

Unaudited Interim Statement
for the six months ended 30 June 2018

**A leader in Europe's
fire security industry.**

London Security plc



Chairman's statement

J.G. Murray, Chairman

Financial highlights

- Revenue £66.7m (2017: £60.6m)
- Operating profit £10.1m (2017: £9.5m)
- Earnings per share 56.2p (2017: 51.5p)

Trading

The financial highlights illustrate that the Group's revenue increased by £6.1 million (10.1%) to £66.7 million. The underlying revenue increase can largely be attributed to business acquisitions and improvements in the scheduling of service work. These results are also impacted by the movement in the Euro to Sterling average exchange rate over the period, which has decreased from 1.16 to 1.13. This movement in exchange rates had a positive effect of £1.3 million on reported turnover.

Operating profit increased by £0.6 million (6.3%) to £10.1 million. This increase in operating profit is again primarily caused by business acquisitions and improved service scheduling. Adjusting for the change in exchange rates on the same basis as above, operating profit would have been £9.8 million.

Acquisitions

In the six months to the end of June, the Group acquired a total of three well established businesses at a cost of £1.9 million (2017: six businesses at a cost of £1.1 million). The integration of these businesses into the Group has, so far, been successful and results are in line with expectations. One of these acquisitions, Linde, expanded the Group's business into Denmark. 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.

Financing

At 30 June 2017 and 31 December 2017 the Group's total borrowings had been disclosed as current liabilities as they were due for repayment in May 2018. In May 2018 the Group entered into a new five year multi-currency facility until 2023 comprising £3.15 million and €8.40 million. To limit our exposure to increasing interest rates these loans are subject to interest rate caps of 1.5% LIBOR on the Sterling loan and 0.25% EURIBOR on the Euro loan.

Prospects

The fire security market is experiencing increased competition and downward pressure on prices. Our strategy is to continue to concentrate on the highest levels of customer service to mitigate this. We do not expect the economic environment to become any easier in 2018. Nonetheless your Group remains in a strong position and will continue to focus on meeting the needs of our customers and our shareholders.

Dividends

A final dividend in respect of 2017 of £0.40 per ordinary share was paid to shareholders on 5 July 2018.

J.G. Murray
Chairman

14 September 2018

Consolidated income statement

for the six months ended 30 June 2018

	Note	Unaudited six months ended 30 June 2018 £'000	Unaudited six months ended 30 June 2017 £'000	Audited year ended 31 December 2017 £'000
Revenue		66,726	60,631	125,873
Cost of sales		(15,402)	(12,213)	(26,626)
Gross profit		51,324	48,418	99,247
Distribution costs		(25,215)	(23,682)	(47,751)
Administrative expenses		(15,969)	(15,250)	(29,757)
Operating profit		10,140	9,486	21,739
EBITDA*		13,313	12,382	27,934
Depreciation and amortisation		(3,173)	(2,896)	(6,195)
Operating profit		10,140	9,486	21,739
Finance income		28	87	237
Finance costs		(97)	(187)	(392)
Finance costs – net		(69)	(100)	(155)
Profit before income tax		10,071	9,386	21,584
Income tax expense		(3,133)	(3,068)	(7,239)
Profit for the period		6,938	6,318	14,345
Profit is attributable to				
Equity shareholders of the Company		6,891	6,318	14,310
Non-controlling interest		47	—	35
		6,938	6,318	14,345
Earnings per share				
Basic and diluted	3	56.2p	51.5p	116.7p
Dividends				
Dividends paid per share		Nil	Nil	80p

* 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 2018

	Unaudited six months ended 30 June 2018 £'000	Unaudited six months ended 30 June 2017 £'000	Audited year ended 31 December 2017 £'000
Profit for the financial period	6,938	6,318	14,345
Other comprehensive (expense)/income:			
Items that will not be reclassified subsequently to profit or loss:			
– currency translation differences on foreign operation consolidation, net of tax	(418)	836	1,439
– actuarial gain recognised in the Nu-Swift pension scheme	–	–	734
– movement on deferred tax relating to the Nu-Swift pension scheme	–	–	(257)
– actuarial loss recognised in the Ansul pension scheme	–	–	721
– movement on deferred tax relating to the Ansul pension scheme	–	–	(313)
Other comprehensive income for the period, net of tax	(418)	836	2,324
Total comprehensive income for the period	6,520	7,154	16,669

Consolidated statement of changes in equity

for the six months ended 30 June 2018

	Share capital £'000	Share premium £'000	Capital redemption £'000	Merger reserve £'000	Other reserve £'000	Retained earnings £'000	Non-controlling interest £'000	Total £'000
At 1 January 2017	123	344	1	2,033	7,031	87,021	—	96,553
Comprehensive income for the period:								
– profit for the period	—	—	—	—	—	6,318	—	6,318
– exchange adjustments	—	—	—	—	836	—	—	836
Total comprehensive income for the period	—	—	—	—	836	6,318	—	7,154
At 30 June 2017	123	344	1	2,033	7,867	93,339	—	103,707
Comprehensive income for the period:								
– profit for the period	—	—	—	—	—	7,992	35	8,027
– exchange adjustments	—	—	—	—	603	—	—	603
– actuarial gain on pension schemes	—	—	—	—	—	1,455	—	1,455
– movement on deferred tax relating to pension schemes	—	—	—	—	—	(570)	—	(570)
Total comprehensive income for the period	—	—	—	—	603	8,877	35	9,515
Contributions by and distributions to owners of the Company:								
– dividends	—	—	—	—	—	(9,808)	—	(9,808)
Contribution from non-controlling interest on business combination	—	—	—	—	—	—	154	154
At 31 December 2017	123	344	1	2,033	8,470	92,408	189	103,568
Comprehensive income for the period:								
– profit for the period	—	—	—	—	—	6,891	47	6,938
– exchange adjustments	—	—	—	—	(418)	—	—	(418)
Total comprehensive income for the period	—	—	—	—	(418)	6,891	47	6,520
At 30 June 2018	123	344	1	2,033	8,052	99,299	236	110,088

Consolidated statement of financial position

as at 30 June 2018

	Unaudited as at 30 June 2018 £'000	Unaudited as at 30 June 2017 £'000	Audited as at 31 December 2017 £'000
Assets			
Non-current assets			
Property, plant and equipment	11,732	11,301	11,589
Intangible assets	61,698	62,625	61,724
Deferred tax asset	589	948	589
Retirement benefit surplus	4,397	3,574	4,397
	78,416	78,448	78,299
Current assets			
Inventories	12,437	12,408	11,749
Trade and other receivables	27,725	23,687	26,063
Cash and cash equivalents	29,256	27,542	24,652
	69,418	63,637	62,464
Total assets	147,834	142,085	140,763
Liabilities			
Current liabilities			
Trade and other payables	(21,503)	(20,557)	(19,576)
Income tax liabilities	(917)	(633)	(1,699)
Borrowings	(2,100)	(11,940)	(11,125)
Derivative financial instruments	—	(115)	(54)
Provision for liabilities and charges	—	(35)	—
	(24,520)	(33,280)	(32,454)
Non-current liabilities			
Trade and other payables	(995)	(960)	(1,003)
Borrowings	(8,404)	—	—
Derivative financial instruments	(34)	—	—
Deferred income tax liabilities	(1,886)	(1,633)	(1,830)
Retirement benefit obligations	(1,705)	(2,339)	(1,721)
Provision for liabilities and charges	(202)	(166)	(187)
	(13,226)	(5,098)	(4,741)
Total liabilities	(37,746)	(38,378)	(37,195)
Net assets	110,088	103,707	103,568
Shareholders' equity			
Ordinary shares	123	123	123
Share premium	344	344	344
Capital redemption reserve	1	1	1
Merger reserve	2,033	2,033	2,033
Other reserves	8,052	7,867	8,470
Retained earnings	99,299	93,339	92,408
Equity attributable to owners of the Parent Company	109,852	103,707	103,379
Non-controlling interest	236	—	189
Total equity	110,088	103,707	103,568

Consolidated statement of cash flow

for the six months ended 30 June 2018

	Unaudited six months ended 30 June 2018 £'000	Unaudited six months ended 30 June 2017 £'000	Audited year ended 31 December 2017 £'000
Cash flows from operating activities			
Cash generated from operations	13,156	12,673	25,182
Interest paid	(97)	(187)	(368)
Income tax paid	(4,374)	(4,310)	(7,249)
Net cash generated from operating activities	8,685	8,176	17,565
Cash flows from investing activities			
Acquisition of subsidiary undertakings	(1,537)	(785)	(1,220)
Purchases of property, plant and equipment	(1,898)	(1,590)	(3,384)
Proceeds from sale of property, plant and equipment	114	162	349
Purchases of intangible assets	(115)	(659)	(600)
Proceeds from sale of intangible assets	20	—	—
Interest received	8	30	30
Net cash used in investing activities	(3,408)	(2,842)	(4,825)
Cash flows from financing activities			
Repayments of borrowings	(557)	(850)	(1,809)
Dividends paid to Company's shareholders	—	—	(9,808)
Contribution from non-controlling interest	—	—	154
Net cash used in financing activities	(557)	(850)	(11,463)
Effects of exchange rates on cash and cash equivalents	(116)	456	773
Net increase in cash in the period	4,604	4,940	2,050
Cash and cash equivalents at the beginning of the period	24,652	22,602	22,602
Cash and cash equivalents at the end of the period	29,256	27,542	24,652

Notes to the financial statements

for the six months ended 30 June 2018

1 Nature of information

The financial information contained in this Interim Statement has been neither audited nor reviewed by the auditor 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 2018 has been prepared applying the accounting policies and presentation that were applied in the preparation of the Group's published consolidated financial statements for the year ended 31 December 2017. The principal risks and uncertainties as disclosed in the year end accounts are considered to be consistent with those that are still applicable now.

Comparative figures for the year ended 31 December 2017 have been extracted from the statutory accounts for the year ended 31 December 2017, which have been delivered to the Registrar of Companies. The Independent Auditor's Report on those accounts was unqualified and did not contain an emphasis of matter paragraph or 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 and 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 £6,891,000 (2017: £6,318,000) and on 12,261,477 (2017: 12,261,477) 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. There was no difference in the weighted average number of shares used for the calculation of basic and diluted earnings per share as there are no potentially dilutive shares outstanding.

	Unaudited six months ended 30 June 2018 £'000	Unaudited six months ended 30 June 2017 £'000	Audited year ended 31 December 2017 £'000
Profit on ordinary activities after taxation	6,891	6,318	14,310
Basic earnings per ordinary share	56.2p	51.5p	116.7p

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 2018. In accordance with IAS 19 such a valuation will be prepared for the purposes of the Group's Annual Report and Accounts 2018.

Directors and Company advisers

Executive Directors

Jacques Gaston Murray
Chairman

Jean-Jacques Murray
Vice Chairman

Xavier Mignolet
Managing Director

Emmanuel Sebag
Executive Director

Independent Non-Executive Directors

Henry Shouler
Senior Independent Non-Executive Director

Non-Executive Directors

Jean-Pierre Murray
Non-Executive Director

Marie-Claire Leon
Non-Executive Director

Company information

Company advisers

**Company Secretary
and registered office**

Richard Pollard
Premier House
2 Jubilee Way
Elland
West Yorkshire HX5 9DY

Registered number

53417

Chartered accountants and statutory independent auditor

PricewaterhouseCoopers LLP
Central Square
29 Wellington Street
Leeds LS1 4DL

Registrars

Link Asset Services
Northern House
Woodsome Park
Fenay Bridge
Huddersfield HD8 0LA

Stockbrokers and nominated advisers

WH Ireland Limited
24 Martin Lane
London EC4R 0DR

Group companies

The United Kingdom

Asco Extinguishers Company Limited

Unit 1.1
Festival Court
Brand Place
Glasgow G51 1DR

Tel: 0141 427 1144
Email: customer.service@asco.uk.com
Website: www.asco.uk.com

Beta Fire Protection Limited

Unit 18
Western Road Industrial Estate
Stratford-upon-Avon
Warwickshire CV37 0AH

Tel: 01789 292 050
Email: info@betafire.co.uk
Website: www.betafireprotection.com

Firestop Services Limited

Unit 3
Holmes Way
Boston Road Industrial Estate
Horncastle
Lincolnshire LN9 6JR

Tel: 01507 723 322
Email: enquiries@fire-stop.co.uk
Website: www.firestopservices.co.uk

Fire Industry Specialists Limited

Unit 3
Holmes Way
Boston Road Industrial Estate
Horncastle
Lincolnshire LN9 6JR

GC Fire Protection Limited

Premier House
Jubilee Way
Elland
West Yorkshire HX5 9DY

Tel: 0208 391 7310
Email: customer.service@gcfireprotection.co.uk
Website: www.gcfireprotection.co.uk

GFA Premier Limited

Premier House
Jubilee Way
Elland
West Yorkshire HX5 9DY

Tel: 01422 377 521
Email: customer.service@gfapremier.co.uk

Hoyles Fire & Safety Limited

Premier House
Jubilee Way
Elland
West Yorkshire HX5 9DY

Tel: 01422 314 351
Email: customer.service@hoyles.co.uk
Website: www.hoyles.co.uk

L. W. Safety Limited

56/69 Queens Road
High Wycombe
Buckinghamshire HP13 6AH

Tel: 0208 575 9000
Email: customer.service@lwsafety.co.uk
Website: www.lwsafety.co.uk

MK Fire Limited

56/69 Queens Road
High Wycombe
Buckinghamshire HP13 6AH

Tel: 01494 769 744
Email: customer.service@mkfire.co.uk
Website: www.mkfire.co.uk

Modern Fire Extinguisher Services Limited

6 Claremont Buildings
Claremont Bank
Shrewsbury SY1 1RJ

Nu-Swift International Limited

Premier House
Jubilee Way
Elland
West Yorkshire HX5 9DY

Tel: 01422 372 852
Email: customer.service@nu-swift.co.uk
Website: www.nu-swift.co.uk

Pyrotec Fire Protection Limited

Caburn Enterprise Park
Ringmer
East Sussex BN8 5NP

Tel: 0800 634 9953
Email: sales@pyrotec.co.uk
Website: www.pyrotec.co.uk

Tunbridge Wells Fire Protection Limited

Caburn Enterprise Park
Ringmer
East Sussex BN8 5NP

Tel: 01825 767 600
Email: customer.service@twfpltd.co.uk
Website: www.twfpltd.co.uk

TVF (UK) Limited

56/69 Queens Road
High Wycombe
Buckinghamshire HP13 6AH

Tel: 01494 450 641
Email: customer.service@tvfltd.co.uk
Website: www.tvfltd.co.uk

Group companies continued

Belgium

Alarm Masters S.A.

50, Z.I. Research Park
B-1731 Zellik

Tel: 00 32 5237 3409
Email: info@alarmmasters.be
Website: www.alarmmasters.be

All-Protec N.V.

Bogaertstraat 16
9910 Knesslare

Tel: 00 32 9375 2044
Email: info@all-protec.be

Ansul S.A.

Ansul Belgium S.A.

Industrialaan 35
B-1702 Groot-Bijgaarden

Tel: 00 32 2467 7211
Email: mail@ansul.be
Website: www.ansul.be

Assurance Protection Service Sprl

Avenue Mercator 1
1300 Wavre

Tel: 00 32 7187 7504
Email: info@apsprotectionincendie.be
Website: www.apsprotectionincendie.be

Barkat B.V.B.A.

Ottergemsesteenweg 166
9000 Gent

Tel: 00 32 9221 3838
Website: www.barkat.be

Dimex Technics S.A.

42 Rue de l'Eglise
4710 Lontzen Herbesthal

Tel: 00 32 8789 0401
Email: info@dimex-technics.be

Importex S.A.

42 Rue de l'Eglise
4710 Lontzen Herbesthal

Tel: 00 32 8788 0242
Email: info@importex.be

Security Alarm Service Company Sprl

42 Rue de l'Eglise
4710 Lontzen Herbesthal

Tel: 00 32 8645 6789
Email: info@securityalarmservice.be
Website: www.securityalarmservice.be

Somati FIE N.V.

Industrielaan 19a
9320 Erembodegem

Tel: 00 32 5385 2222
Email: info@somatifie.be
Website: www.somatifie.be

Le Chimiste Sprl

Avenue Mercator 1
1300 Wavre

Tel: 00 32 1086 8419
Email: info@lechimiste.be

Braco B.V.B.A.

Affligemdreef 12
9300 Aalst

Tel: 00 32 5321 4570
Email: info@bracofireprotection.be

DC Security B.V.B.A.

Vaarstraat 10
2235 Hulshout

Tel: 00 32 1522 5570
Email: info@dcsecurity.be
Website: www.dcsecurity.be

Luxembourg

A.L.P.I. sarl

10 Rue Robert Krieps
4702 Petange

Tel: 00 352 2631 3013
Email: alpi@pt.lu
Website: www.alpi.lu

The Netherlands

Ansul B.V.

Ansul Solutions B.V.

Platinastraat 15
8211 AR Lelystad

Tel: 00 31 320 240864
Email: info@ansul.nl
Website: www.ansul.nl

Boensma Brandbeveiliging B.V.

Zutphenstraat 6
7575 EJ Oldenzaal

Tel: 00 31 541 588030
Website: www.boensmabrandbeveiliging.nl

Nu-Swift Brandbeveiliging B.V.

Ringoven 45
6826 TP Arnhem

Tel: 00 31 263 630330
Email: info@nu-swift.nl
Website: www.nu-swift.nl

Incorporating Couwenberg Noodverlichting

Ringoven 45
6826 TP Arnhem

Tel: 00 31 402 220933
Email: couwenberg.noodverlichting@hetnet.nl
Website: www.couwenbergnoodverlichting.nl

NL Brandbeveiliging B.V.

Petunialaan 1D
5582 HA Waalre

Tel: 00 40 248 2196
Email: info@nlbrandbeveiliging.nl
Website: www.nlbrandbeveiliging.nl

Group companies continued

The Netherlands continued

Prevent Brandbeveiliging B.V.

Maasdijkseweg 107
2291 PJ Wateringen

Tel: 00 31 174 526700
Email: info@prevent.brandbeveiliging.nl
Website: www.preventbrandbeveiliging.nl

Record Brandbeveiliging B.V.

Oostergracht 24
3763 LZ Soest

Tel: 00 31 356 027966
Email: info@recordbrandbeveiliging.nl
Website: www.recordbrandbeveiliging.nl

Braho Brandpreventie B.V.

Maasdijkseweg 107
2291 PJ Wateringen

Tel: 00 31 793 410708
Email: info@braho.nl
Website: www.braho.nl

Blusdesign B.V.

Bergweg 35 b
3904 HL Veenendaal

Tel: 00 31 318 508 369
Email: info@blusdesign.com
Website: http://www.blusdesign.com

Brandpreventie Groep B.V.

Daalderweg 22
507 DT Zaandam

Tel: 0031 75 631 5558
Email: info@brandpreventiegroep.nl
Website: www.brandpreventiegroep.nl

Austria

Total Fire-Stop Brandschutztechnik G.m.bH

Tillmangasse 5
1220 Wien

Tel: 00 431 259 36310
Email: info@total.at
Website: www.total.at

Blesberger Ges.m.b.H.

Hasnerstrasse 12
A-4020 Linz

Tel: 0043 732 73 32 34
Website: www.blesberger.at

Noris Feuerschutzgeraete G.m.bH

Baumkircherstrasse 2
8020 Graz

Tel: 00 43 316 71 18 21
Email: zentrale@noris.at
Website: www.noris.at

P.M.P. Feuerlöschgeräte Produktions- und Vertriebsges.m.b.H

Waltendorfer Hauptstrasse 5
8010 Graz

Tel: 00 43 316 46 15 66
Email: office@pyrus-pmp.at
Website: www.pyrus-pmp.at

France

One Protect sarl

Z.I. Sainte Agathe
Rue Lavoisier
57192 Florange

Tel: 00 33 382 59 32 40
Email: contact@oneprotectsarl.com
Website: www.oneprotectsarl.com

Germany

LUDWIG Brandschutztechnik G.m.bH

Gewerbestrasse 2
D-24392 Suederbrarup

Tel: 00 49 4641 8242
Email: info@brandschutztechnik-ludwig.de

IFH Feuerschutz Hollmann GmbH

Ihmerter Strasse 211
58675 Hemer

Tel: 00 49 2372 81066
Email: info@feuerschutz-hollmann.de
Website: www.feuerschutz-hollmann.de

Denmark

Linde Brandmateriel Aps

Industrivej 51 A
4000 Roskilde

Tel: 33313100
Email: lindebrand@lindebrand.dk
Website: www.lindebrand.dk

London Security plc

Premier House
2 Jubilee Way
Elland
West Yorkshire
HX5 9DY

www.londonsecurity.org

Produced by

designportfolio