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INTERIM REPORT
for the six months ended 31 October 2003

CHAIRMAN'S STATEMENT

RESULTS FOR THE SIX MONTHS ENDED 31 OCTOBER 2003

The Group made an operating profit from continuing operations of £132,000 before amortisation of goodwill for the six months ended 31 October 2003 (2002 loss: £175,000 before £67,000 amortisation of goodwill).

The results for the period include Grosvenor Technology Limited ("Grosvenor") for the six months whilst the comparative figures include only a month and a half for the period since acquisition.

The amounts included within discontinued operations in the period relate to Drion which, as reported in the annual accounts, was sold at the end of October. The postponement of an export contract, the inability to make a breakthrough in the commercial sector and a reduction in margins had meant that the business had been making substantial losses for the last two years.

ASSET PROTECTION DIVISION

Safetell Limited achieved 44% sales growth compared to the same period last year and 4% ahead of plan. The product mix was concentrated in traditional core products. The newer products showed growth of 33% over last year and are being broadened into new client areas, especially the police. The higher volumes resulted in efficiency savings and improved margin.

New maintenance work is being won for both rising screens and related security business although the effects of the new contracts will not be seen until the next financial year. The Post Office RollerCash contract call-off rate is increasing steadily in line with the client's modernisation programme.

SECURE LOCKING DIVISION

The translation of enthusiasm into orders for the new portfolio of products of Newmark Security Products ("NSP") has been slower than anticipated. We are close to agreeing significant purchase commitments with some new customers but these are unlikely to have any meaningful impact until the new financial year.

ELECTRONIC DIVISION

Grosvenor has been trading broadly in line with expectations since acquisition. The integration of Grosvenor and Newmark Technology is complete.

Grosvenor has launched its latest version of JANUS (3.10) which includes greater functionality and integration to other third party systems, and Grosvenor and Newmark have completed their own integration with their respective products, JANUS access control and Par-Sec asset management. This is a unique combination from a single product/single source supplier and offers the market place easy entry into this emerging product type. Both companies are currently negotiating large repeat contracts, some of which will take advantage of the new integration of these products.

The Tyco branded product, Siteguard Access Control, as developed by Grosvenor for manufacturing under licence by Tyco Electronic Product Group will be released to Tyco for their manufacture during the next few months. The new version will be distributed by Tyco to the ADT Security branch network in the UK. The functionality and integration of JANUS and Par-Sec will be mirrored in this Siteguard release for Tyco.

The development of NSP Access for NSP is undergoing final testing and will be released to the market during February 2004. The product will initially be released in Spanish and French languages for direct sales into Europe via the NSP distributors. NSP are to provide support and marketing resources to their distributors for this entire product range.

BALANCE SHEET

There has been a significant change in the balance sheet with the sale of Drion in the period.

CONCLUSION

The sale of Drion has eliminated the large drain on the Groups' resources caused by the trading losses of that company. Grosvenor has been trading in line with our expectations, whilst Safetell has again been performing ahead of plan. Turnover of NSP has been disappointing but we believe that the continuing discussions on purchase commitments from new customers will lead to the company becoming profitable. Apart from the organic growth of existing businesses, we continue to look for complementary businesses which satisfy our acquisition criteria.

We are proposing to perform a capital restructuring which will cancel the existing deferred shares and share premium account, and subsequently allow reserves to be available which will permit the possible payment of dividends in future years. A circular relating to a proposed extraordinary general meeting to confirm this should be circulated shortly.

Maurice Dwek
Chairman

29 January 2004

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the six months ended 31 October 2003

	Notes	Unaudited Six months ended 31 October 2003 Before goodwill and exceptional items £'000	Unaudited Six months ended 31 October 2003 Goodwill and exceptional items £'000	Unaudited Six months ended 31 October 2003 Total £'000	Audited Year ended 30 April 2003 Total £'000	Unaudited Six months ended 31 October 2002 Total £'000
TURNOVER						
Continuing operations		4,950	-	4,950	7,089	2,940
Discontinued operations		752	-	752	1,304	793
		5,702	-	5,702	8,393	3,733
Cost of sales		(3,511)	-	(3,511)	(5,720)	(2,455)
Gross profit		2,191	-	2,191	2,673	1,278
Administrative expenses		(2,374)	-	(2,374)	(3,932)	(1,638)
Amortisation of goodwill		-	(151)	(151)	(1,093)	(99)
Administrative expenses-total		(2,374)	(151)	(2,525)	(5,025)	(1,737)
OPERATING PROFIT/(LOSS)						
Continuing operations		132	(151)	(19)	(667)	(242)
Discontinued operations		(315)	-	(315)	(1,685)	(217)
		(183)	(151)	(334)	(2,352)	(459)
Loss on disposal of subsidiary/ business		-	(753)	(753)	(373)	(247)
LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION						
		(183)	(904)	(1,087)	(2,725)	(706)
Interest (payable)/receivable		(6)	-	(6)	33	31
Interest-discount charge on deferred consideration		(89)	-	(89)	(106)	-
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION						
		(278)	(904)	(1,182)	(2,798)	(675)
Tax on ordinary activities	2	-	-	-	-	-
LOSS FOR THE YEAR AFTER TAX						
Minority interest		-	-	-	78	91
		(278)	(904)	(1,182)	(2,720)	(584)
		Pence (0.1p)	Pence (0.5p)	Pence (0.6p)	Pence (1.6p)	Pence (0.4p)
Loss per share						
Earnings/(loss) per share before amortisation of goodwill, losses of discontinued operations, loss on disposal of subsidiary/business and discount charge on deferred consideration	6	0.1p	-	0.1p	(0.5p)	(0.1p)

CONSOLIDATED BALANCE SHEET
as at 31 October 2003

	Notes	Unaudited 31 October 2003 £'000	Audited 30 April 2003 £'000	Unaudited 31 October 2002 £'000
FIXED ASSETS				
Intangible assets		5,434	5,585	7,411
Tangible assets		955	1,844	1,618
		<u>6,389</u>	<u>7,429</u>	<u>9,029</u>
CURRENT ASSETS				
Stocks		848	1,239	1,082
Debtors		2,228	2,389	2,838
Cash at bank and in hand		930	806	2,576
		<u>4,006</u>	<u>4,434</u>	<u>6,496</u>
CREDITORS: amounts falling due within one year		<u>(3,843)</u>	<u>(4,706)</u>	<u>(5,545)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>163</u>	<u>(272)</u>	<u>951</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>6,552</u>	<u>7,157</u>	<u>9,980</u>
CREDITORS: amounts falling due after more than one year		<u>(3,868)</u>	<u>(3,263)</u>	<u>(3,940)</u>
Provisions for liabilities and charges		(209)	(217)	(225)
NET ASSETS		<u>2,475</u>	<u>3,677</u>	<u>5,815</u>
CAPITAL AND RESERVES				
Called up share capital	3	6,978	6,963	6,916
Share premium		5,151	5,151	5,180
Merger reserve		801	801	613
Profit and loss reserve	4	(10,788)	(9,585)	(7,305)
EQUITY SHAREHOLDERS' FUNDS		<u>2,142</u>	<u>3,330</u>	<u>5,404</u>
Minority interest	5	333	347	411
		<u>2,475</u>	<u>3,677</u>	<u>5,815</u>

NOTES TO THE ACCOUNTS

1. BASIS OF ACCOUNTS

The unaudited results for the six months ended 31 October 2003 have been prepared on a basis consistent with the accounting policies disclosed in the Group's 2003 Report and Accounts, and do not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. The results for the year ended 30 April 2003 are an abridged version of the full accounts, which received an unqualified audit report and have been filed with the Registrar of Companies.

2. TAXATION

Tax is disproportionate to the result due to the non-availability of tax relief on the overseas losses for the period.

3. SHARE CAPITAL

	£'000
At 1 May 2003	6,963
Shares issued in the period	15
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At 31 October 2003	<u>6,978</u>

4. RESERVES

	Profit and loss reserve £'000	Merger reserve £'000	Total other reserve £'000
At 1 May 2003	(9,585)	801	(8,784)
Retained loss for the period	(1,182)	–	(1,182)
Exchange adjustment	(21)	–	(21)
	<hr/>	<hr/>	<hr/>
As at 31 October 2003	<u>(10,788)</u>	<u>801</u>	<u>(9,987)</u>

5. MINORITY INTEREST

	£'000
At 1 May 2003	347
Minority interests purchased back in period	(14)
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At 31 October 2003	<u>333</u>

6. EARNINGS/(LOSS) PER SHARE

	Pence per share	£'000
Loss after taxation and minority interest	(0.6)	(1,182)
Amortisation of goodwill and exceptional items	0.7	1,308
	<hr/>	<hr/>
	<u>0.1</u>	<u>126</u>

The loss per share has been calculated based on the weighted average number of shares in issue during the period, which was 212,305,266 shares (2002: 135,474,431).

7. DIVIDENDS

No interim dividend is proposed (2002: Nil).

8. A copy of the interim report has been sent to shareholders and is available for inspection at the Company's registered office, Suite 3, 23 Bruton Street, London W1J 6QF, during normal office hours, Saturdays, Sundays and bank holidays excepted, for 14 days from today.