Interim Results for the six months ended 28 February 2005

CHAIRMAN'S STATEMENT

RESULTS AND DIVIDEND

I am pleased to report excellent progress and a good set of results for the six months to 28 February 2005.

The financial highlights are as follows:

- Sales increased by 27% to £17.6 million (29 February 2004: £13.9 million).
- Operating profit before amortisation of goodwill, interest and tax rose by 21% to £2.0 million (29 February 2004: £1.7 million).
- Basic underlying earnings per share rose by 4% to 2.4p (29 February 2004: 2.3p).
- Equity shareholders' funds of £17.3 million (29 February 2004: £15.7 million).
- Net debt position was £6.2 million (29 February 2004: £3.2 million).

The Board is not recommending an interim dividend.

OPERATIONS

Armour Automotive

Armour Automotive has continued to grow, win new business and invest further in its management team and new product development. It has also extended its operating facilities in Bordon.

Our proprietary brands continue to attract new business and remain the driver to the Division's sales with like for like sales up 3% in the six months to 28 February 2005. Autoleads, the specialist range of connectivity solutions for in-car entertainment and communications, and CTI, the range of GSM and GPS aerials and antennae for the automotive and marine aftermarkets, have secured increasing levels of business with Vodafone for telemute leads and GSM antennae. Mutant, the range of amplifiers and speakers for the in-car market, has performed well and has recently been expanded with the launch of the new Mutant X range. RM Audio, the specialist range of in-vehicle customer branded speakers and head units, has won new OEM business with Lunar Caravans and with Claas for its range of agricultural vehicles in the United Kingdom and in Germany.

Veba, the specialist range of in-car audio-visual entertainment systems, has secured new business with Rolls Royce. We are also in the final stages of developing a prototype multi-media solution for Bentley Motors. In December 2004, we started deliveries to Mitsubishi for its Shogun model. In January 2005, we delivered our first systems to BMW for its X3 model. We have had strong repeat orders from Hyundai for its Matrix and Trajet models and have seen a steady growth in business with the vehicle dealership chains of Pendragon and Arnold Clark. We continue to develop new solutions for a number of vehicle manufacturers, which we are confident will be launched in due course.

To meet the growing needs of the business, the management team has been strengthened with the appointment of a Business Development Director, who is responsible for new product development, purchasing and channels to market. Elsewhere in the Division, we have added to our logistics, purchasing and research and development teams.

The continuing growth of the business has required an extension to our existing facilities in Bordon. Two new mezzanine levels have been constructed and additional warehousing space has been leased, which increases our operating capacity by 35%.

Armour Home Electronics

Armour Home Electronics has had a busy six months with like for like sales increasing by 2% in the six months to 28 February 2005. There have been two acquisitions, extension of our warehousing and distribution facilities and expansion of our sales, business development and new product research teams.

In September 2004, the Group acquired The Hi-End Limited ("Hi-End"), which has been integrated into our service business. This business provides specialist custom design and installation services to home builders, architects and homeowners in the home automation market. In November 2004, the Group acquired Myryad Systems Limited ("Myryad"), a designer and manufacturer of hi-fi separates, which is now being integrated into our product business. This business designs, manufactures and sells products into the hi-fi, home theatre and home entertainment market.

Our proprietary brands have benefited from a number of new product launches and awards in the past six months, which form an important part of maintaining and improving our brand awareness in the market place. QED launched a complete range of digital cables to meet the growing demand for digital connectivity to plasma screens and DVD players; Sound Style, Sound Organisation and Arca have launched new furniture ranges; Goldring launched two new turntables and Systemline Modular launched multi-channel audio and video modules.

Systemline Modular, our multi-room entertainment system, has continued to generate significant interest and demand from home builders and custom installers alike. In February 2005, the Group announced a major national agreement with David Wilson Homes. We have invested in marketing and a dedicated sales and support team, which is wholly focused on building the key relationships between ourselves, the home builder and our specialist custom install partners. There are now over 15,000 new homes being built or due to be built within the next twelve months where Systemline Modular is being included as part of the build programme either as a standard fit or offered as an option. To date, home builders such as David Wilson Homes, Persimmon Homes, Crest Nicholson, Westbury Homes, Taylor Woodrow, George Wimpey and Laing Homes are offering Systemline Modular as part of the build programme.

The new product research and development team has been strengthened by specialist audio/video engineering expertise and an expansion of our industrial design capability to meet the increased work load, which now includes the product development responsibilities of the newly acquired Myryad range. In the coming months, the programme for new product launches is demanding, with all key proprietary brands scheduled to launch new products.

Our service business has made good progress and, following the Hi-End acquisition, is now in a position to offer a complete range of services to both the new build as well as the retro-fit market.

OUTLOOK

The Group's focus over the past six months has been on investment for growth. There have been two acquisitions and a range of internal investments targeted at developing key areas of our operations. The Board believes that this investment will play an important part in delivering future growth and is confident with regard to the future prospects of the Group.

Bob Morton
Chairman
7 April 2005

ARMOUR GROUP PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE SIX MONTHS TO 28 FEBRUARY 2005

	Notes	**Six months to 28 February 2005 (Unaudited) £000**	Six months to 29 February 2004 (Unaudited) £000	Twelve months to 31 August 2004 (Audited) £000
Turnover				
Continuing operations		**16,847**	13,885	31,113
Acquisitions	3	**763**	-	-
	2	**17,610**	13,885	31,113
Operating profit				
Continuing operations		**1,939**	1,671	3,677
Acquisitions	3	**81**	-	-
Operating profit before amortisation of goodwill		**2,020**	1,671	3,677
Amortisation of goodwill		**(399)**	(264)	(599)
Profit on ordinary activities before interest		**1,621**	1,407	3,078
Net interest		**(225)**	(72)	(200)
Profit on ordinary activities before taxation		**1,396**	1,335	2,878
Taxation on profit on ordinary activities	4	**(534)**	(499)	(1,131)
Profit on ordinary activities after taxation		**862**	836	1,747
Dividend		**-**	-	(237)
Profit for the period retained	5	**862**	836	1,510
Earnings per ordinary share	7			
Basic		**1.6p**	1.8p	3.5p
Basic – underlying		**2.4p**	2.3p	4.7p
Diluted		**1.5p**	1.6p	3.3p
Diluted - underlying		**2.3p**	2.1p	4.4p

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE SIX MONTHS TO 28 FEBRUARY 2005

	Six months to 28 February 2005 (Unaudited) £000	Six months to 29 February 2004 (Unaudited) £000	Twelve months to 31 August 2004 (Audited) £000
Profit for the period	**862**	836	1,747
Currency translation differences on foreign currency net investments	**(1)**	-	(7)
Total recognised gains and losses relating to the period	**861**	836	1,740

CONSOLIDATED BALANCE SHEET

AT 28 FEBRUARY 2005

	Notes	**28 February 2005 (Unaudited) £000**	Re-presented* 29 February 2004 (Unaudited) £000	31 August 2004 (Audited) £000
Fixed assets				
Intangible assets		**14,742**	13,729	13,068
Tangible assets		**1,869**	1,570	1,765
		16,611	15,299	14,833
Current assets				
Stocks		**6,309**	4,350	5,904
Debtors		**6,273**	6,550	7,207
Cash at bank and in hand		**85**	694	1,081
		12,667	11,594	14,192
Creditors: Amounts falling due within one year				
Borrowings		**(3,538)**	(545)	(599)
Other		**(5,423)**	(7,361)	(8,961)
		(8,961)	(7,906)	(9,560)
Net current assets		**3,706**	3,688	4,632
Total assets less current liabilities		**20,317**	18,987	19,465
Creditors: Amounts falling due after more than one year				
Borrowings		**(2,777)**	(3,328)	(3,048)
Other		**(192)**	-	-
		(2,969)	(3,328)	(3,048)
Net assets		**17,348**	15,659	16,417
Capital and reserves				
Called up share capital		**5,374**	5,261	5,341
Share premium account		**3,760**	3,712	3,723
Other reserves		**444**	444	444
Profit and Loss Account		**7,970**	6,442	7,109
Share trust reserve		**(200)**	(200)	(200)
Equity shareholders' funds	5	**17,348**	15,659	16,417

* See Note 1

CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS TO 28 FEBRUARY 2005

	Notes	**Six months to 28 February 2005 (Unaudited) £000**	Re-presented* Six months to 29 February 2004 (Unaudited) £000	Twelve months to 31 August 2004 (Audited) £000
Net cash inflow from operating activities	6(a)	**1,465**	872	2,462
Returns on investment and servicing of finance				
Interest received		**8**	30	54
Interest paid		**(161)**	(62)	(156)
Bank loan arrangement costs		**(13)**	(127)	(135)
Interest element of finance lease rentals		**(4)**	(5)	(9)
Net cash outflow from returns on investment and servicing of finance		**(170)**	(164)	(246)
Corporate taxation paid		**(922)**	(476)	(843)
Capital expenditure and financial investment				
Payments to acquire tangible fixed assets		**(477)**	(251)	(854)
Sale of tangible fixed assets		**65**	8	76
Net cash outflow from capital expenditure and financial investment		**(412)**	(243)	(778)
Acquisitions and disposals				
Purchase of subsidiary undertakings		**(3,590)**	(13,182)	(13,177)
Net cash acquired with subsidiary undertakings		**140**	1,812	1,812
Net cash outflow from acquisitions and disposals		**(3,450)**	(11,370)	(11,365)
Dividend paid		**(237)**	(135)	(138)
Net cash outflow before financing		**(3,726)**	(11,516)	(10,908)
Financing				
Issue of ordinary share capital		**70**	4,823	4,914
New bank loans		**-**	4,000	4,000
Repayment of bank loans		**(285)**	-	(286)
Capital element of finance lease rental repayments		**(24)**	(20)	(40)
Net cash (outflow)/inflow from financing		**(239)**	8,803	8,588
Net cash outflow after financing, being the decrease in cash in the period	6(b)	**(3,965)**	(2,713)	(2,320)

* See Note 1

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The interim financial statements have been prepared on the basis of accounting policies consistent with those set out in the Group's Annual Report and financial statements for the twelve months to 31 August 2004.

The consolidated balance sheet at 29 February 2004 and the consolidated cash flow statement for the six months to 29 February 2004 have been re-presented to be consistent with the presentation adopted in the Group's consolidated financial statements for the twelve months to 31 August 2004.

The results of the Group for the six months to 28 February 2005, and the comparative figures for the six months to 29 February 2004, are unaudited. The financial information contained herein does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985.

The statutory accounts for the twelve months to 31 August 2004, which were approved by the shareholders at the Annual General Meeting and which have been delivered to the Registrar of Companies, carry an unqualified Auditor's Report. They do not contain a statement under Section 237(2) or 237(3) of the Companies Act 1985.

2. TURNOVER

	Six months to 28 February 2005 (Unaudited) £000	Six months to 29 February 2004 (Unaudited) £000	Twelve months to 31 August 2004 (Audited) £000
Group sales by business segment			
Armour Automotive	**8,842**	8,570	18,736
Armour Home Electronics	**8,768**	5,315	12,377
	17,610	13,885	31,113
Group sales by country of operation			
United Kingdom	**17,416**	13,726	30,708
Sweden	**324**	316	763
Inter-area eliminations	**(130)**	(157)	(358)
	17,610	13,885	31,113
Group sales by country of destination			
United Kingdom	**13,828**	10,539	24,176
Rest of Europe	**3,298**	3,014	5,959
Rest of world	**484**	332	978
	17,610	13,885	31,113

3. ACQUISITIONS

On 22 September 2004, the Group acquired The Hi-End Limited, a specialist company providing design, integration and installation services for home theatre and home automation systems. On 4 November 2004, the Group acquired Myryad Systems Limited, a company that designs and manufactures quality CD players, DVD players and amplifiers for the home entertainment market.

4. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

The taxation charge for the six months to 28 February 2005 is based on the effective taxation rate, which it is estimated will apply to earnings for the full year.

5. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	Six months to 28 February 2005 (Unaudited) £000	Six months to 29 February 2004 (Unaudited) £000	Twelve months to 31 August 2004 (Audited) £000
Profit for the period	**862**	836	1,747
Dividend	**-**	-	(237)
Profit for the period retained	**862**	836	1,510
New share capital subscribed (net of issue expenses)	**70**	4,823	4,914
Ordinary shares issued as consideration for acquisitions	**-**	550	550
Currency translation differences on foreign currency investments	**(1)**	-	(7)
Net movement in equity shareholders' funds	**931**	6,209	6,967
Opening equity shareholders' funds	**16,417**	9,450	9,450
Closing equity shareholders' funds	**17,348**	15,659	16,417

6(a). RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Six months to 28 February 2005 (Unaudited) £000	Six months to 29 February 2004 (Unaudited) £000	Twelve months to 31 August 2004 (Audited) £000
Operating profit	**1,621**	1,407	3,078
Depreciation of tangible fixed assets	**379**	284	630
Amortisation of goodwill	**399**	264	599
Decrease/(increase) in stocks	**178**	(252)	(1,740)
Decrease/(increase) in debtors	**1,184**	(744)	(1,231)
(Decrease)/increase in creditors	**(2,289)**	(88)	1,131
(Profit)/loss on disposal of tangible fixed assets	**(7)**	1	(5)
Net cash inflow from operating activities	**1,465**	872	2,462

6(b). RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/(DEBT)

	Six months to 28 February 2005 (Unaudited) £000	Six months to 29 February 2004 (Unaudited) £000	Twelve months to 31 August 2004 (Audited) £000
Decrease in cash	**(3,965)**	(2,713)	(2,320)
New bank loans	**-**	(4,000)	(4,000)
Repayment of bank loans	**285**	-	286
Cash outflow from finance leases	**24**	20	40
Change in net debt resulting from cash flows	**(3,656)**	(6,693)	(5,994)
New finance leases	**(1)**	(31)	(31)
Bank loan arrangement costs	**13**	127	135
Bank loan arrangement costs expensed	**(20)**	-	(23)
Exchange adjustments	**-**	-	(6)
Movement in net debt in the period	**(3,664)**	(6,597)	(5,919)
Opening net (debt)/funds	**(2,566)**	3,353	3,353
Closing net debt	**(6,230)**	(3,244)	(2,566)

6(c). ANALYSIS OF NET DEBT MOVEMENT

	31 August 2004 £000	Cash Flow £000	Other non-cash changes £000	Acquisitions £000	28 February 2005 £000
Cash	1,081	(996)	-	-	85
Overdraft	-	(2,969)	7	-	(2,962)
Loans: due within one year	(554)	285	(285)	-	(554)
Loans: due after more than one year	(3,048)	-	271	-	(2,777)
Finance leases	(45)	24	-	(1)	(22)
Net debt	(2,566)	(3,656)	(7)	(1)	(6,230)

7. EARNINGS PER ORDINARY SHARE

Basic earnings per share is calculated using the weighted average number of shares in issue during the period of 52,638,710 (29 February 2004: 47,567,290 and 31 August 2004: 49,934,924).

Underlying earnings per share is also shown calculated by reference to earnings before amortisation of goodwill. The Directors consider that this information gives a useful additional indication of underlying performance.

Basic earnings per ordinary share	**Six months to 28 February 2005 (Unaudited) £000**	**p**	Six months to 29 February 2004 (Unaudited) £000	p	Twelve months to 31 August 2004 (Audited) £000	p
Profit for the period	**862**	**1.6**	836	1.8	1,747	3.5
Amortisation of goodwill	**399**	**0.8**	264	0.5	599	1.2
Underlying earnings	**1,261**	**2.4**	1,100	2.3	2,346	4.7

Diluted earnings per share is calculated with reference to 56,037,243 (29 February 2004: 51,226,791 and 31 August 2004: 53,569,068) ordinary shares.

Diluted earnings per ordinary share	**Six months to 28 February 2005 (Unaudited) £000**	**p**	Six months to 29 February 2004 (Unaudited) £000	p	Twelve months to 31 August 2004 (Audited) £000	p
Profit for the period	**862**	**1.5**	836	1.6	1,747	3.3
Amortisation of goodwill	**399**	**0.8**	264	0.5	599	1.1
Underlying earnings	**1,261**	**2.3**	1,100	2.1	2,346	4.4

8. 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.