



BELGRAVIUM TECHNOLOGIES plc

a mobile solution for every environment



Interim Report

08



# BELGRAVIUM TECHNOLOGIES plc



**Belgraviium 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.belgraviium.com](http://www.belgraviium.com)



**TouchStar Technologies Ltd** 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](http://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](http://www.novoivc.com)



## **Belgraviium Technologies plc Investor Relations Website**

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

[www.belgraviium-ir.com](http://www.belgraviium-ir.com)

# Chairman's Statement

## Results

Following a successful year for Belgravium in 2007, we arrive at the first half year end in 2008, in a very different economic climate, experienced the world over.

We reported in an update on trading at the time of our AGM in May 2008, that given such a climate, we had experienced a slowdown in trading, specifically in the number of forward order contracts secured which we believed would result in a first half result below expectations.

In the half year ended 30 June 2008, sales totalled £3,942,000 compared with £5,222,000 in the first half of 2007.

Accordingly, profit before tax fell from £1,024,000 at the half year in 2007 to £72,000 in 2008 resulting in basic earnings per ordinary share of 0.05p per share against 0.71p per share in 2007.

## Operational Review

At the end of 2007 we reported that the Company had made good progress in its growth strategy and that there were attractive projects in the pipeline which would contribute to organic growth in 2008 and beyond. As a result of a deterioration in the global economy experienced across many sectors, new business generation has been difficult in the first half of 2008 and the shortfall in sales has had a direct affect on

profitability. Expected projects have not been lost or abandoned, rather customers have decided to re-examine, modify or postpone their plans leading to a series of delays. Our installations are generally considered capital projects and the general lack of confidence has led to a reluctance to commit to capital spend. We view this situation as a deferment of orders rather than a cancellation and we have maintained our market share with no loss of orders to competitors.

The strong recurring nature of the Group's service, licence and maintenance revenue has helped to offset the reduction in new contracts secured during the first half.

## The Market

Uncertain trading conditions have been experienced across the whole of our industry. Belgravium is, however, well positioned to respond to this challenge and it reinforces our view that commercial emphasis should fall on software and support services. This approach offers more repeat business and better operating margins.

There is ample evidence that our systems improve customer efficiency, cost control and margin growth. We believe our clients will need to retain their competitive edge and cannot defer these advantages indefinitely.



## Chairman's Statement

As the market begins to recover, Belgravium is extremely well positioned to capitalise on the market sectors it has successfully developed.

### Strategy

A year ago we stated that we intended to change our emphasis from hardware to software systems and support services. Despite changes to economic conditions, this policy remains appropriate for the longer term success of the Group. We continue to place great emphasis on new product development and maximised sales both within and outside the UK. We shall, of course, restrain costs wherever possible but must maintain our excellent service by continuing our employment of high quality technical and sales staff.

### Balance Sheet

We are pleased to report that total borrowings have decreased from £1.96m as at 31 December 2007 to £1.75m at 30 June 2008 as we pay down the term loan used to finance the acquisition of Touchstar. We are currently retiring this facility at a rate of £500,000 per annum.

Inventories were higher than usual at the end of the first half reflecting the typically long lead times of electronic components for our systems. Trade receivables were almost the same as a year ago and have not flexed with lower sales because June was a comparatively strong month.

### Dividend

The reduction in profit in the first half means it is not prudent for Belgravium to pay an interim dividend in 2008. The Directors are committed to resuming a dividend payment as soon as possible once financial conditions permit.

### Acquisitions

We continue to review possible acquisition opportunities. However these will only be pursued where they can demonstrate significant incremental shareholder value. The Board continues to explore every opportunity, whilst taking a realistic view on funding requirements and current market conditions.

### Outlook

Belgravium Group occupies strong positions in its chosen market sectors and offers customers unique solutions to improve productivity and efficiencies in the supply chain. Whilst the first half of 2008 witnessed a lengthening of the normal sales cycle, Belgravium's strength, reputation, proven product range and dedicated team will allow progress to resume once market conditions improve.



**John Kembery**  
*Executive Chairman*

# Consolidated Income Statement

for the six months to 30 June 2008

	Notes	<b>6 months to 30 June 2008 Total (Unaudited) £'000</b>	6 months to 30 June 2007 Total (Unaudited) £'000
<b>Revenue</b>		<b>3,942</b>	5,222
<b>Operating profit</b>		<b>129</b>	1,101
Finance income		5	19
Finance costs		(62)	(96)
<b>Profit before tax</b>		<b>72</b>	1,024
Income tax expense		(22)	(307)
<b>Profit for the period attributable to equity shareholders</b>		<b>50</b>	717
Basic earnings per ordinary share (pence)	2	<b>0.05</b>	0.71
Diluted earning per ordinary share (pence)	2	<b>0.05</b>	0.71



## Consolidated Statement of Changes in Shareholders' Equity

for the six months to 30 June 2008

	Called up share capital (Unaudited) £'000	Share premium account (Unaudited) £'000	Capital redemption reserve (Unaudited) £'000	Retained earnings (Unaudited) £'000	Total (Unaudited) £'000
<b>At 30 June 2007</b>	5,037	2,929	2,100	(1,453)	8,613
New shares issued	10	3	–	–	13
Profit	–	–	–	702	702
Equity dividends	–	–	–	(141)	(141)
<b>At 31 December 2007</b>	5,047	2,932	2,100	(892)	9,187
Profit	–	–	–	50	50
Equity dividends	–	–	–	(384)	(384)
<b>At 30 June 2008</b>	<b>5,047</b>	<b>2,932</b>	<b>2,100</b>	<b>(1,226)</b>	<b>8,853</b>

# Consolidated Balance Sheet

at 30 June 2008

	As at 30 June 2008 (Unaudited) £'000	As at 30 June 2007 (Unaudited) £'000	As at 31 December 2007 (Audited) £'000
<b>Non-current assets</b>			
Intangible assets			
Goodwill	9,124	9,124	9,124
Development expenditure	271	193	267
Property, plant and equipment	304	308	251
Deferred tax asset	7	27	7
	<b>9,706</b>	<b>9,652</b>	<b>9,649</b>
<b>Current assets</b>			
Inventories	1,497	1,078	1,262
Trade and other receivables	2,518	2,585	3,901
Cash and cash equivalents	1	590	2
	<b>4,016</b>	<b>4,253</b>	<b>5,165</b>
<b>Current liabilities</b>			
Trade and other payables	2,871	2,521	3,145
Current corporation tax liabilities	205	475	472
Financial liabilities: Borrowings	789	1,000	1,214
Provision for other liabilities and charges	46	46	46
	<b>3,911</b>	<b>4,042</b>	<b>4,877</b>
<b>Net current assets</b>	<b>105</b>	<b>211</b>	<b>288</b>
<b>Non current liabilities</b>			
Financial liabilities: Borrowings	958	1,250	750
<b>Net assets</b>	<b>8,853</b>	<b>8,613</b>	<b>9,187</b>
<b>Shareholders' equity</b>			
Share capital	5,047	5,037	5,047
Share premium reserve	2,932	2,929	2,932
Capital redemption reserve	2,100	2,100	2,100
Profit and loss account	(1,226)	(1,453)	(892)
<b>Total equity</b>	<b>8,853</b>	<b>8,613</b>	<b>9,187</b>



# Consolidated Cash Flow Statement

for the six months to 30 June 2008

	6 months to 30 June 2008 (Unaudited) £'000	6 months to 30 June 2007 (Unaudited) £'000
<b>Cash flows from operating activities</b>		
Operating profit	129	1,101
Depreciation	66	89
Amortisation	55	32
Movement in:		
Provisions	–	(5)
Inventories	(235)	79
Trade and other receivables	1,383	715
Trade and other payables	(278)	(452)
<b>Cash generated from operations</b>	<b>1,120</b>	<b>1,559</b>
Interest received	5	17
Interest paid	(58)	(98)
Corporation tax paid	(289)	(156)
<b>Net cash generated from operating activities</b>	<b>778</b>	<b>1,322</b>
<b>Cash flows from investing activities</b>		
Expenditure of intangible fixed assets	(59)	(24)
Purchase of property, plant and equipment	(119)	(36)
<b>Net cash used in investing activities</b>	<b>(178)</b>	<b>(60)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of ordinary shares	–	30
Repayment of bank borrowings	(292)	(500)
Dividends paid to company's ordinary shareholders	(384)	(363)
Repayment of capital on finance leases	–	(10)
<b>Net cash used in financing activities</b>	<b>(676)</b>	<b>(843)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(76)</b>	<b>419</b>
Cash, cash equivalents and bank overdrafts at the beginning of the period	(212)	171
<b>Cash, cash equivalents and bank overdrafts at the end of the period</b>	<b>(288)</b>	<b>590</b>

# Notes to the Interim Report

for the six months to 30 June 2008

- 1 This financial information comprises the consolidated interim balance sheet as at 30 June 2008 and 30 June 2007 and related consolidated interim statement of income and cash flows for the six months then ended of Belgravium Technologies plc (hereinafter referred to as 'financial information'). The interim consolidated financial statements for the half year ended 30 June 2008 are neither audited nor reviewed by the auditors and do not comprise statutory accounts within the meaning of section 240 of the Companies Act 1985. These interim financial statements were approved by the Board on 2 September 2008.

These interim financial statements have been prepared in accordance with pronouncements on interim reporting issued by the ASB and the accounting policies set out in the 2007 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 its interim statements. The financial statements have been prepared under the historical cost convention.

The audited accounts for the year ended 31 December 2007 upon which the auditors issued an unqualified opinion, have been delivered to the Registrar of Companies. The audit report on the 2007 accounts did not contain an emphasis of matter paragraph and did not contain a statement made under section 237 of the Companies Act 1985.

## 2 Earnings per ordinary share

	<b>2008</b> <b>(Unaudited)</b>	2007 (Unaudited)
Basic earnings per ordinary share	<b>0.05p</b>	0.71p
Diluted earnings per ordinary share	<b>0.05p</b>	0.71p

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

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



## Notes to the Interim Report

### 2 Earnings per ordinary share (continued)

	2008 (Unaudited)		2007 (Unaudited)	
	Earnings £'000	Weighted average number of shares (in thousands)	Earnings £'000	Weighted average number of shares (in thousands)
<b>Basic EPS</b>				
Earnings attributable to ordinary shareholders	50	100,937	717	100,541
<b>Effect of dilutive securities</b>				
Options	–	16	–	461
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Diluted EPS</b>				
Adjusted earnings	50	100,953	717	101,002
	<hr/>	<hr/>	<hr/>	<hr/>

3 The Company did not declare any dividends in the half year ended 30 June 2008.

4 Copies of this statement will be posted to shareholders and further copies 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 our website at [www.belgravium-ir.com](http://www.belgravium-ir.com)

# Group Information

## Registered Number in Scotland 5543

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