24 February 2014

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

Annual Results for the year ended 31 December 2013

XP Power, 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 2013.

Highlights

	Year ended 31 December 2013	Year ended 31 December 2012	Change
Order intake	**£103.7m**	£96.6m	+7%
Revenue	**£101.1m**	£93.9m	+8%
Gross margin	**49.1%**	47.8%	+130 bps
Profit before tax	**£22.9m**	£20.2m	+13%
Profit after tax	**£18.4m**	£15.7m	+17%
Diluted earnings per share adjusted	**95.1p**	81.3p	+17%
Operating cash flow	**£20.2m**	£23.6m	-14%
Net debt	**£3.5m**	£10.6m	-67%
Final dividend per share	**19.0p**	17.0p	+12%
Total dividend per share	**55.0p**	50.0p	+10%

- The Group's well-established strategy of developing and manufacturing its own range of market leading products produced another year of strong progress

- Order intake increased by 7% to £103.7 million (2012: £96.6 million) and revenues increased by 8% to £101.1 million (2012: £93.9 million)
- Gross margins recovered to 49.1% (2012: 47.8%) as the new Vietnam facility moved into profit from June 2013 and product mix improved

- XP Power's own design revenues increased to a record £64.2 million (2012: £57.6 million) or 64% of total revenues (2012: 62% of total revenues)

- Sales of high efficiency ("green") products increased by 16% to £9.4 million, representing 9.3% of revenue (2012: £8.1 million or 8.6% of revenue)

- Strong earnings and continued strong cash flows resulted in a reduction in net debt to £3.5 million from £10.6 million at the end of 2012

- Full year dividend increased 10% to 55.0 pence per share (2012: 50.0 pence per share), with proposed final dividend of 19.0 pence per share (2012: 17.0 pence per share).

- Successful repositioning as a designer and manufacturer leaves the Group well positioned to continue to take market share

Larry Tracey, Chairman, commented:

"2013 has been another year of progress where we have again demonstrated the successful execution of our well-established strategy of moving up the value chain into design and manufacture. We have delivered a solid set of results and encouragingly, have again out-paced our competitors and taken market share."

"XP Power's customers supply capital equipment to numerous markets across the globe. The macro-economic outlook for these customers has shown gradual improvement in the second half of 2013, which gives us confidence for further growth in 2014 and beyond."

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XP Power 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 Power typically designs in power control solutions into the end products of major blue chip OEMs, with a focus on the industrial (circa 45% of sales), healthcare (circa 30% sales) and technology (circa 25% of sales) sectors. Once designed into a program, XP Power 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 Power 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 Power 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

Overview
2013 has been another year of progress where we have again demonstrated the successful execution of our well-established strategy of moving up the value chain into design and manufacture. We have delivered a solid result and the evidence is that we have again out-paced our competitors and taken market share.

Earnings per share for 2013 grew by 17% to 95.1 pence (2012: 81.3 pence), demonstrating the effectiveness of our business model. This solid growth in earnings, combined with strong cash generation, allowed us to increase the dividend once again, while at the same time significantly reducing our net debt.

The compound average growth rate of earnings per share has been 22% over the last 5 years and 23% over the last 10 years.

Financial Highlights
Order intake increased by 7% to £103.7 million in the year (2012: £96.6 million). Revenues increased by 8% to £101.1 million (2012: £93.9 million). Revenues from XP Power’s own designed product – a key indicator of our strategic progress - grew 11% to £64.2 million (2012: £57.6 million) representing 64% of revenue (2012: 62%) and setting a new record.

As expected, gross margin improved to 49.1% (2012: 47.8%) due to product mix and the absence of start-up costs incurred in the prior year from our new Vietnam manufacturing facility. Higher revenues, in combination with improved gross margins, resulted in a healthy operating profit of £23.3 million (2012: £21.0 million) or 23.0% of revenue (2012: 22.4%).

Net debt at the year-end was £3.5 million compared to £10.6 million at the end of 2012. Operating cash flow was £20.2 million (2012: £23.6 million) representing 86.7% of operating income.

Strategic Progress
XP Power has a long-established strategy of targeting blue chip customers with strong leadership positions in their respective markets, and whose insistence on vetting their suppliers' design and manufacturing facilities acts as a significant barrier to entry to many of the Group's potential competitors. Our state-of-the-art factories in China and Vietnam are dramatically enhancing the Group’s ability to secure preferred supplier status with these larger customers and increase the proportion of revenues which come from our higher margin, own-designed products. This strategy remained successful in 2013 and we believe that it will continue to underpin the Group’s progress in the current financial year.

Dividend
Our continued strong financial performance, strong cash flows and confidence in the Group’s long term prospects have enabled us to consistently increase dividends.

In line with our progressive dividend policy, a final dividend of 19 pence per share for the fourth quarter of 2013 is proposed. This dividend will be payable to members on the register on 14 March 2014 and will be paid on 10 April 2014.

When combined with the interim dividends for the previous quarters, the final proposed dividend results in a total dividend of 55 pence per share for the year (2012: 50 pence); an increase of 10%. The compound average growth rate of our dividend has been 21% over the last 5 years and 16% over the last 10 years.

Board Changes
On 1 January 2014 the Group announced the appointment of Peter Bucher as a non-executive director.

Peter is well known within the power converter industry and I am delighted to welcome him to the Board. He brings a wealth of power experience with him and he will be extremely valuable to our business.

Outlook
XP Power's customers supply capital equipment to numerous markets across the globe. The macro-economic outlook for these customers has shown gradual improvement in the second half of 2013, which gives us confidence for further growth in 2014 and beyond. If this improvement is sustained we would expect to grow revenues again in 2014.

Larry Tracey
Chairman

Chief Executive's Review

Overview
2013 was an encouraging year for XP Power. We continued to execute our long term strategy and evidence suggests we have continued to take market share. Since the summer of 2013 we have seen evidence of a slow but gradual improvement in the markets we serve and revenue and earnings growth has resumed following the poor environment for capital equipment spending that characterised 2012. If this improvement is sustained we would expect 2014 to be another year of growth for the Group.

Our new Vietnam manufacturing facility reached levels of production that meant it started to contribute to our gross margins from June 2013. Increased revenues of our own designed and manufactured product also contributed to an improvement in gross margins. These positive influences fully offset the rapid wage inflation that we have continued to witness in China.

Our strategy and business model once again allowed us to produce class leading operating income of £23.3 million or 23.0% of operating margin (2012: £21.0 or 22.4%) and excellent free cash flow of £17.7 million (2012: £20.9 million) which enabled net debt to be reduced from £10.6 million at the beginning of 2013 to £3.5 million at the year-end. This significant reduction was achieved after returning £10.0 million to shareholders in the form of dividends.

The Group continued to make excellent progress with its strategy of increasing penetration of its target blue-chip customer accounts. We expect that this sustained focus on customers with leadership positions in their respective markets will enable us to take further market share.

Our broad and up-to-date portfolio of class leading products, many of which are highly efficient, combined with excellent engineering support, and the assured quality and reliability facilitated by our move into manufacturing, is increasingly making us the power converter provider of choice for many large customers.

Our own designed product revenues reached a new record and grew 11% to £64.2 million, representing 64% of our total revenues (2012: 62%). Own designed products generate higher gross margins, and give us the capability to design tailor-made power control solutions for our customers.

Key Performance Indicators Aligned With Our Strategy
The Group has defined five key performance indicators which are closely aligned with its strategy, and which demonstrate the significant progress made over the last five years.

Key Performance Indicator	Strategy points	2009	2010	2011	2012	2013	Target
Number of new product introductions	• Develop a strong pipeline of leading edge products	30	31	38	19	31	Note (1)
"Green" product revenues	• Expansion of high efficiency "Green" products	-	£2.8m	£5.0m	£8.1m	£9.4m	Note (2)
Own design	• Target and	£26.2m	£44.1m	£59.2m	£57.6m	£64.2m	Note (3)

product revenues	increase penetration of key accounts • Increase contribution of own design products						
Proportion of own design products	• Manufacture our own products	39%	48%	57%	62%	63%	Note (4)
Earnings per share	• Target and increase penetration of key accounts	40.8p	83.7p	106.4p	81.3p	95.1p	Note (5)

(1) Number of new product introductions = the number of new product families launched to our sales team and customers during the year including both own design and labelled products

The Group does not have an absolute long term target for this metric. Also not all products are equal in terms of their complexity and potential future revenue. For instance even though the number of products released in 2012 reduced, the development teams were working on a large program of products that will release in a later period. In assessing new product opportunities our development teams consider the potential revenue from a new product family as well as the total number of product introductions.

(2) **"Green" product revenues = revenues generated from products which meet the high efficiency and low stand-by power requirements set by XP Power to qualify them to carry the "Green XP Power" logo**

The Group does not have an absolute long term target for this metric but we would expect the growth rate of these products to significantly outpace the growth rate of total revenues.

(3) Own design revenue = revenue derived from products designed by XP Power or where XP Power owns the design and outsources manufacture

The Group does not have an absolute long term target for this metric. However, the Group targets to grow this metric by a double digit percentage each year.

(4) Proportion of own design revenue = revenue from own design products as a percentage of total revenue

We are targeting to achieve 75% own design revenue over the course of time.

(5) Earnings per share = diluted earnings per share adjusted for amortisation of intangibles associated with acquisitions and exceptional charges or profits

There is no absolute long term target set for this metric but the Group targets to grow this metric by a double digit percentage each year. The compound growth rate for this metric over the last five years has been 22%.

We are pleased to report improvements in all our key performance indicators in 2013.

Markets

XP Power supplies power control solutions to Original Equipment Manufacturers ("OEMs") of capital goods, who themselves supply the healthcare, technology and industrial sectors with high value products. The increasing importance of 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 available market for XP Power's products was estimated to be £1.7 billion per annum in 2013. We estimate XP Power's global market share to be around 6% in 2013.

Across North America and Europe, XP Power currently has around 8% and 11% respectively of its available market, while across Asia our share is estimated to be 1%. This illustrates the significant commercial opportunities that remain open to XP Power, and the Board is confident that the Group's competitive advantages over many of its peers will allow it to take further share in each of its key markets.

The sector split of 2013 revenues was as follows: Industrial increased 8% to £47.5 million (2012: £43.8 million), Healthcare increased 16% to £30.2 million (2012: £26.0 million) and Technology declined 3% to £23.4 million (2012: £24.1 million).

Our healthcare business continued to perform strongly due to its broad and up to date product portfolio, combined with the wholly-owned manufacturing facilities which are essential to give the quality control that healthcare customers demand. Our value proposition has also enabled greater penetration of the larger customers in the sector.

We have seen a broad but gradual recovery in the demand from most of our customers and segments during the second half of 2013; particularly the industrial sector. We have also made good in-roads into areas such as test and measurement and 3D printing which we report under industrial. The technology sector also benefited from a gradual recovery in demand from the semi-conductor manufacturing equipment makers, which began to take hold in the second half of the year.

According to geography our 2013 revenues were split: Europe up 7% to £43.8 million (2012: £40.8 million), North America up 10% to £50.0 million (2012: £45.4 million) and Asia down 5% to £7.3 million (2012: £7.7 million). Asian revenues in 2012 and 2013 were, as expected, affected by one unusually large technology sector program reaching the end of its lifespan.

Our major blue chip customers require market leading, highly reliable products. We maintained a consistent investment in research and development throughout the year and our product pipeline remains the broadest and freshest in the industry. The attractions of this continually evolving portfolio of market leading products enabled the Group to win a number of new programs in the year, underpinning revenue growth in future years.

International Network

Increasingly, the design and manufacturing process of major international OEMs takes place across different continents, with these blue chip companies demanding global support. In response, XP Power has established an international network of offices which offers the necessary customer support across technical sales, design engineering, logistics and operations. This network gives XP Power a strong 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 is key to our success in winning new contracts and offers XP Power the opportunity to further increase its market share.

XP Power's mix of quick response capability and global reach is a major competitive advantage. XP Power maintains a network of 27 sales offices spread over North America, Europe and Asia, with a further 16 distributors supporting its smaller customers, during the year. The size and scope of this network is kept under continuous review to ensure the business remains best placed to 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, making them a "value add" partner to our customers' product development teams. 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 its major customers with local, face to face support and rapid response times.

In Europe, the XP Power network consists of 8 sales offices and a further 9 distributor offices. In addition, XP Power has engineering services centres in Germany and the UK.

The Asian sales activities are run from Shanghai and Singapore, where we also manage a network of seven distributors serving the region. We also added a direct sales presence in India during the year.

Market Leading Technology
A long term commitment to invest in research and development of new products has been the cornerstone of XP Power's growth strategy. We consider that we now have the broadest, most up to date portfolio of products in the industry, many with class leading efficiency.

Gross research and development spend was £5.3 million in 2013 (2012: £5.3 million), and 31 new product families were introduced in the year. As previously reported, having established such a broad portfolio, the rate of new product introductions has slowed with more of our engineering resource now focused on modifications to existing products to meet the precise requirements of individual customers. Over half of the products we sell are modified from the original standard version in some form or another.

Manufacturing Capabilities
Our target customers demand the ultimate in terms of quality control to ensure the reliability and safety for the life of their equipment. Complete control of manufacturing is therefore critical to ensure strict management of the production processes and components that go into our products, and also gives us opportunities to reduce our product costs. The capability and performance of our Kunshan facility, which was commissioned in 2009, has been instrumental in winning new programs and customers.

In 2012 we commenced production at our new magnetics facility in Ho Chi Minh City, Vietnam. The Vietnam facility gives us the capability to produce our own magnetic components, which not only enhances our value proposition to our customers but also provides a second geographical base to mitigate the effect of rapidly increasing costs in China. Production volumes at the Vietnam facility increased steadily throughout the year and it has been profitable since June 2013. The facility is currently providing approximately 60% of our magnetics demand. We expect to start production of power converters in Vietnam in the second half of 2014.

The Environment and Sustainability
In 2009 we established an Environmental Committee that immediately set the goal of making XP Power the leader in environmental issues within our industry. Much has been achieved since 2009 and our progress will be set out in detail in the Environmental Report contained within our 2013 Annual Report.

Our new Vietnamese magnetics facility is the most environmentally friendly power converter manufacturing facility in the world meeting the Gold Plus rating of the BCA Green Mark requirements; the leading standards set by the Singapore Building and Construction Authority for non-residential buildings in tropical climates. We are proud that this is not only the most environmentally friendly facility in our industry but is the first BCA Green Mark certified industrial facility in Vietnam.

The biggest impact XP Power can have on the environment is to promote its high efficiency green products, which consume and waste less energy on an on-going basis. Revenues from these green products continue to increase. In 2012 we shipped £8.1 million of green products or 8.6% of revenue, compared with £5.0 million or 4.8% of revenue in 2011. In 2013 we have seen further progress, shipping £9.4 million or 9.3% of revenue. We have made this metric one of our key performance indicators. We estimate that the green products we shipped in 2013 will save approximately 84,000 tonnes of CO_2 emissions over their expected lifetime compared with a conventional 80% efficient power converter. We expect this to be an increasingly important factor for our customer base when choosing their suppliers.

Outlook

Design wins in 2013 have continued to be positive and we are pleased with the further headway that has been made in achieving approved or preferred supplier status at new key accounts. We remain confident in our strategy of targeting customers with strong leadership positions in their respective markets. These blue chip customers find the Group's broad, up to date product offering and in-house manufacturing capabilities extremely attractive, especially as they are supported with very high service levels. We consider that these competitive strengths allied to an improving macroeconomic backdrop, place XP Power in a strong position to capitalise on its medium term growth ambitions.

Duncan Penny
Chief Executive

XP Power Limited
Consolidated Statement of Comprehensive Income
For the year ended 31 December 2013

£ Millions	**Note**	**2013**	2012
Revenue	2	**101.1**	93.9
Cost of sales		**(51.5)**	(49.0)
Gross profit		**49.6**	44.9
Expenses			
Distribution and marketing		**(21.2)**	(19.1)
Administrative		**(0.7)**	(0.7)
Research and development		**(4.4)**	(4.1)
Operating profit		**23.3**	21.0
Finance cost		**(0.4)**	(0.8)
Profit before income tax	2	**22.9**	20.2
Income tax expense	3	**(4.5)**	(4.5)
Profit for the year		**18.4**	15.7
Profit attributable to:			
Equity holders of the Company		**18.2**	15.5
Non-controlling interests		**0.2**	0.2
Profit for the year		**18.4**	15.7
Earnings per share attributable to owners of the parent (pence per share)			
- Basic	5	**95.8**	81.7
- Diluted	5	**95.1**	81.3

XP Power Limited
Consolidated Balance Sheet
As at 31 December 2013

£ Millions	Note	2013	2012
ASSETS			
Current Assets			
Cash and cash equivalents		**5.0**	4.1
Inventories		**20.4**	19.8
Trade receivables		**15.4**	14.2
Other current assets		**1.4**	1.2
Total current assets		**42.2**	39.3
Non-current assets			
Goodwill		**30.6**	30.5
Intangible assets		**8.5**	7.6
Property, plant and equipment		**12.7**	13.2
Deferred income tax assets		**0.5**	0.3
ESOP loan to employees		**1.0**	1.2
Total non-current assets		**53.3**	52.8
Total assets		**95.5**	92.1
LIABILITIES			
Current liabilities			
Current income tax liabilities		**1.1**	1.6
Trade and other payables		**12.7**	11.1
Borrowings	6	**8.5**	7.3
Derivative financial instruments		**0.1**	0.2
Total current liabilities		**22.4**	20.2
Non-current liabilities			
Provision for deferred contingent consideration	7	**1.7**	1.5
Borrowings	6	**-**	7.4
Deferred income tax liabilities		**2.0**	1.7
Total non-current liabilities		**3.7**	10.6
Total liabilities		**26.1**	30.8
NET ASSETS		**69.4**	61.3
EQUITY			
Equity attributable to owners of the parent			
Share capital		**27.2**	27.2
Treasury shares		**(1.0)**	(1.2)
Merger reserve		**0.2**	0.2
Hedging reserve		**(0.3)**	(0.2)
Translation reserve		**(8.0)**	(7.7)
Retained earnings		**51.1**	42.8
		69.2	61.1
Non-controlling interests		**0.2**	0.2
TOTAL EQUITY		**69.4**	61.3

XP Power Limited
Consolidated Statement of Cash Flows
For the year ended 31 December 2013

£ Millions	**2013**	2012
Cash flows from operating activities		
Profit for the year	**18.4**	15.7
Adjustments for		
- Income tax expense	**4.5**	4.5
- Amortisation and depreciation	**2.7**	2.3
- Finance cost	**0.4**	0.8
- ESOP expenses	**0.1**	-
- Gain on fair valuation of derivative financial instruments	**(0.2)**	(0.1)
- Unrealised currency translation (gain)/ loss	**(0.4)**	0.5
Change in the working capital		
- Inventories	**(0.6)**	2.2
- Trade and other receivables	**(1.4)**	3.2
- Trade and other payables	**1.6**	(0.3)
- Provision for liabilities and other charges	**0.1**	(0.9)
Income tax paid	**(5.0)**	(4.3)
Net cash generated from operating activities	**20.2**	23.6
Cash flows from investing activities		
Acquisition of a subsidiary, net of cash acquired	**-**	(0.1)
Purchases and construction of property, plant and equipment	**(1.0)**	(2.5)
Research and development expenditure capitalised	**(2.2)**	(2.2)
Proceeds from disposal of property, plant and equipment	**0.1**	0.4
ESOP loans repaid	**0.2**	0.5
Payment of deferred consideration	**-**	(1.9)
Net cash used in investing activities	**(2.9)**	(5.8)
Cash flows from financing activities		
Repayment of borrowings	**(3.8)**	(4.2)
Sale of treasury shares	**0.1**	-
Net purchase of treasury shares by ESOP	**-**	(0.5)
Interest paid	**(0.3)**	(0.5)
Dividend paid to equity holders of the Company	**(9.9)**	(8.9)
Dividend paid to non-controlling interests	**(0.2)**	(0.2)
Net cash used in financing activities	**(14.1)**	(14.3)
Net increase in cash and cash equivalents	**3.2**	3.5
Cash and cash equivalents at beginning of financial year	**0.5**	(3.3)
Effects of currency translation on cash and cash equivalents	**0.1**	0.3
Cash and cash equivalents at end of financial year	**3.8**	0.5

Notes to the Annual Results Statement
For the year ended 31 December 2013

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	**2013**	2012
Revenue		
Europe	**43.8**	40.8
North America	**50.0**	45.4
Asia	**7.3**	7.7
Total Revenue	**101.1**	93.9
Segment result		
Europe	**7.4**	7.4
North America	**13.3**	11.2
Asia	**0.9**	0.9
Segment result	**21.6**	19.5
Research and development costs	**(4.4)**	(4.1)
Finance income and cost	**(0.4)**	(0.8)
Corporate recovery from operating segment	**6.1**	5.6
Profit before tax	**22.9**	20.2
Tax	**(4.5)**	(4.5)
Total Profit	**18.4**	15.7

Analysis by end market

The revenue by end market was as follows:

£ Millions	Year to 31 December 2013 Europe	North America	Asia	Total	Year to 31 December 2012 Europe	North America	Asia	Total
Technology	**9.1**	**11.3**	**3.0**	**23.4**	10.4	9.9	3.8	24.1
Industrial	**25.3**	**19.0**	**3.2**	**47.5**	22.1	18.9	2.8	43.8
Healthcare	**9.4**	**19.7**	**1.1**	**30.2**	8.3	16.6	1.1	26.0
Total	**43.8**	**50.0**	**7.3**	**101.1**	40.8	45.4	7.7	93.9

3. Income taxes

£ Millions	2013	2012
Singapore corporation tax		
- current year	**1.2**	1.0
- adjustment in respect of prior year	**-**	-
Overseas corporation tax		
- current year	**3.4**	3.1
- adjustment in respect of prior year	**(0.2)**	0.6
Total current tax	**4.4**	4.7
Deferred income tax		
- current year	**0.1**	0.2
- adjustment in respect of prior year	**-**	(0.4)
Tax charge for the year	**4.5**	4.5

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

£ Millions	2013	2012
Profit before tax	**22.9**	20.2
Tax on profit at standard Singapore tax rate of 17%	**3.9**	3.4
Tax incentives	**(0.7)**	(0.7)
Higher rates of overseas corporation tax	**1.8**	1.6
Non-deductible expenditure	**-**	0.1
Deduction for gains on employee share options	**(0.3)**	(0.1)
Adjustments in respect of prior year	**(0.2)**	0.2
Tax charge for the year	**4.5**	4.5

4. Dividends

Amounts recognised as distributions to equity holders in the period

	2013 Pence per share		**2013** £ Millions	2012 Pence per share		2012 £ Millions
Prior year third quarter dividend paid	**12.0**	*	**2.3**	11.0		2.1
Prior year final dividend paid	**17.0**	*	**3.2**	15.0		2.8
First quarter dividend paid	**11.0**	^	**2.1**	10.0	*	1.9
Second quarter dividend paid	**12.0**	^	**2.3**	11.0	*	2.1
Total	**52.0**		**9.9**	47.0		8.9

* Dividends in respect of 2012 (50.0p)
^ Dividends in respect of 2013 (55.0p)

A dividend of 13.0 pence per share was paid in respect of the Third Quarter of 2013 on 10 January 2014.

The proposed final dividend for 2013 of 19.0 pence per share is subject to approval by shareholders at the Annual General Meeting scheduled for 8 April 2014 and has not been included as a liability in these financial statements. It is proposed that the final dividend be paid on 10 April 2014 to members on the register as at 14 March 2014.

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:

	2013 **£ Millions**	2012 £ Millions
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to equity shareholders of the parent)	**18.2**	15.5
Number of shares		
Weighted average number of shares for the purposes of basic earnings per share (thousands)	**18,990**	18,978
Effect of potentially dilutive share options (thousands)	**157**	76
Weighted average number of shares for the purposes of dilutive earnings per share (thousands)	**19,147**	19,054
Earnings per share from operations		
Basic	**95.8p**	81.7p
Diluted	**95.1p**	81.3p

6. Borrowings

The borrowings are repayable as follows:

£ Millions	2013	2012
On demand or within one year	8.5	7.3
In the second year	-	7.4
	8.5	14.7
Less: Amounts due for settlement within 12 months (shown under current liabilities)	(8.5)	(7.3)
Total repayable after 12 months	-	7.4

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 2013, the Group had an overdraft of £1.2 million (2012: £3.6 million). In October 2013, the Group renewed its annual working capital facility, which is reduced from US$12.5 million (£7.7 million) to US$10.0 million (£6.1 million) in the prior year, priced at Bank of Scotland's base rate plus a margin of between 2.0% and 3.0% depending on the ratio of Net Debt to EBITDA.

2. The Group has a term debt facility with Bank of Scotland PLC at US$12.0 million (£7.3 million) with quarterly repayment of US$1.5million (£0.9 million) and a final repayment of US$9.0 million (£5.5 million) due in expiry of the facility in September 2014. The term loan is priced at LIBOR plus a margin of between 1.75% and 2.25% depending on the ratio of Net Debt to EBITDA.

3. The Group has pledged all assets as collateral to secure banking facilities granted to the Group.

4. Management assessed all loan covenants have been complied with as of 31 December 2013.

7. Deferred consideration

The Group owns 84.0% (2012: 84.0%) of the shares of Powersolve Electronics Limited ("Powersolve") and had entered into an agreement on 19 December 2011 to purchase the remaining 16.0% of the shares in 2017.

The commitment to purchase the remaining ownership has been accounted for as deferred consideration and is calculated based on the expected future payment which will be based on a predefined multiple of the earnings for 3 years ending 2016.

8. Principal risks and uncertainties

Board Responsibility

Like many other international businesses the Group is exposed to a number of risks which may 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 components in US Dollars and the Chinese Yuan. The Group therefore has an exposure to foreign currency fluctuations. This could lead to material adverse movements in reported earnings.

Risk mitigation – The Group reviews balance sheet and cash flow currency exposures and where considered appropriate uses forward exchange contracts to hedge these exposures. Any forward contract requires the approval of both the Chairman and Chief Executive.

Competition

The power supply market is diverse and competitive in Asia, Europe and North America. 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.

Risk mitigation – The Group reviews activities of its competition, in particular product releases and stays up to date with new technological advances in our industry especially those relating to new components and materials. The Group also tries to keep its cost base competitive by operating in low cost geographies where appropriate.

Risks Specific to the Group

Dependence on manufacturing facilities

The Group is dependent on its manufacturing facilities in China and Vietnam for the production of the majority of its products. Any issues that cause disruption at these production facilities could have a material adverse effect on their businesses.

Risk mitigation – The Group reviews the risks that may cause a disruption in supply and has developed disaster recovery plans to help cope with unexpected events.

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.

Risk mitigation – The Group undertakes performance evaluations and reviews to help it stay close to its key personnel. Where considered appropriate the Group also makes use of financial retention tools such as equity awards.

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 businesses financial condition and results of operations. However, for the year ended 31 December 2013, no one customer accounted for more than 5% of revenue.

Risk mitigation – The Group mitigates this risk by providing excellent service. Customer complaints and non-conformances are reviewed monthly by members of the executive management team. On the supply side we conduct regular audits of our key suppliers and in addition keep large amounts of safety inventory of key components.

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.

Risk mitigation – The Group mitigates this risk by keeping large safety inventories of key components.

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.

Risk mitigation – The Group's profitable and robust business model helps mitigate risks from the factors set out above.

Management stretch

The management team is likely to be faced with increased challenges associated with any sustained adverse macroeconomic conditions. 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 to successfully cope with these challenges.

Risk mitigation – Performance against key goals and resourcing of these is reviewed at the executive management team meetings.

Information Technology Systems

The business of the Group relies to a significant extent on information technology 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.

Risk mitigation – The Group has disaster recovery plans in place to help deal with disruption including information technology issues. The Group's key data is replicated on different sites and backed up. In 2014 we will also be moving certain of our systems into the cloud.

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 23.0% and a number of European jurisdictions where the rates vary between 22.0% and 33.3%. In addition, the Group has manufacturing activities in China and Hong Kong where the corporation tax rates are 25% and 16.5% respectively and sales companies in Singapore and Switzerland where the corporation tax rates are 17.0% and 18.0% 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.

Risk mitigation – The Group has a Treasurer who keeps our taxation position under review.

8. Responsibility Statement

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

- gives a fair view of the assets, liabilities, financial position and profit of the Group; and
- 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 2012 or 2013. The financial information for the year ended 31 December 2012 is derived from the XP Power Limited statutory accounts for the year ended 31 December 2012, 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 2013 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 24 February 2014.