

Tracsis plc

(‘Tracsis’, ‘the Company’ or ‘the Group’)

Interim results for the six months ended 31 January 2019

Tracsis plc (AIM: TRCS), a leading provider of software and services for the rail, traffic data and wider transportation industries, is pleased to announce its interim results for the six months ended 31 January 2019.

Financial Highlights:

- The Group continues to trade well, with a further period of profitable growth
- Key financial metrics now reported under IFRS 15 and compared to last year are summarised as follows:

	2019 under IFRS 15 As reported	2019 under IAS 18	2018 actual IAS 18	Variance under IAS 18	Variance under IFRS 15
Revenue	£18.8m	£19.1m	£18.1m	£1.0m	£0.7m
EBITDA *	£4.2m	£4.4m	£4.3m	£0.1m	(£0.1m)
Profit before Tax	£2.1m	£2.3m	£2.4m	(£0.1m)	(£0.3m)

- Cash balances at 31 January 2019 of £18.7m (31 July 2018: £22.3m, 31 January 2018: £18.5m)
- The business remains debt free with strong cash flow and cash conversion
- Proposed interim dividend increased by 14% to 0.8p per share (2018: 0.7p)

Operational Highlights:

- Five-year Framework Agreement secured with a major Train Owning Group for our TRACS Enterprise product – Tracsis’ largest software contract to date
- Acquisitions of Compass Informatics Limited (“Compass”) and Cash & Traffic Management Limited (“CTM”) completed in the period (January 2019) – full impact will be felt in H2
- Significant investment made in rail technology software development
- Remote Condition Monitoring business has traded well
- Ontrac and Travel Compensation Services secured new multi-year software deals with UK rail clients
- Traffic & Data Services division margin improvement strategy continues, and the division traded in line with expectations.
- Chris Barnes joined the Group on 4 February as CEO Designate and will succeed John McArthur on 1 May as Group CEO

John McArthur, Chief Executive Officer, commented:

“This was another busy period for the Group and we have made good progress in delivering to our strategy of organic and acquisitive growth. We were pleased to have completed two acquisitions in the period which will benefit the second half of the financial year, and also secured a significant software contract which is strategically important for Tracsis and the wider rail industry. The Directors are pleased with the results for the period and the business is well placed to deliver full year results in line with market expectations, with the second half of the year expected to be stronger given the seasonality in the business and the contribution from the newly acquired businesses.”

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

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Tracsis plc

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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 again reported a further period of growth, with a good performance across both divisions which is in line with management expectations.

The Group adopted IFRS 15 for the first time this period, and the impact of this is summarised below:

	2019 under IFRS 15 As reported	2019 under IAS 18	2018 actual IAS 18	Variance under IAS 18	Variance under IFRS 15
Revenue	£18.8m	£19.1m	£18.1m	£1.0m	£0.7m
EBITDA	£4.2m	£4.4m	£4.3m	£0.1m	(£0.1m)
Profit before Tax	£2.1m	£2.3m	£2.4m	(£0.1m)	(£0.3m)
Cash	£18.7m	£18.7m	£18.5m	£0.2m	£0.2m

Trading Progress and Prospects

A summary of performance in the period is as follows:

Rail Technology & Services

Summary segment results:

Revenue	£9.9m	(H1 2018: £9.2m)
EBITDA	£3.5m	(H1 2018: £3.5m)
Profit before Tax	£3.5m	(H1 2018: £3.4m)

Software & Consultancy (including Ontrac)

Total revenues from the Group's rail software, hosting and consulting offerings were £7.9m (2018: £7.7m) taking account of all of the various revenue streams across our TRACS, Ontrac, COMPASS, Retail & Operations product suites and consultancy. Software sales once again benefited from high renewal rates for existing products. In January 2019, we were pleased to announce a significant five-year Framework Agreement with a major Train Owing Group (which operates several Train Operating Company (TOC) franchises) for our TRACS Enterprise product. This roll out is well underway and revenues from this contract are expected to be realised in the second half of the financial year and beyond, assuming roll out across the client owning Group's other TOCs continues as planned.

We were also pleased to secure a significant order for data hosting services and software licences with another major rail client. The order was predominantly a renewal and extension of existing arrangements over a two year period, with a value in excess of £2m.

The Group has invested heavily in its technology base with incremental development costs of c. £0.5m in the period, all of which have been expensed, and the benefits will be experienced in the second half of the financial year and beyond. In March 2019, post period end, the Group also relocated its Leeds headquarters to larger more modern offices that are far better suited to accommodate our expanding team and future growth ambitions.

Remote Condition Monitoring

Revenues of £2.0m were significantly ahead of the previous year (2018: £1.5m), which represents very solid trading in the core UK market. This was partly due to the end of Network Rail's Control Period 5 (CP5) which saw an increase in activity in this part of the Group. A small contribution was achieved from overseas sales in the United States which continues to be a target market and offers significant opportunities albeit with a longer sales cycle as we develop relationships with new customers who require time to familiarise themselves with the Group's offering.

Traffic & Data Services (T&DS)

Summary segment results:

Revenue	£8.9m	(H1 2018: £8.8m)
EBITDA	£0.7m	(H1 2018: £0.8m)
Profit before Tax	£0.2m	(H1 2018: £0.4m)

Overall trading was in line with expectations in the first half of the year, with the business typically performing much stronger in the second half of the financial year due to the timing of traffic surveys and outdoor events taking place. Given the acquisitions of Compass and CTM the seasonality in this part of the Group will continue to be biased to the second half of the year which is expected to be strong.

Given the timing of acquisitions made in January, the divisional results only include a small contribution in respect of the Compass and CTM with revenue of £0.25m and a small loss which was fully anticipated.

Tracsis Traffic Data secured a major contract in London, which was a collaboration with Vivacity Labs (a Tracsis investee company), to deliver a compelling solution to the end client. Further roll out of the Vivacity Machine Learning software is expected in the second half of the financial year. In addition, the addition of Compass analytics to the product and service portfolio will enhance the overall data offering, and the strategy is to sell Compass products and services to existing Tracsis based customers in the UK whilst continuing to expand within its domestic Irish market.

Tracsis Passenger Counts again performed well, and its development of analysis software that allows for automatic train load data (i.e. passenger counting) to be taken directly from trains currently in service has continued to generate good sales. SEP Events has continued to trade well, though as always the majority of revenue and profit from this business will be delivered over the summer months. The integration of CTM remains ongoing, and the Directors are confident that synergy benefits will be realised in the fullness of time.

Overseas

The Group's acquisition of Compass Informatics, which is discussed in more detail below, increases our Ireland presence significantly and is the first overseas acquisition that the Group has made. Progress in North America, which remains the Group's principal focus outside of the UK, remains ongoing with further sales generated from a key client and a growing pipeline of client interest.

Dividend

The Group is committed to the progressive dividend policy that it adopted in 2012. The Directors propose an interim dividend of 0.8p per share, a 14% increase on the 0.7p paid in the interim period last year and will mark the 15th successive period of this policy. The dividend will be paid on 3 May 2019 to shareholders on the register on 26 April 2019.

Acquisitions

We were pleased to have completed two acquisitions in the period, both of which will enhance the offering for our Traffic & Data Services division.

On 15 January 2019 we acquired Compass, a long-established Dublin based business which we have known for a number of years now and is a natural fit for our Traffic & Data Services division in terms of our strategy of improving our data service. This acquisition, our first overseas transaction, strengthens the product and service offerings to our client base in the UK and also benefit those existing clients retained by Compass in Ireland, and offers potential benefit and cross-sell potential to Tracsis' existing transport clients. Compass is a software development and data analytics company that specialises in combining geographical information systems (GIS), location technologies, data analytics and field computing. The business works across a variety of sectors but derives most of its revenue from transport, asset management, planning, and environmental customers.

The acquisition consideration comprised an initial cash payment of €3.15m which was funded out of Tracsis cash reserves and the issue of shares in Tracsis to a value of €350k. An additional payment of circa €0.6m will be made on a euro for euro basis to reflect the net current asset position of the business, alongside additional contingent consideration of up to €2.0m is payable subject to Compass achieving certain stretched financial targets in the three years post acquisition.

On 16 January 2019, we acquired CTM, a well-established provider of event traffic planning, admission control, and a range of other event-related services to some of the UK's largest and most prestigious event clients. CTM is highly complementary to the Tracsis Traffic & Data Services division with good cross-sell potential along with clear synergy benefits with Tracsis' existing SEP Events business which was an excellent acquisition for Tracsis, that should lead to margin improvement in the fullness of time.

CTM has an excellent track record of organic growth, client retention and profitability over many years. The acquisition consideration comprised an initial cash payment of £1.3m which will be funded out of Tracsis cash reserves and the issue shares in Tracsis to a value of £0.15m, along with an additional payment of circa £0.45m to reflect the net current asset position of the business. Additional contingent consideration of up to £0.75m is payable subject to CTM achieving certain stretch financial targets in the two years post acquisition.

Integration of both newly acquired businesses is well underway. Due to the timing of the acquisitions, only a small contribution from the acquired businesses was made in the period, with the full six month impact coming in the second half of the financial year.

Furthermore, the Group exercised a £0.3m warrant in Vivacity Labs increasing the Group's equity stake to 28% and also participated in a fundraising for Citi Logik for £0.1m, which rounded off a busy period of acquisitions and investments. The Group remains debt free and continues to benefit from a strong market reputation with a good pipeline of potential acquisition opportunities.

Income statement

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

	Unaudited	Unaudited	Unaudited	Audited
	Six months	Six months	Six months	Year
	ended	ended	ended	ended
	31 January	31 January	31 January	31 July
	2019	2019	2018	2018
	IFRS 15	IAS 18	IAS 18	IAS 18
	£'000	£'000	£'000	£'000
Revenue	18,750	19,055	18,077	39,834
Adjusted EBITDA (note 9)	4,239	4,407	4,306	9,425
Adjusted Pre-Tax Profit (note 9)	3,873	4,041	3,917	8,665
Profit before tax	2,121	2,289	2,382	8,275

Sales revenue is analysed further below:

	Unaudited	Unaudited	Unaudited	Audited
	Six months	Six months	Six months	Year
	ended	ended	Ended	Ended
	31 January	31 January	31 January	31 July
	2019	2019	2018	2018
	IFRS 15	IAS 18	IAS 18	IAS 18
	£'000	£'000	£'000	£'000
Rail Technology & Services	9,895	10,053	9,249	18,968
Traffic & Data Services	8,855	9,002	8,828	20,866
Total revenue	18,750	19,055	18,077	39,834

Balance sheet

The Group continues to have significant levels of cash and remains debt free. Cash balances at 31 January were £18.7m (31 January 2018: £18.5m, 31 July 2018: £22.3m), and cash conversion levels continue to be good.

During the period, £3.1m was paid in respect of the Compass and CTM acquisitions (net of cash acquired), and also contingent consideration in respect of the Ontrac acquisition of £2.1m was paid.

A summary of cash flows is set out below:

	Six months ended 31 January 2019 £'000	Six months ended 31 January 2018 £'000	Year ended 31 July 2018 £'000
Net cash flow from operating activities	2,400	4,303	10,602
Net cash used in investing activities	(6,002)	(1,215)	(3,193)
Net cash (used in) / from financing activities	(24)	52	(430)
Movement during the period	(3,626)	3,140	6,979

Board changes

As announced previously, Chris Barnes, CEO Designate, joined Tracsis on 4 February 2019 and the transitioning process from John McArthur is well underway and proceeding to plan. Chris will succeed John and Group CEO on 1 May. John will continue to work with Tracsis in a part-time advisory capacity with a remit of advising and assisting on further M&A which continues to be an integral part of the Tracsis growth strategy.

Outlook

The first half of the financial year was busy on a number of fronts in delivering the Group's growth strategy of both organic and acquisition. The Directors are pleased with the performance which included good progress such as the completion of two acquisitions, securing and commencing delivery of a major software contract, and good trading across the Group. The management team is focussed on delivering a second half performance in line with market expectations, and the second half of the year is expected to be stronger given the seasonality in the business and also due to the second half including a contribution from the newly acquired businesses.

Chris Cole
Non-Executive Chairman

John McArthur
Chief Executive Officer

10 April 2019

Tracsis plc
Condensed consolidated interim income statement for the six months ended 31 January 2019

		Unaudited 6 months ended 31 January 2019			Unaudited 6 months ended 31 January 2018	Audited Year ended 31 July 2018
	Note	Continuing £'000	Acquisitions £'000	Total £'000	£'000	£'000
Revenue	4	18,499	251	18,750	18,077	39,834
Cost of sales		(7,011)	(96)	(7,107)	(7,489)	(16,623)
Gross profit		11,488	155	11,643	10,588	23,211
Administrative costs		(9,005)	(406)	(9,411)	(8,120)	(14,727)
Adjusted EBITDA *	4	4,265	(26)	4,239	4,306	9,425
Depreciation		(363)	(3)	(366)	(389)	(760)
Adjusted profit **		3,902	(29)	3,873	3,917	8,665
Amortisation of intangible assets		(952)	(38)	(990)	(837)	(1,774)
Other operating income		-	-	-	-	214
Share-based payment charges		(467)	(7)	(474)	(612)	(1,193)
Operating profit before exceptional items		2,483	(74)	2,409	2,468	5,912
Exceptional items		-	(177)	(177)	-	2,572
Operating profit		2,483	(251)	2,232	2,468	8,484
Finance income		29	-	29	9	19
Finance expense		(9)	-	(9)	(29)	(27)
Share of result of equity accounted investees		(131)	-	(131)	(66)	(201)
Profit before tax		2,372	(251)	2,121	2,382	8,275
Taxation		(424)	-	(424)	(482)	(1,029)
Profit for the period		1,948	(251)	1,697	1,900	7,246
Other comprehensive income		-	-	-	-	-
Total recognised income for the period		1,948	(251)	1,697	1,900	7,246
Earnings per ordinary share						
Basic	5	6.86p	(0.89p)	5.97p	6.76p	25.70p
Diluted	5	6.64p	(0.86p)	5.78p	6.55p	24.85p

* 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 2019

	Note	Unaudited At 31 January 2019 £'000	Unaudited At 31 January 2018 £'000	Audited At 31 July 2018 £'000
Non-current assets				
Property, plant and equipment		2,476	2,264	2,181
Intangible assets		31,550	23,621	26,223
Investments – equity		350	250	250
Loans due from associated undertakings		250	250	250
Investments in equity accounted investees		1,141	1,107	972
Deferred tax assets		634	573	602
		36,401	28,065	30,478
Current assets				
Inventories		357	137	253
Trade and other receivables		8,330	7,583	7,329
Cash and cash equivalents		18,703	18,490	22,329
		27,390	26,210	29,911
Total assets		63,791	54,275	60,389
Non-current liabilities				
Hire-purchase contracts		138	111	121
Contingent consideration payable	10	2,700	-	1,100
Deferred tax liabilities		4,520	3,576	3,875
		7,358	3,687	5,096
Current liabilities				
Hire-purchase contracts		119	306	157
Trade and other payables		10,879	8,473	10,316
Contingent consideration payable	10	834	4,718	2,165
Current tax liabilities		495	747	546
		12,327	14,244	13,184
Total liabilities		19,685	17,931	18,280
Net assets		44,106	36,344	42,109
Equity attributable to equity holders of the Company				
Called up share capital		114	113	113
Share premium reserve		6,314	6,132	6,243
Merger reserve		3,627	3,010	3,160
Retained earnings		34,051	27,089	32,593
Net assets		44,106	36,344	42,109

Tracsis plc – Consolidated statement of changes in equity
For the six months ended 31 January 2019

	Share Capital £'000	Share Premium Reserve £'000	Merger Reserve £'000	Retained Earnings £'000	Total £'000
Unaudited					
At 1 August 2017	112	5,948	3,010	24,577	33,647
Profit for the six month period ended 31 January 2018 and 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
Audited					
At 1 August 2017	112	5,948	3,010	24,577	33,647
Profit for the year ended 31 July 2018 and total comprehensive income	-	-	-	7,246	7,246
Transactions with owners:					
Dividends	-	-	-	(423)	(423)
Share based payment charges	-	-	-	1,193	1,193
Exercise of share options	1	295	-	-	296
Shares issued as consideration for business combinations	-	-	150	-	150
At 31 July 2018	113	6,243	3,160	32,593	42,109
Unaudited					
At 1 August 2018	113	6,243	3,160	32,593	42,109
Adjustment on initial application of IFRS 15 (net of tax) – Note 3	-	-	-	(713)	(713)
Profit for the six month period ended 31 January 2019 and total comprehensive income	-	-	-	1,697	1,697
Transactions with owners:					
Share based payment charges	-	-	-	474	474
Exercise of share options	1	71	-	-	72
Shares issued as consideration for business combinations	-	-	467	-	467
At 31 January 2019	114	6,314	3,627	34,051	44,106

Tracsis plc

Condensed consolidated interim statement of cash flows for the six months to 31 January 2019

	Unaudited Six months to 31 Jan 2019	Unaudited Six months to 31 Jan 2018	Audited Year ended 31 July 2018
Note	£'000	£'000	£'000
Operating activities			
Profit for the period	1,697	1,900	7,246
Finance income	(29)	(9)	(19)
Finance expense	9	29	27
Depreciation	366	389	760
Loss on disposal of plant & equipment	-	-	17
Non-cash exceptional items	-	-	(2,653)
Other operating income	-	-	(214)
Amortisation of intangible assets	990	837	1,774
Share of result of equity accounted investees	131	66	201
Income tax charge	424	482	1,029
Share based payment charges	474	612	1,193
Operating cash inflow before changes in working capital	4,062	4,306	9,361
Movement in inventories	(104)	102	(14)
Movement in trade and other receivables	(126)	897	1,259
Movement in trade and other payables	(847)	(369)	1,411
Cash generated from operations	2,985	4,936	12,017
Interest received	29	9	19
Interest paid	(9)	(29)	(27)
Income tax paid	(605)	(613)	(1,407)
Net cash flow from operating activities	2,400	4,303	10,602
Investing activities			
Purchase of plant and equipment	(445)	(229)	(509)
Proceeds from disposal of plant and equipment	-	37	53
Acquisition of subsidiaries (net of cash acquired)	11 (3,092)	-	(1,714)
Equity investments and loans to investments	(400)	(700)	(700)
Payment of contingent consideration	10 (2,065)	(323)	(323)
Net cash flow used in investing activities	(6,002)	(1,215)	(3,193)
Financing activities			
Dividends paid	-	-	(423)
Proceeds from the exercise of share options	72	185	296
Hire purchase repayments	(96)	(133)	(303)
Net cash flow from / (used in) financing activities	(24)	52	(430)
Net increase in cash and cash equivalents	(3,626)	3,140	6,979
Cash and cash equivalents at beginning of period	22,329	15,350	15,350
Cash and cash equivalents at end of period	18,703	18,490	22,329

Notes to the consolidated interim report

For the six months ended 31 January 2019

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 2019 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 analytics including software development ('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 2018, 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 2019 and 31 January 2018 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 2018 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 2018. 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
- Impact of Brexit negotiations and resulting UK trading position
- Attraction and retention of key employees
- Delays to project delivery
- Technological changes
- Customer pricing pressure
- Health & Safety
- Brand reputation

Further detail on risks is provided in the Annual Report & Accounts for the year ended 31 July 2018.

The condensed consolidated interim financial information was approved for issue on 10 April 2019.

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 2018 and which will form the basis of the 2019 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 2018.

3 Changes in accounting policies

The following amendments to financial reporting standards were adopted from 1 August 2018, the start of the new financial year. None of them have had a significant impact on the Group other than IFRS 15 which is detailed in further detail below:

- 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.
- Annual Improvements to IFRSs 2014-2016 Cycle (Amendments to IFRS 1 and IAS 28)

The following new amendments to standards were in issue but are not yet effective for the financial year beginning 1 August 2018:

- IFRS 16 'Leases' – provides a single lessee accounting model, specifying how leases are recognised, measured, presented and disclosed

IFRS 15

The Group adopted IFRS 15 with effect from 1 August 2018, using the cumulative effect method, under which the comparative information is not restated. The impact of adopting this is set out below, but can be summarised as the removal of certain accrued income balances to be replaced with contract assets, and also the reversal of work in progress assessed under the stage of completion method regarding certain major software project implementations. The net impact was a charge to reserves of £713,000 which can be summarised as follows:

	As previously reported at 31 July 2018 £'000	IFRS 15 Adjustment at 31 July 2018 £'000	Under IFRS 15 as at 31 July 2018 £'000
Trade and other receivables	7,329	(146)	7,183
Trade and other payables	(10,316)	(765)	(11,081)
Current tax liabilities	(546)	198	348
Retained earnings	(32,593)	713	31,880

Impact on the condensed consolidated interim income statement for the six months ended 31 January 2019

	As reported £'000	Adjustments £'000	Amounts without adoption of IFRS 15 £'000
Revenue	18,750	305	19,055
Cost of sales	(7,107)	(137)	(7,244)
Gross profit	11,643	168	11,811
Administrative costs	(9,411)	-	(9,411)
Adjusted EBITDA	4,239	168	4,407
Depreciation	(366)	-	(366)
Adjusted profit	3,873	168	4,041
Amortisation of intangible assets	(990)	-	(990)
Share-based payment charges	(474)	-	(474)
Operating profit before exceptional items	2,409	168	2,577
Exceptional items	(177)	-	(177)
Operating profit	2,232	168	2,400
Finance income	29	-	29
Finance expense	(9)	-	(9)
Share of result of equity accounted investees	(131)	-	(131)
Profit before tax	2,121	168	2,289
Taxation	(424)	(32)	(456)
Profit for the period and total recognised income for the period	1,697	136	1,833

Impact on the condensed consolidated interim balance sheet as at 31 January 2019:

	As reported	Adjustments	Amounts without adoption of IFRS 15
	£'000	£'000	£'000
Non-current assets			
Property, plant and equipment	2,476	-	2,476
Intangible assets	31,550	-	31,550
Investments – equity	350	-	350
Loans due from associated undertakings	250	-	250
Investments in equity accounted investees	1,141	-	1,141
Deferred tax assets	634	-	634
	36,401	-	36,401
Current assets			
Inventories	357	-	357
Trade and other receivables	8,330	156	8,486
Cash and cash equivalents	18,703	-	18,703
	27,390	156	27,546
Total assets	63,791	156	63,947
Non-current liabilities			
Hire-purchase contracts	138	-	138
Contingent consideration payable	2,700	-	2,700
Deferred tax liabilities	4,520	-	4,520
	7,358	-	7,358
Current liabilities			
Hire-purchase contracts	119	-	119
Trade and other payables	10,879	(923)	9,956
Contingent consideration payable	834	-	834
Current tax liabilities	495	230	725
	12,327	(693)	11,634
Total liabilities	19,685	(693)	18,992
Net assets	44,106	849	44,955
Equity attributable to equity holders of the Company			
Called up share capital	114	-	114
Share premium reserve	6,314	-	6,314
Merger reserve	3,627	-	3,627
Retained earnings	34,051	849	34,900
Net assets	44,106	849	44,955

4 Segmental analysis

The Group has divided its results into two segments being 'Rail Technology and Services' and 'Traffic & Data Services'. The companies acquired during the period, Compass Informatics Limited, and Cash & Traffic Management Limited are reported within the 'Traffic & Data Services' division.

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 2019 £'000	Six months ended 31 January 2018 £'000	Year Ended 31 July 2018 £'000
Rail Technology & Services	9,895	9,249	18,968
Traffic & Data Services	8,855	8,828	20,866
Total revenue	18,750	18,077	39,834

A geographical analysis of revenue is provided below:

	Six months ended 31 January 2019 £'000	Six months ended 31 January 2018 £'000	Year ended 31 July 2018 £'000
United Kingdom	17,834	17,282	38,388
North America	101	194	260
Rest of the World	815	601	1,186
Total	18,750	18,077	39,834

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 2019			
	Rail Technology & Services £000	Traffic & Data Services £000	Unallocated £000	Total £000
Revenues				
Total revenue for reportable segments	9,895	8,855	-	18,750
Consolidated revenue	9,895	8,855	-	18,750
Profit or loss				
EBITDA for reportable segments	3,562	677	-	4,239
Amortisation of intangible assets	-	-	(990)	(990)
Depreciation	(69)	(297)	-	(366)
Exceptional items	-	(177)	-	(177)
Share-based payment charges	-	-	(474)	(474)
Share of result of equity accounted investees	-	-	(131)	(131)
Interest receivable/payable(net)	-	-	20	20
Consolidated profit before tax	3,493	203	(1,575)	2,121

	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

Year ended 31 July 2018

	Rail Technology & Services £000	Traffic & Data Services £000	Unallocated £000	Total £000
Revenues				
Total revenue for reportable segments	18,968	20,866	-	39,834
Consolidated revenue	18,968	20,866	-	39,834
Profit or loss				
EBITDA for reportable segments	6,802	2,623	-	9,425
Amortisation of intangible assets	-	-	(1,774)	(1,774)
Depreciation	(135)	(625)	-	(760)
Exceptional items	2,572	-	-	2,572
Other operating income	-	-	214	214
Share-based payment charges	-	-	(1,193)	(1,193)
Interest receivable/payable(net)	-	-	(8)	(8)
Share of results of equity accounted investees	-	-	(201)	(201)
Consolidated profit before tax	9,239	1,998	(2,962)	8,275

31 January 2019

	Rail Technology & Services £'000	Traffic & Data Services £000	Unallocated £000	Total £000
Assets				
Total assets for reportable segments (exc. cash)	5,330	5,833	-	11,163
Intangible assets and investments	-	-	33,291	33,291
Deferred tax assets	-	-	634	634
Cash and cash equivalents	8,335	3,710	6,658	18,703
Consolidated total assets	13,665	9,543	40,583	63,791
Liabilities				
Total liabilities for reportable segments	(7,933)	(3,698)	-	(11,631)
Deferred tax	-	-	(4,520)	(4,520)
Contingent consideration	-	-	(3,534)	(3,534)
Consolidated total liabilities	(7,933)	(3,698)	(8,054)	(19,685)

	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 and 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 consideration	-	-	(4,718)	(4,718)
Consolidated total liabilities	(7,126)	(2,511)	(8,294)	(17,931)

	31 July 2018			
	Rail Technology & Services £'000	Traffic & Data Services £000	Unallocated £000	Total £000
Assets				
Total assets for reportable segments (exc. cash)	3,142	6,621	-	9,763
Intangible assets and investments	-	-	27,695	27,695
Deferred tax assets	-	-	602	602
Cash and cash equivalents	5,673	3,520	13,136	22,329
Consolidated total assets	8,815	10,141	41,433	60,389
Liabilities				
Total liabilities for reportable segments	(6,489)	(4,651)	-	(11,140)
Deferred tax	-	-	(3,875)	(3,875)
Contingent consideration	-	-	(3,265)	(3,265)
Consolidated total liabilities	(6,489)	(4,651)	(7,140)	(18,280)

5 Earnings per share

Basic earnings per share

The calculation of basic earnings per share for the Half Year to 31 January 2019 was based on the profit attributable to ordinary shareholders of £1,697,000 (Half Year to 31 January 2018: £1,900,000, Year ended 31 July 2018: £7,246,000) and a weighted average number of ordinary shares in issue of 28,406,000 (Half Year to 31 January 2018: 28,121,000, Year ended 31 July 2018: 28,196,000), calculated as follows:

Weighted average number of ordinary shares

In thousands of shares

	Six months ended 31 January 2019	Six months ended 31 January 2018	Year ended 31 July 2018
Issued ordinary shares at start of period	28,334	27,964	27,964
Effect of shares issued related to business combinations	7	-	14
Effect of shares issued for cash	65	157	218
Weighted average number of shares at end of period	28,406	28,121	28,196

Diluted earnings per share

The calculation of basic earnings per share for the Half Year to 31 January 2019 was based on the profit attributable to ordinary shareholders of £1,697,000 (Half Year to 31 January 2018: £1,900,000, Year ended 31 July 2018: £7,246,000) and a weighted average number of ordinary shares in issue after adjustment for the effects of all dilutive potential ordinary shares of 29,359,000 (Half Year to 31 January 2018: 29,010,000, Year ended 31 July 2018: 29,159,000).

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 2019 £'000	Six months ended 31 January 2018 £'000	Year ended 31 July 2018 £'000
Profit attributable to ordinary shareholders	1,697	1,900	7,246
Amortisation of intangible assets	990	837	1,774
Share-based payment charges	474	612	1,193
Exceptional items	177	-	(2,572)
Other operating income	-	-	(214)
Adjusted profit for EPS purposes	3,338	3,349	7,427

Weighted average number of ordinary shares

In thousands of shares

For the purposes of calculating Basic earnings per share	28,406	28,121	28,196
Adjustment for the effects of all dilutive potential ordinary shares	29,359	29,010	29,159
<hr/>			
Basic adjusted earnings per share	11.75p	11.91p	26.34p
Diluted adjusted earnings per share	11.37p	11.54p	25.47p

6 Seasonality

The Group has completed two acquisitions towards the end of the first half of the financial year and so only a small contribution from these businesses has been experienced, with the full impact to be realised in the second half of the year which will impact on the specific H1-H2 split.

The Group offers a wide 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 derives significant amounts of revenue from work taking place at certain times of the year and is highly exposed to seasonality, in particular for SEP and CTM which has a very high level of seasonality based on the timing of events, but also Traffic Data where work typically takes place when the weather conditions;
- Ontrac 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, new sales, and also major project implementations 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, with the current year expected to be even more pronounced due to the timing and nature of the acquisitions made in the first half.

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 0.8p per share, with a total expected value of c. £228k 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 2019 £000	Six months ended 31 January 2018 £000	Year ended 31 July 2018 £000
Final dividend for 2016/17 of 0.80p per share paid	-	-	225
Interim dividend for 2017/18 of 0.70p per share paid	-	-	198
Total dividends paid	-	-	423

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

	2019 £'000	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	-	-	225	-	-	-	-	-
Interim dividend for 2017/18 of 0.70p per share paid	-	198	-	-	-	-	-	-
Final dividend for 2017/18 of 0.90p per share paid	-	255	-	-	-	-	-	-
Interim dividend for 2018/19 of 0.80p per share proposed	228	-	-	-	-	-	-	-

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

	2019	2018	2017	2016	2015	2014	2013	2012
Total dividends paid per share	n/a	1.6p	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 2019	H1 2018	FY 2018	H1 2019	H1 2018	FY 2018
	£'000	£'000	£'000	£'000	£'000	£'000
Leeds Innovation Centre Limited (1)	67	50	99	13	9	13
Ashtead Plant Hire Co Limited (2)	-	1	5	-	-	1
Flash Forward Consulting Limited (3)	-	-	28	-	-	5
Citi Logik Limited (4)	-	18	36	-	-	-
Nutshell Software Limited (4)	107	44	107	-	-	9
Vivacity Labs Limited (4)	101	31	17	69	36	-

	Sale of goods and services			Amounts owed by related parties		
	H1 2019	H1 2018	FY 2018	H1 2019	H1 2018	FY 2018
	£'000	£'000	£'000	£'000	£'000	£'000
WSP UK Limited (5)	1,337	1,202	3,180	38	49	883
Flash Forward Consulting Limited (3)	-	-	1	-	-	-
Citi Logik Limited (4)	-	-	30	-	-	36

(1) Leeds Innovation Centre Limited is a company which is connected to The University of Leeds. Tracsis plc rented its office accommodation, along with related office services, from this company. All transactions took place at arm's length commercial rates.

(2) Ashtead Plant Hire Co Limited is a subsidiary of Ashtead Group plc (Ashtead) of which Chris Cole was Chairman until he resigned from Ashtead on 11 September 2018. 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.

(3) Flash Forward Consulting Limited was a related party as John Nelson served as a Non-executive Director of Tracsis plc until 1 November 2018 and was also Chairman of Flash Forward Consulting Limited.

(4) Citi Logik Limited, Nutshell Software Limited and Vivacity Labs Limited are related parties by virtue of the Group's shareholding in these entities.

(5) 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 2019 £'000	Six months ended 31 January 2018 £000	Year ended 31 July 2018 £000
Profit before tax	2,121	2,382	8,275
Finance income / expense – net	(20)	20	8
Share-based payment charges	474	612	1,193
Exceptional items	177	-	(2,572)
Other operating income	-	-	(214)
Amortisation of intangible assets	990	837	1,774
Depreciation	366	389	760
Share of result of equity accounted investees	131	66	201
Adjusted EBITDA	4,239	4,306	9,425

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 2019 £'000	Six months ended 31 January 2018 £000	Year ended 31 July 2018 £000
Profit before tax	2,121	2,382	8,275
Finance income / expense – net	(20)	20	8
Share-based payment charges	474	612	1,193
Exceptional items	177	-	(2,572)
Other operating income	-	-	(214)
Amortisation of intangible assets	990	837	1,774
Share of result of equity accounted investees	131	66	201
Adjusted profit	3,873	3,917	8,665

Adjusted EBITDA reconciles to adjusted profit as set out below:

	Six months ended 31 January 2019 £'000	Six months ended 31 January 2018 £000	Year ended 31 July 2018 £000
Adjusted EBITDA	4,239	4,306	9,425
Depreciation	(366)	(389)	(760)
Adjusted profit	3,873	3,917	8,665

10 Contingent Consideration

During the period, the Group acquired Compass Informatics Limited and Cash & Traffic Management Limited. Under the share purchase agreements, contingent consideration is payable which is linked to the profitability of the acquired businesses for a period post acquisition. The maximum amount payable is €2,000,000 in respect of Compass acquisition, over a three year period, and £750,000 in respect of the CTM acquisition over a two year period. The fair value of the amount payable was assessed at £600,000 for CTM plus a further £153,000 in respect of the balance of the completion accounts, and £1,000,000 in respect of Compass, and £581,000 in respect of the completion accounts.

During the period, contingent consideration of £7,000 was paid in respect of the SEP acquisition which was made in the year ended 31 July 2016, and £2,058,000 was paid in respect of the Ontrac acquisition which was made in the year ended 31 July 2016.

At the balance sheet date, the Directors assessed the fair value of the remaining amounts payable which were deemed to be as follows.

	31 January 2019 £000	31 January 2018 £000	31 July 2018 £000
SEP Limited	-	7	7
Ontrac Limited	-	4,711	2,058
Tracsis Travel Compensation Services Limited & Delay Repay Sniper Limited	1,200	-	1,200
Compass Informatics Limited	1,581	-	-
Cash & Traffic Management Limited	753	-	-
	3,534	4,718	3,265

The group has made numerous acquisitions over the past few years and carries contingent consideration payable in respect of them, which is considered to be a 'Level 3 financial liability' as defined by IFRS 13. These are carried at fair value, which is based on the estimated amounts payable based on the provisions of the Share Purchase Agreements and involves assumptions about future profit forecasts.

The movement on contingent consideration can be summarised as follows:

	31 January 2019 £000	31 January 2018 £000	31 July 2018 £000
At the start of the year	3,265	5,041	5,041
Arising on acquisition	2,334	-	1,200
Cash payment	(2,065)	(323)	(323)
Release to Statement of Comprehensive Income	-	-	(2,653)
At the end of the year	3,534	4,718	3,265

The ageing profile of the remaining liabilities can be summarised as follows:

	31 January 2019 £000	31 January 2018 £000	31 July 2018 £000
Payable in less than one year	834	4,718	2,165
Payable in more than one year	2,700	-	1,100
Total	3,534	4,718	3,265

11 Acquisitions in the period

a) Compass Informatics Limited & Compass Informatics UK Limited

On 15 January 2019, the Group acquired the entire issued share capital of Compass Informatics Limited (Ireland) and Compass Informatics UK Limited (collectively "Compass"). Compass is a systems development and data analytics company that specialises in combining geographical information systems (GIS), location technologies, data analytics and field computing. The business works across a variety of sectors but derives most of its revenue from transportation, asset management, planning, and environmental customers. The acquisition of Compass is the first overseas acquisition made by Tracsis and the Directors believe the business is highly complementary to the Traffic & Data Services division whilst also bringing potential benefit and cross-sell potential to Tracsis' existing transport clients.

In the year ended 30 September 2018, Compass generated revenue of €4.8m, Profit before Tax of €0.6m, and had net assets of €1.8m. The acquisition consideration comprises an initial cash payment of €3.15m and the issue of 53,204 new ordinary shares in Tracsis (issued at a price of 587p) to a value of €350k. An additional payment of circa €0.5m will be made on a euro for euro basis to reflect the net current asset position of the business (above a working capital hurdle) at completion and will be finalised in due course.

Additional contingent consideration of up to €2.0m is payable subject to Compass achieving certain stretched financial targets in the three years post acquisition.

The contingent consideration could range from €nil to € 2.0m depending on the financial performance over the three years post acquisition and the Directors concluded that £1.0m was the fair value of the contingent consideration payable and included this in the balance sheet, along with £0.58m in respect of the completion accounts working capital.

The Group incurred acquisition related costs of £121,000 which are included within administrative expenses.

The acquisition had the following effect on the Group's assets and liabilities on the acquisition date:

	Pre-acquisition carrying amount	Fair value adjustments	Recognised value on acquisition
	£000	£000	£000
Intangible assets: Technology assets	-	1,183	1,183
Intangible assets: Customer relationships	-	2,313	2,313
Tangible fixed assets	25	-	25
Cash and cash equivalents	444	-	444
Trade and other receivables	533	-	533
Trade and other payables	(273)	-	(273)
Income tax payable	(53)	-	(53)
Deferred tax asset/(liability)	105	(594)	(489)
Net identified assets and liabilities	781	2,902	3,683
Goodwill on acquisition			1,021
			4,704
Consideration paid in cash			2,811
Consideration paid: fair value of shares issued			312
Fair value of contingent consideration payable			1,581
Total consideration			4,704

The fair values above were provisional and arise in accordance with the requirements of IFRSs to recognise intangible assets acquired.

b) Cash & Traffic Management Limited

On 16 January 2019, the Group acquired the entire issued share capital of Cash & Traffic Management Limited ('CTM'). The Directors believe that the areas in which CTM operates are highly complementary to the Tracsis Traffic & Data Services Division with good cross-sell potential along with clear synergy benefits with Tracsis' existing SEP business that should lead to margin improvement in the fullness of time.

CTM is a provider of event traffic planning, admission control, and a range of other event-related services to some of the UK's largest and most prestigious event clients. The business employs 20 permanent staff, all of whom will remain with the business post transaction, and has an excellent track record of organic growth, client retention and profitability over many years. In the year ended 28 February 2018, CTM generated revenue of £5.5m, normalised Profit before Tax of £0.35m, and had net assets of £0.8m.

The acquisition consideration comprised an initial cash payment of £1.305m and the issue of 26,334 new ordinary shares in Tracsis (issued at a price of 589p) to a value of £0.155m, along with an additional payment of circa £0.5m to reflect the net current asset position of the business. Additional contingent consideration of up to £0.75m is payable subject to CTM achieving certain stretch financial targets in the two years post acquisition.

The contingent consideration could range from £nil to £0.75m depending on the financial performance over the two years post acquisition and the Directors concluded that £0.6m was the fair value of the contingent consideration payable and included this in the balance sheet, along with the balance of £0.15m in respect of the completion accounts working capital.

The Group incurred acquisition related costs of £56,000 which are included within administrative expenses.

The acquisition had the following effect on the Group's assets and liabilities on the acquisition date:

	Pre-acquisition carrying amount	Fair value adjustments	Recognised value on acquisition
	£000	£000	£000
Intangible assets: Customer relationships	-	1,768	1,768
Tangible fixed assets	116	-	116
Cash and cash equivalents	955	-	955
Trade and other receivables	488	-	488
Trade and other payables	(372)	-	(372)
Income tax payable	(75)	-	(75)
Deferred tax liability	(24)	(300)	(324)
Net identified assets and liabilities	1,088	1,468	2,556
Goodwill on acquisition			32
			2,588
Consideration paid in cash			1,680
Consideration paid: fair value of shares issued			155
Fair value of contingent consideration payable			753
Total consideration			2,588

The fair values above were provisional and arise in accordance with the requirements of IFRSs to recognise intangible assets acquired.

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) Lisa Charles-Jones (Non-Executive Director) Liz Richards (Non-Executive Director) Mac Andrade (Non-Executive Director)
Company Secretary:	Max Cawthra