



INTERIM REPORT 2004

Overview

- **Operating profit before amortisation up 42% to £465,888 on turnover of £7,071,631 up 56%**
- **Net assets up 31% to £4,416,632**
- **Appointed as preferred security services supplier to the London Universities Purchasing Consortium**
- **Acquisition of the keyholding and mobile patrol contracts of Abbot Security Services on 1 April adds significantly to the mobile patrol division.**

“This first six months has produced good results with increases in turnover and profits as well as recognition of our high client service levels with increased organic growth and the award of preferred supplier status to the London Universities Purchasing Consortium. The acquisition of the mobile patrol and keyholding business of Abbot Security Services on 1 April will further enhance our service offering in London.

I am particularly pleased that we have continued to improve the quality of service offered to clients and staff alike and maintained a high staff retention rate during this growth phase of the Company. This is not only rewarding in the short term but I feel it will stand us in good stead when facing the challenges and opportunities arising from the licensing of security officers when this is imposed on the manned guarding sector.“



David Marks
Chief Executive

Chairman's Statement

I am pleased to announce our results for the six months ended 31 March 2004, which show turnover up 56% to £7,071,631 (2003: £4,528,045), operating profit before amortisation up 42% to £465,888 (2003: £328,783) and pre-tax profits up 45% to £306,759 (2003: £211,437).

Whilst we have enjoyed significant growth over the same period last year, the first half of the current year has primarily been a period of consolidation integrating the clients and staff who joined us as a result of the four acquisitions completed last year.

The current year began well reflecting the full impact of the acquisitions made during the previous 12 months as well as significant organic growth in the education sector. However, the loss of turnover from two of the businesses we acquired was greater than expected and as a consequence we have had to be more reliant on winning new work in a highly competitive market. Whilst we would like to retain all of the business we acquire, it would be unrealistic to believe this is likely to happen. Accordingly, we provide that the consideration payable for each business adjusts downward by reference to the level of business retained.

The success we enjoyed at the end of the last financial year in being awarded the security contract for Birkbeck College, the School of Oriental and African Studies and the Brunei Gallery has been augmented this year with the award of the contract to provide security services to the College of North West London and the appointment as preferred security services supplier to the London Universities Purchasing Consortium.

We believe our business model of expanding the Company both organically and through complementary acquisitions is still proving successful and on 1 April we completed our first acquisition of the current year. This acquisition of the mobile patrol, keyholding and alarm response contracts of Abbot Security Services is important for us as not only is it a profitable operation, but it will also add significantly to our business base in London, financing additional patrols which will add to the quality of service and support we can provide. We continue to look for other acquisition opportunities to improve our business and look forward to reporting further progress on this front.

Retention of high quality security officers is still one of the factors that differentiates us from the majority of security companies and we put our high retention rate down to the emphasis we place on training, management and support. All staff are part of a highly motivated team and share in the success of the Company not only through enhanced remuneration packages but as stakeholders through the Company Share Option Scheme. In March, in accordance with our stated policy, we distributed share options to all full time employees thus building on the stakeholding they have accumulated over the two years since flotation.

The second half of the year has started well with organic growth both from within our existing client base and new clients as well as the completion of the acquisition of Abbot. We believe that our continued financial stability and operational strengths will stand us in good stead and hope to report further progress in our year-end statement.



Peter Gorty
Chairman
21 June 2004

Profit and Loss Account

for the six months ended 31 March 2004

	Six months ended 31 March 2004 (Un-audited) £	Six months ended 31 March 2003 (Un-audited) £	Year ended 30 September 2003 (Audited) £
Turnover	7,071,631	4,528,045	12,752,659
Cost of sales	(5,844,396)	(3,590,447)	(10,303,167)
Gross profit	1,227,235	937,598	2,449,492
Administrative expenses before goodwill amortisation and impairment	(761,347)	(608,815)	(1,438,973)
Operating profit before goodwill amortisation and impairment	465,888	328,783	1,010,519
Goodwill amortisation and impairment	(102,033)	(72,508)	(177,260)
Operating profit	363,855	256,275	833,259
Interest receivable and similar income	504	416	1,543
Interest payable and similar charges	(57,600)	(45,254)	(93,181)
Profit on ordinary activities before taxation	306,759	211,437	741,621
Tax on profit on ordinary activities	(92,028)	(63,431)	(221,300)
Retained profit for the period	214,731	148,006	520,321
Earnings per ordinary share			
Basic	0.11 p	0.10p	0.29p
Diluted	0.10p	0.10p	0.29p
Basic and diluted (based on pre-amortisation and impairment earnings figure)	0.14p	0.13p	0.39p

Balance Sheet

as at 31 March 2004

	Un-audited as at 31 March 2004 £	Un-audited as at 31 March 2003 £	Audited as at 30 September 2003 £
Fixed assets			
Intangible assets	3,663,662	2,909,461	3,685,695
Tangible assets	299,479	173,569	231,789
	3,963,141	3,083,030	3,917,484
Current assets			
Debtors	2,961,464	2,548,205	2,688,584
Cash at bank and in hand	146,192	667,787	835,868
	3,107,656	3,215,992	3,524,452
Creditors: amounts falling due within one year	(1,811,558)	(1,917,146)	(2,508,801)
Net current assets/(liabilities)	1,296,098	1,298,846	1,015,651
Total assets less current liabilities	5,259,239	4,381,876	4,933,135
Creditors: amounts falling due after more than one year	(711,299)	(505,111)	(694,952)
Provisions for liabilities and charges	(131,308)	(516,630)	(191,232)
Net assets	4,441,632	3,360,135	4,046,951
Capital and reserves			
Called up share capital	1,028,777	797,000	1,002,952
Share premium account	2,098,897	1,861,223	1,969,772
Profit and loss account	1,288,958	701,912	1,074,227
Shareholders' funds	4,416,632	3,360,135	4,046,951

Notes

1. Financial Information

The interim results for the six months ended 31 March 2004 and six months ended 31 March 2003 are un-audited and do not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. They have been drawn up using accounting policies and principles consistent with those applied in the preparation of the audited accounts for the year ended 30 September 2003. The comparative information contained in the report for the year ended 30 September 2003 does not constitute the statutory accounts for that financial period. Those accounts have been reported on by the Company's Auditors, Nexia Audit Limited, and delivered to the Registrar of Companies.

The report of the auditors was unqualified.

2. Taxation

The tax charge for the period is based on the anticipated effective tax rate for the year to 30 September 2004.

3. Earnings per Share

The earnings per share is based upon a profit of £214,731 (2003: £148,006) and the weighted average number of shares ranking for dividend during the year period of 202,312,143 (2003: 153,066,667).

The fully diluted earnings per share is based upon the profit as disclosed above and the weighted average number of shares ranking for dividend during the year period of 207,127,788 (2003: 153,066,667) adjusted for the effects of all dilutive potential shares.

The earnings per share based on earnings before amortisation and impairment of £286,154 (2003: £198,762) which reflects the weighted average number of shares ranking for dividend during the year of 202,312,143 (2003: 153,066,667) is 0.14p (2003: 0.13p).

The fully diluted earnings per share is based upon the profit as disclosed above and the weighted average number of shares ranking for dividend during the year of 207,127,788 (2003: 153,066,667) adjusted for the effects of all dilutive potential shares.

4. Interim Report

Copies of this interim report are being sent to all shareholders and will be available to the public from the Company's Head Office, Gainsborough House, Sheering Lower Road, Sawbridgeworth, Herts, CM21 9RG.



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