ZYTRONIC PLC
("Zytronic" or the "Company")

Interim Results for the six months ended 31 March 2009

Zytronic plc, a leading specialist manufacturer of touch sensors and optical filters for electronic displays, announces its interim results for the six months ended 31 March 2009.

Highlights

Financial

- Group turnover increased by 14% to £7.98m (2008: £6.99m)
- Pre-tax profit increased by 58% to £1.05m (2008: £0.67m)
- Gross margins improved by 2.3% to 33.4% (2008: 31.1%)
- Basic earnings per share increased 58% to 5.2p (2008: 3.3p)
- Proposed interim dividend increased to 1.2p (2008: 1.0p)

Operational

- Touch sensor products represent over 60% of Group sales with ZYPOS® driving growth in new business
- Total orders received increased by 19.2%, with touch sensors up 41%
- Currency benefits and improved production efficiencies in the new ZYPOS® facility contributed to margin improvement
- Global sales presence extended by three to 34 distributors

Commenting on the half year results, Chairman, John Kennair said:

"There are encouraging signs that growth in the sales of the Group's touch sensor products will continue, with a number of major new programmes in the Far East, Europe and North America, which have been under development for some two to three years, coming to fruition.

"These factors, combined with further efficiency improvements, give us continued confidence in the growth in both sales and profitability going forward."

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Notes to Editors

Zytronic is the developer and manufacturer of a unique range of internationally award-winning touch sensor products. These products employ an embedded sensing element and are based on projected capacitive technology ("PCT™"). PCT offers significant durability, environmental stability and optical enhancement benefits to system designers of integrated electronic displays.

Zytronic is also an industry leader in the development and manufacture of customised optical filters to enhance electronic display performance and an innovator in the production of specialised and transparent laminates for niche markets.

Operating from three modern factories near Newcastle-upon-Tyne in the United Kingdom, Zytronic assembles touch sensors, optical filters and other laminates, using special glass and plastic materials, in environmentally controlled clean rooms.

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Chairman's statement

Interim Results

I am pleased to report that the continuing strong growth in the sales of the Group's touch sensor products has led to a substantial improvement in performance for the six months to 31 March 2009 over the corresponding period last year, especially as this improvement is against a backdrop of unprecedented volatility in world markets for manufactured goods over the last six months.

Results

Sales grew by 14% to £7.98m (2008: £6.99m). Gross profit margin improved by 2.3% to 33.4% (2008: 31.1%) leading to an increase of 58% in Group pre-tax profit at £1.05m (2008: £0.67m). With an estimated tax rate of 28% (2008: 27%), earnings per share have grown by 58% to 5.2p per share (2008: 3.3p per share).

Exports accounted for 86% of the Group's total sales, of which some 50% are invoiced in currencies other than Sterling. These revenue flows, whilst offset to some degree by the purchase of materials in these currencies, have had a beneficial impact on profit as a result of exchange rate movements.

These currency benefits, combined with improved production efficiencies in the new ZYPOS facility, have contributed to the improvement of 2.3% in gross margin in the period under review.

Trading

Sales of the Group's touch sensor products now represent over 60% of the Group's total business. In particular, sales of ZYPOS at £1.87m (2008: £0.91m) have grown by more than 100%. It is this product that is driving the growth in new business, counteracting weaker demand in sales of the Group's non touch sensor products such as filters and RFI which have fallen by some £400,000 over the corresponding period last year. Total orders received increased by 19.2% over the corresponding period, with touch sensors up 41%.

The Group has continued its drive to extend its global sales presence and has appointed three new representatives and distributors during the period, in Japan, in the Pacific Northwest region of the USA and in Turkey. This now takes the total number of representatives and distributors to 34.

Capital investment

The new ZYPOS manufacturing facilities are producing substantial production efficiencies and this trend will continue as volumes increase. The primary investment in the acquisition of the property and the installation of clean rooms mean that, in the future, only relatively modest amounts of capital investment will be required to increase the production capacity in this facility. Following the completion of these investments, totalling slightly over £3m, the Group's gearing at 31 March 2009 was 4%.

Dividend

The Directors have declared an interim dividend of 1.2p per share (2008: 1.0p per share) payable on 26 June 2009 to shareholders on the Register on 12 June 2009.

Outlook

Whilst global economic conditions are the most challenging I have experienced in 38 years' involvement in manufacturing, it is the extent of volatility that makes predicting the future difficult.

There are, however, encouraging signs that growth in the sales of the Group's touch sensor products will continue, with a number of major new programmes in the Far East, Europe and North America, which have been under development for some two to three years, coming to fruition.

These factors, combined with further efficiency improvements, give the Directors continued confidence in the growth in both sales and profitability going forward.

John M Kennair MBE
Chairman
20 May 2009

Consolidated income statement

unaudited results at 31 March 2009

	Notes	Six months to 31 March 2009 Unaudited £'000	Six months to 31 March 2008 Unaudited £'000	Year to 30 September 2008 Audited £'000
Group revenue		**7,982**	6,993	14,717
Cost of sales		**5,313**	4,820	9,978
Gross profit		**2,669**	2,173	4,739
Distribution costs		**112**	101	217
Administration expenses		**1,478**	1,348	2,675
Group trading profit		**1,079**	724	1,847
Other operating income		**12**	12	27
Group operating profit from continuing operations		**1,091**	736	1,874
Finance costs		**(40)**	(75)	(146)
Finance revenue		**1**	5	12
Profit from continuing operations		**1,052**	666	1,740
Tax expense	3	**(281)**	(182)	(677)
Profit for the period from continuing operations		**771**	484	1,063
Earnings per share				
Earnings per share - basic	4	**5.2p**	3.3p	7.3p
Earnings per share - diluted	4	**5.2p**	3.3p	7.2p

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Consolidated statement of total recognised income and expense

unaudited results for the six months to 31 March 2009

	At 31 March 2009 Unaudited £'000	At 31 March 2008 Unaudited £'000	At 30 September 2008 Audited £'000
Income and expense recognised directly in equity			
Current tax recognised directly in equity	-	-	5
Deferred tax recognised directly in equity	(13)	13	(7)
Net income / (expense) recognised directly in equity	(13)	13	(2)
Profit for the period	771	484	1,063
Total recognised income and expense for the period	758	497	1,061

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Consolidated balance sheet

unaudited results for the six months to 31 March 2009

	At 31 March 2009 Unaudited £'000	At 31 March 2008 Unaudited £'000	At 30 September 2008 Audited £'000
Assets			
Non-current assets			
Intangible assets	**2,012**	2,106	2,058
Property, plant and equipment	**5,155**	5,334	5,315
Trade and other receivables	**210**	235	210
	7,377	7,675	7,583
Current assets			
Inventories	**2,538**	1,891	2,496
Trade and other receivables	**2,544**	2,937	3,039
Cash and short term deposits	**1,232**	563	1,260
	6,314	5,391	6,795
Total assets	**13,691**	13,066	14,378
Equity and liabilities			
Current liabilities			
Trade and other payables	**909**	1,339	1,480
Financial liabilities	**797**	843	1,182
Accruals and deferred income	**465**	503	533
Taxation liabilities	**623**	108	341
	2,794	2,793	3,536
Non-current liabilities			
Financial liabilities	**799**	1,293	1,088
Deferred tax liabilities (net)	**829**	542	817
Government grants	**49**	-	55
	1,677	1,835	1,960
Total liabilities	**4,471**	4,628	5,496
Net assets	**9,220**	8,438	8,882
Capital and reserves			
Equity share capital	**147**	147	147
Share premium	**6,479**	6,473	6,479
Revenue reserve	**2,594**	1,818	2,256
Total equity	**9,220**	8,438	8,882

Consolidated cashflow statement

unaudited results for the six months to 31 March 2009

	Notes	Six months to 31 March 2009 Unaudited £'000	Six months to 31 March 2008 Unaudited £'000	Year to 30 September 2008 Audited £'000
Operating activities				
Profit before tax		**1,052**	666	1,740
Net interest expense		**39**	70	134
Depreciation of property, plant and equipment		**338**	268	565
Amortisation of intangible assets		**122**	159	310
Amortisation of government grant		**(6)**	-	(5)
Share-based payments		**20**	14	34
Gain on sale of property, plant and equipment		**(1)**	-	-
Increase in inventories		**(42)**	(63)	(668)
Decrease/(increase) in trade and other receivables		**495**	(224)	(301)
(Decrease)/increase in trade and other payables		**(615)**	67	166
Cash generated from operations		**1,402**	957	1,975
Taxation repayment		-	13	13
Net cashflow from operating activities		**1,402**	970	1,988
Investing activities				
Interest received		**1**	5	12
Receipt of government grant		-	-	60
Sale of property, plant and equipment		**1**	-	-
Purchases of property, plant and equipment		**(199)**	(394)	(605)
Payments to acquire intangible assets		**(76)**	(143)	(246)
Net cashflow from investing activities		**(273)**	(532)	(779)
Financing activities				
Interest paid		**(43)**	(75)	(141)
Dividends paid to equity shareholders of the parent		**(440)**	(293)	(440)
Proceeds from share issues re options		-	-	6
New borrowings		-	139	438
Repayment of borrowings		**(51)**	(62)	(96)
Repayment of capital element of hire purchase contracts		**(238)**	(16)	(465)
Net cashflow from financing activities		**(772)**	(307)	(698)
Increase in cash and cash equivalents		**357**	131	511
Cash and cash equivalents at the beginning of the year		**651**	140	140
Cash and cash equivalents at the period end	6	**1,008**	271	651

Notes to the interim report

unaudited results for the six months to 31 March 2009

1. Basis of preparation

The financial information in these interim statements is prepared under the historical cost convention and in accordance with international accounting standards. It does not constitute statutory accounts as defined in Section 435 of the Companies Act 2006 and does not reflect all the information contained in the Group's annual report and financial statements.

The taxation charge is calculated by applying the Directors' best estimate of the annual tax rate to the profit for the period. Other expenses are accrued in accordance with the same principles used in the preparation of the annual accounts.

The interim results for the six months to 31 March 2009 are not reviewed by Ernst & Young LLP and accordingly no opinion has been given.

The interim financial statements have been prepared using the same accounting policies and methods of computation used to prepare the 2008 annual report.

The financial information for the six months to 31 March 2009 and the comparative financial information for the six months to 31 March 2008 has not been audited. The comparative financial information for the year ended 30 September 2008 has been extracted from the 2008 annual report and financial statements.

The annual financial statements for the year ended 30 September 2008, which were approved by the Board of Directors on 3 December 2008, received an unqualified audit report, did not contain a statement under section 237(2) or (3) of the Companies Act and have been filed with the Registrar of Companies.

The Group has one reportable business segment comprising the development and manufacture of customised optical filters to enhance electronic display performance. Products in this reportable business segment include touch sensors, filters and other laminated products. All revenue, profits or losses before tax and net assets are attributable to this reportable business segment.

2. Basis of consolidation

The Group results consolidate the accounts of Zytronic plc and all its subsidiary undertakings drawn up to 31 March 2009.

3. Tax charge on profit on ordinary activities

The estimated tax rate for the year of 28% has been applied to the half year's profit before tax, in accordance with the ASB's statement on interim reports.

4. Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the period. All activities are continuing operations and therefore there is no difference between EPS arising from total operations and EPS arising from continuing operations.

For the six months to 31 March 2009 and 2008:

	Earnings 31 March 2009 £'000	**Weighted average number of shares 31 March 2009 Thousands**	**Earnings per share 31 March 2009 Pence**	Earnings 31 March 2008 £'000	Weighted average number of shares 31 March 2008 Thousands	Earnings per share 31 March 2008 Pence
Profit on ordinary activities after taxation attributable to ordinary equity holders	**771**	**14,674**	**5.2**	484	14,662	3.3
Basic EPS	**771**	**14,674**	**5.2**	484	14,662	3.3

Notes to the interim report

unaudited results for the six months to 31 March 2009

4. Earnings per share continued

The weighted average number of shares for diluted EPS is calculated by including the weighted average number of shares under option:

	Earnings 31 March 2009 £'000	**Weighted average number of shares 31 March 2009 Thousands**	**Earnings per share 31 March 2009 Pence**	Earnings 31 March 2008 £'000	Weighted average number of shares 31 March 2008 Thousands	Earnings per share 31 March 2008 Pence
Profit on ordinary activities after taxation attributable to ordinary equity holders	**771**	**14,674**	**5.2**	484	14,662	3.3
Weighted average number of shares under option	-	**42**	-	-	124	-
Diluted EPS	**771**	**14,716**	**5.2**	484	14,786	3.3

For the year to 30 September 2008:

	Earnings 30 September 2008 £'000	Weighted average number of shares 30 September 2008 Thousands	Earnings per share 30 September 2008 Pence
Profit on ordinary activities after taxation attributable to ordinary equity holders	1,063	14,667	7.3
Basic EPS	1,063	14,667	7.3

The weighted average number of shares for diluted EPS is calculated by including the weighted average number of shares under option:

	Earnings 30 September 2008 £'000	Weighted average number of shares 30 September 2008 Thousands	Earnings per share 30 September 2008 Pence
Profit on ordinary activities after taxation attributable to ordinary equity holders	1,063	14,667	7.3
Weighted average number of shares under option	-	110	(0.1)
Diluted EPS	1,063	14,777	7.2

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Notes to the interim report

unaudited results for the six months to 31 March 2009

5. Dividends

The Directors propose the payment of an interim dividend of 1.2p per share (2008: 1.0p), payable on 26 June 2009 to shareholders on the Register on 12 June 2009. This dividend has not been accrued in these interim accounts. The dividend payment will be £176,000.

The dividends in the current and prior year are as follows:

	Six months to 31 March 2009 Unaudited £'000	Six months to 31 March 2008 Unaudited £'000	Year to 30 September 2008 Audited £'000
Ordinary dividends on equity shares			
Final dividend of 2.0p per ordinary share paid on 7 March 2008	**-**	293	293
Interim dividend of 1.0p per ordinary share paid on 27 June 2008	**-**	-	147
Final dividend of 3.0p per ordinary share paid on 9 March 2009	**440**	-	-
	440	293	440

6. Notes to the statement of consolidated cashflows

	Six months to 31 March 2009 Unaudited £'000	Six months to 31 March 2008 Unaudited £'000	Year to 30 September 2008 Audited £'000
Cash at bank and in hand	**1,232**	563	1,260
	1,232	563	1,260

Cash at bank earns interest at floating rates based on daily bank deposit rates.

The fair value of cash and cash equivalents is £1.0m (2008: £271,000).

For the purpose of the consolidated cashflow statement, cash and cash equivalents comprise the following:

	Six months to 31 March 2009 Unaudited £'000	Six months to 31 March 2008 Unaudited £'000	Year to 30 September 2008 Audited £'000
Cash at bank and in hand	**1,232**	563	1,260
Bank overdraft	**(224)**	(292)	(609)
	1,008	271	651

On 12 May 2009, the Group agreed amended borrowing facilities with Lloyds TSB Bank plc. The bank has made available overdraft facilities of £1.0m to Zytronic Displays Limited until 30 April 2010. The existing £2.0m three year revolving credit facility, due to expire on 30 June 2010, has been extended until 30 June 2012.