

Trakm8 Holdings PLC
REPORT AND FINANCIAL STATEMENTS
for the year ended
31 March 2011



Trakm8 Holdings PLC

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Trakm8 Holdings PLC

OFFICERS AND ADVISERS

DIRECTORS

C D Buck
M Cowley
T Cowley
J Hedges
J Watkins
P Wilson

SECRETARY

J Hedges

REGISTERED OFFICE

Lydden House
Wincombe Business Park
Shaftesbury
Dorset
SP7 9QJ

BANKERS

HSBC Bank plc
HSBC House
Mitchell Way
Southampton
SO18 2XU

AUDITOR

Milsted Langdon LLP
Winchester House
Deane Gate Avenue
Taunton
TA1 2UH

NOMAD and BROKER

Arbuthnot Securities Limited
Arbuthnot House
20 Ropemaker Street
London
EC2Y 9AR

FINANCIAL PUBLIC RELATIONS

Tavistock Communications
131 Finsbury Pavement
London
EC2A 1NT

Trakm8 Holdings PLC

HIGHLIGHTS

	Year ended 31 March 2011	Year ended 31 March 2010
	£000's	£000's
Revenue	4,186	3,426
Gross profit	2,787	2,303
Gross profit margin %	66.6%	67.2%
Other income	362	583
Operating profit	329	276
Profit before taxation	323	261
Cash and cash equivalents	1,119	692
Net assets	2,236	2,019

- Revenue growth of 22% to £4,186k
- Operating profit increase of 19% to £329k
- Cash balances increased by £427k to £1,119k
- Net assets increased by 11% to £2,236k
- Major contract awards with Jewson and AA
- Successful acquisition of Vincotech telematics assets

Trakm8 Holdings PLC

CHAIRMAN'S STATEMENT

Overview

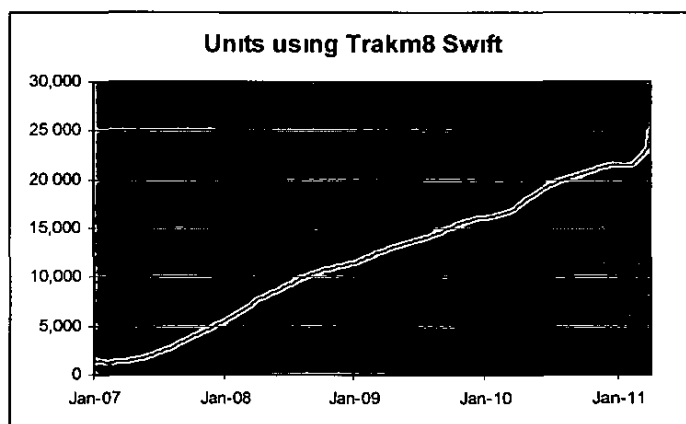
I am pleased to report that the results for the Group have shown strong positive trends, with trading during this financial year continuing the progress of 2009/10 along with confirmation of a return to growth. Revenues for the year increased 22% to £4.19m (2010: £3.43m) and together with the continued focus on higher margin products and customers this resulted in an increase of 23% in profit before tax to £0.32m (2010: £0.26m).

Another highlight was our positive cash generation from trading and as a result our cash position at the year-end increased by £0.42m to £1.12m (2010: £0.69m). This was a particularly pleasing result given the continuing difficult economic climate and global financial uncertainties.

During the year we announced two major contract awards with Jewson Ltd (and its sister brands) and also the Automobile Association ("AA"). These two opportunities have reinforced Trakm8 as having the technology, expertise and infrastructure to secure and maintain large volume contracts.

Operational Review

Trakm8 has enjoyed a significant improvement in sales of hardware units and complete telematics systems, which has resulted in strong revenue growth for the year. We have continued to offer 'hardware only' solutions to a variety of customers in the UK and overseas but increasingly we are seeing more accounts taking our full range of Trakm8 SWIFT telematics services. This has generated an 82% increase in our Trakm8 SWIFT revenues. By March 2011 we had over 25,000 units using the Trakm8 SWIFT service worldwide. The growth in units is demonstrated by the graph below.



This expansion has increased the base of recurring monthly revenues, which then provides improved security and predictability of the Group's future revenues. At the end of the financial year the monthly recurring revenue amounted to 61.7% of underlying overheads up from 49.8% at the end of March 2010.

During the year our development teams in the UK and Prague completed two major rollouts of Trakm8's integrated telematics order scheduling and despatch system which reinforces our continuing drive for efficiency savings. In addition, Trakm8 was awarded a significant Framework Agreement with the AA which was announced in January 2011. This was an excellent achievement following a competitive tender process. During March and April 2011 the majority of AA Road Side Assistance vehicles were fitted with our latest T8 telematics device.

Trakm8 Holdings PLC

CHAIRMAN'S STATEMENT *(continued)*

During the year Trakm8 launched the new T8 telematics hardware which is being manufactured in the UK by Omitec Limited, our partner on the Trusted Road Users Emissions Profiling Government grant project. This development coincided with our long term hardware supplier in Germany, Vincotech GmbH, announcing that they were withdrawing from the manufacture of telematics products. The strategic decision to move the manufacturing from Germany to the UK has led to savings in our production and assembly team and has enabled the Group to have complete control over changes and improvements to existing and new hardware designs.

We have also strengthened our customer application engineer and support teams to ensure that we can continue to improve our levels of customer support and service delivery. This is particularly important as we expand our product development and Trakm8 SWIFT service solutions to meet the complex data integration and functionality requirements of our larger customers.

The Group's Government funded projects have been substantially completed, providing the dual benefits of Technology Strategy Board matched funding of company development expenditure in combination with significantly improved core product functionality.

Our development teams successfully launched the next generation of hardware (T8) in September 2010. This design builds on the success and reliability of the T6 and adds new features such as internal GSM antenna, accelerometer and lower utilisation of power. It has been very well received by customers and has provided a seamless upgrade for existing users of the T6.

The Group has continued to invest heavily in technology developments in server side solutions, on-board CAN-bus, and logistics/mapping software. Of particular interest is an additional suite of applications for optimising route planning and fuel usage. This new product was launched towards the end of the year with a very good initial response from customers. We continue to be committed to owning the intellectual property throughout the value chain and the extensions of the server side applications continues this trend.

In September 2010 we announced the acquisition of the telematics assets of Vincotech GmbH. This included an exciting new product designed with the very latest GPS microchip technology providing an unprecedented level of performance in asset tracking. It has exceptionally low power usage and has a ruggedized waterproof casing. Trakm8 now has a wide range of hardware solutions that fulfil all parts of the market demand and these can be supplied with and without firmware.

Outlook

The Board is confident that the revenue and profitability growth of the Group can be continued over the next 12 months.

Trakm8 solutions are expected to increase market penetration both in the large fleet market and the SME space. The installed base and its consequent recurring revenues are expected to continue to increase with the monthly recurring income increasing as a percentage of our underlying overheads.

With the wider opportunities for hardware only sales provided by having lower cost products the Group is confident that the volume of units sold will increase strongly in the coming year. This will benefit not only the sales and profitability directly but will also help reduce product manufacturing costs in the longer term.

We believe that the financial justification of implementing telematics based fleet management solutions is now compelling. Trakm8 has positioned itself to benefit from the situation with exceptional cost effective integrated solutions. To protect the technical superiority of our products and services

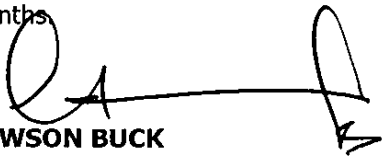
Trakm8 Holdings PLC

CHAIRMAN'S STATEMENT *(continued)*

and to ensure the lowest possible cost base, we will continue to expand the engineering and professional services teams

Trakm8's primary focus is to continue to drive growth in revenues and profitability and therefore this will be a primary use for cash generated by operations. However we have been very successful in building our cash reserves and we are keen to examine all other expansion options including acquisitions to enable us to achieve our growth plans. The telematics market in the UK remains very fragmented and the Group is in a strong position to benefit when favourable opportunities arise.

Finally, I would like to thank all the Trakm8 staff for their tremendous hard work over the past twelve months.



DAWSON BUCK
CHAIRMAN

Trakm8 Holdings PLC

DIRECTORS' REPORT

The Directors submit their report and financial statements of Trakm8 Holdings PLC for the year ended 31 March 2011.

Trakm8 Holdings PLC is a public listed company incorporated and domiciled in England (Company Number 05452547) whose shares are quoted on AIM, a market operated by the London Stock Exchange plc

PRINCIPAL ACTIVITIES

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

REVIEW OF THE BUSINESS

The review of the business is contained in the Chairman's Statement on pages 4 to 6.

RESULTS AND DIVIDENDS

The Group results for the year ended 31 March 2011 are shown in the Consolidated Statement of Comprehensive Income on page 15 The Directors do not recommend the payment of a dividend

FUTURE DEVELOPMENTS

Future developments of the business is contained in the Chairman's Statement on pages 4 to 6.

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 continued delivery of new and enhanced products and services during the coming year

Trakm8 Holdings PLC

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 produced an operating profit of £328,712 compared to last year's operating profit of £275,819
2. Borrowings. The Group monitors its cash and borrowings position and updates cash flow forecasts for the following twelve months on a daily basis. During the year total borrowings were reduced from £223,265 to £186,491 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

DIRECTORS

The following directors have held office during the year

C D Buck
M Cowley
T Cowley
J Hedges
J Watkins
P Wilson

Appointed 29 June 2010

DIRECTORS AND THEIR INTERESTS

The present members of the Board are as listed on page 2. The Directors' interests in the shares of the Company are detailed below -

	1p ordinary shares At 31 March 2011	% of issued ordinary share capital (18,764,731 ordinary shares)	1p ordinary shares At 1 Apr 2010 or on subsequent date of appointment	% of issued ordinary share capital (18,764,731 ordinary shares)
C D Buck	511,994	2.73%	511,994	2.73%
M Cowley	1,164,203	6.20%	1,164,203	6.20%
T Cowley	1,429,002	7.62%	1,429,002	7.62%
J Hedges	891,025	4.75%	891,025	4.75%
J Watkins	3,822,738	20.37%	3,822,738	20.37%
P Wilson	320,512	1.71%	320,512	1.71%

The Directors had no interest in the share capital of the Company's subsidiary undertakings at 31 March 2011 or on the date on which these financial statements were approved.

Trakm8 Holdings PLC

DIRECTORS' REPORT (continued)

Directors' Remuneration

The Directors' remuneration for the year ended 31 March 2011 was.

Audited

	Salaries & Fees	Bonuses	Benefits	Total 31 March 2011	Total 31 March 2010
	£	£	£	£	£
D Buck	35,000	-	-	35,000	30,000
M Cowley	75,327	1,534	-	76,861	73,592
T Cowley	78,150	1,770	-	79,920	75,358
J Hedges	78,150	1,770	-	79,920	75,358
J Watkins	25,000	56,789	-	81,789	116,414
P Wilson ¹	49,583	1,521	6,485	57,589	-
Total	268,000	63,384	6,485	411,079	370,722

¹ Appointed 29 June 2010

Directors' Share Options

At 31 March 2011 the following options had been granted to the Company's Directors and remain current and unexercised

	Option exercise price	Balance as at 31 March 2010	Granted during year	Exercised during year	Expired/forfeited during year	Balance as at 31 March 2011	Expiry date
D Buck	£0 06	100,000	-	-	-	100,000	30/07/2012
M Cowley	£0 06	75,000	-	-	-	75,000	30/07/2012
	£0 25	25,750	-	-	(25,750)	-	
T Cowley	£0 06	75,000	-	-	-	75,000	30/07/2012
	£0 25	10,000	-	-	(10,000)	-	
	£0 26	20,305	-	-	(20,305)	-	
J Hedges	£0 05	100,000	-	-	-	100,000	30/11/2011
	£0 26	25,080	-	-	(25,080)	-	
J Watkins	£0 06	200,000	-	-	-	200,000	30/07/2012

The Group provides indemnity cover for the Directors

Trakm8 Holdings PLC

DIRECTORS' REPORT (*continued*)

SUPPLIERS 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 payables for the parent company at the year end represented 49 days of purchases (2010 56 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 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.

PRINCIPAL RISKS AND UNCERTAINTIES

The following are identified as the principle risks and uncertainties facing the Group -

Technology risk - The Group invests in research and development to enable the delivery of new and enhanced products and services.

Liquidity risk - 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.

Foreign 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.

Trakm8 Holdings PLC

DIRECTORS' REPORT (*continued*)

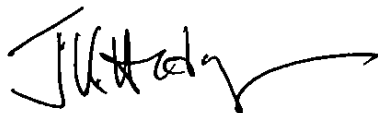
STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

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 has 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 appoint Milsted Langdon LLP, Chartered Accountants, as auditor, will be put to the members at the annual general meeting

By approval of the Board on 22 June 2011



J Hedges
Secretary

Trakm8 Holdings PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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

Company law requires the directors to prepare group and company financial statements for each financial year. The directors are required by the AIM Rules of the London Stock Exchange to prepare group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have elected under company law 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 2006 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

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

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 accounting 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 Group and Company financial statements;
- 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 adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Trakm8 Holdings PLC 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 of Trakm8 Holdings PLC which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Financial Position, the Consolidated Cash Flow Statement, the Parent Company Balance Sheet and the related Notes. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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

As more fully explained in the Directors' Responsibilities Statement set out on page 12, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on the financial statements

In our opinion

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2011 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

Trakm8 Holdings PLC (*continued*)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us, or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Nigel Fry (Senior Statutory Auditor)
For and behalf of Milsted Langdon LLP
Chartered Accountants and Statutory Auditors
Winchester House
Deane Gate Avenue
Taunton
TA1 2UH

22 June 2011

Trakm8 Holdings PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 March 2011

	Notes	2011	2010
		£	£
REVENUE	6	4,186,264	3,426,153
Cost of sales		(1,399,046)	(1,123,584)
Gross profit		2,787,218	2,302,569
Other income	7	361,542	582,979
		3,148,760	2,885,548
Administrative expenses		(2,820,049)	(2,609,729)
OPERATING PROFIT	7	328,711	275,819
Finance income		979	152
		329,690	275,971
Finance costs	8	(6,557)	(14,975)
PROFIT BEFORE TAXATION		323,133	260,996
Income tax	9	(117,094)	300,180
PROFIT FOR THE YEAR ATTRIBUTABLE TO THE OWNERS OF THE PARENT		206,039	561,176
OTHER COMPREHENSIVE INCOME			
Currency translation differences		1,008	1,053
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT		207,047	562,229
EARNINGS PER ORDINARY SHARE (PENCE) ATTRIBUTABLE TO OWNERS OF THE PARENT			
Basic	11	1.10p	3.09p
Diluted	11	1.07p	3.06p

There were no discontinued operations in 2011 or 2010. Accordingly the results relate to continuing operations.

Trakm8 Holdings PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 31 March 2011

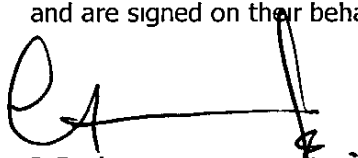
	Share Capital	Share premium	Shares to be issued	Merger Reserve	Share based payment reserve	Translation reserve	Retained Earnings	Total equity attributable to owners of the parent
	£	£	£	£	£	£	£	£
Balance as at 1 April 2009	138,571	1,358,375	140,590	509,837	57,395	204,260	(1,227,506)	1,181,522
Comprehensive income								
Profit for the year	-	-	-	-	-	-	561,176	561,176
Other comprehensive income								
Exchange differences on translation of overseas operations	-	-	-	-	-	1,053	-	1,053
Total comprehensive income	-	-	-	-	-	1,053	561,176	562,229
Transactions with owners								
Issue of shares	49,076	381,027	(140,590)	-	-	-	-	289,513
Cost of share issue	-	(20,000)	-	-	-	-	-	(20,000)
IFRS2 Share based payments	-	-	-	-	5,757	-	-	5,757
Transactions with owners	49,076	361,027	(140,590)	-	5,757	-	-	275,270
Balance as at 1 April 2010	187,647	1,719,402	-	509,837	63,152	205,313	(666,330)	2,019,021
Comprehensive income								
Profit for the year	-	-	-	-	-	-	206,039	206,039
Other comprehensive income								
Exchange differences on translation of overseas operations	-	-	-	-	-	1,008	-	1,008
Total comprehensive income	-	-	-	-	-	1,008	206,039	207,047
Transactions with owners								
Transfer share based payment reserve to Retained earnings	-	-	-	-	(63,152)	-	63,152	-
IFRS2 Share based payments	-	-	-	-	-	-	9,921	9,921
Transactions with owners	-	-	-	-	(63,152)	-	73,073	9,921
Balance as at 31 March 2011	187,647	1,719,402	-	509,837	-	206,321	(387,218)	2,235,989

Trakm8 Holdings PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 March 2011

		2011	2010
	Notes	£	£
NON CURRENT ASSETS			
Intangible assets	12	1,150,235	1,114,308
Property and equipment	13	463,007	443,878
Deferred income tax asset	16	63,243	198,165
		<u>1,676,485</u>	<u>1,756,351</u>
CURRENT ASSETS			
Inventories	14	259,042	106,636
Trade and other receivables	15	893,172	701,329
Current tax assets	9	17,828	83,504
Cash and cash equivalents		1,119,027	692,138
		<u>2,289,069</u>	<u>1,583,607</u>
CURRENT LIABILITIES			
Trade and other payables	17	(1,473,074)	(1,097,672)
Borrowings	18	(27,305)	(36,764)
		<u>(1,500,379)</u>	<u>(1,134,436)</u>
CURRENT ASSETS LESS CURRENT LIABILITIES		788,690	449,171
TOTAL ASSETS LESS CURRENT LIABILITIES		2,465,175	2,205,522
NON CURRENT LIABILITIES			
Borrowings	18	(159,186)	(186,501)
Provisions	19	(70,000)	-
NET ASSETS		<u>2,235,989</u>	<u>2,019,021</u>
EQUITY			
Share capital	21	187,647	187,647
Share premium account		1,719,402	1,719,402
Merger reserve account		509,837	509,837
Share based payment reserve		-	63,152
Translation reserve		206,321	205,313
Retained earnings		(387,218)	(666,330)
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		<u>2,235,989</u>	<u>2,019,021</u>

These financial statements were approved by the Directors and authorised for issue on 22 June 2011 and are signed on their behalf by.


D Buck
Director


J Hedges
Director

Trakm8 Holdings PLC

CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 March 2011

	Notes	2011	2010
		£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	23	609,832	429,616
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(49,758)	(7,368)
Purchase of intellectual property		(96,411)	-
NET CASH USED IN INVESTING ACTIVITIES		<u>(146,169)</u>	<u>(7,368)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of ordinary shares net of expenses		-	269,513
Repayment of obligations under hire purchase agreements		(16,894)	(11,275)
Repayment of loans		(19,880)	(87,902)
NET CASH (USED IN) /FROM FINANCING ACTIVITIES		<u>(36,774)</u>	<u>170,336</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		<u>426,889</u>	<u>592,583</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>692,138</u>	<u>99,555</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u><u>1,119,027</u></u>	<u><u>692,138</u></u>

Trakm8 Holdings PLC

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2011

1. GENERAL INFORMATION

Trakm8 Holdings PLC is a public limited company ("Company") incorporated in the United Kingdom (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 AIM market of the London Stock Exchange.

The Group's principal activity is the manufacture, marketing 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 2006 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.

These financial statements are presented in sterling as that is considered to be the currency of the primary economic environment in which the Group operates. This decision was based on the Group's workforce being based in the UK and that sterling is the currency in which management reporting and decision making is based.

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

Trakm8 Holdings PLC

NOTES TO THE FINANCIAL STATEMENTS (*continued*) for the year ended 31 March 2011

4. ACCOUNTING POLICIES (*continued*)

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 Statement of Comprehensive Income 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 Statement of Comprehensive Income.

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.

Trakm8 Holdings PLC

NOTES TO THE FINANCIAL STATEMENTS (*continued*) for the year ended 31 March 2011

4. ACCOUNTING POLICIES (*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 Statement of Comprehensive Income.

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 Cash Flow 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 accruals 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.

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 Statement of Comprehensive Income. 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.

Trakm8 Holdings PLC

NOTES TO THE FINANCIAL STATEMENTS (*continued*) for the year ended 31 March 2011

4 ACCOUNTING POLICIES (*continued*)

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. Such intangible assets are carried at cost less amortisation. Amortisation is charged to 'Administrative expenses' in the Statement of Comprehensive Income 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 Statement of Comprehensive Income

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.

Trakm8 Holdings PLC

NOTES TO THE FINANCIAL STATEMENTS (*continued*) for the year ended 31 March 2011

4 ACCOUNTING POLICIES (*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 Statement of Comprehensive Income 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 Statement of Comprehensive Income 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 Statement of Comprehensive Income 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.

Trakm8 Holdings PLC

NOTES TO THE FINANCIAL STATEMENTS (*continued*) for the year ended 31 March 2011

4. ACCOUNTING POLICIES (*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 Statement of Comprehensive Income 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

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

Trakm8 Holdings PLC

NOTES TO THE FINANCIAL STATEMENTS (*continued*) for the year ended 31 March 2011

4 ACCOUNTING POLICIES (*continued*)

SEGMENTAL REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

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.
- *Translation reserve* represents cumulative foreign exchange gains and losses on retranslation of overseas operations.
- *Retained earnings* represents retained losses.

CHANGES IN ACCOUNTING STANDARDS AND DISCLOSURES

a) The Group has adopted the following new Interpretations and amendments to existing standards in the year ended 31 March 2011:-

- | | |
|----------------------|--|
| - IFRS 3 (Revised) | 'Business Combinations' effective 1 July 2009 |
| - IAS 27 (Revised) | 'Consolidated and Separate Financial Statements' effective 1 July 2009 |
| - IAS 28 (Amendment) | 'Investments in Associates' effective 1 July 2009 |
| - IAS 31 (Amendment) | 'Investments in Joint ventures' effective 1 July 2009 |
| - IAS 32 (Amendment) | 'Financial Instruments: Presentation' effective 1 February 2010 |
| - IAS 39 (Amendment) | 'Financial instruments. Recognition and measurement' effective 1 July 2009 |
| - IFRIC 17 | 'Distributions of Non-cash Assets to Owners' effective 1 July 2009 |
| - IFRIC 18 | 'Transfers of Assets from Customers' effective 1 July 2009 |

Trakm8 Holdings PLC

NOTES TO THE FINANCIAL STATEMENTS (*continued*) for the year ended 31 March 2011

4. ACCOUNTING POLICIES (*continued*)

The adoption of these Interpretations and amendments to existing standards has not led to any changes in the Group's accounting policies

b) 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:

- IFRS 9 'Financial Instruments' effective 1 January 2013
- IAS 24 (Amendment) 'Related Party Disclosures' effective 1 January 2011
- IFRIC 14 (Amendment) 'Prepayments of a minimum Funding Requirement' effective 1 January 2011
- IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments' effective 1 July 2010

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

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

In assessing the fair value of the intellectual property, management have considered the underlying value of the income streams. Attention has been paid to the potential introduction of new products and services and the return anticipated from these and existing product sales. The Directors believe that the fair value of the intellectual property 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 the balance sheet at £69,895. The costs relate to the development of the Group's portfolio of hardware and software products and management continue to believe that the anticipated revenues will enable the carrying amount to be recovered in full. Assumptions have been made on the number of years over which the costs will be recovered based on management's best expectations and these could turn out to be longer or shorter although any subsequent adjustment is not expected to be material.

Trakm8 Holdings PLC

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 March 2011

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

Recoverability of trade debtors

The withdrawal or reduction of credit facilities from Banks and leasing companies is affecting a wide range of businesses. 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. Weekly cash receipts are analysed and future supplies are stopped if accounts remain overdue. An increasing number of customers taking the Group's services pay by direct debit and this is reducing the Group's exposure to the non-recoverability of trade debtors in the future.

6. SEGMENTAL ANALYSIS

The format of segmental reporting is based on the Group's management and internal reporting of the segments below which carry different risks and rewards and are used to make strategic decisions. Telematics is the sale of hardware through the Group's distributors. Trakm8 SWIFT represents the sale of the Group's full vehicle telematics service direct to customers. Development and other services comprises bespoke professional services and mapping solutions.

The Board review the revenue results by segment and the gross margin. Cost of sales comprise hardware costs and have been allocated to the segments based on the number of units sold. Administration costs and assets and liabilities are not separated out by segment.

Year ended 31 March 2011	Telematics	Trakm8 SWIFT	Development & other services	Unallocated	Total
	£	£	£	£	£
Segment revenue	1,394,998	2,553,876	237,390	-	4,186,264
Gross profit	489,081	2,060,747	237,390	-	2,787,218
Other income	-	-	361,542	-	361,542
Depreciation & amortisation	(127,182)	(41,668)	(95,714)	-	(264,564)
Finance income	-	-	-	979	979
Finance costs	-	-	-	(6,557)	(6,557)
Income tax	-	-	-	(117,094)	(117,094)

Trakm8 Holdings PLC

NOTES TO THE FINANCIAL STATEMENTS (*continued*) for the year ended 31 March 2011

6. SEGMENTAL ANALYSIS (*continued*)

Year ended 31 March 2010	Telematics	Trakm8 SWIFT	Development & other services	Unallocated	Total
	£	£	£	£	£
Segment revenue	1,680,640	1,398,767	346,746	-	3,426,153
Gross profit	787,897	1,167,926	346,746	-	2,302,569
Other income	-	-	582,979	-	582,979
Depreciation & amortisation	(99,388)	(80,360)	(96,094)	-	(275,842)
Finance income	-	-	-	152	152
Finance costs	-	-	-	(14,975)	(14,975)
Income tax	-	-	83,504	216,676	300,180

The Group's operations are located in the UK and the Czech Republic. The following table provides an analysis of the Group's revenue by geography based upon location of the Group's customers

Year ended 31 March 2011	Telematics	Trakm8 SWIFT	Development & other services	Total
	£	£	£	£
United Kingdom	502,235	2,543,862	114,983	3,161,080
Europe	193,874	10,014	58,450	262,338
Africa	278,361	-	47,000	325,361
Rest of the World	420,528	-	16,957	437,485
	1,394,998	2,553,876	237,390	4,186,264

The Group had two customers where each accounted for more than 10% of the Group revenue (2010 two)

Year ended 31 March 2010	Telematics	Trakm8 SWIFT	Development & other services	Total
	£	£	£	£
United Kingdom	1,000,334	1,395,132	220,030	2,615,496
Europe	268,966	3,635	120,216	392,817
Africa	352,532	-	6,500	359,032
Rest of the World	58,808	-	-	58,808
	1,680,640	1,398,767	346,746	3,426,153

Trakm8 Holdings PLC

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 March 2011

7 PROFIT FROM OPERATIONS

	2011 £	2010 £
Profit from operations is stated after (crediting)/charging:		
Other income - Government grant	(359,760)	(582,979)
Depreciation - owned fixed assets	18,955	24,544
- assets on hire purchase	11,684	5,967
Amortisation of intangible assets	233,925	243,912
Operating lease rentals		
Land and buildings	14,222	28,420
Other	11,587	5,775
Research and development	104	704
(Profit)/loss on foreign exchange transactions	(3,987)	5,707
Staff costs (note 10)	1,517,374	1,415,778
	2011 £	2010 £
Auditor's remuneration		
- audit services		
Parent Company and consolidation	4,500	5,000
Subsidiary audits	10,500	20,000
- tax advisory services	2,200	4,175

8. FINANCE COSTS

	2011 £	2010 £
Bank interest payable	62	7,770
Interest on finance leases	790	2,156
Interest on other loans	5,705	5,049
	<u>6,557</u>	<u>14,975</u>

Trakm8 Holdings PLC

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 March 2011

9. INCOME TAX

	2011 £	2010 £
R&D tax credit	(17,828)	(83,504)
Recognition of deferred tax	-	(331,300)
Current year movement	134,922	114,624
Income tax charge / (credit)	<u>117,094</u>	<u>(300,180)</u>

Factors affecting the tax charge

The tax assessed for the years are higher (2010: lower) than the applicable rate of corporation tax in the UK. The difference is explained below:

	2011 £	2010 £
Profit before tax	<u>323,133</u>	<u>260,996</u>
Profit / (loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2010: 28%)	90,477	73,079
Effects of:		
Expenses not deductible/income not taxable	61,593	41,545
Share option adjustment	2,778	1,612
Temporary differences	(2,988)	(1,612)
Change in deferred tax rates	3,015	-
Deferred tax brought forward recognised	(19,953)	(331,300)
R&D tax credit	(17,828)	(83,504)
Total tax	<u>117,094</u>	<u>(300,180)</u>

10. EMPLOYEES

	2011 No.	2010 No.
The average monthly number of persons (including Directors) employed by the Group was:		
Research and development	13	11
Selling and distribution	14	11
Production	3	5
Administration	11	11
	<u>41</u>	<u>38</u>

Trakm8 Holdings PLC

NOTES TO THE FINANCIAL STATEMENTS (*continued*) for the year ended 31 March 2011

10. EMPLOYEES (*continued*)

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

	2011	2010
	£	£
Wages and salaries	1,336,898	1,247,631
Social Security costs	170,555	162,390
Share Based Payments	9,921	5,757
	<u>1,517,374</u>	<u>1,415,778</u>

Costs relating to the Directors who are the key management of the Group

	2011	2010
	£	£
Wages and salaries	411,079	350,722
Pension	-	20,000
Social Security costs	41,840	37,055
Share Based Payments	3,236	4,203
	<u>456,155</u>	<u>411,980</u>

Further details of Directors' fees and salaries, bonuses and pensions are given in the Directors' Report on page 9.

11 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

	2011	2010
	£	£
Earnings for the year after taxation	<u>206,039</u>	<u>561,176</u>
	No	No.
Number of ordinary shares of 1p each	18,764,731	18,764,731
Basic weighted average number of ordinary shares of 1p each	18,764,731	18,165,144
Basic weighted average number of ordinary shares of 1p each (diluted)	19,180,873	18,359,713
	<u>1 10p</u>	<u>3.09p</u>
Basic profit pence per share		
	<u>1.07p</u>	<u>3.06p</u>
Diluted profit pence per share		

Trakm8 Holdings PLC

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 March 2011

12. INTANGIBLE ASSETS

	Intellectual property £	Development costs £	Total £
COST			
As at 1 April 2009	1,546,007	344,514	1,890,521
Additions	-	-	-
As at 31 March 2010	1,546,007	344,514	1,890,521
Additions	127,856	141,996	269,852
As at 31 March 2011	1,673,863	486,510	2,160,373
	Intellectual property £	Development Costs £	Total £
AMORTISATION			
As at 1 April 2009	336,922	195,379	532,301
Charge for year	164,672	79,240	243,912
As at 31 March 2010	501,594	274,619	776,213
Charge for year	165,787	68,138	233,925
As at 31 March 2011	667,381	342,757	1,010,138
NET BOOK VALUE			
As at 31 March 2011	1,006,482	143,753	1,150,235
As at 31 March 2010	1,044,413	69,895	1,114,308
As at 1 April 2009	1,209,085	149,135	1,358,220

The intellectual property has been purchased from third parties. Development costs have been internally generated.

Amortisation expenses of £233,925 (2010: £243,912) have been charged to Administrative expenses in the Consolidated Statement of Comprehensive Income. Development costs will be fully amortised within the next four years and Intellectual Property will be fully amortised within the next six years.

Trakm8 Holdings PLC

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 March 2011

13 PROPERTY & EQUIPMENT

	Freehold property	Furniture, fixtures and equipment	Computer equipment	Total
	£	£	£	£
COST				
As at 1 April 2009	420,000	61,507	171,239	652,746
Additions	-	590	31,128	31,718
Exchange differences	-	-	236	236
Disposals	-	-	-	-
As at 31 March 2010	420,000	62,097	202,603	684,700
Additions	-	37,469	12,289	49,758
Exchange differences	-	-	215	215
Disposals	-	(15,297)	(33,942)	(49,239)
As at 31 March 2011	<u>420,000</u>	<u>84,269</u>	<u>181,165</u>	<u>685,434</u>
	Freehold property	Furniture, fixtures and equipment	Computer equipment	Total
	£	£	£	£
DEPRECIATION				
As at 1 April 2009	13,224	47,705	149,187	210,116
Charge for year	4,408	3,633	22,470	30,511
Exchange differences	-	-	195	195
Disposals	-	-	-	-
As at 31 March 2010	17,632	51,338	171,852	240,822
Charge for year	4,408	5,150	21,081	30,639
Exchange differences	-	-	205	205
Disposals	-	(15,297)	(33,942)	(49,239)
As at 31 March 2011	<u>22,040</u>	<u>41,191</u>	<u>159,196</u>	<u>222,427</u>
NET BOOK VALUE				
As at 31 March 2011	<u>397,960</u>	<u>43,078</u>	<u>21,969</u>	<u>463,007</u>
As at 31 March 2010	<u>402,368</u>	<u>10,759</u>	<u>30,751</u>	<u>443,878</u>
As at 1 April 2009	<u>406,776</u>	<u>13,802</u>	<u>22,052</u>	<u>442,630</u>

Included within freehold property is £199,585 (2010: £199,585) relating to land which is not depreciated. The net book value of plant and computer equipment includes £8,167 (2010: £15,235) in respect of assets held under finance leases and hire purchase contracts. The depreciation charge in respect of these assets was £11,684 (2010: £5,967).

Total depreciation expenses of £30,639 (2010: £30,511) have been charged to administrative expenses in the Consolidated Statement of Comprehensive Income.

Trakm8 Holdings PLC

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 March 2011

14. INVENTORIES

	2011	2010
	£	£
Finished goods and goods for resale	<u>259,042</u>	<u>106,636</u>

The cost of inventories recognised as an expense and included in cost of sales amounted to £1,399,045 (2010: £1,123,584). During the year old inventory lines totalling nil (2010: £22,994) were written down and charged to cost of sales in the Consolidated Statement of Comprehensive income.

15. TRADE AND OTHER RECEIVABLES

	2011	2010
	£	£
Trade receivables	757,160	529,990
Other receivables	63,237	116,620
Prepayments & accrued income	<u>72,775</u>	<u>54,719</u>
	<u>893,172</u>	<u>701,329</u>

The analysis of trade receivables by currency is as follows:

	2011	2010
	£	£
Pound sterling	638,604	423,143
Euro	111,188	92,706
Other	<u>7,368</u>	<u>14,141</u>
	<u>757,160</u>	<u>529,990</u>

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 £6,000 (2010: £2,000).

As at 31 March 2011 trade receivables of £354,524 were past due but not impaired. The ageing analysis of these trade receivables is as follows:-

	2011	2010
	£	£
Up to 3 months	295,477	105,812
3 to 6 months	<u>59,047</u>	<u>-</u>
	<u>354,524</u>	<u>105,812</u>

The Directors consider that the carrying amount of trade and other receivables approximates to their fair values. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above.

Trakm8 Holdings PLC

NOTES TO THE FINANCIAL STATEMENTS (*continued*) for the year ended 31 March 2011

16. DEFERRED TAX

The analysis of deferred tax assets and deferred tax liabilities is as follows.

	2011	2010
	£	£
Deferred tax asset		
Deferred tax asset to be recovered after more than 12 months	<u>81,428</u>	<u>216,513</u>
Deferred tax liability	£	£
Deferred tax liability to be recovered after more than 12 months	<u>(18,185)</u>	<u>(18,348)</u>
Deferred tax asset net	<u>63,243</u>	<u>198,165</u>

The movement in the deferred income tax assets and liabilities during the year is as follows.-

Deferred tax assets	Accelerated tax depreciation	Utilisation of unrecognised losses	Total
	£	£	£
As at 1 April 2010	16,404	200,109	216,513
Charged to the income statement	<u>(18,093)</u>	<u>(116,992)</u>	<u>(135,085)</u>
At 31 March 2011	<u>(1,689)</u>	<u>83,117</u>	<u>81,428</u>

Deferred tax liabilities	Building revaluation
	£
As at 1 April 2009	(18,511)
Credited to the income statement	<u>163</u>
At 31 March 2010	(18,348)
Credited to the income statement	<u>163</u>
At 31 March 2011	<u>(18,185)</u>

Trakm8 Holdings PLC

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 March 2011

17. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	2011 £	2010 £
Trade payables	481,688	502,102
Taxation and social security	224,093	153,544
Other payables	43,588	31,136
Accruals and deferred income	723,705	410,891
	<u>1,473,074</u>	<u>1,097,673</u>

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

18. BORROWINGS

	2011 £	2010 £
Bank loan	179,661	199,543
Obligations under finance leases and hire purchase arrangements (see note 19)	6,830	23,722
	<u>186,491</u>	<u>223,265</u>

	2011 £	2010 £
On demand or within one year	27,305	36,764
After one and within two years	21,099	27,305
After two and within five years	67,225	65,239
After five years	70,862	93,957
	<u>186,491</u>	<u>223,265</u>
Less Amount due for settlement within one year (shown as current liabilities)	<u>(27,305)</u>	<u>(36,764)</u>
Amount due for settlement after more than one year	<u>159,186</u>	<u>186,501</u>

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

19. PROVISIONS

	2011 £	2010 £
Increase during the year	70,000	-
	<u>70,000</u>	<u>-</u>

The provision relates to the estimated additional costs payable under the terms of the contract for the acquisition of the telematics assets from Vincotech GmbH. The costs relate to commission payable and have been estimated based on the anticipated numbers of units that will be sold.

Trakm8 Holdings PLC

NOTES TO THE FINANCIAL STATEMENTS (*continued*) for the year ended 31 March 2011

20 OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

	2011 £	2010 £
Gross hire purchase liabilities – minimum payments		
No later than 1 year	6,884	17,682
Later than 1 year and no later than 5 years	-	6,884
	<u>6,884</u>	<u>24,566</u>
Less future finance charges	(54)	(844)
Present value	<u>6,830</u>	<u>23,722</u>

The present value of minimum hire purchase payments is analysed as follows:

	2011 £	2010 £
No later than 1 year	6,830	16,893
Later than 1 year and no later than 5 years	-	6,829
	<u>6,830</u>	<u>23,722</u>

All contracts are denominated in sterling and are secured on the assets. The fair value of the hire purchase obligations approximates to their carrying amount.

21. SHARE CAPITAL

	2011		2010	
	No's '000's	£	No's '000's	£
Authorised				
Ordinary shares of 1p each	<u>200,000</u>	<u>2,000,000</u>	<u>200,000</u>	<u>2,000,000</u>
Allotted, issued and fully paid				
Ordinary shares of 1p each	<u>18,764</u>	<u>187,647</u>	<u>18,764</u>	<u>187,647</u>

Trakm8 Holdings PLC

NOTES TO THE FINANCIAL STATEMENTS (*continued*) for the year ended 31 March 2011

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 2010	Granted during year	Exercised during year	Expired/ forfeited during the year	Balance as at 31 March 2011	Grant date	Option & expected Life (years)	Risk free rate of return	Volatility
5 25p	100,000	-	-	-	100,000	30/11/08	3 0	3 02%	54%
6 0p	550,000	-	-	-	550,000	30/07/09	3 0	3 02%	54%
15 5p	-	400,000	-	100,000	300,000	30/04/10	3 0	3 02%	60%
Total	650,000	400,000	-	100,000	950,000				

The weighted average exercise price of share options outstanding as at 31 March 2011 was 8 9 pence

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 £9,921 to the Statement of Comprehensive Income in respect of Share-Based Payments for the financial year ended 31 March 2011 (2010: £5,757).

Trakm8 Holdings PLC

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 March 2011

23 CASH FLOWS

	2011 £	2010 £
Reconciliation of profit before tax to net cash flow from operating activities:		
Profit before tax	323,133	260,996
Depreciation	30,639	30,511
Bank and other interest charges	5,578	14,823
Amortisation of intangible assets	233,925	243,912
Capitalised development costs	(103,441)	-
Share based payments	9,922	5,757
Net profit before changes in working capital	499,756	555,999
Movement on retranslation of overseas operations	998	1,012
Movement in inventories	(152,406)	52,517
Movement in trade and other receivables	(191,843)	(1,321)
Movement in trade and other payables	375,401	(173,149)
Cash generated from operations	531,906	435,058
Interest paid	(6,557)	(14,975)
Interest received	979	152
Income taxes received	83,504	9,381
Net cash inflow from operating activities	<u>609,832</u>	<u>429,616</u>

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).

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:

	2011 £	2010 £
Operating Leases		
Land and buildings		
Within one year	14,222	22,587
In the second to fifth years inclusive	-	13,815
Other		
Within one year	12,078	2,640
In the second to fifth years inclusive	19,131	615

Land and buildings under operating leases represents one lease payable by the Group which has an expiry date in December 2011

Trakm8 Holdings PLC

NOTES TO THE FINANCIAL STATEMENTS (*continued*) for the year ended 31 March 2011

25. RELATED PARTY TRANSACTIONS

Details of the remuneration of the directors, who are the key management personnel of the Group, are disclosed in the Directors' report

J Watkins is a Director and shareholder of Omitec Group Limited. Omitec Limited is a wholly owned subsidiary of Omitec Group Limited and is a Partner of Trakm8 Limited working on the Trusted Road Usage Emissions Profiling Government Project for the Technology Strategy Board.

It was announced on 21 June 2010 that a manufacturing agreement had been signed with Omitec for the production of the new T8 telematics platform. On 25 February 2011 it was announced that a further manufacturing agreement had been entered into with Omitec for the production of the new T8 Mini telematics hardware. During the year ended 31 March 2011 a total of £579,339 was invoiced to Trakm8 Limited by Omitec Limited (2010: £21,926) and Trakm8 Limited invoiced Omitec Limited £10,668 (2010: £24,973). The net balance due on 31 March 2011 from Trakm8 Limited to Omitec Limited was £68,817 (2010: £2,609).

26. FINANCIAL INSTRUMENTS

Financial risk factors

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

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. Borrowing facilities are monitored against the Group's forecast requirements and it is the Group's policy to mitigate the risk by maintaining undrawn overdraft facilities and cash reserves. The bank overdraft facility is £250,000 and as at 31 March 2011 this facility was not being utilised.

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.

Trakm8 Holdings PLC

NOTES TO THE FINANCIAL STATEMENTS (*continued*) for the year ended 31 March 2011

26. FINANCIAL INSTRUMENTS (*continued*)

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.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as debt divided by total capital. Debt is calculated as total borrowings including "current and non-current borrowings" as shown in the consolidated balance sheet. Total capital is calculated as "equity" as shown in the consolidated balance sheet plus debt

The Group's strategy has been to reduce gearing and to increase cash and cash equivalents. This has been successfully achieved through the profits generated during the year.

	2011 £	2010 £
Total borrowings (note 18)	186,491	223,265
Total equity	2,371,073	2,019,021
Total capital	2,557,565	2,242,286
Gearing ratio	7%	10%

Trakm8 Holdings PLC

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 March 2011

Financial instruments by category

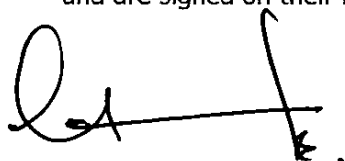
Assets as per balance sheet	Loans and receivables	
	2011	2010
	£	£
Trade and other receivables excluding prepayments	820,397	646,610
Cash and cash equivalents	1,119,207	692,138
	<u>1,939,604</u>	<u>1,338,748</u>
Liabilities as per balance sheet	Financial liabilities at amortised cost	
	2011	2010
	£	£
Borrowings (excluding finance lease liabilities)	179,661	199,543
Hire purchase	6,830	23,722
Trade and other payables excluding statutory liabilities	1,248,981	835,960
	<u>1,435,472</u>	<u>1,059,225</u>

Trakm8 Holdings PLC

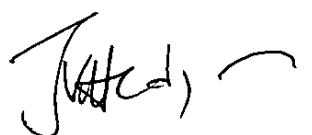
PARENT COMPANY BALANCE SHEET as at 31 March 2011

	Notes	2011 £	As restated 2010 £
FIXED ASSETS			
Investments	3	801,782	991,023
CURRENT ASSETS			
Debtors	4	564,804	673,136
Cash at bank		626,229	504,389
		1,191,033	1,177,525
CREDITORS: Amounts falling due within one year	5	(32,168)	(267,493)
NET CURRENT ASSETS		1,158,865	910,032
NET ASSETS		1,960,647	1,901,055
CAPITAL AND RESERVES			
Called up share capital	6	187,647	187,647
Share premium	7	1,719,402	1,719,402
Share based payment reserve	7	-	63,152
Profit and loss account	7	53,598	(69,146)
SHAREHOLDERS' FUNDS		1,960,647	1,901,055

These financial statements were approved by the Directors and authorised for issue on 22 June 2011 and are signed on their behalf by



D Buck
Director



J Hedges
Director

Trakm8 Holdings PLC

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS for the year ended 31 March 2011

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.

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.

Trakm8 Holdings PLC

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (*continued*) for the year ended 31 March 2011

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.

PRIOR YEAR ADJUSTMENT

During the year ended 31 March 2010 the Intellectual Property owned by the subsidiary Interactive Projects Ltd ('IPL') was transferred at cost to the subsidiary Trakm8 Limited. The cost of the Intellectual Property was calculated by reference to the original cost to IPL which after amortisation was £4,800. The Directors consider that this cost did not reflect the cost to the Group where the Intellectual Property was purchased for £600,000 as part of the assets held within IPL. In addition the transfer did not reflect the fall in the value of the investment in IPL resulting from the transfer. The Balance Sheet for the year ended 31 March 2010 has been restated to reflect the transfer of the value of the Intellectual Property in the Group accounts at 31 March 2010 of £359,200. The value of the investment in IPL at 31 March 2010 has also been reduced by £294,201 to the value of the net assets that remained in IPL at 31 March 2010. The amount due to the Company has been increased by £359,200 to reflect the transfer of the Intellectual Property at cost to the Group. The restatement has had an effect of an increase of £60,199 in net profit for the year ended 31 March 2010 and net assets at 31 March 2010. The prior period adjustment did not have any impact on taxation for the year.

2. PROFIT AND LOSS ACCOUNT

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the Company is not presented as part of these financial statements.

The loss after tax for the year in the Company is £10,528 (2010: profit £285,868).

3. INVESTMENTS

	Subsidiaries £
Cost	
At 1 April 2010 as restated	991,023
Dividend paid during the year	(189,241)
At 31 March 2011	<u>801,782</u>

<i>Name of subsidiary</i>	<i>Country of incorporation</i>	<i>Class of holding</i>	<i>Proportion held and voting rights</i>	<i>Nature of business</i>
Trakm8 Limited	England and Wales	Ordinary	100%	Marketing and distribution of vehicle telematics
PJSoft s r o	Czech Republic	Ordinary	100%	Mapping services
Interactive Projects Limited	England and Wales	Ordinary	100%	Non trading
Purple Reality Limited	England and Wales	Ordinary	100%	Dormant

Trakm8 Holdings PLC

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (*continued*) for the year ended 31 March 2011

4 DEBTORS

	2011	As restated 2010
	£	£
Amounts due from subsidiary undertakings	558,971	667,303
Prepayments	5,833	5,833
	<u>564,804</u>	<u>673,136</u>

5 CREDITORS: Amounts falling due within one year

	2011	2010
	£	£
Trade creditors	14,627	15,404
Amounts owed to subsidiary undertakings	-	247,589
Accruals and other creditors	17,541	4,500
	<u>32,168</u>	<u>267,493</u>

6 SHARE CAPITAL

Details of share capital and share options are shown in notes 21 and 22 to the consolidated accounts above

7 RESERVES

	Share Capital	Share premium	Shares to be issued	Share based payment reserve	Profit and loss reserve	Total
	£	£	£	£	£	£
At 1 April 2009	138,571	1,358,375	140,590	57,395	(355,014)	1,339,917
Shares issued	49,076	361,027	(140,590)	-	-	269,513
Loss for the year	-	-	-	-	285,868	285,868
FRS20 Share based payments	-	-	-	5,757	-	5,757
At 1 April 2010	187,647	1,719,402	-	63,152	(69,146)	1,901,055
Prior year adjustment	-	-	-	-	60,199	60,199
Transfer share based payment reserve to profit and loss reserve	-	-	-	(63,152)	63,152	-
FRS20 Share based payments	-	-	-	-	9,921	9,921
Loss for the year	-	-	-	-	(10,528)	(10,528)
As at 31 March 2011	<u>187,647</u>	<u>1,719,402</u>	<u>-</u>	<u>-</u>	<u>53,598</u>	<u>1,960,647</u>

8. RELATED PARTIES

The Company has taken advantage of the exemptions conferred by FRS 8 from the requirement to disclose transactions between wholly owned subsidiary undertakings.