14 December 2016

APC TECHNOLOGY GROUP PLC
("APC" or the "Company")

Final Results for the Year Ended 31 August 2016

APC Technology Group PLC (AIM: APC), the provider of design, specification and distribution services for specialist electronic components and systems, lighting technologies and connectivity products, announces its preliminary results for the year ended 31 August 2016.

Financial highlights

- Revenue from continuing operations £17.9 million (2015: £22.8 million)
- Gross profit, before exceptional and non-recurring expenses, increased to £6.4 million (2015: £6.0 million)
- Gross margin, before exceptional and non-recurring expenses, improved to 35.8% (2015: 26.3%)
- £0.3 million operating profit before exceptional and non-recurring expenses, compared to £1.4 million loss in the prior year
- Headcount within continuing business reduced by 22%, from 116 to 91
- Over £2 million of annualised cost savings achieved through supply chain restructuring, headcount reduction, office consolidation, and improved procurement practices across the business
- Two fund raises completed in the period, resulting in £2.4 million in new equity for the Group
- Net debt at year-end of £3.2 million, £2.7 million of which relates to amount owed under the Group's £6 million invoice finance facility with ABN Commercial Finance which has been extended to 31 December 2017
- Post-tax loss of £12.9 million (2015: £5.8 million), of which £12.8 million is attributable to exceptional and non-recurring expenses (£3.0 million) and discontinued operations (£9.8 million) incurred in the restructuring of the Group, discontinuance of non-core activities, and the write off of goodwill and other intangible assets
- Cash impact of loss £4.6 million, of which £4.2 million relates to exceptional and non-recurring expenses (£2.2 million) and losses sustained in discontinued operations (£2.0 million)

Operational highlights

- Robust group refocused on the design, specification and distribution of specialist electronic components and systems, lighting technologies and connectivity products
- Lighting supply chain completely overhauled, dramatically decreasing working capital cycle and improving gross margins
- The Group has products and proven technologies, customers with whom it has enjoyed long relationships and is well placed in the growing lighting technology and Internet of Things markets

Post period-end

- Sale of Green Compliance water hygiene business for a total consideration of £1.8 million (£0.8 million cash and £1.0 million assumption of borrowings), in addition to disposing of £0.7 million of future liabilities under operating leases
- Record first quarter bookings of £4.1 million in core specialist electronic component distribution business underpins confidence in continuing operations and profitable outlook for the year
- Lighting technologies division completed delivery of £1.0 million specialist lighting to major high street food and clothing retailer and first £250,000 of a £2 million lighting programme for a major financial institution's real estate portfolio
- Further alignment of continuing operations with expected revenues, reducing headcount by 16%, from 91 to 76, since the beginning of the year
- First quarter revenue of £4.5 million from continuing operations
- New website launched to reflect the new focus of the Group at www.apcplc.com

Board Changes

- Having overseen the implementation of the Operational Review and with the business now on a stable footing, Leonard Seelig (Non executive Chairman) and Ian Davidson (Non executive Director) have both decided not to stand for re-election at the AGM in February 2017.

- Ian Davidson will step down immediately and Leonard Seelig intends to step down at the AGM, and in the meantime will work actively with the Board on appointing a suitable successor.

Richard Hodgson, Chief Executive of APC, commented:

"The year to 31 August 2016 was a year of restructuring for the Group and necessitated many hard decisions with all but core activities terminated or sold. While this resulted in a 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.

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.

I would like to thank Leonard and Ian for their support in helping to get the business back on a stable footing and we wish them all the best for the future."

Enquiries

APC Technology Group PLC	+44 (0) 330 313 3220
Richard Hodgson, Chief Executive	www.apcplc.com
Art Russell, Chief Financial Officer	
Stockdale Securities Limited (Nominated Adviser and Broker)	+44 (0)20 7601 6100
Mark Brown / Antonio Bossi / Edward Thomas	

STRATEGIC REPORT AND OPERATIONS REVIEW

The Directors are pleased to submit their Statutory Strategic Report for APC Technology Group PLC ("the Company") and its subsidiary undertakings (together "the Group") for the year ended 31 August 2016, together with a review of the Group's operations during the year.

Principal activities

The principal activity of the Group and Company during the year was the design, specification and distribution of specialist electronic components and systems, lighting technologies and connectivity products to the defence, aerospace, industrial, real estate, logistics and healthcare sectors.

Review of the year

This has been another year of significant change for the Group.

In last year's Annual Report, we highlighted the Operational Review that we had undertaken as a Board, which examined the whole Group and resulted in a renewed focus on the core businesses that were both profitable and cash-generative. This Review identified a number of activities that were non-profitable and/or ancillary to our core businesses, often using valuable resources that could be better employed in other ways.

As the year progressed, the Board re-examined the Group's strategy going forward and determined that the business should be aligned more closely to its core strength: the design, specification and distribution of specialist electronic components and systems. This process involves technical, engineer-to-engineer sales of highly specialised products that are "designed-in" to customers' complex build, manufacture and integration programmes, with the resulting procurement tailored to the customers' requirements and time schedules.

This review of the Group's strategy led the Board to make a number of difficult decisions that were necessary to reposition the Group to meet these objectives. In the short term many of these changes have a cost attached. This year's results reflect a substantial quantum of exceptional and non-recurring expenses, which have been incurred in discontinuing certain activities and implementing the necessary structural changes to the Group. It should be noted that many of these costs are non-cash and reflect the write off of goodwill or other carrying values in relation to these discontinued activities.

Major changes made during the past year have included the following:

- The Group's sites at 47-48 Riverside, Rochester, and Phoenix Park, St Neots, have been closed and all Rochester operations have been consolidated at the Group's Stirling Park premises. As well as achieving savings on fixed costs, this move enables the teams to work together more effectively.
- The business model for lighting has been totally overhauled. In addition, key partnerships have been established with leading European manufacturers within the past year, to replace the previous Far East suppliers, considerably reducing freight costs and lead time.
- The Group's involvement in North America failed to live up to the Board's expectations and has been brought to an end. The Canadian operation is being wound up and the US operation has been transferred to the Group's former partner in the joint venture originally formed to develop the US market. This enables the Group's management to concentrate on developing its UK businesses.
- The Company has sold its minority stake in its associated company Invisible Systems Holdings Limited.
- The Group has discontinued peripheral activities such as its fledgling energy generation and energy-saving project financing businesses. It has also exited its businesses selling ISOTERA and IMOP products, which had £185,000 working capital tied up in unsaleable stock.
- Excluding the water hygiene business, Group headcount has been reduced from 116 at 31 August 2015 to 91 at 31 August 2016.
- The size of the Board has been reduced to four (split equally between Executive and Non-executive Directors) and other savings have been made to Head Office costs.
- Total annualised cost savings in excess of £2 million have been achieved as a result of the above actions.
- In June 2016, we appointed a new NOMAD and Broker, Stockdale Securities Limited, who assisted us in achieving a placing at an issue price of 8 pence in August 2016.

In addition, the Board has strengthened the financing base of the Company in several ways:

- ABN invoice discounting facilities have been extended to 31 December 2017;
- A creditor invoice financing facility of £300,000 has been established with Pay4 Limited;
- The Group's loan notes have been extended to July 2018; and,
- Two share placings and share subscriptions raised a total of £2.4 million before expenses.

More details on these financing measures are dealt with in the funding and cash flow section of this Report.

In addition to the above, the most significant change has involved the disposal of the Group's Green Compliance water hygiene and treatment business acquired in September 2014. The disposal took place in October 2016, after the financial year-end, but stemmed from the decisions taken during the year.

Throughout the year the Board monitored the progress of the water business. It reluctantly concluded that this business did not readily align with the Group's core strength of design, specification and distribution of specialist electronic components and systems. The high ratio of the water business's fixed costs at current revenue levels was diverting working capital resources from more profitable and cash-generative activities and diluting senior management time and attention.

Accordingly, the Board took the decision to instigate a process of seeking a buyer for the water business. This culminated in the sale of Green Compliance Water Division Limited on 12 October 2016 to Integrated Water Services Limited ("IWS"), a subsidiary of South Staffordshire PLC. The business was sold for a total consideration of £1.8 million: £0.8 million in cash consideration payable to APC, and £1 million in respect of the settlement of amounts outstanding under the invoice finance facility provided by ABN Commercial Finance. In addition, the transaction has allowed APC to dispose of £0.7 million of future liabilities under operating lease commitments, halve the Company's headcount and significantly reduce fixed costs.

The proceeds of the sale are being used to strengthen the balance sheet and support working capital.

The transaction has triggered an exceptional charge to the income statement of £7.6 million, representing a non-cash write down of the intangible asset value of customer lists and goodwill relating to the water hygiene business, which has been included in discontinued operations.

Following the disposal of the water business and the other changes outlined above, APC's principal activity is now the design, specification and distribution of specialist electronic components and systems, lighting technologies and connectivity products and the Board regards this as an integrated single activity, albeit with dedicated specialist and experienced teams dealing with the various technologies and market sectors.

These developments will also allow the Group to simplify its corporate structure and significantly reduce the number of subsidiary companies, many of them dormant following past acquisitions and disposals in previous years.

Review of continuing operations

The performance of all of our continuing operations developed steadily throughout the year under review, in challenging conditions, and by the end of the period we can look back on encouraging progress in all of these areas. This is now a design, specification and distribution business, integrating several specialised teams that leverage specific technical experience and knowhow in their respective areas of expertise. The progress made by each of these teams in the year under review is discussed below.

APC Component Distribution

Our specialist electronic component distribution business, trading as Advanced Power Components (APC), is a leading distributor of high-reliability and specialised electronic components and has been the foundation of the Group's activities since APC's formation in 1982.

The core of APC's business continues to be the provision of high quality, high performance components to the defence, aerospace, industrial, logistics and healthcare sectors. This product offering is backed by our teams' technical, engineering and design expertise, which is particularly valuable in situations where the end-use equipment is operating in extreme conditions or is running applications where component failure would be catastrophic. The expertise within our technical sales and support teams continues to be a major factor in differentiating us from other component distribution companies.

Our specialist products are typically distributed under exclusive agreement with market-leading suppliers and manufacturers. In total APC represent over 60 manufacturers of electronic components and systems for the UK market, many of these being very long-standing relationships.

The UK component distribution market as a whole declined 3% in 2015 (Source: Electronic Component Supply Network). APC saw reduced bookings in the second half of our 2015 financial year, mainly resulting from timing of customer project cycles, and a correspondingly muted turnover figure in the first half of this financial year. However, this year we achieved our best first-half bookings performance since 2011, with bookings for the six-month period at £7.2m, up 28% on last year (bookings of £1.8m in February being the highest ever recorded in a single month). This translated into a strong revenue-earning second half to our financial year. The positive book-to-bill ratio achieved in 2016 has resulted in a healthy order book going into the new financial year.

The closure of our St Neots and Riverside offices has allowed sales, sales administration and warehousing to be brought together within a single site at Stirling Park, Rochester, reducing overheads, which in turn should improve profitability in the coming year.

As our high reliability electronic component division grows and expands its portfolio of franchised manufacturers we continue to design-in multiple product lines within key customer projects and target markets. Applications for the year under review included components for flight critical systems, power distribution in civil aircraft, high voltage components for power supplies, custom filters for harsh environments, satellites and space exploration, transportation and hybrid vehicles and extreme temperature oil and gas components. Our commitment to quality and technical support underpins our success in these applications and our involvement in the ExoMars space mission this year typifies APC's contribution to equipment where durability and reliability are critical.

We have also had continuing success in projects for Counter-Improvised Explosive Devices, aircraft control and instrumentation systems and vehicle systems.

For the new financial year, the high reliability sales team has integrated the activities HiRel, Locator (our obsolescence management activity) and Novacom (RF and microwave components), which were previously managed separately.

APC electronic component distribution continues to be the reliable cornerstone of the Group's activities, stable but with growth potential. It continues to do what it has done so effectively since the Company was formed, focusing on specialist applications where our sales engineers provide a value-added technical interface between the specialist component manufacturers that we represent and our customers' design engineering teams. It remains a profitable and cash-generative activity, with a steady daily invoicing flow, strong and supportive supplier relationships, and a relatively short working capital cycle, and is seen as a core business going forward.

APC Lighting Technologies (Minimise Energy)

APC Lighting Technologies trades as Minimise Energy (MEL). The Operational Review carried out at the end of the 2015 financial year confirmed that MEL's emphasis would be on the design, specification, supply and installation of individual LED projects across a diverse customer base.

Exiting that year, it was equally clear that the supply chain needed to be overhauled. The reliance on Far Eastern suppliers with long lead times was causing a drain on working capital, and freight costs were dramatically impacting gross profit. Accordingly, during the year under review, management set out to source alternative suppliers in Eastern Europe. This project has proved very successful, with freight costs significantly reduced, much shorter lead times, improved communications and, in each case, the opportunity for the Group to become a UK distributor for those suppliers' products.

The reduced turnaround times and extended, innovative product lines that these new manufacturers offer allows APC Lighting Technologies to enter the new-build and construction lighting markets in the UK on a cost competitive basis. These markets represent significant new potential revenue streams for the Group, alongside the existing turnkey lighting projects business.

The new business model is seeing increasing success over a steadily widening client base of substantial companies involved in the transport, logistics, retail, commercial property and facilities management markets. MEL focuses on LED lighting projects where our "design to installation" full service offering includes project management and the use of real-time energy monitoring to verify savings, leading to the reassurance of a successful project delivery from design to completion.

In August 2016, APC signed an agreement with Gooee Limited to be a UK partner for the launch of their IoT lighting ecosystem. Gooee provides sensing, control and communications components in a scalable framework that integrates with a cloud platform, providing lighting manufacturers with IoT connectivity. The system puts lighting at the heart of a building's IoT, providing new opportunities to monitor LED performance, track footfall and communicate directly with occupants. We believe that these factors will be of significant interest to our existing customers, particularly those in retail and commercial property.

APC Lighting Technologies has re-invented itself as another core member of the Group over the past twelve months. It brings innovative solutions to the many and varied needs of its increasingly diverse blue-chip client base. We see the team's next objective as reinforcing its sales resource to enable it to further exploit the many growth opportunities available in this market.

APC Products and Systems

As a natural extension to our component range the Group represents market-leading manufacturers of other specialist products and systems. We provide technical sales and marketing effort to drive the continued sales growth of these products within their respective markets.

Through this we continue to enjoy growth in demand for embedded computer and displays systems for process control, data terminals, and control panels and we maintain a strong focus on infection prevention products, primarily for the National Health Service.

Within our established time and frequency synchronisation product business (APC Time) we are seeing increased interest from the financial services industry in connection with the MiFID II regulations (that will take effect from January 2018) for high performance time and frequency synchronisation systems. Once again this has resulted in steady trading for this part of the business with the potential for order growth, not only in financial services but also in broadcast and telecommunications.

In the past year we have made progress in the IoT marketplace, targeting the monitoring, control and transfer of data from connected devices through network infrastructures. We believe that this market could offer significant opportunities for the Group and to this end, in June 2016, we launched a specialist IoT team ('APC Smartwave'), using existing resource and expertise, to consolidate our existing comprehensive range of IoT products.

This is a logical addition to the Advanced Power Components offering, providing products and technologies that aid connectivity and help increase operational performance for customers. In line with our core business, our focus will be on the procurement and sale of connectivity products to customers who specialise in systems integration and the sale of end products.

APC's IoT offering will provide products for applications including smart metering, environmental monitoring, asset tracking, smart parking and leak detection. It has already established ongoing relationships with leading IoT product suppliers. APC Smartwave offers flexible and scalable IoT solutions, backed by engineer-to-engineer expertise and technical support.

Solutions Consulting (Minimise Solutions and EEVS)

Minimise Solutions delivers strategic and advisory services, to monitor, measure, analyse and verify energy and water usage to help clients manage their resources more efficiently and reduce cost. The expertise and proven data that the team provides enables customers to meet energy reduction, legislative, compliance and CSR targets; as well as assuring successful outcomes from energy efficiency programmes.

EEVS Insight Limited, our measurement and verification specialist subsidiary, is well-known in the energy-saving market for publishing, in partnership with Bloomberg New Energy Finance, the prestigious quarterly "Energy Efficiency Trends" report, which has established a reputation as the leading source of market intelligence in this sector.

Most recently, the EEVS Performance Management team has secured a long term contract with a major retail bank to provide performance management and analytical services to support their integrated energy efficiency programme. This estate-wide energy reduction programme is integrated within a facilities management contract, the benefits of which are shared with the facilities management provider. EEVS has developed a unique performance governance and verification service to ensure savings are maximised, sustained and properly measured, delivering the value that the client expects.

Financial results

The results for the financial year are stated in terms of continuing operations. The water hygiene business, which was sold in October 2016, has been treated as a discontinued activity and its results separately reported. The comparative figures for 2015 have been correspondingly restated to exclude the water hygiene business from the results from continuing operations.

Group revenue from continuing operations for the financial year was £17,961,000 (2015: £22,786,000). Gross profit (excluding exceptional and non-recurring expenses) improved from £6,004,000 in 2015 to £6,438,000 this year, the improvement in margins from 26.3% to 35.8% reflecting the increased emphasis on profitability in Minimise Energy. The operating loss of £1,365,000 last year, before exceptional and non-recurring expenses, was transformed into a profit of £271,000 in 2016, generating earnings per share of 0.3p on this basis, compared with a loss of 1.5p per share last year, as a result of savings of £1,154,000 in annual overheads between the two years.

Loss before tax from continuing operations for the year was £3,086,000, compared with £4,097,000 in 2015. This year's loss is after accounting for one-off exceptional costs totaling £3,026,000, in respect of costs relating to the corporate reorganisation (£1,997,000), abortive contract costs (£736,000) and unprecedented foreign exchange losses due to the turbulent currency market for GBP during 2016 (£293,000).

After taking account of discontinued operations of £9,789,000, the post-tax loss for the year was £12,875,000, of which £8,229,000 was non-cash. The cost of discontinued operations represents £7,615,000 resulting from the sale of Green Compliance Water Division Limited, £1,066,000 from the closure of the Group's North American operations, £1,095,000 from the disposal or write down of the Group's minority holdings in other companies, and a net cost of £13,000 from discontinuing other UK non-core businesses.

Funding and cash flow

In the financial year, there was a cash outflow from operating activities of £4,245,000, of which £4,104,000 arose from exceptional costs and discontinued operations. The remaining £141,000 of outflow from continuing operations was the result of operating profit before share based payments and depreciation of £417,000 and improved inventory levels of £557,000, offset by growth in trade and other receivables of £279,000 and an improved creditor position of £836,000.

The Group ended the year with a gross cash balance of £444,000 (2015: £1,239,000).

The Group's net debt at 31 August 2016 was £3,161,000 (2015: £1,986,000), excluding £878,000 that has been reclassified to liabilities directly associated with the assets held for sale. The Group has an invoice discounting facility with ABN of up to £6,000,000, of which £2,711,000 had been drawn down at the year-end (2015: £2,543,000). The facility has been extended to 31 December 2017, demonstrating ABN's considerable support for the business since the facility was established in early 2015. In addition, the Group has a trade payment credit facility with Pay4 Limited of £300,000 of which £294,000 had been utilised at 31 August 2016.

During the year, the Board authorised two share placings with existing and new investors, which, together with subscriptions from a Director and other private investors, raised a total of £2,481,000 (before expenses of £163,000). In addition, the Group's outstanding convertible loans were either converted into shares or have been extended to 31 July 2018. These measures have strengthened the balance sheet, in order to allow the business to take advantage of additional procurement opportunities to reduce costs and increase margin, while providing adequate working capital to support the Group through its strategic refocus.

On the basis of current financial projections and available funds and facilities, the Directors are satisfied that the Group and parent company have adequate resources to continue in operation for the foreseeable future. The Directors therefore continue to adopt the going concern basis of accounting when preparing the financial statements, as described more fully in the Directors' Report and the note on accounting policies in the financial statements.

Board of Directors and Senior Management

Since November 2015, the Board has remained constant, with two Executive and two Non-executive Directors. This stability and continuity has been enhanced by the appointment to the senior management team of Art Russell as Chief Financial Officer. Art's appointment strengthens the team considerably, through his 25 years of experience in senior financial roles, primarily in private equity across a diverse range of industry sectors.

As we move forward into a new year, we are announcing two changes to the Board.

Ian Davidson has served as a Non-executive Director since August 2010. Under the Company's Articles of Association he is due to retire by rotation this year and has decided to step down from the Board, with effect from 13 December 2016. The Board would like to thank Ian for the considerable contribution he has made to the Group over a long period and to wish him well in the future.

Leonard Seelig joined the Company as Non-executive Chairman in January 2013 and has guided the Group through a period of significant realignment and refocusing of its operations and objectives in recent years. He too is due to retire by rotation this year and has notified the Board of his intention to make way for a new Chairman to lead the Group through its next phase of growth. He therefore intends to step down from the Board at the forthcoming Annual General Meeting, to be held on Friday 24 February 2017, and in the meantime is working actively with the Board on appointing a suitable successor. The Board would like to thank Leonard for his strong leadership during a period of major change in the Group's structure and strategy and wish him well in pursuing his other interests.

Outlook

The past twelve months have been extremely challenging, but the actions we have taken during that time have concentrated the Group on a suite of complementary core activities, all involving the design, specification and distribution of specialist electronic components and systems. The resulting business is more focused and easier to manage, operating from fewer sites and with lower fixed costs but addressing markets with demonstrable growth potential.

We have some impressive established products and technologies, delivered by highly experienced and professional teams of technical sales people, which has led to an already enviable list of customers across all areas of our business. The relationships we have with our customers and key suppliers make us increasingly confident that we now have a stable platform for profitable, cash-generative growth in the future.

The Board would like to take this opportunity to thank our management, staff and advisors for their dedication, professionalism and commitment to the Group, and to express our appreciation to our suppliers, partners and shareholders for their continued patience and support.

Leonard Seelig	**John (Ian) Davidson**	**Richard Hodgson**	**Phil Lancaster**
Non-executive Chairman	Non-executive Director	Chief Executive	Managing Director, APC Component Distribution

13 December 2016

CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 August 2016

		2016			2015		
		Results from operations	Exceptional and non-recurring expenses	Total	Results from operations	Exceptional and non-recurring expenses	Total
			(Note 3)			(Note 3)	
	Note	£000	£000	£000	£000	£000	£000
					Restated *	Restated *	Restated *
Revenue	2	17,961	-	**17,961**	22,786	-	22,786
Cost of sales		(11,523)	(736)	**(12,259)**	(16,782)	(757)	(17,539)
Gross profit		**6,438**	**(736)**	**5,702**	6,004	(757)	5,247
Administrative expenses		(6,116)	(2,290)	**(8,406)**	(7,270)	(1,103)	(8,373)
Operating profit / (loss) before amortisation, share based payments and acquisition costs		**322**	**(3,026)**	**(2,704)**	(1,266)	(1,860)	(3,126)
Impairment of intangible asset		-	-	**-**	-	(71)	(71)
Share based payments		(51)	-	**(51)**	(99)	-	(99)
Cost of acquisition		-	-	**-**	-	(616)	(616)
Operating profit / (loss)		**271**	**(3,026)**	**(2,755)**	(1,365)	(2,547)	(3,912)
Financing income	4	1	-	**1**	4	-	4
Financing costs	4	(332)	-	**(332)**	(189)	-	(189)
Loss before taxation		**(60)**	**(3,026)**	**(3,086)**	(1,550)	(2,547)	(4,097)
Taxation credit		-	-	**-**	99	-	99
Loss for the year from continuing operations		**(60)**	**(3,026)**	**(3,086)**	(1,451)	(2,547)	(3,998)
Discontinued operations							
Loss for the year from discontinued operations, net of tax	5	-	(9,789)	**(9,789)**	-	(1,776)	(1,776)
Loss for the year		**(60)**	**(12,815)**	**(12,875)**	(1,451)	(4,323)	(5,774)
Attributable to:							
Equity holders of the parent		(60)	(12,815)	**(12,875)**	(1,424)	(4,323)	(5,747)
Non-controlling interests		-	-	**-**	(27)	-	(27)
		(60)	**(12,815)**	**(12,875)**	(1,451)	(4,323)	(5,774)

* See Note 5

Earnings per share from continuing and discontinued operations attributable to the equity holders of the parent during the year.

	Note	**2016**	2015 Restated *
Basic earnings per share	6		
From continuing operations		**(3.0p)**	(4.6p)
From discontinued operations		**(9.4p)**	(2.2p)
From profit for the year		**(12.4p)**	(6.8p)
Earnings – operating profit before exceptional costs, amortisation, share based payments and acquisition costs	6	**0.3p**	(1.5p)

* See Note 5

There is no dilutive effect of options in 2016 due to the Group loss.

There were no other items of comprehensive income. Accordingly, no consolidated statement of comprehensive income has been prepared.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 August 2016

	Note	2016 £000	2015 £000
Non-current assets			
Intangible assets		**7,378**	16,353
Property, plant and equipment		**132**	227
Associates and financial assets		**-**	1,524
		7,510	18,104
Current assets			
Inventories		**1,080**	2,633
Trade and other receivables		**3,751**	4,327
Current tax asset		**-**	29
Cash and cash equivalents		**444**	1,239
		5,275	8,228
Assets held for sale	5	**3,036**	-
		8,311	8,228
Total assets		**15,821**	26,332
Current liabilities			
Trade and other payables		**(6,416)**	(8,588)
Borrowings		**(3,027)**	(2,565)
		(9,443)	(11,153)
Liabilities directly associated with the assets held for sale	5	**(2,395)**	-
		(11,838)	(11,153)
Total assets less current liabilities		**3,983**	15,179
Non - current liabilities			
Financial liabilities		**(578)**	(660)
Deferred tax liability		**-**	(828)
Net assets		**3,405**	13,691
Equity attributable to the equity holders of the parent			
Called - up share capital		**2,556**	1,831
Share premium account		**12,895**	11,302
Share option reserve		**548**	497
Merger reserve		**4,635**	4,635
Translation reserve		**(10)**	(10)
Retained earnings		**(17,219)**	(4,344)
Equity attributable to the equity holders of the parent		**3,405**	13,911
Non-controlling interests		**-**	(220)
Total equity		**3,405**	13,691

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 August 2016

	Share capital £000	Share premium account £000	Share option valuation reserve £000	Merger reserve £000	Translation reserve £000	Retained earnings £000	**Total £000**	Retained earnings £000	**Total £000**
	Attributable to the equity holders of the parent							**Non-controlling interests**	
At 31 August 2014	1,199	8,244	398	-	(10)	1,611	11,442	(57)	11,385
Loss for the year	-	-	-	-	-	(5,747)	(5,747)	(27)	(5,774)
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	(5,747)	(5,747)	(27)	(5,774)
Transactions with equity holders of the parent									
Issue of new shares	345	3,234	-	-	-	-	3,579	-	3,579
Issue of ordinary shares related to a business combination	287	-	-	4,635	-	-	4,922	-	4,922
Overseas repayment of capital	-	-	-	-	-	(208)	(208)	(136)	(344)
Costs associated with share issue	-	(176)	-	-	-	-	(176)	-	(176)
Share option charge	-	-	99	-	-	-	99	-	99
	632	3,058	99	4,635	-	(208)	8,216	(136)	8,080
At 31 August 2015	**1,831**	**11,302**	**497**	**4,635**	**(10)**	**(4,344)**	**13,911**	**(220)**	**13,691**
Loss for the year	-	-	-	-	-	(12,875)	(12,875)	-	(12,875)
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	(12,875)	(12,875)	-	(12,875)

	Attributable to the equity holders of the parent							Non-controlling interests	
	Share capital £000	Share premium account £000	Share option valuation reserve £000	Merger reserve £000	Translation reserve £000	Retained earnings £000	**Total £000**	Retained earnings £000	**Total £000**
Transactions with equity holders of the parent									
Issue of new shares	725	1,756	-	-	-	-	2,481	-	2,481
Disposal of non-controlling interest	-	-	-	-	-	-	-	220	220
Costs associated with share issue	-	(163)	-	-	-	-	(163)	-	(163)
Share option charge	-	-	51	-	-	-	51	-	51
	725	1,593	51	-	-	-	2,369	220	2,589
At 31 August 2016	2,556	12,895	548	4,635	(10)	(17,219)	3,405	-	3,405

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 August 2016

	2016	2015
	£000	£000
Reconciliation of cash flows from operating activities		
Loss before taxation including discontinued operations for the financial year	**(12,875)**	(6,044)
Share of results of associates	**-**	(9)
Loss on disposal of property, plant and equipment	**-**	56
Impairment loss on assets held for sale	**6,704**	-
Loss on sale of investment in associates	**1,095**	-
Loss on discontinued subsidiary interests	**1,120**	-
Finance costs	**401**	249
Finance income	**(1)**	(4)
Decrease in financial assets	**-**	156
Taxation receipts	**29**	13
Depreciation of property, plant and equipment	**95**	132
Amortisation of intangibles	**-**	761
Decrease / (increase) in inventories	**846**	(396)
(Increase) / decrease in trade and other receivables	**(1,025)**	1,429
(Decrease) / Increase in trade and other payables	**(685)**	768
Share-based payments charge	**51**	99
Net cash (used in) / from operating activities	**(4,245)**	(2,790)
Cash flows from investing activities		
Acquisition of property, plant and equipment	**(23)**	(72)
Acquisition of subsidiary undertakings, net of cash acquired	**-**	240
Sale / (acquisition) of investment in associates	**319**	(100)
Net cash used in investing activities	**296**	68
Cash flows from financing activities		
Finance income	**1**	4
Finance costs	**(401)**	(249)
Proceeds of share issue	**2,318**	3,403
Finance leases	**(22)**	(57)
Short-term borrowings	**1,340**	872
Overseas repayment of capital	**-**	(344)
Repayment of loan notes	**(60)**	(220)
Net cash from financing activities	**3,176**	3,409
(Decrease) / increase in net cash	**(773)**	687
Cash and cash equivalents as at 1 September	**1,239**	552
(Decrease) / increase in net cash	**(773)**	687
Cash in assets held for sale	**(22)**	-
Cash and cash equivalents as at 31 August	**444**	1,239

NOTES TO THE CONSOLDIATED FINANCIAL STATEMENTS

1. Basis of preparation

Statement of compliance

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets at fair value, as required by IAS 39 Financial Instruments: Recognition and Measurement. These financial statements have been prepared in accordance with IFRS as adopted by the European Union, and with those parts of the Companies Acts applicable to companies reporting under IFRS.

Going concern basis of accounting

These financial statements have been prepared on a going concern basis, as management believes the Group will be able to meet its liabilities as they fall due.

The Group incurred a consolidated loss after tax of £12,875,000 for the year, of which £12,815,000 related to exceptional costs and discontinued operations (Notes 3 and 5) and £8,229,000 was non-cash.

Cash from operations for the year was negatively impacted by £4,245,000, of which £4,104,000 arose from exceptional costs and discontinued operations. The remaining £141,000 of outflow from continuing operations was the result of operating profit before share based payments and depreciation of £417,000 and improved inventory levels of £557,000, offset by growth in trade and other receivables of £279,000 and an improved creditor position of £836,000.

The cash requirement of the Group was funded by two share placings, which raised a total of £2,318,000 after costs of issuance, a £1,340,000 drawdown on short-term borrowings, and £326,000 proceeds from sale of an investment in an associate.

The Group earned an operating profit before exceptional and non-recurring expenses of £271,000, compared to a loss of £1,365,000 in the prior year.

As described in Notes 5 and 7, subsequent to year-end the Group sold its investment in Green Compliance Water Division Limited for cash proceeds of £800,000 and £999,000 assumption of borrowings. In addition, after the end of the year the Group implemented further steps to align operations with its strategy going forward, reducing the permanent headcount a further 15 positions, or 16%, from the year-end total of 91 to 76.

Management has examined going concern against a detailed profit, working capital, and cash flow forecast to December 2017, which reflects the matters discussed in the preceding paragraph but does not reflect any additional share placings, new debt facilities, nor sale of other any assets other than in the normal course of business. Based upon this review, the extension of the £6,000,000 invoice discounting facility to December 2017, extension of the loan notes to July 2018, agreement of extended payment terms with suppliers as necessary, and other prudent working capital management, the Board believes the Group will continue to be able to meet its liabilities as they fall due. Management also has the ability to raise capital through issuance of additional loan notes, further private share placings, or sale of additional assets if required.

2. Revenue and segmental information

Operating segments

IFRS 8 “Operating Segments”, requires consideration of the chief operating decision maker (‘CODM’) within the Group. In line with the Group’s internal reporting framework and management structure, the key strategic and operating decisions are made by the CEO, who reviews internal monthly management reports, budget and forecast information as part of this process.

Accordingly, the CEO is deemed to be the CODM.

As a result of the sale of Green Compliance Water Division Limited subsequent to year-end, the Company has determined that it now has only a single reportable segment, being the design, specification and distribution of specialist electronic components and systems, and has restated its operating segment reporting accordingly.

The Group had one customer representing over 10% of revenue: £2,168,000 (2015: £3,632,000).

Revenue by product and service

	2016	2015
	£000	£000
Electronic Components	**10,894**	12,658
LED Lighting	**6,114**	9,751
Consulting	**953**	377
	17,961	22,786

Revenue by geographic location

	2016	2015
	£000	£000
		Restated *
UK	**16,996**	21,199
North America	**235**	337
Europe and Asia	**730**	1,250
	17,961	22,786

* See Note 5

3. Exceptional and non-recurring expenses

	2016	2015
	£000	£000
		Restated *
Corporate re-organisation -compromise agreements and redundancy costs	**1,543**	896
Corporate re-organisation – professional fees	**200**	-
Corporate re-organisation – dilapidations and onerous lease provisions	**254**	-
Costs associated with aborted contract	**736**	757
Foreign exchange loss arising from unprecedented market volatility	**293**	-
Costs incurred in preparation for acquisition of Green Compliance PLC	**-**	616
Write off financial assets	**-**	156
Impairment of R&D capitalised costs	**-**	71
Alignment of group accounting policies	**-**	51
	3,026	2,547

* See Note 5

Exceptional items are items that by virtue of their nature and incidence, have been disclosed separately in order to draw them to the attention of the reader of the financial information. These costs are deemed as exceptional as they do not represent normal trading activities of the business.

4. Net financing

	2016	2015
	£000	£000
		Restated *
Financing income		
Other Interest receivable	**1**	4
Financing costs		
Other interest payable	**158**	54
Other finance costs	**174**	135
	332	189

* See Note 5

5. Discontinued operations and assets held for sale

The following lines of business were either discontinued in the previous year and have incurred additional gains or losses in the current year, were discontinued during the current year, or were sold subsequent to the balance sheet date and accordingly have been classified as an asset held for sale.

Green Compliance Water Division Limited was sold subsequent to the balance sheet date and has been classified as an asset held for sale. The assets and related liabilities have been separately disclosed on the balance sheet and have been valued at net realisable value. The results of operations of Green Compliance Water Division Limited were previously reported within the Cleantech operating segment.

Discontinued operations are comprised of the following:

	Ownership	**2016** £000	2015 £000 Restated
Discontinued in previous year			
Green Compliance Limited and subsidiaries	100%	**354**	(904)
Minimise Generation Limited	100%	**(275)**	(341)
		79	(1,245)
Discontinued during the year *			
Minimise Energy Solutions Limited	100%	**(5)**	(15)
Minimise Energy Canada Limited	60%	**(738)**	(367)
Minimise Energy America LLC	60%	**(328)**	301
Invisible Systems Holdings Limited	25%	**(788)**	9
Open Energy Market Limited	15%	**(307)**	-
Isotera distributed product line of business	-	**(87)**	-
		(2,253)	(72)
Asset held for resale *			
Green Compliance Water Division Limited	100%	**(7,615)**	(459)
		(9,789)	**(1,776)**

* Results of operations for the previous year have been restated consistent with current year presentation

Summarised results of discontinued operations are as follows:

Year Ended 31 August 2016	Revenue £000	Expense £000	Pre-tax profit / (loss) £000	Gain / (loss) on disposal £000	**Total** £000
Discontinued in previous year					
Green Compliance Limited and subsidiaries	-	354	354	-	**354**
Minimise Generation Limited	-	(275)	(275)	-	**(275)**
	-	79	79	-	**79**
Discontinued during the year					
Minimise Energy Solutions Limited	9	(14)	(5)	-	**(5)**
Minimise Energy Canada Limited	286	(431)	(145)	(593)	**(738)**
Minimise Energy America LLC	15	(24)	(9)	(319)	**(328)**
Invisible Systems Holdings Limited *	-	-	-	(788)	**(788)**
Open Energy Market Limited	-	-	-	(307)	**(307)**
Isotera distributed product line of business	-	(87)	(87)	-	**(87)**
	310	(556)	(246)	(2,007)	**(2,253)**
Asset held for resale					
Green Compliance Water Division Limited	6,662	(7,550)	(888)	(6,727)	**(7,615)**
	6,972	(8,027)	(1,055)	(8,734)	**(9,789)**

* Proceeds of £326,000 were received on sale, net of related expenses.

Year Ended 31 August 2015	Revenue	Expense	Pre-tax profit / (loss)	Gain / (loss) on disposal	**Total**
	£000	£000	£000	£000	£000
					Restated
Discontinued in previous year					
Green Compliance Limited and subsidiaries	-	(904)	(904)	-	**(904)**
Minimise Generation Limited	91	(432)	(341)	-	**(341)**
	91	(1,336)	(1,245)	-	**(1,245)**
Discontinued during the year *					
Minimise Energy Solutions Limited	32	(47)	(15)	-	**(15)**
Minimise Energy Canada Limited	200	(567)	(367)	-	**(367)**
Minimise Energy America LLC	291	10	301	-	**301**
Invisible Systems Holdings Limited	-	9	9	-	**9**
Open Energy Market Limited	-	-	-	-	**-**
Isotera distributed product line of business	-	-	-	-	**-**
	523	(595)	(72)	-	**(72)**
Discontinued during the year *					
Green Compliance Water Division Limited	7,760	(8,219)	(459)	-	**(459)**
	8,374	(10,150)	(1,776)	-	**(1,776)**

* Results of operations for the previous year have been restated consistent with current year presentation

Cash flows from (used in) discontinued operations are as follows:

	2016	2015
	£000	£000
Discontinued in previous year		
Operating activities	**(408)**	(779)
Financing activities	**-**	(35)
	(408)	(814)
Discontinued during the year		
Operating activities	**(302)**	(15)
Investing activities	**319**	-
	17	(15)
Asset held for resale		
Operating activities	**(1,238)**	(403)
Financing activities	**(115)**	(53)
	(1,353)	(456)
	(1,744)	(1,285)

The assets and liabilities held for sale at 31 August 2016 are comprised of the following and are stated at net realisable value:

	2016
	£000
Assets held for sale	
Intangible assets	1,426
Inventories	119
Trade and other receivables	1,469
Cash and cash equivalents	22
	3,036
Liabilities related to assets held for sale	
Trade and other payables	1,517
Borrowings	878
	2,395

6. Earnings per share

The calculation of basic earnings per share is based on the profit after taxation attributable to equity holders of the parent company for the period and the weighted average number of shares in issue during the period.

Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding by the dilutive effect of Ordinary Shares that the Company may potentially issue relating to its share option scheme.

Earnings per share on operating profit, before exceptional costs, share based payments and loss on discontinued operations, are considered to be the most realistic measure of earnings and the calculation is based on the weighted average number of shares.

The result for the year and the weighted average number of shares used in the calculations are set out below:

	2016 **£000**	2015 £000 Restated *
Continuing earnings / (loss) attributable to equity holders of the parent	**(3,086)**	(3,860)
Discontinuing earnings / (loss) attributable to equity holders of the parent	**(9,789)**	(1,914)
From (loss) for the year	**(12,875)**	(5,774)
Earnings: operating profit /(loss) before exceptional and non-recurring expenses, share based payments, amortisation and loss on discontinued operations	**322**	(1,266)
Weighted average number of shares (thousands)	**103,679**	84,004
Dilutive / free shares	**28**	273
Diluted number of shares	**103,706**	84,277

* See Note 5

7. Post Balance Sheet Events

On 13 October 2016, the Company sold Green Compliance Water Division Limited, its water hygiene and treatment business, to Integrated Water Services Limited ("IWS"), a subsidiary of South Staffordshire PLC. The business was sold for total consideration of £800,000 and assumption of related invoice finance borrowings of £999,000. See Note 5 for more information.

8. Publication of non-statutory accounts

The financial information set out in this announcement does not constitute the statutory financial statements for the year ended 31 August 2016 and the year ended 31 August 2015 in accordance with section 434 of the Companies Act 2006 but is derived from those accounts.

The financial statements for the year ended 31 August 2015 were prepared in accordance with Adopted IFRS and have been delivered to the Registrar of Companies. The financial statements for the year ended 31 August 2016 will be delivered to the Registrar of Companies following the Company's Annual General Meeting. The auditor's report on both accounts was unqualified, did not include references to any matters to which the auditor drew attention by way of emphasis without qualifying their report and did not contain statements under sections 498(2) or (3) of the Companies Act 2006.

The full audited financial statements of APC Technology Group PLC for the year ended 31 August 2016 are expected to be posted to shareholders on Thursday 19 January 2017 and will be available to the public at the Company's registered office, 6 Stirling Park, Laker Road, Rochester, Kent, ME1 3QR and available to view on the Company's website at www.apcplc.com from the date of posting.

9. Annual General Meeting

The Annual General Meeting of the Company will be held on Friday 24 February 2017 at 12 noon.