

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or about what action to take, you are recommended to seek your own independent professional advice immediately from your stockbroker, solicitor, accountant or other appropriate independent financial adviser duly authorised under FSMA if you are resident in the United Kingdom, or, if not, from another appropriately authorised independent financial adviser in the relevant jurisdiction.

Application will be made to the London Stock Exchange for the Ordinary Shares (including the Placing Shares) to be admitted to trading on AIM. It is expected that admission of the Ordinary Shares will become effective and dealings in the Ordinary Shares will commence on AIM on or around 16 November 2015.

The Company and the Directors, whose names and functions appear on page 4 of this document, accept responsibility, individually and collectively, for the information contained in this document including individual and collective responsibility for compliance with the AIM Rules. To the best of the knowledge and belief of the Directors (having taken all reasonable care to ensure that such is the case) the information contained in this document, for which they are responsible, is in accordance with the facts and does not omit anything likely to affect the import of such information.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority.

A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.

Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers.

The London Stock Exchange has not itself examined or approved the contents of this document.

This document does not constitute an offer to purchase, acquire or subscribe for, or the solicitation of an offer to purchase, acquire or subscribe for, Placing Shares or an invitation to purchase, acquire or subscribe for the Placing Shares.

FILTRONIC PLC

(a public limited company incorporated in England and Wales with registered number 2891064)

Appendix to the Schedule One Announcement

Further Information relating to Filtronic plc in connection with

its proposed Admission to trading on AIM

PANMURE GORDON

Nominated Adviser and Broker

This document has been prepared in accordance with the requirements of Schedule One (including the supplement for quoted applicants) of the AIM Rules that for a quoted applicant all information that is equivalent to that required for an admission document which is not currently public shall be made public. Information which is public includes, without limitation, all regulatory announcements made by the Company to the London Stock Exchange (available at www.londonstockexchange.com), all information available in respect of the Company on the FCA's National Storage Mechanism (available at www.morningstar.co.uk/uk/NSM) including the information contained in the Company's prospectus dated 28 October 2010, all information available on the Company's website (www.filtronic.com) and the contents of this document (together comprising the "Company's Public Record").

The Placing Shares described in this document have not been, and will not be, registered under the Securities Act or under the securities laws of any state of the United States. The Placing Shares are being offered outside of the United States pursuant to Regulation S of the Securities Act and may not be offered, sold, resold, transferred or delivered, directly or indirectly, within the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. There will be no public offer of the Placing Shares in the United States. The Placing Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Placing Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

In addition, offers, sales or transfers of the Placing Shares in or into the United States for a period of time following completion of the Placing by a person (whether or not participating in the Placing) may violate the registration requirement of the Securities Act.

Furthermore, the Placing Shares have not been and will not be registered under the applicable laws of any of Australia, Canada, the Republic of South Africa or Japan and, consequently, may not be offered or sold to any national, resident or citizen thereof.

The distribution of this document in or into jurisdictions other than the United Kingdom may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about, and observe, such restrictions. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction. Subject to certain exceptions, this document is not for release publication or distribution, directly or indirectly, in or into the United States, Australia, Canada, the Republic of South Africa, Japan or any jurisdiction where to do so might constitute a violation of local securities laws or regulations.

Panmure Gordon ("Panmure Gordon") is authorised and regulated by the Financial Conduct Authority and is acting exclusively for the Company and no-one else in connection with the Admission and the Placing and is not, and will not be, responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to the Admission, the Placing or the contents of this document or any other matter referred to herein. Nothing in this paragraph shall serve to exclude or limit any responsibilities which Panmure Gordon may have under FSMA or the regulatory regime established thereunder.

No person has been authorised to give any information or make any representation other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been so authorised. The delivery of this document shall not, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information in it is correct as of any subsequent time.

TABLE OF CONTENTS

DIRECTORS, COMPANY SECRETARY AND ADVISERS	2
INFORMATION RELATING TO FILTRONIC PLC	3
DEFINITIONS.....	15

DIRECTORS, COMPANY SECRETARY AND ADVISERS

Directors	Howard Ford, <i>Non-executive Chairman</i> Edwin Graham ("Graham") Meek, <i>Senior Non-executive Director</i> Robert ("Rob") St John Smith, <i>Chief Executive Officer and Chief Financial Officer</i> Reginald ("Reg") Lawrence Gott, <i>Non-executive Director</i> Michael Roy David Roller, <i>Non-executive Director</i>
Company Secretary	Maura Eilis Moynihan
Address of registered office and business address	Filtronic House 3 Airport West Lancaster Way Yeadon West Yorkshire LS19 7ZA
Financial Adviser, Broker and Proposed Nominated Adviser	Panmure Gordon (UK) Limited One New Change London EC4M 9AF
Legal advisers to the Company	Pinsent Masons LLP 30 Crown Place London EC2A 4ES
Auditors	KPMG LLP 1 The Embankment Neville Street Leeds LS1 4DW
Registrars	Capita Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

INFORMATION RELATING TO FILTRONIC PLC

1. Responsibility

1.1 The Company and the Directors, whose names and functions appear on page 4 of this document, accept responsibility, individually and collectively, for the information contained in this document including individual and collective responsibility for compliance with the AIM Rules. To the best of the knowledge and belief of the Directors (having taken all reasonable care to ensure that such is the case) the information contained in this document, for which they are responsible, is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Share Capital of the Company

2.1 The Company does not have an authorised share capital and does not place any limit on the number of shares which the Company may issue.

2.2 The Company will complete the Capital Reorganisation immediately prior to Admission. Pursuant to the Capital Reorganisation each Existing Ordinary Share of 10 pence each in the capital of the Company will be sub-divided and reclassified into one New Ordinary Share of 0.1 pence each and one Deferred Share of 9.9 pence each. The Deferred Shares have negligible rights and are designed to be worthless, so as not to affect the market value of the Ordinary Shares. The Deferred Shares can be repurchased in their entirety by the Company for the aggregate sum of 1 pence.

2.3 The issued share capital of the Company¹: (i) as at the date of this document; and (ii) as it is expected to be immediately following Admission is as set out below:

	<i>Number of Ordinary Shares</i>	<i>Amount</i>
At the date of this document	106,876,986	£10,687,698.60
On Admission (immediately following the Capital Reorganisation)	106,876,986	£106,876.98 ²

2.4 The Company's issued share capital as at 1 June 2014 comprised 97,160,986 Ordinary Shares and as at 31 May 2015 comprised 106,876,986 Ordinary Shares.

2.5 All issued Ordinary Shares are fully paid.

2.6 There are no shares in the Company which are held by, or on behalf of, the Company and the Company's subsidiaries do not hold any shares in the Company.

2.7 Save as disclosed in the Company's Public Record, no person has any rights to purchase the unissued share capital of the Company.

2.8 The Company has not used more than 10 per cent. of the Company's issued share capital for the purchase of assets other than cash during the period 1 June 2012 to 31 May 2015.

2.9 As at 16 October 2015, there were outstanding options over a total of 1,888,371 Ordinary Shares representing approximately 1.8% per cent. of the issued share capital of the Company as at such date. Details of the Company's employee share option schemes, are included in the Company's Public Record.

¹ Excluding the Deferred Shares.

² Following the reduction in nominal value of the Ordinary Shares pursuant to the Capital Reorganisation.

2.10 The Company's major shareholders, as disclosed in the Schedule One announcement to which this document is appended, do not have different voting rights.

3. **Information on the Directors**

3.1 As at the date of this document and immediately following Admission, the interests (including related financial products as defined in the AIM Rules) of the Directors (including persons connected with the Directors within the meaning of section 252 of the Act and any member of the Director's family (as defined in the AIM Rules)) in the issued share capital of the Company are as follows:

<i>Name of Director</i>	<i>Number of Ordinary Shares held at the date of this document</i>	<i>Percentage of issued Ordinary Share capital at the date of this document</i>	<i>Number of Ordinary Shares to be held immediately following Admission</i>	<i>Percentage of issued Ordinary Share capital immediately following Admission</i>
Howard Ford	120,000	0.1%	120,000	0.1%
Edwin Graham Meek	114,722	0.1%	114,722	0.1%
Robert St John Smith	57,656	0.1%	57,656	0.1%
Reginald Lawrence Gott	154,429	0.1%	154,429	0.1%
Michael Roy David Roller	28,833	0.0%	28,833	0.0%
Total	475,640	0.4%	475,640	0.4%

3.2 As at the date of this document Robert St John Smith holds options (exercisable during the period 14 August 2017 to 13 August 2024 and with an option exercise price of 25.75 pence) over 175,000 Ordinary Shares. No other Director holds any options.

3.3 Save as stated above or as otherwise disclosed in the Company's Public Record:

3.3.1 none of the Directors (nor any person connected with any of them within the meaning of section 252 of the Act) has any interest, whether beneficial or non-beneficial, in the share or loan capital in the Group or in any related financial product (as defined in the AIM Rules) referenced to the Ordinary Shares;

3.3.2 there are no outstanding loans granted or guarantees provided by any member of the Group to or for the benefit of the Directors or provided by any Director to any member of the Group;

3.3.3 none of the Directors has any interest, direct or indirect, in any assets which have been or are proposed to be acquired or disposed of by, or leased to, any member of the Group;

3.3.4 none of the Directors has any option or warrant to subscribe for any shares in the Company; and

3.3.5 none of the Directors has any interest, direct or indirect, in any contract or arrangement which is or was unusual in its nature or conditions or significant to the business of the Group taken as a whole, which were effected by any member of the Group

and which remains in any respect outstanding or unperformed.

3.4 In addition to their directorships in the Group, the Directors hold, or have during the five years preceding the date of this document held, the following directorships or partnerships:

<i>Director (age)</i>	<i>Current Directorships/Partnerships</i>	<i>Past Directorships/Partnerships</i>
Howard Ford (65)	Bellenford Limited Cambridge Nanotherm Limited Displaydata Limited Light Blue Optics Limited Pyreos Limited Servista Limited ZBD Displays Limited	Cambridge Semiconductors Limited The Branshaw Foundation Limited Variopric S.A.
Edwin Graham Meek (68)	British Cardiovascular Society Capital Gearing Trust P.L.C. KCH Commercial Services Limited King's College Hospital NHS Foundation Trust Trumper Hill Limited	King's Health Partners Limited
Robert St John Smith (51)	Towervista Limited	Advanced Power Components Limited APC Technology Group plc Financial Management & Direction Limited Hero Electronics Limited Minimise Controls Limited Minimise Energy Solutions Limited Minimise Finance Limited Minimise Group Limited Minimise Solutions Limited Step By Step Partnership Limited

Reginald Lawrence Gott (58)	Real Time Consultants International Limited	Nuairé Limited
	Real-Time Consultants Limited	Nu-Oval Acquisitions 1 Limited
	Resource Aviation Services Asia Limited	Nu-Oval Acquisitions 2 Limited
	Resource Consulting GmbH	Nu-Oval Acquisitions 3 Limited
	Resource Consulting Spain ETT SL	Nuhold Limited
	Resource Group Limited	Oval (1888) Limited
	Symbiotics Limited	
Michael Roy David Roller (50)	Bioquell Asia Pacific Pte Limited	Astec Environmental Systems Limited
	Bioquell Global Logistics Ireland Limited	Corin Australia Pty Limited
	Bioquell Hong Kong Limited	Corin Group plc
	Bioquell plc	Corin Holdings Limited
	Bioquell Technology Shenzhen Limited	Corin International Limited
	Bioquell UK Limited	Corin Japan KK
	Bioxyquell Limited	Corin Limited
	Quehaceres Limited	Corin South Africa Pty Limited
	TraC Newco Limited	Corin Trustee Limited
		Corin USA Limited
		Element Materials Technology Warwick Ltd
		EMC Projects Limited
		Salve Healthcare Limited
		Tick Compliance Limited
	Total Process Containment Limited	
	Trac EMC & Safety Limited	
	Trac Environmental and Analysis Limited	

3.5 Howard Ford was appointed as Non-executive Chairman of Servista Limited on 15 March 2001. On 8 July 2009, this company was placed into administrative receivership and then creditors' voluntary liquidation on 5 February 2010. It is still undergoing creditors' voluntary liquidation and, as at 4 August 2015, the trading surplus was £120,008.44.

3.6 None of the Directors has:

- 3.6.1 any unspent convictions relating to indictable offences;
- 3.6.2 had a bankruptcy order made against him or entered into any individual voluntary arrangements;
- 3.6.3 (save as set out in paragraph 3.5 above) been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation or administration or entered into a company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company at the time of, or within the twelve months preceding, such events;
- 3.6.4 been a partner of a firm which has been placed in compulsory liquidation or administration or which has entered into a partnership voluntary arrangement whilst he was a partner of that firm at the time of, or within twelve months preceding, such events;
- 3.6.5 had any asset belonging to him placed in receivership or been a partner of a partnership any of whose assets have been placed in receivership whilst he was a partner at the time of, or within twelve months preceding, such receivership; or
- 3.6.6 been publicly criticised by any statutory or regulatory authority (including any recognised professional body) or been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

3.7 The Company is not aware of any person or persons who directly or indirectly, jointly or severally, exercise(s) or could exercise control of the Company or any arrangements the operation of which may, at a subsequent date, result in a change in the control of the Company.

3.8 There is no arrangement under which any Director has agreed to waive future emoluments nor has there been any waiver of emoluments during the financial year immediately preceding the date of this document.

4. **Directors' service agreements and letters of appointment**

4.1 Howard Ford was appointed as non-executive Chairman of the Company on 18 September 2009. Pursuant to a non-executive Chairman letter of appointment dated 10 June 2009, Mr. Ford is entitled to remuneration of £70,000 per annum. His appointment may be terminated at any time by either party giving to the other party six months' written notice. Mr Ford has indicated that he will not be seeking re-election as a director at the Annual General Meeting of the Company to be held in November 2015.

4.2 Rob Smith entered into a service agreement with the Company dated 17 March 2014 and was appointed to the Board on 16 June 2014. Under his service agreement Mr Smith is employed as both Chief Executive Officer and Chief Financial Officer. His service agreement may be terminated at any time by either party giving six month's written notice. The current salary payable to him is £150,000 per annum. In addition, he is entitled to receive the following benefits: (i) a car allowance of £900 per month; (ii) entitlement to participate in the Company's personal pension plan with annual contributions into the personal pension plan at a rate equal to 8 percent of his annual basic salary; (iii) entitlement to life insurance benefits and long term incapacity benefits subject to participation in the personal pension plan identified at (ii) above;

and (iv) entitlement to participate in the Company's non-contributory medical insurance plan. Rob Smith is also eligible to participate in (a) the Company's executive bonus scheme, pursuant to which he may potentially be awarded an annual bonus of up to 50% of his salary and (b) the Company's Long Term Incentive Plan, pursuant to which Mr Smith may receive a further 50% of his salary. If the service agreement is terminated by notice, the Company may put Mr. Smith on garden leave during all or part of his notice period. Alternatively, the Company is entitled to terminate the agreement with immediate effect by payment for the remaining notice period of an amount for each month during that period equal to (i) one-twelfth of his annual salary; (ii) less any salary already paid to Mr. Smith; (iii) less income due and benefits provided to Mr. Smith during that month.

- 4.3 Graham Meek was appointed as a non-executive Director of the Company on 5 November 1999. Pursuant to a non-executive Director letter of appointment dated 20 April 2005, Trumper Hill Limited, a service company owned by Mr Meek, receives fees of £40,000 per annum in respect of the provision of services of Mr. Meek. His appointment is subject to the provisions of the articles of association of the Company dealing with the appointment and retirement by rotation and may be terminated at any time by either party giving to the other party three months' written notice. Mr Meek has indicated that he will not be seeking re-election as a director at the Annual General Meeting of the Company to be held in November 2015.
- 4.4 Reginald Lawrence Gott was appointed as a non-executive Director of the Company on 13 July 2006. Pursuant to a non-executive Director letter of appointment dated 7 August 2006, he receives remuneration of £40,000 per annum. His appointment is subject to the provisions of the articles of association of the Company dealing with the appointment and retirement by rotation and may be terminated at any time by either party giving to the other party three months' written notice.
- 4.5 Michael Roy David Roller was appointed as a non-executive director of the Company on 1 June 2013. Pursuant to a non-executive Director letter of appointment dated 26 March 2013, he receives remuneration of £40,000 per annum. His appointment is for a period of three years and may be terminated at any time by either party giving to the other party one months' written notice.

5. **Material contracts**

Save as set out in the Company's Public Record, the following are all of the contracts (not being contracts entered into in the ordinary course of business) that have been entered into by the Group in the two years prior to the date of this document and are, or may be, material to the Group or have been entered into by any member of the Group at any time and contain obligations or entitlements which are, or may be, material to the Group, in each case as at the date of this document:-

5.1 *Placing Agreement*

The Company and Panmure Gordon have entered into an agreement dated 27 August 2015 whereby Panmure Gordon has agreed, subject to the conditions set out in that agreement and as agent for the Company, to use its reasonable endeavours to procure subscribers for the Placing Shares at a price of 5 pence per Placing Share. Subject to Admission occurring, Panmure Gordon is entitled to: (i) an advisory fee of £100,000; (ii) a commission equal to 5% of the aggregate value of the number of the Placing Shares multiplied by the issue price together, in each case, with any applicable VAT thereon. The Company has also agreed to reimburse the costs, charges and expenses incurred or paid by Panmure Gordon in connection with the Placing (including the cost of its legal advisers). The Placing Agreement contains certain customary undertakings and warranties given by the Company in favour of Panmure Gordon and the Company has agreed to limit Panmure Gordon's liability to the Company in certain circumstances. The Company has also agreed to indemnify Panmure Gordon, its group companies and their respective directors, officers, employees and agents (subject to certain exceptions) against, all liabilities, demands, losses, claims, damages, proceedings, costs, charges and expenses which Panmure Gordon or any such person suffers or incurs by reason of, or in connection with, the carrying out by or on behalf of Panmure Gordon of its obligations under the

agreement. Panmure Gordon may, in its absolute discretion (acting in good faith), by written notice to the Company terminate this agreement at any time prior to Admission, inter alia, if: (i) any statement contained in the Circular is untrue or incorrect or misleading; (ii) there is a material breach of the warranties given by the Company under the agreement ; (iii) there is a material adverse change in the financial position of the Group; (iv) the Company fails to comply with its obligations under the agreement in any material respect; or (v) there is a material change in the financial, political, economic or market conditions or currency exchange rates in the United Kingdom or the United States of America which in the opinion of Panmure Gordon (acting in good faith) makes it impractical or inadvisable to proceed with the Placing.

5.2 *Nomad and Broker Engagement letter*

Pursuant to an engagement letter dated 15 October 2015, the Company has appointed Panmure Gordon as its nominated adviser and broker and agreed to pay a retainer fee of £60,000 (exclusive of VAT) per annum, payable quarterly, and to reimburse Panmure Gordon for disbursements incurred on behalf of the Company. Further fees in relation to Panmure Gordon's services in relation to specific transactions are to be agreed at the time. The engagement is terminable by either party upon three months written notice and with immediate effect by written notice in the event of a material breach which is incapable of remedy or has not been remedied within seven days of notice of such breach having been served. The Company has agreed to indemnify Panmure Gordon, its affiliated companies and their respective directors, officers, employees and agents, against any liabilities, costs, expenses, damages and loss which arise out of the performance by Panmure Gordon, or such persons, of their services under the engagement, subject to certain exceptions.

6. **Dividend policy**

The Company intends (subject to the availability of distributable reserves) to adopt a progressive dividend policy having regard to the investment needs and financial performance of the business

7. **Litigation and arbitration**

Neither the Company nor any member of the Group is, nor has it been at any time during the 12 months immediately preceding the date of this document, involved in any governmental, legal or arbitration proceedings, which may have, or have had in the recent past, a significant effect on the Company's and/or the Group's financial position or profitability and there are no such proceedings of which the Company is aware which are pending or threatened.

8. **The Takeover Code and the Companies Act**

8.1 **Mandatory takeover bids**

8.1.1 The Takeover Code applies to all takeover and merger transactions in relation to the Company, and operates principally to ensure that shareholders are treated fairly and are not denied an opportunity to decide on the merits of a takeover and that shareholders of the same class are afforded equivalent treatment. The Takeover Code provides an orderly framework within which takeovers are conducted and the Panel has now been placed on a statutory footing.

8.1.2 The Takeover Code is based upon a number of General Principles which are essentially statements of standards of commercial behaviour. General Principle One states that all holders of securities of an offeree company of the same class must be afforded equivalent treatment and if a person acquires control of a company, the other holders of securities must be protected. This is reinforced by Rule 9 of the Takeover Code which requires a person, together with persons acting in concert with him, who acquires shares carrying voting rights which amount to 30 per cent. or more of the voting rights to make a general offer. "Voting rights" for these purposes means all the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting. A general offer will also be required where a person who, together with persons acting in concert with him, holds not less than 30 per cent.

but not more than 50 per cent. of the voting rights, acquires additional shares which increase his percentage of the voting rights. Unless the Panel consents, the offer must be made to all other shareholders, be in cash (or have a cash alternative) and cannot be conditional on anything other than the securing of acceptances which will result in the offeror and persons acting in concert with him holding shares carrying more than 50 per cent. of the voting rights.

8.1.3 There are not in existence any current mandatory takeover bids in relation to the Company.

8.2 **Squeeze out**

Section 979 of the Act provides that if, within certain time limits, an offer is made for the share capital of the Company, the offeror is entitled to acquire compulsorily any remaining shares if it has, by virtue of acceptances of the offer, acquired or unconditionally contracted to acquire not less than 90 per cent. in value of the shares to which the offer relates and in a case where the shares to which the offer relates are voting shares, not less than 90 per cent. of the voting rights carried by those shares. The offeror would effect the compulsory acquisition by sending a notice to outstanding shareholders telling them that it will compulsorily acquire their shares and then, six weeks from the date of the notice, pay the consideration for the shares to the Company to hold on trust for the outstanding shareholders. The consideration offered to shareholders whose shares are compulsorily acquired under the Act must, in general, be the same as the consideration available under the takeover offer.

8.3 **Sell out**

Section 983 of the Act permits a minority shareholder to require an offeror to acquire its shares if the offeror has acquired or contracted to acquire shares in the Company which amount to not less than 90 per cent. in value of all the voting shares in the Company and carry not less than 90 per cent. of the voting rights. Certain time limits apply to this entitlement. If a shareholder exercises its rights under these provisions the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

9. **Taxation**

The following statements are intended only as a general guide to current United Kingdom tax legislation and to the current practice of HM Revenue & Customs ("**HMRC**") and may not apply to certain shareholders in the Company, such as dealers in securities, insurance companies and collective investment schemes. They relate (except where stated otherwise) to persons who are resident in the UK for UK tax purposes, who are beneficial owners of Ordinary Shares and who hold their Ordinary Shares as an investment (and not as employment related securities). **Any person who is in any doubt as to his tax position, or is subject to taxation in any jurisdiction other than that of the UK, should consult his professional advisers immediately.**

9.1 *Taxation of Dividends*

Under UK tax legislation, the Company is not required to withhold tax at source from dividend payments it makes.

Individual shareholders resident for tax purposes in the UK should generally be entitled to a tax credit in respect of any dividend received equal to one-ninth of the amount of the dividend.

An individual shareholder's liability to income tax will be calculated on the sum of the dividend and the tax credit (the "gross dividend"). This will be regarded as the top slice of the individual's income and will be subject to UK income tax on dividends at the rates described below.

The tax credit equals 10 per cent. of the gross dividend and will be available to set against a shareholder's liability (if any) to income tax on that gross dividend.

Individual shareholders liable to income tax at no more than the basic rate will be liable to income tax on dividend income received at the rate of 10 per cent. of the gross dividend. This means that the tax credit will satisfy in full the individual shareholder's liability to pay income tax on the dividend received.

The rate of income tax applying to dividends received by an individual shareholder liable to income tax at the higher rate (currently 40 per cent.) will be 32.5 per cent. of the gross dividend. In the case of a dividend received by an individual shareholder liable to income tax at the additional rate (currently 45 per cent.), the applicable rate of income tax will be 37.5 per cent. After taking into account the 10 per cent. tax credit, a higher rate taxpayer will be liable to income tax of 22.5 per cent. of the gross dividend, which is equal to 25 per cent. of the cash dividend received and an additional rate taxpayer will be liable to additional income tax at 27.5 per cent. of the gross dividend, which is equal to 30.56 per cent. of the cash dividend received).

For example, an individual shareholder receiving a dividend of £90 would receive a tax credit of £10. The gross dividend (the cash dividend plus the tax credit) would be £100. If the shareholder is a higher rate taxpayer, he would be taxed on the dividend at £32.50 (32.5 per cent. of £100), but can set against this the tax credit of £10. This leaves tax to pay of £22.50, which is 25 per cent. of the £90 dividend received.

Individual shareholders who are resident in the UK cannot claim payment of the tax credit from HMRC, even if the tax credit exceeds the liability of the shareholders to pay income tax on the dividend in question.

Trustees who are liable to income tax at the rate applicable to trusts (currently 45 per cent.) will pay tax on the gross dividend at the dividend trust rate of 37.5 per cent. against which they can set the tax credit. To the extent that the tax credit exceeds the trustees' liability to account for income tax, the trustees will have no right to claim repayment of the tax credit.

A corporate shareholder which is resident for tax purposes in the UK and which is not a dealer in securities will normally be liable to corporation tax on any dividends received unless the dividends fall within an exempt class and certain other conditions are met. Whether an exempt class applies and whether other conditions are met will depend upon the circumstances of the particular shareholder, although it is expected that the dividends paid by the Company would normally be exempt. A corporate shareholder cannot claim payment of the tax credit from HMRC.

United Kingdom pension funds and charities are generally exempt from tax on dividends which they receive and they are not entitled to claim repayment of the tax credit.

Individual shareholders who are resident for tax purposes in countries other than the UK but who are nationals of states which are part of the European Economic Area, residents of the Isle of Man or the Channel Islands, or certain other persons are entitled to a tax credit as if they were resident for tax purposes in the UK which they may set off against their total UK income tax liability. Such shareholders will generally not be able to claim payment of the tax credit from HMRC.

Other non-United Kingdom residents will not be subject to any United Kingdom taxation in respect of United Kingdom dividend income nor will they be able to recover the associated tax credit, although this will depend upon the existence of and the terms of any double taxation convention between the United Kingdom and the country in which such shareholder is resident.

Non-United Kingdom resident shareholders may be subject to tax on United Kingdom dividend

income under any law to which that person is subject outside the United Kingdom. Non-United Kingdom resident shareholders should consult their own tax advisers with regard to their liability to taxation in respect of any dividend.

On 8 July 2015, the UK Chancellor of the Exchequer announced that, from April 2016, the dividend tax credit will be replaced with a dividend tax allowance of £5,000, and that new rates of income tax will be applied to dividend income above that allowance of 7.5% for basic rate taxpayers, 32.5% for higher rate taxpayers and 38.1% for additional rate taxpayers.

9.2 ***Taxation of Chargeable Gains***

Shareholders who are resident in the UK for tax purposes and who dispose of their Ordinary Shares at a gain will ordinarily be liable to UK taxation on chargeable gains, subject to any available exemptions or reliefs. The gain will be calculated as the difference between the sale proceeds and any allowable costs and expenses, including the original acquisition cost of the Ordinary Shares.

Shareholders who are not resident in the UK for tax purposes but who carry on a trade, profession or vocation in the UK through a branch, agency or fixed place of business in the UK may be liable to UK taxation on chargeable gains on any gain on a disposal of their Ordinary Shares, if those Ordinary Shares are or have been held, used or acquired for the purposes of that trade, profession or vocation or for the purposes of that branch, agency or fixed place of business.

If an individual shareholder ceases to be resident in the UK and subsequently disposes of Ordinary Shares, in certain circumstances any gain on that disposal may be liable to UK capital gains tax upon that shareholder becoming once again resident or ordinarily resident in the UK.

9.3 ***Inheritance Tax***

The Ordinary Shares are assets situated in the UK for the purposes of UK inheritance tax. A gift of such shares by, or on the death of, an individual shareholder may (subject to certain exemptions and reliefs) give rise to a liability to UK inheritance tax even if the shareholder is neither domiciled nor deemed to be domiciled in the UK.

9.4 ***Stamp Duty and Stamp Duty Reserve Tax ("SDRT")***

No liability to stamp duty or SDRT should arise on the allotment of Ordinary Shares under the Placing.

AIM qualifies as a recognised growth market for the purposes of the stamp duty and SDRT legislation and so, therefore, for so long as the Ordinary Shares are admitted to trading on AIM and are not listed on any market (and being admitted to trading on AIM will not constitute a listing for these purposes) no charge to stamp duty or SDRT will arise on their subsequent transfer. If the Ordinary Shares do not qualify for this exemption their transfer on sale will be subject to ad valorem stamp duty (payable by the purchaser and generally at the rate of 0.5% of the consideration given) save in respect of shares held in a clearance service or in a depository receipt arrangement in respect of which other provisions may apply.

10. **Risk factors**

- 10.1 In addition to the risk factors relating to the Company and its industry set out in the Company's annual report and accounts for the period ended 31 May 2015 and in the prospectus published by the Company on 28 October 2010, the following specific risk factors relating to the Ordinary Shares should be considered carefully in evaluating whether to make an investment in the Company. An investment in the Company is only suitable for investors who are capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss which might result from such investment. If you are in any doubt as to the action you

should take, you should consult a professional adviser authorised under FSMA who specialises in advising on the acquisition of shares and other securities. This summary of risk factors is not intended to be exhaustive.

(a) ***Investment in AIM securities***

An investment in companies whose shares are traded on AIM is perceived to involve a higher degree of risk and be less liquid than an investment in companies whose shares are listed on the Official List. AIM is a market designed primarily for emerging or smaller companies. An investment in the Ordinary Shares may be difficult to realise. Existing and prospective investors should be aware that the value of an investment in the Company may go down as well as up and that the market price of the Ordinary Shares may not reflect the underlying value of the Company. Investors may realise less than their investment. Further, a quotation on AIM will afford shareholders a lower level of regulatory protection than that afforded to shareholders in a company with its shares listed on the premium segment of the Official List.

(b) ***Share price volatility and liquidity***

The share price of quoted companies can be highly volatile and shareholdings illiquid. The price at which the Ordinary Shares are quoted and the price which investors may realise for their Ordinary Shares will be influenced by a large number of factors, some of which are specific to the Company and its operations and some of which may affect quoted companies generally. These factors could include the performance of the Company, large purchases or sales of Ordinary Shares, legislative changes and general economic, political or regulatory conditions.

(c) ***Additional capital requirements and dilution***

The Company may require additional capital in the future for expansion, future acquisitions and/or business development. If the Company does not generate sufficient cash through its operations, it may need to raise additional capital from equity or debt sources. If additional funds are raised through the issuance of new shares or equity-linked securities of the Company, other than on a pro rata basis to existing shareholders, the percentage of Ordinary Shares held by the existing shareholders in the Company may be reduced. Shareholders may experience subsequent dilution and/or such securities may have preferred rights which are senior to those attached to the Ordinary Shares. Further, there can be no guarantee that further capital raisings will be successful.

11. **General**

- 11.1 It is estimated that the total costs and expenses payable by the Company in connection with or incidental to the Placing and Admission including London Stock Exchange fees, printing, advertising and distribution costs, legal, accounting and corporate finance fees are estimated to amount to approximately £400,000 (excluding any VAT payable thereon).
- 11.2 Panmure Gordon has given and not withdrawn its written consent to the issue of this document with the inclusion in this document of references to its name in the form and context in which it appears.
- 11.3 KPMG LLP (or as the case may be KPMG Audit plc) of 8 Salisbury Square, London EC4Y 8BB, which is a member of the Institute of Chartered Accountants in England and Wales, audited the Company's statutory accounts for the periods ended 31 May 2013, 31 May 2014 and 31 May 2015.
- 11.4 The address of the Company's website which discloses the information required by Rule 26 of the AIM Rules is www.filtronic.com.
- 11.5 Save as disclosed in this document or in the Company's Public Record, no person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has within the twelve months preceding the date of this document received directly or indirectly from the

Company, or has entered into contractual arrangements to receive, directly or indirectly, from the Company on or after Admission:

11.5.1 fees totalling £10,000 or more; or

11.5.2 securities in the Company with a value of £10,000 or more calculated by reference to the Placing Price; or

11.5.3 any other benefit with a value of £10,000 or more at the date of Admission.

11.6 No public takeover bids have been made by third parties in respect of the Company's issued share capital during the financial year ended 31 May 2015 or during the current financial year up to the date of this document.

11.7 Save as disclosed in the Company's Public Record, the Directors are not aware of any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for at least the current financial year.

19 October 2015

DEFINITIONS

The following definitions apply throughout this document unless the context requires otherwise:

"Act"	the Companies Act 2006 (as amended)
"Admission"	the admission of the issued and to be issued Ordinary Shares (including the Placing Shares) to trading on AIM
"AIM"	AIM, a market operated by the London Stock Exchange
"AIM Rules"	the AIM Rules for Companies published by the London Stock Exchange from time to time
"AIM Rules for Nominated Advisers"	the AIM Rules for Nominated Advisers published by the London Stock Exchange from time to time
"Board" or "Directors"	the directors of the Company whose names are set out on page 4 of this document
"Capital Reorganisation"	the proposed sub-division and reclassification of the Existing Ordinary Shares into New Ordinary Shares and Deferred Shares, proposed to become effective immediately prior to Admission
"Company"	Filtronic plc
"Company's Public Record"	all information in relation to the Company which is public including, without limitation, all regulatory announcements made by the Company to the London Stock Exchange (available at www.londonstockexchange.com), all information available in respect of the Company on the FCA's National Storage Mechanism (available at www.morningstar.co.uk/uk/NSM) including the information contained in the Company's prospectus dated 28 October 2010, all information available on the Company's website (www.parity.net) and the contents of this document
"CREST"	a relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the Operator (as defined in the CREST Regulations)
"CREST Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001/3755) as amended from time to time
"Deferred Shares"	the new deferred shares of 9.9 pence each in the capital of the Company created pursuant to the Capital Reorganisation
"Existing Ordinary Shares" or "Ordinary Shares"	ordinary shares of 10 pence each in the capital of the Company
"FSMA"	the Financial Services and Markets Act 2000 (as amended)
"Group"	the Company and its subsidiary undertakings
"London Stock Exchange"	London Stock Exchange plc

"New Ordinary Shares"	the ordinary shares of 0.1 pence each in the capital of the Company following the Capital Reorganisation
"Official List"	the Official List of the Financial Conduct Authority
"Panmure Gordon"	Panmure Gordon (UK) Limited, the Company's financial adviser and broker and proposed nominated adviser and broker to the Company from Admission
"Placing"	the proposed placing by Panmure Gordon on behalf of the Company of the Placing Shares at a price of 5 pence per Placing Share
"Placing Shares"	the 90,000,000 New Ordinary Shares conditionally placed pursuant to the Placing
"United Kingdom" or "UK"	the United Kingdom of Great Britain and Northern Ireland
"United States" or "US"	the United States of America