

20 October 2011



**SureTrack Monitoring plc**  
**("SureTrack", the "Company" or the "Group")**

**Half yearly results for the six months ended 31 July 2011**

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 2011.

**Highlights**

- Group revenues +13%
- Installed SureTrack base +19% since January
- MT3 product launched and Thatcham accreditation secured
- "Sold Secure Diamond" accreditation renewed

**Post period**

- Raised £262,500 before costs
- IBP trials started with major high street retailer.
- One off order of approximately 200 Units received from a haulage business.

**Will Hiron, CEO, SureTrack Monitoring commented:**

*"The Company has made progress despite the tough economic environment and a highly competitive market place. We are pleased to see that the construction market has made a partial recovery in the last six months and we are hopeful that this continues for the remainder of the financial year. The Company is currently pursuing a number of opportunities with potential major customers across various market sectors"*

**For further information contact:**

**SureTrack Monitoring plc**

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## **Chairman's Statement**

The interim results for the six months ending 31 July 2011 show a 13% increase in revenues over the same period in 2010 at £280,357 (2010: £248,656). The loss has however increased over the same period to £382,633 (2010:£262,688).

The company was admitted to AIM in August 2010 shortly after the 2010 half year and additional costs associated with being on AIM have contributed to the increased losses generated in the period.

### **Sure-Track Europe**

In the period under review Sure-Track Europe has increased its revenues by 40% compared with 2010 to £193,586 (2010: £135,538). We have seen a steady increase in the sale of units over the period with our installed base increasing by 19% since January 2011. This has also been helped by the renewal rate for annual subscriptions increasing by 54% in comparison with the annual renewal rate for the year ended 2011. We should however note that the previous year renewals were depressed, in particular, due to the poor state of the plant market.

We announced on 20 June 2011 the Thatcham Category 7 accreditation for the MT3 product. This is a major step forward for the Company in that it can now compete in markets where a Thatcham accreditation is required. We are delighted that we have retained our Sold Secure Gold accreditation for another year and these two accreditations, along with our South African SAIAS award, allow us to market to a wider base of prospective users.

As we reported in June 2011 we are still seeing less take up from Ford than we had anticipated. We continue to work with Ford and directly with their dealerships to seek to address the situation. However, we have to resign ourselves to the fact that it is unlikely that Ford will deliver the unit numbers that were originally expected.

Due to the pace of progress with major motor retailers we have redirected our efforts to new markets, a recent example being a sale of approximately 200 units to a haulage company who wanted to protect its trailers, and for industrial uses, such as tracking research products as they are tested around Europe. These are significant gains for the company and we continue to look for new ways in which the MT3 can be used.

The loss for the period of £226,292 (2010: £98,113) reflects the costs we committed to in order to support the Ford rollout and the cost savings announced at the time of the full year results are starting to be realised.

The International Motors (IM) roll out will now commence in November, this is later than had been originally planned due to IM being heavily involved in the marketing and the launch. We believe that IM's approach will lead to greater traction compared with our sales to other vehicle manufacturers.

We are experiencing more interest in the product and as a result we are progressing an active marketing policy both to existing client groups and to new sectors, along with reviewing other complimentary products particular focused on wireless technology as this will ensure that we maintain our competitive edge.

On 1st April 2011 the Company acquired the business and certain assets of a distributor of the MT2, Automotion Security Limited ("Automotion"). Automotion's owner, Ian Platt, 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.

## **IBP**

IBP's revenue for the six months fell to £86,771 (2010: £110,118). However the loss for the six months was reduced from £107,330 in 2010 to £57,157 for the six months under review.

As we noted in the year end statement, we have been closely monitoring the IBP business and the changes we have made have significantly reduced the loss in the period under review. We are concentrating on larger retailers and are delighted that customers are returning to IBP to have their systems inspected and upgraded where necessary. This also then allows the Company to roll out new products as part of a refurbishment programme.

We currently have units on a six month trial with a major retailer, the outcome of which will not be known in this financial year, but it is testimony to the product and team that this trial is being undertaken.

We are also looking to engage with distributors to allow IBP to be able to target smaller retailers, we believe that this will be a much more efficient use of management time and resources rather than through our own direct marketing team.

We continue to work with other manufacturers to see how our products can be combined as a comprehensive offering and trials involving product collaboration are ongoing.

Once again the team organised an excellent IBP Symposium in September 2011. In its tenth year now, attendees included retailers, police and industry specialists and it continues to be widely respected within the security industry.

## **Summary**

Whilst the first half of the year has been disappointing from a profitability point of view we are confident that we have taken the necessary steps to lead to an improvement in the second period (nine months to 31 March 2012). The recent accreditations attained by the Company have enabled SureTrack to target a wider customer base and the MT3 product is being well received. Since the period end, in the period to the end of September 2011, we have increased our installed base by a further 15%, which translates to a 37% increase in our installed base since January 2011. We are entering the 'winter' period where the construction sector and new vehicle sales tend to suffer from lower demand. To offset this effect on our financial results we have changed our financial year end to 31 March to fall more in line with the client cycles.

IBP has some interesting opportunities and prospects that the team is working hard on to deliver in the current financial period.

The progress that has been made has taken longer to achieve than we had anticipated principally due to the lower revenues derived from our vehicle manufacturing customer base and consequently our growth has not been as fast as we would have liked. The Group raised further funds in August of £262,500 pre expenses to allow it to invest further in working capital and stock in order to target specific prospects and turn those into revenues.

The progress made in the last six months has been pleasing, although there is still much to do, and I hope to be able to report on further progress in the next six months.

**Simon Barrell**  
Chairman

**Consolidated Income Statement  
Continuing operations**

		<b>Six months ended 31 July 2011 (Unaudited) £</b>	<b>Six months ended 31 July 2010 (Unaudited) £</b>	<b>Year ended 31 January 2011 (Audited) £</b>
	<b>Notes</b>			
<b>Revenue</b>	2	280,357	248,656	624,612
Cost of sales		(175,853)	(127,151)	(336,154)
<b>Gross profit</b>		104,504	121,505	288,458
Other operating expenses		(448,357)	(360,064)	(805,600)
Exceptional items		(38,650)	(23,819)	(23,819)
<b>Operating loss</b>		(382,503)	(262,378)	(540,961)
Finance expense		(130)	(310)	(1,491)
<b>Loss before tax</b>		(382,633)	(262,688)	(542,452)
Tax expense	4	-	-	-
<b>Loss for the period</b>		(382,633)	(262,688)	(542,452)
<b>Loss per share</b>	3			
Basic		(0.06)p	(0.07)p	(0.31)p

**Consolidated Statement of Comprehensive Income**

		<b>Six months ended 31 July 2011 (Unaudited) £</b>	<b>Six months ended 31 July 2010 (Unaudited) £</b>	<b>Year ended 31 January 2011 (Audited) £</b>
<b>Loss for the period</b>		(382,633)	(262,688)	(542,452)
<b>Total comprehensive income for the period</b>		(382,633)	(262,688)	(542,452)

## Consolidated Statement of Financial Position

		31 July 2011 (Unaudited) £	31 July 2010 (Unaudited) £	31 January 2011 (Audited) £
	Notes			
<b>Non-current assets</b>				
Goodwill	5	903,362	885,028	885,028
Other intangible assets	6	34,516	54,423	45,470
Property, plant and equipment		80,541	5,762	53,304
		<u>1,018,419</u>	<u>945,213</u>	<u>983,802</u>
<b>Current assets</b>				
Inventories		117,234	95,287	104,068
Trade and other receivables		259,041	128,394	256,024
Cash and cash equivalents		47,867	22,822	520,962
		<u>424,142</u>	<u>246,502</u>	<u>881,054</u>
<b>Total assets</b>		<u>1,442,561</u>	<u>1,191,715</u>	<u>1,864,856</u>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital		4,133,344	4,002,810	4,133,344
Share premium account		1,879,858	29,220	1,879,858
Other reserves		(2,148,000)	(1,420,762)	(2,148,000)
Retained earnings		(2,656,550)	(1,998,154)	(2,273,917)
<b>Total equity</b>		<u>1,208,652</u>	<u>613,115</u>	<u>1,591,285</u>
<b>Current liabilities</b>				
Trade and other payables		233,796	428,487	273,458
Short term loans		-	150,000	-
Tax liabilities		113	113	113
<b>Total current liabilities</b>		<u>233,909</u>	<u>578,600</u>	<u>273,571</u>
<b>Total equities and liabilities</b>		<u>1,442,561</u>	<u>1,191,715</u>	<u>1,864,856</u>

## Consolidated Statement of Cash Flows

	Six months ended 31 July 2011 (Unaudited) £	Six months ended 31 July 2010 (Unaudited) £'000	Year ended 31 January 2011 (Audited) £'000
<b>Operating activities</b>			
Loss before tax	(382,633)	(262,688)	(542,452)
<i>Adjustments for:</i>			
Depreciation and amortisation	19,341	14,076	30,967
(Increase) in inventories	(13,166)	(16,030)	(24,811)
(Increase)/Decrease in receivables	(3,017)	10,698	(116,932)
(Decrease)/Increase in payables	(39,662)	81,719	(69,311)
<b>Cash utilised by operations</b>	(419,137)	(172,225)	(722,539)
Net finance income	130	310	6,191
<b>Net cash utilised from operating activities</b>	(419,007)	(171,915)	(716,348)
<b>Investing activities</b>			
Finance costs	(130)	(310)	(6,191)
Purchase of intangible assets	(47,150)	(10,396)	(13,825)
Purchase of property, plant and equipment	(6,808)	(123)	(52,172)
<b>Net cash used in investing activities</b>	(54,088)	(10,829)	(72,188)
<b>Net cash outflow before financing</b>	(473,095)	(182,744)	(788,536)
<b>Financing activities</b>			
Short term loans received	-	150,000	-
Issue of shares (net of costs)	-	1,380	1,255,313
<b>Net cash inflow from financing</b>	-	151,380	1,255,313
<b>Decrease in cash and cash equivalents in period</b>	(473,095)	(31,364)	466,777
<b>Net cash and cash equivalents at start of the period</b>	520,962	54,185	54,185
<b>Net cash and cash equivalents at end of the period</b>	47,867	22,821	520,962

## Consolidated Statement of Changes in Equity

	Share capital £	Share premium account £	Other reserve £	Retained earnings £	Total £
<b>At 1 February 2010</b>	4,001,430	756,458	(2,148,000)	(1,735,465)	874,423
Loss for the year	-	-	-	(542,452)	(542,452)
Share based payment charge	-	-	-	4,000	4,000
Total recognised income and expense	-	-	-	(538,452)	(538,452)
Issue of share capital	131,914	1,123,400	-	-	1,255,314
<b>At 31 January 2011</b>	<b>4,133,344</b>	<b>1,879,858</b>	<b>(2,148,000)</b>	<b>(2,273,917)</b>	<b>1,591,285</b>
<b>At 1 February 2011</b>	<b>4,133,344</b>	<b>1,879,858</b>	<b>(2,148,000)</b>	<b>(2,273,917)</b>	<b>1,591,285</b>
Loss for the period	-	-	-	(388,513)	(388,513)
Share based payment charge	-	-	-	5,880	5,880
Total recognised income and expense	-	-	-	(382,633)	(382,633)
Shares issued	-	-	-	-	-
<b>At 31 July 2011</b>	<b>4,133,344</b>	<b>1,879,858</b>	<b>(2,148,000)</b>	<b>(2,656,550)</b>	<b>1,208,652</b>

## 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 2011 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 2010 and the year ended 31 January 2011.

### 2 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.

	<b>6 months ended 31 July 2011 £</b>	<b>Total 6 months ended 31 July 2011 £</b>	<b>Years to 31 January 2011 £</b>
<b><i>Subsidiary Revenue Split</i></b>			
		<b>Sure-Track Europe</b>	
Revenue from UK	193,586	138,538	312,175
Revenue from Europe	-	-	-
	<hr/> 193,586	<hr/> 138,538	<hr/> 312,175
		<b>IBP</b>	
Revenue from UK	60,314	71,250	263,119
Revenue from Europe	26,457	38,868	49,318
	<hr/> 86,771	<hr/> 110,118	<hr/> 312,437
<b>Group Revenue</b>			
Revenue from UK	253,900	209,788	575,294
Revenue from Europe	26,457	38,868	49,318
	<hr/> 280,357	<hr/> 248,656	<hr/> 624,612



## Subsidiaries

	<b>Sure-Track Europe</b>		
Interest Expense	-	4	15
Amortisation	18,603	13,722	28,916
Loss before tax	226,298	98,113	288,359
Total Liabilities	1,338,758	199,807	1,125,814
	<b>IBP</b>		
Interest Expense	201	6,308	6,308
Amortisation	2,370	354	2,050
Loss before tax	57,157	107,330	100,211
Total Liabilities	409,659	154,146	339,257
	<b>Central Adjustments</b>		
Interest Expense	(71)	-	132
Amortisation	-	-	-
Loss before tax	99,178	57,245	153,882
Total Liabilities	(1,485,078)	224,649	(1,191,500)
	<b>Group</b>		
Interest Expense	130	6,312	6,191
Amortisation	20,973	14,076	25,492
Loss before tax	382,633	262,688	542,452
Total Liabilities	263,339	578,601	273,571

### 3 Earnings per share

Earnings per share has been calculated on a loss of £382,633 (2010: £262,688) and the average number of shares in issue for the period of 661,347,670 (2010: 400,236,533 shares).

	<b>Six months ended 30 July 2011 (Unaudited) Basic £</b>	<b>Six months ended 30 July 2010 (Unaudited) Basic £</b>	<b>Year ended 31 January 2011 (Audited) Basic £</b>
Loss for the period	382,633	262,688	542,452
Loss per share	0.06p	0.07p	0.08p

### 4 Tax

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

## 5 Goodwill

	Six months ended 30 July 2011 (Unaudited) £'000	Year ended 31 January 2011 (Audited) £
Cost		
At 1 January	1,753,190	1,753,190
On acquisition of subsidiary see note	20,000	-
	<hr/>	<hr/>
Total	1,773,190	1,753,790
	<hr/>	<hr/>
Amortisation		
At 1 January	868,162	868,162
Charge for the period	-	-
	<hr/>	<hr/>
	868,162	868,162
	<hr/>	<hr/>
Net book value	905,028	885,028
	<hr/>	<hr/>

During the period ending 31 July 2011 the company 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.

After undertaking a fair value exercise using goodwill allocated to the cash generating units the directors believe there is on impairment to be charged in the period.

## 6 Other intangible assets

	Software £	Customer database £	Patents and licences £	Total £
<b>Cost</b>				
At 1 February 2010	81,545	40,000	3,970	125,515
Additions	13,825	-	-	13,825
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 January 2011	95,370	40,000	3,970	139,340
Additions	-	10,000	17,150	27,150
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2011	95,370	50,000	21,120	166,490
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Amortisation</b>				
At 1 February 2010	44,378	24,000	-	68,378
Amortisation charge for the year	17,492	8,000	-	25,492
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 January 2011	61,870	32,000	-	93,870
	<hr/>	<hr/>	<hr/>	<hr/>
Amortisation charge for the period	8,287	4,083	429	12,799
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2011	70,157	36,083	429	106,669
	<hr/>	<hr/>	<hr/>	<hr/>

**Net book amount**

At 31 July 2011	25,213	5,333	3,970	34,516
At 31 January 2011	33,500	8,000	3,970	45,470

**7 Post balance sheet events**

On 1st August 2011 the company raised £262,500, before expenses, by the issue of 75,000,000 shares at 0.035p each. The total number of shares now in issue are 736,347,670.

**8 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](http://www.sure-track.co.uk)