LPA GROUP PLC

Preliminary results for the year ended 30 September 2013

LPA Group plc ("LPA" or the "Group"), the LED lighting and electro-mechanical engineering group, announces profits after exceptional items of £1.82m for the year ended 30 September 2013 and a number of new orders either side of Christmas.

KEY POINTS

- Sales down 3.9% to £17.63m (2012: £18.35m)
- Exports up 31% to £8.49m (2012: £6.50m)
- Sales of LED lighting products increased 24.1% to £4.81m (2012: £3.87m)
- Operating profit before exceptional items £609,000 (2012: £921,000)
- Profit before taxation £1.79m (2012: £877,000)
- Surplus on sale of property £2.06m
- Reorganisation provision of £0.81m
- Selected for Intercity Express Programme and two major civil aviation programmes
- Basic earnings per share 15.47p (2012: 6.37p)
- Final dividend increased 25% to 0.75p (2012: 0.60p), total for the year 1.35p (2012: 1.10p)
- Gearing 8.5% (2012: 41.9%)

Peter Pollock, Chief Executive, comments:

"Our LED lighting and electro-mechanical activities benefitted from a strong export performance and, but for the hiatus caused by the delayed rail re-franchising process, which adversely impacted UK sales, expectations for the year would have been substantially exceeded. In December 2013, £2.5m of orders were booked; the highest monthly figure since June 2011 and mainly for UK rail, indicating that the beginning of the end of the refranchising hiatus may be at hand. This surge in orders has continued in January with two important new UK rail orders received.

"The current financial year has started quietly, but the order book is firming up strongly, supporting an increasingly buoyant second half and progress in the year as a whole. We still have a factory refurbishment, a business relocation and factory extension to complete, so 2014 is going to be another very busy year, which we look forward to with confidence. The longer term, supported as it is already with major contracts already secured, is potentially very exciting."

23 January 2014

ENQUIRIES:

LPA Group plc
Peter Pollock, Chief Executive — Tel: 07881 626123 or 01799 512844
Steve Brett, Finance Director — Tel: 07881 626127 or 01799 512860

Cairn Financial Advisers LLP (Nominated Adviser) Tel: 020 7148 7900
James Caithie / Avi Robinson

XCAP Securities plc (Broker) Tel: 020 7101 7070
David Lawman / Adrian Kirk

College Hill (PR Adviser) Tel: 020 7457 2020
Mark Garraway / Helen Tarbet

Chairman's Statement

Results

The Group has enjoyed another exceptional year to 30 September 2013 with significant milestones achieved including the sale of Tudor Works for redevelopment for housing and progress made in our plans to rationalise our electro-mechanical activities. As expected trading was quieter than in 2012, mainly due to the hiatus caused by the rail refranchising process, which caused UK rail activity to fall significantly. This was almost eclipsed by a surge in export sales which rose 31% to a record £8.49m.

In summary sales fell by £0.72m to £17.63m (2012: £18.35m) with a corresponding £312,000 fall in operating profit before exceptional items to £609,000 (2012: £921,000). Profit before tax (which included a surplus on the sale of Tudor Works of £2,062,000, reorganisation costs of £809,000 and goodwill impairment of £85,000) amounted to £1,787,000 (2012: £877,000) giving a basic earnings per share of 15.47p (2012: 6.37p). Gearing, following the receipt of half the proceeds from the sale of Tudor Works (the balance is due when we deliver vacant possession later this year) was 8.5% (2012: 41.9%). The order book at the end of the year amounted to £6.5m (2012: £10.4m), but this does not include the Intercity Express Programme and at least three other major long term projects for which we have been selected, but for which values are as yet undefined, and which have therefore not been included in the order book.

Dividends

The interim dividend was increased 20% to 0.60p (2012: 0.50p) and given both the progress during the year and prospects in the current year your Board considers it appropriate to increase the final dividend by a further 25% to 0.75p (2012: 0.60p), giving a total for the year of 1.35p (2012: 1.10p). Subject to approval by shareholders at the annual general meeting, to be held at 12.00 noon on 6 March 2014 at the offices of College Group, 65 Gresham Street, London, EC2V 7NQ the final dividend will be paid on 21 March 2014, to shareholders registered at the close of business on 28 February 2014.

Board and management

The Board and the Executive Team, which consists of the Group Chief Executive, the Group Finance Director, and the Managing Directors of the four operating entities, has remained unchanged throughout the year.

Property

After extensive negotiation the Group sold its Tudor Works site in Saffron Walden during the year and having evaluated several tenders has subsequently let a contract for the substantial refurbishment of its Shire Hill premises, also in Saffron Walden, which is expected to complete in late Spring. We expect to relocate our Tudor Works activities to Shire Hill during the summer which will allow delivery of vacant possession and which in turn will trigger payment of the £1.3m balance of the Tudor Works consideration.

Employees

Our employees continue to demonstrate their value in developing the business and our remarkably low staff turnover indicates a high degree of loyalty. I would like to thank them for their continued dedication.

Outlook

The current financial year has started quietly but routine orders have been building up. The £2.5m order entry achieved in December is the highest monthly total since June 2011 and is mainly UK Rail, heralding perhaps the end of the hiatus caused by the rail refranchising process. As a result the order book stood at £7.8m at the end of December. In addition there are several other significant orders in the offing for delivery this year, two of which have been received in January.

Our policy remains to develop business relationships with train builders supplying the UK, both domestically and from overseas, and to develop export markets in Asia and Australasia as well as Europe. We are suppliers to Alstom, Bombardier, Siemens and Hitachi. LPA Transport+ continues to support our position as a provider of upgrade and renovation solutions to Train Operating Companies and maintainers in the UK. We aggressively pursue major LED based lighting opportunities, both train borne and in infrastructure, which we expect to contribute to the continuing rapid growth of the business. Our electro-mechanical and distribution businesses continue to develop in infrastructure, aerospace and defence, helping to broaden the Group's markets beyond its traditional focus on rail.

We are confident of further progress this year.

Michael Rusch
Chairman
23 January 2014

Chief Executive's Review

Trading results

The year to 30 September 2013 was variously satisfying, challenging and frustrating. We were pleased to achieve the excellent export success in our main manufacturing activities and the sale of Tudor Works after protracted negotiations. We rode the challenge of lower UK activity and remained frustrated by the continuing hiatus caused by the rail re-franchising delays.

During the year sales fell 3.9%, operating profit before exceptional items fell, in line with expectations, to £609,000 (2012: £921,000), profit before taxation after exceptional items amounted to £1,787,000 (2012: £877,000), basic earnings per share amounted to 15.47p (2012: 6.37p), dividends increased 22.7% and gearing fell to 8.5% (2012: 41.9%).

The order book fell during the financial year but, as previously reported, it does not include several projects won or for which we have been selected to supply product over extended periods into the future where the values, although large, are as yet undefined. These include Intercity Express Programme together with product for two major civil aircraft programmes. Routine orders picked up during the year and taken together with a number of orders received either side of Christmas and the multitude of opportunities in the offing, give us confidence for the year as a whole. In the longer term the large projects mentioned above will underpin our performance.

LED based lighting again achieved significant growth with sales up 24% during the year to £4.81m (2012: £3.87m) with exports making the major contribution. Efforts to penetrate the infrastructure market are beginning to bear fruit with initial orders for lighting underground pedestrian walkways, vehicle underpasses, station concourses and tunnels.

Electro-mechanical has been mixed with good demand for robust electrical connectors, inter rail car jumpers and aircraft ground power supply (crocodiles) although LPA Transport+ had a very quiet year largely due to the rail franchising hiatus and delays on a major underground project.

Distribution also suffered a quiet year in terms of short term orders and output but has begun to build a very strong long term order book and contributed significantly to the excellent order entry in December.

Details of the financial performance are contained in the Chairman's Statement and the Financial Review.

Markets

The global rail transport market continues to expand rapidly as has global manufacturing capacity to satisfy it. There are indications of rationalisation beginning to occur among some mature manufacturers.

We are delighted to have been selected by Hitachi to supply both LED lighting and power jumpers for the Intercity Express Programme: orders for equipment for the test trains have been received. To a greater or lesser extent we have succeeded in building relationships with all train builders supplying the UK market and have established ourselves as suppliers on their new trains.

We compete in a global market and find ourselves challenged by low cost country sourcing. Our commitment to quality long life and reliability, which results in lower whole life cost, is often a deciding factor in our favour. Our current success in exporting is evidence of that. The relatively small size of the UK market and its volatile demand has necessitated that we develop export markets in Europe, Asia and Australasia. We are now beginning to look at high added value markets elsewhere.

Once the re-franchising hiatus is over we are confident that LPA Transport+ will help to secure our position in the after sales support of trains in UK. European Train Control System (ETCS), the train borne part of European Rail Traffic Management System (ERTMS), presents both a challenge and an opportunity as it will require the modification of all but the most recent trains supplied to the UK.

The world-wide aircraft ground power supply connector market and the UK defence and aerospace markets offer us significant opportunities for growth, which we are pursuing.

Design and development

Our design and development effort concentrated on new LED lighting products, new high speed data connectors and large infrastructure and rail projects.

We continued to add variants of LumiMatrix to our LumiSeries range of energy saving LED-based lighting products. LumiMatrix, which is a light engine, can be configured in almost any shape based on modules, using

Design and development (continued)

power LEDs for industrial applications, and chip LEDs for commercial or domestic applications. We have launched two new derivatives of LumiMatrix for High Bay and Low Bay illumination, where they can replace conventional area lighting products and provide low maintenance, long life, low energy, high output lighting and Lumitray which can be retrofitted to existing lighting fixtures.

Electro-mechanical design and development activity included higher speed derivatives of our Cat5 data transmission connector which is exciting great interest in both retrofit and new build markets.

Structure and costs

The Shire Hill factory acquired last year is now undergoing major renovation and updating to modern standards. This work and the subsequent relocation of our electro-mechanical business from Tudor Works is expected to be completed during this summer. Once complete we plan to embark upon the construction of a 50% extension to our Normanton LED lighting manufacturing facility, which will facilitate the retirement of a life expired temporary building and the co-location of activities currently spread across the site.

We are continuing to increase sales and marketing expenditure to support our efforts to grow our business in existing and new markets.

In addition to the Tudor Works business move, noted above, the Group's rationalisation of its electro-mechanical operation will also entail the transfer of activity from its other electro-mechanical site into the Shire Hill facility, in order to benefit from single site operation and to avoid surplus property costs. Rationalisation costs of £809,000 have been recognised in this year.

Strategy

Despite delays in the execution of the various announcements in relation to franchising, Network Rail and the (Rail) Industry Strategic Plan made during the year, they do at least demonstrate Government commitment to Rail for the foreseeable future. Further analysis of these announcements appears to confirm that, in addition to the opportunities offered in rail infrastructure by Crossrail and Electrification, there will be a requirement for life extension of 1,300 to 2,000 rail vehicles during the five years from 2014 and procurement of up to an additional 4,150 new rail vehicles including those required for ThamesLink, Intercity Express Programme and Crossrail. Our position as a supplier to both the new rail vehicle and the after-market in the UK would appear to be beneficial and bodes well for all our businesses. In addition the requirement for adoption of the European Train Control System ("ETCS") presents a major opportunity for us.

Network Rail and the Rail Regulator are close to agreement on almost £34bn of expenditure on infrastructure during the five year period from 2014. We have focussed more sales resource on infrastructure generally, particularly for LED lighting.

Thousands of new, larger and fuel efficient aircraft are due for delivery in the near term. We continue to focus on the aerospace (and defence) industry and on aircraft ground support.

We are further reducing our exposure to the volatile and low added value sub-contract market.

We will continue to serve and to develop our export markets in Europe, Asia, Australasia and elsewhere.

Outlook

The year has started quietly but December 2013 and January 2014 may represent the watershed in terms of order entry for delivery commencing this year and the beginning of the end of the rail refranchising hiatus. We have many UK bids awaiting evaluation or funding, where we are well placed. Like last year this year is likely to be back end loaded but, as a whole, is expected to be in line with our expected growth plan and current expectations. We now have a good base load and many near term opportunities in prospect, in all our activities.

We remain committed to delivering shareholder value over the medium term and we look forward to the future with increasing confidence.

Peter Pollock
Chief Executive
23 January 2014

Financial Review

Trading performance

Revenue in the current year fell by £0.72m (3.9%) to £17.63m (2012: £18.35m) producing an operating profit before exceptional items of £609,000 (2012: £921,000), down £312,000.

UK sales (in particular rail and non-rail lighting) were down on prior year although this was partially offset by increased export rail project revenues. Gross margins fell by 1.1% to 27.2% (2012: 28.3%), reflecting the higher project content, and a gross profit of £4.79m (2012: £5.20m) resulted. Other operating expenses were £0.10m below last year at £4.18m (2012: £4.28m), with the benefit of lower property transaction related costs of £81,000 (2012: £158,000) and bonuses of £104,000 (2012: £271,000) offset by higher sales costs.

In the first half of the year sales of £8.64m (2012: £8.92m) produced an operating profit before exceptional items of £203,000 (2012: £316,000) with sales and profits down on the corresponding period last year by £0.28m and £113,000 respectively. The second half result, sales of £8.99m and an operating profit before exceptional items of £406,000 represented an improvement over the first half but again profitability remained behind the corresponding period last year (2012: sales of £9.43m, profit of £605,000).

Exceptional items

Property gain on disposal of Tudor Works
The Group disposed of its Tudor Works factory in August 2013 for £2.60m which less its carrying value of £0.47m and after costs of £0.07m resulted in a gain of £2.06m. The Group took a lease back on the property, for up to twelve months, during which time it plans to refurbish its Shire Hill premises prior to relocating the factory operations. Initial consideration of £1.30m was received on completion with the balance, secured by a charge on Tudor Works, due at the end of the lease period. The sale contract provides for additional payments to be made in the event that site development revenues exceed a certain level: given the difficulty in predicting such revenues the directors have assessed the fair value of this contingent consideration as Nil at the year end.

Reorganisation costs
As part of the Group's reorganisation of its electro-mechanical activities it has recognised costs of £809,000 in the current year. These comprise onerous property related costs of £663,000 together with a plant and equipment impairment of £146,000. It is expected that all liabilities will crystallise and that the reorganisation will be completed within the next 2 years.

Goodwill impairment
As a result of the annual goodwill impairment review an impairment charge of £85,000 was made in the year.

Finance costs and income

Within finance costs the interest on borrowings rose to £103,000 (2012: £56,000), reflecting both higher average borrowings and term loan interest rates, and the interest cost on pension scheme liabilities fell to £471,000 (2012: £522,000), with the impact of higher liabilities being more than compensated for by a lower discount rate. Finance income, which comprises the return on pension scheme assets, rose to £584,000 (2012: £534,000) with higher asset levels making up for the lower asset return.

Profit before tax, taxation and earnings per share

Notwithstanding the high profit before tax of £1,787,000 (2012: £877,000) the benefit of tax losses, property reliefs and enhanced development expenditure resulted in a tax credit in the year of £37,000 (2012: charge of £140,000). The profit for the year was £1,824,000 (2012: £737,000) representing basic earnings per share of 15.47p (2012: 6.37p).

Financial Review (continued)

Balance sheet

Shareholders' funds rose by £1.60m in the year to £7.24m (2012: £5.64m) giving a net asset value per ordinary share of 61.3p (2012: 48.1p). The tangible net asset value per share (calculated excluding intangibles and pension asset, net of deferred tax, from the calculation) was 44.4p (2012: 30.6p).

Property, plant and equipment at 30 September was £2.67m (2012: £3.04m) of which property made up £1.49m (2012: £1.93m) and plant and equipment £1.18m (2012: £1.11m). Disposals in the year were £469,000 (2012: £43,000), being the net book value of the disposed of Tudor Works site in Saffron Walden, and additions were £530,000 (2012: £1,676,000 of which £1.15m related to the acquisition of the Shire Hill factory). The depreciation charge was £289,000 (2012: £248,000) and an impairment loss of £146,000 was recognised in the year.

Net trading assets (defined as inventories plus trade and other receivables, less trade and other payables and current tax) were higher by £0.92m at £3.86m (2012: £2.94m) although £0.78m of this increase is explained by items associated with the Tudor Works sale (£1.30m of deferred consideration less £0.52m of sales taxes).

Provisions at September 2013, which recognise onerous lease costs, were £0.67m (2012: £0.01m).

Net debt was reduced by £1.76m over the year to £0.61m with gearing (net debt as a % of total equity) falling to 8.5% (2012: 41.9%).

Intangible assets, which comprise goodwill and capitalised development costs, were £1.24m (2012: £1.32m). Goodwill fell from £1.23m to £1.15m following the impairment of the Group's investment in Haswell Engineers. Capitalised development costs (which relate to the development of LED lighting products) were essentially unchanged at £0.09m.

The IAS19 actuarial surplus recognised as at 30 September 2013 amounted to £960,000 (2012: £952,000). Movements over the course of the year comprised an income statement credit of £113,000 (2012: £12,000), contributions received of £100,000 (2012: £100,000), less an actuarial loss of £205,000 (2012: gain of £840,000) recognised in the statement of comprehensive income. The actuarial loss of £205,000 resulted from changes in the financial assumptions adopted of £395,000 plus an experience loss on liabilities of £44,000 less a better than expected asset return of £234,000.

Cash flow

Although the Group's trading performance was weaker in the year, the property sale resulted in a higher cash generated from operations of £1,483,000 (2012: £625,000). With tax payments of £71,000 (2012: receipts of £18,000) and pension contributions of £100,000 (2012: £100,000) net cash generated from operating activities was £1,312,000 (2012: £543,000).

Capital expenditure was much reduced at £355,000 (2012: £1,676,000), asset disposal proceeds were significant at £1,253,000 (2012: £25,000) and development expenditure capitalised amounted to £58,000 (2012: £19,000).

With only the final tranche of the old loan facility being paid in the year (nothing being due in respect of the new loan facility) term loan repayments were down at £73,000 (2012: £291,000): there was no term loan draw down (2012: £1,400,000). Finance leases repayments were likewise down at £43,000 (2012: £116,000). Interest payments on borrowings rose to £103,000 (2012: £56,000). In the year £22,000 (2012: £97,000) was received from the exercise of share options and dividend payments were higher at £142,000 (2012: £116,000).

Overall there was a net increase in the cash position of £1,813,000 (2012: decrease of £209,000).

Financial Review (continued)

Net debt

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

	Bank loans £'000	Finance lease obligations £'000	Cash and cash equivalents £'000	Net debt £'000
At 1 October 2012	1,473	20	873	2,366
Cash generated	-	-	(1,929)	(1,929)
Repayment of borrowings	(73)	(43)	116	-
New finance lease obligations	-	175	-	175
At 30 September 2013	1,400	152	(940)	612

The bank loan is repayable over ten years (in 40 quarterly instalments of £35,000 commencing in April 2014) and the finance lease obligations are repayable over five years. At the year-end the Group was holding cash of £0.94m (2012: overdraft of £0.88m) and had £1.50m (2102: £1.12m) of un-drawn overdraft facilities available.

The £3.0m term loan facility was initially negotiated in July 2012, was available to be drawn down over three years, required that £1.0m out of the Tudor Works proceeds be used to pay down the facility and was to be repayable over ten years commencing in October 2013. With the sale of Tudor Works being later than anticipated it has been agreed that the facility be reduced to £2.0m (but with the requirement to repay £1.0m out of the Tudor Works sale proceeds removed), and delay the commencement of repayments until April 2014. Interest remains payable at 2.75% over LIBOR and a charge of 1.375% is payable on the unutilised part of the facility. An initial £1.4m was drawn down in July 2012, to facilitate the purchase of Shire Hill, and the remaining £0.6m of the facility was drawn down in January 2014.

Subsequent to the year end the Group has re-negotiated unchanged working capital facilities through to the end of January 2015. These total £2.6m and provide for an overdraft limit of £1.5m, a guarantee facility of £1.0m and a forward exchange contract facility of £0.1m. Interest payable on the overdraft facility is unchanged at 2.5% over the prevailing base rate.

Treasury

The Group's treasury policy operates within approved Board guidelines and has not changed since 2012. 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.

Stephen Brett
Finance Director
23 January 2014

Consolidated Income Statement

For the year ended 30 September 2013

	Note	2013 £'000	2012 £'000
Revenue		17,630	18,352
Cost of sales		(12,840)	(13,153)
Gross profit		4,790	5,199
Distribution costs		(1,705)	(1,508)
Administrative expenses		(2,476)	(2,770)
Operating profit before exceptional items		609	921
Gain on property disposal		2,062	-
Reorganisation costs		(809)	-
Goodwill impairment		(85)	-
Operating profit		1,777	921
Finance costs		(574)	(578)
Finance income		584	534
Profit before tax attributable to equity holders of the parent		1,787	877
Taxation		37	(140)
Profit for the year		1,824	737
Attributable to:			
- Equity holders of the parent		1,824	737
Earnings per share	1		
Basic		15.47p	6.37p
Diluted		14.57p	6.13p

All activities are continuing.

Consolidated Statement of Comprehensive Income

For the year ended 30 September 2013

	Note	2013 £'000	2012 £'000
Profit for the year		1,824	737
Other comprehensive (expense) / income			
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges - losses taken to equity		-	(16)
Cash flow hedges transferred to profit for the year - cost of sales		14	7
Tax on cash flow hedges		(3)	2
Items that will not be reclassified to profit or loss			
Actuarial (loss) / gain on pension scheme		(205)	840
Tax on actuarial (loss) / gain		60	(216)
Other comprehensive (expense) / income net of tax		(134)	617
Total comprehensive income for the year		1,690	1,354
Attributable to:			
- Equity holders of the parent		1,690	1,354

Consolidated Balance Sheet

At 30 September 2013

	2013 £'000	2012 £'000
Non-current assets		
Intangible assets	1,236	1,317
Property, plant and equipment	2,669	3,043
Retirement benefits	960	952
	4,865	5,312
Current assets		
Inventories	2,172	2,445
Trade and other receivables	5,095	3,818
Current tax receivable	43	-
Cash and cash equivalents	940	7
	8,250	6,270
Total assets	13,115	11,582
Current liabilities		
Bank overdraft	-	(880)
Bank loans and other borrowings	(103)	(93)
Provisions	(243)	-
Current tax payable	-	(93)
Trade and other payables	(3,425)	(3,203)
	(3,771)	(4,269)
Non-current liabilities		
Bank loans and other borrowings	(1,449)	(1,400)
Provisions	(425)	(5)
Deferred tax liabilities	(212)	(241)
Other payables	(22)	(23)
	(2,108)	(1,669)
Total liabilities	(5,879)	(5,938)
Net assets	7,236	5,644
Equity		
Share capital	1,180	1,174
Share premium account	449	433
Un-issued shares reserve	178	163
Revaluation reserve	-	306
Merger reserve	230	230
Retained earnings	5,199	3,338
Equity attributable to shareholders of the parent	7,236	5,644

Consolidated Cash Flow Statement

For the year ended 30 September 2013

	2013 £'000	2012 £'000
Profit for the year	1,824	737
Finance costs	574	578
Finance income	(584)	(534)
Income tax	(37)	140
Operating profit	1,777	921
Adjustments for:		
Depreciation	289	248
Impairment of property, plant and equipment	146	-
Amortisation of intangible assets	54	25
Impairment of goodwill	85	-
(Gain) / loss on sale of property, plant and equipment	(2,065)	18
Non-cash charge for equity-settled share-based payments	22	17
	308	1,229
Movements in working capital and provisions:		
Change in inventories	273	(288)
Change in trade and other receivables	23	(769)
Change in trade and other payables	216	453
Change in provisions	663	-
Cash generated from operations	1,483	625
Income tax (paid) / received	(71)	18
Retirement benefits (pension contributions)	(100)	(100)
Net cash from operating activities	1,312	543
Purchase of property, plant and equipment	(355)	(1,676)
Proceeds from sale of property, plant and equipment	1,253	25
Capitalised development expenditure	(58)	(19)
Net cash from investing activities	840	(1,670)
Drawdown of bank loans	-	1,400
Repayment of bank loans	(73)	(291)
Repayment of obligations under finance leases	(43)	(116)
Interest paid	(103)	(56)
Proceeds from issue of share capital	22	97
Dividends paid	(142)	(116)
Net cash from financing activities	(339)	918
Net increase / (decrease) in cash and cash equivalents	1,813	(209)
Cash and cash equivalents at start of the year	(873)	(664)
Cash and cash equivalents at end of the year	940	(873)

Reconciliation of cash and cash equivalents	2013 £'000	2012 £'000
Cash and cash equivalents in current assets	940	7
Bank overdraft in current liabilities	-	(880)
Cash and cash equivalents at end of the year	940	(873)

Notes

1 – EARNINGS PER SHARE

The calculation of earnings per share is based upon the profit for the year of £1,824,000 (2012: £737,000) and the weighted average number of ordinary shares in issue during the year of 11.789m (2012: 11.569m). The weighted average number of ordinary shares diluted for the effect of outstanding share options was 12.518m (2012: 12.027m).

	2013			2012		
	Earnings £'000	**Weighted average number of shares Million**	**Earnings per share Pence**	**Earnings £'000**	**Weighted Average number of shares Million**	**Earnings per share Pence**
Basic earnings per share	1,824	11.789	15.47	737	11.569	6.37
Effect of share options	-	0.729	(0.90)	-	0.458	(0.24)
Diluted earnings per share	1,824	12.518	14.57	737	12.027	6.13

2 - INFORMATION

The preceding information does not constitute the Company's statutory accounts for the years ended 30 September 2013 or 30 September 2012 but is derived from those accounts. The 2013 accounts are expected to be posted to shareholders on 10 February 2014 and will be available from the Company Secretary, LPA Group Plc, Debden Road, Saffron Walden, Essex, CB11 4AN and on LPA's website (www.lpa-group.com), shortly thereafter. Statutory accounts for 2012 have been delivered to the Registrar of Companies, and those for 2013 will be delivered following the annual general meeting. The auditors have reported on these accounts and their reports were unqualified and did not contain statements under the Companies Act.

The Chairman's Statement, the Chief Executive's Review, and the Financial Review included in this preliminary announcement form part of the Strategic Report included in the 2013 accounts. The Strategic Report and other content of this preliminary announcement have been prepared solely for the shareholders of the Company as a body. To the extent permitted by law the Company, its directors, officers and employees disclaim liability to any other persons in respect of the information contained in this preliminary announcement. Sections may include statements containing risks and uncertainties facing the Group, and other forward-looking statements, which by their nature involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated. The Company undertakes no obligation to update any forward-looking statements.

3 - ANNUAL GENERAL MEETING

The annual general meeting of the Company is to be held at 12 noon on Thursday 6 March 2014 at the offices of College Group, 65 Gresham Street, London, EC2V 7NQ: please note that the venue has changed from that used last year.