ITIS Holdings plc

Annual report and financial statements
for the year ended 31 March 2011

Registered number 3461748

BOARD MEMBERS

Stuart Marks, Chief Executive

Stuart Marks, aged 45, is the founder of ITIS Holdings He was the founder and Chief Executive Officer of Handling Solutions Limited, a company which specialised in direct mail and customer loyalty programmes The company was later sold to Park Group plc In 1997 he established Module Communications, which grew to become a leading digital media company and was sold to Grey Advertising in 1999

Jonathan Burr, Chief Technology Officer

Jonathan Burr, aged 50, graduated from the University of Oxford in 1982 and in 1985 qualified as a Chartered Accountant with Touche Ross Management Consultants In 1987 he joined Avis Europe plc and in 1993 became Director of Business Development Europe for GE Capital Fleet Services In December 1996 GECFS appointed him as Managing Director, Benelux and then as Managing Director, UK and Ireland in September 1996 He joined ITIS Holdings in January 2000 In December 2009 he was appointed as Chief Executive of MILE Traffic and Travel Information GmbH whilst retaining his position at ITIS and was elected President of the Traveller Information Services Association

Andrew Forrest, Finance Director

Andrew Forrest, aged 43, graduated from the University of Bath, with a degree in Electronic and Communication Engineering in 1990 He qualified as a chartered accountant with Cassons in 1993 and joined ITIS Holdings in May 2000 to assist with the flotation process He was appointed as Finance Director in November 2002

Sir Trevor Chinn, CVO, Chairman

Sir Trevor Chinn, aged 75, is Senior Advisor at CVC Capital Partners Ltd, Chairman of Streetcar Limited, the UK's largest car club operator and Chairman of carsite co uk, the UK's market leading online used car retailer He was appointed Chairman of ITIS Holdings in September 2000 He was Chairman of the AA from September 2004 until September 2007 when it was sold He was Chairman of Kwik-Fit from November 2002 when it was acquired by CVC until August 2005 when it was sold He retired in April 2003 as Chairman of RAC plc (formerly Lex Service PLC) after 47 years' service He became Managing Director in 1968, Chairman and Chief Executive in 1973 and Chairman in September 1996, having appointed a Chief Executive In 1999 he was appointed by the Deputy Prime Minister, John Prescott, as Vice Chair of the Commission for Integrated Transport, stepping down in June 2004 He was also asked to form and continues to chair the Motorists' Forum He was awarded the CVO in 1989 and a knighthood in 1990 for his charitable activities

John Hewett, Non-Executive Director

John Hewett, aged 47, is Chief Executive of Smedvig Capital, a London-based venture capital firm he founded with Peter Smedvig in 1996 He sits on a number of boards in connection with Smedvig Capital investments Prior to this, he was a management consultant with Bain & Company and an investment banker with NatWest Markets He has an MBA from Harvard Business School He was appointed as a Non-Executive Director of ITIS Holdings in April 2000

Steven Norris, Non-Executive Director and Senior Independent Director

Steven Norris, aged 66, was a Member of Parliament from 1983 to 1997 and Minister of Transport from 1992 to 1996 He retired in 1997 to be Director General of the Road Haulage Association He was the Conservative candidate for Mayor of London in 2000 and 2004 He is currently Chairman of Soho Estates Ltd, of AMT-Sybex Group Ltd, of Saferoad BLG Ltd and a director of a number of other companies in the transport field He is President of ITS UK, the trade association of the telematics industry, and a former President of the Motorcycle Industry Association He was the first Chair of the National Cycling Strategy Board He is a Member of the Boards of Transport for London and the London Development Agency He was appointed as Non-Executive Director of ITIS Holdings in May 1997

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2011

The directors present their annual report on the affairs of the Group, together with the financial statements and auditor's report for the year ended 31 March 2011

Post balance sheet event

As announced on 28 July 2011, agreement has been reached on the terms of a recommended cash offer, to be made by INRIX Holdings UK Limited (a wholly owned subsidiary of INRIX Inc ("INRIX")), to acquire the entire issued and to be issued share capital of ITIS The offer price is 37 48 pence in cash for each ITIS share, valuing the entire issued share capital of ITIS at approximately £36 9 million

INRIX is a provider of real-time, historical and predictive traffic information INRIX is a privately held corporation based in Seattle, USA and its mission is to reduce traffic congestion by providing traffic and connected driving services across public sector, automotive, mobile, media, and fleet markets to the world's one billion drivers It is intended that the business of the ITIS Group will continue substantially as it is at present

Full information on the offer can be found at www itisholdings plc uk

Enhanced Business Review

ITIS is a leading international provider of traffic information The Group is focused on one activity, namely the provision of road traffic and data services through its subsidiaries Integrated Transport Information Services Limited, ITIS Global Services Limited, MILE Traffic and Travel Information GmbH (MILE), ITIS Deutschland GmbH and Trafficlink Limited (collectively ITIS) During the year, a decision was taken to close ITIS Traffic Services Limited (ITSL), the Group's Israeli subsidiary and transfer its activity to the UK At 31 March 2011 only one employee remains and ITSL will cease trading within the next few months As a result, the research activity of the Group is now centred in the UK

The MILE partners are Media Mobile (part of the TDF group) and Infoblu (part of the Atlantia/Autostrade group), who are leading traffic information providers in France and Italy respectively, each of whom has exercised an option during the year to acquire one third of the share capital of MILE to become equal partners This would become effective if competition approval is achieved During the year ITIS set up a subsidiary in Munich, ITIS Deutschland GmbH, to provide road traffic and data services in Germany

There was no significant change in the Group's principal activities in the year under review The directors are not aware, at the date of this report, of any likely major changes in the Group's activities in the next year Revenues for the year were up 5 9% to £16,564,266 (2010 £15,637,658) Full year profit before taxation was up 507% to £1,825,456 (2010 £300,715) Basic and diluted earnings per share were 1 7p (2010 0 7p) The cash balance at the end of the year increased 77 7% to £4,575,319 (2010 £2,574,142) The average number of employees for the year was 158 (2010 168)

ITIS has continued to invest in and develop a family of traffic probe technologies that generate high quality traffic information through sampling data from vehicles travelling on a given road network The products, applications and services that ITIS has invested in, developed and continues to develop are shown below

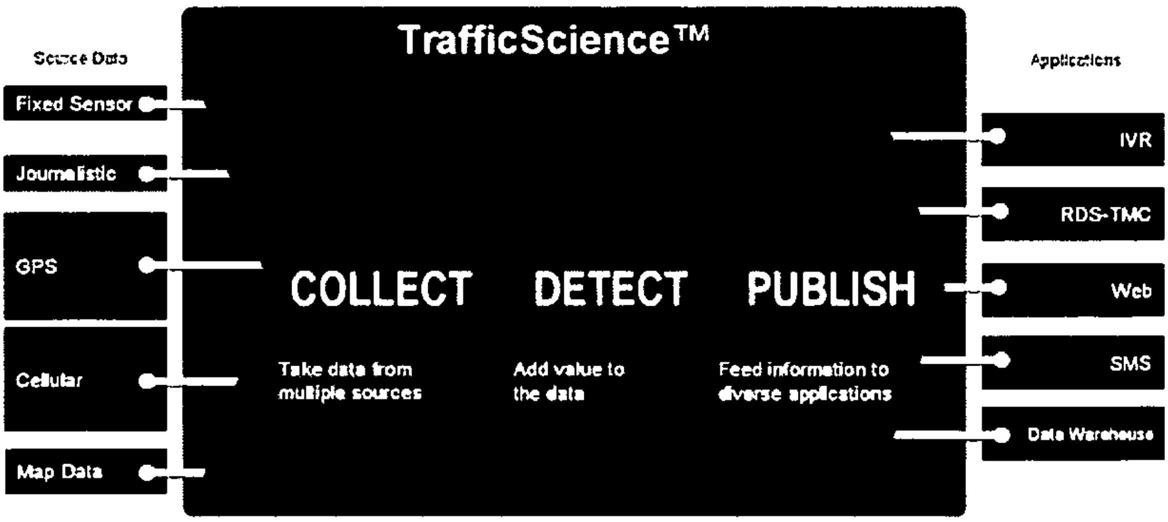
Products

TrafficScience

TrafficScience is the software platform that ITIS has developed over several years to support diverse applications which ITIS and its partners develop These applications deliver information through a variety of media (web, mobile phone voice messages, short message text, e-mail, radio, digital, phone) to enable users to get information about their journeys which is timely and accurate

TrafficScience produces reliable and high-quality real-time and historical traffic information, suitable for a range of applications and users Our patented FVD® technology gives us a distinct advantage in providing detailed information that covers wide geographic territories - often nationally - at a lower cost than was previously possible To our partners, our software platform is the basis for their applications, generating new and increased revenue streams

TrafficScience operates on a **COLLECT » DETECT » PUBLISH** model



- **COLLECT: Taking data from multiple sources**
  Data about the movement of mobile phones and vehicles is sourced from cellular networks, vehicle fleets, fixed sensor networks and government agencies ITIS pioneered the use of Floating Vehicle Data (FVD®) from cellular networks and this technology is key to ITIS being able to offer traffic information with the greatest geographic coverage

- **DETECT Adding value to the data**
  The complex analysis performed within TrafficScience results in comprehensive high-quality information about traffic flows – both real-time and historical Accurate prediction of traffic flows is vital in providing information that users trust

- **PUBLISH Providing data in the form needed by diverse applications**
  ITIS works with public and commercial organisations to provide data to them in precisely the way they need, so they are able to further increase the value of the data in the applications those organisations build and use to deliver enhanced services to their customers ITIS works with partners to help them develop applications that use TrafficScience information and in some cases develop applications directly for end customers

Sources of Data

TrafficScience uses ITIS' patented Floating Vehicle Data (FVD®) technology, which collects anonymous location data from devices travelling within mobile phone networks and GPS enabled fleets This data can be collected over a wide area – typically nationally – and allows road network operators to monitor real time traffic information over far greater geographic areas and monitor much smaller classes of road than can be done with fixed-sensor systems

Products (continued)

While FVD® technology is accurate enough to be used by itself, TrafficScience can combine FVD® with data from other sources such as traditional fixed sensor equipment and journalistic information from eye witness reports This rich data set can be analysed to produce traffic information of great precision and accuracy

ITIS' FVD® data collection does not require any fixed roadside equipment and as a result, the cost to install and maintain TrafficScience is significantly less than that of fixed equipment The timeliness and quality of traffic information for road users and road network operators is significantly improved

Applications

ITIS' technology supports a wide variety of applications, many of which are developed with its business partners

Interactive Voice Response

Interactive Voice Response (IVR) is a fully automated traffic information service generally provided to users on their mobile phone although it can also be accessed from landlines for pre-trip planning

RDS-TMC

RDS-TMC is a European-developed and standardised means of delivering real-time traffic information via a sub-carrier of FM radio Transmitted data is decoded by a receiving device such as a satellite navigation system and translated into text or speech traffic alerts By combining traffic information delivered via RDS-TMC with the re-routing facilities offered by satellite navigation systems, drivers are afforded dynamic avoidance of traffic congestion ITIS supports seventeen car manufacturers and all of the aftermarket vendors with a national RDS-TMC service

ITIS is continuing to endeavour to bring the next generation of traffic and travel services to its customers and has been involved with several OEM vehicle manufacturers and their suppliers to support the development of their future navigation systems These new services will be delivered over both broadcast digital radio networks (such as DAB and DMB) and via a cellular connection using the TPEG family of applications Through ITIS' subsidiary, MILE Traffic and Travel GmbH, ITIS has been working closely with its partners in France and in Italy to develop and deliver ARTTI (Advanced Real-Time Traffic and Travel) information

Services

Delivering successful projects, reliably and on schedule, is helped by the methodologies ITIS uses in the services it provides

Hosted Services for TrafficScience

ITIS provides its software platform, TrafficScience™, as a hosted service Applications built by its customers and partners interact with TrafficScience™, and it is important for ITIS to provide the highest level of service to them The Group's primary data centre is in the UK It is a custom-built facility in which the Group has invested more than £1 million since 2006

Deployment of TrafficScience with DRIVE

The methodology ITIS uses to deliver successful projects is called DRIVE Its carefully controlled phases are designed to ensure that all the essential steps are carried out to the required standard Deployment of TrafficScience involves sourcing appropriate data, implementing the platform, and delivering the resultant traffic information to applications Since ITIS' focus is on providing the platform, rather than developing applications, this methodology is also designed to ensure that partners developing applications are in position to begin their development at an early stage, using reliable simulation data

Research and development

The Group continues to invest in research and development as the directors regard such investment as necessary for continuing success in the medium to long-term future The Group continues an active programme of research and development, the costs of which in the year amounted to £813,977 (2010 £933,273) The costs incurred reflect the Group's investment in research into traffic information and associated services

Results and dividends

The Group profit for the financial year after taxation amounted to £1,681,286 (2010 £673,862) The Group profit before taxation for the financial year amounted to £1,825,456 (2010 £300,715) No dividend was paid during the year (2010 Nil)

Principal risks and uncertainties

Competitive activity in the UK and elsewhere in the world is a continuing risk for the Group, which could result in it losing sales to its key competitors The Group manages this risk through the provision of high quality data, added value services to its customers, maintaining strong relationships with customers and by continuing technological advances in its research and development

The Group is heavily dependent upon new car sales in the premium brand segment in the UK for its RDS-TMC income Even though new car sales fell overall in the year, the sales of new cars for the Group's main customers rose and this – along with increasing penetration – gave rise to an increase in RDS-TMC income in the year There is always a risk that the previously encountered downward trend could reoccur The Group will continue to monitor its costs in relation to sales performance in the coming year

In providing services or data, the Group relies upon third party data suppliers and certain third party contractors There is always a risk that the Group could be let down by one or more of these suppliers The Group minimises this risk by good project management and clear line of sight of the end deliverables

Principal risks and uncertainties (continued)

Certain of the Group's transactions are undertaken in foreign currencies and it is therefore exposed to movements in the various exchange rates In trading overseas, the Group has adopted a lower risk strategy by forming partnerships and licensing its technology to interested parties The Group also negates some of the exposure to exchange rate fluctuations by running foreign currency bank accounts in which it receives income and makes payments

The Group has developed a strong patent portfolio, which enables it to control and protect its technology and gives it the design freedom required to maintain technical superiority in the field The strategic management of ITIS' intellectual property, particularly its patent assets, means ensuring that its patent rights are aligned with the commercial advantages of its traffic probe technologies, extending territorial patent coverage to support the Group's international business objectives and maintaining a leading position having regard to competitors The Group ensures that its strategic decisions take account of the evolution of the patent landscape

Environment

The nature of the Group's business means that its activities have very little impact on the environment The Group recognises though the importance of its environmental responsibilities, monitors its impact on the environment and designs and implements policies to reduce any damage that might be caused by the Group's activities Initiatives designed to minimise the Group's impact on the environment include safe disposal of waste and assets no longer in use, recycling and reducing energy consumption

Directors

The directors who served during the year, together with their interests in the ordinary 2 pence shares of the company at 31 March 2011 or the date of resignation and at 1 April 2010 were as follows

		Beneficial holdings		Share options	
		Ordinary shares of 2p each 2011	Ordinary shares of 2p each 2010	Ordinary shares of 2p each 2011	Ordinary shares of 2p each 2010
	Sir T Chinn CVO (Chairman)	1,982,240	1,982,240	-	-
	S A Marks (Chief Executive)	31,165,751	31,165,751	1,500,000	1,500,000
	J Burr	166,665	166,665	2,550,000	2,550,000
	A D Forrest	426,126	426,126	925,000	925,000
	G Gates (resigned 29 October 2010)	-	-	750,000	750,000
*	J Hewett [1]	1,000,000	1,000,000	-	-
*+	S Norris	1,050,000	1,050,000	-	-

* Non-executive director

+ Senior independent director

[1] John Hewett is the board representative of Smedvig Capital AS, the holder of 17,570,212 ordinary shares of 2p
There have been no changes in directors' interests between the year end and 28 July 2011

Stuart Marks and John Hewett retire by rotation at the next Annual General Meeting and, being eligible, offer themselves for re-election Brief biographical details of these directors are set out on page 2

Further information on the structure of the Board and its committees is given in the Corporate Governance statement, which forms part of this report

Information given to auditor

Each of the persons who is a director at the date of approval of this report confirms that

(1) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and

(2) the 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 company's auditor is aware of that information

This information is given and should be interpreted in accordance with the provision of section 418 of the Companies Act 2006

Directors' responsibilities
The directors are responsible for preparing the annual report, directors' remuneration report 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 group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) 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 of the profit or loss of the company for that period

In preparing the parent company financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

In preparing the group financial statements, International Accounting Standard 1 requires that directors

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- make an assessment of the company's ability to continue as a going concern

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Supplier payment policy

It is company and Group policy to agree and clearly communicate the terms of payment as part of the commercial arrangement negotiated with suppliers and then to pay according to those terms based on the timely receipt of an accurate invoice The proportion of trade creditors at 31 March 2011 to amounts supplied during the year to the Group gives an average payment term of 21 days (2010 34 days)

Donations

Charitable donations during the year amounted to £700 (2010 £2,000) There were no political donations in either year

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees

Employee consultation

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group This is achieved through formal and informal meetings Employees' representatives are consulted regularly on a wide range of matters affecting their current and future interests

Substantial shareholdings

On 28 July 2011, the company had been notified of the following interests in the ordinary share capital of the company

	Number of Ordinary 2p shares	% of issued share capital
Mr S A Marks	31,165,751	30 92
Smedvig Capital AS	17,570,212	17 09
ITIS Holdings plc EBT	5,425,581	5 28

Auditor

A resolution to re-appoint Deloitte LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting

By order of the Board

A D Forrest
Company Secretary
Station House
Stamford New Road
Altrincham
Cheshire WA14 1EP

28 July 2011

CORPORATE GOVERNANCE

FOR THE YEAR ENDED 31 MARCH 2011

The company is committed to the principles of corporate governance contained in the 2008 FRC Combined Code ('the FRC Code'), which is appended to the Listing Rules of the Financial Services Authority and for which the Board is accountable to shareholders Although not required to, the directors have elected to provide corporate governance disclosures

Statement of compliance with the Code of Best Practice

Throughout the year ended 31 March 2011, the company has been in compliance with the Code provisions set out in Section 1 of the FRC Code, with the following exceptions

Board composition

The Board has one independent non-executive director, Steven Norris John Hewett is not considered to be independent by virtue of the fact that he is the board representative of Smedvig Capital AS, which has a significant shareholding in the company

Consequently, throughout the year the company has been unable to comply with the following paragraphs of the FRC code in relation to composition of the Board and its committees

- A 3 2 – A smaller company should have at least two independent non-executive directors
- A 4 1 – A majority of members of the nomination committee should be independent non-executive directors
- B 2 1 – The Board should establish a remuneration committee of at least, in the case of smaller companies, two members, all of whom should be independent non-executive directors
- C 3 1 – The Board should establish an audit committee of at least, in the case of smaller companies, two members, who should all be independent non-executive directors

In addition, the fact that the Chairman sits on the remuneration and audit committees is at variance with provisions B 2 1 and C 3 1 above

The Board does not believe it necessary to appoint further independent non-executive directors at this time and believes that the current Board composition is appropriate for the size and nature of the Group

Performance evaluation

During the year, the performance evaluation of the executive directors by the remuneration committee has taken place However, performance appraisal of the Board, its committees, the chairman and the non-executive directors has been on an informal basis only This is at variance with Principle A 6 of the FRC Code, which states that the Board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors The Board believes informal evaluation, carried out by the Board itself, is adequate and appropriate for the current size of the Group

Statement about applying the Principles of Good Governance
The company has applied the Principles set out in Section 1 of the FRC Code by complying with the Code provisions as reported above Further explanations of how the principles have been applied are set out below and, in connection with directors' remuneration, in the remuneration report

Board operation
The Board of directors is set out on page 2 The Group has achieved a balanced Board by the inclusion of two non-executive directors, under the leadership of Sir Trevor Chinn, who serves as chairman of the Board, chairman of the audit and nomination committees and also serves on the remuneration committee

Certain defined issues are reserved for the Board to decide, including

- strategy and management, including approval of the Group's objectives and commercial strategy, oversight of the Group's operations and review of Group performance,
- Group structure and capital,
- financial reporting and controls, including approval of financial statements,
- ensuring maintenance of a sound system of internal control and risk management, and
- directors' appointments, service agreements and remuneration

Timeliness and quality of Board information
The Board has sought to ensure that directors are properly briefed on issues arising at Board meetings by establishing procedures for distributing Board papers in advance of meetings, considering the adequacy of the information before making decisions, and adjourning meetings or deferring decisions when directors have concerns about the information available to them

There were six meetings of the Board during the year and 100% attendance was recorded for all directors other than Steven Norris who missed one meeting 100% attendance was recorded for all meetings of the audit and remuneration committees, which numbered four and one respectively

The Board considers that it has shown its commitment to leading and controlling the company by communicating the Group's development to its employees through its management structure throughout the year

Appointments to the Board
The Board follows formal and transparent procedures when appointing directors There were no Board appointments during the year and hence the nominations committee did not meet during the year

The terms and conditions of appointment of non-executive directors are available for inspection at the company's registered office during normal business hours and at the Annual General Meeting

Statement about applying the Principles of Good Governance (continued)

Board performance evaluation

An assessment of the performance of the executive directors was carried out during the year by the remuneration committee Informal assessment of all remaining directors, the Board and its committees was also carried out

Regular re-election of directors

All directors are subject to re-election by rotation every three years, as required by Provision A 7 1 of the FRC Code As disclosed in the Directors' report, Stuart Marks and John Hewett are offering themselves for re-election Brief biographical details of these directors are set out on page 2

Following the performance evaluations carried out in respect of John Hewett, the Board proposes his re-election as a director The Board asserts that John Hewett's performance continues to be effective and to demonstrate commitment to his role

Dialogue with institutional investors

The directors seek to build on a mutual understanding of objectives between the Group and its institutional shareholders by attending a number of meetings throughout the year with institutional shareholders

Constructive use of Annual General Meeting

The Board has sought to use the Annual General Meeting to communicate with private investors, with the directors and committee chairs making themselves available for questions

Investors are also able to visit the company's websites at www itisholdings com and www itisholdings plc uk

Maintenance of a sound system of internal control

In applying Principle C 2 of the Combined Code that the Board should maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets, the directors recognise that they have overall responsibility for ensuring that the Group maintains a system of internal control to provide them with reasonable assurance regarding effective and efficient operations, internal control and compliance with laws and regulations There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group, which has been in place throughout the year ended 31 March 2011 and up to the date of signing of these financial statements This process is reviewed regularly by the Board and accords with the Turnbull guidance However, there are inherent limitations in any system of internal control and accordingly even the most effective system can provide only reasonable, and not absolute, assurance against material misstatement or loss

In recognition of the importance of the maintenance of a sound system of internal control, the Group has an internal audit department, which investigates different areas of the Group's activities and reports back its findings to the Audit Committee

Responsibility for designing and operating the system is delegated to the executive directors The Audit Committee has reviewed the effectiveness of the Group's internal control environment, the Group's financial statements and the scope of the work undertaken by the internal and external auditors against material misstatement or loss

Maintenance of a sound system of internal control (continued)
The Group recognises that employees who raise concerns are an asset and employees are provided with a procedure by which concerns may be raised without reprisals in any form

In compliance with provision C 2 1 of the Combined Code, the Board continuously reviews the effectiveness of the system of internal controls Key elements include

- clearly defined organisational structure with lines of responsibility and delegation of authority to executive management, who are accountable for the conduct and performance of the business within the agreed business strategy,

- detailed Group-wide budgeting with the annual budget approved by the Board There is monthly reporting of results to the Board, including a comparison of actual results to budget at each operational level and revised forecasts to executive management,

- control of key financial risks through clear authorisation levels and proper segregation of accounting duties Significant capital projects and acquisitions and disposals require Board approval,

- controls and procedures over the security of data held on computer systems,

- budgetary reviews that include the identification and assessment of business and financial risks Executive management is responsible for the identification and evaluation of key risks applicable to their areas of business The audit committee reviews the risk assessment from senior management together with the reports from the internal and external auditors, and

- the audit committee is responsible for monitoring the controls in place and determines any corrective action that it considers is appropriate in respect of internal control issues raised by the internal and external auditors The external auditors have an opportunity to meet the audit committee without any executive directors being present

Audit committee
Sir Trevor Chinn, John Hewett and Steven Norris served on the audit committee throughout the year, with Sir Trevor Chinn as chairman These directors also form the nominations committee Details on the qualifications and experience of these directors are given on page 2

In reporting financial results to shareholders, the committee depends on the skill, objectivity and independence of the external auditors In the year ended 31 March 2011, the committee obtained confirmation of the auditor's independence

Maintenance of a sound system of internal control (continued)

Audit committee (continued)

The committee's areas of activity during the year included

- assessment of independence of the auditor,
- approval of the auditor's re-appointment and fees,
- approval of scope of internal audits,
- review of the findings of external audits,
- approval of management representations to the external auditors,
- review of financial statements and results announcements,
- review of arrangements for reporting and investigation of employee concerns,
- review of internal audit findings and monitoring of effectiveness of internal audit,
- review of effectiveness of the Board's internal controls and risk management process,
- assessment of internal and external audit effectiveness, and
- recommendation of new terms of reference for audit committee and the internal audit function as required

Going concern

After making enquiries, the directors have formed a judgment, at the time of approving the financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future For this reason the directors continue to adopt the going concern basis in preparing the financial statements

Given the current economic circumstances and the guidance issued by the Financial Reporting Council, additional disclosures are presented in note 1 to the financial statements concerning the basis on which the directors have continued to adopt the going concern basis in preparing these financial statements

By order of the Board

Sir Trevor Chinn CVO
Chairman
28 July 2011

DIRECTORS' REMUNERATION REPORT

FOR THE YEAR ENDED 31 MARCH 2011

Introduction

The Group's equity instruments are no longer publicly traded but this report has been prepared voluntarily in accordance with Schedule 8 to the Accounting Regulations under the Companies Act 2006 This report also meets the relevant requirements of the Listing Rules of the Financial Services Authority and describes how the Board has applied the principles in relation to directors' remuneration in the Combined Code

Unaudited information

Remuneration committee

The committee consists of Steven Norris and Sir Trevor Chinn, under the chairmanship of John Hewett Its purpose is to determine the remuneration, benefits and the terms and conditions of employment of the executive directors No director plays a part in any discussion about his own remuneration

Remuneration policy

Executive remuneration packages are prudently designed to attract, motivate and retain directors of the high calibre needed to maintain the company's position as a market leader and to reward them for enhancing value to shareholders The performance measurement of the executive directors and the determination of their annual remuneration package is undertaken by the committee Within the limits set out by the Articles of Association, the Board determines the remuneration of the non-executive directors Details of the directors' remuneration are given in the 'Audited Information' section, beginning on page 18

There are four main elements of the remuneration package for executive directors and senior management

- basic annual salary and benefits,
- annual bonus payments,
- share option incentives, and
- pension arrangements

Basic salary

Salaries for the executive directors are reviewed annually, with the most recent review taking place in June 2011 at which a rise of 4 25% was given In deciding appropriate levels, the committee considers the Group as a whole and salary levels of comparator companies Executive directors' contracts of service, which include details of remuneration, will be available for inspection at the Annual General Meeting

Annual bonus payments

The remuneration committee establishes the objectives that must be met for each financial year if a cash bonus is to be paid In setting appropriate bonus parameters the committee refers to comparator companies The committee believes that any incentive compensation awarded should be tied to the interests of the company's shareholders Incentive payments made for the year ended 31 March 2011 are given on page 18 and are calculated as follows

The directors are eligible to receive a bonus of up to 40% of their salary 50% of the bonus scheme for the year ended 31 March 2011 was based on a three-tier scale, with 6 66% of salary being payable if targets are met within 5% A further 6 66% is payable for meeting targets and a further 6 66% is payable on exceeding these targets by more than 5% The other 50% was a discretionary amount of up to 20% of salary based upon overall personal performance

Share options

Grants of share options are at the discretion of the Board All grants are intended to promote a longer-term involvement in the well-being of the company and capital growth benefits for option holders Options are not routinely granted on an annual basis but made on an individual basis to reflect performance, increased responsibilities and promotions

The company operates three share option plans the approved plan, the unapproved plan and the EMI plan

Approved plan

All executive scheme options are granted at a price not less than the five-day average market price prevailing at the date of grant The options are exercisable at the earlier of the third anniversary of the date of grant or such other date as may be determined as at the date of grant by the grantor

Unapproved plan

Options granted prior to admission to the Alternative Investment Market (AIM) were granted at an option price determined by the Board which was equivalent to market value Options granted post admission but prior to delisting from AIM were granted at a price equal to the five day average market price prevailing at the date of grant Options granted after the Group's delisting from AIM are granted at the prevailing market value determined by the Board taking into account the average market price of the previous trades of the Company's shares through the Company's matched bargain arrangement

EMI plan

Options granted under this scheme are granted at prices set by the Board and may be less than the market value prevailing at the date of grant but may not be less than the nominal value of an ordinary share The Board in each individual case will determine the circumstances in which an employee can exercise their EMI option

Both the Approved and Unapproved Plan, as well as options granted under the EMI Plan, contain provisions permitting the exercise of options in the event of a change of control such as the Offer Changes will be made to the Unapproved Plan and to options granted under the EMI Plan to give optionholders the opportunity to exercise their options in advance of, but conditional upon, the Offer becoming or being declared unconditional in all respects

Directors' pension arrangements

Executive directors are eligible to be members of the company's money purchase (defined contribution) Group personal pension scheme The company makes pension contributions of 15% of basic salary for executive directors Their dependants are eligible for dependants' pensions at the level of 25% of the member's earnings Life assurance is provided for each executive director at a maximum of four times basic salary

Service agreements

All non-executive directors have specific terms of engagement and their remuneration is determined by the Board within the limits set out in the Articles of Association and based upon independent surveys of fees paid to non-executive directors of similar companies Non-executive directors cannot participate in any of the company's share option schemes and are not eligible to join the company's pension scheme

In the case of early termination of employment, the committee will adopt the objectives outlined in the Combined Code Payment in respect of Steven Norris' services is made to a company owned by him Payment in respect of John Hewett's services is made to Smedvig Capital Limited

It is the company's policy that executive directors should have contracts with an indefinite term providing for a maximum of six months' notice The details of the directors' contracts are summarised below

	Date of contract	Notice period
S A Marks	4 October 2000	6 months
J Burr	4 October 2000	6 months
A D Forrest	20 November 2002	6 months

Audited Information

Aggregate remuneration

The total amounts for directors' remuneration and other benefits were as follows

	2011	2010
	£	£
Emoluments	1,005,662	1,040,364
Money purchase pension contributions	77,814	84,049
	1,083,476	1,124,413

DIRECTORS' REMUNERATION REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2011

Directors' emoluments

	Fees / basic salary	Annual bonuses	Benefits in kind	Compensation for loss of office	**Total 2011**	Total 2010	Money purchase pension contributions 2011	2010
Executive	£	£	£	£	**£**	£	£	£
S A Marks	192,938	77,175	50,804	-	**320,917**	335,683	**28,941**	28,941
J Burr	165,375	66,150	15,994	-	**247,519**	263,710	**24,806**	24,806
A D Forrest	102,257	40,903	19,472	-	**162,632**	166,789	**15,339**	15,339
G Gates	58,188	-	10,042	97,347	**165,577**	161,682	**8,728**	14,963
(resigned 29 October 2010)								
Non-executive								
Sir T Chinn	62,500	-	-	-	**62,500**	62,500	-	-
S Norris	25,000	-	-	-	**25,000**	25,000	-	-
J Hewett	25,000	-	-	-	**25,000**	25,000	-	-
	631,258	184,228	963,12	97,347	**1,009,145**	1,040,364	**77,814**	84,049

Directors' share options

Aggregate emoluments disclosed above do not include any amounts for the value of options to acquire ordinary shares in the company granted to or held by the directors There were no options exercised during the year ended 31 March 2011

Details of options for directors who served during the year are as follows

Director	At beginning of the year Number	Lapsed Number	At end of the year Number	Exercise price	Earliest date of exercise	Expiry date
S A Marks	1,500,000	-	1,500,000	7 5p	2 Dec 03/04/05[1]	1 Dec 12
J Burr	1,000,000	-	1,000,000	7 5p	2 Dec 03/04/05[1]	1 Dec 12*
	29,220	-	29,220	76 9p	18 Jun 08/09/10[4]	17 Jun 17*
	38,961	-	38,961	76 9p	18 Jun 08/09/10[4]	17 Jun 17**
	431,819	-	431,819	76 9p	18 Jun 08/09/10[4]	17 Jun 17
	500,000	-	500,000	41 25p	14 Jan 09/10/11[5]	13 Jan 18
	275,000	-	275,000	10p	12 Oct 10/11/12[6]	11 Oct 19
	275,000	-	275,000	10p	25 Mar 11/12/13[7]	24 Mar 20
A D Forrest	100,000	-	100,000	24 7p	22 June 05/06/07[2]	21 June 14*
	109,818	-	109,818	41 25p	14 Jan 09/10/11[5]	13 Jan 18*
	72,727	-	72,727	41 25p	14 Jan 09/10/11[5]	13 Jan 18**
	317,455	-	317,455	41 25p	14 Jan 09/10/11[5]	13 Jan 18
	162,500	-	162,500	10p	12 Oct 10/11/12[6]	11 Oct 19
	162,500	-	162,500	10p	25 Mar 11/12/13[7]	24 Mar 20
G A Gates	100,000	(100,000)	-	7 5p	2 Dec 03/04/05[1]	1 Dec 12*
	129,011	(129,011)	-	64 5p	7 Nov 07/08/09[3]	6 Nov 16*
	44,776	(44,776)	-	64 5p	7 Nov 07/08/09[3]	6 Nov 16**
	151,213	(151,213)	-	64 5p	7 Nov 07/08/09[3]	6 Nov 16
	162,500	(162,500)	-	10p	12 Oct 10/11/12[6]	11 Oct 19
	162,500	(162,500)	-	10p	25 Mar 11/12/13[7]	24 Mar 20

*Denotes share options issued under the company's EMI scheme

**Denotes share options issued under the company's Approved scheme

Unless otherwise indicated, the options have been issued under the company's unapproved share option scheme

[1] The number of options granted is divided into three equal tranches, for which the earliest dates of exercise are 2 December 2003, 2004 and 2005 respectively Under the terms of the option deed, these options may all be exercised in certain circumstances on termination of employment

[2] The number of options granted is divided into three equal tranches, for which the earliest dates of exercise are 22 June 2005, 2006 and 2007 respectively Under the terms of the option deed, these options may all be exercised in certain circumstances on termination of employment

Directors' share options (continued)

[3]The number of options granted is divided into three equal tranches, for which the earliest dates of exercise are 7 November 2007, 2008 and 2009 respectively Under the terms of the option deed, these options may all be exercised in certain circumstances on termination of employment

[4]The number of options granted is divided into three equal tranches, for which the earliest dates of exercise are 18 June 2008, 2009 and 2010 respectively Under the terms of the option deed, these options may all be exercised in certain circumstances on termination of employment

[5]The number of options granted is divided into three equal tranches, for which the earliest dates of exercise are 14 January 2009, 2010 and 2011 respectively Under the terms of the option deed, these options may all be exercised in certain circumstances on termination of employment

[6]The number of options granted is divided into three equal tranches, for which the earliest dates of exercise are 12 October 2010, 2011 and 2012 respectively Under the terms of the option deed, these options may all be exercised in certain circumstances on termination of employment

[7]The number of options granted is divided into three equal tranches, for which the earliest dates of exercise are 25 March 2011, 2012 and 2013 respectively Under the terms of the option deed, these options may all be exercised in certain circumstances on termination of employment

None of the share options issued have performance conditions attached to them Other than these share option schemes, the company has no long-term incentive plans

By order of the Board,

Mr J Hewett
Chairman - Remuneration Committee

28 July 2011

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ITIS HOLDINGS PLC

We have audited the financial statements of ITIS Holdings plc for the year ended 31 March 2011 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated balances sheet, the consolidated cash flow statement and the related notes 1 to 27and the parent company balance sheet and the related notes 1 to 7 The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, 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 group's and the parent 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 annual report 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 2011 and of the group's profit for the year then ended,
- the group 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 United Kingdom Generally Accepted Accounting Practice, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

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

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

Other matters

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the provisions of the Companies Act 2006 that would have applied were the company a quoted company

William Smith ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester, United Kingdom
28 July 2011

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2011 £	2010 £
Revenue	2, 3	16,564,266	15,637,658
Cost of sales		(6,330,127)	(6,404,834)
Gross profit		10,234,139	9,232,824
Operating costs		(8,403,634)	(8,931,659)
Share of results of joint venture		(6,372)	(2,600)
Operating profit before exceptional items		2,045,700	822,308
Amortisation of acquired intangible assets		(221,567)	(243,942)
Settlement	7,26	-	(279,801)
Operating profit		1,824,133	298,565
Investment income	5	1,761	3,770
Finance costs	6	(438)	(1,620)
Profit before tax	7	1,825,456	300,715
Tax on profit on ordinary activities	8	(144,170)	373,147
Profit for the financial year		1,681,286	673,862
Basic and diluted earnings per share	9	1 7	0 7

All activity arose from continuing operations

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2011

	2011 £	2010 £
Profit for the financial year	1,681,286	673,862
Other comprehensive income - currency translation difference	14,250	9,777
Total comprehensive income for the financial year	1,695,536	683,639
Attributable to		
Equity holders of the parent	1,695,536	683,639

All activity arose from continuing operations

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Group	Share capital £	Other reserve £	Retained earnings £	Total £
At 1 April 2009	5,230,270	583,600	9,572,604	15,386,474
Currency translation differences	-	-	9,777	9,777
IFRS 2 share option charge	-	84,157	-	84,157
Reserves transfer for lapsed options	-	(39,808)	39,808	-
Profit for the year	-	-	673,862	673,862
At 31 March 2010	5,230,270	627,949	10,296,051	16,154,270
Currency translation differences	-	-	14,250	14,250
IFRS 2 share option charge	-	36,274	-	36,274
Reserves transfer for lapsed options	-	(90,094)	90,094	-
Profit for the year	-	-	1,681,286	1,681,286
At 31 March 2011	5,230,270	574,129	12,081,681	17,886,080

CONSOLIDATED BALANCE SHEET

31 MARCH 2011

	Notes	2011	2010
		£	£
Non-current assets			
Goodwill	11	9,315,548	9,315,548
Other intangible assets	12	2,201,248	1,400,312
Property, plant and equipment	13	1,154,120	1,177,327
Interest in joint venture	14	-	6,372
Other receivables	15	27,720	38,840
Deferred tax asset	8	468,159	444,992
		13,166,795	12,383,391
Current assets			
Trade and other receivables	15	4,438,321	4,697,748
Cash and cash equivalents		4,575,319	2,574,142
		9,013,640	7,271,890
Total assets		22,180,435	19,655,281
Current liabilities			
Trade and other payables	16	(4,274,225)	(3,392,990)
Provisions	17	(20,000)	(35,867)
		(4,294,225)	(3,428,857)
Net current assets		4,719,415	3,843,033
Non-current liabilities			
Other payables	18	(130)	(72,154)
Total liabilities		(4,294,355)	(3,501,011)
Net assets		17,866,080	16,154,270
Equity			
Called-up share capital	20	5,230,270	5,230,270
Retained earnings	21	12,081,681	10,296,051
Other reserve	21	574,129	627,949
Shareholders' funds		17,866,080	16,154,270

The financial statements of ITIS Holdings plc, registered number 3461748, were approved by the board of directors and authorised for issue on 28 July 2011

Stuart A Marks

S A Marks
Director

A D Forrest
Director

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2011 £	2010 £
Net cash from operating activities	23	3,412,679	830,938
Investing activities			
Interest received		1,761	3,770
Proceeds on disposal of property, plant and equipment		58,000	102,000
Purchases of property, plant and equipment		(463,010)	(380,560)
Purchases of patents and other intangibles		(1,022,503)	-
Net cash used in investing activities		(1,425,752)	(274,790)
Net increase in cash and cash equivalents		1,986,927	556,148
Cash and cash equivalents at beginning of year		2,574,142	2,008,217
Effect of foreign exchange rate changes		14,250	9,777
Cash and cash equivalents at end of year		4,575,319	2,574,142

1 General information and principal accounting policies

The Group prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union Accordingly these financial statements have been prepared under the accounting policies set out below

General information

ITIS Holdings plc is a company incorporated in the United Kingdom under the Companies Acts 1948 to 1980 The address of the registered office is given on page 10 The nature of the Group's operations and its principal activities are set out on page 3 of the directors' report

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the group operates Foreign operations are included in accordance with the policies set out in the foreign currency accounting policy (see section o)

At the date of the authorisation of these financial statements, the following standards and interpretations that are expected to impact on the Group but which have not been applied in these financial statements were in issue but not yet effective

- Improvements to IFRSs 2010 (May 2010)
- Amendment to IFRS 1 (Jan 2010)
- IAS 24 (revised Nov 2009) – Related Party Disclosures
- Improvements to IFRSs 2010 (May 2010)

The following standards are in issue but not yet effective and are not expected to impact the group

- Amendments to IFRIC 14 (Nov 2009) – Prepayments of a Minimum Funding Requirement
- IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments

The following standards have been adopted in the year with no effect on the financial statements

- Amendment to IAS 32 (Oct 2009) – Classification of Rights Issues
- Amendments to IFRS 2 (Jun 2009) – Group Cash-settled Share-based Payment Transactions
- Improvements to IFRSs 2009 (Apr 2009) – Improvements to IFRSs 2009
- IFRS 1 (revised Nov 2008) (See note 6 below) – First-time Adoption of International Financial Reporting Standards

1 General information and principal accounting policies (continued)

The principal accounting policies are summarised below The Group's accounting policies have been applied consistently throughout the current and prior year

a) Basis of accounting

The financial statements have been prepared in accordance with IFRS as adopted by the EU The financial statements have been prepared on the historical cost basis

b) Going concern

In carrying out their duties in respect of going concern, the Directors have carried out a review of the group's financial position and cash flow forecasts for a period of 12 months from the date of signing these financial statements These have been based on a comprehensive review of revenue, expenditure and cash flows, taking into account specific business risks and the uncertainties brought about by the current economic environment

The forecasts have been prepared on a basis consistent with previous years taking into account the current economic environment, particularly in relation to new car sales and penetration of navigation units therein The Group is heavily dependent upon new car sales in the UK for its RDS-TMC income, especially in the premium brand segment Even though new car sales fell overall in the year, the sales of new cars for the Group's main customers rose and this along with increasing penetration gave rise to an increase in RDS-TMC income in the year There is always a risk that the previously encountered downward trend could reoccur The Group will continue to monitor its costs in relation to sales performance in the coming year

The Directors review cash flow on a weekly basis The Group had £4,575,319 in cash and cash equivalents at 31 March 2011 (2010 £2,574,142)

Further to the above, and as set out in note 27, an offer has been received to purchase the entire issued share capital of the company (the "Offer") Should the Offer be accepted by shareholders, the company will become a wholly-owned subsidiary of the prospective purchaser The directors have prepared the financial statements on a going concern basis having considered the board-approved forecasts for the group, covering a period of not less than 12 months from the date of approval, which indicate that the group will have sufficient resources to meet its liabilities as they fall due These forecasts do not take into account, and are not dependent upon, the proceeds or effects of the Offer The intentions of future directors, should the Offer complete, may differ from those of the current directors and therefore the Offer creates an uncertainty as to the actual performance of the group compared to the approved forecasts However, having had regard to the intentions of the directors of the potential purchaser as set out in the Offer document it is the expectation of the directors of ITIS Holdings plc at the date of approval of the financial statements that the going concern basis remains appropriate

1 General information and principal accounting policies (continued)

c) Basis of consolidation

The Group financial statements consolidate the financial statements of ITIS Holdings plc and its subsidiary undertakings made up to 31 March each year The results of subsidiaries are consolidated from the date on which control passed Acquisitions are accounted for under the acquisition method

d) Revenue recognition

Group revenue comprises the value of sales (excluding VAT and trade discounts) of goods and services in the normal course of business Where revenue is earned under contractual arrangements, this is recognised in line with contractual performance Where the right to receive consideration is dependent upon the fulfilment of milestones or other customer-acceptance events, revenue is recognised only when the related conditions have been satisfied

e) Research and development costs

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred

An internally-generated intangible asset arising from the group's development activity is recognised only if all of the following conditions are met

- an asset is created that can be identified (such as software and new processes),
- it is probable that the asset will generate future economic benefits, and
- the development cost of the asset can be measured directly

Internally-generated intangible assets are amortised on a straight-line basis over their useful lives Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred

f) Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses Goodwill which is recognised as an asset is reviewed for impairment at least annually Any impairment is recognised immediately in profit or loss and is not subsequently reversed

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit An impairment loss recognised for goodwill is not reversed in a subsequent period

1 General information and principal accounting policies (continued)

g) Intangible assets

Intangible assets are stated at discounted cost, net of amortisation and any provision for impairment Intangible assets are amortised over their estimated useful lives, using the straight line method, on the following bases

Customer relationships	10% to 20%
Intellectual property	20%
Licences	33%
Other intangible assets	8% to 33%

h) Property, plant and equipment

Fixtures and equipment are stated at cost, net of depreciation and any recognised impairment loss Depreciation is charged so as to write off the cost of assets – with the exception of land, which is not depreciated – over their estimated useful lives, using the straight line method, on the following bases

Buildings	4%
Fixtures	20% to 33%
Motor vehicles	33%
Computer and office equipment	25% to 33%

i) Investments in joint ventures

A joint venture is an entity over which the group exercises joint control under a contractual arrangement

The results and assets and liabilities of joint ventures are incorporated in these financial statements using the equity method of accounting Investments in joint ventures are carried in the balance sheet at cost as adjusted by post-acquisition changes in the group's share of the net assets of the joint venture, less any impairment in the value of individual investments Losses of a joint venture in excess of the group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture

i) Investments in joint ventures (continued)

Any excess of the cost of acquisition over the group's share of the fair values of the identifiable net assets of the joint venture at the date of acquisition is recognised as goodwill The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment Any deficiency of the cost of acquisition below the group's share of the fair values of the identifiable net assets of the joint venture at the date of acquisition (i e discount on acquisition) is credited in profit or loss in the period of acquisition

Where a group company transacts with a joint venture of the group, profits and losses are eliminated to the extent of the group's interest in the relevant joint venture Losses may provide evidence of an impairment of the asset transferred in which case appropriate provision is made for impairment

1 General information and principal accounting policies (continued)

j) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee All other leases are classified as operating leases

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability Rentals payable under operating leases are charged to income on a straight line basis over the term of the relevant lease

k) Taxation

UK corporation tax and foreign tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date Deferred tax is measured on a non-discounted basis

l) Income statement

Operating profit is stated after charging normal operating expenses, exceptional items, goodwill impairment and amortisation of acquired intangible assets but before investment income and finance costs

Exceptional items are those items that are unusual because of their size, nature or incidence or that the directors consider should be disclosed separately to enable a full understanding of the group's results This includes the amortisation of intangible assets acquired in business combinations and non-recurring contract costs Exceptional items have been presented separately on the face of the income statement

m) Retirement benefits

The Group operates a defined contribution pension scheme and the pension costs charged against profits represent the amount of contributions payable to the scheme in the year Differences between contributions payable and contributions actually paid are shown as either accruals or prepayments in the balance sheet

1 General information and principal accounting policies (continued)

n) Long-term contracts

Where the outcome of a contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date This is normally measured by the proportion represented by contract costs incurred for work performed to date of total estimated contract costs Variations in contract work are included to the extent that they have been agreed with the customer

Where the outcome of a contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable that they will be recoverable Contract costs are recognised as expenses in the period in which they are incurred When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately as an expense in the income statement

o) Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets as at the rates ruling at the balance sheet date Exchange differences arising on translation of the opening net assets and results of overseas operations are reported in the statement of total recognised gains and losses All other exchange differences are included in the income statement

p) Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the group becomes a party to the contractual provisions of the instrument Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables Loans and receivables are measured at amortised cost using the effective interest method, less any impairment Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial

q) Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the asset have been reduced

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 42 days, as well as observable changes in economic conditions that correlate with default on receivables

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account When a trade receivable is considered uncollectable, it is written off against the allowance account Subsequent recoveries

1 General information and principal accounting policies (continued)

q) Impairment of financial assets (continued)

of amounts previously written off are credited against the allowance account Changes in the carrying amount of the allowance account are recognised in the income statement

r) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value

s) Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received

t) Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into

t) (i) Financial liabilities

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period

t) Financial liabilities and equity (continued)

t) (ii) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs

u) Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire

v) Share-based payment

The group has applied the requirements of IFRS 2, Share-based payment In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested as at 1 April 2006

1 General information and principal accounting policies (continued)

v) Share-based payment (continued)

The Group issues equity-settled share-based payments to certain employees Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions

Fair value is measured by use of the Black-Scholes pricing model The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations

w) Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of economic resources will be required to settle the obligation, and the amount can be estimated reliably

x) Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described above, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below)

x) (i) Revenue and profit recognition

Amounts of revenue and profit recognised under contracts for the provision of traffic information services are based on management's assessment of the stage of completion or delivery of the relevant services

y) Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below

y) (i) Impairment of goodwill and intangible assets

Determining whether goodwill and intangible assets are impaired requires an estimation of the value in use of the cash-generating units to which goodwill and intangible assets has been allocated The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value

y) (ii) Useful economic lives of intangible assets

The directors have estimated the useful economic lives of the following types of intangible assets If those estimates proved to be inappropriate, the Group's results would be affected by higher or lower amortisation charges

1 General ınformatıon and prıncıpal accountıng polıcıes (contınued)

y) (ıı) Useful economıc lıves of ıntangıble assets (contınued)

Brand name

The brand has been valued on a relıef from royalty approach There ıs consıdered to be strength ın the brand arısıng from Trafficlınk's leadershıp ın the UK market and ıts establıshed name, and therefore a useful economıc lıfe of 10 years has been used

Proprıetary software

A cost approach was taken to value the proprıetary software acquıred and, ın lıne wıth Group polıcıes on proprıetary software, thıs wıll be amortısed over three years

Customer relatıonshıps

These were valued usıng a multı-perıod excess earnıngs methodology Dependıng upon length of current contracts and strength of relatıonshıp wıth the customer, these are consıdered to have useful economıc lıves of between five and ten years wıth an attrıtıon factor applıed to years outsıde of the current contracted terms to recognıse the rısk of non-renewal

2 Revenue

An analysıs of the Group's revenue ıs as follows

	2011 £	2010 £
Revenue from contracts	16,564,266	15,637,658
Investment ıncome	1,761	3,770
	16,566,027	15,641,428

3 Segmental analysis

The directors are of the opinion that the Group operates in a single segment, that of the provision of road traffic and data services Hence all turnover, profits and net assets relate to this class of business An analysis of revenue and results by geographical region is presented below

2011	United Kingdom £	Mainland Europe £	USA £	Israel £	Rest of world £	Eliminations £	Consolidated £
Revenue							
External sales	14,938,787	761,727	342,729	42,650	478,373	-	16,564,266
Inter-segment sales	2,657,143	146,259	-	88,702	-	(2,892,104)	-
Total revenue	17,595,930	907,986	342,729	131,352	478,373	(2,892,104)	16,564,266

Inter-segment sales are charged at prevailing market prices

	United Kingdom £	Mainland Europe £	USA £	Israel £	Rest of world £	Eliminations £	Consolidated £
Operating result							
Segment result	1,479,377	48,980	207,954	(227,423)	315,245	-	1,824,133
Investment revenues							1,761
Finance costs							(438)
Profit before tax							1,825,456
Tax							(144,170)
Profit after tax							1,681,286

2011	United Kingdom £	Mainland Europe £	Israel £	Consolidated £
Other information				
Capital additions	1,363,590	121,923	-	1,485,513
Depreciation and amortisation	653,045	20,614	-	673,659
Balance sheet				
Assets				
Segment assets	21,236,575	767,024	126,881	22,130,480
Liabilities				
Segment liabilities	3,123,187	1,076,997	44,216	4,244,400

3 Segmental analysis (continued)

2010	United Kingdom £	Mainland Europe £	USA £	Israel £	Rest of world £	Eliminations £	Consolidated £
Revenue							
External sales	13,699,139	345,952	984,390	121,058	487,119	-	15,637,658
Inter-segment sales	2,564,481	-	-	933,273	-	(3,497,754)	-
Total revenue	16,263,620	345,952	984,390	1,054,331	487,119	(3,497,754)	15,637,658

Inter-segment sales are charged at prevailing market prices

	United Kingdom £	Mainland Europe £	USA £	Israel £	Rest of world £	Eliminations £	Consolidated £
Operating result							
Segment result	768,372	117,742	795,446	(1,530,858)	147,863	-	298,565
Investment revenues							3,770
Finance costs							(1,620)
Loss before tax							300,715
Tax							373,147
Loss after tax							673,862

2010	United Kingdom £	Israel £	Consolidated £
Other information			
Capital additions	262,681	117,879	380,560
Depreciation and amortisation	898,672	300,152	1,198,824
Balance sheet			
Assets			
Segment assets	19,386,811	268,470	19,655,281
Liabilities			
Segment liabilities	2,383,378	1,117,633	3,501,011

The Group only holds assets in the United Kingdom, Mainland Europe and Israel Whilst the Group trades in other areas of the world, it provides the services for those other countries from the United Kingdom

4 Particulars of employees

The average monthly number of employees (including executive directors) was

	2011 Number	2010 Number
Operations	136	145
Administration	22	23
	158	168

The aggregate remuneration of employees (including executive directors) comprised

	2011 £	2010 £
Wages and salaries	5,401,166	5,759,910
Social security costs	531,036	541,366
Share-based payments charge (see note 10)	36,274	84,157
Pension costs (see note 24)	124,915	168,204
	6,093,391	6,553,637

5 Investment income

	2011 £	2010 £
Interest receivable on bank deposits	1,761	3,770

6 Finance costs

	2011 £	2010 £
Interest payable and similar charges	438	1,620

7 Profit before tax

Profit on ordinary activities before taxation is stated after charging (crediting)

	2011 £	2010 £
Depreciation of property, plant and equipment	452,092	869,989
Amortisation of intangible assets	221,567	328,835
Profit on disposal of property, plant and equipment	(23,875)	(50,106)
Rentals under operating leases		
- other operating leases	326,057	354,713
- plant and machinery	24,604	8,316
Research and development costs	813,977	933,273
Net foreign exchange gains	(14,250)	(9,777)
Settlement (see note 26)	-	279,801
Staff costs (see note 4)	6,093,391	6,553,637

7 Profit before tax (continued)

Auditor's remuneration

The analysis of auditor's remuneration is as follows

	2011 £	2010 £
Fees payable to the company's auditor for the audit of the company's annual accounts	9,000	9,500
Fees payable to the company's auditor and their associates for other services to the group		
- The audit of the company's subsidiaries pursuant to legislation	28,000	32,000
Total audit fees	37,000	41,500

Other services pursuant to legislation		
- tax services	10,000	10,000
- other services	6,500	2,500
Total non-audit fees	16,500	12,500

8 Tax on profit on ordinary activities

The tax charge comprises

	2011 £	2010 £
Current tax		
Adjustment in respect of prior years – Israeli corporation tax	-	(140,146)
Current year	(229,376)	-
Total current tax	(229,376)	(140,146)
Deferred tax		
Credit in respect of current year	62,039	68,301
Deferred tax asset recognised	23,167	444,992
Total deferred tax	85,206	513,293
(Charge) credit in respect of current year	(144,170)	373,147

The tax (charge) credit all relates to continuing operations

Corporation tax is calculated at 28% (2010 28%) of the estimated assessable profit for the year Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions

8 Tax on profit on ordinary activities (continued)

The charge for the year can be reconciled to the profit per the income statement as follows

	2011 £	2010 £
Profit before tax	1,825,456	300,715
Tax at the standard UK corporation tax rate of 28% (2010 28%)	511,128	84,201
Israel corporation tax – adjustment in respect of prior years	-	268,229
Expenses not deductible for tax purposes	136,602	155,971
Tax losses and other temporary differences	(418,354)	(368,255)
Deferred tax credit	(62,039)	(68,301)
Deferred tax asset recognised	(23,167)	(444,992)
Group tax charge (credit)	144,170	(373,147)

The group has further accumulated tax losses of £3,496,000 (2010 £5,145,000) No deferred tax asset has been recognised in respect of these losses due to the uncertainty inherent in forecasting profits for the period of time over which those losses would be recovered

	Deferred tax liability – other timing differences £	Deferred tax asset – tax losses £
At 1 April 2009	(460,395)	-
Credit to income	68,301	444,992
At 1 April 2010	(392,094)	444,992
Credit to income	62,039	23,167
At 31 March 2011	(330,055)	468,159

Deferred tax assets and liabilities have not been offset

9 Basic and diluted earnings per ordinary share

The calculations of earnings per share are based on the following profits and losses and number of shares

	2011 £	2010 £
Profit for the financial year	1,681,286	673,862
Weighted average number of ordinary shares for the purposes of basic earnings per share	98,620,384	98,620,384
Effect of dilutive potential ordinary shares - Share options*	-	1,174,421
	98,620,384	99,794,805
Basic and diluted earnings per share (pence)	1 7	0 7

* The number of share options used is the excess of options in issue at 31 March 2011, over the number of shares held in the ITIS Holdings plc EBT

10 Share-based payments

Equity-settled share option scheme

The company has share option schemes for all employees of the Group In the Company's Approved Share Option Scheme and the Company's EMI Option Scheme, options are exercisable at a price equal to the average closing market price of the Company's shares on the five days before the date of grant In the case of the Company's Unapproved Share Option Scheme the price is at the discretion of the Board The vesting period is three years If the options remain unexercised after a period of ten years from the date of grant the options expire Options are forfeited if the employee leaves the group before the options vest

Details of the share options outstanding during the year are as follows

	Year ended 31 March 2011		Year ended 31 March 2010	
	Number of share options	Weighted average exercise price £	Number of share options	Weighted average exercise price £
Outstanding at beginning of year	6,600,002	0 24	5,480,002	0 27
Granted during the year	-	-	1,200,000	0 10
Forfeited during the year	1,213,334	0 33	80,000	0 27
Outstanding at the end of the year	5,386,668	0 22	6,600,002	0 24
Exercisable at the end of the year	4,800,000	0 23	4,750,006	0 24

The options outstanding at 31 March 2011 had a weighted average exercise price of £0 22 and a weighted average remaining contractual life of 4 4 years There were no options granted in the year to 31 March 2011 In the year ended 31 March 2010, 600,000 options were granted on 12 October 2009 and 600,000 options were granted on 25 March 2010 The estimated fair value of the options granted on those dates was £40,975

The inputs into the Black-Scholes pricing model are as follows

	2011	2010
Weighted average share price	-	10p
Weighted average exercise price	-	10p
Expected volatility	-	29%
Expected life	-	7
Risk-free rate	-	1 65%

Expected volatility was determined by calculating the historical volatility of the group's share price from the date of the IPO to the date of grant The expected life used in the model has been adjusted, based on management's best estimate, for the effect of exercise restrictions and behavioural considerations The Group recognised total expenses of £36,274 and £84,157 related to equity-settled share-based payment transactions in 2011 and 2010 respectively

11 Goodwill

	£
Cost and net book value	
At 31 March 2010 and at 31 March 2011	9,315,548

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination The Group's goodwill relates entirely to one CGU, being Trafficlink Limited The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired The Group has conducted a sensitivity analysis on the impairment test of the Trafficlink goodwill A cut in the growth rate by 2 percentage points or an increase in the discount rate of 1 5 percentage points would result in the carrying value of goodwill being reduced to its recoverable amount

The recoverable amounts of the CGU is determined from value in use calculations The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU The growth rates are based on industry growth forecasts Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next three years and extrapolates cash flows for the following five years based on an estimated growth rate of 3% per cent (2010 3%) This rate does not exceed the average long-term growth rate for the relevant markets The rate used to discount the forecast cash flows is 11 7% (2010 11 8%)

12 Other intangible assets

	Customer relationships £	Intellectual Property £	Licences £	Other intangible assets £	Total £
Cost					
At 1 April 2009 and 1 April 2010	1,565,039	1,137,361	225,000	431,961	3,359,361
Additions	-	447,053	-	575,450	1,022,503
At 31 March 2011	1,565,039	1,584,414	225,000	1,007,411	4,381,864
Amortisation					
At 1 April 2009	208,672	1,052,468	225,000	144,074	1,630,214
Charge for the year	156,504	84,893	-	87,438	328,835
At 1 April 2010	365,176	1,137,361	225,000	231,512	1,959,049
Charge for the year	156,504	-	-	65,063	221,567
At 31 March 2011	521,680	1,137,361	225,000	296,575	2,108,616
Net book value					
At 31 March 2011	1,043,359	447,053	-	710,836	2,201,248
At 31 March 2010	1,199,863	-	-	200,449	1,400,312

Intellectual property relates to the patents held by the Group Other intangible assets comprise brand names, contract set up costs and proprietary software

13 Property, plant and equipment

	Land and buildings £	Fixtures and fittings £	Motor vehicles £	Computer and office equipment £	Total £
Cost					
At 1 April 2009	441,861	416,180	574,888	2,862,625	4,295,554
Additions	12,977	10,890	106,920	249,773	380,560
Disposals	-	(91,669)	(219,678)	(498,723)	(810,070)
At 1 April 2010	454,838	335,401	462,130	2,613,675	3,866,044
Additions	-	10,269	79,808	372,933	463,010
Disposals	-	(2,574)	(93,600)	(42,042)	(138,216)
At 31 March 2011	454,838	343,096	448,338	2,944,566	4,190,838
Depreciation					
At 1 April 2009	25,038	160,665	316,144	2,075,057	2,576,904
Charge for the year	18,929	126,085	127,580	597,395	869,989
Disposals	-	(91,669)	(167,784)	(498,723)	(758,176)
At 1 April 2010	43,967	195,081	275,940	2,173,729	2,688,717
Charge for the year	18,194	50,274	84,510	299,114	452,092
Disposals	-	(1,471)	(69,003)	(33,617)	(104,091)
At 31 March 2011	62,161	243,884	291,447	2,439,226	3,036,718
Net book value					
At 31 March 2011	392,677	99,212	156,891	505,340	1,154,120
At 31 March 2010	410,871	140,320	186,190	439,946	1,177,327

14 Interest in joint venture

	2011 £	2010 £
Aggregated amounts relating to joint ventures		
Total assets	277,661	289,096
Total liabilities	300,710	271,744
Total (liabilities) assets	(23,049)	17,352
Group's share of net assets of joint ventures	-	8,676
Revenues	104,137	-
Loss	(36,679)	(5,200)
Group's share of loss	(18,340)	(2,600)

A loss of £6,372 in relation to the joint venture has been recognised in the group income statement to write the investment brought forward a 1 April 2010 down to £nil The unrecognised share of losses of the joint venture both cumulatively and for the period is £11,968 (2010 £nil)

15 Trade and other receivables

Amounts falling due after more than one year

	2011	2010
	£	£
Trade and other receivables	27,720	38,840

Amounts falling due within one year

	2011	2010
	£	£
Trade and other receivables	1,299,641	2,304,913
Allowance for doubtful debts	(171,453)	(394,017)
Net trade and other receivables	1,128,188	1,910,896
VAT	118,977	34,105
Other debtors	266,860	208,791
Prepayments and accrued income	2,924,296	2,543,956
	4,438,321	4,697,748

The average credit period taken on sales of goods is 42 days (2010 46 days) No interest is charged on the receivables The Group bases its provision policy on past default experience

Of the trade receivables balance at the end of the year, £711,138 (2010 £985,915) is due from six (2010 four) of the Group's largest customers The Group monitors the credit quality of these customers and any changes are reflected in the carrying value of the related trade receivable There are no other customers who individually represent more than 5 per cent of the total balance of trade receivables

Included in the Group's trade receivable balance are debtors with a carrying amount of £271,415 (2010 £277,996) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable The Group does not hold any collateral over these balances The average age of these receivables is 194 days (2010 220 days)

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value

Ageing of past due but not impaired receivables

	2011	2010
	£	£
30-60 days	53,851	-
60-90 days	84,156	68,186
90-120 days	43,989	3,636
Greater than 120 days	89,419	206,174
Total	271,415	277,996

15 Trade and other receivables (continued)

Movement in the allowance for doubtful debts

	2011 £	2010 £
Balance at the beginning of the year	394,017	39,577
Recognised in the year	3,172	354,440
Amounts written off in the year as uncollectable	(225,736)	-
Balance at the end of the year	171,453	394,017

Ageing of impaired trade receivables

	2011 £	2010 £
0-30 days	-	42,204
60-90 days	-	34,036
90-120 days	-	17,024
Greater than 120 days	171,453	300,753
	171,453	394,017

16 Trade and other payables

	2011 £	2010 £
Trade creditors	588,316	569,808
VAT	308,321	290,237
Corporation tax	229,376	-
Other taxation and social security	146,140	195,880
Other creditors	736,273	118,667
Accruals and deferred income	1,935,744	1,826,304
Deferred tax creditor (note 8)	330,055	392,094
	4,274,225	3,392,990

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs The average credit period taken for trade purchases is 21 days (2010 34 days) For most suppliers no interest is charged on the trade payables for the first 30 days from the date of the invoice Thereafter, interest is charged on the outstanding balances at various interest rates The directors consider that the carrying amount of trade payables approximates to their fair value The deferred tax creditor arises in relation to the intangible assets acquired in the prior year

17 Provisions

	Onerous lease
	£
At 1 April 2010	35,867
Utilised in the year	(15,867)
At 31 March 2011	20,000

The onerous lease provision represents management's best estimate of the cost of exiting vacant property and is included in current liabilities

18 Trade and other payables Amounts falling due after more than one year

	2011	2010
	£	£
Accruals and deferred income	130	72,154

19 Financial instruments

The Group does not use complex derivative financial instruments The Group does not have any borrowings and the exposure to fluctuations in the Group's results due to interest rate movements is therefore not significant

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in notes 20 and 21 Equity includes all capital and reserves of the Group attributable to equity holders of the parent

Externally imposed capital requirements

The Group is not subject to externally imposed capital requirements

Financial risk management objectives

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates There has been no change in the year to the Group's exposure to market risks or the manner in which it manages and measures the risk

Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies Hence, exposures to exchange rate fluctuations arise

The carrying amounts of the Group's foreign currency-denominated monetary assets and monetary liabilities at the reporting date are as follows

	2011	2010
	£	£
Euro	1,414,112	67,416
US Dollar	-	85,412
	1,414,112	152,828

19 Financial instruments (continued)

Foreign currency sensitivity analysis

The Group is mainly exposed to the Euro currency

The following table details the Group's sensitivity to a 10% increase and decrease in the Sterling against the relevant foreign currencies 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates A positive number below indicates an increase in profit and other equity where Sterling strengthens 10% against the relevant currency For a 10% weakening of the Sterling against the relevant currency, there would be an equal and opposite impact on the profit and other equity, and the balances below would be negative

	Currency impact	
	2011	2010
	£	£
Euro	141,411	6,742
US Dollar	-	8,541
	141,411	15,283

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults The Group uses publicly available financial information and its own trading records to rate its major customers

The Group does not have any significant credit risk exposure to any group of counterparties having similar characteristics

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities

20 Called-up share capital

Authorised share capital	2011 £	2010 £
339,106,585 ordinary shares of 2p each	6,782,132	6,782,132
32,178,683 deferred shares of 10p each	3,217,868	3,217,868
	10,000,000	10,000,000

Allotted, called-up and fully paid	2011 £	2010 £
100,620,099 ordinary shares of 2p each	2,012,402	2,012,402
32,178,683 deferred shares of 10p each	3,217,868	3,217,868
	5,230,270	5,230,270

The authorised share capital of the company is divided into ordinary shares of 2p each and deferred shares of 10p each The holders of the deferred shares are not entitled to receive notice or attend any general meeting of the company and no dividends will be made in respect of such deferred shares On a return of capital on liquidation or otherwise, no assets of the company available for distribution among the members will be applied in making payments to the holders of the deferred shares (unless distributions totalling £1,000,000,000 have been made to the holders of the ordinary shares) No resolution proposed or passed by members of the company shall affect the class rights of the holders of the deferred shares The company has the right to purchase the deferred shares for 1p in aggregate

Share options

The company had the following ordinary share options in issue at 31 March 2011

Date of issue	Ordinary 2p shares Number	Exercise price	Earliest exercise date	Latest exercise date	
02 December 2002	1,205,001	7 5p	02 Dec 03/04/05[1]	01 Dec 2012	*
02 December 2002	1,500,000	7 5p	02 Dec 03/04/05[1]	01 Dec 2012	**
22 June 2004	116,667	24 7p	22 June 05/06/07[2]	21 June 2014	*
18 June 2007	29,220	76 9p	18 Jun 08/09/10[5]	17 Jun 2017	*
18 June 2007	38,961	76 9p	18 Jun 08/09/10[5]	17 Jun 2017	***
18 June 2007	431,819	76 9p	18 Jun 08/09/10[5]	17 Jun 2017	**
14 January 2008	109,818	41 25p	14 Jan 09/10/11[6]	13 Jan 2018	*
14 January 2008	72,727	41 25p	14 Jan 09/10/11[6]	13 Jan 2018	***
14 January 2008	817,455	41 25p	14 Jan 09/10/11[6]	13 Jan 2018	**
04 February 2008	180,000	41p	04 Feb 09/10/11[7]	03 Feb 2018	*
08 September 2008	10,000	25 25p	08 Sept 09/10/11[8]	07 Sept 2018	*
12 October 2009	437,500	10p	12 Oct 10/11/12[9]	11 Oct 2019	**
25 March 2010	437,500	10p	25 Mar 11/12/13[10]	24 Mar 2020	**
	5,386,668				

20 Called-up share capital (continued)

Share options (continued)

All options were granted at an exercise price equal to or above market value at the date of grant

*	Denotes share options issued under the Company's EMI Share Option Scheme
**	Denotes share options issued under the Company's Unapproved Share Option Scheme
***	Denotes share options issued under the Company's Approved Share Option Scheme

[1] The number of options granted is divided into three equal blocks for which the earliest dates of exercise are 2 December 2002, 2003 and 2004 respectively Under the terms of the option deed, these options may all be exercised in certain circumstances on termination of employment

[2] The number of options granted is divided into three equal blocks for which the earliest dates of exercise are 22 June 2005, 2006 and 2007 respectively Under the terms of the option deed, these options may all be exercised in certain circumstances on termination of employment

[3] The number of options granted is divided into three equal blocks for which the earliest dates of exercise are 23 March 2006, 2007 and 2008 respectively Under the terms of the option deed, these options may all be exercised in certain circumstances on termination of employment

[4] The number of options granted is divided into three equal blocks for which the earliest dates of exercise are 7 November 2007, 2008 and 2009 respectively Under the terms of the option deed, these options may all be exercised in certain circumstances on termination of employment

[5] The number of options granted is divided into three equal blocks for which the earliest dates of exercise are 18 June 2008, 2009 and 2010 respectively Under the terms of the option deed, these options may all be exercised in certain circumstances on termination of employment

[6] The number of options granted is divided into three equal blocks for which the earliest dates of exercise are 14 January 2009, 2010 and 2011 respectively Under the terms of the option deed, these options may all be exercised in certain circumstances on termination of employment

[7] The number of options granted is divided into three equal blocks for which the earliest dates of exercise are 4 February 2009, 2010 and 2011 respectively Under the terms of the option deed, these options may all be exercised in certain circumstances on termination of employment

[8] The number of options granted is divided into three equal blocks for which the earliest dates of exercise are 8 September 2009, 2010 and 2011 respectively Under the terms of the option deed, these options may all be exercised in certain circumstances on termination of employment

[9] The number of options granted is divided into three equal blocks for which the earliest dates of exercise are 12 October 2010, 2011 and 2012 respectively Under the terms of the option deed, these options may all be exercised in certain circumstances on termination of employment

[10] The number of options granted is divided into three equal blocks for which the earliest dates of exercise are 25 March 2011, 2012 and 2013 respectively Under the terms of the option deed, these options may all be exercised in certain circumstances on termination of employment

21 Reserves

Group	Other reserve £	Profit and loss account £
At 1 April 2009	583,600	9,572,604
Currency translation differences	-	9,777
IFRS 2 share option charge	84,157	-
Reserves transfer for lapsed options	(39,808)	39,808
Profit for the year	-	673,862
At 31 March 2010	627,949	10,296,051
Currency translation differences	-	14,250
IFRS 2 share option charge	36,274	-
Reserves transfer for lapsed options	(90,094)	90,094
Profit for the year	-	1,681,286
At 31 March 2011	574,129	12,081,681

Own shares held

Shares of the company are held under trust by EES Trustees International Limited for the ITIS Holdings plc Employee Benefit Trust The trust holds ITIS Holdings plc shares and satisfies awards made to employees and directors At 31 March 2011, 5,425,581 (2010 5,425,581) ordinary shares were held by the trust, all of which ordinary shares are allocated to employees and directors to satisfy awards made to them under company share schemes

The profit and loss account in both years is stated after deducting £132,724 written off to reserves on the issue of shares to the Employee Benefit Trust in the year ended 31 March 2001 and £435,443 relating to the purchase of treasury shares in the year ended 31 March 2004

On 20th July 2011 the board announced that they had passed a resolution to cancel all treasury shares

22 Leases

	2011 £	2010 £
Minimum lease payments under operating leases recognised as an expense in the year	350,663	358,673

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

	2011 £	2010 £
Within one year	302,129	350,663
In the second to fifth years inclusive	794,868	512,101
After five years	723,692	192,150
	1,820,689	1,054,914

Operating lease payments represent rentals by the Group for certain of its office properties Leases are negotiated for an average term of 8 years and rentals are fixed for an average of 3 years with an option to extend for a further 4 years at the then prevailing market rate

23 Cash flow information

Reconciliation of profit for the year to net cash inflow from operating activities

	2011 £	2010 £
Profit for the year	1,681,286	673,862
Adjustments for		
Share of results joint ventures	6,372	2,600
Depreciation of property, plant and equipment	452,092	869,989
Amortisation of intangible assets	221,567	328,835
Interest income	(1,761)	(3,770)
Share-based payment expense	36,274	84,157
Finance costs	438	1,620
Deferred tax credit	(62,038)	(68,301)
Deferred tax asset recognised	(23,167)	(444,992)
Income tax expense	229,376	140,146
Gain on disposal of property, plant and equipment	(23,875)	(50,106)
Decrease in provisions	(15,867)	(46,799)
Operating cash flows before movements in working capital	2,500,697	1,487,241
Decrease (increase) in receivables	320,502	(212,442)
Increase (decrease) in payables	591,918	(442,241)
Cash generated by operations	3,413,117	832,558
Interest paid	(438)	(1,620)
Net cash from operating activities	3,412,679	830,938

24 Retirement benefits

The Group provides pension arrangements to the majority of full-time employees through a defined contribution scheme The pension charge for the year was £124,915 (2010 £168,204)

25 Related party transactions

Remuneration of key management personnel

The remuneration of the directors, who are also deemed to be the key management personnel of the Group, is set out below

	2011	2010
	£	£
Aggregate emoluments	1,083,476	1,040,364
Share based payments charge	34,187	78,334
	1,117,663	1,118,698

Transactions between the Company and its subsidiaries which are related parties, have been eliminated on consolidation and are not disclosed in this note Transactions between the Group and its joint venture are disclosed below

Trading transactions

During the year, Group companies entered into the following transactions with related parties who are not members of the Group, namely Altech Netstar Traffic (PTY) Limited which is a 50% owned joint venture

	2011	2010
Joint venture	£	£
Amounts owed by related parties	129,210	143,983

All transactions were made at arm's length No guarantees have been given or received No provisions have been made for doubtful debts

Director's Loan

During the year, the Group paid personal expenses totalling £26,371 on behalf of Stuart Marks, a director of the Group The maximum amount outstanding during the year was £31,780 (2010 £9,300) and the amount due to the Group at 31 March 2011 was £14,770 (31 March 2010 £5,799) The amount was repaid in full after the end of the reporting period

26 Settlement

On 27 October 2009, ITIS Traffic Services Limited (ITIS) settled civil action 2554/06 under which Decell Technologies Limited (Decell) alleged that ITIS' activities in Israel infringed certain Decell intellectual property ITIS did not accept any liability for breach of Decell's intellectual property in the settlement agreement, but agreed (as part of the settlement) to transfer its business activities in Israel to Decell In addition a payment of £279,801 was made to Decell In return Decell has agreed to dismiss its action against ITIS and has also granted ITIS a licence of Decell's patents in Europe with an option to extend to the USA The £279,801 payment has been charged to the income statement in arriving at operating profit for the prior year

27 Post balance sheet events

On 20th July 2011 the board announced that they had passed a resolution to cancel all treasury shares

As announced on 28 July 2011, agreement has been reached on the terms of a recommended cash offer, to be made by INRIX Holdings UK Limited, to acquire the entire issued and to be issued share capital of ITIS The offer price is 37 48 pence in cash for each ITIS share, valuing the entire issued share capital of ITIS at approximately £36 9 million Further information is given in the directors' report

COMPANY BALANCE SHEET

31 MARCH 2011

	Notes	2011	2010
		£	£
Fixed assets			
Investments	3	3,050,763	3,050,763
Current assets			
Debtors	4	8,450,255	8,387,562
Cash		36,610	128,206
		8,486,865	8,515,768
Current liabilities			
Creditors amounts falling due within one year	5	(5,723,737)	(5,362,723)
Net current assets		2,763,128	3,153,045
Net assets		5,813,891	6,203,808
Capital and reserves			
Called-up share capital	6	5,230,270	5,230,270
Retained earnings	7	583,621	973,538
Shareholders' funds		5,813,891	6,203,808

The financial statements of ITIS Holdings plc, registered number 3461748, were approved by the board of directors and authorised for issue on 28 July 2011

S A Marks
Director

A D Forrest
Director

1 Significant accounting policies

Basis of accounting
The separate financial statements of the company are presented as required by the Companies Act 2006 They have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards and law

The principal accounting policies are summarised below They have all been applied consistently throughout the year and the preceding year

Investments
Fixed asset investments in subsidiaries are shown at cost less provision for impairment

Financial liabilities and equity
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities

Equity instruments
Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs

2 Profit for the year

As permitted by section 408 of the Companies Act 2006 the company has elected not to present its own profit and loss account for the year ITIS Holdings plc reported a loss for the financial year ended 31 March 2011 of £389,917 (2010 £286,503)

The auditor's remuneration for audit and other services is disclosed in note 7 to the consolidated financial statements

3 Fixed asset investments

	2011	2010
	£	£
Subsidiaries	3,050,763	3,050,763

Cost and net book value	£
At beginning and end of year	3,050,763

The parent Company and the Group have investments in the following subsidiary undertakings which affect the profits or net assets of the Group

Subsidiary undertakings	*Country of incorporation*	*Shares*	*Percentage holding*	*Principal activity*
Integrated Transport Information Services Limited	UK	£1 ordinary	100%	Provision of traffic information
ITIS Global Services Limited	UK	£1 ordinary	100%	Provision of traffic information
ITIS Traffic Services Limited	Israel	NIS 0 02 ordinary	100%	Dormant from 1 April 2011
Trafficlink Limited	UK	£1 ordinary	100%	Provision of traffic information
ITIS Investments Limited	UK	£1 ordinary	100%	Investments
ITIS Deutschland GmbH	Germany	€1 ordinary	100%	Provision of traffic information
MILE Traffic and Travel Information Services GmbH	Germany	€1 ordinary	100%	Provision of traffic information

All of the above subsidiary undertakings are unlisted and are held directly by ITIS Holdings plc, with the exception of ITIS Traffic Services Limited, ITIS Deutschland GmbH and MILE Traffic and Travel Information Services GmbH To avoid a statement of excessive length, details of investments that are not significant have been omitted

4 Debtors

	2011	2010
	£	£
Amounts falling due within one year:		
Amounts owed by group undertakings	8,416,194	8,356,301
VAT	23,552	23,577
Prepayments and accrued income	10,509	7,684
	8,450,255	8,387,562

5 Creditors

	2011 £	2010 £
Amounts falling due within one year		
Trade creditors	56,162	21,519
Amounts owed to group undertakings	5,603,594	5,308,154
Accruals and deferred income	55,881	24,950
Other creditors	8,100	8,100
	5,723,737	5,362,723

6 Called-up share capital

	2011 £	2010 £
Authorised share capital		
339,106,585 ordinary shares of 2p each	6,782,132	6,782,132
32,178,683 deferred shares of 10p each	3,217,868	3,217,868
	10,000,000	10,000,000

	2011 £	2010 £
Allotted, called-up and fully paid		
100,620,099 ordinary shares of 2p each	2,012,402	2,012,402
32,178,683 deferred shares of 10p each	3,217,868	3,217,868
	5,230,270	5,230,270

The authorised share capital of the company is divided into ordinary shares of 2p each and deferred shares of 10p each The holders of the deferred shares are not entitled to receive notice or attend any general meeting of the company and no dividends will be made in respect of such deferred shares On a return of capital on liquidation or otherwise, no assets of the company available for distribution among the members will be applied in making payments to the holders of the deferred shares (unless distributions totalling £1,000,000,000 have been made to the holders of the ordinary shares) No resolution proposed or passed by members of the company shall affect the class rights of the holders of the deferred shares The company has the right to purchase the deferred shares for 1p in aggregate

Details of share options in issue are set out in note 20 to the consolidated financial statements

7 Reserves

	Profit and loss account £
At 1 April 2010	973,538
Loss for the year	(389,917)
At 31 March 2011	583,621