Date: 23 March 2016
On behalf of: Tracsis plc
Embargoed until 0700hrs

Tracsis plc

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

Interim results for the six months ended 31 January 2016

Tracsis plc (AIM: TRCS), a leading provider of software and technology led products and services for the traffic data and transportation industry, is pleased to announce its interim results for the six months ended 31 January 2016.

Financial Highlights:

- Revenue increased 19% to £14.3m (2015: £12.0m)
- Adjusted EBITDA from continuing operations increased 4% to £3.5m (2015: £3.3m)
- Adjusted Pre-tax Profit[1] from continuing operations of £3.2m (2015: £3.2m)
- Cash balances at 31 January of £8.0m (31 July 2015: £13.3m, 31 January 2015 £10.0m) following acquisitions and strategic investment
- Interim dividend of 0.5p per share proposed – an increase of 25% on last year
- On track to deliver full year earnings in line with expectations

Operational Highlights:

- A further period of good trading across the Group
- Strategic investment into mobile analytics firm Citi Logik Limited ('Citi Logik') made September 2015
- Acquisition of event traffic management specialists SEP Limited ('SEP') completed September 2015
- Acquisition of software development and hosting business Ontrac Limited ('Ontrac') completed December 2015
- Disposal of non-core Australian subsidiary completed December 2015
- Investment in new software products TRACS Enterprise and Bugle Day One, developed in conjunction with the UK rail industry has led to new sales being achieved
- Successful investment into new product initiatives and bolt-on acquisitions creates a substantially enlarged Group going forwards

John McArthur, Chief Executive Officer, commented:

"We have delivered another positive trading period for Tracsis which included our most active transactional period to date with the acquisitions of SEP and Ontrac and our strategic investment in Citi Logik. Following new product initiatives coupled with the acquisitions made, our technology and service offerings have been significantly broadened and we look forward to seeing the benefit of this in the second half of the financial year and beyond. Given the continued strength of our balance sheet and operating in core markets that continue to grow, we remain well positioned to deliver full year results in line with market expectations."

[1]Profit before tax, plus amortisation, share based payments and exceptional items

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Chairman & Chief Executive Officer's Report

A welcome from Chris Cole, Non-Executive Chairman

The Group is performing well and the first six months of the new financial year have been a busy period, with two acquisitions completed, a strategic investment into an exciting new technology business and the disposal of a non-core asset. This activity was successfully completed whilst Tracsis delivered another period of good trading which is testament to the efforts of the team for which we thank them. At the halfway stage of the financial year, Tracsis is well positioned to deliver full year results in line with market expectations and is confident for the medium term.

Business Overview

The Group has performed well in the period under review and has delivered further organic growth and also completed a number of acquisitions, an investment and a disposal. A summary of performance in the period is as follows:

Rail Technology & Services

Software

Our main software suites of TRACS, Datasys and Compass continued to perform well and achieved revenues of £3.3m (H1 2015: £3.0m) which showed good progress of 9% growth on the previous year. We continue to deliver on our strategy of cross selling and up selling to our existing and well established customer base. The team has developed two new products, TRACS Enterprise and Bugle Day One, and during the period the first sales of these products have been achieved. Both of these packages have been developed in conjunction with the UK rail industry and we look forward to rolling these out to our customer base.

Consultancy

Our team remained busy on a combination of franchise bid work and other major consultancy projects whilst at the same time supporting software implementations and rollouts. Revenues from our consultancy activities increased in excess of 40% to £1.1m (H1 2015: £0.8m) which is good progress in the six month period. In the first half of the year our team supported bidders for the East Anglia franchise competition and is currently working on the Manchester Metrolink bid. The Group continues to target projects outside of franchise bid work in order to smooth inherent revenue lumpiness and good progress has been made in this regard following the appointment of a new Head of Consultancy at the start of the financial year.

Remote Condition Monitoring

Revenues remained in line with the previous year at £1.3m (H1 2015: £1.3m) and in the absence of any material Framework Agreement orders from our major customer in the UK, were derived from a large number of smaller projects and orders. This was encouraging and shows that the business is not reliant on a single customer and also means that when Framework Agreement orders are made we would expect revenue to rise accordingly.
Outside of the UK our activities in North America continue and we are pleased to announce the appointment of a second technology partner in order to expedite sales channel progress for both Class 1 freight railroads and passenger transit operators. At this point in time, interest in our remote condition monitoring technology (RCM) remains high with good potential to win further pilot projects and test sites this year. We continue to view the US

rail industry as being the largest and most directly accessible growth market for RCM although the specific timing for technology adoption to material level remains difficult to predict with any certainty. Given the inherent uncertainty of timing, our overseas strategy for US RCM remains low risk in terms of financial commitment and exposure given our model of using well established domestic resellers and agents. We are also targeting other overseas markets and also non rail applications, such as monitoring of micro-turbines within the distributed power generation market.

Traffic & Data Services (T&DS)

Following a strong performance last year with significant growth, trading in this part of the Group – the largest by revenue contribution, remained buoyant with a broad spread off customers across different sectors. Revenues in the period, excluding acquisitions rose organically by 6% to £7.4m (H1 2015: £7.0m). Our traffic analysis and data projects are becoming increasingly diversified both in terms of client base, scope and the technology utilised to carry out the work and the Group is focussed on building the proportion of technology led methods. In September 2015 the T&DS Division was further boosted by the acquisition of SEP and a strategic investment into Citi Logik. Both businesses are complementary with this part of the Group and bring further depth and breadth of client base and service offering to Tracsis.

Acquisitions and Investments

During the period, the Group completed two acquisitions and one strategic investment.

<u>Citi Logik</u>

On 4 September 2015, the Group made a strategic investment to acquire 29.4% of Citi Logik. Under the terms of the agreement, the Group will invest up to £1.0m via a combination of equity and debt funding and retain first rights of refusal to invest a further £1.0m should the business look to raise more capital in the future. Of the total investment of £1.0m, £0.5m was made in the period, with the balance expected to be invested in the second half of the financial year provided Citi Logik deliver in accordance with their business plan. A Tracsis executive has joined the Board of Directors of Citi Logik to help grow the business, manage the Group's investment and promote mobile analytics to the Tracsis customer base.

Citi Logik is an exciting proposition with a compelling value proposition based upon unique technology and a large addressable market. Whilst the business is in its infancy it generates modest revenue and is currently loss making. The Group is confident that it can drive the long term potential for this technology. The eventual return-on-investment should come via increased sales revenue through our T&DS division along with the potential for a capital gain.

<u>SEP</u>

On 25 September 2015, the Group acquired SEP Limited and its wholly owned subsidiary SEP Events Limited (SEP). Based in North Yorkshire, SEP are leading providers of traffic planning and management services for the events industry. Since its formation in 1989, SEP's client list has grown to include many of the UK's largest and most prestigious outdoor entertainment and sporting fixtures, along with major agricultural events, air shows and music festivals.

SEP is highly complementary to Tracsis' existing Traffic & Data Services division and will offer strong cross sell and upsell opportunities in the fullness of time along with the potential to share labour and technology resources. Both companies collaborated previously on major events and this partnership will continue on a more integrated basis that should ultimately lead to increased revenues and enhanced profit margins.

The acquisition consideration comprised an initial cash payment of £1.625m and the issue of ordinary shares with a value of £0.25m. Deferred consideration of £0.1m is payable over two years with performance consideration of up to £0.6m is payable based on SEP achieving certain financial targets in the two years post acquisition, giving a total consideration of up to £2.6m.

As SEP is based around the outdoor events industry, most of the revenue generated takes place over the summer months with the winter months being the time when event pre-planning and business development takes place. Accordingly, a loss before tax of £329k was generated in the period since acquisition (October – January) on revenues of £604k. This was fully anticipated but it is notable that this performance was significantly ahead of the similar period in the year prior to acquisition. The full benefits of this transaction will be realised in the financial year ending 31 July 2017. The second half of the current financial year will see the peak season being entered into and therefore the revenue and profit contribution of SEP will be significant compared to the first half trading.

<u>Ontrac</u>

On 1 December 2015, the Group acquired the entire issued share capital of Ontrac Limited and Ontrac Technology Limited (together being 'Ontrac'). Based in Gateshead and London, Ontrac is an award winning software development and IT solutions company that work with a range of clients in the transport, construction, engineering and local government sectors. Ontrac works extensively within UK rail, which makes up the majority of its current revenue, where their products have helped digitise process intensive workflows and aided with collaborative working through access to shared information. Ontrac is highly complementary to Tracsis' existing software development and consulting division and offers strong cross sell and upsell opportunities across the Group.

The acquisition consideration comprised an initial cash payment of £6.0m which was funded out of Tracsis cash reserves and the issue ordinary shares in Tracsis with a value of £0.9m, along with a payment of £4.6m that represented the value of the Company's tangible net assets at completion. Additional deferred consideration of up to £8.0m is payable subject to Ontrac achieving certain stretch financial targets in the two years post acquisition which are based on additional profit contribution to the Group. Therefore, Tracsis paid an initial amount of £11.5m (£6.9m goodwill and £4.6m for tangible assets) and on the basis that all stretch financial targets are achieved, a maximum total consideration of up to £19.5m.

As the business was acquired in December 2015, it made a small contribution to the first half results being revenues of £533k and a breakeven profit before tax which was in line with expectations. The Directors expect a significant contribution in the second half of the financial year and again, the full benefits of this acquisition will be experienced in the year ending 31 July 2017 which would mark the end of a full 12 months as part of the Tracsis Group.

Overseas

On 22 December 2015, the Group disposed of Tracsis Traffic Data Pty Limited ("TTD"), its data capture operation as part of a management buy-out. The disposal aligns with the Group's strategy to maintain strength in its core markets and operate in high value, low risk, niche markets where there is obvious ability to leverage from Group resources. The Directors believe that disposing of TTD, which had limited trading visibility, sub critical mass and was not able to benefit from UK operations mitigates the Group's execution risk and frees up management time to be spent elsewhere.

The disposal proceeds include an initial payment of AUS $285k and deferred consideration of AUS $799k payable over three years to give total consideration of AUS $1,084k. As part of the disposal agreement, the Group has security arrangements over the shares and assets of TTD and connected parties, which will remain in place until the consideration is paid in full. In the period prior to disposal, TTD contributed revenues of £1.2m and a PBT of £0.2m.

Dividend

The Group remains committed to following the progressive dividend policy that was adopted in previous years. Accordingly, the Directors propose an interim dividend of 0.50p per share, which is a 25% increase on the 0.40p paid in the corresponding period last year and will mark the 9^{th} successive period of this policy. The dividend will be paid on 22 April 2016 to shareholders on the register on 8 April 2016.

Income statement

A summary of the Group's results is set out below, which illustrates continued growth on the same period last year at all levels.

	Six months ended 31 January 2016 £'000	Six months ended 31 January 2015 £'000	Year ended 31 July 2015 £'000
Revenue	**14,295**	12,038	25,382
Adjusted EBITDA from continuing operations[1]	**3,480**	3,341	6,197
Adjusted Pre-Tax Profit from continuing operations [2]	**3,194**	3,173	5,556
Statutory Operating profit	**1,557**	2,533	4,468
Profit after tax for the period	**1,127**	2,110	3,729

[1]Earnings before finance income, tax, depreciation, amortisation, exceptional items and share-based payment charges excluding acquisitions and disposals (comparative figures restated accordingly)

[2]Profit before tax, plus amortisation, share based payments and exceptional items excluding acquisitions and disposals (comparative figures restated accordingly

Sales revenue is analysed further below:

	Six months Ended 31 January 2016 £'000	Six months ended 31 January 2015 £'000	Year ended 31 July 2015 £'000
Software	**3,323**	3,041	5,593
Consultancy	**1,143**	760	1,956
Acquisition: Ontrac	**533**	-	-
Remote Condition Monitoring technology	**1,315**	1,283	2,975
Rail Technology & Services	**6,314**	5,084	10,524
Traffic & Data Services	**7,377**	6,954	14,858
Acquisition: SEP	**604**	-	-
Traffic & Data Services	**7,981**	6,954	14,858
Total revenue	**14,295**	12,038	25,382

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

Balance sheet

At the end of July 2015, the Group had significant cash balances of over £13m. During the period, the Group invested a large proportion of this in the Ontrac and SEP acquisitions and Citi Logik investment. However, in spite of this, the Group still ended the period with £8.0m of cash, reflecting our ability to convert our profits into cash and showing our strong cash generation capabilities.

	Six months ended 31 January 2016 £'000	Six months ended 31 January 2015 £'000	Year ended 31 July 2015 £'000
Net cash flow from operating activities	**1,738**	1,355	5,350
Net cash used in investing activities	**(7,501)**	(288)	(638)
Net cash from/(used) in financing activities	**389**	87	(225)
Exchange differences	**22**	(27)	(66)
Movement during the period	**(5,352)**	1,127	4,421

Outlook

Following the acquisitions of SEP and Ontrac, the Group will be significantly enlarged and will also benefit from new product development which will enhance the Group's offerings further; the benefit of which will be seen in the second half of the financial year and going forward.

Given a good start to the financial year, the Board is confident the Group is well placed to deliver full year results in line with market expectations.

Chris Cole
Non-Executive Chairman

John McArthur
Chief Executive Officer

23 March 2016

Tracsis plc - Condensed consolidated interim income statement for the six months ended 31 January 2016

	Note	6 months ended 31 January 2016 (Unaudited)				6 months ended 31 January 2015 (Unaudited)			Year ended 31 July 2015 (Audited)		
		Continuing operations £'000	Acquisitions £'000	Discontinued operations £'000	**Total £'000**	Continuing operations £'000	Discontinued operations £'000	Total £'000	Continuing operations £'000	Discontinued operations £'000	Total £'000
Revenue		11,920	1,137	1,238	**14,295**	11,140	898	12,038	23,137	2,245	25,382
Cost of sales		(3,737)	(867)	(715)	**(5,319)**	(3,761)	(563)	(4,324)	(8,324)	(1,308)	(9,632)
Gross profit		8,183	270	523	**8,976**	7,379	335	7,714	14,813	937	15,750
Administrative costs		(5,716)	(1,049)	(654)	**(7,419)**	(4,905)	(276)	(5,181)	(10,605)	(677)	(11,282)
Adjusted EBITDA *		3,480	(285)	201	**3,396**	3,341	90	3,431	6,197	332	6,529
Amortisation of intangible assets		(357)	(209)	-	**(566)**	(357)	-	(357)	(714)	-	(714)
Depreciation		(287)	(47)	(29)	**(363)**	(181)	(31)	(212)	(652)	(72)	(724)
Exceptional item: Acquisition & disposal costs		-	(121)	(31)	**(152)**	-	-	-	-	-	-
Exceptional item: Loss on disposal		-	-	(272)	**(272)**	-	-	-	-	-	-
Share-based payment charges		(369)	(117)	-	**(486)**	(329)	-	(329)	(623)	-	(623)
Operating profit / (loss)		2,467	(779)	(131)	**1,557**	2,474	59	2,533	4,208	260	4,468
Finance income		13	15	-	**28**	18	-	18	31	-	31
Finance expense		(12)	(4)	(4)	**(20)**	(5)	(3)	(8)	(20)	(9)	(29)
Share of result of equity accounted investees		-	(76)	-	**(76)**	-	-	-	-	-	-
Profit / (loss) before tax		2,468	(844)	(135)	**1,489**	2,487	56	2,543	4,219	251	4,470
Taxation		(372)	60	(50)	**(362)**	(429)	(4)	(433)	(679)	(62)	(741)
Profit / (loss) for the period		2,096	(784)	(185)	**1,127**	2,058	52	2,110	3,540	189	3,729
Other comprehensive income/(expense)											
Items that are or may be reclassified subsequently to profit or loss**:**											
Foreign currency translation differences – foreign operations		-	-	189	**189**	-	(27)	(27)	-	(89)	(89)
Total recognised income for the period		2,096	(784)	4	**1,316**	2,058	25	2,083	3,540	100	3,640
Earnings per ordinary share											
Basic	5	7.80p	-2.92p	-0.69p	**4.19p**	7.80p	0.20p	8.00p	13.39p	0.71p	14.10p
Diluted	5	7.51p	-2.81p	-0.66p	**4.04p**	7.45p	0.19p	7.64p	12.80p	0.68p	13.48p

Tracsis plc - Condensed consolidated interim balance sheet as at 31 January 2016

	Unaudited	Unaudited	Audited
	At 31 January	At 31 January	At 31 July
	2016	2015	2015
	£'000	£'000	£'000
Non-current assets			
Property, plant and equipment	**2,516**	1,886	1,930
Intangible assets	**30,205**	10,367	10,010
Loans due from associated undertakings	**125**	-	-
Investments in equity accounted investees	**299**	-	-
Receivable in respect of sale of business	**238**	-	-
Deferred tax assets	**702**	690	882
	34,085	12,943	12,822
Current assets			
Inventories	**297**	272	274
Trade and other receivables	**5,897**	5,628	4,273
Receivable in respect of sale of business	**136**	-	-
Cash and cash equivalents	**7,989**	10,047	13,341
	14,319	15,947	17,888
Total assets	**48,404**	28,890	30,710
Non-current liabilities			
Hire-purchase contracts	**417**	193	229
Deferred consideration in respect of acquisitions	**5,830**	-	-
Deferred tax liabilities	**5,328**	1,878	1,734
	11,575	2,071	1,963
Current liabilities			
Hire-purchase contracts	**295**	114	171
Trade and other payables	**7,562**	5,539	5,697
Deferred consideration in respect of acquisitions	**2,840**	-	-
Current tax liabilities	**434**	644	502
	11,131	6,297	6,370
Total liabilities	**22,706**	8,368	8,333
Net assets	**25,698**	20,522	22,377
Equity attributable to equity holders of the Company			
Called up share capital	**109**	106	106
Share premium reserve	**5,308**	4,724	4,776
Merger reserve	**3,010**	1,846	1,846
Share based payments reserve	**1,807**	1,027	1,321
Retained earnings	**15,464**	12,946	14,517
Translation reserve	**-**	(127)	(189)
Total equity	**25,698**	20,522	22,377

Tracsis plc- Consolidated statement of changes in equity

For the six months ended 31 January 2016

Unaudited	Share Capital £'000	Share Premium Reserve £'000	Merger Reserve £'000	Share-Based Payments Reserve £'000	Retained Earnings £'000	Translation reserve £'000	Total £'000
At 1 August 2014	105	4,591	1,846	698	10,709	(100)	17,849
Profit for the six month period ended 31 January 2015	-	-	-	-	2,110	-	2,110
Other comprehensive expense	-	-	-	-	-	(27)	(27)
Total comprehensive income	-	-	-	-	2,110	(27)	2,083
Transactions with owners:							
Exercise of share options	1	133	-	-	-	-	134
Tax movements in equity	-	-	-	-	127	-	127
Share based payment charges	-	-	-	329	-	-	329
At 31 January 2015	106	4,724	1,846	1,027	12,946	(127)	20,522

Audited							
At 1 August 2014	105	4,591	1,846	698	10,709	(100)	17,849
Profit for the year ended 31 July 2015	-	-	-	-	3,729	-	3,729
Other comprehensive expense	-	-	-	-	-	(89)	(89)
Total comprehensive income	-	-	-	-	3,729	(89)	3,640
Transactions with owners:							
Dividends	-	-	-	-	(225)	-	(225)
Share based payment charges	-	-	-	623	-	-	623
Tax movements in equity	-	-	-	-	304	-	304
Exercise of share options	1	185	-	-	-	-	186
At 31 July 2015	106	4,776	1,846	1,321	14,517	(189)	22,377

Tracsis plc

Consolidated statement of changes in equity (continued)

For the six months ended 31 January 2016

Unaudited	**Share Capital £'000**	**Share Premium Reserve £'000**	**Merger Reserve £'000**	**Share-Based Payments Reserve £'000**	**Retained Earnings £'000**	**Translation reserve £'000**	**Total £'000**
At 1 August 2015	106	4,776	1,846	1,321	14,517	(189)	22,377
Profit for the six month period ended 31 January 2016	-	-	-	-	1,127	-	1,127
Other comprehensive income	-	-	-	-	-	22	22
Reclassification on disposal	-	-	-	-	-	167	167
Total comprehensive income	-	-	-	-	1,127	189	1,316
Transactions with owners:							
Exercise of share options	2	532	-	-	-	-	534
Shares issued as consideration for business combinations	1	-	1,164	-	-	-	1,165
Tax movements in equity	-	-	-	-	(180)	-	(180)
Share based payment charges	-	-	-	486	-	-	486
At 31 January 2016	**109**	**5,308**	**3,010**	**1,807**	**15,464**	**-**	**25,698**

Tracsis plc

Condensed consolidated interim statement of cash flows for the six months to 31 January 2016

	Unaudited Six months to 31 Jan 2016 £'000	Unaudited Six months to 31 Jan 2015 £'000	Audited Year ended 31 July 2015 £'000
Operating activities			
Profit for the period	**1,127**	2,110	3,729
Finance income	**(28)**	(18)	(31)
Finance expense	**20**	8	29
Depreciation	**363**	212	724
Loss on disposal of plant & equipment	**2**	-	3
Share of result of equity accounted investees	**76**	-	-
Loss on disposal of business	**272**	-	-
Amortisation of intangible assets	**566**	357	714
Income tax charge	**362**	433	741
Share based payment charges	**486**	329	623
Operating cash inflow before changes in working capital	**3,246**	3,431	6,532
Movement in inventories	**(23)**	(9)	(11)
Movement in trade and other receivables	**(237)**	(1,186)	169
Movement in trade and other payables	**(809)**	(536)	(378)
Cash generated from operations	**2,177**	1,700	6,312
Finance income	**28**	18	31
Finance expense	**(20)**	(8)	(29)
Income tax paid	**(447)**	(355)	(964)
Net cash flow from operating activities	**1,738**	1,355	5,350
Investing activities			
Purchase of plant and equipment	**(443)**	(288)	(697)
Proceeds from disposal of plant and equipment	**47**	-	59
Acquisition of subsidiaries	**(6,761)**	-	-
Proceeds from disposal of subsidiaries	**166**	-	-
Investments in and loans to equity accounted investees	**(500)**	-	-
Payment of deferred consideration	**(10)**	-	-
Net cash flow used in investing activities	**(7,501)**	(288)	(638)
Financing activities			
Dividends paid	**-**	-	(225)
Proceeds from the exercise of share options	**534**	134	186
Hire purchase repayments	**(145)**	(47)	(186)
Net cash flow from/(used in) financing activities	**389**	87	(225)
Net (decrease)/increase in cash and cash equivalents	**(5,374)**	1,154	4,487
Effect of exchange fluctuations	**22**	(27)	(66)
Cash and cash equivalents at beginning of period	**13,341**	8,920	8,920
Cash and cash equivalents at end of period	**7,989**	10,047	13,341

Notes to the consolidated interim report
For the six months ended 31 January 2016

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 2016 comprises the Company and its subsidiaries (together referred to as the 'Group'). The principal activities of the Group involve solving a variety of data capture, reporting, planning and resource optimisation problems along with the provision of a range of associated professional services for the transportation sector (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 2015, 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 2016 and 31 January 2015 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 2015 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 largely unchanged for the remainder of the financial year and are as disclosed on pages 8 to 11 of the Annual Report & Accounts for the year ended 31 July 2015. The Board considers risks on a periodic basis and has maintained the key risks as follows, on a Groupwide basis following the acquisitions of SEP and Ontrac:

- Rail industry structure changes
- Competition
- Reduced government spending
- Reliance on certain key customers
- Attraction and retention of key employees
- 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 2015.

The condensed consolidated interim financial information was approved for issue on 23 March 2016.

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 2015 and which will form the basis of the 2016 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 2015.

3 Changes in accounting policies

The following amendments to financial reporting standards were adopted from 1 August 2015, the start of the new financial year. None of them have had a significant impact on the Group:

- Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)
- Annual Improvements to IFRSs 2010 – 2012 cycle
- Annual Improvements to IFRSs 2011 – 2013 cycle

The following new amendments to standards were in issue but are not yet effective for the financial year beginning 1 August 2015 and are not currently relevant for the Group:

- Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11
- Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38.
- Agriculture: Bearer Plants – Amendments to IAS 16 and IAS 41
- Equity Method in Separate Financial Statements – Amendments to IAS 27
- Annual Improvements to IFRSs – 2012-2014 Cycle
- IFRS 15 Revenue from contracts with customers

4 Segmental analysis

Following the acquisitions of SEP Limited and Ontrac Limited and the disposal of Tracsis Traffic Australia Pty Limited in the period, the Group has reviewed its internal reporting structures and has amended its Operating Segments. The Group has divided its results into two segments being ‘Rail Technology and Services’ and ‘Traffic & Data Services’.

‘Rail Technology and Services’ includes the Group’s Software, Consultancy and Remote Condition Monitoring technology and also includes Ontrac which was acquired in the period. Traffic & Data Services includes SEP which was acquired in the period.

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.

In addition to the two segments referred to above, 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 2016 £’000**	Six months ended 31 January 2015 £’000	Year ended 31 July 2015 £’000
Software licences and post contract customer support	**3,323**	3,041	5,593
Rail consultancy and professional services	**1,143**	760	1,956
Acquisition: Ontrac	**533**	-	-
Remote Condition Monitoring Technology	**1,315**	1,283	2,975
Rail Technology & Services	**6,314**	5,084	10,524
Traffic & Data Services	**7,377**	6,954	14,858
Acquisition: SEP	**604**	-	-
Traffic & Data Services	**7,981**	6,954	14,858
Total revenue	**14,295**	12,038	25,382

A geographical analysis of revenue is provided below:

	Six months ended 31 January 2016 £'000	Six months ended 31 January 2015 £'000	Year ended 31 July 2015 £'000
United Kingdom	**12,799**	10,645	22,534
Australia	**1,238**	898	2,245
Rest of the World	**258**	495	603
Total	**14,295**	12,038	25,382

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 2016			
	Rail Technology & Services £000	**Traffic & Data Services £000**	**Unallocated £000**	**Total £000**
Revenues				
Total revenue for reportable segments	**6,314**	**7,981**	**-**	**14,295**
Consolidated revenue	**6,314**	**7,981**	**-**	**14,295**
Profit or loss				
EBITDA for reportable segments	**2,490**	**906**	**-**	**3,396**
Amortisation of intangible assets	**-**	**-**	**(566)**	**(566)**
Depreciation	**(48)**	**(315)**	**-**	**(363)**
Exceptional item: Acquisition & disposal costs	**-**	**-**	**(152)**	**(152)**
Exceptional item: Loss on disposal	**-**	**(272)**	**-**	**(272)**
Share-based payment charges	**-**	**-**	**(486)**	**(486)**
Share of result of equity accounted investees	**-**	**(76)**	**-**	**(76)**
Interest receivable/payable(net)	**-**	**-**	**8**	**8**
Consolidated profit before tax	**2,442**	**243**	**(1,196)**	**1,489**

	Six months ended 31 January 2015			
	Rail Technology & Services	Traffic & Data Services	Unallocated	Total
	£000	£000	£000	£000
Revenues				
Total revenue for reportable segments	5,084	6,954	-	12,038
Consolidated revenue	5,084	6,954	-	12,038
Profit or loss				
EBITDA for reportable segments	2,301	1,130	-	3,431
Amortisation of intangible assets	-	-	(357)	(357)
Depreciation	(38)	(174)	-	(212)
Share-based payment charges	-	-	(329)	(329)
Interest receivable/payable(net)	-	-	10	10
Consolidated profit before tax	2,263	956	(676)	2,543

	Year ended 31 July 2015			
	Rail Technology & Services	Traffic & Data Services	Unallocated	Total
	£000	£000	£000	£000
Revenues				
Total revenue for reportable segments	10,524	14,858	-	25,382
Consolidated revenue	10,524	14,858	-	25,382
Profit or loss				
EBITDA for reportable segments	4,343	2,186	-	6,529
Amortisation of intangible assets	-	-	(714)	(714)
Depreciation	(73)	(651)	-	(724)
Share-based payment charges	-	-	(623)	(623)
Interest receivable/payable(net)	-	-	2	2
Consolidated profit before tax	4,270	1,535	(1,335)	4,470

	31 January 2016			
	Rail Technology & Services	**Traffic & Data Services**	**Unallocated**	**Total**
	£'000	**£000**	**£000**	**£000**
Assets				
Total assets for reportable segments (exc. cash)	**3,958**	**5,126**	**-**	**9,084**
Intangible assets & investments	**-**	**-**	**30,629**	**30,629**
Deferred tax assets	**-**	**-**	**702**	**702**
Cash and cash equivalents	**2,619**	**1,209**	**4,161**	**7,989**
Consolidated total assets	**6,577**	**6,335**	**35,492**	**48,404**
Liabilities				
Total liabilities for reportable segments	**(6,438)**	**(2,270)**	**-**	**(8,708)**
Deferred tax	**-**	**-**	**(5,328)**	**(5,328)**
Deferred consideration	**-**	**-**	**(8,670)**	**(8,670)**
Consolidated total liabilities	**(6,438)**	**(2,270)**	**(13,998)**	**(22,706)**

	31 January 2015			
	Rail Technology & Services £'000	Traffic & Data Services £000	Unallocated £000	Total £000
Assets				
Total assets for reportable segments (exc. cash)	**2,885**	**4,901**	**-**	**7,786**
Intangible assets	**-**	**-**	**10,367**	**10,367**
Deferred tax assets	**-**	**-**	**690**	**690**
Cash and cash equivalents	**1,936**	**1,523**	**6,588**	**10,047**
Consolidated total assets	**4,821**	**6,424**	**17,645**	**28,890**
Liabilities				
Total liabilities for reportable segments	**(4,172)**	**(2,318)**	**-**	**(6,490)**
Deferred tax	**-**	**-**	**(1,878)**	**(1,878)**
Consolidated total liabilities	**(4,172)**	**(2,318)**	**(1,878)**	**(8,368)**

	31 July 2015			
	Rail Technology & Services £'000	Traffic & Data Services £000	Unallocated £000	Total £000
Assets				
Total assets for reportable segments (exc. cash)	**1,722**	**4,755**	**-**	**6,477**
Intangible assets	**-**	**-**	**10,010**	**10,010**
Deferred tax assets	**-**	**-**	**882**	**882**
Cash and cash equivalents	**3,863**	**1,277**	**8,201**	**13,341**
Consolidated total assets	**5,585**	**6,032**	**19,093**	**30,710**
Liabilities				
Total liabilities for reportable segments	**(3,967)**	**(2,632)**	**-**	**(6,599)**
Deferred tax	**-**	**-**	**(1,734)**	**(1,734)**
Consolidated total liabilities	**(3,967)**	**(2,632)**	**(1,734)**	**(8,333)**

5 Earnings per share

Basic earnings per share

The calculation of basic earnings per share for the Half Year to 31 January 2016 was based on the profit attributable to ordinary shareholders of £1,127,000 (Half Year to 31 January 2015: £2,110,000, Year ended 31 July 2015: £3,729,000) and a weighted average number of ordinary shares in issue of 26,872,000 (Half Year to 31 January 2015: 26,370,000, Year ended 31 July 2015: 26,443,000), calculated as follows:

Weighted average number of ordinary shares
In thousands of shares

	Six months ended 31 January 2016	Six months ended 31 January 2015	Year ended 31 July 2015
Issued ordinary shares at start of period	**26,564**	26,258	26,258
Effect of shares issued related to business combinations	**106**	-	-
Effect of shares issued for cash	**202**	112	185
Weighted average number of shares at end of period	**26,872**	26,370	26,443

Diluted earnings per share

The calculation of basic earnings per share for the Half Year to 31 January 2016 was based on the profit attributable to ordinary shareholders of £1,127,000 (Half Year to 31 January 2015: £2,110,000, Year ended 31 July 2015: £3,729,000) and a weighted average number of ordinary shares in issue after adjustment for the effects of all dilutive potential ordinary shares of 27,904,000 (Half Year to 31 January 2015: 27,626,000, Year ended 31 July 2015: 27,656,000).

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 2016 £'000	Six months ended 31 January 2015 £'000	Year ended 31 July 2015 £'000
Profit attributable to ordinary shareholders	**1,127**	2,110	3,729
Amortisation of intangible assets	**566**	357	714
Share-based payment charges	**486**	329	623
Exceptional item: Loss on disposal	**272**	-	-
Exceptional items: Acquisition & disposal costs	**152**	-	-
Adjusted profit for EPS purposes	**2,603**	2,796	5,066

Weighted average number of ordinary shares
In thousands of shares

For the purposes of calculating Basic earnings per share	**26,872**	26,370	26,443
Adjustment for the effects of all dilutive potential ordinary shares	**27,904**	27,626	27,656

Basic adjusted earnings per share	**9.69p**	10.60p	19.16p
Diluted adjusted earnings per share	**9.33p**	10.12p	18.32p

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:

- SEP, which was acquired in the period has a high level of seasonality based on the timing of events and as such made a loss in the period to 31 January 2016 but this is expected to reverse in the second half of the year;
- Ontrac, which was acquired in the period, performs some significant software development projects and the specific timing of these can vary depending on the commercial terms;
- 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;
- 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 remains exposed to a high degree of seasonality throughout the year and reporting period and this seasonality has increased in the period under review.

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 0.5p per share, with a total expected value of c. £137k 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 2016 £000	Six months ended 31 January 2015 £000	Year ended 31 July 2015 £000
Final dividend for 2013/14 of 0.45p per share paid	**-**	-	119
Interim dividend for 2014/15 of 0.40p per share paid	**-**	-	106
Total dividends paid	**-**	-	225

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

	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 proposed	**137**	-	-	-	-

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

	2016 £'000	2015 £000	2014 £000	2013 £000	2012 £000
Total dividends paid per share	**n/a**	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 2016	H1 2015	FY 2015	**H1 2016**	H1 2015	FY 2015
	£'000	£'000	£'000	**£'000**	£'000	£'000
Leeds Innovation Centre Limited	**37**	38	75	**8**	7	7

Leeds Innovation Centre Limited is a company which is connected to The University of Leeds, a significant shareholder in Tracsis plc. Tracsis plc rents its office accommodation, along with related office services, from this company.

	Sale of goods and services			Amounts owed by related parties		
	H1 2016	H1 2015	FY 2015	**H1 2016**	H1 2015	FY 2015
	£'000	£'000	£'000	**£'000**	£'000	£'000
WSP Group	**83**	52	83	**18**	10	13
Parsons Brinckerhoff	**862**	315	1,404	**-**	-	506

WSP Group (WSP) is a company which is connected to Chris Cole who serves as non-executive Chairman of Tracsis plc and also of WSP. Sales to WSP took place at arm's length commercial rates and were not connected to Mr Cole's position at WSP as the Group traded with WSP prior to his appointment at Tracsis in April 2014.

On 31 October 2014, WSP completed the acquisition of Parsons Brinckerhoff (PB) which made PB a related party of the Group from this date. One of the Group's subsidiary companies, (Tracsis Traffic Data Limited, previously Sky High Technology Limited), traded extensively with PB prior to its acquisition by WSP as it carried out an agreement for a significant piece of data collection work for a UK transport agency which was entered into in May 2014. All transactions with PB took place at arm's length commercial rates and were not connected to Mr Cole's position at WSP.

Disclosures in respect of sales to WSP as stated above have been made on the following basis:
H1 2016: Sales to WSP and PB from 1 August 2015 to 31 January 2016
FY 2015 and H1 2015: Sales to WSP from 1 August 2014 onwards, as WSP was a related party from this date and sales to PB from 1 November 2014 onwards as this is the date WSP acquired PB and therefore the date PB became a related party to the Group.

9 Acquisitions and investments in the current year

a) SEP Limited and SEP Events Limited

On 25 September 2015, the Group acquired 100% of the share capital of SEP Limited and its wholly owned subsidiary SEP Events Limited (SEP).

Based in North Yorkshire, SEP are leading providers of traffic planning and management services for the events industry. Since its formation in 1989, SEP's client list has grown to include many of the UK's largest and most prestigious outdoor entertainment and sporting fixtures, along with major agricultural events, air shows and music festivals.

SEP is highly complementary to Tracsis' existing Traffic & Data Services division and will offer strong cross sell and upsell opportunities in the fullness of time. Both companies have worked together in the past and collaborated on major events such as Royal Ascot, T in the Park, The Grand National and the Wings and Wheels air show.

In the year ended 30 September 2014, SEP generated revenue of £4.0m, an adjusted EBITDA of £0.4m and Profit before Tax of £0.3m. The business is debt free and had cash balances at completion of c. £0.6m, with tangible net assets of c. £0.6m. SEP employs 30 permanent staff, all of whom will remain with the business post transaction. In addition, the business deploys several thousand contract workers at its events throughout the year.

The acquisition consideration comprised an initial cash payment of £1.625m and the issue of 55,005 ordinary shares of 0.4p each in Tracsis at an issue price of 454.5p (a total value of £0.25m). Deferred consideration of £0.1m is payable over two years with performance consideration of up to £0.6m is payable based on SEP achieving certain financial targets in the two years post acquisition, giving a total consideration of up to £2.6m.

In the period to 31 January 2016 the Company contributed revenue of £604k and pre tax loss of £329k to the Group’s results, excluding amortisation of associated intangible assets, exceptional costs and share based payments.

If the acquisition had occurred on 1 August 2015, management estimates that consolidated revenue would have been £1,872k and consolidated loss for the period would have been £121k. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 August 2015.

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

	Pre-acquisition carrying amount £000	Fair value adjustments £000	Recognised value on acquisition £000
Intangible assets: Customer relationships	-	1,776	1,776
Tangible fixed assets	333	-	333
Trade and other receivables	811	-	811
Trade and other payables and deferred income	(980)	(100)	(1,080)
Hire Purchase contracts	(133)	-	(133)
Deferred tax liability	-	(355)	(355)
Net identified assets and liabilities	31	1,321	1,352
Goodwill on acquisition			572
			1,924

Consideration paid in cash	1,625
Stamp Duty	13
Net cash acquired	(644)
Net cash flow	994
Consideration paid: fair value of shares issued	250
Deferred and performance consideration payable (maximum)	680
Total maximum consideration	1,924

Pre-acquisition carrying amounts were determined based on applicable IFRSs, immediately prior to the acquisition. The values of assets and liabilities recognised on acquisition are the estimated fair values. The goodwill that arose on acquisition can be attributed to a multitude of assets that cannot readily be separately identified for the purposes of fair value accounting.

The fair value adjustments were provisional and arise in accordance with the requirements of IFRSs to recognise intangible assets acquired. In determining the fair values of intangible assets the Group has used discounted cash flow forecasts. The fair value of shares issued was based on market value at the date of issue.

The Group incurred acquisition related costs of £37k which are included within administrative expenses.

b) Ontrac Limited and Ontrac Technology Limited

On 1 December 2015, the Group acquired the entire issued share capital of Ontrac Limited and Ontrac Technology Limited (together being "Ontrac").

Based in Gateshead and London, Ontrac is an award winning software development and IT solutions company that work with a range of clients in the transport, construction and local government sectors. Ontrac works extensively within UK rail where their products have helped digitise process intensive workflows and aided with collaborative working through access to shared information. Ontrac is highly complementary to Tracsis' existing software development and consulting division and offers strong cross sell and upsell opportunities across the Group.

In the year ended 31 January 2015, Ontrac generated revenue of £7.1m and adjusted Profit Before Tax of £2.4m. The business is debt free and has a history of strong organic growth coupled with excellent cash generation. Ontrac employs around 30 permanent staff, all of whom will remain with the business post transaction.

The acquisition consideration comprises an initial cash payment of £6.0m which was funded out of Tracsis cash reserves and the issue of 197,624 new ordinary shares in Tracsis (issued at a price of 463p which valued the shares at £915K), along with a payment of around £4.6m that represents the value of the Company's tangible net assets at completion.

Additional Deferred Consideration of up to £5.0m along with Performance Consideration of up to £3.0m is payable subject to Ontrac achieving certain financial targets in the two years post acquisition. Therefore, Tracsis paid an initial amount of £11.5m (£6.9m goodwill and £4.6m for tangible assets) and on the basis that all stretch financial targets are achieved, a maximum total consideration of up to £19.5m.

In the period to 31 January 2016 the Company contributed revenue of £533k and pre tax profit of £8k to the Group's results, excluding amortisation of associated intangible assets, exceptional costs and share based payment charges.

If the acquisition had occurred on 1 August 2015, management estimates that consolidated revenue would have been £2,474k and consolidated profit for the period would have been £560k. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 August 2015.

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

	Pre-acquisition carrying amount £000	Fair value adjustments £000	Recognised value on acquisition £000
Intangible assets: Technology assets	-	1,213	1,213
Intangible assets: Customer relationships	-	15,511	15,511
Tangible fixed assets	121	-	121
Trade and other receivables	1,510	-	1,510
Trade and other payables and deferred income	(1,483)	(468)	(1,951)
Hire purchase contracts	(54)	-	(54)
Income tax payable	(5)	-	(5)
Deferred tax liability	(7)	(3,345)	(3,352)
Net identified assets and liabilities	82	12,911	12,993
Goodwill on acquisition			1,689
			14,682
Consideration paid in cash			10,644
Stamp Duty			97
Net cash acquired			(4,974)
Net cash flow			5,767
Consideration paid: fair value of shares issued			915
Deferred and performance consideration payable (maximum)			8,000
Total maximum consideration			14,682

Pre-acquisition carrying amounts were determined based on applicable IFRSs, immediately prior to the acquisition. The values of assets and liabilities recognised on acquisition are the estimated fair values. The goodwill that arose on acquisition can be attributed to a multitude of assets that cannot readily be separately identified for the purposes of fair value accounting.

The fair value adjustments were provisional and arise in accordance with the requirements of IFRSs to recognise intangible assets acquired. In determining the fair values of intangible assets the Group has used discounted cash flow forecasts. The fair value of shares issued was based on market value at the date of issue.

The Group incurred acquisition related costs of £64k which are included within administrative expenses.

c) Strategic Investment in Citi Logik Limited

On 4 September 2015, the Group made a strategic investment to acquire 29.4% of Citi Logik Limited (Citi Logik). Under the terms of the agreement, the Group will invest up to £1.0m via a combination of equity and debt funding in return for 29.4% of the issued share capital in Citi Logik.

Investment of £0.5m (£0.375m equity and £0.125m debt) was made immediately with a further £0.5m to be invested on the same basis, within the 12 months of completion, subject to delivery of agreed business plan milestones. This represented 17.24% of the issued share capital of Citi Logik. Given the Group's shareholding, intentions to increase the stake to 29.4% and contractual terms, the Directors believe that the Company has significant influence over Citi Logik and as such it should be accounted for as an Associated undertaking.

A Tracsis executive joined the Board of Directors of Citi Logik to help grow the business and promote mobile analytics to the Tracsis customer base.

The balance sheet carrying value can be summarised as follows:

	£'000
Equity investment made	375
Share of post-acquisition losses	(76)
Investments in equity-accounted investees	299

Immediately prior to the investment, Citi Logik had tangible net liabilities of £290k. The Group's share (based on 17.24% holding) of these assets would have been £50k. The Directors believe that the value of the investment represents the fair value of the assets acquired.

The £125k of loan note debt are shown within receivables due after more than one year.

In the period from 4 September 2015 to 31 January 2016, Citi Logik's net result for the period was a loss of £439k. The Group recognised its share of this loss (based on 17.24% holding) which amounted to £76k.

At 31 January 2015, Citi Logik had net liabilities of £353k.

The amounts included in the financial statements are as follows:

	£'000
Investment made:	
Equity	375
Debt	125
Total cash paid	500
Represented by:	
Investments in equity-accounted investees	299
Receivables due after one year	125
	424
Share of loss recognised	76
Total	500

If the acquisition had occurred on 1 August 2015, management estimates that the Group's share of the loss for the period would have been £92k.

The Group incurred acquisition related costs of £20k which are included within administrative expenses.

10 Disposals in the current year

On 22 December 2015, the Group disposed of Tracsis Traffic Data Pty Limited ("TTD"), its data capture operation in Australia, to Martin Prowse, the Managing Director of that Company as part of a management buy-out (the "Disposal").

The Disposal aligns with the Group's strategy to maintain strength in its core markets and operate in high value, niche markets. The Board is focused on continuing to drive its growth strategy in the UK and overseas but no longer believe TTD's data capture operations in Australia is required to achieve this goal. The Directors believe that disposing TTD, which has limited trading visibility and does not have critical mass, mitigates the Group's execution risk which is inherent in operations of this kind.

In the year ended 31 July 2015, TTD generated revenue of £2.2m, EBITDA of £0.3m, Profit Before Tax of £0.25m and had tangible net assets of circa £0.5m.

The Disposal proceeds include an initial payment of AUS $285k and deferred consideration of AUS $799k payable over 3 years to give total consideration of AUS $1,084k.

For the period 1 August 2015 to 22 December 2015, TTD generated revenue of £1.2m and Profit Before Tax of £0.2m.

As part of the disposal agreement, the Group has security arrangements over the shares and assets of TTD and connected parties, which will remain in place until the consideration is paid in full.

Further details on this disposal are as follows:

	AUS $	GBP £
Consideration:		
Initial	285	136
Deferred	799	374
	1,084	510
Overdraft	64	30
	1,148	540
Net assets at disposal excl overdraft		645
Loss on disposal pre foreign exchange		(105)
Elimination of translation reserve		(167)
Loss on disposal		(272)

	AUS $	GBP £
Consideration received:	285	136
Debtor < 1 year	290	238
Debtor > 1 year	509	136
Total	1,084	510
Overdraft		30
Total consideration		540

The Group incurred disposal related costs of £31,000 which are included within administrative expenses.

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

	Value on disposal £000
Tangible fixed assets	219
Trade and other receivables	934
Trade and other payables	(357)
Income tax payable	(101)
Hire purchase contracts	(50)
Net identified assets and liabilities	645
Elimination of translation reserve	167
Loss on disposal	(272)
	540
Consideration received in cash	136
Deferred consideration receivable	374
Overdraft disposed of	30
Total consideration receivable	540

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) Charles Winward (Non-Executive Director) Sean Lippell (Non-Executive Director)
Company Secretary:	Max Cawthra