



London Security plc

Unaudited Interim Statement for
the six months ended 30 June 2021

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

Chairman's statement

J.G. Murray, Chairman

FINANCIAL HIGHLIGHTS

- Revenue £82.7m (2020: £67.2m)
- Operating profit £12.3m (2020: £7.6m)
- Earnings per share 75.6p (2020: 39.9p)

Trading

The financial highlights illustrate that the Group's revenue increased by £15.5 million (23.1%) to £82.7 million.

Operating profit increased by £4.7 million (61.8%) to £12.3 million.

The period under review reflects the impact from the coronavirus outbreak, which significantly impacted all the countries in which we operate in quarter one and quarter two of 2020. In 2021 there has largely been a return to normality in our business although some customers remain closed and there are still some restrictions on our operations to help reduce transmission. We must be prepared for further disruption should further waves materialise in any of the countries in which we operate.

Acquisitions

In the six months to the end of June, the Group has made four acquisitions. 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.

Cash and financing

The Group's cash balance as at 30 June 2021 was £43.7 million. This is an increase of £6.2 million on the 31 December 2020 balance of £37.5 million.

In May 2018 the Group entered into a 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

As the situation continues, cash management will be a key consideration; the London Security Group has a healthy balance sheet, strong cash reserves and a track record for good cash generation. The Board therefore considers that with its strong balance sheet and material net cash position the Group is well placed to prosper from the rebound in the economy as the vaccine programmes gain momentum in 2021.

Dividends

A final dividend in respect of 2020 of £0.40 per ordinary share was paid to shareholders on 9 July 2021.

J.G. Murray
Chairman

27 September 2021

Consolidated income statement

for the six months ended 30 June 2021

	Note	Unaudited six months ended 30 June 2021 £'000	Unaudited six months ended 30 June 2020 £'000	Audited year ended 31 December 2020 £'000
Revenue		82,739	67,164	152,723
Cost of sales		(21,601)	(16,452)	(37,387)
Gross profit		61,138	50,712	115,336
Distribution costs		(30,188)	(26,310)	(56,281)
Administrative expenses		(18,670)	(16,768)	(34,355)
Operating profit		12,280	7,634	24,700
EBITDA*		16,799	11,951	33,547
Depreciation and amortisation		(4,519)	(4,317)	(8,847)
Operating profit		12,280	7,634	24,700
Finance income		21	21	78
Finance costs		(99)	(96)	(201)
Finance costs – net		(78)	(75)	(123)
Profit before income tax		12,202	7,559	24,577
Income tax expense		(2,862)	(2,602)	(6,536)
Profit for the period		9,340	4,957	18,041
Profit is attributable to:				
Equity shareholders of the Company		9,267	4,895	17,853
Non-controlling interest		73	62	188
		9,340	4,957	18,041
Earnings per share				
Basic and diluted	3	75.6p	39.9p	145.6p
Dividends				
Dividends paid per share		Nil	Nil	60.0p

* 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 2021

	Unaudited six months ended 30 June 2021 £'000	Unaudited six months ended 30 June 2020 £'000	Audited year ended 31 December 2020 £'000
Profit for the financial period	9,340	4,957	18,041
Other comprehensive income/(expense):			
Items that will not be reclassified subsequently to profit or loss:			
– currency translation differences on foreign operation consolidation, net of tax	(2,679)	3,196	2,396
– actuarial gain recognised in the Nu-Swift pension scheme	–	–	(4,554)
– movement on deferred tax relating to the Nu-Swift pension scheme	–	–	1,594
– actuarial loss recognised in the Ansul pension scheme	–	–	(17)
– movement on deferred tax relating to the Ansul pension scheme	–	–	5
Other comprehensive income for the period, net of tax	(2,679)	3,196	(576)
Total comprehensive income for the period	6,661	8,153	17,653

Consolidated statement of changes in equity

for the six months ended 30 June 2021

	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 2020	123	344	1	2,033	6,442	106,882	349	116,174
Comprehensive income for the period:								
– profit for the period	–	–	–	–	–	4,895	62	4,957
– exchange adjustments	–	–	–	–	3,196	–	–	3,196
Total comprehensive income for the period	–	–	–	–	3,196	4,895	62	8,153
Distribution to non-controlling interest	–	–	–	–	–	–	(159)	(159)
At 30 June 2020	123	344	1	2,033	9,638	111,777	252	124,168
Comprehensive income for the period:								
– profit for the period	–	–	–	–	–	12,958	126	13,084
– exchange adjustments	–	–	–	–	(800)	–	–	(800)
– actuarial loss on pension schemes	–	–	–	–	–	(4,571)	–	(4,571)
– movement on deferred tax relating to pension schemes	–	–	–	–	–	1,599	–	1,599
Total comprehensive income for the period	–	–	–	–	(800)	9,986	126	9,312
Contributions by and distributions to owners of the Company:								
– dividends	–	–	–	–	–	(7,356)	–	(7,356)
Distribution to non-controlling interest	–	–	–	–	–	–	(1)	(1)
At 31 December 2020	123	344	1	2,033	8,838	114,407	377	126,123
Comprehensive income for the period:								
– profit for the period	–	–	–	–	–	9,267	73	9,340
– exchange adjustments	–	–	–	–	(2,679)	–	–	(2,679)
Total comprehensive income for the period	–	–	–	–	(2,679)	9,267	73	6,661
Distribution to non-controlling interest	–	–	–	–	–	–	(28)	(28)
Reduction in non-controlling interest	–	–	–	–	–	(123)	(103)	(226)
At 30 June 2021	123	344	1	2,033	6,159	123,551	319	132,530

Consolidated statement of financial position

as at 30 June 2021

	Unaudited as at 30 June 2021 £'000	Unaudited as at 30 June 2020 £'000	Audited as at 31 December 2020 £'000
Assets			
Non-current assets			
Property, plant and equipment	13,634	13,308	13,046
Right-of-use assets	3,223	2,382	3,254
Intangible assets	66,009	67,502	66,311
Deferred tax asset	799	779	790
Retirement benefit surplus	445	4,959	445
	84,110	88,930	83,846
Current assets			
Inventories	15,861	15,182	14,953
Trade and other receivables	30,415	32,499	33,174
Cash and cash equivalents	43,678	34,422	37,456
	89,954	82,103	85,583
Total assets	174,064	171,033	169,429
Liabilities			
Current liabilities			
Trade and other payables	(27,110)	(29,119)	(27,582)
Income tax liabilities	(2,300)	(2,311)	(2,074)
Borrowings	(2,397)	(2,139)	(2,518)
Lease liabilities	(1,376)	(1,169)	(1,451)
Provision for liabilities and charges	—	—	(16)
	(33,183)	(34,738)	(33,641)
Non-current liabilities			
Trade and other payables	(923)	(1,275)	(941)
Borrowings	(2,051)	(4,270)	(3,170)
Lease liabilities	(1,851)	(1,209)	(1,851)
Derivative financial instruments	(28)	(43)	(36)
Deferred income tax liabilities	(1,081)	(2,873)	(1,146)
Retirement benefit obligations	(2,249)	(2,282)	(2,349)
Provision for liabilities and charges	(168)	(175)	(172)
	(8,351)	(12,127)	(9,665)
Total liabilities	(41,534)	(46,865)	(43,306)
Net assets	132,530	124,168	126,123
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	6,159	9,638	8,838
Retained earnings	123,551	111,777	114,407
Equity attributable to owners of the Parent Company	132,211	123,916	125,746
Non-controlling interest	319	252	377
Total equity	132,530	124,168	126,123

Consolidated statement of cash flow

for the six months ended 30 June 2021

	Unaudited six months ended 30 June 2021 £'000	Unaudited six months ended 30 June 2020 £'000	Audited year ended 31 December 2020 £'000
Cash flows from operating activities			
Cash generated from operations	20,342	12,319	32,862
Interest paid	(61)	(66)	(118)
Income tax paid	(4,687)	(2,323)	(5,524)
Net cash generated from operating activities	15,594	9,930	27,220
Cash flows from investing activities			
Acquisition of subsidiary undertakings	(1,496)	—	(516)
Purchases of property, plant and equipment	(2,977)	(2,344)	(5,063)
Proceeds from sale of property, plant and equipment	384	137	462
Purchases of intangible assets	(1,644)	(969)	(1,244)
Interest received	13	17	27
Net cash used in investing activities	(5,720)	(3,159)	(6,334)
Cash flows from financing activities			
Repayments of borrowings	(1,071)	(1,015)	(2,121)
Payment of lease liabilities	(1,097)	(987)	(2,036)
Dividends paid to Company's shareholders	—	—	(7,356)
Distribution to non-controlling interest	(28)	(159)	(160)
Net cash used in financing activities	(2,196)	(2,161)	(11,673)
Net increase in cash in the period	7,678	4,610	9,213
Cash and cash equivalents at the beginning of the period	37,456	27,143	27,143
Effects of exchange rates on cash and cash equivalents	(1,456)	2,669	1,100
Cash and cash equivalents at the end of the period	43,678	34,422	37,456

Notes to the financial statements

for the six months ended 30 June 2021

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 2021 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 2020. 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 2020 have been extracted from the statutory accounts for the year ended 31 December 2020, 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 £9,267,000 (2020: £4,895,000) and on 12,261,477 (2020: 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 2021 £'000	Unaudited six months ended 30 June 2020 £'000	Audited year ended 31 December 2020 £'000
Profit on ordinary activities after taxation	9,267	4,895	17,853
Basic earnings per ordinary share	75.6p	39.9p	145.6p

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 2021. In accordance with IAS 19 such a valuation will be prepared for the purposes of the Group's Annual Report and Accounts 2021.

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