

**Client:** red24 plc  
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Consultant in demand as global security threats rise

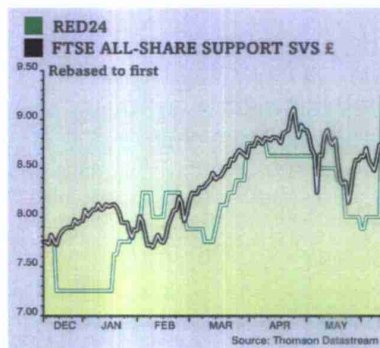
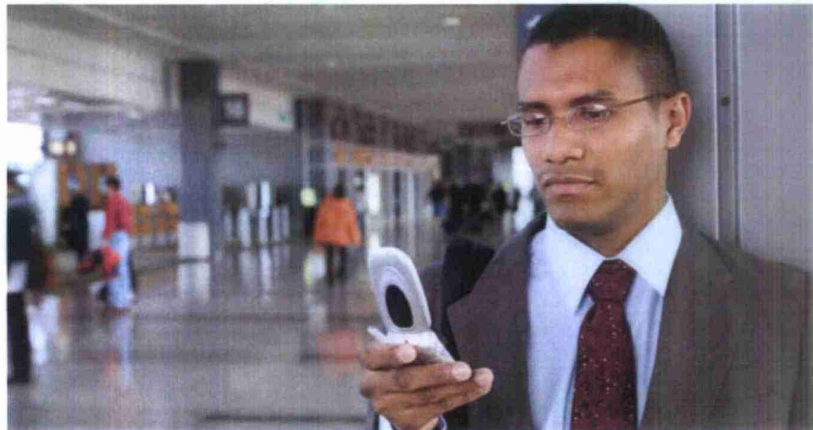
## Security growth driver as Red24 increases profits

Dan Coatsworth

**B**uy shares in security consultant **Red24 (REDT:AIM)** as higher earnings will help to fund business growth, including acquisitions. The company saw pre-tax profit rise 17% to £628,294 in the year to 31 March as it renewed contracts with its two biggest customers and expanded services to insurance providers. Growing security threats around the world are creating business opportunities for Red24, which should result in further profit growth and sustain momentum in the share price, up 28% to 9.25p so far this year.


Rising costs due to unfavourable foreign exchange rates are being more than offset by revenue gains. Red24 is based in the UK but runs a crisis risk management centre in South Africa and is exposed to movements in sterling, the dollar and South African rand.

The company provides security information on a country-by-country basis to corporates and consumers, the latter offered as part of third-party premium bank accounts and insurance policies. The renewal in February of a three-year deal with **HSBC (HSBA)** bank and last September for a five-year contract with Chartis Insurance removes a significant



revenue risk, as Red24 is heavily dependent on their business, being its biggest clients.

Red24 was recently appointed by three US underwriters to provide risk information. As a result of this, and rising sales to the US, it has set up a North American subsidiary operation. The company paid its maiden dividend in January of 0.15p per share and says further dividend payments will be made at the half-year stage.

**Shares says:** A good way to tap into the growing security market.  **Buy**