



COMPANY ANNOUNCEMENT

Datatrak Holdings plc

**Announces approval of the Interim Financial Statements**

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Date of Announcement	04/03/2009
Reference	93(2009)
Listing Rule	LR8.7.3

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This is a company announcement being made by the Company in compliance with Chapter 8 of the Listing rules:

Quote

At a meeting of the directors the interim financial statements for the financial period ended 31 December 2008 were approved. The interim financial statements are available for viewing at the registered office of the company and a copy is also attached herewith.

Unquote

Signed:

Louis de Gabriele  
Company Secretary

**Datatrak Holdings p.l.c.**

**Unaudited Half-Yearly Report**

31 December 2008

# Datatrak Holdings p.l.c.

31 December 2008

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# Datatrak Holdings p.l.c.

## Directors' Report pursuant to Listing Rule 9.57

For the six-months ended 31 December 2008

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The Directors present their report in accordance with the requirements of MFSA Listing Rule 9.57. This report, which shall be read in conjunction with the Condensed Consolidated Interim Financial Statements for the six months ended 31 December 2008, including the Notes thereto, forms part of the Half-Yearly Report of Datatrak Holdings p.l.c., drawn up in terms of the requirements of Listing Rules 9.42 to 9.53.

### Review of Performance

The Group registered a turnover of €1,509,309 (2007: €1,500,396) over the six months ended 31 December 2008. A loss before tax of €434,401 (2007: Loss before tax of €357,715) was reported by the Group.

### Principal Activities

The Company holds investments in subsidiaries engaged in providing ICT solutions including tracking services, geographical information systems and related services.

### Review of Performance and Significant Events

Early in 2008, the Directors highlighted that the weak performance of the UK Sterling against the Euro was diluting the Group's Euro denominated revenue figures. With the unexpected financial crisis that hit the United Kingdom at the end of the third quarter, the Sterling continued an accelerated fall in value against the Euro, thus diluting further the Group's revenue results in conversion from Sterling to Euro (part of the Group's revenues derive from UK Sterling contracts). In 2008, the Group estimates that this exchange rate loss reduced UK sales (quoted in Euro) by almost €120,000.

Apart from the exchange rate loss suffered by Datatrak during the course of 2008, the international financial crisis that hit most of Datatrak's markets as from the third quarter (namely the UK, Italy and Spain) placed additional pressure on Datatrak's international revenues. Notwithstanding the conclusion of a number of preliminary agreements and also the addition of signed-up new clients for Datatrak's infomobility solutions in these markets, the forecasted sales for the fourth quarter did not materialise due to other potential clients taking a cautious approach by postponing their planned IT investments to 2009.

In 2008 the Group had €3million in revenue of which €2.6million are revenues from long term and/or secure contracts and the Directors are cautiously-optimistic that these will continue to be earned in 2009. The local market also generates €500,000 that might be exposed to some limited risk, however these are backed by solid long-term contracts. Apart from the local contracts that should have a limited risk profile, the Group also registered €250,000 from the Libyan market, which similarly to local contracts, is relatively low risk in terms of exposure to the prevailing international economic recession.

## Directors' Report pursuant to Listing Rule 9.57 (continued)

For the six-months ended 31 December 2008

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The anticipated growth in income did not occur at the pace anticipated due to the international recession. Due to this and to mitigate against the prevailing and anticipated international economic slow-down, as from the third quarter of 2008, the Group embarked on multiple initiatives in order to dilute the negative effects presented by the international markets that have been affected by the current financial situation. The Group stepped up its sales efforts in October and November, whilst as soon as it became apparent that international clients were not committing on new projects, the Group started to reevaluate its forecasts and planned for significant cost reductions. The management team immediately embarked on a cost rationalisation exercise with the most significant reductions being addressed on employment costs and R&D.

### The First Half of 2009

For the first half of 2009 it is anticipated that revenues from the local market will be in line with the trend registered in 2008. On the international front, it is anticipated that the prevailing negative sentiment and the existing economic slow-down will persist throughout the first half of 2009. In the first two quarters of 2009, the Group will continue in its efforts to conclude negotiations with international clients that have postponed their IT investment from 2008 to 2009; whilst a marketing drive to marginally increase revenues from the local and Libyan market will be pursued. The cost rationalization exercise will continue in the first half of the year in order to reduce the Group's cost base as and where possible, with a view to maintaining a positive current operating cash flow.

Approved by the Board on 3 March 2009 and signed on its behalf by:



Mr Walter Bonnici  
**Chairman**



Mr Joe Fenech Conti  
**Director**

# Datatrak Holdings p.l.c.

## Condensed Consolidated Interim Income Statement

For the six-months ended 31 December 2008

	The Group	
	01.07.2008 to 31.12.2008 €	01.07.2007 to 31.12.2007 €
Revenue	1,509,309	1,500,396
Purchases and other directly attributable costs	(334,042)	(81,693)
Changes in inventory	29,986	(84,125)
Other income	-	216,488
Wages	(730,812)	(587,675)
Depreciation and amortisation	(409,856)	(4,501,661)
Other expenses	(211,256)	(917,025)
Marketing costs	(254,568)	(66,804)
Net financing costs	(33,162)	(61,798)
Share of results of associate	-	(14,497)
Loss before tax	(434,401)	(4,598,394)
Gain on sale of business, assets and liabilities	-	4,240,679
	(434,401)	(357,715)
Tax charge	(73)	(2,178,787)
<b>Loss for the period</b>	<b>(434,474)</b>	<b>(2,536,502)</b>
(Loss)/Profit attributable to:		
Equity holders of the parent	(320,303)	(6,986,945)
Minority Interest	(114,171)	4,450,443
<b>Loss for the period</b>	<b>(434,474)</b>	<b>(2,536,502)</b>
<b>Loss per share</b>	<b>(1c1)</b>	<b>(44c8)</b>

# Datatrak Holdings p.l.c.

## Condensed Consolidated Balance Sheet

As at 31 December 2008

	The Group	
	31.12.2008	31.12.2007
	€	€
<b>Assets</b>		
Property, plant and equipment	553,880	443,280
Intangible assets	6,159,564	6,028,073
<b>Total non-current assets</b>	<u>6,713,444</u>	<u>6,471,353</u>
Inventories	37,108	18,355
Trade and other receivables	1,724,565	1,602,656
Cash at bank and in hand	134,747	156,152
<b>Total current assets</b>	<u>1,896,420</u>	<u>1,777,163</u>
<b>Total assets</b>	<u><u>8,609,864</u></u>	<u><u>8,248,516</u></u>
<b>Equity</b>		
Issued capital	7,430,468	3,715,234
Share premium	847,098	2,302,795
Capital Redemption Reserve	121,554	121,554
Accumulated losses	(3,968,310)	(6,056,587)
Total equity attributable to equity holders of the parent	<u>4,430,810</u>	<u>82,996</u>
Minority interest	(112,937)	4,784,850
<b>Total Equity</b>	<u>4,317,873</u>	<u>4,867,846</u>
<b>Liabilities</b>		
Interest-bearing loans and borrowings	1,305,711	378,197
<b>Total non-current liabilities</b>	<u>1,305,711</u>	<u>378,197</u>
Interest-bearing loans and borrowings	521,302	365,835
Trade and other payables	2,434,499	2,636,638
Taxation	30,479	-
<b>Total current liabilities</b>	<u>2,986,280</u>	<u>3,002,473</u>
<b>Total liabilities</b>	<u>4,291,991</u>	<u>3,380,670</u>
<b>Total equity and liabilities</b>	<u><u>8,609,864</u></u>	<u><u>8,248,516</u></u>

The Condensed Consolidated interim financial statements set out on pages 3 to 9 were approved by the Board of Directors on 3 March 2009 and were signed on its behalf by:



Mr Walter Bonnici  
Chairman



Mr Joe Enech Conti  
Director

# Datatrak Holdings p.l.c.

## Condensed Consolidated Interim Statements of Changes in Equity For the six-months ended 31 December 2008

	Attributable to the holders of the parent				Total	Minority Interest	Total Equity
	Ordinary Shares	Share Premium	Capital Redemption Reserve	(Accumulated losses)/ Retained earnings			
	€	€	€	€			
At 1 July 2007	3,715,234	2,302,795	-	1,051,912	7,069,941	645,511	7,715,452
(Loss)/Profit for the period	-	-	-	(6,986,945)	(6,986,945)	4,450,443	(2,536,502)
Transfer to capital redemption reserve	-	-	121,554	(121,554)	-	-	-
Write-off against goodwill	-	-	-	-	-	(311,104)	(311,104)
At 31 December 2007	<u>3,715,234</u>	<u>2,302,795</u>	<u>121,554</u>	<u>(6,056,587)</u>	<u>82,996</u>	<u>4,784,850</u>	<u>4,867,846</u>
At 1 July 2008	7,430,468	3,372,411	121,554	(6,173,318)	4,751,115	1,171	4,752,286
Loss for the period	-	-	-	(320,305)	(320,305)	(114,171)	(434,476)
Write-off of share premium	-	(2,525,313)	-	2,525,313	-	-	-
Increase in share capital of subsidiary	-	-	-	-	-	63	63
At 31 December 2008	<u>7,430,468</u>	<u>847,098</u>	<u>121,554</u>	<u>(3,968,310)</u>	<u>4,430,810</u>	<u>(112,937)</u>	<u>4,317,873</u>

# Datatrak Holdings p.l.c.

## Condensed Consolidated Interim Statements of Cash Flows For the six-months ended 31 December 2008

	The Group	
	01.07.2008 to 31.12.2008 €	01.07.2007 to 31.12.2007 €
<b>Cash flows from operating activities</b>		
Cash receipts from customers	1,488,884	1,274,086
Cash paid to suppliers and employees	(942,571)	(633,767)
	<hr/>	<hr/>
Cash generated from operations	546,313	640,319
Interest received	334	4,580
Interest paid	(3,823)	(22,851)
Income taxes paid	(73)	-
	<hr/>	<hr/>
<b>Net cash from operating activities</b>	<b>542,751</b>	<b>622,048</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(100,250)	(20,883)
Payments for intangibles	(424,255)	(450,871)
	<hr/>	<hr/>
<b>Net cash used in investing activities</b>	<b>(524,505)</b>	<b>(471,754)</b>
<b>Cash flows from financing activities</b>		
Repayment of bank borrowings	(40,036)	(118,309)
Advances (to)/by related parties	(31,287)	69,660
Proceeds from issue of share capital	65	-
	<hr/>	<hr/>
<b>Net cash used in financing activities</b>	<b>(71,258)</b>	<b>(48,649)</b>
Net (decrease)/increase in cash and cash equivalents	(53,012)	101,645
Cash and cash equivalents at 1 <sup>st</sup> July	(150,283)	(195,204)
	<hr/>	<hr/>
<b>Cash and cash equivalents at end of period</b>	<b>(203,295)</b>	<b>(93,559)</b>

# Datatrak Holdings p.l.c.

## Notes to the Condensed Consolidated Interim Financial Statements For the six-months ended 31 December 2008

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### Reporting entity

Datatrak Holdings p.l.c. (“the Company”) is a company domiciled in Malta. The condensed consolidated interim financial statements of the Company as at and for the six months ended 31 December 2008 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in associate.

### Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with accounting standards adopted for use in the EU for interim financial statements (EU adopted IAS 34 *Interim Financial Reporting*).

These condensed consolidated interim financial statements have been extracted from the unaudited and unreviewed Group management accounts for the six months ended 31 December 2008.

The interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of Datatrak Holdings p.l.c. as at and for the year ended 31 December 2007.

The condensed consolidated interim financial statements were approved by the Board of Directors on 3 March 2009.

The consolidated financial statements of the Group as at and for the year ended 31 December 2007 are available upon request from the Company’s registered office at F26, Mosta Technopark, Mosta, Malta.

### Going concern

On the 7 August 2008 the AGM approved the final implementation stage of the restructuring exercise approved at the EGM of April 2008. These condensed consolidated interim financial statements have been prepared on the assumption that the company will continue as a going concern for the reasonably foreseeable future.

### Significant accounting policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its financial statements as at and for the year ended 31 December 2007.

### Estimates

The preparation of consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

# Datatrak Holdings p.l.c.

## Notes to the Condensed Consolidated Interim Financial Statements (continued)

### For the six-months ended 31 December 2008

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In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2007.

# Datatrak Holdings p.l.c.

## Statement pursuant to Listing Rule 9.44k.3 issued by the Listing Authority For the six-months ended 31 December 2008

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I hereby confirm that to the best of my knowledge as follows:

- the condensed consolidated interim financial statements give a true and fair view of the financial position of the Group as at 31 December 2008, as well as of the financial performance and cash flows for the said period, fully in compliance with the accounting standards adopted for use in the EU for interim financial statements (EU adopted IAS 34, *Interim Financial Reporting*); and
- the Interim Directors' report includes a fair review of the information required in terms of Listing Rule 9.57.



Mr Walter Bonnici  
*Chairman*