



Orbis Property Protection Limited
Annual Report and Accounts 2006

For better communities



MISSION STATEMENT

Orbis is determined to be recognised as a European market leader in the provision of integrated property and security services.

It provides high quality and innovative services and delivers the benefits of partnering, including value for money and safer communities, through focusing on customer satisfaction.

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With 200 mobile teams, trained to carry out all services and certified by City & Guilds, Orbis is growing its business on the back of keen pricing and sound productivity.

OPERATIONAL HIGHLIGHTS

- Significant contracts won and retained across the Group
- Strategic focus on 'better outcome' solutions for social housing
- Core business in the UK stabilised and efficiency improvements delivering results

FINANCIAL HIGHLIGHTS

| | 18 months to 30 Sep 2006 £000 |
|--|-------------------------------------|
| Turnover | 37,715 |
| Operating profit | 3,034 |
| Profit on ordinary activities after taxation | 23,001 |
| Dividends paid | (20,000) |
| Retained profit for the financial period | 3,001 |
| Net assets | 32,722 |



Orbis Property Protection is a national company with operations across the UK



BUSINESS PROFILE

The original core business was the provision of void property protection – securing vacant



buildings using steel screens and doors or alarms – for social housing customers. These were originally local authorities and then registered social landlords as housing stock was transferred.



Government funding initiatives have traditionally had a key role in determining the growth of this business. In recent years, these initiatives have focused on increasing the pace of renewal or

refurbishment of housing stock, particularly to meet the 'Decent Homes' standard, and to reduce the stock of empty social housing. This has led to a short-term increase in the number of empty properties for demolition and a decline in the overall number of empty properties requiring protection.

Along with these changes, there has been a significant increase in the outsourcing of public services. Many suppliers to this market sector work under Public Finance Initiatives (PFI) and Public Private Partnerships (PPP) and we are repositioning Orbis with these organisations as a provider of a wider variety of services in the new social housing marketplace.

Orbis is now a preferred supplier to the National Housing Federation, London Housing Consortium and Northern Housing Consortium; an area where buying partnerships are growing rapidly. This allows



Empty property security

- Temporary alarms, advanced central alarm monitoring and fast response teams and patrols
- Security screens and Masterguard keyless access control and door security

Empty property services

- Clearing and cleaning re-let services
- Sharps and syringes removal, TB and hepatitis decontamination
- Body fluids and other hazardous waste removal
- Fumigation and disinfection, steam cleaning internal and external

Regeneration services

- Pre-demolition security
- Mobile patrols
- Graffiti removal
- Communal area cleaning
- Preparation for refurbishment

Orbis to present innovative social partnership proposals focused on community outcomes rather than merely the lowest input cost. Through our sponsorship of the Chartered Institute of Housing events, we ensure that we are fully up to date on policy developments.

Orbis Property Protection is a UK company, with its head office in Uxbridge and main branches in Glasgow, Belfast, Gateshead, Liverpool, Manchester, Bradford, Birmingham, Cardiff and Dartford. These locations give it the ideal base to provide a wide range of services across the country.

For a number of years, Orbis has been the market leader in the empty property security marketplace. With 200 mobile teams, trained to carry out all services and certified by the City & Guilds, Orbis is growing its business on the back of keen pricing and sound productivity tools.

The new regeneration service specifically aids repair and

maintenance companies and direct labour organisations, by outsourcing the low-cost, low-value works associated with the major regeneration projects to Orbis. This in turn gives them better productivity from their high-value skilled trades.

Orbis Response Centre, based in Cheshire, provides support to the UK business with a 24 hour / 7 day service, monitoring alarms and tracking our response to those alarms. It has exploited this technical expertise and experience to build a response service for third party customers, that includes emergency response, health and safety accident and incident reporting, and arranging emergency repair and maintenance.

The Response Centre is also the base of the lone worker protection business.

A new solution, Code 5, is now being introduced, which uses the individual's own mobile phone to provide a similar solution.



We are increasingly working with regeneration contractors to provide an integrated service



Ready to build on the firm foundations that have been created



Before



REVIEW OF OPERATIONS

Turnover was maintained despite aggressive price competition in the empty property protection business. Revenue from steel security continued to decline and represented less than half the UK turnover for the period. We are increasingly working with regeneration contractors to provide an integrated service, including stripping out old kitchens and bathrooms, cleaning and clearing, and introducing new services that can be delivered by our multi-skilled workforce.

In February 2006, we appointed a new operations director and new director of information. They have worked closely with the branch management to improve systems and processes and encourage change. Over the last eighteen months, a number of new branch management appointments have been made and the majority of these have been internal promotions. With improved communications and teamwork, particularly between branches, we are starting to reap the benefits of being a national business.

After



The last 18 months has been a period of significant change. The reorganisation is complete and the UK business is now ready to build on the firm foundations that have been created. This has resulted in an improvement in operating profit over the period as the positive benefits of the restructuring took effect.

We now need to build on this base and to develop the opportunities for growth fully. An interim sales and marketing director was appointed in August 2006, tasked with delivering a new, focused sales strategy and marketing approach. This will be implemented in the current financial year.



Response Centre

- 24/7 alarm monitoring
- Lone worker protection
- Response centre services
- Emergency plan management
- Help desk services

Fire Safety

- Installation of smoke detectors
- Home fire safety checks

Insurance Service

- Empty property insurance
- Authorised by the Financial Services Authority
- Transfer of risk

Although turnover remained steady, we have won a number of important contracts, particularly towards the end of the period, and the UK business is now showing positive signs of a return to growth. In the Northwest, winning the two-year 2020 Liverpool contract in early 2006 provided a turning point: further wins followed, including Bolton and South Liverpool. In Yorkshire, we regained the remaining part of the Kirklees contract and additional work with Doncaster was secured. Other significant contract wins, particularly in the Midlands and the Northeast, also contributed to the results.

The Response Centre, which provides monitoring services for the UK operation's alarm business, has developed its own income stream, providing a range of additional services for external customers. These services have been extended during the period to include emergency response,

health and safety accident and incident reporting, and arranging emergency repair and maintenance.

TECHNICAL DEVELOPMENTS

We continue to invest in improving our systems and products to meet the needs of our customers.

A new mobile job scheduling system was introduced during the period and is now being implemented throughout the UK. This system is based on a central database which holds information on the current location of all teams, via the vehicle tracking system and, it matches this with their skills and current work status, to allocate jobs appropriately. Each team uses a hand held computer (PDA) to complete electronic job sheets, updating the central database on a real time basis. This uses resources more efficiently and has already increased productivity.



We continue to invest in improving our systems and products to meet the needs of our customers



Orbis is increasingly working with regeneration contractors to provide an integrated service



In conjunction with the implementation of the mobile job scheduling system, we have developed a new web portal that allows customers to track the current status of any job directly on the live database.

We are also implementing a major improvement project on the principal TRAP alarm product. This will provide fewer spurious alarm calls, increasing the reliability of the alarm. Changes made to the base station unit software allows "sequential verification", giving greater confidence to the client that not only is the property protected but also the major assets within it.



LONE WORKER PROTECTION SOLUTIONS

Launched in March 2005, initial sales of the IdentiSafe solution proved disappointing, despite considerable support from Vodafone and the Office of Government Commerce. A simpler solution, Code 5, is now being marketed. This solution is platform independent and can be modified to provide protection for lone

workers on any mobile phone or PDA. The performance of this part of the business is currently under review to see whether the substantial customer interest is converted into firm commitments.

FINANCIAL REVIEW

In May 2006, the Company's ultimate parent company, Orbis PLC, announced that it had changed its reporting year end to 30 September. The Company also changed its year end reporting date to 30 September and the financial results for 2006 are therefore for an eighteen month period from 1 April 2005 to 30 September 2006.

The profit on ordinary activities after taxation for the eighteen month period was £23 million. This included income from the Company's subsidiary of £20 million, which represented a dividend payment which was immediately passed on as a dividend to Orbis PLC. The retained profit for the period was £3 million (2005: £2.8 million).



The new service range provides opportunities to help build cleaner, greener and safer communities

Other operating items comprise non-recurring charges, and increased in the period to £0.85 million. These included redundancy and exit costs associated with the reorganisation of the business and an impairment charge for an element of the IT project.

CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility is an inherent part of our business. In the UK, we are committed to helping improve the environments in which we work. The use of unsightly steel screens on empty properties is decreasing and the new service range provides opportunities to help to build cleaner, greener and safer communities.

Orbis is principally a service business and we recognise that our employees are our key resource. There is continual investment in training, both for management and the workforce. The introduction of the new City and Guilds

approved qualifications has proved successful, and the first employees have graduated through the first two levels.

Our policy is to support local communities by recruiting staff locally and we have recently agreed to offer employment opportunities to Remploy, a specialist recruitment service for disadvantaged people, where it is appropriate.

Working closely with the Health and Safety Executive during the period, we have completed the development of a new ladder winch system to address the issues of working at height. The new system was designed in-house and uses a triple and double pulley system to reduce the force needed to lift the screens by up to 80 per cent.



We have completed the development of a new ladder winch system to address the issue of working at height



DIRECTORS' REPORT

The directors present their report and audited financial statements for the period ended 30 September 2006.

RESULTS AND DIVIDEND

The results of the Company are discussed in the Business Review on pages 2 to 7. An interim dividend of £20 million was paid on 29 March 2006 to Orbis Plc, as sole B shareholder (see Note 9). The directors are not recommending the payment of a final dividend (31 March 2005: Nil).

REVIEW OF THE BUSINESS

The principal activity of Orbis Property Protection Limited is the provision of a range of services for the void property market in the UK. A full review of the group's business and the principal risks and uncertainties it faces are included in the Business Review on pages 2 to 7.

DIRECTORS AND DIRECTORS' INTERESTS

The directors who held office during the period and their interests in the share capital of the Company were as follows:

G L Cannon (resigned 30 Nov 2005)
 S J Crabb
 K D Fraser (resigned 4 Aug 2006)
 M H Holmes
 J K Jukes
 I P Mills
 M G Warriner (resigned 4 Aug 2006)
 B D Williams (resigned 3 Aug 2006)

According to the register of directors' interests none of the directors who held office at the end of the financial period had any disclosable interest in the shares of the Company.

The interests of Mr Holmes and Mr Jukes in the share capital of the ultimate parent undertaking, Orbis PLC, are disclosed in that company's accounts. No other directors had an interest in the share capital of the ultimate parent undertaking at 30 September 2006.

DISCLOSURE OF INFORMATION TO AUDITORS

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS AND ANNUAL GENERAL MEETING

Elective resolutions to dispense with holding annual general meetings, the laying of accounts before the company in general meeting and the appointment of auditors annually are currently in force. KPMG Audit Plc will therefore be deemed to have been reappointed as auditors at the end of the period of 28 days beginning with the day on which copies of this report and accounts are sent to members unless a resolution is passed under section 393 of the Companies Act 1985 to the effect that their appointment be brought to an end.

By order of the Board

PATRICIA F EMERY ACIS
 Company Secretary

106 Oxford Road
 Uxbridge
 UB8 1NA

7 March 2007



STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ORBIS PROPERTY PROTECTION LIMITED

We have audited the financial statements of Orbis Property Protection Limited for the period ended 30 September 2006, which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds and related notes. These financial statements have been prepared under the accounting policies set out therein.

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 auditor's 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 opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing the directors' report and, as described on page 9, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 the other information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent mis-statements or material inconsistencies with the financial statements.

BASIS OF AUDIT 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 mis-statement, 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, in accordance with UK Generally Accepted Accounting Practice, of the state of affairs of the company as at 30 September 2006 and of the profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985, and the information given in the Directors' Report is consistent with the financial statements.

KPMG AUDIT PLC

Chartered Accountants
Registered Auditor

8 Salisbury Square
London EC4Y 8BB

7 March 2007

**PROFIT AND LOSS ACCOUNT
FOR THE EIGHTEEN MONTHS ENDED 30 SEPTEMBER 2006**

| | Note | 18 months ended 30 September 2006 £000 | Year ended 31 March 2005 £000 |
|--|------|--|--|
| Turnover | 1 | 37,715 | 26,503 |
| Cost of sales | | (18,589) | (14,488) |
| Gross profit | | 19,126 | 12,015 |
| Administrative expenses (including operating exceptional items of £855,000 (2005: £472,000)) | 5 | (16,092) | (9,701) |
| Operating profit | 2-4 | 3,034 | 2,314 |
| Impairment of fixed asset investments | 12 | – | (15,582) |
| Income from shares in subsidiary undertakings | | 20,000 | 16,017 |
| Interest receivable and similar charges | 6 | – | 17 |
| Interest payable and similar charges | 7 | (33) | (6) |
| Profit on ordinary activities before taxation | | 23,001 | 2,760 |
| Tax on profit of ordinary activities | 8 | – | – |
| Profit for the financial period | | 23,001 | 2,760 |

The results above relate entirely to continuing activities.

A note of historical gains and losses has not been included as part of the financial statements as the results as disclosed in the profit and loss accounts are prepared on an unmodified historical cost basis.

There were no other gains and losses passing through the profit and loss for the year.

BALANCE SHEET

| | Note | As at 30 September 2006 £000 | As at 31 March 2005 £000 |
|---|------|------------------------------------|--------------------------------|
| Fixed assets | | | |
| Intangible assets | 10 | 11,200 | 12,643 |
| Tangible assets | 11 | 3,120 | 4,124 |
| Investments | 12 | 16,418 | 16,418 |
| | | 30,738 | 33,185 |
| Current assets | | | |
| Stocks | 13 | 233 | 485 |
| Debtors: including £20,186 (2005: £12,180) due after more than one year | 14 | 25,785 | 18,302 |
| Cash at bank and in hand | | 5 | 6 |
| | | 26,023 | 18,793 |
| Creditors: amounts falling due within one year | 15 | (5,684) | (5,322) |
| Net current assets | | 20,339 | 13,471 |
| Total assets less current liabilities | | 51,077 | 46,656 |
| Creditors: amounts falling due after more than one year | 16 | (18,355) | (16,935) |
| Net assets | | 32,722 | 29,721 |
| Capital and reserves | | | |
| Called up share capital | 19 | 1,202 | 1,202 |
| Capital redemption reserve | 20 | 1 | 1 |
| Profit and loss account | 20 | 31,519 | 28,518 |
| Shareholders' funds | | 32,722 | 29,721 |

These financial statements were approved by the board of directors on 7 March 2007 and were signed on its behalf by:

J JUKES

Director



**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
FOR THE EIGHTEEN MONTHS ENDED 30 SEPTEMBER 2006**

| | 2006 | 2005 |
|---|-----------------|-------------|
| | £000 | £000 |
| Profit for the financial period | 23,001 | 2,760 |
| Dividends on shares classified in Shareholders' Funds | (20,000) | – |
| Retained profit for the financial period | 3,001 | 2,760 |
| Opening shareholders' funds | 29,721 | 26,961 |
| Closing shareholders' funds | 32,722 | 29,721 |

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention, in accordance with the Companies Act 1985 and applicable accounting standards in the UK.

In these financial statements the following new standards have been adopted for the first time:

FRS 20 "Share based payments"

FRS 21 "Events after the balance sheet date"

The presentation requirements of FRS 25 "Financial instruments: presentation and disclosure"

FRS 28 "Corresponding amounts"

FRS 20, FRS 21 and FRS 25 have had no material effect on these financial statements. FRS 28 "Corresponding amounts" has had no material effect as it imposes the same requirements for comparatives as hitherto required by the Companies Act 1985.

Basis of preparation

The financial statements are prepared on a historical cost basis and in accordance with applicable accounting standards and with the requirements of the Companies Act 1985.

The company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of Orbis PLC, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Orbis PLC, within which this company is included, can be obtained from the address given in note 25.

The company is dependent on continuing finance being made available by its ultimate parent undertaking, Orbis PLC, to enable it to continue operating and to meet its liabilities as they fall due. At 30 September 2006, the company had inter group borrowings of £18,355,000 (2005:£16,933,000) and was owed £20,682,000 (2005:£12,700,000) by group companies. The directors have received an undertaking that group companies do not intend to seek immediate repayment of the debts outstanding.

The company is party to a cross-guarantee of the bank borrowings of its ultimate parent undertaking, Orbis PLC and its subsidiaries. At 30 September 2006, Orbis PLC and its subsidiaries had net bank borrowings of £46,265,000 (2005:£47,147,000). The Orbis PLC

NOTES TO THE FINANCIAL STATEMENTS*CONTINUED*

board has reasonable expectations that the group has adequate resources to continue in operation for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

Goodwill

Goodwill represents the excess of fair value of the cost of acquisition over the fair value of the net assets acquired. Positive goodwill arising on acquisitions is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life, up to a presumed maximum of 20 years. It is reviewed for impairment at the end of the first full financial year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable. If a subsidiary undertaking is subsequently sold, any goodwill arising on acquisition that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale.

Intangible fixed assets

Intellectual property is valued at historical cost and has been amortised on a straight line basis over a useful economic life of 2 years.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is defined as invoice price.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the time of acquisition, of each asset over its expected useful life as follows:

| | | |
|--|---|-----------------------|
| Leasehold improvements | – | life of the lease |
| Plant and machinery | – | 15%-25% straight line |
| Fixtures and fittings | – | 25%-33% straight line |
| Motor vehicles | – | 25% straight line |
| Computer equipment | – | 33% straight line |
| Application software and development costs | – | 20% straight line |

Investments

Investments in subsidiary undertakings are stated at cost less amounts written off.

Deferred taxation

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

1 ACCOUNTING POLICIES CONTINUED**Leases**

The accounting policy adopted in respect of leased assets depends on the classification of the underlying lease as either a finance lease or an operating lease. Assets leased under a finance lease, which are leases where substantially all the risks and rewards of ownership have passed to the company, are treated as fixed assets and depreciated in accordance with company policy. Interest costs under finance leases are expensed at a constant periodic rate of charge on the outstanding amount. Rental charges in respect of assets leased under an operating lease are apportioned on a straight line basis and expensed over the period of the lease.

Pensions

The company makes contributions to group pension plans of certain of its employees, the cost of which is expensed as incurred.

Turnover

Turnover, which is stated net of value added tax, represents the rental income from assets leased under operating leases and the provision of other goods and services connected with void property protection that have been invoiced to third parties. Rental income is recognised on a straight line basis over the term of the lease. Turnover from the provision of other goods and services is recognised at the time that the goods and services are provided. All turnover is generated in the UK.

Dividends

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet this criteria are disclosed in the notes to the financial statements.

Intra-group guarantees

The company has not adopted amendments to FRS 26 in relation to financial guarantee contracts which will apply for periods commencing on or after 1 January 2006. Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements, and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

The company does not expect the amendments to have any impact on the financial statements for the period commencing 1 October 2006.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

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2 NOTES TO THE PROFIT AND LOSS ACCOUNT

| | 18 months ended 30 September 2006 £000 | Year ended 31 March 2005 £000 |
|--|--|--|
| Profit on ordinary activities before taxation is stated after charging/(crediting): | | |
| Amortisation of goodwill | 1,443 | 962 |
| Depreciation on tangible fixed assets: | | |
| – owned | 1,768 | 2,216 |
| – leased | 2 | 10 |
| Impairment of tangible fixed assets | 250 | – |
| Operating lease rentals: | | |
| – other | 2,298 | 1,855 |
| – land and buildings | 1,123 | 729 |
| Reversal of past impairment | – | (98) |
| Group debts waived | – | (1,620) |

The auditors' remuneration has been borne by Orbis PLC in 2006 and 2005.

3 DIRECTORS' EMOLUMENTS

| | 18 months ended 30 September 2006 £000 | Year ended 31 March 2005 £000 |
|--|--|--|
| Directors' emoluments | 664 | 348 |
| Compensation for loss of office | 185 | – |
| Pension contributions | 66 | 39 |
| | 915 | 387 |
| | No. | No. |
| Members of defined contribution pension scheme | 5 | 5 |

The amounts in respect of the highest paid director are as follows:

| | 18 months ended 30 September 2006 £000 | Year ended 31 March 2005 £000 |
|---|--|--|
| Director's emoluments | 212 | 93 |
| Company contributions paid to defined contribution pension scheme | 22 | 9 |

18 **NOTES TO THE FINANCIAL STATEMENTS**
CONTINUED

4 STAFF NUMBERS AND COSTS

The average monthly number of employees (including directors) during the year analysed by category was as follows:

| | Number of employees | |
|--------------------------|--|--------------------------------|
| | 18 months ended 30 September 2006 | Year ended 31 March 2005 |
| Sales and administration | 132 | 155 |
| Operational staff | 314 | 405 |
| | 446 | 560 |

The aggregate payroll costs of these persons were as follows:

| | 2006 £000 | 2005 £000 |
|-----------------------|---------------|---------------|
| Wages and salaries | 14,380 | 11,285 |
| Social security costs | 1,378 | 1,173 |
| Pension costs | 297 | 213 |
| | 16,055 | 12,671 |

5 OTHER OPERATING ITEMS

The other operating items comprise:

| | 18 months ended 30 September 2006 £000 | Year ended 31 March 2005 £000 |
|-----------------------------------|--|--|
| Business restructuring | (855) | (136) |
| Leased vehicle dilapidation costs | – | (336) |
| | (855) | (472) |

Business restructuring includes redundancy and exit costs associated with the reorganisation and an impairment charge for an element of the I.T. project.

6 INTEREST RECEIVABLE AND SIMILAR CHARGES

| | 18 months ended 30 September 2006 £000 | Year ended 31 March 2005 £000 |
|---------------|--|--|
| Exchange gain | – | 17 |

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

7 INTEREST PAYABLE AND SIMILAR CHARGES

| | 18 months ended 30 September 2006 £000 | Year ended 31 March 2005 £000 |
|--|--|--|
| Finance charges payable under finance leases and hire purchase contracts | – | 1 |
| Other interest payable | 31 | 5 |
| Exchange loss | 2 | – |
| | 33 | 6 |

8 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

| | 18 months ended 30 September 2006 £000 | Year ended 31 March 2005 £000 |
|--|--|--|
| UK corporation tax | | |
| Current tax on income for the year | – | – |
| Adjustment in respect of prior periods | – | – |
| Total current tax | – | – |

Factors affecting tax credit for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

| | 18 months ended 30 September 2006 £000 | Year ended 31 March 2005 £000 |
|---|--|--|
| Profit on ordinary activities before tax | 23,001 | 2,760 |
| Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% | 6,900 | 828 |
| Effects of: | | |
| Disallowed expenses and non taxable income (including goodwill amortisation) | (5,554) | (268) |
| Depreciation in excess of capital allowances for the period | 534 | 650 |
| Other short term timing differences | 30 | (21) |
| Group relief | (1,910) | (1,189) |
| Current tax for the period | – | – |

Factors that may affect future tax charges

The tax losses of the company amounted to £nil (2005 £nil) to be relieved against future taxable profits.

20 **NOTES TO THE FINANCIAL STATEMENTS**
CONTINUED

9 DIVIDENDS

| | 18 months ended 30 September 2006 £000 | Year ended 31 March 2005 £000 |
|-------------------------------------|--|--|
| Equity dividends on ordinary shares | 20,000 | – |

The company's Articles of Association permit directors to pay dividends to either class or both classes of shareholders. A £20,000,000 dividend payable to Orbis PLC as the holder of the single issued B share was declared and paid on 28 March 2006. This was to transfer distributable reserves through the company to its ultimate holding company. A dividend of £20,000,000 was received from Sitex Security Products Ltd, a wholly owned subsidiary, on the same day.

10 INTANGIBLE FIXED ASSETS

| | Goodwill £000 | Intellectual property £000 | Total £000 |
|-----------------------------|------------------|----------------------------------|---------------|
| Cost | | | |
| At 31 March 2005 | 18,729 | 877 | 19,606 |
| At 30 September 2006 | 18,729 | 877 | 19,606 |
| Amortisation | | | |
| At 31 March 2005 | 6,086 | 877 | 6,963 |
| Charge for the period | 1,443 | – | 1,443 |
| At 30 September 2006 | 7,529 | 877 | 8,406 |
| Net book value | | | |
| At 30 September 2006 | 11,200 | – | 11,200 |
| At 31 March 2005 | 12,643 | – | 12,643 |

The goodwill arose on the hive up of Hi-Security's trade and assets into Orbis Property Protection in November 1998.

The intangible asset relates to all the intellectual property rights attaching inter alia to both the OASIS and PortAlarm MkII alarm control units that were acquired in June 2001.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

11 TANGIBLE FIXED ASSETS

| | Leasehold land and buildings £000 | Plant, machinery, fixtures, fittings and motor vehicles £000 | Computer equipment and software £000 | Total £000 |
|---|--|--|--|---------------|
| Cost | | | | |
| At 31 March 2005 | 515 | 15,244 | – | 15,759 |
| Additions | 6 | 475 | 552 | 1,033 |
| Transfer from group undertakings | – | 13 | – | 13 |
| Transfer to group undertakings | – | (353) | – | (353) |
| Reclassification | – | (3,030) | 3,030 | – |
| Disposals | – | (1,660) | (122) | (1,782) |
| At 30 September 2006 | 521 | 10,689 | 3,460 | 14,670 |
| Depreciation | | | | |
| At 31 March 2005 | 220 | 11,415 | – | 11,635 |
| Provided during the year | 106 | 1,444 | 220 | 1,770 |
| Impairment (see note 5 – other operating items) | – | – | 250 | 250 |
| Transfers to group undertakings | – | (341) | – | (341) |
| Disposals | – | (1,115) | 1,115 | – |
| Disposals | – | (1,648) | (116) | (1,764) |
| At 30 September 2006 | 326 | 9,755 | 1,469 | 11,550 |
| Net book value | | | | |
| At 30 September 2006 | 195 | 934 | 1,991 | 3,120 |
| At 31 March 2005 | 295 | 3,829 | – | 4,124 |

The net book value of the company's plant, fixtures, fittings and motor vehicles at 30 September 2006 includes £nil (2005: £2,000) in respect of assets held under finance leases and hire purchase contracts.

The net book value of assets rented out under operating leases at 30 September 2006 was £849,000 (2005: £1,837,000).

Included in "Computer equipment and software" are application software and development costs at net book value of £1.86 million as at 30 September 2006 (2005: £1.43 million).

The impairment charge related to business restructuring activities.

22 **NOTES TO THE FINANCIAL STATEMENTS**
CONTINUED

12 INVESTMENTS

| | Subsidiary Undertakings £000 |
|---|------------------------------------|
| Cost | |
| At 31 March 2005 and at 30 September 2006 | 32,000 |
| Impairment | |
| At 31 March 2005 | 15,582 |
| Written off | – |
| | 15,582 |
| Net Book Value | |
| At 30 September 2006 | 16,418 |
| At 31 March 2005 | 16,418 |

The companies in which the company's interest at the year end is more than 20% are as follows:

| Company | Country of incorporation | Percentage of shares held | Principal activities |
|---|-----------------------------|------------------------------|-------------------------|
| Beckett Investments Limited | England | 100 | Holding company |
| Sitex Security Products Limited | England | 100 | Non Trading |
| Multi Secure Void Property Protection Limited | England | 30 | Dormant |

13 STOCKS

| | At 30 September 2006 £000 | At 31 March 2005 £000 |
|-------------|------------------------------------|-----------------------------|
| Consumables | 233 | 485 |

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

14 DEBTORS

| | At 30 September 2006 £000 | At 31 March 2005 £000 |
|--|------------------------------------|-----------------------------|
| Amounts falling due within one year | | |
| Trade debtors | 3,907 | 4,438 |
| Amounts owed by group undertakings | 504 | 523 |
| Other debtors | 44 | 116 |
| Prepayments and accrued income | 1,144 | 1,045 |
| | 5,599 | 6,122 |
| Amounts falling due in more than one year | | |
| Amounts owed by group undertakings | 20,178 | 12,177 |
| Prepayments and accrued income | 8 | 3 |
| | 20,186 | 12,180 |

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | At 30 September 2006 £000 | At 31 March 2005 £000 |
|--|------------------------------------|-----------------------------|
| Bank overdraft | 1,268 | 1,448 |
| Obligations under finance leases and hire purchase contracts (note 17) | – | 3 |
| Trade creditors | 1,440 | 904 |
| Other taxes and social security costs | 1,073 | 1,258 |
| Other creditors | 468 | 164 |
| Accruals and deferred income | 1,435 | 1,545 |
| | 5,684 | 5,322 |

16 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | At 30 September 2006 £000 | At 31 March 2005 £000 |
|--|------------------------------------|-----------------------------|
| Amounts owed to group undertakings | 18,355 | 16,933 |
| Obligations under finance leases and hire purchase contracts (note 17) | – | 2 |
| | 18,355 | 16,935 |

24 **NOTES TO THE FINANCIAL STATEMENTS**
CONTINUED

17 OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

The maturity obligations under finance leases and hire purchase contracts are as follows:

| | At 30 September 2006 £000 | At 31 March 2005 £000 |
|----------------------|------------------------------------|-----------------------------|
| Within one year | – | 3 |
| In two to five years | – | 2 |
| | – | 5 |

18 DEFERRED TAXATION

The elements of deferred taxation are as follows.

Deferred taxation assets not provided are as follows:

| | Not provided | |
|--|------------------------------------|-----------------------------|
| | At 30 September 2006 £000 | At 31 March 2005 £000 |
| Excess of capital allowances over depreciation | 4,998 | 4,382 |
| Other timing differences | 57 | 34 |
| | 5,055 | 4,416 |

Deferred tax assets are recognised only to the extent that the directors consider it more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted. The company did not recognise a deferred taxation asset in the year due to the uncertainty as to the timing of the realisation of the asset.

There are no unprovided deferred taxation liabilities.

19 CALLED UP SHARE CAPITAL

| | At 30 September 2006 £000 | At 31 March 2005 £000 |
|---|------------------------------------|-----------------------------|
| Authorised | | |
| 1,299,999 ordinary shares of £1 each | 1,300 | 1,300 |
| 1 ordinary 'B' share | – | – |
| Allotted, called up and fully paid | | |
| 1,201,801 ordinary shares of £1 each | 1,202 | 1,202 |
| 1 ordinary 'B' share | – | – |

The 'B' share carries no voting rights. Dividends may be paid to either class or both classes of shareholders. On a winding up of the company, the 'B' shareholder shall not be entitled to any payment unless and until the holders of the ordinary shares shall have received the sum of £1 million in respect of each ordinary share they hold.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

25

20 RESERVES

| | Capital redemption reserve £000 | Profit and loss account £000 |
|--------------------------------|--|---------------------------------------|
| At 1 April 2005 | 1 | 28,518 |
| Retained profit for the period | – | 3,001 |
| At 30 September 2006 | 1 | 31,519 |

21 OTHER FINANCIAL COMMITMENTS

Annual commitments under non-cancellable operating leases are as follows:

| | Land and buildings | | Other | |
|---------------------------------------|---------------------------------|-----------------------------|---------------------------------|-----------------------------|
| | 30 September 2006 £000 | 31 March 2005 £000 | 30 September 2006 £000 | 31 March 2005 £000 |
| Operating leases which expire: | | | | |
| Within one year | 150 | 49 | 117 | 287 |
| In two to five years | 344 | 345 | 475 | 621 |
| In over five years | 99 | 202 | – | 1 |
| | 593 | 596 | 592 | 909 |

22 CAPITAL COMMITMENTS

Capital commitments at the end of the financial year for which no provision has been made are as follows:

| | 30 September 2006 £000 | 31 March 2005 £000 |
|------------|---------------------------------|--------------------------|
| Contracted | 74 | 99 |

23 CONTINGENT LIABILITIES

The company is party to a cross-guarantee of the bank borrowings of Orbis PLC. At 30 September 2006, Orbis PLC had net bank borrowings of £46,265,000 (2005: £47,147,000).

26 **NOTES TO THE FINANCIAL STATEMENTS**
CONTINUED

24 PENSION SCHEME

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £297,000 (2005: £213,000).

Contributions amounting to £17,000 (2005: £23,000) were payable to the scheme and included in creditors.

25 PARENT UNDERTAKING AND CONTROLLING PARTY

The company's parent undertaking at the year end was Orbis Holdings I Limited. The ultimate parent undertaking of the largest and smallest group of undertakings for which group accounts are drawn up and of which the company is a member is Orbis PLC, registered in England and Wales. Copies of Orbis PLC's accounts can be obtained from 106 Oxford Road, Uxbridge, Middlesex, UB8 1NA. In the directors' opinion, Orbis PLC is the company's controlling party.

CONTACT DETAILS

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