

LONDON SECURITY PLC

interim statement for the six months ended 30 June 2003



EUROPEAN GROUP BRANDS



CFP Cavelle
Limited



L.^w Safety L^{td}.



ANSUL ■



- 1 Corporate Statement
- 2 Chairman's Statement
- 4 Consolidated Profit and Loss Account
- 5 Consolidated Balance Sheet
- 6 Consolidated Cash Flow Statement
- 7 Notes
- 8 Directors and Advisers
- 9 Group Companies

CORPORATE STATEMENT

London Security plc is a leader in Europe's fire security industry. Each year we provide fire protection for over 250,000 customers through our local presence in the United Kingdom, Holland, Belgium, Switzerland 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 constant 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 professionals with quality products that have achieved the highest performance ratings.

CHAIRMAN'S STATEMENT

THE GROUP HAS ENJOYED SUSTAINED GROWTH SINCE 2000. OPERATING PROFIT AT 20% OF TURNOVER AND EBITDA AT 28% OF TURNOVER ARE EXCEPTIONAL RESULTS.

Financial highlights of the results for the six months ended 30 June 2003 compared with the first half of 2002 are as follows:

- **Turnover increased by 9% to £26.7 million**
- **Operating profit increased by 3% to £5.4 million**
- **Earnings before interest, taxation, depreciation and amortisation ("EBITDA") increased by 4% to £7.6 million**
- **Net gearing reduced from 10% at 31 December 2002 to 3%**
- **Interim dividend increased by 50% to 3.0p**

Review

	Six months to 30 June			
	2003	2002	2001	2000
	£million	£million	£million	£million
Turnover	26.7	24.5	22.2	19.0
Operating profit	5.4	5.2	4.2	2.4
EBITDA	7.6	7.3	6.3	4.6

The results for the first six months of 2003 have been satisfactory despite the challenging market conditions. These results have benefited from the positive impact of the companies acquired in 2002 (Asco, CFP Cavelle and HUG) and exchange rate movements which have also impacted favourably.

More importantly we report that the integration of Asco into the Group is on plan both operationally and financially. The cost base has been reduced in 2003 through better purchasing of our raw materials and this is expected to impact on the profit and loss account in the second half of the year. The Group is also actively developing new improved ranges of extinguishers and plans to launch these products in the New Year are on schedule.

The Company has obtained ISO 14001 certification in line with our previously stated environmental policy.

As the table opposite illustrates, the Group has enjoyed sustained growth since 2000. Operating profit at 20% of turnover and EBITDA at 28% of turnover are exceptional results and far greater than those enjoyed by our competitors. These figures illustrate our ability to manage service businesses and, as such, it remains a principal aim of the Group to acquire companies in the fire and security sectors to complement and build upon the organic growth demonstrated in recent times.

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

Dividends

An interim dividend of 3.0p (2002: 2.0p) per ordinary share is proposed, payable on 12 November 2003 to shareholders on the register as at 10 October 2003.

Prospects

The outlook for the second half of 2003 is cautiously optimistic.

J.G. Murray
Chairman
30 September 2003

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Unaudited 6 months to 30 June 2003 £'000	Unaudited 6 months to 30 June 2002 £'000	Audited year ended 31 December 2002 £'000
Turnover	26,695	24,520	48,078
Cost of sales	(4,219)	(3,723)	(7,288)
Gross profit	22,476	20,797	40,790
Distribution costs	(9,942)	(8,893)	(18,079)
Administrative expenses	(7,172)	(6,679)	(13,433)
Operating profit	5,362	5,225	9,278
EBITDA*	7,638	7,319	13,694
Depreciation	(864)	(780)	(1,735)
Amortisation of goodwill	(1,412)	(1,314)	(2,681)
Operating profit	5,362	5,225	9,278
Income from fixed asset investments	118	109	111
Net interest payable and others	(414)	(577)	(946)
Profit on ordinary activities before taxation	5,066	4,757	8,443
Taxation	(2,023)	(2,076)	(3,840)
Profit on ordinary activities after taxation	3,043	2,681	4,603
Dividends	(434)	(290)	(1,014)
Retained profit	2,609	2,391	3,589
Basic earnings per ordinary share	21.0p	18.5p	31.8p
Adjusted earnings per ordinary share (note 2)	30.8p	27.6p	50.3p
Dividend per ordinary share	3.0p	2.0p	7.0p

All of the above results arose from continuing operations

* Earnings before interest, taxation, depreciation and amortisation

CONSOLIDATED BALANCE SHEET

	Unaudited as at 30 June 2003 £'000	Unaudited as at 30 June 2002 £'000	Audited as at 31 December 2002 £'000
Fixed assets			
Intangible assets	46,044	46,576	47,128
Tangible assets	7,684	6,807	7,363
Investments	70	70	70
	53,798	53,453	54,561
Current assets			
Stocks	3,821	3,284	3,425
Debtors	11,408	10,504	9,740
Cash at bank and in hand	12,296	11,253	10,303
	27,525	25,041	23,468
Creditors: due within one year			
Finance debt	(3,781)	(3,179)	(3,503)
Other creditors	(14,682)	(15,461)	(13,383)
	(18,463)	(18,640)	(16,886)
Net current assets	9,062	6,401	6,582
Total assets less current liabilities	62,860	59,854	61,143
Creditors: due after more than one year			
Finance debt	(10,158)	(11,864)	(11,255)
Provisions for liabilities and charges	(1,761)	(1,755)	(1,907)
	(11,919)	(13,619)	(13,162)
Net assets	50,941	46,235	47,981
Capital and reserves			
Called up share capital	1,449	1,449	1,449
Share premium	27,476	27,476	27,476
Capital redemption reserve	115	115	115
Merger reserve	2,033	2,033	2,033
Profit and loss account	19,868	15,162	16,908
Total equity shareholders' funds	50,941	46,235	47,981

CONSOLIDATED CASH FLOW STATEMENT

	Unaudited 6 months to 30 June 2003 £'000	Unaudited 6 months to 30 June 2002 £'000	Audited year ended 31 December 2002 £'000
Net cash inflow from operating activities	7,505	8,084	14,980
Return on investments and servicing of finance			
Interest received	80	78	204
Interest paid	(379)	(522)	(889)
Dividends received	118	109	111
Net cash outflow from return on investments and servicing of finance	(181)	(335)	(574)
Taxation			
Corporation tax paid	(1,700)	(769)	(4,034)
Capital expenditure			
Payments to acquire intangible fixed assets	(190)	—	(52)
Payments to acquire tangible fixed assets	(1,137)	(1,402)	(3,343)
Receipts from sales of tangible fixed assets	165	88	845
Net cash outflow for capital expenditure	(1,162)	(1,314)	(2,550)
Acquisitions and disposals			
Payments to acquire subsidiary undertakings	—	(66)	(2,714)
Cash acquired with subsidiary undertakings	—	—	331
Net cash outflow for acquisitions	—	(66)	(2,383)
Equity dividends paid to shareholders	(724)	(44)	(870)
Net cash inflow before use of liquid resources and financing	3,738	5,556	4,569
Financing			
Purchase of own shares	(171)	—	—
New long-term loans	237	—	1,350
Repayment of long-term loans	(1,811)	(1,595)	(2,908)
Net cash outflow from financing	(1,745)	(1,595)	(1,558)
Increase in cash and equivalents	1,993	3,961	3,011

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 2003 is unaudited and has been prepared on the basis of the accounting policies set out in the Group's 2002 Report and Accounts. Statutory accounts for the year ended 31 December 2002 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 £3,043,000 (2002: £2,681,000) and on 14,485,232 (2002: 14,487,316) 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 2003 £'000	Six months to 30 June 2002 £'000	Year ended 31 December 2002 £'000
Profit on ordinary activities after taxation	3,043	2,681	4,603
Eliminate effect of:			
Amortisation of goodwill	1,412	1,314	2,681
Adjusted earnings	4,455	3,995	7,284
Basic earnings per ordinary share	21.0p	18.5p	31.8p
Adjusted earnings per ordinary share	30.8p	27.6p	50.3p

3. Taxation

The taxation charge for the period (39.9%) 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 2003	16,908
Retained profit for the period	2,609
Exchange adjustments	522
Purchase of own shares	(171)
As at 30 June 2003	19,868

DIRECTORS AND ADVISERS

Jacques Gaston Murray

Chairman

Jean-Jacques Murray

Executive Director

Jean-Christophe Pillois

Finance Director

Emmanuel Sebag

Operations Director

Henry Shouler

Senior Independent Non-Executive Director

Michael Gailer

Independent Non-Executive Director

Secretary and Registered Office

Richard Pollard

Wistons Lane

Elland

West Yorkshire HX5 9DS

Registered Number

53417

Registered Auditors

PricewaterhouseCoopers LLP

Benson House

33 Wellington Street

Leeds LS1 4JP

Registrars

Capita Registrars

34 Beckenham Road

Beckenham

Kent BR3 4TU

Bankers

Lloyds TSB Bank Plc

Dexia Bank N.V.

Solicitors

Walker Morris

Kings Court

12 King Street

Leeds LS1 2HL

Salans

Clements House

14/18 Gresham Street

London EC2V 7JE

Stockbrokers

Teather & Greenwood

Beaufort House

15 St. Botolph Street

London EC3A 7QR

Nominated Advisers

Ernst & Young

P O Box 61

Cloth Hall Court

14 King Street

Leeds LS1 2JN

GROUP COMPANIES

United Kingdom

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.com

The General Fire Appliance Company Limited

Wistons Lane
Elland
West Yorkshire HX5 9DS
Tel: 01422 377521
Fax: 01422 377524

L.W. Safety Limited

Unit 12 Derby Road
The Metropolitan Centre
Greenford
Middlesex UB6 8UJ
Tel: 020 8575 9000
Fax: 020 8575 0600
E-mail:
customer.service@lwsafety.co.uk
Website: www.lwsafety.com

Hoyles Fire & Safety Limited

Sandwash Close
Rainford Industrial Estate
Rainford
St. Helens
Merseyside WA11 8LY
Tel: 01744 885161
Fax: 01744 882410
E-mail:
customer.service@hoylesfire.co.uk
Website: www.hoylesfire.co.uk

Asco Extinguishers Company Limited

Melissa House
Unit 3, Festival Court
Brand Street
Glasgow G51 1DR
Tel: 0141 427 1144
Fax: 0141 427 6644
E-mail: sales@asco.uk.com
Website: www.asco.uk.com

CFP Cavelle Limited

Weatherstones Business Centre
Hanns Hall Road
Neston
South Wirral CH64 7UF
Tel: 0151 353 8300
Fax: 0151 353 8301
E-mail: info@cfpcavelle.co.uk
Website: www.cfpcavelle.co.uk

Austria

Total Firestop G.m.b.H.

Percostrasse 15
1220 Wien
Tel: 00 431 259 36310
Fax: 00 431 259 363118
E-mail: info@total.at

Belgium

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

All-Protex N.V.

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

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

Holland

Ansul B.V.

Platinastraat 14 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 32
6826 TR Arnhem
Tel: 00 31 263 630330
Fax: 00 31 263 640828
E-mail: nu-swift@planet.nl

Switzerland

Feuerloscher Nu-Swift (Schweiz) AG

Bahnhofplatz 1
2501 Biel/Bienne
Tel: 00 41 32 323 1314
Fax: 00 41 32 322 0412
E-mail: info@nu-swift.ch

Total TF AG

Bahnhofplatz 1
2501 Biel/Bienne
Tel: 00 41 32 323 1314
Fax: 00 41 32 322 0412
E-mail: info@total.ch

Maclin S.A.

Chemin de la Mairie, 5
1223 Cologny
Tel: 00 41 22 735 1400
Fax: 00 41 22 700 5789
E-mail: info@maclin.ch

HUG S.A.

Postfach 4012
4055 BS Basel
Tel: 00 41 61301 8272
Fax: 00 41 61301 8274
E-mail: hug@datacomm.ch
Website: www.hugfeuerschutz.ch