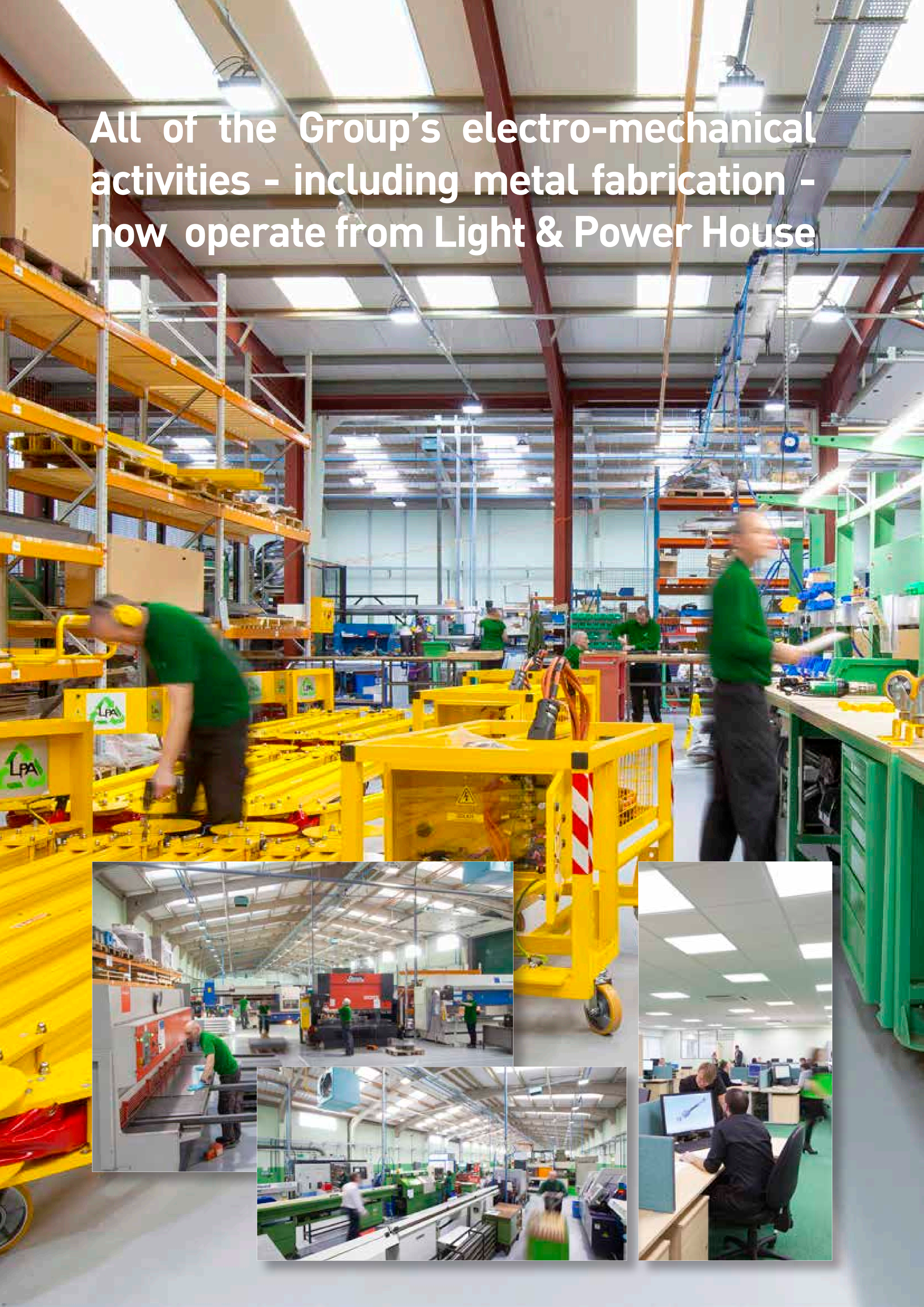
Long Life Reliability
does not cost the earth

LPA Group Plc

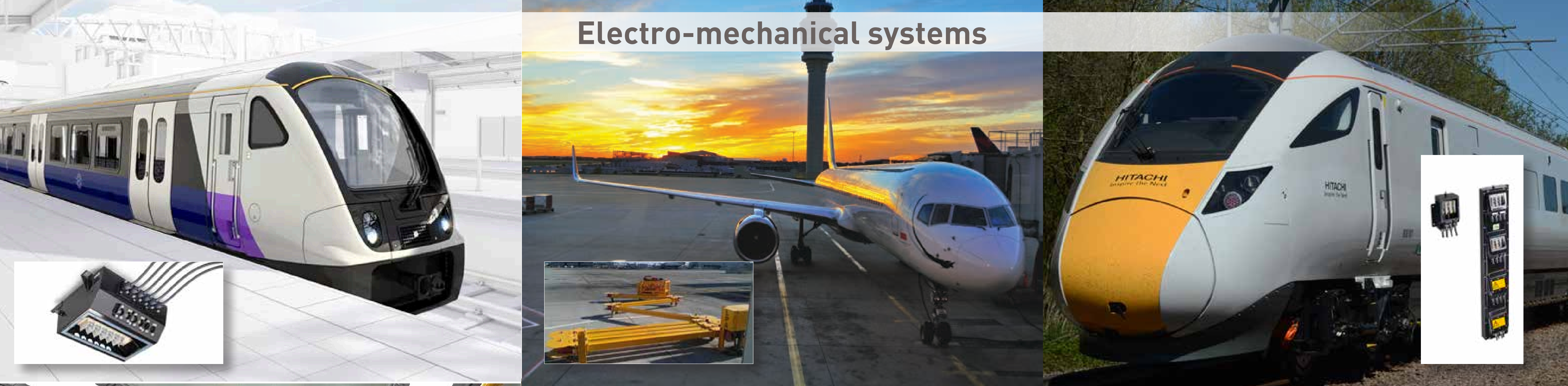
Annual Report & Accounts 2015

www.lpa-group.com

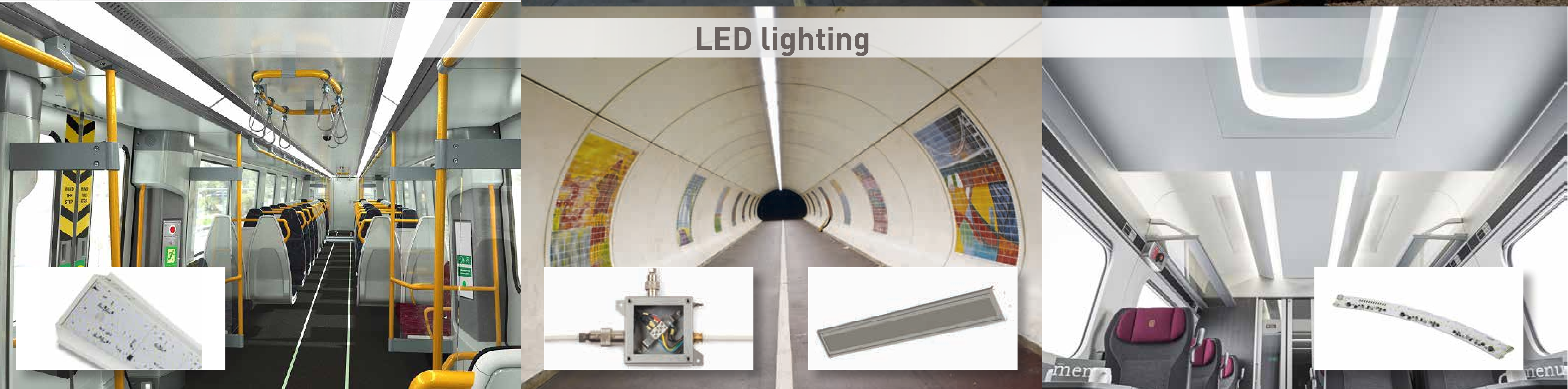
All of the Group's electro-mechanical activities - including metal fabrication - now operate from Light & Power House



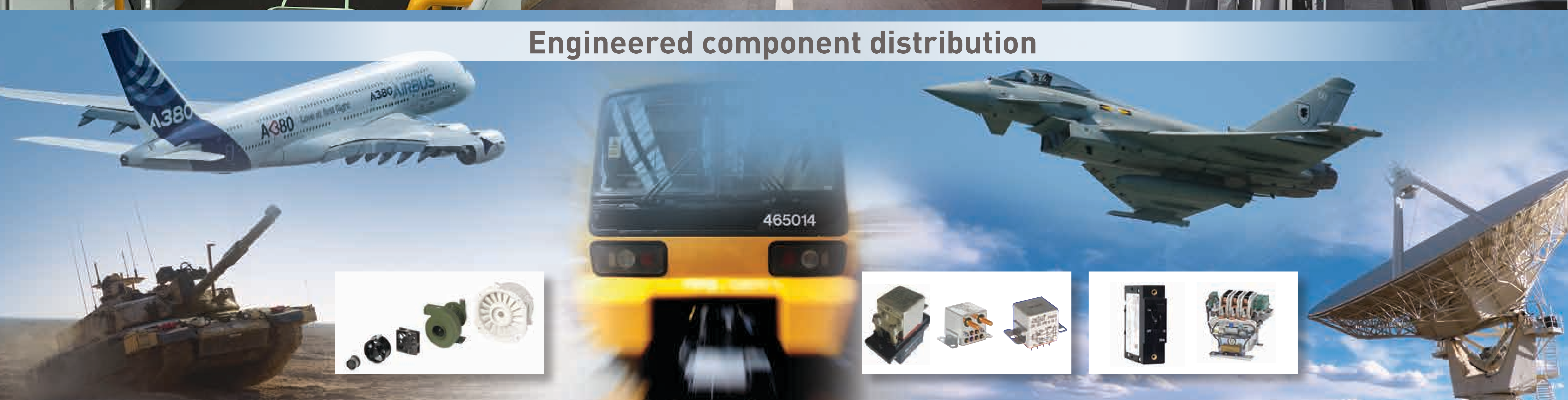
Electro-mechanical systems



LED lighting



Engineered component distribution



FINANCIAL HIGHLIGHTS

For the year ended 30 September 2015

	2015 £'000	2014 £'000
REVENUE	16,265	16,835
OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS	291	636
EXCEPTIONAL PROPERTY GAIN	587	-
EXCEPTIONAL REORGANISATION COSTS	(42)	(319)
PROFIT BEFORE TAX	793	295
BASIC EARNINGS PER SHARE	5.86p	2.50p
DIVIDENDS PER SHARE	1.70p	1.55p
GEARING	34.0%	21.1%

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COMPANY INFORMATION

Directors

Michael Rusch (Non-Executive Chairman), 70, joined the Company in 1966, five years after its inception. He has been on the Board since 1967. He relinquished his executive duties in 2000.

Peter Pollock (Chief Executive), 69, is a chartered accountant, with over forty years industrial experience. He joined LPA Group in April 1997. He is a member of Council of the Railway Industry Association and non-executive chairman of Ferrabyrne Ltd. Previous positions include Chairman of Lionheart plc, non-executive director of Mentmore Abbey plc and Menvier Swain plc, Chairman of Valetmatic Ltd, Chief Executive of ML Holdings plc, Finance Director UK of Fisher Controls International Inc. and Financial Director of Hawker Siddeley Power Transformers Ltd.

Stephen Brett (Finance Director), 59, qualified as a chartered accountant in 1982 with Ernst & Whinney in London. Before joining LPA Group in December 2000 he held a number of financial appointments in the manufacturing sector most recently as Vice President Finance for the Environmental Control Division of Invensys plc.

Per Staehr (Senior Non-Executive Director), 72, is a Danish national with a distinguished international career in the rail, shipping and energy sectors who joined the Board in December 2007. He is currently a director of EIVA A/S (a Danish equipment and software supplier to the subsea survey and maintenance industry). Previously he was Chairman of Bombardier Transportation UK Ltd, Arrow Light Rail Ltd (the Nottingham Tram concessionaire), Chairman of A2SEA A/S (an offshore wind farm installation contractor), Chairman of Euroferries Ltd (a cross channel project company), Chairman of the Rail Media Group, Chairman of the Railway Industry Association, a director of Riegens Lighting Ltd, a director of Trico Marine Services Inc, (a subsea services provider and operator of offshore service vessels), Chairman of the Daniamant Group (a manufacturer of marine survivor lights) and President of Maersk Contractors (an offshore drilling and contracting company).

Len Porter (Non-Executive Director), 63, has specific skills in technical innovation, knowledge based decision making, asset management and sustainable development, and over a successful career has worked in the rail, oil & gas and marine sectors. He joined the Board in August 2014. He is currently non-executive chairman of eAsset Management Ltd (a consultancy specialising in asset management, change management, training and technology) and a non-executive director of Angel Trains Group Ltd (a train leasing company) and a non-executive director of Jetwing Symphony Ltd (a Sri Lankan hotel group). Previously he was chief executive of the Rail Safety and Standards Board (from 2003 until March 2014): during this period he was a member of the cross-industry Technical Strategy Steering Group and chaired the committee responsible for the comprehensive Sustainable Rail Programme. Before this he was at Lloyd's Register where he was responsible for developing services in the rail sector.

Secretary	Stephen Brett
Registered office	Light & Power House, Shire Hill, Saffron Walden, Essex, CB11 3AQ
Registered number	686429
Nominated adviser	Cairn Financial Advisers LLP 61 Cheapside London EC2V 6AX
Auditors	Grant Thornton UK LLP 101 Cambridge Science Park Milton Road Cambridge CB4 0FY
Registrars	Capita Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Broker	WH Ireland Limited 11 St James's Square Manchester M2 6WH
Bankers	Lloyds Banking Group plc Ground Floor 1 Legg Street Chelmsford CM1 1JS
Solicitors	Eversheds LLP 115 Colmore Row Birmingham B3 3AL

LPA'S BUSINESS AND STRATEGY

The Group is a quoted Small and Medium-sized Enterprise (SME) listed in the Electronic and Electrical section of the Alternative Investment Market (AIM) of the London Stock Exchange.

The Group is a market leading designer, manufacturer and supplier of LED based lighting and electro-mechanical systems and a distributor of engineered components focussed on the transportation (including rail, infrastructure and aviation) and aerospace & defence markets. These are substantial growth markets in the UK and globally. All Group activities serve the same markets (to a greater or lesser extent), have a mutual dependence on rail (which accounts for more than 50% of Group turnover), share resource and frequently work on the same projects.

The UK OEM market, which the Group endeavours to serve, has suffered substantial change including, privatisation, administration, closure, acquisition, consolidation and rationalisation. The manufacturing sector has shrunk substantially as a consequence. Parts are foreign owned, parts are strong and parts are weak. In response to historically fragile market conditions in the UK, the Group has successfully committed to becoming a supplier to the multi-national companies supplying and serving the UK and to exporting to selected markets, largely in Europe, Asia and Australia. On average over the last five years around a third (20% in 2015) of Group turnover has been exported to around fifty countries.

The Group supplies a wide range of leading OEMs including: Agusta Westland, Airbus, Alstom Transportation, BAA, BAE Systems, Bombardier Transportation, Downer EDI, Eurostar, First Group, Hitachi, ITW, Kinki Sharyo, Knorr Bremse, London Underground, Siemens, SNCF, Stagecoach, Unipart Rail and Wabtec.

Substantial government investment is planned worldwide in rail and aviation and significant opportunities also exist in aerospace & defence. These markets look set to expand over the next five to ten years and the Group is well placed to take advantage of these opportunities.

Group revenues are derived from both large value contracts and smaller value routine orders. Routes to market are a combination of direct and indirect for most products. Agents and distributors may be used, particularly in overseas markets, although larger projects continue to require direct contact.

The Group has a reputation for innovation, providing cost effective solutions to customers' problems, in both benign and hostile environments, which aim to improve reliability and reduce maintenance and life cycle costs.

The Group continues to invest in its technology, products and the rationalisation of its facilities in the UK. It:

- has in the current year consolidated its electro-mechanical design and manufacturing capabilities, which go to market as LPA Connection Systems, LPA Haswell Engineers and LPA Transport+, at its new facility Light & Power House in Saffron Walden, which also houses Group headquarters;
- will be acquiring a new facility in Normanton to accommodate the expansion of its LED lighting and electronics design and manufacturing capabilities, marketed as LPA Excil Electronics; and
- will continue to develop its engineered component distribution activity, with its focus upon high level customer service, marketed as LPA Channel Electric, at its facility in Thatcham.

The Group's intention is to strengthen its position in the UK rail market supply chain where it is well regarded and can build upon its reputation. The UK supply chain is very variable in quality and is likely to consolidate in the near term. The Group may become a focus for consolidation or an object of consolidation.

The factors which have affected the Group's business activities in the current year and which are likely to affect its future performance are detailed in the Chairman's Statement, Chief Executive's Review and the Financial Review.

The principal risks and uncertainties confronting the Group and the key performance indicators used in assessing the progression of the business are set out on page 10.

CHAIRMAN'S STATEMENT

Overview

As I previously advised, the year to 30 September 2015 started very quietly, but, as anticipated, the pace gradually began to quicken during the third quarter and we finished the year at a gallop. I am delighted to report that this progress has continued during the first quarter of the current year, with excellent levels of output and order entry continuing.

Sales for the year were £16.27m (2014: £16.84m), and operating profit before exceptional items amounted to £291,000 (2014: £636,000), the second half being significantly stronger than the first. We were very pleased to be able to announce that, pursuant to an 'overage' clause included in the £2.6m contract for sale of the Group's Tudor Works facility in Saffron Walden for a housing development in August 2013, the Group has been advised that the threshold for the development value of the site, above which overage payments would become payable, had been exceeded: additional proceeds to be received by the Group are estimated to be £587,000 after costs and have been included as an exceptional item in the results for the year: the funds are expected to be received within the first half of the current financial year. Exceptional costs associated with the closure of our Clacton facility and the consolidation of activities at our new facility in Saffron Walden, were £42,000 (2014: £319,000). Profit before tax for the year as a whole amounted to £793,000 (2014: £295,000) and basic earnings per share for the year were 5.86p (2014: 2.50p). Gearing rose to 34.0% (2014: 21.1%).

The Group achieved record order entry up 44% to £26.77m (2014: £18.55m), despite largely withdrawing from sub contract metal fabrication. In addition the Group has been selected to supply a further £7.5m of rail project work, the delivery of which has yet to be fully defined and therefore is not included in the order book. The order book grew 129% to a record £18.7m (2014: £8.2m).

Dividends

The lack of progress during the first half resulted in an unchanged interim dividend of 0.70p (2014: 0.70p). However, as a consequence of the improved trading performance (in the second half and at the start of the current year), recognition of the overage payment due from the sale of Tudor Works and as a measure of our confidence in the future, subject to shareholder approval at the forthcoming annual general meeting - to be held this year at the offices of Instinctif Partners, 65 Gresham Street, London EC2V 7NQ at noon on 21 March 2016 - your Board proposes to increase the final dividend to 1.00p (2014: 0.85p) which will be paid on 1 April 2016 to shareholders registered at the close of business on 11 March 2016.

Board, management and employees

Given that the Group is in a period of significant development I am delighted to report that Peter Pollock, our Chief Executive, and Stephen Brett, our Finance Director, have agreed to extensions to their present contracts. The Board and the Group Executive - which comprises the Group's Chief Executive and Finance Director together with the Managing Directors of the four principal operations - have remained unchanged throughout the year.

Our people are our most valuable asset. We regretted that the re-organisation of our electro-mechanical activities led to the necessary redundancy of jobs at our Clacton facility. Staff turnover across the Group remains remarkably low and we are pleased that retirements are now being more closely matched by the appointment of apprentices and trainees and that the growth we are experiencing is allowing us to recruit.

Outlook

In contrast to recent years the current financial year has started very strongly, sales and order entry are currently well ahead of budget and the prospects appear to be very positive for the year as a whole and for the future.

We look forward to our medium and longer term future with increasing confidence.

Michael Rusch
Chairman
21 January 2016

CHIEF EXECUTIVE'S REVIEW

Trading results

The year to 30 September 2015 was like its predecessors in that it was challenging and frustrating, but unlike them, ultimately satisfying as we appear, finally, to have gained positive momentum for the future.

The first half was affected by the continuing hiatus in rail franchising which has delayed many near term refurbishment and upgrade projects and some longer term new vehicle build projects. However this work is not lost, merely delayed, and we expect will arise in some form later on. The demand for passenger rail services is still growing and it is a great market to be serving both at home and abroad.

The delays did cause disruption during the first half and LED lighting suffered particularly in the gap between the completion of old projects and the start of new, compounded by a slower than desirable development of standard lighting products. Happily this was resolved during the second half and the activity is now growing fast and needs room to expand. The nature of our LED lighting offering has changed from the provision of electronic light engines alone, to the supply of luminaires in addition to the light engines, and luminaire assembly is very space consuming. The Group is now busy supplying luminaires for Intercity Express Programme (IEP), Queensland New Generation Rail (QNGR), Abellio ScotRail (ASR) and Abellio Greater Anglia as well as light engines for Riyadh Metro, other rail projects in Europe and for the energy sector. A range of high performance commercial and infrastructure LED based lighting products has also been launched and initial orders received and satisfied.

Transport+ was also affected by the hiatus, but maintained a lower level of activity throughout the year. Since the year end it has secured the first of an anticipated series of contracts associated with the provision of Ethernet backbones, an essential element in making passenger Wi-Fi available on trains, to which the government is committed. These systems use inter-car jumper equipment of Group design and manufacture: an example of co-operation which is a major feature of our business where many customers are shared across all Group activities.

Our electro-mechanical connection activity had a steady year, overcoming the problems of completing old projects, while engineering and starting up new projects. Like our lighting activity it is now busy supplying product for IEP and ASR rail vehicles and also CrossRail and Taiwan Rolling Stock Company. Unlike our lighting activity, though, it has a long established standard connection product range comprising fire rated connectors, which have been supplied for CrossRail infrastructure, and aircraft ground power supply connectors, which have sustained the activity through quieter periods.

During the year we closed our site at Clacton and transferred a reduced sheet metal working capability to our new Saffron Walden facility. This capability is primarily intended to satisfy Group requirements for sheet metal products including connection boxes and lighting back trays. Third party sub-contract has become a much smaller element of the Group's business which has forgone about £2m of lower margin annual turnover. The transfer proved more complicated and costly than anticipated, particularly due to people issues, which have now been resolved, but more work is still required to fully establish the activity as intended.

Engineered component distribution which supports all Group activities, although in particular rail business at depot level, had another good year. In addition to distribution, it designs and kits systems incorporating Group and third party products for installation on trains, which can be carried out by Transport+. It also supplies the aerospace and defence industry.

Reflecting the impact of the hiatus and the partial withdrawal from sub contract sheet metal fabrication, sales during the year fell 3.4% to £16.27m (2014: £16.84m). Operating profit before exceptional items fell to £291,000 (2014: £636,000). Record order entry of £26.77m (2014: £18.55m) delivered an increase in the order book of 129% to a record of £18.69m (2014: £8.18m). These order numbers do not include a further £7.5m of project work for which the Group has been selected, but for which the delivery is as yet undefined, and so the actual position is even more promising.

Markets

The Group has been focussed on the UK transportation market, particularly rail, and selected export markets for many years. Rail as a global market has been expanding for several years. Much of this growth has been focussed on Chinese and Asian markets, where lowest initial cost, rather than whole life cost, has been the driving factor. In developed economies, like Europe and the UK, where rail is also growing fast, maintenance costs and particularly the availability of maintenance engineers are more important factors, and whole life cost is becoming the stronger criterion in supplier selection. The Group's commitment to quality and reliability, together with its innovation and industry leading technology, is now being more widely recognised. In particular train suppliers are being required to provide maintenance for as long as thirty years, making whole life cost and availability of parts for through-life support, rather than initial cost, the major factors in supplier selection. These various factors have contributed to the Group's strong order entry performance and record order books.

The Group has continued to support the train builders and refurbishers supplying the UK market and all of them are customers to a greater or lesser extent. We have continued to support Japanese train builders for their export products and as a consequence we continue to work with Hitachi, now in the UK also, Kinki Sharyo for Asia and Middle East, and Nippon Sharyo for Taiwan. In Taiwan we also work with Taiwan Rolling Stock Company. In Australia, where the availability of maintenance engineers and whole life cost are major factors, we endeavour to work with all the train builders in Queensland, New South Wales and Victoria. The Group has identified the Gulf Cooperation Council area as being likely to appreciate our commitment to whole life cost and so we have focussed effort on the region and its established suppliers: we have won some business and are presently submitting a number of significant tenders for product which is to be supplied into the region from elsewhere.

The worldwide air transportation market was a very significant customer of the Group during the year. This continues to grow with substantial investment in new airports and new larger aircraft, which are particularly demanding of ground power, which benefits our ground power support products.

Design and development

Our design and development effort last year focussed initially on satisfying the technical requirements of the large rail projects which the Group had won, including IEP, ASR, QNGR and Crossrail. Standard products also received attention including LED lighting products (HighBay, LumiBatten, LumiTwelve and LumiWarrior), high fire performance connection systems for use in emergency egress tunnels, enhanced aircraft ground power connectors and systems, ethernet backbones and USB seat back charging outlets for passenger's phones, notebooks and laptops.

Structure and costs

We completed, with some disruption, the reorganisation of our electro-mechanical activities which involved relocation of a reduced sheet metal fabrication capability from our Clacton facility, which closed, to Light & Power House which has become the Group's centre of excellence for electro-mechanical design and manufacture.

Plans to extend the existing lighting facility in Normanton proved more complicated and costly than anticipated and have been abandoned in favour of acquiring larger freehold premises. Terms have been agreed for a site located within 200m of our existing facility. In the short term, terms have been agreed to rent leasehold premises to ease the pressure on space. 'Overage' proceeds arising from the sale of the Group's Tudor Works facility in Saffron Walden, expected to amount to £587,000 net of costs, will be applied towards the cost of the new facility in Normanton. The old facility, once vacated will be sold and the proceeds applied to reducing borrowings.

Outlook

In total contrast to last year when we started quietly, this year has started full bore! We expect matters to settle down to a sustainable beat rate significantly higher than that previously achieved. We have orders on hand and projects for which we have been selected which will provide us with a very significant base load to sustain us through to 2019. We are very well positioned in the market place to win more business and should this occur, we shall have the very pleasant task of enhancing our capabilities to satisfy this demand.

We look forward to the future with increasing optimism and confidence.

Peter Pollock
Chief Executive
21 January 2016

FINANCIAL REVIEW

Trading performance

Revenue in the current year fell by £0.57m (3.4%) to £16.27m (2014: £16.84m). Gross margins fell 2.2% to 27.4% (2014: 29.6%), reflecting lower project margins and costs associated with the consolidation of our ongoing electro-mechanical businesses onto one site, and a gross profit of £4.46m (2014: £4.98m) resulted. Other operating expenses were £0.18m below last year at £4.16m (2014: £4.34m) producing an operating profit before exceptional items of £291,000 (2014: £636,000), down £345,000.

In the first half of the year sales of £7.93m (2014: £7.97m) produced an operating profit before exceptional items of £45,000 (2014: £195,000) with sales and profits down on the corresponding period last year by £42,000 and £150,000 respectively. The second half result, sales of £8.34m and an operating profit before exceptional items of £246,000 represented an improvement over the first half but again profitability remained behind the corresponding period last year (2014: sales of £8.87m, profit of £441,000).

Exceptional items

The Group recognised a £2.06m gain on the disposal of its Tudor Works property in 2013, the sale contract for which provided for additional payments to be made in the event that site development revenues exceed a certain level. The site redevelopment is now approaching completion and the Company has been advised that this revenue threshold has been exceeded: the directors have assessed the fair value of the consideration as £587,000 net of costs and this amount has been recognised as an exceptional gain in the year.

Net reorganisation costs of £42,000 (2014: £204,000 of anticipated closure costs) associated with the closure of the Group's Clacton facility and the transfer of its ongoing fabrication business from Clacton to Light & Power House were included in the year. The figure comprises £39,000 of business relocation costs, £6,000 of further closure costs, a stock write down of £39,000 less a gain on the disposal of plant and machinery of £42,000. In addition to the reorganisation costs noted above, the prior year included £115,000 of relocation costs covering the transfer of its Saffron Walden activities from Tudor Works to Light & Power House.

Finance costs and income

Within finance costs the interest on borrowings rose to £75,000 (2014: £68,000), reflecting higher average borrowings with interest rates essentially unchanged. Finance income, which comprises the net interest income on the pension asset, was £32,000 (2014: £46,000).

Profit before tax, taxation and earnings per share

Profit before tax was £793,000 (2014: £295,000) resulting in a tax charge of £99,000 (2014: £Nil). The profit for the year was £694,000 (2014: £295,000) representing basic earnings per share of 5.86p (2014: 2.50p).

Balance sheet

Shareholders' funds rose by £0.90m in the year to £7.99m (2014: £7.09m) giving a net asset value per ordinary share of 67.4p (2014: 59.8p). The tangible net asset value per share (calculated excluding intangibles and pension asset, net of deferred tax, from the calculation) was 47.8p (2014: 44.4p). Net debt increased by £1.22m over the year to £2.72m with gearing (net debt as a % of total equity) rising to 34.0% (2014: 21.1%).

Property, plant and equipment at 30 September was £4.72m (2014: £4.91m), of which property made up £2.63m (2014: £2.68m) and plant and equipment £2.09m (2014: £2.23m). Additions in the year were £287,000 (2014: £2.57m which included £1.90m relating to the refurbishment of Shire Hill), disposals £35,000 (2014: £18,000) and the depreciation charge was £440,000 (2014: £309,000).

Net trading assets (defined as inventories plus trade and other receivables, less trade and other payables and current tax) were higher by £1.31m at £3.73m (2014: £2.42m) as a consequence of increasing activity at the end of the year and inclusion of the £0.59m property gain noted above.

Provisions at September 2015 were £Nil (2014: £0.57m in respect of onerous lease and closure costs associated with the electro-mechanical reorganisation).

Intangible assets, which comprise goodwill and capitalised development costs, were £1.22m (2014: £1.24m). Goodwill, which relates to the Group's investment in Excil

Electronics, was unchanged at £1.15m and capitalised development costs, which relate to the development of LED lighting products, were £0.07m (2014: £0.09m).

The IAS19 actuarial surplus recognised as at 30 September 2015 amounted to £1,379,000 (2014: £744,000). Improvements over the course of the year comprised an income statement credit of £32,000 (2014: £46,000), employer contributions received of £100,000 (2014: £100,000) and an actuarial gain of £503,000 (2014: loss of £362,000) recognised in the statement of comprehensive income. The actuarial gain of £503,000 resulted from changes in assumptions adopted of £417,000 plus an experience gain on liabilities of £230,000 less a worse than expected return on plan assets of £144,000.

Cash flow

Cash absorbed from operations was £614,000 (2014: generation of £602,000) made up of reorganisation costs of £583,000 (2014: £378,000) associated with the closure of the Clacton facility (comprising provision utilisation of £544,000 and exceptional relocation costs of £39,000), a working capital build of £825,000 (2014: £18,000) less trading cash inflows of £794,000 (2014: £998,000). With no tax payments (2014: receipts of £43,000) and pension contributions of £100,000 (2014: £100,000) net cash absorbed from operating activities was £714,000 (2014: generated £545,000).

Capital expenditure was much reduced at £287,000 (2014: £2,489,000 - in large part Light & Power House refurbishment), asset disposal proceeds were £78,000, of which £73,000 arose on the disposal of surplus Clacton assets, (2014: £1,307,000 which included the second tranche of Tudor Works proceeds at £1,300,000) and development expenditure capitalised was £45,000 (2014: £22,000).

There were no facility changes in the year (2014: £600,000 draw down of term loan) and debt repayments included £200,000 (2014: £100,000) in respect of the term loan plus £35,000 (2014: £33,000) in respect of finance leases. Increased overdraft interest meant that total interest payments on borrowings increased to £75,000 (2014: £68,000). In the year £4,000 (2014: £16,000) was received from the exercise of share options and dividend payments were higher at £184,000 (2014: £171,000).

Overall there was a net decrease in the cash position of £1,458,000 (2014: £415,000).

Net debt

An analysis of the change in net debt is shown below:

	Bank loans £'000	Finance lease obliga-tions £'000	Cash & cash equiva-lents £'000	Net debt £'000
At 1 October 2014	1,900	119	(525)	1,494
Cash absorbed	-	-	1,223	1,223
Repayment of borrowings	(200)	(35)	235	-
At 30 September 2015	1,700	84	933	2,717

The bank loan is repayable over eight and a half years (in 34 quarterly instalments of £50,000 with the first of these due in October 2015) and the finance lease obligations over the next three years. At the year-end the Group had an overdraft of £0.93m (2014: cash of £0.53m) and had £0.57m (2014: £1.5m) of un-drawn overdraft facilities available.

Interest is payable on the term loan at 2.75% over LIBOR. Subsequent to the year end the Group has negotiated working capital facilities through to the end of December 2016 which comprise an overdraft facility of £1.5m and a guarantee facility of £1.0m. Interest is payable on the overdraft facility at 3.0% (previously 2.5%) over base.

Treasury

The Group's treasury policy operates within approved Board guidelines and has not changed since 2014. It seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its foreign currency, interest rate, liquidity and credit risks. Further details on the Group's borrowings, financial instruments, and its approach to financial risk management are given in notes 14 and 15.

Stephen Brett
Finance Director
21 January 2016

KEY PERFORMANCE INDICATORS

The Group uses the below key performance indicators to assess the progression in its business: factors affecting them are discussed in the Chairman's Statement, the Chief Executive's Review and the Financial Review on pages 5 to 9.

- Orders to sales (orders for the year expressed as a multiple of sales) as a measure of prospective growth rose to 1.65 in the current year (2014: 1.10, 2013: 0.78);
- Sales growth (the increase in year-on-year sales as a percentage of prior year sales) as a measure of current growth showed a reduction of 3.4% for the current year (2014: fall of 4.5%, 2013: fall of 3.9%);
- Gross margin (gross profit as a percentage of turnover) as a measure of profitability being 27.4% in the current year (2014: 29.6%, 2013: 27.2%); and
- Net cash flow (net increase in cash before the repayment of borrowings and issue of equity) as a measure of cash generation being an outflow of £1,227,000 for the current year (2014: outflow of £898,000, 2013: inflow of £1,907,000).

PRINCIPAL RISKS & UNCERTAINTIES

The Group's approach to risk management is detailed within the Corporate Governance Report. The principal risks confronting the Group, where adverse changes could impact results, are summarised below:

- The Group's sales dependence upon the rail sector in general, and UK rail in particular. The Group: monitors the rail market for advance warning of negative developments; has expanded into selected export markets; derives revenues from both new-build and the aftermarket; and benefits from the diverse nature of its non-rail products, customers and markets served, which help mitigate the impact of this dependence.
- Certain activities benefit from long standing commercial relationships with key customers and suppliers. The Group devotes resource to ensure that good customer relationships are maintained while continuing to build relationships with new customers across different business sectors and geographies. The Group monitors supply-chain risks and endeavors to develop contingency plans to mitigate the impact of supplier failure.
- Group activities variously operate in competitive markets which are subject to product innovation, technical advances and intensive price competition. The Group invests in research and development to develop new technologies and products in order to sustain or improve its competitive position. The Group keeps its structure under review and takes appropriate action to ensure that its cost base remains competitive.
- The Group is exposed to a number of financial market risks including liquidity and credit risk, and through movements in foreign exchange and interest rates. A description of these risks and the Group's approach to managing them is described in note 15 to the financial statements.
- Poor investment returns and longer life expectancy may result in an increased cost of funding the Group's defined benefit pension arrangement. The Group and the trustees of the scheme review these risks with actuarial and investment advice as appropriate and take action to mitigate the risks where possible. The scheme was closed to future accrual in September 2009.

The Strategic Report on pages 4 to 10 was approved by the Board on 21 January 2016 and signed on its behalf by:

Stephen Brett
Secretary

DIRECTORS' REPORT

The directors present their annual report together with the audited financial statements for the year ended 30 September 2015.

Results and dividends

The profit for the year amounted to £694,000 (2014: £295,000). The directors recommend the payment of a final ordinary dividend of 1.00p (2014: 0.85p), which together with the interim dividend of 0.70p (2014: 0.70p) makes a total for the year of 1.70p per share (2014: 1.55p).

Principal activities

The principal activity of the Group continues to be the design, manufacture and marketing of industrial electrical and electronic accessories. Descriptions of the Group's development and performance during the year, position at the year end and likely future prospects are reviewed in the Strategic Report on pages 4 to 10.

Going concern

A statement regarding the going concern of the business is set out in accounting policies on page 25.

Substantial shareholdings

As far as the directors are aware the only shareholders with a beneficial interest as at 31 December 2015 representing 3 per cent or more of the issued share capital were:

	No. of shares	%
Hargreave Hale Limited	1,170,000	9.87%
Michael Rusch (director)	808,000	6.82%
Ellen Rusch	804,044	6.79%
Peter Pollock (director)	725,000	6.12%
Rights & Issues Investment Trust Plc	650,000	5.49%
Marilyn Porter	531,053	4.48%
Susan Thynne	426,674	3.60%

Research and development

The Group is committed to research and development activities to ensure its position as a market leader in the manufacture of electronic and electrical components in its market sectors.

Employment policies

The importance of promoting and maintaining good communications with the Group's employees is recognised and its policy is to keep employees regularly informed on matters relating to their employment through circulars and team briefings.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Health, safety and the environment

It is Group policy to maintain healthy and safe working conditions and to operate in a responsible manner with regard to the environment.

Directors and their interests

The current directors of the Company and brief biographical details are given on page 3. All directors served throughout the year. A statement of their remuneration and interests in the ordinary shares of the Company and share options are set out in the Remuneration Report. No director had any material interest in any contract with the Group. In accordance with the articles of association Per Staehr retires by rotation at the forthcoming annual general meeting and, being eligible, offers himself for re-election.

DIRECTORS' REPORT (CONTINUED)

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs) and have elected to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards / IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Annual general meeting

The annual general meeting is to be held at 12 noon on Monday 21 March 2016 at the offices of Instinctif Partners, 65 Gresham Street, London, EC2V 7NQ. The Notice of Meeting is set out on pages 69 and 70. Other business includes three resolutions which relate to share capital:

- The first is an ordinary resolution to renew the authority of the directors to allot shares generally;
- The second is a special resolution to give power to the directors to allot equity securities for cash without first offering them to existing shareholders; and
- The third is a special resolution to permit the Company to make market purchases of its own shares.

These authorities, which are the same as those sought and approved at last year's annual general meeting, are part of the portfolio of powers commonly granted to directors to ensure flexibility, should appropriate circumstances arise, to either allot shares, or make purchases of the Company's own shares in the best interests of shareholders. Each authority will run through until the next annual general meeting. The directors have no present intention of using such authorities.

Auditors

Grant Thornton UK LLP are willing to continue in office and a resolution to reappoint them as auditors of the Company will be proposed at the forthcoming annual general meeting.

By order of the Board
Stephen Brett
Secretary
21 January 2016

LPA Group plc is registered in England No 686429

CORPORATE GOVERNANCE REPORT

We do not comply with the UK Corporate Governance Code however the Board is committed to high standards of corporate governance and takes the Code seriously. The Board also places importance on the guidelines issued by the Quoted Companies Alliance for AIM Companies. There are areas where the Company is not in compliance with the UK Corporate Governance Code, particularly in relation to the number and independence of non-executive directors, but the Board considers its present composition, and that of its standing committees, to be appropriate to its circumstances. The Board is committed to reviewing consistencies with the Code regularly. Our governance procedures are detailed below.

LPA Group Plc is subject to the UK City Code on Takeovers and Mergers.

Board composition and responsibility

The Board comprises three non-executive directors, including the Chairman, and two executive directors.

There is a clear division of responsibility between the non-executive Chairman and the Chief Executive.

Of the non-executive directors Per Staehr and Len Porter are regarded as independent; Michael Rusch was an executive director before he became non-executive Chairman in June 2000. The non-executive directors are from varied backgrounds and bring with them a range of skills and experience in commerce and industry.

The Board meets at least six times during the year, with additional meetings being convened as necessary. The principal responsibilities of the Board are to agree overall strategy and investment policy, to approve the annual budget, to monitor the performance of the senior management, and to ensure that there are proper internal financial controls in place. There is a formal schedule of matters reserved for Board approval. The nature and size of the Group ensures that the Board considers all major decisions.

Directors are subject to election by shareholders at the first opportunity after their appointment, and to re-election thereafter at intervals of no more than three years.

All directors have access to the advice and services of the company secretary, who is also responsible for ensuring that Board procedures are followed. There is also a procedure in place for any director to take independent professional advice if necessary, at the Company's expense.

Board committees

The Board has two standing committees, the Audit Committee and the Remuneration Committee. These comprise the Board's non-executive directors, Per Staehr (who is Chairman of both), Michael Rusch and Len Porter.

The Audit Committee has written terms of reference and meets at least twice a year. It is responsible for reviewing a range of financial matters including the interim and final accounts, monitoring the controls which ensure the integrity of the financial information reported to the shareholders, making recommendations to the Board in relation to the appointment of the external auditor, and approving the remuneration and terms of reference for the external auditor. It also meets with the external auditor who attends its meetings when required.

The Remuneration Committee meets at least twice a year and its principal function is to determine executive remuneration policy on behalf of the Board. In addition the committee is responsible for supervising the various share option schemes and for the granting of options under them.

Internal control

The Board has overall responsibility for the Group's system of internal control, which is designed to provide reasonable but not absolute assurance against material misstatement or loss.

The Board has assigned day-to-day responsibility for the continuous review of risk management to the executive directors. The Board receives regular updates on risk issues and reviews the effectiveness of the Group's systems of internal controls in relation to financial, operational and compliance controls and risk management. Risk management is discussed formally at each Board meeting.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Internal control (continued)

In addition the Board reviewed the requirement for an internal audit function and having regard to the size of the Group, the costs of such a function versus the likely benefit, sufficient assurance as to the functioning of the system of internal control, and that the circumstances confronting the Group remain unchanged, considered there was no such requirement at this time.

In relation to business risk a continuous process of risk assessment and reporting has been adopted. Executive directors report regularly to the Board on major business risks faced by individual operating units and by the Group and how it is proposed that those risks be managed. Through this, business risks are assessed according to their nature and urgency and the Board considers what would be an appropriate response.

The Board has defined a formal schedule of matters specifically reserved for decision by it and the delegated authorities of its committees and the executive directors.

The Group has a clear organisation structure and reporting framework. Whilst the management of operating units exercise autonomy in the day-to-day running of their activities, given the size of the Group, the executive directors remain close to the decisions made at each operating unit.

The Group has a system of budgeting, forecasting and reporting which enables the Board to set objectives and monitor performance. A budget is prepared annually, which includes projections for the next two years, for review by the Board. Forecasts are updated twice annually. The Group's performance against budget and forecast is continuously monitored by the executive directors, and by the Board at least quarterly.

The Group operates an investment approval process. Board approval is required for all acquisitions and divestments.

Shareholder relationships

The Board regards the annual general meeting as an important opportunity to meet and communicate with shareholders in general and private investors in particular. Directors make themselves available to shareholders both before and after the annual general meeting and on an ad hoc basis during the year subject to normal disclosure rules. In addition to the annual report, the Company also issues an interim report to shareholders and has its own website at 'www.lpa-group.com'.

By order of the Board
Stephen Brett
Secretary
21 January 2016

REMUNERATION REPORT

This report has not been prepared in accordance with the Companies Act 2006 because as an AIM listed company LPA Group plc does not fall within the scope of the Regulations.

Unaudited information

Remuneration policy

The Company's policy is to design executive remuneration packages to attract, motivate and retain directors of a high calibre and to reward them for enhancing value to shareholders. The performance measurement of the executive directors and the determination of their annual remuneration package are undertaken by the Remuneration Committee.

There are four main elements of the remuneration packages of the executive directors: basic annual salary and benefits; annual bonus payments; share option incentives; and pension arrangements.

The Company's policy is that a proportion of the remuneration of the executive directors should be performance related. Executive directors may earn annual incentive payments, based on achievement of projections for the financial year, together with the benefits of participation in share option schemes. The Company does not operate any long-term incentive schemes other than the share option schemes noted.

Executive directors are entitled to accept appointments outside the Company providing that the Chairman's permission is sought.

Executive directors' remuneration and terms of appointment

Executive directors' basic salaries are reviewed by the Remuneration Committee annually, usually in December for implementation in January, and are set to reflect the directors' responsibilities, experience and marketability. Regard is also given to the level of rewards made in the year to staff. The objectives that must be met for the financial year if a bonus is to be paid are confirmed at the same time.

Peter Pollock has a service contract dated 19 January 2007 (amended in 2011 and 2016), with a rolling notice period of six months and which provides that employment under the agreement will automatically terminate at the conclusion of the Company's annual general meeting to be held in the spring of 2018. As at 1 January 2016 Peter Pollock's annual salary was £184,380 (January 2015: £179,010) and he is entitled to the provision of a car or allowance and private health insurance. In addition he may also be granted options under the various Group share schemes and, subject to the achievement of the Group's growth objectives, be entitled to payments under the Company's discretionary bonus scheme.

Stephen Brett has a service contract dated 19 January 2007 (amended in 2016), with a rolling notice period of three months and which provides that employment under the agreement will automatically terminate on 31 January 2017. As at 1 January 2016 his annual salary was £138,980 (January 2015: £134,930) and he is entitled to the provision of a car or allowance and private health insurance. In addition he may also be granted options under the various Group share schemes and, subject to the achievement of the Group's growth objectives, be entitled to payments under the Company's discretionary bonus scheme.

REMUNERATION REPORT (CONTINUED)

Non-executive directors' remuneration and terms of appointment

The remuneration of the non-executive directors is determined by the Board as a whole and the policy is to pay an appropriate level of remuneration for their work on the Board and its committees. Non-executive directors are normally appointed for an initial period of three years. Appointments are made under a letter of appointment subject to retirement by rotation or removal under the Company's articles of association. Non-executive directors do not participate in the Group's share option arrangements.

Michael Rusch (non-executive chairman) has a three-year term of office, as set out in his letter of re-appointment dated 19 January 2016, which expires at the conclusion of the Company's annual general meeting to be held in the spring of 2019. As at 1 January 2016 he receives fees of £28,010 per annum (January 2015: £27,190) and he is entitled to the provision of a car or allowance and private health insurance.

Per Staehr (non-executive director) has a term of office, as set out in his letter of re-appointment dated 21 January 2014, which expires at the conclusion of the Company's annual general meeting to be held in the spring of 2017. As at 1 January 2016 he receives fees of £24,270 per annum (January 2015: £23,560).

Len Porter (non-executive director) has a term of office, as set out in his letter of appointment dated 27 August 2014, which expires at the conclusion of the Company's annual general meeting to be held in the spring of 2018. As at 1 January 2016 he receives fees of £24,270 per annum (January 2015: £23,560).

Information subject to audit

Directors' remuneration

Directors' remuneration for the year was as follows:

	Salaries and fees £'000	Bonus £'000	Benefits £'000	Total 2015 £'000	Total 2014 £'000
Peter Pollock	178	18	26	222	217
Stephen Brett	134	13	15	162	164
	312	31	41	384	381
Michael Rusch	28	-	22	50	49
Per Staehr	23	-	-	23	23
Len Porter	23	-	-	23	2
	386	31	63	480	455

REMUNERATION REPORT (CONTINUED)

Directors' pension arrangements

During the year ending 30 September 2015 one director's deferred pension was revalued in line with the benefits provided by the LPA Industries Limited Pension Scheme ("the scheme"). The scheme is a defined benefit fund registered with HMRC under the Finance Act 2004. The additional value earned by the director during the financial year due to participation in the scheme counts towards the single total figure of remuneration for each director. As revaluation of deferred benefits in the scheme is linked to CPI the additional value earned during the financial year is nil. The figures below only relate to the scheme.

	Normal retirement date	Contributions paid by the director for the year	Accrued pension entitlement at 30 September		Value of remuneration for the year
		2015	2015	2014	2015
		£'000	£'000	£'000	£'000
Stephen Brett	13 April 2016	Nil	41	41	Nil

The value of remuneration is calculated using a modified version of HMRC tax rules for pension savings. The calculation methodology is laid out in the regulations.

Normal retirement date means an age specified in the pension scheme rules (or otherwise determined) as the earliest age at which, while the individual continues to accrue benefits under the pension scheme, entitlement to a benefit arises (a) without consent (whether of an employer, the trustees or managers of the scheme or otherwise), and (b) without an actuarial reduction, but disregarding any special provision as to early repayment on grounds of ill health, redundancy or dismissal.

The normal retirement date for the director is at age 60, as this is the earliest age from which he can retire without a reduction applying to his benefits on retirement.

Disclosure of benefits has been made in accordance with the Large and Medium-sized companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 for directors' pension disclosures.

Directors' shareholdings

Shareholdings of those serving at the year end were:

	Number of ordinary shares		
	1 October 2014	30 September 2015	31 December 2015
Michael Rusch	808,000	808,000	808,000
Peter Pollock	725,000	725,000	725,000
Stephen Brett	172,500	172,500	172,500
Per Staehr	170,500	185,500	185,500
Len Porter	25,000	25,000	25,000
	1,901,000	1,916,000	1,916,000

In the period Per Staehr purchased 15,000 shares at a price of 74.0p.

REMUNERATION REPORT (CONTINUED)

Directors' interests in share options

	At 1 October 2014	At 30 September 2015	Option price	Earliest exercise date	Latest exercise date
Peter Pollock					
1997 Unapproved Share Option Scheme	35,000	35,000	39p	8 Mar 2010	7 Mar 2017
2007 Employee Share Option Scheme	540,000	540,000	36p	31 Jul 2010	30 Jul 2017
2007 Employee Share Option Scheme	100,000	100,000	32p	1 Apr 2014	31 Mar 2021
2007 Employee Share Option Scheme	150,000	150,000	49p	8 Feb 2015	7 Feb 2022
	825,000	825,000			
Stephen Brett					
1997 Unapproved Share Option Scheme	15,000	15,000	39p	8 Mar 2010	7 Mar 2017
2007 Employee Share Option Scheme	235,000	235,000	36p	31 Jul 2010	30 Jul 2017
2007 Employee Share Option Scheme	100,000	100,000	32p	1 Apr 2014	31 Mar 2021
2007 Employee Share Option Scheme	75,000	75,000	49p	8 Feb 2015	7 Feb 2022
	425,000	425,000			

Details of the share option schemes in operation during the year are given in note 19.

Per Staehr
Director
21 January 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LPA GROUP PLC

We have audited the financial statements of LPA Group Plc for the year ended 30 September 2015 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's 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 and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 12, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 30 September 2015 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Paul Naylor
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cambridge
21 January 2016

CONSOLIDATED INCOME STATEMENT

For the year ended 30 September 2015

	Note	2015 £'000	2014 £'000
Revenue	2	16,265	16,835
Cost of sales		(11,810)	(11,860)
Gross profit		4,455	4,975
Distribution costs		(1,557)	(1,697)
Administrative expenses		(2,607)	(2,642)
Operating profit before exceptional items		291	636
Reorganisation costs	6	(42)	(319)
Gain on property disposal	6	587	-
Operating profit		836	317
Finance costs	4	(75)	(68)
Finance income	5	32	46
Profit before tax attributable to equity holders of the parent	6	793	295
Taxation	7	(99)	-
Profit for the year		694	295
Attributable to:			
- Equity holders of the parent		694	295
Earnings per share	8		
Basic		5.86p	2.50p
Diluted		5.48p	2.31p

All activities are continuing.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 September 2015

	Note	2015 £'000	2014 £'000
Profit for the year		694	295
Other comprehensive expense			
Items that may be reclassified subsequently to profit or loss		-	-
Items that will not be reclassified to profit or loss			
Actuarial gain / (loss) on pension scheme	20	503	(362)
Tax on actuarial gain / loss	17	(121)	52
Other comprehensive income / (expense) net of tax		382	(310)
Total comprehensive income / (expense) for the year		1,076	(15)
Attributable to:			
- Equity holders of the parent		1,076	(15)

CONSOLIDATED BALANCE SHEET

At 30 September 2015

	Note	2015 £'000	2014 £'000
Non-current assets			
Intangible assets	9	1,222	1,235
Property, plant and equipment	10	4,721	4,909
Retirement benefits	20	1,379	744
		7,322	6,888
Current assets			
Inventories	11	2,658	2,145
Trade and other receivables	12	4,101	3,473
Cash and cash equivalents		5	525
		6,764	6,143
Total assets		14,086	13,031
Current liabilities			
Bank overdraft	14	(938)	-
Bank loans and other borrowings	14	(236)	(235)
Provisions	16	-	(567)
Current tax payable		(30)	-
Trade and other payables	13	(2,977)	(3,179)
		(4,181)	(3,981)
Non-current liabilities			
Bank loans and other borrowings	14	(1,548)	(1,784)
Deferred tax liabilities	17	(350)	(160)
Other payables	13	(20)	(21)
		(1,918)	(1,965)
Total liabilities		(6,099)	(5,946)
Net assets		7,987	7,085
Equity	18		
Share capital		1,185	1,184
Share premium account		464	461
Un-issued shares reserve		197	192
Merger reserve		230	230
Retained earnings		5,911	5,018
Equity attributable to shareholders of the parent		7,987	7,085

The financial statements were approved by the Board on 21 January 2016 and signed on its behalf by:

S K BRETT
Director

P G POLLOCK
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2015

2015	Share capital £'000	Share premium account £'000	Un-issued shares reserve £'000	Merger reserve £'000	Retained earnings £'000	Total £'000
At 1 October 2014	1,184	461	192	230	5,018	7,085
Profit for the year	-	-	-	-	694	694
Actuarial gain on pension scheme	-	-	-	-	382	382
Total comprehensive income attributable to equity holders of the parent	-	-	-	-	1,076	1,076
Dividends	-	-	-	-	(184)	(184)
Proceeds from issue of shares	1	3	-	-	-	4
Share-based payments	-	-	6	-	-	6
Transfer	-	-	(1)	-	1	-
Transactions with owners	1	3	5	-	(183)	(174)
At 30 September 2015	1,185	464	197	230	5,911	7,987

2014	Share capital £'000	Share premium account £'000	Un-issued shares reserve £'000	Merger reserve £'000	Retained earnings £'000	Total £'000
At 1 October 2013	1,180	449	178	230	5,199	7,236
Profit for the year	-	-	-	-	295	295
Actuarial loss on pension scheme	-	-	-	-	(310)	(310)
Total comprehensive expense attributable to equity holders of the parent	-	-	-	-	(15)	(15)
Dividends	-	-	-	-	(171)	(171)
Proceeds from issue of shares	4	12	-	-	-	16
Share-based payments	-	-	19	-	-	19
Transfer	-	-	(5)	-	5	-
Transactions with owners	4	12	14	-	(166)	(136)
At 30 September 2014	1,184	461	192	230	5,018	7,085

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 September 2015

	2015 £'000	2014 £'000
Profit for the year	694	295
Finance costs	75	68
Finance income	(32)	(46)
Income tax	99	-
Operating profit	836	317
Adjustments for:		
Depreciation	440	309
Amortisation of intangible assets	58	23
(Gain) / loss on sale of property, plant and equipment	(43)	11
Non-cash charge for equity-settled share-based payments	6	19
	1,297	679
Movements in working capital and provisions:		
Change in inventories	(513)	27
Change in trade and other receivables	(628)	322
Change in trade and other payables	(203)	(325)
Change in provisions	(567)	(101)
Cash (absorbed) / generated from operations	(614)	602
Income tax received	-	43
Retirement benefits (pension contributions)	(100)	(100)
Net cash from operating activities	(714)	545
Purchase of property, plant and equipment	(287)	(2,489)
Proceeds from sale of property, plant and equipment	78	1,307
Capitalised development expenditure	(45)	(22)
Net cash from investing activities	(254)	(1,204)
Drawdown of bank loans	-	600
Repayment of bank loans	(200)	(100)
Repayment of obligations under finance leases	(35)	(33)
Interest paid	(75)	(68)
Proceeds from issue of share capital	4	16
Dividends paid	(184)	(171)
Net cash from financing activities	(490)	244
Net decrease in cash and cash equivalents	(1,458)	(415)
Cash and cash equivalents at start of the year	525	940
Cash and cash equivalents at end of the year	(933)	525

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies

A. Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and applicable law (IFRS) and in accordance with the provisions of the Companies Act 2006 applicable to companies applying IFRS. The financial statements have been prepared under the historical cost convention with the exception of certain items which are measured at fair value, as disclosed in the accounting policies below. The measurement bases and principal accounting policies of the Group are set out below.

B. Going concern

The Group's business activities and the factors likely to affect its future performance are set out in the Strategic Report (which comprises information about LPA's Business and Strategy, the Chairman's Statement, the Chief Executive's Review, the Financial Review, Key Performance Indicators and Principal Risks and Uncertainties) on pages 4 to 10. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are included in the Financial Review. In addition the Group's treasury policy, its approach to the management of financial risk, and its exposure to liquidity and credit risks are outlined in note 15.

In assessing going concern the directors note that whilst current economic conditions create uncertainty as the Group has: (i) traded successfully in the current year; (ii) recently renewed its working capital facilities until the end of December 2016 at which point, based upon past experience, renewal is expected; (iii) strengthened its order book; (iv) significant opportunities within its market place; and (v) proven adaptable in past periods of adversity, the directors believe that it is well placed to manage its business risks successfully.

After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

C. New standards and interpretations not applied

The following new standards, amendments to standards and interpretations have been issued but are not effective for the year to September 2015 and have not been adopted early:

- IFRS 9 - Financial Instruments (IASB effective date 1 January 2018) †
- IFRS15 - Revenue from Contracts with Customers (IASB effective date 1 January 2018) †
- Amendments to IFRS 10, IFRS 12 and IAS 28 - Investment Entities: Applying the Consolidation Exception (effective 1 January 2016) †
- Amendments to IFRS 11 - Accounting for Acquisitions of Interests in Joint Operations (effective date 1 January 2016)
- Annual Improvements to IFRSs 2010-2012 Cycle (effective for financial years starting on or after 1 February 2015)
- Annual Improvements to IFRSs 2012-2014 Cycle (effective 1 January 2016)
- Amendments to IAS1 (Disclosure Initiative) - Presentation of Financial Statements (effective 1 January 2016)
- Amendments to IAS16 and IAS38 - Clarification of Acceptable Methods of Depreciation and Amortisation (effective date 1 January 2016)
- Amendments to IAS27 - Equity Method in Separate Financial Statements (effective 1 January 2016)

† not adopted by the EU (as at 29 December 2015).

The adoption of the standards and interpretations above will not have a significant impact on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies (continued)

D. Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (together the "Group"). Subsidiaries are those entities over which the Company has the power to control the financial and operating policies so as to obtain benefits from its activities. The Company obtains and exercises control through voting rights. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences to the date that control ceases.

Intragroup balances and transactions, and any unrealised gains arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

Acquisitions of subsidiaries are dealt with by the acquisition method. The acquisition method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group accounting policies. Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of the fair value of the consideration transferred over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition. Acquisition costs are written off as incurred.

E. Intangible assets

Goodwill

Goodwill representing the excess of the fair value of the consideration transferred over the fair value of the Group's share of the identifiable net assets acquired is capitalised and reviewed annually for impairment. Goodwill is carried at cost less accumulated impairment losses.

Goodwill on acquisitions prior to 1 January 1998 was deducted from reserves in the year of acquisition. Such goodwill continues as a deduction from reserves and is not recognised in the income statement in the event of disposal.

Research and development

Research expenditure is expensed in the income statement as incurred.

Development expenditure on a project is written off as incurred unless it can be demonstrated that the following conditions for capitalisation, in accordance with IAS38 Intangible Assets, are met:

- the intention is to complete the development of the intangible asset and use or sell it;
- the development costs are separately identifiable and can be measured reliably;
- management are satisfied as to the ultimate technical and commercial viability of the project; so that it will be available for use or sale;
- management are satisfied with the availability of technical, financial and other resources to complete the development and use or sell the intangible asset; and
- it is probable that the asset will generate future economic benefit.

Any subsequent development costs are capitalised and are amortised, within cost of sales, from the date the product or process is available for use, on a straight line basis over its estimated useful life. The useful life for the development costs capitalised at the current year-end is 3 years.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies (continued)

F. Property, plant and equipment

Property, plant and equipment is stated at cost, net of depreciation and any provision for impairment.

On first adoption of IFRS the carrying value of freehold land and buildings that had previously been revalued is shown as deemed cost, and not subsequently revalued. The revaluation surplus that had been previously recognised is retained in the revaluation reserve and transferred to distributable reserves on impairment, depreciation or disposal of the relevant properties.

Depreciation is calculated to write down the cost or valuation, less estimated residual value, of all property, plant and equipment, other than freehold land, by equal annual instalments over their estimated useful economic lives. The rates generally applicable are:

Freehold buildings	2%
Plant, machinery and equipment	7% - 15%
Motor vehicles	20%
Furniture, fittings and office equipment	10% - 15%
Computers	20% - 33%

Residual values are reviewed annually.

A profit or loss on disposal is recognised in the income statement at the surplus or deficit of disposal proceeds over net carrying amount of the asset at the time of disposal.

G. Leased assets

Leases where the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets held under finance leases are capitalised and included in property, plant and equipment at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, and then depreciated over their useful economic lives. Obligations related to finance leases, net of finance charges in respect of future periods, are included within liabilities on the balance sheet. Lease payments are apportioned between finance charges and a reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the income statement.

All other leases are classified as operating leases and the payments made under them are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives are spread over the term of the lease.

H. Impairment of assets

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The recoverable amount of the cash-generating unit to which goodwill relates is tested annually for impairment or when events or changes in circumstances indicate that it might be impaired. The carrying values of property, plant and equipment and intangible assets other than goodwill are reviewed for impairment only when events indicate the carrying value may be impaired.

In an impairment test, the recoverable amount of the cash generating unit or asset is estimated to determine the extent of any impairment loss. The recoverable amount is the higher of fair value less costs to sell and the value in use to the Group. An impairment loss is recognised in the income statement to the extent that the carrying value exceeds the recoverable amount.

In determining a cash-generating unit's or asset's value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the cash-generating unit or asset that have not already been included in the estimate of future cash flows.

A previously recognised impairment loss, other than goodwill, is reversed only if there has been a change in the previous indicator used to determine the assets recoverable amount since the last impairment loss was recognised. The reinstated carrying amount cannot exceed the carrying amount that would have been determined, net of amortisation, had no impairment loss been recognised for the asset in prior years.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies (continued)

I. Inventories

Inventories are stated at the lower of cost and net realisable value. The costs of ordinarily interchangeable items are based on a first-in, first-out basis. Cost includes direct materials, direct labour and an appropriate proportion of production overheads based on normal levels of activity.

J. Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short term deposits that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

K. Financial instruments

Financial liabilities

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument. The Group's financial liabilities comprise trade payables and borrowings.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings are recognised initially at fair value, net of direct issue costs. Subsequently they are recorded at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance cost in the income statement. Finance charges, including direct issue costs, are charged to the income statement on an accruals basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

A financial liability is derecognised only when the obligation is discharged, cancelled or expires.

Financial assets

The Group's classification of financial assets is determined by management at initial recognition, and is dependent upon the purpose for which the financial assets were acquired. The Group's financial assets have been classified as loans and receivables and comprise trade receivables, and cash and cash equivalents. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. A financial asset is recognised when the Group becomes a party to the contractual provisions of the instrument.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

An impairment provision against trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. This assessment is made at each reporting date. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. Any change in their value through impairment or reversal of impairment is recognised in the income statement.

A financial asset is de-recognised only where the contractual rights to the cash flows from the asset expire or the financial asset is transferred and that transfer qualifies for de-recognition. A financial asset that is transferred qualifies for de-recognition if the Group transfers substantially all the risks and rewards of ownership of the asset.

1. Accounting Policies (continued)

K. Financial instruments (continued)

Derivative financial instruments and hedging activities

Derivative financial instruments, comprising foreign exchange contracts, are used by the Group in the management of its foreign currency exposures.

Derivatives are initially recognised at fair value on the date a contract is entered into and are subsequently re-measured at fair value at the balance sheet date. The gain or loss on re-measurement is taken to the income statement except where the derivative is part of a designated cash flow hedge.

To qualify for hedge accounting the cash flow hedge must be formally designated and documented as such at inception, be expected to be highly effective, have its effectiveness regularly tested, and the forecast transaction to which it relates must be highly probable.

The effective portion of changes in the fair value of derivatives that qualify as a cash flow hedge are recognised directly in other comprehensive income. The gain or loss relating to the ineffective portion of a cash flow hedge is recognised in the income statement. Amounts accumulated in equity are reclassified from equity to the income statement in the periods when the hedged item affects the profit or loss. When a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity to profit or loss.

L. Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling at the date of the transaction. Foreign currency monetary assets and liabilities are translated into sterling at the rates of exchange ruling at the balance sheet date. Exchange gains and losses arising are credited or charged to the income statement within net operating costs in the period in which they arise.

M. Taxation

Current tax represents the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and taking into account any adjustments in respect of prior years.

Deferred tax is calculated using the balance sheet liability method on temporary differences, and provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor the initial recognition of an asset or liability, unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. Deferred tax is measured at the tax rates that are expected to apply when the temporary differences reverse, based on the tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the temporary difference can be utilised.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are recognised in other comprehensive income or charged or credited directly to equity in which case the related deferred tax is also recognised in other comprehensive income or charged or credited directly to equity respectively.

NOTES TO THE FINANCIAL STATEMENTS

1. **Accounting Policies (continued)**

N. Revenue

Revenue comprises the invoiced value of the design, manufacture and supply of products by the Group excluding value added tax, trade and volume discounts.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer of the goods, generally upon delivery, and reliable measurement is possible. Revenue is not recognised where recovery of the consideration is not probable or there are significant uncertainties regarding associated costs, or the possible return of goods.

O. Employee benefits

Short-term compensated absences

A liability for short-term compensated absences, such as holiday, is recognised for the amount the Group may be required to pay as a result of the unused entitlement that has accumulated at the balance sheet date.

Equity-settled share-based payments

The cost of share-based employee compensation arrangements, whereby employees receive remuneration in the form of share options, is recognised as an employee benefit expense in the income statement, with a corresponding credit to the un-issued shares reserve.

The total expense to be apportioned over the vesting period of the benefit is determined by reference to the fair value of the share options awarded (at the date of grant) and the number of options that are expected to vest. At each balance sheet date, the Group revises its estimates of the number of options that are expected to vest, and recognises the impact of any revision to original estimates in the income statement.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

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Defined contribution pension plans

The cost of defined contribution pension plans is charged to the income statement as incurred.

Defined benefit pension scheme

The Group's defined benefit pension scheme is closed to future accrual. The ongoing net liability or asset is calculated by estimating the amount of future benefit that employees earned in return for their service in prior periods; that benefit is discounted to determine its present value and then deducted from the fair value of plan assets. The discount rate is the yield on high quality corporate bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed annually by an independent actuary using the projected unit method.

A retirement benefit liability is shown within non-current liabilities and the related deferred tax asset within non-current assets on the balance sheet. A retirement benefit asset is only recognised to the extent that the Group can benefit from a reduction in future contributions or refunds and is shown within non-current assets and the related deferred tax liability within non-current liabilities on the balance sheet.

The net interest cost or income (the difference between the interest cost resulting from the increase in the present value of the defined benefit obligation over time, and the interest income on plan assets) is recognised in finance cost or income.

Past service cost is recognised immediately to the extent that benefits have already vested, or is otherwise expensed on a straight-line basis over the average period until the benefits vest.

Actuarial gains and losses arising from experience adjustments or changes in actuarial assumptions are charged or credited in other comprehensive income in the period in which they arise.

1. Accounting Policies (continued)

P. Provisions

Provisions are recognised when a present obligation (legal or constructive) has arisen as a result of a past event, when payment is more likely than not and where the amount can be reliably estimated. Provisions are valued at management's best estimate of the expenditure required to settle the present obligation at the balance sheet date.

Q. Exceptional items

Exceptional items are material items of income and expense which by virtue of their size or nature are separately disclosed to assist in the better understanding of the Group's performance. The following items are considered to be exceptional in these financial statements:

- significant costs associated with the Group's reorganisation of its electro-mechanical activities; and
- the gain on the sale of the Group's Tudor Works property.

R. Use of judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements on the application of the Group's accounting policies and make estimates about the future. Actual results may differ from these assumptions. The critical judgements made in arriving at the amounts included in these financial statements and the key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year are discussed below:

Impairment of goodwill

The determination of whether goodwill has been impaired requires an estimate of the value in use of the cash-generating units to which the goodwill has been allocated. The value in use calculation requires management to make an estimate of the expected future cash flows of the cash-generating units and to choose an appropriate discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill and the key assumptions used in the value in use calculations are disclosed in note 9.

Defined benefit pension scheme

The retirement benefit position shown in the balance sheet is sensitive to changes in the assumptions used in the calculation of the defined benefit obligation in particular assumptions about the discount rate, inflation, mortality and future pension increases. The carrying amount of assets and liabilities relating to the defined benefit pension plan together with the key assumptions used in the calculation of the defined benefit obligation are disclosed in note 20.

NOTES TO THE FINANCIAL STATEMENTS

2. Operating Segments

All of the Group's operations and activities are based in, and its assets located in, the United Kingdom and for management purposes comprise a single operational segment (being the design, manufacture and marketing of industrial electrical and electronic accessories) less centre costs. It is on this basis that the Chief Operating Decision Maker assesses Group performance. The split is as follows:

	2015 £'000	**2014 £'000**
Operational revenue	16,265	16,835
Operational profit	1,054	1,558
Corporate costs	(763)	(922)
Operating profit before exceptional items	291	636

Internal management accounts information reported to the Chief Executive is prepared on a modified UK GAAP as opposed to an IFRS basis. In the year to September 2015 the modified UK GAAP profit before tax was £796,000 (2014: £294,000) as compared to an IFRS profit of £793,000 (2014: £295,000). The difference between the two was £3,000 (2014: £1,000) and relates to the treatment of research and development expenditure and short term compensated absences under IFRS.

No individual customer represented more than 10% of Group revenue.

All revenue originates in the United Kingdom: an analysis by geographical markets is given below:

	2015 £'000	**2014 £'000**
United Kingdom	13,012	12,744
Rest of Europe	1,796	2,199
Rest of World	1,457	1,892
	16,265	16,835

3. Employee Information

The average number of people employed by the Group during the year was:

	2015 Number	**2014 Number**
Production	111	125
Sales and distribution	25	24
Administration	22	22
	158	171

3. Employee Information (continued)

The employee benefit expense for the year amounted to:

	2015 £'000	2014 £'000
Wages and salaries	4,680	4,987
Social security costs	470	557
Pension costs - defined contribution arrangements (note 20)	117	129
Pension costs - death in service insurance premiums	35	32
Share-based payments (note 19)	6	19
	5,308	5,724

Detailed information concerning directors' emoluments, shareholdings and options is shown in the Remuneration Report.

4. Finance Costs

	2015 £'000	2014 £'000
Bank loans and overdrafts	70	61
Hire purchase contracts	5	7
Finance costs	75	68

5. Finance Income

	2015 £'000	2014 £'000
Net pension interest income (note 20)	32	46

6. Profit Before Tax

The following items have been charged / (credited) in arriving at profit before tax:

A. Within operating profit before exceptional items	2015 £'000	2014 £'000
Depreciation	440	309
Amortisation of intangible assets	58	23
(Gain) / loss on sale of property, plant and equipment	(1)	11
Operating lease rentals - plant and equipment	149	131
Foreign exchange gain	(78)	(11)
Research and development expenditure	422	385
Fees payable to the Company's auditor for the audit of the Company's annual accounts	18	17
Fees payable to the Company's auditor and its associates for other services:		
- the audit of the Company's subsidiaries pursuant to legislation	31	31
- tax services	26	18
- corporate finance transactions	-	20

NOTES TO THE FINANCIAL STATEMENTS

6. Profit Before Tax (continued)

B. Within exceptional items	2015 £'000	2014 £'000
Business relocation	39	115
Closure costs *	6	204
Impairment of stock	39	-
Gain on sale of plant and equipment	(42)	-
Reorganisation costs	42	319
Gain on sale of property	(587)	-
	(545)	319

* Prior year includes £20,000 of corporate finance fees payable to the Company's auditor

7. Taxation

A. Recognised in the income statement	2015 £'000	2014 £'000
Current tax expense		
UK corporation tax	30	-
Deferrred taxation		
Net origination and reversal of temporary differences	69	-
Total income tax expense	99	-

B. Reconciliation of effective tax rate	2015 £'000	2014 £'000
Profit before tax	793	295
Tax at the UK corporation tax rate of 20.5% (2014: 22.0%)	163	65
Effects of:		
- Utilised tax losses	-	(55)
- Retirement benefits	(21)	(23)
- Property adjustment	-	34
- Enhanced development expenditure	(49)	(28)
- Other differences	6	7
Total income tax expense	99	-

C. Deferred tax recognised in other comprehensive income	2015 £'000	2014 £'000
On actuarial gain / loss	121	(52)

8. Earnings Per Share

The calculation of earnings per share is based upon the profit for the year of £694,000 (2014: £295,000) and the weighted average number of ordinary shares in issue during the year of 11.846m (2014: 11.818m). The weighted average number of ordinary shares diluted for the effect of outstanding share options was 12.664m (2014: 12.783m).

		2015			2014	
	Earnings	Weighted average number of shares	Earnings per share	Earnings	Weighted average number of shares	Earnings per share
	£'000	Million	Pence	£'000	Million	Pence
Basic earnings per share	694	11.846	5.86	295	11.818	2.50
Effect of share options	-	0.818	(0.38)	-	0.965	(0.19)
Diluted earnings per share	694	12.664	5.48	295	12.783	2.31

NOTES TO THE FINANCIAL STATEMENTS

9. Intangible Assets

	Goodwill			Capitalised development costs			Total
	Cost £'000	Accumulated impairment losses £'000	Carrying amount £'000	Cost £'000	Amortisation £'000	Carrying amount £'000	Carrying amount £'000
At 1 October 2013	1,234	(85)	1,149	210	(123)	87	1,236
Additions	-	-	-	22	-	22	22
Amortisation for year	-	-	-	-	(23)	(23)	(23)
At 1 October 2014	1,234	(85)	1,149	232	(146)	86	1,235
Additions	-	-	-	45	-	45	45
Amortisation for year	-	-	-	-	(58)	(58)	(58)
At 30 September 2015	1,234	(85)	1,149	277	(204)	73	1,222

Goodwill

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating unit that is expected to benefit. The Group's goodwill solely relates to its investment in Excil Electronics.

The recoverable amount of the cash-generating unit to which the goodwill relates is tested annually for impairment, or more frequently if there are indications that goodwill might be impaired. The recoverable amount of the cash-generating units were determined from value in use calculations, and the key assumptions in these calculations were the assessment of initial cash flows, the long-term growth rate of those cash flows, and the discount rate applied.

Initial cash flows reflect the most recent plans approved by management. They are based on past experience and take into account management expectations of future developments in markets and operations. The initial cash flows covered the first two years of the projections: thereafter cash flow projections were extrapolated into perpetuity at a growth rate of 2.0% (2014: 2.0%) which is considered to be consistent with the long term average growth rate for the businesses concerned. The discount rate applied was 12.0% (2014: 12.0%), a pre-tax rate that reflects an assessment of the time value of money and the risks specific to the cash-generating units concerned. No impairment arose in the year.

Management believe that the key assumptions on which the recoverable amount is based are appropriate and that any reasonable change in these assumptions would not lead to a materially different conclusion.

Goodwill on acquisitions prior to January 1998

The aggregate amount of goodwill arising on acquisitions prior to January 1998 which had been deducted from retained earnings and incorporated into the IFRS transitional balance sheet as at 1 October 2006 amounted to £3,092,000.

10. Property, Plant and Equipment

	Freehold land & buildings £'000	Plant, vehicles & equipment £'000	Total £'000
Cost			
At 1 October 2013	1,660	7,001	8,661
Additions	1,203	1,364	2,567
Disposals	-	(1,505)	(1,505)
At 1 October 2014	2,863	6,860	9,723
Additions	-	287	287
Disposals	-	(1,271)	(1,271)
At 30 September 2015	2,863	5,876	8,739
Depreciation			
At 1 October 2013	169	5,823	5,992
Charge for the year	19	290	309
Disposals	-	(1,487)	(1,487)
At 1 October 2014	188	4,626	4,814
Charge for the year	41	399	440
Disposals	-	(1,236)	(1,236)
At 30 September 2015	229	3,789	4,018
Net carrying amount			
At 30 September 2015	2,634	2,087	4,721
At 30 September 2014	2,675	2,234	4,909

Included within plant, vehicles and equipment is £158,000 (2014: £180,000) in respect of assets acquired under finance leases. Depreciation for the year in respect of these assets was £22,000 (2014: £22,000).

NOTES TO THE FINANCIAL STATEMENTS

11. Inventories

	2015 £'000	2014 £'000
Raw materials and consumables	942	717
Work in progress	922	783
Finished goods and goods for resale	794	645
	2,658	2,145

In 2015 the cost of inventories recognised as an expense within cost of sales amounted to £12,057,000 (2014: £11,920,000). This included the write-down of inventories to net realisable value of £137,000 (2014: £95,000), and write-down utilisation of £106,000 (2014: £295,000).

12. Trade and Other Receivables

	2015 £'000	2014 £'000
Trade receivables	3,231	3,224
Other receivables	18	13
Prepayments and accrued income	852	236
	4,101	3,473

The directors estimate that the carrying value of financial assets within trade and other receivables approximate their fair value. Details of the Group's exposure to credit and market risk related to trade and other receivables are disclosed in note 15.

13. Trade and Other Payables

	2015 £'000	2014 £'000
Current		
Trade payables	1,985	2,080
Social security and other taxes	342	281
Other payables	36	12
Accruals and deferred income	614	806
	2,977	3,179
Non-current		
Other payables	20	21

The directors estimate that the carrying value of trade and other payables approximate their fair value.

14. Borrowings

This note provides information about the contractual terms of the Group's borrowings: further information is given in note 15. The new facility arrangements are detailed in the Financial Review.

	2015 £'000	2014 £'000
Current		
Bank loan	200	200
Finance lease obligations	36	35
Overdraft	938	-
Bank loans and other borrowings	1,174	235
Non-current		
Bank loan	1,500	1,700
Finance lease obligations	48	84
Bank loans and other borrowings	1,548	1,784
Total borrowings	2,722	2,019

NOTES TO THE FINANCIAL STATEMENTS

14. Borrowings (continued)

Bank loans

The £1.70 million bank loan is repayable in 34 quarterly instalments of £50,000 commencing in October 2015. In the year interest was payable at LIBOR plus 2.75%. The following security is provided to the bank: (i) a legal charge over the freehold property owned by the Group; (ii) a debenture from each Group company; and (iii) a composite guarantee by each Group company as guarantor in favour of the Bank.

Bank overdraft

The overdraft is secured by a fixed and floating charge on the Group's assets. In the year interest was payable at 2.5% over base rate.

Finance lease obligations

Finance leases typically have a five year term and bear interest fixed at the time of the commitment. The Group's obligations under finance leases are secured by the lessor's title to the leased assets. The minimum lease payments under finance leases, and their present value, fall due as follows:

	Minimum lease payments		Present value of minimum lease payments	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Within one year	40	40	36	35
Within two to five years	49	89	48	84
	89	129	84	119
Future finance charges	(5)	(10)		
Present value of finance lease obligations	84	119		

15. Financial Instruments

A. Financial risk management

The Group's treasury policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its foreign currency, interest rate, liquidity and credit risks. The Group's principal financial instruments comprise bank loans and overdrafts, finance lease obligations, cash and cash equivalents, together with trade and other receivables and trade and other payables that arise directly from its operations. The main risks arising from the Group's financial instruments and the approaches to them are detailed below.

B. Capital management

The Group's policy is to minimise its cost of capital, by optimising the balance between equity and debt, whilst ensuring its ability to continue as a going concern, to provide returns to shareholders and benefits for other stakeholders. In practice decisions to fund transactions through either equity or debt are made on a case by case basis and are based upon circumstances at the time.

The Group's capital structure is as follows:

	2015 £'000	2014 £'000
Equity	7,987	7,085
Net debt	2,717	1,494
Overall financing	10,704	8,579
Gearing (net debt as a % of total equity)	34.0%	21.1%

Gearing (net debt as a % of equity), which is the principal measure used by the Group as a monitor of its capital structure, rose significantly in the year from 21.1% to 34.0%. This was a function of the large increase in net debt (which comprises bank loans, finance lease obligations, cash and cash equivalents), with reorganisation spends (relating to the closure of the Group's Clacton facility and subsequent relocation of the business to Saffron Walden) and an increase in working capital the main factors.

The Board routinely monitors other aspects of financial performance to ensure compliance with bank borrowing requirements.

There were no changes in the Group's approach to capital management during the year.

C. Currency risk

Currency exposure arises on sale or purchase transactions in currencies other than sterling, the functional currency of the companies within the Group. It is the Group's policy to minimise risk to exchange rate movements affecting sales and purchases by hedging or netting currency exposures at the time of commitment, or when there is a high probability of future commitment arising, using forward exchange contracts. A proportion of forecast exposures are also hedged. The Group does not trade in derivatives or make speculative hedges.

NOTES TO THE FINANCIAL STATEMENTS

15. Financial Instruments (continued)

C. Currency risk (continued)

Currency exposures

The table below shows the Group's currency exposure after taking into account the effect of any currency hedges entered into:

	2015			2014		
	Cash and cash equivalents	Other net monetary assets and liabilities	Total net monetary assets and liabilities	Cash and cash equivalents	Other net monetary assets and liabilities	Total net monetary assets and liabilities
	£'000	£'000	£'000	£'000	£'000	£'000
Euro	89	59	148	86	(263)	(177)
US Dollar	7	(6)	1	5	(15)	(10)
	96	53	149	91	(278)	(187)

Derivative financial instruments

At 30 September 2015 the Group had no commitments under non-cancellable forward exchange contracts (2014: £Nil) taken out to hedge foreign currency sales and purchases.

Sensitivity

At 30 September 2015 if sterling had weakened / strengthened by 10% against the euro with all other variables held constant the effect would have been to increase / (decrease) pre-tax profit and equity as a result of foreign exchange gains / (losses) on translation by:

	2015		2014	
	Effect on profit before tax	Effect on equity	Effect on profit before tax	Effect on equity
	£'000	£'000	£'000	£'000
Sterling weakens by 10% against the euro	16	-	(20)	-
Sterling strengthens by 10% against the euro	(13)	-	16	-

D. Interest rate risk

The Group is exposed to risk from the effect of changes in floating interest rates on the level of interest it pays on its borrowings and receives on its cash deposits.

The only financial liabilities of the Group which are subject to interest charges are bank loans, overdrafts and finance lease obligations. The directors monitor the overall level of borrowings and interest costs to limit any adverse effects on financial performance of the Group.

15. Financial Instruments (continued)

D. Interest rate risk (continued)

Interest rate risk profile

Interest rates are managed by using fixed and floating rate borrowings. Floating rate liabilities comprise bank loans and overdrafts: in the year the bank loan was subject to an interest rate of 2.75% over LIBOR and overdrafts to an interest rate of 2.5% over base. Fixed rate liabilities comprise finance leases which bear interest at the negotiated market rate prevailing at the time the commitment is made. In the year the weighted average interest rate of the fixed rate financial liabilities was 5.0% (2014: 5.0%).

The interest rate profile of the Group's financial assets and liabilities at 30 September was:

	2015 £'000	2014 £'000
Floating rate		
Cash and cash equivalents	5	525
Overdraft	(938)	-
Bank loan	(1,700)	(1,900)
	(2,633)	(1,375)
Fixed rate		
Finance lease obligations	(84)	(119)

Sensitivity

If market interest rates on floating rate borrowings and cash deposits had been 1% (100 basis points) higher during the year to 30 September 2015 and 2014, with all other variables held constant the pre-tax profit would have been lower by £22,000 (2014: £18,000).

E. Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's approach is to ensure that, as far as possible, it will have adequate resources to meet its foreseeable financing requirements, with headroom to cope with adverse market conditions. The Group's operations are funded through a combination of retained profits, acquiring an element of its fixed assets under finance leases, medium-term bank loans with short-term flexibility achieved through the use of overdraft facilities.

Un-drawn committed facilities

The Group's un-drawn committed borrowing facilities at 30 September 2015 comprise its bank overdraft expiring in one year or less at £0.56m (2014: £1.50m).

NOTES TO THE FINANCIAL STATEMENTS

15. Financial Instruments (continued)

E. Liquidity risk (continued)

Maturity profile of the Group's financial liabilities

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

2015	Within 1 year £'000	Between 1 and 2 years £'000	Between 2 and 3 years £'000	Between 3 and 4 years £'000	Between 4 and 5 years £'000	Over 5 years £'000	Total £'000
Overdraft	938	-	-	-	-	-	938
Bank loan	254	248	240	235	227	744	1,948
Finance lease obligations	40	39	10	-	-	-	89
Borrowings	1,232	287	250	235	227	744	2,975
Trade and other payables	2,574	-	-	-	-	-	2,574
	3,806	287	250	235	227	744	5,549

2014	Within 1 year £'000	Between 1 and 2 years £'000	Between 2 and 3 years £'000	Between 3 and 4 years £'000	Between 4 and 5 years £'000	Over 5 years £'000	Total £'000
Bank loan	260	254	247	241	233	971	2,206
Finance lease obligations	40	40	39	10	-	-	129
Borrowings	300	294	286	251	233	971	2,335
Trade and other payables	2,886	-	-	-	-	-	2,886
	3,186	294	286	251	233	971	5,221

F. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from trade receivables, but also from cash and cash equivalents, and other financial assets.

Trade receivables

The Group's exposure to credit risk is principally influenced by the individual characteristics of each customer as opposed to a more general demographic of the customer base. Credit risk is managed on an ongoing basis by monitoring the aggregate amount and duration of exposure to any one customer depending upon their credit rating. Credit risk is minimised through cash flow management and the use of documentary credits where appropriate.

15. Financial Instruments (continued)

F. Credit risk (continued)

Cash and cash equivalents

The Group monitors counterparties with whom it deposits cash and transacts other financial instruments so as to control exposure to any one institution.

Exposure to credit risk

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above. At the end of 2015 these totalled £3.23m (2014: £3.22m). The Group held no collateral as security against any trade receivables.

The concentration of credit risk is sensitive to the timing of larger projects. The Group's most significant customer accounted for 12.6% of trade receivables at September 2015 (2014: 9.2%).

Impairment losses

In determining the recoverability of trade receivables the Group considers the ageing of each debtor and any change in the circumstances of the individual customer. The ageing of trade receivables at the reporting date was:

	2015		2014	
	Gross	Impairment	Gross	Impairment
	£'000	£'000	£'000	£'000
Not past due	2,288	(6)	2,374	(8)
Past due 1-30 days	784	(2)	695	(2)
Past due 31-90 days	149	(1)	156	-
Past due 91 days to less than a year	20	(1)	13	(4)
	3,241	(10)	3,238	(14)

The movement in the allowance for impairment in respect of trade receivables during the year was:

	2015	2014
	£'000	£'000
Balance at start of the year	14	26
Impairment gain recognised	(4)	(12)
Balance at end of the year	10	14

The impairment gain recognised of £4,000 relates to the movement in the Group's assessment of the risk of non-recovery from a range of customers

NOTES TO THE FINANCIAL STATEMENTS

15. Financial Instruments (continued)

G. Classification and fair values of financial assets and liabilities

The table below sets out the Group's accounting classification of each class of financial asset and financial liability. The directors consider that the carrying value of financial assets and liabilities approximate their fair values.

For cash and cash equivalents and floating rate borrowings the fair values are the same as the carrying value. For forward currency contracts fair values have been calculated by discounting the cash flows at prevailing appropriate market rates.

2015	**Derivatives at fair value**	**Amortised cost**	**Total carrying value**	**Fair value**
	£'000	**£'000**	**£'000**	**£'000**
Financial assets				
Trade and other receivables	-	3,231	3,231	3,231
Cash and cash equivalents	-	5	5	5
	-	3,236	3,236	3,236
Financial liabilities				
Borrowings - overdraft	-	(938)	(938)	(938)
Borrowings - bank loan	-	(1,700)	(1,700)	(1,700)
Trade and other payables	-	(2,574)	(2,574)	(2,574)
	-	(5,212)	(5,212)	(5,212)
Net financial liabilities	-	(1,976)	(1,976)	(1,976)

2014	**Derivatives at fair value**	**Amortised cost**	**Total carrying value**	**Fair value**
	£'000	**£'000**	**£'000**	**£'000**
Financial assets				
Trade and other receivables	-	3,224	3,224	3,224
Cash and cash equivalents	-	525	525	525
	-	3,749	3,749	3,749
Financial liabilities				
Borrowings - bank loan	-	(1,900)	(1,900)	(1,900)
Trade and other payables	-	(2,849)	(2,849)	(2,849)
	-	(4,749)	(4,749)	(4,749)
Net financial liabilities	-	(1,000)	(1,000)	(1,000)

15. Financial Instruments (continued)

H. Fair value hierarchy

The Group's uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique.

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

All of the Group's derivative financial instruments are valued by Level 2 techniques.

16. Provisions

	2015 £'000	2014 £'000
Current		
At 1 October 2014	567	243
Arising during the year	-	142
Transferred from non-current	-	425
Released to income statement (within exceptional items)	(23)	-
Utilised in the year	(544)	(243)
At 30 September 2015	-	567
Non-current		
At 1 October 2014	-	425
Transferred to current	-	(425)
At 30 September 2015	-	-

Provisions as at 1 October 2014 related to the closure of the Company's facility at Clacton and comprised an onerous lease contract provision at £425,000 and a closure cost provision of £142,000.

NOTES TO THE FINANCIAL STATEMENTS

17. Deferred Tax

	Property, plant and equipment £'000	Retirement benefits £'000	Tax losses £'000	Other £'000	Total £'000
At 1 October 2013	(27)	(192)	-	7	(212)
Recognised in income statement	(25)	(9)	31	3	-
Recognised in other comprehensive income	-	52	-	-	52
At 1 October 2014	(52)	(149)	31	10	(160)
Recognised in income statement	(82)	(6)	20	(1)	(69)
Recognised in other comprehensive income	-	(121)	-	-	(121)
At 30 September 2015	(134)	(276)	51	9	(350)

Deferred tax assets of £321,000 (2014: £83,000) have not been recognised in respect of unrelieved tax losses of £1,604.000 (2014: £413,000) because of uncertainty over the timing of their recoverability. The tax losses have no expiry date.

An analysis of the deferred tax balances for reporting purposes is given below:

	Property, plant and equipment £'000	Retirement benefits £'000	Tax losses £'000	Other £'000	Total £'000
At 30 September 2015					
Deferred tax assets	6	-	51	23	80
Deferred tax liabilities	(140)	(276)	-	(14)	(430)
	(134)	(276)	51	9	(350)
At 30 September 2014					
Deferred tax assets	21	-	31	27	79
Deferred tax liabilities	(73)	(149)	-	(17)	(239)
	(52)	(149)	31	10	(160)

18. Equity

Share capital

	2015		2014	
	Number	**£'000**	**Number**	**£'000**
Authorised	15,000,000	1,500	15,000,000	1,500
Issued and fully paid				
In issue at the start of the year	11,838,229	1,184	11,795,229	1,180
Allotted under share plans	10,000	1	43,000	4
In issue at the end of the year	11,848,229	1,185	11,838,229	1,184

During the year 10,000 options were exercised at a weighted average option price of 39.0p.

The market price of the Company's shares on 30 September 2015 was 66.0p per share (2014: 98.0p per share) and the price range during the year was 58.0p to 112.0p (2014: 55.0p to 146.0p).

NOTES TO THE FINANCIAL STATEMENTS

18. Equity (continued)

Proposed dividends

The directors proposed the below dividends after the balance sheet date: they have not been recognised as a liability in the accounts.

	2015 £'000	2014 £'000
Proposed - final 1.00p per share (2014: 0.85p)	118	101

Dividends

The following dividends were declared and paid by the Group during the year:

	2015 £'000	2014 £'000
Final - in respect of preceding year 0.85p per share (2014: 0.75p)	101	88
Interim - in respect of current year 0.70p per share (2014: 0.70p)	83	83
	184	171

Share premium account

This reserve records the premium for shares issued at a value that exceeds their nominal value.

Un-issued shares reserve

This reserve records the recognised costs of share-based employee payment arrangements.

Merger reserve

This reserve records the premium for shares issued, as part consideration on the acquisition of Haswell Engineers, at a value that exceeded their nominal value and which qualified for merger relief.

19. Share Based Payments

The Group operated two equity-settled share-based payment arrangements in the year and a summary of each of the schemes is given below. The schemes are open to executive directors and selected senior managers within the Group.

The 1997 Unapproved Share Option scheme: The option price for grants under this scheme was the average market price on the three consecutive dealing days preceding the date of the grant. Options are exercisable between three and ten years following grant and no performance criteria apply. No further options may be granted under this scheme.

The 2007 Employee Share Option scheme: The option price for grants under this scheme is the mid market price on the dealing day preceding the date of the grant. Options will normally be exercisable between three and ten years following grant: no performance criteria apply.

Outstanding options to subscribe for ordinary shares of 10p each at 30 September 2015 are as follows:

Scheme	Date of grant	Price	Dates when exercisable	Number of options 2015	Number of options 2014
1997 Unapproved Share Option scheme	Mar 2007	39p	08 Mar 2010 to 07 Mar 2017	130,000	140,000
2007 Employee Share Option Scheme	Jul 2007	36p	31 Jul 2010 to 30 Jul 2017	865,000	865,000
	Apr 2011	32p	1 Apr 2014 to 31 Mar 2021	200,000	200,000
	Feb 2012	49p	8 Feb 2015 to 7 Feb 2022	445,000	445,000
				1,510,000	1,510,000

19. Share Based Payments (continued)

A reconciliation of the movement in the number of share options is given below:

	2015		2014	
	Weighted average exercise price (p)	Number of options	Weighted average exercise price (p)	Number of options
Outstanding at the beginning of the year	39.3	1,650,000	39.2	1,693,000
Granted during the year	-	-	-	-
Exercised during the year	39.0	(10,000)	37.7	(43,000)
Lapsed during the year	-	-	-	-
Outstanding at the end of the year	39.3	1,640,000	39.3	1,650,000
Exercisable at the end of the year	39.3	1,640,000	35.7	1,205,000

The options outstanding at the end of the year have an exercise price in the range of 32p to 49p and a weighted average contractual life of 3.6 years (2014: 4.5 years).

The weighted average share price at the date of exercise of share options exercised during the year was 80.3p per share (2014: 101.2p).

The Group recognised a share-based remuneration expense in the year of £6,000 (2014: £19,000).

20. Employee Benefits

A. Defined contribution schemes

The Group makes contributions to several defined contribution arrangements. The pension cost charged to the income statement for the year in respect of these schemes was £117,000 (2014: £129,000).

B. Defined benefit scheme

The Group also sponsors a funded defined benefit pension arrangement. There is a separate trustee administered fund holding the pension plan assets to meet long term pension liabilities for some 187 past employees as at 31 March 2012. The level of retirement benefit is principally based on salary earned in the last three years of employment prior to leaving active service and is linked to changes in inflation up to retirement.

The plan is subject to the funding legislation, which came into force on 30 December 2005, outlined in the Pension Act 2004. This, together with documents issued by the Pensions Regulator, and Guidance Notes adopted by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension plans in the UK.

The trustees of the plan are required to act in the best interest of the plan's beneficiaries. The appointment of the trustees is determined by the plan's trust documentation. It is policy that one third of all trustees should be nominated by the members.

A full actuarial valuation was carried out as at 31 March 2012 in accordance with the scheme funding requirements of the Pension Act 2004 and the funding of the plan is agreed between the Group and the trustees in line with those requirements. These in particular require the surplus / deficit to be calculated using prudent, as opposed to best estimate actuarial assumptions.

This actuarial valuation showed a deficit of £1,309,000. The Group has agreed with the trustees that it will aim to eliminate the deficit over period of 7 years from 1 April 2012 by the payment of annual contributions of £100,000 in respect of the deficit. In addition and in accordance with the actuarial valuation, the Group has agreed to meet the expenses of the plan and levies to the Pension Protection Fund.

For the purposes of IAS19 the actuarial valuation as at 31 March 2015, which was carried out by a qualified independent actuary, has been updated on an approximate basis to 30 September 2015. There have been no changes in the valuation methodology adopted for this period's disclosures compared to the previous period's disclosures.

NOTES TO THE FINANCIAL STATEMENTS

20. Employee Benefits (continued)

Amounts included in the balance sheet

	2015 £'000	2014 £'000	2013 £'000
Fair value of scheme assets	13,084	13,077	12,584
Present value of defined benefit obligation	(11,705)	(12,333)	(11,624)
Asset to be recognised	1,379	744	960

The present value of scheme liabilities is measured by discounting the best estimate of future cash flows to be paid out by the plan using the projected unit credit method. This method is an accrued benefits valuation method in which allowance is made for projected earnings increases. The value calculated in this way is reflected in the asset to be recognised in the balance sheet as shown above.

All actuarial gains and losses will be recognised in the year in which they occur in other comprehensive income.

Reconciliation of the impact of the asset ceiling

The Group has reviewed implications of the guidance provided by IFRIC14 and has concluded that it is not necessary to make any adjustments to the IAS19 figures in respect of an asset ceiling or Minimum Funding Requirement as at 30 September 2015.

Reconciliation of opening and closing present value of the defined benefit obligation

	2015 £'000	2014 £'000
Defined benefit obligation at start of the year	12,333	11,624
Interest cost	484	510
Actuarial (gains) / losses due to scheme experience	(230)	10
Actuarial (gains) due to changes in demographic assumptions	(535)	-
Actuarial losses due to changes in financial assumptions	118	756
Benefits paid	(465)	(567)
Defined benefit obligation at end of the year	11,705	12,333

There have been no plan amendments, curtailments or settlements in the accounting period.

20. Employee Benefits (continued)

Reconciliation of opening and closing values of the fair value of plan assets

	2015 £'000	2014 £'000
Fair value of scheme assets at start of the year	13,077	12,584
Interest income	516	556
Return on plan assets (excluding amounts included in interest income)	(144)	404
Contributions by the Group	100	100
Benefits paid	(465)	(567)
Fair value of scheme assets at end of the year	13,084	13,077

The actual return on the plan assets over the period ending 30 September 2015 was £372,000 (2014: £960,000).

Defined benefit costs recognised in profit or loss

	2015 £'000	2014 £'000
Net interest income	32	46

Defined benefit costs recognised in the statement of other comprehensive income

	2015 £'000	2014 £'000
Return on plan assets (excluding amounts included in interest income) - (loss) / gain	(144)	404
Experience gains / (losses) arising on the defined benefit obligation	230	(10)
Effect of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain	535	-
Effect of changes in the financial assumptions underlying the present value of the defined benefit obligations - (loss)	(118)	(756)
Amount recognised in other comprehensive income - gain / (loss)	503	(362)

NOTES TO THE FINANCIAL STATEMENTS

20. Employee benefits (continued)

Assets

	2015 £'000	2014 £'000	2013 £'000
Equities	3,809	3,962	4,124
Corporate bonds	7,197	7,070	6,522
Diversified growth funds	1,971	1,973	1,899
Cash and net current assets	107	72	39
Total assets	13,084	13,077	12,584

None of the fair value of the assets shown above include any direct investments in the Group's own financial instruments or any property occupied by, or other assets used by, the Group. All of the scheme assets have a quoted market price in an active market with the exception of the trustee's bank account balance.

It is the policy of the trustees and the Group to review the investment strategy at the time of each funding valuation. The trustees' investment objectives and the processes undertaken to measure and manage the risks inherent in the plan investment strategy are documented in the plan's Statement of Investment Principles.

There are no asset-liability matching strategies currently being used by the plan.

Significant actuarial assumptions

	2015 % per annum	2014 % per annum	2013 % per annum
Rate of discount	3.8	4.0	4.5
Inflation (RPI)	2.9	3.1	3.2
Inflation (CPI)	2.2	2.4	2.5
Allowance for revaluation of deferred pensions of CPI or 5.0% pa if less	2.2	2.4	2.5
Allowance for revaluation of deferred pensions of CPI or 2.5% pa if less	2.2	2.4	2.5
Allowance for pension in payment increases of RPI or 5.0% pa if less	2.9	3.1	3.2
Allowance for pension in payment increases of CPI or 3.0% pa if less	2.2	2.4	2.5
Allowance for commutation of pension for cash at retirement	80% of post A Day	80% of post A Day	80% of post A Day

The mortality assumptions adopted at 30 September 2015 are 100% of the standard tables S2PxA, Year of Birth, no age rating for males and females, projected using CMI_2015 converging to 1.25% p.a. These imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2015:	22.1
Female retiring in 2015:	24.1
Male retiring in 2035:	23.8
Female retiring in 2035:	26.0

20. Employee benefits (continued)

Analysis of the sensitivity to the principal assumptions of the present value of the defined benefit obligation

Assumption	Change in assumption	Change in liabilities
Discount rate	Decrease of 0.25% p.a.	Increase by 3.6%
Rate of inflation	Increase of 0.25% p.a.	Increase by 2.4%
Rate of mortality	Increase in life expectancy of 1 year	Increase by 2.7%
Commutation	Members commute an extra 10% of Post A Day pension on retirement	Decrease by 0.4%

The sensitivities shown above are approximate. Each sensitivity considers one change in isolation. The inflation sensitivity includes the impact of changes to the assumptions for revaluation and pension increases. The average duration of the defined benefit obligation at the period ending 30 September 2015 is 15 years.

The plan typically exposes the Group to actuarial risks such as investment risk, interest rate risk, mortality risk and longevity risk. A decrease in corporate bond yields, a rise in inflation or an increase in life expectancy would result in an increase to plan liabilities. This would detrimentally impact the balance sheet position and may give rise to increased charges in future P&L accounts. This effect would be partially offset by an increase in the value of the plan's bond holding. Additionally caps on inflationary increases are in place to protect the plan against extreme inflation.

The best estimate of contributions to be paid by the Group to the plan for the period commencing 1 October 2015 is £100,000.

NOTES TO THE FINANCIAL STATEMENTS

21. Financial Commitments

Operating lease commitments

The Group has entered into commercial leases on certain motor vehicles and items of plant and equipment.

Future minimum rentals payable under non-cancellable operating leases are as follows:

	Property		Plant and equipment	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Within one year	-	153	108	100
Within two to five years	-	-	93	69
	-	153	201	169

Capital commitments

Contracted for but not provided in the accounts amounted to £Nil (2014: £52,000).

22. Related Party Transactions

Remuneration of key management personnel

The remuneration of the directors, who are considered to be the key management personnel of the Group, is set out below in aggregate for each of the categories required by IAS24 Related Party Disclosures together with dividends received by them. Detailed information about the remuneration of individual directors is disclosed in the Remuneration Report.

	2015 £'000	2014 £'000
Short-term employee benefits	541	498
Post employment benefits	4	11
Share-based payments	3	12
	548	521
Dividends	30	27

Other related party transactions

The transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. There are no other related party transactions (2014: none).

COMPANY BALANCE SHEET

At 30 September 2015

	Note	2015 £'000	2014 £'000
Fixed assets			
Tangible assets	C3	2,964	3,067
Investments	C4	5,411	5,411
		8,375	8,478
Current assets			
Debtors	C5	2,210	1,347
Cash at bank and in hand		3	29
		2,213	1,376
Creditors: Amounts falling due within one year	C6	(4,048)	(4,313)
Net current liabilities		(1,835)	(2,937)
Total assets less current liabilities		6,540	5,541
Creditors: Amounts falling due after more than one year	C7	(2,200)	(2,400)
Provisions for liabilities	C9	-	-
Net assets		4,340	3,141
Capital and reserves	C10		
Called up share capital		1,185	1,184
Share premium account		464	461
Un-issued shares reserve		197	192
Merger reserve		784	784
Profit and loss reserve		1,710	520
Total equity shareholders' funds		4,340	3,141

The financial statements were approved by the Board on 21 January 2016 and signed on its behalf by:

S K BRETT
Director

P G POLLOCK
Director

COMPANY NOTES TO THE FINANCIAL STATEMENTS

C1. Accounting Policies

A. Basis of preparation

The following are the principal accounting policies of the Company which have been applied consistently throughout the year and the preceding year.

The Company financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold property, and in accordance with applicable UK accounting standards (United Kingdom Generally Accepted Accounting Practice).

The profit dealt with in the accounts of the Company is £1,373,000 (2014: loss of £797,000). The Company has not presented a separate profit and loss account as permitted by Section 408 of the Companies Act 2006.

B. Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment.

Depreciation is calculated to write down the cost or valuation, less estimated residual value, of all tangible fixed assets, other than freehold land, by equal annual instalments over their estimated useful economic lives. The rates generally applicable are:

Freehold buildings	2%
Plant and machinery	10%

The part of the annual depreciation charge of revalued assets which relates to the surplus over cost is transferred from the revaluation reserve to the profit and loss reserve.

C. Investments

Investments in subsidiaries are shown at cost less any provision for impairment.

D. Current tax

The current tax charge is based on the profit for the year and is measured at the amounts expected to be paid based on the tax rates and laws substantively enacted by the balance sheet date. Current and deferred tax is recognised in the profit and loss account for the period except to the extent that it is attributable to a gain or loss that is or has been recognised directly in the statement of total recognised gains and losses.

The Company and its subsidiary undertakings are able to relieve their taxable losses by surrendering them to other group companies where capacity to utilise those losses exists. There is an agreement between members of this Group that such losses will be paid for by the recipient company. Where there is reasonable certainty that taxable losses can be relieved the group relief receivable or payable is included in the taxation charge or credit for the period.

C1. Accounting Policies (continued)

E. Deferred taxation

Deferred tax is recognised in respect of all timing differences (which arise because of differences between the treatment of certain items for accounting and taxation purposes) that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

F. Defined contribution pension schemes

The pension costs charged against operating profits are the contributions payable in respect of the accounting period.

G. Equity-settled share-based payments

The cost of share-based employee compensation arrangements, whereby employees receive remuneration in the form of share options, is recognised as an employee benefit expense in the profit and loss account, with a corresponding credit to the un-issued shares reserve.

The total expense to be apportioned over the vesting period of the benefit is determined by reference to the fair value of the share options awarded (at the date of grant) and the number of options that are expected to vest. At each balance sheet date, the Group revises its estimates of the number of options that are expected to vest, and recognises the impact of any revision to original estimates in the profit and loss account.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

COMPANY NOTES TO THE FINANCIAL STATEMENTS

C2. Employee Information

With the exception of the directors the number of people employed by the Company was Nil (2014: Nil). Detailed information concerning directors' emoluments, shareholdings and options is shown in the Remuneration Report.

C3. Tangible Fixed Assets

	Freehold land and buildings £'000	Plant and machinery £'000	Total £'000
Cost			
At 1 October 2014	2,393	713	3,106
Additions	-	3	3
At 30 September 2015	2,393	716	3,109
Depreciation			
At 1 October 2014	25	14	39
Charged in year	34	72	106
At 30 September 2015	59	86	145
Net book value			
At 30 September 2015	2,334	630	2,964
At 1 October 2014	2,368	699	3,067

COMPANY NOTES TO THE FINANCIAL STATEMENTS

C4. Investments

Investments in subsidiary undertakings

	Cost	Provision for impairment	Carrying amount
	£'000	£'000	£'000
At 1 October 2014 and 30 September 2015	6,459	(1,048)	5,411

Details of the investments, which are all registered in England and Wales, in which the Group holds directly and indirectly 20% or more of the nominal value of any class of share capital are as follows:

Name of company	Holding	Proportion of voting rights & shares held	Nature of business
Subsidiary undertakings			
Channel Electric Equipment Holdings Ltd	Ordinary shares	100%	Holding company
Channel Electric Equipment Ltd	Ordinary shares	100%	Electrical components
LPA Industries Ltd	Ordinary shares	100%	Electrical components
Haswell Engineers Ltd	Ordinary shares	100%	Metal fabrication
Excil Electronics Ltd	Ordinary shares	100%	Electrical components

The Group also holds 100% of the ordinary share capital of the following dormant companies: Niphan Limited, Light and Power Accessories Company Limited, W M Engineering (Ramsden) Limited and Lazell Bros. Engineers Limited. All of the above investments are held directly by LPA Group plc with the exception of Channel Electric Equipment Limited (which is held by Channel Electric Equipment Holdings Limited) and Lazell Bros. Engineers Limited (which is held by Light and Power Accessories Company Limited).

LPA Group plc is the sole member of LPA Industries Pension Trustees Limited, a company limited by guarantee, which acts as trustee to two pension schemes operated within the Group.

C5. Debtors

	2015	2014
	£'000	£'000
Amounts due from subsidiary undertakings	1,553	1,211
Other debtors	1	115
Prepayments and accrued income	656	21
	2,210	1,347

COMPANY NOTES TO THE FINANCIAL STATEMENTS

C6. Creditors: Amounts Falling Due Within One Year

	2015 £'000	2014 £'000
Bank overdraft	354	-
Bank loans	200	200
Debt	554	200
Trade creditors	4	43
Amounts owed to subsidiary undertakings	3,284	3,833
Other creditors	31	3
Accruals	175	234
	4,048	4,313

C7. Creditors: Amounts Falling Due After More Than One Year

	2015 £'000	2014 £'000
Debt - bank loans	1,500	1,700
Amounts owed to subsidiary undertakings	700	700
	2,200	2,400

C8. Borrowings

	2015 £'000	2014 £'000
Due within one year		
Bank overdraft	354	-
Bank loan	200	200
	554	200
Non-current		
Bank loan	1,500	1,700
Total borrowings	2,054	1,900
Repayable		
Within one year	554	200
Between one and two years	200	200
Between two and five years	600	600
Over five years	700	900
	2,054	1,900

Bank loan and overdraft

The £1.70 million bank loan is repayable in 34 quarterly instalments of £50,000 commencing in October 2015. In the year interest was payable at LIBOR plus 2.75%. In the year overdraft interest was payable at 2.5% over base rate. Further information about the contractual terms of the Company's borrowings is given in note 14 to the Group Financial Statements.

COMPANY NOTES TO THE FINANCIAL STATEMENTS

C9. Provisions for Liabilities

Recognised deferred tax assets and liabilities

Deferred taxation provided in the accounts is as follows:

	Provided 2015 £'000	Provided 2014 £'000
Accelerated capital allowances	12	31
Unutilised losses	(12)	(31)
	-	-

Unrecognised deferred tax assets

A deferred tax asset of £181,000 (2014: £44,000) has not been recognised in respect of unrelieved management expenses of £907,000 (2014: £219,000). The unrelieved management expenses have no expiry date, and have not been recognised because of uncertainty over the timing of their recoverability.

C10. Share Capital and Reserves

	Share capital £'000	Share premium account £'000	Un-issued shares reserve £'000	Merger reserve £'000	Profit and loss reserve £'000	Total £'000
At 1 October 2013	1,180	449	178	784	1,483	4,074
Loss for the year	-	-	-	-	(797)	(797)
Dividends	-	-	-	-	(171)	(171)
Issue of shares	4	12	-	-	-	16
Share based payments	-	-	19	-	-	19
Transfer	-	-	(5)	-	5	-
At 30 September 2014	1,184	461	192	784	520	3,141
Profit for the year	-	-	-	-	1,373	1,373
Dividends	-	-	-	-	(184)	(184)
Issue of shares	1	3	-	-	-	4
Share based payments	-	-	6	-	-	6
Transfer	-	-	(1)	-	1	-
At 30 September 2015	1,185	464	197	784	1,710	4,340

C10. Share Capital and Reserves (continued)

Share capital

	2015		2014	
	Number	**£'000**	**Number**	**£'000**
Authorised	15,000,000	1,500	15,000,000	1,500
Issued and fully paid				
In issue at the start of the year	11,838,229	1,184	11,795,229	1,180
Allotted under share plans	10,000	1	43,000	4
In issue at the end of the year	11,848,229	1,185	11,838,229	1,184

During the year 10,000 options were exercised at a weighted average option price of 39.0p.

Dividends

Details of dividends paid and proposed in the year are given in note 18 to the Group Financial Statements.

C11. Share Based Payments

Details of the Company's share option schemes, a reconciliation of movements therein and options granted in the year are given in note 19 to the Group Financial Statements.

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The Company recognised a share-based remuneration expense in the year of £6,000 (2014: £19,000).

C12. Financial Commitments

Operating lease commitments

Annual commitments under non-cancellable operating leases are as follows:

	2015 £'000	2014 £'000
Operating leases which expire:		
Within two to five years	8	8

Capital commitments

Contracted for but not provided in the accounts amounted to £Nil (2014: £52,000).

C13. Related Party Transactions

The Company has taken advantage of the exemption permitted in FRS8 Related Party Disclosures to not disclose transactions with 100% owned subsidiaries. Related party transactions with directors of the Company are set out in note 22 to the Group Financial Statements.

FIVE YEAR SUMMARY

Unaudited information

Summary income statement	**Restated 2011 £'000**	**Restated 2012 £'000**	**Restated 2013 £'000**	**2014 £'000**	**2015 £'000**
Revenue	17,322	18,352	17,630	16,835	16,265
EBITDA †	751	1,211	974	987	795
Depreciation, amortisation, share payments	(317)	(290)	(365)	(351)	(504)
Operating profit before exceptional items	434	921	609	636	291
Exceptional items	-	-	1,168	(319)	545
Net finance costs	(90) *	(22) *	(60)*	(22)	(43)
Profit before taxation	344*	899*	1,717*	295	793
Taxation	(40)*	(145)*	57*	-	(99)
Profit for the year	304*	754*	1,774*	295	694

Summary balance sheet	**2011 £'000**	**2012 £'000**	**2013 £'000**	**2014 £'000**	**2015 £'000**
Property, plant and equipment	1,658	3,043	2,669	4,909	4,721
Net trading assets	2,434	2,944	3,863	2,418	3,732
Net operating assets	4,092	5,987	6,532	7,327	8,453
Net debt	(1,164)	(2,366)	(612)	(1,494)	(2,717)
Provisions	(5)	(5)	(668)	(567)	-
Deferred taxation	46	(22)	(20)	(11)	(74)
Net assets before pension and intangibles	2,969	3,594	5,232	5,255	5,662
Intangible assets	1,323	1,317	1,236	1,235	1,222
Pension asset net of deferred tax	-	733	768	595	1,103
Net assets	4,292	5,644	7,236	7,085	7,987

Other information	**2011**	**2012**	**2013**	**2014**	**2015**
EBITDA to sales	4.3%	6.6%	5.5%	5.9%	4.9%
Basic earnings per share	2.66p*	6.52p*	15.05p*	2.50p	5.86p
Dividends per ordinary share	0.90p	1.10p	1.35p	1.55p	1.70p
Net assets per ordinary share	37.5p	48.1p	61.3p	59.8p	67.4p
Net debt / EBITDA	1.55	1.95	0.63	1.51	3.42
Gearing (net debt as a % of total equity)	27.1%	41.9%	8.5%	21.1%	34.0%

† - earnings before interest, tax, depreciation, amortisation of intangible assets, non-cash charges for equity-settled share-based payments and exceptional items.

* restated - reported items were amended as a consequence of adopting IAS19 which requires the restatement of the pension scheme return included in the income statement.

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Fifty Fourth Annual General Meeting of LPA Group plc ("the Company") will be held at the offices of Instinctif Partners, 65 Gresham Street, London, EC2V 7NQ on Monday 21 March 2016 at 12.00 noon for the following purposes:

Routine business

1. To receive the accounts for the year ended 30 September 2015, together with the reports of the directors and the auditors thereon.
2. To declare a final dividend of 1.00p per ordinary share of 10p each ("Ordinary Share") for the year ended 30 September 2015, payable on 1 April 2016 to shareholders on the register at the close of business on 11 March 2016.
3. To re-elect as a director Per Staehr who retires by rotation, in accordance with the Company's Articles of Association.
4. To re-appoint the auditors and to authorise the directors to fix the auditors' remuneration.

Other business

Share capital

To consider and if thought fit pass resolution 5 as an ordinary resolution

5. That the directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £315,177 provided that this authority shall expire on the date of the next annual general meeting save that the Company may before such expiry make an offer or agreement which would or might require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after such expiry and the directors may allot shares or grant rights to subscribe for or convert securities into shares in pursuance of such an offer or arrangement as if the authority conferred hereby had not expired.

To consider and if thought fit pass resolution 6 as a special resolution:

6. That subject to the passing of resolution 5 above, the directors be given power pursuant to section 570 of the Companies Act 2006 to allot equity securities (as defined in section 560 of the said Act) for cash pursuant to the authority conferred by resolution 5 above as if section 561(1) of the said Act did not apply to any such allotment provided that this power shall be limited:
   a. to the allotment of equity securities in connection with a rights issue in favour of shareholders where the equity securities respectively attributable to the interests of all shareholders are proportionate (as nearly as may be) to the respective numbers of shares held by them; and
   b. to the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal value of £118,480 (representing 10% of the present issued share capital),

   and shall expire on the date of the next annual general meeting save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such an offer or arrangement as if the power conferred hereby had not expired.

NOTICE OF MEETING (CONTINUED)

Share capital (continued)

To consider and if thought fit pass resolution 7 as a special resolution:

7. That, subject to and in accordance with the Company's Articles of Association, the Company is hereby generally and unconditionally authorised to make market purchases (as defined in section 693(4) of the Companies Act 2006) of any of its Ordinary Shares provided that:
    a. The maximum number of Ordinary Shares hereby authorised to be purchased is 1,184,800 representing 10% of the issued share capital;
    b. The minimum price (excluding expenses) which may be paid for an Ordinary Share is 10p;
    c. The maximum price (excluding expenses) which may be paid for an Ordinary Share is an amount equal to 105% of the average of the middle market quotations for an Ordinary Share as derived from the AIM appendix to London Stock Exchange Daily Official List at the end of each of the five business days immediately preceding the day on which the Ordinary Shares are contracted to be purchased;
    d. The authority hereby conferred shall, unless renewed prior to such time, expire on the date of the next annual general meeting.

By order of the Board	Registered office:
Stephen Brett	Light & Power House, Shire Hill
Secretary	Saffron Walden, Essex
21 January 2016	CB11 3AQ

Notes:

1. A member entitled to attend and vote at the meeting may appoint a proxy or proxies to attend and vote instead of him/her. A proxy need not be a member of the Company. Any instrument appointing a proxy must be received at Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, BR3 4TU, not less than forty-eight hours before the time fixed for the meeting. A Form of Proxy is attached.
2. The register of the interests of the directors and their families in the share capital of the Company, together with the service contracts of directors, will be available for inspection at the venue of the annual general meeting from 11.45 am until the meeting is concluded. The same documents are available for inspection at the Company's registered office during normal business hours from the date of despatch of this document until the date of the annual general meeting.
3. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the Chairman of the meeting as its corporate representative to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representatives in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative.
4. In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, only those shareholders entered in the register of members of the Company as at 6:00pm on 17 March 2016 or, if the meeting is adjourned, in the register of members at 6:00pm on the second day prior to the day of any adjourned meeting, shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries in the register of members after 6:00pm on 17 March 2016 or, if the meeting is adjourned, in the register of members after 6:00pm on the second day prior to the day of the adjourned meeting, shall be disregarded in determining the rights of any person to attend, speak or vote at the meeting or at any such adjournment.

LPA GROUP PLC - FORM OF PROXY

For use at the annual general meeting to be held at 12.00 noon on Monday 21 March 2016 at the offices of Instinctif Partners, 65 Gresham Street, London, EC2V 7NQ.

I/We...

of..

being a member/members of LPA Group plc hereby appoint (note 1) ....

or failing him the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the above mentioned meeting and at any adjournment thereof. I/We wish this proxy to be used as shown below:

Signed ....Dated 2016

Please indicate with an "X" in the spaces below how you wish your votes to be cast. This proxy will be used only in the event of a poll being directed or demanded. If the form is returned without any indication as to how the proxy shall vote on any particular matter, the proxy will vote or abstain as he thinks fit. The "Vote withheld" option is provided to enable you to abstain on any particular resolution. However, it should be noted that a "Vote withheld" is not a vote in law and will not be counted in the calculation of the proportion of votes "For" and "Against" a resolution. If you select "Discretionary", your proxy can vote as he or she chooses or can decide not to vote. Your proxy can also do this on any other resolution that is put to the meeting.

Resolution		**For**	**Against**	**Vote witheld**	**Discreti-onary**
1.	To receive the accounts for the year ended 30 September 2015.				
2.	To declare a final dividend of 1.00p per Ordinary Share for the year ended 30 September 2015.				
3.	To re-appoint Per Staehr as a director of the Company.				
4.	To re-appoint the auditors and to authorise the directors to fix the auditor's remuneration.				
5.	To authorise the directors to allot shares (as defined in section 551 of the Companies Act 2006) in the Company.				
6.	To authorise the directors (pursuant to section 570 of the Companies Act 2006) to allot shares in the Company for cash.				
7.	To authorise the Company to make market purchases (as defined in section 693(4) of the Companies Act 2006) of its own shares.				

Notes:

1. If you wish to appoint as your proxy any person(s) other than the Chairman of the meeting, please insert the full name(s) of the proxy or proxies (in block capitals) in the space above. A proxy need not be a member of the Company and may attend the meeting in person and vote on a show of hands and on a poll.
2. To be effective a form of proxy must be in writing and signed by the member or his duly authorised attorney or, if the member is a corporation under its common seal or signed by a duly authorised officer or attorney. A corporation may appoint a representative to attend and vote at the meeting.
3. To be valid this proxy, together with any power of attorney under which it is signed, must be received at Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, BR3 4TU not less than 48 hours before the time fixed for the meeting.
4. In the case of joint holdings the vote of the first-named holder in the register will be accepted to the exclusion of the other joint holders.
5. To appoint more than one proxy you may photocopy this form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.
6. All members are entitled to attend and vote at the meeting, whether or not they have returned a form of proxy.
7. If two or more valid forms of proxy are delivered in respect of the same share, the one which was delivered last (regardless of its date or the date of its execution) will be valid.
8. Appointment of a proxy will not preclude a member from attending and voting in person should he subsequently decide to do so.
9. Any alterations made in this form of proxy should be initialled.

Group Directory

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LED lighting systems

LPA Excil Electronics
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West Yorkshire, WF6 1QT. UK
Tel: +44 (0)1924 224100
Fax: +44 (0)1924 224111
Email: enquiries@lpa-excil.com
Website: www.lpa-group.com

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· Power supply units
· Inverters
· Electronic control & monitoring

Electro-mechanical systems

LPA Connection Systems, LPA Transport+®, LPA Haswell Engineers
Light & Power House, Shire Hill,
Saffron Walden, Essex, CB11 3AQ
Tel: +44 (0)1799 512800
Fax: +44 (0)1799 512826
Email: sales@lpa-connect.com
Website: www.lpa-group.com

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· Ethernet backbones
· Auxiliary battery power systems
· Shore supply systems
· Control panels & boxes
· Transport+® turnkey services
· Enclosures, fabrications, form & weld
· Laser cutting

Engineered component distribution

LPA Channel Electric
Bath Road, Thatcham,
Berkshire, RG18 3ST. UK
Tel: +44 (0)1635 864866
Fax: +44 (0)1635 869178
Email: enquiries@lpa-channel.com
Website: www.lpa-group.com

· Connectors
· Relays & contactors
· Circuit breakers
· Fans & motors
· Switches
· USB charging

Long Life Reliability

does not cost the earth

LPA Group Plc

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