

This announcement replaces the half yearly results announcement (announcement number 01803-8B0F) released by SureTrack Monitoring plc at 7.00am this morning. The previous announcement contained two typographical errors in the second paragraph of the Chairman's Statement. The gross margin figure has been corrected to 48.9% and the administrative costs figure corrected to £383,883 (as opposed to 44.3% and £370,883, respectively, in the previous release). The announcement is otherwise unchanged.

29 October 2010



SureTrack Monitoring plc
(“SureTrack”, the “Company” or the “Group”)

Half yearly results for the six months ended 31 July 2010

SureTrack (AIM: STK), one of the UK's leading asset protection, cash security, crime deterrent and tracking businesses, announces its interim results for the six months ended 31 July 2010.

Highlights

- Revenues in the period decreased due to the economic downturn particularly affecting sales and renewals to construction customers
- Ford contract won – launched post period end
- Insurers offer discount for commercial vehicles fitted with MT2 unit
- “Sold Secure Diamond” accreditation renewed
- IBP restructured – significant reduction in overheads
- Sales team strengthened

Post period

- Admission to AIM
- Placing to raise £1.4m completed

Will Hiron, Managing Director, SureTrack Monitoring commented:

“The business has performed well despite the economic downturn and with the securing of the Ford contract we can look forward to sustained growth.”

“The sales team has been strengthened and further contracts are under discussion.”

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Chairman's Statement

Over the past few months the Company has achieved two significant milestones. The first being the signing of a contract with Ford in June, under which the Company's MT2 product is now an approved accessory for Ford vehicles and the second being the placing of 236,066,670 new Ordinary Shares at 0.6 pence to raise £1.42 million (before expenses) and Admission of the Company's shares to trading on the AIM market of the London Stock Exchange on 3 August 2010. The Board is proud of these notable achievements against the backdrop of challenging economic conditions.

The Group's revenue in the six months ended 31 July 2010 was £248,656 (2009: £274,409). The decline in revenue was the result of a slowdown in the levels of customer renewals particularly in the plant hire and construction sector. The reduced revenues from both parts of the business has resulted in slightly lower gross margins, at 48.9 per cent. (2009: 57.2 per cent.). Administrative costs have risen to £383,883 (2009:£243,320), however this includes the exceptional costs of £23,819 associated with the reorganisation of IBP. The net result is a loss before taxation for the period of £262,688 (2009: loss £86,356).

Sure-Track Europe

At the time the Ford deal was announced in June, the Board believed that revenues from this contract would commence early in the third quarter of 2010. However, the main launch to the Ford dealer network was delayed until late September whilst marketing, training and sales collateral were approved by Ford.

Overall, we have been very encouraged by the reception that the product has received from Ford dealers in the last few weeks. The training programme has now been completed in approximately 10 per cent of the dealer network and we expect all Ford's backbone dealers to have completed their programmes by the year end. We have recently received the first, albeit small, orders and are confident that these will build over the coming months. Despite the initial delay to the rollout programme we are very pleased with the progress made with Ford and as a consequence have increased our sales force. The traction achieved with Ford has also led to the commencement of discussions with other major plant and vehicle manufacturers.

In addition, significant progress has been made with two insurers. Ford Insure and another major SME insurance aggregator are offering a 10 per cent discount for commercial vehicles fitted with an MT2 unit. These discounts are significantly greater than those offered on other tracking products.

The highly acclaimed 'Sold Secure Diamond' accreditation has recently been renewed. This will assist the Company in building on its existing line fit programme with a major caravan manufacturer and we anticipate a new line fit range will be initiated by this manufacturer in 2011.

In the construction and plant hire sectors there has been a slowdown in the levels of business reflecting the current fortunes of these businesses which has adversely affected the renewals and new sales.

IBP

During the period under review and since the half year end the Board has closely monitored the IBP operations and changes have been made in an effort to reduce costs whilst maintaining a strong focus on sales. The Company has now relocated the IBP business and the overheads of this business have been reduced significantly, with additional support now being provided from our head office in Kenilworth. The second half is already showing more progress, particularly in the UK with sales to a major European bank, and in tendering for two major contracts in Europe. Additional sales resource for the UK has been added in September and it is anticipated that this will further drive UK sales.

IBP is also undertaking trials for its products with a nationwide network of local convenience stores and is in discussions with another major retailer regarding a trial of its products.

Summary

The fundraising that was undertaken as part of the AIM IPO process has allowed the Group to invest in the Company's sales functions, to increase stock levels and to enable the business to build on the progress it has made in the previous 12 months. The result is a significantly strengthened sales team and a corresponding investment in stock levels, to ensure that the Company is prepared for the expected demand for the products from Ford and other customers. We have seen considerable interest from Ford dealerships in the MT2 product and we are gradually building our customer order book. Discussions continue with new plant hire customers and manufacturers and vehicle suppliers; the backing of the major insurers proving a useful asset. IBP's progress has been steady in the period and we are confident that the reorganisation will enhance the prospects of this business in the short to medium term.

In conjunction with the move to AIM we have strengthened the Board and I am pleased to welcome Brain Wise and Simon Barrell, who both have considerable public market and industry experience and knowledge, which I am sure will help the business as it grows.

The Board believes that the momentum created in both parts of the Company will deliver positive returns to shareholders in the future I am confident that in my statement for the full year, I will be able to report further progress.

Nigel Linacre
Chairman

Consolidated Income Statement Continuing operations

		Six months ended 31 July 2010 (Unaudited) £	Six months ended 31 July 2009 (Restated Unaudited) £	Year ended 31 January 2010 (Audited) £
Revenue	2	248,656	274,409	671,493
Cost of sales		(127,151)	(117,328)	(295,260)
Gross profit		121,505	157,081	376,233
Other operating expenses		(360,064)	(243,370)	(1,537,145)
Exceptional items		(23,819)	-	-
Operating profit		(262,378)	(86,289)	(1,160,912)
Finance expense		(310)	(67)	(455)
Loss before tax		(262,688)	(86,356)	(1,161,367)
Tax expense	5	-	-	-
Loss for the period		(262,688)	(86,356)	(1,161,367)
Loss per share	4			
Basic		(0.07)p	(0.02)p	(0.31)p

Consolidated Statement of Comprehensive Income

	Six months ended 31 July 2010 (Unaudited) £	Six months ended 31 July 2009 (Unaudited) £	Year ended 31 January 2009 (Audited) £
Loss for the period	<u>(262,688)</u>	<u>(86,356)</u>	<u>(1,161,367)</u>
Total comprehensive income for the period	<u>(262,688)</u>	<u>(86,356)</u>	<u>(1,161,367)</u>

Consolidated Statement of Financial Position

		31 July 2010 (Unaudited) £	31 July 2009 (Restated/ Unaudited) £	31 January 2010 (Audited) £
Non-current assets				
Goodwill	6	885,028	1,753,190	885,028
Other intangible assets	7	54,423	57,752	57,137
Property, plant and equipment		5,762	4,743	6,606
		<u>945,213</u>	<u>1,815,685</u>	<u>948,771</u>
Current assets				
Inventories		95,287	129,615	79,257
Trade and other receivables		128,394	118,982	139,092
Cash and cash equivalents		22,822	48,446	54,185
		<u>246,502</u>	<u>297,043</u>	<u>272,534</u>
Total assets		<u>1,191,715</u>	<u>2,112,728</u>	<u>1,221,305</u>
Equity and liabilities				
Equity				
Share capital	8	4,002,810	3,876,430	4,001,430
Share premium account		29,220	29,220	29,220
Other reserves		(1,420,762)	(1,420,762)	(1,420,762)
Retained earnings		(1,998,154)	(660,454)	(1,735,465)
Total equity		<u>613,115</u>	<u>1,824,434</u>	<u>874,423</u>
Current liabilities				
Trade and other payables		428,487	288,181	346,769
Short term loans	9	150,000	-	-
Tax liabilities		113	113	113
Total current liabilities		<u>578,600</u>	<u>288,294</u>	<u>346,882</u>
Total equities and liabilities		<u>1,191,715</u>	<u>2,112,728</u>	<u>1,221,305</u>

Consolidated Statement of Cash Flows

	Six months ended 31 July 2010 (Unaudited) £	Six months ended 31 July 2009 (Unaudited) £'000	Year ended 31 January 2009 (Audited) £'000
Operating activities			
Loss before tax	(262,688)	(86,356)	(1,161,367)
<i>Adjustments for:</i>			
Depreciation and amortisation	14,076	13,372	25,274
Impairment of goodwill	-	-	868,162
(Increase) /decrease in inventories	(16,030)	(5,254)	2,228
Decrease/(increase) in receivables	10,698	19,884	(28,380)
Increase/(Decrease) in payables	81,719	(17,050)	123,092
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Cash utilised by operations	(172,225)	(75,404)	(170,991)
Net finance income	310	67	455
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Net cash utilised from operating activities	(171,915)	(75,337)	(170,536)
	<hr/>	<hr/>	<hr/>
Investing activities			
Bank overdraft acquired with subsidiary	-	(2,870)	(2,870)
Finance costs	(310)	(67)	(455)
Purchase of intangible assets	(10,396)	-	(10,112)
Purchase of property, plant and equipment	(123)	(907)	(14,352)
	<hr/>	<hr/>	<hr/>
Net cash used in investing activities	(10,829)	(3,844)	(27,789)
	<hr/>	<hr/>	<hr/>
Net cash outflow before financing	(182,744)	(79,181)	(198,325)
	<hr/>	<hr/>	<hr/>
Financing activities			
Short term loans received	150,000	-	-
Issue of shares (net of costs)	1,380	51,600	176,483
	<hr/>	<hr/>	<hr/>
Net cash inflow from financing	151,380	51,600	176,483
	<hr/>	<hr/>	<hr/>
Decrease in cash and cash equivalents in period	(31,364)	(27,581)	(21,842)
	<hr/>	<hr/>	<hr/>
Net cash and cash equivalents at start of the period	54,185	76,027	76,027
	<hr/>	<hr/>	<hr/>
Net cash and cash equivalents at end of the period	22,821	48,446	54,185
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Consolidated Statement of Changes in Equity

	Share capita l £	Share pre miu m acco unt £	Other reserve £	Retained earnings £	Total £
At 1 February 2009	2,854,960	29,220	(2,148,000)	(574,098)	162,082
Loss for the year	-	-	-	(1,161,367)	(1,161,367)
Total recognised income and expense	-	-	-	(1,161,367)	(1,161,367)
Reserve on acquisition of subsidiary	-	-	727,238	-	727,238
Shares issued	1,146,470	-	-	-	1,146,470
At 31 January 2010	4,001,430	29,220	(1,420,762)	(1,735,465)	874,423
At 1 February 2010	4,001,430	29,220	(1,420,762)	(1,735,465)	874,423
Loss for the period	-	-	-	(262,688)	(262,688)
Total recognised income and expense	-	-	-	(262,688)	(262,688)
Shares issued	1,380	-	-	-	1,380
At 31 July 2010	4,002,810	29,220	(1,420,762)	(1,998,153)	613,115

Notes to the interim report

1 Basis of preparation of the interim report

The financial information set out in this interim report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The Group's statutory financial statements for the year ended 31 January 2010 have been delivered to the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain statements under Section 498(2) or Section 498(3) of the Companies Act 2006.

This interim financial report has been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting. The interim financial information has been prepared on a basis which is consistent with the accounting policies adopted by the Group for the last financial statements and comparative figures are given for the six months to 31 July 2009 and the year ended 31 January 2010.

2 Restatement

The July 2009 results have been restated under IFRS to correct the accounting policy of the Group for treatment of the income recognition on monitoring sales throughout the year.

3 Segmental information

The group has 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 is conducted through its subsidiary company, Sure-Track Europe Limited and the later through the recently acquired subsidiary, IBP Limited.

	6 months ended 31 July 2010 £	Sure-Track Europe 6 months ended 31 July 2009 £	Year to 31 January 2010 £	6 months ended 31 July 2010 £	IBP Ltd 6 months ended 31 July 2009 £	Year to 31 January 2010 £	6 months ended 31 July 2010 £	Central Adjustments 6 months ended 31 July 2009 £	Year to 31 January 2010 £	6 months ended 31 July 2010 £	Total 6 months ended 31 July 2009 £	Year to 31 January 2010 £
Revenue from UK	138,538	150,618	331,148	71,250	100,068	236,771	-	(53,517)	(65,319)	209,788	197,169	502,600
Revenue from Europe	-	-	-	38,868	77,240	168,895	-	-	-	38,868	77,240	285,003
Total Revenue	138,538	150,618	331,148	110,118	177,308	405,666	-	(53,517)	(65,319)	248,656	274,409	671,493
Interest expense	4	67	67	6,308	-	388	-	-	-	6,312	67	455
Amortisation	13,722	12,492	24,240	354	880	1,034	-	-	-	14,076	13,372	25,274
Loss before tax	98,113	37,162	126,265	107,330	39,860	110,656	57,245	9,334	924,446	262,688	86,356	1,161,367
Total liabilities	199,807	139,443	603,644	154,146	88,306	269,804	224,649	60,545	-526,566	578,601	288,294	346,882

4 Earnings per share

Earnings per share has been calculated on a loss of £262,688 (2009: £86,356) and the average number of shares in issue for the period of 400,236,533 (2009: 358,821,656 shares).

	Six months ended 30 July 2010 (Unaudited) Basic £	Six months ended 30 July 2009 (Restated/Unaudited) Basic £	Year ended 31 January 2010 (Audited) Basic £
Loss for the period	262,688	86,356	1,161,367
Loss per share	0.07p	0.02p	0.31p

5 Tax

No tax has been accounted for any of the period shown as the group has been loss making during these periods.

6 Goodwill

	Six months ended 30 July 2010 (Unaudited) £'000	Year ended 31 January 2010 (Audited) £
Cost		
At 1 January	1,753,190	-
On acquisition of subsidiary	-	1,753,190
	<hr/>	<hr/>
Total	1,753,190	1,753,190
	<hr/>	<hr/>
Amortisation		
At 1 January	866,162	
Charge for the period	-	866,162
	<hr/>	<hr/>
	866,162	866,162
	<hr/>	<hr/>
Net book value	885,028	885,028
	<hr/>	<hr/>

7 Other intangible assets

	Software £	Customer database £	Patents and licences £	Total £
Cost				
At 1 February 2009	71,514	40,000	-	111,514
Additions in the year	10,031	-	-	10,031
Business combinations	-	-	3,970	3,970
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 January 2010	81,545	40,000	3,970	125,515
Additions in the period	10,396	-	-	10,396
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2010	91,941	40,000	3,970	135,911
	<hr/>	<hr/>	<hr/>	<hr/>
Amortisation				
At 1 February 2009	29,240	16,000	-	45,240
Charge for the year	15,138	8,000	-	23,138
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 January 2010	44,378	24,000	-	68,378
Charge for the period	9,000	4,002	108	13,110
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2010	53,378	28,002	108	81,488
	<hr/>	<hr/>	<hr/>	<hr/>
Net book amount				
At 31 July 2010	38,563	11,998	3,862	54,423
	<hr/>	<hr/>	<hr/>	<hr/>

At 31 January 2010

37,167	16,000	3,970	57,137
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8 Share Capital

During the period the company issued 138,000 shares of 1p at par.

9 Loan Notes

The company issued loan notes in the amount of £150,000 during the period. These loan notes were convertible loan notes and they were converted into ordinary shares on the company's admission to AIM on 3 August 2010. The conversion was at 0.6p per share and resulted in new shares of 25,000,000 being issued.

10 Post balance sheet events

On 3 August 2010 the company reorganised its share capital by the redesignation of its issued share into 1 new ordinary share of 0.05p and 1 deferred share of 0.95p. At the same time capital raised £1.42 million by way of the issue of 236,066,670 new ordinary shares of 0.05p at 0.6p per share and also converted the £150,000 loan notes into 25,000,000 new ordinary shares.

11 Copies of the interim report

Copies of the interim report will be sent to shareholders shortly and will be available from the registered office of the Company at 17A The Square, Kenilworth Warwickshire CV8 1EF and from the Company's website www.sure-track.co.uk