



LPA GROUP PLC HALF-YEARLY REPORT
SIX MONTHS ENDED 31 MARCH 2012

CHAIRMAN'S STATEMENT

Sales revenue increased 5.7% to £8.9m (2011: £8.4m). Operational gearing and the increase in sales delivered improved margins and ultimately a 107% increase in profit before tax to £312,000 (2011: £151,000). Diluted earnings per share increased 83% to 2.22p (2011: 1.21p). Capital employed remained comfortably within our normal trading range. Net debt amounted to £1.45m (2011: £1.87m) and we continue to operate well within our banking facilities. We propose to increase the interim dividend by 25% to 0.50p per share (2011: 0.40p) which will be paid on 21 September 2012 to shareholders registered at the close of business on 31 August 2012.

Order entry in the first half increased by 8.9% to £7.3m (2011: £6.7m). Included in this figure were orders for inter-car jumpers for Passenger Trains to be supplied to Taiwan (£0.6m), and further significant orders for LumiMatrix™, our LED-based modular light engines designed to be fitted into existing fittings among other applications (£0.8m), and which will also be used for Warsaw Metro Trains (£0.5m).

Since the start of the second half of the financial year we have enjoyed a very positive 'back to bill' ratio which has almost restored the ratio to parity for the year to date, which given that no major large contracts have been included is very encouraging.

- Our electro-mechanical business, which includes LPA Transport+, has taken two significant orders (totalling £0.9m) for aircraft ground power supply units ('Crocodiles') which are the umbilicals, which provide the power necessary to keep essential aircraft systems running when aircraft are waiting at the terminal with engines switched off. These 'Crocodiles' will be supplied to Heathrow, for use with the new Airbus A380, and to Mauritius.
- In addition to a number of smaller orders to supply and install stainless steel replacement thresholds for doors on passenger trains, LPA Transport+ has won a significant contract (£0.4m) to manufacture, supply and install an Ethernet backbone with LPA designed and manufactured inter-car jumpers for an upgrade to a commuter train.
- Our LED lighting business has won its first significant order from Transport for London (£0.1m) to supply our water and vandal resistant LumiPanel® for a road underpass in Central London, as well as further orders for LumiMatrix™ for inclusion in third party lighting modules (£0.4m) and for Metro Trains for Munich (£0.6m). Delivery of these orders will commence during this financial year. However, we were disappointed that the lighting for Thameslink Trains was awarded to a German integrated ceiling supplier.
- Our component distribution business, which, like our Electro-mechanical and Lighting businesses, is largely focussed on the transport sector, has won a potentially

very large contract to supply components for a passenger aircraft project, deliveries for which are due to commence in 2014 and should continue for several years. In common with our practice in the treatment of similar contracts the Group receives, orders received under this contract will only be recognised in order entry as deliveries are called for.

In addition to potential follow on export orders in Asia, Australasia and Europe for equipment for rail passenger vehicles, the Group is continuing to pursue opportunities in the UK, including Inter-City Express Programme (IEP, Hitachi) and CrossRail (Bombardier, Hitachi, Siemens, Alstom and CAF are shortlisted). These opportunities total in excess of 1,000 vehicles, and provide major original equipment bidding opportunities for the Group. We are pursuing with varying levels of expectation.

The Thameslink project will result in the re-deployment, or 'cascade', of trains currently in service on parts of that line, and the Inter-City Express Programme will potentially result in the cascade of trains from the Great Western and Great Northern lines. The Association of Train Operating Companies (ATOC) anticipates that as a consequence of retirements of life expired trains there will be an additional requirement for new trains, as well as refurbishment and life extension of the existing train fleet. These events should provide significant opportunities for LPA Transport+, which combines all the electro-mechanical, lighting and electronics expertise within the Group, together with on-site installation, to provide train clients, including consultants, with a total solution for equipment maintenance, refurbishment or upgrade.

In the latest local authority draft plan, our Saffron Walden site has been designated a residential development site and we have recently submitted an application for outline planning permission for at least 20 houses on the 1.4 acre site. We are in discussions with developers for the sale of the site. We are also planning a permanent extension to our lighting factory in Normanton to replace a life expiring temporary building.

We have built up a strong senior management team. In addition we are strengthening our engineering and sales and marketing teams to ensure that we can take advantage of the opportunities before us.

We look forward to our trading future with increasing confidence and to meeting the exciting challenges ahead.

Michael Rusch
Chairman
27 June 2012

CONSOLIDATED INCOME STATEMENT

	6 months to 31 March 2012 Unaudited £000's	6 months to 1 April 2011 Unaudited £000's	Year to 30 Sept 2011 Audited £000's
Revenue	8,916	8,439	17,322
Operating profit	316	209	434
Finance costs	(284)	(319)	(639)
Finance income	280	261	605
Profit before tax	312	151	400
Taxation	(50)	(12)	(65)
Profit for the period	262	139	335
Attributable to:			
- Equity holders of the parent	262	139	335
Earnings per share (see note 2)			
- Basic	2.28p	1.21p	2.93p
- Diluted	2.22p	1.21p	2.92p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	6 months to 31 March 2012 Unaudited £000's	6 months to 1 April 2011 Unaudited £000's	Year to 30 Sept 2011 Audited £000's
Profit for the period	262	139	335
Other comprehensive (expense) / income			
Cash flow hedges:			
Losses taken to equity	(2)	-	(5)
Transferred to profit or loss for the period	5	15	15
Tax on cash flow hedges	(1)	(4)	(3)
Actuarial (loss) / gain on pension scheme	(67)	110	133
Tax on actuarial (loss) / gain	2	(29)	(58)
Other comprehensive (expense) / income net of tax	(63)	92	82
Total comprehensive income for the period	199	231	417
Attributable to:			
- Equity holders of the parent	199	231	417

CONSOLIDATED BALANCE SHEET

	As at 31 March 2012 Unaudited £000's	As at 1 April 2011 Unaudited £000's	As at 30 Sept 2011 Audited £000's
Non-current assets			
Intangible assets	1,321	1,342	1,323
Property, plant and equipment	1,785	1,699	1,658
Deferred tax assets	-	119	46
	3,106	3,160	3,027
Current assets			
Inventories	2,403	2,563	2,157
Trade and other receivables	3,334	3,588	3,049
Cash and cash equivalents	5	5	6
	5,742	6,156	5,212
Total assets	8,848	9,316	8,239
Current liabilities			
Bank overdraft	(1,155)	(1,176)	(670)
Bank loans and other borrowings	(285)	(404)	(392)
Current tax payable	(8)	-	(8)
Trade and other payables	(2,845)	(3,165)	(2,740)
	(4,293)	(4,745)	(3,810)
Non-current liabilities			
Bank loans and other borrowings	(14)	(299)	(108)
Provisions	(5)	(5)	(5)
Retirement benefits	-	(93)	-
Deferred tax liabilities	(21)	-	-
Other payables	(24)	(25)	(24)
	(64)	(422)	(137)
Total liabilities	(4,357)	(5,167)	(3,947)
Net assets	4,491	4,149	4,292
Equity			
Share capital	1,161	1,145	1,145
Share premium account	400	365	365
Un-issued shares reserve	202	192	195
Revaluation reserve	307	308	307
Merger reserve	230	230	230
Retained earnings	2,191	1,909	2,050
Equity attributable to shareholders of the parent	4,491	4,149	4,292

CONSOLIDATED CASH FLOW STATEMENT

	6 months to 31 March 2012	6 months to 1 April 2011	Year to 30 Sept 2011
	Unaudited £000's	Unaudited £000's	Audited £000's
Profit for the period	262	139	335
Finance costs	284	319	639
Finance income	(280)	(261)	(605)
Income tax expense	50	12	65
Operating profit	316	209	434
Adjustments for:			
Depreciation	121	145	276
Amortisation of intangible assets	10	10	38
Profit on sale of property, plant and equipment	-	(6)	(5)
Non-cash charge for equity-settled share-based payments	7	-	3
Retirement benefits	(50)	(90)	(100)
	404	268	646
Movements in working capital:			
Change in inventories	(246)	(90)	316
Change in trade and other receivables	(285)	(183)	356
Change in trade and other payables	108	153	(278)
Cash generated from operations	(19)	148	1,040
Income tax received	18	18	18
Net cash from operating activities	(1)	166	1,058
Purchase of property, plant and equipment	(248)	(53)	(144)
Proceeds from sale of property, plant and equipment	-	6	6
Capitalised development expenditure	(8)	(22)	(31)
Net cash from investing activities	(256)	(69)	(169)
Repayment of bank loans	(146)	(146)	(291)
Repayment of obligations under finance leases	(55)	(59)	(117)
Interest paid	(21)	(41)	(77)
Proceeds from issue of share capital	51	-	-
Dividends paid	(58)	(46)	(92)
Net cash from financing activities	(229)	(292)	(577)
Net (decrease) / increase in cash and cash equivalents	(486)	(195)	312
Cash and cash equivalents at start of the period	(664)	(976)	(976)
Cash and cash equivalents at end of the period	(1,150)	(1,171)	(664)

	6 months to 31 March 2012	6 months to 1 April 2011	Year to 30 Sept 2011
	Unaudited £000's	Unaudited £000's	Audited £000's
Reconciliation of cash and cash equivalents			
Cash and cash equivalents in current assets	5	5	6
Bank overdraft in current liabilities	(1,155)	(1,176)	(670)
Cash and cash equivalents at end of the period	(1,150)	(1,171)	(664)

NOTE 1 – BASIS OF PREPARATION

These interim consolidated financial statements are for the six months ended 31 March 2012. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 September 2011. These financial statements have been prepared under the historical cost convention, except for revaluation of financial instruments.

These consolidated interim financial statements have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year to 30 September 2011. These accounting policies are based on the recognition and measurement principles of IFRS as adopted by the European Union. The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these interim financial statements and are expected to be followed throughout the year ended 30 September 2012.

NOTE 2 – EARNINGS PER SHARE

The calculations of earnings per share are based upon the profit after tax attributable to ordinary equity shareholders of £262,000 (March 2011: £139,000 - September 2011: £335,000) and the weighted average number of ordinary shares in issue during the period of 11.507m (March 2011: 11.448m - September 2011: 11.448m). The weighted average number of ordinary shares diluted for the effect of outstanding share options was 11.815m (March 2011: 11.456m - September 2011: 11.457m).



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