



**trakm8**

## **Trakm8 Holdings PLC**



### **Interim Report**

**for the six months ended  
30 September 2007**



# TRAKM8 HOLDINGS PLC

("Trakm8" or "the Group")

## Unaudited Interim Report for the six months to 30 September 2007

### Highlights

	Six months to 30 Sept 2007	Six months to 30 Sept 2006 (restated)
	Unaudited £000's	Unaudited £000's
Revenue	2,458	3,206
Gross Profit	988	1,177
Gross Profit %	40.2%	36.7%
Operating (Loss) / Profit	(432)	155
(Loss) / Profit on ordinary activities before taxation	(465)	145
Cash and cash equivalents	416	257
Net Assets	1,271	1,503

### **Key points:**

- Turnover and operating profit declined in part due to suspected brand impact from our reported supplier issue and a delay in orders as customers wait for our new platform launch
- Gross margin 3.5% increase
- Cash and cash equivalents increased
- Acquisition of PJSoft completed
- Partnership with Motorola and licence agreement with Tyco announced in May and November 2007 respectively
- £1.1m government grant funding awarded for Trusted Road Usage & Emissions Profiling Project

## Chairman's Statement

During this half year the Group has continued its strategy to become an integrated telematics service provider (TSP) and significant progress has been made in a number of areas. The Group also completed the acquisition of PJSoft s.r.o. (PJSoft) and has continued its work in the design and testing of our next generation telematics platform, the T6.

Revenue in the period reduced 23.4% to £2.46m (2006: £3.21m) and this generated a loss before tax of £0.47m (2006: profit £0.15m). Cash and cash equivalents increased to £0.42m (2006: £0.26m).

Turnover and operating profit declined in part due to suspected brand impact from our reported supplier issue affecting T4 and Solo hardware sales and a delay in orders as customers wait for the T6 launch. However sales from Trakm8 SWIFT®, our flagship TSP offering, have increased and we are witnessing a firming of pricing for our hardware products.

The Company was pleased to report in May 2007 the signing of a partnership agreement with Motorola to integrate its GPS tracking products with Motorola's Astro radio network and, as announced on 9 November 2007, the Group entered into a co-operation agreement with Tyco Electronics Limited (Tyco). As a result the hardware design of the Group's new platform, and its design costs, have been shared with Tyco and the Group looks forward to developing this relationship further once the product is launched in the next half year.

As announced today the Group was awarded a £1.1m government grant to lead the Trusted Road Usage & Emissions Profiling Project. This three year project will significantly increase the speed of our R&D programme and positions the Group to take commercial advantage of future national and regional road user charging initiatives.

## Chairman's Statement

*continued*

### **Outlook**

The Trakm8 Group is committed to its transition to a fully integrated TSP provider and I believe we are firmly on track to achieving this. As reported above revenues from T4 & Solo hardware sales have reduced, however the pipeline for these products is encouraging and sales of Trakm8 SWIFT® are expected to continue to increase and become a substantial part of the business in the future. Further we expect demand for the T6, our next generation hardware platform, to be launched by March 2008, to be strong.

Consequently we expect the second half of the financial year to demonstrate improved operating performance resulting from a combination of increased sales and a cost cutting exercise undertaken during the period.

These major initiatives have 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

Trakm8 continues to drive forward the transition strategy as outlined in the last Annual Report. The launch of the next generation platform, to be known as the T6, is expected to further improve the Group's competitive edge. The continuing programme of international rollout of Trakm8® SWIFT is expected to show substantially increased future revenues. This will form the next phase of the transition to a fully integrated TSP. The Company was also pleased to report in May 2007 the signing of a partnership agreement with Motorola to integrate its GPS tracking products with Motorola's Astro radio network and, as announced on 9 November 2007, the Group entered into a co-operation agreement with Tyco Electronics Limited (Tyco). In addition, and as announced today, the Group has been awarded a government grant totalling £1.1m over three years to lead the Trusted Road Usage & Emissions Profiling Project. This project will accelerate the Group's development of new hardware & service offerings and positions the Group to take commercial advantage of future national and regional road user charging initiatives.

Turnover and operating profit have declined in the period in part due to suspected brand impact from our reported supplier issue impacting T4 and Solo hardware sales and a delay in orders as customers wait for our new platform launch. We believe that this impact has been confined to our hardware-only revenues in the period.

However the Group is encouraged to note that whilst operating in a relatively competitive industry our products are not materially suffering from continued pricing and margin pressures that we have experienced in the past. Trakm8 SWIFT® has seen growing sales and it therefore remains the Group's firm belief that our products are competitive and that a proportion of revenue shortfall is likely to have been delayed but not lost.

The Group responded to this revenue shortfall with a review of operating expenses, which increased in the period primarily due to Trakm8 SWIFT® service and airtime costs. Non-impacting savings were therefore identified which included a reduction in contract staff and a necessary reduction in permanent headcount. Savings from this review are expected to start to flow through to the income statement by the financial year end.

Our research and development of new, expanded and more capable hardware platforms has continued in the period with significant effort having been devoted to the T6. As reported on 9 November 2007 this has been a collaborative

## Chief Executive Officer's Report

*continued*

exercise with Tyco Electronics Limited and I am pleased to report that this project is on track for commercial launch prior to the Company's 2008 year end.

The T6 is the result of significant customer feedback on existing products and will include features which the Group believes will provide opportunities for new revenue streams to be targeted.

### **Trakm8 SWIFT®**

Trakm8 SWIFT® is our flagship TSP offering that integrates any one of our hardware products with a customer orientated proprietary software module. This enables us to provide our customers with a user friendly and flexible telematics solution.

I am pleased to report that Trakm8 SWIFT® sales are now growing with strong interest emerging from larger fleet buyers, who have been particularly impressed with its combination of price and functionality. The product has now been launched in Ireland and further international launches are planned to take place before the end of this financial year. We have great confidence in Trakm8 SWIFT® and expect it to become a substantial part of the business.

### **Acquisition of PJSoft s.r.o.**

As announced on 7 August 2007 the Group acquired PJSoft; a Czech software house with significant expertise in cartographic technologies. This acquisition, in a cash and shares deal, brought the last external elements of our product intellectual property in-house and allows the Group to further leverage our software offerings. No significant integration issues have been encountered and I am pleased to report that the PJSoft team is already making a positive contribution to the Group's software product development.

## Chief Executive Officer's Report

*continued*

### Financial Review

The financial information contained in this report has been prepared under International Financial Reporting Standards (IFRS). Comparison figures have also been restated under IFRS.

Revenue for the six months ended 30 September 2007 was £2.46m (2006: £3.21m) a decrease of 23.4% on the same period last year. Gross profit decreased to £0.99m (2006: £1.18m) for reasons discussed elsewhere. However gross margins improved to 40.2% (2006: 36.7%), a 3.5% improvement. Operating expenses totalled £1.42m (2006: £1.02m). The Group therefore reports an operating loss for the period of £0.43m (2006: profit £0.16m).

As a result of the review of operating expenses previously commented on savings have been made which, on an annualised basis, will amount to £0.38m.

Project costs to enable the delivery of the T6 totalled £0.12m. In accordance with IFRS these amounts have been capitalised.

As at 30 September 2007 £0.1m of cash had been received by the Group for Trakm8 SWIFT® service which has yet to be recognised in the Income Statement due to the typical service revenue contract spanning 12 months but being paid annually in advance.

### Outlook

Our products and services now span the telematics value chain and the Group expects to derive revenues from all areas of the portfolio. The Tyco co-operation and Motorola partnership agreements also demonstrate the Group's commitment to and blue chip company confidence in our product offering. We expect these developments will contribute to driving the business forward and deliver shareholder value.

The Group has continued to carefully observe developments in government legislation and other regulatory initiatives; where road tolling, congestion charging, energy efficiency and Health & Safety responsibility are all rapidly becoming key factors in the expansion of the telematics market. In addition a requirement is emerging with business leaders to successfully manage and mitigate in-vehicle employee related risk.

## Chief Executive Officer's Report

*continued*

The Group continues to believe that it is well placed to take advantage of these developments. As noted above the Group has been successful in attracting major government grant funding and at least one other strategic opportunity is being developed with the appropriate government department. More details of this further collaborative programme will be announced at the appropriate time.

The Group continues to identify international sales opportunities for its Solo and T4 hardware platforms and I am pleased to report that our pipeline currently includes major bids in the Middle East, South Africa and South America. The Group is also actively pursuing organic growth routes in other regions and countries for Trakm8 SWIFT®.

Our European strategic direction is built around the acquisition of PJSoft, which has historically operated wholly within the Czech Republic. The Group intends to expand PJSoft's innovative offerings in both their home and wider European markets. This expansion will be driven under a new trade marked brand which the Directors intend to be synonymous with cartographic software excellence.

The Directors can report that Trakm8 has a growing order book moving into the second half of the financial year. The imminent launch of the T6 significantly improves our hardware product capability and the Group remains well placed to capitalise on the opportunities presenting themselves in the market place. Consequently we expect the second half of the financial year to demonstrate improved operating performance resulting from the combination of increased sales and reduced operational expenses.

The Group looks forward to the future with enthusiasm. We are on course to complete the transition to integrated TSP and I remain confident we will deliver our innovative products to market with increased success.

**CARY KNAPTON**  
**CHIEF EXECUTIVE OFFICER**

## CONSOLIDATED INCOME STATEMENT (UNAUDITED)

for the six months to 30 September 2007

		<b>Six months to 30 September 2007</b>	Six months to 30 September 2006 (restated)	Year Ended 31 March 2007 (restated)
	<i>Note</i>	<b>£'000</b>	£'000	£'000
<b>Continuing Operations</b>				
<b>Revenue</b>		<b>2,458</b>	3,206	6,370
Cost of sales		<b>(1,470)</b>	(2,029)	(3,940)
<b>Gross profit</b>		<b>988</b>	1,177	2,430
Operating expenses		<b>(1,420)</b>	(1,022)	(2,315)
<b>Operating (loss) profit</b>		<b>(432)</b>	155	115
Interest receivable		<b>7</b>	7	15
		<b>(425)</b>	162	130
Bank and other interest charges		<b>(40)</b>	(17)	(39)
<b>(Loss) profit before taxation</b>		<b>(465)</b>	145	91
Taxation		-	(25)	18
<b>(Loss) profit attributable to the equity shareholders of the parent</b>		<b>(465)</b>	120	109
Basic (loss) earnings per share	3	<b>(4.0)p</b>	1.1p	1.0p

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

for the six months to 30 September 2007

		<b>Six months to 30 September 2007</b>	Six months to 30 September 2006 (restated)	Year Ended 31 March 2007 (restated)
	<i>Note</i>	<b>£'000</b>	£'000	£'000
Total equity at beginning of period (as previously stated)		<b>1,426</b>	985	985
Impact of transition to IFRS	2	<b>57</b>	44	44
Total equity at beginning of period (restated)		<b>1,483</b>	1,029	1,029
(Loss) Profit for the period		<b>(465)</b>	120	109
IFRS 2 share based payments		<b>7</b>	30	21
Net proceeds of share issue		<b>246</b>	324	324
Total equity at end of period		<b>1,271</b>	1,503	1,483

## CONSOLIDATED BALANCE SHEET (UNAUDITED)

as at 30 September 2007

	<b>30 September 2007</b>	30 September 2006 (restated)	31 March 2007 (restated)
	<b>£'000</b>	£'000	£'000
<b>Non-current assets</b>			
Intangible assets	<b>1,514</b>	937	823
Plant, property and equipment	<b>489</b>	534	509
	<b>2,003</b>	1,471	1,332
<b>Current assets</b>			
Inventories	<b>300</b>	472	332
Trade and other receivables	<b>557</b>	1,295	1,272
Cash and cash equivalents	<b>416</b>	257	709
	<b>1,273</b>	2,024	2,313
<b>Current liabilities</b>			
Bank overdrafts	<b>(167)</b>	(103)	(269)
Bank loans	<b>(50)</b>	(48)	(13)
Trade and other payables	<b>(926)</b>	(1,225)	(951)
Obligations under finance leases and hire purchase arrangements	<b>(6)</b>	(20)	(12)
Current tax	<b>(25)</b>	(25)	(25)
Other loans	<b>-</b>	(185)	(36)
	<b>(1,174)</b>	(1,606)	(1,306)
<b>Current assets less current liabilities</b>	<b>99</b>	418	1,007
<b>Total assets less current liabilities</b>	<b>2,102</b>	1,889	2,339
<b>Non-current liabilities</b>			
Bank loans	<b>(228)</b>	(252)	(235)
Other loans	<b>(585)</b>	(120)	(603)
Deferred tax	<b>(18)</b>	(14)	(18)
	<b>(831)</b>	(386)	(856)
<b>Net assets</b>	<b>1,271</b>	1,503	1,483

## CONSOLIDATED BALANCE SHEET (UNAUDITED)

as at 30 September 2007 continued

	<b>30 September 2007</b>	30 September 2006 (restated)	31 March 2007 (restated)
	<b>£'000</b>	£'000	£'000
<b>Equity</b>			
Called up share capital	<b>115</b>	110	115
Share premium	<b>754</b>	435	754
Shares to be issued	<b>246</b>	324	-
Merger reserve	<b>510</b>	510	510
Share based payment reserve	<b>36</b>	50	29
Retained (loss) earnings	<b>(390)</b>	74	75
<b>Total equity attributable to the equity shareholders of the parent</b>	<b>1,271</b>	1,503	1,483

## CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

for the six months to 30 September 2007

		<b>30 September 2007</b>	30 September 2006 (restated)	31 March 2007 (restated)
	<i>Note</i>	<b>£'000</b>	£'000	£'000
<b>Net cash from operating activities</b>	4	<b>293</b>	411	425
<b>Investing activities</b>				
Acquisition of subsidiary		<b>(324)</b>	(170)	(170)
Cash (overdraft) acquired on acquisition		<b>5</b>	(19)	(19)
Proceeds on disposal of property, plant and equipment		-	-	1
Expenditure on product development		<b>(124)</b>	(220)	(220)
Purchases of property, plant and equipment		<b>(10)</b>	(68)	(71)
<b>Net cash used in investing activities</b>		<b>(453)</b>	(477)	(479)
<b>Financing activities</b>				
Repayment of loans		<b>(30)</b>	(18)	(245)
Issue of loan stock		-	-	500
<b>Net cash (used in) from financing activities</b>		<b>(30)</b>	(18)	255
<b>Net (decrease) increase in cash and cash equivalents</b>		<b>(190)</b>	(84)	201
Cash and cash equivalents at beginning of period		<b>439</b>	238	238
<b>Cash and cash equivalents at end of period</b>		<b>249</b>	154	439

## Notes to the financial information (unaudited)

1. The financial information contained in this interim report 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 2007 amended for the impact of the adoption of International Financial Reporting Standards (IFRS). Those accounts, upon which the auditor issued an unqualified opinion and did not contain a statement under section 237(2) or (3) of the Companies Act 1985, have been delivered to the Registrar of Companies. Details of the impact of the adoption of IFRS are set out in Appendix 1 attached to this report on the Company's website.
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").

This interim report is the Group's first set of financial statements prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Committee ("IFRC") interpretations that are expected to be applicable to the consolidated financial statements for the year ending 31 March 2008. These standards remain subject to ongoing amendment and / or interpretation and are therefore still subject to change. Accordingly, information contained in these interim financial statements may need updating for subsequent amendments to IFRS required for first time adoption or for new standards issued post balance sheet date.

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

The basis of preparation and accounting policies followed in this interim report differ from those set out in the Annual Report and Accounts for the year ended 31 March 2007 which was prepared in accordance with United Kingdom accounting standards (UK GAAP). A summary of the significant accounting policies used in the preparation of this interim report under IFRS is provided

## Notes to the financial information (unaudited)

*continued*

below, however this does not include accounting policies which are not currently expected to change on transition from UK GAAP.

### **(a) Basis of preparation of the financial statements**

The consolidated financial statements have been prepared in accordance with IFRS including standards and interpretations issued by the International Accounting Standards Board, as adopted by the European Union. They have been prepared using the historical cost convention except for the revaluation of certain properties. The principal accounting policies are set out below.

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements. If in the future such estimates and assumptions which are based on management's best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change. Where necessary, the comparatives have been reclassified or extended from the previously reported results to take into account presentational changes.

### **(b) First time adoption of International Financial Reporting Standards**

IFRS 1, 'First-time adoption of International Financial Reporting Standards' sets out the procedures that the Group must follow when it adopts IFRS for the first time as the basis for preparing its consolidated financial statements. The Group is required to establish its IFRS accounting policies as at 31 March 2008 and, in general, apply those retrospectively to determine the IFRS opening balance sheet at its date of transition, 1 April 2006.

Certain optional exemptions to this general principle are available under IFRS 1 and the significant first time adoption choices made by the Group

## Notes to the financial information (unaudited)

*continued*

are as follows:

- Business combinations completed prior to 1 April 2006 have not been restated under IFRS 3 'Business combinations';
- Aside from freehold buildings, the opening fair values of fixed assets have been deemed to be their accounting values as at 1 April 2006, after reviewing for impairment as appropriate. Deemed cost for freehold buildings is their open market value for existing use.

### **(c) Going concern**

The Directors have prepared these accounts on the going concern basis as they consider the Group to have the necessary cash resources to meet its liabilities as and when they fall due. They are confident that the trading performance will improve.

### **(d) Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 March (30 September for interim accounts) each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The trading results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All intra-group transactions, balances, income and expenditure are eliminated on consolidation.

### **(e) Property, plant and equipment**

Property, plant and equipment are stated at cost less any subsequent accumulated depreciation or impairment losses. With the exception of freehold buildings held at 1 April 2006 (the date of transition to IFRS), cost represents purchase price together with any incidental costs to acquisition. As permitted by IFRS 1, the cost of freehold buildings at 1 April 2006 represents deemed cost, being the market value of the property for existing use at that date.

## Notes to the financial information (unaudited)

*continued*

Depreciation is provided on all property, plant and equipment, other than freehold land, at rates calculated to write each asset down to its estimated residual value over its expected useful life, as follows:

Buildings	2%	straight line
Furniture, fixtures and equipment	25%	reducing balance
Computer equipment	33%	straight line

Assets held under finance leases or hire purchase arrangements are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant agreement.

The assets' residual values and useful lives are reviewed at each balance sheet date and adjusted if appropriate.

### **(f) Goodwill**

Goodwill arising on consolidation is recorded as an intangible asset and is the surplus of the cost of acquisition over the Group's interest in the fair value of identifiable net assets acquired. Goodwill is reviewed annually for impairment. Any impairment identified as a result of the review is charged in the income statement. Negative goodwill is written off in the year in which it arises.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

### **(g) Intangible assets other than goodwill**

An intangible asset, which is an identifiable non-monetary asset without physical substance, is recognised to the extent that it is probable that the expected future economic benefits attributable to the asset will flow to the Group and that its cost can be measured reliably. Such intangible assets are carried at cost less amortisation. Amortisation is charged on a straight line basis over the intangible assets' useful economic life (1-10 years).

## Notes to the financial information (unaudited)

*continued*

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Development expenditure is capitalised as an intangible asset only if the following conditions are met:

- an asset is created that can be identified;
- it meets the company's criteria for technical feasibility;
- it is probable that the asset created will generate future economic benefit;
- the development cost of the asset can be measured reliably; and
- sufficient resources are available to complete the development to either sell or use as an asset.

Development expenditure thus capitalised is amortised on a straight-line basis over its useful life. Where the criteria are not met, development expenditure is recognised as an expense in the income statement.

### **(h) Leased assets**

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have been transferred to the Group, are capitalised in the balance sheet and depreciated over the shorter of the lease term or their useful lives. The asset is recorded at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease. The capital elements of future obligations under finance leases are included in liabilities in the balance sheet and analysed between current and non-current amounts. The interest elements of future obligations under finance leases are charged to the income statement over the periods of the leases and represent a constant proportion of the balance of capital repayments outstanding in accordance with the effective interest rate method.

## Notes to the financial information (unaudited)

*continued*

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. The cost of operating leases (net of any incentives received from the lessor) is charged to the income statement on a straight line basis over the periods of the leases.

### **(i) Impairment of long-term assets**

When the recoverable amount of an asset, being the higher of its net selling price and its value in use, is less than its carrying amount, then the carrying amount is reduced to its recoverable value. This reduction is reported in the income statement as an impairment loss. Value in use is calculated using estimated cash flows. These are discounted using an appropriate long-term pre-tax interest rate. When an impairment arises, the useful life of the asset in question is reviewed and, if necessary, the future depreciation/amortisation charge is accelerated.

### **(j) Taxes**

Income taxes include all taxes based upon the taxable profits of the company. Other taxes not based on income, such as property and capital taxes, are included within operating expenses or financial expenses according to their nature.

Deferred income tax is provided, using the liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts, in the financial statements. Deferred income tax assets relating to the carry-forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Current and deferred income tax assets and liabilities are offset when the income taxes are levied by the same taxation authority and when there is a legally enforceable right to offset them.

## Notes to the financial information (unaudited)

*continued*

### **(k) Financial instruments**

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

#### *Trade receivables*

Trade receivables do not carry any interest and are initially recognised at fair value and subsequently at amortised cost using the effective interest method less any provision for impairment.

#### *Cash and cash equivalents*

Cash and cash equivalents as stated in the cashflow statement include the Group's cash balances and overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

#### *Financial liabilities and equity*

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

#### *Bank borrowings*

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

#### *Trade payables*

Trade payables are not interest bearing and are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

## Notes to the financial information (unaudited)

continued

### 3. (Loss) earnings per ordinary share

	<b>Six months to 30 September 2007 £'000</b>	Six months to 30 September 2006 (restated) £'000	Year Ended 31 March 2007 (restated) £'000
(Loss) profit after taxation	<u><b>(465)</b></u>	<u>120</u>	<u>109</u>

Weighted average number of ordinary shares in issue

	<b>No. £'000</b>	No. £'000	No. £'000
Basic	<b>11,472</b>	11,026	11,175

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

## Notes to the financial information (unaudited)

continued

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

	<b>Six months to 30 September 2007 £'000</b>	Six months to 30 September 2006 (restated) £'000	Year Ended 31 March 2007 (restated) £'000
<b>Net (loss) profit before taxation</b>	<b>(465)</b>	145	91
Adjustments for:			
Depreciation	<b>36</b>	28	55
Bank and other interest charges	<b>33</b>	10	24
Amortisation of intangible assets	<b>66</b>	-	115
Negative goodwill written off	-	(14)	(14)
Share based payment expense	<b>7</b>	30	21
<b>Net (loss) profit before changes in working capital</b>	<b>(323)</b>	199	292
Decrease (increase) in inventories	<b>35</b>	(32)	107
Decrease (increase) in trade and other receivables	<b>736</b>	(185)	(159)
(Decrease) increase in trade and other payables	<b>(122)</b>	439	166
<b>Cash generated from operations</b>	<b>326</b>	421	406
Interest paid	<b>(40)</b>	(17)	(39)
Interest received	<b>7</b>	7	15
Income taxes received	-	-	43
<b>Net cash from operating activities</b>	<b>293</b>	411	425

## Notes to the financial information (unaudited)

continued

5. On 7 August 2007 the Company acquired the entire issued share capital of PJSoft s.r.o. The consideration was €385,000 in cash paid to the vendors on 7 August 2007, €150,000 in cash to be paid on 7 August 2008, 340,136 Ordinary shares to be allotted to and issued to the vendors on 7 August 2008 and 453,516 Ordinary shares to be allotted and issued to the vendors on 7 August 2009. The Ordinary shares have been valued using the Trakm8 mid market closing share price of 31.0p on 7 August 2007. The transaction has been accounted for by the purchase method of accounting as detailed by IFRS 3 (Business Combinations).

The following assets and liabilities were acquired at the date of acquisition:

	Book Value as at August 2007 (unaudited) £'000	Fair value as at August 2007 (unaudited) £'000
Intangible assets	-	633
Property, plant & equipment	6	6
Inventories	3	3
Trade and other receivables	21	21
Cash and cash equivalents	5	5
Trade and other payables	(4)	(4)
	<hr/>	<hr/>
	31	664
Goodwill		-
Total consideration		<hr/>
		664
Satisfied by:		
Cash		259
Deferred cash		94
Costs of acquisition		65
Fair value of shares to be issued		246
		<hr/>
		664
		<hr/>

## Notes to the financial information (unaudited)

*continued*

6. The report containing the unaudited Interim Report is to be sent direct to shareholders. Copies of the report are available to the public 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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#### **Financial Public Relations**

Tavistock Communications

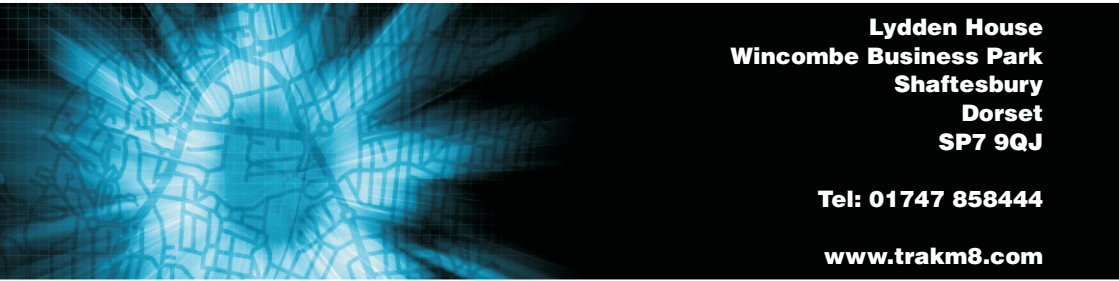
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# trakm8



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