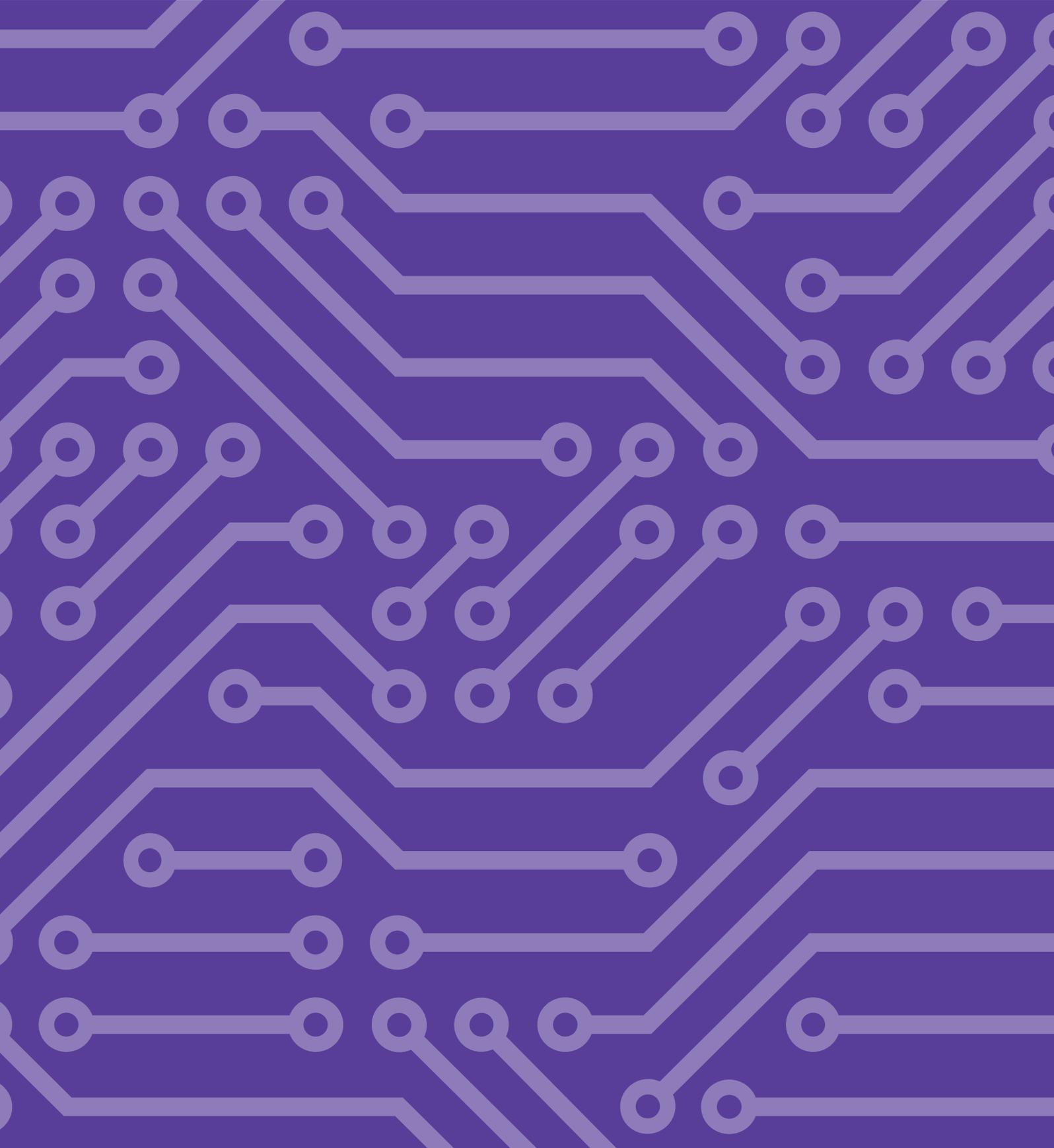


APC

ADVANCED POWER COMPONENTS

# Annual Report 2008





**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, wound and high voltage components.



**APC Locator** is the number one solutions provider for obsolete and hard-to-find parts, with 25 years' experience in the industrial and defence/aerospace markets across Europe.



**APC Hero** has a specialist team of Product Managers ready to assist with your next design, our key areas include LEDS/LAMPS, drivers, wireless devices and modules, Zigbee, specialist sensors and crystals (plus fast turn around on programming).



**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.



**APC Displays+** provides dedicated technical and commercial support for a wide range of LCD's, standard, custom, TFT, e-signage, character, graphics, driver boards, IC's, single board computers and all related connectivity.



**APC Novacom** is a distributor and manufacturers' representative for RF and microwave frequency electronic components. The business is managed by a team of technical specialists with many years experience in the RF and Microwave industry.



**APC Contech** is a distributor of specialist data input devices for industrial, broadcasting and medical sectors providing technically advanced solutions for specific application areas.



**APC KVAR** is a manufacturer and distributor of power saving equipment which optimises the performance of electrical motors, leading to reduced energy consumption and cost savings.

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## **DIRECTORS, SECRETARY AND ADVISERS**

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### **Directors**

Rex Francis Thorne, OBE, BSc, FIM, MCIM (*Non-executive Chairman*)

Mark Roger Robinson (*Chief Executive Officer*)

Rodney Frank Muir (*Finance Director*)

Phillip James Lancaster (*Operations Director*)

Amanda Jayne Parker (*Sales & Marketing Director*)

William Nigel David, MA, FCA (*Non-executive Director*)

### **Company Secretary**

David Henry Brown, MBA, FCIS, FCCA

### **Registered Office**

47 Riverside, Medway City Estate, Rochester, Kent ME2 4DP

Company registration number: 01635609

### **Nominated Advisers**

Strand Partners Limited,

26 Mount Row, London W1K 3SQ

### **Stockbrokers**

St Helen's Capital plc

15 St Helen's Place, London EC3A 6DE

### **Auditors**

Reeves + Neylan LLP

Montague Place, Quayside, Chatham Maritime, Chatham, Kent ME4 4QU

### **Solicitors**

Ashurst LLP

Broadwalk House, 5 Appold Street, London EC2A 2HA

### **Principal Bankers**

Barclays Bank plc

54 Lombard Street, London EC3V 9EX

### **Registrars**

Capita Registrars

Northern House, Woodsome Park, Fenay Bridge, Huddersfield, West Yorkshire HD8 0LA

### **Financial Public Relations**

Redleaf Communications

9-13 St Andrew's Street, London EC4A 3AF

## CHAIRMAN'S STATEMENT

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I am pleased to report that the year ended 31 August 2008 was another successful and progressive year for APC, with revenues of £12.2 million compared with £9.7 million in the previous year and a pre-tax profit of over £0.7 million compared with £0.6 million, restated to IFRS, during the same period. The results include positive contributions from Novacom Microwaves Ltd ("Novacom") and Contech Electronics Ltd ("Contech"), acquired in April and June respectively.

The Company continued its planned strategy of profitable expansion through both acquisitive and organic growth, with a clear focus on the sale of specialist components in carefully selected markets that, to date, have not been significantly adversely affected by the economic downturn. The integration of Novacom and Contech has progressed well and the Board is very satisfied with the continued development of these businesses.

The technical focus of our business continues to play a key role, maintaining the interest of existing customers and attracting new customers and suppliers. This is at the expense of a number of traditional UK distributors who, increasingly, are not providing the levels of detailed technical support required in our target markets. This was apparent at Europe's largest electronic components exhibition, Electronica, held in Munich during November 2008, where meetings with a number of potentially significant new suppliers provided further evidence that the Company's progress is being recognised throughout the industry and will continue to generate new opportunities for growth.

During the year, order intake was particularly strong in the first eight months but fell below expectations in the early summer months, resulting in lower than anticipated invoiced sales towards the end of the financial year and in the first quarter of the current year. However, during the first quarter of 2008/9, order intake recovered in line with previous forecasts. As a result, the Company's book to bill ratio, year to date, is significantly positive and the order book is strong.

Whilst trading conditions in the near future are difficult to predict, we remain optimistic that the long term opportunities and prospects for the Company are still very good, based on its strategy of concentrating on specialist markets. Consistent with this view, the Company continues to improve its capabilities, both technically and administratively, in order to meet the forthcoming challenges and opportunities as they arise.

**R. F. Thorne, OBE**

*Chairman*

23 January 2009

## **OPERATIONAL AND FINANCIAL REVIEW**

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### **Financial results**

Group revenue for the financial year was £12,164,000, compared with £9,741,000 in 2007, resulting in a net profit before tax of £732,000, compared with a restated pre-tax profit of £605,000 last year.

Basic earnings per share were 3.4p in 2008, compared with 2.8p last year. Earnings per share were diluted this year to 3.1p by the effect of exercisable share options.

The Group has this year adopted the provisions of International Financial Reporting Standards. As a result the prior year figures have been restated resulting in an amount of £95,000 being credited to the consolidated income statement in that year in respect of goodwill amortisation.

At the time of the Company's interim announcement in May, we reported a pre-tax profit of £270,000 in the first half-year. Since then the underlying performance of the Group has continued to improve, recording a second-half pre-tax profit of £462,000, resulting from the continued investment in key staff and resources and the contribution from our acquisitions in the second half year.

At the operating level, using profit before tax and interest as the most relevant indicator of underlying performance, the comparison shows a profit in 2008 of £808,000, which represents an improvement of £131,000 (19.5%) over the equivalent profit of £677,000 in 2007.

The Group's total overheads increased from £2,787,000 in 2007 to £3,288,000 this year reflecting the impact of the Novacom and Contech acquisitions and the associated integration costs in the period to 31 August 2008.

### **Changes to the Board and corporate advisers**

There were no changes to the Board of Directors during the year.

In October 2008 the Board appointed Strand Partners as the Company's NOMAD and St Helen's Capital plc as stockbroker and we look forward to working with our new advisers.

### **Operations**

During the year the Group acquired Novacom Microwaves Ltd, which is a leading representative organisation specialising in microwave technology, and Contech Electronics Ltd and its parent company Chyman Management Services Ltd, which has been operating for 20 years as a leading supplier of computer input products. Following their acquisition their integration into the Group's systems is now complete and it is anticipated that they will be making significant contributions to the Group's operations in future years.

### **Funding and cash flow**

The Group's overall cash flow showed an inflow of £31,000 in the year, compared with £133,000 in 2007. Cash flow from operations showed a positive flow of £1,660,000 compared with a negative flow of £110,000 last year, the increase occurring due mainly to a decrease in debtors and the contribution from the operating profit. The Group ended the year-end with positive cash balances of £1,118,000.

During the year the Group's credit arrangements with Barclays Bank plc, consisting of a flexible debt finance facility secured against debtors with a cap of £1.5 million, was replaced with a similar but more advantageous facility with Bank of Scotland plc capped at £2.0 million. Additionally Bank of Scotland provided a temporary overdraft facility of £500,000 pending inclusion of the Novacom debtors into the main facility in September 2008 when the cap increased to £2.5 million. Borrowing against these facilities amounted to £717,000 at 31 August 2008.

### **Capital expenditure**

Additional fixed assets of £189,000 were acquired in 2008, compared with £80,000 last year. A significant proportion of these represent the assets of subsidiaries acquired during the year.

## **OPERATIONAL AND FINANCIAL REVIEW**

(continued)

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### **Treasury**

Details of the Group's financial instruments are set out in note 23 to the financial statements.

### **Taxation**

There is no corporation tax charge in respect of the profit arising in Advanced Power Components plc for the year under review, owing to the availability of tax losses. The tax charge in the consolidated income statement relates to profits arising in subsidiaries.

### **Share options**

In previous years we have reported on the formation of the new 2003 Employee Share Option Scheme, which was approved by the Board in June 2003. This scheme, based on the Government's Enterprise Management Incentive ("EMI"), provides for options to be exercisable at a fixed price if certain performance conditions are met. The conditions are linked to the Group's growth in earnings per share at the pre-tax level. Further options were granted under this scheme in the year under review.

### **Changes to capital structure**

During the financial year an additional 2,000,000 Ordinary 2p shares were issued, with proceeds of £360,000, in order to assist with the funding of acquisitions made during the year.

### **Current Trading**

The deterioration of trading conditions both within the electronic component distribution sector, and in the wider global economy has been well publicised, and predicting future performance is difficult. However, our strategy of focusing on designing relatively specialist components into a wide cross section of technical applications is, so far, insulating the Company from the worst of the downturn. Order input was lower than anticipated through the early summer months and this resulted in sales in the first quarter of the current financial year being below expectations. Appropriate steps were taken and order input since August has recovered, gross margins have been maintained and overheads controlled well within budget. However, the rapid and significant depreciation of the value of sterling against the US Dollar and the Euro has had a considerable adverse impact on an otherwise strong operational performance. Whilst the Board is considering options to avoid future vulnerability to rapid exchange rate fluctuations, the likely effect is that profits will be reduced to a small loss in first half of 2008/9. Assuming no further unanticipated foreign exchange losses, and taking account of recent strong operational performance backed by a record order book, we expect a substantially more profitable second half. However, it is unlikely that the anticipated second half performance will entirely offset the foreign exchange losses in the first half of the financial year, and accordingly net profit before tax for the year as a whole is likely to be below market expectations.

### **Outlook**

In the Board's view the strength of the Company's strategy is becoming increasingly apparent as the electronic component distribution market continues to consolidate into relatively few large distribution organisations. The focus within these organisations is clearly on logistical excellence at the expense of the level of technical support provided to all but a relatively small number of key accounts. As a result the majority of customers, and component manufacturers are facing an increasingly narrow choice of distributors with the technical expertise needed to assist with their design process. This is particularly apparent in relation to comparatively specialist, technical components which is the niche in which APC continues to operate. Accordingly the Board are continuing to invest in the Company's infrastructure accepting that whilst this may hold back short term profitability, it will result in the Company attaining an even stronger position as the markets recover.

**M. R. Robinson**  
*Chief Executive Officer*

**R. F. Muir**  
*Finance Director*

## REPORT OF THE DIRECTORS

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The directors have pleasure in presenting their report and the audited financial statements of the Group, for the year ended 31 August 2008.

### Principal activity

The principal activity of the Group and Company in the year under review was the supply and distribution of electronic components.

### Review of the business and future outlook

A review of the Group's activities during the year and future outlook is set out in the Chairman's Statement and the Operational and Financial Review on pages 4 to 5.

### Results for the year and dividend

The Group's profit on ordinary activities after taxation was £706,000 (2007 restated – £620,000) and is dealt with as shown in the consolidated income statement on page 15.

No interim dividend was paid and it is proposed that no final dividend will be paid this year (2007 – £nil).

### Share capital

Details of the Company's share capital are set out in note 18 to the financial statements. During the year, in addition to share options exercised, an additional 2,000,000 Ordinary 2p shares were issued with proceeds of £360,000.

### Substantial interests

As at 23 January 2008, the last practical date before publication of the Annual Report, the Group has been notified of the following interests of three per cent or more in its issued share capital:

	Number of shares	Percentage of issued share capital
Roger Robinson and related family trusts	6,160,488	27.6%
John Mitchell and related family trusts	4,535,500	20.3%

### Directors

The names of the directors who served during the year are set out below.

R. F. Thorne  
M. R. Robinson  
P. J. Lancaster  
R. F. Muir  
A. J. Parker  
W. N. David

All of the directors served throughout the financial year.

## REPORT OF THE DIRECTORS

(continued)

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In accordance with the Group's Articles of Association, Mr Thorne and Mr Robinson retire by rotation. Mr Robinson, being eligible, offers himself for re-election and has a letter of appointment, as described in the Report of the Remuneration Committee on pages 10 and 11. A resolution to re-appoint Mr Robinson will be proposed at the forthcoming Annual General Meeting (**Resolution 3**).

Rex Thorne is retiring as Chairman and a non-executive director at the forthcoming Annual General Meeting and the Directors would like to place on record their appreciation for his significant contribution to the development of the company over the last twelve years.

### Biographies of non-executive directors

**Rex Thorne** OBE, BSc, FIM, MCIM (Chairman), aged 81. Rex Thorne has an extensive career background in the electronics and telecommunications industries extending over 60 years and has held a number of senior executive directorships with various companies including Standard Telephones and Cables Limited, ITT Business Systems UK, EMI Industrial Electronics Limited, Brandenburg Limited and Astec BSR plc. He was appointed non-executive Chairman of Advanced Power Components plc in September 1996.

**William David** MA, FCA, aged 57. Will David has more than 20 years' experience working in corporate advisory and broking roles for small and mid cap companies. During his professional career he has worked on over 20 flotations for clients across a range of sectors. His experience also includes acquisitions and disposals, public takeovers and secondary fundraisings and provision of advice on corporate governance matters. Will is a non-executive director of Cello plc and Chairman of its Audit Committee. He has also worked at Investec Henderson Crosthwaite, PricewaterhouseCoopers, Hoare Govett & Co and The London Stock Exchange.

### Directors' interests

The beneficial and non-beneficial interests of the directors in the ordinary shares of the Group, including share options, are set out in the Report of the Remuneration Committee.

### Share option plan

In June 2003 the Board approved a new share option scheme, the 2003 Employee Share Option Scheme, which superseded the previous share option plan established in 1996. Details of the scheme are set out in note 18 to the financial statements.

### Employment policies

The directors recognise the important role played by the Group's employees in its past success and future development and are committed to providing an environment which will attract, motivate and reward high quality employees.

Financial participation in the Group's growth and success is encouraged by means of the share option scheme, as set out in the Report of the Remuneration Committee on pages 10 and 11.

It is the policy of the directors to encourage the employment and training of disabled people wherever appropriate and to evaluate all employees on the basis of merit.

## REPORT OF THE DIRECTORS

(continued)

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### **Policy and practice on payment of creditors**

Whilst the Group does not have a formal payment code, the Group agrees payment terms with its suppliers when it enters into binding purchase contracts. It is the Group's policy to adhere to the payment terms agreed with its suppliers whenever it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions. The ratio between the amounts invoiced to the Company by its suppliers during the year ended 31 August 2008 and the amounts owed to its trade creditors at the year-end was 98 days (2007 – 51 days).

### **Research and development**

The Group does not undertake research and development.

### **Donations**

During the period £1,255 (2007 – £150) was donated to charities. There were no political donations.

### **Auditors**

A resolution to re-appoint Reeves + Neylan LLP as the company's auditors will be proposed at the forthcoming Annual General Meeting (**Resolution 4**).

### **Section 80 authority and disapplication of Section 89**

In accordance with general practice, the directors are seeking your authority in accordance with section 80 of the Companies Act 1985 to allot ordinary shares up to a nominal value of £148,828, being approximately one third of the Group's existing issued ordinary share capital (**Resolution 5**).

Also, in accordance with general practice and to give the directors greater flexibility, the directors are seeking your approval to enable the Group, within certain limits, to make issues of ordinary shares for cash other than to existing shareholders in proportion to their shareholdings. The authority will, if passed, give the directors a general authority to allot ordinary shares for cash, other than on a pre-emptive basis, up to a nominal value of £89,297, being approximately 20% of the Group's existing issued ordinary share capital (**Resolution 6**).

The resolutions will be proposed at the forthcoming Annual General Meeting.

### **Annual General Meeting**

The Annual General Meeting of the Company will be held on Friday, 20 February 2009 at 12 noon at the offices of Reeves + Neylan LLP, Colechurch House, One London Bridge Walk, London SE1 2SX. The text of all of the proposed Resolutions is set out in the Notice of Annual General Meeting on page 35.

By Order of the Board

**D. H. Brown**

*Secretary*

23 January 2009

## **CORPORATE GOVERNANCE**

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Since November 2002 the Company's shares have been listed on the Alternative Investment Market (AIM). As an AIM listed company, the Company is not required to follow the provisions of the Combined Code as set out in the Financial Services Authority Listing Rules. Nevertheless, the Board is committed to high standards of corporate governance throughout the Group. The Board is accountable to the Company's shareholders for good governance and this statement describes which principles of good corporate governance have been applied by the Company.

### **The Board of Directors**

The activities of the Group are ultimately controlled by the Board of Directors. All directors are subject to retirement and re-election by rotation.

During the year under review the Board consisted of four executive directors and two non-executive directors, one of whom, Rex Thorne, served as non-executive Chairman throughout the year. The non-executive directors represent a strong and independent element and their views carry considerable weight in the Board's decision-making process.

The Group has a formal policy setting out the matters that require approval of the Board. This covers the major areas of decision-making in all aspects of the Group's affairs.

### **Committees of the Board**

The Audit Committee meets at least twice a year and considers the appointment of the external auditors as well as discussing with them the findings of the audit and any management letters arising from it. The Committee is also responsible for monitoring compliance with accounting and legal requirements and for reviewing the interim and annual reports before publication. The Audit Committee consists of Rex Thorne and William David with meetings attended by Chief Executive Officer Mark Robinson.

The Remuneration Committee operates under the chairmanship of Rex Thorne and is responsible for setting the remuneration of directors and senior management, as well as reviewing the remuneration policy throughout the Group. The Report of the Remuneration Committee is set out on pages 10 and 11.

Owing to the small size of the Group's Board, it is not considered necessary to have a formal Nomination Committee for the purpose of making recommendations regarding senior Board appointments. All of the members of the Board are involved in the decision-making process for Board and other senior management appointments.

### **Internal control**

The directors are responsible for establishing and maintaining the Group's system of internal control. This system of internal control is designed to safeguard the Group's assets and to ensure that proper accounting records are maintained and that financial information produced by the Group is reliable. There are inherent limitations in any system of internal control and such a system can provide only reasonable, but not absolute, assurance against material misstatement or loss. The directors, through the Audit Committee, have reviewed the effectiveness of the Group's system of internal control.

## REPORT OF THE REMUNERATION COMMITTEE

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The Remuneration Committee comprises the two non-executive directors, Rex Thorne and William David. It was formed in order to review the remuneration of executive directors and senior management, together with remuneration policy for the Group as a whole, and to make recommendations to the Board.

### Remuneration policy

#### *Remuneration*

In order to safeguard the interests of the Group, the Committee aims to provide executive directors and employees of the Group with a remuneration package set to attract, retain and motivate directors and employees of the appropriate calibre. Bonus schemes are determined for each financial year, based on the Group's financial performance, targets for which are approved by the Remuneration Committee.

#### *Share options*

The Advanced Power Components plc Company Share Option Plan was established on 7 October 1996 for the benefit of all employees of the Group employed at that date as well as certain of the directors. On 17 June 2003 the Board approved the establishment of a new plan, the 2003 Employee Share Option Scheme, which superseded the 1996 plan.

The 2003 Employee Share Option Scheme requires that certain performance conditions must be satisfied before options may be exercised. The performance conditions are based on growth in earnings per share (EPS) but the growth criteria are computed on a pre-tax basis.

Details of the share options granted to directors and outstanding as at 31 August 2008 are listed below:

	Date granted	Latest date Exercisable	Ordinary shares of 2p	Exercise price
M. R. Robinson	10/09/2004	09/09/2014	500,000	9p
	06/10/2004	05/10/2014	232,050	9p
P. J. Lancaster	10/09/2004	09/09/2014	500,000	9p
	06/10/2004	05/10/2014	117,000	9p
R. F. Thorne	30/09/2003	29/09/2013	75,000	17p
	22/12//2006	21/12//2016	35,000	23p
R. F. Muir	20/04/2006	19/04/2016	500,000	6.25p
A. J. Parker	20/04/2006	19/04/2016	250,000	6.25p
	29/09/2006	28/09/2016	250,000	13.75p

In each case these options are exercisable in various proportions dependent upon the performance of the Company. The earliest date on which each proportion can be exercised is the date on which the results for the relevant financial year are announced.

#### *Service contracts*

Each of the executive directors has a service agreement that may be terminated by either party upon giving one year's written notice to expire at any time. Non-executive directors have letters of appointment which are terminable at the will of either party but which contemplate a period of at least a further year.

## REPORT OF THE REMUNERATION COMMITTEE

(continued)

### Pensions

The Group makes contributions to defined contribution pension schemes for the benefit of the executive directors. The Group maintains health care insurance for the benefit of the executive directors and certain employees and their dependents.

### Directors' emoluments

	Salary and fees	Bonus	Benefits in kind	Total emoluments (excluding pensions)		Pension contributions	
	£000	£000	£000	<b>2008</b> <b>£000</b>	2007 £000	<b>2008</b> <b>£000</b>	2007 £000
R. F. Thorne	23	3	–	<b>26</b>	20	–	–
M. R. Robinson	93	20	26	<b>139</b>	127	<b>3</b>	4
P. J. Lancaster	72	10	13	<b>95</b>	91	<b>4</b>	4
R. F. Muir	81	10	3	<b>94</b>	78	<b>1</b>	4
A. J. Parker	81	10	1	<b>92</b>	75	<b>5</b>	3
W. David	20	3	–	<b>23</b>	2	–	–
	<u>370</u>	<u>56</u>	<u>43</u>	<b><u>469</u></b>	<u>393</u>	<b><u>13</u></b>	<u>15</u>

Benefits in kind shown in the table above comprise a motor car and private health insurance.

### Directors' interests

The directors had the following beneficial interests in the shares of the Group at 31 August 2008 and 31 August 2007 respectively:

Ordinary shares of 2p each	<b>2008</b> <b>Number</b>	2007 Number
R. F. Thorne	<b>94,150</b>	94,150
W. David	<b>50,000</b>	–
M. R. Robinson	<b>580,020</b>	580,020
P. J. Lancaster	<b>151,600</b>	151,600
A. J. Parker	<b>17,700</b>	17,700
R. F. Muir	–	–

In addition to his direct holding as shown above, M. R. Robinson had a beneficial interest in 861,500 shares (2007 – 861,500 shares) held by the Robinson Family Trust, by virtue of being one of the beneficiaries of that trust.

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

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The directors are responsible for preparing the annual report and the group and parent company financial statements, in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law the directors are required to prepare the group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the parent company financial statements on the same basis.

The group financial statements are required by law and IFRSs as adopted by the EU to present fairly the financial position of the group and the performance for that period; the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

The company financial statements are required by law to give a true and fair view of the state of affairs of the company.

In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

# **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ADVANCED POWER COMPONENTS PLC**

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We have audited the Group and parent company financial statements (the "financial statements") of Advanced Power Components Plc for the year ended 31 August 2008, which comprise the consolidated income statement, the consolidated and company balance sheets, the consolidated and company cash flow statements, the consolidated and company statements of changes in equity and the related notes 1 to 26. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted for use in the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the report of the directors is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the other information contained in the annual report and consider whether it is consistent with the audited financial statements. The other information comprises only the chairman's statement, the operational and financial review, the report of the directors, the corporate governance statement and the report of the remuneration committee. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

## **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

# **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ADVANCED POWER COMPONENTS PLC**

(continued)

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## **Opinion**

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 31 August 2008 and of its profit for the year then ended;
- the parent company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the parent company's affairs as at 31 August 2008.
- the financial statements have been properly prepared in accordance with the Companies Act 1985;  
and
- the information given in the report of the directors is consistent with the financial statements.

## **Reeves + Neylan LLP**

Chartered Accountants and Registered Auditors  
Chatham Maritime

23 January 2009

## CONSOLIDATED INCOME STATEMENT

for the year ended 31 August 2008

		2008	2008	2007	2007
	Note	£000	£000	restated £000	restated £000
<b>Revenue</b>	3				
Continuing operations		<b>9,742</b>		9,741	
Acquisitions		<b>2,422</b>	<b>12,164</b>	–	9,741
Cost of sales	4		<b>(8,128)</b>		<b>(6,277)</b>
<b>Gross profit</b>					
Continuing operations		<b>3,370</b>		3,464	
Acquisitions		<b>666</b>	<b>4,036</b>	–	3,464
Administrative expenses	4		<b>(3,228)</b>		<b>(2,787)</b>
<b>Operating profit</b>	5		<b>808</b>		677
Finance costs	6		<b>(76)</b>		<b>(72)</b>
<b>Profit before taxation</b>			<b>732</b>		605
Taxation expense	9		<b>(26)</b>		15
<b>Profit for the financial year</b>			<b>706</b>		<b>620</b>
<b>Basic earnings per share</b>	10		<b>3.4p</b>		2.8p
<b>Diluted earnings per share</b>	10		<b>3.1p</b>		2.6p

### Restatement of prior periods' results

The Company has adopted International Financial Reporting Standards as set out in note 1. As a result the income statement for the comparative year has been restated.

## CONSOLIDATED BALANCE SHEET

at 31 August 2008

	Note	2008 £000	2007 (restated) £000
<b>Non-current assets</b>			
Intangible assets	11	2,719	808
Property, plant and equipment	12	347	249
		<u>3,066</u>	<u>1,057</u>
<b>Current assets</b>			
Inventories	14	1,298	1,094
Trade and other receivables	15	2,248	2,432
Cash and cash equivalents	23	1,118	682
		<u>4,664</u>	<u>4,208</u>
<b>Current liabilities</b>	16	<u>(4,796)</u>	<u>(3,583)</u>
<b>Net current (liabilities)/assets</b>		<u>(132)</u>	<u>625</u>
<b>Total assets less current liabilities</b>		<u>2,934</u>	<u>1,682</u>
<b>Non-current liabilities</b>	17	<u>(83)</u>	<u>–</u>
<b>Net assets</b>		<u>2,851</u>	<u>1,682</u>
<b>Equity attributable to equityholders of the company</b>			
Called-up share capital	18	446	403
Share premium account		336	–
Share option valuation reserve		147	63
Retained earnings		1,922	1,216
<b>Total equity</b>		<u>2,851</u>	<u>1,682</u>

The financial statements on pages 15 to 35 were approved and authorised for issue by the Board of Directors on 23 January 2009 and were signed on its behalf by:

**M. R. Robinson**

**R. F. Muir**

*Directors*

## COMPANY BALANCE SHEET

at 31 August 2008

		2008	2007
	Note	£000	(restated) £000
<b>Non-current assets</b>			
Intangible assets	11	2,722	811
Property, plant and equipment	12	347	249
Investments	13	2,537	1,805
		<u>5,606</u>	<u>2,865</u>
<b>Current assets</b>			
Inventories	14	1,298	1,094
Trade and other receivables	15	2,248	2,432
Cash and cash equivalents	23	1,118	682
		<u>4,664</u>	<u>4,208</u>
<b>Current liabilities</b>			
	16	<u>(4,796)</u>	<u>(3,583)</u>
<b>Net current (liabilities)/assets</b>			
		<u>(132)</u>	<u>625</u>
<b>Total assets less current liabilities</b>			
		<u>5,474</u>	<u>3,490</u>
<b>Non-current liabilities</b>			
	17	<u>(2,846)</u>	<u>(1,922)</u>
<b>Net assets</b>			
		<u>2,628</u>	<u>1,568</u>
<b>Equity attributable to equityholders of the company</b>			
Called-up share capital	18	446	403
Share premium account		336	–
Share option valuation reserve		147	63
Retained earnings		1,699	1,102
<b>Total equity</b>			
		<u>2,628</u>	<u>1,568</u>

The financial statements on pages 15 to 35 were approved and authorised for issue by the Board of Directors on 23 January 2009 and were signed on its behalf by:

**M. R. Robinson**

**R. F. Muir**

*Directors*

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 August 2008

	Share capital £000	Share premium account £000	Share option valuation reserve £000	Retained earnings £000	Total £000
<b>Group</b>					
At 1 September 2006	534	2,412	27	(862)	2,111
Profit for the year	–	–	–	620	620
<b>Total recognised income and expense for 2007</b>	–	–	–	620	620
Cancellation of share premium account	–	(2,412)	–	2,412	–
Repurchase and cancellation of shares	(131)	–	–	(954)	(1,085)
Share option charge	–	–	36	–	36
	(131)	(2,412)	36	1,458	(1,049)
At 31 August 2007 (restated)	403	–	63	1,216	1,682
Profit for the year	–	–	–	706	706
<b>Total recognised income and expense for 2008</b>	–	–	–	706	706
Issue of new shares	43	336	–	–	379
Share option charge	–	–	84	–	84
	43	336	84	–	463
<b>At 31 August 2008</b>	<u>446</u>	<u>336</u>	<u>147</u>	<u>1,922</u>	<u>2,851</u>
<b>Company</b>					
At 1 September 2006	534	2,412	27	(976)	1,997
Profit for the year	–	–	–	620	620
<b>Total recognised income and expense for 2007</b>	–	–	–	620	620
Cancellation of share premium account	–	(2,412)	–	2,412	–
Repurchase and cancellation of shares	(131)	–	–	(954)	(1,085)
Share option charge	–	–	36	–	36
	(131)	(2,412)	36	1,458	(1,049)
At 31 August 2007 (restated)	403	–	63	1,102	1,568
Profit for the year	–	–	–	597	597
<b>Total recognised income and expense for 2008</b>	–	–	–	597	597
Issue of new shares	43	336	–	–	379
Share option charge	–	–	84	–	84
	43	336	84	–	463
<b>At 31 August 2008</b>	<u>446</u>	<u>336</u>	<u>147</u>	<u>1,699</u>	<u>2,628</u>

## **CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

(continued)

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### **Share capital and premium**

When shares are issued, the nominal value of the shares is credited to the share capital reserve. Any premium paid above the nominal value is taken to the share premium reserve. Advanced Power Components plc shares have a nominal value of 2p per share.

### **Share option valuation reserve**

The share option valuation reserve arises as the expense of issuing share-based payments is recognised over time. The reserve will fall as share options vest and are exercised, and the impact of the subsequent dilution of earnings crystallise, but the reserve may equally rise or see any reduction offset, as new potentially dilutive share options are issued.

### **Retained earnings**

The retained earnings reserve records the accumulated profits and losses of the Group since inception of the business. Where subsidiary undertakings are acquired, only profits arising from the date of acquisition are included.

## CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 August 2008

	Note	Group 2008 £000	Group 2007 (restated) £000	Company 2008 £000	Company 2007 (restated) £000
<b>Net cash (outflow)/inflow from operating activities</b>					
Finance costs	6	1,660	(110)	2,269	(110)
Taxation		(76)	(72)	(78)	(72)
		(16)	16	(16)	16
<b>Net cash from/(used in) operating activities</b>		<b>1,568</b>	<b>(166)</b>	<b>2,175</b>	<b>(166)</b>
Acquisition of subsidiary undertakings, net of cash acquired					
		(659)	–	(1,268)	–
Purchase of property, plant and equipment					
		(109)	(80)	(107)	(80)
Sale of property, plant and equipment					
		1	8	1	8
<b>Net cash used in investing activities</b>		<b>(767)</b>	<b>(72)</b>	<b>(1,374)</b>	<b>(72)</b>
Issue of shares					
		380	–	380	–
Repurchase of shares					
		–	(1,085)	–	(1,085)
Bank short-term loan facility					
	21	(1,147)	1,459	(1,147)	(1,459)
Repayment of finance lease					
	21	(3)	(3)	(3)	(3)
<b>Net cash (used in)/from financing activities</b>		<b>(770)</b>	<b>371</b>	<b>(770)</b>	<b>371</b>
<b>Increase in net cash</b>	22	<b>31</b>	<b>133</b>	<b>31</b>	<b>133</b>
<b>Reconciliation of operating profit to cash inflow/(outflow) from operating activities</b>					
Operating profit		808	677	675	677
Depreciation of property, plant and equipment		91	79	83	79
Profit on disposal of property, plant and equipment		(8)	(3)	(1)	(3)
Share option valuation charge		84	36	84	36
(Increase) in inventories		(131)	(183)	(53)	(183)
Decrease/(increase) in trade and other receivables		709	(944)	774	(944)
Increase in trade and other payables		107	463	(459)	463
(Decrease) in non-current liabilities		–	(235)	1,166	(235)
<b>Net cash inflow/(outflow) from operating activities</b>		<b>1,660</b>	<b>(110)</b>	<b>2,269</b>	<b>(110)</b>

## NOTES, FORMING PART OF THE FINANCIAL STATEMENTS

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### 1. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated, and in preparing an opening IFRS balance sheet at 1 September 2006 for the purpose of transition to IFRS.

#### Basis of preparation

These financial statements have been prepared for the first time in accordance with IFRS as adopted by the European Union, and with those parts of the Companies Acts applicable to companies reporting under IFRS. The disclosures required by FRS 1 concerning the transition from UK GAAP to IFRS are given in note 2.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts in the financial statements. The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimates are significant to the financial statements are disclosed below.

A separate income statement for the parent company has not been presented as permitted by section 230(4) of the Companies Act 1985. The parent company earned a profit of £597,000 (2007: £620,000).

#### Changes in accounting policies – first time adoption

The main change from preparing the results under IFRS rather than UK GAAP that affects the Group profit and net asset position relates to the assessment of goodwill. Under UK GAAP goodwill arising on acquisition was amortised on a straight line basis over its economic useful life. Under IFRS goodwill is recorded at deemed cost and reviewed for impairment at least annually. The effect of this change is shown in note 2. The only changes to the cash flow statement are presentational.

#### New standards and interpretations not applied

The following standards and interpretations to existing standards have been published but are not mandatory for the year ended 31 August 2008 and have not been applied by the Group during the year:

	Effective dates (periods beginning on or after)
Improvements to IFRSs	1 January 2009
IFRS 8 – Operating Segments	1 January 2009
IAS 1 Amendment – Presentation of financial statements	1 January 2009
IAS 23 Amendment – Borrowing Costs	1 January 2009
IAS 27 Amendment – Consolidated and separate financial statements	1 January 2009
IFRS 2 Amendment – Share-based payment: vesting conditions and cancellations	1 January 2009
IFRS 3 Revised – Business combinations	1 July 2009
IAS 32 and 1 Amendment – Puttable financial instruments and obligations arising on liquidation	1 January 2009
IFRIC 12 – Service Concession Arrangements	1 January 2008
IFRIC 13 – Customer Loyalty Programmes	1 July 2008
IFRIC 14, IAS 19 – The limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction	1 January 2008

## NOTES, FORMING PART OF THE FINANCIAL STATEMENTS

(continued)

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### Exercise of significant judgements

In preparing these accounts the Directors have assessed the facts and made particular judgements in relation to the following matters:

- a. After considering anticipated discounted cash flow analysis, the Directors do not consider that the goodwill recorded in the accounts has suffered any impairment.
- b. Taking account of information at the balance sheet date, the Directors make judgements based on experience on the level of provision required to account for potential uncollectable receivables and the potential for unsaleable inventory.

### Basis of consolidation

The consolidated income statement and balance sheet include the accounts of the Company and all its subsidiaries made up to 31 August 2008. The results of subsidiaries acquired are included in the consolidated income statement from the date control passes. Intra-group revenues and profits are eliminated fully on consolidation.

On acquisition of a business all of the acquired assets and liabilities that exist at the date of acquisition are recorded at their fair values reflecting their condition at that date. Once finalised, changes to those assets and liabilities and the resulting gains and losses are charged to the post acquisition income statement.

### Goodwill

Goodwill arising on acquisition represents the difference between the fair value of net assets acquired and the fair value of the consideration. In accordance with IFRS 1, the group has applied the exemption from retrospectively recalculating goodwill which arose on acquisitions prior to 1 September 2006. This goodwill is at deemed cost, being the amount recorded under UK GAAP as at 1 September 2006.

Goodwill is reviewed for impairment at least annually. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

### Revenue

Revenue represents net invoiced sales of goods, excluding value added tax, and is recognised on despatch of goods.

### Property, plant and equipment

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Short leaseholds	–	over the remaining period of the lease
Plant and machinery	–	25% on reducing balance
Fixtures, fittings, tools and equipment	–	25% on reducing balance
Motor vehicles	–	25% on cost

### Investments

Investments held as non-current assets are stated at cost less any provision for impairment.

### Inventories

Inventories are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items.

### Taxation

The taxation expense represents the sum of the tax currently payable and deferred tax. Tax currently payable is based on taxable profits or losses for the period and is calculated using enacted tax rates.

## **NOTES, FORMING PART OF THE FINANCIAL STATEMENTS**

(continued)

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Full provision is made for deferred taxation in respect of all timing differences that have originated but not reversed by the balance sheet date using the balance sheet liability approach. The Group has chosen not to adopt a policy of discounting the deferred tax provision. Deferred tax assets are recognised only to the extent that the directors consider it more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted.

### **Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Resulting exchange differences are taken into account in arriving at the operating result.

### **Operating leases**

Rentals paid under operating leases are charged to the income statement on a straight-line basis over the lease term.

### **Pensions**

The group operates a defined contribution externally funded pension scheme covering certain of the directors and contributes to personal pension schemes of other directors and staff. Contributions are charged against profits as the contributions are made.

### **Financial instruments**

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial assets are recognised when the Group has rights or other access to economic benefits. Such assets consist of cash, a contractual right to receive cash or another financial asset, or a contractual right to exchange financial instruments with another entity on potentially favourable terms. Financial liabilities are recognised when there is an obligation to transfer benefits and that obligation is a contractual liability to deliver cash or another financial asset or to exchange financial instruments with another entity on potentially unfavourable terms. When these criteria no longer apply, a financial asset or liability is no longer recognised.

Where the fair value of an asset's carrying amount falls below the asset's carrying value, any difference is, in the case of non-current assets, provided for if it is regarded that the impairment is permanent. In the case of current assets, provision is only made to the extent that it is considered as resulting in a lower net realisable value.

### **Invoice discounting**

The Company has an agreement with HBOS plc whereby its trade receivables are invoice discounted, with recourse after 120 days. On the basis that the benefits and risks attaching to the debts remain with the Company, the gross debts are included as an asset within trade receivables and the proceeds received are included within bank loans and overdrafts as a liability.

### **Share options**

The group issues equity-settled share-based payments to certain employees in the form of share options over shares in the parent company. Equity-settled share-based payments are measured at fair value at the date of the grant, calculated using an independent valuation model, taking into account the terms and conditions upon which the options were granted. The fair value is expensed on a straight line basis over the vesting period, based on the Group's estimate of shares that will eventually vest, with the corresponding credit to equity.

## NOTES, FORMING PART OF THE FINANCIAL STATEMENTS

(continued)

### 2. First-time adoption of International Financial Reporting Standards (IFRS)

Reconciliations and explanatory notes on how the transition to IFRS has affected profit and net assets previously reported under UK Generally Accepted Accounting Principles are given below:

	Year ended 31 August 2007		
	UK GAAP £000	Adjustments £000	IFRS £000
<b>Revenue</b>	9,741	–	9,741
Cost of sales	(6,277)	–	(6,277)
<b>Gross profit</b>	3,464	–	3,464
Administration expenses	(2,882)	95	(2,787)
<b>Operating profit</b>	582	95	677
Finance costs	(72)	–	(72)
<b>Profit before taxation</b>	510	95	605
Tax credit	15	–	15
<b>Profit for the year</b>	525	95	620
<b>Consolidated Balance Sheet</b>			
<b>Non-current assets</b>			
Intangible assets – goodwill	713	95	808
Property, plant and equipment	249	–	249
	962	95	1,057
<b>Current assets</b>			
Inventories	1,094	–	1,094
Trade and other receivables	2,432	–	2,432
Cash and cash equivalents	682	–	682
	4,208	–	4,208
<b>Current liabilities</b>			
Trade and other payables	(3,583)	–	(3,583)
	(3,583)	–	(3,583)
<b>Net current assets</b>	625	–	625
<b>Net assets</b>	1,587	95	1,682
<b>Equity</b>			
Called-up share capital	403	–	403
Share option valuation reserve	63	–	63
Profit and loss account	1,121	95	1,216
<b>Total shareholders' equity</b>	1,587	95	1,682

The adoption by the Group of IFRS, as set out in note 1, has, for the year to 31 August 2007 resulted in the amortisation of goodwill previously charged under UK GAAP amounting to £95,000, being reversed in accordance with IFRS 3. There are no other changes in the balance sheet presentation between IFRS and UK GAAP. The Group has taken advantage of the exemption from retrospective application of IFRS 3 as permitted by IFRS 1. The only changes to the cash flow statement are presentational.

## NOTES, FORMING PART OF THE FINANCIAL STATEMENTS

(continued)

### 3. Revenue and segmental information

The revenue, profit before taxation and net assets are attributable to the one principal activity of the group, the supply and distribution of electronic components, which is based in the UK. Consequently the Group has one business and one geographical segment.

An analysis of revenue by geographical destination is given below:

	<b>2008</b>	2007
	<b>£000</b>	£000
UK	<b>9,742</b>	8,759
North America	<b>1,062</b>	195
Far East, Europe and other	<b>1,360</b>	787
	<b>12,164</b>	9,741

### 4. Cost of sales and administration expenses

	<b>2008</b>	2007
	<b>£000</b>	£000
<b>Cost of sales</b>		
Continuing operations	<b>6,372</b>	6,277
Acquisitions	<b>1,756</b>	–
	<b>8,128</b>	6,277
<b>Administration expenses</b>		
Continuing operations	<b>2,822</b>	2,787
Acquisitions	<b>406</b>	–
	<b>3,228</b>	2,787

### 5. Operating profit

The operating profit is stated after charging:

	<b>2008</b>	2007
	<b>£000</b>	(restated) £000
Operating leases – short leaseholds	<b>90</b>	81
Operating leases – plant and machinery	<b>67</b>	57
Depreciation – owned assets	<b>91</b>	79
Loss/(gain) on foreign exchange	<b>73</b>	(5)
Auditors' remuneration – audit (Company £25,000)	<b>35</b>	24
Auditors' remuneration – other fees (Company £2,000)	<b>6</b>	16
Directors' emoluments	<b>482</b>	408
Redundancy and related costs	<b>–</b>	18
Profit on disposal of fixed assets	<b>(8)</b>	(3)

In addition the auditors received other fees of £54,000 relating to potential acquisitions and the acquisitions of Novacom Microwaves Limited and Chyman Management Services Limited. These have not been charged to the income statement.

## NOTES, FORMING PART OF THE FINANCIAL STATEMENTS

(continued)

### 6. Finance cost

	2008 £000	2007 £000
Bank interest payable	64	60
Other interest payable	12	12
	<u>76</u>	<u>72</u>

### 7. Employee information

	2008 £000	2007 £000
Wages and salaries	1,737	1,462
Redundancy and associated costs	–	18
Social security costs	170	162
Private health costs	18	18
Other pension costs	36	29
Share option charge	84	36
Staff costs (including directors' emoluments)	<u>2,045</u>	<u>1,725</u>

The average monthly number of persons employed by the Group during the year was:

	2008 Number	2007 Number
Sales and distribution	27	28
Operations and administration	24	18
	<u>51</u>	<u>46</u>

### 8. Directors' emoluments

Directors' emoluments are included in the staff costs in note 7. The directors are considered to be the only key management personnel.

Details of the directors' emoluments are included in the Report of the Remuneration Committee on pages 10 and 11. Total directors' emoluments were £469,000 (2007 – £393,000), total pension contributions £13,000 (2007 – £15,000) and the highest paid director received emoluments of £139,000 (2007 – £127,000) and pension contributions of £3,000 (2007 – £4,000).

### 9. Taxation

	2008 £000	2007 £000
<b>(a) Analysis of charge in period</b>		
<b>Current tax:</b>		
UK corporation tax on profits for the current year	26	1
Adjustments in respect of prior years	–	(16)
<b>Total current tax (note 9b)</b>	<u>26</u>	<u>(15)</u>
<b>Deferred tax (note 18)</b>	–	–
<b>Tax charge/(credit) on profit on ordinary activities</b>	<u>26</u>	<u>(15)</u>

## NOTES, FORMING PART OF THE FINANCIAL STATEMENTS

(continued)

The corporation tax rate for 2008 is 28% and 30% subject to marginal small companies' relief (2007 – 20%).

As referred to in the Operational and Financial Review on pages 4 and 5, the result for the current year has created a profit for tax purposes which can be offset against tax losses arising in past years.

### (b) Factors affecting the tax charge in the period

The tax charge for the period is lower than the standard rate of corporation tax in the UK. The rate of corporation tax for this purpose has been taken as 28% for 2008 (2007 – 20%).

The differences are explained below:

	<b>2008</b>	2007 (restated)
	<b>£000</b>	£000
Profit on ordinary activities before tax	<b>732</b>	605
Rate of corporation tax	<b>28%</b>	20%
Tax on profit based on standard rate	<b>205</b>	121
Effects of:		
Expenses not deductible	<b>42</b>	38
Adjustments relating to prior year corporation tax	<b>–</b>	(16)
Current tax losses utilised	<b>(221)</b>	(158)
<b>Current tax (credit)/charge for the period (note 9a)</b>	<b>26</b>	(15)

At 31 August 2007 the Company had unutilised tax losses carried forward of £803,000. It is estimated that these losses will be fully utilised in the year to 31 August 2008.

There are at present no other factors which will influence the Group's taxation in future years.

### 10. Earnings per share

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

The earnings for the year are diluted by the share options that are exercisable as a result of the performance condition for the year being attained.

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

	<b>2008</b>			2007 (restated)		
	<b>Earnings £000</b>	<b>Weighted average number of shares</b>	<b>Per share amount pence</b>	Earnings £000	Weighted average number of shares	Per share amount pence
<b>Basic earnings per share</b>						
Profit attributable to ordinary shareholders	<b>706</b>	<b>20,735,186</b>	<b>3.4p</b>	620	22,155,137	2.8p
<b>Effect of dilutive securities</b>						
Share options	<b>–</b>	<b>2,293,864</b>	<b>(0.3p)</b>	–	1,374,461	(0.2p)
<b>Diluted earnings per share</b>	<b>706</b>	<b>23,029,050</b>	<b>3.1p</b>	620	23,529,598	2.6p

## NOTES, FORMING PART OF THE FINANCIAL STATEMENTS

(continued)

### 11. Intangible fixed assets

The Group's intangible assets consist entirely of goodwill. The balance at the beginning of the year arose partly on the acquisition of Silver Birch Marketing Limited and Go! Technology Limited on 1 August 2003 and partly on the acquisition of Hero Electronics Limited on 9 May 2006. Additional goodwill was acquired during the year through the acquisition of the following subsidiaries:

	£000
Balance brought forward (restated)	808
Novacom Microwaves Limited	1,245
Contech Electronics Limited	666
	<hr/>
Balance carried forward	2,719
	<hr/> <hr/>

The Directors have undertaken an impairment review of the carrying value of the Group's goodwill and believe it to be supported by the future performance of these activities.

The Company's goodwill brought forward arises partly on the transfer to the Company of the net assets of Silver Birch Marketing Limited and Go! Technology Limited on 31 August 2003 and partly on the transfer to the Company of the net assets of Hero Electronics Limited on 31 August 2006. In each case the goodwill represents the excess of the consideration for the transfer over the book value of the assets transferred. The addition to the Company's goodwill arises on the transfer to the Company of the net assets of Novacom Microwaves Limited and Contech Electronics Limited on 31 August 2008 and represents the excess of the consideration for the transfer over the book value of the assets transferred.

### 12. Tangible Fixed Assets

Group	Short leaseholds £000	Plant and machinery £000	Fixtures, fittings, tools and equipment £000	Motor vehicles £000	Total £000
<b>Cost</b>					
As at 1 September 2007	125	339	688	36	1,188
Additions	5	2	63	46	116
Net book value acquired on acquisition of subsidiary companies	–	–	55	18	73
Disposals	–	(1)	–	(15)	(16)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>As at 31 August 2008</b>	<b>130</b>	<b>340</b>	<b>806</b>	<b>85</b>	<b>1,361</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>					
As at 1 September 2007	79	318	512	30	939
Charge for the year	15	2	59	15	91
Disposals	–	(1)	–	(15)	(16)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>As at August 2008</b>	<b>94</b>	<b>319</b>	<b>571</b>	<b>30</b>	<b>1,014</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>					
As at 31 August 2007	46	21	176	6	249
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>As at 31 August 2008</b>	<b>36</b>	<b>21</b>	<b>235</b>	<b>55</b>	<b>347</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

## NOTES, FORMING PART OF THE FINANCIAL STATEMENTS

(continued)

### Company

#### Cost

As at 1 September 2007	125	339	688	36	1,188
Additions	5	2	54	46	107
Net book value acquired on acquisition of subsidiary companies	–	–	58	16	74
Disposals	–	(1)	–	(15)	(16)

<b>As at 31 August 2008</b>	<b>130</b>	<b>340</b>	<b>800</b>	<b>83</b>	<b>1,353</b>
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#### Depreciation

As at 1 September 2007	79	318	512	30	939
Charge for the year	15	2	53	13	83
Disposals	–	(1)	–	(15)	(16)

<b>As at August 2008</b>	<b>94</b>	<b>319</b>	<b>565</b>	<b>28</b>	<b>1,006</b>
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#### Net book value

As at 31 August 2007	46	21	176	6	249
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<b>As at 31 August 2008</b>	<b>36</b>	<b>21</b>	<b>235</b>	<b>55</b>	<b>347</b>
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### 13. Investment in subsidiary undertakings

	2008	2007
	£000	£000
<b>Company</b>		
Cost as at beginning of year	1,805	1,805
Additions	732	–
Cost as at end of year	<u>2,537</u>	<u>1,805</u>

Non-current investments consist entirely of investments in subsidiaries. Details of the Company's subsidiaries are as follows:

Name	Place of incorporation	Proportion of ownership	Principal activity
Silver Birch Marketing Limited	England and Wales	100%	Dormant
Go! Technology Limited	England and Wales	100%	Dormant
Hero Electronics Limited	England and Wales	100%	Dormant
Chyman Management Services Limited	England and Wales	100%	Dormant
Novacom Microwaves Limited	England and Wales	100%	Engineering components
Contech Electronics Limited	England and Wales	100%	Engineering components

### 14. Inventories

	Group	Group	Company	Company
	2008	2007	2008	2007
	£000	£000	£000	£000
Raw materials	129	175	129	175
Finished goods	1,169	919	1,169	919
	<u>1,298</u>	<u>1,094</u>	<u>1,298</u>	<u>1,094</u>

## NOTES, FORMING PART OF THE FINANCIAL STATEMENTS

(continued)

### 15. Trade and other receivables

	<b>Group</b>	Group	<b>Company</b>	Company
	<b>2008</b>	2007	<b>2008</b>	2007
	<b>£000</b>	£000	<b>£000</b>	£000
Trade receivables	<b>2,006</b>	2,247	<b>2,006</b>	2,247
Other receivables	<b>123</b>	92	<b>123</b>	92
Prepayments	<b>119</b>	93	<b>119</b>	93
	<b>2,248</b>	2,432	<b>2,248</b>	2,432

The Company has established a flexible debt finance facility with HBOS plc through which the majority of its trade debtors are discounted, with recourse after 120 days. The gross amount of these trade debtors is shown above. The Company has drawn down advances totalling £312,000 which are shown in note 16 under bank loans and overdrafts.

### 16. Trade and other payables – current

	<b>Group</b>	Group	<b>Company</b>	Company
	<b>2008</b>	2007	<b>2008</b>	2007
	<b>£000</b>	£000	<b>£000</b>	£000
Trade payables	<b>1,924</b>	1,229	<b>1,924</b>	1,229
Corporation tax payable	<b>106</b>	14	<b>106</b>	14
Other taxes and social security	<b>92</b>	83	<b>92</b>	83
VAT payable	<b>205</b>	221	<b>205</b>	221
Finance leases	<b>9</b>	12	<b>9</b>	12
Bank loans and overdrafts	<b>717</b>	1,459	<b>717</b>	1,459
Deferred and contingent consideration on acquisition of subsidiaries	<b>1,356</b>	231	<b>1,356</b>	231
Accruals and other payables	<b>387</b>	334	<b>387</b>	334
	<b>4,796</b>	3,583	<b>4,796</b>	3,583

Bank loans and overdrafts comprises the borrowing under the flexible debt finance and temporary overdraft facility referred to in note 23. These are secured over trade receivables and other assets of the Group.

### 17. Non-current liabilities

	<b>Group</b>	Group	<b>Company</b>	Company
	<b>2008</b>	2007	<b>2008</b>	2007
	<b>£000</b>	£000	<b>£000</b>	£000
Deferred and contingent consideration on acquisition of subsidiary	<b>83</b>	–	<b>83</b>	–
Amounts due to subsidiary undertakings	<b>–</b>	–	<b>2,763</b>	1,922
	<b>83</b>	–	<b>2,846</b>	1,922

The amounts due to subsidiary undertakings arise as a result of the transfer to the Company of the net assets of its subsidiaries Silver Birch Marketing Limited and Go! Technology Limited on 31 August 2003, Hero Electronics Limited on 31 August 2006 and Novacom Microwaves Limited and Contech Electronics Limited on 31 August 2008. These amounts represent interest-free inter-company loans.

## NOTES, FORMING PART OF THE FINANCIAL STATEMENTS

(continued)

### 18. Share capital

	2008	2007
<b>Group and Company</b>	<b>£000</b>	<b>£000</b>
<b>Authorised:</b>		
31,500,000 ordinary shares of 2p each	<u>630</u>	<u>630</u>
<b>Allotted, issued and fully paid:</b>	<b>No of shares</b>	<b>No of shares</b>
At 31 August	<u>22,324,257</u>	<u>20,136,757</u>
	<u>446</u>	<u>403</u>

### Share options

The following options over the Company's ordinary shares were outstanding at 31 August 2008:

	Date Granted	Earliest Date Exercisable	Latest Date Exercisable	Ordinary Shares of 2p	Exercise Price
2003 Employee Share Option Scheme	10/9/04	see note 2	9/9/14	1,100,000	9p
	6/10/04	see note 2	5/10/14	1,069,900	9p
	31/5/05	see note 2	30/5/15	45,000	9p
	20/4/06	see note 2	19/4/16	750,000	6.25p
	29/9/06	see note 2	28/9/16	667,500	13.75p
	10/11/06	see note 2	9/11/16	275,000	14.75p
	23/1/08	see note 2	22/1/18	407,000	14.75p
	23/4/08	see note 2	22/4/18	564,700	18.5p
Non-executive Director	10/7/08	see note 2	9/7/18	282,300	17p
	30/9/03	see note 3	29/9/13	75,000	17p
Professor A. Stevens	22/12/06	see note 3	29/9/13	35,000	23p
	30/9/03	see note 4	29/9/13	50,000	17p
			<u>5,321,400</u>		

#### Notes:

- On 17 June 2003 the Board approved a new share option scheme, the 2003 Employee Share Option Scheme. This scheme, which operates under the guidelines of the Government's Enterprise Management Incentive, provides for options to be exercisable at a pre-determined exercise price, subject to attainment of performance conditions over a three year period. Options are exercisable in tranches depending on the Group's cumulative growth in pre-tax earnings over a defined period. This process operates on a sliding scale for growth levels between RPI and RPI plus 16%.
- Options granted under the 2003 Employee Share Option Scheme had performance conditions linked to the growth in the Company's earnings per share in the two financial years commencing 1 September 2004. The Company's growth in earnings per share in that period did not meet the performance conditions. In accordance with the rules of the Scheme, the period was then extended for a further two years, commencing 1 September 2006.
- The options to the non-executive director were granted with exercise prices equal to the market price ruling on the respective dates of the grant. These options were not granted under the 2003 Employee Share Option Scheme, but are subject to the same performance conditions as the options granted under that scheme and are exercisable in tranches, as described in note 1 above.
- The options to Professor Stevens were granted in respect of his position as a strategy consultant to the Company, with an exercise price of 17p, the market price ruling on 30 September 2003, the date of grant. These options were subject to the same performance conditions as the 2003 Employee Share Option Scheme and are exercisable in tranches, as described in note 1 above.
- The middle market price of the Company's shares at 31 August 2008 was 18.5p. During the year under review the middle market price range was 14.50p to 37.00p.

### 19. Pension commitments

The Group operates a defined contribution scheme for certain of the directors. The assets of the scheme are held separately from those of the Group in an administered fund. Contributions payable for the year by the Group to the fund amounted to £3,000 (2007 – £4,000).

In addition, the Group contributes to personal pension schemes in respect of other directors and certain employees. Contributions payable for the year by the Group amounted to £32,863 (2007 – £25,147).

## NOTES, FORMING PART OF THE FINANCIAL STATEMENTS

(continued)

### 20. Operating lease obligations

As at 31 August 2008 the Group had annual commitments under operating leases expiring as shown below:

	<b>Group</b> <b>2008</b> <b>£000</b>	Group 2007 £000	<b>Company</b> <b>2008</b> <b>£000</b>	Company 2007 £000
<b>Land and buildings</b>				
On leases expiring between one and five years	<b>126</b>	64	<b>126</b>	64
On leases expiring in five years or more	–	–	–	–
	<u><b>126</b></u>	<u>64</u>	<u><b>126</b></u>	<u>64</u>
<b>Motor vehicles</b>				
On leases expiring in less than one year	<b>11</b>	2	<b>11</b>	2
On leases expiring between one and five years	<b>46</b>	54	<b>46</b>	54
	<u><b>57</b></u>	<u>56</u>	<u><b>57</b></u>	<u>56</u>

### 21. Analysis of net funds

<b>Group and Company</b>	At 1 September 2007 £000	Cash Flow £000	Non-cash movement £000	<b>At 31 August 2008 £000</b>
Cash, comprising current accounts and overnight deposits	682	436	–	<b>1,118</b>
Overdraft facility	–	(405)	–	<b>(405)</b>
Bank short-term loan facility	(1,459)	1,147	–	<b>(312)</b>
Finance lease	(12)	3	–	<b>(9)</b>
	<u>(789)</u>	<u>1,181</u>	<u>–</u>	<u><b>392</b></u>

### 22. Reconciliation of net cash flow to movement in net funds

	<b>Group</b> <b>2008</b> <b>£000</b>	Group 2007 £000	<b>Company</b> <b>2008</b> <b>£000</b>	Company 2007 £000
(Decrease)/increase in cash during the year	<b>(578)</b>	133	<b>31</b>	133
Acquired with subsidiaries	<b>609</b>	–	–	–
Movement in borrowings	<b>1,150</b>	(1,456)	<b>1,150</b>	(1,456)
Increase/(decrease) in net funds resulting from cash flows	<b>1,181</b>	(1,323)	<b>1,181</b>	(1,323)
Net funds at 1 September	<b>(789)</b>	534	<b>(789)</b>	534
Net funds/(debt) at 31 August	<u><b>392</b></u>	<u>(789)</u>	<u><b>392</b></u>	<u>(789)</u>

## NOTES, FORMING PART OF THE FINANCIAL STATEMENTS

(continued)

### 23. Financial Instruments

The Group purchases or issues financial instruments in order to finance its operations and to manage the interest rate and currency risks that arise from its operations. This is financed through the Group's operating cash flow. It is the Group's policy that no trading in financial instruments be undertaken.

The main risks arising from the Group's financial instruments are liquidity risk and foreign currency risk.

The Group's borrowings comprise the flexible debt finance facility and temporary overdraft facility with Bank of Scotland plc referred to below. The Directors do not consider the interest rate risk to be significant.

#### *Liquidity risk*

During the financial year the Group established borrowing facilities with HBOS as set out below.

#### *Foreign currency risk*

The Group has transactional currency exposures. These arise from sales or purchases in currencies other than the Group's functional currency, sterling.

#### *Financial assets*

The interest rate and currency profiles of the Group's financial assets comprising cash at bank and in hand at 31 August 2008 were

	<b>2008</b>	2007
	<b>£000</b>	£000
<b>Currency</b>		
Denominated in sterling	<b>1,022</b>	636
Denominated in US dollars	<b>72</b>	36
Denominated in Euros	<b>24</b>	10
	<b>1,118</b>	682

Cash and short term deposits are placed on the money market at available sterling and US Dollar rates.

#### *Financial liabilities*

The Group's financial liabilities at 31 August 2008 consisted of deferred and contingent consideration payable to the vendors of Hero Electronics Limited, Novacom Microwaves Limited and Contech Electronics Limited amounting to £1,439,000. The deferred consideration is subject to a floating interest rate charge, being Bank of England base rate.

#### *Fair values of financial assets and liabilities*

The fair value of the Group's financial assets and liabilities are not materially different from their book values.

#### *Net foreign currency monetary assets*

Net foreign currency monetary assets comprise the monetary assets and liabilities of the Group that are not denominated in sterling, the Group's functional currency. Net foreign currency monetary assets (including short term debtors and creditors) were as follows:

	<b>2008</b>	2007
	<b>£000</b>	£000
Denominated in US dollars	<b>(524)</b>	189
Denominated in Euros	<b>(204)</b>	(135)
Denominated in Japanese Yen	<b>(6)</b>	(5)
	<b>(734)</b>	49

## NOTES, FORMING PART OF THE FINANCIAL STATEMENTS

(continued)

### *Borrowing facilities*

The Group has a flexible debt finance facility with Bank of Scotland plc with a cap of £2.0 million, secured against trade receivables, and also a temporary overdraft facility with the same bank. Borrowing against these facilities amounted to £717,000 at 31 August 2008.

### *Hedging*

The Group did not enter into any hedge transactions and there were therefore no gains or losses on hedges.

## 24. Acquisitions

On 14 April 2008 the Company purchased the entire share capital, business, assets and liabilities of Novacom Microwaves Limited. The total consideration was £1,625,000 comprising an initial cash payment to the vendors of £599,000, legal and professional fees of £45,000, deferred consideration of £481,000, payable in six instalments, and an additional earn-out consideration of a maximum of £500,000 linked to the gross profit and earnings before interest and tax of the subsidiary undertaking in the period to 30 April 2009.

The fair values of the assets and liabilities acquired are set out below:

	Provisional fair value and book value £000
Property, plant and equipment	43
Inventories	56
Trade and other receivables	309
Cash and cash equivalents	237
Trade and other payables	(265)
<b>Net assets acquired</b>	<b>380</b>
Goodwill	1,245
<b>Consideration</b>	<b>1,625</b>
Consideration paid	599
Acquisition costs	45
Deferred consideration	481
Earn-out consideration	500
	<u>1,625</u>

There were no differences between the provisional fair value of the assets acquired and their book values at the date of acquisition. The goodwill arising on the acquisition is included in intangible fixed assets (see note 11).

In its last financial year to 31 December 2007, Novacom Microwaves Limited earned revenues of £2,269,000 and made a profit after tax of £173,000. For the period from 1 January 2008 to 14 April 2008, the date of acquisition, the company earned revenues of £564,000 and made a loss after tax of £19,000.

From the date of acquisition to 31 August 2008, Novacom Microwaves Limited contributed £1,062,000 to the Group's revenue, £48,000 to the Group's operating profit and £47,000 to its profit after taxation.

On 3 June 2008 the Company purchased the entire share capital, business, assets and liabilities of Chyman Management Services Limited and its subsidiary Contech Electronics Limited. The total consideration was £1,018,000 comprising an initial cash payment to the vendors of £510,000, legal and professional fees of £50,000, deferred consideration of £392,000, payable in three instalments, and an additional earn-out consideration of £66,000 linked to the gross margin of the subsidiary undertaking in the period to 31 July 2008.

## NOTES, FORMING PART OF THE FINANCIAL STATEMENTS

(continued)

The fair values of the assets and liabilities acquired are set out below:	Provisional fair value and book value £000
Property, plant and equipment	30
Inventories	17
Trade and other receivables	217
Cash and cash equivalents	372
Trade and other payables	(284)
<b>Net assets acquired</b>	<b>352</b>
Goodwill	666
<b>Consideration</b>	<b>1,018</b>
Consideration paid	510
Acquisition costs	50
Deferred consideration	392
Earn-out consideration	66
	<b>1,018</b>

There were no differences between the provisional fair value of the assets acquired and their book values at the date of acquisition. The goodwill arising on the acquisition is included in intangible fixed assets (see note 11).

In its last financial year to 31 March 2008, Chyman Management Services Limited earned revenues of £63,000 and made a profit after tax of £8,000. For the period from 1 April 2008 the company was dormant.

In its last financial year to 31 July 2007, Contech Electronics Limited earned revenues of £1,242,000 and made a profit after tax of £68,000. For the period from 1 August 2007 to 3 June 2007, the date of acquisition, the company earned revenues of £1,559,000 and made a profit after tax of £95,000.

From the date of acquisition to 31 August 2008, Contech Electronics Limited contributed £1,360,000 to the Group's revenue, £86,000 to the Group's operating profit and £62,000 to its profit after taxation.

### 25. Capital commitments

Capital expenditure commitments at 31 August 2008, authorised and contracted for but not provided for in these financial statements, were £nil (2007 – £nil).

### 26. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

## NOTICE OF ANNUAL GENERAL MEETING

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NOTICE IS HEREBY GIVEN that the Annual General Meeting of Advanced Power Components plc (the Company) will be held at the offices of Reeves + Neylan LLP, Colechurch House, One London Bridge Walk, London SE1 2SX on Friday, 20 February 2009 at 12.00 noon, for the purpose of considering and, if thought fit, passing the following Resolutions which will be proposed as Ordinary Resolutions:

### Ordinary Resolutions

1. To receive and, if thought fit, adopt the report of the directors and the financial statements for the year ended 31 August 2008, with the auditors' report thereon.
2. To approve the non-payment of a final dividend.
3. To re-elect Mark Roger Robinson as a director of the Company.
4. To re-appoint Reeves + Neylan LLP as auditors of the Company and to authorize the directors to fix their remuneration.
5. That the Board be and it is hereby generally and unconditionally authorised to exercise all powers of the Company to allot relevant securities (within the meaning of Section 80 of the Companies Act 1985) up to an aggregate nominal amount of £148,828 provided that this authority shall expire on 19 February 2014 save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the board may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

### Special Resolution

6. That subject to the passing of Resolution 5 above, the Board be and it is hereby empowered pursuant to Section 95 of the Companies Act 1985 to allot equity securities (within the meaning of Section 94 of the said Act) for cash pursuant to the authority conferred by the previous resolution as if sub-section (1) of Section 89 of the said Act did not apply to any such allotment provided that this power shall be limited:
  - (a) to the allotment of equity securities in connection with a rights issue in favour of ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them; and
  - (b) to the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal value of £89,297,

and shall expire on 19 February 2014 save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Board may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

By Order of the Board  
**D. H. Brown**  
Secretary

23 January 2009

Registered Office:  
47 Riverside  
Medway City Estate  
Rochester  
Kent  
ME2 4DP

## NOTICE OF ANNUAL GENERAL MEETING

(continued)

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### Notes

1. Only holders of ordinary shares, or their duly authorised representatives, are entitled to attend and vote at this meeting. A member so entitled may appoint one or more proxies to attend and (on a poll) vote instead of him. A proxy need not be a member of the Company. Forms of proxy need to be deposited with the Company's registrars, Capita Registrars, Proxy Department, P.O. Box 25, Beckenham, Kent BR3 4BR not later than 48 hours before the time of the meeting. Completion of a form of proxy will not preclude a member attending and voting in person at the meeting.
2. A pre-paid Form of Proxy is enclosed for holders of ordinary shares.
3. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that, in order to have the right to attend and vote at the meeting (and also for the purpose of calculating how many votes a person entitled to vote and attend may cast), a person must be entered on the register of holders of the ordinary shares of the Company by no later than 6.00 p.m. on 18 February 2009, being 48 hours before the time fixed for the meeting. Changes to entries on the register after this time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

