16 November 2018

TRAKM8 HOLDINGS PLC

("Trakm8" or the "Group")

Half Year Results and Trading Statement

Trakm8 Holdings plc (AIM: TRAK), the global telematics and data insight provider, announces its unaudited results for the six months ended 30 September 2018 and trading statement for the year ending 31 March 2019.

Half Year Results

Financial Summary

	6 months to 30 Sept 2018	6 months to 30 Sept 2017	Year to 31 March 2018	Change
	Unaudited	Restated[4] Unaudited	Restated[4] Audited	
	£000	£000	£000	
Group revenue	**8,839**	14,146	29,362	-38%
Solutions revenue	**8,839**	11,874	26,089	-26%
Recurring revenue[1]	**5,117**	5,482	10,826	-7%
Operating (loss)/profit	**(2,815)**	200	610	-1,508%
(Loss)/profit before tax	**(2,926)**	120	454	-2,538%
Adjusted (loss)/profit before tax[2]	**(2,456)**	363	2,075	-777%
(Loss)/profit after tax	**(2,183)**	558	974	-491%
Cash generated from operations	**(421)**	3,574	4,736	-112%
Net debt[3]	**(5,730)**	(2,314)	(3,298)	-148%
Basic earnings per share	**(6.08p)**	1.56p	2.73p	-490%
Adjusted basic earnings per share[2]	**(4.94p)**	2.15p	6.51p	-330%

[1] Recurring revenues are generated from ongoing service and maintenance fees

[2] Before exceptional costs and share based payments

[3] Total borrowings less cash

[4] Restated as a result of change in accounting policy due to adoption of IFRS15 Revenue from Contracts with Customers on 1 April 2018

Operating highlights

- H1 2018 results down year-on-year due to:
  - Exit from Contract Electronics Manufacturing
  - Working down of launch stocks by one of the Group's significant customers
  - Modest attrition in one of the Group's significant insurance customers
  - Lower than expected Fleet and Optimisation revenues due to lower pipeline conversion rates than normal
- Continuation of new contract wins:
  - New contract awards with major clients LexisNexis, EE and Intelematics Australia
  - Installed base continues to grow in Fleet from existing and new customers, offset by Insurance reductions:

    - approximately 251,000 connections (Sept 2017: 217,000 connections), the same as last year end

- A stronger outlook with mid-term opportunity intact:
    - Restructuring of Fleet & Optimisation sales teams with experienced new staff recruited
    - Investment in increased manufacturing capacity
    - Continued focus on driving internal operational improvements and efficiencies
    - Latest generation of telematics devices launched
    - Strong level of orders, post period end, from existing and new customers

Outlook and trading statement

Since the Group's trading update announced in September 2018 it has become clear that the improved H2 financial performance, driven by continued growth in the telematics business, will not materialise as the Group anticipated. Continuing delays in decisions by customers is preventing the return to the usual levels of success in Fleet and Optimisation, a move to a rental model in the automotive space, and the loss, due to sanctions, of a multi-million-pound contract for the supply of Insurance solutions into Iran, has meant that revenue for the current financial year is now expected to be 20-25% below the FY2018 outcome, and 10-15% below on a like-for-like basis.

The directors expect that while the current year will be loss making, the market for Trakm8's solutions will be robust in the longer term and that the Group's strategy will drive Trakm8's future operational and financial performance; evidenced by contract wins from LexisNexis and an initial two year agreement to supply EE, part of the BT Group, with telematics based services, using its Connectedcare product.

- Ends -

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About Trakm8

Trakm8 is a UK based technology leader in fleet management, insurance telematics, connected car, and optimisation. Through IP owned technology, the Group analyses data collected by its installed base of telematics units to fine tune the algorithms that are used to produce its' solutions; these monitor driver behaviour, identify crash events and monitor vehicle health to provide actionable insights to continuously improve the security and operational efficiency of both company fleets and private drivers.

The Group's product portfolio includes the latest data and reporting portal (Trakm8 Insight), integrated telematics/cameras, self-installed telematics units and one of the widest ranges of installed telematics devices. Trakm8 has over 250,000 connections.

Headquartered in Coleshill near Birmingham alongside its manufacturing facility, the Group supplies to the Fleet, Optimisation, Insurance and Automotive sectors to many well-known customers in the UK and internationally including the AA, Saint Gobain, EON, Iceland Foods, Direct Line Group and Young Marmalade.

Trakm8 has been listed on the AIM market of the London Stock Exchange since 2005.

www.trakm8.com / @Trakm8

Executive Chairman's Statement

Results

This is a disappointing set of results for the six months ended 30 September 2018. All of the Group's key financial metrics are down in comparison to the prior period and the full financial year ending 31 March 2018. However, we have continued to focus on driving operational improvements in the business to position ourselves for sustainable and profitable growth.

This is the last year that the migration into a pure telematics data solutions provider has the effect of reducing the total revenues of the Group as a result of the exit from all Contract Electronics Manufacturing (CEM) and third-party hardware supply in the prior financial year that impacts our year-on-year comparisons.

Revenues reduced by 38% in the period to £8.84m (H1 2017: £14.15m). The elimination of the CEM activity accounted for £2.27m of this decline. There was a reduction of £2.01m in Insurance and Automotive revenues, as previously communicated, due to the working down of launch stocks by one of our significant customers and modest attrition in one of our significant insurance customers. Unexpected lower than usual Fleet and Optimisation revenues of £1.03m due to lower pipeline conversion than normal, can be attributed to the current financial uncertainty associated with Brexit.

Total recurring revenues decreased by 7% during the period to £5.12m (H1 2017: £5.48m), as a result of the decline in the revenue per unit in the insurance market. There is an ongoing trend of lower service fees per unit for the same functionality. This should be the lowest point for recurring revenues as volumes build up over the coming months.

Gross profit margin has reduced to 43% (H1 2017: 46%). This is due to the relatively fixed labour costs during a period of low levels of device build. The full year is expected to recover this deterioration both due to the higher levels of hardware build and also due to the reduction in operatives and product cost during the period.

During the period Trakm8 continued to focus on operational efficiencies, using these savings to deploy in sales and marketing resources. As a result, first half sales and marketing expenditure has increased year-on-year by £0.31m, funded by a year-on-year decrease in other operating expenses of £0.34m. Engineering investment in market leading technology was maintained at last year's level of £2.5m, of which £1.71m was capitalised R&D.

As a result, total overhead costs excluding exceptional costs increased by £0.24m year-on-year to £6.61m (H1 2017: £6.37m), with depreciation and amortisation increasing by £0.15m year-on-year and expensed R&D increasing by £0.12m year-on-year.

At the end of the last financial year Trakm8 had agreed a multi-million-pound contract for the supply of Insurance solutions into Iran. After many months of negotiation over the impact of US sanctions, it is now considered inappropriate to proceed with this contract and so as an exceptional cost we have provided for the cost of the work and solutions supplied last year (amounting to £0.28m).

Financial position

Net cash outflow from operating activities was £0.42m (H1 2017: inflow of £3.57m), which included R&D tax credit receipts of £0.97m (H1 2017: £1.64m). The principal cause for the cash outflow was the losses incurred.

Our net debt as at 30 September 2018 was £5.73m (H1 2017: £2.32m) (31.3.2018: £3.30m) including £2.00m of cash (H1 2017: £2.72m). In addition, the Group at 30 September 2018 held an undrawn credit facility of £0.30m at HSBC.

Sales of Telematics Services

The Group now generates revenues entirely from the provision of Telematics Services, which comprises Fleet Management, Optimisation, Insurance and Automotive solution revenues including associated engineering services.

Recurring revenues from this base have reduced by 7% to £5.11m (H1 2017: £5.48m) and represent 58% of Group revenues (H1 2017: 39%). At the period end we had approximately 251,000 units (30 Sept 2017: 217,000 units) reporting to our servers, being an increase of 15% over the last twelve months. This is the same as at 31 March 2018.

Despite a record pipeline for Fleet and Optimisation contracts, the market has been adversely affected by the current uncertainty over Brexit and the economy in general. Decision making is taking even longer than previously has been the case. Since March 2018 Fleet units installed have increased by 4,000 units to 77,000 (5%).

The Group's largest insurance customer has experienced a decline in young driver policies and as a result the level of new policies written has been less than those not renewed or cancelled. The effect of US sanctions on Iran impacted expected revenues in the period. In addition, the Group's major automotive customer has had a slower roll out than originally expected whilst running down the inventory purchased at the end of the last financial year. The new contract wins and the resumption of volume supply to Automotive will commence in H2. As a result, Insurance & Automotive connections reduced by 5,000 to 173,000 (-3%).

Overall, revenue was 26% lower than the same period of 2017 at £8.84m (H1 2017: £11.87m).

Strategy

The Group has been following the strategy outlined in the 2018 Annual Report. Our focus is to provide ever more meaningful insights to our customers using the data generated by our installed devices and other connections so that they can run their operations more efficiently and safely.

We continue to seek to increase the number of connections in order to generate long term, recurring revenues. We have outlined our strategy to achieve 1m connections by 31 December 2020 and will continue to monitor this trend as an important KPI. Despite the poor six months, we believe that our ambition remains realistic due to the new contract wins and strong commitment from various existing customers.

We continue to strive to benefit from the opportunity created by the trend of either amortising the cost of hardware over the lifetime of a contract or a move to a full rental model. Both reduce free cash flows in the short term. The rental model also has the effect of increasing the capital expenditure and reducing revenues and profitability in the short term but increases the security of the relationship and improves the cash flow and profitability in the medium term. As a supplier with sufficient financing in place to meet the challenge in the market, Trakm8 can secure contracts others might not be able to finance.

We will continue to own the majority of IP in our value chain and are investing heavily in our technology to ensure we remain at the leading edge of the telematics industry.

We continue to focus on streamlining the operations of the Group to further increase the efficiency of our operations, maintaining the current levels of engineering spend, whilst deploying increasing sales and marketing resources to drive growth. During the period the Group expanded the footprint of the operations in Coleshill near Birmingham and will make investments to meet the demand for devices anticipated over the coming few years. The Group will also implement a new ERP system with anticipated improvements in management information and operational efficiency.

JOHN WATKINS

Executive Chairman

Unaudited Consolidated Statement of Comprehensive Income
for the six months to 30 September 2018

	Note	**Six months to 30 September 2018**	Six months to 30 September 2017	Year to 31 March 2018
			Restated*	Restated*
		Unaudited	Unaudited	Audited
		£'000	£'000	£'000
Revenue	3	**8,839**	14,146	29,362
Cost of sales		**(4,995)**	(7,676)	(15,232)
Gross profit		**3,844**	6,470	14,130
Other income	4	**278**	264	566
Administrative expenses excluding exceptional costs		**(6,614)**	(6,369)	(12,681)
Exceptional administrative costs	7	**(323)**	(165)	(1,405)
Total administrative costs		**(6,937)**	(6,534)	(14,086)
Operating (loss)/profit		**(2,815)**	200	610
Finance income		**6**	14	33
Finance costs	8	**(117)**	(94)	(189)
(Loss)/Profit before taxation		**(2,926)**	120	454
Income tax		**743**	438	520
(Loss)/Profit for the period		**(2,183)**	558	974
Other Comprehensive Income				
Items that may be subsequently reclassified to profit or loss:				
Exchange differences on translation of foreign operations		**(3)**	-	9
Total other comprehensive income		**(3)**	-	9
Total Comprehensive (Loss)/Income for the period attributable to owners of the parent	5	**(2,186)**	558	983
Adjusted (loss)/profit before tax	6	**(2,456)**	363	2,075
Earnings per ordinary share (pence) attributable to owners of the Parent				
Basic	9	(6.08)	1.56	2.73
Diluted	9	(5.99)	1.54	2.68
Adjusted basic earnings per share (pence)	9	**(4.94)**	**2.15**	**6.51**
Adjusted diluted earnings per share (pence)	9	**(4.85)**	**2.13**	**6.47**

* See note 13 for details regarding the restatement as a result of changes in accounting policy
The results relate to continuing operations.

Unaudited Consolidated Statement of Changes in Equity for the six months to 30 September 2018

	Share capital £'000	Share premium £'000	Merger reserve £'000	Translation reserve £'000	Treasury reserve £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 April 2017	**357**	**11,674**	**1,138**	**199**	**(4)**	**6,703**	**20,067**
Comprehensive income							
Profit for the period (restated*)	-	-	-	-	-	558	558
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**558**	**558**
Transactions with owners							
IFRS 2 Share-based payments	-	-	-	-	-	78	78
Transactions with owners	**-**	**-**	**-**	**-**	**-**	**78**	**78**
Balance as at 30 Sept 2017	**357**	**11,674**	**1,138**	**199**	**(4)**	**7,339**	**20,703**
Comprehensive income							
Profit for the period (restated*)	-	-	-	-	-	416	416
Other comprehensive income							
Exchange differences on translation of overseas operations	-	-	-	9	-	-	9
Total comprehensive income	**-**	**-**	**-**	**9**	**-**	**416**	**425**
Transactions with owners							
Shares issued	2	76	-	-	-	-	78
IFRS2 Share-based payments	-	-	-	-	-	138	138
Tax recognised directly in equity	-	-	-	-	-	38	38
Transactions with owners	**2**	**76**	**-**	**-**	**-**	**176**	**254**
Balance as at 31 March 2018	**359**	**11,750**	**1,138**	**208**	**(4)**	**7,931**	**21,382**
Comprehensive income							
Profit for the period	-	-	-	-	-	(2,183)	(2,183)
Other comprehensive income							
Exchange differences on translation of overseas operations	-	-	-	(3)	-	-	(3)
Total comprehensive income	**-**	**-**	**-**	**(3)**	**-**	**(2,183)**	**(2,186)**
Transactions with owners							
Shares issued	2	50	-	-	-	-	52
IFRS2 Share based payments	-	-	-	-	-	147	147
Transactions with owners	**2**	**50**	**-**	**-**	**-**	**147**	**199**
Balance as at 30 Sept 2018	**361**	**11,800**	**1,138**	**205**	**(4)**	**5,895**	**19,395**

* See note 13 for details regarding the restatement as a result of changes in accounting policy

Unaudited Consolidated Statement of Financial Position as at 30 September 2018

	Note	**As at 30 September 2018 Unaudited £'000**	As at 30 September 2017 Restated* Unaudited £'000	As at 31 March 2018 Restated* Audited £'000
Non-current assets				
Intangible assets	10	**20,282**	18,138	19,460
Plant, property and equipment		**1,823**	1,847	1,756
Deferred income tax asset		**122**	432	-
Amounts receivable under finance leases		**238**	418	318
		22,465	20,835	21,534
Current assets				
Inventories		**2,529**	2,579	2,556
Trade and other receivables		**6,789**	7,836	10,844
Corporation tax receivable		**576**	339	1,001
Cash and cash equivalents		**1,995**	2,720	3,472
		11,889	13,474	17,873
Current liabilities				
Trade and other payables		**(6,604)**	(8,011)	(10,516)
Borrowings		**(1,221)**	(1,094)	(1,151)
Provisions		**-**	(62)	(47)
		(7,825)	(9,167)	(11,714)
Current assets less current liabilities		**4,064**	4,307	6,159
Total assets less current liabilities		**26,529**	25,142	27,693
Non-current liabilities				
Trade and other payables		**(630)**	(455)	(581)
Borrowings		**(6,504)**	(3,940)	(5,619)
Provisions		**-**	(44)	(38)
Deferred income tax liability		**-**	-	(73)
		(7,134)	(4,439)	(6,311)
Net assets		**19,395**	20,703	21,382
Equity				
Share capital	11	**361**	357	359
Share premium		**11,800**	11,674	11,750
Merger reserve		**1,138**	1,138	1,138
Translation reserve		**205**	199	208
Treasury reserve		**(4)**	(4)	(4)
Retained earnings		**5,895**	7,339	7,931
Total equity attributable to owners of the parent		**19,395**	20,703	21,382

* See note 13 for details regarding the restatement as a result of changes in accounting policy

Unaudited Consolidated Cash Flow Statement for the six months to 30 September 2018

	Note	**Six months to 30 September 2018 Unaudited £'000**	Six months to 30 September 2017 Restated* Unaudited £'000	Year to 31 March 2018 Restated* Audited £'000
Net cash generated from operating activities	12	**(421)**	3,574	4,736
Cashflows from investing activities				
Purchases of property, plant and equipment		**(2)**	(75)	(91)
Purchases of software		**(4)**	(3)	(236)
Capitalised Development costs		**(1,713)**	(1,756)	(3,389)
Net cash used in investing activities		**(1,719)**	(1,834)	(3,716)
Cashflows from financing activities				
Issue of new shares		**52**	-	78
New bank loan		**1,350**	1,100	2,600
Repayment of bank loans		**(537)**	(1,972)	(1,881)
Repayment of obligations under hire purchase agreements		**(85)**	(44)	(146)
Interest paid		**(117)**	(94)	(189)
Net cash generated from financing activities		**663**	(1,010)	462
Net increase/ (decrease) in cash and cash equivalents		**(1,477)**	**730**	1,482
Cash and cash equivalents at beginning of period		**3,472**	1,990	1,990
Cash and cash equivalents at end of period		**1,995**	2,720	3,472

* See note 13 for details regarding the restatement as a result of changes in accounting policy

Notes To The Unaudited Consolidated Financial Statements

1. Basis of preparation

The Group's interim results for the 6 months to 30 September 2018 (prior year 30 September 2017) were approved by the Board of Directors on 15 November 2018.

As permitted this Interim Report has been prepared in accordance with the AIM Rules for Companies and not in accordance with IAS 34 “Interim Financial Reporting” and therefore is not fully in compliance with IFRS.

Trakm8 Holdings PLC ("Trakm8") is a public limited company incorporated in the United Kingdom under the Companies Act 2006. Trakm8 is domiciled in the United Kingdom and its ordinary shares are traded on AIM, the market operated by the London Stock Exchange plc.

The accounting policies adopted in the preparation of the interim financial statement are the same as those set out in the Group's annual financial statements for the year ended 31 March 2018, except for the adoption of IFRS 15 (Revenue from Contracts with Customers) and IFRS 9 (Financial Instruments) for the first time for the interim reporting period commencing 1 April 2018. The Group had to change its accounting policies and make certain retrospective adjustments following adoption of IFRS15. This is disclosed in note 13. The impact of adoption of IFRS 9 is not material and no separate disclosure is made. The financial statements have been prepared on the historical cost basis except for certain liabilities and share based payment liabilities which are measured at fair value.

The interim financial statements have not been audited or reviewed by Group’s auditors pursuant to the Auditing Practice Board guidance on 'Review of Interim Financial Information' and do not include all of the information required for full annual financial statements.

The financial information contained in this report is condensed and does not constitute statutory accounts of the Group within the meaning of Section 434(3) of the Companies Act 2006. Statutory accounts for the year ended 31 March 2018 have been delivered to the Registrar of Companies. The audit report of those accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under Section 498(2) or (3) of the Companies Act 2006.

Going concern

The director’s report that, having reviewed current performance and forecasts, they are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the condensed financial statements.

2. Risks and uncertainties

The Board has considered the principal risks and uncertainties for the remaining half of the financial year and determined that the risk presented in the 31 March 2018 Annual Report, described as follows, also remain relevant to the rest of the financial year: Significant operational system failure; Cyber-attack and data security; Brexit and a deteriorating economic climate; Operating in a fast-moving technology industry where we will always be at risk from new products; Adverse mobile network changes; Attracting and maintaining high-quality employees; Space limitation; Electronic supply chain under constraint. These are detailed on pages 27 to 28 of the 2018 Annual Report, a copy of which is available on the Group's website at www.trakm8.com.

3. Segmental Analysis

The chief operating decision maker ("CODM") is identified as the Board. It continued to define all the Group's trading under the single Integrated Telematics Technology segment and therefore review the results of the group as a whole. Consequently all of the Group's revenue, expenses, results, assets and liabilities are in respect of one Integrated Telematics Technology segment.

The Board as the CODM review the revenue streams of Integrated Fleet, Insurance and Automotive Solutions (Solutions) and Hardware as Discrete Devices (Products) as part of their internal reporting. Solutions represents the sale of the Group's full vehicle telematics and optimisation services, engineering services, professional services and mapping solutions to customers. Products is the sale of Contract Electronic Manufacturing services which ceased with effect from 1 April 2018.

A breakdown of revenue within these streams are as follows:	**Six months to 30 September 2018**	Six months to 30 September 2017	Year to 31 March 2018
		Restated*	Restated*
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Solutions	**8,839**	11,874	26,089
Products	**-**	2,272	3,273
	8,839	14,146	29,362

4. Other income

	Six months to 30 September 2018	Six months to 30 September 2017	Year to 31 March 2018
		Restated*	Restated*
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Grant income	**278**	264	531
R&D tax credit	**-**	-	35
	278	264	566

5. (Loss)/profit per ordinary share attributable to the owners of the parent

	Six months to 30 September 2018	Six months to 30 September 2017	Year to 31 March 2018
		Restated*	Restated*
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
(Loss)/profit attributable to the owners of the parent	**(2,186)**	558	983

6. Adjusted (loss)/profit before tax

Adjusted (loss)/profit before tax is monitored by the Board and measured as follows:

	Six months to 30 September 2018 Unaudited £'000	Six months to 30 September 2017 Unaudited £'000	Year to 31 March 2018 Audited £'000
(Loss)/profit before tax	**(2,926)**	120	454
Exceptional administrative costs	**323**	165	1,405
Share based payments	**147**	78	216
Adjusted (loss)/profit Before Tax	**(2,456)**	363	2,075

7. Exceptional costs

	Six months to 30 September 2018 Unaudited £'000	Six months to 30 September 2017 Unaudited £'000	Year to 31 March 2018 Audited £'000
Acquisition costs	**37**	-	256
Integration costs	**7**	165	501
Head Office relocation	**-**	-	238
Contract manufacturing closure costs	**-**	-	410
Bad debt cost	**279**	-	-
	323	165	1,405

The acquisition cost incurred in 2019 relate to non-underlying charges under two separate agreements linked to the acquisition in 2017. The costs incurred are directly linked to the acquisition and not as part of the ongoing underlying business. One agreement terminates on 31 July 2019 and the second agreement on 31 March 2019.

The integration cost relates costs incurred in a project to streamline and rationalise the operations of the business.

The bad debt cost relates to a provision made for the supply of Insurance solutions into Iran. Due to the Iran sanctions, we now consider it inappropriate to proceed with the contract to supply services into the Middle East and have provided for the cost of the work and solutions provided.

8. Finance costs

	Six months to 30 September 2018 Unaudited £'000	Six months to 30 September 2017 Unaudited £'000	Year to 31 March 2018 Audited £'000
Interest on bank loans	**88**	82	147
Amortisation of debts issue costs	**14**	-	13
Interest on Hire Purchase and similar agreements	**15**	12	29
	117	94	189

9. Earnings Per Ordinary Share

The earnings per Ordinary share have been calculated in accordance with IAS 33 using the profit for he period and the weighted average number of Ordinary shares in issue during the period as follow:

	Six months to 30 September 2018 Unaudited	Six months to 30 September 2017 Unaudited	Year to 31 March 2018 Audited
(Loss)/profit the year after taxation	**(2,183)**	558	974
Exceptional administrative costs	**323**	165	1,405
Share based payments	**147**	78	216
Tax effect of adjustments	**(61)**	(31)	(267)
Adjusted (loss)/profit after taxation	**(1,774)**	**770**	**2,328**
	No. ’000	No. ’000	No. ’000
Number of Ordinary shares of 1p each	**36,073**	35,723	35,898
Basic weighted average number of Ordinary shares of 1p each	**35,921**	35,723	35,741
Diluted weighted average number of Ordinary shares of 1p each	**36,447**	36,321	36,297
Basic earnings per share	**(6.08p)**	1.56p	2.73p
Diluted earnings per share	**(5.99p)**	1.54p	2.68p
Adjust for effects of:			
Exceptional costs	**0.73p**	0.37p	3.18p
Share based payments	**0.41p**	0.22p	0.60p
Adjusted basic earnings per share	**(4.94p)**	2.15p	6.51p
Adjusted diluted earnings per share	**(4.85p)**	2.13p	6.47p

10. Intangible Assets

	Goodwill	Intellectual property	Customer Relationships	Development costs	Software	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Cost						
As at 1 April 2017	10,417	1,920	100	7,234	1,432	21,103
Additions - Internal development	-	-	-	1,253	-	1,253
Additions - External purchases	-	-	-	194	220	414
Disposals	-	-	-	-	-	-
As at 30 September 2017	10,417	1,920	100	8,681	1,652	22,770
Additions - Internal development	-	-	-	1,454	115	1,569
Additions - External purchases	-	-	-	486	108	594
Disposals	-	-	-	-	-	-
As at 31 March 2018	10,417	1,920	100	10,621	1,875	24,933
Additions - Internal development	-	-	-	1,422	4	1,426
Additions - External purchases	-	-	-	291	-	291
Disposals	-	-	-	-	-	-
As at 30 September 2018	**10,417**	**1,920**	**100**	**12,334**	**1,879**	**26,650**
Amortisation						
As at 1 April 2017	-	1,671	22	1,978	312	3,983
Charge for period	-	67	17	470	95	649
Depreciation on disposals	-	-	-	-	-	-
As at 30 September 2017	-	1,738	39	2,448	407	4,632
Charge for period	-	50	17	653	121	841
Depreciation on disposals	-	-	-	-	-	-
As at 31 March 2018	-	1,788	56	3,101	528	5,473
Charge for period	-	30	17	730	118	895
Depreciation on disposals	-	-	-	-	-	-
As at 30 September 2018	**-**	**1,818**	**73**	**3,831**	**646**	**6,368**
Net book amount						
As at 30 September 2018	**10,417**	**102**	**27**	**8,503**	**1,233**	**20,282**
As at 31 March 2018	10,417	132	44	7,520	1,347	19,460
As at 30 September 2017	10,417	182	61	6,233	1,245	18,138
As at 31 March 2017	10,417	249	78	5,256	1,120	17,120

11. Share Capital

	As at 30 September 2018		As at 30 September 2017		As at 31 March 2018	
	No's 000's	**£'000**	No's 000's	£'000	No's 000's	£'000
Authorised:						
Ordinary shares of 1p each	**200,000**	**200,000**	200,000	200,000	200,000	200,000
Allotted, issued and fully paid:						
Ordinary shares of 1p each	**36,073**	**361**	35,723	357	35,898	359

Movement in share capital:	£'000
As at 1 April 2017	357
New shares issued	-
As at 30 September 2017	357
New shares issued	2
As at 31 March 2018	359
New shares issued	2
As at 30 September 2018	**361**

The Company currently holds 29,000 Ordinary shares in treasury representing 0.08% (2017: 0.08%) of the Company's issued share capital. The number of 1 pence Ordinary shares that the Company has in issue less the total number of Treasury shares is 36,044,254.

During the interim period the following shares were issued:

Date	Description	Shares No's 000's	Share Capital £'000	Premium £'000
20 August 2018	Exercise of options over Ordinary shares by an employee	175	2	50
		175	2	50

12. Reconciliation of cash flows from operating activities

	Six months to 30 September 2018 Unaudited £'000	Six months to 30 September 2017 Unaudited £'000	Year to 31 March 2018 Audited £'000
Net (loss)/profit before taxation	**(2,926)**	120	454
Adjustments for:			
Depreciation	**159**	178	321
Loss on disposal of fixed assets	**-**	-	26
Amortisation of intangible assets	**895**	729	1,484
Interest received	**(6)**	(14)	-
Bank and other interest charges	**117**	94	156
Share based payments	**147**	78	216
Operating cashflows before movement in working capital	**(1,614)**	1,185	2,657
Movement in inventories	**27**	1,095	1,118
Movement in trade and other receivables	**4,261**	(1680)	(4,614)
Movement in trade and other payables	**(3,985)**	1,317	3,957
Movement in provisions	**(85)**	-	(21)
Cash generated from operations	**(1,396)**	1,917	3,097
Interest received	**6**	14	33
Income taxes received	**969**	1,643	1,606
Net cashflows from operating activities	**(421)**	3,574	4,736

13. Changes in accounting policies

This note explains the impact of the adoption of IFRS15 Revenue from Contracts with Customers on the group's financial statements and also discloses the new accounting policies that have been applied from 1 January 2018, where they are different to those in prior period.

9(a). Impact on the financial statements:

As a result of the changes in the entity's accounting policies, prior year financial statements had to be restated. As explained in note 9(b) below, IFRS 15 was adopted with restated comparative information.

The following table shows the adjustments recognised for each of the individual line item. Line items that were not affected by the changes have not been included. As a result, the sub-totals and the totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail below.

The group has adopted IFRS 15 Revenue from Contracts with Customers from 1 April 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transition provision in IFRS 15, the group has adopted the new rules retrospectively and has restated comparatives for the 2018 financial year. In summary, the following adjustments were made to the amounts recognised in the balance sheet at the date of initial application (1 April 2018):

The benefit to the results for the six months to 30 September 2018 from prior year restatements following the adoption of IFRS 15 is not material.

Consolidated Statement of Financial Position (extract)

	Six months to 30 September 2017 Presented £'000	IFRS 15 £'000	Six months to 30 September 2017 Restated* £'000	Year to 31 March 2018 Presented £'000	IFRS 15 £'000	Year to 31 March 2018 Restated* £'000
Non-current assets/(liabilities)						
Deferred income tax asset/(liability)	295	137	432	(229)	156	(73)
Current liabilities						
Trade and other payables	(7,207)	(804)	(8,011)	(9,598)	(918)	(10,516)
Current assets less current liabilities	5,111	(804)	4,307	7,077	(918)	6,159
Total assets less current liabilities	25,809	(667)	25,142	28,611	(918)	27,693
Net assets	**21,370**	**(667)**	**20,703**	**22,144**	**(762)**	**21,382**
Equity						
Opening Retained earnings	6,867	(164)	6,703	6,867	(668)	6,199
Closing Retained earnings	8,006	(667)	7,339	8,693	(762)	7,931
Profit for the period	1,061	(503)	558	510	(94)	416
Total equity attributable to equity holders of the Parent	**21,370**	**(667)**	**20,703**	**22,144**	**(762)**	**21,382**

13. Changes in accounting policies (continued)

Consolidated Statement of Comprehensive Income (extract)

	Six months to 30 September 2017 Presented £'000	IFRS 15 £'000	Six months to 30 September 2017 Restated* £'000	Year to 31 March 2018 Presented £'000	IFRS 15 £'000	Year to 31 March 2018 Restated* £'000
Revenue	14,752	(606)	14,146	30,081	(719)	29,362
Gross profit	7,076	(606)	6,470	14,849	(719)	14,130
Operating profit	806	(606)	200	1,329	(719)	610
Profit before taxation	726	(606)	120	1,173	(719)	454
Income tax	335	103	438	398	122	520
Profit for the year	1,061	(503)	558	1,571	(597)	974
Total comprehensive income for the year attributable to owners of the Parent	1,061	(503)	558	1,580	(597)	983
Adjusted profit before tax	969	(606)	363	2,794	(719)	2,075
Earnings per ordinary share (pence) attributable to owners of the Parent						
Basic	2.97p	(1.41p)	1.56p	4.40p	(1.68p)	2.72p
Diluted	2.92p	(1.38p)	1.54p	4.33p	(1.64p)	2.69p
Adjusted basis earnings per share	3.56p	(1.41p)	2.15p	8.19p	(1.68p)	6.51p
Adjusted diluted earnings per share	3.50p	(1.37p)	2.13p	8.06p	(1.59p)	6.47p