

**ARMOUR GROUP PLC**  
**("Armour" or the "Group")**  
**Preliminary Results for the year ended 31 August 2010**

**FINANCIAL HEADLINES**

- Sales £56.6 million (2009: £51.6 million).
- EBITDA\* of £2.8 million (2009: £3.0 million).
- Profit after taxation £0.9 million (2009: £0.9 million).
- Basic earnings per ordinary share 1.4p (2009: 1.4p).
- Cash generated from operations of £1.8 million (2009: £7.2 million).
- Net debt £5.7 million (2009: £4.9 million).

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

George Dexter, Chief Executive of Armour Group plc commented:

"I am very pleased that we have increased our sales by 10% this year, despite the continuing uncertainty in sales volumes from month to month. Sales in the first four months of the year were very encouraging but weakened in January, due to the poor weather, and July after the football World Cup. Predicting demand has proved difficult for both us and our customers.

Our growth has come from a number of areas which includes continued development of our operations in Asia and Scandinavia and the benefit of new products. Armour Auto sales into the agricultural and commercial vehicle channel increased by 17%, the office furniture initiative contributed sales of over £2 million and new products including QTV2 and QED Profile, were introduced through Armour Home's retail channel.

We have experienced continued pressure on margins due to weaker sales mix, continuing sales price competition and promotional activity which also includes the launch of products through trade shows and subsequent marketing.

We are continuing to deliver on new initiatives and the fundamentals of the Group remain sound. Nonetheless, the economic outlook remains unpredictable and challenging, particularly for the first half of the new-year. Consequently, the Group management have an ongoing operational review looking at all aspects of our business and how it can be streamlined with regard to reducing cost and improving efficiency."

For further information please contact:

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**ARMOUR GROUP PLC**  
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**Preliminary Results for the year ended 31 August 2010**

**CHAIRMAN'S STATEMENT**

The turbulence emanating from the uncertain economic environment has again had a major impact on the Group's performance in the year 31 August 2010. Whilst it is pleasing to report that the Group sales increased to £56.6 million (2009: £51.6 million), it is disappointing to report that the profit from operations fell to £1.2 million (2009: £1.5 million). Basic earnings per ordinary share were 1.4p (2009: 1.4p). No dividend is proposed for the year (2009: 0.30p per ordinary share). The Group's net debt at 31 August 2010 was £5.7 million (2009: £4.9 million).

Despite the UK moving out of recession in the latter part of 2009, the trading environment has remained volatile and the Group's results reflect this uncertainty and the testing environment.

The Group enjoyed a period of strong sales in the run up to Christmas 2009, but experienced weak sales during the poor weather in January and immediately after the football World Cup in July. Managing our operations in such an uncertain climate is difficult, particularly where our customers themselves are struggling to predict buying patterns.

The sales growth achieved by the Group in the year has been encouraging given the economic backdrop. This growth has come from across the Group and reflects investments made during 2009 in products, operations and new sales channels. In Asia and Scandinavia, our businesses grew significantly on the back of the expansion of their respective sales operations; our successful entry into the office furniture market in 2010 contributed over £2 million to sales; our automotive sales through the agricultural and commercial vehicle channel also benefited from an improvement in market conditions and reported a year on year sales increase of 17%; and new products such as QTV2 and our new cable range QED Profile helped grow sales in the home retail channel.

Despite the sales growth, our profit margins have come under pressure from a weaker sales mix, additional promotional activity and continuing competitive price pressure. We have responded to these pressures through taking responsible and appropriate action to control our cost base and target lowering the purchase cost of products from our suppliers.

The core fundamentals of strong brands, quality products, unrivalled distribution and excellent customer service all remain true, with our key proprietary brands continuing to dominate their respective niches in the UK.

The Group employs over 300 people in the UK, Ireland, Sweden and Hong Kong. It is thanks to their hard work, dedication and professionalism that the Group continues to be successful in these challenging times. I would like to acknowledge the Board's appreciation of their commitment and effort over the course of the year.

The Group has recently set up a manufacturing facility in northern China in response to a number of opportunities initiated by key customers. Whilst this initiative is in its early stages, the response from our customers has been encouraging.

The economic outlook remains uncertain and challenging in the near term in our core UK markets. Whilst there are opportunities for the Group to grow over the coming year, the Board remains cautious with regard to the short term prospects, with the indications being that the first half of the new financial year will be below the prior year. The Group management have an ongoing operational review looking at all aspects of our business and how it can be streamlined with regard to reducing cost and improving efficiency. The Board has confidence that this review, the sales effort in our core brands and the new manufacturing facility in China will put us in a good position for growth when markets recover.

**BOB MORTON**  
Chairman  
23 November 2010

# ARMOUR GROUP PLC

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME For the year ended 31 August 2010

	Note	31 August 2010 £000	31 August 2009 £000
Revenue	2	56,591	51,614
Changes in inventory of finished goods and work in progress		(1,057)	(1,060)
Raw materials and consumables		(33,559)	(29,095)
Employee benefits costs		(9,756)	(9,487)
Depreciation and amortisation expense		(1,573)	(1,413)
Other expenses		(9,474)	(9,031)
<b>Total expenses</b>		<b>(55,419)</b>	<b>(50,086)</b>
Profit from operations		1,172	1,528
Finance expense		(233)	(409)
Finance income		8	17
Share of loss of associated undertakings		-	(16)
<b>Profit before taxation</b>	2	<b>947</b>	<b>1,120</b>
Taxation expense	3	(68)	(234)
<b>Profit for the year</b>		<b>879</b>	<b>886</b>
<b>Other Comprehensive Income</b>			
Exchange gains/(losses) on translation of foreign operations		19	(5)
<b>Total Other Comprehensive Income</b>		<b>19</b>	<b>(5)</b>
<b>Total Comprehensive Income for the year</b>		<b>898</b>	<b>881</b>
<b>Earnings per ordinary share</b>			
	4		
Basic		1.4p	1.4p
Diluted		1.4p	1.4p

# ARMOUR GROUP PLC

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION At 31 August 2010

	Note	31 August 2010 £000	31 August 2009 £000
<b>Non-current assets</b>			
Goodwill		21,084	21,084
Other intangible assets		4,319	3,112
Property, plant and equipment		1,829	2,044
Investment in associated undertakings		-	352
<b>Total non-current assets</b>		<b>27,232</b>	26,592
<b>Current assets</b>			
Inventories		10,653	11,681
Trade and other receivables		9,523	9,876
Cash and cash equivalents		397	72
<b>Total current assets</b>		<b>20,573</b>	21,629
<b>Total assets</b>	2	<b>47,805</b>	48,221
<b>Current liabilities</b>			
Bank overdrafts and borrowings		(5,613)	(3,521)
Trade and other payables		(10,392)	(12,465)
Corporation taxation liability		(182)	(580)
Provisions		(132)	(95)
<b>Total current liabilities</b>		<b>(16,319)</b>	(16,661)
<b>Non-current liabilities</b>			
Borrowings		(480)	(1,438)
Provisions		-	(141)
Deferred taxation liability		(946)	(656)
<b>Total non-current liabilities</b>		<b>(1,426)</b>	(2,235)
<b>Total liabilities</b>	2	<b>(17,745)</b>	(18,896)
<b>Total net assets</b>	2	<b>30,060</b>	29,325
<b>Equity</b>			
Share capital		6,848	6,848
Share premium		8,513	8,513
Other reserves		871	871
Retained earnings		14,318	13,602
Translation reserve		82	63
Share trust reserve		(572)	(572)
<b>Total equity</b>		<b>30,060</b>	29,325

## ARMOUR GROUP PLC

### CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY For the years ended 31 August 2010

	Share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Translation reserve £000	Share trust reserve £000	Total equity £000
At 1 September 2008	6,848	8,513	871	13,074	68	(572)	28,802
Total Comprehensive Income	-	-	-	886	(5)	-	881
Share-based payments	-	-	-	65	-	-	65
Dividend paid	-	-	-	(423)	-	-	(423)
At 31 August 2009	6,848	8,513	871	13,602	63	(572)	29,325
Total Comprehensive Income	-	-	-	879	19	-	898
Share-based payments	-	-	-	32	-	-	32
Dividend paid	-	-	-	(195)	-	-	(195)
<b>At 31 August 2010</b>	<b>6,848</b>	<b>8,513</b>	<b>871</b>	<b>14,318</b>	<b>82</b>	<b>(572)</b>	<b>30,060</b>

# ARMOUR GROUP PLC

## CONSOLIDATED STATEMENT OF CASH FLOWS For the year ended 31 August 2010

	Note	31 August 2010 £000	31 August 2009 £000
<b>Cash flow from operating activities</b>			
Cash generated from operations	6	1,818	7,171
Income taxes (paid)/recovered		(178)	156
<b>Net cash from operating activities</b>		<b>1,640</b>	<b>7,327</b>
<b>Investing activities</b>			
Acquisition of subsidiary undertaking, net of cash acquired		-	(2)
Purchase of property, plant and equipment		(401)	(604)
Sale of property, plant and equipment		36	40
Expenditure on intangible assets		(1,684)	(1,853)
Interest received		8	17
<b>Net cash used in investing activities</b>		<b>(2,041)</b>	<b>(2,402)</b>
<b>Financing activities</b>			
Dividend paid		(195)	(423)
Repayment of bank loans		(1,000)	(720)
Interest paid		(196)	(475)
<b>Net cash used in financing activities</b>		<b>(1,391)</b>	<b>(1,618)</b>
<b>Net (decrease)/ increase in cash, cash equivalents and bank overdrafts</b>	7	<b>(1,792)</b>	<b>3,307</b>
Currency variations on cash, cash equivalents and bank overdrafts		23	(6)
Cash, cash equivalents and bank overdrafts at the start of the year		(2,491)	(5,792)
<b>Cash, cash equivalents and bank overdrafts at the end of the year</b>		<b>(4,260)</b>	<b>(2,491)</b>

# ARMOUR GROUP PLC

## Preliminary Announcement of the audited financial statements for the year ended 31 August 2010

### 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 2010.

As a result of the application of Amendments to IAS 1 Presentation of Financial Statements: A Revised Presentation the Group has elected to present a single Consolidated Statement of Comprehensive Income. Previously the Group presented an income statement only, with movements in other comprehensive income recognised as part of total recognised income and expense in the Consolidated Statement of Changes in Shareholders' Equity. In addition, certain primary statement titles have changed in order to align with the terms used in IAS 1. The Amendment does not change the recognition or measurement of transactions and balances in the financial statements.

The Group has changed its presentation of segment information in accordance with Operating Segments IFRS 8.

### 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 and the sale of Armour Auto and Armour Home products to the Asian markets.

These segments are considered on the basis of different products and services. The accounting policies of the operating segments are the same as those described in the accounting policies in note 1.

<b>Year ended 31 August 2010</b>	<b>Armour Auto £000</b>	<b>Armour Home £000</b>	<b>Central operations £000</b>	<b>Total £000</b>
Revenue	13,252	42,794	545	56,591
Profit/(loss) before taxation	122	1,942	(1,117)	947
<b>Balance Sheet</b>				
Assets	11,235	21,696	14,874	47,805
Liabilities	(3,680)	(9,274)	(4,791)	(17,745)
<b>Net Assets</b>	<b>7,555</b>	<b>12,422</b>	<b>10,083</b>	<b>30,060</b>
<b>Other</b>				
Additions to non-current assets	350	1,724	11	2,085
Finance Expense	(19)	(11)	(203)	(233)
Finance Income	5	3	-	8
Taxation expense	(16)	(252)	200	(68)
Depreciation	178	403	15	596
Amortisation of intangible assets	213	762	2	977
Share-based payments	4	25	3	32

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**2. Segment Information (continued)**

<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>				
Additions to non-current assets	699	1,756	2	2,457
Investment in associates	-	-	352	352
Share of loss in associate	-	-	(16)	(16)
Finance Expense	-	(20)	(389)	(409)
Finance Income	5	12	-	17
Taxation expense	37	(295)	24	(234)
Depreciation	213	404	14	631
Amortisation of intangible assets	224	557	1	782
Share-based payments	7	52	6	65

Geographical information

	Revenue by location of customers		Total non-current assets by location	
	2010	2009	2010	2009
	£000	£000	£000	£000
United Kingdom	<b>45,077</b>	41,851	<b>27,214</b>	26,576
Sweden	<b>1,927</b>	1,603	<b>10</b>	10
Hong Kong	<b>1,785</b>	2,074	<b>8</b>	6
France	<b>1,461</b>	1,025	-	-
Other Countries	<b>6,341</b>	5,061	-	-
	<b>56,591</b>	51,614	<b>27,232</b>	26,592

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**3. Taxation Expense**

	<b>31 August 2010 £000</b>	31 August 2009 £000
<b>Current taxation expense</b>		
UK Corporation Tax on profit for the year	-	(119)
Adjustment in respect of prior years	<b>261</b>	61
Income taxation of overseas operations	<b>(42)</b>	(40)
<b>Total current taxation expense</b>	<b>219</b>	(98)
<b>Deferred taxation expense</b>		
UK operations	<b>(70)</b>	(104)
Adjustment in respect of prior years	<b>(228)</b>	(36)
Overseas operations	<b>11</b>	4
<b>Total deferred taxation expense</b>	<b>(287)</b>	(136)
<b>Total taxation expense</b>	<b>(68)</b>	(234)

The taxation assessed for the year is lower (31 August 2009: Lower) than the standard rate of UK Corporation Tax. The differences are explained below:

	<b>31 August 2010 £000</b>	31 August 2009 £000
<b>Profit on ordinary activities before taxation</b>	<b>947</b>	1,120
Profit multiplied by the rate of UK corporation tax of 28% (2009: 28%)	<b>(265)</b>	(314)
<b>Effects of:</b>		
Expenses not deductible for taxation purposes	<b>(31)</b>	(51)
Taxation credits	<b>189</b>	105
Lower taxation rates on overseas profit and marginal relief	<b>6</b>	1
Adjustments in respect of prior years	<b>33</b>	25
<b>Total taxation expense</b>	<b>(68)</b>	(234)

**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 2009: 65,056,067). Diluted earnings per ordinary share are calculated with reference to 65,056,067 (31 August 2009: 65,056,067) ordinary shares. The effect of the exercise of options on the weighted average number of ordinary shares in issue is Nil (31 August 2009: Nil).

At 31 August 2010, the Armour Employees' Share Trust held 3,424,000 (31 August 2009: 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 2009: 3,424,000) 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.

	<b>31 August 2010</b>			31 August 2009		
	<b>£000</b>	<b>Basic p</b>	<b>Diluted p</b>	£000	Basic p	Diluted p
Profit for the year	<b>879</b>	<b>1.4</b>	<b>1.4</b>	886	1.4	1.4
Share-based payments	<b>32</b>	-	-	65	0.1	0.1
<b>Underlying earnings</b>	<b>911</b>	<b>1.4</b>	<b>1.4</b>	951	1.5	1.5

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**ended 31 August 2010**

**5. Dividend**

	31 August 2010 £000	31 August 2009 £000
Proposed dividend for the year of Nil (31 August 2009: 0.30p) per ordinary share	-	(195)

The Board has not recommended a final dividend for the year ended 31<sup>st</sup> August 2010. The dividend proposed in the financial statements as at 31 August 2009, and approved by shareholders at the Annual General Meeting held on 28 January 2010, was charged to reserves and paid during the year.

**6. Net Cash Inflow from Operations**

	31 August 2010 £000	31 August 2009 £000
Profit from operations	1,172	1,528
Depreciation of property, plant and equipment	596	631
Amortisation of intangible assets	977	782
Share-based payments	32	65
<b>EBITDA*</b>	<b>2,777</b>	<b>3,006</b>
Gain on sale of property, plant and equipment and fair value adjustments	(165)	(9)
Decrease in inventories	1,028	1,145
Decrease in trade and other receivables	353	344
(Decrease)/increase in trade, other payables and provisions	(2,175)	2,685
<b>Net cash from operations</b>	<b>1,818</b>	<b>7,171</b>

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

**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 2010 £000	31 August 2009 £000
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	(1,792)	3,307
Net cash outflow from debt and lease financing	1,000	720
Other non-cash movements	(17)	(40)
(Increase)/decrease in net debt	(809)	3,987
Opening net debt	(4,887)	(8,874)
<b>Closing net debt</b>	<b>(5,696)</b>	<b>(4,887)</b>

## **ARMOUR GROUP PLC**

### **Preliminary Announcement of the audited financial statements for the year ended 31 August 2010**

#### **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 2010 and the year ended 31 August 2009.

The financial statements for the year ended 31 August 2009 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 2010 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 498(2) or (3) of the Companies Act 2006.

The full audited financial statements of Armour Group plc for the period ended 31 August 2010 are expected to be posted to shareholders no later than 31 December 2010 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 in early 2011 and shareholders will be notified by the Company in due course.

## **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 seven operating sites in the UK, Scandinavia 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