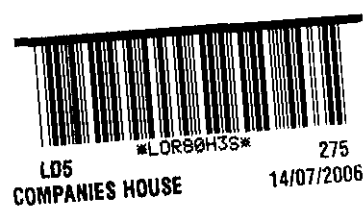


G4S Justice Services Limited
(formerly Securicor Justice Services Limited)

REPORT AND FINANCIAL STATEMENTS

for the year ended
31 December 2005



G4S Justice Services Limited

DIRECTORS AND OFFICERS

DIRECTORS

J Darnton
DJB Taylor-Smith
I Ward

SECRETARY

N Richards

REGISTERED OFFICE

Sutton Park House
15 Carshalton Road
Sutton
Surrey SM1 4LD

AUDITORS

Baker Tilly
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

G4S Justice Services Limited

DIRECTORS' REPORT

The directors submit their report and the financial statements of G4S Justice Services Limited for the year ended 31 December 2005.

CHANGE OF NAME

On 1 June 2005 the company's name was changed from Securicor Justice Services Limited to G4S Justice Services Limited.

PRINCIPAL ACTIVITIES

The principal activities of the company are those of prisoner escort and court custody services and prison management operations.

REVIEW OF THE BUSINESS

The directors consider that the state of the company's affairs at 31 December 2005 was satisfactory. These accounts include the company's first period of trading under its new Electronic Monitoring and Immigration contracts, which commenced in April and May 2005 respectively.

RESULTS AND DIVIDENDS

The results for the year are set out in the profit and loss account on page 6.

The directors do not recommend the payment of a dividend (2004: £11,073,239).

DIRECTORS

The following directors have held office since 1 January 2005

J Darnton
DJB Taylor-Smith
I Ward

DIRECTORS' SHARE OPTIONS

The following shares were granted during the year to the directors, who are not also holding company directors, under the Securicor Executive Share Options Scheme (for further details see the Annual Report and Accounts of Group 4 Securicor plc).

	Number of options granted
DJB Taylor-Smith	30,000
J Darnton	15,000

G4S Justice Services Limited

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN SHARES

None of the directors, who are not holding company directors, have interests, including family interests, in the share capital of the parent company, Group 4 Securicor plc.

PAYMENT OF SUPPLIERS

It is the company's policy to pay suppliers in accordance with the payment terms negotiated with them. Thus, prompt payment is normally made to those suppliers meeting their obligations. The number of creditor days at 31 December 2005 was 32.

EMPLOYEE INVOLVEMENT

The company keeps employees informed on a regular basis of current activities, progress and general matters of interest by various methods including:

- a) the holding of regular regional and branch meetings with the Staff Association;
- b) the circulation on an individual basis of an annual report to employees and the company's in-house newsletter.

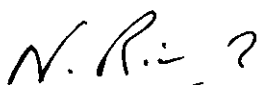
DISABLED PERSONS

The company's policy and practice is to encourage the recruitment and subsequent training, career development and promotion of disabled persons according to their aptitudes and abilities, and the retention and retraining of employees who become disabled.

AUDITORS

In accordance with section 386, Companies Act 1985, the company has elected to dispense with the obligation to appoint auditors annually. Accordingly Baker Tilly, Chartered Accountants, are deemed to be reappointed for the succeeding financial year.

By order of the board



N Richards
Secretary

G4S Justice Services Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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 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 G4S JUSTICE SERVICES 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 (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 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 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.

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 the company's affairs at 31 December 2005 and of its profit for the year 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

16 May 2006

G4S Justice Services Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2005

	Notes	Year ended 31 December 2005 £	15 month period ended 31 December 2004 £
TURNOVER	1	91,959,408	104,734,097
Cost of sales		(79,704,274)	(79,571,560)
Gross profit		12,255,134	25,162,537
Administration expenses		(10,560,771)	(11,154,762)
OPERATING PROFIT		1,694,363	14,007,775
Investment income (net)	2	646,179	1,017,940
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	2,340,542	15,025,715
Taxation	5	(1,182,753)	(4,047,781)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,157,789	10,977,934
Dividends	6	-	(11,073,249)
RETAINED PROFIT/(LOSS)	15	1,157,789	(95,315)

The operating profit for the year arises 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.

G4S Justice Services Limited

BALANCE SHEET

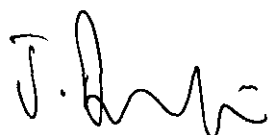
31 December 2005

	Notes	31 December 2005 £	31 December 2004 £
FIXED ASSETS			
Intangible assets	7	-	13,806
Tangible assets	8	2,912,597	2,684,392
Investments	9	30,301	5,002
		<u>2,942,898</u>	<u>2,703,200</u>
CURRENT ASSETS			
Stocks	10	156,776	175,366
Debtors	11	24,460,874	17,301,011
Bank and cash		3,546,474	1,517,286
		<u>28,164,124</u>	<u>18,993,663</u>
CREDITORS: Amounts falling due within one year	12	(23,838,536)	(15,586,166)
NET CURRENT ASSETS		<u>4,325,588</u>	<u>3,407,497</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>7,268,486</u>	<u>6,110,697</u>
CAPITAL AND RESERVES			
Called up share capital	14	1,500,000	1,500,000
Profit and loss account	15	5,768,486	4,610,697
EQUITY SHAREHOLDERS' FUNDS	16	<u>7,268,486</u>	<u>6,110,697</u>

Debtors and net current assets include amounts receivable in more than one year totalling £6,787,279 (2004: £5,728,715).

These financial statements on pages 6 to 17 were approved by the board of directors and authorised for issue on 16 May 2006 and signed on its behalf by:

J Darnton Director



G4S Justice Services Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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

INTANGIBLE FIXED ASSETS

Intangible fixed assets relates to expenses incurred on a communications upgrade project undertaken in the electronic monitoring service (EMS) department.

Amortisation is provided on all intangible fixed assets to write them off over the original remaining life of the EMS project.

TANGIBLE FIXED ASSETS

Fixed assets are stated at historic 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:-

Fixtures, fittings and equipment	-	over 3 to 5 years
Motor vehicles	-	25% straight line

TURNOVER

Turnover represents the invoiced value, net of Value Added Tax, of goods sold and services provided to customers.

GOVERNMENT GRANTS

Grants of a revenue nature are credited to income in the period to which they relate.

STOCKS

Stocks are valued at the lower of cost and net realisable value. Provision is made for obsolete and slow-moving items.

DEFERRED TAXATION

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.

LEASING

All company leases are "operating leases" and the annual rentals are charged to the profit and loss on a straight line basis over the lease term.

PENSION CONTRIBUTIONS

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.

G4S Justice Services Limited

ACCOUNTING POLICIES

RESEARCH AND DEVELOPMENT EXPENDITURE

Development expenditure with regard to the EMS contract is capitalised and amortised over the remaining period of the contract. Research expenditure is written off in the period in which it is incurred.

INVESTMENTS

Investments in subsidiary undertakings are shown, at cost, as fixed asset investments. Provision is made for any permanent diminution in the value of fixed asset investments.

G4S Justice Services Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2005

1 TURNOVER

The group's turnover was all derived from its principal activity wholly undertaken in the United Kingdom.

2 INVESTMENT INCOME (NET)

	Year ended 31 December 2005 £	15 month period ended 31 December 2004 £
Interest received from group undertakings	405,823	950,182
Interest received from joint ventures	232,961	93,500
Bank interest received	7,394	-
Bank interest paid	-	(25,742)
	<u>646,179</u>	<u>1,017,940</u>

3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	Year ended 31 December 2005 £	15 month period ended 31 December 2004 £
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation and amounts written off tangible fixed assets:		
Charge for the period:		
Owned assets	1,069,733	1,828,506
Profit on disposal of fixed assets	96,892	106,463
Operating lease rentals:		
Land and buildings	1,044,103	1,211,517
Other	5,478,882	4,813,542
Auditors' remuneration		
Statutory audit	27,200	21,750
	<u> </u>	<u> </u>

Turnover is derived from the company's principal activity and all sales were made in the United Kingdom.

4 EMPLOYEES

	Year ended 31 December 2005 No	15 month period ended 31 December 2004 No
The average monthly number of persons (including directors) employed by the company during the period was:		
Office and management	40	38
Operational	1,859	1,615
	<u>1,899</u>	<u>1,653</u>

G4S Justice Services Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2005

4 EMPLOYEES (continued)

	Year ended 31 December 2005 £	15 month period ended 31 December 2004 £
Staff costs for above persons:		
Wages and salaries	41,442,880	41,457,587
Social security costs	3,626,990	3,912,312
Other pension costs	607,031	504,461
	<u>45,676,901</u>	<u>45,874,360</u>

PENSIONS

The company's share of the costs of the Group's defined benefit pension scheme amounted to £469,333 (2004: £326,032).

The pension cost is assessed on the advice of independent qualified actuaries using the projected unit credit method. The most recent actuarial valuation was dated 5 April 2004. The assets of the scheme are held in separate trustee administered funds.

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

DIRECTORS' REMUNERATION

The aggregate emoluments for the directors are disclosed below.

	Year ended 31 December 2005 £	15 month period ended 31 December 2004 £
Directors' emoluments (including pension contributions and benefits in kind)	<u>357,610</u>	<u>929,630</u>

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

	Year ended 31 December 2005 £	15 month period ended 31 December 2004 £
The highest paid director	<u>166,706</u>	<u>238,425</u>
The highest paid director Accrued pension entitlement	<u>6,600</u>	<u>4,675</u>

G4S Justice Services Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2005

5	TAXATION	Year ended 31	15 month
		December	period ended
		2005	31 December
		£	2004
			£
	Current tax:		
	UK corporation tax on profits of the period	1,377,091	4,778,763
	Adjustments in respect of previous periods	(32,901)	(505,949)
	Total current tax	<u>1,344,190</u>	<u>4,272,814</u>
	Deferred taxation:		
	Origination and reversal of timing differences	(161,437)	(225,033)
	Total deferred tax	<u>(161,437)</u>	<u>(225,033)</u>
	Tax on profit on ordinary activities	<u>1,182,753</u>	<u>4,047,781</u>
	Factors affecting tax charge for period:		
		Year ended 31	15 month
		December	period ended
		2005	31 December
		£	2004
			£
	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	2,340,542	15,025,715
	Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 30% (2004: 30%)	702,163	4,507,715
	Effects of:		
	Expenses not deductible for tax purposes	356,753	49,508
	Capital allowances for period in excess of depreciation	(96,825)	237,145
	Timing differences in the recognition of profit and loss for tax purposes	415,000	(15,605)
	Adjustment to tax charge in respect of previous periods	(32,901)	(505,949)
	Tax charge for period	<u>1,344,190</u>	<u>4,272,814</u>
6	DIVIDENDS		
		Year ended 31	15 month
		December	period ended
		2005	31 December
		£	2004
			£
	Ordinary		
	Final proposed - £Nil (2004 : £7.38)	-	11,073,249

G4S Justice Services Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2005

7

INTANGIBLE FIXED ASSETS

Development costs
£

Cost:

1 January 2005 and 31 December 2005

405,052

Amortisation:

1 January 2005

391,246

Charge for the year

13,806

31 December 2005

405,052

Net book value:

31 December 2005

-

31 December 2004

13,806

8

TANGIBLE FIXED ASSETS

Fixtures,
fittings and
equipment
£

Motor
vehicles
£

Total
£

Cost or valuation

1 January 2005

6,189,280

410,961

6,600,241

Additions

1,203,108

80,552

1,283,660

Disposals

(1,034,851)

(378,575)

(1,413,426)

31 December 2005

6,357,537

112,938

6,470,475

Depreciation

1 January 2005

3,512,576

403,273

3,915,849

Charged in the year

1,058,040

11,693

1,069,733

Disposals

(1,032,049)

(395,655)

(1,427,704)

31 December 2005

3,538,567

19,311

3,557,878

Net book value

31 December 2005

2,818,970

93,627

2,912,597

31 December 2004

2,676,704

7,688

2,684,392

G4S Justice Services Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2005

9	INVESTMENTS	Joint Ventures £	Subsidiary undertakings £	Total £
	Cost:			
	1 January 2005	4,900	102	5,002
	Additions in year	25,401	-	25,401
	Disposals in year	-	(102)	(102)
	31 December 2005	<u>30,301</u>	<u>-</u>	<u>30,301</u>

The joint venture investment in *STC (Milton Keynes) Holdings Limited* represents a 50% interest in the ordinary share capital of the company totalling £5,000. The company is managed by a board of 8 directors, 4 from G4S Justice Services Limited, with no party having overall control. The company's period end is 31 December 2005 at which time it had Capital and Reserves of £30,084 and profit after tax of £601,241.

The accounts present information about the company as an individual undertaking, as the company has taken advantage of the exemption conferred by Section 228 of the Companies Act 1985. The ultimate holding company, Group 4 Securicor plc, which is registered in England and Wales, produces consolidated accounts in which G4S Justice Services Limited is included.

10	STOCKS	31 December 2005 £	31 December 2004 £
	Raw materials and consumables	<u>156,776</u>	<u>175,366</u>
11	DEBTORS	31 December 2005 £	31 December 2004 £
	Due within one year:		
	Trade debtors	4,283,950	2,238,411
	Amounts owed by parent and fellow subsidiary undertakings	83,515	84,931
	Amounts owed by associated undertakings	4,725,583	4,450,488
	Other debtors	1,792,862	284,607
	Prepayments and accrued income	6,787,685	4,513,859
		<u>17,673,595</u>	<u>11,572,296</u>
	Due in more than one year:		
	Amount owed by parent and fellow subsidiary undertakings	6,787,279	5,728,715
		<u>24,460,874</u>	<u>17,301,011</u>

Included in other debtors is £426,821 (2004: £265,384) with regard to deferred tax, see note 13.

G4S Justice Services Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2005

12	CREDITORS: Amounts falling due within one year	31 December 2005 £	31 December 2004 £
	Trade creditors	3,394,239	2,743,126
	Amounts owed to parent and subsidiary undertakings	8,150,786	2,693,314
	Corporation tax	-	2,387,720
	Other taxation and social security costs	4,249,746	2,118,280
	Other creditors	938,954	699,244
	Accruals and deferred income	7,104,811	4,944,482
		<u>23,838,536</u>	<u>15,586,166</u>
13	PROVISIONS FOR LIABILITIES AND CHARGES		Deferred taxation £
	Balance at 1 January 2005		(265,384)
	Transfer to profit and loss		(161,437)
	Balance at 31 December 2005		<u>(426,821)</u>
	Provision for deferred tax has been made as follows:		
	Accelerated capital allowances		(426,821)
	Undiscounted provision for deferred tax		<u>(426,821)</u>
	The deferred tax asset is included in other debtors within note 11.		
14	SHARE CAPITAL	31 December 2005 £	31 December 2004 £
	Authorised:		
	20,000,000 ordinary shares of £1 each	20,000,000	20,000,000
	Allotted, issued and fully paid:		
	1,500,000 ordinary shares of £1 each	1,500,000	1,500,000
15	PROFIT AND LOSS ACCOUNT	Year ended 31 December 2005 £	15 month period ended 31 December 2004 £
	1 January 2005	4,610,697	4,706,012
	Profit/(loss) for the financial period	1,157,789	(95,315)
	31 December 2005	<u>5,768,486</u>	<u>4,610,697</u>

G4S Justice Services Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2005

16	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	31 December 2005 £	31 December 2004 £
	Profit after taxation	1,157,789	10,977,934
	Dividends	-	(11,073,249)
	Net addition to/(reduction in) shareholders' funds	1,157,789	(95,315)
	Opening shareholders' funds	6,110,697	6,206,012
	Closing shareholders' funds	7,268,486	6,110,697

17 ULTIMATE PARENT UNDERTAKING

At 31 December 2005 the ultimate holding company of G4S Justice Services Limited was Group 4 Securicor plc which is 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.

18 COMMITMENTS UNDER OPERATING LEASES

At 31 December 2005 the company had annual commitments under non-cancellable operating leases as follows:

	31 December 2005 £	31 December 2004 £
Land and buildings:		
expiring within one year	728,220	79,410
expiring in the second to fifth year	712,595	26,500
expiring in over five years	27,338	-
Other:		
expiring within one year	2,015,686	1,774,601
expiring in the second to fifth year	1,905,143	1,711,871
	5,388,982	3,592,382

19 CONTINGENT LIABILITIES

- 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 2005 totalled £18,042,909.
- 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.

G4S Justice Services Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2005

20 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in FRS8 that transactions do not need to be disclosed with companies where 90% or more of the voting rights are controlled within the group.

The company is related by way of a 49.32% group shareholding to Bridgend G4S Justice Services Limited and a 50% shareholding to STC (Milton Keynes) Holdings Limited.

The following transactions occurred with these companies during the year, together with the related year end positions:

	Turnover £	Cost of sales £	Interest received £	Debtor £
Bridgend Custodial Services Limited	21,413,772	-	-	15,004
STC (Milton Keynes) Holdings Limited	8,832,928	-	232,962	-
	<u>21,413,772</u>	<u>-</u>	<u>232,962</u>	<u>15,004</u>