

**Armour Group plc  
(AIM: AMR)**

**Unaudited Interim Statement  
For the six months to 28 February 2009**

Armour Group plc is the United Kingdom's leading consumer electronics group focused on the in-car communications and entertainment and home entertainment markets. The Board is pleased to announce interim results for the six months to 28 February 2009.

**Financial Headlines**

- Sales of £26.7 million (2008: £30.2 million).
- EBITDA \* of £1.7 million (2008: £3.4 million).
- Profit after taxation of £0.5 million (2008: £1.8 million).
- Cash inflow from operating activities of £3.0 million (2008: £1.6 million)
- Basic earnings per ordinary share of 0.8p (2008: 2.7p).
- Underlying basic earnings per ordinary share of 0.9p (2008: 2.8p).

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

**Commenting on today's results, George Dexter, CEO, said:**

**"The Group's results for the six months to 28 February 2009 reflect the challenging economic environment. In light of these market conditions, the Group's performance has been satisfactory with all of our operating businesses trading profitably, generating cash and securing new and significant business in the first six months of the financial year.**

**We have continued to invest in new product development and have a number of exciting new products scheduled for launch in the coming months. We believe that these new products will drive sales and be an important element in determining the speed of our recovery when the economic conditions improve.**

**These are undoubtedly difficult times and we do not expect the conditions in our markets to improve significantly over the coming months. However, the prompt actions taken by the Group to protect profitability, combined with the expectation of incremental revenue from the new business wins and new products gives the Board confidence with regard to the future prospects for the Group. The Group has a robust business model with the capability to ride through this economic downturn and to prosper when the economy recovers in due course."**

For further information please contact:

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## **ABOUT ARMOUR**

[www.armourgroup.uk.com](http://www.armourgroup.uk.com)

Armour Group plc is the United Kingdom's leading consumer electronics group, focused on the in-car communications and entertainment and home entertainment markets.

The Group has an impressive brand portfolio, which boasts some of the United Kingdom's market leaders, regularly winning industry awards for quality and innovation. In the United Kingdom consumer electronics market, the Group has direct access to over 5,000 retail outlets.

It comprises two divisions: Armour Home and Armour Auto.

### **Armour Home**

[www.armourhome.co.uk](http://www.armourhome.co.uk)

[www.alphasondesigns.com](http://www.alphasondesigns.com)

The Home division is a market leader in the United Kingdom's specialist home entertainment market. It designs, manufactures, distributes and sells product into the hi-fi, home theatre and home entertainment markets.

Its proprietary brands include QED (quality cables and interconnects), Systemline (multi-room home entertainment systems), Alphason (hi-fi and audio-visual furniture), Goldring (turntables, styli and headphones), Q Acoustics (award winning speakers) and Myryad (mid to high end hi-fi separates).

The Home division also distributes third party brands, typically on an exclusive basis in the United Kingdom. These brands include Grado headphones, Nevo remote controls, Sonance speakers, NAD hi-fi separates, Tivoli radios and Audica speakers.

The Home division's customers are both retail and non-retail and include Comet, Argos, John Lewis, Marks & Spencer, Tesco, Sevenoaks Sound and Vision, Berkeley Homes and David Wilson Homes.

### **Armour Auto**

[www.armourautomotive.uk.com](http://www.armourautomotive.uk.com)

The Automotive division is the market leader in Europe in the design, manufacture and supply of products for the in-car entertainment and communications markets.

Its proprietary brands include Autoleads (connectivity leads and smartleads such as the telemute lead used in mobile telephone hands free kits), iO (Bluetooth music streaming and mobile phone hands free solutions for the in-car environment), CTI (GSM and GPS aerials), VEBA (a range of in-car audio-visual entertainment systems) and Mutant (a range of quality amplifiers and speakers for the in-car entertainment enthusiast).

Armour Auto exclusively distributes third party brands which include Kicker and Orion (high-performance amplifiers and speakers) and Clifford, Viper and Hornet (market leading brands for vehicle security and remote start).

Armour Auto has recently launched VI ("Virtual Instrumentation"), which breaks new ground in allowing the motorist to view a host of engine and performance data, and even identify vehicle fault codes, formerly only accessible to garages with expensive diagnostics equipment.

Armour Auto supplies both retail and non-retail customers which include Halfords, Carphone Warehouse, Scania, Claas and Case New Holland.

## Interim Statement for the six months to 28 February 2009

### Results and Dividend

The Group's results for the six months to 28 February 2009 reflect the challenging economic environment. In light of these market conditions, the Group's performance has been satisfactory with all of our operating businesses trading profitably, generating cash and securing new and significant business in the first six months of the financial year.

- Sales of £26.7 million (2008: £30.2 million)
- EBITDA\* of £1.7 million (2008: £3.4 million)
- Profit after taxation of £0.5 million (2008: £1.8 million)
- Cash inflow from operating activities of £3.0 million (2008: £1.6 million)
- Basic earnings per ordinary share of 0.8p (2008: 2.7p)
- Underlying basic earnings per ordinary share of 0.9p (2008: 2.8p)

The Board is not recommending an interim dividend.

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

### Operations

In response to the economic downturn, we have adapted our operating plan to protect profitability whilst maintaining our competitiveness and market leading positions. The actions taken across the Group in the first six months of the financial year have focused on a programme of product price increases and cost reduction initiatives, including redundancies.

We have continued to invest in new product development and have a number of exciting new products scheduled for launch in the coming months. We believe that these new products will drive sales and be an important element in determining the speed of our recovery when the economic conditions improve.

### Armour Home

Armour Home has found its target markets in retail and house building difficult in the first six months of the financial year, with sales and profit down when compared with 2008. However, the division has delivered an encouraging performance in these turbulent market conditions, winning new business and signing new distribution agreements.

In the retail channel, our sales have felt the tightening of consumer spending patterns with almost all brands affected, which was not unexpected given the current environment. However, we have made significant progress building our relationships with the major multiple retailers and expect to see new business come on stream with these customers in the last quarter of this financial year.

In the home automation market, the slowdown in house building has caused weaker sales in this channel. Whilst slower, demand remains steady for home automation systems, but this is typically at the higher end of the market in the larger and more specialist house building sector. Consequently, we have seen good sales performances from our Systemline S6 multi-room product, Sonance speakers, Epson projectors and our in-wall touchscreen control pad, which are targeted at this sector of the market.

In the hotel sales channel, which we have been developing over the past year, we are now engaged in over 15 projects covering more than 1,500 hotel rooms in the United Kingdom, India and the Far East. We believe that this market sector will continue to grow for Armour Home and offers considerable potential over the next few years.

In February 2009, Armour Home was appointed as the exclusive United Kingdom distributor for the Imerge product range of hard disk media servers. Imerge is a global leader in the market for entertainment media storage and its S3000 product is the world's best selling

music server. The product range complements our Systemline range of multi-room audio and video distribution systems and will strengthen our overall product offering to the home automation market.

The second half of the financial year will be challenging, but the weak market conditions will in part be offset by new business, expected to commence in June, and new product launches, which are scheduled for the last quarter of the financial year.

## **Armour Auto**

Conditions in the automotive market are very testing across all channels, which have affected both the sales and profit performance of Armour Auto in the first half of the financial year.

In the retail market, we have again seen year on year sales improvement through the independent retailer channel, which is very encouraging. In the national accounts channel, sales have fallen in the first half of the financial year, which is due to a mixture of the general slowness in the market and specific trading difficulties encountered by one of our secondary national account customers.

Our non-retail business to commercial, leisure and agricultural vehicle manufacturers has had mixed fortunes. Our existing customers have had to cut back their production schedules as a result of falling demand, which, in turn, has hit our sales to date and will continue to do so for the rest of this year. However, Armour Auto has won a significant amount of new business in the first half of the financial year, primarily with new customers in the agricultural vehicle sector, which will come on stream over the coming months. Whilst this new business is unlikely to have a major impact in this financial year, it will provide an important contribution in 2010.

Our iO branded range of in-car Bluetooth music streaming and handsfree products has made steady progress with sales volumes increasing across a much broader customer base. Our strategy of targeting the car distributor channel is proving successful and we have added over 60 new customers this year. We believe that we will continue to expand both in the United Kingdom and internationally over the second half of the financial year and are pleased to report our first sales into the United States market.

Our business in Sweden has had a good first six months of the financial year with sales and profit exceeding our expectations. In February 2009, we extended our geographical reach to include Norway. In March 2009, we changed the name of the business to Armour Nordic and launched the Armour Home brands to be sold directly into the Scandinavian market.

In the second half of the financial year, we expect the trading conditions to remain difficult in the automotive market. However, balanced against this, we anticipate sales will receive some uplift from the new product launches and the new business won.

## **Outlook**

These are undoubtedly difficult times and we do not expect the conditions in our markets to improve significantly over the coming months. However, the prompt actions taken by the Group to protect profitability, combined with the expectation of incremental revenue from the new business wins and new products gives the Board confidence with regard to the future prospects for the Group. The Group has a robust business model with the capability to ride through this economic downturn and to prosper when the economy recovers in due course.

**Bob Morton**  
Chairman  
14 May 2009

**George Dexter**  
Chief Executive

**CONSOLIDATED INCOME STATEMENT**  
**For the six months to 28 February 2009**

	Notes	<b>Six months to 28 February 2009 Unaudited £000</b>	Six months to 29 February 2008 Unaudited £000	Twelve months to 31 August 2008 £000
Revenue	2	<b>26,663</b>	30,225	54,008
Profit from operations		<b>1,010</b>	2,864	4,029
Share of loss of associated undertakings		<b>(20)</b>	(7)	(7)
Finance income		<b>12</b>	23	166
Finance expense		<b>(271)</b>	(304)	(703)
<b>Profit before taxation</b>		<b>731</b>	2,576	3,485
Taxation expense	3	<b>(201)</b>	(747)	(991)
<b>Profit for the financial period</b>		<b>530</b>	1,829	2,494
<b>Earnings per ordinary share</b>	<b>4</b>			
Basic		<b>0.8p</b>	2.7p	3.7p
Diluted		<b>0.8p</b>	2.7p	3.7p

## CONSOLIDATED BALANCE SHEET

### At 28 February 2009

	28 February 2009 Unaudited £000	29 February 2008 Unaudited £000	31 August 2008 £000
<b>Non-current assets</b>			
Goodwill	21,082	21,082	21,082
Other intangible assets	2,317	1,233	2,041
Property, plant and equipment	2,014	1,425	2,102
Investment in associated undertakings	348	368	368
<b>Total non-current assets</b>	<b>25,761</b>	24,108	25,593
<b>Current assets</b>			
Inventories	11,710	11,561	12,826
Trade and other receivables	9,185	11,055	10,220
Cash and cash equivalents	115	245	170
<b>Total current assets</b>	<b>21,010</b>	22,861	23,216
<b>Total assets</b>	<b>46,771</b>	46,969	48,809
<b>Current liabilities</b>			
Bank overdrafts and borrowings	(5,418)	(4,176)	(6,650)
Trade and other payables	(8,898)	(9,855)	(9,755)
Corporation taxation liability	(639)	(1,400)	(326)
Provisions	(120)	(266)	(136)
<b>Total current liabilities</b>	<b>(15,075)</b>	(15,697)	(16,867)
<b>Non-current liabilities</b>			
Borrowings	(1,917)	(2,739)	(2,394)
Provisions	(197)	-	(226)
Deferred taxation liability	(659)	(84)	(520)
<b>Total non-current liabilities</b>	<b>(2,773)</b>	(2,823)	(3,140)
<b>Total liabilities</b>	<b>(17,848)</b>	(18,520)	(20,007)
<b>Total net assets</b>	<b>28,923</b>	28,449	28,802
<b>Equity</b>			
Share capital	6,848	6,848	6,848
Share premium	8,513	8,513	8,513
Other reserves	871	871	871
Retained earnings	13,218	12,375	13,074
Translation reserve	45	42	68
Share trust reserve	(572)	(200)	(572)
<b>Total equity</b>	<b>28,923</b>	28,449	28,802

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY****For the six months to 28 February 2009 (unaudited)**

	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	<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 financial period	-	-	-	<b>530</b>	-	-	<b>530</b>
Currency translation	-	-	-	-	<b>(23)</b>	-	<b>(23)</b>
Share-based payments	-	-	-	<b>37</b>	-	-	<b>37</b>
Dividend paid	-	-	-	<b>(423)</b>	-	-	<b>(423)</b>
At 28 February 2009	<b>6,848</b>	<b>8,513</b>	<b>871</b>	<b>13,218</b>	<b>45</b>	<b>(572)</b>	<b>28,923</b>

**For the six months to 29 February 2008 (unaudited)**

	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 2007	6,848	8,513	871	10,919	(7)	(200)	26,944
Profit for the financial period	-	-	-	1,829	-	-	1,829
Currency translation	-	-	-	-	49	-	49
Share-based payments	-	-	-	66	-	-	66
Dividend paid	-	-	-	(439)	-	-	(439)
At 29 February 2008	6,848	8,513	871	12,375	42	(200)	28,449

**For the twelve months ended 31 August 2008**

	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 2007	6,848	8,513	871	10,919	(7)	(200)	26,944
Profit for the year	-	-	-	2,494	-	-	2,494
Currency translation	-	-	-	-	75	-	75
Shares acquired by share trust	-	-	-	-	-	(372)	(372)
Share-based payments	-	-	-	100	-	-	100
Dividend paid	-	-	-	(439)	-	-	(439)
At 31 August 2008	6,848	8,513	871	13,074	68	(572)	28,802

## CONSOLIDATED CASH FLOW STATEMENT

### For the six months to 28 February 2009

Notes	Six months to 28 February 2009 Unaudited £000	Six months to 29 February 2008 Unaudited £000	Twelve months to 31 August 2008 £000
<b>Cash flow from operating activities</b>			
5	2,999	1,614	3,124
	251	(427)	(1,308)
	<b>3,250</b>	<b>1,187</b>	<b>1,816</b>
<b>Investing activities</b>			
	-	(4,302)	(4,302)
	-	400	400
	(229)	(146)	(1,196)
	20	126	147
	(608)	(384)	(1,506)
	12	23	166
	<b>(805)</b>	<b>(4,283)</b>	<b>(6,291)</b>
<b>Financing activities</b>			
	(423)	(439)	(439)
	(360)	(360)	(720)
	-	(16)	(26)
	-	-	(372)
	(326)	(263)	(726)
	<b>(1,109)</b>	<b>(1,078)</b>	<b>(2,283)</b>
6	<b>1,336</b>	<b>(4,174)</b>	<b>(6,758)</b>
	(23)	49	74
	<b>(5,792)</b>	<b>892</b>	<b>892</b>
	<b>(4,479)</b>	<b>(3,233)</b>	<b>(5,792)</b>

## Notes to the Interim Financial Statements

### 1. Basis of Preparation

These interim financial statements have been prepared using the recognition and measurement principles of International Accounting Standards, International Financial Reporting Standards and Interpretations adopted for use in the European Union (collectively "Adopted IFRS").

The principal accounting policies used in preparing these interim financial statements are those expected to apply to the Company's consolidated financial statements for the year ending 31 August 2009 and are unchanged from those disclosed in the Group's Annual Report for the year ended 31 August 2008.

The financial information for the six months ended 28 February 2009 and 29 February 2008 is unaudited and does not constitute statutory financial statements for those periods.

The comparative financial information for the twelve months ended 31 August 2008 has been derived from the audited statutory financial statements for that year. These financial statements were approved by shareholders at the Annual General Meeting and have been delivered to the Registrar of Companies. The Auditors' Report on those financial statements was unqualified, did not include a reference to any matters to which the Auditors drew attention by way of emphasis without qualifying their report and did not include a statement under section 498(2) or 498(3) of the Companies Act 2006.

The Board of Directors approved this interim report on 14 May 2009.

### 2. Business Segments

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

	Six months to 28 February 2009 Unaudited £000	Six months to 29 February 2008 Unaudited £000	Twelve months to 31 August 2008 £000
<b>Revenue by business segment</b>			
Armour Auto	6,264	7,360	14,409
Armour Home	20,399	22,865	39,599
<b>Total</b>	<b>26,663</b>	<b>30,225</b>	<b>54,008</b>

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

	Six months to 28 February 2009 Unaudited £000	Six months to 29 February 2008 Unaudited £000	Twelve months to 31 August 2008 £000
<b>Revenue by location of customers</b>			
United Kingdom	21,848	25,725	45,855
Rest of Europe	2,978	3,499	6,346
Rest of world	1,837	1,001	1,807
<b>Total</b>	<b>26,663</b>	<b>30,225</b>	<b>54,008</b>

### 3. Taxation

The taxation charge for the six months to 28 February 2009 is based on the effective taxation rate, which is estimated will apply to earnings for the year ending 31 August 2009.

### 4. Earnings per Ordinary Share

Basic earnings per ordinary share are calculated using the weighted average number of shares in issue during the financial period of 65,056,067 (29 February 2008: 67,514,067 and 31 August 2008: 67,191,706).

Diluted earnings per ordinary share are calculated using the weighted average number of shares in issue during the financial period of 65,056,067 (29 February 2008: 68,506,387 and 31 August 2008: 68,044,400).

The weighted average number of ordinary shares held by the Armour Employees' Share Trust of 3,424,000 (29 February 2008: 966,000 and 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 period.

Underlying earnings per ordinary share is also shown calculated by reference to earnings before share-based payments. The Directors consider that this gives a useful additional indication of underlying performance.

	Six months to 28 February 2009 Unaudited		Six months to 29 February 2008 Unaudited		Twelve months to 31 August 2008	
	£000	p	£000	p	£000	p
<b>Basic earnings per ordinary share</b>						
Profit for the financial period	530	0.8	1,829	2.7	2,494	3.7
Share-based payments	37	0.1	48	0.1	100	0.2
<b>Underlying earnings</b>	<b>567</b>	<b>0.9</b>	<b>1,877</b>	<b>2.8</b>	<b>2,594</b>	<b>3.9</b>
<b>Diluted earnings per ordinary share</b>						
Profit for the financial period	530	0.8	1,829	2.7	2,494	3.7
Share-based payments	37	0.1	48	-	100	0.1
<b>Underlying earnings</b>	<b>567</b>	<b>0.9</b>	<b>1,877</b>	<b>2.7</b>	<b>2,594</b>	<b>3.8</b>

### 5. Net Cash Inflow from Operations

	Six months to 28 February 2009 Unaudited £000	Six months to 29 February 2008 Unaudited £000	Twelve months to 31 August 2008 £000
Profit from operations	1,010	2,864	4,029
Depreciation of property, plant and equipment	309	307	619
Amortisation of intangible assets	332	142	456
Share-based payments	37	66	100
Gain on sale of property, plant and equipment	(12)	(108)	(68)
Decrease/(increase) in inventories	1,116	(1,071)	(2,335)
Decrease/(increase) in trade and other receivables	1,035	(25)	810
Decrease in trade, other payables and provisions	(828)	(561)	(487)
<b>Net cash from operations</b>	<b>2,999</b>	<b>1,614</b>	<b>3,124</b>

## 6. 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 is shown below:

	<b>Six months to 28 February 2009 Unaudited £000</b>	Six months to 29 February 2008 Unaudited £000	Twelve months to 31 August 2008 £000
Net increase/(decrease) in cash and cash equivalents	<b>1,336</b>	(4,174)	(6,758)
Net cash outflow from debt and lease financing	<b>360</b>	376	746
Other non-cash movements	<b>(42)</b>	32	42
Decrease/(increase) in net debt in the financial period	<b>1,654</b>	(3,766)	(5,970)
Opening net debt	<b>(8,874)</b>	(2,904)	(2,904)
<b>Closing net debt</b>	<b>(7,220)</b>	(6,670)	(8,874)

## 7. Copies of Interim Report

Copies of this interim report are being sent to shareholders and will also be made available upon request to members of the public at the Company's Registered Office, Lonsdale House, 7 – 9 Lonsdale Gardens, Tunbridge Wells, Kent, TN1 1NU. This interim report can also be viewed on the Group's website: [www.armourgroup.uk.com](http://www.armourgroup.uk.com).