

SEARCH MATTERS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006



SEARCH MATTERS LIMITED

COMPANY INFORMATION

DIRECTORS	M Riddick D A S Penney A J Sommerville
SECRETARY	D A S Penney
COMPANY NUMBER	02821326
REGISTERED OFFICE	Eversheds House 70 Great Bridgewater Street Manchester M1 5ES
AUDITORS	KPMG Audit Plc Chartered Accountants & Registered Auditor 8 Salisbury Square London EC4Y 8BB United Kingdom
BANKERS	HSBC Bank plc 70 Pall Mall London SW1Y 5EZ

SEARCH MATTERS LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Statement of directors' responsibilities	3
Independent auditors' report	4 - 5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8 - 12
The following pages do not form part of the statutory accounts	
Detailed profit and loss account and summaries	13 - 14

SEARCH MATTERS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2006

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

PRINCIPAL ACTIVITIES

The principal activity of the company was that of providing business and property related information and services

On 1 January 2006 the trade of Search Matters Limited was transferred to Property Search Agency Limited, a fellow subsidiary. The company then ceased to trade

On 11 April 2006 the company's parent company, Propertyflow Limited, was acquired by MacDonald, Dettwiler & Associates Limited, a company incorporated in England & Wales. The ultimate parent company is MacDonald, Dettwiler & Associates Ltd incorporated in Canada, whose shares are publicly traded on the Toronto Stock Exchange

BUSINESS REVIEW

The company did not trade during the year as the company's trade, assets and liabilities were transferred to a fellow subsidiary of the Propertyflow Limited group, Property Search Agency Limited, on 1 January 2006

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £NIL (2005 - £17,163)

The directors do not recommend the payment of a dividend (2005 £nil)

DIRECTORS

The directors who served during the year were

M Riddick
D A S Penney
A J Sommerville

POLITICAL AND CHARITABLE CONTRIBUTIONS

The company made no political and charitable donations or incurred any political expenditure during the year or the previous year

PROVISION OF INFORMATION TO AUDITORS

So far as each of the directors is aware at the time the report is approved

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

SEARCH MATTERS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2006**

AUDITORS

The auditors, KPMG Audit Plc, are deemed to be reappointed in accordance with section 386 of the Companies Act 1985 by virtue of an elective resolution passed by the members on 31 October 2006

This report was approved by the board on 29th October 2007 and signed on its behalf



M Riddick
Director

SEARCH MATTERS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2006

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 judgments 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,
- 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 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

SEARCH MATTERS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SEARCH MATTERS LIMITED

We have audited the financial statements of Search Matters Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared in accordance with 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 and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we 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 judgments 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.

SEARCH MATTERS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SEARCH MATTERS LIMITED

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 as at 31 December 2006 and of its results 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

KPMG Audit Plc

KPMG Audit Plc

Chartered Accountants
Registered Auditor

London

Date *31 March 2007*

SEARCH MATTERS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2006**

	Note	12 months ended 31 December 2006 £	9 months ended 31 December 2005 £
TURNOVER	1,2	-	329,631
Cost of sales		-	(96,973)
GROSS RESULT/PROFIT		-	232,658
Administrative expenses		-	(211,395)
RESULT/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		-	21,263
Tax on result/profit on ordinary activities	7	-	(4,100)
RESULT/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	11,12	-	17,163

All amounts relate to continuing operations

There were no recognised gains and losses for 2006 or 2005 other than those included in the profit and loss account

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 account are prepared on an unmodified historical cost basis

The notes on pages 8 to 12 form part of these financial statements

SEARCH MATTERS LIMITED

**BALANCE SHEET
AS AT 31 DECEMBER 2006**

	Note	£	2006 £	£	2005 £
CURRENT ASSETS					
Debtors	8	-		81,279	
Cash at bank		2,081		155,878	
		<u>2,081</u>		<u>237,157</u>	
CREDITORS: amounts falling due within one year	9	<u>(7,147)</u>		<u>(242,223)</u>	
NET CURRENT LIABILITIES			<u>(5,066)</u>		<u>(5,066)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES AND NET LIABILITIES			<u>(5,066)</u>		<u>(5,066)</u>
CAPITAL AND RESERVES					
Called up share capital	10		1,000		1,000
Profit and loss account	11		<u>(6,066)</u>		<u>(6,066)</u>
SHAREHOLDERS' DEFICIT - All equity	12		<u>(5,066)</u>		<u>(5,066)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

29th October 2007



M Riddick
Director

The notes on pages 8 to 12 form part of these financial statements

SEARCH MATTERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

1.2 CASH FLOW

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within a group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS1

1.3 TURNOVER AND REVENUE RECOGNITION

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts

1.4 TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following basis

Computer equipment	-	25% straight line
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1.5 GOING CONCERN

The financial statements have been prepared on the going on concern basis notwithstanding net liabilities and net current liabilities, which the directors believe to be appropriate, as described in note 15

2. TURNOVER

The whole of the turnover in 2005 was attributable to personal property searches

An analysis of turnover, operating result and net assets by origin has not been included as they are all derived from the United Kingdom

SEARCH MATTERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

3 OPERATING RESULT/PROFIT

The operating result / profit is stated after charging

	12 months ended 31 December 2006 £	9 months ended 31 December 2005 £
Depreciation of tangible fixed assets - owned by the company	<u>-</u>	<u>167</u>

4. AUDITORS' REMUNERATION

	12 months ended 31 December 2006 £	9 months ended 31 December 2005 £
Fees payable to the company's auditor for the audit of the company's annual accounts	<u>-</u>	<u>3,000</u>

The audit fees of the company were borne by The Conveyancing Channel Limited

5. STAFF COSTS

The company has no employees other than the directors, who did not receive any remuneration (2005 - £NIL)

6. DIRECTORS' REMUNERATION

During the year, no director received any emoluments (2005 - £NIL)

7. TAXATION

	12 months ended 31 December 2006 £	9 months ended 31 December 2005 £
UK corporation tax charge on profits for the year / period	<u>-</u>	<u>4,100</u>

SEARCH MATTERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

7 TAXATION (continued)

FACTORS AFFECTING CURRENT TAX CHARGE FOR THE YEAR

The current tax assessed for the prior period was higher than the standard rate of corporation tax in the UK (19%) due to the company being 'small' in the prior year. The differences are explained below.

	12 months ended 31 December 2006 £	9 months ended 31 December 2005 £
Result/Profit on ordinary activities before tax	-	21,263
Result/Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2005 - 19%)	-	4,040
EFFECTS OF		
Capital allowances for period in excess of depreciation	-	22
Others	-	38
CURRENT TAX CHARGE FOR THE YEAR (see note above)	-	4,100

8. DEBTORS

	2006 £	2005 £
Trade debtors	-	79,605
Amounts owed by parent and fellow subsidiary undertakings	-	1,674
	-	81,279

9 CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006 £	2005 £
Trade creditors	-	3,039
Amounts owed to parent and fellow subsidiary undertakings	7,147	202,222
Corporation tax	-	4,100
Social security and other taxes	-	18,247
Other creditors	-	14,615
	7,147	242,223

SEARCH MATTERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

10. SHARE CAPITAL

	2006	2005
	£	£
AUTHORISED, ALLOTTED, CALLED UP AND FULLY PAID		
1,000 Ordinary shares of £1 each	1,000	1,000

11. RESERVES

	Profit and loss account £
At 1 January 2006 and 31 December 2006	(6,066)

12. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	2006	2005
	£	£
Opening shareholders' deficit	(5,066)	(22,229)
Result/Profit for the year/period	-	17,163
Closing shareholders' deficit	(5,066)	(5,066)

13. CONTINGENT LIABILITIES

The company is part of a group VAT registration and as such is jointly and severally liable for the VAT liabilities of the members of the group in the amount of £336,133 (2005 - £405,002) for PropertyFlow Limited, The PSA Group Limited, Property Search Agency Limited and The Conveyancing Channel Limited

14. RELATED PARTY TRANSACTIONS

As a 100% subsidiary undertaking of MacDonald, Dettwiler & Associates Ltd (incorporated in Canada), the company has taken advantage of the exemption available in Financial Reporting Standard No 8 (Related Party Disclosures) from disclosing transactions with other members of the group headed by MacDonald, Dettwiler & Associates Ltd (incorporated in Canada) or investees of the group qualifying as related parties

SEARCH MATTERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

15 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

On 11 April 2006 the company's parent company, Propertyflow Limited, was acquired by MacDonald, Dettwiler & Associates Limited, a company incorporated in England & Wales

The ultimate parent company is MacDonald, Dettwiler & Associates Ltd (incorporated in Canada), whose shares are publicly traded on the Toronto Stock Exchange

MacDonald, Dettwiler & Associates Ltd (incorporated in Canada) is the parent company of the larger group of which the company is a member and for which group accounts are drawn up. Copies of the accounts are available from that company at 13800 Commerce Parkway, Richmond, British Columbia, V6V 2J3, Canada

Property Search Agency Limited has confirmed that it will not seek repayment of the amount due to it for a period of at least one year after the date of the approval of these financial statements