

Datatrak holdings plc

COMPANY ANNOUNCEMENT

The following is a company announcement issued by Datatrak Holdings p.l.c. pursuant to Malta Stock Exchange Bye-Law 5.03.02 and the MFSA Listing Authority Listing Rules 8.6.2 and 8.6.19:

QUOTE

At a meeting held on the 13th April 2006, the Board of Directors of Datatrak Holdings p.l.c:

- a) decided not to declare a dividend;**
- b) discussed and approved the Financial Statements of the Company for the financial year ended 31st December 2005.**

The Board is hereby announcing the preliminary statement of operations for the financial year ended 31st December 2005.

A copy of the said statement is attached

UNQUOTE

Louis de Gabriele
Company Secretary

Thursday 13th April 2006

Datatrak Holdings p.l.c. – Preliminary Statement of Operations

For the Year ended 31 December 2005

(Published in terms of Article 8.6 of the MFSA Listing Authority Listing Rules)

| | 2005 | 2004 |
|--|--------------|--------------|
| | Lm | Lm |
| <u>Consolidated condensed income statement</u> | | |
| Revenue | 1,408,042 | 1,204,660 |
| | ----- | ----- |
| Loss before tax | (7,948) | (359,127) |
| Tax income | 11,335 | 118,510 |
| | ----- | ----- |
| Profit / (Loss) for the year | 3,387 | (240,617) |
| | ===== | ===== |
| Profit / (Loss) attributable to: | | |
| Equity holders of the parent | (73,898) | (249,607) |
| Minority Interest | 77,285 | (8,990) |
| | ----- | ----- |
| Profit / (Loss) for the year | 3,387 | (240,617) |
| | ===== | ===== |
| Loss per share - basic | (0c5) | (1c5) |
| | ===== | ===== |
| Loss per share - diluted | (0c3) | (1c5) |
| | ===== | ===== |
| <u>Consolidated condensed balance sheet</u> | | |
| Assets | | |
| Total non-current assets | 4,123,325 | 4,277,574 |
| Total current assets | 824,451 | 777,608 |
| | ----- | ----- |
| Total assets | 4,947,776 | 5,055,182 |
| | ----- | ----- |
| Equity | | |
| Issued capital | 1,594,950 | 1,594,950 |
| Share premium | 3,235,608 | 3,235,608 |
| Accumulated losses | (1,644,017) | (1,609,909) |
| | ----- | ----- |
| Total equity attributable to equity holders of the parent | 3,186,541 | 3,220,649 |
| Minority Interest | 110,352 | 7,576 |
| | ----- | ----- |
| Total Equity | 3,296,893 | 3,228,225 |
| | ----- | ----- |
| Liabilities | | |
| Total non-current liabilities | 140,465 | 112,818 |
| Total current liabilities | 1,510,418 | 1,714,139 |
| | ----- | ----- |
| Total liabilities | 1,650,883 | 1,826,957 |
| | ----- | ----- |
| Total equity and liabilities | 4,947,776 | 5,055,182 |
| | ===== | ===== |
| <u>Consolidated condensed cash flow statement</u> | | |
| Net cash from operating activities | 196,511 | 186,597 |
| Net cash used in investing activities | (254,523) | (159,853) |
| Net cash from financing activities | 120,194 | 12,687 |
| | ----- | ----- |
| Net increase in cash and cash equivalents | 62,182 | 39,431 |
| Cash and cash equivalents at 1 January | (552,312) | (591,743) |
| | ----- | ----- |
| Cash and cash equivalents at 31 December | (490,130) | (552,312) |
| | ===== | ===== |

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Attributable to Equity holders of the parent

| | Share capital | Share premium | Accumulated Losses | Total | Minority Interest | Total equity |
|---|------------------|------------------|-----------------------|-----------|----------------------|-----------------|
| | Lm | Lm | Lm | Lm | Lm | Lm |
| Balance at 1 January 2004 | 1,594,950 | 3,235,608 | (1,360,302) | 3,470,256 | - | 3,470,256 |
| (Loss)/profit for the year | - | - | (249,607) | (249,607) | 8,990 | (240,617) |
| Reclassification to preference shares | - | - | - | - | (1,414) | (1,414) |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Balance at 31 December 2004 | 1,594,950 | 3,235,608 | (1,609,909) | 3,220,649 | 7,576 | 3,228,225 |
| | ===== | ===== | ===== | ===== | ===== | ===== |
| Balance at 1 January 2005 | 1,594,950 | 3,235,608 | (1,609,909) | 3,220,649 | 7,576 | 3,228,225 |
| (Loss)/profit for the year | - | - | (73,898) | (73,898) | 77,285 | 3,387 |
| Disposal of subsidiary undertakings | - | - | 19,555 | 19,555 | 17,991 | 37,546 |
| Increase in share capital of subsidiary | - | - | - | - | 32,500 | 32,500 |
| Dividends paid by subsidiary | - | - | - | - | (25,000) | (25,000) |
| Equity settled transactions | - | - | 20,235 | 20,235 | - | 20,235 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Balance at 31 December 2005 | 1,594,950 | 3,235,608 | (1,644,017) | 3,186,541 | 110,352 | 3,296,893 |
| | ===== | ===== | ===== | ===== | ===== | ===== |

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Review of group performance

Performance in all areas of the group was excellent. Revenue has grown by 17% while costs have dropped by 3% with a resulting improvement in bottom line of Lm244,000 bringing the group into profit for the first time since its inception. This large improvement also includes a number of one time restructuring costs which will not be repeated in 2006.

Other explanatory notes

The preliminary statement has been extracted from the Company's audited financial statements for the year ended 31 December 2005, which were approved by the board of directors on 13 April 2006.

The financial statements have been prepared and presented in accordance with the provisions of the Companies Act, 1995 enacted in Malta as limited below.

Article 4 of Regulation 1606/2002/EC ("IAS Regulation") requires that, for each financial year starting on or after 1 January 2005, companies governed by the law of an EU Member State shall prepare their consolidated financial statements in conformity with International Financial Reporting Standards (IFRSs) as adopted by the EU if, at their balance sheet date, their securities are admitted to trading on a regulated market of any EU Member State.

The IAS Regulation overrides the provisions of the Companies Act, 1995 enacted in Malta, relating to the form and content of the financial statements (and in particular the Third and Fourth Schedules of the Act) of companies as described above.

In December 2003 and March 2004, the IASB approved several new standards and amendments to a number of existing IFRSs as a result of the Improvements Project, effective for financial periods beginning on or after 1 January 2005. Whilst introducing changes to the presentation of the financial statements and related disclosures, the coming into force of these amendments and new standards did not change the Group's methods of accounting for the elements of the financial statements, except for IFRS 3, IAS 36 (revised 2004) and IAS 38 (revised 2004) resulted in a change in the accounting policy for goodwill. Until 31 December 2004, goodwill was amortised on a straight line basis over a period of 20 years and assessed for any indication of impairment at each balance sheet date. In accordance with the requirements of IFRS 3 the Group ceased amortisation of goodwill from 1 January 2005. Accumulated amortisation has been eliminated with a corresponding decrease in the cost of goodwill. From the year ended 31 December 2005 onwards, goodwill is tested annually for impairment, as well as when there are indications of impairment.

The Group has reassessed the useful lives of its other intangible assets in accordance with the provisions of IAS 38 (revised 2004). No adjustment resulted from this reassessment.

All changes in the accounting policies have been made in accordance with the transition provisions in the respective standards.

The financial statements are presented in Maltese Liri and are prepared on the historical cost basis.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 26.

Except as disclosed in the Statement of Compliance, the accounting policies set out below have been applied consistently to all periods presented in these financial statements.

On the basis of continued progress made by the Group as disclosed in note 25 to the financial statements, the directors are of the opinion that profits and cash flows expected from the successful outcome of the projects are sufficient to meet present and future commitments and liabilities of the Company and the Group as these fall due. Accordingly, the going concern basis in the preparation of these financial statements is deemed appropriate.

Current period events and events after balance sheet date (note 25)

Datatrak MENA has successfully closed of an in-country survey in Africa in conjunction with Siemens during the second half of 2005. In November 2005 MENA was paid in full for this project. Currently MENA, is in an advanced state of negotiations with its African client on the Supply and Licence Agreement for the provision of datatrak networks in a number of regions.

Extract from report of the independent auditors to the shareholders of the company

In our opinion, these financial statements give a true and fair view of the financial position of the Company and the Group as at 31 December 2005 and of the results of their operations and their cash flows for the year then ended in accordance with the requirements of International Financial Reporting Standards as adopted by the EU, and have been properly prepared in accordance with the provisions of the Companies Act, 1995 enacted in Malta, save as those provisions as explained in note 1.1 to the financial statements.

Without qualifying our opinion we draw attention to note 1 to the financial statements, which indicates that the appropriateness of the going concern basis is dependent on the successful outcome of projects referred to in note 25 and to the basis of recognition and measurement of non-current assets in notes 10 and 14 to the financial statements.