



# Mallon's Security Report

A quarterly financial newsletter on the global security industry

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## SOME SECURITY STOCKS SHINE AMID 2005 MARKET CLOUDS

Despite the claims of many Wall Street pundits that the U.S. economy was great in 2005, the stock market was basically a dud.

With the market petering out as the year came to a close, the high profile Dow Jones Index fell into the red – registering a razor thin 0.6% loss for the year. The S&P 500 came in at a mediocre 3% while the NASDAQ Composite eked out a paltry 1.4%. Even the formerly dynamic small cap Russell 2000, which soared by 17% in 2004, struggled to gain 3.3% for the year.

While the U.S. markets were limping along, there was real bounce in the international stock markets and generally stronger performance for the foreign-based security companies traded abroad. [See article on foreign security stocks on page 7].

The Mallon Global Security Stock Index – which consists of 220 separate public security companies (or companies with significant security subsidiaries or divisions) on stock exchanges around the

world – rose 2% for 2005. To be included in the listing, the public companies must be trading over \$1 a share. [A breakout of the stock performances in 19 separate security sectors appear on pages 8 and 9].

With this lackluster backdrop, the security industry, nonetheless, showed some solid stock appreciation.

The top ten list of high performing security stock companies was made up of a diverse mix of industry sectors – and not dominated as in the past by computer/Internet security or high flying biometric companies or stun gun or other security product manufacturers. Among the top performers for 2005 were companies in the following sectors: alarms, biometrics (2), identification/ authentication (2), auto recovery and tracking (2), security product manufacturing, fire protection and video surveillance. In other words, a mixed bag.

Only two companies had market caps in excess of \$1 billion – but not large enough to be classified as large cap – while eight were typical small and micro cap security companies.

The winners for 2005 were:

**GUARDIAN INT'L**, the tiny Florida-based alarm company, registered a whopping 400% gain for its stock and ranked # 1 for the year, when its stock price surged after a \$65 million acquisition bid by **DEVCON**. The price tag included the assumption of the company's debt of approximately \$13.5 million.

On January 1, 2005, the alarm company's shares were trading on the pink sheets at a paltry 35 cents a share, and surged to \$1.75 after the announcement of the proposed purchase.

GUARDIAN also has a high end, commercially-oriented electronic security installation and monitoring operation in New York. It had annual sales of approximately \$23 million and recurring monthly revenues of approximately \$1.2 million.

Coming in at #2 was **SIRF TECHNOLOGY**, which tracks mobile assets through global position systems (GPS). Its stock was trading at \$12.72 per share at the beginning of the year and finished at \$29.79 – for an annual appreciation of 134%.

The San Jose, California-based company also offers software products, such as SiRFLoc for wireless devices that provide location information and SiRFXTrac for high sensitivity satellite tracking.

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### AND THE WINNERS ARE.....

Company (Stock Symbol)	Sector	% Gained for 2005
1. GUARDIAN INT'L/ GIIS.PK	Alarm	400
2. SIRF TECH/ SIRF	Asset Tracking	134
3. IRIS INT'L/ IRIS	Biometric	125
4. SMITH & WESSON/ SWB	Security Product	124
5. LO JACK/ LOJN	Auto Recovery	100
6. AM BANKNOTE HOLO/ ABHH	Identification	97
7. NUANCE/NUAN	Biometrics	82
8. RURAL METRO/ RURL	Fire Prevention	81
9. FIRTSERVICE/ FSRV	Security Integration	57
10. NICE SYSTEMS/ NICE	Video Surveillance	54

### THE BARNES BUCHANAN & MALLON CONFERENCE IN SUNNY FLORIDA

The 11th Annual Barnes Buchanan & Mallon Security Conference will feature James Lee Witt, the former head of the embattled FEMA, as its keynote speaker for its session from February 9<sup>th</sup> through 11<sup>th</sup> at The Breakers Hotel in Palm Beach, Florida.

With the conference's traditional site in hurricane prone Florida, attendees are anxiously awaiting to hear what went wrong with the federal government's response to the devastating Katrina hurricane in New Orleans and the series of hurricanes that hit Florida this past season. The legendary Breakers Hotel was shut down with a good part of Florida in September as the storms took their toll on the state.

As director of FEMA under President Clinton, he coordinated federal disaster relief efforts with 28 federal agencies and departments, the American Red Cross and numerous voluntary agencies.

In addition to getting background and insights on disaster responses (or lack of), the conference will also hear from such industry stalwarts as Steve Ruzika, CEO of DevCon International, which just acquired Guardian Int'l and Coastal Security; Dennis Stern, of HSM (formerly Honeywell Security Monitoring) and Frank Brewer, CEO of

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## THE IPO MARKET - A MIXED BAG

Security stocks participated in a mixed Initial Public Offering (IPO) market in 2005.

The amount raised globally through IPOs was up 18% - although the actual number of offerings was down slightly. There were 1,279 global offerings, which raised nearly \$4 trillion in debt, equity and equity related issues.

Among the security public offerings for the year were **ITURAN LOCATION & CONTROL**, **TRI S SECURITY** and **A4S SECURITY**. Meanwhile, larger security offerings – **SAIC**, **DYNCORP** and **AEARO TECHNOLOGIES** - were waiting in the wings to go effective.

On the foreign front there were two successful security offerings; one on the London and Toronto Exchanges, namely, **MARCH NETWORKS**, a provider of Internet-based digital video surveillance solutions, based in Toronto, and the other, **XTEK**, a supplier of homeland security products to Australian government agencies and police, which went public on the Sydney Exchange.

Another IPO play gaining popularity in 2005 was the SPACs (Special Purpose Acquisition Companies), a replay of the old blank check companies, where money is raised to specifically invest in a sector or a region. At the core of these investments is the quality of the management group supporting the offering.

A closer look at the year's security IPOs follow.

**ITURAN**, the Israel-based stolen vehicle recovery and tracking company, offered 4.8 million shares (3.8 million by the company and 960,000 by selling shareholders) to the public at \$13 a share on September 28th, raising approximately \$50 million. The company's stock, listed on NASDAQ under the symbol ITRN, rose from its opening price of \$13.15 to close at \$13.47 on its first trading day. At the end of the year, its stock was trading at \$15.95, for a solid gain of 23% from its IPO launching.

The company, which utilizes radio frequency technology, provides its products and services in Israel, Brazil, Argentina and the United States. **ITURAN**'s products are also used for electronic toll collection, electronic security seals and electronic weigh stations. It was founded in 1994 and has been publicly traded on the Tel Aviv stock exchange since 1998.

Its stock gain was undoubtedly buoyed by its announced quarterly financial report, which showed a 15.6% increase in sales for its September 2005 quarter as compared to the prior year's comparable quarter. The record sales for the 3rdQ05 were \$23 million versus \$19.9 million for the 3rdQ04. Net income for the quarter was \$3.6 million (for a hefty net profit margin of 16%), or 19 cents a share, compared with \$2.9 million, or 15 cents a share, for the 04Q.

**UBS Investment Bank** served as the sole book running manager of the offering and **JPMorgan** acted as joint lead manger. **C.E. Unterberg, Towbin and William Blair & Company** were co managers.

**A4S SECURITY**, which develops and markets mobile digital video surveillance systems for public transportation, law enforcement and general security applications, sold 1.2 million shares of stock at \$6 per unit, raising approximately \$7 million. Opening at \$6 a share on July 22<sup>nd</sup>, it inched up during the year to finish at \$6.39 – for a gain of 6.5%.

Organized in 1999 and headquartered in Loveland, Colorado, the company offers **ShiftWatch TVS**, a mobile digital recording product line and **Tapestream**, a proprietary data capture technology that records high resolution video in a mobile environment.

**TRI STATE SECURITY**, a provider of contract guard services to various federal government agencies through its subsidiary called **PARAGON SYSTEMS**, went to market in February, selling 1.8 mil-

lion shares at \$6 a share, netting almost \$10 million for the company. It ended the year trading at \$4.40 – for a loss of 27%.

On the international front, **MARCH NETWORKS CORP.** was a big winner with its offering on the AIM market of the London Stock Exchange and the Toronto Exchange. On April 27<sup>th</sup> it sold 5.6 million Common shares at a price of \$12 (Canadian) per share. With over allotments, the net proceeds to the company totaled approximately \$60 million. **RBC Capital Markets** and **Evolution Securities** were co lead managers on the deal.

As of year end, **MARCH** was trading at \$32.23 a share on the Toronto Exchange – for a whopping increase of 169% from its opening price.

For its second quarter ended September 30, 2005, the company reported sales of \$19.9 million (Canadian) – up 79% from the \$11 million for the second quarter of the prior year and 33% over the \$14.9 million recorded in the prior quarter. Net income was \$5.1 million, or 30 cents a share, vs. \$1.5 million, or 14 cents per share. It was the company's ninth consecutive quarter of double-digit sequential revenue growth and fifth consecutive quarter of profitability.

Meanwhile, on the Australia Stock Exchange, **XTEK**, a supplier of homeland security products to Australian government agencies and law enforcement, raised \$14 million through the sale of 28 million shares at 50 cents a share. **Tricom Equities** was the sponsoring broker.

Established in the late 1970s, **XTEK** offers an extensive range of bomb search equipment and bomb disposal robots, ammunition, X-ray and mail screening devices, forensic equipment and general security products.

At year end, **XTEK**'s stock was trading at 57 cents – up 14% from its IPO price.

Wall Street is still waiting for the three big pending security industry deals - the \$1.7 billion offering of **SCIENCE APPLICATIONS INTERNATIONAL CORP. (SAIC)**, the \$450 million offering of **DYNCORP** and the \$230 million IPO of **AEARO TECHNOLOGIES**.

**SAIC**, which has approximately 45,000 employees and generates approximately \$7 billion in annual sales, filed its Form S-1 in September and announced that it was shedding its employee ownership status to raise funds to make acquisitions. The company was founded in 1969 and is based in San Diego, California,

**DYNCORP**, the giant outsourcing company servicing a multitude of federal agencies, was purchased from **COMPUTER SCIENCE** in February of this year by private equity firm **Veritas Capital Management**.

**AEARO TECHNOLOGIES** is a manufacturer of eye, face, head, respiratory and fall protection equipment. For its year ended September 30, 2005, it reported \$423 in sales with net income of \$27.6 million. ■

### IPO SCORECARD

Company	Exchange	IPO Date	Initial Price	Gain (Loss)
<b>MARCH NET</b>	Toronto/London	4/27/05	\$ 12.00	169 %
<b>ITURAN</b>	NASDAQ	9/28/05	\$ 13.00	23 %
<b>ITEK</b>	Sydney	9/06/05	\$ 0.50	14%
<b>A4S SECURITY</b>	NASDAQ	7/22/05	\$ 6.00	6%
<b>TRIS SECURITY</b>	NASDAQ	2/08/05	\$ 6.00	(27)%

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## MAJOR SECURITY DEALS IN HOT M&A MARKET FOR 2005

The security industry mirrored the general M&A market in 2005 with numerous transactions, big and small, cutting across all sectors of the industry. For the year, the merger mania was one of the most robust in recent history – with a record number of domestic and global deals totaling almost three trillion dollars.

In the security industry, rather than the mega deals consummated in recent history – when such giants as **GENERAL ELECTRIC**, **TYCO** and **SECURITAS** were on the prowl – this past year was marked with a high volume of small and mid sized acquisitions.

Among the few larger sized deals were **UNITED TECHNOLOGIES** acquisition of **LENEL**, an access control company, for \$400 million and Odyssey Investments purchase of fire safety company **NORCROSS SAFETY PRODUCTS** for \$495 million.

At press time, the \$770 million acquisition of **IDENTIX** by **VIISAGE** was announced and this biometric deal will undoubtedly be the mega security transaction for 2006.

### *Alarm*

The alarm sector showed signs of renewed vigor, having gone into a five year slumber after the go go days when **ADT (TYCO)**, **AMERITECH**, **REPUBLIC**, **PROTECTION ONE** and others were driving up multiples in a competitive bidding war for alarm accounts.

One of the year's big deal in alarms was **DEVCON's** pickup of **GUARDIAN INTERNATIONAL** for \$65 million including the assumption of debt. With **GUARDIAN's** recurring monthly revenue (RMR) at approximately \$1.2 million, the transaction calculated out to a hefty RMR multiple over 50. The bid at roughly \$1.75 a share drove the stock of **GUARDIAN** up by 400%, making it the top security performer, percentagewise, for the year.

Building its Florida alarm operations, **DEVCON**, which is also in the construction business, bought **COASTAL SECURITY COMPANY** for another \$50.4 million. From its headquarters in Boca Raton, Florida, **COASTAL** monitors and services more than 165,000 subscribers.

**HMS** (formed through private equity player **GTCR** picking up **HONEYWELL SECURITY MONITORING** in 2004) has been on the move under alarm entrepreneur Jim Covert with the purchase of **JACKSON BURGLAR ALARM** of Denver, Colorado, **NATIONAL ALARM PRO** of Trumbull, Connecticut and the commercial and residential alarm accounts of **SYLVESTER'S SECURITY ALARMS** of Santa Maria, California.

**HMS** is now the largest privately held commercial electronic security company in the United States with 50 offices servicing over 175,000 subscribers in 80 of the nation's largest metropolitan markets.

**INTEGRATED ALARM SERVICES GROUP** was active on the acquisition front earlier in the year before bringing in investment bank **Allen & Company** to advise it of its options after getting pressure from institutional investors as its losses and attrition rates went up. The company went public in 2004 at a price of \$9.25 per share and its stock was trading at \$2.87 at year's end.

In October it announced that it acquired the operating assets of **FINANCIAL SECURITY SERVICES** of Dallas, Texas for \$23 million. **FSS** provides financing, billing, collection and alarm monitoring services to small and medium-sized alarm dealers across the country.

### *Guard / Manpower*

Another sleepy security sector that began to pick up steam in 2005 was the contract guard (manpower) business with a number of relatively small but significant transactions.

**RENTOKIL INITIAL**, the giant UK-based service company, expanded its guarding operations in the United States with the pickup of the privately held **OCS SERVICES**, which had an estimated \$30

million in sales in the New York, New Jersey and Connecticut metropolitan area.

While **INITIAL** was bulking up in the U.S., its UK competitor **GROUP 4 SECURICOR** was divesting itself of some of its guarding operations, namely **COGNISA** (formerly **ARGENBRIGHT**) by selling it to **U.S. SECURITY ASSOCIATES**, a large Georgia based, privately held guarding firm. **GROUP 4**, however, still has a substantial U.S. guarding operation through its **WACKENHUT** subsidiary.

The pickup of **COGNISA** will make **U.S. SECURITY ASSOCIATES** the fourth largest guarding company in the U.S. with approximately \$575 million in sales. The company is headed by Chuck Schneider, former CEO of **BORG WARNER SECURITY**.

**ISONICS**, which operates a Homeland Security Division to supplement its Life Sciences and Semiconductor operations, expanded into the manpower end of security in 2005 through its purchase of **PROTECTION PLUS**, a highly respected, New York-based privately held company.

Another manpower transaction was the pickup of **VANCE SECURITY**, a division of **SPX**, by the hard charging Toronto-based **GARDA SECURITY** for \$67 million. The acquired company was founded about 20 years ago by former U.S. Secret Service agent Chuck Vance. It has approximately 3,700 employees and generates annual sales of approximately \$155 million.

Originally a guarding operation, **GARDA** is diversifying into a number of other security sectors and it also bought the privately held, Chicago-based armored trucking company **UNITED ARMORED** for \$23 million.

### *Investigative / Background Checking*

The investigative/ background checking sector has been marked this year by the aggressive acquisition program of **FIRST ADVANTAGE**, a risk mitigation company providing a host of investigative, credit and data services to industry. Since the beginning of 2005, the St. Petersburg, Florida-based **FIRST ADVANTAGE** has bought **DATA RECOVERY SERVICES**, **ITAX GROUP**, **QUEST RESEARCH**, **JENARK BUSINESS SYSTEMS**, **CREDIT INFORMATION GROUP**, **PHOENIX RESEARCH CORPORATION**, **RECRUIT-NET** and **ROAD MANAGER FINANCIAL SERVICES**.

**FIRST ADVANTAGE**, a public majority owned subsidiary of **FIRST AMERICAN CORP.**, secured a \$225 million line of credit from a syndicate of financial institutions led by Bank of America Securities to help finance its acquisition spree.

Bouncing back from an embarrassing loss of data on 145,000 individuals in its data base early in 2005, **CHOICEPOINT**, the mega provider of identification and credential verification services, made a series of acquisitions during the year. It acquired **i2**, the UK-based visual investigative software company, **MAGNIFY**, a provider of fraud detection solutions to the insurance and financial services industries, and the Americas and Caribbean operations of **EZ GOV**, which automates government processes.

As the year came to a close, **USIS**, the privately held provider of security solutions to corporate and government customers, announced its acquisition of **EXPLORE INFORMATION SERVICES**, which delivers underwriting information to property and casualty insurers. The acquired company will become a unit of **USIS's** Commercial Services Division, which is a premier provider of pre-employment screening devices to the transportation industry. **USIS** is owned by its employees and private equity firm **Welsh Carson, Anderson & Stone**.

### *Security Systems Integration*

In the security systems integration sector **INGERSOLL-RAND**

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## SOME SECURITY STOCKS SHINE AMID 2005 MARKET CLOUDS

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Its net income for the third quarter more than tripled to \$1.5 million, or nine cents per share, from \$481,000 or three cents per share in the comparable quarter of 2004. Quarterly revenue soared 36% to \$16 million, up from \$11.8 million.

**IRIS INT'L**, which manufactures urinalysis systems and semiautomated DNA processing workstations, was #3 on the winners' list with a stock gain of 125% for the year. The stock of the California-based company went from \$9.74 on January 1 to \$21.87 at year's end.

Earlier this year the company was awarded a \$2 million grant from the National Institute of Standards and Technology, a unit of the U.S. Department of Commerce, for the development of biometric 3D face recognition for security screening. The grant calls for the testing of an experimental automated personal identification system for airports, ports of entry, defense installations and other sensitive sites where security requires screening of individuals

In the #4 position was **SMITH & WESSON**, the Springfield, Massachusetts-gun manufacturer, whose stock surged 124% during 2005. It commenced the year on AMEX with its stock trading at \$1.74 a share and finished at \$3.90.

The company not only manufactures handguns but also firearm safety/ security products, knives, apparel, footwear and other accessory lines. It also operates a firearms training facility for law enforcement officers. The legendary company was founded in 1852.

For its second quarter ended October 31, 2005, S&W reported sales of \$35.5 million – an increase of 22% over revenues of \$29.1 million for the comparable quarter of 2004. Net income for the latest quarter was \$692,377, or two cents per share, versus \$2.1 million (which included a one time insurance benefit of \$4.1 million), or six cents a share, for the prior year's comparable quarter.

Ranked #5 for the year was the high profile auto recovery company **LO JACK**, which racked up double digit sales and profitability growth during the year. It kicked off 2005 at \$12.09 a share and finished strong at \$24.20 - for an appreciation of 100%.

**LO JACK**, formed in 1978 and based in Westward, Massachusetts, offers wireless tracking and recovery products for mobile assets worldwide. The system is designed to assist law enforcement in locating, tracking and recovering stolen vehicles. The company also offers LoJack Early Warning Recovery System, which provides a notification of auto owners in the event of unauthorized use of their vehicle.

For the quarter ended September 30, 2005, **LO JACK** reported net income of \$5.8 million, or 30 cents a share, up 74% from \$3.3 million, or 21 cents a share, for the prior year's same quarter. Sales increased 37% to \$52.2 million from \$38 million.

**AMERICAN BANK NOTE HOLOGRAPHICS**, the manufacturer of holograms primarily for security purposes, was listed in #6 with a stock gain of 97% for the year. The New Jersey-based company was trading at \$3.15 on January 1, 2005 and finished the year at \$6.20 .

The ABNH holograms are sold as counterfeiting protection for credit and other transaction cards and for general ID cards and valuable documents.

For the quarter ended September 30, 2005, the company reported sales of \$9 million – up 54% from \$5.8 million reported in the third quarter of 2004. Net income for the 2005 quarter was \$1.1 million, or six cents a share, compared with \$600,000, or three cents a share, for the 2004 quarter.

In #7 position, with a stock gain of 82% was **NUANCE COMMUNICATIONS**, a biometrics and identification company utilizing speech technologies. The stock of **NUANCE** rose from \$4.19 a share to \$7.63.

Despite posting a fourth quarter loss of \$7.7 million, or 6 cents a share, the Burlington, Massachusetts-based company got a late year boost in December when analysts reported that the company was in the midst of a turnaround that will dramatically accelerate growth in 2006. For the fourth quarter, the speech recognition firm realized a 47% boost in sales over the prior year's comparable quarter. The company has a market cap of \$1.2 billion. Its annual sales for the fiscal year 2005 were \$232 million.

In the #8 position was **RURAL METRO**, which provides medical transportation and fire protections services to municipal and commercial customers. Its stock rose from \$4.98 to \$9.03 – for a gain of 81%.

For the quarter ended September 30, 2005, the company reported a 10% increase in sales, a 34% increase in operating income and a 16.9% growth in EBITDA. First quarter sales totaled \$140.9 million and net income of \$3.5 million. **RURAL METRO** is still carrying a heavy debt load of \$308 million, which almost brought the company down a couple of years back.

The stock of **FIRSTSERVICE**, the Canadian property and business service company with a significant security systems integration business in the U.S. and Canada, gained a solid 57% for the year – finishing at \$25.60 per share on NASDAQ. It was ranked #9 in the security stock performance listings.

Headed by Founder & CEO Jay Hennick, the company record results for its second quarter ended September 30, 2005 with its sales up 75% to \$316.1 million from \$180.7 million generated in the prior year's comparable quarter. Net earnings jumped to \$13.8 million from \$9.5 million.

**NICE**, the Israel-based video surveillance company, came in #10 with its stock up 54% for the year. It began 2005 with its stock on NADAQ trading at \$31.26 per share and finished the year at \$48.09.

In December, the company had an American Depositary Shares offering of 4 million shares, priced at \$46.25 and netting approximately \$200 million. It had a record third quarter, with its sales hitting \$82.7 million – up 30% from \$63.5 million generated in its third quarter of 2004.

With a meager 2% gain for the 220 companies covered in the equally weighted Mallon Index, there were obviously many losers. Security industry investors were disappointed in 2005 in the computer/ Internet security sector, a consistent high flyer among security sectors. **RSA SECURITY**, **VERISIGN** and **SYMANTEC** were big losers for the year with their stocks declining by 44%, 35% and 32%, respectively, for the year. ■

### STOCK PERFORMANCE FOR FOREIGN SECURITY COMPANIES

<u>COMPANY</u>	<u>STOCK EXCHANGE</u>	<u>% GAIN</u>
1. <b>AXIS</b>	Stockholm	224
2. <b>MARCH</b>	Toronto	169
3. <b>GARDA WORLD</b>	Toronto	81
<b>VISLINK (tied)</b>	London	81
4. <b>APPLIED OPTICAL</b>	London	79
5. <b>CERTICOM</b>	Toronto	74
6. <b>SECOM</b>	Tokyo	51
7. <b>SCHNEIDER ELEC</b>	Paris	47
8. <b>CROSSOFF</b>	Toronto	46
9. <b>DE LA RUE</b>	London	35
10. <b>PROSEGUR</b>	Madrid	33

## Mallon Global Security Stock Table

Company	Code	Symbol	Exchange	Stock Price 12/31/03	Stock Price 12/31/04	Stock Price 12/30/05	% Change Year
ABM INDUSTRIES	B1	ABM	NEW YORK	17.62	19.79	19.60	-1%
ACCENTURE LTD	D17	ACN	NEW YORK	26.32	27.01	28.86	7%
ACCUFACTS PRE EMPLOY.	A12	APES.OB	OTC.BB	0.35	0.93	0.42	-55%
ACTIVCARD CORP.	A9	ACTI	NASDAQ	7.88	8.90	3.49	-61%
ADVANCED PHOTONIX	C18	API	AMEX	2.08	1.82	2.76	52%
AEGIS ASSESSMENTS, INC	C16	AGSI.OB	OTC.BB	4.00	1.90	0.19	-90%
AETHLON MEDICAL, INC.	A10	AEMD.OB	OTC.BB	0.45	0.50	0.33	-34%
AIR IQ INC.	C5	IQ.TO	TORONTO	0.55	0.65	0.31	-52%
ALADDIN KNOWLEDGE	A13	ALDN	NASDAQ	8.93	24.75	17.22	-30%
ALANCO TECHNOLOGIES, INC.	A5	ALAN	NASDAQ	0.82	0.99	0.57	-42%
ALARMFORCE IND.	A3	AF.TO	TORONTO	3.40	3.55	3.95	11%
ALLEN-VANGUARD CP	A19	ALNVF.PK	OTC	N/A	4.10	1.19	-71%
ALLIANT TECHSYSTEMS INC	A19	ATK	NEW YORK	57.76	65.38	76.18	17%
ALLIED DEFENSE GROUP	A15	ADG	AMEX	23.99	22.25	22.77	2%
AMER. BANKNOTE HOLO.	A15	ABHH.OB	OTC.BB	1.51	3.15	6.20	97%
AMERICAN LOCKER GROUP	C8,15	ALGI	NASDAQ	11.16	14.75	5.92	-60%
AMERICAN MEDICAL ALERT	A3	AMAC	NASDAQ	3.75	5.22	6.20	19%
AMERICAN SCI. & ENG.	A18	ASEI	NASDAQ	12.03	41.21	62.53	52%
AMERICA SERVICE GROUP INC.	A7	ASGRE	NASDAQ	20.59	26.77	15.79	-41%
ANALOGIC CORP.	D18	ALOG	NASDAQ	41.20	44.79	47.78	7%
ANIXTER INTERNATIONAL	D15	AXE	NEW YORK	25.88	35.99	39.07	9%
APPLIED DNA SCIENCES	A9	APDN.OB	OTC.BB	3.00	1.50	0.32	-79%
APPLIED OPTICAL TECH.	D15	ALT.L	LONDON	42.00	23.50	42.10	79%
ARMORGROUP INT'L	A12	ARG.L	LONDON	N/A	220.00	69.00	-69%
ARMOR HOLDINGS INC.	A12,15	AH	NEW YORK	26.47	47.08	42.75	-9%
AROTECH CORP.	A12	ARTX	NASDAQ	1.84	1.62	0.38	-77%
ASSA ABLOY	A8	ASSAB.ST	STOCKHOLM	85.50	113.50	125.00	10%
AtRoad	A5	ARDI	NASDAQ	13.53	6.91	5.23	-24%
AUTHENTIDATE HLD. CORP	C9	ADAT	NASDAQ	11.90	6.19	1.95	-68%
AVALON CORRECTIONAL	A7	CITY.PK	OTC	2.10	2.58	1.80	-30%
AVITAR	A18	AVRN.PK	OTC	0.23	0.16	0.025	-84%
AXALTO HOLDING	A9	AXL.PA	PARIS	N/A	19.15	23.28	22%
AXCESS INTERNATIONAL	A5,14	AXSI.OB	OTC.BB	2.25	1.73	0.82	-53%
AXIS	C6	AXIS.ST	STOCKHOLM	17.00	18.00	58.25	224%
AXSYS TECHNOLOGIES	C19	AXYS	NASDAQ	14.01	17.51	18.01	3%
BAE SYSTEMS	B19	BA.L	LONDON	168.25	230.50	381.75	66%
BARCO	C16	BAR.BR	BRUSSELS	69.50	68.05	63.50	-7%
BLACK & DECKER(Kwickset)	C8	BDK	NEW YORK	49.35	88.13	86.87	-1%
BIO-KEY INT'L (SAC Tech.)	A9	BKYI.OB	OTC.BB	1.16	1.60	0.65	-59%
BIOMETRICS SEC. TECH.	A9	BMTS.PK	OTC	0.02	0.035	0.05	43%
BIOSCRYPT, INC.	A9	BYT.TO	TORONTO	1.59	1.92	1.17	-39%
BOEING CO	B19	BA	NEW YORK	42.14	51.77	70.16	36%
BRINKS(Pittston)	B2,3	BCO	NEW YORK	22.81	39.48	47.88	21%
BULLDOG TECHNOLOGIES	A15	BLLD.OB	OTC.BB	1.91	1.70	1.04	-39%
CACI INTERNATIONAL INC.	A19	CAI	NEW YORK	48.62	68.13	57.38	-16%
CENUCO INC.	B15	ICU	AMEX	1.12	5.85	2.9499	-50%
CERTICOM	A13	CIC.TO	TORONTO	2.74	3.55	6.18	74%
CHECKPOINT SOFTWARE	A13	CHKP	NASDAQ	16.94	24.59	20.07	-18%
CHECKPOINT SYSTEMS	A5,15	CKP	NEW YORK	18.91	18.06	24.65	36%
CHOICEPOINT INC.	A12	CPS	NEW YORK	38.27	45.87	44.50	-3%
CITADEL SEC. SOFTWARE INC	B13	CDSS	NASDAQ	3.80	2.60	0.33	-87%
C MER INDUSTRIES	C6,17	CMER.TA	TEL AVIV	3000	4435	4879	10%
COGENT, INC.	A9	COGT	NASDAQ	12.00	33.00	22.68	-31%
COHU	B6	COHU	NASDAQ	19.19	18.56	22.86	23%
COMMAND SECURITY	A1	CMMD.OB	OTC.BB	1.01	1.35	1.90	41%
COMM. INTELLIGENCE CORP.	A9	CICI.OB	OTC.BB	0.37	0.60	0.43	-28%
COMPUDYNE	A7,15,17	CDCY	NASDAQ	10.16	7.46	6.23	-16%
COMPUTER ASSOCIATES	D13	CA	NEW YORK	27.32	31.02	28.20	-9%
COMVERSE TECHNOLOGY	C15	CMVT	NASDAQ	17.56	24.35	26.57	9%
CORNELL COMPANIES	A7	CRN	NEW YORK	13.63	15.14	13.83	-9%
CORRECTIONAL PROP TRST.	A7	CPV	NEW YORK	28.92	28.88	26.87	-7%
CORRECTIONS CORP. AMER.	A7	CXW	NEW YORK	29.16	40.21	44.95	12%
CRITICAL PATH INC.	A13	CPTH.OB	OTC.BB	1.33	1.48	0.26	-82%
CROSSOFF INC.	A15	OFF.TO	TORONTO	0.12	0.13	0.19	46%
CYBERGUARD CORP	B13	CGFW	NASDAQ	8.72	6.30	8.81	40%
CYBERSOURCE CORP.	B2,15	CYBS	NASDAQ	5.20	7.15	6.59	-8%
DEVCON INT'L CORP	C3	DEVC	NASDAQ	7.00	15.70	10.34	-34%
DHB INDUSTRIES INC.	A15	DHB	AMEX	6.97	18.97	4.51	-76%
DE LA RUE	A15	DLAR.L	LONDON	277.25	347.00	467.50	35%
DIEBOLD INC.	A2,15	DBD	NEW YORK	53.79	55.73	38.00	-32%
DIGIMARC CORP.	A9	DMRC	NASDAQ	13.30	9.32	5.91	-37%
DIGITAL RECORDERS	B14,15	TBUS	NASDAQ	2.74	3.90	1.55	-60%
DIVERSIFIED SECURITY SOL.	A17	DVS	AMEX	5.60	4.95	4.86	-2%
DIVERSINET CORP.	A13	DVNTF.OB	OTC.BB	2.09	0.88	0.33	-63%
DRS TECHNOLOGIES INC	A19	DRS	NEW YORK	27.78	42.71	51.54	21%
EASTERN CO.	B15	EML	AMEX	15.64	20.00	19.52	-2%
ECSI INTERNATIONAL	A17	EKCS.OB	OTC.BB	1.06	2.50	1.15	-54%
EDGETECH. SERVICES	A9,13	EDGH.OB	OTC.BB	0.16	0.05	0.016	-68%
EDO CORP	A19	EDO	NEW YORK	24.65	31.75	27.02	-15%
EFJ, INC. (Transcript Intl.)	C16	EFJI	NASDAQ	5.90	9.75	10.17	4%
ELBIT SYSTEMS LTD.	C15,16	ESLT	NASDAQ	18.30	26.40	24.61	-7%
EMBRAER-EMP. BRASIL D AERO	A19	ERJ	NEW YORK	35.03	33.44	39.13	17%
EMERGEN SYS CORP.	C16	EMGS.PK	OTC	N/A	0.05	0.04	-20%
ENGINEERED SUPPORT SYS	D17,19	EASI	NASDAQ	36.65	39.46	41.63	5%
ENTRUST INC.	A13	ENTU	NASDAQ	4.08	3.79	4.84	28%
E-SMART TECHNOLOGIES INC	B9	ESMT.PK	OTC	1.17	0.67	0.045	-93%
EQUIFAX INC.	A12	EFX	NEW YORK	24.51	27.98	37.36	34%
EXPONENT INC.	C12	EXPO	NASDAQ	21.40	27.49	28.38	3%
EXTREME CCTV	A6	EXC.TO	TORONTO	3.10	3.14	2.93	-7%
FAIR ISAAC CORP.	C12	FIC	NEW YORK	49.16	36.68	44.09	20%
FARGO ELECTRONICS INC.	B9	FRGO	NASDAQ	12.65	14.99	19.27	29%
FEDERAL SERVICES (SPAC)	A15	FDSAU.OB	OTC.BB	N/A	N/A	6.28	5%
FEDERAL SIGNAL CORP.	D11	FSS	NEW YORK	17.64	17.67	15.10	-15%
FIREARMS TRAINING SYS.	A15	FATS.OB	OTC.BB	0.47	1.92	0.98	-49%
FIRST ADVANTAGE CORP	C12	FADV	NASDAQ	19.12	20.40	26.65	31%
FIRSTSERVICE CORP.	B1,3,17	FSRV	NASDAQ	10.47	16.35	25.6	57%
FLIR SYSTEMS, INC.	C6	FLIR	NASDAQ	18.25	31.90	22.33	-30%
FORCE PROTECTION INC.	A15	FRPT.OB	OTC.BB	0.84	3.36	0.78	-77%

## Mallon Global Security Stock Table

Company	Code	Symbol	Exchange	Stock Price	Stock Price	Stock Price	% Change
				12/31/03	12/31/04	12/30/05	
FORTRESS AMERICA (SPAC)	A15	FAACU.OB	OTC.BB	N/A	N/A	6.02	0%
FORTUNE BRANDS (Masterlock)	C8	FO	NEW YORK	71.63	77.11	78.11	1%
GARDA WORLD SECURITY	A1,2,12,17	GW.TO	TORONTO	1.50	8.36	15.12	81%
GEO GROUP INC.	A7	GGI	NEW YORK	22.80	26.58	23.05	-13%
GEORGE RISK INDUSTRIES	B15	RISKA.OB	OTC.BB	5.70	6.20	7.50	21%
GENCORP INC	A19	GY	NEW YORK	10.77	18.57	17.72	-5%
GENERAL DYNAMICS	D10,12,13,19	GD	NEW YORK	90.4	104.65	113.99	9%
GENERAL ELECTRIC	D4,6,15,19	GE	NEW YORK	30.95	36.49	35.05	-4%
GENTEX CORP.	C11	GNTX	NASDAQ	22.19	18.50	19.48	5%
GLOBAL E-POINT INC	C6	GEPT	NASDAQ	4.89	5.14	3.23	-37%
GLOBAL OPTIONS	A12	GLQI.OB	OTC.BB	N/A	N/A	2.90	38%
GLOBAL PAYMENT TECH.	A2,15	GPTX	NASDAQ	3.35	6.00	2.65	-56%
GROUP 4 SECURICOR	A1,2,3	GFS.L	LONDON	93.34	140.00	161.00	15%
GUARDIAN INTL. INC.	A3	GIIS.PK	OTC	0.20	0.35	1.75	400%
GUARDIAN TECHNOLOGIES	B18	GDTI.OB	OTC.BB	3.85	4.60	2.25	-51%
GUNNEBO	B15	GUNN.ST	STOCKHOLM	85.64	83.25	78.50	-6%
GVI SECURITY SOLUTIONS	A15	GVIS.OB	OTC.BB	3.25	4.00	0.22	-95%
HI ENERGY TECHNOLOGIES	A18	HIET.OB	OTC.BB	0.85	0.80	0.37	-54%
HIFN INC.	A13	HIFN	NASDAQ	11.73	9.17	5.61	-39%
HONEYWELL INT'L INC.	D3,4,6,15	HON	NEW YORK	33.41	35.42	37.18	5%
ICOP DIGITAL	A6	ICOP	NASDAQ	N/A	7.50	6.85	-9%
ICTS INTL.	A1	ICTS	NASDAQ	3.42	1.56	2.32	49%
IDENTIX INC.	A9	IDNX	NASDAQ	4.48	7.38	5.01	-32%
ID SYSTEMS INC.	A5	IDSY	NASDAQ	6.95	18.60	23.93	29%
ILLINOIS TOOL WORKS (COVID)	D9	ITW	NEW YORK	83.91	92.68	88.05	-5%
IMAGEWARE SYSTEMS	A9	IW	AMEX	3.00	3.04	1.98	-35%
INGERSOLL-RAND CO.	C8	IR	NEW YORK	33.93	40.18	40.43	1%
INTEGRATED ALARM SERVICES	A3	IASG	NASDAQ	8.50	5.44	2.87	-47%
INTEGRATED SEC. SYS.	A17	IZZL.OB	OTC.BB	0.37	0.50	0.19	-62%
INTELLI-CHECK INC.	A9	IDN	AMEX	7.90	4.50	3.85	-14%
INTERMEC INC	D5	IN	NEW YORK	22.82	25.29	33.80	34%
INTERNATIONAL ELEC. INC.	B4	IEIB.OB	OTC.BB	4.00	3.67	1.97	-46%
INTERNET SEC. SYS. GROUP	A13	ISSX	NASDAQ	18.94	23.25	20.95	-10%
INTRUSION, INC.(ODSI)	A13	INTZ	NASDAQ	2.36	2.91	1.971	-32%
INVITROGEN CORP.(Bioreliance)	B10	IVGN	NASDAQ	69.91	67.13	66.64	-1%
IPIX CORPORATION	C6	IPIX	NASDAQ	1.76	5.80	1.67	-71%
IRIS INTERNATIONAL INC.	B18	IRIS	NASDAQ	6.10	9.74	21.87	125%
IRON MOUNTAIN INC.	C15	IRM	NEW YORK	26.36	30.49	42.29	39%
ISONICS CORP.	D18	ISON	NASDAQ	1.17	5.49	1.80	-67%
ITERIS INC.	C6	ITI	AMEX	1.97	3.40	2.36	-31%
ITL OPTRONICS	A15	ITL.TA	TEL AVIV	1048	2379	1310	-45%
ITT INDUSTRIES INC	A19	ITT	NEW YORK	74.21	84.45	103.01	22%
ITURAN	A14	ITRN	NASDAQ	N/A	N/A	15.87	22%
JOHNSON CONTROLS INC.	D15,17	JCI	NEW YORK	57.14	63.44	72.83	15%
KIDDE	A11	KID.L	LONDON	106.05	166.50	164.25	-1%
L3 COMMUNICATIONS	B16,18	LLL	NEW YORK	51.55	73.23	74.33	2%
LAKELAND INDS INC.	A11	LAKE	NASDAQ	16.45	18.45	18.81	2%
LAW ENFORCEMENT ASSOC.	A15	AID	AMEX	0.28	5.15	2.27	-56%
LASERCARD CORP.	C15	LCRD	NASDAQ	13.56	10.49	15.00	43%
LIGHTBRIDGE INC.	A16	LTBG	NASDAQ	9.00	6.04	8.30	37%
LIFELINE SYSTEMS INC.	B16	LIFE	NASDAQ	19.00	25.76	36.49	42%
LIFEPOINT	A18	LFPI.PK	OTC	0.38	0.28	0.0001	-100%
LOCATEPLUS HOLDINGS CORP.	A9	LPHC.OB	OTC.BB	15.25	15.15	3.05	-80%
LOCKHEED MARTIN CORP.	D17,19	LMT	NEW YORK	51.35	55.55	63.68	15%
LO JACK	A14	LOJN	NASDAQ	8.06	12.09	24.20	100%
MACE SECURITY	A15	MACE	NASDAQ	2.09	4.80	2.47	-49%
MACROVISION	A15	MVSN	NASDAQ	22.9	25.81	16.84	-35%
MAGAL SECURITY	A15	MAGS	NASDAQ	7.43	12.08	8.75	-28%
MANTECH INT'L	C13,17	MANT	NASDAQ	24.95	23.74	27.85	17%
MARCH NETWORKS	A6	MN.TO	TORONTO	N/A	N/A	32.33	169%
MARKLAND TECH.	A15	MRKL.OB	OTC.BB	2.46	0.78	0.0145	-98%
MARSH & MCLENNAN	D12	MMC	NEW YORK	46.87	32.9	31.80	-3%
MCAFFEE, INC.	B13	MFE	NEW YORK	15.10	28.92	27.09	-6%
MDI INC.	A6	MDII	NASDAQ	1.31	1.01	0.93	-8%
MDM GROUP	A15	MDDM.PK	OTC	0.05	1.50	0.58	-61%
MSGI SECURITY SOLUTIONS	B6	MSGI	NASDAQ	1.79	7.63	4.44	-42%
MERCURY COMPUTER SYS. INC.	A19	MRCY	NASDAQ	24.90	29.68	20.61	-31%
METROLOGIC INSTR. INC	C9	MTLG	NASDAQ	27.00	21.25	19.30	-9%
MINE SAFETY APPLIANCES CO	C15	MSA	NEW YORK	25.88	50.70	36.30	-28%
MOTOROLA	D16	MOT	NEW YORK	14.05	17.19	22.54	31%
NAPCO SEC. SYS INC.	A4	NSSC	NASDAQ	3.69	13.23	10.36	-22%
NEDAP	C5	NEDAP.AS	AMSTERDAM	19.70	28.37	27.30	-4%
NETWOLVES	B13	WOLV	NASDAQ	1.87	1.17	0.27	-77%
NETWORK 1 SEC. SOLUTIONS	A13	NSSI.OB	OTC.BB	0.20	1.23	1.13	-8%
NEWMARK SECURITY	A5,15	NWT.L	LONDON	1.23	1.40	1.55	11%
NEXUS TELELOCATION	A5	NXUS	NASDAQ	22.00	11.00	6.84	-38%
NICE SYSTEMS	D6	NICE	NASDAQ	25.35	31.26	48.09	54%
NORTHROP GRUMMAN CORP	A19	NOC	NEW YORK	46.14	54.36	60.21	11%
NOVAR	D11,15	NVR.L	LONDON	138.00	188.25	186.00	-1%
NUANCE COMMUNICATIONS	C9	NUAN	NASDAQ	5.32	4.19	7.63	82%
NUMEREX	A16	NMRX	NASDAQ	3.80	4.65	4.73	2%
OMTOOL, LTD	C13	OMTL	NASDAQ	3.70	8.54	7.01	-18%
ONSCREEN TECHNOLOGIES	A15	ONSC.OB	OTC.BB	1.01	0.83	0.22	-73%
ORBIS	A17	OBS.L	LONDON	13.00	3.75	3.62	-3%
OSI SYSTEMS	B18	OSIS	NASDAQ	19.34	22.71	18.39	-19%
ON TRACK INNOVATIONS	B15	OTIV	NASDAQ	13.48	13.23	13.67	3%
PAXAR	D5	PXR	NEW YORK	13.62	22.18	19.58	-12%
PLETTAC AG	C6	PLT.GR	GERMANY	0.31	0.14	0.07	-50%
PROSEGUR	A1,2,3	PSG.MC	MADRID	12.90	14.48	19.32	33%
PROTECTION ONE	A3	PONN.OB	OTC.BB	18.00	19.00	17.50	-8%
PSYCHEMEDICS	A18	PMD	AMEX	9.37	12.80	13.80	8%
PSYCHIATRIC SOL.(Ramsay)	B7	PSYS	NASDAQ	20.90	36.68	58.68	60%
QR SCIENCES	A18	QRS.AX	SYDNEY	N/A	0.20	0.091	-55%
RAE SYSTEMS	A5,10	RAE	AMEX	3.40	7.30	3.50	-52%
RAYTHEON CO	A19	RTN	NEW YORK	30.04	38.83	40.14	3%
RELIANCE	A1	RSGL	LONDON	642.50	422.50	527.50	25%
RENTOKIL	C1	RTOL	LONDON	190.00	147.75	163.50	11%
RES-CARE	B7	RSCR	NASDAQ	8.13	15.22	17.32	14%

# Mallon Global Security Stock Table



Company	Code	Symbol	Exchange	Stock Price 12/31/03	Stock Price 12/31/04	Stock Price 12/30/05	% Change Year
RICHARDSON ELECTRONICS	C4	RELL	NASDAQ	12.19	10.60	7.24	-32%
ROCKWELL COLLINS	A19	COL	NEW YORK	30.03	39.44	46.53	18%
ROPER INDUSTRIES (TRANSCORE)	D5	ROP	NEW YORK	24.26	30.15	39.45	31%
RSA SECURITY	A13	RSAS	NASDAQ	14.36	20.08	11.18	-44%
RURAL METRO	B11	RURL	NASDAQ	1.94	4.98	9.03	81%
SAFENET (Info. Res. Eng., Rainbow)	A13	SFNT	NASDAQ	30.82	36.74	32.20	-12%
SAHUK	A13	SHK	NASDAQ	2.88	2.23	0.77	-73%
SCHNEIDER ELECTRIC(Andover)	D6,15	SU_PA	PARIS	60.89	51.20	75.35	27%
SCM MICROSYSTEMS	B13	SCMM	NASDAQ	7.90	4.88	3.31	-32%
SECOM	B1,2,3		9735 TOKYO	4,000	4,100	6,170	50%
SECURE COMPUTING	A13	SCUR	NASDAQ	18.04	9.96	12.24	23%
SECURED SERVICES	B9,13	SSVC.OB	OTC.BB	2.25	1.70	0.17	-90%
SECURITAS	A1,17	SECUB.ST	STOCKHOLM	97.00	114.00	132.00	16%
SECURITY INTELLI. TECH INC.	A15	SITG.OB	OTC.BB	0.35	0.17	0.06	-65%
SENSO HOLDING	A13	SEHC.OB	OTC.BB	0.25	0.17	0.27	8%
SENTRY TECHNOLOGY	A5,6	SKVY.OB	OTC.BB	0.14	0.19	0.091	-52%
SIEMENS AG	D15,17	SI	NEW YORK	79.94	84.67	85.70	1%
SIRF TECHNOLOGY HOLDINGS	D5	SIRF	NASDAQ	N/A	12.72	29.79	134%
SIVAUULT SYSTEMS INC	C9	SVTL.PK	OTC	0.12	2.50	0.1075	-96%
SMITHS GROUP PLC	C15,18	SMIN.L	LONDON	660.50	814.50	1046.00	28%
SMITH & WESSON HOLDING	A15	SWNB	AMEX	1.78	1.74	3.90	124%
SONICWALL	A13	SNWL	NASDAQ	6.32	7.00	7.00	2%
SPECTRUM SCI & SFWR	A15	SPSC.OB	OTC.BB	1.75	1.43	0.70	-51%
SFX CORP.	D1,12	SPW	NEW YORK	58.89	39.95	45.76	15%
SRA INTERNATIONAL INC	A12,19	SRX	NEW YORK	21.55	32.10	30.60	-5%
STANLEY WORKS(Best.FBay.ISR)	C8,17	SVK	NEW YORK	37.77	49.02	48.05	-2%
STINGER SYSTEMS INC	A15	STIY.PK	OTC	N/A	16.00	4.51	-72%
STRATEGIC VISTA	A15	SVI.TO	TORONTO	1.55	0.93	1.18	27%
STRATTEC SECURITY	A13,14	STRF	NASDAQ	61.18	62.62	40.15	-36%
STEWART & STEVENSON SVS	A19	SVC	NEW YORK	14.05	20.23	21.06	4%
SUPERCOM LTD.	B9,15	SPCBF.OB	OTC.BB	2.40	2.18	0.70	-68%
SUREBEAM CORP.	A10	SURE.PK	OTC	0.24	0.01	0.0015	-85%
SURE TRACE SECURITY CORP	A9	SSTY.PK	OTC	0.14	0.05	0.007	-86%
SYMANTEC	A13	SYMC	NASDAQ	17.25	25.76	17.50	-32%
SYMBOL TECHNOLOGIES INC	C5	SBL	NEW YORK	16.89	17.3	12.83	-26%
SYNERGX SYSTEMS(Firector)	A11	SYNX	NASDAQ	3.99	3.57	1.82	-49%
SYSCO INTERNATIONAL	A13	TSR	NASDAQ	6.35	32.65	6.97	9%
TECHNICAL COMM.	A13,16	TCCO.OB	OTC.BB	3.55	6.00	4.00	-33%
TELEDYNE TECHNOLOGIES INC	A19	TDY	NEW YORK	18.85	29.43	29.14	-1%
TETRA TECH	D17	TTEK	NASDAQ	25.12	16.67	15.68	-6%
TEXTRON INC	B19	TXT	NEW YORK	57.06	73.8	76.99	4%
TRANSPORTN SAFETY W/I	A14	TSFYV.PK	OTC	0.05	0.06	0.01	-83%
TRC	C12	TRR	NEW YORK	21.06	17.00	10.94	-36%
TROND MICRO	A13	TRM	NASDAQ	26.35	54.65	38.31	-30%
TRIS SECURITY	A13	TRIS	NASDAQ	N/A	N/A	4.40	-7%
TUMBLEWEED COMM	A13	TMWD	NASDAQ	8.17	3.34	3.10	-7%
TYCO INTERNATIONAL	C3,11,17	TYC	NEW YORK	26.62	35.74	28.84	-19%
UNITED INDUSTRIAL CORP	A19	UIC	NEW YORK	18.05	38.74	41.45	7%
UNITED TECHNOLOGIES(Chubb)	C17,19	UTX	NEW YORK	47.39	51.68	55.93	8%
UNIVERSAL GUARDIAN HLDG.	A15	UGHO.OB	OTC.BB	0.11	1.38	0.58	-58%
UNIVERSAL SEC. INSTR.	B15,16	UUU	AMEX	11.29	14.92	16.95	14%
VASCO DATA SECURITY	A13	VDSI	NASDAQ	2.34	6.61	9.86	36%
VERIDICOM INTERNATIONAL	A9	VRDI.OB	OTC.BB	6.00	2.70	0.067	-98%
VERINT SYSTEMS	A16	VRNT	NASDAQ	22.70	36.33	34.43	-5%
VERISIGN	A13	VRSN	NASDAQ	16.26	33.45	21.89	-35%
VERITEC INC.	B9,13	VRTC.PK	OTC	0.32	1.50	0.15	-90%
VERSTAR	C10,15	VSR	AMEX	3.45	4.35	3.05	-17%
VERSUS TECHNOLOGY	C5,16	VSTI.PK	OTC	0.01	0.04	0.025	-38%
VICOR	A6	VII	AMEX	4.70	9.06	9.06	0%
VISCONT SYSTEMS	A15	VSYS.OB	OTC.BB	0.86	0.83	0.545	-34%
VISAGE TECHNOLOGY	A9	VISGD	NASDAQ	9.00	22.52	17.60	-22%
VISIPHOR CORPORATION	A9	VISRF.OB	OTC.BB	0.40	0.25	0.290	16%
VISLINK	C6	VLK.L	LONDON	23.00	23.00	41.70	81%
V-ONE CORP	A13	VNEC.PK	OTC	0.31	0.06	0.035	-42%
WASHINGTON GROUP INT'L	D10	WGII	NASDAQ	33.97	41.25	52.72	28%
WATCHGUARD INC.	A13	WGRD	NASDAQ	5.18	4.43	3.69	-17%
WHEREFY WIRELESS INC.	A5,9	WFYV.OB	OTC.BB	4.50	5.75	1.74	-70%
WIRELESS FACILITIES INC	C17	WFII	NASDAQ	14.86	9.44	5.10	-46%
WORLD AM INC	A15	WDAM.OB	OTC.BB	0.42	0.12	0.01	-92%
XENONICS HOLDINGS	A15	XNN	AMEX	4.45	7.35	1.60	-78%
XTEK	A15,18	XTEK	ASE			0.57	14%
ZEBRA TECHNOLOGIES	C15	ZBRA	NASDAQ	44.25	56.28	42.90	-24%
ZIX CORP.	A13	ZIXI	NASDAQ	8.56	5.15	1.90	-63%

**Codes for Stock Table:** The following code is designed to provide the reader with the extent and nature of security operations for the companies listed on the stock table. The letter signifies the extent of the company's security operations and the number following indicates the type of those operations. A = all security operations; B = substantial (more than 50%) security operations; C = significant security operations; D = minimal security operations. 1=guards/manpower, 2=armored carrier and money processing, 3=alarms, 4=alarm equipment manufacturing, 5=electronic asset surveillance and tracking, 6=cctv/video products, 7=private corrections, 8=lock manufacturing, 9=biometric&identification, 10=bio/food safety, 11=fire prevention and protection, 12=investigation, credit and consulting; 13=computer security, 14=auto security/auto recovery, 15=general security products, 16=security communications, 17=security systems integration and 18=bomb/drug detection.

## FOREIGN STOCKS SOAR AS U.S. MARKET LAGS

Stock markets throughout the world soared in 2005 while the U.S. exchanges were stagnant.

The stats tell the story. According to the Morgan Stanley World Index (excluding the U.S.) the markets in local currencies were up 25.7%. Their U.S. index eked out a gain of only 3.7%.

Leading the surge was Japan, which broke out of its doldrums, with the Nikkei shooting up 42.9%. Other national stock markets with mega gains included Austria at 41.7%, Denmark at 41.5% and Norway at 34.1%. Not quite as strong but still more than respectable (particularly when compared with the U.S.) were Canada at 23.4%, Spain at 17% and the UK at 15.9%. (All these gains were in local currencies and would be less in U.S. dollars since the dollar rose against the euro and the yen.)

How did this translate for security stocks? The giant alarm company **SECOM** awoke from its slumber and its stock rose 51.2% for the year. The value of its shares has been flat for the past couple of years, standing at 4000 yen per share at the beginning of 2004 and 4100 at the beginning of 2005. It finished the year at 6170 yen. It ranked #6 among the security stocks listed on exchanges outside the U.S. (See box on page 4.)

The big foreign security company winner was **AXIS COMMUNICATIONS**, a Stockholm-based developer of network video products for security surveillance and remote monitoring. Its stock was up a whopping 224% on the Stockholm Exchange while the Swedish stock market rose a solid 29%.

Security companies in Canada fared well with **MARCH NETWORKS**, which launched its IPO during the year, rising in value by 169% on the Toron-

to Exchange. **MARCH** is a leading provider of IP-based digital video surveillance solutions. Other Canadian winners include **GARDA SECURITY**, the diversified security company that acquired a manpower/ investigative company and a armored trucking company in the U.S. during 2005. Its stock was up 81% - after having soared by 457% in 2004. The other Canadian high performers were **CERTICOM**, a computer security company utilizing cryptographic protocols, up 74%, and **CROSSOFF**, an anti counterfeiting and brand protection company using DNA technology, up 46%.

The next foreign bourse with multiple security company high performers was the London Exchange. **VISILINK**, which specializes in CCTV systems for marine security, was up 81%; **APPLIED OPTICAL TECHNOLOGIES**, a provider of anti counterfeiting systems, up 79%; and **DE LA RUE**, the world's largest commercial security printer producing over 150 national currencies, up 35%.

Another foreign security company in the top ten was **SCHNEIDER ELECTRIC**, which bought U.S. security product manufacturer **ANDOVER SECURITY** in 2004. Its stock was up 47% on the Paris Exchange. Ranked #10 in the list of foreign high performing security companies was **PROSEGUR**, the Spanish guard and armored carrier company with operations in Europe and South America. Its stock was up 33% on the Madrid Exchange.

Although not breaking into the top 10, the two pure play security giants (and rivals) of Europe, **SECURITAS** and **GROUP 4 SECURICOR** had a respectable year with their stocks up 16% and 15%, respectively, on the Stockholm and London Exchanges. ■

# SECURITY STOCK PERFORMANCE BY SECTOR

Company	Symbol	Exchange	Stock Price 12/30/05	%Change Year
<b>GUARDS/MANPOWER</b>				
ABM INDUSTRIES	ABM	NEW YORK	19.60	-1%
COMMAND SECURITY	CMMD.OB	OTC.BB	1.90	41%
FIRSTSERVICE CORP.	FSRV	NASDAQ	25.6	57%
GARDA WORLD SECURITY	GW.TO	TORONTO	15.12	81%
GROUP 4 SECURICOR	GFS.L	LONDON	161.00	15%
ICTS INTL.	ICTS	NASDAQ	2.32	49%
PROSEGUR	PSG.MC	MADRID	19.32	33%
RELIANCE	RSG.L	LONDON	527.50	25%
RENTOKIL	RTO.L	LONDON	163.50	11%
SECOM		9735 TOKYO	6170	50%
SECURITAS	SECUB.ST	STOCKHOLM	132.00	16%
SPX CORP.	SPW	NEW YORK	45.76	15%
TRI-S SECURITY	TRIS	NASDAQ	4.40	-7%
				<b>29.5%</b>

Company	Symbol	Exchange	Stock Price 12/30/05	%Change Year
<b>ARMOR CARRIER/MONEY</b>				
BRINKS(Pittston)	BCO	NEW YORK	47.88	21%
CYBERSOURCE CORP.	CYBS	NASDAQ	6.59	-8%
DIEBOLD INC.	DBD	NEW YORK	38.00	-32%
GARDA WORLD SECURITY	GW.TO	TORONTO	15.12	81%
GLOBAL PAYMENT TECH.	GPTX	NASDAQ	2.65	-56%
GROUP 4 SECURICOR	GFS.L	LONDON	161.00	15%
PROSEGUR	PSG.MC	MADRID	19.32	33%
SECOM		9735 TOKYO	6170	50%
				<b>13.2%</b>

Company	Symbol	Exchange	Stock Price 12/30/05	%Change Year
<b>ALARMS</b>				
ALARMFORCE IND.	AF.TO	TORONTO	3.95	11%
AMERICAN MEDICAL ALERT	AMAC	NASDAQ	6.20	19%
BRINKS(Pittston)	BCO	NEW YORK	47.88	21%
DEVCON INT'L CORP	DEVC	NASDAQ	10.34	-34%
FIRSTSERVICE CORP.	FSRV	NASDAQ	25.6	57%
GROUP 4 SECURICOR	GFS.L	LONDON	161.00	15%
GUARDIAN INTL. INC.	GIIS.PK	OTC	1.75	400%
HONEYWELL INT'L INC.	HON	NEW YORK	37.18	5%
INTEGRATED ALARM SERVICES	IASG	NASDAQ	2.87	-47%
PROSEGUR	PSG.MC	MADRID	19.32	33%
PROTECTION ONE	PONN.OB	OTC.BB	17.50	-8%
SECOM		9735 TOKYO	6170	50%
TYCO INTERNATIONAL	TYC	NEW YORK	28.84	-19%
				<b>38.7%</b>

Company	Symbol	Exchange	Stock Price 12/30/05	%Change Year
<b>ALARM EQUIP. MANUF.</b>				
GENERAL ELECTRIC	GE	NEW YORK	35.05	-4%
HONEYWELL INT'L INC.	HON	NEW YORK	37.18	5%
INTERNATIONAL ELEC. INC.	IEIB.OB	OTC.BB	1.97	-46%
NAPCO SEC. SYS INC.	NSSC	NASDAQ	10.36	-22%
RICHARDSON ELECTRONICS	RELL	NASDAQ	7.24	-32%
				<b>-19.7%</b>

Company	Symbol	Exchange	Stock Price 12/30/05	%Change Year
<b>ELEC. ASSET SURVEIL./TRACK</b>				
AIR IQ INC.	IQ.TO	TORONTO	0.31	-52%
ALANCO TECHNOLOGIES, INC.	ALAN	NASDAQ	0.57	-42%
AiRoad	ARDI	NASDAQ	5.23	-24%
AXCESS INTERNATIONAL	AXSI.OB	OTC.BB	0.82	-53%
CHECKPOINT SYSTEMS	CKP	NEW YORK	24.65	36%
ID SYSTEMS INC.	IDSY	NASDAQ	23.93	29%
INTERMEC INC	IN	NEW YORK	33.80	34%
NEDAP	NEDAP.AS	AMSTERDAM	27.30	-4%
NEWMARK SECURITY	NWTL	LONDON	1.55	11%
NEXUS TELECOM	NXUS	NASDAQ	6.84	-38%
PAXAR	PXR	NEW YORK	19.58	-12%
RAE SYSTEMS	RAE	AMEX	3.50	-52%
ROPER INDUSTRIES (TRANSCORE)	ROP	NEW YORK	39.45	31%
SENTRY TECHNOLOGY	SKVY.OB	OTC.BB	0.091	-52%
SIRF TECHNOLOGY HOLDINGS	SIRF	NASDAQ	29.79	134%
SYMBOL TECHNOLOGIES INC	SBL	NEW YORK	12.83	-26%
UNOVA	UNA	NEW YORK	33.89	34%
VERSUS TECHNOLOGY	VSTI.PK	OTC	0.025	-38%
WHEREFY WIRELESS INC.	WFYW.OB	OTC.BB	1.74	-70%
				<b>3.8%</b>

Company	Symbol	Exchange	Stock Price 12/30/05	%Change Year
<b>PRIVATE CORRECTIONS</b>				
AMERICA SERVICE GROUP INC.	ASGRE	NASDAQ	15.79	-41%
AVALON CORRECTIONAL	CITY.PK	OTC	1.80	-30%
COMPUDYNE	CDCY	NASDAQ	6.23	-16%
CORNELL COMPANIES	CRN	NEW YORK	13.83	-9%
CORRECTIONAL PROP TRST.	CPV	NEW YORK	26.87	-7%
CORRECTIONS CORP. AMER.	CXW	NEW YORK	44.95	12%
GEO GROUP INC.	GGI	NEW YORK	23.05	-13%
PSYCHIATRIC SOL.(Ramsay)	PSYS	NASDAQ	58.68	60%
RES-CARE	RSCR	NASDAQ	17.32	14%
				<b>-3.5%</b>

Company	Symbol	Exchange	Stock Price 12/30/05	%Change Year
<b>LOCK MANUFACTURING</b>				
AMERICAN LOCKER GROUP	ALGI	NASDAQ	5.92	-60%
ASSA ABLOY	ASSAB.ST	STOCKHOLM	125.00	10%
BLACK & DECKER(Kwikset)	BDK	NEW YORK	86.87	-1%
FORTUNE BRANDS (Masterlock)	FO	NEW YORK	78.11	1%
INGERSOLL-RAND CO.	IR	NEW YORK	40.43	1%
STANLEY WORKS(Best.FBay,ISR)	SWK	NEW YORK	48.05	-2%
STRATTEC SECURITY	STRT	NASDAQ	40.15	-36%
				<b>-12.4%</b>

Company	Symbol	Exchange	Stock Price 12/30/05	%Change Year
<b>CCTV/VIDEO PRODUCTS</b>				
AXIS	AXIS.ST	STOCKHOLM	58.25	224%
C MER INDUSTRIES	CMER.TA	TEL AVIV	4879	10%
COHU	COHU	NASDAQ	22.86	23%
EXTREME CCTV	EXC.TO	TORONTO	2.93	-7%
FLIR SYSTEMS, INC.	FLIR	NASDAQ	22.33	-30%
GENERAL ELECTRIC	GE	NEW YORK	35.05	-4%
GLOBAL E-POINT INC	GEPT	NASDAQ	3.23	-37%
HONEYWELL INT'L INC.	HON	NEW YORK	37.18	5%
ICOP DIGITAL	ICOP	NASDAQ	6.85	-9%
IPIX CORPORATION	IPIX	NASDAQ	1.67	-71%
ITERIS INC.	ITI	AMEX	2.36	-31%
MARCH NETWORKS	MN.TO	TORONTO	32.33	169%
MDI INC.	MDII	NASDAQ	0.93	-8%
MSGI SECURITY SOLUTIONS	MSGI	NASDAQ	4.44	-42%
NICE SYSTEMS	NICE	NASDAQ	48.09	54%
PLETTAC AG	PLT.GR	GERMANY	0.07	-50%
SCHNEIDER ELECTRIC(Andover)	SU.PA	PARIS	75.35	47%
SENTRY TECHNOLOGY	SENYV.OB	OTC.BB	0.091	-52%
VICON	VII	AMEX	3.05	-35%
VISLINK	VLK.L	LONDON	41.70	81%
				<b>20.5%</b>

Company	Symbol	Exchange	Stock Price 12/30/05	%Change Year
<b>BIOMETRIC &amp; IDENTIFICATION</b>				
ACTIVCARD CORP.	ACTI	NASDAQ	3.49	-61%
APPLIED DNA SCIENCES	APDN.OB	OTC.BB	0.32	-79%
AUTHENTIDATE HLD. CORP	ADAT	NASDAQ	1.95	-68%
AXALTO HOLDING	AXL.PA	PARIS	23.28	22%
BIO-KEY INT'L (SAC Tech.)	BKYL.OB	OTC.BB	0.65	-59%
BIOMETRICS SEC. TECH.	BMTS.PK	OTC	0.05	43%
BIOCRYPT, INC.	BYT.TO	TORONTO	1.17	-39%
COGENT, INC.	COGT	NASDAQ	22.68	-31%
COMM. INTELLIGENCE CORP.	CICL.OB	OTC.BB	0.43	-28%
DIGIMARC CORP.	DMRC	NASDAQ	5.91	-37%
EDGE TECH. SERVICES	EDGH.OB	OTC.BB	0.016	-68%
E-SMART TECHNOLOGIES INC	ESMT.PK	OTC	0.045	-93%
FARGO ELECTRONICS INC.	FRGO	NASDAQ	19.27	29%
IDENTIX INC.	IDNX	NASDAQ	5.01	-32%
ILLINOIS TOOL WORKS (COVID)	ITW	NEW YORK	88.05	-5%
IMAGWARE SYSTEMS	IW	AMEX	1.98	-35%
INTELLI-CHECK INC.	IDN	AMEX	3.85	-14%
LOCATEPLUS HOLDINGS CORP.	LPHC.OB	OTC.BB	3.05	-80%
METROLOGIC INSTR. INC	MTLG	NASDAQ	19.30	-9%
NUANCE COMMUNICATIONS	NUAN	NASDAQ	7.63	82%
SECURED SERVICES	SSVC.OB	OTC.BB	0.17	-90%
SENSE HOLDINGS	SEHO.OB	OTC.BB	0.26	53%
SIVALT SYSTEMS INC	SVTL.PK	OTC	0.1075	-96%
SUPERCOM LTD	SPCBF.OB	OTC.BB	0.70	-68%
SURE TRACE SECURITY CORP	STSY.PK	OTC	0.007	-86%
VERIDICOM INTERNATIONAL	VRDI.OB	OTC.BB	0.067	-98%
VERITEC INC.	VRTC.PK	OTC	0.15	-90%
VIISAGE TECHNOLOGY	VISGD	NASDAQ	17.60	-22%
VISIPHOR CORPORATION	VISRF.OB	OTC.BB	0.290	16%
WHEREFY WIRELESS INC.	WFYW.OB	OTC.BB	1.74	-70%
				<b>-23.2%</b>

Company	Symbol	Exchange	Stock Price 12/30/05	%Change Year
<b>BIO./FOOD SAFETY</b>				
AETHLON MEDICAL, INC.	AEMD.OB	OTC.BB	0.33	-34%
GENERAL DYNAMICS	GD	NEW YORK	113.99	9%
INVITROGEN CORP.(Bioreliance)	IVGN	NASDAQ	66.64	-1%
RAE SYSTEMS	RAE	AMEX	3.50	-52%
SUREBEAM CORP.	SURE.PK	OTC	0.0015	-85%
VERSAR	VSR	AMEX	3.60	-17%
WASHINGTON GROUP INT'L	WGII	NASDAQ	52.72	28%
				<b>-19.7%</b>

Company	Symbol	Exchange	Stock Price 12/30/05	%Change Year
<b>FIRE PREVENT. &amp; PROTECT.</b>				
FEDERAL SIGNAL CORP.	FSS	NEW YORK	15.10	-15%
GENTEX CORP.	GNTX	NASDAQ	19.48	5%
KIDDE	KID.L	LONDON	164.25	-1%
LAKELAND INDS INC.	LAKE	NASDAQ	18.81	2%
NOVAR	NVR.L	LONDON	186.00	-1%
RURAL METRO	RURL	NASDAQ	9.03	81%
SYNERGX SYSTEMS(Firetector)	SYNX	NASDAQ	1.82	-49%
TYCO INTERNATIONAL	TYC	NEW YORK	28.84	-19%
				<b>0.4%</b>

Company	Symbol	Exchange	Stock Price 12/30/05	%Change Year
<b>INVESTIGAT.CREDIT.CONSULT.</b>				
ACCUFACTS PRE EMPLOY.	APES.OB	OTC.BB	0.42	-55%
ARMORGROUP INT'L	ARG.L	LONDON	69.00	-69%
ARMOR HOLDINGS INC.	AH	NEW YORK	42.75	-9%
AROTECH CORP.	ARTX	NASDAQ	0.38	-77%
CHOICEPOINT INC.	CPS	NEW YORK	44.50	-3%
EQUIFAX INC.	EFX	NEW YORK	37.36	34%
EXPONENT INC.	EXPO	NASDAQ	28.38	3%
FAIR ISAAC CORP.	FIC	NEW YORK	44.09	20%
FIRST ADVANTAGE CORP	FADV	NASDAQ	26.65	31%
GARDA WORLD SECURITY	GW.TO	TORONTO	15.12	81%
GENERAL DYNAMICS	GD	NEW YORK	113.99	9%
GLOBAL OPTIONS	GLOI.OB	OTC.BB	2.90	38%
MARSH & MCLENNAN	MMC	NEW YORK	31.80	-3%
SPX CORP.	SPW	NEW YORK	45.76	15%
SRA INTERNATIONAL INC	SRX	NEW YORK	30.60	-5%
TRC	TRR	NEW YORK	10.94	-36%
				<b>7.5%</b>

# SECURITY STOCK PERFORMANCE BY SECTOR

Company	Symbol	Exchange	Stock Price 12/30/05	%Change Year
<b>COMPUTER SECURITY</b>				
ALADDIN KNOWLEDGE	ALDN	NASDAQ	17.22	-30%
CERTICOM	CIC.TO	TORONTO	6.18	74%
CHECKPOINT SOFTWARE	CHKP	NASDAQ	20.07	-18%
CITADEL SEC. SOFTWARE INC	CDSS	NASDAQ	0.33	-87%
COMPUTER ASSOCIATES	CA	NEW YORK	28.20	-9%
CRITICAL PATH INC.	CPTH.OB	OTC.BB	0.26	-82%
CYBERGUARD CORP	CGFW	NASDAQ	8.81	40%
DIVERSINET CORP	DVINTF.OB	OTC.BB	0.33	-63%
EDGE TECH. SERVICES	EDGH.OB	OTC.BB	0.016	-68%
ENTRUST INC.	ENTU	NASDAQ	4.84	28%
GENERAL DYNAMICS	GD	NEW YORK	113.99	9%
HI/FN INC.	HIFN	NASDAQ	5.61	-39%
INTERNET SEC. SYS. GROUP	ISSX	NASDAQ	20.95	-10%
INTRUSION. INC.(ODSI)	INTZ	NASDAQ	1.971	-32%
MANTECH INT'L	MANT	NASDAQ	27.85	17%
MCAFEE, INC.	MFE	NEW YORK	27.09	-6%
NETWOLVES	WOLV	NASDAQ	0.27	-77%
NETWORK 1 SEC. SOLUTIONS	NSSI.OB	OTC.BB	1.13	-8%
OMTOOL, LTD	OMTL	NASDAQ	7.01	-18%
RSA SECURITY	RSAS	NASDAQ	11.18	-44%
SAFENET (Info. Res. Eng.,Rainbow)	SFNT	NASDAQ	32.20	-12%
SAFLINK	SFLK	NASDAQ	0.77	-72%
SCM MICROSYSTEMS	SCMM	NASDAQ	3.31	-32%
SECURE COMPUTING	SCUR	NASDAQ	12.24	23%
SECURED SERVICES	SSVC.OB	OTC.BB	0.17	-90%
SONICWALL	SNWL	NASDAQ	7.90	25%
SYMANTEC	SYMC	NASDAQ	17.50	-32%
TECHNICAL COMM.	TCCO.OB	OTC.BB	4.00	-33%
TREND MICRO	TMIC	NASDAQ	38.31	-30%
TUMBLEWEED COMM.	TMWD	NASDAQ	3.10	-7%
VASCO DATA SECURITY.	VDSI	NASDAQ	9.86	49%
VERISIGN	VRSN	NASDAQ	21.89	-35%
VERITEC INC.	VRTC.PK	OTC	0.15	-90%
V-ONE CORP	VNEC.PK	OTC	0.035	-42%
WATCHGUARD TECH INC.	WGRD	NASDAQ	3.69	-17%
ZIX CORP.	ZIXI	NASDAQ	1.90	-63%
				<b>-7.9%</b>

Company	Symbol	Exchange	Stock Price 12/30/05	%Change Year
<b>AUTO SECURITY/RECOVERY</b>				
ACCESS INTERNATIONAL	AXSI.OB	OTC.BB	0.82	-53%
DIGITAL RECORDERS	TBUS	NASDAQ	1.55	-60%
ITURAN	ITRN	NASDAQ	15.87	22%
LO JACK	LOJN	NASDAQ	24.20	100%
STRATTEC SECURITY	STRT	NASDAQ	40.15	-36%
TRANSPORTN SAFETY W/I	TSFYV.PK	OTC	0.01	-83%
				<b>6.5%</b>

Company	Symbol	Exchange	Stock Price 12/30/05	%Change Year
<b>SECURITY COMM.</b>				
AGIS ASSESSMENTS, INC	AGSI.OB	OTC.BB	0.19	-90%
BARCO	BAR.BR	BRUSSELS	63.50	-7%
EFJ, INC. (Transcript Intl.)	EFJI	NASDAQ	10.17	4%
ELBIT SYSTEMS LTD.	ESLT	NASDAQ	24.61	-7%
EMERGEN SYS CORP.	EMGS.PK	OTC	0.04	-20%
L3 COMMUNICATIONS	LLL	NEW YORK	74.33	2%
LIGHTBRIDGE INC.	LTBG	NASDAQ	8.30	37%
LIFELINE SYSTEMS INC.	LIFE	NASDAQ	36.49	42%
MOTOROLA	MOT	NEW YORK	22.54	31%
NUMEREX	NMRX	NASDAQ	4.73	2%
TECHNICAL COMM.	TCCO.OB	OTC.BB	4.00	-33%
UNIVERSAL SEC. INSTR.	UUU	AMEX	16.95	14%
VERINT SYSTEMS	VRNT	NASDAQ	34.43	-5%
VERSUS TECHNOLOGY	VSTI.PK	OTC	0.025	-38%
				<b>7.2%</b>

Company	Symbol	Exchange	Stock Price 12/30/05	%Change Year
<b>SEC.SYSTEMS INTEGRATION</b>				
ACCENTURE LTD	ACN	NEW YORK	28.86	7%
C MER INDUSTRIES	CMER.TA	TEL AVIV	4879	10%
COMPUDYNE	CDCY	NASDAQ	6.23	-16%
DIVERSIFIED SECURITY SOL.	DVS	AMEX	4.86	-2%
ECSI INTERNATIONAL	EKCS.OB	OTC.BB	1.15	-54%
ENGINEERED SUPPORT SYS	EASI	NASDAQ	41.63	5%
FIRSTSERVICE CORP.	FSRV	NASDAQ	25.6	57%
GARDA WORLD SECURITY	GRW.TO	TORONTO	15.12	81%
INTEGRATED SEC. SYS.	IZZI.OB	OTC.BB	0.19	-62%
JOHNSON CONTROLS INC.	JCI	NEW YORK	72.83	15%
LOCKHEED MARTIN CORP.	LMT	NEW YORK	63.68	15%
MANTECH INT'L	MANT	NASDAQ	27.85	17%
ORBS	OBS.L	LONDON	3.62	-3%
SECURITAS	SECUB.ST	STOCKHOLM	132.00	16%
SIEMENS AG	SI	NEW YORK	85.70	1%
STANLEY WORKS(Best.FBay.ISR)	SWK	NEW YORK	48.05	-2%
TETRA TECH	TTEK	NASDAQ	15.68	-6%
TYCO INTERNATIONAL	TYC	NEW YORK	28.84	-19%
UNITED TECHNOLOGIES(Chubb)	UTX	NEW YORK	55.93	8%
WIRELESS FACILITIES INC	WFII	NASDAQ	5.10	-46%
				<b>4.4%</b>

Company	Symbol	Exchange	Stock Price 12/30/05	%Change Year
<b>BOMB/DRUG DETECTION</b>				
ADVANCED PHOTONIX	API	AMEX	2.76	52%
AMERICAN SCI. & ENG.	ASEI	NASDAQ	62.53	52%
ANALOGIC CORP.	ALOG	NASDAQ	47.78	7%
AVITAR	AVRN.PK	OTC	0.025	-84%
GUARDIAN TECHNOLOGIES	GDTI.OB	OTC.BB	2.25	-51%
HI ENERGY TECHNOLOGIES	HIET.OB	OTC.BB	0.37	-54%
IRIS INTERNATIONAL INC.	IRIS	NASDAQ	21.87	125%
ISONICS CORP.	ISON	NASDAQ	1.80	-67%
L3 COMMUNICATIONS	LLL	NEW YORK	74.33	2%
LIFEPOINT	LFPI.PK	OTC	0.0001	-100%
OSI SYSTEMS	OSI	NASDAQ	18.39	-19%
PSYCHEMEDICS	PMD	AMEX	13.80	8%
QR SCIENCES	QRS.AX	SYDNEY	0.091	-55%
SMITHS GROUP PLC	SMIN.L	LONDON	1046.00	28%
XTEK	XTEK	ASE	0.57	14%
				<b>7.3%</b>

Company	Symbol	Exchange	Stock Price 12/30/05	%Change Year
<b>GEN.SEC.PRODUCTS</b>				
ALLIED DEFENSE GROUP	ADG	AMEX	22.77	2%
AMER. BANKNOTE HOLO.	ABHH.OB	OTC.BB	6.20	97%
AMERICAN LOCKER GROUP	ALGI	NASDAQ	5.92	-60%
ANIXTER INTERNATIONAL	AXE	NEW YORK	39.07	9%
APPLIED OPTICAL TECH.	ALT.L	LONDON	42.10	79%
ARMOR HOLDINGS INC.	AH	NEW YORK	42.75	-9%
BULLDOG TECHNOLOGIES	BLLD.OB	OTC.BB	1.04	-39%
CENUCO INC.	ICU	AMEX	2.9499	-50%
CHECKPOINT SYSTEMS	CKP	NEW YORK	24.65	36%
COMPUDYNE	CDCY	NASDAQ	6.23	-16%
COMVERSE TECHNOLOGY	CMVT	NASDAQ	26.57	9%
CROSSOFF INC.	OFF.TO	TORONTO	0.19	46%
CYBERSOURCE CORP.	CYBS	NASDAQ	6.59	-8%
DHB INDUSTRIES INC.	DHB	AMEX	4.51	-76%
DE LA RUE	DLAR.L	LONDON	467.50	35%
DIEBOLD INC.	DBD	NEW YORK	38.00	-32%
DIGITAL RECORDERS	TBUS	NASDAQ	1.55	-60%
EASTERN CO.	EML	AMEX	19.52	-2%
ELBIT SYSTEMS LTD.	ESLT	NASDAQ	24.61	-7%
FEDERAL SERVICES (SPAC)	FDSAU.OB	OTC.BB	6.28	5%
FIREARMS TRAINING SYS.	FATS.OB	OTC.BB	0.98	-49%
FORCE PROTECTION INC.	FRPT.OB	OTC.BB	0.78	-77%
FORTRESS AMERICA (SPAC)	FAACU.OB	OTC.BB	6.02	0%
GEORGE RISK INDUSTRIES	RISKA.OB	OTC.BB	7.50	21%
GENERAL ELECTRIC	GE	NEW YORK	35.05	-4%
GLOBAL PAYMENT TECH.	GPTX	NASDAQ	2.65	-56%
GUNNEBO	GUNN.ST	STOCKHOLM	78.50	-6%
GVI SECURITY SOLUTIONS	GVIS.OB	OTC.BB	0.22	-95%
HONEYWELL INT'L INC.	HON	NEW YORK	37.18	5%
IRON MOUNTAIN INC.	IRM	NEW YORK	42.29	39%
ITL OPTRONICS	ITL.TA	TEL AVIV	1310	-45%
JOHNSON CONTROLS INC.	JCI	NEW YORK	72.83	15%
LAW ENFORCEMENT ASSOC.	AID	AMEX	2.27	-56%
LASERCARD CORP.	LCRD	NASDAQ	15.00	43%
MACE SECURITY	MACE	NASDAQ	2.47	-49%
MACROVISION	MVSN	NASDAQ	16.84	-35%
MAGAL SECURITY	MAGS	NASDAQ	8.75	-28%
MARKLAND TECH.	MRKL.OB	OTC.BB	0.0145	-98%
MDM GROUP	MDDM.PK	OTC	0.58	-61%
MINE SAFETY APPLIANCES CO	MSA	NEW YORK	36.30	-28%
NEWMARK SECURITY	NWT.L	LONDON	1.55	11%
NOVAR	NVR.L	LONDON	186.00	-1%
ONSCREEN TECHNOLOGIES	ONSC.OB	OTC.BB	0.22	-73%
ON TRACK INNOVATIONS	OTIV	NASDAQ	13.67	3%
SCHNEIDER ELECTRIC(Andover)	SU.PA	PARIS	75.35	47%
SECURITY INTELLI. TECH INC.	SITG.OB	OTC.BB	0.06	-65%
SIEMENS AG	SI	NEW YORK	85.70	1%
SMITHS GROUP PLC	SMIN.L	LONDON	1046.00	28%
SMITH & WESSON HOLDING	SWB	AMEX	3.90	124%
SPECTRUM SCI & SFWR	SPSC.OB	OTC.BB	0.70	-51%
STINGER SYSTEMS INC	STIY.PK	OTC	4.51	-72%
STRATEGIC VISTA	SVI.TO	TORONTO	1.18	27%
SUPERCOM LTD	SPCBF.OB	OTC.BB	0.70	-68%
TASER INTERNATIONAL	TASR	NASDAQ	6.97	-78%
UNIVERSAL GUARDIAN HLDG.	UGHO.OB	OTC.BB	0.58	-58%
UNIVERSAL SEC. INSTR.	UUU	AMEX	16.95	14%
VERSAR	VSR	AMEX	3.60	-17%
VISCOUNT SYSTEMS	VSY.S.OB	OTC.BB	0.545	-34%
WORLD AM INC	WDAM.OB	OTC.BB	0.01	-92%
XENONICS HOLDINGS	XNN	AMEX	1.60	-78%
XTEK	XTEK	ASE	0.57	14%
ZEBRA TECHNOLOGIES	ZBRA	NASDAQ	42.90	-24%
				<b>-5.9%</b>

Company	Symbol	Exchange	Stock Price 12/30/05	%Change Year
<b>DEFENSE</b>				
ALLEN-VANGUARD CP	ALNVF.PK	OTC	1.19	-71%
ALLIANT TECHSYSTEMS INC	ATK	NEW YORK	76.18	17%
AXSYS TECHNOLOGIES	AXYS	NASDAQ	18.01	3%
BAE SYSTEMS	BAL.L	LONDON	381.75	66%
BOEING CO	BA	NEW YORK	70.16	36%
CACI INTERNATIONAL INC.	CAI	NEW YORK	57.38	-16%
DRS TECHNOLOGIES INC	DRS	NEW YORK	51.54	21%
EDO CORP	EDO	NEW YORK	27.02	-15%
EMBRAER-EMP. BRASIL D AERO	ERJ	NEW YORK	39.13	17%
ENGINEERED SUPPORT SYS	EASI	NASDAQ	41.63	5%
GENCORP INC	GY	NEW YORK	17.72	-5%
GENERAL DYNAMICS	GD	NEW YORK	113.99	9%
GENERAL ELECTRIC	GE	NEW YORK	35.05	-4%
ITT INDUSTRIES INC	ITT	NEW YORK	103.01	22%
LOCKHEED MARTIN CORP.	LMT	NEW YORK	63.68	15%
MERCURY COMPUTER SYS. INC.	MRCY	NASDAQ	20.61	-31%
NORTHROP GRUMMAN CORP	NOC	NEW YORK	60.21	11%
QR SCIENCES	QRS.AX	SYDNEY	0.091	-55%
RAYTHEON CO	RTN	NEW YORK	40.14	3%
ROCKWELL COLLINS	COL	NEW YORK	46.53	18%
SRA INTERNATIONAL INC	SRX	NEW YORK	30.60	-5%
STEWART & STEVENSON SVS	SVC	NEW YORK	21.06	4%
TELEDYNE TECHNOLOGIES INC	TDY	NEW YORK	29.14	-1%
TEXTRON INC	TXT	NEW YORK	76.99	4%
UNITED INDUSTRIAL CORP	UIC	NEW YORK	41.45	7%
UNITED TECHNOLOGIES(Chubb)	UTX	NEW YORK	55.93	8%
				<b>4.7%</b>

SECTOR PERFORMANCE

SUMMARY	%Change
GUARDS/MANPOWER	29.5%
ARMOR CARRIER/MONEY	13.2%
ALARMS	38.7%
ALARM EQUIP MANU	-19.7%
ELEC. ASSET SURVEIL./TRACK	3.8%
CCTV/VIDEO PRODUCTS	20.5%
PRIVATE CORRECTIONS	-3.5%
LOCK MANUFACTURING	-12.4%
BIOMETRIC & IDENTIFICATION	-23.2%
BIO. FOOD SAFETY	-19.7%
FIRE PREVENT. & PROTECT.	0.4%
COMPUTER SECURITY	-7.9%
INVESTIGAT. CREDIT CONSULT.	7.5%
AUTO SECURITY/RECOVERY	6.5%
GEN.SEC.PRODUCTS	-5.9%
SECURITY COMM.	7.2%
SEC.SYSTEMS INTEGRATION	4.4%
BOMB/DRUG DETECTION	7.3%
DEFENSE	4.7%

## MAJOR SECURITY DEALS IN HOT M&A MARKET FOR 2005

(Continued from page 3)

and **DIEBOLD** continued the expansion of their operations domestically and globally.

In May the Bermuda-based **INGERSOLL-RAND** added **SECURITY ONE SYSTEMS**, the largest independent security systems integrator in the southeast United States, to its growing security technologies unit. **SECURITY ONE** was founded in 1990 and operates six branches in Florida. I-R was also busy internationally expanding its mechanical locking activities by acquiring **ITO EMNIYET** of Turkey and a remaining 70% interest in **CISA** of Italy.

It also went to the Far East, where it acquired an 80% share of **SHENZHEN BOCOM SYSTEM ENGINEERING CO.**, a China-based provider of security systems integration technologies and services, and **DOLPHIN ELECTROMAGNETIC TECHNOLOGIES**, a provider of electronic solutions based in India.

**DIEBOLD** also looked beyond the borders of the U.S. to grow its security operations. The manufacturer of ATM machines bought **ALARMAS ADLER** of Mexico and **TASC SECURITY**, which is headquartered in London and with regional offices in Amsterdam, Tokyo, Dublin, Melbourne and Sydney.

### *Security Communications*

**VERINT**, which offers wiretapping equipment for law enforcement and video surveillance systems for commercial clients, purchased the networked video security business of **MULTIVISION INTELLIGENT SURVEILLANCE LTD** of Hong Kong for \$48 million. The acquisition will provide **VERINT** with local product development, customer support and solutions that are focused on the Asia Pacific market.

The security communications company also purchased the privately held **OPUS GROUP** for \$12 million plus earn out payments

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over two years based on certain profitability targets. **OPUS**, based in Hinsdale, Illinois, provides performance analytics solutions for contact centers and back office operations. It was founded in 2002.

Another company providing intelligence and security services to telecommunications firms, **COMVERSE TECHNOLOGY**, expanded in this space by acquiring the Global Software and Services Division of **CGS SYSTEMS INT'L** for \$249 million in cash.

### *Computer / Internet Security*

One of the major deals in the relatively quiet computer/ Internet security sector for 2005 was **CHECK POINT SOFTWARE TECHNOLOGIES'** acquisition of **SOURCEFIRE** for \$225 million. The privately held, venture-backed, Columbia, Maryland-based **SOURCEFIRE** develops software designed to monitor network access. Founded in 2001, the company has offices in the U.S. and the UK. ■

## THE BARNES BUCHANAN & MALLON CONFERENCE IN SUNNY FLORIDA

(Continued from page 1)

First Service Security/ InterCon.

Michael Barnes of Barnes Associates will also deliver his comprehensive re cap of the year in the alarm industry focusing on prevailing multiples in recent sales while Jack Mallon will give an overview of the security industry featuring stock performance, IPOs, M&As and private equity investments.

The financial community is always well represented at the conference and slated to participate in panel discussions are Chris Needham of Bariston Partners, Jessica Richardson of LaSalle Bank and Ira Riklis of Sutherland Capital management.

For last minute registration information, contact Kate Crimone, Conference Coordinator at Buchanan Ingersoll (412) 562 8437 or e-mail to [crimonek@bipc.com](mailto:crimonek@bipc.com). ■

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