



L. W. Safety L^{td.}

TOTAL
FIRE-STOP
Brand- und Sicherheitstechnik GmbH
Was ist sicher

SECCATE
SIXTY-FIRE
BRANDBEVEILIGING
PROTECTION INCENDIE


GFA
premier

nu-swift

THE
ASCO
FIRE GROUP

ANSUL ■



 Hoyles Fire & Safety Ltd

UFA
UNITED FIRE ALARMS

DIMEX
Technics S.A.
N.V.



**Integrated Fire and
Security Solutions**

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London Security plc is a leader in Europe's fire security industry. Each year, we provide fire protection for over 270,000 customers through our local presence in Belgium, Holland, Austria, Switzerland and the United Kingdom.

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.

Highlights

Financial highlights of the unaudited results for the six months ended 30 June 2005 compared with the first half of 2004 are as follows:

- Turnover at £34.0 million has increased by 28.4% compared to the first half of 2004
- Earnings before interest, taxation, depreciation and amortisation ("EBITDA") increased from £6.8 million to £7.6 million
- Operating profit increased from £4.4 million to £5.1 million
- Profit on ordinary activities before taxation increased from £4.4 million to £4.7 million

TRADING AND PROSPECTS

The results for the six months to June 2005 have been positively impacted by the acquisition of MK Fire and TVF. These additions to the Group contributed £6.9 million to the turnover and £0.2 million to operating profit after charging amortisation of goodwill of £0.2 million in this period. I can report that the integration of these businesses into the Group both operationally and financially is ongoing and significant progress is being made.

The existing businesses have performed consistently with turnover increased by £0.6 million and operating profit by £0.5 million.

The Board of Directors is optimistic about future prospects for the Group. Further improvements are expected from MK Fire and TVF. Other initiatives are continually being reviewed to improve the Group's operations. These include new improved fire extinguishers which are more efficient in extinguishing fires and bring cost savings. Improved logistics management is another area we believe will contribute to the Group's efficiency.

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

Review			
	Unaudited Six months to 30 June		Audited Full Year 2004
	2005 £million	(as restated) £million	(as restated) £million
Turnover	34.0	26.5	52.3
EBITDA	7.6	6.8	14.0
Operating profit	5.1	4.4	9.3
Profit on ordinary activities before taxation	4.7	4.4	8.9

TENDER OFFER

On 5 May 2005 the Company issued a circular to shareholders setting out details of the Tender Offer. The offer was to purchase up to 15% of the ordinary shares in issue for cancellation, at a price of £13.75 per share. Valid tenders pursuant to the Tender Offer were received for 2,155,203 ordinary shares from 229 shareholders. These shares were purchased by Brewin Dolphin on 1 July 2005, and subsequently acquired by the Company for cancellation, at the agreed Tender Offer price. The effect of this transaction on the profit and loss account in the balance sheet will be a reduction of £30.0 million and will be reflected in the accounts to 31 December 2005.

In order to effect the Tender Offer the Board obtained approval from shareholders and confirmation by the High Court to implement a Capital Reduction on 21 June 2005. As a result of the Capital Reduction and the ordinary shares being repurchased for cancellation, the issued share capital of the Company is now 12,323,198 Ordinary Shares of 1p each.

DIVIDENDS

In view of the recent Tender Offer, no interim dividend is proposed (2004: special dividend of 42.0p and interim dividend of 3.0p).

J.G. Murray

Chairman

30 September 2005

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE SIX MONTHS TO 30 JUNE 2005

	Unaudited six months to 30 June 2005 £'000	Unaudited six months to 30 June 2004 (as restated**) £'000	Audited year ended 31 December 2004 (as restated**) £'000
Turnover	33,981	26,456	52,332
Cost of sales	(6,686)	(4,049)	(7,901)
Gross profit	27,295	22,407	44,431
Distribution costs	(13,286)	(10,758)	(20,740)
Administrative expenses	(8,889)	(7,205)	(14,385)
Operating profit	5,120	4,444	9,306
EBITDA*	7,645	6,797	13,995
Depreciation	(1,006)	(958)	(1,903)
Amortisation of goodwill	(1,519)	(1,395)	(2,786)
Operating profit	5,120	4,444	9,306
Income from fixed asset investments	—	112	114
Net interest payable and similar charges	(422)	(171)	(492)
Profit on ordinary activities before taxation	4,698	4,385	8,928
Taxation (Note 3)	(2,094)	(1,992)	(3,730)
Profit on ordinary activities after taxation	2,604	2,393	5,198
Dividends	—	(1,447)	(7,955)
Retained profit/(sustained loss)	2,604	946	(2,757)
Basic and diluted earnings per ordinary share (Note 2)	18.0p	16.5p	35.9p

All of the above results arose from continuing operations.

* Earnings before interest, taxation, depreciation and amortisation.

** The comparative figures for the six months to 30 June 2004 and the year ended 31 December 2004 have been restated due to both the full adoption of FRS17 'Retirement Benefits' and FRS 21 'Events after the Balance Sheet Date', which came into effect from 1 January 2005.

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2005

	Unaudited as at 30 June 2005 £'000	Unaudited as at 30 June 2004 (as restated*) £'000	Audited as at 31 December 2004 (as restated*) £'000
Fixed assets			
Intangible assets	47,850	43,598	49,684
Tangible assets	8,193	7,578	8,408
Investments	70	70	70
	56,113	51,246	58,162
Current assets			
Stocks	4,428	3,574	4,052
Debtors	16,636	12,342	14,929
Cash at bank and in hand	6,937	11,586	7,723
	28,001	27,502	26,704
Creditors: due within one year			
Finance debt	(2,819)	(4,032)	(5,489)
Other creditors	(16,392)	(12,709)	(16,854)
	(19,211)	(16,741)	(22,343)
Net current assets	8,790	10,761	4,361
Total assets less current liabilities	64,903	62,007	62,523
Creditors: due after more than one year			
Finance debt	(10,334)	(6,057)	(9,912)
Provisions for liabilities and charges	(315)	(537)	(376)
Net assets excluding net pension liability	54,254	55,413	52,235
Net pension liability	(3,672)	(3,051)	(3,592)
Net assets including net pension liability	50,582	52,362	48,643
Capital and reserves			
Called up share capital	123	1,447	1,447
Share premium	—	27,476	27,476
Capital redemption reserve	—	117	117
Merger reserve	2,033	2,033	2,033
Profit and loss account	48,426	21,289	17,570
Total equity shareholders' funds	50,582	52,362	48,643

* The comparative figures for the six months to 30 June 2004 and the year ended 31 December 2004 have been restated due to both the full adoption of FRS17 'Retirement Benefits' and FRS 21 'Events after the Balance Sheet Date', which came into effect from 1 January 2005.

CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS TO 30 JUNE 2005

	Unaudited six months to 30 June 2005 £'000	Unaudited six months to 30 June 2004 £'000	Audited year ended 31 December 2004 £'000
Net cash inflow from operating activities	6,010	4,573	14,884
Return on investments and servicing of finance			
Interest received	59	112	218
Interest paid	(392)	(272)	(505)
Dividends received	—	112	114
Net cash outflow from return on investments and servicing of finance	(333)	(48)	(173)
Taxation			
Corporation tax paid	(3,262)	(1,913)	(4,710)
Capital expenditure			
Payments to acquire intangible fixed assets	—	—	(54)
Payments to acquire tangible fixed assets	(1,099)	(1,147)	(2,208)
Receipts from sales of tangible fixed assets	199	165	644
Net cash outflow for capital expenditure	(900)	(982)	(1,618)
Acquisitions and disposals			
Payments to acquire subsidiary undertakings	—	—	(9,185)
Payment of deferred consideration on prior year acquisitions	—	—	—
Cash acquired with subsidiary undertakings	—	—	412
Net cash outflow for acquisitions	—	—	(8,773)
Equity dividends paid to shareholders	—	(1,447)	(7,955)
Net cash inflow/(outflow) before use of liquid resources and financing	1,515	183	(8,345)
Financing			
Purchase of own shares	(104)	(121)	(120)
New long-term loans	—	—	7,146
Repayment of long-term loans	(2,197)	(1,962)	(4,444)
Net cash (outflow)/inflow from financing	(2,301)	(2,083)	2,582
Decrease in cash in the period	(786)	(1,900)	(5,763)

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Unaudited 6 months to 30 June 2005 £'000	Unaudited 6 months to 30 June 2004 (as restated*) £'000	Audited year ended 31 December 2004 (as restated*) £'000
Profit for the financial period	2,604	2,393	5,198
Currency translation differences on foreign currency net investments	(518)	(686)	(217)
Actual return less expected return on pension scheme assets	328	(67)	287
Experienced gains and losses arising on the pension scheme liabilities	—	(1,215)	(726)
Changes in assumptions underlying the present value of the scheme liabilities	(390)	147	(1,391)
UK deferred tax attributable to the pension scheme asset and liability adjustments	19	339	549
Total recognised gains and losses relating to the period	2,043	911	3,700
FRS 17 prior year adjustment (see Note 4)	(2,306)		
Total recognised gains and losses since the 2004 annual report and financial statements	(263)		

* The comparative figures for the six months to 30 June 2004 and the year ended 31 December 2004 have been restated due to both the full adoption of FRS17 'Retirement Benefits' and FRS 21 'Events after the Balance Sheet Date', with effect from 1 January 2005.

RECONCILIATION OF MOVEMENT IN GROUP SHAREHOLDERS' FUNDS

	Unaudited 6 months to 30 June 2005 £'000	Unaudited 6 months to 30 June 2004 (as restated*) £'000	Audited year ended 31 December 2004 (as restated*) £'000
Profit for the financial period	2,604	2,393	5,198
Dividends	—	(1,447)	(7,955)
Consideration for the purchase of own shares	(104)	(120)	(120)
Currency translation differences on foreign currency net investments	(518)	(686)	(217)
Actual return less expected return on pension scheme assets	328	(67)	287
Experienced gains and losses arising on the pension scheme liabilities	—	(1,215)	(726)
Changes in assumptions underlying the present value of the scheme liabilities	(390)	147	(1,391)
UK deferred tax attributable to the pension scheme asset and liability adjustments	19	339	549
Net increase/(decrease) in shareholders' funds	1,939	(656)	(4,375)
Shareholders' funds at the beginning of the period (as restated, see Note 4)	48,643	53,018	53,018
Shareholders' funds at the end of the period	50,582	52,362	48,643

* The comparative figures for the six months to 30 June 2004 and the year ended 31 December 2004 have been restated due to both the full adoption of FRS17 'Retirement Benefits' and FRS 21 'Events after the Balance Sheet Date', with effect from 1 January 2005.

1. NATURE OF INFORMATION

The financial information contained in this unaudited 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 2005 is unaudited and has been prepared on the basis of the accounting policies set out in the Group's 2004 Report and Accounts with the exception of the adoption of FRS 17 'Retirement Benefits' and FRS 21 'Events after the Balance Sheet Date'. Comparative figures for the year ended 31 December 2004 have been extracted from the statutory accounts for the year ended 31 December 2004 which 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 £2,604,000 (2004: £2,393,000) and on 14,459,001 (2004: 14,473,316) 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 dilutive potential ordinary shares. The revised weighted average number of shares is 14,473,038 (2004: 14,485,933). After taking into account the effect of dilutive securities, the basic EPS and adjusted EPS figures are unaltered.

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

	Unaudited six months to 30 June 2005 £'000	Unaudited six months to 30 June 2004 (as restated) £'000	Audited year ended 31 December 2004 (as restated) £'000
Profit on ordinary activities after taxation	2,604	2,393	5,198
Eliminate effect of:			
Amortisation of goodwill	1,519	1,395	2,786
Adjusted earnings	4,123	3,788	7,984
Adjusted earnings per ordinary share	28.5p	26.2p	55.1p
Basic earnings per ordinary share	18.0p	16.5p	35.9p

3. TAXATION

The taxation charge for the period (45%) appears high due principally to the non-deductibility for taxation purposes of the amortisation of goodwill.

4. PRIOR YEAR ADJUSTMENTS

The total of the prior year adjustments arising from the application of FRS 17 'Retirement Benefits' and FRS 21 'Events after the Balance Sheet Date' are analysed as follows:

The opening shareholders' funds at 31 December 2003 were restated as follows:

	£'000	Shareholders' funds £'000
Shareholders' funds at 31 December 2003 as previously stated		52,404
Adoption of FRS 17 at 31 December 2003		
Release of pension provision under SSAP 24	1,355	
Full provision required under FRS 17, net of deferred tax	(2,188)	
Liability for 2003 final dividend not declared at 31 December 2003	1,447	
Total prior period adjustments		614
Shareholders' funds at 31 December 2003 as restated		53,018

The closing shareholders' funds at 31 December 2004 were restated as follows:

	£'000	Shareholders' funds £'000
Shareholders' funds at 31 December 2004 as previously stated		50,949
Adoption of FRS 17 at 31 December 2004		
Release of pension provision under SSAP 24	1,286	
Full provision required under FRS 17, net of deferred tax	(3,592)	
Total prior period adjustments		(2,306)
Shareholders' funds at 31 December 2004 as restated		48,643

5. SHARE CAPITAL AND RESERVES

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Merger reserve £'000	Profit and loss account £'000
At 31 December 2004	1,447	27,476	117	2,033	19,876
Prior period adjustment (see Note 4)	—	—	—	—	(2,306)
At 31 December 2004 (restated)	1,447	27,476	117	2,033	17,570
Retained profit for the period	—	—	—	—	2,604
Exchange adjustments	—	—	—	—	(518)
Actual return less expected return on pension scheme assets	—	—	—	—	328
Experienced gains and losses arising on the pension scheme liabilities	—	—	—	—	—
Changes in assumptions underlying the present value of the scheme liabilities	—	—	—	—	(390)
UK deferred tax attributable to the pension scheme asset and liability adjustments	—	—	—	—	19
Purchase of own shares	—	—	—	—	(104)
Capital reduction	(1,324)	(27,476)	(117)	—	28,917
At 30 June 2005	123	—	—	2,033	48,426

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