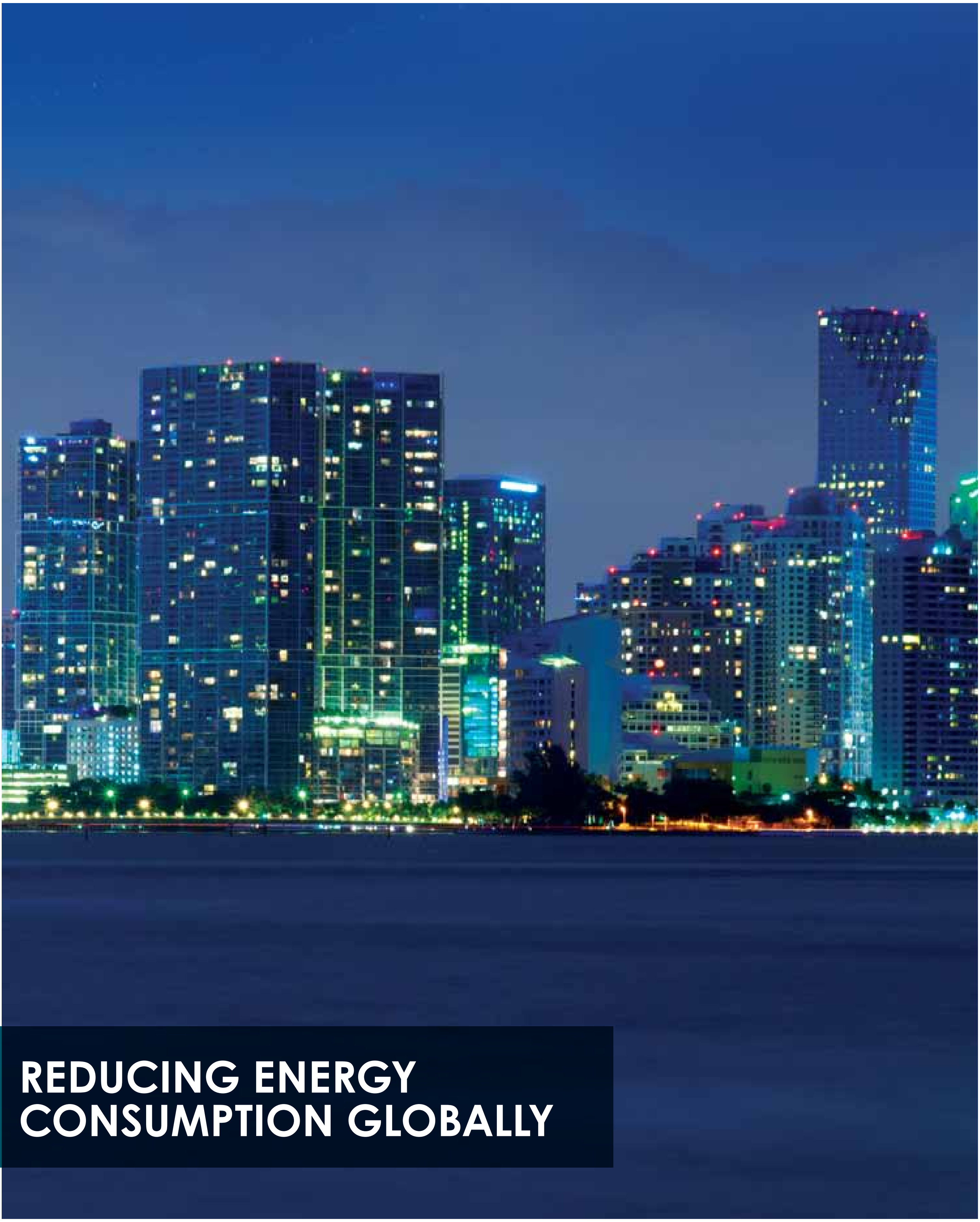
APC Technology Group PLC
Annual Report and Accounts 2013



REDUCING ENERGY CONSUMPTION GLOBALLY

WELCOME TO APC TECHNOLOGY GROUP

APC Technology Group PLC (APC) is one of the UK's leading distributors of specialist electronic components and a provider of technologies developed to reduce energy consumption.

Since incorporation in 1982, APC has developed long-standing relationships with manufacturers of specialist electronic components and with customers who put significant value on our deep understanding of the challenges of their individual markets, technical expertise and attention to detail. Markets include defence, aerospace, space, transportation, medical and industrial sectors. Products are wide ranging in their complexity and application and are sold through a number of semi-autonomous teams. Each team focuses on specific technologies or markets but are true to the Company's central business strategy of adding value in the supply chain.

Through Minimise Energy, the Group promotes a range of technologies developed to reduce energy consumption and carbon emissions. These products are either sold individually or may be combined to provide an integrated, multi-technology solution to the challenge of improving the energy efficiency of an entire organisation.

Monitoring and control of power consumption forms a critical part of effective strategies to improve energy efficiency. The Group's associate Invisible Systems Limited manufactures innovative wireless energy monitoring and control tools. Through its cloud based systems, bespoke software data is gathered and information displayed on dashboards and within a comprehensive reporting suite. Invisible Systems enable clients to operate buildings in an environmentally friendly way – providing visibility of site operational consumption, highlighting where energy use can be reduced and where costs can be saved. Invisible Systems products are sold directly and via Minimise Energy.

Strategic Report

Corporate Governance

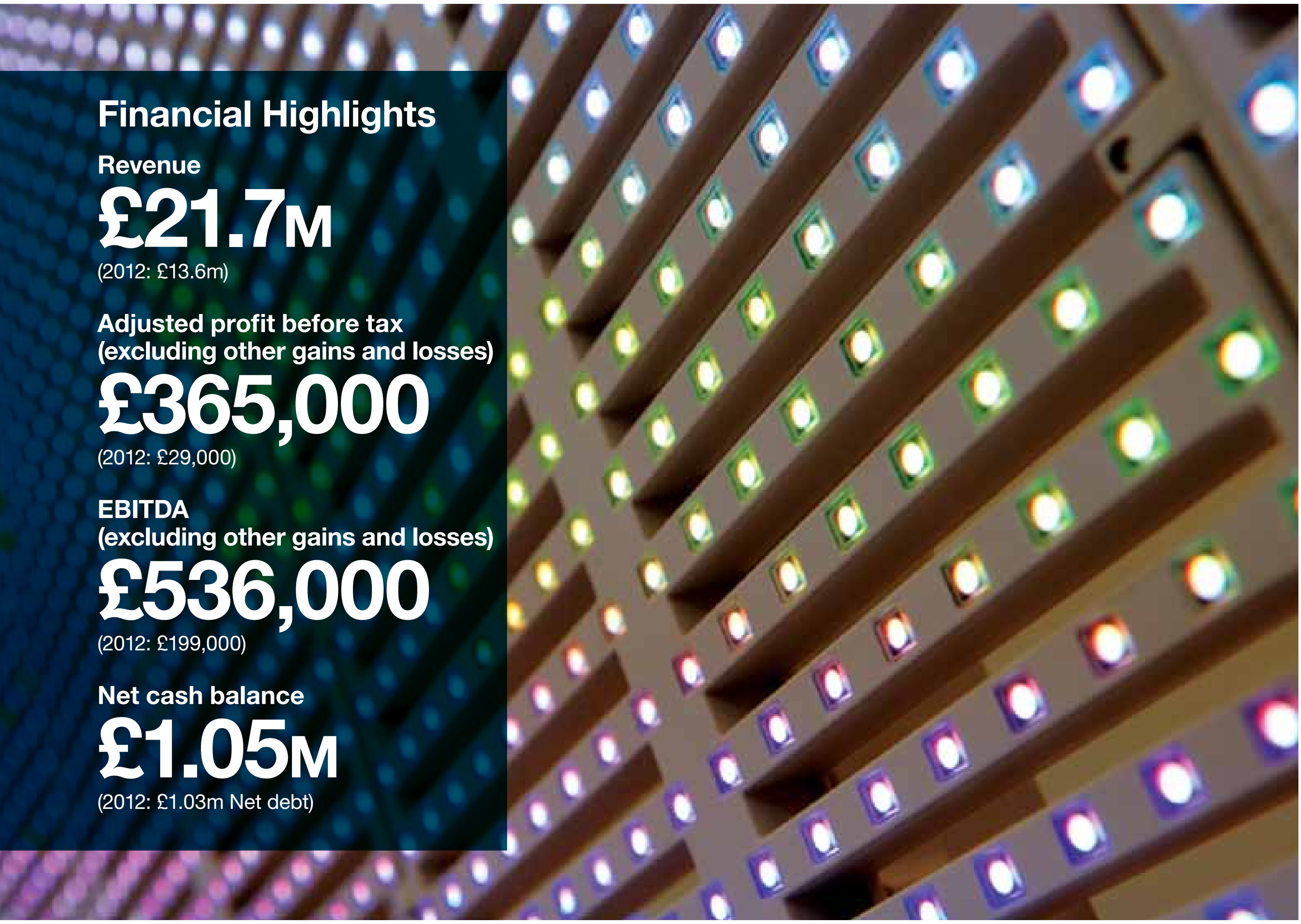
Financial Statements

Other Information

2013 HIGHLIGHTS

Highlights

- Acquisition of 100% share holding of Minimise Limited.
- Revenue growth of 60% from £13.6 million to £21.7 million resulting from acquisition.
- Profit before tax (excluding exceptional items) growth from £29,000 to £365,000.
- Cash inflow from operating activities of £0.5 million in FY2013 compared to £0.2 million in FY2012.
- Net cash at 31 August 2013 of £1.0 million compared to 2012 net debt of £1.0 million.
- Acquisition of 25% shareholding in Invisible Systems Limited, a key supplier of intelligent energy monitoring technologies.
- Completion of £3 million share placing.
- Post year-end signed a joint venture agreement to establish a presence in North America and increased shareholding in Minimise Energy Limited to 100%.



Financial Highlights

Revenue

£21.7M

(2012: £13.6m)

Adjusted profit before tax (excluding other gains and losses)

£365,000

(2012: £29,000)

EBITDA (excluding other gains and losses)

£536,000

(2012: £199,000)

Net cash balance

£1.05M

(2012: £1.03m Net debt)

GROUP AT A GLANCE

Electronic Component Distribution – Advanced Power Components

APC's electronic component distribution business differentiates itself by focusing on the promotion of specialist electronic components by experienced technical sales teams focused on their individual market niche, a model that adds significant value to both customers and suppliers.

APC's traditional electronic component distribution business continues to provide a relatively stable platform from which the Company has been able to diversify into emerging high growth markets. The distribution model is based upon investment in well qualified and experienced sales teams who are encouraged to focus on securing the inclusion of APC's wide ranging product lines into new developments taking place across its long-standing customer base. APC's engineering & commercial experience add value to its customers and suppliers by providing an effective bridge between the two ensuring the most appropriate components are selected for each new application.

Approximately 65% of APC's distribution sales are into applications where component reliability is of paramount importance. This focuses attention on defence, aerospace, space, medical, transport and oil industry applications where the gestation period for new design-in work can be lengthy but where production cycles often run for many years.

APC operate the same value added business model in less mission-critical applications which represent the remaining 35% of revenues. A thorough understanding of industrial applications is frequently demonstrated at application specific engineering seminars operated by the Company. These well attended events underline the expertise of the sales teams and reinforce the concept of adding value. This has been recently recognised by Renesas Electronics Europe which has appointed APC as the lead distributor in the UK of the NLT range of TFT displays.

Future Opportunities

- The Group expect meaningful, long-term growth to result from its recent appointment as the lead UK distributor of NLT displays.
- The expertise provided by the Group's Locator team in obsolescence management should be increasingly valued by the Company's high reliability focused customer base which is experiencing challenges as a result of an increasing number of counterfeit components making their way into the supply chain.
- Activity over the last two years to secure an increasing number of design-wins seems set to provide a return as their customers schedule new product releases to coincide with improved economic conditions.

Following a lengthy restructuring process the Group has streamlined its cleantech subsidiaries under the Minimise Energy brand. Revenues in the last 12 months were dominated by the sale of LED lighting but additional technologies are now being added to the product portfolio as the emphasis moves from being an LED lighting provider to a company offering energy efficiency solutions.

Key to future expansion is the technology provided by Invisible Systems Limited (ISL) of which APC acquired 25% in June. ISL has a cloud based wireless monitoring and control platform which can be deployed with a minimum of disruption to enable Minimise Energy to first monitor and then control energy consumption either directly or via secondary technologies such as LED lighting. The ISL platform also provides live feedback as to the effectiveness of secondary technologies and is the feedback mechanism on which future project finance packages will be based.

The operation in the UK which has so successfully developed the relationship with lead customer Morrisons is expanding its customer base across a number of different market sectors and is now seeing success in efforts to generate a wider customer base. Initial success in each new market sector is expected to generate multiple new customer relationships as the benefits of Minimise Energy's range of LED lighting and other energy efficient technologies become apparent.

Expansion into North and South America is underway following the creation of Minimise Energy Americas LLC, a 60% owned joint venture based in Miami, Florida.

Future Opportunities

- Continued growth for Minimise Energy in the UK as the customer base for LED lighting expands.
- Further growth as additional technologies including monitoring & control systems are combined with LED lighting to provide overall 'energy saving solutions'.
- Expansion of the Minimise Energy offering over an increased geographical coverage starting with North and South America.

Cleantech Activities – Minimise Energy

The Group's subsidiary, Minimise Limited, has shown explosive growth in the last 12 months mainly as a result of contracts secured to replace traditional lighting with low energy LED lighting at properties owned by Wm Morrisons Supermarkets PLC. With an expanding customer base across an increasing number of market sectors, an expanding technology portfolio and operations established in North America the Company is planning for continued expansion.

HISTORY OF DIVERSIFICATION

For more than 25 years APC has demonstrated an ability to achieve rapid expansion on the back of emerging technologies for high-growth market sectors.

1982

APC incorporated as a distributor of high reliability electronic components.

1986

Revenues begin to increase rapidly through sales of components designed for data networking applications, an expansion which continued until 1989 when volume manufacturing of Local Area Networking cards moved from the UK to Asia.

1990

APC begins to develop its own component range for the first major digital telephony roll out known as ISDN resulting in continued strong sales growth.

1996

APC lists on the London Stock Exchange.

1997

Sales of ISDN components stall as faster internet access technologies emerge and APC develop product ranges for broadband applications resulting in rapid growth at the end of the decade.

2003

Following the collapse of the global communications market APC dispose of their communications products division and focus on growing distribution revenues via strategic acquisition.

2008

APC co-found Minimise Limited as a vehicle to sell into the emerging market for energy efficient and sustainable energy generating technologies.

2013

Minimise Limited becomes a 100% owned subsidiary and experiences rapid growth in revenues in the UK resulting in Group revenues reaching a record £21.7 million.

CHAIRMAN'S STATEMENT

"The year ended 31 August 2013 has been a period of transformational change and significant progress for the Group, resulting in a far stronger offering in our cleantech businesses and stability in the electronic components distribution business."

Our product and geographic range has been expanded, our management team strengthened and our organisation structure simplified. All these initiatives have resulted in a 60% increase in sales and good profitability for the Group. To reflect the Group's strategic move into sustainable technology and the resultant reorganisation of the business we also changed the name of our company during the year to more closely reflect the nature of the business as a whole.

Trading

Overall sales in the year were £21,657,000 (2012: £13,644,000) and adjusted profit before tax (excluding exceptional items) was £365,000 (2012: £29,000).

Trading in energy savings and efficiency products increased substantially as a result of a pipeline of contracts won by the Group's subsidiary Minimise Limited since acquisition. Significant relationships were developed with one of the foremost supermarket chains in the UK, Wm Morrisons Supermarkets PLC and other multiple site companies. In total we are pleased to report sales of £8,951,000 (2012: £186,000) from energy savings and efficiency products.

Sales in our distribution business were £12,706,000 (2012: £13,458,000). The reduced sales turnover was a reflection of the continuing tight trading conditions that have persisted in the UK electronics industry for a number of years. Although the market was difficult through the year we have begun to see signs of improvement going into the new year. We are especially pleased with a recently signed distribution agreement with Renesas Electronics Europe GmbH for the supply of NLT Technologies displays to the UK market. This new line and other new agreements refresh our product offering and gives us a good platform to grow the business as the UK economy recovers.

Structure

During the year the Group acquired the remaining shares it did not own in both Minimise Limited and QV Controls Limited (subsequently renamed Minimise Controls Limited). After the year-end, we completed the acquisition of the remaining 10% of shares in Minimise Energy Limited not previously owned by the Company, allowing us to adopt the name Minimise Energy as the branding for the cleantech side of our business. As the final element of our strategic restructuring, we have merged the activities of Minimise Limited and Minimise Energy Limited as part of the streamlining process.

We also acquired 25% of the share capital of Invisible Systems Limited, a UK-based energy monitoring and management systems provider, during the year. This acquisition helps ensure that our current offering of energy efficiency and management products is market leading and meets the expectations of our customers.

Following the year end we also established a joint venture operation in the United States, Minimise Energy Americas LLC. We believe this operation will enable us to address the significant market for smart energy saving products and services that exists in North and South America.

Liquidity

In June we were pleased to complete an institutional placing that raised £3,000,000 enabling us to complete the necessary acquisitions during the year. We ended the year with net cash of £1,048,000 (2012: Net debt £1,028,000) reflecting the fund raising and improved trading in the business.

Dividend

The Board has reviewed the Company's dividend policy and whilst it considers it desirable to pay dividends in the long term, it has concluded that currently a greater return can be made to shareholders by investing available funds in the numerous opportunities that exist to grow the business. Therefore, the Board does not recommend a dividend for 2013 (2012: £nil).

Board of Directors

There were a number of changes to the Board during the year with Will David stepping down and Tessa Laws and myself being elected in January 2013.

Future

We are optimistic that 2014 will see continued growth in the Minimise Energy business. The establishment of our joint venture in Miami (Minimise Energy Americas) is just one of the ways we are opening new opportunities and new markets for the Group. In addition the distribution business is well placed to exploit the recent improvement in the UK market place.

I would like to take this opportunity to publicly acknowledge and thank our partners, management, staff and advisors without whom our success this year would not have been achievable and without whom 2014 would not be as we anticipate.

Leonard Seelig
Chairman
6 December 2013

CHIEF EXECUTIVE OFFICER'S REVIEW

"The last financial year was an exciting one for all involved with APC as we began to reap the rewards of our efforts over the last five years to generate growth from diversification into the cleantech sector."

The last financial year was an exciting one for all involved with APC as we began to reap the rewards of our efforts over the last five years to generate growth from diversification into the cleantech sector. Positioning the Company in this emerging market has taken time but the early success we are enjoying validates the decisions taken over the past five years to continue to invest in diversification despite the tough trading conditions in our traditional electronic component distribution markets.

The increase in Group revenues of 60% in the year to the end of August 2013 was achieved as a direct result of this diversification into the cleantech sector. Minimise Limited, of which we took 100% ownership in June 2013, enjoyed an increase in revenues to £8,924,000 from less than £650,000 in its prior accounting period. Investments in Minimise Controls Limited (previously QV Controls Limited) and Minimise Energy Limited have not, to date, resulted in rapid growth in themselves but have played their part in developments across the business which have created the strong foundations for future growth that now exist in terms of an expanded customer and technology base. Post year end we are now completing a restructuring of these businesses to create a more cohesive organisation with the resources to consolidate the gains made to date and build on them in the future.

It is important for us to recognise that the expansion into the cleantech sector came as a direct result of profits generated by the Group's distribution activities being used to support the cleantech business to varying degrees over the past 5 years. Despite investment in the distribution business being somewhat limited during that period, our core business has remained strong relative to the distribution sector in general and we are optimistic that it will return to profitable growth as numerous initiatives undertaken during the last few years yield results and as the business benefits from a more buoyant UK economy.

Electronic Component Distribution

Revenues in our core electronic component distribution business declined by 5.6% compared with 2012, with the reduction in revenues since 2010 now totalling 5%. However, these headline figures do not reflect a number of positive developments in this part of our business.

According to the Association of Franchised Distributors of Electronic Components (AFDEC) the UK distribution market which we address has shrunk by 15.4% over the same 3-year period indicating that we have successfully gained market share. The commercial and industrial markets for electronic components have, with few exceptions, been significantly affected by the prolonged recession and defence spending has been noticeably reduced by government cutbacks. As a result, and as is always the case during periods of declining markets, a number of electronic component manufacturers reacted by evaluating their distribution arrangements and making changes in an effort to address the market through different channels to boost short-term profitability. As would be expected, the impact of this process on APC has been both positive and negative. During the past 3 years the Company lost some lines which had generated consistent revenues for, in a couple of cases, more than 25 years. Although this contributed to the declining revenues experienced during the period, we are very pleased that overall this repositioning process has been a positive one for us as the few manufacturers that we lost have been more than offset by the potential offered by several new relationships that we have entered into. We position ourselves very carefully as a specialist distributor using our technical expertise to design components into applications which will generate revenues for a number of years. This has been recognised by a number of manufacturers including Mercury Systems Inc, Renesas Electronics Europe GmbH for the (supply of NLT Technologies displays), Spacek Labs Inc and Nicomatic SA all of which are amongst the leaders in their particular niche and offer us good growth potential now that we have entered into

Lighting up Morrisons

Minimise Limited is now in phase three of a nationwide LED lighting roll-out for Wm Morrisons Supermarkets PLC – a testament to their performance in product development, supply and installation.

When Morrisons couldn't source an LED product that met all their requirements, they asked Minimise to design a solution for them. Successful product development and trials resulted in a first phase roll-out to 33 supermarkets, and Morrisons were delighted with the results. Minimise not only achieved 53% KWh savings and return on investment with the correct lux-level requirements but also an aesthetic impact that transformed existing stores into modern, bright shopping environments without the costs associated with a major revamp for Morrisons.

After phase one, Minimise were asked to look at options for square grid ceilings in front-of-house areas. After trials in their Chesterfield store, Morrisons were so impressed with the Minimise range of panel lights they pushed the button on phase two. The result? An 80-store rollout of replacement panel lights and retro-fit T8 tubes, achieved by Minimise in just four months.

Before phase two had been completed, Morrisons asked Minimise to embark on phase three. This involved back-of-house areas in 193 stores. The package has since been extended to incorporate another 35 stores front of house; a further 40 stores as part of a 'fresh format' renovation programme; and a 65-store toilet refurbishment. Minimise continues to enjoy a close working relationship with Morrisons.

CHIEF EXECUTIVE OFFICER'S REVIEW Continued

"All in all we've worked hard over the last few years to position ourselves for growth in every part of our distribution business and expect that the rewards will start to materialise in the current financial year."

relationships with them. There is always a time lag between signing with a new manufacturer and the generation of full production revenues but the systems we operate to track design-in activity through the various stages from first customer engagements to full production orders indicate that we should see a return to growth in our distribution business in the foreseeable future.

The distribution business is managed as a single reporting unit within which separately branded specialist sales teams focus on specific product ranges and address targeted markets.

Contech; unlike the rest of the economy, the medical and broadcast sectors have remained buoyant because of an increasing use of IT across most medical establishments and an increase in the complexity of broadcasting services. Our success to date in the medical sector has mainly been in hospitals, which remains a key target market for us, but increasing awareness of the need for infection control in other sectors and the introduction of additional related products has resulted in opportunity in new markets including dentists and veterinaries.

Hero; the industrial market has faced challenging times as a result of the recent economic climate. As a result we have experienced a downturn in customer confidence which has resulted in companies being protective of cash flow and cautious in placing long-term orders. To counter this we have re-focused our product offering and resources on growing a base of new design wins in growing technology sectors and expect to see the early signs of increased customer confidence that we are now seeing lead to growth in the coming year.

HiRel; our HiRel team has performed well recently, particularly on sales of DC-DC converters, Data Bus i/c's & hardware and other components into civil aircraft and space applications. We are seeing some excellent opportunities going forward, both for these core products, and our more recent innovative lines in high temperature semiconductors, ultra capacitors and semi-custom interconnect products.

Locator; after a tough couple of years there are now some exciting opportunities starting to emerge due to work undertaken to strengthen relationships with some of the largest companies within the defence, aerospace, oil & gas and transport sectors. Locator specialises in obsolescence management and an increasing infiltration of counterfeit components into all high-reliability markets will continue to drive a need for the services and expertise we provide.

Novacom; the traditional market for high-frequency electronics in aerospace and space applications remain quite buoyant; demand for components used in improvised explosive device (IED) jamming systems remains very strong despite the reduction in the deployment of UK armed forces overseas. The recent addition of Mercury to the supplier base and the new product lines from Spacek and CTT will begin to make an important contribution starting in the current financial year.

Time; we expect continued steady growth in this part of our business as the need for accurate timing systems grows in line with an expansion in global trading.

Displays+; we anticipate that revenues for displays and for single board computers will grow steadily over the next few years following our appointment as the prime route to market for NLT displays on October 1st. NLT, a joint venture between NEC displays and AVIC Technologies is one of the top 5 displays manufacturers in the world and we are already starting to develop some significant opportunities.

All in all we've worked hard over the last few years to position ourselves for growth in every part of our distribution business and expect that the rewards will start to materialise in the current financial year.

Cleantech Activities
During the last financial year our activities in the cleantech sector gathered momentum. Our Minimise Energy brand offers what we believe to be a compelling proposition for organisations interested in reducing waste in their property portfolio by becoming more efficient in the way they consume energy. To date it has been through the sale of LED lighting that we have enjoyed the majority of our success, but we consider ourselves to be a provider of energy efficiency solutions and, therefore, offer a wide portfolio of technologies and services.

Following the investment in Invisible Systems Limited (ISL) in June, the Group's technology and intellectual property portfolio, enables us to approach clients with powerful but simple to install, wireless, cloud based monitoring system to develop an understanding of their energy consumption. Once there is a real time, granular understanding of where and when energy is being consumed, we work with the client to use the control capabilities offered by the ISL system coupled with energy efficient retrofit technologies to make a significant improvement in the building's energy efficiency, in many cases reducing consumption by well over 20%.

Whilst there are a number of significant projects using the ISL technology under development there was very limited financial impact from it in the year under review. The vast majority of cleantech revenues in 2013 were generated from the sale and installation of LED lighting by Minimise primarily to Wm Morrisons Supermarkets PLC who used the retrofit of LED lighting to reduce their energy consumption related to lighting where installed by more than 50%. Minimise's strategy of offering its own, advanced brand of LED products fully installed is a key part of the strategy moving forward. This approach disrupts traditional supply chains which would ordinarily see products pass through a number of organisations en route from the factory to the end customer. Minimise customers achieve a return on investment which we believe to be increasingly compelling, especially when considering the scale of expected increases in energy prices.

Outlook
Over the next few months, we anticipate seeing the first signs of growth in our electronic component distribution business and expect to be able to report an increase in our cleantech customer base across a number of our target market sectors. This will herald the next stage of our growth as we build on existing success in the UK and develop the same business model overseas, starting in the Americas where we have entered into a joint venture with partners based in Miami. We believe that the markets in North, South and Central America offer exciting growth potential and already we are seeing signs that the effectiveness of our business model is being recognised. It is too early to predict the timing or scale of future growth in this market, but we are encouraged by the initial indications.

Mark Robinson
Chief Executive Officer

FINANCIAL REVIEW

"The overall financial health of the Group has strengthened from 2012 to 2013. The improved trading results generated by Minimise Limited, the completion of acquisitions in the year and associated share placing have all contributed to improved profitability and the elimination of net debt."

Financial results

Group revenue for the financial year was £21,657,000 compared with £13,644,000 in 2012, resulting in a profit before tax of £4,517,000 compared with a profit before tax of £29,000 last year. Basic earnings per share for 2013 were 11.6p and diluted earnings per share were 11.2p, compared with 0.0p and 0.0p per share respectively in 2012.

In the year, the Group increased its investment in Minimise Limited by acquiring additional shares in that company in September 2012 and June 2013 resulting in a holding of 100%. The September 2012 acquisition increased the shareholding to 51% classifying Minimise Limited as a subsidiary from that point. At 31 August 2012 the Group held 36.2% of the issued shares of Minimise Limited and the investment was treated as an associated company in that year's accounts.

It should be noted that, in accordance with the requirements of IFRS, a fair value gain of £4,300,000 arose in the year as a consequence of revaluing the Company's investment in Minimise Limited when the Company gained a controlling interest in that entity. The fair value of the investment was established by calculating the net present value of the estimated future income stream of the Minimise Limited business at the point the Group gained control. The fair value adjustment was made to the carrying value of the shares held immediately prior to attaining a controlling interest. The gain on revaluation has been rerecorded as part of other gains and losses in the Consolidated Statement of Income.

The board considered the carrying value of goodwill at 31 August 2013 and concluded that the goodwill associated with Minimise Controls Limited (previously QV Controls Limited) and CeroUK Limited no longer had value as a result of the restructuring of the cleantech businesses during the year. Consequently impairments of £69,000 and £61,000 has been made and recorded as part of other gains and losses in the Consolidated Statement of Income. The board also considered the carrying value of capitalised development costs at 31 August 2013 and concluded that, as the development costs were related to products developed by QV Controls Limited that have ceased to be promoted by the Group, these assets no longer have value. Consequently an impairment of £18,000 has been made.

The fair value adjustments do not reflect trading and are not cash based. The profit before tax for the group adjusted for these fair value adjustments was £365,000 (2012: £29,000).

Funding and cash flow

The Group achieved a cash inflow from operating activities of £492,000 compared with an inflow of £220,000 in 2012 and ended the year with gross cash balance of £1,182,000 (2012: £16,000).

The Company issued new shares in an investor placing in June 2013 with gross proceeds of £3,000,000 in addition to share options exercised during the year which generated gross proceeds of £55,000. The proceeds of the investor placing were used to finance part of the acquisition of the final 49% of the shares in Minimise Limited acquired in June 2013 (£850,000) and as part consideration for the acquisition of the Group's 25% shareholding in Invisible Systems Limited made in July 2013 (£750,000).

The Group's Net Cash at 31 August 2013 was £1,048,000 (2012: Net Debt £1,028,000). The Group has an invoice discounting facility with The Bank of Scotland of up to £4,500,000, of which £113,000 had been drawn down.

Key performance indicators

The directors set budgets for the year which are reviewed against the management accounts on a monthly basis. In addition to these results the Directors review a number of key performance indicators to assess the performance of the Group and assist in decision making. The principal indicators monitored are:

Gross margin to sales ratio – The Board recognises the importance of growing the Group's turnover but believe that this should only be done at acceptable margins. To that end, targets are set and monitored. The margin achieved in 2013 was 30.3% (2012: 29.5%) against a target of 29.3%. The Directors were pleased with the improvement achieved year on year and compared with target which was a result of the focus on sales of higher margin products both in the distribution and cleantech businesses.

Overheads to sales ratio – The Board recognises the importance of controlling administrative expenses in line with the overall level of business. As a technical sales business sufficient resources are required to provide the differentiation essential to enable the business to offer added value to our customers and to ensure that the business is developed to deliver profit both in the current period and future years. The Overheads to Sales Ratio in 2013 decreased to 28.2% (2012: 28.6%) compared with target of 18.3%. The higher than target overhead to sales ratio resulted from increased staff costs in as we increase the resources necessary Minimise Limited to grow the business for the long term.

Profit before tax ratio – The Board recognises that delivering a profit before tax is fundamental to the health of the business and monitors the profit before tax excluding exception items as a percentage of sales to ensure that an acceptable return is made. In 2013 the directors set a target of 10.7% and achieved an actual PBT to Sales Ratio of 1.7% (2012: 0.2%). The need to invest in staff in Minimise Limited to ensure that the Group optimises the potential returns over a sustainable period was considered by the Directors an essential investment.

In addition to measures of the profitability of the business the Board measures working capital efficiency to ensure that the funds invested in the business are effectively managed and ensure that the business has sufficient liquidity to meet its near-term obligations. The Key Performance Indicators used to monitor working capital performance are:

Inventory turns – The Group maintains inventory so that it can meet customer demand for scarce and long lead-time items and to fulfil customer orders where deliveries are scheduled over a number of months or years. During 2013 the inventory turned over 9.5 times (2012: 15.4 times) compared with a target of 35.6 times. The Board notes that the lower inventory turn was a result of inventory carried at the year end to satisfy contracts at Minimise Limited.

Trade receivables days – In line with other companies in the sector the Group extends credit facilities to customers that have a sufficiently good credit rating. As at 31 August 2013 the receivables days calculated on a count back basis was 34 days (2012: 63 days). The reduction in receivables days resulted from the change in mix of customers associated with the growth of Minimise Limited.

Trade payables days – The Group receives credit from a number of suppliers and recognises the importance of paying its suppliers in a timely manner. As at 31 August 2013 the payables days calculated on a count back basis was 32 days (2012: 44 days). The Board considers the change in payables acceptable.

Capital expenditure

There was no significant capital expenditure during the financial year.

FINANCIAL REVIEW Continued

Risks and uncertainties

The Directors recognise that risk is inherent in any business and seek to manage risk in a controlled manner. The key business risks are set out as follows:

Risk	Nature	Mitigation	Change in year
Economic	The Group is subject to many of the same general economic risks faced by other businesses and especially so during periods of economic downturn such has existed since the middle of 2008.	The Group seeks to mitigate this risk by concentrating on defence, aerospace, transportation, medical and industrial sectors which have historically been less susceptible to short-term economic fluctuations. The Group has also entered the market for cleantech products where there is increasing demand driven by higher energy costs and legislative pressure to reduce global carbon dioxide emissions.	↓
Commercial	The Group operates in a competitive marketplace and faces competition from a number of other companies.	The risk is managed by giving primary focus to products where the Group is the sole UK distributor and where the specific designs are registered with the product manufacturer so that the Group is sole sourced for that particular application. The Group's energy saving products are differentiated by their operating performance and by the offering of a more flexible design and build service than that offered by our competitors.	↓
Supply chain	The Group represents and distributes a range of products from a number of different suppliers and a significant proportion of the Group's business is long-term and repeat business. To be able to deliver continuous supply to customers the Group is dependent on continuity of supply over the long term.	To manage this risk the Group has established close working relationships with its key suppliers and diversified the range of products offered to the market.	↑
Financing	During the year the Group's funding requirements were met through a mixture of long-term loans, convertible loan notes and short-term invoice discounting facilities.	The board meets regularly with all its funders to ensure a good working relationship. The share placing in the year and cash inflow from operations has significantly reduced the Group's reliance on debt financing for the near term.	↓
Financial	The Group has a specific exposure to credit risk, interest rate and exchange rate fluctuations. These risks have increased in the year due to the concentration of customers in Minimise Limited and the lack of a natural hedge on sales of Minimise products.	The Group has established a number of policies to mitigate the risks presented, further details of which are presented in note 20 to the financial statements.	↑

In addition to regular Board Meetings, the Group holds frequent Executive and Management Meetings at which business risks are reviewed. Any areas that are causing concern are discussed and actions are identified and taken to address specific concerns.

The risks outlined above are not an exhaustive list of risks faced by the Group and are not intended to be presented in any order of priority.

Conclusion

The overall financial health of the Group has strengthened from 2012 to 2013. The improved trading results generated by Minimise Limited, the completion of acquisitions in the year and associated share placing have all contributed to improved profitability and the elimination of net debt.

Rob Smith
Finance Director

BOARD OF DIRECTORS

Leonard Seelig (Non-executive Chairman)

Leonard Seelig has had a successful career in finance spanning over 25 years and including senior positions in the US and Europe with America's largest banks. Mr. Seelig is currently actively involved both at an operating and board level in several companies in the green technology space, including: an anaerobic digestion operating and development company currently completing construction on its second commercial scale plant with a significant roll out planned; a European on-shore wind developer with well-developed assets in Northern Ireland, Poland and elsewhere; and a solar energy development finance company actively involved throughout Europe and increasingly in North America and select emerging markets.

Mr. Seelig's educational background includes a Bachelor of Commerce from the University of Witwatersrand in South Africa, and a Master of Science in Agricultural Economics from Texas A&M University in America.

Mark Robinson (Chief Executive Officer)

Mark joined the Group in 1985 as a sales engineer and was appointed to the Board in 1992. In June 2001, Mark was appointed Managing Director and then Chief Executive Officer in September 2004. He has been responsible for the expansion into new business areas for the Group and has overseen the efforts to enhance operating efficiencies and increase market penetration in recent years.

Rob Smith, MSc, FCMA, CGMA (Finance Director)

Rob joined the Group in January 2010 and was appointed as a Director in March 2010. He was previously Finance Director and Acting CEO at AIM listed Densitron Technologies plc a manufacturer and distributor of electronic displays. Rob has also served as Finance Director at AIM listed Curidium Medica plc, where he successfully led the sale of the business to Avacta Group plc in 2009, and Eco City Vehicles plc, where he led the business through the listing process in 2007. Rob's earlier career was spent principally in the electronic components industry working for GEC, Centronic and International Rectifier.

Phil Lancaster (Managing Director – APC Distribution)

Phil joined the Group in 1995 as a product manager and in June 2000 was appointed General Manager of APC's distribution business. He was responsible for developing APC as a dominant technically-based sales presence in the UK's military and aerospace markets. Phil was appointed to the Board in September 2003 and then to Operations Director in April 2006. He has been responsible for improving operating efficiencies and for the successful integration of the Company's acquisitions.

John (Ian) Davidson (Non-executive Director)

Ian has 40 years' experience in the electronic components industry. He has led start-up and turnaround situations as well as running a number of substantial distribution businesses for Diploma PLC, Lex Electronics and most recently the Addtron group of companies. During his career he has worked with the most technically advanced products, been involved with companies such as Intel, NEC and Motorola and recognises the importance of differentiation and focus for business success.

Tessa Laws (Non-executive Director)

Tessa trained as a lawyer, and, once qualified, specialised for 15 years in corporate law. Tessa established her own legal practice and consultancy in 2010 focused primarily on clients within the renewable energy and media space – Tessa has undertaken over 100MW of solar investment work in the UK alone.

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their report and the audited financial statements of APC Technology Group PLC ("the Company") and its subsidiary undertakings (together "the Group") for the year ended 31 August 2013.

Principal activities

The principal activity of the Group and Company in the year under review was the supply and distribution of specialist electronic components and the sale of energy efficient products and services.

Results for the year and dividend

The Group's profit on ordinary activities after taxation was £4,261,000 (2012: £32,000 loss) and is dealt with as shown in the consolidated statement of income on page 20. The profit for 2013 includes exceptional items of £4,152,000 recorded as income in accordance with the provisions of IFRS.

No interim dividend was paid and it is proposed that no final dividend will be paid this year (2012: £nil).

Review of the business and future outlook

A review of the Group's activities during the year and future outlook, together with the risks and uncertainties faced by the Group, are set out in the Chairman's Statement, Chief Executive's and Financial Reviews on pages 5 to 12.

Events after the reporting period

Options over 234,000 shares were exercised on 6 September 2013 with proceeds of £31,000.

On 1 November 2013 the Group completed the acquisition of the remaining 10% of Minimise Energy Limited that it did not previously own for a consideration of £385,000 satisfied in cash.

Share capital

Details of the Company's share capital are set out in note 18 to the financial statements. The following shares were issued during the year:

Date	Reason for issue	Shares issued
07 September 2012	Consideration for Minimise Limited	489,272
01 November 2012	Consideration for CeroUK Ltd	310,000
01 March 2013	Exercise of options	20,000
28 May 2013	Exercise of options	62,500
11 June 2013	Exercise of options	10,763
24 June 2013	Consideration for Minimise Limited	12,051,947
24 June 2013	Exercise of options	159,450
24 June 2013	Placing	10,000,000
01 July 2013	Exercise of options	76,457
15 July 2013	Consideration for Invisible Systems Limited	1,558,007
15 July 2013	Exercise of options	115,000
15 July 2013	Loan note conversion	2,900,000
24 July 2013	Exercise of options	32,288

Substantial Interests

As at 24 November 2013, the last practical date before publication of the Financial Statements, the Group has been notified of the following interests of three per cent or more in its issued capital:

	Number of shares	Percentage of issued capital
Roger Robinson and related family trusts	9,603,821	16.7%
John Mitchell and related family trusts	4,935,500	8.6%
James Weeks	4,313,892	7.5%
Henderson Global Investors	4,191,667	7.3%
Hargreave Hale Limited	3,985,000	6.9%
Marco Franchi	3,440,326	6.0%
Lance Ridden	3,330,342	5.8%

Directors

During the year Will David stood down as Chairman on 25 January 2013 and as a Director of the Company on 29 May 2013. Tessa Laws was appointed as a Director and Leonard Seelig as Chairman and a Director on 25 January 2013.

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

W. David
M. Robinson
P. Lancaster
R. Smith
J. Davidson
L. Seelig
T. Laws

Mr R. Smith retires by rotation and, being eligible, offers himself for re-election. Mr Smith's biography is set out in the Board of Directors section on page 13 of this report. Mr Smith has a letter of appointment, as described in the Report of the Remuneration Committee on page 17. A resolution to reappoint Mr Smith will be proposed at the forthcoming Annual General Meeting (Resolution 2).

Mr J. Davidson retires by rotation and, being eligible, offers himself for re-election. Mr Davidson's biography is set out in the Board of Directors section on page 13 of this report. Mr Davidson has a letter of appointment, as described in the Report of the Remuneration Committee on page 17. A resolution to reappoint Mr Davidson will be proposed at the forthcoming Annual General Meeting (Resolution 3).

Mr L. Seelig was appointed by the Directors and being eligible, offers himself for re-election by the members. Mr Seelig's biography is set out in the Board of Directors section on page 13 of this report. Mr Seelig has a letter of appointment, as described in the Report of the Remuneration Committee on page 17. A resolution to reappoint Mr Seelig will be proposed at the forthcoming Annual General Meeting (Resolution 4).

Directors' interests
Details of share options held by the Directors over the ordinary shares of the Group 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. On 6 September 2013 the Directors approved the adoption of the 2013 Employee Share option Scheme, which supersedes the 2003 plan. 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 page 17.

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.

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 Group by its suppliers during the year ended 31 August 2013 and the amounts owed to its trade creditors at the year end was 45 days (2012: 37 days).

Going concern
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 and therefore consider it appropriate to prepare the financial statements on the going concern basis.

Research and development
Development costs were £Nil (2012: £5,000). These costs had been treated as an intangible asset in the previous years' consolidated accounts and were being amortised over 4 years. The board reviewed the carrying value of development costs at 31 August 2013 and concluded that, as the products were no longer promoted by the Group, it was not appropriate to treat them as an asset of the Group and has accordingly written off the cost as an administrative expense in 2013.

Donations
During the period £2,490 (2012: £780) was donated to charities. There were no political donations.

Auditor
Baker Tilly UK Audit LLP have indicated their willingness to continue as auditor.

As far as the Directors are aware there is no relevant audit information of which the Group's auditor is unaware. The Directors have taken all the steps that ought to have been taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Annual General Meeting
The Annual General Meeting of the Company will be held on Friday 31 January 2014 at 12 noon at the offices of Redleaf Polhill, First Floor, 4 London Wall Buildings, Blomfield Street, London, EC2M 5NT. The text of all of the proposed Resolutions is set out in the Notice of Annual General Meeting on page 51.

By Order of the Board

R. Smith
Secretary
6 December 2013

CORPORATE GOVERNANCE STATEMENT

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 UK Corporate Governance Code published by the Financial Reporting Council. 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 principles of corporate governance that 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 three executive Directors and either two or three Non-executive Directors. Will David served as Non-executive Chairman up to 25 January 2013 and Leonard Seelig took over this position from that date on. 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 reports to the management or those charged with governance 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 consisted of Will David and Ian Davidson up to 25 January and Leonard Seelig and Ian Davidson after this date. Meetings of the committee are attended by Finance Director Rob Smith and other Executive Directors when appropriate.

The Remuneration Committee operated under the chairmanship of Will David up to 25 January 2013 and Leonard Seelig after that date. The committee 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 page 17.

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

The Remuneration Committee operated under the chairmanship of Will David up to 25 January 2013 and Leonard Seelig after that date. 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 APC Technology Group 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. On 6 September 2013 the Board approved the establishment of a new plan, the 2013 Employee Share Option Scheme, which superseded the 2003 plan.

The 2003 and 2013 Employee Share Option Schemes require that certain performance conditions must be satisfied before options may be exercised. The performance conditions are based on achievement of budgeted profit before taxation.

Details of the share options granted to directors and outstanding as at 31 August 2013 are listed below:

	Date granted	Latest date exercisable	Ordinary shares of 2p	Exercise Price
M. Robinson	10 September 2004	9 September 2014	500,000	9.0p
	6 October 2004	5 October 2014	232,050	9.0p
P. Lancaster	10 September 2004	9 September 2014	500,000	9.0p
	6 October 2004	5 October 2014	117,000	9.0p
R. Smith	5 March 2010	4 March 2020	250,000	10.0p
	16 May 2011	15 May 2021	250,000	14.5p
J. Davidson	22 January 2010	21 January 2020	25,000	10.0p
	20 September 2012	19 September 2022	75,000	10.0p
L. Seelig	25 January 2013	24 January 2023	100,000	24.75p
T. Laws	20 September 2012	19 September 2022	100,000	10.0p

In each case these options are exercisable in various proportions dependent upon the performance of the Group. 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 that served in the year had a service agreement that may be terminated by either party upon giving between six months and 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.

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 (audited)

	Salary and fees	Bonus	Benefits in kind	Employer's national insurance	Total emoluments (excluding pensions)		Pension contributions	
	£000	£000	£000	£000	**2013 £000**	2012 £000	**2013 £000**	2012 £000
W. David	18	–	–	2	**20**	26	**–**	–
M. Robinson	107	30	17	20	**174**	150	**3**	3
P. Lancaster	84	15	14	15	**128**	115	**4**	4
R. Smith	84	15	3	13	**115**	110	**4**	4
L. Seelig	14	–	–		**14**	–	**–**	–
T. Laws	12	–	–		**12**	–	**–**	–
J. Davidson	15	–	–		**15**	39	**–**	–
	334	60	34	50	**478**	440	**11**	11

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' Report and the financial statements, in accordance with applicable law and regulations.

Company law requires the directors to prepare group and company financial statements for each financial year. The Directors are required by the AIM Rules of the London Stock Exchange to prepare Group financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union (EU) and have elected under company law to prepare the company financial statements in accordance with IFRS as adopted by the EU.

The financial statements are required by law and IFRS adopted by the EU to present fairly the financial position of the Group and the Company and the financial performance of the Group and the Company. The Companies Act 2006 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.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of the profit or loss of the Group for that period.

In preparing the Group and 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 adopted by the EU; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the APC Technology Group PLC website.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF APC TECHNOLOGY GROUP PLC

We have audited the Group and parent company financial statements ("the financial statements") on pages 20 to 50. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor
As more fully explained in the Directors' Responsibilities Statement set out on page 18, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-(issued-1-December-2010).aspx

Opinion on financial statements
In our opinion

- the financial statements give a true and fair view of the state of the group's and the parent's affairs as at 31 August 2013 and of the Group's profit for the year then ended;
- the Group's financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union
- the parent financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Colin Roberts, FCA
For and on behalf of Baker Tilly UK Audit LLP, Statutory Auditor
Chartered Accountants
Third Floor,
One London Square,
Cross Lanes,
Guildford GU1 1UN
6 December 2013

CONSOLIDATED STATEMENT OF INCOME

FOR THE YEAR ENDED 31 AUGUST 2013

	Note	2013 £000	2012 £000
Revenue	2	**21,657**	13,644
Cost of sales		**(15,100)**	(9,621)
Gross profit		**6,557**	4,023
Administrative expenses		**(6,098)**	(3,906)
Share of results of associates	12	**(2)**	10
Operating profit before exceptional items		**457**	**127**
Exceptional items	9	**4,152**	–
Operating profit	3	**4,609**	**127**
Financing income	4	**9**	8
Financing costs	4	**(101)**	(106)
Profit before taxation		**4,517**	29
Taxation expense	7	**(256)**	(61)
Profit/(loss) for the financial year		**4,261**	(32)
Attributable to:			
Equity holders of the parent		**4,065**	13
Non-controlling interests		**196**	(45)
		4,261	(32)
Basic earnings per share	8	**11.6p**	0.0p
Diluted earnings per share	8	**11.2p**	0.0p

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

There were no discontinued activities in either 2013 or 2012.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 AUGUST 2013

	Note	2013 £000	2012 £000
Non-current assets			
Intangible assets	9	**7,173**	2,671
Property, plant and equipment	10	**192**	144
Investment in associates	12	**1,243**	306
Financial assets	12	**–**	207
		8,608	3,328
Current assets			
Inventories	14	**1,592**	625
Trade and other receivables	15	**3,987**	2,300
Cash and cash equivalents	21	**1,182**	16
		6,761	2,941
Total assets		**15,369**	6,269
Current liabilities			
Trade and other payables	16	**(4,530)**	(1,774)
Borrowings	16	**(134)**	(805)
Current tax liability	16	**(32)**	(55)
		(4,696)	(2,634)
Total assets less current liabilities		**10,673**	3,635
Non-current liabilities			
Borrowings	17	**–**	(239)
Financial Liabilities	17	**(60)**	–
Deferred tax liability	13	**(22)**	(9)
Net assets		**10,591**	3,387
Equity holders of the parent			
Called-up share capital	18	**1,147**	592
Share premium account		**8,010**	790
Share option reserve		**295**	261
Other reserves		**–**	9
Retained earnings		**1,180**	1,787
Equity holders of the parent		**10,632**	3,439
Non-controlling interests		**(41)**	(52)
Total equity		**10,591**	3,387

The financial statements on pages 20 to 50 were approved and authorised for issue by the Board of Directors on 6 December 2013 and were signed on its behalf by:

M. R. Robinson
Director

R. S. Smith
Director

APC Technology Group PLC
Registered No: 01635609

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 AUGUST 2013

	Note	2013 £000	2012 £000
Non-current assets			
Intangible assets	9	**2,583**	2,583
Property, plant and equipment	10	**108**	128
Investment in subsidiaries	11	**5,789**	390
Investment in associates	12	**1,245**	306
Financial asset		**–**	137
		9,725	3,544
Current assets			
Inventories	14	**497**	625
Trade and other receivables	15	**2,942**	2,527
Cash and cash equivalents	21	**319**	11
		3,758	3,163
Total assets		**13,483**	6,707
Current liabilities			
Trade and other payables	16	**(1,960)**	(1,812)
Borrowings	16	**(134)**	(805)
Current tax liability	16	**–**	(55)
		(2,094)	(2,672)
Total assets less current liabilities		**11,389**	4,035
Non-current liabilities			
Borrowings	17	**(224)**	(463)
Deferred tax liability	13	**(6)**	(9)
Net assets		**11,159**	3,563
Equity attributable to equity holders of the company			
Called-up share capital	18	**1,147**	592
Share premium account		**8,010**	790
Share option reserve		**295**	261
Other reserves		**–**	9
Retained earnings		**1,707**	1,911
Total equity		**11,159**	3,563

The financial statements on pages 20 to 50 were approved and authorised for issue by the Board of Directors on 6 December 2013 and were signed on its behalf by:

M. R. Robinson
Director

R. S. Smith
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 AUGUST 2013

	Attributable to the equity owners of the parent						Non-controlling interests	
	Share capital £000	Share premium account £000	Share option valuation reserve £000	Other reserves £000	Retained earnings £000	Total £000	Retained earnings £000	Total £000
Group								
At 31 August 2011	514	577	254	11	1,767	3,123	(7)	3,116
Profit for the year	–	–	–	–	13	13	(45)	(32)
Total comprehensive income for the year	–	–	–	–	13	13	(45)	(32)
Transactions with owners								
Issue of new shares	78	213	–	–	–	291	–	291
Convertible loan notes	–	–	–	(2)	7	5	–	5
Share option charge	–	–	7	–	–	7	–	7
	78	213	7	(2)	7	303	–	303
At 31 August 2012	592	790	261	9	1,787	3,439	(52)	3,387
Profit for the year	–	–	–	–	4,065	4,065	196	4,261
Total comprehensive income for the year	–	–	–	–	4,065	4,065	196	4,261
Transactions with owners								
Issue of new shares	555	7,220	–	–	–	7,775	–	7,775
Convertible loan notes	–	–	–	(9)	9	–	–	–
Non-controlling interest acquired	–	–	–	–	185	185	(185)	–
IAS 27 transfer to reserves on business acquisition	–	–	–	–	(4,866)	(4,866)	–	(4,866)
Share option charge	–	–	34	–	–	34	–	34
	555	7,220	34	(9)	(4,672)	3,128	(185)	2,943
At 31 August 2013	**1,147**	**8,010**	**295**	**–**	**1,180**	**10,632**	**(41)**	**10,591**

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 AUGUST 2013

	Share capital £000	Share premium account £000	Share option valuation reserve £000	Other reserves £000	Retained earnings £000	Total £000
Company						
At 31 August 2011	514	577	254	11	1,786	3,142
Profit for the year	–	–	–	–	118	118
Total comprehensive income for the year	–	–	–	–	118	118
Transactions with owners						
Issue of new shares	78	213	–	–	–	291
Convertible loan notes	–	–	–	(2)	7	5
Share option charge	–	–	7	–	–	7
	78	213	7	(2)	7	303
At 31 August 2012	592	790	261	9	1,911	3,563
Profit for the year	–	–	–	–	(205)	(205)
Total comprehensive income for the year	–	–	–	–	(205)	(205)
Transactions with owners						
Issue of new shares	555	7,220	–	–	–	7,775
Convertible loan notes	–	–	–	(9)	1	(8)
Share option charge	–	–	34	–	–	34
	555	7,220	34	(9)	1	7,801
At 31 August 2013	**1,147**	**8,010**	**295**	**–**	**1,707**	**11,159**

Notes to the Consolidated and Company Statements of Changes in Equity

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. APC Technology Group 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 crystallises, but the reserve may equally rise or see any reduction offset, as new potentially dilutive share options are issued.

Other reserves

The reserve arises as a result of assessing the equity component of the Convertible Loan Notes issued during 2009, 2012 and 2013. The Convertible Loan Notes were exercised in full during 2012 and 2013.

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. Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

CONSOLIDATED AND COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2013

	Note	Group 2013 £000	Group 2012 £000	Company 2013 £000	Company 2012 £000
Reconciliation of cash flows from operating activities					
Profit before taxation for the financial year		**4,517**	29	**(140)**	169
Share of results of associates	12	**2**	(10)	**–**	(10)
Gain on disposal of property, plant and equipment		**1**	23	**4**	23
Finance costs	4	**101**	106	**86**	105
Finance income	4	**(9)**	(8)	**(7)**	(5)
Financial Asset Provision	12	**143**	–	**143**	–
Taxation	7	**(58)**	(49)	**(58)**	(49)
Depreciation and amortisation	3	**92**	72	**35**	59
(Increase)/Decrease in inventories		**(946)**	136	**128**	136
(Increase)/Decrease in trade and other receivables	15	**(1,434)**	247	**(535)**	47
Decrease/(Increase) in trade and other payables		**2,201**	(333)	**(32)**	(273)
Fair value adjustments		**(4,152)**	–	**61**	–
Share-based payments		**34**	7	**34**	7
Net cash from operating activities		**492**	220	**(281)**	209
Cash flows from investing activities					
Acquisition of property, plant and equipment	10	**(113)**	(29)	**(19)**	(21)
Acquisition of subsidiary undertakings, net of cash acquired		**(879)**	–	**(1,021)**	–
Acquisition of shares in associate	12	**(750)**	(67)	**(750)**	(67)
Proceeds from sale of equipment		**14**	–	**–**	–
Eligible development costs capitalised	9	**–**	(5)	**–**	–
Net cash used in investing activities		**(1,728)**	(101)	**(1,790)**	(88)
Cash flows from financing activities					
Finance costs		**(101)**	(106)	**(85)**	(105)
Hire Purchase Contracts		**39**	–	**–**	–
Proceeds of Share Issue		**3,056**	–	**3,056**	–
Proceeds from issue of convertible loan notes		**100**	100	**100**	100
Bank short-term invoice discounting facility		**(567)**	(21)	**(567)**	(21)
Repayment of bank loan facility		**(125)**	(125)	**(125)**	(125)
Net cash from/(used) in financing activities		**2,402**	(152)	**2,379**	(151)
Increase/(Decrease) in net cash		**1,166**	(33)	**308**	(30)
Cash and cash equivalents as at 1 September		**16**	49	**11**	41
Increase/(Decrease) in net cash		**1,166**	(33)	**308**	(30)
Cash and cash equivalents as at 31 August		**1,182**	16	**319**	11

NOTES
FORMING PART OF THE FINANCIAL STATEMENTS

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.

General

APC Technology Group PLC is a public limited company ("the Company") incorporated in the United Kingdom under the Companies Act 2006 (registration number 01635609).

The Company is domiciled in the United Kingdom and its registered address is 47 Riverside, Medway City Estate, Rochester, Kent ME2 4DP. The Company's Ordinary Shares are traded on the Alternative Investment Market ("AIM") of the London Stock Exchange. The Group's principal activities are the distribution of specialist electronic components and the sale of smart energy saving products and services.

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. The basis of consolidation is set out below. 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.

A separate statement of comprehensive income for the parent company has not been presented as permitted by section 408(3) of the Companies Act 2006. The parent Company incurred a loss after tax of £205,000 (2012: £118,000 profit).

Functional and presentational currency

These consolidated financial statements are presented in UK Sterling, which is the Company's functional currency. All financial information presented in UK Sterling has been rounded to the nearest thousand unless otherwise stated.

Use of estimates and judgements

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 valuation of intangible non-current assets, as set out in note 9, involves a higher degree of judgement and complexity and assumptions and estimates that are significant to the financial statements have been made.

Accounting developments

a. IFRS 13 Fair Value Measurement was issued in May 2011 and is effective for periods commencing on or after 1 January 2013. It summarises measurement and disclosure requirements for items measured at fair value and could increase disclosure for items at fair value.

b. A number of other new standards, amendments to standards and interpretations are effective for the year ended 31 August 2013. These are either not relevant or have had no material impact on the Group.

c. There are also a number of new standards, amendments to standards and interpretations that have been issued but not adopted by the European Union that when adopted will be effective for financial statements after this reporting period. None of these is expected to have a material impact on the results or financial position of the Group.

Revenue

Revenue represents income for the sales of goods and services, net of discounts, returns and rebates, to external customers at invoice value less value added tax. Revenue is recognised when the goods are despatched and the risks and rewards of ownership have been transferred to the customer, there is no continuing management involvement and the amount of revenue can be measured reliably. Commission income is recognised when payment has been received from the principal.

Basis of consolidation

The consolidated statement of comprehensive income and statement of financial position include the accounts of the Company and all its subsidiaries made up to 31 August 2013. The results of subsidiaries acquired are included in the consolidated statement of comprehensive income from the date control passes. Intra-group revenues and profits are eliminated fully on consolidation.

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

1. Accounting policies continued

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date.

Goodwill

Goodwill represents the excess of the cost of a business combination over, in the case of business combinations completed prior to 1 January 2010, the Group's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired and, in the case of business combinations completed on or after 1 January 2010, the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired.

For business combinations completed prior to 1 January 2010, cost comprises the fair value of assets given, liabilities assumed and equity instruments issued, plus any direct costs of acquisition. Changes in the estimated value of contingent consideration arising on business combinations completed by this date are treated as an adjustment to cost and, in consequence, result in a change in the carrying value of goodwill.

For business combinations completed on or after 1 January 2010, cost comprised the fair value of assets given, liabilities assumed and equity instruments issued, plus the amount of any non-controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree. Contingent consideration is included in cost at its acquisition date fair value and, in the case of contingent consideration classified as a financial liability, re-measured subsequently through profit or loss. For business combinations completed on or after 1 January 2010, direct costs of acquisition are recognised immediately as an expense.

Goodwill is capitalised as an intangible asset. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated statement of comprehensive income on the acquisition date.

Goodwill is reviewed for impairment at least every six months. The recoverable amount is estimated at each statement of financial position date. An impairment loss is recognised when the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Any impairment is recognised immediately in the statement of comprehensive income and is not subsequently reversed.

Research and development

In accordance with IAS38 Intangible Assets, expenditure incurred on research and development, is distinguished as relating to a research phase or to a development phase. All research phase expenditure is charged to the statement of income. Development expenditure is capitalised as an internally generated intangible asset only if it meets strict criteria, relating in particular to technical feasibility and generation of future economic benefits. Expenditure that cannot be classified into these two categories is treated as being incurred in the research phase.

Expenditure capitalised is amortised over its useful economic life, up to a maximum of 15 years from entry into service of the product. Amortisation is included within administrative expenses in the Consolidated Statement of Income.

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 – straight line
Plant and machinery	Parent company – 25% on reducing balance Subsidiary companies – straight line between 3 and 5 years
Fixtures, fittings, tools and equipment	Parent company – 25% on reducing balance Subsidiary companies – straight line between 3 and 5 years
Exhibition and demonstration equipment	Straight line between 2 and 3 years

Property, plant and equipment are measured at historical cost less accumulated depreciation.

Impairment reviews of fixed assets are undertaken if there are indications that the asset's recoverable amount may be less than the carrying values.

Investments

Investments in subsidiary undertakings held as non-current assets are stated at cost less any provision for impairment. Investment in assets available for sale are carried at fair value, any movement in fair value is recognised in the statement of comprehensive income.

NOTES
FORMING PART OF THE FINANCIAL STATEMENTS continued

1. Accounting policies continued

Inventories

Inventories are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items, on a first in first out basis.

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.

Deferred taxation is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. 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 temporary differences can be deducted.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rate of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transactions. Resulting exchange differences are taken into account in arriving at the operating result.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are split between short-term and long-term payables in accordance with their repayment terms. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Pension

The Group operates a stakeholder defined contribution scheme for Directors and staff and also contributes to personal pension schemes of other Directors and staff. The assets of the scheme are held separately from those of the Group in an independently administered fund. Contributions are charged to the statement of comprehensive income when they fall due for payment or when the employee provides the services giving rise to the pension contribution.

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 other financial assets, or a contractual right to exchange financial instruments with another entity on potentially favourable terms. Financial liabilities are recognised when there is an obligation and that obligation is a contractual liability to deliver cash or another financial asset or 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.

Financial assets and liabilities are recognised at fair value, which in the case of trade receivables and trade payables is similar to cost, and are detailed in note 21.

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 Group has an agreement with the Bank of Scotland 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.

1. Accounting policies continued

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. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each statement of financial position date. 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.

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.

Accordingly the CEO is deemed to be the CODM.

Operating segments have then been identified based on the reporting information and management structures within the Group. The Group has one customer representing over 10% of revenue and most of the revenue in the Cleantech segment was derived from this one customer.

The Group operates in two trading business segments.

- The distribution of specialist electronic components (Distribution).
- The sale of smart energy saving products and services (Cleantech).

The Group also contains a central services segment that provides support to the trading businesses.

In the table below reportable segment assets and liabilities include inter segment balances. These have been included to reflect the assets and liabilities of the segment as monies are freely moved around the group to provide funding for working capital where required.

Segmental Information	Distribution £000	Cleantech £000	**Total £000**
2013			
Revenue			
Total	12,706	8,951	**21,657**
Intercompany	–	–	**–**
Revenue from external customers	12,706	8,951	**21,657**
Profit /(loss) before tax	127	363	**490**
Statement of Financial Position			
Assets	6,839	4,191	**11,030**
Liabilities	(2,303)	(2,454)	**(4,757)**
Net assets	4,536	1,737	**6,273**
Other			
Net finance income/(expense)	(92)	(79)	**(171)**
Capital expenditure	19	133	**152**
– Property, plant and equipment	84	108	**192**
– Deprecation	59	6	**65**

NOTES
FORMING PART OF THE FINANCIAL STATEMENTS continued

2. Revenue and segmental information continued

Segmental Information	Distribution £000	Cleantech £000	Total £000
2012			
Revenue			
Total	13,458	242	**13,700**
Intercompany	–	(56)	**(56)**
Revenue from external customers	13,458	186	**13,644**
Profit /(loss) before tax	426	(397)	**29**
Balance Sheet			
Assets	5,695	569	**6,264**
Liabilities	(1,196)	(1,119)	**(2,315)**
Net assets	4,499	(550)	**3,949**
Other			
Net finance income/(expense)	(98)	2	**(96)**
Capital expenditure	21	8	**29**
– Property, plant and equipment	125	19	**144**
– Deprecation	59	6	**65**
– Capitalised development expenditure	–	5	**5**

	2013 £000	2012 £000
Revenue		
Total revenue for reported segments	**21,657**	13,700
Elimination of inter-segmental revenues	**–**	(56)
Group's revenue per consolidated statement of income	**21,657**	13,644

	2013 £000	2012 £000
Profit after income tax expenses		
Total profit for reporting segments	**490**	29
Fair value adjustments	**4,300**	–
Costs associated with Head Office	**(273)**	–
Income tax expense	**(256)**	(61)
Profit after income tax expense	**4,261**	(32)

	2013 £000	2012 £000
Assets		
Total assets for reportable segments	**11,030**	3,949
Assets attributable to Head Office	**4,339**	2,320
Group Assets	**15,369**	6,269
Liabilities		
Total liabilities for reportable segments	**(4,757)**	(2,315)
Liabilities attributable to Head Office	**(21)**	(567)
Group Liabilities	**(4,778)**	(2,882)

93% (2012: 89%) of segment revenues and 100% (2012: 100%) segment assets by geographical location are based in the UK.

3. Operating profit

The operating profit is stated after charging:

	2013 £000	2012 £000
Operating leases – short leaseholds	126	120
Operating leases – plant and machinery	113	100
Depreciation – owned assets	71	65
Depreciation of assets held under hire purchase agreements	17	–
Loss on foreign exchange	49	16
Auditors' remuneration – audit of parent company and consolidated accounts	35	30
Auditors' remuneration – audit of subsidiary company	20	5
Auditors' remuneration – taxation advice	8	3
Auditors' remuneration – review of interim statement	3	1
Directors' emoluments	489	451
(Gain)/Loss on disposal of fixed assets	(1)	23
Amortisation of development costs	4	7

4. Net Financing

	2013 £000	2012 £000
Financing income		
Other Interest receivable	9	8
Financing costs		
Bank interest payable	51	42
Convertible loan note interest payable	23	20
Other interest payable	–	6
Other finance costs	27	38
	101	106

5. Employee information

	2013 £000	2012 £000
Wages and salaries	3,168	2,132
Social security costs	376	260
Private health costs	30	34
Other pension costs	45	45
Share option charge	34	7
Staff costs (including Directors' emoluments)	3,653	2,478

The average monthly number employees comprised:

	2013 Number	2012 Number
Sales and distribution	36	32
Operations and administration	41	28
	77	60

6. Directors' emoluments

Directors' emoluments are included in the staff costs in note 5. The Directors are considered to be the only key management personnel.

Details of Directors' emoluments are included in the Report of the Remuneration Committee on page 17. Total Directors' emoluments, excluding employers national insurance contributions and pension contributions were £428,000 (2012: £395,000), total pension contributions £11,000 (2012: £11,000) and the highest paid director received emoluments of £154,000 (2012: £133,000) and pension contributions of £3,000 (2012: £3,000).

NOTES
FORMING PART OF THE FINANCIAL STATEMENTS continued

7. Taxation
(a) Analysis of charge in period

	2013 £000	2012 £000
UK corporation tax on profits for the current year	32	55
Adjustments in respect of prior years	3	–
Total current tax (note 7b)	35	55
Deferred tax (note 13)	221	6
Tax Charge on profit on ordinary activities	256	61

(b) Factors affecting the tax charge for the period

The tax charge for the period is different to the standard rate of corporation tax in the UK. The rate of corporation tax for this purpose has been taken as 23.58% for 2013 (2012: 24%).

The differences are explained below:

	2013 £000	2012 £000
Profit on ordinary activities before tax	4,517	29
Rate of corporation tax	23.58%	24.00%
Tax on profit based on standard rate	1,065	7
Effects of:		
Research and development allowance	–	(1)
Accelerated capital allowances	9	1
Expenses not deductible for tax purposes	100	15
Non taxable fair value gain	(1,014)	–
Marginal relief	–	(4)
Losses carried forward	96	45
Effects of associates	–	(2)
Total tax charge for the period (note 7a)	256	61

During the period, Finance Act 2013 was enacted and included legislation to reduce the main rate of corporation tax to 21% from 1 April 2014 and by a further 1% reaching 20% with effect from 1 April 2015. As this change was substantively enacted at the balance sheet date, deferred tax is recognised at 20% in the current period.

8. 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 and in the prior year also to its convertible loan notes. The profit/(loss) for the year is adjusted to add back the interest cost on the liability component of the convertible loan notes. Where the effect of the above adjustments is anti-dilutive they are excluded from the calculation of diluted earnings per share.

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

	2013 £000	2012 £000
Earnings – profit attributable to equity holders of the parent	4,065	13
Weighted average number of shares	35,088,635	25,941,692
Dilutive/free shares relating to share options	1,234,142	1,234,142
Diluted number of shares	36,322,777	26,861,487
Earnings per share	11.6p	0.0p
Diluted earnings per share	11.2p	0.0p

9. Intangible non-current assets

The Group's intangible assets consist of development costs and goodwill.

The goodwill balance at the beginning of 2013 arose partly on the acquisition of Silver Birch Marketing Limited and Go! Technology Limited in 2003, partly on the acquisition of Hero Electronics Limited in 2006, partly through the acquisition of Novacom Microwaves Limited and Contech Electronics Limited in 2008 and partly through the acquisition of the business assets and trade of Quo Vadis Limited in 2011. The Company's goodwill arises on the transfer to the Company of the net assets of wholly owned subsidiaries and represents the excess of the consideration for the transfer over the book value of the assets transferred.

In September 2012 the Group acquired a 51% controlling stake in Minimise Limited. In accordance with the provisions of IFRS 3 on acquiring a controlling interest, the Directors were required to consider the carrying value of its prior investments in Minimise Limited and adjust the value in line with the Fair Value of the asset. In order to establish a Fair Value the Directors considered the current and anticipated future performance of the business using the same discount rates and growth factors that it adopts when carrying out annual impairment reviews, see below. Once the Fair Value was established, on consolidation, goodwill of £4,300,000 arose. The goodwill has been included in the intangible assets of the Group and the gain recorded in the Consolidated Statement of Income as a Fair Value adjustment. A subsequent share acquisition taking the Group's holding in Minimise Limited to 100% was completed in June 2013. In accordance with IAS27 the difference between the fair value of the consideration and the non-controlling interest has been charged to reserves.

In the year the Group acquired 100% of the issued share capital of CeroUK Limited and 90% of the equity of Minimise Energy Limited. The Group also acquired the balance of shares in QV Controls Limited it did not previously own and subsequently renamed it Minimise Controls Limited. On completion of these transactions, the acquisition of 100% of Minimise Limited and the acquisition of 25% of Invisible Systems Limited (ISL), the Group re-structured its operating activities. On completion of this restructuring the Directors concluded that the intangible assets relating to QV Controls Limited and CeroUK Limited were no longer in use by the Group and therefore made a Fair Value adjustment to these items reducing goodwill and development costs and charging the impairment in the Consolidated Statement of Income.

The Directors have undertaken an impairment review of the carrying value of the Group's goodwill based on the current and anticipated performance of the businesses concerned. In preparing these projections a discount rate of 12% (2012: 8%) has been applied. A future growth rate of 0% – 5% (2012: 5%) has been assumed and the calculations are based on future operating cash flows derived using management's latest forecasts. The outcome of the impairment review was subjected to a sensitivity analysis based on the Internal Rate of Return of the businesses concerned and the Directors are satisfied that any reasonable changes made to the underlying assumptions made in the impairment review would not result in a change to the carrying value of the goodwill.

The table below sets out the goodwill attributable to each business segment:

	Distribution £000	Cleantech £000	**Total £000**
As at 31 August 2013	**2,583**	**4,590**	**7,173**
As at 31 August 2012	2,583	88	2,671

The impairment review of goodwill was based on forecast income for each business segment and reflects past experience where appropriate. Forecasts cover a 10 year period reflecting the long-term nature of the businesses. The higher discount rate used for the year ended 31 August 2013 reflects management's revised estimates of the average cost of capital and expected risk associated with the businesses.

Development costs represent acquired development expenditure on assets where it is probable that the future economic benefits that are attributable to the asset will flow to the entity; and the cost of the asset can be measured reliably. On the acquisition of a 25% interest in ISL the Group also acquired the rights to distribute its range of lighting controls products. The ISL products replace the lighting controls previously developed by QV Controls Limited and therefore the development costs associated with these products have been written off.

The exceptional items reported in the Consolidated Statement of Income are as follows:

	£000
Goodwill arising on acquiring controlling interest in Minimise Limited	4,300
Impairment of goodwill in CeroUK Limited	(61)
Impairment of goodwill in Minimise Controls Limited	(69)
Impairment of capitalised development costs in Minimise Controls Limited	(18)
Total exception items	**4,152**

NOTES
FORMING PART OF THE FINANCIAL STATEMENTS continued

9. Intangible non-current assets continued

The movement in intangible assets during the year arose as follows:

Group	Development costs £000	Goodwill £000	Total £000
Cost			
Balance at 1 September 2011	24	2,649	2,673
Eligible development costs capitalised	5	–	5
Balance at 31 August 2012	**29**	**2,649**	**2,678**
Balance at 1 September 2012	29	2,649	2,678
Additions through business combinations	–	4,654	4,654
Balance at 31 August 2013	**29**	**7,303**	**7,332**
Amortisation			
Balance at 1 September 2011	–	–	–
Charged in year	7	–	7
Impairment	–	–	–
Balance at 31 August 2012	**7**	**–**	**7**
Balance at 1 September 2012	7	–	7
Charged in year	4	–	4
Impairment	18	130	148
Balance at 31 August 2013	**29**	**130**	**159**
Net book value			
As at 31 August 2012	**22**	**2,649**	**2,671**
As at 31 August 2013	**–**	**7,173**	**7,173**

Company	Goodwill £000	Total £000
Cost		
Balance at 1 September 2011	2,583	2,583
Balance at 31 August 2012	**2,583**	**2,583**
Balance at 1 September 2012	2,583	2,583
Balance at 31 August 2013	**2,583**	**2,583**
Net book value		
As at 31 August 2012	**2,583**	**2,583**
As at 31 August 2013	**2,583**	**2,583**

10. Property, plant and equipment

Group	Short leaseholds £000	Plant and machinery £000	Fixtures, fittings tools and equipment £000	Motor Vehicles	Total £000
Cost					
As at 1 September 2011	133	25	726	–	884
Additions	–	–	29	–	29
Disposals	–	–	(145)	–	(145)
As at 31 August 2012	**133**	**25**	**610**	**–**	**768**
As at 1 September 2012	133	25	610	–	768
Acquired through business combinations	–	13	7	18	38
Additions	14	16	14	69	113
Disposals	–	(1)	(45)	(11)	(57)
As at 31 August 2013	**147**	**53**	**586**	**76**	**862**
Depreciation					
As at 1 September 2011	129	23	530	–	682
Charge for the year[1]	4	1	60	–	65
Disposals	–	–	(123)	–	(123)
As at 31 August 2012	**133**	**24**	**467**	**–**	**624**
As at 1 September 2012	133	24	467	–	624
Charge for the year[1]	2	27	42	17	88
Disposals	–	(1)	(30)	(11)	(42)
As at August 2013	**135**	**50**	**479**	**6**	**670**
Net book value					
As at 31 August 2011	4	2	196	–	202
As at 31 August 2012	–	1	143	–	144
As at 31 August 2013	**12**	**3**	**107**	**70**	**192**

1 Depreciation charged during the year is presented in administrative expenses in the consolidated statement of income.

All motor vehicles included in plant, property and equipment are carried under hire purchase contracts, see notes 16 and 17.

NOTES
FORMING PART OF THE FINANCIAL STATEMENTS continued

10. Property, plant and equipment continued

Company	Short leaseholds £000	Plant and machinery £000	Fixtures, fittings tools and equipment £000	Total £000
Cost				
As at 1 September 2011	133	25	712	870
Additions	–	–	21	21
Disposals	–	–	(145)	(145)
As at 31 August 2012	**133**	**25**	**588**	**746**
As at 1 September 2012	133	25	588	746
Additions	11	–	8	19
Disposals	–	–	(17)	(17)
As at 31 August 2013	**144**	**25**	**579**	**748**
Depreciation				
As at 1 September 2011	129	23	530	682
Charge for the year	4	1	54	59
Disposals	–	–	(123)	(123)
As at 31 August 2012	**133**	**24**	**461**	**618**
As at 1 September 2012	133	24	461	618
Charge for the year	2	–	33	35
Disposals	–	–	(13)	(13)
As at August 2013	**135**	**24**	**481**	**640**
Net book value				
As at 31 August 2011	4	2	182	188
As at 31 August 2012	–	1	127	128
As at 31 August 2013	**9**	**1**	**98**	**108**

11. Investment in subsidiary undertakings

	2013 £000	2012 £000
Cost as at beginning of year	**390**	390
Additions	**5,399**	–
Cost as at end of year	**5,789**	390

Details of the Company's subsidiaries are as follows:

Name	Place of incorporation	Proportion of ownership	Principal activity
Minimise Controls Limited *	England and Wales	100%	Supply of lighting controls
Minimise Energy Solutions Limited *	England and Wales	100%	Manufacture of imop®
Minimise Limited *	England and Wales	100%	Supply of LED lighting
Minimise Energy Limited *	England and Wales	90%	Supply of energy saving solutions
Minimise Holdings Limited *	England and Wales	100%	Holding Company
Minimise Holdings USA Inc. **	Delaware, USA	100%	Holding Company

* Subsidiaries of the Parent Company
** Subsidiary of Minimise Holdings Limited

12. Associates and other financial assets

	Associates £000	Loans £000	Other – Unlisted £000	Total £000
As at 31 August 2011	–	199	159	358
Loan interest capitalised	–	8	–	8
Purchase of shares in Minimise Limited	137	–	–	137
Re-categorisation of Other – Unlisted	159	–	(159)	–
Share of retained profit for the period	10	–	–	10
As at 31 August 2012	306	207	–	513
As at 1 September 2012	306	207	–	513
Loan interest capitalised	–	8	–	8
Reclassification of Minimise Limited as Subsidiary	(306)	–	–	(306)
Acquisition of shares in Invisible Systems Limited	1,245	–	–	1,245
Share of retained loss for the period	(2)	–	–	(2)
Loans repaid as consideration	–	(72)	–	(72)
Loans provided for as doubtful debts	–	(143)	–	(143)
As at 31 August 2013	**1,243**	**–**	**–**	**1,243**

In July 2013 the Group acquired a 25% holding in Invisible Systems Limited a company incorporated in England and Wales whose principal activity is the provision of energy monitoring systems. The Group's share of equity accounting investments in 2013 relates to Invisible Systems Limited, the investments in 2012 refer to Minimise Limited and have been reclassified as a subsidiary in 2013. The Group's share of equity accounting investments is as follows: –

	Group 2013 £000	Group 2012 £000
Assets:		
Non-current assets	**17**	14
Current assets	**95**	83
Liabilities:		
Current liabilities	**(30)**	(138)
Non-current liabilities	**(21)**	–
Net assets/(liabilities)	**61**	(41)
Revenue		
Profit before financing and taxation	**(2)**	10
Net financing	**–**	–
Results recognised in the consolidated income statement	**(2)**	10
Dividends received	**–**	–
Retained profit	**(2)**	10

The acquisition of 25% of the ordinary shares of Invisible Systems Limited was completed on 22 July 2012, for a total consideration of £1,245,000 (the "Consideration") which comprises a £750,000 cash payment plus the issue of 1,558,007 new Ordinary Shares (the "New Ordinary Shares") in APC which, based on the mid-market closing price on 22 July 2013 of 31.75p, are valued at £495,000. The implied valuation for 100% of ISL is therefore approximately £5,000,000.

Also included within the share purchase agreement (the "SPA") are various put and call options (the "Put and Call Options") which, if exercised, could potentially result in APC acquiring 100% of ISL over the Put and Call Options exercise period (the "Exercise Period"). The Put and Call Options mechanism operates sequentially, whereby the beneficial owners of the remaining 75% of ISL (the "Sellers") may initially require APC to purchase, by way of up to two requests, up to an initial additional 26% of the issued share capital of ISL thereby taking APC's ownership of ISL to 51% (the "First Put Option"). In the event, however, that the First Put Option is not exercised in full, such that following the exercise of this First Put Option, APC's aggregate holding is still less than 50%, then APC has the right to exercise a call option allowing it to take its aggregate share holding up to 51% of the issued share capital (the "Call Option"). Further, should this Call Option be exercised, then the Sellers have the right to exercise a second put option (the "Second Put Option"), over such number of additional shares in ISL that the Sellers may choose, so that there is the possibility that APC may acquire the remaining 49% of the issued share capital of ISL that it does not already own following the optional exercise of the First Put Option and the Call Option.

NOTES
FORMING PART OF THE FINANCIAL STATEMENTS continued

12. Associates and other financial assets continued

The Exercise Period commences 1 October 2015 and ends 30 September 2020. The SPA contains a valuation mechanism (the "Valuation Mechanism") for the Put and Call Options based on ISL's earnings before interest, tax, depreciation and amortisation ("EBITDA"). The Valuation Mechanism implies a likely total consideration payable by APC for 100% of ISL following the exercise of the Put and Call Options to be between £2.4 million and £7.1 million. A cap of £15 million has, however, been agreed between the Sellers and APC on the aggregate value of the Consideration and the amount payable under the Put and Call Options should they be exercised in such a way that APC acquires 100% of ISL. Further, in the unlikely event that the aggregation of the Consideration and the Put and Call Options (if exercised) values ISL at a level that represents a reverse takeover under the AIM Rules, APC would seek shareholder approval prior to proceeding.

ISL provides cloud-based, end-to-end monitoring and control solutions designed to improve the energy efficiency within the built environment using its own battery powered, wireless communications technology. This provides an energy monitoring and control capability that is non-invasive, quick and simple to implement in both new and retrofit applications. Its existing customer base includes both public and private sector organisations and the technology is proven to enable average savings of between 15% and 30% typically providing a return on investment of between 12 and 18 months. ISL's products are approved in the UK, Europe and the Americas and will underpin APC's strategy of expanding its business model overseas. Further information on ISL can be found at www.invisible-systems.com.

Loans represent loans made to Mr Michael Stott who is a former employee of the Group and who owned 30% of the share capital of QV Controls Limited as at 31 August 2012. The Group acquired Mr Stott's share in QV Controls Limited during the year in consideration for £72,000, reducing the net loans outstanding. As at 31 August 2013 the balance loan including capitalised interest made to Michael Stott totalled £143,000 (2012: £137,000). The loan is secured by way of a charge over Mr Stott's residence. The loans carry an interest rate equivalent to the HMRC beneficial rate, currently 4%. The Directors have considered the likelihood of a default by Mr Stott and concluded that it should make a provision against this loan by way of a charge to Administration Expenses in the parent Company and Consolidated Statement of income. Notwithstanding the provision it is the intention of the Board to secure repayment of the loan when it falls due.

13. Deferred tax

	Group 2013 £000	Group 2012 £000	**Company 2013 £000**	Company 2012 £000
Deferred tax liability	**(22)**	(9)	**(6)**	(9)

The following are the major deferred tax assets/(liabilities) recognised by the group and company and the movements thereon during the current year:

Company	**Accelerated tax depreciation £000**	**Tax Losses £000**	**Total £000**
As at 1 September 2011	(14)	–	(14)
Credit to the Company Statement of Income	5	–	5
As at 1 September 2012	(9)	–	(9)
Credit to the Company Statement of Income	3	–	3
As at 31 August 2013	**(6)**	**–**	**(6)**

Group	**Accelerated tax depreciation £000**	**Tax Losses £000**	**Total £000**
As at 1 September 2011	(17)	14	(3)
Credit/(charge) to the Consolidated Statement of Income	8	(14)	(6)
As at 1 September 2012	(9)	–	(9)
Acquired in year through business combination	–	208	208
(Charge) to the Consolidated Statement of Income	(13)	(208)	(221)
As at 31 August 2013	**(22)**	**–**	**(22)**

Deferred income tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related benefit through future taxable profits is probable.

14. Inventories

	Group 2013 £000	Group 2012 £000	Company 2013 £000	Company 2012 £000
Raw materials	–	112	–	112
Finished goods	1,592	513	497	513
	1,592	625	497	625

The cost of inventories recognised as an expense and included in cost of sales amounted to £14,233,000 (2012: £9,384,000). During the year, there was a net increase in inventory provisions of £202,000 (2012: £217,000 net reduction). The increase resulted from raw material related to the Group's imop® product in excess of requirements being provided for and a higher obsolescence estimate for certain distribution inventory.

15. Trade and other receivables

	Group 2013 £000	Group 2012 £000	Company 2013 £000	Company 2012 £000
Trade receivables	3,320	2,046	1,788	2,034
Amounts owed by subsidiary undertakings	–	–	1,046	242
Other receivables	33	115	6	115
Prepayments	634	139	102	136
	3,987	2,300	2,942	2,527

The Group has established a flexible debt finance facility with Bank of Scotland plc through which the majority of its trade receivables are eligible to be discounted, with recourse after 120 days. The gross amount of these trade receivables is shown above. At 31 August 2013 the Group had drawn down advances totalling £113,000 (2012: £680,000) which are shown in note 16 under short-term bank borrowings under invoice discounting facility. The total amount eligible to be discounted as at 31 August 2013 was £2,228,000 (2012: £1,409,000).

16. Current liabilities

	Group 2013 £000	Group 2012 £000	Company 2013 £000	Company 2012 £000
Trade payables	1,853	969	1,344	1,028
Corporation tax payable	32	55	–	55
Other taxes and social security	171	83	79	83
VAT payable	607	212	137	200
Short-term bank borrowings under invoice discounting facility	113	680	113	680
Current portion of bank loan	21	125	21	125
Hire Purchase contracts	16	–	–	–
Accruals and other payables	1,883	510	400	501
	4,696	2,634	2,094	2,672

Short-term bank borrowings under invoice discounting facility comprise borrowings under the flexible debt finance facility referred to in note 15. These are secured over the whole assets of the Group.

In October 2009 the Group entered into a fixed-term bank loan agreement with Bank of Scotland plc secured by the Government's Enterprise Finance Guarantee scheme. The loan value at inception was £500,000 and is repayable in monthly instalments over five years. Interest is charged at 5.30% over Bank of England base rate on the balance of the loan. Throughout the entirety of the year under review Bank of England base rate was 0.50%. The current portion of the fixed-term bank loan was £21,000 and the non-current portion was nil at the 31 August 2013. Further details regarding the fixed-term bank loan are disclosed in note 21.

NOTES
FORMING PART OF THE FINANCIAL STATEMENTS continued

17. Non-current liabilities

	Group 2013 £000	Group 2012 £000	Company 2013 £000	Company 2012 £000
Convertible loan notes	–	218	–	218
Bank loan	–	21	–	21
Amounts due to subsidiary undertakings	–	–	224	224
Hire purchase contracts	60	–	–	–
	60	239	224	463

Convertible Loan Notes 2014

In February 2009 £400,000 Convertible Loan Notes 2014 were issued. At inception, the Notes were due to mature on the 10 February 2014 and carried a coupon of 8% per annum, payable quarterly in arrears until such time as they were repaid or converted in accordance with their terms. The holders of the Notes converted all of the notes held by them into new Ordinary Shares in the Company on delivery to the Company of a conversion notices. The conversion rate, being the lower of the mid-market price on 10 February 2009 and the mid-market price for the 14 days following the conversion date.

The Convertible Loan Notes 2014 were converted to Ordinary shares on the following dates and conversion rates: –

Date converted	Value	Rate
7 January 2010	£50,000	8.10p
17 June 2010	£31,250	12.50p
19 October 2010	£68,750	12.50p
7 August 2012	£100,000	7.50p
8 August 2012	£100,000	7.50p
9 July 2013	£50,000	12.50p

All liabilities under the Convertible Loan Notes 2014 have been discharged. The loan notes outstanding at the prior year-end were measured for fair value and a value of £2,000 had been assigned to the equity component.

Convertible Loan Notes 2017

On 7 August 2012 £175,000 and on 9 September £100,000 Convertible Loan Notes 2017 were issued. At inception, the Notes were due to mature on the 1 August 2017 and carried a coupon of 8% per annum, payable quarterly in arrears until such time as they were repaid or converted in accordance with their terms. The holders of the Notes converted all of the Notes held by them into new Ordinary Shares in the Company on delivery to the Company of a conversion notice. The conversion rate, being the lower of 11 pence per share and the mid-market price for the 14 days preceding the conversion date. On 9 July 2013 Loan Notes valued at £275,000 were converted to new Ordinary Shares at a conversion rate of 11 pence.

All liabilities under the Convertible Loan Notes 2017 have been discharged. The Loan Notes outstanding at the prior year-end were measured for fair value and a value of £7,000 had been assigned to the equity component.

Amounts due to subsidiary undertakings

The amounts due to subsidiary undertakings arise as a result of the transfer to the Company of 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.

Hire purchase contracts

The Group has entered into a number of finance leases with Volkswagen Finance, each lease is based on a 48 month contract, with the first lease due to end in March 2016. The non current portion of the lease was £60,000 at 31st August 2013.

18. Share Capital

Group and company	2013 £000	2012 £000
Authorised:		
60,000,000 ordinary shares of 2p each	**1,200**	1,200

Allotted, issued and fully paid:	No of shares		No of shares	
At 31 August	**57,365,399**	**1,147**	29,579,715	592

During the year under review the following Ordinary Shares of 2p each were issued by the Company:

Reason for issue	Date	Shares	Price
Consideration for Minimise Limited	07/09/2012	489,272	7.62p
Consideration for CeroUK Ltd	01/11/2012	310,000	12.00p
Exercise of options	01/03/2013	20,000	9.00p
Exercise of options	28/05/2013	25,000	9.00p
Exercise of options	28/05/2013	12,500	9.00p
Exercise of options	28/05/2013	25,000	13.75p
Exercise of options	11/06/2013	10,763	14.75p
Consideration for Minimise Limited	24/06/2013	3,613,815	31.75p
Consideration for Minimise Limited	24/06/2013	2,985,326	31.75p
Consideration for Minimise Limited	24/06/2013	3,269,632	31.75p
Consideration for Minimise Limited	24/06/2013	542,692	31.75p
Consideration for Minimise Limited	24/06/2013	865,207	31.75p
Consideration for Minimise Limited	24/06/2013	775,275	31.75p
Exercise of options	24/06/2013	36,900	9.00p
Exercise of options	24/06/2013	79,500	9.00p
Exercise of options	24/06/2013	21,525	17.00p
Exercise of options	24/06/2013	21,525	17.00p
Placing	24/06/2013	10,000,000	30.00p
Exercise of options	01/07/2013	25,000	9.00p
Exercise of options	01/07/2013	45,000	9.00p
Exercise of options	01/07/2013	6,457	14.75p
Consideration for ISL	15/07/2013	1,558,007	31.75p
Exercise of options	15/07/2013	15,000	12.75p
Exercise of options	15/07/2013	15,000	12.50p
Exercise of options	15/07/2013	75,000	13.75p
Exercise of options	15/07/2013	10,000	9.00p
Loan note conversion	15/07/2013	400,000	12.50p
Loan note conversion	15/07/2013	2,500,000	11.00p
Exercise of options	24/07/2013	32,288	14.75p
Total Shares issued in year		27,785,684	
Shares in issue at the 31 August 2012		29,579,715	
Shares in issue at the 31 August 2013		**57,365,399**	

NOTES
FORMING PART OF THE FINANCIAL STATEMENTS continued

18. Share Capital continued

Share options

The following options over the Company's Ordinary Shares were outstanding at 31 August 2013:

	Date granted	Earliest date exercisable	Latest date exercisable	Ordinary shares of 2p	Exercise price
2003 Employee Share Option Scheme	10/09/2004	see note b	09/09/2014	1,000,000	9.00p
	06/10/2004	see note b	05/10/2014	499,050	9.00p
	29/09/2006	see note b	28/09/2016	80,000	13.75p
	10/11/2006	see note b	09/11/2016	200,000	14.75p
	23/01/2008	see note b	22/01/2018	141,492	14.75p
	23/04/2008	see note b	22/04/2018	100,000	18.50p
	10/07/2008	see note b	09/07/2018	156,950	17.00p
	20/02/2009	see note b	19/02/2019	145,000	12.50p
	22/01/2010	see note b	21/01/2020	200,000	10.00p
	05/03/2010	see note b	04/03/2020	250,000	10.00p
	29/09/2010	see note b	29/09/2019	250,000	11.25p
	25/02/2011	See note b	24/02/2021	985,000	12.75p
	16/03/2011	See note b	15/03/2021	50,000	13.62p
	16/05/2011	See note b	15/05/2021	325,000	14.50p
	30/05/2012	See note b	29/05/2022	179,000	7.50p
	20/09/2012	See note b	19/09/2022	460,000	10.00p
	20/12/2012	See note b	19/12/2022	100,000	15.25p
Unapproved share option scheme	30/09/2003	see note c	29/09/2013	75,000	17.00p
	22/12/2006	see note c	21/12/2016	35,000	23.00p
	22/01/2010	see note c	21/01/2020	25,000	10.00p
	29/09/2010	see note c	28/09/2020	25,000	11.25p
	20/09/2012	see note c	19/09/2022	250,000	10.00p
	25/01/2013	see note c	24/01/2023	100,000	24.75p
				5,631,492	

The weighted average price of options over the Company's Ordinary Shares at 31 August 2013 was 12.06p (2010: 11.61p).

Reconciliation of movement in share option outstanding

	Ordinary shares of 2p
Share options outstanding as at 31 August 2011	**5,743,950**
Issued	179,000
Lapsed	(650,000)
Share options outstanding as at 31 August 2012	**5,272,950**
Issued	835,000
Exercised	(476,458)
Share options outstanding as at 31 August 2012	**5,631,492**

Notes:

a. On 17 June 2003 the Board approved a new share option scheme, the 2003 Employee Option Scheme. The 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 three year period. This process operates on a sliding scale for growth levels between RPI and RPI plus 16%.

b. On the 19 April 2011 the Board of Director's amended the performance criteria of the 2003 Employee Share Option Scheme options granted under the 2003 Employee Share Option Scheme so that shares would vest over a five year period following grant depending on achievement of the Group's budgeted profit before tax. Previously performance conditions were linked to the growth in the Company's earnings per share in the financial years following the grant of the option. The change was made to ensure that the performance criteria was more easily understood by employees and was more directly related to employee performance.

c. The options to Non-executive Directors were granted with exercise prices equal to the market price ruling in 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 a & b above.

d. The middle market price of the Company's shares at 31 August 2013 was 30.12p. During the year under review the middle market price range was 7.62p to 36.00p.

e. In accordance with IFRS2 a share option charge has been made to the Consolidated Statement of Income of £34,000 (2012: £7,000).

18. Share Capital continued

The following additional information is relevant to the determination of the fair value of the options:

	2013	2012
Option pricing model used	**Black Scholes**	Black Scholes
Share price is the same as exercise price at the time the option is issued.		
Expected volatility	**59.57% – 64.24%**	60.73% – 64.22
Expected life of option	**1.74 to 8.18**	1.74 to 8.18
Expected dividend yield	**Nil**	Nil
Risk free interest rate	**0.20% to 3.68%**	0.25% to 3.68%

19. Operating lease obligations

As at the 31 August 2013 the Group had future aggregate minimum commitments under leases expiring as shown below:

	Group 2013 £000	Group 2012 £000	Company 2013 £000	Company 2012 £000
On leases expiring between one and five years	**282**	37	**256**	37
On leases expiring in five years or more	**132**	323	**132**	323
	414	360	**388**	360
Motor vehicles				
On leases expiring in less than one year	**13**	8	**13**	8
On leases expiring between one and five years	**183**	161	**183**	161
	196	169	**196**	169
Other				
On leases expiring between one and five years	**14**	–	**–**	–
	14	–	**–**	–

20. Financial instruments (Group and Company) – risk management

The Group's overall risk management programme seeks to minimise potential adverse effects on the Group's financial performance.

The Group's financial instruments comprise cash and liquid resources and various items such as trade payables and receivables that arise directly from its operations. The Group is exposed to the following risks:

- Credit risk;
- Foreign currency risk;
- Liquidity risk; and
- Fair value interest rate risk.

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risk. The objective of the Board is to set policies that seek to reduce the risk as far as possible without unduly affecting the Group's competitiveness and effectiveness.

Further details of these policies are set out overleaf:

NOTES
FORMING PART OF THE FINANCIAL STATEMENTS continued

20. Financial instruments (Group and Company) – risk management continued

Credit risk

The Group is exposed to credit risk primarily on its trade receivables, which are spread over a range of customers. At the 31 August 2013 the amount receivable from Wm Morrisons Supermarkets PLC represented approximately 44% of the total trade receivables (2012: 0%) and as such represented a significant concentration of the Group's exposure to credit risk. The maximum credit risk exposure relating to financial assets is represented by their carrying value at the statement of financial position date and is shown in note 15.

The Group assesses the risk associated with each customer based on independent credit rating agency reports and on its own experience with the customer before entering into binding contracts. Each customer account is reviewed on an on-going basis based on available information and payment history.

The credit risk on liquid funds is limited as the funds are held at banks with high credit ratings assigned by international credit rating agencies.

Foreign currency risk

The Group has exposure to transactional and translational currency exposures.

Transactional currency exposure risk arises when the Group enters into contracts in currencies other than the Group functional currency. Transactional risk is mitigated by a) the creation of a natural hedge between buying and selling currencies, b) use of currency hedging contracts and c) the inclusion of a foreign currency price escalation clause in sales contracts.

Translational currency exposure risk arises when financial instruments valued in the consolidated and company statement of financial position are denominated in a currency other than the Group's functional currency. Translation risk is mitigated by the Group entering into currency option contracts.

Liquidity risk

The Group has established borrowing facilities with Bank of Scotland plc for working capital finance through an invoice discounting facility and a short-term shareholder loan. The Group maintains near-term cash-flow forecasts that enables it to identify its near-term borrowings requirement so that remedial action can be taken if necessary.

Fair value interest rate risk

All borrowing is approved by the Board of Directors to ensure that it is conducted at the most competitive rates available to it. As the Group had fixed rate convertible loan notes it has been exposed to fair value interest risk. The Group had the option of converting the loan notes had the Board decided that the interest rates were in excess of the market rate obtainable by the Group.

21. Financial Instruments

Capital risk management

The Group defines the capital that it manages as the Group's total equity. The Group's objectives when managing capital are to:

- Safeguard the Group's ability to continue as a going concern.
- Have available the necessary financial resources to allow the Group to deliver benefits from its operational activities and investments.
- Optimise the return to investors based on the level of risk undertaken.

In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets, pay dividends or return capital to shareholders.

The Group's capital and equity ratios are shown in the table below:

	2013 £000	2012 £000
Total equity attributable to owners of the parent	**10,632**	3,439
Total assets	**10,591**	3,387
Equity ratio	**100.4%**	101.5%

21. Financial Instruments continued

Financial assets

Details of financial assets are set out in notes 12 and 15. In addition, details of cash and cash equivalents are set out below.

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

	Group 2013 £000	Group 2012 £000	Company 2013 £000	Company 2012 £000
Currency				
Denominated in sterling	870	15	**302**	10
Denominated in US dollars	296	1	**1**	1
Denominated in euros	16	–	**16**	–
	1,182	16	**319**	11

Cash at banks, included in cash and cash equivalents, are with institutions with credit ratings of A or better. It is the Company's policy to maintain cash at a level to meet liabilities immediately due for payment so that the amount drawn from the invoice discounting facility is kept to a minimum.

The maximum exposure to credit risk from trade receivables at the 31 August 2013 is disclosed in note 15. The following table shows an analysis of trade receivables for the Group.

	2013 £000	2013 %	2012 £000	2012 %
0 – 30 days	**2,122**	**63.9%**	1,161	56.7%
31 – 60 days	**970**	**29.2%**	496	24.3%
61 – 90 days	**175**	**5.3%**	191	9.3%
91 – 120 days	**42**	**1.3%**	4	0.2%
Over 120 days	**11**	**0.3%**	195	9.5%
	3,320	**100.0%**	2,046	100.0%

The Group reviews trade receivables balances on a routine basis and makes provision for any amounts where it believes the receivable is likely to be uncollectable. In 2013 the bad debt provision was reduced by a net £15,000, in 2012 a net increase in bad debt provision of £42,000 was made.

Financial liabilities

The following is an analysis of the maturities of the financial liabilities in the consolidated statement of financial position:

	Carrying amount £000	6 months or less £000	6 – 12 months £000	1 or more years £000
2013				
Invoice discounting finance facility	113	113	–	–
Bank Loan	21	21	–	–
Trade and other payables	4,531	4,531	–	–
	4,665	**4,665**	**–**	**–**
2012				
Convertible loan notes	218	–	–	218
Invoice discounting finance facility	680	680	–	–
Bank Loan	146	63	62	21
Trade and other payables	1,823	1,823	–	
	2,867	2,566	62	239

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.

NOTES
FORMING PART OF THE FINANCIAL STATEMENTS continued

21. Financial Instruments continued

Net foreign currency monetary assets and (liabilities)

Net foreign currency monetary assets and (liabilities) 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 and (liabilities) (including short-term debtors and creditors) were as follows:

	2013 £000	2012 £000
Denominated in US dollars	182	(157)
Denominated in Euros	16	(154)
	198	(311)

Borrowing facilities

The Group has a flexible debt finance facility with Bank of Scotland plc with a cap of £3 million for the Parent Company and £1.5 million for Minimise Limited. These are secured over the whole assets of the Group. Borrowing against this facility amounted to £113,000 at 31 August 2013 (2012: £680,000), undrawn funds available on the invoice discounting facilities were £1,990,000 at 31 August 2013 (2012: £729,000). The debt finance incurs interest at a rate of 2.75% over the Bank of England's base rate.

The Group has a fixed term-loan with Bank of Scotland plc secured by the Enterprise Finance Guarantee scheme. The loan at inception was £500,000 and at 31 August 2013 the balance of the loan was £21,000 (2011: £146,000). The bank loan incurs interest at a rate of 5.30% over the Bank of England base rate.

Derivative financial instruments

The Group maintains a natural hedge between buying and selling currencies and from time to time enters into foreign exchange hedge transactions to protect it against adverse currency movements. In addition, from time to time, the Company enters into currency options to protect it against translation risk of the net foreign currency assets and liabilities. At 31 August 2013 there were no currency options in place, at 31 August 2012, the Group had a mark to market liability of £9,000, which had been recognised in the Company and Consolidated Statement of Financial Position.

22. Acquisitions in the year

Business combinations are accounted for using the acquisition accounting method as at the acquisition date, which is the date at which control is transferred to the Group. Goodwill is measured at the acquisition date as the fair value of consideration, less the recognised amount of the identifiable assets and liabilities assumed. The value of non-controlling interest recognised at the date of acquisition is calculated as a proportion of net assets of the entity acquired.

Minimise Limited

Minimise Limited is a company involved in the sale and promotion of energy efficient products, primarily LED lighting. This company was acquired as it fits the Group's strategy of diversification into the Cleantechnology market sector. Goodwill represents the future economic benefit derived from the trade and expertise of the business acquired.

On the 9 September 2012 the Group completed the purchase of shares in Minimise Limited for consideration of £153,000 in cash and equity to take its shareholding from 36.2% to 51% gaining a controlling interest. Immediately prior to gaining a controlling interest the Group's cumulative investment in Minimise Limited was carried at cost of £306,000 and was classified as a financial asset in the company and consolidated statements of financial position. In accordance with the provisions of IFRS, the fair value of the prior investment was measured by assessing the discounted value of future income when control was gained and an adjustment to the carrying value of £4,300,000 has been made.

On the 1 June 2013 the Group completed the purchase of the remaining 49% of the shares in Minimise Limited for £4,790,000 in cash, equity and deferred consideration. In accordance with IAS 27, "consolidated and separate financial statements", the fair value of the consideration payable on the 1 June 2013 net of NCI acquired has been transferred to retained earnings.

Minimise Limited accounts have been consolidated into the Group results for the full year.

Minimise Energy Limited

Minimise Energy Limited is a company involved in the provision of energy efficient solutions combining different technologies and services to reduce customers' energy expenditure. This company was acquired as it fits the Group's strategy of diversification into the clean technology market sector. Goodwill represents the future economic benefit derived from the trade and expertise of the business acquired.

On the 1 September 2012 the Group gained control of 90% of the equity in Minimise Energy Limited for an investment of £30,810 cash.

Minimise Energy Limited accounts have been consolidated into the Group results for the full year.

22. Acquisitions in the year continued

CeroUK Limited

CeroUK Limited is a company involved in the provision of energy efficient solutions combining different technologies and services to reduce customers' energy expenditure. This company was acquired as it fits the Group's strategy of diversification into the Cleantechnology market sector. There was no goodwill associated with this acquisition at 31 August 2013.

On the 29 October 2012 the Group completed the purchase of 100% of CeroUK Limited for £61,000 paid in cash and equity. On acquisition the business and assets of CeroUK Limited were transferred to Minimise Energy Limited and subsequently the goodwill arising on acquisition has been impaired.

CeroUK Limited did not trade during the year therefore there was no effect on the consolidated financial statements for the year.

Minimise Controls Limited (formerly QV Controls Limited)

During the year the group completed the purchase of the remaining 30% of the shares in Minimise Controls Limited (formerly QV Controls Limited). This was for a total consideration of £120,000 paid by exchanging accumulated debt and loans for equity in Minimise Controls Limited.

A controlling interest in Minimise Controls Limited has existed since 2011 and the accounts of this subsidiary have been consolidated in the current and prior year accounts. The excess of the consideration paid and the NCI has been charged to reserves.

Consideration and net assets acquired

The fair value of the consideration paid for the acquisitions and the fair value of the assets and liabilities acquired in the year is as follows:

	Minimise Limited £000	Minimise Energy Limited £000	CeroUK Limited £000	**Total £000**
Cash consideration paid in the year	118	31	24	**173**
Fair value of equity interest in Minimise Limited held before business combination	4,606	–	–	**4,606**
Equity consideration paid	37	–	37	**74**
Total Consideration	**4,761**	**31**	**61**	**4,853**

The following table sets out the effect of acquisitions in the financial year of 2013 on the consolidated balance sheet. The goodwill arising on these transactions has been capitalised and is subject to an annual review for impairment (or more frequently if necessary) in accordance with our accounting policies. Goodwill represents the future economic benefit derived from the trade and expertise of the business acquired. Any impairment is charged to the income statement as it arises.

	Minimise Limited £000	Minimise Energy Limited £000	CeroUK Limited £000	**Total £000**
Cash and cash equivalents	143	1	–	**144**
Property, plant and equipment	38	–	–	**38**
Inventories	21	–	–	**21**
Trade and other receivables	189	15	–	**204**
Deferred tax asset	208			**208**
Trade and other payables	(373)	(24)	–	**(397)**
Financial liabilities	(21)	–	–	**(21)**
Non controlling interest	1	1	–	**2**
Goodwill	**4,555**	**38**	**61**	**4,654**
Total	**4,761**	**31**	**61**	**4,853**

NOTES
FORMING PART OF THE FINANCIAL STATEMENTS continued

22. Acquisitions in the year continued

Acquisition of non-controlling interests

Consideration paid for non-controlling interests were:

	Minimise Limited £000	Minimise Controls Limited £000	**Total £000**
Cash consideration paid in the year	850	–	**850**
Loan paid as consideration	–	73	**73**
Equity consideration paid	3,826	–	**3,826**
Deferred consideration	114	–	**114**
Total consideration	4,790	73	**4,863**
Less non-controlling interest acquired	265	(78)	**187**
Transfer to retained earnings	4,525	151	**4,676**

Deferred consideration is payable on the final 49% of shares acquired in Minimise Limited and is based on the distributable reserves of that company as at 31 August 2013.

23. Related party transactions

Key management information is included in the Report of the Remuneration Committee on page 17.

a) Transactions with Invisible Systems Limited

In the ordinary course of business the Group has entered into transactions with Invisible Systems Limited, a company in which the Group owns 25% of the ordinary share capital. See note 12 concerning the relationship.

The transactions and resulting balances for the year ended 31 August 2013 are summarised as follows:

	Group 2013 £000	Group 2012 £000	**Company 2013 £000**	Company 2012 £000
Sales	**2**	–	**–**	–
Purchases	**12**	–	**–**	–
Amounts owed by Invisible Systems Limited	**2**	–	**–**	–
Amounts owed to Invisible Systems Limited	**2**	–	**–**	–

b) Transactions with NewLawsLegal

In the ordinary course of business the Group has entered into transactions with NewLawsLegal, a legal firm owned by Ms Tessa Laws, a Director of APC Technology Group PLC. NewLawsLegal provides legal services to the Group.

The transactions and resulting balances for the year ended 31 August 2013 are summarised as follows:

	Group 2013 £000	Group 2012 £000	**Company 2013 £000**	Company 2012 £000
Purchases	**42**	–	**42**	–
Amounts owed to NewLawsLegal	**10**	–	**10**	–

c) Transaction with Idea Business Solutions Ltd

In the ordinary course of business the Group has entered into transactions with Idea Business Solutions Ltd, a company controlled by Mr John Davidson, a Director of APC Technology Group PLC. Idea Business Solutions Ltd provides consulting services to the Group.

The transactions and resulting balances for the year ended 31 August 2013 are summarised as follows:

	Group 2013 £000	Group 2012 £000	**Company 2013 £000**	Company 2012 £000
Purchases	**22**	–	**22**	–
Amounts owed to Idea Business Solutions Ltd	**4**	–	**4**	–

23. Related party transactions continued

d) Transactions with Rockdown Limited

In the ordinary course of business the Group has entered into transactions with Rockdown Limited, a company controlled by Ms Dawn Cutler, a Director of Minimise Limited. Rockdown Limited provides consulting services to the Group.

The transactions and resulting balances for the year ended 31 August 2013 are summarised as follows:

	Group 2013 £000	Group 2012 £000	Company 2013 £000	Company 2012 £000
Purchases	6	–	–	–

e) Transactions with Ms Mandie Rickaby

In the ordinary course of business the Group has entered into transactions with Ms Mandie Rickaby, the Spouse of Mr Paul West, a Director of Minimise Limited. Ms Rickaby provides consulting services to the Group.

The transactions and resulting balances for the year ended 31 August 2013 are summarised as follows:

	Group 2013 £000	Group 2012 £000	Company 2013 £000	Company 2012 £000
Purchases	25	–	–	–
Amounts owed to Mandie Rickaby	1	–	–	–

f) Transactions with Mr Paul West

The Group acquired shares in Minimise Limited and Minimise Energy Limited from Mr West, a director of Minimise Limited, during the year.

The shares in Minimise Limited representing 3.4% of the issued share capital of that company were acquired for £323,677 of which £77,528 was paid in cash and the balance paid in 775,275 shares in ADP Technology Group PLC at 31.75 pence per share.

The Shares in Minimise Energy Limited representing 1/3 of the then issued share capital of that company were acquired for £10,000 paid in cash.

g) Transactions with Ms Dawn Cutler

The Group acquired shares in Minimise Limited and Minimise Energy Limited from Ms Cutler, a director of Minimise Limited, during the year.

The shares in Minimise Limited representing 3.4% of the issued share capital of that company were acquired for £319,607 of which £147,302 was paid in cash and the balance paid in 542,692 shares in ADP Technology Group PLC at 31.75 pence per share.

The Shares in Minimise Energy Limited representing 1/3 of the then issued share capital of that company were acquired for £10,000 paid in cash.

NOTES
FORMING PART OF THE FINANCIAL STATEMENTS continued

23. Related party transactions continued
h) Loans from Mr Roger & Mrs Janet Robinson

On 7 August 2012 R&J Robinson subscribed to convertible notes issued by the Company to the value of £175,000. The convertible loan notes carry a coupon rate of 8% paid quarterly in arrears.

On 9 September 2012 R&J Robinson subscribed to convertible notes issued by the Company to the value of £100,000. The convertible loan notes carry a coupon rate of 8% paid quarterly in arrears.

On 9 July 2013 R&J Robinson converted the £275,000 loan notes entered into on 7 August 2012 and 9 September 2013 into 2,500,000 Ordinary Shares at a conversion price of 11 pence per share.

The transactions and resulting balances for the year ended 31 August 2013 are summarised as follows:

	Group 2013 £000	Group 2012 £000	**Company 2013 £000**	Company 2012 £000
Convertible loan note	**16**	8	**16**	8
Short-term unsecured loan	**–**	6	**–**	6
Total interest paid	**16**	14	**16**	14
Loans advanced from R&J Robinson	**100**	175	**100**	175
Conversion of loans to Ordinary Shares	**175**	100	**175**	100
Amount owed to R&J Robinson	**–**	175	**–**	175

i) Loan from Mr John Mitchell

On 10 February 2009 J Mitchell, a shareholder with a substantial interest in the ordinary share capital of the Company, subscribed to convertible loan notes issued to the Company to the value of £50,000. The convertible loan notes carry a coupon rate of 8% per annum paid quarterly in arrears.

On 9 July 2013 J Mitchell converted the £50,000 loan notes entered into on 10 February 2009 into 400,000 Ordinary Shares at a conversion price of 12.5 pence per share.

The transactions and resulting balances for the year ended 31 August 2013 are summarised as follows:

	Group 2013 £000	Group 2012 £000	**Company 2013 £000**	Company 2012 £000
Interest paid	**4**	4	**4**	4
Amount owed to J Mitchell	**–**	50	**50**	50
Conversion of loans to Ordinary Shares	**50**	–	**50**	–

j) Transactions and balances with Mr Michael Stott

As part of the establishment of QV Controls Limited and the acquisition of the trade and assets of Quo Vadis Limited in the financial year ended 31 August 2011, APC Technology Group PLC entered into loan agreements with Michael Stott with an aggregate value of £132,000 and QV Controls Limited acquired a loan made to Michael Stott with a value of £67,000. The loans bear interest at the HMRC advisory rate and the interest is capitalised annually. The loans are secured against Mr Stott's residence. During the year, Mr Stott ceased to be an employee of the Group and director of QV Controls Limited. APC Acquired Mr Stott's shares in QV Controls Limited and deducted this from the loan that he owed the Group. The balances of the loans and interest charged in the year are as follows:

	Group 2013 £000	Group 2012 £000	**Company 2013 £000**	Company 2012 £000
Interest charged	**9**	8	**7**	5
Amount owed by M Stott	**143**	207	**143**	137
Shares in QV Controls acquired by the Group	**73**	–	**73**	–

24. Post Balance Sheet Event
Options over 234,000 shares were exercised on 6 September 2013 with proceeds of £31,000.

On 1 November 2013 the Group completed the acquisition of the remaining 10% of Minimise Energy Limited that it did not previously own for a consideration of £385,000 satisfied in cash. In accordance with IAS27 the consideration net of non-controlling interest acquired will be charged to reserves.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of APC Technology Group PLC (the "Company") will be held at the offices of Redleaf Polhill, First Floor, 4 London Wall Buildings, Blomfield Street, London, EC2M 5NT, on Friday 31 January 2014 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 31st August 2013, with the auditor's report thereon.

2. To re-elect Robert St John Smith as a Director of the Company.

3. To re-elect John McLaren Davidson as a Director of the Company.

4. To re-elect Leonard Robert Seelig as a Director of the Company.

5. To re-appoint Baker Tilly UK Audit LLP as auditors of the Company and to authorise the Directors to fix their remuneration.

Special Resolutions

6. To adopt new Articles of Association consistent with the model articles defined in the Companies Act 2006 and as present on the Company's web site at www.apc-plc.co.uk/investors/apc-documents-and-circulars/.

By Order of the Board

R. Smith
Secretary

6 December 2013

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

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 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 Asset Services, PXS, 34 Beckenham Road, BECKENHAM, BR3 4TU 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 12.00 noon on 29 January 2014, 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.

COMPANY INFORMATION

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