



Wheelsure

Wheelsure Holdings plc

INTERIM REPORT 2014

Chairman's statement

The results for the 6 months ended 28 February 2014 show a turnover of just over £31,000 (6 months to 28 February 2013: £111,000) and a loss on ordinary activities before tax of £198,000 compared with a loss of £183,000 for the comparable period last year.

The financials continue to reflect the frustration previously reported although the Board remains convinced that larger orders will materialise as a result of the progress being made as detailed below:

Tracksure

UK

We continue to work progressively with London Underground (LUL), extending our network of contacts with different underground lines and developing our product range for new applications.

As a result we currently have received orders amounting to £54,750 in respect of approved applications and are confident that further orders will be received in the short term for both existing applications and for "in-house" new build crossings.

Holland

As reported in my statement for the year ended 31 August 2013, we are now approaching the end of two short term projects with Prorail, the Dutch rail operator.

The opportunities likely to be available as a result of these trials, as previously reported, remain unchanged and we continue to work with our distribution partner to ensure that all business opportunities are maximised.

Italy

We continue to make excellent progress in Italy and can report that RFI (the state rail operator) has concluded that, as a result of our successful testing, the use of Tracksure products will be further extended in crossings.

This is currently being discussed with RFI through our Italian agent and we are very confident of converting this sentiment in to orders in the short term.

In addition we have recently received initial small orders (post financial period) from D R Ferroviaria Srl and Ferrovie del Gargano for crossings/switches which will be installed by Ferrovienord. Fitting and initial product training has taken place during late May.

This means that Tracksure is now being used by 3 infrastructure operators (RFI, Ferrovienord and Ferrovie del Gargano) as well as being specified with 4 manufacturers (RFI, DT (Czech Republic), So Co Fer and D R Ferroviaria).

The Board is confident that this momentum will continue.

Germany

The brake retarder project with the Deutsche Bahn (DB Netz AG) referred to in my statement for the year ended 31 August 2013 is about to commence with installation of the product having taken place on 21 May 2014. There follows a six month formal assessment which the Board believes will, if successful, lead to Tracksure being specified for future use in a larger new build tender later this year.

In addition, Tracksure is now in the process of seeking "Approved Supplier Status" with DB Netz AG.

Australia

Following the recent receipt of 3 orders from two Australian rail contractors, first-time installations will commence in early June 2014 with both companies.

United States

Our partner, LB Foster Company ("LBF"), continues to receive orders placed by, and on behalf of, major USA railroad companies for installation in both diamond crossing and turnout applications. Current orders amount to US\$23k.

Discussions continue with LBF to finalise a distribution agreement which, although taking longer than originally anticipated, the Board believes should be concluded by the end of the year. It should be noted however that these discussions are not affecting the sales effort being made by LBF.

In addition, the use of the Tracksure product by the Chicago Transit Authority has progressed to the specification stage and it is expected that this will lead to the first orders from that organisation. Sales prices are currently under negotiation.

Also the important developments in Australia with a rail contractor which has a US parent is expected to have a positive effect in the United States for the medium sized railroads.

Other Activities

In addition to the specific territories/customers described above we continue to develop Tracksure business on a broader commercial basis both with other customers and in other countries as well as with our supply chain.

These include DLR in the UK, as well as targets in Spain, Turkey, Hungary, France and Malaysia. However, as shareholders will be well aware by now, the process of testing, trialling, approvals and commercialisation means that progress is not always linear and, regretfully, there is therefore nothing significant to report at this stage.

Fundraising

In March 2014, the Company successfully completed a fully subscribed Open Offer of 29,110,206 Open Offer Shares raising, in aggregate, gross proceeds of £291,102 for working capital purposes.

Finally, I can only reiterate that the Board remains optimistic that its efforts will result in increased revenue streams in the foreseeable future. Thank you to all those shareholders who supported us in the recent Open Offer.

G J Mulder
Chairman

29 May 2014

Unaudited consolidated profit and loss account
for the six months ended 28 February 2014

	<i>Six months ended 28.02.14 £</i>	<i>Six months ended 28.02.13 £</i>	<i>Year ended 31.08.13 £</i>
TURNOVER	31,056	111,022	209,066
Cost of sales	(14,390)	(62,849)	(116,271)
GROSS PROFIT	16,666	48,173	92,795
Administrative expenses	(212,475)	(230,907)	(473,790)
	(195,809)	(182,734)	(380,995)
Other operating income	–	–	–
OPERATING LOSS	(195,809)	(182,734)	(380,995)
Interest receivable and similar income	–	–	–
	(195,809)	(182,734)	(380,995)
Interest payable and similar charges	(2,106)	(672)	(1,222)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	(197,915)	(183,406)	(382,217)
Tax on loss on ordinary activities	–	–	9,543
LOSS FOR THE PERIOD AFTER TAXATION	(197,915)	(183,406)	(372,674)

Unaudited consolidated balance sheet
as at 28 February 2014

	<i>Six months ended</i> <i>28.02.2014</i>		<i>Six months ended</i> <i>28.02.2013</i>		<i>Year ended</i> <i>31.08.2013</i>	
	£	£	£	£	£	£
FIXED ASSETS						
Intangible assets		60,594		62,823		60,713
Tangible assets		3,500		7,066		5,351
		64,094		69,889		66,064
CURRENT ASSETS						
Stocks		64,154		42,332		58,759
Debtors		39,484		74,232		42,351
Cash at bank		13,132		172,117		100,449
		116,770		288,681		201,559
CREDITORS						
Amounts falling due within one year		(150,234)		(102,930)		(80,128)
NET CURRENT (LIABILITIES)/ASSETS		(33,464)		185,751		121,431
TOTAL ASSETS LESS CURRENT LIABILITIES		30,630		255,640		187,495
CAPITAL AND RESERVES						
Called up share capital		970,340		830,340		929,040
Share premium		3,439,118		3,441,368		3,439,368
Profit and loss account		(4,378,828)		(4,016,068)		(4,180,913)
SHAREHOLDERS' FUNDS		30,630		255,640		187,495

Unaudited consolidated cash flow statement
for the six months ended 28 February 2014

		<i>Six months ended 28.02.14</i>	<i>Six months ended 28.02.13</i>	<i>Year ended 31.08.13</i>
	<i>Notes</i>	<i>£</i>	<i>£</i>	<i>£</i>
Net cash outflow from operating activities	3	(208,440)	(138,412)	(312,992)
Returns on investments and servicing of finance	4	(1,002)	(672)	(1,222)
Taxation		8,723	–	7,501
Capital expenditure	4	(2,648)	(4,126)	(4,865)
		<u>(203,367)</u>	<u>(143,210)</u>	<u>(311,578)</u>
Financing	4	116,050	199,568	296,268
(Decrease)/increase in cash in the period		<u>(87,317)</u>	<u>56,358</u>	<u>(15,310)</u>
Reconciliation of net cash flow to movement in net funds	5			
(Decrease)/increase in cash in the period		<u>(87,317)</u>	<u>56,358</u>	<u>(15,310)</u>
Movement in net funds in the period		<u>(87,317)</u>	<u>56,358</u>	<u>(15,310)</u>
Net funds as at 1 September		<u>100,449</u>	<u>115,759</u>	<u>115,759</u>
Net funds at period end		<u>13,132</u>	<u>172,117</u>	<u>100,449</u>

Notes to the unaudited financial statements

for the six months ended 28 February 2014

1. Basis of preparation

The interim financial information for the six months ended 28 February 2014 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 2013.

The figures for the year ended 31 August 2013 do not comprise statutory accounts for the purpose of s435(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> 28.02.14	<i>Six months ended</i> 28.02.13	<i>Year ended</i> 31.08.13
	£	£	£
Loss for the period	(197,915)	(183,406)	(372,674)
Issue of shares	41,050	199,568	296,268
Share based payment transactions	–	–	24,423
Net (decrease) / increase in shareholders' funds	(156,865)	16,162	(51,983)
Opening shareholders' funds	187,495	239,478	239,478
Closing shareholders' funds	30,630	255,640	187,495

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

	<i>Six months ended</i> 28.02.14	<i>Six months ended</i> 28.02.13	<i>Year ended</i> 31.08.13
	£	£	£
Operating loss	(195,809)	(182,734)	(380,995)
Depreciation charges	4,618	4,178	8,742
Share based payment transactions	–	–	24,423
(Increase)/decrease in stocks	(5,395)	20,285	3,858
(Increase)/decrease in debtors	(5,856)	(24,066)	9,857
(Decrease)/increase in creditors	(5,998)	43,925	21,123
Net cash outflow from operating activities	(208,440)	(138,412)	(312,992)

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

	<i>Six months ended</i> 28.02.14	<i>Six months ended</i> 28.02.13	<i>Year ended</i> 31.08.13
	£	£	£
Returns on investments and servicing of finance:			
Interest received	–	–	–
Interest paid	(1,002)	(672)	(1,222)
Net cash outflow for returns on investments and servicing of finance	(1,002)	(672)	(1,222)
Capital expenditure:			
Purchase of intangible fixed assets	(266)	(746)	(1,083)
Purchase of tangible fixed assets	(2,382)	(3,380)	(3,782)
Net cash outflow for capital expenditure	(2,648)	(4,126)	(4,865)
Financing:			
Share issue	41,050	199,568	296,268
Loans received	75,000	–	–
Net cash inflow from financing	116,050	199,568	296,268

5. Analysis of changes in net funds

	<i>At 01.09.13</i> £	<i>Cash flow</i> £	<i>At 28.02.14</i> £
Net cash: Cash at bank	100,449	(87,317)	13,132
Total	100,449	(87,317)	13,132