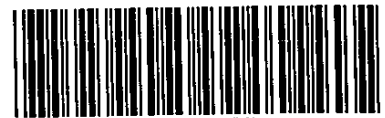


INRIX Holdings Limited (formerly ITIS Holdings plc)

Annual report and financial statements
for the 9 months ended 31 December 2011

Registered number 3461748

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Directors' report (continued)

FOR THE 9 MONTHS ENDED 31 DECEMBER 2011

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

On 22nd August 2011, INRIX Holdings UK Limited (a wholly owned subsidiary of INRIX Inc ("INRIX")) acquired the entire share capital of ITIS Holdings plc (ITIS). The purchase price was 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.

On 10 February 2012 the directors resolved to change the company name from ITIS Holdings plc to INRIX Holdings Limited in order to more closely identify with INRIX. During the period the company changed its accounting reference date from 31 March to 31 December in order to align with the accounting reference date of INRIX.

Results and dividends

The Group loss for the financial period after taxation amounted to £1,142,158 (31 March 2011 restated £490,295 profit). The Group loss before taxation for the financial year amounted to £1,500,353 (31 March 2011 restated £405,089 profit). No dividend was paid during the period (31 March 2011 Nil).

Principal activity and business review

The company is a leading provider of traffic information focusing on the provision of road traffic and data services. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

Details of the Group's performance and financial position are given in the financial statements on pages 7 to 39.

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.

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.

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 rose overall in the period, – giving rise to an increase in RDS-TMC sales - there is always a risk that previously encountered downward trends could reoccur. The Group will continue to monitor its costs in relation to sales performance in the coming year.

Certain of the Group's transactions are undertaken in foreign currencies and it is therefore exposed to movements in the various exchange rates. The Group negates some of the exposure to exchange rate fluctuations by running foreign currency bank accounts in which it receives income and makes payments.

Directors' report (continued)

FOR THE 9 MONTHS ENDED 31 DECEMBER 2011

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 INRIX's 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.

Directors

The directors who served the company during the period and thereafter were as follows:

B P Mistele (appointed 8 December 2011)
J B deCillia (appointed 8 December 2011)
S A Marks (resigned 22 August 2012)
J Burr (resigned 23 December 2011)
A D Forrest (resigned 14 December 2011)
Sir T Chinn CVO (resigned 26 September 2011)
J Hewett (resigned 26 September 2011)
S Norris (resigned 26 September 2011)

Directors' responsibilities

The directors are responsible for preparing the Annual Report and the group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare both the group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- for the group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU,
- for the parent company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

Directors' report (continued)

FOR THE 9 MONTHS ENDED 31 DECEMBER 2011

Directors' responsibilities (continued)

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Donations

Charitable donations during the year amounted to £1,550 (year ended 31 March 2011: £700). There were no political donations in either year.

Post balance sheet events

There were no disclosable post balance sheet events prior to the date of signature of this report and financial statements.

Information given to auditor

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

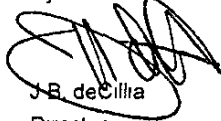
- (1) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- (2) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the 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.

Auditor

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

By order of the Board,



J.B. de Cilla

Director

Station House, Stamford New Road
Altrincham, Cheshire WA14 1EP

27 September 2012



Independent auditor's report to the members of INRIX Holdings Limited

We have audited the financial statements of INRIX Holdings Limited for the period ended 31 December 2011 set out on pages 7 to 42. 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

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 December 2011 and of the group's loss for the period then ended,
- the group financial statements have been properly prepared in accordance with IFRS as adopted by the EU,
- the parent company financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice,
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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



Independent auditor's report (continued)

Matters on which we are required to report by exception

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

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

A handwritten signature in black ink, appearing to read 'Mick Davies'.

Mick Davies (Senior Statutory Auditor)

For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

St James' Square

Manchester

M2 6DS

28 September 2012

CONSOLIDATED INCOME STATEMENT

FOR THE 9 MONTHS ENDED 31 DECEMBER 2011 AND THE YEAR ENDED 31 MARCH 2011

	Notes	9 months ended 31 December 2011 £	Restated Year ended 31 March 2011 £
Revenue	2, 3	10,540,646	15,143,899
Cost of sales		<u>(4,474,890)</u>	<u>(6,330,127)</u>
Gross profit		6,065,756	8,813,772
Operating costs		(7,605,679)	(8,403,634)
Share of results of joint venture		<u>38,768</u>	<u>(6,372)</u>
Operating (loss) profit		(1,501,115)	403,766
Investment income	5	802	1,761
Finance costs	6	<u>-</u>	<u>(438)</u>
(Loss) profit before tax	7	(1,500,353)	405,089
Tax on profit on ordinary activities	8	<u>358,195</u>	<u>85,206</u>
(Loss) profit for the financial period		<u>(1,142,158)</u>	<u>490,295</u>

All activity arose from continuing operations

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE 9 MONTHS ENDED 31 DECEMBER 2011 AND THE YEAR ENDED 31 MARCH 2011

	9 months ended 31 December 2011 £	Restated Year ended 31 March 2011 £
(Loss) profit for the financial period	(1,142,158)	490,295
Other comprehensive income - currency translation difference	58,741	14,250
Total comprehensive income for the financial year	(1,083,417)	504,545
Attributable to		
Equity holders of the parent	(1,083,417)	504,545

All activity arose from continuing operations

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY


Group	Share capital £	Other reserve £	Retained earnings £	Total £
At 1 April 2010 as previously stated	5,230,270	627,949	10,296,051	16,154,270
Prior year adjustment (note 1)	-	-	(9,170,533)	(9,170,533)
At 1 April 2010 as restated	5,230,270	627,949	1,125,518	6,983,737
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	-	-	490,295	490,295
At 31 March 2011	5,230,270	574,129	1,720,157	7,524,556
Currency translation differences	-	-	58,741	58,741
IFRS 2 share option charge	-	9,298	-	9,298
Reserves transfer for lapsed options	-	(583,427)	583,427	-
Loss for the period	-	-	(1,142,158)	(1,142,158)
At 31 December 2011	5,230,270	-	1,220,167	6,450,437

CONSOLIDATED BALANCE SHEET

31 DECEMBER 2011 and 31 MARCH 2011

	Notes	31 December 2011 £	Restated 31 March 2011 £	Restated 31 March 2010 £
Non-current assets				
Goodwill	10	9,315,548	9,315,548	9,315,548
Other intangible assets	11	1,934,483	2,201,248	1,400,312
Property, plant and equipment	12	1,027,768	1,154,120	1,177,327
Interest in joint venture	13	38,768	-	6,372
Other receivables	14	609,801	27,720	38,840
Deferred tax asset		203,783	468,159	444,992
		<u>13,130,131</u>	<u>13,166,795</u>	<u>12,383,391</u>
Current assets				
Trade and other receivables	14	4,562,057	4,438,321	4,697,748
Cash and cash equivalents		4,540,855	4,575,319	2,574,142
		<u>9,102,912</u>	<u>9,013,640</u>	<u>7,271,890</u>
Total assets		<u>22,233,043</u>	<u>22,180,435</u>	<u>19,655,281</u>
Current liabilities				
Trade and other payables	15	(7,812,306)	(8,495,096)	(6,422,870)
Provisions	16	-	(20,000)	(35,867)
		<u>(7,812,306)</u>	<u>(8,515,096)</u>	<u>(6,458,737)</u>
Net current assets		<u>1,290,606</u>	<u>498,544</u>	<u>813,153</u>
Non-current liabilities				
Other payables	17	(7,970,300)	(6,140,783)	(6,212,807)
Total liabilities		<u>(15,782,606)</u>	<u>(14,655,879)</u>	<u>(12,671,544)</u>
Net assets		<u>6,450,437</u>	<u>7,524,556</u>	<u>6,983,737</u>
Equity				
Called-up share capital	19	5,230,270	5,230,270	5,230,270
Retained earnings	20	1,220,167	1,720,157	1,125,518
Other reserve	20	-	574,129	627,949
Shareholders' funds		<u>6,450,437</u>	<u>7,524,556</u>	<u>6,983,737</u>

The financial statements of INRIX Holdings Limited, registered number 3461748, were approved by the board of directors and authorised for issue on 27 September 2012


J B de Cillia
Director

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE 9 MONTHS ENDED 31 DECEMBER 2011 AND THE YEAR ENDED 31 MARCH 2011

	Notes	9 months ended 31 December 2011 £	Year ended 31 December 2011 £
Net cash from operating activities	22	162,267	3,412,679
Investing activities			
Interest received		802	1,761
Proceeds on disposal of property, plant and equipment		15,000	58,000
Purchases of property, plant and equipment		(271,274)	(463,010)
Purchases of patents and other intangibles		-	(1,022,503)
Net cash used in investing activities		(255,472)	(1,425,752)
Net (decrease) increase in cash and cash equivalents		(93,205)	1,986,927
Cash and cash equivalents at beginning of period		4,575,319	2,574,142
Effect of foreign exchange rate changes		58,741	14,250
Cash and cash equivalents at end of period		4,540,855	4,575,319

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

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

INRIX Holdings Limited 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 4. The nature of the Group's operations and its principal activities are set out on page 2 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).

IFRSs issued but unadopted in these financial statements

The following Adopted IFRSs have been issued but have not been applied in these financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated.

- Amendments to IFRS 7 'Disclosures – Transfers of Financial Assets' (mandatory for year commencing on or after 1 July 2011)
- Amendments to IAS 12 'Deferred Tax – Recovery of Underlying Assets' (mandatory for year commencing on or after 1 January 2012)
- Amendments to IAS 1 'Presentation of Items of Other Comprehensive Income' (mandatory for year commencing on or after 1 July 2012)
- IFRS 13 Fair Value Measurement (mandatory for year commencing on or after 1 January 2013)
- Amendments to IFRS 7 'Disclosures – Offsetting Financial Assets and Financial Liabilities' (mandatory for year commencing on or after 1 January 2013)

IFRSs issued but unadopted in these financial statements

- Amendments to IAS 32 'Offsetting Financial Assets and Financial Liabilities' (mandatory for year commencing on or after 1 January 2014)
- IFRS 9 Financial Instruments (mandatory for year commencing on or after 1 January 2015)
-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2011

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) Prior year adjustment

During the period the group reconsidered its accounting policy for revenue recognition. RDS-TMC income is now recognised on a straight-line basis over four years from the date of sale as this reflects the group's expectation of its on-going broadcasting obligations. In previous years RDS-TMC income was recognised, in full, in the month of sale.

This change has been shown as a prior year adjustment. Net assets at 31 March 2011 have decreased because deferred revenue has increased, by £10,361,524.

In the current period, the net effect has been to increase losses by £1,146,511 (Year ended 31 March 2011 £1,190,991) and to decrease net assets by £1,146,511. This adjustment has no current or deferred tax impact due to the existence of brought forward unrecognised losses.

Analysis of the prior year adjustment

	£
Adjustment to opening reserves at 1 April 2010	(9,170,533)
Adjustment to profit for the year ended 31 March 2011	(1,190,991)
Total prior year adjustment	<u>(10,361,524)</u>

Comparative figures have been restated to reflect the impact of this change in accounting policy.

c) 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 at least 12 months from the date of signing these financial statements. These have been based on a comprehensive review of revenue, expenditure and resultant cash flows, taking into account reasonable sensitivities and 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2011

performance in the coming year. The Directors review cash flow on a weekly basis. The Group had £4,540,855 in cash and cash equivalents at 31 December 2011 (31 March 2011: £4,575,319).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2011

1 General information and principal accounting policies (continued)

d) Basis of consolidation

The Group financial statements consolidate the financial statements of INRIX Holdings Limited and its subsidiary undertakings made up to 31 December each year. Prior to the acquisition of ITIS Holdings plc by INRIX Holdings UK Limited the financial statements of INRIX Holdings Limited (formerly ITIS Holdings plc) were 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.

e) Revenue recognition

Group revenue comprises the value of sales (excluding VAT and trade discounts) of goods and services in the normal course of business. RDS-TMC revenue is recognised in line with expected broadcasting obligations. 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.

f) 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.

g) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 MARCH 2011

1 General information and principal accounting policies (continued)

h) 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%

i) 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%

j) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2011

1 General information and principal accounting policies (continued)

k) 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.

l) 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.

m) 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.

n) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2011

1 General information and principal accounting policies (continued)

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 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2011

1 General information and principal accounting policies (continued)

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) (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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2011

1 General information and principal accounting policies (continued)

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. During the period the Group reconsidered its accounting policy for revenue recognition. RDS-TMC income is recognised on a straight-line basis four years from the date of sale. In previous years RDS-TMC income was recognised in the month of sale.

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.

Brand name

The brand has been valued on a relief from royalty approach. There is considered to be strength in the brand arising from Trafficlink's leadership in the UK market and its established name, and therefore a useful economic life of 10 years has been used.

Proprietary software

A cost approach was taken to value the proprietary software acquired and, in line with Group policies on proprietary software, this will be amortised over three years.

Customer relationships

These were valued using a multi-period excess earnings methodology. Depending upon length of current contracts and strength of relationship with the customer, these are considered to have useful economic lives of between five and ten years with an attrition factor applied to years outside of the current contracted terms to recognise the risk of non-renewal.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2011

2 Revenue

An analysis of the Group's revenue is as follows

	9 months ended 31 December 2011 £	Restated Year ended 31 March 2011 £
Revenue from contracts	10,540,646	15,143,899
Investment income	802	1,761
	<u>10,541,448</u>	<u>15,145,660</u>

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

9 months ended 31 December 2011	United Kingdom £	Mainland Europe £	Rest of world £	Eliminations £	Consolidated £
Revenue					
External sales	9,847,221	212,310	481,115	-	10,540,646
Inter-segment sales	1,955,331	63,462	-	(2,018,793)	-
Total revenue	<u>11,802,552</u>	<u>275,772</u>	<u>481,115</u>	<u>(2,018,793)</u>	<u>10,540,646</u>

Inter-segment sales are charged at prevailing market prices

	United Kingdom £	Mainland Europe £	Rest of world £	Eliminations £	Consolidated £
Operating result					
Segment result	<u>(1,278,106)</u>	<u>(675,026)</u>	<u>452,017</u>	<u>-</u>	<u>(1,501,115)</u>
Investment revenues					802
Loss before tax					(1,500,313)
Tax					358,195
Loss after tax					<u>(1,142,158)</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2011

3 Segmental analysis (continued)

	United Kingdom £	Mainland Europe £	Consolidated £
9 months ended 31 December 2011			
Other information			
Capital additions	68,626	202,648	271,274
Depreciation and amortisation	490,558	165,454	656,012
Balance sheet			
Assets			
Segment assets	<u>21,163,335</u>	<u>1,069,708</u>	<u>22,233,043</u>
Liabilities			
Segment liabilities	<u>14,402,4536</u>	<u>1,380,153</u>	<u>15,782,606</u>

Restated Year ended 31 March 2011

	United Kingdom £	Mainland Europe £	Rest of world £	Eliminations £	Consolidated £
Revenue					
External sales	13,518,420	761,727	863,752	-	15,143,899
Inter-segment sales	<u>2,657,143</u>	<u>146,259</u>	<u>88,702</u>	<u>(2,892,104)</u>	<u>-</u>
Total revenue	<u>16,175,563</u>	<u>907,986</u>	<u>952,454</u>	<u>(2,892,104)</u>	<u>15,143,899</u>

Inter-segment sales are charged at prevailing market prices

	United Kingdom £	Mainland Europe £	Rest of world £	Eliminations £	Consolidated £
Operating result					
Segment result	<u>59,010</u>	<u>48,980</u>	<u>295,775</u>	<u>-</u>	<u>403,766</u>
Investment revenues					1,761
Finance costs					<u>(438)</u>
Loss before tax					405,089
Tax					<u>85,206</u>
Loss after tax					<u>490,295</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2011

3 Segmental analysis (continued)

Restated Year ended 31 March 2011	United Kingdom £	Mainland Europe £	Rest of world £	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	<u>21,286,530</u>	<u>767,024</u>	<u>126,881</u>	<u>22,180,435</u>
Liabilities				
Segment liabilities	<u>13,534,666</u>	<u>1,076,997</u>	<u>44,216</u>	<u>14,655,879</u>

4 Particulars of employees

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

	9 months ended 31 December 2011 Number	Year ended 31 March 2011 Number
Operations	125	136
Administration	21	22
	<u>146</u>	<u>158</u>

The aggregate remuneration of employees (including executive directors) comprised

	9 months ended 31 December 2011 £	Year ended 31 March 2011 £
Wages and salaries	3,929,114	5,401,166
Social security costs	448,282	531,036
Share-based payments charge (see note 10)	9,298	36,274
Pension costs (see note 24)	120,409	124,915
	<u>4,507,103</u>	<u>6,093,391</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2011

4 Particulars of employees (continued)

The remuneration of the directors was as follows

	9 months ended 31 December 2011 £	Year ended 31 March 2011 £
Emoluments	740,366	911,798
Compensation for loss of office	176,134	97,347
Money purchase pension contributions	78,510	77,814
	<u>995,010</u>	<u>1,086,959</u>

During the period the company contributed to the defined contribution group personal pension scheme for three directors (year ended 31 March 2011 three directors) The above amounts for remuneration include the following in respect of the highest paid director

	9 months ended 31 December 2011 £	Year ended 31 March 2011 £
Emoluments	<u>301,624</u>	<u>349,858</u>

5 Investment income

	9 months ended 31 December 2011 £	Year ended 31 March 2011 £
Interest receivable on bank deposits	<u>802</u>	<u>1,761</u>

6 Finance costs

	9 months ended 31 December 2011 £	Year ended 31 March 2011 £
Interest payable and similar charges	<u>-</u>	<u>438</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2011

7 Profit before tax

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

	9 months ended 31 December 2011 £	Year ended 31 March 2011 £
Depreciation of property, plant and equipment	389,227	452,092
Amortisation of intangible assets	266,785	221,567
Profit on disposal of property, plant and equipment	(6,602)	(23,875)
Rentals under operating leases		
- other operating leases	233,843	326,057
- plant and machinery	24,604	24,604
Net foreign exchange gains	(58,741)	(14,250)
Staff costs (see note 4)	<u>4,597,141</u>	<u>6,093,391</u>

Auditor's remuneration

The analysis of auditor's remuneration is as follows

	9 months ended 31 December 2011 £	Year ended 31 March 2011 £
Fees payable to the company's auditor for the audit of the company's annual accounts	13,000	9,000
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	<u>36,000</u>	<u>28,000</u>
Total audit fees	<u>49,000</u>	<u>37,000</u>
 Other services pursuant to legislation		
- tax services	12,500	10,000
- other services	<u>13,000</u>	<u>6,500</u>
Total non-audit fees	<u>25,500</u>	<u>16,500</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2011

8 Tax on profit on ordinary activities

The tax charge comprises:

	9 months ended 31 December 2011 £	Restated Year ended 31 March 2011 £
Current tax		
Total current tax	-	-
Deferred tax		
Credit in respect of current period	37,131	62,039
Deferred tax asset recognised	321,064	23,167
Total deferred tax	358,195	85,206
Credit in respect of current period	358,195	85,206

The tax (charge) credit all relates to continuing operations

Corporation tax is calculated at 26% (Year ended 31 March 2011 28%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The 2012 Budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014. A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 17 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively.

This will reduce the company's future current tax charge accordingly. It has not yet been possible to quantify the full anticipated effect of the announced further 1% rate reduction, although this will further reduce the company's future current tax charge.

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

	9 months ended 31 December 2011 £	Restated Year ended 31 March 2011 £
(Loss) profit before tax	(1,500,353)	405,089
Tax at the standard UK corporation tax rate of 26% (31 March 2011 28%)	(390,092)	113,425
Expenses not deductible for tax purposes	378,421	136,602
Tax losses and other temporary differences	11,671	(250,027)
Deferred tax credit	(37,131)	(62,039)
Deferred tax asset recognised	(321,064)	(23,167)
Group tax charge (credit)	(358,195)	(85,206)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2011

8 Tax on profit on ordinary activities (continued)

The group has further accumulated tax losses of £7,346,000 (Year end 31 March 2011 restated £6,461,458) 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 2010	(392,094)	444,992
Credit to income	62,039	23,167
At 1 April 2011	(330,055)	468,159
Credit to income	37,131	321,064
At 31 December 2011	(292,924)	789,223

Deferred tax assets and liabilities have not been offset

9 Share-based payments

Equity-settled share option scheme

The company has share option schemes for all employees of the Group The price is at the discretion of the Board The vesting period is four 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 2011	
	Number of share options	Number of share options	Number of share options	Weighted average exercise price £
Outstanding at beginning of year	5,386,668	0 22	6,600,002	0 24
Forfeited during the year	(1,690,000)	0 52	(1,213,334)	0 33
Exercised during the year	(3,696,668)	0 09	-	-
Outstanding at the end of the year	-	-	5,386,668	0 22
Exercisable at the end of the year	-	-	4,800,000	0 23

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 period to 31 December 2011

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2011

10 Goodwill

	£
Cost and net book value	
At 31 December 2011 and at 31 March 2011	<u>9,315,548</u>

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 INRIX media 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 4 percentage points or an increase in the discount rate of 3 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 (Year ended 31 March 2011: 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 11.0% (Year ended 31 March 2011: 11.8%).

11 Other intangible assets

	Customer relationships £	Intellectual Property £	Licences £	Other intangible assets £	Total £
Cost					
At 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 1 April 2011 and 31 December 2011	1,565,039	1,584,414	225,000	1,007,411	4,381,864
Amortisation					
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 1 April 2011	521,680	1,137,361	225,000	296,575	2,180,616
Charge for the year	156,504	67,050	-	43,231	266,785
At 31 December 2011	678,184	1,204,411	225,000	339,806	2,447,401
Net book value					
At 31 December 2011	886,855	380,003	-	667,605	1,934,463
At 31 March 2011	1,043,359	447,053	-	710,836	2,201,248

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2011

12 Property, plant and equipment

	Land and buildings £	Fixtures and fittings £	Motor vehicles £	Computer and office equipment £	Total £
Cost					
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 1 April 2011	454,838	343,096	448,338	2,944,566	4,190,838
Additions	-	2,825	-	268,449	271,274
Disposals	-	(1,083)	(81,584)	-	(82,667)
At 31 December 2011	454,838	344,838	366,754	3,213,015	4,379,445
Depreciation					
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 1 April 2011	62,161	243,884	291,447	2,439,226	3,036,718
Charge for the year	13,645	34,986	60,960	279,636	389,227
Disposals	-	-	(69,452)	(4,817)	(74,268)
At 31 December 2011	75,806	278,871	282,955	2,714,045	3,351,677
Net book value					
At 31 December 2011	379,032	65,967	83,799	498,970	1,027,768
At 31 March 2011	392,677	99,212	156,891	505,340	1,154,120

13 Interest in joint venture

	31 December 2011 £	31 March 2011 £
Aggregated amounts relating to joint ventures		
Total assets	326,842	277,661
Total liabilities	(271,675)	(300,710)
Total assets (liabilities)	55,167	(23,049)
Group's share of net assets of joint ventures	-	-
Revenues	283,113	104,137
Profit Loss	77,536	(36,679)
Group's share of loss	38,768	(18,340)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2011

14 Trade and other receivables

Amounts falling due after more than one year

	31 December 2011 £	31 March 2011 £
Trade and other receivables	<u>609,801</u>	<u>27,720</u>

Amounts falling due within one year

	31 December 2011 £	31 March 2011 £
Trade and other receivables	2,025,860	1,299,641
Allowance for doubtful debts	<u>(163,453)</u>	<u>(171,453)</u>
Net trade and other receivables	1,862,407	1,128,188
VAT	102,892	118,977
Other debtors	407,867	266,860
Prepayments and accrued income	<u>2,188,891</u>	<u>2,924,296</u>
	<u>4,562,057</u>	<u>4,438,321</u>

The average credit period taken on sales of goods is 54 days (Year end 31 March 2011 42 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, £1,219,388 (Year end 31 March 2011 £711,138) is due from four (Year end 31 March 2011 six) 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 £983,372 (Year end 31 March 2011 £271,415) 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 154 days (Year end 31 March 2011 194 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

	31 December 2011 £	31 March 2011 £
30-60 days	361,100	53,851
60-90 days	126,000	84,156
90-120 days	191,432	43,989
Greater than 120 days	<u>304,840</u>	<u>89,419</u>
Total	<u>983,372</u>	<u>271,415</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2011

14 Trade and other receivables (continued)

Movement in the allowance for doubtful debts

	31 December 2011 £	31 March 2011 £
Balance at the beginning of the year	171,453	394,017
Recognised in the year	-	3,172
Amounts written off in the year as uncollectable	(8,000)	(225,736)
Balance at the end of the year	<u>163,453</u>	<u>171,453</u>

Ageing of impaired trade receivables

	31 December 2011 £	31 March 2011 £
Greater than 120 days	<u>163,453</u>	<u>171,453</u>

15 Trade and other payables

	31 December 2011 £	Restated 31 March 2011 £
Trade creditors	458,540	588,316
VAT	552,705	308,321
Other taxation and social security	227,169	146,140
Other creditors	738,233	736,273
Accruals and deferred income	5,542,735	6,385,991
Deferred tax creditor (note 8)	<u>292,924</u>	<u>330,055</u>
	<u>7,812,306</u>	<u>8,495,096</u>

Trade creditors and accruals principally comprise amounts outstanding for trade purchases, RDS-TMC deferred income and ongoing costs. The average credit period taken for trade purchases is 29 days (Year ended 31 December 2011: 21 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 a prior year.

The 2009 accruals and deferred income balance was increased by £3,029,880 in respect of the prior year adjustment as detailed in note 1.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2011

16 Provisions

	Onerous lease
	£
At 1 April 2011	20,000
Utilised in the period	(20,000)
At 31 December 2011	-

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

	31 December 2011 £	Restated 31 March 2011 £
Accruals and deferred income	<u>7,970,300</u>	<u>6,140,783</u>

The 2009 accruals and deferred income balance was increased by £6,140,653 due to a prior year adjustment in respect of the prior year adjustment as detailed in note 1]

18 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 19 and 20. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2011

18 Financial instruments (continued)

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

	31 December 2011 £	31 March 2011 £
Euro	3,008,496	1,414,112
US Dollar	53,890	-
	<u>3,062,386</u>	<u>1,414,112</u>

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	
	31 December 2011 £	31 March 2011 £
Euro	300,850	141,411
US Dollar	5,389	-
	<u>306,239</u>	<u>141,411</u>

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2011

facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2011

19 Called-up share capital

	31 December 2011 £	31 March 2011 £
<i>Authorised share capital</i>		
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
	<u>10,000,000</u>	<u>10,000,000</u>
	2011 £	2010 £
<i>Allotted, called-up and fully paid</i>		
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
	<u>5,230,270</u>	<u>5,230,270</u>

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.

20 Reserves

Group	Other reserve £	Profit and loss account £
At 1 April 2010 as previously stated	627,949	10,296,051
Prior year restatement	-	(9,170,533)
At 1 April 2010 restated	627,949	1,125,518
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	-	490,295
At 31 March 2011	574,129	1,720,157
Currency translation differences	-	58,741
IFRS 2 share option charge	9,298	-
Reserves transfer for lapsed options	(583,427)	583,427
Profit for the period	-	(1,142,158)
At 31 December 2011	-	1,220,167

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2011

21 Leases

	31 December 2011 £	31 March 2011 £
Minimum lease payments under operating leases recognised as an expense in the period	302,129	350,663

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:

	31 December 2011 £	31 March 2011 £
Within one year	293,719	302,129
In the second to fifth years inclusive	724,415	794,868
After five years	583,232	723,692
	1,601,366	1,820,689

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.

22 Cash flow information

Reconciliation of (loss) profit for the period to net cash inflow from operating activities

	31 December 2011 £	Restated 31 March 2011 £
(Loss) profit for the period	(1,142,158)	490,295
Adjustments for		
Share of results joint ventures	(38,768)	6,372
Depreciation of property, plant and equipment	389,227	452,092
Amortisation of intangible assets	266,785	221,567
Interest income	(802)	(1,761)
Share-based payment expense	9,298	36,274
Finance costs	-	438
Deferred tax credit	(37,131)	(62,038)
Deferred tax asset recognised	(321,064)	(23,167)
Gain on disposal of property, plant and equipment	(6,602)	(23,875)
Decrease in provisions	(20,000)	(15,867)
Operating cash flows before movements in working capital	(1,130,591)	1,080,330
Decrease in receivables	109,000	320,502
Increase in payables	1,183,858	2,012,285
Cash generated by operations	1,292,858	3,413,117
Interest paid	-	(438)
Net cash from operating activities	162,267	3,412,679

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2011

23 Retirement benefits

The Group provides pension arrangements to the majority of full-time employees through a defined contribution scheme. The pension charge for the period was £120,409 (Year ended 31 March 2011: £124,915).

24 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.

	9 months ended 31 December 2011 £	Year ended 31 March 2011 £
Emoluments	740,366	911,798
Compensation for loss of office	176,134	97,347
Money purchase pension contributions	78,510	77,814
	<u>995,010</u>	<u>1,086,959</u>

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.

	9 months ended 31 December 2011 £	Year ended 31 March 2011 £
Joint venture		
Amounts owed by related parties	<u>111,610</u>	<u>129,210</u>

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

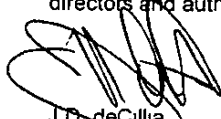
During the year, the Group paid personal expenses totalling £19,144 on behalf of Stuart Marks, a director of the Group. The maximum amount outstanding during the year was £21,177 (Year ended 31 March 2011: £31,780) and the amount due to the Group at 31 December 2011 was £nil (Year ended 31 March 2011: £14,770).

COMPANY BALANCE SHEET

31 DECEMBER 2011 AND 31 MARCH 2011

	Notes	31 December 2011 £	31 March 2011 £
Fixed assets			
Investments	3	<u>3,050,763</u>	<u>3,050,763</u>
Current assets			
Debtors	4	8,504,365	8,450,255
Cash		<u>18,739</u>	<u>36,610</u>
		<u>8,523,104</u>	<u>8,486,865</u>
Current liabilities			
Creditors amounts falling due within one year	5	<u>(7,119,727)</u>	<u>(5,723,737)</u>
Net current assets		<u>1,403,377</u>	<u>2,763,128</u>
Net assets		<u>4,454,140</u>	<u>5,813,891</u>
Capital and reserves			
Called-up share capital	6	5,230,270	5,230,270
Retained earnings	7	<u>(776,130)</u>	<u>583,621</u>
Shareholders' funds		<u>4,454,140</u>	<u>5,813,891</u>

The financial statements INRIX Holdings Limited, registered number 3461748, were approved by the board of directors and authorised for issue on DD MM 2012


J D deCillia
Director

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2011

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. INRIX Holdings Limited reported a loss for the financial year period ended 31 December 2011 of £1,359,751 (Year ended 31 March 2011: £389,917).

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

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2011

3 Fixed asset investments

	31 December 2011 £	31 March 2011 £
Subsidiaries	<u>3,050,763</u>	<u>3,050,763</u>

Cost and net book value

At beginning and end of the period	<u>£</u> <u>3,050,763</u>
------------------------------------	------------------------------

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

<i>Subsidiary undertakings</i>	<i>Country of incorporation</i>	<i>Shares</i>	<i>Percentage holding</i>	<i>Principal activity</i>
INRIX UK (formerly 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 INRIX Holdings Limited, 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

	31 December 2011 £	31 March 2011 £
Amounts falling due within one year:		
Amounts owed by group undertakings	8,494,636	8,416,194
VAT	9,112	23,552
Prepayments and accrued income	<u>617</u>	<u>10,509</u>
	<u>8,504,365</u>	<u>8,450,255</u>

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2011

5 Creditors

	31 December 2011 £	31 March 2011 £
Amounts falling due within one year:		
Trade creditors	6,733	56,162
Amounts owed to group undertakings	7,081,989	5,603,594
Accruals and deferred income	22,905	55,881
Other creditors	8,100	8,100
	<u>7,119,727</u>	<u>5,723,737</u>

6 Called-up share capital

	31 December 2011 £	31 March 2011 £
<i>Authorised share capital</i>		
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
	<u>10,000,000</u>	<u>10,000,000</u>

	31 December 2011 £	31 March 2011 £
<i>Allotted, called-up and fully paid</i>		
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
	<u>5,230,270</u>	<u>5,230,270</u>

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.

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2011

7 Reserves

Profit and
loss
account
£

At 1 April 2011

583,621

Loss for the year

(1,359,751)

At 31 December 2011

(776,130)