



London Security plc

Unaudited Interim Statement
for the six months ended 30 June 2015

London Security plc is a leader in Europe's fire security industry.

Each year we provide fire protection for over 245,000 customers through our local presence in the United Kingdom, Belgium, the Netherlands, Austria and Luxembourg.

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 continuing 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.

Contents

| | | | |
|----|--|----|--|
| 01 | Corporate statement | 06 | Consolidated statement of financial position |
| 02 | Chairman's statement | 07 | Consolidated statement of cash flow |
| 03 | Consolidated income statement | 08 | Notes to the financial statements |
| 04 | Consolidated statement of comprehensive income | 09 | Directors and company advisers |
| 05 | Consolidated statement of changes in equity | 10 | Group companies |

Financial highlights

Revenue

£50.2m

2014: £51.3m

Trading

The financial highlights illustrate that the Group's revenue decreased by £1.1 million (2.1%) to £50.2 million. However, these results are impacted by the movement in the Euro to Sterling average exchange rate which has increased from 1.22 to 1.36. This movement in exchange rates had an adverse effect of £4.3 million on reported turnover. If the 2015 results had been translated at 2014 rates, revenue would have been £54.5 million instead of £50.2 million; an increase of 6.2%. This real growth has come from acquisitions made in the second half of 2014 and the first half of 2015, principally Pyrotec and Manus, which recorded turnover of £4.2 million.

Operating profit decreased by £1.5 million (16.0%) to £7.9 million. Adjusting for the change in exchange rates on the same basis as above, operating profit would have been £8.7 million instead of £7.9 million (an adjusted decrease of 7.4%). This is covered by increased competition and downward pressure on prices being experienced in our market.

Acquisitions

In the six months to the end of June, the Group has acquired a total of six well established businesses at a cost of £1.4 million (2014: five businesses at a cost of £0.6 million). The integration of these businesses into the Group has, so far, been successful and results are in line with expectations. 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.

Operating profit

£7.9m

2014: £9.4m

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. There are signs of a slow recovery and, as a leading provider in this market with a well diversified customer base, the Board is optimistic for further success in 2015 as growth improves.

Dividends

A final dividend in respect of 2014 of £0.31 per ordinary share was paid to shareholders on 8 July 2015.

J.G. Murray Chairman

11 September 2015

Consolidated income statement

for the six months ended 30 June 2015

| | Note | Unaudited six months ended 30 June 2015 £'000 | Unaudited six months ended 30 June 2014 £'000 | Audited year ended 31 December 2014 £'000 |
|---|------|--|--|--|
| Revenue | | 50,191 | 51,279 | 100,876 |
| Cost of sales | | (10,105) | (9,840) | (18,638) |
| Gross profit | | 40,086 | 41,439 | 82,238 |
| Distribution costs | | (19,297) | (19,585) | (38,106) |
| Administrative expenses | | (12,872) | (12,430) | (24,451) |
| Operating profit | | 7,917 | 9,424 | 19,681 |
| EBITDA* | | 10,341 | 11,544 | 23,938 |
| Depreciation and amortisation | | (2,424) | (2,120) | (4,257) |
| Operating profit | | 7,917 | 9,424 | 19,681 |
| Finance income | | 84 | 93 | 188 |
| Finance costs | | (208) | (435) | (832) |
| Finance costs – net | | (124) | (342) | (644) |
| Profit before income tax | | 7,793 | 9,082 | 19,037 |
| Income tax expense | | (2,561) | (2,907) | (6,362) |
| Profit for the period attributable to equity shareholders of the Company | | 5,232 | 6,175 | 12,675 |
| Earnings per share | | | | |
| Basic and diluted | 3 | 42.7p | 50.4p | 103.4p |
| Dividends | | | | |
| Dividends paid per share | | Nil | Nil | 62p |

* 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 2015

| | Unaudited six months ended 30 June 2015 £'000 | Unaudited six months ended 30 June 2014 £'000 | Audited year ended 31 December 2014 £'000 |
|---|--|--|--|
| Profit for the financial period | 5,232 | 6,175 | 12,675 |
| 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 | (2,194) | (1,108) | (1,955) |
| – actuarial gain recognised in the Nu-Swift pension scheme | – | – | 127 |
| – movement on deferred tax relating to the Nu-Swift pension scheme surplus | – | – | (518) |
| – actuarial loss recognised in the Ansul pension scheme | – | – | (191) |
| – movement on deferred tax relating to the Ansul pension scheme | – | – | 69 |
| Other comprehensive expense for the period, net of tax | (2,194) | (1,108) | (2,468) |
| Total comprehensive income for the period | 3,038 | 5,067 | 10,207 |

Consolidated statement of changes in equity

for the six months ended 30 June 2015

| | 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 2014 | 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 |
| At 30 June 2014 | 123 | 344 | 1 | 2,033 | 4,605 | 80,772 | 87,878 |
| Comprehensive income for the period | | | | | | | |
| – profit for the period | – | – | – | – | – | 6,500 | 6,500 |
| – exchange adjustments | – | – | – | – | (847) | – | (847) |
| – actuarial loss on pension schemes | – | – | – | – | – | (64) | (64) |
| – movement on deferred tax relating to pension schemes | – | – | – | – | – | (449) | (449) |
| Total comprehensive income for the period | – | – | – | – | (847) | 5,987 | 5,140 |
| Contributions by and distributions to owners of the Company: | | | | | | | |
| – dividends | – | – | – | – | – | (7,602) | (7,602) |
| Total contributions by and distributions to owners of the Company | – | – | – | – | – | (7,602) | (7,602) |
| At 31 December 2014 | 123 | 344 | 1 | 2,033 | 3,758 | 79,157 | 85,416 |
| Comprehensive income for the period | | | | | | | |
| – profit for the period | – | – | – | – | – | 5,232 | 5,232 |
| – exchange adjustments | – | – | – | – | (2,194) | – | (2,194) |
| Total comprehensive income for the period | – | – | – | – | (2,194) | 5,232 | 3,038 |
| At 30 June 2015 | 123 | 344 | 1 | 2,033 | 1,564 | 84,389 | 88,454 |

Consolidated statement of financial position

for the six months ended 30 June 2015

| | Unaudited as at 30 June 2015 £'000 | Unaudited as at 30 June 2014 £'000 | Audited as at 31 December 2014 £'000 |
|---------------------------------------|--|--|--|
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | 9,335 | 9,751 | 9,747 |
| Intangible assets | 60,603 | 57,468 | 61,400 |
| Deferred tax asset | 699 | 604 | 753 |
| Retirement benefit surplus | 3,283 | 2,469 | 3,283 |
| | 73,920 | 70,292 | 75,183 |
| Current assets | | | |
| Inventories | 8,885 | 9,221 | 9,494 |
| Trade and other receivables | 19,953 | 20,117 | 19,573 |
| Cash and cash equivalents | 22,696 | 26,203 | 20,978 |
| | 51,534 | 55,541 | 50,045 |
| Total assets | 125,454 | 125,833 | 125,228 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | (18,279) | (17,617) | (18,232) |
| Income tax liabilities | (636) | (383) | (1,389) |
| Borrowings | (1,659) | (1,823) | (1,782) |
| Provision for liabilities and charges | — | (4) | — |
| | (20,574) | (19,827) | (21,403) |
| Non-current liabilities | | | |
| Trade and other payables | (703) | (535) | (739) |
| Borrowings | (11,965) | (14,890) | (13,678) |
| Derivative financial instruments | (163) | (86) | (227) |
| Deferred income tax liabilities | (1,667) | (987) | (1,701) |
| Retirement benefit obligations | (1,687) | (1,630) | (1,843) |
| Provision for liabilities and charges | (241) | — | (221) |
| | (16,426) | (18,128) | (18,409) |
| Total liabilities | (37,000) | (37,955) | (39,812) |
| Net assets | 88,454 | 87,878 | 85,416 |
| Shareholders' equity | | | |
| 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 | 1,564 | 4,605 | 3,758 |
| Retained earnings | 84,389 | 80,772 | 79,157 |
| Total shareholders' equity | 88,454 | 87,878 | 85,416 |

Consolidated statement of cash flow

for the six months ended 30 June 2015

| | Unaudited six months ended 30 June 2015 £'000 | Unaudited six months ended 30 June 2014 £'000 | Audited year ended 31 December 2014 £'000 |
|---|--|--|--|
| Cash flows from operating activities | | | |
| Cash generated from operations | 9,865 | 11,764 | 24,338 |
| Interest paid | (208) | (239) | (472) |
| Income tax paid | (3,560) | (2,676) | (5,218) |
| Net cash generated from operating activities | 6,097 | 8,849 | 18,648 |
| Cash flows from investing activities | | | |
| Acquisition of subsidiary undertakings | (902) | — | (2,164) |
| Purchases of property, plant and equipment | (1,125) | (1,126) | (2,304) |
| Proceeds from sale of property, plant and equipment | 91 | 133 | 242 |
| Purchases of intangible assets | (373) | (667) | (3,519) |
| Proceeds from sale of intangible assets | — | 39 | — |
| Interest received | 20 | 48 | 68 |
| Net cash used in investing activities | (2,289) | (1,573) | (7,677) |
| Cash flows from financing activities | | | |
| Repayments of borrowings | (844) | (914) | (1,855) |
| Dividends paid to Company's shareholders | — | — | (7,602) |
| Net cash used in financing activities | (844) | (914) | (9,457) |
| Effects of exchange rates on cash and cash equivalents | (1,246) | (724) | (1,101) |
| Net increase in cash in the period | 1,718 | 5,638 | 413 |
| Cash and cash equivalents at beginning of the period | 20,978 | 20,565 | 20,565 |
| Cash and cash equivalents at end of the period | 22,696 | 26,203 | 20,978 |

Notes to the financial statements

for the six months ended 30 June 2015

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 2015 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 2014. 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 2014 have been extracted from the statutory accounts for the year ended 31 December 2014 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 £5,232,000 (2014: £6,175,000) and on 12,261,477 (2014: 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 2015 £'000 | Unaudited six months ended 30 June 2014 £'000 | Audited year ended 31 December 2014 £'000 |
|--|--|--|--|
| Profit on ordinary activities after taxation | 5,232 | 6,175 | 12,675 |
| Basic earnings per ordinary share | 42.7p | 50.4p | 103.4p |

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 2015. In accordance with IAS 19 such a valuation will be prepared for the purposes of the Group's Annual Report and Accounts 2015.

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
West Yorkshire HX5 9DY

Registered number

53417

Chartered accountants and statutory auditor

KPMG LLP

1 The Embankment
Neville Street
Leeds LS1 4DW

Registrars

Capita Asset Services

Northern House
Woodsome Park
Fenay Bridge
Huddersfield HD8 0GA

Bankers

Lloyds Banking Group plc

Stockbrokers and nominated advisers

WH Ireland Limited

24 Martin Lane
London EC4R 0DR

United Kingdom

Asco Extinguishers Company Limited

Unit 1.1
Festival Court
Brand Place
Glasgow G51 1DR
Tel: 0141 427 1144
Fax: 0141 427 6644
Email: customer.service@asco.uk.com
Website: www.asco.uk.com

GC Fire Protection Limited

Premier House
Jubilee Way
Elland
West Yorkshire HX5 9DY
Tel: 0208 391 7310
Fax: 01422 314 311
Email: customer.service@gcfireprotection.co.uk
Website: www.gcfireprotection.co.uk

GFA Premier Limited

Premier House
Jubilee Way
Elland
West Yorkshire HX5 9DY
Tel: 01422 377 521
Fax: 01422 377 524
Email: customer.service@gfapremier.co.uk

Hoyles Fire & Safety Limited

Premier House
Jubilee Way
Elland
West Yorkshire HX5 9DY
Tel: 01422 314 351
Fax: 01422 314 311
Email: customer.service@hoyles.co.uk
Website: www.hoyles.co.uk

L. W. Safety Limited

56/69 Queens Road
High Wycombe
Buckinghamshire HP13 6AH
Tel: 01422 314 350
Fax: 01422 314 311
Email: customer.service@lwsafety.co.uk
Website: www.lwsafety.co.uk

MK Fire Limited

56/69 Queens Road
High Wycombe
Buckinghamshire HP13 6AH
Tel: 01494 769 744
Fax: 01494 465 378
Email: customer.service@mkfire.co.uk
Website: www.mkfire.co.uk

Nu-Swift International Limited

Premier House
Jubilee Way
Elland
West Yorkshire HX5 9DY
Tel: 01422 372 852
Fax: 01422 379 569
Email: customer.service@nuswift.co.uk
Website: www.nu-swift.co.uk

Pyrotec Fire Detection Limited

Caburn Enterprise Park
Ringmer
East Sussex BN8 5NP
Tel: 0800 634 9953
Email: sales@pyrotec.co.uk
Website: www.pyrotec.co.uk

Tunbridge Wells Fire Protection Limited

Premier House
Jubilee Way
Elland
West Yorkshire HX5 9DY
Tel: 01825 767 600
Email: customer.service@twfp ltd.co.uk
Website: www.twfp ltd.co.uk

TVF (UK) Limited

56/69 Queens Road
High Wycombe
Buckinghamshire HP13 6AH
Tel: 01494 450 641
Fax: 01494 465 378
Email: customer.service@tvfttd.co.uk
Website: www.tvfttd.co.uk

Belgium

Alarm Masters S.A.

50, Z.I. Research Park
B-1731 Zellik
Tel: 00 32 5237 3409
Fax: 00 32 5237 4327
Email: info@alarmmasters.be

All-Protec N.V.

Bogaertstraat 16
9910 Knesslare
Tel: 00 32 9375 2044
Fax: 00 32 9374 6895
Email: info@all-protec.be

Ansul S.A.

Ansul Belgium S.A.
Industrialaan 35
B-1702 Groot-Bijgaarden
Tel: 00 32 2467 7211
Fax: 00 32 2466 4456
Email: mail@ansul.be
Website: www.ansul.be

Dimex Technics S.A.

42 Rue de l'Eglise
4710 Lontzen Herbesthal
Tel: 00 32 8788 0242
Fax: 00 32 8788 3766
Email: info@dimex-technics.be

Importex S.A.

42 Rue de l'Eglise
4710 Lontzen Herbesthal
Tel: 00 32 8788 0242
Fax: 00 32 8788 3766
Email: info@importex.be

Security Alarm Service

Company Sprl
42 Rue de l'Eglise
4710 Lontzen Herbesthal
Tel: 00 32 8788 0242
Fax: 00 32 8788 3766
Email: info@securityalarmsservice.be
Website: www.securityalarmsservice.be

Somati FIE N.V.

Industrielaan 19a
9320 Erembodegem
Tel: 00 32 5385 2222
Fax: 00 32 5385 2221
Email: info@somatifie.be
Website: www.somatifie.be

Le Chimiste Sprl

Avenue Marcator 1
1300 Wavre
Tel: 00 32 10 86 84 19
Fax: 00 32 10 24 62 37
Email: info@lechimiste.be

Braco B.V.B.A.

Affligemdreef12
9300 Aalst
Tel: 00 32 5321 4570
Fax: 00 32 5377 6383
Email: info@bracofireprotection.be

Luxembourg

A.L.P.I. sarl

9 Rue du Chemin de Fer
8057 Bertrange
Tel: 00 352 26 31 30 13
Fax: 00 352 26 31 30 14
Email: alpi@pt.lu

The Netherlands

Ansul B.V.

Ansul Solutions B.V.
Platinastraat 15
8211 AR Lelystad
Tel: 00 31 320 240864
Fax: 00 31 320 247707
Email: info@ansul.nl
Website: www.ansul.nl

Nu-Swift Brandbeveiliging B.V.

Ringoven 45
6826 TP Arnhem
Tel: 00 31 263 630330
Fax: 00 31 263 640828
Email: info@nu-swift.nl
Website: www.nu-swift.nl

Incorporating Couwenberg

Noodverlichting
Petuniaalaan 1D
5582 HA Waalre
Tel: 0031 40 2220933
Fax: 0031 40 2213275
Email: couwenberg.noodverlichting@hetnet.nl
Website: www.couwenbergnoodverlichting.nl

NL Brandbeveiliging B.V.

Gaasbeekstraat 6
5628 WC Eindhoven
Tel: 00 40 248 2196
Email: info@nlbrandbeveiliging.nl
Website: www.nlbrandbeveiliging.nl

Prevent Brandbeveiliging B.V.

Maaslandsweg 1
2291 PH Wateringen
Tel: 00 31 174 526700
Fax: 00 31 174 526701
Email: info@preventbrandbeveiliging.nl
Website: www.preventbrandbeveiliging.nl

Record Brandbeveiliging B.V.

Oostergracht 24
3763 LZ Soest

Braho Brandpreventie B.V.

Industrieweg 27
2712 LA Zoetermeer

Austria

Total Firestop G.m.b.H.

Tillmannsgasse 5
1220 Wien
Tel: 00 431 259 36310
Fax: 00 431 259 363118
Email: info@total.at
Website: www.total.at

Blesberger G.m.b.H.

Harruckerstrasse 9
A-4040 Linz
Tel: 00 43732 733 234
Website: www.blesberger.at

Noris Feuerschutzgerate G.m.b.H.

Baumkircherstrasse 2
8020 Graz
Tel: 00 316 71 18 21
Website: www.noris.co.at

PMP Manus G.m.b.H.

Waltendorfer Hauptstrasse 5
8010 Graz
Tel: 00 316 46 15 66
Fax: 00 316 46 64 01
Email: office@pyrus-pmp.at
Website: www.pyrus-pmp.at

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London Security plc

Premier House
2 Jubilee Way
Elland
West Yorkshire
HX5 9DY

www.londonsecurity.org