

# Datatrak Holdings p.l.c. – Preliminary Statement of Operations

*For the Year ended 31 December 2006*

*(Published in terms of Article 8.7 of the MFSA Listing Authority Listing Rules)*

|  | <b>2006</b>  | <b>2005</b>  |
|--|--------------|--------------|
|  | <b>Lm</b>    | <b>Lm</b>    |
| <b><u>Consolidated condensed income statement</u></b>            |              |              |
| Revenue  | 1,398,133    | 1,408,042    |
|  | -----        | -----        |
| <b>Profit / (Loss) before tax</b>                                | 57,416       | (7,948)      |
| Tax income   | 50,440       | 11,335       |
|  | -----        | -----        |
| <b>Profit for the year</b>                                       | 107,856      | 3,387        |
|  | =====        | =====        |
| <b>Profit / (Loss) attributable to:</b>                          |              |              |
| Equity holders of the parent                                     | (75,152)     | (73,898)     |
| Minority Interest  | 183,008      | 77,285       |
|  | -----        | -----        |
| <b>Profit for the year</b>                                       | 107,856      | 3,387        |
|  | =====        | =====        |
| <b>Loss per share - basic</b>                                    | <b>(0c5)</b> | <b>(0c5)</b> |
|  | =====        | =====        |
| <b>Loss per share - diluted</b>                                  | <b>(0c5)</b> | <b>(0c3)</b> |
|  | =====        | =====        |
| <b><u>Consolidated condensed balance sheet</u></b>               |              |              |
| <b>Assets</b>  |              |              |
| Total non-current assets   | 3,178,239    | 4,123,325    |
| Total current assets   | 1,975,420    | 824,451      |
|  | -----        | -----        |
| <b>Total assets</b>  | 5,153,659    | 4,947,776    |
|  | -----        | -----        |
| <b>Equity</b>  |              |              |
| Issued capital   | 1,594,950    | 1,594,950    |
| Share premium  | 988,590      | 3,235,608    |
| Accumulated losses   | 528,546      | (1,644,017)  |
|  | -----        | -----        |
| <b>Total equity attributable to equity holders of the parent</b> | 3,112,086    | 3,186,541    |
| <b>Minority Interest</b>   | 240,084      | 110,352      |
|  | -----        | -----        |
| <b>Total Equity</b>  | 3,352,170    | 3,296,893    |
|  | -----        | -----        |
| <b>Liabilities</b>   |              |              |
| Total non-current liabilities                                    | 217,738      | 140,465      |
| Total current liabilities  | 1,583,751    | 1,510,418    |
|  | -----        | -----        |
| <b>Total liabilities</b>   | 1,801,489    | 1,650,883    |
|  | -----        | -----        |
| <b>Total equity and liabilities</b>                              | 5,153,659    | 4,947,776    |
|  | =====        | =====        |
| <b><u>Consolidated condensed cash flow statement</u></b>         |              |              |
| Net cash from operating activities                               | 96,469       | 196,511      |
| Net cash used in investing activities                            | (321,599)    | (254,523)    |
| Net cash from financing activities                               | 175,065      | 120,194      |
|  | -----        | -----        |
| Net increase in cash and cash equivalents                        | (50,065)     | 62,182       |
| Cash and cash equivalents at 1 January                           | (490,130)    | (552,312)    |
|  | -----        | -----        |
| <b>Cash and cash equivalents at 31 December</b>                  | (540,195)    | (490,130)    |
|  | =====        | =====        |

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## Attributable to Equity holders of the parent

|  | Share<br>capital | Share<br>premium | Accumulated<br>Losses | Total            | Minority<br>Interest | Total<br>equity  |
|--|------------------|------------------|-----------------------|------------------|----------------------|------------------|
|  | Lm               | Lm               | Lm                    | Lm               | Lm                   | Lm               |
| Balance at 1 January 2005  | 1,594,950        | 3,235,608        | (1,609,909)           | 3,220,649        | 7,576                | 3,228,225        |
| (Loss)/profit for the year   | -                | -                | (73,898)              | (73,898)         | 77,285               | 3,387            |
| Disposal of subsidiary undertakings  | -                | -                | 19,555                | 19,555           | 17,991               | 37,546           |
| Increase in share capital of subsidiary  | -                | -                | -                     | -                | 32,500               | 32,500           |
| Dividends paid by subsidiary   | -                | -                | -                     | -                | (25,000)             | (25,000)         |
| Equity settled transactions  | -                | -                | 20,235                | 20,235           | -                    | 20,235           |
| <b>Balance at 31 December 2005</b>   | <b>1,594,950</b> | <b>3,235,608</b> | <b>(1,644,017)</b>    | <b>3,186,541</b> | <b>110,352</b>       | <b>3,296,893</b> |
| Balance at 1 January 2006  | 1,594,950        | 3,235,608        | (1,644,017)           | 3,186,541        | 110,352              | 3,296,893        |
| (Loss)/profit for the year   | -                | -                | (75,152)              | (75,152)         | 183,008              | 107,856          |
| Capitalisation of share premium  | (2,247,018)      | (2,247,018)      | -                     | -                | -                    | -                |
| Reduction of share capital in terms of Article 83 (5) of the Companies Act, 1995 (note 20.2) | -                | -                | -                     | -                | -                    | -                |
| Dividends paid by subsidiary   | (2,247,018)      | -                | 2,247,018             | -                | (53,276)             | (53,276)         |
| Equity settled transactions  | -                | -                | 697                   | 697              | -                    | 697              |
| <b>Balance at 31 December 2006</b>   | <b>1,594,950</b> | <b>988,590</b>   | <b>528,546</b>        | <b>3,112,086</b> | <b>240,084</b>       | <b>3,352,170</b> |

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## Review of group performance

Overall performance for the Group was excellent. Revenue has marginally fallen by 1% (this was caused primarily by the disposal of subsidiaries that are no longer considered to be part of the group) while costs have decreased by 8%. This improvement occurred notwithstanding further restructuring costs of Lm58K.

## Other explanatory notes

The preliminary statement has been extracted from the Company's audited financial statements for the year ended 31 December 2006, which were approved by the board of directors on 24 April 2007.

The financial statements have been prepared and presented in accordance with the provisions of the Companies Act, 1995 enacted in Malta as limited below.

Article 4 of Regulation 1606/2002/EC ('the Regulation') requires that, for each financial year, companies that at balance sheet date have their securities trading on a regulated market of any EU Member State shall prepare consolidated financial statements in accordance with International Finance Reporting Standards as adopted by the EU.

The IAS Regulation prevails over the relevant provision of the Companies Act, 1995 to the extent that the said provisions are incompatible with the requirements of the Regulation.

The Group has reassessed the useful lives of its other intangible assets in accordance with the provisions of IAS 38 (revised 2004). No adjustment resulted from this reassessment.

The financial statements are presented in Maltese Liri and are prepared on the historical cost basis.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are disclosed in the notes to the financial statements.

Except as disclosed in the Statement of Compliance, the accounting policies set out below have been applied consistently to all periods presented in these financial statements.

On the basis of progress made by the Group, as disclosed in note 28 to the financial statements, the directors are of the opinion that profits and cash flows expected from the successful outcome of these projects are sufficient to meet present and future commitments and liabilities of the Company as these fall due. Accordingly, the going concern basis in the preparation of these financial statements is deemed appropriate.

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## **Current period events and events after balance sheet date (note 28)**

During 2006 Datatrak Mena Limited, a group company, has continued its negotiations with its Nigerian Partners on the supply and licence agreement for the provision of Networks in a number of regions. This has now reached its final stages. In particular a number of activities which are crucial in the progress towards the conclusion of the negotiations were completed. These achievements included, the granting of a frequency and operating licence for the area by the Ministry of Communications of Nigeria, and the granting of exclusivity to market a datatrak network in West, Central and East Africa by Siemens VDO Trading Limited. The company is in the process of reviewing alternatives in financing arrangements in relation to the project.

## **Extract from report of the independent auditors to the shareholders of the company**

In our opinion, the financial statements give a true and fair view of:

- the financial position of the group as at 31 December 2006, and of its financial performance and its cashflows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU; and
- the financial position of the Company as at 31 December 2006, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Also in our opinion, the financial statements have been properly prepared in accordance with the provisions of the Companies Act, 1995 enacted in Malta.

Without qualifying our opinion we draw attention to note 2.1 to the financial statements, which indicates that the appropriateness of the going concern basis is dependant on the successful outcome of the projects referred to in note 28 and to the basis of recognition and measurement of non-current assets in notes 13, 16 and 19 to the financial statements.

Issued by Datatrak Holdings p.l.c.