



Wheelsure

# **Wheelsure Holdings plc**

**INTERIM REPORT 2012**

## Chairman's statement

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I am pleased to report on the results for the half year ended 29 February 2012 which have revenue of £29k (2011: £26k) and a loss on ordinary activities before taxation of £203k (2011: £196k). Whilst we were hopeful of receiving substantially more orders during the period, these continue to take longer than anticipated, primarily due to extended periods of testing and the inevitable delays inherent when dealing with much larger organisations.

The nature of our market is such that the testing/trialling and approval process is slow, however we are confident that we are progressing across a wider number of territories and this is reflected in the highlights below.

In the UK, LUL (London Underground) has now provided a full inventory of requirements for the "extended rollout" as previously referred to in my report for the year ended 31 August 2011. This comprises some 53 bolt types and sizes to be used in a variety of mainstream track applications during a formally supervised period of 3-4 months. LUL have indicated that they intend to undertake this exercise from September 2012. LUL have been very progressive in their dealings with Tracksure and, despite the protracted nature of this project, we remain confident of commercialising Tracksure products within LUL following the successful completion of this project.

In parallel to the formal project described above, we have continued to gain business in LUL for our approved products with a recent order being received for one of the most common bolts in the network.

In Europe, we have received formal approval from ADIF in Spain since I last reported. This important approval from Spain's infrastructure manager follows extensive trialling of four applications and the objective is now to seek to commercialise the approval. Further trials are underway elsewhere in Spain with an independent rail operator. Following our technical approval and first order from Hungary, we have now signed a formal distribution agreement with MAV-Thermit Hegesztó KFT and are seeking further orders. Formal technical testing in Italy and Germany is being conducted and we are actively involved with a contractor working for Pro Rail in Holland with regard to further new opportunities.

Elsewhere we continue to develop our products with some North American railroad operators in a number of applications and, additionally, are working with a partner in Australia to develop opportunities in the Australasian markets and this has already led to Tracksure products on test in Indonesia.

Our Wheelsure subsidiary is continuing to gain small orders in the bus and coach sector as well as exploring a new opportunity in the UK truck market. We have also launched LD99, a brand specifically to market our technology in other industrial markets. This development is in the very early stages of raising awareness but is undertaken with the objective of creating new business opportunities for our patented technology.

During the period the Company successfully completed the placing and open offer of 9,589,939 ordinary shares raising in aggregate gross proceeds of £336k for working capital purposes. As a result, despite the continuing losses, shareholder funds have increased to £323k as at 29 February 2012 from £224k as at 31 August 2011.

Finally I would advise shareholders that, as a result of other work commitments, I have decided to resign from your Board with effect from 31 May 2012 to focus on my other business interests. Whilst I have only been with the Company a short while, I remain impressed with both the product and the opportunities it presents. Gerry Mulder, an existing non-executive director, has kindly offered to act as Interim Chairman going forward and I would like to wish him, and you all, every success in the future.

S.J. Lawrence  
*Chairman*

30 May 2012

**Unaudited consolidated profit and loss account  
for the six months ended 29 February 2012**

	<i>Six months ended 29.02.12 £</i>	<i>Six months ended 28.02.11 £</i>	<i>Year ended 31.08.11 £</i>
<b>TURNOVER</b>	28,886	25,776	84,445
Cost of sales	(13,372)	(11,173)	(42,930)
<b>GROSS PROFIT</b>	15,514	14,603	41,515
Administrative expenses	(218,653)	(213,234)	(527,990)
	(203,139)	(198,631)	(486,475)
Other operating income	–	2,563	–
<b>OPERATING LOSS</b>	(203,139)	(196,068)	(486,475)
Interest receivable and similar income	470	566	1,489
	(202,669)	(195,502)	(484,986)
Interest payable and similar charges	(793)	(768)	(1,476)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	(203,462)	(196,270)	(486,986)
Tax on loss on ordinary activities	–	–	3,286
<b>LOSS FOR THE PERIOD AFTER TAXATION</b>	(203,462)	(196,270)	(483,176)

**Unaudited consolidated balance sheet**  
as at 29 February 2012

	<i>Six months ended</i> 29.02.2012		<i>Six months ended</i> 28.02.2011		<i>Year ended</i> 31.08.2011	
	£	£	£	£	£	£
<b>FIXED ASSETS</b>						
Intangible assets		58,317		52,824		52,933
Tangible assets		8,370		16,930		10,866
		66,687		69,754		63,799
<b>CURRENT ASSETS</b>						
Stocks		64,677		20,034		41,979
Debtors		54,103		70,861		87,778
Cash at bank		201,087		360,668		129,644
		319,867		451,563		259,401
<b>CREDITORS</b>						
Amounts falling due within one year		(63,562)		(85,067)		(99,306)
<b>NET CURRENT ASSETS</b>		256,305		366,496		160,095
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		322,992		436,250		223,894
<b>CAPITAL AND RESERVES</b>						
Called up share capital		637,495		539,496		539,496
Share premium		3,309,646		3,105,085		3,105,085
Profit and loss account		(3,624,149)		(3,208,331)		(3,420,687)
<b>SHAREHOLDERS' FUNDS</b>		322,992		436,250		223,894

**Unaudited consolidated cash flow statement  
for the six months ended 29 February 2012**

	<i>Notes</i>	<i>Six months ended 29.02.12 £</i>	<i>Six months ended 28.02.11 £</i>	<i>Year ended 31.08.11 £</i>
Net cash outflow from operating activities	3	(222,760)	(197,265)	(427,901)
Returns on investments and servicing of finance	4	(323)	(202)	13
Taxation		–	–	2,273
Capital expenditure	4	(8,034)	(9,532)	(12,407)
		<u>(231,117)</u>	<u>(206,999)</u>	<u>(438,022)</u>
Financing	4	302,560	448,912	448,911
Increase in cash in the period		<u>71,443</u>	<u>241,913</u>	<u>10,889</u>
<b>Reconciliation of net cash flow to movement in net funds</b>	5			
Increase in cash in the period		<u>71,443</u>	<u>241,913</u>	<u>10,889</u>
Movement in net funds in the period		71,443	241,913	10,889
Net funds as at 1 September		<u>129,644</u>	<u>118,755</u>	<u>118,755</u>
Net funds at period end		<u>201,087</u>	<u>360,668</u>	<u>129,644</u>

# Notes to the unaudited financial statements for the six months ended 29 February 2012

## 1. Basis of preparation

The interim financial information for the six months ended 29 February 2012 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 2011.

The figures for the year ended 31 August 2011 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> 29.02.12	<i>Six months ended</i> 28.02.11	<i>Year ended</i> 31.08.11
	£	£	£
Loss for the period	(203,462)	(196,270)	(483,176)
Issue of shares	302,560	448,912	448,911
Share based payment transactions	—	—	74,551
	<u>          </u>	<u>          </u>	<u>          </u>
Net increase of shareholders' funds	99,098	252,642	40,286
Opening shareholders' funds	223,894	183,608	183,608
	<u>          </u>	<u>          </u>	<u>          </u>
Closing shareholders' funds	<u>322,992</u>	<u>436,250</u>	<u>223,894</u>

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

	<i>Six months ended</i> 29.02.12	<i>Six months ended</i> 28.02.11	<i>Year ended</i> 31.08.11
	£	£	£
Operating loss	(203,139)	(196,068)	(486,475)
Depreciation charges	5,146	8,540	17,370
Share based payment transactions	—	—	74,551
Increase in stocks	(22,698)	(8,881)	(30,826)
Decrease/(increase) in debtors	33,675	(28,617)	(44,521)
(Decrease)/increase in creditors	(35,744)	27,761	42,000
	<u>          </u>	<u>          </u>	<u>          </u>
Net cash outflow from operating activities	<u>(222,760)</u>	<u>(197,265)</u>	<u>(427,901)</u>

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

	<i>Six months ended</i> 29.02.12	<i>Six months ended</i> 28.02.11	<i>Year ended</i> 31.08.11
	£	£	£
Returns on investments and servicing of finance:			
Interest received	793	566	1,489
Interest paid	(470)	(768)	(1,476)
	<u>          </u>	<u>          </u>	<u>          </u>
Net cash (outflow)/inflow for returns on investments and servicing of finance	<u>(323)</u>	<u>(202)</u>	<u>13</u>
Capital expenditure:			
Purchase of intangible fixed assets	(7,584)	(2,326)	(4,506)
Purchase of tangible fixed assets	(450)	(7,206)	(7,901)
	<u>          </u>	<u>          </u>	<u>          </u>
Net cash outflow for capital expenditure	<u>(8,034)</u>	<u>(9,532)</u>	<u>(12,407)</u>
Financing:			
Share issue	302,560	448,912	448,911
	<u>          </u>	<u>          </u>	<u>          </u>
Net cash inflow from financing	<u>302,560</u>	<u>448,912</u>	<u>448,911</u>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>5. Analysis of changes in net funds</b>			
	<i>At 01.09.11</i>	<i>Cash flow</i>	<i>At 29.02.12</i>
	£	£	£
Net cash: Cash at bank	129,644	71,443	201,087
	<u>          </u>	<u>          </u>	<u>          </u>
Debt:			
Debts falling due within one year	—	—	—
	<u>          </u>	<u>          </u>	<u>          </u>
Total	<u>129,644</u>	<u>71,443</u>	<u>201,087</u>