

4 SEPTEMBER 2003



**BELGRAVIUM TECHNOLOGIES PLC**  
(AIM)  
INTERIM RESULTS FOR THE  
SIX MONTHS TO JUNE 30 2003

The Board of Belgravium Technologies plc ("Belgravium" or "the Company"), designers and manufacturers of real-time data capture systems, are pleased to announce the Interim Results for the six months ended 30 June 2003.

**HIGHLIGHTS**

- Pre tax profits                    £387,000 (£755,000 at 30 June 2002)
- Sales of                            £1,767,000 (£2,188,000 2002)
- Cash in bank                    £1,592,200 (1,342,000 at 31 December 2002)
- Earnings per Share            0.42p (0.77p at 30 June 2002)
- Interim Dividend of 0.12p to be maintained

Commenting today, Chief Executive John Kembery said:

"The first half of 2003 was a difficult time for manufacturing and technology industries and equally, for Belgravium. A reluctance to commit capital to proven and needed projects has resulted in fewer enquiries than expected being converted into orders.

Despite difficult trading conditions, Belgravium continues to generate and conserve cash. The Company's balance sheet remains a strong platform for further growth in both product and market development.

The first half of 2003 has been a setback, but our policy of development continues unabated and based upon continuing profitability and cash generation."

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FULL STATEMENT ATTACHED

# **BELGRAVIUM TECHNOLOGIES PLC**

## **INTERIM RESULTS 2003**

### **CHAIRMAN'S STATEMENT**

#### Results

The first half of 2003 was a difficult time for manufacturing and technology industries and equally for Belgravium. Sales in the period were £1,767,000 compared to £2,188,000 in the first half of 2002, a drop of 19%. This distinct slowdown is the result of a period of uncertainty which began more than a year ago.

On these sales, Belgravium made a profit before tax of £387,000 (£755,000, 30th June 2002) 49% less than the first half of 2002. This included a profit on the disposal of surplus property of £56,000, an event referred to in the last annual report.

Earnings per share fell from 0.77p per share in the first half of 2002 to 0.42p per share for the first half of 2003. During the period the company purchased one million of its own shares for cancellation at a time of market weakness, leaving 67.8 million shares in issue at the end of June 2003.

#### Dividend

Confidence in the future and a strong cash position means that the Company can continue its policy of paying dividends. The Directors are declaring an interim

dividend of 0.12p per share exactly the same as last year and payable on 3rd December 2003 to shareholders on the Register on 7th November 2003.

### Balance Sheet

Despite difficult trading conditions, the Company continues to generate and conserve cash. Deposits at the bank totaled £1,592,200 at the end of June 2003 compared to £1,342,000 six months earlier at the end of 2002. Belgravium generated £392,000 (2002: £503,000) of cash from operating activities, which represents an operating profit to cash conversion ratio of 129% (2002: 69%). The Company's balance sheet remains a strong platform for further growth, product and market development.

### The Market

Belgravium Technologies designs, manufactures and installs real time data capture systems largely for the logistics and distribution industries of the UK and Continental Europe. In the interim report for 2002 we stated that there had been a "slow down in the speed with which projects were being converted into contracts within the UK logistics industry in the current economic climate." This caution and reluctance to commit capital to proven and needed projects has remained a feature of the market ever since. At the time of the AGM in May 2003 we reported that there were signs that confidence might be returning but this proved to be a false dawn and in the event, fewer than expected of the projects in the pipeline were converted into orders. The second quarter was better than the first but not sufficiently to avoid a weaker first half than originally anticipated. On 14th July we issued a trading

statement saying that it seemed unlikely that the second half of the year could be strong enough for the performance in 2003 to be in line with market expectation. Since that date there are again indications that the third quarter might be a good deal stronger.

Throughout this time of market uncertainty we have continued to uncover potential business and our surveys and presentations have won approval from the operational management of our customers. A slow down has occurred on the financial side and it is restraint of capital spend which delayed authorisation of final orders by customers. The fact that the pipeline of potential customers grows ever longer, leads us to believe that this will eventually change and real growth return.

New products introduced into the Belgravium range have been enthusiastically received, particularly in Europe. Whilst we have supplied some Atlanta's into these markets, the first half of 2003 has been equally slow in Europe. We are continuing to push forward in this sector of our sales with the intention of growing levels to a more satisfactory proportion.

### Strategy

We are completely confident that the quality of our goods and services combined with the rapid payback that our systems offer will restore the kind of growth achieved two years ago. For this to happen will require our customers to have more confidence in the economic future. In the meantime, Belgravium is in a very strong

position to continue its policy of developing new products and markets and its low cost base means that cost cutting is neither appropriate or necessary.

We continue to strengthen our reputation in the logistics industry and, for example, held another highly successful seminar in April with over 400 delegates. Not only do such events enhance our image but also provide leads which have already resulted in orders. We continue to develop our European network and have committed extra funds to supporting our distributors.

The Atlanta, which is relevant to many advances in technology, will also provide a wider range of applications, eventually outside the logistics field. Atlanta contracts have been completed in both the UK and Europe and our development team is now working on the next generation of CE.net based products.

#### Outlook

There is no doubt that the medium term future for Belgravium is as bright as ever. The first half of 2003 has been a setback but our policy of development continues unabated and based upon continuing profitability and cash generation. Recent order intake indicates that the third quarter will continue the improving trend seen in the second. It is a little early to be sure but, if this were to continue into the fourth quarter, the year might not be as bad as we thought and the outgoing rate of sales would look good for 2004.

ENDS

**Unaudited Profit and Loss Account**

for 6 months to 30th June 2003

|  | <b>Total<br/>6 months to<br/>30th June 2003<br/>(Unaudited)<br/>£'000</b> | <b>Total<br/>6 months to<br/>30th June 2002<br/>(Unaudited)<br/>£'000</b> |
|--|---|---|
| Turnover   | 1,767   | 2,188   |
| Operating profit                                     | 303   | 731   |
| Profit on sale of property held for resale           | 56  | 0   |
| <b>Profit before interest and taxation</b>           | <u>359</u>  | <u>731</u>  |
| Net interest receivable                              | 28  | 24  |
| <b>Profit on ordinary activities before taxation</b> | <u>387</u>  | <u>755</u>  |
| Tax charge on ordinary activities                    | (99)  | (226)   |
| <b>Profit on ordinary activities after taxation</b>  | <u>288</u>  | <u>529</u>  |
| Ordinary dividend                                    | (81)  | (83)  |
| <b>Retained profit for period</b>                    | <u>207</u>  | <u>446</u>  |
| <b>Basic earnings per ordinary share (pence)</b>     | <u>0.42</u>   | <u>0.77</u>   |
| <b>Diluted earnings per ordinary share (pence)</b>   | <u>0.42</u>   | <u>0.76</u>   |

**Group Balance Sheet**

at 30th June 2003

|  | As at<br>30th June 2003<br><br>(Unaudited)<br>£'000 | As at<br>30th June 2002<br><br>(Unaudited)<br>£'000 | As at<br>31st December<br>2002<br><br>(Audited)<br>£'000 |
|--|---|---|--|
| <b>Fixed assets</b>                          |   |   |  |
| Tangible assets                              | 329   | 252   | 325  |
|  | <u>329</u>  | <u>252</u>  | <u>325</u>   |
| <b>Current assets</b>                        |   |   |  |
| Stocks                                       | 467   | 398   | 490  |
| Debtors                                      | 1,236   | 1,205   | 1,060  |
| Property held for re-sale                    | 0   | 225   | 225  |
| Cash at bank and in hand                     | 1,592   | 1,623   | 1,342  |
|  | <u>3,295</u>  | <u>3,451</u>  | <u>3,117</u>   |
| <b>Creditors:</b>                            |   |   |  |
| Amounts falling due within one year          | (1,381)   | (1,899)   | (1,282)  |
|  | <u>1,914</u>  | <u>1,552</u>  | <u>1,835</u>   |
| <b>Net current assets</b>                    |   |   |  |
|  | <u>2,243</u>  | <u>1,804</u>  | <u>2,160</u>   |
| <b>Total assets less current liabilities</b> |   |   |  |
|  | <u>2,243</u>  | <u>1,804</u>  | <u>2,160</u>   |
| <b>Provision for liabilities and charges</b> |   |   |  |
| Provisions                                   | (79)  | (100)   | (87)   |
|  | <u>2,164</u>  | <u>1,704</u>  | <u>2,073</u>   |
| <b>Capital and reserves</b>                  |   |   |  |
| Called up share capital                      | 3,391   | 3,441   | 3,441  |
| Share premium                                | 120   | 120   | 120  |
| Capital redemption reserve                   | 2,050   | 2,000   | 2,000  |
| Revaluation reserve                          | 0   | 25  | 25   |
| Profit and loss account                      | (3,397)   | (3,882)   | (3,513)  |
|  | <u>2,164</u>  | <u>1,704</u>  | <u>2,073</u>   |



**Group cash flow statement**  
for 6 months to 30th June 2003

|  | <u>2003</u><br><b>(Unaudited)</b><br>£'000 | <u>2002</u><br><b>(Unaudited)</b><br>£'000 |
|--|--|--|
| <b>Net cash inflow from operating activities</b>               | 392  | 503  |
| <b>Returns on investments and servicing of finances</b>        |  |  |
| Interest received  | 24   | 24   |
| Dividends paid to ordinary shareholders                        | (162)                                      | (103)                                      |
|  | <u>(138)</u>                               | <u>(79)</u>                                |
| <b>Taxation - corporation tax paid</b>                         | <u>(140)</u>                               | <u>0</u>                                   |
| <b>Capital expenditure and financial investment</b>            |  |  |
| Purchase of tangible assets                                    | (29)                                       | (51)                                       |
| Proceeds from disposal of property held for resale             | 281  | 0  |
|  | <u>252</u>                                 | <u>(51)</u>                                |
| <b>Disposals</b>   |  |  |
| Proceeds from sale of subsidiary companies                     | 0  | 80   |
|  | <u>0</u>                                   | <u>80</u>                                  |
| <b>Net cash inflow before financing</b>                        | <u>366</u>                                 | <u>453</u>                                 |
| <b>Financing</b>   |  |  |
| Purchase of own ordinary share capital                         | (116)                                      | 0  |
| Lease and hire purchase obligations repaid                     | 0  | (1)  |
|  | <u>(116)</u>                               | <u>(1)</u>                                 |
| <b>Increase in cash</b>  | <u>250</u>                                 | <u>452</u>                                 |
| <b>Reconciliation of net cash flow to movement in net debt</b> |  |  |
|  | <u>2003</u><br><b>(Unaudited)</b><br>£'000 | <u>2002</u><br><b>(Unaudited)</b><br>£'000 |
| <b>Increase in cash</b>  | 250  | 452  |
| Lease and hire purchase obligations repaid                     | 0  | 1  |
|  | <u>250</u>                                 | <u>453</u>                                 |
| Movement in net funds during year                              | 250  | 453  |
| Net funds at 1st January                                       | 1,342                                      | 1,170                                      |
| Net funds at 30th June   | <u>1,592</u>                               | <u>1,623</u>                               |

## Group cash flow statement

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

|   | <u>2003</u><br>(Unaudited)<br>£'000 | <u>2002</u><br>(Unaudited)<br>£'000 |
|---|-------------------------------------|-------------------------------------|
| Operating profit                          | 303                                 | 731                                 |
| Depreciation                              | 25                                  | 41                                  |
| Movement in provisions                    | (8)                                 | (8)                                 |
| Funds generated by operations             | <u>320</u>                          | <u>764</u>                          |
| Decrease/(increase) in stocks             | 23                                  | (83)                                |
| Increase in debtors                       | (176)                               | (311)                               |
| Increase in creditors                     | 225                                 | 133                                 |
| Decrease/(increase) in working capital    | <u>72</u>                           | <u>(261)</u>                        |
| Net cash inflow from operating activities | <u>392</u>                          | <u>503</u>                          |

### (b) Analysis of net funds

|                          | At 1st January<br>2003<br>(Audited)<br>£'000 | Cash flow<br>(Unaudited)<br>£'000 | At 30th June<br>2003<br>(Unaudited)<br>£'000 |
|--------------------------|--|-----------------------------------|--|
| Cash at bank and in hand | 1,342  | 250                               | 1,592  |
|                          | <u>1,342</u>                                 | <u>250</u>                        | <u>1,592</u>                                 |

## Notes to the Interim report

for 6 months to 30th June 2003

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 31st December 2002, upon which the auditors issued an unqualified opinion, have been delivered to the Registrar of Companies
2. (a) Earnings per share has been calculated on the average number of ordinary shares in issue of 68,328,521 (30th June 2002 : 68,825,759).  
  
(b) Fully diluted earnings per share has been calculated on the average number of ordinary shares, assuming conversion of all dilutive potential ordinary shares of 68,662,003 (30th June 2002 : 69,804,036)
3. The record date for the proposed dividend for Belgravium Technologies plc is 7th November 2003 (Ex-Dividend Date 5th November 2003)
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: Campus Road, Listerhills Science Park, Bradford, West Yorkshire, BD7 1HR.