

LONDON SECURITY PLC

UNAUDITED INTERIM STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2009



London Security plc is a leader in Europe's fire security industry. Each year, we provide fire protection for over 173,000 customers through our local presence in the United Kingdom, Belgium, Holland and Austria.

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.

CHAIRMAN'S STATEMENT

REVENUE

£42.5 million

(2008: £35.6 million)

OPERATING PROFIT

£8.4 million

(2008: £8.8 million)

PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

£7.4 million

(2008: £6.4 million)

EARNINGS PER SHARE

40.5 pence

(2008: 35.9 pence)

FINANCIAL HIGHLIGHTS

Financial highlights of the unaudited results for the six months ended 30 June 2009 compared with the six months ended 30 June 2008 are as follows:

- revenue of £42.5 million (2008: £35.6 million);
- operating profit of £8.4 million (2008: £8.8 million);
- profit on ordinary activities before taxation of £7.4 million (2008: £6.4 million); and
- earnings per share of 40.5 pence (2008: 35.9 pence).

TRADING AND PROSPECTS

The Group's revenue has increased by £6.9 million (19.4%), due to businesses acquired in 2008 and a favourable exchange rate effect. The Group's operating profit has decreased by £0.4 million (4.5%) reflecting the recession experienced in all countries in which we operate.

In 2008 the Group suffered a charge of £1.8 million as a result of exchange losses on foreign currency loans. In 2009 the Group implemented a net investment hedge against this risk which permits the Group to recognise exchange rate volatility through reserves. Falling interest rates have resulted in lower interest payable and receivable within finance costs.

In mainland Europe, the Group has continued to build upon its strong position in servicing fire extinguishers and hose reels and growing our new activities through our multi-service strategy, offering customers a complete range of services around the first intervention on fires and first-aid. This strategy has enabled the Group's evolution from solely an extinguisher supplier to the customers' safety partner.

In the UK, management continues to invest in training of the field force. There has been strong positive customer response to new contracts and sales initiatives. Investment in training our field service team and a changed payment package continue to maintain market penetration.

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.

Trading conditions for the second half of 2009 will continue to be difficult. We have, however, still recorded very creditable results in this testing economic environment and expect to continue to do so in the future.

J.G. MURRAY

Chairman

30 September 2009

CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2009

	Note	Unaudited six months ended 30 June 2009 £'000	Unaudited six months ended 30 June 2008 £'000	Audited year ended 31 December 2008 £'000
Continuing operations				
Revenue		42,478	35,627	74,892
Cost of sales		(7,277)	(6,094)	(12,618)
Gross profit		35,201	29,533	62,274
Distribution costs		(16,476)	(12,820)	(27,051)
Administrative expenses		(10,288)	(7,924)	(16,346)
Operating profit		8,437	8,789	18,877
EBITDA*		10,094	9,987	21,592
Depreciation and amortisation		(1,657)	(1,198)	(2,715)
Operating profit		8,437	8,789	18,877
Finance income		333	587	1,679
Finance costs		(1,158)	(1,472)	(3,169)
Fair value of derivative financial instruments		(176)	318	(193)
Exchange loss on foreign currency loans		—	(1,791)	(7,654)
Finance costs – net		(1,001)	(2,358)	(9,337)
Profit before income tax		7,436	6,431	9,540
Income tax expense		(2,462)	(2,021)	(3,983)
Profit for the period attributable to equity shareholders of the Company		4,974	4,410	5,557
Earnings per share				
Basic and diluted	2	40.5p	35.9p	45.2p
Dividends				
Dividends paid per share		—	130.0p	130.0p

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2009

	Unaudited six months ended 30 June 2009 £'000	Unaudited six months ended 30 June 2008 £'000	Audited year ended 31 December 2008 £'000
Profit for the financial period	4,974	4,410	5,557
Other comprehensive income			
Currency translation differences on foreign currency net investments	(1,996)	1,123	4,053
Actuarial loss recognised in pension scheme	—	—	(708)
Movement on deferred tax relating to pension scheme	(59)	(224)	(36)
Foreign currency loan hedges net of tax	3,560	—	—
Other comprehensive income for the period	1,505	899	3,309
Total comprehensive income for the period attributable to equity shareholders of the Company	6,479	5,309	8,866

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2009

	Unaudited as at 30 June 2009 £'000	Unaudited as at 30 June 2008 £'000	Audited as at 31 December 2008 £'000
Assets			
Non-current assets			
Property, plant and equipment	8,810	8,457	9,787
Intangible assets	52,762	47,704	53,210
Deferred income tax asset	779	508	743
Derivative financial instruments	—	299	—
	62,351	56,968	63,740
Current assets			
Inventories	8,243	6,239	8,545
Trade and other receivables	18,756	15,524	20,820
Cash and cash equivalents	14,382	11,439	10,875
	41,381	33,202	40,240
Total assets	103,732	90,170	103,980
Liabilities			
Current liabilities			
Trade and other payables	(17,229)	(15,123)	(17,148)
Income tax liabilities	(2,540)	(1,527)	(1,548)
Borrowings	(7,730)	(6,015)	(7,488)
Provision for liabilities and charges	(21)	(107)	—
	(27,520)	(22,772)	(26,184)
Non-current liabilities			
Trade and other payables	(34)	(48)	—
Borrowings	(38,223)	(40,209)	(46,241)
Derivative financial instruments	(388)	—	(212)
Deferred income tax liabilities	(91)	—	(41)
Retirement benefit obligations	(483)	(165)	(742)
Provision for liabilities and charges	—	(19)	(46)
	(39,219)	(40,441)	(47,282)
Total liabilities	(66,739)	(63,213)	(73,466)
Net assets	36,993	26,957	30,514
Shareholders' equity			
Ordinary shares	123	123	123
Merger reserve	2,033	2,033	2,033
Other reserves	6,688	2,194	5,124
Retained earnings	28,149	22,607	23,234
Total shareholders' equity	36,993	26,957	30,514

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2009

	Unaudited six months ended 30 June 2009 £'000	Unaudited six months ended 30 June 2008 £'000	Audited year ended 31 December 2008 £'000
Cash flows from operating activities			
Cash generated from operations	11,472	9,223	15,552
Interest paid	(878)	(1,110)	(2,687)
Income tax paid	(1,986)	(2,970)	(4,826)
Net cash generated from operating activities	8,608	5,143	8,039
Cash flows from investing activities			
Acquisition of subsidiary undertaking	—	—	(222)
Purchases of property, plant and equipment	(992)	(1,446)	(2,923)
Proceeds from sale of property, plant and equipment	142	209	426
Purchases of intangible assets	(757)	(564)	(5,156)
Proceeds from sale of intangible assets	—	22	31
Interest received	93	222	1,188
Net cash used in investing activities	(1,514)	(1,557)	(6,656)
Cash flows from financing activities			
New long-term loans	—	15,000	18,200
Repayments of borrowings	(3,587)	(2,974)	(4,535)
Equity dividends paid	—	(15,980)	(15,980)
Net cash used in financing activities	(3,587)	(3,954)	(2,315)
Net increase/(decrease) in cash in the period	3,507	(368)	(932)
Cash and cash equivalents at beginning of the period	10,875	11,807	11,807
Cash and cash equivalents at end of the period	14,382	11,439	10,875

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2009

1 NATURE OF INFORMATION

The financial information contained in this Interim Statement has been neither audited nor reviewed by the auditors 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 2009 is unaudited and has been prepared on the basis of the accounting policies set out in the Group's Annual Report and Accounts 2008. Comparative figures for the year ended 31 December 2008 have been extracted from the statutory accounts for the year ended 31 December 2008 which have been delivered to the Registrar of Companies. The Independent Auditors' Report on those accounts was unqualified and did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006.

From 1 January 2009 the Group's policy is to hedge its international assets and therefore it has designated foreign currency borrowings as a hedge against net investment in foreign operations. The portion of the gain or loss on an instrument, used to hedge a net investment in a foreign operation that is determined as an effective hedge, is recognised directly in equity. Any gain or loss on any ineffective portion of the hedge is recognised immediately in the income statement.

2 EARNINGS PER SHARE

The calculation of basic earnings per ordinary share is based on the profit on ordinary activities after taxation of £4,974,000 (2008: £4,410,000) and on 12,294,798 (2008: 12,294,798) 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. The revised weighted average number of shares is 12,294,798 (2008: 12,296,487). After taking into account the effect of dilutive securities, the basic EPS and adjusted EPS figures are unaltered.

	Unaudited six months ended 30 June 2009 £'000	Unaudited six months ended 30 June 2008 £'000	Audited year ended 31 December 2008 £'000
Profit on ordinary activities after taxation	4,974	4,410	5,557
Basic earnings per ordinary share	40.5p	35.9p	45.2p

3 ACTUARIAL VALUATION OF PENSION SCHEME

As permitted under IAS 19, the Group has not prepared an actuarial valuation of pension scheme assets and liabilities for the Interim Statement 2009. In accordance with IAS 19 such a valuation will be prepared for the purposes of the Group's Annual Report and Accounts 2009.

4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited six months ended 30 June 2009 £'000	Unaudited six months ended 30 June 2008 £'000	Audited year ended 31 December 2008 £'000
Profit for the financial period	4,974	4,410	5,557
Transactions with owners:			
Dividends	—	(15,980)	(15,980)
Other comprehensive income:			
Currency translation differences on foreign currency net investments	(1,996)	1,123	4,053
Actuarial loss recognised in pension scheme	—	—	(708)
Movement on deferred tax relating to pension scheme	(59)	(224)	(36)
Foreign currency loan hedges net of tax	3,560	—	—
Net increase in shareholders' funds	6,479	(10,671)	(7,114)
Shareholders' funds at beginning of the period	30,514	37,628	37,628
Shareholders' funds at end of the period	36,993	26,957	30,514

5 HEDGE OF NET INVESTMENT IN FOREIGN SUBSIDIARIES

The Group's Euro denominated borrowings totalling €32.2 million hedge the Group's investment in its European subsidiaries. The fair value of the Euro borrowings at 30 June 2009 was £27.5 million. A foreign exchange gain of £3.6 million was recognised in equity during the year on translation of these loans to Sterling. The gain on the Euro borrowings more than offset the loss on translation of foreign currency investments due to the significant value of share capital and other assets which are held at historic rates. Hedge accounting was not adopted in the prior period.

GROUP COMPANIES

UNITED KINGDOM

Asco Extinguishers Company Limited

Melissa House
Unit 1.1
Festival Court
Brand Place
Glasgow G51 3DR
Tel: 0141 427 1144
Fax: 0141 427 6644
E-mail: customer.service@asco.uk.com
Website: www.asco.uk.com

GFA Premier Limited

Wistons Lane
Elland
West Yorkshire HX5 9DS
Tel: 01422 377521
Fax: 01422 377524
E-mail: customer.service@gfapremier.co.uk

Hoyles Fire & Safety Limited

Wistons Lane
Elland
West Yorkshire HX5 9DS
Tel: 01422 314351
Fax: 01422 314311
E-mail: 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 314350
Fax: 01422 314311
E-mail: customer.service@lwsafety.co.uk
Website: www.lwsafety.co.uk

M K Fire Limited

56/69 Queens Road
High Wycombe
Buckinghamshire HP13 6AH
Tel: 01494 769744
Fax: 01494 465378
E-mail: customer.service@mkfire.co.uk
Website: www.mkfire.co.uk

Nu-Swift International Limited

Wistons Lane
Elland
West Yorkshire HX5 9DS
Tel: 01422 372852
Fax: 01422 379569
E-mail: customer.service@nuswift.co.uk
Website: www.nu-swift.co.uk

TVF (UK) Limited

56/69 Queens Road
High Wycombe
Buckinghamshire HP13 6AH
Tel: 01494 450641
Fax: 01494 465378
E-mail: customer.service@tvfplc.co.uk
Website: www.tvfplc.co.uk

United Fire Alarms Limited

Wistons Lane
Elland
West Yorkshire HX5 9DS
Tel: 0845 6015836
Fax: 0845 6015837
E-mail: customer.service@utdfa.co.uk
Website: www.unitedfirealarms.co.uk

BELGIUM

All-Protec N.V.

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

Ansul S.A.

Industrialaan 35
B-1702 Groot-Bijgaarden
Tel: 00 32 2467 7211
Fax: 00 32 2466 4456
E-mail: mail@ansul.be
Website: www.ansul.be

Dimex Technics S.A.

42 rue de l'église
4710 Lontzen Herbesthal
Tel: 00 32 8788 0242
Fax: 00 32 8788 3766
E-mail: info@dimex-technics.be

Importex S.A.

42 rue de l'église
4710 Lontzen Herbesthal
Tel: 00 32 8788 0242
Fax: 00 32 8788 3766
E-mail: info@importex.be

SAS Sprit

42 rue de l'église
4710 Lontzen Herbesthal
Tel: 00 32 8788 0242
Fax: 00 32 8788 3766
E-mail: info@dimex-technics.be

Somati FIE N.V.

Industrielaan 19a
9320 Erembodegem
Tel: 00 32 5385 2222
Fax: 00 32 5385 2221
E-mail: info@somatiFIE.be

HOLLAND

Ansul B.V.

Platinastraat 15 NL 8211
AR Lelystad
Tel: 00 31 320 240864
Fax: 00 31 320 247707
E-mail: info@ansul.nl

Nu-Swift Brandbeveiliging B.V.

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

AUSTRIA

Total Firestop G.m.b.H.

Tillmannsgasse 5
1220 Wien
Tel: 00 431 259 36310
Fax: 00 431 259 363118
E-mail: info@total.at

LONDON SECURITY PLC

Wistons Lane
Elland
West Yorkshire
HX5 9DS
Website: www.londonsecurity.org