

## London Security plc

Unaudited Interim Statement  
for the six months ended 30 June 2014



## **London Security plc is a leader in Europe's fire security industry. Each year we provide fire protection for over 200,000 customers through our local presence in the United Kingdom, Belgium, the Netherlands, Austria and Luxembourg.**

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Our services and products are commercialised through the well and long established brands of Nu-Swift, Ansul, Total, Premier and Master. The unique styling of our products makes them immediately recognisable to both the industry and customers alike.

We aim to achieve the highest levels of service and product quality through continued training of our employees to the most stringent servicing standards and the development of the highest performance rated fire products. These activities are performed whilst considering the preservation of the environment.

From the largest blue chip companies to governments and private individuals, our customers know that our name stands for integrity of service by the best trained and qualified individuals with quality products that have achieved the highest performance ratings.

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## Chairman's statement

### Financial highlights

#### Revenue

**£51.3m**

2013: £47.8m

#### Operating profit

**£9.4m**

2013: £9.0m

#### Trading

The financial highlights illustrate that the Group's revenue increased by £3.5 million (7.3%) to £51.3 million and operating profit increased by £0.4 million (4.4%) to £9.4 million. This growth is despite the movement in the Sterling to Euro average exchange rate (1.18 to 1.22) which has reduced like for like revenue by £1.3 million and operating profit by £0.3 million.

These increases reflect the contribution from two new subsidiaries within the Group:

- Noris Feuerschutzgeräte G.m.b.H., acquired in May 2013, achieved sales of £2.3 million in the six months to June 2014 and contributed an operating profit of £0.2 million.
- GC Fire Protection Limited commenced operations in July 2013 and this year has recorded sales of £0.9 million and operating profit of £0.1 million.

The operating profit margin of these two new subsidiaries is below that achieved in the Group's other more established businesses. As these companies are integrated into the Group's operations, the Directors are confident of improving returns.

#### Acquisitions

In the six months to the end of June the Group has acquired a total of five well established businesses at a cost of £0.6 million (2013: five businesses at a cost of £3.3 million). The integration of these businesses into the Group has, so far, been successful and results are in line with expectations. In July a further acquisition was made in the UK at a cost of £0.5 million. It remains a principal aim of the Group to grow through acquisition. Acquisitions are being sought throughout Europe and the Group will invest at the upper end of the price spectrum where an adequate return is envisaged by the Board.

#### Pension scheme surplus

As at 30 June 2013 the Nu-Swift pension scheme valuation calculated in accordance with IAS 19 resulted in a surplus of £1.8 million. This asset was not recognised in the prior year's Interim Statement as it was considered that there was no unconditional right for the Group to recover the surplus. Following further consultation of the trust deeds and external advice sought in the year to 31 December 2013, the Directors have reconsidered the guidance in IAS 19 and IFRIC 14 and concluded that, because of the rights upon wind-up, it is now appropriate to recognise this asset in the financial statements. The surplus in this scheme as at 31 December 2013, calculated in accordance with IAS 19, was £2.4 million. This has been recognised as a non-current asset in this Interim Statement.

#### Prospects

Economic growth in the Group's market has been depressed but our business remains strong, cash generative and well developed, with positive net funds. As a leading provider in this market with a well diversified and loyal customer base, the Board is optimistic for further success in 2014.

#### Dividends

A final dividend in respect of 2013 of £0.31 per ordinary share was paid to shareholders on 8 July 2014.

#### J.G. Murray

##### Chairman

30 September 2014

## Consolidated income statement

for the six months ended 30 June 2014

	Note	Unaudited six months ended 30 June 2014 £'000	Unaudited six months ended 30 June 2013 £'000	Audited year ended 31 December 2013 £'000
<b>Revenue</b>		<b>51,279</b>	47,782	101,362
Cost of sales		(9,840)	(9,280)	(19,785)
<b>Gross profit</b>		<b>41,439</b>	38,502	81,577
Distribution costs		(19,585)	(18,196)	(37,894)
Administrative expenses		(12,430)	(11,346)	(23,729)
Operating profit		<b>9,424</b>	8,960	19,954
EBITDA*		<b>11,544</b>	10,842	24,059
Depreciation and amortisation		(2,120)	(1,882)	(4,105)
<b>Operating profit</b>		<b>9,424</b>	8,960	19,954
Finance income		<b>93</b>	73	377
Finance costs		(435)	(242)	(475)
Finance costs – net		(342)	(169)	(98)
<b>Profit before income tax</b>		<b>9,082</b>	8,791	19,856
Income tax expense		(2,907)	(2,842)	(6,148)
<b>Profit for the period attributable to equity shareholders of the Company</b>		<b>6,175</b>	5,949	13,708
<b>Earnings per share</b>				
Basic and diluted	3	<b>50.4p</b>	48.5p	111.8p
<b>Dividends</b>				
Dividends paid per share		<b>Nil</b>	Nil	76.0p

\* Earnings before interest, taxation, depreciation, amortisation and impairment charges.

The above are all as a result of continuing operations.

**Consolidated statement of comprehensive income**

for the six months ended 30 June 2014

	Unaudited six months ended 30 June 2014 £'000	Unaudited six months ended 30 June 2013 £'000	Audited year ended 31 December 2013 £'000
Profit for the financial period	6,175	5,949	13,708
Other comprehensive (expense)/income:			
Items that will not be reclassified subsequently to profit or loss			
– currency translation differences on foreign operation consolidation, net of tax	(1,108)	1,001	331
– actuarial loss recognised in the Nu-Swift pension scheme	–	–	(72)
– movement on deferred tax relating to the Nu-Swift pension scheme surplus	–	–	(485)
– Nu-Swift pension surplus recognised	–	–	1,794
– actuarial loss recognised in the Ansul pension scheme	–	–	(381)
– movement on deferred tax relating to the Ansul pension scheme	–	–	166
Other comprehensive (expense)/income for the period, net of tax	(1,108)	1,001	1,353
<b>Total comprehensive income for the period</b>	<b>5,067</b>	<b>6,950</b>	<b>15,061</b>

**Consolidated statement of changes in equity**

for the six months ended 30 June 2014

	Share capital £'000	Share premium £'000	Capital redemption £'000	Merger reserve £'000	Other reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2013	123	344	1	2,033	5,382	69,136	77,019
Comprehensive income for the period							
– profit for the period	–	–	–	–	–	5,949	5,949
– exchange adjustments	–	–	–	–	1,001	–	1,001
Total comprehensive income for the period	–	–	–	–	1,001	5,949	6,950
At 30 June 2013	123	344	1	2,033	6,383	75,085	83,969
Comprehensive income for the period							
– profit for the period	–	–	–	–	–	7,759	7,759
– exchange adjustments	–	–	–	–	(670)	–	(670)
– actuarial loss on pension schemes	–	–	–	–	–	(453)	(453)
– movement on deferred tax relating to pension schemes	–	–	–	–	–	(319)	(319)
– net pension surplus recognised	–	–	–	–	–	1,794	1,794
Total comprehensive income for the period	–	–	–	–	(670)	8,781	8,111
Contributions by and distributions to owners of the Company:							
– dividends	–	–	–	–	–	(9,319)	(9,319)
– release of provision for unclaimed dividends	–	–	–	–	–	50	50
Total contributions by and distributions to owners of the Company	–	–	–	–	–	(9,269)	(9,269)
At 31 December 2013	123	344	1	2,033	5,713	74,597	82,811
Comprehensive income for the period							
– profit for the period	–	–	–	–	–	6,175	6,175
– exchange adjustments	–	–	–	–	(1,108)	–	(1,108)
Total comprehensive income for the period	–	–	–	–	(1,108)	6,175	5,067
<b>At 30 June 2014</b>	<b>123</b>	<b>344</b>	<b>1</b>	<b>2,033</b>	<b>4,605</b>	<b>80,772</b>	<b>87,878</b>

**Consolidated statement of financial position**

for the six months ended 30 June 2014

	Unaudited as at 30 June 2014 £'000	Unaudited as at 30 June 2013 £'000	Audited as at 31 December 2013 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9,751	9,947	9,973
Intangible assets	57,468	57,539	58,325
Deferred tax asset	604	509	632
Retirement benefit surplus	2,469	—	2,424
Derivative financial instruments	—	—	92
	<b>70,292</b>	<b>67,995</b>	<b>71,446</b>
<b>Current assets</b>			
Inventories	9,221	9,637	8,826
Trade and other receivables	20,117	21,497	21,153
Cash and cash equivalents	26,203	24,645	20,565
	<b>55,541</b>	<b>55,779</b>	<b>50,544</b>
<b>Total assets</b>	<b>125,833</b>	<b>123,774</b>	<b>121,990</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	(17,617)	(17,606)	(16,992)
Income tax liabilities	(383)	(631)	(866)
Borrowings	(1,823)	(1,968)	(1,878)
Provision for liabilities and charges	(4)	(4)	(4)
	<b>(19,827)</b>	<b>(20,209)</b>	<b>(19,740)</b>
<b>Non-current liabilities</b>			
Trade and other payables	(535)	(494)	(509)
Borrowings	(14,890)	(17,373)	(16,261)
Derivative financial instruments	(86)	(99)	—
Deferred income tax liabilities	(987)	(394)	(991)
Retirement benefit obligations	(1,630)	(1,236)	(1,678)
	<b>(18,128)</b>	<b>(19,596)</b>	<b>(19,439)</b>
<b>Total liabilities</b>	<b>(37,955)</b>	<b>(39,805)</b>	<b>(39,179)</b>
<b>Net assets</b>	<b>87,878</b>	<b>83,969</b>	<b>82,811</b>
<b>Shareholders' equity</b>			
Ordinary shares	123	123	123
Share premium	344	344	344
Capital redemption reserve	1	1	1
Merger reserve	2,033	2,033	2,033
Other reserves	4,605	6,383	5,713
Retained earnings	80,772	75,085	74,597
<b>Total shareholders' equity</b>	<b>87,878</b>	<b>83,969</b>	<b>82,811</b>

**Consolidated statement of cash flow**

for the six months ended 30 June 2014

	Unaudited six months ended 30 June 2014 £'000	Unaudited six months ended 30 June 2013 £'000	Audited year ended 31 December 2013 £'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	11,764	10,455	22,913
Interest paid	(239)	(212)	(418)
Income tax paid	(2,676)	(3,195)	(5,625)
<b>Net cash generated from operating activities</b>	<b>8,849</b>	<b>7,048</b>	<b>16,870</b>
<b>Cash flows from investing activities</b>			
Acquisition of subsidiary undertakings	—	(3,095)	(3,002)
Purchases of property, plant and equipment	(1,126)	(1,212)	(2,537)
Proceeds from sale of intangible assets	39	—	33
Proceeds from sale of property, plant and equipment	133	156	275
Purchases of intangible assets	(667)	(482)	(2,575)
Interest received	48	43	96
<b>Net cash used in investing activities</b>	<b>(1,573)</b>	<b>(4,590)</b>	<b>(7,710)</b>
<b>Cash flows from financing activities</b>			
Repayments of borrowings	(914)	(13,718)	(16,610)
New borrowings	—	17,373	19,187
Dividends paid to Company's shareholders	—	—	(9,319)
<b>Net cash (used in)/generated from financing activities</b>	<b>(914)</b>	<b>3,655</b>	<b>(6,742)</b>
<b>Effects of exchange rates on cash and cash equivalents</b>	<b>(724)</b>	<b>671</b>	<b>286</b>
<b>Net increase in cash in the period</b>	<b>5,638</b>	<b>6,784</b>	<b>2,704</b>
Cash and cash equivalents at beginning of the period	20,565	17,861	17,861
<b>Cash and cash equivalents at end of the period</b>	<b>26,203</b>	<b>24,645</b>	<b>20,565</b>



## Notes to the financial statements

for the six months ended 30 June 2014

### 1 Nature of information

The financial information contained in this Interim Statement has been neither audited nor reviewed by the auditor and does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The financial information for the six months ended 30 June 2014 has been prepared applying the accounting policies and presentation that were applied in the preparation of the Group's published consolidated financial statements for the year ended 31 December 2013. The principal risks and uncertainties as disclosed in the year end accounts are considered to be consistent with those that are still applicable now.

Comparative figures for the year ended 31 December 2013 have been extracted from the statutory accounts for the year ended 31 December 2013 which have been delivered to the Registrar of Companies. The Independent Auditor's Report on those accounts was unqualified and did not contain an emphasis of matter paragraph or any statement under Section 498 of the Companies Act 2006.

### 2 Basis of preparation

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

### 3 Earnings per share

The calculation of basic earnings per ordinary share is based on the profit on ordinary activities after taxation of £6,175,000 (2013: £5,949,000) and on 12,261,477 (2013: 12,261,477) ordinary shares, being the weighted average number of ordinary shares in issue during the period.

For diluted earnings per ordinary share, the weighted average number of shares in issue is adjusted to assume conversion of all potentially dilutive ordinary shares. There was no difference in the weighted average number of shares used for the calculation of basic and diluted earnings per share as there are no potentially dilutive shares outstanding.

	Unaudited six months ended 30 June 2014 £'000	Unaudited six months ended 30 June 2013 £'000	Audited year ended 31 December 2013 £'000
Profit on ordinary activities after taxation	<b>6,175</b>	5,949	13,708
Basic earnings per ordinary share	<b>50.4p</b>	48.5p	111.8p

### 4 Actuarial valuation of the pension scheme

As permitted under IAS 19 the Group has not prepared an actuarial valuation of the pension scheme assets and liabilities for the Interim Statement 2014. In accordance with IAS 19 such a valuation will be prepared for the purposes of the Group's Annual Report and Accounts 2014.

## Directors and company advisers

### Executive Directors

**Jacques Gaston Murray**  
Chairman

**Jean-Jacques Murray**  
Vice Chairman

**Xavier Mignolet**  
Managing Director

**Emmanuel Sebag**  
Executive Director

### Independent Non-Executive Directors

**Henry Shouler**  
Senior Independent  
Non-Executive Director

**Michael Gailer**  
Independent Non-Executive Director

### Non-Executive Directors

**Jean-Pierre Murray**  
Non-Executive Director

**Marie-Claire Leon**  
Non-Executive Director

### Company advisers

**Company Secretary  
and Registered Office**  
Richard Pollard  
Premier House  
2 Jubilee Way  
Elland  
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**Registered number**  
**53417**

### Chartered accountants and statutory auditor

**KPMG LLP**  
1 The Embankment  
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Leeds LS1 4DW

### Registrars

**Capita Asset Services**  
Northern House  
Woodsome Park  
Fenay Bridge  
Huddersfield HD8 0GA

### Bankers

**Lloyds Banking Group plc**

### Solicitors

**Walker Morris**  
Kings Court  
12 King Street  
Leeds LS1 2HL

### Stockbrokers and nominated advisers

**WH Ireland Limited**  
24 Martin Lane  
London EC4R 0DR

## Group companies

### United Kingdom

#### Asco Extinguishers Company Limited

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Tel: 0141 427 1144  
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#### GC Fire Protection Limited

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Tel: 0208 391 7310  
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#### GFA Premier Limited

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#### Hoyles Fire & Safety Limited

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#### L. W. Safety Limited

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#### MK Fire Limited

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#### Nu-Swift International Limited

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### Belgium

#### Alarm Masters S.A.

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#### All-Protec N.V.

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#### Ansul S.A.

#### Ansul Belgium S.A.

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#### Le Chimiste Sprl

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### Luxembourg

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### Austria

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#### Blesberger G.m.b.H.

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consultancy, design and production by

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