11 August 2008

XP Power Limited
(“XP” or “the Group”)

Interim Results for the six months ended 30 June 2008

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 2008.

	Six months ended 30 June 2008 (Unaudited)	Six months ended 30 June 2007 (Unaudited)
Income and Expenditure		
Revenue	**£34.8m**	£34.2m
Gross profit	**£14.9m**	£14.0m
Gross margin	**42.8%**	40.9%
Profit before tax	**£6.4m**	£2.0m
Adjusted (*) profit before tax	**£4.4m**	£4.4m
Adjusted (*) profit after tax	**£3.5m**	£3.3m
Basic earnings per share	**29.0p**	7.4p
Diluted earnings per share	**28.9p**	7.3p
Diluted earnings per share adjusted (*) (refer to Note 10)	**18.4p**	17.3p
Interim dividend per share (refer to Note 9)	**10.0p**	9.0p

(*) Adjusted for amortisation of intangibles £0.1 million (2007: £0.1 million), reorganisation costs £nil (2007: £2.3 million), tax effect from reorganisation £nil (2007: £(0.5) million) and one off non-cash foreign exchange gains (refer to Note 15) £2.1 million (2007: £nil)

- Sequential earnings growth +30% over second half of 2007 (14.1p to 18.4p)
- Ninth successive dividend increase +75% in past 54 months
- Positive book to bill 1.09
- New Singapore design centre opened

Larry Tracey, Executive Chairman, commented:

“We continue to strengthen our position with blue chip companies in high growth markets.”

Enquiries:

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Notes to editors:

XP 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 segments its business into Communications, Defence and Avionics, Industrial and Medical. By servicing these markets, XP 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 XP's Interim results will be available on the XP website at 9.00am on 11 August 2008.

For further information, please visit www.xppower.com

Embargoed until 7.00am 11 August 2008

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

Interim Results for the six months ended 30 June 2008

CHAIRMAN'S STATEMENT

Markets

Trading conditions have been mixed during the period. Although we detect some signs of a slow down in terms of order push outs and cautiousness in some of our customers, other customers continue to order strongly. Overall orders have been robust during the first half of the year. Orders are 9% higher than sales. Our expected orders for the second half look promising at this point in time as more sales resources and new products contribute.

North American revenues for the period were $33.6 million (or £17.1 million) compared with $33.2 million (or £16.8 million) in the same period a year ago. We have made some good breakthroughs with recent design wins into new key customers which will turn into revenues in 2009; notably in the medical and defence areas.

Our European revenues for the period were £16.7 million compared to £16.4 million in the same period a year ago. Germany is the largest market in Europe and we have significantly increased our headcount there. Our energy systems business successfully bid for the Abu Dhabi air traffic control secure power contract for their new airport.

For the six months ended 30 June 2008 our mix of business between industry sectors has remained stable, 20% of our revenues came from Communications (2007: 21%), 49% from Industrial (2007: 49%), 22% from Medical (2007: 22%) and 9% from Defence & Avionics (2007: 8%).

Gross Margins

There have been some new dynamics developing in the world which are affecting our industry. More than ninety five per cent of our competitors manufacture in Asia. For the first time in a long period our industry is experiencing inflationary pressures in component pricing, labour costs and currency appreciation. These vectors have combined to produce substantial increases in input costs across the industry. Industry unit selling prices are now increasing following over ten years of decreases. We have also increased our selling prices. These increases will take effect in the fourth quarter as our order book is regenerated, gross margin improved almost 2% from the comparable half last year but sequentially they have reduced 0.8% from the second half of 2007. Gross margins for 2008 are expected to be better than 2007.

Product Development

Energy efficiency is becoming a more and more important factor in the world we live. We see this reflected in the requirements for power supplies and an ever increasing amount of legislation. There are currently around 1.5 billion external supplies in the USA alone which account for 6% of the national electric bill and it is estimated that left unchecked this could rise 30% by 2010. In 1992 the US Environmental Protection Agency laid down some voluntary guidelines relating to energy consumption of single output external power supplies which became the Energy Star program. Subsequently the Californian Energy Commission declared these requirements would be mandatory from 1 July 2006. The US Congress has enacted further legislation setting out mandatory requirements for power supplies which came into effect on 1 July 2008. The European Union has also produced a Directive relating to energy efficiency of power supplies which we expect to come into effect this year. We are sure that the type of requirements for power supply efficiency and power consumption under no load conditions will continue to become more stringent over time.

These legislative changes are generally a good thing for XP and the larger companies in the industry compared to the smaller players who are less well resourced to track and respond to this type of legislation with new product introductions. We have products that meet all the current requirements in both Europe and North America and continue to deploy research and development resources to develop products which put us ahead of these trends.

During the period we have released a number of new products, the ECM140 which is approved for use in medical, industrial and communications applications and CLC175 which is focused towards communications. These products have already enabled us to win some significant business with major customers.

We have also added to the low power ECL range with our ECL25 which is currently the smallest 25 Watt power supply in the world. Our customers can chose between three different mechanical formats according to the nature of their application.

A new design centre has been opened in Singapore increasing our capacity to introduce new products. Generally, our new products are being designed to reduce power wastage and consume less material.

Manufacturing

On 1 January 2008 we purchased the remaining 50% of our Chinese manufacturing Joint Venture with Fortron Source that we did not already own for US$2.5 million in cash and took control of this facility. We have also introduced a number of new products into our factory during the first half of the year including the ECM140 and CLC175 noted above.

We are now in the process of significantly increasing the capacity of this facility to meet demand for our new products. In June 2008 we started construction of a new 6,300m^2 building on our existing site, located close to Shanghai in China and this will help pave the way for future additional growth.

Our move into manufacturing has enabled us to become approved vendors to a number of new key customers which we expect to help drive our revenue growth going forward. Our factory achieved a number of successful audit qualifications by these blue chip customers during the period.

People

We have continued to increase our headcount with significant new resources in Sales, Product Development and Manufacturing.

On 16 June 2008 David Hempleman-Adams was appointed as a non-executive director of XP. David has a record of achievement in both business and exploration.

We are delighted to welcome David to the Board.

Outlook

The value of our market is increasing, driven by the need for our end customers to improve labour and energy efficiencies in their products. Unit selling prices are increasing after more than a decade of reductions. We have strengthened our ability to service our customer needs with competitively priced leading edge products. Our actions over the past four years are creating sufficient opportunities to give us confidence in our ability to improve earnings over the next four years.

Larry Tracey
Executive Chairman
11 August 2008

XP Power Limited
Consolidated Income and Expenditure Statement
For the six months ended 30 June 2008

£ Millions	Note	**Six months ended 30 June 2008 (Unaudited)**	Six months ended 30 June 2007 (Unaudited)
Revenue	6	**34.8**	34.2
Cost of sales	7	**(19.9)**	(20.2)
Gross profit		**14.9**	14.0
Reorganisation costs	10	**-**	(2.3)
Operating expenses	7	**(10.0)**	(8.9)
Other operating income	7	**2.4**	-
Operating profit		**7.3**	2.8
Finance cost	7	**(0.9)**	(0.8)
Profit before taxation	6	**6.4**	2.0
Tax on profit	8	**(0.9)**	(0.6)
Profit for the period		**5.5**	1.4
Attributable to:			
- equity holders of the company		**5.5**	1.4
- minority interest		**-**	-
		5.5	1.4

Earnings per share for profit from continuing operations attributable to equity holders of the Company		**Pence per share**	Pence per share
Basic	10	**29.0**	7.4
Diluted	10	**28.9**	7.3

XP Power Limited
Consolidated Balance Sheet
At 30 June 2008

£ Millions	Note	**At 30 June 2008 (Unaudited)**	At 31 December 2007	At 30 June 2007 (Unaudited)
Assets				
Current assets				
Inventories	5, 6	**12.3**	10.5	10.5
Trade and other receivables	6	**11.6**	11.4	12.1
Derivative asset	6	**0.1**	-	-
Cash and cash equivalents	6	**4.0**	3.6	3.8
Other current assets	6	**1.7**	1.8	1.1
Total current assets		**29.7**	27.3	27.5
Non-current assets				
Goodwill	6	**30.2**	29.6	29.9
Other intangible assets	11	**3.3**	3.2	2.9
Property, plant and equipment		**3.2**	2.4	2.3
Long leasehold building		**1.0**	1.0	1.0
Interests in associates		**0.1**	0.1	0.2
Deferred tax assets	6	**0.4**	0.4	0.6
ESOP loans to employees		**2.7**	3.0	2.4
Total non-current assets		**40.9**	39.7	39.3
Total assets		**70.6**	67.0	66.8
Liabilities				
Current liabilities				
Trade and other liabilities	6	**9.0**	8.0	8.2
Current income tax liabilities		**2.9**	2.4	1.8
Bank loans and overdraft	13	**3.2**	2.7	3.0
Provision for other liabilities and charges	6	**-**	0.1	0.1
Total current liabilities		**15.1**	13.2	13.1
Non-current liabilities				
Borrowings	13	**21.0**	20.3	20.3
Deferred tax liabilities		**1.5**	1.4	1.7
Provision for other liabilities and charges	6	**2.4**	2.3	2.6
Total non-current liabilities		**24.9**	24.0	24.6
Total liabilities		**40.0**	37.2	37.7
Equity				
Capital and reserves attributable to equity holders of the Company				
Share capital	17	**27.2**	27.2	27.2
Own shares	17	**(0.6)**	(0.3)	(0.3)
Merger reserve	17	**0.2**	0.2	0.2
Hedging reserve	17	**0.2**	-	-
Translation reserve	17	**(5.0)**	(2.5)	(3.0)
Retained earnings	17	**8.4**	5.0	5.0
		30.4	29.6	29.1
Minority interest	17	**0.2**	0.2	-
Total equity		**30.6**	29.8	29.1
Total equity and liabilities		**70.6**	67.0	66.8

XP Power Limited
Consolidated Statement of Changes in Equity
For the six months ended 30 June 2008 (Unaudited)

	Share capital	Share premium capital	Company treasury shares	Merger reserve	Hedging reserve	Translation reserve	Retained earnings	Total attributable to equity holders of the parents	Minority interest	Total Equity
Balance at 1 January 2007	0.2	27.0	(6.3)	0.2	-	(2.3)	10.6	29.4	-	29.4
Exchange differences on the translation of foreign operations	-	-	-	-	-	(0.7)	-	(0.7)	-	(0.7)
Gain/(loss) on treasury shares	-	-	0.3	-	-	-	(0.3)	-	-	-
Tax on items taken directly to equity	-	-	-	-	-	-	0.1	0.1	-	0.1
Net income recognised directly in equity	**-**	**-**	**0.3**	**-**	**-**	**(0.7)**	**(0.2)**	**(0.6)**	**-**	**(0.6)**
Profit for the period	-	-	-	-	-	-	1.4	1.4	-	1.4
Total recognised income for the period 30 June 2007	**-**	**-**	**0.3**	**-**	**-**	**(0.7)**	**1.2**	**0.8**	**-**	**0.8**
Transfer of share premium on Scheme of Arrangement	27.0	(27.0)	-	-	-	-	-	-	-	-
Cancellation of treasury shares	-	-	5.2	-	-	-	(5.2)	-	-	-
Sale of treasury shares	-	-	0.8	-	-	-	-	0.8	-	0.8
Dividends relating to 2006 paid in Apr 2007	-	-	-	-	-	-	(1.9)	(1.9)	-	(1.9)
Purchase of own shares	-	-	(0.3)	-	-	-	0.3	-	-	-
Balance at 30 June 2007	**27.2**	**-**	**(0.3)**	**0.2**	**-**	**(3.0)**	**5.0**	**29.1**	**-**	**29.1**
Balance at 1 January 2008	**27.2**	**-**	**(0.3)**	**0.2**	**-**	**(2.5)**	**5.0**	**29.6**	**0.2**	**29.8**
Exchange differences on translation of foreign operations	-	-	-	-	-	(0.2)	-	(0.2)	-	(0.2)
Release of translation gain to income statement	-	-	-	-	-	(2.3)	2.3	-	-	-
Gain on cash flow hedge-interest rate swap	-	-	-	-	0.2	-	-	0.2	-	0.2
Net income recognised directly in equity	-	-	-	-	0.2	(2.5)	2.3	-	-	-
Profit for the period	-	-	-	-	-	-	3.2	3.2	-	3.2
Total recognised income for the period 30 June 2008	-	-	-	-	0.2	(2.5)	5.5	3.2	-	3.2
Dividends relating to 2007 paid in Apr 2008	-	-	-	-	-	-	(2.1)	(2.1)	-	(2.1)
Purchase of own shares	-	-	(0.3)	-	-	-	-	(0.3)	-	(0.3)
Balance at 30 June 2008	**27.2**	**-**	**(0.6)**	**0.2**	**0.2**	**(5.0)**	**8.4**	**30.4**	**0.2**	**30.6**

XP Power Limited
Consolidated Cash Flow Statement
For the six months ended 30 June 2008

£ Millions	Note	**Six months ended 30 June 2008 (Unaudited)**	Six months ended 30 June 2007 (Unaudited)
Net cash inflow from operating activities	12	**4.3**	2.6
Net cash from (used in) investing activities			
Capitalised expenditure on product development		**(0.3)**	(0.4)
Purchases of property, plant and equipment	6	**(1.2)**	(0.4)
ESOP loans repaid		**0.3**	0.2
Acquisition of associate/subsidiary	16	**(1.2)**	(1.4)
Net cash from (used in) investing activities		**(2.4)**	(2.0)
Net cash from (used in) financing activities			
Interest paid		**(0.8)**	(0.8)
Dividends paid	9	**(2.1)**	(1.9)
Proceeds from sale of own shares		**-**	0.4
Increase in bank loans		**0.7**	5.9
Increase/(decrease) in bank overdrafts		**0.5**	(4.5)
Net cash used in financing activities		**(1.7)**	(0.9)
Net increase/(decrease) in cash and cash equivalents		**0.2**	(0.3)
Cash and cash equivalents at start of period		**3.6**	4.2
Effects of currency translation on cash and cash equivalents		**0.2**	(0.1)
Cash at the end of the period		**4.0**	3.8

XP Power Limited
Notes to the Interim Results for the six months ended 30 June 2008

1. General 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 nature of the Group's operations and its principal activities is to provide power supply solutions to the electronics industry.

These condensed consolidated interim financial statements are presented in Pounds Sterling (GBP).

2. Basis of preparation

This condensed consolidated interim financial statements for the period ended 30 June 2008 has been prepared in accordance with the Listing Rules of the Financial Services Authority and with IAS 34, Interim Financial Reporting as adopted by the European Union.

The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2007 which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

3. Accounting policies

The condensed consolidated interim financial statements have been prepared under the historical cost convention except for the fair value of derivatives in accordance with IAS 39, "Financial Instruments: Recognition and Measurement".

The same accounting policies, presentation and methods of computation are followed in these condensed consolidated interim financial statements as were applied in the presentation of the Group's financial statements for the year ended 31 December 2007 except for leasehold land included in property, plant and equipment which is amortised over the lease term.

IFRS 8, "Operating Segments" has been issued, but is not effective for the financial year ending 31 December 2008 and has not been adopted early. Management do not currently foresee any changes to the Group's business segments.

4. Property, plant and equipment

Items of property, plant and equipment, including leasehold land and buildings, are stated at cost less accumulated depreciation and any recognised impairment losses.

Depreciation is charged so as to write off the cost or valuation of the assets over their estimated useful lives, using the straight line method, on the following bases:

Plant and machinery	10 – 33%
Motor vehicles	20 – 25%
Office equipment	20 – 33%
Leasehold improvements	10% or over the life of the lease if shorter
Building	5%
Leasehold land	over life of the lease

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in the income statement when the changes arise.

5. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using weighted average method and standard cost method. Net realisable value represents the estimated selling costs of completion and costs to be incurred in marketing, selling and distribution and reductions for estimated irrecoverable amounts.

6. Segmented 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, revenue and total group profit before taxation by geographical region is set out below.

£ Millions	**Six months ended 30 June 2008 (Unaudited)**	Six months ended 30 June 2007 (Unaudited)
Revenue		
Europe	**16.7**	16.4
USA	**17.1**	16.8
Asia	**1.0**	1.0
Total revenue	**34.8**	34.2
Profit on ordinary activities before taxation		
Europe	**3.6**	2.7
USA	**3.8**	2.7
Asia	**0.3**	0.4
Interest, corporate operating costs, amortisation of goodwill and share of profit/loss from associates	**(1.3)**	(3.8)
Profit on ordinary activities before taxation	**6.4**	2.0

Profit on ordinary activities before taxation includes the following one off items:

2008 One off non cash foreign exchange gains of £2.1 million (see note 15)
2007 Reorganisation costs associated with moving to Singapore of £2.3 million

£ Millions	At June 2008 (Unaudited)				At June 2007 (Unaudited)			
	Europe	**USA**	**Asia**	**Total**	Europe	USA	Asia	Total
Other information								
Capital additions	**0.2**	**0.1**	**0.9**	**1.2**	0.2	0.1	0.1	0.4
Depreciation	**0.2**	**0.1**	**-**	**0.3**	0.2	0.1	-	0.3
Intangible additions	**-**	**0.6**	**0.5**	**1.1**	-	0.5	-	0.5
Amortisation	**0.1**	**-**	**-**	**0.1**	0.1	-	-	0.1
Balance Sheet								
Goodwill	**9.4**	**19.6**	**1.2**	**30.2**	10.0	19.3	0.6	29.9
Other non-current assets	**8.4**	**0.4**	**1.5**	**10.3**	6.0	2.6	0.2	8.8
Inventories	**1.3**	**5.6**	**5.4**	**12.3**	5.3	5.0	0.2	10.5
Trade and other receivables	**6.0**	**5.2**	**0.4**	**11.6**	6.7	4.9	0.5	12.1
Derivative asset	**-**	**-**	**0.1**	**0.1**	-	-	-	-
Other current assets	**0.8**	**0.2**	**0.7**	**1.7**	0.6	0.3	0.2	1.1
Cash and cash equivalents	**2.0**	**0.7**	**1.3**	**4.0**	2.5	0.7	0.6	3.8
Segment assets	**27.9**	**31.7**	**10.6**	**70.2**	31.1	32.8	2.3	66.2
Unallocated deferred tax assets	**-**	**-**	**-**	**0.4**	-	-	-	0.6
Consolidated total assets	**-**	**-**	**-**	**70.6**	-	-	-	66.8
Trade and other payables	**(2.5)**	**(2.3)**	**(4.2)**	**(9.0)**	(4.6)	(2.6)	(1.0)	(8.2)
Deferred consideration	**(2.4)**	**-**	**-**	**(2.4)**	(2.6)	-	-	(2.6)
Segment liabilities	**(4.9)**	**(2.3)**	**(4.2)**	**(11.4)**	(7.2)	(2.6)	(1.0)	(10.8)
Unallocated corporate liabilities	**-**	**-**	**-**	**(24.2)**	-	-	-	(23.1)
Unallocated deferred and current tax liabilities	**-**	**-**	**-**	**(4.4)**	-	-	-	(3.8)
Consolidated total liabilities	**-**	**-**	**-**	**(40.0)**	-	-	-	(37.7)

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

	30 June 2008 (Unaudited)	30 June 2007 (Unaudited)
Net assets	**30.6**	29.1
Net debts	**20.2**	19.6
Total operating net assets	**50.8**	48.7

7. Expenses by nature

£ Millions	**Six months ended 30 June 2008 (Unaudited)**	Six months ended 30 June 2007 (Unaudited)
Profit for the period is after charging:		
Research and development expenses	1.1	0.8
Amortisation of intangible assets	0.1	0.1
Depreciation of property, plant and equipment	0.3	0.3
Foreign exchange gains transferred from reserve	(2.3)	-
Foreign exchange loss	0.1	0.1
Foreign exchange losses/(gains) on forward contracts	0.2	(0.1)
Cost of inventories recognised as expense	19.9	20.2
Charge for doubtful debts	-	0.1
Fees paid to auditors:		
Audit	0.1	0.1
Other services – tax	0.1	0.1
All other charges	8.8	10.5
Total	**28.4**	32.2

8. Taxation

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax expected for the full financial year. The estimated average annual tax rate used for 2008 is 20.7% (2007: 25.0%).

£ Millions	**Six months ended 30 June 2008 (Unaudited)**	Six months ended 30 June 2007 (Unaudited)
Singapore	0.2	-
Other overseas taxation	0.7	0.6
Total taxation	0.9	0.6

9. Dividends

Amounts recognised as distributions to equity holders in the period

	Six months ended 30 June 2008 (Unaudited)		Six months ended 30 June 2007 (Unaudited)	
	Pence per share	**£ Millions**	Pence per share	£ Millions
Prior year final dividend paid	**11.0**	**2.1**	10.0	1.9

The dividend payable recognised in the interim financial statements relates to the 2007 year-end dividend.

	Six months ended 30 June 2008 (Unaudited)		Six months ended 30 June 2007 (Unaudited)	
	Pence per share	**£ Millions**	Pence per share	£ Millions
Proposed interim dividend	**10.0**	**1.9**	9.0	1.7

The interim dividend of 10.0 pence per share (2007: 9.0 pence per share) will be paid on 2 October 2008 to shareholders on the register of members on 5 September 2008.

10. Earnings per share

Earnings per share attributable to equity holders of the company arise from continuing operations as follows:

£ Millions	**Six months ended 30 June 2008 (Unaudited)**	Six months ended 30 June 2007 (Unaudited)
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to equity shareholders of the company)	**5.5**	1.4
Amortisation of intangibles associated with acquisitions	**0.1**	0.1
Reorganisation costs	**-**	2.3
Tax effect from reorganisation	**-**	(0.5)
Non-cash foreign exchange (see Note 15)	**(2.1)**	-
Earnings for adjusted earnings per share	**3.5**	3.3
Number of shares	**'000**	'000
Weighted average number of shares for the purposes of basic earnings per share (thousands)	18,928	18,869
Effect of potentially dilutive share options (thousands)	78	221
Weighted average number of shares for the purposes of dilutive earnings per share (thousands)	19,006	19,090
Earnings per share from operations		
Basic	29.0	7.4
Diluted	28.9	7.3
Diluted adjusted	18.4	17.3

11. Other intangible assets

Other intangible assets comprises development expenditure capitalised when it meets the criteria laid out in IAS 38, "Intangible Assets" (refer to Note 3), trademarks and non-contractual customer relationships.

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

£ Millions	**Six months ended 30 June 2008 (Unaudited)**	Six months ended 30 June 2007 (Unaudited)
Operating profit (excluding associates)	**4.9**	2.8
Adjustments for:		
Amortisation of intangible assets	**0.1**	0.1
Depreciation	**0.3**	0.3
Foreign exchange loss on forward contract	**0.2**	-
Foreign currency differences	**0.1**	(0.2)
Operating cash flows before movements in working capital	**5.6**	3.0
(Increase)/decrease in inventories	**(1.8)**	0.5
(Increase)/decrease in receivables	**(0.2)**	1.4
Increase/(decrease) in payables	**1.0**	(1.8)
Cash generated by operations	**4.6**	3.1
Tax paid	**(0.3)**	(0.5)
Net cash inflow from operating activities	**4.3**	2.6

13. Borrowings and loans

£ Millions	**30 June 2008 (Unaudited)**	31 December 2007	30 June 2007 (Unaudited)
Non-Current	**21.0**	20.3	20.3
Current	**3.2**	2.7	3.0
Total	**24.2**	23.0	23.3

14. Derivative financial instruments

a. Forward foreign exchange contracts

The Group utilised currency derivatives to hedge significant future transactions and cash flows. The instruments purchased were denominated in the currencies of the Group's principal markets.

At the balance sheet date, the total notional amount of outstanding forward foreign exchange contracts that the Group has committed is as follows:

£ Millions	**30 June 2008 (Unaudited)**	31 December 2007	30 June 2007 (Unaudited)
Forward foreign exchange contracts	**9.9**	1.8	7.2

These contracts are to hedge against exchange movements on future purchases of goods.

The forward exchange contracts do not qualify for hedge accounting. Therefore, changes in the fair value of the currency derivatives amounting to a loss of £0.2 million have been charged to the income statement. (2007: gain of £0.1 million).

b. Interest rate swap

On 6 February 2008 the Group entered into a three year interest rate swap agreement to swap its variable US$ LIBOR interest rate on US$31.9 million (£16.3 million) for a fixed rate of interest of 3.23% in order to manage exposure to interest rate movements. Fair value gains and losses on the interest rate swap is recognised in the hedging reserve and are transferred to the income statement as part of interest expense over the period of the borrowings.

£ Millions	Contract notional amount	**30 June 2008 (Unaudited)**	31 December 2007	30 June 2007 (Unaudited)
Interest rate swap	16.3	**0.2**	-	-

15. Foreign exchange risk management

At the end of 2007 in order to better manage foreign exchange exposures and reduce borrowing costs the Group reorganised the structure of its debt in terms of the borrowing companies and currencies that were drawn down under its banking facilities. During the period we further reviewed our internal financing arrangements between group companies and decided to simplify our intercompany balances and merge one of our USA companies into another. The result of this internal reorganisation was that a number of long term intercompany balances were eliminated. Historically the revaluation of these balances was taken directly to a translation reserve in accordance with the prevailing accounting standards. Now these intercompany balances have been eliminated and the historic foreign exchange gain on these balances has been released through the income statement in accordance with IAS 21, “The Effects of Changes in Foreign Exchanges Rates”. The amount concerned was US$4.7 million or £2.3 million. There is no movement of cash related to this item.

The Group has entered into a number of forward exchange contracts to hedge its future long Euro and long Pound Sterling positions against a short US Dollar position resulting from deriving substantial revenues in Euro and Pound Sterling and purchasing the majority of our product and components in US Dollars. As these contracts cover future transactions they do not qualify as a perfect hedge under IAS 39, “Financial Instruments: Recognition and Measurement” and have therefore been marked to market in the period. The mark to market cost taken in the period was £0.2 million which will reverse in future periods as the contracts mature. There is no movement of cash related to this item.

16. Acquisitions

£ Millions	**Acquiree's carrying amount b/f consideration**	Fair Value Adjustment	Fair Value
Property, plant and equipment	0.6		0.6
Leasehold land	0.1	0.1	0.2
Inventories	0.6		0.6
Trade receivables	0.6		0.6
Cash and cash equivalents	0.2		0.2
Trade payables	(0.6)		(0.6)
Intangible – goodwill	0.1	(0.1)	-
Total Net Assets	1.6	-	1.6
At 50%:	0.8	-	0.8
Goodwill arising on acquisition			0.4
Total consideration, satisfied by cash			1.2
Net cash outflow arising on acquisition:			
Cash consideration paid			(1.2)
Cash and cash equivalents acquired			0.2
			(1.0)

The goodwill arising on the acquisition of Forton XP Power (Hong Kong) is attributable to the anticipated profitability of the manufacturing of the Group's products and the anticipated future operating synergies resulting from the business combination.

17. Share capital and reserves

£ Millions	**30 June 2008 (Unaudited)**	30 June 2007 (Unaudited)
Called up share capital		
Allotted and fully paid 19,242,296 ordinary shares	**27.2**	27.2
Own shares		
Balance at 1 January	**(0.3)**	(6.3)
Gain on treasury shares	**-**	0.3
Cancellation of own shares	**-**	5.2
Sale of treasury shares	**-**	0.8
Purchase of own shares	**(0.3)**	0.3
Balance at 30 June	**(0.6)**	(0.3)
Merger Reserve	**0.2**	0.2
Hedging reserves		
Balance at 1 January	**-**	-
Gain on cash flow hedge – interest rate swap	**0.2**	-
Balance at 30 June	**0.2**	-

Foreign Currency Translation reserve		
Balance at 1 January	**(2.5)**	(2.3)
Exchange differences arising on translation of overseas operations	**(2.5)**	(0.7)
Balance at 30 June	**(5.0)**	(3.0)
Retained earnings		
Balance at 1 January	**5.0**	10.6
Loss on treasury shares	**-**	(0.3)
Tax items taken directly to equity	**-**	0.1
Profit for the period	**5.5**	1.4
Total recognised income for the period 30 June	**10.5**	11.8
Cancellation of treasury shares	**-**	(5.2)
Purchases of own shares	**-**	0.3
Dividends	**(2.1)**	(1.9)
Balance at 30 June	**8.4**	5.0
Minority interest	**0.2**	-
Total Equity	**30.6**	29.1

18. Directors' responsibility statement

The interim financial statements were approved by the board of directors on 8 August 2008.

The directors confirm that to the best of their knowledge this unaudited condensed financial information has been prepared in accordance with IAS 34 as adopted by the European Union and that the interim management report herein includes a fair view of the information required by DTR 4.2.7 and DTR 4.2.8.

The directors of XP Power Limited are as listed in the company's Annual Report 2007, with the exception that David Hempleman-Adams appointed on 16th June 2008.