



31 October 2014

**1Spatial plc (AIM: SPA)**

(“1Spatial”, the “Group” or the “Company”)

**Interim Results for the six month period ended 31 July 2014**

The Board of Directors of 1Spatial (the “Board”), the AIM Spatial Big Data company is pleased to announce the Group’s unaudited interim results for the six month period ended 31 July 2014. The results demonstrate further progress in driving revenue and Adjusted\* EBITDA growth, supported by acquisition, a significant strengthening of the Group’s global salesforce and a by number of key contract wins from both existing and new customers.

**Financial highlights**

- Revenue from operations increased 33% to £10.1m (H1 July 2013: £7.6m) reflecting the inclusion of six months of revenue from the Star-Apic acquisition (1.5 months in prior half year)
- The Geospatial business delivered over 7% revenue growth on a like for like, constant currency basis
- Significant increase in Adjusted\* EBITDA on prior period up 140% to £1.2m (H1 July 2013: £0.5m)
- Cash inflow from operations of £0.4m (H1 July 2013: outflow of £0.9m)
- Robust period-end balance sheet position maintained with cash and cash equivalents of £10.1m (31 January 2014: £11.2m)
- Strong order book maintained at c. £7.0m

*\*Adjusted for strategic, integration, share based payment charge and other one-off items (note 7)*

**Operational highlights**

- Star-Apic rebranded as 1Spatial and global multi language marketing assets complete
- Significant global hires made to support and strengthen the Group:
  - Country manager appointed to focus on 1Spatial France and Belgium and French speaking markets
  - Additional sales resource hired to service emerging markets
  - Appointment of a new Country manager to manage the Australian office, Asia Pacific operations and growth plan
  - Continued strengthening of the team at Cambridge HQ with a new sales structure and industry focused model which include Utilities, National Mapping and Land Registration, Telecommunications and Defence
- Growing opportunity pipeline with focus on vertical and geographic segmentation
- Key contract wins secured from new and existing customers across strategic growth verticals including a significant contract with the Ministry of Defence “MOD’ on behalf of No.1 Aeronautical Information Documents Unit (“AIDU”) together with a number of smaller contracts for the Land and Property Services Northern Ireland and the Rural Payments Agency.
- Contracts secured across strategic growth verticals such as Utilities, demonstrating 1Spatial’s strength and expert knowledge of the industry. Key wins include: Camwater (Cameroon), Water Department City of Caen, France, Intercommunale des Eaux du Centre du Brabant Walloon (IECBW) Belgium.
- Further delivery on US Census contract providing core infrastructure spatial technology enabling Census team to lay the foundations for the 2020 decennial census.
- Creating demand generation through attendance at a significant number of industry events. In addition winning awards with key partners including Oracle.
- Consistently strong maintenance renewal levels continue.

## Post period end highlights

- Announcement of relationship with Esri, the Geographic Information Systems (GIS) market leader on 13 October 2014. 1Spatial showcased its 1Spatial Management Suite for Esri ArcGIS at the prestigious ESRI European user event in Split, Croatia.
- Management focus and investment in sales and marketing in the US market building upon our relationship with Census and other key government and regional bodies. Activities underway to raise our profile across the US.

## Commenting on the results CEO, Marcus Hanke, said:

*"We are delighted with the progress achieved in this first half, particularly the client success stories, new contract wins and consistently strong maintenance renewals. This is reflected in an increased overall adjusted EBITDA and cash inflow from operations."*

*We are very pleased with the development of our relationships with key strategic partners and see a strong opportunity pipeline underpinned by 1Spatial's core intellectual property, the 1Spatial management suite and Elyx technology.*

*Following the integration of Star Apic, we now have a very strong platform for long term sustainable growth, both organically and through acquisitions. The foundations are in place to maintain our progress, and deliver full year results in line with our expectations. The board looks forward to the future with confidence."*

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## Notes to Editors:

### About 1Spatial:

1Spatial provides the software solutions and services that manage the world's largest Spatial Big Data. We work with the users and creators globally of the largest geospatial databases on earth, helping them collect, manage, plan, maintain, publish and interpret location-specific information.

Our clients include national mapping agencies, land registries, utility and telecommunications companies, and government departments including emergency services, defence and census bureaux.

A leader in our field, 1Spatial has over forty five years' experience and a record of continual innovation and development. Today, with an ever increasing reliance on spatial and location-critical data, demand for our expertise has never been greater.

To find out more, visit [www.1spatial.com](http://www.1spatial.com)

## **Business Review**

The Group reports revenues of £10.1m and an Adjusted\* EBITDA of £1.2m. These results represent growth in both revenue and profit. During the six months since our year end the team has added a further £4.0m of new orders to our order book which has been sustained at c.£7.0m. Pleasingly we also have a strong support and maintenance renewal profile and a solid pipeline of opportunities.

Since the half year end, the Company announced a strategic relationship with ESRI, the global leader in GIS technology. ESRI has an unrivalled customer base and we believe this will provide significant opportunities for the future of 1Spatial.

## **Corporate transactions**

Following the fund raising in June 2013, the Company has utilised its strong balance sheet to support its strategy for growth. During the first half of the year to July 2014 a number of acquisition opportunities have been identified which remain under review.

## **Strategy**

In my report last year, I described a year of achieving greater focus and clarity on the Company's strategic direction. The financial strength provided by last year's fund raising has put the Company in a good position to grow, evolve and execute on this strategy.

During this half year we have continued to lay the foundations for building on our position by establishing structures to support our strategic future growth plans. Our prime objective is to generate value for our shareholders and our aims remain as follows:

- Capitalise on our intellectual property by creating a platform and a suite of software products that can scale and drive forward highly profitable software sales
- Produce 'open' software, which allows us to provide the best solution to our customers by being able to integrate with other vendors'/partners' technology. This should drive new customer acquisition as it can provide customers that are not on the 1Spatial platform access to the 1SMS technology
- Provide excellent support and customer care to our existing customers in order to maintain our strong support and maintenance renewal
- Structure our product offerings into vertical industry solutions to enable us to increase our market share
- Increase geographic reach through acquisitions or through setting up own offices in new geographies
- Increasing our distribution reach through building up a strategic partner channel with key global players in the market such as Oracle and ESRI

## **Geographical coverage**

Key developments in each of the major territories in which 1Spatial operate are set out below:

### *France and Belgium*

During the first half, both the French and Belgium businesses were re-branded as 1Spatial with the French business relocated to new premises in a business district in Paris. We have appointed a country manager to cover both France and Belgium who has extensive industry and regional knowledge, and is focused on sales, major projects and growth in both countries and French speaking Africa. We have hired additional sales resources to cover Belgium, and key North African markets in Tunis, Algeria, and Morocco which further strengthen our position to win business in these geographies.

Key functions such as development, finance and marketing now align through the Global HQ in Cambridge and this will enable a clear direction on existing and future product development, management of our brand, strategy, and key measurement of our financial performance.

### *Australia*

In Australia we have appointed a new Country Manager who has been in role since the start of this financial year and given positive contribution to the Group to date, and we have plans in place to grow the business across the Asia Pacific region.

### *USA*

The US is a new area of focus. In September 2014 we started to make some initial investments in this region building upon our relationship with Census and other key government and regional bodies.

We have plans to raise our awareness across the US and are already seeing a significant interest following the success in Census.

#### *HQ (UK)*

At HQ we continue to align and strengthen the teams. In Sales, from the start of this financial year we put in place a new sales structure aligned to an industry focused model, with key industries identified such as Utilities, National Mapping and Land Registration, Telecommunications, Defence. To support this approach from the start of this financial year, we have expanded the sales team who have industry and technology experience and expertise.

Our professional services team continues to grow to fulfil strategic customer projects and is seen in the market as an industry leader in spatial consultancy services. We are also using the consultancy team around our channel focus and investment. We are looking to expand our consulting team into the next financial year to support the new strategic partnerships we have entered into.

Our support and maintenance team continues to provide a high quality service for our existing customers, protecting our recurring support and maintenance renewal.

The Development team and product roadmap is set through our HQ in Cambridge, with regional development expertise in France and Belgium aligning through this model. We continue to work through our strong pipeline of development opportunities as well as focus on new product development and innovation around areas such as indoor location.

#### **Product and service offerings**

Our core off-the-shelf product offering, 1SMS (1Spatial Management Suite), was delivered to our first customer during the year ended 31 January 2014 and is continuing to gain significant traction in the market. We plan to develop industry-specific applications for the suite as part of our development road-map.

The acquisition of Star-Apic broadened our range of product and service offerings and these are being integrated into, or consolidated within, our current range. As noted above, this integration is still on going and progressing to plan.

During the period, we have received international recognition of our solutions from key partners and have been awarded Oracle Global Spatial and Graph Excellence 2014, SAFE Software Partner of Excellence.

#### **Brand Building, increasing reach and pipeline creation**

Star-Apic has been rebranded 1Spatial as from the 1<sup>st</sup> February 2014, all sales and marketing assets for all of the geospatial companies are available in French and English.

We continue to raise awareness of the brand offering which is helping to generate our long-term pipeline. Our 'go to market' strategy of building on our traditional markets around National Mapping Agencies, and raising awareness in key focused industries has seen us participate in key industry events globally, along with key demand driven campaigns around industry issues such as the UK floods earlier in the year.

Improving our brand reach and establishing local sales structures is creating a healthy pipeline of opportunities for the second half of the year.

During this period we have seen a number of contract extensions and wins with both existing customers and new customers.

We continue to see further contracts wins from our existing customer base who value our software, consultancy and technical expertise. Many of these customers are evolving to new Spatial Big Data solutions as they face regulation and industry changes. We have expert domain knowledge and are seen as a trusted advisor. During the first half of the year we were awarded a number of contracts for both existing and new clients for software and services. These customers include a significant contract with the Ministry of Defence "MOD" on behalf of No.1 Aeronautical Information Documents Unit ("AIDU") and a number of smaller contracts with companies including Land and Property Services Northern Ireland and the Rural Payments agency.

Key wins across strategic growth sectors such as Utilities, show our strength and expert knowledge of the industry and allow us to grow our business in these sectors and in H1 we have seen a number of

these to date, including Camwater (Cameroon), Water Department City of Caen, France, Intercommunale des Eaux du Centre du Brabant Walloon (IECBW) Belgium and United Utilities in the UK.

### Support businesses – Storage Fusion and Avisen

Our Storage Fusion and Avisen divisions continue to focus on their core competencies in each relevant market. Both companies enjoy long-term relationships with key customers such as Unisys and Unilever and continue to innovate with their product offerings. Storage Fusion provides unique software that analyses data storage across multi-vendor resources. Avisen provides profitability improvement services.

### Financial Performance

The financial highlights are set out below:

	<b>HY July 2014</b>	<b>HY July 2013</b>	<b>%</b>
Revenues	10.1	7.6	33%
Adjusted* EBITDA	1.2	0.5	140%
Loss after tax	(0.8)	(0.5)	(60%)
Cash inflow/(outflow) from operations	0.4	(0.9)	N/A

	<b>31 July 2014</b>	<b>31 January 2014</b>	
Net asset balance	21.5	22.1	(3%)
Cash balance	10.1	11.2	(10%)

The Group has delivered a good first half year result with an increase in both revenues and Adjusted\* EBITDA.

The primary reason for the increase in revenues and Adjusted\* EBITDA is the inclusion of a full six months results of 1Spatial France and Belgium (previously Star-Apic) compared to 1.5 months in the prior period. There has also been improvement in organic revenue growth and gross margin which has attributed to this result.

The overall loss after tax for the period and prior period is mainly due to exceptional costs, amortisation charges and share based payment charges.

On a like for like basis, there has been revenue growth in the core 1Spatial business (UK, Ireland and Australia) and the 1Spatial France and Belgium (formerly Star-Apic) business since the prior half year, however the reported revenues from Europe, Ireland and Australia have been adversely affected by foreign currency exchange rate movements since the prior period. The like for like growth in revenues from the prior half year excluding the exchange rate impacts is 7%.

Our revenue streams continue to be licence fees, services and support and maintenance. The proportion that each of these streams represents of total revenue is approximately 20%, 40% and 40% (2013: 21%, 29% and 50%) respectively. The strong support and maintenance recurring revenue stream has significantly increased in the period from 29% to 40% as the acquisition of France and Belgium has increased the proportion of revenue of this type.

We continue to have a significant secured order book of work. We had c.£7.0m at the end of January and this level has been sustained at 31 July 2014, which is a combination of work being done/recognised and new contract wins added.

As noted above, a significant contract was won in July 2014 with the MOD, which is included in this backlog figure. We have had a number of other wins in the period generating both licences and service revenues, which have added to our backlog figure. There are a large number of contract wins

with total contract value less than c. £100k but also a number of contract wins in excess of £100k (some of which have been noted above). These contract wins exclude our support and maintenance renewals, which are currently running at a 95% renewal rate.

Gross margins have slightly improved slightly in the period and we anticipate that this trend will improve more significantly in the future for the following reasons:

- change in revenue mix towards sales higher margin software products
- as planned recent work won is higher margins
- establishment of a commercial department in this period has been key to this success in higher won margin work. With effect from October 2014 the French and Belgium businesses will follow the commercial processes of the UK to improve gross margins
- Stronger discipline will ensure that only work of a sufficient margin is accepted unless there is a strategic reason for the contract.

Like for like overheads are broadly the same as in the prior period. Some rationalisation has taken place in the 1Spatial France and Belgium businesses which has reduced their overall headcount, however there have been some additions to headcount around the Group, particularly in the areas of sales, pre-sales and consulting in line with the Group's growth strategy.

We continue to have a strong balance sheet and cash position. We generated cash from operations in the period of £0.4m (HY July 2013: (£2.3m) outflow). This cash generation from operations is a significant improvement on the prior period, particularly taking account of some of the exceptional costs we have had to incur in the period during the rationalisation of France/Belgium. Our cash position gives us sufficient headroom to allow us to continue to grow the business and make the necessary investments we need to make in R&D.

### **Summary and Outlook**

During the period we have consolidated our brand, continued to develop and deliver our world class technology, increased our market reach and cemented strategic relationships with key players. We have also delivered results which are in line with our expectations and continue to have a strong balance sheet and a significant secured order book.

1Spatial is putting into place the foundations and structures to help grow the business. We are continuing to win new contracts, expanding our reach into new geographies and different core markets. We have also made key, strategic hires to bolster our verticals as our business scales. As noted above, the Company now enjoys a strategic relationship with ESRI and we believe this provides us with a scalable business model for future customer acquisition and revenue growth.

It is the Board's view that the Company is well placed to capitalise on opportunities in the Spatial Big Data and Smart Cities markets. We have a strong team in place, an exceptional product offering, an impressive and growing customer base and some good strategic channel relationships.

The Board is encouraged by current trading and looks forward to the future with confidence.

**Marcus Hanke**  
**Chief Executive Officer**  
**31 October 2014**

**Condensed consolidated statement of comprehensive income**  
**6 months ended 31 July 2014**

	Notes	Unaudited Six months ended 31 July 2014 £'000	Audited Year ended 31 January 2014 £'000	Unaudited Six months ended 31 July 2013 £'000
Revenue		10,139	17,266	7,572
Cost of sales		(4,877)	(9,063)	(3,913)
<b>Gross profit</b>		<b>5,262</b>	<b>8,203</b>	<b>3,659</b>
Administrative expenses		(5,920)	(10,428)	(4,014)
		(658)	(2,225)	(355)
Adjusted* EBITDA		1,231	1,067	479
Less: depreciation		(135)	(277)	(127)
Adjusted* EBITA		1,096	790	352
Less: amortisation and impairment of intangible assets		(452)	(627)	(239)
Less: share-based payment charge		(355)	(601)	(61)
Less: strategic, integration and other exceptional items	7	(947)	(1,787)	(407)
<b>Operating (loss)/profit</b>		<b>(658)</b>	<b>(2,225)</b>	<b>(355)</b>
Finance income		19	44	2
Finance costs		(45)	(73)	(14)
Net finance costs		(26)	(29)	(12)
<b>(Loss)/Profit before tax</b>		<b>(684)</b>	<b>(2,254)</b>	<b>(367)</b>
Income tax (charge)/credit		(70)	10	(108)
<b>(Loss)/Profit for the period</b>		<b>(754)</b>	<b>(2,244)</b>	<b>(475)</b>
<b>Other comprehensive income</b>				
<b>Items that may subsequently be reclassified to profit or loss:</b>				
Exchange differences on translating foreign operations		(210)	22	78
Other comprehensive income for the period, net of tax		(210)	22	78
<b>Total comprehensive loss</b>		<b>(964)</b>	<b>(2,222)</b>	<b>(405)</b>
Total comprehensive loss attributable to:				
Equity shareholders of the parent			(2,205)	(413)
(964)				
Non-controlling interest			(17)	8
-				
(964)			(2,222)	(405)
* Adjusted for strategic, integration and other exceptional items (note 7).				
<b>(Loss)/Earnings per ordinary share expressed in pence per ordinary share:</b>				
Basic	4	(0.12)	(0.41)	(0.11)
Diluted	4	(0.12)	(0.41)	(0.11)
<b>Adjusted earnings/(loss) per ordinary share expressed in pence per ordinary share:</b>				
Basic	4	0.15	0.15	(0.11)
Diluted	4	0.15	0.14	(0.11)

**Condensed consolidated statement of financial position**  
**As at 31 July 2014**

	Notes	Unaudited As at 31 July 2014 £'000	Audited As at 31 January 2014 £'000	Unaudited As at 31 July 2013 £'000
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets including goodwill		14,615	13,445	12,610
Property, plant and equipment		1,729	1,712	1,487
<b>Total non-current assets</b>		<b>16,344</b>	<b>15,157</b>	<b>14,097</b>
<b>Current assets</b>				
Inventories		18	15	7
Trade and other receivables		6,848	6,861	6,318
Current income tax receivables		42	42	58
Cash and cash equivalents		10,129	11,165	14,716
<b>Total current assets</b>		<b>17,037</b>	<b>18,083</b>	<b>21,099</b>
<b>Total assets</b>		<b>33,381</b>	<b>33,240</b>	<b>35,196</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables		(9,770)	(8,986)	(9,342)
Current income tax liabilities		(43)	(52)	(1)
Borrowings		(39)	(52)	(188)
<b>Total current liabilities</b>		<b>(9,852)</b>	<b>(9,090)</b>	<b>(9,531)</b>
<b>Non-current liabilities</b>				
Borrowings		(258)	(268)	(342)
Deferred tax		(1,762)	(1,764)	(1,679)
<b>Total non-current liabilities</b>		<b>(2,020)</b>	<b>(2,032)</b>	<b>(2,021)</b>
<b>Total liabilities</b>		<b>(11,872)</b>	<b>(11,122)</b>	<b>(11,552)</b>
<b>Net assets</b>		<b>21,509</b>	<b>22,118</b>	<b>23,644</b>
<b>Share capital and reserves</b>				
Share capital	8	15,572	15,572	15,572
Share premium account		20,608	20,608	20,608
Own shares held		(306)	(306)	(306)
Share based payment reserve		1,343	988	416
Merger reserve		13,900	13,900	13,900
Reverse acquisition reserve		(11,584)	(11,584)	(11,584)
Currency translation reserve		(186)	24	80
Accumulated losses		(17,838)	(17,084)	(15,133)
<b>Total shareholders' equity</b>		<b>21,509</b>	<b>22,118</b>	<b>23,553</b>
<b>Non-controlling interest</b>		<b>-</b>	<b>-</b>	<b>91</b>
<b>Total equity</b>		<b>21,509</b>	<b>22,118</b>	<b>23,644</b>



Condensed consolidated statement of changes in equity

Period ended 31 July 2014

£'000	Share capital	Share premium Account	Own shares held	Share based payments reserve	Merger reserve	Reverse acquisition reserve	Currency translation reserve	Accumulated losses	Total *	Non-controlling interest	Total Equity
Balance at 1 February 2013	12,572	6,503	(306)	387	13,900	(11,584)	2	(14,650)	6,824	-	6,824
<b>Comprehensive income</b>											
Loss for the year	-	-	-	-	-	-	-	(2,227)	(2,227)	(17)	(2,227)
<b>Other comprehensive income</b>											
Exchange differences on translating foreign operations	-	-	-	-	-	-	22	-	22	-	22
Total other comprehensive income	-	-	-	-	-	-	22	-	22	-	22
<b>Total comprehensive income</b>	-	-	-	-	-	-	22	(2,227)	(2,205)	(17)	(2,222)
<b>Transactions with owners</b>											
Shares issued in the year	3,000	15,000	-	-	-	-	-	-	18,000	-	18,000
Share issue costs	-	(895)	-	-	-	-	-	-	(895)	-	(895)
Recognition of share based payments	-	-	-	601	-	-	-	-	601	-	601
	3,000	14,105	-	601	-	-	-	-	17,706	-	17,706
<b>Transactions with non- controlling interest</b>											
Non-controlling interest arising on acquisition	-	-	-	-	-	-	-	-	-	385	385
Acquisition of non-controlling interest	-	-	-	-	-	-	-	(207)	(207)	(368)	(575)
	-	-	-	-	-	-	-	(207)	(207)	17	(190)
<b>Balance at 31 January 2014</b>	<b>15,572</b>	<b>20,608</b>	<b>(306)</b>	<b>988</b>	<b>13,900</b>	<b>(11,584)</b>	<b>24</b>	<b>(17,084)</b>	<b>22,118</b>	<b>-</b>	<b>22,118</b>
<b>Comprehensive income</b>											
Loss for the period	-	-	-	-	-	-	-	(754)	(754)	-	(754)
<b>Other comprehensive income</b>											
Exchange differences on translating foreign operations	-	-	-	-	-	-	(210)	-	(210)	-	(210)
Total other comprehensive income	-	-	-	-	-	-	(210)	-	(210)	-	(210)
<b>Total comprehensive income</b>	-	-	-	-	-	-	(210)	(754)	(964)	-	(964)
<b>Transactions with owners</b>											
Recognition of share based payments	-	-	-	355	-	-	-	-	355	-	355
	-	-	-	355	-	-	-	-	355	-	355
<b>Balance at 31 July 2014</b>	<b>15,572</b>	<b>20,608</b>	<b>(306)</b>	<b>1,343</b>	<b>13,900</b>	<b>(11,584)</b>	<b>(186)</b>	<b>(17,838)</b>	<b>21,509</b>	<b>-</b>	<b>21,509</b>

\* Total equity attributable to the equity shareholders of the parent.

Condensed consolidated statement of changes in equity

Period ended 31 July 2014

£'000	Share capital	Share premium Account	Own shares held	Share based payments reserve	Merger reserve	Reverse acquisition reserve	Currency translation reserve	Accumulated losses	Total *	Non-controlling interest	Total Equity
Balance at 1 February 2013	12,572	6,503	(306)	387	13,900	(11,584)	2	(14,650)	6,824	-	6,824
<b>Comprehensive income</b>											
Loss for the period	-	-	-	-	-	-	-	(483)	(483)	8	(475)
<b>Other comprehensive income/(expense)</b>											
Exchange differences on translating foreign operations	-	-	-	-	-	-	78	-	78	-	78
Total other comprehensive income	-	-	-	-	-	-	78	-	78	-	34
<b>Total comprehensive income</b>	-	-	-	-	-	-	78	(483)	(405)	8	(397)
<b>Transactions with owners</b>											
Shares issued in the year	3,000	-	-	-	-	-	-	-	3,000	-	3,000
Premium on insurance of shares	-	15,000	-	-	-	-	-	-	15,000	-	15,000
Share issue costs	-	(895)	-	-	-	-	-	-	(895)	-	(895)
Recognition of share-based payment	-	-	-	61	-	-	-	-	61	-	61
Reversal of share based payment charges	-	-	-	(61)	-	-	-	-	(61)	-	(61)
Deferred tax on share based payments	-	-	-	29	-	-	-	-	29	-	29
	3,000	14,105	-	29	-	-	-	-	17,134	-	17,134
<b>Transactions with non- controlling interest</b>											
Acquired with subsidiary	-	-	-	-	-	-	-	-	-	83	83
<b>Balance at 31 July 2013</b>	<b>15,572</b>	<b>20,308</b>	<b>(306)</b>	<b>416</b>	<b>13,900</b>	<b>(11,584)</b>	<b>80</b>	<b>(15,133)</b>	<b>23,553</b>	<b>91</b>	<b>23,644</b>

\* Total equity attributable to the equity shareholders of the parent.

**Condensed consolidated statement of  
cashflows  
Period ended 31 July 2014**

	Notes	Unaudited 31 July 2014 £'000	Audited 31 January 2014 £'000	Unaudited 31 July 2013 £'000
<b>Cash flows from operating activities</b>				
Cash generated/(used in) operations	a)	442	(2,289)	(924)
Interest received		19	44	2
Interest paid		(45)	(73)	(14)
Tax received/(paid)		(45)	68	41
Net cash generated from/(used in) operating activities		371	(2,250)	(895)
<b>Cash flows from investing activities</b>				
Acquisition of subsidiaries (net of cash acquired)		-	(3,875)	(3,839)
Cash received on disposal of subsidiary		-	-	-
Purchase of intangible assets		-	-	-
Purchase of property, plant and equipment		(152)	(566)	(109)
Expenditure on product development capitalised		(1,224)	(1,726)	(767)
Proceeds from sale of property, plant and equipment		-	-	-
Deferred consideration payable		-	-	-
Net cash (used in)/generated from investing activities		(1,376)	(6,167)	(4,715)
<b>Cash flows from financing activities</b>				
Increase in borrowings		-	178	-
Repayment of borrowings		(32)	(285)	(11)
Net proceeds from issue of ordinary share capital		-	17,105	17,105
Acquisition of non-controlling interest		-	(575)	-
Net cash (used in)/generated from financing activities		(32)	16,423	17,094
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(1,037)</b>	<b>8,006</b>	<b>11,484</b>
Cash and cash equivalents at start of period		11,165	3,216	3,216
Effects of foreign exchange on cash and cash equivalents		1	(57)	16
<b>Cash and cash equivalents at end of period</b>		<b>10,129</b>	<b>11,165</b>	<b>14,716</b>

## Notes to the condensed consolidated statement of cashflows

	Unaudited As at 31 July 2014	Audited As at 31 January 2014	Unaudited As at 31 July 2013
	£'000	£'000	£'000
<b>a) Cash used in operations</b>			
(Loss)/Profit before tax	(684)	(2,254)	(367)
Adjustments for:			
Finance cost/(income) - net	26	29	12
Depreciation charge	135	277	127
Amortisation and impairment	452	627	239
Share based payment charge	355	601	61
Expense recognised in respect of shares issued in exchange for consulting services	-	-	-
(Gain)/loss on disposal of property, plant and equipment	-	94	(83)
Loss on disposal of goodwill	-	-	-
(Increase)/decrease in Inventories	(3)	(1)	7
Decrease/(Increase) in trade and other receivables	13	(1,188)	(958)
Increase/(Decrease) in trade and other payables	257	(707)	(58)
Intercompany funding	-	-	66
Net foreign exchange movement	(109)	233	30
<b>Cash generated/(used in) continuing operations</b>	<b>442</b>	<b>(2,289)</b>	<b>(924)</b>

## b) Reconciliation of net cash flow to movement in net funds

	Unaudited As at 31 July 2014	Audited As at 31 January 2014	Unaudited As at 31 July 2013
	£'000	£'000	£'000
(Decrease)/Increase in cash in the year	(1,037)	8,006	11,484
Net cash outflow from increase in bank loans	32	107	11
Net cash inflow in respect of factoring	-	-	-
Changes resulting from cash flows	(1,005)	8,113	11,495
Loans acquired with subsidiary	-	(423)	(478)
Effect of foreign exchange	(8)	(12)	2
Change in net funds	(1,013)	7,678	11,019
Net funds at beginning of period	10,845	3,167	3,167
Net funds at end of period	9,832	10,845	14,186
<b>Analysis of net funds/(debt)</b>			
Cash and cash equivalents classified as:			
- Current assets	10,129	11,165	14,716
Other loans	(297)	(320)	(530)
Net funds at end of period	9,832	10,845	14,186

## **Notes to the Interim Financial Statements**

### **1 Principal activity**

1Spatial plc is a public limited company which is listed on the AIM London Stock Exchange and is incorporated and domiciled in the UK. The address of the registered office is Pannell House, Park Street, Guildford, GU1 4HN. The registered number of the Company is 5429800.

The principal activity of the Group is a management consultancy and software business that provides companies with advice and solution in order to enhance overall profitability.

### **2 Basis of preparation**

The condensed consolidated interim financial information for the six months ended 31 July 2014, has been prepared in accordance with the accounting policies that are expected to be adopted in the Group's full financial statements for the year ended 31 January 2015 and are not expected to be significantly different to those set out in the Group's audited financial statements for the year ended 31 January 2014.

The financial information for the half years ended 31 July 2014 and 31 July 2013 is neither audited nor reviewed and does not constitute statutory financial statements within the meaning of section 434(3) of the Companies Act 2006 for 1Spatial plc or for any of the entities comprising the 1Spatial Group.

Statutory financial statements for the preceding financial year ended 31 January 2014 were filed with the Registrar and included an unqualified auditors' report.

After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the half-yearly condensed consolidated financial statements.

### **3 Taxation**

The tax expense on the profit for the six months ended 31 July 2014 is based on the estimated tax rates in the jurisdictions in which the Group operates, for the year ending 31 January 2015.

#### 4 (Loss )/Earnings per share

Basic (loss)/earnings per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Unaudited As at 31 July 2014 £'000	Audited As at 31 January 2014 £'000	Unaudited As at 31 July 2013 £'000
(Loss)/Earnings attributable to equity holders	(754)	(2,227)	(483)
Adjustments:			
Amortisation of intangible assets	452	627	239
Share-based payment charge	355	601	61
Integration, strategic and other exceptional items	947	1,787	407
Adjusted earnings	1,000	788	224
Basic earnings/(loss) per share	(0.12)	(0.41)	(0.11)
Diluted earnings/(loss) per share	(0.12)	(0.41)	(0.11)
Adjusted basic earnings/(loss) per share	0.15	0.15	0.05
Adjusted diluted earnings/(loss) per share	0.15	0.14	0.05

	Number 000's	Number 000's	Number 000's
Basic weighted average number of ordinary shares	650,415	541,922	431,631
Impact of options and warrants	22,970	29,128	21,029
Diluted weighted average number of ordinary shares	673,385	571,050	452,660

#### 5 Dividends

No dividend is proposed for the six months ended 31 July 2014 (31 January 2014: nil; 31 July 2013: nil).

## 6 Segmental information

As reported in the 2014 annual report, Star-Apic was re-branded as a 1Spatial company from 1 February 2014. Given the re-branding the results of Star-Apic, from 1 February 2014, have been reported to the board, as part of the 1Spatial business. The directors have therefore restated the comparative segmental disclosures to combine the Star-Apic and 1Spatial segments into the Geospatial segment. In addition, the previously reported segments Storage Fusion and Avisen have been merged into the Other segment.

<b>31 July 2014</b>	<b>Central costs £'000</b>	<b>Geospatial £'000</b>	<b>Other £'000</b>	<b>Total £'000</b>
Revenue	-	9,375	764	10,139
Cost of sales	-	(4,417)	(460)	(4,877)
<b>Gross profit</b>	<b>-</b>	<b>4,958</b>	<b>304</b>	<b>5,262</b>
<b>Total administrative expenses</b>	<b>(1,805)</b>	<b>(3,798)</b>	<b>(317)</b>	<b>(5,920)</b>
Adjusted EBITDA	(1,110)	2,262	79	1,231
Less: depreciation	(12)	(118)	(5)	(135)
Adjusted EBITA	(1,122)	2,144	74	1,096
Less: amortisation and impairment of intangible	-	(452)	-	(452)
Less: share-based payment charge	(302)	(65)	12	(355)
Less: strategic, integration and other one-off	(381)	(467)	(99)	(947)
<b>Total operating (loss)/profit</b>	<b>(1,805)</b>	<b>1,160</b>	<b>(13)</b>	<b>(658)</b>
Finance income	16	3	-	19
Finance cost	(1)	(42)	(2)	(45)
Net finance	15	(39)	(2)	(26)
<b>(Loss)/profit before tax</b>	<b>(1,790)</b>	<b>1,121</b>	<b>(15)</b>	<b>(684)</b>
Tax	-	(70)	-	(70)
<b>(Loss)/profit for the year</b>	<b>(1,790)</b>	<b>1,051</b>	<b>(15)</b>	<b>(754)</b>

<b>31 January 2014</b>	<b>Central costs £'000</b>	<b>Geospatial £'000</b>	<b>Other £'000</b>	<b>Total £'000</b>
Revenue	-	15,378	1,888	17,266
Cost of sales	-	(7,938)	(1,125)	(9,063)
<b>Gross profit</b>	<b>-</b>	<b>7,440</b>	<b>763</b>	<b>8,203</b>
<b>Total administrative expenses</b>	<b>(3,530)</b>	<b>(6,093)</b>	<b>(805)</b>	<b>(10,428)</b>
Adjusted EBITDA	(2,195)	2,976	286	1,067
Less: depreciation	(21)	(208)	(48)	(277)
Adjusted EBITA	(2,216)	2,768	238	790
Less: amortisation and impairment of	-	(627)	-	(627)
Less: share-based payment charge	(399)	(181)	(21)	(601)
Less: strategic, integration and other one-	(915)	(613)	(259)	(1,787)
<b>Total operating (loss)/profit</b>	<b>(3,530)</b>	<b>1,347</b>	<b>(42)</b>	<b>(2,225)</b>
Finance income	40	4	-	44
Finance cost	(10)	(58)	(5)	(73)
Net finance	30	(54)	(5)	(29)
<b>(Loss)/profit before tax</b>	<b>(3,500)</b>	<b>1,293</b>	<b>(47)</b>	<b>(2,254)</b>
Tax	-	28	(18)	10
<b>(Loss)/profit for the year</b>	<b>(3,500)</b>	<b>1,321</b>	<b>(65)</b>	<b>(2,244)</b>

## 6 Segmental information cont'd

	Central costs £'000	Geospatial £'000	Other £'000	Total £'000
<b>31 July 2013</b>				
Revenue	-	6,435	1,125	7,560
Cost of sales	-	(3,173)	(740)	(3,913)
<b>Gross profit</b>	<b>-</b>	<b>3,262</b>	<b>385</b>	<b>3,647</b>
Other operating income	12	-	-	12
<b>Total administrative expenses</b>	<b>(1,379)</b>	<b>(2,386)</b>	<b>(249)</b>	<b>(4,014)</b>
Adjusted EBITDA	(1,135)	1,428	186	479
Less: depreciation	(10)	(88)	(29)	(127)
Adjusted EBITA	(1,145)	1,340	157	352
Less: amortisation and impairment of intangible	-	(237)	(2)	(239)
Less: share-based payment charge	(33)	(24)	(4)	(61)
Less: strategic, integration and other one-off	(189)	(203)	(15)	(407)
<b>Total operating (loss)/profit</b>	<b>(1,367)</b>	<b>876</b>	<b>136</b>	<b>(355)</b>
Finance income	-	2	-	2
Finance cost	(2)	(10)	(2)	(14)
Net finance	(2)	(8)	(2)	(12)
<b>(Loss)/profit before tax</b>	<b>(1,369)</b>	<b>868</b>	<b>134</b>	<b>(367)</b>
Tax	7	(73)	(42)	(108)
<b>(Loss)/profit for the period</b>	<b>(1,362)</b>	<b>795</b>	<b>92</b>	<b>(475)</b>

## 7 Strategic, integration and other one-off items

In accordance with the Group's policy for strategic, integration and other exceptional items, the following charges were included in this category for the period:

	Six months ended 31 July 2014 £'000	Year ended 31 January 2014 £'000	Six months ended 31 July 2013 £'000
Costs associated with corporate transactions	93	834	250
Redundancy, relocation, rebranding and other integration costs	788	484	157
Training and other costs associated with the implementation of the new ERP system	65	251	-
Other	1	92	-
<b>Total</b>	<b>947</b>	<b>1,787</b>	<b>407</b>

## 8 Share capital

	As at 31 July 2014 £'000	As at 31 January 2014 £'000
<b>Allotted, called up and fully paid</b>		
650,415,354 (Jan 2014: 650,415,354) ordinary shares of 1p each	6,504	6,504
226,699,878 (Jan 2014: 226,699,878) deferred shares of 4p each	9,068	9,068
	15,572	15,572