

Security Finance Newsletter

February 2006

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Volume II, Issue 1

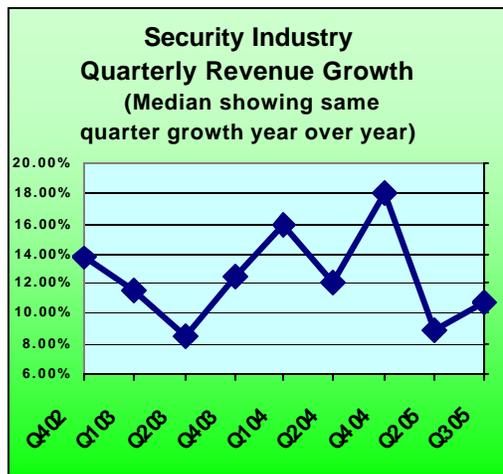
Tracking the Security Industry

It's always illuminating to look back after a year-end and see where the industry has been. In this newsletter we'll take a look at some of the important trends which defined 2005 and peer into the crystal ball to see what may be ahead in 2006.

We are very pleased in this issue to tap as a resource, four industry CEOs who kindly agreed to share some thoughts about 2005 and 2006 with Sokoloff & Co.'s Director of Research, **Clarissa Jacobson**. Turn the page and read commentary from **Honeywell Security** president **Ben Cornett**, **Greg Jendreas**, CEO of **Master Halco**, CEO Gary Holland of **Fargo Electronics** and **Dan Mocerri**, CEO of **Convergent Technologies**.

Industry Growth Numbers

While Q4 results are not yet available, the Security industry continued to see good growth in 2005. According to **Sokoloff & Co.**'s research, *revenue growth in 2003*



over 2002 was 10.9%, accelerating to 12.3% in 2004. Revenue for the last four quarters ending September 30th is up 5.2% over calendar year 2004.

A bit of a slowdown in 2005 was not unexpected. The ramp up in 2003 and 2004 was primarily the result of increased government spending, driven by long awaited post 911 federal budget funding for enhanced security. In 2005 and 2006 Congress continues to increase spending for security, but not at the same growth rates as previously budgeted.

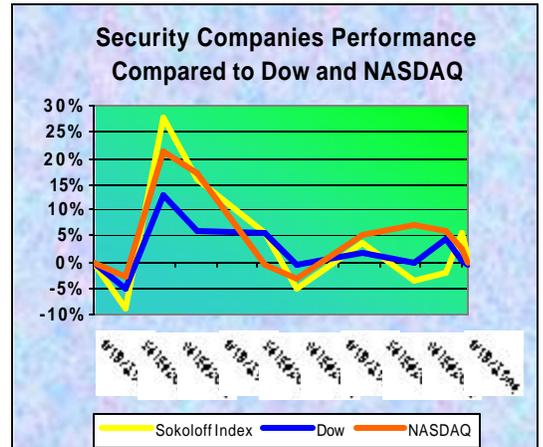
We may see additional rounds of sharp budget increases as the war on terror continues to unfold, but this was not the case in 2005.

On the horizon, corporate spending on security is on the increase, as new advances (IP, digital video, biometrics, etc.), now very much proven technologies, are embraced.

Another great boost to the industry is anticipated as Congress and the President adopt legislation which will mandate that sensitive private enterprises like chemical and petroleum installations add security to provide higher levels of protection.

The Back Page

The chart on the back page of this newsletter is entitled, "Sokoloff & Co. Valuation Rankings of Public Security Companies." Many of the observations and conclusions stated in these pages are gleaned from this data.



Sokoloff & Co. also regularly compiles a stock index which compares the performance of the public security companies historically and in relation to the Dow Jones and NASDAQ indexes.

The Sokoloff Security Index was flat in 2005, showing no appreciation at year-end. The performance of the Dow and

What is a Stock Index?

The share prices of a representative group of stocks are added together. This total is then compared on different days so as to measure and report value changes for the group.

NASDAQ indices were virtually identical.

Valuation Indicators

While the process of valuing a company can be quite complex, certain quick rules of thumb have been generated by analysts who study public companies.

The Security companies on the back page trade at a median multiple of earnings that has ranged from a low of about 17x in

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Ben Cornett, President, Honeywell Security

Ben Cornett has been in leadership positions in the security industry for nearly 25 years. Prior to Honeywell's acquisition of Pittway Corporation, he was President of ADEMCO Group and Ademco Sensor Company. Before joining Ademco Group in 1995, Cornett founded and served as president and CEO of IntelliSense, Vice President of Blue Grass Electronics and worked for Solfan Systems which later became C&K Systems.

printer security; **Master Halco** is a fencing company with a concentration in perimeter security; **Convergent** is a systems integrator that designs, installs, and services building systems. **Honeywell Security** is a distributor of security products and a developer of residential and commercial security systems.

CEO ROUNDTABLE: 2005 REVIEW AND A LOOK FORWARD TO 2006

By **Clarissa Jacobson**, Director of Research and Administration, **Peter A. Sokoloff & Co.**

2005 was a year of meeting increasing global demand, seeing new technologies gain ground and solid growth for U.S. Security firms. According to the Security Growth Conference "the industry eclipsed the \$150 billion mark and will continue to be one of the strongest long-term growth industries in the global market." Overall growth was 8%-9% and certain areas experienced growth rates well beyond the general market.

Companies who succeed in riding the tide of change do so by analyzing and constantly revamping their vision, and keeping current with trends so that they thrive in the years to come. **Fargo Electronics, Master Halco, Convergent, and Honeywell Security** are four diverse businesses that are at the forefront of the Security

Industry. Sokoloff & Co. had the pleasure of interviewing the CEOs of each firm; getting their opinions on the pulse of the industry, where it's heading,

and where its been.

Fargo is a manufacturer of ID card personalization systems and a leader in

August 31, 2005
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A subsidiary of
ITOCHU International



Has made a strategic investment in



Smart Products for Perimeter Defense

The undersigned advised Safeguards Technology.



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Global Market

The shift to serve a global market was a major driver in 2005 and will continue to be a factor in staying viable in 2006.

Ben Cornett, President of Honeywell Security believes that the future of his company depends on continuing to expand its hold overseas: "We've experienced unprecedented growth internationally. China is huge. You could just show up and still get 20% growth. India, Korea and the Middle East are all developing by leaps and bounds. We expect explosive growth there over the next 20 years."

Gary Holland, CEO of Fargo, says they have established a strong business in the U.S. but will continue to pursue more business internationally. "We do 40% of our business overseas and are a global supplier to over 80 countries."

Greg Jendreas, CEO of Master Halco, also pointed out that "There's a lot of work

from American companies that have huge investments all over the world. These multi-nationals are calling up, wanting American companies to complete projects for them."

Dan Mocerri, CEO of Convergent said they were successful in growing their national account base, and secured one of the largest security projects in Canada. He also mentioned that America is able to compete because of their strength in security: "With so many products

(Continued on page 3)



Dan Mocerri, CEO, Convergent Technologies LLC

Dan Mocerri has 25 plus years in the building infrastructure industry. Prior to starting Convergent Technologies, he was the President of Siemens Building Technologies Security Division for North America. During the span of his career, Mocerri has held positions in sales, engineering, and executive management focused on integrated building management systems throughout the United States and Canada.

(Continued from page 2)

becoming homogeneous (having comparable capabilities and reliability), service and support become the main differentiators. In the end, those companies that compete on service and solutions will not be as dependent on the US dollar to win.”

The security industry appears to be relatively sheltered from the declining American dollar. Holland simply states “When you’re dealing with people’s lives, they want what’s best and what works, even if it costs more.”

Technology

The changing landscape of globalization and homeland security has paved the path for new technologies. One technology was mentioned more than any other: that of

One technology was mentioned more than any other: that of video analytics.

video analytics. Video analytics refers to computer-based video surveillance that is able to track and classify an intrusion based on pixel changes. Major technology shifts of the past few years will continue to gain traction in 2006. This includes the progression into IP technology, the merger of physical security and IT, network based storage and video management, intelligent home products, and smart cards (ID cards that are implanted with computer chips or radio frequency identification (RFID) antennas).

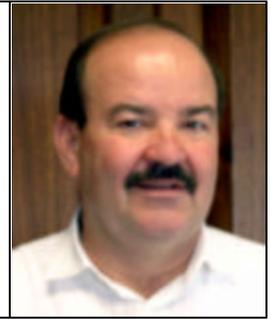
Both Holland and Cornett point out that there’s a lot of hype around new technologies and lots of good ones but there’s not enough room for everyone. As Cornett put it “Engineers are always bringing out their newest toys, but a lot of them don’t have a real market or the price is out of reach.”

Business Strategies for 2006 and Beyond

We asked each CEO to describe the vision that will drive their business forward into 2006 and beyond.

Greg Jendreas, President and CEO, Master Halco

For over 30 years, Greg Jendreas has been a leader in industrial manufacturing and distribution operations. As President and CEO of Master Halco, Greg was responsible for creating a new business segment, the successful Security Solutions Group. Prior to his work at Master Halco, Greg served as vice president of operations at MGF Industries, and as vice president of manufacturing at Mark Controls Corporation.



According to Jendreas, his fencing business is moving toward a more creative and integrated solution. “We are seeing technology driven fencing systems linking multiple sites into a centralized control hub. Integrated perimeter security for petroleum and chemical plants has become a necessity. They face the challenge of upgrading protection to meet anti-terrorism ‘deter and delay’ requirements.” And with the strong profits many of these companies reaped in 2005, Jendreas anticipates that if not voluntarily, the government will force them to update their perimeter protection. “The hurricanes and the fire in London were accidents, but they served as a reminder of how vulnerable these industries are and the damage a disruption can do. They simply can’t afford to be unprotected.”

Master Halco is dedicated to their partnership program as well as their unique vision on perimeter security. Jendreas says that their “Partners in Excellence” program is essential to the company’s growth. Through decisive training and certification, Master Halco is effectively helping their fence contractor customers respond to new perimeter protection challenges. For over 40 years Master Halco has manufactured and distributed fencing. Seeing a market for perimeter security they moved into this sector just 18 months ago and have experienced phenomenal growth. “We have people

calling us, telling us they’ve heard of our distinct perspective on perimeter security. We’ve even had calls asking us to do budgetary and design estimates by companies hoping to secure the bid with the US government for the possible Mexican border fence.”

Like Master Halco, **Honeywell Security** relies on partnership to keep in touch with their customers. Cornett believes a big part of Honeywell Security’s current and steady growth has come from their “Partners of Choice” program. “In order to be successful in the long term, you need to be in a position where your partners are a part of your business and they have confidence that you are there to help their business thrive. We give them the training, tools, access to research, and clout to be successful.” They’ve also combined their three businesses: **Honeywell Security and Custom Electronics** (intrusion alarms), **ADI** (the distribution arm), and their **Systems** business (Access and Video) which gives their customers the ability to get everything they need in one stop.

Cornett also expects strong growth for Honeywell Security in 2006 in the residential market. “People are getting much more involved than just security. They want home systems that control everything from a single point, not just alarm systems.”

Fargo has taken a different approach. They have their eyes and ears on policies

Gary R. Holland, President and CEO, Fargo Electronics, Inc.

Gary R. Holland has over 35 years of experience in the security industry. Before working for Fargo he owned and operated two business and strategy consulting firms, Decision Process International of Minnesota, Inc. and Holland & Associates. Prior to this he held top positions at Datacard Corporation, CPT Corporation, The Toro Company, and The Coleman Company. He serves on the board of directors at Delfax Technologies, Inc.



that have been set forth by the Bush administration amid a desire to fix the mistakes of 9/11. Since going public in 2000, Fargo has consistently manufactured state-of-the-art ID card

“The security industry continues to shift towards IP technology. Customers are requiring a provider with stronger network skills....”

systems, but has expanded by concentrating on the bigger picture: issuance of these cards. Holland explained: “It doesn’t matter how secure your card is if it can be duplicated easily. The terrorists of 9/11 were able to get access to printers (not Fargo’s) and that’s how they got their IDs. So we’ve been concentrating on developing unparalleled printer security.”

Bush’s mandate that all federal agencies as well as employees of government contractors be required to use smart cards, has also given the company an added boost. **Fargo** occupies the enviable position of being only one of three companies in the world that has pioneered the technology (Reverse Image Technology) recommended to print on these cards.

Convergint believes the most important aspect to keeping customers is in training their people. Mocerri stressed Convergint’s dedication to keeping their employee’s skills current: “The security industry

continues to shift towards IP technology. Customers are requiring a provider with stronger network skills. Integrators that understand this will be best prepared to compete as the technology and buying influences continue to evolve.”

Even though technologies change, Mocerri believes that customer’s expectations never really change. “Bottom line: they’re always looking to lower the total cost of ownership and they always expect reliable technology

“We’re looking forward to the future. We know the security industry is stable, long term, and a good field to be in.”

that delivers and is backed by a strong service provider.”

2006 Growth Expectations

A dedication to making the customer first priority, keeping on top of current trends, thinking creatively, knowing

which technologies are important, keeping up to date on governmental policy and playing in a global marketplace yet being responsive to the needs of North America are what keep these companies on top.

Master Halco expects to double their revenue in their security systems segment in 2006, **Convergint** anticipates robust growth in the industry in excess of 15%, and **Honeywell Security** is predicting 10% growth in the industry. Gary Holland from **Fargo** summed it up perfectly: “We’re looking forward to the future. We know the security industry is stable, long term, and a good field to be in.” With these positive outlooks *there seems little doubt that 2006 will be a year of growth and excitement.*



December 30, 2005
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The undersigned advised National Network Services.



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Tip for Good Business: “They Didn’t Return My Call” Is a Poor Excuse

It’s hard sometimes to be sympathetic to our employees’ excuses for not getting the job done. Perhaps the most often heard excuse is, “He didn’t return my call.” Around my shop, this excuse has been deemed completely unacceptable. The speed of business today is blistering fast. If we don’t reach our customers in short order, someone else will. So, just how do you get someone to return a call?

Persistence. Don’t be afraid to call someone even several times per day (if urgent) until you reach them.

Manners. Be courteous and business like in tone and content for voice mails and e-mails requesting a call back.

Get help. Cultivate a warm relationship with an associate who works with or answers Mr. or Ms. Smith’s phone. Usually, just asking for their help to make sure their boss returns the call is all it takes.

Gather a little intelligence. Just don’t go on blindly leaving messages. Find out if your target is on the road, on vacation, in a meeting, etc. Ask when the best time to call might be; try and set up a telephonic appointment.

---Pete Sokoloff

(continued from page 1)

early 2003, to its most recent number of 22.52 at the end of January 2006. This means that, of 39 companies listed, the companies in the middle (the mean or median) have a value equal to 22.52x their earnings.

Instead of using earnings, some analysts prefer to use **EBITDA** (Earnings Before Interest, Taxes, Depreciation and Amortization). *Median EBITDA multiples have shown a little growth, moving from about 10x in early 2003 to 11.33x at the end of January.* No doubt reflecting the 2005 market, the median EBITDA multiples stayed in a narrow range, not changing much over the course of last year.

Another rule of thumb analysts sometimes use is a **multiple of revenue**, also called "Price to Sales (P/S)" or the similar "Enterprise Value to Sales or EVS" (see sidebar on this page). We saw the median EVS trend upward in early 2003, followed by a flattening in 2004 and 2005. Beginning 2003, the median EVS was about 1x. *By mid-2004 the multiple had moved up to its current range of 1.3x-1.5x.*

Enterprise Value to Sales (EVS)

"A valuation measure that compares the enterprise value of a company (computed as the market capitalization plus debt and preferred shares less cash and cash equivalents) to the company's sales. EV/sales gives investors an idea of how much it costs to buy the company's sales. This measure is an expansion of the price-to-sales valuation, which uses market capitalization instead of enterprise value. EV/sales is seen as more accurate because market capitalization does not take into account the amount of debt a company has, which needs to be paid back at some point. Generally the lower the EV/sales the more attractive or undervalued the company is seen.

The EV/sales measure can be slightly deceiving: a high EV/Sales is not always a bad thing as it can be a sign that investors believe the future sales will greatly increase. And a lower EV/sales can signal that the future sales prospects are not very attractive. It is important to compare the measure to that of other companies in the industry, and look deeper into the company you are analyzing."

From: www.investopedia.com

Investors Believe in Biometrics—a Tale of Three Companies

Looking at our back page chart we can't help but notice that three of the top 5 companies are biometric vendors. The top rated companies are ranked according to the multiple gotten by dividing their annual sales into their enterprise value (See sidebar on this page for an explanation of this).

	TTM Rev	Last Q Rev Growth	Trailing P/E	Forward P/E	Market Cap	EVS	EVM
COGT	145.4	64%	65	27	2.15B	12.95	25.39
IDNX	83.44	20%	Loss	136	725.8	8.36	NA
VISG	70.3	-28%	Loss	NA	365.9	4.91	49.2

Top dog on the Back Page is Pasadena-based **Cogent, Inc.** In third and fifth place are **Identix Inc.** and **Viisage Technology Inc.**

As a privately held company, **Cogent** was a well kept secret before its IPO in 2004. CEO and founder Ming Hsieh had quietly built a finger print systems powerhouse with rapidly growing revenues and earnings while its higher profile competitor in the finger print systems arena, **Identix** was believed to be the clear cut leader in the market.

COGT's 2004 IPO was the beginning of a rocket ride, as the stock opened at about \$16 in September and soared to over \$35 in December. During 2005, the stock bounced around in a mid-\$20s range. **Cogent** deserves kudos for sustaining rapid growth while not losing sight of the bottom line. The company is quite profitable.

In contrast, **Identix** has had a rocky ride. It pioneered the fingerprint market and has had mixed success in growing its revenues. After a tumble in 2003, **IDNX** grew again in 2004 and continued to enjoy modest growth in 2005. The slow down in revenue growth, combined with the fact it has not been able to find the magic formula to profitability, threatened share value.

Before losing investor interest, help has arrived in the form of facial recognition leader **Viisage Technology**. On January 12th the companies announced a merger. Curiously, despite being the smaller of the

two, **Viisage** management and board members will control the combined company.

This is a creative and optimistic deal for **IDNX's** shareholders, who received a paper premium of 45% on the day the stock-for-stock merger was announced. **IDNX's** shareholders will own 59% of the com-

bined entity.

In the press announcement, **IDNX** and **VISG** said that "combined operations are expected to have about \$220 million in revenue and at least \$40 million in EBITDA (earnings before interest, taxes, depreciation and amortization) in 2006."

The current combined Enterprise Value is about \$1.043 billion. If they were doing \$40 million in EBITDA today, the EVM would be about 26, which is almost exactly what **COGT** is trading at.

The strategic coupling of fingerprint and facial recognition technology certainly makes sense from a business perspective. **VISG** management's challenge is to deliver on EBITDA and earnings while executing well on future sales growth.

For timely financial information, including an archive of M&A Transaction Case Histories, visit: www.sokoloffco.com

Contact Sokoloff & Co.

Please contact **Mark Schwartz**, Managing Director of New Business Development for a confidential consultation about your company's merger and acquisition needs.
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"Always do right. This will gratify some people and astonish the rest."

- Mark Twain (1901)

SOKOLOFF & CO. VALUATION RANKINGS OF PUBLIC SECURITY COMPANIES

Five Quarters through Q3 2005 Reports and January 30, 2006 Closing Prices

Sokoloff & Company compiles a quarterly review of selected public Security companies (and companies that dedicate a portion of their business to security) and compares how each is valued by the public marketplace. Comparative values for each company are expressed as: **EVS**, which is Enterprise Value divided by Sales and **P/E**, Price to Earnings (market cap divided by earnings). **EVM** is Enterprise Value Multiple: the Enterprise Value divided by EBITDA (Earnings Before Interest, Depreciation and Amortization). All multiples are based on trailing twelve months (TTM) numbers through the most recently reported quarter.

Note: The quarterly revenue percentage column is the increase (or decrease) from the same quarter in the previous year. Where fiscal year has differed from calendar year, the most recently reported information is used. Changed from previous list: Cyberguard (CGWF merged with Secure Computing (SCUR)).

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Current Rank	Company	Symbol	Stock		Market Cap	Revenue					3rd Q 05	3rd Q 05	EVS	P/E	EBITDA	EVM			
			Price	52 Week Range		2002	2003	2004	3rd Q 04	4th Q 04							1st Q 05	2nd Q 05	
1	Cogent, Inc.	COGT	22.12	15.50 - 38.25	2.06B	16,400	32,200	87,700	23,400	31,800	35,841	39,354	38,445	64.3%	12.03	67.13	74.20M	25.74	
2	Taser Corp.	TASR	9.37	7.33 - 33.45	575.46M	9,800	24,456	67,700	18,900	19,200	10,204	13,207	11,676	-38.2%	10.28	95.11	9.95M	51.09	
3	Identix Incorporated	IDNX	7.91	4.53 - 8.24	704.46M	84,500	92,514	55,200	16,600	18,600	20,252	18,399	22,667	36.5%	8.44	N/A	-6.39M	NA	
4	Lasercard Corp.	LCRD	16.30	4.56 - 11.89	186.41M	20,700	26,300	17,000	7,800	6,300	5,779	6,994	8,699	11.5%	6.1	N/A	-5.37M	NA	
5	Visage Technology Inc.	VISG	17.72	2.57 - 9.94	341.25M	30,500	37,371	67,500	19,900	19,000	16,810	20,150	14,305	-28.1%	4.68	N/A	7.01M	50.49	
6	First Advantage Corp.	FADV	27.43	15.44 - 25.63	1.52B	NA	166,500	266,500	71,900	68,300	72,364	83,366	169,900	136.3%	4.66	34.03	52.08M	32.29	
7	Secure Computing Corp.	SCUR	14.45	7.38 - 15.00	533.68M	65,837	76,213	93,378	24,500	25,500	25,600	26,100	27,200	11.0%	4.41	28.13	21.63	21.98	
8	Gentex Corporation	GNTX	16.94	15.10 - 20.32	2.63B	395,258	469,019	505,700	120,500	126,200	127,642	132,384	138,115	14.6%	4.1	28.96	161.12M	16.31	
9	Flir Systems, Inc.	FLIR	23.76	23.85 - 36.36	1.65B	261,100	312,000	482,700	110,800	143,700	108,317	130,966	113,031	2.0%	3.47	24.01	129.23M	13.89	
10	RAE Systems, Inc.	RAE	3.52	2.35 - 9.58	203.53M	21,800	31,300	45,800	12,300	15,000	12,248	13,624	16,152	31.3%	3.11	N/A	2.51M	67.77	
11	Fargo Electronics, Inc.	FRGO	19.13	9.29 - 22.52	244.33M	66,035	65,491	72,400	19,600	19,700	18,657	18,866	22,456	14.6%	2.64	26.87	14.82M	15.06	
12	Napco Security Systems, Inc.	NSCO	12.80	6.13 - 13.99	168.84M	55,836	57,340	58,100	13,400	16,000	15,743	9,637	14,180	5.8%	2.58	26.03	10.41M	14.54	
13	Safenet Inc.	SFNT	31.98	24.80 - 38.22	805.80M	32,200	66,200	201,600	59,500	63,800	59,812	63,498	63,017	5.9%	2.57	N/A	48.08M	13.90	
14	Internet Security	ISSX	21.34	14.21 - 25.76	958.42M	243,300	245,800	289,900	72,700	80,600	76,792	79,100	82,845	14.0%	2.32	28.97	71.08M	10.45	
15	Magal Security Systems Ltd.	MAGS	11.53	7.82 - 17.73	119.58M	42,966	59,400	61,000	15,300	17,000	13,800	17,300	17,800	16.3%	1.82	50.00	6.20M	16.07	
16	Engineered Support Systems Inc.	EASI	42.70	27.67 - 42.63	1.79B	435,452	572,701	883,600	256,400	233,500	263,768	258,735	262,337	2.3%	1.79	21.33	159.73M	11.25	
17	L-3 Communications Holdings	LLL	78.81	59.79 - 81.73	9.47B	4,011,200	5,061,600	6,897,000	1,784,100	1,911,200	1,962,542	2,075,547	2,506,372	40.5%	1.64	19.03	1.05B	12.85	
18	Tyco International	TYC	26.53	26.97 - 36.58	53.41B	35,700,000	36,801,300	40,153,000	9,781,000	10,065,000	10,456,000	10,562,000	8,644,000	-11.6%	1.58	18.93	7.64B	8.37	
19	United Technologies Corp.	UTX	58.36	44.24 - 54.07	59.45B	27,980,000	30,723,000	36,700,000	9,248,000	9,640,000	9,407,000	11,152,000	10,905,000	17.9%	1.53	17.8	6.86B	9.10	
20	Ingersoll Rand	IR	39.69	63.33 - 87.92	13.13B	8,951,300	9,876,200	9,393,600	2,368,000	2,459,000	2,458,800	2,759,500	2,615,300	10.4%	1.4	10.89	1.52B	9.66	
21	The Stanley Works	SWK	49.02	40.65 - 51.75	4.10B	2,593,000	2,678,100	3,043,400	791,200	678,900	806,300	824,000	844,800	6.8%	1.37	14.35	549.90M	8.24	
22	Honeywell	HON	38.03	31.85 - 39.50	32.05B	22,274,000	23,103,000	25,601,000	6,395,000	6,640,000	6,453,000	7,026,000	6,899,000	7.9%	1.33	22.95	3.47B	10.18	
23	Checkpoint Systems, Inc.	CHKP	27.20	14.38 - 22.48	1.04B	639,486	723,262	778,700	192,300	216,400	182,167	210,381	185,600	-3.5%	1.24	N/A	87.89M	11.24	
24	Armor Holdings, Inc.	AH	47.26	33.03 - 49.49	1.65B	305,100	365,200	979,700	256,800	337,500	364,965	371,642	447,664	74.3%	1.13	13.39	248.11M	6.61	
25	Activcard Corp.	ACTI	3.56	3.95 - 9.75	161.94M	41,840	38,262	26,900	10,100	11,555	9,156	12,035	9,410	-6.8%	1.12	N/A	-27.44M	NA	
26	Diebold	DBD	37.01	44.67 - 57.81	2.57B	1,940,163	2,109,673	2,380,900	613,400	717,200	540,234	613,866	622,333	1.5%	1.11	18.57	313.17M	9.26	
27	Mantech International	MANT	27.82	15.00 - 32.99	919.90M	472,900	701,601	842,400	211,300	229,800	217,461	239,408	262,431	24.2%	1.02	22.09	59.49M	17.56	
28	Siemens Building Technologies	SI	91.40	67.08 - 85.13	81.44B	82,436,499	86,088,010	93,455,000	27,243,000	24,609,000	24,054,000	22,656,000	25,336,000	-7.0%	0.93	29.83	7.61B	10.66	
29	OSI Systems	OSIS	21.67	13.80 - 23.40	352.12M	124,200	182,600	247,100	87,600	102,500	94,153	100,713	101,870	16.3%	0.92	N/A	6.73M	51.04	
30	FirstService	FSRV	26.38	11.61 - 24.81	798.15M	542,700	609,794	812,300	184,800	221,900	234,700	287,897	316,171	71.1%	0.9	28.18	106.42M	8.84	
32	Henry Bros Electronics	HBE	5.59	3.10 - 6.10	32.92M	18,829	18,261	29,700	7,800	9,700	8,613	10,199	11,299	44.9%	0.84	35.56	2.22M	12.96	
33	Lockheed Martin Corp.	LMT	66.66	52.19 - 65.46	29.07B	26,578,000	31,824,000	35,526,000	8,438,000	9,965,000	8,488,000	9,295,000	9,201,000	9.0%	0.83	18.09	3.14B	9.61	
34	Northrop Grumman Holdings	NOC	62.03	49.54 - 58.15	22.04B	17,206,000	26,206,000	29,853,000	7,408,000	7,846,000	7,453,000	7,962,000	7,446,000	0.5%	0.83	16.6	2.93B	8.57	
35	CompuDyne Corporation	CDCY	6.83	4.65 - 9.50	55.45M	155,556	193,263	142,782	33,400	32,612	36,306	31,104	33,499	0.3%	0.66	N/A	-8.32M	NA	
36	Johnson Controls	JCI	70.52	52.57 - 63.98	13.61B	20,469,000	22,646,000	26,553,400	6,756,900	6,975,500	6,945,500	7,062,100	6,496,300	-3.9%	0.66	15.81	1.96B	8.29	
37	The Geo Group	GGI	24.65	18.43 - 32.70	237.70M	562,100	567,441	614,548	148,300	166,148	154,030	158,719	142,292	-4.1%	0.64	18.71	47.17M	8.53	
38	Brinks Company	BCO	52.60	28.16 - 40.39	3.09B	3,776,700	3,998,600	4,718,000	1,195,000	1,224,600	1,224,600	1,314,900	1,389,300	16.3%	0.61	21.23	371.20M	8.17	
39	Richardson Electronics, Ltd.	RELL	8.05	6.55 - 11.76	129.57M	443,500	464,517	520,069	138,500	151,400	141,527	147,303	158,145	14.2%	0.38	N/A	19.63M	11.41	
Total						Index	1168.67	<i>Consecutive Growth over previous period:</i>		10.9%	12.3%								
												Quarterly Growth	EVS	P/E	EVM				
												Average	16.30%	2.57	27.59	17.71			
												Median	10.7%	1.47	22.52	11.33			

* Companies are ranked according to EVS. Enterprise Value to Sales is calculated by dividing the Enterprise Value by trailing twelve month revenues.

