Date: 4 March 2013
On behalf of: Tracsis plc (‘Tracsis’, ‘the Company’ or ‘the Group’)
Embargoed until 0700hrs

Tracsis plc

Interim results for the six months ended 31 January 2013

Tracsis plc (AIM: TRCS), is pleased to announce its interim results for the six months ended 31 January 2013.

Financial Highlights:

- Revenues increased 29% to £4.7m (H1 2012: £3.7m)
- Adjusted EBITDA increased 49% to £1.9m (H1 2012: £1.3m)
- Profit before tax increased 50% to £1.7m (H1 2012: £1.1m)
- Cash balances up by £0.9m to £8.5m (H1 2012: £6.0m, FY 2012 £7.6m)
- Interim dividend proposed of 0.3p per share (H1 2012: 0.2p per share)

Operational Highlights:

- Further sales of TRACS optimisation software achieved
- Completion, successful launch and first contract with a major UK operator for new rail freight product - FreightTRACS
- Further international progress with sale of COMPASS reporting software in New Zealand market
- Extensive franchise bid support work for multiple transport owning Groups
- Strong demand for passenger counting & analytics services
- Continued demand for the MPEC condition monitoring technology
- Excellent client retention and account management across the Group

John McArthur, Chief Executive Officer, commented:

“I am pleased to report further substantial growth in the period with all areas of the Group performing ahead of the same time last year. In addition to winning several new contracts both in the UK and abroad, we have developed and launched a new software offering for the rail freight sector which has been sold to our first customer marking our entry into a new market.

“The Group remains well positioned for further growth and continues to benefit from an excellent financial position, a diverse product offering to blue chip clients, and a healthy pipeline of acquisition prospects.”

Enquiries:

John McArthur, Tracsis plc	Tel: 0845 125 9162
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	Tracsis@redleafpolhill.com

Chairman’s and Chief Executive Officer’s Report

Business Summary

I am once again delighted to report on a period of further growth and success for the Group in the first half of the 2012/13 financial year. At the midway point, all areas of the Group have shown positive growth and are significantly up against the corresponding period last year.

Software

The Group’s core TRACS software offering continues to be well received by transport operators with high levels of renewals amongst existing clients. In accordance with the Group’s strategy to cross sell additional products into existing customers TRACS Roster was sold to two existing UK clients and these will deliver long term recurring revenues for the future. As announced in December, we were also successful in winning a new client in New Zealand for our COMPASS software which is currently being delivered. The Group has continued to invest in new product development with significant time and effort being spent on our rolling stock tool, TRACS-RS. We formally launched this product in February, with much interest from Train Operating Companies, and have already secured two sales of this product to franchise bid teams. Furthermore, we are delighted to have secured a sale of our new freight driver optimization software ‘FreightTRACS’. This tool was in development for some time in conjunction with a major UK rail freight operator, with no agreed contract at completion of the product’s development. It is testament to the technical ability of our development team that the significant challenges posed by the rail freight operating environment were overcome, and we were able to pitch, and win our first rail freight customer.

Consultancy and services

Demand for our various consultancy and professional services offerings has been mixed. Our team worked extensively on the Great Western franchise bid in the early part of the financial year, before franchise bid activity was paused by the Government pending the outcome of two independent reviews. The industry waits to see how and when the Department for Transport decides to re-start the franchising model and the Group will be in a position to update shareholders at this time. Whatever the outcome, at this point in time, the rail re-franchising process is delayed but there is increasing pressure from owning groups, supply chain intermediaries and the recent Brown report that encourages a swift return to business as usual. Whilst a prolonged delay of rail franchising activity may impact our consultancy offering, any impact on other Group trading is anticipated to be negligible. We have been actively seeking other business development opportunities in more traditional non-franchise bid consultancy work in order to counter the impact of on-going delays, and have won several major projects recently. Moreover, as we continue to grow our consultancy offering will be an increasingly small part of the Group’s overall trading and due to the speciality services provided, is generally resilient to external shocks in the market. Elsewhere, demand for our passenger counting & analytics services remained strong in the first half and this offering performed ahead of expectations. This followed strong levels of trading in the last financial year.

Condition monitoring technology

Our condition monitoring technology business continues to be a key contributor to the Group's revenue. Market indicators suggest that condition monitoring and the concept of 'intelligent infrastructure' are very much here to stay and, with the Group's momentum in the field, we continue to explore additional sales leads and opportunities both in the UK and overseas.

Acquisitions and deal flow

The Group continues to review multiple acquisition opportunities and prospects and in the past six month period has seen an increase in both the level and quality of deal flow which is a reflection on the time and effort the Group has taken to expand its network of contacts. The Group continues to be very well placed to source, review and execute new opportunities as and when these arise.

Dividend

At this point last year, the Group implemented a progressive dividend policy, resulting in the payment of an interim dividend of 0.2p per share and a final dividend of 0.35p per share. As a continuation of this policy, the Directors are recommending an interim dividend of 0.30p per share, a 50% increase on the corresponding period last year. The final dividend will be subject to review in due course. The interim dividend will be payable on 29 March 2013 to shareholders on the Register at 15 March 2013.

Income statement

A summary of the Group's results is set out below. This shows further growth on the corresponding period last year at all levels, and places the group in a good position to achieve its full year objectives.

	Six months ended 31 January 2013 £'000	Six months ended 31 January 2012 £'000	Year ended 31 July 2012 £'000
Turnover	**4,710**	3,658	8,668
Adjusted EBITDA*	**1,876**	1,258	3,279
Operating profit	**1,659**	1,109	2,953
Profit for the period	**1,312**	836	2,416

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

Revenues are derived from the sale of software licences along with associated customer support and maintenance contracts, the supply of data capture and reporting technologies, and the provision of consultancy services to companies in the passenger transport industries. Sales revenue is analysed further below:

	Six months ended 31 January 2013 £'000	Six months ended 31 January 2012 £'000	Year ended 31 July 2012 £'000
Software licences	**732**	592	1,658
Post contract customer support	**179**	165	334
Consultancy services, training & other revenue*	**1,185**	931	2,208
Condition monitoring technology	**2,614**	1,970	4,468
Total revenue	**4,710**	3,658	8,668

* A significant element of consultancy revenue is derived from the use of our software products.

Balance sheet

The Group continues to have a strong balance sheet, with no external borrowings. All deferred consideration obligations from previous acquisitions have been settled in full. Cash balances have increased further by £978,000 in the period, from £7,568,000 at 31 July 2012 to £8,546,000 at 31 January 2013 with the principal elements of the movement being:

	Six months ended 31 January 2013 £'000	Six months ended 31 January 2012 £'000	Year ended 31 July 2012 £'000
Net cash flow from operating activities	**1,053**	1,275	3,608
Net cash used in investing activities	**(6)**	(15)	(1,036)
Net cash from financing activities	**(69)**	-	306
Movement during the period	**978**	1,260	2,878

The Group continues to be highly cash generative, and the resulting cash position reinforces the strength of the Balance Sheet, which has historically always been strong and this strength has been maintained. As part of the Group's strategy to grow via acquisition as well as organically, the excess cash on the balance sheet will be utilised to fund new transactions as and when these arise.

Outlook

The Group has performed well in the period and looks forward to the second half of the year with optimism, albeit with an appropriate level of caution given the continuing uncertainty in the general economy. The opportunity for further significant growth both in the UK and abroad is evident, and Tracsis continues to be well placed to capitalise on these prospects.

RD Jones	JC McArthur
Chairman	Chief Executive Officer

4 March 2013

Tracsis plc

Condensed consolidated interim income statement

For the six months ended 31 January 2013

Continuing operations

	Unaudited Six months ended 31 January 2013 £'000	Unaudited Six months ended 31 January 2012 £'000	Audited Year ended 31 July 2012 £'000
Revenue	**4,710**	3,658	8,668
Cost of sales	**(952)**	(794)	(1,880)
Gross profit	**3,758**	2,864	6,788
Administrative costs	**(2,099)**	(1,755)	(3,835)
Adjusted EBITDA *	**1,876**	1,258	3,279
Amortisation of intangible assets	**(111)**	(111)	(222)
Depreciation	**(26)**	(24)	(49)
Share-based payment charges	**(80)**	(14)	(55)
Operating profit	**1,659**	1,109	2,953
Finance income	**43**	25	61
Profit before tax	**1,702**	1,134	3,014
Taxation	**(390)**	(298)	(598)
Profit for the period	**1,312**	836	2,416
Other comprehensive income:			
Other comprehensive income net of tax	**-**	-	-
Total recognised income for the year	**1,312**	**836**	**2,416**
Earnings per ordinary share			
Basic	**5.28p**	3.47p	9.96p
Diluted	**5.06p**	3.44p	9.83p

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

Tracsis plc
Condensed consolidated interim balance sheet

As at 31 January 2013

	Unaudited At 31 January 2013 £'000	Unaudited At 31 January 2012 £'000	Audited At 31 July 2012 £'000
Non-current assets			
Property, plant and equipment	**443**	467	463
Intangible assets	**4,135**	4,357	4,246
	4,578	4,824	4,709
Current assets			
Inventories	**246**	230	236
Trade and other receivables	**1,519**	1,368	1,282
Cash and cash equivalents	**8,546**	5,950	7,568
	10,311	7,548	9,086
Total assets	**14,889**	12,372	13,795
Non-current liabilities			
Deferred tax liabilities	**658**	797	702
	658	797	702
Current liabilities			
Trade and other payables	**2,027**	2,449	1,928
Current tax liabilities	**448**	620	732
	2,475	3,069	2,660
Total liabilities	**3,133**	3,866	3,362
Net assets	**11,756**	8,506	10,433
Equity attributable to equity holders of the company			
Called up share capital	**99**	96	99
Share premium reserve	**4,131**	3,762	4,113
Merger reserve	**935**	935	935
Share based payments reserve	**274**	153	194
Retained earnings	**6,317**	3,560	5,092
Total equity	**11,756**	8,506	10,433

Tracsis plc

Consolidated statement of changes in equity

For the six months ended 31 January 2013

Unaudited	Share Capital £'000	Share Premium Reserve £'000	Merger Reserve £'000	Share-Based Payments Reserve £'000	Retained Earnings £'000	Total £'000
At 1 August 2011	96	3,762	935	139	2,724	7,656
Profit for the six month period ended 31 January 2012	-	-	-	-	836	836
Total comprehensive income	-	-	-	-	836	836
Transactions with owners:						
Share based payment charges	-	-	-	14	-	14
At 31 January 2012	**96**	**3,762**	**935**	**153**	**3,560**	**8,506**
Audited						
At 1 August 2011	96	3,762	935	139	2,724	7,656
Profit for the year ended 31 July 2012	-	-	-	-	2,416	2,416
Total comprehensive income	-	-	-	-	2,416	2,416
Transactions with owners:						
Dividends	-	-	-	-	(48)	(48)
Share based payment charges	-	-	-	55	-	55
Exercise of share options	1	143	-	-	-	144
Exercise of warrants	2	208	-	-	-	210
At 31 July 2012	**99**	**4,113**	**935**	**194**	**5,092**	**10,433**
Unaudited						
At 1 August 2012	99	4,113	935	194	5,092	10,433
Profit for the six month period ended 31 January 2013	-	-	-	-	1,312	1,312
Total comprehensive income	-	-	-	-	1,312	1,312
Transactions with owners:						
Dividends	-	-	-	-	(87)	(87)
Exercise of share options	-	18	-	-	-	18
Share based payment charges	-	-	-	80	-	80
At 31 January 2013	**99**	**4,131**	**935**	**274**	**6,317**	**11,756**

Tracsis plc

Condensed consolidated interim statement of cash flows

for the six months ended 31 January 2013

	Unaudited Six months ended 31 January 2013 £'000	Unaudited Six months ended 31 January 2012 £'000	Audited Year ended 31 July 2012 £'000
Operating activities			
Profit for the period	**1,312**	836	2,416
Finance income	**(43)**	(25)	(61)
Depreciation	**26**	24	49
Amortisation of intangible assets	**111**	111	222
Income tax charge	**390**	298	598
Share based payment charges	**80**	14	55
Operating cash inflow before changes in working capital	**1,876**	1,258	3,279
Movement in inventories	**(10)**	(96)	(102)
Movement in trade and other receivables	**(237)**	614	700
Movement in trade and other payables	**99**	(288)	191
Cash generated from operations	**1,728**	1,488	4,068
Finance income	**43**	25	61
Income tax paid	**(718)**	(238)	(521)
Net cash flow from operating activities	**1,053**	1,275	3,608
Investing activities			
Purchase of plant and equipment	**(6)**	(17)	(38)
Payment of deferred consideration	**-**	-	(1,000)
Acquisition of subsidiaries	**-**	2	2
Net cash flow used in investing activities	**(6)**	(15)	(1,036)
Financing activities			
Dividends paid	**(87)**	-	(48)
Proceeds from the exercise of warrants	**-**	-	210
Proceeds from the exercise of share options	**18**	-	144
Net cash flow from financing activities	**(69)**	-	306
Net increase in cash and cash equivalents	**978**	1,260	2,878
Cash and cash equivalents at beginning of period	**7,568**	4,690	4,690
Cash and cash equivalents at end of period	**8,546**	5,950	7,568

Notes to the consolidated interim report
For the six months ended 31 January 2013

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 2013 comprises the Company and its subsidiaries (together referred to as the 'Group'). The Group is a leading developer and consolidator of resource optimisation software, condition monitoring technology, and consultancy services to passenger transport industries (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 2012, 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 2013 and 31 January 2012 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 2012 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 for the remainder of the financial year, and are as disclosed on page 7 of the Annual Report & Accounts for the year ended 31 July 2012.

In summary, they are as follows:

- History of intellectual property and associated risk;
- Attraction and retention of key employees;
- Market acceptance and customer contracts;
- Pilot deployment;
- Competition;
- Industry ownership, structure and franchise bidding process;
- Loss of key customers; and
- Product obsolescence

Further detail on each risk is provided in the Annual Report & Accounts for the year ended 31 July 2012.

The condensed consolidated interim financial information was approved for issue on 4 March 2013.

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 2012 and which will form the basis of the 2013 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 2012.

3 Changes in accounting policies

The following amendments to financial reporting standards were adopted from 1 August 2012, the start of the new financial year. None of them have had a significant impact on the Group:

- Amendment to IAS 1 'Presentation of financial statements' – Presentation of items in other comprehensive income
- Amendments to IAS 12 'Income Taxes' – Recovery of underlying assets

4 Segmental analysis

The Group's revenue and profit was derived from its principal activity which is the development, supply and aggregation of resource optimisation, data capture and reporting technologies and consultancy to companies in the passenger transport industries.

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. Due to the small size and low complexity of the business, profitability is not analysed in further detail beyond the operating segment level and is not divided by revenue stream.

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

Revenue	**Six months ended 31 January 2013 £'000**	Six months ended 31 January 2012 £'000	Year ended 31 July 2012 £'000
Software licences	**732**	592	1,658
Post contract customer support	**179**	165	334
Consultancy services, training and other revenue	**1,185**	931	2,208
Condition monitoring technology	**2,614**	1,970	4,468
Total revenue	**4,710**	3,658	8,668

A geographical analysis of revenue is provided below:

	Six months ended 31 January 2013 £'000	Six months ended 31 January 2012 £'000	Year ended 31 July 2012 £'000
United Kingdom	**4,554**	3,538	8,376
Rest of the World	**156**	120	292
Total	**4,710**	3,658	8,668

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 2013 £'000	Six months ended 31 January 2012 £'000	Year ended 31 July 2012 £'000
Revenues			
Total revenue for reportable segments	**4,710**	3,658	8,668
Consolidated revenue	**4,710**	3,658	8,668
Profit or loss			
Total profit or loss for reportable segments	**1,876**	1,258	3,279
Unallocated amounts:			
Share based payment charge	**(80)**	(14)	(55)
Depreciation	**(26)**	(24)	(49)
Amortisation of intangible assets	**(111)**	(111)	(222)
Interest receivable	**43**	25	61
Consolidated profit before tax	**1,702**	1,134	3,014

	31 January 2013 £'000	31 January 2012 £'000	31 July 2012 £'000
Assets			
Total assets for reportable segments	**10,754**	8,015	9,549
Unallocated assets – intangible assets	**4,135**	4,357	4,246
Consolidated total assets	**14,889**	12,372	13,795
Liabilities			
Total liabilities for reportable segments	**2,475**	3,069	2,660
Unallocated liabilities – deferred tax	**658**	797	702
Consolidated total liabilities	**3,133**	3,866	3,362

5 Earnings per share

Basic earnings per share

The calculation of basic earnings per share for the Half Year to 31 January 2013 was based on the profit attributable to ordinary shareholders of £1,312,000 (Half Year to 31 January 2012: £836,000, Year ended 31 July 2012: £2,416,000) and a weighted average number of ordinary shares in issue of 24,847,000 (Half Year to 31 January 2012: 24,036,000, Year ended 31 July 2012: 24,260,000), calculated as follows:

Weighted average number of ordinary shares
In thousands of shares

	Six months ended 31 January 2013	Six months ended 31 January 2012	Year ended 31 July 2012
Issued ordinary shares at start of period	**24,839**	24,036	24,036
Effect of shares issued for cash	**8**	-	224
Weighted average number of shares at end of period	**24,847**	24,036	24,260

Diluted earnings per share

The calculation of basic earnings per share for the Half Year to 31 January 2013 was based on the profit attributable to ordinary shareholders of £1,312,000 (Half Year to 31 January 2012: £836,000, Year ended 31 July 2012: £2,416,000) and a weighted average number of ordinary shares in issue after adjustment for the effects of all dilutive potential ordinary shares of 25,911,000 (Half Year to 31 January 2012 24,267,000, Year ended 31 July 2012: 24,582,000):

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

	Six months ended 31 January 2013 £'000	Six months ended 31 January 2012 £'000	Year ended 31 July 2012 £'000
Adjusted EBITDA*	**1,876**	1,258	3,279
Basic adjusted EBITDA* per share	**7.55p**	5.23p	13,52p
Diluted adjusted EBITDA* per share	**7.24p**	5.18p	13.34p

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

6 Seasonality

Prior to the acquisition of MPEC Technology Limited in 2011, the Group's revenue was heavily determined by renewal dates of software licence agreements, and more typically took place in the second half of the financial year. Since the acquisition of MPEC Technology Limited, the enlarged Group's revenue is subjected more to the timing and fulfilment of major orders, which can have a significant impact on the revenues in any period, and are difficult to predict. As such, the Group remains 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, the Directors recommend an interim dividend payment of 0.3p per share, with a total value of £74,711 based on the number of shares in issue at the date of this interim report.

For the six months ended 31 January 2012, an interim dividend of 0.2p per share, with a total cash cost of £48,071 was declared, and paid in March 2012.

For the year ended 31 July 2012, a final dividend of 0.35p per share with a total cash cost of £87,026 was declared, approved by shareholders at the AGM in January 2013, and paid in this period.

8 Related party transactions

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

Group

	Purchase of goods and services			Amounts owed to related parties		
	H1 2013	H1 2012	FY 2012	**H1 2013**	H1 2012	FY 2012
	£'000	£'000	£'000	**£'000**	£'000	£'000
Leeds Innovation Centre Limited[1]	**45**	23	46	**6**	4	4
First Class Partnerships Limited[2]	**-**	20	75	**-**	20	-

	Sale of goods and services			Amounts owed by related parties		
	H1 2013	H1 2012	FY 2012	**H1 2013**	H1 2012	FY 2012
	£'000	£'000	£'000	**£'000**	£'000	£'000
Hull Trains Company Limited[3]	**-**	12	12	**-**	4	-

1 – 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.
2 – First Class Partnerships Limited is a company of which John Nelson, a Non-executive Director of the Group is Chairman and shareholder. In the year ended 31 July 2012, the Group utilised the services of a First Class Partnerships Limited consultant, who was involved in chargeable work to a customer of the Group, and was charged on to the relevant customer.
3 – Hull Trains Company Limited is a company of which John Nelson, a Non-executive Director of the Group is a Director and shareholder. The Group performed various consultancy services in the period to Hull Trains.

Statement of Directors' Responsibilities

The Directors confirm to the best of their knowledge that:

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

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

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

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

Further information for Shareholders

Company number:	05019106
Registered office:	Leeds Innovation Centre 103 Clarendon Road Leeds LS2 9DF
Directors:	Rodney Jones (Chairman) John McArthur (Chief Executive Officer) Max Cawthra (Group Finance Director) John Nelson (Non-Executive Director) Charles Winward (Non-Executive Director) Raymond Kwan resigned as a director on 1 February 2013.
Company Secretary:	Max Cawthra