

Regulatory Story

Company [Red24 PLC](#)
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Headline Final Results
Released 07:00 11-Jun-2009
Number 6825T07

RNS Number : 6825T
Red24 PLC
11 June 2009

RED24 PLC

PRELIMINARY RESULTS FOR THE YEAR ENDED 31 MARCH 2009

Red24 plc ("red 24" or the "Group") is pleased to announce its results for the year ended 31 March 2009.

Highlights

- Revenue increased by 20% to £3.3m (2008: £2.8m)
- Operating profit of £584k in contrast to a loss of £294k in the prior year
- EPS of 0.95p (2008: loss of 0.78p)
- Greatly improved cash balances of £626k (2008: £82k)
- Shareholders' funds improved to £529k (2008: £139k)
- Launch of Travel Tracker™ for customers' employees travelling overseas

Simon Richards, Chairman, commented:

"I am delighted to announce a strong set of results which has seen improvements in all of our key performance indicators. The Board has done an excellent job of stripping out unnecessary costs whilst maintaining outstanding levels of service, and has succeeded in broadening our customer base.

"The Company is now a lean and profitable organisation where new customers can be added and supported at minimal additional cost. With new features to our products attracting a wider range of customers, the Board is confident of creating significant value for its shareholders."

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red24 is a provider of a range of security risk management services, offering preventative and reactive advice to help individuals and organisations to avoid and manage security risks to themselves, their families and their organisations. The products are principally distributed through leading international financial service companies.

CHAIRMAN'S STATEMENT

Introduction

I am pleased to present our annual report for the year ended 31 March 2009 and I am particularly pleased to report that the progress revealed in the half yearly statement has been more than maintained so that we have met almost all our financial objectives for the year.

Financial Overview

Compared with the last financial year revenue has increased by 20% to £3,320,725 from £2,763,148 and an operating profit of £583,725 has been achieved, in complete contrast to a loss of £293,590 last year. Whilst currency movements have played a part as we enjoyed a gain of £97,374 in the year compared with a loss of £42,082 last year, nonetheless this represents very substantial progress. Initially the improvement was largely down to reducing costs, but in recent months significant improvement has also come about from the growth of the business, which has been achieved with only modest increases in the cost base. The Board believe that the growth enjoyed last year in the red24 business can be sustained and will return value to shareholders. I congratulate Maldwyn Worsley-Tonks and his team on achieving the goals set for them by the Board last year.

The improved trading performance has been assisted by a strengthened balance sheet, where the much improved position is valued by our customers. Our net worth has increased by £390,000 without recourse to capital markets, and we have over £600,000 of cash on the balance sheet at the year end, despite repaying one third of the loan stock immediately prior to the year end. The remaining loan note holders have agreed to an extension of the notes to 30 September 2010, though this is subject to shareholders' approval of the associated warrants. If for any reason this is not forthcoming the loan notes will be repaid in September 2009 and the accounts have been prepared on that basis as we have no wish to treat shareholders approval as a foregone conclusion. Sidebell Limited have, in view of the significant costs associated with a circular to shareholders seeking a waiver from a bid obligation should their stake go above 30%, undertaken not to exercise any such warrants if doing so would trigger a bid obligation.

I am also pleased to report that the resolutions passed at the AGM to cancel the deferred shares have been approved by the Scottish Court. The underlying objective of this action is to make it possible to pay dividends should our future progress so warrant.

red24

red24 is a global security service providing preventative and reactive advice to help individuals avoid and manage personal risks to themselves and their families.

We have adopted a modular approach in our business strategy, matching staff responsibilities to this, thereby enabling us to meet market demand, particularly in relation to the travel industry. Whilst our focus remains on the core business of security management, we are now able, through our partnerships with other travel service providers, to offer a much broader range of assistance products to

our customers. This allows us to include not only security related services but also more general assistance whilst travelling.

Although our two key distribution channels remain through HSBC and AIU Holdings, we have had a clear strategic aim over the year to broaden our customer base and are very pleased with the number of new customers taking services from us. New business is running ahead of budget and we continue to add new features to the products. This will continue to be the focus for the coming year where we are confident that the travel industry, international corporations and the financial sector all hold significant potential for us to expand. Whilst the revenues generated from each new customer may not individually be material, collectively they are starting to show a marked improvement in revenue streams.

HSBC provide red24 services as part of HSBC's Premier and Plus banking offerings. The enhanced HSBC Plus account, 'Club Class Banking', was widely advertised in a recent national campaign and the red24 product was mentioned by name throughout. We continue to provide a relocation service for the bank's Passport account to assist customers arriving in UK for the first time. More recently we have increased our services to HSBC Global Premier members providing all customers worldwide with an overview and risk evaluation for countries to which they may be travelling. Since the year end First Direct's First Directory account holders have also been added to the red24 service.

AIG Travel Assist, through the newly formed AIU Holdings Ltd, is responsible for the distribution of our products throughout the AIG group to the global travel market. Despite the turbulent year experienced by AIG, our product is valued by a number of AIG operating companies and we have enjoyed significant growth in revenue from them in the year, particularly in North America. Our distribution agreement with AIG Travel Assist has just over two years to run, but we believe that we will be able thereafter to continue to expand our business in the travel market through AIU Holdings.

The launch of our Travel Tracker™ service earlier this year, which enables a company to be advised of the location of an employee travelling overseas, thereby providing reassurance and, if necessary, assistance, has been well received. We have further enhanced this service by including the ability to offer a global tracking service via a satellite phone system.

Our consulting business continues to develop and we now support three underwriting organisations at Lloyds of London and in the North American market, all of which were new contracts in 2008. This improvement in our relationships in the insurance market has been greatly assisted by our decision to move into the City within the last year. New business has been developed with

a number of other entities providing security related services, including evacuation planning for those operating in medium to high risk countries.

Overall we have made good progress in expanding our customer base and further enhancing the product offering. This has led to a significant improvement across all the red24 companies.

Training

The Arc Training International Academy for Security Management is one of the UK's leading providers of security management training courses and one of the best-known international security management training companies in the world. The courses offer a range of qualification, education, training and certification routes for full-time security professionals and for managers for whom security is one of their key responsibilities. The 2009 programme has been published and there has been a good response to the discounts offered for early booking. In addition we have worked hard to develop an international side to the business running courses abroad where venue costs are much lower. Further we are working towards global partnerships with other training companies in order to increase training capacity in key regions of the world.

Although our training business has grown by some 16% from last year's record level of sales, this is largely due to the timing of a popular course which took place in March this year, but last year was held in May. Without this underlying growth was more like 5%. Furthermore profitability has suffered as the downturn puts pressure on margins. That said we have seen significant growth in the training business year on year and there is every possibility that this will continue.

Outlook

The Board are most encouraged by the very solid progress the business has been making and would hope that, despite the negligible impact the progress has had on the share price, shareholders are similarly impressed. Since the business is now cash positive the Board has no current need to access the market for capital and potential investors will need to buy shares in the market if they wish to be part of the company. This should have a positive impact on the share price and, hopefully, should lead the market to value the business more highly. In the meantime, the Board is considering what practical steps can be taken to draw the attention of potential investors to the company. A first step has been to appoint Seymour Pierce as Nomad and Broker to the company, which took effect last month.

Staff

It is with great regret that I have to announce the death of David Hill, who, frequently, was the public face of red24 on television. In addition to the wisdom and experience he brought to the group, he made a great contribution to public awareness of the red24 brand and will be sorely missed.

The staff have contributed significantly to the progress made by the group and have embraced the strategy of the Board, firstly to stabilise the business and then seek to grow it in a sustainable manner. The Board is most grateful to the staff for their hard work in achieving this and is confident that many of them will choose to continue to build their careers with the group,

Simon Richards
Chairman
10 June 2009

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**CONSOLIDATED INCOME STATEMENT AND CONSOLIDATED STATEMENT
OF RECOGNISED INCOME AND EXPENSE**
For the year ended 31 March 2009

	<i>Notes</i>	2009 £	2008 £
REVENUE		3,320,725	2,763,148
Cost of sales		(727,124)	(718,778)
GROSS PROFIT		<u>2,593,601</u>	<u>2,044,370</u>
Administrative expenses		(2,009,876)	(2,337,960)
OPERATING PROFIT/(LOSS)		<u>583,725</u>	<u>(293,590)</u>
Investment income		7,141	8,618
Finance costs		(54,129)	(58,269)
PROFIT/(LOSS) BEFORE TAX		<u>536,737</u>	<u>(343,241)</u>
Tax (charge)/credit		(121,088)	80,580
PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY		<u>415,649</u>	<u>(262,661)</u>

BASIC AND DILUTED PROFIT/(LOSS) PER SHARE (PENCE)	2	0.95p	(0.78p)
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The results above arose from continuing operations.

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

	Group 2009 £	Group 2008 £
Currency translation differences	(34,562)	60,838
Net income recognised directly in equity	(34,562)	60,838
Profit/(loss) for the year	415,649	(262,661)
Total recognised income for the year attributable to equity holders of the parent company	381,087	(201,823)

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Consolidated Balance Sheet
31 March 2009

	Group 2009 £	Group 2008 £
ASSETS		
NON-CURRENT ASSETS		
Intangible assets	278,925	262,561
Property, plant & equipment	61,095	67,291
Deferred tax assets	138,144	230,445
Trade and other receivables	10,780	-
	488,944	560,297
CURRENT ASSETS		

Trade and other receivables	415,037	604,346
Cash and cash equivalents	626,180	82,380
	<u>1,041,217</u>	<u>686,726</u>
TOTAL ASSETS	<u>1,530,161</u>	<u>1,247,023</u>
CAPITAL AND RESERVES		
Called up share capital	444,411	3,356,108
Share premium account	-	748,303
Other reserves	45,570	47,240
Translation reserve	62,118	96,680
Retained earnings	(23,321)	(4,109,670)
	<u>528,778</u>	<u>138,661</u>
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		
NON-CURRENT LIABILITIES		
Borrowings	28,121	45,229
	<u>28,121</u>	<u>45,229</u>
CURRENT LIABILITIES		
Trade and other payables	703,039	671,609
Borrowings	270,223	391,524
	<u>973,262</u>	<u>1,063,133</u>
TOTAL EQUITY AND LIABILITIES	<u>1,530,161</u>	<u>1,247,023</u>

red24 plc
Cash Flow Statements
For the year ended 31 March 2009

	<i>Notes</i>	Group 2009 £	Group 2008 £
Net cash inflow/(outflow) from operating activities	3	728,075	(461,393)
Investing activities		<u> </u>	<u> </u>

Interest received	7,141	8,618
Purchase of intangibles	(18,749)	(5,778)
Purchase of property, plant & equipment	(13,136)	(11,037)
Proceeds on disposal of property, plant & equipment	-	2,072
Net cash (outflow)/inflow from investing activities	(24,744)	(6,125)
Financing activities		
Interest paid	(61,629)	(58,269)
Repayment of finance lease obligations	(3,401)	(7,749)
Issue of ordinary share capital	22,100	499,750
Cost of share cancellation	(11,400)	-
Repayment of bank loans	(10,008)	(10,138)
Repayment of loan notes	(125,000)	-
Net cash (outflow)/inflow from financing activities	(189,338)	423,594
Net increase/(decrease) in cash and cash equivalents	513,993	(43,924)
Cash and cash equivalents at the beginning of the year	82,380	127,900
Effect of foreign exchange rates	29,807	(1,596)
Cash and cash equivalents at the end of the year	3 626,180	82,380

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NOTES TO THE FINANCIAL STATEMENTS

31 March 2009

1. Basis of preparation

From 1 April 2007, the group and company have adopted International Financial Reporting Standards ("IFRS") and the International Financial Report

Interpretations Committee ("IFRIC") interpretations as adopted by the European Union ("EU") in the preparation of its consolidated financial statements. The financial statements have been prepared under the historical cost basis.

2. Profit/(loss) per share	2009	2008
Attributable profit/(loss) (£)	415,649	(262,661)
Weighted average number of ordinary shares in issue	43,779,687	33,732,179
Basic profit/(loss) per share (pence)	0.95p	(0.78p)

The number of ordinary shares in issue reflects the sub-division of the share capital approved on 6 December 2007. Fully diluted profit/(loss) per share is the same as basic profit/(loss) per share.

3. Notes to the cash flow statement

(a) Net cash inflow/(outflow) from operating activities

	Group 2009 £	Group 2008 £
Operating activities		
Profit/(loss) before income taxation	536,737	(343,241)
Adjustments for:		
Investment income	(7,141)	(8,618)
Finance costs	54,129	58,269
Depreciation and amortisation	33,720	28,273
Provisions	-	-
Share based payments	(1,670)	(99,260)
Loss on disposal of property, plant & equipment	-	10
Loan note issue costs	-	1,300
Exchange gains and losses	(35,842)	60,838
Decrease/(increase) in receivables	178,529	(2,004)
(Decrease)/increase in payables	(30,387)	(156,960)
Net cash inflow/(outflow) from operating activities	728,075	(461,393)

Notes to the cash flow statement (continued)

(b) Analysis of changes in net cash/(debt)

	1 April 2008 £	Cash flows £	Other movements £	31 March 2009 £
Cash and cash equivalents	82,380	513,993	29,807	626,180
Debt due within one year	(385,008)	135,008	(10,008)	(260,008)
Debt due after more than one year	(30,778)	-	10,008	(20,770)
	<u>(333,406)</u>	<u>649,001</u>	<u>29,807</u>	<u>345,402</u>
Finance leases due within one year	(6,516)	7,175	(10,874)	(10,215)
Finance leases after more than one year	(14,451)	-	7,100	(7,351)
Net cash/(debt)	<u>(354,373)</u>	<u>656,176</u>	<u>26,033</u>	<u>327,836</u>

Included in other movements on cash and cash equivalents is a foreign exchange movement of £29,807 (2008: £1,596).

(c) Reconciliation of net cash flow movement to movement in net cash/(debt)

	2009 £	2008 £
Increase/(decrease) in cash	513,993	(43,924)
Decrease in finance leases	3,401	7,749
Decrease in bank loan	10,008	10,138
Decrease in loan notes	125,000	-
Translation difference	29,807	(1,596)
Increase/(decrease) in net cash	<u>682,209</u>	<u>(27,633)</u>
Opening net debt	<u>(354,373)</u>	<u>(326,740)</u>

Closing net cash/(debt)	327,836	(354,373)
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4. The report and accounts for the year ended 31 March 2009 will be sent to shareholders

on 15 June 2009 and will be available on the Company's website www.red24plc.com

5. Financial Information

The financial information contained in this document does not constitute statutory financial statements within the meaning of section 240 Companies Act 1985. The figures for the year ended 31 March 2009 have been extracted from the audited statutory financial statements. The financial statements for the year ended 31 March 2009 and the year ended 31 March 2008 received unqualified auditors' reports which did not contain a statement under section 237 (2) or (3) Companies Act 1985.

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