

[EXTRACT]

## Regulatory Announcement

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<b>Company</b>	<a href="#">Red24 PLC</a>
<b>TIDM</b>	REDT
<b>Headline</b>	Final Results
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Red24 PLC  
25 June 2008

### RED24 PLC

#### Preliminary Results for the year ended 31 March 2008

red24 plc ("red 24" or the "group"), 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 distributed through leading international financial service companies.

#### Highlights

- Management restructured
- Reduced loss after tax of £263k (2007: £275k) despite reporting £310k loss at the interim stage
- Significant cost reductions leading to near term profitability
- Increase in international revenues in particular Korea, China, Singapore and the US
- Recent new client wins including Aviva and Interglobal

#### Simon Richards, Chairman, commented:

"This year has seen significant change in the business with a focus on profitability and cash generation. A successful cost reduction programme has been implemented under the new stewardship of Maldwyn Worsley-Tonks which has reduced costs by over £60,000 per month.

"The group has two business segments that, since the year end, have both traded profitably in their own right and are now able to cover the head office costs, thereby bringing the group as a whole into profitability. As indicated above, our cost base is now stable, and new sources of revenue are coming through which make the group cash generative and, whilst risks remain, the

Board are confident that the developmental phase of the business, with a regular requirement for more capital to cover losses, is now over."

**Enquiries:**

**red24 plc**

Simon Richards, Chairman  
Maldwyn Worsley-Tonks, Director

Tel: 0203 291 2741

**Threadneedle Communications**

Graham Herring  
Josh Royston

Tel: 0207 936 9605

**HB Corporate**

Luke Cairns

Tel: 0207 510 8600

The group's report and accounts will be sent to shareholders and will be available on its website: [www.red24plc.com](http://www.red24plc.com) from 27<sup>th</sup> June 2008.

**Chairman's Statement**

**Financial Overview**

This is the first year in which we have adopted International Financial Reporting Standards, as adopted by the European Union.

At the beginning of the year your Board were expecting a significant expansion of revenues for the red24 product through its key distributors and permitted a substantial increase in our cost base to take place in anticipation of those revenues. By the beginning of August it had become clear that these revenues were not materialising in the time frame expected and the Board decided that change was essential. As a result Simon Wakeling resigned and no longer has any involvement with the company.

Maldwyn Worsley-Tonks has taken charge of the red24 business segment with the specific brief to ensure profitability on existing revenues. A thorough re-appraisal of the way the red24 business was run led to significant changes, including the closure of the Japanese office and the loss of 32 staff, both in London and Cape Town. This has reduced monthly overhead by over £60,000 and brought us back to breakeven.

Since the interim statement, good progress has been made in ensuring that we achieve a profit on existing revenues and this was largely achieved in the second half of the year. For the year as a whole the loss after tax was £262,661 compared to £274,965 suffered last year. However, when one recalls that a loss of £316,000 was reported at the interim stage, it can be seen both that progress has been made and that our efforts to reduce costs are having a real effect.

The re-appraisal also highlighted the need to strengthen the balance sheet in order to ensure that the erosion of our capital, caused by the losses, did not adversely affect the chances of winning business for our products. In the early part of the year we were able to extend the life of the loan notes to 31 March 2009 and to raise £200,000 of new equity. This was not sufficient to achieve the balance sheet strength the re-appraisal required and so a general meeting was held in December which approved a reduction in the par value of the shares and a subsequent share consolidation. Since then the shares have traded well above their adjusted par value and we have raised an additional £299,750 of equity capital.

## **red24**

red24 is a global security service providing preventative and reactive advice to assist both businesses and individual consumers and their families manage security related risks.

For consumers our route to market is through key distributors, the most important of which are HSBC Bank and AIG International Services. In the UK the red24 product continues to form part of the HSBC Premier and Plus banking offering, which is enjoyed by over one million people. This is now the third year of inclusion and consumer feedback is very positive. During the year additional enhancements were added to the service. One example is the Passport account, launched by HSBC in May 2007. This provides a bank account and relocation service in the UK for all new-to-country arrivals and red24 provides advice to those customers. Internationally revenues have increased in recent months to reach a similar level to last year. The temporary dip was caused by a lack of progress in Japan which led to the closure of the office there but we are now enjoying good income levels from Korea and China whilst Singapore has started to generate revenue on a monthly basis. Significantly we have made progress in the United States and from April 2008 red24 has gone live in a book of business that will add some 10% to red24 sales in 2008.

We continue to invest in product development and are pleased to report that our "travel tracker" product has been available from May 2008. This product enables a company to be advised of the location of an employee travelling overseas thereby providing reassurance and, if necessary, assistance. Although other products exist we believe our offering is at the forefront because we proactively monitor clients' travelling personnel from our CRM, with the technology linking directly to our core security services.

New business had also been won from a number of new clients in the last three months, including Aviva and Interglobal. In the second half of the year we have refined and developed our consulting business to ensure that current and potential clients are aware of our capabilities and as a result consulting revenues have grown and there are prospects for further growth. Our consulting services are well regarded in a number of areas, including product contamination where we are retained by insurance companies on a pro-active and reactive basis to deal with incidents. For many years we have been retained by QBE in this market but they announced their withdrawal from underwriting this business at the end of last year. This enabled us to offer our services to Sagicor at Lloyds Limited and, from January 2008 we have been contracted by them to provide services to their crisis management business, as a result of which we anticipate that revenues from them will be not less than those enjoyed from QBE in the past.

As a result of the re-appraisal of our activities, the red24 business is now far better positioned to expand its client base. The introduction of new products and the decision to develop business into a considerably broader market should grow the range of clients significantly.

## **Training**

Our training business is the recognised leader in the provision of training for security managers and is at the forefront in driving forward qualifications and standards in the security business sector. A published programme of external courses, open to all, is run in the UK between March and November, which does give rise to some seasonality in the sales pattern. Throughout the year we run in-house courses for clients at their premises, both in the UK and overseas.

Overall the Training segment has produced an increase in revenues of 41% and a leap in operating profits of 225%. The additional cash generated has made a significant contribution to overall working capital. In 2008 additional courses aimed at security issues in the retail sector are planned. Venues continue to be the largest single cost to the training business and the Board is considering alternatives, as these costs have to be recovered in the price of the training course and have reached a level where some delegates are deterred from coming.

## Outlook

The group has two business segments that, since the year end, have both traded profitably in their own right and are now able to cover the head office costs, thereby bringing the group as a whole into profitability. As indicated above, our cost base is now stable, and new sources of revenue are coming through which make the group cash generative and, whilst risks remain, the Board are confident that the developmental phase of the business, with a regular requirement for more capital to cover losses, is now over.

## Staff

Any re-appraisal of a business makes for a difficult time for staff, particularly for those based at our Cape Town office where the need for re-appraisal was less obvious. The Board have worked hard to get the new message across to staff and to ensure that they understand that the changes were necessary to provide a stable platform on which staff can now look to build a career. The Board is grateful for the support and understanding of all their colleagues in this difficult year and believe that the benefits of the changes are becoming apparent to all.

**Simon Richards**

**Chairman**

24 June 2008

red24 plc

## CONSOLIDATED INCOME STATEMENT AND CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

For the year ended 31 March 2008

<b>CONSOLIDATED INCOME STATEMENT</b>		2008	2007
	<i>Notes</i>	£	£
<i>REVENUE</i>	3	2,763,148	2,853,234
Cost of sales		(718,778)	(869,522)
		<hr/>	<hr/>
<i>GROSS PROFIT</i>		2,044,370	1,983,712
Administrative expenses		(2,337,960)	(2,246,191)
		<hr/>	<hr/>
<i>OPERATING LOSS</i>		(293,590)	(262,479)
Investment income		8,618	4,822
Finance costs		(58,269)	(58,329)
		<hr/>	<hr/>
LOSS BEFORE TAX	3	(343,241)	(315,986)
Tax credit	4	80,580	41,021
		<hr/>	<hr/>
LOSS FOR THE YEAR ATTRIBUTABLE TO EQUITY		(262,661)	(274,965)

HOLDERS OF THE PARENT COMPANY

BASIC AND DILUTED LOSS PER SHARE (PENCE)	5	<u>(0.78p)</u>	<u>(0.91p)</u>
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The results above arose from continuing operations.

**CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE**

	2008 £	2007 £
Currency translation differences	-	(5,332)
Net income recognised directly in equity	-	(5,332)
Loss for the year	<u>(262,661)</u>	<u>(274,965)</u>
Total recognised income for the year attributable to equity holders of the parent company	<u>(262,661)</u>	<u>(280,297)</u>

red24 plc  
Consolidated Balance Sheet  
31 March 2008

	2008 £	2007 £
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Intangible assets	262,561	258,309
Property, plant & equipment	67,291	95,961
Deferred tax assets	230,445	172,499
	<u>560,297</u>	<u>526,769</u>
<b>CURRENT ASSETS</b>		
Trade and other receivables	604,346	602,342
Cash and cash equivalents	82,380	127,900
	<u>686,726</u>	<u>730,242</u>
<b>TOTAL ASSETS</b>	<u>1,247,023</u>	<u>1,257,011</u>
<b>CAPITAL AND RESERVES</b>		
Called up share capital	3,356,108	3,047,108

Share premium account	748,303	557,553
Other reserves	47,240	146,500
Translation reserve	96,680	35,842
Retained earnings	(4,109,670)	(3,847,009)
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>	<b>138,661</b>	<b>(60,006)</b>
<b>NON-CURRENT LIABILITIES</b>		
Borrowings	45,229	64,446
<b>CURRENT LIABILITIES</b>		
Trade and other payables	671,609	862,377
Borrowings	391,524	390,194
	<b>1,063,133</b>	<b>1,252,571</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,247,023</b>	<b>1,257,011</b>

red24 plc  
Consolidated Cash Flow Statement  
For the year ended 31 March 2008

	<i>Notes</i>	2008	2007
	<i>6a</i>	£	£
<b>Net cash outflow from operating activities</b>		(461,393)	(186,010)
<b>Investing activities</b>			
Interest received		8,618	4,822
Purchase of intangibles		(5,778)	(1,476)
Purchase of property, plant & equipment		(11,037)	(44,700)
Proceeds on disposal of property, plant & equipment		2,072	985
<b>Net cash outflow from investing activities</b>		<b>(6,125)</b>	<b>(40,369)</b>
<b>Financing activities</b>			
Interest paid		(58,269)	(16,362)
Repayment of finance lease obligations		(7,749)	(24,063)
Issue of ordinary share capital		499,750	15,000
Repayment of bank loans		(10,138)	(9,878)
Issue of loan notes and share warrants		-	100,000
<b>Net cash inflow from financing activities</b>		<b>423,594</b>	<b>64,697</b>

<b>Net decrease in cash and cash equivalents</b>	<i>6b</i>	(43,924)	(161,682)
Cash and cash equivalents at the beginning of the year		127,900	307,366
Effect of foreign exchange rates		(1,596)	(17,784)
Cash and cash equivalents at the end of the year		82,380	127,900

Notes:

- The financial information contained in this statement does not constitute statutory accounts of the group within the meaning of section 240 Companies Act 1985. The figures for the years ended 31 March 2007 and 2008 have been extracted from the audited statutory accounts. The statutory accounts for the year ended 31 March 2008 will be delivered to the Registrar of Companies in due course. The accounts for both years ended 31 March 2007 and 2008 received an unqualified auditor's report, save for matters of emphasis relating to going concern, and did not contain statements under the Companies Act 1985, s 237(2) or (3).
- From 1 April 2007, the group has 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. Prior to 1 April 2007, the group prepared its audited financial statements under UK GAAP. Accordingly, the financial information for the previous year has been re-presented to present the comparative information in accordance with IFRS based on the transition date of 1 April 2006. The financial statements have been prepared under the historical cost basis. Information on the impact on accounting policies and the financial results resulting from the transition from United Kingdom Generally Accepted Accounting Practice ("UK GAAP") to IFRS is given in note 7 to this report.

### 3. Revenue and segment analysis

For management purposes the group is currently organised into two divisions - red24 and Training. These divisions are the basis on which the group reports its management information and thus is considered its primary segment information.

Primary Business segment	2008			2007		
	red 24 £	Training £	Consolidated £	red 24 £	Training £	Consolidated £
Revenue	1,978,486	784,662	2,763,148	2,298,599	554,635	2,853,234
Segment result	(100,847)	108,878	8,031	365	33,466	33,831
Unallocated head office costs			(301,621)			(296,310)
Operating loss			(293,590)			(262,479)
Investment income			8,618			4,822
Finance expense			(58,269)			(58,329)

Loss before income taxation	(343,241)	(315,986)
Income tax	80,580	41,021
Loss for the year	<u>(262,661)</u>	<u>(274,965)</u>

#### 4. Taxation

##### (a) Analysis of income tax credit for the year

	2008 £	2007 £
Current tax	-	-
Deferred tax:		
United Kingdom	19,200	-
South Africa	61,380	41,021
	<u>80,580</u>	<u>41,021</u>

##### (b) Factors affecting the income tax credit for the year

	2008 £	2007 £
The charge for the year can be reconciled to the loss per the income statement as follows:		
Loss on ordinary activities before taxation	(343,241)	(315,986)
	<u>          </u>	<u>          </u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2007: 30%)	(102,972)	(94,796)
Effects of:		
Expenses not deductible for tax purposes	15,965	24,539
Temporary differences	1,582	2,066
Difference between interest paid and payable	-	4,092
Difference between UK and overseas tax rates	2,339	326
Tax losses not utilised in the year	114,794	72,418
Utilisation of tax losses brought forward	(31,708)	(8,645)
Effect on deferred tax asset of reduction in UK corporation tax rate from 30% to 28% on 1 April 2008	3,620	-
Initial recognition of tax losses	(84,200)	(41,021)
Income tax credit	<u>(80,580)</u>	<u>(41,021)</u>

5. Loss per share	2008	2007
Attributable loss (£)	(262,661)	(274,965)
Weighted average number of ordinary shares in issue	33,732,179	30,371,632
Basic loss per share (pence)	(0.78p)	(0.91p)

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

## 6. Notes to the cash flow statement

### a. Net cash outflow from operating activities

	2008 £	2007 £
<b>Operating activities</b>		
Loss before income taxation	(343,241)	(315,986)
Adjustments for:		
Investment income	(8,618)	(4,822)
Finance costs	58,269	58,329
Depreciation and amortisation	28,273	26,819
Share based payments	(99,260)	28,770
Loss on disposal of property, plant & equipment	10	199
Loan note issue costs	1,300	2,600
Exchange gains and losses	60,838	30,510
Increase in receivables	(2,004)	(266,124)
(Decrease)/increase in payables	(156,960)	253,695
<b>Net cash outflow from operating activities</b>	<b>(461,393)</b>	<b>(186,010)</b>

### (b) Analysis of changes in net debt

	1 April 2007 £	Cash flows £	Other movements £	31 March 2008 £
Cash and cash equivalents	127,900	(43,924)	(1,596)	82,380
Debt due within one year	(383,838)	10,138	(11,308)	(385,008)
Debt due after more than one year	(40,786)	-	10,008	(30,778)
	(296,724)	(33,786)	(2,896)	(333,406)
Finance leases due within one year	(6,356)	7,749	(7,909)	(6,516)

Finance leases after more than one year	(23,660)	-	9,209	(14,451)
Net debt	<u>(326,740)</u>	<u>(26,037)</u>	<u>(1,596)</u>	<u>(354,373)</u>

Included in other movements on cash and cash equivalents is a foreign exchange movement of £1,596 (2007: £17,784).

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

	2008 £	2007 £
Decrease in cash	(43,924)	(161,682)
Decrease in finance leases	7,749	17,065
Decrease in bank loan	10,138	9,878
Increase in loan notes	-	(102,300)
Translation difference	(1,596)	(17,784)
<b>Increase in net debt</b>	<u>(27,633)</u>	<u>(254,823)</u>
<b>Opening net debt</b>	(326,740)	(71,917)
<b>Closing net debt</b>	<u>(354,373)</u>	<u>(326,740)</u>

**7. Transition to IFRS**

As required by IFRS 1, the impact of the transition from UK GAAP to IFRS is explained below. The accounting policies adopted have been applied consistently to the current and previous year and in preparing an opening IFRS balance sheet at 1 April 2006 for the purposes of transition to IFRS.

IAS 1 - Presentation of Financial Statements. The form and presentation of the UK GAAP financial statements has been changed to be in compliance with IAS 1.

IAS 7 - Cash flow statements. The IFRS Cash Flow Statement, prepared under IAS 7, presents cash flows in three categories: cash flow from operating activities; cash flow from investing activities and cash flow from financing activities. Other than the reclassification of cash flows into the new disclosure categories, there are no significant differences between the Group's cash flow statements under UK GAAP and IFRS. Consequently, no cash flow reconciliations are provided.

**Year ended 31 March 2007**

<b>Income statement</b>	<b>Under UK GAAP</b> £	<b>IFRS adjustment</b> £	<b>Under IFRS</b> £
REVENUE	2,786,393	66,841	2,853,234
Cost of sales	<u>(864,340)</u>	<u>(5,182)</u>	<u>(869,522)</u>
GROSS PROFIT	1,922,053	61,659	1,983,712

Administration expense	(2,221,350)	(24,841)	(2,246,191)
	<hr/>	<hr/>	<hr/>
OPERATING LOSS	(299,297)	36,818	(262,479)
Net finance expense	(53,507)	-	(53,507)
	<hr/>	<hr/>	<hr/>
LOSS BEFORE TAX	(352,804)	36,818	(315,986)
Income tax credit	41,021	-	41,021
	<hr/>	<hr/>	<hr/>
LOSS FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	(311,783)	36,818	(274,965)
	<hr/>	<hr/>	<hr/>
Loss per share			
Basic and diluted	(0.10p)	0.01p	(0.09p)
	<hr/>	<hr/>	<hr/>

#### Currency translation and translation reserve

The income statement has been adjusted to reflect the results of the overseas subsidiary using the average exchange rate ruling during the period rather than that at the end of the period. In the balance sheet the translation reserve arising from the translation of the Groups' net investment in the overseas subsidiary has been shown as a separate translation reserve under IFRS rather than taken to profit and loss account as it was previously. The recognition of this reserve has had the effect of increasing the loss incurred in the year to 31 March 2007 by £35,842.

#### Intangible assets

Under IFRS no amortisation of goodwill is permitted, instead the value of goodwill is subject to an annual impairment review. Accordingly, the value of goodwill has been restated to its carrying value at the transition date and the directors have considered the question of impairment and have concluded that no charge for impairment is necessary. The restating of goodwill to its carrying value has meant a reduction in the loss for the year to 31 March 2007 of £72,660.

Computer software, with a net book value of £2,289 (2006: £2,271) has been reclassified from property, plant and equipment to intangible assets.

#### Company balance sheet

There are no adjustments to the company's own profit or loss or equity at transition and accordingly no reconciliation is necessary.

Year ended 31 March 2007 Consolidated balance sheet	Under UK GAAP £	IFRS adjustment £	Under IFRS £
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	183,360	74,949	258,309
Property, plant and equipment	98,250	(2,289)	95,961
Deferred tax assets	172,499	-	172,499

	454,109	72,660	526,769
<b>CURRENT ASSETS</b>			
Trade and other receivables	602,342	-	602,342
Cash and cash equivalents	127,900	-	127,900
	<u>730,242</u>	<u>-</u>	<u>730,242</u>
<b>TOTAL ASSETS</b>	<u>1,184,351</u>	<u>72,660</u>	<u>1,257,011</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	3,047,108	-	3,047,108
Share premium account	557,553	-	557,553
Other reserves	146,500	-	146,500
Translation reserve	-	35,842	35,842
Retained earnings	(3,883,827)	36,818	(3,847,009)
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>	<u>(132,666)</u>	<u>72,660</u>	<u>(60,006)</u>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	64,446	-	64,446
<b>CURRENT LIABILITIES</b>			
Trade and other payables	862,377	-	862,377
Borrowings	390,194	-	390,194
	<u>1,252,571</u>	<u>-</u>	<u>1,252,571</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>1,184,351</u>	<u>72,660</u>	<u>1,257,011</u>

**Consolidated balance sheet at  
transition 1 April 2006**

	Under <b>UK GAAP</b> £	<b>IFRS</b> adjustment £	Under <b>IFRS</b> £
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Intangible assets	256,020	2,271	258,291
Property, plant and equipment	102,918	(2,271)	100,647
Deferred tax assets	156,973	-	156,973
	<u>515,911</u>	<u>-</u>	<u>515,911</u>
<b>CURRENT ASSETS</b>			
Trade and other receivables	357,798	-	357,798
Cash and cash equivalents	307,366	-	307,366
	<u>665,164</u>	<u>-</u>	<u>665,164</u>
<b>TOTAL ASSETS</b>	<u>1,181,075</u>	<u>-</u>	<u>1,181,075</u>

CAPITAL AND RESERVES			
Called up share capital	3,032,108	-	3,032,108
Share premium account	557,553	-	557,553
Other reserves	115,130	-	115,130
Translation reserve	-	-	-
Retained earnings	(3,566,712)	-	(3,566,712)
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	138,079	-	138,079
NON-CURRENT LIABILITIES			
Borrowings	91,059	-	91,059
CURRENT LIABILITIES			
Trade and other payables	663,713	-	663,713
Borrowings	288,224	-	288,224
	951,937	-	951,937
TOTAL EQUITY AND LIABILITIES	1,181,075	-	1,181,075

8. Copies of the report and accounts for the year to 31 March 2008 will be available in due course from the Company's office at The Coach House, Bill Hill Park, Wokingham, Berkshire RG40 5QT.

This information is provided by RNS  
The company news service from the London Stock Exchange