

Securicor Group Limited

FINANCIAL STATEMENTS

for the 15 months ended
31 December 2004



Securicor Group Limited

DIRECTORS AND OFFICERS

DIRECTORS

IG Bridges
NP Buckles
ILE Cowden
TL Dighton
NE Griffiths
RG Hawkins

SECRETARY

SE Lyell

REGISTERED OFFICE

The Manor
Manor Royal
Crawley
West Sussex RH10 9UN

AUDITORS

Baker Tilly
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

Securicor Group Limited

DIRECTORS' REPORT

The directors submit their report and the financial statements of Securicor Group Limited for the 15 months ended 31 December 2004.

PRINCIPAL ACTIVITIES

The company's principal activity during the period was that of an operating management company.

DIVIDENDS

The directors do not recommend the payment of a final dividend.

REVIEW OF THE BUSINESS

The directors consider that the state of the company's affairs at 31 December 2004 and its result for the period were satisfactory. For the 10 month period to 31 July 2004, the company paid central and divisional costs on behalf of other group companies and managed the group's borrowing facilities. From 1 August 2004, these functions were taken over by Group 4 Securicor plc, the ultimate holding company.

CHARITABLE DONATIONS

The aggregate total of charitable donations paid in the period was £62,250.

DIRECTORS

The following directors held office during the period:

IG Bridges
NP Buckles
ILE Cowden
TL Dighton
NE Griffiths
RG Hawkins

DIRECTORS' INTERESTS IN SHARES AND SHARE OPTIONS

None of the directors have an interest in the shares of the company.

The following directors, who are not holding company directors, have interests, including family interests, in the share capital of the ultimate holding company, Group 4 Securicor plc (2003: Securicor plc).

	Ordinary shares of 25p each 31.12.04	Ordinary shares of 5 ¹⁵ / ₁₇ p each 1.10.03
IG Bridges	70,403	14,856
RG Hawkins	164,542	99,180
NE Griffiths	431,361	250,000
ILE Cowden	255,045	175,000

Securicor Group Limited

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN SHARES AND SHARE OPTIONS (*continued*)

The following shares were conditionally awarded during the period to the directors, who are not also holding company directors, under the Group 4 Securicor Share Performance Plan (for further details see the Annual Report and Accounts of Group 4 Securicor plc).

	Number of shares conditionally awarded
IG Bridges	95,970
RG Hawkins	Nil
NE Griffiths	138,060
ILE Cowden	185,400

Securicor plc was acquired by Group 4 Securicor plc on 19 July 2004.

AUDITORS

A resolution to appoint KPMG, Chartered Accountants, as auditors to the company and for their remuneration to be fixed by the directors will be submitted to the annual general meeting.

By order of the board



SE Lyell
Secretary

3 May 2005

Securicor Group Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SECURICOR GROUP LIMITED

We have audited the financial statements on pages 6 to 17.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

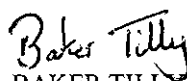
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2004 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.


BAKER TILLY
Registered Auditor
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

3 May 2005

Securicor Group Limited
PROFIT AND LOSS ACCOUNT
for the 15 months ended 31 December 2004

	<i>Notes</i>	15 months ended 31 December 2004 £000	Year ended 30 September 2003 £000
TURNOVER	1	8,354	12,068
Administrative expenses		(22,858)	(23,714)
Other operating (costs)/income		(4,433)	6,658
OPERATING LOSS		(18,937)	(4,988)
Exceptional items:	2		
Profit on disposal of joint venture interests		-	105,619
Loss on disposal of investments in subsidiary undertakings		-	(10,880)
Provision against fixed asset investments		-	(1,617)
Investment income	3	41,801	29,598
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST PAYABLE		22,864	117,732
Interest payable and similar charges	4	(1,462)	(986)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	21,402	116,746
Taxation	7	2,672	5,604
RETAINED PROFIT FOR THE YEAR	14	24,074	122,350

The operating loss is derived from the company's continuing operations.

No separate statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account.

Securicor Group Limited

BALANCE SHEET

31 December 2004

	Notes	31 December 2004 £000	30 September 2003 £000
FIXED ASSETS			
Tangible assets	8	-	4,882
Investments	9	202,135	100,135
		<u>202,135</u>	<u>105,017</u>
CURRENT ASSETS			
Debtors (including debtors due after more than one year £Nil (2003: £118,275,000))	10	227,570	369,409
Cash at bank and in hand		-	13,228
		<u>227,570</u>	<u>382,637</u>
CREDITORS: Amounts falling due within one year	11	-	(80,684)
NET CURRENT ASSETS		<u>227,570</u>	<u>301,953</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		429,705	406,970
PROVISIONS FOR LIABILITIES AND CHARGES	12	-	(1,339)
NET ASSETS		<u>429,705</u>	<u>405,631</u>
CAPITAL AND RESERVES			
Called up share capital	13	27,529	27,529
Share premium account	14	298,256	298,256
Capital redemption reserve	14	100	100
Profit and loss account	14	103,820	79,746
EQUITY SHAREHOLDERS' FUNDS	15	<u>429,705</u>	<u>405,631</u>

Approved by the board on 3 May 2005



Director

Securicor Group Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards.

INVESTMENTS

Long term investments in subsidiary and associated undertakings are classified as fixed assets and are stated at cost.

Provision is made for any permanent diminution in the value of fixed asset investments.

TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Leasehold interests are depreciated annually over the lease term.

Equipment and vehicles are depreciated annually over 2 to 10 years.

FOREIGN CURRENCIES

Profits and losses and assets and liabilities denominated in foreign currencies have been translated into sterling at the rates of exchange ruling at the balance sheet date. Foreign exchange adjustments have been taken to the profit and loss account.

TURNOVER

Turnover represents the invoiced value, net of Value Added Tax, of services provided.

DEFERRED TAX

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

PENSIONS

The company is included in the Group defined benefit pension scheme and defined contribution scheme. The contributions to the schemes are charged to the profit and loss account on a basis that spreads the expected cost of providing pensions over the employees' working lives with the Group.

LEASES

Annual rentals payable or receivable under operating leases are charged or credited to the profit and loss account as incurred.

Securicor Group Limited

NOTES TO THE FINANCIAL STATEMENTS for the 15 months ended 31 December 2004

1	1	TURNOVER	15 months ended 31 December 2004 £000	Year ended 30 September 2003 £000
		Turnover	8,354	11,782
		Rent receivable	-	286
			<u>8,354</u>	<u>12,068</u>
		All turnover was derived from the company's principal business in the UK.		
2	2	EXCEPTIONAL ITEMS	15 months ended 31 December 2004 £000	Year ended 30 September 2003 £000
		Profit on disposal of joint venture interests	-	105,619
		Loss on disposal of investments in subsidiary undertakings	-	(10,880)
		Provision against fixed asset investments	-	(1,617)
			<u>-</u>	<u>93,122</u>
		The profit on disposal of joint venture interests relates to the disposal of Securicor Omega Holdings Limited.		
		The loss on disposal of investments in subsidiary undertakings relates to the disposal of Securicor Information Systems Limited.		
3	3	INVESTMENT INCOME	15 months ended 31 December 2004 £000	Year ended 30 September 2003 £000
		Dividends from subsidiary companies	36,073	20,841
		Other interest receivable and similar income	5,728	8,757
			<u>41,801</u>	<u>29,598</u>

Securicor Group Limited

NOTES TO THE FINANCIAL STATEMENTS for the 15 months ended 31 December 2004

4	INTEREST PAYABLE	15 months ended 31 December 2004 £000	Year ended 30 September 2003 £000
	On bank loans, overdrafts and other loans repayable within 5 years:		
	Other loans	1,462	986
5	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	15 months ended 31 December 2004 £000	Year ended 30 September 2003 £000
	Profit on ordinary activities before taxation is stated after charging:		
	Depreciation and amounts written off tangible fixed assets:		
	charge for the year:		
	owned assets	1,165	539
	Operating lease rentals:		
	Plant and machinery	345	420
	Land and buildings	649	874
	Auditors' remuneration	-	20
6	EMPLOYEES	15 months ended 31 December 2004 No	Year ended 30 September 2003 No
	The average weekly number of persons (including directors) employed by the company during the period was:		
	Management	37	39
	Administration	75	78
		112	117
		15 months ended 31 December 2004 £000	Year ended 30 September 2003 £000
	Staff costs for the above employees are:		
	Wages and salaries	6,575	9,021
	Social security	787	1,227
	Other pension costs	301	959
		7,663	11,207

Securicor Group Limited

NOTES TO THE FINANCIAL STATEMENTS

for the 15 months ended 31 December 2004

6 EMPLOYEES (*continued*)

DIRECTORS REMUNERATION

Full details of the directors emoluments for NP Buckles and TL Dighton are disclosed in the group financial statements of Group 4 Securicor Plc.

The aggregate emoluments for the other directors for the 15 months ended 31 December 2004 were £1,328,534 (2003: £708,238), which related to services provided to various group companies.

The directors' fees and other emoluments disclosed above (excluding pension contributions) include amounts paid to:

	15 months ended 31 December 2004 £	Year ended 30 September 2003 £
The highest paid director	420,429	280,545
The highest paid director Accrued pension entitlement	169,557	155,732

PENSIONS

The company's share of the costs of the group's defined benefit pensions schemes amounted to £301,271 (2003: £959,591).

The pension costs are assessed on the advice of independent qualified actuaries using the projected unit credit method. The most recent actuarial valuation was 5 April 2003. The assets of the schemes are held in separate trustee administered funds.

Full particulars of the pension scheme are disclosed in the published accounts of Group 4 Securicor plc.

Securicor Group Limited

NOTES TO THE FINANCIAL STATEMENTS for the 15 months ended 31 December 2004

7	TAXATION	15 months ended 31 December 2004 £000	Year ended 30 September 2003 £000
	Current tax:		
	UK corporation tax on profit of the period	(2,672)	(1,031)
	Adjustments in respect of previous periods	-	(2,879)
	Total current tax	(2,672)	(3,910)
	Deferred taxation:		
	Origination and reversal of timing differences	-	(1,694)
	Total deferred tax	-	(1,694)
	Tax on profit on ordinary activities	(2,672)	(5,604)
	Factors affecting tax charge for period:		
	The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:		
	Profit on ordinary activities before tax	21,402	116,746
	Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 30% (2003: 30%)	6,421	35,024
	Effects of:		
	Expenses not deductible for tax purposes	60	56
	Timing differences in the recognition of profits and losses	1,286	(2,163)
	Non taxable income	(10,439)	(33,948)
	Adjustment to tax charge in respect of previous periods	-	(2,879)
	Tax credit for period	(2,672)	(3,910)

Securicor Group Limited

NOTES TO THE FINANCIAL STATEMENTS

for the 15 months ended 31 December 2004

8	TANGIBLE FIXED ASSETS	<i>Land and Buildings £ 000</i>	<i>Equipment & vehicles £ 000</i>	<i>Total £ 000</i>
	Cost			
	1 October 2003	676	5,979	6,655
	Additions	-	519	519
	Disposals	(676)	(6,498)	(7,174)
	31 December 2004	-	-	-
	Depreciation:			
	1 October 2003	436	1,337	1,773
	Charged in the period	16	1,149	1,165
	Disposals	(452)	(2,486)	(2,938)
	31 December 2004	-	-	-
	Net book value:			
	31 December 2004	-	-	-
	30 September 2003	240	4,642	4,882

	31 December 2004 £000	30 September 2003 £000
Land and buildings at net book value comprise:		
Long leaseholds	-	86
Short leaseholds	-	154
	-	240

9	FIXED ASSET INVESTMENTS	<i>Subsidiary undertakings £000</i>	<i>Associated undertakings £000</i>	<i>Total £000</i>
	Cost or valuation:			
	1 October 2003	119,564	18,171	137,735
	Additions	102,000	-	102,000
	31 December 2004	221,564	18,171	239,735
	Amounts written off:			
	1 October 2003 and 31 December 2004	37,600	-	37,600
	Net book value:			
	31 December 2004	183,964	18,171	202,135
	30 September 2003	81,964	18,171	100,135

Securicor Group Limited

NOTES TO THE FINANCIAL STATEMENTS

for the 15 months ended 31 December 2004

9 FIXED ASSET INVESTMENTS (*continued*)

The company holds more than 10% of the equity of the following principal undertakings:

Subsidiary undertakings	Country of registration/ incorporation	Class of holding	Proportion held	Nature of business
Securicor International Ltd	England	Ordinary	100%	Holding company
Securicor Security Services Ltd	England	Ordinary	100%	Holding company
Securicor Cash Services Ltd	England	Ordinary	100%	Security
Securicor Justice Services Ltd	England	Ordinary	100%	Custody
Securicor Aviation Ltd	England	Ordinary	100%	Guarding
Securicor Cash Centres Ltd	England	Ordinary	100%	Security
Securicor Security Ltd	England	Ordinary	100%	Guarding
Securicor International Holding AG	Germany	Ordinary	100%	Holding company
Securicor Finance Ltd	England	Ordinary	100%	Intermediary company
Securicor (MP) Ltd	England	Ordinary	100%	Holding company

All shareholdings are directly held apart from Securicor International Holding AG which is held in the following proportions: 26.19% directly and 73.81% indirectly.

All the above companies have co-terminus accounting reference dates.

In the period the entity made investments in Securicor Finance Limited and Securicor (MP) Limited for £100,000,000 and £2,000,000 respectively. The net assets of the acquired entities at 31 December 2004 were £102,563,000 and £2,000,000 respectively.

The accounts present information about the company as an individual undertaking, and not about its group, as the company has taken advantage of the exemption provided by section 228 of the Companies Act 1985 since it is a subsidiary undertaking of Group 4 Securicor plc, a company registered in England and Wales, and is included in that company's consolidated accounts.

10 DEBTORS	31 December 2004 £000	30 September 2003 £000
Trade debtors	-	766
Amounts owed by group undertakings	227,570	364,469
Other debtors	-	4,174
	<u>227,570</u>	<u>369,409</u>

Included in amounts owed by group undertakings is £Nil (2003: £118,275,000) representing loan accounts due after more than one year.

Included in other debtors is £Nil (2003: £1,970,000) with regard to deferred tax, see note 12.

Securicor Group Limited

NOTES TO THE FINANCIAL STATEMENTS for the 15 months ended 31 December 2004

11	CREDITORS: Amounts falling due within one year	31 December 2004 £000	30 September 2003 £000
	Trade creditors	-	811
	Amounts owed to group undertakings	-	58,650
	Corporation tax	-	13,167
	Other tax and social security	-	410
	Other creditors	-	6,712
	Accruals and deferred income	-	934
		<u>-</u>	<u>80,684</u>

12 PROVISIONS FOR LIABILITIES AND CHARGES

The provision with regard to onerous leases has been recognised for the expected shortfall in rent receivable against rent payable on various leased properties.

	Onerous leases £000
At 1 October 2003	1,339
Transfer to profit and loss account	(490)
Transfer to group companies	(849)
At 31 December 2004	<u>-</u>

The undiscounted deferred tax asset is comprised as follows:

	Deferred tax £000
At 1 October 2003	(1,970)
Transfer to group companies	1,970
At 31 December 2004 (note 10 above)	<u>-</u>

	31 December 2004 £000	30 September 2003 £000
Accelerated capital allowances	-	20
Other timing differences	-	1,950
Undiscounted deferred tax asset	<u>-</u>	<u>1,970</u>

Securicor Group Limited

NOTES TO THE FINANCIAL STATEMENTS for the 15 months ended 31 December 2004

13	SHARE CAPITAL	31 December 2004		30 September 2003	
		Authorised £	Issued and fully paid £	Authorised £	Issued and fully paid £
	'X' ordinary shares of 25p each	14,007,309	14,007,309	14,007,309	14,007,309
	'Y' ordinary shares of 25p each	15,992,691	13,521,669	15,992,691	13,521,669
		<u>30,000,000</u>	<u>27,528,978</u>	<u>30,000,000</u>	<u>27,528,978</u>

The 'X' ordinary shares and 'Y' ordinary shares rank pari passu in all respects save that the directors of the company shall be entitled to declare a dividend or otherwise make distributions (including any distributions in kind) with respect to the 'X' ordinary shares to the exclusion of the 'Y' ordinary shares, and vice versa.

14	RESERVES	Profit and loss account £000	Capital redemption reserve £000	Share premium £000	Total £000
	1 October 2003	79,746	100	298,256	378,102
	Profit for the period	24,074	-	-	24,074
	31 December 2004	<u>103,820</u>	<u>100</u>	<u>298,256</u>	<u>402,176</u>

15	RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS	31 December 2004 £000	30 September 2003 £000
	Retained profit for the period	24,074	122,350
	Issue of share capital	-	50,000
	Net increase in shareholders' funds	<u>24,074</u>	<u>172,350</u>
	Opening equity shareholders' funds	405,631	233,281
	Closing equity shareholders' funds	<u>429,705</u>	<u>405,631</u>

Securicor Group Limited

NOTES TO THE FINANCIAL STATEMENTS

for the 15 months ended 31 December 2004

16 COMMITMENTS UNDER OPERATING LEASES

At 31 December 2004 the company had annual commitments under non-cancellable operating leases as follows:

	31 December 2004 £000	30 September 2003 £000
Land and buildings:		
within one year	-	24
after 5 years	-	779
	<hr/>	<hr/>
	-	803
Plant and equipment:		
within one year	-	151
between 1 and 2 years	-	117
between 2 to 5 years	-	76
	<hr/>	<hr/>
	-	344
	<hr/>	<hr/>

17 CONTINGENT LIABILITIES

- a) The company is included in a group registration for VAT purposes and is therefore jointly and severally liable for all other group companies' unpaid debts in this connection. The liability of the UK group registration at 31 December 2004 totalled £23,103,595.
- b) The company, together with certain other group companies, is jointly and severally liable under the terms of a guarantee provided in respect of a revolving credit loan facility granted to Group 4 Securicor plc, details of which are disclosed in the group accounts of Group 4 Securicor plc.

18 ULTIMATE PARENT COMPANY

The ultimate holding company of Securicor Group Limited is Group 4 Securicor plc, a company registered in England and Wales. Copies of the group accounts of Group 4 Securicor plc can be obtained from The Manor, Manor Royal, Crawley, West Sussex, RH10 9UN.

19 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in FRS8 that transactions do not need to be disclosed with companies 90% or more of whose voting rights are controlled within the group. All transactions with related parties are in the normal course of business.