LPA GROUP PLC

Half-Yearly Report for the period to 4 April 2015

LPA Group PLC ("LPA" or "the Group"), the LED lighting and electro-mechanical system manufacturer and distributor, announces its results for the period to 4 April 2015.

KEY POINTS

- Revenue: £7.93m (2014: £7.97m)
- Profit before tax: £19,000 (2014: £186,000) reflecting the previously advised slow start to the half
- Diluted earnings per share: 0.13p (2014: 1.32p)
- Interim dividend: 0.70p (2014: 0.70p)
- 12.3% increase in order entry in the first half to £10.51m (2014: £9.36m)
- Following the selection of the Group to supply electro-mechanical equipment for Crossrail vehicles advised at the AGM, initial £4m order received in May
- Electro-mechanical ethernet backbone technology continues to excite interest

Michael Rusch, Chairman, comments:

"In my remarks to the Annual General Meeting on 26th March I confirmed earlier reports that the year had started very quietly, particularly in our lighting activity, and this is reflected in the results for the first half. Difficulties have also been experienced in integrating our electro-mechanical activities onto one site.

"Order entry has been very strong and the Group is successfully managing the start-up of four major rail projects. The strength of our order book and the outlook for both UK and export markets mean that the Group's medium and long term prospects are very positive. Our factory load is improving and we expect to make modest progress during the remainder of this year, and this progress is expected to accelerate as the major projects mature through 2016-19.

"The interim dividend is being maintained, despite the challenges, as an indication of our confidence for the future."

25 June 2015

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 (Nominated Adviser)	Tel: 020 7148 7900
James Caithie / Avi Robinson	
WH Ireland (Broker)	Tel: 0113 394 6611
Tim Feather / Liam Gribben	
Instinctif Partners (PR Adviser)	Tel: 020 7457 2020
Mark Garraway / Helen Tarbet	

CHAIRMAN'S STATEMENT

In my remarks to the Annual General Meeting on 26th March I confirmed earlier reports that the year had started very quietly and these are reflected in the results for the first half, which show sales revenues of £7.93m (2014: £7.97m) generating a very modest profit before tax of £19,000 (2014: £186,000) and diluted earnings per share of 0.13p (2014: 1.32p).

Order entry in the first half increased 12.3% to £10.51m (2014: £9.36m) and the order book at the end of the period was £10.77m, 31.7% higher than the £8.18m at September 2014. I have previously commented that we had been selected by Bombardier Transportation to supply electro mechanical equipment for rail vehicles to be used on Crossrail and am pleased to report that an initial order for £4m was subsequently received in May. Including this item the order entry to the end of May was £17m (with a further £8m of Crossrail and Intercity Express Programme still to be booked) under-pinning our expectation of future growth.

The closure of the Clacton facility and the integration of that reduced capacity into Light and Power House has proved more challenging than expected. However, as previously reported, the Group is committed to reinforcing itself to take advantage of the major opportunities available and to securing the long term benefits of focussing all of its electro-mechanical activities on one site.

The Group is successfully managing the challenges of simultaneously starting up four large long term rail projects. There is a significant amount of engineering work associated with the design of these projects and a large number of new purchase contracts to place. In addition suppliers have to be brought up to speed to meet customers' initial delivery requirements, which will be variable until they settle into a regular pattern. As a consequence the factory load has been inconsistent, particularly in lighting. The significant initial start-up costs will be recovered as the projects mature and profits begin to flow more consistently.

While routine connector orders have been relatively buoyant the hiatus in the re-franchising process has continued to affect the award of larger refurbishment contracts which have been delayed beyond this year. Orders for lighting have been affected by a reduction in demand from the oil and gas hazardous area market and lower seasonal demand from local authorities for LED replacements for fluorescent lighting. There has been a slower than anticipated take up of our high end quality LED products, an issue that is being addressed by better market segmentation and focus. Some success in export markets has been enjoyed.

In parallel with the major rail project start-ups there has been a significant increase in tendering activity particularly for retro-fitting of Ethernet Backbones to existing rolling stock. This is being driven now by the Government's commitment to install Wi-Fi for rail passengers and, in the longer term, by the implementation of the train borne European Train Control System. We expect our Transport+ installation capability to become increasingly involved in these activities. Our engineered product distribution activity continues to progress well, with a number of innovative new products being launched.

In addition to the positive outlook in the UK market, with further major opportunities currently being pursued, the export market also looks very positive with opportunities in Europe, Asia and Australasia, which we are actively following. We have made a quick start in the Gulf Area with our first order for standard LED lighting product.

Cash flow has been impacted by the closure costs of the Clacton facility, the investment in working capital caused by the project start-ups and the absence of significant profit in the first half. The pace of capital investment will be restricted until routine positive cash flow is restored. The interim dividend is being maintained at 0.70p which will be paid on 18 September 2015 to shareholders registered at the close of business on 28 August 2015.

We expect to make modest progress during the remainder of the year, which progress should rapidly accelerate as the major projects mature through 2016-19. The Group is well positioned to win further orders for rail vehicle equipment on established platforms in both the UK and export markets.

The factory load for the remainder of the year and particularly in the longer term up to 2019 is very encouraging.

MICHAEL RUSCH
Chairman
25 June 2015

LPA GROUP PLC

Interim Unaudited Group Results for the Period ended 4 April 2015

CONSOLIDATED INCOME STATEMENT

	Period to 4 April 2015 Unaudited £000's	6 months to 31 March 2014 Unaudited £000's	Year to 30 Sept 2014 Audited £000's
Revenue	7,928	7,970	16,835
Operating profit before exceptional items	45	195	636
Reorganisation costs	(6)	-	(319)
Operating profit	39	195	317
Finance costs	(35)	(31)	(68)
Finance income	15	22	46
Profit before tax	19	186	295
Taxation	(2)	(19)	-
Profit for the period	17	167	295
Attributable to:			
- Equity holders of the parent	17	167	295
Earnings per share (see note 2)			
- Basic	0.14p	1.42p	2.50p
- Diluted	0.13p	1.32p	2.31p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Period to 4 April 2015 Unaudited £000's	6 months to 31 March 2014 Unaudited £000's	Year to 30 Sept 2014 Audited £000's
Profit for the period	17	167	295
Other comprehensive (expense) / income			
Items that will not be reclassified to profit or loss			
Actuarial loss on pension scheme	(114)	(6)	(362)
Tax on actuarial loss	13	(8)	52
Other comprehensive expense net of tax	(101)	(14)	(310)
Total comprehensive (expense) / income for the period	(84)	153	(15)
Attributable to:			
- Equity holders of the parent	(84)	153	(15)

LPA GROUP PLC

Interim Unaudited Group Results for the Period ended 4 April 2015

CONSOLIDATED BALANCE SHEET

	As at 4 April 2015 Unaudited £000's	As at 31 March 2014 Unaudited £000's	As at 30 Sept 2014 Audited £000's
Non-current assets			
Intangible assets	1,237	1,245	1,235
Property, plant and equipment	4,810	3,040	4,909
Retirement benefits	695	1,026	744
	6,742	5,311	6,888
Current assets			
Inventories	2,396	2,303	2,145
Trade and other receivables	3,291	5,139	3,473
Cash and cash equivalents	5	751	525
	5,692	8,193	6,143
Total assets	12,434	13,504	13,031
Current liabilities			
Bank overdraft	(65)	-	-
Bank loans and other borrowings	(236)	(233)	(235)
Provisions	(341)	(244)	(567)
Trade and other payables	(3,046)	(3,242)	(3,179)
	(3,688)	(3,719)	(3,981)
Non-current liabilities			
Bank loans and other borrowings	(1,666)	(1,902)	(1,784)
Provisions	-	(303)	-
Deferred tax liabilities	(149)	(236)	(160)
Other payables	(21)	(22)	(21)
	(1,836)	(2,463)	(1,965)
Total liabilities	(5,524)	(6,182)	(5,946)
Net assets	6,910	7,322	7,085
Equity			
Share capital	1,185	1,183	1,184
Share premium account	464	457	461
Un-issued shares reserve	197	185	192
Merger reserve	230	230	230
Retained earnings	4,834	5,267	5,018
Equity attributable to shareholders of the parent	6,910	7,322	7,085

LPA GROUP PLC

Interim Unaudited Group Results for the Period ended 4 April 2015

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Period to 4 April 2015 Unaudited £000's	6 months to 31 March 2014 Unaudited £000's	Year to 30 Sept 2014 Audited £000's
Opening equity	7,085	7,236	7,236
Total comprehensive income	(84)	153	(15)
Transactions with owners:			
Dividends	(101)	(89)	(171)
Proceeds from issue of shares	4	11	16
Equity-settled share-based payments	6	11	19
Closing equity	6,910	7,322	7,085

LPA GROUP PLC

Interim Unaudited Group Results for the Period ended 4 April 2015

CONSOLIDATED CASH FLOW STATEMENT

	Period to 4 April 2015 Unaudited £000's	6 months to 31 March 2014 Unaudited £000's	Year to 30 Sept 2014 Audited £000's
Profit for the period	17	167	295
Finance costs	35	31	68
Finance income	(15)	(22)	(46)
Income tax expense	2	19	-
Operating profit	39	195	317
Adjustments for:			
Depreciation	209	147	309
Amortisation of intangible assets	17	2	23
(Gain) / loss on sale of property, plant and equipment	(30)	(1)	11
Non-cash charge for equity-settled share-based payments	6	11	19
	241	354	679
Movements in working capital:			
Change in inventories	(251)	(131)	27
Change in trade and other receivables	182	(44)	322
Change in trade and other payables	(133)	(183)	(325)
Change in provisions	(226)	(121)	(101)
Cash generated from operations	(187)	(125)	602
Income tax received	-	40	43
Retirement benefits	(50)	(50)	(100)
Net cash from operating activities	(237)	(135)	545
Purchase of property, plant and equipment	(145)	(527)	(2,489)
Proceeds from sale of property, plant and equipment	65	10	1,307
Capitalised development expenditure	(19)	(11)	(22)
Net cash from investing activities	(99)	(528)	(1,204)
Drawdown of bank loans	-	600	600
Repayment of bank loans	(100)	-	(100)
Repayment of obligations under finance leases	(17)	(17)	(33)
Interest paid	(35)	(31)	(68)
Proceeds from issue of share capital	4	11	16
Dividends paid	(101)	(89)	(171)
Net cash from financing activities	(249)	474	244
Net decrease in cash and cash equivalents	(585)	(189)	(415)
Cash and cash equivalents at start of the period	525	940	940
Cash and cash equivalents at end of the period	(60)	751	525

Reconciliation of cash and cash equivalents	As at 4 April 2015 Unaudited £000's	As at 31 March 2014 Unaudited £000's	As at 30 Sept 2014 Audited £000's
Cash and cash equivalents in current assets	5	751	525
Bank overdraft in current liabilities	(65)	-	-
Cash and cash equivalents at end of the period	(60)	751	525

NOTES

1 - BASIS OF PREPARATION

These interim consolidated financial statements are for the period ended 4 April 2015. 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 2014.

They 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. These financial statements have been prepared under the historical cost convention with the exception of certain items which are measured at fair value.

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 2014. 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 2015.

2 - EARNINGS PER SHARE

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

	Period to 4 April 2015 Unaudited	6 months to 31 March 2014 Unaudited	Year to 30 Sept 2014 Audited
Profit for the period - £000's	17	167	295
Weighted average number of ordinary shares in issue during the period	11.844m	11.802m	11.818m
Dilutive effect of share options	0.822m	0.805m	0.965m
Number of shares for diluted earnings per share	12.666m	12.607m	12.783m
Basic earnings per share	0.14p	1.42p	2.50p
Diluted earnings per share	0.13p	1.32p	2.31p

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 2014	1,900	119	(525)	1,494
Cash absorbed	-	-	468	468
Repayment of borrowings	(100)	(17)	117	-
At 4 April 2015	1,800	102	60	1,962

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 Light & Power House, Shire Hill, Saffron Walden, Essex, CB11 3AQ. 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 25 June 2015.

The financial information for the year ended 30 September 2014 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 2014 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).