

COMPANY ANNOUNCEMENT

Datatrak Holdings plc (The "COMPANY")

Announces annual results for the period ended 30 June 2009

Date of Announcement	13 November 2009
Reference	DTK97/2009
Listing Rule	LR8

This is a company announcement being made by the Company in compliance with Chapter 8 of the Listing rules:

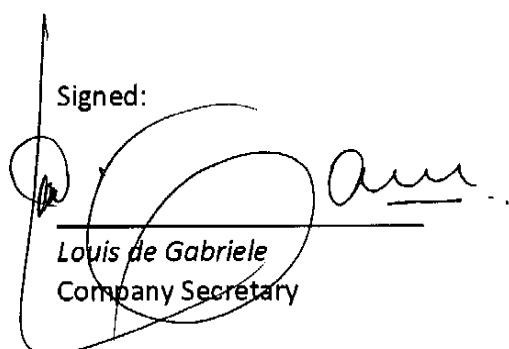
QUOTE

Approval of Annual Financial Statements

At a meeting of the directors of the Company the board of directors, on 12 November 2009, approved the financial statements of the Company for the financial period ended 30 June 2009. A copy of the Financial Statements is available for viewing on the Company's website and at the Company's registered office.

UNQUOTE

Signed:



Louis de Gabriele

Louis de Gabriele
Company Secretary

DATATRAK HOLDINGS P.L.C.

**Report
and
Financial Statements**

30 June 2009

DATATRAK HOLDINGS P.L.C.
Financial Statements for the period ended 30 June 2009

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CHAIRMAN'S STATEMENT

Dear Shareholder,

In my experience, the situation in which we find ourselves is unprecedented. The recent period will long be remembered as one of the most turbulent for world economy, since records began. No one can accurately forecast where and when the current situation will be resolved.

We are not immune to the effects of the current situation. No one is. Although we have posted a loss, our 2008/2009 results show an operating profit (EBITDA) of EUR386k. Datatrak is well placed to weather this crisis, and for our core operations it is business as usual. We have made sensible decisions in the past year, greatly reducing our exposure. Vitally during the past year we have continued to retain clients wherever we do business.

Board developments

Following the Group restructuring in 2007 the Datatrak Board has undergone significant change. Our thanks are due to Ms. Patricia Ransley, Mr. Joe Spiteri and Dr. Pascal Demajo who served the Board for long periods. Their advice and financial backing has been essential to the development of this Group and we owe them a huge debt. Chev. Maurice F Mizzi, another long standing Board member who helped shape the Group resigned in December 2008 following his retirement from a number of directorships and other activities/commitments.

I welcome Mr. George Gregory, Mr. Michael Soler and Mr. Lawrence Zammit as new members of the Board. Mr. Gregory is a partner in RSM Malta a firm of Certified Public Accountants which is a member of RSM International and has served on the Boards of Loqus Solutions Limited and Loqus Services Limited for some years. Mr. Soler is the Chairman and Chief Executive of the Daystar Group of Companies with interests in tourism and real estate. Mr. Soler is a non-Executive Director of the Gasan Group of Companies. Mr. Soler also served as Chairman of the Malta Development Corporation from 1987 to 1990 and Chairman of the National Tourism Organisation of Malta from 1992 to 1995. Mr. Zammit is one of the founding partners of MISCO and Chairman of the Grand Harbour Marina plc. Mr. Zammit has also served and continues to serve on the Boards of a number of companies and national organisations.

I would also like to take the opportunity to thank Chev. Anthony Demajo for accepting to take the role of chairman of the Audit Committee, our foremost corporate governance role.

The Prospects

The immediate priority for the Group is to bring the business to profitability through a combination of cost cutting, effective and efficient marketing and revenue enhancement. The company's cash is being actively managed to ensure that the Group can meet all its challenges and opportunities. Our aim for the future remains to issue dividends as the best way to provide value to you and I take the opportunity to restate this important target.

Finally I would like to close by thanking all our people, led by Mr. Joseph Fenech Conti and his management team, for their skill and commitment during what has indisputably been a difficult year for everyone.



Walter Bonnici
Group Chairman

12 November 2009

GROUP CHIEF EXECUTIVE'S REVIEW

Dear Shareholder,

During the last AGM, on the 7th August 2008, I outlined our vision to chart a stronger recovery based on a radical restructuring of the Group to give us new areas of growth and duplicate the past success of the solutions and services subsidiaries to bring the Group into profitability.

The Group implemented this growth plan in January 2008 and created new units and product lines, further invested in R&D and increased its workforce. We started to question our short-term plans when, by end of September 2008, the financial crisis spilt over from the banking sector and began to affect many of our customers. September 2008 to June 2009 has been the most challenging period that I have had to face in over twenty years of business. We encountered a difficult environment in all the countries that we were active in.

The management team under the supervision of the Board reacted quickly. An aggressive cost reduction program was put in place. Every marketing effort, product-line and R&D program was reviewed and tested for both viability and cash position. By December 2008 we activated a rescue plan designed to bring us back to profitability on a monthly basis. This resulted in a significant reduction of headcount and closure of non-performing activities. Simultaneously we applied a wage freeze. At this point I would like to thank all my present and past colleagues for being so collaborative and positive throughout this difficult period. I am happy to report that an acceptable solution was found for every person affected.

I am pleased to say that by executing this revision to our short-term business plan early and quickly we have minimised the downside of this crisis. July 2009 management accounts saw a return to profitability and cash generation based on our regular income streams. Significantly throughout this whole period we have managed to preserve our all-important research & product development programs. These, together with our constant search for new opportunities, underpin our future.

The reduced margins and the cost of reducing the size of our operation have impacted this year's results and we are short of our targets for 2008/2009. The events in 2008/2009 have certainly made it harder to achieve our medium term objectives but we remain 100% committed to giving you the positive results we anticipated.

Group operational performance

The overall performance of the Group for 2008/2009 saw turnover at EUR4.76 million for the last eighteen months (January 2008 to June 2009) compared to EUR2.95 million for the 12 months of 2007 giving a pro-rata growth in revenue of 7.6%. However it should be noted that EUR869k of the 2008/2009 revenue is due to new activities including hardware sales, Libya and Consulting. This means that comparable revenues over the 18 months have dropped pro-rata by 12%. A EUR501k drop in revenue was registered as a direct result of substantial discounts as part of renegotiation of long term government service contracts amounting to EUR308k (EUR75k provided for in 2007) and currency loss of EUR268k due to depreciation of the sterling. Multi-year contracts for 2008/2009 earning EUR3.8million accounted for 80% of total revenue.

Costs in 2008/2009 were also hit by further restructuring costs of EUR64k, an investment of EUR192k in the new technology to replace our previous LF/UHF network, EUR40k of which were accounted for during this period and a decrease in amortisation rates utilised for R&D valuation of EUR71k.

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GROUP CHIEF EXECUTIVE'S REVIEW - continued

Our original targets for 2008/2009 were more ambitious; instead of the profit we forecast, the Group suffered a loss before taxation of EUR850k (2007: EUR4,8million loss). Loss after taxation was EUR850k (2007: EUR6.9million) and loss per share improved by 94% to 2c7 (2007: 44c9).

Key figures for 2008/2009

	EUR
Revenue	4,760,995
Operating profit (EBITDA)	384,183
Depreciation, amortisation and impairment	1,064,034
Net financing costs	170,131
Loss for the period	850,189
Loss per share	2c7

Competitive environment

Competition in our target markets, especially in the UK, has been severely impacted by the financial crisis. The trend to use pricing rather than performance as the main selling tool has intensified and tracking technology is now considerably underpriced. Competitors are reporting considerable losses and we feel that our strategy to continue pushing on innovation through research and product development to be able to move up value chain is now critical for our survival.

While most of our competitors are focusing on dropping pricing in the tracking market we have started to deploy "Version 4" of our routing, dispatching and tracking solutions to exceptionally positive feedback from our customers. This means that we are in a position to offer better value for money as opposed to simply discounting pricing. Our commitment is to provide our customers with high quality, technologically advanced solutions at highly competitive pricing.

Sales and marketing

The first nine months of 2008 saw considerable investment in the planned growth of the Group with 39 new employees and considerable marketing activity. Our sales pipeline continued to grow with many demonstrations and trials.

The interest in our product lines was and is high but purchase decisions are being delayed. We felt that preserving cash for developing our products and spending less on sales and marketing in a marketplace that was not geared to make purchase decisions was the sensible strategy. By December 2008 we cut back on all our marketing with the exception of the UK, Italy and Libya. In these countries we scaled back on direct costs and concentrated on following the most qualified leads.

The medium term outlook for the Telematics market remains positive. The low level of penetration of even basic tracking services in fleet operators coupled with the intensely competitive market in which they operate give us a large market where to sell our products. By driving down the hardware and data cost components of our solutions our offerings are generating better ROI for our customers. As the markets pick up we need to increase presence in both the SME and larger corporate sectors by becoming local companies to our customers. Acquisitions/joint ventures and local employees are our preferred route to achieving this transition.

Our International Projects division failed to secure any new projects and we suspended it by December 2008.

The local market has been very active with the Government having prepared the largest batch of public ICT tenders so far. We invested in a professional tender response team and together with blue-chip partners such as Autonomy, Blackboard and Booz have prepared in excess of EUR18m worth of responses. As of end October 2009 none of these tenders have been awarded yet.

GROUP CHIEF EXECUTIVE'S REVIEW - continued

Datatrak maintained its client base for all its range of products and services with important new signings in 2008/2009 as follows:

- Fleet Management: ACI Global, ACS Ascensori, PNP, IB Services, Cooperativa Logistica Integrale, Inposta, DPD Germany;
- Consulting: Ministry for Social Policy, COMNET-IT, Ministry for Resources and Rural Affairs, Vassalo Builders;
- BPO: Bulgari, CAA, Lands Department.

Capital requirements

During 2008/2009 the Group obtained a substantial unsecured loan from its bankers which enabled it to keep its Research and Development program on track. Excess cash generated from operations was used to settle liabilities that had been incurred prior to the restructuring. Payment programs on the liabilities are being serviced on a regular basis. It is anticipated that when all these liabilities are liquidated the cash surplus will continue.

The Group believes that with the cash and capital it has on hand that it has sufficient funds available to cover its current working requirements and continue its R&D program.

Opportunities

How the demand will develop in 2009/2010 is difficult to predict. The current market developments have a downward effect on capacity usage and pricing. However, even in difficult times, there are opportunities to be grasped. What is important to note, is that Datatrak bids for virtually every large project. Demand for large projects and multi-year outsourcing contracts, anchored in clear business propositions and characterised by relatively short pay-back periods, is still healthy in 2009. Decision-making processes though have become more time-consuming. Datatrak has the financial strength and long term viability to wait and to turn market opportunities into contracts.

This is illustrated by the recently awarded EUR1.9m (inc. VAT) LEMIS contract for the Government Property Division. We bid for this contract in 2003 and were chosen as the preferred bidder by the evaluation committee in the following year. We carried out an extended hands-on evaluation period that lasted until mid-2005 which enabled the GPD personnel to validate every component our solutions fit. We extended our bid bonds and validity many times until finally in 2008 GPD were re-allocated funds for this project. Following a series of tough negotiations we were awarded the contract in 2009 and we are currently finalising the contractual arrangements.

Although a six year time span is not typical, significant delays are. This means that our considerable sales pipeline requires time to mature. Our track record of conversions is very good and this augurs well.

We are noticing a tendency towards project and agreements with longer terms to maturity; especially where large projects in the Public sector and large corporate entities are concerned. Our business is built on predictable long term income and we stand to benefit from this development.

Profitability and growth

We have gone from revenues of EUR1.2m in 2004 to EUR4.8m in 2008/2009 and our scale and market position have made us an undisputed top player in our industry; both in Malta and in our target markets. We are now focusing our efforts primarily on the profitability of our business as a visible reflection of the success that we are managing to achieve. Profitability will drive the three key performance metrics that we have committed to:

- Clients: Value for money solutions and services to help them to achieve true progress;
- Employees: Robust career development paths with matched financial rewards;
- Shareholders: Regular dividends.

GROUP CHIEF EXECUTIVE'S REVIEW - continued

Forward-looking strategy

It may sound contradictory, but Datatrak's outlook is good despite the losses suffered in 2008/2009. We have our choices to thank for that. We endured most of the pain in 2008/2009. Our active cost control program designed to size our business to our current activities, while preserving our R&D program, means we now have the opportunity to start the next financial year afresh with profitable operations. We are an established name in the market and our position is strong in our chosen segments and areas of expertise. We will continue to invest in forward-looking activities to retain our position as our clients' preferred supplier, both now and in the future. We will keep on the look-out for growth opportunities in Malta, the UK, Italy and Libya where we are performing well and seek growth in new areas without over-investing in marketing.

Conclusion

I would like to thank all my colleagues for their loyalty and hard work. The management team; Mr. James Azzopardi, Mr. Tony Bailey, Ms. Francesca Bianchi, Ms. Jackie Chetcuti, Mr. Steve Chetcuti, Mr. Paul Borg Costanzi, Ms. Ilona Gambin, Mr. Alvin Galea, Mr. Sandro Gargiulo, Ms. Graziella Grech, Mr. Andrew Meli, Mr. Joe Mizzi, Dr. Marthese Portelli, Ms. Marie Claire Portelli, Mr. Martin Scicluna, Mr. Malcolm Seychell, Mr. David Spiteri Gingell and Mr. Stephen Zammit for their leadership and initiative. In particular I would like to thank Mr. Roland Scerri who the Board has recently appointed as Deputy Group Chief Executive for his long hours and personal sacrifice.

We always start from the premise that knowledge is a catalyst for success. We use that knowledge to build solutions that offer our clients proven success and help them to achieve true progress. In these turbulent times, we keep our calm and work steadily on fine-tuning our propositions and reducing our cost base sharply. Undoubtedly, 2009/2010 will be a difficult year. But, as soon as the storm has passed and the market starts to show improvement, we will be among the first to reap the benefits, for our clients, employees and shareholders.



Joseph Fenech Conti
Group Chief Executive

12 November 2009

DATATRAK HOLDINGS P.L.C.
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GENERAL INFORMATION

Company registration

Datatrak Holdings p.l.c. was registered in Malta on 23 October 2000 as a limited liability company under the Companies Act, Cap. 386 of the Laws of Malta. The Company's registration number is C 27140.

Change in accounting reference period

On 15 December 2008, the Company changed its accounting reference period starting 1 January 2008 and ending 31 December 2008 to read 1 January 2008 to 30 June 2009. Each subsequent accounting reference period shall come to an end on 30 June.

Directors

Walter Bonnici (Chairman)	
Joseph Fenech Conti	(appointed on 7 August 2008)
Anthony P. Demajo	
George Gregory	(appointed on 3 November 2008)
Michael Soler	(appointed on 7 August 2008)
Lawrence Zammit	(appointed on 7 August 2008)
Joseph Roland Scerri	(appointed on 14 May 2008 and resigned on 7 August 2008)
Joseph Spiteri	(resigned on 7 August 2008)
Patricia Ransley	(resigned on 7 August 2008)
Pascal Demajo	(resigned on 7 August 2008)
Maurice F. Mizzi	(resigned on 19 December 2008)

Company secretary

Louis M. De Gabriele

Registered office

F26
Mosta Technopark
Mosta MST 3000
MALTA

Bankers

HSBC Bank Malta p.l.c.
32, Merchant's Street
Valletta VLT 1173
MALTA

Auditors

Ernst & Young
Certified Public Accountants
Regional Business Centre
Achille Ferris Street
Msida MSD 1751
MALTA

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DIRECTORS' REPORT

The Directors submit their report together with the audited financial statements for the period ended 30 June 2009.

Principal activities

The Group is primarily involved in the provision of fleet management, back-office processing, consulting and ICT solutions.

Dividends

The Directors did not propose the payment of dividend.

Review of the business

The Group registered a loss before the effect of taxation amounting to EUR849,982 (2007: EUR4,728,205). No losses were attributable to minority interests during the current period (2007: Profit EUR296,031) and the loss attributable to the shareholders of the Company amounted to EUR850,189 (2007: EUR7,166,216). Further information about the results of the Group is provided in the income statement on page 12.

The Company registered a profit before the effect of taxation of EUR3,886,613 (2007: Loss EUR12,101,048). Further information about the results of the Company is provided in the income statement on page 17.

A review of the operation of the Company and its subsidiary undertakings for the period under review, and an indication of the likely future developments, are given in the Chairman's Statement and Chief Executive Officer's Review.

Directors

The Directors of the Company who held office during the period ended 30 June 2009 were those listed in the General Information.

Statement of Directors' responsibilities

The Companies Act, Cap. 386 of the Laws of Malta requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the profit and loss for that period.

The Directors are responsible for ensuring that:

- appropriate accounting policies have been consistently applied and supported by reasonable and prudent judgements and estimates;
- the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the European Union;
- the financial statements are prepared on the basis that the Company must be presumed to be carrying on its business as a going concern; and
- account has been taken of income and charges relating to the accounting period, irrespective of the date of receipt or payment.

The Directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act, Cap. 386 of the Laws of Malta. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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DIRECTORS' REPORT - continued

Auditors

Ernst & Young have expressed their willingness to continue in office and a resolution for their re-appointment will be proposed at the Annual General Meeting.

The Directors' report was approved by the Board of Directors and was signed on its behalf by:



Walter Bonnici
Chairman

12 November 2009



Joseph Fenech Conti
Director

DIRECTORS' STATEMENT OF COMPLIANCE WITH THE CODE OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

Introduction

Pursuant to Listing Rule 8.36 of the Listing Rules issued by the Listing Authority, Datatrak Holdings p.l.c. ("the Company") as a company whose equity securities are listed on a regulated market should endeavour to adopt the principles of good corporate governance contained in Appendix 8.1 of the Listing Rules (hereinafter "the Code"). In terms of Listing Rule 8.37 and 8.38 the Company is bound to include a report providing an explanation of the extent to which it has adopted the principles and thus the Company is hereby reporting on the extent of its adoption of the principles contained in the Code.

The Company acknowledges that the Code does not dictate or prescribe mandatory rules but recommends principles of good practice. However, the Directors strongly believe that such practices are in the best interests of the Company and its shareholders and that compliance with the principles of good corporate governance is not only expected by investors but also evidences the Directors' and the Company's commitment to a high standard of governance.

General

The Company is a holding company and does not itself carry on any trading activities. It owns a number of subsidiaries which together form the Datatrak Group (hereinafter the "Group") and it is those subsidiaries that carry on trading activities.

The Company's governance principally lies in its Board of Directors (the "Board"), responsible for the overall setting of the Group's policies and business strategies.

The Company has adopted a corporate decision-making and supervisory structure that is tailored to suit the Group's requirements and designed to ensure the existence of adequate checks and balances within the Group, whilst retaining an element of flexibility, particularly in view of the size of the Company and the nature of its business.

The Company set up an Audit Committee, currently composed of three (3) Non-Executive Directors. Officers of the Company attend the meetings to answer any queries raised by Audit Committee members. Further details of the Audit Committee, its composition and role are set out below.

The Board is composed of five (5) Non-Executive Directors and one Executive Director. The Company's current organisational structure contemplates the role of a Chief Executive Officer (the "CEO"), a position which is occupied by Mr. Joseph Fenech Conti, who is the Executive Director having a seat on the Board of Directors. The Company's CEO is currently a member of the Board and attends Board Meetings in such capacity whilst other Executives attend when necessary and upon invitation of the Directors. The presence of the CEO assures that, the Directors have direct access at meetings of Directors to the person having the prime responsibility for day to day operations of the Company and the implementation of policies that allows effective discussion and the availability of all the information necessary to carry out their functions in the best possible manner. In this respect, the Directors feel that the principle set forth in paragraph 2.3 of the Code is substantively met by means of this arrangement which allows the inter-action of Non-Executive Directors and Executives.

The Directors believe that at this stage it is not necessary for the Company to set up a Remuneration Committee since the Board determines the remuneration packages of the Company's Executives. The Board believes that there is no need to set up a separate Remuneration Committee once the Board is composed of a majority of Non-Executive Directors. This belief is founded on the premise that the justification to establish a Remuneration Committee is to avoid a situation where Executive Directors participate in the determination of their own remuneration packages. It is the practice of the Board that when Executive remuneration is a matter for discussion, the CEO does not participate in the decision making process.

DIRECTORS' STATEMENT OF COMPLIANCE WITH THE CODE OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE - continued

To comply with the recommendations of the Code as regards the disclosure of Directors' remuneration, the Board has opted to disclose an aggregate figure. For the financial period under review the aggregate remuneration to which the Directors were entitled amounted to:

Directors of the Group	EUR86,592
Directors of the Company	EUR32,495

The Non-Executive Directors have no arrangement for profit sharing, share options or pension benefits as part of their remuneration.

As at balance sheet date, the interests of the Directors in the shares of the Company were as follows:

	<u>Number of shares</u>
Chev Anthony P. Demajo	1,350,750
Mr. George Gregory	NIL
Mr. Michael Soler	NIL
Mr. Lawrence Zammit	NIL

Mr. Joseph Fenech Conti has a beneficial interest of 15,949,500 shares currently registered in the name of JFC Holdings Limited. Mr. Walter Bonnici has a beneficial interest of 1,434,030 shares currently registered in the name of GDL Trading and Services Limited.

Board of Directors

The Board is aware of its corporate social responsibilities in terms of the Code and seeks to adhere, as far as possible within the various constraints inherent in the Company, to its obligations set forth in the said Code.

In general the Directors believe that the Company has adopted appropriate structures to achieve an adequate level of good corporate governance, together with an adequate system of checks and balances in line with the Company's requirements.

The Memorandum and Articles of Association of the Company regulate the appointment of the Directors. Appointment of Directors is reserved exclusively to the Company's shareholders. Every shareholder owning, or group of shareholders who own together, not less than 10% of the ordinary share capital are entitled to appoint one Director for every such 10% holding.

The Chairman, Board of Directors and Auditors are all appointed by the shareholders during the Annual General Meeting (AGM). All Directors may be removed from their post either by the shareholder appointing them or else by the passing of an ordinary resolution in the general meeting. The Directors hold office for a period of one year, unless they resign or are removed or are appointed for periods other than one year. Once the period stated in their letter of appointment lapses, the Directors would be eligible for re-appointment.

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DIRECTORS' STATEMENT OF COMPLIANCE WITH THE CODE OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE - continued

As stated above, the Board of Directors currently comprises six Directors elected by the shareholders in the Annual General Meeting. For the period under review, the Board has met 11 times. A table outlining attendance is set forth hereunder:

Non-Executive Directors	Date of first appointment	Date of resignation	Meetings attended¹
Mr. Walter Bonnici - Chairman	23 October 2000		11
Mr. Michael Soler	7 August 2008		7
Mr. Lawrence Zammit	7 August 2008		8
Mr. George Gregory	3 November 2008		5
Mr. Joseph Fenech Conti	7 August 2008		8
Chev. Anthony P Demajo	29 July 2005		11
Chev. Maurice Mizzi	23 October 2000	19 December 2008	5
Ms. Patricia Ransley	23 October 2000	7 August 2008	3
Dr. Pascal Demajo	23 October 2000	7 August 2008	3
Mr. Joe Spiteri	23 October 2000	7 August 2008	3
Mr. Roland Scerri	14 May 2008	7 August 2008	1

Board meetings concentrate mainly on strategy, operational performance and financial performance. The Board also delegates specific responsibilities to the CEO and the Audit Committee which operate under their respective formal terms of reference. Directors have access to the advice and services of the Company Secretary who is also the legal counsel to the Board and the Company.

Directors may, in the furtherance of their duties, take independent professional advice on any matter at the Company's expense. Directors and senior officers are informed and are aware of their obligations on dealings in securities of the Company within the established parameters of the law and the Listing Rules.

Each such Director and Senior Officer has been provided with the code of dealing required in terms of Listing Rule 8.45.

The Board of Directors has not undertaken an annual evaluation of its own performance and that of its committees and of individual Directors. The Non-Executive Directors' performance is not formally evaluated by the Company whether on an individual or collective basis. Moreover, the attendance at Board Meetings as shown above is indicative of the level of commitment of the Directors. The Directors believe that in view of the limited size of the Company and its resources, a formal independent evaluation of the collective and individual performance of the Directors by independent third parties is unwarranted as it is not likely to add significant value to the manner in which the Board currently operates and could be disproportionately costly.

Dealings by Directors and Senior Officers

Directors and Senior Officers are informed and are aware of their obligations on dealings in securities of the Company within the established parameters of the law and the Listing Rules. Chev. Anthony P. Demajo was appointed Designated Director of the Company for the purposes of the "Code of Conduct for Securities Transactions". There were no reported breaches of such obligations during the period under review.

¹ Meetings attended in 2008 and 2009 either personally or by means of an alternate.

DIRECTORS' STATEMENT OF COMPLIANCE WITH THE CODE OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE - continued

Audit Committee

As part of its corporate governance structures the Company has also established the Audit Committee in line with the requirements of the Listing Rules. Unlike the provisions of the Code, which are not mandatory in nature, the Directors acknowledge that the requirement of having an Audit Committee in place is an obligation under the Listing Rules. The principal role of the Audit Committee is the monitoring of internal systems and controls. During the course of the period under review the Board adopted updated terms of reference for the Audit Committee designed both to strengthen this function within the Company and to widen the scope of the duties and responsibilities of this Committee. In addition, unless otherwise dealt with in any other manner prescribed by the Listing Rules, the Audit Committee has the responsibility to monitor and scrutinise Related Party Transactions, if any, falling within the ambits of the Listing Rules and to make its recommendations to the Board of any such proposed Related Party Transactions.

The Audit Committee is currently composed of Chev. Anthony P. Demajo (Chairman of the committee and Non-Executive Director of the Company), Mr. Lawrence Zammit (Non-Executive Director of the Company), and Mr. George Gregory, (Non-Executive Director of the Company). Nevertheless, the committee has the power and authority under its terms of reference to summon any person to assist it in the performance of its duties. The Audit Committee has met seven times in the financial period under review. The Directors are of the view that the composition of the Audit Committee meets the requirements of the Code on independence as well as having a member with knowledge in accounting and/or auditing, since Mr. George Gregory is a Fellow of the Association of Chartered Certified Accountants. Following such declarations, such persons are also considered to be independent Directors for the purposes of the Code.

Senior Executive Management

Senior Executive Management is presently entrusted to the CEO, who reports to the Board. The link between the Executive Management and the Board is attained through the attendance at Board Meetings of the CEO, as a member of the Board.

Each Director, through the Company's legal counsel, is made aware of the Company's on-going obligations in terms of the Companies Act, the Listing Rules and other relevant legislation.

Annual General Meeting

Business at the Company's AGM will cover the approval of the Annual Report and Audited Financial Statements, the election of Directors and the appointment of auditors and the authorisation of the Directors to set the auditors' remuneration.

Apart from the AGM, the Company intends to communicate with its shareholders by way of the Annual Report and Financial Statements, by publishing its results on a six-monthly basis during the year and by company announcements to the market in general. The Company recognises the importance of maintaining a dialogue with its shareholders to ensure that its strategies and performance are well understood.

DIRECTORS' STATEMENT OF COMPLIANCE WITH THE CODE OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE - continued

Internal control

The Board is ultimately responsible for the Company's system of internal controls and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate risk to achieve business objectives, and can provide only reasonable, and not absolute, assurance against normal business risks or loss.

Through the Audit Committee, the Board reviews the effectiveness of the Company's system of internal controls.

The key features of the Company's system of internal control are as follows:

Organisation

The Company operates through the CEO, who is the most senior Executive, with clear reporting lines and delegation of powers.

Control environment

The Company is committed to the highest standards of business conduct and seeks to maintain these standards across all of its operations. Company policies and employee procedures are in place for the reporting and resolution of improper activities.

The Company has an appropriate organisational structure for planning, executing, controlling and monitoring business operations in order to achieve Company objectives.

Risk identification

Company management is responsible for the identification and evaluation of key risks applicable to their respective areas of business. The Audit Committee's mandate also includes the continuous assessment and oversight of such key risks.

Information and communication

Company Executives participate in periodic strategic reviews, which include consideration of long-term projections and the evaluation of business alternatives. Regular budgets and strategic plans are prepared, which are incorporated into a Company Strategic Plan. Performance against these plans is actively monitored and reported to the Board.

Communication with shareholders was effected in line with statutory and regulatory requirements. Company announcements are also made through the Malta Stock Exchange, as required by the Listing Rules.

Corporate social responsibility

The Company understands its obligation towards society at large and, within the current financial constraints of the Company, attempts to fulfil this obligation. The Company is fully aware of its obligation to help preserve the environment and endeavours to respect the environment.

The Company considers itself to be a good employer and promotes open communication, responsibility and personal development. Furthermore, the Company maintains a staff development program aimed at providing training to staff to assist in their development. Through investing in its people and their professional growth, the Company believes that this will be beneficial to both its shareholders and stakeholders alike.

The Directors consider that during the financial period under review the Company has put in place appropriate structures to comply with the principles and underlying spirit of the Code. Nonetheless the Directors shall endeavour to keep the situation under regular review as appropriate.

**DIRECTORS' STATEMENT OF COMPLIANCE WITH THE CODE OF
PRINCIPLES OF GOOD CORPORATE GOVERNANCE - continued**

Going concern

In accordance with Listing Rule 9.40.19, the Directors have considered the Company's operating performance, the balance sheet at period end, and they have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, in preparing the financial statements, they continue to adopt the going concern basis in preparing the financial statements set out on pages 12 to 53.

Approved by the Board of Directors on 12 November 2009 and signed on its behalf by:



Walter Bonnici
Chairman



Joseph Fenech Conti
Director

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DATATRAK HOLDINGS P.L.C.

We have audited the financial statements of Datatrak Holdings p.l.c. ("the Company") and of the Group of which the Company is the parent, set out on pages 12 to 53 which comprise the balance sheets as at 30 June 2009 and the income statements, statements of changes in equity and cash flow statements for the period then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

As described on page 2, the Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Companies Act, Cap. 386 of the Laws of Malta. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Group and the parent Company as at 30 June 2009, and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies Act, Cap. 386 of the Laws of Malta.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DATATRAK HOLDINGS P.L.C. - continued

Report on other Legal and Regulatory Requirements

The Listing Rules issued by the Malta Listing Authority require the Directors to prepare and include in their Annual Report a Statement of Compliance providing an explanation of the extent to which they have adopted the Code of Principles of Good Corporate Governance and the effective measures that they have taken to ensure compliance throughout the accounting period with those Principles.

The Listing Rules also require the auditor to include a report on the Statement of Compliance prepared by the Directors.

We read the Statement of Compliance and consider the implication for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements included in the Annual Report. Our responsibilities do not extend to considering whether this statement is consistent with any other information included in the Annual Report.

We are not required to, and we do not, consider whether the Board's statements on internal control included in the Statement of Compliance cover all risks and controls, or form an opinion on the effectiveness of the company's governance procedures or its risk and control procedures.

In our opinion, the Statement of Compliance set out on pages 4 to 9 has been properly prepared in accordance with the requirements of the Listing Rules issued by the Malta Listing Authority.

We also have responsibilities under the Companies Act, Cap. 386 of the Laws of Malta to report to you if in our opinion:

- The information given in the Directors' report is not consistent with the financial statements.
- Adequate accounting records have not been kept.
- The financial statements are not in agreement with the accounting records.
- We have not received all the information and explanations we require for our audit.
- Certain disclosures of Directors' remuneration specified by law are not made in the financial statements, giving the required particulars in our report.
- Under the Listing Rules to review the statement made by the Directors, set out on page 9, that the business is a going concern together with supporting assumptions or qualifications as necessary.

We have nothing to report to you in respect of these responsibilities.

A handwritten signature in black ink, appearing to be 'Anthony P. Doublet', written over a horizontal line.

*This copy of the audit report has been signed by
Anthony P. Doublet (Partner) for and on behalf of*

Ernst & Young
Certified Public Accountants

12 November 2009

DATATRAK HOLDINGS P.L.C.
Financial Statements for the period ended 30 June 2009

INCOME STATEMENT - Group
for the period ended 30 June 2009

	Notes	01.01.08 to 30.06.09 EUR	Restated* Year to 31.12.07 EUR
Revenue	4	4,760,995	2,953,548
Government grant		11,485	-
Other income		-	229,532
Personnel expenses	5	(2,184,980)	(1,078,183)
Purchases and other directly attributable costs		(888,568)	(363,967)
Changes in inventory		4,054	(104,007)
Professional and consultancy fees		(165,570)	(95,011)
Travelling and accommodation		(133,311)	(50,932)
Depreciation, amortisation and impairment		(1,064,034)	(4,861,985)
Marketing expenses		(417,963)	(197,543)
Finance income		5,151	48,498
Finance costs		(175,282)	(173,802)
Other administrative expenses	6.1	(601,959)	(1,003,046)
Share of results of associates	14	-	(31,307)
Loss before tax		(849,982)	(4,728,205)
Income tax expense	9	(207)	(2,141,980)
Loss for the period/year		(850,189)	(6,870,185)
Attributable to:			
Equity holders of the parent		(850,189)	(7,166,216)
Minority interests		-	296,031
		(850,189)	(6,870,185)
Loss per share - basic	10.1	(2c7)	(44c9)
Loss per share - diluted	10.2	(2c7)	(44c9)

* Certain numbers shown do not correspond to the 2007 financial statements and reflect adjustments made as detailed in Note 28.

The accounting policies and explanatory notes on pages 21 to 53 form an integral part of the financial statements.

DATATRAK HOLDINGS P.L.C.
Financial Statements for the period ended 30 June 2009

BALANCE SHEET - Group
as at 30 June 2009

	Notes	30.06.09 EUR	Restated* 31.12.07 EUR
ASSETS			
Non-current assets			
Property, plant and equipment	11	501,228	443,280
Intangible assets	12	6,209,335	6,028,078
Investment in associate	14	-	-
		6,710,563	6,471,358
Current assets			
Inventories	16	18,059	18,355
Trade and other receivables	17	1,598,801	1,602,651
Cash at bank	23	289,765	156,152
		1,906,625	1,777,158
TOTAL ASSETS		8,617,188	8,248,516

* Certain numbers shown do not correspond to the 2007 financial statements and reflect adjustments made as detailed in Note 28.

The accounting policies and explanatory notes on pages 21 to 53 form an integral part of the financial statements.

DATATRAK HOLDINGS P.L.C.
Financial Statements for the period ended 30 June 2009

BALANCE SHEET - Group
as at 30 June 2009

	Notes	30.06.09 EUR	Restated* 31.12.07 EUR
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Issued capital	18	7,430,458	3,715,229
Share premium	18	3,372,413	2,302,792
Capital redemption reserve	18	121,554	121,554
Amount earmarked for capitalisation		-	4,784,850
Accumulated losses		(6,906,768)	(6,056,579)
Total equity attributable to equity holders of the parent		4,017,657	4,867,846
Minority interest	19	1,225	-
Total equity		4,018,882	4,867,846
Non-current liabilities			
Interest bearing loans and borrowings	20	765,846	378,197
Other liabilities	21	321,606	-
		1,087,452	378,197
Current liabilities			
Interest bearing loans and borrowings	20	473,388	365,835
Trade and other payables	22	3,037,466	2,636,638
		3,510,854	3,002,473
Total liabilities		4,598,306	3,380,670
TOTAL EQUITY AND LIABILITIES		8,617,188	8,248,516


* Certain numbers shown do not correspond to the 2007 financial statements and reflect adjustments made as detailed in Note 28.

The accounting policies and explanatory notes on pages 21 to 53 form an integral part of the financial statements.

The financial statements on pages 12 to 53 have been authorised for issue by the Board of Directors on 12 November 2009 and were signed on its behalf by:



Walter Bonnici
Chairman



Joseph Fenech Conti
Director

DATATRAK HOLDINGS P.L.C.
Financial Statements for the period ended 30 June 2009

STATEMENT OF CHANGES IN EQUITY – Group
for the period ended 30 June 2009 Restated*

	Attributable to equity holders of the parent					Total EUR	Minority interest (note 19) EUR	Total equity EUR
	Issued capital EUR	Share premium EUR	Amount earmarked for capitalisation EUR	Capital redemption reserve EUR	Accumulated losses EUR			
FOR THE YEAR ENDED 31 DECEMBER 2007								
At 1 January 2007	3,715,229	2,302,792	-	-	1,231,191	7,249,212	559,243	7,808,455
(Loss)/profit for the year	-	-	-	-	(7,166,216)	(7,166,216)	296,031	(6,870,185)
Gain on sale of business, assets and liabilities (note 8)	-	-	-	-	-	-	3,929,576	3,929,576
Transfer to capital redemption reserve	-	-	-	121,554	(121,554)	-	-	-
Transfer to amount earmarked for capitalisation	-	-	4,784,850	-	-	4,784,850	(4,784,850)	-
At 31 December 2007	3,715,229	2,302,792	4,784,850	121,554	(6,056,579)	4,867,846	-	4,867,846
FOR THE PERIOD ENDED 30 JUNE 2009								
At 1 January 2008	3,715,229	2,302,792	4,784,850	121,554	(6,056,579)	4,867,846	-	4,867,846
Issue of new share capital (note 18 and 19)	3,715,229	1,069,621	(4,784,850)	-	-	-	1,225	1,225
Loss for the period	-	-	-	-	(850,189)	(850,189)	-	(850,189)
At 30 June 2009	7,430,458	3,372,413	-	121,554	(6,906,768)	4,017,657	1,225	4,018,882

* Certain numbers shown do not correspond to the 2007 financial statements and reflect adjustments made as detailed in Note 28.

The accounting policies and explanatory notes on pages 21 to 53 form an integral part of the financial statements.

DATATRAK HOLDINGS P.L.C.
Financial Statements for the period ended 30 June 2009

CASH FLOW STATEMENT - Group
for the period ended 30 June 2009

	01.01.08	Restated*
	to	Year to
	30.06.09	31.12.07
	EUR	EUR
Operating activities		
Loss before tax	(849,982)	(4,728,205)
Adjustments to reconcile loss before tax to net cash flows:		
Non-cash:		
Gain on sale of property, plant and equipment	(7,368)	-
Depreciation, amortisation and impairment	1,064,034	4,861,985
Provision for impairment of receivables	(170,877)	565,955
Interest payable	175,282	173,802
Interest receivable	(5,151)	(48,498)
Provision for exchange losses	(10,029)	(13,902)
Bad debts	910	-
Working capital adjustments:		
Decrease in inventories	-	99,497
Decrease in trade and other receivables	(195,114)	(74,127)
Advances to related parties	-	(144,759)
Repayment of advances to related parties	372,537	-
(Decrease)/increase in trade and other payables	(17,691)	107,934
Interest paid	(83,366)	(151,431)
Interest received	4,944	44,173
Tax paid	(207)	(27,436)
Net cash flows generated from operating activities	277,922	664,988
Investing activities		
Proceeds from sale of property, plant and equipment	17,436	15,790
Payment to acquire property, plant and equipment	(255,304)	(122,176)
Payments to acquire intangible assets	(1,058,003)	(751,597)
Proceeds from maturity of single premium life assurance policy	-	1,195,483
Net cash flows used in investing activities	(1,295,871)	337,500
Financing activities		
Issue of share capital	1,225	-
Proceeds from bank borrowings	616,044	-
Repayment of bank borrowings	(101,885)	(239,432)
Advances by related parties	91,308	401,698
Increase in other non-interest bearing liabilities	565,381	-
Net cash flows generated from financing activities	1,172,073	162,266
Net movement in cash and cash equivalents	154,124	1,164,754
Cash and cash equivalents at beginning of period/year	(35,325)	(1,200,079)
Cash and cash equivalents at 30 June / 31 December (note 23)	118,799	(35,325)

* Certain numbers shown do not correspond to the 2007 financial statements and reflect adjustments made as detailed in Note 28.

The accounting policies and explanatory notes on pages 21 to 53 form an integral part of the financial statements.

DATATRAK HOLDINGS P.L.C.
Financial Statements for the period ended 30 June 2009

INCOME STATEMENT - Company
for the period ended 30 June 2009

		01.01.08	
		to	Year to
	Notes	30.06.09	31.12.07
		EUR	EUR
Revenue	4	4,803,720	-
Personnel expenses	5	(60,309)	(11,693)
Impairment of investments in subsidiaries		-	(5,751,461)
Professional and consultancy fees		(49,152)	(26,040)
Finance income		96,827	47,922
Finance costs		(91,916)	(52,604)
Other administrative expenses	6.1	(41,371)	(35,164)
Operating profit/(loss)		4,657,799	(5,829,040)
Waiver of amounts due from subsidiaries	7	(771,186)	(6,272,008)
Profit/(loss) before tax		3,886,613	(12,101,048)
Income tax expense	9	(17,272)	-
Profit/(loss) for the period/year		3,869,341	(12,101,048)
Earnings/(loss) per share - basic	10.1	12c1	(75c9)
Earnings/(loss) per share - diluted	10.2	12c1	(75c9)

The accounting policies and explanatory notes on pages 21 to 53 form an integral part of the financial statements.

DATATRAK HOLDINGS P.L.C.
Financial Statements for the period ended 30 June 2009

BALANCE SHEET - Company
as at 30 June 2009

	Notes	30.06.09 EUR	31.12.07 EUR
ASSETS			
Non-current assets			
Investment in subsidiaries	13	9,662,252	10,426,329
Current assets			
Trade and other receivables	17	9,676	12,637
Cash at bank and in hand	23	58,323	58,514
		67,999	71,151
TOTAL ASSETS		9,730,251	10,497,480
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital	18	7,430,458	3,715,229
Share premium	18	3,372,413	2,302,792
Other reserve	18	-	5,234,144
Accumulated losses		(2,670,651)	(11,774,136)
		8,132,220	(521,971)
Current liabilities			
Trade and other payables	22	1,598,031	11,019,451
Total liabilities		1,598,031	11,019,451
TOTAL EQUITY AND LIABILITIES		9,730,251	10,497,480

The accounting policies and explanatory notes on pages 21 to 53 form an integral part of the financial statements.

The financial statements on pages 12 to 53 have been authorised for issue by the Board of Directors on 12 November 2009 and were signed on its behalf by:



Walter Bonnici
Chairman



Joseph Fenech Conti
Director

DATATRAK HOLDINGS P.L.C.
Financial Statements for the period ended 30 June 2009

STATEMENT OF CHANGES IN EQUITY - Company
for the period ended 30 June 2009

	Issued capital EUR	Share premium EUR	Other reserve EUR	Accumulated losses EUR	Total EUR
FOR THE YEAR ENDED 31 DECEMBER 2007					
At 1 January 2007	3,715,229	2,302,792	5,234,144	326,912	11,579,077
Loss for the year	-	-	-	(12,101,048)	(12,101,048)
At 31 December 2007	3,715,229	2,302,792	5,234,144	(11,774,136)	(521,971)
FOR THE PERIOD ENDED 30 JUNE 2009					
At 1 January 2008	3,715,229	2,302,792	5,234,144	(11,774,136)	(521,971)
Issue of share capital (note 18 and 19)	3,715,229	1,069,621	-	-	4,784,850
Transfers to accumulated losses	-	-	(5,234,144)	5,234,144	-
Profit for the period	-	-	-	3,869,341	3,869,341
At 30 June 2009	7,430,458	3,372,413	-	(2,670,651)	8,132,220

The accounting policies and explanatory notes on pages 21 to 53 form an integral part of the financial statements.

DATATRAK HOLDINGS P.L.C.
Financial Statements for the period ended 30 June 2009

CASH FLOW STATEMENT - Company
for the period ended 30 June 2009

	01.01.08	Year to
	to	31.12.07
	30.06.09	EUR
	EUR	EUR
Operating activities		
Profit/(loss) before tax	3,886,613	(12,101,048)
Adjustments to reconcile profit before tax to net cash flows:		
Non-cash:		
Waiver of amounts due by subsidiaries	771,186	6,272,008
Impairment of investments in subsidiaries	-	5,751,461
Finance cost	91,916	52,604
Finance income	(96,827)	(47,922)
Dividends receivable	(4,803,720)	-
Working capital adjustments:		
Decrease/(increase) in trade and other receivables	3,261	(23,893)
Increase in trade and other payables	43,831	-
Income tax paid	-	15,783
Net cash flows used in operating activities	(103,740)	(81,007)
Investing activities		
New capital subscription in subsidiaries	(198)	-
Proceeds from maturity of single premium life assurance policy	-	1,195,483
Increase in amounts due by subsidiaries	(6,911)	(1,416,984)
Advances to subsidiaries	100,462	-
Interest received	4,704	53,509
Net cash flows generated from/(used in) investing activities	98,057	(167,992)
Financing activities		
Advances by related parties	5,492	248,852
Net cash flows generated from financing activities	5,492	248,852
Net movement in cash and cash equivalents	(191)	(147)
Cash and cash equivalents at beginning of period/year	58,514	58,661
Cash and cash equivalents at 30 June / 31 December (note 23)	58,323	58,514

The accounting policies and explanatory notes on pages 21 to 53 form an integral part of the financial statements.

DATATRAK HOLDINGS P.L.C.
Financial Statements for the period ended 30 June 2009

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Datatrak Holdings p.l.c (the “Company”) is a limited liability company, incorporated in Malta on 23 October 2000. The consolidated financial statements of the Company for the period ended 30 June 2009 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in an associated company. The Group is primarily involved in the provision of fleet management, back-office processing, consulting and ICT solutions.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

The consolidated and separate financial statements (the “financial statements”) have been prepared on a historical cost basis.

The financial statements have been prepared in accordance with the requirements of the Companies Act, Cap. 386 of the Laws of Malta and in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis of consolidation

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Minority interest represents the portion of profit or loss and net assets that is not held by the Group and is presented separately in the consolidated income statement and within equity in the consolidated balance sheet, separately from parent shareholders’ equity. Acquisitions of minority interest are accounted for using the parent entity extension method, whereby the difference between the consideration and the book value of the share of the net assets acquired is recognised in goodwill.

Change in accounting reference period

On 15 December 2008, the Group changed its accounting reference period starting 1 January 2008 and ending 31 December 2008 to read 1 January 2008 to 30 June 2009. Each subsequent accounting reference period shall come to an end on 30 June. For this reason, the comparative amounts for the income statement, statement of changes in equity, cash flow statement and related notes are not entirely comparable to the amounts disclosed for the eighteen month period ended on 30 June 2009.

Euro changeover

Following Malta’s adoption of the Euro as its national currency on 1 January 2008, the Company’s functional currency was changed from Maltese Lira to Euro. Consequently, the results and financial position were translated at the Irrevocably Fixed Conversion Rate of EUR1: Lm0.4293 as at that date. These financial statements are presented in Euro (EUR) being the currency in which the share capital is denominated.

2007 restructuring

At 31 December 2007, shareholders holding 55.29% of the issued share capital agreed and confirmed as at that date, that they were in favour of the restructuring of the Group as approved by the respective Board of Directors, and confirmed that they were to vote in favour of the resolutions of the Extraordinary General Meeting (EGM) called for this purpose on 4 April 2008. All of the proposed resolutions for the restructuring of the Group were approved by the shareholders during the mentioned EGM. As a result of the confirmations referred to above, the sale of operations, together with the assets and liabilities, of Loqus Solutions Limited (formerly known as Datatrak Solutions Limited) (Vendor) to Datatrak MENA Limited and of Datatrak IT Services Limited (Vendor) to Loqus Services Limited (formerly known as Datatrak Systems Limited) was recognised as at 31 December 2007.

NOTES TO THE FINANCIAL STATEMENTS - continued

2.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Standards, interpretations and amendments to published standards as adopted by the European Union effective in 2008

The accounting policies adopted are consistent with those of the previous financial period except as follows:

The Group/Company has adopted the following new and amended IFRS and IFRIC interpretations during the period. Adoption of these revised standards and interpretations did not have any effect on the financial performance or position of the Group/Company.

IFRIC 11, IFRS 2	Group and Treasury Share Transactions
IFRIC 12	Service Concession Arrangements
IFRIC 14, IAS 19	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

IFRIC 11, 12 and 14 are not applicable to the Group/Company's operations and hence had no impact on the financial position or performance of the Group/Company, neither did they give rise to additional disclosures.

Standards, interpretations and amendments to published standards as adopted by the European Union that are not yet effective

Up to date of approval of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective for the current reporting period and which the Group/Company has not early adopted. These are as follows:

Revision IAS 1 'Presentation of Financial Statements' (*effective for annual periods beginning on or after 1 January 2009*). IAS 1 has been revised to enhance the usefulness of information presented in the financial statements. Of the main revisions are the requirement that the statement of changes in equity includes only transactions with shareholders; the introduction of a new statement of comprehensive income that combines all items of income and expense recognised in profit or loss together with "other comprehensive income"; and the requirement to present restatements of financial statements or retrospective application or a new accounting policy as at the beginning of the earliest comparative period, i.e. a third column on the balance sheet. The Group/Company will make the necessary changes to the presentation of its financial statements in the following financial year.

Revision of IAS 23 'Borrowing Costs' – amendment (*effective for annual periods beginning on or after 1 January 2009*). The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of the asset. The option of immediately expensing those borrowing costs will be removed. The Group will adopt the standard on a prospective basis from the next financial year.

Amendments to IAS 32 and IAS 1 'Puttable Financial Instruments' (*effective for annual periods beginning on or after 1 January 2009*). The amendment to IAS 32 requires certain puttable financial instruments and obligations arising on liquidation to be classified as equity if certain criteria are met. The amendment to IAS 1 requires disclosure of certain information relating to puttable instruments classified as equity. These amendments are not expected to impact the financial statements of the Group/Company.

NOTES TO THE FINANCIAL STATEMENTS - continued

2.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES - continued

Standards, interpretations and amendments to published standards as adopted by the European Union effective in 2008 - continued

IAS 39, Financial Instruments: Recognition and Measurement - Eligible Hedged Items (effective for financial years beginning on or after 1 July 2009). The amendment clarifies that an entity is permitted to designate a portion of the fair value charges or cash flow variability of a financial instrument as a ledged item. This also covers the designation of inflation as a ledged risk or portion in particular situations. The Group/Company has concluded that the amendment will have no impact on the financial position or performance of the Group/Company, as neither has entered into any such hedges.

Amendments to IAS 39, 'Reclassification of Financial Assets' (effective for annual periods beginning on or after 1 July 2008). This amendment allows entities in rare circumstances to reclassify non-derivative financial assets out of held for trading category and the available for sale category. These amendments are not expected to impact the financial statements of the Group/Company.

Amendments to IFRS 1 'First time adoption of IFRS', and IAS 27 'Consolidated and separate financial statements' (*effective for annual periods beginning on or after 1 January 2009*). The amended standard allows first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The amendment also removes the definition of the cost method from IAS 27 and replaces it with a requirement to present dividends as income in the separate financial statements of investor. The amendment is not applicable to the Company's financial statements.

Amendments to IFRS 2 'Share Based Payment – Vesting Conditions and Cancellations' (*effective for annual periods beginning on or after 1 January 2009*). The amendment restricts the definition of "vesting condition" to a condition that includes an explicit or implicit requirement to provide services. Any other conditions are non-vesting conditions, which have to be taken into account to determine the fair value of the equity instruments granted. These amendments are not expected to have any effect on the Group/Company's operations.

IFRS 8, Operating Segments (*effective for annual periods beginning on or after 1 January 2009*). IFRS 8 replaces IAS 14 'Segment Reporting' and adopts a management-based approach to segment reporting. The information reported would be that which management uses internally for evaluating the performance of operating segments and allocating resources to those segments. The Group/Company will make the necessary changes to the presentation of its financial statements in the following financial year.

IFRS 3 Revised 'Business Combinations' and IAS 27 Revised 'Consolidated and Separate Financial Statements' (*effective for annual periods beginning on or after 1 July 2009*). IFRS 3 (revised) introduces a number of changes in the accounting for business combinations occurring after this date that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. IAS 27 (revised) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential changes were made to IAS 7, IAS 21, IAS 28, IAS 31 and IAS 39. The changes by IFRS 3 (revised) and IAS 27 (revised) will affect future acquisitions or loss of control and transactions with minority interests. The standards may be early adopted. However the Group does not intend to take advantage of this possibility.

IFRIC 13 'Customer Loyalty Programmes' (*effective for annual periods beginning on or after 1 July 2008*). IFRIC 13 requires customer loyalty award credits to be accounted for as a separate component of the sales transaction in which they are granted. IFRIC 13 will have no impact on the Group/Company's financial statements as no such schemes currently exist.

NOTES TO THE FINANCIAL STATEMENTS - continued

2.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES - continued

Standards, interpretations and amendments to published standards as adopted by the European Union effective in 2008 - continued

IFRIC 15 - Agreements for Construction of Real Estate (*effective for annual periods beginning on or after 1 January 2009*). This IFRIC clarifies how to determine whether an agreement for the construction of real estate is a construction contract within the scope of IAS 11. This IFRIC will not have an impact on the Group/Company's financial statements.

IFRIC 16 - Hedges of a Net Investment in a Foreign Operation (*effective for annual periods beginning on or after 1 October 2008*). This IFRIC applies to an entity that hedges the foreign currency risk arising from its net investment in foreign operations and wishes to qualify for hedge accounting in accordance with IAS 39. Accordingly this IFRIC will not have an impact on the Group/Company's operations.

Improvements to IFRS

In May 2008, the European Union endorsed improvements to IFRSs issued by the International Accounting Standards Board. These will become effective for annual periods beginning on or after 1 January 2009. These improvements were issued, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The Group/Company has not early adopted the amendments arising from the 'Improvement to IFRS' project and anticipates that these changes will have no material effect on the financial statements.

Standards, interpretations and amendments issued by the International Accounting Standards Board (IASB) but not yet adopted by the European Union:

The following standards, interpretations and amendments have been issued by the IASB but not yet adopted by the European Union:

- IFRS 2 Amendments – Group cash-settled share based payment transactions
- IFRS 1 Revised – First Time Adoption of IFRS
- IFRS 7 Amendments – Improving disclosures about Financial Instruments
- IFRIC 9 and IAS 39 Amendments – Embedded derivatives
- IFRIC 17 – Distributions of Non-Cash to owners
- IFRIC 18 – Transfers of Assets from customers
- IAS 32 Amendments – Classification of Rights Issue
- Improvements to IFRS – Second omnibus improvements to IFRSs issued on 16 April 2009

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by Group entities.

Foreign currency translation

The separate and consolidated financial statements are presented in Euro, which is the Group/Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using the functional currency. Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction.

NOTES TO THE FINANCIAL STATEMENTS - continued

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Foreign currency translation - continued

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the balance sheet date, whereas non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Gains and losses arising from such foreign exchange translations are taken to the income statement.

Revenue recognition

In general, revenue is measured at the fair value of the consideration received or receivable and is recognised to the extent that it is probable that the economic benefits will flow to the Group/Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

Revenue from services rendered

Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

Interest income

Revenue is recognisable as interest accrues, unless collectability is in doubt. Interest income is included in finance revenue in the income statement.

Dividend income

Revenue is recognised when the right to receive the payment is established.

Taxes

Current tax

Current tax assets and liabilities for the current year and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

NOTES TO THE FINANCIAL STATEMENTS - continued

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Taxes - continued

Deferred income tax - continued

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

VAT

Revenues, expenses and assets are recognised net of the amount of sales tax/value added tax except:

- where the sales tax/value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax/value added tax is recognised as part of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax/value added tax included.

The net amount of sales tax/value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Government grants

Government grants are compensations for expenses incurred. Grants are recognised as income over the period necessary to match the grants on a systematic basis to the costs that are intended to compensate.

Employee benefits

The Group/Company contributes towards the State pension defined contribution plan in accordance with local legislation and to which it has no commitment beyond the payment of fixed contributions. Related costs are recognised as an expense in the income statement during the period these are incurred.

Borrowing costs

Borrowing costs are recognised as an expense when incurred.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS - continued

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Property, plant and equipment - continued

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

Depreciation is calculated on a straight line basis over the useful lives of each part of an item of property, plant and equipment. A depreciation charge equivalent to a half year's depreciation is charged for the year in which the asset is first brought into use and a half year's depreciation is charged during the year in which the asset is disposed of or scrapped.

The estimated lives for the current and comparative periods are as follows:

- | | |
|-------------------------------------|----------------------------------------|
| • System infrastructure | 5 - 15 years |
| • Heavy plant and machinery | 10 years |
| • Furniture, fittings and equipment | 4 - 10 years |
| • Motor vehicles | 5 years |
| • Factory improvements | over the remaining period of the lease |

The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each reporting date.

Leased assets

The determination of whether an arrangement is, or contains a lease, is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets, or the arrangement conveys a right to use the asset.

Group as a lessee

Finance leases, which transfer to the Group/Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the income statement.

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group/Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

Group as a lessor

Leases where the Group/Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating and operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as income.

NOTES TO THE FINANCIAL STATEMENTS - continued

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Intangible assets

Goodwill

Goodwill represents the excess of the cost of the acquisition over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (negative goodwill), it is recognised immediately in the income statement.

Goodwill is measured at cost less accumulated impairment losses. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment.

Research and development

Research costs, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are expensed as incurred.

Development expenditure on an individual project is recognised as an intangible asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete and its ability to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset; and
- the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Cost includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for the intended use; other development expenditure is expensed as incurred.

Amortisation of the asset begins when development is complete and the asset is available for use. The period over which expected future benefits are expected to flow to the Group is as follows:

- development costs 5 years
- acquired computer software 4 years

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it related. All other expenditure is recognised in the income statement when incurred.

A summary of the policies applied to the Group's intangible assets is as follows:

	Development costs	Acquired computer software	Goodwill
Useful lives	Finite	Finite	Indefinite
Amortisation method used	Amortised on a straight line method	Amortised on a straight line method	No Amortisation
Internally generated or acquired	Internally generated	Acquired	Acquired

NOTES TO THE FINANCIAL STATEMENTS - continued

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in-first-out principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Impairment of assets

Financial assets

The Group/Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost, the Group/Company first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group/Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement.

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the income statement.

Non-financial assets

The Group/Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group/Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

NOTES TO THE FINANCIAL STATEMENTS - continued

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Impairment of assets - continued

Non-financial assets - continued

Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group/Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

The following criteria are also applied in assessing impairment of specific assets:

Goodwill

Goodwill is tested for impairment annually as at year end and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than their carrying amount an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets

Intangible assets with finite useful lives are tested for impairment whenever there is an indication that the intangible asset may be impaired.

Investment in associate

The Group's investment in its associate is accounted for using the equity method of accounting. An associate is an entity in which the Group has significant influence.

Under the equity method, the investment in the associate is carried in the balance sheet at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is not amortised or separately tested for impairment. The income statement reflects the share of the results of operations of the associate. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The share of profit of associates is shown on the face of the income statement. This is the profit attributable to equity holders of the associate and therefore is profit after tax and minority interests in the subsidiaries of the associates.

The financial statements of the associate are prepared for the same reporting period as the parent company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

NOTES TO THE FINANCIAL STATEMENTS - continued

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Investment in associate - continued

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each balance sheet date whether there is any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the income statement.

Trade and other receivables

Receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred. Receivables from related party are recognised and carried at cost.

Cash and cash equivalents

Cash in hand and at banks in the balance sheet comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less.

Cash and cash equivalents are defined as cash in hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any outstanding bank overdrafts.

Trade and other payables

Liabilities for amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group/Company. Payables to related parties are carried at cost.

Interest-bearing loans

All loans and borrowings are initially recognised at the fair value of the consideration received less direct attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

Derecognition of financial assets and financial liabilities

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired; or
- the Group/Company has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and

NOTES TO THE FINANCIAL STATEMENTS - continued

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Derecognition of financial assets and financial liabilities - continued

Financial assets - continued

- either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group/Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's / Company's continuing involvement in the asset.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is either discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

Unrealised profits

Part II of the Third Schedule to the Act requires that only profits/losses realised at the balance sheet date may be included in retained earnings available for distribution. Any unrealised profits/losses at this date, taken to the Income Statement, are transferred to a non-distributable reserves.

Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In preparing the financial statements, management is required to make judgements, estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates. Actual results in the future could differ from such estimates and the differences may be material to the financial statements. These estimates are reviewed on a regular basis and if a change is needed, it is accounted in the period the changes become known.

The most significant use of judgements and estimates is as follows:

DATATRAK HOLDINGS P.L.C.
Financial Statements for the period ended 30 June 2009

NOTES TO THE FINANCIAL STATEMENTS - continued

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS - continued

Impairment of non-financial assets

The Group's impairment for goodwill is based on value in use calculations that use a discounted cash flow model. The cash flows are derived from the budget for the next three years as approved by management. Cash flow projections beyond this period were extrapolated for the next seven years using a steady growth rate, after which the terminal value was calculated. Such growth rate does not exceed the long term average growth for the industry in which the entity operates. These budgets do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset base of the Group. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount, including a sensitivity analysis, are further explained in Note 12.

Development costs

Development costs are capitalised in accordance with the accounting policy in Note 2.2. Initial capitalisation of costs is based on management's judgement that technological and economical feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. At 30 June 2009, the carrying amount of capitalised development costs was Eur1,933,145 (2007: Eur1,730,632)

In the opinion of the management, except for the above, the accounting estimates, assumptions and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1 (revised) 'Presentation of financial statements'.

4. REVENUE

Revenue represents income from the sale of in-house developed computer software as well as license fees for the use of said software. Revenue is stated after deduction of sales rebates and indirect taxes.

	The Group		The Company	
	01.01.08 to 30.06.09 EUR	Year to 31.12.07 EUR	01.01.08 to 30.06.09 EUR	Year to 31.12.07 EUR
<i>Category of activity</i>				
Fleet management	2,634,295	1,654,820	-	-
Back-office processing	1,958,559	1,298,728	-	-
Consulting services	168,141	-	-	-
Dividends	-	-	4,803,720	-
	4,760,995	2,953,548	4,803,720	-
<i>By geographical markets</i>				
Local	3,233,063	1,917,988	4,803,720	-
Europe	1,326,665	1,035,560	-	-
North Africa	201,267	-	-	-
	4,760,995	2,953,548	4,803,720	-

DATATRAK HOLDINGS P.L.C.
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NOTES TO THE FINANCIAL STATEMENTS - continued

5. PERSONNEL EXPENSES

Personnel expenses incurred by the Group/Company during the period/year are analysed as follows:

	The Group		The Company	
	01.01.08 to 30.06.09 EUR	Year to 31.12.07 EUR	01.01.08 to 30.06.09 EUR	Year to 31.12.07 EUR
Directors' emoluments	86,592	38,668	32,495	-
Wages and salaries	2,934,889	1,574,991	27,814	11,693
Social security defined contribution costs	172,016	94,880	-	-
	3,193,497	1,708,539	60,309	11,693
Capitalised labour costs	(1,008,517)	(630,356)	-	-
Total personnel expenses	2,184,980	1,078,183	60,309	11,693

The weekly average number of persons employed by the Group/Company during the eighteen-month period ended 30 June 2009 and the year ended 31 December 2007, was as follows:

	The Group		The Company	
	01.01.08 to 30.06.09 No.	Year to 31.12.07 No.	01.01.08 to 30.06.09 No.	Year to 31.12.07 No.
Operating	88	70	-	-
Administration	21	17	-	-
	109	87	-	-

DATATRAK HOLDINGS P.L.C.
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NOTES TO THE FINANCIAL STATEMENTS - continued

6. (LOSS)/PROFIT BEFORE TAX

6.1 Other administrative expenses

	The Group		The Company	
	01.01.08 to 30.06.09 EUR	Year to 31.12.07 EUR	01.01.08 to 30.06.09 EUR	Year to 31.12.07 EUR
Auditors' remuneration	41,000	31,214	12,931	8,153
Water and electricity	49,282	37,557	-	-
Printing expenses	8,290	5,998	8,290	5,998
Insurances	49,576	22,100	-	-
Listing and registration fees	34,065	31,515	13,846	15,459
Bank charges	10,769	5,293	-	-
Movement in provision for impairment of receivables (note 17)	(170,877)	565,955	-	-
Decrease in provision for exchange difference	10,029	13,902	-	-
Rent	98,938	63,554	-	-
Other expenses	470,887	225,958	6,304	5,554
	601,959	1,003,046	41,371	35,164

6.2 Other

For the year ended 31 December 2007, Directors' fees were waived as per Directors' resolution dated 14 May 2008.

7. WAIVER OF AMOUNTS DUE FROM SUBSIDIARY

On 14 May 2008, the Board resolved that amounts due from the following companies be waived with effect for the year ended 31 December 2007:

	EUR
Datatrak Systems Limited	6,141,738
Datatrak MENA Limited	130,270
	6,272,008

As per Board Resolution dated 7 April 2009, the Board of Directors of the Company resolved to waive EUR771,186 off the balance due by Loqus Solutions Limited. This amount was originally due by Datatrak MENA Limited, which balance was transferred to Loqus Solutions Limited upon merger. The amount waived was equal to the accumulated losses of Datatrak MENA Limited prior to its merger with Loqus Solutions Limited.

8. GAIN ON SALE OF BUSINESS, ASSETS AND LIABILITIES

The amount of EUR3,929,576 reported in the statement of changes in equity for 2007 represented the minority's share of gain on sale of business, assets and liabilities resulting from the Group's restructuring which was approved by the shareholders at the Extraordinary General Meeting held for this purpose on 4 April 2008, effective as at 31 December 2007. Please refer to note 28 for further details.

DATATRAK HOLDINGS P.L.C.
Financial Statements for the period ended 30 June 2009

NOTES TO THE FINANCIAL STATEMENTS - continued

9. INCOME TAX

The taxation charge for the period/year is comprised of the following:

	The Group		The Company	
	01.01.08 to 30.06.09 EUR	Year to 31.12.07 EUR	01.01.08 to 30.06.09 EUR	Year to 31.12.07 EUR
Current tax charge	207	34,615	17,272	-
Deferred tax charge	-	2,107,365	-	-
	207	2,141,980	17,272	-

The taxation on (loss)/profit on ordinary activities differs from the theoretical taxation expense that could apply on the Company's profit on ordinary activities before taxation using the applicable taxation in Malta of 35% as follows:

	The Group		The Company	
	01.01.08 to 30.06.09 EUR	Year to 31.12.07 EUR	01.01.08 to 30.06.09 EUR	Year to 31.12.07 EUR
(Loss)/profit before tax	(849,982)	(4,728,205)	3,886,613	(12,101,048)
Theoretical taxation expense at domestic income tax rate 35%	(297,494)	(1,654,872)	1,360,315	(4,235,366)
<i>Tax effect of:</i>				
- Temporal differences not recognised	(18,088)	931,605	(74)	27,766
- Income not subject to tax	-	1,484,238	(1,664,029)	-
- Non-deductible expenses	324,426	1,086,755	322,706	4,208,213
- Absorbed tax losses brought forward from prior years		-	(1,646)	-
- Group loss relief	(8,637)	(456,578)	-	(613)
- Investment in tax credit	-	(228,565)	-	-
- Reversal of temporal differences previously recognised	-	2,107,366	-	-
- Profit of subsidiary charged at different tax rates	-	(1,127,969)	-	-
Tax charge/credit	207	2,141,980	17,272	-

The tax charge for the period represents the tax withheld on dividends received by the Company. No further provision for Malta Income Tax has been made in these financial statements in view of the tax loss incurred by the Company during the period under review.

DATATRAK HOLDINGS P.L.C.
Financial Statements for the period ended 30 June 2009

NOTES TO THE FINANCIAL STATEMENTS - continued

10. LOSS PER SHARE

10.1 Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the consolidated loss for the period/year attributable to the ordinary shareholders and the Company's loss/earnings divided by the average number of equity shares outstanding during the period/year.

	The Group		The Company	
	01.01.08	Year to	01.01.08	Year to
	to	31.12.07	to	31.12.07
	30.06.09		30.06.09	
	EUR	EUR	EUR	EUR
Loss attributable to the ordinary shareholders/ Company's earnings/(loss)	(850,189)	(7,166,216)	3,869,341	(12,101,048)
Average number of equity shares outstanding during the period/year	31,899,000	15,949,500	31,899,000	15,949,500
Basic (loss)/earnings per share	(2c7)	(44c9)	12c1	(75c9)

10.2 Diluted (loss)/earnings per share

The calculation of diluted (loss)/earnings per share is based on the consolidated loss for the period/year attributable to the ordinary shareholders and the Company's earnings/(loss) divided by the weighted average number of equity shares outstanding during the period/year.

The loss attributable to shareholders and the weighted average number of shares of the diluted loss/earnings per share were adjusted with the after-tax effect of the expense of share options and share options on issue respectively.

	The Group		The Company	
	01.01.08	Year to	01.01.08	Year to
	to	31.12.07	to	31.12.07
	30.06.09		30.06.09	
	EUR	EUR	EUR	EUR
Loss attributable to the ordinary shareholders/ Company's earnings/(loss)	(850,189)	(7,166,216)	3,869,341	(12,101,048)
Weighted average number of equity shares outstanding during the period/year	31,899,000	15,949,500	31,899,000	15,949,500
Diluted (loss)/earnings per share	(2c7)	(44c9)	12c1	(75c9)

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

DATATRAK HOLDINGS P.L.C.
Financial Statements for the period ended 30 June 2009

NOTES TO THE FINANCIAL STATEMENTS - continued

11. PROPERTY, PLANT AND EQUIPMENT

The Group

	System infrastructure EUR	Equipment, furniture, & fittings EUR	Motor vehicles EUR	Factory improvements EUR	Total EUR
Cost:					
At 1 January 2007	3,194,720	1,579,771	90,312	402,562	5,267,365
Additions	-	111,717	-	10,460	122,177
Assets transferred from assets held for resale	2,180,519	-	-	-	2,180,519
Disposals	-	(52,418)	-	(84,642)	(137,060)
At 31 December 2007	5,375,239	1,639,070	90,312	328,380	7,433,001
Additions	-	207,454	44,568	3,282	255,304
Disposals	-	(29,521)	(48,141)	-	(77,662)
At 30 June 2009	5,375,239	1,817,003	86,739	331,662	7,610,643

Depreciation and impairment losses:

At 1 January 2007	1,620,475	1,249,152	79,017	203,252	3,151,896
Depreciation charge for the year	193,336	113,284	1,188	25,681	333,489
Provision for depreciation on transferred assets	930,678	-	-	-	930,678
Impairment	2,630,750	41,270	-	-	2,672,020
Disposals	-	(50,335)	-	(48,027)	(98,362)
At 31 December 2007	5,375,239	1,353,371	80,205	180,906	6,989,721
Depreciation charge for the period	-	145,425	10,245	31,618	187,288
Disposals	-	(19,453)	(48,141)	-	(67,594)
At 30 June 2009	5,375,239	1,479,343	42,309	212,524	7,109,415

Net book value:

At 30 June 2009	-	337,660	44,430	119,138	501,228
At 31 December 2007	-	285,699	10,107	147,474	443,280
At 1 January 2007	1,574,245	330,619	11,295	199,310	2,115,469

For the year ended 31 December 2007, the impairment amounting to EUR2,672,020 represented write-off of assets previously classified as assets held for resale and other infrastructure assets whose use has become obsolete as a result of GSM technology.

The carrying value of motor vehicles held under finance lease at 30 June 2009 stood at EUR1,923 (2007: Nil).

DATATRAK HOLDINGS P.L.C.
Financial Statements for the period ended 30 June 2009

NOTES TO THE FINANCIAL STATEMENTS - continued

12. INTANGIBLE ASSETS

The Group

	Goodwill EUR	Development costs EUR	Acquired software EUR	Total EUR
Cost				
At 1 January 2007	1,771,712	2,177,277	229,914	4,178,903
Additions	-	719,814	31,783	751,597
Additions of minority interest	3,929,576	-	-	3,929,576
At 31 December 2007	5,701,288	2,897,091	261,697	8,860,076
Additions	-	1,058,003	-	1,058,003
At 30 June 2009	5,701,288	3,955,094	261,697	9,918,079
Amortisation and impairment losses				
At 1 January 2007	-	799,031	199,401	998,432
Amortisation charge for the year	-	367,428	18,204	385,632
Impairment	1,447,934	-	-	1,447,934
At 31 December 2007	1,447,934	1,166,459	217,605	2,831,998
Amortisation charge for the period	-	855,490	21,256	876,746
At 30 June 2009	1,447,934	2,021,949	238,861	3,708,744
Net book value				
At 30 June 2009	4,253,354	1,933,145	22,836	6,209,335
At 31 December 2007	4,253,354	1,730,632	44,092	6,028,078
At 1 January 2007	1,771,712	1,378,246	30,513	3,180,471

From the additions of EUR1,058,003 an amount of EUR139,926 relates to development of an upgrade on one of the subsidiary's software products. However, as at year end such upgrade was not in the condition necessary for it to be capable of operating in the manner intended by management.

12.1 Impairment test for the cash-generating units containing goodwill - current period

The recoverable amount of the cash-generating unit has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a three year period.

The pre-tax discount rate applied to cash flow projections is 16.4% and cash flows beyond the three year period are extrapolated using a 6% growth rate for years four to ten and 3% thereafter into perpetuity.

The key assumptions used in the value in use calculation are most sensitive to the following assumptions:

- Discount rates;
- Growth rates used to extrapolate cash flows beyond the budget period.

DATATRAK HOLDINGS P.L.C.
Financial Statements for the period ended 30 June 2009

NOTES TO THE FINANCIAL STATEMENTS - continued

12. INTANGIBLE ASSETS - continued

12.1 Impairment test for the cash-generating units containing goodwill - current period - continued

The Directors believe that any reasonably possible change in the key assumptions on which the recoverable amount of the cash-generating unit is based, would not cause its carrying amount to exceed its recoverable amount.

12.2 Impairment test for the cash-generating units containing goodwill - prior period

The goodwill acquired in the previous period represented payments made by the Company in anticipation of future economic benefits, from assets that were not capable of being individually identified and separately recognised. As at 31 December 2007, these assets related to the acquisitions of:

	EUR
Datatrak Solutions Limited (DSOL Cash generating unit)	3,929,576
Datatrak IT Services Limited (DIT Cash generating unit)	323,778
	<hr/>
	4,253,354
	<hr/> <hr/>

DSOL Cash generating unit

With effect from 31 December 2007, Datatrak Solutions Limited (DSOL) transferred to Datatrak MENA Ltd (DML) the full benefit of the business, contracts and assets, with the exclusion of certain liabilities and the employees that were retained by DSOL as stipulated in the agreement entered between DSOL, DML and Datatrak Holdings p.l.c. dated 30 April 2008. The share of goodwill acquired by the Group pertaining to minority interest amounting to EUR3,929,576 represents payments made by DML relating to the acquisition of the business of DSOL (cash generating unit) in anticipation of future economic benefits, from assets that were not capable of being individually identified and separately recognised.

In applying the requirements of IAS 36, impairment of assets, in relation to the goodwill acquired in the above-mentioned business combination, the Directors are required to carry out an annual impairment test to provide comfort that the recoverable amount of the cash generated unit is at least equal to its carrying amount.

The Directors have based the recoverable amount of the cash generating unit on fair values estimates provided by a Big Four audit firm in a report entitled "Valuation of Datatrak Solutions Limited and Datatrak IT Services Limited" dated 7 November 2007. The fair value estimate calculated in this report supported the carrying amount of the goodwill as at 31 December 2007.

The recoverable amount estimated for the DSOL cash generating unit was dependent on the realisation of the future plans and cash flow projections of DSOL which have been set out in a document entitled "Strategic Plan" (dated June 2007) approved by the Board of Directors. These cash flow projections have been based on actual operating results and eight-year budgets/forecasts for DSOL and included the following:

- Targeting and carrying out of market penetration efforts in new geographical locations within Europe;
- The acceleration of the Company's research and development programme; and
- The broadening of the Company's suite of market offerings through the creation of new solutions.

DATATRAK HOLDINGS P.L.C.
Financial Statements for the period ended 30 June 2009

NOTES TO THE FINANCIAL STATEMENTS - continued

12. INTANGIBLE ASSETS - continued

12.2 Impairment test for the cash-generating units containing goodwill - prior period - continued

DIT cash generated unit

The key assumption and the approach to determine the value of the cash flow projections were:

Assumptions	How determined
Income streams	Using management's best estimates of the income streams from existing products and services in the local and overseas market

A pre-tax discount rate of 15% was used in discounting the projected cash flows. Using the above criteria, the recoverable amount of the DIT cash-generating unit exceeds its carrying amount. The Directors believed that any reasonably possible change in the key assumptions on which the recoverable amount of the cash-generating unit was based, would not cause its carrying amount to exceed its recoverable amount.

Goodwill amounting to EUR1,447,934 which represented the Datatrak Systems Limited (DSL) cash generating unit was written off in the last quarter of the prior period as the basis upon which the value of the relative cash flow projections was determined was no longer deemed probable by management.

13. INVESTMENT IN SUBSIDIARIES

The Company

	Capital subscribed EUR	Debt instruments EUR	Shareholders' contribution EUR	Total EUR
At 1 January 2007	6,180,648	121,127	-	6,301,775
Redemption of debt instruments	-	(121,127)	-	(121,127)
Impairment	(5,751,461)	-	-	(5,751,461)
Amount receivable	-	-	9,997,142	9,997,142
At 31 December 2007	429,187	-	9,997,142	10,426,329
Capitalisation of amounts receivable	2,000,002	-	(2,000,002)	-
New capital subscription	198	-	-	198
Waiver of amounts due from subsidiaries	-	-	(771,186)	(771,186)
Increase in amounts receivable	-	-	6,911	6,911
At 30 June 2009	2,429,387	-	7,232,865	9,662,252

DATATRAK HOLDINGS P.L.C.
Financial Statements for the period ended 30 June 2009

NOTES TO THE FINANCIAL STATEMENTS - continued

13. INVESTMENT IN SUBSIDIARIES - continued

Significant Subsidiaries	Registered office	Ownership Interest		Nature of Business
		2009 %	2007 %	
Loqus Services Limited (formerly Datatrak Systems Limited)	F26, Mosta Technopark Mosta, MST 3000	99.9	99.9	Fleet management in Malta and back-office processing
Loqus Solutions Limited (formerly Datatrak Solutions Limited) (note i)	F26, Mosta Technopark Mosta, MST 3000	94.04	50.1	Software solutions
Datatrak IT Services Limited (note ii)	F26, Mosta Technopark Mosta, MST 3000	50.2	50.2	Software development and related services. Dormant since 1 January 2008
Loqus Consulting Limited (formerly Datatrak Business Consultancy Limited)	F26, Mosta Technopark Mosta, MST 3000	75.0	-	Consulting services
Datatrak Mena Limited (merged with Loqus Solutions Limited in 2008)	F26, Mosta Technopark Mosta, MST 3000	-	99.9	Mobile data network services in Africa
Datatrak Italia S.r.l. Limited (note iii)	Via Paolo di Dono, 73 00142, Roma, Italia	55.0	55.0	Fleet management in Italy
Premiere Post Limited (note iv)	F26, Mosta Technopark Mosta, MST 3000	99.9	99.9	Postal Service

- i. The increase in ownership interest during the year ended 30 June 2009 is due to a conversion of EUR2,000,002 from shareholder's contribution to share capital
- ii. Datatrak IT Services Limited did not carry out any trading activity during the current period.
- iii. The Company indirectly controls Datatrak Italia S.r.l. through Loqus Solutions Limited.
- iv. Investments in Premiere Post Limited and Datatrak IT Algeria Sarl are indirectly controlled by the Company by means of its direct investment in Loqus Services Limited.
- v. Datatrak IT Algeria Sarl is in the process of liquidation and the investment was full provided for in previous years. Such subsidiary was not consolidated due to the fact that amounts are immaterial for the Group and no transactions were entered into during the period under review.

14. INVESTMENT IN ASSOCIATE

The Group

The investment in the associated company is held through Loqus Solutions Limited.

Significant subsidiary	Registered office	Ownership interest		Nature of business
		2009 %	2007 %	
Datatrak Nigeria Limited	Nigeria	30	30	Data network provider

DATATRAK HOLDINGS P.L.C.
Financial Statements for the period ended 30 June 2009

NOTES TO THE FINANCIAL STATEMENTS - continued

14. INVESTMENT IN ASSOCIATE - continued

The Group's investment in associate is analysed as follows:

	30.06.09	31.12.07
	EUR	EUR
<i>Investment in associated company:</i>		
- Acquisition	-	54,216
- Share of losses of associated company	-	(31,307)
- Impairment allowance	-	(22,909)
	<hr/>	<hr/>
At 30 June/31 December	-	-
	<hr/>	<hr/>

The issued share capital of Datatrak Nigeria Limited is 85,000,000 shares of 1 Nigerian Naira each, fully paid up. All ordinary shares in the associate carry equal voting rights.

The Group has limited the recognition of losses of the associated company up to the extent of the value of the Group's interest in the enterprise. The Group does not have any exposure beyond its equity interest therein.

15. DEFERRED TAX ASSETS AND LIABILITIES

As of 30 June 2009, the Group had deferred tax assets amounting to EUR3,606,868. These deferred tax assets have not been recognised in these financial statements given the losses incurred during the period under review and current market conditions.

These deferred tax assets are in respect of the tax effect of tax losses and other temporary differences. These deductible temporary differences do not expire under current tax legislation.

16. INVENTORIES

	The Group		The Company	
	01.01.08		01.01.08	
	to	Year to	to	Year to
	30.06.09	31.12.07	30.06.09	31.12.07
	EUR	EUR	EUR	EUR
Raw materials and consumables, at lower of cost and net realisable value	18,059	18,355	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

Raw materials and consumables of the Group is stated net of a provision for slow moving inventories amounting to EUR658 (2007: EUR53,407). During the period the Group wrote off inventory amounting to EUR62,935.

DATATRAK HOLDINGS P.L.C.
Financial Statements for the period ended 30 June 2009

NOTES TO THE FINANCIAL STATEMENTS - continued

17. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	01.01.08 to 30.06.09 EUR	Year to 31.12.07 EUR	01.01.08 to 30.06.09 EUR	Year to 31.12.07 EUR
Trade receivables (note i)	1,321,076	836,967	-	-
Amounts owed by other related parties (note iii)	9,019	381,556	302	-
Other receivables (note i)	35,676	218,928	7,390	12,637
Amount due from associate (note ii)	-	-	-	-
Prepayments and accrued income	233,030	165,200	1,984	-
	1,598,801	1,602,651	9,676	12,637

i. Trade and other receivables

Trade and other receivables are stated net of impairment allowance, changes in which are presented below:

	Individually impaired		
	Trade receivables EUR	Other receivables EUR	Total EUR
At 1 January 2007	22,254	-	22,254
Movement for the year (note 6)	268,187	70,040	338,227
At 31 December 2007	290,441	70,040	360,481
Movement for the year (note 6)	(173,276)	2,399	(170,877)
Utilised	(910)	-	(910)
At 30 June 2009	116,255	72,439	188,694

As at 30 June 2009, the ageing analysis of trade receivables was as follows:

	Total EUR	Neither past due nor impaired EUR	Past due but not impaired			
			<30 days EUR	30-60 days EUR	60-90 days EUR	>90 days EUR
30 June 2009	1,321,076	302,102	158,030	183,145	71,104	606,695
31 December 2007	836,967	438,480	134,775	23,030	6,322	234,360

Trade receivables are non-interest bearing and are generally on a 30 to 90 day term.

- ii. Amount due from associate is stated net of impairment allowance amounting to EUR227,728 (2007: EUR227,728).
- iii. All amounts due by related entities are interest free and repayable on demand.

DATATRAK HOLDINGS P.L.C.
Financial Statements for the period ended 30 June 2009

NOTES TO THE FINANCIAL STATEMENTS - continued

18. CAPITAL AND RESERVES

18.1 Issued capital

	30.06.09	31.12.07
	EUR	EUR
Authorised		
50,000,000 ordinary shares of EUR0.232937 each	11,646,850	11,646,850
Issued and fully paid		
31,899,000 (2007: 15,949,500) ordinary shares of EUR0.232937 each, fully paid up (note 19)	7,430,458	3,715,229

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

18.2 Share premium

	30.06.09	31.12.07
	EUR	EUR
1 January	2,302,792	2,302,792
Increase following issuance of share capital (note 19)	1,069,621	-
At 30 June/31 December	3,372,413	2,302,792

18.3 Other reserve

During the period under review the balance in Other Reserve was offset against accumulated losses.

18.4 Capital redemption reserve

In terms of Section 115 (1) of the Companies Act, Cap. 386 of the Laws of Malta there is a capital maintenance requirement upon redemption of preference shares. Where preference shares are redeemed otherwise than out of proceeds of a fresh issue, an amount equivalent to the nominal amount of the preference shares being redeemed is to be transferred from distributable profits to a capital redemption reserve.

In 2007, an amount of EUR121,554 of preference shares were redeemed, and a corresponding amount was transferred from retained earnings to the Capital Redemption Reserve.

This reserve is non distributable by way of dividends. It may be applied by the Company in paying up unissued shares of the Company as fully paid bonus shares to the shareholders of the Company.

19. MINORITY INTEREST

During the year ended 31 December 2007, Datatrak IT Services Limited and Loqus Solutions Limited (formerly Datatrak Solutions Limited) proposed a dividend amounting in aggregate to EUR9,569,700 of which EUR4,784,850 was due to minority. Such right for dividend was waived by the minority in lieu of shares in the Company. 15,949,500 Ordinary Shares with a nominal value of EUR0.232937 issued at a price of EUR0.30 per share were allotted in favour of the minority. This transaction was in line with the restructuring implemented by the Group as approved by the EGM held on 4 April 2008 which was effective as at 31 December 2007.

DATATRAK HOLDINGS P.L.C.
Financial Statements for the period ended 30 June 2009

NOTES TO THE FINANCIAL STATEMENTS - continued

20. INTEREST BEARING LOANS AND BORROWINGS

Bank borrowings comprise bank loans analysed as follows:

	The Group		The Company	
	01.01.08	Year to	01.01.08	Year to
	to	31.12.07	to	31.12.07
	30.06.09		30.06.09	
	EUR	EUR	EUR	EUR
<i>Non-current liabilities</i>				
- Secured bank loans (note i)	624,924	318,029	-	-
- Other borrowings (note ii)	140,347	60,168	-	-
- Obligation under finance lease (note iii)	575	-	-	-
	765,846	378,197	-	-
<i>Current liabilities</i>				
- Bank overdrafts (note 23)	170,966	191,477	-	-
- Secured bank loans (note i)	288,438	81,174	-	-
- Other borrowings (note ii)	13,000	93,184	-	-
- Obligation under finance lease (note iii)	984	-	-	-
	473,388	365,835	-	-
	1,239,234	744,032	-	-

The table below shows the secured bank loans according to when they are expected to be repaid based on their contractual maturity. For the Group's exposure to liquidity, interest rates and foreign currency risks, see note 27.

	The Group		The Company	
	01.01.08	Year to	01.01.08	Year to
	to	31.12.07	to	31.12.07
	30.06.09		30.06.09	
	EUR	EUR	EUR	EUR
Between 1 and 2 years	262,348	133,354	-	-
Between 2 and 5 years	487,951	221,845	-	-
Over 5 years	15,547	22,998	-	-
	765,846	378,197	-	-

DATATRAK HOLDINGS P.L.C.
Financial Statements for the period ended 30 June 2009

NOTES TO THE FINANCIAL STATEMENTS - continued

20. INTEREST BEARING LOANS AND BORROWINGS - continued

- i. Bank borrowings bear interest ranging from 4.25% to 7% p.a. and are payable by 2014. These are secured by general hypothecary guarantees over all assets of a subsidiary, by guarantees provided by Group companies and by personal guarantees of the major shareholder. Moreover, certain bank loans are secured by a guarantee given by the Institute for Promotion of Small Enterprises under a loan guarantee scheme.
- ii. Other borrowings, which bear interest ranging from 0.75% to 2% p.a., are payable by 2015 and are secured by general hypothecary guarantees over all assets of a subsidiary and a pledge on insurance policy.
- iii. Obligations under finance lease, which bear interest at 8% p.a., are payable by 2011.

21. OTHER LIABILITIES

Other liabilities represent amounts due with respect to other taxes and social security contributions. These are non-interest bearing.

22. TRADE AND OTHER PAYABLES

	The Group		The Company	
	01.01.08	Year to	01.01.08	Year to
	to	31.12.07	to	31.12.07
	30.06.09	EUR	30.06.09	EUR
	EUR	EUR	EUR	EUR
Trade payables	1,158,305	875,946	81,768	63,506
Trade payables to related parties (note i)	234,776	149,259	5,570	3,972
Amounts payable to subsidiaries (note i)	-	-	633,246	10,196,000
Shareholders' loans (note ii)	841,964	744,253	841,964	744,253
Other payables	2,969	88,815	-	-
Accruals and deferred income	379,477	325,037	35,483	11,720
Taxation	30,480	30,480	-	-
Other taxes and social security contributions	389,495	422,848	-	-
	3,037,466	2,636,638	1,598,031	11,019,451

- i. Amounts owed to related parties are unsecured and bear no interest.
- ii. Amounts due to shareholders are unsecured and bear interest at 8%.

DATATRAK HOLDINGS P.L.C.
Financial Statements for the period ended 30 June 2009

NOTES TO THE FINANCIAL STATEMENTS - continued

23. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash in hand and balances with banks. Cash and cash equivalents included in the cash flow statement reconcile to the balance sheet amounts as follows:

	The Group		The Company	
	01.01.08	Year to	01.01.08	Year to
	to	31.12.07	to	31.12.07
	30.06.09		30.06.09	
	EUR	EUR	EUR	EUR
Bank balances	289,765	156,152	58,323	58,514
Bank overdraft (note 20)	(170,966)	(191,477)	-	-
Cash and cash equivalents	118,799	(35,325)	58,323	58,514

24. COMMITMENTS

24.1 Operating lease commitments - Group as lessee

The Group leases factory facilities under cancellable operating lease agreements. The lease agreements run for an initial period of 16 years which initiated on 28 May 1998.

During the period ended 30 June 2009, operating leases amounted to EUR80,938 were recognised as an expense in the income statement (2007: EUR53,156).

24.2 Operating lease commitments - Group as lessor

A subsidiary company leases equipment to customers under operating leases amounting to EUR152,698 (2007: EUR424,831). Accumulated depreciation on these assets at period end amounted to EUR22,904 (2007: EUR424,831).

During the period ended 30 June 2009, EUR364,776 was recognised as rental income in the income statement (2007: EUR269,921) and EUR22,810 in respect of depreciation relating to equipment under operating leases to customers (2007: EUR 18,272).

The future minimum lease receivables under non-cancellable leases are as follows:

	The Company	
	01.01.08	Year to
	to	31.12.07
	30.06.09	
	EUR	EUR
Within one year	319,651	316,441
After one year but not more than five years	575,163	705,204
	894,814	1,021,645

DATATRAK HOLDINGS P.L.C.
Financial Statements for the period ended 30 June 2009

NOTES TO THE FINANCIAL STATEMENTS - continued

24. COMMITMENTS - continued

24.3 Finance lease commitments - Group as lessee

The Company has a finance lease for a motor vehicle. Future minimum lease payments under the finance lease together with the present value of the net minimum lease payments are as follows:

	30.06.09		31.12.07
	Minimum	Present	Minimum
	payments	value of	payments
	EUR	payments	value of
		EUR	payments
			EUR
Within one year	1,110	984	-
After one year but not more than five years	647	575	-
Total minimum lease payments	1,757	1,559	-
Less amounts representing finance charges	(198)	-	-
Present value of minimum lease payments	1,559	1,559	-

24.4 Guarantees

The Company is a guarantor for EUR1,374,518 in respect to banking facilities provided to two group companies. Moreover, the Company has cash balances pledged amounting to EUR58,234 in support of banking facilities provided to a Group company.

A subsidiary is guarantor for EUR198,234 and has cash balances pledged amounting to EUR9,856 in support of banking facilities provided to another Group company.

25. RELATED PARTY DISCLOSURES

The Company has related party relationship with its subsidiaries (note 13), an associate (note 14) and with its Directors and Executive officers.

Transaction with key management personnel

Directors of the Company and their immediate relatives control 59 per cent of the voting shares of the Company. In addition to their salaries, the Group also provides non-cash benefits to Directors and Executive Officers.

Key management personnel compensation amounted to EUR765,049 (2007: EUR294,729). Total remuneration is included in note 5, "personnel expenses".

Other related party transactions

Subsidiaries

During the period ended 30 June 2009, the Company recharged expenses to group companies for the amount of EUR649 (2007: EUR48,013), whilst expenses amounting to EUR32,750 (2007: EUR20,925) were recharged to the Company by subsidiaries. Net advances to subsidiaries from the Company amounted to EUR4,636,512 (2007: EUR1,353,981). Group Companies made payments on behalf of the Company amounting EUR37,515 (2007: EUR63,003).

NOTES TO THE FINANCIAL STATEMENTS - continued

25. RELATED PARTY DISCLOSURES - continued

Other related parties

During the period ended 30 June 2009, other related parties purchased goods and services from the Group amounting to EUR289,081 (2007: EUR2,809). The Group was advanced finance amounting to EUR5,492 (2007: EUR248,852). Directors charged interest to the Company amounting to EUR91,916 (2007: EUR52,607) on loans advanced.

Related party balances

Information on amounts due to/from related parties are set out in notes 17 and 22.

26. EVENTS AFTER THE BALANCE SHEET DATE

On 2 July 2009, the Group set up a company in the United Kingdom, Loqus UK Limited having an authorised share capital GBP1,000. The company is fully owned by the Group.

At the Annual General Meeting held on 7 August 2008, the shareholders resolved to reduce the share premium account of the Company by EUR2,525,313 to offset a corresponding amount of accumulated losses. Following this resolution, after the period ended, the Directors of the Company affected the reduction of share premium account.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Overview

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how the management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

NOTES TO THE FINANCIAL STATEMENTS - continued

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued

Credit risk

Credit risk is the risk of the financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Trade and other receivables

Aged debtors are regularly monitored in order to highlight potential credit risks and also to assist in cash flow. The Group's invoicing system contains specific payment terms which are enforced accordingly. Customers that are found to be in substantial arrears on settlement are contacted and should they not regulate their position, the service provided is terminated after giving sufficient notice. The report is monitored both by the accounts and sales departments in order to ensure that the credit limits and terms are adjusted accordingly. Customers that are considered to be a credit risk are referred to the Chief Financial Officer for appropriate action.

The Group does not require collateral in respect of trade and other receivables.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are specific loss component that relates to individually significant exposures.

Exposure to credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

At the balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

In an Extraordinary General Meeting held on 4 April 2008 the shareholders approved a resolution in favour of a restructuring program for the Group. This restructuring involved an increase in the issued share capital of the Company by an allotment to the minority shareholder (in the Group entities) of 15,949,500 shares of a nominal value of EUR0.232937 at a value of EUR0.30 per share, thereby increasing shareholders' equity by EUR4,784,850.

Furthermore, the Group maintains lines of credit as disclosed in Note 20 to these financial statements and loans advanced by major shareholders as disclosed in Note 22.

DATATRAK HOLDINGS P.L.C.
Financial Statements for the period ended 30 June 2009

NOTES TO THE FINANCIAL STATEMENTS - continued

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

Period ended 30 June 2009

	Carrying amount EUR	Contractual Cash flows EUR	Less than 6 months EUR	6 to 12 months EUR	1 to 2 years EUR	2 to 5 years EUR	More than 5 years EUR
Bank loans	913,362	1,055,340	70,000	232,942	279,768	364,224	108,406
Other borrowings	154,906	168,226	2,613	15,645	36,367	98,742	14,859
Other liabilities	321,606	321,606	-	-	214,404	107,202	-
Trade and other payables	3,037,466	3,037,466	2,930,264	107,202	-	-	-
Bank overdraft	170,966	170,966	170,966	-	-	-	-
	4,598,306	4,753,604	3,173,843	355,789	530,539	570,168	123,265

Year ended 31 December 2007

	Carrying amount EUR	Contractual Cash flows EUR	Less than 6 months EUR	6 to 12 months EUR	1 to 2 years EUR	2 to 5 years EUR	More than 5 years EUR
Bank loans	399,203	471,153	53,948	53,948	107,897	232,362	22,998
Other borrowings	153,352	159,066	90,014	43,594	25,458	-	-
Trade and other payables	2,636,638	2,636,638	2,636,638	-	-	-	-
Bank overdraft	191,477	191,477	191,477	-	-	-	-
	3,380,670	3,458,334	2,972,077	97,542	133,355	232,362	22,998

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income and equity. The Group had limited exposure to foreign exchange risk, while interest on borrowings is denominated in Euro which matches the cash flows, generated by the underlying operations of the Group. The Group's interest bearing loans and borrowings are priced at a margin over the Central Bank's Base Rate, which reflects local market rates. Bank borrowings are hence reprisable when the Company's bankers amend their base rate. As from 1 January 2008, the Central Bank's base rate was replaced by the European Central Bank Intervention Rate.

Capital management

The Board's policy is to maintain a strong capital base as to maintain investor, creditor and market confidence and to sustain future development of the business. Neither the Company, nor its subsidiaries are subject to externally imposed capital requirements.

DATATRAK HOLDINGS P.L.C.
Financial Statements for the period ended 30 June 2009

NOTES TO THE FINANCIAL STATEMENTS - continued

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued

Currency risk

Exposure to currency risk

All the Group's assets and liabilities are denominated in the functional currency except the following trade receivables (based on notional amounts):

	30.06.09		31.12.07	
	GBP	USD	GBP	USD
Trade receivables	10,472	-	137,440	-
Trade payables	(40,000)	(15,223)	(18,912)	(123,736)
	(29,528)	(15,223)	118,528	(123,736)

The following significant exchange rates applied during the period/year:

	Average rate		Reporting date spot rate	
	30.06.09	31.12.07	30.06.09	31.12.07
GBP1	0.8286	0.6843	0.8521	0.7334
USD1	1.4248	1.3705	1.4134	1.4721

The Group's exposure to currency risk is therefore limited, as shown in the table above.

Interest rate risk

The interest rate risk and terms of repayment of interest-bearing instruments at balance sheet date are set out in notes 20 and 22 to the financial statements.

Interest rates in bank borrowings are established at a margin over the banker's base rate, whilst other borrowings are established at a margin below the Central Bank's base rate, which reflects local market rates. Bank borrowings are hence repriceable when the Company's bankers amend their base rates.

Fair values

The fair values of the financial assets which are measured at amortised cost are not materially different from their carrying amount.

28. COMPARATIVE FIGURES AND RESTATEMENT

The Group underwent a restructuring during 2007. The process was completed in 2008. As explained further in note 2.1 above, this restructuring was agreed and confirmed in its entirety as of 31 December 2007 and consequently has been treated as one transaction, being in substance an acquisition of minority interest.

The 2007 comparative information has been restated to fully reflect the substance of this transaction.

The minority interest gain on the sale of business currently reflected directly in equity, in amount of EUR3,929,576, was previously reported in 2007 financial statements as a gain of EUR4,240,678 in the consolidated income statement and a write-off of goodwill directly against minority interest of EUR311.102.

Furthermore, the transfer from minority interest to amounts earmarked to capitalisation (which were capitalised in 2008), of EUR4,784,850 was not recorded in the 2007 financial statements.

At the same time, a reclassification of EUR505,597 net, has been recorded in the 2007 comparative from development costs to goodwill, arising from the same restructuring in 2007, in line with the parent extension method.

OTHER DISCLOSURES IN TERMS OF THE LISTING RULES

Share Capital Structure

In the period under review, the Company's authorised share capital was eleven million six hundred and forty six thousand eight hundred and fifty euro (EUR11,646,850) divided into fifty million (50,000,000) ordinary shares of EUR0.232937 (Lm0.10) per share. The Company's issued share capital was seven million four hundred and thirty thousand four hundred fifty eight Euro (EUR7,430,458) divided into thirty one million eight hundred and ninety-nine thousand (31,899,000) ordinary shares having a nominal value EUR0.232937 per share.

All of the issued shares of the Company form part of one class of ordinary shares in the Company, which shares are listed on the Malta Stock Exchange. All shares in the Company have the same rights and entitlements and rank *pari passu* between themselves.

Dividends: The shares carry the right to participate in any distribution of dividend declared by the Company in general meeting on the recommendation of the Directors.

Voting Rights: Each share entitles its holder to one vote per share at meetings of shareholders.

Pre-emption rights: None

Transferability: All the shares are freely transferable in accordance with the rules and regulations of the Malta Stock Exchange, applicable from time to time.

There are no agreements between shareholders which are known to the Company and may result in restrictions on the transfer of securities and/or voting rights.

Mandatory takeover bids: Chapter 18 of the Listing Rules, implementing the relevant Squeeze-Out and Sell-Out Rules provisions of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004, regulates the acquisition by a person or persons acting in concert of the control of a company and provides specific rules on takeover bids, squeeze-out rules and sell-out rules. The shareholders of the Company may be protected by the said Listing Rules in the event that the Company is subject to a Takeover Bid (as defined therein). The Listing Rules may be viewed on the official website (www.mfsa.com.mt) of the Listing Authority.

Holdings in excess of 5% of the share capital

On the basis of the information available to the Company, the direct and indirect shareholders as at the 30 June 2009 and 26 October 2009 in excess of 5% of the share capital of the Company are the following:

	30 June 2009		26 October 2009	
	Number of Shares	Holding %	Number of Shares	Holding %
JFC Holdings Ltd	15,949,500	50.00	15,949,500	50.00
Maltacom	4,784,850	15.00	4,784,850	15.00

OTHER DISCLOSURES IN TERMS OF THE LISTING RULES - continued

Appointment and replacement of Directors (in terms of articles 54 to 60 of the Company's Articles of Association)

The Directors of the Company must be individuals.

1. The Directors shall be appointed as follows:

- a. A Member holding not less than ten per cent of the Equity Securities having voting rights or a number of Members who between them hold not less than ten per cent of the Equity Securities are entitled to appoint one Director for every ten per cent holding, by letter to the Company. In the event that any such appointment is intended to fill a vacancy resulting from the retirement of a Director at an annual general meeting, any such letter may be sent in advance of the annual general meeting in question and the appointment thereby has effect immediately at the end thereof;
- b. Any Member who (i) does not qualify to appoint Directors in terms of the provisions abovementioned (1a) and (ii) any Member who, although qualified as aforesaid has not voted all his equity securities having voting rights (or some of them) for the purposes of appointing a Director(s) pursuant thereto, shall be entitled to vote such of his equity securities as shall not have been so voted on any resolution or resolutions to fill vacancies in the Board of Directors.

An election pursuant to point 1(b) above shall be held every year, if there are vacancies on Board which are not filled by the appointment of Directors pursuant to point 1(a) above.

Unless they resign or are removed, Directors shall hold office up until the end of the Annual General Meeting next following their appointment. Directors whose term of office expires or who resign or are removed are eligible for re-appointment.

In the event that there are, or are to be, vacancies in the Board of Directors which will not be filled by appointments made pursuant to point 1(a) above, the Company shall grant a period of at least 14 days to Members to nominate candidates for appointment as Directors. Such notice may be given by the publication of an advertisement in at least 2 daily newspapers. All such nominations shall on pain of disqualification be made on the form to be prescribed by the Directors from time to time and shall reach the office not later than 14 days after the publication of the said notice.

In respect of the appointment of Directors pursuant to point 1(b) above every Member or group of Members holding alone or between them at least EUR232,937 in nominal value of equity securities entitled to vote in terms of that point 1(b) above shall be entitled to nominate one person to stand for appointment as Director.

Unless a Member demands that a vote be taken in respect of all or any one or more of the nominees, in the event that there are as many nominations as there are vacancies or less, no voting will take place and the nominees will be deemed appointed Directors.

2. The Directors shall be replaced as follows:

Any Director may be removed at any time by the Member or Members by whom he was appointed. The removal may be made in the same manner as the appointment.

Any Director may be removed at any time by the Company in general meeting pursuant to the provisions of section 140 of the Companies Act, Cap. 386 of Malta.

OTHER DISCLOSURES IN TERMS OF THE LISTING RULES - continued

Without prejudice to the provisions of the Companies Act, Cap. 386 of the Laws of Malta, the office of a Director shall 'ipso facto' be vacated:-

- a. If, by notice in writing to the Company, he resigns from the office of Director; or
- b. If he absents himself from the meetings of the Directors for a continuous period of 3 calendar months without leave of absence from the Directors and the Directors pass a resolution that he has, by reason of such absence, vacated office; or
- c. If he violates the declaration of secrecy required of him under the Articles and the Directors pass a resolution that he has so violated the declaration of secrecy; or
- d. If he is prohibited by or under any law from being a Director; or
- e. If he is removed from office pursuant to the Articles of Association or the Companies Act; Cap. 386 of the Laws of Malta or
- f. If he becomes of unsound mind, or is convicted of any crime involving public trust, or declared bankrupt during his term of office and the Directors pass a resolution that he has for such reasons vacated office.

A resolution of the Directors declaring a Director to have vacated office as aforesaid shall be conclusive as to the fact and the grounds of vacation stated in the resolution.

Any vacancy among the Directors may be filled by the co-option of another person to fill such vacancy.

Such co-option shall be made by the Board of Directors. Any vacancy among the Directors filled as aforesaid, shall be valid until the conclusion of the next annual general meeting.

In the event that at any time and for any reason the number of Directors falls below the minimum number established by the Memorandum of Association of the Company then, notwithstanding the provisions regulating the quorum for meetings of the Directors, the remaining Directors may continue to act notwithstanding any vacancy in their body, provided they shall, with all convenient speed, and under no circumstances later than 3 months from the date upon which the number of Directors has fallen below the minimum, convene a general meeting for the sole purpose of appointing/electing the Directors.

Amendment of the Memorandum and Articles of Association

In terms of the Companies Act, Cap. 386 of Malta, the Company may by extraordinary resolution at a general meeting alter or add to its memorandum or articles of association. An extraordinary resolution is one where:

- a. it has been taken at a general meeting of which notice specifying the intention to propose the text of the resolution as an extraordinary resolution and the principle purpose thereof has been duly given.
 - b. it has been passed by a shareholder or shareholders having the right to attend and vote at the meeting holding in the aggregate not less than seventy five per cent (75%) in nominal value of the shares issued by the Company represented and entitled to vote at the meeting and at least fifty one per cent (51%) in nominal value of all the shares issued by the Company and entitled to vote at the meeting.
-

OTHER DISCLOSURES IN TERMS OF THE LISTING RULES - continued

Amendment of the Memorandum and Articles of Association - continued

Provided that, if one of the aforesaid majorities is obtained but not both, another meeting shall be convened within thirty (30) days in accordance with the provisions for the calling of meetings to take a fresh vote on the proposed resolution. At the second meeting the resolution may be passed by a shareholder or shareholders having the right to attend and vote at the meeting holding in the aggregate not less than seventy five per cent (75%) in nominal value of the shares issued by the Company represented and entitled to vote at the meeting. However, if more than half in nominal value of all the shares issued by the Company having the right to vote at the meeting is represented at that meeting, a simple majority in nominal value of such shares so represented shall suffice.

Provided further that in respect of a resolution for a change in the public limited company status of the Company the requisite majority shall be not less than ninety five per cent (95%) of the nominal value of the shares entitled to attend and vote at the general meeting.

Board Member Powers

The Directors are vested with the management of the Company, and their powers of management and administration emanate directly from the memorandum and articles of association and the law. The Directors are empowered to act on behalf of the Company and in this respect have the authority to enter into contracts, sue and be sued in representation of the Company. In terms of the Memorandum and Articles of Association they may do all such things that are not by the Memorandum and Articles of Association reserved for the Company in general meeting or by any provision contained in any law in force at the time.

Subject to regulatory requirements, the Company may in accordance with Article 10 of its Articles of Association, acquire its own shares.

Other

There are no special control rights.

There are no significant agreements to which the Company is a party and which take effect, alter or terminate upon a change of control of the Company following a take-over bid.

There are no Agreements between the Company and its Board Members or employees providing for compensation if they resign or are made redundant without valid reason or if their employment ceases because of a takeover bid.


STATEMENT BY THE DIRECTORS ON THE FINANCIAL STATEMENTS AND OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

Pursuant to Listing Rule 9.40.5, we, the undersigned, declare that to the best of our knowledge, the financial statements included in the Annual Report and prepared in accordance with the requirements of International Financial Reporting Standards as adopted by the European Union give a true and fair view of the assets, liabilities, financial position and profit of the Group and that this report includes a fair review of the development and performance of the business and position of the Company, together with a description of the principal risks and uncertainties that it faces.

Signed on behalf of the Board of Directors by



Walter Bonnici
Chairman



Joseph Fenech Conti
Director

12 November 2009

SHAREHOLDER REGISTER INFORMATION

Directors' Interests in the Company as at 30 June 2009 and as at 26 October 2009.

Shareholder Range	Ordinary shares held as at 30.06.09	Ordinary shares held as at 26.10.09	Movement in Shares held by Directors
Chev. Anthony Demajo	1,350,750	1,350,750	-

Mr. Joseph Fenech Conti has a beneficial interest of 15,949,500 shares currently registered in the name of JFC Holdings Limited. Mr. Walter Bonnici has a beneficial interest of 1,434,030 shares currently registered in the name of GDL Trading and Services Limited. There have been no changes after period end up to 26 October 2009.

Holders holding 5% or more of the Share Capital at 30 June 2009 and at 26 October 2009.

Ordinary Shares of EUR0.2329374 each at:

	30 June 2009 Number of shares	Holding (%)	26 October 2009 Number of shares	Holding (%)
JFC Holdings Limited	15,949,500	50.00	15,949,500	50.00
GO P.L.C.	4,784,850	15.00	4,784,850	15.00

Number of holders

The total number of shareholders at period end was 1,554. As at 26 October 2009, 1,566 shareholders held the Company's issued share capital consisting of 31,899,000 shares. All shares are of equal class and carry equal voting rights.

Shareholder Range	Number of holders at 30.06.09	Number of Holders at 26.10.09	Movement in holders increase/(decrease)
1 - 500 shares	369	382	13
501 - 1,000 shares	437	437	-
1,001 - 5,000 shares	633	632	(1)
5,001 and over	115	115	-
	<u>1,554</u>	<u>1,566</u>	<u>12</u>

Company Secretary and Registered Address

Dr. Louis de Gabriele,
F26 Technopark, Mosta MST 3000, Malta