

# LONDON SECURITY PLC

UNAUDITED INTERIM STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2010



**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.

## FINANCIAL HIGHLIGHTS

### REVENUE

£43.1 million

(2009: £42.5 million)

### OPERATING PROFIT

£8.9 million

(2009: £8.4 million)

### PROFIT BEFORE INCOME TAX

£9.1 million

(2009: £7.4 million)

## FINANCIAL HIGHLIGHTS

Financial highlights of the unaudited results for the six months ended 30 June 2010 compared with the six months ended 30 June 2009 are as follows:

- ▶ revenue of £43.1 million (2009: £42.5 million);
- ▶ operating profit of £8.9 million (2009: £8.4 million); and
- ▶ profit before income tax of £9.1 million (2009: £7.4 million).

## TRADING AND PROSPECTS

The financial highlights illustrate that The Group's revenue increased by £0.6 million (1.4%) to £43.1 million and operating profit increased by £0.5 million (6.0%) to £8.9 million. These results partially reflect the movement in the Sterling to Euro average exchange rate which has risen from 1.12 to 1.15. If the 2010 results from the European subsidiaries had been translated at 2009 rates, revenue would have been £44.0 million instead of £43.1 million, an increase of 3.5%.

On the same basis operating profit would have been £9.1 million instead of £8.9 million, an increase of 8.3% compared to 2009, reflecting strong growth in continental Europe. In the UK there has been greater investment in customer retention which has been reflected in lower revenue and operating profit.

In addition to the improved operating profit performance, the Group has benefited from the low level of interest rates and has repaid a further £4.5 million of borrowings. These two factors have resulted in a reduction in finance costs of £0.5 million. Finance income has also benefited from a further £0.5 million gain on the holding of foreign currency.

The Group continues its evolution from being solely an extinguisher supplier to the customers' safety partner through our multi-service strategy offering. This was achieved through a series of training and employee development programmes, which has resulted in improved customer retention and greater motivation of the workforce.

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 prospects for the second half of 2010 will continue to be challenging but, with the effect of past and potential acquisitions and our multi-service offering, we are in a strong position to face the challenges that will invariably present. Therefore we expect to continue to deliver strong results in the future.

## SHARE BUYBACK PROGRAMME

As previously announced, the Board continues to believe that shareholder value will be optimised by the purchase by the company, when appropriate, of its own shares.

During the period under review a total of 11,100 ordinary shares were purchased for cancellation for a total consideration of £88,800.

The Directors confirm that they intend to actively continue to pursue this policy and any shareholder who is considering taking advantage of the share buyback programme is invited to contact their stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000, in order to contact Brewin Dolphin Limited who are operating the buyback programme on behalf of the company.

J.G. MURRAY  
Chairman  
30 September 2010

# CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2010

	Note	Unaudited six months ended 30 June 2010 £'000	Unaudited six months ended 30 June 2009 £'000	Audited year ended 31 December 2009 £'000
<b>Revenue</b>		<b>43,066</b>	42,478	85,968
Cost of sales		(7,642)	(7,277)	(14,507)
<b>Gross profit</b>		<b>35,424</b>	35,201	71,461
Distribution costs		(16,726)	(16,476)	(32,520)
Administrative expenses		(9,804)	(10,288)	(19,177)
<b>Operating profit</b>		<b>8,894</b>	8,437	19,764
EBITDA*		10,473	10,094	23,171
Depreciation and amortisation		(1,579)	(1,657)	(3,407)
<b>Operating profit</b>		<b>8,894</b>	8,437	19,764
Finance income		775	333	560
Finance costs		(694)	(1,158)	(1,937)
Fair value of derivative financial instruments		119	(176)	(84)
Finance costs – net		200	(1,001)	(1,461)
<b>Profit before income tax</b>		<b>9,094</b>	7,436	18,303
Income tax expense		(2,613)	(2,462)	(3,772)
<b>Profit for the period attributable to equity shareholders of the Company</b>		<b>6,481</b>	4,974	14,531
<b>Earnings per share</b>				
Basic and diluted	2	52.7p	40.5p	118.2p
<b>Dividends</b>				
Dividends paid per share		—	—	—

\* 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 2010

	Unaudited six months ended 30 June 2010 £'000	Unaudited six months ended 30 June 2009 £'000	Audited year ended 31 December 2009 £'000
Profit for the financial period	6,481	4,974	14,531
Other comprehensive income:			
– currency translation differences on foreign currency net investments, net of tax	(363)	(1,996)	(1,366)
– foreign currency loan hedges, net of tax	465	3,560	2,552
– actuarial loss recognised in pension scheme	—	—	(397)
– movement on deferred tax relating to pension scheme	(57)	(59)	(177)
– purchase of own shares	(89)	—	—
Other comprehensive (expense)/income for the period, net of tax	(44)	1,505	612
<b>Total comprehensive income for the period</b>	<b>6,437</b>	<b>6,479</b>	<b>15,143</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2010

	Unaudited six months ended 30 June 2010 £'000	Unaudited six months ended 30 June 2009 £'000	Audited year ended 31 December 2009 £'000
Profit for the financial period	6,481	4,974	14,531
Other comprehensive income:			
– currency translation differences on foreign currency net investments, net of tax	(363)	(1,996)	(1,366)
– foreign currency loan hedges net of tax	465	3,560	2,552
– actuarial loss recognised in pension scheme	—	—	(397)
– movement on deferred tax relating to pension scheme	(57)	(59)	(177)
– purchase of own shares	(89)	—	—
<b>Net increase in shareholders' funds</b>	<b>6,437</b>	<b>6,479</b>	<b>15,143</b>
Shareholders' funds at beginning of the period	45,657	30,514	30,514
<b>Shareholders' funds at end of the period</b>	<b>52,094</b>	<b>36,993</b>	<b>45,657</b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2010

	Unaudited as at 30 June 2010 £'000	Unaudited as at 30 June 2009 £'000	Audited as at 31 December 2009 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7,840	8,810	8,552
Intangible assets	51,787	52,762	52,427
Deferred income tax asset	611	779	604
	<b>60,238</b>	<b>62,351</b>	<b>61,583</b>
<b>Current assets</b>			
Inventories	7,501	8,243	7,804
Trade and other receivables	17,985	18,756	17,849
Cash and cash equivalents	20,036	14,382	19,070
	<b>45,522</b>	<b>41,381</b>	<b>44,723</b>
<b>Total assets</b>	<b>105,760</b>	<b>103,732</b>	<b>106,306</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	(16,029)	(17,229)	(15,534)
Income tax liabilities	(652)	(2,540)	(902)
Borrowings	(6,695)	(7,730)	(7,597)
Provision for liabilities and charges	(14)	(21)	(18)
	<b>(23,390)</b>	<b>(27,520)</b>	<b>(24,051)</b>
<b>Non-current liabilities</b>			
Trade and other payables	—	(34)	(18)
Borrowings	(29,615)	(38,223)	(35,596)
Derivative financial instruments	(177)	(388)	(296)
Deferred income tax liabilities	(197)	(91)	(83)
Retirement benefit obligations	(266)	(483)	(605)
Provision for liabilities and charges	(21)	—	—
	<b>(30,276)</b>	<b>(39,219)</b>	<b>(36,598)</b>
<b>Total liabilities</b>	<b>(53,666)</b>	<b>(66,739)</b>	<b>(60,649)</b>
<b>Net assets</b>	<b>52,094</b>	<b>36,993</b>	<b>45,657</b>
<b>Shareholders' equity</b>			
Ordinary shares	123	123	123
Merger reserve	2,033	2,033	2,033
Other reserves	6,412	6,688	6,310
Retained earnings	43,526	28,149	37,191
<b>Total shareholders' equity</b>	<b>52,094</b>	<b>36,993</b>	<b>45,657</b>

# CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE SIX MONTHS ENDED 30 JUNE 2010

	Unaudited six months ended 30 June 2010 £'000	Unaudited six months ended 30 June 2009 £'000	Audited year ended 31 December 2009 £'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	10,548	11,472	24,355
Interest paid	(560)	(878)	(1,422)
Income tax paid	(3,526)	(1,986)	(4,386)
<b>Net cash generated from operating activities</b>	<b>6,462</b>	<b>8,608</b>	<b>18,547</b>
<b>Cash flows from investing activities</b>			
Acquisition of subsidiary undertaking	—	—	(375)
Purchases of property, plant and equipment	(885)	(992)	(1,777)
Proceeds from sale of property, plant and equipment	128	142	271
Purchases of intangible assets	(385)	(757)	(607)
Interest received	201	93	120
<b>Net cash used in investing activities</b>	<b>(941)</b>	<b>(1,514)</b>	<b>(2,368)</b>
<b>Cash flows from financing activities</b>			
Purchase of own shares	(89)	—	—
Repayments of borrowings	(4,466)	(3,587)	(7,984)
<b>Net cash used in financing activities</b>	<b>(4,555)</b>	<b>(3,587)</b>	<b>(7,984)</b>
<b>Net increase in cash in the period</b>	<b>966</b>	<b>3,507</b>	<b>8,195</b>
Cash and cash equivalents at beginning of the period	19,070	10,875	10,875
<b>Cash and cash equivalents at end of the period</b>	<b>20,036</b>	<b>14,382</b>	<b>19,070</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2010

## 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 2010 is unaudited and has been prepared on the basis of the accounting policies set out in the Group's Annual Report and Accounts 2009. Comparative figures for the year ended 31 December 2009 have been extracted from the statutory accounts for the year ended 31 December 2009 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.

## 2 EARNINGS PER SHARE

The calculation of basic earnings per ordinary share is based on the profit on ordinary activities after taxation of £6,481,000 (2009: £4,974,000) and on 12,293,938 (2009: 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 12,293,938 (2009: 12,294,798). After taking into account the effect of dilutive securities, the basic earnings per ordinary share and adjusted earnings per ordinary share figures are unaltered.

	Unaudited six months ended 30 June 2010 £'000	Unaudited six months ended 30 June 2009 £'000	Audited year ended 31 December 2009 £'000
Profit on ordinary activities after taxation	6,481	4,974	14,531
Basic earnings per ordinary share	52.7p	40.5p	118.2p

## 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 2010. In accordance with IAS 19 such a valuation will be prepared for the purposes of the Group's Annual Report and Accounts 2010.



## DIRECTORS AND COMPANY ADVISERS

---

### EXECUTIVE DIRECTORS

**Jacques Gaston Murray**  
Chairman

**Jean-Jacques Murray**  
Vice Chairman

**Jean-Christophe Pillois**  
Finance Director

**Xavier Mignolet**  
Operations 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  
Wistons Lane  
Elland  
West Yorkshire HX5 9DT

**Registered Number**  
53417

#### Chartered Accountants and Statutory Auditors

PricewaterhouseCoopers LLP  
Benson House  
33 Wellington Street  
Leeds LS1 4JP

#### Registrars

Capita Registrars  
Northern House  
Woodsome Park  
Fenay Bridge  
Huddersfield HD8 0LA

#### Bankers

Lloyds TSB Bank plc  
Dexia Bank N.V.

#### Solicitors

Salans  
Millennium Bridge House  
2 Lambeth Hill  
London EC4V 4AJ

Walker Morris  
Kings Court  
12 King Street  
Leeds LS1 2HL

#### Stockbrokers and Nominated Advisers

Brewin Dolphin Limited  
34 Lisbon Street  
Leeds LS1 4LX

## GROUP COMPANIES

---

### UNITED KINGDOM

---

#### Asco Extinguishers Company Limited

Unit 1.1  
Festival Court  
Brand Place  
Glasgow G51 1DR  
Tel: 0141 427 1144  
Fax: 0141 427 6644  
E-mail: [customer.service@asco.uk.com](mailto:customer.service@asco.uk.com)  
Website: [www.asco.uk.com](http://www.asco.uk.com)

#### GFA Premier Limited

Wistons Lane  
Elland  
West Yorkshire HX5 9DT  
Tel: 01422 377 521  
Fax: 01422 377 524  
E-mail: [customer.service@gfapremier.co.uk](mailto:customer.service@gfapremier.co.uk)

#### Hoyles Fire & Safety Limited

Wistons Lane  
Elland  
West Yorkshire HX5 9DT  
Tel: 01422 314 351  
Fax: 01422 314 311  
E-mail: [customer.service@hoyles.co.uk](mailto:customer.service@hoyles.co.uk)  
Website: [www.hoyles.co.uk](http://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  
E-mail: [customer.service@lwsafety.co.uk](mailto:customer.service@lwsafety.co.uk)  
Website: [www.lwsafety.co.uk](http://www.lwsafety.co.uk)

#### M K Fire Limited

56/69 Queens Road  
High Wycombe  
Buckinghamshire HP13 6AH  
Tel: 01494 769 744  
Fax: 01494 465 378  
E-mail: [customer.service@mkfire.co.uk](mailto:customer.service@mkfire.co.uk)  
Website: [www.mkfire.co.uk](http://www.mkfire.co.uk)

#### Nu-Swift International Limited

Wistons Lane  
Elland  
West Yorkshire HX5 9DT  
Tel: 01422 372 852  
Fax: 01422 379 569  
E-mail: [customer.service@nuswift.co.uk](mailto:customer.service@nuswift.co.uk)  
Website: [www.nu-swift.co.uk](http://www.nu-swift.co.uk)

#### TVF (UK) Limited

56/69 Queens Road  
High Wycombe  
Buckinghamshire HP13 6AH  
Tel: 01494 450 641  
Fax: 01494 465 378  
E-mail: [customer.service@tvfltd.co.uk](mailto:customer.service@tvfltd.co.uk)  
Website: [www.tvfltd.co.uk](http://www.tvfltd.co.uk)

#### United Fire Alarms Limited

Wistons Lane  
Elland  
West Yorkshire HX5 9DT  
Tel: 0845 601 5836  
Fax: 0845 601 5837  
E-mail: [customer.service@utdfa.co.uk](mailto:customer.service@utdfa.co.uk)  
Website: [www.unitedfirealarm.com](http://www.unitedfirealarm.com)

### BELGIUM

---

#### All-Protex N.V.

Bogaertstraat 16  
9910 Knesslare  
Tel: 00 32 9375 2044  
Fax: 00 32 9374 6895  
E-mail: [info@all-protex.be](mailto:info@all-protex.be)

#### Ansul S.A.

Industrielaan 35  
B-1702 Groot-Bijgaarden  
Tel: 00 32 2467 7211  
Fax: 00 32 2466 4456  
E-mail: [mail@ansul.be](mailto:mail@ansul.be)  
Website: [www.ansul.be](http://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](mailto: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](mailto:info@importex.be)

#### SAS Sprl

42 rue de l'église  
4710 Lontzen Herbesthal  
Tel: 00 32 8788 0242  
Fax: 00 32 8788 3766  
E-mail: [info@dimex-technics.be](mailto:info@dimex-technics.be)  
Website: [www.sas-company.com](http://www.sas-company.com)

#### Somati FIE N.V.

Industrielaan 19a  
9320 Erembodegem  
Tel: 00 32 5385 2222  
Fax: 00 32 5385 2221  
E-mail: [info@somati.be](mailto:info@somati.be)  
Website: [www.somati.be](http://www.somati.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](mailto:info@ansul.nl)  
Website: [www.ansul.nl](http://www.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](mailto:info@nu-swift.nl)  
Website: [www.nu-swift.nl](http://www.nu-swift.nl)

### AUSTRIA

---

#### Total Firestop G.m.b.H.

Tillmangasse 5  
1220 Wien  
Tel: 00 431 259 36310  
Fax: 00 431 259 363118  
E-mail: [info@total.at](mailto:info@total.at)  
Website: [www.total.at](http://www.total.at)



**LONDON SECURITY PLC**

Wistons Lane

Elland

West Yorkshire

HX5 9DT

Website: [www.londonsecurity.org](http://www.londonsecurity.org)