London Securities Plc

INTERIM STATEMENT

for the six months ended 30 June 2002

Chairman's Statement

I am pleased to be able to report that our Group has continued to improve and has produced excellent results for the first half of the 2002 financial year. The highlights of the results for the six months ended 30 June 2002 compared with the first half of 2001 are as follows:

- **Turnover increased by 10% to £24.5million**
- **Earnings before interest, tax, depreciation and amortisation (EBITDA) increased by 16% to £7.3million**
- **Adjusted earnings per share increased by 16% to 27.6p**
- **Net gearing reduced from 20% at 31 December 2001 to 9%**
- **Interim dividend increased by 33% to 2.0p**

Trading Review

The financial highlights above confirm the continuing success of our Group. The improvement has been achieved by constantly reviewing the Group's activities and identifying opportunities for growth and development. These opportunities arise where we can improve fulfilment of customer need, or where we can help customers meet the ever-changing demands of Health and Safety legislation. Such initiatives are important to grow the business but are not undertaken without due consideration of the core business which has, once again, produced steadily improving turnover and profit.

In Belgium and Holland, we have created trained teams of engineers dedicated to specific tasks aimed at developing particular markets and meeting higher servicing standards required by regulatory bodies. This greater focus has resulted in an improved service to the customer and a corresponding increase in revenue.

European operations have benefited from improvements in working practices directed at visiting customers on a more timely basis. This has resulted in more customers being visited than in the corresponding period in 2001.

Export activity has also expanded, in particular in the Group's foam hardware division.

In addition to organic growth, it remains a principal aim of the Company to grow through acquisition in the fire and security sectors. On 31 May 2002, we acquired CFP Cavelle Ltd., a company specialising in the provision and maintenance of fire alarm equipment within the UK. We hope this acquisition will be a stepping-stone for the Group to further expand our high quality service principles into the fire detection industry.

In this period, the management and staff have again excelled and I would like to express thanks and appreciation for their contribution.

Dividends

An interim dividend of 2.0p (2001: 1.5p) per ordinary share is proposed, payable on 12 November 2002 to shareholders on the register as at 11 October 2002.

Prospects

The outlook for the second half of 2002 is encouraging.

J. G. Murray
Chairman
30 September 2002

Consolidated Profit and Loss Account

	Unaudited 6 months to 30 June 2002 £'000	Unaudited 6 months to 30 June 2001 £'000	Audited year ended 31 December 2001 £'000
Turnover	**24,520**	22,297	45,005
Cost of sales	**(3,723)**	(3,605)	(6,756)
Gross profit	**20,797**	18,692	38,249
Distribution costs	**(8,893)**	(8,545)	(17,357)
Administrative expenses	**(6,679)**	(5,934)	(12,348)
Operating profit	**5,225**	4,213	8,544
EBITDA**	**7,319**	6,319	12,839
Depreciation	**(780)**	(792)	(1,637)
Amortisation of goodwill	**(1,314)**	(1,314)	(2,658)
Operating profit	**5,225**	4,213	8,544
Income from fixed asset investments	**109**	91	93
Net interest payable	**(444)**	(564)	(983)
Exchange (loss)/gain on foreign currency	**(133)**	112	75
Profit on ordinary activities before taxation	**4,757**	3,852	7,729
Taxation	**(2,076)**	(1,715)	(3,205)
Profit on ordinary activities after taxation	**2,681**	2,137	4,524
Dividends	**(290)**	(217)	(797)
Retained profit	**2,391**	1,920	3,727
Basic earnings per ordinary share	**18.5p**	14.7p	31.2p
Adjusted earnings per ordinary share (note 2)	**27.6p**	23.7p	49.5p
Dividend per ordinary share	**2.0p**	1.5p	5.5p

All of the above results arose from continuing operations

** Earnings Before Interest, Taxation, Depreciation and Amortisation

Consolidated Balance Sheet

	Unaudited as at 30 June 2002 £'000	Unaudited as at 30 June 2001 £'000	Audited as at 31 December 2001 £'000
Fixed assets			
Intangible assets	**46,576**	48,616	47,351
Tangible assets	**6,807**	5,680	6,068
Investments	**70**	70	70
	53,453	54,366	53,489
Current assets			
Stocks	**3,284**	2,842	2,882
Debtors	**10,504**	9,694	9,457
Cash at bank and in hand	**11,253**	7,037	7,292
	25,041	19,573	19,631
Creditors: due within one year			
Finance debt	**(3,179)**	(3,097)	(3,090)
Other creditors	**(15,461)**	(13,100)	(11,731)
	(18,640)	(16,197)	(14,821)
Net current assets	**6,401**	3,376	4,810
Total assets less current liabilities	**59,854**	57,742	58,299
Creditors: due after more than one year			
Finance debt	**(11,864)**	(14,608)	(12,848)
Other creditors	**–**	(140)	–
Provisions for liabilities and charges	**(1,755)**	(1,650)	(1,657)
	(13,619)	(16,398)	(14,505)
Net assets	**46,235**	41,344	43,794
Capital and reserves			
Called up share capital	**1,449**	1,450	1,449
Share premium	**27,476**	27,476	27,476
Capital redemption reserve	**115**	114	115
Merger reserve	**2,033**	2,033	2,033
Profit and loss account	**15,162**	10,271	12,721
Total equity shareholders' funds	**46,235**	41,344	43,794

Consolidated Cash Flow Statement

	Unaudited 6 months to 30 June 2002 £'000	Unaudited 6 months to 30 June 2001 £'000	Audited year ended 31 December 2001 £'000
Net cash inflow from operating activities	**8,084**	6,430	11,803
Return on investments and servicing of finance			
Interest received	**78**	210	366
Interest paid	**(522)**	(774)	(1,227)
Dividends received	**109**	91	93
Net cash outflow from return on investments and servicing of finance	**(335)**	(473)	(768)
Taxation			
Corporation tax (paid)/received	**(769)**	929	(612)
Capital expenditure			
Payments to acquire intangible fixed assets	**–**	–	(66)
Payments to acquire tangible fixed assets	**(1,402)**	(866)	(2,160)
Receipts from sales of tangible fixed assets	**88**	83	212
Net cash outflow for capital expenditure	**(1,314)**	(783)	(2,014)
Acquisitions and disposals			
Payments to acquire subsidiary undertakings	**(66)**	–	–
Equity dividends paid to shareholders	**(44)**	–	(652)
Net cash inflow before use of liquid resources and financing	**5,556**	6,103	7,757
Financing			
Purchase of own shares	**–**	(286)	(338)
Repayment of long-term loans	**(1,595)**	(2090)	(3,437)
Net cash outflow from financing	**(1,595)**	(2,376)	(3,775)
Increase in cash and equivalents	**3,961**	3,727	3,982

Notes

1. Nature of Information

The financial information contained in this interim statement does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. The financial information for the six months ended 30 June 2002 is unaudited and has been prepared on the basis of the accounting policies set out in the Group's 2001 Report and Accounts, with the exception of the new Accounting Standard FRS19 "Deferred Taxation", which is applicable for the first time during the year ending 31 December 2002. The directors do not consider the new standard to have a significant impact on the accounts for the current or previous years. Statutory accounts for the period ended 31 December 2001 have been delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified and did not contain a statement under sections 237(2) or 237(3) of the Companies Act 1985.

2. Earnings per Share

The calculation of basic earnings per ordinary share is based on the profit on ordinary activities after taxation of £2,681,000 (2001: £2,137,000) and on 14,487,316 (2001: 14,516,040) ordinary shares, being the weighted average number of ordinary shares in issue during the period.

The calculation of adjusted earnings per ordinary share is based on the above weighted average and on adjusted earnings which comprise:

	Six months to 30 June 2002 £'000	Six months to 30 June 2001 £'000	Year ended 31 December 2001 £'000
Profit on ordinary activities after taxation	**2,681**	2,137	4,524
Eliminate effect of:			
Amortisation of goodwill	**1,314**	1,314	2,658
Adjusted earnings	**3,995**	3,451	7,182
Basic earnings per ordinary share	**18.5p**	14.7p	31.2p
Adjusted earnings per ordinary share	**27.6p**	23.7p	49.5p

Notes

3. Taxation

The taxation charge for the period (43.6%) appears high due principally to the non-deductibility for taxation purposes of the amortisation of goodwill.

4. Profit and Loss Account

	Profit and Loss Account £'000
As at 1 January 2002	12,721
Retained profit for the period	2,391
Exchange adjustments	50
As at 30 June 2002	**15,162**

5. Acquisitions

On 31 May 2002, the Group acquired the entire share capital of CFP Cavelle Ltd. at a cost of £460,000, including costs. The principal activity of the Company is the provision of fire alarm equipment and maintenance services. The acquisition has been accounted for using the acquisition method of accounting.

The net assets acquired were as follows:

	Book and Fair value £'000
Net assets acquired:	
Fixed assets	9
Stocks	14
Debtors	92
Cash at bank	57
Creditors	(95)
Net assets acquired	77
Goodwill arising on acquisition	383
	460
Purchase price	
Satisfied by:	
Cash	123
Vendor loan note	337
Purchase price	460

The Company contributed £6,000 to the Group's retained profit for the period.

Copies of this statement are being sent to all shareholders and are available to the public from the Company's registered office at Wistons Lane, Elland, West Yorkshire HX5 9DS.

Directors and Advisers

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