RED24 PLC

HALF YEARLY REPORT FOR THE SIX MONTHS TO 30 SEPTEMBER 2007

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

- Revenue increased by 12% to £1.43 million (H1 2006: £1.34 million).
- Operating loss increased to £306k from £185k.
- Cost cutting measures effected. Departure of 32 staff resulting in ongoing cost savings of £60k per month.
- First noteworthy breakthrough for red24 in Far East market.
- Significant growth in sales in Training division.
- Share consolidation proposed.

Simon Richards, Chairman, commented:

"The significant increase in revenue achieved by the training division has not been matched by growth in red24 sales where a significant, and unacceptable, increase to the Group's cost base has developed. This was directly responsible for the disappointing increase in the operating loss for the first half. Mal Worsley-Tonks has replaced Simon Wakeling as Chief Executive and implemented a cost cutting exercise to establish profitability across the Group.

Awareness of the red24 brand continues to grow and the new revenue streams for red24 coming through in the Far East, coupled with the cost reduction measures we have implemented, means that the achievement of profitability on a month by month basis is realistic."

Enquiries:

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CHAIRMAN'S STATEMENT

Introduction

At the beginning of the year we were expecting to develop significantly our revenues for the red 24 product through our key distributors and to this end we added substantial costs to our sales and support functions. These expectations have failed to materialise and your Board therefore decided that a change in emphasis was essential. As a result, Simon Wakeling, the Chief Executive, resigned in August and has taken up an opportunity to sell red24 in the Americas. Mal Worsley-Tonks has taken up the Chief Executive role and has been specifically tasked with ensuring that profit is achieved on existing revenues rather than placing all the emphasis on top line growth. Once profitability is achieved, further revenues can, largely, be serviced at little additional cost leading to improvements in both margins and bottom line performance.

Financial Overview

For the current year we are required to adopt International Accounting Standards and so there are some presentational changes to the report. Shareholders may find the additional segmental reporting most useful, but there are also significant changes in the treatment of goodwill, foreign currency translation and tax, amongst others, and the material changes are explained in the notes to the half yearly report.

Overall revenue has increased by 12% to £1,425,000 from £1,343,000 but the operating loss has increased significantly to £306,000 from £185,000. This is clearly untenable and, as indicated in the introduction, was brought about by a build up in costs in pursuit of revenues that have yet to materialise. The change of direction in August led to a reappraisal of all our operations and significant changes have been made, including the loss of 32 staff, resulting in a one-off cost of £70,000 but reducing the monthly overhead by £60,000. The achievement of profitability on a month by month basis is now realistic, and any additional revenues will help to retrieve past losses.

During the period we were able to secure agreement to extend the life of the loan notes to 31st March 2009, which has helped the balance sheet, as has the raising of an additional £200,000 of new equity. Nonetheless, in light of the disappointing progress in this half year, the Board has also concluded that further significant progress requires greater financial strength. This could be provided by forming a partnership arrangement or by raising additional capital or some combination of the two. To raise further capital the existing par value of the shares in relation to the current share price, is likely to be an obstacle. Therefore you will find with this half yearly report a notice of an extraordinary general meeting of shareholders proposing a reduction in the par value of the shares to be followed by a share consolidation.

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 two key distribution channels, one through HSBC and the other through AIG International Services.

Awareness of red24 continues to grow significantly and our personnel appear regularly on Sky News, Fox and the BBC to comment on security related topics. The demand for our services, as shown from our distribution partners across four continents, underlies the fact that our focus on personal security assistance is a message that resonates across cultures, languages and borders. Our experience of working in challenging cultural environments around the world in the past three years has given us a better understanding of how quickly our services can reach the market in various regulatory environments.

In the UK we continue to provide red24 services as part of HSBC’s Premier and Plus banking offerings. New features have been added to the product during the year to assist new arrivals to the UK and to assist with public concerns on the threats posed by flooding. We are looking to add further enhancements to the service in coming months which is something facilitated by our modular approach.

Overseas revenue development has been much slower than we had hoped but we are pleased to say that in the last few weeks in Korea we have added over 90,000 new members. This is the first noteworthy gain in the Far East and we hope will be emulated in China, Japan and Singapore where agreements are also in place but await implementation.

Training

Our training business is the recognised leader in security management training and is at the forefront in driving forward qualifications and standards in the security business sector. Clients include all of the five largest UK multinational companies and seven out of the top ten corporations in the world (Fortune 500).

The additional trainer, recruited last year, has enabled us to increase the number of courses we can offer, particularly to meet demand for the Security Management courses that are accredited by Middlesex University. This has led to a 32% increase in revenues and a 62% improvement in operating profits. All of our courses are accredited by Skills for Security, the UK skills and standards body for the security business sector.

Whilst the business is seasonally weighted towards the first half, Training represented 32% of Group sales in that period, and has proved a valuable contributor to the Group. The most significant cost to Training is the venue and the Board is considering whether a suitable venue could be brought in house in the future and the facility used by training providers from other sectors.

Outlook

Although we have had to take a step back in order to move forward, the Board is confident that the steps taken are the right ones and are focused on the establishment of profitability and a sound balance sheet. The Board continues to consider various options to achieve the necessary solid financial base for what we believe are outstanding services in the security field for both individual and organisations, which is essential if we are to win new customers, particularly for the red24 service.

Simon Richards
Chairman

12 November 2007

UNAUDITED CONSOLIDATED INCOME STATEMENT

	6 months ended **30 September 2007** £'000	6 months ended **30 September 2006** £'000	12 months ended **31 March 2007** £'000
REVENUE	1,425	1,343	2,853
Cost of sales	(383)	(426)	(870)
GROSS PROFIT	1,042	917	1,983
Administration expense	(1,348)	(1,102)	(2,218)
OPERATING LOSS	(306)	(185)	(235)
Net finance expense	(22)	(23)	(54)
LOSS BEFORE TAXATION	(326)	(208)	(289)
Income tax expense	12	37	41
LOSS FOR THE PERIOD	(316)	(171)	(248)
Loss per share			
Basic	(0.10p)	(0.06p)	(0.08p)
Fully diluted	(0.10p)	(0.06p)	(0.08p)

UNAUDITED CONSOLIDATED BALANCE SHEET

	30 September 2007 £'000	30 September 2006 £'000	31 March 2007 £'000
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	258	258	258
Property, plant and equipment	100	87	96
Deferred tax asset	188	167	173
	546	512	527
CURRENT ASSETS			
Trade and other receivables	560	536	602
Cash and cash equivalents	222	337	128
	782	873	730
TOTAL ASSETS	1,328	1,385	1,257
CAPITAL AND RESERVES			
Called up share capital	3,247	3,032	3,047
Share premium account	558	558	558
Fair value reserve	147	133	147
Retained earnings	(4,120)	(3,737)	(3,814)
Translation reserve	(7)	10	3
EQUITY SHAREHOLDER FUNDS	(179)	(4)	(59)
CURRENT LIABILITIES			
Trade and other payables	608	401	299
Accruals and deferred income	469	541	588
Loan notes	-	373	374
	1,077	1,315	1,252
NON-CURRENT LIABILITIES			
Bank loan	36	46	41
Obligations under finance leases	15	28	23
Loan notes	375	-	-
	426	74	64
SHAREHOLDER’S EQUITY AND LIABILITIES	1,328	1,385	1,257

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	£'000					
	Share capital	Share premium	Fair Value Reserve	Retained earnings	Translation reserve	Total
Balance at 1 April 2007	3,047	558	147	(3,814)	3	(59)
Loss for the period	-	-	-	(316)	-	(316)
Exchange translation differences on foreign operations	-	-	-	-	(10)	(10)
Total recognized income and expense	-	-	-	(316)	(2)	(326)
Proceeds of issue of shares and warrants	200	-	-	-	-	200
Balance at 30 September 2007	3,247	558	147	(4,120)	(7)	(175)

	£'000					
	Share capital	Share premium	Fair Value Reserve	Retained earnings	Translation reserve	Total
Balance at 1 April 2006	3,032	558	115	(3,566)	-	139
Loss for the period	-	-	-	(171)	-	(171)
Exchange translation differences on foreign operations	-	-	-	-	10	10
Total recognized income and expense	-	-	-	(171)	10	(161)
Proceeds of issue of shares and warrants	-	-	3	-	-	3
Share based payments	-	-	15	-	-	15
Balance at 30 September 2006	3,032	558	133	(3,737)	10	(4)

	£'000					
	Share capital	Share premium	Fair Value Reserve	Retained earnings	Translation reserve	Total
Balance at 1 April 2006	3,032	558	115	(3,566)	-	139
Loss for the period	-	-	-	(248)	-	(248)
Exchange translation differences on foreign operations	-	-	-	-	3	3
Total recognized income and expense	-	-	-	(248)	3	(245)
Proceeds of issue of shares and warrants	15	-	3	-	-	18
Share based payments	-	-	29	-	-	29
Balance at 31 March 2007	3,047	558	147	(3,814)	3	(59)

UNAUDITED CONSOLIDATED CASH FLOW

	6 months ended **30 September 2007** £'000	6 months ended **30 September 2006** £'000	12 months ended **31 March 2007** £'000
Operating activities			
Operating loss	(306)	(185)	(235)
Depreciation charges	10	19	27
Fair value charges on options	-	15	29
Loan note issue costs	-		3
Decrease/(Increase) in debtors	42	(178)	(266)
Increase in creditors	198	301	256
Net cash outflow from operating activities	(56)	(28)	(186)
Investing activities			
Interest received	3	2	5
Purchase of property, plant & equipment	(15)	(6)	(46)
Proceeds on disposal of property, plant & equipment	-	-	1
Net cash outflow from investing activities	(12)	(4)	(40)
Financing activities			
Interest paid	(25)	(22)	(24)
Capital element of finance leases	(8)	(10)	(17)
Issue of ordinary share capital	200	-	15
Repayment of bank loans	(5)	(6)	(10)
Other loans	-	100	100
Net cash inflow from financing activities	162	62	64
Net change in cash and cash equivalents	94	30	(162)
Cash and cash equivalents at beginning of period/year	128	307	307
Effect of foreign exchange rate changes	-	-	(17)
Cash and cash equivalents at end of period/year	222	337	128

Notes to the unaudited financial information:

1. Accounting policies

Basis of preparation

This report was approved by the directors on 12 November 2007.

From 1 April 2007, the Group has adopted International Financial Reporting Standards ("IFRS") and the International Financial Report Interpretations Committee ("IFRIC") interpretations in the preparation of its consolidated financial statements. 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 conversion from United Kingdom Generally Accepted Accounting Practice ("UK GAAP") to IFRS is given later in this report.

Prior to 31 March 2007, the Group prepared its audited financial statements and unaudited interim financial information under UK GAAP. From 1 April 2007, the Group is required to prepare annual consolidated financial statements in accordance with IFRS as adopted by the European Union ("EU"). As the 31 March 2008 financial statements will include comparatives for the previous year, the Group's transition date to IFRS is 1 April 2006 with the comparatives restated to IFRS. Accordingly the financial information for the six months to 30 September 2006 has been restated to present the comparative information in accordance with IFRS based on the transition date of 1 April 2006.

The accounting policies applied in this unaudited interim financial information are those that the Group expects to apply in the annual financial statements for the year ended 31 March 2008, which will be prepared in accordance with IFRS, and those parts of the Companies Act 1985 that remain applicable to companies reporting under IFRS.

The financial information for the six months ended 30 September 2007 is unaudited and does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. Statutory accounts for the year ended 31 March 2007, which were prepared under UK GAAP have been filed with the Registrar of Companies and contain a report from the auditors that is unqualified save as to matters of emphasis. The results for the year ended 31 March 2007 disclosed in this report are an abridged version of the company's audited financial statements adjusted for the transition to IFRS. It does not constitute the Financial Statements for that period. Copies of the statutory accounts may be obtained from the Company or Hoodless Brennan.

Principal accounting policies of the Group

This financial information has been prepared on the basis of the recognition and measurement requirements of IFRSs in issue that either are endorsed by the EU and effective (or available for early adoption) at 30 September 2007 or are expected to be effective (or available for early adoption) at 31 March 2008, the Group's first annual reporting under IFRS. Based on these adopted and unadopted IFRS, the directors have made assumptions about the accounting policies expected to be applied when the first annual IFRS financial statements are prepared for the year ending 31 March 2008.

The adopted IFRS that will be effective (or available for early adoption) in the annual financial statements for the year ending 31 March 2008 are still subject to change and to additional interpretations and therefore cannot be determined with certainty. Accordingly, the accounting policies for the annual period will be determined finally only when the annual financial statements are prepared for the year ending 31 March 2008.

Notes to the unaudited financial information:

Transitional arrangements

The Group has taken the following optional exemptions contained in IFRS 1 “First-time Adoption of IFRS” in preparing the Group’s balance sheet on transition to IFRS at 1 April 2006:

- cumulative translation differences - the cumulative translation difference for the foreign subsidiary has been set at zero at 1 April 2006 and exchange differences arising prior to this date will not be recycled to the income statement;
- business combinations – the Group has elected not to apply IFRS 3 “Business Combinations” to those business combinations that occurred prior to the date of transition to IFRS.

A UK GAAP to IFRS reconciliation for the comparative periods is included in this interim statement in note 4.

2. Loss per share

The loss per share for the six months ended 30 September 2007 has been calculated based on the loss on ordinary activities after taxation divided by the weighted average number of shares in issue during the period.

3. Segmental Information

For management purposes the group is currently organized in to two divisions – red24 and Training. These divisions are the basis on which the group reports its primary segment information.

Business type	6 months ended **30 September 2007** £'000 (unaudited)	6 months ended **30 September 2006** £'000 (restated)	12 months ended **31 March 2007** £'000 (restated)
Revenue			
Red24	974	1,001	2,298
Training	451	342	555
	1,425	1,343	2,853
Operating profit/(loss)			
Red24	(395)	(240)	(262)
Training	89	55	27
	(306)	(185)	(235)
Net assets/(deficit)			
Red24	(360)	(158)	(192)
Training	185	154	133
	(175)	(4)	(59)

Notes to the unaudited financial information:

4. Explanation of 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 all periods presented in this interim financial information 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.

Six months ended 30 September 2006 Income statement	under **UK GAAP** £'000	**IFRS adjustment** £'000	under **IFRS** £'000
REVENUE	1,270	73	1,343
Cost of sales	(412)	(14)	(426)
GROSS PROFIT	858	59	917
Administration expense	(1,070)	(32)	(1,102)
OPERATING LOSS	(212)	27	(185)
Net finance expense	(23)	-	(23)
LOSS BEFORE TAXATION	(235)	27	(208)
Income tax expense	37	-	37
LOSS FOR THE PERIOD	(198)	27	(171)
Loss per share			
Basic	(0.06p)	0.01p	(0.05p)
Fully diluted	(0.06p)	0.01p	(0.05p)

Six months ended 30 September 2006 Balance sheet	Under **UK GAAP** £'000	**IFRS adjustment** £'000	Under **IFRS** £'000
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	220	38	258
Property, plant and equipment	90	(3)	87
Deferred tax asset	167	-	167
	477	35	512
CURRENT ASSETS			
Trade and other receivables	536	-	536
Cash and cash equivalents	337	-	337
	873	-	873
TOTAL ASSETS	1,350	35	1,385
CAPITAL AND RESERVES			
Called up share capital	3,032	-	3,032
Share premium account	558	-	558
Fair value reserve	133	-	133
Retained earnings	(3,762)	25	(3,737)
Translation reserve	-	10	10
EQUITY SHAREHOLDER FUNDS	(39)	35	(4)
CURRENT LIABILITIES			
Trade and other payables	401	-	401
Accruals and deferred income	541	-	541
Loan notes	373	-	373
	1,315	-	1,315
NON-CURRENT LIABILITIES			
Bank loan	46	-	46
Obligations under finance leases	28	-	28
Loan notes	-	-	-
	74	-	74
SHAREHOLDER'S EQUITY AND LIABILITIES	1,350	35	1,385

Year ended 31 March 2007 Income statement	under UK GAAP £'000	IFRS adjustment £'000	under IFRS £'000
REVENUE	2,786	67	2,853
Cost of sales	(864)	(6)	(870)
GROSS PROFIT	1,922	61	1,983
Administration expense	(2,221)	3	(2,218)
OPERATING LOSS	(299)	64	(235)
Net finance expense	(54)	-	(54)
LOSS BEFORE TAXATION	(353)	64	(289)
Income tax expense	41	-	41
LOSS FOR THE PERIOD	(312)	64	(248)
Loss per share			
Basic	(0.10p)	0.02p	(0.08p)
Fully diluted	(0.10p)	0.02p	(0.08p)

Currency translation and translation reserve

The income statements have 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.

Intangible assets

Computer software has been reclassified from property, plant and equipment to intangible assets.

Under IFRS no amortisation of goodwill is permitted, instead the value of intangible fixed assets is subject to an annual impairment review. Accordingly the value of intangible fixed assets 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.

Year ended 31 March 2007 **Balance sheet**	Under **UK GAAP** £'000	**IFRS adjustment** £'000	Under **IFRS** £'000
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	183	75	258
Property, plant and equipment	98	(2)	96
Deferred tax asset	173	-	173
	454	73	527
CURRENT ASSETS			
Trade and other receivables	602	-	602
Cash and cash equivalents	128	-	128
	730	-	730
TOTAL ASSETS	1,184	73	1,257
CAPITAL AND RESERVES			
Called up share capital	3,047	-	3,047
Share premium account	558	-	558
Fair value reserve	147	-	147
Retained earnings	(3,884)	70	(3,814)
Translation reserve	-	3	3
EQUITY SHAREHOLDER FUNDS	(132)	73	(59)
CURRENT LIABILITIES			
Trade and other payables	299	-	299
Accruals and deferred income	588	-	588
Loan notes	374	-	374
	1,252	-	1,252
NON-CURRENT LIABILITIES			
Bank loan	41	-	41
Obligations under finance leases	23	-	23
Loan notes	-	-	-
	64	-	64
SHAREHOLDER'S EQUITY AND LIABILITIES	1,184	73	1,257

Year ended 31 March 2006 **Balance sheet at transition** **1 April 2006**	under **UK GAAP** £'000	**IFRS adjustment** £'000	Under **IFRS** £'000
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	256	2	258
Property, plant and equipment	103	(2)	101
Deferred tax asset	157	-	157
	516	0	516
CURRENT ASSETS			
Trade and other receivables	358	-	358
Cash and cash equivalents	307	-	307
	665	-	665
TOTAL ASSETS	1,181	0	1,181
CAPITAL AND RESERVES			
Called up share capital	3,032	-	3,032
Share premium account	558	-	558
Fair value reserve	115	-	115
Retained earnings	(3,566)	0	(3,566)
Translation reserve	-	-	-
EQUITY SHAREHOLDER FUNDS	139	0	139
CURRENT LIABILITIES			
Trade and other payables	207	-	207
Accruals and deferred income	473	-	473
Loan notes	271	-	271
	951	-	951
NON-CURRENT LIABILITIES			
Bank loan	51	-	51
Obligations under finance leases	40	-	40
Loan notes	-	-	-
	91	-	91
SHAREHOLDER'S EQUITY AND LIABILITIES	1,181	0	1,181

5. Copies of this half yearly financial report will be available for at least one month from HB Corporate Limited, 40 Marsh Wall, London E14 9TP.

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