

Interphone (Sentrymatic) Limited

Report and Financial Statements

31 March 2006



Interphone (Sentrymatic) Limited

Registered No: 01971636

Directors

I Aziz
P C Cammidge
M H Jankowski
J J Synett

Secretary

J M Carr

Auditors

Ernst & Young LLP
1 More London Place
London
SE1 2AF

Bankers

Bank of Scotland
PO Box 267
38 Threadneedle Street
London
EC2P 2EM

Registered office

12-22 Herga Road
Wealdstone
Harrow
Middlesex
HA3 5AS

Statement of directors' responsibilities

The directors present their report and financial statements for the year ended 31 March 2006.

Results and dividends

The profit for the year after taxation amounted to £1,380,300 (2005 – restated profit of £879,030). The directors do not recommend a final dividend.

Principal activity, review of the business and future developments

The company's principal activity during the year continued to be the supply, installation and maintenance of internal communication, CCTV surveillance security, door entry equipment and related systems on long term rental and outright sale principally to the building industry, property management companies and local authorities.

The directors are satisfied with the company's results for the year and its prospects. The company will continue to pursue its principal activity.

Financial instruments, liquidity and credit risks

The company's financial instruments, liquidity, cash flows and credit risks are managed on a group basis by the company's parent undertaking, Roadweald Limited. Full details of the policies are detailed in the financial statements of the parent undertaking.

Directors and their interests

The directors who served the company during the year were as follows:

| | |
|------------------------------|-----------------------------|
| M M Steinbock BSc (Hons) | -resigned 14 October 2005 |
| C B Steinbock | -resigned 31 December 2006 |
| R Metzger FCA | -resigned 14 October 2006 |
| I Aziz (Sales) | -appointed 1 September 2006 |
| P Cammidge | -appointed 1 September 2006 |
| M H Jankowski | -appointed 14 October 2005 |
| J J Synett (Chief Executive) | -appointed 14 October 2005 |

The directors do not have any interests required to be disclosed under Section 7, Schedule 2, of the Companies Act 1985. The interests of the directors in the ordinary share capital of the parent company, Roadweald Limited, are disclosed in the financial statements of that company.

Auditors

Ernst & Young LLP were appointed by the directors as the auditors during the year. A resolution to reappoint them as auditors will be put to the members at the Annual General Meeting.

Statement of directors' responsibilities

Directors' statement as to disclosure of information to auditors

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that:

- To the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware; and
- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board



J J Synett
Director

31 January 2007

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 these 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 UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 that 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 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 Interphone (Sentrymatic) Limited

We have audited the company's financial statements for the year ended 31 March 2006 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 14. These financial statements have been prepared on the basis of 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 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 opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, are properly prepared in accordance with the Companies Act 1985, and whether the information given in the Directors' Report is consistent with the financial statements.

We also report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

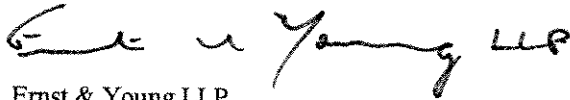
Independent auditors' report

to the members of Interphone (Sentrymatic) Limited (continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company as at 31 March 2006 and of its profit for the year then ended;
- the financial statements 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.



Ernst & Young LLP
Registered Auditor
London

31 January 2007

Profit and loss account

for the year ended 31 March 2006

| | <i>Notes</i> | <i>2006</i> £ | <i>Restated</i> <i>2005</i> £ |
|------------------------------------------------------|--------------|--------------------------|-------------------------------------|
| Turnover | | | |
| Cost of sales | 2 | 3,120,771 (1,122,197) | 2,834,506 (1,147,362) |
| Gross profit | | <u>1,998,574</u> | <u>1,687,144</u> |
| Administrative expenses | | (356,024) | (808,114) |
| Profit on ordinary activities before taxation | 3 | <u>1,642,550</u> | <u>879,030</u> |
| Taxation | 5 | (262,250) | – |
| Profit for the financial year | | <u><u>1,380,300</u></u> | <u><u>879,030</u></u> |

Statement of total recognised gains and losses

There are no recognised gains or losses other than the profit of £1,380,300 attributable to the shareholders for the year ended 31 March 2006 (2005 – restated profit of £879,030).

Balance sheet

at 31 March 2006

| | <i>Notes</i> | <i>2006</i> £ | <i>Restated</i> <i>2005</i> £ |
|-------------------------------------------------------|--------------|------------------|-------------------------------------|
| Current assets | | | |
| Stocks | 6 | 663,122 | 452,898 |
| Debtors - due after more than one year | 7 | 3,870,900 | 3,331,257 |
| Debtors- due within one year | 7 | 2,181,754 | 852,950 |
| Cash at bank and in hand | | 13 | 14 |
| | | <u>6,715,789</u> | <u>4,637,119</u> |
| Creditors: amounts falling due within one year | 8 | (1,454,140) | (1,018,020) |
| Provisions for liabilities and charges | | | |
| Deferred taxation | 9 | (262,250) | - |
| | | <u>4,999,399</u> | <u>3,619,099</u> |
| Capital and reserves | | | |
| Called up share capital | 10 | 3,351,001 | 3,351,001 |
| Profit and loss account | 11 | 1,648,398 | 268,098 |
| | | <u>4,999,399</u> | <u>3,619,099</u> |
| Shareholders' funds | 11 | <u>4,999,399</u> | <u>3,619,099</u> |

The financial statements were approved by the Board on 31 January 2007


J J Synett

Director

Notes to the financial statements

at 31 March 2006

1. Accounting policies

Accounting convention

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

Change in accounting policy

In preparing the financial statements for the current year, the directors have reviewed the accounting policies in respect of revenue recognition and the valuation of work in progress. The review has resulted in changes in accounting policy. The effects of the changes in accounting policy, including the prior year adjustment, are set out in note 12.

Statement of cash flows

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking of a company producing publicly available group financial statements.

Stocks

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value as follows:

Work in progress - cost of direct materials and labour

Previously the valuation of work in progress included an apportionment of overheads.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exception:

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

Income derived from finance leases

Equipment leased under finance leases in accordance with SSAP 21 is deemed to be sold at normal end user selling prices, and is included in turnover at the inception of the lease. Income from finance leases (after deducting the proportion attributable to maintenance) is recognised over the primary period of the lease so as to give a constant rate of return.

Income derived from maintenance services

Income derived from maintenance contracts is accrued on a straight line basis over the term of the contract. Other maintenance income is recognised on provision of the service.

Income derived from outright sales

Income derived from outright sales is recognised on delivery or completion of installation. Previously income had been recognised on an invoiced basis.

Notes to the financial statements

at 31 March 2006

1. Accounting policies (continued)

Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

2. Turnover

Turnover, which is stated net of value added tax and is generated wholly in the United Kingdom, represents amounts invoiced to third parties in respect of the group's continuing activity as stated in the directors' report.

An analysis of turnover by class of business is given below:

| | 2006 | <i>Restated</i> 2005 |
|----------------------------|------------------|-------------------------|
| | £ | £ |
| Income from finance leases | 1,492,560 | 1,761,946 |
| Income from maintenance | 157,385 | 78,878 |
| Outright sales | 1,446,168 | 970,979 |
| Trade and sundry sales | 24,658 | 22,703 |
| | <u>3,120,771</u> | <u>2,834,506</u> |

3. Profit on ordinary activities before taxation

This is stated after charging:

| | 2006 | 2005 |
|------------------------|---------------|---------------|
| | £ | £ |
| Auditors' remuneration | 17,500 | 11,500 |
| | <u>17,500</u> | <u>11,500</u> |

4. Directors' remuneration and staff costs

Directors receive emoluments from another group company, Interphone Limited. No amounts are specifically recharged to the company in respect of their services as directors so it is not possible to state their aggregate emoluments.

Similarly, staff costs are borne by Interphone Limited and no amounts are specifically recharged to the company in respect of these costs.

Notes to the financial statements

at 31 March 2006

5. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

| | 2006 | 2005 |
|---------------------------------------------------------|---------|------|
| | £ | £ |
| <i>Current tax:</i> | | |
| UK corporation tax on the profit for the year | - | - |
| Total current tax (note 5(b)) | - | - |
| <i>Deferred tax:</i> | | |
| Origination and reversal of timing differences (note 9) | 262,250 | - |
| Total tax charge for year | 262,250 | - |

(b) Factors affecting the current tax for the year:

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 30% (2005 - 30%). The differences are explained below:

| | 2006 | <i>Restated</i> 2005 |
|------------------------------------------------------------------------------------------------------------|-----------|-------------------------|
| | £ | £ |
| Profit on ordinary activities before tax | 1,642,550 | 879,030 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2005 - 30%) | 492,765 | 263,709 |
| <i>Effects of:</i> | | |
| Non-taxable income | (177,247) | (85,998) |
| Capital allowances in excess of depreciation | (6,751) | - |
| Utilisation of tax losses | (308,767) | (240,871) |
| Prior year adjustment | - | 63,160 |
| Current tax for the year (note 5(a)) | - | - |

Notes to the financial statements

at 31 March 2006

6. Stocks

| | 2006 | <i>Restated</i> 2005 |
|------------------|---------|-------------------------|
| | £ | £ |
| Work in progress | 663,122 | 452,898 |

7. Debtors

| | 2006 | 2005 |
|-----------------------------------------------------------------|-----------|-----------|
| | £ | £ |
| Trade debtors | 611,593 | 586,902 |
| Amount owed by group undertakings | 1,431,999 | 161,899 |
| Net investment in finance leases – due in one year | 138,162 | 104,149 |
| Debtors: amounts falling due within one year | 2,181,754 | 852,950 |
| Net investment in finance leases – due after more than one year | 3,870,900 | 3,331,257 |
| | 6,052,654 | 4,184,207 |

8. Creditors: amounts falling due within one year

| | 2006 | <i>Restated</i> 2005 |
|------------------------------------|-----------|-------------------------|
| | £ | £ |
| Other creditors | 7,500 | 7,500 |
| Accruals and deferred income | 1,389,671 | 953,551 |
| Amounts owed to group undertakings | 56,969 | 56,969 |
| | 1,454,140 | 1,018,020 |

9. Provisions for liabilities and charges

Deferred taxation provided in the financial statements is as follows:

| | 2006 | 2005 |
|-----------------------------------------------|-----------|------|
| | £ | £ |
| Capital allowances in advance of depreciation | 475,000 | – |
| Tax losses | (42,750) | – |
| Undiscounted provision for deferred tax | 432,250 | – |
| Discount | (170,000) | – |
| Discounted provision for deferred tax | 262,250 | – |

There are no unprovided deferred tax balances in the current year. In the previous year, an undiscounted deferred tax liability of £300,000 in respect of accelerated capital allowances was not provided due to the availability of an unprovided deferred tax asset of £350,000 in respect of tax losses.

Notes to the financial statements

at 31 March 2006

9. Provisions for liabilities and charges (continued)

| | £ |
|-------------------------------------------------------------------------|----------------|
| At 1 April 2005 | – |
| Deferred tax charge in profit and loss account for the year (note 5(a)) | 262,250 |
| At 31 March 2006 | <u>262,250</u> |

10. Share capital

| | 2006 £ | <i>Authorised</i> 2005 £ |
|----------------------------|-----------|--------------------------------|
| Ordinary shares of £1 each | 3,351,001 | <u>3,351,001</u> |

| | No. | 2006 £ | No. | 2005 £ |
|----------------------------|-----------|-----------|-------------------------------------------|------------------|
| | | | <i>Allotted, called up and fully paid</i> | |
| Ordinary shares of £1 each | 3,351,001 | 3,351,001 | 3,351,001 | <u>3,351,001</u> |

11. Reconciliation of shareholders' funds and movements on reserves

| | <i>Share</i> <i>capital</i> £ | <i>Profit and</i> <i>loss account</i> £ | <i>Total</i> £ |
|---------------------------------------|-------------------------------------|-----------------------------------------------|-------------------|
| At 1 April 2004 | 3,351,001 | (610,932) | 2,740,069 |
| Profit for the year | – | 1,089,564 | 1,089,564 |
| At 31 March 2005 as previously stated | <u>3,351,001</u> | <u>478,632</u> | <u>3,829,633</u> |
| Prior year adjustment | – | (210,534) | (210,534) |
| At 31 March 2005 as restated | <u>3,351,001</u> | <u>268,098</u> | <u>3,619,099</u> |
| Profit for the year | – | 1,380,300 | 1,380,300 |
| At 31 March 2006 | <u>3,351,001</u> | <u>1,648,398</u> | <u>4,999,399</u> |

Notes to the financial statements

at 31 March 2006

12. Changes in accounting policy

In preparing the financial statements for the current year, the directors have reviewed the accounting policies in respect of revenue recognition and the valuation of work in progress. The review has resulted in changes in accounting.

Comparative figures have been restated in respect of these changes. The changes in accounting policy have the following effect on the profit and loss account and the balance sheet:

Profit and loss account

| | 2006 £ | 2005 £ |
|-------------------------------|---------------|------------------|
| Revenue recognition | 69,395 | (69,395) |
| Valuation of work in progress | (37,030) | (141,139) |
| | <u>32,365</u> | <u>(210,534)</u> |

Balance sheet

| | 2005 £ |
|----------------------------------------------------|------------------|
| Opening shareholders' funds as previously reported | 3,829,633 |
| Revenue recognition | (69,395) |
| Valuation of work in progress | (141,139) |
| | <u>3,619,099</u> |

13. Related party transactions

The company has taken advantage of the exemptions available under FRS 8 not to disclose transactions with group companies, where consolidated financial statements are publicly available. No other transactions which require disclosure by FRS8 took place during the year.

14. Ultimate controlling party

The company is a wholly owned subsidiary of Interphone Security Group Limited, the immediate parent company, which is the smallest group for which consolidated financial statements are drawn up. The intermediate parent company is Roadweald Limited, which is the largest group for which consolidated financial statements are drawn up. Copies of the consolidated financial statements for both groups are available from 12-22 Herga Road, Wealdstone, Harrow, Middlesex HA3 5AS. The ultimate controlling party is the Tchenguiz Family Trust by virtue of its shareholding in the ultimate parent company, Amora Limited.