



## Interim Report

For the first quarter  
ended April 30, 2001

1

# Pushing out the boundaries in the world of security

### Head Office

Garda World Security Corporation  
705 Bourget Street  
Montreal, Quebec H4C 2M6  
Tel.: (514) 937-7487  
Fax: (514) 937-1160

### Investor Relations

Stéphan D. Crétier  
Chairman and Chief Executive Officer  
scretier@garda.ca

Yani Gagnon

Vice-President and Chief Financial Officer  
ygagnon@garda.ca

### Stock Information

Listing: Canadian Venture Exchange  
Ticker symbol: GW  
Shares outstanding: 20,907,260  
Public float: 10,637,292  
52-week high/low: \$1.80 / 0.80  
Recent price (at June 30, 2001): \$1.05

### Transfer Agent and Registrar

CIBC Mellon Trust Company

### Auditors

PricewaterhouseCoopers LLP

### Basis of Presentation

These unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles in Canada on a basis consistent with those followed in the most recent audited financial statements. These statements do not include all the information required by generally accepted accounting principles and should therefore be read in conjunction with the audited consolidated financial statements included in the Corporation's Annual Report for the year ended January 31, 2001.

### Financial Highlights (unaudited)

Three-month period ended April 30,	2001	2000
	\$	\$
Sales	16,211,615	13,131,968
EBITDA	763,874	924,413
Net earnings	8,423	322,399
Net earnings per share before goodwill amortization	0.01	0.02
EBITDA per share	0.04	0.05
Weighted average number of outstanding shares	20,907,260	18,856,609

## MESSAGE TO OUR SHAREHOLDERS

### Garda maintains its growth strategy

The first quarter of fiscal 2002 has confirmed that the initiatives taken over the past few months have enabled us to make substantial progress toward achieving our growth objectives and our strategic positioning in the Canadian market.

### Increased revenues

Sales amounted to \$16,211,615 during the first quarter of fiscal 2002 compared with \$13,131,968 during the corresponding period last year, an increase of more than 23% explained by continued internal growth and the acquisition of Ontario-based Ricon Services Ltd. in October 2000.

Earnings before interest, taxes, depreciation and amortization (EBITDA) went from \$924,413 (\$0.05 per share) in the first quarter of fiscal 2001 to \$763,874 (\$0.04 per share) in the first quarter of fiscal 2002. This is mainly attributable to our recent strategic acquisitions and our geographic expansion, which resulted in a higher fixed cost structure. Amortization and interest expense mainly increased because of our strategic and organic growth. Provision for income taxes reflects a draw-down of the future income taxes asset and will not result in cash disbursements. The quarter closed with net earnings of \$8,423 compared with \$322,399 (\$0.02 per share) last year. Finally, net earnings per share before goodwill amortization amounted to \$0.01 compared with \$0.02 last year.

The changes in working capital and capital assets between January 31, 2001 and April 30, 2001 are mainly attributable to our organic and strategic growth. The current portion of convertible debentures as at April 30, 2001 represents the amounts payable from December 2001 to April 2002.

### Outlook

These past weeks have enabled us to pause before embarking on the next wave of acquisitions. The acquisition of Ricon Services Ltd, will accelerate our penetration of the Ontario market. With the security industry presently undergoing renewal as a result of the introduction of new technologies, we foresee a greater balance in revenues among our various lines of business in the near future. Our focus will be on increasing our presence in high-growth sectors.

Stéphan Crétier, MBA

Chairman of the Board and Chief Executive Officer

**Consolidated Statements of Retained Earnings (unaudited)**

Three-month period ended April 30,	2001	2000
	\$	\$
Sales	16,211,615	13,131,968
Cost of sales	14,439,329	11,593,212
Gross profit	1,772,286	1,538,756
Operating expenses		
General, selling and administrative	1,008,412	614,343
Amortization of capital assets	160,192	95,088
Amortization of goodwill	197,497	66,085
	1,366,101	775,516
Income from operations	406,185	763,240
Financial expenses		
Interest and premium on convertible debentures	228,667	228,667
Other interest	79,095	12,174
	307,762	240,841
Earnings before income taxes	98,423	522,399
Provision for income taxes	90,000	200,000
Net earnings for the period	8,423	322,399
Retained earnings (deficit) – Beginning of period	64,664	(423,264)
Retained earnings (deficit) – End of period	73,087	(100,865)
Net earnings per share	–	0.02

**Consolidated Balance Sheets (unaudited)**

As at	April 30, 2001	January 31, 2001	As at	April 30, 2001	January 31, 2001
	\$	\$		\$	\$
<b>ASSETS</b>			<b>LIABILITIES</b>		
Current assets			Current liabilities		
Accounts receivable			Bank loans and overdrafts	3 754,995	4,712,904
Trade	8,127,809	7,983,318	Accounts payable and accrued liabilities	8,671,459	7,550,202
Other	361,515	498,802	Deferred revenue	50,000	50,000
Inventories	121,935	110,535	Current portion of convertible debentures	674,055	269,622
Work in progress	3,014,430	2,636,860	Current portion of long-term debt	209,597	432,361
Prepaid expenses	215,706	218,300		13,360,106	13,015,089
Income taxes recoverable	112,856	133,237	Long-term debt	90,381	90,381
	11,954,251	11,581,052	Convertible debentures	3,792,324	4,106,090
Balance of selling price, bearing interest at 8%, recoverable at the latest on December 1, 2002	200,000	200,000		17,242,811	17,211,560
Capital assets	1,292,354	1,320,382	Shareholders' equity		
Goodwill, at amortized cost	6,507,431	6,704,928	Share capital	3,671,244	3,671,244
Deferred financing costs	158,000	176,000	Retained earnings	73,087	64,664
Future income taxes	875,106	965,106		3,744,331	3,735,908
	20,987,142	20,947,468		20,987,142	20,947,468

**Consolidated Statements of Cash Flows (unaudited)**

Three-month period ended April 30,	2001	2000
	\$	\$
Operating activities		
Net earnings for the period	8,423	322,399
Items not affecting cash		
Amortization of capital assets and goodwill	357,689	161,173
Future income taxes	90,000	200,000
Amortization of deferred financing costs	18,000	18,000
Accrued premium on convertible debentures	90,667	90,667
Cash flows from operations	564,779	792,239
Net change in non-cash working capital items	748,058	(1,230,673)
	1,312,837	(438,434)
Investing activities		
Acquisition of capital assets	(132,164)	(149,187)
Business combinations	–	(464,201)
	(132,164)	(613,388)
Financing activities		
Net change in bank loans and overdrafts	(957,909)	797,967
Increase in long-term debt	–	420,000
Repayment of long-term debt	(222,764)	(157,486)
	(1,180,673)	1,060,481
Increase in cash	–	8,659
Cash – Beginning of period	–	50 736
Cash – End of period	–	59,395