Toad plc

Report and Accounts

22 December 1998

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COMPANIES HOUSE 06/05/99

ERNST & YOUNG

Registered No.2974642

DIRECTORS

Non-executive chairman
C T Evans PhD, DSc, FRSC, OBE

Non-executive directors
J R Morris MA Oxon, FInstD, FCIM
K J Gray
P C R C Rogers BA CEng MICE

Executive directors
J C Lewin
(Chief Executive)

D G Baynes BA, ACA
(Finance Director)

N Grimond
(Operations Director)

S A Gall BA, MIDM
(Marketing Director)

Company secretary
D G Baynes BA, ACA

AUDITORS
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EC4A 1NH

BANKERS
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Registered No.2974642

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BROKERS & FINANCIAL ADVISERS
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PUBLIC RELATIONS AGENT
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REGISTRARS
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New Issues Department
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CHAIRMAN'S STATEMENT

I am pleased to present our results for the period ended 22 December 1998, a period that was shortened to 38 weeks following a change in our accounting reference date. The period was a significant one in the development of the company and I am pleased to announce that the company reported its first period of profit since its incorporation in 1993. In fact, despite the shortened reporting period, the performance of the group in every area was significantly improved over the preceding twelve months. Turnover increased by over 160% to £25.1 million, gross profit increased by over 160% to £10.2 million, operating profit before exceptionals improved by £3.5 million to £1.4 million and retained profit improved by £3 million to £0.4 million.

The period was an active one for us in the acquisition market. We continued to take advantage of the consolidation and rationalisation that is occurring in the vehicle security market by acquiring two more vehicle security businesses – Foxguard and Code Alarm. When combined with the acquisition of Laserline and Sigma during 1997, our vehicle technology division has now reached the critical mass required to dilute its overheads and substantially improved its profitability, as well as developing the range of products and technical innovation that the market demands.

In addition we took the major step of strengthening our in-car services division with the acquisition of The Sextons Group, the UK's leading car audio distribution and installation company. The acquisition enabled the enlarged group to create value by the exploitation of both economies of scale and the ability to make significant cost reductions. The acquisition also added a level of senior and middle management with strong experience in the audio and security vehicle aftermarket.

The integration of all these companies is largely complete and the relocation of the Cambridge headquarters to Sextons' headquarters in Mitcham, Surrey was achieved with almost no effect on turnover – a significant achievement and testimony to the tremendous work put in by all the staff.

The ongoing strength of the group's business is reflected in the number of new and renewed contracts signed during the period and the joint marketing agreement signed with Autoglass, the UK's number one vehicle glass repair and replacement company, on 19 December.

The Autoglass agreement is particularly significant for the group. Autoglass replaces over 350,000 side windows per year and estimates that approximately 40% of these are caused during car audio theft. Under the agreement, Toad and Autoglass offer the UK's fleet and insurance companies Toad's audio replacement and security installation service linked to Autoglass' repair and mobile glass replacement service. As a result of this alliance we hope to capture a substantial portion of this audio theft replacement business.

In addition Autoglass' extensive and rapidly growing operations in Western Europe may provide an opportunity for the cost-effective expansion of the Toad audio and security mobile replacement service into this important market.

Trading within the group during January and February has continued to meet our expectations and we are confident that during 1999 we will continue to develop the business and build on the growth achieved during the past year.

I am delighted that the new board is working so well together and that under the new leadership of John Lewin it has had such an immediate impact on the success and productivity of the group's operations. In September of last year Derek Whittaker, now aged 70, stood down as non-executive director and I would like to thank him for his valuable contribution to the company over the last four years. Finally, in December Patrick Rogers joined the group as a non-executive director and I would like to welcome him to the board. I believe his experience will be a valuable addition to the team.

Dr. C T Evans OBE
Chairman

CHIEF EXECUTIVE'S REPORT

This has been the most significant year in Toad's history. During the period we have turned the company around, consolidated our position as the UK's leading vehicle technology and car audio company and, most importantly, traded profitably for the first time since our incorporation.

With over 300 staff, offices in Mitcham, Runcorn and Bridgwater and a nine month turnover of £25.1 million, we are the UK's leading vehicle technology and car audio company.

Our vehicle technology division houses four of the UK's leading vehicle security brands and our range of vehicle security products are second to none.

Our in-car services division houses the UK's leading specialist audio distribution service, the UK's leading audio and security mobile installation service for fleets, insurance companies and multiple retailers, and the largest specialist audio and security franchise operation in the UK.

ACQUISITIONS

During the period we made three acquisitions:

The Sextons Group	We acquired the UK's leading specialist audio distribution and mobile installation company
Code Alarm	We acquired certain assets and liabilities of Code Alarm, a leading UK alarm distributor, and entered into an exclusive distribution agreement for their range of car security products
Foxguard	We acquired certain assets and liabilities of Foxguard Limited, a leading UK alarm and immobiliser distributor, and entered into an exclusive distribution agreement for their range of security products.

All these acquisitions have, in the main, been integrated into the group on an operational basis, but there remains the potential for further overhead reductions.

ORGANISATION

The effect of the integration of the Sextons business into the group exceeded the directors' expectations and approximately £3 million of overheads were removed from the business by rationalising duplicated operations and cost cutting measures.

The Cambridge operation was closed and moved to Sextons' headquarters in Mitcham, the Sigma operation was relocated into the Laserline head office in Runcorn and the Toad Security and Code Alarm operations were relocated to the Foxguard head office in Bridgwater. As part of this restructuring the Foxguard operation was integrated with the Toad Security operation and the Foxguard brand re-branded under the Toad Security name.

The two retail operations, Toad In-Car and Sextons, were integrated from day one and a number of the Toad In-car sites were closed or franchised. All 19 showrooms now operate under the Sextons brand name, 15 as independent franchise operations and 4 being wholly-owned by the company.

The integration of the Sextons Corporate mobile audio and security installation service with that of Toad Innovations has been a particular success. The new service continued to win new business during the year and the directors expect the strategic alliance signed with Autoglass during December will consolidate our position as the UK's leading audio and security mobile installation company.

CHIEF EXECUTIVE'S REPORT

AUTOGLASS ALLIANCE

On 19 December we signed an agreement with Autoglass, part of Belron International, the world's largest glass replacement company, to form a unique strategic alliance which will provide the UK's insurance and fleet companies with a single access point to Autoglass' and Toad's respective mobile services.

Both companies are brand leaders in their respective markets and under the agreement, which the directors believe is the first of its kind in the UK in these market sectors, we have set up a joint marketing and operations alliance that will integrate both company's IT and telecommunications resources, generating enhanced efficiency and improved customer service.

The insurance glass and audio replacement market can now access a unique one-stop service for all its mobile re-installation needs, combining Autoglass and Toad plc's complimentary replacement services. The service was launched in the UK in January 1999.

The directors believe this is an excellent alliance for Toad that could result in substantial growth opportunities both here and in Western Europe.

NEW CONTRACTS

A number of new contracts and agreements were signed during the period, including agreements to provide mobile audio and security installation services to Royal & SunAlliance, CIS, The Hartwell Group and Abbey National.

In addition our investment in developing our Sigma range of car alarms and Laserline range of motorcycle alarms for the original equipment market resulted in us concluding new deals to supply products to companies such as Subaru, LTI and Kawasaki.

NEW PRODUCT DEVELOPMENT

During the period we have launched the new Sigma 'M series' of advanced range of car security systems. Each system employs the latest surface-mount technology and has a multifunction keypad located in the vehicle to enable the security system to be tailored to the individual users requirements. In addition, the owner can gain access to the car even if the remote is broken or the batteries are flat, unlike many competitive car security systems.

All Sigma M Series alarms have a powerful control microprocessor protected by a unique opto-isolator system which converts the electrical power to light, to give the alarm added protection and make the system more efficient in obeying the electronic commands. All systems comply with current and proposed European legislation and there are ten models in the range, five of which carry the Thatcham seal of approval.

The Laserline 860 motorcycle alarm was relaunched at the end of the year and will be standard fit on all Kawasaki ZZ-R 1100 and 600 models during 1999.

During the year a new range of innovative vehicle alarms and immobilisers was developed for the Toad Security brand which offers the owner the option of personalising their remote key fob from a selection of 16 different remote cases and 8 different remote buttons. The new product range was launched in February 1999 and is designed to appeal to the owners personality and character by enabling the owner to choose a colour and pattern combination to suit his/her personality and style.

The development of the Spacetrac tracking system, for which we have the exclusive European vehicle tracking distribution rights, continues. The developers of the product continue to talk positively about the product and although the directors have yet to see a prototype, we are told that the first products should be available for sale by the end of 1999.

CHIEF EXECUTIVE'S REPORT

BOARD CHANGES

During the period the following board changes occurred:

John Lewin	joined as Group Chief Executive
Nick Grimond	joined as Group Operation Director
Stuart Gall	joined as Group Marketing Director
Patrick Rogers	joined as non-executive Director
Kevin Gray	moved from Chief Executive to non-executive Director
Derek Whittaker	stood down as non-executive Director

CHANGE TO THE ACCOUNTING PERIOD

During the period the company changed its accounting reference date to 22 December to enable us to both write off goodwill to reserves and to allow the year-end to fall during a relatively quiet retail trading period.

CURRENT TRADING

Following the reorganisation of the vehicle technology division and the realignment of the brands, the performance of the Laserline, Sigma and Toad Security brands has been excellent. This performance is expected to continue in 1999 with the Sigma brand concentrating on the OEM markets and the Laserline and Toad Security brands concentrating on the independent dealer and car franchise after-markets.

With the new Autoglass alliance now operational we expect the in-car services operations to grow and we are confident that during 1999 we will continue to develop the business and build on the growth achieved during the past year.

John Lewin
Chief Executive

DIRECTORS' BIOGRAPHICAL DETAILS

EXECUTIVE DIRECTORS

John Lewin (aged 33), Chief Executive. John was Group Managing Director of Sextons, which he joined in 1984, until it was acquired by Toad. He joined the board of Toad on 14 April 1998 and became Chief Executive on 8 September 1998.

Nicholas Grimond (aged 32), Operations Director. Nicholas was Group Operations Director of Sextons, which he joined in 1984, until it was acquired by Toad. He joined the board of Toad on 14 April 1998.

Stuart Gall (aged 36) Marketing Director. Stuart was Head of Marketing for the Toad Group from June 1994 until 31 July 1997. From 1 August 1997 he acted as a consultant to Toad, advising on marketing issues. He previously held management positions with The Anvil Consultancy Limited and The Promotions Partnership Limited, a marketing, advertising and promotions agency, of which he was a founder member. Prior to that he worked for British Airways. He joined the board of Toad on 14 April 1998.

David Baynes (aged 35), Finance Director and Company Secretary. He qualified as a Chartered Accountant with Arthur Andersen & Co in 1990. He was a consultant to Celsis International Limited, a rapid diagnostics company, from its incorporation in 1992 and was responsible for all aspects of the finance function until the company floated on the London Stock Exchange in July 1993. He joined Toad as Finance Director and Company Secretary in September 1993.

NON-EXECUTIVE DIRECTORS

Dr Chris Evans OBE (aged 41), Non-Executive Chairman. Dr Evans is a prominent scientist and Cambridge entrepreneur. His first company, Enzymatix, was successfully sold off in 1992. In March 1992 he established Chiroscience plc which was floated on the London stock exchange in January 1994. In July 1992 Chris established Celsis International plc, which was also floated on the London stock exchange, in July 1993. He is a non-executive director of both these companies and holds honorary professorships at the Universities of Liverpool and Manchester.

John Morris (aged 68), Non Executive Director. After 10 years with Cooper McDougall, Robertson Limited and the Wellcome Foundation, John was appointed as managing director of group bulk pharmaceutical companies within Glaxo plc. In 1987 he established his own pharmaceuticals and biotechnology companies, BioTrace AG and Fermic AG, which have offices around the world.

Kevin Gray (aged 44), Non Executive Director. He is also Chairman and Managing Director of CVP Bosley plc, Chairman of TDK Motor Company Limited and Chairman of Cherry Food Company Limited. He was Chairman of Secur-Fix Limited when that company was acquired by Toad and was appointed to Toad's board on 21 May 1996.

Patrick Rogers (aged 48), Non Executive Director. After spending his early career in the civil engineering industry, he worked for eight years in the City, in investment research and corporate finance, before returning to industry. From 1992 to 1996 he was chief executive of Channel Holdings plc, whose interests include mechanical and electronic security products, and since 1997 he has been executive chairman of Buckland Investments plc, an AIM listed company involved in the manufacture of connectors for the electronics industry. He joined Toad's board in December 1998.

The interest of the directors in the shares of the company at 31 March 1998, 22 December 1998 and 8 March 1999 are disclosed in the report on directors' remuneration on pages 11-14.

CORPORATE GOVERNANCE

The company is committed to high standards of corporate governance. The board is accountable to the company's shareholders for good corporate governance. This statement describes how the principles of corporate governance are applied to the company and the company's compliance with the Code provisions set out in Section 1 of the Combined Code prepared by the Committee on Corporate Governance chaired by Sir Ronald Hampel.

STATEMENT BY THE DIRECTORS ON COMPLIANCE WITH THE PROVISIONS OF THE COMBINED CODE

The company has been in full compliance with the provisions set out in Section 1 of the Combined Code throughout the period with the exception of the following requirements:-

- A.2.1. - "There should be a strong and independent non-executive element on the board, with a recognised senior member, other than the chairman to whom concerns can be conveyed."

  From his appointment on 9 December 1998 this role has been performed by Patrick Rogers.

- A.3.2. - "The majority of non-executive directors should be independent and free from any business or other relationship which could materially interfere with the exercise of their independent judgement."

  Non-executives represent four out of a total of eight directors, however a majority are not independent as both Chris Evans and John Morris have an interest in Spacetrac and Chris Evans has given the company personal guarantees. Kevin Gray was Chief Executive until 8 September 1998. Since this time, he has operated as an independent non-executive director. On 9 December 1998 Patrick Rogers joined the company as an independent non-executive director. The Chairman has stated that additions will be made to the board to ensure the company complies with the Code as soon as reasonably possible.

- A.5.1. - "Unless the board is small, a nomination committee should be established to make recommendations to the board on all new board appointments."

  With the addition of four directors during the period, the board has now grown to the size where a nomination committee would be appropriate. It is the intention of board to form such a committee in the near future.

- B.1.4. - "A significant proportion of executive directors' remuneration should be linked to corporate and individual performance."

  In the case of John Lewin and Nick Grimond, the remuneration packages comply with this recommendation. The other executive directors' packages do not but will be reviewed by the Remuneration Committee during the coming year.

- B.2.2. - "Remuneration committees should consist exclusively of non-executive directors who are independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement."

  As a result of the limited number of independent non-executive directors during the period this has not been complied with. It is the intention of the board to rectify this in the coming year.

- D.3.1. - "The board should establish an audit committee of at least three directors, all non-executive, with written terms of reference which deal clearly with its authorities and duties. The members of the committee, a majority of whom should be independent non-executive directors, should be named in the report and accounts"

  As explained above, the majority of non-executive directors were not independent during the period. It is the intention of the board to rectify this in the coming year.

The Stock Exchange have deemed that a company has complied with provision D.2.1. relating to the wider aspects of internal control if it has continued to review and report on the effectiveness of its system of internal financial controls. This the board has continued to do.

A statement of the directors' responsibilities in respect of the accounts is set out on page 21. Below is a brief description of the role of the board and its committees followed by a statement regarding the group's system of internal financial control and a report by the company's auditors on our corporate governance matters.

THE WORKINGS OF THE BOARD AND ITS COMMITTEES

The Board
The board currently comprises four non-executive directors and four full-time executive directors and is responsible for the management of the group. It meets at least 10 times a year, setting and monitoring group strategy, reviewing trading performance and formulating policy on key issues. Key issues reserved for the board include, the consideration of potential acquisitions, share issues and fund raising, the setting of group strategy and City public relations.

The Audit Committee
The audit committee comprises all the non-executive directors and is chaired by Dr C T Evans. It is scheduled to meet at least twice a year and assists the board in ensuring that the group's published financial statements give a true and fair view. The committee meets as necessary with and receives reports from, the external auditors.

The Remuneration Committee
The remuneration committee comprises all of the non-executive directors and is chaired by Dr C T Evans. It meets as necessary, at least twice a year, and is responsible for making recommendations to the board on the remuneration of senior executives and all directors.

The company does not have a Nomination Committee for incoming directors as the current board does not consider it necessary. All matters of this type are dealt with by the complete board.

RELATIONS WITH SHAREHOLDERS
Key members of the executive board regularly visit institutional shareholders and the full board makes itself available to questions at all shareholder meetings it holds.

CORPORATE GOVERNANCE

INTERNAL FINANCIAL CONTROLS

The board is responsible for establishing and maintaining the group's system of internal financial control. Internal control systems are designed to meet the particular needs of the group concerned and the risks to which it is exposed, and by their nature can provide reasonable but not absolute assurance against material misstatement or loss. The key procedures which the directors have established with a view to providing effective internal financial control are as follows:-

Management Structure

The board has overall responsibility for the group and there is a formal schedule of matters specifically reserved for decision by the board. Each executive director has been given responsibility for specific aspects of the group's affairs. The executive directors, together with key senior executives, constitute the management committee, which meets fortnightly, to discuss day-to-day operational matters.

Control environment

The group's control environment is the responsibility of the group's directors and managers at all levels. The effectiveness of the group's internal financial controls was last reviewed in January 1999. During the year the board reviewed and updated its internal control arrangements to ensure they remained appropriate for the enlarged group.

Main control procedures

The directors have established control procedures in response to key risks. Standard financial control procedures operate throughout the group to ensure the integrity of the group's financial statements. The board has established procedures for authorisation of capital and revenue expenditure.

Monitoring system used by the board

The board reviews the group's performance against budgets on a monthly basis. The group's cash flow is monitored monthly by the board.

Internal Audit

The group does not have an independent internal audit function, as the board does not consider the current scale of operations warrants such a function. However, as the group continues to grow, the board will keep this under review, with a view to creating an internal audit function when it is warranted.

REPORT ON DIRECTORS' REMUNERATION

The remuneration committee is comprised exclusively of non-executive directors. They are as follows:

Dr C T Evans (Chairman of the remuneration committee)
J R Morris
K J Gray
P C R C Rogers

The company's remuneration committee decides the remuneration policy that applies to executive directors and the group's other senior management. In setting the policy it considers a number of factors including:

(a) the basic salaries and benefits available to executive directors of comparable companies;

(b) the need to attract and retain directors of an appropriate calibre; and

(c) the need to ensure executive directors' commitment to the continued success of the company by means of incentive schemes.

REMUNERATION OF NON-EXECUTIVE DIRECTORS

The chairman of the board, Dr C T Evans, is a non-executive director and his remuneration is determined by the board. The other non-executive directors each receive a fee for their services, which is agreed by the board following recommendation by the chairman with a view to rates paid in comparable organisations and appointments.

Dr C T Evans receives consultancy payments through Merlin Scientific Services Limited, a company of which he is a director and the principal shareholder. The board agrees the level of these payments.

Neither the chairman nor the other non-executive directors receive any pension or other benefits from the company, nor do they participate in any of the bonus or incentive schemes or share option schemes.

The chairman and the other non-executive directors do not have service contracts with the company. They are all appointed by letters of agreement with 12 months notice which are reviewed annually.

REMUNERATION POLICY FOR EXECUTIVE DIRECTORS
The company's remuneration policy for executive directors is to:

(a) have regard to the directors' experience and the nature and complexity of their work in order to pay a competitive salary that attracts and retains management of the highest quality;

(b) link individual remuneration packages to the group's long-term performance through the award of share options and incentive schemes;

(c) provide post retirement benefits through the group's personal pension scheme; and

(d) provide employment-related benefits including the provision of a company car, life assurance, insurance relating to the director's duties and medical insurance.

SALARIES AND BENEFITS
The remuneration committee meets at least twice a year in order to consider and set the annual salaries for executive directors having regard to personal performance and independently compiled salary survey information. Executive directors' salaries were last reviewed in March 1999.

PERFORMANCE RELATED INCENTIVE PLANS
Bonuses may be payable to John Lewin and Nicholas Grimond, in their capacity as directors of Toad plc, up to an aggregate maximum of £50,000 each for the year ending 31 March 1999, depending on the profits before interest and tax achieved by the enlarged group.

PENSIONS
During the period the executive directors were members of the group's defined contribution scheme.

The executive directors' contracts permit the directors to take some or all of their pension in the form of remuneration.

Basic salary only is pensionable as it is not considered appropriate to treat any other elements of remuneration as pensionable.

CONTRACTS OF SERVICE
All of the executive directors have contracts of service which can be terminated by the company or director. All of the contracts can be terminated with a notice period of six months with the exception of D G Baynes who is entitled to one year's notice.

The committee reviews each case of early termination individually in order to ensure that compensation settlements are made which are appropriate to the circumstances, taking care to ensure that poor performance is not rewarded, whilst minimising the risk of litigation that would be a distraction to the group.

NON-EXECUTIVE DIRECTORSHIPS
The executive directors may accept appointments as non-executive directors, but not of public limited companies. Any fees related to such employment may be retained by the director concerned.

REPORT ON DIRECTORS' REMUNERATION

DIRECTORS' DETAILED EMOLUMENTS
Details of individual directors' emoluments for the year are as follows:

			38 weeks to 22 December 1998	*Year ended 31 March 1998*
	Salary and fees	*Benefits*	***Total***	*Total*
	£	£	**£**	£
Executive				
D G Baynes	61,875	5,047	**66,922**	81,218
J C Lewin	74,250	6,035	**80,285**	-
N Grimond	65,999	8,567	**74,566**	-
S A Gall	34,230	1,843	**36,073**	-
M C Cassey	-	-	-	12,614
Non-executive				
C T Evans (Chairman) *	36,000	-	**36,000**	2,000
J R Morris **	9,000	-	**9,000**	2,000
D J Whittaker	4,000	-	**4,000**	2,000
K J Gray ***	9,000	-	**9,000**	56,500
P C R C Rogers	3,000	-	**3,000**	-
	297,354	21,492	**318,846**	156,332

* Includes an amount of £36,000 (31 March 1998: £nil) payable to Merlin Scientific Services Limited in respect of making available the services of Dr C T Evans to the company.

** Includes an amount of £9,000 (31 March 1998: £2,000) payable to Fermic AG in respect of making available the services of J R Morris to the company.

*** Includes an amount of £9,000 (31 March 1998: £40,500) payable to CVP Limited in respect of making available the services of K J Gray to the company.

No directors waived emoluments during the period.

SHARE OPTIONS
The company has four share option schemes: the 1994 scheme, the 1995 scheme, the 1997 scheme and the Employee scheme.

The 1994 scheme is administered by the directors and may only be granted to employees and directors of the company at the board's discretion. No further options are to be granted under this scheme.

The 1995 scheme has terms substantially similar to those of the 1994 scheme. Options are only granted at the discretion of the remuneration committee to employees or directors of the group, but exclude the company's executive and non-executive directors. No new options have been issued under this scheme during the period.

SHARE OPTIONS (continued)
The 1997 scheme was approved by shareholders of the company on 6 January 1997. The scheme is administered by the remuneration committee and options may only be granted to employees and directors of the group at the discretion of the committee. Options may only be granted:

1 Within 42 days of the announcement of the company's annual or half yearly results, or

2 Within 14 days of a new executive joining the scheme.

The Employee scheme was established by the company on 20 October 1997, and approved by the Inland Revenue under Schedule 9 of the Income and Corporation Taxes Act 1988.

DIRECTORS' INTERESTS IN SHARE OPTIONS
Details of options held by directors over the company's ordinary shares of 10p are set out below:

	Number of options						
	31 March 1998	*granted in the period*	*lapsed in the period*	*22 December 1998*	*Exercise price*	*Date from which exercisable*	*Expiry date*
The 1994 scheme							
D G Baynes	78,529	-	-	78,529	10p	28.10.96	27.10.01
S A Gall	156,176	-	-	156,176	10p	12.12.96	11.12.01
The 1997 scheme							
K J Gray	-	250,000	-	250,000	23.5p	17.07.01	17.07.08
The Employee Scheme							
J C Lewin	-	127,660	-	127,660	23.5p	17.07.01	17.07.08
N Grimond	-	127,660	-	127,660	23.5p	17.07.01	17.07.08
S A Gall	-	127,660	-	127,660	23.5p	17.07.01	17.07.08

On 14 April 1998 John Lewin, Nicholas Grimond and Stuart Gall were appointed directors of the company. Under the terms of their employment contracts they are each eligible to participate in the Employee Scheme up to the maximum allowed by the rules of that plan. These options were granted on 16 July 1998 at an issue price of 23.5p in accordance with the scheme rules. These options have an exercise price of the market rate on the day of issue and expire 10 years from the date of issue.

The market price of the company's shares at the end of the financial year was 23.5p and the range of market prices during the year was 17.5p to 29.5p.

DIRECTORS' REPORT

The directors present their report and the audited consolidated financial statements for the 38 weeks to 22 December 1998.

RESULTS AND DIVIDEND

Turnover during the period increased by 160% to £25.1 million (31 March 1998: £9.6 million), with operating losses of £2.1 million converted into profits of £1.4 million before exceptionals.

The consolidated profit and loss account for the year is set out on page 23.

The directors do not recommend the payment of a dividend.

PRINCIPAL ACTIVITY

The principal activity of the group is the inception, development, marketing, sale and installation of highly effective and innovative vehicle technology products, including vehicle security, audio, cellular and navigation products.

REVIEW OF BUSINESS

The period has been a watershed for Toad, during which the company has been substantially restructured. This restructuring has included transforming the business through strategic acquisition which has led to a significant increase in turnover and the positioning of the group as the leading player in the market.

DIRECTORS' INTERESTS IN SHARES

The directors at 22 December 1998 (or date of appointment if later), and their interests in the share capital of the company, other than in respect of options to acquire ordinary shares (which are detailed in the analysis of options included in the report on directors' remuneration) were as follows:-

		8 March 1999	*22 December 1998*	*31 March 1998*
The company - ordinary shares 10p				
C T Evans		9,026,149	9,026,149	5,569,118
J R Morris		1,743,766	1,743,766	1,154,114
D G Baynes		763,387	763,387	748,479
K J Gray		697,419	697,419	350,660
S A Gall	(appointed 14 April 1998)	12,347	12,347	8,000
J C Lewin	(appointed 14 April 1998)	21,739	21,739	-
N Grimond	(appointed 14 April 1998)	21,739	21,739	-
P C R C Rogers	(appointed 9 December 1998)	-	-	-

The share interests at 8 March 1999, 22 December 1998 and 31 March 1998 take into account the interest of C T Evans in 5,569,118 ordinary shares registered in the name of Abbotsford Limited, a company owned by Trustco Management Services Limited SA, a Swiss company which is a trustee of the Solidum Trust of which Dr Evans is a potential discretionary beneficiary.

The share interests at 8 March 1999, 22 December 1998 and 31 March 1998 take into account the interest of K J Gray in 203,810 ordinary shares registered in the name of TDK Motor Company Limited, the issued share capital of which is beneficially owned by Mr Gray, and at 8 March 1999 and 22 December 1998 his interest in 375,329 ordinary shares registered in the name of CVP Systems (UK) Pension Fund Limited of which Mr Gray is a potential discretionary beneficiary.

DIRECTORS' INTERESTS IN SHARES (continued)
J C Lewin and N Grimond are eligible to £1,500,000 of shares in the company under the terms of the acquisition of Sextons Group Limited and up to a maximum of £1,000,000 of additional shares in the company based on the performance of the group for the period from acquisition to 14 April 2000. These shares will not be issued until 14 April 2000.

The share interests at 8 March 1999, 22 December 1998 and 31 March 1998 take into account the interest of J R Morris in 278,193 ordinary shares registered in the name of Cairncross Limited, an Isle of Man company, the issued share capital of which is beneficially owned by Mr Morris. Mr Morris' holding also takes into account the interest in 231,851 ordinary shares registered in the name of Everson Investments Limited, a Jersey company, the issued share capital of which is beneficially owned by Mr Morris, and an interest in 300,000 ordinary shares registered in the name of U Bolli, a related party of Mr Morris.

The share interests at 8 March 1999, 22 December 1998 and 31 March 1998 take into account the interest of S A Gall in 4,347 ordinary shares registered in the name of J M Gall.

The number of ordinary shares disclosed above does not take account of any ordinary shares to be issued pursuant to the Spacetrac Agreement (see note 12).

Apart from the interests disclosed above no directors were interested at any time in the year in the share capital or loan stock of the company or other group companies.

In addition to the directors listed above, D J Whittaker served as a director until 8 September 1998 when he resigned.

POST BALANCE SHEET EVENTS

(a) Autoglass Alliance

The board announced on 12 October 1998 that it had signed heads of agreements to form a strategic alliance with Autoglass. A contract was signed on 5 January 1999 to implement this alliance. Under the proposed alliance, Toad and Autoglass intend to take advantage of the synergies of the two operations and offer the UK's insurance and fleet companies effectively a 'one stop shop' with Autoglass providing its repair and mobile glass replacement service linked to Toad's audio replacement and security installation services.

Toad and Autoglass have leading positions in, respectively, the mobile audio re-installation and mobile glass replacement UK markets. Both companies provide these mobile installation services to the majority of the UK's leading insurance and fleet companies with Toad focusing on audio and security and Autoglass focusing on glass and, to a lesser extent, on audio.

Toad and Autoglass both co-ordinate their respective services through telephone call centres which process the customer's order, book a convenient appointment, arrange for the relevant stock to be available and bill the insurance or fleet company when the order has been fulfilled. Both companies' operational processes are broadly similar. The proposed alliance will enable Toad and Autoglass to link Toad's advanced engineer booking system with Autoglass' sophisticated telephone and computerised customer processing system.

POST BALANCE SHEET EVENTS (continued)

Under the terms of the Autoglass Alliance, Toad acquired the entire issued share capital of Metvale Limited. Metvale Limited was a wholly owned subsidiary of Belron International Properties N V. Immediately prior to acquisition the audio re-installation business, then operated by Autoglass, was transferred to Metvale Limited. Immediately following the acquisition the business was transferred to Toad Innovations Limited. For the twelve months to 30 October 1998 the turnover of the Autoglass audio replacement business was estimated to be approximately £2 million. The consideration for the acquisition was the issue of consideration shares (valuing Metvale Limited at £732,283).

The terms of the Autoglass Alliance also provided that:

(i) On 1 March 1999 Belron subscribed a total of £733,750 for the preference shares in the company, being 25p per preference share. The preference shares do not carry any dividend rights and are redeemable only by Belron in limited circumstances. The preference shares are convertible into 2,935,000 ordinary shares (representing approximately 5 per cent of the company's current issued share capital) at any time on or after the second anniversary of completion but before 31 December 2005. The preference shares, which carry no voting rights, convert into ordinary shares at a price of 25p per ordinary share and rank before ordinary shareholders, but after all other liabilities, in the case of a winding up.

(ii) Belron was granted options to acquire further ordinary shares (representing 10 per cent of the enlarged share capital). The options will be exercisable in three instalments on the first, second and third anniversaries of 5 January 1999 at exercise prices of 40p, 55p and 70p per ordinary share respectively. The number of ordinary shares to be issued to Belron on each option exercise date will depend upon the enlarged share capital on the exercise date.

(iii) Autoglass, Toad and Toad Innovations Limited, a wholly owned subsidiary of Toad, have, agreed to enter into a joint venture agreement governing the terms of the Autoglass Alliance.

(b) Secure Microsystems Limited

On 5 January 1999 the company signed a memorandum of satisfaction with the vendors of Secure Microsystems Limited and Second Base Systems Limited. Under this agreement the amount payable for these two companies was agreed as £700,000 payable in Toad plc 10p ordinary shares at 20.5p. This represented 3,414,634 ordinary 10p shares, which were admitted to listing on 14 January 1999. No additional consideration in excess of amounts already accounted for will be payable in relation to these acquisitions.

(c) Warrants

On 19 March 1998 it was announced that, in conjunction with the acquisition of Sextons Group Limited, Dr C T Evans had agreed to guarantee the deferred cash consideration of £2.5 million payable to C J Lewin, one of the sellers of Sextons, and as consideration for this guarantee, was to be granted non-transferable and non-assignable warrants to subscribe up to 11,700,000 ordinary shares. As part of the Autoglass Alliance, Dr C T Evans gave up his right to all these warrants so that sufficient capacity could be created to issue options to Autoglass as described above. This in no way affected the guarantees given by Dr C T Evans regarding the deferred cash consideration of £2.5 million.

RESEARCH AND DEVELOPMENT ACTIVITIES

The group maintains sufficient research and development resource in-house to ensure its market leading security products remain cutting edge.

The group does not conduct any pure research into new technologies, but does constantly review the market place for any new technologies which might make a profitable contribution to the business.

YEAR 2000 COMPLIANCE

As is well known, many computer and digital storage systems express dates using only the last two digits of the year and will thus require modification or replacement to accommodate the Year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruption. This is a complex and pervasive issue. The operation of our business depends not only on our own computer systems, but also to some degree on those of our suppliers and customers. This could expose us to further risk in the event that there is a failure by other parties to remedy their own year 2000 issues.

A group-wide programme, designed to address the impact of the Year 2000 on our business, has been commissioned by the board and is underway. Resources have been allocated and the board receive regular reports on progress.

A significant risk analysis has been performed to determine the impact of the issue on all our activities. From this, prioritised action plans have been developed which are designed to address the key risks in advance of critical dates and without disruption to the underlying business activities. Priority is given to those systems, which could cause a significant financial or legal impact on the group's business if they were to fail. The group is currently in the pre-implementation phase of developing a new, fully integrated computer system. As part of this process the new system will be fully evaluated to ensure that it is Year 2000 compliant, however the directors do not expect the new system to be in place before inception of the critical Year 2000 dates. As such, the main focus of the Year 2000 programme is to ensure current systems are Year 2000 compliant.

The risk analysis also considers the impact on our business of Year 2000 related failures by our significant suppliers and customers. In appropriate cases we have initiated formal communication with these other parties.

Given the complexity of the problem, it is not possible for any organisation to guarantee that no Year 2000 problems will remain, because at least some level of failure may still occur. However, the board believes that it will achieve an acceptable state of readiness and has also provided resources to deal promptly with significant subsequent failures that might arise.

The cost of implementing the action plans will be subsumed into the recurring activities of the departments involved.

GOING CONCERN

Having reviewed the facilities available, including the guarantees given by the Chairman (see note 34), the directors have a reasonable expectation that the group and the company have adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

DISABLED EMPLOYEES

The group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

Where existing employees become disabled, it is the group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled persons wherever appropriate.

EMPLOYEE INVOLVEMENT

The group's policy is to consult and discuss with employees, through meetings, matters likely to affect employees' interests. The meetings seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

All employees are eligible to receive share options. Membership is reviewed annually and options are issued to staff who have joined in the year. The number of options granted vary according to seniority and experience.

MAJOR INTEREST IN SHARES

As at 8 March 1999, according to the company's register, the following shareholders each held 3% or more of the company's issued share capital.

Name	*Ordinary 10p shares*	*% Holding*
Abbotsford Limited	5,569,118	9.0
Nortrust Nominees Limited	4,636,045	7.5
Gulf Management Limited	4,000,000	6.5
Chase Nominees Limited	3,757,080	6.1
Dr Chris Evans	3,457,031	5.6
Belron International Properties NV	2,929,130	4.8
RBSTB Limited	2,517,167	4.0

CREDITOR PAYMENT POLICY

The company's policy is to:

(a) settle the terms of payment with those suppliers when agreeing the terms of each transaction,
(b) ensure that those suppliers are aware of the terms of payment by inclusion of the relevant terms in contracts, and
(c) pay in accordance with contractual and other legal obligations.

During the period the group has, in some instances, exceeded these terms whilst completing the acquisition of Sextons Group. Where the amounts were material, suppliers were informed in writing of the delays.

The group's average creditor payment period at 22 December 1998 was 67 days (31 March 1998 - 73 days) and that of the company was nil days.

AUDITORS
A resolution to reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

ANNUAL GENERAL MEETING
At the Annual General Meeting shareholders will not be asked to approve any items of special business in addition to the ordinary business of the meeting.

By order of the board

D G Baynes
Secretary

Date: 16 MAR 1999

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss of the group for that year. In preparing those 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

The directors are responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ERNST & YOUNG

REPORT OF THE AUDITORS
to the members of Toad plc

We have audited the accounts on pages 23 to 45, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 26 and 27.

Respective responsibilities of directors and auditors
The directors are responsible for preparing the annual report, including, as described on page 21, the accounts. Our responsibility, as independent auditors, are established by statute, the Auditing Practices Board, the Listing Rules of the London Stock Exchange and by our profession's ethical guidance.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if the information specified by law or the Listing Rules regarding directors' remuneration and transactions with the company is not disclosed.

We read the other information contained in the annual report and consider whether it is consistent with the audited accounts. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts.

We review whether the statement on pages 8 to 10 reflects the company's compliance with those provisions of the Combined Code specified for our review by the Stock Exchange, and we report if it does not. We are not required to form an opinion on the effectiveness of either the company's corporate governance procedures or the group's internal controls.

Basis of opinion
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion
In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group at 22 December 1998 and of the profit of the group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young

Ernst & Young
Registered Auditor
London

16 March 1999

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the 38 weeks to 22 December 1998

	Notes	*Before exceptional items £'000*	*Exceptional items (Note 4) £'000*	*38 weeks to 22 December 1998 £'000*	*Year ended 31 March 1998 £'000*
TURNOVER	2				
- continuing operations		8,658	-	**8,658**	9,593
- acquisitions		16,405	-	**16,405**	-
		25,063	-	**25,063**	9,593
COST OF SALES					
- continuing operations		(4,916)	-	**(4,916)**	(5,684)
- acquisitions		(9,919)	-	**(9,919)**	-
GROSS PROFIT		10,228	-	**10,228**	3,909
Other operating expenses	3	(8,830)	(453)	**(9,283)**	(6,390)
OPERATING PROFIT/(LOSS)					
- continuing operations		424	(453)	**(29)**	(2,481)
- acquisitions		974	-	**974**	-
		1,398	(453)	**945**	(2,481)
Loss on disposal of fixed assets				**(140)**	(144)
Interest receivable and similar income				**3**	70
Interest payable and similar charges	7			**(376)**	(97)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	8			**432**	(2,652)
Taxation	9			-	12
PROFIT/(LOSS) FOR THE PERIOD	10,24			**432**	(2,640)
-					
Earnings per share - basic	11			0.76p	(9.46p)
- diluted	11			0.59p	(9.46p)

TOTAL RECOGNISED GAINS AND LOSSES
There are no recognised gains and losses other than those included in the profit and loss account above, and accordingly no separate statement of total recognised gains and losses has been presented.

BALANCE SHEETS
at 22 December 1998

		Group		Company	
		22 December	31 March	22 December	31 March
		1998	1998	1998	1998
	Notes	£'000	£'000	£'000	£'000
FIXED ASSETS					
Intangible assets	12	**730**	730	**730**	730
Tangible assets	13	**2,756**	610	-	-
Investments	14,15	-	-	**15,607**	3,753
		3,486	1,340	**16,337**	4,483
DEBTORS: amounts falling due after one year	18	-	-	**9,258**	6,213
CURRENT ASSETS					
Stocks	17	**4,212**	1,813	-	-
Debtors	18	**5,316**	3,079	**945**	901
Cash at bank and in hand		**1,126**	129	-	48
		10,654	5,021	**945**	949
CREDITORS: amounts falling due within one year	19	**(13,921)**	(6,163)	**(6,918)**	(1,500)
NET CURRENT LIABILITIES		**(3,267)**	(1,142)	**(5,973)**	(551)
TOTAL ASSETS LESS CURRENT LIABILITIES		**219**	198	**19,622**	10,145
CREDITORS: amounts falling due after more than one year	20	**(1,214)**	(237)	-	(213)
PROVISIONS FOR LIABILITIES AND CHARGES	21	-	(70)	-	-
NET (LIABILITIES)/ASSETS		**(995)**	(109)	**19,622**	9,932
CAPITAL AND RESERVES					
Called up share capital	22	**5,872**	2,918	**5,872**	2,918
Share capital to be issued	22	**3,743**	1,438	**3,743**	1,438
Share premium account	24	**9,095**	11,810	**9,095**	11,810
Merger reserve	24	-	-	**1,001**	401
Profit and loss account	24	**(19,705)**	(16,275)	**(89)**	(6,635)
EQUITY SHAREHOLDERS' FUNDS	25	**(995)**	(109)	**19,622**	9,932

The financial statements on pages 23 to 45 were approved by the board of directors on 16 March 1999 and were signed on its behalf by:

D G Baynes

16 MAR 1999

CONSOLIDATED STATEMENT OF CASH FLOWS
for the 38 weeks to 22 December 1998

	Notes	*38 weeks to 22 December 1998 £'000*	*Year ended 31 March 1998 £'000*
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	28	**(1,130)**	(3,718)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		**3**	70
Interest paid		**(367)**	(94)
Interest paid on finance leases		**(9)**	(3)
		(373)	(27)
TAXATION			
UK corporation tax recovered		**-**	129
CAPITAL EXPENDITURE			
Purchase of intangible fixed assets		**-**	(230)
Purchase of tangible fixed assets		**(187)**	(110)
Sale of tangible fixed assets		**281**	26
		94	(314)
ACQUISITIONS			
Purchase of subsidiary undertakings		**(6,049)**	(1,346)
Purchase of Foxguard and Code businesses		**(488)**	-
Net cash acquired with acquisition of subsidiary		**204**	(514)
Net cash transferred with sale of subsidiary		**(20)**	-
		(6,353)	(1,860)
CASH OUTFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING		**(7,762)**	(5,790)
MANAGEMENT OF LIQUID RESOURCES			
Sale of current asset investments		**-**	2,250
FINANCING			
Issue of shares		**6,385**	-
Movement in short term borrowings		**(509)**	1,500
Movement in long term borrowings		**(325)**	-
Repayment of principal under finance leases		**(17)**	(13)
		5,534	1,487
DECREASE IN CASH IN THE PERIOD	29,30	**(2,228)**	(2,053)

1. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of preparation

The financial statements are prepared in accordance with the historical cost convention.

Fundamental accounting concept

As a result of the guarantees given by Dr C T Evans (see note 34(iv)), the directors have prepared these accounts on a going concern basis, notwithstanding the reliance on overdraft facilities and deficiency of net assets at 22 December 1998.

Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 22 December 1998. The results of subsidiaries sold or acquired are included in the consolidated profit and loss account up to, or from, the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

Sextons Group Limited has been included in the accounts using the acquisition method of accounting. Accordingly, the group profit and loss account and statement of cash flows include the results of these companies for the period from acquisition. The purchase consideration has been allocated to assets and liabilities on the basis of fair value at the date of acquisition.

Goodwill

Goodwill arising on consolidation represents the excess of the fair value of the consideration given for acquisition of subsidiaries and associates over the fair value of the identifiable net assets acquired. Goodwill arising on the acquisition of subsidiaries and associates is written off immediately against reserves.

Turnover

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of goods sold.

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences to the extent that they are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse. Advance corporation tax which is expected to be recoverable in the future is deducted from the deferred taxation balance.

Deferred taxation assets are only recognised if recovery without replacement by equivalent debit balances is reasonably certain.

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Intangible Fixed Assets
Development expenditure or costs relating to other specific projects intended for commercial exploitation is carried forward where the ultimate commercial viability has been assessed with reasonable certainty. Such expenditure is amortised over the period expected to benefit. Expenditure on pure and applied research is written off as incurred.

Tangible fixed assets
The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Freehold land and buildings	2
Leasehold properties	Over the term of the lease
Leasehold improvements	10% or over the term of the lease if shorter
Motor vehicles	25
Plant and equipment	25-33

Stocks
Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on an average cost basis. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Warranties for products and services
Provision is made for warranties on goods manufactured by the group in exceptional circumstances only. Otherwise costs relating to warranties for product sales and services made by the group are charged to the profit and loss account as incurred. These are represented by ongoing customer support costs.

Leasing and hire purchase commitments
Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset are passed to the group, and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under leases and hire purchase contracts are included as liabilities in the balance sheet. The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Pensions
The group operates a defined contribution pension scheme. The scheme is funded by contributions partly from the employees and partly from the group. The latter are charged against profits in the period for which they are payable. The assets of the scheme are held separately from those of the group in independent trustee administered funds.

NOTES TO THE ACCOUNTS
at 22 December 1998

2. TURNOVER

Turnover consists primarily of sales made in the United Kingdom from the group's main continuing activity. Export sales are not material.

The acquisitions relate to the businesses of Sextons Group Limited, and certain assets and liabilities of Foxguard Limited and Code UK Limited (note 15).

3. OTHER OPERATING EXPENSES

	Continuing operations		*Acquisitions*	*38 weeks to*	*Year ended*
	Before exceptional items £'000	***Exceptional items £'000***	***Before exceptional items £'000***	***22 December 1998 Total £'000***	*31 March 1998 Total £'000*
Administrative	1,072	453	2,970	**4,495**	1,788
Operating/distribution	1,908	-	2,304	**4,212**	4,441
Technical	338	-	238	**576**	161
	3,318	453	5,512	**9,283**	6,390

4. EXCEPTIONAL ITEMS

Following the purchase of Sextons Group Limited, various of the group businesses were rationalised and overheads reduced. The exceptional cost of this reorganisation, included within administration costs, amounted to £453,000.

Included in other operating expenses in the year ended 31 March 1998 is £371,000 associated with rationalisation costs irrevocably committed to at the year end.

5. DIRECTORS' EMOLUMENTS

Details of directors' remuneration for each director, pension contributions and share options are included on pages 11 to 14.

ERNST & YOUNG

6. EMPLOYEE INFORMATION

The average monthly number of persons (including executive directors) employed by the group during the period was:

	38 weeks to 22 December 1998 Number	Year ended 31 March 1998 Number
By activity:		
Administration	**60**	32
Technical	**25**	5
Operations	**249**	143
	334	180

	38 weeks to 22 December 1998 £'000	Year ended 31 March 1998 £'000
Staff costs (for the above persons):		
Wages and salaries	**4,118**	2,743
Social security costs	**399**	263
Other pension costs	**26**	31
	4,543	3,037

7. INTEREST PAYABLE AND SIMILAR CHARGES

	38 weeks to 22 December 1998 £'000	Year ended 31 March 1998 £'000
Bank loans and overdrafts	**367**	94
Finance leases	**9**	3
	376	97

8. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit/(loss) on ordinary activities before taxation is stated after charging:

	38 weeks to 22 December 1998 £'000	*Year ended 31 March 1998 £'000*
Research and development expenditure	-	200
Auditors' remuneration for audit services (company £ nil; 1998: £nil)	**91**	57
Auditors' remuneration for non-audit services	**90**	-
Operating lease rentals:		
Hire of land and buildings	**339**	441
Hire of plant and machinery	**400**	319
Depreciation:		
Tangible fixed assets owned	**247**	203
Tangible fixed assets held under finance leases	**33**	12

In addition to the above, auditors remuneration for services relating to the acquisition of Sextons, not charged to the profit and loss account, amounted to £300,000.

9. TAXATION

	38 weeks to 22 December 1998 £'000	*Year ended 31 March 1998 £'000*
Corporation tax:		
Current	-	(12)

The group and company have no deferred tax liability (31 March 1998: £nil). The unrecognised deferred tax assets of the group are as follows:

	38 weeks to 22 December 1998 £'000	*Year ended 31 March 1998 £'000*
Unrecognised deferred tax assets:		
Excess of depreciation over capital allowances	**221**	109
Other timing differences	**181**	143
	402	252

Subject to agreement with the Inspector of Taxes, the group has tax losses of approximately £9,000,000 (31 March 1998: £9,500,000) to carry forward against future taxable profits.

10. PROFIT FOR THE PERIOD

As permitted by section 230 of the Companies Act 1985, the parent company's profit and loss account has not been included in these financial statements. The parent company's profit for the period was £nil (31 March 1998: loss of £89,000).

NOTES TO THE ACCOUNTS
at 22 December 1998

11. EARNINGS PER ORDINARY SHARE

The calculation of basic earnings per share is based on the profit on ordinary activities after taxation, namely £432,000 (31 March 1998: loss of £2,640,000) and on 57,166,287 (31 March 1998: 27,904,259) ordinary shares, being the weighted average number of ordinary shares in issue and ranking for dividend during the period.

The diluted earnings per share is calculated under the provisions laid out in FRS14 and is based on the profit for the period of £432,000 (31 March 1998: loss of £2,640,000), and on 73,197,909 (31 March 1998: 27,904,259) ordinary shares, calculated as follows:

	22 December 1998 thousands	*31 March 1998 thousands*
Basic weighted average number of shares	**57,166**	27,904
Dilutive potential ordinary shares:		
Shares to be issued	**15,605**	-
Employee share options	**427**	-
	73,198	27,904

12. INTANGIBLE FIXED ASSETS

Group and company:	***Distribution agreement £'000***
Cost and net book value:	
At 31 March and 22 December 1998	730

On 26 September 1997, Toad entered into an agreement with Spacetrac Limited for the exclusive rights to distribute in certain markets, a miniature satellite based wireless location device.

Under the terms of this agreement ordinary shares of 10p each, with an aggregate value of £500,000, will be allotted immediately following the date of delivery of the first Spacetrac product.

The company has accrued for this payment within intangible fixed assets as at 22 December 1998. In addition to this amount, the company has capitalised costs associated with negotiating and completing this distribution agreement of £230,294. The full amount of £730,294 has been capitalised within the books of the company as an intangible asset. This asset will be amortised to the profit and loss account over the period in which the product generates revenues. The company has not amortised any amount of this investment in the current year and does not intend to start doing so until the product becomes available for resale and the equity referred to above has been issued to Spacetrac in accordance with the agreement.

NOTES TO THE ACCOUNTS
at 22 December 1998

13. TANGIBLE FIXED ASSETS

The company has no tangible fixed assets. Details of those relating to the group are:

	Freehold land and buildings	*Short Leasehold Properties*	*Leasehold improvements*	*Motor vehicles*	*Plant and equipment*	*Total*
	£'000	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*
Cost:						
At 31 March 1998	-	14	236	142	612	1,004
Additions	3	-	12	33	139	187
Acquisition of businesses and subsidiary undertakings	2,742	-	-	211	133	3,086
Disposals	(453)	-	(151)	(217)	(238)	(1,059)
At 22 December 1998	**2,292**	**14**	**97**	**169**	**646**	**3,218**
Depreciation:						
At 31 March 1998	-	14	43	39	298	394
Provided during the period	35	-	17	58	170	280
Disposals	-	-	(45)	(41)	(126)	(212)
At 22 December 1998	**35**	**14**	**15**	**56**	**342**	**462**
Net book value at 22 December 1998	**2,257**	-	**82**	**113**	**304**	**2,756**
Net book value at 31 March 1998	-	-	193	103	314	610
Net book value of assets held under finance leases						
At 22 December 1998	-	-	-	**81**	**32**	**113**
At 31 March 1998	-	-	-	31	-	31

14. FIXED ASSET INVESTMENTS

Details of the company's investments are:

	Interests in group undertakings £'000
Cost:	
At 31 March 1998	5,138
Additions	12,049
Reduction of deferred consideration on acquisition of Sigma	(195)
At 22 December 1998	16,992
Amounts provided:	
At 31 March 1998	1,385
Written off in period	-
At 22 December 1998	1,385
Net book value at 22 December 1998	15,607
Net book value at 31 March 1998	3,753

NOTES TO THE ACCOUNTS
at 22 December 1998

14. **FIXED ASSET INVESTMENTS** (continued)

Interests in group undertakings
Details of the company's subsidiary undertakings (all of which have been consolidated in the group accounts) are as follows:

Name of undertaking	*Description of shares held*	*Proportion of voting rights shares held %*	*Nature of business*
*Sextons In Car Entertainment Limited	Ordinary £1 shares	100	Sale and installation of vehicle audio and security products
Sextons Group Limited	Ordinary £1 shares	100	Holding company
Toad Innovations Limited	Ordinary 1p shares	100	Development and sale of vehicle security products
Laserline (UK) Limited	Ordinary £1 shares	100	Sale of vehicle security products
*Secure Microsystems Limited	Ordinary £1 shares	100	Sale of vehicle security products
Second Base Systems Limited	Ordinary £1 shares	100	Holding company
*VSL Holdings Limited	Ordinary £1 shares	75	Holding company
*V.S.L. Limited	Ordinary £1 shares	75	Dormant
The Challenge Technology Partnership Limited	Ordinary £1 shares	100	Dormant
NAS plc	Ordinary £1 shares	100	Dormant
Secur-Fix Limited	Ordinary £1 shares	100	Dormant
* Auto & Audio Services Ltd	Ordinary £1 shares	100	Dormant
* Foxguard Limited	Ordinary £1 Shares	100	Dormant

*Wholly or partly held by a subsidiary undertaking

15. ACQUISITIONS

(i) Sextons Group Limited ("Sextons")

On 14 April 1998 the company acquired 100% of the share capital of Sextons Group Limited and its subsidiaries.

The consideration payable by Toad for Sextons was £11 million. The consideration was satisfied as to £5.0 million in cash payable on completion, as to £1.0 million by the issue of shares, as to £2.5 million by the payment of deferred cash consideration and as £2.5 million by the issue of the deferred shares. The deferred cash consideration has been guaranteed by Dr C T Evans. Dr C T Evans had been granted warrants to subscribe 11,700,000 ordinary shares in the company at 25p as consideration for giving such a guarantee. This amount was subsequently waived by Dr C T Evans.

The goodwill arising on the acquisition of Sextons has been set off against other reserves and the investment in Sextons has been included in the company's balance sheet at its fair value at the date of acquisition.

Analysis of the acquisition of Sextons:

Net assets at the date of acquisition:

	Book value and fair value to the group £'000
Tangible fixed assets	2,785
Stocks	1,811
Debtors	1,916
Cash	204
Current liabilities	(5,164)
Long-term liabilities	(315)
Net assets	1,237
Goodwill arising on acquisition	10,812
	12,049
Discharged by:	
Fair value of shares issued	1,000
Cash	5,000
Fair value of deferred shares	2,500
Deferred cash	2,500
Costs associated with acquisition	1,049
	12,049

The results for Sextons and the fair value of assets and liabilities acquired were not available at 14 April 1998, and are therefore included from 1 April 1998. It is the opinion of the directors that the results for the period from 1 April to 14 April 1998 are immaterial, and no adjustment for them has been made in the accounts.

15. ACQUISITIONS (continued)

Sextons utilised £1,243,000 of the group's net operating cash flows, paid £116,000 in respect of net returns on investments and servicing of finance, recovered £34,000 for capital expenditure and financial investment.

Sextons reported a profit after tax of £718,000 in the 38 weeks to 22 December 1998 (15 months ended 31 March 1998 - £334,000 loss).

(ii) Foxguard and Code

On 1 July 1998 a subsidiary of Toad Innovations Limited acquired certain assets and liabilities from Foxguard Limited and Code UK Limited, satisfied by cash payable in instalments over a 15 month period. Goodwill, which has been calculated to include the costs of completing these purchases, has been set off directly to reserves.

Analysis of the acquisition of certain assets and liabilities from Foxguard Limited and Code UK Limited:

	Book value £	*Revaluation adjustment* £	*Fair value to the company* £
Tangible fixed assets	315	(14)[a]	301
Stocks	199	(129)[b]	70
Debtors	305		305
Creditors	(180)		(180)
	639	143	496
Goodwill			391
			887
Discharged by:			
Cash consideration			819
Costs associated with the acquisitions			68
			887

(a) To reduce value of freehold property currently for sale to its expected retail value.
(b) To provide for stocks which will not be sold.

(iii) Secure Microsystems Limited ("Sigma")

The company acquired the whole of the issued share capital of Sigma on 21 October 1997. The total consideration included on amount of deferred consideration, to be satisfied by the issue of ordinary shares in the company, based on the performance of Sigma is the twelve months to 31 October 1998. At 31 March 1998 a total of £895,000 in deferred shares, had been included in the cost of acquisition. At 22 December 1998 the final payment has been agreed as £700,000. The cost of acquisition and the value of shares to be issued have been adjusted accordingly.

16. DISPOSALS

On 5 May 1998, the group completed the sale of Sextons Ireland Limited, a subsidiary of Sextons Group Limited, for £nil. The disposal is analysed as follows:

	£'000
Net assets disposed of:	
Fixed assets	426
Debtors	253
Net cash	20
Creditors	(700)
	(1)
Profit on disposal	1
	-

It is the opinion of the directors that the results for the period 15 April to 5 May 1998 are immaterial and have therefore been excluded.

17. STOCKS

The company has no stock. Details of that relating to the group are:

	22 December 1998 £'000	*31 March 1998 £'000*
Finished goods and goods for resale	**3,698**	1,266
Work in progress and raw materials	**514**	547
	4,212	1,813

18. DEBTORS

	Group		***Company***	
	22 December 1998 £'000	*31 March 1998 £'000*	***22 December 1998 £'000***	*31 March 1998 £'000*
Amounts falling due after one year:				
Amounts owed by group undertakings	-	-	**9,258**	6,213
Amounts falling due within one year:				
Trade debtors	**4,668**	2,617	-	-
Amount owed by group undertakings	-	-	**875**	873
Other debtors and prepayments	**648**	462	**70**	28
	5,316	3,079	**10,203**	7,114

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19. CREDITORS: amounts falling due within one year

	Group		*Company*	
	22 December 1998 £'000	*31 March 1998 £'000*	***22 December 1998 £'000***	*31 March 1998 £'000*
Bank overdrafts	**4,985**	1,760	**3,305**	-
Short-term bank loan	**991**	1,500	**900**	1,500
Obligations under finance leases	**61**	10	-	-
Trade creditors	**3,279**	1,846	-	-
Corporation tax	**371**	75	-	-
Taxation and social security	**511**	315	-	-
Accruals and deferred income	**462**	298	-	-
Other creditors	**3,261**	359	**2,713**	-
	13,921	6,163	**6,918**	1,500

The bank loan and overdrafts are secured by fixed and floating charges over all assets of the group.

20. CREDITORS: amounts falling due after more than one year

	Group		*Company*	
	22 December 1998 £'000	*31 March 1998 £'000*	***22 December 1998 £'000***	*31 March 1998 £'000*
Bank loan	**1,156**	233	-	213
Obligations under finance leases	**58**	4	-	-
	1,214	237	-	213

The bank loan falls due between one and two years.

The net finance lease obligations to which the group is committed are:

	22 December 1998 £'000	*31 March 1998 £'000*
In one year or less	**61**	10
Between two and five years	**58**	4
	119	14

21. PROVISIONS FOR LIABILITIES AND CHARGES

The company has no provisions for liabilities and charges. Details of those of the group are:

	£'000
At 31 March 1998	70
Utilised in the period	(70)
At 22 December 1998	-

This represented a provision for warranty costs on products no longer manufactured by Sigma. The provision was established prior to acquisition by the group.

22. SHARE CAPITAL

(a) Called up share capital

	22 December 1998 £'000	*31 March 1998 £'000*
Authorised		
105,000,000 (31 March 1998: 59,000,000) ordinary shares of 10 pence each	**10,500**	5,900
Issued, allotted, called up and fully paid		
58,720,822 (31 March 1998: 29,184,657) ordinary shares of 10 pence each	**5,872**	2,918

(b) Share capital to be issued

	22 December 1998 £'000	*31 March 1998 £'000*
Secur-Fix acquisition (note 34(iii))	**43**	43
Sigma Group acquisition (note 15)	**700**	895
Spacetrac distribution agreement (note 12)	**500**	500
Sextons Group acquisition (note 15)	**2,500**	-
	3,743	1,438

NOTES TO THE ACCOUNTS
at 22 December 1998

22. SHARE CAPITAL (continued)

Movement in share capital	*Date*	*Number of shares*	*£'000*
Balance at 31 March 1997		26,893,748	2,689
Shares issued in the year re:			
Laserline acquisition	21 October 1997	1,381,818	138
Sigma Group acquisition	21 October 1997	909,091	91
Balance at 31 March 1998		29,184,657	2,918
Shares issued in the year re:			
Sextons acquisition	14 April 1998	4,000,000	400
Fund raising	14 April 1998	25,536,165	2,554
Balance at 22 December 1998		58,720,822	5,872

Details of the company's share issue to acquire Sextons Group are given in note 15. Details of the company's share option schemes are given in the report of the remuneration committee.

23. GOODWILL

The cumulative amount of goodwill resulting from acquisition, which has been written off to reserves, is set out below:

	£'000
Written off to reserves in the period	
On acquisition of Sextons (see note 15(i))	10,812
On acquisition of Foxguard and Code (see note 15(ii))	391
Written back on adjustment of Sigma deferred consideration	(195)
	11,008
At 1 April 1998	6,132
At 22 December 1998	17,140

NOTES TO THE ACCOUNTS
at 22 December 1998

24. SHARE PREMIUM ACCOUNT AND RESERVES

	Share premium account £'000	*Merger reserve £'000*	*Group Profit and loss account £'000*	*Share premium account £'000*	*Merger reserve £'000*	*Company Profit and loss account £'000*
At 31 March 1998	11,810	-	(16,275)	11,810	401	(6,635)
Arising from share issues	3,831	600	-	3,831	600	-
Reduction of share premium account	(6,546)	-	6,546	(6,546)	-	6,546
Goodwill written off	-	(600)	(10,408)	-	-	-
Profit/(Loss) for the year	-	-	432	-	-	-
At 22 December 1998	9,095	-	(19,705)	9,095	1,001	(89)

During the period the company's share premium account was reduced by £6,545,864, to create a reserve of £6,545,864 against which the accumulated deficit on the company's profit and loss account as at 30 September 1997 has been offset.

The company was permitted by statute and by its articles of association to make this reduction after obtaining the prior approval of shareholders and the confirmation of the High Court. Shareholders' approval for the transaction was received at the company's extraordinary general meeting on 14 April 1998 and confirmation of the High Court was received on 26 May 1998 and was effective from that date.

At that time the company gave the High Court such undertakings as it required for the protection of the company's creditors.

The reduction of the debit balance on the company's profit and loss account will bring forward the day on which the company will be able to pay dividends.

25. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	38 weeks to 22 December 1998 £'000	*Year ended 31 March 1998 £'000*
Opening shareholders' funds	**(109)**	3,447
Proceeds from placement of shares	**6,385**	-
Shares issued as consideration for acquisitions (note 15)	**1,000**	630
Shares to be issued as consideration for acquisition (note 15)	**2,500**	895
Adjustment of shares to be issued on Sigma acquisition	**(195)**	-
Shares to be issued as consideration for distribution agreement (note 12)	**-**	500
Profit/(loss) for the year (note 24)	**432**	(2,640)
Goodwill written off (note 23)	**(11,008)**	(2,941)
Closing shareholders' funds	**(995)**	(109)

26. CAPITAL COMMITMENTS

The company had no capital commitments at the period end. The group had capital commitments of approximately £200,000 at 22 December 1998.

27. FINANCIAL COMMITMENTS

The company had no financial commitments at the end of the year. At 22 December 1998 the group had annual commitments under non-cancellable operating leases as follows:

	22 December 1998		*31 March 1998*	
	Land and buildings £'000	***Other £'000***	*Land and buildings £'000*	*Other £'000*
Expiring within one year	**-**	**-**	-	54
Expiring between two and five years inclusive	**9**	**106**	66	196
Expiring in over five years	**198**	**357**	208	-
	207	**463**	274	250

28. RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	38 weeks to 22 December 1998 £'000	*Year ended 31 March 1998 £'000*
Operating profit/(loss)	**945**	(2,481)
Depreciation on tangible fixed assets	**280**	215
Increase in stocks	**(518)**	(354)
Increase in debtors	**(574)**	(352)
Decrease in creditors	**(1,193)**	(692)
Decrease in provisions	**(70)**	(54)
Net cash outflow from continuing operating activities	**(1,130)**	(3,718)

NOTES TO THE ACCOUNTS
at 22 December 1998

29. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	38 weeks to 22 December 1998 £'000	*Year ended 31 March 1998 £'000*
Decrease in cash in the period	**(2,228)**	(2,053)
Cash outflow/(inflow) from movement in debt	**851**	(1,487)
Cash inflow from movement in liquid resources	**-**	(2,250)
Changes in net funds resulting from cash flows	**(1,377)**	(5,790)
Loans and finance leases acquired with subsidiaries	**(1,370)**	(258)
Movement in net debt in the period	**(2,747)**	(6,048)
Net debt at 31 March 1998	**(3,378)**	2,670
Net debt at 22 December 1998	**(6,125)**	(3,378)

30. ANALYSIS OF NET DEBT

	At 31 March 1998 £'000	*Cash flow £'000*	*Acquisition of subsidiary undertakings £'000*	***At 22 December 1998 £'000***
Cash at bank and in hand	129	997	-	1,126
Bank overdrafts	(1,760)	(3,225)	-	(4,985)
	(1,631)	(2,228)	-	(3,859)
Finance leases	(14)	17	(122)	(119)
Short term bank loans	(1,500)	509	-	(991)
Other loans	(233)	325	(1,248)	(1,156)
	(3,378)	(1,377)	(1,369)	(6,125)

31. CASH FLOW RELATING TO EXCEPTIONAL ITEMS

The operating cash outflows include under continuing activities an outflow of £60,000 which relates to the exceptional rationalisation costs explained in note 4.

32. PENSIONS

The group operates a defined contribution pension scheme. The pension cost which represents contributions payable by the group, amounted to £26,000 (31 March 1998 - £31,000). Included in creditors is £18,000 (31 March 1998 - £13,000) in respect of contributions to the schemes.

33. POST BALANCE SHEET EVENTS

Details of post balance sheet events are disclosed in the directors' report on pages 15 to 20.

34. RELATED PARTY TRANSACTIONS

(i) BioMed PTE Limited ("BioMed")

On 18 November 1996 the company's subsidiary, Toad Innovations Limited, entered into a distribution agreement with BioMed, a company in which Mr J R Morris, a non-executive director of the company, is interested. Mr Morris is interested in 60% of the issued share capital of BioMed through BioTrace A.G., a company in which Mr Morris owns 80% of the issued share capital. Pursuant to this agreement BioMed was appointed as the exclusive distributor of Toad products in Singapore and Malaysia for a period of five years and continuing thereafter unless terminated by either party on six months notice and otherwise upon arm's length commercial terms. Toad Innovations has agreed under the distributorship agreement to supply Toad products to BioMed on its general conditions of sale from time to time at the price shown in its standard price lists. These terms have subsequently been varied to give BioMed an extended period of credit.

As at 22 December 1998, amounts due from BioMed to Toad Innovations Limited were £15,869 (31 March 1998: £15,869)

Sales from Toad Innovations to BioMed for the years ended 22 December 1998 and 31 March 1998, were as follows:

	38 weeks to 22 December 1998	*Year ended 31 March 1998*
	£	*£*
Sales:	-	15,869

(ii) Spacetrac Limited

On 26 September 1997, the company entered into a distribution agreement with Spacetrac Limited, a company in which Dr C T Evans and Mr J R Morris, both directors of the company, are interested. Dr Evans is interested in 30% of the issued share capital of Spacetrac Limited through Abbotsford Limited, a company owned by Trustco Management Services Limited SA, which is trustee of the Solidum Trust of which Dr Evans is a potential discretionary beneficiary and Mr Morris is interested in 20% through Wesdon Limited, a company owned by Abacus Trust Company, Isle of Man.

Pursuant to the distribution agreement, the company has been appointed as sole and exclusive distributor of a location device for use in certain vehicles in the United Kingdom and certain European countries until 13 May 2007.

Within the distribution agreement, which was approved on 20 October 1997, Toad plc are to issue £500,000 in value of Toad 10p ordinary shares on delivery of the first working Spacetrac product. This amount has been accrued for within the books of Toad plc as disclosed in note 12.

As at 31 March 1998 and 22 December 1998, there was an amount outstanding from Spacetrac to Toad Innovations Limited of £6,784 relating to consulting fees associated with the loan of Toad technical staff. It was agreed that this amount would be settled against amounts payable on the first delivery of finished product.

34. RELATED PARTY TRANSACTIONS (continued)

(iii) Secur-Fix Limited

On 25 April 1996, Toad acquired the whole of the issued share capital of Secur-Fix Limited for a total consideration of £950,000. The purchase consideration is satisfied in two parts, £500,000 which was allotted on completion by way of 476,190 ordinary shares of 10p in Toad (credited as fully paid at £1.05) and up to a further £450,000 of shares to be issued on the condition of Toad selling 1500 rolls of Secur-Fix film.

Mr K J Gray, a director of Toad plc, was a major shareholder in Secur-Fix and as such has an interest in the potential additional shares to be issued.

(iv) Dr C T Evans

At 22 December 1998 the group had an overdraft facility of £3.0 million from Barclays Bank PLC. This facility is secured by charges over the assets of the group and by personal guarantees and undertakings given by the non-executive chairman, Dr C T Evans. Dr C T Evans has also undertaken to make available, until 30 September 2000, further facilities of up to £4 million should there be a working capital requirement for it.

Furthermore, Dr C T Evans has guaranteed the deferred consideration of £2.5 million payable in April 1999 to the vendors of Sextons Group Limited.

(v) Executive directors

The Sextons Group provided services, on a commercial basis, valued at £22,000 (31 March 1998: £nil) to Hummingbird Products Limited (formerly Beautiko Limited), a company owned by Delta Investments Limited, in which J C Lewin and N Grimond, directors of Toad plc, have an interest. In addition, at the period end there were balances due to Wessex Press Limited and Southern Cellular Services, however there had been no trade with them during the period.

The amounts due to related parties were as follows:

	22 December 1998 £	*31 March 1998 £*
Hummingbird Products Limited	-	-
Southern Cellular Services	**34,967**	-
Wessex Press Limited	**6,346**	-
Total	**41,313**	-

J C Lewin and N Grimond are directors of both Hummingbird Products Limited and Wessex Press Limited.

J C Lewin is a partner of Southern Cellular Services.