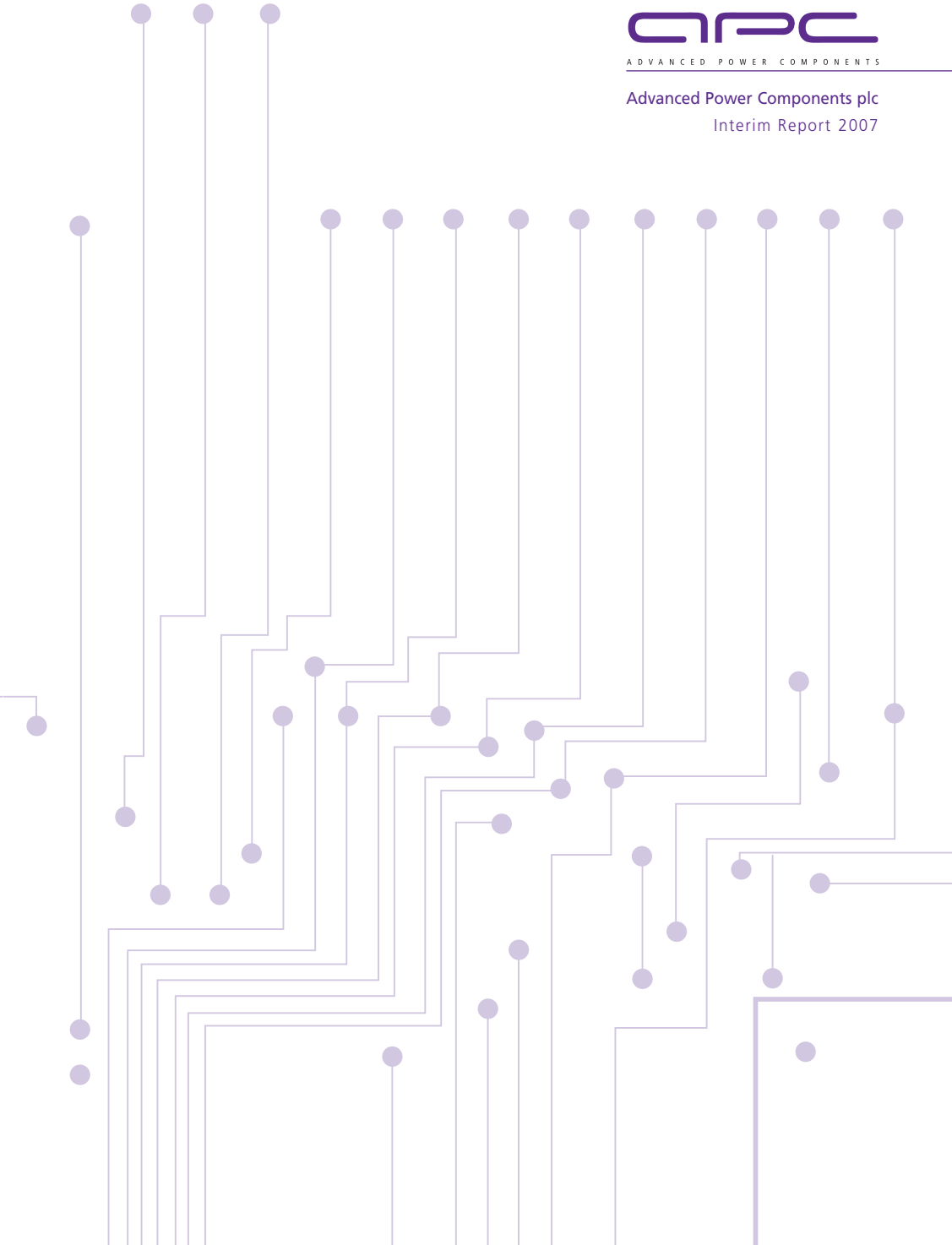




ADVANCED POWER COMPONENTS

Advanced Power Components plc
Interim Report 2007





APC-Hi-Rel Distributes a variety of specialist electronic components into applications where component reliability is of paramount importance. Hi-Rel's franchised product lines include power semiconductors, power supplies, memory, optoelectronics, wound and high voltage components. In addition Hi-Rel provides a professional procurement service for the supply of electronic components from an extensive range of other manufacturers, and is also one of the UK's leading obsolescence solution providers.



APC-SBM Represents specialist manufacturers of electronic components addressing a commercial and industrial customer base. Products represented include displays, power semiconductors, communications, networking and connectors. APC-SBM specialises in the supply of silicon, magnetic & connector products into communications applications covering: Lan, xDSL, USB, Serial, Storage, Audio, and Lan over power line.



APC-Hero A specialist team of Product Managers ready to assist with your next design, our key areas include: standard and custom display solutions, TFT, full design support from concept to production from one of our technical support team. LEDS/LAMPS, Drivers, Wireless, Zigbee, Sensors, crystals (including fast turn around custom programmed crystals).



APC-Go! Provides a kitting and materials management service to companies wanting to outsource non core activities, offering services ranging from material procurement to full production management.

CHAIRMAN'S STATEMENT

I am pleased to report the interim results for the Company for the half year ended 28 February 2007 which, as expected, proved to be a period of continuing progress with significant increases in both sales and profit.

Sales for the first six months were £4,276,400 with a pre tax profit of £208,400, after exceptional costs totalling £25,000 relating to the share buyback and goodwill amortisation of £42,600. This compares favourably with sales of £2,606,000 and a pre tax profit of £26,000 (as restated in accordance with FRS 20) during the same period last year.

These improvements reflect the acquisition of Hero Electronics in May 2006 combined with our continued focus on markets and opportunities where our technical, design-in approach to sales is of considerable value.

Following approval by shareholders, the purchase of 6,577,756 ordinary shares, representing 24.62% of the issued share capital of the Company, from Third Advance Value Realisation Company Limited, was completed in December 2006 and these shares were subsequently cancelled. This leaves the Company better positioned to use shares as consideration for future acquisitions, or to raise funds to finance acquisitions, without significant dilution to our shareholders.

During the period further investment towards streamlining administrative and operating procedures continued. This is consistent with our objective of improving efficiencies and capitalising on the potential created as we continue to pursue our strategy of achieving earnings-enhancing organic and acquisitive growth.

The last six months has seen APC continue to build its product range by signing agreements with several high-profile manufacturers, including VPT Inc, an innovative leader in providing power distribution products for military, avionics, aerospace and other high reliability markets; two wireless solutions providers, Nanotron Technologies GmbH and RadioPulse; and Adtron Corporation, the US-based leading data storage company providing application-specific solutions.

The market conditions remain good for our products and services, which together with our plans for expansion, indicate continuing profitable growth for the second half of our current financial year and into the next.

R. F. Thorne, O. B. E.

Chairman

15 May 2007

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Note	Half year to 28 February 2007 (unaudited) £000	Half year to 28 February 2006 (unaudited) restated £000	Year to 31 August 2006 (audited) restated £000
Turnover				
Continuing operations		4,276	2,606	5,541
Acquisitions		–	–	908
	2	<u>4,276</u>	<u>2,606</u>	<u>6,449</u>
Operating profit		<u>222</u>	<u>14</u>	<u>153</u>
Net interest (payable)/receivable		(14)	12	18
Profit on ordinary activities before taxation		<u>208</u>	<u>26</u>	<u>171</u>
Tax charge on profit on ordinary activities		–	–	(20)
Profit for the period		<u><u>208</u></u>	<u><u>26</u></u>	<u><u>151</u></u>

The Group has no recognised gains or losses other than those included in the profit and loss account.

There is no difference between the historical cost results and the figures as stated above.

Earnings per share 0.9p 0.1p 0.6p

None of the share options give rise to a dilution in the earnings per share, as their performance conditions have not yet been fulfilled.

Earnings per share is based on the weighted average number of shares in issue in the

respective periods, as follows :

24,206,971 26,114,513 26,176,979

During the period the Company purchased and cancelled 6,577,756 of its shares, as a result of which there were 20,136,757 shares in issue at 28 February 2007.

Restatement of prior periods' results

The Company has adopted the provisions of Financial Reporting Standard FRS 20 in respect of outstanding share options. As a result an amount of £15,000 has been charged to the profit and loss account in the period. In addition, FRS 20 requires that a retrospective charge be applied for relevant earlier accounting periods. Accordingly the profit and loss account for the comparative periods has been restated to include the appropriate charges, £7,000 for the half year to 28 February 2006 and £14,000 for the full year to 31 August 2006, and the profit and loss account brought forward at 1 September 2005 has been restated to include a charge of £13,000.

CONSOLIDATED BALANCE SHEET

	Note	28 February 2007 (unaudited) £000	28 February 2006 (unaudited) restated £000	31 August 2006 (audited) restated £000
Fixed assets				
Intangible assets		766	305	808
Tangible assets		229	181	253
		<u>995</u>	<u>486</u>	<u>1,061</u>
Current assets				
Stock		1,041	533	911
Debtors and prepayments		2,190	1,026	1,488
Cash at bank and in hand	4	504	829	549
		<u>3,735</u>	<u>2,388</u>	<u>2,948</u>
Creditors : Amounts falling due within one year		<u>(3,481)</u>	<u>(949)</u>	<u>(1,663)</u>
Net current assets		<u>254</u>	<u>1,439</u>	<u>1,285</u>
Total assets less current liabilities		<u>1,249</u>	<u>1,925</u>	<u>2,346</u>
Creditors : Amounts falling due in more than one year		<u>–</u>	<u>–</u>	<u>(235)</u>
Net assets		<u>1,249</u>	<u>1,925</u>	<u>2,111</u>
Capital and reserves				
Called up share capital		403	522	534
Share premium account		–	2,370	2,412
Share option valuation reserve		42	20	27
Profit and loss account		804	(987)	(862)
Total equity shareholders' funds	3	<u>1,249</u>	<u>1,925</u>	<u>2,111</u>

CONSOLIDATED CASH FLOW STATEMENT

	Half year to 28 February 2007 (unaudited) £000	Half year to 28 February 2006 (unaudited) restated £000	Year to 31 August 2006 (audited) restated £000
Net cash (outflow)/inflow from operating activities	(337)	(53)	22
Returns on investments and servicing of finance:			
Interest (paid)/received	(14)	12	18
Taxation	-	-	(7)
Capital expenditure and financial investment:			
Payments to acquire tangible fixed assets	(17)	(7)	(68)
Acquisitions and disposals			
Purchase of subsidiary undertakings	-	-	(1,346)
Cash acquired with subsidiary undertakings	-	-	1,000
Net cash outflow from acquisitions and disposals	-	-	(346)
Net cash outflow before management of liquid resources and financing	(368)	(48)	(381)
Re-purchase of shares	(1,085)	-	-
Bank short-term loan facility	1,408	-	-
Sale of short-term investments	-	-	54
Net cash outflow from financing	-	-	(1)
Decrease in net cash	(45)	(48)	(328)
Reconciliation of operating profit to net cash (outflow)/inflow from operating activities			
Operating profit	222	14	153
Depreciation	41	24	57
Profit on disposal of fixed assets	(1)	-	-
Amortisation of goodwill	43	21	54
Share option valuation charge	15	7	14
Increase in stocks	(130)	(85)	(231)
(Increase)/decrease in debtors	(702)	(104)	6
Increase/(decrease) in creditors	175	70	(31)
Net cash (outflow)/inflow from operating activities	(337)	(53)	22

NOTES TO THE INTERIM REPORT

1. Accounting policies

The profit and loss account, balance sheet and cash flow statement have been prepared on a basis consistent with the statutory accounts for the year ended 31 August 2006.

	Half year to 28 February 2007 (unaudited) £000	Half year to 28 February 2006 (unaudited) £000	Year to 31 August 2006 (audited) £000
UK	3,727	2,147	5,484
Europe and other	455	383	777
North America	94	76	188
	<u>4,276</u>	<u>2,606</u>	<u>6,449</u>

	Half year to 28 February 2007 (unaudited) £000	Half year to 28 February 2006 (unaudited) £000	Year to 31 August 2006 (audited) £000
Opening shareholders' funds	2,111	1,892	1,892
Share option valuation reserve	15	7	14
Issue of new shares during the year	-	-	54
Cancellation of share premium account	(2,412)	-	-
Corresponding increase in retained earnings	2,412	-	-
Purchase of ordinary shares	(1,085)	-	-
Profit for the period	208	26	151
	<u>1,249</u>	<u>1,925</u>	<u>2,111</u>

On 25 October 2006 the High Court approved the cancellation of the Company's share premium account. This reduction was applied in eliminating the accumulated deficit on the profit and loss account.

On 22 December 2006 the Company purchased and cancelled 6,577,756 of its shares at a price of 16.5 pence per share.

	At 28 February 2007 (unaudited) £000	Cash flow £000	At 31 August 2006 (audited) £000
Cash, comprising current accounts and overnight deposits	504	(45)	549
Bank short-term loan facility	(1,408)	(1,408)	-
Finance lease	(14)	1	(15)
	<u>(918)</u>	<u>(1,452)</u>	<u>534</u>

5. Basis of preparation of interim report

This interim report for the six months ended 28 February 2007 was approved by the directors on 15 May 2007. This interim report is neither audited nor reviewed and does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. The 2006 full year figures are extracted from statutory accounts for the year ended 31 August 2006 (as restated), which include an unqualified audit report and have been filed with the Registrar of Companies. The comparative figures for the first six months of 2006 are taken from the interim report for that period (as restated).

6. 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.

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