



Wheelsure

Wheelsure Holdings plc

INTERIM REPORT 2016

Chairman's statement

I am pleased to announce the results for the half year ended 29 February 2016, a period in which we have continued to make progress in our main territories:

- Sales of £133,454 an increase of 47% compared with 2015 (£90,409);
- Further sales and orders received in our main strategic territories, including Austria for the first time;
- Initial order from Italy for the supply of specialist track equipment, incorporating Tracksure technology, where Tracksure will subcontract the total manufacture; and
- Fund raising of £247,475 from existing and new investors.

As previously reported we are benefitting from repeat orders in each territory and our primary objective is to increase the rate of re-order and establish new sales opportunities.

To this end, and as previously announced, Tracksure continues to work with its advisers to capitalise on existing progress, review resources and identify opportunities in other sectors.

A brief outline of the progress being made is as follows:

UK

Orders continue to be received from London Underground (LUL), although slightly slower than anticipated against a background of budgetary constraint. Strategically, we have concluded discussions with procurement in respect of quality, logistics and terms that will facilitate further business and continue to broaden our contacts base within LUL.

We have gained further orders from Docklands Light Railway (DLR) and we are exploring new applications with the customer.

Italy

As previously indicated, orders have been received and delivered to both the state rail operator, Rete Ferroviaria Italiana (RFI) and Ferrovienord.

For the first time we have also received an order, following a successful tender from Ferrovienord (post-reporting period) for specialist track equipment (incorporating the Tracksure product) whereby we will manage the subcontracted manufacture. This gives Tracksure the potential opportunity to broaden our product portfolio and income streams in both Italy and other territories.

Germany & Austria

The progress previously reported in Germany and Austria continues, with further orders received from both territories. The business stems from a developing commercial relationship with both DB Netz AG (DB) and Siemens AG and the Board expects this to continue.

The initial order received from ÖBB-Personenverkehr AG is an example of the benefit of the DB approval and has been followed by a further order since the period end.

In addition, Tracksure supplier status to DB (HQ1) has been renewed.

Holland & Belgium

Following commencement of a commercial relationship with Strukton, an initial order was fulfilled and a since the period end a further order has been received and an order enquiry is currently being processed.

The Board is also pleased to announce that, as a result of the relationship with Strukton, we have recently received our first order from one of Europe's largest rail infrastructure manufacturers. This order is for two separate track applications and the Board believes that it will be a template for ongoing production.

We have signed a distribution agreement with a specialist Belgian agent, Andiman et Co, to market Tracksure in Belgium, Luxembourg and France.

USA

Royalty income of £12,715 was received relating to the 4th quarter 2015 and supply chain improvements continue to be made in the USA. Our partner is also continuing to make progress with a number of metro systems.

The Board remain confident that our strategy will see business develop further in the specific targeted markets as evidenced above and would like to thank all our shareholders for their continued support.

G J Mulder
Chairman
24 May 2016

Unaudited consolidated profit and loss account
for the six months ended 29 February 2016

	<i>Six months ended 29.02.16 £</i>	<i>Six months ended 28.02.15 £</i>	<i>Year ended 31.08.15 £</i>
TURNOVER	133,454	90,409	239,525
Cost of sales	(64,419)	(47,694)	(123,360)
GROSS PROFIT	69,035	42,715	116,165
Administrative expenses	(201,518)	(177,877)	(395,423)
	(132,483)	(135,162)	(279,258)
Other operating income	12,715	22,168	22,168
OPERATING LOSS	(119,768)	(112,994)	(257,090)
Reversal of impairment losses on intangible fixed assets	–	–	40,551
	(119,768)	(112,994)	(216,539)
Interest receivable and similar income	15	–	2
	(119,753)	(112,994)	(216,537)
Interest payable and similar charges	(6,183)	(5,625)	(11,492)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	(125,936)	(118,619)	(228,029)
Tax on loss on ordinary activities	–	–	10,640
LOSS FOR THE PERIOD AFTER TAXATION	(125,936)	(118,619)	(217,389)

Unaudited consolidated balance sheet
as at 29 February 2016

	<i>Six months ended</i> 29.02.2016		<i>Six months ended</i> 28.02.2015		<i>Year ended</i> 31.08.2015	
	£	£	£	£	£	£
FIXED ASSETS						
Intangible assets		84,060		60,317		87,862
Tangible assets		4,562		7,335		5,923
		88,622		67,652		93,785
CURRENT ASSETS						
Stocks		53,941		35,640		34,639
Debtors		111,164		79,795		84,455
Cash at bank		105,571		120,069		41,827
		270,676		235,504		160,921
CREDITORS						
Amounts falling due within one year		(169,248)		(152,352)		(186,195)
NET CURRENT ASSETS/(LIABILITIES)		101,428		83,152		(25,274)
TOTAL ASSETS LESS CURRENT LIABILITIES		190,050		150,804		68,511
CAPITAL AND RESERVES						
Called up share capital		1,641,942		1,381,442		1,381,442
Share premium		3,430,225		3,443,250		3,443,250
Profit and loss account		(4,882,117)		(4,673,888)		(4,756,181)
SHAREHOLDERS' FUNDS		190,050		150,804		68,511

Unaudited consolidated cash flow statement
for the six months ended 29 February 2016

		<i>Six months ended 29.02.16</i>	<i>Six months ended 28.02.15</i>	<i>Year ended 31.08.15</i>
	<i>Notes</i>	<i>£</i>	<i>£</i>	<i>£</i>
Net cash outflow from operating activities	3	(191,627)	(139,432)	(210,943)
Returns on investments and servicing of finance	4	(568)	(655)	(1,244)
Taxation		9,947	9,216	9,216
Capital expenditure	4	(1,483)	(3,518)	(8,160)
		<u>(183,731)</u>	<u>(134,389)</u>	<u>(211,131)</u>
Financing	4	247,475	150,000	148,500
Increase/(decrease) in cash in the period		<u>63,744</u>	<u>15,611</u>	<u>(62,631)</u>
Reconciliation of net cash flow to movement in net funds	5			
Increase/(decrease) in cash in the period		63,744	15,611	(62,631)
Cash inflow from increase in debt		–	–	–
Changes in net funds resulting from cash flows		<u>63,744</u>	<u>15,611</u>	<u>(62,631)</u>
Other changes		(5,600)	(4,970)	(10,246)
Movement in net funds in the period		<u>58,144</u>	<u>10,641</u>	<u>(72,877)</u>
Net funds as at 1 September		(49,204)	23,673	23,673
Net funds/(debt) at period end		<u>8,940</u>	<u>34,314</u>	<u>(49,204)</u>

Notes to the unaudited financial statements

for the six months ended 29 February 2016

1. Basis of preparation

The interim financial information for the six months ended 29 February 2016 is neither audited nor reviewed, but has been prepared in accordance with the accounting policies set out in the Company's annual report and accounts for the year ended 31 August 2015.

The figures for the year ended 31 August 2015 do not comprise statutory accounts for the purpose of section 435(1) of the Companies Act 2006 and have been extracted from the Company's full accounts for that year in which the auditors' report was neither qualified, nor contained any references to emphasis of matter, nor any statement under section 498(2) or section 498(3) of the Companies Act 2006. The Company's full accounts have been filed with the Registrar of Companies.

2. Reconciliation of movement in shareholders' funds

	<i>Six months ended</i> 29.02.16	<i>Six months ended</i> 28.02.15	<i>Year ended</i> 31.08.15
	£	£	£
Loss for the period	(125,936)	(118,619)	(217,389)
Issue of shares	247,475	148,500	148,500
Share based payment transactions	–	–	16,477
Net increase/(decrease) in shareholders' funds	121,539	29,881	(52,412)
Opening shareholders' funds	68,511	120,923	120,923
Closing shareholders' funds	<u>190,050</u>	<u>150,804</u>	<u>68,511</u>

3. Reconciliation of operating loss to net cash outflow from operating activities

	<i>Six months ended</i> 29.02.16	<i>Six months ended</i> 28.02.15	<i>Year ended</i> 31.08.15
	£	£	£
Operating loss	(119,768)	(112,994)	(257,090)
Depreciation charges	6,646	3,969	8,225
Loss on disposal of fixed assets	–	–	14,804
Share based payment transactions	–	–	16,477
Increase in stocks	(19,302)	(3,978)	(2,977)
Increase in debtors	(36,656)	(13,884)	(7,904)
(Decrease)/increase in creditors	(22,547)	(12,545)	17,522
Net cash outflow from operating activities	<u>(191,627)</u>	<u>(139,432)</u>	<u>(210,943)</u>

4. Analysis of cash flows for headings netted in the cash flow statement

	<i>Six months ended</i> 29.02.16	<i>Six months ended</i> 28.02.15	<i>Year ended</i> 31.08.15
	£	£	£
Returns on investments and servicing of finance:			
Interest received	15	–	2
Interest paid	(583)	(655)	(1,246)
Net cash outflow for returns on investments and servicing of finance	<u>(568)</u>	<u>(655)</u>	<u>(1,244)</u>
Capital expenditure:			
Purchase of intangible fixed assets	(1,483)	(2,842)	(7,485)
Purchase of tangible fixed assets	–	(676)	(675)
Net cash outflow for capital expenditure	<u>(1,483)</u>	<u>(3,518)</u>	<u>(8,160)</u>
Financing:			
Share issue	247,475	150,000	148,500
Loans received	–	–	–
Net cash inflow from financing	<u>247,475</u>	<u>150,000</u>	<u>148,500</u>

5. Analysis of changes in net funds

	<i>At 01.09.15</i> £	<i>Cash flow</i> £	<i>Other non-cash</i> <i>changes</i> £	<i>At 29.02.16</i> £
Net cash: Cash at bank	41,827	63,744	–	105,571
Debt: Debts falling due within one year	(91,031)	–	(5,600)	(96,631)
Total	<u>(49,204)</u>	<u>63,744</u>	<u>(5,600)</u>	<u>8,940</u>