

G4S Defence Systems International Limited

FINANCIAL STATEMENTS

for the year ended

31 December 2014.



Registered number: 01541457

G4S Defence Systems International Limited

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G4S Defence Systems International Limited

Strategic Report for the year ended 31 December 2014

Principal activities

The principal activity of the company during the year continued to be that of a holding company and will continue to be so in the foreseeable future.

The company was incorporated in England and Wales, and its registered office is The Manor, Manor Royal, Crawley, West Sussex, RH10 9UN.

Review of the business and future developments

The company made a loss after taxation for the year of US\$66,000 (2013: US\$nil). The company has net assets of US\$1,357,000 (2013: US\$1,423,000)

The company did not trade during the year and will continue to act as a holding company in the future.

Key Performance Indicators

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPI's is not necessary for an understanding of the development, performance or position of the business.

Principal risk and uncertainties

As an investment holding company the principal risks and uncertainties to the company are in respect of financial and capital management

The company's financial risk and capital management policies are set out in note 11 to the financial statements on pages 12.

By order of the Board



PV David
Director
24 April 2015

REGISTERED OFFICE
The Manor
Manor Royal
Crawley, West Sussex
RH10 9UN

G4S Defence Systems International Limited

Directors' report

The directors present the annual report and the audited financial statements of the company for the year ended 31 December 2014.

Dividends

The directors do not recommend the payment of a dividend for the year (2013: US\$nil).

Political donations

No donations were made during the year ended 31 December 2014 (2013: US\$nil).

Directors

The directors who held office during the year and up to the date of signing these accounts was as follows:

S Lundsberg-Nielsen

PV David

H Raja (appointed 28 February 2014)

Disclosure of information to Auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as he is aware, there is no relevant audit information of which the company's auditor is unaware; and the 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 auditor is aware of that information.

Auditor

PricewaterhouseCoopers LLP will be proposed as the Company's auditor for the financial year ending 31 December 2015 and a resolution relating to this appointment will be put to the Company's shareholders.

By order of the Board



PV David

Director

24 April 2015

REGISTERED OFFICE

The Manor

Manor Royal

Crawley, West Sussex

RH10 9UN

G4S Defence Systems International Limited

Statement of directors' responsibilities in respect of strategic report and the directors' report and the financial statements

The directors are responsible for preparing the Strategic Report, Directors' 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 they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they 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 they have been prepared in accordance with IFRSs as adopted by the EU; 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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 auditor's report to the members of G4S Defence Systems International Limited

We have audited the financial statements of G4S Defence Systems International Limited for the year ended 31 December 2014 set out on pages 5 to 13. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Jonathan Downer (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

29 April 2015

G4S Defence Systems International Limited

Statement of comprehensive income for the year ended 31 December 2014

	<i>Note</i>	2014 US\$	2013 US\$
Finance expense		(84)	-
Net finance expense	5	(84)	-
Loss before tax		(84)	-
Taxation	6	18	-
(Loss) / profit for the year being the total comprehensive income		(66)	-

All results derive from the continuing activities of the company.

There is no other comprehensive income or expense apart from those above.

The notes on pages 8 to 13 form part of these financial statements.

G4S Defence Systems International Limited

Statement of financial position as at 31 December 2014

	Note	2014 US\$'000	2013 US\$'000
Assets			
Non-current assets			
Investment in subsidiaries	7	2	2
		<hr/>	<hr/>
Current assets			
Trade and other receivables	8	1,345	1,429
Current income tax asset		18	-
		<hr/>	<hr/>
Total assets		1,363	1,431
		<hr/>	<hr/>
Current liabilities			
Preference shares	9	(8)	(8)
		<hr/>	<hr/>
Total liabilities		(8)	(8)
		<hr/>	<hr/>
Net assets		1,357	1,423
		<hr/>	<hr/>
Capital and reserves attributable to equity holders of the company			
Called up share capital	10	690	690
Retained earnings		667	733
		<hr/>	<hr/>
Shareholders' equity		1,357	1,423
		<hr/>	<hr/>

The company did not trade during the year or the preceding year and made neither a profit nor a loss. As the company did not trade, neither an income statement nor a cash flow statement have been presented.

The financial statements on pages 5 to 13 were approved by the board on 24 April 2015 and signed on its behalf by:



PV David
Director

Registered number: 01541457

G4S Defence Systems International Limited

Statement of changes in shareholders' equity for the year ended 31 December 2014

	Share capital US\$'000	Retained earnings US\$'000	Total US\$'000
At 1 January 2013	690	733	1,423
Result for the financial year	-	-	-
At 1 January 2014	690	733	1,423
Loss for the financial year	-	(66)	(66)
At 31 December 2014	690	667	1,357

G4S Defence Systems International Limited

Notes (forming part of the financial statements)

1 Accounting policies

a) Basis of preparation

The company financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"). The financial statements have been prepared under the historical cost convention and on the going concern basis. A summary of the more important accounting policies which have been consistently applied, is set out below.

The preparation of financial statements in conformity with "Adopted IFRSs" requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expense during the reporting period. Although these estimates are based on managements' best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

b) Investments in subsidiaries

Investments in subsidiary undertakings are carried in the company's balance sheet at cost less any provision for impairment in value in accordance with IAS 27 "Consolidated and Separate Financial Statements".

Investments are reviewed annually for indications of impairment by the directors and any impairment losses are charged to the income statement.

c) Share capital

Ordinary shares are classified as equity. Mandatorily redeemable preferred shares are classified as liabilities.

d) Consolidation

In accordance with s400 of the Companies Act 2006 the company is exempt from the obligation to prepare and deliver group financial statements as it is included in the consolidated financial statements of G4S plc which are publicly available. Accordingly, these financial statements present information about the company as an individual entity and not as a group.

e) Foreign currency translation

Functional and presentational currency

Transactions included in the financial statements of the company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in United States Dollars ("US\$") which is the company's functional and presentation currency. At 31 December 2014 the closing exchange rate to sterling was £1/\$1.5593 (31 December 2013: £1/\$1.6563) and the average exchange rate to sterling for the year ended 31 December 2014 was £1/\$1.6506 (31 December 2013: £1/\$1.5649).

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Foreign exchange differences on loan relationships between subsidiary undertakings are charged/credited to the income statement.

G4S Defence Systems International Limited

Notes (continued)

1 Accounting policies (continued)

f) Taxation including deferred taxation

Current income tax is recognised as an income or expense in the income statement for the year, except to the extent that the tax arises from a transaction or event that is recognised directly in equity, either in the same or a different accounting period.

Current tax assets and liabilities are measured at the amount expected to be paid to, or recovered from, the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled.

g) Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

h) In the year ended 31 December 2014, the group adopted the following new standards and amendments:

- IFRS10 *Consolidated Financial Statements*, which replaces parts of IAS27 *Consolidated and Separate Financial Statements* and all of SIC-12 *Consolidation – Special Purpose Entities*, introduced a new control model that focuses on whether the group has power over an investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect those returns.
- IFRS12 *Disclosure of Interest in Other Entities* is a new and comprehensive standard on disclosure requirements for all forms of interest in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

i) Going Concern

The directors believe the company is well placed to manage its business risks successfully despite the current uncertain economic outlook. Thus, they continue to adopt the going concern basis in preparing the financial statements.

2 Auditor's remuneration

Auditor's remuneration for the year ended 31 December 2014 of US\$1,000 (2013: US\$1,000) in respect of audit services was borne by a fellow group company, for which no recharge was made to the company. There were no non audit charges incurred for the year (2013: US\$nil).

3 Key management compensation

Key management comprise the executive directors.

None of the directors received remuneration in respect of their services as directors of the company (2013: none).

None of the directors (2013: none) are accruing retirement benefits under defined benefit pension schemes or money purchase pension schemes in respect of their services as directors of the company.

G4S Defence Systems International Limited

Notes (continued)

4 Employee information

The average monthly number of persons (including directors) employed by the company during the year was nil (2013: nil).

No staff costs were incurred in the year (2013: US\$nil) as these were borne by other group entities.

5 Finance income

	2014 US\$'000	2013 US\$'000
Foreign exchange loss	84	-
	<u>84</u>	<u>-</u>

6 Taxation

	2014 US\$'000	2013 US\$'000
Loss before taxation	(84)	-
Loss multiplied by standard rate of corporation tax in the UK of 21.50% (2013: 23.25%)	18	-
Factors affecting income tax expense for the year:		
Total taxation	<u>18</u>	<u>-</u>

The tax assessed for the current period is equal to (2013: higher than) the standard rate of corporation tax in the UK of 21.50% (2013: 23.25%).

The company has no liability for deferred tax at 31 December 2014 (2013: US\$nil) and no unprovided deferred tax asset at 31 December 2014 (2013: US\$nil).

G4S Defence Systems International Limited

Notes (continued)

7 Investment in subsidiaries

Shares in subsidiary undertaking	2014 US\$'000	2013 US\$'000
Cost and net book value		
At 1 January and 31 December	2	2

As at the end of the year, Defence Systems International Limited had an interest in ordinary share capital of 100% in the following company:

Subsidiary undertaking	Principal activity	Country of incorporation	% ordinary shares held	US\$'000
ArmorGroup Inversiones Venezuela SA	Holding company	Venezuela	100%	2

In the opinion of the directors the investments in, and the amounts due from, the company's subsidiary undertaking is worth at least the amounts at which they are stated in the balance sheet.

8 Trade and other receivables

	2014 US\$'000	2013 US\$'000
Amounts owed by parent and fellow subsidiary undertakings	1,345	1,429
Corporation tax	18	-
	<u>1,363</u>	<u>1,429</u>

Amounts owed by parent and fellow subsidiary undertakings are unsecured, have no fixed repayment date and bear zero interest.

9 Preference shares

Issued and fully paid:	2014 US\$'000	2013 US\$'000
50,000 5% cumulative redeemable preference shares of £1 each 10p paid up	8	8

The 5% cumulative redeemable preference shares are redeemable at one month's notice.

No liability is accrued as the company holding the preference shares have waived their right to preference shares

G4S Defence Systems International Limited

Notes (continued)

dividend in the current and preceding periods.

10 Called up share capital

	2014 US\$'000	2013 US\$'000
Issued and fully paid:		
5,000 'A' ordinary shares of £1 each	8	8
415,882 'B' ordinary shares of £1 each	682	682
	<u>690</u>	<u>690</u>

The 'B' ordinary shares rank pari passu in all respects with the issued 'A' ordinary shares.

11 Financial risk and capital management

Financial risk management

The company's treasury policy is determined by the Board of Directors of G4S plc who governs the management of financial risks within the group. In accordance with this policy, the financial risk exposures are managed by Group Treasury. The policy includes the ability to use financial instruments, such as derivatives, to manage the risk. However, under the treasury policy speculative transactions are not permitted.

Liquidity risk

The company's liquidity risk is primarily attributable to balances due to and from group undertakings. In accordance with G4S plc Board policy, Group Treasury manages the external financing facilities, ensuring the group and its subsidiaries have access to an appropriate mix of long-term and short-term debt finance.

Currency risk

The company's strategy to minimise foreign exchange risk is to draw all significant borrowings in the company's functional currency of US\$ and hold bank accounts in US\$. The company has relatively low levels of foreign exchange risk and to date the company has not considered it necessary to enter into foreign currency or forward contracts to hedge this risk.

Capital Risk management

The objectives of the G4S plc group of companies when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The group aims generally to maintain its net debt expressed as a multiple of earnings before interest, tax and depreciation and amortisation, 'EBITDA', broadly within a range corresponding to those of investment grade rated entities.

In May 2014, Standard & Poor's downgraded the group's long term credit rating to BBB- Negative. However, following the equity capital raising the group's rating was revised to BBB- Stable in September 2014. The group will continue to manage its capital structure so that it retains an investment grade rating.

G4S Defence Systems International Limited

Notes (continued)

12 Related party transactions

G4S Defence Systems International Limited had no transactions with any related parties during 2014.

As at 31 December 2014, the company is owed US\$1,344,919 (2013: US\$1,429,000) by a fellow subsidiary of the company's ultimate parent undertaking, G4S plc.

13 Ultimate parent undertaking

The company's immediate parent undertaking is G4S DSL Holdings Limited, a company incorporated in England and Wales.

G4S plc, a company incorporated in England and Wales, which is the ultimate parent company for the year ended 31 December 2014. G4S plc is the parent undertaking of the smallest and largest group to consolidate these financial statements.

Copies of the G4S plc consolidated financial statements are publicly available and can be obtained from The Secretary, G4S plc, The Manor, Manor Royal, Crawley, West Sussex, RH10 9UN.