

**TRAKM8 HOLDINGS PLC**  
("Trakm8" or "the Group")

*Unaudited Interim Report*  
**for the six months to 30 September 2008**

**Highlights**

- Substantial strategic and operational review undertaken in period resulting in shift to focus on higher margin business and establishment of a lower more efficient cost base
- Turnover declined by £0.5m to £2.0m due to focus on higher margin business
- Gross Profit of £1.1m (2007: £1.0m) reflecting a margin improvement of 15.2% to 55.4%
- Operating loss reduced by £0.1m to £0.3m
- Restructuring costs of £0.1m generating annualised savings of £0.4m
- Net assets of £1.2m (2007: £1.3m) and net debt of £0.1m (2007: net cash £0.3m)
- Customers successfully migrated to T6 with encouraging levels of interest from new customers
- Product innovation ongoing
- New management team in place
- Improved current trading and more positive outlook

Dawson Buck, Chairman, said "The first half of the year has been challenging for the Company but the changes implemented by the new management have put the Company on a stronger footing going forward. The focus on higher margin business, our strong product offering and efficient operating base have resulted in encouraging trading in the period to date and, whilst we are mindful of the wider uncertainty in the macroeconomic environment, we are optimistic for the second half of the year. I would like to take this opportunity to thank our committed staff for their efforts during this period and beyond."

Contacts:

|                                       |               |
|---------------------------------------|---------------|
| Trakm8 plc                            | 01747 858 444 |
| John Watkins, Chief Executive Officer |               |
| James Hedges, Finance Director        |               |
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| Simon Hudson                          |               |
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| Paul Vanstone / Richard Tulloch       |               |

## **Chairman's Statement**

The first six months of this financial year have seen a number of changes at Trakm8 but we are now in a stronger position with improved current trading and an optimistic outlook. Following a strategic review by the new management, the Company is now focused on higher margin business through the provision of value added services and products to telematics service provider (TSP) integrators. In addition, towards the end of the period, the Company undertook a restructuring programme to reduce its cost base and improve operational efficiencies.

Revenue in the period reduced to £2.0m (2007: £2.5m) but Gross Profit increased to £1.1m (2007: £1.0m), reflecting the focus on higher margin business. Operating loss (after £0.1m one off restructuring costs) reduced to £0.3m (2007: £0.4m) which generated a loss before tax of £0.4m (2007: loss £0.5m). At the period end the Group had net assets of £1.2m (2007: £1.3m) and net debt of £0.1m (2007: net cash £0.3m).

The launch of the next generation hardware platform, T6, has been completed with the majority of customers having successfully migrated across to T6. The T6 is also generating strong interest from new customers. Additionally, considerable progress has also been made on the government funded projects.

During the period Cary Knapton resigned as Chief Executive and Tim Couling resigned as Finance Director. I would like to thank them for their considerable contribution to the development of the Group over many years and wish them well for the future.

John Watkins, previously non-executive Director, has been appointed as Chief Executive and James Hedges, previously Group Financial Controller, has been appointed Finance Director. I am pleased to welcome them to their new responsibilities.

### **Outlook**

The restructuring coupled with the focus on higher margin business and the successful launch of the T6 puts the Group on a stronger footing going forward. The marketing and product initiatives now in place are already indicating that improved revenues should be achieved despite the troubled economic times. Indeed our products and solutions provide our customers with a dynamic management tool that enables them to reduce costs, better serve the needs of their customers and ultimately increase profitability for relatively little investment and ongoing cost. These factors combined with the improved current trading, leads the Board to look forward with optimism to an improved second half of the financial year although we are mindful of the wider uncertainty in the macroeconomic environment.

This period of considerable change has required significant efforts from everyone in the Group and I would like to thank the Executive team and staff for their continuing hard work and dedication.

**DAWSON BUCK  
CHAIRMAN**

## Chief Executive Officer's Report

### Operational Review

During the first half of the year the Group, following a strategic review, has modified its strategy of becoming an integrated TSP to focus on the provision of valued added services and products to TSP integrators. Trakm8 has an excellent hardware/firmware platform and scalable server applications and is focusing efforts on supplying these core technologies to our major customers.

The Group is now concentrated on delivering higher margin solutions and products. This includes the integration of onboard vehicle diagnostic and vehicle data information into the T6 tracking solution package. As a result of the greater functionality of our platform, Swift revenues have also increased with some customers now electing to operate the complete service under their own brand. This continues the Group's transition from a telematics box supplier into a value added systems supplier.

The launch of the next generation hardware platform has been completed with the majority of customers having successfully migrated across to the T6. The T6 has been well received by existing customers and is also generating significant interest from new customers. The T6 has strong functionality benefits compared to most competitor products with full controller area network ("CAN") communications integrated into the hardware platform. In 2009 we will introduce a variant of the T6 which is expected to generate further interest in this exciting product.

Considerable progress has been made on the government funded projects. These projects are jointly funded and have varied applications that will benefit both the project objectives but also the long term product portfolio of the Group.

Annualised savings of £0.4m were made to Group operating costs towards the period end and the organisation has been restructured with better defined responsibilities. These savings were achieved with a one off restructuring cost of only £0.1m which was fully incurred in the period. The new team has gelled well and operational efficiencies have been improved.

### Financial Review

Revenue in the period reduced to £2.0m (2007: £2.5m) but Gross Profit increased to £1.1m (2007: £1.0m) reflecting the focus on higher margin business. Income from Government Grants totalled £0.3m (2007: £nil). Operating loss (after £0.1m one off restructuring costs) reduced to £0.3m (2007: £0.4m) which generated a loss before tax of £0.4m (2007: loss £0.5m). At the period end the Group had net assets of £1.2m (2007: £1.3m) and net debt of £0.1m (2007: net cash £0.3m).

The Company also issued a further 340,136 ordinary shares of 1p each in relation to the in relation to the acquisition of PJSoft s.r.o.

### Current Trading and Outlook

The strategic and operational review undertaken during the first half has enabled the Group to emerge as a leaner business focused on delivering higher margin services. The new marketing and business development activities are expected to drive increased revenues. We are developing stronger relationships with TSP integrators providing them with key system elements that are being built into complete turnkey solutions. The benefits of these initiatives began to be observed in the latter part of the period and have continued to gain momentum since then, resulting in encouraging current trading. However the recent strengthening of the euro has added to our costs and we are taking steps to mitigate such adverse currency movements.

The integration of vehicle tracking systems with vehicle diagnostic information on the T6 is generating strong interest and several new customer programmes are in place. Software created in conjunction with the Government funded projects is increasing the functionality and competitiveness of the application and server solutions. As the scale of telematic applied fleets grow, then the Trakm8 solutions will be capable of expanding with them.

The market for telematic solutions with smarter management information is growing rapidly. The need for greater fleet operational efficiencies alongside the marked reduced costs of telematic provision has strongly improved the economics of investing in such solutions. Further we believe that new applications for telematics are beginning to arise and Trakm8 is seeking to innovate within these sub markets. In this challenging economic environment companies are under increased pressure to maintain market share and profitability. We believe our products and services enable our customers to deliver value added solutions to the end user. Trakm8 is well placed to benefit from these trends.

Trakm8 is a refreshed business and recent trading has been encouraging. Whilst we recognise the need to closely monitor our business in these uncertain and challenging times I am hopeful that this positive trend will continue throughout the second half.

**JOHN WATKINS**

**CHIEF EXECUTIVE OFFICER**

## CONSOLIDATED INCOME STATEMENT

for the six months to 30 September 2008

|   | <i>Note</i> | <b>Six months to<br/>30 September<br/>2008<br/>Unaudited</b> | Six months to<br>30 September<br>2007<br>Unaudited | Year to<br>31 March<br>2008<br>Audited |
|---|-------------|--|--|--|
|   |             | <b>£'000</b>   | £'000  | £'000                                  |
| <b>Continuing Operations</b>                                      |             |  |  |  |
| <b>Revenue</b>  |             | <b>1,995</b>   | 2,458  | 4,656                                  |
| Cost of sales   |             | <b>(889)</b>   | (1,470)  | (2,632)                                |
| <b>Gross profit</b>   |             | <b>1,106</b>   | 988  | 2,024                                  |
| Other income  |             | <b>275</b>   | -  | 79                                     |
| Operating expenses  |             | <b>(1,635)</b>   | (1,420)  | (2,994)                                |
| Restructuring costs   | 3           | <b>(84)</b>  | -  | -                                      |
| <b>Operating loss</b>   |             | <b>(338)</b>   | (432)  | (891)                                  |
| Interest receivable   |             | <b>3</b>   | 7  | 10                                     |
|   |             | <b>(335)</b>   | (425)  | (881)                                  |
| Bank and other interest charges                                   |             | <b>(17)</b>  | (40)   | (77)                                   |
| <b>Loss before taxation</b>                                       |             | <b>(352)</b>   | (465)  | (958)                                  |
| Taxation  |             | <b>-</b>   | -  | 57                                     |
| <b>Loss attributable to the equity shareholders of the parent</b> |             | <b>(352)</b>   | (465)  | (901)                                  |
| Basic loss per share (pence)                                      | 4           | <b>(2.6)</b>   | (4.0)  | (7.6)                                  |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months to 30 September 2008

|   | <b>Six months to<br/>30 September<br/>2008<br/>Unaudited</b> | Six months to<br>30 September<br>2007<br>Unaudited | Year to<br>31 March<br>2008<br>Audited |
|---|--|--|--|
|   | <b>£'000</b>   | £'000  | £'000                                  |
| Total equity at beginning of period                       | <b>1,573</b>   | 1,483  | 1,483                                  |
| Loss for the period                                       | <b>(352)</b>   | (465)  | (901)                                  |
| Shares issued   | <b>106</b>   | -  | 523                                    |
| Shares to be issued                                       | <b>(106)</b>   | 246  | 246                                    |
| Exchange difference on translation of overseas operations | -  | -  | 203                                    |
| IFRS 2 share based payments                               | <b>6</b>   | 7  | 19                                     |
| Total equity at end of period                             | <b>1,227</b>   | 1,271  | 1,573                                  |

## CONSOLIDATED BALANCE SHEET

as at 30 September 2008

|  | <b>30 September<br/>2008<br/>Unaudited</b> | 30 September<br>2007<br>Unaudited | 31 March<br>2008<br>Audited |
|--|--|-----------------------------------|-----------------------------|
|  | <b>£'000</b>                               | £'000                             | £'000                       |
| <b>Non-current assets</b>                          |  |                                   |                             |
| Intangible assets                                  | <b>1,478</b>                               | 1,514                             | 1,598                       |
| Plant, property and<br>equipment                   | <b>460</b>                                 | 489                               | 478                         |
|  | <b>1,938</b>                               | 2,003                             | 2,076                       |
| <b>Current assets</b>                              |  |                                   |                             |
| Inventories  | <b>123</b>                                 | 300                               | 146                         |
| Trade and other<br>receivables                     | <b>856</b>                                 | 557                               | 810                         |
| Current tax  | -  | -                                 | 33                          |
| Cash and cash<br>equivalents                       | <b>264</b>                                 | 416                               | 363                         |
|  | <b>1,243</b>                               | 1,273                             | 1,352                       |
| <b>Current liabilities</b>                         |  |                                   |                             |
| Bank overdrafts                                    | <b>(398)</b>                               | (167)                             | (210)                       |
| Bank and other loans                               | <b>(51)</b>                                | (50)                              | (51)                        |
| Trade and other payables                           | <b>(1,225)</b>                             | (926)                             | (1,287)                     |
| Obligations under finance<br>leases                | -  | (6)                               | (2)                         |
| Current tax  | -  | (25)                              | -                           |
|  | <b>(1,674)</b>                             | (1,174)                           | (1,550)                     |
| <b>Current assets less<br/>current liabilities</b> | <b>(431)</b>                               | 99                                | (198)                       |
| <b>Total assets less<br/>current liabilities</b>   | <b>1,507</b>                               | 2,102                             | 1,878                       |
| <b>Non-current liabilities</b>                     |  |                                   |                             |
| Bank loans   | <b>(213)</b>                               | (228)                             | (220)                       |
| Other loans  | <b>(49)</b>                                | (585)                             | (67)                        |
| Deferred tax                                       | <b>(18)</b>                                | (18)                              | (18)                        |
|  | <b>(280)</b>                               | (831)                             | (305)                       |
| <b>Net assets</b>                                  | <b>1,227</b>                               | 1,271                             | 1,573                       |

## CONSOLIDATED BALANCE SHEET

as at 30 September 2008

|   | <b>30 September<br/>2008<br/>Unaudited</b> | 30 September<br>2007<br>Unaudited | 31 March<br>2008<br>Audited |
|---|--|-----------------------------------|-----------------------------|
|   | <b>£'000</b>                               | £'000                             | £'000                       |
| <b>Equity</b>   |  |                                   |                             |
| Called up share capital   | <b>139</b>                                 | 115                               | 135                         |
| Share premium   | <b>1,358</b>                               | 754                               | 1,256                       |
| Shares to be issued   | <b>140</b>                                 | 246                               | 246                         |
| Merger reserve  | <b>510</b>                                 | 510                               | 510                         |
| Share based payment reserve   | <b>54</b>                                  | 36                                | 48                          |
| Translation Reserve   | <b>203</b>                                 | -                                 | 203                         |
| Retained loss   | <b>(1,177)</b>                             | (390)                             | (825)                       |
| <b>Total equity attributable<br/>to the equity shareholders<br/>of the parent</b> | <b>1,227</b>                               | 1,271                             | 1,573                       |

## CONSOLIDATED CASH FLOW STATEMENT

for the six months to 30 September 2008

|   |             | <b>Six months to<br/>30 September<br/>2008<br/>Unaudited</b> | Six months to<br>30 September<br>2007<br>Unaudited | Year to<br>31 March<br>2008<br>Audited |
|---|-------------|--|--|--|
|   | <i>Note</i> | <b>£'000</b>   | £'000  | £'000                                  |
| <b>Net cash (used in)<br/>from operating<br/>activities</b> | <b>5</b>    | <b>(257)</b>   | 293  | 239                                    |
| <b>Investing activities</b>                                 |             |  |  |  |
| Acquisition of subsidiary<br>net of cash acquired           |             | -  | (319)  | (319)                                  |
| Proceeds on disposal of<br>property, plant and equipment    |             | -  | -  | 1                                      |
| Expenditure on product<br>development                       |             | -  | (124)  | (124)                                  |
| Purchases of property,<br>plant and equipment               |             | <b>(3)</b>   | (10)   | (23)                                   |
| <b>Net cash used in<br/>investing activities</b>            |             | <b>(3)</b>   | (453)  | (465)                                  |
| <b>Financing activities</b>                                 |             |  |  |  |
| Repayment of loans  |             | <b>(27)</b>  | (30)   | (60)                                   |
| <b>Net cash used in<br/>financing activities</b>            |             | <b>(27)</b>  | (30)   | (60)                                   |
| <b>Net decrease in cash<br/>and cash equivalents</b>        |             | <b>(287)</b>   | (190)  | (286)                                  |
| Cash and cash equivalents at<br>beginning of period         |             | <b>153</b>   | 439  | 439                                    |
| <b>Cash and cash<br/>equivalents at end of<br/>period</b>   |             | <b>(134)</b>   | 249  | 153                                    |

## Notes to the financial information (unaudited)

1. The financial information contained in this interim statement has not been audited or reviewed by the Company's auditor and does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The financial information for the full preceding year is extracted from the statutory accounts for the financial year ended 31 March 2008. Those accounts, upon which the auditor issued an unqualified opinion, have been delivered to the Registrar of Companies.
2. Trakm8 Holdings PLC is a public limited company incorporated in the United Kingdom under the Companies Act 1985. The Company is domiciled in the United Kingdom and its ordinary shares are traded on the Alternative Investment Market ("AIM").

As permitted this Interim Report has been prepared in accordance with UK AIM Rules for Companies and not in accordance with IAS 34 "Interim Financial Reporting" and therefore is not fully in compliance with IFRS.

3. Restructuring costs  
Restructuring costs in the six months to 30 September 2008 comprise:

|                                |           |
|--------------------------------|-----------|
|                                | £'000     |
| Redundancy costs               | 36        |
| Cessation of overseas ventures | 48        |
|                                | <u>84</u> |

4. Loss per ordinary share

|                     | <b>Six months to<br/>30 September<br/>2008<br/>(Unaudited)</b> | Six months to<br>30 September<br>2007<br>(Unaudited) | Year to<br>31 March<br>2008<br>(Audited) |
|---------------------|--|--|--|
|                     | <b>£'000</b>   | £'000  | £'000                                    |
| Loss after taxation | <u><b>(352)</b></u>  | <u>(465)</u>   | <u>(901)</u>                             |

Weighted average number of ordinary shares in issue

|       | <b>No.<br/>'000</b> | No.<br>'000 | No.<br>'000 |
|-------|---------------------|-------------|-------------|
| Basic | <b>13,617</b>       | 11,472      | 13,517      |

The diluted loss per share has not been calculated as this would reduce the reported loss per share.

## Notes to the financial information (unaudited)

### 5. Reconciliation of cash flows from operating activities:

|   | <b>Six months to<br/>30 September<br/>2008<br/>(Unaudited)<br/>£'000</b> | Six months to<br>30 September<br>2007<br>(Unaudited)<br>£'000 | Year to<br>31 March<br>2008<br>(Audited)<br>£'000 |
|---|--|---|---|
| <b>Net loss before taxation</b>                         | <b>(352)</b>   | (465)   | (958)   |
| Adjustments for:  |  |   |   |
| Depreciation  | <b>21</b>  | 36  | 59  |
| Bank and other interest<br>charges                      | <b>14</b>  | 33  | 67  |
| Amortisation of intangible<br>assets                    | <b>120</b>   | 66  | 178   |
| Share based payment expense                             | <b>6</b>   | 7   | 19  |
| <b>Net loss before changes in<br/>working capital</b>   | <b>(191)</b>   | (323)   | (635)   |
| Retranslation of overseas<br>operations                 | -  | -   | 5   |
| Movement in inventories                                 | <b>23</b>  | 35  | 190   |
| Movement in trade and other<br>receivables              | <b>(46)</b>  | 736   | 484   |
| Movement in trade and other<br>payables                 | <b>(62)</b>  | (122)   | 262   |
| <b>Cash (absorbed by)<br/>generated from operations</b> | <b>(276)</b>   | 326   | 306   |
| Interest paid   | <b>(17)</b>  | (40)  | (77)  |
| Interest received                                       | <b>3</b>   | 7   | 10  |
| Income taxes received                                   | <b>33</b>  | -   | -   |
| <b>Net cash (used in) from<br/>operating activities</b> | <b>(257)</b>   | 293   | 239   |

6. Copies of the report are available at the Companies website [www.trakm8.com](http://www.trakm8.com) and also from the registered office of Trakm8 Holdings PLC. The address of the registered office is: Lydden House, Wincombe Business Park, Shaftesbury, Dorset, SP7 9QJ.

#### Contacts:

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