TRACSIS PLC

("Tracsis" or "the Company")

Interim results for the six months ended 31 January 2011

Tracsis plc (AIM: TRCS), a developer and aggregator of performance and planning optimisation software and consultancy services for the transport industry, today announces its interim results for the six months ended 31 January 2011.

Highlights:

- Revenue increased by 23% to £1,244k (2010: £1,010k)
- Adjusted EBITDA increased by 73% to £180k (2010: £104k)
- Profit Before Tax increased by 69% to £127k (2010: £75k)
- Basic Earnings Per Share increased by 68% rising to 0.47p (2010: 0.28p)
- Continued strong cash generation – net increase of £521k from on-going operations reducing to £363k after settlement of deferred consideration relating to previous investments (2010: £133k)
- Cash balances of £2.9m maintained – the business remains debt free
- Good visibility over H2 revenues with strong forward pipeline
- The group continues to examine new acquisition opportunities and has noticed an increase in the volume and quality of potential targets in the past 6 months

John McArthur, Chief Executive Officer, commented:

"The Group has made further excellent progress in the first six months of the year, with revenue and profit increasing steadily in spite of continued recessionary pressures and market uncertainty. We have continued to invest in our technical development, consultancy and delivery capabilities, and our results evidence the future potential returns we expect to see going forward. Tracsis continues to be well placed for further organic growth and we are excited by the prospect of new acquisition opportunities.

Whilst management remain cautious about the general economic outlook we are optimistic that the worst of the recessionary pressures have now passed and this is supported by several favourable growth indicators within the transport markets such as record passenger journeys and consumer spending on the railways. Looking ahead we are confident of achieving further growth in the second half of the year in line with budget."

29 March 2011

Enquiries

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Alex Clarkson / Nick Cowles	

Chairman's and Chief Executive Officer's Report

Business Summary

I am pleased to report on a further period of growth for the Tracsis group following the first six months of our 2010/2011 financial year. Set against a backdrop of continued economic uncertainty the business has achieved its financial targets, expanded our technical and delivery capabilities, and broadened both our product offering and customer base. Looking ahead, a strong forward pipeline for the second half of the year is underpinned by a tangible increase in growth indicators within our respected market which includes a welcome return to rail re-franchising activity following the coalition government's spending review.

Trading in the period rose to £1.24m (2010:£1.01m) which represents a 23% increase over the same period last year. The bulk of this increase is attributed to a rise in software revenue which has doubled over the same period last year (£512K versus £256K in 2010). This extent of this growth is further testament to the group's growing reputation within our target markets for delivering products and services that both improve efficiency and remove extraneous costs – these issues being all the more pertinent to our customers during recessionary times.

During the period we signed up 4 new clients to our TRACS Roster product and 2 to our TrainTRACS product. Furthermore the group made progress into new overseas territories and secured new leads and several revenue generating projects outside of the UK. Most notably the business was successful in winning a significant piece of software consultancy work in New Zealand to assist with the rail authorities plan for the 2011 Rugby World Cup which will see demand on this network increase dramatically.

On the technical development front Tracsis continues to focus on building our portfolio of rail related operational planning and optimisation tools. Following some 3 years in development we are pleased to announce the release of a prototype rolling stock optimisation tool (called TRACS-RS). This tool should help assist train operators efficiently plan and optimise the utilisation and movements of their rolling stock assets with a view to maximising service delivery. In the coming months we hope to be able to test and refine TRACS-RS and it is likely that the forthcoming franchise bid work within the UK will prove to be a useful testing ground for this product.

Elsewhere in the business our passenger analytics and performance reporting offerings continue to trade profitably although penetration and market uptake has been slower than the year before given continued cost pressures within the industry. Overall consultancy revenue was also down during the period although this was in line with expectation given the lack of rail re-franchising activity which has been postponed until spring 2011. The group is pleased to report that re-franchise activity looks set to pick up significantly in the coming months and this should address the bulk of the shortfall experienced year to date.

Income statement

A summary of the Group's results is set out below. These show significant growth in terms of revenue and profit, and naturally the Board is pleased with the performance in the period. The increase in top line revenue of £234K has not directly filtered down to EBITDA or profit before tax due to the continued investment in the Group's overhead base, albeit the profitability measures shown below have all increased significantly when compared to the corresponding period last year.

	Six months ended 31 January 2011 £'000	Six months ended 31 January 2010 £'000	Year ended 31 July 2010 £'000
Turnover	**1,244**	1,010	2,647
Adjusted EBITDA*	**180**	104	701
Operating profit	**119**	67	573
Profit for the period	**91**	54	486

*Earnings before finance income, tax, depreciation, amortisation, exceptional items and share-based payment charges

Revenues are derived from the sale of software licences along with associated customer support and maintenance contracts and the provision of consultancy services to customers in the rail industry. Sales revenue is analysed further below.

	Six months ended 31 January 2011 £'000	Six months ended 31 January 2010 £'000	Year ended 31 July 2010 £'000
Software licences	**512**	256	876
Post contract customer support	**139**	87	197
Consultancy services, training & other revenue	**593**	667	1,574
Total revenue	**1,244**	1,010	2,647

Balance sheet

The Group continues to have a strong balance sheet. As in prior periods the Group has no external borrowings. Cash balances have increased in the period from £2,546,000 at 31 July 2010 to £2,909,000 at 31 January 2011 with the principal elements of the movement being:

	Six months ended 31 January 2011 £'000	Six months ended 31 January 2010 £'000	Year ended 31 July 2010 £'000
Net cash flow from/(used in) operating activities	**490**	(35)	214
Net cash used in investing activities	**(127)**	(275)	(650)
Net cash used in financing activities	**-**	(5)	(4)
Movement during the period	**363**	(315)	(440)

The Company continues to manage its operational expenditure prudently, and is pleased with the strong cash generation in the period. The Company did not make any new acquisitions in the period, but settled deferred consideration relating to the acquisition of Peeping amounting to £117,000.

Outlook

Tracsis continues to trade profitably in line with expectation and has maintained a profile of steady organic growth in spite of continued uncertainty within the UK economy. Looking ahead, the summer of 2011 will see significant re-franchising activity deferred from 2010 and this should have a very positive impact on our group both in terms of top line revenue and opportunities for further software sales.

RD Jones — Chairman

JC McArthur — Chief Executive Officer

29 March 2011

Tracsis plc

Condensed consolidated interim income statement

For the six months ended 31 January 2011

Continuing operations	**Unaudited Six months ended 31 January 2011 £'000**	Unaudited Six months ended 31 January 2010 £'000	Audited Year ended 31 July 2010 £'000
Revenue	**1,244**	1,010	2,647
Administrative costs	**(1,125)**	(943)	(2,074)
Adjusted EBITDA *	**180**	104	701
Amortisation of intangible assets	**(46)**	-	(78)
Depreciation	**(4)**	(3)	(6)
Acquisition costs	**-**	(20)	(24)
Share-based payment charges	**(11)**	(14)	(20)
Operating profit	**119**	67	573
Finance income	**8**	8	11
Profit before tax	**127**	75	584
Taxation	**(36)**	(21)	(98)
Profit for the period	**91**	54	486
Earnings per ordinary share			
Basic	**0.47p**	0.28p	2.50p
Diluted	**0.43p**	0.26p	2.29p

Condensed consolidated statement of comprehensive income

For the six months ended 31 January 2011

	Unaudited Six months ended 31 January 2011 £'000	Unaudited Six months ended 31 January 2010 £'000	Audited Year ended 31 July 2010 £'000
Profit for the period	**91**	54	486
Total comprehensive income attributable to equity holders of the parent	**91**	54	486

Tracsis plc

Condensed consolidated interim statement of financial position

As at 31 January 2011

	Unaudited At 31 January 2011 £'000	Restated Unaudited At 31 January 2010 £'000	Audited At 31 July 2010 £'000
Non-current assets			
Property, plant and equipment	**17**	12	11
Intangible assets	**2,305**	2,409	2,351
	2,322	2,421	2,362
Current assets			
Trade and other receivables	**650**	553	1,054
Cash and cash equivalents	**2,909**	2,671	2,546
	3,559	3,224	3,600
Total assets	**5,881**	5,645	5,962
Non-current liabilities			
Deferred tax liabilities	**362**	272	362
	362	272	362
Current liabilities			
Trade and other payables	**527**	905	707
Current tax liabilities	**198**	214	201
	725	1,119	908
Total liabilities	**1,087**	1,391	1,270
Net assets	**4,794**	4,254	4,692
Equity attributable to equity holders of the company			
Called up share capital	**78**	78	78
Share premium reserve	**1,839**	1,839	1,839
Merger reserve	**836**	836	836
Share based payments reserve	**133**	116	122
Retained earnings	**1,908**	1,385	1,817
Total equity	**4,794**	4,254	4,692

Tracsis plc

Consolidated statement of changes in equity

For the six months ended 31 January 2011

Unaudited	Share Capital £'000	Share Premium Reserve £'000	Merger Reserve £'000	Share-Based Payments Reserve £'000	Retained Earnings £'000	Total £'000
At 1 August 2009	77	1,839	646	102	1,331	3,995
Profit for the six month period ended 31 January 2010	-	-	-	-	54	54
Total comprehensive income	-	-	-	-	54	54
Transactions with owners:						
Share based payment charges	-	-	-	14	-	14
Shares issued as consideration for business combinations	1	-	194	-	-	195
Expenses of share issues	-	-	(4)	-	-	(4)
At 31 January 2010 (restated)	78	1,839	836	116	1,385	4,254
Audited						
At 1 August 2009	77	1,839	646	102	1,331	3,995
Profit for the year ended 31 January 2010	-	-	-	-	486	486
Total comprehensive income	-	-	-	-	486	486
Transactions with owners:						
Share based payment charges	-	-	-	20	-	20
Shares issued as consideration for business combinations	1	-	194	-	-	195
Expenses of share issues	-	-	(4)	-	-	(4)
At 31 July 2010	78	1,839	836	122	1,817	4,692
Unaudited						
At 1 August 2010	78	1,839	836	122	1,817	4,692
Profit for the six month period ended 31 January 2011	-	-	-	-	91	91
Total comprehensive income	-	-	-	-	91	91
Transactions with owners:						
Share based payment charges	-	-	-	11	-	11
At 31 January 2011	**78**	**1,839**	**836**	**133**	**1,908**	**4,794**

Tracsis plc

Condensed consolidated interim statement of cash flows

for the six months ended 31 January 2011

	Unaudited Six months ended 31 January 2011 £'000	Unaudited Six months ended 31 January 2010 £'000	Audited Year ended 31 July 2010 £'000
Operating activities			
Profit for the period	**91**	54	486
Finance income	**(8)**	(8)	(11)
Depreciation	**4**	3	6
Amortisation of intangible assets	**46**	-	78
Income tax charge	**36**	21	98
Share based payment charges	**11**	14	20
Operating cash inflow before changes in working capital	**180**	84	677
Movement in trade and other receivables	**404**	347	(155)
Movement in trade and other payables	**(63)**	(298)	(15)
Cash generated from operations	**521**	133	507
Finance income	**8**	8	11
Income tax paid	**(39)**	(176)	(304)
Net cash flow from/(used in) operating activities	**490**	(35)	214
Investing activities			
Purchase of plant and equipment	**(10)**	(7)	(9)
Payment of deferred consideration	**(117)**	(152)	(152)
Acquisition of subsidiaries	**-**	(116)	(489)
Net cash flow used in investing activities	**(127)**	(275)	(650)
Financing activities			
Expenses of share issues	**-**	(5)	(4)
Net cash flow used in financing activities	**-**	(5)	(4)
Net increase/(decrease) in cash and cash equivalents	**363**	(315)	(440)
Cash and cash equivalents at beginning of period	**2,546**	2,986	2,986
Cash and cash equivalents at end of period	**2,909**	2,671	2,546

Notes to the consolidated interim report

For the six months ended 31 January 2011

Basis of preparation

The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 July 2010, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

The interim financial information for each of the six month periods ended 31 January 2011 and 31 January 2010 has not been audited and does not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006. The information for the year ended 31 July 2010 does not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006, but is based on the statutory accounts for that year, on which the Group's auditors issued an unqualified report and which have been filed with the Registrar of Companies.

The condensed consolidated interim financial information was approved for issue on 28 March 2011.

Accounting Policies

The accounting policies applied by the Group in these interim financial statements are the same as those applied by the Group in its audited consolidated financial statements for the year ended 31 July 2010 and which will form the basis of the 2011 Annual Report except as described below. The basis of consolidation is set out in the Group's accounting policies in those financial statements.

The preparation of the interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Estimates and judgements are continually evaluated and are based on historical experience and other factors, such as expectations of future events and are believed to be reasonable under the circumstances. Actual results may differ from these estimates. In preparing these interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the audited consolidated financial statements for the year ended 31 July 2010.

Changes in accounting policies:

IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments

This interpretation is effective for annual periods beginning on or after 1 July 2010. This has not had a material impact on the Group as it has not had any 'debt for equity swaps'.

Amendments resulting from April 2009 Annual Improvements to IFRSs

On 16 April 2009, the International Accounting Standards Board issued Improvements to IFRSs 2009 – incorporating amendments to 12 International Financial Reporting Standards (IFRSs). The majority of these amendments are effective from annual periods beginning on or after 1 January 2010. Amongst these improvements were amendments to IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations', IFRS 8 'Operating Segments', IAS 1 'Presentation of Financial Statements' IAS 7 'Statement of Cash Flows', IAS 17 'Leases', IAS 36 'Impairment of Assets', and IAS 39 'Financial Instruments Recognition and Measurement'. Whilst the Group adopted these amendments with effect from 1 August 2010, none of them have had an impact as yet given the Group's operations.

Amendments resulting from May 2010 Annual Improvements to IFRSs

On 6 May 2010, the International Accounting Standards Board issued Improvements to IFRSs 2010 – incorporating amendments to 7 International Financial Reporting Standards (IFRSs). The majority of changes are effective for annual periods beginning on or after 1 January 2011, but some are effective for annual periods beginning on or after 1 July 2010, namely amendments to IFRS 3 'Business Combinations' and IAS 27 'Consolidated and Separate Financial Statements'. The Group has adopted these amendments, but they have not had any impact as yet given the Group's operations.

Other changes

IFRS 1 'First-time Adoption of International Financial Reporting Standards' was revised in July 2009 and January 2010 with amendments effective for annual periods beginning on or after 1 January 2010 and 1 July 2010 respectively. These amendments are not applicable to the Group.

IFRS 2 'Share-based Payment' was amended in June 2009 and is effective for annual periods beginning on or after 1 January 2010. The Group has adopted the amendments, which impact on the subsidiary companies but not the Group and has no impact on consolidation.

IAS 32 'Financial Instruments: Presentation' was amended in 2009 relating to classification of rights issues. The changes were effective for annual periods beginning on or after 1 February 2010. This did not have an impact on the Group as it has not carried out a rights issue.

Change of accounting presentation

During the previous financial year the Company reclassified certain reserve balances from share premium to merger reserve in order to correctly account for the issue of shares which took place for the acquisition of subsidiaries. Comparatives for the 6 months ended 31 January 2010 have been restated accordingly. This reclassification had no impact on profit, net assets, or on significant categories of assets.

Segmental analysis

The Group's revenue and profit was derived from its principal activity which is the sale of resource optimisation software and closely associated consultancy services that assists with automating and optimising the process of labour scheduling within the transport industry.

IFRS 8 requires consideration of the Chief Operating Decision Maker ("CODM") within the Group. In line with the Group's internal reporting framework and management structure, the key strategic and operating decisions are made by the Board of Directors, who review internal monthly management reports, budgets and forecast information as part of this. Accordingly, the Board of Directors are deemed to be the CODM.

Operating segments have then been identified based on the internal reporting information and management structures within the Group. From such information it has been noted that the CODM reviews the business as a single operating segment, receiving internal information on that basis. The management structure and allocation of key resources, such as operational and administrative resources, are arranged on a centralised basis. Due to the small size and low complexity of the business, profitability is not analysed in further detail beyond the operating segment level and is not divided by revenue stream.

The CODM reviews a split of revenue streams on a monthly basis and, as such, this additional information has been provided below.

Revenue	**Six months ended 31 January 2011 £'000**	Six months ended 31 January 2010 £'000	Year ended 31 July 2010 £'000
Software licences	**512**	256	876
Post contract customer support	**139**	87	197
Consultancy services, training and other revenue	**593**	667	1,574
Total revenue	**1,244**	1,010	2,647

The principal activity of the Group is based mainly in the United Kingdom hence no geographical analysis is presented. This position will be monitored as the Group develops.

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items

Information regarding the results of the reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Board of Directors. Segment profit is used to measure performance. There are no material inter-segment transactions, however, when they do occur, pricing between segments is determined on an arm's length basis. Revenues disclosed below materially represent revenues to external customers.

	Six months ended 31 January 2011 £'000	Six months ended 31 January 2010 £'000	Year ended 31 July 2010 £'000
Revenues			
Total revenue for reportable segments	**1,244**	1,010	2,647
Consolidated revenue	**1,244**	1,010	2,647
Profit or loss			
Total profit or loss for reportable segments	**180**	104	701
Unallocated amounts:			
Share based payment charge	**(11)**	(14)	(20)
Other exceptional items	**-**	(20)	(24)
Depreciation	**(4)**	(3)	(6)
Amortisation of intangible assets	**(46)**	-	(78)
Interest receivable	**8**	8	11
Consolidated profit before tax	**127**	75	584

	31 January 2011 £'000	31 January 2010 £'000	31 July 2010 £'000
Assets			
Total assets for reportable segments	**3,576**	3,236	3,611
Unallocated assets – intangible assets	**2,305**	2,409	2,351
Consolidated total assets	**5,881**	5,645	5,962
Liabilities			
Total liabilities for reportable segments	**725**	1,119	908
Unallocated liabilities – deferred tax	**362**	272	362
Consolidated total liabilities	**1,087**	1,391	1,270

Earnings per share

The calculation of basic earnings per share is based upon the profit after tax divided by the weighted average number of shares in issue during the period. The calculation of diluted earnings per share is based upon the profit after tax divided by the weighted average number of shares in issue during the period, after adjustment for the effects of all dilutive potential ordinary shares.

The calculations of basic and diluted earnings per share were based on the profit attributable to ordinary shareholders as follows:

	Six months ended 31 January 2011 £'000	Six months ended 31 January 2010 £'000	Year ended 31 July 2010 £'000
Profit after tax	**91**	54	486

The weighted average number of ordinary shares in issue is calculated as follows:

Basic earnings per share

Weighted average number of ordinary shares
In thousands of shares

	Six months ended 31 January 2011	Six months ended 31 January 2010	Year ended 31 July 2010
Issued ordinary shares at start of period	**19,502**	19,134	19,134
Effect of shares issued related to business combinations	**-**	281	325
Weighted average number of shares at end of period	**19,502**	19,415	19,459

Diluted earnings per share

Weighted average number of ordinary shares (diluted)
In thousands of shares

	Six months ended 31 January 2011	Six months ended 31 January 2010	Year ended 31 July 2010
Weighted average number of shares (basic)	**19,502**	19,415	19,459
Effect of shares options in issue	**1,637**	1,430	1,719
Weighted average number of shares (diluted) at end of period	**21,139**	20,845	21,178

In addition, adjusted EBITDA* is shown below on the grounds that it is a common metric used by the market in monitoring similar businesses.

	Six months ended 31 January 2011 £'000	Six months ended 31 January 2010 £'000	Year ended 31 July 2010 £'000
Adjusted EBITDA*	**180**	104	701
Basic adjusted EBITDA* per share	**0.92p**	0.53p	3.60p
Diluted adjusted EBITDA* per share	**0.85p**	0.50p	3.31p

* Earnings before finance income, tax, depreciation, amortisation, exceptional costs and share-based payment charges.

Seasonality

The Group's revenue is heavily determined by renewal dates of licence agreements, and more take place in the second half of the financial year. Other components of the group's revenues are more skewed to the second half of the financial year, meaning that the second half of the year is typically stronger than the first half in terms of both revenue and profitability.

Related party transactions

The following transactions took place during the year with other related parties:

	Purchase of goods and services			**Amounts owed to related parties**		
Group	**H1 2011 £'000**	H1 2010 £'000	FY 2010 £'000	**H1 2011 £'000**	H1 2010 £'000	FY 2010 £'000
Atraxa Consulting Limited[1]	**23**	28	52	**8**	8	6
Techtran Group Limited[2]	**1**	3	3	**-**	-	-
Leeds Innovation Centre Limited[3]	**23**	17	34	**4**	3	3

1 – Atraxa Consulting Limited provides accountancy services to the Group. One of the Company's directors, Darren Bamforth, is a director and shareholder of Atraxa Consulting Limited.

2 – Techtran Group Limited is a significant shareholder in the company and supplies staff on secondment and office services to the company.

3 – Leeds Innovation Centre Limited is a company which is connected to the University of Leeds. Tracsis plc rents its office accommodation, along with related office services, from this company.

Statement of Directors' Responsibilities

The Directors confirm to the best of their knowledge that:

i) The condensed consolidated interim financial information has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union; and

ii) The interim management report includes a fair review of the information required by the FSA's Disclosure and Transparency Rules (4.2.7 R and 4.2.8 R).

Financial statements are published on the Group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Group's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

The Directors of Tracsis plc and their functions are listed below.

Further information for Shareholders

Company number:	05019106
Registered office:	Leeds Innovation Centre 103 Clarendon Road Leeds LS2 9DF
Directors:	Rodney Jones (Chairman) John McArthur (Chief Executive Officer) Dr Raymond Kwan (Chief Technical Officer) Darren Bamforth (Group Finance Director) John Nelson (Non-Executive Director) Charles Winward (Non-Executive Director)
Company Secretary:	Darren Bamforth