Tracsis plc

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

Audited results for the year ended 31 July 2018

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

Financial Highlights:

- Revenue increased 16% (14% organic) to £39.8m (2017: £34.5m)
- Adjusted EBITDA* increased 11% to £9.4m (2017: £8.5m)
- Operating profit before exceptional items increased 22% to £5.9m (2017: £4.9m)
- Cash balances of £22.3m (2017: £15.4m)
- Full year dividend increased 14% to 1.6p per share (2017: 1.4p)
- Fully diluted adjusted Earnings Per Share increased 9% to 25.47p (2017: 23.29p)

Strategic and Operational Highlights:

- Strong performance from our Rail Technology & Services division which included ongoing delivery of our largest software contract to date with a major UK TOC
- Good revenue growth and margin improvement within our Traffic & Data Services division as a direct result of our technology and people strategy employed last year
- Successful acquisitions of TCS and DRS which offer growth opportunities within the travel delay repay sector
- Continuation of strategic investment and partnership with Vivacity Labs

Post period end Highlights:

- Significant two year hosting and licence deal agreed with major rail customer
- Exercise of warrant instrument in Vivacity Labs. Equity holding increased to 28%
- John Nelson (NED) retired from the Board to be succeeded by Mac Andrade, an experienced rail industry professional

John McArthur, Chief Executive Officer, commented:

"The last 12 months has been another great year for Tracsis on multiple fronts, with strong organic growth and financial performance coupled with progress in improving our operations, building our senior team and further investment in our technology and product base. This was capped off by an exciting acquisition in a related transport sector which we feel is poised for significant growth in the near term. The traffic and transport markets are undergoing well publicised and rapid change and I am confident Tracsis is well positioned to meet the challenges and opportunities this brings."

** Calculation unchanged from previous years and in line with broker forecasts and research coverage on Tracsis. Full definition and reconciliation in Note 6.*

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Chairman & Chief Executive Officer's Report

A welcome from Chris Cole, Non-Executive Chairman

I am pleased to report that once again Tracsis has achieved another successful year of trading with good organic growth across all areas of the Group, record levels of revenue and profitability and further progress on a range of operational and strategic goals across both divisions of the business. Tracsis also completed two successful acquisitions of well run and profitable enterprises (TCS and DRS) which continues the established theme of considered, accretive M&A in line with our stated growth strategy.

The culmination of this progress has translated into strong financial performance, and a business that is well positioned to take advantage of interesting and dynamic traffic and transport markets that are changing at a significant pace. On behalf of the Board, my sincere thanks go to all Tracsis employees for their continued hard work and dedication and I look forward to the coming year.

Introduction

The year ended 31 July 2018 was a further year of growth, with Group revenues close to £40m, an overall increase of 16%, with organic revenue growth, excluding acquisitions, of some 14% which was particularly pleasing. The impact of M&A activity was negligible given the specific timing of the Travel Compensation Services (TCS) and Delay Repay Sniper (DRS) transactions and we expect these enterprises to make a good contribution with a full year of trading and the chance to integrate and leverage their operations and technology across the wider Group. The Group's financial position at year end remained strong, with cash balances in excess of £22m and no debt.

Business overview

Tracsis specialises in providing software, hosting services, consultancy and technology solutions to high value, mission critical challenges within the transport and traffic sector. The Group's market offering can be broadly categorised into two distinct offerings:

1. **Rail Technology & Services:** Application software development and licensing, cloud-based data hosting, remote condition monitoring technology (RCM), and associated operational, implementation and strategic consulting services.

   The Group has a long pedigree in developing industrial strength application software that facilitates a variety of resource/asset optimisation that removes extraneous cost, increases network uptime and robustness and improves overall service delivery. Our software offering is primarily used by transport operators but also by infrastructure providers and maintainers. The Group also has a separate Remote Condition Monitoring (RCM) offering – hardware and software – that allows for real-time reporting on the status and health of critical infrastructure assets that can identify problems before they lead to failure and aid with preventative maintenance. Utilising our expertise in the sector, the Group's professional services division provides consultancy and specialist advice across the operational and strategic planning horizons and play a key role in advising owning Groups, operators and a range of regulatory bodies. The recent acquisition of TCS and DRS has expanded our technology offering and moves Tracsis into a new and disruptive element of the passenger transport market that we believe will experience significant growth in the near term.

   The current focus of the Rail Technology & Services division is one of product expansion and improvement, customer upsell/cross-sell and the move to cloud based services. Our UK customer base continues to provide the best opportunities for organic growth by building on existing relationships and capabilities.

2. **Traffic & Data Services**: Data capture, analysis, categorisation and interpretation of traffic and pedestrian movement. Tracsis provides a means to help our clients understand demand for their services and in turn this allows for informed decision making and capital expenditure to ultimately aid with the planning, building and eventual day-to-day operations of a transport environment.
   Over a number of years, the Group has developed what is now the largest traffic and transport data capture and analytics business in the UK. Latterly this has been bolstered through the acquisition of SEP and the investment made into Citi Logik and Vivacity Labs. This division has now expanded its addressable markets from roads, rail and highways to include the pedestrian rich environments of major sporting and outdoor events and is now focusing on the advent of urban planning and traffic management for Smart Cities.

   The current focus of the Traffic & Data Services division is one of technology and process transition to undertake broader, more complex and ultimately more valuable projects for our clients. In moving this division to a stronger technology footing we expect to see a significant improvement in operating margin and good progress has been made in the past year in improving this metric.

The Group's mission is to help our clients solve complex, high value, data driven problems for which there is typically little by way of an alternative offering. Tracsis chooses to operate within the traffic and transport markets due to the abundance of complex problems where our expertise and products have clear and demonstrable benefit. These markets also exhibit several attractive traits for the Group – high barriers to entry due to domain knowledge, large and disparate data sets, well informed customers that understand the value/costs in the problems we solve, and a large pool of interesting M&A opportunities that can be difficult for external parties to access or understand without sector expertise.

The Directors believe that the traffic, transport and pedestrian rich environments are particularly well positioned for consistent, long term, and sustainable growth and that the Group will capitalise on this via an expanding portfolio of products and services that have a common theme of 'smart' planning and 'intelligent' mobility whilst delivering the savings and improvements our customers have grown to expect.

Financial summary

The Group achieved revenues of £39.8m which was an increase of 16% on the previous year (2017: £34.5m). It is important to note that the vast majority of this increase was organic, with limited revenue from M&A given the specific timing of the TCS and DRS acquisitions.

Adjusted EBITDA* of £9.4m was an increase of 11% on the previous year (2017: £8.5m), with Adjusted Profit** of £8.7m being 13% higher than the previous year (2017: £7.7m). Statutory Profit before Tax was £8.3m (2017: £4.6m), although this includes an exceptional £2.65m credit relating to contingent consideration in respect of the Ontrac acquisition which arose due to specific target milestones not being met, though it is important to note that Ontrac performed very well all the same. Statutory Profit before Tax net of this exceptional credit was £5.6m which shows a comparable improvement on the prior year of some 22%. All of the financial metrics show good growth on the previous year and a solid organic performance.

At 31 July 2018, the Group's cash balances had increased to £22.3m (2017: £15.4m), and cash generation continues to be strong. Overall cash balances increased by £6.9m in the financial year, after the acquisition of TCS and DRS (£1.7m cash outflow), the investments in Vivacity Labs and Nutshell amounting to £0.7m, and paying contingent consideration of £0.3m (in respect of the SEP year two earn out). Post period end, an amount of £2.1m was paid in respect of the Ontrac year two earn out which represented good trading and profitability. The business therefore generated net cash of c. £10m which once again demonstrates strong conversion of profits to cash. The Group continues to be debt free.

As mentioned above, the statutory results include an exceptional credit of £2.65m in respect of the finalisation of the Ontrac contingent consideration, as required by IFRS3. This credit came about due to the inclusion of profit related performance targets within the deal structure for Ontrac. Whilst this business has performed very well in the past two years, the full contingent consideration was not maximised which gave rise to the credit. Needless to say, this is a non-cash exceptional credit and should be viewed as a non recurring item that is not part of underlying performance.

* 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 6 for reconciliation
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Trading Progress and Prospects

<u>Rail Technology & Services</u>

Summary segment results:

Revenue	£19.0m	(2017: £16.0m)	+19%	
EBITDA *	£6.8m	(2017: £6.5m)	+5%	
Profit before Tax	£6.6m	(2017: £6.3m)	+4%	*(excluding £2.65m exceptional credit)*

Software

Software sales, excluding Ontrac, were £7.7m (2017: £6.4m), which was a significant increase (20%) on the previous year, mainly due to the Group starting work on delivering a major multiyear contract with one of the largest Train Operating Companies in the UK for our TRACS Enterprise solution. Delivery of this programme has been challenging and rewarding, with good progress being made, and the implementation will continue throughout the rest of current financial year. In preparation for the delivery of larger technology engagements of this type in future, we have taken active steps to significantly expand our development team which following a period of extensive recruitment is now close to full strength. Going forwards we will continue to market TRACS Enterprise to the rest of the UK market and are confident of making progress in the months and years to come. Outside this major contract, all aspects of the software portfolio once again performed well, with excellent renewal rates for the TRACS, Compass, and Retail & Operations product suites.

Ontrac

Ontrac once again performed very well in the period and contributed revenue of £5.9m (2017: £5.3m), with the business completing a number of bespoke development projects for its key client, as well as benefitting from the high levels of recurring revenue that comes from its software licences and hosting services. The business continues to specialise in the digitisation, visualisation and streamlining of asset information and works closely with infrastructure clients and the railway supply chain on a number of key initiatives where shared information can result in significant improvements in data quality whilst removing extraneous processes and costs. Ontrac's Rail Hub and eTrac products remain highly relevant to the UK rail market and the business continues to market these initiatives along with other innovations to their customer base.

Ontrac performed well during the two year earn out period following acquisition by Tracsis in 2015 and additional performance related contingent consideration of £2.1m was paid to Ontrac shareholders post period end. Going forwards, Ontrac trading will now be included within the software element of the Rail Technology & Services division although we intend to maintain the Ontrac brand which is a well-known and reputable brand within its target market.

Remote Condition Monitoring (RCM)

Revenues of £3.0m were 15% higher than the previous year (2017: £2.6m), due to a combination of positive trading with the Group's main UK rail infrastructure client, additional business generated from other UK supply chain customers and further sales made within North America. As intimated previously, we now have business development resources within the US and we have seen a lot of activity in the past year which has led to several pilots and trial engagements. Whilst it is true to say this activity has not yet translated into meaningful revenue, we continue to believe there is a significant latent opportunity with overseas RCM and our plans remain unchanged for the coming year. Within the UK, our busbar pilot remains ongoing, and we continue to work with our major client for this exciting project which has huge growth potential in the future if successful.

Consultancy and Professional Services

Consultancy and professional services revenue was £1.9m (2017: £1.7m) which was a good performance helped by high levels of franchise bid work. Tracsis supported a bidder for the West Coast Partnership, Southeastern, and also Wales & Borders rail operations. In addition, we picked up good work from other government bodies, a variety of other train operating companies (TOCs), and several multi-disciplinary engineering companies.

Acquisitions: Travel Compensation Services (TCS) and Delay Repay Sniper (DRS)

In the six months post acquisition, TCS and DRS contributed £0.5m of revenue (2017: £nil). The business continues to work on a number of significant, high profile tenders which if successful, will lead to further growth in the future. The business has come a long way in a short space of time, and the area in which it operates is ripe for technology disruption with the solution that TCS provides offering a compelling return on investment for operators to dramatically reduce their delay repay processing costs. The Directors are keen to grow this part of the Group and integration has begun and is well underway. Most recently, TCS launched its new compensation service for the corporate business travel market which we believe is a further growth area outside of TOC and passenger engagement.

<u>Traffic & Data Services</u>

Summary segment results:

Revenue	£20.8m	(2017: £18.5m)	+13%
EBITDA *	£2.6m	(2017: £2.0m)	+28%
Profit before Tax	£2.0m	(2017: £1.4m)	+46%

Traffic Data and Passenger Counts

Revenues of £14.5m were delivered in the year (2017: £12.8m), which reflect good organic growth in the year. Our traffic data business delivered multiple large and diverse projects including a significant and challenging project for Transport for London looking at City wide cycle assets (given rising demand and inherent safety concerns), and also renewed and expanded a major contract with a global engineering consultancy. General trading elsewhere remained solid, and margins were improved by the structural and technological changes that were started in the previous financial year and remain ongoing. The result of our efforts led to significant cost reductions, a refocussed management team, and a streamlined business unit that has produced a strong performance in the year.

With regard to passenger counting, we also developed a piece of analysis software that allows for automatic train loading data (i.e. passenger counts) to be taken directly from trains currently in service. This information is highly relevant to TOCs when making revenue protection and performance decisions and requires a high degree of accuracy given the vagaries of timetable changes, delays and unit swaps which can lead to erroneous information being used. The Board is pleased to be are up and running with this software service within a short space of time, and also with the meaningful revenue achieved in the year under review.

Our traffic data offering continues to benefit from a sizeable market share within its relevant sector with a good and varied service offering to allow significant and diverse projects to be delivered. The strategy for this part of our business is unchanged – to transition what was historically a ‘project led, service business’ to a ‘product led, technology business’. In doing so the Group believes it can achieve enhanced operational efficiencies via increased use of technology and process improvements to improve both gross and net margin. Tracsis remains excited by the opportunity new technology poses and our investment into the Vivacity Labs ‘Felicity’ platform is showing real promise in terms of increasing our data analysis ability and transitioning to a more technology led approach.

SEP

SEP achieved revenues of £6.3m (2017: £5.7m) which was pleasing, and the business has made good progress in transitioning from an owner managed business to a division of a public company. The delivery during the peak summer months was strong as always, and this year also saw the continuation of clients using our Tracsis Live Traffic software, which provides event operators with a real time insight into traffic and pedestrian dynamics that comprises ANPR technology, together with application software developed internally by the Group’s development team The Group continues to work closely with one of the largest clubs in the English Premier League and looks forward to replicating our success within this market in the year ahead as we target other stadiums and fixed venue events.

Overall, it was pleasing to see margins within the T&DS Division increasing compared to the previous year, which was a key objective set out at the start of the financial year.

Dividends

In February 2012, the Board implemented a progressive dividend policy and the Group intends to maintain this going forwards. An interim dividend of 0.7p per share for 2016/17 was paid in April 2018. A final dividend of 0.9p per share in respect of 2017/18 is proposed, to take the full year dividend to 1.6p. This represents a 14% increase on the previous year’s dividend of 1.4p per share.

As always, the dividends remain well covered by the Group’s profitability and cash position, which supports its primary focus on growth via acquisition and through further development of new products and services. The Board is committed to maintaining the progressive dividend policy as the business continues to trade profitably and in line with its expectations.

The dividend will be paid on 15 February 2019 to shareholders on the register on 1 February 2019.

Acquisitions

The Board was delighted to have completed the acquisitions of TCS and DRS during the year. Both businesses operate within the Delay Repay (DR) space which is a passenger compensation regime that exists within multiple transport environments for delayed or cancelled services. Within the rail sector, DR has existed for many years and is an obligation of most franchise operations. In recent years however, a combination of rising fares, poor service performance and government policy/intervention has raised the profile of DR which has in turn given rise to far greater volumes of passenger claims. This in turn has created several areas where Tracsis can get involved with the main one being assisting TOCs automatically process valid DR claims through an intelligent software engine that process claims at a far higher accuracy, with greater speed and lower cost than a human counterpart (similar in concept to the rest of Tracsis’ software suite).

TCS and DRS were acquired with a deal structure that reflects the significant growth opportunities that exist within their markets, and hence have a large amount of contingent consideration potentially payable should the businesses grow significantly from their current levels. An amount, reflecting the current performance of each business was paid upfront, with the balance payable subject to various stretch targets being achieved. In the six months post acquisition, TCS and DRS delivered revenue of £0.5m, and a PBT of £0.1m (pre exceptional deal costs and amortisation).

Numerous other acquisition opportunities were appraised during the year and the pipeline of opportunities remains as strong as always. The Group's appetite for making further accretive acquisitions that meet with our stated investment criteria remains unchanged and we expect to complete further transactions in due course.

Investments

During the previous year, the Group announced that it had made a strategic investment of up to £1.3m into Vivacity Labs Limited ("Vivacity"), a provider of smart, hyperlocal data for smart cities and intelligent transport systems, in return for a 28.1% equity stake. To the end of July 2018, Tracsis has invested £1.0m of this total amount, in return for 23.3% of the equity, including an investment of £0.6m that was made in the current financial year. Tracsis held a warrant to subscribe for a further 4.8% of the enlarged share capital for an additional £0.3m which was exercised post period end.

The Traffic & Data Services Division also entered into an Agreement to begin to adopt the Vivacity machine learning technology, which has the potential to significantly enhance our traffic analysis capability whilst also reducing the associated overhead costs of video processing. This work is still at a relatively early stage but is showing significant promise and will be a key focus for the Traffic Data team in the coming year.

The Group continues to hold an investment in Citi Logik Limited and at year-end held 17.24%. Citi Logik was successful in securing further monies from Innovate UK during the year and has won multiple First of a Kind (FOAK) projects to demonstrate mobile network data analytics (i.e. utilising consumer mobile phone data to model traffic and pedestrian movements in near real time).

Summary and Outlook

In summary, 2017-18 was another good year for Tracsis on multiple fronts, with strong organic growth and financial performance coupled with operational progress and capped off by an exciting acquisition. The Group continues to mature and evolve both in terms of people, processes and technologies and remains well positioned for the future.

Tracsis' growth strategy remains unchanged: to deliver shareholder value both organically and through acquisition of complementary businesses, and by developing products and services that solve well recognised, high value problems that are poorly served by existing technology. The Group's business model continues to focus on markets that generally have high barriers to entry, with contracts that are sold on a recurring/repeat basis, and to a retained customer base that is predominantly blue chip in nature. This strategy has worked well in the past to generate consistent growth and significant returns for shareholders and the Group believes it will continue to work well in the future.

As always our thanks go to our staff, customers and other partners, and we look forward to sharing further success with them in the years ahead.

Chris Cole, Chairman

John McArthur, Chief Executive Officer

8th November 2018

Consolidated Statement of Comprehensive Income for the year ended 31 July 2018

	Notes	2018 Continuing operations £000	2018 Acquisitions £000	2018 **Total £000**	2017 £000
Revenue	3	39,370	464	**39,834**	34,486
Cost of sales		(16,623)	-	**(16,623)**	(15,279)
Gross profit		22,747	464	**23,211**	19,207
Administrative costs		(14,211)	(516)	**(14,727)**	(14,491)
Adjusted EBITDA*	3, 6	9,311	114	**9,425**	8,494
Depreciation		(758)	(2)	**(760)**	(799)
Adjusted profit **	6	8,553	112	**8,665**	7,695
Amortisation of intangible assets		(1,674)	(100)	**(1,774)**	(1,674)
Other operating income		197	17	**214**	134
Share-based payment charges		(1,193)	-	**(1,193)**	(1,300)
Operating profit / (loss) before exceptional items		5,883	29	**5,912**	4,855
Exceptional items	9	2,653	(81)	**2,572**	(139)
Operating profit / (loss)		8,536	(52)	**8,484**	4,716
Finance income		19	-	**19**	15
Finance expense		(27)	-	**(27)**	(38)
Share of result of equity accounted investees		(201)	-	**(201)**	(77)
Profit / (loss) before tax	3	8,327	(52)	**8,275**	4,616
Taxation		(1,004)	(25)	**(1,029)**	(901)
Profit / (loss) after tax and total comprehensive income		7,323	(77)	**7,246**	3,715
Earnings per ordinary share					
Basic	4	25.97p	(0.27p)	**25.70p**	13.36p
Diluted	4	25.11p	(0.26p)	**24.85p**	12.93p

* Earnings before finance income, tax, depreciation, amortisation, exceptional items, other operating income, and share-based payment charges and share of result of equity accounted investees – see note 6.

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Consolidated Balance Sheet as at 31 July 2018

		2018	2017
		£000	£000
Non-current assets			
Property, plant and equipment		**2,181**	2,461
Intangible assets		**26,223**	24,458
Investments – equity		**250**	675
Loans due from associated undertakings		**250**	187
Investments in equity accounted investees		**972**	111
Deferred tax assets		**602**	457
		30,478	28,349
Current assets			
Inventories		**253**	239
Trade and other receivables		**7,329**	8,480
Cash and cash equivalents		**22,329**	15,350
		29,911	24,069
Total assets		**60,389**	52,418
Non-current liabilities			
Hire-purchase contracts		**121**	230
Contingent consideration payable	8	**1,100**	-
Deferred tax liabilities		**3,875**	3,718
		5,096	3,948
Current liabilities			
Hire-purchase contracts		**157**	320
Trade and other payables		**10,316**	8,842
Contingent consideration payable	8	**2,165**	5,041
Current tax liabilities		**546**	620
		13,184	14,823
Total liabilities		**18,280**	18,771
Net assets		**42,109**	33,647
Equity attributable to equity holders of the company			
Called up share capital		**113**	112
Share premium reserve		**6,243**	5,948
Merger reserve		**3,160**	3,010
Retained earnings		**32,593**	24,577
Total equity		**42,109**	33,647

Consolidated Statement of Changes in Equity

	Share Capital £'000	Share Premium £'000	Merger reserve £'000	Retained Earnings £'000	Total £'000
At 1 August 2016	110	5,622	3,010	19,924	28,666
Profit for the year	-	-	-	3,715	3,715
Total comprehensive income	-	-	-	3,715	3,715
Transactions with owners:					
Dividends	-	-	-	(362)	(362)
Share based payment charges	-	-	-	1,300	1,300
Exercise of share options	2	326	-	-	328
At 31 July 2017	**112**	**5,948**	**3,010**	**24,577**	**33,647**

	Share Capital £'000	Share Premium £'000	Merger reserve £'000	Retained Earnings £'000	Total £'000
At 1 August 2017	112	5,948	3,010	24,577	33,647
Profit for the year	-	-	-	7,246	7,246
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**

Consolidated Cash Flow Statement

	Notes	2018 £000	2017 £000
Operating activities			
Profit for the year		**7,246**	3,715
Finance income		**(19)**	(15)
Finance expense		**27**	38
Depreciation		**760**	799
Loss on disposal of plant and equipment		**17**	12
Non cash exceptional items		**(2,653)**	139
Other operating income		**(214)**	(134)
Amortisation of intangible assets		**1,774**	1,674
Share of result of equity accounted investees		**201**	77
Income tax charge		**1,029**	901
Share based payment charges		**1,193**	1,300
Operating cash inflow before changes in working capital		**9,361**	8,506
Movement in inventories		**(14)**	32
Movement in trade and other receivables		**1,259**	(2,314)
Movement in trade and other payables		**1,411**	488
Cash generated from operations		**12,017**	6,712
Interest received		**19**	15
Interest paid		**(27)**	(38)
Income tax paid		**(1,407)**	(664)
Net cash flow from operating activities		**10,602**	6,025
Investing activities			
Purchase of plant and equipment		**(509)**	(558)
Proceeds from disposal of plant and equipment		**53**	56
Acquisition of subsidiaries (net of cash acquired)	7	**(1,714)**	-
Equity investments and loans to investments		**(700)**	(550)
Repayment of loans from investments		**-**	111
Receipt of deferred consideration		**-**	300
Payment of contingent consideration		**(323)**	(1,109)
Net cash flow used in investing activities		**(3,193)**	(1,750)
Financing activities			
Dividends paid	5	**(423)**	(362)
Proceeds from exercise of share options		**296**	328
Hire purchase repayments		**(303)**	(276)
Net cash flow used in from financing activities		**(430)**	(310)
Net increase in cash and cash equivalents		**6,979**	3,965
Cash and cash equivalents at the beginning of the year		**15,350**	11,385
Cash and cash equivalents at the end of the year		**22,329**	15,350

Notes to the Consolidated Financial Statements

1 Financial information

The financial information set out above does not constitute the company's statutory accounts for the years ended 31 July 2018 or 2017 but is derived from those accounts. Statutory accounts for 2017 have been delivered to the registrar of companies, and those for 2018 will be delivered in due course. The auditors have reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

2 Basis of preparation

(a) Statement of compliance

The Group consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU and applicable law. The Company has elected to prepare its parent company financial statements in accordance with FRS 101. These parent company statements appear after the notes to the consolidated financial statements

(b) Basis of measurement

The Accounts have been prepared under the historical cost convention.

(c) Functional and presentation currency

These consolidated financial statements are presented in sterling, which is the Group and Company's functional currency. All financial information presented in sterling has been rounded to the nearest thousand.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

(e) Accounting Developments

The Group and Company financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"). The accounting policies have been applied consistently to all periods presented in the consolidated financial statements, unless otherwise stated.

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting period beginning on or after 1 August 2017. The following new standards and amendments to standards are mandatory and have been adopted for the first time for the financial year beginning 1 August 2017:

- Disclosure Initiative (Amendments to IAS 7)
- Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)
- Annual Improvements to IFRSs 2014-2016 Cycle (Amendments to IFRS 12)

These standards have not had a material impact on the Consolidated Financial Statements.

The following new or revised standards and interpretations issued by the International Accounting Standards Board (IASB) have not been applied in preparing these accounts as their effective dates fall in periods beginning on or after 1 August 2018.

Effective for the year ending 31 July 2019

- 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)

Effective for the year ending 31 July 2020

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

IFRS 15 "Revenue from Contracts with Customers"

The Group is required to adopt IFRS 15 "Revenue from Contracts with Customers" from 1 August 2018. IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 "Revenue" and IAS 11 "Construction Contracts".

The principles in IFRS 15 must be applied using the following five step model:

1. Identify the contract(s) with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when or as the entity satisfies its performance obligations

Revenue is recognised either when the performance obligation in the contract has been performed (so "point in time" recognition) or "over time" as control of the performance obligation is transferred to the customer. The Group is continuing to assess the estimated impact that the initial application of IFRS 15 will have on its consolidated financial statements. The estimated impact of the adoption of this standard on the Group is based on initial assessments undertaken to date and is summarised below. The actual impact of adopting the standard at 1 August 2018 may change as whilst the Group has made an assessment of all the significant income streams, it has not finalised the assessment of all income streams and controls over its new reporting approach. An initial assessment of the impact of IFRS 15 is summarised as follows:

Rail Technology & Services

There are a number of revenue streams within this division. The Group has a number of different arrangements in respect of software and other related services such as hosting, support and maintenance. The revenue recognition in respect of perpetual licence sales, and also bespoke development work under IFRS 15 is expected to be the same as current accounting. Software licences which involve hosting are currently generally spread over the term of the licence on a straight line basis and this is expected to continue under IFRS 15. Software licences which do not involve hosting, but moreover access to the Software are divided into licence fees and support, both of which have different accounting treatments and are expected to continue under IFRS 15. Revenue in respect of contracts which involve purely hosting, or support and maintenance is spread on a straight line basis is over the term of the Agreement, which again is expected to continue under IFRS 15. In respect of remote condition monitoring, revenue is recognised once the units are despatched to the Customer and under IFRS 15, this is not expected to change under IFRS 15. For consultancy services, revenue is recognised when the services are performed and this is not expected to change under IFRS 15.

Traffic & Data Services

In respect of traffic data collection and passenger counting, the Group currently recognises revenue based on the stage of completion, with 'Amounts Recoverable on Contract' (accrued income based on the stage of completion of certain projects – as detailed in note 19) being recognised. Under IFRS 15, this will no longer be recognised but will be replaced by a 'Contract Asset' representing the costs incurred in respect of the partially completed projects at the end of a reporting period, which will have the effect of deferring any profit to be recognised on partially completed projects. In respect of event planning, parking and traffic management, revenue is recognised when the event takes place and the service provided, and no changes are expected to take place to this revenue recognition under IFRS 15.

IFRS 16 "Leases"

IFRS 16 "Leases" will first be effective for the Group during the year ending 30 July 2020. It will bring most leases on to the balance sheet for lessees, eliminating the distinction between operating leases and finance leases. The Group has a number of operating lease arrangements and it is considered that the broad impact of IFRS 16 will be to recognise a right-of-use asset and a corresponding lease liability for the lease commitments. In addition, rentals on operating leases currently charged to the statement of comprehensive income will be replaced by a depreciation charge on the asset and an interest expense on the lease liability.

IFRS9 'Financial Instruments' is not expected to have a material impact on the Group's financial statements.

(f) Going concern

The Group is debt free and has substantial cash resources. The Board has prepared cash flow forecasts for the forthcoming year based upon assumptions for trading and the requirements for cash resources.

Based upon this analysis, the Board has concluded that the Group has adequate working capital resources and that it is appropriate to use the going concern basis for the preparation of the consolidated financial statements.

3 Segmental analysis

The Group has divided its results into two segments being 'Rail Technology and Services' and 'Traffic & Data Services'. Travel Compensation Services Limited and Delay Repay Sniper Limited are reported within 'Rail Technology & Services'.

The group has a wide range of products and services and products and services for the rail industry, such as software, hosting services, consultancy and remote condition monitoring, and these have been included within the Rail Technology & Services segment as they have similar customer bases (such as Train Operating Companies and Infrastructure Providers), whereas traffic data collection and event planning & traffic management have similar economic characteristics and distribution methods and so have been included within the Traffic & Data Services segment.

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 two operating segments, 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

	2018	2017
	£000	£000
Rail Technology & Services	**18,968**	15,964
Traffic & Data Services	**20,866**	18,522
Total revenue	**39,834**	34,486

Revenue can also be analysed as follows:

	2018	2017
	£000	£000
Software and related services	**14,010**	11,711
Other	**25,824**	22,775
Total	**39,834**	34,486

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

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

	2018			
	Rail Technology & Services	**Traffic & Data Services**	**Unallocated**	**Total**
	£000	**£000**	**£000**	**£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 result of equity accounted investees	**-**	**-**	**(201)**	**(201)**
Consolidated profit before tax	**9,239**	**1,998**	**(2,962)**	**8,275**

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

	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 liabilities	**-**	**-**	**(3,875)**	**(3,875)**
Contingent consideration	**-**	**-**	**(3,265)**	**(3,265)**
Consolidated total liabilities	**(6,489)**	**(4,651)**	**(7,140)**	**(18,280)**

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

Major customers

Transactions with the Group's largest customer represent 14% of the Group's total revenues (2017: 16%).

Geographic split of revenue

A geographical analysis of revenue is provided below:

	2018	2017
	£000	£000
United Kingdom	**38,388**	33,224
North America	**260**	437
Rest of the World	**1,186**	825
Total	**39,834**	34,486

4 Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 31 July 2018 was based on the profit attributable to ordinary shareholders of £7,246,000 (2017: £3,715,000) and a weighted average number of ordinary shares in issue of 28,196,000 (2017: 27,804,000), calculated as follows:

Weighted average number of ordinary shares

In thousands of shares

	2018	2017
Issued ordinary shares at 1 August	**27,964**	27,546
Effect of shares issued related to business combinations	**14**	-
Effect of shares issued for cash	**218**	258
Weighted average number of shares at 31 July	**28,196**	27,804

Diluted earnings per share

The calculation of diluted earnings per share at 31 July 2018 was based on profit attributable to ordinary shareholders of £7,246,000 (2017: £3,715,000) and a weighted average number of ordinary shares in issue after adjustment for the effects of all dilutive potential ordinary shares of 29,159,000 (2017: 28,738,000):

Adjusted EPS

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

	2018	2017
	£'000	£'000
Profit attributable to ordinary shareholders	**7,246**	3,715
Amortisation of intangible assets	**1,774**	1,674
Share-based payment charges	**1,193**	1,300
Exceptional items	**(2,572)**	139
Other operating income	**(214)**	(134)
Adjusted profit for EPS purposes	**7,427**	6,694

Weighted average number of ordinary shares

In thousands of shares

For the purposes of calculating Basic earnings per share	**28,196**	27,804
Adjustment for the effects of all dilutive potential ordinary shares	**29,159**	28,738

Basic adjusted earnings per share	**26.34p**	24.08p
Diluted adjusted earnings per share	**25.47p**	23.29p

5 Dividends

The Group introduced a progressive dividend policy during previous years. The cash cost of the dividend payments is below:

	2018	2017
	£000	£000
Final dividend for 2015/16 of 0.70p per share paid	**-**	195
Interim dividend for 2016/17 of 0.60p per share paid	**-**	167
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**	362

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

	2018	2017	2016	2015	2014	2013	2012
	£000	£000	£000	£000	£000	£000	£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 0.9p per share proposed	**255**	-	-	-	-	-	-

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

	2018	2017	2016	2015	2014	2013	2012
Total dividends paid per share	**1.6p**	1.4p	1.2p	1.0p	0.8p	0.7p	0.55p

The dividend will be payable on 15 February 2019 to shareholders on the Register at 1 February 2019.

6 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. These figures are relevant to the Group and are provided to provide a comparison to similar businesses and are metrics used by Equities Analysts who cover the Group.

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:

	2018 **£000**	2017 £000
Profit before tax	**8,275**	4,616
Finance income / expense – net	**8**	23
Share-based payment charges	**1,193**	1,300
Exceptional items	**(2,572)**	139
Other operating income	**(214)**	(134)
Amortisation of intangible assets	**1,774**	1,674
Depreciation	**760**	799
Share of result of equity accounted investees	**201**	77
Adjusted EBITDA	**9,425**	8,494

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

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

	2018 **£000**	2017 £000
Profit before tax	**8,275**	4,616
Finance income / expense – net	**8**	23
Share-based payment charges	**1,193**	1,300
Exceptional items	**(2,572)**	139
Other operating income	**(214)**	(134)
Amortisation of intangible assets	**1,774**	1,674
Share of result of equity accounted investees	**201**	77
Adjusted profit	**8,665**	7,695

Adjusted EBITDA reconciles to adjusted profit as set out below:

	2018 **£000**	2017 £000
Adjusted EBITDA	**9,425**	8,494
Depreciation	**(760)**	(799)
Adjusted profit	**8,665**	7,695

7 Acquisitions in the current year

Acquisition: S Dalby Consulting Limited, Travel Compensation Services Limited and Delay Repay Sniper Limited.

On 1 February 2018, the Group acquired the entire issued share capital of Travel Compensation Services Limited ('TCS'), Delay Repay Sniper Limited ('DRS') and S Dalby Consulting Limited (the holding company of TCS). All three companies were subject to one Share Purchase Agreement. The Directors believe that the areas in which TCS and DRS operate are likely to be opportunities for growth in the future and believe that the Group should have a product offering to take advantage of such growth.

TCS is a software provider of enterprise delay repay solutions to the UK Rail Industry. The business has developed technology that allows train operators to automatically process large volumes of consumer claims arising from rail delays and in doing so lower the transactional costs involved whilst speeding up response times and helping eliminate fraud.

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

In the year ended 30 September 2017, TCS and DRS generated revenue of £0.7m and a profit before tax of £0.3m. Under the terms of the acquisition there is a three year earn out period during which Tracsis expect both businesses to achieve growth.

The acquisition consideration comprised an initial cash payment of £1.75m, the issue of 28,571 Ordinary Shares in Tracsis at a total value of £0.15m, an additional cash payment in respect of net current assets of £0.2m; and Contingent deferred cash consideration of up to £4.7m, payable annually based on the significant growth in performance of the acquisitions over a three year period.

The contingent consideration could range from £nil to £4.7m depending on the financial performance over the three years since acquisition and the Directors concluded that £1.2m was the most likely amount payable and included this in the balance sheet.

In the period to 31 July 2018 TCS and DRS contributed revenue of £0.5m and pre tax profit of £0.1m 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 2017, management estimates that the contribution to Group revenue would have been £0.8m and Group pre tax profit for the period of £0.1m. 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 2017.

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 and includes the workforce of TCS and DRS.

The fair value adjustments 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 £81,000 which are included within administrative expenses.

The acquisition (in respect of both trading companies – which have been amalgamated) had the following 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	-	1,678	1,678
Intangible assets: Customer relationships	-	1,238	1,238
Tangible fixed assets	10	-	10
Cash and cash equivalents	214	-	214
Trade and other receivables	108	-	108
Trade and other payables	(63)	-	(63)
Income tax payable	(32)	-	(32)
Deferred tax liability	(2)	(496)	(498)
Net identified assets and liabilities	235	2,420	2,655
Goodwill on acquisition			623
			3,278

Consideration paid in cash	1,928
Consideration paid: fair value of shares issued	150
Fair value of contingent consideration payable	1,200
Total consideration	3,278

8 Contingent consideration

During the year, the Group acquired Travel Compensation Services Limited (renamed Tracsis Travel Compensation Services Limited) and Delay Repay Sniper Limited. Under the share purchase agreement, contingent consideration is payable which is linked to the profitability of the acquired businesses for a three year period post acquisition. The maximum amount payable is £4,700,000. The fair value of the amount payable was assessed at £1,200,000.

During the year, contingent consideration of £323,000 was paid in respect of the SEP acquisition which was made in the year ended 31 July 2016, and £nil was paid in respect of the Ontrac acquisition which was made in the year ended 31 July 2016. An amount of £2,058,000 was paid after the Balance Sheet date in respect of the Ontrac acquisition which was agreed with the Sellers and also £7,000 in respect of SEP Limited.

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

	2018 £000	2017 £000
SEP Limited	**7**	330
Ontrac Limited	**2,058**	4,711
Tracsis Travel Compensation Services Limited & Delay Repay Sniper Limited	**1,200**	-
	3,265	5,041

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:

	2018 £000	2017 £000
At the start of the year	**5,041**	6,150
Arising on acquisition	**1,200**	-
Cash payment	**(323)**	(1,109)
Release to Statement of Comprehensive Income	**(2,653)**	-
At the end of the year	**3,265**	5,041

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

	2018	2017
	£000	£000
Payable in less than one year	**2,165**	5,041
Payable in more than one year	**1,100**	-
Total	**3,265**	5,041

9 Exceptional items

The Group incurred a number of exceptional items in 2018 and 2017 which are analysed as follows:

	2018	2017
	£000	£000
Non cash:		
Provision against investment	**-**	139
Contingent consideration credit	**(2,653)**	-
Cash:		
Legal and professional fees in respect of acquisitions	**81**	-
Total exceptional items	**(2,572)**	139

2018
During the year, the Group acquired Travel Compensation Services Limited and Delay Repay Sniper Limited, and incurred £81,000 of exceptional deal related costs as a result. An exceptional credit on contingent consideration arose as the final amounts in respect of the acquisition of Ontrac Limited was finalised and £2,058,000 was paid post year end against an amount included in the Balance Sheet of £4,711,000 resulting in an exceptional credit of £2,653,000

2017
The provision against the investment relates to the Group's interests in Citi Logik Limited. Following a review of the carrying value in the year, the Directors concluded that the value of the investment should be partly provided against and as such, an impairment was recognised for the carrying value

10 Annual Report and Annual General Meeting

The Company anticipates dispatching a copy of its annual report and accounts to all shareholders at the end of November 2018. A copy will also be available on the Company's website www.tracsis.com.

The Annual General Meeting of the Company will be held at Leeds Innovation Centre, 103 Clarendon Road, Leeds, LS2 9DF on 23 January 2019 at 1pm.