

# LPA GROUP PLC

## Half-Yearly Report for the six months to 1 April 2011

***LPA Group PLC ("LPA" or "the Group"), the lighting, power and electronics system manufacturer and distributor, announces a return to profit in its interim results for the six months to 1 April 2011, restoration of the interim dividend at 0.40p, an important new £1.6m contract from Taiwan and launch of LPA Transport+, a new business offering.***

### **KEY POINTS**

- Revenue up 21.9% to £8.4m (2010: £6.9m)
- Profit before tax £151,000 (2010: loss before tax £307,000)
- Earnings per share of 1.21p (2010: loss per share 2.16p)
- Interim dividend restored at 0.40p (2010: nil)
- LED lighting market exciting, routine activity holding up, aerospace and defence quiet

### **Michael Rusch, Chairman, comments:**

***"In my remarks at the Annual General Meeting I commented that we had 'increasing confidence of progress at the half year and good progress for the year as a whole'. I am delighted to report that the Group returned to profit in the first half and that as a sign of our increasing confidence, we are restoring the interim dividend at 0.40p.***

***"This month we won our second contract from Taiwan for inter-rail-car jumper equipment worth £1.6m. Deliveries will commence at the beginning of next financial year and complete in 2013.***

***"We have launched a new business offering, LPA Transport+, which combines all the electro-mechanical, lighting and electronics expertise within the Group together with on-site installation, to provide clients including consultants, with a total solution for equipment maintenance, refurbishment or upgrade. This initiative has already resulted in new business and is expected to make an important contribution to the future of the Group.***

***"Despite the previously announced rescheduling of £0.5m of customer delivery requirements from this financial year into later periods, we expect to progress further in the second half."***

**27 June 2011**

### **ENQUIRIES:**

#### **LPA Group plc**

Peter Pollock, Chief Executive  
Steve Brett, Finance Director

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#### **Cairn Financial (Nominated adviser)**

Tony Rawlinson / Avi Robinson

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#### **Xcap Securities (Broker)**

David Lawman / David Newton

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#### **College Hill**

Gareth David

Tel: 020 7457 2020

## **CHAIRMAN'S STATEMENT**

Sales at £8.4m recovered from the low levels suffered last year (£6.9m) when major rail programmes were delayed. Despite a slight hangover from the disruption suffered last year a profit before tax of £151,000 was earned (2010: loss £307,000), an improvement of £458,000. Earnings per share amounted to 1.21p (2010: loss per share 2.16p). Despite the increase in activity, net debt was unchanged at £1.9m and we are operating well within our banking facilities. As a sign of our confidence we propose to restore the interim dividend at 0.40p per share (2010: nil) which will be paid on 23 September 2011 to shareholders registered at the close of business on 2 September 2011.

Order entry at £6.7m (2010: £7.8m) has been encouraging. During the first half we won an important LED-based lighting contract to supply reading lights for a major new SNCF project, which is expected to last for up to ten years. In April we also won our first major order for LED-based lighting for an Oil and Gas project. Only £1.0m of the potential value of these projects has so far been recognised, announced to the Stock Exchange and entered in the order book. The full value of these projects over the next three to ten years is expected to be several times that amount. Despite difficult economic conditions routine orders have held up well, although aerospace and defence remains quiet.

The timing of major rail projects is, as usual, unpredictable. Hitachi has been selected as the preferred bidder, for the second time, for the Intercity Express Programme (IEP), but the contract is not yet signed. Siemens has been selected as the preferred bidder for Thameslink, with its requirement for 1,200 cars, and Bombardier is the reserve. LPA is an established supplier to all three of these train builders. The CrossRail requirement for 600 cars is progressing and a short list of bidders has been announced. Delays mean that existing rolling stock will remain in service longer, and Thameslink envisages a cascade of existing older rolling stock into other roles, which bodes well for our new initiative, LPA Transport+.

LPA Transport+ combines all the electro-mechanical, lighting and electronics expertise within the Group, together with on-site installation, to provide clients, including consultants, with a total solution for equipment maintenance, refurbishment or upgrade. Initially focussed on rail vehicle opportunities, this initiative has already resulted in new business and is expected to make an important contribution to the future of the Group.

We are delighted to be able to announce our second major rail order from Taiwan. Having supplied the inter-car jumper equipment for EMU700, we have won a £1.6m order to supply similar equipment to EMU800. Deliveries will commence in the autumn and run through to 2013. We are pursuing other opportunities in the region.

The process of achieving planning permission for a change of use for our Saffron Walden site to residential is progressing.

The Board has asked our Chief Executive, Peter Pollock, to extend his contract with the Group on similar terms and I am delighted to report that he has accepted, providing continuity at this exciting time in our development. He has also been appointed to the Council of The Railway Industry Association.

We previously announced a rescheduling of £0.5m of customer delivery requirements from this financial year into later periods but, in spite of this, we expect to progress further in the second half. We have good levels of orders on hand for delivery next year which, barring unforeseen events, should yield significant progress.

We look forward to the future with increasing confidence.

**MICHAEL RUSCH**  
**Chairman**  
**27 June 2011**

# LPA GROUP PLC

## Interim Unaudited Group Results for the Six Months ended 1 April 2011

### CONSOLIDATED INCOME STATEMENT

	6 months to 1 April 2011 Unaudited £000's	6 months to 1 April 2010 Unaudited £000's	Year to 30 Sept 2010 Audited £000's
<b>Revenue</b>	<u>8,439</u>	<u>6,925</u>	<u>14,716</u>
<b>Operating profit / (loss)</b>	209	(297)	(371)
Finance costs	(319)	(310)	(676)
Finance income	261	300	589
<b>Profit / (loss) before tax</b>	<u>151</u>	<u>(307)</u>	<u>(458)</u>
Taxation	(12)	60	75
<b>Profit / (loss) for the period</b>	<u>139</u>	<u>(247)</u>	<u>(383)</u>
<b>Attributable to:</b>			
- Equity holders of the parent	<u>139</u>	<u>(247)</u>	<u>(383)</u>
<b>Earnings / (loss) per share</b> (see note 2)			
- Basic	1.21p	(2.16p)	(3.35p)
- Diluted	1.21p	(2.16p)	(3.35p)

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	6 months to 1 April 2011 Unaudited £000's	6 months to 1 April 2010 Unaudited £000's	Year to 30 Sept 2010 Audited £000's
Profit / (loss) for the period	<u>139</u>	<u>(247)</u>	<u>(383)</u>
Other comprehensive income			
Cash flow hedges:			
Losses taken to equity	-	(3)	(10)
Transferred to profit or loss for the period	15	(21)	(13)
Tax on cash flow hedges	(4)	8	8
Actuarial gain / (loss) on pension scheme	110	(575)	(148)
Tax on actuarial gain / (loss)	(29)	161	41
Other comprehensive income / (expense) net of tax	<u>92</u>	<u>(430)</u>	<u>(122)</u>
Total comprehensive income / (expense) for the period	<u>231</u>	<u>(677)</u>	<u>(505)</u>
Attributable to:			
- Equity holders of the parent	<u>231</u>	<u>(677)</u>	<u>(505)</u>

# LPA GROUP PLC

## Interim Unaudited Group Results for the Six Months ended 1 April 2011

### CONSOLIDATED BALANCE SHEET

	As at 1 April 2011 Unaudited £000's	As at 1 April 2010 Unaudited £000's	As at 30 Sept 2010 Audited £000's
<b>Non-current assets</b>			
Intangible assets	1,342	1,302	1,330
Property, plant and equipment	1,699	1,897	1,791
Deferred tax assets	119	362	218
	<u>3,160</u>	<u>3,561</u>	<u>3,339</u>
<b>Current assets</b>			
Inventories	2,563	2,406	2,473
Trade and other receivables	3,588	3,004	3,405
Current tax receivable	-	-	18
Cash and cash equivalents	5	2	5
	<u>6,156</u>	<u>5,412</u>	<u>5,901</u>
<b>Total assets</b>	<u>9,316</u>	<u>8,973</u>	<u>9,240</u>
<b>Current liabilities</b>			
Bank overdraft	(1,176)	(819)	(981)
Bank loans and other borrowings	(404)	(407)	(407)
Current tax payable	-	(40)	-
Trade and other payables	(3,165)	(2,425)	(3,027)
	<u>(4,745)</u>	<u>(3,691)</u>	<u>(4,415)</u>
<b>Non-current liabilities</b>			
Bank loans and other borrowings	(299)	(702)	(501)
Provisions	(5)	(5)	(5)
Retirement benefits	(93)	(702)	(276)
Deferred tax liabilities	-	(71)	(54)
Other payables	(25)	(26)	(25)
	<u>(422)</u>	<u>(1,506)</u>	<u>(861)</u>
<b>Total liabilities</b>	<u>(5,167)</u>	<u>(5,197)</u>	<u>(5,276)</u>
<b>Net assets</b>	<u>4,149</u>	<u>3,776</u>	<u>3,964</u>
<b>Equity</b>			
Share capital	1,145	1,145	1,145
Share premium account	365	365	365
Un-issued shares reserve	192	176	192
Revaluation reserve	308	309	308
Merger reserve	230	230	230
Retained earnings	1,909	1,551	1,724
<b>Equity attributable to shareholders of the parent</b>	<u>4,149</u>	<u>3,776</u>	<u>3,964</u>

# LPA GROUP PLC

## Interim Unaudited Group Results for the Six Months ended 1 April 2011

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	6 months to 1 April 2011 Unaudited £000's	6 months to 1 April 2010 Unaudited £000's	Year to 30 Sept 2010 Audited £000's
Opening equity	3,964	4,468	4,468
Total comprehensive income / (expense)	231	(677)	(505)
Transactions with owners:			
Dividends	(46)	(46)	(46)
Equity-settled share-based payments	-	31	47
Closing equity	<u>4,149</u>	<u>3,776</u>	<u>3,964</u>

# LPA GROUP PLC

## Interim Unaudited Group Results for the Six Months ended 1 April 2011

### CONSOLIDATED CASH FLOW STATEMENT

	6 months to 1 April 2011 Unaudited £000's	6 months to 1 April 2010 Unaudited £000's	Year to 30 Sept 2010 Audited £000's
Profit / (loss) for the period	139	(247)	(383)
Finance costs	319	310	676
Finance income	(261)	(300)	(589)
Income tax expense / (credit)	12	(60)	(75)
Operating profit / (loss)	209	(297)	(371)
<i>Adjustments for:</i>			
Depreciation	145	169	323
Amortisation of intangible assets	10	2	5
Profit on sale of property, plant and equipment	(6)	-	(1)
Derivative financial instruments	-	-	-
Non-cash charge for equity-settled share-based payments	-	31	47
Retirement benefits	(90)	27	-
	268	(68)	3
<i>Movements in working capital:</i>			
Change in inventories	(90)	89	22
Change in trade and other receivables	(183)	(199)	(610)
Change in trade and other payables	153	(212)	400
<b>Cash generated from operations</b>	148	(390)	(185)
Income tax received / (paid)	18	-	(36)
<b>Net cash from operating activities</b>	166	(390)	(221)
Purchase of property, plant and equipment	(53)	(35)	(83)
Proceeds from sale of property, plant and equipment	6	-	1
Capitalised development expenditure	(22)	(11)	(42)
<b>Net cash from investing activities</b>	(69)	(46)	(124)
Repayment of bank loans	(146)	(146)	(291)
Repayment of obligations under finance leases	(59)	(59)	(117)
Interest paid	(41)	(39)	(86)
Dividends paid	(46)	(46)	(46)
<b>Net cash from financing activities</b>	(292)	(290)	(540)
Net decrease in cash and cash equivalents	(195)	(726)	(885)
Cash and cash equivalents at start of the period	(976)	(91)	(91)
<b>Cash and cash equivalents at end of the period</b>	(1,171)	(817)	(976)

	6 months to 1 April 2011 Unaudited £000's	6 months to 1 April 2010 Unaudited £000's	Year to 30 Sept 2010 Audited £000's
<b>Reconciliation of cash and cash equivalents</b>			
Cash and cash equivalents in current assets	5	2	5
Bank overdraft in current liabilities	(1,176)	(819)	(981)
Cash and cash equivalents at end of the period	(1,171)	(817)	(976)

## NOTES

### 1 - BASIS OF PREPARATION

These interim consolidated financial statements are for the six months ended 1 April 2011. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 September 2010. These financial statements have been prepared under the historical cost convention, except for revaluation of financial instruments.

These consolidated interim financial statements have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year to 30 September 2010. These accounting policies are based on the recognition and measurement principles of IFRS as adopted by the European Union. The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these interim financial statements and are expected to be followed throughout the year ended 30 September 2011.

### 2 - EARNINGS PER SHARE

The calculations of earnings per share are based upon the profit / (loss) after tax attributable to ordinary equity shareholders and the weighted average number of ordinary shares in issue during the period. Details are as follows:

	6 months to 1 April 2011 Unaudited	6 months to 1 April 2010 Unaudited	Year to 30 Sept 2010 Audited
Profit / (loss) for the period - £000's	139	(247)	(383)
Weighted average number of ordinary shares in issue during the period	11.448m	11.448m	11.448m
Dilutive effect of share options	0.008m	-	-
Number of shares for diluted earnings per share	11.456m	11.448m	11.448m
Basic earnings / (loss) per share	1.21p	(2.16p)	(3.35p)
Diluted earnings / (loss) per share	1.21p	(2.16p)	(3.35p)

### 3 - ANALYSIS OF NET DEBT

	Bank loan £000's	Finance lease obligations £000's	Cash and cash equivalents £000's	Net debt £000's
At 1 October 2010	655	253	976	1,884
Cash generated	-	-	(10)	(10)
Repayment of borrowings	(146)	(59)	205	-
At 1 April 2011	509	194	1,171	1,874

### 4 - INFORMATION

LPA Group plc is the Group's ultimate parent company. It is incorporated in England and Wales and domiciled in Great Britain. The address of LPA Group plc's registered office, which is also its principal place of business, is Tudor Works, Debden Road, Saffron Walden, Essex, CB11 4AN. LPA Group plc's shares are quoted on the AIM market of the London Stock Exchange.

LPA Group plc's consolidated interim financial statements are presented in Pounds Sterling (£'000), which is also the functional currency of the parent company.

These consolidated interim financial statements have been approved for issue by the Board of Directors on 27 June 2011.

The financial information for the year ended 30 September 2010 set out in this interim report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Group's statutory financial statements for the year ended 30 September 2010 have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain statements under Section 498(2) or Section 498(3) of the Companies Act 2006.

Summarised copies of this Interim Report are being sent to shareholders. Copies are also available from the Company's registered office at the above address and will be made available on the Company's website ([www.lpa-group.com](http://www.lpa-group.com)).