



Wheelsure Holdings plc

Report of the Directors and Consolidated Financial Statements for the year ended 31st August 2010

Registered number 4757497

(England and Wales)

Contents

	<i>Page</i>
Company Information	3
Chairman's Statement	4
Report of the Directors	6
Report of the Independent Auditors	10
Consolidated Profit and Loss Account	12
Consolidated Balance Sheet	13
Company Balance Sheet	14
Consolidated Cash Flow Statement	15
Notes to the Consolidated Financial Statements	16

Company Information

DIRECTORS:

J Shuttleworth
G Dodl
J Allen
G Mulder
D Vile

SECRETARY:

Security Change Limited

REGISTERED OFFICE:

8 Woburn Street
Amphill
Bedfordshire
MK45 2HP

REGISTERED NUMBER:

4757497 (England and Wales)

AUDITORS:

Menzies LLP
Chartered Accountants
Registered Auditor
Lynton House
7-12 Tavistock Square
London
WC1H 9LT

BROKERS:

Seymour Pierce Limited
20 Old Bailey
London
EC4M 7EN

Chairman's Statement

for the year ended 31st August 2010

The results for the year ending 31st August 2010 show a loss on ordinary activities before taxation of £430,365 compared to a loss of £322,777 for the previous year. Your Board believes that the impact of the recent recession upon the UK economy has contributed to the group not being able to improve upon the results for the previous year. However we also believe that the group's products are gaining recognition in their respective potential markets, a belief which is supported by the recent announcement that Tracksure had secured "Authorised for Use" status from Transport for London for the group's patented locking device for four specialist track applications within London Underground.

Tracksure

Having achieved "Authorised for Use" status with Transport for London, we will continue our efforts to gain this status for additional applications within the underground network and will attempt to secure similar approvals from organisations within the UK and overseas.

In the UK, discussions continue with Network Rail and a business case is currently being prepared for submission to support Tracksure's application for product approval made earlier this year. Overseas activities are also progressing with encouraging results with trials currently taking place in Italy, Hungary and the United States. Interest has also been received from other companies in Holland, Romania, Italy and Germany which may result in trials in the near future.

As reported previously, formal sales agreements have been established with specialist third parties in Holland and Italy. Further, a distribution term sheet has been signed with a large organisation in the United States and heads of agreement have been signed with companies in Spain and Hungary.

Wheelsure

I am pleased to report that, despite the recent economic climate, Wheelsure has recently secured an order from a large bus/coach operator to commence retrofitting its fleet of 80 vehicles with the Wheelsure device. Several operators have advised of nut loosening problems on a particular vehicle fitted with a standard nut and bolt and, as a result, the manufacturer concerned has been contacted by Wheelsure to encourage the fitting of our device at the build stage.

We believe that the cost of bolts from original equipment manufacturers is a major concern to all users and we have therefore identified an overseas bolt manufacturer which will enable us to offer a retrofit kit consisting of the Wheelsure locking device and a modified bolt at a competitive price.

The long awaited Department of Transport report has now been published and although not conclusive in its final recommendation it does nevertheless comment on the value of using wheel nut locking devices. Whilst we were hoping for more we do see this as a positive in that it adds to the credibility of fitting such systems.

Fundraising

Following the announcement made on 26th November 2010 I am pleased to advise that the company has now raised gross proceeds of £497,150 by way of a placing of 9,943,000 new ordinary shares at 5p per share for working capital purposes.

Chairman's Statement *(continued)*

Your Board is most encouraged with the developments that have taken place since my last report, particularly within the rail industry which is now beginning to indicate strong interest in the products we can offer. I look forward to reporting more success in our activities in the coming year.

To conclude, I would like to thank all those shareholders who participated in the recent placing and our staff whose efforts are now finally being recognised.

J E S Shuttleworth
Chairman
21st December 2010

Report of the Directors

for the year ended 31st August 2010

The directors present their report with the financial statements of the company and the group for the year ended 31st August 2010.

PRINCIPAL ACTIVITY

Wheelsure Holdings plc ('the company') is a holding company for a group which develops and commercialises innovative products that meet safety needs throughout the world.

The company currently operates through its wholly owned subsidiaries.

REVIEW OF BUSINESS

The results for the year and financial position of the company and the group are as shown in the annexed financial statements.

The group's financial key performance indicators are turnover and loss before tax.

	<i>2010</i>	<i>2009</i>
	<i>£</i>	<i>£</i>
Turnover	<u>92,325</u>	<u>126,246</u>
Loss before tax	<u>430,365</u>	<u>322,777</u>

Non-financial key performance indicators include the number of new customers.

DIVIDENDS

No dividends will be distributed for the year ended 31st August 2010.

FUTURE DEVELOPMENTS

A review of future developments can be found in the Chairman's statement on page four.

DIRECTORS

The directors during the year under review were:

J Shuttleworth
G Dodl
J Allen
G Mulder
D Vile

The beneficial interests of the directors holding office on 31st August 2010 in the issued share capital of the company were as follows:

	<i>31.8.10</i>	<i>01.9.09</i>
Ordinary 1p shares		
J Shuttleworth	181,111	121,111
G Dodl	614,746	314,746
J Allen	446,111	346,111
G Mulder	120,000	60,000
D Vile	342,525	242,525

Report of the Directors (*continued*)

In addition to the above, as at 31st August 2010 London International Traders Limited, a company in which J Allen is a director and substantial shareholder, holds 1,346,721 ordinary shares, and 75,012 warrants to subscribe for ordinary shares with an exercise price of 12p per share which expire on 5th January 2011.

Since the year end:

- (i) On 1st September 2010, D Vile has acquired a further 100,000 ordinary shares increasing his beneficial interests to 442,525 ordinary shares.
- (ii) London International Traders Limited has transferred its entire shareholding to its two shareholders, M Wootton (673,360 shares) and J Allen (673,361 shares). J Allen now has a total beneficial interest in 1,119,472 ordinary shares.

Certain directors benefitted from qualifying third party indemnity provisions (as defined in section 234(2) of the Companies Act 2006) in place during the financial year and at the date of this report.

GROUP'S POLICY ON PAYMENT OF CREDITORS

It is the group's policy to negotiate payment terms with its suppliers in all sectors and to ensure they know the terms at which payment will take place when the business was agreed.

POLITICAL AND CHARITABLE CONTRIBUTIONS

The group made no political and charitable contributions during the current or previous years.

SHARE OPTIONS

Details of share options for each director are as follows:

1. Enterprise Management Incentive Option Scheme

<i>Name</i>	<i>At 1st September 2009</i>	<i>At 31st August 2010</i>	<i>Option period</i>	<i>Exercise price per share</i>
J Shuttleworth	30,000	30,000	19.12.2006 – 18.12.2010	10p
G Dodl	250,000	–	19.12.2006 – 18.12.2010	10p
	100,000	–	24.07.2010 – 23.07.2014	20p
D Vile	–	1,500,000	28.01.2013 – 27.01.2017	7.75p
	–	500,000	28.01.2013 – 27.01.2017	7.75p

On 27th January 2010, G Dodl surrendered his interest in 250,000 options and 100,000 options with an exercise price of 10p and 20p respectively.

Report of the Directors (continued)

2. Unapproved share option scheme

Name	At 1st September 2009	At 31st August 2010	Option period	Exercise price per share
J Shuttleworth	10,000	10,000	24.07.2009 – 23.07.2011	20p
	–	500,000	28.01.2012 – 27.01.2015	7.75p
G Dodl	–	350,000	08.05.2012 – 07.05.2016	5p
J Allen	30,000	30,000	24.07.2009 – 23.07.2011	20p
	–	500,000	28.01.2012 – 27.01.2015	7.75p
G Mulder	25,000	25,000	18.10.2007 – 17.10.2010	12p
	40,000	40,000	24.07.2009 – 23.07.2011	20p
	–	500,000	28.01.2012 – 27.01.2015	7.75p
D Vile	20,000	20,000	24.07.2009 – 23.07.2011	20p

PRINCIPAL RISKS

The group faces the financial risk that there may be insufficient cashflow in the future to continue to commercialise the products and generate revenue streams.

SUBSTANTIAL SHAREHOLDINGS

At the date of this report the following substantial shareholdings representing more than three per cent of the company's issued share capital, other than those held by directors, have been notified to the company:

	%	Ordinary Shares
Gresham House plc	9.43	5,090,000
A P Stirling	6.78	3,659,357
Transense Technologies plc	4.33	2,337,517
AXA Framlington VCT 2 plc	3.71	2,000,000
G V L Oury	3.52	1,897,367

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them

Report of the Directors (continued)

to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CORPORATE GOVERNANCE

The directors fully support the recommendations of the Combined Code on Corporate Governance, although due to the company's PLUS Market quoted status there is no requirement to provide Corporate Governance Disclosure. As the company continues to grow, the directors will review their compliance with the code from time to time and will adopt such provisions as they consider to be appropriate to the size of the company.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

The auditors, Menzies LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

Security Change Limited – Secretary

21st December 2010

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF WHEELSURE HOLDINGS PLC

We have audited the financial statements of Wheelsure Holdings plc for the year ended 31st August 2010 on pages twelve to twenty seven. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31st August 2010 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Report of the Independent Auditors (*continued*)

Matters on which we are required to report by exception

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

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

Philip King (Senior Statutory Auditor)
for and on behalf of Menzies LLP
Chartered Accountants
Registered Auditor
Lynton House
7-12 Tavistock Square
London
WC1H 9LT

22nd December 2010

Consolidated Profit and Loss Account

for the year ended 31st August 2010

	Notes	2010 £	2009 £
TURNOVER		92,325	126,246
Cost of sales		46,422	62,644
GROSS PROFIT		45,903	63,602
Administrative expenses		470,935	359,014
OPERATING LOSS	3	(425,032)	(295,412)
Interest receivable and similar income		815	643
		(424,217)	(294,769)
Interest payable and similar charges	4	6,148	28,008
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(430,365)	(322,777)
Tax on loss on ordinary activities	5	441,951	(67,570)
LOSS FOR THE FINANCIAL YEAR AFTER TAXATION		(872,316)	(255,207)

CONTINUING OPERATIONS

None of the group's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The group has no recognised gains or losses other than the losses for the current year or previous year.

The notes form part of these financial statements

Consolidated Balance Sheet

31st August 2010

	Notes	2010		2009	
		£	£	£	£
FIXED ASSETS					
Intangible assets	7		52,454		51,975
Tangible assets	8		16,308		23,857
Investments	9		–		–
			<u>68,762</u>		<u>75,832</u>
CURRENT ASSETS					
Stocks	10	11,153		16,474	
Debtors	11	42,244		21,697	
Deferred tax	12	–		450,474	
Cash at bank		118,755		14,413	
		<u>172,152</u>		<u>503,058</u>	
CREDITORS					
Amounts falling due within one year	13	57,306		396,935	
NET CURRENT ASSETS			<u>114,846</u>		<u>106,123</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>183,608</u>		<u>181,955</u>
CAPITAL AND RESERVES					
Called up share capital	15		440,066		259,816
Share premium	16		2,755,604		2,104,189
Profit and loss account	16		(3,012,062)		(2,182,050)
SHAREHOLDERS' FUNDS	18		<u>183,608</u>		<u>181,955</u>

The financial statements were approved by the Board of Directors on 21st December 2010 and were signed on its behalf by:

G Dodl
Director

The notes form part of these financial statements

Company Balance Sheet

31st August 2010

	Notes	2010		2009	
		£	£	£	£
FIXED ASSETS					
Intangible assets	7		–		–
Tangible assets	8		–		–
Investments	9		106		20,106
			106		20,106
CURRENT ASSETS					
Debtors	11	143,548		529,386	
Cash at bank		101,145		1,669	
		244,693		531,055	
CREDITORS					
Amounts falling due within one year	13	19,398		348,161	
NET CURRENT ASSETS			225,295		182,894
TOTAL ASSETS LESS CURRENT LIABILITIES			225,401		203,000
CAPITAL AND RESERVES					
Called up share capital	15		440,066		259,816
Share premium	16		2,755,604		2,104,189
Profit and loss account	16		(2,970,269)		(2,161,005)
SHAREHOLDERS' FUNDS	18		225,401		203,000

The financial statements were approved by the Board of Directors on 21st December 2010 and were signed on its behalf by:

G Dodl
Director

The notes form part of these financial statements

Consolidated Cash Flow Statement

for the Year Ended 31st August 2010

	Notes	2010		2009	
		£	£	£	£
Net cash outflow from operating activities	20	(451,797)		(197,759)	
Returns on investments and servicing of finance	21	(5,333)		(27,365)	
Taxation		2,561		–	
Capital expenditure	21	(8,754)		(28,482)	
		<u>(463,323)</u>		<u>(253,606)</u>	
Financing	21	567,665		203,892	
Increase/(Decrease) in cash in the period		<u>104,342</u>		<u>(49,714)</u>	
Reconciliation of net cash flow to movement in net debt	22				
Increase/(Decrease) in cash in the period		104,342		(49,714)	
Cash outflow from decrease in debt		–		15,000	
Change in net debt resulting from cash flows		104,342		(34,714)	
Conversion of loanstock		264,000		–	
Movement in net debt in the period		<u>368,342</u>		<u>(34,714)</u>	
Net debt at 1st September		<u>(249,587)</u>		<u>(214,873)</u>	
Net funds/(debt) at 31st August		<u>118,755</u>		<u>(249,587)</u>	

The notes form part of these financial statements

Notes to the Financial Statements

for the year ended 31st August 2010

1. ACCOUNTING POLICIES

Accounting convention

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

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 31st August 2010. The acquisition method of accounting has been adopted. Under this method, the results of the subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to date of disposal.

In the company's financial statements, investments in subsidiary undertakings are stated at cost, less provisions.

Going concern

The financial statements have been prepared on a going concern basis which assumes that the group will continue to trade, without significant curtailment, for the foreseeable future.

Since the year end and before approval of the financial statements the company has completed an equity placing to raise £447,150 (net of expenses). On this basis there will be sufficient working capital for the group to continue to trade for at least twelve months from the date of approval of the financial statements.

The directors have concluded that, after considering the financial position of the company, they have reasonable expectations that it will have adequate resources to continue in operational existence and for this reason, they continue to adopt the going concern basis in preparing the financial statements.

Turnover

Turnover is recognised when goods are dispatched, and represents net invoiced sales of goods and services, excluding value added tax.

Goodwill

Goodwill arising on consolidation (representing the excess of the fair value of the consideration given over the fair value of the separate net liabilities acquired) is capitalised on acquisition and amortised to nil in equal instalments over its estimated life of 20 years.

Notes to the Financial Statements (*continued*)

1. ACCOUNTING POLICIES (*continued*)

Intangible fixed assets

Amortisation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Patents and trademarks – 5% and 10% on cost

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery – 25% on cost

Fixtures and fittings – 25% on cost

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred tax

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Research and development

Expenditure on research is written off in the year in which it is incurred.

Development expenditure meeting the criteria for capitalisation contained in SSAP13 "Accounting for Research and Development" is capitalised and treated as an intangible fixed asset. Expenditure is deferred only to the extent that its recovery can reasonably be regarded as assured. All amounts deferred are stated at cost and amortised over the years benefiting from the sale of the products or processes beginning in the year in which commercial production begins.

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to the profit and loss account in the period to which they relate.

Notes to the Financial Statements (continued)

2. STAFF COSTS

	2010	2009
	£	£
Wages and salaries	134,370	111,000
Social security costs	14,786	11,656
Other pension costs	4,851	3,570
Share based payment transactions	39,193	–
	<u>193,200</u>	<u>126,226</u>

The average monthly number of employees during the year was as follows:

	2010	2009
Directors	5	5
Other	2	2
	<u>7</u>	<u>7</u>

3. OPERATING LOSS

The operating loss is stated after charging:

	2010	2009
	£	£
Depreciation – owned assets	12,085	10,951
Patents & trademarks amortisation	3,739	2,926
Fees payable to the group's auditor for the audit of the group's annual accounts	3,600	3,500
Fees payable to the group's auditor for the audit of its subsidiaries	6,900	5,600
	<u>142,443</u>	<u>119,854</u>
Directors' remuneration	142,443	119,854
Directors' pension contributions to money purchase schemes	4,851	3,570

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>1</u>	<u>1</u>
------------------------	----------	----------

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2010	2009
	£	£
Loan interest	<u>6,148</u>	<u>28,008</u>

Notes to the Financial Statements (continued)

5. TAXATION

Analysis of the tax charge/(credit)

The tax charge/(credit) on the loss on ordinary activities for the year was as follows:

	2010	2009
	£	£
Current tax:		
Research and development tax credit	(8,523)	–
Deferred tax (see note 12)	450,474	(67,570)
Tax on loss on ordinary activities	<u>441,951</u>	<u>(67,570)</u>

Factors affecting the tax charge/(credit)

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2010	2009
	£	£
Loss on ordinary activities before tax	<u>(430,365)</u>	<u>(322,777)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21% (2009 – 21%)	(90,377)	(67,783)
Effects of:		
Expenses not deductible for tax purposes	9,112	107
Depreciation in excess of capital allowances	793	795
R&D tax credit	(10,081)	(6,134)
Tax losses not utilised	82,030	73,015
Current tax charge/(credit)	<u>(8,523)</u>	<u>–</u>

The group has unutilised tax losses of approximately £2,539,000 (2009: £2,140,000) available against future corporation tax liabilities.

6. LOSS OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was £851,568 (2009: £778,062), primarily as a result of provisions made against intercompany debt of £816,000 (2009: £777,000).

Notes to the Financial Statements (*continued*)

7. INTANGIBLE FIXED ASSETS

Group

	<i>Goodwill</i>	<i>Patents & trademarks</i>	<i>Development costs</i>	<i>Totals</i>
	£	£	£	£
<i>COST</i>				
At 1st September 2009	117,613	223,514	32,283	373,410
Additions	–	4,218	–	4,218
At 31st August 2010	<u>117,613</u>	<u>227,732</u>	<u>32,283</u>	<u>377,628</u>
<i>AMORTISATION</i>				
At 1st September 2009	117,613	171,539	32,283	321,435
Amortisation for year	–	3,739	–	3,739
At 31st August 2010	<u>117,613</u>	<u>175,278</u>	<u>32,283</u>	<u>325,174</u>
<i>NET BOOK VALUE</i>				
At 31st August 2010	<u>–</u>	<u>52,454</u>	<u>–</u>	<u>52,454</u>
At 31st August 2009	<u>–</u>	<u>51,975</u>	<u>–</u>	<u>51,975</u>

All assets relate to subsidiary companies.

8. TANGIBLE FIXED ASSETS

Group

	<i>Plant and machinery</i>	<i>Fixtures and fittings</i>	<i>Totals</i>
	£	£	£
<i>COST</i>			
At 1st September 2009	42,171	8,869	51,040
Additions	4,536	–	4,536
At 31st August 2010	<u>46,707</u>	<u>8,869</u>	<u>55,576</u>
<i>DEPRECIATION</i>			
At 1st September 2009	19,128	8,055	27,183
Charge for year	11,677	408	12,085
At 31st August 2010	<u>30,805</u>	<u>8,463</u>	<u>39,268</u>
<i>NET BOOK VALUE</i>			
At 31st August 2010	<u>15,902</u>	<u>406</u>	<u>16,308</u>
At 31st August 2009	<u>23,043</u>	<u>814</u>	<u>23,857</u>

All assets relate to subsidiary companies.

Notes to the Financial Statements (*continued*)

9. FIXED ASSET INVESTMENTS

Company

	<i>Shares in group undertakings £</i>
<i>COST</i>	
At 1st September 2009 and 31st August 2010	<u>20,106</u>
<i>PROVISIONS</i>	
Provision for year	<u>20,000</u>
At 31st August 2010	<u>20,000</u>
<i>NET BOOK VALUE</i>	
At 31st August 2010	<u>106</u>
At 31st August 2009	<u>20,106</u>

The company holds 100% of the ordinary share capital in the following companies registered in England and Wales:

Tracksure Limited

Nature of business: Commercialisation of rail safety device

Wheelsure Limited

Nature of business: Commercialisation of wheel nut locking device

Wheelsure Technologies Limited

Nature of business: Holder of intellectual property

Surefoot Limited

Nature of business: Commercialisation of ladder safety device

During the year full provision was made against the company's investment in Wheelsure Limited to reflect the uncertainty over the timing of future profits in Wheelsure Limited.

10. STOCKS

	<i>Group</i>	
	<i>2010</i>	<i>2009</i>
	<i>£</i>	<i>£</i>
Stocks	<u>11,153</u>	<u>16,474</u>

Notes to the Financial Statements (continued)

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<i>Group</i>		<i>Company</i>	
	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Trade debtors	19,018	5,332	–	–
Amounts owed by group undertakings	–	–	126,496	516,823
Other debtors	1,000	1,000	–	–
Tax	5,962	–	5,962	–
VAT	3,867	–	2,593	1,098
Prepayments	12,397	15,365	8,497	11,465
	42,244	21,697	143,548	529,386

12. DEFERRED TAX

Group

	<i>£</i>
Balance at 1st September 2009	(450,474)
Profit and loss account	450,474
Balance at 31st August 2010	–

	<i>2010</i>	<i>2009</i>
	<i>£</i>	<i>£</i>
(Accelerated)/decelerated capital allowances	–	1,008
Tax losses available	–	449,466
	–	450,474

Company

	<i>£</i>
Balance at 1st September 2009	–
Profit and loss account	–
Balance at 31st August 2010	–

The deferred tax position was reviewed at the year end by the directors and due to the uncertainty as to the timing and quantum of future profits of the group, it was decided to write back the deferred tax asset.

These losses will however remain available to be carried forward against future profits.

Notes to the Financial Statements (*continued*)

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<i>Group</i>		<i>Company</i>	
	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Loanstock 9% 2010 (see note 14)	–	264,000	–	264,000
Trade creditors	30,495	60,335	6,809	30,414
Social security and other taxes	5,123	3,589	5,123	3,589
VAT	–	1,990	–	–
Other creditors	4,813	30,413	–	25,600
Accrued expenses	16,875	36,608	7,466	24,558
	57,306	396,935	19,398	348,161

14. LOANS

An analysis of the maturity of loans is given below:

	<i>Group</i>		<i>Company</i>	
	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Amounts falling due within one year or on demand:				
Loanstock 9% 2010	–	264,000	–	264,000

The Loanstock was converted into ordinary shares on 30th October 2009.

15. CALLED UP SHARE CAPITAL

<i>Allotted, issued and fully paid:</i>		<i>Nominal</i>	<i>2010</i>	<i>2009</i>
<i>Number:</i>	<i>Class:</i>	<i>value:</i>	<i>£</i>	<i>£</i>
44,006,575 (2009 – 25,981,575)	Ordinary	1p	440,066	259,816

During the year the company issued 12,745,000 ordinary shares at 5p per share for cash and a further 5,280,000 shares 5p per share in respect of the conversion of £264,000 secured Loan Stock.

On 20th December 2010 shareholders authorised the issue of 9,943,000 shares at a value of 5p per share. This equity placing has generated additional funds of £447,150 (net of expenses).

At 31st August 2010 the following share options remained outstanding under an Enterprise Management Incentive Option Scheme:

<i>Number of options</i>	<i>Option price</i>	<i>Date of grant</i>	<i>Exercise period</i>
30,000	10p	19.12.2003	19.12.2006 – 18.12.2010
2,000,000	7.75p	27.01.2010	28.01.2013 – 27.01.2017

Notes to the Financial Statements (continued)

15. CALLED UP SHARE CAPITAL (continued)

At 31st August 2010 the following options remained outstanding under the Company's Unapproved Share Option Schemes:

<i>Number of options</i>	<i>Option price</i>	<i>Date of grant</i>	<i>Exercise period</i>
25,000	12p	18.10.2005	18.10.2007 – 17.10.2010
25,000	12p	05.04.2006	01.03.2008 – 01.03.2011
185,000	20p	24.07.2007	24.07.2009 – 23.07.2011
1,750,000	7.75p	27.01.2010	28.01.2012 – 27.01.2015
350,000	5p	07.05.2010	08.05.2012 – 07.05.2016

In addition to the above, as at 31st August 2010, the following warrants to subscribe for ordinary shares were outstanding:

<i>Number of warrants</i>	<i>Price</i>	<i>Date of warrant</i>	<i>Exercise period</i>
596,493	12p	05.01.2006	Any time up to 05.01.2011

16. RESERVES

Group

	<i>Profit and loss account £</i>	<i>Share premium £</i>	<i>Totals £</i>
At 1st September 2009	(2,182,050)	2,104,189	(77,861)
Deficit for the year	(872,316)	–	(872,316)
Cash share issue	–	651,415	651,415
Share based payment transactions	42,304	–	42,304
At 31st August 2010	<u>(3,012,062)</u>	<u>2,755,604</u>	<u>(256,458)</u>

Company

	<i>Profit and loss account £</i>	<i>Share premium £</i>	<i>Totals £</i>
At 1st September 2009	(2,161,005)	2,104,189	(56,816)
Deficit for the year	(851,568)	–	(851,568)
Cash share issue	–	651,415	651,415
Share based payment transactions	42,304	–	42,304
At 31st August 2010	<u>(2,970,269)</u>	<u>2,755,604</u>	<u>(214,665)</u>

Notes to the Financial Statements (*continued*)

17. RELATED PARTY DISCLOSURES

The company has taken advantage of the exemptions contained in FRS 8 which applies to wholly owned group undertakings, and has not disclosed details of transactions with group companies.

During the year, the group paid to Watlington Securities Limited £54,922 (2009: £15,273) for accountancy, professional and company secretarial services. At the year end the group owed Watlington Securities Limited £2,438 (2009: £14,021).

The directors of Watlington Securities Limited are A P Stirling, A G Ebel and B J Hallett. Mr Stirling is a major shareholder and Messrs Ebel and Hallett are directors of Gresham House plc, also a major shareholder.

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	2010	2009
	£	£
Loss for the financial year	(872,316)	(255,207)
Issue of shares	831,665	218,892
Share based payment transactions	42,304	–
Net addition/(reduction) to shareholders' funds	1,653	(36,315)
Opening shareholders' funds	181,955	218,270
Closing shareholders' funds	183,608	181,955

Company

	2010	2009
	£	£
Loss for the financial year	(851,568)	(778,062)
Issue of shares	831,665	218,892
Share based payment transactions	42,304	–
Net addition/(reduction) to shareholders' funds	22,401	(559,170)
Opening shareholders' funds	203,000	762,170
Closing shareholders' funds	225,401	203,000

Notes to the Financial Statements (continued)

19. SHARE BASED PAYMENT TRANSACTIONS

Equity settled share option schemes

For details of share option schemes in place during the year see note 15.

Details of the number of share options and the weighted average exercise price (WAEP) outstanding during the year are as follows:

	2010		2009	
	No	WAEP (Pence)	No	WAEP (Pence)
Outstanding at the beginning of the period	4,381,493	11.65	4,381,493	11.65
Granted during the period	4,100,000	7.52	–	–
Lapsed during the period	(3,170,000)	10.98	–	–
Surrendered during the period	(350,000)	12.86	–	–
Outstanding at the end of the period	<u>4,961,493</u>	<u>8.58</u>	<u>4,381,493</u>	<u>11.65</u>
Exercisable at the end of the period	<u>861,493</u>	<u>13.65</u>	<u>4,281,493</u>	<u>11.46</u>

The fair values were calculated using the Black-Scholes valuation method. The inputs to the model were as follows:

	2010	2009
Weighted average share price (pence)		
Expected volatility %	59%	59%
Expected life	4-7 years	4-7 years
Risk free rate (%)	4.75%	4.75%
Dividend yield (%)	0%	0%

Expected volatility was determined by calculating the historic volatility of the group's share price over the previous 12 months.

The group recognised total expenses of £42,304 (2009: £nil) in respect of share based payment transactions. No adjustment in relation to share based payments was made in 2009 as the directors considered any adjustment would be immaterial.

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

	2010 £	2009 £
Operating loss	(425,032)	(295,412)
Depreciation charges	15,824	13,877
Share based payment transactions	42,304	–
Decrease/(Increase) in stocks	5,321	(13,474)
(Increase)/Decrease in debtors	(14,585)	24,476
(Decrease)/Increase in creditors	(75,629)	72,774
Net cash outflow from operating activities	<u>(451,797)</u>	<u>(197,759)</u>

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

	2010 £	2009 £
Returns on investments and servicing of finance		
Interest received	815	643
Interest paid	<u>(6,148)</u>	<u>(28,008)</u>
Net cash outflow for returns on investments and servicing of finance	<u><u>(5,333)</u></u>	<u><u>(27,365)</u></u>
Capital expenditure		
Purchase of intangible fixed assets	(4,218)	(17,791)
Purchase of tangible fixed assets	<u>(4,536)</u>	<u>(10,691)</u>
Net cash outflow for capital expenditure	<u><u>(8,754)</u></u>	<u><u>(28,482)</u></u>
Financing		
Loan repayments in year	–	(15,000)
Share issue	<u>567,665</u>	<u>218,892</u>
Net cash inflow from financing	<u><u>567,665</u></u>	<u><u>203,892</u></u>

22. ANALYSIS OF CHANGES IN NET DEBT

	At 1.9.09 £	Cash flow £	Other non-cash changes £	At 31.8.10 £
Net cash:				
Cash at bank	14,413	104,342		<u>118,755</u>
	<u>14,413</u>	<u>104,342</u>		<u>118,755</u>
Debt:				
Debts falling due within one year	(264,000)	–	264,000	–
	<u>(264,000)</u>	<u>–</u>	<u>264,000</u>	<u>–</u>
Total	<u><u>(249,587)</u></u>	<u><u>104,342</u></u>	<u><u>264,000</u></u>	<u><u>118,755</u></u>

Wheelsure Holdings plc

(registered in England and Wales with registered number 4757497)

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Seymour Pierce, 20 Old Bailey, London EC4M 7EN on 9th February 2011 at 11.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions, of which resolutions 1, 2 and 3 will be proposed as ordinary resolutions and resolution 4 will be proposed as a special resolution:

ORDINARY RESOLUTIONS

1. To receive and adopt the report of the directors and the accounts for the year ended 31st August 2010 together with the report of the auditors;
2. To re-elect as a director G Dodl who retires by rotation and offers himself for re-election;
3. To appoint Menzies LLP as auditors and to authorise the directors to fix their remuneration.

SPECIAL RESOLUTION

4. That the directors of the Company be and they are hereby given power in accordance with Section 570 of the Act, to allot equity securities for cash pursuant to the authority given to them by the previous resolution, as if Section 561 of the Act did not apply to the allotment, provided that this power is limited to:
 - (a) the allotment of equity securities up to an aggregate nominal amount of £54,000 (representing approximately 10 per cent. of the issued share capital of the Company); and
 - (b) the allotment of equity securities in connection with a rights issue or other pro rata offer in favour of holders of ordinary shares in the capital of the Company where the equity securities respectively attributable to the interests of all the ordinary shareholders are proportionate (as nearly as may be) to the respective members of equity securities held by them subject in each case to such exclusions or other arrangements as the directors may consider necessary or expedient to deal with fractional entitlements or legal difficulties under the laws of any territory or the requirements of a regulatory body,

and this authority, unless it is (prior to its expiry) duly revoked or varied or is renewed, shall expire at the conclusion of the next Annual General Meeting of the Company or 6 months after the next accounting reference date of the Company (if earlier) save that the Company may, before such expiry, make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offer or agreement as if the power conferred hereby had not expired.

By order of the Board
Security Change Limited
Company Secretary

Registered office:
8 Woburn Street
Ampthill
Bedfordshire
MK45 2HP

Dated: 21st December 2010

Notes

- (1) A member entitled to attend and vote at the above meeting is entitled to appoint a proxy or proxies to attend and vote, on a poll, instead of him. If a member appoints more than one proxy, each proxy must be entitled to exercise the rights attached to different shares. A proxy need not be a member of the Company. The appointment of a proxy will not preclude a member from attending and voting at the meeting in person should he subsequently decide to do so.
- (2) A proxy may only be appointed using the procedures set out in these notes and the enclosed proxy form. To be valid, the proxy form must reach the Company's Registrars, Neville Registrars, Proxies Department, 18 Laurel Lane, Halesowen, West Midlands B63 3DA not less than 48 hours before the time of holding of the meeting. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be enclosed with the proxy form.
- (3) Pursuant to Regulation 41 of The Uncertificated Securities Regulations 2001, the Company specifies that only those Shareholders of the Company on the register at 6 p.m. on 17th December 2010 shall be entitled to attend or vote at the General Meeting in respect of the number of shares registered in their name at the time. Changes to the register of members after that time will be disregarded in determining the rights of any person to attend or vote at the meeting.
- (4) CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
- (5) In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message must be transmitted so as to be received by the Company's agent, Neville Registrars (whose CREST ID is 7RA11) by the specified latest time(s) for receipt of proxy appointments. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

