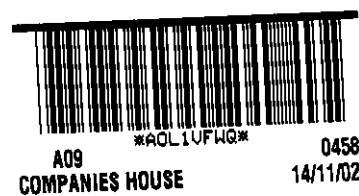


ITIS Holdings plc

Annual Report and Accounts 2002

Registered number 3461748



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PICTURE OMITTED

Business Highlights

- ITIS agrees significant long term contract and strategic relationship with Automobile Association Developments Limited, part of the Automobile Association (the AA), the UK's leading motoring organisation, worth £1m per annum:
 - ITIS to provide traffic flow information using Floating Vehicle Data to AA Roadwatch, the traffic division of the AA;
 - AA and ITIS to jointly market, manage and develop ITIS's successful RDS-TMC services;
 - AA has more than 12 million members and has agreed to evaluate opportunities to market NavTrak, ITIS's vehicle tracking system, potentially opening up a considerable marketing and distribution network;
 - Agreement to use complementary skills to develop new products and services together;
 - ITIS to have access to Floating Vehicle Data polled from the AA fleet of 3,600 patrol vehicles.
- ITIS confirmed as General Motors Europe OnStar preferred partner for developments of telematics services.
- RDS-TMC contracts in place with BMW, Toyota and Siemens VDO.
- Leading navigation system manufacturer, Alpine, agrees promotion of ITIS's RDS-TMC services.

Financial Highlights

- Increase in turnover of 153% to £1.48m (2001: £0.58m).
- Loss after taxation for the financial year of £8.49m (2001: £7.95m).
- Cash position remains strong at £17.1m as at 31st March 2002 (2001: £25.7m).
- Increased revenue and cost reductions will significantly reduce cash usage for 2002/2003.

Financial Overview

Turnover for the twelve months ended 31 March 2002 increased by 153% to £1.48m (2001: £0.58m). Loss after taxation of £8.49m (2001: £7.95m) was in line with market forecasts and reflected a year of significant investment in our RDS-TMC and FVD technologies.

At the 31 March 2002 our cash position remained strong at £17.1m (2001: £25.7m). We have implemented stringent cost controls and we will continue diligently to control our overheads whilst ensuring that the necessary funds are earmarked to invest in those areas of the business where we can expect the greatest return.

In terms of financial management, many of the aims set out over the last 12 months have been achieved:

- significant reduction in cash burn achieved by an increase in revenues and a sharp reduction in head count;

- converting relationships into contracts; and
- focusing on the key areas of the business which are RDS-TMC, FVD and NavTrak.

In January 2002 the Company sold its interest in Novcom Limited, its Spanish joint venture with Minorplanet Systems plc (Minorplanet) to Minorplanet, our partner, for a consideration of £2.731m.

The consideration was satisfied by cash of £0.859m, the offset of outstanding balances of £0.591m and a supplier credit of £1.281m.

“ITIS has made substantial progress over the last year. The AA contract is a significant endorsement of both our FVD network and our strategy to focus on relevant delivery channels such as RDS-TMC. This has been further reinforced by our relationships with General Motors Onstar, Toyota, BMW and Siemens VDO.”

Business Review

The AA

ITIS announced on the 23 May that it has agreed a significant long term contract and strategic relationship with the Automobile Association Developments Ltd, part of the Automobile Association (the AA), worth £1 million per annum. Under the terms of the Agreement ITIS will be responsible for supplying real-time traffic flow information to AA Roadwatch, the traffic and travel division of the AA, from late November 2002, whilst the AA will jointly market, manage and develop ITIS's successful RDS-TMC service, which is already used by a number of manufacturers including Toyota and BMW. The AA has more than 12 million members and has agreed to evaluate opportunities to market NavTrak, ITIS's vehicle tracking system, potentially opening up a considerable marketing and distribution network.

ITIS will be providing real-time traffic flow data to AA Roadwatch collated via a technique known as Floating Vehicle Data (FVD). As part of the agreement ITIS will

also have access to Floating Vehicle Data polled from the AA fleet of 3,600 patrol vehicles. FVD uses information from selected probe vehicles operating across the strategic road network, including Eddie Stobart lorries and National Express coaches, to provide both real-time information, which can be used to alert drivers to traffic flow and congestion, and historic information which can be used to predict journey times and select routes.

This endorsement by the UK's leading motoring organisation is a significant validation of ITIS's FVD network and our strategy to focus on relevant delivery channels such as RDS-TMC. The AA is one of the most respected and recognised brands in the UK.

Floating Vehicle Data (FVD)

In June last year we informed the industry that we were confident real-time traffic flow information for the strategic road network in the UK could be provided using Floating Vehicle Data (FVD) – a

technology which until now had been mainly the subject of academic theory. We have put the theory into practice and now have a national 24-hour service – the world's largest commercial FVD network. Coverage of the strategic road network will develop progressively until it is fully operational ahead of the launch of our service to the AA.

Key achievements include:

- Data is now sourced from a wide range of vehicles using a mixture of boxes installed by ITIS and fleet operators with existing systems;
- Traffic Alert Generator (TAG), combining real-time and historic FVD with journalistic sources, is operational;
- Data warehouse with over 150 million historic speed / position inputs has facilitated the launch of Road Timetable;
- Fewer probes needed at lower cost per probe than originally anticipated.

The road timetable uses our historic data to calculate predictive journey times for drivers based upon variable factors such as time of day, day of week. Using TAG this information can be combined with other sources of real-time data allowing an operator to identify congestion of an exceptional rather than recurrent nature.

Telematics services

In March, we were pleased to announce that OnStar had appointed ITIS as its preferred partner to provide and manage a range of telematics services in Europe following an extensive period of due diligence. OnStar is currently unable to give an exact date when these services will be launched but can confirm that it is working alongside ITIS for future projects.

RDS-TMC service (Radio Data Service – Traffic Message Channel)

Our RDS-TMC service continues to be the easiest and most cost effective route for manufacturers to offer telematics services

and we still remain the only provider of a high quality, national service.

We have also proven to the market that there is a choice for manufacturers for the supply and distribution of traffic information.

The Toyota service was launched on time in January under the name ETA (Electronic Traffic Avoidance) and is currently available on the Avenis and Corolla and will be extended to other models during the course of this year. It was supported by a strong advertising campaign and has been well received by their customers.

In April, BMW agreed to take our service as standard on the new 7 Series. We have evaluation agreements with several other manufacturers, all of whom see the customer benefits of integrating high quality traffic information with on board satellite navigation.

We are pleased to report that Siemens VDO are having considerable success in selling Traffic Message Channel (TMC)

compatible navigation disks with both their aftermarket and existing OEM fit products and we expect to see strong growth in this area over the coming year.

We were also pleased to announce on 23 May that Alpine, the leading radio and navigation system manufacturers, have agreed to promote our RDS-TMC service in a similar deal to Siemens VDO.

NavTrak: Driver Services

The NavTrak business continues to make steady progress despite a significant reduction during the year in marketing spend, operating costs and the removal of the hardware subsidy. Connections for the financial year totalled 4,228 (2001: 3,121). The first half of the year saw better performance (H1: 2,722 H2: 1,506) due to the hardware subsidy continuing through most of the first two quarters. Total NavTrak subscribers stand at 7,512. 32% of connections have been to our award winning proactive system – the only solution designed to combat the rising

incidence of vehicle theft using owners' keys. 40% of all connections are now pre-paid for at least 1 year. 47% of prepaid contracts are for 2 years or more.

We have taken the opportunity to restructure our business processes, to differentiate further our proposition and to improve margins. On 23 May we announced a significant improvement to our award winning proactive system to coincide with the introduction of the Minorplanet AEM 4000 unit as our base platform.

NavTrak is now firmly established as a leading consumer telematics brand recognised by many leading insurance companies. We are confident that, with a combination of innovative driver services and the backing of many major organisations in the industry, the NavTrak business will continue the progress achieved during the year.

Board changes

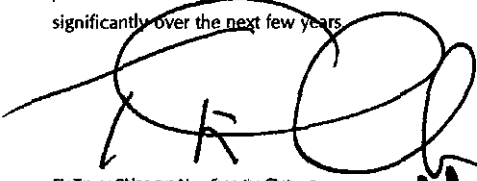
Mark Simpkins our Finance Director left the Company on 23 May and the Board would like to thank him for his important contribution to ITIS during and since the flotation process. He is being replaced by Andrew Forrest (BEng, ACA) who is currently Financial Controller and has been with the Company since 1999. Andrew Forrest was appointed as Chief Financial Officer.

Current trading and prospects

The Company is currently in advanced negotiations with Eddie Stobart Limited regarding the provision of fleet management and security services. ITIS has a licence to re-sell Minorplanet's market-leading Vehicle Management Information system (VMI) to its FVD customers which will provide future revenue streams to support the operating cost of its FVD network.

In the context of the long product development cycle to which the OEM industry works we are pleased with the

excellent progress that the Company has made over the last year. This is best illustrated by the announcement of our long term contract and strategic relationship with Automobile Association Developments Ltd, part of the Automobile Association, the UK's largest motoring organisation and is further reinforced by our relationship with General Motors' OnStar, Toyota, BMW and Siemens VDO. Based on the increasing revenues and the substantial reduction in our cost base, the Board are confident that ITIS is well capitalised to exploit its leading industry position as the market expands significantly over the next few years.



Sir Trevor Chinn cvo, Non-Executive Chairman



Stuart Marks, Chief Executive

PICTURE OMITTED

ITIS was formed in 1997 to meet the information needs of the travelling public in particular the ability to predict journey times. Traffic congestion and transport policy are widely recognised as among the leading concerns in the UK. The Company listed on the London Stock Exchange in October 2000 and is now one of the UK's leading full service telematics Company providing content and services to corporate clients as well as directly to its own customers.

The Company has three core centres of expertise:

- 1 Traffic Analysis and Forecasting using its own Floating Vehicle Data network;
- 2 Telematics applications and services, including the delivery of real-time traffic information directly to the vehicle using RDS-TMC; and
- 3 Vehicle tracking services marketed as NavTrak.

These three areas are complementary in that the company generates raw data, creates usable content and delivers it commercially to customers.

Following the launch of NavTrak in 1999, the Company has gained valuable experience in providing GPS / GSM based services and has over 8,000 customers. NavTrak installs a GPS / GSM telematics unit into vehicles that allows the Company to pinpoint the exact location of a vehicle at any time. The unit has the capability to store driving history. In addition to using the technology for stolen vehicle tracking and driver services, ITIS has developed a unique system for forecasting journey times and detecting traffic incidents. The technique known as 'Floating Vehicle Data' (FVD) is a process and technology for the collection of speed and location data directly from a sample of vehicles. ITIS operates the world's largest commercial FVD network and delivers the resulting

traffic information over a variety of platforms including RDS-TMC, where ITIS operates the only national service in the UK. FVD has been central to winning contracts with the Automobile Association as well as vehicle manufacturers including BMW and Toyota.

The Company is based in Altrincham, Cheshire and has assembled a team of acknowledged industry specialists and now employs 80 people.

“The telematics market is now showing the first signs of real growth. ITIS, with its unique propositions such as real-time traffic flow information via Floating Vehicle Data (FVD) and NavTrak, is now recognised as an integral offering to consumers by the major motor manufacturers.”

Stuart Marks, Chief Executive of ITIS Holdings plc

TRAFFIC ANALYSIS AND FORECASTING (FVD)

PICTURE OMITTED

Floating Vehicle Data

Floating Vehicle Data (FVD) System is a process and technology for the collection, analysis and forecasting of journey times using speed and location data directly from a sample of vehicles. Since the launch last year ITIS now operates the world's largest commercial FVD network establishing the technique as a cost-effective alternative to fixed roadside sensors such as number plate or magnetic loop detectors.

GSM, GPRS or radio network back to the ITIS server. Data is delivered either in real-time or can be stored and downloaded in batches of historical journeys.

The data from individual vehicles, such as a National Express coach, is aggregated with similar data from thousands of others, matched to the strategic road network and sorted by date and time.

FVD requires the installation of a GPS data collection unit. The unit has the ability to record vehicle speed and position. This information can be transmitted by

The resulting database, with hundreds of millions of speed/position records is then analysed to provide a profile of standard congestion by time of day, day of year and

Worst congestion points for 6 months to June 1st 2002

1	M6	Southbound	J10 to J9
2	M6	Northbound	J31a to J32
3	M25	Anti-clockwise	J16 to J15
4	M1	Northbound	J10 to 10a
5	M25	Anti-clockwise	J11 to J10

location on the road networks. For example, the system can give the average speed of traffic flow between J7 - J8 on the M6 at 8:30am on a Monday morning. This profile provides a baseline - a Road Timetable™ - which is used as a model to compare real-time data and identify exceptional conditions such as a traffic accident. The Company has developed a sophisticated software application which identifies exceptions from real-time data and presents them to a traffic analyst for investigation. This 'Traffic Alert Generator' or TAG will be used by the AA in their Roadwatch control room.

The technique to profile general congestion also applies to incidents, thus

Floating Vehicle Data (continued)

the Company can accurately forecast the likely delay due to a single lane closure on a motorway during evening rush hour. Unlike a fixed sensor by the side of the road, an FVD probe stuck in a traffic jam provides highly accurate information allowing a process of continuous reassessment of the delay time vs. forecast. Essentially, the major advantage of FVD is the busier the road, the more vehicle probes report, the better the quality of data.

Probe strategy & other sources of data
The commercial feasibility of FVD depends critically on the annual mileage of probes on the network. Contracts with National Express and Eddie Stobart alone secure access to 180 million miles of travel data on UK roads each year. However the success of the system is not limited to the number of Data Collection Units (DCUs) ITIS installs in vehicles. Data is now sourced from a wide range of vehicles using a number of different DCUs either installed by ITIS or other fleet operators with existing systems. As part of the

agreement with the AA ITIS will have access to Floating Vehicle Data polled from the AA's fleet of 3,600 patrol vehicles generating a further 100 million miles of travel data. Sourcing data from organisations whose vehicles are already equipped with tracking systems has had the affect of reducing the originally anticipated costs of setting up and running the FVD network. ITIS has a licence to re-sell Minorplanet's market leading vehicle management information system (VMI) to its FVD customers providing future revenue streams to support the operating

NATIONAL EXPRESS COACH DRIVING THROUGH AN INCIDENT ON THE M1

FVD gets better when you need it most. Put simply, the worse the traffic condition, the higher the accuracy of FVD. Per mile of road, the density of reported information increases as the speed drops. This ensures that the quality of data delivered by an FVD network is at its highest when it is needed most, in the middle of a traffic jam.

A quality FVD probe

The cost of FVD collection is minimised by focussing on the quality and relevance of data collected by each probe. ITIS' strategy has been to fit probes to vehicles that travel the most miles each year on the busiest roads. The illustration below shows the

difference in the quantity of data that can be collected from a truck or coach, a business driver or an average driver. A truck or coach can deliver up to 30 times more data than the average driver. As a result we focus our efforts to fit units on long distance truck and coach fleets.

cost of the network. The Company is currently in advanced negotiations with Eddie Stobart Limited regarding the provision of fleet management and security services using this licence.

Traffic Data Products

The richness of the FVD database built from historic and real-time sources, allows ITIS to generate a range of traffic related data products. The markets for this data are varied and include fleet and logistics, on-line services, government agencies, marketing services, insurance and telecommunication. Contracts are already in place and the company anticipates

“ We chose ITIS because we believe their quality content, in particular FVD, and their ability to deliver a UK wide service offers the most compelling solution to providing drivers with accurate, real-time information that enables them to avoid traffic incidents using dynamic re-routing.”

Paul Philpott, Marketing Director, Toyota (GB) plc

TELEMATICS APPLICATIONS AND SERVICES (RDS-TMC)

PICTURE OMITTED

RDS-TMC

RDS-TMC stands for 'Radio Data System – Traffic Message Channel'. It is the only international standard for transmitting traffic information. Developed by European broadcasters and receiver manufacturers, it uses a 'sub-carrier' of the FM radio bandwidth as a silent channel to send coded information about traffic events and their geographical location. The receiver, usually a satellite navigation system, interprets these codes and presents the information to the driver both visually and audibly. The driver can also use the system to re-route around problems.

Continued on page 16

The service has been live with Toyota GB since January 2002 and has been significant in differentiating its high volume fleet product (the Avensis). Marketed as ETA (Electronic Traffic Avoidance), it has been supported by a successful TV and press advertising campaign.

In March BMW adopted the service to coincide with the launch of the new 7 Series with its innovative 'idrive' system. A number of other vehicle manufacturers are currently evaluating the service.

In the aftermarket, agreements with Siemens VDO and Alpine, mean that both existing and new customers can benefit from the service by simply inserting an ITIS TMC CD into their system.

There is a large pre-existing customer base of TMC enabled receivers and the key benefit to any user is that their satellite navigation system can now provide essential information even for familiar journeys as well as much needed turn by turn directions to unfamiliar destinations.

Whilst the system has been widely available in Europe, ITIS is the only company in the UK to offer a service and

broadcasts nationally using the network that supports Classic FM. The Company is the exclusive operator of the AS/1 licence granted by the UK Radio Authority.

VEHICLE TRACKING (NAVTRAK)

PICTURE OMITTED

NavTrak – theft detection and stolen vehicle tracking

NavTrak was introduced in 1999 as one of the first GPS / GSM vehicle tracking systems to tackle the rising problem of vehicle theft. The NavTrak system uses satellite based global positioning (GPS) and the international cellular network (GSM) to report a vehicle's location worldwide. Using a Data Capture Unit (DCU) that is covertly installed to the vehicle, NavTrak provides a market-leading stolen vehicle tracking service as well as additional services that can be accessed by the driver on a pay per use basis.

Vehicle theft is changing

Recent improvements and innovation in vehicle security have forced opportune car thieves and professional criminals alike to turn to other means of stealing vehicles – it's easier to take the keys than to break in and bypass the sophisticated alarm / immobiliser systems. Most hi-tech security features are rendered useless when over 53%* of new vehicles stolen are taken using the owner's keys (*Source: 2001 British Crime Survey). As reflected in the latest crime statistics, thieves are resorting to house burglary and personal assault to steal cars.

The market is demanding more

Automatic detection and speed of alert is now vital. Insurers are demanding that systems can detect theft even when the keys are taken. They want the accuracy of GPS tracking and coverage beyond the UK. The evaluation of tracking systems must now be made on the effectiveness of both theft detection and quality of tracking. NavTrak's products have changed the criteria by which all tracking systems should be measured.



Selection criteria for tracking systems

Proactive theft alert	Yes
Theft alert system operational if keys stolen	Yes
GPS positioning	Yes
International communications	Yes (GSM)
Operates independently of police equipment	Yes
Detailed driving history to aid recovery	Yes
Coverage outside of UK	Yes
Thatcham 'Q' Listing	Yes
Battery Back-up	Yes
Unit transferable into new vehicle	Yes
Customer's ability to test	Yes
Breakdown assistance	Yes
Additional Driver Services	Yes

Stolen vehicle recovery

This service enables the NavTrak control centre to pinpoint the vehicle's position on demand, 24-hours a day. In the event of the car being stolen or moved without the owner's permission, NavTrak is able to locate the vehicle to within a few metres of its position. The device is Thatcham 'Q' listed, so it will enable the driver to qualify for insurance premium discounts with most

NavTrak – theft detection and stolen vehicle tracking (continued)

major insurers (Thatcham is an independent motor insurance repair research centre recognised by the top motor insurance companies).

In an emergency or if a customer's car breaks down, NavTrak will pinpoint the exact location of the vehicle and liaise with the relevant breakdown or rescue services to enable them to reach the customer as quickly as possible.

NavTrak Automatic Driver Recognition (ADR)

ADR detects theft the moment it happens – even if the thief has the keys. Pinpoint GPS tracking starts the moment an alert is set off and precise 'crime in progress' information gives police best opportunity to get the vehicle back and catch the thieves. Uniquely, theft alerts and tracking already work across the UK and Europe and in the summer, police liaison and recovery of vehicles will be available.

The design of ADR has also benefited from new hardware design and simplified installation. It is differentiated in the market place in being proactive for all ignition-based thefts including hotwiring, stolen keys and 'car-jacking'. It offers European coverage for theft detection and tracking. The system and subscription can be transferred to a new vehicle. The unit offers additional services that customers can use every day (AutoTrak, JourneyDiary).

VEHICLE SECURITY SYSTEM INFORMS OWNER OF HOUSE BREAK-IN

On the morning of May 15, the NavTrak vehicle tracking centre in Altrincham received an alert from a customer's vehicle of an unauthorised movement. Following a well-practised procedure, the NavTrak agent requested a location from the vehicle which reported itself moving along Princess Avenue in the N13 area of London. The agent closely monitored the car and telephoned

the registered owner Mr C. to establish the vehicle's status.

The owner answered the call. He was at work and confirmed that he had left his Porsche 911 at his home that morning. He raced back to find his house had been broken into, his car keys stolen and his vehicle gone. The Police were called and Mr C. provided NavTrak with a crime reference number.

This number allowed NavTrak and the Police to work quickly together. NavTrak provided an up to date location of the vehicle and a police unit was dispatched. Within 20 minutes of the call to the customer, the police were standing with the stolen car which had been parked and was undamaged. NavTrak arranged for the vehicle to be transported to the local Porsche dealership, Lancaster Bow, who had originally

supplied the vehicle and installed NavTrak. They cleaned and valeted the car and returned it to Mr C. the next day. This recovery took the value of vehicles recovered on behalf of the Lancaster Group and its customers to over £1 million.

Needless to say Mr C. was delighted to have his car back and requested NavTrak to fit a system to his other two vehicles.

Why Navtrak?

- Automatic Driver Recognition detects vehicles theft the moment it happens - even if the thief has your keys.
- Pinpoint GPS tracking starts the moment we have an alert.
- Precise 'crime in progress' information gives the Police the best opportunity to get your vehicle and catch the thieves.
- UK and European coverage.
- NavTrak system can be transferred to a new vehicle.
- Get a better deal on your car insurance.

Navtrak is fitted to thousands of cars and commercial vehicles including:

Alfa Romeo	Mini
Aston Martin	MG
Audi	Mitsubishi
Bentley	Nissan
BMW	Noble Moy
Chrysler	Peugeot
Ford	Porsche
Ferrari	Renault
Jaguar	Rolls Royce
Lamborghini	Saab
Land Rover	Subaru
Lexus	Toyota
Lotus	TVR
Mazda	Vauxhall
Maserati	Volkswagen
Mercedes-Benz	Volvo

Channels to market

NavTrak continues to be available through selected independent specialists and franchise car dealerships. We have learned that we are the best people to sell and install our product and have revised our business model to allow dealers, insurers and other organisations to refer customers to us directly and receive commission.

The new product is an opportunity to revise our pricing structure where we will bundle the hardware, installation and subscription into a simple series of pre-pay

“Following the recent hijacking of one of our vehicles, we were impressed by the way ITIS were able to track the vehicle and liaise with the police, which led to the recovery of our truck and its contents and the criminals’ arrest.”

Martin Stewart, Group Finance Director, Eddie Stobart

packages. We are also planning a lease package for business offering vehicle security for as little as £5 per week. ADR is being well received by vehicle

manufacturers and the system is undergoing approval with a number of OEMs.

TRUCK JACKERS STRIKE AT DAWN

At 8am on the morning of May 14, a driver from Eddie Stobart Ltd was violently attacked in Derby with a stun gun, kidnapped in a van and driven for several hours until he was eventually dumped in Newcastle Under Lyme where he was finally able to raise the alarm. In the meantime the truck with its high value load of alcohol was long gone. Under normal circumstances the truck and load would rarely be found again intact but for once the

thieves were not going to get it all their own way.

Unknown to the criminals the truck was fitted with NavTrak. Within minutes of a quick call to the NavTrak control centre the exact location of the vehicle was determined as well as full details of where the vehicle had stopped since departing the scene of the crime. Armed with this information Police teams from three police forces swung into action and raced to locations in

Derby, Leicestershire and Cumbria. In Kendal an armed response team found the empty vehicle with two of the criminals still in the cab. The criminals attempted to escape by setting fire to the vehicle but were captured. In the meantime, the other forces visited addresses where the truck had stopped in the last few hours and recovered thousands of pounds worth of goods representing nearly everything that was stolen. Three further arrests were made.

THE AA

PICTURE OMITTED

On the 23 May 2002 the Company signed a significant long term contract and strategic relationship with the Automobile Association. Under the terms of the Agreement ITIS will be responsible for supplying real-time traffic flow information to AA Roadwatch, the traffic and travel division of the AA, from late November 2002, whilst the AA will jointly market, manage and develop ITIS' successful RDS-TMC service, which is already used by a number of manufacturers including Toyota and BMW.

The AA has more than 12 million members and has agreed to evaluate opportunities to market NavTrak, ITIS' vehicle tracking system, potentially opening up a considerable marketing and distribution network.

The contract with the AA is important for a number of reasons, not least it has a significant impact on all three strategic areas of ITIS' business FVD, Telematics services and NavTrak and in particular, endorses FVD as a technology and business strategy.

As the UK's foremost motoring organisation, the AA has long been respected for the quality of their traffic output. That they have chosen FVD as a replacement to their long standing use of a

fixed sensor network highlights the strength of ITIS' FVD proposition. The AA's patrols will also contribute directly to the FVD network helping ITIS continue to grow the network at substantially less cost per probe than was originally envisaged.

RDS-TMC

Whilst ITIS maintained its exclusive rights to the national AS/1 licence for RDS-TMC, the AA was unable to provide a comparable service. Working with the AA offers both businesses the opportunity to combine the strengths of AA journalistic content with ITIS' FVD technology. In the agreement, ITIS will share revenue from the provision of services which use its data – for example call revenues from the successful '2222' telephone service.

NavTrak

The AA may also offer NavTrak channels to market through both its membership and insurance database. The two companies will be exploring marketing opportunities over the coming months.

“ITIS has demonstrated that it can deliver high quality traffic information from its Floating Vehicle Data network. The flexibility and scalability of the network will provide the AA with an important new and continuously improving source of information.”

Roger Wood, AA Managing Director

Executive Directors

Stuart Marks, Chief Executive

Stuart Marks, aged 35, the founder of ITIS Holdings has twelve years experience in the service industry. He was the founder and Chief Executive Officer of Handling Solutions Limited, a company which specialises in database-led promotional fulfilment and direct mail response. After three years, he sold the company to Park Group plc. In 1977 he established Module Communications, a major new media agency which was sold to Grey Advertising in 1999.

Jonathan Burr, Chief Technology Officer

Jonathan Burr, aged 41, graduated from the University of Oxford in 1982 and in 1985 qualified as a Chartered Accountant with Touche Ross Management Consultants. In 1987 he joined Avis Europe plc and in 1993 became Director of Business Development Europe for GE Capital Fleet Services. In December 1995 GECFS appointed him as Managing Director, Benelux and then as Managing Director, UK and Ireland in September 1996. He joined ITIS Holdings in January 2000.

Giles Harridge, Managing Director - NavTrak

Giles Harridge, aged 34, graduated from Bristol University in 1989. He was Operations Director at Handling Solutions for 6 years, specialising in database-led promotional services.

In January 1997, he joined RMS Inc a software business in Connecticut, USA to launch and manage its European business. The company specialises in providing analysis and target marketing tools for high transaction volume retailers and is used by market leading supermarkets in several European countries.

He joined ITIS Holdings in April 1999.

Non-Executive Directors

Sir Trevor Chinn, CVO, Non-Executive Chairman

Sir Trevor Chinn, aged 66, is Chairman of Lex Service plc. He was appointed to the Board of Lex Service plc in 1959, became Managing Director in 1968, Chairman and Chief Executive in 1973 and Chairman in September 1996. In 1999 he was appointed Vice Chair of the Commission for Integrated Transport and Chairman of the Motorists' Forum.

He was awarded the CVO in 1989 and a knighthood in 1990 for his charitable activities, in particular the Wishing Well Appeal for Great Ormond Street Hospital. He was appointed Non-Executive Chairman of ITIS Holdings in September 2000.

John Hewett, Non-Executive Director

John Hewett, aged 38, graduated from Durham University in 1985 and obtained a Masters in Business Administration from Harvard Business School in 1994. In 1996, he joined Peder Smedvig Capital Limited, a London based venture capitalist, as Managing Director. Prior to this, he was a management consultant with Bain & Company. He was appointed as a Non-Executive Director of ITIS Holdings in April 2000.

Steven Norris, Non-Executive Director

Steven Norris, aged 56, was Minister of Transport from 1992 to 1996, retiring as a Member of Parliament in 1997 when he was appointed Director General of the Road Haulage Association. He held this position until August 1999 when he resigned to contest the Mayoralty of London. He is currently Chairman of FirstGroup plc London bus operations, a Director of Jarvis plc and a number of other companies. He is a consultant to Citigate Public Affairs Limited, the public affairs subsidiary of Incepta plc, the international communications and media company. He is also President of the Intelligent Transport Society, ('ITS UK') and a member of the Board of Transport for London. He was appointed as Non-Executive Director of ITIS Holdings in May 1997.

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The Directors present their annual report on the affairs of the Group, together with the financial statements and auditors' report, for the year ended 31 March 2002.

Principal activity

The principal activity of the Group and its subsidiary undertakings during the year was the provision of traffic information and telematics services.

Business review and future prospects

Details of the Group's performance and financial position are given in the financial statements on pages 33 to 50.

The Chairman and Chief Executive's Statement, which forms part of this report, describes the development of the business during the financial year and the outlook for the future.

Results and dividends

The Group loss for the financial year after tax amounted to £8,487,532 (2001 - loss of £7,952,924). The Directors do not recommend the payment of a dividend (2001 - £89,781).

Directors

The Directors who served during the year, together with their interests in the ordinary 2 pence shares of the Company at 31 March 2002 and at 31 March 2001 were as follows:

	Beneficial holdings		Share options	
	Ordinary shares of 2p each 2002	Ordinary shares of 2p each 2001	Ordinary shares of 2p each 2002	Ordinary shares of 2p each 2001
* Sir T. Chinn CVO (Chairman)	358,240	323,240	-	-
S. A. Marks (Chief Executive)	31,165,751	30,988,251	2,400,000	2,400,000
J. Burr	166,665	166,665	870,000	870,000
G. Harridge	409,335	391,835	1,080,000	1,080,000
M. P. Simpkins	-	-	870,000	870,000
* J. Hewett ²	-	-	-	-
* S. Norris†	500,000	500,000	-	-
* D. Ross ¹ (resigned 28 June 2001)	-	-	-	-

* Non-Executive Director † Senior Non-Executive Director

¹ Mr. D. Ross was the Board representative of Wireless Investment Portfolio BV, the holder of 4,323,955 ordinary 2p shares. David Ross is a Director of Wireless Investment Portfolio BV.

² Mr. J. Hewett is the Board representative of Peder Smedvig Capital AS, the holder of 10,042,106 ordinary shares of 2p.

There have been no changes in Directors' interests between the year end and 23 May 2002.

The Directors have no other interests required to be disclosed under Schedule 7 of the Companies Act 1985.

Mr. J. Burr and Mr. J. Hewett are seeking re-election. Brief biographical details are included on pages 22 and 23.

Directors' responsibilities

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 Group and of the profit or loss of the Group for that period. 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and Group will continue in business.

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

Supplier payment policy

It is Group policy to agree and clearly communicate the terms of payment as part of the commercial arrangement negotiated with suppliers and then to pay according to those terms based on the timely receipt of an accurate invoice. The proportion of trade creditors at the period end to amounts supplied during the year gives an average payment term of 44 days (2001 – 58 days).

Donations

Charitable donations during the year amounted to £596 (2001 – £225).

Disabled employees

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

Employee consultation

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

Research and development

The Group continues an active programme of research and development, the costs of which in the year amounted to £1,392,000 (2001 – £1,568,000). The costs incurred reflect the Group's investment in developing telematics services and its floating vehicle data system.

Substantial shareholdings

On 23 May 2002 the Company had been notified, in accordance with sections 198 to 208 of the Companies Act 1985, of the following interests in the ordinary share capital of the Company:

	Number of ordinary 2p shares	% of issued share capital
Mr. S. A. Marks	31,165,751	31.67
Peder Smedvig Capital AS	10,042,106	10.20
Gold-Zack AG	8,132,181	8.26
The ITIS Holdings plc Employee Benefit Trust	6,636,210	6.74
Wireless Investment Portfolio BV	4,323,955	4.39
Minorplanet Systems plc	3,677,215	3.74

Auditors

The Directors will place a resolution before the annual general meeting to appoint Deloitte & Touche as auditors for the ensuing year.

By order of the Board,



M. P. Simpkins, Company Secretary
Station House, Stamford New Road, Altrincham, Cheshire WA14 1EP
23 May 2002

The company is committed to the principles of corporate governance contained in the Combined Code which is appended to the Listing Rules of the Financial Services Authority.

Statement of compliance with the Code of Best Practice

The Group has complied with the provisions of the Code of Best Practice set out in section 1 of the Combined Code, with the following exception:

- The Board has two independent non-executive Directors (Sir Trevor Chinn and Steven Norris). John Hewett is not considered to be independent by virtue of the fact that he is the Board representative of Peder Smedvig Capital AS, which has a significant shareholding in the Company. Consequently, the Company has been unable to comply with those paragraphs of the Combined Code which require, or depend upon the appointment of three independent non-executive Directors. The Board does not believe it necessary to appoint further non-executive Directors at this time.

Audit Committee membership

Code Provision D.3.1 requires the members of the Audit Committee to be named in the report and financial statements. Sir Trevor Chinn, John Hewett and Steven Norris have served on the committee throughout the year. These Directors also form the Nominations Committee.

Statement about applying the Principles of Good Governance

The Company has also applied the Principles of Good Governance set out in section 1 of the Combined Code by complying with the Code of Best Practice as reported above. Further explanation of how the Principles have been applied are set out below, and, the connection with the Directors' remuneration in the remuneration report.

BOARD EFFECTIVENESS

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

BOARD BALANCE

The Group has achieved a balanced Board by the inclusion of three non-executive Directors, led by Sir Trevor Chinn who serves as chairman of the Board, chairman of the Remuneration and Nomination committees, and also serves on the Audit committee.

TIMELINESS AND QUALITY OF BOARD INFORMATION

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

TRANSPARENCY OF BOARD APPOINTMENTS

The Board follows formal and transparent procedures when appointing Directors. No Directors were appointed in the year.

REGULAR RE-ELECTION OF DIRECTORS

All Directors are subject to re-election by rotation every three years, as required by the provisions of the Code of Best Practice. As disclosed in the Directors' report, Mr J. Burr and Mr J. Hewett are offering themselves for re-election.

DIALOGUE WITH INSTITUTIONAL INVESTORS

The Directors seek to build on a mutual understanding of objectives between the Company and its institutional shareholders by attending a number of meetings throughout the year with analysts and institutional shareholders.

CONSTRUCTIVE USE OF ANNUAL GENERAL MEETING

The Board has sought to use the Annual General Meeting to communicate with private investors, with the Directors and committee chairs updating the shareholders present with the Company's progress and making themselves available for questions.

Investors are also able to visit the Company's websites at www.itisholdings.com and www.navtrak.com.

Maintenance of a sound system of internal control

In applying Principle D.2 of the Combined Code which states that the Board should maintain a sound system of internal control to safeguard shareholders' investment and the Group's assets, the Directors recognise that they have overall responsibility for ensuring that the Group maintains a system of internal control to provide them with reasonable assurance regarding effective and efficient operations, internal control and compliance with laws and regulations. However, there are inherent limitations in any system of internal control and accordingly even the most effective system can provide only reasonable, and not absolute, assurance.

Responsibility for designing and operating the system is delegated to the executive Directors. The audit committee has reviewed the effectiveness of the Group's internal control environment, the Group's financial statements and the scope of the work undertaken by the external auditors.

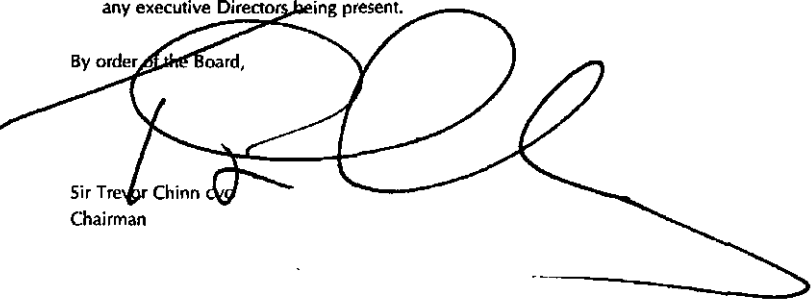
The Board has considered the need for an internal auditor, but has decided that because of the size of the Group it cannot be justified at present. The Board will review this decision next year.

In compliance with provision D.2.1 of the Combined Code, the Board continuously reviews the effectiveness of the Group's system of internal controls. Key elements include:

- Clearly defined organisational structure with lines of responsibility and delegation of authority to executive management, who are accountable for the conduct and performance of the business within the agreed business strategy.
- Detailed Group-wide budgeting with the annual budget approved by the Board. There is monthly reporting of results to management, including monthly reporting of actual against budget at each operational level and revised forecasts to executive management.
- Control of key financial risks through clear authorisation levels and proper segregation of accounting duties. Significant capital projects and acquisitions and disposals require Board approval.
- The Group has established controls and procedures over the security of data held on computer systems and is in the process of putting in place comprehensive disaster recovery arrangements. These arrangements will be tested regularly.
- The budgetary reviews include the identification and assessment of business and financial risks. Executive management is responsible for the identification and evaluation of key risks applicable to their areas of business. The audit committee reviews the risk assessment from senior management together with the reports from the external auditors.
- The audit committee is responsible for monitoring the controls in place and determines any corrective action that it considers is appropriate in respect of internal control issues raised by the external auditors. The external auditors have an opportunity to meet the audit committee without any executive Directors being present.

By order of the Board,

Sir Trevor Chinn CVO
Chairman



As well as complying with the provisions of the Code as disclosed in the Company's corporate governance statements, the Board has applied the Principles of Good Governance relating to Directors' remuneration as described below.

Remuneration committee

The committee consists solely of three non-executive Directors: John Hewett and Steve Norris, under the chairmanship of Sir Trevor Chinn. Its purpose is to determine the remuneration, benefits and the terms and conditions of employment of the executive Directors. No Director plays a part in any discussion about his own remuneration.

Remuneration policy

Executive remuneration packages are prudently designed to attract, motivate and retain Directors of the high calibre needed to maintain the Company's position as a market leader and to reward them for enhancing value to shareholders. The performance measurement of the executive Directors and key members of senior management and the determination of their annual remuneration package is undertaken by the committee. Within the limits set out by the Articles of Association, the Board determines the remuneration of the non-executive Directors. Details of the Directors' remuneration are given in note 4 to the financial statements.

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

Basic annual salary and benefits;

Annual bonus payments, which cannot exceed 30% of the basic salary;

Share option incentives; and

Pension arrangements.

Basic salary

Salaries for the executive Directors are reviewed annually with the last review taking place in July 2001. In deciding appropriate levels the committee considers the Group as a whole and relies on objective research, which gives up to date information on a comparative Group of companies. Executive Directors' contracts of service, which include details of remuneration, will be available for inspection at the Annual General Meeting.

Annual bonus payments

The committee establishes the objectives that must be met for each financial year if a cash bonus is to be paid. In setting appropriate bonus parameters the committee refers to the objective research on comparator Groups of companies as noted above. The committee believes that any incentive compensation awarded should be tied to interests of the Company's shareholders and the long term development of the Company. Incentive payments made for the year ended 31 March 2002 are given in note 4 to the financial statements (2001 - £nil).

Share options

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

APPROVED PLAN

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

UNAPPROVED PLAN

Options granted prior to admission to the Alternative Investment Market were granted at an option price determined by the Board which was equivalent to market value. Options granted prior to and on flotation may be exercised in three equal tranches, on or after the first, second and third anniversaries of the grant.

EMI PLAN

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

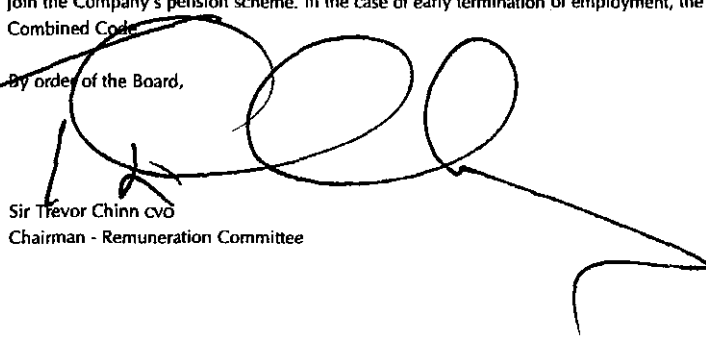
Directors' pension arrangements

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

Service agreements

All executive Directors have six month service contracts. All non-executive Directors have specific terms of engagement and their remuneration is determined by the Board within the limits set out in the Articles of Association and based upon independent surveys of fees paid to non-executive Directors of similar companies. Non-executive Directors cannot participate in any of the Company's share option schemes and are not eligible to join the Company's pension scheme. In the case of early termination of employment, the committee will adopt the objectives outlined in the Combined Code.

By order of the Board,


Sir Trevor Chinn cvo
Chairman - Remuneration Committee

To the shareholders of ITIS Holdings plc:

We have audited the financial statements of ITIS Holdings plc for the year ended 31 March 2002 which comprise the Profit and loss account, Balance sheets, Cash flow statement and the related notes numbered 1 to 26. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of Directors and auditors

The Directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, United Kingdom Auditing Standards and the Listing Rules of the Financial Services Authority.

We report to you our opinion as to whether the financial statements 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 financial statements, 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 information specified by law or the Listing Rules regarding Directors' remuneration and transactions with the Company and other members of the Group is not disclosed.

We review whether the Corporate governance statements reflect the Company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules, and we report if they do not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's Corporate governance procedures or its risk and control procedures.

We read the other information contained in the annual report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Chairman and Chief Executive's statement, Operating and financial review, Directors' report, Corporate governance statements and Remuneration report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the Company and of the Group, 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 financial statements 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 financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and of the Group at 31 March 2002 and of the Group's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen
Chartered Accountants and Registered Auditors

CONSOLIDATED PROFIT AND LOSS ACCOUNT

ITIS HOLDINGS PLC ANNUAL REPORT AND ACCOUNTS 2002

FOR THE YEAR ENDED 31 MARCH 2002

	Notes	2002 £	2001 £
Turnover	2	1,480,520	585,226
Cost of sales		(3,895,119)	(1,688,653)
Gross loss		(2,414,599)	(1,103,427)
Distribution costs		(493,209)	(615,068)
Impairment of fixed assets		(896,000)	-
Other administration expenses		(6,659,842)	(6,992,861)
Administrative expenses		(7,555,842)	(6,992,861)
Group operating loss		(10,463,650)	(8,711,356)
Profit on sale of joint venture	25	1,533,971	-
Share of operating losses of discontinued joint venture	12c	(659,678)	(50,000)
Goodwill amortisation - joint venture	12c	(236,111)	(47,222)
Interest receivable		1,089,214	855,654
Interest payable and similar charges	5	(7,121)	-
Loss on ordinary activities before taxation	6	(8,743,375)	(7,952,924)
Tax on loss on ordinary activities	7	255,843	-
Loss on ordinary activities after taxation		(8,487,532)	(7,952,924)
Dividends on non-equity shares	8	-	(89,781)
Loss for the financial year	19	(8,487,532)	(8,042,705)
<hr/>			
Basic and diluted loss per ordinary share	9	p (8.6)	p (11.1)

The Group has no recognised gains or losses in either year other than the loss for that year.

A statement of movements in reserves is provided at note 19.

The accompanying notes are an integral part of this consolidated profit and loss account.

	Notes	2002 £	2001 £
Fixed assets			
Intangible assets	10	435,501	512,520
Tangible assets	11	474,371	860,419
Investments			
- joint ventures	12		
- share of gross assets		-	998,750
- share of gross liabilities		-	(198,750)
- associated goodwill		-	802,778
		909,872	2,975,717
Current assets			
Stocks	13	109,648	93,879
Debtors			
- due within one year	14	2,825,139	1,307,647
- due after more than one year	14	500,000	-
Cash at bank and in hand		17,079,443	25,769,329
		20,514,230	27,170,855
Creditors: Amounts falling due within one year	15	(2,083,237)	(2,281,980)
Net current assets		18,430,993	24,888,875
Total assets less current liabilities		19,340,865	27,864,592
Creditors: Amounts falling due after more than one year	16	(378,805)	(415,000)
Net assets		18,962,060	27,449,592
Capital and reserves			
Called-up share capital	18	5,186,286	5,186,286
Share premium account	19	37,342,877	37,342,877
Profit and loss account	19	(23,567,103)	(15,079,571)
Equity shareholders' funds	20	18,962,060	27,449,592

The accompanying notes are an integral part of this consolidated balance sheet.

COMPANY BALANCE SHEET

ITIS HOLDINGS PLC ANNUAL REPORT AND ACCOUNTS 2001

31 MARCH 2002

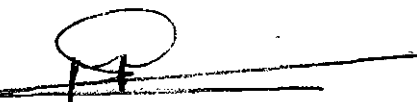
	Notes	2002 £	2001 £
Fixed assets			
Investments	12	571,648	2,270,849
Current assets			
Debtors	14	26,226,662	14,893,317
Cash at bank and in hand		16,927,051	25,764,704
		43,153,713	40,658,021
Creditors: Amounts falling due within one year	15	(377,881)	(391,106)
Net current assets		42,775,832	40,266,915
Net assets		43,347,480	42,537,764
Capital and reserves			
Called-up share capital	18	5,186,286	5,186,286
Share premium account	19	37,342,877	37,342,877
Profit and loss account	19	818,317	8,601
Equity shareholders' funds		43,347,480	42,537,764

The accompanying notes are an integral part of this balance sheet.

Signed on behalf of the Board



S. A. Marks



M. P. Simpkins

Directors

23 May 2002

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2002

	Notes	2002 £	2001 £
-Net cash outflow from operating activities	23a)	(9,595,338)	(7,969,036)
Returns on investments and servicing of finance			
Interest paid		(5,835)	-
Interest element of finance lease rental payments		(1,286)	-
Interest received		1,027,135	855,654
Net cash inflow from returns on investments and servicing of finance		1,020,014	855,654
Taxation			
Research and development taxation credit		255,843	-
Net cash inflow from taxation		255,843	-
Capital expenditure and financial investment			
Purchase of intangible fixed assets		-	(933,000)
Purchase of tangible fixed assets		(705,235)	(902,305)
Sale of tangible fixed assets		6,500	-
Net cash outflow from capital expenditure		(698,735)	(1,837,305)
Acquisitions and disposals			
Investment in joint venture		(490,040)	(1,700,000)
Disposal of joint venture	25	859,000	-
Net cash inflow (outflow) from acquisitions and disposals		368,960	(1,700,000)
Cash outflow before financing		(8,649,256)	(10,650,687)
Financing			
Issue of ordinary share capital		-	36,395,667
Issue of shares to minorities		200	-
Capital element of finance lease rental payments		(30,138)	-
Net cash (outflow) inflow from financing		(29,938)	36,395,667
(Decrease) increase in cash in the year	23c)	(8,679,194)	25,744,980

The accompanying notes are an integral part of this consolidated cash flow statement.

I Principal accounting policies

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

A) BASIS OF ACCOUNTING

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

B) BASIS OF CONSOLIDATION

The Group financial statements consolidate the financial statements of ITIS Holdings plc and all its subsidiary undertakings made up to 31 March each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method. The financial statements have been prepared under merger principles set out in FRS6 (Mergers and Acquisitions) following the Group reconstruction of ITIS Holdings plc and Integrated Transport Information Services Limited on 20 November 1997. Under merger accounting the results of ITIS Holdings plc and Integrated Transport Information Services Limited are combined from the beginning of the financial period in which the merger occurred.

No profit and loss account is presented for ITIS Holdings plc as provided by Section 230 of the Companies Act 1985. The Company's profit for the year, determined in accordance with the Act, was £809,716 (2001 - £83,923).

C) TURNOVER

Group turnover comprises the value of sales (excluding VAT and trade discounts) of goods and services provided in the normal course of business. Group turnover represents gross amounts received or receivable before amounts paid or payable to suppliers under contractual arrangements.

D) RESEARCH AND DEVELOPMENT COSTS

Research and development costs are written off to the profit and loss account in the year in which they are incurred.

E) INTANGIBLE ASSETS

Licences and the associated creditor are written off over the period of the licence agreement. The asset and associated creditor are discounted to net present value if the effect is material.

F) GOODWILL

Goodwill arising on the investment in joint ventures was being amortised over three years. This represented the period over which the assets of the joint venture were being amortised. The joint venture was disposed of during the year.

G) TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value of each asset on a straight line basis over its expected useful life as follows:

Fixtures and fittings	20%
Motor vehicles	33%
Computer and office equipment	33%
Navtrak boxes (sold under Free Box Model)	Over 18 months

Residual value is calculated on prices prevailing at the date of acquisition.

H) INVESTMENTS

Fixed asset investments are stated at cost less provision for any impairment.

I) JOINT VENTURE UNDERTAKINGS

Undertakings in which the Group has a long-term interest and which the Group jointly controls with one or more other parties are defined as joint venture undertakings. Joint venture undertakings in the Group balance sheet are accounted for using the gross equity method of consolidation.

J) STOCKS

Stocks represent finished goods stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow moving or defective items where appropriate.

K) LEASES

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives. Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

1 Principal accounting policies (continued)**1.1 TAXATION**

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially 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.

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 substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

M) PENSIONS

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.

N) FINANCE COSTS

Finance costs on non-equity shares are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount.

O) DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The Group does not use complex derivative financial instruments, however financial instruments are used to optimise interest receivable. The Group does not hold or issue derivative financial instruments for speculative purposes.

2 Segmental analysis

The Directors are of the opinion that the Group operates in a single segment, that of the provision of telematic products and services. Hence all turnover, profits and net assets relate to this class of business.

All of the activities arose from activities carried out in and supplied to the United Kingdom.

3 Particulars of employees

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

	2002 Number	2001 Number
Operations	77	66
Sales and distribution	18	16
Administration	15	17
	110	99

Their aggregate remuneration comprised:

	2002 £	2001 £
Wages and salaries	3,449,412	2,739,674
Social security costs	320,585	267,541
Other pension costs (see note 26)	94,518	34,313
	3,864,515	3,041,528

4 Directors' remuneration, interests and transactions**Aggregate remuneration**

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

	2002 £	2001 £
Emoluments	707,062	537,805
Money purchase pension contributions	39,983	16,876
	747,045	554,681

Directors' emoluments

	Fees/basic salary £	Bonuses £	Taxable benefits £	Total 2002 £	Total 2001 £	Money purchase pension contributions 2002 £	2001 £
Executive							
S. A. Marks	143,150	28,840	15,696	187,686	159,438	-	-
J. Burr	112,475	22,660	11,172	146,307	98,665	15,166	6,250
G. Harridge	97,138	19,570	9,396	126,104	98,904	13,098	5,938
M. P. Simpkins	86,913	17,510	8,796	113,219	89,338	11,719	4,688
C. F. Shayler	-	-	-	-	21,796	-	-
Non-executive							
Sir T. Chinn	83,750	-	-	83,750	24,666	-	-
S. Norris	24,996	-	-	24,996	19,998	-	-
D. Ross	-	-	-	-	12,500	-	-
J. Hewett	25,000	-	-	25,000	12,500	-	-
	573,422	88,580	45,060	707,062	537,805	39,983	16,876

Annual bonuses are determined by the remuneration committee based on turnover growth and cash management targets.

4 Directors' remuneration, interests and transactions (continued)**Directors' share options**

Aggregate emoluments disclosed above do not include any amounts for the value of options to acquire ordinary shares in the Company granted or held by the Directors. Details of the options are as follows:

Director	As at 1 April 2001 Number	Granted Number	As at 31 March 2002 Number	Exercise price	Earliest date of exercise ¹	Expiry date
S. A. Marks	1,200,000	-	1,200,000	32.2p	28 Sep 01/02/03	27 Sep 10
	1,200,000	-	1,200,000	60.2p	28 Sep 01/02/03	27 Sep 10
	2,400,000	-	2,400,000			
J. Burr	358,077	-	358,077	32.2p	28 Sep 01/02/03	27 Sep 10
	76,923	-	76,923	32.2p	28 Sep 01/02/03	27 Sep 10
	435,000	-	435,000	60.2p	28 Sep 01/02/03	27 Sep 10
	870,000	-	870,000			
G. Harridge	463,077	-	463,077	32.2p	28 Sep 01/02/03	27 Sep 10
	76,923	-	76,923	32.2p	28 Sep 01/02/03	27 Sep 10
	540,000	-	540,000	60.2p	28 Sep 01/02/03	27 Sep 10
	1,080,000	-	1,080,000			
M. P. Simpkins	358,077	-	358,077	32.2p	28 Sep 01/02/03	27 Sep 10
	76,923	-	76,923	32.2p	28 Sep 01/02/03	27 Sep 10
	435,000	-	435,000	60.2p	28 Sep 01/02/03	27 Sep 10
	870,000	-	870,000			

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

*Denotes share options issued under the Company's EMI scheme.

¹The number of options granted is divided into three equal blocks for which the earliest date of exercise is 28 September 2001, 2002 and 2003 respectively. None of the share options issued have performance conditions attached to them. The Company has no long-term incentive plans.

5 Interest payable and similar charges

	2002	2001
	£	£
Finance leases	1,286	-
Other interest	5,835	-
	7,121	-

6 Loss on ordinary activities before taxation

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

	2002	2001
	£	£
Depreciation and amounts written off tangible fixed assets	1,165,514	222,478
Amortisation of intangible fixed assets	77,019	325,004
(Profit)/loss on disposal of fixed assets	(363)	34,419
Auditors' remuneration		
- audit services	38,400	38,400
- non-audit services	82,547	115,875
Rentals under operating leases		
- hire of plant and machinery	303,560	142,100
- other operating leases	181,669	131,975
Research and development costs	1,392,247	1,567,750

7 Tax on loss on ordinary activities

No corporation tax is payable due to the taxable losses incurred of £23,000,000 (2001 - £13,089,848) which are available to carry forward against future trading profits. Due to the losses carried forward and expected future trading losses, there is no provision for deferred taxation.

The cash received of £255,843 during the year relates to a Research and Development claim made following the introduction of Research and Development tax credits in the Finance Act 2000. The tax credit was received in return for surrendering £1,066,013 of losses incurred in the year ended 31 March 2001.

8 Dividends on non-equity shares

	2002	2001
	£	£
Dividend paid or proposed on preference shares	-	89,781

9 Basic and diluted loss per ordinary share

The calculations of losses per share are based on the following losses and number of shares. Due to losses made, there is no difference between loss per ordinary share and diluted loss per ordinary share.

	2002	2001
	£	£
Loss for the financial year	(8,487,532)	(7,952,924)
Preference dividends	-	(89,781)
	(8,487,532)	(8,042,705)
Weighted average number of ordinary shares	98,420,884	72,240,367
Loss per share (p)	8.6	11.1

10 Intangible fixed assets

Group	Licences
	£
Cost	
At beginning of year	584,403
Disposals	(79,403)
At end of year	505,000
Amortisation	
At beginning of year	71,883
Charge for the year	77,019
Disposals	(79,403)
At end of year	69,499
Net book value	
At beginning of year	512,520
At end of year	435,501

11 Tangible fixed assets

Group	Furniture and fittings £	Motor vehicles £	Navtrak boxes computer and office equipment £	Total £
Cost				
At beginning of year	152,224	34,550	884,292	1,071,066
Additions	12,978	25,000	747,625	785,603
Disposals	-	(17,500)	-	(17,500)
At end of year	165,202	42,050	1,631,917	1,839,169
Depreciation				
At beginning of year	21,209	19,401	170,037	210,647
Charge for year	32,112	17,042	220,360	269,514
Impairment losses	-	-	896,000	896,000
Disposals	-	(11,363)	-	(11,363)
At end of year	53,321	25,080	1,286,397	1,364,798
Net book value				
At beginning of year	131,015	15,149	714,255	860,419
At end of year	111,881	16,970	345,520	474,371

The net book value of assets held under finance leases at the end of the year was £71,438 (2001 - £nil).

As a result of an impairment review carried out in accordance with FRS 11, certain of the Navtrak boxes and computer equipment were written down to nil value, resulting in an impairment of £896,000.

12 Fixed asset investments

	Group		Company	
	2002 £	2001 £	2002 £	2001 £
Subsidiary undertakings	-	-	571,648	570,849
Joint venture undertaking	-	1,602,778	-	1,700,000
	-	1,602,778	571,648	2,270,849

a) Principal Group investments

The parent Company and the Group have investments in the following subsidiary undertakings which affect the profits or net assets of the Group. All subsidiaries principally operate in the UK.

Subsidiary undertakings	Percentage holding	Principal activity
Integrated Transport Information Services Limited	100%	Provision of traffic information
Navtrak Limited	100%	Provider of telematic products and services
FSH.COM Limited	80%	Provider of services to car fleet operators

All of the above subsidiary undertakings are unlisted and are held directly by ITIS Holdings plc. All holdings are of £1 ordinary shares.

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12 Fixed asset investments (continued)**b) Investments in subsidiary undertakings**

£

Cost and net book value

At beginning of year	570,849
Additions	799
At end of year	571,648

During the year the Company subscribed for a further 799 £1 ordinary shares in FSH.COM Limited for a consideration of £799.

c) Investment in joint venture undertakingGroup
£Company
£**Share of net assets/cost**

At beginning of year	800,000	1,700,000
Additions	245,020	490,040
Share of retained loss for the year	(659,678)	-
Disposal	(385,342)	(2,190,040)
At end of year	-	-

Goodwill

At beginning of year	802,778	-
Additions	245,020	-
Amortisation	(236,111)	-
Disposal	(811,687)	-
At end of year	-	-

Net book value

At beginning of year	1,602,778	1,700,000
At end of year	-	-

The investment in the joint venture undertaking at 31 March 2001 represented a 100% interest in Novcom Limited, a telematics software and hardware developer. However, a third party had an option to acquire 50% of Novcom Limited's share capital at any time, for a nominal sum, consequently the investment was accounted for as a joint venture. The Company acquired its interest in Novcom Limited in February 2001 for a cash payment of £1,700,000. In January 2002 the Company sold its interest in Novcom Limited to the same third party for a consideration of £2,731,000 (see note 25).

13 Stocks

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Goods held for resale	109,648	93,879	-	-

There is no material difference between the balance sheet value of stocks and their replacement cost.

14 Debtors

Amounts falling due within one year:

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Trade debtors	289,792	23,766	-	-
Amounts owed by Group undertakings	-	-	26,000,549	14,333,508
Amounts owed by joint venture undertaking	-	397,500	-	397,500
VAT	175,402	220,827	13,180	12,315
Other debtors	1,447,538	147,268	12,870	12,870
Prepayments and accrued income	912,407	518,286	200,063	137,124
	2,825,139	1,307,647	26,226,662	14,893,317

Amounts falling due in more than one year:

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Prepayments and accrued income	500,000	-	-	-

15 Creditors: Amounts falling due within one year

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Finance leases	50,230	-	-	-
Bank overdrafts	-	10,692	-	-
Trade creditors	606,360	1,087,236	63,654	45,908
Amounts owed to Group undertakings	-	-	70,848	70,848
Taxation and social security	159,070	92,631	-	-
Other creditors	200	-	-	-
Accruals and deferred income	1,267,377	1,091,421	243,379	274,350
	2,083,237	2,281,980	377,881	391,106

16 Creditors: Amounts falling due after more than one year

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Accruals and deferred income	378,805	415,000	-	-

17 Derivatives and other financial instruments

The Group does not use complex derivative financial instruments. Where it does use financial instruments these are mainly to optimise interest receivable. The Group does not have any material foreign currency risks in respect of its trading activities and uses no foreign currency hedging. The Group has limited borrowings and the exposure to interest expense related to interest rate movements is therefore not material. The numerical disclosures in this note deal with financial assets and financial liabilities as defined in Financial Reporting Standard 13 Derivatives and Other Financial Instruments: Disclosures (FRS 13). For this purpose non-equity shares issued by the Company are dealt with in the disclosures in the same way as the Group's financial liabilities but separately disclosed. Certain financial assets such as investments in subsidiary undertakings are excluded from the scope of these disclosures.

As permitted by FRS 13, short term debtors and creditors have been excluded from the disclosures.

Interest rate profile

The Group has no financial assets other than sterling cash deposits of £17,079,443 (2001 - £25,769,329) which are part of the financing arrangements of the Group. The interest rate profile of the Group's financial assets at 31 March 2002 and 31 March 2001 was as follows:

	2002 £	2001 £
Sterling:		
Fixed rate - cash deposits	17,077,220	25,764,704
Interest free - cash deposits	2,223	4,625
	17,079,443	25,769,329

The fixed rate sterling cash deposits in 2002 had a weighted average interest rate of 4.15% and the weighted average period for which the rate is fixed is 0.30 years.

The interest rate profile of the Group's financial liabilities at 31 March 2002 and 31 March 2001 was as follows:

	2002 £	2001 £
Sterling:		
Fixed rate - borrowings	50,230	-
Floating rate - borrowings	-	10,692
	50,230	10,692

The interest rate of fixed sterling balances is 4.2%.

The interest rate on floating sterling liabilities is linked to LIBOR.

The above borrowings are finance leases and are thus secured on the assets leased.

Maturity of financial liabilities

The maturity profile of the Group's financial liabilities at 31 March 2002 and 31 March 2001 was as follows:

	2002 £	2001 £
Borrowings - in one year or less	50,230	10,692
	50,230	10,692

Fair value

There were no material differences between the book value and the fair value of the Group's financial liabilities at 31 March 2002 and 31 March 2001.

18 Called-up share capital

	2002 £	2001 £
Authorised share capital		
339,106,585 ordinary shares of 2p each	6,782,132	6,782,132
32,178,683 deferred shares of 10p each	3,217,868	3,217,868
	10,000,000	10,000,000
Allotted, called-up and fully paid		
98,420,884 ordinary shares of 2p each	1,968,418	1,968,418
32,178,683 deferred shares of 10p each	3,217,868	3,217,868
	5,186,286	5,186,286

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.

The Company had the following ordinary share options in issue at 31 March 2002.

Date of issue	Ordinary 2p shares Number	Exercise price	Earliest exercise date	Latest exercise date
3 September 1999	1,971,715	32.2p	3 Sept 99	3 Sep 05
7 April 2000	227,500	60.2p	7 Apr 00	3 Sep 05
28 September 2000	2,402,307	32.2p	28 Sep 01/02/03 ¹	27 Sep 10 *
28 September 2000	257,691	32.2p	28 Sep 01/02/03 ¹	27 Sep 10 **
28 September 2000	2,610,000	60.2p	28 Sep 01/02/03 ¹	27 Sep 10 *
28 September 2000	318,750	60.2p	28 Sep 01/02/03 ¹	27 Sep 10 **
28 September 2000	210,000	130.0p	28 Sep 01/02/03	27 Sep 10 ***
6 July 2001	277,167	47.3p	6 July 04	5 July 11 ***
6 July 2001	114,333	47.3p	6 July 04	5 July 11 *
	8,389,463			

All options were granted at or above market value at the date of grant, although in some instances were not formally issued until a later date.

* Denotes share options issued under the Company's unapproved share option scheme

** Denotes share options issued under the Company's EMI share option scheme

*** Denotes share options issued under the Company's approved share option scheme

¹ The number of options granted is divided into three equal blocks for which the earliest date of exercise is 28 September 2001, 2002 and 2003 respectively.

During the year 391,500 47.3 pence options were granted. Also during the year 3,846,748 45 pence options and 5,398,744 86 pence options lapsed as they were not exercised by their latest exercisable date.

19 Reserves

Group	Share premium account £	Profit and loss account £	Total £
At 1 April 2001	37,342,877	(15,079,571)	22,263,306
Loss transferred to reserves	-	(8,487,532)	(8,487,532)
At 31 March 2002	37,342,877	(23,567,103)	13,775,774
Company	£	£	£
At 1 April 2001	37,342,877	8,601	37,351,478
Retained profit for the year	-	809,716	809,716
At 31 March 2002	37,342,877	818,317	38,161,194

20 Reconciliation of movements in Group shareholders' funds

	2002 £	2001 £
Loss for the financial year	(8,487,532)	(8,042,705)
New equity share capital subscribed	-	651,482
New preference share capital subscribed	-	1,479,450
Premium on new share capital subscribed, net of expenses	-	34,397,459
Shares issued to employee benefit trust	-	(132,724)
Dividends paid on non-equity shares	-	89,781
Net (reduction in) addition to shareholders' funds	(8,487,532)	28,442,743
Opening shareholders' funds (deficit)	27,449,592	(993,151)
Closing Group shareholders' funds	18,962,060	27,449,592

21 Commitments under operating leases

At 31 March 2002 the Group had annual commitments under non-cancellable operating leases as set out below.

	2002		2001	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire:				
- within one year	-	10,164	5,509	10,532
- within two to five years	-	93,007	-	144,706
- after five years	306,192	-	245,561	-
	306,192	103,171	251,070	155,238

22 Other financial commitments

On 23 August 2000, a twenty year development and marketing agreement was entered into, for which the Group pays £500,000 per annum on each anniversary of the agreement. Of this amount the Directors consider that £45,000 per annum relates to the license agreement disclosed in note 10 to these financial statements which has been capitalised and amortised in line with the accounting policy. This intangible asset and the associated creditor have been discounted in accordance with FRS 12, 'Provisions, liabilities and assets'.

23 Cash flow information**a) Reconciliation of operating loss to net cash outflow from operating activities**

	2002	2001
	£	£
Operating loss	(10,463,650)	(8,711,356)
Depreciation and amortisation of licenses	346,533	547,482
Impairment losses	896,000	-
(Increase) decrease in stocks	(15,769)	17,106
Increase in debtors	(674,616)	(911,924)
Increase in creditors	316,527	1,055,237
(Profit) loss on disposal of fixed assets	(363)	34,419
Net cash outflow from operating activities	(9,595,338)	(7,969,036)

b) Analysis of net funds

	1 April 2001	Cash flow	Other non-cash changes	31 March 2002
	£	£	£	£
Cash in hand and at bank	25,769,329	(8,689,886)	-	17,079,443
Overdrafts	(10,692)	10,692	-	-
		(8,679,194)		
Finance leases	-	30,138	(80,368)	(50,230)
Net funds	25,758,637	(8,649,056)	(80,368)	17,029,213

c) Reconciliation of net cash flow to movement in net funds

	2002	2001
	£	£
(Decrease) increase in cash in the year	(8,679,194)	25,744,980
Cash inflow from decrease in lease financing	30,138	-
Change in net funds	(8,649,056)	25,744,980
New finance lease	(80,368)	-
	(8,729,424)	25,744,980
Net funds brought forward	25,758,637	13,657
Net funds carried forward	17,029,213	25,758,637

24 Major non-cash transactions

During the year the Group entered into finance lease arrangements in respect of assets with a total capital value at inception of the leases of £80,368 (2001 - £nil).

25 Sale of joint venture undertaking

On 16 January 2002 the Group sold its 100% interest in the ordinary share capital of Novcom Limited. This had been treated as a joint venture as, in substance, there was joint control with a third party.

	2002 £	2001 £
Net assets	385,342	-
Goodwill	811,687	-
	1,197,029	-
Profit on disposal	1,533,971	-
	2,731,000	-
Sale proceeds		
Satisfied by:		
Cash	859,000	-
Offset of outstanding balances	591,000	-
Supplier credit	1,281,000	-
	2,731,000	-

The supplier credit of £1,281,000 is still outstanding at 31 March 2002, and is included within other debtors falling due within one year.

26 Pensions

The Group provides pension arrangements to the majority of full time employees through a defined contribution scheme. The pension charge for the year was £94,518 (2001 - £34,313).

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NOTICE OF ANNUAL GENERAL MEETING **ITIS HOLDINGS PLC ANNUAL REPORT AND ACCOUNTS 2002**

Notice is hereby given that the annual general meeting of ITIS Holdings plc (the "Company") will be held at ITIS Holdings plc, Station House, Stamford New Road, Altrincham, Cheshire, WA14 1EP on Tuesday 10 September 2002 at 11.00am for the following purposes:

ORDINARY BUSINESS

1. To receive and adopt the financial statements for the year ended 31 March 2002, together with the reports of the Directors and auditors thereon.
2. Upon recommendation of your board, to reappoint the following Directors who retire by rotation:
 - a) Johnathon Burr
 - b) John Hewett
3. To appoint Deloitte & Touche as the Company's auditors and to authorise the Directors of the Company to fix their remuneration.
4. To consider and, if thought fit, pass as an **ORDINARY RESOLUTION**: that the Directors of the Company be and they are hereby generally authorised and empowered during the period expiring at the conclusion of the next annual general meeting of the Company or the date being 15 months from the date of the passing of this resolution, whichever is the earlier, to exercise all powers of the Company to allot relevant securities as defined in Section 80 of the Companies Act 1985 (the "Act") and to make an offer or agreement which would or might require relevant securities to be allotted after that date, notwithstanding that the authority conferred hereby has expired, so long as the aggregate nominal value of the relevant securities allotted under this authority shall not exceed £656,139.

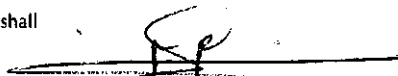
5. To consider and, if thought fit, pass as a

SPECIAL RESOLUTION:

subject to the passing of the previous resolution numbered 4, that the Directors of the Company be and they are hereby generally authorised and empowered during the period expiring at the conclusion of the next annual general meeting of the Company or on the date being 15 months from the date of the passing of this resolution, whichever is the earlier, to exercise all powers of the Company to allot equity securities as defined in Section 94(2) of the Act as if Section 89(1) of the Act did not apply in the case of:

- a) allotments in connection with a rights issue to shareholders where the Directors shall have the right to make such exclusions or other arrangements as they may deem necessary or expedient to deal with fractional entitlements that would otherwise arise or with legal or practical problems under the laws or requirements of any recognised regulatory body or any stock exchange in any territory, or otherwise howsoever;
- b) other allotments of equity securities for cash where this authority shall be limited in aggregate to the allotment of or involving equity share capital not exceeding £98,420.

By order of the Board,



M. P. Simpkins
23 May 2002

REGISTERED OFFICE:

Station House
Stamford New Road
Altrincham
Cheshire WA14 1EP

NOTES

- 1) A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and on a poll, vote instead of him/her. A proxy need not be a member.
- 2) Only those shareholders registered in the register of members of the Company as at 6:00pm on 6 September 2002 shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their names at that time.
- 3) To be effective the instrument appointing a proxy must be deposited at the office of the registrar not later than 11:00am on 6 September 2002.
- 4) There will be available for inspection at the registered office of the Company during normal business hours on any weekday (public holidays excepted) from the date of this notice until the date of the annual general meeting and for 15 minutes prior to and during the meeting.
 - a) The register of Directors' interests in the ordinary shares of the Company, and
 - b) the service contracts of the Directors.
- c) Appointment of a proxy will not prevent a member from attending and voting at the annual general meeting should he/she decide to do so.
- 5) A member by attending the Annual General Meeting agrees to receive any communications made at that meeting.