

29 November 2011

Mortice Limited
(“Mortice” or the “Company”)

Interim Results

Mortice (AIM:MORT), the Singapore headquartered, AIM listed security and facility management company with operations in India through its fully owned subsidiary Tenon , today announces its interim results for six months ended 30 September 2011.

Significant highlights

- Healthy interim profit for the second successive year
- Revenue growth of 37%
- Business grown at 36% in the guarding segment
- Facilities Management (FM) business grown at 40 %
- Delivered strong broad based performance, with profit before taxation of US\$1.10 million up by 78% (H1 2010/11: US\$ 0.45 Million)
- PAT of US\$0.75 million up by 98% (H1 2010/11: US\$ 0.27 Million)
- Better profitability (PAT) in local currency of operations (Indian Rupees)

In Local Currency of Operations the PAT of the Group is INR 33.8 Million which is greater than projected PAT (in INR). The loss of comprehensive income, net of tax of USD 0.71 Million, is due to weakening of local currency of operations against USD .

The Directors believe this growth in revenues and profitability is in line with management expectations.

Statement by the Executive Chairman, Mr. Manjit Rajain

These excellent results are in line with our expectations and we are happy to announce our second successive interim of healthy profits. We have controlled our costs and have been able to achieve very good business growth in both guarding and Integrated facility management services despite tough market conditions. We have managed to increase our support base within our clients. This has been achieved with excellent service delivery by a committed and highly dedicated team of professionals. Our people are our biggest assets who have through their commitment demonstrated delivery of a high level of services.

We believe that our business model of integrated facility management services through self-delivery creates a platform enabling the Company to be competitive and innovative in the market. This makes us a preferred partner of choice to our clients.

Mortice is growing and winning market share in both guarding and integrated facility management segments. We will continue to focus on growth through qualitative delivery of services and innovative ideas and continue to enhance margins and increase market share. We will also maintain our commitment to conduct our business ethically and maintain the highest levels of integrity. We are committed to our shareholders to create value for them.

Extracts from the unaudited financial statements are attached below and the full version of the unaudited financial statements will be available on the Company's website www.morticegroup.com.

For further information please contact:

Mortice Limited

Manjit Rajain, Executive Chairman

Tel: +91 981 800 0011

Seymour Pierce Ltd (NOMAD)

Nandita Sahgal

Tel: +44 207 107 8000

Seymour Pierce Ltd (Corporate Broking)

Jeremy Stephenson

Tel: +44 207 107 8000

Unaudited condensed consolidated statements of financial position

(All amounts in United States Dollars, unless otherwise stated)

	As at 30 September 11 (Unaudited)	As at 31 March 11 (Audited)	As at 30 September 10 (Unaudited)
ASSETS			
Non current			
Goodwill	1,344,215	1,472,925	1,464,072
Other intangible assets	106,325	125,825	134,332
Property, plant and equipment	1,219,279	1,293,372	1,216,619
Long-term financial assets	583,545	1,325,975	1,115,162
Deferred tax assets	1,478,440	1,304,169	1,376,646
	4,731,804	5,522,266	5,306,831
Current			
Inventories	128,513	143,099	101,573
Trade and other receivables	15,572,895	12,305,018	11,809,196
Prepaid taxes	831,530	1,684,804	1,089,231
Cash and bank balances	1,917,017	2,508,965	1,660,916
	18,449,955	16,641,886	14,660,916
Total assets	23,181,759	22,164,152	19,967,747
EQUITY AND LIABILITIES			
Equity			
Capital and reserves			
Share capital	9,555,312	9,555,312	9,555,312
Reserves	(2,299,802)	(2,334,492)	(2,942,971)
	7,255,510	7,220,820	6,612,341
Non- controlling interests	8,264	4,982	2,169
Total equity	7,263,774	7,225,802	6,614,510
Liabilities			
Non-current			
Employee benefit obligations	566,856	494,790	394,442
Borrowings	137,369	172,333	142,519
	704,225	667,123	536,961
Current			
Trade and other payables	11,095,100	9,918,519	9,244,964
Borrowings	4,118,660	4,352,708	3,571,312
	15,213,760	14,271,227	12,816,276
Total liabilities	15,917,985	14,938,350	13,353,237
Total equity and liabilities	23,181,759	22,164,152	19,967,747

(The annexed notes form an integral part of and should be read in conjunction with these financial statements)

Unaudited condensed consolidated statement of comprehensive income

(All amounts in United States Dollars, unless otherwise stated)

	Six months ended 30 September 11	Six months ended 30 September 10
Revenue		
Service income	30,020,931	21,872,847
Other income	178,619	36,442
Total income	30,199,550	21,909,289
Expenses		
Staff and related costs	26,272,493	19,364,965
Materials consumed	382,942	594,109
Other operating expenses	1,770,178	1,046,835
Depreciation and amortisation of non-financial assets	244,556	181,372
Finance costs	420,628	267,090
Total expenses	29,090,797	21,454,371
Profit before taxation	1,108,753	454,918
Tax expense	(359,941)	(179,291)
Profit for the period	748,812	275,627
Other comprehensive income:		
Exchange difference on translating foreign operations	(710,840)	42,505
Total comprehensive income for the year net of tax	37,972	318,132
Profit for the period attributable to:		
- Owners of the parent	745,530	273,552
- Non-controlling interest	3,282	2,075
	748,812	275,627
Total comprehensive income attributable to:		
- Owners of the parent	34,690	316,057
- Non-controlling interest	3,282	2,075
	37,972	318,132
Earnings per share:		
Basic and diluted	0.02	0.01

(The annexed notes form an integral part of and should be read in conjunction with these financial statements)

Unaudited condensed consolidated statement of changes in equity

(All amounts in United States Dollars, unless otherwise stated)

	Equity attributable to shareholders of the Company					Total equity
	Share capital Number of shares	Amount	Currency translation reserve	Accumulated losses	Non-controlling interest	
Balance as at 1 April 2010	47,700,001	9,555,312	(408,173)	(2,850,855)	94	6,296,378
Total comprehensive income for the period	-	-	42,505	273,552	2,075	318,132
Balance as at 30 September 2010	47,700,001	9,555,312	(365,668)	(2,577,303)	2,169	6,614,510
Balance as at 1 April 2011	47,700,001	9,555,312	(316,785)	(2,017,707)	4,982	7,225,802
Total comprehensive income/(loss) for the period	-	-	(710,840)	745,530	3,282	37,972
Balance as at 30 September 2011	47,700,001	9,555,312	(1,027,625)	(1,272,177)	8,264	7,263,774

(The annexed notes form an integral part of and should be read in conjunction with these financial statements)

Unaudited condensed consolidated statements of cash flows

(All amounts in United States Dollars, unless otherwise stated)

	Six months ended 30 September 2011	Six months ended 30 September 2010
(A) Cash flow from operating activities		
Profit before taxation	1,108,753	454,918
Adjustments for:		
Depreciation and amortisation of non-financial assets	244,556	181,372
Finance cost	420,628	207,286
Finance income	(41,850)	(21,033)
Impairment of trade and other receivables	220,874	12,411
Operating profit before working capital changes	1,952,961	834,954
Changes in operating assets and liabilities		
Working capital changes:		
Trade and other receivables	(4,950,924)	(3,306,935)
Inventories	2,251	(10,621)
Trade and other payables	2,390,336	3,083,797
Cash generated from / (used in) operations	(605,376)	601,195
Income tax paid	21,654	(423,974)
Interest paid	(412,632)	(207,995)
Net cash used in operating activities	(996,354)	(30,774)
(B) Cash flow from investing activities		
Acquisition of plant, property and equipment	(277,444)	(394,815)
Interest received	85,216	1,481
Placement of pledged fixed deposit	(558,398)	(847,792)
Withdrawal of pledged fixed deposit	1,197,921	-
Net cash generated from/(used in) investing activities	447,295	(1,241,126)
(C) Cash flows from financing activities		
Proceeds from finance lease obligation	45,270	129,118
Repayment of finance lease obligation	(68,008)	(179,714)
Repayment of bank borrowings	(8,826)	-
Proceed from bank overdraft, net	168,219	2,255,310
Net cash generated from financing activities	136,655	2,204,714
Net increase / (decrease) in cash and cash equivalents	(412,404)	932,814
Cash and cash equivalents at the beginning of the period	2,508,965	697,408
Effect of change in exchange rate on cash and cash equivalents	(179,544)	30,694
Cash and cash equivalents at the end of the period	1,917,017	1,660,916

Notes to unaudited condensed consolidated interim financial statements

(All amounts in United States Dollars, unless otherwise stated)

1. INTRODUCTION

Mortice Limited (‘the Company’ or ‘Mortice’) was incorporated on 9 January 2008 as a public limited Company in the Republic of Singapore. The Company’s registered office is situated at 36 Robinson Road, #17-01 City House, Singapore 068877.

The Company was listed on the Alternative Investment Market (AIM) of the London Stock Exchange on 15 May 2008. The Company along with its subsidiaries (hereinafter, together referred to as ‘the Group’) are engaged in providing guarding services, facilities management services, mechanical and engineering maintenance services and sale of safety equipment and their installation. The Group’s operations are spread across India. The various entities comprising the Group have been defined.

<u>Name of subsidiaries</u>	<u>Country of incorporation</u>	<u>Effective group Shareholding %</u>
Tenon Property Services Private Limited (‘Tenon Property’)	India	99.48
Peregrine Guarding Private Limited (‘PGPL’)	India	99.48
Tenon Support Services Private Limited (‘Tenon Support’)	India	99.48
Tenon Project Services Private Limited (‘Tenon Project’)	India	99.48
Roto Power Projects Private Limited (‘Roto’)	India	99.43

These unaudited condensed consolidated financial statements were approved by the Board on

_____.

The immediate and ultimate holding company is Mancom Holdings Limited, a company incorporated in British Virgin Islands.

2. BASIS OF PREPARATION

These condensed consolidated interim financial statements are for the six months ended 30 September 2011 have been prepared in accordance with IAS 34 Interim Financial Reporting as developed and published by the International Accounting Standards Board ('IASB'), on a going concern basis. They do not include all of the information required in annual financial statements in accordance with IFRS, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 March 2011.

The functional currency of the entities within the Group (other than the Company) is Indian Rupees ('INR'). The Company has a functional currency of United States Dollars ('USD'). The group's management has chosen to present the consolidated financial information in USD, the functional currency of the Company.

All inter-company transactions and balances are eliminated on consolidation and the unaudited condensed consolidated interim financial statements reflect external transactions only. The accounting periods of the subsidiaries are coterminous with that of the Company.

Previous period's amounts have been regrouped/ reclassified, wherever considered necessary to make them comparable with those of the current period.

Notes to unaudited condensed consolidated interim financial statements (contd.)

3. SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements have been prepared in accordance with the accounting policies adopted in the Group's last annual financial statements for the year ended 31 March 2011. The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these interim financial statements

4. ESTIMATES

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 31 March 2011.

5. SEGMENT ANALYSES

The Group has reported segment results based on internal management reporting information that is regularly reviewed by the Group's Chief Executive Officer and Chairman. Chief Executive Officer and Chairman have concluded that the operating segment disclosure should be based on service offered by Group.

The reportable segments identified by the group are: guarding services and facility management services. The revenue and profit generated by each of Group's business segments are summarized as follows:

1 April 2011 to 30 September 2011

	Guarding	Facility Management	Others	Total
Revenue from external customers	21,703,413	8,210,471	107,047	30,020,931
Segment operating profit	559,020	284,931	(24,399)	819,552
Total segment assets	15,150,060	8,098,094	122,575	23,370,729

1 April 2010 to 30 September 2010

	Guarding	Facility Management	Others	Total
Revenue from external customers	15,935,334	5,524,938	412,575	21,872,847
Segment operating profit	509,585	9,667	38,842	558,094
Total segment assets	12,415,948	8,393,072	189,883	20,998,903

Notes to unaudited condensed consolidated interim financial statements (contd.)

Reconciliation on reportable segments profit to group profit is summarised as under:

	Six months ended 30 September 2011	Six months ended 30 September 2010
Segment operating profit before tax	819,552	558,094
Reconciling items:		
Other income not allocated	159,243	36,442
Other income/(expense) not allocated (Mortice Limited)	129,958	(139,618)
Group profit before tax	1,108,753	454,918

6. EARNINGS PER SHARE

Both basic and diluted earnings per share have been calculated using the profit or loss attributable to shareholders of Mortice Limited as the numerator.

Calculation of basic and diluted profit per share is as follows:

	Six months ended 30 September 2011	Six months ended 30 September 2010
Earning attributable to equity holders (USD)	748,812	275,627
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share	47,700,001	47,700,001
Basic and diluted earnings per share (USD)	0.02	0.01

Notes to unaudited condensed consolidated interim financial statements (contd.)

7. RELATED PARTY TRANSACTIONS

Related parties include subsidiaries, key management and entities in which the key management has interest or control.

Significant related party transactions are as follows:

Transaction with key management:

Particulars	Six months ended 30 September 2011	Six months ended 30 September 2010
Remuneration	227,541	226,665

The outstanding balance payable to related parties under the category of key management as at 30 September 2011 and 30 September 2010 are USD 24,748 and USD 29,335 respectively.

In addition to the above, the key management personnel participate in the gratuity plan of the Group.

Entities over which key management are able to exercise control

Particulars	Six months ended 30 September 2011	Six months ended 30 September 2010
Deposits given	-	478,694
Recovery of advance	(84,157)	(423,638)
Advance given	45,502	-
Transfer of motor vehicle	-	23,938
Commission paid	26,943	-
Office rental paid	79,548	78,104

Name of related parties over which key management are able to exercise control

1. Peregrine Services Private Limited
2. Mircro Azure Computers Private Limited
3. Peregrine Protection Services Private Limited

Notes to unaudited condensed consolidated interim financial statements (contd.)

8. COMMITMENTS**Operating lease commitments (non-cancelable)**

At the financial position date, the Group and the Company were committed to making the following rental payments in respect of non-cancelable operating leases of office premises with an original term of more than one year:

Nature of the contingency/ commitments	Six months ended 30 September 2011	Six months ended 30 September 2010
Not later than one year	73,876	48,085
Later than one year and not later than five years	-	46,082
Later than five years	-	-
	73,876	94,167

9. PROPERTY, PLANT AND EQUIPMENT

The acquisitions of property, plant and equipment, for the six months ended 30 September 2011 are USD 277,444 (six months ended 30 September 2010 : USD 394,815 and for the twelve months ended 31 March 2011 are USD 700,543).

10. COMPARATIVE FIGURES

- a. The statement of comprehensive income for the six months ended 30 September 2010 has been reclassified due to reclassification of certain figures. The reclassified items pertain to expenses related to senior management staff who are engaged in managing the operations of the Group, which were earlier included under 'Other operating costs' and have now been reclassified to 'Staff and related costs'. Details of these reclassifications are summarized below -

Particulars	Six months ended 30 September 2010	Six months ended 30 September 2010 (Reclassified)	Movement
	(A)	(B)	(A-B)
Staff and related costs	19,076,868	19,364,965	(288,097)
Other operating costs	1,334,932	1,046,835	288,097

Notes to unaudited condensed consolidated interim financial statements (contd.)

- b. The statement of cash flows for the six months ended 30 September 2010 has been reclassified due to reclassification of certain figures. The reclassified items pertain to restricted cash (pledge fixed deposits) related to deposits that have been made for earning interest and pledged with other parties to meet contractual obligations. These deposits were earlier included 'Cash flow from financing activities' and have now been reclassified under 'Cash flow from investing activities'. Details of these reclassifications are summarized below -

Particulars	Six months ended 30 September 2010	Six months ended 30 September 2010 (Reclassified)	Movement
	(A)	(B)	(A-B)
Placement of fixed deposits			
Cash flow from investing activities	-	(847,952)	847,952
Cash flow from financing activities	(847,952)	-	(847,952)