Regulatory Announcement

RNS Number:2363E
Trakm8 Holdings PLC
21 September 2007

TrakM8

21 September 2007
Embargoed until 7am

TRAKM8 HOLDINGS PLC
("Trakm8" or "the Company")

Preliminary Results

Trakm8 today announces its preliminary results for the year ended 31 March 2007.

Highlights

* 22.2% increase in turnover
* Increase in gross profit from 35.7% to 38.1%
* Operating profit decreased due to Trakm8 SWIFT(R) launch costs, the restructuring of Interactive Projects post acquisition and certain ongoing operational cost increases
* Completion of acquisition of Interactive Projects Limited
* Launch of Trakm8 SWIFT(R)
* Successful placing of £0.5m

	Year ended 31st March 2007	Year ended 31st March 2006(restated)
)	£000's	£000's
Turnover	6,370	5,213
Gross Profit	2,430	1,863
Gross Profit %	38.1%	35.7%
Operating Profit	102	232
Operating Profit %	1.6%	4.5%
Profit on ordinary activities before taxation	78	211
Cash at bank and in hand	709	402
Net Assets	1,426	985

Commenting on the results, Cary Knapton, CEO of Trakm8 said:
"Our strategic transition to a fully integrated Telematics Service Provider ("TSP") will take time to achieve. During this transition period we aim to increase cash generation through service revenues and we are already seeing success on this area.

"We continue to identify exciting technology developments in the telematics arena. These form the core of our product strategy and will enable the delivery of price competitive enhanced products and services in the coming year. The Directors believe strongly that protection and expansion of our Intellectual Property (IP) has helped mitigate against current competitive risks."

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Copies of the full report will be available either from the Company's offices or
as a download from the Company's website from Friday 28 September 2007.

Chairman's Statement

Overview

It is with pleasure that I report the Trakm8 Holdings PLC results for the year ended 31st March 2007 in my first report as Chairman of the Group.

In the last 12 months the Group has embarked on a strategy to strengthen and grow shareholder value by transitioning our business from pure telematics hardware design and manufacture to integrated telematics service provision. This strategy commenced with the acquisition of Interactive Projects Limited (IPL) in a cash and shares deal which completed on 26th May 2006. The acquisition of IPL, a telematics research and development house, was designed to secure a significant proportion of the Group's core Intellectual Property Rights (IPR) and allow the onward development of our product portfolio into the service arena.

The strategy has continued with the market testing and launch of Trakm8 SWIFT(R), the Group's first venture as a Telematics Service Provider (TSP). Trakm8 SWIFT R) sales were initially lower than expected however I am pleased to report that sales are now growing with strong interest emerging from larger fleet buyers.

Research and development of new products and services remains a core activity. It was this area of activity that in the past year enabled the Group to secure a valuable sales-led partnership with Motorola. The Group has also commenced the design of the next generation telematics platform, the hardware design of this new platform being shared with leading industry partners. This latter step represents a key point in the Group's transition strategy.

Results

Turnover in the period increased 22.2% to £6.37 million (2006: £5.21 million) generating a profit before tax of £78,185 (2006: £211,414). Operating profit decreased due to Trakm8 SWIFT(R) launch costs, the restructuring of Interactive Projects post acquisition and certain ongoing operational cost increases.

Operations

The Group's core activity over the last year has been the sales of its proprietary Global Positioning System (GPS) hardware and software for the vehicle telematics market. During the period our hardware sales volumes grew significantly and we continued to supply our products to partners around the globe. We have however experienced increased competition and subsequent product price pressure and expect this to continue in the foreseeable future. However the Company is currently developing its next generation platform product, expected to be launched in the second half of this financial year, in conjunction with a blue chip supplier. This new platform will supersede existing products and will offer improved functionality at a more competitive price. We are confident that this development will enable us to continue to remain competitive in our sector whilst providing a degree of gross margin protection.

In addition, the Group commenced delivery of Trakm8 SWIFT(R); our first integrated telematics service offering. Trakm8 SWIFT(R) is marketed as a packaged hardware/service product with customers purchasing the hardware unit and paying an annual license fee for the service and associated support. The hardware revenue is recognised at the time of sale whilst the higher margin service fees are recognised on a monthly basis. Although Trakm8 SWIFT(R) sales have grown at a slower pace than planned, the Directors firmly believe that this evolutionary change to our business model will deliver encouraging sales in the coming year.

During the latter half of the year the Group became concerned by certain performance related issues which we experienced with a single externally sourced component of one of our hardware products. This issue affected a small number of installed units and was reported in our trading update announcement on 2 April 2007. I am pleased to report that this issue has now been rectified and a financial remedy has been agreed with the supplier. Nevertheless this has no doubt impacted our brand reputation and we have been working with customers to restore any lost confidence.

Outlook

Trakm8 has had another good year, although it has been dampened somewhat by the impact of the external component issue, which reached further than the small number of directly affected installed units. As noted above, the industry has become increasingly competitive and the

Board envisages that this will continue. The Trakm8 SWIFT(R) service revenue model also results in a lag between sales and revenue. However our order pipeline is promising and we are confident that our next generation platform will help to insulate Trakm8 to a degree from envisaged price competition. The Group anticipates that its change in strategy to a fully integrated TSP will take time to deliver improved profitability.

We will continue to develop our business and will examine expansion by acquisition or other means. The Executive team remain committed to delivery of continued organic growth and I would like to close by thanking them for their commitment and dedication to the Group over the last year.

DAWSON BUCK
CHAIRMAN

Chief Executive Officer's Review

Introduction

Trakm8 has had another good year for growth with increases in both revenues and gross margins. However our operating profit was eroded by SWIFT(R) launch costs, the restructuring of Interactive Projects post acquisition and certain ongoing operational cost increases as detailed below.

The last year has seen the Group launch a new service based product; moving the Group into on-line service provision for the first time. This, together with the successful acquisition of IPL, has proved positive for the Group. The Group also achieved ISO 9000 status for our manufacturing and distribution operations and this was instrumental in several large business wins, notably cementing our emerging relationship with Motorola and other customers.

Overall therefore I can report that Trakm8 is in good shape to grow and to meet the challenges of the coming year.

Operational Review

Trakm8's products continue to be used around the globe and our distributors in the Americas, Asia Pacific and Africa are showing increasing growth. In our core market of the UK, where the Group operates through both distributors and other partnerships, there has been significant revenue growth in the period. Elsewhere the Group's international relationships have continued to mature.

Nevertheless, as noted in the Chairman's Statement and as shown in the financial summary below, the increasing competitiveness and credibility of our products was damaged when an externally sourced component in our hardware platforms was found to be faulty. Although the direct losses have been largely recovered from the supplier concerned the consequential brand impact will take some time to restore.

Notwithstanding this issue the Group made its initial entry as a full TSP during the second half of the year with the launch of Trakm8 SWIFT(R). Trakm8 SWIFT(R) extends the Group's products and software services into both small vehicle fleets and also into major fleet customers. The soft launch in calendar Q4 of 2006 enabled the Group to carefully assess these target markets and prove the offering operationally, prior to a more structured roll-out. The major fleet customer segment was not initially targeted but the product has proved to be attractive to this sector with a surprising level of interest emerging. Without doubt our presence at the Commercial Vehicle Show earlier this year raised the Group profile in this area considerably. The Group therefore looks to build on the Trakm8 SWIFT(R) proposition in the future and anticipates significant revenues accruing from this source in the next full year.

The Group continues to monitor the markets in which it operates and the placement of its products in these markets. This enables the Group to enhance existing offerings and to develop new products and services tailored to our customers needs.

Strategy

The Group remains fully committed to a strategic transition to a fully integrated Telematics Service Provider with service revenues providing an increased source of higher margin revenue in the future. Trakm8 SWIFT(R) will therefore continue to be developed to keep pace with the needs of our fast moving markets.

Non-core manufacturing activities remain entirely outsourced but core activities are either retained wholly in-house or, where a clear competitive advantage exists, are migrated to a joint venture model with trusted partners. As an example future platform hardware development is now partnered with leading industry players whilst the software development element is retained wholly in-house. At the same time the Group has internally restructured the management of day to day activities. This was noted at the half year and I am pleased to report that this change has been successful.

The Group has also conducted an efficiency review of its activities in the second half of the year. I am pleased to report that this exercise is now complete and cost savings have been achieved whilst maintaining a higher degreeof customer service.

Future product strategy will see several strands of hardware and services, not least of which will be an alignment of service and product offerings which will target both central and local government requirements. In this context the Group expects to move into strategic national and regional projects in collaboration with selected partners during the coming year.

The Group envisages that this change in strategy, coupled with a transition to fully integrated TSP will take time to deliver improved profitability.

Financial Review

Turnover for the year ended 31 March 2007 was £6.37m (2006: £5.21m), an increase of 22%. Gross profit increased to £2.43m (2006: £1.86m). Gross margins improved to 38.1% (2006: 35.7%), a 2.4% improvement. Despite increased administrative expenses of £2.33m (2006: £1.63m), the Group is pleased to announce a profit on ordinary activities before taxation for the period of £0.08m (2006: £0.21m).

The Group's administration costs increased in the year due to one-off operational costs associated with the Trakm8 SWIFT(R) launch coupled with restructuring of IPL post acquisition. Ongoing costs also increased as a result of the first full year of listing on AIM and increased staff numbers as the Group expanded into service markets.

Net cash increased during the year by £0.20m to £0.43m. This increase is after £0.17m for the purchase of Interactive Projects Limited and the proceeds of the £0.5m convertible note issued in January 2007.

In accordance with the policy contained in the Admission Document dated 2005, the Board has not declared a dividend in respect of the year ended 31 March 2007.

Outlook

The Group's strategic transition to a fully integrated TSP provider will take time to achieve. In this transition period the Group aims to increase cash generation through service revenues, and this is being evidenced now. Following the transition period, the Directors firmly believe that the Group's high quality, predictable, revenue streams will increase, however the impact of revenue recognition in the short term will mean that the Group is in effect forgoing short term profitability in order to deliver its strategic ambitions.
As identified in the Chairman's statement our market place is becoming increasingly competitive, however we are confident that continued product development will, especially with the envisaged launch of our new hardware platform, help to ensure our products remain competitive whilst providing a degree of gross margin protection.

I am pleased to report that Trakm8 has an encouraging sales pipeline moving into the second half of the current financial year, including several large opportunities for Trakm8 SWIFT(R). The Group is working on a number of large bids in the home markets as well as overseas, some in partnership with major international customers and others in partnership with local and national governments.

The Group continues to identify exciting technology developments in the telematics arena. These form the centre point of the Group's product strategy and will enable the delivery of price competitive enhanced products and services in the coming year. The Directors believe strongly that protection and expansion of the Group's Intellectual Property (IP) has helped mitigate against current competitive risks.

The Group therefore looks forward to the future with enthusiasm and I am confident we will continue to successfully deliver our innovative products to the market. These factors, coupled with the increase in brand awareness afforded by our Trakm8 SWIFT(R) TSP offering, give the Directors considerable optimism for the future.

CARY KNAPTON
CHIEF EXECUTIVE OFFICER

CONSOLIDATED PROFIT AND LOSS ACCOUNT for the year ended 31st March 2007

	Notes	2007	2006 restated
		£	£
TURNOVER		6,370,007	5,212,847
Cost of sales		(3,940,105)	(3,349,363)
Gross profit		2,429,902	1,863,484
Administrative expenses		(2,327,468)	(1,631,920)
OPERATING PROFIT		102,434	231,564
Interest receivable		15,052	4,699
		117,486	236,263
Interest payable and similar charges		(39,301)	(24,849)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		78,185	211,414
Taxation		18,146	(43,506)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		96,331	167,908
EARNINGS PER ORDINARY SHARE (PENCE)			
Basic EPS		2	0.9
1.5			
Diluted EPS		2	0.8
1.5			

All results relate wholly to continuing activities.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 March 2007

	2007	2006
	£	£
Profit After Tax	96,331	175,250
Prior year adjustment	(7,342)	-
Total recognised gains and losses recognised		

since the last annual report	88,989	175,250

The prior year adjustment relates to FRS20 treatment of share based payments. See note 1.

CONSOLIDATED BALANCE SHEET
As at 31st March 2007

	Notes	2007	2006 restated
		£	£
FIXED ASSETS			
Intangible fixed assets		809,857	-
Tangible assets		446,143	393,110
		1,256,000	393,110
CURRENT ASSETS			
Stocks		332,522	398,306
Debtors		1,273,089	1,070,984
Cash at bank		708,588	402,454
		2,314,199	1,871,744
CREDITORS: Amounts falling due within one year		(1,306,259)	(1,026,765)
NET CURRENT ASSETS		1,007,940	844,979
TOTAL ASSETS LESS CURRENT LIABILITIES		2,263,940	1,238,089
CREDITORS: Amounts falling due after more than one year		(837,718)	(253,136)
NET ASSETS		1,426,222	984,953
CAPITAL AND RESERVES			
Called up share capital		114,724	110,260
Share premium		754,279	435,087
Merger Reserve		509,837	509,837
Share based payment reserve		28,624	7,342
Profit and loss account		18,758	(77,573)
SHAREHOLDERS' FUNDS		1,426,222	984,953

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31st March 2007

	Notes	2007	2006 restated
		£	£
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES		186,214	(264,490)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		15,052	4,699
Interest paid		(39,301)	(24,849)
NET CASH OUTFLOW FROM RETURNS ON INVESMENTS AND SERVICING OF FINANCE		(24,249)	(20,150)
TAXATION			
Research & Development Tax Credit		43,237	-
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Purchase of tangible fixed assets		(71,203)	(32,215)
Sale of assets		999	-
NET CASH INFLOW / (OUTFLOW) BEFORE TAXATION		134,998	(316,855)
ACQUISITION			
Purchase of Interative Projects Limited		170,742)	-
Net overdraft acquired		(18,733)	-
NET CASH OUTFLOW AFTER ACQUISITION		(54,477)	(316,855)
Proceeds from the issue of shares		-	914,000
Expenses paid in connection with share issue		-	(469,773)
Repayment of loans		(244,565)	(7,613)
Issue of Loan Stock		500,000	-
INCREASE IN CASH IN YEAR		200,958	119,759

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	Notes	2007	2006 restated
		£	£
Increase in cash in year		200,958	119,759
Cash outflow from loan repayments		244,565	7,613
		445,523	127,372
Loans and Finance leases acquired with subsidiary		(193,278)	-
Issue of Loan Stock		(500,000)	-
Movement in net debt in period		(247,755)	127,372
Opening net debt		(212,066)	(339,438)
CLOSING NET DEBT		(459,821)	(212,066)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st March 2007

1 ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The consolidated financial information comprises the financial information of Trakm8 Holdings PLC and all of its subsidiary undertakings for the year. The financial statements have been prepared under the historical cost convention in accordance with the applicable accounting standards. The consolidated financial statements merge the financial statements of Trakm8 Limited and Trakm8 Holdings Plc as if they had always so been owned. Accordingly, in those years when mergers take place, the whole of the results, assets, liabilities and shareholders' funds of the merged companies are consolidated, regardless of the actual merger date, and corresponding figures for previous years are re-stated.

Interactive Projects Limited ("IPL") was acquired by the Company on 26 May 2006 and has been consolidated using the acquisition method. The results are incorporated from the date that control passes. The difference between the cost of acquisition of shares in subsidiaries and the fair value of the separable net assets acquired is capitalised and written off on a straight line basis over its estimated economic life. Provision is made for impairment. All financial statements are made up to 31 March 2007.

CHANGE IN ACCOUNTING POLICY

During the year, the Group adopted FRS 20, 'Share based payment'. The adoption of FRS 20 is a change in accounting policy which results in a prior year adjustment. The effect on the comparative figures is the recognition of a share option reserve of £7,342 as at 31 March 2006. There is no change to the net assets of the Group at 31 March 2006.

The Group previously charged the intrinsic value of share options, (the difference between the market price of the shares at the grant date and the exercise price), to the profit and loss account over the performance period. Following the adoption of FRS 20, the fair value at grant date is expensed over the vesting period.

SHARE-BASED PAYMENTS

The Group has applied the requirements of FRS 20 Share-based Payments. In accordance with the transitional provisions, FRS 20 has been applied to all grants of equity instruments after 7 November 2002 that were unvested as of 1 January 2006. The note above explains the impact of this new policy.

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

The fair value is measured by use of the Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations. No expense is recognised for awards that do not ultimately vest.

2 EARNINGS PER ORDINARY SHARE

The earnings per ordinary share has been calculated using the profit for the year and the weighted average number of ordinary shares in issue during the year as follows:

	2007	2006 restated
Profit for the year after taxation	£96,331	£167,908
	No.	No.
Number of ordinary shares of 1p each	11,472,423	11,026,000
Number of ordinary shares of 1p each (diluted)	12,596,941	11,474,860
Basic weighted average number of ordinary shares of 1p each	11,175,215	11,026,000
Basic weighted average number of ordinary shares of 1p each (diluted)	11,760,871	11,155,435
Basic earnings (pence per share)	0.9p	1.5p
Diluted earnings (pence per share)	0.8p	1.5p

3 ACQUISITION OF INTERACTIVE PROJECTS LIMITED ("IPL")

On 26 May 2006 the Company acquired the entire issued share capital of IPL. The consideration was £100,000 in cash paid to the vendors on 26 May 2006 and 446,423 Ordinary shares were allotted and issued to the vendors on 29 November 2006 at a market price of 72.5 pence per share. The transaction has been accounted for by the acquisition method of accounting as detailed in FRS6 (Acquisitions and Mergers).

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

	Book Value as at May 2006	Fair Value as at May 2006

	£	£
Intangible Assets	200,000	600,000
Tangible Assets	37,860	37,860
Stocks	41,633	41,633
Debtors	43,140	43,140
Bank overdraft	(18,733)	(18,733)
Loan & trading balance with Trakm8	(48,101)	(48,101)
Trade Creditors	(46,410)	(46,410)
Other Creditors	(24,165)	(24,165)
Finance Leases	(25,123)	(25,123)
DTi Loans	(168,155)	(168,155)
	(8,054)	391,946
Goodwill		102,453
Total Consideration		494,399

Satisfied by:

Cash	100,000
Costs of acquisition	70,742
Fair value of shares issued	323,657
	494,399

The results of IPL have been consolidated in the Profit & Loss account for the Group for the ten months from the date of acquisition to 31st March 2007.

Intangible assets represent Intellectual Property owned by IPL. The Directors have reviewed the fair value of these assets and revalued them at the date of acquisition. The valuation has been based on the expected licence fee income to be received over the next 10 years.

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