LPA GROUP PLC

LPA Group plc ("LPA" or the "Group"), the high reliability LED lighting and electro-mechanical system manufacturer and distributor, announces record results for the year ended 30 September 2018 and record orders in the first quarter.

Preliminary results key points:

KEY POINTS

- Sales up £5.50m (24.5%) at £27.98m (2017: £22.48m)
- Operating profit before exceptional items up 18.4% at £2.24m (2017: £1.90m)
- Exceptional and non-underlying items (cost) £175,000 (2017: (gain) £73,000)
- Profit before tax up 5.7% at £2.02m (2017: £1.91m)
- Basic earnings per share amounted to 14.34p (2017: 14.40p)
- Final dividend increased 9% to 1.80p (2017: 1.65p), total for the year 2.90p (2017: 2.70p)
- Gearing reduced to 15.5% (2017: 25.7%)
- Order entry amounted to £20.2m (2017: £26.1m)
- Order book amounted to £13.8m (2017: £21.6m)
- Continued investments in automation and productivity throughout the year

Peter Pollock – Chairman commented:

" The 2018 financial year proved exceptional, delivering a third successive year of record sales and profits, exceeding expectations.

As expected, order entry fell back relative to the very high levels achieved in 2017, reflecting the fluctuating demands of our markets, but were nevertheless very high in historical terms and the fifth highest on record.

As previously reported, some major rail projects, including CrossRail, have been delayed and as a consequence the current year has started quietly, reflecting the lower current demand, which is expected to pick up substantially as the year progresses.

Happily, orders entered in the first quarter have been a new record at over £9m, exceeding order entry for the first half of last year and under pinning progress in the medium term. Contract orders include Central and Waterloo & City lines lighting refurbishment with LUL, £4.7m including a further support contract; £670k lighting for Doha Metro extension through Kinki Sharyo and £1.4m bespoke electro-mechanical underframe structures for a major UK rail OEM.

After a slow start the year as a whole should be satisfactory."

23 January 2019

ENQUIRIES:
LPA Group plc

Peter Pollock, Chairman	Tel: 01799 512844
Chris Buckenham, Chief Financial Officer	Tel: 01799 512859
Paul Curtis, Chief Operating Officer	Tel: 01799 512858
Cairn Financial Advisers (Nominated Adviser)	Tel: 020 7213 0880
James Caithie / Tony Rawlinson	
WH Ireland (Broker)	Tel: 0117 945 3472
Mike Coe / Chris Savidge	
Instinctif Partners (PR Adviser)	Tel: 020 7457 2020
Rosie Driscoll / Christine Galloway / Mark Garraway	

Chairman's Statement

Overview

In his statement at the half year my predecessor Michael Rusch, now our Group President, commented that the level of sales and profits last year would be exceptional and maybe under pressure in the current year, but the funnel of opportunities, which leads to our pipeline of orders, was very encouraging. As usual, he has proved to be pretty accurate, although, he could not have foreseen the unexpected delays to Crossrail and other major projects which affected the final quarter of last year and will affect the first half of the current year. These orders have not been lost, merely delayed, and should contribute later this year and next year, although the extent of the delays has not yet been defined.

However, the funnel of opportunities has been very productive yielding over £9m of orders in the first quarter, a record, giving increased confidence for the future.

Sales for the year increased 24.5% to £28.0m (2017: £22.5m) and operating profit before exceptional and non-underlying items was up 18.4% at £2.2m (2017: up 26.6% at £1.9m). Profit before tax, after exceptional costs of £0.18m (2017: gain of £0.07m), increased 5.7% to £2.0m (2017: £1.9m). Basic earnings per share for the year were 14.3p (2017: 14.4p), held back by a less benign tax rate. Gearing reduced to 15.5% (2017: 25.7%).

Order entry fell back to £20.2m from the exceptional level of £26.1m achieved in 2017 and this, together with the exceptional levels of output, was reflected in the order book at the end of the year which amounted to £13.8m (2017: £21.6m). This trend reversed in the first quarter of the current year when record order entry of £9m was achieved.

Dividends

Given this excellent performance and our confidence in the future, subject to shareholder approval at the forthcoming annual general meeting to be held at the offices of Instinctif Partners, 65 Gresham Street, London EC2V 7NQ at 12 noon on Thursday 21st March 2019 - your Board proposes to increase the final dividend by 9.1% to 1.80p (2017: 1.65p), making a total for the year of 2.90p (2017: 2.70p). The dividend, if approved, will be paid on 29th March 2019 to shareholders registered at the close of business on 8th March 2019.

Corporate Governance

The Group has adopted the Quoted Companies Alliance Corporate Governance Code. This places responsibility for oversight, adoption and communication of the Group's Corporate Governance Model with the Chair.

The Board considers that the Group's Annual Report is a Document of Record and therefore eminently suited to be the repository of the Group's statements on compliance with the Code. These will be reviewed at least annually and updated as necessary and are set out in the Annual Report.

Further the Board considers it helpful to have a statement on the group's North Star or Guiding Light. This forms part of our Corporate Governance and is set out in the Annual Report.

Board and Management

Stephen Brett, our Finance Director and Company Secretary of seventeen years and Per Staehr, one of our Non-Executive Directors having served ten years on the Board, retired from the board at the annual general meeting on 21st March 2018. I should like to thank them both for their exemplary service to the Group.

Len Porter assumed the role of Senior Non-Executive director and Chair of the Audit and Remuneration Committees with effect from 21st March 2018.

Chris Buckenham succeeded Stephen in the role of Chief Financial Officer and Company Secretary with effect from 22nd March 2018.

Michael Rusch, our Chairman with more than fifty years' service to the Group, relinquished the Chair on 30th September 2018 and assumed the position of Group President and Non-Executive Director. I should like to pay tribute to him for his excellent service to the Group.

I succeeded Michael as Chairman on 1st October 2018, relinquishing my role of Group Chief Executive. Paul Curtis, Managing Director of LPA Channel Electric Limited was appointed Chief Operating Officer of the Group with effect from 1st October 2018. It is expected that Paul will be promoted to Chief Executive Officer at the conclusion of the AGM in March 2020, when my role will become Non-Executive.

Michael Raynor was appointed General Manager of LPA Channel Electric with effect from 1st October 2018 and joins the Group Executive alongside Greg Howell, Managing Director of LPA Connection Systems and John Hesketh, Managing Director of LPA Lighting Systems.

We expect to appoint a further Non-executive director in due course.

Employees

Our people remain our most important asset. During the year we experienced huge swings in demand from those which temporarily exceeded capacity to those which required a downward adjustment in capacity. At the same time, we have been making substantial capital investments and training to upskill our workforce, to improve productivity and secure future employment opportunities. As a consequence, we have had to largely eliminate our core of temporary employees and make certain permanent roles redundant, releasing some valued colleagues to the employment market. We wish our employees, past and present, all the best for the future.

Outlook

Although the current year is challenging as previously reported, our order book has recovered strongly, our pipeline is encouraging and our funnel full of opportunities at home and abroad. We have reviewed our Brexit strategy and find that we have a strong long-term order book, a strong balance sheet, a skilled workforce and great experience in importing and exporting, which we believe will sustain us in a good position. Though we foresee challenges, we look forward to the future with confidence.

Peter Pollock
Chairman
23 January 2019

Chief Operating Officer's Review

Trading Results

Following the excellent results of 2017, the year to 30th September 2018 has been another record year. This is despite the many challenges that we face in the market and the unprecedented political conditions the UK faces at this time. We have previously advised of delays in rail projects such as CrossRail, which impacted the end of 2018, and although these are starting to come back online, there will continue to be an element of disruption from these felt in the first half of 2019. That said, all areas of the Group have contributed well to the year, structural changes have bedded in quickly with minimal disruption, and the Group is focused on the task in hand.

2018 Summary

- Order entry £20.2m (2017: £26.1m)
- Sales up 24.5% at £28.0m (2017: £22.5m)
- Profit, before exceptional and non-underlying items, up 18.4% to £2.2m (2017: £1.9m)

The exceptional order entry from 2017 culminated in record output on several projects resulting in excellent sales for the year. Projects do however attract slightly lower added value and margins compared to routine orders and, as such, have the effect of slightly reducing the added value percentage realised throughout the year to 48.6% (2017: 52.1%).

Markets

Rail, Aviation and niche industrial markets remain strong for LPA and will continue to be the focus for the coming year. These markets require excellent products and support and, therefore align with the LPA mantra of long-life reliability, which is a recurring feature across all our products.

The UK is experiencing record investment in both mainline and metro rail, with high volumes of vehicles to be delivered in the coming years, providing many opportunities to pursue. Worldwide rail is also enjoying strong investment, and, markets that have served the Group well in the past all have projects to target in the coming months and years. Weak Sterling continues to help the export cause and its impact on import costs is being managed.

Aviation continues to grow worldwide providing opportunities in both the aircraft and aircraft ground support markets. Projects, such as A350 and C Series, are in the early days of production build and the Group is well positioned to benefit as build rates increase. A programme of refreshing our aircraft ground support products, to improve performance and economies of manufacture, is also nearly complete and will launch in 2019 with a view of increasing this business throughout the 50+ countries we export to.

Our Industrial markets feature areas which benefit from or require a high level of reliability such as high bay and tunnel lighting, station infrastructure and marine applications, to name a few. These areas, as with any, are subject to market fluctuation but in general remain strong and are targeted for increased efforts over the coming years.

With the investments made throughout the Group there is now an excellent capability in all aspects of electronic and electro-mechanical engineering, a capability the UK is valuing more and more. Efforts are now being made to see how these capabilities can be further leveraged to increase business in both current and new markets.

Design and development

As previously mentioned, the aircraft ground support range of connectors, manufactured by LPA Connection Systems, is concluding a complete re-fresh, which will see common design elements providing economies of scale, whilst also giving the customer a world leading product and service. This design effort will continue, with both the rail and industrial ranges of connectors, targeted for investment and improvement, ensuring that we are able to continue to serve our markets for the coming years.

LPA Lighting Systems also continued product developments and, during the year, launched its new range of smart lighting, which will feature strongly in future rail bids and, keeps us at the forefront of technology in this field. LED remains the product of choice in most of our customers lighting projects. LPA has a growing reputation for excellence in LED lighting.

LPA Channel, our engineered components business, is now the standard for many of the applications providing passenger device charging on trains and features on many of the new builds to be delivered over the coming years. Other initiatives in product development should also come on stream during the second part of 2019 helping to secure the longer term.

Operations

Production improvement initiatives and investments have yielded excellent results as follows:

- Efficiencies on production lines;
- The installation of robotic welding giving increased efficiency whilst improving repeatability and quality;
- Adoption of robotics into production gaining efficiencies in manual repeatable tasks;
- The implementation of a new 5 axis machining centre improving both efficiency and capability; and
- 3D printing to assist rapid prototyping and the easy creation of jigs and fixtures for manufacturing.

These investments, which have been well received by our customer base, have resulted in new opportunities and therefore this is an area we are targeting for growth over the coming period. The Group is committed to investment in its capability and efficiency and this will continue for the coming year as we strive for better service, performance and quality in all areas of the business.

2019 will see the implementation of four new lean lift stores systems at the Connection Systems site, which will free up much needed space and, eliminate the need for renting of additional space to meet increased spikes in production requirements, as seen in 2018. In addition to this, the Lighting Systems business has built a further extension on its site to improve storage, which will again eliminate the need for external storage capacity as required during 2018.

Following the spike in 2018 and with the consequence of delays in certain projects, it has been necessary to restructure some areas of the business. This involved releasing a few of our permanent team but was mostly accomplished with the release of our temporary workers. We continue to believe that our staff are our greatest asset and maintain our commitment to training and development in all areas of the business.

Chief Operating Officer's Review (continued)

Outlook

In the 2017 report we stated that 2018 would start strongly and then settle. Unfortunately, the settled run rate has been impacted in the first half of 2019 by project delays, including Crossrail. However the delayed projects should benefit the second half and lead to a positive year with a recovery overall. The market is strong and still providing many opportunities for the current and later years, a case in point being the 1st quarter of the 2019 year providing record order entry levels at over £9m. Transportation, whether Aviation or Rail, are markets that continue to see worldwide investment and, with both Siemens and CAF committed to new build train facilities in the UK, with potentially others to follow, coupled with projects like Deep Tube for London and HS2, LPA is well placed to benefit from the opportunities that we expect to arise in the coming years.

Paul Curtis
Chief Operating Officer
23 January 2019

Financial Review

Trading Performance

Revenue in the current year rose by £5.50m (24.5%) to £27.98m (2017: £22.48m) with increased rail project activity being the main factor. Gross margins fell 2.8% to 25.4% (2017: 28.2%), reflecting the higher volume of lower margin rail projects and some additional costs borne to alleviate capacity constraints, including temporary labour. Gross profit of £7.12m (2017: £6.34m) resulted. Other operating expenses reduced by 2.4% of sales to 17.4% (2017: 19.8%), increasing in total by £0.43m at £4.87m (2017: £4.44m) – key changes being increased sales and distribution costs of £0.35m, 6.9% of sales (2017: 7.0%), increased administration and overheads of £0.08m, 10.5% of sales (2017: 12.8%), including increased bonus awards of £116,000 (2017: £98,000), increased pension administration and governance inclusive of triennial defined benefit and contribution scheme reviews, at £171,000 (2017: £102,000) and share option related credit of £17,000 (2017: £6,000).

An operating profit before exceptional and non-underlying items of £2.24m (2017: £1.90m) was achieved, up £0.34m (18.4%).

In the first half of the year sales of £13.93m (2017: £10.80m), up 28.9%, produced an operating profit before exceptional and non-underlying items of £1.12m (2017: £0.77m), up 45.4%, on the corresponding period last year. The second half was comparable with sales of £14.05m (2017: £11.68m) delivering an operating profit before exceptional and non-underlying items of £1.12m (2017: £1.12m). Sales in the second half were up by £0.12m on the first half (0.9%), profits constant across each of the last three half years.

Exceptional and Non-Underlying Items

Net exceptional costs in the period totalled £175,000 (2017: net gain £73,000), a net cost increase of £248,000 over 2017.

The period included £175,000 of non-underlying costs (2017: £268,000), key items comprising: (i) reorganisation costs of £96,000 - associated with cost base reductions at the Group's Electro-Mechanical site (2017: £45,000, costs associated with the relocation of the groups lighting facility); (ii) extra centre costs arising from Board succession planning including duplicated finance function costs of £74,000 (2017: £102,000); (iii) professional and recruitment fees associated with the Board succession and establishment of the Group's Employee Benefit Trust £3,000 (2017: £60,000); (iv) corporate finance costs £2,000 (2017: £61,000).

In 2017 the sale of the Group's former lighting factory realised an exceptional gain of £341,000.

Finance Costs and Income

Within finance costs the interest on borrowings increased by 6.7% to £80,000 (2017: £75,000). The weighted average interest rate increased from 2.4% to 2.7%, both through increased hire purchase funding, despite an overall average rate reduction of 0.57% on 2017, and two UK base rate rises of 0.25% in the year, increasing the term loan average rate by 0.35% overall. Finance income, which comprises the net interest income on the pension asset, was £35,000 (2017: £21,000).

Profit before Tax, Taxation and Earnings Per Share

Profit before tax was £2.02m (2017: £1.91m) resulting in a tax charge of £0.25m (2017: £0.15m). The effective tax rate in the year was 12.5% (2017: 7.6%), materially below the UK corporation tax rate of 19.0% (2017: 19.5%), with the reduction largely the consequence of tax loss utilisation 1.2% (2017: 2.6%), qualifying R&D expenditure 2.8% (2017: 3.0%). In 2017 no tax was anticipated on the exceptional property gain attributing to a further reduction of 3.4%; the effective tax rate on profit before tax, exceptional and non-underlying items was 11.3% (2017: 7.7%). The profit for the year was £1.77m (2017: £1.77m) representing basic earnings per share of 14.34p (2017: 14.40p).

Financial Review (continued)

Balance Sheet

Shareholders' funds rose by £1.99m (18.5%) in the year to £12.71m (2017: £10.72m) giving a net asset value per ordinary share of 104.4p (2017: 86.6p). The tangible net asset value per share (calculated excluding intangibles and pension asset, net of deferred tax, from the calculation) was 78.3p (2017: 68.5p). Net debt reduced £0.78m to £1.97m (2017: £2.75m) with gearing (net debt as a % of total equity) falling to 15.5% (2017: 25.7%).

Shareholders' funds include Investment in Own Shares at £0.02m par value and £0.19m share premium (2017: nil), representing ordinary shares held in the Company by the LPA Group Plc Employee Benefit Trust.

Intangible assets, which comprise goodwill and capitalised development costs, were £1.20m (2017: £1.19m). Goodwill relates to the Group's investment in Excil Electronics and was unchanged at £1.15m. Capitalised development costs, associated with the development of LED lighting products, were £0.05m (2017: £0.04m).

Property, plant and equipment at 30 September was £7.22m (2017: £6.85m), of which property made up £4.34m (2017: £4.32m) and plant and equipment £2.87m (2017: £2.54m). Additions in the year were £1.02m (2017: £1.97m), 2017 including the remaining cost of the new lighting facility at £0.93m. Disposals at net book value amounted to £nil (2017: £0.20m). The depreciation charge increased 20.2% at £0.65m (2017: £0.54m).

The IAS19 actuarial surplus recognised at 30 September 2018 on the Group's closed defined benefit pension arrangement was £2.41m (2017: £1.31m). Changes over the course of the year comprised an income statement credit of £0.04m (2017: £0.02m), employer contributions received of £0.10m (2017: £0.10m) plus an actuarial gain of £0.96m (2017: £0.35m) recognised in the statement of comprehensive income. The actuarial gain resulted from changes to demographic assumptions in line with market indices (primarily caused through a slight reduction in overall life expectancy) and changes in financial assumptions of £0.41m (primarily reflecting the higher discount rate applicable at September 2017, 2.8% as opposed to 2.6%) plus an experience gain on liabilities of £0.25m plus a return on plan assets of £0.06m.

Net trading assets (defined as inventories plus trade and other receivables, less trade and other payables and current tax) were 1.4% lower at £4.29m (2017: £4.35m).

Cash Flow

Net cash from operating activities was £2.45m (2017: £1.49m) made up of a trading cash inflow of £2.72m (2017: £2.23m) less an increase in working capital of £0.14m (2017: £0.53m), tax payments of £0.03m (2017: £0.11m) and pension contributions of £0.10m (2017: £0.10m).

Capital expenditure outflows reduced to £0.5m (2017: £1.6m), including £0.09m spent on the new lighting facility (2017: £0.93m). The year contained asset disposal proceeds of £0.01m (2017: £0.53m relating to the sale of the Group's old lighting facility). Capitalised development expenditure was £0.03m (2017: £0.03m).

Loan repayments of £0.20m were made (2017: £0.70m which included repayment of a development loan to assist bridge the sale and purchase of the new lighting premises). Finance lease repayments were £0.11m (2017: £0.08m). Interest payments on borrowings amounted to £0.02m (2017: £0.02m). Dividend payments increased 7.6% in the year to £0.34m (2017: £0.32m).

Financial Review (continued)

During the year, £0.25m was loaned to the Group's Employee Benefit Trust to facilitate the acquisition of LPA Group plc shares (2017: nil). The transactions associated with the Employee Benefit Trust are consolidated within these accounts. No monies were received from the exercise of share options, with no option exercises during the year (2017: £0.17m was received).

Overall there was a net increase in the cash position of £1.05m (2017: decrease of £0.11m).

Net Debt

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

	Bank Loans	Finance Lease Obligations	Cash and Cash Equivalents	Net Debt
	£000	£000	£000	£000
At 1 October 2017	2,311	345	97	2,753
New Finance Lease Obligations	-	521	-	521
Interest & Arrangement Fee	55	-	-	55
Repayment of Borrowings	(196)	(109)	304	-
Cash Generated	-	-	(1,358)	(1,358)
At 30 September 2018	2,170	757	(956)	1,971

The Group's main bank finance is a £2.475m bank loan drawn down in 2016 and repayable over 5 years. As at September 2018 the amount outstanding was £2.17m (2017: £2.31m); the loan is to be repaid through 14 quarterly instalments, £0.05m from October 2018, with the residual balance repayable in April 2021; interest is payable at base rate plus 1.95%.

In the year £0.52m of plant and equipment additions were financed through new finance leases.

Interest on the £1.50m overdraft facility is payable at base rate plus 1.95% and headroom within the facility at 30 September was £1.50m (2017: £1.24m).

Treasury

The Group's treasury policy has not changed in the year: further details on the Group's borrowings, financial instruments, and its approach to financial risk management is set out in the Annual Report.

Chris Buckenham
Chief Financial Officer
23 January 2019

Consolidated Income Statement

For the year ended 30 September 2018

	Note	2018 £000	2017 £000
Revenue		27,979	22,482
Cost of Sales		(20,862)	(16,145)
Gross Profit		7,117	6,337
Distribution Costs		(1,931)	(1,580)
Administrative Expenses - before exceptional and non-underlying items		(2,942)	(2,862)
Operating Profit before Exceptional and Non-Underlying Items		2,244	1,895
Exceptional and non-underlying items		(175)	73
Operating Profit		2,069	1,968
Finance Costs		(80)	(75)
Finance Income		35	21
Profit Before Tax		2,024	1,914
Taxation		(253)	(146)
Profit for the Year		1,771	1,768
Attributable to:			
- Equity Holders of the Parent		1,771	1,768
Earnings per Share	1		
Basic		14.34p	14.40p
Diluted		13.45p	13.42p

All activities are continuing.

Consolidated Statement of Comprehensive Income

For the year ended 30 September 2018

	2018 £000	2017 £000
Profit for the Year	1,771	1,768
Other Comprehensive Income / (Expense)		
Items that will not be reclassified to profit or loss		
Actuarial gain / (loss) on pension scheme	962	349
Deferred tax on actuarial gains and losses	(178)	(77)
Other Comprehensive Income Net of Tax	784	272
Total Comprehensive Income for the Year	2,555	2,040
Attributable to:		
- Equity Holders of the Parent	2,555	2,040

Consolidated Balance Sheet

At 30 September 2018

	2018 £000	2017 £000
Non-Current Assets		
Intangible Assets	1,200	1,185
Property, Plant and Equipment	7,216	6,851
Retirement Benefits	2,409	1,311
	10,825	9,347
Current Assets		
Inventories	3,881	4,417
Trade and Other Receivables	5,540	5,054
Cash and Cash Equivalents	956	119
	10,377	9,590
Total Assets	21,202	18,937
Current Liabilities		
Bank Overdraft	-	(216)
Bank Loans and Other Borrowings	(322)	(227)
Current Tax Payable	(266)	(64)
Trade and Other Payables	(4,868)	(4,969)
	(5,456)	(5,476)
Non-Current Liabilities		
Bank Loans and Other Borrowings	(2,605)	(2,429)
Deferred Tax Liabilities	(430)	(221)
Other Payables	-	(90)
	(3,035)	(2,740)
Total Liabilities	(8,491)	(8,216)
Net Assets	12,711	10,721
Equity		
Share Capital	1,238	1,238
Investment in Own Shares	(214)	-
Share Premium Account	628	628
Un-Issued Shares Reserve	122	134
Merger Reserve	230	230
Retained Earnings	10,707	8,491
Equity Attributable to Shareholders of The Parent	12,711	10,721

Consolidated Cash Flow Statement

For the year ended 30 September 2018

	2018 £000	2017 £000
Profit Before Tax	2,024	1,914
Finance Costs	80	75
Finance Income	(35)	(21)
Operating Profit	2,069	1,968
Adjustments for:		
Depreciation	652	543
Amortisation of Intangible Assets	12	36
Gain on Sale of Property, Plant and Equipment	(10)	(321)
Loan Arrangement Fees	-	4
	2,723	2,230
Movements in Working Capital and Provisions:		
Change in Inventories	536	(1,387)
Change in Trade and Other Receivables	(486)	(376)
Change in Trade and Other Payables	(190)	1,237
Cash Generated from Operations	2,583	1,704
Income Taxes Paid	(35)	(112)
Retirement Benefits (Pension Contributions)	(100)	(100)
Net Cash from Operating Activities	2,448	1,492
Purchase of Property, Plant and Equipment	(496)	(1,643)
Proceeds from Sale of Property, Plant and Equipment	10	525
Capitalised Development Expenditure	(27)	(27)
Purchase of own shares	(214)	-
Net Cash Used in Investing Activities	(727)	(1,145)
Drawdown of Bank Loans	-	500
Repayment of Bank Loans	(196)	(702)
Repayment of Obligations Under Finance Leases	(109)	(81)
Interest Paid	(24)	(23)
Proceeds from Issue of Share Capital	-	166
Dividends Paid	(339)	(315)
Net Cash (Used In) Financing Activities	(668)	(455)
Net (Decrease) / Increase in Cash and Cash Equivalents	1,053	(108)
Cash and Cash Equivalents at Start of the Year	(97)	11
Cash And Cash Equivalents At End Of The Year	956	(97)
Reconciliation of Cash and Cash Equivalents		
Cash and Cash Equivalents in Current Assets	956	119
Bank Overdraft in Current Liabilities	-	(216)
Cash and Cash Equivalents at End of the Year	956	(97)

Notes

1 – EARNINGS PER SHARE

The calculation of earnings per share is based upon the profit for the year of £1.771m (2017: £1.768m) and the weighted average number of ordinary shares in issue during the year, less investment in own shares, of 12.350m (2017: 12.276m). The weighted average number of ordinary shares diluted for the effect of outstanding share options, was 13.163m (2017: 13.179m).

	2018 Earnings	2018 Weighted Average Number of Shares	2018 Earnings Per Share	2017 Earnings	2017 Weighted Average Number of Shares	2017 Earnings Per Share
	£000	Million	Pence	£000	Million	Pence
Basic Earnings Per Share	1,771	12.350	14.34	1,768	12.276	14.40
Effect of Share Options	-	0.813	(0.89)	-	0.903	(0.98)
Diluted Earnings Per Share	1,771	13.163	13.45	1,768	13.179	13.42

2 - INFORMATION

The preceding information does not constitute the Company's statutory accounts for the years ended 30 September 2018 or 30 September 2017 but is derived from those accounts. The 2018 accounts are expected to be posted to shareholders on 18th February 2019 and will be available from the Company Secretary, LPA Group Plc, Light & Power House, Shire Hill, Saffron Walden, CB11 3AQ and on LPA's website (www.lpa- group.com), shortly thereafter. Statutory accounts for 2017 have been delivered to the Registrar of Companies, and those for 2018 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 Operating Officer's Review, and the Financial Review included in this preliminary announcement form part of the Strategic Report included in the 2018 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 21st March 2019 at the offices of Instinctif Partners, 65 Gresham Street, London EC2V 7NQ.