

Security Finance Newsletter

March 2013

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Volume IX, Issue 1

4th/1st QUARTER MERGERS & ACQUISITIONS

Buyer: HONEYWELL (NYSE: HON)

Seller: INTERMEC, INC. (NYSE: IN) makes barcode printers and radio identification products. They are headquartered in Everett, WA have 2,312 employees and trailing twelve month revenue of \$810.2M.

Buyer: MOOG, INC. (NYSE.A) Moog Inc. designs, manufactures, and integrates precision motion and fluid controls, and control systems for original equipment manufacturers and end users worldwide.

Seller: BROAD REACH ENGINEERING COMPANY is a manufacturer of electronics and software for aerospace, scientific, commercial and military missions. They are headquartered in Golden, Colorado with TTM Revenue of approx. \$27 million.

Buyer: GENERAL DYNAMICS (NYSE: GD)

Seller: APPLIED PHYSICAL SCIENCES CORP. is a provider of applied research and development services. The company has 95 employees.

Buyer: FLIR SYSTEMS, INC. (NASDAQ: FLIR) designs, manufactures, and markets thermal imaging systems worldwide.

Seller: TRAFICON INTERNATIONAL NV is based in Belgium and supplies cameras, sensors and software for tracking and analyzing traffic patterns.

Buyer: PROTECTION 1 is a provider of

residential, commercial, national accounts, integrated systems and monitoring.

Seller: VINTAGE SECURITY is a provider of residential and commercial security and has 100 employees.

Buyer: AFA PROTECTIVE SYSTEMS installs, services, and monitors central station fire and burglar alarm systems.

Seller: READY ALARM is a provider of commercial fire alarm monitoring, maintenance and inspection.

Buyer: ALARM TECH SOLUTIONS is a fire company based in Severn, MD.

Seller: SPC, INC. is a fire company based in Jessup, MD and has 25 employees.

Buyer: HID GLOBAL

Seller: CODEBENCH is a physical security identity management company which has ten employees and is based in Coconut Creek, Florida.

Buyer: MAGAL SECURITY SYSTEMS, LTD (NASDAQ: MAGS) is a provider of solutions and products for physical and cyber security, safety and site management.

Seller: WEBSILICON, LTD. is an Israeli-based company with monitoring offerings for landline and wireless networks.

Buyer: PROTECTION 1 is a provider of residential, commercial, national accounts, integrated systems and monitoring.

Seller: PINNACLE SECURITY is a Utah-based door-knocking company. Protection 1 purchased select assets

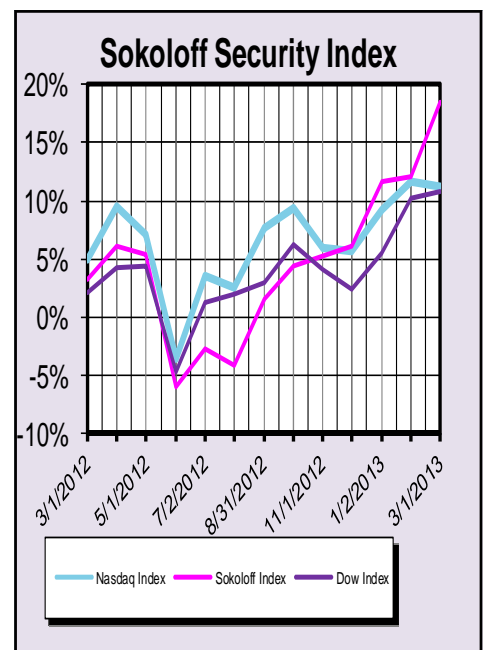
including proprietary IT infrastructure and software.

Buyer: NORTEK, parent company of LINEAR

Seller: 2GIG TECHNOLOGIES which is owned by BLACKSTONE. 2GIG manufactures advanced residential security and home management solutions.

Buyer: PORTERS GROUP, LLC is a supplier to Diebold that specializes in metal fabrication services ranging from light sheet metal to heavy metal elements.

Seller: DIEBOLD MANUFACTURING OPERATIONS DIVISIONS (NYSE: DBD) manufacture sheet metal fabrication components for automated teller machines (ATMs) and physical security products. The divisions that were sold are located in Lynchburg, VA and Lexington, NC.



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INTERVIEW WITH FUTURESENTRY PRES./CEO, ROLLAND TRAYTE

This quarter, Sokoloff & Company interviews Rolland Trayte, Pres./CEO of FutureSentry. FutureSentry manufactures highly advanced detection systems. The technology is used to enhance security in the government, commercial, transportation, education, correction and critical infrastructure markets, and is distributed worldwide.

Tell us about your history and what brought you to FutureSentry.

I actually met Steve Whitten, the founder and CTO of Communicated Enforcement and FutureSentry back in the 80's. I was the security director of a 1500 unit convenience store chain and we'd just made an acquisition of another 50 store chain in the Dayton area. The transition team completed physical inventories, changed locks and conducted initial store assessments while I visited the new stores to get a feel for their potential security issues.

One of the stores I walked into had a large yellow box on the ceiling with a variety of contraptions attached - including a speaker. The manager explained that it was her "interactive security" device. Whoever was on duty could push a button under the counter if there was a threat. A voice would come over the speaker and tell the potential thief or bad guy to get out of the store. I told her to have it removed - we wouldn't pick up the contract.

A few days later, a fellow named Steve called from the security company to ask why I getting rid of their "proven crime prevention tool" and didn't I at least want to know how it worked before I made such a bad decision?

Having previously worked in crime prevention programming for the State Justice Department as well as for a police department - I listened to his pitch. The unit stayed and Steve and I have been in touch ever since. When I retired from ConocoPhillips in 2005, we had 15,000 retail locations (convenience stores and gas stations). As the Director of Loss Prevention we focused heavily on deterrence - it's a common philosophy I've shared with Steve for more than 25 years.

I started doing consulting work for FutureSentry because it's rooted in the same belief that it's better to STOP crime before it happens. It's the future of crime prevention!

What is the mission of FutureSentry?

FutureSentry is a pioneer in the manufacture of perimeter detection systems.

Our security solutions are based on the idea that intelligent technologies can prevent and potentially deter criminal activity before loss or damage occurs while enhancing safety and security in a variety of environments - including government, commercial, transportation, education and critical infrastructure.

What problems or challenges do your solutions resolve?

"...the real "drivers" for the customization and product application are our integrator partners and end-users."

What is FutureSentry's research and development process?

The parent company, Communicated Enforcement, LLC received the first patent on the product in 2008 and reissued last year for the technology, but the real "drivers" for the customization and product application are our integrator partners and end-users. For example, our recent roll-out of the FutureSentry RDU (rapid deployment unit) came from a customer in the post Sandy world. They said, I don't

have power, I don't have phone lines or Internet, but I still have loss and need protection - can you make a portable version of FutureSentry? The RDU was advanced from a simple portable unit we'd rolled out earlier in the year for a power company trial.

In less than 30 minutes, end-users can now deploy our small two wheeled trailer with solar panels and storage batteries. Sized for the environment with wireless video and two-way audio it's a perfect solution where mobility is required like construction sites, car dealerships, fairs, concerts or temporary events. It's also useful for protecting locations that simply lack infrastructure. The RDU is our shiny object in the grass that's attracting a lot of attention in the US and abroad.

How does FutureSentry's product differ from other offerings in the marketplace?

There's simply nothing else like it in the marketplace. We've seen small fixed units with short range motion sensors and cameras, but nothing that reaches out more than 500 feet, covers 360 degrees and is crafted in an 'open architecture' design that permits integration with a wide variety of security peripherals and monitoring solutions. The unit is also "camera agnostic" and prewired for analog or IP cameras.


FutureSentry's products are distributed worldwide. How do you find and work with resellers and how do you train them on installation?

FutureSentry has been fortunate with more than 70 resellers and integrators world-wide. We've selected partners carefully and built a training center into the manufacturing facility in Harrisonburg, VA - less than two hours from Washington, DC. We're proud to say we're "made in America" and think that philosophy resonates well with a security industry frequently populated by law enforcement and former military personnel.


This notice appears as a matter of record only.

LogicMark

Has been acquired by a new company formed by




Generation 3
Capital, LLC



PROMUS
EQUITY PARTNERS

The undersigned advised LogicMark, LLC.



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Camera and recording technology are remarkable today but they do nothing to stop the crimes they so capably memorialize. **FutureSentry is the only product in the marketplace that interacts with long range wireless or hardwired articulating "carousel" sensors to detect an intruder in the protected space.** By using sophisticated algorithms the machine can turn, strobe and track the target/s until they leave the protected space. The unit can then trigger an alarm output to a monitored center. **The real impact however is the brilliant high-powered LED lights and the tracking of the target - when intruders believe they have been detected and identified they often simply leave.**

Our tech support also includes internet, telephone and Skype video so the installers can actually see the connections and parts they're using. We also encourage companies to send their senior techs and trainers to our facility for a day or two of orientation and installation training – it really saves time and improves efficiency in the field.

Can you tell us about any exciting upcoming products that are to be released?

FutureSentry has recently partnered with a terrific group called Mi5 whose home turf has been New Zealand and Australia - their RedEye camera system has traditionally seen fixed position monitoring but their partnership with the 360 degree rotating FutureSentry platform greatly expands their applications and we're looking forward to their U.S. rollout.

What are you looking for in technology partners?

Like all small companies, we're looking to partner and grow with groups that are synergistic to our own security "edge" focus and expertise. Integrators that service and support new security applications for the energy/power industry, water treatment, cellular tower industry and chem are of interest as well as plants, transportation and multifamily housing because they're already using traditional security components. The addition of FutureSentry products simply makes their overall security strategy stronger, more comprehensive and allows the tools they're using - whether electronic or uniformed security - to become force multipliers.

Tell us about some of your most successful installations.

FutureSentry was placed at a major university observatory following the theft of their \$1.5m digital telescope - the replacement telescope is still in place. Meantime, we've been watching craigslist and Ebay – (really, what do you do with something THAT large?).

We also were spec'd into a major northeast housing project that had been plagued with gangs and dealers. We'd heard stories about maintenance personnel and parents having to "police" the playground every morning to clean

Rolland Trayte
Pres./CEO/FutureSentry

Rolland Trayte has worked extensively in the security industry with a focus on loss prevention. Over the years he held top positions at Tosco Corporation, ConocoPhillips, Westec, AmberAlert and b2b Solutions.



up crack pipes and syringes. FutureSentry now protects that playground and those children and the undesirable element has simply taken their trade elsewhere.

That's what it's about - stopping crime and objectionable behaviors with a proven deterrent solution.

er-driven marketing trumps the best corporate plans you can develop hands down. The goal as we grow will be to maintain that customizable, flexible atmosphere and be quick on our feet to change and tailor our offerings to a specific customer need.

What are the company's corporate development plans? Organic growth, acquisitions?

We've been fortunate to partner with complementary technologies and companies like SunSurveillance in Spartansburg, SC on solar projects and other consultants and engineering firms that see us as a solid cornerstone for their growth - and ours. Ideally, we grow the business by partnering with like-minded visionaries that share our core values and allow us to bring both products and new ideas to the security arena where they've been successful.


What major trends do you see in Security that will affect your company in the long term?

We think the long term trends will rely on partnerships and imagination. Not too long ago, it was hard to imagine companies providing uniformed security services also selling electronic security services - but now they're hand-in-glove. **If you want to be the solution provider, you've got to become expert at knowing what works and stay ahead of the technology curve.** That's where young firms like ours fit in.

Contact
Sokoloff & Company


Please contact Bernie Walko, Managing Director for a confidential consultation about your company's merger and acquisition needs.
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This notice appears as a matter of record only.




DMN Ltd., UK

Has been acquired by



The undersigned advised DMN Ltd.



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How do you find and retain talent?

We've been fortunate that by exhibiting at ISC and ASIS, along with receiving the Govie Award and the ASIS Accolades awards, people and interesting companies find us. We haven't been afraid to talk about our long term strategies for growth with much, much larger companies where we see ourselves bringing value to the relationship. Why be bashful as long as you're respectful and have a bit of humility?

What are the goals for the company for 2013?

We're counting on growing the company's revenue and security offerings driven by the input of our customers and end users. Custom-

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While at our website, surf around. There's plenty of useful information, including valuation case studies and our archive of newsletters tracking historical industry performance.

"Always do right. This will gratify some people and astonish the rest."
- Mark Twain (1901)

SOKOLOFF & CO. VALUATION RANKINGS OF PUBLIC SECURITY COMPANIES Q4 2012 Reports and Stock Prices as of March 7, 2013

USA LISTED COMPANIES

Sokoloff & Company completes 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. The companies are ranked comparatively by EVS, which is Enterprise Value divided by Sales. Other comparative indicators shown are P/E, Price to Earnings (market cap divided by earnings) and EVM, which is Enterprise Value Multiple; the Enterprise Value divided by EBITDA (Earnings Before Taxes, Interest, Depreciation and Amortization).

All multiples are based on trailing twelve months (TTM) numbers through the most recently reported quarter.

Changed from last quarter: Intermec (NYSE: IN) was acquired by Honeywell (NYSE: HON)

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.

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Current Rank	Previous Rank	Company	Symbol	Stock Price 3/7/2012	52 Week Range	Market Cap 3/7/2012	2010 Revenue (000s)	2011 Revenue (000s)	2012 Revenue (000s)	4th Q 12 Revenue (000s)	Over Q4 2011 4th Q 12 Incr/Decr	P/E	EVS	EVM
1	1	Sourcefire, Inc.	FIRE	56.31	39.50-59.64	1.71B	130,572	165,646	223,090	67,358	26.6%	46.54	6.76	83.64
2	2	Roper Industries, Inc.	ROP	125.57	92.53-126.67	12.36B	2,386,112	2,797,089	2,993,489	809,910	9.6%	25.84	4.66	15.18
3	4	ADT	ADT	48.04	35.38-49.66	11.16B	2,591,000	3,110,000	3,228,000	809,000	1.8%	27.93	4.10	9.76
4	3	Taser Corp.	TASR	7.99	3.96-9.80	419.50M	86,930	90,028	114,753	32,116	50.6%	29.59	3.29	13.83
5	5	Fir Systems, Inc.	FLIR	26.66	17.99-27.16	3.95B	1,388,437	1,544,062	1,405,358	386,385	-4.6%	18.37	2.73	10.56
6	7	The Geo Group	GEO	35.50	16.96-35.59	2.17B	1,269,968	1,407,172	1,479,062	378,731	6.8%	16.14	2.41	12.81
7	8	Verint	VRNT	35.11	24.60-35.75	1.41B	703,633	726,799	782,648	201,520	1.1%	47.06	2.16	12.06
8	6	Gentex Corporation	GNTX	19.07	14.38-25.68	2.73B	816,263	1,023,762	1,099,560	260,349	0.0%	16.30	2.02	7.67
9	9	Zebra Technologies Corp.	ZBRA	44.62	31.79-45.99	2.27B	894,359	983,488	996,168	253,179	2.4%	18.83	1.86	9.48
10	10	United Technologies Corp.	UTX	91.71	70.71-91.86	84.06B	54,326,000	55,754,000	57,708,000	16,433,000	14.3%	16.21	1.77	10.52
11	15	Brady Corporation	BRC	34.08	24.72-36.45	1.75B	1,259,096	1,339,597	1,324,269	324,182	1.1%	30.62	1.55	10.14
12	13	Honeywell	HON	72.17	52.21-71.43	56.57B	32,350,000	36,529,000	37,665,000	9,581,000	1.1%	19.56	1.53	11.35
13	14	Tyco International*	TYC	31.84	26.17-58.12	14.84B	17,016,000	10,457,000	10,403,000	2,600,000	4.9%	47.17	1.52	12.45
14	12	Stanley Black & Decker	SWK	78.12	58.59-81.90	12.52B	8,343,900	9,435,500	10,190,500	2,668,500	4.0%	14.73	1.50	9.62
15	11	OSI Systems	OSIS	62.22	48.51-81.23	1.25B	595,111	656,100	792,990	194,049	3.2%	27.11	1.39	12.07
16	16	Ingersoll Rand	IR	53.72	38.24-53.90	15.92B	14,001,100	14,782,000	14,034,900	3,470,200	-1.0%	16.37	1.26	9.30
17	17	Napco Security Systems, Inc	NSSC	3.93	2.57-3.87	75.83M	67,757	71,392	70,928	17,212	-2.3%	43.67	1.26	16.90
18	18	Siemens AG	SI	107.57	77.88-112.73	90.65B	94,025,000	93,672,000	108,083,000	23,908,000	1.5%	17.00	1.00	8.16
19	27	Mace Security International	MACE	0.32	.12-.38	18.39B	18,395	13,858	No report	No report	N/A	N/A	0.99	N/A
20	19	Identive Group	INVE	1.46	.65-2.20	87.85M	84,843	102,708	94,599	26,592	-4.8%	N/A	0.91	N/A
21	20	L-3 Communications Holdings	LLL	76.70	66.46-79.80	7.13B	15,680,000	13,157,600	13,146,300	3,560,100	0.5%	9.24	0.79	6.58
22	26	Checkpoint Systems, Inc	CKP	13.34	6.69-13.30	543.30M	821,678	763,749	690,789	200,178	-11.1%	N/A	0.78	13.06
23	25	Intermec	IN	9.88	4.97-9.94	596.17M	679,111	848,181	No report	No report	N/A	N/A	0.74	21.25
24	22	Lockheed Martin Corp.	LMT	88.79	80.14-96.52	28.50B	45,671,000	46,499,000	47,182,000	12,099,000	-0.9%	10.62	0.69	5.98
25	24	Johnson Controls	JCI	33.41	23.37-34.45	22.85B	34,305,000	40,833,000	41,955,000	10,422,000	0.0%	19.83	0.66	10.69
26	23	Northrop Grumman Holdings	NOC	65.27	56.59-71.25	15.48B	28,143,000	26,412,000	25,218,000	6,476,000	-0.5%	8.36	0.61	4.25
27	21	Diebold	DBD	28.17	27.59-42.93	1.78B	2,823,793	2,835,848	2,991,693	840,095	-1.2%	22.88	0.60	7.52
28	28	Anixter International, Inc.	AXE	69.19	47.98-74.00	2.24B	5,274,500	6,146,900	6,253,100	1,544,400	3.0%	18.72	0.50	8.34
29	29	URS Corporation	URS	43.54	32.13-44.35	3.35B	9,177,051	9,545,000	10,972,500	2,972,700	24.2%	10.44	0.45	6.01
30	32	Magal Security Systems Ltd.	MAGS	4.51	3.06-6.46	72.40M	49,699	88,591	No report	No report	N/A	10.71	0.40	5.61
31	30	Brimk Company	BCO	27.00	20.91-30.75	1.29B	3,121,500	3,766,000	3,842,000	1,007,000	4.0%	14.74	0.38	4.70
32	31	Mantech International	MANT	24.93	19.74-35.27	923.46M	2,604,038	2,969,982	2,582,295	621,821	-8.8%	9.70	0.38	4.32
33	33	Vicon Industries, Inc.	VII	2.78	2.33-3.70	12.49M	48,681	47,182	49,652	11,099	-10.1%	N/A	0.08	N/A
Sokoloff Index				1,423.52			380,753,527	388,574,234	407,572,643	102,175,676				
							Over Year 2009	Over Year 2010	Over Year 2011	Over Q3 2012				
							2.8%	2.1%	4.9%	-1.8%		Average	3.9%	12.46
												Median	1.1%	9.95

Growth over previous period
International conglomerate.

*Revenues declined due to the break up of the diversified Tyco International conglomerate.



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