Embargoed until 0700 1 August 2006

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

Interim Results for the six months ended 30 June 2006

XP, one of the world's leading providers of power supply solutions to the electronics industry, today announces its interim results for the six-month period ended 30 June 2006.

	Six months ended 30 June 2006 (Unaudited)	Six months ended 30 June 2005 (Unaudited)
Income and Expenditure		
Revenue	**£38.8m**	£32.2m
Gross profit	**£13.9m**	£11.6m
Gross margin	**35.8%**	36.0%
Profit before tax	**£3.5m**	£3.7m
Profit before tax amortisation of intangibles £0.1 million (2005: nil) and restructuring costs £0.7 million (2005: nil)	**£4.3m**	£3.7m
Basic earnings per share	**14.0p**	14.0p
Diluted earnings per share	**13.8p**	13.7p
Diluted earnings per share adjusted for the amortisation of intangibles and restructuring costs (refer to note 5)	**16.9p**	13.7p
Interim dividend per share (refer to note 4)	**8.0p**	7.0p

- Good revenue growth driven by strong performances in North America and Singapore
- Manufacturing Joint Venture now operational
- XP product now represents 58% of Group revenues
- Solid progress in cost efficiency
- Diluted adjusted earnings per share increases 23% to 16.9p (2005: 13.7p)
- Interim dividend raised to 8.0p (2005: 7.0p) per share underlining confidence in future prospects

Larry Tracey, Executive Chairman, commented:

"We continue to re-align our company as an Asia-centric designer and manufacturer of power supplies servicing the major manufacturers of industrial, communications, medical and military hardware.

'This task is being undertaken whilst continuing to grow earnings and dividends."

Enquiries:

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Notes to editors:

XP Power plc provides power supply solutions to the electronics industry.

All electronic equipment needs a power supply. Power supplies convert the incoming AC supply into various levels of DC voltages to drive electronic components and sub-assemblies within the end user's equipment. XP Power segments its business into Communications, Defence and Avionics, Industrial and Medical. By servicing these markets, XP Power provides investors with access to technology and industrial sectors of the Worldwide electronics market.

The market is highly fragmented and made up of a large number of Original Equipment Manufacturers who source standard and modified standard power supplies from several hundred power supply companies.

The Investor Presentation covering the XP Power plc 2006 Interim results will be available on the XP Power plc website at 0700 on 1 August 2006.

For further information, please visit www.xppower.com

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

Interim Results for the six months ended 30 June 2006

CHAIRMAN'S STATEMENT

I am pleased to report that XP has continued to grow diluted earnings per share as a result of its strategy of developing its portfolio of own brand products and focusing on our key accounts in our chosen markets. In the first half of 2006, 58% of our revenue came from our own XP branded product compared to 56% in the same period a year ago.

Financial Performance

Total revenue for the six months ended 30 June 2006 was £38.8 million compared with £32.2 million in the same period a year ago.

Gross margins were 35.8% in the first half of 2006 compared with 36.0% in the same period a year ago. Although we have made strong margin gains in North America due to an improvement in product mix, the overall margin was lower in the UK because of margins on third party business; however, action has been taken to improve this performance.

The overall result is that profit before tax, amortisation of intangibles of £0.1M (2005: nil) and restructuring costs of £0.7 million (2005: nil) was £4.3 million compared with £3.7 million in the same period a year ago. Basic earnings per share remained at 14.0 pence. Diluted earnings per share were 13.8 pence compared with 13.7 pence in the same period a year ago. Diluted earnings per share adjusted for the amortisation of intangibles and restructuring costs were 16.9 pence (2005: 13.7 pence).

Dividend

Improved diluted earnings per share adjusted for the amortisation of intangibles and restructuring costs has allowed us to increase once again the dividend payable to shareholders. The Group has declared an interim dividend of 8.0 pence per share for the six months ended 30 June 2006 (2005: 7.0 pence per share). The interim dividend will be paid on 5 October 2006 to shareholders on the register at 1 September 2006.

In accordance with International Accounting Standard 10, dividends are not recognised in the financial reporting information until they are declared. The dividend charged to reserves in the interim financial statements in the six months to 30 June 2006 relates to the final dividend of 9.0p per share paid in respect of the year ended 31 December 2005 (refer to note 4).

Geographic Markets and Industry Segmentation

Trading conditions have been reasonably positive in the first half of 2006 particularly in North America where we have seen broad improvement in most sectors. North American revenues for the period were $37.1 million (or £20.9 million) compared with $32.6 million (or £17.4 million) in the same period a year ago.

As a result of acquisitions made in the second half of 2005, revenues in the UK business were £11.5 million compared with £9.2 million in the same period a year ago. We took the decision to terminate a number of our third party lines during the period and review our minimum order values. These lines represent annualised revenues of approximately £4 million in Europe and $10 million in North America but the margins and resource required to support this business are not attractive. In concert with terminating these lines, we reduced our headcount in the UK and North America and closed our Benelux office to maintain our future profitability. The total costs in the period associated with this restructuring were £0.7 million. We consider that the actions we have taken will positively contribute to improving our gross margin in 2007.

Our Continental European business grew revenues by 14% compared to the same period a year ago as they continued to take market share reporting revenues for the six months ended 30 June 2006 of £6.4 million compared to £5.6 million in 2005.

We continue to focus our resources on the higher value customers in our four market sectors: Communications, Defence & Avionics, Industrial and Medical. This focus will ensure that we devote our engineering resources to the right customers and that our current and future product development is carefully targeted and, above all, customer driven.

For the six months ended 30 June 2006, 20% of our revenues came from Communications (2005: 26%), 51% from Industrial (2005: 46%), 21% from Medical (2005: 20%) and 8% from Defence & Avionics (2005: 8%).

Manufacturing and the Supply Chain

In February we announced that we had formed a manufacturing Joint Venture with Fortron Source in 2005, located close to Shanghai in China. We are pleased to announce that this facility had its formal opening during May. The facility is now producing our ECM40, ECM60 and ECM100 product families. We expect the facility to start producing a further two new product families during the fourth quarter of this year.

We are pleased that the facility has opened on budget and on schedule and are excited about the additional capabilities that this brings. This is a credit to our partner, Fortron Source, and our own manufacturing operations group. This is also an important step which further enhances the relationship between Fortron Source and XP. We have incurred approximately £0.2 million of start-up costs (0.5% gross margin points) in the period which have been charged to cost of sales in the income and expenditure statement.

Managing the supply chain has been testing over the last twelve months. We have committed significant resource to ensure that our product lines, where applicable, are compliant with the new directive on Reduction of Hazardous Substances (RoHS). This has involved sourcing new components and testing them within our designs and changing vast amounts of documentation required to support our products. Often components have not been available in production volumes as early as some suppliers indicated and this has inevitably led to an increase in lead times which we are seeing throughout the industry. Alongside this we have seen rapidly increasing commodity prices which have started to filter through the supply chain. For this reason, after a sustained period of price reductions in the market, probably primarily due to outsourcing of manufacture to Asia, the vectors are now pointing to price inflation in our market.

Asia

In October 2005 we announced the opening of our Shanghai office. This office was set up to support our customers who chose to manufacture their products in Asia and our outsourced manufacturing operations. We see a continuing acceleration of companies requiring us to support them in Asia. We now have quality assurance, component procurement, design verification testing, programme management and applications engineering support in Asia.

As well as the Shanghai office, our sales operation in Singapore is starting to do well and has made some significant design wins.

It is clear that Asia is becoming increasingly important to us and we expect to increase our operational activities in this region.

People

In April we announced the appointment of Paul Dolan as non-executive director of the Company. Paul (age 54) joined Deloitte & Touche LLP as a chartered accountant in 1979 becoming a partner in 1980. He retired from the partnership in 2004.

Paul worked for over 20 years with listed and large private companies in the technology, distribution and manufacturing sectors. He was involved in advising on stock exchange listings, acquisitions, disposals, reconstructions and corporate governance matters.

We are delighted to welcome Paul to the Board.

Outlook

The actions we have taken in the first half of 2006 to reduce some of our third party lines will have a modest effect on our revenue in the second half. However, we expect that this will help us towards our 2007 target of 40% gross margins. We have reduced our headcount in order to help mitigate any short-term loss in profitability from the termination of these third party lines.

The global economic outlook appears uncertain with factors such as high oil prices, and inflation and interest rate concerns weighted to the downside. We are also seeing component price inflation and cases of lengthening lead times coming through from our suppliers. However, we have experienced robust bookings in the first half of 2006 and go into the second half with a healthy backlog. We have also seen a strong performance in North America which is currently our biggest market, and remain cautiously optimistic about the future.

We continue to re-align our company as an Asia-centric designer and manufacturer of power supplies servicing the major manufacturers of industrial, communications, medical and military hardware.

This task is being undertaken whilst continuing to grow earnings and dividends.

Larry Tracey
Executive Chairman
1 August 2006

XP Power plc
Consolidated Income and Expenditure Statement
For the six months ended 30 June 2006

£ Millions	Note	**Six months ended 30 June 2006 (Unaudited)**	Six months ended 30 June 2005 (Unaudited)
Revenue	2	**38.8**	**32.2**
Cost of sales		(24.9)	(20.6)
Gross profit		**13.9**	**11.6**
Operating expense:			
Restructuring costs		(0.7)	-
Other operating expenses		(9.1)	(7.9)
Total operating expenses		(9.8)	(7.9)
Share of associates' operating profit		-	0.2
Other operating income		-	0.1
Operating profit		**4.1**	**4.0**
Finance cost		(0.6)	(0.3)
Profit on ordinary activities before taxation	2	**3.5**	**3.7**
Tax on profit on ordinary activities	3	(0.9)	(1.0)
Profit for the period		**2.6**	**2.7**
Basic earnings per share	5	14.0p	14.0p
Diluted earnings per share	5	13.8p	13.7p
Consolidated statement of recognised income and expense			
Exchange differences on translation of foreign operations		(0.9)	0.5
Net income recognised directly in equity		(0.9)	0.5
Profit for the period		2.6	2.7
Total recognised income and expense for the period		**1.7**	**2.2**

All activities derive from continuing operations.

XP Power plc
Consolidated Balance Sheet
At 30 June 2006

£ Millions	Note	**At 30 June 2006 (unaudited)**	At 31 December 2005	At 30 June 2005 (unaudited)
Non-current assets				
Goodwill		27.8	27.8	23.2
Other intangible assets	6	2.6	2.2	0.5
Property, plant and equipment		3.4	3.0	2.6
Interests in associates		0.3	0.3	2.1
Deferred tax asset		0.3	0.3	-
Total non-current assets		**34.4**	**33.6**	**28.4**
Current assets				
Inventories		8.7	8.1	9.1
Trade and other receivables		18.6	17.2	14.0
Cash		2.6	4.8	4.0
Total current assets		**29.9**	**30.1**	**27.1**
Current liabilities		(32.0)	(32.0)	(19.6)
Net current (liabilities) assets		**(2.1)**	**(1.9)**	**7.5**
Total assets less current liabilities		**32.3**	**31.7**	**35.9**
Non-current liabilities		(4.7)	(4.5)	(8.3)
Net assets		**27.6**	**27.2**	**27.6**
Capital and reserves				
Called up share capital	11	0.2	0.2	0.2
Share premium account	11	27.0	27.0	27.0
Merger reserve	11	0.2	0.2	0.2
Retained earnings	11	5.7	5.0	3.2
Translation reserve	11	0.6	1.5	0.3
Own shares	9, 11	(6.1)	(6.7)	(3.3)
Total shareholders' funds	11	**27.6**	**27.2**	**27.6**

These financial statements were approved by the Board of Directors on 1 August 2006.

XP Power plc
Consolidated Cash Flow Statement
For the six months ended 30 June 2006

£ Millions	Note	**Six months ended 30 June 2006 (unaudited)**	Six months ended 30 June 2005 (unaudited)
Net cash inflow from operating activities	7	**1.0**	2.6
Investing activities			
Dividends received from associates		**-**	0.3
Dividends paid to minority shareholders		**-**	(0.1)
Capitalised expenditure on product development		**(0.5)**	(0.5)
Purchases of property, plant and equipment		**(0.6)**	(0.3)
Acquisition of associate/subsidiary	10	**(0.8)**	(0.1)
Net cash used in investing activities		**(1.9)**	(0.7)
Financing activities			
Interest paid		**(0.6)**	(0.3)
Dividends paid to XP Power shareholders		**(1.7)**	(1.5)
Proceeds from sale of own shares		**0.4**	0.1
Increase in bank loans		**-**	0.2
Increase in bank overdrafts		**0.6**	0.9
Net cash used in financing activities		**(1.3)**	(0.6)
Net (decrease)/increase in cash		**(2.2)**	(1.3)
Cash at beginning of the period		**4.8**	2.7
Cash at the end of the period		**2.6**	4.0

1. Basis of preparation

The interim condensed consolidated financial statements for the 6 months to 30 June 2006 have been prepared on the basis of the accounting policies set out in the group's latest annual financial statements for the year ended 31 December 2005. These accounting policies are drawn up in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board with the exception of IAS 34 Interim Financial Reporting which has not been applied in these interim condensed consolidated financial statements.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the group's annual financial statements as at 31 December 2005.

Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the group's annual financial statements for the year ended 31 December 2005.

The half year results are unaudited and were approved by the Board of Directors on 1 August 2006. The full year figures for 2005 included in this report do not constitute statutory accounts for the purpose of section 240 of the Companies Act 1985. A copy of the statutory accounts for that year under IFRS has been delivered to the Registrar of Companies on which an unqualified report has been made by the auditors under section 237 of the Companies Act 1985.

2. Segmental analysis

The Group operates substantially in one class of business, the provision of power supply solutions to the electronics industry. Analysis of total Group operating profit, net assets, turnover and total Group profit before taxation by geographical region is set out below.

£ Millions	**Six months ended 30 June 2006 (unaudited)**	Six months ended 30 June 2005 (unaudited)
Revenue		
Europe	18.0	14.8
USA	20.8	17.4
Total revenue	**38.8**	**32.2**
Profit on ordinary activities before taxation		
Europe	2.7	2.4
USA	2.2	2.2
Interest, corporate operating costs, amortisation of goodwill and associates	(1.4)	(0.9)
Profit on ordinary activities before taxation	**3.5**	**3.7**

Operating net assets	June 2006 (unaudited) Europe	USA	Total	June 2005 (unaudited) Europe	USA	Total
Goodwill	**8.5**	**19.3**	**27.8**	3.7	19.5	23.2
Other intangible assets	**1.1**	**1.5**	**2.6**	-	0.5	0.5
Property plant and equipment	**2.7**	**0.7**	**3.4**	1.8	0.8	2.6
Interests in associates	**0.3**	**-**	**0.3**	2.1	-	2.1
Deferred tax	**0.3**	**-**	**0.3**			
Inventories	**4.1**	**4.6**	**8.7**	3.1	6.0	9.1
Trade and other receivables	**11.9**	**6.7**	**18.6**	7.9	6.1	14.0
Current liabilities	**(5.3)**	**(6.2)**	**(11.5)**	(7.3)	(6.7)	(14.0)
Non-current liabilities	**(4.7)**	**-**	**(4.7)**	-	-	-
Total operating net assets	**18.9**	**26.6**	**45.5**	11.3	26.2	37.5

Operating net assets are defined as net assets adjusted for net borrowings.

£ Millions	**At 30 June 2006 (unaudited)**	At 30 June 2005 (unaudited)
Net assets	27.6	27.6
Net debt	17.9	9.9
Total operating net assets	**45.5**	**37.5**

3. Taxation

£ Millions	**Six months ended 30 June 2006 (unaudited)**	Six months ended 30 June 2005 (unaudited)
Europe	0.2	0.2
USA	0.7	0.8
Total taxation	**0.9**	**1.0**

4. Dividends

Amounts recognised as distributions to equity holders of the parent in the period:

	Six months ended 30 June 2006 (unaudited)		Six months ended 30 June 2005 (unaudited)	
Earnings	Pence per share	£Millions	Pence per share	£Millions
Prior year final dividend	9.0	1.7	8.0	1.5
Proposed interim dividend	8.0	1.5	7.0	1.3

The dividend payable recognised in the interim financial statements relates to the 2005 year-end dividend.

The interim dividend of 8p (2005: 7p) per share will be paid on 5 October 2006 to shareholders on the register of members on 1 September 2006.

5. Earnings per share

The calculation of the earnings per share is based on the following data:

	Six months ended 30 June 2006 (unaudited)	Six months ended 30 June 2005 (unaudited)
Earnings	£millions	£millions
Earnings for the purposes of basic and diluted earnings per share (profit for the financial period)	2.6	2.7
Amortisation of intangibles	0.1	-
Restructuring costs (after tax)	0.5	-
Earnings for adjusted earnings per share	3.2	2.7
Number of shares	No.	No.
Weighted average number of shares (thousands) (basic)	18,590	19,247
Impact of share options (thousands)	298	435
Weighted average number of shares (thousands) (diluted)	18,888	19,682
Earnings per share from continuing operations	Pence per share	Pence per share
Basic	14.0p	14.0p
Diluted	13.8p	13.7p
Diluted adjusted for amortisation of intangibles and restructuring costs	16.9p	13.7p

The weighted average number of shares excludes 350,239 ESOP shares (2005: 596,739) (employee share ownership plan) and 1,763,862 (2005: 860,799) treasury shares.

6. Other intangible assets

Other intangible fixed assets comprises development expenditure capitalised when it meets the criteria laid out in IAS 38 (refer to Accounting Policies) and from trade marks and non-contractual customer relationships resulting from acquisition which are being amortised over a five year period.

7. Reconciliation of operating profit to net cash inflow from operating activities

£ Millions	**Six months ended 30 June 2006 (unaudited)**	Six months ended 30 June 2005 (unaudited)
Operating profit (excluding associates)	4.1	3.8
Adjustments for:		
Amortisation of intangibles	0.1	-
Depreciation	0.3	0.3
Foreign currency differences	(0.3)	(0.3)
Operating cash flows before movements in working capital	4.2	3.8
Increase in inventories	(0.6)	(1.5)
Increase in receivables	(1.4)	(0.7)
(Decrease)/increase in payables	(0.2)	1.3
Cash generated by operations	2.0	2.9
Tax paid	(1.0)	(0.3)
Net cash inflow from operating activities	**1.0**	**2.6**

8. Borrowings

On 14 December 2004 the Group renewed its multi-currency working capital credit facility with Bank of Scotland. This facility is unchanged at £10 million, an interest rate of 1.5% above LIBOR and is repayable on demand. In addition to this, the Group has a multi-currency revolving credit facility of £15 million, which is provided for the purpose of financing acquisitions and is due for renewal in September 2006. Both facilities are secured on the assets of the Group.

9. Own shares

Own shares includes 384,331 (December 2005: 318,851; June 2005: 471,851) shares in the Group's employee share ownership plan (ESOP). These shares are carried at the lower of cost and market value.

Own shares also includes 1,691,375 treasury shares (2005: 846,375).

10 Acquisitions

During the period the Group paid £0.7million being the outstanding amount due on the acquisition of MPI-XP Power and £0.1 million to increase its shareholding in Mieltec to 80%

11 Share capital and reserves

£ Millions	Share capital	Share premium	Merger reserve	Own shares	Translation reserve	Retained earnings	Total
At 1 January 2006 (audited)	**0.2**	**27.0**	**0.2**	**(6.7)**	**1.5**	**5.0**	**27.2**
Sale of own shares	-	-	-	0.6	-	-	0.6
Loss on disposal of shares						(0.2)	(0.2)
Exchange differences on translation of overseas operations	-	-	-	-	(0.9)	-	(0.9)
Profit for the period to 30 June 2006	-	-	-	-	-	2.6	2.6
Dividends (note 4)						(1.7)	(1.7)
At 30 June 2006 (unaudited)	**0.2**	**27.0**	**0.2**	**(6.1)**	**0.6**	**5.7**	**27.6**

INDEPENDENT REVIEW REPORT TO XP POWER PLC

Introduction

We have been instructed by the company to review the financial information for the six months ended 30 June 2006 which comprise the consolidated income and expenditure statement, the consolidated statement of total recognised income and expenses, the consolidated balance sheet, the consolidated cash flow statement and the related notes 1 to 11. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the company in accordance with Bulletin 1999/4 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an independent review 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, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures are consistent with those applied in preparing the preceding annual financial statements except where any changes, and the reasons for them, are disclosed.

Accordingly, the interim report has been prepared in accordance with the recognition and measurement criteria of IFRS and the disclosure requirements of the Listing Rules.

Review work performed

We conducted our review in accordance with the guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2006.

Deloitte & Touche LLP
Chartered Accountants
Cardiff, United Kingdom
1 August 2006