



## Regulatory Story

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**Company** [Zytronic PLC](#)  
**TIDM** ZYT  
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**13 May 2014**

### Zytronic plc

("Zytronic" or the "Group")

#### Interim Results for the six months ended 31 March 2014

Zytronic plc, a leading specialist manufacturer of touch sensors, announces its consolidated interim results for the six months ended 31 March 2014.

#### Overview

- Revenue increased to £8.8m (H1 FY2013: £8.5m)
- Touch revenues account for 77% of total (H1 FY2013: 74%)
- Gross profit margin improved to 33.9% (H1 FY2013: 26.0%)
- Profit before tax increased by 87% to £1.4m (H1 FY2013: £0.8m)
- Earnings per share ("EPS") increased to 7.7p (H1 FY2013: 4.1p)
- Interim dividend increased by 3.6% to 2.85p per share (2013 interim dividend: 2.75p)
- Net cash increased to £4.6m (H1 FY2013: £2.8m)

Commenting on the results, Chairman, Tudor Davies said:

"We have a good pipeline of future prospects from both existing and new customers and with current trading continuing at the recently improved levels, we expect to make further progress."

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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 a considerable increase in the interim results for the half year ended 31 March 2014, led by an improved mix of touch product orders and a significant improvement in margins.

### RESULTS

Operating profit increased by 83% to £1.4m (2013: £0.8m) on revenues of £8.8m (2013: £8.5m). Profit before taxation increased by 87% to £1.4m (2013: £0.8m) and after taxation of 18% (2013: 20%) resulted in profit after taxation of £1.2m (2013: £0.6m). Earnings per share increased by 88% to 7.7p (2013: 4.1p).

The increase in profits principally arose from a significant improvement in gross margin to 34% (2013: 26%) driven by increased touch revenues of 9% to £6.8m (2013: £6.3m), a better mix of larger format touch products and production efficiencies.

The touch sensor business benefited from a redesign in the ATM market, increased orders from ticket machine manufacturing in EMEA and large format sized gaming applications in the USA. Our newer ultra-large format multi-touch technology solution for signage and interactive table applications also made encouraging progress.

### CASH GENERATION

The Group generated a net £1.8m of cash before the payment of £1.0m in respect of the final dividend for last year.

The Group's net current cash position at 31 March 2014 was £6.1m (30 September 2013: £5.3m) before a non-current liability of £1.4m in relation to a property mortgage.

### DIVIDEND

The Directors have declared a dividend of 2.85p per share (2013: 2.75p) payable on 25 July 2014 to shareholders on the Register on 11 July 2014.

### OUTLOOK

We have a good pipeline of future prospects from both existing and new customers and with current trading continuing at the recently improved levels, we expect to make further progress.

**Tudor Davies B.Sc.**  
**Chairman**  
**13 May 2014**



## Consolidated statement of comprehensive income

Unaudited results for the six months to 31 March 2014

	Notes	Six months to 31 March 2014 Unaudited £'000	Six months to 31 March 2013 Unaudited £'000	Year to 30 September 2013 Audited £'000
<b>Group revenue</b>		<b>8,828</b>	8,504	17,282
Cost of sales		<b>5,839</b>	6,295	11,961
Exceptional costs		-	-	413
<b>Gross profit</b>		<b>2,989</b>	2,209	4,908
Distribution costs		<b>72</b>	90	210
Administration expenses		<b>1,500</b>	1,437	2,858
<b>Group trading profit</b>		<b>1,417</b>	682	1,840
Other operating income		-	93	94
<b>Group operating profit from continuing operations</b>		<b>1,417</b>	775	1,934
Finance costs		<b>18</b>	28	39
Finance revenue		<b>12</b>	8	44
<b>Profit from continuing operations</b>		<b>1,411</b>	755	1,939
Tax expense	3	<b>254</b>	151	277
<b>Profit for the period from continuing operations</b>		<b>1,157</b>	604	1,662
<b>Earnings per share</b>				
Basic	4	<b>7.7p</b>	4.1p	11.1p
Diluted	4	<b>7.6p</b>	4.0p	11.0p
<b>Adjusted earnings per share excluding exceptional costs</b>				
Basic	4	<b>7.7p</b>	4.1p	13.9p
Diluted	4	<b>7.6p</b>	4.0p	13.8p

## Consolidated statement of changes in equity

Unaudited results for the six months to 31 March 2014

	Called up share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
<b>At 30 September 2013</b>	150	7,003	8,948	16,101
Profit for the period	-	-	1,157	1,157
Exercise of share options	1	141	-	142
Share-based payments	-	-	23	23
Dividends	-	-	(958)	(958)
<b>At 30 March 2014 (unaudited)</b>	<b>151</b>	<b>7,144</b>	<b>9,170</b>	<b>16,465</b>



## Consolidated balance sheet

Unaudited results at 31 March 2014

	At 31 March 2014 Unaudited £'000	At 31 March 2013 Unaudited £'000	At 30 September 2013 Audited £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	1,455	1,528	1,453
Property, plant and equipment	7,616	8,074	7,888
Trade and other receivables	-	413	-
	<b>9,071</b>	<b>10,015</b>	<b>9,341</b>
<b>Current assets</b>			
Inventories	3,342	2,542	3,509
Trade and other receivables	2,671	2,968	2,430
Cash and short term deposits	6,270	4,618	5,474
	<b>12,283</b>	<b>10,128</b>	<b>11,413</b>
<b>Total assets</b>	<b>21,354</b>	<b>20,143</b>	<b>20,754</b>
<b>Equity and liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	1,325	1,186	1,410
Financial liabilities	200	200	200
Accruals	1,058	895	688
Taxation liabilities	241	259	192
Government grants	-	1	-
	<b>2,824</b>	<b>2,541</b>	<b>2,490</b>
<b>Non-current liabilities</b>			
Financial liabilities	1,439	1,637	1,538
Deferred tax liabilities (net)	626	602	625
	<b>2,065</b>	<b>2,239</b>	<b>2,163</b>
<b>Total liabilities</b>	<b>4,889</b>	<b>4,780</b>	<b>4,653</b>
<b>Net assets</b>	<b>16,465</b>	<b>15,363</b>	<b>16,101</b>
<b>Capital and reserves</b>			
Equity share capital	151	149	150
Share premium	7,144	6,899	7,003
Revenue reserve	9,170	8,315	8,948
<b>Total equity</b>	<b>16,465</b>	<b>15,363</b>	<b>16,101</b>



## Consolidated cashflow statement

Unaudited results for the six months to 31 March 2014

	Notes	Six months to 31 March 2014 Unaudited £'000	Six months to 31 March 2013 Unaudited £'000	Year to 30 September 2013 Audited £'000
<b>Operating activities</b>				
Profit from continuing operations		1,411	755	1,939
Net finance costs		6	20	(5)
Depreciation and impairment of property, plant and equipment		345	350	695
Amortisation and impairment of intangible assets		161	165	380
Loss/(profit) on disposals of intangible assets		18	12	(37)
Amortisation of government grant		-	(96)	(97)
Share-based payments		23	22	80
<b>Working capital adjustments</b>				
Decrease/(increase) in inventories		167	899	(68)
(Increase)/decrease in trade and other receivables		(242)	122	1,073
Increase/(decrease) in trade and other payables		251	(145)	(86)
Cash generated from operations		2,140	2,104	3,874
Taxation paid		(206)	(368)	(607)
<b>Net cashflow from operating activities</b>		<b>1,934</b>	<b>1,736</b>	<b>3,267</b>
<b>Investing activities</b>				
Interest received		12	8	44
Proceeds from disposal of intangible assets		-	-	49
Payments to acquire property, plant and equipment		(35)	(293)	(492)
Payments to acquire intangible assets		(181)	(81)	(220)
<b>Net cashflow from investing activities</b>		<b>(204)</b>	<b>(366)</b>	<b>(619)</b>
<b>Financing activities</b>				
Interest paid		(18)	(28)	(39)
Dividends paid to equity shareholders of the parent		(958)	(880)	(1,294)
Proceeds from share issue re options		142	37	142
Repayment of borrowings		(100)	(98)	(200)
<b>Net cash outflow from financing activities</b>		<b>(934)</b>	<b>(969)</b>	<b>(1,391)</b>
<b>Increase in cash and cash equivalents</b>		<b>796</b>	<b>401</b>	<b>1,257</b>
Cash and cash equivalents at the beginning of the period		5,474	4,217	4,217
<b>Cash and cash equivalents at the period end</b>	6	<b>6,270</b>	<b>4,618</b>	<b>5,474</b>



## Notes to the interim report

Unaudited results for the six months to 31 March 2014

### 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 2014 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 2013 annual report and financial statements.

The financial information for the six months to 31 March 2014 and the comparative financial information for the six months to 31 March 2013 have not been audited. The comparative financial information for the year ended 30 September 2013 has been extracted from the 2013 annual report and financial statements.

The annual report and financial statements for the year ended 30 September 2013, which were approved by the Board of Directors on 20 December 2013, 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 2014.

### 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 2014 and 2013*

	Earnings 31 March 2014 £'000	Weighted average number of shares 31 March 2014 Thousands	EPS 31 March 2014 Pence	Earnings 31 March 2013 £'000	Weighted average number of shares 31 March 2013 Thousands	EPS 31 March 2013 Pence
Profit on ordinary activities after taxation	1,157	15,112	7.7	604	14,917	4.1
Basic EPS	1,157	15,112	7.7	604	14,917	4.1
Adjusted EPS	1,157	15,112	7.7	604	14,917	4.1



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

	Earnings 31 March 2014 £'000	Weighted average number of shares 31 March 2014 Thousands	EPS 31 March 2014 Pence	Earnings 31 March 2013 £'000	Weighted average number of shares 31 March 2013 Thousands	EPS 31 March 2013 Pence
Profit on ordinary activities after taxation	1,157	15,112	7.7	604	14,917	4.1
Weighted average number of shares under option	-	50	(0.1)	-	275	(0.1)
Diluted EPS	1,157	15,162	7.6	604	15,192	4.0
Adjusted diluted EPS	1,157	15,162	7.6	604	15,192	4.0

#### For the year to 30 September 2013

	Earnings 30 September 2013 £'000	Weighted average number of shares 30 September 2013 Thousands	EPS 30 September 2013 Pence
Profit on ordinary activities after taxation	1,662	14,943	11.1
Basic EPS	1,662	14,943	11.1
Adjusted EPS	2,075	14,943	13.9

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

	Earnings 30 September 2013 £'000	Weighted average number of shares 30 September 2013 Thousands	EPS 30 September 2013 Pence
Profit on ordinary activities after taxation	1,662	14,943	11.1
Weighted average number of shares under option	-	120	(0.1)
Diluted EPS	1,662	15,063	11.0
Adjusted diluted EPS	2,075	15,063	13.8

#### 5. Dividends

The Directors propose the payment of an interim dividend of 2.85p per share (2013 interim: 2.75p), payable on 25 July 2014 to shareholders on the Register on 11 July 2014. This dividend has not been accrued in these interim accounts. The dividend payment will be about £430,000.

	Six months to 31 March 2014 Unaudited £'000	Six months to 31 March 2013 Unaudited £'000	Year to 30 September 2013 Audited £'000
<b>Ordinary dividends on equity shares</b>			
Final dividend of 5.90p per ordinary share paid on 15 March 2013	-	880	880
Interim dividend of 2.75p per ordinary share paid on 26 July 2013	-	-	414
Final dividend of 6.35p per ordinary share paid on 14 March 2014	958	-	-
	958	880	1,294

#### 6. Cash and cash equivalents

	Six months to 31 March 2014 Unaudited £'000	Six months to 31 March 2013 Unaudited £'000	Year to 30 September 2013 Audited £'000
Cash at bank and in hand	6,270	4,618	5,474



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

	<b>Six months to 31 March 2014 Unaudited £'000</b>	Six months to 31 March 2013 Unaudited £'000	Year to 30 September 2013 Audited £'000
Cash at bank and in hand	<b>4,922</b>	2,580	3,716
Short term deposits	<b>2,545</b>	3,402	2,534
Bank overdraft	<b>(1,197)</b>	(1,364)	(776)
	<b>6,270</b>	4,618	5,474

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 2014 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 2015.

The fair value of cash and cash equivalents is £6.3m (31 March 2013: £4.6m).

#### **7. Availability of the Interim Report**

A copy of the interim report is available on the Company's website [www.zytronicplc.com](http://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.

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