23 October 2018

1Spatial plc (AIM: SPA)

("**1Spatial**", the "**Group**" or the "**Company**")

Interim Results for the six-month period ended 31 July 2018

Continued progress on strategy - confident on delivering full year expectations

The Board of Directors of 1Spatial (the "Board"), the software solutions provider and global leader in geospatial data management, is pleased to announce the Group's interim results for the six-month period ended 31 July 2018.

Highlights

- 1Spatial has delivered strong first half year results
- We've had further significant contract wins in our key sectors since the half year
- We successfully raised £8m in a placing in August. We're now debt free and using the funds raised to invest in new technology and accelerate customer wins
- Confident of delivering full year results in line with expectations

Group financial highlights

	Half year to 31 July 2018 £m	**Half year to 31 July 2017 £m**
Continuing operations		
Revenue	8.8	8.6
Gross profit	4.6	4.4
Adjusted * EBITDA	0.6	0.1
Operating loss	(0.7)	(1.6)
Loss after tax	(0.6)	(1.6)
**Discontinued operations ** **		
(Loss)/profit after tax	(0.3)	0.2

** Adjusted for strategic, integration, other irregular items and share-based payment charge*

*** Discontinued operations include Storage Fusion Limited, Enables IT Inc., Enables IT Limited and Enables IT Group Limited.*

- Continuing strong recurring revenues representing approximately 40% of revenues
- High-growth in core Spatial Solutions business
    - Revenues up by 23% from £4.8m to £5.9m and increased across all geographies
    - Significant new wins in the period and after the period end
- Second half revenues are expected to be higher than first half revenues due to recent contract wins
- Gross profit margin remains strong at 52% (H1 17/18 51%)
- Strong growth in Adjusted* EBITDA to £0.6m (H1 17/18 £53k)
- Operating loss significantly improved at £0.7m (H1 17/18 £1.6m)
- Loss after tax improved by 62.5% from £1.6m to £0.6m
- Total cash outflow of £1.7m mainly comprising £0.8m from discontinued and irregular items, £0.5m of market-led development spend and £0.4m from continuing operations (reflecting seasonal working capital cycle, in line with management expectations)
- Disposal of non-core business Enables IT (UK) in March 2018 for £1

Operational highlights

- The core Spatial Solutions business continues to grow with success on delivering its key strategy of "land and expand" within the three sectors of Government, Utilities and Transport

- Key new significant customer wins in:
    - Government
        - UK - five-year contract for software and services with Land and Property Services in Northern Ireland, in excess of £1.6m
    - Utilities
        - USA - a first contract win in the USA utility vertical with National Grid for software and services in year 1 in excess of $50k with recurrent annual licence revenues thereafter
    - Transport
        - UK - significant contracts in relation to software and services to a major UK infrastructure provider totalling over £2m

- Continued development of our Mobile solution with the commercial launch scheduled at the Company's Global Smarter Data Smarter World Conference on 15 November

Post balance sheet events (H2)

Fund Raise:

- £8m was raised in an oversubscribed placing in August 2018 to accelerate customer acquisition, to strengthen the balance sheet, and invest in new technology. Following this, the Group is now debt-free

Share incentive plan for management and employees:

- In September 2018, a new 1Spatial employee share plan was put in place to incentivise management and employees to deliver long-term value creation and align their interests with those of the Company's shareholders

Significant contract wins in key sectors and new sector of facilities management:

Government
- USA - an expansion opportunity following an initial Proof of Concept in 2017 for the National Oceanic and Atmospheric Administration ("NOAA") - 2-year term licences and services in excess of $0.6m
- UK - an expansion opportunity to provide services on earlier systems work with the Rural Payments Agency in excess of £0.5m

Utilities
- USA - East Bay Municipal Utility District - second customer win in utility sector with services in excess of $50k
- UK - an additional project with Northern Gas Networks for a mobile application totalling £0.2m

Transport
- USA - new customer win with California Department of Transport ("CalTrans") - software licence and services in excess of $0.1m

Facilities Management
- USA - an expansion opportunity following an initial Proof of Concept in 2017 with Google - 1-year term licences and services in excess of $0.3m

Commenting on the results 1Spatial CEO, Claire Milverton, said:

"*This has been a strong half for 1Spatial with clear financial progress and we have carried this momentum forward into the second half. Our laser focus on disciplined financial management, sales execution and our "land and expand" approach has seen us both win new customers and increase revenues from our existing clients. This success has driven a substantial improvement in EBITDA and our cash conversion is in line with expectations.*

After the period end, we successfully raised £8m. The proceeds of the placing will be invested in customer acquisition and new technology.

Looking ahead, 1Spatial is well placed to continue to deliver against its strategy and we are confident about the business' prospects for the full year and into the future."

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1Spatial
1Spatial is a software solutions provider and global leader in managing geospatial data. We work with our clients to deliver real value by making data current, complete and consistent through the use of automated processes - ensuring that decisions are always based on the highest quality information available.

Our unique, rules-based approach delivers enterprise-scale, cross-platform automation to all stages of the data lifecycle. It builds confidence in the data while reducing the time and cost of stewardship.

Our global clients include utilities, national mapping and land management agencies, government departments, transportation organisations, emergency services, defence and census bureaus. A leader in our field, we have a wealth of experience and a record of continual innovation and development. We partner with some of the leading technology vendors including, ESRI and Oracle.

We have offices in the UK, US, France, Belgium, Ireland and Australia.

To find our more, visit www.1spatial.com

Half-year review

The first half of FY19 has been a period of progress for 1Spatial as we continue to deliver on our strategy and transition to becoming the market leader in Spatial Solutions in our target sectors. These results show clear evidence on progress against this goal and the recent equity raise completed in August provides us with the platform from which to deliver.

Our strategy for growth

Innovative Spatial Solutions (67% of revenues)

1Spatial's growth strategy is to provide repeatable innovative Spatial Solutions to our blue-chip, international client base with a key focus around data management, quality and enhancement using our patented technology, 1Integrate.

With our unique approach and patented technology, we can provide the most appropriate solution to any of our clients using best of breed technologies. 1Integrate is fast developing a reputation as being the go-to product in the industry, and by working in collaboration with our customers we employ a "land and expand" strategy meaning that once we have established a relationship, our solutions-based approach allows us to identify further new opportunities to further benefit their businesses.

Northern Gas Networks, as an example, first became a customer of the Company in September 2017 with one project. This has now expanded in number to six projects with many of these solutions then able to be replicated across the utilities vertical market, across geographies thereby creating efficiencies and a vastly improved structure for the customer.

Sectors and geographic spread

Our key focus for the sale of our Solutions is in the Geospatial market across three sectors, namely Government, Utilities and Transportation - and we operate across the UK & Ireland, US, France & Belgium, and Australia.

UK & Ireland

This territory performed well during the period with a new win in a Major UK infrastructure provider, in excess of £2m in value, following a small proof of concept in 2017. In addition, we won a £1.6m 5-year contract with the mapping agency in Northern Ireland (LPS) for 5 years. This puts us in a good position to provide LPS with additional benefits and solutions going forward. We believe that there will be significant opportunities for the provision of other solutions and benefits for both customers going forward.

USA

We've continued to deliver on our Michigan State Spatial Data Infrastructure (SDI) contract which we are working on in partnership with Esri Inc. This is expected to 'Go Live' in November 2018 and will be a good proof point for other US State agencies who are looking to engage with us on our 1Integrate Spatial Solutions. During the period we've been developing a strong pipeline which resulted in a number of closures post period end with NOAA, CalTrans, East Bay Municipal Utility District, and Google. All these client engagements started life with an initial Proof of Concept which has subsequently developed into a larger engagement which we can further expand into the future.

France & Belgium

We are growing our solutions revenues with our 1Integrate technology in this geography. Following a Proof of Concept in 2017 we are now engaged on a contract with the European Satellite Centre for the provision of software and services. This is progressing well and once we have completed the project, scheduled for December 2018, we will have a blueprint for solutions to similar agencies across the globe. We are also working on other Proof of Concepts in this territory with some success, including with the French Postal Service.

Partners

We have a valuable partnership network with key players in the Geospatial market, leveraging collaboration across platforms to drive growth. Our own software architectures are 'Open' - allowing us to integrate our solutions with Esri, Open Source and other vendors' technology such as Latitude's Geocortex.

We anticipate that we will do more work with key partners in the next financial year, particularly in the French and Belgian markets.

Technology

During the period, our main development investment has been in the development of our Mobile Solution which we are looking to launch at our Smarter Data Smarter World Conference in November 2018. We believe this can provide us with a significant opportunity for scalable growth across all our key markets and geographies in the future.

The future

In August, we successfully completed an oversubscribed placing to raise £8m. The proceeds of the placing will be invested in customer acquisition and technology, to improve the Group's position in the market with Spatial Solutions with the aspiration of it becoming the market leader in Location Master Data Management ("LMDM") in our target sectors of government, utilities and transportation. Transparency Market Research estimates stated that this market was worth $3.8bn globally in 2017 and will grow at a 27% CAGR through to 2024 to reach $21bn.

We are also actively looking at ways of building out our French and Belgian, Geospatial Information Systems ("GIS") division, via in-house development, further partnerships or acquisitions.

In September 2018, the Company established a new 1Spatial employee share plan to incentivise management and employees to deliver long-term value creation and align their interests with those of the Company's shareholders.

Financial performance

Revenue

Spatial Solutions business (H1 - 67% of revenue):
This business has grown significantly on the comparative prior period with increases in all geographies. The first half benefited from large contract wins in the UK with Land and Property Services in excess of £1.6m and a major UK infrastructure provider, in excess of £2m, as well as our first win in the US utility market with National Grid.

We entered the second half of the year with our strongest ever pipeline of opportunities both in the UK and USA. In August and September we closed significant deals in the USA in August and September which were mainly term (subscription) licences - indicating the shift in our new business model for licence sales.

GIS business (H1 - 33% of revenue):

Maintenance revenues in our GIS business remain broadly unchanged however we had less new licence sales in the period compared to the prior half year which included a number of one-off perpetual licence revenues.

GIS is a challenging, low margin and highly competitive market which is dominated by a few large US vendors, including our partner Esri. We expect this area to naturally become a smaller proportion of total revenues as the Spatial Solutions business is less competitive and more aligned to our core strengths. Looking to the future, our aim is to maintain our current level of revenues from this market by developing strategic partnerships.

Gross profit margin

Gross profit margin is broadly unchanged at 52% as the revenue mix this half year has not changed significantly from the prior half year.

Adjusted EBITDA*

Adjusted* EBITDA is up £0.6m on the prior year with £0.2m of this improvement driven from additional gross margin and £0.4m driven from administration cost savings.

Revenue and gross profit margin are both up £0.2m on last half year - this is mainly attributable to additional service revenues.

In the Central segment, operating costs are stable at £0.8m in both this and last half year and in the Geospatial segment, operating costs are down £0.3m on the last half year.

Cash flow

Net debt at period end was £1.5m. This showed a gross cash outflow in the half year of £1.7m comprising £0.5m product development-related spend in the continuing business, £0.4m relating to cash outflow from operations, and the remaining outflow was related to exceptional cash outflows and outflows from discontinued operations. This is in line with our half year expectations given the Group's seasonal working capital cycle and cashflow from continuing operations will unwind in the second half.

Cash used in all operations for this half year was £1.3m, which comprises continuing operations cash outflows of £0.7m and discontinued operations cash outflows of £0.5m. In the prior half year, the cash generated from all operations of £0.2m included £1.2m of inflows from the discontinued operations and £1m of outflows from continuing operations, being more in line with the current half year's outflow of £0.7m which is appropriate given the seasonality of cash receipts from renewals at the year end.

Loss for the period

Loss after tax from continuing operations improved by £1m over the comparative prior period. £0.6m of this stems from the Adjusted* EBITDA improvements noted above. Of the remaining £0.4m improvement, £0.4m relates to reduced strategic, integration and other irregular costs, net of £0.2m increased depreciation and amortisation charges and £0.2m additional research and development tax credits.

Balance sheet

Following the £8m fundraise in August 2018 the Group's balance sheet is now significantly improved and the Group is now debt-free after settling the outstanding bank overdraft.

At 31 July 2018, net assets were down £0.9m, of which £0.4m of this is attributable to a decrease in non-current assets (mainly intangible assets) and £0.5m of this is attributable to an increase in current liabilities.

Of the £0.4m decrease in intangible assets, £0.5m relates to additional capitalised development costs and £0.9m relates to amortisation charges.

Bank borrowings are up £1.1m since 31 January 2018, as the Group enters the lower point in its annual cash conversion cycle. Current liabilities excluding bank borrowings are down £0.6m - due in the main to a £0.8m decrease in deferred income net of a £0.4m increase in trade payables. The decrease in deferred income is conventional at this point in the year given that most annual support and maintenance renewals are billed and deferred from revenue just before the Group's January year end and are released to the following year's revenue as the year progresses and the income is earned.

Outlook

The start of the second half has seen continued progress on our strategy and multiple contract wins in our target sectors of government, utilities, transport and facilities management. This underpins the Group's confidence of delivery on both market and the Board expectations for the full year.

Looking forward

1Spatial is ideally positioned in the Geospatial market with a clear strategy and a strong balance sheet. We have cutting edge, patented technology with market-leading intellectual property, high quality staff and a blue-chip customer base, and as such are hugely excited about the future.

After the successful conclusion of the first phase of 1Spatial's turnaround strategy, creating a strong financial and operational platform from which to grow, supported by our successful placing, we have now entered the exciting second phase - building on our strong market position. Following on from phase two is phase three where we will look to become the market leader in Location Master Data Management Solutions in our target sectors.

Looking ahead, we are well placed to grow a substantial, profitable and cash-generative business over the long term.

Condensed consolidated statement of comprehensive income
Six months ended 31 July 2018

		Unaudited Six months ended 31 July 2018	Audited Year ended 31 January 2018	*Unaudited Six months ended 31 July 2017
Continuing operations	**Note**	**£'000**	**£'000**	**£'000**
Revenue		8,833	16,938	8,563
Cost of sales		(4,243)	(7,994)	(4,200)
Gross profit		4,590	8,944	4,363
Administrative expenses		(5,336)	(10,749)	(5,991)
		(746)	(1,805)	(1,628)
Adjusted* EBITDA		613	403	53
Less: depreciation		(78)	(231)	(126)
Less: amortisation and impairment of intangible assets		(890)	(1,474)	(618)
Add/less: share-based payment charge		-	538	(118)
Less: strategic, integration and other irregular items	**7**	(391)	(1,041)	(819)
Operating loss		**(746)**	**(1,805)**	**(1,628)**
Finance income		18	36	42
Finance cost		(98)	(187)	(73)
Net finance cost		(80)	(151)	(31)
Loss before tax		**(826)**	**(1,956)**	**(1,659)**
Income tax credit		254	753	64
Loss for the period from continuing operations		**(572)**	**(1,203)**	**(1,595)**
Discontinued operations				
(Loss)/profit for the year from discontinued operations (attributable to equity holders of the company)		(266)	(1,255)	210
Loss for the period attributable to:				
Equity shareholders of the parent		**(838)**	**(2,458)**	**(1,385)**
		(838)	**(2,458)**	**(1,385)**
Other comprehensive loss				
Items that may subsequently be reclassified to profit or loss:				
Actuarial losses arising on defined benefit pension, net of tax		-	(2)	-
Exchange differences on translating foreign operations		(21)	366	311
Other comprehensive (loss)/profit for the period, net of tax		(21)	364	311
Total comprehensive loss		**(859)**	**(2,094)**	**(1,074)**
Total comprehensive loss attributable to:				
Equity shareholders of the parent		**(859)**	**(2,094)**	**(1,074)**
		(859)	**(2,094)**	**(1,074)**
Total comprehensive loss attributable to equity shareholders of the Parent arises from:				
Continuing operations		(593)	(1,030)	(1,284)
Discontinued operations		(266)	(1,064)	210
		(859)	**(2,094)**	**(1,074)**

* Restated to classify Enables IT Group Limited and Enables IT Limited as discontinued operations.

Loss per ordinary share from continuing and discontinued operations attributable to the owners of the parent during the year (expressed in pence per ordinary share):

Basic loss per share	**4**	(0.11)	(0.32)	(0.18)
From continuing operations		(0.07)	(0.15)	(0.21)
From discontinued operations		(0.04)	(0.17)	0.03
Diluted loss per share	**4**	(0.11)	(0.32)	(0.18)
From continuing operations		(0.07)	(0.15)	(0.21)
From discontinued operations		(0.04)	(0.17)	0.03

* Adjusted for strategic, integration and other irregular items (note 7) and share-based payment.

Condensed consolidated statement of financial position
As at 31 July 2018

	Note	Unaudited As at 31 July 2018	*Audited As at 31 January 2018	Unaudited As at 31 July 2017
		£'000	£'000	£'000
Assets				
Non-current assets				
Investments		-	-	25
Intangible assets including goodwill		10,234	10,540	12,116
Property, plant and equipment		304	333	779
Other non-current assets		-	-	100
Total non-current assets		**10,538**	**10,873**	**13,020**
Current assets				
Trade and other receivables	**8**	5,443	4,838	6,045
Current income tax receivable		200	221	-
Cash and cash equivalents		734	1,319	2,293
Total current assets		**6,377**	**6,378**	**8,338**
Assets of disposal group classified as held for sale		-	1,031	-
Total assets		**16,915**	**18,282**	**21,358**
Liabilities				
Current liabilities				
Bank borrowings		(2,188)	(1,051)	(1,953)
Trade and other payables	**9**	(8,108)	(8,525)	(9,712)
Current income tax liabilities		(32)	(32)	(23)
Provisions		(6)	(148)	(249)
Total current liabilities		**(10,334)**	**(9,756)**	**(11,937)**
Non-current liabilities				
Defined benefit pension obligation		(645)	(635)	(640)
Deferred tax		(233)	(298)	(314)
Total non-current liabilities		**(878)**	**(933)**	**(954)**
Liabilities of disposal group classified as held for sale		**-**	(1,031)	**-**
Total liabilities		**(11,212)**	**(11,718)**	**(12,891)**
Net assets		**5,703**	**6,562**	**8,467**
Share capital and reserves				
Share capital	**10**	16,705	16,705	16,705
Share premium account		22,931	22,931	22,931
Own shares held		(303)	(303)	(303)
Equity-settled employee benefits reserve		2,716	2,716	3,373
Merger reserve		16,030	16,030	16,030
Reverse acquisition reserve		(11,584)	(11,584)	(11,584)
Currency translation reserve		203	224	169
Accumulated losses		(40,518)	(39,680)	(38,377)
Purchase of non-controlling interest reserves		(477)	(477)	(477)
Equity attributable to shareholders of the parent company		**5,703**	**6,562**	**8,467**
Total equity		**5,703**	**6,562**	**8,467**

* Restated to show IFRS 15 adjustments as at 31 January 2018.

Condensed consolidated statement of changes in equity
Period ended 31 July 2018

£'000	**Share capital**	**Share premium account**	**Own shares held**	**Equity-settled employee benefits reserve**	**Merger reserve**	**Reverse acquisition reserve**	**Currency translation reserve**	**Purchase of non-controlling interest reserve**	**Accumulated losses**	**Total ***	**Non-controlling interest**	**Total equity**
Balance at 1 February 2017	16,449	22,931	(303)	3,254	15,347	(11,584)	(142)	-	(36,992)	8,960	262	9,222
Comprehensive income/(loss)												
Loss for the year	-	-	-	-	-	-	-	-	(2,458)	(2,458)	-	(2,458)
Other comprehensive income/(loss)												
Actuarial losses arising on defined benefit pension	-	-	-	-	-	-	-	-	(2)	(2)	-	(2)
Exchange differences on translating foreign operations	-	-	-	-	-	-	366	-	-	366	-	366
Total other comprehensive income/(loss)	-	-	-	-	-	-	366	-	(2)	364	-	364
Total comprehensive income/(loss)	**-**	**-**	**-**	**-**	**-**	**-**	**366**	**-**	**(2,460)**	**(2,094)**	**-**	**(2,094)**
Transactions with owners recognised directly in equity												
Issue of shares to acquire remaining interest in Sitemap Ltd	56	-	-	-	144	-	-	-	-	200	-	200
Acquisition of shares in 1Spatial Inc.	200	-	-	-	539	-	-	(477)	-	262	(262)	-
Recognition of share-based payments	-	-	-	(538)	-	-	-	-	-	(538)	-	(538)
	256	**-**	**-**	**(538)**	**683**	**-**	**-**	**(477)**	**-**	**(76)**	**(262)**	**(338)**
Balance at 31 January 2018 (Audited)	**16,705**	**22,931**	**(303)**	**2,716**	**16,030**	**(11,584)**	**224**	**(477)**	**(39,452)**	**6,790**	**-**	**6,790**
Change in accounting policy									(228)	(228)		(228)
Restated total equity as at 1 February 18	**16,705**	**22,931**	**(303)**	**2,716**	**16,030**	**(11,584)**	**224**	**(477)**	**(39,680)**	**6,562**	**-**	**6,562**
Comprehensive loss												
Loss for the period	-	-	-	-	-	-	-	-	(838)	(838)	-	(838)
Other comprehensive loss												
Exchange differences on translating foreign operations	-	-	-	-	-	-	(21)	-	-	(21)	-	(21)
Total other comprehensive income	-	-	-	-	-	-	(21)	-	-	(21)	-	(21)
Total comprehensive loss	**-**	**-**	**-**	**-**	**-**	**-**	**(21)**	**-**	**(838)**	**(859)**	**-**	**(859)**
Balance at 31 July 2018 (Unaudited)	**16,705**	**22,931**	**(303)**	**2,716**	**16,030**	**(11,584)**	**203**	**(477)**	**(40,518)**	**5,703**	**-**	**5,703**

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

Condensed consolidated statement of changes in equity
Period ended 31 July 2017

£'000	Share capital	Share premium account	Own shares held	Equity-settled employee benefits reserve	Merger reserve	Reverse acquisition reserve	Currency translation reserve	Purchase of non-controlling interest reserve	Accumulated losses	Total *	Non-controlling interest	Total equity
Balance at 1 February 2017	16,449	22,931	(303)	3,254	15,347	(11,584)	(142)	-	(36,992)	8,960	262	9,222
Comprehensive income/(loss)												
Loss for the period	-	-	-	-	-	-	-	-	(1,385)	(1,385)	-	(1,385)
Other comprehensive income/(loss)												
Exchange differences on translating foreign operations	-	-	-	-	-	-	311	-	-	311	-	311
Total other comprehensive income	-	-	-	-	-	-	311	-	-	311	-	311
Total comprehensive income /(loss)	**-**	**-**	**-**	**-**	**-**	**-**	**311**	**-**	**(1,385)**	**(1,074)**	**-**	**(1,074)**
Transactions with owners recognised directly in equity												
Issue of shares to acquire remaining interest in Sitemap Ltd (Note 13)	56	-	-	-	144	-	-	-	-	200	-	200
Acquisition of shares in 1Spatial Inc. (Note 13)	200	-	-	-	539	-	-	(477)	-	262	(262)	-
Recognition of share-based payments	-	-	-	119	-	-	-	-	-	119	-	119
	256	**-**	**-**	**119**	**683**	**-**	**-**	**(477)**	**-**	**581**	**(262)**	**319**
Balance at 31 July 2017 (Unaudited)	**16,705**	**22,931**	**(303)**	**3,373**	**16,030**	**(11,584)**	**169**	**(477)**	**(38,377)**	**8,467**	**-**	**8,467**

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

Condensed consolidated statement of cash flows
Period ended 31 July 2018

	Note	Unaudited 31 July 2018 £'000	Audited 31 January 2018 £'000	Unaudited 31 July 2017 £'000
Cash flows from operating activities				
Cash (used in)/generated from operations	a)	(1,278)	245	220
Interest received		1	3	-
Interest paid		(101)	(170)	(74)
Tax received		221	751	66
Net cash (used in)/generated from operating activities		**(1,157)**	**829**	**212**
Cash flows from investing activities				
Acquisition of subsidiaries (net of cash acquired)		-	15	15
Disposal of subsidiary		-	100	-
Purchase of property, plant and equipment		(43)	(96)	(58)
Expenditure on product development and intellectual property capitalised		(547)	(1,019)	(547)
Proceeds from sale of property, plant and equipment		-	80	139
Net cash used in investing activities		**(590)**	**(920)**	**(451)**
Cash flows from financing activities				
Repayment of borrowings		-	(5)	(64)
Net cash used in financing activities		**-**	**(5)**	**(64)**
Net decrease in cash and cash equivalents		**(1,747)**	**(96)**	**(303)**
Cash and cash equivalents at start of period		268	604	604
Less cash and cash equivalents in assets held for sale		-	(226)	-
Effects of foreign exchange on cash and cash equivalents		25	(14)	39
Cash and cash equivalents at end of period		**(1,454)**	**268**	**340**

Notes to the condensed consolidated statement of cash flows

a) Cash (used in)/generated from operations

	Unaudited As at 31 July 2018	Audited As at 31 January 2018	Unaudited As at 31 July 2017
	£'000	£'000	£'000
Loss before tax including discontinued operations	(1,092)	(3,424)	(1,521)
Adjustments for:			
Net finance cost	100	167	74
Depreciation	78	376	203
Amortisation and impairment	890	1,558	660
Impairment of assets held for sale	-	1,220	-
Share-based payment (credit)/charge	-	(538)	118
Loss on disposal of property, plant and equipment	-	9	10
Gain on bargain purchase	-	(100)	(9)
Loss on disposal of assets held for sale	-	199	199
Decrease in trade and other receivables	(531)	2,791	3,026
Decrease in trade and other payables	(517)	(2,205)	(2,578)
Increase/(Decrease) in provisions	(142)	(83)	7
Increase in defined benefit pension obligation	-	4	-
Net foreign exchange movement	(64)	271	31
Cash (used in)/generated from operations	**(1,278)**	**245**	**220**

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

	Unaudited As at 31 July 2018	Audited As at 31 January 2018	Unaudited As at 31 July 2017
	£'000	£'000	£'000
Decrease in cash in the period	(1,747)	(96)	(303)
Changes resulting from cash flows	**(1,747)**	**(96)**	**(303)**
Less cash and cash equivalents in assets held for sale	-	(226)	-
Effect of foreign exchange	25	(14)	39
Change in net funds	**(1,722)**	**(336)**	**(264)**
Net funds at beginning of period	268	**604**	604
Net funds at end of period	**(1,454)**	**268**	**340**
Analysis of net funds			
Cash and cash equivalents classified as:			
Current assets	734	1,319	2,293
Bank and other loans	(2,188)	(1,051)	(1,953)
Net funds at end of period	**(1,454)**	**268**	**340**

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 Tennyson House, Cambridge Business Park, Cowley Road, Cambridge, CB4 0WZ. The registered number of the Company is 5429800.

The principal activity of the Group is the development and sale of IT software along with related consultancy and support. The principal activity of the Company is that of a parent holding company which manages the Group's strategic direction and underlying subsidiaries.

2. Basis of preparation

The condensed consolidated interim financial information for the six months ended 31 July 2018, 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 2019 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 2018.

The financial information for the half years ended 31 July 2018 and 31 July 2017 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 2018 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 result for the six months ended 31 July 2018 is based on the estimated tax rates in the jurisdictions in which the Group operates, for the year ending 31 January 2019.

4. Loss per share

Basic loss per share is calculated by dividing the 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 2018 £'000	Audited As at 31 January 2018 £'000	Unaudited As at 31 July 2017 £'000
Loss attributable to equity holders of the Parent	(838)	(2,458)	(1,385)
Less/add (Loss)/profit from discontinued operations	(266)	(1,255)	210
Loss from continuing operations	(572)	(1,203)	(1,595)
Adjustments:			
Income tax credit	(200)	(753)	(64)
Deferred tax credit	(54)	-	-
Net finance cost	80	151	31
Depreciation	78	231	126
Amortisation and impairment of intangible assets	890	1,474	618
Share-based payment charge	-	(538)	118
Strategic, integration and other irregular items	391	1,041	819
Adjusted EBITDA from continuing operations	**613**	**403**	**53**

	Number 000s	Number 000s	Number 000s
Basic and Diluted weighted average number of ordinary shares	**763,652**	**758,828**	**753,925**

	Unaudited As at 31 July 2018 Pence	Audited As at 31 January 2018 Pence	Unaudited As at 31 July 2017 pence
Basic loss per share	(0.11)	(0.32)	(0.18)
- from continuing operations	(0.07)	(0.15)	(0.21)
- from discontinued operations	(0.04)	(0.17)	0.03
Diluted loss per share	(0.11)	(0.32)	(0.18)
- from continuing operations	(0.07)	(0.15)	(0.21)
- from discontinued operations	(0.04)	(0.17)	0.03
Basic Adjusted EBITDA per share	0.04	(0.11)	0.03
- from continuing operations	0.08	0.06	0.01
- from discontinued operations	(0.04)	(0.17)	0.02
Diluted Adjusted EBITDA per share	0.04	(0.11)	0.03
- from continuing operations	0.08	0.06	0.01
- from discontinued operations	(0.04)	(0.17)	0.02

5. Dividends

No dividend is proposed for the six months ended 31 July 2018 (31 January 2018: nil; 31 July 2017: nil).

6. Segmental information

31 July 2018	Central costs £'000	Geospatial £'000	IT Managed Services £'000	Total £'000
Revenue	-	8,833	-	8,833
Cost of sales	-	(4,243)	-	(4,243)
Gross profit	**-**	**4,590**	**-**	**4,590**
Administrative expenses	**(1,040)**	**(4,296)**	**-**	**(5,336)**
Adjusted EBITDA	(773)	1,386	-	613
Less: depreciation	-	(78)	-	(78)
Less: amortisation and impairment of intangible assets	-	(890)	-	(890)
Less: share-based payment charge	-	-	-	-
Less: strategic, integration and other irregular items	(267)	(124)	-	(391)
Total operating (loss)/profit	**(1,040)**	**294**	**-**	**(746)**
Finance income	-	18	-	18
Finance cost	(87)	(11)	-	(98)
Net finance (cost) / income	(87)	7	-	(80)
(Loss)/profit before tax	**(1,127)**	**301**	**-**	**(826)**
Tax	-	254	-	254
(Loss)/profit for the period from continuing operations	(1,127)	555	-	(572)
Loss for the period from discontinued operations	-	-	(266)	(266)
(Loss)/profit for the period	**(1,127)**	**555**	**(266)**	**(838)**

31 January 2018	Central costs £'000	Geospatial £'000	IT Managed Services £'000	Total £'000
Revenue	-	16,938	-	16,938
Cost of sales	-	(7,994)	-	(7,994)
Gross profit	**-**	**8,944**	**-**	**8,944**
Administrative expenses	**(1,742)**	**(9,007)**	**-**	**(10,749)**
Adjusted EBITDA	(1,601)	2,004	-	403
Less: depreciation	(15)	(216)	-	(231)
Less: amortisation and impairment of intangible assets	-	(1,474)	-	(1,474)
Add/less: share-based payment (credit)/charge	551	(13)	-	538
Less: strategic, integration and other irregular items	(677)	(364)	-	(1,041)
Total operating loss	**(1,742)**	**(63)**	**-**	**(1,805)**
Finance income	-	36	-	36
Finance cost	(124)	(63)	-	(187)
Net finance cost	**(124)**	**(27)**	**-**	**(151)**
Loss before tax	**(1,866)**	**(90)**	**-**	**(1,956)**
Tax	-	753	-	753
(Loss)/profit for the period from continuing operations	(1,866)	663	-	(1,203)
Loss for the period from discontinued operations	(166)	-	(1,089)	(1,255)
(Loss)/profit for the period	**(2,032)**	**663**	**(1,089)**	**(2,458)**

6. Segmental information (continued)

31 July 2017	Central costs £'000	Geospatial £'000	IT Managed Services £'000	Total £'000
Revenue	-	8,563	-	8,563
Cost of sales	-	(4,200)	-	(4,200)
Gross profit	**-**	**4,363**	**-**	**4,363**
Administrative expenses	**(1,572)**	**(4,419)**	**-**	**(5,991)**
Adjusted EBITDA	(803)	856	-	53
Less: depreciation	(15)	(111)	-	(126)
Less: amortisation and impairment of intangible assets	-	(618)	-	(618)
Less: share-based payment charge	(98)	(20)	-	(118)
Less: strategic, integration and other irregular items	(656)	(163)	-	(819)
Total operating loss	**(1,572)**	**(56)**	**-**	**(1,628)**
Finance income	-	42	-	42
Finance cost	(47)	(26)	-	(73)
Net finance (cost) / income	(47)	16	-	(31)
Loss before tax	**(1,619)**	**(40)**	**-**	**(1,659)**
Tax	-	64	-	64
(Loss)/profit for the period from continuing operations	(1,619)	24	-	(1,595)
Profit for the period from discontinued operations	-	-	210	210
(Loss)/profit for the year	**(1,619)**	**24**	**210**	**(1,385)**

7. Strategic, integration and other irregular items

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

	Six months ended 31 July 2018 £'000	Year ended 31 January 2018 £'000	Six months ended 31 July 2017 £'000
Costs associated with corporate transactions and other strategic costs	238	101	82
Restructuring and redundancy costs	153	946	461
Loan- write-offs	-	-	302
Release of amount payable to Sitemap Ltd	-	(44)	-
Write-off of accrued revenue on settlement of a contractual dispute	-	138	-
Gain on bargain purchase	-	(100)	-
Other	-	-	(26)
Total	**391**	**1,041**	**819**

8. Trade and other receivables

Current	As at 31 July 2018 £'000	*As at 31 January 2018 £'000
Trade receivables	2,714	2,412
Less: provision for impairment of trade receivables	-	(38)
	2,714	2,374
Other taxes and social security	192	38
Other receivables	1,243	1,243
Prepayments and accrued income	1,294	1,183
	5,443	**4,838**

* Restated to show IFRS 15 adjustments as at 31 January 2018.

9. Trade and other payables

Current	As at 31 July 2018 £'000	*As at 31 January 2018 £'000
Trade payables	1,850	1,437
Other taxation and social security	1,913	2,055
Other payables	487	552
Accrued liabilities	598	467
Deferred income	3,260	4,014
	8,108	**8,525**

* Restated to show IFRS 15 adjustments as at 31 January 2018.

10. Share capital

	As at 31 July 2018 £'000	As at 31 January 2018 £'000
Allotted, called up and fully paid		
763,652,144 (Jan 2018: 763,652,144) ordinary shares of 1p each	7,637	7,637
226,699,878 (Jan 2018: 226,699,878) deferred shares of 4p each	9,068	9,068
	16,705	**16,705**

11. Post balance sheet events

On 20 August 2018 a special resolution was passed to consolidate the 763,652,144 existing ordinary 1p shares, including 3,196,356 existing ordinary shares held in treasury, with a closing mid-market price of 4 pence per existing ordinary share, on a 10 to 1 basis, such that every 10 existing ordinary shares were consolidated into one consolidated ordinary share of 10 pence in nominal value. Following the completion of the share consolidation, the Company has 76,365,214 ordinary shares in issue, with 319,635 ordinary shares held in treasury.

On the same date the Company issued 22,666,675 new ordinary shares at a price of 37.5 pence per share, raising £8.0 million (net of fees and expenses) for the Company. The proceeds will be used to strengthen the Company's balance sheet, for further investment in research and development of the Group's technology, and for general working capital purposes

In September 2018, the Company established a new 1Spatial employee share plan to incentivise management and employees to deliver long-term value creation and align their interests with those of the Company's shareholders.

12. Changes in accounting policies

This note explains the impact of the adoption of IFRS 15 Revenue from Contracts with Customers on the group's financial statements and also discloses the new accounting policies that have been applied from 1 February 2018, where they are different to those applied in prior periods.

IFRS 15 Revenue from Contracts with Customers - Impact of adoption

The Group has adopted IFRS 15 Revenue from Contracts with Customers from 1 February 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transition provisions in IFRS 15, the Group has adopted the new rules retrospectively and has restated comparatives for the year ended 31 January 2018. In summary, the following adjustments were made to the amounts recognised in the balance sheet at the date of initial application (1 February 2018):

	IAS 18 carrying amount 31 January 2018 £'000	Reclassification of presentation £'000	IFRS 15 carrying amount 1 February 2018 £'000
Other receivables	1,351	(108)	1,243
Prepayments and accrued income	1,747	(564)	1,183
Accrued liabilities	(631)	164	(467)
Deferred income	(4,328)	314	(4,014)
Deferred tax liability	(264)	(34)	(298)
Total	**(2,125)**	**(228)**	**(2,353)**

The impact on the Group's retained earnings as at 1 February 2018 is as follows:

	31 January 2018 £'000
Accumulated losses at 31 January 2018 - before IFRS 15 restatement	39,452
Reclassification of presentation	228
Opening accumulated losses at 1 February 2018 - after IFRS 15 restatement	**39,680**

Software licencing revenue and related costs
Performance obligations related to both perpetual and term licence revenues are satisfied at a point in time rather than being satisfied over time. Prior to the adoption of IFRS 15, perpetual licence revenue was recognised at a point in time, whereas term licence revenue was recognised over the term of the licence. Upon adoption of IFRS 15, term licence revenue has now been recognised in full where the performance obligation has been satisfied in the year ended 31 January 2018, resulting in releases of previously deferred revenue totalling £314k and releases of the related previously deferred costs (recorded in other receivables) totalling £108k.

Software development service revenue
These revenues were recognised over time and this recognition pattern continues to be appropriate under IFRS 15, except where the Company does not have a contractual right to receive payment for the services, i.e. until milestones are achieved, in which case, the adoption of IFRS 15 has resulted in a step-recognition of these software development service revenues, (i.e. at a point in time), as the milestones have been achieved, with the related costs being recognised at the same time. This has resulted in the reversal of previously accrued income of £564k and the deferral of the related costs of £164k.

Professional services revenue
The revenue recognition pattern for professional services has not changed on adoption of IFRS 15, as these are recognised at a point in time once the Company has a contractual right to the revenue.

Support and maintenance revenue
The adoption of IFRS 15 did not have an impact on the Group's recognition of its support and maintenance revenue and this continues to be recognised over time.