

REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2009
FOR
POLICE5 GROUP PLC

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POLICE5 GROUP PLC

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FOR THE YEAR ENDED 31ST MARCH 2009

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POLICE5 GROUP PLC

COMPANY INFORMATION

FOR THE YEAR ENDED 31ST MARCH 2009

DIRECTORS:

P A Walsh (Managing Director)
S Pinarbasi
R F Steele

REGISTERED OFFICE:

Regus House
Malthouse Avenue
Cardiff Gate Business Park
Cardiff
CF23 8RU

REGISTERED NUMBER:

4205739 (England and Wales)

AUDITORS:

Jones & Partners
Chartered Accountants
& Registered Auditors
Julco House
26-28 Great Portland Street
London
W1W 8AS

POLICE5 GROUP PLC

REPORT OF THE DIRECTORS **FOR THE YEAR ENDED 31ST MARCH 2009**

The directors present their report with the financial statements of the company for the year ended 31st March 2009.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of a holding company. The principal activity of the company was that of provision of computer-related products and support services to industry.

REVIEW OF THE BUSINESS, FUTURE DEVELOPMENTS AND PRINCIPAL RISK AND UNCERTAINTIES

We endeavour to present a balanced and complete review of the development and performance of our business during the past few months since our last review in March 2009. Our review is consistent with the size and non-complex nature of our business and is written in the context of the opportunities as well as the risks and uncertainties we face. After recording substantial losses in recent past years, reducing to £0.14M in 2007/2008; we are again delighted to report a continuing downward path to £0.036M in 2008/2009; and with the support of our business partner MDI plc (MobileData Information plc), we have continued with the R&D (Research & Development) of new products and software applications relevant to our market. This investment in R&D continues to indicate a substantial future growth.

The substantial losses in 2005/2006 of over £5M was attributed largely to the unreliability of technology bought in; therefore the Company is continuing to pursue its claim for compensation and have issued invoices to the value of £2.65M of our claim for payment as an act of goodwill on their part. This of course will not relieve the original supplier of all their obligations.

The focus of the Company and its business partner MDI plc continues to be based on the telecommunications business, using GPS/GPRS-SMS communication via telematics black boxes used for vehicle fleet management and control systems. However other telematics vertical markets are being introduced, such as people tracking for safety and security reasons, E-call and automated payment of the so called "green taxes" i.e. congestion charging etc. Easy-TraX multi language web based services has started to trade in Germany and Turkey; expansion to the rest of Europe is planned during 2010/2011.

The Company continues to deal with unforeseen setbacks and having to make very difficult management decisions, however our actions are focussed ultimately on providing shareholder value. We are in an age where strategic management is essential to remaining a survivor, from which a strong business can be built. Therefore it is a testimony to the strength of the board and commitment of its shareholders that we have pressed on with our plans to create a successful platform and growth for the future.

After evaluating all the opportunities, risks, and the uncertainties; our plans to work closely with our business partner MDI plc to expand the Company's opportunities within the telematics industry, and at the same time continue with its R&D program; whilst the Company concentrates on the recovery of monies due, and its litigation with the South African supplier. As a whole the board believes that this strategy will in the future create investor value.

DIRECTORS

The directors who served during the year under review were:

P A Walsh
S Pinarbasi
D P Smith (resigned 3.6.2008)
R F Steele

FINANCIAL AND NON- FINANCIAL KEY PERFORMANCE INDICATORS

Due to the present state of operations, the directors consider that analysis of financial and non-financial performance using key performance indicators is not appropriate for this company.

NON CONSOLIDATION

In view of the circumstances that the trading subsidiaries are in liquidation and without prospects of the subsidiaries coming out of the situation, the directors have presented the financial statements as an individual undertaking and not as a group.

DIVIDENDS

No dividends will be distributed for the year ended 31st March 2009.

POLICES GROUP PLC

REPORT OF THE DIRECTORS **FOR THE YEAR ENDED 31ST MARCH 2009**

RESEARCH AND DEVELOPMENT

The company will continue to invest in Software, Communication and other products for the Telematics and Security Industries.

BRAND AND TRADE MARK

The Police5 Brand and Trade Mark have been registered in the United Kingdom, Europe and North America in class 9, 12, 16, 35, 37, 41, 42 and 45. These give the business every opportunity to develop its Police5 Brand to the full and protect its Innovations, Software and Hardware Developments, and Intellectual Right in the above group of countries. Other countries will be added as required. It is the Company's policy to find join business partners in registered countries.

Please note: - Police5 have the United Kingdom Government's Home Office approval to use the word "Police" in its company name.

COMPANY'S POLICY ON PAYMENT OF CREDITORS

The company's policy concerning payment of its trade creditors is as follows:-

For all trade creditors, it is the company's policy to:

- Agree the terms of payment at the start of business with that supplier,
- Ensure that suppliers are aware of the terms of payment,
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Pay in accordance with its contractual and other legal obligations.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare the financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss 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 UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. They are also responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

STATEMENT OF DISCLOSURE TO AUDITOR

- (a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and
- (b) they have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

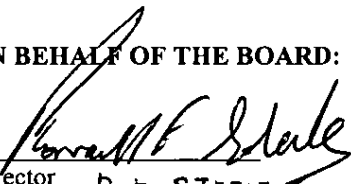
POLICES GROUP PLC

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST MARCH 2009

AUDITORS

The auditors, Jones & Partners, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:


Director R.F. STEELE

Date: 30th OCTOBER 2009

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF POLICE5 GROUP PLC

We have audited the financial statements of Police5 Group PLC for the year ended 31 March 2009 set out in pages 7 to 17. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standard on Auditing (UK and Ireland).

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 regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standard on Auditing (UK and Ireland) 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
POLICES GROUP PLC**


Going concern

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosures made in Note 1 to the financial statements concerning the company's ability to continue as a going concern. The company incurred a net loss of £35,842 during the year ended 31 March 2009 and, at that date, the company's liabilities exceeded its total assets by £874,344. These conditions, along with the other matters explained in Note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern. In view of the significance of this uncertainty, we consider that it should be drawn to your attention, but our opinion is not qualified in this respect.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs at 31 March 2009 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985, as amended, and;
- the information given in the directors' report is consistent with the financial statements.



**Jones & Partners
Chartered Accountants
Registered Auditors
Fifth Floor Julco House
26 – 28 Great Portland Street
London
W1W 8AS**

Date: 30th OCTOBER 2009

POLICE5 GROUP PLC

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 2009

	Notes	2009 £	2008 £
Administrative expenses		(23,352)	(132,732)
		<hr/>	<hr/>
OPERATING LOSS	3	(23,352)	(132,732)
Other interest receivable and similar income	4	-	4,250
Interest payable and similar charges	5	<u>(12,490)</u>	<u>(12,730)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(35,842)	(141,212)
Tax on loss on ordinary activities	6	<hr/> -	<hr/> -
LOSS FOR THE FINANCIAL YEAR AFTER TAXATION		(35,842)	(141,212)
		<hr/>	<hr/>

None of the company's activities was acquired or discontinued during the above two years.

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

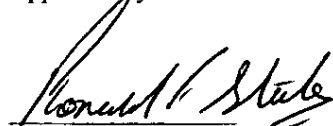
The notes form part of these financial statements

COMPANY BALANCE SHEET
31ST MARCH 2009

		2009		2008	
	Notes	£	£	£	£
FIXED ASSETS					
Investments	7		-		-
CURRENT ASSETS					
Debtors	8	-		2,750	
Cash at bank		101		-	
		<u>101</u>		<u>2,750</u>	
CREDITORS					
Amounts falling due within one year	9	<u>(762,935)</u>		<u>(729,742)</u>	
NET CURRENT LIABILITIES			<u>(762,834)</u>		<u>(726,992)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			(762,834)		(726,992)
CREDITORS					
Amounts falling due after more than one year	10		(25,000)		(25,000)
Provision for liabilities	11		<u>(86,510)</u>		<u>(86,510)</u>
			<u>(874,344)</u>		<u>(838,502)</u>
CAPITAL AND RESERVES					
Called up share capital	13		5,356,346		5,356,346
Share premium account	14		287,882		287,882
Profit and loss account	14		<u>(6,518,572)</u>		<u>(6,482,730)</u>
SHAREHOLDERS' FUNDS	15		<u>(874,344)</u>		<u>(838,502)</u>

ON BEHALF OF THE BOARD:

Approved by the Board and authorised for issue on 30th OCTOBER 2009


 Director **R.F. STEELE**

The notes form part of these financial statements

POLICES5 GROUP PLC**CASH FLOW STATEMENT**
FOR THE YEAR ENDED 31ST MARCH 2009

		2009	2008
	Notes	£	£
Net cash (outflow)/inflow from operating activities	1	229	(267,400)
Returns on investments and servicing of finance	2	(21)	3,880
Net cash (outflow)/inflow before management of liquid resources and financing		208	(263,520)
Financing	2	-	150,910
Increase/(decrease) in cash in the period		208	(112,610)
<hr/>			
Reconciliation of net cash flow to movement in net (debt)/funds	3		
Increase/(decrease) in cash in the period		208	(112,610)
Cash inflow from increase in debt		-	-
Change in net debt resulting from cash flows		208	(112,610)
Movement in net (debt)/funds in the period		208	(112,610)
Net funds/(debt) at 1st April 2008		(61,244)	51,366
Net (debt)/funds at 31st March 2009		(61,036)	(61,244)

The notes form part of these financial statements

POLICE5 GROUP PLC

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2009

1. RECONCILIATION OF OPERATING LOSS TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	2009 £	2008 £
Operating loss	(23,352)	(132,732)
(Decrease)/Increase in creditors within one year	20,831	(123,670)
Decrease/(Increase) in debtors	2,750	101,503
(Decrease)/Increase in provision for liabilities and charges	-	<u>(112,501)</u>
Net cash (outflow)/inflow from operating activities	<u>229</u>	<u>(267,400)</u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2009 £	2008 £
Returns on investments and servicing of finance		
Interest paid	(21)	(370)
Interest received	-	<u>4,250</u>
Net cash inflow/(outflow) for returns on investments and servicing of finance	<u>(21)</u>	<u>3,880</u>
 Financing		
Share issue	-	<u>150,910</u>
Net cash inflow from financing	<u>-</u>	<u>150,910</u>

The notes form part of these financial statements

POLICES GROUP PLC

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2009

3. ANALYSIS OF NET (DEBT)/FUNDS

	At 1/4/08 £	Cash flow £	Other Non cash Changes £	At 31/3/09 £
Net cash:				
Cash at bank	-	101	-	101
Bank overdrafts	<u>(36,244)</u>	<u>107</u>	<u>-</u>	<u>(36,137)</u>
	<u>(36,244)</u>	<u>208</u>	<u>-</u>	<u>(36,036)</u>
Debt:				
Debts falling due after one year	<u>(25,000)</u>	<u>-</u>	<u>-</u>	<u>(25,000)</u>
Net funds/(debt)	<u>(61,244)</u>	<u>208</u>	<u>-</u>	<u>(61,036)</u>

The notes form part of these financial statements

POLICES GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31ST MARCH 2009**

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention.

Going concern

The Company is dependent on recovering its funds in excess of £39,000 currently held by a liquidator, and pursuing its compensation claim of nearly £5,000,000, as well as the successful flotation of MDI plc (MobileData Information plc), which casts a material uncertainty over the company's ability to meet its liabilities as they fall due.

Following the year end, to generate funds in the short to medium term, the Company has sold its products and services to MDI plc for a shareholding in MDI plc and cash to meet its legal requirements and fund its litigation process in pursue of its compensation claim. The accounts have been prepared on a going concern basis, on the assumption that one of the above actions will be successful, and that adequate funds will be made available to the Company in the long term. If this assumption proves to be inappropriate, it may cast a significant doubt on the company's ability to continue as a going concern. Adjustments would have to be made to adjust the value of assets to their recoverable amount and to provide for any further liabilities which might arise.

Turnover

Turnover represents the invoiced amounts of goods sold and services provided (stated net of value added tax) and is attributable to the principal activity of the company. The company did not generate any sales during the current and previous years.

Research and development expenditure

Research and development expenditure is written off as incurred, except that development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised in line with the expected future sales from the related project.

Investments

Fixed asset investments are stated at cost less provision for diminution in value.

Deferred taxation

Deferred tax is provided in full on timing differences which represent a liability at the balance sheet date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income or expenditure in tax computations in periods different from those in which they are included in the financial statements. Deferred tax assets and liabilities are not discounted.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account as incurred.

2. STAFF COSTS

The company did not incur any staff costs (2008: Nil) and there were no employees apart from the directors

POLICES5 GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2009

3. OPERATING LOSS

The operating loss is stated after charging:

	2009 £	2008 £
Other operating leases	2,053	494
Auditors' remuneration - audit services	2,500	2,500
- non audit services	2,745	3,908
	<u> </u>	<u> </u>
Directors' emoluments	<u> </u> -	<u> </u> -

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2009 £	2008 £
Bank interest	-	180
Other interest	-	4,070
	<u> </u> -	<u> </u> 4,250
	<u> </u>	<u> </u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2009 £	2008 £
Bank loan and overdraft interest	21	370
Other loan interest wholly repayable within five years	<u>12,469</u>	<u>12,360</u>
	12,490	12,730
	<u> </u>	<u> </u>

6. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31st March 2009 nor for the year ended 31st March 2008.

POLICES GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2009

7. FIXED ASSET INVESTMENTS

	Shares in subsidiary undertakings £
Cost	
At 1st April 2008 and at 31 March 2009	<u>4,585,400</u>
Provisions for diminution in value	
At 1 April 2008 and at 31 March 2009	4,585,400
Charge for the year	<u>-</u>
At 31st March 2009	<u>4,585,400</u>
Net Book Value at 31 March 2009	<u>Nil</u>

The principal subsidiaries are as follows:

Name of subsidiary	Principal Activity	Country of incorporation	Percentage holding
Imagetrack Limited (formerly Police5 Ltd)	Provision of computer related advisory and support services (company dissolved 9.8.09)	England	100%
Utrack Limited (formerly Police5 Technologies Ltd)	Provision of computer related advisory and support services (company dissolved 9.8.09)	England	100%

POLICE5 GROUP PLC**NOTES TO THE FINANCIAL STATEMENTS - continued**
FOR THE YEAR ENDED 31ST MARCH 2009**8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2009	2008
	£	£
Other debtors	-	2,750
	<u>-</u>	<u>2,750</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009	2008
	£	£
Bank loans and overdrafts (see note 12)	36,137	36,244
8% convertible unsecured loan stock 2008 (see note 12)	100,000	100,000
Social security and other taxes	32,546	33,862
Other creditors	195,775	175,228
Directors' current accounts	133,441	133,441
Accruals and deferred income	<u>265,036</u>	<u>250,967</u>
	<u>762,935</u>	<u>729,742</u>

A fixed and floating charge exists over the assets of the company.

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2009	2008
	£	£
Other loans (see note 12)	25,000	25,000
	<u>25,000</u>	<u>25,000</u>

POLICES GROUP PLC**NOTES TO THE FINANCIAL STATEMENTS - continued**
FOR THE YEAR ENDED 31ST MARCH 2009**11. PROVISION FOR LIABILITIES AND CHARGES**

	2009 £
Balance at 1 April 2008	86,510
Movement for the year	-
	<hr/>
Balance at 31 March 2009	86,510
	<hr/>

The above provision relates to liabilities arising under multilateral bank guarantee given by the company and as a result of its subsidiaries in liquidation.

12. LOANS

	2009 £	2008 £
An analysis of the maturity of loans is given below:		
Amounts falling due within one year or on demand:		
Bank loans and overdrafts	36,137	36,244
8% convertible unsecured loan stock 2008	100,000	100,000
	<hr/>	<hr/>
	136,137	136,244
	<hr/>	<hr/>
Amounts falling due between one and two years:		
Other loans (interest free)	25,000	25,000
	<hr/>	<hr/>

After 29 September 2007, the 8% convertible unsecured loan stock is convertible at the option of the holder into 4 million fully paid ordinary shares of the company at £0.025 per ordinary share or may be redeemed at the option of the holder at par.

13. CALLED UP SHARE CAPITAL

Authorised:			2009	2008
Number:	Class:	Nominal value:	£	£
800,000,000	Ordinary	£0.025	<u>20,000,000</u>	<u>20,000,000</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2009	2008
			£	£
214,253,829	Ordinary	£0.025	<u>5,356,346</u>	<u>5,356,346</u>
(2008 – 214,253,829)				

POLICE5 GROUP PLC**NOTES TO THE FINANCIAL STATEMENTS - continued**
FOR THE YEAR ENDED 31ST MARCH 2009**14. STATEMENT OF MOVEMENT ON RESERVES**

	Profit and loss account £	Share Premium Account £
At 1st April 2008	(6,482,730)	287,882
Loss for the year	(35,842)	-
Premium on shares issued during the year	-	-
At 31st March 2009	<u>(6,518,572)</u>	<u>287,882</u>

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2009	2008
	£	£
Loss for the financial year	(35,842)	(141,212)
Proceeds from shares issued	-	150,910
Net addition/(reduction)/ to shareholders' funds	(35,842)	9,698
Opening shareholders' funds	<u>(838,502)</u>	<u>(848,200)</u>
Closing shareholders' funds	<u>(874,344)</u>	<u>(838,502)</u>
Equity interests (deficit)	<u>(874,344)</u>	<u>(838,502)</u>

17. POST BALANCE SHEET EVENT

As stated in the Directors' Report, the company is actively pursuing a claim against a supplier for supplying unreliable products. The company has since claimed from the supplier for £2,641,514. None of this claim has been received to date and no amount of the claim has been included in the accounts for the year ended 31 March 2009. However in order to speed up the conclusion to this claim the directors have instructed the Commercial Litigation Section of Irwin Mitchell LLP to act on the Companies behalf.

Referring to Note 1 under Going Concern, none of the amounts in excess of £39,000 have been recovered from the liquidator to date and no amounts have been provided for in the accounts for the year ended 31 March 2009.