Tracsis plc

('Tracsis', 'the Company' or 'the Group')

Interim results for the six months ended 31 January 2018

Tracsis plc (AIM: TRCS), a leading provider of software and services for the traffic data and transportation industry, is pleased to announce its interim results for the six months ended 31 January 2018.

Financial Highlights:

- Revenue increased 16% to £18.1m (2017: £15.6m)
- Adjusted EBITDA* increased 21% to £4.3m (2017: £3.5m)
- Statutory Pre-tax Profit increased 33% to £2.4m (2017: £1.8m)
- Cash balances at 31 January of £18.5m (31 July 2017: £15.4m, 31 January 2017: £12.7m)
- The business remains debt free with excellent cash flow and cash conversion
- Proposed interim dividend increased by 17% to 0.7p per share (2017: 0.6p)

Operational Highlights:

- Commenced work on delivery of a major contract for our TRACS Enterprise software with a major UK TOC
- On-Trac secured a number of bespoke software development projects
- Traffic & Data Services division traded well following a series of operational improvements made in 2017
- Renewal of a major multi-year contract with a global engineering company
- Further progress in the USA for our Remote Condition Monitoring technology
- Strategic investment into Vivacity Labs showing promising results and expected to provide H2 support for our video analytics work

Post period end Highlights:

- Acquisition of Travel Compensation Services Limited and Delay Repay Sniper Limited

John McArthur, Chief Executive Officer, commented:

"I am very pleased with the Group's performance in H1 and all key financial and operational metrics were comfortably ahead of the previous year, with good progress being made on a number of strategic initiatives which culminated in the acquisition of TCS and DRS. Looking ahead to H2, given the strength of our trading coupled with the number of new opportunities in play the Group is confident of delivering full year results in line with market expectations."

Enquiries:

John McArthur / Max Cawthra, Tracsis plc	Tel: 0845 125 9162
Andrew Pinder / Seb Lawrence, Investec Bank plc	Tel: 020 7597 4000

* *Calculation unchanged from previous years and in line with broker forecasts and research coverage on Tracsis. Full definition and reconciliation in Note 9.*

The information communicated in this announcement is inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No. 596/2014.

Chairman & Chief Executive Officer's Report

Introduction

The Group has once again reported a further period of growth, with both divisions performing well, and all key financial metrics ahead of the previous year, and in line with management expectations.

Group revenues were £18.1m (2017: £15.6m), EBITDA of £4.3m (2017: £3.5m) and statutory profit before tax was £2.4m (2017: £1.8m). Cash balances remained strong at £18.5m (2017: £12.7m), and the business continues to be debt free.

Trading Progress and Prospects

A summary of performance in the period is as follows:

<u>Rail Technology & Services</u>

Summary segment results:

Revenue	£9.2m	(2017: £7.9m)	+17%
EBITDA	£3.5m	(2017: £3.2m)	+12%
Profit before Tax	£3.4m	(2017: £3.1m)	+12%

Software & Consultancy

Software sales of £3.7m (2017: £3.1m) continued to benefit from high renewal rates for existing products, with the uplift on the previous year being partly driven by the specific timing of renewals given changes to franchise operators, and partly a result of new sales. Furthermore, we achieved revenue from our recently announced TRACS Enterprise sale, working alongside a major UK train operator. This is an exciting win with positive long term implications and should position Tracsis for further success within the wider rail industry for similar Enterprise sales.

Growth in our consultancy sales to £0.9m (2017: £0.8m) was achieved predominantly from non-franchise bid work, though the team did support franchise bidders in relation to Southeastern, West Coast Partnership, and Wales & Borders. We also continued our strategy of forging closer relationships with other parts of the rail supply chains, which has proved successful and a good source of regular revenue.

Ontrac (acquired December 2015) performed very well in the period, generating revenues of £3.1m (2017: £2.7m), with excellent software sales. Growth was also driven by increasing consultancy and hosting revenue, and the business was successful in securing a number of bespoke development projects with key clients. Ontrac continues to progress a major product sale with a key customer.

Total revenues from the Group's software, hosting and consulting offerings were £7.7m (2017: £6.6m) taking account of all of the above revenue streams.

Remote Condition Monitoring

Revenues of £1.5m were significantly ahead of the previous year (2017: £1.3m), with good trading in the core UK market and a further contribution from custom in North America. As we approach the end of Network Rail's Control Period 5 (CP5) UK sales were steady, and we also achieved additional revenue from a new monitoring project for a different asset class (electrical bus-bars).

As anticipated, the process of unlocking the large potential opportunity for Tracsis RCM within the United States has remained gradual but we remain confident of unlocking this in the fullness of time. The Group's overall growth trajectory will not be impeded by the specific adoption rate within the US, and continues to be predicated on UK organic growth supplemented by sensible accretive M&A.

<u>Traffic & Data Services (T&DS)</u>

Summary segment results:

Revenue	£8.8m	(2017: £7.7m)	+15%
EBITDA	£0.8m	(2017: £0.3m)	+102%
Profit before Tax	£0.4m	(2017: £0.1m)	+647%

Tracsis T&DS performed well in the first half of the year, with trading momentum in H2 expected to remain strong, partly due to the inherent seasonality in the business, favouring the summer months when more traffic surveys and outdoor events take place. During the previous financial year, the Group made several process, people and technology improvements, with the division beginning to experience the benefit of these improvements (the full benefit is expected to be realised on an on-going basis in FY'18/'19).

Revenues from Traffic Data and Passenger Counts were much improved on the previous year at £6.6m (2017: £5.9m), which reflects a reinvigorated management team who have driven both efficiencies and growth whilst also securing a major contract win in London. The team was also successful in renewing a major multi-year contract with a global engineering company that will underpin a significant part of this division's income for years to come.

As we move into H2, T&DS will begin the technological shift towards Machine Learning for processing video capture that remains one of the major sources of data collection. Our 'Felicity' software will support this transition to intelligent video analytics and in doing so further cement the relationship with our investee company Vivacity Labs. We anticipate the adoption of Machine Learning technologies to create a fully automated process will take more than 12 months to complete but will lead to significant cost savings in the fullness of time along with demonstrable benefits to our customers (such as faster turnaround times of data, enhanced accuracy, and a range of additional statistical information that should be useful in transport planning decision making).

SEP has continued to trade well and delivered revenues of £2.2m (2017: £1.8m), which shows encouraging growth against the previous year. The majority of revenue and profit from this business continues to be delivered over the summer months and the second half of the financial year is expected to be significantly stronger than the first. The business continues to benefit from several multiyear agreements with major customers which provide a good source of recurring revenue.

Overseas

North America remains our principal focus whilst continuing to work in other geographies as and when opportunities arise. We were pleased to secure a further order in North America for our Remote Condition Monitoring technology from a key client. We are confident of further sales to this client in the future and our sales team continues to target other operators in North America, though current progress remains slow. We continue to work with our existing clients in Sweden, Ireland and New Zealand, and have recently secured further work in New Zealand.

Dividend

The Group remains committed to the progressive dividend policy that was adopted in 2012. Accordingly, the Directors propose an interim dividend of 0.7p per share, a 17% increase on the 0.6p paid in the interim period last year and will mark the 13th successive period of this policy. The dividend will be paid on 27 April 2018 to shareholders on the register on 13 April 2018.

Acquisitions

On 1 February 2018, we were pleased to announce the acquisition of Travel Compensation Services Limited (TCS) and Delay Repay Sniper Limited (DRS). This continues Tracsis' disciplined strategy of making sensible, accretive acquisitions within the transport technology and services space.

TCS is a software provider of enterprise delay repay solutions to the UK Rail Industry. The business has novel technology that allows train operators to automatically process large volumes of consumer claims arising from rail delays. In doing transactional costs are lowered whilst concurrently speeding up response times and helping to eliminate fraud. The benefits to the rail industry are significant and in a short space of time TCS has already secured several major TOC customers.

DRS is a consumer facing web portal (www.delayrepaysniper.com) that allows rail passengers to quickly and easily submit valid claims to rail operators under the UK Government's 'Delay Repay' scheme. The business operates a subscription service model and is relevant to regular rail travellers and commuters who can often be delayed many times per month and wish to forego the time and effort involved in submitting multiple individual claims.

The UK delay repay market is increasingly topical among transport operators, rail passengers and regulatory bodies alike with increasing consumer awareness and political interest, set against a backdrop of rising rail fares. The Board believe both TCS and DRS are highly complementary to Tracsis, and will offer significant cross sell and growth opportunities in the foreseeable future. Integration of these recently acquired businesses continues to plan and cross selling opportunities are currently being worked on with a view to growing both businesses.

In the period, Tracsis also completed further investments into Vivacity Labs Limited and Nutshell Software Limited which were anticipated given the tranched approach agreed as part of our initial investments.

Income statement

A summary of the Group's results is set out below.

	Unaudited Six months ended 31 January 2018 £'000	Unaudited Six months ended 31 January 2017 £'000	Audited Year ended 31 July 2017 £'000
Revenue	**18,077**	15,622	34,486
Adjusted EBITDA	**4,306**	3,545	8,494
Adjusted Pre-Tax Profit	**3,917**	3,152	7,695
Profit before tax	**2,382**	1,788	4,616

Sales revenue is analysed further below:

	Unaudited Six months Ended 31 January 2018 £'000	Unaudited Six months Ended 31 January 2017 £'000	Audited Year Ended 31 July 2017 £'000
Rail Technology & Services	**9,249**	7,922	15,964
Traffic & Data Services	**8,828**	7,700	18,522
Total revenue	**18,077**	15,622	34,486

Balance sheet

The Group continues to have significant levels of cash and remains debt free. Cash balances at 31 January were £18.5m (31 January 2017: £12.7m, 31 July 2017: £15.4m), and cash conversion levels remain good. Contingent consideration of £0.3m was paid in respect of the SEP acquisition as part of the second year's earn out. Ontrac's second year earn-out is still being finalised, with payment expected to be made in the second half of the financial year. We also made further investments into Vivacity Labs Limited and Nutshell Software Limited in line with the previous investment agreements.

A summary of cash flows is set out below:

	Six months ended 31 January 2018 £'000	Six months ended 31 January 2017 £'000	Year ended 31 July 2017 £'000
Net cash flow from operating activities	**4,303**	2,315	6,025
Net cash used in investing activities	**(1,215)**	(1,062)	(1,750)
Net cash from financing activities	**52**	60	(310)
Movement during the period	**3,140**	1,313	3,965

Outlook

The Group has performed well in the period and a number of interesting and exciting opportunities remain ongoing. The management team is confident of delivering a second half performance in line with market expectations and that is the focus in the months ahead. The business remains well placed within the UK transport market and our core target markets of rail technology and traffic and transport data services continue to be supported by a favourable market backdrop and positive growth drivers. The Group continues to rigorously assess new strategic opportunities, but as ever we remain naturally prudent in our approach in order to maximise value for shareholders.

Chris Cole	John McArthur
Non-Executive Chairman	Chief Executive Officer

28 March 2018

Tracsis plc
Condensed consolidated interim income statement for the six months ended 31 January 2018

Continuing operations

	Note	**Unaudited 6 months ended 31 January 2018**	Unaudited 6 months ended 31 January 2017	Audited Year ended 31 July 2017
		£'000	£'000	£'000
Revenue		**18,077**	15,622	34,486
Cost of sales		**(7,489)**	(6,632)	(15,279)
Gross profit		**10,588**	8,990	19,207
Administrative costs		**(8,120)**	(7,159)	(14,491)
Adjusted EBITDA *		**4,306**	3,545	8,494
Depreciation		**(389)**	(393)	(799)
Adjusted profit **		**3,917**	3,152	7,695
Amortisation of intangible assets		**(837)**	(837)	(1,674)
Exceptional items		**-**	-	(139)
Other operating income		**-**	-	134
Share-based payment charges		**(612)**	(484)	(1,300)
Operating profit		**2,468**	1,831	4,716
Finance income		**9**	11	15
Finance expense		**(29)**	(18)	(38)
Share of result of equity accounted investees		**(66)**	(36)	(77)
Profit before tax		**2,382**	1,788	4,616
Taxation		**(482)**	(387)	(901)
Profit for the period		**1,900**	1,401	3,715
Other comprehensive income		-	-	-
Total recognised income for the period		**1,900**	1,401	3,715
Earnings per ordinary share				
Basic	5	**6.76p**	5.06p	13.36p
Diluted	5	**6.55p**	4.90p	12.93p

* Earnings before finance income, tax, depreciation, amortisation, exceptional items, other operating income, and share-based payment charges and share of result of equity accounted investees – see note 9
** Earnings before finance income, tax, amortisation, exceptional items, other operating income, share-based payment charges, and share of result of equity accounted investees. – see note 9

Tracsis plc

Condensed consolidated interim balance sheet as at 31 January 2018

	Unaudited At 31 January 2018 £'000	Unaudited At 31 January 2017 £'000	Audited At 31 July 2017 £'000
Non-current assets			
Property, plant and equipment	**2,264**	2,525	2,461
Intangible assets	**23,621**	25,295	24,458
Investments – loan notes receivable	**-**	40	-
Investments – equity	**250**	375	675
Loans due from associated undertakings	**250**	125	187
Investments in equity accounted investees	**1,107**	89	111
Deferred consideration receivable	**-**	59	-
Deferred tax assets	**573**	623	457
	28,065	29,131	28,349
Current assets			
Inventories	**137**	210	239
Trade and other receivables	**7,583**	5,568	8,480
Deferred consideration receivable	**-**	118	-
Cash and cash equivalents	**18,490**	12,698	15,350
	26,210	18,594	24,069
Total assets	**54,275**	47,725	52,418
Non-current liabilities			
Hire-purchase contracts	**111**	242	230
Deferred tax liabilities	**3,576**	4,133	3,718
	3,687	4,375	3,948
Current liabilities			
Hire-purchase contracts	**306**	398	320
Trade and other payables	**8,473**	6,550	8,842
Contingent & deferred consideration payable	**4,718**	5,061	5,041
Current tax liabilities	**747**	526	620
	14,244	12,535	14,823
Total liabilities	**17,931**	16,910	18,771
Net assets	**36,344**	30,815	33,647
Equity attributable to equity holders of the Company			
Called up share capital	**113**	111	112
Share premium reserve	**6,132**	5,834	5,948
Merger reserve	**3,010**	3,010	3,010
Retained earnings	**27,089**	21,860	24,577
Net assets	**36,344**	30,815	33,647

Tracsis plc- Consolidated statement of changes in equity

For the six months ended 31 January 2018

Unaudited	Share Capital £'000	Share Premium Reserve £'000	Merger Reserve £'000	Retained Earnings £'000	Total £'000
At 1 August 2016	110	5,622	3,010	19,924	28,666
Profit for the six month period ended 31 January 2017	-	-	-	1,401	1,401
Total comprehensive income	-	-	-	1,401	1,401
Transactions with owners:					
Tax movements in equity	-	-	-	51	51
Share based payment charges	-	-	-	484	484
Exercise of share options	1	212	-	-	213
At 31 January 2017	111	5,834	3,010	21,860	30,815
Audited					
At 1 August 2016	110	5,622	3,010	19,924	28,666
Profit for the year ended 31 July 2017	-	-	-	3,715	3,715
Total comprehensive income	-	-	-	3,715	3,715
Transactions with owners:					
Dividends	-	-	-	(362)	(362)
Share based payment charges	-	-	-	1,300	1,300
Exercise of share options	2	326	-	-	328
At 31 July 2017	112	5,948	3,010	24,577	33,647
Unaudited					
At 1 August 2017	112	5,948	3,010	24,577	33,647
Profit for the six month period ended 31 January 2018	-	-	-	1,900	1,900
Total comprehensive income	-	-	-	1,900	1,900
Transactions with owners:					
Share based payment charges	-	-	-	612	612
Exercise of share options	1	184	-	-	185
At 31 January 2018	113	6,132	3,010	27,089	36,344

Tracsis plc

Condensed consolidated interim statement of cash flows for the six months to 31 January 2018

	Unaudited Six months to 31 Jan 2018 £'000	Unaudited Six months to 31 Jan 2017 £'000	Audited Year ended 31 July 2017 £'000
Operating activities			
Profit for the period	**1,900**	1,401	3,715
Finance income	**(9)**	(11)	(15)
Finance expense	**29**	18	38
Depreciation	**389**	393	799
Loss on disposal of plant & equipment	**-**	-	12
Share of result of equity accounted investees	**66**	36	77
Exceptional items	**-**	-	139
Other operating income	**-**	-	(134)
Amortisation of intangible assets	**837**	837	1,674
Income tax charge	**482**	387	901
Share based payment charges	**612**	484	1,300
Operating cash inflow before changes in working capital	**4,306**	3,545	8,506
Movement in inventories	**102**	61	32
Movement in trade and other receivables	**897**	598	(2,314)
Movement in trade and other payables	**(369)**	(1,804)	488
Cash generated from operations	**4,936**	2,400	6,712
Finance income	**9**	11	15
Finance expense	**(29)**	(18)	(38)
Income tax paid	**(613)**	(78)	(664)
Net cash flow from operating activities	**4,303**	2,315	6,025
Investing activities			
Purchase of plant and equipment	**(229)**	(184)	(558)
Proceeds from disposal of plant and equipment	**37**	3	56
Equity investments and loans to investments and associated undertakings	**(700)**	-	(550)
Repayment of loans from investments	**-**	85	111
Receipt of deferred consideration	**-**	123	300
Payment of contingent & deferred consideration	**(323)**	(1,089)	(1,109)
Net cash flow used in investing activities	**(1,215)**	(1,062)	(1,750)
Financing activities			
Dividends paid	**-**	-	(362)
Proceeds from the exercise of share options	**185**	213	328
Hire purchase repayments	**(133)**	(153)	(276)
Net cash flow from / (used in) financing activities	**52**	60	(310)
Net increase in cash and cash equivalents	**3,140**	1,313	3,965
Cash and cash equivalents at beginning of period	**15,350**	11,385	11,385
Cash and cash equivalents at end of period	**18,490**	12,698	15,350

Notes to the consolidated interim report

For the six months ended 31 January 2018

1 Basis of preparation

Tracsis plc (the ‘Company’) is a company domiciled in England. The condensed consolidated interim financial report of the Company as at and for the six months ended 31 January 2018 comprises the Company and its subsidiaries (together referred to as the ‘Group’). The principal activities of the Group are the provision of software, services and technology for the rail industry (‘Rail Technology & Services’), along with traffic surveys, event planning and traffic management, and data capture (‘Traffic Data & Services’) (see note 4).

The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 July 2017, 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 2018 and 31 January 2017 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 2017 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 principal risks and uncertainties are unchanged from the previous year end, are expected to be largely unchanged for the remainder of the financial year, and are as disclosed on pages 9 to 12 of the Annual Report & Accounts for the year ended 31 July 2017. The Board considers risks on a periodic basis and has maintained the key risks as follows, on a Group wide basis:

- Changes to the structure of the UK rail industry
- Competition
- Reduced government spending
- Reliance on certain key customers
- Attraction and retention of key employees
- Delays to project delivery
- Technological changes
- Customer pricing pressure
- Health & Safety
- Brand reputation
- Impact of Brexit negotiations and resulting UK trading position

Further detail on risks is provided in the Annual Report & Accounts for the year ended 31 July 2017.

The condensed consolidated interim financial information was approved for issue on 28 March 2018.

2 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 2017 and which will form the basis of the 2018 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 2017.

3 Changes in accounting policies

The following amendments to financial reporting standards were adopted from 1 August 2017, the start of the new financial year. None of them have had a significant impact on the Group:

- IAS 7 'Statement of cash flows' – amendments relating to the IASB's disclosure initiative intended to provide information to help investors better understand changes in a company's debt
- IAS 12 'Income taxes' – amendments relating to the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value.

The following new amendments to standards were in issue but are not yet effective for the financial year beginning 1 August 2017:

- IFRS 2 'Share-based payment' – amendments clarifying how to account for certain types of share-based payment transactions
- IFRS 9 'Financial instruments' – introduces new requirements for classification and measurement of financial assets and financial liabilities, impairment methodology and hedge accounting
- IFRS 15 'Revenue from contracts with customers' – provides a single model for measuring and recognising revenue arising from contracts with customers, unless the contracts are in the scope of other standards, such as IAS 17. It supersedes all existing revenue requirements in IFRS
- IFRS 16 'Leases' – provides a single lessee accounting model, specifying how leases are recognised, measured, presented and disclosed

4 Segmental analysis

The Group has divided its results into two segments being 'Rail Technology and Services' and 'Traffic & Data Services'.

In accordance with IFRS 8 'Operating Segments', the Group has made the following considerations to arrive at the disclosure made in these financial statements.

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.

Sales revenue is summarised below:

	Six months Ended 31 January 2018 £'000	Six months ended 31 January 2017 £'000	Year ended 31 July 2017 £'000
Rail Technology & Services	**9,249**	7,922	15,964
Traffic & Data Services	**8,828**	7,700	18,522
Total revenue	**18,077**	15,622	34,486

A geographical analysis of revenue is provided below:

	Six months ended 31 January 2018 £'000	Six months ended 31 January 2017 £'000	Year ended 31 July 2017 £'000
United Kingdom	**17,282**	14,804	33,224
North America	**194**	414	437
Rest of the World	**601**	404	825
Total	**18,077**	15,622	34,486

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 2018			
	Rail Technology & Services £000	**Traffic & Data Services £000**	**Unallocated £000**	**Total £000**
Revenues				
Total revenue for reportable segments	**9,249**	**8,828**	**-**	**18,077**
Consolidated revenue	**9,249**	**8,828**	**-**	**18,077**
Profit or loss				
EBITDA for reportable segments	**3,536**	**770**	**-**	**4,306**
Amortisation of intangible assets	**-**	**-**	**(837)**	**(837)**
Depreciation	**(67)**	**(322)**	**-**	**(389)**
Share-based payment charges	**-**	**-**	**(612)**	**(612)**
Share of result of equity accounted investees	**-**	**-**	**(66)**	**(66)**
Interest receivable/payable(net)	**-**	**-**	**(20)**	**(20)**
Consolidated profit before tax	**3,469**	**448**	**(1,535)**	**2,382**

	Six months ended 31 January 2017			
	Rail Technology & Services	Traffic & Data Services	Unallocated	Total
	£000	£000	£000	£000
Revenues				
Total revenue for reportable segments	7,922	7,700	-	15,622
Consolidated revenue	7,922	7,700	-	15,622
Profit or loss				
EBITDA for reportable segments	3,163	382	-	3,545
Amortisation of intangible assets	-	-	(837)	(837)
Depreciation	(71)	(322)	-	(393)
Share-based payment charges	-	-	(484)	(484)
Share of result of equity accounted investees	-	-	(36)	(36)
Interest receivable/payable(net)	-	-	(7)	(7)
Consolidated profit before tax	3,092	60	(1,364)	1,788

	Year ended 31 July 2017			
	Rail Technology & Services	Traffic & Data Services	Unallocated	Total
	£000	£000	£000	£000
Revenues				
Total revenue for reportable segments	15,964	18,522	-	34,486
Consolidated revenue	15,964	18,522	-	34,486
Profit or loss				
EBITDA for reportable segments	6,451	2,043	-	8,494
Amortisation of intangible assets	-	-	(1,674)	(1,674)
Depreciation	(124)	(675)	-	(799)
Exceptional items:	-	-	(139)	(139)
Other operating income	-	-	134	134
Share-based payment charges	-	-	(1,300)	(1,300)
Interest receivable/payable(net)	-	-	(23)	(23)
Share of results of equity accounted investees	-	-	(77)	(77)
Consolidated profit before tax	6,327	1,368	(3,079)	4,616

	31 January 2018			
	Rail Technology & Services £'000	**Traffic & Data Services £000**	**Unallocated £000**	**Total £000**
Assets				
Total assets for reportable segments (exc. cash)	**4,699**	**5,285**	**-**	**9,984**
Intangible assets & investments	**-**	**-**	**25,228**	**25,228**
Deferred tax assets	**-**	**-**	**573**	**573**
Cash and cash equivalents	**8,189**	**1,919**	**8,382**	**18,490**
Consolidated total assets	**12,888**	**7,204**	**34,183**	**54,275**
Liabilities				
Total liabilities for reportable segments	**(7,126)**	**(2,511)**	**-**	**(9,637)**
Deferred tax	**-**	**-**	**(3,576)**	**(3,576)**
Contingent & deferred consideration	**-**	**-**	**(4,718)**	**(4,718)**
Consolidated total liabilities	**(7,126)**	**(2,511)**	**(8,294)**	**(17,931)**

	31 January 2017			
	Rail Technology & Services £'000	Traffic & Data Services £000	Unallocated £000	Total £000
Assets				
Total assets for reportable segments (exc. cash)	3,405	5,075	-	8,480
Intangible assets & investments	-	-	25,924	25,924
Deferred tax assets	-	-	623	623
Cash and cash equivalents	5,112	1,674	5,912	12,698
Consolidated total assets	8,517	6,749	32,459	47,725
Liabilities				
Total liabilities for reportable segments	(5,469)	(2,247)	-	(7,716)
Deferred tax	-	-	(4,133)	(4,133)
Contingent & deferred consideration	-	-	(5,061)	(5,061)
Consolidated total liabilities	(5,469)	(2,247)	(9,194)	(16,910)

	31 July 2017			
	Rail Technology & Services £'000	Traffic & Data Services £000	Unallocated £000	Total £000
Assets				
Total assets for reportable segments (exc. cash)	3,581	7,599	-	11,180
Intangible assets	-	-	25,431	25,431
Deferred tax assets	-	-	457	457
Cash and cash equivalents	3,784	1,844	9,722	15,350
Consolidated total assets	7,365	9,443	35,610	52,418
Liabilities				
Total liabilities for reportable segments	(6,142)	(3,870)	-	(10,012)
Deferred tax	-	-	(3,718)	(3,718)
Contingent & deferred consideration	-	-	(5,041)	(5,041)
Consolidated total liabilities	(6,142)	(3,870)	(8,759)	(18,771)

5 Earnings per share

Basic earnings per share

The calculation of basic earnings per share for the Half Year to 31 January 2018 was based on the profit attributable to ordinary shareholders of £1,900,000 (Half Year to 31 January 2017: £1,401,000, Year ended 31 July 2017: £3,715,000) and a weighted average number of ordinary shares in issue of 28,121,000 (Half Year to 31 January 2017: 27,706,000, Year ended 31 July 2017: 27,804,000), calculated as follows:

Weighted average number of ordinary shares
In thousands of shares

	Six months ended 31 January 2018	Six months ended 31 January 2017	Year ended 31 July 2017
Issued ordinary shares at start of period	**27,964**	27,546	27,546
Effect of shares issued for cash	**157**	160	258
Weighted average number of shares at end of period	**28,121**	27,706	27,804

Diluted earnings per share

The calculation of basic earnings per share for the Half Year to 31 January 2018 was based on the profit attributable to ordinary shareholders of £1,900,000 (Half Year to 31 January 2017: £1,401,000, Year ended 31 July 2017: £3,715,000) and a weighted average number of ordinary shares in issue after adjustment for the effects of all dilutive potential ordinary shares of 29,010,000 (Half Year to 31 January 2017: 28,591,000, Year ended 31 July 2017: 28,738,000).

Adjusted EPS

In addition, Adjusted Profit EPS is shown below on the grounds that it is a common metric used by the market in monitoring similar businesses. A reconciliation of this figure is provided below:

	Six months ended 31 January 2018 £'000	Six months ended 31 January 2017 £'000	Year ended 31 July 2017 £'000
Profit attributable to ordinary shareholders	**1,900**	1,401	3,715
Amortisation of intangible assets	**837**	837	1,674
Share-based payment charges	**612**	484	1,300
Exceptional items	**-**	-	139
Other operating income	**-**	-	(134)
Adjusted profit for EPS purposes	**3,349**	2,722	6,694

Weighted average number of ordinary shares
In thousands of shares

For the purposes of calculating Basic earnings per share	**28,121**	27,706	27,804
Adjustment for the effects of all dilutive potential ordinary shares	**29,010**	28,591	28,738

Basic adjusted earnings per share	**11.91p**	9.82p	24.08p
Diluted adjusted earnings per share	**11.54p**	9.52p	23.29p

6 Seasonality

The Group offers a range of products and services within its overall suite, meaning that revenues can fluctuate depending on the status and timing of certain sales. Some of these are exposed to high levels of seasonality for example:

- The Group's Traffic & Data Services division also derives revenue from work taking place at certain times of the year and is exposed to seasonality, in particular for SEP which has a very high level of seasonality based on the timing of events;
- Ontrac Limited performs some significant software development projects and the specific timing of these can vary depending on the commercial terms;
- Revenues from remote condition monitoring are also driven by the size and timing of significant orders received from major customers;
- Finally, the timing of certain software licence renewals and new sales along with consultancy offerings can also impact on when work is performed, revenues are delivered and therefore recognised.

As such, the overall Group continues to be exposed to a high degree of seasonality throughout the year and reporting period.

7 Dividends

As part of the Group's commitment to a progressive dividend policy adopted in 2012, the Directors recommend an interim dividend payment of 0.7p per share, with a total expected value of c. £198k based on the number of shares in issue at the date of this interim report.

The cash cost of the dividend payments made is shown below:

	Six months ended 31 January 2018 £000	Six months ended 31 January 2017 £000	Year ended 31 July 2017 £000
Final dividend for 2015/16 of 0.70p per share paid	**-**	-	195
Interim dividend for 2016/17 of 0.60p per share paid	**-**	-	167
Total dividends paid	**-**	-	362

The dividends paid or proposed in respect of each financial year ended 31 July is as follows:

	2018 £'000	2017 £'000	2016 £'000	2015 £000	2014 £000	2013 £000	2012 £000
Interim dividend for 2011/12 of 0.20p per share paid	**-**	-	-	-	-	-	48
Final dividend for 2011/12 of 0.35p per share paid	**-**	-	-	-	-	-	87
Interim dividend for 2012/13 of 0.30p per share paid	**-**	-	-	-	-	75	-
Final dividend for 2012/13 of 0.40p per share paid	**-**	-	-	-	-	102	-
Interim dividend for 2013/14 of 0.35p per share paid	**-**	-	-	-	89	-	-
Final dividend for 2013/14 of 0.45p per share paid	**-**	-	-	-	119	-	-
Interim dividend for 2014/15 of 0.40p per share paid	**-**	-	-	106	-	-	-
Final dividend for 2014/15 of 0.60p per share paid	**-**	-	-	164	-	-	-
Interim dividend for 2015/16 of 0.50p per share paid	**-**	-	137	-	-	-	-
Final dividend for 2015/16 of 0.70p per share paid	**-**	-	195	-	-	-	-
Interim dividend for 2016/17 of 0.60p per share paid	-	167	-	-	-	-	-
Final dividend for 2016/17 of 0.80p per share paid	-	222	-	-	-	-	-
Interim dividend for 2017/18 of 0.70p per share proposed	198	-	-	-	-	-	-

The total dividends paid or proposed in respect of each financial year ended 31 July is as follows:

	2018	2017	2016	2015	2014	2013	2012
Total dividends paid per share	**n/a**	1.4p	1.2p	1.0p	0.8p	0.7p	0.55p

8 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		
	H1 2018 £'000	H1 2017 £'000	FY 2017 £'000	**H1 2018 £'000**	H1 2017 £'000	FY 2017 £'000
Leeds Innovation Centre Limited	**50**	41	79	**9**	8	8
Ashtead Plant Hire Co Limited	**1**	10	13	**-**	1	2
Citi Logik Limited	**18**	-	126	**-**	-	-
Nutshell Software Limited	**44**	-	6	**-**	-	7
Vivacity Labs Limited	**31**	-	7	**36**	-	-

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.

Ashtead Plant Hire Co Limited is a subsidiary of Ashtead Group plc (Ashtead) of which Chris Cole is Chairman. SEP Limited, one of the Group's subsidiaries purchased goods and services from Ashtead during the year. All transactions with Ashtead took place at arm's length commercial rates and were not connected to Mr Cole's position at Ashtead. SEP Limited traded with Ashtead prior to its acquisition by Tracsis plc.

On 21 July 2016, the Group entered into an agreement to make an investment in Nutshell Software Limited, a company connected to Martyn Cuthbert who is a Director of Ontrac Limited and Ontrac Technology Limited, subsidiary companies of the Group following their acquisition in December 2015.

Vivacity Labs Limited and Citi Logik Limited are related parties by virtue of the Group's shareholding in these entities.

	Sale of goods and services			Amounts owed by related parties		
	H1 2018 £'000	H1 2017 £'000	FY 2017 £'000	**H1 2018 £'000**	H1 2017 £'000	FY 2017 £'000
WSP UK Limited	**1,202**	1,015	2,489	**49**	69	708

WSP UK Limited (WSP) is a company which is connected to Chris Cole who serves as non-executive Chairman of Tracsis plc and also of WSP Global Inc, WSP's parent company. Sales to WSP took place at arm's length commercial rates and were not connected to Mr Cole's position at WSP.

9 Reconciliation of adjusted profit metrics

In addition to the statutory profit measures of Operating profit and profit before tax, the Group quotes Adjusted EBITDA and Adjusted profit.

Adjusted EBITDA is defined as Earnings before finance income, tax, depreciation, amortisation, exceptional items, other operating income, and share-based payment charges and share of result of equity accounted investees.

Adjusted EBITDA can be reconciled to statutory profit before tax as set out below:

	Six months ended 31 January 2018 £'000	Six months ended 31 January 2017 £000	Year ended 31 July 2017 £000
Profit before tax	**2,382**	1,788	4,616
Finance income / expense – net	**20**	7	23
Share-based payment charges	**612**	484	1,300
Exceptional items	**-**	-	139
Other operating income	**-**	-	(134)
Amortisation of intangible assets	**837**	837	1,674
Depreciation	**389**	393	799
Share of result of equity accounted investees	**66**	36	77
Adjusted EBITDA	**4,306**	3,545	8,494

Adjusted profit is defined as Earnings before finance income, tax, amortisation, exceptional items, other operating income, share-based payment charges, and share of result of equity accounted investees.

Adjusted profit can be reconciled to statutory profit before tax as set out below:

	Six months ended 31 January 2018 £'000	Six months ended 31 January 2017 £000	Year ended 31 July 2017 £000
Profit before tax	**2,382**	1,788	4,616
Finance income / expense – net	**20**	7	23
Share-based payment charges	**612**	484	1,300
Exceptional items	**-**	-	139
Other operating income	**-**	-	(134)
Amortisation of intangible assets	**837**	837	1,674
Share of result of equity accounted investees	**66**	36	77
Adjusted profit	**3,917**	3,152	7,695

Adjusted EBITDA reconciles to adjusted profit as set out below:

	Six months ended 31 January 2018 £'000	Six months ended 31 January 2017 £000	Year ended 31 July 2017 £000
Adjusted EBITDA	**4,306**	3,545	8,494
Depreciation	**(389)**	(393)	(799)
Adjusted profit	**3,917**	3,152	7,695

10 Events after the balance sheet date

On 1 February 2018, the Group completed the acquisition of Travel Compensation Services Limited ('TCS'), Delay Repay Sniper ('DRS'), and S Dalby Consulting Limited.

TCS is the leading software provider of enterprise delay repay solutions to the UK Rail Industry. The business has developed novel technology that allows train operators to automatically process the large volumes of consumer claims arising from rail delays and in doing so lower the transactional costs involved whilst speeding up response times and helping eliminate fraud. The benefits to the rail industry are significant and in a short space of time TCS has already secured several major TOC customers. DRS is a consumer facing web portal that enables rail passengers to quickly and easily submit valid claims under the delay repay scheme to rail operators. The business operates a subscription service model and is highly relevant to regular rail travellers and commuters who are often delayed many times per month and wish to forego the time and effort involved in submitting multiple individual claims.

In the year ended 30 September 2017, TCS and DRS generated revenue of £0.7m and adjusted Profit before Tax of £0.3m. The TCS and DRS offerings are highly complementary to Tracsis' rail offering and will bring substantial cost benefits to our TOC client base whilst also improving customer satisfaction. The Directors of Tracsis believe this market is set for significant growth in the years ahead.

The acquisition consideration comprises an initial cash payment of £1.75m which was funded out of Tracsis cash reserves and the issue of 28,571 new ordinary shares in Tracsis (issued at a price of 525p which valued the shares at £0.15m), along with a payment of around £0.2m that represents the value of the Company's tangible net assets at completion. Additional contingent consideration of up to £4.7m is payable subject to TCS and DRS achieving certain financial targets in the three years post acquisition.

The Directors are still assessing the fair value of the contingent consideration payable and the associated fair value of the assets and liabilities and full details will be provided in the Annual report for the year ending 31 July 2018.

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;

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:	Chris Cole (Non-Executive Chairman) John McArthur (Chief Executive Officer) Max Cawthra (Group Finance Director) John Nelson (Non-Executive Director) Lisa Charles-Jones (Non-Executive Director) Liz Richards (Non-Executive Director)
Company Secretary:	Max Cawthra