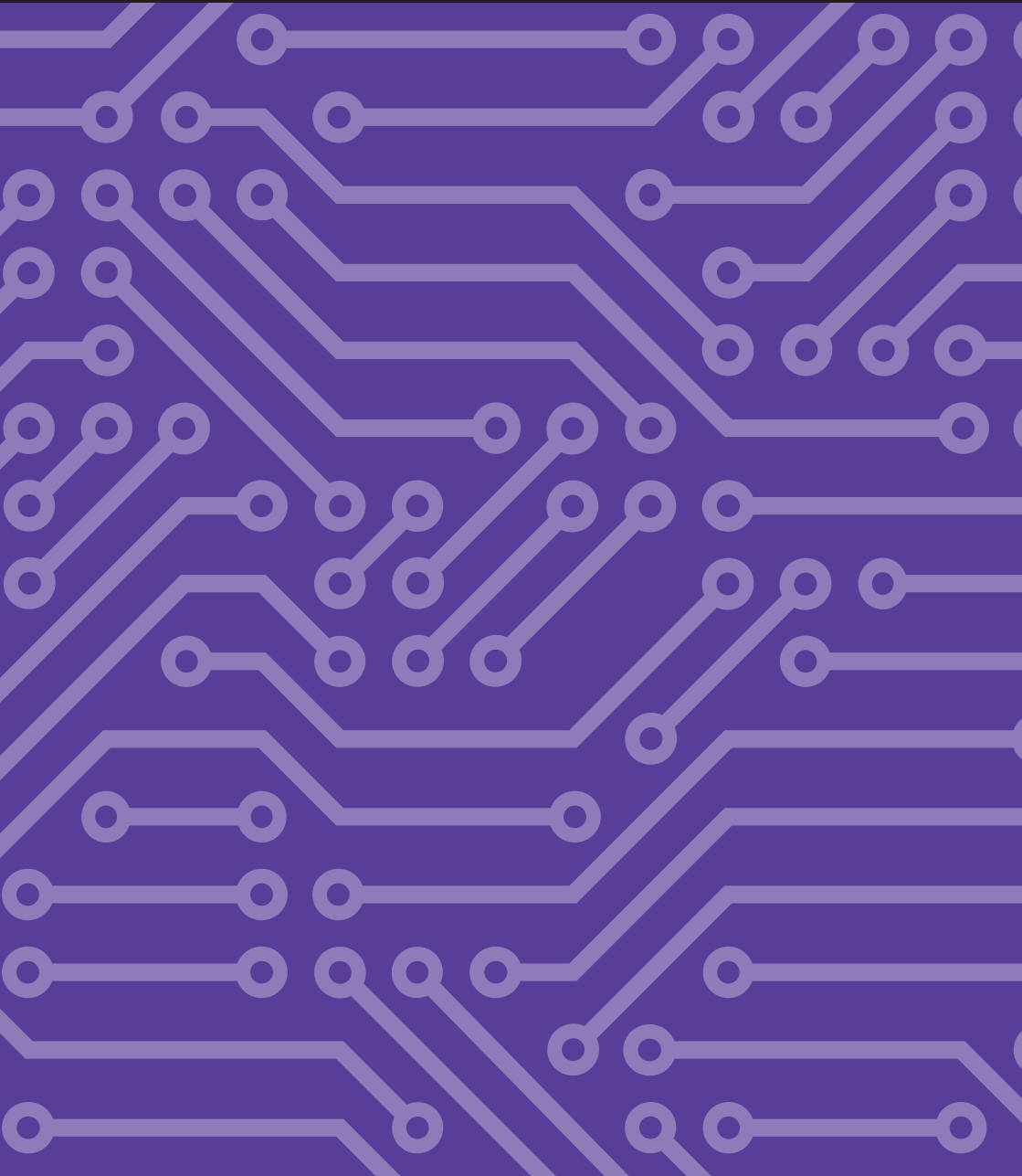


APC

ADVANCED POWER COMPONENTS

Interim Report 2009



CHAIRMAN'S STATEMENT

I am pleased to present the interim report for Advanced Power Components for the six month period ended 28 February 2009.

During the period, revenues increased 44% over the corresponding period in 2008 to £6.8 million (2008: £4.7 million), reflecting the impact of acquisitions made by the Company in the second half of the last financial year. However, at a pre-tax level, in line with the trading statement made on 11 March 2009, we have incurred a loss of £281,000, which compares with a profit of £270,000 in the first half of last year.

The loss is attributable to a number of factors.

As previously announced, the magnitude and speed of the decline in the value of sterling against, principally, the US dollar, in which a significant proportion of the Group's costs are incurred, resulted in an exchange loss of approximately £300,000. To mitigate future risk in this area we have now taken steps to hedge our foreign currency exposures going forward. In addition, we have bolstered our working capital by £400,000 through the issue of convertible loan stock during the period and continue to review our management information systems to ensure that our systems and processes are adequate for the rapidly changing business environment.

Additional operating costs incurred during the period were associated with decisions taken during the second half of the last financial year to facilitate the Company's continued growth, including a strengthening of the Company's management team and the development of new areas of revenue generating activities. Whilst these costs have had a negative effect on the results for the period under review the Board remains satisfied that ongoing investment in these areas remains in the best long term interests of the Company.

Finally, some areas of our activities, specifically those related to general industrial applications, have experienced poor trading conditions resulting from the wider economic downturn. Although we can report certain key areas of our business continue to perform well they have not been able to fully offset the performance in the other areas and sales overall were below our expectations as a result. Notwithstanding this, order intake remains strong in the defence and aerospace sectors.

Whilst we believe that we are maintaining, or even improving our overall market share, the scale of events unfolding in the wider economy has made short term business very uncertain, although continued strong order intake and the specialist nature of our products make us cautiously optimistic for the future.

Will David
Chairman

28 April 2009

CONDENSED CONSOLIDATED INCOME STATEMENT

for the half year ended 28 February 2009

		Half year ended 28 February 2009 (unaudited) £000	Half year ended 29 February 2008 (unaudited) £000	Year ended 31 August 2008 (audited) £000
Revenue	2	6,772	4,700	12,164
Cost of sales		(4,618)	(3,014)	(8,128)
Gross profit		2,154	1,686	4,036
Administration expenses		(2,381)	(1,378)	(3,228)
Operating profit		(227)	308	808
Finance costs		(54)	(38)	(76)
(Loss)/profit before taxation		(281)	270	732
Taxation expense		-	-	(26)
(Loss)/profit for the period		(281)	270	706

The results all relate to continuing operations

(Loss)/earnings per share	(1.3p)	1.3p	3.4p
Diluted (loss)/earnings per share	(1.2p)	1.3p	3.1p

Earnings per share is based on the weighted average number of shares in issue in the respective periods, as follows:

22,324,257	20,157,361	20,735,186
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There were 22,324,257 shares in issue at 28 February 2009.

CONDENSED CONSOLIDATED BALANCE SHEET

at 28 February 2009

	28 February 2009 (unaudited) £000	29 February 2008 (unaudited) £000	31 August 2008 (audited) £000
	Note		
Non current assets			
Intangible assets – goodwill	2,736	808	2,719
Property, plant and equipment	343	260	347
	<u>3,079</u>	<u>1,068</u>	<u>3,066</u>
Current assets			
Inventories	1,815	1,028	1,298
Trade and other receivables	3,025	2,166	2,248
Cash and cash equivalents	3 508	324	1,118
	<u>5,348</u>	<u>3,518</u>	<u>4,664</u>
Current liabilities			
Trade and other payables	(5,527)	(2,607)	(4,796)
	<u>(5,527)</u>	<u>(2,607)</u>	<u>(4,796)</u>
Net current (liabilities)/assets	<u>(179)</u>	<u>911</u>	<u>(132)</u>
Non-current liabilities	<u>(300)</u>	<u>–</u>	<u>(83)</u>
Net assets	<u>2,600</u>	<u>1,979</u>	<u>2,851</u>
Equity attributable to equityholders of the company			
Called up share capital	446	404	446
Share premium account	336	5	336
Share option valuation reserve	177	84	147
Retained earnings	1,641	1,486	1,922
Total equity	<u>2,600</u>	<u>1,979</u>	<u>2,851</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the half year ended 28 February 2009

	Share capital £000	Share premium account £000	Share option valuation reserve £000	Retained earnings £000	Total £000
Balance at 1 September 2007	403	–	63	1,216	1,682
Profit for the period	–	–	–	270	270
Total recognised income and expense	403	–	63	1,486	1,952
Issue of new shares	1	5	–	–	6
Share option charge	–	–	21	–	21
Balance at 29 February 2008	<u>404</u>	<u>5</u>	<u>84</u>	<u>1,486</u>	<u>1,979</u>
Balance at 1 September 2008	446	336	147	1,922	2,851
Loss for the period	–	–	–	(281)	(281)
Total recognised income and expense	446	336	147	1,641	2,570
Share option charge	–	–	30	–	30
Balance at 28 February 2009	<u>446</u>	<u>336</u>	<u>177</u>	<u>1,641</u>	<u>2,600</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the half year ended 28 February 2009

	Half year ended 28 February 2009 (unaudited) £000	Half year ended 29 February 2008 (unaudited) £000	Year ended 31 August 2008 (audited) £000
Net cash (outflow)/inflow from operating activities	(1,395)	306	1,660
Finance costs	(54)	(38)	(76)
Taxation	(44)	–	(16)
Net cash (used in)/from operating activities	(1,493)	268	1,568
Acquisition of subsidiary undertakings net of cash acquired	(592)	–	(659)
Purchase of property, plant and equipment	(60)	(57)	(109)
Sale of property, plant and equipment	2	–	1
Net cash used in investing activities	(650)	(57)	(767)
Issue of shares	–	6	380
Issue of Convertible Loan Notes	300	–	–
Bank short-term loan facility	1,455	(574)	(1,147)
Repayment of finance lease	–	(1)	(3)
Net cash from/(used in) financing activities	1,755	(569)	(770)
(Decrease)/increase in net cash	(388)	(358)	31
Reconciliation of operating (loss)/profit to cash inflow/(outflow) from operating activities			
Operating (loss)/profit	(227)	308	808
Depreciation of property, plant and equipment	62	46	91
Profit on disposal of property, plant and equipment	–	–	(8)
Share option valuation charge	30	21	84
(Increase)/decrease in inventories	(517)	66	(131)
(Increase)/decrease in trade and other receivables	(777)	266	709
Increase/(decrease) in trade and other payables	34	(401)	107
Net cash (outflow)/inflow from operating activities	(1,395)	306	1,660

NOTES TO THE INTERIM REPORT

1. Basis of preparation and accounting policies

These condensed interim financial statements have been prepared in accordance with the accounting policies set out in the Company's 2008 annual report and were approved by the Board of Directors on 24 April 2009. They have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union. They do not include all the information and disclosures in the annual financial statements and should be read in conjunction with the group's annual financial statements as at 31 August 2008.

The financial information in these financial statements does not constitute statutory financial statements as defined in section 240 of the Companies Act 1985. The group's annual report for the year ended 31 August 2008 has been filed with the Registrar of Companies and the auditor's report on those financial statements was not qualified and did not contain statements made under section 237(2) or section 237(3) of the Companies Act 1985.

These interim financial statements have not been reviewed or audited by the group's auditors.

2. Segmental information

The majority of the group's activity arises in the United Kingdom from the supply and distribution of electronic components. Consequently the group has one business and one business segment.

3. Analysis of net funds

	Half year ended 28 February 2009 (unaudited)	Half year ended 29 February 2008 (unaudited)	Year ended 31 August 2008 (audited)
Cash, comprising current accounts and overnight deposits	508	324	1,118
Overdraft facility	(183)	-	(405)
Bank short-term loan facility	(1,767)	(885)	(312)
Finance lease	(9)	(11)	(9)
	<u>(1,451)</u>	<u>(572)</u>	<u>392</u>

4. Distribution of interim report

A copy of this interim report will be distributed to all shareholders. Additional copies are available on application to the Company's registered office:

Advanced Power Components plc, 47 Riverside, Medway City Estate, Rochester, Kent, ME2 4DP.

The report may also be viewed on the Company's website: www.apc-plc.co.uk



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