



Wheelsure

Wheelsure Holdings plc

INTERIM REPORT 2015

Chairman's statement

The Company is pleased to announce its results for the 6 months ended 28 February 2015 that show a turnover of £90,000 (6 months to 28 February 2014: £31,000) and a loss before tax of £119,000 compared with a loss of £198,000 for the comparable period last year. In addition to the reported turnover, we have also started to receive royalty income through our agreement with L.B. Foster (LBF) with US\$36,000 invoiced in the reporting period.

This revenue reflects a continued stronger inflow of orders. The turnover for the 12 months to 28 February 2015 is £203,000 (12 months to 28 February 2014: £129,000), excluding the LBF royalty income referred to above, and the Board believes this upward trend will continue. Sales to London Underground (LUL) continue to be made on a regular basis and, as announced at the start of April 2015, we have received our first orders from Germany amounting to EUR 55,000 in total. More detailed information about these important business developments and updates on our other activities are set out below.

UK

We continue to enjoy regular business across a wider range of track applications in different lines with LUL. The Board is of the opinion that this area of business will continue to grow and further strengthen the growing trading relationship we now have with this major customer.

Italy

Further orders have been received from Ferrovienord and its manufacturers and more opportunities are now in the pipeline. I am pleased to report that the supply agreement to be an approved supplier with the Italian state railway operator, Rete Ferroviaria Italiana (RFI), is almost finalised; once agreed, this will enable us to supply an initial order for 35 crossings.

Germany

On 1 March 2015, we received formal technical approval from the German state railway operator DB Netz AG (DB) for the use of Tracksure in all hydraulic brake retarder applications and, as a direct result, an order from Siemens AG (Siemens) worth EUR 52,500 has been received. This order is for the commencement of an upgrade of infrastructure in Halle.

A further order worth EUR2,500 from Siemens has been received as part of its ongoing product development process, enhancing its existing brake design for a separate brake application in Hamburg. Tracksure has been retrospectively included in the project following specification by DB.

In addition, we are also working with DB to become an approved supplier and recently successfully completed a quality-management systems audit. We are also discussing a wider cooperation agreement with Siemens for future business in Germany and beyond.

Holland

We still await the formal approval of Prorail Holland that will facilitate commercialisation of Tracksure in that country. We remain confident that this will be forthcoming and that Holland's main rail contractors will utilise Tracksure once this approval is given.

USA

Royalty income of US\$36,000 has been invoiced in the period as a result of our formal agreement with LBF. We are delighted that LBF has now asked us to extend our agreement with them to include Brazil. The Board anticipates that royalty income from LBF will continue to develop as supply chain issues are resolved and geographical coverage is expanded.

Other Markets

In Australia, one of the two track evaluations we undertook with a rail contractor is expected to lead to a type approval for Tracksure. This is a significant step forward and we have, as a result, already been asked to formally quote for the first supply of product. We are therefore very confident that Tracksure business can start to develop in earnest in this attractive market.

Tracksure continues to seek further progress in other markets which we have outlined in previous reporting and we will update you once we receive any positive news.

Future Prospects

The Board remains confident that the strategy we are pursuing will continue to grow business and opportunities in our target markets. We will also look to initiate new activity where the market conditions are suitable and where our existing activities and contacts will help to shorten the testing and approval cycle.

We thank all our shareholders for their continued support.

G J Mulder
Chairman
27 April 2015

Unaudited consolidated profit and loss account
for the six months ended 28 February 2015

	<i>Six months ended 28.02.15 £</i>	<i>Six months ended 28.02.14 £</i>	<i>Year ended 31.08.14 £</i>
TURNOVER	90,409	31,056	144,434
Cost of sales	(47,694)	(14,390)	(91,289)
GROSS PROFIT	42,715	16,666	53,145
Administrative expenses	(177,877)	(212,475)	(452,471)
	(135,162)	(195,809)	(399,326)
Other operating income	22,168	–	–
OPERATING LOSS	(112,994)	(195,809)	(399,326)
Interest receivable and similar income	–	–	–
	(112,994)	(195,809)	(399,326)
Interest payable and similar charges	(5,625)	(2,106)	(7,091)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	(118,619)	(197,915)	(406,417)
Tax on loss on ordinary activities	–	–	9,222
LOSS FOR THE PERIOD AFTER TAXATION	(118,619)	(197,915)	(397,195)

Unaudited consolidated balance sheet
as at 28 February 2015

	<i>Six months ended</i> 28.02.2015		<i>Six months ended</i> 28.02.2014		<i>Year ended</i> 31.08.2014	
	£	£	£	£	£	£
FIXED ASSETS						
Intangible assets		60,317		60,594		60,087
Tangible assets		7,335		3,500		8,016
		67,652		64,094		68,103
CURRENT ASSETS						
Stocks		35,640		64,154		31,662
Debtors		79,795		39,484		75,127
Cash at bank		120,069		13,132		104,458
		235,504		116,770		211,247
CREDITORS						
Amounts falling due within one year		(152,352)		(150,234)		(158,427)
NET CURRENT ASSETS/(LIABILITIES)		83,152		(33,464)		52,820
TOTAL ASSETS LESS CURRENT LIABILITIES		150,804		30,630		120,923
CAPITAL AND RESERVES						
Called up share capital		1,381,442		970,340		1,261,442
Share premium		3,443,250		3,439,118		3,414,750
Profit and loss account		(4,673,888)		(4,378,828)		(4,555,269)
SHAREHOLDERS' FUNDS		150,804		30,630		120,923

Unaudited consolidated cash flow statement
for the six months ended 28 February 2015

		<i>Six months ended 28.02.15</i>	<i>Six months ended 28.02.14</i>	<i>Year ended 31.08.14</i>
	<i>Notes</i>	<i>£</i>	<i>£</i>	<i>£</i>
Net cash outflow from operating activities	3	(139,432)	(208,440)	(375,332)
Returns on investments and servicing of finance	4	(655)	(1,002)	(1,306)
Taxation		9,216	8,723	8,723
Capital expenditure	4	(3,518)	(2,648)	(10,860)
		<u>(134,389)</u>	<u>(203,367)</u>	<u>(378,775)</u>
Financing	4	150,000	116,050	382,784
Increase/(decrease) in cash in the period		<u>15,611</u>	<u>(87,317)</u>	<u>4,009</u>
Reconciliation of net cash flow to movement in net funds	5			
Increase/(decrease) in cash in the period		15,611	(87,317)	4,009
Cash inflow from increase in debt		<u>–</u>	<u>–</u>	<u>(75,000)</u>
Changes in net funds resulting from cash flows		<u>–</u>	<u>–</u>	<u>(70,991)</u>
Other changes		(4,970)	–	(5,785)
Movement in net funds in the period		<u>10,641</u>	<u>(87,317)</u>	<u>(76,776)</u>
Net funds as at 1 September		<u>23,673</u>	<u>100,449</u>	<u>100,449</u>
Net funds at period end		<u>34,314</u>	<u>13,132</u>	<u>23,673</u>

Notes to the unaudited financial statements

for the six months ended 28 February 2015

1. Basis of preparation

The interim financial information for the six months ended 28 February 2015 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 2014.

The figures for the year ended 31 August 2014 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> 28.02.15	<i>Six months ended</i> 28.02.14	<i>Year ended</i> 31.08.14
	£	£	£
Loss for the period	(118,619)	(197,915)	(397,195)
Issue of shares	148,500	41,050	307,784
Share based payment transactions	–	–	22,839
Net increase/(decrease) in shareholders' funds	29,881	(156,865)	(66,572)
Opening shareholders' funds	120,923	187,495	187,495
Closing shareholders' funds	<u>150,804</u>	<u>30,630</u>	<u>120,923</u>

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

	<i>Six months ended</i> 28.02.15	<i>Six months ended</i> 28.02.14	<i>Year ended</i> 31.08.14
	£	£	£
Operating loss	(112,994)	(195,809)	(399,326)
Depreciation charges	3,969	4,618	8,821
Share based payment transactions	–	–	22,839
(Increase)/decrease in stocks	(3,978)	(5,395)	27,097
Increase in debtors	(13,884)	(5,856)	(32,277)
Decrease in creditors	(12,545)	(5,998)	(2,486)
Net cash outflow from operating activities	<u>(139,432)</u>	<u>(208,440)</u>	<u>(375,332)</u>

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

	<i>Six months ended</i> 28.02.15	<i>Six months ended</i> 28.02.14	<i>Year ended</i> 31.08.14
	£	£	£
Returns on investments and servicing of finance:			
Interest received	–	–	–
Interest paid	(655)	(1,002)	(1,306)
Net cash outflow for returns on investments and servicing of finance	<u>(655)</u>	<u>(1,002)</u>	<u>(1,306)</u>
Capital expenditure:			
Purchase of intangible fixed assets	(2,842)	(266)	(4,415)
Purchase of tangible fixed assets	(676)	(2,382)	(6,445)
Net cash outflow for capital expenditure	<u>(3,518)</u>	<u>(2,648)</u>	<u>(10,860)</u>
Financing:			
Share issue	150,000	41,050	307,784
Loans received	–	75,000	75,000
Net cash inflow from financing	<u>150,000</u>	<u>116,050</u>	<u>382,784</u>

5. Analysis of changes in net funds

	<i>At 01.09.14</i>	<i>Cash flow</i>	<i>Other non-cash</i> <i>changes</i>	<i>At 28.02.15</i>
	£	£	£	£
Net cash: Cash at bank	104,458	15,611	–	120,069
Debt: Debts falling due within one year	(80,785)	–	(4,970)	(85,755)
Total	<u>23,673</u>	<u>15,611</u>	<u>(4,970)</u>	<u>34,314</u>