GARDA04

ANNUAL REPORT

The One Stop Security Solution

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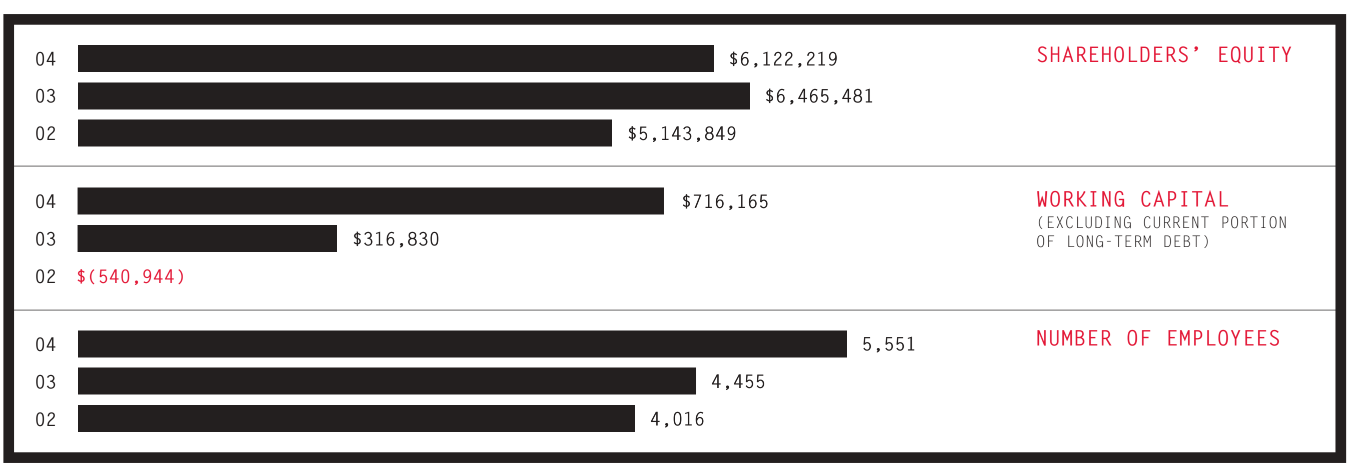
A GROWING PRESENCE IN A GROWING INDUSTRY

Garda World Security Corporation is dedicated to expanding the world of security services. ■ The Company is known for its one-stop service offering — physical security, cash handling and electronic security — allowing it to provide fully integrated security solutions. The Garda team includes almost 8000 highly trained professionals working coast-to-coast. ■ Known for its competence in addressing the most complex security issues, Garda has built a solid reputation among companies in both traditional (financial institution, real estate, commercial sectors and government agencies) and new-economy (high-technology) industries. The names of some of Canada's most prominent corporations are added to its order book every day. ■ Garda is a consolidator in the Canadian security market. Through a series of strategic acquisitions, sales have grown from $626,000 in 1995 to more than $95 million in fiscal 2004. The Company is recognized as one of the fastest growing companies in Canada. ■ The opportunities for growth in the security services market continue to be enormous. Known as "The Silent Giant" on Wall Street, the U.S. security industry topped $100 billion in revenues in 2001. It has also experienced phenomenal growth in Canada, where revenues are conservatively estimated at $4 billion. With its unique competitive position — a leading market presence in Canada and one-stop service offering — Garda is set to take full advantage of this growing opportunity.



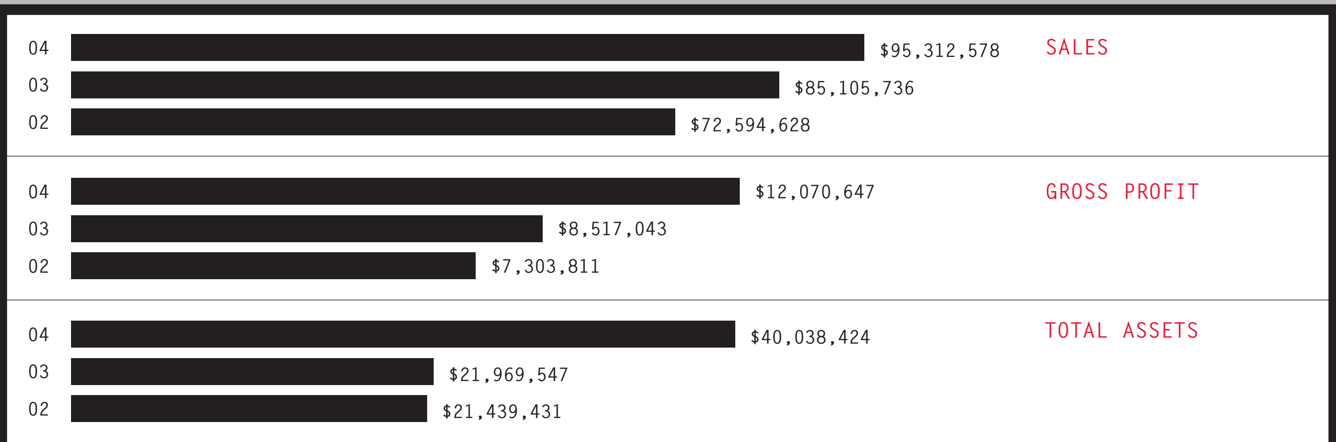
SELECTED FINANCIAL INFORMATION

YEARS ENDED JANUARY 31,

(IN DOLLARS, EXCEPT PER SHARE AMOUNTS)	2004 $	2003[1] $	2002[1] $
Operations			
Sales	95,312,578	85,105,736	72,594,628
Gross profit	12,070,647	8,517,043	7,303,811
Income (loss) from continuing operations before income taxes	(160,129)	1,689,895	(589,229)
Net income (loss) from continuing operations	(78,129)	1,119,895	(766,469)
Net income (loss) for the year	(807,421)	971,632	(561,768)
Cash flows from operations[2]	1,498,103	2,725,939	1,363,289
Earnings before interest, income taxes, depreciation and amortization (EBITDA)[2]	2,621,643	3,378,991	2,898,877
Investments			
Purchase of property, plant and equipment	1,729,679	1,072,906	680,474
Business acquisition, net of cash and cash equivalents acquired	5,944,869	–	–
Financial Position			
Working capital (excluding current portion of long-term debt)	716,165	316,830	(540,944)
Property, plant and equipment	10,466,406	1,456,655	1,247,090
Total assets	40,038,424	21,969,547	21,439,431
Indebtedness (net of cash and restricted short-term investment)	14,701,308	7,021,786	7,516,833
Shareholders' equity	6,122,219	6,465,481	5,143,849
Per share data			
Basic and diluted net income (loss) per share	(0.03)	0.04	(0.03)
Basic and diluted gross profit per share	0.51	0.39	0.39
Basic and diluted net income (loss) per share from continuing operations	0.00	0.05	(0.04)
Basic and diluted cash flow from operations[2] per share	0.06	0.13	0.07
Basic and diluted earnings before interest, income taxes, depreciation and amortization (EBITDA)[2] per share	0.11	0.16	0.15
Number of Class A shares outstanding	23,999,166	23,385,832	23,185,832
Weighted average number of Class A shares outstanding	23,504,946	21,644,165	18,846,546
Employees			
Number of employees	5,551	4,455	4,016

(1) Certain comparative figures for the previous years have been reclassified to conform with the current year presentation.

(2) Cash flow from operations and EBITDA (earnings before interest, income taxes, depreciation and amortization) are not accepted performance measures as per Canadian GAAP.



HIGHLIGHTS

1973
Begins operations — The Garda Security Group Inc.

1995
Beginning of Trans-Québec Security Inc. operations

1999
Trans-Québec becomes a public company and changes its name to Trans-Canada World Security Corp.

Trans-Canada acquires The Garda Security Group Inc. and becomes Garda World Security Corp.

2001
Garda World wins Silver Prize (services) for top job creation in Québec

Garda World wins Profit 100 award for growth (1st in Québec)

2002
Garda World wins Profit 100 award for growth (2nd in Québec)

2003
Garda World wins Profit 100 award for growth (2nd in Québec)

The last year has been a breakthrough year in Garda's development. We believe that not only do we have the critical mass to deliver strong financial results, but our achievements point to the soundness of our growth strategy. As a result of our aggressive internal growth coupled with our value-added acquisitions that are expanding our presence in higher margin businesses, we believe that we are positioned for significant growth in profitability.

Some of the highlights of the past year include acquiring the assets of Secur, winning the Canadian Air Transportation Security Authority contract for Lester B. Pearson International Airport and achieving our ISO 9001:2000 certification. These achievements demonstrate our ability to stay focused on our prime objective, which is to maximize the value of the Corporation.

Secur – a milestone event

The acquisition of the assets of Secur was an important achievement. The natural fit of our two corporations resulting from their complementary activities consolidates our leadership position in Québec and opens the door to promising growth opportunities in the rest of Canada. We are now completing the integration process that will allow us to achieve significant synergies.

Airport security – a strategic initiative

We completed the 2004 fiscal year with the announcement that we had been awarded the largest contract in our history.

In April 2004, we began providing pre-boarding screening services at the largest airport in the country, Lester B. Pearson International Airport in Toronto. This contract necessitated the creation of a new security force of about 1500 officers upon which we expect to build our presence in this high growth sector. As a Canadian company, we are proud to be contributing to the national security effort of our country.

Continuous improvement – a business imperative

Garda currently has close to 8000 employees across Canada. However, our objective is not to be the biggest company in our line of business: we want to be the best.

We have always pursued our growth strategy with a view to continually optimizing our performance. Over the past year, we took a big step forward by achieving our ISO 9001:2000 certification. Here again we find ourselves at the vanguard of our sector — we are the first company of our scope to make continuous improvement a business imperative. We thank our employees who were so instrumental in the achievement of this goal.

A growth strategy focused on maximizing enterprise value

- TARGET ACQUISITIONS THAT ENHANCE GEOGRAPHIC COVERAGE AND PRODUCT LINES.
- LEVERAGE COAST-TO-COAST PRESENCE TO EXPAND PHYSICAL SECURITY AND CASH HANDLING SERVICES.
- FOCUS ON SECTORS WHICH INCREASE REVENUES AND GENERATE HIGHER MARGINS.

Outlook

The growth prospects for Garda are excellent. The North American security market is fragmented and segmented, creating numerous growth opportunities. In addition, the geopolitical climate is contributing to an increase in demand for security services from large corporations and government agencies alike. With our one-stop service approach and unique competitive positioning, we are in an excellent position to pursue our strategic growth objectives.

Thank you

I would like to commend all our employees for their exceptional efforts during this very intense year. We will continue to count on their support over the coming year, which promises to be just as intense.

Our gratitude is also extended to the members of our board of directors for their unwavering support over the year. I would like to acknowledge two directors who will not be standing for re-election: Messrs. François Couture and Louis-Philippe Séguin. François is leaving the Board after five years of service, and he can unequivocally say: mission accomplished. I thank François for his wise counsel. With regard to Louis-Philippe, I will remember him as the first person to agree to finance our growth. I sincerely thank him and wish him all the success in his future projects.

Despite our rich history, we have only completed our ninth year of operations. During that time, we have come a long way, but it is only the beginning. If this were a baseball game, we would only be in the third inning with six to go. Our future looks very promising indeed!

(Signed)

Stéphan D. Crétier, MBA
Chairman and Chief Executive Officer

2004

Garda World becomes positioned in security technology services through strategic agreements for the distribution of digital video recorder products in Canada

Wins contract from Canada Post for guarding services at certain locations across Canada

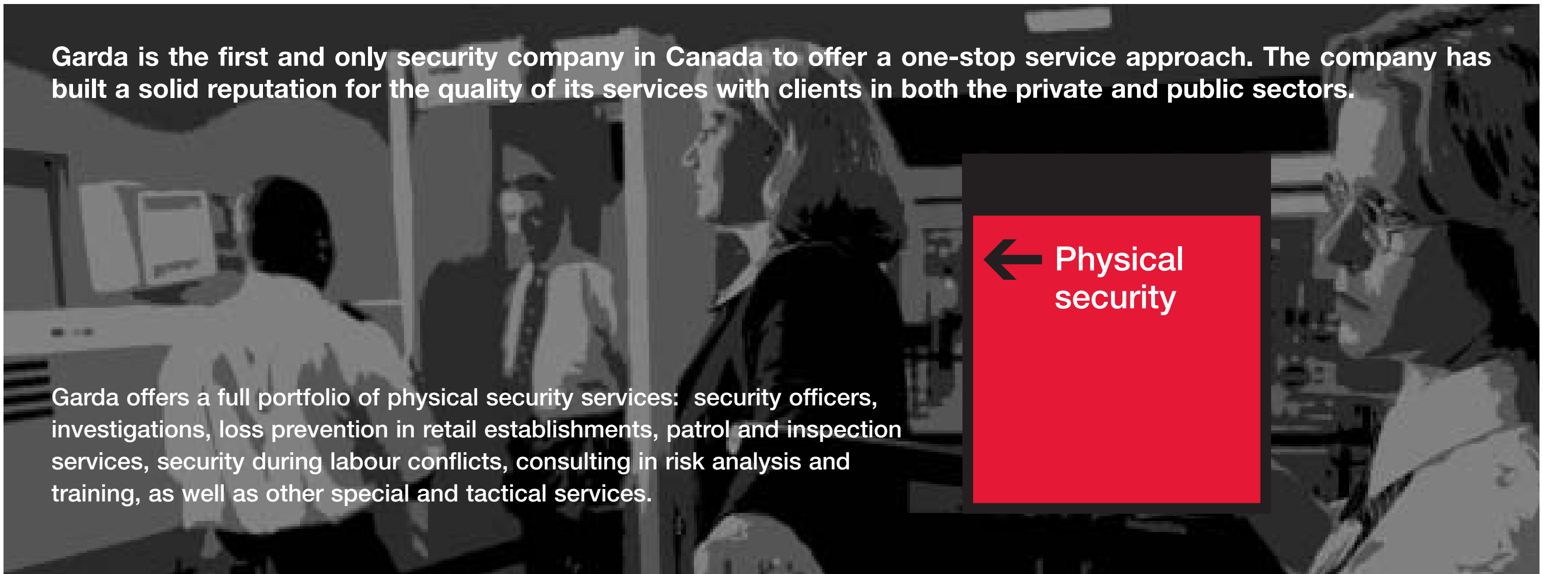
Garda World shares begin to trade on the Toronto Stock Exchange (TSX:GW)

Completes the acquisition of Secur, which adds $50 million in annual revenues, and becomes one of the leading security and cash-handling service providers in Canada

Receives ISO 9001:2000 certification; the first security company of our scope in Canada to achieve this quality standard

Wins contract from Canadian Air Transportation Security Authority for pre-boarding screening services at Lester B. Pearson International Airport in Toronto

Garda is the first and only security company in Canada to offer a one-stop service approach. The company has built a solid reputation for the quality of its services with clients in both the private and public sectors.



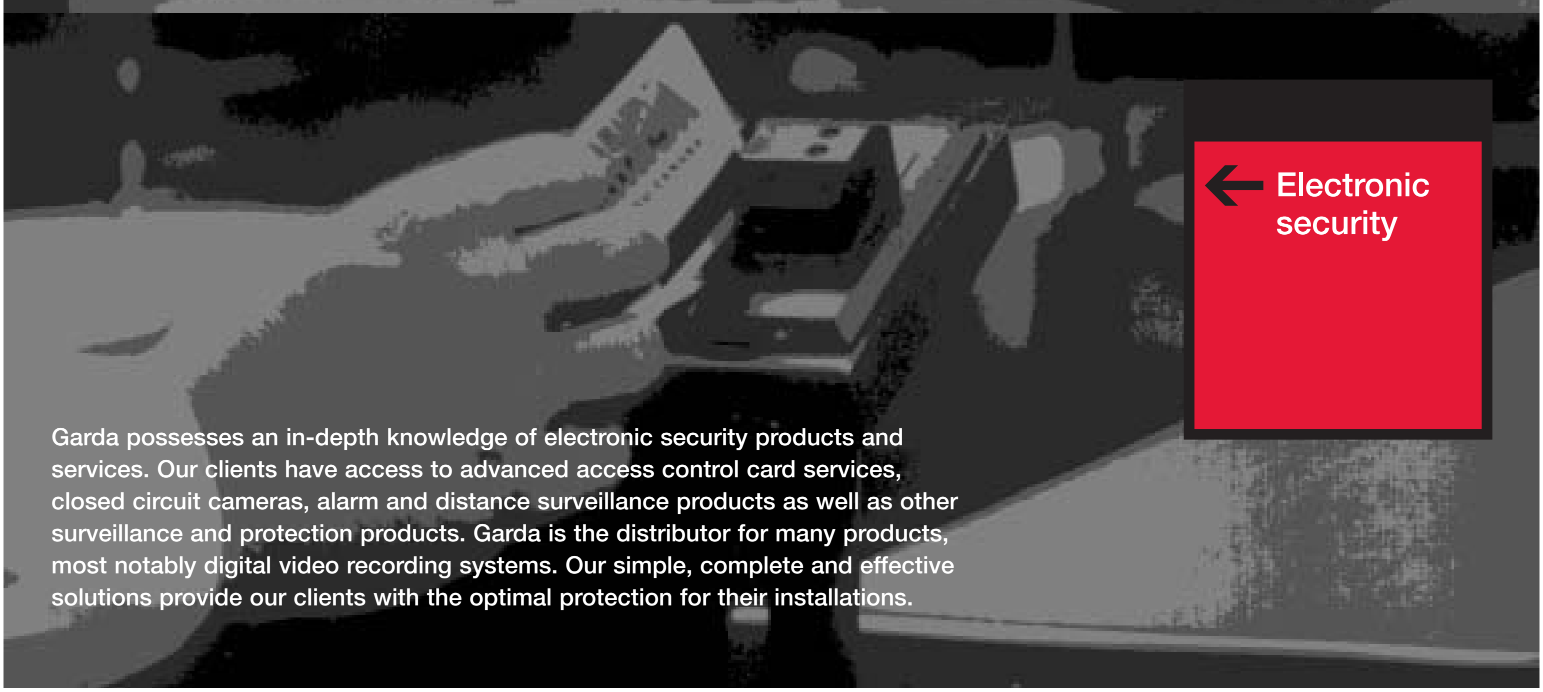
Physical security

Garda offers a full portfolio of physical security services: security officers, investigations, loss prevention in retail establishments, patrol and inspection services, security during labour conflicts, consulting in risk analysis and training, as well as other special and tactical services.

ONE STOP SECURITY SERVICES

Cash handling

With the Secur acquisition — a 70% market share in Québec and annual revenues of $50 million — Garda is now firmly positioned in the cash handling business that includes armored transportation, automated teller machine maintenance and cash logistics services. Garda intends to build on its position as one of the top three players in this field in Canada by expanding its customer base in the financial institution and retail sectors.



Electronic security

Garda possesses an in-depth knowledge of electronic security products and services. Our clients have access to advanced access control card services, closed circuit cameras, alarm and distance surveillance products as well as other surveillance and protection products. Garda is the distributor for many products, most notably digital video recording systems. Our simple, complete and effective solutions provide our clients with the optimal protection for their installations.

THE FOLLOWING DISCUSSION AND ANALYSIS PROVIDES INFORMATION ON THE ACTIVITIES OF GARDA WORLD SECURITY CORPORATION (THE "CORPORATION") ON A CONSOLIDATED BASIS, INCLUDING A COMPARISON OF THE FINANCIAL POSITION AND THE RESULTS OF OPERATIONS FOR THE 12-MONTH PERIODS ENDED JANUARY 31, 2004 AND JANUARY 31, 2003. THIS INFORMATION SHOULD BE READ IN CONJUNCTION WITH THE CONSOLIDATED FINANCIAL STATEMENTS AND NOTES THERETO.

Results of Operations

Sales for the year ended January 31, 2004 increased by $10,206,842 or 12%, from $85,105,736 in fiscal 2003 to $95,312,578 in fiscal 2004. Sales from the physical security segment totaled $76,563,065 in fiscal 2004 compared with $85,105,736 in 2003 while sales from the cash handling segment totaled $18,749,513 in fiscal 2004. The substantial increase in sales is due principally to the Corporation's program of strategic acquisitions. The growth resulting from the acquisition of the assets of Secur was partially offset by a decrease in revenues from special events compared to the previous year.

Gross profit increased by $3,553,604 or 42%, from $8,517,043 for the year ended January 31, 2003 to $12,070,647 for fiscal 2004. The gross margin, as a percentage of sales, increased from 10.0% to 12.7%. This material increase in gross margin is directly attributable to the increase in sales from our new cash handling segment, which operates with higher gross margins.

Selling and administrative expenses totaled $9,449,004 (9.9% of sales) in fiscal 2004 compared with $5,138,052 (6.0% of sales) in fiscal 2003. This increase is attributable to the new administrative structure put in place to support the acquisition of the assets of Secur and our geographic expansion initiated during the previous year.

Amortization of property, plant and equipment increased from $855,841 in fiscal 2003 to $1,438,396 in fiscal 2004. The increase of $582,555 is principally attributable to a $478,297 increase in the amortization charge for vehicles, equipment and leasehold improvements as a result of the Secur acquisition. The amortization charge for service contracts and client relationships totaled $126,456 in fiscal 2004. This charge results entirely from the Secur acquisition. Amortization is calculated on a straight-line basis over twelve years.

Income from continuing operations before financing expenses and income taxes decreased from $2,523,150 in fiscal 2003 to $1,056,791 in fiscal 2004. The physical security segment contributed $560,950 in fiscal 2004 compared with $2,523,150 in fiscal 2003, while the cash handling segment contributed $495,841 in fiscal 2004.

Total interest expense increased by $396,217 to $1,128,472 for fiscal 2004 compared with $732,255 in fiscal 2003. This increase is attributable to the debt financing put in place and the assumption of vehicle capital leases associated with the Secur acquisition. The amortization of deferred financing costs decreased by $12,552 during the year, from $101,000 in fiscal 2003 to $88,448 in fiscal 2004. Deferred financing costs relate to a term loan and convertible debentures.

The recognition of future income tax assets, arising principally from temporary timing differences associated with tangible assets and tax losses, helped to generate an income tax recovery of $82,000 compared to an income tax provision of $570,000 in the previous year. There is no reimbursement or disbursement of funds as a result of the recognition of these future tax assets.

The loss from continuing operations amounted to $78,129 in fiscal 2004 compared with net income from continuing operations of $1,119,895 in the previous fiscal year.

During the fiscal year, the Corporation decided to dispose of its business recovery management software division. The loss recorded in 2004 from these discontinued operations amounted to $729,292 compared with a loss of $148,263 in fiscal 2003. The 2004 loss of $729,292 included an operating loss of $167,092 ($148,263 in fiscal 2003) and an impairment loss on goodwill related to Soft Management and Softalarm in the amount of $562,200. The impairment loss on goodwill reflects the negotiated sale price for the assets of Soft Management and Softalarm completed in February 2004. This transaction will allow the Corporation to reduce its operating costs by approximately $250,000 annually, and focus on its key business segments. There is no other impairment in the value of goodwill as a result of the impairment test performed as at January 31, 2004.

The net loss for fiscal 2004 amounted to $807,421 ($0.03 per share) compared with net income of $971,632 ($0.04 per share) for fiscal 2003.

Cash Flow

Cash flows from operations amounted to $1,498,103 for the year ended January 31, 2004 compared with $2,725,939 for the previous year. The decrease of $1,227,836 was directly attributable to the decrease in net income from continuing operations.

Cash flows from changes in non-cash working capital items amounted to $6,509,378 compared to a use of cash in the amount of $1,033,220 in the previous financial year. This increase in non-cash working capital items results from an improvement in collection of accounts receivable and an increase in payables for commercial customer deposits.

Cash flows from financing activities were $3,926,160 for the year ended January 31, 2004, whereas for the previous fiscal year, $722,839 was used for this activity. The refinancing of a bank loan and new long-term debt related to the Secur acquisition totaled $5,633,931 while $1,389,076 was used to reimburse existing long-term debt. In 2003, funds were used to reimburse a bank loan and repurchase convertible debentures.

Cash used in investing activities totaled $8,721,503 in fiscal 2004 compared with $1,072,906 in fiscal 2003. The acquisition of the Secur assets amounted to $5,944,869 while purchases of property, plant and equipment totaled $1,729,679. Purchases of property, plant and equipment in 2004 totaled $1,239,982 ($1,072,906 in fiscal 2003) for the physical security segment and $489,697 for the cash handling service segment.

Discontinued operations used $237,756 of funds in fiscal 2004 compared with $210,738 in fiscal 2003.

Financial Situation

Total debt of the Corporation (excluding short-term bank loans) amounted to $15,963,533 at the end of the 2004 financial year compared with $1,716,431 one year earlier. The $14,247,102 increase is attributable to the financing put in place to support the Secur acquisition. This acquisition was financed by a combination of a balance of purchase price in the amount of $5,000,000 and a $7,500,000 bank loan. In addition, the Corporation assumed capital leases amounting to $2,867,231.

Risks and Uncertainties

The Corporation is subject to various risks and uncertainties as a result of its operations, most notably risks related to fluctuations in interest rates and credit risks. Risks that could affect the Corporation's profitability are regularly identified, measured and supervised. In order to protect the Corporation from these various risks, the Corporation ensures that a significant portion of its long-term debt is at fixed interest rates. As at January 31, 2004, 55.4% of the long-term debt of the Corporation was at fixed interest rates compared with 51.4% in 2003. The Corporation generates its sales in Canada on a contractual and, generally, on a recurring basis year after year. The Corporation's credit risk is limited due to the large number of clients with which the Corporation does business and their economic and geographic diversification. However, one client represented approximately 11.0% of the Corporation's sales for the year ended January 31, 2004.

Outlook

The coming months will be spent on the development of our recently acquired cash handling subsidiary, the management of the contract awarded to the Company by the Canadian Air Transportation Security Authority for Canada's largest airport, the Lester B. Pearson International Airport in Toronto, as welll as the development of our three lines of business — all with a view to consolidating our leadership position. In addition, the Corporation intends to continue to pursue its growth strategy in business segments that generate higher gross margins. The combination of these factors should lead to an increase in the Corporation's level of profitability in the coming years.

Forward-Looking Statements

With the exception of historical data, certain information and statements in this report that cover expected results of the Corporation should be considered forward-looking. Such forward-looking statements involve risks, uncertainties and other factors, which may cause actual results, performance or achievements of the Corporation to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Some of the factors contributing to this uncertainty are fluctuations in quarterly results, the ability for the Corporation to identify, complete and then efficiently integrate acquisitions and strategic activities over the long-term, the demand for the services offered by the Corporation, industry pricing pressures, as well as market forces, economic cycles and the strength of regional economies in Canada where the Corporation conducts its business. The foregoing list of important factors is not exhaustive.

MANAGEMENT'S STATEMENT OF RESPONSIBILITY

The Consolidated Financial Statements of Garda World Security Corporation and all the information contained in this Annual Report are management's responsibility and have been approved by the Board of Directors.

Management has prepared these financial statements in accordance with Canadian generally accepted accounting principles. These financial statements contain certain amounts which are based on estimates and judgement. The financial information disclosed elsewhere in the Annual Report is consistent with the financial statements.

The Corporation maintains efficient internal control systems that provide reasonable assurance that the financial information is accurate and reliable, and constitute an appropriate basis for the preparation of the financial statements, and that the Corporation's assets are appropriately accounted for and adequately safeguarded.

The Board of Directors has the ultimate responsibility for the review and approval of the financial statements, which responsibility is primarily performed through the Audit Committee. The Audit Committee, which is mainly comprised of external directors, reports to the Board of Directors for approval to release the financial statements to the shareholders. The external auditors meet with the Audit Committee on a periodic basis to discuss their audit, the overall financial information presentation and other related matters. These consolidated financial statements have been audited by PricewaterhouseCoopers LLP, the external auditors appointed by the shareholders.

(Signed)

Stéphan D. Crétier, MBA
Chairman and Chief Executive Officer

(Signed)

Alain Dumont, CA
Vice-President and Chief Financial Officer

Montréal, Québec, Canada
May 7, 2004

AUDITORS' REPORT

To the Shareholders of
Garda World Security Corporation

We have audited the consolidated balance sheets of Garda World Security Corporation as at January 31, 2004 and 2003 and the consolidated statements of income (loss), retained earnings (deficit) and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at January 31, 2004 and 2003 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

(Signed)

PricewaterhouseCoopers LLP
Chartered Accountants

Montréal, Québec, Canada
May 7, 2004

CONSOLIDATED BALANCE SHEETS

AS AT JANUARY 31, 2004 AND 2003	2004 $	2003 $
Assets		
Current assets		
Cash	3,049,420	75,038
Restricted short-term investment (note 14 (c))	1,246,955	–
Accounts receivable (note 5)	12,541,714	11,343,972
Revenue to be billed	659,697	1,919,639
Inventories	689,568	345,203
Income taxes	–	38,568
Prepaid expenses	481,483	182,045
Balance of selling price receivable	–	200,000
	18,668,837	14,104,465
Property, plant and equipment (note 6)	10,466,406	1,456,655
Goodwill, net of accumulated amortization of $1,259,936	4,607,088	4,607,088
Service contracts and client relationships, net of accumulated amortization of $126,456	4,426,018	–
Deferred financing costs, net of accumulated amortization of $115,448 (2003 – $27,000)	586,072	157,825
Future income taxes (note 12)	319,591	187,591
Long-term assets held for disposal (note 13)	964,412	1,455,923
	40,038,424	21,969,547
Liabilities		
Current liabilities		
Bank loans (note 7)	3,034,150	5,380,393
Accounts payable and accrued liabilities	14,875,459	8,337,242
Income taxes	43,063	–
Deferred revenue	–	70,000
Current portion of long-term debt (note 8)	2,418,867	384,398
	20,371,539	14,172,033
Long-term debt (note 8)	13,006,693	582,833
Convertible debentures (note 9)	537,973	749,200
	33,916,205	15,504,066
Shareholders' Equity		
Capital stock (note 10)	6,190,112	5,710,953
Conversion rights (note 9)	265,000	280,000
Retained earnings (deficit)	(332,893)	474,528
	6,122,219	6,465,481
	40,038,424	21,969,547

Approved by the Board of Directors

(Signed)

Stéphan D. Crétier, director

(Signed)

François Plamondon, director

CONSOLIDATED STATEMENTS OF INCOME (LOSS)

FOR THE YEARS ENDED JANUARY 31, 2004 AND 2003	2004 $	2003 $
Sales	95,312,578	85,105,736
Cost of sales	83,241,931	76,588,693
Gross profit	12,070,647	8,517,043
Operating expenses		
Selling and administrative expenses	9,449,004	5,138,052
Amortization of property, plant and equipment	1,438,396	855,841
Amortization of service contracts and client relationships	126,456	–
	11,013,856	5,993,893
Income from continuing operations before financing expenses and income taxes	1,056,791	2,523,150
Financing expenses		
Interest on long-term debt and convertible debentures	499,410	348,327
Other interest	629,062	383,928
Amortization and write-off of deferred financing costs	88,448	101,000
	1,216,920	833,255
Income (loss) from continuing operations before income taxes	(160,129)	1,689,895
Provision for (recovery of) income taxes (note 12)		
Current	50,000	–
Future	(132,000)	570,000
	(82,000)	570,000
Net income (loss) from continuing operations	(78,129)	1,119,895
Discontinued operations (note 13)	(729,292)	(148,263)
Net income (loss) for the year	(807,421)	971,632
Basic and diluted net income (loss) per share from continuing operations	0.00	0.05
Basic and diluted net income (loss) per share (note 10 (g))	(0.03)	0.04

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS (DEFICIT)

FOR THE YEARS ENDED JANUARY 31, 2004 AND 2003	2004 $	2003 $
Retained earnings (deficit) — Beginning of year	474,528	(497,104)
Net income (loss) for the year	(807,421)	971,632
Retained earnings (deficit) — End of year	(332,893)	474,528

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JANUARY 31, 2004 AND 2003	2004 $	2003 $
Cash flows from		
Operating activities		
Net income (loss) from continuing operations	(78,129)	1,119,895
Adjustments for		
Amortization of property, plant and equipment	1,438,396	855,841
Amortization of service contracts and client relationships	126,456	–
Amortization and write-off of deferred financing costs	88,448	101,000
Future income taxes	(132,000)	570,000
Accrued interest on debentures	54,932	29,200
Accrued applicable premium on debentures	–	50,003
	1,498,103	2,725,939
Changes in non-cash working capital items (note 11)	6,509,378	(1,033,220)
	8,007,481	1,692,719
Financing activities		
Decrease in bank loans	(2,346,243)	(138,318)
Increase in long-term debt	7,980,174	1,111,108
Repayment of long-term debt	(1,389,076)	(234,419)
Issuance of convertible debentures	–	1,000,000
Redemption of convertible debentures	–	(2,346,385)
Deferred financing costs	(516,695)	(184,825)
Issuance of capital stock	198,000	70,000
	3,926,160	(722,839)
Investing activities		
Business acquisition, net of cash and cash equivalents acquired (note 4)	(5,944,869)	–
Increase in restricted short-term investment	(1,246,955)	–
Decrease in balance of selling price receivable	200,000	–
Purchase of property, plant and equipment	(1,729,679)	(1,072,906)
	(8,721,503)	(1,072,906)
Change in cash and cash equivalents from continuing operations	3,212,138	(103,026)
Net decrease in cash and cash equivalents from discontinued operations	(237,756)	(210,738)
Net change in cash and cash equivalents during the year	2,974,382	(313,764)
Cash and cash equivalents — Beginning of year	75,038	388,802
Cash and cash equivalents — End of year	3,049,420	75,038
Additional information		
Interest paid	990,208	703,257
Income taxes received	79,356	3,062

1 Basis of presentation and nature of operations

On August 13, 1999, Garda World Security Corporation (the “Corporation”) completed the acquisition of the aggregate shares of Trans-Canada Security Corporation (“TC”). This transaction was treated as a reverse takeover of the Corporation by TC and was accounted for using the purchase method, as provided for by the enacted rules for this type of transaction. The capital structure is that of the Corporation.

The Corporation operates in the business of providing security solutions.

2 Significant accounting policies

Consolidation

These consolidated financial statements include the accounts of the Corporation and its subsidiaries, namely:

	INTEREST HELD AS AT JANUARY 31,	
SUBSIDIARIES	2004 %	2003 %
Garda Security Group Inc.	100	100
Garda Parking Management Inc.	100	100
Riscon Services Limited	100	100
Garda Cash-in-Transit Corporation Inc.	100	–
Garda Secur Limited Partnership	100	–
TransCanada Security Solutions Inc.	100	–
Soft Management Inc.	78	78
Softalarm Inc.	78	78

Management estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of income and expenses during the reporting periods. Significant estimates include the allowance for doubtful accounts receivable, valuation of goodwill, service contracts and client relationships, and certain accrued liabilities. Actual results could differ from those estimates.

Fair value of financial instruments

The Corporation has estimated the fair value of its financial instruments based on current interest rates, market value and current pricing of financial instruments with similar conditions. Unless otherwise indicated, the carrying value of these financial instruments is considered to approximate their fair value.

Credit risk

The Corporation performs ongoing credit reviews of all its customers and records an allowance for doubtful accounts receivable when accounts are determined to be uncollectible.

Revenue recognition

Sales are recognized when services are rendered. Revenues are recorded on the basis of cyclical billings and also include revenue accrued in respect of services rendered but as yet unbilled.

Inventories

Inventories are valued at the lower of cost and replacement cost, cost being determined according to the specific identification method.

2 Significant accounting policies (cont.)

Property, plant and equipment

Property, plant and equipment are recorded at cost, less related accumulated amortization. Amortization is calculated over their estimated useful lives according to the following methods and rates or periods:

	METHOD	RATE/PERIOD
Office furniture	Declining balance	20%
Computer equipment	Declining balance	30%
Equipment	Declining balance	20%
Vehicles	Declining balance and straight-line	30% and 4 years
Armored vehicles	Straight-line	12 years
Uniforms	Straight-line	2 years
Leasehold improvements	Straight-line	5 and 9 years

Goodwill

Goodwill is not amortized but rather is subject to an annual impairment test on January 31, or more frequently if events or changes in circumstances indicate that it might be impaired. Testing for impairment is accomplished mainly by determining whether projected discounted future cash flows exceed the net book value of goodwill. The Corporation has performed an impairment test on the carrying amount of goodwill as at February 1, 2003 and January 31, 2004 and has concluded that no impairment loss should be recognized, other than the impairment loss related to Soft Management Inc. and Softalarm Inc. as explained in note 18.

Service contracts and client relationships

Service contracts and client relationships, which were acquired as part of a business acquisition, are recorded at cost less accumulated amortization. These intangible assets are amortized on a straight-line basis over twelve years, which represents their estimated useful life. The Corporation evaluates the carrying value of these assets in each reporting period to determine if there has been an impairment in value that would result in an inability to recover the carrying amount. Such evaluation is based on estimated undiscounted future cash flows. When it is determined that the carrying value of an asset exceeds the recoverable amount, the asset is written down to the net recoverable amount with a charge to income in the period that such a determination is made.

Deferred financing costs

Deferred financing costs include convertible debenture issue expenses and term loan financing expenses and are amortized on a straight-line basis over the respective terms of these financings.

Future income taxes

The Corporation follows the liability method of accounting for income taxes, under which future income taxes are computed based on the difference between the carrying amount of the various assets and liabilities and their tax basis. The enacted or substantively enacted tax rate when these differences will reverse is used to compute future income taxes at the balance sheet dates. Income tax assets are recognized when it is more likely than not that the assets will be realized.

Amounts per share

Amounts per share are determined using the weighted average number of shares outstanding during the year. Diluted amounts per share are determined using the treasury stock method to evaluate the dilutive effect of convertible debentures, warrants, stock options and other instruments, when applicable. Under this method, instruments with a dilutive effect, basically when the average market price of a share for the period exceeds the exercise price, are considered to have been exercised at the beginning of the period and the proceeds received are considered to have been used to redeem shares of the Corporation at the average market price for the period.

2 Significant accounting policies (cont.)

Stock options

On February 1, 2002, the Corporation adopted the new CICA recommendation relating to stock-based compensation and other stock-based payments. The Corporation has chosen not to use the fair value method to record the stock options granted.

No compensation expense is recognized for the plan when options are granted to directors, officers and employees if the exercise price of these options corresponds to the market value at the date of grant. Any consideration paid upon exercise of options is credited to capital stock. If stock options are redeemed from the beneficiaries, the excess of the consideration paid in relation to the carrying value of the cancelled stock option is charged to retained earnings.

Starting February 1, 2004, the Corporation will use the fair value method to record the stock options granted. For the year ending January 31, 2005, a compensation expense will be recognized for all options granted since February 1, 2002 and the change will be recorded retroactively without restatement of prior year's statements.

Pro forma information is provided in note 10 (e).

3 Changes in accounting policies

a) Guarantees

On February 1, 2003, the Corporation adopted the new CICA guideline regarding the disclosure of guarantees. Under this new guideline, entities are required to disclose key information about certain types of guarantee contracts that require payments contingent on specified types of future events. Disclosures include the nature of the guarantee, how it arose, the events or circumstances that would trigger performance under the guarantee, maximum potential future payments under the guarantee, the carrying amount of the related liability and information about recourse or collateral. The adoption of this standard did not impact the consolidated financial statements.

b) Disposal of long-lived assets and discontinued operations

The Corporation adopted the new CICA standard regarding the disposal of long-lived assets and discontinued operations, which applies to disposal activities initiated on or after May 1, 2003. This new section sets standards for recognition, measurement, presentation and disclosure of the disposal of long-lived assets. It also sets standards for the presentation and disclosure of discontinued operations. The planned disposal of assets described in notes 13 and 18 has been accounted for using these new standards.

Accounting pronouncements not yet implemented

c) Asset retirement obligations

In March 2003, the CICA issued Section 3110, "Asset Retirement Obligations". This standard requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The application of this standard is not expected to have a significant impact on the financial position or results of operations of the Corporation.

d) Generally accepted accounting principles

In July 2003, the CICA issued Section 1100, "Generally Accepted Accounting Principles", and Section 1400, "General Standards for Financial Statement Presentation", which are effective for fiscal years beginning on or after October 1, 2003. Section 1100 clarifies the relative authority of various accounting pronouncements and other sources of guidance within GAAP, whereas Section 1400 clarifies what constitutes a fair presentation in accordance with GAAP. In addition, under Section 1100, industry practice no longer plays a role in establishing GAAP. The application of this standard is not expected to have any impact on the consolidated financial statements.

4 Business acquisition

On September 28, 2003, the Corporation, through one of its wholly owned subsidiaries, acquired the net assets of the cash in transit activities of Secur Inc., a subsidiary of Fédération des Caisses Desjardins du Québec. The aggregate purchase price was $12,241,886, including cash and cash equivalents acquired of $1,297,017.

The above transaction has been accounted for using the purchase method and results of operations of the acquired business have been included in the consolidated financial statements since the acquisition date.

The allocation of the purchase price is as follows:

	$
Net assets acquired (liabilities assumed)	
Current assets	2,677,472
Property, plant and equipment	8,718,493
Service contracts and client relationships	4,552,474
Current liabilities	(2,136,339)
Capital lease obligations	(2,867,231)
Net assets acquired, net of cash and cash equivalents acquired	10,944,869
Cash and cash equivalents acquired	1,297,017
Net assets acquired	12,241,886
Consideration paid	
Cash payment	5,000,000
Transaction costs	2,241,886
Balance of purchase price payable (note 8)	5,000,000
	12,241,886

5 Accounts receivable

	2004 $	2003 $
Trade	12,035,238	11,054,498
Advance to a director non-interest bearing	136,519	121,519
Other	369,957	167,955
	12,541,714	11,343,972

6 Property, plant and equipment

	2004			2003		
	COST $	ACCUMULATED AMORTIZATION $	NET $	COST $	ACCUMULATED AMORTIZATION $	NET $
Office furniture	870,635	363,115	507,520	392,531	320,148	72,383
Computer equipment	734,339	321,770	412,569	488,507	241,428	247,079
Equipment	2,067,303	477,797	1,589,506	503,724	367,455	136,269
Vehicles	1,709,647	636,963	1,072,684	723,688	446,147	277,541
Armored vehicles	3,396,712	119,574	3,277,138	–	–	–
Uniforms	2,812,353	2,156,917	655,436	2,161,063	1,470,582	690,481
Leasehold improvements	3,174,485	222,932	2,951,553	87,242	54,340	32,902
	14,765,474	4,299,068	10,466,406	4,356,755	2,900,100	1,456,655

As at January 31, 2004, the cost and accumulated amortization of assets held under capital leases amounted to $3,171,994 and $162,005, respectively (2003 – nil).

7 Bank loans

Authorized bank loans of $12,250,000 bear interest at prime rate plus 1.5%.

Trade accounts receivable, revenue to be billed, a general assignment of debtors, as well as a movable hypothec on the universality of present and future assets of the Corporation have been pledged as security for the bank loans.

8 Long-term debt

	2004 $	2003 $
Term loan, bearing interest at prime rate plus 2.0%, comprising the same rights and guarantees as the bank loans, repayable in 60 monthly principal instalments of $125,000 from November 2003 until October 2008	7,125,000	–
Balance of purchase price, bearing interest at a rate equal to the cost of funds of Caisse centrale Desjardins, payable in 20 consecutive quarterly principal instalments of $250,000 starting October 1, 2005	5,000,000	–
Capital lease obligations, bearing interest at rates ranging from 5.7% to 9.5%, repayable in monthly instalments of a maximum of $83,976 including principal and interest, maturing at different dates until December 2008	2,978,827	–
Loans, bearing interest at an average rate of 0.7%, secured by equipment, office furniture and vehicles, repayable in monthly instalments of a maximum of $8,587 including principal and interest, maturing at different dates until December 2007	321,733	133,898
Term loan, bearing interest at prime rate plus 1.75%, repaid during the year	–	833,333
	15,425,560	967,231
Less: Current portion	2,418,867	384,398
	13,006,693	582,833

8 Long-term debt (cont.)

The principal payments required for the long-term debt over each of the next five years are as follows:

	$
2005	2,418,867
2006	2,777,855
2007	3,148,543
2008	3,141,421
2009	2,438,874

9 Convertible debentures

	2004 $	2003 $
Convertible debentures, subordinated to bank loans and term loan	485,000	720,000
Accrued interest on debentures	52,973	29,200
	537,973	749,200

On July 11, 2002, the Corporation issued $750,000 Series A convertible debentures and $250,000 Series B convertible debentures, both redeemable on July 11, 2007. Both series have a 10% annual interest coupon, payable semi-annually, and are convertible into Class “A” shares at the holder’s option at any time up to maturity at escalatory prices ranging from $0.75 to $1.05 per share, or at the issuer’s option from the third year of issuance up to maturity at escalatory prices ranging from $0.75 to $1.05 per share provided a 20 trading days average closing price above $1.20 prior to conversion. There were 333,333 warrants attached to Series B which could be exercised at $0.75 per share up to July 11, 2004.

The debt component of the convertible debentures amounted to $720,000 at the date of issuance, representing the present value of interest and principal payments to July 11, 2007, and was recorded in long-term liabilities. The equity component amounted to $280,000, representing the value of the warrants and the conversion option, and was recorded in shareholders’ equity as conversion rights.

Over the term of this financial instrument, the debt component will be increased to $750,000 (2003 – $1,000,000) to provide, for accounting purposes, an annual interest expense equal to 22%, representing an estimation of the interest rate of similar debt instruments which do not have such equity components.

During the year 2004, the Series B convertible debentures were converted by the holder into 333,334 Class “A” shares of the Corporation. Following the conversion, the debt component, the equity component and the related accrued interest in the amount of $281,159 were transferred to capital stock.

10 Capital stock

a) Authorized – in unlimited number, without par value

Class “A” shares, voting and participating

Class “B” shares, issuable in one or more series. The directors are authorized to fix the number of shares in each series and to determine the description, rights, privileges, restrictions and conditions attached to the shares of each series

b) Issued and fully paid

Changes in capital stock issued during the two preceding years are summarized as follows:

	NUMBER OF CLASS “A“ SHARES	$
Balance as at January 31, 2002	23,185,832	5,640,953
Issued following exercise of options	200,000	70,000
Balance as at January 31, 2003	23,385,832	5,710,953
Issued following conversion of Series B debentures (note 9)	333,334	281,159
Issued following exercise of options	280,000	198,000
Balance as at January 31, 2004	23,999,166	6,190,112

c) Warrants

As part of the issuance of convertible debentures on July 11, 2002 (note 9), 333,333 warrants were granted. As at January 31, 2004, those warrants are still outstanding.

d) Options

The Corporation has adopted an Incentive Stock Option Plan (the “Plan”) for Class “A” shares whereby a maximum of 10% of the issued Class “A” shares are reserved for and offered as stock options to directors, officers, employees and other key personnel of the Corporation. The Plan provides that the terms of the option and the option price shall be established by the directors and the competent stock market authorities subject to the price restrictions and other requirements.

The following table summarizes the Corporation’s Class “A” stock options’ activity:

	2004		2003	
	NUMBER OF SHARES	WEIGHTED AVERAGE EXERCISE PRICE $	NUMBER OF SHARES	WEIGHTED AVERAGE EXERCISE PRICE $
Options granted — Beginning of year	956,785	0.48	1,446,785	0.56
Granted	1,330,000	1.16	–	–
Exercised	(280,000)	0.71	(200,000)	0.35
Forfeited	(160,000)	0.86	–	–
Cancelled after expiration	–	–	(290,000)	0.98
Options granted — End of year	1,846,785	0.90	956,785	0.48

10 Capital stock (cont.)

d) Options

The following table summarizes information about the Corporation's Class "A" stock options outstanding and exercisable as at January 31, 2004:

	Options outstanding			Options exercisables	
Exercise price $	Number of shares	Weighted average remaining contractual life (years)	Weighted average exercise price $	Number of shares	Weighted average exercise price $
0.35	634,285	0.45	0.35	634,285	0.35
0.85	400,000	2.71	0.85	200,000	0.85
1.00	267,500	4.16	1.00	17,500	1.00
1.25	50,000	4.91	1.25	–	–
1.50	195,000	4.90	1.50	–	–
1.60	300,000	4.94	1.60	–	–
	1,846,785	2.80	0.90	851,785	0.48

e) During the year, the Corporation granted 1,330,000 Class "A" stock options at exercise prices ranging from $0.85 to $1.60. The Corporation did not record any compensation expense. Had the stock-based compensation cost been accounted for based on the fair value of the options at the grant dates, the net income and income per share for the year would have been reduced to the pro forma amounts indicated in the following table:

	As reported $	Pro forma $
Loss from continuing operations	(78,129)	(262,198)
Basic and diluted loss per share	0.00	(0.01)
Net loss for the year	(807,421)	(991,490)
Basic and diluted loss per share	(0.03)	(0.04)

The fair value of share purchase options granted was estimated using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	1.88% to 3.30%
Expected life of options	2 to 5 years
Volatility	67% to 84%
Dividend rate	0%

f) Escrowed shares

As at January 31, 2004, there were no Class "A" shares held in escrow. As at January 31, 2003, 2,044,455 Class "A" shares were held in escrow and were released as follows:

- 1,600,000 Class "A" shares were in escrow and were released due to the year's performance;
- 322,222 Class "A" shares were subject to a remaining one-year contractual escrow, and were released on the anniversary date of the acquisition of Soft Management Inc., namely November 22, 2003;
- 45,455 Class "A" shares were subject to a remaining one-year contractual escrow, and were released on the anniversary date of the acquisition of Riscon Services Limited, namely October 5, 2003;
- 10,111 Class "A" shares were subject to a remaining one-year contractual escrow, and were released on the anniversary date of the acquisition of Garda Parking Management Inc. (formerly 9022-4528 Québec Inc.), namely May 1, 2003; and
- 66,667 Class "A" shares were subject to a remaining one-year contractual escrow, and were released on the anniversary date of the acquisition of Lister & Stop Security Systems Inc. (now wound up in Garda Security Group Inc.), namely February 1, 2003.

10 Capital stock (cont.)

g) The following table reconciles basic net income (loss) per share:

	2004	2003
Net income (loss) for the year	$(807,421)	$971,632
Weighted average number of shares outstanding	23,504,946	23,244,165
Shares whose issuance is conditional	–	(1,600,000)
Weighted average number of shares outstanding for use in computation of basic income per share	23,504,946	21,644,165
Effect of potential dilutive securities		
Stock options	–	329,670
Shares whose issuance is conditional	–	1,600,000
Weighted average number of shares for use in computation of diluted income per share	23,504,946	23,573,835
Basic and diluted net income (loss) per share	$(0.03)	$0.04

For the year ended January 31, 2004, the potentially dilutive weighted average number of shares outstanding equalled the basic weighted average number of shares outstanding, since the effect of the Series A convertible debentures, warrants and stock options would have been anti-dilutive. Accordingly, the diluted loss per share for the year was calculated using the basic weighted average number of shares outstanding.

However, should the Corporation's basic income per share have been positive, the Series A convertible debentures, warrants and stock options would have been dilutive and would have resulted in the addition of 1,000,000, 121,469 and 504,752 shares, respectively, to the weighted average number of shares, and in an increase of $74,730 to the net income for the year used in the diluted income per share calculation.

For the year ended January 31, 2003, the following securities were not included in the calculation of dilutive potential shares as the exercise price exceeded the average trading value of the shares: 242,500 options with an exercise price ranging from $0.85 to $1.00 per share; and 333,333 warrants with an exercise price of $0.75 per warrant. Also, the conversion of the convertible debentures into Class "A" shares would have had an anti-dilutive effect on the net income per share.

11 Changes in non-cash working capital items

The changes in non-cash working capital items are determined as follows:

	2004 $	2003 $
Decrease (increase) in		
Accounts receivable	874,902	(1,263,622)
Revenue to be billed	1,259,942	326,625
Inventories	(56,232)	(146,378)
Income taxes	38,568	3,062
Prepaid expenses	17,257	29,798
Increase (decrease) in		
Accounts payable and accrued liabilities	4,401,878	47,295
Income taxes	43,063	–
Deferred revenue	(70,000)	(30,000)
	6,509,378	(1,033,220)

12 Income taxes

a) The income tax rate on income from continuing operations differs from the statutory tax rate for the following reasons:

	2004	2003
Combined basic Federal and provincial tax rate	31.0%	33.1%
	$	$
Provision for (recovery of) income taxes based on combined basic Federal and Québec tax rate	(49,640)	559,355
Other permanent differences and other	(32,360)	10,645
	(82,000)	570,000
Income tax expense (recovery)		
Current	50,000	–
Future	(132,000)	570,000
	(82,000)	570,000

b) Future income taxes include the following:

	2004	2003
	$	$
Future tax assets		
Losses carried forward and issue expenses	1,207,921	158,985
Deferred income from Garda Secur Limited Partnership	(881,803)	–
Property, plant and equipment	134,596	137,682
Other	59,892	13,939
	520,606	310,606

c) The Corporation and its subsidiaries have accumulated non-capital tax losses and deductible issue expenses of approximately $3,623,000, which may be carried forward and used to reduce taxable income in future years, and for which a tax benefit has been recorded. These losses and issue expenses may be claimed no later than:

	$
January 31, 2005	42,000
2007	27,000
2008	1,000
2009	26,000
2010	218,000
2011	3,309,000

13 Discontinued operations

During the year, the Corporation decided to discontinue the operations of Soft Management Inc. and Softalarm Inc. These subsidiaries developed and sold proprietary software applications for the security market. As explained in note 18, the assets of these subsidiaries were sold on February 28, 2004.

The results of the discontinued operations are as follows:

	2004 $	2003 $
Revenues	9,500	117,056
Loss before income taxes and impairment loss on goodwill	(245,092)	(218,263)
Recovery of future income taxes	78,000	70,000
Net loss before impairment loss on goodwill	(167,092)	(148,263)
Impairment loss on goodwill (note 18)	(562,200)	–
Net loss	(729,292)	(148,263)
Basic and diluted loss per share	(0.03)	(0.01)

The long-term assets from discontinued operations, which are all held for disposal, are as follows:

	2004 $	2003 $
Property, plant and equipment	17,747	25,058
Goodwill	745,650	1,307,850
Future income taxes	201,015	123,015
	964,412	1,455,923

14 Commitments and contingencies

a) The Corporation has lease commitments for office space and vehicles. The minimum payments required in each of the next five years are as follows:

	$
2005	1,075,770
2006	816,832
2007	624,750
2008	456,073
2009	324,848

14 Commitments and contingencies (cont.)

b) As part of the asset purchase agreement concluded with Fédération des Caisses Desjardins du Québec (note 4), the Corporation has the obligation, within one year of the transaction date, to remove the name "Secur" from all assets purchased and not to use that same name as part of its operations. Management estimates that capital costs of approximately $960,000 will have to be incurred to meet this obligation.

c) The Corporation has insurance policies to cover the potential risk of material claims from customers. Under a banking agreement, the Corporation has the obligation to maintain restricted cash funds totalling $1,500,000 to cover the maximum annual deductible amount. As at January 31, 2004, the Corporation has a restricted short-term investment related to that obligation of $1,246,955, which consists of commercial paper bearing interest at a rate of 2.51% and maturing on July 6, 2004. The Corporation has until September 28, 2004 to attain the required restricted fund balance.

d) In the normal course of business, the Corporation is involved in various legal proceedings. The outcome of these proceedings cannot be determined at this time and accordingly no provision has been recorded. The Corporation believes that the resolution of these proceedings will not have a material favourable or unfavourable effect on its financial situation.

15 Significant customer

For the year ended January 31, 2004, revenues from one customer represent 11% (2003 – nil) of the Corporation's total revenues.

16 Segmented information

The Corporation operates in the business of providing security solutions in Canada and its activities are carried out through two main reportable segments:

i) Physical security and others: Security officer services and others

ii) Cash handling: Armored transportation and cash logistic services

Activities carried out through other segments are not significant and are included in physical security activities.

16 Segmented information (cont.)

The accounting policies of the reportable segments are the same as those used for the consolidated financial statements.

	2004 $	2003 $
Revenues		
Physical security and others	76,563,065	85,105,736
Cash handling	18,749,513	–
	95,312,578	85,105,736
Amortization of property, plant and equipment		
Physical security and others	960,099	855,841
Cash handling	478,297	–
	1,438,396	855,841
Amortization of service contracts and client relationships		
Cash handling	126,456	–
Income before financing expenses and income taxes		
Physical security and others	560,950	2,523,150
Cash handling	495,841	–
	1,056,791	2,523,150
Additions to property, plant and equipment		
Physical security and others	1,239,982	1,072,906
Cash handling	489,697	–
	1,729,679	1,072,906
Total assets		
Physical security and others	18,465,504	21,969,547
Cash handling	21,572,920	–
	40,038,424	21,969,547

17 New business

On January 22, 2004, the Corporation obtained from the Canadian Air Transport Security Authority the mandate of managing airport screening security services mainly at Pearson International Airport in Toronto. The three-year agreement will begin on April 1, 2004 and will significantly increase the Corporation's annual revenues and its workforce in Ontario.

18 Impairment loss on goodwill and subsequent event

On February 28, 2004, Soft Management Inc. and Softalarm Inc., both subsidiaries of the Corporation, entered into an agreement for the sale of their assets for a total maximum consideration of $1,200,000. Concurrently, the Corporation repurchased for a nominal consideration 200,444 of its Class "A" shares held by the minority shareholder of the subsidiaries sold. The conclusion of this agreement confirmed that the net accounting value of goodwill arising from the acquisition of these subsidiaries will not be fully recovered over the long term. As a result, an impairment loss of $562,200 has been recognized and included in net loss for the year.

19 Comparative figures

Certain comparative figures for the previous year have been restated to conform with the new presentation.

Board of directors

Stéphan D. Crétier, MBA
Chairman of the Board
and Chief Executive Officer,
Garda World Security Corporation

C. François Couture[1]
Partner,
Desjardins Ducharme Stein Monast

Jean-Luc Landry[1]
Economist, Manager and President,
Landry, Morin Inc.

François Plamondon, CA[1, 2]
Vice-President and Chief Financial Officer,
Avestor

Louis-Philippe Séguin[2]
Vice-President,
Jones, Gable and Company

Pierre-Hubert Séguin[2]
Founding Partner,
Séguin Racine, S.E.N.C.

Management

Stéphan D. Crétier, MBA*
Chairman of the Board
and Chief Executive Officer

Alain Dumont, CA*
Vice-President and Chief Financial Officer

Patrice Boily, Eng.*
Vice-President
and Chief Operating Officer

Allan C. Bentley
Vice-President, Corporate Development

Luc Dupont, B.Comm.
Vice-President, Business Development

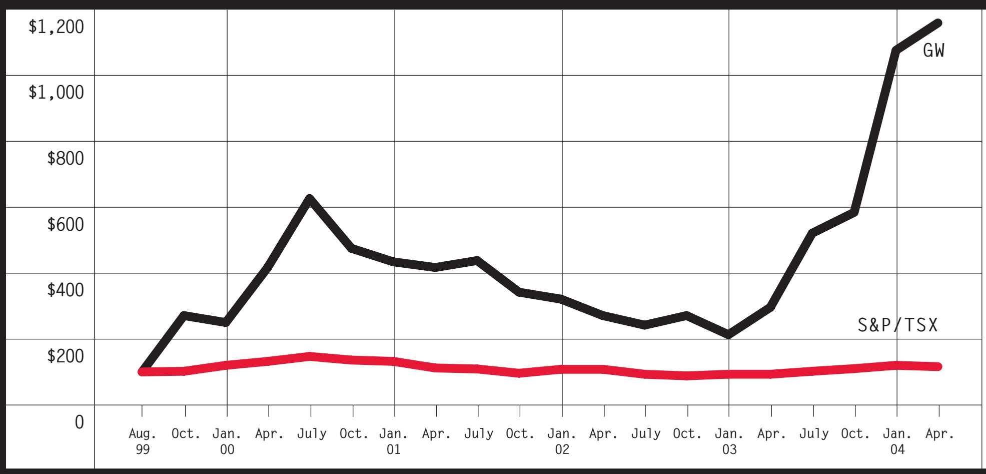
Robert Champagne, CRHA
Vice-President, Global Human Resources

Robert St-Jean
Vice-President, Chief Security Officer

Alain Brière, B.Comm.
Vice-President, Operations

[1] Corporate Governance Committee
[2] Audit Committee
* Officer

A full report of Garda's corporate governance practices is set out in the Proxy Circular for the 2004 Annual Meeting of Shareholders



STOCK INFORMATION

GARDA WORLD VERSUS S&P/TSX COMPOSITE INDEX

VALUE OF $100 INVESTED ON AUGUST 1, 1999

Listing: Toronto Stock Exchange (TSX)
Ticker symbol: GW
Shares outstanding (31-01-2004): 23,999,166

Public float (31-01-2004): 12,376,728
High/Low (52 weeks) as at 01-06-2004: $3.59/$0.76
Recent price (01-06-2004): $2.88

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Annual shareholders' meeting
July 15, 2004, at 9 a.m.
University Club of Montreal
2047 Mansfield Street
Montréal, Québec

Attorneys
Séguin Racine S.E.N.C.

Transfer agent and registrar
CIBC Mellon Trust Company

Auditors
PricewaterhouseCoopers LLP

Bankers
BMO-Bank of Montreal

Leveraging our strengths

A GROWING PRESENCE IN GROWING INDUSTRY SEGMENTS

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GARDA WORLD SECURITY CORPORATION
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