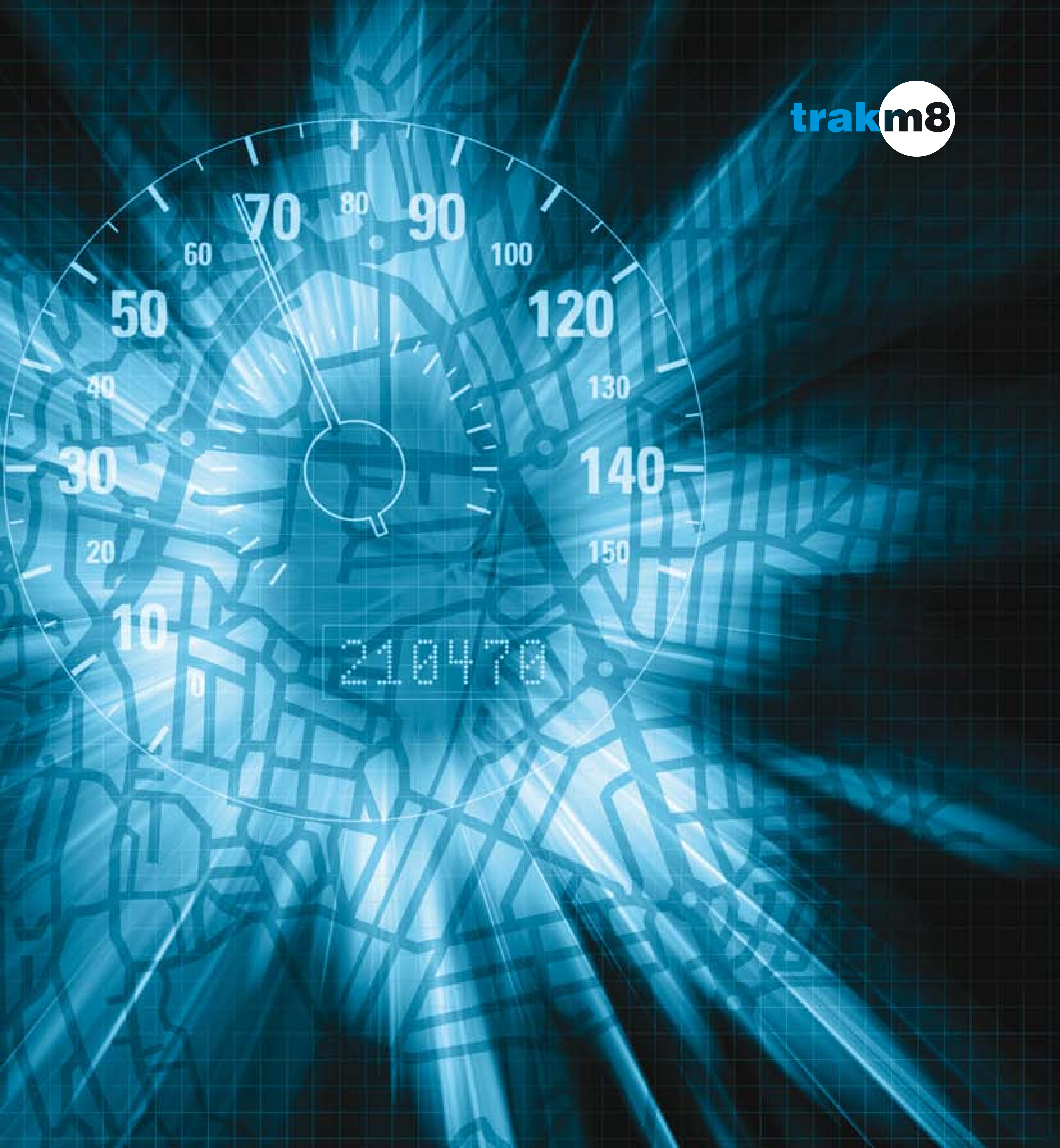
trakm8



Trakm8 Holdings PLC

REPORT AND FINANCIAL STATEMENTS

for the year ended 31 March 2009

Contents

Officers and Advisers

DIRECTORS

C D Buck
J Watkins
M Cowley
T Cowley
J Hedges

SECRETARY

C Giles

REGISTERED OFFICE

Lydden House
Wincombe Business Park
Shaftesbury
Dorset
SP7 9QJ

BANKERS

HSBC Bank plc
165 High Street
Southampton
SO14 2NZ

AUDITOR

Baker Tilly UK Audit LLP
Chartered Accountants
Hartwell House
55-61 Victoria Street
Bristol
BS1 6AD

FINANCIAL PUBLIC RELATIONS

Tavistock Communications
131 Finsbury Pavement
London
EC2A 1NT

Highlights

	Year ended 31 March 2009	Year ended 31 March 2008
	£000's	£000's
Revenue	3,679	4,656
Gross Profit	2,162	2,024
Gross Profit %	58.8%	43.5%
Other income	473	79
Operating Loss	(383)	(891)
Loss on ordinary activities before taxation	(411)	(958)
Net Cash and cash equivalents	100	153
Net Assets	1,182	1,572

- Share placing post period end, in May 2009, to raise £290,000

Chairman’s Statement

OVERVIEW

The past year has presented a set of unique challenges for the Group including the impact of the economic recession that has affected most countries and industry sectors throughout the world. However, despite some of the most adverse trading conditions for over a decade, the Group has arrested and reversed the decline in the Group’s financial performance.

The headline operating results for the full year whilst disappointing in absolute terms, reflect an improvement compared to the previous year. The Group was profitable in the second half of the year before a bad debt provision of £0.1m resulting from two customer accounts which had begun to give cause for concern in May 2009.

The current fragile condition of the economy is likely to precipitate continuing insolvencies across all industry sectors and ours is no exception. However Trakm8 has the benefit of technical visibility and control of our products throughout their product life cycles. If the Group’s distributor or agent customers falter financially within the supply chain we are able, in most instances, to mitigate our losses as a creditor by offering the affected end users the opportunity to continue to enjoy the benefits of our technology by assuming a direct commercial relationship with Trakm8.

FINANCIAL SUMMARY

Revenue for the year ended 31 March 2009 was £3.7m (2008: £4.7m), a decrease of 21%. Despite this decrease in revenue, gross profit increased to £2.2m (2008: £2.0m) as gross margins have again improved by 15.3% to 58.8% (2008: 43.5%). Administrative expenses of £3.0m (2008: £3.0m), have resulted in the Group announcing a loss on ordinary activities before taxation for the period of £0.4m (2008: loss £1.0m).

The actions taken by the Board in September 2008 reduced annualised overheads by more than £0.6m and as a result the Group was on course to realise a small profit before tax during the second half of the year. However, as outlined above, the failure of two customers since the year end has resulted in a bad debt provision of £0.1m.

In order to help maintain the positive progress of the Group the Board of Directors do not recommend the payment of a dividend at this time.

OPERATIONAL REVIEW

Pre-emptive and prudent rationalisation of business operations, including the suspension of expansion plans in both the USA and Australia, has meant that the Company had already reduced or stabilised costs prior to the full impact of the global economic downturn. However, costs that are not under the Group’s direct control, like the sterling/euro exchange rate, continued to adversely affect the margin on the Group’s proprietary hardware platforms. This was mitigated in part by a price increase introduced in January 2009.

The beginning of 2009 also heralded the market deployment of the latest version 5.0 of Trakm8 SWIFT® and the increased functionality, performance and customisation potential has been well received by existing and prospective customers. Although originally designed for small to medium fleet sized customers, large fleet operators are increasingly recognising the potential of this exciting web based application and this was aptly demonstrated by our successful contract awards with the utility giant E.ON plc and the South African based distributor Smartsurv S.A. as announced on the 23 and 25 March 2009 respectively.

Chairman’s Statement *(continued)*

OPERATIONAL REVIEW *(continued)*

The Company was delighted with the E.ON contract which is initially for up to 3,000 of its fleet of commercial vehicles. The Trakm8 solution will enable E.ON to realise tangible cost savings and efficiencies as well as improving the safety and security of their employees. In addition E.ON will be using our solution to actively manage the reduction of their carbon footprint through actual CO2 journey profiling.

In addition, the T6 hardware platform continues to provide industry leading capability which has now been further augmented by the introduction, well ahead of other market suppliers, of CAN (controller area network) integration, enabling wireless vehicle diagnostics and driver behavioural patterns. Later this year, our hardware range will again be expanded by the introduction of the T6 Mini model enhancing our overall product offering and corresponding product value for our customers.

The Government sponsored projects of TRU-EP (Trusted Road Usage & Emission Profiling) and FITS/Freeflow (Fully Integrated Transport System) are both progressing well and in conjunction with our project partners, we are on course to develop and deliver substantial R&D benefits to the project sponsors, the Technology Strategy Board and to the Group’s intangible assets.

THE BOARD

The structure of the Board has undergone significant change during the year. As previously announced on 2 June 2008, Tim Couling the Group’s Finance Director left the Group in December 2008. Additionally, Cary Knapton elected to step down from the Board and leave the Company in September 2008 in order to pursue outside interests. On behalf of the Board, I would like to thank both Tim and Cary for their hard work and contributions over the years and to wish them both well for the future.

These departures presented the Board with the opportunity to introduce innovative ideas and operational experience through the appointments of John Watkins as CEO and James Hedges as Finance Director.

SHARE PLACING

In May 2009 the Company announced the issue of 4.4 million new ordinary shares which had been placed with existing shareholders and Directors at a price of 6.5 pence per share. The placing raised approximately £0.3m and the Directors contributed 67% of the total. The monies will be used to strengthen the Balance Sheet and enable the Group to capitalise on the success of the E.ON contract win as well as other opportunities.

FUTURE DEVELOPMENTS

The executive team continues to be committed to the ongoing realisation of high margin sales growth in order to sustain the return to full profitability in the coming financial period. The Group will continue to develop and augment our business through increased market share, technical innovation and prudent and controlled business investment.

I would like to close by thanking all Trakm8 personnel for their continued commitment and support to the Group over the last year.

DAWSON BUCK
CHAIRMAN

Directors Report

The Directors submit their report and financial statements of Trakm8 Holdings PLC for the year ended 31 March 2009.

Trakm8 Holdings PLC is a public listed company incorporated and domiciled in England (Company Number 05452547) whose shares are quoted on the Alternative Investment Market (AIM) of the London Stock Exchange.

PRINCIPAL ACTIVITY

The principal activity of the Trakm8 Group is the marketing, manufacture and distribution of vehicle telematics equipment and services. Trakm8 Holdings PLC is the holding company for the Trakm8 Group.

REVIEW OF BUSINESS

The review of the business is contained in the Chairman's statement on pages 4 to 5.

RESULTS AND DIVIDENDS

The Group results for the year ended 31 March 2009 are shown in the Income Statement on page 13. The Directors do not recommend the payment of a dividend.

SHARE PLACING

On 8 May 2009 the Group completed a share placing with existing shareholders and Directors. 4,454,046 new ordinary shares were issued at a price of 6.5 pence per share. A total of £289,513 was raised and the new shares represent approximately 24.3% of the enlarged share capital.

FUTURE DEVELOPMENTS

Future developments of the business are contained in the Chairman's report on pages 4 to 5.

RESEARCH AND DEVELOPMENT

The Board considers that the Group's research and development activity plays an important role in the operational and financial success of the business.

The Group continues to identify exciting technology developments in the telematics arena. These form the centre point of the Group's product strategy and will enable the delivery of new and enhanced products and services in the coming year. This investment continues to complement spend on the Trakm8 SWIFT® proposition and includes participation in two government sponsored projects.

Directors Report *(continued)*

KEY PERFORMANCE INDICATORS

The key performance indicators used to assess the performance and position of the Group are as follows:-

1. Operating profit. The Group reduced its operating loss from £891,275 to £382,963. Furthermore the operating loss for the first six months of the year to 31 March 2009 of £337,986 has been reduced to an operating loss of £44,977 in the second six months of the period.

2. Borrowings. The Group monitors its cash and borrowings position and updates cashflow forecasts for the following twelve months on a daily basis. Total borrowings have been reduced during the year from £549,624 to £298,728 at the year end.

3. Customer services. A weekly analysis is undertaken of outstanding customer service cases to ensure compliance with our service level agreements.

4. Credit control. All overdue accounts are reviewed and where necessary contacted on a weekly basis.

GOING CONCERN

The Directors confirm that they are satisfied that the Group has adequate resources and facilities to continue in business for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. This is detailed in Note 4 to the financial statements.

DIRECTORS

The following directors have held office since 1 April 2008:

C D Buck	
T Couling	Resigned 1 December 2008
M Cowley	
T Cowley	
C P Knapton	Resigned 10 September 2008
J Watkins	
J Hedges	Appointed 24 September 2008

Directors Report *(continued)*

DIRECTORS AND THEIR INTERESTS

The present members of the Board reflecting the changes that occurred during the year are as listed on page 2. The Directors' interests in the shares of the Company are detailed below:-

	1p ordinary shares At 31 March 2009	% of issued ordinary share capital (13,857,169 ordinary shares)	1p ordinary shares At 1 Apr 2008 or on subsequent date of appointment	% of issued ordinary share capital (13,517,033 ordinary shares)
C D Buck	-	-	-	-
T Couling[1]	37,520	0.27%	37,520	0.28%
M Cowley	773,178	5.57%	773,178	5.72%
T Cowley	759,756	5.48%	759,756	5.62%
J Hedges[2]	-	-	-	-
C Knapton[3]	1,717,021	12.39%	1,717,021	12.70%
J F Watkins[4]	1,066,328	7.70%	1,066,328	7.89%

1 Resigned 1 December 2008
2 Appointed 24 September 2008
3 Resigned 10 September 2008
4 Beneficial interest in a Self Invested Pension Plan (SIPP) legally held by trustees Hornbuckle Mitchell Group plc

The Directors had no interest in the share capital of the Company's subsidiary undertakings at 31 March 2009 or on the date on which these financial statements were approved.

DIRECTORS' SHARE OPTIONS

At 31 March 2009 the following options had been granted to the Company's Directors and remain current and unexercised:

	Option Exercise price	Balance as at 31 March 2008	Granted during year	Exercised during year	Expired/ forfeited during year	Balance as at 31 March 2009	Expiry Date
M Cowley	£0.25	25,750	-	-	-	25,750	31/03/2010
T Cowley	£0.25 £0.26	10,000 20,305	-	-	-	10,000 20,305	31/03/2010 01/10/2010
J Hedges	£0.05	-	100,000	-	-	100,000	30/11/2011

CREDITORS PAYMENT POLICY

It is the Group's policy to establish payment terms with suppliers and to adhere to those terms, provided that the goods and services are in accordance with the agreed terms and conditions. Trade creditors for the parent company at the year end represented 66 days of purchases (2008: 67 days).

Directors Report *(continued)*

EMPLOYMENT POLICY

During the year, the Group has consulted with employees in matters likely to affect their interests and is committed to involving them in the performance and development of the Group.

DISABLED EMPLOYEES

The Group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

Should existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training, career development and promotion to such employees as appropriate.

POLITICAL AND CHARITABLE DONATIONS

The Group made charitable donations to local charities in the year of £268 (2008 £1,084).

FINANCIAL INSTRUMENTS

The Group raises finance through equity and borrowings and places surplus cash on short-term deposits. The primary source of borrowings is the bank facility which is in place for use as required.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, credit and currency risk. The policies for managing these are reviewed by the board.

Interest rate - The Group uses fixed and floating interest rates where appropriate in order to minimise any interest rate risks.

Liquidity - The Group operates a long-term business, and its policy is to finance it primarily with equity and short to medium-term borrowings. Short-term flexibility is achieved by cash balances and overdraft facilities.

Credit risk - The Group aims to minimise its exposure to credit risk through a mixture of credit insurance, credit limits and credit checks on new customers.

Currency risk - Historically the Group has not used hedging instruments to minimise currency risk as the exposure is limited. If foreign currency exposure increases, the use of foreign currency hedging instruments will be reviewed as necessary.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The Directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the Directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

AUDITOR

A resolution to reappoint Baker Tilly UK Audit LLP, Chartered Accountants, as auditor, will be put to the members at the annual general meeting.

By approval of the Board on 2 July 2009.

C D BUCK
CHAIRMAN

Statement of Director’s responsibilities in the preparation of financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

UK Company law requires the Directors to prepare Group and Company Financial Statements for each financial year. Under that law the Directors are required to prepare Group financial statements in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the EU and have elected to prepare the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

The group financial statements are required by law and IFRS adopted by the EU to present fairly the financial position and performance of the group; the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

The company financial statements are required by law to give a true and fair view of the state of affairs of the company.

In preparing each of the group and company financial statements, the directors are required to:

a. select suitable accounting policies and then apply them consistently;

b. make judgements and estimates that are reasonable and prudent;

c. for the group financial statements, state whether they have been prepared in accordance with IFRSs adopted by the EU; and for the company financial statements state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the company financial statements; and

d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the group 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 may differ from legislation in other jurisdictions.

Independent Auditor's report to the members of Trakm8 Holdings PLC

We have audited the financial statements on pages 13 to 47.

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 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

The Directors' responsibilities for preparing the Annual Report, and the group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union ("EU"), and for preparing the parent company 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 whether the financial statements have been 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. The information given in the Directors' Report includes that specific information presented in the Chairman's Statement that is cross referenced from the Review of Business and Outlook sections of the Directors' Report.

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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Highlights, the Chairman's Statement and the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and 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.

Independent Auditor's report to the members of Trakm8 Holdings PLC *(continued)*

OPINION

In our opinion

- the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 31 March 2009 and of its loss for the year then ended;
- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent company's affairs as at 31 March 2009;
- 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.

BAKER TILLY UK AUDIT LLP
Registered Auditor
Chartered Accountants
Hartwell House
55-61 Victoria Street
Bristol
BS1 6AD

2 July 2009

Consolidated Income Statement
for the year ended 31 March 2009

	Notes	2009 £	2008 £
REVENUE	6	3,678,929	4,656,124
Cost of sales		(1,516,626)	(2,631,725)
Gross profit		2,162,303	2,024,399
Other income	7	472,988	78,779
		2,635,291	2,103,178
Administrative expenses		(3,018,254)	(2,994,453)
LOSS FROM OPERATIONS	7	(382,963)	(891,275)
Finance income		2,652	9,547
		(380,311)	(881,728)
Finance costs	8	(31,061)	(76,561)
LOSS BEFORE TAXATION		(411,372)	(958,289)
Income tax	9	9,544	57,124
LOSS FOR YEAR ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF PARENT	21	(401,828)	(901,165)
LOSS PER ORDINARY SHARE (PENCE)			
Basic	11	(2.9)	(7.6)
Diluted	11	(2.9)	(7.6)

There were no discontinued operations in 2009 or 2008. Accordingly the results relate to continuing operations.

Consolidated Statement of changes in Equity
for the year ended 31 March 2009

	2009 £	2008 £
Total equity at beginning of year	1,572,412	1,482,951
Exchange differences on translation of overseas operations	1,330	202,930
Net gains recognised directly in equity	1,573,742	1,685,881
Loss for the year	(401,828)	(901,165)
Total recognised income and expense	1,171,914	784,716
Shares issued	-	522,501
Shares to be issued	-	246,032
Share based payments	9,608	19,163
Total equity at end of year attributable to equity shareholders of the parent company	1,181,522	1,572,412

Consolidated Balance Sheet
as at 31 March 2009

	Notes	2009 £	2008 £
NON-CURRENT ASSETS			
Intangible assets	12	1,358,220	1,597,781
Property, plant and equipment	13	442,630	478,061
		1,800,850	2,075,842
CURRENT ASSETS			
Inventories	14	159,153	146,027
Trade and other receivables	15	700,008	809,751
Current tax assets		9,381	32,902
Cash and cash equivalents		100,191	363,371
		968,733	1,352,051
CURRENT LIABILITIES			
Trade and other payables	17	(1,270,822)	(1,287,183)
Borrowings	18	(58,172)	(51,874)
Bank overdrafts	18	(636)	(210,280)
		(1,329,630)	(1,549,337)
CURRENT ASSETS LESS CURRENT LIABILITIES		(360,897)	(197,286)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,439,953	1,878,556
NON CURRENT LIABILITIES			
Borrowings	18	(239,920)	(287,470)
Deferred tax liabilities	16	(18,511)	(18,674)
NET ASSETS		1,181,522	1,572,412
EQUITY			
Share capital	20	138,571	135,170
Share premium account	21	1,358,375	1,256,334
Shares to be issued	21	140,590	246,032
Merger reserve account	21	509,837	509,837
Share based payment reserve	21	57,395	47,787
Translation reserve	21	204,260	202,930
Retained earnings	21	(1,227,506)	(825,678)
TOTAL EQUITY ATTRIBUTABLE TO THE EQUITY SHAREHOLDERS OF THE PARENT		1,181,522	1,572,412

These financial statements were approved by the Directors and authorised for issue on 2 July 2009 and are signed on their behalf by:

C D Buck
Director

J Hedges
Director

Consolidated Cash Flow Statement

for the year ended 31 March 2009

	Notes	2009 £	2008 £
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	23	(16,440)	238,909
INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(2,352)	(23,153)
Proceeds on disposal of property, plant and equipment		20,358	1,479
Expenditure on product development		-	(124,094)
Acquisition of subsidiary net of cash acquired		-	(319,573)
NET CASH FROM/(USED IN) INVESTING ACTIVITIES		18,006	(465,341)
FINANCING ACTIVITIES			
Repayment of obligations under hire purchase agreements		(4,807)	-
Repayment of loans		(50,295)	(59,771)
NET CASH USED IN FINANCING ACTIVITIES		(55,102)	(59,771)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(53,536)	(286,203)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		153,091	439,294
CASH AND CASH EQUIVALENTS AT END OF YEAR		99,555	153,091

Cash and cash equivalents comprise 'Cash and cash equivalents' and 'Bank overdrafts'.

Notes to the Financial Statements

for the year ended 31 March 2009

1. GENERAL INFORMATION

Trakm8 Holdings PLC is a public limited company ("Company") incorporated in the United Kingdom under the Companies Act 1985 (registration number 05452547). The Company is domiciled in the United Kingdom and its registered address is Lydden House, Wincombe Business Park, Shaftesbury, Dorset, SP7 9QJ. The Company's Ordinary Shares are traded on the Alternative Investment Market ("AIM").

The Group's principal activity is the marketing, manufacture and distribution of vehicle telematics equipment and services. The Company's principal activity is to act as a holding company for its subsidiaries.

2. AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH IFRS

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations as endorsed by the European Union, and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS.

3. BASIS OF PREPARATION

The accounting policies set out in note 4 have been applied consistently to all periods presented in these consolidated financial statements.

4. ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements. If in the future such estimates and assumptions which are based on management's best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change. Where necessary, the comparatives have been reclassified or extended from the previously reported results to take into account presentational changes.

GOING CONCERN

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Statement on pages 4 to 5. In preparing these financial statements on a going concern basis the Directors have considered the Group's overall financial position.

At the end of the first half of the financial year the Board acknowledged that the level of losses being realised by the Group were unsustainable (£352,040 before tax). Consequently, an in depth review of the business was undertaken and this initiated a number of immediate actions including; increasing our gross margins, closure of the Australian and American subsidiaries and a number of overhead reduction programmes which resulted in a small number of redundancies and non replacement of leavers. These actions, along with the Board changes reported in the Chairman's statement, reduced our level of overheads by an annualised rate of over £600,000.

Despite the deteriorating economic climate in the second half of the financial year, the Group was on course to achieve a small profit before tax for the second six months primarily due to the actions that had been taken in September 2008. However since the financial year end, two of our customers, who had an aggregate debtor balance of £111,091 net of VAT, have given cause for concern resulting in one filing for liquidation in June 2009. Full provision has been made for these two balances at the year end and as a result the second six months realised a loss before taxation of £59,414. It is however expected that the Group will be able to benefit in the coming year by assimilating new business from these two former customers.

Notes to the Financial Statements
for the year ended 31 March 2009 *(continued)*

GOING CONCERN *(continued)*

In March 2009 the Board took the decision to raise additional funds to strengthen the Balance Sheet and to build up its development capabilities and sales team in order to take full advantage of future developments in the Telematics market. An equity placing of 4,454,046 shares at 6.5 pence was duly completed in May 2009 and raised £289,513 in cash.

The Group's forecasts and projections, including a detailed revenue sensitivity analysis, show that the Group should be able to operate within the level of its cash resources together with the HSBC overdraft facility which in May 2009 was renewed at £140,000 for another year. In addition, steps have been taken to increase sales in euros in order to mitigate the effect of the Group's exposure to an adverse euro exchange rate. Forecasts have been based on a conservative exchange rate of €1.05/sterling.

Taking all of the above into account, the Directors are confident that despite the challenging economic circumstances the Group has sufficient financial resources to continue as a going concern for the foreseeable future. They believe it is therefore appropriate to prepare the financial statements on the going concern basis and the financial statements do not include any adjustments that would result from the Group not being able to meet its liabilities as they fall due.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 March each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The trading results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All intra-group transactions, balances, income and expenditure are eliminated on consolidation.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at the acquisition date irrespective of the extent of any minority interest. The excess of cost of acquisition over the fair values of the Group's share of identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair value of identifiable net assets acquired (i.e. discount on acquisition) is recognised directly in the income statement.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

SHARE-BASED PAYMENTS

The Group has applied the requirements of IFRS 2 Share-based Payment. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested as of 1 April 2006.

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

The fair value is measured by use of the Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations. No expense is recognised for awards that do not ultimately vest.

Notes to the Financial Statements

for the year ended 31 March 2009 *(continued)*

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured at their amortised cost using the effective interest method less any provision for impairment. A provision for impairment is made where there is objective evidence, (including customers with financial difficulties or in default on payments), that amounts will not be recovered in accordance with original terms of the agreement. A provision for impairment is established when the carrying value of the receivable exceeds the present value of the future cash flow discounted using the original effective interest rate. The carrying value of the receivable is reduced through the use of an allowance account and any impairment loss is recognised in the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. For the purposes of the cashflow statement, cash and cash equivalents includes bank overdrafts.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade payables

Trade payables are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

Notes to the Financial Statements

for the year ended 31 March 2009 *(continued)*

GOODWILL

Goodwill arising on consolidation is recorded as an intangible asset and is the surplus of the cost of acquisition over the Group's interest in the fair value of identifiable net assets acquired. Goodwill is reviewed annually for impairment. Any impairment identified as a result of the review is charged in the income statement. Negative goodwill is written off in the year in which it arises.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

INTANGIBLE ASSETS OTHER THAN GOODWILL

An intangible asset, which is an identifiable non-monetary asset without physical substance, is recognised to the extent that it is probable that the expected future economic benefits attributable to the asset will flow to the Group and that its cost can be measured reliably. An annual impairment review is undertaken on all intangible assets and any impairment identified is charged to the income statement. Such intangible assets are carried at cost less amortisation. Amortisation is charged to 'Administrative expenses' in the Income statement on a straight line basis over the intangible assets' useful economic life (1-10 years).

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Development expenditure is capitalised as an intangible asset only if the following conditions are met:

- an asset is created that can be identified;
- it is probable that the asset created will generate future economic benefit;
- the development cost of the asset can be measured reliably;
- it meets the Group's criteria for technical and commercial feasibility; and
- sufficient resources are available to meet the development to either sell or use as an asset.

Development expenditure thus capitalised is amortised on a straight-line basis over its useful life. Where the criteria are not met, development expenditure is recognised as an expense in the 'Administrative expenses' line of the Income statement.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less any subsequent accumulated depreciation or impairment losses. With the exception of freehold buildings held at 31 March 2006 (the date of transition to IFRS), cost represents purchase price together with any incidental costs to acquisition. As permitted by IFRS 1, the cost of freehold buildings at 31 March 2006 represents deemed cost, being the market value of the property for existing use at that date.

Depreciation is provided on all property, plant and equipment, other than freehold land, at rates calculated to write each asset down to its estimated residual value over its expected useful life, as follows:

Buildings	2%	straight line
Furniture, fixtures and equipment	25%	reducing balance
Computer equipment	33%	straight line

Assets held under finance leases or hire purchase arrangements are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant agreement.

The assets' residual values and useful lives are reviewed at each balance sheet date and adjusted if appropriate. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Notes to the Financial Statements
for the year ended 31 March 2009 *(continued)*

INVENTORIES

Inventories are valued at the lower of cost and net realisable value. In general cost is determined on a first in first out basis and includes all direct expenditure and production overheads based on a normal level of activity. Net realisable value is the price at which the stocks can be sold in the normal course of business after allowing for the costs of realisation and where appropriate for the costs of conversion from its existing state to a finished condition. Provision is made for obsolete, slow moving and defective stocks.

LEASES

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have been transferred to the Group, are capitalised in the balance sheet and depreciated over the shorter of the lease term or their useful lives. The asset is recorded at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease. The capital elements of future obligations under finance leases are included in liabilities in the balance sheet and analysed between current and non-current amounts. The interest elements of future obligations under finance leases are charged to the income statement over the periods of the leases and represent a constant proportion of the balance of capital repayments outstanding in accordance with the effective interest rate method.

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. The cost of operating leases (net of any incentives received from the lessor) is charged to the income statement on a straight line basis over the periods of the leases.

FOREIGN CURRENCIES

Foreign currency assets and liabilities are converted to sterling at the rates of exchange ruling at the end of the financial year. Transactions in foreign currencies are converted to sterling at the rates of exchange ruling at the transaction date. All of the resulting exchange differences are recognised in the Income Statement as they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are classified as equity and transferred to the Group's reserves. Such translation differences are recognised as income or expense in the period in which the operation is disposed of.

Notes to the Financial Statements
for the year ended 31 March 2009 *(continued)*

TAXATION

The tax expense represents the sum of the current tax expense and deferred tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based upon tax rates that have been enacted or substantively enacted.

REVENUE RECOGNITION

Revenue represents the total of amounts receivable for goods and services provided excluding value added tax. Revenue is recognised on the delivery of the goods to the customer. Where a service is provided covering a future period the applicable revenue is shown as deferred income under Current Liabilities.

WARRANTY CLAIMS

Provision is made for liabilities arising in respect of expected warranty claims.

GOVERNMENT GRANTS

Government grants towards research and development projects are recognised as income over the periods necessary to match them with the related costs and are included within Other income.

SEGMENTAL REPORTING

A segment is a distinguishable component of the Group that is engaged in providing products and services. As the risks and rates of return are predominantly affected by differences in these products and services, the primary format for reporting segment information is based on business segments.

Notes to the Financial Statements
for the year ended 31 March 2009 *(continued)*

EQUITY

Equity comprises the following:

- Share capital represents the nominal value of equity shares.
- Share premium represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- Shares to be issued represents the equity element of deferred consideration arising on business combinations.
- Merger Reserve represents the excess over nominal value of the fair value of consideration received for equity shares issued on reverse acquisition of subsidiaries, net of expenses of the share issue prior to the date of transition to IFRS
- Share based payment reserve represents the cumulative periodic charge for outstanding commitments to equity settled share based payments under IFRS 2.
- Translation reserve represents cumulative foreign exchange gains and losses on retranslation of overseas operations.
- Retained earnings represents retained losses.

STANDARDS ISSUED BY THE INTERNATIONAL ACCOUNTING STANDARDS BOARD (IASB) NOT EFFECTIVE FOR THE CURRENT YEAR AND NOT ADOPTED BY THE GROUP

The following standards and interpretations have been issued by the IASB. They become effective after the current year and have not been early adopted by the Group:

International Financial Reporting Standards (IFRS)		**Effective date commencing**	**To be adopted by the Group during years**
IFRS 2	Amendment – Share based payment – Vesting Conditions and Cancellations	01.01.2009	31.03.2010
IFRS 3	Amendment – Business Combinations	01.01.2009	31.03.2010
IFRS 8	Operating Segments	01.01.2009	31.03.2010
IAS1(a)	Amendment – Presentation of Financial Statements	01.01.2009	31.03.2010
IAS 23	Amendment – Borrowing Costs	01.01.2009	31.03.2010
International Financial Reporting Interpretations Committee (IFRIC)			
IFRIC 13	Customer loyalty programmes	01.07.2008	31.03.2010
IFRIC 15	Agreements for construction of real estate	01.01.2009	31.03.2010
IFRIC 16	Hedges of a net investment in foreign operations	01.10.2008	31.03.2010
IFRIC 17	Distributions of non-cash assets to owners	01.07.2009	31.03.2011
IFRIC 18	Transfers of assets from customers	01.07.2009	31.03.2011

The impact on the Group's financial statements is not expected to be material.

Notes to the Financial Statements

for the year ended 31 March 2009 *(continued)*

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgements in applying the group's accounting policies

In the process of applying the Group's accounting policies, which are described in note 4, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

Valuation of intellectual property on acquisition of subsidiaries

In assessing the fair value of the intellectual property acquired, management have considered the current and likely future performance of PJSoft. Attention has been paid to the potential introduction of new products and services to the PJSoft portfolio and the return anticipated from these and existing product sales. The Directors believe that the fair value of the acquisition is both appropriate and a realistic assessment of its long term value to the Group.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Recoverability of internally-generated intangible asset

During the year, management reconsidered the recoverability of its internally generated intangible asset which is included in its balance sheet at £149,135. The projects continue to progress satisfactorily and management continue to believe that the anticipated revenues will enable the carrying amount to be recovered in full.

Recoverability of trade debtors

The withdrawal or reduction of credit facilities from Banks and leasing companies is affecting a wide range of businesses. The management are particularly conscious of the financial weakness of some companies and is closely monitoring its outstanding debtor book in order to minimise the risk associated with future bad debts. At the year end a total provision of £114,940 has been made against overdue debts which are not expected to be recoverable.

Notes to the Financial Statements

for the year ended 31 March 2009 *(continued)*

6. SEGMENTAL ANALYSIS

The Group's primary segmental reporting format is based on the Group's management and internal reporting of two business segments which carry different risks and rewards. The two income streams are Telematics, being the manufacture and distribution of vehicle telematics equipment and services, and Projects which comprises the grant revenue from the Government Projects. Secondary information is reported by geographical area of sales.

Business segments

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items include central overhead expenses, assets and liabilities, which cannot be reasonably allocated. Inter-segment transactions are conducted on an arm's length basis in a manner similar to transactions with third parties.

Segment results include transfers between business segments. Those transfers are eliminated on consolidation. Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Year ended 31 March 2009	Telematics £	Projects £	Unallocated £	Total £
Segment revenue	3,678,929	-	-	3,678,929
Other income	-	472,988	-	472,988
Segment result	698,704	(3,109)	(1,078,558)	(382,963)
Finance costs	-	-	(28,409)	(28,409)
Profit/(Loss) before tax	698,704	(3,109)	(1,106,967)	(411,372)
Income tax	-	-	9,544	9,544
Profit/(Loss) for year	698,704	(3,109)	(1,097,423)	(401,828)
Segment assets	2,017,151	73,619	678,813	2,769,583
Segment liabilities	569,604	-	1,018,457	1,588,061
Other information				
- Purchase of non-current assets	-	-	16,202	16,202
- Depreciation and amortisation	81,866	-	197,346	279,212

Notes to the Financial Statements

for the year ended 31 March 2009 *(continued)*

6. SEGMENTAL ANALYSIS (*continued*)

Year ended 31 March 2008	Telematics £	Projects £	Unallocated £	Total £
Segment revenue	4,656,124	-	-	4,656,124
Other income	-	78,779	-	78,779
Segment result	485,527	(238,478)	(1,138,324)	(891,275)
Finance costs	-	-	(67,014)	(67,014)
Profit/(Loss) before tax	485,527	(238,478)	(1,205,338)	(958,289)
Income tax	-	-	57,124	57,124
Profit/(Loss) for year	485,527	(238,478)	(1,148,214)	(901,165)
Segment assets	2,419,805	78,779	929,309	3,427,893
Segment liabilities	1,011,222	-	844,259	1,855,481
Other information				
- Purchase of non-current assets	124,094	-	23,153	147,247
- Depreciation and amortisation	178,304	-	59,264	237,568

Geographical segments

The Group's operations are located in the UK and the Czech Republic. The following table provides an analysis of the Group's sales by geography based upon location of the Group's customers. Segment assets and capital expenditure are based on the geographical location of assets.

	Revenue		Other Income		Segment assets		Capital expenditure	
	2009 £	2008 £	2009 £	2008 £	2009 £	2008 £	2009 £	2008 £
United Kingdom	2,607,017	2,709,333	472,988	78,779	1,918,975	2,423,809	16,202	147,247
Europe	397,924	1,056,139	-	-	767,946	840,967	-	836,076
Rest of the World	673,797	890,652	-	-	82,662	163,117	-	-
	3,678,929	4,656,124	472,988	78,779	2,769,583	3,427,893	16,202	983,323

Additions to capital expenditure include additions resulting from acquisitions through business combinations.

Notes to the Financial Statements

for the year ended 31 March 2009 *(continued)*

7. LOSS FROM OPERATIONS

	2009 £	2008 £
Loss from operations is stated after charging / (crediting):		
Other income - Government grant	(472,988)	(78,779)
Depreciation - owned fixed assets	33,280	52,272
- assets on finance leases	6,371	6,992
Amortisation of intangible assets	239,561	178,304
Gain on disposal of property, plant and equipment	(8,080)	-
Operating lease rentals		
Land and buildings	27,164	19,339
Other	6,624	5,145
Research and development	12,578	43,309
Loss on foreign exchange transactions	20,234	11,106
Write-downs of inventories recognised as an expense	-	91,608
Staff costs (note 10)	1,491,335	1,549,331

	2009 £	2008 £
Auditor's remuneration		
Baker Tilly UK Audit LLP and associates		
- audit services		
Parent Company and consolidation	5,600	8,200
Subsidiary audits	22,400	32,000
- tax advisory services	4,175	15,525
- other services	-	6,250

8. FINANCE COSTS

	2009 £	2008 £
Bank interest payable	29,498	42,404
Interest on loan stock	-	33,754
Interest on finance leases	1,563	403
	31,061	76,561

Notes to the Financial Statements

for the year ended 31 March 2009 *(continued)*

9. INCOME TAX

	2009 £	2008 £
Current tax	-	-
Adjustment in respect of prior period	-	(25,091)
R&D Tax Credit	(9,381)	(32,902)
	(9,381)	(57,993)
Deferred tax		
Deferred tax charge for current year	(163)	(163)
Adjustment in respect of prior periods	-	1,032
Tax credit	(9,544)	(57,124)

Factors affecting the tax charge

The tax assessed for the years are lower than the applicable rate of corporation tax in the UK. The difference is explained below:

	2009 £	2008 £
Loss on ordinary activities before tax	(411,372)	(958,289)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008: 30%)	(115,184)	(287,487)
Effects of:		
Expenses not deductible/income not taxable	762	56,712
Share Option adjustment	2,690	3,491
Temporary differences	(2,690)	15,624
Tax losses for which no deferred income tax asset was recognised	114,259	211,497
Adjustment in respect of previous periods	(9,381)	(56,961)
Total tax	(9,544)	(57,124)

Notes to the Financial Statements
for the year ended 31 March 2009 *(continued)*

10. EMPLOYEES

The average monthly number of persons (including Directors) employed by the Group was:

	2009 No.	2008 No.
Research and development	10	7
Selling and distribution	12	17
Production	6	12
Administration	10	12
	38	48

Staff costs for the employees and Directors (included under Administrative expenses):

	2009 £	2008 £
Wages and salaries	1,313,488	1,366,380
Social Security costs	168,239	163,788
Share Based Payments	9,608	19,163
	1,491,335	1,549,331

Included in the above are costs relating to Directors, who are the key management personnel of the Group, as follows:

	2009 £	2008 £
Salaries, Fees & social security costs	354,237	381,384
Compensation for loss of office	30,000	-
Share Based Payments	2,618	5,174
	386,855	386,558

The Directors in office during the year ended 31 March 2009 received no pension contributions (2008: Nil).

Emoluments disclosed above include the following amounts paid to the highest paid director:-

	2009 £	2008 £
Emoluments for qualifying services	67,740	87,780

Notes to the Financial Statements

for the year ended 31 March 2009 *(continued)*

11. LOSS PER ORDINARY SHARE

The loss per ordinary share has been calculated using the loss for the year and the weighted average number of ordinary shares in issue during the year as follows:

	2009 £	2008 £
Loss for the year after taxation	(401,828)	(901,165)
Number of ordinary shares of 1p each	No. 13,857,169	No. 13,517,033
Basic weighted average number of ordinary shares of 1p each	13,736,957	11,926,158
Basic weighted average number of ordinary shares of 1p each (diluted)	13,736,957	11,926,158
Basic loss (pence per share)	(2.9)p	(7.6)p
Diluted loss (pence per share)	(2.9)p	(7.6)p

The weighted average number of shares for the purpose of calculating the diluted earnings per ordinary share is identical to that used for the basic earnings per ordinary share as any adjustment to the number of ordinary shares would be anti-dilutive.

12. INTANGIBLE ASSETS

	Development Costs £	Intellectual Property £	Total £
COST			
As at 1 April 2007	220,420	716,651	937,071
Acquisition of PJSoft	-	633,022	633,022
Additions	124,094	-	124,094
Exchange Difference	-	196,334	196,334
As at 31 March 2008	344,514	1,546,007	1,890,521
Additions	-	-	-
As at 31 March 2009	344,514	1,546,007	1,890,521

Notes to the Financial Statements
for the year ended 31 March 2009 *(continued)*

12. INTANGIBLE ASSETS *(continued)*

	Development Costs £	Intellectual Property £	Total £
AMORTISATION			
As at 1 April 2007	42,771	71,665	114,436
Charged to income statement	70,742	107,562	178,304
As at 31 March 2008	113,513	179,227	292,740
Charged to income statement	81,866	157,695	239,561
As at 31 March 2009	195,379	336,922	532,301
NET BOOK VALUE			
As at 31 March 2009	149,135	1,209,085	1,358,220
As at 31 March 2008	231,001	1,366,780	1,597,781

Amortisation expenses of £239,561 (2008: £178,304) have been charged in Administrative expenses.

13. PLANT, PROPERTY & EQUIPMENT

	Freehold property £	Furniture, fixtures and equipment £	Computer equipment £	Total £
COST				
As at 1 April 2007	420,000	95,365	125,821	641,186
Additions	-	419	22,734	23,153
Acquired with PJSoft	-	20,188	5,038	25,226
Exchange differences	-	5,582	1,563	7,145
Disposals	-	(4,387)	-	(4,387)
As at 31 March 2008	420,000	117,167	155,156	692,323
Additions	-	629	15,573	16,202
Exchange differences	-	1,654	510	2,164
Disposals	-	(57,943)	-	(57,943)
As at 31 March 2009	420,000	61,507	171,239	652,746

Notes to the Financial Statements

for the year ended 31 March 2009 *(continued)*

13. PLANT, PROPERTY & EQUIPMENT *(continued)*

	Freehold property £	Furniture, fixtures and equipment £	Computer equipment £	Total £
DEPRECIATION				
As at 1 April 2007	4,408	42,518	85,329	132,255
Charged to income statement	4,408	15,968	38,888	59,264
Acquired with PJSoft	-	16,718	3,038	19,756
Exchange differences	-	4,952	943	5,895
Disposals	-	(2,908)	-	(2,908)
As at 31 March 2008	8,816	77,248	128,198	214,262
Charged to income statement	4,408	14,562	20,681	39,651
Exchange differences	-	1,560	308	1,868
Disposals	-	(45,665)	-	(45,665)
As at 31 March 2009	13,224	47,705	149,187	210,116
NET BOOK VALUE				
As at 31 March 2009	406,776	13,802	22,052	442,630
As at 31 March 2008	411,184	39,919	26,958	478,061

Included within freehold property is £199,585 (2008: £199,585) relating to land which is not depreciated. The net book value of plant and computer equipment includes £9,233 (2008: £14,032) in respect of assets held under finance leases and hire purchase contracts. The depreciation charge in respect of these assets was £6,371 (2008: £6,992).

Total depreciation expenses of £39,651 (2008: £59,264) have been charged in administrative expenses.

14. INVENTORIES

	2009 £	2008 £
Finished goods and goods for resale	159,153	146,027

The cost of inventories recognised as an expense and included in cost of sales amounted to £1,516,626 (2008: £2,631,725).

Notes to the Financial Statements

for the year ended 31 March 2009 *(continued)*

15. TRADE AND OTHER RECEIVABLES

	2009 £	2008 £
Trade receivables	574,996	675,997
Other receivables	76,033	78,779
Prepayments & accrued income	48,979	54,975
	700,008	809,751

The analysis of trade receivables by currency is as follows:

	2009 £	2008 £
Pound sterling	494,774	639,934
Euro	61,147	9,566
Other	19,075	26,497
	574,996	675,997

An allowance for impairment is made where there is an identified event which, based on previous experience, is evidence of a reduction in the recoverability of the outstanding amount. An allowance has been made for estimated irrecoverable trade receivables of £114,940 (2008: £26,065).

As at 31 March 2009 trade receivables of £182,810 were past due but not impaired. The ageing analysis of these trade receivables is as follows:-

	2009 £	2008 £
Up to 3 months	155,738	326,670
3 to 6 months	27,072	20,775
	182,810	347,445

The Directors consider that the carrying amount of trade and other receivables approximates to their fair values.

16. DEFERRED TAX

	2009 £	2008 £
As at 1 April	(18,674)	(17,805)
Credited/(charged) to income statement (note 9)	163	(869)
Balance at 31 March	(18,511)	(18,674)

Notes to the Financial Statements
for the year ended 31 March 2009 *(continued)*

16. DEFERRED TAX *(continued)*

	2009 £	2008 £
Revaluation of building	(18,511)	(18,674)

At the balance sheet date, the Group had unused tax losses of £1,289,000 (2008: £1,079,000) available for offset against future profits. No deferred tax asset has been recognised in respect of this due to the unpredictability of future profit streams.

17. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	2009 £	2008 £
Trade payables	437,936	766,337
Taxation and social security	305,918	89,294
Other payables	75,849	140,021
Accruals and deferred income	451,119	291,531
	1,270,822	1,287,183

The Directors consider that the carrying amount of trade payables approximates to their fair value.

18. BORROWINGS

	2009 £	2008 £
Bank overdrafts	636	210,280
Bank Loan	220,479	235,060
DTi Loans	66,965	102,679
Obligations under finance leases and hire purchase arrangements	10,648	1,605
	298,728	549,624

	2009 £	2008 £
On demand or within one year - Overdraft	636	210,280
- Other loans	58,172	51,874
After one and within two years	42,940	51,415
After two and within five years	80,621	86,165
After five years	116,359	149,890
	298,728	549,624
Less: Amount due for settlement within one year (shown as current liabilities)	(58,808)	(262,154)
Amount due for settlement after more than one year	239,920	287,470

Notes to the Financial Statements

for the year ended 31 March 2009 *(continued)*

18. BORROWINGS *(continued)*

Bank overdrafts are repayable on demand and secured by a floating charge over the assets of the Group. Interest was payable at between 2.25% and 5% over base rate and the effective interest rate was 7.0% (2008: 8.0%).

The bank loan is secured by a fixed and floating charge on all the assets of Trakm8 Limited. It is repayable by monthly instalments until 2019 and bears interest at a floating rate of 2.50% over Base rate.

The DTi loans were provided to IPL in 2006 by National Westminster Bank under the Small Firms Loan Guarantee Scheme. The two loans are each repayable at the rate of £1,488 per month and interest is payable at the rate of 3.5% over Base rate. The average effective interest rate on the loans was 7.0% (2008: 9.0%). During 2007 the loans were transferred to HSBC under the same terms.

19. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments	
	2009	**2008**
	£	**£**
Amounts payable under finance leases:		
Due within one year	12,390	1,655
Less future finance charges	(1,742)	(50)
Present value	10,648	1,605

The present value of minimum lease payments is analysed as follows:

	2009	**2008**
	£	**£**
- within one year	4,497	1,605
- after one year, but not more than five years	6,151	-
	10,648	1,605

All lease obligations are denominated in sterling and are secured by the lessor's rights over the leased assets. The fair value of the lease obligations approximates to their carrying amount.

20. SHARE CAPITAL

	2009		**2008**	
	No's '000's	**£**	**No's '000's**	**£**
Authorised				
Ordinary shares of 1p each	200,000	2,000,000	200,000	2,000,000
Allotted, issued and fully paid				
Ordinary shares of 1p each	13,857	138,571	13,517	135,170

On 7 August 2007 the Company acquired the entire issued share capital of PJSoft s.r.o. In part consideration the Company issued 340,136 ordinary shares on 7 August 2008 and will issue a further 453,516 ordinary shares on 7 August 2009.

Notes to the Financial Statements

for the year ended 31 March 2009 *(continued)*

21. RESERVES

	Share Capital £	Share premium £	Shares to be issued £	Merger Reserve £	Share based payment reserve £	Translation reserve £	Retained Earnings £	Total £
31 March 2007	114,724	754,279	-	509,837	28,624	-	75,487	1,482,951
Exchange differences on translation of overseas operations	-	-	-	-	-	202,930	-	202,930
Loss for the year	-	-	-	-	-	-	(901,165)	(901,165)
Shares issued	20,446	502,055	-	-	-	-	-	522,501
Shares to be issued	-	-	246,032	-	-	-	-	246,032
IFRS2 Share based payments	-	-	-	-	19,163	-	-	19,163
As at 31 March 2008	135,170	1,256,334	246,032	509,837	47,787	202,930	(825,678)	1,572,412
Exchange differences on translation of overseas operations	-	-	-	-	-	1,330	-	1,330
Loss for the year	-	-	-	-	-	-	(401,828)	(401,828)
Shares issued	3,401	102,041	(105,442)	-	-	-	-	-
IFRS2 Share based payments	-	-	-	-	9,608	-	-	9,608
As at 31 March 2009	138,571	1,358,375	140,590	509,837	57,395	204,260	(1,227,506)	1,181,522

Notes to the Financial Statements

for the year ended 31 March 2009 *(continued)*

22. SHARE-BASED PAYMENTS

Trakm8 Holdings PLC has issued options (under the Trakm8 Approved Option Scheme) to subscribe for ordinary shares of 1p in the Company. The purpose of the Option Scheme is to retain and motivate eligible employees.

The exercise price and number of shares to which the options relate are as follows:

Option Exercise Price	Balance as at 31 March 2008	Granted during year	Exercised during year	Expired/ forfeited during the year	Balance as at 31 March 2009	Grant date	Option & expected Life (years)	Risk free rate of return	Volatility
25p	395,250	-	-	280,020	115,230	31/3/07	3	4.8%	9%
26p	235,179	-	-	62,684	172,495	1/10/07	3	4.8%	60%
5.25p	-	100,000	-	-	100,000	30/11/08	3	3.0%	54%
Total	630,429	100,000	-	342,704	387,725				

The exercise of all share options is the closing market price on the day of grant. A vesting period of 1 or 2 years is applicable according to the terms of each scheme.

The fair value of the equity settled share options granted is estimated as at the date of grant using the Black Scholes option pricing model taking into account the terms and conditions upon which the options were granted. The volatility has been based on historic share prices and the dividend yield has been assumed to be 0% for all schemes.

The Group charged £9,608 to the Income Statement in respect of Share-Based Payments for the financial year ended 31 March 2009 (2008: £19,163).

Notes to the Financial Statements

for the year ended 31 March 2009 *(continued)*

23. CASH FLOWS

	2009 £	2008 £
Reconciliation of loss before tax to net cash flow from operating activities		
Loss before tax	(411,372)	(958,289)
Depreciation	39,651	59,264
Bank and other interest charges	28,409	67,014
Amortisation of intangible assets	239,561	178,304
Gain on disposal of property, plant and equipment	(8,080)	-
Share based payments	9,608	19,163
Net loss before changes in working capital	(102,223)	(634,544)
Movement on retranslation of overseas operations	1,034	5,346
Movement in inventories	(13,126)	189,902
Movement in trade and other receivables	109,743	483,632
Movement in trade and other payables	(16,361)	261,587
Cash (absorbed by)/generated from operations	(20,933)	305,923
Interest paid	(31,061)	(76,561)
Interest received	2,652	9,547
Income taxes received	32,902	-
Net cash (outflow) / inflow from operating activities	(16,440)	238,909

Cash and cash equivalents comprise cash at bank, other short-term highly liquid investments with a maturity of three months or less (together presented as 'Cash and cash equivalents' on the face of the balance sheet) and bank overdrafts (presented as a single class of liability on the face of the balance sheet).

Notes to the Financial Statements

for the year ended 31 March 2009 *(continued)*

24. FINANCIAL COMMITMENTS

At the balance sheet date, the Group had outstanding commitments for future minimum operating lease payments under non-cancellable operating leases, which fall due as follows:

	2009	2008
	£	£
Land and buildings		
Within one year	26,097	26,097
In the second to fifth years inclusive	42,336	68,433
Other		
Within one year	6,142	5,088
In the second to fifth years inclusive	3,255	5,177

Land and buildings under operating leases represent payables by the Group on its production unit. The lease expires in 2011.

25. RELATED PARTY TRANSACTIONS

Details of the remuneration of the directors, who are the key management personnel of the Group, are disclosed in note 10 above.

J Watkins is a Director and shareholder of Omitec Ltd. During the year ended 31 March 2009 a total of £2,721 was invoiced to the Trakm8 Ltd by Omitec Ltd (2008: £3,000) and Trakm8 Ltd also invoiced Omitec Ltd £5,572 (2008: nil).

Omitec is also a Partner of Trakm8's working on the Trusted Road Usage Emissions Profiling Government Project for the Technology Strategy Board.

26. POST BALANCE SHEET EVENT

On 8 May 2009 the Group completed a share placing with existing shareholders and Directors. 4,454,046 new ordinary shares were issued at a price of 6.5 pence per share. A total of £289,513 was raised and the new shares represent approximately 24.3% of the enlarged share capital.

27. FINANCIAL INSTRUMENTS

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. Where appropriate, the Group seeks to mitigate potential adverse effects on its financial performance.

Foreign exchange rate risk
The Group's principal exposure to foreign exchange rate risk arises with the purchase of inventory, which is predominantly denominated in Euros. Historically the Group has not used derivative instruments to hedge against possible risks arising from fluctuations in foreign currency exchange rates as the exposure is limited. If foreign currency exposure increases, the use of foreign currency hedging instruments will be reviewed as a means of reducing the effect of exchange rate fluctuations on the Group's results.

Interest rate risk
The Group mitigates its exposure to interest rate fluctuations by using fixed rates or interest rate derivatives where appropriate.

Liquidity risk
The Group's objective is to maintain a balance between continuity and flexibility of funding through the use of borrowings and financial assets with a range of maturities.

Credit risk
The Group's principal financial assets are bank balances, cash and trade and other receivables. The Group's credit risk is primarily attributable to its trade receivables and the Group attaches considerable importance to the collection and management of trade receivables. The Group minimises its credit risk through the application of appropriate credit limits to customers based on an assessment of net worth and trading history with the Group. Standard credit terms are net 30 days from date of invoice. Overdue trade receivables are managed through a phased escalation culminating in legal action. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Significant accounting policies
Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expense are recognised, in respect of each class of financial asset, liability and equity instrument are disclosed in note 4 to the financial statements.

Notes to the Financial Statements
for the year ended 31 March 2009 *(continued)*

27. FINANCIAL INSTRUMENTS *(continued)*

Foreign currency risk
The group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise.

The carrying amount of the Group's foreign currency denominated monetary assets and liabilities at the reporting date is as follows:

	Assets		Liabilities	
	2009	2008	2009	2008
	£	£	£	£
Euro	65,303	44,824	296,788	617,301
Other	32,156	29,367	3,996	22,491
	97,459	74,191	300,784	639,792
GBP	804,752	1,098,931	1,274,349	1,197,015
	902,211	1,173,122	1,575,133	1,836,807

Foreign currency sensitivity
The Group is mainly exposed to the Euro. The following table details the Group's sensitivity to a 10% strengthening of the Euro against GBP. This has been determined assuming a Euro rate 10% stronger than the actual rate achieved during the period.

	2009	2008
	£	£
Loss	(123,134)	(89,179)

The Group's sensitivity to the Euro has increased during the year. Previously euro revenue receipts provided a hedge against euro payments to our suppliers. However during the past year the value of euros due from customers has declined and this has increased our exposure to adverse movements in the currency.

Notes to the Financial Statements
for the year ended 31 March 2009 *(continued)*

27. FINANCIAL INSTRUMENTS *(continued)*

Interest rate and liquidity risk

Interest rate sensitivity
The sensitivity analysis has been based on the average exposure to floating rate debt during the period. It has been assumed that floating interest rates were 50 basis point higher than those actually incurred.

The effect of such a change would be to increase the loss before tax for the year by £1,089 (2008: £1,565).

Liquidity and interest risk tables
The following table details the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted contractual maturities of the financial liabilities (including interest that will accrue to maturity). The discount column reflects the adjustments necessary to reconcile to the carrying amounts of the financial liabilities.

2009	Weighted average effective interest rate %	Less than 1 month or on demand £	1-3 months £	3-12 months £	1-5 years £	More than 5 years £	Discount £	Total £
Fixed rate								
Obligations under finance leases	15.5%	347	710	3,440	6,251	-	-	10,748
Floating rate								
Bank overdrafts	7.0%	636	-	-	-	-	-	636
Bank loan	6.9%	-	6,419	14,517	83,185	116,358	-	220,479
Other loans	7.0%	-	8,929	23,809	34,227	-	-	66,965
Trade payables	-	448,584	-	-	-	-	-	448,584

2008	Weighted average effective interest rate %	Less than 1 month £	1-3 months £	3-12 months £	1-5 years £	More than 5 years £	Discount £	Total £
Fixed rate								
Bank loan	7.6%	-	3,536	11,019	70,615	149,890	-	235,060
Deferred consideration	8.0%	-	-	124,416	-	-	-	124,416
Obligations under finance leases	6.2%	138	276	1,241	-	-	(50)	1,605
Floating rate								
Bank overdrafts	8.0%	210,280	-	-	-	-	-	210,280
Other loans	9.0%	-	8,929	26,785	66,965	-	-	102,679
Trade payables	-	766,337	-	-	-	-	-	766,337

Fair values

There is no material difference between the book value and the fair value of the Group's financial assets or liabilities.

Parent Company Balance Sheet
as at 31 March 2009

	Notes	2009 £	2008 £
FIXED ASSETS			
Investments	3	1,285,224	1,285,224
CURRENT ASSETS			
Debtors	4	121,468	47,103
Cash at bank		29,741	294,144
		151,209	341,247
CREDITORS: Amounts falling due within one year	5	(96,516)	(182,747)
NET CURRENT ASSETS		54,693	158,500
NET ASSETS		1,339,917	1,443,724
CAPITAL AND RESERVES			
Called up share capital	6	138,571	135,170
Share premium	7	1,358,375	1,256,334
Share based payment reserve	7	57,395	47,787
Shares to be issued	7	140,590	246,032
Profit and loss account	7	(355,014)	(241,599)
SHAREHOLDERS' FUNDS		1,339,917	1,443,724

These financial statements were approved by the Directors and authorised for issue on 2 July 2009 and are signed on their behalf by:

C D Buck
Director

J Hedges
Director

Notes to the Parent Company Financial Statements
for the year ended 31 March 2009

1. ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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

SHARE-BASED PAYMENTS

The company has applied the requirements of FRS 20 Share-based Payments. In accordance with the transitional provisions, FRS 20 has been applied to all grants of equity instruments after 7 November 2002 that were unvested as of 1 April 2006.

The Company issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest.

The fair value is measured by use of the Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations. No expense is recognised for awards that do not ultimately vest.

FINANCIAL INSTRUMENTS

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Convertible loan notes are regarded as compound instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The difference between the proceeds of the issue of the convertible loan notes and the fair value assigned to the liability component, representing the embedded option to convert the liability into equity of the Company, is included in equity.

Issue costs are apportioned between the liability and equity components of the convertible loan notes based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly against equity.

The interest expense on the liability component is calculated by applying the prevailing market interest rate for similar non-convertible debt to the liability component of the instrument. The difference between this amount and the interest paid is added to the carrying amount of the convertible loan note.

Notes to the Parent Company Financial Statements
for the year ended 31 March 2009 *(continued)*

INVESTMENTS

Fixed asset investments are stated at cost less impairment against the cost of investments. The carrying values of investments in subsidiaries are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

FOREIGN CURRENCIES

Foreign currency assets and liabilities are converted to sterling at the rates of exchange ruling at the end of the financial year. Transactions in foreign currencies are converted to sterling at the rates of exchange ruling at the transaction date. All of the resulting exchange differences are recognised in the profit and loss account as they arise.

DEFERRED TAXATION

Provision is made for deferred taxation in respect of all material timing differences that have originated but not reversed by the balance sheet date. Timing differences represent differences between gains and losses recognised for tax purposes in periods different from those in which they are recognised in the financial statements. No deferred tax is recognised on permanent differences between the Company's taxable gains and losses and its results as stated in the financial statements. Deferred tax assets and liabilities are included without discounting.

2. PROFIT AND LOSS ACCOUNT

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the Company is not presented as part of these financial statements.

The loss before tax for the year in the Company is £113,415 (2008: profit £199,557).

3. INVESTMENTS

Cost	Subsidiaries £
At 1 April 2008	1,285,224
Additions	-
At 31 March 2009	1,285,224

Name of subsidiary	Country of incorporation	Class of holding	Proportion held and voting rights	Nature of business
Trakm8 Limited	England and Wales	Ordinary	100%	Marketing and distribution of vehicle telematics
Interactive Projects Limited	England and Wales	Ordinary	100%	Project management and design
PJSoft s.r.o.	Czech Republic	Ordinary	100%	Mapping services
Purple Reality Limited	England and Wales	Ordinary	100%	Dormant

Notes to the Parent Company Financial Statements
for the year ended 31 March 2009 *(continued)*

4. DEBTORS

	2009 £	2008 £
Amounts due from subsidiary undertakings	112,706	37,297
VAT recoverable	2,929	3,139
Prepayments	5,833	6,667
	121,468	47,103

5. CREDITORS: Amount falling due within one year

	2009 £	2008 £
Trade creditors	20,381	46,393
Accruals and other creditors	76,135	136,354
	96,516	182,747

6. SHARE CAPITAL

Details of share capital and share options are shown in notes 21 and 23 to the consolidated accounts above.

7. RESERVES

	Share Capital £	Share premium £	Shares to be issued £	Share based payment reserve £	Profit and loss account £	Total £
At 1 April 2007	114,724	754,279	-	28,624	(42,042)	855,585
Shares issued	20,446	502,055	-	-	-	522,501
Shares to be issued	-	-	246,032	-	-	246,032
Loss for the year	-	-	-	-	(199,557)	(199,557)
FRS20 Share based payments	-	-	-	19,163	-	19,163
At 1 April 2008	135,170	1,256,334	246,032	47,787	(241,599)	1,443,724
Shares issued	3,401	102,041	(105,442)	-	-	-
Loss for the year	-	-	-	-	(113,415)	(113,415)
FRS20 Share based payments	-	-	-	9,608	-	9,608
As at 31 March 2009	138,571	1,358,375	140,590	57,395	(355,014)	1,339,917

Notes to the Parent Company Financial Statements
for the year ended 31 March 2009 *(continued)*

8. RELATED PARTIES

The Company has taken advantage of the exemptions conferred by FRS 8 from the requirement to disclose transactions between subsidiary undertakings, 90% or more of whose voting rights are controlled within the Group.

9. POST BALANCE SHEET EVENT

On 8 May 2009 the Company completed a share placing with existing shareholders and Directors. 4,454,046 new ordinary shares were issued at a price of 6.5 pence per share. A total of £289,513 was raised and the new shares represent approximately 24.3% of the enlarged share capital.

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