



**LPA GROUP PLC HALF-YEARLY REPORT
SIX MONTHS ENDED 31 MARCH 2013**

CHAIRMAN'S STATEMENT

Sales revenue fell by 3% to £8.6m (2012: £8.9m) and profit before tax by 32% to £212,000 (2012: £312,000). Diluted earnings per share fell 33% to 1.49p (2012: 2.22p). Working capital employed remained comfortably within our normal trading range and net debt (with the July 2012 acquisition of our Shire Hill facility for £1.3m) amounted to £2.27m (2012: £1.45m); we continue to operate well within our banking facilities. We propose to increase the interim dividend by 20% to 0.60p per share (2012: 0.50p) which will be paid on 20 September 2013 to shareholders registered at the close of business on 30 August 2013.

Order entry in the first half was unchanged at £7.3m (2012: £7.3m) but comprised more routine orders. Included in this figure were further orders for ground power supply units for aircraft ('crocodiles') for Heathrow worth £0.5m and tube train interior upgrade for Transport+ worth £0.8m. Since the start of the second half, routine orders have continued a positive trend, but the highly beneficial short term projects which were a feature of the second half of last year have not repeated as yet. However, as announced on 20 May, we are delighted to have been selected by Hitachi as preferred bidder for the supply of LED based lighting for the Intercity Express Programme, with an estimated value in excess of £3m.

This is the first manifestation of the huge investment programme planned for UK rail referred to in my comments to the Annual General Meeting in March. A combination of the Department for Transport, Transport for London, Network Rail, London Underground Limited, the Association of Train Operating Companies and Rolling Stock Owning Companies, has announced a substantial level of investment over the next six years, including 4,100 new railway carriages (with 1,200 for Thameslink, 600 for Intercity Express Programme and 600 for CrossRail), an upgrade or life extension for a further 1,400 carriages and 2,780 new carriages for the Deep Tube Programme. Network Rail is negotiating a £35-£37bn investment programme with the Office of the Rail Regulator for the five year period to 2019. These investment plans together with our existing exports to Asia and Australasia suggest that the Group is well positioned for the future.

Our LED Lighting business continues to grow strongly, to improve margins and is exceeding expectations. Our Electro-Mechanical Systems business is meeting or exceeding expectations and has developed an exciting new High Speed Ethernet Backbone technology, which should give it an advantage in the future. This new technology will also benefit Transport+ in the after-market.

Our Component Distribution business is experiencing challenging short term trading conditions but it has large, medium and long term, contracts which commence at the beginning of next financial year and which should restore growth in its rail, aerospace and defence markets.

We are working hard to conclude a sale of our Tudor Works site in Saffron Walden. This is expected before the end of the calendar year and will trigger the refurbishment of our recently acquired Shire Hill factory in Saffron Walden, the subsequent relocation of our Saffron Walden activities and rationalisation of our electro-mechanical business. We will also build a 50% extension to our LED lighting factory in Normanton to replace a life expiring temporary building.

We have a strong senior management team and we continue to build up our engineering, and sales and marketing teams.

We look forward to meeting the exciting challenges ahead.

Michael Rusch

Chairman
27 June 2013

CONSOLIDATED INCOME STATEMENT

	6 months to 31 March 2013 Unaudited £000's	6 months to 31 March 2012 Unaudited £000's	Year to 30 Sept 2012 Audited £000's
Revenue	8,645	8,916	18,352
Operating profit	203	316	921
Finance costs	(282)	(284)	(578)
Finance income	291	280	534
Profit before tax	212	312	877
Taxation	(25)	(50)	(140)
Profit for the period	187	262	737
Attributable to:			
- Equity holders of the parent	187	262	737
Earnings per share (see note 2)			
- Basic	1.59p	2.28p	6.37p
- Diluted	1.49p	2.22p	6.13p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	6 months to 31 March 2013 Unaudited £000's	6 months to 31 March 2012 Unaudited £000's	Year to 30 Sept 2012 Audited £000's
Profit for the period	187	262	737
Other comprehensive (expense) / income			
Cash flow hedges:			
Losses taken to equity	-	(2)	(16)
Transferred to profit or loss for the period	14	5	7
Tax on cash flow hedges	(3)	(1)	2
Actuarial (loss) / gain on pension scheme	(224)	(67)	840
Tax on actuarial (loss) / gain	36	2	(216)
Other comprehensive (expense) / income net of tax	(177)	(63)	617
Total comprehensive income for the period	10	199	1,354
Attributable to:			
- Equity holders of the parent	10	199	1,354

CONSOLIDATED BALANCE SHEET

	As at 31 March 2013 Unaudited £000's	As at 31 March 2012 Unaudited £000's	As at 30 Sept 2012 Audited £000's
Non-current assets			
Intangible assets	1,321	1,321	1,317
Property, plant and equipment	3,270	1,785	3,043
Retirement benefits	834	-	952
	<hr/> 5,425	<hr/> 3,106	<hr/> 5,312
Current assets			
Inventories	2,303	2,403	2,445
Trade and other receivables	3,498	3,334	3,818
Cash and cash equivalents	7	5	7
	<hr/> 5,808	<hr/> 5,742	<hr/> 6,270
Total assets	<hr/> 11,233	<hr/> 8,848	<hr/> 11,582
Current liabilities			
Bank overdraft	(698)	(1,155)	(880)
Bank loans and other borrowings	(109)	(285)	(93)
Current tax payable	(105)	(8)	(93)
Trade and other payables	(2,992)	(2,845)	(3,203)
	<hr/> (3,904)	<hr/> (4,293)	<hr/> (4,269)
Non-current liabilities			
Bank loans and other borrowings	(1,466)	(14)	(1,400)
Provisions	(5)	(5)	(5)
Deferred tax liabilities	(221)	(21)	(241)
Other payables	(23)	(24)	(23)
	<hr/> (1,715)	<hr/> (64)	<hr/> (1,669)
Total liabilities	<hr/> (5,619)	<hr/> (4,357)	<hr/> (5,938)
Net assets	<hr/> 5,614	<hr/> 4,491	<hr/> 5,644
Equity			
Share capital	1,179	1,161	1,174
Share premium account	448	400	433
Un-issued shares reserve	168	202	163
Revaluation reserve	306	307	306
Merger reserve	230	230	230
Retained earnings	3,283	2,191	3,338
Equity attributable to shareholders of the parent	<hr/> 5,614	<hr/> 4,491	<hr/> 5,644

CONSOLIDATED CASH FLOW STATEMENT

	6 months to 31 March 2013 Unaudited £000's	6 months to 31 March 2012 Unaudited £000's	Year to 30 Sept 2012 Audited £000's
Profit for the period	187	262	737
Finance costs	282	284	578
Finance income	(291)	(280)	(534)
Income tax expense	25	50	140
Operating profit	203	316	921
Adjustments for:			
Depreciation	142	121	248
Amortisation of intangible assets	13	10	25
Loss on sale of property, plant and equipment	-	-	18
Non-cash charge for equity-settled share-based payments	11	7	17
	369	454	1,229
Movements in working capital:			
Change in inventories	142	(246)	(288)
Change in trade and other receivables	320	(285)	(769)
Change in trade and other payables	(197)	108	453
Cash generated from operations	634	31	625
Income tax received	-	18	18
Retirement benefits	(50)	(50)	(100)
Net cash from operating activities	584	(1)	543
Purchase of property, plant and equipment	(194)	(248)	(1,676)
Proceeds from sale of property, plant and equipment	-	-	25
Capitalised development expenditure	(17)	(8)	(19)
Net cash from investing activities	(211)	(256)	(1,670)
Drawdown of bank loans	-	-	1,400
Repayment of bank loans	(73)	(146)	(291)
Repayment of obligations under finance leases	(20)	(55)	(116)
Interest paid	(47)	(21)	(56)
Proceeds from issue of share capital	20	51	97
Dividends paid	(71)	(58)	(116)
Net cash from financing activities	(191)	(229)	918
Net increase / (decrease) in cash and cash equivalents	182	(486)	(209)
Cash and cash equivalents at start of the period	(873)	(664)	(664)
Cash and cash equivalents at end of the period	(691)	(1,150)	(873)

	As at 31 March 2013 Unaudited £000's	As at 31 March 2012 Unaudited £000's	As at 30 Sept 2012 Audited £000's
Reconciliation of cash and cash equivalents			
Cash and cash equivalents in current assets	7	5	7
Bank overdraft in current liabilities	(698)	(1,155)	(880)
Cash and cash equivalents at end of the period	(691)	(1,150)	(873)

NOTE 1 – BASIS OF PREPARATION

These interim consolidated financial statements are for the six months ended 31 March 2013. 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 2012. These financial statements have been prepared under the historical cost convention, except for revaluation of financial instruments.

These consolidated interim financial statements have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year to 30 September 2012. These accounting policies are based on the recognition and measurement principles of IFRS as adopted by the European Union. 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 2013.

NOTE 2 – EARNINGS PER SHARE

The calculations of earnings per share are based upon the profit after tax attributable to ordinary equity shareholders of £187,000 (March 2012: £262,000 - September 2012: £737,000) and the weighted average number of ordinary shares in issue during the period of 11.785m (March 2012: 11.507m - September 2012: 11.569m). The weighted average number of ordinary shares diluted for the effect of outstanding share options was 12.562m (March 2012: 11.815m - September 2012: 12.027m).



Long Life Reliability
does not cost the earth

LPA GROUP PLC
TUDOR WORKS DEBDEN ROAD
SAFFRON WALDEN ESSEX CB11 4AN
T +44 (0)1799 512800
F +44 (0)1799 526793