28 June 2010 - Half Yearly Results

LPA GROUP PLC

Half-Yearly Report for the six months to 1 April 2010

LPA Group PLC ("LPA" or "the Group"), the lighting, power and electronics system manufacturer and distributor, announces interim results for the six m April 2010

KEY POINTS

- Order book up 40% to £17.6m (2009: £12.6m); substantial load for delivery in 2011 and beyond
- Orders entered £7.8m (2009: £11.8m)
- Revenue £6.9m (2009: £7.0m)
- Loss before tax £307,000 (2009: profit before tax £79,000)
- Loss per share of 2.16p (2009: earnings per share 0.54p)
- Interim dividend suspended (2009: 0.5p): final dividend under review
- LED lighting market buoyant, routine activity balanced, aerospace and defence reduced

Michael Rusch, Chairman, comments:

"As I commented at the Annual General Meeting, we geared up to deliver substantial growth this year, but have experienced widespread delays in custom delivery schedules: the actual effect of these delays on the first half was to reduce sales by £1.4m and they are anticipated to reduce sales by £2.2m for the whole. Thus we have suffered a period of reduced output and consequently a loss in the first half.

"Whilst a significant recovery in sales in the second half is expected, the result for the year as a whole will nevertheless be disappointing. However, the o for delivery in next financial year is now at a record level, which should deliver a very encouraging result in 2011."

28 June 2010

ENQUIRIES:

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CHAIRMAN'S STATEMENT

Overall order entry exceeded expectation in the period at £7.8m (2009: £11.8m) but sales fell unexpectedly to £6.9m (2009: £7.0m) due to substantial (£1.4m) re-schedulin deliveries at customer request. The consequence has been a mismatch of cost base to output and, as a result, a significant loss before tax of £307,000 was recorded (2009: p tax £79,000). The loss per share amounted to 2.16p (2009: earnings per share 0.54p). Cash absorbed by operations was £0.4m (2009: cash generated £0.4m) however net increasing by £0.5m to £1.9m, remains significantly better than expected.

Despite further rescheduling of customer delivery requirements (£0.8m, making a total for the year of £2.2m) from this financial year into later periods, a significant recovery in second half is expected, but the result for the year as a whole will nevertheless be disappointing. However, we now have significant levels of orders on hand for delivery next barring further unforeseeable events, should yield a very encouraging result. The order book at 1 April was £17.6m (2009: £12.6m).

Although the Board remains very confident about future prospects, in the light of current trading conditions, it considers it prudent not to pay an interim dividend this year (2 Payment of a final dividend will be considered when the results of the first quarter of the next financial year are known.

Overall, routine orders have stabilised, albeit at lower levels than earlier years. Certain areas have actually improved although aerospace and defence has suffered a significant f

I have commented in the past that the gestation period for major rail projects may run for several years; two years ago I welcomed the news that the Department for Transport h notice to proceed in relation to the acquisition of extra coaches for the West Coast Main Line. Last year I was pleased to report that we had received a letter of intent in res lighting and that an order was expected soon and that we were also hopeful of receiving the order for the inter-car jumper equipment. I can now report that we have received l jumper orders with a total value of £2.1m and that we have commenced deliveries.

Although bidding levels remain high, we must recognise that the UK Government has already announced cuts in spending and more will follow. Projects which may be affected Intercity Express Programme, Thameslink, Crossrail and Piccadilly Line for London Underground together with a number of smaller projects. A positive outcome of these delays need to extend the life of existing rolling stock, which could generate refurbishment projects, which would be no less welcome than new-build projects.

Another outcome of the Government's spending review might be that the electrification of rail routes from London to Bristol and South Wales, announced last summer, will be de may affect the Group positively by creating a requirement for additional UK built diesel multiple units to meet the required passenger capacity.

Our LED lighting technology continues to give us access to new markets in infrastructure and in Europe. We have won significant orders and there are many opportunities in view

We have initiated the process towards achieving planning permission for a change of use for our Saffron Walden site to residential. We will keep shareholders informed of develo

In summary, we will spend the second half repairing, as far as possible, the damage inflicted by the project delays. We have continued to pursue and win new projects and have of further wins in the near future. Our order book is at a very high level and our LED-based lighting products continue to generate a high level of interest. Although this year is dis we have much confidence for the future.

MICHAEL RUSCH
Chairman
28 June 2010

LPA GROUP PLC

Interim Unaudited Group Results for the Six Months ended 1 April 2010

CONSOLIDATED INCOME STATEMENT

	6 months to 1 April 2010 Unaudited £000's	6 months to 31 March 2009 Unaudited £000's	Year to 30 Sept 2009 Audited £000's
Revenue	6,925	7,034	13,715
Operating (loss) / profit	(297)	92	205
Finance costs	(310)	(336)	(663)
Finance income	300	323	645
(Loss) / profit before tax	(307)	79	187
Taxation	60	(17)	(45)
(Loss) / profit for the period	(247)	62	142
Attributable to:			
- Equity holders of the parent	(247)	62	142
(Loss) / earnings per share (see note 2)			
- Basic	(2.16p)	0.54p	1.24p
- Diluted	(2.16p)	0.54p	1.24p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND EXPENSE

	6 months to 1 April 2010 Unaudited £000's	6 months to 31 March 2009 Unaudited £000's	Year to 30 Sept 2009 Audited £000's
(Loss) / profit for the period	(247)	62	142
Other comprehensive income			
Cash flow hedges:			
(Losses) / gains taken to equity	(3)	66	74
Transferred to profit or loss for the period	(21)	6	(60)
Tax on cash flow hedges	8	(20)	(4)
Actuarial loss on pension scheme	(575)	(72)	(702)
Tax on actuarial loss	161	20	197
Other comprehensive (expense) / income net of tax	(430)	-	(495)
Total comprehensive (expense) / income for the period	(677)	62	(353)
Attributable to:			
- Equity holders of the parent	(677)	62	(353)

CONSOLIDATED BALANCE SHEET

	As at 1 April 2010 Unaudited £000's	As at 31 March 2009 Unaudited £000's	As at 30 Sept 2009 Audited £000's
Non-current assets			
Intangible assets	1,302	1,234	1,293
Property, plant and equipment	1,897	2,068	2,031
Retirement benefits	-	438	-
Deferred tax assets	362	75	135
	3,561	3,815	3,459
Current assets			
Inventories	2,406	2,420	2,495
Trade and other receivables	3,004	2,953	2,822
Cash and cash equivalents	2	491	2
	5,412	5,864	5,319
Total assets	8,973	9,679	8,778
Current liabilities			
Bank overdraft	(819)	(578)	(93)
Bank loans and other borrowings	(407)	(395)	(402)
Current tax payable	(40)	-	(40)

Trade and other payables	(2,425)	(2,437)	(2,630)
	(3,691)	(3,410)	(3,165)
Non-current liabilities			
Bank loans and other borrowings	(702)	(1,111)	(906)
Provisions	(5)	(5)	(5)
Retirement benefits	(702)	-	(135)
Deferred tax liabilities	(71)	(218)	(73)
Other payables	(26)	(27)	(26)
	(1,506)	(1,361)	(1,145)
Total liabilities	(5,197)	(4,771)	(4,310)
Net assets	3,776	4,908	4,468
Equity			
Share capital	1,145	1,145	1,145
Share premium account	365	365	365
Un-issued shares reserve	176	113	145
Revaluation reserve	309	310	309
Merger reserve	230	230	230
Retained earnings	1,551	2,745	2,274
Equity attributable to shareholders of the parent	3,776	4,908	4,468

CONSOLIDATED CASH FLOW STATEMENT

	6 months to 1 April 2010 Unaudited £000's	6 months to 31 March 2009 Unaudited £000's	Year to 30 Sept 2009 Audited £000's
(Loss) / profit for the period	(247)	62	142
Finance costs	310	336	663
Finance income	(300)	(323)	(645)
Income tax (credit) / expense	(60)	17	45
Operating (loss) / profit	(297)	92	205
Adjustments for:			
Depreciation	169	163	328
Amortisation of intangible assets	2	-	1
Loss on sale of property, plant and equipment	-	6	6
Derivative financial instruments	-	(14)	(2)
Non-cash charge for equity-settled share-based payments	31	32	64
Retirement benefits	27	52	31
	(68)	331	633
Movements in working capital:			
Change in inventories	89	(226)	(301)
Change in trade and other receivables	(199)	301	379
Change in trade and other payables	(212)	(15)	160
Net cash from operating activities	(390)	391	871
Purchase of property, plant and equipment	(35)	(121)	(249)
Proceeds from sale of property, plant and equipment	-	75	75
Capitalised development expenditure	(11)	-	(60)
Interest received	-	2	-
Net cash from investing activities	(46)	(44)	(234)
Repayment of bank loans	(146)	(146)	(291)
Repayment of obligations under finance leases	(59)	(54)	(112)
Interest paid	(39)	(46)	(80)
Dividends paid	(46)	(46)	(103)
Net cash from financing activities	(290)	(292)	(586)
Net (decrease) / increase in cash and cash equivalents	(726)	55	51
Cash and cash equivalents at start of the period	(91)	(142)	(142)
Cash and cash equivalents at end of the period	(817)	(87)	(91)

	6 months to 1 April 2010 Unaudited £000's	6 months to 31 March 2009 Unaudited £000's	Year to 30 Sept 2009 Audited £000's
Reconciliation of cash and cash equivalents			

Cash and cash equivalents in current assets	2	491	2
Bank overdraft in current liabilities	(819)	(578)	(93)
Cash and cash equivalents at end of the period	(817)	(87)	(91)

NOTES

1 – BASIS OF PREPARATION

These interim consolidated financial statements are for the six months ended 1 April 2010. They do not include all of the information required for full annual fir statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 September 2009. These financial : 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 statement: the year to 30 September 2009, except for the adoption of IAS1 "Presentation of Financial Statements" (revised 2007) and IFRS8 "Operating Segments". These : policies are based on the recognition and measurement principles of IFRS as adopted by the European Union. The accounting policies have been applied con: throughout the Group for the purposes of preparation of these interim financial statements and are expected to be followed throughout the year ended 30 Sept 2010.

The adoption of IAS1 (revised 2007) does not affect the financial policies of the Group or the Group's profits or losses but does impact presentation of the prin statements.

The adoption of IFRS8 is not expected to change the segments that are disclosed in the financial statements for the year ended 30 September 2010.

2 – EARNINGS PER SHARE

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

	6 months to 1 April 2010 Unaudited	6 months to 31 March 2009 Unaudited	Year to 30 Sept 2009 Audited
(Loss) / profit for the period - £000's	(247)	62	142
Weighted average number of ordinary shares in issue during the period	11.448m	11.448m	11.448m
Dilutive effect of share options	0.000m	0.007m	0.015m
Number of shares for diluted earnings per share	11.448m	11.455m	11.463m
Basic (loss) / earnings per share	(2.16p)	0.54p	1.24p
Diluted (loss) / earnings per share	(2.16p)	0.54p	1.24p

3 – CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	6 months to 1 April 2010 Unaudited £000's	6 months to 31 March 2009 Unaudited £000's	Year to 30 Sept 2009 Audited £000's
Opening equity	4,468	4,860	4,860
Total comprehensive (expense) / income	(677)	62	(353)
Transactions with owners:			
Dividends	(46)	(46)	(103)
Equity-settled share-based payments	31	32	64
Closing equity	3,776	4,908	4,468

4 – 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 2009	938	370	91	1,399
Cash absorbed	-	-	521	521
Repayment of borrowings	(146)	(59)	205	-
Other non-cash items	6	-	-	6
At 1 April 2010	798	311	817	1,926

5 – EMPLOYEE BENEFITS – DEFINED BENEFIT SCHEME

	6 months to 1 April 2010 Unaudited £000's	6 months to 31 March 2009 Unaudited £000's	Year to 30 Sept 2009 Audited £000's
Total (expense) income recognised in the income statement			
Within operating costs:			
- current service cost	(41)	(93)	(261)
- gain on curtailment	-	-	156
	(41)	(93)	(105)
Within finance costs and finance income:			
- expected return on scheme assets	300	321	645
- interest cost	(265)	(284)	(572)
	35	37	73
Within taxation:			
- deferred tax	(2)	4	(12)

Total recognised in the income statement	(8)	(52)	(44)
Movement in the retirement benefit (liability) / asset			
(Deficit) / surplus at beginning of period	(135)	525	525
Included within the income statement	(6)	(56)	(32)
Included in the statement of comprehensive income and expense	(575)	(72)	(702)
Contributions	14	41	74
(Deficit) / surplus at end of period	(702)	438	(135)
Movement in the related deferred tax asset / (liability)			
Deferred tax asset / (liability) at beginning of period	38	(147)	(147)
Included within the income statement	(2)	4	(12)
Included in the statement of comprehensive income and expense	161	20	197
Deferred tax asset / (liability) at end of period	197	(123)	38

6 - 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 28 June 2010.

The financial information for the year ended 30 September 2009 set out in this interim report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Group statutory financial statements for the year ended 30 September 2009 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).

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