

AlarmForce Industries Inc.

Common shares traded on the Toronto Stock Exchange

Trading symbol: AF

AlarmForce Revenue posts record revenues in Second Quarter

TORONTO-Ontario- June 12, 2007- Joel Matlin, President and CEO, is pleased to announce results for the second quarter ended April 30, 2007:

	April 30, 2007 <u>(6 months ended)</u>	April 30, 2006 <u>(6 months ended)</u>	Change <u>(over same period)</u>
Revenue	\$12,025,000	\$10,105,000	19%
Income before income taxes	\$ 1,334,000	\$ 1,313,000	2%
Net income	\$ 840,000	\$ 827,000	2%
Cash flow form operations excluding working capital	\$ 1,673,000	\$ 1,520,000	10%
EBITDA	\$ 2,651,000	\$ 2,408,000	10%
EBITDA/share	\$ 0.22	\$ 0.21	6%
EBITDA before marketing expenses	\$ 6,639,000	\$ 5,319,000	25%
Basic Net income / share	\$0.07	\$0.07	
Diluted Net income / share	\$0.07	\$0.07	

* EBITDA (Earnings Before Interest, Income Taxes, Depreciation, and Amortization) is a key measure in the security industry and should not be interpreted as GAAP)

Mr. Matlin said that: “AlarmForce closed the first quarter of 2007 with a total subscriber base of 71,400 accounts, setting a new record level for quarterly revenues, and bringing total revenues for the first half of 2007 to over \$12 million. Total revenues for the three months ended April 30, 2007 increased to \$6,177,000, a 22% increase from the comparative three-month period in 2006.”

“The company posted net income for the six months ended April 30, 2007 of \$840,000, up by \$13,000 from 2006. While revenues reached a record level, marketing expenses have also increased, which was as we expected, having budgeted the increase in our 2007 subscriber growth plan. EBITDA, a performance measure used in the security industry, increased by 10% from the corresponding prior period. Included in this measure is the effect of the

marketing expenses that drives the company's growth engine. Therefore the effect of the increased marketing budget results in a drag on operating profit relative to the prior period. Despite the impact of the growth effect on profits, every subscriber account added increases the asset value of the company, and furthermore, the creation of new accounts is being accomplished by the company without any increase in debt financing."

Mr. Matlin added: "AlarmForce's growth in subscriber base in the next few years is expected to translate into higher profits as a result of increasing monthly recurring revenues. By growing our subscriber base organically rather than through acquisition of accounts, we expect to be able to grow efficiently, notwithstanding that our policy is to account for marketing costs as period expenses. i.e. these costs are expensed rather than being capitalized in the cost of new subscriber accounts created. However, excluding the marketing expenses, EBITDA increased by 25% to \$6.6 million for the six months ended April 30, 2007, which indicates the strength of our operating efficiency and cash flow from recurring revenues."

"Gross profit for the six months ended April 30, 2007 increased to \$9,343,000, up by 21%. As a percentage of revenue, gross profit amounted to 78%, continuing to benefit from economies of scale from our expanding subscriber base. We are firmly on track in that the investment in the US brand-building is being funded entirely from our internal cash flows generated by our operations in Canada."

Mr. Matlin ended by saying; "We are very optimistic about the future, as over the next few years we expect to benefit increasingly from the opportunity in the US market. Our present base in three States comprises a total population of over 29 million, expanding our combined opportunity to almost double that of Canada. Our goal is to continue to expand based on our strengths, including our two-way voice, wireless technology, the trust of consumers in our brand, and a sound value proposition, which have delivered a compounded annual growth rate of 16% to date."

AlarmForce is Canada's largest manufacturer and installer of two-way voice home alarms systems and line-cut protection. The Company has offices serving all major markets in Canada and selected markets in the United States.

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