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Regulatory Announcement

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RED24 PLC

INTERIM RESULTS FOR THE SIX MONTHS TO 30 SEPTEMBER 2008

Red24 plc ("red 24" or the "Group") is pleased to announce its maiden profits for the half year to 30 September 2008.

Highlights

- Revenue increased by 13% to £1.61 million (H1 2007: £1.43 million).
- Maiden profit before tax of £199k (H1 2007 loss: £306k).
- EPS of 0.39p (H1 2007: loss of 1.03p).
- Significant growth in the customer base giving a broader base to revenues.

Simon Richards, Chairman, commented:

"We are delighted to report that we have delivered profitability ahead of expectations and that this improvement has fed through to the balance sheet, with a much improved cash position. The extraordinary developments in banking and insurance markets in recent months make this additional strength very timely and should enable us to continue to develop the business utilising our own resources. Shareholders have been very patient and we hope that continued profitability will enable us to reward their patience when the final results for the year are announced."

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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 distributed through leading international financial service companies.

CHAIRMAN'S STATEMENT

Introduction

As I intimated in the Chairman's Statement that accompanied the Annual Financial Statements and reiterated at the AGM, the company is now trading profitably, and it is very pleasing to be able to report our maiden profits.

Financial Overview

Overall revenue has increased by 13% to £1,608,000 from £1,425,000 and the operating loss of £306,000 incurred for the same period last year has been turned in to an operating profit of £221,000. Last year's losses were unsustainable and the action we took to reduce costs was already starting to show through in the second six months of last year, when we managed to produce an operating profit of £12,000. However the results for this six months show that there has been real progress in building a profitable business that can return value to shareholders and 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 helped to improve the balance sheet and our net worth has increased by £141,000 without needing to tap capital markets. We expect to remain cash positive for the rest of the year but whether this will be sufficient to generate sufficient cash to repay the loan notes at 31 March 2009 is debatable. The Board had expected that equity markets would be able to meet any deficiency but recent events in capital markets make this much less certain and, accordingly, the Board will be entering discussions with the loan note holders as to the extension of the term of the loan notes. The Board will then have to weigh this against the likelihood of raising equity and decide which course of action is in the shareholders best interests.

The Board is making progress with putting into effect the resolutions passed at the AGM to cancel the deferred shares. The timescale is in the hands of the Scottish courts but the Board has been advised that the matter will be concluded by the end of the financial year. The objective in progressing this 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 two key distribution channels, one through HSBC and the other through AIG Travel Assist.

AIG Travel Assist is responsible for the distribution of our products throughout the AIG group to the global travel market. It is evident that the current turmoil in capital markets has had a dramatic effect on AIG and it is by no means clear what the final outcome will be. However, our product is valued by a number of AIG operating companies and we anticipate being able to establish a

relationship directly with those companies if their ownership becomes fragmented. It is also true to say that other potential distributors of service products in the travel market are actively interested in red 24 so that, in the medium term, we believe that revenues from this sector will continue to grow.

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.

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.

Our consulting business continues to develop and we now support three underwriting organisations at Lloyds of London and in the North American market, which are all new contracts in 2008. New business has been developed with a number of entities providing security related services including evacuation planning for entities operating in medium to high risk countries.

In the UK we continue to provide red24 services as part of HSBC's Premier and Plus banking offerings. We have also been working hard to broaden our customer base and are very pleased with the numbers of new customers taking services from us, with new business running ahead of budget. We continue to add new features to the product, including an ability to offer a global tracking service to customers.

Overseas revenue development is making steady, if unspectacular progress. In Korea our service is well received and is proving to be a product differentiator that wins business for our clients when incorporated in a bundle of services. Progress has been made in the United States but this is a market where the routing may be affected by the developments at AIG.

Training

Our training business has held up well and even managed to add 1% to last year's record level of sales. Profitability has suffered somewhat as there is some pressure on margins and a couple of the new courses planned did not find sufficient take up to warrant running them.

However, the 2009 programme has been published and we have worked hard to develop an international side to the business running courses abroad where venue costs are much lower and developing consulting revenues. As a result, the second half of the year may show less of a seasonal dip than in the past.

Outlook

The Board are encouraged by the very solid progress the business has been making and would hope the shareholders are too. The Board is confident that any negative effect of the developments at AIG can be overcome and will not prevent us from reaching our financial goals for the current period.

Simon Richards
Chairman

4 November 2008

UNAUDITED CONSOLIDATED INCOME STATEMENT

| | 6 months ended 30 September 2008 £'000 | 6 months ended 30 September 2007 £'000 | 12 months ended 31 March 2008 £'000 |
|----------------------------------|---|---|--|
| REVENUE | 1,608 | 1,425 | 2,763 |
| Cost of sales | <u>(373)</u> | <u>(383)</u> | <u>(719)</u> |
| GROSS PROFIT | 1,235 | 1,042 | 2,044 |
| Administration expense | <u>(1,014)</u> | <u>(1,348)</u> | <u>(2,338)</u> |
| OPERATING PROFIT/(LOSS) | 221 | (306) | (294) |
| Net finance expense | <u>(23)</u> | <u>(22)</u> | <u>(49)</u> |
| PROFIT/(LOSS) BEFORE TAXATION | 198 | (328) | (343) |
| Income tax expense | <u>(27)</u> | <u>12</u> | <u>80</u> |
| PROFIT/(LOSS) FOR THE PERIOD | <u>171</u> | <u>(316)</u> | <u>(263)</u> |
| Profit/(Loss) per share | | | |
| Basic | 0.39p | (1.03p) | (0.78p) |
| Fully diluted | <u>0.39p</u> | <u>(1.03p)</u> | <u>(0.78p)</u> |

UNAUDITED CONSOLIDATED BALANCE SHEET

| | 30 September 2008 £'000 | 30 September 2007 £'000 | 31 March 2008 £'000 |
|-------------------------------|-----------------------------------|---------------------------------------|-------------------------------|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Intangible assets | 262 | 258 | 263 |
| Property, plant and equipment | 66 | 100 | 67 |
| Deferred tax asset | <u>228</u> | <u>188</u> | <u>230</u> |
| | <u>556</u> | <u>546</u> | <u>560</u> |
| CURRENT ASSETS | | | |

| | | | |
|---|--------------|--------------|--------------|
| Trade and other receivables | 489 | 560 | 604 |
| Cash and cash equivalents | 380 | 222 | 82 |
| | <u>869</u> | <u>782</u> | <u>687</u> |
| TOTAL ASSETS | <u>1,425</u> | <u>1,328</u> | <u>1,247</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 3,356 | 3,247 | 3,356 |
| Share premium account | 748 | 558 | 748 |
| Other reserves | 47 | 146 | 47 |
| Retained earnings | (3,938) | (4,163) | (4,109) |
| Translation reserve | 67 | 36 | 97 |
| | <u>280</u> | <u>(176)</u> | <u>139</u> |
| EQUITY SHAREHOLDER FUNDS | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 715 | 1,053 | 672 |
| Borrowings | 393 | 24 | 391 |
| | <u>1,108</u> | <u>1,077</u> | <u>1,063</u> |
| NON-CURRENT LIABILITIES | | | |
| Borrowings | 37 | 426 | 45 |
| | <u>37</u> | <u>426</u> | <u>45</u> |
| SHAREHOLDER'S EQUITY AND LIABILITIES | <u>1,425</u> | <u>1,328</u> | <u>1,247</u> |

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Share capital | Share premium | £'000 Fair Value Reserve | Retained earnings | Translation reserve | Total |
|--|---------------|---------------|-----------------------------|-------------------|---------------------|------------|
| Balance at 1 April 2008 | 3,356 | 748 | 47 | (4,109) | 97 | 139 |
| Profit for the period | - | - | - | 171 | - | 171 |
| Exchange translation differences on foreign operations | - | - | - | - | (30) | (30) |
| Total recognized income and expense | - | - | - | - | (30) | 280 |
| Balance at 30 September 2008 | <u>3,356</u> | <u>748</u> | <u>47</u> | <u>(3,938)</u> | <u>67</u> | <u>280</u> |
| | Share capital | Share premium | £'000 Fair Value Reserve | Retained earnings | Translation reserve | Total |
| Balance at 1 April 2007 | 3,047 | 558 | 146 | (3,847) | 36 | (60) |

| | | | | | | |
|--|-------|-----|-----|---------|----|-------|
| Loss for the period | - | - | - | (316) | - | (316) |
| Exchange translation differences on foreign operations | - | - | - | - | - | - |
| Total recognized income and expense | - | - | - | (316) | - | (316) |
| Proceeds of issue of shares and warrants | 200 | - | - | - | - | 200 |
| Share based payments | - | - | - | - | - | - |
| Balance at 30 September 2007 | 3,247 | 558 | 146 | (4,163) | 36 | (176) |

| | Share capital | Share premium | Other Reserve | Retained earnings | Translation reserve | Total |
|--|---------------|---------------|---------------|-------------------|---------------------|-------|
| Balance at 1 April 2007 | 3,047 | 558 | 146 | (3,847) | 36 | (60) |
| Loss for the period | - | - | - | (262) | - | (262) |
| Exchange translation differences on foreign operations | - | - | - | - | 61 | 61 |
| Total recognized income and expense | - | - | - | (262) | 61 | (201) |
| Proceeds of issue of shares and warrants | 309 | 190 | - | - | - | 499 |
| Share based payments | - | - | (99) | - | - | (99) |
| Balance at 31 March 2008 | 3,356 | 748 | 47 | (4,109) | 97 | 139 |

UNAUDITED CONSOLIDATED CASH FLOW

| | 6 months ended 30 September 2008 £'000 | 6 months ended 30 September 2007 £'000 | 12 months ended 31 March 2008 £'000 |
|--|---|---|---|
| Operating activities | | | |
| Profit/(loss) before tax | 198 | (328) | (343) |
| Adjustments for: | | | |
| Investment income | (4) | (3) | (9) |
| Finance costs | 27 | 25 | 58 |
| Depreciation & amortisation charges | 14 | 15 | 29 |
| Share based payments | - | - | (99) |
| Loan note issue costs | - | - | 1 |
| Exchange gains and losses | (56) | (9) | 61 |
| Decrease/(Increase) in receivables | 115 | 42 | (2) |
| Increase/(Decrease) in payables | 43 | 198 | (157) |
| Net cash inflow/(outflow) from operating activities | <u>337</u> | <u>(60)</u> | <u>(461)</u> |
| Investing activities | | | |
| Interest received | 3 | 3 | 9 |
| Purchase of intangibles | - | - | (6) |
| Purchase of property, plant & equipment | (6) | (11) | (11) |

| | | | |
|--|-------------|------------|------------|
| Proceeds on disposal of property, plant & equipment | - | - | 2 |
| Net cash outflow from investing activities | <u>(3)</u> | <u>(8)</u> | <u>(6)</u> |
| Financing activities | | | |
| Interest paid | (27) | (25) | (58) |
| Repayment of finance leases | (4) | (8) | (8) |
| Issue of ordinary share capital | - | 200 | 499 |
| Repayment of bank loans | (5) | (5) | (10) |
| Net cash (outflow)/inflow from financing activities | <u>(36)</u> | <u>162</u> | <u>423</u> |
| Net change in cash and cash equivalents | 298 | 128 | (44) |
| Cash and cash equivalents at beginning of period/year | 82 | 94 | 128 |
| Effect of foreign exchange rate changes | - | - | (2) |
| Cash and cash equivalents at end of period/year | <u>380</u> | <u>222</u> | <u>82</u> |

Notes to the unaudited financial information:

1 Accounting policies

Basis of preparation

This report was approved by the directors on 4 November 2008.

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 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 2009, 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 2008 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 2008 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 2008 disclosed in this report are an abridged version of the company’s audited financial statements. 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 2008 or are expected to be effective (or available for early adoption) at 31 March 2009. Based on these adopted and unadopted IFRSs, the directors have made assumptions about the accounting policies expected to be applied when the annual IFRS financial statements are prepared for the year ending 31 March 2009.

The adopted IFRSs that will be effective (or available for early adoption) in the annual financial statements for the year ending 31 March 2009 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 2009.

2 Loss per share

The loss per share for the six months ended 30 September 2008 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 2008 £'000 (unaudited) | 6 months ended 30 September 2007 £'000 (unaudited) | 12 months ended 31 March 2008 £'000 |
|--------------------------------|--|--|--|
| Revenue | | | |
| Red24 | 1,153 | 974 | 1,978 |
| Training | 455 | 451 | 785 |
| | <u>1,608</u> | <u>1,425</u> | <u>2,763</u> |
| Segment result | | | |
| Red24 | 378 | (221) | (101) |
| Training | 51 | 95 | 109 |
| | <u>429</u> | <u>(126)</u> | <u>8</u> |
| Unallocated head office costs | (208) | (180) | (302) |
| Operating profit/(loss) | <u>221</u> | <u>(306)</u> | <u>(294)</u> |
| Segment assets | | | |
| Red24 | 712 | 675 | 522 |
| Training | 313 | 384 | 358 |
| | <u>1,025</u> | <u>1,059</u> | <u>880</u> |
| Unallocated head office assets | 172 | 81 | 137 |
| Deferred tax assets | 228 | 188 | 230 |
| | <u>400</u> | <u>269</u> | <u>367</u> |

| | | | |
|-------------------------------------|--------------|--------------|--------------|
| Total assets | <u>1,425</u> | <u>1,328</u> | <u>1,247</u> |
| Segment liabilities | | | |
| Red24 | 276 | 726 | 322 |
| Training | 311 | 192 | 216 |
| | <u>587</u> | <u>918</u> | <u>538</u> |
| Unallocated head office liabilities | 128 | 135 | 134 |
| Borrowings | 430 | 450 | 436 |
| Total liabilities | <u>1,145</u> | <u>1,503</u> | <u>1,108</u> |

4 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.

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

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