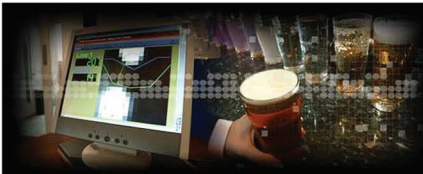




Brulines Group plc

Consolidated Annual Report & Accounts
Year ended 31 March 2010



The market leading provider of real time monitoring systems and
data management services for the UK leisure sector



HIGHLIGHTS

- Turnover for the year increased 4% to £19.83 million (2009: £19.07 million)
- Recurring revenues now at 84% of turnover (2009: 79%)
- Gross margins improved to 59% (2009: 58%)
- Operating profit before amortisation of goodwill, share option and exceptional costs of £5.07 million (2009: £5.46 million)
- Profit before tax of £4.04 million (2009: £4.62 million)
- Final dividend of 2.24 pence per share giving a full year total of 5.50 pence per share (2009: 5.35 pence per share)
- 930 new installations, of which 580 were higher value i-draught™
- Partnership with Greene King Pub Partners to supply 1,400 pubs throughout the UK with i-draught™ beer quality and dispense monitoring system
- Strong balance sheet and cash generation to drive further acquisitive growth

SINCE YEAR END

- Acquisition of Energy Level Systems Ltd, a provider of fuel management systems, tank gauging and lining solutions, liquefied petroleum gas and forecourt services on 6 April 2010
- Strategic partnership with Indigo Retail Technology on 6 April 2010 to provide data management and wet stock analysis to Indigo's customers
- Acquisition of Retail Forecourt Solutions Ltd ("RFS"), the UK market leader in fuel dispenser calibration, adjustment and legal verification, and a leading provider of forecourt audit and compliance services on 8 June 2010

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COMPANY INFORMATION

| | |
|--------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Directors | S W Darling (Commercial Director) J W Dickson (Chief Executive Officer) M H Foster (Finance Director) S C Gilliland (Non-Executive Director) J H Newman (Non-Executive Chairman) D J Noble (Operations Director) |
| Secretary | M H Foster |
| Registered office | One Surtees Way Surtees Business Park Stockton on Tees TS18 3HR |
| Registered number | 5345684 |
| Auditors | Grant Thornton UK LLP No 1 Whitehall Riverside West Yorkshire LS1 4BN |
| Bankers | Bank of Scotland 41/51 Grey Street Newcastle NE1 6EE |
| Nominated Adviser | Cenkos Securities plc 6. 7. 8. Tokenhouse Yard London EC2R 7AS |
| Stockbroker | Cenkos Securities plc 6. 7. 8. Tokenhouse Yard London EC2R 7AS |
| Solicitors | Gordons LLP Riverside West Whitehall Road Leeds LS1 4AW |
| Registrars | Capita IRG The Registry 34 Beckenham Road Beckenham Kent BR3 4TU |

CHAIRMAN'S STATEMENT



The last year has been a challenging one for the Group. The core Leisure Division has been affected by difficult market conditions in the pub sector and the integration of recent acquisitions took longer and absorbed more management time than had originally been hoped. The recently founded Forecourt Services Division has progressed well, with today's acquisition strengthening our offering, and I expect growth to be further driven in the coming year by more recent acquisitions.

Results

Despite the well documented commercial pressures affecting some of the Group's core market customers, the impact of delayed orders and the transitional costs associated with restructuring recent acquisitions, underlying trading for the full year ended 31 March 2010 is broadly as management expected.

Turnover for the year at £19.834 million was 4% ahead of the £19.067 million achieved in 2009. Turnover in the core dispense monitoring business increased slightly with 'i-draught™' installations gaining momentum in the second half of the year. Vianet, purchased at the end of 2008, contributed a full year's sales albeit at a lower level than had originally been anticipated.

The core strength of the Group is the level of contractual and recurring revenues and the proportion increased further during the year to 84%. As a result, gross margins remained high at 59%.

Administrative overheads continue to be well controlled and only increased as a result of a full year's overheads being incurred from the previous year's acquisitions.

Market pressures in the core dispense monitoring business meant that Group operating profit before amortisation of goodwill, share option and exceptional costs reduced by 7% to £5.073 million (2009: £5.455 million). Exceptional and amortisation costs as outlined in the Financial Review were higher at £0.962 million (2009: £0.700 million) and thus reduced Group profit before tax to £4.034 million compared to £4.624 million in 2009.

Basic earnings per share is 10.89p (2009: 13.59p), impacted by the dilutive effect of the December 2008 placing funds, which are only now being invested.

Dividend

The Board paid a first interim dividend of 1.63 pence per share (2009: 1.55 pence) in January 2010 and a second interim dividend of 1.63 pence (2009: Nil) in April 2010. In line with the Board's progressive dividend policy, it is recommending a final dividend of 2.24 pence (2009: 3.80 pence) per share in respect of the year ended 31 March 2010. This gives a total dividend for the year of 5.50 pence (2009: 5.35 pence) per share. Subject to the approval of shareholders at the Group's Annual General Meeting on 15 July 2010, the final dividend will be paid on 22 July 2010 to shareholders on the register on 18 June 2010.

Acquisitions and partnerships

During the year, the Group continued with its strategy of making selective acquisitions and partnership arrangements by utilising the skills and technologies within the Group to enter new markets where there is an opportunity to establish market-leading products and services.

In April 2010, the Board announced it had acquired Energy Level Systems Ltd, a provider of fuel management systems, tank gauging and lining solutions, liquefied petroleum gas and forecourt services. This acquisition, which is earnings enhancing from the outset, is another important step in developing a market-leading integrated solution for forecourt operators and underlines the Group's intention to replicate, in the forecourt market, its success in the leisure sector.

At the same time, a strategic partnership with Indigo Retail Technology was agreed to provide data management and wet stock analysis to Indigo's customers. This partnership will initially result in the Group's Forecourt Services Division providing wet stock analysis for Indigo customers, increasing our penetration of wet stock management to 7% of all UK forecourts.

Today, the Board announces that it has also acquired Retail Forecourt Solutions Ltd ("RFS"), the UK market leader in fuel dispenser calibration, adjustment and legal verification, and a leading provider of forecourt audit and compliance services, to broaden the Group's offering in the Forecourt Services Division.

Further acquisitions in this sector have been identified and are being pursued.

Universe Group plc

As reported in the Interim Statement on 1 December 2009, Brulines made a preliminary approach to Universe Group plc ("Universe") relating to a potential offer for the issued share capital of that company. After a number of discussions with the Board of Universe, no agreement was able to be reached as to a recommended offer and thus it was announced on 28 May 2010 that Brulines had withdrawn its offer but remains in discussions with the Universe with regard to potential opportunities that may exist between the two companies. The Group continues to hold its significant shareholding in Universe, representing 11.52% of its issued share capital.

Board and senior management

I would like to thank all my Board colleagues and staff for their continued efforts and commitment on behalf of the Group in these difficult and uncertain business conditions.

Outlook

Brulines' strategic intent remains to profitably extend its data management and support services footprint in the leisure, vending and fuel forecourt sectors, where there is considerable technical and operational overlap.

Considerable commercial and technical progress has been made in the newly acquired businesses, which should enable them to make a positive contribution to the Group's performance in the current financial year. The recent acquisitions and business development activities in the Forecourt Services Division have substantially increased the services the Group can now offer in this sector and will enable this division to significantly increase its market penetration in the coming year.

Whilst the core Leisure Division activity slowed in the last twelve months as a result of poor market conditions, the recent success in establishing i-draught™ in the pub sector with Greene King Pub Partners and several other customers positions the Group favourably to continue its organic growth in this market.

Despite challenging market and economic conditions, the Board is confident that the Group will be able to grow organically in all its markets and further increase this growth through selective acquisitions during the next financial year.



James H Newman
Chairman
9 June 2010

CHIEF EXECUTIVE OFFICER'S STATEMENT



Against the backdrop of the global economic downturn, the Group has made good progress in this transitional year by consolidating our market leadership in the core Leisure Division whilst developing the Forecourt Services Division where Brulines intends to replicate the success achieved in its core leisure markets.

Group profit

Trading in the Group's core beer monitoring business over the second half of the financial year, whilst challenging, has remained solid, with good progress made on the commercial development of i-draught™, the Group's beer quality and EPOS variance monitoring product. The Group has successfully reduced losses associated with the acquisitions of Vianet and Edensure, both of which are now building strong momentum.

The Group revenue at £19.83 million was 4% ahead of last year, whilst on a comparable year on year basis, the core business turnover increased modestly by 0.51% to £16.76 million (2009: £16.68 million) as a consequence of installations being delayed due to the tightening of finance availability for our customers.

The Leisure Division, incorporating Vianet, accounted for 97% of Group revenues and although Leisure revenues will grow in 2011 the share split will fall to around 75% as revenues from the Forecourt Services Division increase.

The revenue mix continued to improve towards recurring revenue as income from support service contracts was generated from the increasing installation base and the Group's move into the provision of forecourt services. Recurring revenue

currently accounts for over 80% of Group revenue and management expects this to remain between 75% - 80% for the foreseeable future.

Gross margin has risen from 58% for 2008/9 to 59% for 2009/10 as a result of the increased recurring revenue, operational improvements, continued demand for higher margin bespoke reporting services and the impact of delayed new installations. On a consolidated basis management anticipates that gross margins are sustainable at around 55%.

LEISURE MARKET

The Group's core market is the leisure sector, where our primary offerings are providing operational transparency through data capture and associated services for draught beer, vending machines, and gaming machines.

Core beer monitoring service

Despite increased lead times for capital authorisations, installations progressed satisfactorily with 930 new installations, of which 580 were higher value i-draught™, and a further 360 system upgrades completed, with further installations rolling into 2010/11. The installation base mix continues to benefit from the ongoing addition of better quality pubs and i-draught™ systems, however permanent pub closures at the bottom end of the market has meant there has only been a small increase in the overall number of installations to maintain our installation base at over 22,000 sites. This has provided year on year growth in recurring revenue and increased margins associated with support services.

Good progress has been made on the commercial development of i-draught™, with new regional brewer contracts and commercial evaluation in the managed house sector. In particular the Group was pleased to announce on 29 October 2009 that it secured a partnership with Greene King Pub Partners ("Greene King") to supply the national tenanted pub operator with i-draught™.

This partnership with Greene King marked Brulines' first major national order for i-draught™, with the pub operator rolling out i-draught™ as their primary system in its estate, which numbers 1,400 pubs throughout the UK.

The i-draught™ system offers pub licensees a vital tool to monitor the quality and yield of beer served, providing valuable intelligence about their business helping them to improve beer quality, manage wastage and costs on all draught products. The roll-out will enable Brulines to work in partnership with Greene King to tailor the system and ensure the data delivers exactly the information that Greene King and their licensees need to run even more efficiently and deliver enhanced quality.

I believe that for an organisation of the scale and professionalism of Greene King to have selected Brulines' product to be integrated across their pub estate is a great endorsement of i-draught™ and adds to the momentum which is being created.

As part of its long term business strategy, the Group continues to invest in developing i-draught™ internationally and plans to have over 100 installations across the on-trade channels in the Denver metropolitan area, USA, and now has installations in a range of pubs and bars in France. We anticipate the USA achieving breakeven in 2011/12.

Gaming machine monitoring

The Group's gaming machine telemetry and data services acquisitions Coin Metrics and Machine Insite have been successfully integrated within the Leisure Division. These acquisitions have enabled Brulines to create a leading data capture and machine management proposition in the leisure sector.

Brulines' product offering allows machine operators and owners to constantly monitor the financial performance of their gaming sites and assets accurately and in real time.

In a particularly difficult gaming machine market the consolidated revenue was flat at £800,000, delivering a net profit of £100,000.

Whilst this has been a difficult period for the gaming machine industry, the Group is confident that its offering, as a result of increased cross selling, will grow incrementally in its contribution to the Leisure Division.

On 31 January 2010, at a cost of £58,700 the Group acquired the remaining 17% percent holding in Coin Metrics Limited ("CML") taking its interest to 100%.

Business & Enterprise Committee (BEC) Report on the leased Pubco model

On 13 May 2009 the Business and Innovation and Skills Committee (BISC) published an eighty eight page report claiming that the beer ties which contract tenants to buy beer from their landlords are anti-competitive and had created a system which allows big companies to profit whilst individual landlords struggle. Brulines was not afforded the opportunity to provide evidence for the initial BISC report but did provide evidence unreservedly for the second BISC report.

Since the initial report was published there has been an OFT investigation, further evidence gathering, a further BISC report, strong support for the anti-tie groups, and a degree of antagonism between various sides. There has however been positive dialogue and good overall progress in establishing increased transparency and openness between landlord and tenant in the operation of the beer tie. The Group remains confident that the beer tie will remain largely intact, especially given this progress coupled with the European Union's ten year extension to the block exemption of the beer tie.

Comments relating to the accuracy of beer flow monitoring equipment have been voiced in the public domain on several anti-tie forums and aired in representations to the BISC by those opposed to both the beer tie and certain pub companies who operate

Chief Executive Officer's Statement (continued)

and manage such tie agreements. Brulines believes that much of this comment is erroneous, and the commentary has been heavily influenced by lobbying from those opposed to the beer tie.

The Group has had open dialogue with the appropriate committees and industry bodies, and in our submission and accompanying evidence to the BISC's second report absolutely refuted the claims made by the anti-tie interest groups. This included a supporting statement from Trading Standards who conducted a comprehensive assessment of our flow monitoring equipment and procedures. This review was subject to their independent and strict standards, none of which was paid for by Brulines.

Brulines has already worked, and will continue to work voluntarily and openly with the appropriate authorities to establish what, if any, steps might be taken to improve our methodology, calibration or operating processes with a view to establishing some form of approval regardless of whether our services fall under the Weights and Measures Act. In respect of the recommendation made in the second report of the BISC, Brulines has voluntarily entered into discussion with the National Measurement Office (NMO).

Evidence provided to the BISC by Titan Enterprises, the manufacturer of the flow-meter used in Brulines' flow monitoring system, confirmed that the flow-meter used by Brulines is highly accurate and reliable at measuring liquid flow to a high degree of repeatability over a sustained period of time. The high performance of the flow-meter has allowed it to be used in Weights and Measures approved third party drink dispensing systems.

Brulines always calibrates each flow-meter in situ under the same conditions as the beer is dispensed in line. This is carried out using a calibrated measuring vessel produced by a specialist manufacturer and calibrated to approved accuracy levels by a statutory Weights and Measures Authority.

Vianet - vending telemetry

Vianet, which provides market leading telemetry and data capture solutions to the vending industry, was acquired out of administration on 11 December 2008 and is now successfully integrated into the Group's Leisure Division, where there are significant synergies

in terms of technology, commercial proposition and customers. The focus since acquisition has been on revamping both the commercial organisation and customer proposition, whilst ensuring the unique solutions it provides are fit for purpose in addressing the significant market which is available.

For the three months to 31 March 2009, Vianet losses were reduced to £150,000, and in this transitional year, Vianet's losses at £176,000 although materially lower as a result of increased device sales under existing contracts, had an adverse impact on Group profit.

Following a comprehensive tendering process Vianet won a contract to supply a range of vending telemetry services to the European operations of an international fast moving consumer goods company. The contract includes the sole supply of Vianet's revolutionary cashless payment hardware which links to the vending telemetry hardware unit. This will enable the use of Contactless Credit Card, mobile telephone Near Field Communication (NFC) payment and traditional closed-user-group cashless payment schemes.

In addition to this significant milestone, Vianet has had a large number of enquiries and the Group anticipates that Vianet, with its globally scalable products, will make a positive contribution in 2010/11 and will in time be a major component of the Leisure Division contribution, allowing the Group to begin utilising the c.£16 million of losses which were inherited on acquisition

FORECOURT SERVICES DIVISION

The long term trend of increasing fuel prices, driven by a combination of the ongoing escalation in crude oil extraction costs, and increased taxation, means that it is becoming more important to ensure integrity and efficiency of the retail supply chain. Leaks, evaporation, fraud, over dispense, and poor stock management can have a significant impact on forecourt profits. Furthermore, failure to properly manage fuel stocks can result in costly environmental impacts both financially and in terms of brand damage resulting from negative publicity.

Ongoing consolidation in the fuels sector means that managers are gaining responsibility for more sites and require increased visibility and control.

The Group's Forecourt Services Division strategy helps address these issues by offering an integrated toolbox of data management, analysis, and associated services that allow managers of fuel installations to optimise return on investment both on fuel stocks and on the equipment designed to store, control and issue their fuels.

Our acquisition strategy and in-house development, utilising the Group's development and data management expertise, has enabled the Group to create many of the elements of the product portfolio required to deliver this solution to a market which the Group estimates potential annual revenues to be worth £30 million in the UK, over £200 million across Europe, and many times that globally.

Edensure was close to break even on a monthly basis during the second half of the year, and the Group is encouraged by the increased interest from other major petrol forecourt operators and is pursuing opportunities to expand its footprint in this market as part of its strategy to provide cost-effective value added command and control solutions to all sectors of the forecourt industry.

The Group has also been evaluating several opportunities to expand its footprint in the forecourt services market and on 6 April 2010 acquired Energy Level Systems Ltd, a provider of fuel management systems, tank gauging and lining solutions, liquefied petroleum gas and forecourt services. This acquisition which is expected to be earnings enhancing from the outset, is another important step in developing a market leading integrated solution for forecourt operators and underlines the Group's intention to replicate in the forecourt market the Group's success in the leisure sector.

Today the Group announced the acquisition of Retail & Forecourt Solutions Ltd ("RFS"). Based in Desford, Leicestershire, RFS is the UK market leader in fuel pump calibration, adjustment and legal verification, and also a leading provider of forecourt audit and compliance services. The acquisition will take effect from 9 June 2010.

In 2000, RFS became the first company in the UK to be accredited as pump "verifiers", although they were not able to undertake adjustments as this was the province of Trading Standards officers. The step

change in terms of business model for RFS came with effect from 1 January 2009, when the Weights & Measures Reform Act enabled RFS to carry out adjustments to pumps without the need for Trading Standards officers to be present.

Over-dispensing pumps can cost forecourt retailers thousands of pounds a year in fuel given away. Our state-of-the-art Edensure wet stock loss analysis is able to identify this over-dispensing quickly and accurately, and now with RFS as part of our Group we can offer forecourt operators an integrated and responsive solution of analysis, identification, and on-site correction.

This acquisition which will be earnings enhancing from the outset, is another important step in developing a market leading integrated solution for forecourt operators and underlines the Group's intention to replicate in the forecourt market our success in the leisure sector.

The opportunities for this expanded offering are significant, and we look forward to updating shareholders on our progress in the forecourt services market.

As well as expecting organic growth from this division, the Group will continue to pursue suitable acquisitions in order to achieve this.

STRATEGY FOR GROWTH

The Group's strategic intent is to profitably extend its data handling penetration and footprint in the leisure sector, incorporating vending and forecourt sectors where there is considerable overlap, and to achieve market leading positions using its core capabilities and market leading products.

The Group is focussed on two highly complementary divisions which are Leisure and Forecourt Services. These divisions operate in markets in which:

- the need for improved data and controls will grow;
- integrated data provision is sought and can be backed up with associated services;
- there is no other dominant competitor;
- market leadership is available;
- good margins are available from driving customer return on investment, and;
- the Group's products are globally scalable.

Chief Executive Officer's Statement (continued)

The Group will continue to pursue organic development of its core Leisure business, including vending telemetry whilst leveraging our key competencies and broadening the Group's Forecourt Services offering through strategic acquisitions.

The Leisure Division on its own has the products and market potential to drive growth for several years, underpinned by i-draught in the core beer monitoring business and supplemented by the vending telemetry opportunities. The Group's strong customer and recurring revenue base provides a solid foundation for significant growth as we commercialise development products, extend into new markets and make selective acquisitions.

For the pub and bar market the Group's ability to provide a wider range of effective operational and market data increases its value to existing customers and their own operational control within tenanted/leased and managed sectors, whilst allowing entry through similar benefits to other channels such as hotels, clubs, and independent sectors, both in the UK and internationally.

The integration of Vianet's vending telemetry offering into the Leisure division is a natural extension of the Group's core capabilities into a growing and significant adjacent remote data capture and management market where there is an opportunity to establish market leading products and services. Vianet has leading, globally scalable products and operates in international markets with no dominant competitor.

Whilst maintaining its investment in the core Leisure market, the Group has the opportunity through selective acquisitions to establish a market leading data handling position for the Forecourt Services Division's 'information toolbox' in the forecourt sector where it has identified considerable technology, operational and commercial overlap.

With the Group well placed to sustain its organic path for growth within the Leisure sector, the Directors believe that the Group's cash generation, together with the December 2008 Placing funds and competitive debt financing, will enable the Group to take advantage of further complementary acquisition and commercial opportunities as and when they arise.

Management and employees

The Group continues to develop the calibre of its people, management and leaders to ensure the organisation is equipped to deliver against the significant growth opportunities that are available to the Leisure and Petrol Forecourt Service divisions.

Stewart Darling as Managing Director of the Leisure Division has continued to improve the calibre of the leisure team which is making good progress in expanding from the historic leased and managed sectors into other channels of the licensed on trade both domestically and internationally.

On 28 September 2009, Phil Maud was appointed Managing Director of the Group's Forecourt Services Division. His knowledge and experience gained in retail forecourt management, including Morrisons Supermarkets plc where he had spent the last eight years as Director of Petrol Forecourts, will prove invaluable to the Group as it continues to expand its leading proprietary software and footprint into the UK petrol forecourt market and beyond.

We have a dedicated and ambitious management team, who are well supported by a strong workforce which is committed to the Group, our customers, and our values. Once again I thank everyone for their contribution during the last twelve months.

Outlook

The Group is performing well in challenging economic and trading conditions. As the Group's customers become increasingly focused on profitability and cash generation from their core operations, we believe our products will become more important to them than ever before.

The Group's investment decisions are made with a four to five year horizon whilst also committing to short term delivery of shareholder value. Over the next five years our intent is for the Leisure Division to deliver organic growth of our core beer monitoring whilst building a similar contribution from Vianet's vending telemetry services to global markets. The Group believes that the three year growth strategy for the Forecourt Services Division has the potential to deliver a contribution similar to Leisure.

The Group aims to become the market leader in the UK, and beyond, for the provision of telemetry, data management analysis, software and support services across the leisure, and petrol forecourt sectors, where the opportunity exists to become a 'one stop shop' provider for customers.

Despite the more difficult leisure sector trading environment, future growth prospects are encouraging and management continues to view the future with confidence.

A handwritten signature in black ink, appearing to read 'James Dickson', with a long horizontal flourish extending to the right.

James Dickson
Chief Executive Officer
9 June 2010

FINANCIAL REVIEW



Group trading result

In what has been a difficult general economic environment, as well as a challenging pub environment, the results of the Group for the year to 31 March 2010. Revenue increased by 4.02% with operating profit (pre intangible assets amortisation and exceptional items) of £5.073 million (2009: £5.455 million). The results are after absorbing transitional losses of Vianet, Edensure and Coin Metrics, as well as US costs of operation, all totalling £0.403 million. Recurring revenues have progressed to a level of 84% based on turnover mix. Exceptional costs of £0.506 million relate to restructuring costs principally connected with the transitional integration of the 2009 acquisitions, costs associated with the investment in Universe Group Plc, disposal costs of the M2M division of Vianet Ltd and accrued acquisition costs of Energy Level Systems Ltd resulting in final Group operating profit (pre intangible asset amortisation) of £4.567 million (2009: £5.092 million).

Subsidiary performance

During the period, within the Leisure Division the core business of Brulines Limited delivered 930 new installations of which 580 were the higher priced i-draught systems, as well as 360 replacement upgrade systems. Overall, a gross total of 1,290 installations were achieved, leaving the estate, after pub company disposals and uplifted systems awaiting re-installation elsewhere in respective customer estates, broadly in line with the year's starting point of c22,000 systems. Whilst the Group did not achieve all the new and replacement installations we expected, a number of new i-draught installations to be rolled over have been factored into the new financial year. The economic circumstances highlighted in the Chief Executive Officer's statement have impacted the installation traction attained, but despite this we are pleased to report the results achieved.

The Group's machine monitoring subsidiaries of Machine Insite Limited and Coin Metrics Limited, contributed £0.8 million in revenue and increased profit of £0.1 million. The result has been impacted by the difficult market this sector serves, but is credible in terms of the slight step forward we have made in the profit achieved. The Group now owns 100% of Coin Metrics and further progress is expected in this business in the new financial year.

Vianet achieved revenues of £1.750 million and significantly reduced losses of £0.176 million ahead of expectations. The transitional investment made in Vianet, and contractual wins that have resulted are expected to deliver profit for the year to March 2011.

In the Forecourt Services Division, Edensure achieved revenues of £0.5 million and reduced losses of £0.078 million, around half of that reported in March 2009. These results are in line with market expectations as we have sought to build on the transitional investment made. The Forecourt Services Division is expected to make further progress in the year to March 2011.

Overall Group results

Overall Group results, pre amortisation of intangible assets and option costs, were a profit of £5.073m compared to £5.455 million at March 2009, but after absorbing the transitional losses as referred to above of £0.403 million. The results are in line with market expectations and the Board believes that given the challenging environment in which the Group operates, these are a pleasing set of results. The table below shows the performance of the Group, pre and post exceptional costs, as follows;

| | FY 2010 £'000 | FY 2009 £'000 |
|----------------------------|------------------|------------------|
| Revenue | 19,834 | 19,067 |
| Gross Profit | 11,638 (59%) | 11,219 (58%) |
| EBIT | 4,039 | 4,683 |
| PBT post exceptional costs | 4,034 | 4,624 |
| PBT pre exceptional costs | 4,540 | 4,987 |

Gross margin

Gross margin improved during the year to 59%, resulting from the improvement in recurring revenue mix to approximately 84% and the impact of lower than expected installations. Had the Group achieved the installation traction referred to above, the underlying gross margin would have been nearer the expected 55% level.

Actual Group profit

The Group pre tax profit post exceptional costs is £4.034 million (2009: £4.624 million), reflecting the comments made above.

Taxation

The taxation charge of £0.969 million represented an effective tax rate of 24.02% on the reported profit before taxation of £4.034 million post group relief and prior period adjustments.

Earnings per share

Basic earnings per share for the year ended 31 March 2010 pre exceptional costs amounted to 12.68 pence. The reduction is impacted by not only the results, but significantly by the dilution impact of the shares issued on 29 December 2008. On a like for like pre exceptional cost basis, EPS for 2009 would have been 13.18 pence. Fully diluted earnings per share (pre exceptional costs), which takes account of all outstanding share options, amounted to 12.27 pence which again compares to 14.13 pence last year. On a like for like pre exceptional cost basis, fully diluted EPS for 2009 post share issue would have been 12.54p.

Balance sheet and cash flow

The balance sheet has been significantly strengthened not only by the good trading performance achieved, but also by the improved results of the 2009 acquisitions of Vianet Limited and Edensure Limited. In addition, the remaining founder shares of Coin Metrics were acquired on 31 January 2010.

Operationally, the Group continued to generate healthy cash returns at £4.273 million. The funds generated in the year were utilised to invest in Universe, further investment in Coin Metrics, service borrowings, dividends and taxation. The positive cash flows have meant that at the year-end we have a net cash position of £3.949 million (2009: net cash position of £4.256 million).

It is anticipated, given the strength of the Group's balance sheet, cash balances and cash generating capacity that this strong base will continue to provide an advantageous position to seek growth opportunities both through complementary acquisitions and investment in subsidiary and core company organic growth.



Mark Foster
Finance Director
9 June 2010

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 March 2010.

Principal activities

The company is the holding company of a group, the principal activities of which are those of design, product development, sale and rental of fluid monitoring and machine monitoring equipment, together with the provision of data management and related services, both to the leisure and petrol forecourt trade.

Review of business and future developments

The directors are pleased with the results for the year ended 31 March 2010, which show a profit before tax and exceptional items of £4.55m (2009: £4.99m).

The continued developments of recurring levels of income and cost control measures have helped us achieve the results declared. The acquisitions made into complimentary markets have helped us build on the platform the business seeks to take advantage of the growth opportunities that exist and diversify the market opportunities we have. We are satisfied with the results and performance achieved in the year and look forward to building on this.

The Chairman's Statement, the Chief Executive Officer's Statement and the Financial Review provide further detail on the performance of the Group together with an indication of future prospects.

Business Risk

The directors have considered areas of potential risk to the business and are satisfied with the results and business projections given market conditions and current risk that the business is of sound financial footing and has a sustainable operating future. This is against a backdrop of the business having performed well in the year given the difficult trading conditions, known loss making acquisitions, impact of restructuring costs and overall market confidence in liquidity and credit.

The directors do not consider there to be any other material business risks other than general slowdown associated with the current economic climate.

Non financial risks are summarised in the statement of the Chief Executive Officer on pages 4 to 9.

Key Performance Indicators

| | Target | Actual 2010 | Actual 2009 |
|------------------------------------------------------------------|--------|----------------|----------------|
| Percentage of revenue from recurring income streams ¹ | 65% | 84% | 79% |
| Gross Margin ² | 55% | 59% | 58% |
| Employee Turnover ³ | 2% | 2% | 2% |

We are pleased with the continuing growth in the recurring revenue streams which reflects the increased penetration of installed sites.

Notes to KPI's

All figures are based on the Brulines Limited trading company for comparative purposes.

¹Percentage of revenue from recurring income streams = recurring income streams as a percentage of all income streams. Brulines Limited aims to increase shareholder value through growth in revenue, linked to profitability (see Gross Margin below). Source data is taken from management information. The recurring contractual nature of the company's income stream has led to continued improvement in performance versus target.

²Gross Margin = Gross profit as a percentage of turnover. Brulines Limited aims to generate sufficient profit for both distribution to shareholders and re-investment in the company, as measured by Gross Margin. Source data is taken from the audited financial statements.

³Employee Turnover = Brulines Limited aims to be seen as a good, attractive employer with positive values and career prospects.

Financial risk management

The Group's operations expose it to a variety of financial risks including the effects of changes in interest rates on debt, credit risk, exchange rate movement and liquidity risk.

While the Group does have a debt exposure, the positive cash generation of the Group means we do not have material exposures in any of the areas identified above and consequently does not use derivative instruments to manage these exposures.

The Group's main financial instruments comprise principally of sterling cash and bank deposits, bank loans and overdrafts, other loans and obligations under operating leases together with trade debtors and trade creditors that arise directly from its operations. The Group's exposure to foreign exchange risk is minimal due to the low balances held which is disclosed in note 18.

The main risks arising from the Group's financial instruments can be analysed as follows:

Price risk

The Group holds listed equity investments as follows:

| | 2010 | 2009 |
|---------------------------------------------|------------|---------|
| Brulines Group plc – ordinary shares of 10p | 1,034,470 | 750,983 |
| Universe Group plc – ordinary shares of 5p | 13,209,754 | – |

The Group has no significant exposure to securities price risk.

The company purchased 303,487 shares for a consideration of £303,487 (nominal value £30,349) in September 2009 which are held in the company owned share trust which was primarily used to establish the Joint Ownership Share Plan (see page 15).

Credit risk

The Group's principal financial assets are bank balances, cash and trade debtors, which represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group's credit risk is primarily attributable to its trade debtors. Credit risk is managed by monitoring the aggregate amount and duration of exposure to any one customer depending upon their credit rating. The amounts presented in the balance sheet are net of allowances for doubtful debts, estimated by the Group's management based on prior experience and their assessment of the current economic environment.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

The Group's policy has been to ensure continuity of funding through arranging facilities for operations via medium-term loans and additional revolving credit facilities to aid short-term flexibility.

Cash flow interest rate risk

Interest bearing assets comprise cash and bank deposits, all of which earn interest at a rate of Bank of England base rate or above. The interest rate on the bank loan is at market rate. The Group's policy is to maintain other borrowings at fixed rates to fix the amount of future interest cash flows. The directors monitor the overall level of borrowings and interest costs to limit any adverse effects on financial performance of the Group.

Report of the Directors (continued)

Dividends

The directors recommend the payment of a final dividend of 2.24p per share (2009: final 3.80p), taking the full year dividend to 5.50p. (2009: 5.35p)

Directors and their interests

The current directors of the company are shown below.

Those directors serving at the end of the period had interests in the share capital of the company at 31 March as follows:

| | Ordinary shares of 10p each 2010 | Ordinary shares of 10p each 2009 |
|---------------|-------------------------------------------|-------------------------------------------|
| S W Darling | – | – |
| J W Dickson | 3,711,168 | 3,611,168 |
| M H Foster | 75,000 | 87,500 |
| D J Noble | 347,468 | 359,968 |
| J H Newman | 30,000 | 25,000 |
| S C Gilliland | 26,000 | 16,000 |

Directors' emoluments

Details of Directors' emoluments for the year are as follows:

| | Salary and fees 2010 £'000 | Other Emoluments 2010 £'000 | Total Emoluments 2010 £'000 | Salary And Fees 2009 £'000 | Other Emoluments 2009 £'000 | Adjusted Total Emoluments 2009 £'000 | Adjustment 2009 £'000 | Total emoluments 2009 £'000 |
|----------------------|----------------------------------------|--------------------------------------|--------------------------------------|----------------------------------------|--------------------------------------|--------------------------------------------------|-----------------------------|--------------------------------------|
| Executive | | | | | | | | |
| J W Dickson | 175 | 83 | 258 | 160 | 110 | 270 | (55) | 215 |
| M H Foster | 125 | 65 | 190 | 111 | 75 | 186 | (35) | 151 |
| S W Darling | 114 | 58 | 172 | 99 | 43 | 142 | (58) | 84 |
| D J Noble | 112 | 49 | 161 | 91 | 63 | 154 | (29) | 125 |
| Non-executive | | | | | | | | |
| J H Newman | 42 | – | 42 | 40 | – | 40 | – | 40 |
| S C Gilliland | 31 | – | 31 | 26 | – | 26 | – | 26 |
| Total | 599 | 255 | 854 | 527 | 291 | 818 | (177) | 641 |

- Executive remuneration is determined by the remuneration committee consisting of non-executive Directors JH Newman and S C Gilliland
- No payments were made to any Director in respect of compensation for loss of office in 2010 or 2009
- Other emoluments received consist of the provision for private medical care, bonuses, motor car allowances and pension contributions. The adjusted total emoluments reflects total emoluments paid or on a like for like basis at March 2009. The adjustment column reconciles this back to what was reported at March 2009.
- J H Newman's fees are paid to Westwood on Derwent Limited, a company of which he is a Director
- S Gilliland fees are paid to SMDH Consulting Limited, a company of which he is a Director
- Pension contributions represent payments made to defined contribution schemes. Non-executive Directors are not entitled to retirement benefits.

Directors' share options

Details of the share options held by Directors are as follows:

| | At 1 April 2009 | At 31 March 2010 | Option price | Date granted |
|---------------|-----------------------|------------------------|-----------------|----------------|
| J W Dickson | 75,000 | 75,000 | 123.0p | October 2006 |
| M H Foster | 150,000 | 150,000 | 67.2p | March 2006 |
| | 65,000 | 65,000 | 123.0p | October 2006 |
| S W Darling | – | 100,000 | 125.0p | April 2009 |
| D J Noble | 80,000 | 80,000 | 50.0p | March 2006 |
| | 40,000 | 40,000 | 67.2p | March 2006 |
| | 65,000 | 65,000 | 123.0p | October 2006 |
| J H Newman | 36,000 | 36,000 | 123.0p | October 2006 |
| | – | 30,000 | 102.5p | September 2009 |
| S C Gilliland | 24,000 | 24,000 | 123.0p | October 2006 |
| | – | 30,000 | 102.5p | September 2009 |

Share options are exercisable between nil and ten years from the date of the grant.

The market price of the Company's shares at the end of the financial year was 126.5p and the range of market prices during the year was between 82.5p and 150p.

Share options

Details of share options held by the senior employees are as follows:

| Name of senior employee | Date of grant | Number of options | Exercise price | Exercise date |
|-------------------------|---------------|----------------------|----------------|---------------|
| A J Martinez | 31/03/06 | 60,000 | 50.0p | – |
| A J Martinez | 31/03/06 | 30,000 | 50.0p | 12/01/2010 |
| G James | 31/03/06 | 90,000 | 50.0p | 12/01/2010 |
| M Bristow | 31/03/06 | 20,000 | 67.2p | 12/01/2010 |
| G James | 26/10/06 | 50,000 | 123.0p | – |
| A J Martinez | 26/10/06 | 50,000 | 123.0p | – |
| R Colley | 26/10/06 | 75,000 | 123.0p | – |
| S M Brown | 26/10/06 | 50,000 | 123.0p | – |
| J Anspach | 07/01/08 | 50,000 | 148.5p | – |
| C Consterdine | 07/01/08 | 50,000 | 148.5p | – |
| R C Colley | 16/07/08 | 25,000 | 151.5p | – |

Joint Ownership Plan

The following awards over shares in the Company were made to the following Executive Directors of the Company on 25 September 2009 by a Joint Ownership Plan.

| Director | Number of Plan shares in which the Director has an interest |
|-------------|-------------------------------------------------------------|
| J W Dickson | 100,000 |
| M H Foster | 100,000 |
| S W Darling | 100,000 |
| D J Noble | 100,000 |

Report of the Directors (continued)

Awards were made by the Company's Remuneration Committee through the Company's employee benefit trust operated by Halifax EES Trustees International Limited. The awards are subject to EPS performance targets and do not vest for three years. No value has been paid on grant of the Plan shares and participants are entitled to growth over the Plan term.

Donations

Charitable donations of £nil (2009: £nil) were made during the year. No political donations were made (2009: £nil).

Substantial Shareholdings

The Company has been informed that on 30 May 2010 the following shareholders (excluding Directors) held substantial holdings of the issued ordinary shares of the company:

| | Holding of Ordinary shares Number | Issued Share capital % |
|-----------------------------------------|-----------------------------------------|------------------------------|
| AXA Framlington | 4,342,303 | 15.37 |
| ISIS Equity Partners | 2,693,524 | 9.54 |
| New Solera Holdings | 1,739,500 | 6.21 |
| Brewin Dolphin | 1,402,021 | 4.96 |
| Octopus Investments Limited | 1,294,533 | 4.58 |
| Legal and General Investment Management | 1,122,000 | 3.97 |
| Charles Stanley | 806,780 | 2.86 |
| First State Investments | 740,871 | 2.62 |
| Artemis Fund Managers | 735,000 | 2.60 |

Going Concern

The Directors, after having made appropriate enquiries, including (but not limited to) a review of the Group's budget for 2010/2011, and cash generating capacity (under pinned by long term contracts in place and historic results), have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Payment of Creditors

The Group's policy is to settle invoices promptly according to terms and conditions as far as it is practicable. Trade creditors at the balance sheet date represented 43 days purchases (2009: 40 days). As the company is a holding company it has no trade creditors and accordingly no disclosure is made of the year end creditor days for the company.

Employees

The Group places great importance on the involvement of its employees, the majority of whom are able to work closely with their managers on a daily basis. Employees are encouraged to be involved in the Group's performance through the use of share options. Employees have frequent opportunities to meet and have discussions with management. The Group aims to keep employees regularly informed of the financial and economic factors affecting the performance of the Group and its objectives in part through the Group intranet and website.

The quality and commitment of our people have continued to play a major role in our business success. This has been demonstrated in many ways, including improvements in customer satisfaction, contract gains and continued profitability, the development of customer offering and the flexibility they have shown in adapting to changing business requirements and new ways of working. Employees' performance is aligned to company goals through an annual performance review process that is carried out with all employees. Employee turnover was 2%, in line with the threshold we have set.

The Group's policy is that, where it is reasonable and practicable within existing legislation, all employees, including disabled persons are treated in the same way in matters relating to employment, training and career development.

Research and Development

The Group has a continuing commitment to levels of research and cost of ensuring systems perform optimally which reflect the need to be at the forefront of technological advance to ensure future growth. During the year expenditure on research and development was £377,000 (2009: £296,300) of which £377,000 was recognised as an asset on the balance sheet (2009: nil)

Annual General Meeting

The Annual General Meeting will be held on 15 July 2010 at 9:00am at the offices of Grant Thornton UK LLP, No.1 Whitehall Riverside, Leeds, LS1 4BN.

Post balance sheet events

Post balance sheet events are referred to in note 28.

Directors Indemnity

Qualifying third party indemnity provisions are in force for the benefit of the directors

Statement of directors' responsibilities for the financial statements

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 elected to prepare financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and parent company financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the Group and parent 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 judgments and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Group and parent 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 Group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the directors is aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Report of the Directors (continued)

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

Auditors

Grant Thornton UK LLP has indicated its willingness to continue in office. A resolution for its re-appointment as independent auditor will be proposed at the AGM.

Approval

The report of the directors was approved by the Board on 9 June 2010 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Mark H Foster', with a large, stylized flourish extending to the right.

Mark H Foster
Director

CORPORATE GOVERNANCE STATEMENT

General Principle

The Group is committed to high standards of corporate governance in all its activities. Whilst the company is not required to comply with the 2006 FRC Combined Code, the Board recognises the value of the Code and has regard to its requirements as far as practicable and appropriate for a public company of its size and nature.

The Board

The Board consisted of four Executive and two Non Executive Directors as follows:

Executive Directors

Stewart W Darling (Commercial Director)
James W Dickson (Chief Executive Officer)
Mark H Foster (Finance Director & Company Secretary)
Duncan J Noble (Operations Director)

Non-Executive Directors

James H Newman (Chairman)
Stewart C Gilliland

All Directors have access to the advice and services of the Company Secretary.

There is a clear division of responsibilities between the Chairman, who is responsible for the running of the Board, and the Chief Executive Officer, who, together with the other Executive Directors, are responsible for running the business.

The Board meets regularly, with no less than ten meetings planned in any one calendar year. Each Director is provided with sufficient information to enable them to consider matters in good time for meetings and enable them to discharge their duties properly. There is a formal schedule of matters reserved for Board approval. In principle the Board agrees the Group business plan, determines overall Group Strategy, acquisition, investment, human resource and health and safety policies, as well as approval for major items of capital expenditure.

All Directors have access to independent professional advice at the Group's expense. The Directors continually ensure they are trained in association with duties and responsibilities of being a director of a listed company.

The independent non-executive Directors bring an independent judgement to the management of the Group. They are free from any business or other relationships which could interfere with the exercise of their judgement. The non-executive Directors fulfil a key role in corporate accountability.

Board Committees

The Group has established a number of committees, details of which are set out below and all of which operate with defined Terms of Reference:

Audit Committee

This consists of:

James H Newman (Chairman)
Stewart C Gilliland

It meets at least three times in any year, and is usually attended as a minimum by the Chief Executive Officer and Finance Director, as well as the Group's External Auditors.

Corporate Governance Statement (continued)

The Audit Committee has terms of reference (which are available for inspection) to report on matters such as the Group's annual accounts, interim reports, major accounting issues and developments, the appointment of external auditors and their fee, the objectivity of the auditors, the Group's statement on internal control systems and the scope and findings of external audit.

Remuneration Committee

This consists of:

Stewart C Gilliland (Chairman)
James H Newman

The Remuneration Committee has terms of reference (which are available for inspection) and meets at least twice per year, reviewing and advising upon the remuneration and benefit packages of the Executive Directors and other senior management. The remuneration of the Chairman and non-executive Director is decided upon by the full Board.

The Remuneration policy is to attract, retain and motivate high quality executives capable of achieving the Group's objectives and thereby enhancing shareholder value.

The remuneration of the Executive Directors consists of a basic salary and benefits, performance related bonuses and share options. The non-Executive Directors are eligible for performance related share options.

Nominations Committee

This consists of:

James H Newman (Chairman)
James W Dickson
Stewart C Gilliland

The Committee met as required during the course of the year. The Committee has terms of reference which are available for inspection.

Internal Control and Risk Management

The Board has overall responsibility for the Group's system of internal control and for reviewing its effectiveness, and recognises these systems are designed to manage rather than eliminate the risk of material loss.

The Board monitors risk through ongoing processes and provides assurance that the significant risks faced by the Group are being identified, evaluated and appropriately managed.

The main elements of the internal control systems are:

- management structure with clearly identified responsibilities
- budget setting process including longer term forecast review
- comprehensive monthly financial reporting system, with comparison to budget, supported by written report from the Chief Executive Officer and Finance Director
- report to the Audit Committee from the external auditors stating the material findings arising from the audit. This report is also considered by the main Board and action taken where appropriate

- a framework for capital expenditure and controls including authorisation procedures and rules relating to delegation of authority
- risk management policies to manage issues relating to health and safety, environment, legal compliance, insurance and security
- day to day hands on involvement of the Executive Directors

As a result of the above systems and controls, and due to its current size, the Group does not operate an internal audit function, but is keeping its position under review.

Shareholder Communication

The Group places a high level of importance on communicating with its shareholders and welcomes and encourages such dialogue within the regulations governed by the London Stock Exchange. The Board are keen to encourage the participation of a broad base of both institutional and private investors in the Group. Communication with shareholders will be maintained through the Annual General Meeting, annual and interim reports, press releases and periodic presentations.

Share Options

In addition to the three share option plans in existence at 31 March 2009 (the EMI plan, the Executive plan and the Employee Plan), the company has established two further plans this year, an Employee Company Share Option Plan and an Executive Joint Ownership Plan. Share options will be issued at appropriate intervals in order to motivate and retain Executive Directors, senior management and other key staff whilst aligning their interests with those of the Group's shareholders. Such grants are approved by the Remuneration Committee.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRULINES GROUP PLC

We have audited the group financial statements of Brulines Group plc for the year ended 31 March 2010 which comprise the statement of consolidated comprehensive income, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of changes in equity 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.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement the directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the parent 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the group financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2010 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRS 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 financial statements are prepared is consistent with the parent 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:

- 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 company financial statements of Brulines Group plc for the year ended 31 March 2010.



Andrew Wood
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants

Leeds

9 June 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2010

| | Note | Before Exceptional 2010 £000 | Exceptional 2010 £000 | Total 2010 £000 | Post Exceptional Total 2009 £000 |
|----------------------------------------------------------------------------------------------------------------------|------|---------------------------------------|-----------------------------|-----------------------|----------------------------------------------|
| Continuing operations | | | | | |
| Revenue | 3 | 19,834 | – | 19,834 | 19,067 |
| Cost of Sales | | (8,196) | – | (8,196) | (7,848) |
| Gross profit | | 11,638 | – | 11,638 | 11,219 |
| Administration and other operating expenses | | (6,565) | (506) | (7,071) | (6,127) |
| Operating profit pre amortisation and share based payments | | 5,073 | (506) | 4,567 | 5,092 |
| Intangible asset amortisation | | (456) | – | (456) | (337) |
| Share based payments | | (72) | – | (72) | (72) |
| Operating profit post amortisation and share based payments | | 4,545 | (506) | 4,039 | 4,683 |
| Finance income | 6 | 81 | – | 81 | 138 |
| Finance costs | 7 | (86) | – | (86) | (197) |
| Profit before taxation | | 4,540 | (506) | 4,034 | 4,624 |
| Income Tax expense | 8 | (969) | – | (969) | (1,184) |
| Profit after tax and total comprehensive income for the year attributable to the owners of the parent | 5 | 3,571 | (506) | 3,065 | 3,440 |
| Earnings per share | | | | | |
| – Basic | 9 | 12.68p | (1.79)p | 10.89p | 13.59p |
| – Diluted | 9 | 12.27p | (1.70)p | 10.57p | 13.12p |

The accompanying accounting policies and notes form an integral part of these financial statements.

Details of the exceptional items which relate to Group restructuring and corporate finance costs related to acquisitions in the year are included in note 4.

CONSOLIDATED BALANCE SHEET

at 31 March 2010

| | Note | 2010 £000 | 2009 £000 |
|----------------------------------------------------|------|---------------|---------------|
| Assets | | | |
| Non-current assets | | | |
| Goodwill | 11 | 13,523 | 13,348 |
| Other Intangible Assets | 12 | 969 | 1,048 |
| Property, plant and equipment | 13 | 3,397 | 3,439 |
| Investments | 14 | 556 | – |
| Total non-current assets | | 18,445 | 17,835 |
| Current assets | | | |
| Inventories | 15 | 1,556 | 1,371 |
| Trade and other receivables | 16 | 3,785 | 4,646 |
| Cash and cash equivalents | | 6,892 | 7,697 |
| | | 12,233 | 13,714 |
| Total assets | | 30,678 | 31,549 |
| Equity and liabilities | | | |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 17 | 5,804 | 7,038 |
| Borrowings | 18 | 448 | 420 |
| Tax liabilities | | 302 | 348 |
| Provisions | 20 | 89 | 89 |
| | | 6,643 | 7,895 |
| Non-current liabilities | | | |
| Borrowings | 18 | 2,495 | 3,021 |
| Provisions | 20 | 156 | 232 |
| Deferred tax | 21 | 340 | 340 |
| | | 2,991 | 3,593 |
| Equity attributable to owners of the parent | | | |
| Share capital | 22 | 2,825 | 2,813 |
| Share premium account | | 11,174 | 11,126 |
| Shares to be issued | | 248 | 176 |
| Own shares | | (1,154) | (864) |
| Merger reserve | | 310 | 310 |
| Retained profit | | 7,641 | 6,500 |
| Total equity | | 21,044 | 20,061 |
| Total equity and liabilities | | 30,678 | 31,549 |

The Group financial statements were approved by the Board of Directors on 9 June 2010 and were signed on its behalf by:



J Dickson
Director

The accompanying accounting policies and notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2010

| | Share capital £000 | Share premium Account £000 | Own Shares £000 | Share based payment reserve £000 | Merger reserve £'000 | Profit and loss account £000 | Total £000 |
|---------------------------------------|-----------------------|----------------------------------|-----------------------|----------------------------------------------|----------------------------|---------------------------------------|---------------|
| At 1 April 2008 | 2,434 | 7,024 | (877) | 104 | 310 | 4,263 | 13,258 |
| Dividends | - | - | - | - | - | (1,203) | (1,203) |
| Exercised options re own shares | - | - | 13 | - | - | - | 13 |
| Share based payments | - | - | - | 72 | - | - | 72 |
| Share capital issued | 379 | 4,102 | - | - | - | - | 4,481 |
| Transactions with owners | 379 | 4,102 | 13 | 72 | - | (1,203) | 3,363 |
| Profit for the year | - | - | - | - | - | 3,440 | 3,440 |
| Profit and total comprehensive income | 379 | 4,102 | 13 | 72 | - | 2,237 | 6,803 |
| At 31 March 2009 | 2,813 | 11,126 | (864) | 176 | 310 | 6,500 | 20,061 |
| At 1 April 2009 | 2,813 | 11,126 | (864) | 176 | 310 | 6,500 | 20,061 |
| Dividends | - | - | - | - | - | (1,924) | (1,924) |
| Exercised options re own shares | - | - | 13 | - | - | - | 13 |
| Purchase of own shares | - | - | (303) | - | - | - | (303) |
| Share based payments | - | - | - | 72 | - | - | 72 |
| Share capital issued | 12 | 48 | - | - | - | - | 60 |
| Transactions with owners | 12 | 48 | (290) | 72 | - | (1,924) | (2,082) |
| Profit for the year | - | - | - | - | - | 3,065 | 3,065 |
| Profit and total comprehensive income | 12 | 48 | (290) | 72 | - | 1,141 | 983 |
| At 31 March 2010 | 2,825 | 11,174 | (1,154) | 248 | 310 | 7,641 | 21,044 |

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March 2010

| | 2010 £000 | 2009 £000 |
|------------------------------------------------------------------------------|--------------|--------------|
| Cash flows from operating activities | | |
| Profit for the year | 3,065 | 3,440 |
| Adjustments for | | |
| Interest receivable | 81 | 138 |
| Interest payable | (86) | (197) |
| Income tax expense | 969 | 1,184 |
| Amortisation of intangible assets | 456 | 337 |
| Depreciation | 391 | 321 |
| Profit on sale of property, plant and equipment | (41) | (1) |
| Share based payments | 72 | 72 |
| Operating cash flows before changes in working capital and provisions | 4,907 | 5,294 |
| Change in inventories | (185) | (196) |
| Change in receivables | 861 | (628) |
| Change in payables | (1,234) | (24) |
| Change in provisions | (76) | (71) |
| | (634) | (919) |
| Cash generated from operations | 4,273 | 4,375 |
| Income taxes paid | (1,015) | (1,596) |
| Net cash generated from operating activities | 3,258 | 2,779 |
| Cash flows from investing activities | | |
| Interest payable | 86 | 197 |
| Interest received | (81) | (138) |
| Proceeds on disposal of property, plant and equipment | 62 | 5 |
| Purchases of property, plant and equipment | (371) | (218) |
| Purchases of intangible assets | (377) | - |
| Purchase of subsidiary undertakings | - | (1,054) |
| Purchase of minority shareholdings | (175) | - |
| Purchase of investment | (556) | - |
| Cash acquired with subsidiary | - | 215 |
| Net cash used in investing activities | (1,412) | (993) |
| Cash flows from financing activities | | |
| Repayments of borrowings | (498) | (438) |
| Dividends paid | (1,924) | (1,203) |
| Options exercised/Purchase of own shares | (290) | 13 |
| Issue of ordinary share capital | 60 | 4,481 |
| Net cash used in financing activities | (2,652) | 2,853 |
| Net (decrease)/increase in cash and cash equivalents | (805) | 4,639 |
| Cash and cash equivalents at beginning of period | 7,697 | 3,058 |
| Cash and cash equivalents at end of period | 6,892 | 7,697 |

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2010

1. Significant accounting policies

1.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRS). IFRS includes Interpretations issued by the International Financial Reporting Interpretations Committee.

The financial statements have been prepared on the historical cost convention. The measurement bases and principal accounting policies of the Group are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

The accounts reflect the first time adoption of IAS1 Presentation of Financial Statements (revised 2007) and IFRS 8 Operating Segments. The effect of the adoption of these standards has been presentational only and not resulted in different operating segments being identified. Given this, the opening comparative balance sheet has not been presented as the information is unchanged from that presented previously.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from these estimates.

1.2 Subsidiaries

The consolidated financial statements incorporate the results, assets, liabilities and cash flows of the company and each of its subsidiaries for the financial year ended 31 March 2010.

Subsidiaries are entities controlled by the Group. Control is deemed to exist when the Group has the power, directly or indirectly to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results, assets, liabilities and cash flows of subsidiaries are included in the consolidated financial statements from the date control commences until the date that control ceases.

Unrealised gains on transactions between the Group and its subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

1.3 Business combinations

The purchase method is used to account for all acquisitions. The cost of an acquisition is measured at the fair values, on the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

At the date of acquisition, the identifiable assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill.

1.4 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods provided in the normal course of business, net of all related discounts and sales tax.

Leisure

Sale of dispense monitoring equipment

The revenue from the sale is recognised at the point of installation when the transfer of risk and reward is made to the customer.

1. Significant accounting policies (continued)

Sale of support service packs

The revenue is recognised over the support term of the length of the service contract in accordance with the respective customer's agreements.

Machine & vending monitoring sale of equipment

The revenue from the sale is recognised at the point of installation when the transfer of risk and reward is made to the customer.

Machine monitoring licence and support, vending service revenue

The revenue is recognised over the support term of the length of the service contract in accordance with the respective customer's agreements.

Machine monitoring data management services

The revenue is recognised over the support term of the length of the service contract in accordance with the respective customer's agreements.

Interest income

Interest income is accrued on a time basis using the effective interest method.

Rental income

Income from equipment leased to customers is accounted for on a straight-line basis over the period to which it relates. These arrangements are operating leases, where the risk and reward of the unit, which is capitalised, remains with the Group.

Petrol Forecourt

Wetstock analysis

The revenue is recognised over the support term of the length of the service contract in accordance with the respective customer's agreements.

Interest income

Interest income is accrued on a time basis using the effective interest method.

Rental income

Income from equipment leased to customers is accounted for on a straight-line basis over the period to which it relates. These arrangements are operating leases, where the risk and reward of the unit, which is capitalised, remains with the Group.

1.5 Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Any exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in the profit or loss in the period in which they arise.

Notes to the Financial Statements for the year ended 31 March 2010 (continued)

1. Significant accounting policies (continued)

1.6 Goodwill

Goodwill on acquisition of subsidiaries represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary. Goodwill is not amortised, but tested at least annually for impairment, and carried at cost less accumulated impairment losses. Impairment losses are immediately recognised in the income statement and are not subsequently reversed.

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date.

Tests have been undertaken using commercial judgements and a number of assumptions and estimates have been made to support the carrying amount, assessed against discounted cash flows. The details of these assumptions are set out in note 11.

1.7 Intangible assets

Separately acquired intangible assets

The Group does not operate any purchased computer software. All such software is licensed and expensed.

Acquisition as part of a business combination

Identifiable intangible assets acquired as part of a business combination are initially recognised separately from goodwill if the asset's fair value can be measured reliably, irrespective of whether the asset had been recognised by the acquiree before the business combination. An intangible asset is considered identifiable only if it is separable or if it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

Intangible assets acquired as part of a business combination and recognised by the Group include customer contracts.

After initial recognition, intangible assets acquired as part of a business combination are carried at cost less accumulated amortisation and any impairment losses recognised in administrative expenses in the income and expenditure statement.

Amortisation

Intangible assets are amortised on a straight-line basis, to reduce their carrying value to their residual value, over their estimated useful lives. The following useful lives were applied during the year:

| | |
|--------------------|------------------------------|
| Customer contracts | unexpired length of contract |
|--------------------|------------------------------|

Methods of amortisation, residual values and useful lives are reviewed, and if necessary adjusted, at each balance sheet date.

1.8 Research and development

Expenditure on research (or the research phase of an internal project) is recognised as an expense in the period in which it is incurred.

Development costs incurred on specific projects are capitalised when all the following conditions are satisfied:

- completion of the intangible asset is technically feasible so that it will be available for use or sale
- the Group intends to complete the intangible asset and use or sell it
- the Group has the ability to use or sell the intangible asset

1. Significant accounting policies (continued)

- the intangible asset will generate probable future economic benefits. Among other things, this requires that there is a market for the output from the intangible asset or for the intangible asset itself, or, if it is to be used internally, the asset will be used in generating such benefits
- there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and
- the expenditure attributable to the intangible asset during its development can be measured reliably

Development costs not meeting the criteria for capitalisation are expensed as incurred.

The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management.

Directly attributable costs include employee (other than directors) costs incurred on development along with an appropriate portion of relevant overheads. The costs of internally generated software developments are recognised as intangible assets and are subsequently measured in the same way as externally acquired licences. However, until completion of the development project, the assets are subject to impairment testing only.

Capitalised development costs are amortised over the life of the product within cost of sales, which is usually no more than 5 years.

Careful judgement by the directors is applied when deciding whether the recognition requirements for development costs have been met. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems at the time of recognition. Judgements are based on the information available at each balance sheet date. In addition, all internal activities related to the research and development of new software products are continuously monitored by the directors.

1.9 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment losses. Cost comprises the purchase price of property, plant and equipment together with any directly attributable costs.

Subsequent costs are included in an asset's carrying value or recognised as a separate asset, when it is probable that future economic benefits associated with the additional expenditure will flow to the Group and the cost of the item can be measured reliably. All other costs are charged to the income statement when incurred.

Depreciation commences when an asset is available for use. Depreciation is charged so as to write off the depreciable amount of assets to their residual values over their estimated useful lives using a method that reflects the pattern in which the assets' future economic benefits are expected to be consumed by the Group.

Depreciation is charged in equal annual instalments over the following periods:

| | |
|----------------------------|--------------|
| Freehold land and property | 50 years |
| Plant and machinery | 4 years |
| Equipment and vehicles | 4 years |
| Fixtures and fittings | 4 years |
| Rental systems | Term of hire |

Methods of depreciation, residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

Notes to the Financial Statements for the year ended 31 March 2010 (continued)

1. Significant accounting policies (continued)

The gain or loss arising from the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the item, and is included in the consolidated statement of comprehensive income.

1.10 Impairment

At each balance sheet date, the Group assesses whether there is any indication that its assets have been impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. The value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit. This present value is discounted using a pre-tax rate that reflects current market assessments of the time value of money and of the risks specific to the asset for which future cash flow estimates have not been adjusted. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is recognised as an impairment loss.

An impairment loss relating to assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the income statement.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination.

Goodwill is tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit by first reducing the carrying amount of any goodwill allocated to the cash-generating unit, and then reducing the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount but limited to the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised in the income statement. Impairment losses on goodwill are not subsequently reversed.

1.11 Borrowing costs

All borrowing costs are recognised in the consolidated statement of comprehensive income in the period in which they are incurred.

1.12 Operating leases

The costs of all operating leases are charged to the consolidated statement of comprehensive income on a straight-line basis at existing rental levels. Incentives to sign operating leases are recognised in the income statement in equal instalments over the term of the lease.

1.13 Own shares

The costs of purchasing own shares are shown as a deduction against equity. The proceeds from the sale of own shares held increase equity. Such amounts are shown in a separate reserve. Neither the purchase nor sale of own shares leads to a gain or loss being recognised in the Group income statement.

1. Significant accounting policies (continued)

1.14 Inventories

Inventories are stated at the lower of cost and net realisable value on a first in first out (FIFO) basis. Cost of finished goods and work in progress includes materials and direct labour.

Net realisable value is the estimated selling price, which would be realised after deducting all estimated costs of completion, and costs incurred in marketing, selling and distributing such inventory.

1.15 Taxation

The tax expense represents the sum of current tax and deferred tax.

Current tax

Current tax is based on taxable profit for the year and is calculated using tax rates enacted or substantively enacted at the balance sheet date. Taxable profit differs from accounting profit either because items are taxable or deductible in periods different to those in which they are recognised in the financial statements or because they are never taxable or deductible.

Deferred tax

Deferred tax on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes is accounted for using the balance sheet liability method.

Using the balance sheet liability method, deferred tax liabilities are recognised in full for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. However, if the deferred tax asset or liability arises from the initial recognition of goodwill or the 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 profit, it is not recognised.

Deferred taxation is measured at the tax rates that are expected to apply when the asset is realised or the liability settled based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Deferred tax assets and liabilities are offset only when there is a legally enforceable right to set off current tax amounts and when they relate to the same tax authority and the Group intends to settle its current tax amounts on a net basis.

Current and deferred tax are recognised in the income statement except when they relate to items recognised directly in equity, when they are similarly taken to equity.

1.16 Provisions

A provision is recognised when, as a result of a past event, the Group has a legal or constructive obligation, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of such an obligation can be made.

Provisions are measured at the best estimate of the expenditure required to settle the obligation at the balance sheet date.

Provision is made for the present value of any onerous element of operating leases. This typically arises when the Group ceases to use premises and they are left vacant for the remainder of the lease term or are sub-let at rentals, which fall short of the amount payable by the Group under the lease.

Notes to the Financial Statements for the year ended 31 March 2010 (continued)

1. Significant accounting policies (continued)

Provision is made for the estimated cost of dilapidation repairs arising from wear and tear to leased properties where the Group has a present legal obligation to repair based on the terms of the lease agreements.

1.17 Financial instruments

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes party to the contractual provisions of the instrument.

The particular recognition and measurement methods adopted for the Group's financial instruments are disclosed below:

Investments

Investments are carried at fair value and are reviewed for impairment by reference to traded share prices.

Trade receivables and Cash and cash equivalents

Trade receivables and cash and cash equivalents are categorised as loans and receivables, which are recognised initially at fair value and are measured subsequent to initial recognition at amortised cost using the effective interest method, less provision for impairment. Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade payables and borrowings

Trade payables and borrowings are recorded initially at fair value, net of direct issue costs, and subsequently are recorded at amortised cost using the effective interest method.

1.18 Dividends

Final dividends are recognised as a liability in the period in which they are approved by the company's shareholders. Interim dividends are recognised when they are paid.

1.19 Employee share option schemes

All share-based payment arrangements granted after 7 November 2002 are recognised in the financial statements. IFRS 2 has been applied to grants before 7 November 2002 only where the group has disclosed publicly the fair value of those equity instruments, determined as at the grant date in accordance with IFRS 2.

All goods and services received in exchange for the grant of any share-based payment, including awards made under the Joint Ownership Plan are measured at their fair values. Where employees are rewarded using share-based payments the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets).

All equity-settled share-based payments are ultimately recognised as an expense in the income statement with a corresponding credit to "Share based payment reserve".

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options the proceeds received net of attributable transaction costs are credited to share capital, and where appropriate share premium.

1. Significant accounting policies (continued)

1.20 Equity

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares.
- "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- "Shares to be issued" represents equity-settled share-based employee remuneration until such share options are exercised.
- "Own shares reserve" represents the costs/ proceeds of purchasing/ selling own shares.
- "Merger reserve" represents the excess over nominal value of fair value of consideration attributed to equity shares issued in part settlement for subsidiary company shares acquired.
- "Retained earnings reserve" represents retained profits.

1.21 New IFRS standards and interpretations not applied

The IASB and IFRIC have issued additional standards and interpretations, which are effective for periods starting after the date of these financial statements. The following standards and interpretations have yet to be adopted by the Group:

- IFRS 9 Financial Instruments (effective 1 January 2013)
- Prepayments of a minimum funding requirement – amendments to IFRIC 14 (effective 1 January 2011)
- IAS 24 (revised 2009) Related party disclosures (effective 1 January 2011)
- IFRS 3 Business Combinations (Revised 2008) (effective 1 July 2009)
- IAS 27 Consolidated and Separate Financial Statements (Revised 2008) (effective 1 July 2009)
- Amendments to IAS39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items (effective 1 July 2009)
- Amendments to IAS 32 Classification of Rights Issues (effective 1 February 2010)
- Group Cash settled share based payment transactions – Amendment to IFRS 2 (effective 1 January 2010)

The directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the Group except for additional disclosure and presentational requirements.

Notes to the Financial Statements for the year ended 31 March 2010 (continued)

1. Significant accounting policies (continued)

1.22 Exceptional Items

The Group seeks to highlight certain items as exceptional operating income or costs. These are considered to be exceptional in size and/or nature rather than indicative of the underlying trading of the Group. These may include items such as restructuring costs, material profits or losses on disposal of property, plant and equipment and profits or losses on the disposal of subsidiaries. All of these items are charged or credited before calculating operating profit or loss. Material profits or losses on disposal of property, plant and equipment and profits or losses on the disposal of subsidiaries are shown as separate items in arriving at operating profit or loss whereas other exceptional items are charged or credited within operating costs and highlighted by analysis. The Directors apply judgement in assessing the particular items, which by virtue of their size and nature are disclosed separately in the income statement and the notes to the financial statements as exceptional items. The Directors believe that the separate disclosure of these items is relevant to understanding the Group's financial performance.

2. Critical accounting judgements and key sources of estimation uncertainty

2.1 Significant judgements and key sources of estimation uncertainty

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income, expenses and related disclosures. The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. This forms the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may however differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates may be necessary if there are changes in the circumstances on which the estimate was based, or as a result of new information or further information. Such changes are recognised in the period in which the estimate is revised.

Certain accounting policies are particularly important to the preparation and explanation of the Group's financial information. Key assumptions about the future and key sources of estimation uncertainty that have a risk of causing a material adjustment to the carrying value of assets and liabilities over the next twelve months are set out below.

Impairment of intangible assets and property, plant and equipment

The Group tests goodwill at least annually for impairment, and whenever there is an indication that the asset may be impaired. All other intangible assets and property, plant and equipment are tested for impairment when indicators of impairment exist. Impairment is determined with reference to the higher of fair value less costs to sell and value in use. Value in use is estimated using adjusted future cash flows. Significant assumptions are made in estimating future cash flows about future events including future market conditions and future growth rates. Changes in these assumptions could affect the outcome of impairment reviews. See notes 11 to 13.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination including customer contracts and customer lists are recognised when they are identifiable or arise from contractual or other legal rights and their fair value can be reliably measured. Fair value is estimated using risk adjusted future cash flows. Significant assumptions are made in estimating future cash flows about future events including future market conditions and future growth rates. Changes in these assumptions could affect fair values.

Operating lease commitments

The Group has an existing commercial property lease in relation to offices. The Group has determined that it has not obtained substantially all the risks and rewards of ownership of the property and has therefore accounted for the lease as an operating lease.

2. Critical accounting judgements and key sources of estimation uncertainty (continued)

Provisions

Provisions are recognised when management are satisfied that an outflow of economic benefits is probable and a reliable estimate can be made of the obligation.

In estimating the onerous lease provisions, the Group considers the likelihood of being able to sub-let properties, the expected level of rentals, the probability of assignees going into liquidation and property reverting to the Group, expected future trading conditions, and whether uneconomic stores will be closed and properties sub-let.

Income taxes

The determination of the Group's tax liabilities requires the interpretation of tax law. The Group obtains appropriate professional advice from its tax advisors in relation to all significant tax matters. The directors believe that the judgements made in determining the Group's tax liabilities are reasonable and appropriate, however, actual experience may differ and materially affect future tax charges.

3. Segment reporting

Business segments

An operating segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other operating segments for which discreet financial information is available and is regularly reviewed by the Chief Operating Decision Maker. For management purposes the Group is currently organised into two operating divisions, being Leisure and Petrol Forecourt Services as mentioned in the Report of the Directors.

The products/services offered by each operating segment are:

Leisure: design, product development, sale and rental of fluid monitoring and machine monitoring equipment together with the provision of data management and related services.

Petrol Forecourts: wetstock analysis and related services

The inter-segment sales are immaterial. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated assets and liabilities comprise items such as cash and cash equivalents, taxation, and borrowings. Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one period.

Notes to the Financial Statements for the year
ended 31 March 2010 (continued)

3. Segment reporting (continued)

| | Leisure | | Petrol Forecourts | | Total | |
|-------------------------------------------------------|--------------|--------------|----------------------|--------------|--------------|--------------|
| | 2010 £000 | 2009 £000 | 2010 £000 | 2009 £000 | 2010 £000 | 2009 £000 |
| Continuing Operations (post exceptional items) | | | | | | |
| Revenue – sale of goods | 2,536 | 2,721 | – | – | 2,536 | 2,721 |
| Revenue – rendering or services | 16,795 | 16,222 | 503 | 124 | 17,298 | 16,346 |
| Total revenue | 19,331 | 18,943 | 503 | 124 | 19,834 | 19,067 |
| Segment result | 4,117 | 4,845 | (78) | (162) | 4,039 | 4,683 |
| Finance income | | | | | 81 | 138 |
| Finance costs | | | | | (86) | (197) |
| Profit before taxation | | | | | 4,034 | 4,624 |
| Taxation | | | | | (969) | (1,184) |
| Profit for the year from continuing operations | | | | | 3,065 | 3,440 |

Other information

| | | | | | | |
|------------------------------------------------------------------|-----|-----|----|----|-----|-----|
| Additions to property, plant, equipment and intangible assets | 692 | 798 | 56 | 6 | 748 | 804 |
| Depreciation and amortisation | 773 | 621 | 74 | 37 | 847 | 658 |

| | Leisure | | Petrol Forecourts | | Total | |
|--------------------------|--------------|--------------|----------------------|--------------|--------------|--------------|
| | 2010 £000 | 2009 £000 | 2010 £000 | 2009 £000 | 2010 £000 | 2009 £000 |
| Segment assets | 15,380 | 16,919 | 250 | 234 | 15,630 | 17,153 |
| Unallocated assets | | | | | 15,048 | 14,396 |
| Total assets | | | | | 30,678 | 31,549 |
| Segment liabilities | 8,912 | 10,809 | 382 | 287 | 9,294 | 11,096 |
| Unallocated liabilities | | | | | 340 | 392 |
| Total liabilities | | | | | 9,634 | 11,488 |

| | 2010 £000 | 2009 £000 |
|----------------------------------------|--------------|--------------|
| Analysis of revenue by category | | |
| Continuing operations | | |
| Sale of goods | 2,536 | 2,721 |
| Rendering of services | 17,298 | 16,346 |
| Finance income | 81 | 138 |
| | 19,915 | 19,205 |

4. Exceptional items

| | 2010 £000 | 2009 £000 |
|-------------------------------------------|--------------|--------------|
| Restructuring and corporate finance costs | 506 | 363 |
| | 506 | 363 |

The above costs relate to costs incurred in restructuring the subsidiary entities including integration and organisational restructuring and corporate finance fees in respect of potential acquisitions during the year.

5. Profit for the year

The following items have been included in arriving at profit for the year:

| | 2010 £000 | 2009 £000 |
|---------------------------------------------------------|--------------|--------------|
| Employee benefits expense (note 23) | 7,502 | 6,789 |
| Depreciation of property, plant and equipment (note 13) | 391 | 321 |
| Amortisation of intangible assets (note 12) | 456 | 337 |
| Profit on disposal of property, plant and equipment | (41) | (1) |
| Operating lease rentals payable | 179 | 238 |
| Product research and development | - | 296 |

| Auditor's remuneration Services to the company and its subsidiaries | 2010 £000 | 2009 £000 |
|-----------------------------------------------------------------------------------------|--------------|--------------|
| Fees payable to the company's auditor for the audit of the annual financial statements | 12 | 12 |
| Fees payable to the company's auditor and its associates for other services: | | |
| Audit of the financial statements of the company's subsidiaries pursuant to legislation | 27 | 16 |
| Other services relating to tax - compliance and advice | 11 | 7 |
| Services relating to corporate finance transactions | 35 | 44 |
| Other services - IFRS advice, half year reporting and accounting advice | 9 | 9 |
| | 94 | 88 |

6. Finance income

| | 2010 £000 | 2009 £000 |
|---------------------------|--------------|--------------|
| Interest on bank deposits | 81 | 138 |
| | 81 | 138 |

7. Finance costs

| | 2010 £000 | 2009 £000 |
|-------------------------------------|--------------|--------------|
| Interest payable on bank borrowings | 86 | 197 |
| | 86 | 197 |

8. Taxation

| Analysis of charge in period | 2010 £000 | 2009 £000 |
|-----------------------------------------------|--------------|--------------|
| Current tax expense | | |
| - UK corporation tax on profits of the period | 1,067 | 1,347 |
| - Amounts in respect of prior periods | (98) | (111) |
| | 969 | 1,236 |
| Deferred tax expense (note 21): | | |
| - Temporary differences | - | (52) |
| Income tax expense | 969 | 1,184 |

Notes to the Financial Statements for the year ended 31 March 2010 (continued)

8. Taxation (continued)

Reconciliation of effective tax rate

The tax for the period is lower (2009: lower) than the standard rate of corporation tax in the UK (28%). The differences are explained below:

| | 2010 £000 | 2009 £000 |
|-------------------------------------------------------------------------------------------|--------------|--------------|
| Profit before taxation | | |
| – Continuing operations | 4,034 | 4,624 |
| Profit before taxation multiplied by rate of corporation tax in the UK of 28% (2009: 28%) | 1,130 | 1,295 |
| Effects of: | | |
| Other expenses not deductible for tax purposes | 90 | 25 |
| Goodwill amortisation | 117 | 84 |
| Sch 23 deduction | (34) | – |
| Depreciation in excess of capital allowances | (11) | (29) |
| Loss utilisation | – | (80) |
| Adjustments for prior years | (98) | (111) |
| Rate difference | (3) | – |
| Research and development | (185) | – |
| Other timing differences | (37) | – |
| Total tax expense | 969 | 1,184 |

9. Earnings per share

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

Diluted earnings per share are calculated on the basis of profit for the year after tax divided by the weighted average number of shares in issue in the year plus the weighted average number of shares which would be issued if all the options granted were exercised

Reconciliations of the earnings and weighted average number of shares used in the calculations are set out below.

| | Earnings £000 | 2010 Basic earnings per share | Diluted earnings per share | Earnings £000 | 2009 Basic earnings per share | Diluted earnings per share |
|----------------------------------------------------|------------------|----------------------------------------|----------------------------------|------------------|----------------------------------------|----------------------------------|
| Profit attributable to equity shareholders | 3,065 | 10.89p | 10.57p | 3,440 | 13.59p | 13.12p |
| | | | | | 2010 Number | 2009 Number |
| Weighted average number of ordinary shares | | | | 28,153,878 | 25,319,392 | |
| Dilutive effect of share options | | | | 1,439,036 | 1,450,902 | |
| Diluted weighted average number of ordinary shares | | | | 29,592,914 | 26,770,294 | |

On 29 December 2008, 3,786,641 shares were issued, the full dilutive effect being absorbed at March 2010.

10. Ordinary dividends

| | 2010 £000 | 2009 £000 |
|--------------------------------------------------------------------------------------------|--------------|--------------|
| Final dividend for the year ended 31 March 2009 of 3.80p (year ended 31 March 2008: 3.55p) | 1,040 | 837 |
| 1 st interim dividend paid in respect of the year of 1.63p (2009:1.55p) | 441 | 366 |
| 2 nd interim dividend paid in respect of the year of 1.63p (2009:nil) | 443 | – |
| Amounts recognised as distributions to equity holders | 1,924 | 1,203 |

In addition, the directors are proposing a final dividend in respect of the year ended 31 March 2010 of 2.24p per share. If approved by shareholders, it will be paid on 22 July 2010 to shareholders who are on the register of members on 18 June 2010.

11. Goodwill

The main changes in the carrying amounts of goodwill result from the additional investment in the subsidiary companies. The net carrying amount of goodwill can be analysed as follows:

| Group | 2010 £000 | 2009 £000 |
|-----------------------------------|--------------|--------------|
| Cost | | |
| At 1 April | 13,348 | 12,767 |
| Additions | 175 | 581 |
| At 31 March | 13,523 | 13,348 |
| Accumulated impairment losses | | |
| At 1 April 2009 and 31 March 2010 | – | – |
| Net book amount 31 March | 13,523 | 13,348 |

Management have assessed potential impairment and based on sales contracts, on going business and profitability of each cash generating unit, no impairment was necessary.

The carrying value of goodwill is allocated to the following cash generating units:

| | 2010 £000 | 2009 £000 |
|--------------------------|--------------|--------------|
| Leisure | 13,330 | 13,165 |
| Forecourt Monitoring | 193 | 183 |
| Carrying amount 31 March | 13,523 | 13,348 |

On 31 January 2010, the Group increased its holding from 83% to 100% in the issued share capital of Coin Metrics Limited. The consideration was £58,693 in cash.

The recoverable amounts attributed are based on value in use calculations. The key assumptions made in undertaking the value in use calculations are set out below.

Budgeted profit and cash flow forecasts for the financial year ending 31 March 2011 were extrapolated for a five year period using sector growth assumptions and used as the basis for the impairment review. The key assumption included within these is a return/improvement in profitability in the future of a number of subsidiary companies, based on secured and pipeline orders

Notes to the Financial Statements for the year ended 31 March 2010 (continued)

11. Goodwill (continued)

Sector growth assumptions, applied to both the leisure and petrol forecourt segments: 3% based on estimates of specific industry rates, where available.

Discount rate assumptions, applied to both the leisure and petrol forecourt segments: 10% based on management view of risks specific to the group.

As a result of these calculations, no impairment provisions are considered necessary.

12. Other intangible assets

| Group | Capitalised development £000 | Order book £000 | Customer Contracts £000 | Patents £000 | Total £000 |
|----------------------------------------|---------------------------------|--------------------|----------------------------|-----------------|---------------|
| Cost | | | | | |
| At 1 April 2008 | – | 39 | 907 | 14 | 960 |
| – arising from business combinations | – | – | 538 | – | 538 |
| At 31 March 2009 | – | 39 | 1,445 | 14 | 1,498 |
| Internally generated development costs | 377 | – | – | – | 377 |
| At 31 March 2010 | 377 | 39 | 1,445 | 14 | 1,875 |
| Amortisation | | | | | |
| At 1 April 2008 | – | 39 | 68 | 6 | 113 |
| Charge for the year | – | – | 336 | 1 | 337 |
| At 31 March 2009 | – | 39 | 404 | 7 | 450 |
| Charge for the year | – | – | 455 | 1 | 456 |
| At 31 March 2010 | – | 39 | 859 | 8 | 906 |
| Net book amount | | | | | |
| At 31 March 2010 | 377 | – | 586 | 6 | 969 |
| At 31 March 2009 | – | – | 1,041 | 7 | 1,048 |

Where appropriate, intangible assets identified in business combinations have been recognised in accordance with the provisions of IFRS 3 (Business Combinations) and IAS 38 (Intangible Assets). Intangible assets have only been recognised where they have identifiable future economic benefits that are controlled by the entity, it is probable that these benefits will flow to the entity and their fair value can be measured reliably.

The useful lives of the intangible assets acquired during the year were assessed to be as follows:

Customer contracts – unexpired length of contract

The £377,000 of capitalised development costs represents expenditure that fulfils the requirement of IAS 38. These costs will be amortised over the future commercial life of the product, commencing on the sale of the first commercial unit.

13. Property, plant and equipment

| Group | Freehold Land and buildings £000 | Plant, vehicles and equipment £000 | Fixtures and fittings £000 | Total £000 |
|--------------------------------------------|-------------------------------------------|---------------------------------------------|----------------------------------|---------------|
| Cost | | | | |
| At 1 April 2008 | 3,045 | 428 | 719 | 4,192 |
| Additions | 31 | 36 | 199 | 266 |
| Acquisition through business combinations | - | - | 558 | 558 |
| Disposals | - | (69) | - | (69) |
| At 31 March 2009 | 3,076 | 395 | 1,476 | 4,947 |
| Additions | 27 | 100 | 244 | 371 |
| Disposals | - | (239) | (1) | (240) |
| At 31 March 2010 | 3,103 | 256 | 1,719 | 5,078 |
| Accumulated depreciation | | | | |
| At 1 April 2008 | 109 | 229 | 471 | 809 |
| Charge for the year | 60 | 105 | 156 | 321 |
| Acquisitions through business combinations | - | - | 420 | 420 |
| Disposals | - | (42) | - | (42) |
| At 31 March 2009 | 169 | 292 | 1,047 | 1,508 |
| Charge for the year | 60 | 69 | 262 | 391 |
| Disposals | - | (218) | - | (218) |
| At 31 March 2010 | 229 | 143 | 1,309 | 1,681 |
| Net book amount | | | | |
| At 31 March 2010 | 2,874 | 113 | 410 | 3,397 |
| At 31 March 2009 | 2,907 | 103 | 429 | 3,439 |

14. Investments

| | 2010 £000 | 2009 £000 |
|--------------|--------------|--------------|
| Valuation: | | |
| Other shares | | |
| At 1 April | - | - |
| Additions | 556 | - |
| At 31 March | 556 | - |

The Group currently holds 13,209,754 ordinary 5p shares in Universe Group plc, an AIM listed company which represents 11.52% of the share capital

On 2 September 2009, Vianet Limited disposed of its M2M trading division to Arkessa Limited, and retained a 10% interest in the share capital of Arkessa Limited, the investment cost representing the cost of that investment.

Notes to the Financial Statements for the year
ended 31 March 2010 (continued)

15. Inventories

| | 2010 £000 | 2009 £000 |
|-----------------------------|----------------------|----------------------|
| Raw materials | 1,664 | 1,551 |
| Write down on raw materials | (258) | (269) |
| Work in progress | 150 | 89 |
| | 1,556 | 1,371 |

No reversal of previous write-downs was recognised as a reduction of expense in 2009 or 2010. In 2010 £1,568,692 (2009: £1,830,264) was included in the income statement under cost of sales. None of the inventories are pledged as securities for liabilities.

The Group's inventories are comprised of products, which are not generally subject to rapid obsolescence on account of technological, deterioration in condition or market trends. Consequently management considers that there is little risk of significant adjustments to the Group's inventory assets within the next financial year.

16. Trade and other receivables

| | 2010 £000 | 2009 £000 |
|--------------------------------|----------------------|----------------------|
| Trade receivables | 3,291 | 4,384 |
| Other receivables | 8 | 116 |
| Prepayments and accrued income | 486 | 146 |
| | 3,785 | 4,646 |

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

All of the Group's trade and other receivables have been reviewed for indicators of impairment. Some trade receivables were found to be impaired.

In addition some of the unimpaired trade receivables are past due as at the reporting date. The age of financial assets past due but not impaired is as follows:

| | 2010 £000 | 2009 £000 |
|-----------------------------------------------|----------------------|----------------------|
| Not more than 3 months | 880 | 2,066 |
| More than 3 months but not more than 6 months | (11) | 242 |
| More than 6 months but not more than 1 year | 18 | 55 |
| More than 1 year | - | - |
| | 887 | 2,363 |

17. Trade and other payables

| | 2010 £000 | 2009 £000 |
|------------------------------------|----------------------|----------------------|
| Trade payables | 1,423 | 967 |
| Other taxation and social security | 763 | 797 |
| Accruals and deferred income | 3,618 | 5,274 |
| | 5,804 | 7,038 |

The directors consider that the carrying amount of trade and other payables approximates their fair value.

18. Borrowings

| Current | 2010 £000 | 2009 £000 |
|----------------|----------------------|----------------------|
| Bank loans | 448 | 420 |
| | 448 | 420 |

| Non-current | 2010 £000 | 2009 £000 |
|--------------------|----------------------|----------------------|
| Bank loans | 2,495 | 3,021 |
| | 2,495 | 3,021 |

Bank loans are denominated in £ sterling and bear interest based on Bank of Scotland Base Rate plus 1%. The bank loans are secured by a fixed charge over the land and buildings of the Group.

The weighted average effective interest rates on the Group's borrowings were as follows:

| | 2010 % | 2009 % |
|----------------------------------|-------------------|-------------------|
| Bank overdrafts – floating rates | 1.5 | 4.62 |
| Bank borrowings – floating rates | 1.5 | 4.62 |

The maturity profile of the Group's non-current bank-loans, was as follows:

| | 2010 £000 | 2009 £000 |
|----------------------------|----------------------|----------------------|
| Between one and two years | 448 | 420 |
| Between two and five years | 1,143 | 1,479 |
| More than five years | 1,352 | 1,542 |
| | 2,943 | 3,441 |

The Group's bank borrowings bear interest at floating rates, which represent prevailing market rates. The Directors have not considered the impact of interest on these commitments given the levels of cash in the Group. The cash generative nature of the Group and hence any interest rate change would be mitigated by interest earned. The directors consider therefore that the carrying amount of bank borrowings approximates their fair value.

19. Financial Instruments

The Group is exposed on a minimal basis to market risk through its use of a US Dollar and a Euro account. The Group's risk management is co-ordinated by the directors who focus actively on securing the Group's short to medium term cash flows through regular review of all the operating activities of the business. Long term financial investments are managed to generate lasting returns.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

Foreign currency sensitivity

Exposures to currency exchange rates arise from the Group's overseas activities, all of which are denominated in US Dollars and Euros.

Due to the non material nature of the Group's exposure to foreign currency risk, sensitivity analyses to movement in exchange rates are not produced.

Notes to the Financial Statements for the year ended 31 March 2010 (continued)

19. Financial Instruments(continued)

Foreign currency denominated financial assets and liabilities are set out below.

| | 2010 \$000 | 2009 \$000 |
|-----------------------|---------------|---------------|
| Financial assets | 3 | 50 |
| Financial liabilities | – | – |
| | 3 | 50 |

| | 2010 €000 | 2009 €000 |
|-----------------------|--------------|--------------|
| Financial assets | 14 | 16 |
| Financial liabilities | – | – |
| | 14 | 16 |

The Group has no long term foreign exchange exposure.

At the beginning and end of the year, the Group had no unexpired forward foreign exchange contracts.

Credit risk analysis

The Group's exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date and which are set out below.

| | 2010 £000 | 2009 £000 |
|---------------------------|--------------|--------------|
| Cash and cash equivalents | 6,892 | 7,697 |
| Trade and receivables | 3,291 | 4,384 |
| | 10,183 | 12,081 |

The Group continuously monitors credit risk of customers and other counterparties and incorporates this information into its credit risk controls. The Group takes up trade references on all new customers and its policy is to deal only with credit worthy companies.

Management considers that all the above financial assets are of good credit quality, including those that are past due.

None of the Group's financial assets are secured by collateral or other credit enhancements.

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk for liquid funds is considered negligible, since the counterparty is a reputable bank with a high quality external credit rating.

Liquidity risk analysis

The Group manages its liquidity needs by carefully monitoring all scheduled cash outflows. Liquidity needs are monitored in various time bands, on a day-to-day and week to week basis, as well as on the basis of a rolling 4 week projection. Longer term needs are monitored as part of the Group's regular rolling monthly reforecasting process.

19. Financial Instruments(continued)

Loans and receivables

| Current Assets | 2010 £000 | 2009 £000 |
|--------------------------------------------------|----------------------|----------------------|
| Cash and cash equivalents | 6,892 | 7,697 |
| Trade and receivables | 3,291 | 4,384 |
| | 10,183 | 12,081 |
| | | |
| | 2010 £000 | 2009 £000 |
| Available for sale financial assets | 556 | - |
| | 556 | - |
| | | |
| | 2010 £000 | 2009 £000 |
| Current Liabilities | | |
| Financial liabilities measures at amortised cost | 4,366 | 4,408 |
| | 4,366 | 4,408 |
| Net financial assets | 6,373 | 7,673 |

The Directors have not disclosed an interest rate sensitivity analysis note given the levels of cash in the Group, and the cash generative nature of the Group, hence any interest rate change would be mitigated by interest earned.

The carrying value of the above assets and liabilities is equal to their fair value.

Capital management policies and procedures

The Group's capital management objectives are to ensure its ability to continue as a going concern and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group monitors capital on the basis of carrying amount of equity less cash and cash equivalents as presented on the face of the balance sheet. Capital for the reporting periods under review is set out below.

| | 2010 £000 | 2009 £000 |
|-----------------------|----------------------|----------------------|
| Total equity | 20,783 | 20,061 |
| Less cash equivalents | (6,892) | (7,697) |
| | 13,891 | 12,364 |

The Group is not subject to external imposed capital requirements, other than the minimum capital requirements and duties regarding reduction of capital as imposed by the Companies Act 2006 for all public limited companies.

Notes to the Financial Statements for the year
ended 31 March 2010 (continued)

20. Provisions

| Group | Onerous leases £000 | Dilapidations £000 | Total £000 |
|-----------------------------|---------------------------|-----------------------|---------------|
| 1 April 2008 | 372 | 20 | 392 |
| Charged to income statement | (71) | – | (71) |
| 1 April 2009 | 301 | 20 | 321 |
| Charged to income statement | (76) | – | (76) |
| 31 March 2010 | 225 | 20 | 245 |

Provisions are analysed between current and non-current as follows:

| | 2010 £000 | Group | 2009 £000 |
|-------------|--------------|-------|--------------|
| Current | 89 | | 89 |
| Non-current | 156 | | 232 |
| | 245 | | 321 |

The provision for onerous leases is in respect of leasehold properties from which the Group no longer resides, but is liable to fulfil rent and other property commitments up to the lease expiry date. If a property is sub-let below the head rent, or for a period shorter than the remaining lease term, provision is made for the onerous element of the lease. Obligations are payable within a range of 1 to 5 years.

The Group provides for the estimated cost of property dilapidations, where appropriate, during the period of the tenancy. The provisions are expected to be utilised over the next 4 to 5 years.

21. Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 28% (2009: 28%).

The movement on the deferred tax account is as shown below:

| | 2010 £000 | 2009 £000 |
|------------------------|--------------|--------------|
| At 1 April | (340) | (242) |
| Profit and loss charge | – | 52 |
| Acquisition | – | (150) |
| At 31 March | (340) | (340) |

The movements in deferred tax assets and liabilities (prior to the offsetting of balances within the same jurisdiction as permitted by IAS 12) during the period are shown below:

| Net deferred tax liability Group | £000 |
|-------------------------------------|-------|
| At 31 March 2010 | (340) |
| At 31 March 2009 | (340) |

22. Issued share capital

| | 2010 £000 | 2009 £000 |
|------------------------------------------------------------|--------------|--------------|
| Authorised | | |
| 40,000,000 ordinary shares of 10p each (2009: 40,000,000) | 4,000 | 4,000 |
| Issued and fully paid | | |
| Ordinary shares of 10p each: 28,248,164 (2009: 28,128,164) | 2,825 | 2,813 |

Allotments during the year

On 12 January 2010 120,000 10p ordinary shares were issued with a fair value of £0.50 each giving an aggregate consideration of £60,000. The shares had a nominal value of £12,000. The resulting premium of £48,000 has been credited to the share premium reserve.

During the year 100,000 10p ordinary shares were granted under the employee share option scheme. The option price was £1.25p

During the year 30,000 10p ordinary shares were granted under the employee share option scheme. The option price was £1.025p

During the year 30,000 10p ordinary shares were granted under the employee share option scheme. The option price was £1.025p

During the year 20,000 10p ordinary shares were granted under the employee share option scheme. The option price was £1.255p

Since the end of the financial year no shares have been issued under the share option scheme.

Own shares

The Group accounts for its own shares held by the Trustees of the employee option scheme as a deduction from shareholders equity. At 31 March 2010, the Trust owned 818,470 shares (2009: 534,983 shares) with a nominal value of £81,847 (2009: £53,498).

At 31 March 2010, Brulines Group plc owned 216,000 shares (2009: 216,000 shares) with a nominal value of £21,600 (2009: £21,600), all held in treasury.

Dividends payable on these shares have been waived.

No shares have been conditionally gifted to certain employees as at 31 March 2010.

23. Employees and directors

Employee benefit expense during the period

| | 2010 £000 | 2009 £000 |
|-----------------------|--------------|--------------|
| Wages and salaries | 6,472 | 5,898 |
| Social security costs | 721 | 617 |
| Pension costs | 237 | 202 |
| Share based payments | 72 | 72 |
| | 7,502 | 6,789 |

Notes to the Financial Statements for the year
ended 31 March 2010 (continued)

23. Employees and directors (continued)

Average monthly number of people (including directors) employed

| | 2010 Number | 2009 Number |
|----------------|------------------------|------------------------|
| Sales | 13 | 9 |
| Engineering | 46 | 46 |
| VRS | 30 | 30 |
| Management | 10 | 12 |
| Administration | 152 | 122 |
| | 251 | 219 |

Key management personnel - Directors

| Group | 2010 £000 | 2009 £000 |
|-----------------------|----------------------|----------------------|
| Aggregate emoluments | 788 | 582 |
| Pension contributions | 66 | 59 |
| | 854 | 641 |

Highest paid director

| | 2010 £000 | 2009 £000 |
|-----------------------|----------------------|----------------------|
| Aggregate emoluments | 232 | 191 |
| Pension contributions | 26 | 24 |
| | 258 | 215 |

24. Operating lease commitments

The Group lease various motor vehicles and property under non-cancellable operating leases. The leases have been entered into under normal commercial terms.

Total future minimum lease payments under non-cancellable operating leases:

| Group | 2010 £000 | 2009 £000 |
|-----------------------------------------|----------------------|----------------------|
| Within one year | 260 | 209 |
| After one year and less than five years | 429 | 267 |
| | 689 | 476 |

25. Contingent liabilities

The Group had no contingent liabilities at the beginning or end of the year.

26. Share-based payments

In addition the three share options plans in existence at 31 March 2009 (the EMI Plan, the Executive Plan and the Employee Plan), the company established two further plans this year, an Employee Company Share Option Plan and an Executive Joint Ownership Plan. Under the share option plans, the directors can grant options over shares in the company to employees. Options are granted with a fixed exercise price equal to the market value of the shares at the date of grant. The contractual life of an option is 10 years. Options granted under the EMI share option plans will become exercisable immediately, and options granted under the Executive Plan and the Employee Plan will become exercisable on the third anniversary of the date of grant. Exercise of an option is subject to continued employment.

Details of share options outstanding during the period (including those held by directors) are set out below:

| | 2010 | | 2009 | |
|-------------------------|-------------------------|-----------------------------------|-------------------------|-----------------------------------|
| | Number of share options | Weighted average exercise price p | Number of share options | Weighted average exercise price p |
| At 1 April | 1,495,750 | 104.6 | 1,342,750 | 101.3 |
| Granted | 180,000 | 117.6 | 192,500 | 149.5 |
| Exercised | (140,000) | 52.5 | (16,000) | 67.2 |
| Forfeited | (71,000) | 143.1 | (23,500) | 123.0 |
| At 31 March | 1,464,750 | 109.3 | 1,495,750 | 104.6 |
| Exercisable at 31 March | 1,059,250 | 103.3 | 470,000 | 57.7 |

| Name of director / senior employee | Date of grant | Number of options | Exercise price | Exercise date | Exercise period |
|------------------------------------|---------------|-------------------|----------------|---------------|----------------------|
| D J Noble | 31/03/06 | 80,000 | 50.0p | – | 01/04/06 to 31/03/16 |
| A Martinez | 31/03/06 | 60,000 | 50.0p | – | 01/04/06 to 31/03/16 |
| A Martinez | 31/03/06 | 30,000 | 50.0p | 12/01/2010 | 01/04/06 to 31/03/16 |
| G James | 31/03/06 | 90,000 | 50.0p | 12/01/2010 | 01/04/06 to 31/03/16 |
| M H Foster | 31/03/06 | 150,000 | 67.2p | – | 01/04/06 to 31/03/16 |
| D J Noble | 31/03/06 | 40,000 | 67.2p | – | 01/04/06 to 31/03/16 |
| M Bristow | 31/03/06 | 20,000 | 67.2p | 12/01/2010 | 01/04/06 to 31/03/16 |
| J W Dickson | 26/10/06 | 75,000 | 123.0p | – | 27/10/09 to 26/10/16 |
| M H Foster | 26/10/06 | 65,000 | 123.0p | – | 27/10/09 to 26/10/16 |
| D J Noble | 26/10/06 | 65,000 | 123.0p | – | 27/10/09 to 26/10/16 |
| G James | 26/10/06 | 50,000 | 123.0p | – | 27/10/09 to 26/10/16 |
| A J Martinez | 26/10/06 | 50,000 | 123.0p | – | 27/10/09 to 26/10/16 |
| R Colley | 26/10/06 | 75,000 | 123.0p | – | 27/10/09 to 26/10/16 |
| J H Newman | 26/10/06 | 36,000 | 123.0p | – | 27/10/09 to 26/10/16 |
| S C Gilliland | 26/10/06 | 24,000 | 123.0p | – | 27/10/09 to 26/10/16 |
| S M Brown | 26/10/06 | 50,000 | 123.0p | – | 27/10/09 to 26/10/16 |
| J Anspach | 07/01/08 | 50,000 | 148.5p | – | 08/01/11 to 06/01/18 |
| C Consterdine | 07/01/08 | 50,000 | 148.5p | – | 08/01/11 to 06/01/18 |
| R C Colley | 16/07/08 | 25,000 | 151.5p | – | 17/07/11 to 15/07/18 |
| S Darling | 07/04/09 | 100,000 | 125.0p | – | 08/04/12 to 07/04/19 |
| S C Gilliland | 25/09/09 | 30,000 | 102.5p | – | 26/09/12 to 25/09/19 |
| J H Newman | 25/09/09 | 30,000 | 102.5p | – | 26/09/12 to 25/09/19 |

Notes to the Financial Statements for the year ended 31 March 2010 (continued)

26. Share-based payments (continued)

The fair value per option and the assumptions used in the calculation were as follows:

| | |
|------------------------------------------------------------|-------------------------|
| Share price at grant date | 34.8p (March 2006) |
| | 123.0p (October 2006) |
| | 147.5p (December 2006) |
| | 148.5p (January 2008) |
| | 154.0p (July 2008) |
| | 155.5p (August 2008) |
| | 123.0p (November 2008) |
| | 125.0p (April 2009) |
| | 102.5p (September 2009) |
| Exercise price | 50.0p (March 2006) |
| | 67.2p (March 2006) |
| | 123.0p (October 2006) |
| | 147.5p (December 2006) |
| | 148.5p (January 2008) |
| | 151.5p (July 2008) |
| | 151.5p (August 2008) |
| | 132.5p (November 2008) |
| | 143.8p (January 2010) |
| Shares under option | 1,464,750 |
| Vesting period – EMI Options (years) | 0 |
| Vesting period – Executive/Employee Scheme (years) | 3 |
| Option life (years) | 10 |
| Expected life (years) | 3 |
| Expected volatility | 30% |
| Risk free rate – 31 March 2006 | 4.39% |
| Risk free rate – 19 October 2006 | 4.75% |
| Risk free rate – 6 December 2006 | 4.58% |
| Expected dividends expressed as a dividend yield | 3% |
| Fair value per option – EMI Options (50.0p) | 3.2p |
| Fair value per option – EMI Options (67.2p) | 1.3p |
| Fair value per option – Executive/Employee Scheme (123.0p) | 25.0p |
| Fair value per option – Executive/Employee Scheme (147.5p) | 30.0p |

Expected volatility was determined by discounting the weighted average volatility of comparable listed companies to a comparable private company volatility. The share price of £0.348 was agreed with HMR&C as the fair value of Brulines Group plc shares at the time of grant of the EMI options. The fair value of the other shares was as per market value at date of grant as shown above. The risk free rate of return is the yield on zero coupon UK government bonds of a term consistent with the assumed option life.

The Group recognised an expense of £72,000 (2009: £72,000) in relation to equity settled share-based payment transactions in the year.

26. Share-based payments (continued)

Joint Ownership Plan

The following awards over shares in the Company were made to the following Executive Directors of the Company on 25 September 2009 by a Joint Ownership Plan.

| Director | Number of Plan shares in which the Director has an interest |
|-------------|-------------------------------------------------------------|
| J W Dickson | 100,000 |
| M H Foster | 100,000 |
| S Darling | 100,000 |
| D J Noble | 100,000 |

Awards were made by the Company's Remuneration Committee through the Company's employee benefit trust operated by Halifax EES Trustees International Limited. The awards are subject to EPS performance targets and do not vest for three years. No value has been paid on grant of the Plan shares and participants are entitled to growth over the Plan term. The fair value on the Joint Ownership plan was calculated under the Black Scholes model.

27. Related party transactions

IAS 24 (Related party transactions) requires the disclosure of the details of material transactions between reporting entities and related parties. Transactions with group entities are eliminated on consolidation. J H Newman, a non-executive director invoiced Brulines for fees totalling £41,750 (2009: £40,003). As at 31 March 2010, there was £nil outstanding (2009: £nil). S Gilliland, a non-executive director invoiced Brulines for fees totalling £25,960 (2009: £nil). As at 31 March 2010, there was £2,360 outstanding (2009: £nil).

28. Events after the balance sheet date

On 6 April 2010 the group acquired 100% of the issued share capital of Energy Level Systems Limited for a cash consideration of £700,000.

Energy Level Systems is a provider of fuel management systems, tank gauging and lining solutions, liquefied petroleum gas and forecourt services, and its acquisition represents another important step in developing a market leading integrated solution for forecourt operators.

At this stage, the Directors have yet to finalise the business combinations' accounting for Energy Level Systems due to the elapsed time since the acquisition date of 6 April 2010 and, as such, the required fair value accounting and related disclosures required by IFRS3 (revised) have yet to be completed.

On 8 June 2010 the group acquired 100% of the issued share capital of Retail and Forecourt Solutions Limited for a cash consideration of £1,200,000. An additional £255,000 was paid to reflect the surplus cash in the business, taking the total consideration to £1,455,000.

Retail and Forecourt Solutions Limited is a provider of petrol pump measure testing, adjustment and legal verification and forecourt audit and compliance services, and its acquisition represents another important step in developing a market leading integrated solution for forecourt operators.

At this stage, the Directors have yet to finalise the business combinations' accounting for Retail and Forecourt Solutions Limited due to the elapsed time since the acquisition date of 8 June 2010 and, as such, the required fair value accounting and related disclosures required by IFRS3 (revised) have yet to be completed.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRULINES GROUP PLC

We have audited the parent company financial statements of Brulines Group plc for the year ended 31 March 2010 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).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement the directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the parent 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the parent company financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2010;
- 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 financial statements are prepared is consistent with the parent 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 parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent 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 Brulines Group plc for the year ended 31 March 2010.



Andrew Wood
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants

Leeds

9 June 2010

COMPANY BALANCE SHEET

at 31 March 2010

| | Note | 2010 £000 | 2009 £000 |
|-------------------------------------------------------|------|--------------|--------------|
| Fixed assets | | | |
| Investments in subsidiaries | 2 | 18,589 | 18,414 |
| Investments | 3 | 533 | – |
| | | 19,122 | 18,414 |
| Current assets | | | |
| Debtors | 4 | 17 | – |
| Cash at bank and in hand | | 4,060 | 4,551 |
| | | 4,077 | 4,551 |
| Creditors: amounts falling due within one year | 5 | (5,644) | (6,137) |
| | | (5,644) | (6,137) |
| Net current liabilities | | (1,567) | (1,586) |
| Total assets less current liabilities | | 17,555 | 16,828 |
| Net assets | | 17,555 | 16,828 |
| Capital and reserves | | | |
| Ordinary share capital | 6 | 2,825 | 2,813 |
| Share premium | 7 | 11,174 | 11,126 |
| Share based payment reserve | 7 | 248 | 176 |
| Own shares | 7 | (851) | (864) |
| Merger reserve | 7 | 310 | 310 |
| Retained earnings | 7 | 3,849 | 3,267 |
| Total equity | 7 | 17,555 | 16,828 |

The balance sheet was approved by the Board on 9 June 2010 and signed on its behalf by:



J W Dickson
Director
Company number: 5345684

The accompanying accounting policies and notes form an integral part of the financial statements.

NOTES TO THE COMPANY BALANCE SHEET

1. Principal accounting policies

1.1 Basis of preparation

This balance sheet has been prepared under the historic cost convention and in accordance with UK Generally Accepted Accounting Practice.

The principal accounting policies of the company are set out below and have remained unchanged from the previous year.

1.2 Taxation

Deferred tax is provided, except as noted below, on timing differences that have arisen but not reversed by the balance sheet date, where the timing differences result in an obligation to pay more tax, or a right to pay less tax, in the future. Timing differences arise because of differences between the treatment of certain items for accounting and taxation purposes.

In accordance with FRS19 deferred tax is not provided on timing differences arising from gains on the sale of non-monetary assets, where on the basis of all available evidence it is more likely than not that the taxable gain will be rolled over into replacement assets.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Deferred tax is measured at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

Where law or accounting standards require gains and losses to be recognised in the statement of total recognised gains and losses, the related taxation is also taken directly to the statement of total recognised gains and losses in due course.

1.3 Investments

Investments in subsidiary undertakings are stated at cost net of impairments.

1.4 Employee share option schemes

All share-based payment arrangements granted after 7 November 2002 that had not vested prior to 1 April 2006 are recognised in the financial statements.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets).

All equity-settled share-based payments are ultimately recognised as an expense in the profit and loss account with a corresponding credit to "share based payment" reserve.

Upon exercise of share options the proceeds received net of attributable transaction costs are credited to share capital, and where appropriate share premium.

Notes to the Company Balance Sheet (continued)

2. Investments in subsidiary

| Company | 2010 £000 | 2009 £000 |
|-------------------------------------------|--------------|--------------|
| Cost and net book amount: | | |
| Shares in subsidiaries | | |
| At 1 April | 18,414 | 17,360 |
| Additions (see note 11 of Group accounts) | 175 | 1,054 |
| At 31 March | 18,589 | 18,414 |

The company owns the whole of the issued ordinary share capital of the following operating subsidiaries:

| Subsidiary | Shareholding | Country of incorporation | Principal activity |
|----------------------------------|--------------|-----------------------------|-----------------------|
| Brulines Limited | 100% | UK | Dispense monitoring |
| Machine Insite Limited | 100% | UK | Machine monitoring |
| Coin Metrics Limited | 100%* | UK | Machine monitoring |
| Brulines Trustee Company Limited | 100% | UK | Employee Trust |
| Edis Limited | 100% | UK | Dormant |
| Bruline Limited | 100% | UK | Dormant |
| Nucleus Data Limited | 100% | UK | Dormant |
| Nucleus Data Holdings Limited | 100% | UK | Dormant |
| Edensure Limited | 100% | UK | e-Forecourt Solutions |
| Vianet Limited | 100% | UK | Vending monitoring |

* During the period, Brulines Group plc increased their holding in Coin Metrics Limited from 83% to 100%.

3. Investment

| Company | 2010 £000 | 2009 £000 |
|----------------------------------|--------------|--------------|
| Cost and net book amount: | | |
| Other shares | | |
| At 1 April | – | – |
| Additions | 533 | – |
| At 31 March | 533 | – |

The Group currently holds 13,209,754 ordinary 5p shares in Universe Group plc, an AIM listed company which represents 11.52% of the share capital.

4. Debtors

| | 2010 £000 | 2009 £000 |
|--------------------------------|--------------|--------------|
| Prepayments and accrued income | 4 | – |
| Other taxation | 13 | – |
| | 17 | – |

5. Creditors: amounts falling due within one year

| | 2010 £000 | 2009 £000 |
|------------------------------|--------------|--------------|
| Amounts owed to subsidiaries | 5,450 | 5,873 |
| Other payables | 64 | 202 |
| Accruals and deferred income | 130 | 62 |
| | 5,644 | 6,137 |

6. Issued share capital

| | 2010 £000 | 2009 £000 |
|------------------------------------------------------------|--------------|--------------|
| Authorised | | |
| 40,000,000 ordinary shares of 10p each (2009: 40,000,000) | 4,000 | 4,000 |
| Issued and fully paid | | |
| Ordinary shares of 10p each: 28,248,164 (2009: 28,128,164) | 2,825 | 2,813 |

Allotments during the year

On 12 January 2010 120,000 10p ordinary shares were issued with a fair value of £0.50 each giving an aggregate consideration of £60,000. The shares had a nominal value of £12,000. The resulting premium of £48,000 has been credited to the share premium reserve.

During the year 100,000 10p ordinary shares were granted under the employee share option scheme. The option price was £1.25p

During the year 30,000 10p ordinary shares were granted under the employee share option scheme. The option price was £1.025p

During the year 30,000 10p ordinary shares were granted under the employee share option scheme. The option price was £1.025p

During the year 20,000 10p ordinary shares were granted under the employee share option scheme. The option price was £1.255p

Since the end of the financial year no shares have been issued under the share option scheme.

Notes to the Company Balance Sheet (continued)

7. Reserves

| | Share capital £000 | Share premium £000 | Own shares £000 | Share based payment reserve £000 | Merger reserve £000 | Retained earnings £000 | Total £000 |
|-------------------------|-----------------------|-----------------------|--------------------|----------------------------------------|---------------------------|------------------------------|---------------|
| At 1 April 2008 | 2,434 | 7,024 | (877) | 104 | 310 | 1,733 | 10,728 |
| Profit for the year | - | - | - | - | - | 2,737 | 2,737 |
| Share capital issued | 379 | 4,102 | - | - | - | - | 4,481 |
| Share based payment | - | - | - | 72 | - | - | 72 |
| Own shares | - | - | 13 | - | - | - | 13 |
| Dividends | - | - | - | - | - | (1,203) | (1,203) |
| At 31 March 2009 | 2,813 | 11,126 | (864) | 176 | 310 | 3,267 | 16,828 |
| Profit for the year | - | - | - | - | - | 2,507 | 2,507 |
| Share capital issued | 12 | 48 | - | - | - | - | 60 |
| Share based payment | - | - | - | 72 | - | - | 72 |
| Own shares | - | - | 13 | - | - | - | 13 |
| Dividends | - | - | - | - | - | (1,925) | (1,925) |
| At 31 March 2010 | 2,825 | 11,174 | (851) | 248 | 310 | 3,849 | 17,555 |

8. Dividends

| | 2010 £000 | 2009 £000 |
|--------------------------------------------------------------------------------------------|--------------|--------------|
| Final dividend for the year ended 31 March 2009 of 3.80p (year ended 31 March 2008: 3.55p) | 1,040 | 837 |
| Interim dividend paid in respect of the year of 1.63p (2009:1.55p) | 441 | 366 |
| Interim dividend paid in respect of the year of 1.63p (2009:nil) | 443 | - |
| Amounts recognised as distributions to equity holders | 1,924 | 1,203 |

In addition, the directors are proposing a final dividend in respect of the year ended 31 March 2010 of 2.24p per share. If approved by shareholders, it will be paid on 22 July 2010 to shareholders who are on the register of members on 18 June 2010.

9. Employees

The company has no employees or employee costs in this and the preceding year.

10. Directors

No director costs were incurred in the company in this or the preceding year. See Group accounts, Report of the Directors for details of directors' emoluments.

11. Share-based payments

The company disclosures required under UK GAAP are identical to those required under IFRS. See Group accounts, note 26 for details.

12. Parent Company Profit and Loss Account

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The parent company's profit for the financial year was £2,507,000 (2009: £2,737,000).

13. Related Party Transactions

No non-executive director payments were incurred in the company in this or the preceding year. See Group accounts, Report of the Directors for details of non-executive directors' emoluments.



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