Trakm8 Holdings PLC

REPORT AND FINANCIAL STATEMENTS

for the year ended

31 March 2006

Company No: 05452547

Trakm8 Holdings PLC

DIRECTORS

A R D White
C Knapton
M Cowley
T Cowley
T Evans
T Couling
C D Buck

SECRETARY

T Couling

REGISTERED OFFICE

Lydden House
Wincombe Business Park
Shaftesbury
Dorset
SP7 9QJ

BANKERS

HSBC Bank plc
165 High Street
Southampton
SO14 2NZ

AUDITORS

Baker Tilly
1 Georges Square
Bath Street
Bristol
BS1 6BP

FINANCIAL PUBLIC RELATIONS

Tavistock Communications
131 Finsbury Pavement
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EC2A 1NT

Overview

It is with great pleasure that I report the Trakm8 Holdings PLC final results for the year ended 31st March 2006.

This has been a significant year that has seen us achieve admission to AIM, successfully launch three new products and report profitability for the first time. In addition we have recently announced the acquisition of Interactive Projects Limited (IPL), a telematics R&D house, in a deal which cements our long standing close working relationship. In addition the acquisition of IPL has enabled the protection of the Group's intellectual property.

Results

Turnover increased 77% to £5.2m (2005: £2.9m) generating a profit before tax of £218,756 (2005: loss £158,854).

Operations

The Group designs and develops licensed Internet based GPS (Global Positioning System) hardware and software for the vehicle telematics market. We firmly believe that our innovative business model of focusing solely on the primary activity areas within our industry will set us apart from others in the market.

Our hardware sales volumes continue to grow and we supply our products to partners around the globe. Sales of our software offerings also continue to progress well.

Acquisition of Interactive Projects Limited

On 26th May 2006 the Group completed the acquisition of Interactive Projects Limited (IPL) thereby securing protection for the core intellectual property used by the Group. IPL has developed a range of machine-to-machine applications based on a hardware platform currently deployed by the Group. These applications offer current and potential future revenue opportunities for the Group to exploit. IPL also has a range of Radio Frequency Identification (RFID) products in its portfolio which the Group is looking to develop and extend.

Agreement with Punch Telematix

On 23rd May 2006 the Group announced a Co-operation Agreement with Punch Telematix, part of Belgium conglomerate, Punch International NV. The objective of the agreement will be to seek competitive advantages within the telematics markets in the UK, US, South Africa and Europe. The Boards of Trakm8 and Punch expect to develop combined sales and marketing drive as well as initiatives to share technology and knowledge. The Board looks forward to working with Punch.

Outlook

Trakm8 has had a successful past 12 months and the Board believes that the outlook for the Group is excellent. We consider that our differentiated offering combined with the roll out of further services and product solutions offers our clients the functionality and flexibility they require. The Board remain focused on enhancing revenue growth, achieving greater profitability and delivering increased shareholder value. I would like to thank the Executive team and staff for their continuing hard work and dedication to the Group and the evident success this has created.

RICHARD WHITE
CHAIRMAN

Financial Review

Turnover for the year ended 31st March 2006 was £5.2m (31st March 2005: £2.9m), an increase of 77%. Gross profit increased by 94% to £1.86m (2005: £0.96m). Gross margins improved to 35.7% (2005: 32.5%), a 9.8% improvement. With administrative expenses of £1.63m (2005: £1.1m) the Group is pleased to announce a profit before taxation for the period of £0.22m (2005: loss of £0.16m).

Proactive cost controls enabled the 77% increase in revenues to be delivered with only a 48% increase in consequential overheads and administrative costs. A further supportive factor was the Group achieving critical mass in the markets in which it operates.

In the past year the Group enjoyed unprecedented revenue growth coupled with continuing improvement to margins.

In accordance with the policy contained within the Admission Document dated 2005, the Board has not declared a dividend in respect of the year ended 31st March 2006.

Operational Review

The Group has seen revenue grow substantially in 2006. This is primarily due to a recognised increase in both public awareness and acceptance of telematics technologies, together with a greater understanding of the value this innovative technology brings to business users. Organisations are now seeing the benefits of telematics technology to their operations enabling them to become more competitive and achieve incremental cost savings.

Trakm8's products are now being used in the UK as well as across Europe, Africa, Asia Pacific and the Americas. In the UK, the Group operates through its partners, including two major vehicle tracking subsidiaries of FTSE 100 companies. In other territories, especially the Americas and Asia Pacific, partner operations have shown significant growth in the year.

To date this business model has proven successful with the use of Value Added Resellers (VARs) saving the Group unnecessary set up costs and marketing expenses. Trakm8's route to market is therefore through service providers that typically focus on particular markets with their own tailored propositions and combinations of supplementary functionality. This approach has allowed Trakm8 to benefit from the partners' innovation and marketing skills to capture market share in a variety of segments in a fragmented market.

The Group's philosophy from an early stage has been that customer service is paramount and it has dedicated itself to this aim. The Directors believe that this was instrumental in the Group being recognised as the No1 European telematics aftermarket vendor by ABI Research[1], not only through the provision of top quality support to its customers but also in developing leading edge sector technology.

ABI Research's Vendor Matrix, an analytical tool developed to provide a clear understanding of vendors' positions in specific markets, assessed the Group against its peers in areas of "innovation" and "implementation" across several criteria. These included customer wins, contract awards, global reach, market share, patents, R&D spending, time to market, and first movers, among others.

[1] Source: ABI Research UK Limited, 12 John Street, London, WC1N 2EB
United Kingdom: Press Release 15th June 2006

Whilst Trakm8's hardware sales currently provide the majority of the Group's revenue the Board believes that its higher margin software offerings will account for a significantly increased proportion of future revenues. These revenues will centre on enhancements to STREAM, the Group's scaleable software architecture, and will include maintenance and service provision charges. The STREAM software platform allows the Group to increase the value of each unit sold by combining one or more elements of the portfolio. At the same time this ensures that product adoption barriers are easily overcome by reducing the work required to integrate our telematics solutions into existing business processes.

In the period the Group's products have sold well, with the proven T2002 and complementary T4 platform together providing the greater revenue. The T4, launched in May 2005, has proved a popular addition to the range of solutions provided by the Group as it provides higher sensitivity GPS, which allows greater installation flexibility. Also launched in the reporting period was the Trakm8 Solo™, a "plug and play" telematics solution aimed at targeting both larger fleets looking for a value-based proposition and smaller enterprises looking for an entry-level tracking solution.

The T2002 and T4 can both accommodate Radio Frequency IDentity (RFID) tags that allow the location data for a driver or an asset to be associated with the vehicle for use in timesheets or logistics software applications. The acquisition of Interactive Projects Limited will facilitate a significant development of the Group's RFID technology capability and offerings.

Despite this period of exceptional performance, the Group has been mindful of increased competitive challenges developing and this coupled with the weakness of the US Dollar has produced additional price pressures that have encouraged competitive hardware products to emerge. In direct response, the Group took the decision in September 2005 to bring all final product assembly 'in-house' and the resulting savings for this financial year have amounted to £84,000 through reduced indirect costs of assembly. Further significant procurement savings for product components achieved throughout the year has also resulted in a substantial decrease in unit costs with as an example, T2002 unit production costs being reduced by 31%. These savings have allowed pricing to remain competitive and the Group is therefore confident that these competitive challenges are, for the moment, being adequately addressed. Nevertheless, further evolution of the Trakm8 brand is considered essential to retain and improve operating margins and maintain product leadership. In this context the Directors expect to announce a significant service-led development in the next half-year results.

Outlook

The Group has carefully observed developments in government legislation and other regulatory initiatives; where road tolling, congestion charging, energy efficiency and Health & Safety responsibility are all rapidly becoming key factors in the expansion of the telematics market. In addition, a heightened corporate governance regime is leading to a 'Duty of Care' requirement emerging with business leaders as fundamental to successfully managing and mitigating employee related risk.

The Group remains confident that the pay-as-you-drive (PAYD) insurance market remains one of the specific applications for the Group's technology with significant potential. Trakm8's products will be able to provide greater resolution for the companies looking to roll-out this new insurance option and it expects that this is to become a material source of future revenue.

The telematics industry is seeing exciting developments and businesses are reaping the benefits of this efficiency driven technology. I am delighted to report that Trakm8 has a strong order book moving into the 2006/2007 financial year and remains well placed to capitalise on the opportunities presenting themselves in the market place.

The Group anticipates continuing growth in the telematics market driven by; potential fleet management benefits, PAYD insurance, congestion charging, road tolling, green taxes, CAT5 vehicle theft recovery, navigation and employer 'Duty of Care'. Trakm8 firmly believes in the convergence of these service solutions onto a single unit and due to its integrated platform approach and scaleable server facilities the Group is ideally positioned to capture an increased market share of the broadening telematics market.

The Group looks forward to the coming financial year with enthusiasm and optimism and is confident it will continue to successfully deliver its products to the market.

CARY KNAPTON
CHIEF EXECUTIVE OFFICER

DIRECTORS

Richard White, Non-executive Chairman

Having qualified as a chartered accountant with Pricewaterhouse Coopers, Richard went on to join Lloyds Merchant Bank and Clark Whitehill's Corporate Finance as a Partner.

Cary Knapton, Chief Executive Officer

As International Business Acquisition Programme Manager at Cable & Wireless, Cary was responsible for delivering projects with multi-million pounds capital budgets and ensuring an adequate 'return on investment' was delivered. After establishing the 'trakm8' brand, Cary has guided Trakm8 from start-up to a company with a £5m turnover in three years, responsible for delivering leading edge telematics technology.

Tim Couling, Finance Director

Tim has had significant experience in financial management in both project based and operational environments. After a career in the Royal Navy, Tim achieved his MBA with the University of Bath following which he worked with both Goldman Sachs and JP Morgan Chase as a Project Finance Controller over a period of six years. Tim's role at Trakm8 also includes operations management as well as legal and compliance. Tim is the company secretary to all group companies.

Tim Evans, Group Strategy and Marketing Director

Following ten years at British Telecom in Strategic Sales & Marketing Management, Tim is a strong advocator of implementing reseller channels for communications rich software solutions. Since leaving BT Tim has held key roles developing new technology companies.

Matt Cowley, Chief Technical Officer

Matt has over fourteen years experience developing state of the art real time embedded software. His extensive engineering skills include server-side voice recognition, Telephony Switching, Intelligent Networks, mobile communications such as Tetra, GSM and most recently GPRS & GPS.

Tim Cowley, Solutions Director

For over seventeen years, Tim has been involved in software and hardware design of; unmanned aircraft systems, autopilot control and navigation software, digital mapping, range and direction finding equipment and more recently, miniature GPS receivers. He also has management experience of running design teams responsible for the successful delivery of multi–million pound projects.

Charles Dawson Buck, Non-executive Director

Dawson brings diverse and comprehensive management expertise obtained from several senior management and executive appointments. Dawson founded Automated Loss Prevention Ltd which he later sold to the Sensormatic Electronic Corporation Inc. He has since held appointments across various industry sectors including; Telecoms, Food Science, Surveillance and Security and International Consultancy. Dawson is currently non-executive Chairman of Provexis plc and non-executive Director of Corpora plc.

The Directors submit their report and financial statements of Trakm8 Holdings PLC for the period ended 31^{st} March 2006.

INCORPORATION AND CHANGE OF NAME

The Company was incorporated in England and Wales on 13^{th} May 2005 under the name of Elegy (No.13) PLC. On 20^{th} October 2005 the Company changed its name to Trakm8 Holdings PLC.

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 THE BUSINESS

This has been a significant year that has seen the Group achieve admission to AIM, successfully launch three new products and report profitability for the first time. In addition the Group has recently announced the acquisition of Interactive Projects Limited (IPL), a telematics R&D house in a deal which cements the pre-existing close working relationship. The acquisition of IPL has also enabled the protection of the Group's intellectual property.

Turnover increased by 77% to £5.2m (2005: £2.9m) generating a profit before tax of £218,756 (2005: loss £158,854).

Hardware sales volumes continue to grow and the Group supplies products to partners around the globe. Sales of software products also continue to progress well.

The Directors monitor Key Performance Indicators (KPI's) on a regular basis to ensure sustained progress is made towards the Group's overall objectives.

RESULTS AND DIVIDENDS

The Group results for the year ended 31^{st} March 2006 are shown in the profit and loss account on page 13. The Directors do not recommend the payment of a dividend.

RESTRUCTURING AND BASIS OF PREPARATION

In order to enable the successful flotation of the Group it was necessary to undertake some restructuring. The holding company, Trakm8 Holdings PLC, was set up to acquire all the issued share capital of Trakm8 Limited on 4^{th} November 2006.

This restructuring qualified as a group reconstruction under FRS6 – Acquisitions and Mergers, and as such has been accounted for via merger accounting. Under merger accounting the results are reported for the Group for the year ended 31^{st} March 2006 as if the Group had been in existence in its current form throughout the current and previous year. No purchased goodwill was created in the transaction and the assets and liabilities of Trakm8 Limited have not been adjusted to reflect their market value.

PLACING AND ADMISSION TO AIM

The Company successfully placed 914,000 ordinary shares of 1p each at 100p per share raising £914,000 gross proceeds and £444,227 net of expenses. These funds were raised in order to provide a solid base from which to launch future growth strategies. The Company's shares were admitted to trading on the Alternative Investment Market of the London Stock Exchange on 29th November 2005.

OUTLOOK

The Group has had a successful past 12 months and the Board believes that the outlook is excellent. The Group considers that its differentiated offering combined with the roll out of further services and product solutions offers its clients the functionality and flexibility they require. The Board remains focused on enhancing revenue growth, achieving greater profitability and delivering increased shareholder value.

In May 2006 the Group announced a Co-operation Agreement with Punch Telematix and also completed the acquisition of Interactive Projects Limited as detailed in the Chairman's Statement.

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 invest in research and development activities with the primary focus of activities this year being on the expansion of the STREAM software suite. This investment complements prior year spend on new hardware platforms. However it must be noted that research and development expenditure in the last year has been reduced as the Group focuses on realising the commercial benefits to be derived from its existing products. Nevertheless the Group has an exciting development programme in progress which the Board believes will enable the Group to retain its position as a leader in aftermarket telematics products.

DIRECTORS

The following directors have held office since 1 April 2005:

A R D White	Appointed 20th October 2005
C P Knapton	Appointed 20th October 2005
M Cowley	Appointed 20th October 2005
T Cowley	Appointed 20th October 2005
T D Evans	Appointed 20th October 2005
T Couling	Appointed 20th October 2005
C D Buck	Appointed 23rd February 2006
Lawgram Directors Ltd	Appointed 13th May 2005. Resigned 20th October 2005

DIRECTORS AND THEIR INTERESTS

Details of Directors' share interests and of their rights to subscribe for shares are shown in the Directors' Remuneration Report on pages 14 to 16.

SUBSTANTIAL SHAREHOLDING

The Directors have been notified, or are aware of, the following interests in 3% or more of the ordinary share capital of the Company (excluding Directors) at the date of this document:

	Ordinary shares at 1p each	
	Number	Percentage
Redmayne (Nominees)	2,484,880	22.5%
Edric Property and Investment Company (and related parties)	675,000	6.1%
Barclayshare Nominees	500,890	4.5%
C Fudge	448,720	4.1%
B Webb	351,040	3.2%

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.

At 31 March 2006 the Group average trade creditor was 36 days (2005: 63 days).

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.

GOING CONCERN

At the period end the Group had net assets of £984,953 (2005: £365,476) and net current assets of £844,979 (2005: £424,441). The financial statements have been prepared on a going concern basis for the reasons set out in note 1 to the financial statements.

The directors have thus formed the judgement that at the time of approving the financial statements the Group and the Company will have adequate resources to continue in existence for the foreseeable future. Therefore the directors consider the adoption of the going concern basis in preparing the financial statements to be appropriate.

POLITICAL AND CHARITABLE DONATIONS

The Group made no political or charitable donations in the year.

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 AUDITORS

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 auditors are 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.

AUDITORS

A resolution to re-appoint Baker Tilly will be given to the annual general meeting.

By approval of the Board on 21st September 2006.

A R D White
Director

The shares of the Company were admitted to the Alternative Investment Market on 29th November 2005.

Whilst the 2003 FRC Combined Code ("the code") on Corporate Governance formally applies only to companies listed on the London Stock Exchange, the Group has developed procedures to ensure that as far as is practicable and having regard to the size of the Group, it is able to comply with most of the main principles of the Combined Code. As the group expands, the Directors intend to continue to develop further measures for compliance with the Combined Code.

Board of Directors and Committees

The board, currently comprising five executive Directors and two non-executive Directors, meets regularly throughout the year.

The Directors have established an Audit Committee and a Remuneration Committee which have formally delegated duties and responsibilities. Both committees comprise the current non-executive directors, A R D White and C D Buck both of whom bring extensive and diverse commercial experience for the benefit of the Company. C D Buck is considered to be fully independent.

Since 29th November 2005 the Directors attended Board and Committee meetings as follows:

Type	Board	Audit	Remuneration
Total Held	7	1	1
T Couling	7		
M Cowley	7		
T Cowley	5		
C D Buck*	0	1	1
T Evans	7		
C Knapton	7		
A R D White	7	1	1

*C D Buck - appointed Feb 2006

The Audit Committee is responsible for ensuring that the Group's financial performance is properly monitored, controlled and reported. It meets and reviews reports from the auditors at least twice a year. Other directors attend as required. The committee and the external auditors have safeguards to avoid a potential compromise of auditors' objectivity and independence. These include the adoption of a policy that segregates the supply of audit and non-audit services and requires committee approval for the supply of services such as tax services and acquisition related due diligence.

The Remuneration Committee's terms of reference include making recommendations on Director's compensation packages to ensure that the Company board enjoys and retains an appropriate level of motivated resource. The Committee engages with external consultants as and where it is deemed necessary and/or beneficial.

The Company has adopted and operates a share dealing code for Directors in accordance with the Combined Code.

Relations with Shareholders

The Board attaches considerable importance to the maintenance of good relationships with shareholders. It is the intention of the Board that presentations are made to shareholders, institutions and analysts at least twice a year.

Operational and Internal Controls

The Board is ultimately responsible for the Group's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The key elements of the Group's control system are currently:

- A comprehensive budgeting system with an annual budget approved by the Board.
- Actual results compared on a monthly basis with budgets and past results as appropriate.
- All significant capital expenditure and organisational changes reviewed and approved by the board.
- The integrity and competence of personnel to be ensured through high recruitment standards, aligned personal objectives with associated appraisal mechanisms and subsequent training and personal development planning.
- A clearly defined organisation structure.
- High quality personnel being seen as an essential part of the control environment.
- Board review of key business performance indicators (kpi's) and periodic assessment as to the effectiveness and completeness of those kpi's in relation to the business environment.

The process of monitoring and updating internal controls and procedures and monitoring their effectiveness continued throughout the year and the board is considering the implementation of a risk management process.

Performance Evaluation

During the period the Board undertook a formal evaluation of its own performance that of the associated committees and the individual performances of the Directors. The Directors completed and were subject to detailed appraisals against personal and corporate objectives derived from the Company strategic business plan. As a result various action and development plans are being developed where appropriate.

Trakm8 Holdings PLC

DIRECTORS' REMUNERATION REPORT

Directors and their Interests

The present members of the Board and the changes that occurred during the year are as listed on page 1.

The Directors' interests in the shares of the Company are detailed below:-

	1p ordinary shares At 31 March 2006	% of issued ordinary share capital	1p ordinary shares At 1 Apr 2005 or on subsequent date of appointment	% of issued ordinary share capital
C D Buck	-	-	-	-
T Couling	37,520	0.3%	-	-
M Cowley	730,960	6.6%	-	-
T Cowley	719,600	6.5%	-	-
T Evans	35,760	0.3%	-	-
C Knapton	1,305,600	11.8%	-	-
A R D White	927,480	8.4%	-	-

The Directors have no interest in the share capital of the Company's subsidiary undertakings at 31 March 2006 nor on the date on which these financial statements were signed.

Directors' Remuneration Policy

The remuneration policy for the Executive Directors is determined by the Remuneration Committee, which as previously stated consists solely of the Non Executive Directors. The current members of the Committee are A R D White and C D Buck. The Committee acts within its agreed terms of reference.

Within the framework of the agreed remuneration policy the Committee determines the remuneration packages of the Executive Directors including the size of, and conditions applying to, awards made under the Company's cash bonus and share option schemes. In preparation for the annual salary review the Committee met on 13 April 2006. The Committee's policy on Executive Directors remuneration will continue to apply for the year to 31 March 2007 and, so far as is practicable, for future years.

The Committee aims to provide Executive Directors with packages which are sufficiently competitive to attract, retain and motivate individuals of the quality required to achieve the objectives of the Company and thereby enhance shareholder value. Each package consists of a basic salary, discretionary cash bonus and share option plan. The share option package is designed to link the remuneration of the Executive Directors to the returns enjoyed by shareholders.

Directors' Remuneration

The Directors' remuneration for the year ended 31 March 2006 was:

	Salary £	Bonus £	Total £
Executive Director			
T Couling	51,500	8,000	59,500
M Cowley	51,500	5,000	56,500
T Evans	56,650	5,000	61,650
C Knapton	74,160	5,000	79,160
	233,810	23,000	256,810
Non Executive Director			
A R D White[1]	16,000	20,000	36,000
T Cowley	2,942	-	2,942
C D Buck	2,345	-	2,345
Note: Table Data Audited	21,287	20,000	41,287

[1]*A R D White also invoiced an additional £32,000 in consultancy fees.*

Directors' Service Contracts

After 12 months from appointment, Executive Directors service contracts provide termination provisions of 6 months notice in writing by either side. The service contracts terminate automatically upon the Director reaching 65 years of age.

The service contracts for Executive Directors do not provide for any predetermined compensation amounts in the event of early termination other than a standard payment in lieu of notice provision.

Non Executive Directors are engaged under letters of appointment for an initial period of 12 months subject to termination by either party upon 3 months notice.

All Executive and Non Executive Directors are subject to retirement and re-election by shareholders in line with the Company's Articles of Association.

	Appointment date	Contract Date
Executive Director		
T Couling	20/10/2005	24/11/2005
M Cowley	20/10/2005	24/11/2005
T Evans	20/10/2005	24/11/2005
C Knapton	20/10/2005	24/11/2005
T Cowley[1]	26/05/2006	26/05/2006
Non Executive Director		
A R D White	20/10/2005	24/11/2005
T Cowley[1]	20/10/2005	24/11/2005
C D Buck	23/02/2006	23/02/2006

[1]T Cowley was appointed an Executive Director on 26 May 2006 and ceased to be a Non Executive Director from the same date.

Directors' Share Options

At 31 March 2006 the following options had been granted to the Company's directors:

	Date of grant	Exercise price	Number of shares	Exercise Period
T Couling	29/11/2005	£1	25,750	30/11/06 in 3 tranches see below
M Cowley	29/11/2005	£1	25,750	30/11/06 in 3 tranches see below
T Cowley	29/11/2005	£1	10,000	30/11/06 in 3 tranches see below
T Evans	29/11/2005	£1	28,325	30/11/06 in 3 tranches see below
C Knapton	29/11/2005	£1	37,080	30/11/06 in 3 tranches see below
A R D White	29/11/2005	£1	15,000	30/11/06 in 3 tranches see below

Note: Table Data Audited

The options granted at the Admission price were granted immediately prior to Admission and are exercisable in three equal tranches on or after the first, second and third anniversaries of the Admission date.

The mid-market price of the Company's shares on 31 March 2006 was 122p and the highest and lowest price during the period was 122p and 100p.

DIRECTORS' 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 United Kingdom Generally Accepted Accounting Practice.

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Group for that period. In preparing those 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. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;

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

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group 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 Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

We have audited the financial statements on pages 20 to 37.

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 auditors

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the financial statements. We also 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 Chairman's Statement, the Chief Executive Officer's Review, the Directors' Report, the Corporate Governance report and the Directors' Remuneration 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.

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group's and parent company's affairs as at 31 March 2006 and of the Group's profit for the year then ended and 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

Baker Tilly
Registered Auditor
Chartered Accountants
1 Georges Square
Bath Street
Bristol
BS1 6BP

21st September 2006

Trakm8 Holdings PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31st March 2006

	Notes	2006 £	2005 £
TURNOVER	2	5,212,847	2,952,268
Cost of sales		(3,349,363)	(1,991,975)
Gross profit		1,863,484	960,293
Administrative expenses		(1,624,578)	(1,096,343)
OPERATING PROFIT / (LOSS)	3	238,906	(136,050)
Interest receivable		4,699	1,929
		243,605	(134,121)
Interest payable and similar charges	4	(24,849)	(24,733)
PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		218,756	(158,854)
Taxation	5	(43,506)	26,000
PROFIT / (LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED FOR THE YEAR	15	175,250	(132,854)
EARNINGS PER ORDINARY SHARE (PENCE)			
Basic and diluted EPS	7	1.6	-

There are no recognised gains or losses other than the profit / (loss) for the current and preceding years respectively.

All results relate wholly to continuing activities.

Trakm8 Holdings PLC

CONSOLIDATED BALANCE SHEET
31 March 2006

	Notes	2006 £	2005 £
FIXED ASSETS			
Tangible assets	8	393,110	386,875
CURRENT ASSETS			
Stocks	10	398,306	142,771
Debtors	11	1,070,984	865,280
Cash at bank		402,454	117,226
		1,871,744	1,125,277
CREDITORS: Amounts falling due within one year	12	(1,026,765)	(700,836)
NET CURRENT ASSETS		844,979	424,441
TOTAL ASSETS LESS CURRENT LIABILITIES		1,238,089	811,316
CREDITORS: Amounts falling due after more than one year	13	(253,136)	(445,840)
NET ASSETS		984,953	365,476
CAPITAL AND RESERVES			
Called up share capital	14	110,260	101,120
Share premium	15	435,087	-
Merger reserve	15	509,837	509,837
Profit and loss account	15	(70,231)	(245,481)
EQUITY SHAREHOLDERS' FUNDS		984,953	365,476

These financial statements were approved by the directors and authorised for issue on 21st September 2006 and are signed on their behalf by:

A R D White
Director

T Couling
Director

Trakm8 Holdings PLC

COMPANY BALANCE SHEET
31 March 2006

	Notes	2006 £
FIXED ASSETS		
Investments	9	101,120
CURRENT ASSETS		
Debtors	11	55,309
Cash at bank		365,051
		420,360
CREDITORS: Amounts falling due within one year	12	(9,000)
NET CURRENT ASSETS		411,360
TOTAL ASSETS LESS CURRENT LIABILITIES		512,480
NET ASSETS		512,480
CAPITAL AND RESERVES		
Called up share capital	14	110,260
Share premium	15	435,087
Profit and loss account	15	(32,867)
EQUITY SHAREHOLDERS' FUNDS		512,480

These financial statements were approved by the directors and authorised for issue on 21st September 2006 and are signed on their behalf by:

A R D White
Director

T Couling
Director

Trakm8 Holdings PLC

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 March 2006

	Notes	2006 £	2005 £
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	16	(264,490)	(438,298)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		4,699	1,929
Interest paid		(24,849)	(24,733)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(20,150)	(22,804)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Purchase of tangible fixed assets		(32,215)	(26,547)
Sale of assets		-	5,493
NET CASH OUTFLOW BEFORE FINANCING		(316,855)	(482,156)
Proceeds from the issue of shares		914,000	150,000
Expenses paid in connection with share issue		(469,773)	-
Repayment of Long term loan		(7,613)	(10,824)
New Long term loan		-	185,091
INCREASE / (DECREASE) IN CASH IN YEAR		119,759	(157,889)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

		2006 £	2005 £
Movement in cash in year	16	119,759	(157,889)
Opening net funds		106,402	264,291
CLOSING NET FUNDS		226,161	106,402

1 ACCOUNTING POLICIES

The financial information has been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies is set out below.

BASIS OF ACCOUNTING

The financial information is prepared in accordance with the historical cost convention.

GOING CONCERN

The Directors have prepared these accounts on the going concern basis as they consider the group to have the necessary cash resources to meet its liabilities as and when they fall due. They are confident that the trading performance will continue to improve.

BASIS OF CONSOLIDATION

The consolidated financial information comprises the financial information of Trakm8 Holdings PLC and its subsidiary undertaking.

In order to enable the successful flotation of the Group it was necessary to undertake a restructuring. The holding company, Trakm8 Holdings PLC, was set up to acquire all the issued share capital of Trakm8 Limited on 4th November 2006.

This restructuring qualified as a group reconstruction under FRS6 – Acquisitions and Mergers, and as such has been accounted for via merger accounting. Under merger accounting the results are reported for the Group for the year ended 31st March 2006 as if the Group had been in existence in its current form throughout the current and previous year. No purchased goodwill was created in the transaction and the assets and liabilities of Trakm8 Limited have not been adjusted to reflect their market value.

INVESTMENTS

Fixed asset investments are stated at cost less impairment against the cost of investments.

In the Company's balance sheet the investment in Trakm8 Limited is stated at the nominal value of shares issued. As permitted by Sections 131 and 133 of the Companies Act 1985, no premium has been recorded on the ordinary shares in connection with this acquisition.

TANGIBLE FIXED ASSETS

The cost of tangible fixed assets is their purchase cost together with any incidental costs of acquisition.

1 ACCOUNTING POLICIES (*continued*)

DEPRECIATION

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

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

STOCKS AND WORK IN PROGRESS

Stocks and work in progress 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.

OPERATING LEASES

Rentals paid under operating leases are charged to the profit and loss account as incurred.

DEVELOPMENT EXPENDITURE

Development expenditure relating to specific projects intended for commercial exploitation is carried forward where the ultimate commercial viability has been assessed with reasonable certainty. Such expenditure is amortised over the period expected to benefit. Expenditure on pure and applied research, and development for projects where the long term commercial viability has not been established with reasonable certainty is written off as incurred.

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.

1 ACCOUNTING POLICIES (*continued*)

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. In view of the uncertainty over the recoverability of the deferred tax asset no asset has been recognised in these financial statements.

TURNOVER

Turnover represents the total of amounts receivable for goods and services provided excluding value added tax. Turnover is recognised on the delivery of the goods to the customer.

WARRANTY CLAIMS

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

2 SEGMENTAL ANALYSIS

All turnover, profits and net assets are derived from the Group's principal activity being the marketing and distribution of vehicle telematic equipment.

The geographical analysis of turnover by destination is as set out below:

	2006	2005
	£	£
United Kingdom	3,157,102	2,254,626
Rest of the World	2,055,745	697,642
	5,212,847	2,952,268

3 OPERATING PROFIT/(LOSS)

	2006	2005
	£	£
Operating profit/(loss) is stated after charging:		
Depreciation on tangible fixed assets	25,980	10,501
Operating lease rentals		
Equipment	12,355	-
Land and buildings	5,417	-
Research and development	43,754	491,555
Loss on foreign exchange transactions	6,620	756
Auditors' remuneration - audit services	38,000	25,000
- non audit services	9,500	9,716

4 INTEREST PAYABLE AND SIMILAR CHARGES

	2006	2005
	£	£
Bank interest payable	24,849	24,733

5 TAXATION

Current tax:	2006	2005
	£	£
In respect of the current year	-	-
Deferred tax		
Deferred tax (charge)/credit for current year	(43,506)	*26,000*
	(43,506)	26,000
	(43,506)	-

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:

	2006	2005
	£	£
Profit/(Loss) on ordinary activities before tax	218,756	(158,854)

Profit/(Loss) on ordinary activities multiplied by the standard rate of tax in the UK (19%)	41,564	(30,182)
Effects of:		
Expenses not deductible/income not taxable	4,668	1,055
Accelerated capital allowances	1,485	(659)
Losses utilised	(47,693)	29,786
Starting rate allowance	(24)	-
Total current tax	-	-

6 EMPLOYEES

	2006	2005
	No.	No.
The average monthly number of persons (including directors) employed by the group was:		
Research and development	7	2
Selling and distribution	5	4
Production	7	-
Administration	9	3
	28	9

	2006	2005
	£	£
Staff costs for the above employees and directors:		
Wages and salaries	666,428	266,646
Social Security costs	72,583	32,246
	739,011	298,892

Included in the above are costs relating to directors as follows:

Directors' emoluments	306,417	223,389

The Directors in office during the year ended 31 March 2006 received no pension contributions.

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

Emoluments for qualifying services	79,160	60,000

Further details of Directors' remuneration can be found in the Directors' Remuneration report on pages 14 to 16.

7 EARNINGS PER ORDINARY SHARE

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

	2006
Profit for the year after taxation	£175,250
	No.
Number of ordinary shares of 1p each	11,026,000
Basic weighted average number of ordinary shares of 1p each	11,073,431
Basic and diluted earnings (pence per share)	1.6p

In 2005 the Group did not exist as a quoted entity and hence earnings per share data has not been calculated.

8 TANGIBLE FIXED ASSETS

GROUP	Freehold buildings	Furniture, fixtures and equipment	Computer equipment	Total
	£	£	£	£
COST				
As at 1 April 2005	368,264	11,125	23,996	403,385
Additions	-	11,648	20,567	32,215
As at 31 March 2006	368,264	22,773	44,563	435,600
DEPRECIATION				
As at 1 April 2005	7,730	2,781	5,999	16,510
Charge for the year	3,865	4,998	17,117	25,980
As at 31 March 2006	11,595	7,779	23,116	42,490
NET BOOK VALUE				
As at 31 March 2006	356,669	14,994	21,447	393,110
As at 31 March 2005	360,534	8,344	17,997	386,875

Included within freehold buildings is £175,000 (2004: £175,000) relating to land which is not depreciated.

The Company held no fixed assets during the year.

9 INVESTMENTS

COMPANY

	2006	2005
	£	£
Subsidiary undertaking	101,120	-

Name of subsidiary	Class of holding	Proportion held	Nature of business
Trakm8 Limited	Ordinary	100%	Marketing and distribution of vehicle telematics

The subsidiary is incorporated in England and Wales.

The results and net asset values at 31 March 2006 for Trakm8 Limited are as follows:

	Results	Net assets
	£	£
Trakm8 Limited	210,094	575,570

10 STOCKS

GROUP	2006	2005
	£	£
Finished goods and goods for resale	398,306	142,771

The Company held no stock at the year end or during the year.

11 DEBTORS

	Group		Company
	2006	2005	2006
	£	£	£
Trade debtors	965,503	781,216	-
Amounts due from subsidiary undertakings	-	-	23,944
Other debtors	35,583	18,499	-
Prepayments	64,404	16,565	26,783
Deferred Tax asset	5,494	49,000	4,582
	1,070,984	865,280	55,309

11 DEBTORS (*continued*)

Deferred tax

	2006	2005
	£	£
Balance at 1 April 2005	49,000	23,000
Profit and loss account (note 5)	43,506)	26,000
Balance at 31 March 2006	5,494	49,000

	2006	2005
	£	£
Accelerated capital allowances	-	(3,000)
Tax losses available	5,494	52,000
	5,494	49,000

The Directors are satisfied that the Deferred tax asset will be recoverable based on the Group earning future profits.

12 CREDITORS: Amounts falling due within one year

	Group		Company
	2006	2005	2006
	£	£	£
Bank loans	176,293	10,824	-
Other loan (note 13)	185,091	-	-
Trade creditors	565,683	661,487	-
Taxation and social security	23,330	11,522	-
Other creditors	26,707	4,797	-
Accruals and deferred income	49,661	12,206	9,000
	1,026,765	700,836	9,000

13 CREDITORS: Amounts falling due after more than one year

	Group 2006	Group 2005	Company 2006
	£	£	£
Bank Loan	253,136	260,749	-
Other Loan	-	185,091	-
	253,136	445,840	-

	Group 2006	Group 2005	Company 2006
	£	£	£
Within one year	361,384	10,824	
After one and within two years	13,133	197,091	-
After two and within five years	45,931	47,000	-
After five years	194,072	201,749	-
	614,520	456,664	-

The bank loan is secured by a fixed and floating charge on all the assets of Trakm8 Limited. It is repayable by instalments of £2,660 per month until 2019 and bears interest at a fixed rate of 7.60%.

The other loan is from Matrix Telematics Limited, and is repayable in full on 27 November 2006. The loan is unsecured and interest free.

14 SHARE CAPITAL

Group	2006	2005
	£	£
Authorised		
200,000,000 ordinary shares of 1p each	2,000,000	2,000,000
Allotted, issued and fully paid		
10,112,000 ordinary shares of 1p each	-	101,120
11,026,000 ordinary shares of 1p each	110,260	-

Company	2006
	£
Authorised	
200,000,000 ordinary shares of 1p each	2,000,000
Allotted, issued and fully paid	
11,026,000 ordinary shares of 1p each	110,260

The Company was incorporated on 13th May 2005 with two nil paid ordinary shares of 1p each. On 4th November 2005 the 2 issued shares were deemed fully paid up and a further 10,111,998 ordinary shares were issued credited as fully paid in exchange for the transfer to the Company of the entire issued share capital of Trakm8 Limited.

On 29th November the Company issued an additional 914,000 ordinary shares of 1p each, amounting to an aggregate nominal value of £9,140. The total consideration received was £914,000. The excess consideration, over and above the nominal value of the shares, has been credited to the share premium account as detailed in note 15 of these financial statements.

15 RECONCILIATION OF SHAREHOLDERS' FUNDS AND STATEMENT OF MOVEMENT ON RESERVES

Group	Share capital	Merger Reserve	Share premium	Profit and loss account	Total
	£	£	£	£	£
At 1 April 2005	101,120	509,837	-	(245,481)	365,476
Shares Issued	9,140		904,860		914,000
Costs relating to shares issued	-	-	(469,773)	-	(469,773)
Profit for the year	-	-	-	175,250	175,250
As at 31 March 2006	110,260	509,837	435,087	(70,231)	984,953

15 RECONCILIATION OF SHAREHOLDERS' FUNDS AND STATEMENT OF MOVEMENT ON RESERVES (*continued*)

Company	Share capital	Share premium	Profit and loss account	Total
	£	£	£	£
At 1 April 2005	-	-	-	-
Shares issued in period	110,260	904,860	-	1,015,120
Loss for the period	-	-	(32,867)	(32,867)
As at 31 March 2006	110,260	904,860	(32,867)	982,253
Share issue costs	-	(469,773)	-	(469,773)
As at 31 March 2006	110,260	435,087	(32,867)	512,480

The Company has not presented its own profit and loss account under the exemption contained in Section 230 of the Companies Act 1985.

16 CASH FLOWS

	2006	2005
	£	£
A **Reconciliation of operating profit /(loss) to net cash flow from operating activities**		
Operating profit /(loss)	238,906	(136,050)
Depreciation	25,980	10,501
Profit on disposal of Fixed Assets	-	(1,424)
Movement in stock	(255,535)	(137,720)
Movement in debtors	(249,210)	(488,052)
Movement in creditors	(24,631)	314,447
Net cash flow from operating activities	(264,490)	(438,298)

16 CASH FLOWS (*continued*)

	2006	2005
	£	£
B **Analysis of change of net funds**		
Cash at bank and in hand	117,226	272,123
Bank overdrafts and loans	(10,824)	(7,832)
Opening net funds	106,402	264,291
Movement in cash in year	285,228	(154,897)
Movement in bank overdraft loans	(165,469)	(2,992)
	119,759	(157,889)
Cash at bank and in hand	402,454	117,226
Bank overdrafts and loans	(176,293)	(10,824)
Closing net funds	226,161	106,402

17 COMMITMENTS

At each year end the Group was committed to making the following payments during the next year in respect of operating leases:

	2006	2005
	£	£
Land and buildings		
Expiring within two to five years	10,000	5,000
Other		
Expiring within two to five years	13,587	-
	13,587	-

18 RELATED PARTY TRANSACTIONS

A R D White, a Director, was paid a total of £57,333 in consultancy fees during the year ended 31 March 2006 (2005: £30,361). Included in these fees are £5,333 for his role as a Director and £20,000 as a bonus. Both of these figures have been included in the Directors' remuneration note in the Directors' Report.

Interactive Projects Limited (IPL) is a related party due to the majority of its directors and shareholders being the same as those of Trakm8 Holdings PLC. Both parties are therefore subject to common control. During the year IPL recharged salary and other administration costs amounting to £114,217 (2005: £511,932) to Trakm8 Limited in the course of undertaking research and development work on behalf of Trakm8 Limited. Trakm8 Limited also charged rent of £1,230 (2005: £9,840) for office space used by IPL, and recharged general expenditure amounting to £1,280 (2005: £2,336).

18 RELATED PARTY TRANSACTIONS (*continued*)

At the year-end the total owed by Trakm8 Limited to IPL was £28,107 (2005: £40,431).

W Shillitoe and M Packman, both significant shareholders in Matrix Telematics Limited (Matrix), each hold 2% of the share capital of Trakm8 Holdings PLC. Matrix has made an interest free loan of £185,091 to Trakm8 Limited repayable in full on 27 November 2006 (note 13). During the year the company made sales of £795,689 to Matrix (2005: £649,076). At year end the total owed from Matrix to Trakm8 Limited in respect of these sales was £237,689 (2005: £177,843). No transactions with W Shillitoe or M Packman were undertaken by Trakm8 Limited during the year (2005: £Nil) and no balances were outstanding at the year-end (2005: £Nil).

19 CONTINGENT LIABILITIES

The Group and Company are not aware of any contingent liabilities as at 31 March 2006 (2005: nil).

20 SUBSEQUENT EVENTS

On 23rd May 2006 the Group announced a Co-operation Agreement with Punch Telematix, part of Belgium conglomerate, Punch International NV. The objective of the agreement will be to seek competitive advantages within the telematics markets in the UK, US, South Africa and Europe. The Boards of Trakm8 and Punch expect to develop combined sales and marketing drive as well as initiatives to share technology and knowledge.

On 26th May 2006 the whole of the share capital of Interactive Projects Limited was acquired by Trakm8 Holdings PLC. The consideration paid was £100,000 in cash and the issue of 446,428 ordinary shares in Trakm8 Holdings PLC.

21 FINANCIAL INSTRUMENTS

The numeric disclosures in this note deal with financial assets and liabilities as defined in FRS13 "Derivatives and other financial instruments".

As permitted by FRS 13, short-term debtors and creditors have been excluded from the disclosures. Certain financial assets such as investments in subsidiary companies are also excluded from the scope of these disclosures.

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.

Interest rate profile
The Group has no financial assets other than sterling, euro and dollar account balances totalling £402,454 (2005: £117,226) which are instantly available funds attracting variable rates of interest.

The Group finances its operations through a mixture of share capital and bank and other loans. The Group's exposure to interest rate fluctuations on its borrowings is managed by the use of floating and fixed rate facilities.

21 FINANCIAL INSTRUMENTS (*continued)*

The interest rate exposure of the financial liabilities of the Group as at 31 March was:

	Fixed £	Interest rate Zero rate £	Floating £	Total £
Financial liabilities – 2006	253,136	185,091	176,293	614,520
Financial liabilities – 2005	260,749	185,091	-	445,840

The fixed rate loan bears an interest rate of 7.6% until its full repayment in 2019.

Maturity of financial liabilities
The maturity of the Group's financial liabilities is detailed in note 13.

Borrowing facilities
The Group had an overdraft facility of £250,000 with HSBC Bank. As at 31 March 2006 £85,882 of this overdraft facility had not been utilised.

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

Currency exposure
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.

22 COMPANY PROFIT AND LOSS ACCOUNT

As permitted by s230 Companies Act 1985, the company has not presented its own profit and loss account.