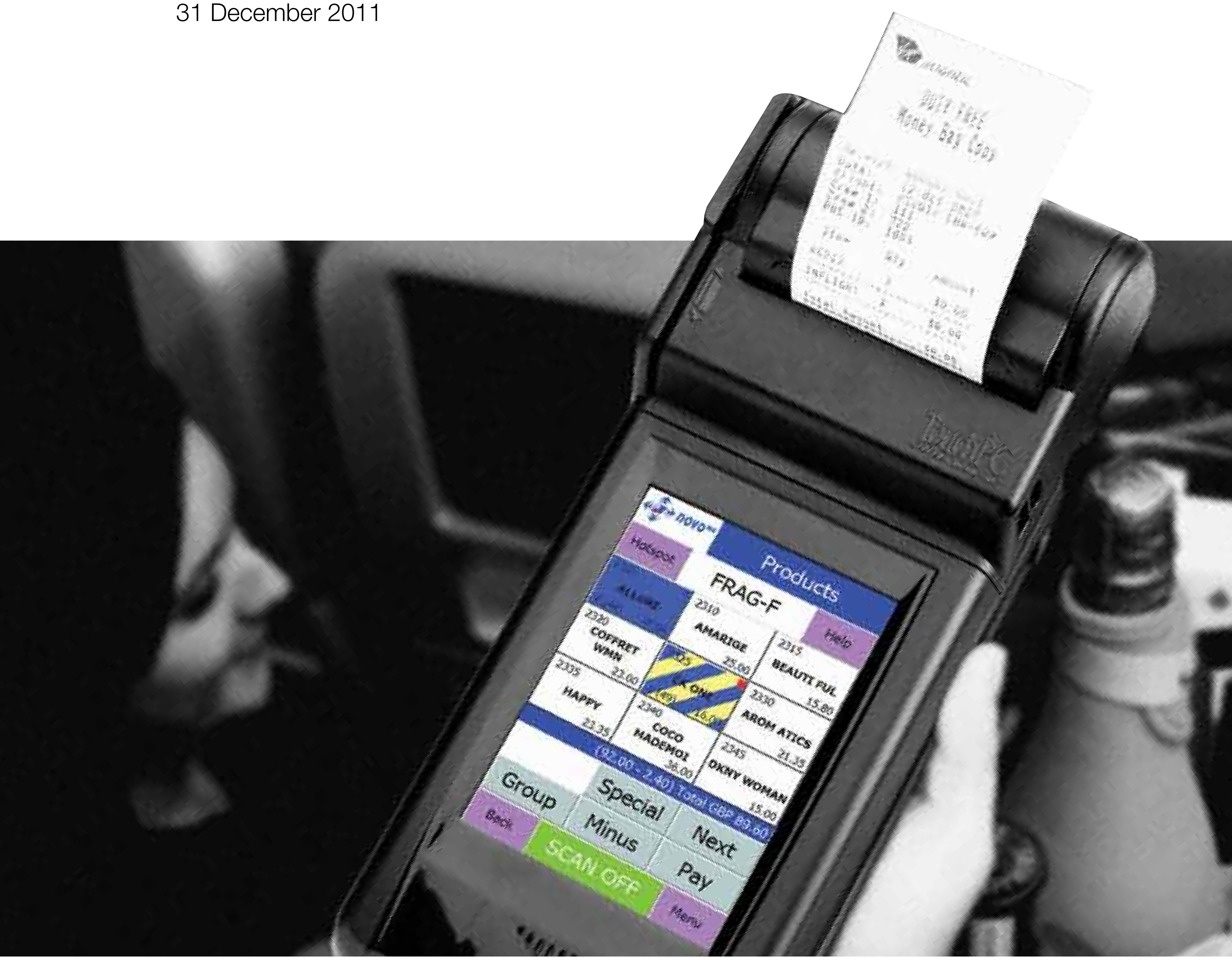
Belgravium Technologies

Belgravium Technologies plc

Annual Report for the year ended
31 December 2011



A mobile solution for every environment

Belgravium Technologies plc

Welcome

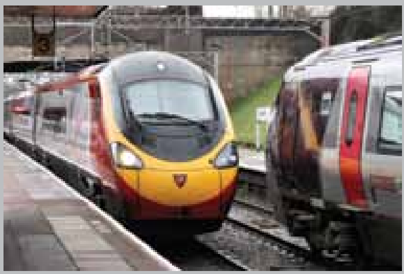
We are a market leader in enterprise mobile computing solutions. We help capture, move and manage critical information, providing businesses the means to access real-time information anytime and anywhere.

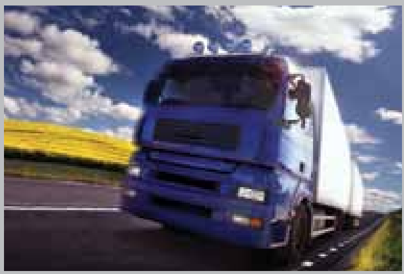
Our Applications

Warehouse and Logistics	Point of Delivery	Vehicle Telematics	IT Solutions
Barcode readers, RFID readers, voice recognition systems, labelling and line marking, pick-by-light	Electronic proof of delivery and mobile point of sale	Vehicle tracking and vehicle condition telematics, routing & scheduling systems	Mobile computers, application software, after sales IT support, bespoke development

"As expected, we have finished the year strongly. We have established a very competitive position in the markets which we serve and this continues to help us in winning new orders. We have a good pipeline of forward prospects and, despite the tough economic environment, we are optimistic on the prospects for the coming year."

John Kembery, Executive Chairman





Our technologies bring huge benefits to our customers, in whatever environment they operate.

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Market Solutions Overview

Belgravium Technologies provide solutions and services across three main markets, and are actively seeking to exploit new applications for our existing product portfolio and bespoke solutions.

Our market leading brands, Belgravium, Novo and TouchStar, are known throughout the world.

Warehouse and Logistics

Through our entire history, we have focused on the provision of sophisticated IT solutions to the warehouse and logistics markets. Wireless data capture and communication technology can help improve the speed and accuracy of client inventory counts and cut costs. Inventory counts are not only time-consuming, they are unreliable and expensive. Mistakes are made when manually counting quantities, and then more mistakes are made when re-keying in the information. Replacing pen and paper with mobile computers and bar codes can transform the warehouse operation.

How The Wireless Communication Solution Works

As personnel scan item and location bar codes with a hand-held device, a radio antenna transmits the information to the inventory system. Operatives can scan each individual item, or scan one and then punch in the quantity on the scanners keypad. Wireless scanning has the following advantages:

- Much faster than a manual count
- Reduces safety-stock levels because the client has a better picture of stock on-hand
- Eliminates the errors that occur when people type data into a system

See more at belgravium-technologies.com

As one customer explained:

"We used to use pen and paper for our quarterly stock check and it would take 20 people two whole days. With barcodes and scanners, it now takes five people a couple of hours. That alone saves us around one employee a year."

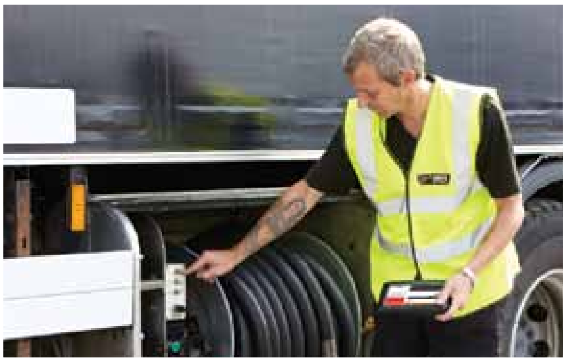
Fuel Distribution

How The Wireless Communication Solution works

'FuelStar' is our response to a fuel delivery industry that was being buried under an avalanche of paperwork, where orders were becoming lost and delivery records would vanish. We have the hardware, the software and the expertise to provide the industry with a stable and cost-effective solution that will address these shortcomings. Bringing them together creates a system where live delivery data is sent from the meter to a central touch-screen PC in the cab. On-screen signature capture enables proof of delivery to be recorded, and data is transmitted to the back office for recording and invoicing. The final step is to present menus and procedures in a user-friendly and graphical manner that requires minimal driver training.

See more at belgravium-technologies.com

We have been supplying mobile computing solutions to the petroleum and LPG industries for over two decades. Specialising in the design and supply of ATEX certified mobile devices, our solutions also include sophisticated software for a wide variety of in-cab and mobile applications, including driver navigation, fuel delivery, driver communication, routing and scheduling, and proof of delivery. We have a Global installed base of over 50,000 terminals and our solutions are used by most of the large fuel suppliers around the world.



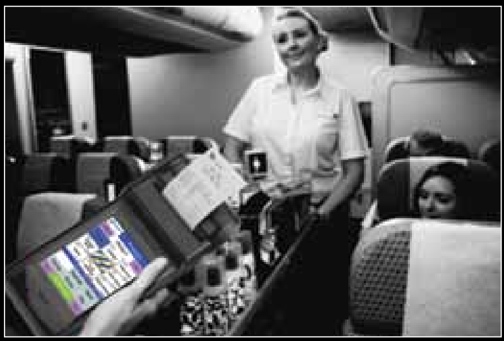
Speaking of the system, BP's Project Manager, Ian Turner, reported:

"Drivers and schedulers are delighted with the system as it allows them to get on with the important parts of their jobs rather than being overburdened with paperwork and administration. The system has enabled us to increase drop sizes by over a third, with a corresponding reduction in the number of deliveries necessary."

Market Solutions Overview continued

On-Board Retail

We have accumulated over 25 years experience in the supply of mobile POS solutions to the travel retail industry, from creating the world's first onboard solution with Monarch Airlines in 1985/86 to now having one of the largest user bases of any current system supplier. Our systems are currently in use on 3000 daily journeys by over 50,000 flight attendants handling sales in excess of $860 million.



How The Wireless POS Solution Works

Our systems incorporate glass GUI software (to minimise training requirements) and can provide a suite of incremental revenue streams to airlines, via negotiated concessions with major blue chip brands. Our on-board hardware incorporates chip and pin technology provided by our market leading partner Ingenico.

Sales information can be transferred wirelessly from the aircraft to our back office system where our payment processing module will communicate directly with the client bank to confirm all financial results. When the plane touches down all card data is sent via GPRS straight to the acquiring bank and then settled with the airline's banking systems in a matter of hours. The flight data (day/date route, allocated crew, remaining stock per trolley and draw, cash, voucher, card sales and currency takings) is also transmitted to the back office system via GPRS, WiFi, Ethernet or physical data transfer.

See more at belgravium-technologies.com

The statement from Joanna Wild, Director of Customer Services, Thomas Cook UK typifies the benefits for our airline clients:

"Getting real time information on sales for each flight will enable us to respond to trends and stock accordingly. The system enables us to offer a much quicker cabin service and eliminate potential irritation for both passengers and crew."

Other business markets and bespoke solutions

Our primary focus remains on the three core markets of logistics, fuel and on-board retail. However, our underlying mobile computing technologies can be successfully applied to a number of diverse industry applications. In some instances, client needs can be served via the provision of standard data capture hardware and software solutions. In many cases, however, the nature of the client's operational problem will demand a bespoke solution. This is a key business differentiator for Belgravium Technologies. Few rival organisations have the breadth of commercial and technical expertise to undertake effective custom development.

Offering a complete range of consultative, design, manufacture, implementation and support services, we take the client through the essential steps to create a "best fit" mobile computing solution that will deliver real competitive advantage to their operational processes.

Examples of bespoke development projects

We have undertaken many and diverse bespoke projects including;

- developing a mobile trolley workstation for a third party distribution organisation which facilitated picking and printer operations helping streamline the processes and boost productivity
- for an industry-leading pallet distribution company, creating a customised hand held terminal and associated software to facilitate effective and efficient data capture at strategic points throughout the distribution process
- developing a laser-based targeting system, fitted to each of the 28 cranes in a large steel production facility. The lasers on the crane are fired at a series of wall-mounted targets, on an X-Y co-ordinate basis, to provide instantaneous location data to the Shop Floor Data Capture system

See more at belgravium-technologies.com

Our Business

Chairman's Statement

Last year I said in my statement "we expect Belgravium to return to growth in 2011" and I'm delighted to say that this has proved completely accurate with the Group significantly increasing both revenue and profits year-on-year. In addition the Group's balance sheet and cash position has significantly strengthened. As a result I am delighted to report that the board now intends to restore dividend payments.

Results

Revenues in the year increased by over 36% to £11,157,000 compared to £8,200,000 last year. On this revenue, Belgravium has more than doubled pre-tax profit to £1,024,000 compared to £432,000 last year. In addition, the continuing investment in capital projects, research and development, has helped reduce the tax charge to £148,000. As a consequence basic earnings per ordinary share have risen to 0.87p which is also more than double the 0.38p per share recorded in 2010.

Whilst sales have grown by 36% in 2011, administration expenses have been managed carefully and are only 6% higher than the previous year.

A major financial objective has been to repay the term loan. During 2011, operating activities generated £1,738,000 and so this policy has continued without limitation to capital expenditure. I am delighted to report that since the year end the term loan has been fully repaid and that the Group is now debt free. At the year end cash equivalents amounted to £1,220,000 compared with £346,000 in 2010.

Dividend

We have always indicated that once conditions improved, the Group would restore payment of dividends to ordinary shareholders. Subject to shareholders' approval at the AGM, it is the Board's intention to pay a dividend of 0.10 pence per Ordinary Share on 20 June 2012 to shareholders on the register on 25 May 2012.

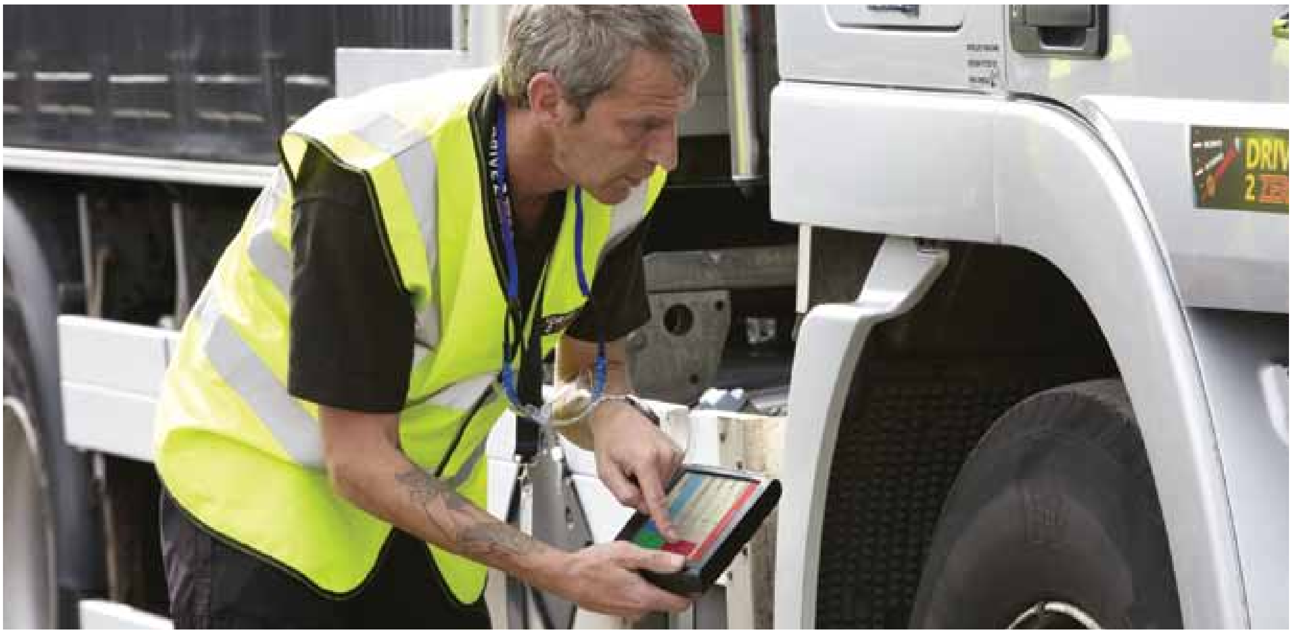
Operational review

The Group achieved a strong financial performance despite the difficult economic conditions and has made progress on a number of fronts to position itself well for the future. As has been the case for some years, customers remain reluctant to commit to what are perceived as significant capital projects but appear more willing to agree projects of a profit and loss account nature. Our success has been largely down to our ability to develop sales opportunities where we have been able to demonstrate the economic benefits of using Belgravium's complete services, which include hardware, software and increasingly support services as part of a 'wrapped' solution. Often, as a result we are able to provide a solution, which gives customers better value and added functionality, which we believe will be a continuing feature of our success.

Belgravium has continued to develop new mobile computing devices and maintains an on-going process of consulting with clients to add increasing refinements and functionality across the entire range, working hard to identify trends and keep ahead of their needs. As a result the group has developed three new products during 2011 which will be launched in 2012. These include a new version of the 'Boston', the 'Hawk' and the truck mounted 'Vienna'.

Review of sales

The Belgravium Group supplies and manages a comprehensive range of mobile computing services and solutions with a focus on the logistics, transportation and on-board retailing sectors.



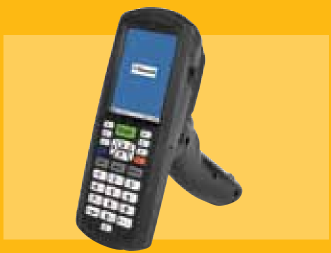
KEY DEVELOPMENTS

We build and evolve our products and deliverables around our customers, as their requirements evolve, so do our sales offerings. As a result, we are no longer merely a hardware manufacturer, we now embrace software development, systems integration, IT consultancy and service wrap solutions.

Belgravium Technologies specialise in building 'fit for purpose' data capture solutions. Should we not be able to supply a total in house developed solution, our strategy has seen us align ourselves with a number of key strategic hardware and software partners to guarantee that a best fit solution is always established. The primary intention is to always satisfy the customer needs with a solution from us, rather than lose the sale.

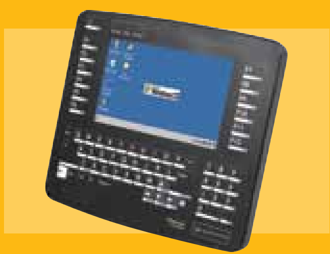
New Products

2012 will also see the Group launch three new core products: Boston 8550, Vienna 7500 and Hawk II. These products have been developed in conjunction with our existing client base and are an evolution of a product range that our reputation and success is built on.



Boston 8550

The multimodal Boston 8550 facilitates superior data collection, from scanning to voice to RFID. The real-time communication and dynamic functionality provides startling productivity and efficiency gains that will revolutionise data capture for a variety of user applications including: Warehousing and Logistics, Proof of Delivery (POD), Van Sales & Electronic Point of Sales (EPOS) and Field Service.



Vienna 7500

The Vienna 7500 Series offers high end mobile computing performance within an ergonomic, compact and robust design. Offering the highest level of automation, it is the ideal industrial terminal for warehouse and logistics based vehicle mount and fork lift truck applications.

Hawk II

Hawk II, the new rugged and detachable, on-board touch-tablet brings low lifetime costs and greater computing power to the mobile workforce. Produced especially, but not exclusively, for fuel distributors the latest product, Hawk II is a 'tour de force' in both design and ingenuity and is suitable even for the most rigorous use in the most extreme conditions.

Chairman's Statement continued

In the year, the Group actively worked alongside its strategic partners to capture a greater market share, particularly in the on-board retail sector where its system is now consistently being chosen over competing products. As a result several significant new contracts have been won in the period and there is a healthy pipeline of new prospects. Belgravium now provides a retail solution system to over 50 airlines in the world.

Notable contracts won in the period include:

Belgravium supplied a solution for Hermes, formerly Parcelnet; the UK's largest courier based home delivery company handling more than 140 million parcels per annum. Belgravium provided a complete managed service to Hermes ensuring accurate data capture and proof of delivery information at key tracking points. Belgravium supplied in excess of 600 'Atlanta' mobile terminals, with the solution installed across 23 depots in a six-week period.

A large French energy company and a customer that Belgravium has worked with for several years awarded the replacement contract to equip 1,200 vehicles with the 'Raven' mobile tablet device and associated software. This contract will continue during 2012 with a total contract value of approximately £3.3 million. This contract requires on-going sales and technical services to ensure that the customer's changing needs are met.

Belgravium, together with its strategic partner Tourvest Duty Free, won the software and hardware contract to provide an on-board, in-flight retail system for British Airways in the last quarter of 2011. The system, using our SkyPOS software, utilises around 1,900 Kestrel handsets. The whole solution, which included the training of British Airways staff and cabin crew, installation and testing, was completed within a very short time and the system is proving to be both reliable and easy to use. As a result, the Group is confident of continued growth in this market in the coming years.

All three of these contracts were won against strong competition and were eventually awarded on the greater merits of our solutions and managed services, which will ensure both further business and repeat revenues. Our focussed sales policy has produced results in 2011. To continue to capture increasing opportunities, the Board is committed to strengthening the sales team to enable greater geographic coverage. The impact of this policy will be evident in 2013 and beyond.

Employees

The outcome of lengthy contract negotiations is often the requirement to design and install a system in a timescale which a few years ago would have been thought impossible. This situation has arisen regularly throughout 2011, quite often with last minute technical changes. As always, our staff at all levels have responded to the challenges with energy and enthusiasm. During the year we were delighted to be able to award a well deserved pay review for an understanding and loyal workforce. There is no doubt that the adverse market conditions of the recent years have produced a tested and highly confident team, well capable of coping with future challenges.

Outlook

2011 was a very good year for Belgravium in which it delivered a strong financial performance and made substantial progress in achieving its commercial objectives. The Group now has a strengthened market position and is well placed to capture future opportunities as they arise and make further progress. The current year has commenced in line with expectations but as usual there is limited visibility on the level of future sales and with the general economic climate, it remains cautious at this stage as to the levels of growth achievable in the current year.

JPKembery

J P Kembery
Executive Chairman
6 March 2012

Our Business

Directors' Report

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2011.

Business review and principal activities

Belgravium Technologies plc and its subsidiaries ('the Group') designs and builds rugged mobile computing devices and develops software solutions used in a wide variety of field based delivery, logistics and service applications.

The results for the Group show a pre-tax profit of £1,024,000 (2010: £432,000) on sales of £11,157,000 (2010: £8,200,000). The Group generated cash from operations of £1,730,000 (2010: £1,407,000).

Business environment

The Group's operations are focused on three separate market sectors; warehousing and logistics, fuel distribution and mobile point of sale with specific emphasis on aircraft applications. Although servicing different customers, the nature of the products and services and channels to market are comparable and hence the directors regard the Group as operating in one primary segment, where the risks and returns are similar. Operating reviews by individual market sector are not prepared or reviewed by the Board.

Air travel is increasingly competitive due to the current economic climate. All carriers, on a worldwide basis, are acutely aware that profit improvement is achievable through high margin inflight sales. The Group's offering of approved hardware with back office and application software allows sophisticated sales and marketing strategies to be used to maximise revenue and minimise waste.

Warehousing and logistics has undergone a radical change over the past few years with warehouses operating on a 24 hour basis providing contract facilities for a wide variety of products and companies. The Group provides mobile computing solutions for warehouse operations for both truck mounted and hand held applications. These solutions communicate using wireless technology and provide real time data. This technology improves supply chain management and significantly reduces warehouse operating costs.

The Group supports a large number of fuel distributors on a world wide basis, through direct sales in Europe and through well established business partners in North America and SE Asia. The Group offers both sophisticated software and hardware approved for use in controlled atmospheres designed to optimise the cost of delivery and customer service. This sector continues to grow both in the number of users and in the requirements for upgrade as newer and more capable technologies become available.

Strategy

The Group's overriding strategy is to achieve attractive and sustainable rates of growth and returns through a combination of organic growth and acquisition.

Acquisition

The Group has a clearly defined acquisition strategy and the directors will continue to consider acquisitions in new market sectors and geographies which will enhance earnings.

Organic growth

The Group has significant business in retail systems on-board aircraft. It will continue to grow this sector by enhanced software offerings and targeted selling to a worldwide industry. In addition, by using business partners across the world the Group is able to offer local customer support, a key issue for all international carriers.

The Group, although well established in several of the major European market places, sees a clear opportunity for further European expansion. Strategies are in place to extend the Group's coverage of this very significant region.

The technologies available within the Group have applications outside the three principal market sectors currently being exploited. In all field based applications there is an ever present demand to improve customer service and to lower the costs of providing that service. The Group is pursuing a number of opportunities which will broaden the current sector coverage.

Product range

The different market sectors serviced by the Group necessitate products with technical features and attributes specific to that market. Nonetheless, in all the hardware manufactured by the Group there are a number of core technologies and competencies. The Group will continue to invest in these core technologies to reduce product costs and to provide bespoke software offerings for key market sectors and customers. In-house hardware manufacture combined with application software gives the business the opportunity to create bespoke solutions, a significant differentiating factor over much of the competition.

Employees

The Group recognises that the contribution made by its skilled and committed work force is the business's most valuable asset. The Group will continue to provide its people with a challenging environment and to provide rewards which recognise their achievements. The Group recognises that the needs of the business will continue to change. As such, training is and will continue to be offered such that employees are able to enhance their skill base to assist the business in meeting future challenges.

Our Business

Directors' Report continued

The Group has an established policy of encouraging the employment of disabled persons wherever this is practicable and endeavours to ensure that disabled employees benefit from training and career development programmes in common with all other employees. The Group's policy includes, where practicable, the continued employment of those who may become disabled during their employment.

Future outlook

Across all markets serviced by the Group there is a sustained drive to reduce costs and to improve customer service. This can only be achieved by investment in the most modern technologies providing instantaneous information between back office applications and field based functions. The Group recognises that competition will continue to impose challenges on margins. With investment in product offering however, a robust commercial approach to the market place and above all a strong desire to succeed, we are confident about our prospects.

Environmental

The Group recognises the importance of managing consumption of the world's natural resources as well as providing a safe and healthy working environment for its employees. The Group consumes non-replaceable raw materials and energy and clearly the successful growth of the Group will lead to an increased consumption of raw materials on an absolute basis. We therefore seek to reduce the amount of resources consumed on a unit by unit basis to limit the size of our environmental footprint.

Principal risks and uncertainties

The directors recognise that within the business there are a number of risks which may significantly impact the performance of the business. These risks are subjected to regular review and where appropriate processes are established to minimise the level of exposure. These are summarised below:

People

The principal asset of the Group is the commitment and skill of its people. The retention of these people is therefore key to the success of the business. The Group monitors closely the satisfaction of its employees and ensures that remuneration packages match both contribution and the wider employment market. In addition the Group has in place schemes which are related to Group results and which allow key employees to participate in the success of the Group as a whole.

Technology changes

Changes in technology occur at an ever increasing rate. Through its technical functions the business monitors emerging technologies and seeks to understand how these technologies will impact current business and how they may be incorporated in designs of future product offerings.

Competition

The Group recognises that it operates on a global basis and as such is subject to competitive global pricing as well as service and performance criteria in local markets. Margins are monitored on a contract by contract basis and commercial decisions are adjusted accordingly. The Group recognises that a global strategy will create issues of foreign exchange fluctuations but that the overall contribution from such markets more than compensates for the level of risk.

Key commercial relationships

The Group has a diverse range of customers and suppliers, and whilst these relationships are of significant importance to the Group's development, no single customer or supplier is of critical importance to the ongoing success of the Group.

Business partners

The Group operates through business partners in certain parts of the world. The retention of their loyalty to the Group's product offering is important. The business is in frequent contact with these companies and regular visits are made. The business supports these partners both commercially and in terms of market information and lead generation. The Group also encourages these partners to supply local services, and hence earn a revenue stream, for contracts that the Group may have secured on a world-wide basis.

The financial risks faced by the Group are detailed in note 3 to the financial statements.

Key performance indicators

The directors monitor the business based on revenue and gross margin levels.

Group sales increased from £8,200,000 in 2010 to £11,157,000 in 2011, a 36% increase.

The gross margin has reduced from 49% to 43% as a result of increased sales of third party products. While there is continued pressure both on selling prices and on the costs of incoming components, the Group has continued to use its manufacturing capability and its Group purchasing power to mitigate these pressures.

Dividends

The directors recommend a final dividend of 0.10p per ordinary share (2010: £nil).

Directors

The directors who held office during the year and to the date of this report, are given below:

J P Kembery
R D McDougall
M W Hardy
C F Phillips
M P Unwin

Non-executive director

R D McDougall, BA, 69, joined the Board of Belgravium Technologies plc on 26 March 1997. He is a director of a number of private companies in the industrial and commercial sectors. He has served on the boards of three listed public companies in the last 17 years.

Purchase of own shares

The Company did not purchase any of its own shares in 2011.

At the Annual General Meeting held on 26 May 2011, members renewed the Company's authority under Companies Act 2006 to make market purchases of up to 10% of the Company's shares in issue as at 31 December 2010.

The renewed authority given by members at the last Annual General Meeting for the Company to purchase its own shares will expire at the Annual General Meeting to be held on 31 May 2012. The directors believe that it is in the best interests of the Company for the authority to be renewed at that Annual General Meeting.

Research and development

The Group is continually developing its products and services to meet the increasing demands of the markets in which the Group operates. During the year, the Group incurred total research and development costs of £495,000 (2010: £484,000).

Supplier payment policy

It is the Group's payment policy to ensure settlement of suppliers' invoices in accordance with the stated terms. In certain circumstances, specific settlement terms are agreed, prior to any business taking place. It is our policy to abide by those terms. As the Company is a holding company it has no trade creditors (2010: £nil).

Statutory records

The company is registered in Scotland and its registered number is 5543.

Substantial shareholdings

As at 29 February 2012, the Company had been notified of the following interests representing 3% or more of the issued ordinary share capital:

	Ordinary shares	Percentage of ordinary share capital
J P Kembery	9,211,269	9.13%
R D McDougall	5,897,735	5.84%
Barclays Stockbrokers Limited	5,305,959	5.26%
Chelverton Growth Trust plc	5,000,000	4.95%
Investec Wealth and Investment Limited	4,508,342	4.47%

Save as disclosed above, the directors are not aware of any shareholding which represents 3% or more of the present issued ordinary share capital of the Company.

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Disclosure of information to auditors

Each director at the date of approval of this report confirms that:

- so far as each director is aware, there is no relevant audit information (that is, information needed by the auditors in connection with preparing their report) of which the auditors are unaware; and
- each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

This statement is given and should be interpreted in accordance with the provision of Section 418 of the Companies Act 2006.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the Annual General Meeting.

By order of the Board

C F Phillips
Company Secretary
6 March 2012

Our Governance

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and the parent company ('Company') financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether IFRSs as adopted by the European Union and applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Group and Company financial statements respectively; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board

C F Phillips
Company Secretary
6 March 2012

Our Governance

Independent Auditors' Report

to the Members of Belgravium Technologies plc

We have audited the Group financial statements of Belgravium Technologies plc for the year ended 31 December 2011 which comprise the Consolidated Income Statement, the Consolidated Statement of Changes in Equity, the Consolidated Balance Sheet, the Consolidated Group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of directors' responsibilities set out on page 12, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the group financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2011 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the Group financial statements are prepared is consistent with the Group financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the parent company financial statements of Belgravium Technologies plc for the year ended 31 December 2011.

Martin Heath

Martin Heath (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
6 March 2012

Consolidated Income Statement
for the year ended 31 December 2011

	Note	2011 £'000	2010 £'000
Revenue	5	**11,157**	8,200
Cost of sales		**(6,335)**	(4,183)
Gross profit		**4,822**	4,017
Distribution costs		**(135)**	(91)
Administrative expenses		**(3,641)**	(3,440)
Operating profit	6	**1,046**	486
Finance income	10	**1**	–
Finance expense	11	**(23)**	(54)
Profit before income tax		**1,024**	432
Income tax charge	12	**(148)**	(50)
Profit for the year attributable to the owners of the parent		**876**	382

Earnings per ordinary share (pence) attributable to equity holders of the parent during the year

Basic	14	**0.87p**	0.38p
Diluted	14	**0.87p**	0.38p

There is no other income or expenditure other than the profit for the year above and therefore a separate statement of comprehensive income is not presented.

The notes on pages 18 to 36 are an integral part of these Group financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2011

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
Balance at 1 January 2010	5,047	2,932	2,100	(441)	9,638
Comprehensive income					
Profit for the year	–	–	–	382	382
Balance at 31 December 2010	5,047	2,932	2,100	(59)	10,020
Comprehensive income					
Profit for the year	–	–	–	876	876
Balance at 31 December 2011	**5,047**	**2,932**	**2,100**	**817**	**10,896**

The notes on pages 18 to 36 are an integral part of these Group financial statements.

Consolidated Balance Sheet
as at 31 December 2011

	Note	2011 £'000	2010 £'000
Non-current assets			
Intangible assets	15		
Goodwill		**9,124**	9,124
Development expenditure		**273**	278
		9,397	9,402
Property, plant and equipment	16	**383**	257
		9,780	9,659
Current assets			
Inventories	19	**1,544**	1,152
Trade and other receivables	20	**3,006**	3,466
Current tax assets		**–**	12
Cash and cash equivalents	21	**1,220**	346
		5,770	4,976
Total assets		**15,550**	14,635
Current liabilities			
Trade and other payables	22	**3,319**	3,927
Current income tax liabilities		**157**	–
Deferred income tax liabilities	18	**70**	61
Financial liabilities: Borrowings and finance lease liabilities	23	**98**	523
Short term provisions	24	**13**	17
		3,657	4,528
Non-current liabilities			
Deferred income		**949**	–
Financial liabilities: Borrowings and finance lease liabilities	23	**48**	87
Total liabilities		**4,654**	4,615
Capital and reserves attributable to equity holders of the Company			
Ordinary shares	25	**5,047**	5,047
Share premium		**2,932**	2,932
Capital redemption reserve		**2,100**	2,100
Profit and loss account		**817**	(59)
Total equity		**10,896**	10,020
Total equity and liabilities		**15,550**	14,635

The notes on pages 18 to 36 are an integral part of these Group financial statements.

The Group financial statements on pages 14 to 36 were approved by the Board of Directors on 6 March 2012 and were signed on its behalf by:

JPKembery

J P Kembery
Director

Consolidated Cash Flow Statement

for the year ended 31 December 2011

	Note	2011 £'000	2010 £'000
Cash flows from operating activities			
Operating profit		**1,046**	486
Depreciation		**144**	140
Amortisation		**135**	142
Movement in:			
Provisions		**(4)**	–
Inventories		**(392)**	71
Trade and other receivables		**460**	(939)
Trade and other payables		**341**	1,507
Cash generated from operations		**1,730**	1,407
Interest received		**1**	–
Interest paid		**(23)**	(54)
Corporation tax received		**35**	10
Corporation tax paid		**(5)**	–
Net cash generated from operating activities		**1,738**	1,363
Cash flows from investing activities			
Purchase of intangible assets		**(130)**	(122)
Purchase of property, plant and equipment		**(208)**	(81)
Net cash used in investing activities		**(338)**	(203)
Cash flows from financing activities			
Repayments of finance lease contracts		**(3)**	–
Repayment of bank borrowings		**(523)**	(457)
Net cash used in financing activities		**(526)**	(457)
Net increase in cash, cash equivalents and bank overdrafts		**874**	703
Cash, cash equivalents and bank overdrafts at start of the year	21	**346**	(357)
Cash, cash equivalents and bank overdrafts at end of the year	21	**1,220**	346

	Note	2011 £'000	2010 £'000
Reconciliation of net financial assets/(liabilities)			
Net increase in cash, cash equivalents and bank overdrafts		**874**	703
Net change in bank loans and finance leases		**464**	457
Movement in net financial assets/(liabilities) in the year		**1,338**	1,160
Net financial liabilities at beginning of year		**(264)**	(1,424)
Net financial assets/(liabilities) at end of year	27	**1,074**	(264)

The notes on pages 18 to 36 are an integral part of these Group financial statements.

Notes to the Group Financial Statements
for the year ended 31 December 2011

1 General information

Belgravium Technologies plc ('the Parent Company' or 'Company') and its subsidiaries (together 'the Group') designs and builds rugged mobile computing devices and develops software solutions used in a wide variety of field based delivery, logistics and service applications. The Company is a public company limited by share capital incorporated and domiciled in the United Kingdom. The Company has its listing on the Alternative Investment Market. The address of its registered office is 1 George Square, Glasgow, G2 1AL.

These Group or consolidated financial statements were authorised for issue by the Board of Directors on 6 March 2012.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of Belgravium Technologies plc have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC interpretations and the parts of the Companies Act 2006 applicable to companies reporting under IFRSs. The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

(a) New and amended standards adopted by the group

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year that have a material impact on the group.

(b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2011 and not early adopted

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Group is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2013, subject to endorsement by the EU.

IFRS 10, 'Consolidated financial statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Group does not expect this standard to have a material impact on the financial statements but intends to adopt IFRS 10 no later than the accounting period beginning on or after 1 January 2013, subject to endorsement by the EU.

IFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Group intends to adopt IFRS 12 no later than the accounting period beginning on or after 1 January 2013, subject to endorsement by the EU. The Group does not expect this standard to have a material effect upon the financial statements.

2 Summary of significant accounting policies continued

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The Group does not expect the standard to have a material impact on its financial statements and intends to adopt IFRS 13 no later than the accounting period beginning on or after 1 January 2012, subject to endorsement by the EU.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

2.2 Consolidation

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker ('CODM'), who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Board. The Executive Board consider that the Group comprises of one segment being the supply and maintenance of real time electronic data systems, and this is how results are reported to the Executive Board.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Sterling, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

2.5 Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Notes to the Group Financial Statements continued

for the year ended 31 December 2011

2 Summary of significant accounting policies continued

Depreciation is calculated using the straight-line method to reduce the asset's cost to their residual values over their estimated useful lives, as follows:

Plant and machinery	over 2–5 years
Fixtures and fittings, tools and equipment	over 4–5 years

Residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

2.6 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition.

Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

(b) Development expenditure

Development expenditure is stated at historic cost less accumulated amortisation. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

- it is technically feasible to complete the intangible asset so that it will be available for use;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the intangible asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditure that does not meet the criteria is recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development expenditure is recorded as an intangible asset and amortised from the point at which the asset is ready for use on a straight line basis over its useful life, not exceeding five years.

2.7 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Non-financial assets other than goodwill that suffer an impairment are reviewed for possible reversal of the impairment at each reporting date.

2 Summary of significant accounting policies continued

2.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises actual costs incurred in bringing each product to its present location and condition as follows:

Raw materials and consumables	Purchase cost on a weighted average basis
Work in progress and finished goods	Cost of direct materials

The cost of work in progress and finished goods excludes direct labour and related production overheads as the directors consider that this element is not material.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Provision is made where necessary for obsolete, slow moving and defective inventory.

2.9 Trade receivables

Trade receivables are amounts due from customers for products sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are initially recognised at fair value and subsequently held at amortised cost. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable may be impaired. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within 'administrative expenses'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'administrative expenses' in the income statement.

2.10 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

2.11 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.12 Trade payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not they are presented as non-current liabilities.

Trade payables are recognised at fair value and subsequently held at amortised cost.

2.13 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Notes to the Group Financial Statements continued

for the year ended 31 December 2011

2 Summary of significant accounting policies continued

2.14 Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for, if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profits or losses. Deferred income tax is determined using tax rates (and laws) that have been substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2.15 Employee benefits

(a) Pension obligations

The Group operates various pension schemes. The schemes are generally funded through payments to insurance companies. The Group has only defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity.

The Group pays contributions to privately administered pension insurance plans on a contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payment is available.

(b) Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(c) Share based payments

In respect of options granted before 7 November 2002 which had not vested at that date no charge is recognised in accordance with IFRS 2 'Share based payments'. No options have been granted since 7 November 2002.

2.16 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below.

2 Summary of significant accounting policies continued

Income from the sale of goods is recognised on dispatch to the customer.

Income from the sale of advance maintenance and software contracts is shown as deferred income in the balance sheet and released to revenue over the length of the contract in line with the substance of the relevant agreement.

The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. In practice this means that revenue is recognised when the service is rendered or goods supplied.

2.17 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

2.18 Dividend distribution

Any annual final dividend is not provided for until approved at the Annual General Meeting whilst interim dividends are charged in the period they are paid.

3 Financial risk management

3.1 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, principally with respect to the Euro and the US dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

Natural hedging occurs through the matching of foreign currency income, expenditure and commitments. When projected foreign currency balances are not anticipated to be covered through this natural matching process, the Group may choose to enter into forward foreign exchange contracts through its bankers and other financial institutions.

At 31 December 2011, no forward foreign exchange contracts were outstanding (2010: £nil).

At 31 December 2011, if Sterling had weakened/strengthened by 6% against the Euro with all other variables held constant, post tax profit for the year would have been £130,000 (2010: £128,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of Euro denominated trade receivables.

Notes to the Group Financial Statements continued

for the year ended 31 December 2011

3 Financial risk management continued

(ii) Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest risk arises from borrowings. Borrowings issued at a variable rate expose the Group to cash flow interest rate risk. During 2011 and 2010, the Group's borrowings at a variable rate were denominated in Sterling.

At 31 December 2011, if the interest rate on Sterling borrowings had been 0.5% higher/lower with all other variables held constant, post tax profit for the year would have been £2,000 (2010: £5,000) lower/higher as a result of the floating rate.

(b) Credit risk

The Group has a customer credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

At 31 December 2011 there were no significant concentrations of credit risk (2010: £nil). The maximum exposure to credit risk is represented by the carrying amount of each financial asset included in the balance sheet. Management does not expect any losses from non-performance by these counterparties. Due to the nature of the Group's business, credit risk is assessed on a customer by customer basis prior to entering into contractual arrangements.

(c) Liquidity risk

The Group maintains short term cash deposits and unutilised banking facilities to mitigate any liquidity risk it may face. Management monitor rolling forecasts of the Group's liquidity reserves on the basis of forecast cashflow.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

At 31 December 2011	**Less than one year £'000**	**Between one and four years £'000**
Borrowings	98	48
Trade and other payables	3,120	949
At 31 December 2010		
Borrowings	523	87
Trade and other payables	3,663	–

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company also has an authority under the Companies Act 2006 to make market purchases of up to 10% of the Company's shares in issue at 31 December 2010.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

The gearing ratios at 31 December 2011 and 2010 were as follows:

	2011 £'000	2010 £'000
Net debt*	**–**	264
Total equity	**10,896**	10,020
Total capital	**10,896**	10,284
Gearing ratio	**0%**	3%

* The Group has a net cash surplus of £1,074,000 at 31 December 2011.

3 Financial risk management continued

3.3 Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate to their fair value. The carrying value of borrowings approximate to their fair value due to their short term maturity.

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are considered to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated above. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates, both in arriving at the expected future cash flows and the application of a suitable discount rate in order to calculate the present value of these flows. These calculations have been carried out using the assumptions in note 15.

(b) Development expenditure

The Group recognises costs incurred on development projects as an intangible asset which satisfy the requirements of IAS 38. The calculation of the costs incurred includes the percentage of time spent by certain employees on the development project. The decision whether to capitalise and how to determine the period of economic benefit of a development project requires an assessment of the commercial viability of the project and the prospect of selling the project to new or existing customers.

5 Segmental information

The Group has two trading subsidiaries, Belgravium Limited and Touchstar Technologies Limited, however the CODM considers that both companies are engaged in the same market and therefore the CODM reviews the results of the Group as a whole.

Consequently the CODM regards the Group as operating in one segment, being the supply and maintenance of real time electronic data systems. All of the Group's revenue, expenses, results, assets and liabilities are in respect of the supply and maintenance of real time electronic data systems.

The Group generates £2,400,000 (2010: nil) of revenue from a single customer during the year.

Notes to the Group Financial Statements continued
for the year ended 31 December 2011

6 Operating profit

	2011 £'000	2010 £'000
Operating profit is stated after charging:		
Depreciation:		
Owned assets	**138**	140
Leased assets	**6**	–
Development expenditure amortisation	**135**	142
Operating lease rentals:		
Plant and machinery	**131**	119
Land and buildings	**155**	154
Net research and development expenditure	**365**	362

During the year the Group obtained the following services from the Group's auditors at costs as detailed below:

	2011 £'000	2010 £'000
Audit services:		
Fees payable to the Company auditors for the audit of the Parent Company and consolidated financial statements	**13**	14
Fees payable to the Company auditors for other services:		
Audit of Company's subsidiaries pursuant to legislation	**22**	22
Taxation services	**14**	14
	49	50

The Group audit fees and expenses paid to the Group's auditors includes £1,000 (2010: £1,000) paid in respect of the Parent Company.

7 Employee benefit expense
The average monthly number of persons (including directors) employed by the Group during the year was:

	2011 Number	2010 Number
Administrative, management and sales	**47**	50
Manufacturing	**28**	28
	75	78

	2011 Number	2010 Number
Staff costs for the above persons were:		
Wages and salaries	**2,738**	2,605
Social security costs	**310**	283
Pension costs – defined contribution plans	**144**	145
	3,192	3,033

8 Directors' emoluments

	2011 £'000	2010 £'000
Aggregate emoluments	**426**	413
Pension costs – defined contribution plans	**17**	19
	443	432

The emoluments of the individual Directors were as follows:

	2011 £'000	2010 £'000
Salaries, fees and bonuses:		
Executive directors:		
J P Kembery	**86**	80
M W Hardy	**192**	187
M Unwin	**88**	83
C F Phillips	**40**	37
Non-executive directors:		
R D McDougall	**20**	20
S Day (resigned 26 May 2010)	**–**	6
	426	413

Salaries and fees are inclusive of car allowances for M Hardy of £17,000 (2010: £23,000) and for M Unwin of £8,000 (2010: £8,000). M Hardy is also accruing benefits under a defined contribution pension scheme. The company made contributions of £17,000 (2010: £19,000) into the scheme. No other directors receive contributions to any pension scheme.

Directors share options and warrants

No options were granted or cancelled during the year (2010: nil). 625,000 options lapsed during the year (2010: nil). During the year no share options were exercised (2010: nil).

9 Key management compensation

Key management consists of the directors and two key departmental managers.

	2011 £'000	2010 £'000
Wages and salaries	**612**	565
Social security costs	**84**	72
Pension costs – defined contribution plans	**35**	37
	731	674

Share options and warrants

No options were granted or cancelled during the year (2010: nil). 765,000 options lapsed during the year (2010: nil). During the year no share options were exercised (2010: nil).

Notes to the Group Financial Statements continued

for the year ended 31 December 2011

10 Finance income

	2011 £'000	2010 £'000
Bank interest	**1**	–

11 Finance expense

	2011 £'000	2010 £'000
Interest on bank loans and overdrafts	**21**	54
Interest on finance leases	**2**	–
	23	54

12 Income tax

	2011 £'000	2010 £'000
Corporation tax:		
Current tax	**157**	42
Adjustments in respect of prior years	**(18)**	(14)
Total current tax	**139**	28
Deferred taxation:		
Origination and reversal of timing differences	**9**	22
Total deferred tax (Note 18)	**9**	22
Tax on profit on ordinary activities	**148**	50

Factors affecting the tax charge for the year

The tax charge for the year is different from the standard rate of corporation tax in the UK (26.5%). The differences are explained below:

	2011 £'000	2010 £'000
Profit before tax	**1,024**	432
Multiplied by the standard rate of corporation tax in the UK of 26.5% (2010: 28%)	**271**	121
Effects of:		
Items not deductible for tax purposes	**6**	12
Enhanced research and development deduction	**(106)**	(92)
Prior year corporation tax	**(18)**	(14)
Prior year deferred tax	**(5)**	23
Tax charge for the year	**148**	50

Factors affecting the future tax charge

The Finance Act 2011 included legislation to reduce the main rate of corporation tax from 26% to 25% from 1 April 2012. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by 1 April 2014. These future changes had not been substantively enacted at the balance sheet date and therefore, are not included in these financial statements.

The effect of the reduction in the rate of 1% enacted in the Finance Act 2011 has been to reduce the deferred tax balance at 31 December by £5,000.

The effective tax charge in future years is expected to be lower than the main corporation tax rate due to the availability of enhanced research and development tax credits.

13 Dividend

The directors will propose a final dividend in respect of the financial year ended 31 December 2011 of 0.10p per share at the Annual General Meeting on 31 May 2012. This will absorb an estimated £101,000 of shareholders funds. The dividend is expected to be paid on 20 June 2012 to shareholders who are on the register of members at 25 May 2012.

14 Earnings per share

	2011 £'000	2010 £'000
Basic earnings per ordinary share	**0.87p**	0.38p
Diluted earnings per ordinary share	**0.87p**	0.38p

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

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 and warrants granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the year.

Reconciliations of the earnings and weighted average number of shares used in the calculation are set out below:

	2011		2010	
	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	**876**	**100,937**	382	100,937
Effect of dilutive securities				
Options	**–**	**–**	–	–
Diluted EPS				
Adjusted earnings	**876**	**100,937**	382	100,937

Notes to the Group Financial Statements continued
for the year ended 31 December 2011

15 Intangible fixed assets

	Goodwill £'000	Development expenditure £'000	Total £'000
Cost			
At 1 January 2010	9,204	689	9,893
Additions	–	122	122
At 31 December 2010	9,204	811	10,015
Additions	–	130	130
At 31 December 2011	**9,204**	**941**	**10,145**
Amortisation			
At 1 January 2010	80	391	471
Amortisation charge	–	142	142
At 31 December 2010	80	533	613
Amortisation charge	–	135	135
At 31 December 2011	**80**	**668**	**748**
Net book value			
At 1 January 2010	9,124	298	9,422
At 31 December 2010	9,124	278	9,402
At 31 December 2011	**9,124**	**273**	**9,397**

Impairment tests for goodwill
Goodwill arose entirely in relation to the Group's acquisition of Touchstar Technologies Limited. An impairment test has been performed on the carrying value of goodwill based on value-in-use calculations.

The value-in-use calculations have used pre-tax cash flow projections based on the financial budgets approved by management covering a five year period. Cashflows beyond the five year period are extrapolated using a growth rate of 2.7% (2010: 2.25%) which does not exceed the long term average growth rate for the business. The other key assumptions used in the value in use calculations are the discount rate, which has been determined at 11% (2010: 12.5%) and an annualised sales growth of 3% (2010: 5%), over the five year period. Management determined budgeted sales growth based on historic performance and its expectations of market development. The discount rates are pre-tax and reflect the specific risks relating to the business.

These calculations did not result in an impairment.

The following sensitivity analysis was performed:

- Increase the discount rate by 1.5%;
- Reduce the growth rate to 1%.

In each of these scenarios no impairment was identified.

16 Property, plant and equipment

	Plant and machinery £'000	Fixtures, fittings, tools and equipment £'000	Total £'000
Cost			
At 1 January 2010	1,106	891	1,997
Additions	65	16	81
Disposals	(13)	(13)	(26)
At 31 December 2010	1,158	894	2,052
Additions	174	96	270
Disposals	–	(10)	(10)
At 31 December 2011	**1,332**	**980**	**2,312**
Depreciation			
At 1 January 2010	819	862	1,681
Charge for the year	119	21	140
Disposals	(13)	(13)	(26)
At 31 December 2010	925	870	1,795
Charge for the year	124	20	144
Disposals	–	(10)	(10)
At 31 December 2011	**1,049**	**880**	**1,929**
Net book value			
At 1 January 2010	287	29	316
At 31 December 2010	233	24	257
At 31 December 2011	**283**	**100**	**383**

Including assets under finance leases of £62,000.

17 (a) Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

	2011 £'000	2010 £'000
Loans and receivables		
Trade and other receivables	**3,006**	3,466
Cash and cash equivalents	**1,220**	346
Total	**4,226**	3,812

	2011 £'000	2010 £'000
Other financial liabilities		
Trade and other payables	**4,268**	3,927
Borrowings	**146**	610
Total	**4,414**	4,537

Notes to the Group Financial Statements continued

for the year ended 31 December 2011

17 (b) Credit quality of financial assets

Credit risk is managed on a Group basis and arises from cash and cash equivalents and credit exposures to customers. For banks, only independently rated parties with a minimum rating of 'A' are acceptable. The Group has dealt with one (2010: one) bank during the year. For customers the directors consider that based on the historical information about default rates and the current strength of customer relationships, a number of which are recurring long term customers, the credit quality of financial assets that are neither past due nor impaired is good. In addition the level of bad debt write offs over the last seven years was £10,000 in aggregate.

None of the financial assets that are fully performing have been renegotiated in the last twelve months.

18 Deferred tax

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The movement in net deferred tax liability during the year was:

	2011 £'000	2010 £'000
At 1 January	**61**	39
Charged to income statement during the year	**9**	22
At 31 December	**70**	61

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax asset/(liability)	**Short term timing differences & accelerated capital allowances £'000**	**Pensions £'000**
At 1 January 2010	(41)	2
Charged to income statement	(22)	–
At 31 December 2010	(63)	2
Charged to income statement	(9)	–
At 31 December 2011	**(72)**	**2**

19 Inventories

	2011 £'000	2010 £'000
Raw materials and consumables	**804**	693
Work in progress	**106**	168
Finished goods and goods for resale	**634**	291
	1,544	1,152

The cost of inventories recognised as an expense amounted to £4,628,000 (2010: £2,735,000). There were no reversals of previous inventory write-downs in either year. No finished goods are held at fair value less cost to sell (2010: £nil).

20 Trade and other receivables

	2011 £'000	2010 £'000
Trade receivables	**2,600**	3,252
Less: provision for doubtful debts	**–**	–
Trade debtors – net	**2,600**	3,252
Other debtors	**41**	22
Prepayments and accrued income	**365**	192
	3,006	3,466

The fair value of trade and other receivables is the same as the book value.

Trade receivables that are less than three months past due are not considered impaired. As of 31 December 2011, trade receivables of £29,000 (2010: £3,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2011 £'000	2010 £'000
Up to 3 months past due	**29**	3
Over 3 months past due	**–**	–

As of 31 December 2011, no trade receivables (2010: £nil) were impaired and provided for (see also note 17 (b)).

The carrying amount of the Group's trade and other receivables denominated in the following currencies is:

	2011 £'000	2010 £'000
Sterling	**2,580**	3.352
Euros	**426**	114
	3,006	3,466

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

Notes to the Group Financial Statements continued

for the year ended 31 December 2011

21 Cash and cash equivalents

	2011 £'000	2010 £'000
Cash at bank and on hand	**1,220**	346

22 Trade and other payables — current

	2011 £'000	2010 £'000
Trade payables	**992**	971
Other taxes and social security payable	**199**	264
Other creditors	**46**	14
Deferred income	**1,442**	1,471
Accruals	**640**	1,207
	3,319	3,927

Deferred income relates to maintenance and software license fee income. A further £949,000 (2010: nil) is due in more than one year and is presented as such on the Consolidated balance sheet.

23 Financial liabilities — Borrowings

	2011 £'000	2010 £'000
Non-current		
Finance lease liabilities	**48**	–
Bank loans	**–**	87
	48	87
Current		
Bank overdrafts	**–**	–
Finance lease liabilities	**11**	–
Bank loans	**87**	523
	98	523
Total borrowings	**146**	610
Less cash and cash equivalents	**(1,220)**	(346)
Net (cash)/debt	**(1,074)**	264

The carrying amounts of borrowings approximate to their fair value due to their short term maturity meaning that the impact of discounting is not significant. The carrying amounts of the Group's borrowings are denominated solely in Sterling.

The Group bank overdraft facility and bank loan are secured by a bond and floating charge over the entire assets of the Group. The bank loan is repayable by instalments to February 2012 at an interest rate of 5.0% above LIBOR. At 31 December 2011 the Group had total committed undrawn facilities of £730,000 (2010: £980,000).

The maturity analysis of the bank loans and finance leases is as follows:

	2011 £'000	2010 £'000
In one year or less	**98**	523
Between one and two years	**13**	87
Between two and five years	**35**	–
	146	610

24 Short term provisions

	£'000
At 1 January 2011	17
Charged to the income statement	13
Utilised in the year	(17)
At 31 December 2011	**13**

25 Share capital

	2011 £'000	2010 £'000
Authorised		
150,000,000 (2010: 150,000,000) ordinary shares of 5p each	**7,500**	7,500
Allotted, issued and fully paid		
100,936,547 (2010: 100,936,547) ordinary shares of 5p each	**5,047**	5,047

Share options and warrants

Options granted before 7 November 2002 are not required to be accounted for in accordance with IFRS 2. The disclosures required by IFRS 2 in these circumstances have been made below:

Options have been granted to certain directors and employees to subscribe for 75,000 ordinary shares of 5p each at a price of 6.5p per share under the Eadie Holdings plc 1992 Executive Share Option Scheme. These options are exercisable, except as provided in the scheme rules, between three and ten years following the date of grant. No options were exercised, granted or cancelled during the year. 75,000 lapsed during the year (2010: none).

Options have been granted to certain directors and employees to subscribe for 1,240,000 ordinary shares of 5p each at a price of between 12.3p and 13.1p per share under the Belgravium Technologies plc Enterprise Management Incentive Scheme. These options are exercisable except as provided in the scheme rules, between three and ten years following the date of grant. No options were exercised, granted or cancelled during the year. 790,000 lapsed during the year (2010: none).

The number of shares subject to options and warrants, the periods in which they were granted and the periods in which they may be exercised are given below:

	Year of Grant	Exercise price (Pence)	Exercise period	**2011 numbers**	2010 numbers
1992 executive share option scheme	2001	6.50	2004-2011	**–**	75,000
Enterprise management incentive scheme	2001	12.30	2004-2011	**–**	790,000
	2002	13.10	2005-2012	**450,000**	450,000
				450,000	1,315,000

Notes to the Group Financial Statements continued
for the year ended 31 December 2011

26 Operating lease commitments – minimum lease payments
The Group's aggregate commitment under non-cancellable operating leases is as follows:

	2011 Land and buildings £'000	**2011** Other £'000	2010 Land and buildings £'000	2010 Other £'000
Leases expiring within one year	**–**	**19**	50	35
Leases expiring later than one year but no later than five years	**105**	**177**	–	120
Leases expiring later than five years	**630**	**–**	720	–
	735	**196**	770	155

The Group leases various offices under non-cancellable operating lease agreements. The leases have various terms, escalation clauses and renewal rights.

27 Cash flow statement
Analysis of changes in net financial assets/(liabilities)

	At 1 January 2011 £'000	Net cash flows £'000	Non cash movements £'000	**At 31 December 2011 £'000**
Cash and cash equivalents	346	874	–	**1,220**
Bank overdrafts	–	–	–	**–**
	346	874	–	**1,220**
Loans/finance leases due after one year	(87)	87	(48)	**(48)**
Loans/finance leases due within one year	(523)	439	(14)	**(98)**
Total	(264)	1,400	(62)	**1,074**

28 Capital commitments
At the year end, the Group had no capital commitments (2010: £nil).

29 Related party transactions
J P Kembery and C F Phillips are both directors of Belgravium Technologies plc and significant shareholders of Heathermoor Limited which wholly owns Eadie Industries Limited.

During the year recharges from Belgravium Technologies plc to Eadie Industries Limited amounted to £38,000 (excluding VAT) (2010: £38,000) in respect of payroll and certain administration costs incurred on behalf of Eadie Industries Limited. As at 31 December 2011, the debt owed by Eadie Industries Limited was £23,000 (2010: £22,000).

Independent Auditors' Report
to the Members of Belgravium Technologies plc

We have audited the parent company ('Company') financial statements of Belgravium Technologies plc for the year ended 31 December 2011 which comprise the Company Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of directors' responsibilities set out on page 12, the directors are responsible for the preparation of the Company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the Company financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2011;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the Company financial statements are prepared is consistent with the Company financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the Group financial statements of Belgravium Technologies plc for the year ended 31 December 2011.

Martin Heath (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
6 March 2012

Parent Company Balance Sheet under UK GAAP

as at 31 December 2011

	Note	2011 £'000	2010 £'000
Fixed assets			
Tangible assets	d)	**63**	1
Investments	e)	**15,055**	15,055
Current assets		**15,118**	15,056
Debtors	f)	**47**	44
		47	44
Creditors — amounts falling due within one year	g)	**(3,613)**	(4,049)
Net current liabilities		**(3,566)**	(4,005)
Total assets less current liabilities		**11,552**	11,051
Creditors — amounts falling due after more than one year	h)	**(48)**	(87)
Net assets		**11,504**	10,964
Capital and reserves			
Called up share capital	j)	**5,047**	5,047
Share premium account	k)	**2,932**	2,932
Capital redemption reserve	k)	**2,100**	2,100
Profit and loss account	k)	**1,425**	885
Total shareholders' funds	l)	**11,504**	10,964

The Parent Company has elected to take the exemption under Section 408 of the Companies Act 2006 to not present the Parent Company profit and loss amount.

The notes on pages 39 to 43 form an integral part of these financial statements.

The Parent Company financial statements on pages 38 to 43 were approved by the board of directors on 6 March 2012 and were signed on its behalf by:

J P Kembery
Director

Notes to the Parent Company Financial Statements

for the year ended 31 December 2011

a) Accounting policies

The Parent Company financial statements have been prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. A summary of the more important accounting policies of the Parent Company, which have been applied consistently is set out below.

Tangible fixed assets

Tangible fixed assets are stated at their purchase price, together with any incidental expenses of acquisition.
Provisions for depreciation and diminution in value, including obsolescence and impairment, have been made against fixed assets at rates calculated to reduce the net book amount of each asset to its estimated residual value on a straight line basis over its estimated economic life. The principal annual rates used for this purpose are:

Fixtures, fittings and computer equipment	over 4 – 5 years

Fixed asset investments

Investments are shown at historic cost less provision for impairment. Any impairment in the value of investments is charged to the profit and loss account.

Deferred taxation

The charge for taxation is based on the result for the year. Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax in future, or a right to pay less tax, at a future date at rates expected to apply when they crystallise, based on current tax rates and laws. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no binding contract to dispose of these assets. Deferred tax assets are only recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities recognised have not been discounted.

Derivative financial instruments

The Parent Company did not use derivative financial instruments in either period.

Interest

Interest is recognised on an accruals basis using the effective rate method.

Dividends

Any annual final dividend paid is not provided for until approved at the Annual General Meeting whilst interim dividends are charged in the period they are paid. Dividend income received is recognised in the period in which the income is received.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The Company leases certain property, plant and equipment. Leases of property, plant and equipment, where the Company has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Related party transactions

The Parent Company has taken advantage of the exemption in FRS 8 'Related Party Transactions' from disclosing transactions with Group companies.

b) Profit and loss account

As permitted by Section 408 Companies Act 2006, the Parent Company has not presented its own profit and loss account. The profit for the financial year of the Parent Company was £540,000 (2010: loss £850,000).

Notes to the Parent Company Financial Statements continued

for the year ended 31 December 2011

c) Employees and directors' emoluments

The average monthly number of employees (including directors) during the year was:

	2011 £'000	2010 £'000
By activity		
Office, management and sales	**6**	6

	2011 £'000	2010 £'000
Staff costs (for the above persons)		
Wages and salaries	**431**	408
Social security costs	**50**	46
Other pension costs	**19**	20
	500	474

Directors' emoluments

	2011 £'000	2010 £'000
Aggregate emoluments (including pension contributions of £17,000 (2010: £19,000) and benefits in kind)	**443**	432

Fees and other emoluments include amounts paid to the highest paid director as follows:

	2011 £'000	2010 £'000
Aggregate emoluments and benefits	**192**	187
Pension contributions	**17**	19
	209	206

During the year pension benefits were accruing to 1 director (2010: 1 director) under a defined contribution pension scheme.

d) Tangible fixed assets

	Fixtures, fittings and computer equipment £'000
Cost	
At 1 January 2011	412
Additions	68
Disposals	(18)
At 31 December 2011	**462**
Depreciation	
At 1 January 2011	411
Charge in year	6
Disposals	(18)
At 31 December 2011	**399**
Net book value	
At 31 December 2011	**63**
At 31 December 2010	1

Includes assets under finance leases of £62,000.

e) Investments

	Shares in subsidiary undertakings £'000
Cost	
At 1 January and 31 December 2011	**19,055**
Provision	
At 1 January 2011	4,000
Impairment charge	–
At 31 December 2011	**4,000**
Net book value	
31 December 2011	**15,055**
31 December 2010	15,055

The Parent Company has the following wholly owned subsidiary undertakings, incorporated and operating in Great Britain which are registered in England and Wales:

Name of company	Nature of business	Description of shares held
Belgravium Ltd	Real time electronic data systems	6,000,000 ordinary £1 shares
Touchstar Technologies Ltd	Real time electronic data systems	100,000 ordinary £1 shares
Novo IVC Ltd	Dormant	600,000 ordinary £1 shares
		1,187,500 preference £1 shares

f) Debtors

	2011 £'000	2010 £'000
Amounts falling due within one year		
Other debtors	**23**	22
Prepayments and accrued income	**23**	18
Deferred tax asset (note i)	**1**	4
	47	44

g) Creditors – Amounts falling due within one year

	2011 £'000	2010 £'000
Bank loans and overdraft	**3,401**	3,856
Amounts owed to subsidiary undertakings	**24**	49
Corporation tax payable	**51**	25
Other taxes and social security	**70**	61
Finance lease liabilities	**11**	–
Accruals	**56**	58
	3,613	4,049

The Group bank overdraft facility and bank loan are secured by unlimited cross-guarantees between the company and its subsidiary undertakings and by a bond and floating charge over the entire assets of the Group. The bank loan is repayable by instalments to February 2012 at an interest rate of 5.0% above LIBOR.

Amounts owed to subsidiary undertakings are unsecured, interest free and repayable on demand.

Notes to the Parent Company Financial Statements continued

for the year ended 31 December 2011

h) Creditors – Amounts falling due after more than one year

	2011 £'000	2010 £'000
Bank loans	**–**	87
Finance lease contracts	**48**	–

The maturity analysis of the bank loan, overdraft and finance lease liabilities is as follows:

	2011 £'000	2010 £'000
In one year or less	**3,412**	3,856
Between two and five years	**48**	87
	3,460	3,943

i) Deferred taxation

Deferred tax is fully provided in the accounts as follows:

	2011 £'000	2010 £'000
Accelerated capital allowances	**(1)**	(4)
Short term timing differences	**–**	–
	(1)	(4)
Asset at start of year	**(4)**	(6)
Deferred tax charge in profit and loss account	**3**	2
Asset at end of year (note f)	**(1)**	(4)

j) Share capital

	2011 £'000	2010 £'000
Authorised		
150,000,000 (2010: 150,000,000) ordinary shares of 5p each	**7,500**	7,500
Allotted, issued and fully paid		
100,936,547 (2010: 100,936,547) ordinary shares of 5p each	**5,047**	5,047

k) Reserves

	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000
At 1 January 2011	2,932	2,100	885
Profit for the year	–	–	540
At 31 December 2011	**2,932**	**2,100**	**1,425**

The share premium account represents the issue of 6,000,000 ordinary shares of 5p each at a price of 7p, the issue of 33,600,000 ordinary shares of 5p each at a price of 14p, the issue of 195,000 ordinary shares of 5p each at a price of 6.5p and the issue of 315,788 ordinary shares of 5p each at a price of 9.5p.

l) Reconciliation of movements in total shareholders' funds

	2011 £'000	2010 £'000
Profit/(loss) for the financial year	**540**	(850)
Increase/(decrease) in shareholders' funds	**540**	(850)
Opening shareholders' funds	**10,964**	11,814
Closing shareholders' funds	**11,504**	10,964

m) Commitments under operating leases

At 31 December 2011 the Parent Company was committed to annual payments in respect of non-cancellable operating leases as follows:

	2011 £'000	2010 £'000
Leases which expire:		
between one year	**1**	10
between two and five years	**21**	4
	22	14

n) Financial instruments

The Parent Company's financial instruments in both years comprised share capital, borrowings, borrowing facilities and working capital arising directly from the Parent Company's activities. The Parent Company did not trade in financial instruments or undertake any hedging activities in either year.

o) Related party transactions

J P Kembery and C F Phillips are both directors of Belgravium Technologies plc and significant shareholders of Heathermoor Limited which wholly owns Eadie Industries Limited.

During the year recharges from Belgravium Technologies plc to Eadie Industries Limited amounted to £38,000 (excluding VAT) (2010: £38,000) in respect of payroll and certain administration costs incurred on behalf of Eadie Industries Limited. As at 31 December 2011, the debt owed by Eadie Industries Limited was £23,000 (2010: £22,000).

p) Dividends

The directors are proposing a final dividend in respect of the financial year ended 31 December 2011 of 0.10p per share, which will absorb an estimated £101,000 of shareholders' funds. It will be paid on 20 June 2012 to shareholders who are on the register of members at 25 May 2012.

Notice of Annual General Meeting

Notice is hereby given that the one hundred and eighth annual general meeting of the Company will be held at the offices of PricewaterhouseCoopers LLP, 101 Barbirolli Square, Lower Mosley Street, M2 3PW, on 31 May 2012 at 11.00 am for the following purposes:

To consider and, if thought fit, pass the following resolutions of which resolutions 1, 2, 3, 4, 5 and 6 will be proposed as ordinary resolutions and resolutions 7 and 8 will be proposed as special resolutions:

Ordinary business

1. To receive, consider and adopt the annual accounts for the year ended 31 December 2011 together with the last directors' report and the auditors' report on those accounts.

2. To approve the final dividend of 0.10p for each ordinary share. This dividend is in respect of the year ended 31 December 2011 and is payable to shareholders on the register at the close of business on 25 May 2012.

3. To reappoint John Philip Kembery as a director of the Company who retires by rotation in accordance with the articles of association of the Company.

4. To reappoint Roderick Dugald McDougall as a director of the Company.

5. To reappoint PricewaterhouseCoopers LLP as auditors of the Company to hold office from the conclusion of the meeting until the conclusion of the next general meeting at which the accounts are laid before the Company and that their remuneration be fixed by the directors.

Special business

6. That the directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 ('Act') to allot Relevant Securities (as defined in the notes to this resolution) up to an aggregate nominal amount of £1,766,390 for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) on 30 June 2013, or, if earlier, the date of the next annual general meeting of the Company after the passing of this resolution, but the Company may make an offer or agreement which would or might require relevant securities to be allotted after expiry of this authority and the board may allot Relevant Securities in pursuance of that offer or agreement.

   This resolution revokes and replaces all unexercised authorities previously granted to the directors to allot Relevant Securities but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.

7. That subject to the passing of resolution 6 the directors be generally empowered to allot equity securities (as defined by section 560 of the Act) for cash pursuant to the authority conferred by resolution 5 as if section 561 (1) of the Act did not apply to the allotment. This power shall be limited to:

   - the allotment of equity securities in connection with an offer for securities open for acceptance for a period fixed by the directors by way of rights to;

     i. holders of ordinary shares; and
     ii. holders of such other equity securities as the directors may determine on the register on a fixed record date in proportion to their respective holdings of such securities or in accordance with the rights attaching to them (but subject to such exclusions or other arrangements necessary or expedient to deal with fractional entitlements that would otherwise arise or with legal or practical problems under the laws of any territory or the requirements of any recognised regulatory body or any stock exchange in any territory or otherwise however);

   - the allotment of equity securities pursuant to the terms of any share scheme for directors and employees approved by the Company in general meeting;

   - the allotment (otherwise than pursuant to sub paragraphs 6.1 and 6.2 above) of equity securities up to an aggregate nominal value of £252,341, provided that the power hereby conferred shall expire on 30 June 2013, or, if earlier, the date of the next annual general meeting of the Company after the passing of this resolution save that the directors may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

This resolution revokes and replaces all unexercised powers previously granted to the directors to allot equity securities as if either section 89(1) of the Companies Act 1985 or section 561(1) of the 2006 Act did not apply but without prejudice to any allotment of equity securities already made or agreed to be made pursuant to such authorities.

8. THAT in accordance with article 43 of the articles of association of the Company and Part 18 of the Act, the Company be and is hereby generally and unconditionally authorised for the purposes of section 166 of the Act to make one or more market purchases (as defined by section 693(4) of the Act) of its ordinary shares of 5p each in the capital of the Company subject to the following conditions:

- the maximum aggregate number of ordinary shares which may be purchased is 10,093,655 being 10% of the Company's shares in issue as at 31 December 2011;

- the price at which an ordinary share may be purchased shall not exceed 105% of the average of the middle market quotations for the ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the date of purchase and shall not be less than 5p per ordinary share, in both cases exclusive of expenses; and

- unless previously renewed, varied or revoked, this authority hereby conferred will expire on 30 June 2013, or, if earlier, the conclusion of the Company's next annual general meeting, except that the Company may before such authority expires enter into a contract to purchase its own shares which may be completed wholly of partly after the expiry of this authority and may make a purchase of its own shares in pursuance of any such contract.

By order of the board

C F Phillips
Company Secretary
6 March 2012

Registered office
1 George Square
Glasgow
G2 1AL

Notes

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Company's register of members at 6 pm on 29 May 2012 or, if this Meeting is adjourned, at 6 pm on the day two days prior to the adjourned meeting, shall be entitled to attend and vote at the Meeting.

2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.

3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form.

4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, (an) additional proxy form(s) may be obtained by contacting Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU. Tel No. 0871 664 0300 (calls cost 10p per minute plus network charges, lines are open 8.30 am to 5.30 pm Mon-Fri.) or you may photocopy the proxy form with this notice. Please indicate in the box provided the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of the multiple instructions being given. All forms must be signed and should be returned together in the same envelope.

5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

6. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote. To appoint a proxy using the proxy form, the form must be completed and signed, sent or delivered to Capita Registrars at Proxies Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU and received by Capita Registrars no later than 11 am on 29 May 2012. In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

7. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) thereof by utilising the procedures described in the CREST manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. Capita Registrars Crest ID is RA10.

8. Note to Resolution 6
   - 8.1 Relevant Securities means:
     - 8.1.1 Shares in the Company other than shares allotted pursuant to:
       - (a) an employee share scheme (as defined by section 1166 of the Act);
       - (b) a right to subscribe for shares in the Company where the grant of the right itself constituted a Relevant Security; or
       - (c) a right to convert securities into shares in the Company where the grant of the right itself constituted a Relevant Security.
     - 8.1.2 Any right to subscribe for or to convert any security into shares in the Company other than rights to subscribe for or convert any security into shares allotted pursuant to an employee share scheme (as defined by section 1166 of the Act). References to allotment of Relevant Securities in the resolution include the grant of such rights.

Group Information

Registered Number in Scotland 5543

Secretary and Registered Office

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1 George Square
Glasgow
G2 1AL

Independent Statutory Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and
Statutory Auditors'
101 Barbirolli Square
Lower Mosley Street
Manchester
M2 3PW

Solicitors

Harrison Clark
5 Deansway
Worcester
WR1 2JG

Registrars

Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Stockbroker and Financial Advisors

WH Ireland Limited
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Royal House
28 Sovereign Street
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LS1 4BJ

Bankers

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