

red24 plc



HALF-YEARLY REPORT for the six months to 30 September 2009



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.



## CONTENTS

Chairman's Statement	01
Unaudited Consolidated Income Statement	04
Unaudited Consolidated Balance Sheet	05
Unaudited Consolidated Statement of Changes in Equity	06
Unaudited Consolidated Cash Flow	08
Notes to the Unaudited Financial Information	09

*The cover shows internal and external shots of our Crisis Risk Management Centre in Cape Town, the focus for all our response planning*

## CHAIRMAN'S STATEMENT

I am pleased to present our half year report showing continued profitability and further strengthening of our balance sheet. I am particularly pleased to report that a maiden dividend of 0.15p per share will be paid on 18 January 2010 to those shareholders on the register at 18 December 2009.

### Financial Overview

Overall revenue has increased by 16% to £1,866,000 from £1,608,000 and the profit before tax has increased to £231,000 from £198,000. As a result shareholders funds have increased by £161,000.

Cash flow has continued to be positive and we repaid early £125,000 of Loan notes during the half year. The interest saving will benefit the periods ahead. Our aim is to repay all external debt by the end of the financial year whilst maintaining an adequate reserve of working capital.

### red24

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

Revenues for the red24 business segment grew by some 30% in the half year and segment profit rose to £426,000 from £378,000. Profit growth has been held back both by the fact that two thirds of the additional revenue has been at lower margin than budgeted and by the impact of the strength of the rand against both sterling and the dollar which has tended to increase the costs of our Crisis Risk Management centre (CRM) in Cape Town with no offsetting growth in the value of our foreign currency revenues. In the first half of this year the average rate was R12.8:£1 compared with R15.0:£1 last year a movement that has increased our South African administration costs by 15%.

Profit before tax increased by 16.7% to £231,000

## CHAIRMAN'S STATEMENT

continued

Our key distribution channels remain HSBC and AIG Travel Assist. HSBC continue to provide red24 services as part of its Premier and Plus banking offerings and this half year have added red24 to the First Directory account offered by its First Direct subsidiary. In September we were delighted to announce a five year extension to our contract with AIG Travel Assist to offer its customers in America and Asia red24 on an exclusive basis. We believe that much of our success with HSBC is down to training its relationship managers in the product so they can explain it with confidence to their customers and this helps ensure we are a valued part of the overall offering. We believe a similar approach will assist AIG and so have taken on a security specialist, based in New York, to develop the business in that market. A similar position will be created in Asia in due course.

Five year extension  
to our contract  
with AIG Travel  
Assist

We have had some success in broadening our offering to corporate customers who are generally adding red24 to their staff intranet. This gives opportunities for the sale of other security services and our consulting business has had a strong half year. A recent example of this is the addition of HRG Rennies as a client. We will be advising HRG Rennies staff on their travel to South Africa for the 2010 World Cup. With our local knowledge and experience in advising international corporations, red24 is ideally placed to provide the most detailed security advice to any business likely to travel to South Africa for the tournament.

We continue to advise insurance underwriters on aspects of their special risk business, particularly product contamination. This market appears to be very fluid at the moment and we have recruited additional staff in order to offer a fuller range of special risk advice. We believe that this will bring in additional business in the short and medium term, which will help fuel the next phase of our growth.

## CHAIRMAN'S STATEMENT

continued

### Training

Training revenues have fallen 19% in the half year and profit has fallen to £44,000 from £51,000. In part this is because a course normally held in May was brought forward to March and so fell outside the half year but, in any event, trading conditions were difficult in the half year. Overseas work continues to grow and prospects for the second half appear encouraging so that the year as a whole should turn out to be more profitable than last year.

### Outlook and risks

Clearly the economic environment remains unsettled and further turmoil in the months ahead cannot be excluded. Nonetheless the business has continued to perform steadily and the Board considers that the appraisal of key risks and uncertainties contained in the full year report remains valid.

The Board continues to be encouraged by the solid progress of the business and hope that shareholders are too. It is a sign of further progress that we feel able to declare a maiden dividend.

**Simon Richards**

**Chairman**

4 November 2009

Board encouraged by solid progress of the business and have declared a maiden dividend

## UNAUDITED CONSOLIDATED INCOME STATEMENT

	6 months ended 30 September 2009 £'000	6 months ended 30 September 2008 £'000	12 months ended 31 March 2009 £'000
<b>Revenue</b>	1,866	1,608	3,321
Cost of sales	(336)	(373)	(727)
<b>Gross Profit</b>	1,530	1,235	2,594
Administration expense	(1,283)	(1,014)	(2,010)
<b>Operating Profit</b>	247	221	584
Net finance expense	(16)	(23)	(47)
<b>Profit Before Taxation</b>	231	198	537
Income tax expense	(40)	(27)	(121)
<b>Profit For The Period</b>	191	171	416
Profit per share			
Basic & fully diluted	0.43p	0.39p	0.95p

## UNAUDITED CONSOLIDATED BALANCE SHEET

	30 September 2009 £'000	30 September 2008 £'000	31 March 2009 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	276	262	279
Property, plant and equipment	49	66	61
Deferred tax asset	106	228	138
Trade and other receivables	–	–	11
	431	556	489
<b>Current assets</b>			
Trade and other receivables	691	489	415
Cash and cash equivalents	474	380	626
	1,165	869	1,041
<b>Total assets</b>	1,596	1,425	1,530
<b>Capital and reserves</b>			
Called up share capital	444	3,356	444
Share premium account	–	748	–
Other reserves	46	47	46
Retained earnings	168	(3,938)	(23)
Translation reserve	32	67	62
<b>Equity shareholder funds</b>	690	280	529
<b>Current liabilities</b>			
Trade and other payables	741	715	703
Borrowings	146	393	270
	887	1,108	973
<b>Non-current liabilities</b>			
Borrowings	19	37	28
	19	37	28
<b>Shareholder's equity and liabilities</b>	1,596	1,425	1,530

## UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	£'000					Total
	Share capital	Share premium	Other reserve	Retained earnings	Translation reserve	
Balance at 1 April 2009	444	–	46	(23)	62	529
Profit for the period	–	–	–	191	–	191
Exchange translation differences on foreign operations	–	–	–	–	(30)	(30)
Total recognized income and expense	–	–	–	191	(30)	161
Balance at 30 September 2009	444	–	46	168	32	690

	£'000					Total
	Share capital	Share premium	Other reserve	Retained earnings	Translation reserve	
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	–	–	–	171	(30)	141
Balance at 30 September 2008	3,356	748	47	(3,938)	67	280



## UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

continued

	£'000					
	Share capital	Share premium	Other reserve	Retained earnings	Translation reserve	Total
Balance at 1 April 2008	3,356	748	47	(4,109)	97	139
Profit for the period	–	–	–	416	–	416
Exchange translation differences on foreign operations	–	–	–	–	(35)	(35)
Total recognized income and expense	–	–	–	416	(35)	381
Proceeds of issue of shares and warrants	10	11	–	–	–	21
Cancellation of shares	(2,922)	(759)	–	3,670	–	(11)
Share based payments	–	–	(1)	–	–	(1)
Balance at 31 March 2009	444	–	46	(23)	62	529

## UNAUDITED CONSOLIDATED CASH FLOW

	6 months ended 30 September 2009 £'000	6 months ended 30 September 2008 £'000	12 months ended 31 March 2009 £'000
<b>Operating activities</b>			
Profit before tax	231	198	537
Adjustments for:			
Investment income	(2)	(4)	(7)
Finance costs	18	27	54
Depreciation & amortisation charges	20	14	34
Share based payments	–	–	(1)
Exchange gains	(30)	(56)	(36)
(Increase)/decrease in receivables	(263)	115	178
(Decrease)/increase in payables	(23)	43	(31)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(49)</b>	<b>337</b>	<b>728</b>
<b>Investing activities</b>			
Interest received	2	3	7
Purchase of intangibles	–	–	(19)
Purchase of property, plant & equipment	(5)	(6)	(13)
<b>Net cash outflow from investing activities</b>	<b>(3)</b>	<b>(3)</b>	<b>(25)</b>
<b>Financing activities</b>			
Interest paid	(18)	(27)	(62)
Repayment of finance leases	(3)	(4)	(3)
Issue of ordinary share capital	–	–	22
Cost of share cancellation	–	–	(11)
Repayment of bank loans	(5)	(5)	(10)
Repayment of loan notes	(125)	–	(125)
<b>Net cash outflow from financing activities</b>	<b>(151)</b>	<b>(36)</b>	<b>(189)</b>
<b>Net change in cash and cash equivalents</b>	<b>(203)</b>	<b>298</b>	<b>514</b>
Cash and cash equivalents at beginning of period/year	626	82	82
Effect of foreign exchange rate changes	51	–	30
Cash and cash equivalents at end of period/year	474	380	626

# NOTES TO THE UNAUDITED FINANCIAL INFORMATION

---

## 1. Accounting policies

### Basis of preparation

This report was approved by the directors on 4 November 2009.

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 2010, which will be prepared in accordance with IFRS, and those parts of the Companies Act 2006 that remain applicable to companies reporting under IFRS.

The financial information for the six months ended 30 September 2009 is unaudited and does not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006. Statutory accounts for the year ended 31 March 2009 have been filed with the Registrar of Companies and contain a report from the auditors that is unqualified. The results for the year ended 31 March 2009 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 Seymour Pierce Limited.

### 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 2009 or are expected to be effective (or available for early adoption) at 31 March 2010. 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 2010.

The adopted IFRSs that will be effective (or available for early adoption) in the annual financial statements for the year ending 31 March 2010 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 2010.

## NOTES TO THE UNAUDITED FINANCIAL INFORMATION

continued

---

### **2. Earnings per share**

The earnings per share for the six months ended 30 September 2009 have been calculated based on the profit on ordinary activities after taxation divided by the weighted average number of shares in issue during the period.

### **3. Share capital**

On 31 March 2009 the Court of Sessions gave approval to the Cancellation of deferred shares on the same terms as those approved by shareholders on 5 August 2008.

### **4. 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.

## NOTES TO THE UNAUDITED FINANCIAL INFORMATION

continued

Business type	6 months ended 30 September 2009 £'000 (unaudited)	6 months ended 30 September 2008 £'000 (unaudited)	12 months ended 31 March 2009 £'000
<b>Revenue</b>			
Red24	1,498	1,153	2,412
Training	368	455	909
	1,866	1,608	3,321
<b>Segment result</b>			
Red24	426	378	807
Training	44	51	42
	470	429	849
Unallocated head office costs	(223)	(208)	(265)
Operating profit	247	221	584
<b>Segment assets</b>			
Red24	1,153	712	1,103
Training	277	313	157
	1,430	1,025	1,260
Unallocated head office assets	60	172	132
Deferred tax assets	106	228	138
Total assets	1,596	1,425	1,530
<b>Segment liabilities</b>			
Red24	458	276	438
Training	240	311	130
	698	587	568
Unallocated head office liabilities	43	128	135
Borrowings	165	430	298
Total liabilities	906	1,145	1,001

## NOTES TO THE UNAUDITED FINANCIAL INFORMATION

continued

The group's operations are located in the United Kingdom and in the Republic of South Africa. The following table provides an analysis of the group's sales by location of customer, irrespective of the origin of the services, and a geographical analysis of the location of segment assets and liabilities.

	6 months ended 30 September 2009 £'000 (unaudited)	6 months ended 30 September 2008 £'000 (unaudited)	12 months ended 31 March 2009 £'000
<b>Geographical analysis</b>			
<b>Revenue</b>			
United Kingdom	1,315	1,153	2,365
South Africa	14	24	31
Europe	3	51	224
Rest of the World	534	380	701
	1,866	1,608	3,321
<b>Segment assets</b>			
United Kingdom	997	481	794
South Africa	539	772	604
	1,536	1,253	1,398
Shared corporate assets	60	172	132
<b>Total assets</b>	<b>1,596</b>	<b>1,425</b>	<b>1,530</b>
<b>Segment liabilities</b>			
United Kingdom	494	361	373
South Africa	204	226	195
	698	587	568
Shared corporate liabilities	43	128	135
Borrowings	165	430	298
<b>Total liabilities</b>	<b>906</b>	<b>1,145</b>	<b>1,001</b>

5. Copies of this half yearly financial report are available on the Company's website [www.red24.com](http://www.red24.com) and printed copies will be available for at least one month from the Company's administrative offices at The Coach House, Bill Hill Park, Wokingham, Berkshire RG40 5QT.



**red24 plc**

The Coach House  
Bill Hill Park, Twyford Road,  
Wokingham, Berkshire,  
RG40 5QT

Website: [www.red24plc.com](http://www.red24plc.com)

Telephone: +44 (0)203 291 2424

---



**red24 plc**

The Coach House  
Bill Hill Park, Twyford Road,  
Wokingham, Berkshire,  
RG40 5QT

Website: [www.red24plc.com](http://www.red24plc.com)

Telephone: +44 (0)203 291 2424