

21 September 2015



Belgravium
Technologies plc

Belgravium Technologies plc
Interim Results for the Six Months ended 30 June 2015

The Board of Belgravium Technologies plc ((AIM:BVM) 'Belgravium' or 'the Group'), suppliers of mobile data computing solutions and managed services to a variety of industrial sectors, is pleased to announce its interim results for the six months ended 30 June 2015.

Key Financials:

	30 June 2015	30 June 2014
• Turnover	£4,431,000	£4,568,000
• Adjusted post tax profit*	£90,000	£223,000
• Adjusted earnings per share*	0.09p	0.22p
• Adjusted EBITDA*	£266,000	£422,000
• Cash & cash equivalents	£414,000	£1,409,000

* Calculated before exceptional items

Commenting on the interim results, Ian Martin, Chairman of Belgravium, said:

“This year will be a year of transformation for Belgravium. A restructuring programme is underway which will see the Group benefit next year and in subsequent years from a much lower cost base, coherent structure and new energy.

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Information on Belgravium Technologies plc can be seen at: www.belgravium-technologies.com

CHAIRMAN'S INTERIM STATEMENT – 2015

In my first communication to you since becoming Chairman I not only want to cover the financial results for the six month period ending 30 June 2015, but to share my first impressions of the Company, the challenges ahead, articulate the real opportunity that exists and that attracted me to the business in the first place.

My initial feeling is that Belgravium's structure is overly complex and disparate and that its strategy requires greater coherence. On a more positive note I have been struck by the high quality of the Company's customer base. The people within the business I have found to be professional, diligent and committed to what we do and to ensuring that our customers receive very high service levels. At all levels employees have told me clearly that there is a real mandate for change. It is also clear the Company has a strong cash generative ability and maintains a conservative balance sheet.

These factors give a solid foundation to build from. However, Belgravium can only thrive if it is structured in the right way, its product and services are competitive, it has a sustainable cost base and, at all levels, management and staff believe we are heading in the right direction. I believe there is much that can be done in this regard which will better shape Belgravium for the future and that will create a more secure platform for profitable future growth.

The immediate areas of focus are;

- reviewing our costs which are too high;
- improving our products and services which would benefit from further investment; and
- simplifying our organisation which is overly complex and inefficient.

I am pleased to report that significant progress is already underway.

Our plan is to reduce the cost base by approximately £500,000 on an annualized basis and make the business more effective. We are eliminating duplication where it exists. This means we can operate with fewer people and from a lower cost base. Controls and the flow of information are being improved and the business is being moved to a standard reporting system.

We need to improve our commercial capability and accelerate the development of a newer generation of products and services. Only then can we drive real organic revenue growth. This investment is now being made, although it will take a while for the returns to flow through into our financial results.

These are some of the first steps as we begin to rebuild the confidence of our shareholders, our customers, our partners and our employees.

Results

Revenue in the six months ended 30 June 2015 saw a decline to £4,431,000 (six months ended 30 June 2014: £4,568,000). This decline is due to a general flatness in the market and a specific internal issue caused by the distraction of integrating the recently acquired AFS business, which resulted in a loss of sales momentum at Feedback Data.

Exceptional charges relating to the Group's restructuring programme have further impacted the financial results. In the six months ended 30 June 2015 an exceptional charge of £95,000 was taken, the largest items of which relates to the restructuring of the board. The company is reporting a loss for the six months ended 30 June 2015 of £ 5,000 (six months ended 30 June 2014: £223,000 profit).

Adjusted profits after tax (which exclude restructuring costs, compensation for loss of office, payments and other non-recurring costs) for the six months ended 30 June 2015 were £ 90,000 (six months ended 30 June 2014: £223,000 profit).

The adjusted earnings per share from continuing operations decreased to 0.09p (six months ended 30 June 2014: 0.22p).

Taxation continues to be positive for the Group; the company received a tax credit of £45,000 for the six months ended 30 June 2015 (six months ended 30 June 2014: £9,000).

The cash balance declined to £414,000 at 30 June 2015 (30 June 2014: £1,409,000). The prior year cash position, as mentioned in last years' report, was flattered by a substantial pre-payment from one customer. The Company also paid £500,000 to acquire Access Fire and Security Limited during the period.

As the Board has previously indicated there will be no interim dividend this year (2014: nil).

Current Outlook and Trading

After a review of current trading I expect that although at a trading level the Group will be profitable for the year as a whole, this result will be below the current market expectations.

Additionally the restructuring programme, which is now underway will mean that the full year results will include substantial exceptional costs, this will result in the group making a loss overall.

This year will therefore be a year of transformation. As we move into next year we will be moving out of this current period of consolidation and restructuring. Next year and subsequent years will benefit from a much lower cost base, coherent structure and a new energy.

Acceleration of our product and service development should enable us to drive revenue growth and rebuild sales momentum during 2016.

People

Competition in our markets is an on-going factor; it is made easier due to the real commitment, quality and technical expertise of our staff giving us an advantage. They continue to deliver a high level of service to our customers. I cannot thank them enough – as I mentioned earlier it is one of the key reasons I joined the business.

Conclusion

To conclude, although financial results in the short term may be disappointing, the changes that are now being made are essential to the future prosperity of the business. In a turnaround situation it is always difficult to predict the actual point when the benefits will become visible, but change is happening. We are investing in our future and have not been afraid to sacrifice some of the present to do so.

This is the start of the journey. I look forward to helping to build a profitable and successful Belgravium, one that is capable of exploiting the opportunities as they arise.

Many thanks for your patience and support; it is greatly appreciated.

Consolidated income statement
for the six months ended 30 June 2015

	Notes	6 months to 30 June 2015 Total (Unaudited) £'000	6 months to 30 June 2014 Total (Unaudited) £'000
Revenue		4,431	4,568
Operating profit before exceptional items		46	215
Exceptional items	2	(95)	-
Operating (loss)/profit		(49)	215
Finance expense		(1)	(1)
(Loss)/profit before income tax		(50)	214
Income tax credit		45	9
(Loss)/profit for the period attributable to equity shareholders		(5)	223
Basic (loss)/earnings per ordinary share (pence)	2	0.00	0.22
Adjusted earnings per ordinary share (pence)	2	0.09	0.22

Consolidated statement of changes in equity
for the six months ended 30 June 2015

	Share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total
	(Unaudited) £'000	(Unaudited) £'000	(Unaudited) £'000	(Unaudited) £'000	(Unaudited) £'000
At 30 June 2014	5,047	2,932	2,100	1,292	11,371
Profit for the period	-	-	-	286	286
At 31 December 2014	5,047	2,932	2,100	1,578	11,657
Loss for the period	-	-	-	(5)	(5)
At 30 June 2015	5,047	2,932	2,100	1,573	11,652

Consolidated balance sheet

as at 30 June 2015

	As at 30 June 2015 (Unaudited) £'000	As at 30 June 2014 (Unaudited) £'000	As at 31 December 2014 (Audited) £'000
Non-current assets			
Intangible assets			
Goodwill	9,824	9,495	9,824
Development expenditure	776	616	716
Property, plant and equipment	189	195	217
Deferred income tax assets	67	66	67
	<hr/> 10,856	<hr/> 10,372	<hr/> 10,824
Current assets			
Inventories	1,500	1,633	1,435
Trade and other receivables	2,807	2,325	3,177
Current income tax recoverable	124	-	103
Cash and cash equivalents	414	1,409	731
	<hr/> 4,845	<hr/> 5,367	<hr/> 5,446
Total assets	<hr/> 15,701	<hr/> 15,739	<hr/> 16,270
Current liabilities			
Trade and other payables	3,656	3,629	4,027
Borrowings	15	14	18
Short term provisions	-	7	-
	<hr/> 3,671	<hr/> 3,650	<hr/> 4,045
Non current liabilities			
Deferred income tax liabilities	87	-	75
Deferred income	291	702	480
Borrowings	-	16	13
	<hr/> 4,049	<hr/> 4,368	<hr/> 4,613
Capital and reserves attributable to owners of the parent			
Share capital	5,047	5,047	5,047
Share premium reserve	2,932	2,932	2,932
Capital redemption reserve	2,100	2,100	2,100
Profit and loss account	1,573	1,292	1,578
	<hr/> 11,652	<hr/> 11,371	<hr/> 11,657
Total equity and liabilities	<hr/> 15,701	<hr/> 15,739	<hr/> 16,270

Consolidated cash flow statement

For six months to 30 June 2015

	6 months to 30 June 2015 (Unaudited) £'000	6 months to 30 June 2014 (Unaudited) £'000
Cash flows from operating activities		
Operating profit	(49)	215
Depreciation	57	63
Amortisation	163	144
Movement in:		
Inventories	(65)	141
Trade and other receivables	370	356
Trade and other payables	(560)	619
Cash (used in)/generated from operations	(84)	1,538
Interest paid	(1)	(1)
Corporation tax received	36	9
Net cash (used in)/generated from operating activities	(49)	1,546
Cash flows from investing activities		
Purchase of intangible assets	(223)	(204)
Purchase of property, plant and equipment	(29)	(45)
Net cash used in investing activities	(252)	(249)
Cash flows from financing activities		
Repayment of finance lease contracts	(16)	(6)
Dividends paid to company's ordinary shareholders	-	(101)
Net cash used in financing activities	(16)	(107)
Net (decrease)/ increase in cash and cash equivalents	(317)	1,190
Cash, cash equivalents and bank overdrafts at the beginning of the period	731	219
Cash, cash equivalents and bank overdrafts at the end of the period	414	1,409

Notes to the interim report

For the six months to 30 June 2015

1. This financial information comprises the condensed consolidated interim balance sheet as at 30 June 2015 and 30 June 2014 and related consolidated interim statements of income and cash flows for the six months then ended of Belgravium Technologies plc (hereinafter referred to as 'financial information'). Belgravium Technologies plc is listed on the Alternative Investment Market. This financial information for the half year ended 30 June 2015 has neither been audited nor reviewed and does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. This financial information was approved by the Board on 21 September 2015.

This financial information has been prepared in accordance with pronouncements on interim reporting issued by the ASB, AIM Rule 18 and the accounting policies set out in the 2014 annual report and financial statements which are prepared in accordance with IFRS as adopted by the European Union. The Group has chosen not to adopt IAS 34 'Interim financial statements' in preparing this financial information. This financial information has been prepared under the historical cost convention.

The audited accounts for the year ended 31 December 2014 upon which the auditors issued an unqualified opinion, have been delivered to the Registrar of Companies. The audit report on the 2014 accounts did not contain an emphasis of matter paragraph and did not contain a statement made under section 498 of the Companies Act 2006.

2. Earnings per ordinary share

	2015 (Unaudited) £	2014 (Unaudited) £
Basic (loss)/earnings per ordinary share	0.00p	0.22p
Adjusted earnings per ordinary share	0.09p	0.22p

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 period.

	2015 (Unaudited)		2014 (Unaudited)	
	Earnings £'000	Weighted average number of shares (in thousands)	Earnings £'000	Weighted average number of shares (in thousands)
Basic EPS				
(Loss)/earnings attributable to ordinary shareholders	(5)	100,937	223	100,937
Exceptional items	95		-	
	90	100,937	223	100,937

Exceptional items comprise the following:-

	2015 (Unaudited) £'000
Re-structuring costs	95
	95

There were no exceptional items in 2014

3. **Acquisitions**

On 31 December 2014 the Company acquired the entire share capital of Access Fire & Security Limited for a total consideration of £500,000 being the fair value of the consideration.

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

	£'000
Fixed assets	26
Inventory	22
Trade and other receivables	71
Cash and cash equivalents	204
Trade and other payables	(152)
Net liabilities acquired	<u>171</u>
Goodwill	<u>329</u>
	<u>500</u>
Satisfied by	
Cash	<u>500</u>

5. The Company is not declaring an interim dividend in the half year ended 30 June 2015 (2014: Nil).
6. Copies of this statement will be made available to the public at the Company's office:- 2 Campus Road, Listerhills Science Park, Bradford, West Yorkshire, BD7 1HR, or can be obtained from the Company's website at www.belgravium-technologies.com