5 December 2017

APC TECHNOLOGY GROUP PLC
(“APC” or the “Company”)

Final Results for the Year ended 31 August 2017

APC Technology Group PLC (AIM: APC), the provider of design, specification and distribution services for specialist electronic components and systems, lighting technologies and connectivity products, is pleased to announce its results for the year ended 31 August 2017.

Financial highlights

- Post-tax result improved to a profit of £0.2 million, compared with a loss of £12.9 million in 2016 (which was predominantly attributable to exceptional and non-recurring expenses)
- £0.8 million operating profit before exceptional and non-recurring expenses, compared to £0.3 million in the prior year
- Revenue from continuing operations £15.6 million (2016: £18.0 million)
- Gross profit, before exceptional and non-recurring expenses £5.4 million (2016: £6.4 million)
- Gross margin, before exceptional and non-recurring expenses 34.9% (2016: 35.8%)
- Headcount within continuing business reduced from 91 to 65
- Underlying operating overheads reduced by 19% compared with 2016
- Two share subscriptions completed in the period, resulting in £0.5 million in new equity for the Group
- Net debt at year-end reduced to £3.1 million (2016 £3.2m), of which £2.5 million (2016: £2.7 million) relates to amount owed under the Group’s £6 million invoice finance facility with ABN Commercial Finance.

Operational highlights

- Bookings in year of £16m, representing a positive book to bill ratio for future growth:
  - APC Hi-Rel order book at year-end £2.4m, double last year, and bookings during the year £7.1m, up 35% on prior year
  - APC Time bookings during year £1.2m, up 75% on prior year
- Order highlights in year include:
  - £1.8m of power supplies for the defence sector,
  - £700k repeat order for a civil aviation programme,
  - £250k of counter IED technology, and
  - £500k revenue to date, with quoted work at over £2.5m, under a new preferred supplier agreement for a major facilities management group.
- APC specialist teams generated increased revenue for their partners:
  - Group’s top 15 suppliers by revenue in 2017 shared average growth of 16%
- Business development highlights:
  - APC Lighting re-focused as a bespoke lighting solutions provider to property management companies, with three preferred supplier agreements signed in the period
  - UK distribution deals signed with Datel, Crystek, Signal Microwave, MWT and Oregano
  - Robust pipeline of other opportunities

Tony Lochery, Chairman of APC, commented:

“The financial year ended 31st August 2017 has seen the successful conclusion of a period of restructuring, a return to profitability and the formation of a management team well equipped to lead the company into a period of sustained growth.

In parallel with the restructuring, we have strengthened relationships with top suppliers, who shared significant growth during the period. As a consequence, we have also deepened relationships with end-users, and this in turn reinforces our market position as an essential and value-adding link in a technical and specification driven supply chain.

It is our intention, through sales growth, profit growth, and cash generation to make APC a reliable and rewarding investment and trading partner for many years to come. We are currently trading in line with management's expectation.

We would like to thank our staff, shareholders and suppliers for their continued support, particularly in the last 12 months."

Enquiries

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STRATEGIC REPORT AND OPERATIONS REVIEW

The Directors are pleased to submit their Statutory Strategic Report for APC Technology Group PLC ("the Company") and its subsidiary undertakings (together "the Group") for the year ended 31 August 2017, together with a review of the Group's operations during the year.

Principal activities

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

Review of the year

Last year we reported that the Board had reviewed the Group's strategy and had determined that we should concentrate on our core strengths, the design, specification and distribution of specialist electronic components and systems. This review had identified a number of activities that did not fit with this strategy and therefore were discontinued during the 2015/6 financial year. In addition the Board reluctantly concluded that the Green Compliance water monitoring business also did not readily align with the strategy and as a result Green Compliance Water Division Limited was sold on 12 October 2016 to Integrated Water Services Limited ("IWS"), a subsidiary of South Staffordshire PLC.

The transaction triggered an exceptional charge to the 2015/6 income statement of £7.6 million, representing a non-cash write down of the intangible asset value of customer lists and goodwill relating to the water hygiene business, which was included in discontinued operations. Exceptional charges relating to other aspects of the restructuring meant that the 2015/6 financial year reported a significant loss.

The year ended 31 August 2017 has seen very considerable progress, as the Group has been able to concentrate on developing the new strategy. In addition the year has seen the benefits of the extensive review of overheads carried out last year. As a result we are pleased to be reporting a pre-tax profit of £166,000 this year, together with an improvement in our cash flow. More details on our improved financial performance are set out in the Financial Results section of this Report.

The Group has benefitted for all or most of the year under review from a number of major changes made in the last fifteen months:

- The Group's sites at 47-48 Riverside, Rochester, and Phoenix Park, St Neots, were closed last year and throughout 2017 all Rochester operations have been concentrated at the Group's offices at Stirling Park.
- A full-time Finance Director was appointed in April; he and a strengthened finance team are now all based in Rochester, which enables a closer relationship with operations and improved working capital management and financial controls.
- The business model for lighting was overhauled in 2016 and the business is enjoying a wider customer base as a result. The key partnerships established with leading European manufacturers have reduced freight costs and supplier lead times, enabling a reduction in inventory levels.
- Group headcount has been reduced from 91 at 31 August 2016 to 65 at 31 August 2017.
- The London office at Borough has been vacated and a smaller serviced office established in central London.
- Legacy costs relating to headcount reductions in recent years had largely ceased by the year-end.

As a result of the above, underlying operating overheads in 2017 were 19% less than last year.

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

- The already supportive relationship with ABN has been further enhanced, as their £6 million invoice discounting facility continues.
- The creditor invoice financing facility with Pay4 Limited has been increased from £300,000 to £400,000 (with a further increase to £500,000 since the year-end).
- Two share placings and share subscriptions raised a total of £0.5 million before expenses.

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

As a result of the above developments, during the year under review the Board was able to embark upon a programme of simplifying the corporate structure and reducing the number of now-dormant subsidiaries within the Group. 17 such subsidiaries were dissolved during the financial year and a further 14 since the year-end.

Review of continuing operations

Since the restructuring that took place last year, the Group has been trading as a design, specification and distribution business, comprising individual sales-led teams with specialist areas of expertise that adopt common marketing, sales and post-sale processing standards. This combination maximises the opportunity for technical sales professionals to be incentivised to grow their focus area in an entrepreneurial way, whilst following a consistent framework.

The teams have specialist expertise, allowing them to monitor technological advancements, major projects, legislation and industry needs. APC predominately designs-in and distributes high reliability, highly durable and long lifespan components and systems for critical applications, with customers often paying a premium for this high performance, high specification technology.

The positive progress made by each of these teams in the year under review is discussed below.

High-Reliability Electronics (trading as **APC Hi-Rel**) provides the technical sale of high-reliability, high temperature and high voltage electronic components into the defence and aerospace markets. APC represents a range of manufacturers for the UK market and works on projects that can run for 3 to 5 years. With these long projects, future bookings are a good measure of success. In the financial year 2017, bookings were £7.1m, which is a 34.6% uplift to 2016 total bookings.

Design-win success for aerospace-grade power supply units
Resulting from a series of design win successes, APC Hi-Rel is the sole supplier of units to power flight control systems on several major civil and military aircraft production programmes. APC works with the engineering teams of aerospace equipment manufacturers to incorporate industry-leading products (together with advanced products from other manufacturers) into multiple airborne equipment sets including display, weapons and control systems.

Radio Frequency and Microwave (trading as APC RF & Microwave) distributes high performance connectors, passive and active devices and related electronic components to the defence, telecoms, wireless and broadband markets. 80% of its customer base is within the defence sector and 20% within other markets including aerospace. Addressing the wider market is a growth opportunity for future periods.

Continued involvement in protection of armed forces
In 2017 APC's involvement in advanced counter-improvised explosive device (IED) technology resulted in year-on-year sales growth for APC RF and Microwave. The division has worked with defence customers on this technology since 2008, providing components that generate radio frequency power to block the signals often used to trigger IEDs. As the threat of Remote Controlled IEDs continues to escalate, APC is well placed to provide solutions.

Embedded computing, wireless and Internet of Things (IoT) (trading as **APC Smartwave**) sells embedded computer boards and memory, gateways, sensors and related components to IT, industrial manufacturing, defence and healthcare sectors. Again, widening the industry penetration of our major technology lines presents a growth opportunuty.

Time and Frequency Synchronisation (trading as **APC Time**) provides time and frequency synchronisation systems to financial institutions, government bodies, broadcasters, telecoms organisations and rail companies. APC Time has continued to represent one of the top three global manufacturers for nine years, growing the revenue generated for that company within the past year by 53%.

Transaction timing legislation boosts sales within financial sector
New financial legislation, MiFID II, which comes into force in January 2018, has provided a boost in sales for APC Time, providers of time and frequency synchronisation. Under the new requirements, financial institutions and those involved in high frequency trading must comply with stricter limits for the time stamping of transactions. Significant orders have come from the London operation of a major French bank and an American multinational finance company.

Lighting Technologies delivers project-based lighting solutions, from lighting design and specification through to supply and installation. This business has been trading as Minimise Energy but is in the process of re-branding to **APC Lighting.** Following a refocus of its business model, APC Lighting predominately operates through preferred supplier agreements with property/facilities management companies that manage property portfolios across all sectors including education, retail, health, hospitality and leisure. In the financial year APC undertook a strategic realignment of our partnership base to generate a better quality of earnings.

Lighting for Facilities Management. APC Lighting has delivered £750k of lighting in the last six months to a leading property management company across three of the several thousand facilities that they manage. This has been achieved since signing a new preferred supplier agreement in June 2017. The current quoted pipeline is a further £2.5m across what is still a small percentage of the remaining estate.

Performance Management (trading as **EEVS)** provides energy efficiency verification services to businesses that have signed energy performance contracts with service providers, or to public sector organisations that have funded energy saving measures. This specialist advisory and analysis service begins at contract creation and provides on-going, independent validation for projects in which expenditure or finance is linked to supplier performance.

Major Telecoms Provider. Following the signing of a long-term performance management contract with a major high street bank, EEVS has now also secured a long-term contract with a major telecoms provider for performance management products and analytical capability to support its energy efficiency program. EEVS will supply performance governance and verification products to ensure savings are properly measured and verified.

Financial results

Group revenue from continuing operations for the financial year was £15,564,000 (2016: £17,961,000). Gross profit (excluding exceptional and non-recurring expenses) was £5,431,000 this year(2016: £6,438,000), representing a gross margin of 34.9% compared with 35.8% last year. The operating profit, before amortisation and acquisition costs, of £271,000 in 2016 improved to £756,000 this year, as a result of a significant cost-cutting programme that saw underlying overheads from operations reduce from £6,116,000 to £4,973,000, a reduction of 19%. In addition, the Group's ownership of 15% of the issued share capital of Open Energy Market Limited ("OEM") was valued to a fair value of £307,000, in accordance with fair value hierarchy level 3 under IFRS 13 'Fair Value Measurements', following an upturn in the OEM business. Earnings per share, on operating profit before exceptional costs, amortisation and share based payments improved from 0.3p to 0.4p.

Profit before tax from continuing operations for the year was £166,000, compared with a loss of £3,086,000 in 2016 (which had been incurred through accounting for one-off exceptional costs totaling £3,026,000). The post-tax profit for the year was £192,000 compared with a loss of £12,875,000 in 2016 (which had included a loss of £9,789,000 from operations discontinued in that year).

Funding and cash flow

In the financial year, there was a cash outflow from operating activities of £719,000 which was heavily influenced by a reduction of £2,084,000 in trade and other payables; improved control over working capital also achieved decreases in trade and other receivables and inventory levels. This was a significant improvement on the outflow of £4,245,000 in 2016, most of which had arisen from exceptional costs and discontinued operations. The Group ended the year with a gross cash balance of £377,000 (2016: £444,000).

The Group's net debt at 31 August 2017 was £3,101,000 (2016: £3,161,000), The Group has an invoice discounting facility with ABN of up to £6,000,000, of which £2,502,000 had been drawn down at the year-end (2016: £2,711,000). ABN have demonstrated considerable support for the business since the facility was established in early 2015 and the facility continues with no fixed termination date. In addition, the Group had a trade payment credit facility with Pay4 Limited of £400,000 which was fully utilised at 31 August 2017. Since the year-end the facility has been increased to £500,000.

During the year, the Board authorised two share subscriptions by existing investors and Board members, which raised a total of £479,000. These measures further strengthened the balance sheet, while providing adequate working capital for the Group as it emerges from its period of restructuring.

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

Board of Directors and senior management

The Board started the financial year with two Executive and two Non-executive Directors, assisted by the interim Chief Financial Officer.

As reported last year, the Senior Independent Director Ian Davidson and the Chairman Leonard Seelig were both due to retire by rotation at the Annual General Meeting in February 2017 and decided not to seek re-election. Ian Davidson stepped down from the Board on 13 December 2016 and Leonard Seelig at the conclusion of the Annual General Meeting on 24 February 2017. We are most grateful to both Leonard and Ian for their significant contributions during a period of considerable change in the Group's structure and strategy.

Tony Lochery was appointed to the Board on 24 February 2017 and was elected Chairman following the conclusion of the Annual General Meeting on that date. Tony Lochery has been chairing business to business service and distribution companies for the last 12 years and has an excellent record of value growth and realisation. He brings significant experience in strategy development and operational execution, for businesses trading in the UK and internationally. Tony has held Board positions for over 30 years including 13 positions as Chairman and other executive roles. Prior to becoming non-executive, Tony built his own company, which was sold to Kwik Fit PLC, where he became Group Managing Director. After the sale of Kwik Fit PLC to Ford, Tony became Chief Executive of City Holdings, a privately owned facilities management company employing 10,000 people.

A further change occurred in April with the appointment of Michael Thompson as Finance Director, in place of Art Russell who stepped down as Chief Financial Officer. Art had played a significant role, on an interim basis, in helping to steer the Group through the financial effects of the Operational Review and subsequent restructuring. The Board is very grateful to him for his efforts, but considered that the time had now come for a full-time Finance Director to join the Board, based in Rochester where the majority of the Group's operations, including a strengthened finance team, are now concentrated.

Michael Thompson qualified as a Chartered Accountant in 2007 following three years at a London practice. He then spent several years working for Vantis plc and FRP Advisory LLP, specialising in audit and business recovery. For the past 6 years Michael has worked in the fresh produce sector, formerly as a senior finance manager for Bakkavor, and since 2014 as Finance Director for Newmafruit Farms Limited, a premier fruit farming and packing business with a turnover of £25M.

Market growth factors

From a market perspective, there are a number of macro factors that are going to affect APC in the next three years.

Defence Expenditure: According to HM Treasury data and forecasts, capital and resource departmental expenditure limits (DELs) are anticipated to grow by a total of £4.6 billion between 2016/17 to a total of £39.7 billion in 2020/21. In addition to increased total spend, the UK government has committed to raise the percentage spend that goes to small and medium sized enterprises to 25% by 2020. This could be beneficial to APC, which currently receives 40% of its components revenue from customers operating within military, space, aerospace and defence, not only into the Hi-Rel business but also the RF and Microwave, Smartwave and Time businesses.

US trade: At the present time, the UK exports more to the US than it imports. With HM Revenue and Customs reporting a 1.8% month on month rise in US imports to £3.6bn in May 2017, part of a post-Brexit arrangement may well be a significant increase in US to UK trade, with a Trump administration likely to demand parity. This will be beneficial for APC, for whom 72% of component sales come from US manufacturers.

Brexit: The effect of Brexit, and in particular the impact on trade with Europe, remains unknown. However a distributor such as APC, with an established network of end-users in industrial markets, should be able to capitalise on the uncertainty facing manufacturers seeking to penetrate the UK market, not least by helping them navigate the changing clearances and accreditations required to sell and export their products to the UK.

Europe: APC end users are involved in significant collaborations across Europe. The financial performance of the Eurozone, the trade outcome of Brexit, and European elections will all affect APC. We view the uncertainty this brings, for those seeking to sell to the UK, as a major opportunity for APC.

Component shortage: The electronics supply chain has not faced a severe shortage for more than a decade. This has now changed, with leading component suppliers quoting lead times into the first quarter of 2018, and there is a growing emphasis on the importance of cultivating strong relationships with suppliers or distributors.

Outlook

Over the last 18 months, the business has undertaken a significant refocus and restructuring. This has resulted in the first profit since 2014. The Board are pleased that despite this restructuring the order book in the Group's core business has remained strong. The Group has a real focus and structure built around its six product groupings.

The Group will pursue three main growth strategies: growth through increased bookings and billings from its existing and high growth technologies; growth through the signing of new complementary product lines; and growth through targeted bolt-on acquisitions. We are already seeing traction in all of these areas. We are currently trading in line with management's expectation.

The Board consider that, given the progress it is seeing, the business now has a strong platform for profitable growth and a clear vision for the future.

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

Tony Lochery	**Richard Hodgson**	**Michael Thompson**
Non-executive Chairman	*Chief Executive*	*Finance Director*

4 December 2017

CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 August 2017

		2017			**2016**		
		Results from operations	**Exceptional and non-recurring expenses**	**Total**	**Results from operations**	**Exceptional and non-recurring expenses**	**Total**
	Note	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Revenue	2	15,564	-	**15,564**	17,961	-	17,961
Cost of sales		(10,133)	(24)	**(10,157)**	(11,523)	(736)	(12,259)
Gross profit		**5,431**	**(24)**	**5,407**	6,438	(736)	5,702
Administrative expenses		(4,637)	(228)	**(4,865)**	(6,116)	(2,290)	(8,406)
Operating profit / (loss) before amortisation, share based payments and acquisition costs		**794**	**(252)**	**542**	322	(3,026)	(2,704)
Share based payments		(38)	-	**(38)**	(51)	-	(51)
Operating profit / (loss)		**756**	**(252)**	**504**	271	(3,026)	(2,755)
Financing income	4	-	-	**-**	1	-	1
Financing costs	4	(338)	-	**(338)**	(332)	-	(332)
Profit / (loss) before taxation		**418**	**(252)**	**166**	(60)	(3,026)	(3,086)
Taxation credit		26	-	**26**	-	-	-
Profit / (loss) for the year from continuing operations		**444**	**(252)**	**192**	(60)	(3,026)	(3,086)
Discontinued operations Loss for the year from discontinued operations, net of tax		-	-	**-**	-	(9,789)	(9,789)
Profit / (loss) for the year attributable to the equity holders of the parent		**444**	**(252)**	**192**	(60)	(12,815)	(12,875)

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

	Note	**2017**	2016
Basic earnings per share	5		
From continuing operations		**0.1p**	(3.0p)
From discontinued operations		-	(9.4p)
From profit for the year		**0.1p**	(12.4p)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 August 2017

	2017 £000	2016 £000
Non-current assets		
Intangible assets	**7,378**	7,378
Property, plant and equipment	**55**	132
Associates and financial assets	**307**	-
	7,740	7,510
Current assets		
Inventories	**832**	1,080
Trade and other receivables	**2,985**	3,751
Cash and cash equivalents	**377**	444
	4,194	5,275
Assets held for sale	**-**	3,036
	4,194	8,311
Total assets	**11,934**	15,821
Current liabilities		
Trade and other payables	**(4,332)**	(6,416)
Borrowings	**(3,478)**	(3,027)
	(7,810)	(9,443)
Liabilities directly associated with the assets held for sale	**-**	(2,395)
	(7,810)	(11,838)
Total assets less current liabilities	**4,124**	3,983
Non-current liabilities		
Financial liabilities	**-**	(578)
Net assets	**4,124**	3,405
Equity attributable to the equity holders of the parent		
Called-up share capital	**2,698**	2,556
Share premium account	**13,232**	12,895
Share option reserve	**297**	548
Merger reserve	**4,635**	4,635
Translation reserve	**-**	(10)
Retained earnings	**(16,738)**	(17,219)
Total equity	**4,124**	3,405

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 August 2017

	Attributable to the equity holders of the parent							Non-controlling interests	
	Share capital £000	Share premium account £000	Share option valuation reserve £000	Merger reserve £000	Translation reserve £000	Retained earnings £000	**Total £000**	Retained earnings £000	**Total £000**
At 31 August 2015	1,831	11,302	497	4,635	(10)	(4,344)	13,911	(220)	13,691
Loss for the year	-	-	-	-	-	(12,875)	(12,875)	-	(12,875)
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	(12,875)	(12,875)	-	(12,875)
Transactions with equity holders of the parent									
Issue of new shares	725	1,756	-	-	-	-	2,481	-	2,481
Disposal of non-controlling interest	-	-	-	-	-	-	-	220	220
Costs associated with share issue	-	(163)	-	-	-	-	(163)	-	(163)
Share option charge	-	-	51	-	-	-	51	-	51
	725	1,593	51	-	-	-	2,369	220	2,589
At 31 August 2016	**2,556**	**12,895**	**548**	**4,635**	**(10)**	**(17,219)**	**3,405**	**-**	**3,405**
Profit for the year	-	-	-	-	-	192	192	-	192
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	192	192	-	192

	Attributable to the equity holders of the parent							Non-controlling interests	
	Share capital £000	Share premium account £000	Share option valuation reserve £000	Merger reserve £000	Translation reserve £000	Retained earnings £000	**Total £000**	Retained earnings £000	**Total £000**
Transactions with equity holders of the parent									
Issue of new shares	142	337	-	-	-	-	479	-	479
Share option charge	-	-	(251)	-	-	289	38	-	38
Non-controlling interest disposed			-	-	10	-	10	-	10
	142	337	(251)	-	10	289	527	-	527
At 31 August 2017	**2,698**	**13,232**	**297**	**4,635**	**-**	**(16,738)**	**4,124**	**-**	**4,124**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 August 2017

	Group 2017 £000	Group 2016 £000
Reconciliation of cash flows from operating activities		
Profit/(loss) before taxation including discontinued operations for the financial year	**166**	(12,875)
Impairment loss on assets held for sale	**-**	6,704
Loss on write-off of investment in associates	**-**	788
Gain/(loss) on revaluation of investment in associate	**(307)**	307
Loss on discontinued subsidiary interests	**-**	1,120
Finance costs	**338**	401
Finance income	**-**	(1)
Taxation receipts	**26**	29
Depreciation of property, plant and equipment	**90**	95
Decrease in inventories	**248**	846
Decrease / (increase) in trade and other receivables	**766**	(1,025)
Decrease in trade and other payables	**(2,084)**	(685)
Share-based payments charge	**38**	51
Net cash used in operating activities	**(719)**	(4,245)
Cash flows from investing activities		
Acquisition of property, plant and equipment	**(13)**	(23)
Sale of subsidiary undertakings	**641**	-
Sale of investment in associates	**-**	319
Net cash from investing activities	**628**	296
Cash flows from financing activities		
Finance income	**-**	1
Finance costs	**(338)**	(401)
Proceeds of share issue	**479**	2,318
Finance leases	**(21)**	(22)
(Decrease) / Increase in short-term borrowings	**(96)**	1,340
Repayment of loan notes	**-**	(60)
Net cash from financing activities	**24**	3,176
Decrease in net cash	**(67)**	(773)
Cash and cash equivalents as at 1 September	**444**	1,239
Decrease in net cash	**(67)**	(773)
Cash in assets held for sale	**-**	(22)
Cash and cash equivalents as at 31 August	**377**	444

Revenue by geographic location

	2017	2016
	£000	£000
UK	**15,216**	16,996
North America	**82**	235
Europe and Asia	**266**	730
	15,564	17,961

3. Exceptional and non-recurring expenses

	2017	2016
	£000	£000
Corporate re-organisation - compromise agreements and redundancy costs	**399**	1,543
Corporate re-organisation – professional fees	**68**	200
Corporate re-organisation – dilapidations and onerous lease provisions	**57**	254
Corporate re-organisation – third party creditors	**(335)**	-
Costs associated with aborted contract	**24**	736
Foreign exchange loss arising from unprecedented market volatility	**39**	293
	252	3,026

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

4. Net financing

	2017	2016
	£000	£000
Financing income		
Other Interest receivable	**-**	1
Financing costs		
Other interest payable	**174**	158
Other finance costs	**164**	174
	338	332

5. Earnings per share

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

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

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

Revenue by geographic location

	2017	2016
	£000	£000
UK	**15,216**	16,996
North America	**82**	235
Europe and Asia	**266**	730
	15,564	17,961

3. Exceptional and non-recurring expenses

	2017	2016
	£000	£000
Corporate re-organisation - compromise agreements and redundancy costs	**399**	1,543
Corporate re-organisation – professional fees	**68**	200
Corporate re-organisation – dilapidations and onerous lease provisions	**57**	254
Corporate re-organisation – third party creditors	**(335)**	-
Costs associated with aborted contract	**24**	736
Foreign exchange loss arising from unprecedented market volatility	**39**	293
	252	3,026

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

4. Net financing

	2017	2016
	£000	£000
Financing income		
Other Interest receivable	**-**	1
Financing costs		
Other interest payable	**174**	158
Other finance costs	**164**	174
	338	332

5. Earnings per share

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

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

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

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

	2017	2016
	£000	£000
Continuing earnings / (loss) attributable to equity holders of the parent	**192**	(3,086)
Discontinuing earnings / (loss) attributable to equity holders of the parent	**-**	(9,789)
From profit / (loss) for the year	**192**	(12,875)
Earnings: operating profit / (loss) before exceptional and non-recurring expenses, share based payments, amortisation and loss on discontinued operations	**794**	322
Weighted average number of shares (thousands)	**130,326**	103,678
Dilutive / free shares	**917**	28
Diluted number of shares	**131,243**	103,706

6. Publication of non-statutory accounts

The financial information set out in this announcement does not constitute the statutory financial statements for the year ended 31 August 2017 and the year ended 31 August 2016 in accordance with section 434 of the Companies Act 2006 but is derived from those accounts.

The financial statements for the year ended 31 August 2016 were prepared in accordance with EU adopted IFRS and have been delivered to the Registrar of Companies. The financial statements for the year ended 31 August 2017 will be delivered to the Registrar of Companies following the Company's Annual General Meeting. The auditor's report on both accounts was unqualified, did not include references to any matters to which the auditor drew attention by way of emphasis without qualifying their report and did not contain statements under sections 498(2) or (3) of the Companies Act 2006.

The full audited financial statements of APC Technology Group PLC for the year ended 31 August 2017 are expected to be posted on Thursday 18 January 2018 to those shareholders who have elected to receive hard copies. It will also be available to the public at the Company's registered office, 6 Stirling Park, Laker Road, Rochester, Kent, ME1 3QR and available to view on the Company's website at www.apcplc.com from the date of posting.

7. Annual General Meeting

The Annual General Meeting of the Company will be held on Thursday 22 February 2018 at 11.00 a.m. at the offices of the Company’s auditors, RSM UK Audit LLP, 25 Farringdon Street, London EC4A 4AB.