



Belgravium
Technologies plc

Belgravium Technologies plc
Interim Results for the Six Months ended 30 June 2014

The Board of Belgravium Technologies plc ((AIM:BVM) 'Belgravium' or 'the Group'), suppliers of mobile data computing solutions and managed services to a variety of industrial sectors, is pleased to announce Interim results for the six months ended 30 June 2014.

Key Financials:

	30 June 2014	30 June 2013
• Turnover	£4,568,000	£4,082,000
• Profit before tax	£214,000	£43,000
• Earnings per share	0.22p	0.04p
• EBITDA	£422,000	£172,000
• Cash & cash equivalents	£1,409,000	£239,000

Commenting on the interim results, John Kembery, Chairman of Belgravium, said:

“The results for the first half of 2014 have shown a significant increase in sales and profits compared to the equivalent period last year. In addition the Belgravium Group is making good progress in its strategic objective to reshape the business as a complete solution provider. As in previous years, trading for the year as a whole is expected to be second half weighted. The Directors are encouraged by the level of activity and enquiries and are confident that a good proportion can be converted to sales in the second half.”

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

CHAIRMAN'S INTERIM STATEMENT – 2014

As in previous years, 2014 started quietly but a significant pick up in trading in the second quarter enabled the Belgravium Group to finish the half year with profits and earnings per share significantly better than the first half of 2013.

Results

Group sales increased to £4,568,000 compared to £4,082,000 in the first half of 2013. Operating profit was £215,000 compared to £38,000 in the prior year, which included £99,000 of exceptional costs, largely associated with the acquisition of Feedback Data which was completed on 31 May 2013.

Finance costs were £1,000 and, after an income tax credit of £9,000, the Group produced basic earnings per ordinary share of 0.22 pence per share compared to 0.04 pence in the first half of 2013.

Balance Sheet

At the end of June 2013, cash and cash equivalents were £239,000 and, by the end of June 2014, strong cash flow and the benefit of some advanced payments saw cash and cash equivalents at £1,409,000. Trade receivables fell significantly from £3,612,000 in 2013 to £2,325,000 in 2014.

Strategy

The Group designs, installs and maintains software applications and solutions for the airline, rail, retail and logistics industries. In recent years we have progressively moved the emphasis of our sales and development effort into providing complete operational solutions as it has become more challenging to persuade customers that they need specialised hardware. Our software now provides for a much wider range of functions, whilst working with hardware that may be not of our design. Over the years we have developed software that covers many of the functions needed in a modern system but it has been our practice to complement this with other companies' products where we do not have a specialised capability as, for example, in commercial vehicle tracking and telematics. Simply stated, we must continue to seek to provide complete data capture solutions because this strategy produces long term working relationships with customers and increases repeat revenues. We shall continue to work with companies which have parts of the solution that we need and when possible we shall buy into those companies.

During the period we received an unsolicited approach from one such partner, a telematics company, Trakm8 Holdings plc, to acquire all of the issued share capital of Belgravium. Whilst there would have been some commercial benefits to a combination of the two businesses, the Board did not consider that the proposed indicative offer value adequately reflected the value of Belgravium and therefore that it would not receive the support of shareholders. Discussions were therefore terminated.

Development

The Group has continued with product evolution and development as a key part of the business strategy. The developments underway will allow all our software applications to run on multiple operating systems which now include Android and Apple iOS, where previously the only choice was Windows.

In June this year we launched our latest SkyPos application software for the mobile retail on-board sales for airlines to run on these multiple platforms and, in particular, Apple iOS, being the first of its kind in the airline industry.

In the same way that our software must run on other operating systems, this also applies to the hardware we supply. There is a market movement to support Android as well as Windows on mobile devices and our in-house development to provide this is making good progress. In addition, all Belgravium developed products have been upgraded to the latest specification processors for optimum power and to assist in reducing the overall production costs.

Operations

Good progress has been made in the mobile retail market. As well as new product developments, we have secured a number of notable contracts, in particular two for the rail industry, one with First Great Western in the UK and the other with Leo Express in the Czech Republic. Our skills and experience in on-board retail sales for airlines has allowed us to gain traction into the rail industry and is now an important area of focus for us going forward.

Following an intensive period of effort we have now signed a distributor in the Japanese market specialising in the supply of systems into hazardous areas for both manufacturing and logistics. Although sales to Japan have been relatively small at this stage they do represent pilots for projects that should provide a platform for an increase in overall sales into this region.

A number of pilot systems have been delivered into the transport sector and are progressing well. Two are to oil distribution customers and are for around 1,000 vehicles. More recently, we secured a pilot system for the supply of Proof of Delivery software to operate on Android based mobile phones. The pilot will run through to November and, if successful, the system will be deployed in over 2,000 vehicles.

Feedback Data, acquired in May 2013, continues to perform well, consolidating its position as a leading supplier of access control and workforce data capture solutions for customers with sophisticated needs. With Group support, Feedback Data has delivered a new range of fixed and mobile data capture devices that include a rugged waterproof attendance terminal for food production and manufacturing plants and a low cost biometric terminal for the facilities management and cleaning sectors.

In addition, Feedback has secured and renewed a number of key maintenance and service contracts in the defence, food manufacturing and retail sectors. It has continued to invest in its Fastlane cloud based device management platform and its new access control and visitor management software suites. This has resulted in the award of a number of high profile contracts including a security and access control solution for Harrods and a new HQ wide access control system for a global supplier of a variety of high technology products.

Outlook

The results for the first half of 2014 have shown a significant increase in sales and profits compared to the equivalent period last year. In addition the Belgravium Group is making good progress in its strategic objective to reshape the business as a complete solution provider. As in previous years, trading for the year as a whole is expected to be second half weighted. The Directors are encouraged by the level of activity and enquiries and are confident that a good proportion can be converted to sales in the second half.

Consolidated income statement
for the six months ended 30 June 2014

		6 months to 30 June 2014	6 months to 30 June 2013
	Notes	Total (Unaudited) £'000	Total (Unaudited) £'000
Revenue		4,568	4,082
Operating profit before exceptional items		215	137
Exceptional items	3	-	(99)
Operating profit		215	38
Finance income		-	7
Finance expense		(1)	(2)
Profit before income tax		214	43
Income tax credit		9	-
Profit for the period attributable to equity shareholders		223	43
Basic earnings per ordinary share (pence)	2	0.22	0.04

Consolidated statement of changes in equity
for the six months ended 30 June 2014

	Share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total
	(Unaudited) £'000	(Unaudited) £'000	(Unaudited) £'000	(Unaudited) £'000	(Unaudited) £'000
At 30 June 2013	5,047	2,932	2,100	994	11,073
Profit for the period	-	-	-	176	176
At 31 December 2013	5,047	2,932	2,100	1,170	11,249
Profit for the period	-	-	-	223	223
Equity dividends	-	-	-	(101)	(101)
At 30 June 2014	5,047	2,932	2,100	1,292	11,371

Consolidated balance sheet

as at 30 June 2014

	As at 30 June 2014 (Unaudited) £'000	As at 30 June 2013 (Unaudited) £'000	As at 31 December 2013 (Audited) £'000
Non-current assets			
Intangible assets			
Goodwill	9,495	9,495	9,495
Development expenditure	616	544	556
Property, plant and equipment	195	236	213
Deferred income tax assets	66	-	66
	10,372	10,275	10,330
Current assets			
Inventories	1,633	1,518	1,774
Trade and other receivables	2,325	3,612	2,681
Cash and cash equivalents	1,409	239	219
	5,367	5,369	4,674
Total assets	15,739	15,644	15,004
Current liabilities			
Trade and other payables	3,629	3,632	2,962
Deferred income tax liabilities	-	28	-
Borrowings	14	13	13
Short term provisions	7	22	7
	3,650	3,695	2,982
Non current liabilities			
Deferred income	702	846	750
Borrowings	16	30	23
Total liabilities	4,368	4,571	3,755
Capital and reserves attributable to owners of the parent			
Share capital	5,047	5,047	5,047
Share premium reserve	2,932	2,932	2,932
Capital redemption reserve	2,100	2,100	2,100
Profit and loss account	1,292	994	1,170
Total equity	11,371	11,073	11,249
Total equity and liabilities	15,739	15,644	15,004

Consolidated cash flow statement

For six months to 30 June 2014

	6 months to 30 June 2014 (Unaudited) £'000	6 months to 30 June 2013 (Unaudited) £'000
Cash flows from operating activities		
Operating profit	215	38
Depreciation	63	57
Amortisation	144	77
Movement in:		
Inventories	141	59
Trade and other receivables	356	(1,183)
Trade and other payables	619	371
Cash generated/(used) from operations	1,538	(581)
Interest received	-	7
Interest paid	(1)	(2)
Corporation tax received	9	-
Net cash generated/(used) from operating activities	1,546	(576)
Cash flows from investing activities		
Acquisition of subsidiary undertakings (net of cash acquired)	-	(232)
Amount paid to clear intercompany balances	-	(368)
Purchase of intangible assets	(204)	(76)
Purchase of property, plant and equipment	(45)	(17)
Net cash used in investing activities	(249)	(693)
Cash flows from financing activities		
Repayment of finance lease contracts	(6)	(5)
Dividends paid to company's ordinary shareholders	(101)	(101)
Net cash used in financing activities	(107)	(106)
Net increase/(decrease) in cash and cash equivalents	1,190	(1,375)
Cash, cash equivalents and bank overdrafts at the beginning of the period	219	1,614
Cash, cash equivalents and bank overdrafts at the end of the period	1,409	239

Notes to the interim report

For the six months to 30 June 2014

1. This financial information comprises the condensed consolidated interim balance sheet as at 30 June 2014 and 30 June 2013 and related consolidated interim statement of income and cash flows for the six months then ended of Belgravium Technologies plc (hereinafter referred to as 'financial information'). Belgravium Technologies plc is listed on the AIM, a market operated by London Stock Exchange plc. This financial information for the half year ended 30 June 2014 has neither been audited nor reviewed and does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. This financial information was approved by the Board on 2 September 2014.

This financial information has been prepared in accordance with pronouncements on interim reporting issued by the ASB, AIM Rule 18 and the accounting policies set out in the 2013 annual report and financial statements which are prepared in accordance with IFRS as adopted by the European Union. The Group has chosen not to adopt IAS 34 'Interim financial statements' in preparing this financial information. This financial information has been prepared under the historical cost convention.

The audited accounts for the year ended 31 December 2013 upon which the auditors issued an unqualified opinion, have been delivered to the Registrar of Companies. The audit report on the 2013 accounts did not contain an emphasis of matter paragraph and did not contain a statement made under section 498 of the Companies Act 2006.

2. Earnings per ordinary share

	2014 (Unaudited) £	2013 (Unaudited) £
Basic earnings per ordinary share (pence)	<u>0.22p</u>	0.04p

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

	2014 (Unaudited)		2013 (Unaudited)	
	Earnings £'000	Weighted average number of shares (in thousands)	Earnings £'000	Weighted average number of shares (in thousands)
Basic EPS				
Earnings attributable to ordinary shareholders	<u>223</u>	<u>100,937</u>	43	100,937

3. Exceptional items

	2013 (unaudited) £'000
Re-structuring costs	44
Deal costs	55
	<u>99</u>

There are no exceptional items in 2014

4. Acquisitions

On 31 May 2013 the Company acquired the entire share capital of Feedback Data for a total consideration of £243,000 being the fair value of the consideration.

£'000

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

Intangible assets	
Other	264
Fixed assets	13
Stock	123
Debtors	323
Cash	11
Creditors	(862)
Net liabilities acquired	<u>(128)</u>
Goodwill	<u>371</u>
	<u>243</u>
Satisfied by	
Cash	<u>243</u>

- The Company is not declaring an interim dividend in the half year ended 30 June 2014 (2013: Nil). The dividend paid in the period relates to the final dividend for the year ended 31 December 2013.
- Copies of this statement will be made available to the public at the Company's office:- 2 Campus Road, Listerhills Science Park, Bradford, West Yorkshire, BD7 1HR, or can be obtained from the Company's website at www.belgravium-technologies.com