

Trakm8 Holdings PLC - Interim Results

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TRAKM8 HOLDINGS PLC

('Trakm8' or 'the Group')

Interim Results

For the 6 Months to 30 September 2005

Trakm8, a designer and developer of licensed GPRS based hardware and software for the vehicle placement and security market, is pleased to announce its maiden interim results for the period ended 30 September 2005.

Highlights

- * Revenue increased 125% to £2.46m (H1 2004: £1.09m)
- * Profit before tax of £153,000 (H1 2004: loss £125,000)
- * Two subsidiaries of FTSE 100 companies as distribution partners coming on line
- * Pace of global growth currently outstripping strong UK growth
- * Launched three new products
- * Admission to AIM in November
- * Reporting profitability for first time

The Group supplies its GPRS ('General Packet Radio Service') based GPS vehicle placement hardware, enabling software and information management platforms for the end user through selected distribution partners, including directly to two subsidiaries of FTSE 100 companies.

The Directors believe the Group has an innovative business model. Instead of being a fully integrated developer, manufacturer, distributor and maintainer of its equipment, Trakm8 focuses on the key activity areas it believes make its products attractive to the end users, and where it believes the financial returns are greatest - these being the development of the control software inside the electronic boxes and the software used to track the vehicles.

The Directors also believe that Trakm8's hardware and software products provide advantages over alternative products in the market, both in terms of specifications and data management functionality.

Cary Knapton, CEO of Trakm8 commented, 'We are delighted to report profitability in our maiden results as a listed company. It has been a momentous year for Trakm8, culminating in a successful flotation on AIM in November.'

'Our unique mix of hardware and software products enables us to supply into a variety of potential markets within a fragmented industry. In addition to our established markets, a number of additional industry trends are emerging from which we believe the Group is well positioned to benefit, including pay-as-you-drive insurance, personal security and road tolling. We believe that our differentiated business model allows us to occupy an important gap in the vehicle placement industry and we view the future prospects of the Group with some confidence.'

TRAKM8 HOLDINGS PLC
('Trakm8' or 'the Group')

Interim Results

For the 6 Months to 30 September 2005

Chairman's Statement

It is with great pleasure that I report the Trakm8 Holdings PLC interim results in a significant year that has seen us achieve admission to AIM, successfully launch three new products and report profitability for the first time.

The Group designs and develops licensed Internet based GPS hardware and software for the vehicle placement and security market. We firmly believe that our innovative business model of focusing solely on the key activity areas within our industry will set us apart from others in the market.

As explained fully in note 6 (Post Balance Sheet Events), since the balance sheet date Trakm8 Holdings PLC has been formed and has acquired the entire issued share capital of Trakm8 Limited in a share for share exchange. The purpose of the formation of the holding company was to effect the Admission of the Group onto AIM, which was successfully achieved in November 2005. It is expected that the Admission to AIM will enhance the visibility and profile of the Group and open new opportunities for growth. As part of the Admission to AIM the Group raised £0.86m which we expect will provide a solid base from which to launch future growth strategies.

As the holding company was put in place after the balance sheet date, the interim financial information presented below is purely in respect of Trakm8 Limited and does not reflect the transactions, activities or balances of the parent company. Trakm8 Holdings PLC will produce its first statutory accounts for the period ending 31 March 2006 that will incorporate the results of Trakm8 Holdings PLC and Trakm8 Limited. The Directors expect to adopt the principles of merger accounting in the preparation of the accounts of the Group for the period ending 31 March 2006.

The Board believes that the outlook for the Group is excellent. We consider that our differentiated offering combined with the roll out of further services offers our clients the functionality and flexibility they require. The Board remains focused on enhancing service support in order to actively drive growth and take the business forward.

Finally, on behalf of my Board, I would like to thank all the staff for their hard work and dedication to the Group during the last few years. I would also like to thank our shareholders for their continued support of Trakm8's development.

RICHARD WHITE
CHAIRMAN

Chief Executive Officer's Review

Financial Review

Turnover for the six months ended 30 September 2005 was £2.46 million (30 September 2004: £1.09 million). Gross margin improved to 32.2% (2004: 28.0%) and with operating expenses of £0.64 million (2004: £0.43 million) the Group is pleased to announce a net profit after taxation for the period of £0.10 million (2004: loss of £0.11 million).

Net cash outflow for the period was £0.16 million (2004: £0.34 million). The Directors believe that taking into account the listing on AIM, which generated £0.86 million cash before expenses, following the end of this financial period and the expected revenues from operations, that the Group has adequate financial resources.

The Directors have not declared an interim dividend.

Operational Review

The Group has seen revenue grow in 2005 in part due to the transition in the vehicle placement market. There has been a recognised increase in both public awareness and acceptance of the new technology available. Organisations are now seeing the benefits of vehicle placement technology to their operations enabling them to become more competitive and achieve incremental cost savings.

Trakm8's products are now being used in the UK as well as across Europe and the Americas. In the UK, the Group operates through its distributors, including two vehicle placement subsidiaries of FTSE 100 companies. In other territories, especially the Americas, operations have shown significant growth in the period. The business model has proven successful with the use of Value Added Resellers (VARs) saving the Group unnecessary set up costs and marketing expenses.

Trakm8's route to market is through service providers that typically focus on particular markets with their own tailored propositions and combinations of functionality.

This approach has allowed Trakm8 to benefit from the distributors' innovation and marketing skills to capture market share in a variety of segments in a fragmented market.

The Group has seen the nature of these distributors evolve from specialist vehicle placement companies to major trusted brands including vehicle placement subsidiaries of two FTSE 100 companies.

The Group's philosophy from an early stage has been that customer service is paramount and it has dedicated itself to this aim over the past two years. This has resulted in the Group being recognised as a leading vehicle placement enabler for providing support to its customers and in developing leading edge sector technology.

Whilst Trakm8's hardware sales currently provide the majority of the Group's revenue the Board believes that within two years that its higher margin software offerings, which will include maintenance charges, will account for a significant increased proportion of revenues.

The modular nature of Trakm8's software architecture means that the Group can manage its operations via its two UK based server sites; one in London and the second in Manchester. This provides the Group with flexible, cost effective capacity that can be scaled up as and when required. This strategy has meant the Group has avoided incurring large amounts of capital expenditure whilst ensuring it efficiently utilises the space available on the servers.

In the period the Group's products have sold well, with its primary offering, the T2002, a Thatcham Category 5 tracking, security and safety device, selling over 21,000 units since its launch in 2003.

Launched in May 2005, the T4 is an onward development of the T2002 and it provides higher sensitivity GPS, which allows greater installation flexibility. Also launched in the reporting period was the trakm8™ Solo, a 'plug and play' solution targeted at the previously unaddressed volume market. It is aimed at very large fleets looking for core fleet tracking at a good price but is equally positioned as an innovative value proposition for the smaller fleet. It provides fleet management and vehicle usage profiling, with an integrated hands free cellular phone kit, whilst journey report data is delivered to customers simply via e-mail.

The T2002 and T4 can both accommodate Radio Frequency IDentity (RFID) tags that allow the location of a driver or an asset to be associated with the vehicle for use respectively in timesheets or logistics applications.

In combination with the introduction of the T2002, the Group developed a communication software platform known as STREAM.

STREAM is scaleable platform for delivering vehicle and asset information, with multiple business-to-business interfaces and a fully featured Web based front

end. This enables a business or fleet manager to monitor the position, condition and usage of his vehicles remotely, via the Internet.

STREAM is designed to readily integrate with existing business logic and business processes. This can dramatically reduce the time to implement an enterprise scale solution. STREAM is offered as either a fully managed, hosted, application or as a licensed stand-alone solution.

The STREAM software platform allows the Group to increase the value of each unit sold by combining one or more elements of the portfolio. At the same time this ensures that product adoption barriers are easily overcome by reducing the work required to get the hardware working.

Outlook

The Group has identified developments in government legislation for the transport industries as a potential source of revenue, including road tolling and health and safety within the fleet and haulage industries.

One of the specific applications for the Group's technology that the Board believes has great potential, is the pay-as-you-drive insurance market. Trakm8's products will be able to provide greater resolution for the companies looking to roll-out this new insurance option and it expects that this is to become a material source of revenue within two years.

Excitingly, Trakm8's technology facilitates access to vehicle information and statistics for use by organisations including local councils and central government for increased operational efficiencies. The Board believes that this will ultimately enable Trakm8 to become one of the leading content aggregators in the sector.

The Group is also in the advanced stages of launching its global tool-kit, which will enable Trakm8 customers to closely monitor the placement and status of their products and fleets on a real time basis wherever they are in the world. The tool-kit, which will combine Trakm8's hardware with a new modular software application, will enable diversified fleets to be efficiently managed across different time zones and in different languages.

The vehicle placement industry is seeing exciting developments and businesses are reaping the benefits of this efficiency driven technology. I am delighted to report that Trakm8 has a strong order book moving into 2006 and remains well placed to capitalise on the opportunities presenting themselves in the market place.

The Group anticipates significant growth in the vehicle placement market, driven by potential fleet management benefits, PAYG insurance, congestion charging, road tolling, green taxes, CAT5 vehicle theft recovery, navigation and employer duty of care. Trakm8 firmly believes in the convergence of these applications onto a single unit and, due to its integrated platform approach and scaleable server facilities, is ideally placed to capture an increased market share of the broadening vehicle placement market.

The Board looks forward to the second half of the year with enthusiasm and optimism and is confident it will continue to successfully deliver its products to the market.

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Profit & loss account of Trakm8 Limited
 For the period ended 30 September 2005

	Note	6 months 30 September 2005 (unaudited) £000's	6 months 30 September 2004 (unaudited) £000's	Year ended 31 March 2005 (audited) £000's
TURNOVER		2,460	1,093	2,952
Cost of Sales		(1,668)	(787)	(1,992)
Gross Profit		792	306	960
Operating Expenses		(639)	(431)	(1,096)
OPERATING PROFIT (LOSS)		153	(125)	(136)
Interest receivable		0	1	2
		153	(124)	(134)
Interest payable		(24)	(11)	(25)
PROFIT (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		129	(135)	(159)
Taxation	3	(25)	26	26
PROFIT (LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		104	(109)	(133)
Dividends		0	0	0
RETAINED PROFIT (LOSS) FOR THE PERIOD		104	(109)	(133)
Basic & diluted earnings per share	2	-	-	-

Balance Sheet of Trakm8 Limited
 As at 30 September 2005

Note	As at 30 September	As at 30 September	As at 31 March
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	2005 (unaudited) £000's	2004 (unaudited) £000's	2005 (audited) £000's
FIXED ASSETS			
Tangible Assets	389	381	387
	-----	-----	-----
CURRENT ASSETS			
Stocks	339	304	143
Debtors	1,062	342	866
Cash at bank and in hand	112	26	117
	-----	-----	-----
	1,513	672	1,126
CREDITORS: Amounts falling due within one year	(991)	(548)	(701)
NET CURRENT ASSETS	522	124	425
TOTAL ASSETS LESS CURRENT LIABILITIES	911	505	812
CREDITORS: Amounts falling due after more than one year	(441)	(266)	(446)
	-----	-----	-----
NET ASSETS	470	239	366
	=====	=====	=====
CAPTIAL & RESERVES			
Called up Share Capital	13	12	13
Share Premium Account	598	449	598
Profit & Loss account	(141)	(222)	(245)
	-----	-----	-----
SHAREHOLDERS FUNDS	470	239	366
	=====	=====	=====

Cash flow statement of Trakm8 Limited
For the period ended 30 September 2005

	Note	six months to 30 September 2005 (unaudited) £000's	six months to 30 September 2004 (unaudited) £000's	Year ended 31 March 2005 (audited) £000's
Cash flow from operating activities	4	(124)	(311)	(424)
Returns on investments and servicing of finance				
Interest received		0	1	2
Interest paid		(24)	(11)	(25)
		-----	-----	-----
Net cash outflow from returns on investments and servicing of				

finance	(24)	(10)	(23)
	=====	=====	=====
Taxation	0	0	0
	-----	-----	-----
Capital expenditure & financial investment			
Purchase of tangible fixed assets	(9)	(11)	(27)
	-----	-----	-----
Net cash outflow from capital expenditure & financial investment	(9)	(11)	(27)
	-----	-----	-----
Equity Dividends paid	0	0	(9)
	-----	-----	-----
Cash outflow before financing	(157)	(332)	(482)
	=====	=====	=====
Financing			
Proceeds from the issue of New Ordinary Shares	0	0	150
Repayment of Bank Loans	(5)	(5)	(8)
New Unsecured Loan	0	0	185
	-----	-----	-----
	(5)	(5)	327
	-----	-----	-----
(Decrease) in cash in period	(162)	(337)	(155)
	=====	=====	=====

Notes to the financial information

1. Basis of Preparation

The interim financial statements comprise the unaudited results for the six months to 30 September 2005 and for the six months to 30 September 2004; and the audited financial statements for the year to 31 March 2005. The interim financial statements have been prepared on a consistent basis and using the accounting policies set out in the accounts for the year ended 31 March 2005 as amended to incorporate the adoption of FRS 21 'Events after the balance sheet date'.

The interim results are unaudited and do not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985.

Statutory financial statements for the Company for the year to 31 March 2005, prepared on the basis of the accounting policies set out in those accounts, were reported on by the auditors without qualification or statement under section 237 (2) or (3) of the Companies Act 1985 and have been delivered to the Registrar of Companies. Comparative information for the year ended 31 March 2005 shown in this report has been extracted from those accounts.

2. Basic and diluted earnings per share

As noted elsewhere in this interim report the financial information is in respect of Trakm8 Limited and not Trakm8 Holdings PLC and as such the company is not required to provide earnings/(loss) per share information. In addition the earnings/(loss) per share information will be calculated by reference to the results and weighted average number of shares in issue in the parent company (Trakm8 Holdings PLC) and not the company. Accordingly Earnings/(loss) per share information has not been provided for the company.

As noted in note 6; 10,112,000 £0.01 ordinary shares were issued by Trakm8 Holdings PLC in a share for share exchange to acquire the entire issued share capital of the company. If this number of shares had been in issue throughout the period covered by the interim financial information, the earnings/(loss) per share would have been

Six months ended 30 September 2005: £0.01
 Six months ended 30 September 2004: (£0.01)
 Year ended 31 March 2005: (£0.01)

Diluted earnings/(loss) per share numbers have not been calculated as there are no dilutive shares in the company and will be calculated for Trakm8 Holdings PLC in their accounts for the year ending 31 March 2006.

3. Taxation

Taxation charged for the six months to September 2005 is calculated by applying the directors' best estimate of the annual tax rate to the profit for the period.'

4. Reconciliation of operating profit/(loss) to net cash inflow from operating activities

	Six months to 30 September 2005 (unaudited) £000's	Six months to 30 September 2004 (unaudited) £000's	Year ended 31 March 2005 (unaudited) £000's
Operating profit (loss)	153	(125)	(136)
Depreciation	7	5	11
Amortisation	0	0	0
(Profit)/loss on sale of fixed assets	0	0	(1)
Decrease/(increase) in stocks	(196)	(299)	(138)
Decrease/(increase) in debtors	(221)	49	(488)
Increase/(decrease) in creditors	133	59	323
	-----	-----	-----
Net cash flow from operating activities	(124)	(311)	(429)
	=====	=====	=====

5. Net Debt as at 30 September 2005

	At 1 April 2005 ('000s)	Cash flow ('000s)	Other non - cash Changes ('000s)	At 30 September 2005 ('000s)
Cash at bank	117	(5)	0	112
Overdrafts	0	(157)	0	(157)
	-----	-----	-----	-----
	117	(162)	0	(45)

Hire purchase	0	0	0	0
Debts falling due within 1 yr	(10)	5	(5)	(56)
Debts falling due after 1 yr	(445)	0	5	(441)
	-----	-----	-----	-----
	(339)	(157)	0	(497)
	=====	=====	=====	=====

6. Post Balance Sheet Events

Trakm8 Holdings PLC was incorporated on 13 May 2005 with an authorised share capital of £2,000,000 divided into 200,000,000 Ordinary Shares of £0.01 each, of which 2 were issued, nil paid, to the subscribers to the Memorandum of Association.

On 4 November 2005 the 2 issued and nil paid Ordinary shares were deemed fully paid up and a further 10,111,998 Ordinary shares were issued credited as fully paid in exchange for the transfer to Trakm8 Holdings PLC of the entire issued share capital of Trakm8 Limited pursuant to the terms of a share exchange agreement.

On 23 November 2005 11,026,000 Ordinary Shares, consisting of 10,112,000 Ordinary Shares in consideration for the entire issued share capital of Trakm8 Limited and a further 914,000 Ordinary Shares ranking pari-pasu, were allotted, at a Subscription Price of £1 per Ordinary Share, conditional upon admission to AIM.

Admission to AIM was successfully completed on 29 November 2005 whereupon the allotment of Ordinary Shares was completed.

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