

RNS Number:2732R  
Trakm8 Holdings PLC  
01 April 2008

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TrakM8

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

Trading Update

Trakm8, (AIM: TRAK), one of the UK's leading telematics technology and service providers to the global vehicle tracking and security markets, announces an update to trading prior to entering its close period before publication of the results for the year ended 31 March 2008.

The markets in which the Group operates have proved challenging in the second half with strong competition emerging across the product range. This has been compounded by a strengthening of the Euro in the second half year which has pushed the Group's cost of hardware up correspondingly. This latter change, together with the weakening of the US Dollar, has substantially reduced the Group's competitiveness in Dollar denominated countries (principally the United States of America ("US")).

Concurrent to this the Group was notified by its major US customer that it was ceasing to take our product for competitive reasons which resulted in the Group losing significant but low margin hardware sales in the US. The Group however perceives certain parts of the US to be an attractive market for direct telematics product sales and expects to commence operations in this market in the near future.

Despite the factors noted above the Group has continued to see margin improvement in all product areas as high margin service related revenues increase as a percentage of total sales. The Directors believe that this margin trend will continue as the development cost benefits flow through from the acquisition of PJSoft, the Group's Prague based software house. In addition the partnership with Tyco is starting to bear fruit with over one thousand new T6 hardware units now sold. The T6 has a lower cost of manufacture and will allow for improved hardware related sales margins and continue the Groups ability to compete on price. Whilst sales and pre exceptional profitability have been behind management's expectations for the second half of the year the Group is however expected to make lower pre exceptional losses than experienced in the first half due to the gross margin improvement and continued efforts to contain costs.

This highly competitive landscape has also affected sales of the Trakm8 SWIFT(R) product where the sales process has extended and product price has emerged as the primary purchasing decider. To counter this competitive threat and to diversify the Groups revenue generating capability the Group will shortly announce an expansion of Trakm8

SWIFT(R) aimed at increasing revenues from this source in the half year commencing April 2008.

The Group remains committed to increasing sales and generating profitable revenue streams at all levels and to this end this has refocused the sales and technology elements of the business. The Directors remain confident that the increased competitiveness offered by the T6 together with an encouraging immediate order pipeline put Trakm8 in a good position to enter the next financial year. The Company is also due to benefit from the Government funding awarded to Trakm8 as announced on the 14 December 2006 and 11 March 2008.

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About Trakm8

Trakm8, based in Shaftesbury, Dorset is the leading technology provider, designer and developer of GPRS based hardware and software to the vehicle tracking and security market. The Company distributes its hardware and software worldwide through a network of distributors. In addition the Company provides ASP vehicle monitoring and tracking services direct to the B2B market. Trakm8's products allow vehicles and drivers to be monitored, allowing organisations to manage deliveries and services, or track stolen vehicles down to 5 metres.

This information is provided by RNS  
The company news service from the London Stock Exchange

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