26 April 2010

Westminster Group plc:
2009 Preliminary Announcement

Westminster Group plc ('Westminster', 'the Company' or 'the Group'), the AIM listed supplier of system solutions and products to the security, defence, fire protection and safety markets worldwide, is pleased to announce its preliminary results for the 12 months ended 31 December 2009.

Financial highlights:

- Turnover increased 45% to £7.9m
- Gross profit margin maintained at 34.6% (2008: 34.9%)
- Underlying profit * increased to £217,000 (2008: loss £47,000)
- Placing to raise £763,000 before expenses (post year end)

*Underlying profit comprises profit before tax after adjusting for exchange gains and losses and financing income and costs related to the Convertible Loan Notes.

Operational highlights for the year:

- Expansion of international distribution network to over 45 countries offering unique in-country representation, knowledge and support
- $2.72m contract extension to Juba International Airport project
- Contract secured for Nagaa Hammadi Dam complex in Egypt for €2m
- Contract secured for ThruPORT fast deployment scanning portals for £1m
- Contract secured to provide 24/7 protection for National Bank of Ethiopia to include their Headquarters and the national mint
- Acquisition of Close Protection and Risk Assessment specialist Longmoor Security
- Longmoor Security 'Close Protection' contract award worth £540k per annum
- Exclusive distribution agreement with Pentagon Protection plc in Asia for Blast Proof film
- Exclusive distribution agreement for Body Scanning Equipment in UK
- Contracts won in fields of: Perimeter Intruder Detection, Bank Protection, Access Control, Control & Command, Blast Film Protection, Overt & Covert Scanning Equipment, Police Mobile Surveillance, Close Protection, Frequency Jamming Equipment, Explosive Detection Equipment and Fire Prevention

Post year end:

- Acquisition of niche security specialist CTAC Limited for up to £1.8m
- Contract secured with Ministry of Justice to supply and maintain security equipment to 139 prisons in UK
- Contracts won in fields of: Fever Detection, Integrated Fire and Intruder Alert, Prison Security to Ministry of Justice

Commenting on the results, Peter Fowler, Chief Executive of Westminster Group, said:

"Westminster has demonstrated its ability to deliver complex and innovative solutions in its target markets, across a broad range of projects and challenging environments. Westminster's reputation in these global markets is significantly enhanced with each contract delivered.

"We have made a good start to 2010, with significant contracts being won by all of our operating divisions, the acquisition of CTAC Limited announced last week, and the welcoming of three new institutional shareholders to our company through the recent equity placing. We are confident of a solid performance for 2010 and exciting growth prospects beyond."

Annual Report and Accounts

Copies of this preliminary results announcement are available from the Company's website (**www.wg-plc.com**). Copies of the Annual Report and Accounts will be sent to shareholders by 10 May 2010 for approval at the Annual General Meeting to be held on 3 June 2009.

Enquiries:

Peter Fowler 01295 756 300
Chief Executive – Westminster Group Plc

Nicholas Mearing-Smith 01295 756 300
Finance Director – Westminster Group Plc

Nandita Sahgal 020 7107 8000
Catherine Leftley
Seymour Pierce

Tom Cooper/Paul Vann 0117 985 8989
Winningtons Financial 0797 122 1972

Notes to Editors:

Westminster Group plc is a leader in the supply of system solutions and products to the security, defence, fire protection and safety markets worldwide.

Westminster's principal activity is the design, supply and ongoing support of advanced technology security solutions, risk assessments and close protection services. These can range from product only assignments, such as the supply of specialised scanners, to the design and implementation of an integrated system solution such as a border detection and surveillance system. The majority of its customer base, by value, comprises governments and government agencies, non governmental organisations and blue chip commercial organisations.

Chairman's statement

Overview
I am pleased to present the accounts of Westminster Group plc for the year ended 31 December 2009. Given the challenges presented by the global economy I am delighted to report that we have produced another set of solid results, which underpins our belief in our business strategy. We have continued to grow, both in terms of revenues increasing by 45% and by continued improvement in the underlying level of profitability. We are still investing heavily in building our international presence and infrastructure, the costs of which we expense through the P&L as incurred, and which will stand us in good stead to continue our growth strategy. Despite the challenging economic conditions, continued investment in the business, exchange rate losses and financing costs, I am happy to report a healthy pre-tax profit of £140,000.

Market
The market for security, defence, fire and safety solutions continues to develop, even through the challenges of the current economic climate. Organisations throughout the world are still mindful of the need to protect their assets and their people.

A key strength of our business plan is the extensive network of agents and offices we have built up around the world and which provide local intelligence, logistics, representation and manpower. This network means we can carry out our international business in a very cost effective manner and ensures scalability in our operations. We have agents located in all the countries in which we wish to operate, currently standing at over 45. This is a substantial barrier to entry for competitors and enables us to offer the quality of service our customers demand. Although we cover a wide range of countries, we focus our efforts on countries where our skills and expertise can be of most benefit and do not actively pursue other markets.

Corporate governance
In our industry it is vitally important that we maintain the highest standards of corporate governance. You will see in the Directors' report on corporate governance all the detailed measures we take to ensure that our standards, and those of our agents, can stand any scrutiny by Government or other official bodies.

Longmoor Security
On 25 February 2009 we completed the acquisition of Longmoor Services Limited, now renamed Longmoor Security Limited, a relatively new business specialising in close protection and security risk advice. Its training courses for close protection are highly regarded. The management team of Longmoor has extensive security experience from their time in the Royal Military Police and UK Police forces. I am pleased to report that the Longmoor business is rapidly developing within our Group.

CTAC
After the year end, on 15 April 2010, we acquired the entire issued share capital of CTAC Limited for a maximum consideration of up to £1.8 million. CTAC is a specialist integrated provider of 'high end' security solutions to a blue chip client base which operates in operationally critical, high value and high profile fields such as cash handling, bullion storage, jewellery and diamond merchants, chemical storage and utilities. We welcome the CTAC team to the Group.

Share issues
I am very glad to report that we have been able to strengthen our balance sheet after the year end by the issue of new ordinary shares to raise £763,000 before expenses.

Staff
Our staff are vital to the development of our business and continue to demonstrate their dedication. I warmly thank them for all that they have done for us.

Summary
As I reported last year, our Group is continuing to expand both organically and through acquisition. The acquisition and subsequent performance of Longmoor and the recent acquisition of CTAC demonstrates that we have the skills and management capability to continue this expansion. Our industry continues to have excellent growth prospects and I am confident of our future success.

I would also like to thank you, our shareholders, for your continued support.

Lt. Col. Sir Malcolm Ross GCVO, OBE
Chairman

Chief Executive Officer's report

Overview
Despite 2009 being an extremely challenging year for the world economy I am pleased to report that Westminster has once again produced another solid performance with a significant increase in revenues and a broadening and expansion of our revenue base in line with our strategic growth plans. We continue to be focussed on providing niche products and services for niche markets worldwide and in 2009 we have successfully delivered a wide range of products and services to a wide range of clients situated in countries across the globe.

Our total revenues grew by 45% over the year. Westminster International, our Advanced Technological division, increased its revenues by 53%. Longmoor Security, our Close Protection division, contributed revenues of £335,000, which is encouraging, as most of this was concentrated in the last few months of the year. RMS Integrated Solutions, our Low Voltage Integrated Systems division, saw a slight reduction in revenues, a consequence of the difficulties in the construction industry.

We have continued to build our international presence and infrastructure and have invested heavily in expanding our overseas operations, the cost of which we expense through the P&L as incurred, which gives us an even stronger platform to continue our growth, and I am pleased to report that, after exchange rate losses and financing costs, the Group made a profit before tax for the year of £140,000.

The Group's principal activity remains the design, supply and ongoing support of advanced technology security, defence, fire and safety solutions, together with risk management, close protection and training services. Our principal clients are Governments and related agencies, non-governmental organisations (NGOs), military establishments, airports, sea ports, banks, power stations and blue chip commercial organisations worldwide.

Our Market
The market in which we operate is large, growing and unlikely to experience serious downturn or contraction any time soon, even in the challenging economic climate of today. It is a wide and diverse market with intense competition in certain areas, whilst having under-developed, fragmented competition in others. These latter areas are the primary focus of our international activities.

The investment we have made in recent years, and continue to make, in building up our international presence and agency network, together with the marketing strategy we have developed, provide Westminster with a competitive advantage and I believe we are therefore well placed to achieve significant growth from the many opportunities presented around the world.

Our acquisition of Longmoor Security further extends our market focus and capabilities with the provision of risk management, close protection and training services to high net worth clients, corporations and government bodies worldwide.

Whilst our primary focus in recent years has been on delivering major projects, equipment and services internationally, the UK nevertheless remains an important market for us and our focus in the coming year will be in extending our presence and market share within the UK and Europe whilst continuing to expand our international operations.

Strategy
We believe success in our target markets requires meeting exacting criteria: credibility, financial stability, professionalism and experience, with a demonstrable track record and, crucially, 'in-country' knowledge and connections. These, together with the political and logistical issues presented in many countries, present a significant barrier to entry for many companies, yet provide a major opportunity for a company such as Westminster, which has the right credentials and an extensive local support network. Our target clients are potentially high value repeat order customers with demanding performance criteria.

We have demonstrated our ability to deliver complex and innovative solutions to an impressive list of clients worldwide and have therefore clearly established credibility and a demonstrable track record with governments and blue chip organisations, which stand us in good stead to secure and deliver increasing business within this target market.

We have, in recent years, devoted much of our efforts to establishing a credible worldwide network of

agents who can provide in-country logistics support, manpower, intelligence and, critically for our clients, on-going service support once we have provided the goods or services. Agents are chosen for their connections and knowledge of the country or region and for their ability to act as a conduit between Westminster and its target clients. We now have an extensive agent network in over 45 countries covering every continent with the exception of Antarctica and whilst we will continue to grow this network we believe we now have the structure and global reach to begin delivering meaningful growth.

We are not a manufacturer and are not therefore tied to any one single product or technology. As a solutions provider, we offer a broad range of products and services from manufacturers all over the world, wherever possible negotiating advantageous or exclusive rights prior to promoting them to our target client base. We believe that one of the key strengths of the Group is our ability to bring together and integrate a wide range of technologies from different sources to produce comprehensive bespoke solutions suited to clients' needs.

In addition to the above, our strategy going forward is to capitalise on the extensive portfolio of products and projects we have delivered worldwide and to build a meaningful recurring revenue base of maintenance and monitoring income.

We are committed to delivering this strategy both through organic growth and by strategic and targeted acquisitions.

Websites

Due to the global nature of our business, an effective web presence is an important aspect of our marketing strategy. We have therefore continued to invest heavily in our various Group websites not only in design and functionality but also in search engine optimisation.

In April 2009 we announced the launch of our new international, multilingual, 'Generation 2' security and defence website, (**www.wi-ltd.com**). The new site is believed to be one of the largest security product websites in the world and has become a case study for the Microsoft Corporation as a result of its complexity and successful delivery.

Features offered include: multilingual support; secure e-commerce; secure access to files for Westminster's agents & partners; encrypted enquiry facilities; personalised customer account centres; site-wide search of all products & datasheets; interactive worldwide 'contact us' facility; related product suggestions and a product library that is five times greater than the previous generation's site.

The new site gives the Group far greater reach and greater control over our product catalogue. Our industry is fast changing, making the traditional printed catalogues very hard to keep up to date. The efficiency of our worldwide network of agents is dependent upon supporting them in the field with the most up to date product information and manuals on a real time basis.

Since the launch of the new website in April 2009, we have seen an increase in online enquiries of 89% and an increase in online sales of 62% (for the comparative period of May to December 2009 versus May to December 2008). We calculate that this site will not only improve our product sales, order processing and delivery, but will additionally deliver cost savings through reduced print of catalogues and product marketing materials and greater efficiencies through advanced management information.

Our multi-lingual Group website (**www.wg-plc.com**) is fully compliant with AIM rule 26 of the London Stock Exchange and has been designed to provide shareholders access to a wide range of shareholder information, including an email alert system, as well as acting as a portal to our various group companies and services.

Our RMS website (**www.rms-is.com**) covers the extensive range of their services and helps promote our UK services to a far wider audience.

Following our acquisition of Longmoor Security we have developed the Longmoor website (**www.longmoor-security.com**) as an integrated part of the Group. A key driver for acquiring Longmoor is our belief that we can greatly enhance their marketing reach through our website and agents, which is already bearing fruit as the business expands.

All websites are fully interactive and provide an excellent showcase for the Group's extensive range of products and services.

Business review

This year has been significant in two ways; firstly, the securing of a number of major new contracts and, secondly, the continued enhancement in the quality and size of enquiries in which we are involved. As in previous years revenues were strongly biased towards the second half of the year which is, in part, due to the buying cycles of governments and large corporations.

A review of activities by region is given below:

In Africa

Africa remains an important market for us and one where we see significant business opportunities for the future. During 2009 we secured a number of important contracts in the region some of which are highlighted below.

During the year we were awarded a $2.72 million extension contract from the Government of Southern Sudan ("GOSS") for additional security at Juba International Airport, Southern Sudan. The contract is an extension of the $4.7 million contract Westminster was awarded in 2008 to secure Juba International Airport and which has been an ongoing project during 2009. The extension contract relates to additional security fencing and perimeter detection systems together with Under Vehicle Surveillance Systems (UVSS), Automatic Number Plate Recognition systems (ANPR) and Vehicle Control Barriers on entranceways, additional CCTV Surveillance and Solar Powered Street Lighting around car parks.

We also secured a new contract for the provision of an integrated security system for the National Bank of Ethiopia headquarters along with other bank buildings including the country's mint. Westminster's sophisticated IP-Based CCTV installation will include multiple control rooms which simultaneously monitor and record movements 24/7 for security and safety of bank personnel. The advanced security solution will be fully integrated providing security, surveillance and management across all buildings.

We were awarded a contract by a Sub Saharan African Government for the supply of bespoke mobile surveillance systems and equipment to assist with urban policing and state security. The contract valued at circa $660,000 was completed during 2009. In addition we were awarded a further contract to provide the Control & Command facility for the systems. The contract valued at approximately $220,000 is to provide a comprehensive Control & Command system capable of monitoring and controlling the mobile surveillance systems network. The new control room will be capable of monitoring a number of surveillance units simultaneously. The project will be undertaken in parallel with the manufacture of the mobile surveillance units and should be completed by the middle of 2010.

We secured a contract to provide a high security perimeter intruder detection system (PID) to protect the Nigerian Communication Satellite Limited (NIGCOMSAT) main operating base station in Nigeria. The contract, valued at circa $210,000, is to protect the high profile base against intrusion involving the installation of a high security detection system covering the 1.2km site perimeter that will detect any attempt to climb or penetrate the perimeter walls or fencing. The contract will now be completed in 2010

We have also supplied blast resistant doors for the West African Gas Pipeline project, fever detection systems for the World Health Organisation and a range of security equipment including covert search, investigation and explosive detection equipment to government security services in Sub Sahara Africa.

In the Middle East

Whilst our strategy is to develop and operate through our agent network, we recognise that we also need a strategic 'regional office' presence in some regions to support our agents and provide additional credibility. The Middle East is the most important region in question and during the year we have continued to invest heavily in our Middle East office operations in Dubai and Abu Dhabi and on developing much stronger relationships in the region. This investment, amounting to some £400,000, all of which has been expensed in the P&L during the year, is already proving to be a sound strategy as shown below and is, I believe, leading to valuable business and increased market presence.

As I reported in our last annual report, in March 2009 we were awarded a £1 million contract for the supply of Westminster's newly developed 'ThruPORT' rapid deployment, high security scanning portals which are to be deployed at airports within Iraq. The contract was completed at the end of 2009.

ThruPORT is a complete self contained scanning solution designed by Westminster and utilising a range of overt and covert scanning systems, built within a specialised ISO shipping container which is rapidly

deployable and can be shipped throughout the world. Once it has arrived on site the unit can be set up and fully operational within hours.

In April 2009 we were awarded a €2 million contract for the supply and installation of an advanced security net across the river Nile to protect the new Nagaa Hammadi Dam complex in Egypt. This contract is well underway and will be completed in 2011.

The security net comprises a steel wire mesh with an integral fibre optic core woven into every strand. Any attempted attack on the net will signal an alarm and indicate the location of attack within the security control room. The net, spanning the entire width of the river Nile, will be fitted with an automatic gate which can be remotely opened and closed from within the control room, allowing authorised ships passage into the lock complex.

The ability to design and deliver wide and diverse creative solutions of this nature, addressing difficult security issues is, we believe, what distinguishes Westminster in the market.

Our Close Protection and Consultancy division, Longmoor Security, has been awarded a rolling 12 month contract for the protection of a High Net Worth Individual and his family based in the Middle East. Under the contract, Longmoor will provide both male and female close protection operatives (bodyguards) providing 24hr security to the principal and his family both within their home country and also during their worldwide travels. The contract is valued at £540,000 per annum and commenced in September 2009.

We also secured a contract to supply the United Nations Mission to Western Sahara with an advanced Access Control System. The system specified is capable of securing up to 2,000 doors across a maximum of 255 sites with capacity of up to 30,000 separate users.

The Americas
In South America, although we have won some valuable smaller orders, the major contracts on which we have been working have yet to materialise. We currently have several major enquiries under discussion and now that our website is available in Spanish, we believe that this market could be more promising for us. We are not focussed on winning business in North America at this time.

In Asia Pacific
The Asia Pacific region is also a focus area for the Group where we anticipate growing demand for our services. We have received a number of significant enquiries for our products and services in the region and we are hopeful of announcing important contract wins later in 2010.

In conjunction with the British High Commission (BHC) and UK Trade & Industry (UKTI), we held a two day security seminar in Colombo, Sri Lanka. The event, held in August 2009 at the BHC's conference facilities, was extremely well attended. The war in the North of Sri Lanka ended recently, however the potential for insurgent activity is increasing. It was felt that this was an opportune time to conduct security seminars for commercial organisations and government/defence departments. The focus of discussions was blast protection, security of buildings, enhancing perimeter security, protection of critical infrastructure and various anti terrorism and crime reduction solutions.

In September 2009 we reached an agreement with Pentagon Protection plc, the AIM quoted specialist in the supply and installation of enhanced glass protection, to be its exclusive agent and distributor for the Pentagon range of blast and solar reflective films and anchoring solutions in Asia.

In UK & Europe
As reported earlier we are now focussed on developing our market share and presence within the UK and Europe, expanding our customer base in the region with a broader range of products and services and potential security solutions.

During the year we continued to supply and support HM Prisons, which culminated in November 2009 in our entering into a four-year framework contract with the UK Ministry of Justice (MoJ) relating to the supply and maintenance of various security equipments for UK Prisons. The MoJ oversees the operation of 139 prisons in England and Wales with varying levels of security requirements. Given the scale of the Ministry of Justice's operations we are hopeful that we can further develop the supply relationship to incorporate more of Westminster's products and services in the MoJ's security and protection solution. We have negotiated exclusive supply and maintenance contracts with overseas suppliers, which we believe will be relevant to MoJ.

We have secured a new contract for installation of a FOSS perimeter detection system to protect a high-security petrochemical facility in Eastern Europe. The Westminster FOSS Perimeter Detection System is a fibre optic perimeter security detection and alarm locating system which detects intrusions to within 25 metres along perimeter fences up to 80km long. Multiple systems can be networked to monitor long distances such as national borders.

Our RMS division has won a new contract for the provision of safety systems to the Lower Academy in Basildon, Essex. The contract is to install and commission a Fire Alarm System across three blocks with a total of 400 devices. The contract will also include the installation of a Disabled Refuge and Disabled WC system. An extension to this contract was announced in January 2010.

RMS has also been awarded various contracts in June and July to supply CCTV and Intruder Alarm systems to properties throughout the London and Nottingham areas. RMS was awarded a contract to supply various exterior and interior cameras with integrated intruder alarms by a repeat customer in June. RMS was awarded a contract to supply BT Master sockets in a large apartment block in London, as an additional extension of an existing project.

Although there have been some successes, RMS has been affected by the considerable problems of the construction industry. We are looking at ways of diversifying its customer base away from its traditional customers in the construction industry in order to provide a more stable flow of orders.

We have also been awarded a number of important contracts within the UK including a contract from Corpus Christi College in Cambridge, UK, for installation of a specialist fire prevention system called OxyReduct, a contract to supply blast protection solutions to Thames Valley Police, contracts to supply weapon and contraband detection systems to be deployed at various British Embassies around the world, a contract for the supply of fire test equipment for Associated British Ports in Southampton, a contract for the supply of specialist fire test equipment for Britain's Foreign & Commonwealth Office (FCO) and a contract for the supply of our JX-P Portable Wide Band Frequency Jammer for a client in France.

Longmoor Security, acquired in 2009, has been awarded a contract to protect VIPs and celebrities attending the 2009 Eurovision Song Contest in Russia and provided close protection services during the Children in Need TV appeal and numerous other specialist protection contracts as well as running regular and accredited close protection training courses throughout the year.

In September 2009 we held a two day open day event at our extensive grounds at Westminster House which was open to both customers and shareholders. The event was well supported by numerous manufacturers and a wide range of products and services were on display. The two day event attracted a lot of interest and was even featured on the BBC – a video of which can be seen along with other Group videos on the Westminster Channel on You Tube here **www.youtube.com/user/WestminsterGroup**

Longmoor Security

On 25 February 2009 we acquired Longmoor Services Limited, which was renamed at the end of the year as Longmoor Security Limited. The founders of Longmoor are highly experienced experts in the field of close protection. The company offers a range of services in this field, including training and consultancy, as well as close protection for individuals. This is a specialist field that is of considerable interest to many of our customers around the world. Their services complement our existing range of services.

Since joining the Group, Longmoor has seen its level of activity substantially increase, as the result of more intensive marketing and more attractive terms for the customers, which have built upon the reputation for its training services and we have high expectations of Longmoor's performance during 2010.

The non-executive chairman of Longmoor, The Rt Hon Sir John Wheeler, JP, DL, has significant experience and extensive contacts within the security field, which have already been most valuable to us.

Management & Staff

We started 2009 with 44 staff which by the year end had grown to 45, including our overseas operatives, which, given the significant increase in revenues we achieved in the year, reflects the scalability of our operations.

CTAC

I am delighted to report that, on 15 April 2010, we acquired CTAC Limited for a maximum consideration of up to £1.8 million. CTAC is a specialist integrated provider of 'high end' security solutions to a blue chip client base, which operates in operationally critical, high value and high profile fields such as cash handling, bullion storage, jewellery and diamond merchants, chemical storage and utilities.

A key strength of the business is its 24 hour Alarm Receiving Centre (ARC) which is built, operated and certificated to the National Security Inspectorate (NSI) Gold standard, the highest level of such certification in the UK. The ARC operates as a 24/7 control & command centre and monitors alarm and video signals from over 1,000 systems across the UK, producing a strong recurring revenue stream.

Founded in 2004, CTAC operates from a 3,000sq ft premises in Kidderminster, UK, supporting clients primarily within the UK but with a growing interest and significant market potential internationally.

The addition of CTAC to the Group continues Westminster's expansion through the integration of complementary services. Synergistic benefits of the Acquisition include:

- Niche business in sector and good fit with Westminster's core business;
- 24 hour Control & Command facility and Alarm Receiving Centre is a major enhancement to the Group's service operations presenting cross selling opportunities to other Group companies and international clients operating across international time zones;
- Opportunity to add new services such as 24 hour travel advice, emergency medical & hostile extraction services to overseas travellers and third party remote monitoring & call centre services; and
- Ready built nationwide service team and infrastructure to serve Westminster's increasing UK customer base, including Westminster's recently announced contract with the Ministry of Justice covering 139 Prisons in England and Wales.

Share issues
Since the year end we have issued ordinary shares to raise £763,000 before expenses. This included investment from three new institutional shareholders. The growth and the prospects of our business have attracted attention, both within our industry and the financial markets. It is pleasing therefore to see institutions actively investing in Westminster.

Current trading and outlook
We have made a good start to 2010 with significant contract awards being announced for all of our operating divisions. Our enquiries are running at record levels and we have a substantial active quote bank.

We have demonstrated our ability to deliver complex and innovative solutions and secure a broad range of contracts in our target markets globally. Westminster’s reputation in these markets is significantly enhanced with each contract delivered.

We have a robust business plan and vision with adequate resources to enable the further development of the profile of the business. We have clear strategic goals and objectives and a commitment to the continuing development of our operational infrastructure. We have a strong management team and an experienced board of Directors. Accordingly we are confident of a solid performance for 2010 and exciting growth prospects beyond.

P.D. Fowler
Chief Executive Officer

Finance Director's report

General
The growth in revenues of the business continued in 2009, resulting in revenues of £7.9 million, 45% higher than in 2008. The second half revenues were 37% higher than the strong second half of 2008. As a result of this performance in the second half, we made a profit after tax for the year of £121,000, compared with a profit of £204,000 in 2008. This reduction in profits conceals an underlying improvement in operating profit before foreign exchange gains and losses and financing charges. The net cash reserves of the Group at 31 December 2009 were £0.2 million (2008: £0.6 million).

Income statement
The revenue growth in 2009 to £7.9 million (2008: £5.5 million) was accompanied by a broadening in the sources of our revenues. Africa represented 53% of revenues (2008: 56%), but spread amongst more clients than in the previous year.

Our gross profit margin in 2009 was very close to 2008 at 34.6% (2008: 34.9%). Our gross margins are a function of the mix of business with large complex projects tending to generate higher gross profit margins than the more straightforward supply of products.

Administrative expenses increased by 49% over the year to £2.60 million (2008: £1.74 million).In 2008 the Group benefitted from invoicing in dollars and holding dollars to the extent of £248,000, whereas in 2009 we had foreign exchange losses of £73,000. Excluding currency gains and losses and the administrative costs of Longmoor, our comparable administrative expenses rose by 11% year on year. We continue to keep costs under tight control, whilst ensuring that we spend sufficiently to support our continuing growth.

Financing costs were £116,000 for the year (2008: £4,000), £82,000 of this cost was the effective interest cost on the Convertible Loan Notes that were issued on 29 June 2009. Finance income was £107,000 (2008: bank interest £39,000), which was all attributable to the fair value movement relating to the embedded derivative in the Convertible Loan Notes.

The Group's profit for the year has been offset against losses brought forward, so that no tax is payable, although there are movements on deferred tax.

Segmental performance
Our advanced technological division, Westminster International, saw revenues increase by 53%, which resulted in an improvement in profit after tax to £239,000 (2008: £63,000). Our low voltage division, RMS, saw a slight reduction in revenues, but came under serious margin pressure, largely as the result of the downturn in the construction industry. As a result the loss after tax increased from £55,000 to £165,000. Our close protection division, Longmoor Security, generated a loss after tax of £134,000, broadly in line with expectations for the first period of operation.

Balance sheet
At 31 December 2009 the Group had shareholders' equity of £3.8 million (2008: £3.3 million). The Group's principal tangible assets are £0.2 million cash (2008: £0.6 million) and the 4.5 acre freehold head office site in Oxfordshire. The site was valued as at 31 December 2009 at £859,000. We have made further improvements to the property, but do not consider that an external valuation is warranted this year, as the Directors believe that no diminution in value of the property has taken place in the last year.

Trade receivables were £3.60 million at 31 December 2009 (2008: £2.41 million). On the Juba contract $3.4 million was due at 31 December 2009 (2008: $2.3million). Our customer, the Government of Southern Sudan has had payment timing problems. However during 2009 we received $1.8 million and in 2010 we have received $2.72 million, which demonstrates the willingness of GOSS to ensure that we are paid in full. We wish to co-operate with the Government, as there is major reconstruction work going on in Southern Sudan and we believe that our co-operation will lead to substantial new orders there in the future.

The Group has contracts that straddle financial periods and that are closer to completion than invoicing would suggest; this has enabled the Group to recognise amounts recoverable on contracts of £94,000 that will be invoiced in 2010 (2008: £157,000).

894,735 new shares were issued in the year as part of the consideration for the acquisition of Longmoor

Security Limited. They were issued at a price of 43.5p each, thereby generating a premium of £299,000 taken to merger relief reserve. Goodwill was also created of £578,000, as detailed in the notes to the accounts.

Liabilities include trade payables which totalled £518,000 at 31 December 2009 (2008: £714,000). Deferred income stands at £423,000 (2008: £477,000) and represents invoices raised on which the revenue has not yet been recognised on a number of contracts. Accruals and other payables have fallen to £179,000 at the year end (2008: £222,000) and represent a number of relatively minor items.

One unusual aspect of our balance sheet is the need to provide performance bonds, advance payment guarantees and bid bonds underwritten by our bank in respect of various contracts that we have secured or are seeking. Our bank facility provides for a maximum of £545,000 of such bonds to be outstanding at any one time. If the total of bonds outstanding exceeds that figure, then the excess has to be locked up as cash on deposit to secure the bonds. The Board is still looking for ways to improve our capacity to support higher amounts of bonds without requiring cash deposits.

Cash flows
The Group had net cash outflows of £370,000 (2008: £1.0 million), which comprised operating cash used of £1.2 million (2008: £764,000), investing cash used £185,000 (2008: £234,000) and financing activities cash generated of £1.02 million (2008: cash used £18,000). The operating cash used is much higher than would be anticipated from a profitable business, owing to the effects of the Juba contract, as discussed in the section – Balance Sheet. Investing activities, cash used relates mainly to the improvements to the property.

Gross profit margin
Gross profit margin was broadly stable between 2009 – 34.6% and 2008 – 34.9%. The level of gross profit margin is largely dependent upon the mix of business in the year. In general, product supply generates lower margins than more complex integrated systems.

Earnings per share
The Group recorded basic earnings per share of 0.82 pence (2008: 1.45 pence).

Key performance indicators
The main performance indicators used in 2009 were gross profit margin, operating profit and loss and individual job profitability. The Group management information contains significant detail concerning operational performance and, in addition to the above measures, the Board reviews the ratio of operating profit to operating cash flows, administrative expenses compared to budget as well as debtor ageing and revenue visibility.

In addition to the main financial indicators, the Board reviews a range of non-financial indicators. The business is long-term in nature, meaning that decisions concerning major projects can take years to develop to the point of order. Therefore operational management monitors enquiry activity very closely. The Group maintains an extensive quote book of live enquiries which are reviewed on a regular basis with all call activity logged. We particularly focus on those enquiries where decisions are expected imminently. In addition, the number and average size of orders are carefully reviewed to identify any emerging trends in order sizes or products demanded. The use of these extensive indicators ensures that we are well informed of, and in control of, the finances of the Group.

Acquisition of CTAC Limited
On 16 April 2010 Westminster Group plc acquired the entire issued share capital of CTAC Limited for an initial consideration of £825,000, which was satisfied by £500,000 in cash and the balance of £325,000 by the issue of 792,683 new ordinary shares of 10p each in Westminster at 41p on the date of completion. Two further performance based payments will be made, calculated on 40% of net profit in each of the two years following completion, up to a maximum aggregate additional payment of £1 million.

All the numbers referred to in this paragraph are unaudited. The net assets of CTAC at 31 December 2009 were £280,000. The pre tax loss for the year to 31 December 2009, after exceptional costs of £274,000, was £70,000 compared with a pre tax profit for the year to 31 December 2008 of £200,000. The exceptional costs of £274,000 in 2009 relate to contract over-runs, now rectified, and one-off consultancy fees relating to preparation for sale and the NSI certification costs. Excluding exceptional costs the operating profit for 2009 was £205,000. The first three trading months of 2010 indicate an underlying trading profit of £89,000 and a strong recurring revenue base.

Share issues
On 15 April 2010 Westminster Group plc placed 747,000 New Ordinary Shares at a placing price of 33.5p to raise £250,000 before expenses.

On 16 April 2010 The Group raised further working capital through a subscription of 1,250,000 new Ordinary Shares at 41p, raising £512,000 before expenses from new investors. Following the issue of the new shares for the acquisition of CTAC, the placing on 15 April 2010 and the subscription on 16 April 2010, Westminster's enlarged issued share capital will comprise 17,730,754 Ordinary Shares.

The ability to raise capital in such difficult times gives the Board confidence that we can continue to attract support to develop our business.

N. P. Mearing-Smith
Finance Director

Consolidated statement of comprehensive income

	Note	2009	2008
		£'000	£'000
Revenue	**2**	**7,948**	5,477
Cost of sales		**(5,197)**	(3,568)
Gross profit		**2,751**	1,909
Administrative expenses		**(2,602)**	(1,743)
PROFIT BEFORE INTEREST AND TAXES (EBIT)		**149**	166
Financing costs		**(116)**	(4)
Finance income		**107**	39
PROFIT BEFORE TAX		**140**	201
Income tax		**(19)**	3
PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY SHAREHOLDERS		**121**	204
OTHER COMPREHENSIVE INCOME:			
Revaluation of non-current assets		**-**	(100)
Deferred tax liability on revaluation of non-current assets		**-**	(49)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO EQUITY SHAREHOLDERS		**121**	55
EARNINGS PER SHARE ON CONTINUING ACTIVITIES:			
Basic in pence	**4**	**0.82**	1.45
Diluted in pence	**4**	**0.81**	1.43

All the activities of the Group are classed as continuing.

Consolidated statement of financial position

	2009	2008
	£'000	£'000
Goodwill	**578**	-
Other intangible assets	**41**	37
Property, plant and equipment	**1,137**	1,113
Trade and other receivables	**10**	-
Deferred tax asset	**350**	186
TOTAL NON-CURRENT ASSETS	**2,116**	1,336
Inventories	**232**	186
Trade and other receivables	**3,765**	2,796
Cash and cash equivalents	**475**	588
TOTAL CURRENT ASSETS	**4,472**	3,570
TOTAL ASSETS	**6,588**	4,906
Share capital	**1,492**	1,402
Share premium	**2,304**	2,304
Merger relief reserve	**299**	-
Share based payment reserve	**22**	14
Revaluation reserve	**116**	116
Retained earnings	**(416)**	(537)
TOTAL SHAREHOLDERS' EQUITY	**3,817**	3,299
Trade and other payables	**181**	2
Borrowings	**843**	-
Embedded derivative	**184**	-
Deferred tax liabilities	**104**	104
TOTAL NON-CURRENT LIABILITIES	**1,312**	106
Borrowings	**273**	16
Trade and other payables	**1,186**	1,485
TOTAL CURRENT LIABILITIES	**1,459**	1,501
TOTAL LIABILITIES	**2,771**	1,607
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**6,588**	4,906

Consolidated statement of changes in equity

	Share capital £'000	Share premium £'000	Merger relief reserve £'000	Share based payment reserve £'000	Revaluation reserve £'000	Retained earnings £'000	Total £'000
AS OF 1 JANUARY 2009	**1,402**	**2,304**	**-**	**14**	**116**	**(537)**	**3,299**
Share based payment charge	**-**	**-**	**-**	**6**	**-**	**-**	**6**
Deferred tax adjustments	**-**	**-**	**-**	**2**	**-**	**-**	**2**
Issue of shares for the acquisition of subsidiary	**90**	**-**	**299**	**-**	**-**	**-**	**389**
TRANSACTIONS WITH OWNERS	**90**	**-**	**299**	**8**	**-**	**-**	**397**
Profit for the period	-	-	-	-	-	121	121
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO SHAREHOLDERS	**-**	**-**	**-**	**-**	**-**	**121**	**121**
AS AT 31 DECEMBER 2009	**1,492**	**2,304**	**299**	**22**	**116**	**(416)**	**3,817**
AS OF 1 JANUARY 2008	1,402	2,304	-	11	265	(741)	3,241
Share based payment charge	-	-	-	4	-	-	4
Deferred tax adjustments	-	-	-	(1)	-	-	(1)
TRANSACTIONS WITH OWNERS	-	-	-	3	-	-	3
Profit for the period	-	-	-	-	-	204	204
Other comprehensive income:							
Revaluation of non-current assets	-	-	-	-	(100)	-	(100)
Deferred tax liability on revaluation of non-current assets	-	-	-	-	(49)	-	(49)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO SHAREHOLDERS	-	-	-	-	(149)	204	55
AS AT 31 DECEMBER 2008	1,402	2,304	-	14	116	(537)	3,299

Consolidated statement of cash flows

	2009	2008
	£'000	£'000
PROFIT BEFORE TAX	**140**	201
Adjustments	**130**	52
Net changes in working capital	**(1,474)**	(1,017)
NET CASH (USED IN)/FROM OPERATING ACTIVITIES	**(1,204)**	(764)
INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	**(126)**	(238)
Purchase of intangible assets	**(15)**	(35)
Cash costs of acquisition of Longmoor Services Limited net of cash acquired	**(44)**	**-**
Interest received	**-**	39
Advances to subsidiaries	**-**	-
NET CASH USED IN INVESTING ACTIVITIES	**(185)**	(234)
FINANCING ACTIVITIES:		
Gross proceeds from the issue of Convertible Loan Notes	**1,200**	-
Costs of Loan Note issue	**(116)**	**-**
Finance lease repayments	**-**	(14)
Interest paid	**(65)**	(4)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES	**1,019**	(18)
Net change in cash and cash equivalents	**(370)**	(1,016)
CASH AND EQUIVALENTS AT BEGINNING OF PERIOD	**572**	**1,588**
CASH AND EQUIVALENTS AT END OF PERIOD	**202**	572

Notes

1. Basis of preparation

The preliminary announcement has been prepared in accordance with applicable accounting standards as stated in the financial statements for the year ended 31 December 2008, except for the adoption of IAS1 Presentation of Financial Statements (Revised 2007), IFRS8 Operating Segments and the amendment to IFRS7 Improving Disclosures about Financial Instruments.

The adoption of IAS 1 (revised 2007) does not affect the financial position or profits of the Group in the current or preceding periods. The measurement and recognition of the Group's assets, liabilities, income and expenses is unchanged in the current and preceding periods. However the revaluation of land and buildings previously recognised directly in equity is now recognised in other comprehensive income. IAS 1 (revised 2007) only affects the presentation of owner changes in equity and requires this to be a primary statement and introduces a "Statement of comprehensive income"

The adoption of IFRS 8 has not changed the segments that are disclosed in the financial statements as the segmental information previously disclosed complied with IFRS 8. Under IFRS 8 the accounting policy for identifying segments is now based on the internal management reporting information that is regularly reviewed by the chief operating decision maker.

The adoption of the amendment to IFRS 7 Financial instruments requires enhanced disclosures concerning fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of fair value hierarchy

2. Segment reporting

(i) Operating segments

The following segment information has been prepared in accordance with IFRS 8 Operating Segments, which defines requirements for the disclosure of financial information of an entity's operating segments. IFRS 8 follows the management approach, which is the basis for decision making within the Group.

The Board considers the Group on a business unit basis. Reports by Business Unit are used by the chief decision-maker in the Group. The Business Units are the three operating companies: Westminster International, RMS Integrated Solutions and Longmoor Security. This split of business segments is based on the products and services each offer.

Westminster International provides advanced technological products, systems and solutions, RMS Integrated Solutions provides low voltage systems for high-rise buildings and Longmoor Security provides close protection training, consultancy and services.

	Westminster International	***RMS Integrated Solutions***	***Longmoor Security***	***Unallocated***	***Group***
	£'000	***£'000***	***£'000***	***£'000***	***£'000***
2009					
Supply of products	1,614	12	-	9	**1,635**
Supply and installation contracts	4,740	1,155	-	-	**5,895**
Maintenance and service	17	81	18	-	**116**
Close protection services	-	-	204	-	**204**
Training courses	-	-	113	-	**113**
Intragroup sales	(6)	(9)	-	-	**(15)**
Revenue	**6,365**	**1,239**	**335**	**9**	**7,948**
Segment result	324	(191)	(181)	197	**149**

Finance cost	(1)	-	-	(115)	**(116)**
Finance income	1	-	-	106	**107**
Income tax	(85)	26	47	(7)	**(19)**
Profit/(loss) for the financial year	239	(165)	(134)	181	**121**
Segment assets	**3,820**	**555**	**629**	**1,584**	**6,588**
Segment liabilities	**769**	**172**	**373**	**1,457**	**2,771**
Capital expenditure	88	2	1	50	**141**
Depreciation and amortisation	62	7	2	44	**115**

	Westminster International	***RMS Integrated Solutions***	***Unallocated***	***Group***
	£'000	***£'000***	***£'000***	***£'000***
2008				
Supply of products	663	378	-	**1,041**
Supply and installation contracts	3,516	921	-	**4,437**
Maintenance and service	2	73	-	**75**
Intragroup sales	(33)	(43)	-	**(76)**
Revenue	4,148	1,329	-	**5,477**
Segment result	67	(71)	170	**166**
Finance cost	(2)	(1)	(1)	**(4)**
Finance income	24	-	15	**39**
Income tax benefit	(26)	17	12	**3**
Profit/(loss) for the financial year	63	(55)	196	**204**
Segment assets	3,129	765	1,012	**4,906**
Segment liabilities	969	343	295	**1,607**
Capital expenditure	127	11	135	**273**
Depreciation and amortisation	31	8	43	**82**
Impairment of property	-	-	100	**100**

(ii) Geographical areas

The Group's international business is conducted on a global scale, with agents present in all major continents. The following table provides an analysis of the Group's sales by geographic market, irrespective of the origin of the goods/services:

	2009	2008
	£'000	£'000
United Kingdom & Europe	**2,738**	2,239
Africa	**4,217**	3,048
Middle East	**858**	98
Rest of the World	**135**	92
	7,948	5,477

Some of the Group's assets are located outside the United Kingdom where they are being put to operational use on specific contracts. At 31 December 2009 fixed assets with a net book value of £127k were located in Africa and the Middle East (2008: £89k).

(iii) Major customers who contributed greater than 10% of total Group revenue

One of Westminster International's customers contributed 31% of Group revenue (in 2008 one customer contributed 45%).

3. Finance costs and income and foreign exchange gains and losses

	Group	Group
	2009	2008
	£'000	£'000
Finance costs:		
Interest payable on overdraft	**(5)**	(3)
Interest payable on finance leases	**-**	(1)
Interest payable on Convertible Loan Notes	**(60)**	-
Embedded derivative transaction costs	**(29)**	-
Amortised finance cost on Convertible Loan Notes (see note 16)	**(22)**	-
	(116)	(4)
Finance income:		
Interest receivable on bank balances	**-**	39
Fair value movement of embedded derivative (see note 16)	**107**	-
	107	39
Net finance (costs)/income	**(9)**	35
Foreign exchange loss/(gain)	**73**	(248)

4. Earnings per share

Earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

For diluted earnings per share the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. Only those outstanding options that have an exercise price below the average market share price in the year have been included.

The weighted average number of ordinary shares is calculated as follows:

	2009	2008
	'000	'000
Issued ordinary shares		
Start of period	**14,022**	14,022
Effect of shares issued during the period	**760**	-
Weighted average basic number of shares for period	**14,782**	14,022
Dilutive effect of options	**190**	252
Weighted average diluted number of shares for period	**14,972**	14,274

Basic and diluted earnings per share is calculated as follows:

	2009	2008
Profit for the year attributable to equity shareholders of the Company (£'000)	**121**	204
Basic earnings per share (pence)	**0.82**	1.45
Diluted earnings per share (pence)	**0.81**	1.43

5. Acquisition of Longmoor Services Limited (now renamed Longmoor Security Limited)

On 25 February 2009 Westminster Group plc acquired 100% of the share capital of Longmoor Services Limited for an initial consideration of £389,210, which was satisfied by the issue of 894,735 Ordinary shares at 43.5p on the date of completion. The Directors considered that this constituted a fair value for the business acquired, and no external valuation was considered necessary. The acquisition was made to introduce the Group to the close protection market.

In each of the two years following completion, a calculation of net profit before tax will be made and, on the basis of that calculation, two performance based payments will be made of 50% of those profits, if earned, up to a maximum aggregate additional payment of £2 million. The vendors may elect to receive such payments in cash or in new Ordinary shares (to be calculated on the average closing mid-market price of the shares over the 5 business days preceding the issue of such shares). Based upon the budgeted profitability of Longmoor Security, deferred contingent consideration would become payable in 2011. No provision for deferred contingent consideration was made on the date of acquisition as it could not be measured reliably.

The total cost of acquisition was £427,000 and includes the components stated below:

	£000
Purchase price, settled in shares	389
Transaction costs	38
	427

The allocation of the purchase price to the assets and liabilities of Longmoor Services Limited was completed in 2009. The amounts recognised for each class of the acquiree's assets and liabilities at the acquisition date are as follows:

	Pre-acquisition carrying amount at 25 February 2009 £'000	Adjustments to fair value at 25 February 2009 £'000	Fair value at 25 February 2009 £'000
Plant, property & equipment	2	-	2
Deferred tax asset	-	181	181
Total non-current assets	2	181	183
Trade & other receivables	15	-	15
Total current assets	15	181	15
Bank liabilities	(6)	-	(6)
Trade & other payables	(162)	-	(162)
Total current liabilities	(168)	-	(168)
Net identifiable assets and liabilities	(151)	181	30
Goodwill on acquisition			397
Total consideration including direct costs			427
Cost of acquisition settled in cash			38
Bank liabilities acquired			6
Net cash outflow arising on acquisition			44

The goodwill of £397,000 is attributed to the synergies that are expected to arise in the post acquisition period, the reputation established by the business in its market and the substantial skill and expertise of the company's staff. Goodwill has been allocated to the cash-generating unit at 31 December 2009.

No major line of business will be disposed of as a result of the combination.

Longmoor incurred a loss of £134,000 for the 10 months from 25 February 2009 to the reporting date.

6. Post balance sheet events

Acquisition of CTAC Limited

On 16 April 2010 Westminster Group plc acquired the entire issued share capital of CTAC Limited for an initial consideration of £825,000, which was satisfied by £500,000 in cash and the balance of £325,000 by the issue of 792,683 new ordinary shares of 10p each in Westminster at 41p on the date of completion. The Directors considered that this constituted a fair value for the business acquired and no external valuation was considered appropriate.

Two further performance based payments will be made, calculated on 40% of net profit in each of the two years following completion, up to a maximum aggregate additional payment of £1 million.

The Completion Balance Sheet for CTAC will not be ready until after the publication of these accounts, so no fair value analysis is yet available.

Issue of new shares

On 15 April 2010 Westminster Group plc placed 747,000 New Ordinary Shares at a placing price of 33.5p to raise £250,000 before expenses.

On 16 April 2010 the Group raised further working capital through a subscription of 1,250,000 new Ordinary Shares at 41p, raising £512,000 before expenses from new investors. Following the issue of the new shares for the acquisition of CTAC, the placing on 15 April 2010 and the subscription on 16 April 2010, Westminster's enlarged issued share capital will comprise 17,730,754 Ordinary Shares.

7. Publication of non-statutory accounts

The financial information set out in this preliminary announcement does not constitute statutory accounts as defined in the Companies Act 2006.

The consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and associated notes have been extracted from the group's 2009 statutory financial statements upon which the auditor's opinion is unqualified and which do not include any statement under section 498 of the Companies Act 2006.

Those financial statements will be delivered to the registrar of companies following this announcement.

This announcement and the annual report and accounts will be available on the Company's website **www.wg-plc.com** . A copy of the report and accounts will be sent to shareholders with details of the annual general meeting in due course.