COMPANY ANNOUNCEMENT

DATATRAK HOLDINGS PLC

Announces the approval by the Directors of a business re-structuring plan including two proposed acquisitions.

Date of Announcement	22 January 2008
Reference	3/2008 (71)
Listing Rule	8.96; 8.71;8.72

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

Re-structuring Plan Announced

The directors have approved a re-structuring plan for the business of the Datatrak Group (the "Group") and a new strategy for the Group which should see the business of the Group shift its prime focus to the provision of IT Services and solutions, two areas of the Group's business that have been successful over the past few years and which the directors believe are strong growth areas in the future development of the Group. Following a number of years experience in their attempt to develop and sell Datatrak networks in foreign jurisdictions, the directors are of the view, based on the developments that have been made in tracking technology, that the focus of the Company should shift from the sale of networks to the sale of IT systems and solutions connected to the tracking industry – a business which is far less capital intensive and more adaptable to changes in technology going forward and perceived by the directors as an area that can sustain more rapid growth.

The plan will be recommended by the directors to shareholders in an extraordinary general meeting scheduled to be held in the last week of February. The plan consists of two fundamental components, namely the acquisition of the full benefit of the business of each of Datatrak IT Services Limited (DITSL) and Datatrak Solutions Limited (DSOL) – planned to create the Group's shift in strategy; and the impairment of the Company's investment in each of Datatrak Systems Limited (DSL) and Datatrak Mena Limited (DML) the Company's current 100 per cent owned subsidiaries, against reserves thus removing all accumulated losses at the level of the Company, opening the way for the Group's profitability sustained by its new acquisitions and the future payment of dividends to shareholders.

The proposed acquisitions fall within the parameters of Listing Rule 8.96 and accordingly shall be submitted for the approval of shareholders in general meeting following a shareholders' circular that will be sent to all shareholders in accordance with the requirements of Listing Rule 8.107

The acquisitions

In line with the directors' recommendations for the shift in strategic direction of the Group, and subject to approval by the shareholders in general meeting and to final documentation, the first component of the plan involves the acquisition by the Company, with effect from 31 December 2007 of 100% of the business, assets and liabilities of each of the two companies, DITSL and DSOL – companies in which the Company today already owns a 50 per cent equity stake. Following the acquisitions, and with effect from the 31 December 2007, the will then own 100 per cent of the assets and liabilities together with the full benefit and risks of the business of the two companies.

The consideration due by the Group for the acquisition of the incremental 50% interest will be settled through the allotment by the company of 15,949,500 ordinary shares of a nominal value of €0.23294 per share at a price of €0.30 per share i.e at a premium of €0.067 per share. The new shares will be allotted to Joe Fenech Conti, the transferring party in lieu of balances due to him after the above mentioned sale of business interests in the two companies. The said allotment will result in an increase in the company's issued share capital of €3,715,276 and an increase in its share premium account of €1,069,574

The value of €4,784,850 falls within the range of values attributable to the acquired businesses in an independent professional valuation report.

DSL and DML

DSL and DML have been the principal operating subsidiaries of the Group since its inception. DSL operating exclusively in the local market with the establishment of the first Datatrak network and an array of tracking products and services designed for the local market. Notwithstanding the fact that DSL is by far the largest provider of tracking services in Malta, the local market proved to be too limited to meet the target revenues. Coupled with the high cost of the legacy Datatrak network over the limited Maltese market has led the company to incur losses since inception. The company intends to increase its tracking services in Malta with technology more appropriate to the size of the market while continuing to provide a high level of service on its current contracts and clients. In this context the directors of the Company have decided, as a prudent management matter, to write-off the carrying value of the Datatrak Network in the company's financial statements as at the 31 December 2007. This write-off is equivalent to circa €5 million.

DML is the subsidiary through which the group has spearheaded its efforts in selling a Datatrak network, originally in Libya and subsequently in Nigeria. Whilst the efforts in Nigeria are still on-going and there are still reasonable grounds for a final agreement to be reached, the directors feel that it would be prudent to take an impairment on the development costs of that project in the financial statements of the company. This is equivalent to €460K.

Following the above impairments by the subsidiaries the directors of the Company have taken an impairment on the Company’s investment in each of DSL and DML, the total impairment provision being in the region of €5.6 million as a one-off non-cash write-off.

The impairment taken by the Company should be absorbed in full by its special reserve.

Signed:

Louis de Gabriele
Company Secretary