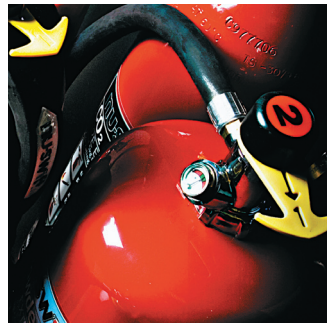


# London Security plc

Unaudited Interim Statement for  
the six months ended 30 June 2011



## Corporate statement

**London Security plc is a leader in Europe's fire security industry. Each year we provide fire protection for over 168,000 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 continued 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.

- IFC Corporate statement
- 01 Chairman's statement
- 02 Consolidated income statement
- 03 Consolidated statement of comprehensive income
- 04 Consolidated statement of changes in equity
- 05 Consolidated statement of financial position
- 06 Consolidated statement of cash flow
- 07 Notes to the financial statements
- 08 Directors and company advisers
- IBC Group companies



## Chairman's statement

### Financial highlights:

Revenue	Operating profit	Profit before income tax
<b>£47.9 million</b>	<b>£9.9 million</b>	<b>£9.7 million</b>
2010: £43.1 million	2010: £8.9 million	2010: £9.1 million

#### Trading and prospects

The financial highlights illustrate that the Group's revenue increased by £4.8 million (11%) to £47.9 million and operating profit increased by £1.0 million (11%) to £9.9 million. These results reflect strong growth in our core market, entry into fixed suppression systems and greater investment in customer retention which has been reflected in higher revenue and operating profit. The movement in the Sterling to Euro average exchange rate (1.15 to 1.14) has increased like for like revenue by £0.3 million and operating profit by £0.1 million.

In addition to the improved operating profit performance, the Group has benefited from the continuing low level of interest rates and has repaid a further £3.7 million of borrowings leading to a reduction in finance costs of £0.2 million. However, finance income has reduced from £0.9 million last year to £0.3 million this year. This is mainly due to a £0.5 million gain on the holding of foreign currency last year and a £0.1 million reduction in the movement of the value of our interest rate caps. Overall this has had a £0.4 million adverse effect on net finance costs.

The Group continues its evolution from the sole position of 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.

To date in 2011, the Group has acquired a total of ten small well established businesses in the UK, Belgium and Austria at a cost of over £2 million. The integration of these businesses into the Group has, so far, been successful and results are in line with expectations. 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 2011 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.

#### Dividends

An interim dividend in respect of 2011 of £0.24 per ordinary share was paid to shareholders on 24 June 2011.

#### 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 37,675 ordinary shares were purchased for cancellation for a total consideration of £454,800.

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  
 29 September 2011

## Consolidated income statement

for the six months ended 30 June 2011

	Note	Unaudited six months ended 30 June 2011 £'000	Unaudited six months ended 30 June 2010 £'000	Audited year ended 31 December 2010 £'000
<b>Revenue</b>		<b>47,900</b>	43,066	85,499
Cost of sales		<b>(9,762)</b>	(7,642)	(15,254)
<b>Gross profit</b>		<b>38,138</b>	35,424	70,245
Distribution costs		<b>(17,861)</b>	(16,726)	(31,755)
Administrative expenses		<b>(10,402)</b>	(9,804)	(19,162)
<b>Operating profit</b>		<b>9,875</b>	8,894	19,328
EBITDA*		<b>11,723</b>	10,473	22,679
Depreciation and amortisation		<b>(1,848)</b>	(1,579)	(3,351)
<b>Operating profit</b>		<b>9,875</b>	8,894	19,328
Finance income		<b>319</b>	894	1,093
Finance costs		<b>(523)</b>	(694)	(1,726)
Finance costs – net		<b>(204)</b>	200	(633)
<b>Profit before income tax</b>		<b>9,671</b>	9,094	18,695
Income tax expense		<b>(3,067)</b>	(2,613)	(5,613)
<b>Profit for the period attributable to equity shareholders of the Company</b>		<b>6,604</b>	6,481	13,082
<b>Earnings per share</b>				
Basic and diluted	3	<b>53.8p</b>	52.7p	106.5p
<b>Dividends</b>				
Dividends paid per share		<b>24.0p</b>	—	17.0p

\* 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 2011

	Unaudited six months ended 30 June 2011 £'000	Unaudited six months ended 30 June 2010 £'000	Audited year ended 31 December 2010 £'000
Profit for the financial period	<b>6,604</b>	6,481	13,082
Other comprehensive income/(expense):			
– currency translation differences on foreign operation consolidation, net of tax	<b>472</b>	(363)	(357)
– foreign currency loan hedges, net of tax	—	465	465
– actuarial gain recognised in pension scheme	—	—	151
– movement on deferred tax relating to pension scheme	—	(57)	(21)
– net pension asset not recognised due to uncertainty over future recoverability	—	—	(653)
Other comprehensive income/(expense) for the period, net of tax	<b>472</b>	45	(415)
<b>Total comprehensive income for the period</b>	<b>7,076</b>	6,526	12,667

## Consolidated statement of changes in equity

for the six months ended 30 June 2011

	Share capital £'000	Share premium £'000	Merger reserve £'000	Other reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2010	123	—	2,033	6,310	37,191	45,657
Comprehensive income for the period						
Profit for the period	—	—	—	—	6,481	6,481
Total other comprehensive income	—	—	—	102	(57)	45
Total comprehensive income for the period	—	—	—	102	6,424	6,526
Transactions with owners of the Company recognised directly in equity						
– purchase of own shares	—	—	—	—	(89)	(89)
Total transactions with the owners of the Company	—	—	—	—	(89)	(89)
At 30 June 2010	123	—	2,033	6,412	43,526	52,094
Comprehensive income for the period						
Profit for the period	—	—	—	—	6,601	6,601
Total other comprehensive income	—	—	—	(102)	(358)	(460)
Total comprehensive income for the period	—	—	—	(102)	6,243	6,141
Transactions with owners of the Company recognised directly in equity						
– dividends	—	—	—	—	(2,086)	(2,086)
– purchase of own shares	—	—	—	—	(116)	(116)
Total transactions with the owners of the Company	—	—	—	—	(2,202)	(2,202)
At 31 December 2010	123	—	2,033	6,310	47,567	56,033
Comprehensive income for the period						
Profit for the period	—	—	—	—	6,604	6,604
Total other comprehensive income	—	—	—	472	—	472
Total comprehensive income for the period	—	—	—	472	6,604	7,076
Transactions with owners of the Company recognised directly in equity						
– issue of shares	—	345	—	—	—	345
– dividends	—	—	—	—	(2,944)	(2,944)
– purchase of own shares	—	—	—	—	(454)	(454)
Total transactions with the owners of the Company	—	345	—	—	(3,398)	(3,053)
<b>At 30 June 2011</b>	<b>123</b>	<b>345</b>	<b>2,033</b>	<b>6,782</b>	<b>50,773</b>	<b>60,056</b>

The share premium has arisen following the exercise on 9 June by Xavier Mignolet, Operations Director, of 30,000 ordinary shares of 1 pence each in the Company at a price of £11.50 each under the Company's Inland Revenue unapproved share options scheme. Subsequently Mr Mignolet also sold these 30,000 ordinary shares to the Company at the prevailing market value of £14.60 per share. Following this disposal Mr Mignolet does not have a beneficial interest in the Company. The total share-based payment charged to the Consolidated Income Statement for the period relating to Directors' share options was £35,000.

## Consolidated statement of financial position

for the six months ended 30 June 2011

	Unaudited as at 30 June 2011 £'000	Unaudited as at 30 June 2010 £'000	Audited as at 31 December 2010 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8,195	7,840	7,719
Intangible assets	53,711	51,787	51,960
Deferred income tax asset	623	611	589
	<b>62,529</b>	<b>60,238</b>	<b>60,268</b>
<b>Current assets</b>			
Inventories	8,794	7,501	7,611
Trade and other receivables	19,245	17,985	16,604
Cash and cash equivalents	20,267	20,036	22,286
	<b>48,306</b>	<b>45,522</b>	<b>46,501</b>
<b>Total assets</b>	<b>110,835</b>	<b>105,760</b>	<b>106,769</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	(16,998)	(16,029)	(14,498)
Income tax liabilities	(339)	(652)	(968)
Borrowings	(7,487)	(6,695)	(7,126)
Provision for liabilities and charges	(4)	(14)	(9)
	<b>(24,828)</b>	<b>(23,390)</b>	<b>(22,601)</b>
<b>Non-current liabilities</b>			
Trade and other payables	(536)	—	(457)
Borrowings	(24,396)	(29,615)	(26,730)
Derivative financial instruments	(17)	(177)	(30)
Deferred income tax liabilities	(330)	(197)	(286)
Retirement benefit obligations	(672)	(266)	(632)
Provision for liabilities and charges	—	(21)	—
	<b>(25,951)</b>	<b>(30,276)</b>	<b>(28,135)</b>
<b>Total liabilities</b>	<b>(50,779)</b>	<b>(53,666)</b>	<b>(50,736)</b>
<b>Net assets</b>	<b>60,056</b>	<b>52,094</b>	<b>56,033</b>
<b>Shareholders' equity</b>			
Ordinary shares	123	123	123
Share premium	345	—	—
Merger reserve	2,033	2,033	2,033
Other reserves	6,782	6,412	6,310
Retained earnings	50,773	43,526	47,567
<b>Total shareholders' equity</b>	<b>60,056</b>	<b>52,094</b>	<b>56,033</b>

## Consolidated statement of cash flow

for the six months ended 30 June 2011

	Unaudited six months ended 30 June 2011 £'000	Unaudited six months ended 30 June 2010 £'000	Audited year ended 31 December 2010 £'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	11,010	10,548	21,845
Interest paid	(323)	(560)	(713)
Income tax paid	(3,674)	(3,526)	(4,900)
<b>Net cash generated from operating activities</b>	<b>7,013</b>	<b>6,462</b>	<b>16,232</b>
<b>Cash flows from investing activities</b>			
Acquisition of subsidiary undertakings	(948)	—	—
Purchases of property, plant and equipment	(1,382)	(885)	(1,746)
Proceeds from sale of property, plant and equipment	142	128	259
Purchases of intangible assets	(1,065)	(385)	(883)
Interest received	106	201	171
<b>Net cash used in investing activities</b>	<b>(3,147)</b>	<b>(941)</b>	<b>(2,199)</b>
<b>Cash flows from financing activities</b>			
Repayments of borrowings	(3,703)	(4,466)	(8,337)
Purchase of own shares	(454)	(89)	(205)
Issue of shares	345	—	—
Dividends paid to Company's shareholders	(2,944)	—	(2,086)
<b>Net cash used in financing activities</b>	<b>(6,756)</b>	<b>(4,555)</b>	<b>(10,628)</b>
<b>Effects of exchange rates on cash and cash equivalents</b>	<b>871</b>	<b>—</b>	<b>(189)</b>
<b>Net (decrease)/increase in cash in the period</b>	<b>(2,019)</b>	<b>966</b>	<b>3,216</b>
Cash and cash equivalents at beginning of the period	22,286	19,070	19,070
<b>Cash and cash equivalents at end of the period</b>	<b>20,267</b>	<b>20,036</b>	<b>22,286</b>



# Notes to the financial statements

for the six months ended 30 June 2011

## 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 2011 is unaudited and has been prepared on the basis of the recognition and measurement requirements of adopted International Financial Reporting Standards ("IFRS") as at 30 June 2011 that are effective as at 31 December 2011 and the accounting policies set out in the Group's Annual Report and Accounts 2010. Comparative figures for the year ended 31 December 2010 have been extracted from the statutory accounts for the year ended 31 December 2010 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 Basis of preparation

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

## 3 Earnings per share

The calculation of basic earnings per ordinary share is based on the profit on ordinary activities after taxation of £6,604,000 (2010: £6,481,000) and on 12,268,014 (2010: 12,293,938) 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 12,268,014 (2010: 12,293,938). After taking into account the effect of dilutive securities, the basic earnings per ordinary share figures are unaltered.

	<b>Unaudited six months ended 30 June 2011 £'000</b>	Unaudited six months ended 30 June 2010 £'000	Audited year ended 31 December 2010 £'000
Profit on ordinary activities after taxation	<b>6,604</b>	6,481	13,082
Basic earnings per ordinary share	<b>53.8p</b>	52.7p	106.5p

## 4 Actuarial valuation of the pension scheme

As permitted under IAS 19 the Group has not prepared an actuarial valuation of the pension scheme assets and liabilities for the Interim Statement 2011. In accordance with IAS 19 such a valuation will be prepared for the purposes of the Group's Annual Report and Accounts 2011.

## 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**

KPMG Audit Plc  
1 The Embankment  
Neville Street  
Leeds LS1 4DW

#### **Registrars**

Capita Registrars  
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Woodsome Park  
Fenay Bridge  
Huddersfield HD8 0LA

#### **Bankers**

Lloyds Banking Group plc

### **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

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### GFA Premier Limited

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Tel: 01422 377 521  
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### Hoyles Fire & Safety Limited

Wistons Lane  
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Tel: 01422 314 351  
Fax: 01422 314 311  
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Website: [www.hoyles.co.uk](http://www.hoyles.co.uk)

### L. W. Safety Limited

56/69 Queens Road  
High Wycombe  
Buckinghamshire HP13 6AH  
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Fax: 01422 314 311  
Email: [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  
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Email: [customer.service@mkfire.co.uk](mailto:customer.service@mkfire.co.uk)  
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### Nu-Swift International Limited

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Website: [www.nu-swift.co.uk](http://www.nu-swift.co.uk)

### TVF (UK) Limited

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Fax: 01494 465 378  
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Website: [www.tvfltd.co.uk](http://www.tvfltd.co.uk)

### United Fire Alarms Limited

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Website: [www.unitedfirealarm.com](http://www.unitedfirealarm.com)

## Belgium

### All-Protec N.V.

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

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Website: [www.total.at](http://www.total.at)

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