



BELGRAVIUM

LEADERS IN REAL-TIME TECHNOLOGY



06

INTERIM REPORT

welcome to belgravium technologies plc



Belgravium Ltd designs and manufactures mobile computers and real time electronic data capture systems, which are largely applied to the logistics and supply chain sectors.

www.belgravium.com



TouchStar Technologies designs and manufactures mobile computers and key peripheral accessories, such as card readers and printers, which are largely applied to the mobile point of sale and fuel delivery sectors.

www.touchstar.co.uk



Novo Ivc mobile sales and stock control software systems are used on more than 2000 daily journeys by over 50,000 attendants, handling sales in excess of \$460 million. Novo software provides optimum retail control for airlines and railways.

www.novoivc.com



Belgravium Investor Relations Web Site

This web site contains full and interim Report and Accounts in PDF format, as well as information on share price, advisers, broker coverage etc.

www.belgraviuminvestorrelations.com

Chairman's Statement

Results

Total sales in the six months to the end of June 2006 were £4,982,000, more than double the £2,359,000 sold in the same period in 2005. This increase in turnover was largely as a result of the acquisition of Touchstar Limited in October 2005 and Novo IVC in January 2006. Operating profit, before amortisation of goodwill, increased by 81% from £430,000 in 2005 to £780,000 in 2006. With an anticipated tax charge of 30%, basic earnings before amortisation of goodwill on the expanded share capital of the Company were maintained at 0.51p per ordinary share.

After a slow first quarter and the inevitable issues of incorporating two new businesses into the Group, this is a good interim result. Much has been achieved in this period to build confidence that the Company will benefit from these acquisitions in the second half of 2006 and in future years.

Belgravium Ltd ("Belgravium")

The first quarter was quiet for Belgravium, a market feature in recent years. Equally we have become used to logistics contracts becoming more transactional, with technical excellence and post sales support being less of a buying motive. To maintain our position in this market, we have adopted new sales strategies which have brought results in winning contracts; too late to improve the second quarter but an indication of a better second half to come. Equally there has been some success in our long term drive to develop new and related markets and to provide solutions to customer problems by new technical capability, some of which came from Touchstar. Overall, Belgravium has benefited from the integration process

with Touchstar and looks to the future with confidence.

Touchstar Ltd ("Touchstar")

Touchstar manufactures and supplies data capture systems largely for the oil and petrochemical industry and, through Novo IVC, for airlines and railways. These are generally comparatively large contracts taking many months in negotiation and operational trials by customers. Touchstar has an excellent reputation in its chosen markets but, as we were aware at the time of the acquisition, its forecasts for 2006 were underwritten by no new contracts. During the last quarter of 2005 and the first half of 2006 we have built an international sales and marketing team and re-developed relationships with customers and selling partners. We have also listened carefully to operators' views of present and future technical requirements to ensure that Touchstar products continue to anticipate market needs.

As a result, we enter the second half of 2006 with firm orders from new customers and a wide range of opportunities for market development and growth. Additionally, this is on a truly international basis, which offers the longer term possibility of being less vulnerable to market cycles at home.

Novo IVC ("Novo")

Novo IVC is a recognised leader in the supply of mobile retailing systems currently used in aeroplanes and trains and with a multitude of other possible applications. It uses Touchstar hardware but has vitally important in-house software capability and has agreement with WM Data for back office software.



Chairman's Statement

At the end of 2006 it is the intention to integrate Novo as a selling and operational division of Touchstar which will give the necessary sales focus to provide for broad market development. In the meantime the necessary organisational changes have been agreed and real progress has been made in ensuring that the Group has all the facilities needed to capture what could be major growth. Some very good contracts are in prospect for 2007.

Technical Development

One of the significant benefits offered by the acquisition of Touchstar was the sharing of technical resources. The first stage of this plan required a technical strategy identifying current and future product and system needs, establishing priorities and allocating resources. This has been completed and some early results achieved. The Group is well on the way towards developing a unified technical resource and sales opportunities have already benefited from this approach.

Balance Sheet

The balance sheet shows the strengthened Group position, following the acquisitions. Gearing has increased as a result of a bank term loan but the cash position remains strong. At an operational level, the Belgravium Group is cash generative. Loan repayments will commence as planned in October 2006.

Dividend

The Directors remain committed to a policy of paying as good a dividend as trading conditions and the cash position will allow. The second half shows promise, and with a strong cash position, we propose paying an interim dividend of

0.13p per share, a level proposed in 2004 and held in 2005, on 6 December 2006 to shareholders on the Register on 10 November 2006.

Employees

There were some gaps in the organisational structure of Touchstar, which have now been filled but, on the whole, we have been delighted by the capabilities of employees at both Touchstar and Novo. The way in which they have co-operated with the integration plans has also been outstanding. Belgravium Group now has some very high calibre people in all departments.

Outlook

It is always difficult to forecast performance immediately after acquisitions. Despite a slow start to 2006, performance in the second quarter has begun to demonstrate the benefits of the work we have put into building a Group wide sales function and regenerating our sales pipeline. Prospects for the second half are good and we are confident that the full year will show a significant advance on 2005. Longer term opportunities have been greatly enhanced by the Group's expansion and the outlook is generally good for the Belgravium Group.



John Kembery

Executive Chairman

Unaudited Profit and Loss Account

for 6 months to 30 June 2006

	6 months to 30 June 2006			6 months to 30 June 2005 (as restated)
	Continuing operations (Unaudited) £'000	Acquisitions (Unaudited) £'000	Total (Unaudited) £'000	Total (Unaudited) £'000
Turnover	3,942	1,040	4,982	2,359
Operating profit before goodwill amortisation	748	32	780	430
Goodwill amortisation	(205)	(27)	(232)	–
Operating profit	543	5	548	430
Net interest payable			(49)	–
Net interest receivable			–	54
Profit on ordinary activities before taxation			499	484
Tax charge on ordinary activities			(218)	(145)
Profit on ordinary activities after taxation			281	339
Ordinary dividend paid			(321)	(214)
(Sustained loss)/retained profit for the period			(40)	125
Basic earnings per ordinary share (pence)			0.28	0.51
Diluted earnings per ordinary share (pence)			0.28	0.50



Group Balance Sheet

at 30 June 2006

	As at 30 June 2006 (Unaudited) £'000	As at 30 June 2005 (as restated) (Unaudited) £'000	As at 31 December 2005 (Audited) £'000
Fixed assets			
Intangible assets	9,069	–	8,232
Tangible assets	381	213	325
	9,450	213	8,557
Current assets			
Stocks	1,225	548	1,103
Debtors	2,271	1,426	2,479
Cash at bank and in hand	817	2,484	1,799
	4,313	4,458	5,381
Creditors:			
Amounts falling due within one year	(4,064)	(1,852)	(6,189)
Net current assets/(liabilities)	249	2,606	(808)
Total assets less current liabilities	9,699	2,819	7,749
Creditors amounts falling due after more than one year	(2,250)	–	(170)
Provision for liabilities and charges	(83)	(48)	(173)
Net assets	7,366	2,771	7,406
Capital and reserves			
Called up share capital	5,021	3,341	5,021
Share premium	2,915	120	2,915
Capital redemption reserve	2,100	2,100	2,100
Profit and loss account	(2,670)	(2,790)	(2,630)
Total equity shareholders' funds	7,366	2,771	7,406

Group Cash Flow Statement

for 6 months to 30 June 2006

	2006 (Unaudited) £'000	2005 (Unaudited) £'000
Net cash inflow from operating activities	1,112	511
Returns on investments and servicing of finances		
Interest received	26	54
Interest paid	(35)	–
	(9)	54
Taxation		
Corporation tax paid	(714)	(55)
Corporation tax received	150	–
	(564)	(55)
Capital expenditure and financial investment		
Purchase of intangible fixed assets	(56)	–
Purchase of tangible fixed assets	(87)	(31)
	(143)	(31)
Acquisitions		
Acquisition of subsidiary company	(1,316)	–
Acquisition expenses	(357)	–
Cash at bank and in hand acquired with subsidiary	616	–
	(1,057)	–
Equity dividends paid to shareholders	(321)	(214)
Net cash (outflow)/inflow before financing	(982)	265
Financing		
New bank loan	2,580	–
Payment of loan notes	(2,580)	–
	–	–
(Decrease)/increase in cash in the period	(982)	265



Reconciliation of Net Cash Flow to Movement in Net Debt

for 6 months to 30 June 2006

	2006 (Unaudited) £'000	2005 (Unaudited) £'000
(Decrease)/increase in cash	(982)	265
Movement in net funds during year	(982)	265
Net (debt)/funds at 1 January	(1,201)	2,219
Net (debt)/funds at 30 June	(2,183)	2,484

Group Cash Flow Statement

for 6 months to 30 June 2006

(a) Reconciliation of operating profit to net cash inflow from operating activities

	2006 (Unaudited) £'000	2005 (Unaudited) £'000
Operating profit	548	430
Depreciation	97	55
Amortisation	257	–
Movement in provisions	(90)	(6)
Funds generated by operations	812	479
Decrease/(increase) in stocks	23	(105)
Decrease in debtors	457	32
(Decrease)/increase in creditors	(180)	105
Decrease in working capital	300	32
Net cash inflow from operating activities	1,112	511

(b) Analysis of net funds

	At 1 January 2006 (Audited) £'000	Cash flow (Unaudited) £'000	At 30 June 2006 (Unaudited) £'000
Cash at bank and in hand	1,799	(982)	817
Debt due within one year	(2,830)	2,080	(750)
Debt due after one year	(170)	(2,080)	(2,250)
	(1,201)	(982)	(2,183)



Notes to the Interim Report

for 6 months to 30 June 2006

- 1 The interim report has not been audited and the information contained in this interim statement does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The audited accounts for the year ended 31 December 2005 upon which the auditors issued an unqualified opinion, have been delivered to the Registrar of Companies.
- 2 During the year ended 31 December 2005 the Group adopted FRS 17 'Retirement benefits', FRS 21 'Events after the balance sheet date', FRS 22 'Earnings per share', the presentational requirements of FRS 25 'Financial instruments: Disclosure and presentation' and FRS 28 'Corresponding amounts'. The adoption of each of these standards represents a change in accounting policy and the comparative figures have been restated accordingly, except where the exemption to restate comparatives has been taken. The prior year adjustment relates to the implementation of FRS 21. The adoption of FRS 21 has resulted in an increase in shareholders funds of £87,000 at 1 July 2005 due to the write back of the interim proposed dividend at 30 June 2005.

3 Earnings per ordinary share

	2006 (Unaudited) £'000	2005 (Unaudited) £'000
Basic earnings per ordinary share	0.28p	0.51p
Diluted earnings per ordinary share	0.28p	0.50p
Basic earnings per ordinary share before goodwill amortisation	0.51p	0.51p
Diluted earnings per ordinary share before goodwill amortisation	0.51p	0.50p

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

For diluted earnings per share the weighted average number of ordinary shares in the issue is adjusted to assume conversion of all dilutive ordinary shares. The dilutive ordinary shares represent the share options and warrants granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the period.

Basic earnings per ordinary share before goodwill amortisation and diluted earnings per ordinary share before goodwill amortisation is based on profit on ordinary activities after taxation but before goodwill amortisation of £232,000, being £513,000.

Notes to the Interim Report

for 6 months to 30 June 2006

3 Earnings per ordinary share (continued)

	2006 (Unaudited)		2005 (Unaudited)	
	Earnings £'000	Weighted average number of shares (in thousands)	Earnings £'000	Weighted average number of shares (in thousands)
Basic EPS				
Earnings attributable to ordinary shareholders	281	100,426	339	66,826
Effect of dilutive securities				
Options	-	679	-	449
Diluted EPS				
Adjusted earnings	281	101,105	339	67,275
Earnings per share before goodwill amortisation				
Basic EPS	281	100,426	339	66,826
Goodwill amortisation	232	-	-	-
Basic EPS before goodwill amortisation	513	100,426	339	66,826
Diluted EPS	281	101,105	339	67,275
Goodwill amortisation	232	-	-	-
Diluted EPS before goodwill amortisation	513	101,105	339	67,275



Notes to the Interim Report

for 6 months to 30 June 2006

4 Acquisitions

On 13 January 2006 the Company acquired the entire share capital of Novo IVC Limited for a total consideration of £1,316,000 plus costs of £357,000 being the fair value of the consideration.

The book and provisional fair value of the assets acquired are as follows:-

	£'000
Intangible assets	
Goodwill	21
Other	57
Fixed assets	66
Stock	145
Debtors	424
Cash	616
Creditors	(616)
Net assets acquired	<u>713</u>
Goodwill	<u>960</u>
	<u>1,673</u>
Satisfied by	
Cash	1,316
Costs	<u>357</u>
	<u>1,673</u>

The book value of the assets and liabilities have been taken from the accounting records of Novo IVC Limited at 13 January 2006. No fair value adjustments have been made to date.

- 5 The record date for the interim dividend for Belgravium Technologies plc is 10 November 2006 (Ex-Dividend date 8 November 2006).
- 6 Copies of this statement will be posted to shareholders and further copies will be made available to the public at the Company's office:- Campus Road, Listerhills Science Park, Bradford, West Yorkshire, BD7 1HR.

Group Information

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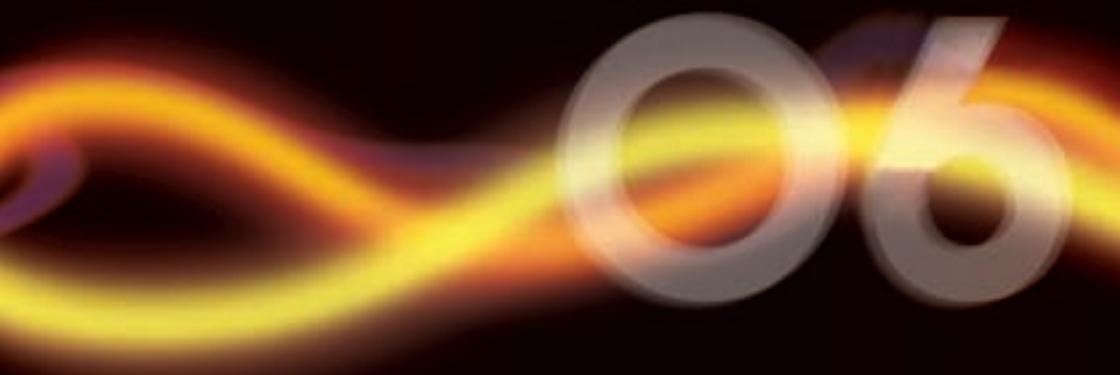
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Shareholders Notes



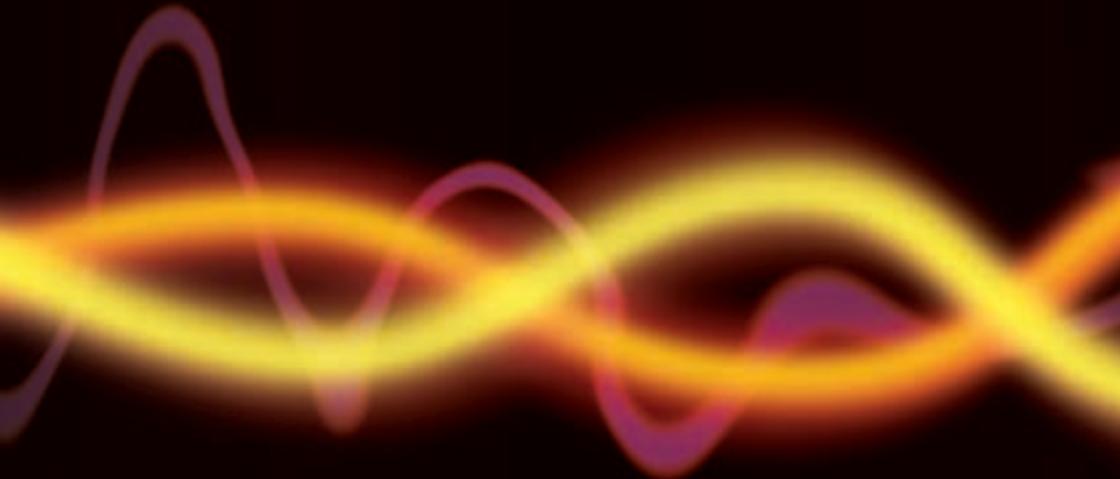
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