



Wheelsure

Wheelsure Holdings plc

INTERIM REPORT 2019

Chairman's statement

We are announcing our results for the 6 months ended 28 February 2019. I am pleased to report that orders in this period, from our existing customer base, reflect a 44% increase over the comparable period in 2018. This welcome increase, whilst from a low base, reflects the fact that our customer relationships are strong, although featuring an inconsistent ordering pattern.

Sales were £65,606 (6 months to 28 February 2018: £45,547), including royalty income of £4,223 (6 months to 28 February 2018: £1,140).

I am also pleased to announce that we have secured a working capital facility to allow us to concentrate on further developing our existing business and seek new business opportunities.

The Board remain confident that the continued development and realisation of our core business will deliver more sustainable income. In all the territories listed below, we are benefitting from orders but recognise that there are significant opportunities still to be realised. This remains the primary focus of the business.

Additionally, as referred to in the 2018 Annual Report, the strategic collaboration with AIM listed Haydale Graphene Industries plc, will increase our commercial potential in both the core business and the "smart sensor" market which we are jointly exploring. This will not only complement our existing, world-leading bolt technology, but will also offer potential benefits across many other business sectors.

It should not go unmentioned that Manchester University was the pioneer of graphene.

UK

We continued to receive orders for both the London Underground (LUL) and Docklands Light Railway (DLR) networks. This continues in the post-reporting period as we seek to broaden our order base with both organisations and their subcontractors. Encouragingly the orders received, and subsequent enquiries, are for a varied number of track applications. These applications are largely generic in rail infrastructure worldwide and it is this knowledge that provides the foundation for further business development.

Holland, Germany, and Austria

Orders from Germany (Siemens AG) were encouraging during the period and the Board is confident that continued demand from the German State Rail Operator, DB Netz, will persist throughout 2019/20. The use of Tracksure on brake retarders, supplied by Siemens AG, is a specialist usage that once again offers potential in other territories.

In Holland and Austria, delays between approvals and broad commercialisation are frustrating and remain a priority for our team. In Holland, I am pleased to say, that this has now led to positive ongoing discussions in the post-reporting period with voestalpine Railpro B.V and the major subcontractors operating in the market.

Italy

As previously referred to, a full technical approval from Rete Ferroviaria Italiana (RFI) has been secured. As in the case of Holland and Austria, along with our partners, we are actively seeking to fully commercialise this approval now to build on limited orders received in the period.

USA/Mexico/Latin America

Royalty income from our arrangements with LB Foster continues to be received.

We are also now seeking to work with a specialist Mexican agent in Central/Latin America. Details have been exchanged under an NDA and discussions are ongoing with a view to opening up these growing markets.

The Board would like to thank all our shareholders for their continued support.

G J Mulder
Chairman
31 May 2019

This announcement contains information which, prior to its disclosure, was inside information for the purposes of the Market Abuse Regulation.

**Unaudited consolidated statement of comprehensive income
for the six months ended 28 February 2019**

	Six months ended 28.02.19 £	Six months ended 28.02.18 £	Year ended 31.08.18 £
TURNOVER	61,379	44,407	96,470
Cost of sales	<u>(27,917)</u>	<u>(19,305)</u>	<u>(52,302)</u>
GROSS PROFIT	33,462	25,102	44,168
Administrative expenses	<u>(157,090)</u>	<u>(198,464)</u>	<u>(373,757)</u>
	(123,628)	(173,362)	(329,589)
Other operating income	<u>4,226</u>	<u>1,140</u>	<u>8,066</u>
OPERATING LOSS	(119,402)	(172,222)	(321,523)
Interest payable and similar charges	<u>(6,117)</u>	<u>(8,543)</u>	<u>(14,481)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	(125,519)	(180,765)	(336,004)
Tax on loss on ordinary activities	<u>-</u>	<u>-</u>	<u>29,435</u>
LOSS FOR THE PERIOD AFTER TAXATION	<u>(125,519)</u>	<u>(180,765)</u>	<u>(306,569)</u>
Other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u><u>(125,519)</u></u>	<u><u>(180,765)</u></u>	<u><u>(306,569)</u></u>
BASIC AND DILUTED LOSS PER SHARE (NOTE 3)	<u><u>0.05p</u></u>	<u><u>0.08p</u></u>	<u><u>0.13p</u></u>

**Unaudited consolidated balance sheet
as at 28 February 2019**

	As at 28.02.2019		As at 28.02.2018		As at 31.08.2018	
	£	£	£	£	£	£
FIXED ASSETS						
Intangible assets		73,779		74,720		76,904
Tangible assets		-		247		84
		<u>73,779</u>		<u>74,967</u>		<u>76,988</u>
CURRENT ASSETS						
Stocks	37,602		44,640		36,735	
Debtors	70,774		70,135		70,799	
Cash at bank	9,070		119,120		26,966	
	<u>117,446</u>		<u>233,895</u>		<u>134,500</u>	
CREDITORS						
Amounts falling due within one year		<u>(160,658)</u>		<u>(145,222)</u>		<u>(173,652)</u>
NET CURRENT (LIABILITIES) / ASSETS		<u>(43,212)</u>		<u>88,673</u>		<u>(39,152)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>30,567</u></u>		<u><u>163,640</u></u>		<u><u>37,836</u></u>
CAPITAL AND RESERVES						
Called up share capital	2,402,057		2,277,057		2,277,057	
Share premium	3,443,250		3,443,250		3,443,250	
Profit and loss account	<u>(5,814,740)</u>		<u>(5,556,667)</u>		<u>(5,682,471)</u>	
SHAREHOLDERS' FUNDS		<u><u>30,567</u></u>		<u><u>163,640</u></u>		<u><u>37,836</u></u>

**Unaudited consolidated statement of changes in equity
for the six months ended 28 February 2019**

Six months ended 28 February 2019	Called up share capital £	Share Premium £	Retained earnings £	Total equity £
Balance at 1 September 2018	2,277,057	3,443,250	(5,682,471)	37,836
Changes in equity				
Total comprehensive loss	-	-	(125,519)	(125,519)
Issue of share capital	125,000	-	(6,750)	118,250
Balance at 28 February 2019	<u>2,402,057</u>	<u>3,443,250</u>	<u>(5,814,740)</u>	<u>30,657</u>
Six months ended 28 February 2018	Called up share capital £	Share Premium £	Retained earnings £	Total equity £
Balance at 1 September 2017	2,277,057	3,443,250	(5,375,902)	344,405
Changes in equity				
Total comprehensive loss	-	-	(180,765)	(180,765)
Balance at 28 February 2018	<u>2,277,057</u>	<u>3,443,250</u>	<u>(5,556,667)</u>	<u>163,640</u>
Year ended 31 August 2018	Called up share capital £	Share Premium £	Retained earnings £	Total equity £
Balance at 1 September 2017	2,277,057	3,443,250	(5,375,902)	344,405
Changes in equity				
Total comprehensive loss	-	-	(306,569)	(306,569)
Balance at 31 August 2018	<u>2,277,057</u>	<u>3,443,250</u>	<u>(5,682,471)</u>	<u>37,836</u>

**Unaudited consolidated cash flow statement
for the six months ended 28 February 2019**

	<i>Notes</i>	Six months ended 28.02.19 £	Six months ended 28.02.18 £	Year ended 31.08.18 £
Cash flows from operating activities				
Cash used in operations	4	(147,707)	(130,800)	(212,123)
Tax received		13,537	13,636	13,636
Net cash used in operating activities		<u>(134,170)</u>	<u>(117,164)</u>	<u>(198,487)</u>
Cash flows from investing activities				
Capital expenditure		<u>(1,211)</u>	<u>(1,568)</u>	<u>(11,619)</u>
Net cash used in investing activities		<u>(1,211)</u>	<u>(1,568)</u>	<u>(11,619)</u>
Cash flows from financing activities				
Loans repaid in period		-	(43,608)	(43,608)
Share issue proceeds		125,000	5,000	5,000
Share issue costs		(6,750)	-	-
Interest paid		<u>(765)</u>	<u>(27,189)</u>	<u>(27,969)</u>
Net cash from financing activities		<u>117,485</u>	<u>(65,797)</u>	<u>(66,577)</u>
Decrease in cash and cash equivalents		(17,896)	(184,529)	(276,683)
Cash at bank and in hand at start of period		<u>26,966</u>	<u>303,649</u>	<u>303,649</u>
Cash at bank and in hand at period end		<u><u>9,070</u></u>	<u><u>119,120</u></u>	<u><u>26,966</u></u>

Notes to the unaudited financial statements for the six months ended 28 February 2019

1. Reporting entity

Wheelsure Holdings Plc (the “Company”) is a company incorporated and domiciled in the United Kingdom. The address of the Company’s registered office and its principal place of business is 8 Woburn Street, Amptill, Bedfordshire, MK45 2HP.

The consolidated interim financial statements of the Group as at and for the half year ended 28 February 2019 comprise the Company and its subsidiaries (together referred to as the “Group”). The financial information set out in this interim report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Group’s statutory financial statements for the year ended 31 August 2018 have been filed with the Registrar of Companies. The auditor’s report on those financial statements was unqualified but contained an emphasis of matter paragraph in relation to going concern, and did not contain a statement under Section 498(2) of the Companies Act 2006. The consolidated financial statements of the Group as at and for the year ended 31 August 2018 are available at <http://www.wsgroupglobal.com>.

2. Basis of preparation

These consolidated financial statements for the half year ended 28 February 2019 are unaudited. They have been prepared and approved by the directors following the recognition and measurement principles of Financial Reporting Standard (FRS 102) and with the requirements of the Companies Act 2006.

The interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 August 2018.

3. Basic and diluted loss per share

	Six months ended 28.02.19	Six months ended 28.02.18	Year ended 31.08.18
	£	£	£
Loss for the period	(125,519)	(180,765)	(306,569)
Weighted average number of ordinary shares in issue during the period	<u>233,921,196</u>	<u>227,705,726</u>	<u>227,705,726</u>
Basic and diluted loss per share	<u>0.05p</u>	<u>0.08p</u>	<u>0.13p</u>

No shares were deemed to have been issued at nil consideration as a result of the share options granted.

The diluted basic loss per share is stated as the same amount as the basic as there is no dilutive effect in either year.

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

	Six months ended 28.02.19	Six months ended 28.02.18	Year ended 31.08.18
	£	£	£
Loss for the period	(125,519)	(180,765)	(306,569)
Depreciation and amortisation charges	4,420	6,314	11,931
Loss on disposal of fixed assets	-	-	2,413
Finance costs	6,117	8,543	14,481
Taxation credit	-	-	(29,435)
	<u>(114,982)</u>	<u>(165,908)</u>	<u>(307,179)</u>
(Increase) / decrease in stocks	(867)	8,496	16,401
(Increase) / decrease in debtors	(13,512)	41,714	70,485
(Decrease) / increase in creditors	<u>(18,346)</u>	<u>(15,102)</u>	<u>8,170</u>
Net cash outflow from operating activities	<u>(147,707)</u>	<u>(130,800)</u>	<u>(212,123)</u>