Report of the Directors and Consolidated Financial Statements

For the 14 months ended 31 March 2012

Annual Report and Financial Statements

for the 14 months ended 31 March 2012

Contents

Company Information

Directors:	S G Barrell B Wise
Secretary:	S G Barrell
Registered office:	Wolfe Lodge Farnham Road Bordon Hampshire GU35 0NH
Registered number:	06214926
Auditors:	Crowe Clark Whitehill LLP St Bride's House 10 Salisbury Square London EC4Y 8EH
Bankers:	Lloyds TSB 73 Parade Leamington Spa Warwickshire CV32 4BB
Nominated Advisor and Broker:	Merchant Securities Ltd 51-55 Gresham Street London EC2V 7EL

Chairman's Statement

The 14 month period to 31 March 2012 has seen many changes within the Company and we have ended the financial year with a business much different to the one we started with.

The results for the period show a loss of £596,365 (12 months to 31 January 2011: loss of £542,452) including exceptional items of £19,313 (31 January 2011: £23,819). The loss recorded for the year includes £432,286 relating to the discontinued business of Sure-Track Europe Limited. The loss for the period for IBP Limited, the continuing operation (excluding head office costs) was £5,173 a significant improvement over the year ended 31 January 2011 (loss of £100,211).

At the period end the Group had cash resources of £228,930.

IBP

IBP has traded at a small loss of £5,173 (including exceptional costs of redundancies of £15,650) for the 14 months ended 31 March 2012. The reduced loss is largely attributable to the Eastern European Post office contract that was won and substantially completed during the period. Some additional work was secured for stage one post the period end and we are currently tendering for stage two.

IBP's trial of its products with a major high street retailer has been successful in reducing the level of robberies in those pilot stores and we are awaiting a decision by the retailer as to its next steps. At present there is no indication on the likely timing of any decision from the retailer but we are hopeful for an indication within the next six months. IBP continues to service it's other existing blue chip customers with maintenance and new installations and will again be running its much hailed symposium in September 2012.

The business is developing the next generation of smoke notes technology which it intends to launch at the time of the symposium.

Sure-Track Europe Limited ("STE") trading and disposal

During 2011 the Company continued to pursue the opportunity offered under the Ford agreement and in April 2011 the Company acquired the business and certain assets of a distributor of the MT2, Automotion Security Limited ("Automotion") to assist with this development. Automotion's owner, Ian Platt, who was an executive board member of International Association of Auto Theft Investigators in the UK has, as part of the acquisition, joined SureTrack on a full time basis. We considered that this move would enhance our business development activity and reduce the commissions paid by the Company.

As we have previously reported at the half year we had less support from Ford than previously anticipated and we had invested heavily in meeting with and training the Ford dealers. We took action at this stage to reduce the overheads by reducing our level of direct activity with the Ford dealers.

Around the time of the half year we obtained an International Motors (IM) part number and achieved Thatcham 7 accreditation which we considered to be vital to gain more insurance business. Unfortunately neither the IM business nor the accreditation significantly increased the level of business activity.

We were approached by Will Hirons, the Company's CEO, late in 2011 for him to purchase the STE business and the Board considered that given the losses incurred and the cash drain on the business that the disposal of STE was the most appropriate way forward.

Full details of the disposal were given in the circular to shareholders dated 16 February 2012. Will Hirons and Deborah Davis have purchased the STE business for £188,062 and the Company entered into a Call Option with Will Hirons and Deborah Davis to acquire their entire shareholding in the Company of 117,538,809 ordinary shares for approximately £188,062, the equivalent of 0.16p per share being the middle market closing price on 15 February 2012 the last practicable date before the entry into the agreement. It is intended that the consideration arising on the sale of STE Limited will be satisfied by the transfer of the Call Option Shares to the Company in accordance with the Call Option and their subsequent cancellation.

As outlined in the Notice of General Meeting dated 16 February 2012 the Company intends to undertake a capital reorganisation to enable this to be effected. Following advice from the Company's lawyers we have waited until the publication of these results before applying to the Courts to cancel the share premium account and the deferred shares. Once this has been effected and the share buy back has been completed the number of shares in issue will reduce by 117,538,809 to 618,808,861.

This disposal was a significant step in stemming the losses made by the Company and the cash drain on the business.

Summary and outlook

The period has been one of great change for the business and we are now in a position to move forward with IBP. We have removed the trading losses relating to STE and the resultant cash drain. The Company is now entirely focused on developing the IBP business.

The current year has started as the Board expected it to. The final stage of phase one of the European Post Office contract was completed which enhanced the current trading results. We also await the outcome of the decision regarding phase two of the project and the next steps following a pilot with a large retailer. We continue to engage with our current and potential customers to assist them with their serious crime issues.

We remain cautiously optimistic as to trading in the current year and we will continue to actively seek to grow the business in order to increase shareholder returns.

S G Barrell

30 July 2012

Directors' Report

The directors present their report with the financial statements of the Company and the Group for the 14 months ended 31 March 2012.

Principal activity

The principal activity of the Group in the period under review was that of the provision of tracking devices, monitoring and recovery services to businesses for the enhancement of security of their moveable assets, and the supply, assembly and installation of other security equipment. On 5 March 2012 the Company sold the tracking device business and since that time the principal activity is that of the supply, assembly and installation of security equipment.

Change of financial year end.

The Company changed its financial year end from 31 January to 31 March. The Company has decided to change its year end in order to align its reporting period better with the trading cycles of its customers.

Review of business

The results for the period and financial position of the Group are shown in the financial statements. In summary, the Group has made a loss for the period of £596,365 (2011: loss £542,452).

After conducting a review of the business at the end of 2011 the director's took the decision to sell the principal subsidiary Sure-track Europe Limited. This business was continuing to be loss making and utilising the Group's cash resources. The directors are generally satisfied with the performance of IBP Limited during the period and are continuing to explore various avenues to help improve the profitability of the Group in future years. The directors are aware of the risks and uncertainties facing the Group but are confident that these will be overcome. The directors are aware of the need to improve revenue in the Group as this is critical to help the Group be successful and believe they are now in a position whereby activity levels and hence revenue can be improved.

Dividends

No dividends will be distributed for the period ended 31 March 2012.

Research and development

The Group will continue to undertake research and development into products for security equipment in the cash handling businesses.

Future developments

The directors are concentrating their efforts in trying to improve revenue of the Group and are confident of achieving this objective. The Group are strengthening their position within the market place.

Directors

The directors shown below have held office during the period from 1 February 2011 to the date of this report.

S G Barrell	
B Wise	
W Hirons	(Resigned 9 March 2012)
M Thompson	(Resigned 14 February 2011)
N G T Linacre	(Resigned 14 February 2011)
J Nicol	(Appointed 14 February 2011, Resigned 27 April 2011)

The directors who held office at the end of the financial period have the following interests in shares of the Company:

Name of Director	Role	Number of Shares
S G Barrell	Non Executive Director	2,500,001
B Wise	Non Executive Director	—

Mr Barrell's shares are held via his personal pension fund.

Directors' remuneration
Directors' remuneration is disclosed in note 3 of the financial statements.

Directors Share Options
As at 31 March 2012 directors retained the following rights to acquire shares:

Director	Rights over shares	Option price	Expiry Date
S G Barrell	2,000,000	0.6p	03/08/2020
B Wise	1,000,000	0.6p	03/08/2020
S G Barrell	4,000,000	0.45p	13/02/2021
B Wise	3,000,000	0.45p	13/02/2021

Group's policy on payment of creditors

The Group has a creditor payment policy of between 30-60 days. The trade creditor days during the period were 41 (2011: 26).

Risks and uncertainties

The Group faces a difficult time in an unstable economic environment, listed below are the key risks facing the company;

Market risk
Market risk is the risk that the demand for the business products will not be as anticipated due to economic pressures on customers.

The directors to assess the overall business environment to monitor the level of market risk on the trading performance of the Group.

Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. It is Group policy to assess the credit risk of new customers before entering contracts. Subject to this assessment, the group's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer.

The directors determine concentrations of credit risk through a monthly review of trade receivables' ageing analysis. Customers placed as high risk are placed on a restricted customer list and future sales made on a prepayment basis, subject to the discretion of the directors and local management.

Liquidity risk
Liquidity risk arises from the group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due.

The directors receive rolling 12 month cash flow projections on a monthly basis as well as information regarding cash investments. At the period end these projections indicated that the group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to secure new facilities with the bank.

Budgets are set at Group level by the directors, enabling the Group's cash requirements to be anticipated and any increase in facilities requires the approval of the Board of directors.

Corporate Governance Statement

The Board is accountable to the Company's shareholders for good governance and this statement describes how the relevant principles of governance are applied to the Group. The directors believe that good corporate governance is essential and set out below those principals which the Group has adopted since incorporation and the way they have been applied.

The Board is responsible to the shareholders for the proper management of the Group. The board maintains full and effective control over appropriate strategic, financial, organisational and compliance issues.

Key performance indicators

The directors considered that the most relevant key performance indicator for the Group was the number of active units. As a result of the sale of Sure-Track Europe this is no longer an appropriate indicator for the Board to use. The Board therefore look at revenues and gross profit and as the key performance indicators.

For the remaining business in the Group the key performance indicators were as follows

	14 Months ended 31 March 2012	**12 Months ended 31 January 2011**
Revenue	**£466,399**	£312,437
Gross Profit	**£187,265**	£158,781

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted for use in the European Union. 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 company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

– select suitable accounting policies and then apply them consistently;

– make judgements and accounting estimates that are reasonable and prudent;

– state that the financial statements comply with IFRS;

– 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 adequate accounting records that are sufficient to show and explain the company's and the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group 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 Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Review of Business on page 4, as is the financial position of the Group and its cash flows and liquidity position.

In addition, note 1 to the financial statements includes the Group's objectives, policies and processes for managing its capital and its exposures to credit and liquidity risk.

As described in the Directors' Report on page 4 the current economic environment is challenging and the Group has reported an operating loss for the period. The directors have taken action with the disposal of Sure-Track Europe Limited to reduce the cash outflows of the business. The directors consider that the outlook presents significant challenges in terms of sales volume and pricing but are very positive with potential new clients in the pipeline. But the directors have instituted measures to preserve cash until these opportunities come to a positive fruition. The directors have prepared detailed profit and cash flow forecasts to ensure they can project their working capital requirements and manage the business accordingly.

So after making enquiries and considering the uncertainties described above, the directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the annual report and accounts.

Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Auditor

The auditor, Crowe Clark Whitehill LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

On behalf of the board:

S G Barrell

Date: 30 July 2012

Report of the Independent Auditors

to the Members of SureTrack Monitoring plc

Independent Auditor's Report to the members of SureTrack Monitoring plc

We have audited the financial statements of SureTrack Monitoring plc for the period ended 31 March 2012 which comprise the Group and Parent Company Statements of Financial Position, the Group and Parent Company Statements of Comprehensive Income, the Group and Company Cash Flow Statements, the Group and Parent Company Statement of Changes in Equity and the related notes numbered 1 to 27.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 explained more fully in the Statement of Directors' Responsibilities, 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Directors' Report and any other surround information to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on 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 2012 and of the Group's loss for the period then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2006; 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 period for which the financial statements are prepared is consistent with the financial statements.

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 Bostock
Senior Statutory Auditor

For and on behalf of
Crowe Clark Whitehill LLP
Statutory Auditor
St Brides House
10 Salisbury Square
London
EC4Y 8EH

30 July 2012

Consolidated Income Statement

for the 14 months ended 31 March 2012

	Notes	14 Months ended 31 March 2012 £ Discontinued business	14 Months ended 31 March 2012 £ Continuing business	14 Months ended 31 March 2012 £ Total	12 Months ended 31 January 2011 £ Discontinued business	12 Months ended 31 January 2011 £ Continuing business	12 Months ended 31 January 2011 £ Total
Revenue		478,578	466,399	944,977	312,175	312,437	624,612
Cost of sales		(305,435)	(279,134)	(584,569)	(182,498)	(153,656)	(336,154)
Gross profit		173,143	187,265	360,408	129,677	158,781	288,458
Other operating income		—	—	—	225	2,159	2,384
Distribution costs		—	—	—		(4,976)	(4,976)
Administrative expenses		(605,429)	(332,130)	(937,559)	(418,351)	(384,657)	(803,008)
Exceptional items	4	—	(19,313)	(19,313)	—	(23,819)	(23,819)
Operating loss		(432,286)	(164,178)	(596,464)	(288,449)	(252,512)	(540,961)
Finance costs	5			—			(1,623)
Finance income	5			99			132
Loss before income tax				(596,365)			(542,452)
Income tax				—			—
Loss for the period				(596,365)			(542,452)
Loss attributable to:							
Owners of the parent				(596,365)			(542,452)
Earnings per share expressed in pence per share							
Basic	9			(0.08)			(0.08)
Diluted	9			(0.08)			(0.08)

The accompanying notes on pages 18 to 39 are an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

for the 14 months ended 31 March 2012

	Group		Company	
	14 Months ended 31 March 2012 £	**12 Months ended 31 January 2011 £**	**14 Months ended 31 March 2012 £**	**12 Months ended 31 January 2011 £**
Loss for the period	**(596,365)**	(542,452)	**(3,432,322)**	(966,124)
Other comprehensive income	**—**	—	**—**	—
Total comprehensive income for the period	**(596,365)**	(542,452)	**(3,432,322)**	(966,124)
Total comprehensive income attributable to:				
Owners of the parent	**(596,365)**	(542,452)	**(3,432,322)**	(966,124)

The accompanying notes on pages 18 to 39 are an integral part of these financial statements.

Consolidated Statement of Financial Position

As at 31 March 2012

Company number: 06214926

	Notes	As at 31 March 2012 £	As at 31 January 2011 £
Assets			
Non-current assets			
Goodwill	10	**885,028**	885,028
Intangible assets	11	**3,970**	45,470
Property, plant and equipment	12	**13,646**	53,304
Long term loan note	15	**188,062**	—
		1,090,706	983,802
Current assets			
Inventories	14	**25,444**	104,068
Trade and other receivables	15	**54,961**	256,024
Cash and cash equivalents	16	**228,930**	520,962
		309,335	881,054
Total assets		**1,400,041**	1,864,856
Equity			
Shareholders' equity			
Called up share capital	17	**4,170,844**	4,133,344
Share premium	18	**2,091,897**	1,879,858
Other reserves	18	**—**	(2,148,000)
Retained earnings	18	**(5,006,961)**	(2,273,917)
Total equity		**1,255,780**	1,591,285
Liabilities			
Current liabilities			
Trade and other payables	19	**144,261**	273,458
Tax payable		**—**	113
		144,261	273,571
Total liabilities		**144,261**	273,571
Total equity and liabilities		**1,400,041**	1,864,856

The financial statements were approved and authorised for issue by the Board of Directors on 30 July 2012 and were signed on its behalf by:

S G Barrell – Director

The accompanying notes on pages 18 to 39 are an integral part of these financial statements.

Company Statement of Financial Position

As at 31 March 2012

	Notes	As at 31 March 2012 £	As at 31 January 2011 £
Non-current assets			
Investments	13	**885,048**	3,033,028
Long term loan	15	**188,062**	—
		1,073,110	3,033,028
Current assets			
Trade and other receivables	15	**450,770**	1,272,917
Cash and cash equivalents	16	**81,960**	429,952
Total assets		**1,605,840**	4,735,897
Equity			
Shareholders' equity			
Called up share capital	17	**4,170,844**	4,133,344
Share premium	18	**2,091,897**	1,880,022
Retained earnings	18	**(4,762,667)**	(1,341,666)
Total equity		**1,500,074**	4,671,700
Liabilities			
Current liabilities			
Trade and other payables	19	**105,766**	64,197
Total liabilities		**105,766**	64,197
Total equity and liabilities		**1,605,840**	4,735,897

The financial statements were approved and authorised for issue by the Board of Directors on 30 July 2012 and were signed on its behalf by:

S G Barrell – Director

The accompanying notes on pages 18 to 39 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

for the 14 months ended 31 March 2012

	Called up share capital £	Profit and loss account £	Share premium £	Other reserves £	Total equity £
Balance at 1 February 2010	4,001,430	(1,735,465)	756,458	(2,148,000)	874,423
Changes in equity					
Issue of share capital	131,914	—	1,123,400	—	1,255,314
Total comprehensive income	—	(542,452)	—	—	(542,452)
Share based payment charge	—	4,000	—	—	4,000
Balance at 31 January 2011	4,133,344	(2,273,917)	1,879,858	(2,148,000)	1,591,285
Changes in equity					
Issue of share capital	37,500	—	212,039	—	249,539
Total comprehensive income	—	(596,365)	—	—	(596,365)
Disposal of subsidiary	—	(2,148,000)	—	2,148,000	—
Share based payment charge	—	11,321	—	—	11,321
Balance at 31 March 2012	**4,170,844**	**(5,006,961)**	**2,091,897**	**—**	**1,255,780**

The accompanying notes on pages 18 to 39 are an integral part of these financial statements.

Company Statement of Changes in Equity

for the 14 months ended 31 March 2012

	Called up share capital £	Profit and loss account £	Share premium £	Total equity £
Balance at 1 February 2010	4,001,430	(379,542)	756,622	4,378,510
Changes in equity				
Issue of share capital	131,914	—	1,123,400	1,255,314
Total comprehensive income	—	(966,124)	—	(966,124)
Share based payment charge	—	4,000	—	4,000
Balance at 31 January 2011	4,133,344	(1,341,666)	1,880,022	4,671,700
Changes in equity				
Issue of share capital	37,500	—	211,875	249,375
Total comprehensive income	—	(3,432,322)	—	(3,432,322)
Share based payment charge	—	11,321	—	11,321
Balance at 31 March 2012	**4,170,844**	**(4,762,667)**	**2,091,897**	**1,500,074**

The accompanying notes on pages 18 to 39 are an integral part of these financial statements.

Consolidated Statement of Cash Flows

for the 14 months ended 31 March 2012

	Notes	Group 2012 £	Group 2011 £
Cash flows from operating activities			
Cash generated from operations	21	**(465,382)**	(716,348)
Interest paid		**—**	(6,323)
Net cash from operating activities		**(465,382)**	(722,671)
Cash flows from investing activities			
Purchase of intangible fixed assets		**(17,150)**	(13,825)
Purchase of tangible fixed assets		**(9,860)**	(52,172)
Acquisition of business assets		**(30,000)**	—
Proceeds from sale of fixed assets		**10,136**	—
Cash disposed off with subsidiary		**(29,250)**	—
Interest received		**99**	132
Net cash used by investing activities		**(76,025)**	(65,865)
Cash flows from financing activities			
Share issues net of expenses		**249,375**	1,255,313
Net cash from financing activities		**249,375**	1,255,313
(Decrease)/Increase in cash and cash equivalents		**(292,032)**	466,777
Cash and cash equivalents at beginning of periods	22	**520,962**	54,185
Cash and cash equivalents at end of period	22	**228,930**	520,962

The accompanying notes on pages 18 to 39 are an integral part of these financial statements.

Company Statement of Cash Flows

for the 14 months ended 31 March 2012

	Notes	Company 2012 £	Company 2011 £
Cash flows from operating activities			
Cash generated from operations	21	**(597,466)**	(825,493)
Cash flows from investing activities			
Interest received		**99**	132
Net cash from investing activities		**99**	132
Cash flows from financing activities			
Share issues net of expenses		**249,375**	1,255,313
Net cash from financing activities		**249,375**	1,255,313
(Decrease)/increase in cash and cash equivalents		**(347,992)**	429,952
Cash and cash equivalents at beginning of period	16	**429,952**	—
Cash and cash equivalents at end of period	16	**81,960**	429,952

The accompanying notes on pages 18 to 39 are an integral part of these financial statements.

Notes to the Consolidated Financial Statements

for the 14 months ended 31 March 2012

1. Accounting policies

Background information
SureTrack Monitoring plc is the Groups ultimate parent company. It is incorporated and domiciled in Great Britain. The address of SureTrack Monitoring plc's registered office is Wolfe Lodge, Farnham Road, Bordon, Hampshire GU35 0NH which is also the Group's principal place of business. SureTrack Monitoring plc's shares are listed on the AIM of the London Stock Exchange.

Change of financial year end.
The Company changed its financial year end from 31 January to 31 March. The Company has decided to change its year end in order to align its reporting period better with the trading cycles of its customers.

Basis of preparation
These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted for use in the European Union and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, except that they have been modified to include the presentation of certain non-current financial assets and liabilities at fair value.

The consolidated financial statements of SureTrack Monitoring plc are presented in pounds sterling. The functional currency of the parent and subsidiary entity is pounds sterling.

Going Concern
The financial statements have been prepared on a going concern basis as outlined in the Directors Report. The directors have taken action with the disposal of Sure-Track Europe Limited to reduce the cash outflows of the business. The directors consider that the outlook presents significant challenges in terms of sales volume and pricing but are positive with potential new clients in the pipeline. The directors have instituted measures to preserve cash until these opportunities come to a positive fruition. The directors have prepared detailed profit and cash flow forecasts to ensure they can project their working capital requirements and manage the business accordingly.

After making enquiries and considering the uncertainties described above, the directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the annual report and accounts.

Basis of consolidation
The group financial statements consolidate the accounts of SureTrack Monitoring plc and all of its subsidiary undertakings made up to 31 March 2012. The group income statement includes the results of all subsidiary undertakings for the period from the date of their acquisition and up to the date of disposal.

Inter-company transactions and balances between group companies are eliminated.

IFRS Changes
As at the date of approval of these financial statements some standards and interpretations were in issue but not yet effective. The Directors expect that the adoption of these standards and interpretations in future accounting periods will not have a material impact on the Group or Company's results.

1. Accounting policies continued

Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods provided in the normal course of business, net of VAT. Monitoring income where invoiced annually in advance is recognised over the period to which it relates.

Sales of goods are recognised when goods are delivered and title has passed. Interest income is recognised on an accruals basis.

Investments
Investments held as fixed assets are shown at cost less any provision for impairment.

Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

Customer database
The customer database is valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal instalments over their estimated useful life of 5 years. Amortisation costs are included within administrative expenses.

Development Costs
Development costs are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal instalments over the estimated useful life of 5 years. Amortisation costs are included within administration expenses.

Patents and licenses
Patents and licenses are recognised at historical cost. The patents and licences have an indefinite useful life and are reviewed for an impairment annually.

Property, plant and equipment
Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant & machinery	–	25% on reducing balance
Furniture and equipment	–	20% on reducing balance and
	–	20% on cost
Motor vehicles	–	25% on cost
Computer equipment	–	25% on cost

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

1. Accounting policies continued

Inventories
Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Financial Instruments
Financial instruments are initially recognised at fair value. Fair value is the amount at which such an instrument could be exchanged in an arm's-length transaction between informed and willing parties.

Unquoted investments with no reliable measure of fair value are stated at cost less impairment. Income from these investments is recognised in the income statement when entitlement is established.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at each statement of financial position date whether or not there is objective evidence that a financial asset is impaired.

Trade and other receivables are recognised initially at fair value and subsequently restated for any impairment. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Cash and cash equivalents comprise cash at bank and in hand as well as short term bank deposits.

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the company becomes party to the contractual provisions of the instrument. All financial liabilities are recorded initially at fair value, net of direct issue costs and subsequently measured at amortised cost using the effective interest method, less settlement payments. Interest related charges are recognised as an expense in finance costs in the income statement.

Finance charges, including premiums payable on settlement or redemption and direct issue costs are charged to the income statement on an accruals basis using the effective interest method. They 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 are obligations to pay for goods, services and fees that have been either acquired or incurred in the ordinary course of business. Amounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not they are presented as non-current liabilities.

A financial liability is derecognised only when the obligation is discharged, cancelled or expires.

Income Tax
Current tax liabilities and assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the taxation authorities using the tax rates and laws that have been enacted and substantively enacted by the period end date.

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

1. Accounting policies continued

Deferred tax is recognised using the balance sheet method, providing temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: The initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investment in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Research and development

Expenditure on research is written off in the year in which it is incurred. Development expenditure is written off in the same year unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised within administration costs over the period from which the company is expected to benefit.

Leases

Rentals paid under operating leases are charged to the income statement on a straight line basis over the period of the lease.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the period end date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Share based payments

The Group operates equity settled share based compensation plans for remuneration of its Directors and employees. All share-based payment arrangements are recognised in the financial statements in accordance with IFRS 2 'Share based payments'.

All services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets).

All equity-settled share-based payments are ultimately recognised as an expense in the income statement with a corresponding credit to equity.

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting. Upon exercise of share options the proceeds received net of attributable transaction costs are credited to share capital, and where appropriate, share premium.

Where the equity settled award is cancelled it is treated as if it had vested on the date of cancellation and any cost not recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award is deducted from equity with any excess over fair value being treated as an expense in the income statement.

1. Accounting policies continued

Critical accounting estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of turnover, expenses, assets and liabilities. The estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable and constitute management's best judgement at the date of the financial statements. In the future, actual experience could differ from those estimates.

The principal estimates and assumptions that could have a significant effect upon the Company's financial results relate to impairment matters of group goodwill and parent investments.

Further details of estimates and assumptions are set out in each of the relevant accounting policies and detailed notes to the financial statements.

The principal judgements made by management that could have a significant impact upon the Company's financial results relate to the following:

– the assertions in the preparation of the financial statements on a going concern basis;

– the assessment of goodwill, investments and receivables for impairment;

– the assessment and appropriateness of recognition of deferred tax assets.

2. Segmental reporting

The Group had two key operating segments which are overseen by distinct management teams and reported to the Board. These are the provision of tracking devices, monitoring and recovery services thereon and the supply, assembly and installation of security equipment. The former was conducted through its subsidiary company, Sure-Track Europe Limited and latter through its subsidiary IBP Limited. Sure-Track Europe Limited was disposed of on 5 March 2012 and since that time there has only been one reportable segment.

Segmental analysis by reportable segments*:

	Sure-Track Europe		IBP		Central adjustments*		Total	
	2012 £	**2011 £**	**2012 £**	**2011 £**	**2012 £**	**2011 £**	**2012 £**	**2011 £**
Revenue from UK	**478,578**	312,175	**276,755**	263,119	**—**	—	**755,333**	575,294
Revenue from Europe	**—**	—	**189,644**	49,318	**—**	—	**189,644**	49,318
Total revenue	**478,578**	312,175	**466,399**	312,437	**—**	—	**944,977**	624,612
Interest revenue	**—**	—	**—**	—	**99**	132	**99**	132
Interest expenses	**—**	15	**—**	6,308	**—**	—	**—**	6,323
Depreciation	**9,857**	3,424	**5,711**	2,050	**—**	—	**15,568**	5,474
Amortisation	**30,005**	25,492	**—**	—	—	—	**30,005**	25,492
Loss before tax	**411,153**	288,359	**5,173**	100,211	**180,039**	153,882	**596,365**	542,452
Total External Liabilities	**—**	1,125,814	**38,495**	339,257	**105,766**	(1,191,500)	**144,261**	273,571
Total External Assets	**—**	431,983	**224,215**	100,133	**1,175,826**	1,332,740	**1,400,041**	1,864,856

* The measurement of information in the table above that is reported to the Board does not include consolidation adjustments or central costs.

During the period both Sure-Track Europe and IBP made sales to individual customers that exceed 10% of the total revenue. Sure-Track Europe made sales to one individual customers of £100,015 (2011: £72,423). IBP made sales to two customers of £124,235 and £123,957 (2011: one customer £51,062).

3. Employees and directors

	2012 £	2011 £
Wages and salaries	**448,463**	397,513
Social security costs	**43,435**	31,784
	491,898	429,297

The average monthly number of employees during the period was as follows:

	2012 No.	2011 No.
Directors	**3**	4
Administration	**9**	8
Sales	**3**	2
	15	14

	£	£
Directors' remuneration	**142,575**	87,017
Directors' pension contributions to money purchase schemes	—	—

The following table provides details of the remuneration and fees excluding share options of all the directors holding office at 31 March 2012:

	2012 £	2011 £
Executive Directors		
W Hirons	**62,000**	42,933
Non executive Directors		
S Barrell*	**29,825**	15,050
B Wise**	**14,000**	10,968
N G T Linacre	**2,000**	9,250
M Thompson	**2,500**	4,166
J Nicol (including £18,000 loss of office)	**32,250**	—
M G Fairbotham	—	4,650
	142,575	87,017
Key Management	**128,513**	97,958

* The services of S Barrell are provided through a consultancy agreement with SGB Consulting dated 3 August 2010. Mr Barrell does not receive any fees as a director of the Company.

** The services of B Wise are provided through a consultancy agreement with Belton Consulting Limited dated 3 August 2010. Mr Wise does not receive any fees as a director of the Company.

Mr Barrell and Mr Wise's fees for the period were accrued and are still outstanding.

4. Exceptional costs

	2012 £	2011 £
Profit on sale of Sure-Track Europe Limited	**19,337**	—
Compensation for loss of office (see note 3)	**(18,000)**	—
Redundancy costs	**(20,650)**	(23,819)
	(19,313)	(23,819)

5. Finance income and finance costs

	2012 £	2011 £
Finance income:		
Deposit account interest	**99**	132
Finance costs:		
Loan Interest	—	1,608
Bank interest	—	15
	—	1,623

6. Loss before income tax

The loss before income tax is stated after charging/(crediting):

	2012 £	2011 £
Cost of inventories recognised as expense	**578,164**	336,154
Other operating leases	**15,775**	8,742
Depreciation – owned assets	**15,568**	5,475
Customer database amortisation	**13,143**	8,000
Development costs amortisation	**16,862**	17,492
Auditors' remuneration	**11,000**	11,000
The auditing of accounts of associates of the company pursuant to legislation	**7,000**	7,000
Foreign exchange differences	**980**	2,553
Research and development	—	(13,557)

7. Income tax

Analysis of the tax charge
No liability to UK corporation tax arose on ordinary activities for the period ended 31 March 2012 nor for the year ended 31 January 2011.

Factors affecting the tax charge
The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2012 £	2011 £
Loss on ordinary activities before tax	**(596,365)**	(542,452)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20 % (2011 – 20%)	**(119,273)**	(108,490)
Effects of:		
Disallowed items	**47**	—
Depreciation in excess of capital allowances on qualifying assets	**(255)**	—
Losses utilised	**40**	—
Other tax adjustments	**119,441**	108,490
Total income tax	**—**	—

Factors that may affect future tax charges
There is an unrecognised deferred tax asset of £153,000 (2011: £211,433). This relates to estimated surplus trading losses carried forward which are available to be relieved against future profits of the same trade amounting to £763,921 (2011: £1,107,169).

8. Loss of parent company

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's loss for the financial period was £3,432,322 (2011: £966,124), which includes the loss on the disposal of Sure-Track Europe Limited, (2011 included an impairment of the carrying value of investments as shown in note 13 of the financial statements).

9. Earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

The diluted earnings per share is calculated using the weighted average number of shares adjusted to assume the conversion of all dilutive potential ordinary shares.

The diluted loss per share is the same as the basic loss per share as the conversion of share options decreases the basis loss per share, thus being anti-dilutive.

Reconciliations are set out below.

		2012	
	Earnings £	**Weighted average number of shares**	**Per-share amount pence**
Basic EPS			
Earnings attributable to ordinary shareholders from continuing operations	**(164,079)**	**704,331,161**	**(0.02)**
Earnings attributable to ordinary shareholders from discontinued operations	**(432,286)**	**704,331,161**	**(0.06)**
Effect of dilutive options	—	—	—
Diluted EPS			
Adjusted earnings	**(596,365)**	**704,331,161**	**(0.08)**

		2011	
	Earnings £	**Weighted average number of shares**	**Per-share amount pence**
Basic EPS			
Earnings attributable to ordinary shareholders from continuing operations	(254,003)	661,347,670	(0.04)
Earnings attributable to ordinary shareholders from discontinued operations	(288,449)	661,347,670	(0.04)
Effect of dilutive options	—	—	—
Diluted EPS			
Adjusted earnings	(542,452)	661,347,670	(0.08)

10. Goodwill

Group

	£
Cost	
At 31 January 2010	1,753,190
Additions	—
At 31 January 2011	1,753,190
Acquired through business combinations	20,000
Disposal of with subsidiary company	(20,000)
At 31 March 2012	1,753,190
Amortisation	
At 31 January 2010	868,162
Impairments	—
At 31 January 2011	868,162
Impairments	—
At 31 March 2012	**868,162**
Net book value	
At 31 January 2011	885,028
At 31 March 2012	**885,028**

Group

Impairment

During the financial period ended January 2010 the company acquired the entire issued share capital of IBP Limited, The brought forward goodwill arising on consolidation amounted to £1,753,190 less an impairment to goodwill of £868,162.

On 6 May 2011 the company's subsidiary, Sure-Track Europe Limited, acquired certain assets of a distributor of the MT2 Automotion Security Limited ("Automotion"). The assets purchased were Customer Database and website and name and Goodwill of £20,000. The directors have estimated the value of the customer database at £10,000. The assets were disposed of with the sale of Sure-Track Europe Limited on 5 March 2012 and therefore no impairment has been recognised.

The carrying amount of goodwill is allocated to the cash generating units (CGU's) as follows:

	2012 £	2011 £
Supply, assembly, install of security equipment	**885,028**	885,028

10. Goodwill continued

The recoverable amounts of the above CGU's have been determined from value in use calculations based on cash flow projections from formally approved budgets covering a ten year period to 31 March 2022. Other major assumptions are as follows:

	Security installation and supply %
Discount rate	9%
Operating margin*	18.3%
Growth rate**	3%

* Operating margin for year 2 onwards.

** Growth rate set at 3% represents a more modest uplift in future years following projected operating cash flows for the two years to March 2014 which have been increased more substantially to reflect specific current pipeline and activities.

Operating margins have been based on past experience and future expectations in the light of anticipated economic and market conditions. Discount rates are based on the Group's beta adjusted to reflect management assessment of specific risks related to the cash generating unit. Growth rates are based on economic data relating to the CGU concerned.

The Group has considered the assumptions used and has conducted sensitivity analysis on the impairment test of the CGU's carrying value. This has not resulted in any impairment of the carrying value at 31 March 2012 as the CGU's recoverable amount exceeds its carrying value. The underlying assumptions for the discount rate would need to increase to approximately 14% or the forecast for operating margin or growth would need to reduce substantially for a potential impairment to the recoverable amount to be triggered. A combination of these factors could also trigger impairment in the future.

11. Intangible assets

Group	Customer database £	Development costs £	Patents and licences £	Total £
Cost				
Balance at 1 February 2010	40,000	81,545	3,970	125,515
Additions – externally acquired	—	13,825	—	13,825
Acquired through business combinations	—	—	—	
Balance at 31 January 2011	40,000	95,370	3,970	139,340
Balance at 1 February 2011	40,000	95,370	3,970	139,340
Additions – externally acquired	37,150	—	—	37,150
Acquired through business combinations	10,000	—	—	10,000
Disposed of with sale of business	(87,150)	(95,370)	—	(182,520)
Balance at 31 March 2012	**—**	**—**	**3,970**	**3,970**
Accumulated amortisation				
Balance at 1 February 2010	24,000	44,378	—	68,378
Amortisation charge for the period	8,000	17,492	—	25,492
Balance at 31 January 2011	32,000	61,870	—	93,870
Balance at 1 February 2011	32,000	61,870	—	93,870
Amortisation charge for the period	13,143	16,862	—	30,005
Disposed of with sale of business	(45,143)	(78,732)	—	(123,875)
Balance at 31 March 2012	**—**	**—**	**—**	**—**
Net book value				
At 1 February 2010	16,000	37,167	3,970	57,137
At 31 January 2011	8,000	33,500	3,970	45,470
At 31 March 2012	**—**	**—**	**3,970**	**3,970**

12. Property, plant and equipment

Group	Plant & machinery £	Furniture and equipment £	Motor vehicles £	Computer equipment £	Totals £
Cost					
At 1 February 2010	990	9,587	2,700	7,505	20,782
Additions	—	4,307	45,000	2,865	52,172
At 31 January 2011	990	13,894	47,700	10,370	72,954
Additions	—	5,860	4,000	—	9,860
Disposed	—	—	(14,700)	—	(14,700)
Disposed of with sale of business	—	(15,733)	(21,000)	—	(36,733)
At 31 March 2012	990	4,021	16,000	10,370	31,381
Depreciation					
At 1 February 2010	486	6,448	675	6,567	14,176
Charges for period	126	1,261	3,672	415	5,474
At 31 January 2011	612	7,709	4,347	6,982	19,650
Charge for period	110	2,448	11,969	1,041	15,568
Disposed	—	—	(4,179)	—	(4,179)
Disposed of with sale of business	—	(6,221)	(7,083)	—	(13,304)
At 31 March 2012	722	3,936	5,054	8,023	17,735
Net book value					
At 31 February 2010	504	3,139	2,025	938	6,606
At 31 January 2011	378	6,185	43,353	3,388	53,304
At 31 March 2012	**268**	**85**	**10,946**	**2,347**	**13,646**

13. Investments

Company	Shares in group undertakings £
Cost	
At 1 February 2010	3,845,272
Additions	—
At 31 January 2011	3,845,272
Disposal	(2,148,000)
At 31 January 2012	**1,697,272**
Impairment	
At 1 February 2010	—
Charges	812,224
At 31 January 2011	812,224
Charges	—
At 31 January 2012	**812,224**
Net book value	
At 31 March 2012	**885,048**
At 31 January 2011	3,033,028
At 31 January 2010	3,845,272

The Group or the Company's investments at the balance sheet date in the share capital of companies include the following:

Name	Incorporated in	Percentage Holding	Nature of Business
IBP Limited	UK	100%	Supply, assembly, install of security equipment

Disposal of subsidiary undertaking
The net assets disposed of were as follows:

	£
Intangible assets	58,645
Tangible assets	23,429
	82,074
Current assets	
Stock	97,072
Debtors	175,823
Cash	29,250
Net liabilities	(215,494)
Total assets disposed of	168,725
Proceeds – loan payable.	188,062
Profit on disposal	19,337

13. Investments continued

On 5 March 2012 the Company disposed of Sure-Track Europe Limited to Will Hirons and Deborah Davis (the "Buyers") for a consideration of £188,062. The consideration is due by 31 December 2016. In addition, the Company has entered into a Call Option with the Buyers to acquire their entire shareholding in the Company of 117,538,809 ordinary shares for approximately £188,062, the equivalent of 0.16p per share being the middle market closing price on 15 February 2012 the last practicable date before the entry into the agreement.

It is intended that the consideration arising on the sale of Sure-Track Europe Limited will be satisfied by the transfer of the Call Option Shares to the Company in accordance with the Call Option and their subsequent cancellation.

The Buyers acquired the entire issued share capital of Sure-Track Europe Limited comprising 2,148 ordinary shares of 1p each and assumed all assets, liabilities and TUPE obligations of Sure-Track Europe Limited. Prior to completion of the Disposal, an intercompany loan amounting to approximately £1,294,140 owed by Sure-Track Europe Limited to SureTrack Monitoring plc was written off which together with the investment value of £2,148,000 less consideration of £188,062 resulted in a loss to the parent entity on disposal of £3,254,078.

The cash flows relating to Sure-Track Europe Limited are as follows:

	2012 £	2011 £
Operating cash flows	**(329,235)**	(421,091)
Investing cash flows	**(35,680)**	(51,133)
Financing cash flows	**331,562**	510,129
Total cash flows	**(33,353)**	37,905

14. Inventories

	2012 £	2011 £
Raw materials	**—**	17,091
Finished goods	**25,444**	86,977
	25,444	104,068

15. Trade and other receivables

	Group		Company	
	2012 £	2011 £	2012 £	2011 £
Non Current:				
Long term loan (note 13)	**188,062**	—	**188,062**	—

	Group		Company	
	2012 £	2011 £	2012 £	2011 £
Current:				
Trade receivables	**22,431**	114,375	**—**	—
Amounts owed by group undertakings	**—**	—	**430,013**	1,255,608
Other receivables	**3,142**	—	**13,516**	—
VAT	**17,245**	8,709	**7,241**	8,709
Directors' current accounts	**—**	4,887	**—**	—
Prepayments and accrued income	**12,143**	128,053	**—**	8,600
	54,961	256,024	**450,770**	1,272,917

15. Trade and other receivables continued

Disclosure of credit risk
The directors consider that the carrying amount of trade and other receivables approximates to their value.

On 5 March 2012 the Company disposed of Sure-Track Europe Limited, to Will Hirons and Deborah Davis for a consideration of £188,062. The consideration is due by 31 December 2016 and is shown as a long term loan.

The ageing of the trade receivables as at 31 March 2012 is detailed below:

	2012 Gross	2012 Allowance	2011 Gross	2011 Allowance
0 to 30 days	**26,286**	—	88,134	—
30 to 60 days	**5,905**	—	25,256	—
60 to 90 days	—	—	6,767	5,391
Over 90 days	**(8,172)**	**1,588**	(391)	—
	24,019	**1,588**	119,766	5,391

The movement in allowance for doubtful debts in respect of trade receivables is detailed below:

	2012 £	2011 £
Opening Balance	**5,391**	8,313
Additional Provisions	—	—
Utilised in Period	**(3,803)**	(2,922)
Closing balance	**1,588**	5,391

16. Cash and cash equivalents

	Group		Company	
	2012 £	2011 £	2012 £	2011 £
Cash in hand	—	72	—	—
Bank accounts	**228,930**	520,890	**81,960**	429,952
	228,930	520,962	**81,960**	429,952

17. Called up share capital

Ordinary Shares

	Number of ordinary share £	Nominal Value £	Total Value £
Issued at 1 February 2011	661,347,670	0.0005	330,674
Placing August 2011	75,000,000	0.0005	37,500
Issued at 31 March 2012	736,347,670	0.0005	368,174

The shares issued on 1 August 2011 were issued at 0.0035p creating a premium credited to the share premium account of £211,875 net of expenses of £13,125.

17. Called up share capital continued

Prior year
Issued and fully paid ordinary shares of 1 pence each:

	Number of ordinary share £	Nominal Value £	Total Value £
Issued at 31 January 2010	400,143,000	0.01	4,001,430
Placing – June 2010	138,000	0.01	1,380
	400,281,000	0.01	4,002,810

On 31 July 2010 the Company undertook a capital reorganisation whereby each 1 pence ordinary shares was split into 1 new ordinary share of £0.0005 and 1 new deferred share of £0.0095.

	Number of ordinary share £	Nominal Value £	Total Value £
Capital Reorganisation 31 July 2010	400,281,000	0.0005	200,141
Placing August 2010	236,066,670	0.0005	118,033
Debt Capitalisation August 2010	25,000,000	0.0005	12,500
	661,347,670	0.0005	330,674

Deferred shares
Since 31 July 2010 there have been 400,281,000 deferred shares at a nominal value of £0.0095.

Total ordinary and deferred shares
The issued share capital as at 31 March 2012 is as follows:

	Number of shares £	Nominal Value £	Total Value £
Deferred shares	400,281,000	0.0095	3,802,670
Ordinary shares	736,347,670	0.0005	368,174
			4,170,844

On flotation to AIM, the Company issued 261,066,670 shares with a nominal value of £130,533 for a consideration of £1,566,400. The premium of £1,435,867 was credited to the share premium account.

Transaction costs of £312,467 were incurred on the issue of shares which were settled in cash. These costs have been deducted from the share premium account.

18. Reserves

Group

	Retained earnings £	Share premium £	Other reserves £	Totals £
At 1 February 2010	(1,735,465)	756,458	(2,148,000)	(3,127,007)
Share premium issue of equity	—	1,123,400	—	1,123,400
Deficit for period	(542,452)	—	—	(542,452)
Share based payment charge	4,000	—		4,000
At 31 January 2011	(2,273,917)	1,879,858	(2,148,000)	(2,542,059)
Share premium issue of equity	—	212,039	—	212,039
Sale of subsidiary company	(2,148,000)	—	2,148,000	—
Deficit for the period	(596,365)	—	—	(596,365)
Share based payment charge	11,321	—	—	11,321
At 31 March 2012	(5,006,961)	2,091,897	—	(2,915,064)

Company

	Retained earnings £	Share premium £	Other reserves £	Totals £
At 1 February 2010	(379,542)	756,622	—	377,080
Share premium issue of equity	—	1,123,400	—	1,123,400
Deficit for the period	(966,124)	—	—	(966,124)
Share based payment charge	4,000	—	—	4,000
At 31 January 2011	(1,341,666)	1,880,022	—	538,356
Share premium issue of equity	—	211,875	—	211,875
Deficit for the period	(3,432,322)	—	—	(3,432,322)
Share based payment charge	11,321	—	—	11,321
At 31 March 2012	**(4,762,667)**	**2,091,897**	**—**	**(2,670,770)**

The following describes the nature and purpose of each reserve within equity:-

Reserve	Description and purpose
Share premium	Amount subscribed for share capital in excess of nominal value
Other reserves	Amounts arising out of share issues as consideration for business combinations for a period before transition to IFRS.
Retained earnings	Cumulative net gains and losses recognised in the consolidated income statement and consolidated statement of comprehensive income

19. Trade and other payables

	Group		Company	
	2012 **£**	**2011** **£**	**2012** **£**	**2011** **£**
Current:				
Trade payables	**98,100**	66,913	**79,794**	22,829
Social security and other taxes	**1,924**	40,093	**—**	31,868
Other payables	**—**	—	**—**	—
Accruals and deferred income	**44,237**	145,173	**25,972**	9,500
VAT	**—**	21,279	**—**	—
	144,261	273,458	**105,766**	64,197

The ageing of the trade payables as at 31 January 2012 is detailed below:

	2012 **£**	**2011** **£**
0 to 30 days	**65,990**	31,067
30 to 60 days	**12,765**	18,054
60 to 90 days	**(475)**	13,710
Over 90 days	**19,820**	4,082
	98,100	66,913

20. Share based payment plans

The expense recognised for employee services received during the period is shown in the following table:

	2012 **£**	**2011** **£**
Expenses arising from equity settled share-based Payment transactions	**11,321**	4,000

Share options held by directors, employees and third parties are as follows:

Outstanding 1 February 2011	**Granted During period**	**Exercised during period**	**Lapsed during period**	**Outstanding 31 March 2012**	**Date of Grant**	**Final date of Grant**
26,000,000	—	—	8,000,000	18,000,000*	03/08/2010	03/08/2020
6,000,000	—	—	—	6,000,000	03/08/2010	08/07/2013
13,226,953	—	—	—	13,226,953	03/08/2010	03/08/2014
—	7,000,000	—	—	7,000,000	13/02/2011	13/02/2011
—	13,226,950	—	6,613,475	6,613,475	14/02/2011	26/04/2012
	12,000,000	—	12,000,000	—	01/12/2011	05/03/2012

*15,000,000 of the options outstanding gave been re-designated to have a final date of grant as 5 March 2016.

A modified Black-Scholes model has been used to determine the fair value of the share options on the date of grant. The fair value is expensed to the income statement on a straight line basis over the vesting period, which is determined annually. The model assesses a number of factors in calculating the fair value. These include the market price on the date of grant, the exercise price of the share options, the expected share price volatility of the market sector in which the Group operates, the expected life of the options, the risk free rate of interest and the expected level of dividends in future periods.

20. Share based payment plans continued

The inputs into the model were as follows:

Granted	2012
Weighted average share price	0.45p
Expected volatility	40%
Expected life	5 years
Risk-free rate	2.5%
Expected dividend yield	0%

21. Reconciliation of loss before income tax to cash generated from operations

	Group 2012 £	Company 2012 £	Group 2011 £	Company 2011 £
Loss before income tax	**(596,365)**	**(3,432,322)**	(542,452)	(966,124)
Depreciation and amortisation charges	**45,573**	—	30,967	—
Impairment of goodwill	—	—	—	812,243
Loss on sale of fixed assets	**385**	—	—	—
(Profit)/loss on disposal of subsidiary	**(19,337)**	**3,254,060**		
Share based payment cost	**11,321**	**11,321**		
Finance costs	—	—	6,323	—
Finance income	**(99)**	**(99)**	(132)	(132)
	(558,522)	**(167,040)**	(505,294)	(154,013)
(Increase) in inventories	**(18,448)**	—	(24,811)	—
(Increase)/Decrease in trade and other receivables	**25,240**	**(471,995)**	(116,932)	(670,356)
Increase/(Decrease) in trade and other payables	**86,348**	**41,569**	(69,311)	(1,124)
Cash used by operations	**(465,382)**	**(597,466)**	(716,348)	(825,493)

22. Cash and cash equivalents

The amounts disclosed on the cash flow statement in respect of cash and cash equivalents are in respect of these balance sheet amount:

Period ended 31 March 2012

	31 March 2012 £	1 February 2011 £
Cash and cash equivalents	**228,930**	590,962

Year ended 31 January 2011

	31 January 2011 £	1 February 2010 £
Cash and cash equivalents	520,962	54,185

23. Related party transactions

During the period the Company paid fees to its directors of £nil as all directors fees (2011:£29,057) which are included within directors remuneration as disclosed in note 3. Included in accountancy services is £nil (2011: £29,057) paid to MGF, an entity controlled by M Fairbotham, a former director of the Company.

The Company had the following amounts outstanding with its subsidiaries at the period end:

	2012 £	2011 £
Sure-Track Europe Limited*	—	962,578
IBP Limited	**430,013**	293,030
	430,013	1,255,608

Transactions with directors

The following loan to directors subsisted during the period ended 31 March 2012 and 31 January 2011:

	2012 £	2011 £
W Hirons		
Balance outstanding at start of period	**4,887**	603
Amounts advanced	—	4,284
Disposed of with subsidiary undertaking	**(4,887)**	—
Balance outstanding at end of period	—	4,887

No Interest was charged on this loan.

* See note 13 regarding the disposal of the subsidiary undertaking to W Hirons and D Davis.

24. Operating lease arrangements

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

	2012 £	2011 £
Within one year	—	6,557
In the second to fifth years inclusive	**5,748**	—
After five years	—	—
	5,748	6,557

25. Risk management

General objectives, policies and procedures
The directors have overall responsibility for the determination of the Group's risk management objectives and operating processes that ensure effective implementation of the policies set out below. Directors receive monthly reports through which they review the effectiveness of the processes put in place and the appropriateness of the objectives and policies they set.

The overall objective of the directors is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details of these policies are set out below:-

Financial risk management

Risk management framework
The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group has exposure to the following risks:

- Credit risk
- Liquidity risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. It is group policy to assess the credit risk of new customers before entering contracts. Subject to this assessment, the Group's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer.

The directors determine concentrations of credit risk through a monthly review of trade receivables' ageing analysis. Customers placed as high risk are placed on a restricted customer list and future sales made on a prepayment basis, subject to the discretion of the directors and local management. Further quantitative disclosures are included in note 15 of the financial statements.

25. Risk management continued

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the group will encounter difficulty in meeting its financial obligations as they fall due.

The group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for a period of at least 45 days.

The directors receive rolling 12 month cash flow projections on a monthly basis as well as information regarding cash investments. At the period end these projections indicated that the group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to secure new facilities with the bank.

Budgets are set at group level by the directors, enabling the group's cash requirements to be anticipated and any increase in facilities requires the approval of the board of directors. More details in regard to the line items (including contractual maturities) are included in note 19 entitled Trade and other payables.

Capital disclosures

The group monitors "adjusted capital" which comprises all components of equity. The group's objectives when maintaining capital are:

– to safeguard the group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for their stakeholders; and

– to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and makes adjustments in the light of changes in economic circumstances and the risk characteristics of underlying assets. 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.

The Group monitors capital on the basis of the debt to adjusted capital ratio. Net debt is calculated as total debt (as shown in the consolidated statement of financial position) less cash and cash equivalents. The Group had net funds as at the period ended 31 March 2012 and 31 January 2011.

26. Controlling interest

There is no overall controlling party.

27. Events after the balance sheet date

There are no significant post balance sheet events.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of SureTrack Monitoring plc (the "Company") will be held at the registered offices on 30th August 2012 at 10am for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed as ordinary resolutions.

Ordinary Business

1 To receive and adopt the report of the Directors and the audited financial statements of the Company for the 14 months ended 31 March 2012.

2 To re-elect as a Director of the Company Simon Barrell, who retires by rotation in accordance with Article 124 of the Company's Articles of Association and, being eligible, offers himself for re-election.

3 To re-appoint Crowe Clark Whitehill LLP as auditors of the Company to act until the conclusion of the next Annual General Meeting and to authorise the Directors to determine the remuneration of the auditors.

4 That for the purposes of section 551 of the Companies Act 2006 (the "Act") (and so that expressions used in this resolution shall bear the same meanings as in the said section 551):

4.1 That, in substitution for all existing and unexercised authorities, the Directors of the Company be and they are hereby generally and unconditionally authorised for the purpose of Section 551 of the Companies Act 2006 ("the Act") to exercise all or any of the powers of the Company to allot equity securities (within the meaning of Section 560 of the Act) up to a maximum nominal amount of £55,226.10 provided that this authority shall, unless previously revoked or varied by the Company in general meeting, expire on the earlier of the conclusion of the next Annual General Meeting of the Company or 15 months after the passing of this resolution, unless renewed or extended prior to such time except that the Directors of the Company may before the expiry of such period make an offer or agreement which would or might require relevant securities to be allotted after the expiry of such period and the Directors of the Company may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

4.2 the Company be and is hereby authorised to make, prior to the expiry of such period, any offer or agreement which would or might require relevant securities to be allotted after the expiry of the said period and the Directors may allot relevant securities in pursuance of any such offer or agreement notwithstanding the expiry of the authority given by this resolution; and

4.3 this resolution revokes and replaces all unexercised authorities previously granted to the directors pursuant to section 551 of the Act but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to made pursuant to such authorities.

Special business

As special business to consider and, if thought fit, to pass the following resolution, which will be proposed as a special resolution:

5. That, subject to the passing of resolution 5 set out in the Notice convening this Meeting, the Directors are empowered in accordance with section 570 of the Act to allot equity securities (as defined in section 560 of the Act) for cash, pursuant to the authority conferred on them to allot equity securities (as defined in section 560 of the Act) by that resolution, as if section 561(1) of the Act did not apply to any such allotment, provided that the power conferred by this resolution shall be limited to:

5.1 the allotment of equity securities in connection with an issue or offering in favour of holders of equity securities and any other persons entitled to participate in such issue or offering where the equity securities respectively attributable to the interests of such holders and persons are proportionate (as nearly as may be) to the respective number of equity securities held by or deemed to be held by them on the record date of such allotment, subject only to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws or requirements of any recognised regulatory body or stock exchange in any territory; and

5.2 the allotment (otherwise than pursuant to paragraph 5.1 above) of equity securities up to an aggregate nominal value not exceeding £55,226.10 in respect of any other issues for cash consideration,

the power granted by this resolution, unless renewed, shall expire at the earlier of the conclusion of the Annual General Meeting of the Company to be held in 2013 or the date falling 15 months after the passing of this resolution, but shall extend to the making, before such expiry, of an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired. To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

By order of the Board
Simon Barrell
Company Secretary

Registered Office:
Wolfe Lodge
Farnham Road
Bordon
GU35 0NH

31st July 2012

Notes to the Notice of Annual General Meeting

Entitlement to attend and vote

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, and paragraph 18(c) The Companies Act (Consequential Amendments) (Uncertified Securities) Order 2009, the Company specifies that only those members registered on the Company's register of members 48 hours (excluding non-business days) before the time of the Meeting shall be entitled to attend and vote at the Meeting.

Appointment of proxies

2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.

3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.

4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact the registrars of the Company, Share Registrars Limited on 01252 821 390.

5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

Appointment of proxy using hard copy proxy form

6. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.

   To appoint a proxy using the proxy form, the form must be:

   – completed and signed;

   – sent or delivered to Share Registrars Limited at Suite E, First Floor, 9 Lion & Lamb Yard, Farnham, Surrey GU9 7LL or by facsimile transmission to 01252 719 232; and

   – received by Share Registrars Limited no later than 48 hours (excluding non-business days) prior to the Meeting.

   In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

   Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

Appointment of proxy by joint members

7. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Changing proxy instructions

8. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

   Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Share Registrars Limited on 01252 821 390.

   If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

9. In order to revoke a proxy instruction you will need to inform the Company using one of the following methods:

   – By sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Share Registrars Limited at Suite E, First Floor, 9 Lion & Lamb Yard, Farnham, Surrey GU9 7LL; or

   – by facsimile transmission to 01252 719 232. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

   Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. In either case, the revocation notice must be received by Share Registrars Limited no later than 48 hours (excluding non-business days) prior to the Meeting.

   If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

   Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

Issued shares and total voting rights

10. As at 31st July 2012, the Company's issued share capital comprised 736,347,670 ordinary shares of £0.0005 each. Each ordinary share carries the right to one vote at a General Meeting of the Company and, therefore, the total number of voting rights in the Company as at 31st July 2012 is 736,347,670.

Communications with the Company

11. Except as provided above, members who have general queries about the Meeting should telephone Simon Barrell on 07850934204 (no other methods of communication will be accepted). You may not use any electronic address provided either in this notice of general meeting; or any related documents (including the chairman's letter and proxy form), to communicate with the Company for any purposes other than those expressly stated.

CREST

12. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual.

    CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

    In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specification and must contain the information required for such instructions, as described in the CREST Manual (available via eurocelar.com/CREST).

    The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID: 7RA36) by the latest time(s) for receipt of proxy appointment specified above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

    CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of CREST by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

    The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Explanatory notes

Notice of Annual General Meeting ("AGM") of Suretrack Monitoring plc ("the Company")

Ordinary business

Annual report and accounts (Resolution 1)
Shareholders will be asked to receive and consider the annual report and accounts for the 14 months ended 31 March 2012.

Reappointment of Directors (Resolutions 2)
Mr Barrell is retiring as a director in accordance with the Company's articles of association and offering himself for re-election. Article 124 of the Company's articles of association requires one-third of the directors to retire by rotation who may offer themselves for re-election at the AGM.

Following formal performance evaluation of the Board and individual appraisal, the director continues to be effective and demonstrates commitment to the role. The remaining director therefore unanimously recommends that the director be re-elected as a director of the Company

Auditors (Resolution 3)
The Company is required at each general meeting at which accounts are presented to appoint auditors to hold office until the next such meeting. Crowe Clark Whitehill have indicated their willingness to continue in office. Accordingly, Resolution 3reappoints Crowe Clark WhitehillLLP as auditors to the Company and authorises the Directors to fix their remuneration.

Authority of Directors to allot shares (Resolution 4)
The directors are currently authorised to allot relevant securities of the Company, but their authorisation ends on the date of the annual general meeting. This resolution seeks to renew the directors' authority to allot shares. Upon the passing of Resolution 4 the Directors will have authority to allot up to 110,452,200 shares, which is approximately 15% of the current issued share capital. This authority will expire immediately after the next annual general meeting following the resolution being passed or, if earlier, 15 months following the resolution being passed.

The directors have no present intention of exercising this authority. The purpose of giving the directors this authority is to maintain the Company's flexibility to take advantage of any appropriate opportunities that may arise.

Special business

Disapplication of pre-emption rights (Resolution 5)
This resolution, which will be proposed as a special resolution, seeks to renew the authority conferred on the directors at last year's annual general meeting to issue equity securities of the Company for cash without first offering them to existing shareholders in proportion to their existing shareholdings. Other than in connection with a rights or other similar issue or scrip dividend (where difficulties arise in offering shares to certain overseas shareholders and in relation to fractional entitlements) the authority contained in this resolution will be limited to an aggregate nominal value of £55,226.10 which represents approximately 15% of the Company's issued ordinary share capital. This authority will expire immediately after the next annual general meeting following the resolution being passed or, if earlier, 15 months following the resolution being passed.

The directors have no present intention of exercising this authority.

Action to be taken
You will find enclosed a form of proxy for use at the AGM. Please complete, sign and return the enclosed form as soon as possible in accordance with the instructions printed thereon, whether or not you intend to be present at the AGM. Forms of proxy should be returned so as to be received by Share Registrars Limited as soon as possible and in any event no later than 48 hours (excluding non-working days) before the time appointed for holding the AGM.

Recommendation
Your Directors consider that the proposals described in this letter are in the best interests of shareholders as a whole and unanimously recommend shareholders to vote in favour of all the Resolutions to be proposed at the AGM, as they intend to do in respect of their own beneficial holdings, amounting in aggregate to 2,500,001 shares, representing approximately 0.3 per cent. of the Company's issued share capital.

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