of space environments, powering satellite communication systems each handling 10,000 fully encrypted broadband lines '

Developing critical technology with the European Space Agency

As part of a programme to develop critical electronic component technology in support of European Space Agency (ESA) programmes ESA has funded research and development of innovative high performance semiconductor technology and the associated assembly and test capability Under this programme e2v won funding to develop high reliability and high speed data converters capable of operating in the harshest of space environments, powering satellite communication systems handling up to 10,000 fully encrypted broadband lines and to the levels of reliability required to ensure decades of operation

Our high reliability data converters enable breakthroughs in the accuracy of radar based earth observation Space borne 3D radar imaging solutions built with e2v data converters can reach higher levels of performance, enabling satellite systems to better predict natural disasters and improving the accuracy of 3D mapping

Semiconductor lifecycle management

SLiM™ is long term, proactive assurance of continuity of supply of critical components in aerospace and defence systems, supporting platform life extension and avoiding the need for expensive redesign and requalification This provides a proactive approach for managing critical components in aerospace and defence systems, where the original components become obsolete during the lifetime of the system, and offers the potential for improved integrity, counterfeit avoidance, lower cost and reduced risk over the lifetime of the assets The defence primes have long term support and maintenance commitments to ensure that the high value military assets they supply continue to perform throughout their lifecycle Semiconductor obsolescence management is a particularly significant and costly issue that needs to be managed within these lifetime support programmes Our capabilities in design of semiconductors, supply chain management and packaging and test services, can extend the availability of otherwise obsolete semiconductors, providing our customers with the security of supply of the components they require The customers for SLiM™ are the large defence primes, including Raytheon Space and Airborne Systems and European OEMs on the Eurofighter Typhoon programme

The estimated future revenue from our portfolio of SLiM™ programmes outside our order book has increased to £24m reflecting the increased interest in the SLiM™ approach to obsolescence management We have added a further two new significant OEM defence programmes in the year and we continue to support strategic programme initiatives with leading contractors covering their at risk components Defence budget pressures are driving platform life extension and this combined with increasing concerns regarding obsolescence and counterfeit parts means that SLiM™ is well positioned to take advantage of these opportunities We to continue to market our SLiM™ initiative targeted at the large defence primes building on the traction we have from our existing portfolio and the success of the programme to manage the EOL for the 68K series microprocessors Further growth is anticipated from existing OEM contracts, additional contract wins and the new products from our semiconductor partnerships which broaden our offering

Other applications

The other applications are in the smart sensor market for sensor signal conditioning Application Specific Integrated Circuits (ASICs) and Application Specific Standard Products (ASSPs) for applications in industrial automation, industrial detectors, automotive safety and security, engine management and climate control applications The revenue from these legacy product lines is lower reflecting the anticipated decline These are not considered to be strategic products and we are continuing to manage our exit from these non-core product lines

(1) Adjusted operating profit is before operating specific items

Financial Review

Revenue and adjusted[1] operating profit by division were as follows

	Revenue		Adjusted[1] operating profit	
	2013 £m	2012 £m	**2013 £m**	2012 £m
RF power solutions	**81 9**	86 1	**16 9**	12 5
High performance imaging solutions	**64 5**	66 2	**7 3**	10 3
Hi-rel semiconductor solutions	**50 4**	67 5	**11 3**	21 1
	196 8	219 8	**35 5**	43 9
Corporate centre			**(3 3)**	(2 9)
			32 2	41 0

Review of trading performance and KPIs

The Group's revenue excluding disposal businesses was 10% lower than the last financial year, reflecting challenging markets, delayed order progress and limited progress on space programmes By geographical spread, revenue was lower in all regions In North America revenue was down by 5% and in Asia Pacific revenue was down 3%, the largest fall was in Europe where revenue was down by 25% Geographic reach, the proportion of sales outside Western Europe increased to 57% (2012 51%) reflecting the larger decline in Western Europe than the rest of the world New business in the year, from new products or customers in the last three years, made up approximately 18% of revenue and business mix, which reflects the percentage of sales from sub-systems and solutions, was 29%

Gross profit was £78 1m (2012 £90 0m) a decrease of 13% and represented 39% of revenue (2012 38%) Gross profit includes specific items contributing £0 9m (2012 £0 7m) reflecting revenue and cost of sales associated with disposed businesses and last time build inventory provision The gross profit margin being maintained demonstrates the resilience of the business, and the action taken by management to draw on the operational flexibility established in the business and ongoing cost control Further reorganisation on our Chelmsford site will increase flexibility and add further resilience as we manage the portfolio of RF businesses supported by this facility

Net expenditure on R&D has decreased to £10 7m (2012 £15 7m) The expenditure has been focused on investment in the key programmes supporting the growth opportunities Grant funding has increased of which the Regional Growth Fund in the UK contributed £3 3m (2012 £3 0m) We also received funding in France from the Programme D'Investissement D'Avenir (PIA) of £0 4m The main programmes include the continued MPM development, the next generation of the high power RF generator for use in industrial processing systems, the high performance sensors for life science applications, and the completion of the new thermal imaging camera product range, and establishing the platform for next generation semiconductor products

Selling and distribution costs decreased by 10% to £15 9m (2012 £17 6m) reflecting the lower activity levels and ongoing cost control, partially offset by continued expansion in the sales teams in the growth geographies of the US and Asia

Administrative costs decreased to £15 9m (2012 £21 5m) Administrative costs include a number of the items excluded from adjusted[1] operating profit of £2 9m (2012 £4 4m) detailed below The remaining administrative costs of £18 8m (2012 £17 1m) increased by 10% (£1 7m) reflecting increased share based payments, expansion in Asia and the US

Adjusted[1] operating profit

Adjusted[1] operating profit is considered to reflect more accurately the underlying performance of the business and is calculated as follows

	2013 £m	2012 £m
Operating profit	**35 6**	35 2
Revenue associated with disposed non-core businesses	**(3.5)**	(14 8)
Included in cost of sales		
Associated with disposed non-core businesses	**2 6**	11 5
Last time build inventory provision	**–**	2 5
Included in research and development costs		
Associated with disposed non-core businesses	**0 3**	1 1
Included in selling and distribution costs		
Associated with disposed non-core businesses	**0 1**	1 1
Included in administrative costs		
Amortisation of acquired intangible assets	**2 6**	3 8
Business improvement programme expenses, net	**0.8**	(1 0)
Reversal of previous impairment loss	**–**	(0 4)
Disposal of non-core businesses	**(2 3)**	–
Profit on the sale of properties	**(4 5)**	(0 2)
Impairment of assets held for sale	**–**	1 6
Associated with disposed non-core businesses	**0 1**	0 2
Foreign currency losses arising from fair value adjustment	**0 4**	0 4
Adjusted[1] operating profit	**32 2**	41 0

Adjusted[1] operating profit decreased to £32 2m (2012 £41 0m) and represented 16 4% of revenue (2012 18 7%), broadly in line with the 17% target set for the Group Return on capital employed (adjusted[1] operating profit divided by net operating assets along with intangibles at 31 March 2009 and acquired thereafter) decreased to 22% (2012 26%) reflecting the lower level of profitability of the Group

On 16 May 2012 the Group announced the disposal of its non-core businesses The trading results of the Group's non-core businesses have been treated as specific items for the period, with the prior year restated accordingly

Amortisation of acquired intangible assets of £2 6m has reduced from the prior year (2012 £3 8m) and reflects a number of intangible assets recognised on the acquisition of Grenoble and e2v aerospace & defense Inc which are now fully amortised

The Group's restructuring programmes in Lincoln and Grenoble are now substantially completed within our previously published overall programme cost of £24m The business improvement programme expenses reported for the year were a net cost of £0 8m (2012 net credit £1 0m) These include costs of £1 2m for termination and site consolidation with further planned reduction of the Chelmsford site footprint, of which further costs of c £5m will be incurred over the next two to three years This provides modest improvement in efficiency and options for the use of the vacated land and buildings

The surplus property at our Grenoble site was sold during the year resulting in a gain of £4 5m, the gain in the prior year related to the sale of the remaining property at the old Lincoln site

The Group's overall foreign currency hedging policy is to put in place forward contracts to sell surplus currencies based on its trading forecasts, with the level of coverage decreasing over the next 12 months The mark to market adjustment on this cover amounted to a loss of £0 4m (2012 £0 4m)

Finance charges

Net finance costs before specific items were £1 4m (2012 £2 5m), a reduction of 44% compared with the prior year reflecting the reduction in the level of debt and a full year benefit of the reduced margin payable and lower debt issue costs amortisation on the bank facility entered into in July 2011

Taxation

The tax charge for the year was £7 5m (2012 £8 5m) The effective tax rate on reported profit for the year ended 31 March 2013 amounted to 22% This reflects the lower effective rate on the disposal of the businesses The tax charge in the current year has benefited from tax credits for R&D in the UK and France of £2 1m (2012 £2 4m) The effective tax rate on adjusted[1] profit before tax was 23% Going forward we consider that the effective rate on adjusted[1] profit will be c 26% based on the planned distribution of profits across our locations and likely benefit of R&D tax credits

The Group generated profits in the UK, France and the US which were subject to tax at 24%, c 34% and c 40% (including state taxes) respectively

Profit for the year

The profit for the year is £26 7m (2012 £23 5m) The increase in profitability reflects the lower level of specific items and the profits on the disposal of the property and non-core businesses, as well as lower interest and tax costs We have maintained our dividend with an interim dividend of 1 3p per share, paid December 2012, and a proposed final dividend of 2 8p per share

Currency

Our UK and French manufacturing operations sell through the Group's global sales and distribution network, and are therefore subject to transactional and translational risks particularly in relation to the US dollar which accounts for 44% (2012 38%) of the Group's sales Where US dollars are forecast to exceed US dollar costs, the surplus US dollars are sold under foreign exchange contracts to cover costs incurred in the UK and France in accordance with the Group's hedging policy

Cash flow and net borrowings

At 31 March 2013, net borrowings amounted to £9 8m, a reduction of £20 2m over the year (2012 £30 0m) Full year cash generation includes the sale of land for £5 9m and the proceeds from the sale of the non-core businesses of £12 0m The net cash inflow generated from operations was £28 9m, a decrease of £8 5m compared with the prior year Working capital utilised £12 7m of cash, reflecting a reduction in payables of which non trade payables amounted to £4 1m and provisions utilised £3 1m of which £2 0m related to business improvement programmes, offset by a reduction in trade receivables, while inventory was effectively held flat

Borrowing facilities

The committed multi-currency revolving facilities are equivalent to c £80m and were made available for 4 years from 27 July 2011 Based on the Group's performance and net borrowings as at 31 March 2013, the margin payable is 140bps and non-utilisation fees at 40% of margin

The facility is subject to the following key covenants as at 31 March 2013

	Covenant	Actual
Consolidated net debt consolidated EBITDA	<2 50 1	0 24 1
Consolidated EBITA consolidated net interest payable	>4 00 1	30 24 1

(1) Adjusted operating profit is before operating specific items Adjusted profit before tax is before all specific items

Central functions

The costs of the central functions are allocated to the divisions The central costs, excluding exchange differences, of £3 5m (2012 £3 9m) are the costs relating specifically to the management of e2v technologies plc and are not allocated

Key performance indicators (KPIs)

Our KPIs to monitor financial performance have been covered in detail in this Business Review The table below provides a summary of our KPIs Non-financial KPIs will be discussed in detail in the Corporate Responsibility Review in the Annual Report and Financial Statements and include customer satisfaction, number of reportable accidents in the year, percentage reduction in our carbon footprint and Business in the Community (BITC) Environmental Index

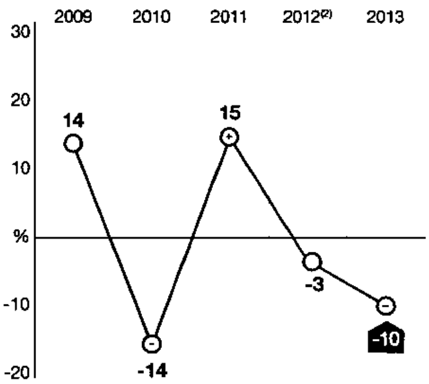
	2013	2012 Restated
Reported sales reduction	**(10%)**	(3%)
Adjusted[1] operating profit margin	**16 4%**	18 7%
Return on capital employed	**22%**	26%
12 month order book growth/(reduction)	**10%**	(14%)
Sales from sub-systems and solutions	**29%**	31%
Sales outside of Western Europe	**57%**	51%
New business proportion	**18%**	17%

2011 has not been restated for the disposal of the non-core businesses

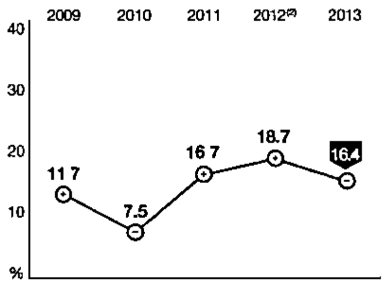
Key Performance Indicators (KPIs)

Financial KPIs

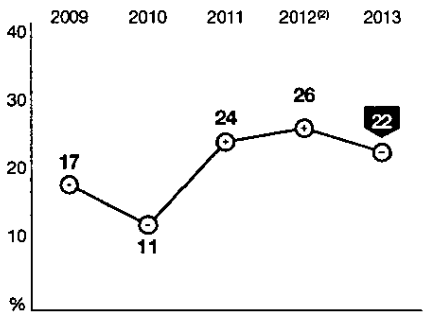
Sales growth (%)



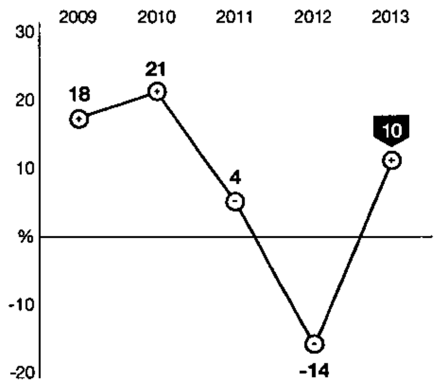
Adjusted(1) operating profit margin (%)



Return on capital employed (%)



12 months order book growth (%)



Definitions

Sales growth
Percentage sales growth in year

Operating profit margin
Percentage of adjusted(1) operating profit divided by sales in year

Return on capital employed (ROCE)
Adjusted(1) operating profit divided by net operating assets along with intangibles at 31 March 2009 and acquired thereafter

Order book growth
Percentage growth in order book for delivery in the coming 12 months over the year

Business mix
Percentage of sales from sub-systems, solutions and contracts with greater than 20% of their value from engineering services throughout the year

Geographic reach
Percentage of sales from regions outside Western Europe

New business proportion
Percentage of sales from new products or new customers in the last three years

Non-financial KPIs

	Business mix (%)	Geographic reach (%)	New business proportion (%)
2013	29	57	18
2012	31	51	17
2011	34	48	21
2010	34	46	14
2009	29	45	N/A

(1) Adjusted operating profit is before operating specific items Adjusted profit before tax is before all specific items

(2) Sales growth, adjusted operating profit margin and return on capital employed for the year ended 31 March 2012 have been restated to take account of the treatment of operating items associated with the disposed non-core business as a specific item

Board of Directors

Neil Johnson
Chairman

Neil joined the e2v Board as Chairman on 31 March 2013 He has considerable experience as an independent non-executive director, developed over the last decade His experience encompasses international business development and a varied range of strategic corporate activity, in multiple sectors and geographies Neil was Chief Executive Officer of RAC Group until 1999 having previously run European automotive operations within British Aerospace He has also served a term, on secondment, as Director General of the Engineering Employers Federation He is a member of the Ministry of Defence Advisory Board and from 2009 to 2012 was an independent member, Home Office appointed, of the Metropolitan Police Authority He is currently Chairman of Synthomer plc and Motability Finance Limited and is an independent non-executive director of the Business Growth Fund Neil also advises, and is a Trustee of, a number of private companies and charitable trusts

Keith Attwood
Chief Executive Officer

Keith joined as Managing Director in 1998, having previously worked at a senior level within the telecommunications, defence and aerospace sectors Keith led a management buy out of e2v from Marconi plc in 2002 and subsequently floated the Company on the London Stock Exchange in 2004 He is former Chairman of the CBI East of England Regional Council and is currently chair of the CBI Employment and Skills Board In 2012 Keith was awarded an honorary doctorate in Business Administration from Anglia Ruskin University

Charles Hindson
Group Finance Director

Charles joined the e2v Board in May 2009 Charles' last role was Chief Executive, and prior to that Group Finance Director, of Filtronic plc, a UK listed specialist electronics manufacturing group Previously, he was Finance Director at Eutelstal S A and held various positions with the BT Group, British Gas plc, Price Waterhouse and 3i plc

Anthony Reading MBE

Senior Independent Non-Executive Director

Tony was appointed to the Board in 2004 He was an executive director of Tomkins plc and Chairman and Chief Executive of Tomkins Corporation, USA, for eleven years, until the end of 2003 He is currently a non-executive director of Laird plc (retiring on 31 August 2013) and Taylor Wimpey plc, and previously a non-executive director of George Wimpey plc and Spectris plc

Kevin Dangerfield

Independent Non-Executive Director

Kevin was appointed to the Board in January 2011 He is currently Chief Financial Officer of Morgan Advanced Materials plc (formerly The Morgan Crucible Company plc) He has held a number of senior appointments including European Finance Manager for Virgin Retail Europe Group from 1996 to 1998, before becoming firstly Northern Europe Division Finance Manager in 1998, and then Group Finance Operations Manager for London International Group plc from 1998 to 2000 Kevin was then Group Financial Controller with The Morgan Crucible Company plc from 2000 to 2006 before being appointed to his current role

Dr Krishnamurthy Rajagopal

Independent Non-Executive Director

Krishnamurthy joined the Board in November 2010 and has considerable experience of senior engagement in global engineering operations and in the supply of materials, equipment and services to the global semiconductor and other high technology industries He is currently Chairman of both UMIP Ltd and HHV Pumps Ltd and a non-executive director of Spirax-Sarco Engineering plc, Bodycote plc and WS Atkins plc He was an executive director of the BOC Group plc and is a Fellow of the Royal Academy of Engineering Dr Rajagopal is a past Commissioner with the Audit Commission, an appointment he held for three years

Corporate Responsibility Review

Keith Attwood, as Chief Executive Officer (CEO), has leadership responsibility for the management and implementation of our corporate responsibility (CR) policy and activities

Our approach **Executive Committee Owner** Keith Attwood, CEO	e2v people are committed to behaving and working responsibly, complying with statutory requirements and respecting our colleagues and the global communities in which we operate Our policy is to
Investors e2v promotes two-way communication with current and potential investors **Executive Committee Owner** Keith Attwood, CEO	1 Ensure timely delivery of information in line with regulatory requirements 2 Provide information in paper format whilst promoting the electronic provision of information via our investor relations website 3 Make additional presentations to investors and analysts as required 4 Retain a financial PR consultant to ensure all communication is timely, appropriate and in accordance with best practice
Employees e2v recognises the importance of people to its ongoing success Our competitiveness in the market is dependent on employing the right people with the right skills in the business **Executive Committee Owner** Dina Knight, Group HR Director	1 Comply with all legislation relating to employee relations in the countries in which we operate 2 Maintain an equal opportunities policy in line with, and going beyond, regulations 3 Comply with, and where possible exceed, health and safety regulations 4 Maintain a learning and development programme for employees, constantly improving business performance through talent management and organisation succession planning – including graduate and apprentice schemes 5 Facilitate and encourage two-way communications at e2v, including a secure whistle blowing process and regular employee survey 6 Maintain and benchmark a policy ensuring e2v offers competitive work packages 7 Create a great working environment where people want to work 8 Encourage all employees to live the Group's key values 9 Maximise employee engagement through listening to all of our employees and proactively improving how we work together
Community e2v operates in the heart of local communities The business is also an integral part of those communities across all e2v locations As a consequence, e2v recognises the responsibility that comes with this position **Executive Committee Owner** Dina Knight, Group HR Director	1 Make a positive contribution and show consideration to our neighbours and the communities in which we operate 2 Support local organisations through charitable giving 3 Support local schools and learning institutions 4 Support learning and development in the local community
Environment e2v continues to focus on minimising any adverse impact on the environment stemming from both the activities of the company and its employees **Executive Committee Owner** Steve Whigham, Global Director of Group Operations & Quality	1 Maintain operational and management systems to facilitate compliance with environmental legislation 2 Encourage all persons working on behalf of the Group, through training and communications, to take personal responsibility to minimise their adverse impact on the environment and to contribute towards meeting group objectives and targets 3 Encourage environmentally sound design practices at all stages of product life cycles 4 Seek all practical ways to reduce emissions to land, sea, air and water through responsible management of our business processes 5 Manage energy usage and greenhouse gas emissions for efficiency and minimal waste, through appropriate investment in process controls and continuous improvement plans 6 Use best available techniques to minimise waste, by preventing, reducing, re-using or recovering (including recycling) waste material
Supply chain e2v works to build long term relationships with its suppliers and customers, encouraging ethical and environmental considerations in all its dealings **Executive Committee Owner** Steve Whigham, Global Director of Group Operations & Quality	1 Assess all potential suppliers against an ethical and environmental questionnaire prior to being added to our supplier lists 2 Communicate and treat our suppliers/customers with fairness and courtesy as dictated by our internal values 3 Work with all of our customers and suppliers regarding environmental initiatives, encouraging them to help us to jointly reduce the environmental impact of our work. 4 Work in partnership with our suppliers to enhance the quality and performance of the items they supply 5 We will work in partnership with our customers to develop and improve both e2v's products and the systems in which our products are incorporated

Corporate Responsibility KPIs	Progress to date and barriers to success
Our overall CR performance is measured using the Business in the Community (BITC) CR index Our goal is to achieve Platinum rating	Having achieved Platinum in the Environmental Index and Gold in the overall CR Index for 2012, in April 2013 we achieved Platinum standard for the CR Index
Where relevant, all investor sensitive information is to be available on the website as soon as released to stock market or in the case of presentations, at the end of the same day the presentation is made	Achieved through automatic RNS links and the placement of, for example, presentations in the investor download section
Continue to provide paper version of Annual Report and Financial Statements to fewer than 40% of shareholders	An opt in process is currently maintaining requests for printed reports at 33% of shareholders
Year on year increase of 5% in Employee Engagement Index score as measured by the output from a number of questions asked in the annual employee survey, designed to provide single point reference for the engagement in our business success across our global facilities	In the People Action Survey held in November 2012, employee engagement was down 4 5% compared to 2011 However, when compared to 2010, a similarly challenging year, it has increased 6 1% and so overall progress is being seen in this area
Zero incidents of occupational diseases and other work related ill-health	Achieved during 2012 period
Carry out annual review of organisational capability readiness	Completed in 2012 period
Reduce lost time injury rate (over one day) by 10% by 2015 relative to 2013	New KPI to be reported next year
Maintain at least one core charity across each of e2v's principal facilities	Currently eight core charities are supported across five principle geographies, down from nine in 2012 due to the closure of our German office Work is ongoing to identify a suitable core charity for our new Beijing/Hong Kong team
Maintain one corporate level global charity	Achieved, supporters of Fauna and Flora International
Achieve a minimum 50 global requests for employee support funding with an average score of at least four out of five in the follow up questionnaire	49 requests supported in 2013 The questionnaire is a new initiative this year to elicit more detailed feedback from the community regarding our support and has scored an average score of four out of five
Maintain a minimum 25 STEM ambassadors	We currently have 42 STEM ambassadors, including an initiative to involve and enrol our apprentices
Reduce the amount of energy consumed by 7% by the end of 2015 relative to 2013 (normalised by turnover)	Achieved 16% reduction during 2010-2013 period
Reduce annual production of solid waste by 10% by the end of 2015 relative to 2013 (normalised by turnover)	Achieved 24% reduction during 2010-2013 period
Increase the proportion of solid waste sent for recycling to 80% by the end of 2015	Consistently achieved above 70%
Reduce the amount of water used by 10% by the end of 2015 relative to 2013 (normalised by turnover)	Water feasibility study undertaken, key areas being investigated include demineralised water usage & limitation of domestic water waste via WCs, wash hand basins & sinks
Target of 50% of e2v direct and indirect spend to be managed through the Supplier Accreditation Scheme The resultant continuous improvement of supplier performance drives enhanced benefits in the areas of supplier cost, quality and service	Currently achieving 55%

Our approach

Since 2009 we have measured and benchmarked our global approach to corporate responsibility with Business in The Community (BITC), the largest national business led partnership dedicated to corporate responsibility at a global level We initially measured ourselves against the environmental element of the CR index, moving on in 2012 to the full CR Index Having scored 89% for the CR Index in 2012, a Gold award level, we were awarded 97%, a Platinum level award, in April of 2013, recognising our continued improvements and the commitment of our people to behaving and working responsibly, complying with statutory requirements, and respecting our colleagues and the global communities in which we operate

Investors

Timely and appropriate communications with investors and analysts is maintained through a number of routes

At the core of our communication processes is the e2v investor website, carrying links to Regulatory News Statements, financial reports and presentations and additional information and tools to assist investors and analysts in their understanding of our business

The Group invites face to face communication through a range of events including the AGM and full and half-yearly results presentations We also welcome analysts and investors to visit facilities and we respond to individual requests for information as appropriate

Since 2011, when an opt-in to receiving a hard copy of the Annual Report and Financial Statements was introduced, a third of shareholders have registered to receive paper copies, making a considerable environmental contribution to reducing print The remainder view the report online

The Group also continues to be a member of the FTSE4Good Index, the responsible investment index calculated by global index provider FTSE Group

Employees

- This year we have made 242 STARS awards (2012 220) to our people throughout our global organisation, sharing a total of £23,000 (2012 £16,000)
- The employee values established last year have been embedded in our Annual Appraisal tools and all employees will be assessed against how they demonstrate them
- The Group completed an employee engagement pulse survey during the period, which showed employee engagement was down 4 5% compared to 2012 However, when compared to 2010, a similarly challenging year, it has increased 6 1% and so overall progress is being seen in this area Key priorities are being taken forward into specific division and location plans

We are committed to developing all our people and have a comprehensive, innovative and high quality learning and development programme in place that supports our organisational capability requirements and future goals identified through our annual Organisation Capability Review This programme has been enhanced by the inclusion this year of

- The Advanced Leadership Programme, in partnership with the University of Nottingham developing 18 senior high-potential leaders
- The introduction of comprehensive suite of e-learning materials available to all employees globally
- The development of a new sales methodology, backed by comprehensive training and development activities

In September 2012 our two year graduate recruitment scheme was extended with five additional graduates joining e2v 16 new apprentices also joined the ongoing apprenticeship scheme, 13 in Chelmsford and three in Grenoble bringing our current total of apprentices in training to 40 In addition, 25 internships have been offered globally

Our enhanced management development programme, aimed at junior, and newly appointed managers, has continued in UK and France aimed at growing our existing talent and future leaders in their roles

All of these initiatives are underpinned by our commitment to creating a discrimination-free environment for our people, with a positive whistle blowing culture and where our policies meet, and often exceed, legal requirements, leading to best practice standards

In the UK we also work to encourage young people's interest in business, science and technology, working with national programmes such as Young Enterprise and STEM TEAM (Science, Technology, Engineering and Mathematics Network), sponsored by the Department of Business Enterprise and Regulatory Reform e2v has over 40 ambassadors, including ten of the UK based graduates and 20 of the UK based apprentices who go out into schools and colleges to work with young people, answering their questions and raising interest and awareness of careers in business, science and technology, thus developing a pipeline of motivated and capable people into the manufacturing sector

Work experience opportunities have been taken up by 27 students, further supporting our links with our local educational establishments

A further tranche (the ninth) of the Company's share save scheme was issued in the period

Building e2v's skills pipeline

Alongside global graduate and internship programmes, apprenticeships have for decades formed an integral part of our recruitment plan In celebration of their achievements we hold an annual awards night, where e2v's apprentices and their families are joined by Keith Attwood, CEO of e2v, senior representatives from Havering College, e2v managers and former apprentices who have now completed their apprenticeship and secured permanent roles within the company

This year the most prestigious award of the evening – 'e2v's Apprentice of the Year' went to third year apprentice Matthew Mooney

During National Apprenticeship Week in March our apprentices were also recognised for their achievements at a reception hosted by the Deputy Prime Minister to celebrate apprenticeships and showcase the contribution they make to the economy

Health, safety and environment

e2v assigns the highest priority to preserving the health and safety of everyone working for the Group, our customers and any members of the public affected by our operations and also to respecting the environment within which we operate

As part of an integrated Health Safety & Environment (HS&E) approach, our standards and procedures are set to ensure compliance with legal requirements in all areas of safety, health and environment We are committed to setting objectives and targets shaped by the drive to avoid harm to people and the environment In particular, our systems and procedures reflect our responsibilities to control accidents, hazards and to prevent and control pollution

Our goal is to have clearly defined visions and policies across the business and to be recognised for excellence in our HS&E performance

HS&E culture

e2v applies a risk based management system supported by an effective HS&E culture A key element of our strategy is to continue to develop a strong HS&E culture throughout the Group which in turn will demonstrate consistent, visible leadership and commitment from managers at all levels, with effective engagement of our employees We respond promptly to changing legislation by updating local policies, such as health, safety & environment, trade controls, business ethics and equality

We continue to adopt strategic decision making & develop and provide robust processes in order to be aligned with the key HS&E objectives set in Jan 2013, these cover a three year period to December 2016 and are summarised above

It should be noted that our previous objectives were all achieved and in some cases exceeded, in part due to effective design and purchasing relating to facilities, plant, manufacturing processes and product materials

During the forthcoming period, we will seek opportunities to consolidate the reductions already achieved, with the intention of maintaining Platinum standard for the BITC CR index

To ensure we continue with our progress and to demonstrate continuous improvement, e2v has made significant investment in training for all of our employees and we have developed targeted training plans across the Group This is an ongoing process and has contributed significantly to improvements in our key objectives

e2v's intention is for every site to hold third party certification to ISO14001 and OHSAS18001 Standards accreditation and our comprehensive Corporate HS&E audit programme assesses the implementation of our HS&E management systems across all business units As new sites are acquired there is an expectation to gain ISO14001 and OHSAS18001 Standards accreditation

e2v's commitment and contribution to developing best HS&E practice throughout our supply chain and with our customers has demonstrated significant benefits and forged stronger relationships

Occupational safety

There is a framework in place for employee development, training & awareness which is supported by strong commitment from the board This has led to improvements across the business and has been directly responsible for the significant reduction seen in our lost time injuries, demonstrating a 66% reduction since 2010

We benchmark our injury rates against the Standard Industrial Classification and currently have a score of 303 per 100,000 employees compared to a national average of 996 for similar industries All of our reportable injuries have been minor with little potential of a serious outcome

We also acknowledge the importance to track injury rates and types in addition to focusing on key hazards in our workplaces and locations in which we operate

Occupational health

In line with our objective of zero ill-health associated with the workplace, e2v has no occupational ill health cases reported in the period We employ full time occupational health staff at our larger sites and focus is given primarily to the screening and surveillance of our employees for noise induced hearing loss, work related upper limb disorders, hand arm vibration syndrome, skin disease and asthma and associated respiratory illness

Environmental impact

The implementation of a group wide environmental management system has helped the business focus on the key aspects and effects of our activities, including energy use

The Group objective to reduce energy consumption by 10% over the last three year period was achieved and exceeded, and is currently at 16%

Energy savings have been achieved through our continuous investment in energy saving techniques and energy use awareness amongst employees These improvements are an essential part of our commitment to reduce energy consumption as a decision had been taken early in the programme not to use carbon offsetting within e2v, therefore any changes in our carbon footprint have been as a direct result of our activities and improvements

We continually consider our impact on the environment and use the services of energy consultants to assist with identifying feasible initiatives that can be implemented at sites across the Group to reduce energy consumption and produce positive benefits

Waste

The total amount of solid waste produced by e2v has fallen by 24% to date, against a Group target of 10% over the three year period Continual improvement programmes linked to ISO14001 are key to delivering further waste reduction Opportunities continue to be explored and are facilitated by the HS&E and facilities management teams

Recycling

The amount of waste sent for recycling in 2010 was 49% of total waste produced The Group objective was to increase recycling rates to 70% In 2013 we achieved 79 8%, with nearly 100% of general waste being recycled at our headquarters in Chelmsford Other waste streams, such as metals including precious metals, chemicals, plastic, wood and cardboard are also recycled

Improvements in recycling are the result of improved waste segregation practices and communication Our waste management agenda applies the waste hierarchy, using targets and internal programmes to reduce waste, avoiding landfill wherever possible We work closely with our waste management partners to identify further opportunities for improvements

Water

e2v has introduced Group wide objectives for reductions in water consumption, liquid waste and solvent use These are subject to site-level continuous improvement programmes as part of our ISO14001 management system We aim to demonstrate a 10% reduction in water use compared with the start of the three year plan timeframe by implementing a water feasibility study undertaken Key areas being investigated include demineralised water usage & limitation of domestic water waste via WCs, wash hand basins and sinks

e2v has a comprehensive environmental policy which can be read in full in the Corporate Responsibility section of our website, www e2v com/cr

Community

e2v seeks to make a positive contribution to the communities in which we are based and to encourage our employees to contribute to their local environment and to good causes close to their hearts

No additional funds were added to the e2v foundation in 2013, run by Essex Community Foundation The fund stands at a value of £161,000 This foundation was established to exist in perpetuity, with a core three year investment programme followed by additional contributions as and when it is possible to make them An annual sum is available to make grants to local good causes, irrespective of contributions made by e2v in the year In accordance with ECF rules, four awards of a total amount of £7,750 (2012 £6,400) were made this year, including £3,350 to InterAct Chelmsford Ltd, to enable young people with learning disabilities to take part in a heritage and cultural project

We made 49 (2012 58) donations to a total value of £9,000 (2012 £8,000) in support of employee fundraising for specific good causes and charities chosen by them The reduction in number of donations this year reflected some consolidation of multiple registrations where, for example four registrations and a matched funding donation for the 'Walk for Life' event were consolidated this year into a single payment and so recorded as a single donation of support We were able to supply old computers, electronic equipment and €500 to Solidarité Enfance, a charity close to our Grenoble, France facility which supports vocational training in the young, helping disadvantaged young people to train for a career across a range of activities including truck driving, shop keeping, IT engineers and electronic technicians A donation of £300 was also made to Trinity Road Primary School in Chelmsford to support the development of an outdoor learning environment to be used during school time and woodland for the community to use outside of these times

We support eight (2012 nine) core charities around the world and associated with our main facilities These charities received direct donations and support through funds raised by employees from a variety of activities including the e2v lottery, football competitions and cake baking days, the six core UK charities received a total £5,100 from these events Work is ongoing to identify a charity close to our new Asia Pacific operations to benefit from this support

We also hosted the annual Farleigh Hospice Walk for Life fundraising event, where approximately 1,500 people used our Chelmsford car park and site as a base and finish area where walkers could relax and enjoy refreshments and a local choir

A questionnaire is sent to all employees receiving support funding to ascertain the effectiveness and value of the process and the ease by which it works Included is a 1-5 score to determine how important e2v's additional support has been to the employee and the good cause they are raising money for In 2012 the average score was 4, 'very important'

As a part of reaching out to the communities in which we operate, we also held a two day 'Open Event' at our Grenoble France facility, when over 700 family members, friends and interested members of the local community visited the site for guided tours and the opportunity to ask questions of employees about their work

We also seek to offer corporate level support to a group offering a global aspect to their charitable activities This year we continued to be a supporter of Flora and Fauna International (FFI), who act to conserve threatened species and ecosystems worldwide, choosing solutions that are sustainable, based on sound science and take into account human needs We made a central financial donation and six of our employees ran for FFI in the Royal Parks Marathon

Without the support of external funding, e2v has been unable to maintain the level of financial support required to run external courses at the Whoosh! Learning Centre this year However, it continues to provide a base for skills training and learning for e2v employees and is a base for a limited number of broader community activities, for example a Saturday football club

Supply chain

The global procurement team utilises commodity management methodology, sharing best practice across all site locations to draw on complementary skills and knowledge and drive the development of supplier sourcing strategies that are aligned with customer, business unit, engineering roadmaps and requirements

Under the auspices of the Supplier Accreditation Scheme, quarterly business and scorecard reviews are conducted, driving continuous improvement This promotes audit compliance and risk sharing and is the engine which drives the e2v procurement sourcing strategy and leads to increased leverage through spend aggregation as well as promoting increased security of supply and compliance to e2v's legal, commercial, environmental and ethical requirements in conjunction with our Corporate Responsibility policy

Our primary focus is to ensure that a robust supply chain is continuously in place whilst we continue to leverage strategic supplier relationships to exceed our customers' expectations regarding the quality, reliability and availability of our products and services

Directors' Report

The Directors present their annual report and the audited financial statements for the year ended 31 March 2013 The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union The Company financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP)

Principal activity

The principal activity of the Company is a holding company The Group's principal activity is the design and supply of specialist components and sub-systems into specialist sectors within the medical and science, the aerospace and defence and the commercial and industrial markets As discussed in the Business Review, the Group is organised into business divisions which are supported by two regional groups and a number of group functions

The Group has manufacturing operations in the United Kingdom (UK), France, United States of America (US) and China The Group has distribution and representative operations in Korea, Japan, China, Hong Kong, UK, US, Germany and France The Group also has an established global network of agents and distributors covering the Americas, Europe, Middle East, Africa, Far East and Australia

Review of business and future developments

A review of the year's operations, including the Group's key performance indicators, along with the outlook for the coming year, is contained in the Chairman's and Chief Executive Officer's Statement, Business Review and Corporate Responsibility Review

Results and dividends

The consolidated profit before taxation amounted to £34,203,000 (2012 £32,043,000) The profit attributable to ordinary shareholders amounted to £26,729,000 (2012 £23,540,000)

The Directors recommend the payment of a final dividend of £6,031,000 (2 8p per share) to be paid on 2 August 2013 to ordinary shareholders on the register on 5 July 2013 which together with the interim dividend of £2,797,000 (1 3p per share) paid on 17 December 2012 makes a total dividend of £8,828,000 (4 1p per share) for the year (2012 £8,684,000, 4 1p per share)

Directors

The current members of the Board and the profiles of all Directors at the date of this report are set out in the Board of Directors section With the exception of Neil Johnson, who was appointed on 31 March 2013, they all served throughout the year and thereafter Chris Geoghegan also served as Chairman prior to his resignation on 31 March 2013

The beneficial and non-beneficial interests, including family interests, of the Directors in the share capital of the Company and details of Directors' share options are detailed in the Directors' Remuneration Report

Directors' indemnity insurance

The Company has indemnified the Directors of the Company and all its subsidiaries against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006 Such qualifying third party indemnity provision was in force during the year and is still in place as at the date of this report

Principal risks and uncertainties

Risk management approach

As noted in the UK Corporate Governance Report, the assessment and management of risk is the responsibility of the Board The Group Finance Director leads the risk management process which includes a formal process for identifying, evaluating and managing the significant risks faced by the Group, organised around a three-tiered framework at the process, management and strategic levels within the organisation

Previously identified risks, and where appropriate their mitigation, are monitored at monthly Board and divisional reviews, and any newly identified risks evaluated as required A detailed risk review is carried out on an annual basis and presented to the Audit Committee, where the validity of the risk management process is assessed, the relevance and potential effects of the principal risks and uncertainties are reviewed, and the net risk to e2v (after mitigating controls) is evaluated and assessed relative to the risk appetite of the Group All risks are classified based on a matrix of likelihood of occurrence compared with implications for the business, and are categorised into one of the four identified main risk areas of markets, production and supply, corporate and financial

Principal risks

The principal risks within the markets, production and supply, and corporate risks areas are listed in the table below, along with their potential effect and mitigation The financial risks associated with interest rates, foreign currency, credit and liquidity are discussed in note 31 to the consolidated financial statements The financial instruments entered into by the Group are detailed in note 32 to the consolidated financial statements

Risk & direction of movement of net risk	Potential effect	Mitigation action
Markets		
Product demand ⇔	Our business is subject to wider political and macroeconomic conditions, particularly as a number of e2v's products are supplied for use into industries which are dependent upon, and subject to, government policies and national and international political considerations and budgetary constraints Reduction in military spending or prolonged downturn due to recession would adversely affect our sales Our future growth and success depend on successful implementation of our growth strategy, our ability to gain traction in these markets and any limitations on market size that becomes apparent as we develop the new offerings Should the Group not achieve the job targets associated with the grant assistance from the UK government, the grants could become repayable	• Increasing diversity of products through ongoing development of two strategic growth application areas (Semiconductor lifecycle management and Industrial processing systems) • Expanding geographical spread, focusing on US and Asia as strategic growth areas, increases addressable markets • Repositioning product offerings strategically at a higher level in the value chain, resulting in increased involvement in customers' design processes, reducing the potential exposure to short term volatility in customer sourcing • Maintaining flexibility of our cost base to enable prompt response to significant changes in market conditions and demand • Continued investment in research and development, manufacturing, marketing, customer service support and distribution networks to ensure competitiveness in strategic growth areas.
Euro destabilisation ⇩	We continue to face levels of uncertainty due to the volatility within the Euro zone Our business could be affected as a result of unstable markets exacerbating risks which are separately identified e g demand reduction, supply chain disruption, volatility of financial markets and pressure on finance	• Managing underlying risks through existing processes and controls identified separately • Monitoring of the current macroeconomic conditions at Board and management level ensuring strategic action is taken, where applicable
Competition including advancement in technology ⇔	e2v operates in competitive global markets characterised by continuous technological development which is integral to the Group's business of design and manufacture of specialist technology for high performance systems and equipment As a result there remains • a continual risk that the Group's products will be superseded as a result of developments in alternative technologies and • a residual risk that the Group's products will not achieve the required specification or deliver to the customer's expectations where new development is significant This could result in additional development and contract costs and significant liabilities for warranty claims, defects and product recalls or the inability to enter a target market	• Focusing research and development programmes on innovations consistent with the Group's strategic aims • Accelerated investment in new applications, enabled by Regional Growth Fund grant • Developing our customer-centric focus further and embedding throughout our processes • Working closely with customers to ensure that we develop solutions tailored to their needs and involving them extensively during product development • Minimising potential risks arising from complex or extended contracts through specification certainty and clear contractual arrangements through a robust contract review process • Standardising production, where practical, and applying stringent quality procedures to minimise production defects
IT security ⇔	We face an increased threat of system security breaches and data loss (including unintentional loss by employees) due to velocity of change in the dynamic external environment and as a result of the Group's expansion increasing global information sharing	• IT Security Analyst leading development of process and procedures • Established senior management IT governance committee who identify emerging external IT issues and prioritise mitigating actions • Reviewing and enhancing IT security policies and tools on a continuing basis

Risk & direction of movement of net risk	Potential effect	Mitigation action
Production and supply		
Failure of suppliers ⇔	Across the Group we have a number of strategic partnerships and reliance on external suppliers for specialist materials and small quantities of highly specialised products Some of these may be sourced from a single supplier, particularly for custom built or older components, and supply may be vulnerable to delay as suppliers prioritise customers with volume orders	• Using accredited supplier programmes and cementing long term partnership based relationships at every point in the supply chain • Standardising components in product developments • Retaining appropriate inventory levels of components and second sourcing goods where appropriate
Supply chain disruption ⇔	e2v's ability to supply products to our customers could be adversely affected by a disaster or disruptive event at any of the Group's manufacturing locations or those of key suppliers Any interruption to supplies, or increases in costs, could adversely affect our financial position and future trading	• Maintaining global business continuity plan to minimise any business implications or disruption to production capability and subjecting the plan to testing to manage the risk of a loss of a major production facility or supplier • Mitigating financial affect through business interruption insurance
Intellectual property ⇔	Our business is focused on the design and manufacture of technologically advanced products and applications Failing to protect the Group's intellectual property may result in a loss of sales and an inability to recover investment in innovation	• Protecting certain products and manufacturing processes by use of patents • Refreshed processes in place to identify and document intellectual property arising throughout development • Safeguarding know-how by ensuring suppliers, customers and employees are subject to confidentiality obligations in respect of the treatment and disclosure of intellectual property
Corporate		
Legal and regulatory ⇔	We operate in an increasing number of jurisdictions and are subject to numerous domestic and international laws and regulations These relate to varied areas including health and safety, employment, environmental, taxation exports, and other operating regulations Failing to comply could harm business operations or the Group's reputation	• Employing individuals with relevant experience in these areas, aided by outside advisors where required, to oversee management of these dynamic risks • Deploying resources to meet new requirements as they arise, as evidenced by bribery and corruption awareness training and procedures implemented during the year • Maintaining ethics and business conduct programmes • Monitoring compliance by regular reporting to the Board
People ⇔	Our success is reliant on our ability to attract, retain and continuously develop skilled personnel	• Maintaining development and succession programmes, competitive remuneration and good communication at all levels
Acquisitions ⇔	We may pursue acquisitions as part of our growth strategy, but these could fail to integrate successfully or realise expected benefits	• Considering acquisitions by reference to the strategic plan • Will conduct disciplined due diligence and integration processes

Property, plant and equipment

Land and buildings at the Group's facility in Grenoble were acquired at fair value in July 2006 and have not subsequently been revalued During the year e2v sold a vacant area of freehold land and property at the Grenoble site for gross consideration of £5,887,000 as detailed in note 5

Although there have been no formal valuations carried out for the remainder of the Group's land and buildings, the Directors believe the market value to be in excess of book value

Research and development

The Group continues to commit significant resources to existing product enhancement as well as the introduction of new products for established and emerging markets Resource is also invested in a number of collaborative relationships with key universities to achieve leverage, knowledge exchange and access to and training of talented young scientists and engineers This is achieved through various mechanisms including a number of Knowledge Transfer Partnerships Customers fund directly a proportion of expenditure on product enhancement and new product development whilst the amount funded by the Group amounted to £10,675,000 (2012 £15,674,000)

Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008

Pursuant to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, the Company is required to disclose certain information Such disclosures, which are not covered elsewhere in this Annual Report, include the following

- The Company's Articles of Association (Articles) give power to the Board to appoint directors and require directors to submit themselves for re-election on an annual basis
- The Board of Directors is responsible for the management of the business of the Company and may exercise all the powers of the Company subject to the provisions of the relevant statutes, the Company's Memorandum of Association and the Articles The Articles contain specific provisions and restrictions regarding the Company's power to borrow money Powers relating to the issuing and buying back of shares are also included in the Articles and such authorities are renewed by shareholders each year at the Annual General Meeting
- Certain agreements of the Group take effect, alter or terminate upon a change of control of the Group following a takeover, including its bank loan agreements, company share plans, and certain commercial trading contracts
- There are no restrictions on the transfer of securities, restrictions on voting rights and agreements between shareholders

Capital structure

Details of the issued share capital, together with movements in the Company's issued share capital are given in note 25

As at the latest practicable date prior to the publication of this report, being 16 May 2013, the Company's issued share capital comprising of ordinary shares of 5p each was 218,506,625 shares, with a nominal value of £10,925,000

The Company has one class of ordinary share which carries no right to fixed income Each share carries the right to one vote at general meetings of the Company All issued shares are fully paid

Details of employee share schemes are set out in note 28 The Employee Benefit Trust and the Company abstain from voting on the shares they hold

Creditor payment policy

The Group does not have a standard or code of conduct which deals specifically with the payment of suppliers, however whenever the Group is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions it seeks to abide by the payment terms agreed with the individual supplier The Group's average creditor payment period at 31 March 2013 was 60 days (2012 56 days)

Charitable and political donations

Details of charitable donations are given in the Corporate Responsibility Review of the Annual Report No donations were made to any political parties in either year

Interests in voting shares

At 9 April 2013 the Company had been notified of the following interests of 3% or more in the Company's ordinary shares

	Percentage of ordinary share capital	No of ordinary shares of 5p each
Aberforth Partners	18 93	41,371 377
AXA Framlington Investment Managers	10 10	22,073 088
SVG Advisors	8 84	19,314,335
JO Hambro Capital Management	6 37	13,916,088
JP Morgan Asset Management	6 11	13 348 008
RWC Partners	5 37	11,727 926
Henderson Global Investors	4 80	10,498,092
Aviva Investors	4 75	10,380,185
Legal & General Investment Managers	4 64	10 132 459
Schroder Investment Management	4 26	9,311,841

The following changes had been notified to the Company as at 9 May 2013

	Percentage of ordinary share capital	No of ordinary shares of 5p each
Aberforth Partners	18 80	41,071,377
AXA Framlington Investment Managers	10 22	22,332,623
SVG Advisors	8 98	19 614,335
JO Hambro Capital Management	7 06	15,428,266
JP Morgan Asset Management	6 11	13,348,008
RWC Partners	5 37	11 727,926
Aviva Investors	5 36	11,704,141
Henderson Global Investors	4 82	10,523,092
Schroder Investment Management	4 01	8 761 841
Legal & General Investment Managers	3 26	7,114,249

Disabled employees and employee involvement

The Group endeavours to provide equality of opportunity in recruiting, training, promoting and career development to all, irrespective of race, ethnicity, religion, sexual orientation, gender or age The Group gives full consideration to applications for employment from a person with a disability where a person with a disability can adequately fulfil the requirements of the role and workplace adjustments can be made to facilitate this appointment

Where existing employees become disabled it is the Group's policy, wherever practicable, to provide workplace adjustments to ensure continuing employment under normal terms and conditions, and to provide training and career development and promotion opportunities, wherever appropriate

A review of employee involvement is given in the Corporate Responsibility Review

Going concern

The Group's business activities, together with the factors likely to affect its future development are discussed in the Chairman's and Chief Executive Officer's Statement and the Business Review The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Overview section of the Business Review In addition, notes 31 and 32 to the consolidated financial statements include the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposure to credit and liquidity risk The Group meets its day to day working capital requirements through its revolving credit facility which is not due for renewal until July 2015 The current economic conditions create uncertainty over the level of demand for the Group's products and services, the exchange rates between Sterling, US dollars and Euros and the availability of bank finance in the foreseeable future

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facility and remain within the covenant requirements

The Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

Directors' statement of responsibilities

The Directors are responsible for preparing the Annual Report and financial statements in accordance with law and regulations

Company law requires the Directors to prepare financial statements for each year Under the provisions of this law, the Directors have prepared the consolidated financial statements in accordance with IFRS as adopted by the European Union and Article 4 of the IAS Regulation and have chosen to prepare the Company financial statements in accordance with United Kingdom (UK) Accounting Standards and applicable law

In preparing those financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state that the consolidated financial statements have complied with IFRS as adopted by the European Union, subject to any material departures being disclosed and explained, and
- state for the Company financial statements whether the applicable UK Accounting Standards have been followed, subject to any material departures being disclosed and explained in the financial statements

The Directors confirm that they have complied with the above requirements in preparing the financial statements

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the consolidated financial statements comply with Companies Act 2006 and Article 4 of the IAS Regulation They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The Annual Report for the year ended 31 March 2013 is published in hard copy printed form and made available on the Group's website

The Directors are responsible for the maintenance and integrity of the annual report on the website in accordance with UK legislation governing the preparation and dissemination of financial statements Access to the website is available from outside the UK, where comparable legislation may be different

Responsibility statements under the Disclosure and Transparency Rules

Each of the Directors, as at the date of this report, confirms to the best of his knowledge that

- the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the Group, and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the Company and the Group together with a description of the principal risks and uncertainties that it faces

Provision of information to the auditor

Having made enquiries of fellow Directors and of the Company's auditor, each of the Directors at the date of approval of this report confirms that

- to the best of his knowledge and belief, there is no information (that is information needed by the Group's auditor in connection with preparing their report) of which the Company's auditor are unaware, and
- the Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

By order of the Board

C Parmenter

Charlotte Parmenter
Company Secretary

17 May 2013

e2v technologies plc
Company No 4439718
Registered office 106 Waterhouse Lane, Chelmsford CM1 2QU

Corporate Governance Report

e2v technologies plc recognises the importance of, and is committed to, high standards of corporate governance and as such the Board acknowledges its contribution to achieving management accountability, improving risk management and creating shareholder value This statement explains how the Group has applied the main and supporting principles of corporate governance and describes the Group's compliance with the provisions set out in the UK Corporate Governance Code published by the Financial Reporting Council in June 2010

Statement by the Directors on compliance with the UK Corporate Governance Code

The Group has complied with the provisions set out in UK Corporate Governance Code throughout the year

The Board of Directors

The Group is headed up by a Board which comprises the Chairman, Chief Executive Officer, Group Finance Director and the Non-Executive Directors Anthony Reading is the Senior Independent Director and Chairman of the Remuneration Committee As Anthony Reading will have been a director of the Company for nine years on 25 July 2013 his independence has been rigorously reviewed as part of the Company's internal annual assessment cycle and peer review by the other Non-Executive Directors, including the Chairman With the exception of Anthony Reading, the current Non-Executive Directors, including the Chairman, have been appointed within the last three years Accordingly all of the Non-Executive Directors are considered by the Board to be independent Their biographies above demonstrate sufficient experience to bring independent judgement to the Board and the success of the Group The Board evaluates its own performance and considers itself effective and has not identified any areas of concern

The Articles of Association require that Directors submit themselves for re-election on an annual basis

Role of the Board members

The Non-Executive Directors' primary responsibilities are to

- ensure the effective and prudent management of the Company to deliver long term success,
- ensure the principles of the UK Corporate Governance Code are applied,
- approve the strategy for the business,
- ensure the strategy is being implemented, and
- provide independent advice on the implementation of the strategy and other day to day matters where their experience is relevant

The Executive Directors' primary responsibilities, together with members of the senior management team, are to

- formulate the strategy of the business and obtain Board approval, and
- implement the approved strategy subject to agreed levels of authority

There exists a clear division of responsibilities between the Chairman and the Chief Executive Officer The Chairman's primary role includes ensuring that the Board functions properly, that it meets its obligations and responsibilities and that its organisation and mechanisms are in place and are working effectively The Chief Executive Officer's primary role is to provide overall leadership and vision in developing, with the Board, the strategic direction of the Group Additionally, the Chief Executive Officer is responsible for the management of the overall business to ensure strategic and business plans are effectively implemented, the results are monitored and reported to the Board and financial and operational objectives are attained

The Board's responsibilities are discharged by way of monthly Board reviews (except in August and December) and other Board meetings, as required to approve matters beyond the authority limits of the Chief Executive Officer In addition there are meetings of the Committees of the Board as well as regular business division and function reviews when senior members of executive management, who are not Board members, attend Matters beyond the authority limits of the Chief Executive Officer include, for example, the approval of customer quotes over the approved financial limit set by the Board, the acquisition and disposal of property, certain activities relating to mergers and acquisitions as well as approval of the annual budget

Conflicts of interest

In line with the Companies Act 2006, the Company has established a robust procedure requiring Directors to seek appropriate authorisation prior to entering into any outside business interests Actual or potential conflicts of interest are reviewed by the Board

Board meetings and attendance

In addition to the Committee meetings, there were 14 general Board meetings during the year All Committee and Board meetings held in the year were quorate The Board also convened ad-hoc meetings during the year and resolved matters by written resolutions to deal with specific business requirements The full details of the general Board and Committee meetings and attendances by Board and Committee members are shown in the following table Meetings were also attended by non-members of Committees by invitation and this attendance is not shown in the table

	General Board	Audit Committee	Remuneration Committee	Nomination Committee
N Johnson[1]	–	–	–	–
K Attwood	14	–	–	5
C Hindson	14	–	–	–
A Reading	14	3	9	5
K Rajagopal	14	3	9	–
K Dangerfield	14	3	9	–
C Geoghegan[2]	14	–	9	5

(1) Appointed on 31 March 2013
(2) Resigned on 31 March 2013

Principal Board committees

The Board has established the following committees whose individual terms of reference have been reviewed during the year

Audit Committee

The Committee is chaired by Kevin Dangerfield and has met three times during the year The other members of the Committee are Anthony Reading and Krishnamurthy Rajagopal Kevin Dangerfield is deemed to have recent and relevant financial experience The Chairman, Chief Executive Officer and Group Finance Director attend Audit Committee meetings by invitation and the audit partner of the Company's auditor, attended two meetings during the year At meetings reviewing the interim and full year results the Non-Executive Directors exercise their right for discussions with the audit partner where no Executive Directors are present The terms of reference of the Audit Committee include

- keeping under review the effectiveness of the financial reporting and internal control policies and procedures for the identification, assessment and reporting of risks,
- monitoring the integrity of the financial statements of the group and reviewing significant financial reporting judgements contained therein,
- reviewing the arrangements for what is commonly known as "whistle blowing",
- reviewing the Committee's terms of reference,
- considering the requirements for establishing an internal audit function,
- making recommendations to the Board in relation to the appointment and re-appointment of the external auditors as well as running the selection process of any new audit appointment,
- keeping under review the relationship with the external auditor including assessments of independence and objectivity as well as fee levels and terms of engagement,
- reviewing the findings of the audit with the external auditors, and
- reviewing the consistency of accounting policies on a year to year basis and across the Group

The Audit Committee monitors fees paid to the auditor for non-audit work During the year £50,000 of non-audit work fees were paid The Company engages other independent firms of accountants to perform tax consulting and other consulting work The Committee has monitored the level of non-audit services provided by the external auditor with a view to ensuring objectivity, independence and cost effectiveness

The Board continues to review the key risks to the business through the Group's risk management process, managed by the Group Finance Director

Remuneration Committee

The Committee is chaired by Anthony Reading and has met nine times during the year Other members of the Committee are Neil Johnson (appointed to Committee on 31 March 2013), Krishnamurthy Rajagopal and Kevin Dangerfield Chris Geoghegan was a member of the Committee prior to his resignation from the Board The Chief Executive Officer and Group Human Resources Director attend all meetings (but the Chief Executive Officer is not involved in deciding his own remuneration) The Group Finance Director attends when requested The terms of reference of the Committee include

- agreeing with the Board the framework or broad policy for the remuneration of the Executive Directors and other members of executive management, as well as reviewing the appropriateness and relevance of the policy,
- determining targets for any performance related pay schemes and approving total annual payments under the schemes,
- reviewing all share incentive plans, the related performance targets and all awards made under the schemes,
- determining the individual remuneration packages of senior management within the agreed policy as well as contractual arrangements, including pension provisions,
- determining the procedure for vetting, authorising and reimbursement of claims for expenses for all Directors, and
- establishing selection criteria, terms of reference and selection and employment of remuneration consultants

Full details of Directors' remuneration and policies applied by the Board are set out in the Directors' Remuneration Report

Nomination Committee

The Committee is chaired by Neil Johnson (appointed to Committee on 31 March 2013) Chris Geoghegan chaired the Committee prior to his resignation from the Board During the recruitment process for the new Chairman the relevant Committees of the Board were constituted to ensure that no conflict of interest arose Chris Geoghegan did not chair nor vote at any Nomination Committee meeting that considered the Chairman recruitment or arrangements and these meetings were chaired by Anthony Reading as Senior Independent Director The other members of the Committee are Keith Attwood and Anthony Reading The Committee has met five times during the year The terms of reference of the Committee include

- regular review of the structure, size and composition of the Board,
- formal, rigorous and transparent procedures for new appointments to the Board,
- the formal selection and nominations for Board approval of any new Board appointments, and
- provision of recommendations to the Board regarding succession, re-appointment and membership of the Audit and Remuneration Committees

In making recommendations for new Board appointments, the Committee has due regard to the benefits of diversity

During the year, specialist recruitment consultants, unconnected with the Company, advised on candidates for the role of Chairman based on a job profile provided by the Committee All short listed candidates were interviewed individually by members of the Committee before a final selection was made and a recommendation made to the Board

Induction and training

Any new directors will receive induction upon their appointment to the Board covering the activities of the Group and its key business and financial risks, the terms of reference of the Board and its Committees and the latest financial information of the Group Ongoing training is provided as necessary Directors may consult with the Company Secretary at any time on matters related to their role on the Board All Directors have access to independent professional advice at the Group's expense where they judge it necessary to discharge their duties, with requests for such advice being authorised by the Chairman or the Company Secretary

Performance evaluation of the Board

The Chairman and Company Secretary undertook a performance evaluation of the Board which required an assessment, by each individual director, of the performance of the Board and its Committees by way of an anonymous questionnaire and ratings process The results of this assessment were reviewed by the Board and there were no areas of concern The Senior Independent Non-Executive Director also led a performance review of the Chairman, which required an assessment, by each Director, of the performance of the Chairman This assessment was reviewed by the Board and there were no areas of concern The Chairman also meets during the year with the Non-Executive Directors without the Executive Directors being present

Communication with shareholders

The Annual Report and Financial Statements and the Half-Yearly Financial Report provide investors with a balanced view of the Group's activities and performance The half-yearly results were distributed to all shareholders in November 2012 Investors are also welcome to attend the Annual General Meeting Apart from the Annual General Meeting, the principal form of communication with private investors is the Company's website which is updated regularly with Company information

The Chairman is available to institutional investors and the principal contact points are the Chief Executive Officer and Group Finance Director The Senior Independent Non-Executive Director, Anthony Reading, is also available to whom investors may address any concerns they may have Presentations are given to individual institutions, or on a Group basis if preferred, following the announcement of half-yearly and full year results Site tours and ad-hoc meetings are also arranged where requested

Control environment and internal controls

The Directors acknowledge that they are responsible for the Group's system of internal control and for reviewing its effectiveness and have accordingly reviewed the effectiveness of this during the year The system is designed to manage rather than eliminate the risk of failure to achieve the Group's strategic objectives, and can only provide reasonable and not absolute assurance against material misstatement

An ongoing process, in accordance with the guidance of the Turnbull Committee on internal control, has been established for identifying, evaluating and managing the significant risks faced by the Group This process has been in place throughout the year under review and up to the date of approval of the financial statements The Board regularly reviews the process

In addition the Board considers the significance of environmental, social and governance matters relevant to the business of the Group as part of its regular risk assessment procedures and Board constitution as detailed in the Corporate Responsibility Review and in this section

The Group's key risk management processes and system of internal control procedures include the following

Management structure The Group has adopted procedures for the delegation of authority and authorisation levels, segregation of duties and other control procedures Appointments to the most senior management positions within the Group require Board approval

Share capital structure Information about the share capital structure of the Company is discussed in the Directors' Report and in note 25

Identification and evaluation of business risks The major financial, commercial, legal, regulatory and operating risks within the Group are identified through a range of review meetings at the relevant management level Senior management are also involved in the preparation of an annual risk assessment report which is reviewed by the Board

Information and financial reporting systems The Group's comprehensive planning and financial reporting procedures include detailed operational budgets for the year ahead and a three year rolling business plan, both of which are approved by the Board Performance is monitored on a regular basis through monthly reporting and regular forecast updates Management and specialists within the Finance Department are responsible for ensuring the appropriate maintenance of financial records and processes that ensure all financial information is relevant, reliable, in accordance with the applicable laws and regulations, and distributed both internally and externally in a timely manner A review of the consolidation and financial statements is completed by management to ensure that the financial position and results of the Group are appropriately reflected All financial information published by the Group is subject to the approval of the Audit Committee

Investment appraisal All capital expenditure and research and development projects require detailed written proposals and go through strict authorisation processes All acquisitions are subject to Board approval and commercial, legal and financial due diligence is carried out if a business is to be acquired

Throughout the Group there are clear lines of delegated authority covering the full range of financial commitments A schedule of delegated authority for the Board to the Chief Executive Officer is agreed annually and items requiring Board approval are either agreed at monthly Board meetings, or at intervening meetings specifically arranged for the purpose

At the monthly Board meetings, the Non-Executive Directors review the reports presented to them by the Chief Executive Officer and Group Finance Director, which include a review of the financial results This review compares the current year with the previous year and the annual operating plan as well as a current year forecast and order book levels

At the current time the Board are of the opinion that a formal internal audit function is not considered necessary due to the structure and size of the Group, widespread executive involvement in the day to day business and the levels of review undertaken by the executive management and reported to the Board The Company has continued with a programme of internal audit reviews performed by multi-disciplinary peer review teams from across group functions and jurisdictions

A formal "whistle blowing" policy is operated and is included in the Group's employee handbook

On behalf of the Board

K. Dell

Kevin Dangerfield
Chairman of the Audit Committee

17 May 2013

Directors' Remuneration Report

Letter from Anthony Reading,
Chairman of the Remuneration Committee

Dear Shareholder

I am pleased to be able to take this opportunity, in my capacity as Chairman of the Remuneration Committee, to update you on the work of the Committee during the year ended 31 March 2013

Our remuneration philosophy remains focussed on attracting, developing and retaining executives who are committed and incentivised to deliver the Company's business priorities and strategy, within a framework which is aligned with the interests of the Company's shareholders In setting remuneration, the Committee gives full consideration to the best practice provisions set out in the UK Corporate Governance Code and other relevant best practice guidelines

I would like to highlight the following matters that were considered by the Committee during the year

- The Company would normally have completed a salary review for all employees in October 2012 in line with the salary review timetable However, as the Group's performance was below forecasted targets, no salary increases were awarded to the Executive Directors and the wider employee population

- During the year the Committee reviewed the operation of the performance-related annual bonus It was decided that for the year ending 31 March 2013, for the Executive Directors the focus should remain on the achievement of a stretching profit target, with the adjusted(1) operating profit being the only performance metric For year ending 31 March 2014, the Committee has exercised its flexibility in determining the bonus plan on the basis of establishing performance conditions on profitability or growth or a combination of the two and has added a measure based on order book growth in addition to adjusted(1) operating profit It has also been determined that greater emphasis should be placed on driving the organisation towards the achievement of stretching levels of performance As a result, the level of pay-out received for the achievement of target level of Group performance will be reduced from 50% of maximum to 0%

- Following consultation with major shareholders, Long Term Incentive Plan (LTIP) awards were made to the Executive Directors and other senior executives in July 2012

- As the current LTIP rules are due to expire in 2014, a new LTIP is proposed to be implemented and shareholders are being asked to approve this plan at this year's Annual General Meeting (AGM)

Further details on the developments described above can be found on the subsequent pages of the report

The Committee believes that the remuneration structure continues to support and motivate our senior team whilst aligning them to the Group strategic objectives and to achieving long term growth for our shareholders I do hope that you will feel able to support the Committee's report and related remuneration resolutions at this year's AGM

Yours sincerely

Tony Reading

Anthony Reading
Chairman of the Remuneration Committee

17 May 2013

(1) Adjusted operating profit is before operating specific items

Remuneration Committee

The Remuneration Committee is responsible for recommending to the Board the framework and broad policy for the remuneration of the Chief Executive Officer (CEO), Group Finance Director and such other members of the executive management as it is requested to consider The remuneration of the Chairman and Non-Executive Directors is a matter reserved for the Executive Directors, subject to shareholder consultation as appropriate

Members of the Committee are appointed by the Board and their terms of reference are available on the Company's website Anthony Reading currently chairs the Committee, which meets at least twice a year, and its other members are Neil Johnson (appointed to the Committee on 31 March 2013), Kevin Dangerfield and Krishnamurthy Rajagopal Chris Geoghegan was also a member of the Committee prior to his resignation as Chairman in March 2013 The Board considers that all members of the Committee comprise independent directors The Chairman is a member of the Committee because the Board considers it essential that the Chairman is involved in setting remuneration policy (although he is not party to any discussion directly relating to his own remuneration) The CEO is given notice of all meetings and has the right to attend them, and is consulted on the remuneration of other executives However, the CEO does not take part in discussions that relate directly to his own remuneration

When determining the pay of Executive Directors, the Committee takes into account the pay and employment conditions of employees throughout the Group In this regard, the Committee ensures (via regular interaction with the Group's human resources (HR) teams) that it is kept fully informed of all relevant group-wide remuneration related issues and ensures that the same broad remuneration principles are used when designing the wider employee remuneration policies The chairman of the Remuneration Committee regularly consults with the Group HR Director, who also attends all meetings Deloitte LLP has continued in the role of independent adviser to the Committee throughout the year ended 31 March 2013 Deloitte LLP is a member of the Remuneration Consultants Group and as such voluntarily operates under the code of conduct in relation to executive remuneration consulting in the United Kingdom During the year separate Deloitte departments provided the Company with a limited level of resource to support the Group's finance function and taxation advice

Remuneration policy

The overall policy applied for the year ended 31 March 2013 and which will apply for the year ending 31 March 2014, is to ensure that Executive Directors are fairly and competitively remunerated and incentivised in a manner consistent with the Group's strategic objectives The current remuneration packages combine basic salary, benefits and pension contributions together with a performance-related annual bonus and share incentive awards The Committee believes that the overall packages offered to Executive Directors should provide the right balance of fixed and performance-related pay and be appropriate for the size, scale and geographic scope of the organisation as well as be competitive, relative to other companies within its sector In addition, the Committee considers general pay conditions of employees in the Group when determining remuneration levels for the Executive Directors

In line with the Association of British Insurers' Guidelines on Responsible Investment Disclosure, the Committee ensures that the incentive structure for Executive Directors and senior management will not raise environmental, social or governance (ESG) risks More generally, with regard to the overall remuneration structure there is no restriction on the Committee which prevents it from taking into account ESG matters, nor more general operational risks

For the year ended 31 March 2013, in line with the wider employee population, Executive Director salaries remained unchanged Following the adjustments to the annual bonus plan in the year ended 31 March 2012, which introduced an element of payment in shares that, if awarded, would be deferred for a three year period, the plan remained unchanged in the year ended 31 March 2013

LTIP awards were made to Executive Directors in July 2012

Total compensation remains positioned below the median (below the lower quartile for the CEO) Salaries will be reviewed again in October 2013 at the same time as all other employees Any changes will be disclosed in next year's Directors' Remuneration Report

Summary of Remuneration

The following table summarises elements of executive remuneration

Element	Purpose and link to strategy	Key features	Commentary
Base salary	• Reflects individual performance and responsibilities • Takes into consideration market comparable rates	• Cash • Reviewed annually	• Executive salaries remain positioned below the median (below the lower quartile for the CEO) • Salaries were not increased during the year ended 31 March 2013 • The next salary review will take place in October 2013, in line with the salary review date for the wider employee population
Performance-related annual bonus	• To incentivise executive performance on an annual basis and reward the achievement of stretching Group profit targets	• Maximum opportunity of 140% of base salary Up to 100% of base salary may be paid in cash Any bonus in excess of 100% of base salary will be paid in shares • Cash element paid following the year end • Share element delivered after three years subject to continued employment • The bonus is based on adjusted[1] operating profit	• No changes have been made to the quantum of the annual bonus arrangement for the year ending 31 March 2014 • For the year ending 31 March 2014 the level of payout for target performance will be reduced from 50% of maximum to 0% and will increase to 100% of award for achieving the stretch target
LTIP	• Aligns Executives interests with those of shareholders through the delivery of shares • Rewards sustainable long term growth	Operation for year ended 31 March 2013 and onwards • It is the Committee's intention to grant awards on an annual basis • Awards will vest after three years subject to the achievement of stretching performance targets • Awards made in 2012 were subject to relative and absolute TSR performance targets equally weighted	• Following consultation with shareholders, awards were made in July 2012 The award to the Group Finance Director was at 100% of salary The award to the CEO represented 125% of his salary
Pension	• Provides market competitive retirement funds for Executives	• 15% of base salary, which may be taken as cash payment, as adjusted for any employer taxes.	• No changes made
Benefits	• Provides market competitive arrangements	• Company car or car allowance • Health Insurance	• No changes made

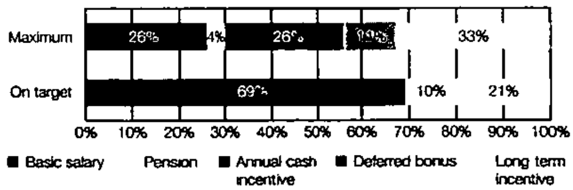
Remuneration mix

In support of the remuneration philosophy, the mixture of fixed and variable reward is weighted towards the performance related elements

Each Executive Director has a mixture of fixed and variable remuneration, which for the CEO can be broken down as follows

- at target performance – 78% is fixed and 22% is variable
- at maximum performance – 30% is fixed and 70% is variable

The following chart illustrates the weighting of fixed and variable remuneration at target and maximum performance for the CEO for the year ending March 2014



For the purpose of the analysis above, fixed remuneration represents base salary and pension Variable remuneration represents annual bonus and LTIP

Basic salary and/or fees

Basic salary for each Executive Director is determined taking account of the individual's performance and responsibilities, comparable market rates, and pay and conditions across the Group The Committee also reviews benchmark data provided by independent remuneration consultants sourced from two groups of companies as follows

- a group comprising broadly similar sized companies from the Electronic & Electrical Equipment, Aerospace & Defence and Technology Hardware & Equipment sectors, and
- a group comprising companies from all sectors (excluding financial companies) of a broadly similar size in terms of market capitalisation, turnover and international scope

Basic salary is reviewed annually and is the only element of remuneration that is pensionable

Consistent with the wider employee population, the Executive Directors did not receive a salary increase on 1 October 2012 and the salaries remained unchanged during the year ended 31 March 2013 at the following levels CEO £268,000 and Group Finance Director £212,000

In line with the process for all employees, the next salary review date for the Executive Directors will be 1 October 2013 The Committee will therefore review Executive Director salaries at its meeting in September 2013 Any changes will be disclosed in full in next year's remuneration report

Fees for the Chairman and Non-Executive Directors are determined taking account of the individual's responsibilities including chairing Committees of the Board, time required to devote to the role and comparable market rates Non-Executive Director fees remain unchanged at £35,000 Remuneration Committee and Audit Committee Chairman fees remain unchanged at £3,000 and Senior Independent Director fee remains unchanged at £2,000

The fees of the Chairman were reviewed as part of the appointment of the new Chairman on 31 March 2013 The base fees for the Chairman was set at £140,000 taking into account the calibre of the individual appointed and relevant market data Further details of the remuneration of the Chairman are provided in the Service Contracts section of the report

Benefits

Benefits comprise the provision of a company car or car allowance and health insurance Non-Executive Directors do not receive any benefits

Pensions

The Group operates a stakeholder pension arrangement and will also make contributions into individual personal pension arrangements or make cash payments (reduced for any employer incurred taxes) where required The Company makes contributions of 15% of basic salary to the relevant pension schemes in respect of Executive Directors Executive Directors can also make additional employee contributions through salary sacrifice arrangements Non-Executive Directors' fees are non-pensionable

Performance-related annual bonus

An annual bonus is payable to Executive Directors subject to the attainment of specific targets which are based on Group performance Non-Executive Directors are not entitled to a bonus

The maximum cash bonus opportunity that is immediately payable following the year end is 100% of 31 March salary at time of award for achieving stretching levels of performance Executive Directors may earn up to a further 40% of 31 March salary at time of award in shares, deferred for a period of three years (and subject to continued employment) if maximum performance is achieved in the bonus year

For the year ended 31 March 2013, 100% of the bonus was based on adjusted(1) operating profit, also referred to as adjusted profit before interest and tax The target adjusted(1) operating profit was £42 8m at which level 50% of the bonus available was payable (i e 70% of salary paid in cash) Maximum bonus (i e 100% of salary in cash and 40% of salary in shares) was payable for achieving adjusted(1) operating profit of £47 8m As previously reported, the Remuneration Committee reserves the right, in exceptional circumstances, to amend the targets during the year if it feels that changes, of factors such as the marketplace or the Group's strategy, have resulted in the existing targets no longer being appropriate to provide the necessary incentive to the individual No target amendments were made in the current financial year

The Group reported adjusted(1) operating profit of £32 2m for the year ended 31 March 2013 and therefore the Executive Directors will not receive any bonus payment

For the year ending 31 March 2014, 100% of the bonus will be based on financial measures including adjusted(1) operating profit and order book growth, however, the level of payout for achieving target performance will be reduced from 50% of maximum to 0% and will increase to 100% for achieving the stretch target

A 'clawback' provision is in place in respect of awards under the deferred element of the annual bonus, to allow the Group to reclaim the deferred element in exceptional circumstances Exceptional circumstances include any of the following a participant, by act or omission, contributing to the restatement of financial results, a participant causing material loss to the Group, a participant causing

(1) Adjusted operating profit is before operating specific items

reputational damage to the Group/participant, contravention of internal ethics standards/controls by a participant, gross misconduct of a participant

Share incentives

The Group's policy is to align the interests of Directors and employees with those of shareholders To achieve this, the Remuneration Committee has established the following schemes

- Long Term Incentive Plan (LTIP),
- Executive Share Option Plan (ExSOP),
- Share Incentive Plan (SIP), and
- Share Save Scheme (SAYE)

Non-Executive Directors are not entitled to any remuneration in the form of share options

Service contracts

In line with best practice, it is the policy of the Committee to offer Executive Directors service contracts with notice periods not exceeding 12 months Current appointments are subject to rolling service contracts that can be terminated by 12 months' notice as detailed below Termination payments, based on basic salary and benefits only, are limited to contractual notice periods The Chairman and Non-Executive Directors do not have service contracts but have letters of appointment with the Company A summary of the Executive Directors' and Non-Executive Directors' service contracts and letters of appointment is provided below

	Contract commencement date	Expiry of current term	Notice period
N Johnson	31 March 2013	July 2013	12 months
K Attwood	21 July 2004	July 2013	12 months
C Hindson	5 May 2009	July 2013	12 months
A Reading	25 June 2004	July 2013	None
K Rajagopal	1 November 2010	July 2013	1 month
K Dangerfield	28 January 2011	July 2013	1 month
C Geoghegan	1 October 2009	–(1)	1 month

(1) Resigned on 31 March 2013

In addition to Neil Johnson's letter of appointment as Chairman, the Company has entered into a consultancy agreement with C1 (International Consulting) Limited for the provision of consultancy services by Neil Johnson The total of the annual fees paid to Neil Johnson and C1 (International Consulting) Limited equates to the fees due to an individual fulfilling the role of Chairman of the Company of £140,000

It is also proposed that the Chairman will participate in a one-off share arrangement following his appointment, subject to the approval by shareholders at the AGM Participation in the plan will also be subject to the Chairman buying and holding a number of shares in e2v for the duration of his appointment Further details of the proposed plan for the Chairman are provided in the Notice to the AGM

Executive Directors are permitted, with the agreement of the Board, to accept outside appointments provided that such appointments do not conflict with their duties as Directors of the Company Whether any fees payable in respect of such outside appointments are retained by the Executive Director or remitted to the Company is determined on a case-by-case basis No Executive Director held any such appointment in the year ended 31 March 2013

Shareholding guidelines

Under the Company's shareholding guidelines, which are operated to further align the interests of the Executive Directors and shareholders, Executive Directors will be expected to build up and retain shares equal in value to at least twice their respective basic salaries Where Executive Directors hold shares above these levels then, with the prior approval of the Chairman, they may undertake sales of these excess shares and this will not be viewed adversely Both Executive Directors currently hold shares in excess of the shareholding guideline

Employee Benefit Trust (EBT)

The Company established the EBT in 2004 as a discretionary employee benefit trust, in which all employees of the Group are potentially beneficiaries The Trustee is EES Trustees International Limited, a professional offshore trustee The main purpose of the EBT is to operate the LTIP and other share option schemes following recommendations from the Remuneration Committee or Board Shareholder approval has been given to allow the Trustee to hold no more than 5 per cent of the issued ordinary share capital of the Company, and as at 31 March 2013 the percentage was 0 36% (2012 0 37%) In addition to the shares held by the EBT, as at 31 March 2013, the Company held in treasury 2,329,548 (2012 2,400,000) of its own shares This holding represents 1 08% (2012 1 12%) of the issued share capital of the company

No shares (2012 nil) were purchased during the year 70,452 treasury shares were issued during the year (2012 nil) to satisfy LTIP awards that vested

Directors' interests

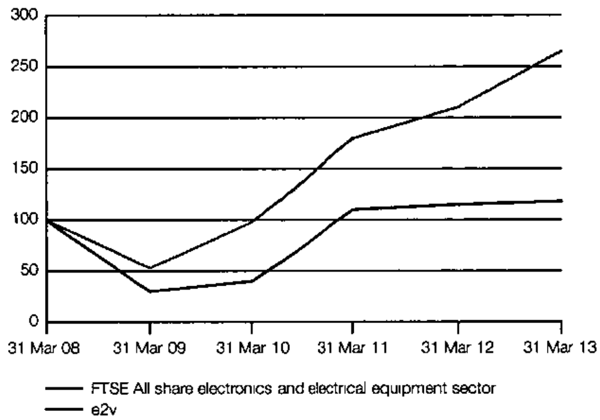
The beneficial interests of the Directors in the ordinary share capital of the Company as at 31 March 2013 are set out in the table below, together with the beneficial interests at the end of the previous financial year, or date of appointment if later

	At 31 March 2013 No Ordinary 5p shares	At 31 March 2012 or subsequent date of appointment No Ordinary 5p shares
N Johnson	**100,000**	100 000
K Attwood	**3,067,799**	3,067,799
C Hindson	**1,607,101**	1,550,000
A Reading	**70,000**	55,661
K Rajagopal	**20,000**	20,000
K Dangerfield	**5,000**	5,000

There were no changes to the above beneficial interests between the year end and the date of this report The increase in C Hindson's holding arose due to the retention of shares upon the exercise of LTIP and SAYE awards during the period For other Directors, the increase arose due to the purchase of shares in the market

Performance graph

The graph below shows the change in the Total Shareholder Return (TSR) (with dividends re-invested) for the five year period to 31 March 2013 of a holding of a £100 investment in the Group's shares against the corresponding change in a hypothetical holding of shares in the FTSE Electronics & Electrical Equipment sector This sector was chosen as it represents the equity market index in which the Company is a constituent member



INFORMATION SUBJECT TO AUDIT

Long Term Incentive Plan (LTIP)

Following consultation with shareholders, LTIP awards were made in July 2012 whereby the participants, depending upon country of residence, have received nil price options or will receive free shares at the end of the vesting period The awards will vest on the third anniversary of the date of the award to the extent that the performance targets have been satisfied The Executive Directors received awards ('normal') based on 100% of salary The CEO also received an additional award, based on 25% of salary, with further stretching targets

50% of the awards are subject to a performance condition based on the Company's absolute Total Shareholder Return (TSR) performance calculated as an average over the three month period ending on the last day of the performance period

The other 50% of the awards are subject to a performance condition which relates the Group's TSR performance relative to the TSR of a specified list of peer group companies

The number of awards vesting shall be determined in accordance with the following

Normal award

Proportion of award vesting	Level of performance required – relative TSR	Level of performance required – absolute TSR
100%	Upper quartile	290 pence or above
On a straight-line basis between 25% and 100%	Between median and upper quartile	Between 200 and 290 pence
0%	Below median	Below 200 pence

Additional award

Proportion of award vesting	Level of performance required – relative TSR	Level of performance required – absolute TSR
100%	Upper quintile	315 pence or above
On a straight-line basis between 0% and 100%	Between upper quartile and upper quintile	Between 290 and 315 pence
0%	Upper quartile	Below 290 pence

The peer group for 2012 awards comprises the following companies

- Bodycote
- Charter International[1]
- Chemring Group
- Cookson Group[2]
- Dialight
- Domino Printing Sciences
- Fenner
- Goodwin
- Halma
- Hill & Smith Holdings
- Laird
- Melrose Industries
- Morgan Advance Materials
- Oxford Instruments
- QinetiQ Group
- Renishaw
- Renold
- Rotork
- Senior
- Severfield-Rowen
- Spectris
- Spirax-Sarco Engineering
- TT Electronics
- Ultra Electronics Holdings
- UMECO[3]
- Volex

(1) Has since been acquired by Colfax Corporation
(2) Has since demerged into Vesuvius and Alent
(3) Has since been acquired by Cytec Holdings

The August 2010 awards vest according to a performance condition based on the Company's absolute TSR calculated as an average over the three month period ending on the last day of the performance period Participants have been granted a nil price share option, 50% of which have a three year performance period and 50% of which have a four year performance period The performance condition will be tested at the end of each performance period with no provision for re-testing

The number of shares vesting shall be determined in accordance with the following

Proportion of award vesting	Company's TSR 3 year performance period	Company's TSR 4 year performance period
100%	145 pence or above	155 pence or above
On a straight-line basis between 0% and 100%	Between 100 and 145 pence	Between 100 and 155 pence
0%	100 pence or below	100 pence or below

The market price of the ordinary shares at 31 March 2013 was 120 0 pence (2012 122 25 pence) and the range during the year was 105 5 pence to 149 5 pence

Outstanding awards under the LTIP relating to Directors are summarised below

Grant date & type	Awards held at 1 April 2012	Granted in the year	Lapsed in the year	Exercised in the year	Awards held at 31 March 2013	Date from which exercisable
K Attwood						
24 06 2009	199 384	–	(199,384)	–	–	24 06 2012
03 08 2010	406,752	–	–	–	406,752	03 08 2013
03 08 2010	406,752	–	–	–	406,752	03 08 2014
02 07 2012 normal	–	187,846	–	–	187,846	02 07 2015
02 07 2012 additional	–	46,962	–	–	46,962	02 07 2015
C Hindson						
05 05 2009	105,626	–	(35 174)	(70,452)	–	05 05 2012
24 06 2009	158 242	–	(158,242)	–	–	24 06 2012
03 08 2010	321,543	–	–	–	321,543	03 08 2013
03 08 2010	321,543	–	–	–	321,543	03 08 2014
02 07 2012 normal	–	148,595	–	–	148,595	02 07 2015

Following consultation with major shareholders, the Committee considered it was inappropriate to apply the EPS growth underpin in respect of the one-off award granted to Charles Hindson upon appointment in May 2009 This is due to the exceptional circumstances being faced by the Company at the time he joined the Group, the one-off nature of the award and the strong underlying financial performance of the Company since his appointment As a result of the strong TSR performance over the performance period, 66 7% of the award vested on 8 May 2012 and was subsequently exercised on 21 May 2012 Of the shares exercised, 38,544 were sold by Charles Hindson to settle his associated national insurance and PAYE liabilities The market price on the date of exercise was 130p, resulting in a gain on exercise of £92,000

The LTIP awards granted in June 2009 lapsed as a result of the EPS growth underpin not being met at the year ended 31 March 2012

Deferred Share Awards

A deferred bonus arrangement was introduced for the year ended 31 March 2012, whereby in addition to earning up to 100% of salary as a cash bonus, the Executive Directors may, if maximum performance is achieved, earn up to a further 40% of salary in shares, deferred for a period of three years (and subject to continued employment) As disclosed in last year's report, a bonus of 127 4% was achieved for the year ended 31 March 2012 and an award of 27 4% of salaries was made to the Executive Directors, structured as a nil price option earning dividends Outstanding awards relating to the Directors are

Grant date	Awards held at 1 April 2012	Granted in the year	Awards held at 31 March 2013	Date from which exercisable
K Attwood				
27 06 2012	–	52,451	52,451	27 06 2015
C Hindson				
27 06 2012	–	41,491	41,491	27 06 2015

Executive Share Option Plan (ExSOP)

The Group has an ExSOP for the granting of non-transferable market value options to certain employees over shares worth up to 100% of basic salary each year As at 31 March 2012 no options previously issued under the ExSOP remained outstanding and no awards have been made since that date The Committee has no present intention of making grants under this plan to Executive Directors in the forthcoming year

Share Save Scheme (SAYE)

The Group operates HM Revenue and Customs approved Share Save Scheme for which all employees and Executive Directors can apply to join if they are UK employees The CEO and Group Finance Director participate in the Scheme as detailed below

Grant date	Awards held at 1 April 2012	Granted in the year	Exercised in the year	Awards held at 31 March 2013	Date from which exercisable	Exercise price (pence)
K Attwood						
14 08 2009	25 193	–	(25,193)	–	01 11 2012	36 02
11 12 2012	–	8 185	–	8,185	01 01 2015	109 95
C Hindson						
14 08 2009	25,193	–	(25,193)	–	01 11 2012	36 02
11 12 2012	–	8,185	–	8,185	01 01 2015	109 95

The Directors exercised their options on 1 November 2012 The market price on the date of exercise was 116 25p, resulting in C Hindson and K Attwood each recording a gain on exercise of £20,000

Share Incentive Plan (SIP)

The Group has established a SIP which has been designed to qualify for approval by the HM Revenue and Customs The plan contains three elements

- free shares, which are ordinary shares which may be allocated to an employee by the Company,
- partnership shares, which are ordinary shares which an employee may purchase out of their pre-tax earnings, and
- matching shares, which are ordinary shares which may be allocated to an employee following the purchase of partnership shares

No awards have been made to any employees under this plan as at 31 March 2013

Directors' remuneration and pension benefits

The remuneration and pension benefits of Directors who served during the year were as follows The pension contributions were made by the Company to personal pension arrangements on behalf of the Executive Directors

	Salary and/or fees £000	Cash payment in lieu of pension contributions £000	Performance-related bonuses[1] £000	Car allowance and benefits in kind £000	2013 Total £000	2012 Total £000	2013 Pension contributions £000	2012 Pension contributions £000
N Johnson[2]	–	–	–	–	–	–	–	–
K Attwood	268	–	–	34	302	633	40	39
C Hindson	212	28	–	15	255	491	–	31
A Reading	40	–	–	–	40	38	–	–
K Rajagopal	35	–	–	–	35	34	–	–
K Dangerfield	38	–	–	–	38	36	–	–
Former Directors								
C Geoghegan[3]	120	–	–	–	120	120	–	–
Total	713	28	–	49	790	1,352	40	70

(1) Following the introduction of the deferred bonus plan during the year ended 31 March 2012 the following amounts have been deferred into shares K Attwood £nil (2012 £73 000) and C Hindson £nil (2012 £58 000)

(2) Date of appointment 31 March 2013

(3) For period to 31 March 2013 date of resignation

Approval

This report was approved by the Remuneration Committee and has been approved subsequently by the Board of Directors

On behalf of the Board

Yours sincerely

Anthony Reading
Chairman of the Remuneration Committee

17 May 2013

Consolidated Financial Statements

Consolidated income statement
Year ended 31 March 2013

		2013			2012		
	Notes	**Before specific items £000**	**Specific items (note 5) £000**	**Total £000**	Before specific items Restated £000	Specific items (note 5) Restated £000	Total £000
Revenue	3	**196,845**	**3,518**	**200,363**	219,815	14,800	234,615
Cost of sales		**(119,668)**	**(2,605)**	**(122,273)**	(130,541)	(14 093)	(144,634)
Gross profit		**77,177**	**913**	**78,090**	89,274	707	89,981
Research and development costs	6	**(10,423)**	**(252)**	**(10,675)**	(14,600)	(1,074)	(15,674)
Selling and distribution costs		**(15,743)**	**(136)**	**(15,879)**	(16,534)	(1 063)	(17 597)
Administrative costs		**(18,794)**	**2,889**	**(15,905)**	(17,115)	(4 389)	(21,504)
Operating profit		**32,217**	**3,414**	**35,631**	41,025	(5,819)	35,206
Finance costs	9	**(1,448)**	**-**	**(1,448)**	(2 473)	(779)	(3,252)
Finance revenue	9	**20**	**-**	**20**	7	82	89
Profit before taxation		**30,789**	**3,414**	**34,203**	38 559	(6,516)	32,043
Income tax expense	10	**(7,173)**	**(301)**	**(7,474)**	(10,258)	1,755	(8 503)
Profit for the year		**23,616**	**3,113**	**26,729**	28,301	(4,761)	23,540
Attributable to							
Equity holders of the Company		**23,616**	**3,113**	**26,729**	28,301	(4,761)	23,540
Earnings per share							
Basic	11	**11 07p**		**12 53p**	13 37p		11 12p
Diluted	11	**10 94p**		**12 38p**	13 06p		10 86p

Consolidated statement of comprehensive income
Year ended 31 March 2013

	Notes	**2013 £000**	2013 £000
Exchange differences on translation of foreign operations		**1,774**	(3,682)
Exchange differences recycled on disposal of non-core businesses	13	**(2,428)**	-
Exchange differences on net investment hedges		**1,352**	80
Current tax on exchange differences	10	**(316)**	(22)
Actuarial losses on post-employment benefits	29	**(296)**	(333)
Deferred tax on actuarial losses on post-employment benefits	10	**100**	107
Other comprehensive income and expense for the year		**186**	(3,850)
Profit for the year		**26,729**	23,540
Total comprehensive income and expense for the year		**26,915**	19 690
Attributable to			
Equity holders of the Company		**26,915**	19 690

Consolidated statement of financial position
Year ended 31 March 2013

	Notes	2013 £000	2012 £000
ASSETS			
Non-current assets			
Property plant and equipment	14	**38,045**	36,616
Intangible assets	15	**81,643**	80,375
Deferred income tax assets	24	**7,702**	8 122
Total non-current assets		**127,390**	125 113
Current assets			
Inventories	17	**43,954**	43,584
Trade and other receivables	18	**45,208**	45 051
Other financial assets	22	**40**	193
Income tax receivable		**1,443**	2,185
Cash at bank and in hand	19	**11,293**	8,629
Assets held for sale		–	15,050
Total current assets		**101,938**	114,692
Total assets		**229,328**	239,805
LIABILITIES			
Current liabilities			
Trade and other payables	20	**(39,417)**	(49,286)
Other financial liabilities	22	**(304)**	(3)
Income tax payable		**(1,875)**	(1,490)
Provisions	23	**(6,177)**	(8,560)
Liabilities directly associated with assets classified as held for sale		**-**	(1,918)
Total current liabilities		**(47,773)**	(61,257)
Net current assets		**54,165**	53,435
Non-current liabilities			
Borrowings	21	**(20,758)**	(38,303)
Provisions	23	**(693)**	(853)
Employment and post-employment benefits	29	**(4,367)**	(3 468)
Deferred income tax liabilities	24	**(3,787)**	(4,488)
Total non-current liabilities		**(29,605)**	(47,112)
NET ASSETS		**151,950**	131 436
CAPITAL AND RESERVES			
Called up share capital	25	**10,925**	10,747
Share premium	26	**42,913**	41,809
Merger reserve	26	**44,557**	44 557
Own shares reserve	25	**(2,118)**	(2,182)
Capital redemption reserve	26	**274**	274
Foreign currency translation reserve	26	**1,684**	1,302
Retained earnings		**53,715**	34 929
TOTAL SHAREHOLDERS' FUNDS ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY		**151,950**	131 436

These financial statements were approved by the Board of Directors and authorised for issue on 17 May 2013 They were signed on its behalf by

K Attwood
Chief Executive Officer

C Hindson
Group Finance Director

Consolidated statement of cash flows
Year ended 31 March 2013

	Notes	2013 £000	2012 £000
Cash flows from operating activities			
Profit before tax		**34,203**	32,043
Net finance costs		**1,428**	3,163
Operating profit		**35,631**	35,206
Adjustments to reconcile to net cash inflows from operating activities			
Depreciation of property, plant and equipment	14	**7,806**	7 793
Amortisation of intangible assets	15	**3,817**	5 604
Gain on disposal of non-core businesses	5	**(2,320)**	–
Reversal of previous impairment loss	5	**–**	(433)
Profit on sale of assets held for sale and property, plant and equipment		**(4,532)**	(774)
Impairment of assets held for sale		**–**	1,650
Fair value losses on foreign exchange contracts	5	**449**	355
Share based payment charges	28	**781**	559
Decrease/(increase) in inventories		**196**	(1,860)
Decrease in trade and other receivables		**1,331**	1,727
Decrease in trade and other payables		**(11,209)**	(4,925)
Decrease in provisions		**(3,077)**	(7,511)
Cash generated from operations		**28,873**	37 391
Income taxes paid		**(6,783)**	(10 798)
Net cash flows from operating activities		**22,090**	26,593
Cash flows from investing activities			
Proceeds from sale of assets held for sale and property, plant and equipment		**5,934**	1,007
Proceeds from disposal of non-core businesses		**11,983**	–
Interest received		**20**	7
Purchases of property, plant and equipment		**(8,949)**	(14,419)
Purchases of software		**(1,514)**	(1,532)
Expenditure on product development		**(838)**	(767)
Net cash flows used in investing activities		**6,636**	(15,704)
Cash flows from financing activities			
Interest paid		**(1,041)**	(1,501)
Proceeds from issue of shares		**1,282**	31
Dividends paid	12	**(8,729)**	(10,373)
Payment of cancellation fees on interest rate swaps		**–**	(109)
Repayment of borrowings	21	**(18,169)**	(1 951)
Transaction costs of new bank loans raised		**–**	(821)
Net cash flows used in financing activities		**(26,657)**	(14,724)
Net decrease in cash and cash equivalents		**2,069**	(3,835)
Net foreign exchange difference	21	**274**	(101)
Cash and cash equivalents at 1 April	19	**8,629**	12,886
Cash and cash equivalents at 1 April classified as assets held for sale		**321**	–
Total cash and cash equivalents at 1 April	21	**8,950**	12,886
Cash and cash equivalents at 31 March	19	**11,293**	8,629
Cash and cash equivalents at 31 March classified as assets held for sale		**–**	321
Total cash and cash equivalents at 31 March	21	**11,293**	8,950

Consolidated statement of changes in equity
Year ended 31 March 2013

	Called up share capital £000	Share premium £000	Merger reserve £000	Own shares reserve £000	Capital redemption reserve £000	Foreign currency translation reserve £000	Retained earnings £000	Total equity £000
At 31 March 2011	10,742	41,783	44,557	(2,182)	274	4,926	21,147	121,247
Other comprehensive income	–	–	–	–	–	(3 624)	(226)	(3 850)
Profit for the year	–	–	–	–	–	–	23,540	23,540
Total comprehensive income	–	–	–	–	–	(3 624)	23,314	19,690
Issue of shares	5	26	–	–	–	–	–	31
Dividends paid	–	–	–	–	–	–	(10,373)	(10,373)
Share based payment	–	–	–	–	–	–	559	559
Tax on share based payment	–	–	–	–	–	–	282	282
At 31 March 2012	10 747	41 809	44,557	(2,182)	274	1,302	34,929	131 436
Other comprehensive income	–	–	–	–	–	**382**	**(196)**	**186**
Profit for the year	–	–	–	–	–	–	**26,729**	**26,729**
Total comprehensive income	–	–	–	–	–	**382**	**26,533**	**26,915**
Issue of shares	**178**	**1,104**	–	–	–	–	–	**1,282**
Loss on issue of treasury shares	–	–	–	**64**	–	–	**(64)**	–
Dividends paid	–	–	–	–	–	–	**(8,729)**	**(8,729)**
Share based payment	–	–	–	–	–	–	**781**	**781**
Tax on share based payment	–	–	–	–	–	–	**265**	**265**
At 31 March 2013	**10,925**	**42,913**	**44,557**	**(2,118)**	**274**	**1,684**	**53,715**	**151,950**

Notes to the consolidated financial statements
Year ended 31 March 2013

1. Authorisation of financial statements and statement of compliance with IFRS

e2v technologies plc (the Company) is a public limited company incorporated and domiciled in the United Kingdom under the Companies Act 2006 The Company's shares are publicly traded on the London Stock Exchange The address of the registered office is given in the Directors' Report The nature of the Group's operation and its principal activities are set out in the Business Review

The consolidated financial statements of the Company for the year ended 31 March 2013 comprise the results of the Company and its subsidiary undertakings (together referred to as the Group)

These financial statements are presented in Sterling as that is the currency of the primary economic environment in which the Group operates Foreign operations are included in accordance with the policies set out in note 2 All values are rounded to the nearest thousand (£000) unless otherwise indicated

The financial statements were approved for issue by the Board on 17 May 2013

The principal accounting policies adopted by the Group are set out below

2. Summary of significant accounting policies

Basis of accounting
The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) applied in accordance with the Companies Act 2006 The financial statements have also been prepared in accordance with IFRSs adopted by the European Union (EU) and therefore the consolidated financial statements comply with Article 4 of EU IAS Regulation

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial and equity instruments The principal accounting policies are set out below and have been applied consistently to all periods presented in these financial statements

Restatements
The Group's non-core businesses, comprising the businesses of e2v scientific instruments Ltd, MiCS Microchemical Systems SA and e2v microsensors SA, and the industrial gas sensors business of e2v technologies (UK) Ltd, were sold by the Group in May and October 2012 Following these disposals, to ensure the accurate reporting of the underlying performance of the Group, management has determined that it is appropriate to include the revenue and profits associated with the disposed businesses for the current and preceding financial period as specific operating items Whilst total reported revenue, operating profit and profit after tax remain unchanged, revenue, operating profit and profit after tax before specific items are affected and the comparative information has been restated for these disposals For the year ended 31 March 2012 revenue, operating profit and profit after tax before specific items have decreased by £14,800,000, £842,000 and £735,000, respectively Segmental information included in note 4, has been restated to take account of this

Going concern
The Directors have, at the time of approving the financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future Thus they continue to adopt the going concern basis of accounting in preparing the financial statements Further detail is contained in the Directors' Report

Basis of consolidation
The consolidated financial statements incorporate the financial statements of e2v technologies plc and entities controlled by the Company (its subsidiaries) made up to 31 March each year Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefit from its activities and is achieved through direct or indirect ownership of voting rights, currently exercisable or convertible potential voting rights, or by way of contractual agreement

The financial statements of subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting period as the parent company Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Group The results of subsidiaries acquired or disposed during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full Any unrealised losses arising from intra-group transactions are eliminated to the extent that they are recoverable

For acquisitions undertaken after 1 April 2010, the acquisition of subsidiaries is accounted for using the acquisition method of accounting The cost of the acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interest in the acquiree The choice of measurement of non-controlling interest, either at fair value or at the proportionate share of the acquiree's identifiable net assets is determined on a transaction by transaction basis Acquisition costs incurred are expensed and included in administrative expenses

2. Summary of significant accounting policies (continued)

Basis of consolidation (continued)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date This includes the separation of embedded derivatives in host contracts by the acquiree

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of aggregate of the acquisition date fair value of the consideration transferred and the amount recognised for the non-controlling interest over the net identifiable amounts of the assets acquired and the liabilities assumed in exchange for business combination Assets acquired and liabilities assumed in transactions separate to the business combinations, such as the settlement of pre-existing relationships or post-acquisition remuneration arrangements, are accounted for separately from the business combination in accordance with their nature and applicable IFRSs Identifiable intangible assets meeting either the contractual, legal or separability criterion are recognised separately from goodwill Contingent liabilities representing a present obligation are recognised if the acquisition date fair value can be measured reliably

If the aggregate of the acquisition date fair value of the consideration transferred and the amounts recognised for the non-controlling interest is lower than the fair value of the assets, liabilities and contingent liabilities and the fair value of any pre-existing interest held in the business acquired, the difference is recognised in the income statement

Acquisitions undertaken prior to 1 April 2010 were accounted for under the purchase method of accounting However transaction costs directly attributable to the acquisition formed part of the acquisition costs Furthermore, contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable Subsequent adjustments to the contingent consideration were recognised as part of goodwill

Foreign currency translation

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency) For the purpose of the consolidated financial statements, the results and financial position of each Group company are retranslated into Sterling, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rate of exchange ruling at that date Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined Non-monetary items that are measured at historical cost in a foreign currency are not retranslated

All exchange differences are recognised in the income statement in the period in which they arise except for exchange differences on transactions entered into that hedge certain foreign currency risks, and exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment

On consolidation, the assets and liabilities of overseas subsidiary undertakings are translated at the rate of exchange ruling at the balance sheet date Income and expense items are translated at the average exchange rate for the period, unless exchange rates fluctuate significantly during the period, in which case the exchange rates at the date of transactions are used The exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity, within the foreign currency translation reserve On disposal of a foreign operation, all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to the income statement

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the rate of exchange ruling at the balance sheet date

Property, plant and equipment

Freehold buildings, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes are stated at cost less accumulated depreciation and any impairment in value

Assets under construction for production or administrative purposes are carried at cost, less any recognised impairment loss Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy Depreciation on these assets commences when the assets are available for use

Freehold land is not depreciated and is held at historical cost

Depreciation is recognised so as to write-off the cost of assets (other than land and assets under construction) less their residual values on a straight-line basis over the estimated useful life, as follows

Freehold buildings	25 to 50 years
Leasehold improvements	over the remaining lease term
Plant and equipment	3 to 10 years
Office equipment, fixtures and fittings	3 to 10 years

2. Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

The carrying values are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount The recoverable amount of plant and equipment is the greater of net selling price and value in use In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs Impairment losses are recognised in the income statement in the administrative expenses line item Where an impairment loss subsequently reverses, the carrying value of the asset is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for this asset in prior years A reversal of impairment loss is recognised immediately in the income statement

The carrying values are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount The recoverable amount of plant and equipment is the greater of net selling price and value in use In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs Impairment losses are recognised in the income statement in the administrative expenses line item Where an impairment loss subsequently reverses, the carrying value of the asset is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for this asset in prior years A reversal of impairment loss is recognised immediately in the income statement

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year the item is derecognised

Goodwill

Goodwill arising on consolidation represents the excess of the cost of an acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the subsidiary Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses Goodwill which is recognised as an asset is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired Any impairment is recognised immediately in the income statement and is not subsequently reversed

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units expected to benefit from the synergies of the combination Impairment is determined by assessing the recoverable amount of the cash generating unit, to which goodwill relates If the recoverable amount of the cash generating unit is less than the carrying amount, an impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit

On disposal of a cash generating unit or part of the cash generating unit the attributable amount of goodwill is included in the determination of the profit or loss on disposal

Goodwill arising on acquisitions before the date of transition to IFRSs has been retained at the previous amounts recorded under UK Generally Accepted Accounting Practice (UK GAAP) subject to being tested for impairment at that date Goodwill written off to reserves under UK GAAP prior to 1998 has not been reinstated and will not be included in determining any subsequent profit or loss on disposal

Intangible assets – research and development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred

An internally generated intangible asset arising from the Group's development activities is capitalised only if all of the following conditions are met an asset is created that can be identified (such as software and new processes), it is probable that the asset created will generate future economic benefits, and the development cost of the asset can be measured reliably

Internally generated intangible assets are amortised on a straight-line basis over their useful lives, the period of expected future sales, estimated at between three and five years The amortisation is recorded as part of research and development costs in the income statement Where no internally generated intangible asset can be capitalised, development expenditure is recognised as an expense in the period in which it is incurred

When the asset is not in use, the carrying value of development costs is reviewed for impairment annually or more frequently when an indicator of impairment arises during the reporting period indicating that the carrying value may not be recoverable

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised

2. Summary of significant accounting policies (continued)

Other intangible assets

Intangible assets acquired separately are capitalised at cost and intangible assets acquired from a business acquisition are capitalised at fair value as at the date of acquisition Following initial recognition, the cost model is applied to the class of intangible assets

Computer software purchased or internally generated for use that is integral to the hardware (because without that software the equipment cannot operate) is treated as part of the hardware and capitalised as property, plant and equipment Other software programmes are treated as intangible assets Intangible assets, excluding development costs and software, created within the business are not capitalised and expenditure is charged to the income statement in the period in which the expenditure is incurred

Intangible assets are tested for impairment annually either individually or at the cash generating unit level Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis

The useful lives of these intangible assets are assessed to be either finite or indefinite Where amortisation is charged on assets with finite lives, it is provided so as to write-off the cost of intangible assets on a straight-line basis over the estimated useful life, as follows

Patents, trademarks and technology	5 to 10 years
Customer relationships and agreements	4 to 10 years
Software	2 to 7 years

This expense is taken to the income statement through the following line items

Patents, trademarks and technology	administrative expenses
Customer relationships and agreements	administrative expenses
Software	administrative expenses

Inventories

Inventories are stated at the lower of cost and net realisable value Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition Cost is calculated using a first-in, first-out method Net realisable value represents the estimated selling prices less all estimated costs of completion and costs to be incurred in marketing, selling and distribution

Provision is made for obsolete, slow-moving or defective items where appropriate A net increase in provision for the year as a whole is recognised as an expense in the year whilst a net reversal of provision for the year as a whole is recognised as a reduction in expense

Trade and other receivables

Trade receivables, which generally have 30 to 60 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts An estimate for doubtful debts is made when collection of the full amount is no longer probable Bad debts are written off when identified

Cash and cash equivalents

Cash in the balance sheet comprises cash at bank and in hand and short term deposits with an original maturity of three months or less For the purpose of the Consolidated statement of cash flows, cash and cash equivalents consist of cash as defined above

Non-current assets and disposal groups held for sale

Non-current assets and disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use This condition is regarded as met only when the sale is highly probable and the asset or the disposal group is available for immediate sale in its present condition Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification

When the Group is committed to the sale plan involving the loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale

2. Summary of significant accounting policies (continued)

Borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition

A financial liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of an existing liability and the recognition of a new liability

Borrowings are classified as current liabilities unless, at the balance sheet date, the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale

All other borrowing costs are recognised in the income statement using the effective interest method

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation

The amount recognised as a provision is based on the best reliable estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation and its carrying amount is the present value of those cash flows

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and that the amount of the receivable can be measured reliably

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity

Provisions for the expected cost of warranty obligations under local sale of goods legislation or contract terms are recognised at the date of sale of the relevant products, at the Directors' best estimate of the expenditure required to settle the Group's obligation

Present obligations arising under onerous contracts are recognised and measured as provisions An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it

Pensions, other post-employment and other employment benefits

The Group operates defined contribution pension schemes which require contributions to be made to a separately administered fund Payments to defined contribution pension schemes are charged as an expense as they fall due Payments made to a state-managed pension are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme

The Group operates unfunded defined benefit plans in France providing termination payments (post-employment benefit) to employees upon retirement and long service awards paid when the employee reaches certain lengths of service (other employment benefit) The cost of providing benefits is determined with actuarial valuations being carried out on each balance sheet date Actuarial gains and losses are recognised in full in the period in which they occur Those related to the termination benefits are recognised outside the income statement and are presented in other comprehensive income, whilst those related to the long service award are recognised in the income statement When a settlement or curtailment occurs, the obligation and related plan assets are re-measured using current actuarial assumptions and the resultant gain or loss is recognised in the income statement during the period in which the settlement or curtailment occurs

Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested

The obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost

2. Summary of significant accounting policies (continued)

Share based payment transactions

Employees (including Directors) of the Company receive remuneration in the form of share based transactions, whereby employees render services in exchange for shares or rights over shares (equity settled transactions) The cost of equity settled transactions with employees is measured by reference to the fair value at the date at which they are granted The fair value is determined using binomial and Black-Scholes models as appropriate Further details are given in note 28 In valuing equity settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Company (market conditions)

The cost of equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (vesting date) The cumulative expense recognised for equity settled transactions at each reporting date reflects the extent to which the vesting period has expired and management's best estimate of the number of awards that will ultimately vest

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied

Where the terms of an equity settled award are modified, as a minimum an expense is recognised as if the terms had not been modified In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification

Where an equity settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately If a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new shares are treated as if they were a modification of the original award

The dilution effect of outstanding options is reflected as additional share dilution in the computation of earnings per share (note 11)

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee All other leases are classified as operating leases

Rental payments under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which the economic benefits from the leased asset are consumed Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed

Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes

Revenue from the sale of standard products is recognised when all the following conditions are satisfied

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods,
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold,
- the amount of revenue can be measured reliably,
- it is probable that the economic benefits associated with the transaction will flow to the entity, and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably

Revenue in respect of long term contracts for non-standard products and services is recognised by reference to the stage of completion of the project The stage of completion is determined either by reference to the completion of a physical proportion of the work, dependent upon the nature of the underlying project, or by reference to the proportion that costs incurred for work performed to date bear to the estimated total project costs Revenues derived from variations on projects are recognised only when they have been accepted by the customer Full provision is made for losses on projects in the period in which they are first foreseen

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement, provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably Royalties determined on a time basis are recognised on a straight-line basis over the period of the agreement Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement

2. Summary of significant accounting policies (continued)

Revenue (continued)

Finance revenue is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably Finance revenue income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received Government grants for research programmes are recognised as revenue over the periods necessary to match them with the related costs incurred, and in the income statement are deducted from the related costs Government grants related to property, plant and equipment are treated as deferred income and released to the income statement over the expected useful lives of the assets concerned

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income Similarly, income tax is charged or credited directly to equity if it relates to items that are charged or charged directly to equity Otherwise income tax is recognised in the income statement

Current tax

The tax currently payable is based on the taxable profit for the year Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items of income or expense that are never taxable or deductible The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that the taxable profits will be available against which deductible temporary differences can be utilised Such assets and liabilities are not recognised if the temporary differences arising from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered

Deferred tax is measured on an undiscounted basis and is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis

Derivative financial instruments and hedging

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts and interest rate swaps Further details of derivative financial instruments are disclosed in note 32

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date The resulting gain or loss is recognised in the income statement immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the income statement depends on the nature of the hedge relationship The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probably forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges), or hedges of net investments in foreign operations

No derivative financial instruments have been designated as a fair value or cash flow hedge during the current or prior financial year

A derivative with a positive fair value is presented as a financial asset whereas a derivative with a negative fair value is presented as a financial liability A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months Other derivatives are presented as current assets or current liabilities

The Group uses foreign currency borrowings to hedge its investment in currency investments and classifies the hedging relationship as a net investment hedge To the extent that the hedge is effective, changes in the fair value of the hedging instrument are recognised in other comprehensive income

2. Summary of significant accounting policies (continued)

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or equity in accordance with the substance of the contractual arrangement An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting its liabilities Equity instruments issued by the Group are recognised as the proceeds received, net of direct issue costs

Dividend distribution

Dividends to holders of equity instruments declared after the balance sheet date are not recognised as a liability as at the balance sheet date Final dividend distributions to the Company's shareholders are recognised in the financial statements in the period in which they are approved by the Company's shareholders Interim dividends are recognised when paid

Own shares reserve

e2v technologies plc shares held by the Employee Benefit Trust and the Company are classified in shareholders' equity as own shares and are recognised at cost Consideration received for the sale of such shares is also recognised in equity, with any difference between the proceeds from sale and the original cost being taken to retained earnings No gain or loss is recognised in the income statement or the statement of comprehensive income on the purchase, sale, issue or cancellation of equity shares

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, management must make judgments, estimates and assumptions concerning the carrying amounts of assets and liabilities that are not readily apparent from other sources The estimates and associated assumptions are based upon factors such as historical experience and other factors that are considered to be relevant Actual results may differ from these estimates

The estimates and underlying assumptions are reviewed on an ongoing basis Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods

The following are the critical judgements and key sources of estimation uncertainty that the Directors have made in the process of applying the Group's accounting policies and have the most significant effect on the amounts recognised in the consolidated financial statements measurement and impairment of goodwill and other intangible assets arising on acquisition (note 15), the measurement of provisions for business improvement programme costs (note 23), the measurement of work in progress (stage of completion and total costs to complete), the measurement of product warranty provisions (estimation of level of returns) (note 23), the measurement of defined benefit liabilities (note 29), and the measurement and recognition of tax liabilities and deferred tax assets (note 24)

Adjusted profit measures

Profit for the financial year is analysed between

(a) Trading results before specific items, and

(b) The effect of specific items Specific items are material items of income and expense which, in the opinion of the Directors, because of the nature or infrequency of the events giving rise to them, merit separate presentation to allow a better understanding of the elements of the Group's underlying performance for the financial year and are presented on the face of the income statement to facilitate comparisons with prior periods and assessments of trends in financial performance

Specific operating items may include business improvement programme expenses, last time build inventory provisions, gains and losses on sale of property, acquisition costs, impairments and fair value gains and losses on foreign exchange contracts, all operating items attributable to terminated or disposed operations and operations held for sale where there is a contractual agreement to sell, and amortisation of acquired intangible assets, including impairment

Specific finance items may include fair value gains and losses arising on interest rate swaps, realised exchange differences on the re-denomination of borrowings, and write-off of debt issue costs

Specific tax items include the tax effect on specific operating items, and specific finance items

Further analysis of specific operating and finance items are provided in notes 5 and 9, respectively

2. Summary of significant accounting policies (continued)

New standards and interpretations applied during the year

During the period the Group has adopted the following new standards, amendments to standards and interpretations issued under IFRS

- IFRS 1, 'Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters' to replace references to a fixed date of '1 January 2004' with the date of transition to IFRSs, and to provide guidance on how an entity should resume presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation

- IFRS 7, 'Disclosures - Transfers of Financial Assets' Amendments introducing enhanced disclosure requirements to ensure that users are able to improve their understanding of transfer transactions of financial assets (for example, securitisations), including the possible effects of any risks that may remain with the entity

- IAS 12, 'Deferred Tax Recovery of Underlying Assets' to provide a presumption that recovery of the carrying amount of an asset measured using the fair value model in IAS 40 will, normally, be through sale

The adoption of these standards has had no material financial effect on the Group for the current period

New standards and interpretations not applied

The International Accounting Standards Board (IASB) and International Financial Reporting Committee (IFRIC) have also issued the following Standards and Interpretations with an effective date after the date of these financial statements (and in some cases not yet adopted by EU)

		Effective for periods commencing after
IAS 1	Amendment – Presentation of Items of Other Comprehensive Income	1 July 2012
IFRS 1	Amendment – Government Loans	1 January 2013
IFRS 7	Amendment – Disclosures Offsetting Financial Assets and Financial Liabilities	1 January 2013
IFRS 7	Amendment – Mandatory Effective Date and Transition Disclosures	1 January 2015
IFRS 9	Financial Instruments (issued in 2009)[1]	1 January 2015
IFRS 9	Financial Instruments (issued in 2010)[1]	1 January 2015
IFRS 9	Amendment – Mandatory Effective Date and Transition Disclosures	1 January 2015
IFRS 10	Consolidated Financial Statements	1 January 2014
IFRS 11	Joint Arrangements	1 January 2014
IFRS 12	Disclosure of Interests in Other Entities	1 January 2014
IFRS 13	Fair Value Measurement	1 January 2013
IAS 27	Revised – Separate Financial Statements	1 January 2014
IAS 28	Revised – Investments in Associates and Joint Ventures	1 January 2014
IAS 19	Revised – Employee Benefits	1 January 2013
IFRIC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Annual Improvements	Annual Improvements to IFRSs 2009-2010 Cycle	1 January 2013

(1) Amendments to IFRS 9 issued in December 2011 have moved the mandatory effective date from annual periods beginning on or after January 2013 to annual periods beginning on or after 1 January 2015 The amended standard is not yet EU endorsed

The Group intends to adopt these standards in the first accounting period after the effective date The Directors do not anticipate that the adoption of these Standards and Interpretations will have a material effect on the consolidated financial statements in the period of initial application

3. Revenue

An analysis of the Group's revenue is as follows

	2013 £000	2012 £000
Sale of goods	**159,797**	190 281
Contract revenue recognised in the year	**40,566**	44,334
Revenue	**200,363**	234,615
Third party contributions to research and development programmes	**4,701**	3,990
Royalty revenue	**69**	–
Finance revenue	**20**	89
Total revenue	**205,153**	238 694

The following balances relate to contracts in progress at the balance sheet date

	2013 £000	2012 £000
Amounts recoverable from customers included in trade receivables	**8,246**	5,436
Amounts recoverable from customers included in work-in-progress	**9,866**	9 670
	18,112	15,106
Amounts due to customers included in trade and other payables	**(5,304)**	(6,413)

4. Segment information

The Group is organised into three operating divisions, which are organised and managed separately based on the key products that they provide Each is treated as an operating segment and a reportable segment in accordance with IFRS 8, 'Operating Segments'

The operating and reportable segments are

- **RF power solutions** which provides high performance electron devices, sub-systems and solutions in three main application segments radiotherapy, electronic countermeasures and industrial processing systems (IPS)
- **High performance imaging solutions** which provides advanced Charged Coupled Devices (CCD) and Complimentary Metal Oxide Semiconductor (CMOS) imaging sensors, cameras and solutions in three main application segments machine vision, space imaging and scientific imaging
- **Hi-rel semiconductor solutions** which provides hi-rel semiconductors and services in two main application segments aerospace and defence semiconductors, which includes assembly, packaging and test services, extended availability of obsolete and end-of-life integrated circuits and high speed data converters, and semiconductor lifecycle management under the Group's SLiM™ brand

All other, reported overleaf, includes the results of the Group's businesses which have been disposed of during the current financial period The results of these operations, as detailed in note 5, are treated as specific items and the segment results for the year ended 31 March 2012 have been restated accordingly Specific revenue in the periods covered by these financial statements is comprised entirely of revenue from the disposed non-core businesses

Centre-corporate includes those unallocated costs directly associated with the management of the Group's public quotation and other related costs arising for the corporate management of the Group along with treasury related activities

4. Segment information (continued)

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segment

Year ended 31 March 2013	RF power solutions £000	High performance imaging solutions £000	Hi-rel semi conductor solutions £000	All other £000	Centre – corporate £000	Total operations £000
Revenue						
Adjusted revenue	**81,896**	**64,511**	**50,438**	**–**	**–**	**196,845**
Specific revenue	**–**	**–**	**–**	**3,518**	**–**	**3,518**
Revenue from external customers	**81,896**	**64,511**	**50,438**	**3,518**	**–**	**200,363**
Segment result						
Adjusted segment profit	**16,857**	**7,285**	**11,337**	**–**	**–**	**35,479**
Corporate costs	**–**	**–**	**–**	**–**	**(3,507)**	**(3,507)**
Exchange differences	**–**	**–**	**–**	**–**	**245**	**245**
Adjusted operating profit/(loss)	**16,857**	**7,285**	**11,337**	**–**	**(3,262)**	**32,217**
Specific operating items	**(1,226)**	**270**	**(2,549)**	**3,001**	**3,918**	**3,414**
Operating profit	**15,631**	**7,555**	**8,788**	**3,001**	**656**	**35,631**
Net finance costs						**(1,428)**
Profit before tax						**34,203**
Tax charge						**(7,474)**
Profit for the period						**26,729**

Year ended 31 March 2012	RF power solutions £000	High performance imaging solutions £000	Hi-rel semi conductor solutions £000	All other £000	Centre – corporate £000	Total operations £000
Revenue						
Adjusted revenue	86,112	66,160	67,543	–	–	219,815
Specific revenue	–	–	–	14,800	–	14,800
Revenue from external customers	86,112	66,160	67,543	14 800	–	234,615
Segment result						
Adjusted segment profit	12,533	10,297	21,059	–	–	43,889
Corporate costs	–	–	–	–	(3,854)	(3 854)
Exchange differences	–	–	–	–	990	990
Adjusted operating profit/(loss)	12,533	10,297	21,059	–	(2,864)	41,025
Specific operating items	(55)	(750)	(3,184)	(1,444)	(386)	(5,819)
Operating profit/(loss)	12,478	9,547	17,875	(1,444)	(3,250)	35,206
Net finance costs						(3 163)
Profit before tax						32 043
Tax charge						(8,503)
Profit for the period						23,540

4. Segment information (continued)

Segment assets and other segment information

The following is an analysis of the Group's assets and other information by reportable segment

Year ended 31 March 2013	RF power solutions £000	High performance imaging solutions £000	Hi-rel semi conductor solutions £000	All other £000	Centre – corporate £000	Total operations £000
Assets						
Property, plant and equipment	5,238	11,993	11,429	–	9,385	38,045
Intangible assets	1,091	386	67,324	–	12,842	81,643
Inventories	13,687	19,940	10,327	–	–	43,954
Centre – corporate assets						
Deferred income tax assets	–	–	–	–	7,702	7,702
Trade and other receivables	–	–	–	–	45,208	45,208
Other financial assets	–	–	–	–	40	40
Income tax receivable	–	–	–	–	1,443	1,443
Cash at bank and in hand	–	–	–	–	11,293	11,293
Total assets	20,016	32,319	89,080	–	87,913	229,328
Other segment information						
Capital expenditure						
Property, plant and equipment	906	3,155	3,085	–	1,803	8,949
Software	–	–	–	–	1,973	1,973
Development costs	701	137	–	–	–	838
Depreciation	1,827	2,367	1,690	–	1,922	7,806
Amortisation	227	103	2,549	–	938	3,817
Warranty provision – net of arising and released in the year	310	(269)	(13)	–	1	29

Year ended 31 March 2012	RF power solutions £000	High performance imaging solutions £000	Hi-rel semi conductor solutions £000	All other £000	Centre – corporate £000	Total operations £000
Assets						
Property, plant and equipment	6,160	11,236	9,686	–	9 534	36,616
Intangible assets	617	352	67,616	–	11,790	80 375
Inventories	15,952	18 048	9 584	–	–	43,584
Centre – corporate assets						
Deferred income tax asset	–	–	–	–	8,122	8 122
Trade and other receivables	–	–	–	–	45,051	45,051
Other financial assets	–	–	–	–	193	193
Income tax receivable	–	–	–	–	2,185	2 185
Cash at bank and in hand	–	–	–	–	8 629	8,629
Assets held for sale	–	–	–	14 922	128	15,050
Total assets	22,729	29,636	86 886	14,922	85,632	239,805
Other segment information						
Capital expenditure						
Property, plant and equipment	2,757	4 174	6,351	96	1 041	14,419
Software	–	–	–	–	1,532	1,532
Development costs	552	159	–	56	–	767
Depreciation	1,898	2 785	1,347	464	1,299	7,793
Reversal of previous impairment loss	–	(433)	–	–	–	(433)
Impairment of assets held for sale	–	–	–	1 650	–	1,650
Amortisation	773	232	3,156	903	540	5 604
Warranty provision – net of arising and released in the year	758	677	(205)	3	–	1,233

4. Segment information (continued)

Segment assets and other segment information (continued)

The Group is organised such that Centre-corporate is responsible for the management of operations (including production, supply chain and IT), sales administration (including credit control) and marketing Assets associated with these activities are designated against Centre-corporate in the above analysis (this includes all software owned by the Group) Centre-corporate recharges the segments for the provision of these services Centre-corporate is also responsible for the Group's treasury function

Geographical information

The Group's revenue from external customers and information about its non-current assets by geographical location are detailed below

	2013 £000	2012 £000
Revenue by destination		
United Kingdom	**31,626**	36,949
North America	**78,555**	82,672
Europe	**54,084**	76 855
Asia Pacific	**33,161**	34 063
Rest of the World	**2,937**	4,076
	200,363	234 615

	2013 £000	2012 £000
Non-current assets (excluding taxes)		
United Kingdom	**36,788**	35,799
North America	**39,454**	37,319
Europe	**43,201**	43 862
Asia Pacific	**245**	11
	119,688	116,991

5. Specific operating items

	2013 £000	2012 Restated £000
Operating items associated with disposed non-core businesses		
Revenue	**(3,518)**	(14 800)
Cost of sales	**2,605**	11,584
Gross Profit	**(913)**	(3,216)
Research and development costs	**252**	1,074
Selling and distribution costs	**136**	1,063
Administrative costs	**132**	237
	(393)	(842)
Amortisation of acquired intangible assets (note 15)	**2,561**	3 795
Business improvement programme expenses, net	**788**	(1,008)
Profit on the sale of properties	**(4,499)**	(208)
Disposal of non-core businesses (note 13)	**(2,320)**	1 650
Foreign currency losses arising from fair value adjustment	**449**	355
Reversal of previous impairment loss	**-**	(433)
Last time build inventory provision	**-**	2,510
	(3,414)	5,819

In response to the changing market conditions, principally for the RF power solutions businesses, during the year ended 31 March 2013 the Group has commenced a restructuring at its Chelmsford site and has incurred business improvement programme expenses to date of £1,216,000, principally related to termination and site consolidation costs In addressing remaining matters related to the Grenoble restructuring, receivable provisions of £428,000 were released in the period During the year ended 31 March 2012, business improvement programme expenses related to the Grenoble and Lincoln restructuring programmes netted to a credit of £1,008,000 which comprised profit on sale of fixed assets of £673,000, release of receivable and termination provisions totalling £1,144,000, offset by costs incurred of £809,000, which principally relate to bonus payments to staff

5. Specific operating items (continued)

On 30 November 2012, the Group completed the sale of its surplus land at the Grenoble facility for gross proceeds of £5,887,000 A gain of £4,499,000 was recognised, which is net of the following items £683,000 for legally mandated profit share "participation" and associated employment taxes that arise due to the increase in the taxable profit of e2v Semiconductors SAS and £403,000 costs relating to site remediation (note 23) The surplus land had been classified as a disposal group held for sale at 31 March 2012 The remaining property at the old Lincoln site was sold during the year ended 31 March 2012 and resulted in a gain on sale of £208,000

In May 2012 and October 2012, the Group disposed of its non-core business Note 13 provides details related to this disposal As at 31 March 2012, these businesses were recognised as a disposal group held for sale and the carrying value of the disposal group was written down to its fair value less costs to sell, resulting in an impairment charge of £1,650,000 being recorded The trading results of the Group's non-core businesses of £393,000 (2012 £842,000) have been treated as specific items for the periods being reported

The Group, in part, hedges its exposure to foreign currency risks through the use of forward exchange contracts The changes in the fair value of the instruments are recorded as specific items in the income statement Fluctuations in the exchange rates have resulted in a net fair value loss of £449,000 (2012 £355,000)

As part of the de-commissioning work in Grenoble during the second half of the year ended 31 March 2012, certain of the equipment was sold or re-deployed, resulting in the reversal of the previously recorded impairment charge of £433,000 Furthermore, a last time stock build programme was also completed during the year ended 31 March 2012 with additional inventory build during the period of £2,510,000 which has been provided against in recognition of the excess level of inventory held

6. Profit for the year

Profit from continuing operations is stated after charging/(crediting)

	2013 £000	2012 £000
Research and development expenditure expenses, gross	**15,058**	18,395
Third party contributions received	**(4,701)**	(3,990)
Research and development expenditure expenses, net	**10,357**	14,405
Amortisation of capitalised development expenditure	**318**	1,269
Total research and development expense, net	**10,675**	15 674
Government grants received, research and development funding	**(4,617)**	(3,756)
Included in cost of sales		
Depreciation of property, plant and equipment	**7,206**	7,038
Included in research and development costs		
Amortisation of development costs	**318**	1,269
Included in distribution and administrative costs		
Depreciation of property plant and equipment	**600**	755
Reversal of previous impairment loss on property, plant and equipment	**-**	(433)
Amortisation of software	**938**	540
Amortisation of acquired intangibles	**2,561**	3 795
Impairment of assets held for sale	**-**	1,650
Total depreciation, amortisation and impairment expense	**11,623**	14,614
Foreign currency losses arising from fair value adjustments	**449**	355
Other net foreign currency gains	**(111)**	(959)
Total net foreign currency losses/(gains)	**338**	(604)
Increase in provision for impairment of trade receivables recognised in administrative costs	**303**	207
Costs of inventories recognised as an expense	**117,384**	137,894
Including Write-down of inventories to net realisable value	**4,784**	3,375
Reversals of impairments in inventories(1)	**(2,069)**	(1,261)
Minimum lease payments recognised as an operating lease expense	**1,563**	1,949

(1) The reversal of impairments arose as a result of changes in demand for products

7. Auditor's remuneration

	2013 £000	2012 £000
Audit of the parent company and Group financial statements	**117**	122
Statutory audit fees of subsidiary undertakings	**159**	178
Total audit fees	**276**	300
Audit-related assurance services	**–**	20
Taxation compliance services	**3**	–
Other taxation advisory services	**47**	–
Other services	**–**	7
Total non-audit fees	**50**	27
Total auditor's remuneration	**326**	327

8. Staff costs and Directors' remuneration

The average monthly number of employees (including Directors) during the year was made up as follows

	2013 No	2012 No
Manufacturing, engineering and operations	**1,236**	1 256
Sales and support functions	**289**	264
	1,525	1,520

Their aggregate remuneration comprised

	2013 £000	2012 £000
Wages and salaries	**55,483**	60,891
Social security costs	**10,372**	11,354
Defined contribution pension costs (note 29)	**1,577**	2 083
Share based payment charges (note 28)	**781**	559
Termination allowance and long services awards cost (note 29)	**298**	293
Total remuneration	**68,511**	75 180

Included within wages and salaries are the following specific items relating to the business improvement programme £1,029,000 of termination payments (2012 £653,000 credit), and bonus and retention payments of £683,000 (2012 £586,000) Details of Directors' remuneration for the year are provided in the Directors' Remuneration Report

9. Finance costs and revenue

	2013 Before specific items £000	2013 Specific items £000	2013 Total £000	2012 Before specific items £000	2012 Specific items £000	2012 Total £000
Bank loan interest	**1,003**	**–**	**1,003**	1,493	–	1,493
Other interest	**5**	**–**	**5**	19	–	19
Interest on defined benefit liabilities (note 29)	**132**	**–**	**132**	145	–	145
Amortisation of debt issue costs	**308**	**–**	**308**	816	779	1,595
Total finance costs	**1,448**	**–**	**1,448**	2 473	779	3,252
Bank interest receivable	**20**	**–**	**20**	7	–	7
Fair value adjustments to interest rate swaps	**–**	**–**	**–**	–	82	82
Total finance revenue	**20**	**–**	**20**	7	82	89

In completing the new bank facility in July 2011, unamortised debt issue costs of £779,000 relating to the prior facility were written off and treated as a specific item during the year ended 31 March 2012

The Group, in part, hedges its exposure to the interest rate risks of term debt through the use of interest rate swap agreements The changes in the fair value of the instruments are recorded as specific items in the income statement During the year ended 31 March 2013, no term debt has been held and therefore there were no interest rate swaps in place During the year ended 31 March 2012, fluctuations in the interest rates resulted in a net fair value gain of £82,000

10. Income tax

Major components of income tax expense charged to the income statement for the years ended 31 March 2013 and 2012 are

	2013 £000	2012 £000
Current income tax		
Current income tax expense – UK corporation tax	**3,488**	3,014
Current income tax expense – foreign tax	**4,649**	5,523
Current income tax expense	**8,137**	8,537
Adjustments in respect of current income tax of previous years	**(85)**	(417)
Total current income tax expense	**8,052**	8 120
Deferred income tax		
Relating to origination and reversal of temporary differences	**(506)**	315
Adjustments in respect of deferred income tax of previous years	**(114)**	20
Effect of change in tax rate (note 24)	**42**	48
Total deferred income tax expense	**(578)**	383
Income tax expense recognised in the consolidated income statement	**7,474**	8 503

In addition to the amount charged to the income statement the following amounts relating to tax have been recognised directly in other comprehensive income

	2013 £000	2012 £000
Current tax		
Relating to exchange differences on loans	**316**	22
Deferred tax		
Relating to actuarial losses on post-employment benefits	**(100)**	(107)
Income tax recognised directly in other comprehensive income	**216**	(85)

In addition to the amounts recognised in the income statement and statement of other comprehensive income, the following amounts relating to tax have been recognised directly in equity

	2013 £000	2012 £000
Current tax		
Relating to exercise of share options	**(603)**	–
Deferred tax		
Change in estimated excess tax deductions related to share based payment	**286**	(382)
Effect of change in tax rate (note 24)	**52**	100
Deferred income tax recognised directly in equity	**338**	(282)
Total income tax recognised directly in equity	**(265)**	(282)

A reconciliation of income tax expense applicable to the accounting profit before income tax at the statutory income tax rate to income tax expense at the Group's effective income tax rate for the years ended 31 March 2013 and 2012 is as follows

	2013 £000	2012 £000
Accounting profit before income tax	**34,203**	32,043
At UK statutory income tax rate of 24% (2012 26%)	**8,211**	8,331
Permanent differences	**(423)**	577
Tax relief on research and development	**(2,060)**	(2,407)
Effect of higher taxes on overseas earnings	**1,680**	2,303
Share based payments	**30**	48
Unrecognised deferred tax in respect of losses	**193**	–
Adjustments in respect of current income tax of previous years	**(85)**	(417)
Adjustments in respect of deferred income tax of previous years	**(114)**	20
Change in UK tax rate	**42**	48
Total tax expense reported in the consolidated income statement	**7,474**	8 503

11. Earnings per share

Basic earnings per share is calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year Diluted earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year adjusted for the effects of dilutive options

Adjusted earnings per share is calculated on the basis of net profit for the year before specific items In the Directors' judgment adjusted earnings per share is considered to more appropriately reflect the underlying performance of the business year on year

The following reflects the net profit and share data used in the basic and diluted earnings per share computations

	2013 £000	2012 £000
Profit for the year	**26,729**	23,540
Amortisation of acquired intangible assets	**2,561**	3 795
Business improvement programme expenses, net	**788**	(1,008)
Profit on the sale of properties	**(4,499)**	(208)
Operating items associated with disposed non-core business	**(393)**	(842)
Disposal of non-core businesses	**(2,320)**	1,650
Foreign currency losses arising from fair value adjustment	**449**	355
Reversal of previous impairment loss	**–**	(433)
Last time build inventory provision	**–**	2,510
Fair value adjustments to interest rate swaps	**–**	(82)
Write-off of debt issue costs	**–**	779
Tax effect of the above	**301**	(1,755)
Profit before specific items attributable to ordinary shareholders	**23,616**	28 301

Weighted average number of ordinary shares	**2013 No**	2012 No
For basic EPS	**213,246**	211,710
Effect of dilution		
Share options	**2,645**	4,975
For diluted EPS	**215,891**	216,685

Since the reporting date and before the completion of these financial statements 10,166 shares (2012 7,780) have been issued as a result of exercises under share option schemes The weighted average number of ordinary shares excludes shares held by the EBT and by the Company as treasury shares

12. Dividends paid and proposed

	2013 Pence per share	**2013 £000**	2012 Pence per share	2012 £000
Interim dividend paid in respect of prior year	**–**	**–**	1 2	2,540
Final dividend paid in respect of the prior year	**2 8**	**5,932**	2 4	5 081
Interim dividend paid in respect of the current year	**1 3**	**2,797**	1 3	2,752
	4 1	**8,729**	4 9	10,373

The EBT and the Company have waived their right to receive dividends See note 25 for details of these holdings

The Board recommends that a final dividend in respect of the year ended 31 March 2013 of 2 8p per share will be paid on 2 August 2013 to shareholders registered at the close of business on 5 July 2013 This dividend is subject to approval by shareholders at the Annual General Meeting and therefore the liability of approximately £6,031,000 has not been included in these financial statements The amount is based on the number of shares in issue, excluding those held by the EBT and the Company, at the date that these financial statements have been approved and authorised for issue The actual payment may differ due to increases or decreases in the number of shares in issue between the date of approval of these financial statements and the record date of the final dividend

13. Disposal of non-core businesses

On 16 May 2012, the Group disposed of e2v scientific instruments Ltd, MiCS Microchemical Systems SA and e2v microsensors SA. As part of this transaction, the Group also disposed of the industrial gas sensors business of e2v technologies (UK) Ltd on 31 October 2012 The net assets of these businesses had been classified as a disposal group held for sale at 31 March 2012 The net assets on the date of disposal are detailed below

	£000
Net assets	
Property, plant and equipment	**1,410**
Intangible assets	**6,553**
Deferred tax assets	**115**
Inventories	**3,622**
Trade and other receivables	**3,467**
Cash	**875**
Trade and other payables	**(2,045)**
Income tax payable	**(109)**
Provisions	**(45)**
Deferred tax liabilities	**(277)**
Total net assets disposed	**13,566**
Loss on disposal	**(108)**
Total consideration	**13,458**
Satisfied by	
Cash and cash equivalents	**12,858**
Deferred consideration	**600**
Total consideration	**13,458**
Net cash inflow arising on disposal	
Cash, net of costs of disposal	**12,858**
Cash transferred with the businesses	**(875)**
Net cash proceeds on disposal	**11,983**

Included in income statement

	2013 £000	2012 £000
Loss on disposal	**(108)**	–
Exchange differences recycled from foreign currency translation reserve on disposal of non-core businesses	**2,428**	–
Impairment of assets held for sale	**–**	(1 650)
Net gain/(charge) (note 5)	**2,320**	(1,650)

The effect of this disposal on the Group's results in the current and prior periods is presented within specific items as disclosed in note 5 On recognising the disposal of the Swiss business, a gain of £2,428,000 has been recognised relating to the recycling of the accumulated exchange differences in respect of that operation These had previously been recognised through other comprehensive income on translation of foreign operations at each period end An impairment loss of £1,650,000 arising from the remeasurement of the disposal group's net assets to fair value less costs to sell had been recognised as a specific item for the year ended 31 March 2012 The net profit recognised with respect to the disposal over both periods is £670,000

14. Property, plant and equipment

	Land and buildings[1] £000	Plant and equipment £000	Office equipment, fixtures and fittings £000	Assets under construction £000	Total £000
Cost					
At 1 April 2011	14,059	59,343	5 405	1,692	80,499
Additions	2,120	2 191	404	9,704	14,419
Disposals	(215)	(29,839)	(1,130)	–	(31 184)
Transfer to assets held for sale	(189)	(11,134)	(216)	–	(11,539)
Reclassifications	–	6,247	492	(6 831)	(92)
Exchange adjustment	(706)	(2 239)	(191)	1	(3 135)
At 1 April 2012	**15,069**	**24,569**	**4,764**	**4,566**	**48,968**
Additions	**739**	**244**	**69**	**7,897**	**8,949**
Disposals	**(1,170)**	**(2,785)**	**(659)**	**(15)**	**(4,629)**
Reclassifications	**4,377**	**5,933**	**692**	**(11,024)**	**(22)**
Exchange adjustment	**510**	**592**	**94**	**16**	**1,212**
At 31 March 2013	**19,525**	**28,553**	**4,960**	**1,440**	**54,478**
Depreciation					
At 1 April 2011	6 133	38,350	4,039	–	48,522
Provided during the year	915	6,207	671	–	7,793
Reversal of previous impairment loss (note 5)	(67)	(366)	–	–	(433)
Disposals	(184)	(29,564)	(1,120)	–	(30 868)
Transfer to assets held for sale	(61)	(9,767)	(160)	–	(9,988)
Exchange adjustment	(447)	(2,056)	(171)	–	(2,674)
At 1 April 2012	**6,289**	**2,804**	**3,259**	**–**	**12,352**
Provided during the year	**941**	**6,071**	**794**	**–**	**7,806**
Disposals	**(1,042)**	**(2,768)**	**(657)**	**–**	**(4,467)**
Exchange adjustment	**139**	**531**	**72**	**–**	**742**
At 31 March 2013	**6,327**	**6,638**	**3,468**	**–**	**16,433**
Carrying Amount					
At 31 March 2011	7,926	20,993	1,366	1,692	31,977
At 31 March 2012	8 780	21,765	1,505	4,566	36 616
At 31 March 2013	**13,198**	**21,915**	**1,492**	**1,440**	**38,045**

(1) The carrying value of land within the land and buildings category is £2,965,000 (2012 £3,101,000) which is not depreciated

15. Intangible assets

	Patents, trademarks and technology £000	Development costs £000	Software £000	Customer relationships and agreements £000	Goodwill £000	Total £000
Cost						
At 1 April 2011	19,967	16,055	9,026	41,001	92 323	178 372
Additions	–	767	1,532	–	–	2,299
Disposals	–	–	(386)	–	–	(386)
Transfer to assets held for sale	(4,040)	(1,775)	–	(1,953)	(6,854)	(14,622)
Reclassifications	–	–	92	–	–	92
Exchange adjustment	(699)	(282)	(120)	(1,353)	(2,398)	(4,852)
At 1 April 2012	**15,228**	**14,765**	**10,144**	**37,695**	**83,071**	**160,903**
Additions	**–**	**838**	**1,973**	**–**	**–**	**2,811**
Disposals	**–**	**–**	**(113)**	**–**	**–**	**(113)**
Reclassifications	**–**	**–**	**22**	**–**	**–**	**22**
Exchange adjustment	**314**	**73**	**39**	**1,142**	**2,230**	**3,798**
At 31 March 2013	**15,542**	**15,676**	**12,065**	**38,837**	**85,301**	**167,421**
Amortisation						
At 1 April 2011	14 676	14 039	8 036	29 951	17,868	84,570
Charge in year	1,700	1,375	540	1,989	–	5 604
Transfer to assets held for sale	(3,242)	(1,448)	–	(1,589)	–	(6,279)
Disposals	–	–	(384)	–	–	(384)
Exchange adjustment	(645)	(283)	(120)	(1,399)	(536)	(2 983)
At 1 April 2012	**12,489**	**13,683**	**8,072**	**28,952**	**17,332**	**80,528**
Charge in year	**1,109**	**418**	**938**	**1,352**	**–**	**3,817**
Disposals	**–**	**–**	**(113)**	**–**	**–**	**(113)**
Exchange adjustment	**247**	**70**	**34**	**699**	**496**	**1,546**
At 31 March 2013	**13,845**	**14,171**	**8,931**	**31,003**	**17,828**	**85,778**
Carrying Amount						
At 31 March 2011	5,291	2,016	990	11,050	74,455	93 802
At 31 March 2012	2,739	1,082	2,072	8,743	65 739	80,375
At 31 March 2013	**1,697**	**1,505**	**3,134**	**7,834**	**67,473**	**81,643**

The amortisation of acquired intangible assets presented in note 5 as a specific item, relates to amortisation of intangibles acquired through business combinations as follows

	2013 £000	2012 £000
Patents, trademarks and technology	**1,109**	1,700
Development costs	**100**	106
Customer relationships and agreements	**1,352**	1 989
	2,561	3 795

Goodwill is not amortised but is annually tested for impairment (note 16) All other assets have finite lives

16. Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to individual cash generating units for impairment testing as detailed below

	Siemens high power satcom £000	e2v techno-logies £000	Dynex microwave alarms £000	e2v scientific instru-ments £000	e2v semi-conductors SAS – Imaging £000	e2v semi-conductors SAS – Hi-rel semi-conductor solutions £000	MICS £000	e2v aerospace & defense Inc – QP Semi-conductors £000	Total £000
Cost									
At 1 April 2011	359	9,709	1,344	2,002	9 944	36,093	4,762	28 110	92,323
Transfer to assets held for sale	–	–	–	(2,002)	–	–	(4 852)	–	(6 854)
Exchange adjustment	–	–	–	–	(560)	(2 034)	90	106	(2,398)
At 1 April 2012	**359**	**9,709**	**1,344**	**–**	**9,384**	**34,059**	**–**	**28,216**	**83,071**
Exchange adjustment	**–**	**–**	**–**	**–**	**132**	**477**	**–**	**1,621**	**2,230**
At 31 March 2013	**359**	**9,709**	**1,344**	**–**	**9516**	**34,536**	**–**	**29,837**	**85,301**
Impairment									
At 1 April 2011	359	–	1,344	–	9,944	–	–	6 221	17,868
Exchange adjustment	–	–	–	–	(560)	–	–	24	(536)
At 1 April 2012	**359**	**–**	**1,344**	**–**	**9,384**	**–**	**–**	**6,245**	**17,332**
Exchange adjustment	**–**	**–**	**–**	**–**	**132**	**–**	**–**	**364**	**496**
At 31 March 2013	**359**	**–**	**1,344**	**–**	**9,516**	**–**	**–**	**6,609**	**17,828**
Carrying Amount									
At 31 March 2011	–	9,709	–	2,002	–	36,093	4,762	21 889	74,455
At 31 March 2012	–	9,709	–	–	–	34,059	–	21,971	65,739
At 31 March 2013	**–**	**9,709**	**–**	**–**	**–**	**34,536**	**–**	**23,228**	**67,473**

The recoverable amount of the goodwill for all cash generating units has been determined based on a value in use calculation To calculate this, cash flow projections are based on financial budgets and forecasts approved by the Board covering a three year period (2012 three year period)

Key assumptions used in valuations

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill

Operating margins – the budgeted margin is used for the coming year, which is then adjusted if required for further years for any expected changes due to sales mix or efficiency improvements

Discount rates – discount rates reflect the Directors' estimate of the return on capital employed required in every cash generating unit This is the benchmark used by the Group to assess operating performance and to evaluate future capital investment proposals A 15% (2012 15%) pre-tax discount rate is considered appropriate for the purpose of impairment reviews as it is consistent with the rates used in all investment appraisals It is considered that the weighted average cost of capital for the cash generating unit concerned would not be materially different

Growth rates – have been considered separately for every cash generating unit and are based on financial budgets and forecasts for the next three years, except for QP Semiconductors where forecast for five years have been utilised After three years, or five years in the case of QP Semiconductors, a growth rate of 2 5% (2012 2 5%) has been utilised

Considering the sensitivity levels for the various cash generating units

e2v technologies
This cash generating unit has sufficient headroom not to be at risk of creating impairment on the usual range of sensitivity tests

e2v semiconductors SAS – Hi-rel semiconductor solutions
This cash generating unit is based in Grenoble and its operating margins will benefit from the business improvement programme implemented at this site Headroom for goodwill based on the current forecast is €10 million (2012 €27 million) Sensitivity levels on these calculations indicate impairment would need to be considered if

- revenue reduced by 17% (2012 33%), or
- projected medium term operating margin reduced by 19% (2012 34%), or
- discount rate of 17 5% (2012 22%) or higher had been selected

At a long term growth rate of nil%, no impairment would be recorded (2012 no impairment at a nil% growth rate)

16. Impairment testing of goodwill (continued)

e2v aerospace & defense Inc – QP Semiconductors

In light of current performance and in conjunction with the Group's strategic review the future prospects of this cash generating unit have been reassessed such that the headroom over goodwill has been identified to be of the order of US$22 million (2012 US$27 million) Sensitivity levels on these calculations indicate impairment would need to be considered if

- revenue reduced by 25% (2012 28%), or
- operating margin reduced by 25% (2012 29%), or
- discount rate of 19 0% (2012 19 5%) or higher had been selected

At a long term growth rate of nil% no impairment would be recorded (2012 no impairment at a nil% growth rate)

17. Inventories

	2013 £000	2012 £000
Raw materials and consumables	**17,410**	19 141
Work-in-progress	**19,758**	17,546
Finished goods	**6,786**	6,897
Total inventories at lower of cost and net realisable value	**43,954**	43 584

18. Trade and other receivables

	2013 £000	2012 £000
Trade receivables	**36,881**	36,221
Other debtors	**6,426**	5,923
Prepayments and accrued income	**1,901**	2,907
	45,208	45,051

Trade receivables are non-interest bearing and are generally on 30 or 60 day terms and are shown net of provision for impairment Before accepting any new customer, the Group uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customers As at 31 March 2013 trade receivables with a value of £481,000 (2012 £539,000) were impaired and provided for due to poor payment history, insolvency of the debtor or their age profile The movements on the provision for impairment of receivables were as follows

	2013 £000	2012 £000
Provision at 1 April	**539**	760
Amounts written off	**(88)**	(90)
Unused amounts reversed	**(278)**	(294)
Provisions created in the year	**303**	207
Transfer to assets held for sale	**–**	(38)
Foreign exchange on retranslation	**5**	(6)
Provision at 31 March	**481**	539

18. Trade and other receivables (continued)

	Trade receivables past due but not impaired		Impaired trade Receivables	
	2013	2012	**2013**	2012
	£000	£000	**£000**	£000
0 - 30 days overdue	**3,097**	2,843	**216**	200
31 60 days overdue	**369**	244	**109**	103
61 90 days overdue	**221**	650	**9**	15
91 - 120 days overdue	**–**	231	**–**	3
120+ days overdue	**439**	780	**147**	218
Total	**4,126**	4 748	**481**	539

The credit quality of the receivables which are neither past due nor impaired is assessed on an ongoing basis and as at the balance sheet date, the risk of impairment was not considered significant

The Directors consider the carrying amount of trade and other receivables is approximately equal to their fair value

19. Cash

	2013	2012
	£000	£000
Cash at bank and in hand	**11,293**	8,629

Cash at bank earns interest at floating rates based on daily bank deposit rates The book value of cash also represents its fair value

20. Trade and other payables

	2013	2012
	£000	£000
Trade payables	**17,193**	22 395
Taxation and social security costs	**4,780**	4,492
Other payables	**1,429**	2,088
Contract balances received on account	**3,916**	5,467
Accruals and deferred income	**12,099**	14,844
	39,417	49 286

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs Trade payables and other payables are non-interest bearing and are normally settled on 60 day terms or within six months, respectively Interest payable is settled monthly, quarterly or half-yearly throughout the year depending upon the draw down periods under the revolving credit facilities The Group's creditor payment policy and average creditor payment period are contained within the Directors' Report

The Directors consider that the carrying amount of trade payables approximates their fair value

21. Borrowings

	2013 £000	2012 £000
Non-current		
Bank debt	**21,066**	38,919
Unamortised debt issue costs	**(308)**	(616)
Borrowings per the balance sheet	**20,758**	38,303

Reconciliation of movement in net borrowings

	2013 £000	2012 £000
Total cash and cash equivalents at beginning of the period	**8,950**	12,886
Loans at beginning of the period	**(38,919)**	(40 972)
Net borrowings at beginning of the period	**(29,969)**	(28 086)
Increase/(decrease) in cash	**2,069**	(3,835)
Repayment of borrowings	**18,169**	1,951
Net foreign exchange difference – cash	**274**	(101)
Net foreign exchange difference – loans	**(316)**	102
Total movement in net borrowings	**20,196**	(1,883)
Total cash and cash equivalents at end of the period	**11,293**	8,950
Loans at end of the period	**(21,066)**	(38,919)
Net borrowings at end of the period	**(9,773)**	(29,969)

Effective 29 July 2011, the Group signed a new revolving credit facility which expires on 27 July 2015, and which is denominated in Sterling (£54 9 million), US dollars ($33 0 million) and Euros (€5 5 million) As at 31 March 2013 exchange rates, the total facility is £81,381,000 (2012 £80,128,000) Provided covenants continue to be met, the draw down under the revolving credit facility is at the discretion of the Group and consequently the loan is treated as non-current As at 31 March 2013, £21,066,000 (2012 £38,919,000) was drawn down under this facility

The revolving credit facility is repaid and re-drawn at periodic intervals ranging from one to six months, with the interest rate set at each draw down date Interest is set by reference to LIBOR plus a margin which is determined based on the level of the reported leverage covenant (defined as net borrowings earnings before interest, tax, depreciation and amortisation)

As at 31 March 2013, the Group had available £60,315,000 (2012 £41,209,000) of un-drawn committed borrowing facilities in respect of which all conditions precedent had been met

As at 31 March 2013, unamortised debt issue costs were £308,000 (2012 £616,000) No issue costs were incurred during the year ended 31 March 2013 Issue costs of £821,000 were incurred in the year ended 31 March 2012 in conjunction with arranging the new facility, which are being amortised over the expected life of the debt

As at 31 March 2013 and at 31 March 2012, the bank loans were unsecured

22. Other financial assets and liabilities

	2013 £000	2012 £000
Other financial assets		
Current		
Forward currency contracts	**40**	193
Other financial liabilities		
Current		
Forward currency contracts	**(304)**	(3)

Further details of the derivative financial instruments are included in note 32

23. Provisions

	Onerous project losses £000	Environmental £000	Business improvement programme £000	Product warranty £000	Property £000	Total £000
At 1 April 2012	**2,192**	**676**	**2,108**	**4,237**	**200**	**9,413**
Arising during the year	**883**	**142**	**1,030**	**1,920**	**416**	**4,391**
Released during the year	**(270)**	**–**	**(429)**	**(1,891)**	**–**	**(2,590)**
Utilised during the year	**(1,413)**	**(29)**	**(1,709)**	**(1,086)**	**(179)**	**(4,416)**
Exchange adjustment	**4**	**–**	**28**	**21**	**19**	**72**
At 31 March 2013	**1,396**	**789**	**1,028**	**3,201**	**456**	**6,870**
Current 2013	**1,396**	**789**	**1,028**	**2,516**	**448**	**6,177**
Non-current 2013	**–**	**–**	**–**	**685**	**8**	**693**
	1,396	**789**	**1,028**	**3,201**	**456**	**6,870**
Current 2012	2,192	676	2,108	3,384	200	8,560
Non-current 2012	–	–	–	853	–	853
	2,192	676	2,108	4,237	200	9,413

The effect of the time value of money is not material and therefore the above provisions are not discounted

Onerous project losses
A provision is recognised for expected losses on projects in progress at the balance sheet date It is expected that the losses will be incurred in the next financial year

Environmental
A provision is recognised for expected environmental costs relating to UK manufacturing operations It is expected that these costs will be incurred within one year of the balance sheet date

Business improvement programme
The restructuring provision relates to the business improvement programme at the Group's Chelmsford and Grenoble facilities All payments associated with the programme are expected to be incurred over the period to December 2013

Product warranty
A provision is recognised for expected warranty claims on products sold that are within their warranty period at the end of the year The warranty period can be date or hours usage based It is expected that these costs will be incurred in the next two financial years Assumptions used to calculate the provision for warranties were based on relevant sales levels and current information available about warranty claims

Property
In connection with the sale of the surplus land in Grenoble, the Group has provided an indemnity to the purchaser of the property to fund up to €0 5m of site remediation costs It is expected that these costs will be incurred within one year of the balance sheet date The provision for vacant space associated with premises that e2v aerospace & defense Inc vacated in July 2012 has principally been utilised in the year Settlement of the remaining dilapidations is expected within six months of the balance sheet date

24. Deferred tax

The movements on deferred tax liabilities and (assets) during the year are as follows

	Total £000
At 1 April 2012	**(3,634)**
Credited to income statement	**(620)**
Credited to other comprehensive income	**(100)**
Charged directly in equity	**286**
Effect of change in tax rate – income statement	**42**
Effect of change in tax rate – equity	**52**
Exchange adjustment	**59**
At 31 March 2013	**(3,915)**

Deferred income tax balances relate to the following

	2013 £000	2012 £000
Deferred income tax liabilities		
Accelerated depreciation for tax purposes	**406**	311
Fair value of intangible assets	**3,797**	4,554
Fair value of land and buildings	**465**	445
Revaluation of financial instruments	**–**	45
	4,668	5 355
Deferred income tax assets		
Employment benefits	**(1,617)**	(1,460)
Share based payment charges	**(810)**	(1,111)
Deferred tax allowances on provisions and accruals	**(6,096)**	(6,418)
Revaluation of financial instruments	**(60)**	–
	(8,583)	(8 989)
Net deferred income tax (assets)	**(3,915)**	(3 634)
Deferred tax assets	**(7,702)**	(8 122)
Deferred tax liabilities	**3,787**	4,488
	(3,915)	(3,634)

The UK government, with effect from 1 April 2012, reduced the main rate of UK Corporation tax from 25% to 24% In addition the Finance Bill 2012 was substantively enacted on 17 July 2012, which reduced the corporation tax rate to 23% with effect from 1 April 2013 The UK deferred tax balances as at 31 March 2013 have therefore been calculated based on the reduced corporation tax rate of 23%

The Budget on 20 March 2013 announced that the UK corporation tax rate will reduce by a further 2% from 23% to 21% from 1 April 2014 and to 20% from 1 April 2015 These changes had not been substantively enacted at the balance sheet date and consequently the effect of this is not included in these financial statements Management does not expect the enactment of these changes to have a material effect on the deferred tax balances of the Group

There are no income tax consequences for the Company attaching to the payment of dividends to its shareholders

Management have reviewed the situation for those jurisdictions where deferred assets arise and have determined, based on current forecasts prepared by management, that these assets can be recovered through future taxable profits within a reasonable time horizon

As at 31 March 2013, the aggregate amount of undistributed earnings of overseas subsidiaries for which deferred tax liabilities have not been recognised is approximately £68 million (2012 £54 million) No liability has been recognised in respect of these differences because the Group is in the position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future It is likely that the majority of the overseas earnings would qualify for the UK dividend exemption

As at 31 March 2012, the Group had unused and unrecognised tax losses arising in Switzerland of £6 million available for offset against future profits These relate to the businesses that were sold in the period (note 13)

25. Called up share capital

Ordinary shares issued and fully paid, 5p each	No	£000
At 1 April 2011	214 861,911	10,742
Issued for cash on exercise of share options	84,545	5
At 31 March 2012	**214,946,456**	**10,747**
Issued for cash on exercise of share options	**3,550,003**	**178**
At 31 March 2013	**218,496,459**	**10,925**

	Held by Company		Held by EBT	
Own shares	**No**	**£000**	**No**	**£000**
At 31 March 2011 and 31 March 2012	2 400 000	2,177	787,733	5
Disposed of on exercise of options	**(70,452)**	**(64)**	**-**	**-**
At 31 March 2013	**2,329,548**	**2,113**	**787,733**	**5**

The market value of the own shares at 31 March 2013 was £3,740,000 (2012 £3,897,000)

During the year the Company increased its issued share capital on the exercise of options under share option schemes Total proceeds from shares issued under exercise of share options amounts to £1,282,000 (2012 £31,000)

Under the terms of the Group's various share option schemes (note 28), the following options to subscribe for ordinary shares are outstanding

Date of Grant	Option price (pence)	Exercise period	2013 No	2012 No
Long Term Incentive Plan				
5 May 2009	-	From 5 May 2012	**-**	105,626
24 June 2009	-	From 24 June 2012	**-**	591,619
3 August 2010	-	From 3 August 2013	**2,188,673**	2 235,964
3 August 2010	-	From 3 August 2014	**2,188,695**	2,235,987
18 November 2010	-	From 3 August 2013	**106,367**	106,367
18 November 2010	-	From 3 August 2014	**11,093**	11,093
8 July 2011	-	From 8 July 2014	**140,220**	140,220
30 January 2012	-	From 30 January 2015	**85,400**	85 400
2 July 2012	-	From 2 July 2015	**1,089,138**	-
27 February 2013	-	From 27 February 2016	**177,246**	-
Deferred Share Awards				
27 June 2012	-	27 June 2015 to 26 June 2018	**93,942**	-
Share Save Scheme				
4 February 2009	142 18	1 April to 30 September 2012	**-**	18 453
14 August 2009	36 02	1 November 2012 to 30 April 2013	**-**	3,556,511
8 December 2010	89 75	1 January to 30 June 2014	**309,496**	319,522
6 December 2011	90 00	1 January to 30 June 2015	**523,880**	556,240
11 December 2012	109 95	1 January to 30 June 2016	**1,051,422**	-
			7,965,572	9,963,002

26. Reserves

Nature and purpose of reserves

Share premium
Generally, additions to this reserve are made when shares are issued, for cash or otherwise, by the Company for amounts in excess of their nominal value This reserve can be utilised to issue fully paid bonus shares, to write-off any issue costs and to provide for any premium payable on the redemption of any debentures of the Company

Merger reserve
The excess of the net proceeds over the nominal value of the share capital issued during the rights issue and placement in 2010 was recognised to the merger reserve The Directors believe this reserve is currently distributable

Own shares reserve
The own share reserve records movements in e2v technologies plc's shares held by the EBT or the Company

Capital redemption reserve
The capital redemption reserve is used to record reserve transfers required on the redemption of shares This reserve is not distributable

Foreign currency translation reserve
The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries It is also used to record the net investments hedged in these subsidiaries

27. Commitments and contingencies

Operating lease commitments – Group as lessee

The Group has entered into commercial leases on certain properties, motor vehicles and items of machinery where it is not in the best interest of the Group to purchase these assets Renewals are at the option of the specific entity that holds the lease There are no restrictions placed upon the lessee by entering into these leases

Future minimum rentals payable under non-cancellable operating leases as at 31 March are as follows

	2013 **£000**	2012 £000
No later than one year	**1,515**	1,753
After one year but not more than five years	**659**	1,504
After five years	**1**	–
	2,175	3 257

Capital commitments

At 31 March 2013, the Group has commitments of £2,215,000 (2012 £2,047,000) principally relating to the acquisition of new plant and equipment

Contingent liabilities

In the ordinary course of business, the Group may issue performance and advance payment guarantees to third parties As at 31 March 2013, guarantees of £3,760,000 (2012 £2,927,000) were outstanding The Directors are of the opinion that the risk to the Group associated with these guarantees is not material and consequently no provision is recorded

The Group has received grant assistance from the UK government's Regional Growth Fund which is conditional on certain job targets being achieved in future years The Directors are of the opinion that the risk of not achieving these targets is not material and consequently no provision is recorded for the repayment of such grants

28. Equity settled share based payments

The Group operates three share based award schemes as detailed below The share based payment expense charged to the income statement as an administrative cost for the year ended 31 March 2013 was £781,000 (2012 £559,000)

Long Term Incentive Plan (LTIP)

For those awards made during the periods ended 31 March 2013 and 31 March 2012, they will vest on the third anniversary of the date of the award, subject to performance targets being met For those 'normal' awards made during the year ended 31 March 2013, 50% of the awards are subject to a target level of Total Shareholders' Return (TSR) being achieved at the vesting date and the remaining 50% of the awards have a TSR target relative to the TSR of a specified list of peer group companies Additional awards were made to the Chief Executive Officer which also had 50% of the award subject to absolute TSR targets and 50% of the award subject to relative TSR targets, however more stretching targets were assigned to these awards compared with the 'normal' awards

For those awards made during the year ended 31 March 2012, 50% of the awards have adjusted operating profit (AOP) targets and the remaining 50% of the awards have a TSR target relative to the TSR of a specified list of peer group companies

For those awards made during the year ended 31 March 2011 vesting occurs in August 2013 and August 2014, subject to a target level of TSR being achieved at the vesting date

All awards under this scheme have a nil exercise price and have no end date by which they must be exercised The following table provides details of awards made under this scheme

	2013 No	2012 No
Outstanding at the beginning of the year	**5,512,276**	5,802,271
Granted during the year	**1,266,384**	225,620
Forfeited during the year	**(721,376)**	(515 615)
Exercised during the year	**(70,452)**	–
Outstanding at the end of the year	**5,986,832**	5,512,276

Shares in relation to the LTIP will initially be issued from those currently held by the EBT or from those held in treasury by the Company See note 25 for the number of shares held and for the resulting balance recorded within reserves

There were nil options exercisable at the balance sheet date (2012 nil)

Executive Share Option Plan (ExSOP)

The Group has an ExSOP for the granting of non-transferable options to certain employees As at 31 March 2013 there are no outstanding options issued under the ExSOP (2012 nil)

Deferred Share Awards

A deferred bonus arrangement was introduced for the year ended 31 March 2012, whereby in addition to earning up to 100% of salary as a cash bonus, the Executive Directors may, if maximum performance is achieved, earn up to a further 40% of salary in shares, deferred for a period of three years (and subject to continued employment) All awards under this scheme have a nil exercise price and which will normally be exercisable for three years following vesting The shares issued on vesting will be adjusted for any dividends declared since the options were issued The following table provides details of awards made under this scheme

	2013 No	2012 No
Outstanding at the beginning of the year	**–**	–
Granted during the year	**93,942**	–
Outstanding at the end of the year	**93,942**	–

Share Incentive Plan (SIP)

No awards have been made to date under this scheme

28. Equity settled share based payments (continued)

Share Save Scheme (SAYE)

The Group operates an HM Revenue and Customs approved SAYE for all UK employees and Executive Directors and managers can apply to join the scheme

The following table illustrates the number, weighted average remaining contractual life and the weighted average exercise prices (WAEP) of share options for the SAYE

	2013 No	2013 WAEP (pence)	2012 No	2012 WAEP (pence)
Outstanding at the beginning of the year	**4,450,726**	**47 06**	4,264,164	43 46
Exercised during the year	**(3,550,003)**	**36 07**	(84,545)	36 59
Granted during the year	**1,058,952**	**109 95**	561,240	90 00
Forfeited during the year	**(56,424)**	**83 07**	(196,600)	50 81
Expired during the year	**(18,453)**	**142 18**	(93,533)	142 18
Outstanding at the end of the year	**1,884,798**	**101 09**	4,450,726	47 06
Exercisable at the end of the year	**18,042**	**89 78**	58 424	39 71
Weighted average share price on date of exercise of options (pence)		**116 19**		112 20
Weighted average remaining contractual life (months)		**32**		17

The fair value of all share option plans is estimated as at the date of grant For LTIP awards during the current and previous year with market conditions (TSR), the binomial model has been utilised For LTIP awards with non-market conditions (AOP), and for all SAYE awards, the Black-Scholes model has been utilised The following table gives the assumptions made No subsequent amendments have been made to assumptions estimated at the date of grant

	Dividend yield %	Expected volatility %	Risk free interest rate %	Expected life of option years	Fair value of option pence
LTIP					
Awards granted 8 July 2011 (AOP)	2 8%	66%	1 16%	3 years	131 1
Awards granted 8 July 2011 (TSR)	2 8%	66%	1 16%	3 years	81 3
Awards granted 30 January 2012 (AOP)	3 3%	61%	0 46%	3 years	110 2
Awards granted 30 January 2012 (TSR)	3 3%	61%	0 46%	3 years	68 3
Normal awards granted 2 July 2012 (Relative TSR)	**2 8%**	**50%**	**0 36%**	**3 years**	**88.2**
Normal awards granted 2 July 2012 (Absolute TSR)	**2 8%**	**50%**	**0 36%**	**3 years**	**54 9**
Additional awards granted 2 July 2012 (Relative TSR)	**2 8%**	**50%**	**0 36%**	**3 years**	**85 3**
Additional awards granted 2 July 2012 (Absolute TSR)	**2 8%**	**50%**	**0 36%**	**3 years**	**53 2**
Awards granted 27 February 2013 (Relative TSR)	**3 8%**	**43%**	**0 43%**	**3 years**	**71 1**
Awards granted 27 February 2013 (Absolute TSR)	**3 8%**	**43%**	**0 43%**	**3 years**	**44 2**
Deferred Share Awards					
Awards granted 27 June 2012	**-**	**50%**	**0 36%**	**3 years**	**144 0**
SAYE					
Awards granted 6 December 2011	3 8%	63%	0 56%	3 25 years	36 0
Awards granted 11 December 2012	**3 9%**	**47%**	**0 49%**	**3 25 years**	**27 4**

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome No other features of options granted were incorporated into the measurement of fair value

29. Pensions, other post-employment and other employment benefits

Defined contribution plans

The Group has defined contribution plans in the UK and North America, covering substantially all of its employees, which require contributions to be made to a separately administered fund The Group contributes to state schemes for Continental European activities Such schemes are defined contribution schemes and there is no Group exposure to any scheme liabilities The defined contribution expense charged to the income statement during the period was £1,577,000 (2012 £2,083,000) Contributions of £189,000 (2012 £112,000) were outstanding at the end of the financial year and have been included in other creditors

Other post-employment and other employment benefits

In addition to the state pension scheme, e2v semiconductors SAS has arrangements where there are obligations to provide termination allowances and 'Medailles du Travail' (long service awards) and e2v SAS has obligations to provide termination allowances These are unfunded arrangements and the actuarial liability has been calculated at 31 March 2013 by a qualified actuary using the projected unit credit method The cost of providing these benefits is charged to the income statement in the period in which those benefits have been earned by the employees Actuarial gains and losses are recognised in full in the period in which they arise For the termination allowance the actuarial gains and losses are recorded in other comprehensive income whereas for the long service award the actuarial gains and losses are recorded in the income statement

The main assumptions used in determining the liabilities of the arrangements include the discount rate for discounting scheme liabilities the expected rate of salary inflation, staff turnover rates and future mortality in service assumptions For each of these assumptions there is a range of possible values Relatively small changes in some of these variables can have a significant effect on the level of the total obligation

As at 31 March 2013, a non-current liability of £4,367 000 (2012 £3 468 000) has been recognised with respect to the termination allowance and long service award

The table below details the combined present value of the termination allowance and long service awards plan obligations and experience adjustments recognised

	2013 **£000**	2012 £000	2011 £000	2010 £000	2009 £000
Present value of plan's obligations	**4,514**	3,629	3,125	2 839	3,527
Past service cost not yet recognised in the balance sheet	**(147)**	(161)	(184)	–	–
Liability recorded in the balance sheet	**4,367**	3,468	2,941	2 839	3,527
Experience losses recognised in the year	**(113)**	(25)	(135)	(114)	(336)

A plan amendment arose during the year ended 31 March 2011 due to change in rules of the termination allowance scheme The liability is being charged to the income statement over the average remaining service life of the employees in the scheme

£298,000 (2012 £293,000) of administrative costs and £132,000 (2012 £145,000) of finance cost have been recognised in the income statement

	Long service award		**Termination allowance**		**Total**	
	2013 **£000**	2012 £000	**2013** **£000**	2012 £000	**2013** **£000**	2012 £000
Service cost	**59**	52	**145**	121	**204**	173
Interest on defined benefit liabilities	**32**	40	**100**	105	**132**	145
Actuarial losses	**80**	105	**–**	–	**80**	105
Past service cost	**–**	–	**14**	15	**14**	15
Total expense	**171**	197	**259**	241	**430**	438

29. Pensions, other post-employment and other employment benefits (continued)

Other post-employment and other employment benefits (continued)

The actuarial gains and losses relating to the long service award are recorded in the income statement whilst those relating to the termination allowance are recorded in other comprehensive income The actuarial loss recognised for the current and prior year can be analysed as follows

	Long service award		Termination allowance		Total	
	2013 £000	2012 £000	**2013 £000**	2012 £000	**2013 £000**	2012 £000
Changes to demographic assumptions	**16**	–	**49**	8	**65**	8
Change to discount rate	**105**	113	**319**	342	**424**	455
Experience adjustments	**(41)**	(8)	**(72)**	(17)	**(113)**	(25)
Total actuarial gains and losses	**80**	105	**296**	333	**376**	438

The cumulative amount of actuarial gains and losses recognised since 1 August 2006 (date of acquisition of the liabilities) in the Consolidated statement of comprehensive income and expense is £831,000 (2012 £455,000)

Changes in the present value of the defined benefit obligation are given below

	Long service award		Termination allowance		Total	
	2013 £000	2012 £000	**2013 £000**	2012 £000	**2013 £000**	2012 £000
Opening defined benefit obligation	**1,021**	917	**2,608**	2,208	**3,629**	3,125
Service cost	**59**	52	**145**	121	**204**	173
Interest expense	**32**	40	**100**	105	**132**	145
Benefits paid	**(35)**	(35)	**(20)**	(6)	**(55)**	(41)
Actuarial losses	**80**	105	**296**	333	**376**	438
Transfer from accruals	**–**	–	**152**	–	**152**	–
Exchange rate movement	**17**	(58)	**59**	(153)	**76**	(211)
Closing defined benefit obligation	**1,174**	1 021	**3,340**	2 608	**4,514**	3 629

The valuation assumptions used to estimate the defined benefit obligation are

	2013 £000	2012 £000
Retirement age	**62 years**	62 years
Discount rate	**3 00%**	3 85%
Salary increases – administration	**2 91%**	2 86%
Salary increases – operators	**3 01%**	3 28%
Salary increases – engineers	**3 01%**	3 22%
Staff turnover rates – administration	**1 85%**	1 85%
Staff turnover rates – operators	**1 20%**	1 20%
Staff turnover rates – engineers	**2 50%**	2 50%

The actuarial valuation takes account of estimated mortality rates up to the date of retirement The mortality rates are based on the French mortality tables TGHF 2005 (2012 TF 2000-2002 women and TH 2000-2002 men) No account is taken of post-retirement mortality rates as there is no liability after the date of retirement

30. Related party disclosures

Compensation of key management personnel of the Group

Key management comprises the Board of Directors Further details of their remuneration can be found in the Directors' Remuneration Report

	2013 £000	2012 £000
Short term employee benefits (including social security)	**889**	1,408
Defined contribution pension costs	**40**	70
Share based payments	**241**	103
Total compensation paid to key management personnel	**1,170**	1,581

No Director had any material interest in any contract connected with the Group's business during the year or at the end of the year

31. Financial risk management objectives and policies

The Group's principal financial instruments, other than derivatives, comprise bank loans and cash The main purpose of these financial instruments is to raise finance for the Group's operations The Group has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations

The Group also enters into derivative transactions, principally interest rate swaps and forward currency contracts The purpose is to manage the interest rate and currency risks arising from the Group's operations and its sources of finance

It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk The Board reviews and agrees policies for managing each of these risks and they are summarised below The Group also monitors the market price risk arising from all financial instruments The magnitude of this risk that has arisen over the year is discussed in note 32 The Group's accounting policies in relation to derivatives are set out in note 2

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's debt obligations

Where term debt exists, it is the Group's policy to manage its interest cost using a mix of fixed and variable rate debt To manage this mix in a cost efficient manner, the Group will enter into interest rate swaps, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable interest amounts calculated by reference to an agreed upon notional principal amount and will draw down portions of its revolving credit facility for periods of up to six months At 31 March 2013 and 31 March 2012, the Group did not have any term debt and therefore there were no interest rate swaps in place

Based on the borrowings outstanding at the end of the year and assuming constant exchange rates, it is estimated that an increase of 1% in interest rates on the Group's borrowings would increase the annual interest payable by £0 2 million (2012 £0 3 million) A 1% increase in interest rates on bank deposits is estimated to increase finance income by less than £0 1 million (2012 less than £0 1 million)

Foreign currency risk

The Group has operations in the United States, Europe and Asia As a result the Group's balance sheet can be affected significantly by movements in the US dollar and Euro exchange rates The Group does not currently hedge this exposure, other than by using foreign currency borrowings, in part, to finance overseas investments

The Group also has transactional currency exposures Such exposure arises from sales by an operating unit in currencies other than the unit's functional currency Approximately 84% (2012 84%) of the Group's sales are outside of the UK and a significant proportion of these sales are not in Sterling and therefore subject to foreign exchange The Group also incurs operational costs in both US dollars and Euros The Group manages its transactional currency exposures centrally by using forward currency contracts to minimise the net currency exposures It is the Group's policy to enter into forward exchange contracts to cover specific foreign currency receipts and payments within the next 12 months on a reducing proportion basis

31. Financial risk management objectives and policies (continued)

Foreign currency risk (continued)

The following table demonstrates the Group's sensitivity to a reasonably possible strengthening in the US dollar and a weakening of the Euro exchange rates in relation to Sterling with all other variables held constant The obverse movements would be of the same magnitude The sensitivity analysis includes only outstanding foreign currency denominated monetary items at the balance sheet date The sensitivity excludes external loans as exchange gains and losses on retranslation are not reported within profit before taxation

	Change in US$/Euro rate	Effect on profit before tax £000
2013 – US$	**20% strengthening in US$**	**(2,611)**
2013 – Euro	**20% weakening in Euro**	**(107)**
2012 – US$	20% strengthening in US$	890
2012 – Euro	20% weakening in Euro	1,483

The decrease in profit before tax in respect of US dollar sensitivity of £2,611,000 (2012 £890,000 increase) includes a loss of £5,448,000 (2012 loss £3,584,000) in relation to the estimated effect on the valuation of forward foreign currency exchange contracts The estimated effect on the valuation of forward currency exchange contracts included within the loss in profit before tax in respect of Euro sensitivity is nil (2012 gain £144,000)

The effect of translating the net assets of foreign operations into Sterling is excluded from the sensitivity analysis The Group has no foreign currency exposure with regard to transactions accounted for directly within equity

The Group's net borrowings are subject to currency risk due to cash and bank borrowings held in foreign currencies The analysis of net borrowings by currency, including cash recorded within assets held for resale, is shown in the table below

		Year end exchange rate	2013 £000
Denominated in Euro	**€7,157,000**	**1 18**	**6,052**
Denominated in US dollar	**$(9,584,000)**	**1.51**	**(6,329)**
Denominated in Sterling	**£(9,796,000)**	**1 00**	**(9,796)**
Other currencies			**300**
			(9,773)

		Year end exchange rate	2012 £000
Denominated in Euro	€4,165,000	1 20	3,473
Denominated in US dollar	$(3,493,000)	1 60	(2,181)
Denominated in Sterling	£(31,555,000)	1 00	(31,555)
Other currencies			294
			(29,969)

Credit risk

The Group trades only with businesses it considers creditworthy third parties It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas

With respect to credit risk arising from financial assets of the Group, which comprise trade and other receivables and cash, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments There are no significant concentrations of credit risk within the Group

Credit risk to financial institutions is limited by restricting the range of counterparties to those with high credit ratings

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due Liquidity risk is managed by monitoring forecast and actual cash flows and ensuring that sufficient committed facilities are in place to cover possible downside scenarios

The Group currently maintains a balance between continuity of funding and flexibility through the use of the revolving credit facility which was signed during the prior year The Group's objective is to maintain a positive cash balance at a level adequate for daily operations with any funds in excess of this used to make repayments against the revolving facility agreement

31. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The table below summarises the maturity profile of the Group's non-derivative financial liabilities at 31 March 2013 and 2012 based on contractual undiscounted payments

	Carrying amount £000	Contractual cash flows £000	Within 1 year £000	1-2 years £000	2-3 years £000	3-4 years £000
31 March 2013						
Interest-bearing loans and borrowings (note 21)	**20,758**	**21,066**	–	–	**21,066**	–
Interest payable on loans and borrowings	**142**	**1,805**	**716**	**716**	**373**	–
Trade and other payables	**33,077**	**33,077**	**33,077**	–	–	–
Onerous project losses	**1,396**	**1,396**	**1,396**	–	–	–
	55,373	**57,344**	**35,189**	**716**	**21,439**	–
31 March 2012						
Interest-bearing loans and borrowings (note 21)	38,303	38,919	–	–	–	38,919
Interest payable on loans and borrowings	170	3 973	1,144	1,144	1,144	541
Trade and other payables	41,966	41,966	41,966	–	–	–
Onerous project losses	2,192	2,192	2 192	–	–	–
	82,631	87,050	45,302	1,144	1,144	39,460

The analysis of the year ended 31 March 2012, includes trade and other payables which are reported on the balance sheet as liabilities directly associated with assets classified as held for sale

The carrying value of interest-bearing loans and borrowings is after a deduction for unamortised debt issue costs of £308,000 (2012 £616,000) Interest payable on loans and borrowings is calculated on an undiscounted basis at borrowing rates applicable at the end of the year and only takes into account scheduled repayments on the term loan

The maturity analysis for derivative financial liabilities is detailed in note 22

Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern whilst maximising the return to stakeholders through the optimisation of the debt and equity balance The Group's capital comprises shareholders' funds as detailed in notes 25 and 26 and net borrowings as detailed above and in note 21 The Group manages its capital structure through maintaining close relationships with its bankers who provide the majority of funds used for operational requirements

During the financial year ending 31 March 2011 the Group purchased 2,400,000 shares in the Company These shares are being held as treasury shares and are seen as a hedge against those shares which may be required to be transferred to satisfy options under the LTIP scheme as they vest 70,452 of these treasury shares were released in the year to satisfy LTIP awards that vested

The Group is required to maintain covenant ratios in respect of leverage (defined as net borrowings to earnings before interest, tax, depreciation and amortisation) and interest cover (defined as net interest costs to earnings before interest, tax and amortisation) Breach of these covenants would constitute events of default under the facilities which might result in these payments becoming immediately repayable The Group has met its covenant ratios for the year ended 31 March 2013 and forecasts indicate that the current plan can be managed within the existing covenant levels

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements

The Company intends to continue its progressive dividend policy, with an interim dividend of 1 3p paid during the current year and a proposed final dividend of 2 8p

32. Financial instruments

Fair values

Set out below is a comparison by category of carrying amounts and fair values of the Group's financial instruments that are carried in the financial statements

	Carrying amount		Fair value	
	2013	2012	**2013**	2012
	£000	£000	**£000**	£000
Financial assets				
Loans and receivables				
Cash	**11,293**	8,950	**11,293**	8,950
Forward currency contracts	**40**	193	**40**	193
Financial liabilities				
Interest-bearing loans and borrowings				
Floating rate borrowings	**(20,758)**	(38,303)	**(21,066)**	(38,919)
Held for trading at fair value through profit or loss				
Forward currency contracts	**(304)**	(3)	**(304)**	(3)

The carrying value of interest-bearing loans and borrowings is after a deduction for debt issue costs of £308,000 (2012 £616,000)

Fair value hierarchy

In accordance with IFRS 7, "Financial Instruments Disclosures", the Group classifies fair value measurement using a fair value hierarchy that reflects the significance of inputs used in making measurements of fair value The fair value hierarchy has the following levels

Level 1 quoted prices (unadjusted) in active markets for identifiable assets or liabilities,

Level 2 inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i e prices) or indirectly (i e derived from prices), and

Level 3 inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The fair value of interest rate swap contracts and forward currency contracts are calculated by management based on external valuations received from the Group's bankers and are based on future interest yields and forward exchange rates, respectively The fair value measurement basis of the instruments is categorised within Level 2 The carrying amount of the other financial instruments of the Group, i e short term trade receivables, payables and provisions that are not included in the above table, is a reasonable approximation of fair value

Currency – forward exchange contracts

The Group holds several forward exchange contracts designated to reduce the transactional exchange risk of US dollar denominated sales to customers The terms of these contracts are as follows

Total currency value of contracts	**Currency**	**Average exchange rate**	**Maturing within 1 year £000**
31 March 2013			
US$33,000,000	**USD GBP**	**1 5344**	**21,506**
€nil	**EUR USD**	**–**	**–**
31 March 2012			
US$24 000 000	USD GBP	1 5766	15 222
€1,054,000	EUR USD	0 7527	879

Interest rate swaps

At 31 March 2013 and 31 March 2012, the Group did not have any term debt and therefore there were no interest rate swaps in place

Independent auditor's report to the members of e2v technologies plc

We have audited the consolidated financial statements of e2v technologies plc for the year ended 31 March 2013 which comprise the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated statement of financial position, the Consolidated statement of cash flows, the Consolidated statement of changes in equity and the related notes 1 to 32 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's 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 and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' statement of responsibilities set out in the Directors' Report, the Directors are responsible for the preparation of the consolidated financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the consolidated financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the consolidated financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the consolidated financial statements

- give a true and fair view of the state of the Group's affairs as at 31 March 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of Companies Act 2006 and Article 4 of the IAS Regulation

Opinion on other matters prescribed by the Companies Act 2006

In our opinion

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and
- the information given in the Corporate Governance Report with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following

Under the Companies Act 2006 we are required to report to you if, in our opinion

- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- a Corporate Governance Report has not been prepared by the Company

Under the Listing Rules we are required to review

- the Directors' statement in relation to going concern,
- the Corporate Governance Report relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review, and
- certain elements of the report to shareholders by the Board on Directors' remuneration

Other matter

We have reported separately on the parent company financial statements of e2v technologies plc for the year ended 31 March 2013 and on the information in Directors' Remuneration Report that is described as having been audited

Ernst & Young LLP

Robert Forsyth (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Cambridge
11 June 2013

Notes

1 The maintenance and integrity of the e2v website is the responsibility of the Directors, the work carried out by the auditor does not involve consideration of these matters and accordingly the auditor accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website

2 Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Company Financial Statement

Company balance sheet
As at 31 March 2013

	Notes	2013 £000	2012 £000
Fixed assets			
Investments	2	**115,956**	119,573
Current assets			
Debtors			
– due within one year	3	**20,964**	11,242
– due after one year	3	**24,236**	22,860
Cash at bank and in hand		**129**	19
		45,329	34,121
Creditors amounts falling due within one year	4	**(7,867)**	(2,536)
Net current assets		**37,462**	31,585
Total assets less current liabilities		**153,418**	151 158
Creditors amounts falling due after more than one year	5	**(20,339)**	(32,684)
NET ASSETS		**133,079**	118,474
Capital and reserves			
Called up share capital	7	**10,925**	10,747
Share premium	8	**42,913**	41 809
Merger reserve	8	**44,557**	44,557
Own shares reserve	8	**(2,118)**	(2,182)
Capital redemption reserve	8	**274**	274
Retained earnings	8	**36,528**	23,269
SHAREHOLDERS' FUNDS	9	**133,079**	118 474

These financial statements were approved by the Board of Directors and authorised for issue on 17 May 2013 They were signed on its behalf by

K Attwood
Chief Executive Officer

C Hindson
Group Finance Director

Notes to the financial statement
Year ended 31 March 2013

1. Accounting policies

Basis of preparation
The separate financial statements of e2v technologies plc (Company) are presented as required by the Companies Act 2006 (Act) and were approved for issue by the Board of Directors on 17 May 2013 They have been prepared on the historical cost basis, with the exception of financial instruments as described below, and in accordance with applicable United Kingdom Generally Accepted Accounting Practice (UK GAAP)

As permitted under section 408 of the Act the Company has elected not to present its own profit and loss account for the year The profit dealt with in the financial statements of the parent company is disclosed in note 8

The e2v technologies plc consolidated financial statements for the year ended 31 March 2013 contain a consolidated cash flow statement Consequently, the Company has taken advantage of the exemption from the requirement to prepare a cash flow statement under the terms of FRS 1 (revised), 'Cash Flow Statements'

The Company has taken advantage of the exemption in paragraph 2D of FRS 29, 'Financial Instruments Disclosures', and has not disclosed information required by the Standard as the consolidated financial statements, in which the Company is included, provide equivalent disclosures for the Group under IFRS 7, 'Financial Instruments Disclosures'

The Company has taken advantage of the exemption available under FRS 8, 'Related Party Disclosures', and not disclosed related party transactions with wholly owned subsidiary undertakings

The principal accounting policies adopted are set out below and have been applied consistently in the current and prior financial year

Going concern
The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future Thus they continue to adopt the going concern basis of accounting in preparing the financial statements Further detail is contained in the Directors' Report

Foreign currencies
The presentation and functional currency of the Company is Sterling Transactions denominated in foreign currencies are recorded at the rate of exchange ruling on the date of the transaction Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date Currency translation differences are recognised in the profit and loss account

Investments
Investments in subsidiaries are held at historical cost less provision for impairment The carrying values of investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

Taxation
Current tax is provided at amounts expected to be paid (or recovered) using the tax rate and laws that have been enacted or substantively enacted by the balance sheet date Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

Deferred tax is recognised in respect of the retained earnings of overseas subsidiaries only to the extent that, at the balance sheet date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in future has been entered into by the subsidiary

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Pensions
The Company contributes to personal pension arrangements for its employees The pension cost is the amount of contributions payable in the year Differences between contributions payable in the year and contributions paid are shown either as accruals or prepayments in the balance sheet

1. Accounting policies (continued)

Share based payments

Employees (including Directors) of the Company receive remuneration in the form of share based transactions, whereby employees render services in exchange for shares or rights over shares (equity settled transactions) The cost of equity settled transactions with employees is measured by reference to the fair value at the date at which they are granted The fair value is determined using a binomial or Black-Scholes model, as appropriate Further details are given in note 28 to the consolidated financial statements In valuing equity settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Company (market conditions)

The cost of equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (vesting date) The cumulative expense recognised for equity settled transactions at each reporting date reflects the extent to which the vesting period has expired and management's best estimate of the number of awards that will ultimately vest

The financial effect of awards by the Company of options over its equity shares to employees of subsidiary undertakings are recognised by the Company in its individual financial statements with the Company recording an increase in its investment in subsidiaries and a credit to equity

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied

Where the terms of an equity settled award are modified, as a minimum an expense is recognised as if the terms had not been modified In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification

Where an equity settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately If a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new shares are treated as if they were a modification of the original award

Dividend income

Dividend income from subsidiary undertakings is recognised at the point the dividend has been declared Dividends declared after the balance sheet date are not recognised in the profit and loss account

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or equity in accordance with the substance of the contractual arrangement

An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting its liabilities Equity instruments issued by the Group are recognised as the proceeds received, net of direct issue costs

A financial liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability

Bank borrowings

Interest-bearing bank loans are recorded at the proceeds received, net of direct issue costs After initial recognition, interest-bearing bank loans are subsequently measured at amortised cost using the effective interest method

Derivative financial instruments

The Company uses derivative financial instruments to reduce exposure to interest rate movements The Company does not hold or issue derivative financial instruments for speculative purposes Derivative financial instruments are recognised as assets and liabilities measured at their fair values at the balance sheet date Changes in the fair values have been recognised in the profit and loss account as they do not qualify for hedge accounting

Dividend distribution

Dividends to holders of equity instruments declared after the balance sheet date are not recognised as a liability as at the balance sheet date Final dividend distributions to the Company's shareholders are recognised in the financial statements in the period in which they are approved by the Company's shareholders Interim dividends are recognised when paid

Own shares

Shares in e2v technologies plc held by the Company or the Employee Benefit Trust (EBT) are stated at cost and are presented in the balance sheet as a deduction from equity

2. Investments

Equity interests in subsidiary undertakings	£000
Cost	
At 1 April 2012	**132,721**
Additions – share option awards to employees of subsidiary undertakings	**349**
Disposal	**(6,502)**
At 31 March 2013	**126,568**
Impairment	
At 1 April 2012	**13,148**
Impairment reversal on disposal/strike off	**(2,536)**
At 31 March 2013	**10,612**
Net book value	
At 31 March 2012	119,573
At 31 March 2013	**115,956**

On 16 May 2012, the Company sold its interest in e2v scientific instruments Ltd for net proceeds of £6,216,600 On 26 February 2013, its subsidiary undertaking e2v Biosensors Ltd was struck off

Interests in Group undertakings

As at 31 March 2013, the Company has investments in the following subsidiary undertakings that principally affect the profits or net assets of the Group Shares are held directly by the Company, except where noted below The Company has control over 100% of the ordinary share capital in respect of each of its subsidiary undertakings To avoid a statement of excessive length, details of investments which are not significant have been omitted

Name of undertaking	Country of incorporation	Principal activity
e2v technologies (UK) Limited	England & Wales	Electronic component manufacturer
e2v technologies GmbH(1)	Germany	Sales & distribution
e2v Limited	England & Wales	Sales & distribution
e2v technologies SAS	France	Holding company
e2v semiconductors SAS(2)	France	Electronic component manufacturer
e2v SAS(2)	France	Sales & distribution
e2v Holdings Inc	USA	Holding company
e2v Inc (3)	USA	Sales & distribution
e2v aerospace and defense Inc (3)	USA	Electronic component manufacturer
e2v technologies overseas (holdings) Limited	England & Wales	Holding company sales & distribution
e2v Asia Pacific Limited(4)	Hong Kong	Holding company, sales & distribution
e2v technologies Korea Limited(4)	Korea	Sales & distribution
e2v technologies (Beijing) Limited(5)	China	Electronic component manufacturer

(1) held through e2v technologies (UK) Limited
(2) held through e2v technologies SAS
(3) held through e2v Holdings Inc
(4) held through e2v technologies overseas (holdings) Limited, and
(5) held through e2v Asia Pacific Limited

3 Debtors

	2013 £000	2012 £000
Amounts due within one year		
Amounts receivable from subsidiary undertakings	**19,624**	11 015
Other debtors	**1,263**	157
Prepayments and accrued income	**77**	70
	20,964	11 242
Amounts due after more than one year		
Amounts receivable from subsidiary undertakings	**24,070**	22,758
Deferred tax asset (note 6)	**166**	102
	24,236	22,860
	45,200	34,102

4. Creditors: amounts falling due within one year

	2013 £000	2012 £000
Trade creditors	**162**	159
Amounts payable to subsidiary undertakings	**5,820**	59
Corporation tax	**29**	–
Other taxation and social security costs	**548**	379
Other creditors – pension contributions	**2**	4
Accruals and deferred income	**1,306**	1 935
	7,867	2,536

5. Creditors: amounts falling due after more than one year

	2013 £000	2012 £000
Amounts payable to subsidiary undertakings	**10,147**	–
Bank loans	**10,192**	32,684
	20,339	32 684

Details of banking facilities available and the maturity of the debt are provided in note 21 to the consolidated financial statements As at 31 March 2013 and at 31 March 2012, the bank loans were unsecured

6. Deferred tax asset

	£000
At 1 April 2012	**102**
Credited to profit and loss account	**64**
At 31 March 2013	**166**

Deferred tax is comprised as follows

	2013 £000	2012 £000
Other timing differences	**166**	102

The Company is part of a UK tax group and management has determined that based on the current forecast prepared the deferred tax assets are recoverable against future taxable profits of that group and a valuation allowance is not required

The UK government, with effect from 1 April 2012, reduced the main rate of UK Corporation tax from 25% to 24% In addition the Finance Bill 2012 was substantively enacted on 17 July 2012, which reduced the corporation tax rate to 23% with effect from 1 April 2013 The UK deferred tax balances as at 31 March 2013 have therefore been calculated based on the reduced corporation tax rate of 23%

The Budget on 20 March 2013 announced that the UK corporation tax rate will reduce by a further 2% from 23% to 21% from 1 April 2014 and to 20% from 1 April 2015 These changes had not been substantively enacted at the balance sheet date and consequently the effect of this is not included in these financial statements Management does not expect the enactment of these changes to have a material effect on the Company's deferred tax balances

7. Called up share capital

Ordinary shares issued and fully paid	No	£000
At 1 April 2012	214,946,456	10,747
Employee share option schemes – options exercised	3,550,003	178
At 31 March 2013	**218,496,459**	**10,925**

Details of movements in shares held by the Company and by the EBT are also given in note 25 to the consolidated financial statements

The information as disclosed in the Group's consolidated financial statements under IFRS 2, 'Share Based Payment', is comparable with the UK GAAP disclosure requirements under FRS 20, 'Share Based Payment', therefore please refer to note 28 to the consolidated financial statements for further information regarding the Company's equity settled share based payment arrangements The following Long Term Incentive Plan (LTIP) and Share Save Scheme (SAYE), number and weighted average exercise price (WAEP) relate to employees of the Company

LTIP	2013 No	2012 No
Outstanding at the beginning of the year	3,371,682	3 682,677
Exercised during the year	(70,452)	–
Granted during the year	927,794	204,620
Expired during the year	(626,793)	(515 615)
Outstanding at the end of the year	**3,602,231**	3 371,682
Exercisable at the end of the year	–	–

SAYE	2013 No	2013 WAEP (pence)	2012 No	2012 WAEP (pence)
Outstanding at the beginning of the year	145,887	47 12	115,887	36 02
Granted during the year	28,647	109 95	30,000	90 00
Forfeited during the year	(115,887)	36 02	–	–
Outstanding at the end of the year	**58,647**	**99 74**	145,887	47 12
Exercisable at the end of the year	–	n/a	–	n/a
Weighted average remaining contractual life (months)		33		18

8 Reserves

	Share premium £000	Merger reserve £000	Own shares reserve £000	Capital redemption reserve £000	Retained earnings £000	Total £000
At 1 April 2012	41,809	44,557	(2,182)	274	23,269	107,727
Profit for the year	–	–	–	–	21,288	21,288
Issue of shares	1,104	–	–	–	–	1,104
Loss on issue of treasury shares	–	–	64	–	(64)	–
Dividends paid	–	–	–	–	(8,729)	(8,729)
Share based payment	–	–	–	–	415	415
Share options issued to employees of subsidiary undertakings	–	–	–	–	349	349
At 31 March 2013	**42,913**	**44,557**	**(2,118)**	**274**	**36,528**	**122,154**

The Directors believe that the merger reserve is distributable The reserve for own shares arises in connection with the e2v technologies plc shares held by the Company and by the Company's EBT, a discretionary trust established to facilitate the operation of the Company's LTIP for senior management See note 25 to the consolidated financial statements for further details

9. Reconciliation of movements in shareholders' funds

	2013 £000	2012 £000
Profit for the year	**21,288**	7,594
Issue of shares	**1,282**	31
Dividends paid	**(8,729)**	(10,373)
Share based payment	**415**	201
Share options issued to employees of subsidiary undertakings	**349**	358
Net increase/(decrease) in shareholders funds	**14,605**	(2 189)
Opening shareholders' funds	**118,474**	120,663
Closing shareholders' funds	**133,079**	118,474

For details on dividends proposed since the year end refer to note 12 to the consolidated financial statements

10 Financial commitments

The Company has no contracts for future expenditure which have not been provided for (2012 £nil)

11 Contingent liabilities

The Company acts as a guarantor on the Group's borrowing facilities Loans of £10,566,000 (2012 £5,619,000) were drawn by subsidiary undertakings at the balance sheet date

12. Directors' remuneration

Details of Directors' remuneration, pension benefits and share option awards are included in the Directors' Remuneration Report

13. Auditor's remuneration

The auditor's remuneration for the audit of the Company is disclosed in note 7 to the consolidated financial statements Fees paid to the auditor for non-audit services to the Company are not required to be disclosed in the Company's financial statements because consolidated financial statements are prepared which disclose such fees on a consolidated basis

Independent auditor's report to the members of e2v technologies plc

We have audited the parent Company financial statements of e2v technologies plc for the year ended 31 March 2013 which comprise the parent Company balance sheet and the related notes 1 to 13 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practices)

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's 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 and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' statement of responsibilities set out in the Directors' Report, the Directors are responsible for the preparation of the parent Company financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the parent Company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the parent Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the parent Company financial statements

- give a true and fair view of the state of the Company's affairs as at 31 March 2013,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006

In our opinion

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006, and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the parent Company financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Other matter

We have reported separately on the consolidated financial statements of e2v technologies plc for the year ended 31 March 2013

Ernst & Young LLP

Robert Forsyth (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Cambridge
11 June 2013

Notes

1 The maintenance and integrity of the e2v website is the responsibility of the Directors, the work carried out by the auditor does not involve consideration of these matters and, accordingly, the auditor accepts no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website

2 Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Five Year Financial Review

	2013 £000	2012 £000	2011 £000	2010 £000	2009 £000
Revenue[1]					
RF power solutions	**81,896**	86,112	82,113	78 781	83,739
High performance imaging solutions	**64,511**	66,160	70,698	53 814	65,224
Hi rel semiconductor solutions	**50,438**	67,543	62,667	50,936	53,323
All other	**3,518**	14,800	13 101	17,716	30 907
Total revenue	**200,363**	234 615	228,579	201,247	233,193
Adjusted[2] operating profit	**32,217**	41,025	38 244	15,017	27 440
Amortisation of acquired intangible assets	**(2,561)**	(3 795)	(5,826)	(8,600)	(8,628)
Business improvement programme costs, net	**(788)**	1,008	(2,496)	(18 682)	(6,826)
Profit on sale of properties	**4,499**	208	–	3,739	–
Operating items associated with disposed non-core businesses	**393**	842	–	–	–
Disposal of non-core businesses	**2,320**	(1,650)	–	–	–
Fair value movements on foreign exchange contracts	**(449)**	(355)	1,341	2,489	(2,894)
Impairment of property, plant and equipment	**–**	433	–	–	(2,500)
Impairment of acquired intangible assets	**–**	–	–	–	(26,127)
Last time build inventory provision	**–**	(2 510)	(774)	–	–
Profit/(loss) before tax and net finance costs	**35,631**	35,206	30 489	(6,037)	(19 535)
Net finance costs	**(1,428)**	(3 163)	(4,657)	(3,683)	(8,870)
Profit/(loss) before tax	**34,203**	32,043	25,832	(9 720)	(28,405)
Income tax (expense)/credit	**(7,474)**	(8 503)	(6 340)	7,454	7 106
Profit/(loss) for the year attributable to equity holders of the parent company	**26,729**	23,540	19,492	(2 266)	(21,299)
Earnings per share					
Basic earnings/(loss) per share[3]	**12 53p**	11 12p	9 14p	(1 66)p	(21 75)p
Adjusted[4] basic earnings per share[3]	**11 07p**	13 37p	11 26p	6 67p	19 08p
Dividend per share					
Interim dividend proposed/paid	**1 30p**	1 30p	1 20p	nil	2 70p
Final dividend proposed	**2.80p**	2 80p	2 40p	nil	nil
Cash and debt					
Cash generated from operations	**28,873**	37,391	36,595	40,001	43,048
Net debt (net of debt issue costs)	**9,465**	29,674	26,696	41,660	136,199
Average employee numbers	**1,525**	1,520	1,481	1,666	1,714

(1) 2011 segment revenues have been updated to take account of the divisional restructure effective 1 April 2011 2010 segment revenues have been updated to take account of the divisional restructure effective 1 April 2010 No further revenue restatements have been included 'All other' segment revenue for 2011 through 2013 relates to non-core businesses disposed during 2013

(2) Adjusted operating profit is before specific items Adjusted operating profit for the year ended 31 March 2012 has been restated to take account of the treatment of operating items associated with the disposed non-core businesses as a specific item No further restatements have been included

(3) Earnings/loss per share numbers have been updated to take account of the rights issue during the year ended 31 March 2010

(4) Adjusted earnings is profit for the year before specific items, net of their associated tax effect.

General information

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Dr K Rajagopal
K Dangerfield

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C Parmenter

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Financial calendar

Ex-dividend date for final dividend
3 July 2013

Record date for final dividend
5 July 2013

Payment date for final dividend
2 August 2013

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