

**ARMOUR GROUP PLC**  
**("Armour" or the "Group")**  
**Preliminary Results for the year ended 31 August 2009**

**FINANCIAL HEADLINES**

- Sales £51.6 million (2008: £54.0 million).
- EBITDA\* of £3.0 million (2008: £5.2 million).
- Profit before taxation £1.1 million (2008: £3.5 million).
- Basic earnings per ordinary share 1.4p (2008: 3.7p).
- Cash generated from operations of £7.2 million (2008: £3.1 million).
- Net debt substantially reduced to £4.9 million (2008: £8.9 million).
- Recommended dividend of 0.30p (2008: 0.65p) per ordinary share.

*\* EBITDA is defined as profit before interest, taxation, depreciation, amortisation and share-based payments.*

**BUSINESS HIGHLIGHTS**

- Outperformed market expectations despite a year of severe economic downturn.
- Secured over £1 million of additional future annual revenue from new distribution agreements.
- Successfully expanded into the "small office home office" furniture market.
- Won significant incremental business with existing and new customers in both divisions.
- Achieved strong growth in our Nordic operations.

George Dexter, Chief Executive of Armour Group plc commented:

"The Group's target markets of electrical retailing, house building and automotive have been some of the hardest hit over last year's severe economic downturn. We have adapted our business but continued to pursue our strategy, producing a very sound set of results given the overall economic climate.

Despite the state of the economy, the Group has not stood still. We have continued to invest in our business. We believe that the Group is well positioned to take advantage of any opportunities that arise as the recovery gathers momentum.

The new financial year has started well for both our operating divisions, with Group sales and profit comfortably ahead of last year."

For further information please contact:

**Armour Group plc**

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**ARMOUR GROUP PLC**  
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**Preliminary Results for the year ended 31 August 2009**

**CHAIRMAN'S STATEMENT**

We are pleased to report that despite an extremely challenging year to 31 August 2009, Group sales were £51.6 million (2008: £54.0 million) and profit from operations was £1.5 million (2008: £4.0 million). Basic earnings per ordinary share were 1.4p (2008: 3.7p) and the proposed full year dividend is 0.30p (2008: 0.65p). The Group generated £7.2 million of cash from operations (2008: £3.1 million) with net debt falling by £4.0 million to £4.9 million at 31 August 2009.

The Group's profitable and cash generative performance, whilst reflecting the difficulties in the economic environment, has also clearly demonstrated the resilience and strength of our business model. This model is based upon strong brands, quality products backed by innovation, unrivalled distribution and excellent customer service. Taken together, these fundamental strengths are a key part of our strategy and the foundation of our leading positions in our niches within the home and automotive consumer product markets.

During the year we successfully managed our way through a variety of unfavourable events which have included a tightening of credit facilities, significant exchange rate volatility, a collapse in consumer confidence and demand and fierce price competition in particular sectors of our target markets.

We responded to the deteriorating market conditions in a measured and responsible manner with the objective of protecting profitability without damaging the longer term prospects of the Group. We reduced our cost base, selectively increased product pricing and maintained our investment in the key new product development programmes, which we believe will drive future growth.

Whilst the headlines for the year have been dominated by the impact of the economic downturn, there has been a considerable amount of good news for the Group. This includes a significant amount of new business won across all the operations with both new and existing customers; the successful launch of our "small office home office" furniture range; over £1 million of additional future annual revenue secured through new distribution agreements signed in the year; the expansion of our operations in Scandinavia; and the launch of a series of new products, the most exciting of which is QTV2 ([www.qacoustics.co.uk/q-tv.htm](http://www.qacoustics.co.uk/q-tv.htm)).

The Group employs over 300 loyal and dedicated colleagues throughout our operations in the UK, Ireland, Scandinavia and the Far East, all of whom have responded positively to a challenging time. The results for year just ended are a credit to their hard work, enthusiasm and professionalism and on behalf of the Board I thank them all.

The economic outlook is becoming brighter, with most economic indicators, both at home and abroad, showing positive signs of recovery. The Group has positioned itself well to take advantage of the recovery with new products, new contracts, new customers and new channels to market. The 2010 financial year has started well and whilst there will undoubtedly be further turbulence in the wider economic environment, the Board remains confident with regard to the future prospects for the Group.

**BOB MORTON**  
Chairman  
23 November 2009

# ARMOUR GROUP PLC

## CONSOLIDATED INCOME STATEMENT For the year ended 31 August 2009

	Note	31 August 2009 £000	31 August 2008 £000
Revenue	2	51,614	54,008
Changes in inventory of finished goods and work in progress		(1,060)	2,870
Raw materials and consumables		(29,095)	(31,272)
Employee benefits costs		(9,487)	(9,631)
Depreciation and amortisation expense		(1,413)	(1,075)
Other expenses		(9,031)	(10,871)
Total expenses		(50,086)	(49,979)
Profit from operations		1,528	4,029
Finance expense		(409)	(703)
Finance income		17	166
Share of loss of associated undertakings		(16)	(7)
<b>Profit before taxation</b>	2	<b>1,120</b>	<b>3,485</b>
Taxation expense	3	(234)	(991)
<b>Profit for the year</b>		<b>886</b>	<b>2,494</b>
<b>Earnings per ordinary share</b>	<b>4</b>		
Basic		1.4p	3.7p
Diluted		1.4p	3.7p

# ARMOUR GROUP PLC

## CONSOLIDATED BALANCE SHEET At 31 August 2009

	Note	31 August 2009 £000	31 August 2008 £000
<b>Non-current assets</b>			
Goodwill		21,084	21,082
Other intangible assets		3,112	2,041
Property, plant and equipment		2,044	2,102
Investment in associated undertakings		352	368
<b>Total non-current assets</b>		<b>26,592</b>	<b>25,593</b>
<b>Current assets</b>			
Inventories		11,681	12,826
Trade and other receivables		9,876	10,220
Cash and cash equivalents		72	170
<b>Total current assets</b>		<b>21,629</b>	<b>23,216</b>
<b>Total assets</b>	2	<b>48,221</b>	<b>48,809</b>
<b>Current liabilities</b>			
Bank overdrafts and borrowings		(3,521)	(6,650)
Trade and other payables		(12,465)	(9,755)
Corporation taxation liability		(580)	(326)
Provisions		(95)	(136)
<b>Total current liabilities</b>		<b>(16,661)</b>	<b>(16,867)</b>
<b>Non-current liabilities</b>			
Borrowings		(1,438)	(2,394)
Provisions		(141)	(226)
Deferred taxation liability		(656)	(520)
<b>Total non-current liabilities</b>		<b>(2,235)</b>	<b>(3,140)</b>
<b>Total liabilities</b>	2	<b>(18,896)</b>	<b>(20,007)</b>
<b>Total net assets</b>	2	<b>29,325</b>	<b>28,802</b>
<b>Equity</b>			
Share capital		6,848	6,848
Share premium		8,513	8,513
Other reserves		871	871
Retained earnings		13,602	13,074
Translation reserve		63	68
Share trust reserve		(572)	(572)
<b>Total equity</b>		<b>29,325</b>	<b>28,802</b>

## ARMOUR GROUP PLC

### CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY For the years ended 31 August 2009

	Share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Translation reserve £000	Share trust reserve £000	Total equity £000
<b>At 1 September 2007</b>	<b>6,848</b>	<b>8,513</b>	<b>871</b>	<b>10,919</b>	<b>(7)</b>	<b>(200)</b>	<b>26,944</b>
Profit for the year	-	-	-	2,494	-	-	2,494
Currency translation	-	-	-	-	75	-	75
Total recognised income/(expense)	-	-	-	2,494	75	-	2,569
Shares acquired by share trust	-	-	-	-	-	(372)	(372)
Share-based payments	-	-	-	100	-	-	100
Dividend paid	-	-	-	(439)	-	-	(439)
<b>At 31 August 2008</b>	<b>6,848</b>	<b>8,513</b>	<b>871</b>	<b>13,074</b>	<b>68</b>	<b>(572)</b>	<b>28,802</b>
Profit for the year	-	-	-	886	-	-	886
Currency translation	-	-	-	-	(5)	-	(5)
Total recognised income/(expense)	-	-	-	886	(5)	-	881
Share-based payments	-	-	-	65	-	-	65
Dividend paid	-	-	-	(423)	-	-	(423)
<b>At 31 August 2009</b>	<b>6,848</b>	<b>8,513</b>	<b>871</b>	<b>13,602</b>	<b>63</b>	<b>(572)</b>	<b>29,325</b>

# ARMOUR GROUP PLC

## CONSOLIDATED CASH FLOW STATEMENT For the year ended 31 August 2009

	Note	31 August 2009 £000	31 August 2008 £000
<b>Cash flow from operating activities</b>			
Cash generated from operations	6	7,171	3,124
Income taxes recovered/(paid)		156	(1,308)
<b>Net cash from operating activities</b>		<b>7,327</b>	<b>1,816</b>
<b>Investing activities</b>			
Acquisition of subsidiary undertaking, net of cash acquired		(2)	(4,302)
Disposal of subsidiary undertaking, net of cash disposed		-	400
Purchase of property, plant and equipment		(604)	(1,196)
Sale of property, plant and equipment		40	147
Expenditure on intangible assets		(1,853)	(1,506)
Interest received		17	166
<b>Net cash used in investing activities</b>		<b>(2,402)</b>	<b>(6,291)</b>
<b>Financing activities</b>			
Dividend paid		(423)	(439)
Repayment of bank loans		(720)	(720)
Repayment of finance lease creditors		-	(26)
Shares acquired by share trust		-	(372)
Interest paid		(475)	(726)
<b>Net cash used in financing activities</b>		<b>(1,618)</b>	<b>(2,283)</b>
<b>Net increase/(decrease) in cash, cash equivalents and bank overdrafts</b>	7	<b>3,307</b>	<b>(6,758)</b>
Currency variations on cash, cash equivalents and bank overdrafts		(6)	74
Cash, cash equivalents and bank overdrafts at the start of the year		(5,792)	892
<b>Cash, cash equivalents and bank overdrafts at the end of the year</b>		<b>(2,491)</b>	<b>(5,792)</b>

# ARMOUR GROUP PLC

## Preliminary Announcement of the audited financial statements for the year ended 31 August 2009

### 1. Accounting Policies

#### *Basis of preparation*

The Group's Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively "IFRS") issued by the International Accounting Standards Board as adopted by the European Union ("Adopted IFRS") and with those parts of the Companies Act 2006 applicable to companies preparing their financial statements under IFRS.

While the financial information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of IFRS, this announcement does not itself contain sufficient information to comply with IFRS. The Group expects to publish full financial statements that comply with IFRS in December 2009.

### 2. Segment Information

The Group operates in the following main business segments:

**Armour Auto:** The design, manufacture and supply of products for the in-car communications and entertainment market.

**Armour Home:** The design, manufacture and supply of products into the Hi-Fi, home theatre, home entertainment and office furniture markets.

**Central operations:** The provision of finance and support services, including future product concepts and Hong Kong based quality control, to the other business segments within the Group.

The Group's primary reporting format for reporting segment information is business segments.

<b>Year ended 31 August 2009</b>	Armour Auto £000	Armour Home £000	Central operations £000	Total £000
Revenue	13,092	38,522	-	51,614
Profit/(loss) before taxation	71	3,327	(2,278)	1,120
<b>Balance Sheet</b>				
Assets	7,891	18,691	21,639	48,221
Liabilities	(2,166)	(5,756)	(10,974)	(18,896)
<b>Net Assets</b>	<b>5,725</b>	<b>12,935</b>	<b>10,665</b>	<b>29,325</b>
<b>Other</b>				
Capital expenditure	188	414	2	604
Depreciation	213	404	14	631
Amortisation of intangible assets	224	557	1	782
Share-based payments	7	52	6	65

# ARMOUR GROUP PLC

## Preliminary Announcement of the audited financial statements for the year ended 31 August 2009

### 2. Segment Information (*continued*)

Year ended 31 August 2008	Armour Auto £000	Armour Home £000	Central operations £000	Total £000
Revenue	14,409	39,599	-	54,008
Profit/(loss) before taxation	1,284	4,872	(2,671)	3,485
<b>Balance Sheet</b>				
Assets	8,557	18,650	21,602	48,809
Liabilities	(2,281)	(6,538)	(11,188)	(20,007)
<b>Net Assets</b>	<b>6,276</b>	<b>12,112</b>	<b>10,414</b>	<b>28,802</b>
<b>Other</b>				
Capital expenditure	210	973	13	1,196
Depreciation	209	397	13	619
Amortisation of intangible assets	133	323	-	456
Share-based payments	28	57	15	100

The Group's secondary reporting format for reporting segment information is geographic segments.

	Revenue by location of customers		Total net assets by location of assets		Capital expenditure by location of assets	
	2009	2008	2009	2008	2009	2008
	£000	£000	£000	£000	£000	£000
United Kingdom	<b>41,851</b>	45,855	<b>28,854</b>	28,349	<b>(597)</b>	(1,185)
Rest of Europe	<b>5,966</b>	6,346	<b>461</b>	446	<b>(4)</b>	(8)
Rest of world	<b>3,797</b>	1,807	<b>10</b>	7	<b>(3)</b>	(3)
	<b>51,614</b>	54,008	<b>29,325</b>	28,802	<b>(604)</b>	(1,196)

### 3. Taxation Expense

	31 August 2009 £000	31 August 2008 £000
<b><i>Current taxation expense</i></b>		
UK Corporation Tax on profit for the year	<b>(119)</b>	(478)
Adjustment in respect of prior years	<b>61</b>	36
Income taxation of overseas operations	<b>(40)</b>	(47)
Total current taxation expense	<b>(98)</b>	(489)
<b><i>Deferred taxation expense</i></b>		
UK operations	<b>(104)</b>	(544)
Adjustment in respect of prior years	<b>(36)</b>	62
Overseas operations	<b>4</b>	(20)
Total deferred taxation expense	<b>(136)</b>	(502)
Total taxation expense	<b>(234)</b>	(991)

## ARMOUR GROUP PLC

### Preliminary Announcement of the audited financial statements for the year ended 31 August 2009

#### 3. Taxation Expense (continued)

The taxation assessed for the year is lower (31 August 2008: Lower) than the standard rate of UK Corporation Tax. The differences are explained below:

	31 August 2009 £000	31 August 2008 £000
<b>Profit on ordinary activities before taxation</b>	<b>1,120</b>	3,485
Profit multiplied by the rate of UK corporation tax of 28% (2008: 29.17%)	<b>(314)</b>	(1,017)
<b>Effects of:</b>		
Expenses not deductible for taxation purposes	<b>(51)</b>	(166)
Taxation credits	<b>105</b>	40
Recognition of losses carried forward	-	11
Use of previously unrecognised losses	-	20
Lower taxation rates on overseas profit and marginal relief	<b>1</b>	10
Corporate and deferred taxation rate differences	-	13
Adjustments in respect of prior years	<b>25</b>	98
<b>Total taxation expense</b>	<b>(234)</b>	(991)

The 2008 rate of UK Corporation Tax of 29.17% reflected the rate change from 30% to 28% effective from April 2008. Deferred taxation has been provided at the future taxation rate of 28% in both years.

#### 4. Earnings per Ordinary Share

Basic earnings per ordinary share are calculated using the weighted average number of ordinary shares in issue during the financial year of 65,056,067 (31 August 2008: 67,191,706). Diluted earnings per ordinary share are calculated with reference to 65,056,067 (31 August 2008: 68,044,400) ordinary shares. The effect of the exercise of options on the weighted average number of ordinary shares in issue is Nil (31 August 2008: 852,694).

At 31 August 2009, the Armour Employees' Share Trust held 3,424,000 (31 August 2008: 3,424,000) ordinary shares. The weighted average number of ordinary shares held by the Armour Employees' Share Trust during the year of 3,424,000 (31 August 2008: 1,288,361) are not included in either the weighted average, or diluted weighted average, ordinary shares in issue during the financial year.

Underlying earnings per ordinary share are also shown calculated by reference to earnings before share-based payments. The Directors consider that this gives a useful additional indication of underlying performance. It should be noted that the term "underlying" is not defined under IFRS and may not therefore be comparable with similarly titled profit measures reported by other entities.

	31 August 2009			31 August 2008		
	£000	Basic p	Diluted p	£000	Basic p	Diluted p
Profit for the financial year	886	1.4	1.4	2,494	3.7	3.7
Share-based payments	65	0.1	0.1	100	0.2	0.1
<b>Underlying earnings</b>	<b>951</b>	<b>1.5</b>	<b>1.5</b>	<b>2,594</b>	<b>3.9</b>	<b>3.8</b>

## ARMOUR GROUP PLC

### Preliminary Announcement of the audited financial statements for the year ended 31 August 2009

#### 5. Dividend

	31 August 2009 £000	31 August 2008 £000
Proposed dividend for the year of 0.30p (31 August 2008: 0.65p) per ordinary share	<b>(195)</b>	(423)

The Board is recommending a dividend for the year of 0.30 pence per ordinary share. Subject to approval at the Annual General Meeting, the dividend will be paid on 12 March 2010 to those shareholders on the register at the close of business on 12 February 2010.

The proposed dividend for the year has not been accrued in the Consolidated Balance Sheet as at 31 August 2009. The dividend proposed in the financial statements as at 31 August 2008, and approved by shareholders at the Annual General Meeting held on 29 January 2009, was charged to reserves and paid during the year.

#### 6. Net Cash Inflow from Operations

	31 August 2009 £000	31 August 2008 £000
Profit from operations	1,528	4,029
Depreciation of property, plant and equipment	631	619
Amortisation of intangible assets	782	456
Share-based payments	65	100
Gain on sale of property, plant and equipment	(9)	(68)
<b>Movements before working capital</b>	<b>2,997</b>	5,136
Decrease/(increase) in inventories	1,145	(2,335)
Decrease in trade and other receivables	344	810
Increase/(decrease) in trade, other payables and provisions	2,685	(487)
<b>Net cash from operations</b>	<b>7,171</b>	3,124

#### 7. Reconciliation of Net Cash Flow to Movement in Net Debt

Net debt incorporates the Group's borrowings, bank overdrafts and obligations under finance leases, less cash and cash equivalents. A reconciliation of the movement in the net debt from the beginning to the end of the year is shown below:

	31 August 2009 £000	31 August 2008 £000
Net increase/(decrease) in cash and cash equivalents	3,307	(6,758)
Net cash outflow from debt and lease financing	720	746
Other non-cash movements	(40)	42
Decrease/(increase) in net debt	3,987	(5,970)
Opening net debt	(8,874)	(2,904)
<b>Closing net debt</b>	<b>(4,887)</b>	(8,874)

## **ARMOUR GROUP PLC**

### **Preliminary Announcement of the audited financial statements for the year ended 31 August 2009**

#### **8. Publication of non-statutory accounts**

The financial information set out in this preliminary announcement does not constitute the Group's financial statements for the year ended 31 August 2009 and the year ended 31 August 2008.

The financial statements for the year ended 31 August 2008 were prepared in accordance with Adopted IFRS and have been delivered to the Registrar of Companies. The financial statements for the year ended 31 August 2009 will be delivered to the Registrar of Companies following the Company's Annual General Meeting. The auditors' report on both accounts was unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain statements under sections 237(2) or (3) of the Companies Act 1985 (in respect of the 31 August 2008 financial statements) or sections 498(2) or (3) of the Companies Act 2006 (in respect of the 31 August 2009 financial statements).

The full audited financial statements of Armour Group plc for the period ended 31 August 2009 are expected to be posted to shareholders no later than 14 December 2009 and will be available to the public at the Company's registered office, Lonsdale House, 7-9 Lonsdale Gardens, Tunbridge Wells Kent, TN1 1NU and available to view on the Company's website at [www.armourgroup.uk.com](http://www.armourgroup.uk.com) from that date.

#### **9. Annual General Meeting**

The Annual General Meeting will be held at the offices of Arnold & Porter (UK) LLP, Tower 42, 25 Old Broad Street, London, EC2N 1HQ on 28 January 2010.

## **ABOUT ARMOUR**

Armour Group is the United Kingdom's leading consumer electronics group within the home and in-car communications and entertainment markets, committed to designing, manufacturing and distributing leading-edge audio and visual products and solutions.

Armour Group has two principal operating divisions, Armour Home and Armour Auto, and employs over 300 people across eight operating sites in the UK, Sweden and Hong Kong.

The Group possesses a strong brand portfolio, including more than 6,000 products and accessories, which is underpinned by innovative product development and investment in proprietary technology.

An unrivalled distribution capability ensures that products are supplied direct to more than 6,000 retail outlets within the UK and to customers in 68 countries worldwide. Armour Group is also a leading supplier of audio and visual technology to a host of non-retail customers including vehicle manufacturers, hotel chains, house builders and custom installers.

The Group's strength is based on 5 fundamentals:

- Strong recognised brands
- Quality product portfolio
- Structured programme of product innovation
- Unrivalled distribution into the UK's retail electronics market
- First class customer service