

THIS DOCUMENT AND THE ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document and/or the accompanying Notice of Annual General Meeting or as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the FSMA.

If you have sold or otherwise transferred all of your Ordinary Shares, please immediately forward this document, together with the Notice of Annual General Meeting and the Form of Proxy which accompany this document, to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you have sold only part of your holding of Ordinary Shares, please contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately.

The Directors (whose names and functions appear on page 4 of this document) and the Company (whose registered office appears on page 4 of this document) accept responsibility, both collectively and individually, for the information contained in this document and compliance with the AIM Rules. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

This document contains no offer of transferable securities to the public within the meaning of section 102B of the FSMA, the Act or otherwise. Accordingly, this document does not constitute a prospectus within the meaning of section 85 of the FSMA and has not been drawn up in accordance with the Prospectus Rules or approved by the UK Financial Conduct Authority or any other competent authority.



(Incorporated under the Companies Act 1985
and registered in England and Wales with registered number 03881244)

Annual General Meeting

Your attention is drawn to the letter from the Non-executive Chairman of the Company set out in this document, which contains the Directors' unanimous recommendation that you vote in favour of the Resolutions to be proposed at the Annual General Meeting.

Notice of an Annual General Meeting of the Company, to be held at the registered office of the Company at Whiteley Road, Blaydon-on-Tyne, Tyne and Wear, NE21 5NJ at 2.00pm on 16 February 2017, accompanies this document. To be valid, the Form of Proxy which also accompanies this document for use in connection with the Annual General Meeting should be completed, signed and returned as soon as possible and, in any event, so as to reach the Company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY by not later than 2.00pm on 14 February 2017 or two working days prior to any adjourned meeting or, in the case of a poll taken more than 48 hours after it is demanded, one working day before the time appointed for the taking of the poll. Completion and return of Forms of Proxy will not preclude Shareholders from attending and voting at the Annual General Meeting should they so wish.

A copy of this document and a copy of the Notice of Annual General Meeting are available at the Company's website at www.zytronicplc.com. Neither the content of the Company's website nor any website accessible by hyperlinks to the Company's website is incorporated in, or forms part of, this document or the Notice of Annual General Meeting.

Important notice

Cautionary note regarding forward-looking statements

This document includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “plans”, “projects”, “anticipates”, “expects”, “intends”, “may”, “will”, or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the Directors’ current intentions, beliefs or expectations concerning, among other things, the Group’s results of operations, financial condition, liquidity, prospects, growth, strategies and markets.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Actual results and developments could differ materially from those expressed or implied by the forward-looking statements.

Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this document are based on certain factors and assumptions, including the Directors’ current view with respect to future events, and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group’s operations, results of operations, growth strategy and liquidity. Whilst the Directors consider these assumptions to be reasonable based upon information currently available, they may prove to be incorrect. Save as required by law or by the AIM Rules, the Company undertakes no obligation to publicly release the results of any revisions to any forward-looking statements in this document that may occur due to any change in the Directors’ expectations or to reflect events or circumstances after the date of this document.

Notice to overseas persons

The distribution of this document and/or the Notice of Annual General Meeting and/or the Form of Proxy in certain jurisdictions may be restricted by law and therefore persons into whose possession these documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

References to defined terms

In the document, references to “Pounds Sterling”, “£”, “pence” and “p” are to the lawful currency of the United Kingdom.

All times referred to in this document are, unless otherwise stated, references to London time.

Times and/or dates referred to in this document are subject to change. Any change will be notified via a Regulatory Information Service.

Part III of this document contains the definitions of terms used throughout this document.

Contents

	Page
Directors and advisers	4
Part I – Letter from the Non-Executive Chairman of the Company	5
Part II – Information relating to the Capital Reduction and Share Buy Back	8
Part III – Definitions	11

Directors and advisers

Directors	Tudor Griffith Davies (Non-executive Chairman) Mark Cambridge (Chief Executive Officer) Claire Smith (Finance Director) Sir David Robert Macgowan Chapman Bt. (Non-executive Director) David John Buffham (Non-executive Director)
Registered office	Whiteley Road Blaydon-on-Tyne Tyne and Wear NE21 5NJ
Company website	www.zytronicplc.com
Company Secretary	Claire Smith
Nominated Adviser and Broker	N+1 Singer One Bartholomew Lane London EC2N 2AX
Legal advisers to the Company	Ward Hadaway Sandgate House 102 Quayside Newcastle upon Tyne NE1 3DX
Registrars	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS13 8AE

Part I

Letter from the Non-executive Chairman of the Company

Zytronic plc

(Incorporated under the Companies Act 1985 and registered in England and Wales with registered number 03881244)

Directors:

Tudor Griffith Davies (Non-executive Chairman)
 Mark Cambridge (Chief Executive Officer)
 Claire Smith (Finance Director)
 Sir David Robert Macgowan Chapman Bt. (Non-executive Director)
 David John Buffham (Non-executive Director)

Registered office:

Whiteley Road
 Blaydon-on-Tyne
 Tyne and Wear
 NE21 5NJ

5 January 2017

Dear Shareholder,

Annual General Meeting**1. Introduction and summary**

I am writing in connection with the Company's Annual General Meeting to be held at 2.00pm on 16 February 2017 at the registered office of the Company at Whiteley Road, Blaydon-on-Tyne, Tyne and Wear, NE21 5NJ.

Details of the Resolutions to be proposed at the Annual General Meeting are set out in section 2 of this Part I. Your approval is being sought for all of the Resolutions to be proposed at the Annual General Meeting.

At the Annual General Meeting the Company will be dealing with the usual matters which have been undertaken traditionally by the Company at its annual general meetings and, in addition, the Company will also be dealing with proposals recommended by the Board to increase the distributable reserves of the Company.

The background to and reasons for the Capital Reduction and seeking authority for a Share Buy Back are set out in Part II of this document.

The purpose of this document is to provide you with information about the Resolutions to be proposed at the Annual General Meeting and to explain why the Board considers all of the Resolutions to be in the best interests of the Company and its Shareholders as a whole and why the Directors unanimously recommend that you vote in favour of all of the Resolutions to be proposed at the Annual General Meeting, notice of which accompanies this document.

2. Resolutions to be proposed at the Annual General Meeting**Ordinary business****Resolution 1: Annual report and accounts**

The Directors must present the Company's financial statements and the Directors' and auditors' reports thereon to Shareholders at a general meeting. Those to be presented at the Annual General Meeting are in respect of the financial year ended 30 September 2016 and together comprise the annual report 2016.

Resolution 2: Final dividend

The Directors are recommending a final dividend for the financial year ended 30 September 2016 of 10.96p per Ordinary Share, to be paid on Friday 3 March 2017 to Shareholders whose names appear on the register at the close of business on Friday 17 February 2017.

Resolutions 3 and 4 (inclusive): Re-election of Directors

Resolutions 3 and 4 propose the re-election of Claire Smith and David Buffham respectively as Directors. Claire Smith and David Buffham are retiring and offering themselves for re-election at the Annual General Meeting in accordance with the Company's Articles of Association. Their respective biographies are set out on page 19 of the annual report 2016.

Resolution 5: Reappointment and remuneration of auditors

The Company is required to appoint auditors at each general meeting at which its annual accounts and reports are presented to Shareholders. Therefore, Resolution 5 proposes the reappointment of Ernst & Young LLP as auditors, and, in accordance with normal practice, authorises the Directors to determine the auditors' remuneration.

Special business**Special Business Resolution 1: Electronic communications with Shareholders**

The Directors consider that it would be beneficial for the Company to communicate electronically with Shareholders. Special Business Resolution 1 deals with seeking authority from Shareholders for the Company to do so, subject to and in accordance with the provisions of the Act.

Special Business Resolution 2: Authority to allot shares

Generally, the Directors may only allot shares in the Company (or grant rights to subscribe for, or to convert any security into, Ordinary Shares in the Company) if they have been authorised to do so by Shareholders. If passed, Special Business Resolution 2 will authorise the Directors to allot Ordinary Shares (and to grant rights to subscribe for, or to convert any security into, shares in the Company) up to an aggregate nominal amount of £50,917.45. This amount represents approximately one-third of the issued Ordinary Share capital of the Company (excluding treasury shares).

2. Resolutions to be proposed at the Annual General Meeting *continued*

Special Business *continued*

Special Business Resolution 2: Authority to allot shares *continued*

If given, this authority will expire at the conclusion of the Company's next Annual General Meeting or at the close of business on the date which is 15 months after the date of this Annual General Meeting (whichever is the earlier). It is the Directors' intention to renew the allotment authority each year. As at the date of this document, no Ordinary Shares are held by the Company in treasury.

The Directors have no current intention to exercise the authority sought under Special Business Resolution 2. However, the Directors consider that it is in the best interests of the Company to have the authority available so that they have flexibility to allot shares or grant rights without the need for a general meeting should they determine that it is appropriate to do so to respond to market developments or to take advantage of business opportunities as they arise.

Special Business Resolutions 3 and 4 (inclusive): Disapplication of pre-emption rights

Generally, if the Directors wish to allot new shares or other equity securities (within the meaning of Section 560 of the Act) for cash, then under the Act they must first offer such shares or securities to Shareholders in proportion to their existing holdings. These statutory pre-emption rights may be disapplied by Shareholders.

Resolutions 3 and 4 will be proposed as Special Resolutions, and, if passed, will enable the Directors to allot equity securities for cash without having to comply with statutory pre-emption rights.

Special Business Resolution 3, which will be proposed as a Special Resolution, will enable the Directors to allot equity securities for cash without having to comply with statutory pre-emption rights, but this power will be limited to allotments:

- in connection with a rights issue or an open offer or other pre-emptive offer, in each case to Ordinary Shareholders and to holders of other equity securities (if required by the rights of those securities or the Directors otherwise consider necessary), but (in accordance with normal practice) subject to such exclusions or other arrangements, such as for fractional entitlements and overseas Shareholders, as the Directors consider necessary; and
- in any other case, up to an aggregate nominal amount of £7,714.76 (which represents approximately 5% of the issued Ordinary Share capital of the Company).

Special Business Resolution 4, which will be proposed as a Special Resolution, will enable the Directors to allot equity securities for cash up to a maximum aggregate nominal amount of £7,714.76 without having to comply with statutory pre-emption rights, but this power will be:

- limited to allotments up to an aggregate nominal amount of £7,714.76 (which represents approximately 5% of the issued Ordinary Share capital of the Company); and
- used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of the Notice of Annual General Meeting.

The Company intends to only make use of the authority contained in Special Business Resolution 4 in connection with an acquisition or specified capital investment which is announced contemporaneously with the issue of the relevant equity securities or which has taken place in the preceding six-month period and is disclosed in the Company's announcement relating to the issue of the relevant equity securities.

The authorities contained in Special Business Resolutions 3 and 4 are in line with the Statement of Principles issued by The Pre-Emption Group in 2015 ("2015 Principles").

The Directors also intend to follow the provisions in the 2015 Principles regarding cumulative usage of authorities within a rolling three-year period. The 2015 Principles provide that a company should not issue shares representing more than 7.5% of its issued Ordinary Share capital for cash in any rolling three-year period without prior consultation with Shareholders, other than on a pre-emptive basis or in connection with an acquisition or specified capital investment.

If given, the authorities contained in Special Business Resolutions 3 and 4 will expire at the conclusion of the Company's next Annual General Meeting or at the close of business on the date which is 15 months after the date of the Annual General Meeting (whichever is the earlier). It is the Directors' intention to renew these authorities each year.

Special Business Resolution 5: Capital reduction bonus issue and capital reduction

Special Business Resolution 5 provides authority for the Company to complete the Capital Reduction Bonus Issue and the Capital Reduction described in Part II of this document.

Special Business Resolution 6: Share buy back authority

Special Business Resolution 6 sets out the terms of the Share Buy Back Authority described in Part II of this document.

3. The Annual General Meeting

Accompanying this document is a notice convening the Annual General Meeting to be held on 16 February 2017 at the registered office of the Company at Whiteley Road, Blaydon-on-Tyne, Tyne and Wear, NE21 5NJ at 2.00pm, at which the Resolutions will be proposed.

The Resolutions numbered 1 to 5 will each be proposed as ordinary resolutions. Special Business Resolution 1 will also be proposed as an ordinary resolution. Special Business Resolutions 2, 3, 4, 5 and 6 will each be proposed as Special Resolutions.

4. Action to be taken

A Form of Proxy for use at the Annual General Meeting accompanies this document. The Form of Proxy should be completed and signed in accordance with the instructions thereon and returned, using the reply paid envelope provided, to the Company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, as soon as possible, but in any event so as to be received by no later than 2.00pm on 14 February 2017. The completion and return of a Form of Proxy will not preclude Shareholders from attending the Annual General Meeting and voting in person should they so wish.

5. Recommendation

The Directors consider all of the Resolutions to be in the best interests of the Company and its Shareholders as a whole and accordingly unanimously recommend Shareholders to vote in favour of all of the Resolutions to be proposed at the Annual General Meeting as they intend to do in respect of their beneficial holdings amounting, in aggregate, to 200,914 Ordinary Shares, representing approximately 1% of the existing issued Ordinary Share capital of the Company.

Yours faithfully

Tudor Griffith Davies

Non-executive Chairman
Zytronic plc

Part II

Information relating to the capital reduction and the Share Buy Back

1. Background to and reasons for the Capital Reduction and the Share Buy Back

Included within the Company's profit and loss account reserve is an amount of £8,919,000, which relates to a dividend received from a subsidiary of the Company in a prior year. This amount is not included in Group reserves and does not form part of the Company's distributable reserves.

As at 30 September 2016, the balance standing to the credit of the Company's profit and loss account reserve was £14,319,000, of which the amount of £8,919,000 does not form part of the Company's distributable reserves. Although the Company currently has a positive profit and loss account reserve, the Company is prohibited under the Act from making distributions to its Shareholders, including the payment of dividends, to the extent which its reserves are not distributable. It is also prohibited from purchasing its own Ordinary Shares (unless funded by the proceeds of a fresh issue of shares made for the purpose) to the extent which its reserves are not distributable.

The Company is seeking the approval of the Shareholders, through the issue of the Capital Reduction Shares and their subsequent cancellation, in order to create realised profits of £8,919,000 (being an amount equal to the amount included within its profit and loss account reserve which does not form part of the Company's distributable reserves). If approved by the Shareholders, the cancellation will require subsequent approval by the Court.

Following the implementation of the Capital Reduction, there will be no change in the number of Ordinary Shares in issue; furthermore there is no immediate plan to return capital to Shareholders, whether by way of any additional dividend, a Share Buy Back or otherwise.

2. The Capital Reduction

It is proposed that:

- the amount standing to the credit of the Company's profit and loss account reserve which does not form part of the Company's distributable reserves, being the sum of £8,919,000, is capitalised by way of a bonus issue of newly created Capital Reduction Shares; and
- the newly created Capital Reduction Shares are cancelled.

The cancellation, if approved by the Court, will create realised profits.

In seeking this approval, the Company may be required to give such undertakings or other form of creditor protection as the Court may require for the benefit of the Company's creditors at the date on which the Capital Reduction becomes effective. These may include seeking the consent of the Company's creditors to the Capital Reduction or the provision by the Company to the Court of an undertaking to deposit a sum of money into a blocked account created for the purpose of discharging the non-consenting creditors of the Company. The Company's financial statements for the year ended 30 September 2016 state that at 30 September 2016 the Group held the sum of approximately £12.8m in cash, and, in addition, other current assets of approximately £6.5m, with the aggregate amount of the Group's total liabilities at that date stated as being the sum of approximately £4.9m.

It is anticipated that the initial directions hearing in relation to the Capital Reduction will take place on 2 March 2017, with the final hearing taking place on 15 March 2017 and the Capital Reduction becoming effective on that day, following the necessary registration of the Court order at Companies House.

The Capital Reduction itself will not involve any distribution or repayment of capital or share premium by the Company and will not reduce the underlying net assets of the Company.

3. Share Buy Back Authority

In order to facilitate a Share Buy Back at a future date and in keeping with the Company's practice at prior Annual General Meetings, the Board is seeking the authority of Shareholders to enable the Company to purchase Ordinary Shares in the market in accordance with the Act. The terms of this authority are set out in full in Special Business Resolution 6 as set out in the Notice of Annual General Meeting.

This authority will be limited to a maximum of 1,542,953 Ordinary Shares (representing approximately 10.0% of the total issued Ordinary Share capital of the Company as at the date of this document). Ordinary Shares so purchased may be cancelled or held as treasury shares. The authority will expire at the end of the next Annual General Meeting of the Company or, if earlier, the date which is 15 months after the date of the Annual General Meeting. In keeping with prior practice, the Directors intend to seek renewal of this authority at subsequent Annual General Meetings of the Company.

The minimum price that can be paid for an Ordinary Share is 1p, being the nominal value of an Ordinary Share. The maximum price that can be paid is 5% over the average of the middle market prices for an Ordinary Share, derived from the Daily Official List of the London Stock Exchange for the five business days immediately before the day on which the share is contracted to be purchased. The Directors intend to exercise, this right only when, in light of the market conditions prevailing at the time and taking into account all relevant factors (for example, the effect on earnings per share), they believe that such purchases are in the best interests of the Company and Shareholders generally. The overall position of the Company will be taken into account before deciding upon this course of action. The decision as to whether any such shares bought back will be cancelled or held in treasury will be made by the Directors of the Company on the same basis at the time of the purchase.

4. The Capital Reduction Bonus Issue and the rights of the Capital Reduction Shares

It is proposed to capitalise the sum of £8,919,000 standing to the credit of the Company's profit and loss account reserve which does not form part of the Company's distributable reserves by applying that sum in paying up in full new Capital Reduction Shares prior to the Court Hearing (such capitalisation to take effect at the Capital Reduction Record Time), and allotting and issuing such shares by way of a bonus issue to the persons at that point holding Ordinary Shares on the basis of one Capital Reduction Share for every one Ordinary Share held at the Capital Reduction Record Time.

The Capital Reduction Shares will not be admitted to trading on the AIM Market of the London Stock Exchange, or any other market. No share certificates will be issued in respect of the Capital Reduction Shares. The Capital Reduction Shares will have extremely limited rights. In particular, the Capital Reduction Shares will carry no rights to participate in the profits of the Company and no rights to participate in the Company's assets, save on a winding-up. The Capital Reduction Shares will be transferable, but no market will exist in them and it is anticipated that the Court will confirm their cancellation at the Court Hearing on the day immediately after they have been issued.

The capitalisation is needed as an additional step since the Court only has the power to reduce share capital and other statutory reserves, including share premium and capital redemption reserves. Hence, it is necessary to convert the £8,919,000 amount into share capital (the new Capital Reduction Shares) and thereafter to cancel the Capital Reduction Shares.

5. Takeover Code

Under Rule 9 of the Takeover Code, any person who acquires an interest (as such term is defined in the Takeover Code) in shares which, taken together with the shares in which he and persons acting in concert with him are interested, carry 30% or more of the voting rights in a company that is subject to the Takeover Code is normally required to make a general offer to all of the remaining shareholders to acquire their shares. Similarly, when any person, together with any persons acting in concert with him, is interested in shares which in aggregate carry not less than 30% but does not hold shares carrying more than 50% of the voting rights of such a company, a general offer will normally be required if any further interests in shares are acquired by such a person. Such an offer would have to be made in cash at a price not less than the highest price paid by him, or by any member of the group of persons acting in concert with him, for any interest in shares in the Company during the twelve months prior to the announcement of the offer.

Under Rule 37 of the Takeover Code, any increase in the percentage holding of a Shareholder which results from a company buying back its own shares will also be treated as an acquisition for the purposes of Rule 9 of the Takeover Code. Where, as a result of such an increase, a Shareholder comes to exceed the limits in Rule 9 of the Takeover Code referred to above, the Shareholder will not normally incur an obligation to make a general offer unless the Shareholder is a Director, or the relationship of the Shareholder with any one or more of the Directors is such that the Shareholder is, or is presumed to be, acting in concert with any of the Directors. However, an obligation to make a general offer may be imposed if the relevant Shareholder (or any relevant member of a group of persons acting in concert) acquires an interest in shares at a time when such Shareholder had reason to believe that a buy back of shares by the company would take place.

In situations where the Directors of a company are aware that a buy back of shares by that company would otherwise give rise to an obligation for a Shareholder (or group of Shareholders acting in concert) to make a general offer, the board of Directors should ensure that an appropriate resolution to approve the waiver of this obligation is put to the company's independent Shareholders prior to implementation of the relevant buy back of shares as a pre-condition to its implementation.

6. Taxation

The following comments are intended as a general guide only and relate only to certain UK tax consequences of receiving the Capital Reduction Shares under the Capital Reduction Bonus Issue. The comments are based on current legislation and HM Revenue & Customs practice, both of which are subject to change, possibly with retrospective effect. These comments deal only with Shareholders who are resident and, if they are individuals, ordinarily resident for taxation purposes in the UK, who are the absolute beneficial owners of Ordinary Shares and who hold them as an investment and not on trading account. They do not deal with the position of certain classes of Shareholders, such as dealers in securities, insurance companies, collective investment schemes or persons regarded as having obtained their Ordinary Shares by reason of employment.

Capital Reduction Bonus Issue and Capital Reduction

The Capital Reduction Bonus Issue should be treated as a "reorganisation" for the purposes of UK taxation of chargeable gains ("CGT"), so that a Shareholder should not be treated as making a disposal or part disposal of his Ordinary Shares for CGT purposes upon receipt of the Capital Reduction Shares. Instead, the Capital Reduction Shares will be treated as the same asset, acquired at the same time, as his Ordinary Shares. On the basis that the Capital Reduction Shares will be treated as being paid up for "new consideration" received by the Company, the issue of the Capital Reduction Shares should not give rise to any liability to United Kingdom income tax (or corporation tax) in a Shareholder's hands.

6. Taxation *continued*

Capital Reduction Bonus Issue and Capital Reduction *continued*

Due to the fact the Capital Reduction Shares:

- have no voting rights or rights to income;
- have no market; and
- at the time issued, it is anticipated that the Capital Reduction Shares will be cancelled for no payment on the day immediately following their issue,

the market value of the Capital Reduction Shares is likely to be £nil for the duration of their existence. The CGT base cost of the Capital Reduction Shares and Ordinary Shares should be calculated by apportioning the base costs of the Ordinary Shares between the Capital Reduction Shares and the Ordinary Shares based on their respective market values. Consequently the issue of the Capital Reduction Shares should not impact the base cost of the Ordinary Shares and there should be no tax charge (nor any allowable loss) on the cancellation of the Capital Reduction Shares.

Stamp duty and stamp duty reserve tax (“SDRT”)

No stamp duty or SDRT will be payable on the issue of the Capital Reduction Shares.

This section is not intended to be, and should not be construed to be, legal or taxation advice to any particular Shareholder. Any Shareholder who has any doubt about his own taxation position, whether regarding CGT or otherwise, or who is subject to taxation in any jurisdiction other than the UK should consult his professional taxation adviser immediately.

Part III

Definitions

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

“Act”	the Companies Act 2006 (as amended)
“AIM”	the AIM Market operated by the London Stock Exchange
“AIM Rules”	the AIM Rules for Companies published by the London Stock Exchange from time to time
“Annual General Meeting”	the Annual General Meeting of the Company to be held at the registered office of the Company at Whiteley Road, Blaydon-on-Tyne, Tyne and Wear, NE21 5NJ at 2.00pm on 16 February 2017, notice of which accompanies this document
“Capital Reduction”	the proposed cancellation of the Capital Reduction Shares pursuant to Special Business Resolution 5 as set out in the Notice of Annual General Meeting
“Capital Reduction Bonus Issue”	the bonus issue of one Capital Reduction Share for every one Ordinary Share held by each Shareholder on the register of members of the Company at the Capital Reduction Record Time in order to facilitate the Capital Reduction as described in this document
“Capital Reduction Record Time”	6.00pm on the date immediately preceding the date of the Court Hearing
“Capital Reduction Shares”	the B shares in the capital of the Company to be created by the Capital Reduction Bonus Issue, whereby the nominal value of such B shares is equal to the sum that is obtained by dividing the number of B shares to be issued into £8,919,000, being the amount standing to the credit of the Company’s profit and loss account reserve which does not form part of the Company’s distributable reserves
“Company”	Zytronic plc, a company incorporated and registered in England and Wales under the Companies Act 1985 with registered number 03881244
“Court”	the High Court of Justice in England and Wales
“Court Hearing”	the hearing by the Court to confirm the Capital Reduction, anticipated to take place on 15 March 2017
“Directors” or “Board”	the Directors of the Company whose names are set out on page 4 of this document, or any duly authorised committee thereof
“Form of Proxy”	the Form of Proxy for use in connection with the Annual General Meeting which accompanies this document
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“Group”	the Company, its subsidiaries and its subsidiary undertakings
“London Stock Exchange”	London Stock Exchange plc
“Notice of Annual General Meeting”	the notice convening the Annual General Meeting which accompanies this document
“Ordinary Shares”	ordinary shares of 1p each in the capital of the Company
“Prospectus Rules”	the Prospectus Rules brought into effect on 1 July 2005 pursuant to Commission Regulation (EC) No. 809/2004
“Resolutions”	the resolutions set out in the Notice of Annual General Meeting
“Share Buy Back”	a buy back of shares by the Company pursuant to the Share Buy Back Authority
“Share Buy Back Authority”	the proposed authority of the Company to make market purchases of Ordinary Shares pursuant to Special Business Resolution 6 as set out in the Notice of Annual General Meeting (and any equivalent authority granted by the Shareholders from time to time)
“Shareholders”	holders of Ordinary Shares
“Special Business Resolutions”	the Resolutions numbered 1 to 6 under the heading “Special business” in the Notice of Annual General Meeting
“Takeover Code”	the City Code on Takeovers and Mergers
“UK”	the United Kingdom of Great Britain and Northern Ireland



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