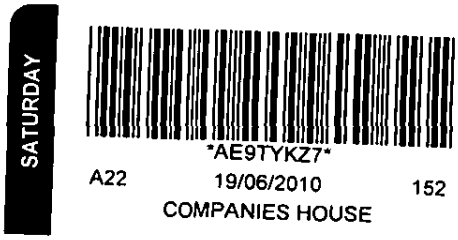
COMPANY NO 1675128

Excil Electronics Limited

Annual Report

Year ended 30 September 2009



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Company Information

Directors	Peter G Pollock Stephen K Brett John Hesketh Nigel S Orme
Secretary	Stephen K Brett
Registered office	Tudor Works Debden Road Saffron Walden Essex CB11 4AN
Registered number	1675128
Auditors	Grant Thornton UK LLP Chartered Accountants Registered auditor
Bankers	Bank of Scotland 110 St Vincent Street Glasgow G2 5ER

Report of the Directors

The directors present their report and the audited financial statements for the year ended 30 September 2009

Results and dividends

The loss on ordinary activities after taxation amounted to £155,000 (2008 profit of £256,000) The directors do not recommend the payment of a dividend (2008 £Nil)

Business review

The principal activities of the Company continue to be the design, development and manufacture of electronic, electrical and mechanical products, assemblies, systems and projects Results for the current financial year were disappointing with sales 24 2% behind prior year at £2 71 million, producing an operating loss of £198,000 (2008 profit of £225,000) Gross margins fell from 24 3% to 16 6%, although cash generation remained positive The Company continues to hold a strong position in LED's for rail lighting applications, and is focusing its efforts on the development of products for both rail and other markets, which are seen to have large growth potential Significant progress has been made in the current year in the development of LED's for rail lighting applications which is reflected in the level of orders entered being (i) better than the previous year by 165% and (ii) representing 3 25 times the level of current year sales As a consequence the directors expect progress to be made in the coming year

The business review has 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 report Sections may include statements containing risks and uncertainties facing the Company, 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

Principal risks and uncertainties

The principal risks confronting the Company, where adverse changes could impact results, are

- The Company's sales dependence upon the rail sector
- Certain activities benefit from long standing commercial relationships with key customers and suppliers
- The Company operates in competitive markets which are subject to product innovation, technical advances and intensive price competition

Key performance indicators

The Company uses the following key performance indicators to assess the progression in its business - (i) Orders to sales (orders for the year expressed as a multiple of sales) as a measure of prospective growth being 3 25 in the current year (2008 0 93, 2007 0 89), (ii) Sales growth (the increase in year on year sales as a percentage of prior year sales) as a measure of current growth being -24 2% for the current year (2008 3 2%, 2007 56 3%), (iii) Gross margin (gross profit as a percentage of turnover) as a measure of profitability being 16 6% in the current year (2008 24 3%, 2007 19 1%), and (iv) Net cash flow (net cash inflow before financing) as a measure of cash generation being £11,000 for the current year (2008 £110,000 and 2007 £28,000)

Directors and their interests

The directors who served during the year are set out on page 1

Report of the Directors (continued)

Statement of directors' responsibilities for the financial statements

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare financial statements for the Company in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable United Kingdom Accounting Standards have been followed subject to material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Disclosure of information to auditors

At the date of making this report each of the Company's directors, as set out on page 1, confirm the following

- so far as each director is aware, there is no relevant information needed by the Company's auditors in connection with preparing their report of which the Company's auditors are unaware, and

- each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information

Auditors

Grant Thornton UK LLP are willing to continue in office and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

Approval

The report of the directors was approved by the Board on 18th June 2010 and signed on its behalf by

Stephen Brett
Secretary

Independent Auditors' Report to the Members of Excil Electronics Limited

We have audited the financial statements of Excil Electronics Limited for the year ended 30 September 2009 which comprise the profit and loss account, the balance sheet, and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/UKNP

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 30 September 2009 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Grant Thornton UK LLP

Alison Seekings
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cambridge
18 June 2010

Profit and Loss Account

for the year ended 30 September 2009

	Note	2009 £'000	2008 £'000
Turnover	2	2,710	3,573
Cost of sales		(2,261)	(2,705)
Gross profit		449	868
Sales and distribution costs		(397)	(323)
Administrative expenses		(250)	(320)
Operating (loss) / profit	3	(198)	225
Net interest (payable) / receivable	4	(2)	38
(Loss) / profit on ordinary activities before taxation		(200)	263
Tax on (loss) / profit on ordinary activities	7	45	(7)
(Loss) / profit on ordinary activities after taxation and retained profit for the financial year	15	(155)	256

All activities are continuing

There were no gains or losses in either year other than those recognised in the profit and loss account and as a result no statement of total recognised gains and losses is presented

The only movement in shareholders' funds is the loss for the financial year

The notes on pages 7 to 15 form an integral part of these financial statements

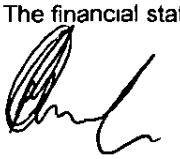
Balance Sheet

at 30 September 2009

	Note	2009 £'000	2008 £'000
Fixed assets			
Tangible assets	8	373	412
Current assets			
Stocks	9	641	585
Debtors	10	699	889
Cash at bank and in hand		-	79
		1,340	1,553
Creditors Amounts falling due within one year	11	(684)	(776)
Net current assets		656	777
Total assets less current liabilities		1,029	1,189
Creditors Amounts falling due after more than one year	12	(30)	(35)
Net assets		999	1,154
Capital and reserves			
Called up share capital	14	1,254	1,254
Share premium account	15	104	104
Revaluation reserve	15	83	83
Profit and loss reserve	15	(442)	(287)
Equity shareholders' funds		999	1,154

The notes on pages 7 to 15 form an integral part of these financial statements

The financial statements were approved by the Board on 18th June 2010 and signed on its behalf by



P G Pollock
Director

Notes to the Financial Statements

for the year ended 30 September 2009

1. Accounting Policies

Basis of preparation

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold property, and in accordance with the Companies Act 2006 and applicable UK accounting standards (United Kingdom Generally Accepted Accounting Practice)

Turnover

Turnover is the revenue arising from the sales of goods and services It is stated at the fair value of the consideration receivable, net of value added tax, rebates and discounts

Revenue from the sale of goods is recognised when the significant risks and benefits of ownership of the product have transferred to the buyer, which may be upon shipment, completion of the product or the product being ready for delivery, based on specific contract terms

Revenue from services provided by the Company is recognised when the Company has performed its obligations and in exchange obtained the right to consideration

Research and development

Research and development expenditure is charged to profits in the period in which it is incurred

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment

Depreciation is calculated to write down the cost or valuation, less estimated residual value, of all tangible fixed assets, other than freehold land, by equal annual instalments over their estimated useful economic lives The rates generally applicable are

Freehold buildings	2%
Plant and equipment	10%
Fixtures and fittings	10%
Computer equipment	25%

The transitional provisions of FRS15 were adopted in 2000 and accordingly the property valuation has not been updated The date of the last revaluation was 1988

The part of the annual depreciation charge of revalued assets which relates to the surplus over cost is transferred from the revaluation reserve to the profit and loss reserve

Finance lease and hire purchase agreements

Where the Company enters into an agreement that transfers substantially all the risks and rewards of ownership of an asset to the lessee, the agreement is treated as a finance lease The asset is recorded in the balance sheet as a tangible fixed asset at the present value of the minimum agreement payments and is depreciated over the asset's useful economic life Future instalments under such agreements, net of finance charges, are included in creditors Rentals payable are apportioned between the finance element, which is charged to the profit and loss account at a constant rate of charge on the balance of capital repayments outstanding, and the capital element, which reduces the outstanding obligation

Operating lease agreements

Leases where substantially all of the risks and rewards of ownership are not transferred to the Company are treated as operating leases Rentals under operating leases are charged against profits on a straight-line basis over the period of the lease

Notes to the Financial Statements

for the year ended 30 September 2009

1. Accounting Policies (continued)

Stocks and work in progress

Stocks are stated at the lower of cost and net realisable value, after provisions are made in respect of obsolete and slow moving items, based on historical experience of utilisation on a category-by-category basis

The cost of raw materials, consumables and goods for resale is based on purchased cost on a first-in, first-out basis The cost of work in progress and finished goods is based on the cost of direct materials and labour plus attributable overheads based on a normal level of activity, on a first-in, first-out basis Net realisable value is the estimated selling price less all further costs to complete and all costs to be incurred in marketing, selling and distribution

Current tax

The current tax charge is based on the profit for the year and is measured at the amounts expected to be paid based on the tax rates and laws substantively enacted by the balance sheet date Current and deferred tax is recognised in the profit and loss account for the period except to the extent that it is attributable to a gain or loss that is or has been recognised directly in the statement of total recognised gains and losses

LPA Group plc and its subsidiary undertakings are able to relieve their taxable losses by surrendering them to other group companies where capacity to utilise those losses exists There is an agreement between members of this Group that such losses will be paid for by the recipient company Where there is reasonable certainty that taxable losses can be relieved the group relief receivable or payable is included in the taxation charge or credit for the period

Deferred taxation

Deferred tax is recognised in respect of all timing differences (which arise because of differences between the treatment of certain items for accounting and taxation purposes) that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold,

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Defined contribution pension schemes

The pension costs charged against operating profits are the contributions payable to the various schemes in respect of the accounting period

Government grants

Grants that relate to specific capital expenditure are treated as deferred income, which is then credited to the profit and loss account over the related assets useful life Other grants are credited to the profit and loss account when received

Notes to the Financial Statements

for the year ended 30 September 2009

1. Accounting Policies (continued)

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction, except where the transaction is covered by a related or matching forward contract, in which case that contract rate is used Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date, except where there are related or matching forward contracts, in which case the rate in that contract is used

Foreign exchange gains and losses are credited or charged to the profit and loss account as they arise

Cash flow statement

The Company is exempt from publishing a cash flow statement as it is a wholly owned subsidiary of LPA Group plc which publishes a consolidated cash flow statement

2. Turnover

The analysis of turnover by geographical market is as follows

	2009 £'000	2008 £'000
United Kingdom	1,090	2,521
Rest of Europe	790	469
Rest of World	830	583
	2,710	3,573

Notes to the Financial Statements

for the year ended 30 September 2009

3. Operating Profit

Operating profit is arrived at after charging / (crediting)

	2009 £'000	2008 £'000
Depreciation	56	58
Operating lease rentals - plant and machinery (incl motor vehicles)	48	42
Foreign exchange gain	(18)	(20)
Research and development expenditure	60	-
Fees payable to the Company's auditor for the audit of the Company's annual accounts	8	8
Fees payable to the Company's auditor and its associates for tax services	2	1

4. Net Interest (Payable) / Receivable

	2009 £'000	2008 £'000
Interest payable - hire purchase contracts	(1)	(1)
Interest payable - bank	(2)	-
Total interest payable	(3)	(1)
Interest receivable - bank	1	39
Net interest (payable) / receivable	(2)	38

5. Employees

Average monthly number of employees, including directors

	2009 No	2008 No
Production	38	38
Sales and distribution	5	4
Administration	5	6
	48	48

Staff costs, including directors

	2009 £'000	2008 £'000
Wages and salaries	943	959
Social security costs	94	95
Other pension costs - defined contribution arrangements	33	32
Other pension costs - life assurance contributions	6	9
	1,076	1,095

Notes to the Financial Statements

for the year ended 30 September 2009

6. Directors Remuneration

	2009 £'000	2008 £'000
Emoluments	109	113
Company contributions paid to money purchase pension schemes	9	8
	118	121

	2009 No	2008 No
Number of directors accruing retirement benefits under defined contribution schemes	2	2

7. Tax on (Loss) / Profit on Ordinary Activities

	2009 £'000	2008 £'000
United Kingdom corporation tax		
Group relief (receivable) / payable	(46)	11
Adjustments in respect of prior years	1	(4)
Current taxation	(45)	7
Deferred taxation		
Net origination and reversal of timing differences	-	-
Tax on (loss) / profit on ordinary activities	(45)	7

Current tax reconciliation

	2009 £'000	2008 £'000
(Loss) / profit on ordinary activities before taxation	(200)	263
Theoretical tax at UK corporation tax rate of 28% (2008 29%)	(56)	76
Effects of		
- Accelerated capital allowances	8	6
- Current profits set-off against brought forward losses	-	(70)
- Other expenditure that is not tax deductible	6	2
- Other differences	(4)	(3)
- Adjustments in respect of prior years	1	(4)
Actual current taxation charge	(45)	7

At 30 September 2009 the Company had tax losses to carry forward against profits chargeable to corporation tax amounting to £446,000 (2008 £349,000) subject to agreement with the Inland Revenue

Notes to the Financial Statements

for the year ended 30 September 2009

8. Tangible Fixed Assets

	Freehold land and buildings £ '000	Plant and machinery £ '000	Fixtures, fittings and Equipment £ '000	Total £ '000
Cost or valuation				
At 1 October 2008	320	617	204	1,141
Additions	-	8	9	17
At 30 September 2009	320	625	213	1,158
Represented by				
Valuation - 1988	300	-	-	300
Cost	20	625	213	858
	320	625	213	1,158
Depreciation				
At 1 October 2008	96	452	181	729
Charged in period	4	41	11	56
At 30 September 2009	100	493	192	785
Net book value				
At 30 September 2009	220	132	21	373
At 1 October 2008	224	165	23	412

Included within plant and machinery are assets with a net book value of £15,000 (2008 £17,000), which are held under hire purchase contracts Depreciation charged in the period on those assets amounted to £2,000 (2008 £2,000)

The Company's freehold land and buildings were professionally valued on an existing use basis in February 1988 On an historical cost basis freehold land and buildings would have been included at the following amounts

	£'000
Cost	241
Accumulated depreciation	(104)
At 30 September 2009	137
At 1 October 2008	141

Notes to the Financial Statements

for the year ended 30 September 2009

9. Stocks

	2009 £'000	2008 £'000
Raw materials	542	448
Work in progress	99	137
	641	585

There is no material difference between the balance sheet value of stocks and their replacement cost

10. Debtors

	2009 £'000	2008 £'000
Trade debtors	577	865
Prepayments and accrued income	68	21
Amounts due from group undertakings	54	3
	699	889

11. Creditors: Amounts Falling Due Within One Year

	2009 £'000	2008 £'000
Bank overdraft	146	232
Obligations under hire purchase contracts	4	4
Debt due within 1 year	150	236
Trade creditors	401	286
Amounts owed to group undertakings	23	51
Other taxation and social security	26	68
Other creditors	11	36
Accruals and deferred income	73	99
	684	776

The bank overdraft is secured under the Group banking facility as disclosed in Note 18

12. Creditors: Amounts Falling Due After More Than One Year

	2009 £'000	2008 £'000
Obligations under hire purchase contracts	4	8
Government grants	26	27
	30	35

Notes to the Financial Statements

for the year ended 30 September 2009

12. Creditors: Amounts Falling Due After More Than One Year (continued)

Government grants	**£'000**
At 1 October 2008	27
Amortisation in the year	(1)
At 30 September 2009	26

13. Obligations Under Hire Purchase Contracts

The Company's obligations under hire purchase contracts are analysed by maturity below

	2009 £'000	**2008 £'000**
Within one year	4	4
Between one and two years	4	4
Between two and five years	-	4
	8	12

14. Provisions for Liabilities

Deferred taxation

Deferred taxation provided in the accounts and amounts unrecognised are as follows

	Provided		**Not available for set-off till future periods**	
	2009 £'000	**2008 £'000**	**2009 £'000**	**2008 £'000**
Accelerated capital allowances	23	34	-	-
Other timing differences	(4)	(7)	-	-
Unutilised losses	(19)	(27)	(105)	(71)
	-	-	(105)	(71)

At 30 September 2009 there are unrecognised timing differences in respect of unrelieved trading losses of £377,000 (2008 £252,000) The potential deferred tax asset has not been recognised due to uncertainty over the timing of its recoverability

15. Share Capital

	2009 £'000	**2008 £'000**
Authorised, issued and fully paid		
1,254,000 ordinary shares of £1 each	1,254	1,254

Notes to the Financial Statements

for the year ended 30 September 2009

16. Reserves

	Revaluation reserve £'000	Share premium account £'000	Profit and loss reserve £'000
At 1 October 2008	83	104	(287)
Loss for the year	-	-	(155)
At 30 September 2009	83	104	(442)

17. Financial Commitments

Operating lease commitments

Annual commitments under non-cancellable operating leases are as follows

	Plant and machinery	
	2009 £'000	2008 £'000
Operating leases which expire		
Within one year	2	12
Within two to five years	25	7
	27	19

18. Pension Arrangements

The Company makes contributions to several defined contribution arrangements for its employees

19. Contingent Liabilities

The following security is provided to the Bank of Scotland in respect of LPA Group plc's £0 9m term loan facility (i) first and only legal charge over each freehold and leasehold property owned by the Company, (ii) first debenture from the Company, and (iii) a composite guarantee by the Company (as guarantor) in favour of the Bank of Scotland

At 30 September 2009 the Company had commitments under non-cancellable forward foreign exchange contracts totalling £136,000 (2008 £28,000) The fair value of these contracts at the balance sheet date was £19,000 (2008 £2,000)

20. Ultimate Parent Undertaking

The Company's ultimate parent undertaking and controlling party is LPA Group plc, a company incorporated in England and Wales Copies of LPA Group plc group accounts, which include the Company, are available from Companies House, Crown Way, Cardiff, CF14 3UZ

The Company has taken advantage of the exemption conferred by FRS8 and has not disclosed related party transactions with group undertakings during the period