28 January 2014

FILTRONIC PLC
("Filtronic" or the "Group")

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 NOVEMBER 2013

Filtronic plc, the designer and manufacturer of microwave electronics products for the wireless telecoms infrastructure market, announces its interim results for the six months ended 30 November 2013 ("H1 2014").

Financial Summary

- Revenue of £20.1m (H1 2013: £16.4m)
- Wireless sales of £16.5m (H1 2013: £11.9m)
- Broadband sales of £3.6m (H1 2013: £4.5m)
- Operating profit before amortisation and exceptional items of £1.7m (H1 2013: £0.1m)
- Net cash of £5.9m (31 May 2013: £1.9m)
- Net cash inflow from operating activities improved to £5.1m (H1 2013: £0.2m inflow)

Highlights

- Revenues grow 23% versus H1 2013
- Wireless sales growth of 39% versus H1 2013
- Operating profit of £1.7m (before amortisation and exceptional items) with Wireless growth partially offset by Broadband losses

Commenting on the Outlook, Howard Ford, Chairman, said:

"The rollout of 4G/LTE networks is still in its early stages. Even in the USA, only 19% of handsets are yet equipped to receive 4G signals. In Europe, the penetration is much lower. The ability of consumers to enjoy 4G applications has become a key differentiating parameter for operators. This requirement will drive ongoing infrastructure investment by adding new frequency bands and increasing site density.

"Filtronic continues to invest in key technology areas in order to broaden its product range which addresses this growing 4G/LTE market."

Enquiries

Filtronic plc	www.filtronic.co.uk
Howard Ford, Chairman	0113 220 0000
Alan Needle, CEO	
Panmure Gordon (UK) Limited	020 7886 2500
Dominic Morley	
Walbrook PR Limited	020 7933 8780 or filtronic@walbrookpr.com
Paul McManus	07980 541 893

Interim Management Report

Revenue for the six months ended 30 November 2013 ("H1 2014") was £20.1m compared with £16.4m for H1 2013 and £23.6m for H2 2013. This included £16.5m (£11.9m in H1 2013) for the Wireless business and £3.6m (£4.5m in H1 2013) for the Broadband business.

The operating profit of £1.7m before exceptional items and amortisation (£0.1m in H1 2013), was split into a £3.2m profit for the Wireless business (£1.8m profit in H1 2013), a £1.1m loss for the Broadband business (£1.3m loss in H1 2013), and central costs of £0.4m (£0.4m in H1 2013).

In line with our stated policy there is no interim dividend.

Exceptional costs of £0.4m (£0.1m in H1 2013) are of a non-recurring nature and relate primarily to dilapidation provisions for 2 sublet properties.

Net cash inflow from operating activities was £5.1m compared to an inflow of £0.2m for H1 2013. Capital expenditure in the six months was £0.7m – in line with the prior period.

The closing net cash balance at 30 November 2013 was £5.9m, an increase of £4.1m since 31 May 2013.

Wireless Business

Wireless had another strong half year. Sales of £16.5m were 39% higher than the comparable period but down 17% on last year's second half which included the majority of the one-off project for UK LTE interference mitigation filters. Excluding such sales there was a 21% increase in underlying sales versus H2 2013. Wireless sales represented 82% of group turnover and delivered operating profits of £3.2m (£1.8m in H1 2013).

The US 4G/LTE market continues to be dominated by Sprint and T-Mobile related demand; additional frequencies are now being released for secondary rollouts and longer term prospects are encouraging. In Europe initial operator interest is progressively converting to more concrete prospects with multiple sales opportunities emerging for late FY2014 and the following year.

The Group continues to invest in Wireless engineering, sales and marketing resources in order to support existing programmes and to develop additional products. To this end an antenna engineering team was added in the period and an encouraging level of customer interest is expected to generate volume sales during the next financial year.

Broadband Business

Broadband continues to transition from legacy to new products and had a disappointing first half, with sales of £3.6m being in line with H2 2013 but down 19% versus last year's comparable period. The business suffered an operating loss of £1.1m (£1.4m loss in H1 2013).

E Band transceivers are now transitioning to volume production, however the first half build-up in the programmes was slower than expected due to temporary end-market delays.

Outlook

With the UK TV interference filter contract substantially completed by the early autumn, we have returned to a more normal order book with limited visibility. Whilst demand indications from certain key 4G/LTE customers in the US are increasingly robust, demand from others is less clear. Operator demand in Europe overall is encouraging, but the timing of investments is uncertain. Sales of French TV filters are underway, though the overall demand is much lower than in the UK and with a slower rollout. On balance, and excluding the effect of the UK TV interference filter business, the Board expects continued growth in sales of the core infrastructure wireless products in the remainder of the financial year in both the US and UK/Europe.

Meanwhile, looking rather further ahead, the level of development work and requests for quotation from US and European customers, both OEMs and operators, is encouragingly strong. Whilst achieving conversion into firm contracts is clearly key, this heightened activity at the start of the development pipeline augurs well for Wireless in FY2015.

The recently initiated investment in developing Antenna products to complement the growing range of Wireless products is continuing as planned, with slightly increased costs now expected to be of the order of £1m in this financial year. Revenues from Antenna products in this financial year will be minimal but the level of enquiries and development projects already secured lends support to management's strategy and points to useful incremental business for both standalone antenna sales and integrated filter/antenna products during FY2015.

The performance of Filtronic Broadband will be impacted by the disruption associated with the enforced relocation of the business, and the short-term costs associated with moving the manufacture and testing of certain product lines. Exceptional relocation costs in the first half were modest, but it is expected that further exceptional costs will be incurred in the second half. Work on orders for E and V Band radio modules for a number of OEM customers is building satisfactorily, though early stage yields have temporarily adversely impacted initial production costs. Legacy business will continue to fall away in the second half. Overall, the anticipated return to profitability will be delayed until FY2015.

The forecast sales mix for both the Wireless and Broadband businesses is increasingly biased towards US dollar sales, rendering the Group more exposed than it has recently been to the strengthening of Sterling.

The rollout of 4G/LTE networks is still in its early stages. Even in the USA, only 19% of handsets are yet equipped to receive 4G signals. In Europe, the penetration is much lower. The ability of consumers to enjoy 4G applications has become a key differentiating parameter for operators. This requirement will drive ongoing infrastructure investment by adding new frequency bands and increasing site density.
Filtronic continues to invest in key technology areas in order to broaden its product range which addresses this growing 4G/LTE market.

Howard Ford, Chairman
Alan Needle, CEO
28 January 2014

The Board

The directors that served during the six months ended 30 November 2013 and their respective roles are set out below:

Alan Needle (Chief Executive Officer)
Howard Ford (Chairman)
Michael Brennan (Chief Financial Officer)
Graham Meek (Non-executive Director)
Reginald Gott (Non-executive Director)
Michael Roller (Non-executive Director) appointed 1 June 2013

On 29 November 2013 it was announced that Michael Brennan would leave the company in April 2014.

Responsibility Statement of the Directors

Responsibility statement of the directors in respect of the half-yearly financial report

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union;

- the interim management report includes a fair review of the information required by:

  (a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

  (b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

By order of the Board
28 January 2014

Independent Review Report to Filtronic plc

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 November 2013 which comprises the condensed consolidated interim income statement, the condensed consolidated interim statement of comprehensive income, the condensed consolidated interim balance sheet, the condensed consolidated interim statement of changes in equity, the condensed consolidated interim cash flow statement and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the Disclosure and Transparency Rules ("the DTR") of the UK's Financial Services Authority ("the UK FSA"). Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FSA.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 November 2013 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FSA.

John Pass for and on behalf of KPMG Audit Plc
Chartered Accountants
Leeds
28 January 2014

Condensed Consolidated Interim Income Statement

For the period ended 30 November 2013

		6 months Ended 30 November 2013 (Unaudited)	6 months Ended 30 November 2012 (Unaudited)	Year Ended 31 May 2013 (Audited)
Continuing operations	note	**£000**	£000	£000
Revenue		**20,134**	16,385	39,976
		======	======	======
Operating profit before amortisation and exceptional items		**1,673**	147	3,051
Amortisation of intangibles		**(1,209)**	(1,209)	(2,419)
Exceptional Items	6	**(373)**	(143)	(392)
		----------	----------	----------
Operating profit/(loss)		**91**	(1,205)	240
Finance Income		**2**	6	(2)
		----------	----------	----------
Profit/(loss) before Taxation		**93**	(1,199)	238
Taxation	7	**51**	194	46
		----------	----------	----------
Profit/(loss) for the period		**144**	(1,005)	284
		======	======	======
Basic earnings/(loss) per share (stated in pence)				
		----------	----------	----------
Basic earnings/(loss) per share	8	**0.15p**	(1.03)p	0.29p
		======	======	======
Diluted earnings/(loss) per share (stated in pence)				
		----------	----------	----------
Diluted earnings/(loss) per share	8	**0.15p**	(1.03)p	0.29p
		======	======	======

The profit for the period is attributable to the equity shareholders of the parent company Filtronic plc.

Condensed Consolidated Interim Statement of Comprehensive Income

For the period ended 30 November 2013

	6 months ended 30 November 2013 (Unaudited) £000	6 months ended 30 November 2012 (Unaudited) £000	Year ended 31 May 2013 (Audited) £000
Profit/(loss) for the period	**144**	(1,005)	284
Currency translation movement arising on consolidation	**(327)**	(93)	54
Other Comprehensive Income	**(327)**	(93)	54
Total comprehensive income for the period	**(183)**	(1,098)	338

The total comprehensive income for the period is attributable to the equity shareholders of the parent company Filtronic plc.

Condensed Consolidated Interim Balance Sheet

At 30 November 2013

	Note	**30 November 2013 (Unaudited) £000**	30 November 2012 (Unaudited) £000	31 May 2013 (Audited) £000
Non current assets				
Goodwill and other intangibles		**6,863**	9,281	8,072
Property, plant and equipment		**3,176**	2,678	3,005
		10,039	11,959	11,077
Current assets				
Inventories		**4,778**	4,041	5,356
Trade and other receivables		**7,214**	8,846	17,237
Tax receivable		**-**	-	-
Deferred tax assets	7	**277**	787	302
Cash and cash equivalents		**5,948**	3,222	2,375
		18,217	16,896	25,270
Total assets		**28,256**	28,855	36,347
Current liabilities				
Trade and other payables		**5,911**	7,892	13,611
Provision		**945**	530	605
Current tax liabilities		**314**	-	-
Deferred tax liabilities	7	**536**	587	556
Deferred Income		**210**	194	229
Interest bearing borrowings		**-**	-	496
		7,916	9,203	15,497
Long term liabilities				
Deferred tax liabilities	7	**179**	881	556
Deferred income		**86**	106	96
		265	987	652
Total liabilities		**8,181**	10,190	16,149
Net assets		**20,075**	18,665	20,198
Equity				
Share capital	9	**9,709**	9,700	9,700
Share premium	9	**5,130**	5,110	5,111
Translation reserve		**(289)**	(77)	38
Retained earnings		**5,525**	3,932	5,349
Total equity		**20,075**	18,665	20,198

The total equity is attributable to the equity shareholders of the parent company Filtronic plc.

Condensed Consolidated Interim Statement of Changes in Equity

For the period ended 30 November 2013

	note	**6 months Ended 30 November 2013 (Unaudited) £000**	6 months Ended 30 November 2012 (Unaudited) £000	Year ended Ended 31 May 2013 (Audited) £000
Equity at the start of period		**20,198**	19,841	19,841
Total comprehensive income for the period		**(183)**	(1,098)	338
New shares issued (net of issue costs)	9	**28**	46	47
Share-based payments		**32**	(124)	163
Exercise of share awards		**-**	-	(191)
		----------	----------	----------
Equity at the end of period		**20,075**	18,665	20,198
		======	======	======

Condensed Consolidated Interim Cash Flow Statement

For the period ended 30 November 2013

	note	**6 months Ended 30 November 2013 (Unaudited) £000**	6 months Ended 30 November 2012 (Unaudited) £000	Year Ended 31 May 2013 (Audited) £000
Cash flows from operating activities				
Profit/(loss) for the period		**144**	(1,005)	284
Taxation		**(51)**	(194)	(46)
Finance (income)/costs – net		**(2)**	(6)	2
Operating profit/(loss)		**91**	(1,205)	240
Share based payments		**32**	(124)	163
Profit on disposal of plant and equipment		**(1)**	(22)	(24)
Tax paid		**(7)**	-	-
Depreciation		**530**	369	875
Amortisation of intangibles		**1,209**	1,209	2,419
Movement in inventories		**578**	(843)	(2,158)
Movement in trade and other receivables		**10,023**	1,431	(6,960)
Movement in trade and other payables		**(7,700)**	(530)	5,189
Movement in provision		**340**	(35)	40
Change in deferred income including government grants		**(29)**	(83)	(58)
Net cash from/(used in) operating activities		**5,066**	167	(274)
Cash flows from investing activities				
Interest received		**2**	6	8
Interest paid		**-**	-	(10)
Acquisition of plant and equipment		**(707)**	(704)	(1,532)
Proceeds on sale of assets		**7**	55	55
Net cash used in investing activities		**(698)**	(643)	(1,479)
Cash flows from financing activities				
Proceeds from exercise of share options	9	**28**	46	47
Exercise of share awards		**-**	-	(191)
Movement in interest bearing borrowings		**(496)**	-	496
Net cash (used in)/ from financing activities		**(468)**	46	352
Movement in cash and cash equivalents		**3,900**	(430)	(1,401)
Currency exchange movements		**(327)**	(93)	31
Opening cash and cash equivalents		**2,375**	3,745	3,745
Closing cash and cash equivalents		**5,948**	3,222	2,375

Notes to the Condensed Financial Statements

1 Company information

Filtronic plc is a company registered and domiciled in the United Kingdom, and is listed on the London Stock Exchange. The company's registered number is 2891064. The address of the company's registered office is Filtronic plc, Filtronic House, Unit 3, Airport West, Lancaster Way, Yeadon, West Yorkshire, LS19 7ZA.

Copies of the company's annual report and half-yearly financial report are available from the company's registered office or the company's website at www.filtronic.co.uk.

2 Basis of preparation

The directors have reviewed the projected cash flow and other relevant information and have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason the directors continue to adopt the going concern basis in preparing the half-yearly financial report.

The half-yearly financial report, including the condensed consolidated financial statements for the six months ended 30 November 2013, has been prepared in accordance with the Disclosure and Transparency Rules of the UK Financial Services Authority and the requirements of IAS 34 'Interim Financial Reporting' as adopted by the European Union.

The half-yearly financial report for the six months ended 30 November 2013 was approved by the Board on 28 January 2014.

The condensed consolidated financial statements for the six months ended 30 November 2013 consolidate the financial statements of the company and all of its subsidiaries (together referred to as the 'Group'). Transactions between Group companies, which are related parties, have been eliminated upon consolidation and therefore do not require disclosure.

The condensed consolidated financial statements for the six months ended 30 November 2013 and comparative period have not been audited. The auditor has carried out a review of the half-yearly financial report and their report is set out above.

The half-yearly financial report for the six months ended 30 November 2013 does not constitute financial statements, within the meaning of Section 434 of the Companies Act 2006, and does not include all of the information and disclosures required for annual financial statements. The half-yearly report should be read in conjunction with the annual report 2013, which includes annual financial statements for the year ended 31 May 2013.

The comparative figures for the financial year ended 31 May 2013 are not the company's statutory accounts for that financial year. Those accounts have been reported on by the company's auditor and delivered to the registrar of companies. The report of the auditor was (i) unqualified (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The accounting policies applied by the Group in these condensed consolidated financial statements are consistent with those set out in the annual financial statements for the year ended 31 May 2013 included in the annual report 2013. Those annual financial statements were prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

3 Accounting estimates and judgements

The preparation of the financial statements requires the use of accounting estimates and judgements, that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The accounting estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of the future, that are believed to be reasonable under the circumstances. Actual results may differ from the expected results. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The accounting estimates and judgements that have a significant effect on the financial statements are considered below.

Goodwill impairment
Goodwill and other intangibles are tested for impairment by reference to the expected cash generated by the business unit. This is deemed to be the best approximation of value, but is subject to the same uncertainties as the cash flow forecast being used.

Deferred tax asset
The recognition of the deferred tax assets relating to tax losses carried forward depends on forecasts of the future taxable profits of the members of the Group. These forecasts require the use of estimates and judgements about the future performance of the respective subsidiaries.

Capitalisation of development costs
Development costs incurred on projects requiring product qualification tests to satisfy customer specifications are generally expensed as incurred, reflecting the technical risks associated with meeting the resultant product qualification test.
Certain research and development costs are likely to meet the definition of enhancement type costs, as they do not substantially improve the product, and therefore do not meet the definition of development costs to be capitalised.
Development expenditure is continually reviewed to ascertain whether any development costs meet the criteria for capitalisation. This requires various judgements by management as to whether the various criteria have been met.

Inventory
Inventories are stated at the lower of cost and net realisable value. The assessment of net realisable value of inventory requires forecasts of the future demand and selling prices of the inventory.

Warranty provision
Warranties are given to customers on products sold to them. A warranty provision is recognised when products are sold. The provision is based on historical warranty data. Actual warranty costs in the future may differ from the estimates based on historical performance. The level of warranty provision required is reviewed on a product by product basis and adjusted accordingly in light of actual experience.

4 Risks and uncertainties

Introduction

Filtronic supplies microwave and base station filter products for the wireless telecommunications market. The business is in a fast-changing sector with a small number of sophisticated customers, demanding performance standards and international competition, all of which pose risks to the business.

Market

We supply a range of niche products to a small number of large OEM customers for both the Broadband and Wireless businesses as well as a growing number of network operators in the Wireless business. The loss of any of these customers, or any material reduction in orders from any such customers, may have a material adverse effect upon Filtronic's financial condition. With the rapid evolution of product technology and other corporate decisions the size of our addressable market may be affected. We may also fail to forecast market movements correctly so missing opportunities or wrongly predicting product longevity.

Manufacturing

In most of the products, production is demand led and customers may vary their requirements from the business at short notice, which also impacts inventory management. Customers in these businesses expect consistently high quality product and reducing prices, hence we depend on control of our operating environment, including management of security of supply in our supply chain, and the provision of correctly designed technological solutions including the achievement of target cost reduction plans. Non-performance in these areas risks a diminished market position.

All our products are provided to customers after detailed qualification testing. However, this may not replicate all aspects of the products in service use and so may not test all aspects of the design and manufacturing processes, which in turn may not ensure that the product is viewed as fit for purpose in its intended use. Identification of these types of problem after release of product to customers creates the risk of being required to rectify such product defects. Historically such work has not had a substantial impact on the financial performance of the business, although a major defect, leading to a field recall, could do so in future.

The Broadband business operates from a leased manufacturing location, located within the facility of one of our semiconductor suppliers. This lease expires on 31 March 2014 with the Broadband business relocating to premises at Netpark, Sedgefield. The Wireless business relies for the manufacture of its products on a large Chinese turnkey manufacturer that provides favourable supply and financing terms. The loss of this supplier or a material change to supply terms could have a material adverse effect on the Group.

Technology

Our product competitiveness is strongly influenced by technology choices at product concept stage and throughout execution of design to product launch. For products in the production cycle, technology insertion is often required as a means of achieving price reductions, which underpin sales. The market is time sensitive and opportunities may be lost if the technology we develop is not appropriate or ready for exploitation to match market demand, so having an adverse effect on business performance.

Our ability to remain competitive in terms of technology and product design is also underpinned by retaining key staff, the loss of whom could seriously impact the rate of introduction of new products and technologies.

Financial management

A large proportion of sales are denominated in either Sterling or US dollars with the cost base substantially in Sterling and Chinese Yuan. This may therefore create margin risks that may not be recoverable through price changes. This risk is mitigated to some extent by purchasing some input materials in US dollars.

We have sold four divisions of the Group in the past nine years and have provided warranties in support of these transactions. These warranties typically cover matters such as product liability, environmental impact risks on freehold property and tax risks. We may receive claims in future related to these current and future commitments.

Goodwill and Going Concern

Goodwill and intangibles arose on the acquisition of the Wireless business. If the Wireless business does not develop as anticipated then this may have an adverse impact upon business performance which may result in a write down of the goodwill and/or the intangibles.

The directors have considered going concern matters and whilst they have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, it remains possible that sufficient events with material adverse impacts on the business could occur such as to change this expectation.

5 Segmental Analysis

Operating Segments

IFRS 8 requires consideration of the chief operating decision maker ('CODM') within the Group. In line with the Group's internal reporting framework and management structure, the key strategic and operating decisions are made by the CEO, who reviews internal monthly management reports, budget and forecast information as part of this. Accordingly the CEO is deemed to be the CODM.

Operating segments have then been identified based on the interim reporting information and management structures within the Group. The Group has three customers representing individually over 10% each and in aggregate over 65% of revenue.

The Group operates within two trading business segments

- The design and manufacture of transceiver modules and filters for backhaul microwave linking of base stations used in wireless telecommunication networks (Broadband).
- The design of radio frequency conditioning product for base stations used in wireless telecommunication networks (Wireless).

The Group also contains a central services segment that provides support to the trading businesses.

	6 months Ended 30 November 2013 £000	6 months Ended 30 November 2012 £000	Year Ended 31 May 2013 £000
Revenue			
Broadband	**3,630**	4,494	8,127
Wireless	**16,504**	11,891	31,849
Central Services	**-**	115	-
Inter Company Elimination	**-**	(115)	-
	----------	----------	----------
	20,134	16,385	39,976
	======	======	======
Operating profit/(loss) before amortisation			
Broadband	**(1,095)**	(1,352)	(2,720)
Wireless	**3,171**	1,839	6,378
Central Services	**(776)**	(368)	(999)
Inter Company Elimination	**-**	(115)	-
	----------	----------	----------
Operating profit before amortisation	**1,300**	4	2,659
Amortisation	**(1,209)**	(1,209)	(2,419)
	----------	----------	----------
Operating profit/(loss)	**91**	(1,205)	240
Taxation	**51**	194	46
Finance income	**2**	6	(2)
	----------	----------	----------
Profit/(loss) after taxation	**144**	(1,005)	284
	======	======	======

Revenue by Destination

	6 months Ended 30 November 2013 £000	6 months Ended 30 November 2012 £000	Year Ended 31 May 2013 £000
Revenue			
United Kingdom	**9,500**	1,032	14,083
Europe	**1,537**	5,335	7,880
Americas	**3,640**	3,251	6,001
Rest of the world	**5,457**	6,767	12,012
	----------	----------	----------
	20,134	16,385	39,976
	======	======	======

6 Exceptional items

Operating profit/(loss) is stated after charging exceptional items as follows:

	6 months Ended 30 November 2013	6 months Ended 30 November 2012	Year Ended 31 May 2013
	£000	£000	£000
Management reorganisation	**-**	143	212
Redundancy costs	**-**	-	180
Filtronic Broadband relocation	**23**	-	-
Dilapidation of premises of discontinued operations	**300**	-	-
Swedish entity set up costs	**50**	-	-
	----------	----------	----------
	373	143	392
	======	======	======

7 Taxation

The tax credit reported relates to the release of a deferred tax liability offset by a corporation tax liability arising in the Wireless division.

The deferred tax liability relates to the intangible assets arising upon acquisition of the Wireless business. The original liability was £2,938,000 and an amount is being released each half year in line with the amortisation of the intangible asset. The amount released in the period to 30 November 2013 was £398,000.

8 Basic and diluted loss per share

	6 months Ended 30 November 2013 £000	6 months Ended 30 November 2012 £000	Year Ended 31 May 2013 £000
Profit/(loss) for the period			
Continuing operations	**144**	(1,005)	284
	----------	----------	----------
Profit/(loss) for the period	**144**	(1,005)	284
	======	======	======
	000	000	000
Basic weighted average number of shares	**97,022**	96,903	96,951
Dilution effect of share options	**865**	-	592
Dilution effect of share awards	**512**	-	70
	----------	----------	----------
Diluted weighted average number of shares	**98,399**	96,903	97,613
	======	======	======
Basic earnings/(loss) per share			
Continuing operations	**0.15p**	(1.03)p	0.29p
	----------	----------	----------
Basic earnings/(loss) per share	**0.15p**	(1.03)p	0.29p
	======	======	======
Diluted earnings/(loss) per share			
Continuing operations	**0.15p**	(1.03)p	0.29p
	----------	----------	----------
Diluted earnings/(loss) per share	**0.15p**	(1.03)p	0.29p
	======	======	======

9 Share Capital and Share Premium

The Group has issued 0.1m shares to employees exercising share options from SAYE scheme 2 following the maturity of the plan at 34.2p per share.

10 Forward looking statements

Certain statements in this half-yearly financial report are forward-looking. Where the half-yearly financial report includes forward-looking statements, these are made by the Directors in good faith based on the information available to them at the time of their approval of this report. Such statements are based on current expectations and are subject to a number of risks and uncertainties, including both economic and business risk factors that could cause actual events or results to differ materially from any expected future events or results referred to in these forward-looking statements. Unless otherwise required by applicable law, regulation or accounting standard, the Group undertakes no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.