



Zytronic PLC - ZYT
Interim Results
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For Immediate Release

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Zytronic plc

("Zytronic" or the "Group")

Interim Results for the six months ended 31 March 2015

Zytronic plc, a leading specialist manufacturer of touch sensors, announces its consolidated interim results for the six months ended 31 March 2015.

Overview

- Revenue increased to £10.0m (2014: £8.8m)
- Touch revenues account for 80% of total (2014: 77%)
- Gross profit margin improved to 39.9% (2014: 33.9%)
- Profit before tax increased by 15% to £1.6m (2014: £1.4m)
- Earnings per share ("EPS") increased to 8.7p (2014: 7.7p)
- Interim dividend increased by 10% to 3.14p per share (2014 interim dividend: 2.85p)
- Net cash increased to £7.3m (30 September 2014: £6.3m)



Commenting on the results, Chairman, Tudor Davies said:

"We are continuing to benefit from an improvement in current trading and on this basis expect to make further progress for the remainder of this year."

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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 around projected capacitive technology ("PCT™") sensing. PCT offers significant durability, environmental stability and optical enhancement benefits to system designers of touch interactive, industrial, self-service and public access equipment.

During 2012, Zytronic developed new know-how to create mutual projected capacitive technology ("MPCT™") which enables multi-user and multi-touch touch sensing in ultra-large form factor sizes up to 84".

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



Chairman's statement

Introduction

We are pleased to announce that the period has seen an increase in demand for our proprietary touchscreen products and a continuing improvement in revenues, margins and profits for the half year ended 31 March 2015.

Results

Revenues increased by 13% to £10.0m (2014: £8.8m), operating profit increased by 15% to £1.6m (2014: £1.4m), profit before tax increased by 15% to £1.6m (2014: £1.4m) and after tax of 18% (2014: 18%) resulted in profit after tax of £1.3m (2014: £1.2m). Earnings per share increased by 13% to 8.7p (2014: 7.7p).

The production efficiencies, and recent capital expenditure projects from last year, together with the increased revenues, and focus on products with our proprietary technology such as the larger format and multi-touch sensors, combined to increase gross margins to 40% (2014: 34%). However, the improvement in gross margins was, in part, offset by an increase in administration overheads, of which £0.4m (2014: £0.1m gain) arose from adverse currency movements as the US dollar exchange rate reduced to \$1.5 from our hedged positions between \$1.6 and \$1.7.

We have continued to see increased market penetration and growth in our largest market sectors of financial (ATM machines) and vending, as well as exploit the potential for our newer multi-touch and larger format touchscreens in other niche markets which require rugged, toughened glass solutions. In particular, our showcase of the new touchscreens incorporated into table and gaming machines for the leisure markets at the most recent gaming expos in the USA and UK have resulted in considerable interest.

Cash Generation

The Group continued to generate cash with a net £2.1m being earned before the payment of £1.1m in respect of the final dividend for last year.

The Group's net cash position at 31 March 2015 was £7.3m (30 September 2014: £6.3m) after a liability of £1.4m in relation to a property mortgage.

Dividend

The Directors have declared a 10% increase to the dividend of 3.14p per share (2014: 2.85p) payable on 24 July 2015 to shareholders on the register on 10 July 2015.

Outlook

We are continuing to benefit from an improvement in current trading and on this basis expect to make further progress for the remainder of this year.

Tudor Davies B.Sc.
Chairman
19 May 2015



Consolidated statement of comprehensive income

Unaudited results for the six months to 31 March 2015

	Six months to 31 March 2015 Unaudited £'000	Six months to 31 March 2014 Unaudited £'000	Year to 30 September 2014 Audited £'000
	Notes		
Group revenue	10,004	8,828	18,886
Cost of sales	(6,015)	(5,839)	(11,979)
Gross profit	3,989	2,989	6,907
Distribution costs	(115)	(72)	(156)
Administration expenses	(2,246)	(1,500)	(3,488)
Group operating profit	1,628	1,417	3,263
Finance costs	(15)	(18)	(35)
Finance revenue	11	12	33
Profit before tax	1,624	1,411	3,261
Tax expense	(290)	(254)	(301)
Profit for the period	1,334	1,157	2,960
Earnings per share			
Basic	4	8.7p	7.7p
Diluted	4	8.6p	7.6p

All profits are from continuing operations

Consolidated statement of changes in equity

Unaudited results for the six months to 31 March 2015

	Called up share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
At 30 September 2014	152	7,290	10,611	18,053
Profit for the period	-	-	1,334	1,334
Exercise of share options	1	140	-	141
Share-based payments	-	-	88	88
Dividends	-	-	(1,093)	(1,093)
At 30 March 2015 (unaudited)	153	7,430	10,940	18,523



Consolidated balance sheet

Unaudited results at 31 March 2015

	Notes	At 31 March 2015 Unaudited £'000	At 31 March 2014 Unaudited £'000	At 30 September 2014 Audited £'000
Assets				
Non-current assets				
Intangible assets		1,415	1,455	1,413
Property, plant and equipment		7,677	7,616	7,443
		9,092	9,071	8,856
Current assets				
Inventories		3,085	3,342	3,126
Trade and other receivables		3,076	2,671	3,068
Other current financial assets		110	-	48
Cash and short term deposits		8,730	6,270	7,806
		15,001	12,283	14,048
Total assets		24,093	21,354	22,904
Liabilities				
Current liabilities				
Trade and other payables		1,656	1,325	1,057
Financial liabilities		200	200	200
Other current financial liabilities		519	-	224
Accruals		959	1,058	1,264
Taxation liabilities		232	241	30
		3,566	2,824	2,775
Non-current liabilities				
Financial liabilities		1,243	1,439	1,341
Provisions	5	102	-	139
Government grants		63	-	-
Deferred tax liabilities (net)		596	626	596
		2,004	2,065	2,076
Total liabilities		5,570	4,889	4,851
Net assets		18,523	16,465	18,053
Equity				
Equity share capital		153	151	152
Share premium		7,430	7,144	7,290
Revenue reserve		10,940	9,170	10,611
Total equity		18,523	16,465	18,053



Consolidated cashflow statement

Unaudited results for the six months to 31 March 2015

	Notes	Six months to 31 March 2015 Unaudited £'000	Six months to 31 March 2014 Unaudited £'000	Year to 30 September 2014 Audited £'000
Operating activities				
Profit from continuing operations		1,624	1,411	3,261
Net finance costs		4	6	2
Depreciation and impairment of property, plant and equipment		362	345	672
Amortisation and impairment of intangible assets		166	161	362
Loss on disposals of intangible assets		-	18	-
Share-based payments		88	23	93
Fair value movement on foreign exchange forward contracts		233	-	176
Working capital adjustments				
Decrease in inventories		41	167	383
Increase in trade and other receivables		(8)	(242)	(638)
Increase in trade and other payables and provisions		163	251	370
Cash generated from operations		2,673	2,140	4,681
Taxation paid		(89)	(206)	(497)
Net cashflow from operating activities		2,584	1,934	4,184
Investing activities				
Interest received		11	12	33
Proceeds from disposal of property, plant and equipment		-	-	36
Receipt of government grant		63	-	-
Payments to acquire property, plant and equipment		(499)	(35)	(263)
Payments to acquire intangible assets		(168)	(181)	(322)
Net cashflow from investing activities		(593)	(204)	(516)
Financing activities				
Interest paid		(15)	(18)	(35)
Dividends paid to equity shareholders of the parent		(1,093)	(958)	(1,390)
Proceeds from share issues re. options		141	142	289
Repayment of borrowings		(100)	(100)	(200)
Net cash outflow from financing activities		(1,067)	(934)	(1,336)
Increase in cash and cash equivalents		924	796	2,332
Cash and cash equivalents at the beginning of the period		7,806	5,474	5,474
Cash and cash equivalents at the period end	7	8,730	6,270	7,806



Notes to the interim report

Unaudited results for the six months to 31 March 2015

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 report and financial statements.

The interim results for the six months to 31 March 2015 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 2014 annual report and financial statements.

The financial information for the six months to 31 March 2015 and the comparative financial information for the six months to 31 March 2014 have not been audited. The comparative financial information for the year ended 30 September 2014 has been extracted from the 2014 annual report and financial statements.

The annual report and financial statements for the year ended 30 September 2014, which were approved by the Board of Directors on 8 December 2014, received an unqualified audit report, did not contain a statement under Section 498(2) or (3) of the Companies Act 2006 and have been filed with the Registrar of Companies.

The Group has one reportable business segment comprising the development and manufacture of customised optical products 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 2015.

3. Tax charge on profit on ordinary activities

The estimated tax rate for the year of 18% 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 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 2015 and 2014

	Earnings 31 March 2015 £'000	Weighted average number of shares 31 March 2015 Thousands	EPS 31 March 2015 Pence	Earnings 31 March 2014 £'000	Weighted average number of shares 31 March 2014 Thousands	EPS 31 March 2014 Pence
Profit on ordinary activities after taxation	1,334	15,221	8.7	1,157	15,112	7.7
Basic EPS	1,334	15,221	8.7	1,157	15,112	7.7



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

	Earnings 31 March 2015 £'000	Weighted average number of shares 31 March 2015 Thousands	EPS 31 March 2015 Pence	Earnings 31 March 2014 £'000	Weighted average number of shares 31 March 2014 Thousands	EPS 31 March 2014 Pence
Profit on ordinary activities after taxation	1,334	15,221	8.7	1,157	15,112	7.7
Weighted average number of shares under option	-	235	(0.1)	-	50	(0.1)
Diluted EPS	1,334	15,456	8.6	1,157	15,162	7.6

For the year to 30 September 2014

	Earnings 30 September 2014 £'000	Weighted average number of shares 30 September 2014 Thousands	EPS 30 September 2014 Pence
Profit on ordinary activities after taxation	2,960	15,098	19.6
Basic EPS	2,960	15,098	19.6

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

	Earnings 30 September 2014 £'000	Weighted average number of shares 30 September 2014 Thousands	EPS 30 September 2014 Pence
Profit on ordinary activities after taxation	2,960	15,098	19.6
Weighted average number of shares under option	-	95	(0.1)
Diluted EPS	2,960	15,193	19.5

5. Provisions

	Holiday pay £'000	Long term incentive £'000	Total £'000
At 1 October 2014	71	68	139
Arising during the year	-	34	34
Released during the year	(71)	-	(71)
At 31 March 2015	-	102	102
Non-current	-	102	102

Holiday pay

The holiday pay provision relates to the estimated exposure to additional costs in relation to the inclusion of overtime in holiday payments as a result of recent rulings on the interpretation of the EU Working Time Directive. The provision has since been released following the business decision to include overtime in holiday payments, which has therefore put any potential claim out of time.

Long term incentive

The provision for the long term incentive scheme relating to the Chief Executive, Group Finance Director and other management personnel is calculated based on future expectations that the bonus will be payable. Management has assessed the criteria that determines the payout and has taken a view that a proportion of the bonus should be provided for in the year ended 30 September 2014 and the half year ended 31 March 2015.



6. Dividends

The Directors propose the payment of an interim dividend of 3.14p per share (2014 interim dividend: 2.85p), payable on 24 July 2015 to shareholders on the register on 10 July 2015. This dividend has not been accrued in these interim accounts. The dividend payment will be approximately £479,000.

	Six months to 31 March 2015 Unaudited £'000	Six months to 31 March 2014 Unaudited £'000	Year to 30 September 2014 Audited £'000
Ordinary dividends on equity shares			
Final dividend of 6.35p per ordinary share paid on 14 March 2014	-	958	958
Interim dividend of 2.85p per ordinary share paid on 25 July 2014	-	432	432
Final dividend of 7.16p per ordinary share paid on 13 March 2015	1,093	-	-
	1,093	1,390	1,390

7. Cash and cash equivalents

	Six months to 31 March 2015 Unaudited £'000	Six months to 31 March 2014 Unaudited £'000	Year to 30 September 2014 Audited £'000
Cash at bank and in hand	8,730	6,270	7,806

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

	Six months to 31 March 2015 Unaudited £'000	Six months to 31 March 2014 Unaudited £'000	Year to 30 September 2014 Audited £'000
Cash at bank and in hand	7,588	4,922	6,950
Short term deposits	2,570	2,545	2,560
Bank overdraft	(1,428)	(1,197)	(1,704)
	8,730	6,270	7,806

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short term deposits are made for variable lengths, being overnight, three months or one year (with break conditions), depending on the immediate cash requirements of the Group, and earn interest at variable rates.

At 31 March 2015 the Group had available a net £1.0m (cash less overdrawn accounts) overdraft facility from Barclays Bank plc which will fall for review in January 2016.

The fair value of cash and cash equivalents is £8.7m (31 March 2014: £6.3m).

7. Availability of the Interim Report

A copy of the interim report is available on the Company's website www.zytronicplc.com and can be obtained from the Company's registered office: Whiteley Road, Blaydon-on-Tyne, Tyne & Wear, NE21 5NJ. Copies will be sent to shareholders shortly.

This information is provided by RNS

The company news service from the London Stock Exchange

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