22 February 2010

XP Power Limited
("XP" or "the Group")

Annual Results for the year ended 31 December 2009

XP, one of the world's leading developers and manufacturers of critical power control components for the electronics industry, today announces its annual results for the year ended 31 December 2009.

Highlights

	Year ended 31 December 2009	Year ended 31 December 2008
Revenue	**£67.3m**	£69.3m
Gross profit	**£30.3m**	£30.6m
Gross margin	**45.0%**	44.2%
Adjusted (*) profit before tax	**£8.7m**	£8.0m
Adjusted (*) profit after tax	**£7.7m**	£6.6m
Diluted earnings per share adjusted (*)	**40.8p**	34.8p
Final dividend per share	**12.0p**	11.0p
Total dividend per share	**22.0p**	21.0p

(*) Adjusted for amortisation of intangibles associated with acquisitions of £0.3 million (2008: £0.2 million) and non-cash foreign exchange gain of nil (2008: £2.4 million)

- The Group's well-established strategy of developing and manufacturing its own range of market leading products produced record earnings per share for the year

- Increased gross margins of 45.0% (2008: 44.2%) driven by continued expansion of in-house developed, XP brand products, which now represent 83% of revenues (2008: 78%)

- Revenues from products based on XP's own intellectual property increased to £55.9 million (£53.9 million)

- New Chinese manufacturing facility, successfully securing new approved vendor agreements from blue chip customers. Production volumes increased rapidly in Q4 2009

- Inventory reduction and strong operating cash flows deliver significant reduction in net debt to £18.7 million (2008: £27.8 million)

- Record earnings and strong cash flows provide basis for an increased final dividend of 12.0p per share

- Record levels of new product investment and product launches in the year to underpin growth in future years as new customer programmes reach production phase

- Current trading encouraging, with most markets now in recovery

Larry Tracey, Executive Chairman, commented:

“Throughout the past two years of economic turmoil, we have increased the level of investment in our products, our people and capital equipment. We start the new decade in a strong position in our industry, which now appears to be recovering rapidly. XP Power’s combination of a market leading product portfolio and low cost manufacturing capability should allow shareholders to benefit from above average earnings and dividend growth as the recovery takes hold.”

Enquiries:

XP Power (22 February 2010)	**+44 (0)20 7638 9571**
Larry Tracey, Executive Chairman	+44 (0)7785 387142
James Peters, Deputy Chairman	+44 (0)7785 353066
Duncan Penny, Chief Executive	+65 8322 9520

Citigate Dewe Rogerson	**+44 (0)20 7638 9571**
Kevin Smith/Ged Brumby	

XP designs and manufactures power controllers, the essential hardware component in every piece of electrical equipment that converts power from the electricity grid into the right form for equipment to function.

XP typically designs in power control solutions into the end products of major blue chip OEMs, with a focus on the industrial (circa 40% of sales), healthcare (circa 30% sales) and technology (circa 30% of sales) sectors. Once designed into a program, XP has a revenue annuity over the life cycle of the customer’s product which is typically 5 to 7 years depending on the industry sector.

XP has invested in research and development and its own manufacturing facility in China, to develop a range of tailored products based on its own intellectual property that provide its customers with significantly improved functionality and efficiency.

Headquartered in Singapore and listed on the Main Market of the London Stock Exchange since 2000, XP serves a global blue chip customer base from 27 locations in Europe, North America and Asia.

For further information, please visit www.xppower.com

Chairman's Statement

As expected, the trading environment remained challenging throughout 2009 as a result of the severe deterioration in world economic conditions. Against this backdrop, I am pleased to report that XP Power's well established strategy of moving up the value chain to develop and manufacture its own range of market leading products has enabled the Group to again report record earnings per share for the year. Our ongoing commitment to invest in new products was again rewarded as key customer programs won in prior years entered production phase and further growth in the proportion of our own XP branded products in the sales mix drove gross margins to record levels.

The successful commissioning of our second, larger, manufacturing facility and record levels of both new product investment and product launches, were essential to seed the ground for future growth as the business looks to build on this record performance in 2010.

This robust performance along with diligent control of our inventories enabled the Group to close the year with significantly reduced levels of debt, placing the Group in a strong position to capitalise on the signs of recovery we are now seeing in our market.

Financial

Total sales decreased by 3% to £67.3 million (2008: £69.3 million). However, sales of product based on XP Power's own intellectual property ("IP") increased by 4% to £55.9 million (2008: £53.9 million), an all time high. Sales based on XP Power's IP are now 83% of total sales, compared to 78% in 2008 and 73% in 2007 and this underlines the significant and consistent progress achieved, as six years ago own IP sales were less than 50% of the total. Ongoing improvement in the sales mix helped to drive a further improvement in gross margins to 45.0% (2008: 44.2%). Operating profit increased to £9.6 million (2008: £9.3 million after excluding £2.4 million of one off non-cash foreign exchange gains). Adjusted Earnings Per Share increased by 17% to 40.8 pence per share (2008: 34.8 pence per share), a record for the Group.

Our net debt has reduced from £27.8 million in 2008 to £18.7 million at the end of 2009. Operating cash flow was up 92% to £16.3 million (2008: £8.5 million) representing 170% of operating income.

Strategic Progress

XP Power has been successfully repositioning itself since flotation in 2000, transitioning from a distributor of electronic components to a designer and manufacturer of best in class power converters based on its own intellectual property. The addition of a global sales function, and an in-house design capability that has developed the broadest, freshest product range in its industry, have enabled the Group to establish a leadership position in its market while simultaneously delivering a resilient financial performance in difficult economic conditions. The majority of sales are now from products based on XP Power's own intellectual property, which generate higher margins and gives XP Power the ability to deliver power converter solutions which reduce its customers' overall new product development costs.

In mid-2009 the Group achieved a key strategic objective when its second larger manufacturing facility in China began production, dramatically enhancing the Group's ability to secure preferred supplier status with larger customers. With the Chinese manufacturing facility now fully on stream, XP Power has the capability to significantly increase the proportion of its revenues which come from in-house manufactured products from the current level of circa 20%, which will drive both future sales growth, as we increase our penetration of key customer programmes, and a further increase in margins.

Dividend

In line with our progressive dividend policy, a final dividend of 12.0p per share (2008: 11.0p) is proposed, which when combined with the interim dividend of 10.0p, this gives a total dividend of 22.0p for the year (2008: 21.0p).

Sustainability

XP Power seeks to reduce its impact on the environment both of its own operations and, crucially, its products. In 2009, we formalised our environmental responsibility efforts by establishing the Environmental Committee, the members of which have been selected for their knowledge of and commitment to sustainability. Their report to shareholders will be set out in our Annual Report.

Outlook

Throughout the past two years of economic turmoil, we have increased the level of investment in our products, our people and capital equipment. We start the new decade in a strong position in our industry, which now appears to be recovering rapidly. We will continue our drive to introduce industry leading new products which have both the smaller footprints and the lower levels of power consumption that our customers seek. XP Power's combination of a market leading product portfolio and low cost manufacturing capability should allow shareholders to benefit from above average earnings and dividend growth as the recovery takes hold.

Larry Tracey
Executive Chairman

Chief Executive's Review

2009 was another record year for XP Power beating the previous records for own IP revenue, margins, earnings and cash flow set in 2008. This has been achieved as a result of our consistent strategy of moving up the value chain, powered by an increasingly strong pipeline of new leading-edge products. Notably, we achieved this in a period which is being widely referred to as the "Great Recession". At the same time we have been able to significantly reduce our inventories which combined with our cash generative business model enabled us to reduce our net debt to £18.7 million at the end of 2009 compared to £27.8 million at the end of 2008.

Our continued focus on the introduction of new products compensated for the profound weakness in industrial markets that characterised the period, as new customer programs featuring products we had introduced in preceding years, entered the production phase. This was particularly the case in the healthcare sector, where we have placed great emphasis over the past few years. The results of new product introductions and our move into manufacturing are now paying off. Despite the economic downturn, we maintained new product investment and new product introductions at record levels in the year, underpinning revenue growth for 2010 and future years.

As the tenth anniversary of our Stock Market listing as a reseller of electronic components approaches, we have successfully completed the transformation of XP Power into a technology led business with an independent manufacturing capability. This transformation of the business model means that the majority of sales are now generated by products based on our own IP, which generate significantly higher margins, and gives XP Power the capacity to design tailor made power control solutions for specific customer orders. A record 83% of our revenues came from our own brand products in 2009 (2008: 78%).

Markets

XP Power supplies power control solutions to original equipment manufacturers ("OEMs") who themselves supply the healthcare, technology and industrial markets with high value products. Notwithstanding the current economic backdrop, the increasing importance of electronic component energy efficiency, for both environmental and economic reasons, the necessity for ever smaller products, the rate of technological change and the increasing proliferation of electronic equipment, all contribute to underpin the strength of medium term demand for XP Power's power conversion products.

The worldwide market for XP Power's products was estimated to be greater than £1 billion and we expect it to grow by approximately 17% in the next four years. Currently, XP Power's global market share is around 6.5%. Across Europe and North America, XP Power currently has around 10% of the market while across Asia it has only 1%. This illustrates the number of significant commercial opportunities open to XP Power, and the Board is confident that the Group's competitive advantages over many of its peers will allow it to capitalise on these opportunities.

Our major blue chip customers continue to demand market leading, highly reliable products. Our consistent investment in research and development has established the broadest, freshest product pipeline in the industry. This continually evolving portfolio of market leading products, combined with the establishment of a manufacturing capacity, has enabled us to penetrate a number of new customers which will drive our revenues in future years.

Increasingly, the design and manufacturing process of major international OEMs takes place across different continents, with these blue chip companies demanding global support. Over the past few years, XP Power has established an international network of offices which offers this necessary customer support across technical sales, design engineering, logistics and operations.

This network gives XP Power a competitive advantage over both its smaller competitors, who do not have the scale and geographic reach to serve global customers, and its larger competitors who often lack the operational flexibility to provide excellent service and speed. We believe that this balance offers XP Power the opportunity to increase its market share, and is one of the main reasons for our success in winning the new contracts, which have in part mitigated the effects of the global downturn in 2009.

Expanding the international network

XP Power's mix of quick response capability and global reach is a major competitive advantage. Currently, XP Power has a network of 27 sales offices spread over North America, Europe and Asia, with a further 19 distributors, supporting its customers. The management are constantly reviewing ways in which they can increase this network of offices to help the business capitalise on growth opportunities in each of its geographies.

XP Power has the largest, most technically trained sales force in the industry. Our detailed in-house training programme demands that the sales force pass numerous technology and customer service modules. This means that the sales force are value add partners to our customers' product development teams. The management believes that this gives the business a competitive edge compared to many within its peer group.

The North American network consists of 17 sales offices and an extensive engineering services function, based in Northern California. This network allows XP Power to provide all its major customers with local face to face support and rapid response times. The central engineering services function has established XP Power as a value added partner, allowing it to comprehensively address the demands of its larger customers for complex solutions that can be efficiently integrated into their end equipment, in turn delivering significant savings in cost, time to market and engineering resource.

In Europe, the XP Power network consists of nine sales offices and a further nine distributor offices, providing the same level of customer support as in North America. In addition, XP Power has engineering services centres in Germany and the UK, providing some of the largest blue chip conglomerates in Europe with specialist technical expertise and value added services for market leading, complex power control solutions.

The Asian sales activities are run from Singapore, where we also manage a network of seven distributors serving the region. In 2009, XP Power continued to widen its commercial interests in Asia to capitalise on two important commercial opportunities. First, it will allow XP Power to continue to enhance support to the Asian design centres of its major European and North American customers. Second, it will allow the Group to address demand from Asian companies for power control components which meet European and North American legislation. In the medium term we expect revenues derived from Asia to be an increasing proportion of XP Power's worldwide revenues.

Market leading technology

A consistent and substantial investment in research and development of new products has been the cornerstone of XP Power's growth strategy. This investment has established the broadest, most up to date portfolio of products in the power converter industry. XP Power has a collaborative relationship with many of its customers and in some cases the design process is started directly in response to a future customer requirement.

Research and development spend grew to £3.7 million in 2009, its highest level ever, and a record thirty new product introductions were made in the year, resulting in a number of exciting new customer approvals. Of particular note is our CCM250 which at 95% efficiency is considered to be the most efficient power converter of its type available on the market today. This leading edge product has already enabled us to win some significant business with major new customers.

XP Power opened a new design centre in Singapore during 2008, to work alongside the design centres in North America and the UK. Asia is an increasingly important growth market for XP Power and establishing a significant research function in this region has helped the company capitalise on the evolving demands of this market. The Singapore design centre made a significant contribution in 2009, introducing two new product families.

The Group expects to maintain this progress with the release of a further 35 new product ranges in 2010, which should underpin revenues in future years.

Reliability and manufacturing capabilities

XP Power's products frequently power critical applications – not least in the healthcare sector – and reliability is a crucial issue for our customers. Our key customers demand the ultimate in terms of quality control to ensure reliability for the life of their equipment. In 2005, the Group recognised an opportunity to expand its value proposition to key target customers by moving into manufacturing at a time when many of its competitors were outsourcing their manufacturing. Having control of manufacturing activities not only allows us to strictly manage the production processes and components that go into our products, as demanded by our larger customers, but also gives us opportunities to reduce our product costs. Our performance in 2009, particularly in the healthcare sector, is evidence that this strategy is starting to pay off.

To implement this strategy XP Power established a Chinese manufacturing joint venture with Fortron Source in 2006, before taking 100% control in early 2008. Since taking over the facility, significant investment has been made in upgrading the equipment set and manufacturing capacity, and the operational management team has been strengthened. This culminated in the commissioning of a brand new state of the art facility on the existing site at Kunshan in June 2009.

Production volumes at the facility increased rapidly in the last quarter of 2009. As well as helping to meet the increasing demand for higher margin products based on XP Power's own IP, the move into manufacturing has enabled XP Power to become an approved vendor to a number of new blue chip customers, which will help drive revenue growth going forward. Our new manufacturing facility achieved a number of successful audit qualifications from both existing and prospective blue chip customers during the period. For more details relating to our class leading manufacturing please refer to our Annual Report.

Investing in customer support

In a competitive market place, excellent customer support and service is critical. XP Power has developed a network of relationship managers and sales engineers to manage long-term customer relationships across three continents. It is not unusual for our sales engineers to be dealing with different elements of the customer's team across three continents, for just a single program. The Group has worked hard to build a sales culture that can successfully manage these complicated relationships and has developed sophisticated proprietary customer relationship management tools to effectively manage the sales process.

These tools allow the Group to track the progress of every customer program from its identification, quotation, sampling, to approval and, finally, its successful move into production. This allows the Company to coordinate between different customer sites and share important information, thereby delivering excellent customer service, as well as being a highly effective tool to manage a large sales force which is geographically dispersed.

The management regards these tools and their method of utilisation as a significant source of competitive advantage over the Group's larger competitors.

Robust Business Model

XP Power's business model exhibits the following characteristics:

- Exposure to a broad cross section of end markets – Technology, Industrial and Healthcare but with no exposure to consumer electronics.
- A diverse customer base of over 6,000 active customers, with no one customer accounting for more than 3% of revenue.
- Powerful proprietary customer relationship management tools which allow the efficient management of our customer base and identification of pricing and product trends that enable the development of appropriate, innovative new products.
- Attractive margins and lower capital investment requirements when compared to other manufacturing industries, resulting in strong free cash flow and gross margins that are amongst the highest in the industry.
- Although design cycles are often long – typically an average period of 16 months from identifying a program to receiving the first production orders - once our power converters are approved for use in our customer's end equipment XP Power enjoys a revenue annuity for the lifetime of the customer's equipment, which is typically five to seven years.

It is this business model that ultimately allows the Group to grow and change while at the same time maintaining strong profitability and cash flow to fund returns to its shareholders.

Legislation

There is an increasing volume of legislation affecting the power converter industry, driven by a desire to eliminate hazardous chemicals from electronic products and by the need to reduce the amount of energy these products consume in use, to reduce or eliminate adverse environmental impacts. We are fully supportive of these legislative initiatives and in response believe we are leading the industry in developing more efficient power converters. As noted above our recently launched CCM250 is considered to be the most efficient power converter of its type in the market which is an incredible 95% efficient.

Energy efficiency is becoming an increasingly important and topical issue. This is reflected in the operating standards to which power converters need to be designed to meet the new and ever expanding regulation and legislation.

Management believe that this increase in regulation is positive for XP Power, along with some of its larger peers, since many of the smaller players in the industry do not currently have the scale, resources or expertise to develop products which satisfy these tighter standards. The significant investment in research and development made over the past few years means that XP Power already has many products which adhere to the most demanding of these operational standards and regulations. Further investment will continue to be made to preserve the technological edge which XP Power's products enjoy over many of its competitors.

During 2009 the Board decided to increase the emphasis XP Power places on environmental issues with the goal of becoming the clear leader in its industry on environment and sustainability matters. An Environmental Committee has been established and its report is set out in our Annual Report.

Outlook

XP Power has entered the new financial year in excellent shape – the business has successfully ridden the economic storm of 2009 successfully and delivered record margins and earnings for a second successive year. Profits generated by our industry leading product pipeline and new programs that came on stream in 2009, particularly in the healthcare sector, have meant that unlike many other companies we have not had to cut costs and headcount in our business to the detriment of its medium and long term prospects. In fact, we have been able to increase the level of investment in our products and people, and expand our manufacturing capabilities while closing the year with lower net debt than when we entered 2009.

We remain confident about the fundamental medium term growth drivers which underpin the markets in which we operate. The successful refocus of the business model on higher margin, own IP product sales and the development of a state of the art independent manufacturing capacity have placed XP Power in a strong position to capitalise on its growth ambitions and prosper, even in the most difficult economic conditions.

Duncan Penny
Chief Executive

Consolidated Income Statement

for the financial year ended 31 December 2009

	Note	2009	2008
Revenue	2	**67.3**	69.3
Cost of sales		**(37.0)**	(38.7)
Gross profit		**30.3**	30.6
Expenses			
Distribution and marketing		**(17.4)**	(18.5)
Administrative		**(0.8)**	(0.8)
Research and development		**(2.6)**	(2.9)
Other operating income		**0.1**	0.9
Operating profit		**9.6**	9.3
Non-cash foreign exchange gain		**-**	2.4
Finance income		**-**	0.2
Finance cost		**(1.2)**	(1.7)
Profit before tax	2	**8.4**	10.2
Income tax expense	3	**(0.8)**	(1.2)
Profit after tax		**7.6**	9.0
Profit attributable to:			
Equity holders of the Company		**7.4**	8.8
Minority interests		**0.2**	0.2
Profit after tax		**7.6**	9.0
Earnings per share			
Attributable to equity holders of the Company (pence per share)			
- Basic	5	**39.4**	46.5
- Diluted	5	**39.3**	46.4
- Diluted adjusted	5	**40.8**	34.8

Consolidated Balance Sheet

as at 31 December 2009

£ Millions	Note	2009	2008
ASSETS			
Current Assets			
Cash and cash equivalents		**4.0**	3.4
Derivative financial instruments		**-**	1.0
Trade and other receivables		**11.0**	12.1
Other current assets		**1.2**	1.8
Inventories		**10.7**	17.5
Total current assets		**26.9**	35.8
Non-current assets			
Interest in associates		**0.1**	0.1
Property, plant and equipment		**7.1**	6.7
Goodwill		**31.0**	29.9
Intangible assets		**4.5**	3.6
ESOP loans to employees		**2.6**	2.7
Deferred income tax assets		**0.3**	0.1
Total non-current assets		**45.6**	43.1
Total assets		**72.5**	78.9
LIABILITIES			
Current liabilities			
Trade and other payables		**9.1**	12.3
Current income tax liabilities		**2.5**	3.1
Derivative financial instruments		**0.3**	-
Bank loans and overdraft	6	**3.9**	7.3
Total current liabilities		**15.8**	22.7
Non-current liabilities			
Borrowings	6	**18.8**	23.9
Deferred income tax liabilities		**1.8**	1.4
Provision for deferred contingent consideration		**3.6**	1.9
Total non-current liabilities		**24.2**	27.2
Total liabilities		**40.0**	49.9
NET ASSETS		**32.5**	29.0
EQUITY			
Share capital		**27.2**	27.2
Merger reserve		**0.2**	0.2
Treasury shares		**(0.9)**	(0.8)
Hedging reserve		**(0.2)**	1.0
Translation reserve		**(7.4)**	(8.5)
Retained earnings		**13.3**	9.7
		32.2	28.8
Minority interests		**0.3**	0.2
TOTAL EQUITY		**32.5**	29.0

Consolidated Cash Flow Statement
for the year ended 31 December 2009

£ Millions	**2009**	2008
Cash flows from operating activities		
Profit after tax	**7.6**	9.0
Adjustments for		
- Income tax expense	**0.8**	1.2
- Amortisation and depreciation	**1.6**	1.6
- Finance cost	**1.2**	1.5
Change in the working capital, net effects from acquisition of subsidiary		
- Inventories	**6.9**	(6.6)
- Trade and other receivables	**1.8**	(0.5)
- Trade and other payables	**(3.1)**	3.3
- Income tax paid	**(0.5)**	(1.0)
Net cash provided by operating activities	**16.3**	8.5
Cash flows from investing activities		
Acquisition of a subsidiary, net of cash acquired	**-**	(1.0)
Purchases and construction of property, plant and equipment	**(1.7)**	(3.6)
Capitalised research and development expenditure	**(1.5)**	(1.0)
Proceeds from disposal of plant and equipment	**-**	0.1
ESOP loan repaid	**0.1**	-
Interest received	**-**	0.1
Net cash used in investing activities	**(3.1)**	(5.4)
Cash flows from financing activities		
Proceeds from borrowings	**(1.3)**	3.6
Purchase of treasury shares by ESOP	**-**	(0.2)
Interest paid	**(1.1)**	(1.6)
Dividends paid to equity holders of the Company	**(4.0)**	(4.0)
Dividends paid to minority shareholders	**(0.1)**	(0.2)
Net cash provided by financing activities	**(6.5)**	(2.4)
Effects of currency translation	**0.9**	(4.6)
Net (decrease)/increase in cash and cash equivalents	**7.6**	(3.9)
Cash and cash equivalents at beginning of financial year	**(3.9)**	0.9
Effects of currency translation on cash an cash equivalents	**0.2**	(0.9)
Cash and cash equivalents at end of financial year	**3.9**	(3.9)

Notes to the Annual Results Statement
for the year ended 31 December 2009

1. Basis of preparation

These financial statements are presented in Pounds Sterling and have been prepared using the accounting principles incorporated within International Financial Reporting Standards (IFRS) as adopted by the European Union.

2. Segmental reporting

The Group is organised on a geographic basis. The Group's products are a single class of business; however the Group is also providing sales by end market to assist the readers of this report.

The geographical segmentation is as follows:

£ Millions	**2009**	2008
Revenue		
Europe	**31.9**	32.2
North America	**30.8**	33.7
Asia	**4.6**	3.4
Total Revenue	**67.3**	69.3
Segment result		
Europe	**7.9**	6.1
North America	**7.1**	7.2
Asia	**(0.2)**	0.4
Interest, corporate operating costs and associates	**(6.4)**	(3.5)
Segment result	**8.4**	10.2
Tax	**(0.8)**	(1.2)
Total Profit	**7.6**	9.0

Analysis by end market

The revenue by end market was as follows:

	Year to 31 December 2009				Year to 31 December 2008			
£ Millions	**Europe**	**North America**	**Asia**	**Total**	Europe	North America	Asia	Total
Technology	**8.7**	**8.9**	**1.2**	**18.8**	8.6	9.1	0.4	18.1
Industrial	**15.4**	**10.2**	**3.1**	**28.7**	18.6	14.7	2.8	36.1
Healthcare	**7.8**	**11.7**	**0.3**	**19.8**	5.0	9.9	0.2	15.1
Total	**31.9**	**30.8**	**4.6**	**67.3**	32.2	33.7	3.4	69.3

3. Income taxes

£ Millions	**2008**	2008
Singapore corporation tax		
- current year	**0.5**	0.6
- adjustment in respect of prior year	**-**	0.1
Overseas corporation tax		
- current year	**1.1**	0.7
- adjustment in respect of prior year	**(1.2)**	(0.4)
Total current tax	**0.4**	1.0
Deferred tax	**0.4**	0.2
Tax charge for the year	**0.8**	1.2

The differences between the total tax shown above and the amount calculated by applying the standard rate of Singapore corporate tax to the profit before tax are as follows:

£ Millions	**2009**	2008
Profit before tax	**8.4**	10.2
Tax on profit on ordinary activities at standard Singapore tax rate of 17% (2008: 18%)	**1.4**	1.9
Tax incentives	**(0.3)**	(0.5)
Higher rates of overseas corporation tax	**0.6**	0.9
Non-deductible expenditure	**-**	0.1
Exceptional foreign exchange gain not taxable	**-**	(0.9)
Adjustment in respect of prior year	**(0.9)**	(0.3)
Tax charge for the year	**0.8**	1.2

4. Dividends

Amounts recognised as distributions to equity holders in the period

	2009			2008		
	Pence per share		**£ Millions**	Pence per share		£ Millions
Prior year final dividend paid	**11.0**	*	**2.1**	11.0		2.1
Interim paid	**10.0**	^	**1.9**	10.0	*	1.9
Total	**21.0**		**4.0**	21.0		4.0

* Dividends in respect of 2008 (21.0p)
^ Dividends in respect of 2009 (22.0p)

The proposed final dividend for 2009 is subject to approval by shareholders at the Annual General Meeting scheduled for 29 March 2010 and has not been included as a liability in these financial statements. It is proposed that the final dividend be paid on 5 April 2010 to members on the register as at 19 March 2010.

5. Earnings per share

The calculations of the basic and diluted earnings per share attributable to the ordinary equity holders of the parent are based on the following data:

	2009	2008
	£ Millions	£ Millions
Earnings		
Earnings for the purposes of basic and diluted earnings per share		
(profit for the year attributable to equity shareholders of the parent)	**7.4**	8.8
Amortisation of intangibles associated with acquisitions	**0.3**	0.2
Non-cash foreign exchange gain	**-**	(2.4)
Earnings for adjusted earnings per share	**7.7**	**6.6**
Number of shares		
Weighted average number of shares for the purposes of basic earnings per share (thousands)	**18,788**	18,916
Effect of potentially dilutive share options (thousands)	**64**	59
Weighted average number of shares for the purposes of dilutive earnings per share (thousands)	**18,852**	18,975
Earnings per share from operations		
Basic	**39.4p**	46.5p
Diluted	**39.3p**	46.4p
Diluted adjusted	**40.8p**	34.8p

6. Borrowings, bank loans and overdrafts

The borrowings are repayable as follows:

£ Millions	**2009**	2008
On demand or within one year	**3.9**	7.3
In the second year	**18.8**	3.2
In the third year	**-**	20.7
In the fourth year	**-**	-
	22.7	31.2
Less: Amounts due for settlement within 12 months (shown under current liabilities)	**(3.9)**	(7.3)
Total repayable after 12 months	**18.8**	23.9

The other principal features of the Group's borrowings are as follows:

1. Bank overdrafts are repayable on demand. The bank overdrafts are secured on the assets of the Group. At 31 December 2009, the Group had an overdraft of £0.1 million (2008: £7.3 million). The overdraft interest rate is 2.5% above LIBOR.

2. In January 2009, the Group converted its term debt facility of £16.0 million and its £5.0 million multicurrency revolving debt facility into a new term loan of US$36.0 million. The term loan is repayable over 3 years with US$6.0 million (£3.8 million) due in 2010 and US$30.0 million (£18.8 million) due in 2011 and is priced at LIBOR plus a fixed margin of 2.0%. 85% of the value of the term loan is subject to an interest rate swap where floating LIBOR rate has been swapped to a fixed rate of 1.99%. The overall interest cost on 85% of the term loan is therefore fixed at 3.99%.
3. The Group has pledged all assets as collateral to secure banking facilities granted to the Group.

7. Principal risks and uncertainties

Like many other international businesses the Group is exposed to a number of risks which might have a material effect on its financial performance. The Board has overall responsibility for the management of risk and sets aside time at its meetings to identify and address risks.

Risks Specific to the Industry in which the Group Operates

Fluctuations in foreign currency

The Group deals in many currencies for both its purchases and sales including US Dollars, Euro and its reporting currency Pounds Sterling. In particular, North America represents an important geographic market for the Group where virtually all the revenues are denominated in US Dollars. The Group also sources the majority of its product in US Dollars. The Group therefore has an exposure to foreign currency fluctuations. This could lead to material adverse movements in reported earnings.

Competition

The power supply market is diverse and competitive in Europe, North America and Asia. The Directors believe that the development of new technologies could give rise to significant new competition to the Group, which may have a material effect on its business. At the lower end of the Group's target market the barriers to entry are low and there is, therefore, a risk that competition could quickly increase particularly from emerging low cost manufacturers in Asia.

Risks Specific to the Group

Dependence on key personnel

The future success of the Group is substantially dependent on the continued services and continuing contributions of its Directors, senior management and other key personnel. The loss of the services of any of their respective executive officers or other key employees could have a material adverse effect on their businesses.

Loss of key customers/suppliers

The Group is dependent on retaining its key customers and suppliers. Should the Group lose a number of its key customers or a key supplier this could have a material impact on the Group's business financial condition and results of operations. However, for the year ended 31 December 2009, no one customer accounted for more than 2.5% of revenue.

Shortage, non-availability or technical fault with regard to key electronic components

The Group is reliant on the supply, availability and reliability of key electronic components. If there is a shortage, non availability or technical fault with any of the key electronic components this may impair the Group's ability to operate its business efficiently and lead to potential disruption to its operations and revenues.

Fluctuations of revenues, expenses and operating results

The revenues, expenses and operating results of the Group could vary significantly from period to period as a result of a variety of factors, some of which are outside its control. These factors include general economic conditions, adverse movements in interest rates, conditions specific to the market, seasonal trends in revenues, capital expenditure and other costs, the introduction of new products or services by the Group, or by their competitors. In response to a changing competitive environment, the Group may elect from time to time to make certain pricing, service, marketing decisions or acquisitions that could have a short term material adverse effect on the Group's revenues, results of operations and financial condition.

Management stretch

The management team is likely to be faced with increased challenges associated with any sustained macroeconomic recovery. With the financial markets uncertain the management team must also be able to adapt to the changing conditions and implement corrective measures as they are needed. It could adversely affect the Group if the management team is not able successfully to cope with these challenges.

Information Technology Systems

The business of the Group relies to a significant extent on IT systems used in the daily operations of its operating subsidiaries. Any failure or impairment of those systems or any inability to transfer data onto any new systems introduced could cause a loss of business and/or damage to the reputation of the Group together with significant remedial costs.

Risks relating to taxation of the Group

The Group is exposed to corporation tax payable in many jurisdictions including the USA where the effective rate can be as high as 40.0%, the UK where the corporation tax rate is currently 28.0% and a number of European jurisdictions where the rates vary between 25.5% and 38.7%. In addition, the Group has manufacturing activities in China and Hong Kong where the corporation tax rates are 24% and 17.5% respectively and sales companies in Singapore and Switzerland where the corporation tax rates are 17.0% and 20.0% respectively.

The effective tax rate of the Group is affected by where its profits fall geographically. The Group effective tax rate could therefore fluctuate over time. This could have an impact on earnings and potentially its share price.

Further, the Group's tax position includes judgments about past and future events and relies on estimates and assumptions. Although we believe that the estimates and assumptions supporting our positions are reasonable and are supported by external advice, our ultimate liability in connection with these matters will depend upon the assessments raised and the result of any negotiations with the relevant tax authorities. If the actual taxes and penalties imposed exceed the amounts we have accrued, it could adversely affect our financial position, results and cash flows.

8. Responsibility Statement

The Directors' confirm to the best of their knowledge and belief that this condensed set of financial statements:

a) gives a fair view of the assets, liabilities, financial position and profit of the Group; and
b) includes a fair review of the information required by the Disclosure and Transparency Rules .

9. Other information

XP Power Limited (the “Company”) is listed on the London Stock Exchange and incorporated and domiciled in Singapore. The address of its registered office is 401 Commonwealth Drive, Lobby B, #02-02, Haw Par Technocentre, Singapore 149598.

The financial information set out in this announcement does not constitute the Company’s statutory accounts for the years ended 31 December 2009 or 2008. The financial information for the year ended 31 December 2008 is derived from the XP Power Limited statutory accounts for the year ended 31 December 2008, which have been delivered to the Accounting and Corporate Regulatory Authority in Singapore. The auditors reported on those accounts; their report was unqualified. The statutory accounts for the year ended 31 December 2009 will be finalised on the basis of the financial information presented by the directors in this preliminary announcement and will be delivered to the Accounting and Corporate Regulatory Authority in Singapore following the Company’s Annual General Meeting.

Whilst the financial information included in this preliminary announcement has been computed in accordance with International Financial Reporting Standards (IFRSs), this announcement does not itself contain sufficient information to comply with IFRSs. The Company expects to publish full financial statements that comply with IFRSs later this month.

This announcement was approved by the directors on 22 February 2010.