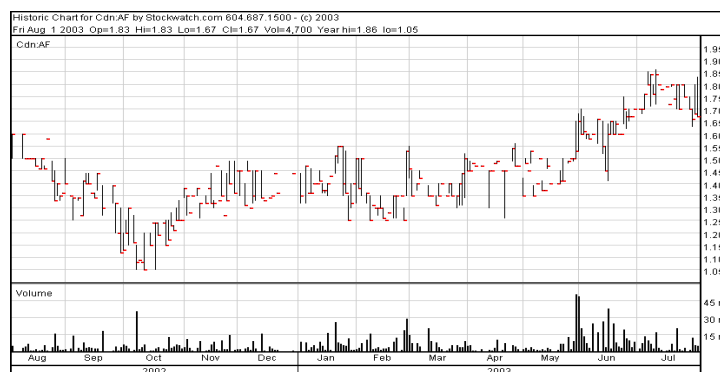


AlarmForce Industries Inc.

HEAD OFFICE

Contact: Margerate Brady, *Asst. to President*
Address: 49 Coldwater Road
 Toronto, ON M3B 1Y8
Telephone: (416) 445 - 2414
Fax: (416) 445 - 9381
E-Mail: investor@alarmforce.com
Website: www.alarmforce.com



A Alarmforce was founded in 1988 and has grown to become Canada's largest manufacturer and installer of two-way voice home security systems. The company provides affordable, state-of-the-art alarm equipment from its 30 offices located throughout the country. Several innovative systems are offered providing features that are not currently presented by competitors. These systems include *AlarmVoice* and *AlarmPlus*.

In the event of a break-in, AlarmForce's *AlarmVoice* technology allows the company's trained staff to be in live, two-way voice contact with an intruder. This 24-hour service can establish whether the person is a criminal or the homeowner by asking the unknown person to identify themselves and enter the proper code into a telephone. If proper identification is not received, the alarm centre staff can alert the startled intruder that the police have been dispatched. AlarmForce's patented two-way wireless system works through the use of a telephone. Motion sensors are strategically positioned throughout a house to detect intruders and ensure maximum security for its occupants. In addition, the alarms can be configured to allow for the movement of household pets, and in the event that a telephone line is cut, the company's *AlarmPlus* technology will automatically transmit a wireless signal to the central station and operators will then dispatch the authorities.

AlarmPlus, the company's wireless alarm technology, is can be added to any AlarmForce system without any

rewiring, reprogramming, or reconfiguration necessary. An important advantage of the AlarmForce systems is that any competitor alarm system can easily be adapted to accommodate the company's two-way voice transmission technology. This is convenient for the customer and for AlarmForce as the pool of potential clients is not hindered by homes already armed with a competitor's product.

In November 2002, the company was singled out as a unique success story in mass marketing in the November issue of *System Security News*, the premier publication for North America's security industry. The company has produced growth rates consistently in excess of 20 percent per annum, at the same time that other major players in the industry have announced cuts in their mass marketing model. Management believes that the company's marketing strategy could be duplicated in a very straightforward manner for use and similar success in the United States. Again in February, 2003, the company was recognized for its success in mass marketing, this time by *SP&T News*, which is the magazine for Canada's security industry products and technology. The company received praise in the article for continuing to grow despite the fact that most major competitors are cutting costs originally allocated for mass marketing programs.

The year ended October 31, 2002, marked another successful year for the company. Total monitored accounts increased to more than 35,000. The company set a record for the year in terms of percentage increase in net income,

which jumped 50 percent, and cash flows, which were up by 41 percent. In fiscal 2002, approximately 91 percent of the company's total cash requirement for capital investment was met out of cash flow generated from internal operations. Therefore, the company was able to maintain the same small amount of long-term debt for the year.

By the end of the company's first quarter of the current fiscal year on January 31, 2003, the monitored account base had increased to more than 36,000 clients. Management believes that the first quarter results have AlarmForce well on its way to meeting and surpassing growth and earnings targets set out for fiscal 2003. It

should be noted that the number of new accounts added during the first quarter rose by 22 percent in comparison to the corresponding figure from a year ago. Furthermore, this marked a new quarterly record for the company in terms of user growth. Net income for the quarter increased 19 percent over the previous year to \$310,000 and record earnings per share of \$0.033 was achieved, an increase of 14 percent over the same period in fiscal 2002.

In June 2003, the company was included in the 2003 Profit Magazine list of the 200 fastest-growing companies in Canada. The rankings are based on five year growth in revenues.

FINANCIAL POSITION & OPERATING RESULTS

(all financial figures presented in thousands of Canadian dollars)

Balance Sheet

(as at April 30, 2003)

Current Assets	\$ 1,763
Total Assets	15,719
Current Liabilities	3,660
Long-Term Debt	1,893
Shareholders' Equity	8,936

Income Statements

	6 Months Ended April 30		Year Ended
	2003	2002	October 31 2002
Revenues	\$6,007	\$4,876	\$10,302
Net Earnings	717	520	1,019
Earnings per Share	\$0.079	\$0.059	\$0.117

SHARES

Issued

Management & Insiders	- Escrow	nil
	- Free-trading	2,574,902
Public	- Restricted	nil
	- Free-trading	6,320,501
		<u>8,895,403</u>
Fully-Diluted		<u>9,955,903</u>

Trading Symbol & Exchange

AF : TSX

52 Week Price Range

\$ 1.05 - \$ 1.86

Current Price (August 1, 2003)

\$ 1.67

3-Month Average Daily Trading Volume

8,000 shares

Market Capitalization

\$ 14.9 million

CONCLUSION

AlarmForce has experienced impressive revenue growth over the past few years, usually in excess of 20 percent per annum, and the company also continues to steadily improve on its year-over-year net earnings and cash flow. The company's account base is growing at an accelerating rate due to the increasing popularity of two-way voice communication alarm systems. AlarmForce is currently pursuing further market expansion

in Canada, namely in the province of Quebec. The company posted record results once again for the second quarter ended April 30, 2003. The total number of customers grew to about 38,000 and revenues were up from \$2.45 million in the same quarter of 2002 to \$3.07 million. Net income grew by 57 percent over the second quarter of 2002 to \$408,000 or \$0.045 per share.