For Immediate Release **7 December 2011**

Zytronic plc

Preliminary Results for the year ended 30 September 2011 (unaudited)

Zytronic plc, a leading specialist manufacturer of touch sensors, announces its preliminary results for the year ended 30 September 2011.

Highlights

- Group revenue increased by 11% to £20.5m (2010: £18.5m)
- Touch product sales increased by 38% to £14.2m (2010: £10.3m)
- Touch revenue now accounts for 70% of group revenue (2010: 56%)
- Profit before tax increased by 22% to £3.6m (2010: £2.9m)
- EPS increased by 23% to 18.3p (2010: 14.9p)
- Final dividend proposed of 5.6p (2010: 5.0p) – total for year increased by 10% to 7.7p (2010: 7.0p)
- Net cash generated from operations of £4.5m (2010: £3.8m);
- Group now ungeared (2010 gearing: 11%); positive cash balances less borrowings

Commenting on the results, Chairman, Tudor Davies said:

“We have been encouraged by the progress that we have made during the past financial year in our touch product sales, and are also pleased with levels of current trading, and the increasing market acceptance of our touch products that should enable further progress in creating shareholder value.”

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Notes to Editors

Zytronic is the developer and manufacturer of an 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.

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

I am pleased to report on the results for the year ended 30 September 2011, which show a continuation of the positive progress made over the last few years in line with our stated strategy to roll out the Group's unique projected capacitive touch sensor products on a worldwide basis.

Results

Revenues have increased by 11% to £20.5m (2010: £18.5m); operating profits increased by 21% to £3.7m (2010: £3.0m); profit before taxation increased by 22% to £3.6m (2010: £2.9m); and after taxation of 24%, resulted in profits after taxation of £2.7m (2010: £2.2m) and an increase in earnings per share of 23% to 18.3p (2010: 14.8p).

Strategy

The continuing growth and improvement in profitability is a result of pursuing a strategy of concentrating on the further development of worldwide markets for our touch sensor products and diversifying away from our traditional lower growth standard laminate products. Touch Sensor products account for 70% of revenues this year.

Touch Sensors

Revenues from our touch sensor products have risen 39% to £14.3m (2010: £10.2m) reflecting the growth in applications for our products across a number of market sectors and across several geographic regions.

Our products continue to be principally suitable for applications involving more rugged environments including outdoor applications such as ATM's, Self Service and Vending, Automation and Ticketing.

More importantly, our products are being adopted increasingly for use in the emerging high public usage applications of self-service and vending, gaming and entertainment, digital signage, industrial automation and home automation, where our more durable touch solution has added environmental performance benefits over those used in the wider consumer electronic markets.

Cash Generation

The Group continues to generate significant cash from operations and has generated £4.5m (2010: £3.8m) before an investment of £0.8m in plant and machinery and research and development; and after debt service costs of £0.5m, taxation of £0.8m, the overall cash position improved by £2.4m, from which a dividend of £1.0m was paid.

The position as at 30 September 2011 was cash and short term deposits of £4.5m and a current net financial asset position of £2.2m. The Group also has Non-Current financial liabilities represented by two mortgages secured on the Group's freehold properties and payable over the next 8 years, of £1.7m.

Dividend

The Board proposes a final dividend of 5.6p (2010:5.0p) which, together with the interim dividend of 2.2p (2010: 2.0p), will result in a full year dividend of 7.7p (2010: 7.0p) being an increase of 10%.

Outlook

We have been encouraged by the progress that we have made during the past financial year in our touch product sales, and are also pleased with levels of current trading, and the increasing market acceptance of our touch products that should enable further progress in creating shareholder value.

Tudor Davies B.Sc.
Chairman

2011 Business Review

The following review provides information on the sales, profitability, research and development and operational activities of the business during fiscal year 2011.

Strategy for Sales' Growth
Our strategy for continued sales' growth in our touch products is underpinned by the strength of our global sales channel network of representatives and value added resellers. As part of this process, we have continued our work with UK Trade & Investment (UKTI) to evaluate new export markets and opportunities during the year. We have commissioned further Overseas Market Introduction Service (OMIS) reports for several regions within China and for Thailand during 2011 to identify "partners" and made visits to those countries.

In October 2010, we further increased our direct sales team by recruiting a regional sales manager for the Asia Pacific (APAC) region. As well as driving sales in our existing territories, he is also challenged with growing the sales channel network in countries where we are presently not represented, including Thailand, Vietnam and Indonesia.

The Group has global sales channel agreements covering 39 countries and this spread of agreements and countries contributes increasingly to our significant level of export sales of 92%.

Orders taken in the year
Orders placed during the fiscal year were £21.5m, showing an 8% net increase against the comparative period last year (2010: £19.9m).

However, this overall net increase does not adequately demonstrate the underlying performance of touch sales as management continues its drive to exploit its PCT™ touch technology into appropriate application areas globally. The level of orders for touch products has increased substantially by 41% to £15.8m from £11.2m.

Conversely, orders placed for non-touch products have reduced, as expected, and as anticipated during the 2010 preliminary results and re-affirmed in the 2011 interims. The total order intake for these products reduced by 34% to £5.7m (2010: £8.7m), reverting to a more normal historical level for such products.

2011 Performance
The key influencing factors on the reported 2011 performance include:

<u>Touch products</u>

- Touch product export sales achieved a record high of 94% (2010: 93%), the split being 17% into the APAC region, 33% into the Americas and 44% into the combined region of Europe, Middle East and Africa (EMEA).

- Total touch units sold increased by around 65% to 121k units. This has been driven by a substantial 123% increase in units sold through our global network of value added resellers, which accounted for 52% of all of the units sold (2010: 39%).

- The application markets, other than our long-standing ATM markets, in which the volume of units sold gained further momentum during 2011, were in Self-Service & Vending, Home Automation and Industrial Automation.

    1. Self-Service & Vending was influenced by an increase in deployments for fuel dispensing terminals in the Benelux region and home finance bill payment terminals in the former CIS territories, as well as an increasing level of unit sales to The Coca-Cola Company® for its Freestyle™ drinks fountain.

    2. Home Automation sales were significantly driven by the January 2011 launch of the Bosch und Siemens Hausgeräte GmbH (BSH) new induction cooktop under its premium Gaggenau brand.

3. Sales to customers in our Industrial Automation markets exhibited increases in several ruggedised and durable kiosk and control system applications.

- We also experienced a 20% increase in the volume of touch products sold for ATM applications, against the 25,000 units produced in 2010. We have seen substantial increases for these touch products into North America of 70% and Europe of 47% driven by the increasing deployments of a new breed of more sophisticated transactional ATM which meets customers' increased functionality requirements. However in Asia we observed a 36% reduction, as our global ATM customers face increasing competition in that region from the well-established local suppliers.

- Gaming is showing a relatively level performance to that of 2010, as there has been little movement in the unregulated fixed odds betting terminal applications (FOBT's), although continuing strides are being made by us in the regulated casino based gaming arena, especially in North America.

Non-touch products

- Continued customer-led cost reduction drives, within our ATM markets for the non-touch optical display filters, resulted in us implementing further design simplifications, to enable us to continue to manufacture these products profitably while meeting the customers' needs. Looking forward, we expect that over time this product line, which is in a more competitive and much lower margin sector than our touch screen products, will become an increasingly small part of the overall business. This is a natural consequence of the successful development of Zytronic's touch-focussed strategy.

Financial Review

a) Revenue growth was consistent throughout the year with an 11% increase in revenue during H1 (£9.1m compared to £8.2m in 2010 H1), followed by an increase of 10% in H2 (£11.4m compared to £10.3m in 2010 H2). Total revenue growth for the full year was 11% to £20.5m (2010: £18.5m).

b) Touch product growth was 38% (£14.2m compared to £10.2m). However the total touch growth masked a more significant uplift in H2. Touch product revenue increased 29% in H1 (£6.0m compared to £4.6m in 2010 H1), followed by a much more substantial increase of 47% in H2 (£8.3m compared to £5.6m in 2010 H2). Touch product revenue accounted for 70% of total Group revenue in 2011, compared with 56% in the prior year.

c) Profit before tax also increased more strongly in H2, fuelled by the increasing mix towards touch product sales. There was a 19% increase in H1, at £1.3m (2010 H1: £1.1m), but H2 increased more significantly by 25% to £2.3m (2010 H2: £1.8m). The total increase for the full year was 22% to £3.6m (2009: £2.9m).

d) Our gross profit margin recovered much of the ground lost in FY2010, increasing to 33.7% (FY2010: 31.9%, FY2009: 34.0%). Much of the recovery is due to the absence of the features which affected FY2010's margin and, in particular, to the increasing proportion of touch products within total revenues.

e) Earnings per share increased significantly by 23% from 14.8p to 18.3p. The increase arises from both the increase of 22% in the profit before tax of the Group, as outlined above, and also from the benefit of a reduction in the effective taxation rate for the year. With the reduction of the standard rate of corporation of tax from 28% to 26% from 1 April 2011, and the further reduction to 25% from 1 April 2012, the corporation tax charge and deferred tax charges are both lower than in the prior year and the effective tax rate for the year is 24% (25%).

f) In 2006 and 2007 the Group borrowed £2.3m to fund the purchase of the freehold of our ZYPOS manufacturing facility and the fitting out and equipping of it, together with £2.2m for the purchase in 2009 for £3.4m of the freeholds of our two leased factories, resulting in gearing reaching a peak at an unaudited maximum of 41% in June 2009. Since then, with strengthening cash generation and regular repayments of the debt, we are delighted to see net cash balances once again exceed outstanding debt, so that gearing has now reduced below zero (to -4.0%). Net cashflow from operating activities has increased again, from £3.2m to £3.7m. Net cash balances at 30 September 2011 were £2.6m and the remaining balances on the two 10 year mortgages (of which 4 and 8 years remain) have reduced to £2.1m.

Foreign exchange
With increasing levels of exports, and the switch by one of our larger customers from trading in Sterling to being invoiced in Euros, our exposure to foreign currencies increased in FY2011. We continue to rely on natural hedging as our main method of minimising FX risk, but we used forward exchange contracts in the last quarter to assist. Looking ahead to FY2012, we have already taken out monthly forward exchange contracts for both US dollars and Euros, which we consider will protect a large proportion of the budgeted FX income not used to pay for purchases of raw materials in those currencies.

Production
Production management was strengthened in January 2011 with the recruitment of a Production Manager specifically for touch sensor products, to work under the former group Production Manager who was promoted to Production Director. The incumbent Production Director has taken on a new role as Operations Director.

Management has continued to make significant strides in operational efficiencies during FY2011, especially as the volume of the manufacturing output of our touch products continued to increase significantly quarter by quarter during the year. The weekly paid productive headcount was increased from an average of 146 persons during quarter 1 to 160 persons during quarter 4 to cope with the increasing sales levels.

The electronic, industrial, material and mechanical engineers within the Development Team in our production department have continued to evaluate new process improvements and alternative material solutions throughout the year, as a means of offering and meeting internal and customer-specific cost reduction programmes and to continue generating efficiency improvements.

As the volume of touch products continues to increase and the mix of sensor type and size changes, we added additional production equipment during FY2011 to further improve the manufacturing flow and efficiencies. Two new automatic laminating machines were brought into service, a large 65” panel sized laminator in December 2010 to accommodate the increasing ultra large format products, and a second, more efficient but smaller, 32” panel sized laminator in January 2011. These were the two most significant items of capital expenditure on plant and machinery during the year, together costing £295,000 from a total spend of £534,000.

As part of our annual impairment review, we also considered our future manufacturing needs given the increasing move towards our ZYPOS style manufacturing processes. This year, we decided that it was appropriate to impair the carrying value of specific equipment by £131,000. The major item was a Klopper hot roller laminating machine, against which the impairment was £74,000. It is used much less and we are trying to find a buyer for it. We have also written down, to nil value, a TEC conveyor system (£37,000) and our two oldest autoclaves (of four) (£16,000).

In October 2011, following our reviews on future space requirements, we began a refurbishment and expansion programme of the original 1990’s clean room facilities in the main factory. This will provide a doubling of the productive cleanroom floor area in that facility for touch product manufacture. It is anticipated that this increased facility will be operational by January 2012.

Protecting our environment
For many years, we have recycled wood and glass waste from our manufacturing processes. As pressure increases on business to become ever more environmentally aware, we have extended our approach to environmental matters where practical, seeking to recycle more items and become more energy efficient.

To formalise our approach we are currently applying for the British Standard on environmental matters and expect to achieve the standard, ISO14001:2004, during 2012.

Management & Information Systems
We continue to invest in the underlying computer systems of Zytronic for the better management of our complex manufacturing processes and the continued improvement of management information. To underline the importance of this continuing development, in March 2011 we promoted our Management Accounts Controller to the newly created position of Director of Management Information & Systems. We also recruited a further IT technician to join our IT team.

Promoting our R&D efforts
During 2011, the R&D Team has continued to drive forward the underlying technology behind Zytronic's touch products, to satisfy both customer expectations and service requirements. We capitalised some £224,000 of R&D spend and expensed £308,000 to the consolidated income statement.

In August 2011 we strengthened the R&D Team with the recruitment of a Software Engineer, to further develop the software support for our range of touch products, and a Mechanical Engineer, to foster better customer interaction with regards to product integration. A new Electronic Engineer is also due to join us soon.

Work has continued on further refinements of the Zytronic bespoke firmware provided in the ARM® core processor and the ASIC (Application Specific Integrated Circuit) chip solution which were launched in mid-2010. Several programmes have moved into production where a chipset solution has been favoured by the customer and is used as an alternative to our standard controller board.

The development of the operating system touch driver software, which was initiated at the beginning of the fiscal year, is now nearing completion. A Zytronic developed source code for Win CE platforms has been tested and approved, whilst a more universal open source Linux platform driver is now nearing sign off. Further development work is presently being undertaken in preparation for the release of the forthcoming Windows 8 operating system. We capitalised some £102,000 on this project during the year, and expect to capitalise a further £90,000 in FY2012, to complete the project.

And, in the second half of the fiscal year, the R&D Team initiated a new project to develop and evaluate new multi-touch interactive projected capacitive solutions for large to ultra-large format sized systems. Although, very much still at an early stage of development, the team has successfully used multiple wire electrode arrays to provide simultaneous 10 touch point activations.

In June 2011, at the Society of Information Display Expo in Los Angeles, we introduced our new transparent metallic oxide thin-film touch solution as an alternative to our standard wire-based products. This solution had been specifically developed for small sized, very large volume applications and is being actively evaluated by several potential customers.

Work is also continuing to evaluate other possible sensing media, such as printable silver or copper nano-particulates, as a further alternative to our standard wire-based electrodes.

Our clear focus on R&D developments, the continuing growth of our touch sensor sales across an expanding number of geographic regions and applications, and the current healthy inflow of orders, provides a good platform for continuing growth for Zytronic in FY2012.

Finally, on behalf of the Group's management, we would like to take this opportunity to thank all employees for their contribution to the successful outcome of this fiscal year.

Mark Cambridge	Denis Mullan
Chief Executive Officer	Finance Director

Consolidated income statement
For the year ended 30 September 2011

	Notes	Unaudited 2011 £'000	2010 £'000
Group revenue		**20,488**	18,483
Cost of sales		**13,574**	12,589
Gross profit		**6,914**	5,894
Distribution costs		**239**	231
Administration expenses		**3,194**	2,738
Group trading profit		**3,481**	2,925
Other operating income		**187**	112
Group operating profit from continuing operations		**3,668**	3,037
Finance costs		**112**	126
Finance revenue		**1**	13
Profit from continuing operations		**3,557**	2,924
Tax expense	3	**865**	736
Profit for the year from continuing operations		**2,692**	2,188
Earnings per share			
Basic	5	**18.3p**	14.9p
Diluted	5	**18.1p**	14.8p

Consolidated statement of comprehensive income
For the year ended 30 September 2011

There are no recognised gains or losses other than the profit attributable to shareholders of the Company as presented in the consolidated income statement above.

Consolidated statement of changes in equity

For the year ended 30 September 2011

	Called up share capital* £'000	Share premium** £'000	Retained earnings £'000	Total £'000
At 30 September 2009	147	6,479	3,372	9,998
Profit for the year	-	-	2,188	2,188
Tax recognised directly in equity	-	-	5	5
Exercise of share options	-	40	-	40
Refund of VAT on flotation expenses previously disallowed	-	31	-	31
Share-based payments	-	-	42	42
Dividends	-	-	(852)	(852)
At 30 September 2010	147	6,550	4,755	11,452
Profit for the year	-	-	2,692	2,692
Tax recognised directly in equity	-	-	7	7
Exercise of share options	-	38	-	38
Share-based payments	-	-	(38)	(38)
Dividends	-	-	(1,044)	(1,044)
At 30 September 2011	**147**	**6,588**	**6,372**	**13,107**

* Share capital represents proceeds on issue of the Company's equity share capital.

** Share premium comprises the excess in proceeds on issue of the Company's equity share capital above the nominal value of the shares issued.

Consolidated balance sheet

At 30 September 2011

	Unaudited 2011 £'000	2010 £'000
Assets		
Non-current assets		
Intangible assets	**1,811**	1,869
Property, plant and equipment	**8,113**	8,387
Trade and other receivables	**296**	198
	10,220	10,454
Current assets		
Inventories	**2,754**	2,588
Trade and other receivables	**4,021**	3,466
Cash and short term deposits	**4,513**	1,505
	11,288	7,559
Total assets	**21,508**	18,013
Equity and liabilities		
Current liabilities		
Trade and other payables	**1,778**	1,582
Financial liabilities	**2,266**	669
Accruals	**1,118**	600
Taxation liabilities	**502**	357
Government grants	**192**	192
	5,856	3,400
Non-current liabilities		
Financial liabilities	**1,722**	2,045
Deferred tax liabilities (net)	**726**	827
Government grants	**97**	289
	2,545	3,161
Total liabilities	**8,401**	6,561
Net assets	**13,107**	11,452
Capital and reserves		
Equity share capital	**147**	147
Share premium	**6,588**	6,550
Revenue reserve	**6,372**	4,755
Total equity	**13,107**	11,452

Consolidated cashflow statement

For the year ended 30 September 2011

	Unaudited 2011 £'000	2010 £'000
Operating activities		
Profit from continuing operations	**3,557**	2,924
Net finance costs	**111**	113
Depreciation and impairment of property, plant and equipment	**802**	654
Amortisation and impairment of intangible assets	**355**	333
Amortisation of government grant	**(192)**	(102)
Share-based payments	**(38)**	42
Working capital adjustments		
Increase in inventories	**(166)**	(85)
Increase in trade and other receivables	**(647)**	(356)
Increase in trade and other payables	**697**	279
Cash generated from operations	**4,479**	3,802
Taxation paid	**(821)**	(655)
Net cashflow from operating activities	**3,658**	3,147
Investing activities		
Interest received	**1**	13
Proceeds from disposal of property, plant and equipment	**11**	-
Receipt of government grant	**-**	540
Purchases of property, plant and equipment	**(525)**	(640)
Payments to acquire intangible assets	**(297)**	(228)
Net cashflow from investing activities	**(810)**	(315)
Financing activities		
Interest paid	**(110)**	(128)
Dividends paid to equity shareholders of the parent	**(1,044)**	(852)
Proceeds from share issues re. options	**38**	40
Refund of VAT on flotation expenses previously disallowed	**-**	31
Repayment of borrowings	**(323)**	(342)
Repayment of capital element of hire purchase contracts	**(45)**	(476)
Net cashflow from financing activities	**(1,484)**	(1,727)
Increase in cash and cash equivalents	**1,364**	1,105
Cash and cash equivalents at the beginning of the year	**1,214**	109
Cash and cash equivalents at the year end	**2,578**	1,214

Notes to the consolidated financial statement

1. Statement of compliance
The Group results have been prepared in accordance with IFRS as adopted for use in the European Union and as applied in accordance with the provisions of the Companies Act 2006.

2. Basis of consolidation and goodwill
The Group results comprise the financial statements of Zytronic plc and its subsidiaries as at 30 September each year. They are presented in Sterling and all values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

3. Taxation

	Unaudited 30 September 2011 £'000	30 September 2010 £'000
Current tax		
UK corporation tax	**941**	728
Corporation tax under/(over)-provided in prior years	**18**	(4)
Total current tax charge	**959**	724
Deferred tax		
Effect of change in tax rates	**(56)**	(20)
Origination and reversal of temporary differences	**(38)**	32
Total deferred tax charge	**(94)**	12
Tax charge in the income statement	**865**	736

Tax relating to items charged or credited to equity

	Unaudited 30 September 2011 £'000	30 September 2010 £'000
Deferred tax		
Tax on share-based payment	**7**	5
Total deferred tax charge	**7**	5
Tax charge in the statement of comprehensive income	**7**	5

Reconciliation of the total tax charge
The effective tax rate of the tax expense in the income statement for the year is 24% (2010: 25%) compared with the average rate of corporation tax in the UK of 27% (2010: 28%). The differences are reconciled below:

	Unaudited 30 September 2011 £'000	30 September 2010 £'000
Accounting profit before tax	**3,557**	2,924
Accounting profit multiplied by the UK average rate of corporation tax of 27% (2010: 28%)	**960**	819
Effects of:		
Expenses not deductible for tax purposes	**(8)**	4
"Gain" on exercise of share options allowable for taxation purposes but not reflected in the income statement	**(29)**	(22)
Depreciation in respect of non-qualifying items	**49**	51
Enhanced tax reliefs	**(93)**	(93)
Difference in tax rates	**4**	(11)
Tax under provided in prior years	**(18)**	(12)
Total tax expense reported in the income statement	**865**	736

Notes to the consolidated financial statement

3. Taxation continued

Factors that may affect future tax charges

Under current tax legislation, some of the amortisation of licences will continue to be non-deductible for tax purposes.

Under HMRC's R&D tax credit scheme, the Group will receive an uplift of 75% on qualifying R&D expenditure for tax purposes incurred in the six months ended 31 March 2011 and 100% on expenditure incurred from 1 April 2011. Until the financial year 2006, where R&D expenditure has been capitalised, the benefit of this uplift is only recognised as the asset is amortised. The unrecognised element, relating to the year ended 30 September 2005 and prior, at 30 September 2011 was £50,000 (2010: £100,000). Following changes to HMRC's rules which took effect for financial year 2006, the uplift on expenditure which has been capitalised in any year is recognised in that year.

The "gain" on the exercise of share options, being the difference between the grant/exercise price and the market value at the time of exercise, is allowable as a taxable deduction from profits although it is not reflected within the income statement. These gains will arise in future years but their timing and amount is uncertain.

There are no tax losses carried forward at 30 September 2011 (2010: £Nil).

Following announcements in the 2011 Budget on 23 March 2011, it was proposed that the full rate of corporation tax be reduced for four years from 1 April 2011, ultimately bringing the corporation tax rate down to 23%. A reduction from 28% to 27% was substantively enacted on 20 July 2010 and was intended to take effect from 1 April 2011, however the 2011 Budget announced instead that this would be reduced to 26% and this was enacted on 19 July 2011. A further reduction to 25%, taking effect from 1 April 2012, was also enacted on 19 July 2011. The enacted reduction at the balance sheet date to 25% has been applied to the deferred tax assets and liabilities arising at the balance sheet date. The effect of the rate change to 23%, if it had been enacted at the balance sheet date, would have reduced the deferred tax liability by £38,000.

The Finance Act 2011 also confirmed previously announced proposed changes to capital allowances. The rate of writing down allowances on the main pool will reduce from 20% to 18% with effect from 1 April 2012.

4. Dividends

The Directors propose the payment of a final dividend of 5.6p per share (2010: 5.0p), payable on Friday 24 February 2012 to shareholders on the Register of Members on Friday 10 February 2012. This dividend has not been accrued in these financial statements. The dividend payment will amount to some £825,000.

	Unaudited 30 September 2011 £'000	30 September 2010 £'000
Ordinary dividends on equity shares		
Final dividend of 3.8p per ordinary share paid on 26 February 2010	**-**	558
Interim dividend of 2.0p per ordinary share paid on 25 June 2010	**-**	294
Final dividend of 5.0p per ordinary share paid on 25 February 2011	**735**	-
Interim dividend of 2.1p per ordinary share paid on 29 July 2011	**309**	-
	1,044	852

5. 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 year. All activities are continuing operations and therefore there is no difference between EPS arising from total operations and EPS arising from continuing operations.

	Unaudited Earnings 30 September 2011 £'000	**Weighted average number of shares 30 September 2011 Thousands**	**Unaudited EPS 30 September 2011 Pence**	Earnings 30 September 2010 £'000	Weighted average number of shares 30 September 2010 Thousands	EPS 30 September 2010 Pence
Profit on ordinary activities after taxation	**2,692**	**14,718**	**18.3**	2,188	14,696	14.9
Basic EPS	**2,692**	**14,718**	**18.3**	2,188	14,696	14.9

Notes to the consolidated financial statement

5. 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.

	Unaudited Earnings 30 September 2011 £'000	**Weighted average number of shares 30 September 2011 Thousands**	**Unaudited EPS 30 September 2011 Pence**	Earnings 30 September 2010 £'000	Weighted average number of shares 30 September 2010 Thousands	EPS 30 September 2010 Pence
Profit on ordinary activities after taxation attributable to ordinary equity holders	**2,692**	**14,718**	**18.3**	2,188	14,696	14.9
Weighted average number of shares under option	**-**	**124**	**(0.2)**	—	111	(0.1)
Diluted EPS	**2,692**	**14,842**	**18.1**	2,188	14,807	14.8

6. Report and accounts

The Board approved the preliminary release for the year ended 30 September 2011 on Tuesday 6 December 2011. The above unaudited results do not represent statutory accounts. The audit report is yet to be signed. The audited accounts will be mailed to shareholders shortly, will be available from the registered office at Whiteley Road, Blaydon on Tyne, Tyne & Wear, NE21 5NJ and will be put onto the Group's website www.zytronic.co.uk.

The results for the year ended 30 September 2010 have been extracted from the 2010 accounts of Zytronic plc. The 2010 accounts, which have been filed with the Registrar of Companies, received an unqualified audit report and did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

7. AGM date

It is intended that the AGM will take place at the Company's offices at Whiteley Road, Blaydon on Tyne, Tyne & Wear, NE21 5NJ on Tuesday 21 February 2012 at 2.00pm. Notice of the AGM will be sent to shareholders with the financial statements.