

# LPA GROUP PLC

## Half-Yearly Report for the period to 1 April 2016

***LPA Group PLC ("LPA" or "the Group"), the LED lighting and electro-mechanical system manufacturer and distributor, announces a very strong performance for the period to 1 April 2016.***

### **KEY POINTS**

- Revenue increased 32.2% to £10.48m (2015: £7.93m)
- Profit before tax substantially increased to £782,000 (2015: £19,000)
- Diluted earnings per share substantially increased to 5.34p (2015: 0.13p)
- Interim dividend increased 42.9% to 1.00p (2015: 0.70p)
- Order entry increased 31.1% to £13.78m (2015: £10.51m)
- Order book, for delivery over the next three years, stands at £22m with further orders due from projects for which we have been selected, but for which confirmed delivery schedules are not yet available.
- LED lighting enjoying boom conditions in rail; USB outlet charging points for rail passengers, electro-mechanical Ethernet backbone technology and Transport+ continue to excite major interest.

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

***"In my report to the AGM on 21 March 2016 I confirmed that we had entered the year at a gallop and I can now confirm that this pace has been maintained throughout the first half, as is evidenced by our results. Orders entered, the order book, sales revenue and profits have all been at record levels and all have exceeded our internal expectations.***

***"All parts of our business contributed to this excellent result, but LED lighting and engineered component distribution have been particularly strong.***

***"Anticipation of the Referendum appears to have affected routine order entry and, given the result, customers may well remain cautious in the near term. However, the order book for delivery in the second half is very strong, particularly for LED lighting, electro-mechanical products and Transport+, so we are cautiously optimistic that a strong, but perhaps not quite so spectacular second half, is achievable. The forward order book for delivery over the next three years is at record levels, so our future looks very promising.***

***"In April we acquired a 'new to us' facility for our LED lighting business, 200 metres from our existing factory, in Normanton, West Yorkshire. Having obtained planning permission, we expect to enter into contracts for refurbishment and extension in the next few weeks and to relocate the business to the new facility before the end of the calendar year.***

***"As a measure of our confidence, the interim dividend has been increased 42.9% to 1.00p. The Referendum result will set us new challenges, but our customers' requirements for best in class lighting and electro-mechanical systems will not change. We are in good shape and eagerly and confidently look forward to the future."***

**30 June 2016**

**ENQUIRIES:**

**LPA Group plc**

Peter Pollock, Chief Executive  
Steve Brett, Finance Director

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**Cairn Financial (Nominated Adviser)**

James Caithie / Tony Rawlinson

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Tim Feather / Liam Gribben

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Mark Garraway / Helen Tarbet

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## **CHAIRMAN'S STATEMENT**

In my comments to the Annual General Meeting on 21 March 2016 I confirmed that we had entered the year at a gallop and I am delighted to say that these conditions continued throughout the first half delivering record results on all measures. Revenue increased 32.2% to a record £10.48m (2015: £7.93m) generating a record profit before tax of £782,000 (2015: £19,000) and record diluted earnings per share for the half year of 5.34p (2015: 0.13p).

Order entry in the first half increased 31.1% to £13.78m (2015: £10.51m) and the order book at the end of the period was £21.99m (2015: £10.77m), 17.7% higher than the £18.69m at September 2015. I have previously reported that we have been selected for a number of projects, where confirmed delivery schedules are not yet available and these future orders are not recognised or included either in order entry in the period or the order book. These un-entered project orders amount to approximately £4.4m. This knowledge underpins our confidence in future progress.

LED lighting and engineered component distribution had a stellar first half to the year. Electro-mechanical, and in particular our "on train" installation service Transport+, together with LED lighting are expected to do well in the second half.

In April the Group acquired a "new to us" facility 200 metres from our existing LED lighting factory at Normanton in West Yorkshire which, when an extension necessary to accommodate our engineering and design capability has been completed, will provide approximately 50% of much needed additional capacity over and above that which we currently have. Having achieved Planning Permission contracts for the refurbishment and extension will be signed shortly and we expect to complete the relocation by the end of the calendar year. The existing premises are under offer and will be sold in due course.

Uncertainty ahead of the Referendum dampened demand during April and May. Now the result is known, we hope that deferred decisions on some significant orders will be made favourably towards us. The Referendum result will no doubt cause continuing uncertainty, but the UK Government's commitment to improvement and expansion of the rail network and our exposure to export markets in Europe, Middle East and Asia and Australasia puts us in a good space.

Current orders underpin the situation for the next three years. Interest in our LED lighting, ethernet backbone technology, seatback USB charging outlets and Transport+ has been buoyant.

In addition to the positive outlook in the UK market, the export market also looks very promising with further major opportunities currently being pursued and secured, in Europe, Asia and Australasia. Once the Gulf Area recovers from the oil shock we anticipate this also becoming an important market for our products.

Cash flow has been increasingly positive. As an indication of our confidence in the future, the interim dividend is being increased 42.9% to 1.00p (2015 0.70p) and will be paid on 16 September 2016 to shareholders registered at the close of business on 26 August 2016.

We expect to make good, but not spectacular, progress during the remainder of the year. In the longer term this progress should be maintained as the major projects with which we are engaged continue through the period 2017-19. 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 in the longer term up to 2019 is very encouraging.

**MICHAEL RUSCH**  
**Chairman**  
**30 June 2016**

## Interim Unaudited Group Results for the Period ended 1 April 2016

### CONSOLIDATED INCOME STATEMENT

	Period to 1 April 2016 Unaudited £000's	6 months to 4 April 2015 Unaudited £000's	Year to 30 Sept 2015 Audited £000's
<b>Revenue</b>	10,483	7,928	16,265
<b>Operating profit before exceptional items</b>	782	45	291
Gain on property disposal	14	-	587
Reorganisation costs	-	(6)	(42)
<b>Operating profit</b>	796	39	836
Finance costs	(40)	(35)	(75)
Finance income	26	15	32
<b>Profit before tax</b>	782	19	793
Taxation	(100)	(2)	(99)
<b>Profit for the period</b>	682	17	694
Attributable to:			
- Equity holders of the parent	682	17	694
<b>Earnings per share</b> (see note 2)			
- Basic	5.75p	0.14p	5.86p
- Diluted	5.34p	0.13p	5.48p

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Period to 1 April 2016 Unaudited £000's	6 months to 4 April 2015 Unaudited £000's	Year to 30 Sept 2015 Audited £000's
<b>Profit for the period</b>	682	17	694
<b>Other comprehensive income / (expense)</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Actuarial gain / (loss) on pension scheme	64	(114)	503
Tax on actuarial gain / (loss)	(23)	13	(121)
Other comprehensive income / (expense) net of tax	41	(101)	382
<b>Total comprehensive income / (expense) for the period</b>	723	(84)	1,076
Attributable to:			
- Equity holders of the parent	723	(84)	1,076

# LPA GROUP PLC

## Interim Unaudited Group Results for the Period ended 1 April 2016

### CONSOLIDATED BALANCE SHEET

	As at 1 April 2016 Unaudited £000's	As at 4 April 2015 Unaudited £000's	As at 30 Sept 2015 Audited £000's
<b>Non-current assets</b>			
Intangible assets	1,204	1,237	1,222
Property, plant and equipment	4,722	4,810	4,721
Retirement benefits	1,519	695	1,379
	<u>7,445</u>	<u>6,742</u>	<u>7,322</u>
<b>Current assets</b>			
Inventories	2,866	2,396	2,658
Trade and other receivables	4,502	3,291	4,101
Cash and cash equivalents	4	5	5
	<u>7,372</u>	<u>5,692</u>	<u>6,764</u>
<b>Total assets</b>	<u>14,817</u>	<u>12,434</u>	<u>14,086</u>
<b>Current liabilities</b>			
Bank overdraft	(384)	(65)	(938)
Bank loans and other borrowings	(246)	(236)	(236)
Provisions	-	(341)	-
Current tax payable	(134)	-	(30)
Trade and other payables	(3,582)	(3,046)	(2,977)
	<u>(4,346)</u>	<u>(3,688)</u>	<u>(4,181)</u>
<b>Non-current liabilities</b>			
Bank loans and other borrowings	(1,471)	(1,666)	(1,548)
Deferred tax liabilities	(369)	(149)	(350)
Other payables	(20)	(21)	(20)
	<u>(1,860)</u>	<u>(1,836)</u>	<u>(1,918)</u>
<b>Total liabilities</b>	<u>(6,206)</u>	<u>(5,524)</u>	<u>(6,099)</u>
<b>Net assets</b>	<u>8,611</u>	<u>6,910</u>	<u>7,987</u>
<b>Equity</b>			
Share capital	1,189	1,185	1,185
Share premium account	480	464	464
Un-issued shares reserve	191	197	197
Merger reserve	230	230	230
Retained earnings	6,521	4,834	5,911
<b>Equity attributable to shareholders of the parent</b>	<u>8,611</u>	<u>6,910</u>	<u>7,987</u>

# LPA GROUP PLC

## Interim Unaudited Group Results for the Period ended 1 April 2016

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Period to 1 April 2016 Unaudited £000's	6 months to 4 April 2015 Unaudited £000's	Year to 30 Sept 2015 Audited £000's
Opening equity	7,987	7,085	7,085
Total comprehensive income	723	(84)	1,076
Transactions with owners:			
Dividends	(119)	(101)	(184)
Proceeds from issue of shares	20	4	4
Equity-settled share-based payments	-	6	6
Closing equity	<u>8,611</u>	<u>6,910</u>	<u>7,987</u>

# LPA GROUP PLC

## Interim Unaudited Group Results for the Period ended 1 April 2016

### CONSOLIDATED CASH FLOW STATEMENT

	Period to 1 April 2016 Unaudited £000's	6 months to 4 April 2015 Unaudited £000's	Year to 30 Sept 2015 Audited £000's
Profit for the period	682	17	694
Finance costs	40	35	75
Finance income	(26)	(15)	(32)
Income tax expense	100	2	99
<b>Operating profit</b>	<b>796</b>	<b>39</b>	<b>836</b>
<i>Adjustments for:</i>			
Depreciation	224	209	440
Amortisation of intangible assets	19	17	58
(Gain) on sale of property, plant and equipment	(14)	(30)	(43)
Non-cash charge for equity-settled share-based payments	-	6	6
	<b>1,025</b>	<b>241</b>	<b>1,297</b>
<i>Movements in working capital:</i>			
Change in inventories	(208)	(251)	(513)
Change in trade and other receivables	(1,036)	182	(628)
Change in trade and other payables	617	(133)	(203)
Change in provisions	-	(226)	(567)
<b>Cash generated from operations</b>	<b>398</b>	<b>(187)</b>	<b>(614)</b>
Retirement benefits	(50)	(50)	(100)
<b>Net cash from operating activities</b>	<b>348</b>	<b>(237)</b>	<b>(714)</b>
Purchase of property, plant and equipment	(174)	(145)	(287)
Proceeds from sale of property, plant and equipment	637	65	78
Capitalised development expenditure	(1)	(19)	(45)
<b>Net cash from investing activities</b>	<b>462</b>	<b>(99)</b>	<b>(254)</b>
Repayment of bank loans	(100)	(100)	(200)
Repayment of obligations under finance leases	(18)	(17)	(35)
Interest paid	(40)	(35)	(75)
Proceeds from issue of share capital	20	4	4
Dividends paid	(119)	(101)	(184)
<b>Net cash from financing activities</b>	<b>(257)</b>	<b>(249)</b>	<b>(490)</b>
Net increase / (decrease) in cash and cash equivalents	553	(585)	(1,458)
Cash and cash equivalents at start of the period	(933)	525	525
<b>Cash and cash equivalents at end of the period</b>	<b>(380)</b>	<b>(60)</b>	<b>(933)</b>
	As at 1 April 2016 Unaudited £000's	As at 4 April 2015 Unaudited £000's	As at 30 Sept 2015 Audited £000's
<b>Reconciliation of cash and cash equivalents</b>			
Cash and cash equivalents in current assets	4	5	5
Bank overdraft in current liabilities	(384)	(65)	(938)
Cash and cash equivalents at end of the period	<b>(380)</b>	<b>(60)</b>	<b>(933)</b>

## NOTES

### 1 - BASIS OF PREPARATION

These interim consolidated financial statements are for the period ended 1 April 2016. 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 2015.

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 2015. 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 2016.

### 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 1 April 2016 Unaudited	6 months to 4 April 2015 Unaudited	Year to 30 Sept 2015 Audited
Profit for the period - £000's	682	17	694
Weighted average number of ordinary shares in issue during the period	11.856m	11.844m	11.846m
Dilutive effect of share options	0.924m	0.822m	0.818m
Number of shares for diluted earnings per share	12.780m	12.666m	12.664m
Basic earnings per share	5.75p	0.14p	5.86p
Diluted earnings per share	5.34p	0.13p	5.48p

### 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 2015	1,700	84	933	2,717
Cash generated	-	-	(671)	(671)
New finance lease obligations	-	51	-	51
Repayment of borrowings	(100)	(18)	118	-
At 1 April 2016	1,600	117	380	2,097

### 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 30 June 2016.

The financial information for the year ended 30 September 2015 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 2015 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)).