

FILTRONIC PLC**PRELIMINARY RESULTS FOR THE YEAR ENDED 31 MAY 2009****Press release**

Filtronic plc announces its Preliminary results for the year ended 31 May 2009.

Revenue from continuing operations was £28.8m (2008 £40.1m), with an operating profit before exceptional items of £2.1m (2008 £2.5m). Operating profit after exceptional items was £1.2m (2008 operating loss £23.5m). Discontinued operations recorded a profit of £9.4m (2008 £1.6m).

Highlights

- Revenue from continuing operations (Point to Point) £28.8m (2008 £40.1m)
- Operating profit from continuing operations before exceptional items £2.1m (2008 £2.5m)
- Second special dividend 40p per share paid
- Year end cash £16.2m (2008 £31.5m)
- Group reorganisation completed with sale of UK Defence business
- Final dividend of 1.00p recommended payable 30 November 2009
- First order has been received from SELEX Airborne Systems Limited under the long term strategic supply agreement.

Outlook

The underlying market drivers for Point to Point backhaul market growth remain intact, although the immediate outlook is subdued. The group continues to invest in R&D in order to position the company with competitive products to respond to market demand.

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Chairman's Statement

The year ended 31 May 2009 produced revenue from continuing operations of £28.8m and operating profit before exceptional items of £2.1m compared with the prior year revenue of £40.1m and £2.5m operating profit. The group profit for the period was £11.7m compared with a £14.6m loss in the prior year. Cash at the year end was £16.2m compared with £31.5m at 31 May 2008. A full breakdown of the year is shown in the financial statements, notes and narrative which follow.

The UK Defence business was sold to Teledyne on 15 August 2008 for proceeds of £12.2m (net of costs). The group also received £1.9m before tax from the onward sale of its Australian wireless infrastructure business, originally disposed of in 2005.

A second special dividend of 40p (£29.7m) was paid to shareholders on 24 November 2008. The Board has decided to recommend a final dividend of 1.00p payable on 30 November 2009, to shareholders on the register at 30 October 2009 subject to approval by shareholders at the Annual General Meeting.

Overhead and other cost reductions were implemented as a response to the lower levels of customer demand experienced in the second half of the year. These prompt actions enabled the business to trade above breakeven on a broadly cash neutral basis in the second half of the year. Expenditure on new product development and core technology was maintained.

The underlying market drivers for point to point backhaul market growth remain intact, although the immediate outlook is subdued. The group continues to invest in R&D in order to position the company with competitive products to respond to market demand.

I should like to thank Stephen Mole, Chief Financial Officer, who will be leaving the group at the end of September. The process of appointing a successor is well advanced. As previously announced, I will be stepping down as Chairman at the Annual General Meeting on 18 September 2009 to be succeeded by Howard Ford who joined the Board in December 2008 and has considerable experience in the telecommunications equipment and services market.

Finally, I should like to thank all staff in the business for their contribution over the past year.

John Poulter
Chairman
27 July 2009

Chief Executive Officer's Operating Review

Summary

The period saw further changes for the group with the disposal of the UK Defence business to Teledyne. The remaining Point to Point business experienced a significant reduction in demand in the second half of the year which was mitigated by prompt cost reduction initiatives. The group structure and central costs have been streamlined with the consolidation of the finance function alongside the Newton Aycliffe operations.

Continuing operations

Filtronic now comprises solely the Point to Point business which designs and manufactures customised microwave electronic sub assembly components that are integrated by OEM's into Point to Point (PTP) radios. These radios provide the backhaul links for telecom networks, particularly the mobile base station market. Filtronic is the leading merchant supplier of transceivers and diplex filters to this market.

The business achieved a strong revenue performance in the first half of the year (£18.3m) but there was a significant weakening of demand in the second half (revenue £10.5m) due to general destocking and one customer who experienced a significant downturn in sales in Asia. This necessitated a prompt initiation of overhead and other cost reduction measures which enabled trading in the second half to be maintained just above breakeven and cash neutrality. Overall revenue for the year was £28.8m, down from £40.1m in the previous year with an operating profit before exceptional items of £2.1m compared with £2.5m in 2008. Operating profit before exceptional items in the second half was £0.3m compared with £1.8m in the first half year. Operating margins moved up from 6% to 7% in the year.

Network expansion in developing regions and capacity upgrades in developed regions continue to drive demand for PTP products. Filtronic is well placed to exploit these markets opportunities as well as extending into adjacent market sectors.

The first order has been received from SELEX Airborne Systems Limited (operating on the markets as SELEX Galileo) under the long term strategic supply agreement. This order initiates the development of Filtronic's volume capability to manufacture SELEX's microwave modules for their current generation of active electronically scanned array airborne radars.

Discontinued operations

UK Defence

Sale of this business to Teledyne was completed in August 2008 producing net proceeds after costs of £12.2m and a gain on disposal of £8.4m.

Wireless Infrastructure

A gain of £1.3m after taxation was made on the receipt relating to the sale of the Wireless Infrastructure business in Australia.

Capital expenditure

Capital expenditure was £0.9m, of which £0.8m related to continuing operations.

Employees

At 31 May 2009, the group employed 152 people (2008 392 people of which 227 were in continuing operations).

Hemant Mardia
Chief Executive Officer
27 July 2009

Financial Review

Results

Continuing operations generated revenue of £28.8m (2008 £40.1m), resulting in an operating profit before exceptional items of £2.1m (2008 £2.5m). The group profit for the period was £11.7m (2008 £14.6m loss) reflecting the gains on disposal of the UK Defence business and the receipt relating to the Australian wireless infrastructure disposal. The operating results are discussed in the Chief Executive's Operating review, along with a review of the business.

Disposal of UK Defence business

On 15 August 2008, the sale of the UK Defence business to Teledyne was completed. The disposal generated a gain of £8.4m.

Australian Wireless Infrastructure disposal

A sum of £1.9m before tax was received in July 2008 relating to the sale of the Wireless Infrastructure business in Australia to its management in 2005. Provision for the tax due on this amount of £0.6m has been made in the balance sheet.

Net finance income

The group ended the year with net cash of £16.2m (2008 £31.5m) and generated net finance income of £1.1m (2008 (£7.4m)), reflecting the interest received on cash deposits.

Taxation

No current tax is due on continuing operations, reflecting available losses. No deferred tax asset was recognised at 31 May 2009 due to uncertainty in future recoverability. Full provision for the £0.6m tax due on the Australian Wireless Infrastructure receipt was made in the year ended 31 May 2009. It is expected that this amount will be paid in the six months ending 30 November 2009.

Capital expenditure

Capital expenditure was £0.9m, of which £0.8m related to continuing operations in the Point to Point business (2008 £1.9m total, £1.2m continuing operations).

Research and development costs

Research and development costs of £2.3m, which represented 7.3% of total revenue were expensed. No research and development costs were capitalised in the balance sheet. Research and development costs relating to continuing operations were £1.8m (6.4% of revenue).

Working capital

At 31 May 2009 net working capital was £5.3m (2008 £6.5m). Net working capital comprised inventories of £4.5m (2008 £6.2m), receivables of £4.8m (2008 £13.0m) and payables of £4.0m (2008 £12.7m).

Cash flow

Cash inflow from operating activities was £0.7m (2008 outflow £16.1m), cash inflow from investing activities was £13.7m (2008 £17.9m) and net cash outflow from financing activities was £29.7m (2008 £89.2m outflow). The closing cash balance as at 31 May 2009 was £16.2m (2008 £31.5m).

Pension matters

The wind up of the defined benefit pension scheme is nearing completion with the issue of annuity policies to individual members by Paternoster.

Dividend

On 24 November 2008 a second special dividend of 40p per share was paid to shareholders.

Based on the full year results for 2009 a final dividend of 1.00p per share has been recommended by the Board and, subject to approval at the Annual General Meeting on 18 September 2009, will be paid on 30 November 2009 to shareholders on the register on 30 October 2009.

Stephen Mole
Chief Financial Officer
27 July 2009

Directors' Assessment of Risk

Introduction

Filtronic supplies microwave 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 niche range of products to a small number of large OEM customers. 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 consistent 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 test all aspects of the product's design and manufacturing process or 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.

We operate two leased manufacturing locations, the larger of which is located within the facility of our major semiconductor supplier.

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 is denominated in euros with the cost base substantially in sterling, which 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 euros.

We have sold four divisions of the group in the past four years. We have provided warranties in support of these transactions, covering areas including product liability for an initial period and usually environment risks on freehold property and tax risks for longer specified periods. We have received claims on the sale of the Wireless Infrastructure and Defence Electronics business, which have been settled, and may receive claims in future related to these current and future commitments.

Consolidated Income Statement
for the year ended 31 May 2009

		2009	2008
Continuing operations	note	£000	£000
Revenue		28,779	40,133
		=====	=====
Operating profit before exceptional items		2,080	2,522
Exceptional items	2	(937)	(26,029)
		-----	-----
Operating profit/(loss)		1,143	(23,507)
Loss on sale of property		-	(115)
Finance income	8	1,255	9,110
Finance costs	9	(132)	(1,688)
		-----	-----
Profit/(loss) before taxation		2,266	(16,200)
Taxation		-	-
		-----	-----
Profit/(loss) for the period from continuing operations		2,266	(16,200)
Profit for the period from discontinued operations	10	9,390	1,585
		-----	-----
Profit/(loss) for the period		11,656	(14,615)
		=====	=====
Basic and diluted earnings/(loss) per share			
Continuing operations	18	3.05p	(21.80)p
Discontinued operations	18	12.63p	2.13p
		-----	-----
Basic and diluted earnings/(loss) per share	18	15.68p	(19.67)p
		=====	=====
Diluted earnings/(loss) per share			
Continuing operations	18	3.04p	(21.80)p
Discontinued operations	18	12.61p	2.13p
		-----	-----
Diluted earnings/(loss) per share	18	15.65p	(19.67)p
		=====	=====

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

Consolidated Statement of Recognised Income and Expense

for the year ended 31 May 2009

	2009	2008
	£000	£000
Profit/(loss) for the period	11,656	(14,615)
	-----	-----
Actuarial gain on defined benefit pension scheme	929	4,964
Transfer to income from translation reserve related to business disposal	(340)	(453)
Currency translation movement arising on consolidation	139	(6)
	-----	-----
	728	4,505
	-----	-----
	-----	-----
Total recognised income and expense for the period	12,384	(10,110)
	=====	=====

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

Consolidated Balance Sheet
at 31 May 2009

	2009	2008
	£000	£000
Non-current assets		
Property, plant and equipment	1,996	4,045
	-----	-----
Current assets		
Inventories	4,531	6,245
Trade and other receivables	4,779	12,999
Cash and cash equivalents	16,218	31,451
	-----	-----
	25,528	50,695
	-----	-----
Total assets	27,524	54,740
	-----	-----
Current liabilities		
Trade and other payables	3,999	12,673
Income tax payable	635	-
Provision	1,314	2,152
	-----	-----
	5,948	14,825
	-----	-----
Non-current liabilities		
Defined benefit pension	-	1,002
	-----	-----
Total liabilities	5,948	15,827
	-----	-----
Net assets	21,576	38,913
	=====	=====
Equity		
Share capital	7,432	7,432
Translation reserve	-	201
Retained earnings	14,144	31,280
	-----	-----
Total equity	21,576	38,913
	=====	=====

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

Consolidated Cash Flow Statement

for the year ended 31 May 2009

		2009	2008
	note	£000	£000
Cash flows from operating activities			
Profit/(loss) for the period		11,656	(14,615)
Gain on sale of discontinued operations		(9,614)	(3,596)
Finance costs		132	1,688
Finance income		(1,255)	(9,110)
Loss on sale of property		-	115
		-----	-----
Operating profit/(loss)	21	919	(25,518)
Defined benefit pension charge		-	27,010
Defined benefit pension contributions paid		(100)	(27,701)
Share-based payments		8	-
Property impairment		-	6,300
Depreciation		920	2,040
Loss on sale of plant and equipment		-	87
Licence fee released to income		-	(1,751)
Movement in inventories		59	1
Movement in trade and other receivables		4,721	2,079
Movement in trade and other payables		(5,646)	(323)
Movement in provision		(172)	1,704
		-----	-----
Net cash from/(used in) operating activities	21	709	(16,072)
		-----	-----

Consolidated Cash Flow Statement

for the year ended 31 May 2009

	note	2009 £000	2008 £000
Net cash from/(used in) operating activities	21	709	(16,072)
		-----	-----
Cash flows from investing activities			
Proceeds from sale of property		-	6,044
Proceeds from sale of plant and equipment		-	50
Interest received		1,213	6,724
Acquisition of plant and equipment		(945)	(2,309)
Sale of discontinued operations		13,418	7,413
		-----	-----
Net cash from investing activities	21	13,686	17,922
		-----	-----
Cash flows from financing activities			
Dividends paid		(29,729)	(89,188)
		-----	-----
Net cash used in financing activities	21	(29,729)	(89,188)
		-----	-----
Decrease in cash and cash equivalents		(15,334)	(87,338)
Currency exchange movement		101	522
Opening cash and cash equivalents		31,451	118,267
		-----	-----
Closing cash and cash equivalents		16,218	31,451
		=====	=====

Notes to the Preliminary Financial Information

for the year ended 31 May 2009

1 Continuing operations

The business designs and manufactures transceiver modules and filters for backhaul microwave linking of base stations used in wireless telecommunication networks.

The continuing operations for the current period form one business located in the United Kingdom. Consequently the previously reported results for Point to Point, Central Services and unallocated pension charge have been combined for the comparative period.

2 Exceptional items

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

		2009	2008
	note	£000	£000
Chief Executive termination cost	3	383	-
Pension scheme closure costs	4	266	-
Enhanced pension transfer value offer costs	5	-	311
Pension settlement charge	6	-	24,868
Pension past service cost	7	-	850
Redundancy costs		288	-
		-----	-----
		937	26,029
		=====	=====

3 Chief Executive termination costs

	2009	2008
	£000	£000
Chief Executive termination costs	383	-
	=====	=====

Charles Hindson resigned as Chief Executive on 19 September 2008. Under the terms of his contract he was paid twelve months salary in lieu of notice plus accrued bonus entitlement.

4 Pension scheme closure costs

	2009	2008
	£000	£000
Pension scheme closure costs	266	-
	=====	=====

Professional fees were incurred in connection with the process of closing the defined benefit pension scheme.

Notes to the Preliminary Financial Information

for the year ended 31 May 2009

5 Enhanced pension transfer value offer costs

	2009	2008
	£000	£000
Enhanced pension transfer value offer cost	-	311
	=====	=====

Professional fees were incurred in connection with the enhanced pension transfer value offer made during the period 1 June 2007 to 31 January 2008.

6 Pension settlement charge

	2009	2008
	£000	£000
Enhanced transfer values	-	3,206
Fully funding past service liabilities with annuities	-	21,662
	-----	-----
	-	24,868
	=====	=====

A pension settlement charge of £3,206,000 resulted from the settlement of the enhanced transfer values paid out during the period 1 June 2007 to 31 January 2008. The company paid £6,027,000 of additional contributions to the pension scheme to fund the settlement of the enhanced transfer values.

A pension settlement charge of £21,662,000 resulted from the settlement of past service liabilities with annuities at 29 February 2008. Pension benefits ceased accruing from 29 February 2008, and the defined benefits scheme is in the process of being closed. The company paid £21,000,000 of additional contributions to the pension scheme to fund the settlement of past service liabilities with annuities.

7 Pension past service cost

	2009	2008
	£000	£000
Pension past service cost	-	850
	=====	=====

The past service cost was the cost of providing for the equalisation of retirement ages for male and female members of pension schemes that were transferred into the defined benefit pension scheme. This was part of the process of transferring all of the residual liabilities of the scheme to the assurance company providing the annuities.

Notes to the Preliminary Financial Information
for the year ended 31 May 2009

8 Finance income

	2009	2008
	£000	£000
Interest income	1,213	6,724
Expected return on pension scheme assets	42	1,985
Currency exchange gains	-	401
	-----	-----
	1,255	9,110
	=====	=====

9 Finance costs

	2009	2008
	£000	£000
Interest on pension scheme liabilities	69	1,688
Currency exchange losses	63	-
	-----	-----
	132	1,688
	=====	=====

Notes to the Preliminary Financial Information

for the year ended 31 May 2009

10 Profit for the period from discontinued operations

		2009	2008
Discontinued operations	note	£000	£000
Revenue	11,12	2,111	44,293
		=====	=====
Operating (loss)/profit before exceptional items		(224)	4,464
Exceptional items	13	-	(6,475)
		-----	-----
Operating loss	11,12	(224)	(2,011)
		-----	-----
Loss before taxation		(224)	(2,011)
Taxation		-	-
		-----	-----
Loss after taxation		(224)	(2,011)
Gain on sale of discontinued operations	14	9,614	3,596
		-----	-----
Profit for the period from discontinued operations		9,390	1,585
		=====	=====

Notes to the Preliminary Financial Information

for the year ended 31 May 2009

11 Business segment analysis discontinued operations

	2009	2008
	£000	£000
Revenue		
Defence Electronics	2,111	16,980
Compound Semiconductors	-	27,313
	-----	-----
	2,111	44,293
	=====	=====
Operating loss		
Defence Electronics	(224)	322
Compound Semiconductors	-	(2,333)
	-----	-----
Operating loss	(224)	(2,011)
	-----	-----
Loss before taxation	(224)	(2,011)
Taxation	-	-
	-----	-----
Loss after taxation	(224)	(2,011)
Gain on sale of discontinued operations	9,614	3,596
	-----	-----
Profit for the period from discontinued operations	9,390	1,585
	=====	=====

The operating loss is stated after crediting the release of deferred income as follows:

Compound Semiconductors licence fee	-	1,751
	-----	-----

Notes to the Preliminary Financial Information

for the year ended 31 May 2009

12 Geographical origin segment analysis discontinued operations

	2009	2008
	£000	£000
Revenue		
United Kingdom	1,900	40,881
United States of America	-	2,462
Australia	211	950
	-----	-----
	2,111	44,293
	=====	=====
Operating loss		
United Kingdom	(261)	(1,226)
United States of America	-	(1,016)
Australia	37	231
	-----	-----
Operating loss	(224)	(2,011)
	-----	-----
Loss before taxation	(224)	(2,011)
Taxation	-	-
	-----	-----
Loss after taxation	(224)	(2,011)
Gain on sale of discontinued operations	9,614	3,596
	-----	-----
Profit for the period from discontinued operations	9,390	1,585
	=====	=====

Notes to the Preliminary Financial Information

for the year ended 31 May 2009

13 Exceptional items discontinued operations

Operating loss is stated after charging exceptional items as follows:

	2009	2008
	£000	£000
Compound Semiconductors assets impairment	-	6,300
Compound Semiconductors redundancy costs	-	175
	-----	-----
	-	6,475
	=====	=====

14 Gain on sale of discontinued operations

		2009	2008
	note	£000	£000
Gain/(loss) on sale of:			
Australian Wireless Infrastructure business	15	1,313	-
Wireless Infrastructure business		-	2,805
United Kingdom and Australian Defence Electronic Business	16	8,388	-
United States Defence Electronics business	17	(87)	(667)
Compound Semiconductors business		-	1,458
		-----	-----
		9,614	3,596
		=====	=====

15 Sale of Australian Wireless Infrastructure business

The Australian Wireless Infrastructure business was sold to its management in 2005. The business was sold on to another party in July 2008. Under the terms of the original sale a proportion of the sell-on proceeds were received by the group in July 2008 and amounted to £1,903,000.

	2009
	£000
Gain on sale of Australian Wireless Infrastructure business before taxation	1,903
Taxation	(590)

Gain on sale of Australian Wireless Infrastructure business after taxation	1,313
	=====

Notes to the Preliminary Financial Information

for the year ended 31 May 2009

16 Sale of the United Kingdom and Australian Defence Electronic business

On 15 August 2008 the United Kingdom and Australian Defence Electronic business was sold. The sale is analysed as follows:

	2009
	£000
Consideration and costs	
Gross consideration	13,000
Adjustment of working capital	(287)

Net consolidation	12,713
Sale costs	(879)
Currency translation adjustment	340

	12,174
	=====
Assets and liabilities sold	
Property, plant and equipment	2,073
Inventories	1,655
Trade and other receivables	2,925
Cash and equivalents	419
Trade and other payables	(2,620)
Provision	(666)

Net assets sold	3,786
Gain on sale of the United Kingdom and Australian Defence Electronics business	8,388

	12,174
	=====

Notes to the Preliminary Financial Information

for the year ended 31 May 2009

17 Sale of the United States Defence Electronic business

The Defence Electronic business of Sage Laboratories, Inc, in the United States of America was sold on 12 October 2007. The initial consideration was \$3,556,000 and a further \$1,000,000 of deferred consideration was due in January 2009. Also there was a further \$500,000 of contingent consideration due in January 2009, depending on the revenue performance of the business, which was not recognised.

At 31 May 2008, \$1,130,000 of consideration was included in receivables and \$1,000,000 of sales costs were accrued to meet a potential claim from the purchaser. In March 2009 an agreement was reached to offset the outstanding consideration against the claim from the purchaser, resulting in full and final settlement of the business sale transaction.

	2009
	£000
Consideration adjustment	(689)
Sale cost adjustment	602

Loss of sale of the United States Defence Electronic business	(87)
	=====

Notes to the Preliminary Financial Information
for the year ended 31 May 2009

18 Earnings/(loss) per share

	2009	2008
	£000	£000
Profit/(loss) for the period		
Continuing operations	2,266	(16,200)
Discontinued operations	9,390	1,585
	-----	-----
Profit/(loss) for the period	11,656	(14,615)
	=====	=====
	000	000
Basic weighted average number of shares	74,323	74,323
Dilution effect of share options	120	-
	-----	-----
Diluted weighted average number of shares	74,443	74,323
	=====	=====
Basic earnings/(loss) per share		
Continuing operations	3.05p	(21.80)p
Discontinued operations	12.63p	2.13p
	-----	-----
Basic earnings/ (loss) per share	15.68p	(19.67)p
	=====	=====
Diluted earnings/(loss) per share		
Continuing operations	3.04p	(21.80)p
Discontinued operations	12.61p	2.13p
	-----	-----
Diluted earnings/ (loss) per share	15.65p	(19.67)p
	=====	=====

Notes to the Preliminary Financial Information

for the year ended 31 May 2009

19 Dividends

The dividends recognised in equity and paid during the period were as follows:

		2009	2008
	Per share	£000	£000
Special interim dividend year ended 31 May 2008	120.00p	-	89,188
Special interim dividend year ended 31 May 2009	40.00p	29,729	-
		-----	-----
		29,729	89,188
		=====	=====

The final dividend proposed for the year ended 31 May 2009 is 1.00p per share payable on 30 November 2009 to shareholders on the register on 30 October 2009. The final dividend will amount to £743,000 based on the issued share capital of 74,323,093 10p ordinary shares as at 27 July 2009.

20 Reconciliation of movements in total equity

	2009	2008
	£000	£000
Opening total equity	38,913	138,211
Total recognised income and expense for the period	12,384	(10,110)
Share-based payments	8	-
Dividends	(29,729)	(89,188)
	-----	-----
Closing total equity	21,576	38,913
	=====	=====

Notes to the Preliminary Financial Information
for the year ended 31 May 2009

21 Note to the consolidated cash flow statement

	2009	2008
	£000	£000
	note	
Operating profit/(loss)		
Continuing operations	1,143	(23,507)
Discontinued operations	(224)	(2,011)
	-----	-----
	919	(25,518)
	=====	=====
Net cash from/(used in) operating activities		
Continuing operations	689	(22,542)
Discontinued operations	20	6,470
	-----	-----
	709	(16,072)
	=====	=====
Net cash from investing activities		
Continuing operations	349	11,554
Discontinued operations	(81)	(1,045)
Sale of discontinued operations	22 13,418	7,413
	-----	-----
	13,686	17,922
	=====	=====
Net cash used in financing activities		
Continuing operations	(29,729)	(89,188)
	=====	=====

22 Net cash from sale of discontinued operations

	2009	2008
	£000	£000
Consideration received	14,616	14,964
Sale costs paid	(779)	(1,801)
Cash and cash equivalent sold	(419)	-
Product liability costs paid	-	(5,750)
	-----	-----
	13,418	7,413
	=====	=====

Notes to the Preliminary Financial Information

for the year ended 31 May 2009

These preliminary results have been prepared on the basis of the accounting policies which are to be set out in Filtronic plc's annual report and financial statements for the year ended 31 May 2009.

EU Law (IAS Regulation EC1606/2002) requires that the consolidated financial statements of the group for the year ended 31 May 2009 be prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted for use in the EU ('adopted IFRSs').

The financial information set out above does not constitute the company's statutory financial statements for the years ended 31 May 2009 or 2008 but is derived from those financial statements. Statutory financial statements for 2008 have been delivered to the registrar of companies, and those for 2009 will be delivered in due course. The auditors have reported on those financial statements; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 237(2) or (3) of the Companies Act 1985, in respect of the financial statements for 2008 nor a statement under section 498 (2) or (3) of the Companies Act 2006 in respect of the financial statements for 2009.