

**1 December 2016**

**APC TECHNOLOGY GROUP PLC**

**("APC" or the "Company")**

**Trading Update and Full Year Results Announcement Date**

The Board of APC (the "Board") is pleased to provide the following trading update for the first quarter of the current financial year ending 31 August 2017 and on results for the full year to 31 August 2016 which will be announced on 14 December 2016.

**First quarter 2016/17 update**

As previously announced, the Company completed the sale of its water hygiene and treatment division in early October. Along with the resultant cash injection and reduction in debt and operational gearing, this disposal enables the Group to focus fully on the design, specification, and distribution of specialist electronic components and systems, lighting technologies, and connectivity products. The continuing business draws on the historic strengths of the Group in technology distribution with the added benefit of the growth drivers of lighting and connected systems.

The core APC component distribution business achieved record bookings in the first quarter of £4.1m (Q1 2016: £3.5m). Particularly encouraging was that these orders were achieved with customers and manufacturers with whom the Group continues to enjoy long term relationships.

Also in the first quarter, the refocused and profitable lighting technologies business completed delivery of a £1.0m order of specialist lighting to major high street food and clothing retailer and the first £250,000 of a £2m lighting programme for a major financial institution's real estate portfolio. It also continued to build its distributed lighting range with the first small orders received.

The Group has also continued to proactively align the size and cost of continuing operations with expected revenues, further reducing headcount by 16% since the year end, from 91 to 76. This will allow the business to invest in new sales resource to drive growth.

The Board is pleased to report revenues of £4.5m for the first quarter. The stability of the business underpins the Board's confidence in the performance of continuing operations and a profitable outlook for the year.

**Results to 31 August 2016**

The full year results to 31 August 2016 from continuing operations are expected to show revenue of £17.9m (2015: £22.8m), gross profit of £6.4m (2015: £6.0m) and an operating profit of £0.3m (2015: £1.4m loss). These results reflect the commitment of the operational review undertaken earlier in the year to deliver a profitable business and to concentrate on activities where the Group can create value. This is reflected in the increase in gross profit margin to 35.8% (2015: 26.3%).

These results are before expected exceptional costs and loss from discontinued operations of £12.8m. These largely non-cash costs are attributable to the restructuring of the Group, the cessation or sale of non-core activities, and the non-cash write-off of goodwill and other intangible assets.

The cash impact of loss for the year is expected to be £4.6m, of which £4.2m related to exceptional costs and discontinued operations, and was funded by £2.3m of equity, £0.3m sale of investments, and £2.0m increase in net debt.

Net debt at the end of the year is expected to be £3.2m of which £2.7m related to amounts owed under the Group's £6m invoice finance facility with ABN Commercial Finance which has been extended to December 2017.

**Richard Hodgson, Chief Executive of APC, commented:**

*"I am very pleased with the solid start we have made to this new financial year, with the restructuring behind us and with a realigned business focused on our core competency of design, specification, and distribution of specialist technologies. This is a business that we have historically done well and which has proven to be profitable and cash generative.*

*The year to 31 August 2016 was a difficult year for the Group and necessitated many hard decisions with all but core activities terminated or sold. While this resulted in some significant write-off of past costs, with a large proportion of that write off being non cash, it establishes a solid profitable base upon which to build for the future.*

*We have strength in the stability that our core electronic component business brings and also some real established growth drivers in our lighting technologies and connected products and systems."*

**Enquiries**

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