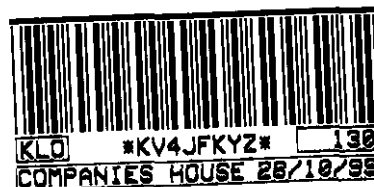


INTERPHONE INTEGRATED SYSTEMS LIMITED
DIRECTORS' REPORT AND
FINANCIAL STATEMENTS
FOR THE 15 MONTHS ENDED 31 MARCH 1999

Berg Kaprow Lewis
Chartered Accountants
35 Ballards Lane
London

N3 1XW



INTERPHONE INTEGRATED SYSTEMS LIMITED

COMPANY INFORMATION

Directors

S S Steinbock (Chairman)
M M Steinbock BSc(Hons)
C B Steinbock
R Metzger FCA

Secretary

M M Steinbock BSc(Hons)

Company number

1337938

Registered office

12 - 22 Herga Road
Wealdstone
Harrow
Middlesex
HA3 5AS

Auditors

Berg Kaprow Lewis
Chartered Accountants
35 Ballards Lane
London
N3 1XW

INTERPHONE INTEGRATED SYSTEMS LIMITED

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INTERPHONE INTEGRATED SYSTEMS LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 MARCH 1999

The directors present their report and financial statements for the 15 months ended 31 March 1999.

Principal activities

The company was dormant throughout the year.

Directors

The following directors have held office since 1 January 1998:

S S Steinbock (Chairman)
M M Steinbock BSc(Hons)
C B Steinbock
R Metzger FCA

Directors' interests

The directors' beneficial interests in the shares of the company were as stated below:

	ordinary shares of £ 1 each	
	31 March 1999	1 January 1998
S S Steinbock (Chairman)	-	-
M M Steinbock BSc(Hons)	-	-
C B Steinbock	-	-
R Metzger FCA	-	-

SS Steinbock, M M Steinbock, CB Steinbock and R Metzger are also directors of the ultimate parent company, Interphone Security Group Plc. Their interests in the ordinary share capital of Interphone Security Group Plc are shown in the financial statements of that company.

INTERPHONE INTEGRATED SYSTEMS LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 MARCH 1999

Directors' responsibilities

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:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 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.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board



M M Steinbock BSc(Hons)

Director

27th October 1999

INTERPHONE INTEGRATED SYSTEMS LIMITED

BALANCE SHEET AS AT 31 MARCH 1999

	Notes	1999 £	£	1997 £	£
Current assets					
Amounts owed by parent undertaking	2	40,000		107,276	
Total assets less current liabilities			<u>40,000</u>		<u>107,276</u>
Capital and reserves					
Called up share capital	3		40,000		40,000
Profit and loss account	4		-		67,276
Shareholders' funds	5		<u>40,000</u>		<u>107,276</u>

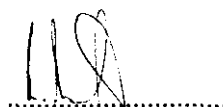
The company was dormant (within the meaning of Section 250 (3) of the Companies Act 1985) throughout the financial period ended 31 March 1999.

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board on 27th OCTOBER 1999



M M Steinbock BSc(Hons)
Director



R Metzger FCA
Director

INTERPHONE INTEGRATED SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 1999

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

2 Debtors	1999 £	1997 £
Amounts owed by parent undertaking	40,000	107,276

3 Share capital	1999 £	1997 £
Authorised		
40,000 ordinary shares of £ 1 each	40,000	40,000
Allotted, called up and fully paid		
40,000 ordinary shares of £ 1 each	40,000	40,000

4 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 1998	67,276
Retained loss for the period	(67,276)
Balance at 31 March 1999	-

The company has not traded, made profits or losses nor incurred any liabilities during the period ended 31 March 1999. Therefore, no profit or loss account is attached.

INTERPHONE INTEGRATED SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 1999

5	Reconciliation of movements in shareholders' funds	1999 £	1997 £
	Loss for the financial period	-	-
	Dividends	(67,276)	-
	Net depletion in shareholders' funds	(67,276)	-
	Opening shareholders' funds	107,276	107,276
	Closing shareholders' funds	40,000	107,276

6 Contingent liabilities

The company's bankers have the right to set-off cash at bank against the borrowings of other group undertakings.

The company is a member of a group of VAT purposes and is jointly and severally liable for VAT due and unpaid. The amount outstanding for the group at 31 March 1999 was £428,047 (1997: £426,436).

7 Control

The company's ultimate parent company is Interphone Security Group Plc, a company registered in England and Wales, and controlled by members of the Steinbock family.

8 Related party transactions

The company has taken advantage of the exemptions conferred by Financial Reporting Standard No 8 from the requirement to make disclosures concerning related parties.