

datatrak holdings plc

COMPANY ANNOUNCEMENT

DATATRAK HOLDINGS PLC

Announces the annual results for the year ended 31 December 2007, Appointment of a Director and the implementation of the restructuring process

Date of Announcement	14 May 2008
Reference	78(2008)
Listing Rule	LR8.7.17; LR8.7.5

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

Approval of Annual Accounts

At a meeting of the directors of the Company held on the 14 May 2008 the board of directors approved the financial statements of the Company for the financial year ended 31 December 2007. A Preliminary Profits Statement is attached. The full set of the Company's financial statements are available for viewing at the Company's registered office and on its web site.

Appointment of Director

The Company has also announced that with effect from the 14 May 2008 Mr Joseph Roland Scerri, has been co-opted as a non-Executive director on the board. His term of office shall expire at the forthcoming annual general meeting.

The information relating to Mr Scerri requiring disclosure in terms of Listing Rule 8.16.1 - 8.16.8 is attached.

Implementation of restructuring process

At its board meeting of the 14th May 2008, the directors also implemented the last measures necessary for the restructuring process approved by shareholders at the extraordinary general meeting of the 4 April 2008 to take effect. Accordingly the board approved the issue to JFC Holdings Limited of 15,949,500 ordinary shares in the Company, equivalent to 50 per cent of the Company's issued share capital.

Signed:



Louis de Gabriele
Company Secretary

Details of Mr Joseph Roland Scerri

1. Full name (and if relevant, any former name or names), residential address and function in the Issuer and an indication of the principal activities performed by Mr Scerri outside the Issuer where these are significant with respect to the Issuer.

Mr Joseph Roland Scerri
63, Flat 2, Karlu Maratta Street, Tarxien TXN2350

Non-Executive Director in the Issuer

Mr Scerri is also a Director of Datatrak Solutions Limited and a Regional Director.

2. Details of all Directorships held by Mr Scerri in any other Listed Company at any time in the previous five (5) years, indicating whether or not Mr Scerri is still a Director.

None

3. List any convictions in relation to criminal offences punishable by imprisonment or details of any pending criminal proceedings against Mr Scerri for such offences.

None

4. Details of any bankruptcies or individual voluntary arrangements.

None

5. Details of any creditors' voluntary winding-up, winding-up by the court or reconstruction of any company where Mr Scerri was a partner or director with an executive function at the time of or within the twelve months preceding such events.

None

6. Details of any dissolution of any partnerships for reasons of bankruptcy or the existence of grounds of sufficient gravity to warrant dissolution or where Mr Scerri was a partner at the time of or within the 12 months preceding such events.

None

7. Details of any public criticisms by statutory or regulatory authorities (including designated professional bodies) which have not been subsequently withdrawn by the relevant authority or body and whether Mr Scerri has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any Company.

None

8. Whether Mr Scerri was the subject of any order, judgement or ruling of any court of competent jurisdiction, tribunal or any other competent authority in Malta or overseas, permanently or temporarily prohibiting him from acting as an Investment Adviser, dealer in Securities, Director or employee of a Financial Institution and from engaging in any type of business practice or activity.

None

Datatrak Holdings p.l.c. – Preliminary Statement of Operations
For the Year ended 31 December 2007

	2007	2006
	Lm	Lm
<u>Consolidated condensed income statement</u>		
Revenue	1,267,958	1,398,133
(Loss) / Profit before gain on transfer of business, assets and liabilities and tax	(2,029,818)	57,416
Gain on Transfer of business, assets and liabilities	1,820,523	-
Tax (expense) / income	(919,552)	50,440
(Loss) / Profit for the year	(1,128,847)	107,856
Profit / (Loss) attributable to:		
Equity holders of the parent	(3,076,456)	(75,152)
Minority Interest	1,947,609	183,008
(Loss)/Profit for the year	(1,128,847)	107,856
Loss per share - basic	(19c3)	(0c5)
Loss per share - diluted	(19c3)	(0c5)
<u>Consolidated condensed balance sheet</u>		
Assets		
Total non-current assets	2,778,154	3,178,239
Total current assets	762,934	1,975,420
Total assets	3,541,088	5,153,659
Equity		
Issued capital	1,594,950	1,594,950
Share premium	988,590	988,590
Capital Redemption Reserve	52,183	-
Accumulated losses	(2,600,093)	528,546
Total equity attributable to equity holders of the parent	35,630	3,112,086
Minority Interest	2,054,136	240,084
Total Equity	2,089,766	3,352,170
Liabilities		
Total non-current liabilities	162,360	217,738
Total current liabilities	1,288,962	1,583,751
Total liabilities	1,451,322	1,801,489
Total equity and liabilities	3,541,088	5,153,659
<u>Consolidated condensed cash flow statement</u>		
Net cash from operating activities	411,959	96,469
Net cash used in investing activities	66,576	(321,599)
Net cash from financing activities	21,495	175,065
Net increase in cash and cash equivalents	500,030	(50,065)
Cash and cash equivalents at 1 January	(540,195)	(490,130)
Cash and cash equivalents at 31 December	(40,165)	(540,195)

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Attributable to Equity holders of the parent

	Share capital Lm	Share premium Lm	Capital Redemption Reserve Lm	Accumulated Losses Lm	Total Lm	Minority Interest Lm	Total equity Lm
Balance at 1 January 2006	1,594,950	3,235,608	-	(1,644,017)	3,186,541	110,352	3,296,893
(Loss)/profit for the year	-	-	-	(75,152)	(75,152)	183,008	107,856
Capitalisation of share premium	(2,247,018)	(2,247,018)	-	-	-	-	-
Reduction of share capital in terms of Article 83 (5) of the Companies Act, 1995 (note 20.2)	(2,247,018)	-	-	2,247,018	-	-	-
Dividends paid by subsidiary	-	-	-	697	697	(53,276)	(53,276)
Equity settled transactions	-	-	-	-	-	-	697
Balance at 31 December 2006	<u>1,594,950</u>	<u>988,590</u>	<u>-</u>	<u>528,546</u>	<u>3,112,086</u>	<u>240,084</u>	<u>3,352,170</u>
Balance at 1 January 2007	1,594,950	988,590	-	528,456	3,112,086	240,084	3,352,170
(Loss)/profit for the year	-	-	-	(3,076,458)	(3,076,456)	1,947,609	(1,128,847)
Transfer to Capital Redemption Reserve	-	-	52,183	(52,183)	-	-	-
Write-off against goodwill	-	-	-	-	-	(133,557)	(133,557)
Balance at 31 December 2007	<u>1,594,950</u>	<u>988,590</u>	<u>52,183</u>	<u>(2,600,093)</u>	<u>35,630</u>	<u>2,054,136</u>	<u>2,089,766</u>

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

For the Year ended 31 December 2007

Review of group operations

Introduction

This Statement is published pursuant to The Malta Financial Service Authority Listing Rule 9.35 and Article 4(2)(b) of the Prevention of Financial Markets Abuse (Disclosure and Notification) Regulations, 2005.

The financial information has been extracted from Datatrak Holdings p.l.c.'s audited consolidated financial statements, which have been audited by KPMG, for the year ended 31 December 2007 as approved by the Board of Directors on 14 May 2008. These financial statements will be laid before the members at the general meeting to be announced at a later date.

The Group's financial statements have been prepared in accordance with the Companies Act, 1995 enacted in Malta (the "Act") which requires adherence to International Financial Reporting Standards (IFRSs). Article 4 of Regulation 1606/2002/EC ("the Regulation") requires that, for each financial year, companies that have their securities trading on a regulated market of an EU Member State shall prepare their consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. The Regulation prevails over the relevant provisions of the Act, to the extent that the said provisions are incompatible with the requirements of the Regulation.

EU-endorsed IFRSs may differ from IFRSs as published by the International Accounting Standards Board ('IASB') if, at any point in time, new or amended IFRSs have not been endorsed by the EU. At 31 December 2007, there were no unendorsed standards effective for the year ended 31 December 2007 affecting these consolidated financial statements, and there is no difference between IFRSs as endorsed by the EU and IFRSs as issued by the IASB in terms of their application to the Group.

At 31 December 2007, shareholders holding 55.29% of the issued share capital agreed and confirmed as at that date, that they were in favour of the restructuring of the group as approved by the respective Board of Directors, and confirmed that they were to vote in favour of the resolutions of the Extraordinary General Meeting (EGM) called for this purpose on 4 April 2008. All the proposed resolutions for the restructuring of the Group were approved by the shareholders during the mentioned EGM. As a result of the confirmations referred to above, the sale of the operations, together with the assets and liabilities, of Datatrak Solutions Limited (Vendor) to Datatrak MENA Ltd and of Datatrak I.T. Services Limited (Vendor) to Datatrak Systems Limited was recognised as at 31 December 2007.

As the restructuring was duly approved by the shareholders at the mentioned EGM, and is being implemented, the directors are of the opinion that the going concern basis in the preparation of these financial statements is deemed appropriate.

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

For the Year ended 31 December 2007

Other explanatory notes

Use of estimates

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

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 and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgement in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in Note 14 to the financial statements – measurement of the recoverable amounts of cash-generating units containing goodwill. Apart from this disclosure, there are no other critical accounting policies and estimates which require additional information to be disclosed.

Gain on sale of business, asset and liabilities

This represents the minority's share of gain on sale of business, asset and liabilities resulting from the Group's restructuring which was approved by the shareholders at the Extraordinary General Meeting held for this purpose on 4 April 2008, effective as at 31 December 2007.

Review of group performance

Results of the Group were significantly affected by the impairment recognised in respect of the system infrastructure and goodwill and the reversal of deferred tax asset as proposed at the Extraordinary General Meeting.

Apart from the above, the overall performance of the Group for 2007 was positive notwithstanding that turnover fell slightly primarily because of the decrease in revenue generated by Datatrak Systems Ltd as a result of a revision of fees being charged, and partly from a decrease in realised sales by Datatrak IT Services Ltd. R&D continued to be a major part of our investment with over €750k (Lm322k) being spent in 2007. Higher marketing costs were also incurred in 2007; this was predominantly focused on establishing a presence in Italy.

Issued by Datatrak Holdings p.l.c.