Brulines Group plc

Consolidated Annual Report & Accounts
Year ended 31 March 2011

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

brulines

Brulines Group

TRADING AND FINANCIAL HIGHLIGHTS

- Turnover for the year increased by 22.4% to £24.28 million (2010: £19.83 million) with Leisure and Fuel Divisions contributing £18.16 million (2010: £19.33 million) and £6.12 million (2010: £0.50 million), respectively
- 761 new beer flow monitoring installations, of which 677 were higher value iDraught™
- Operating profit before amortisation of goodwill, share option and exceptional costs of £3.96 million (2010: £5.07 million), in line with Trading Update of March 2011.
- Gross margin at 54% (2009: 59%) reflecting a combination of Leisure Division at 58% and Fuel Solutions Division at 42%
- Profit before tax of £3.02 million (2010: £4.03 million)
- Final dividend of 3.98 pence per share giving a full year increase of 2.7% to 5.65 pence per share (2010: 5.50 pence per share)

STRATEGIC DEVELOPMENT HIGHLIGHTS

- Established Brulines Fuel Solutions division with three successful acquisitions to create a 'one stop' integrated service and product offering which was formally launched in February 2011, comprising:
    - Energy Level Systems Ltd – acquired April 2010
    - Retail and Forecourt Solutions Ltd – acquired June 2010
    - LBI Installations Ltd – acquired July 2010
- Acquisition and integration of trade and assets of Amscreen M2M Limited for an initial consideration of £2.00 million, creating ViaTelemetry, the Group's leading edge data gathering and transmission provider

SINCE PERIOD END

- Vianet secured a five year contract extension and replacement programme for vending telemetry with a leading drinks brand
- Launched Nucleus Smart Till electronic point of sale system to the Leisure sector gaining roll out to 500 new sites during 2012

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COMPANY INFORMATION

Directors	S W Darling (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 (Director)
Secretary	M H Foster
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Registered number	5345684
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Nominated Adviser	Cenkos Securities plc 6. 7. 8. Tokenhouse Yard London EC2R 7AS
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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 past year has been a mixed one for the Group. Whilst the trading background within the Leisure division have remained difficult, with pub sell-offs and delayed commitment to new activity from our core leisure customers, the acquisitions during the year have transformed our fledgling Fuel Solutions division into a leading player in the market and have also secured and enhanced our technology platform and capability.

Results

On 4 March 2011, we issued a trading update stating that the operating profits for the year (before amortisation of intangible assets, share based payments and exceptional costs) would be around £4.0 million. The actual operating profits for the year ended 31 March 2011 amounted to £3.96 million.

Turnover for the year was £24.28 million, an increase of 22.4% ahead of the £19.83 million recorded in 2010, due to the contributions from the acquisitions in the Fuel Solutions division, where turnover increased from £0.50 million to £6.12 million. Turnover in the Leisure division decreased from £19.33 million to £18.16 million, largely due to our pub company customers reducing their estates and delaying projects for a number of reasons, including waiting for the positive results from Brulines' NMO testing.

The fall in the number of new installations of beer monitoring systems was a significant factor in the decrease in Leisure Division turnover.

The level of contractual and recurring revenues remains high at just over 70% of Group turnover, although this has decreased from the equivalent figure for 2010 of 84% due to the current lower level of contracted business in the Fuel Solutions division.

The Group's gross margins decreased to 54% from 59% in 2010, impacted by lower margins in the acquired businesses: the Leisure division gross margin remained broadly level with last year at 58%, and Fuel Solutions is currently 42% with good prospects for increase.

Administrative overheads increased by £2.03 million to £9.10 million, largely arising from the acquisitions made within the Fuel Solutions division. Action has been taken to reduce costs in the Leisure division, and the integration of the acquisitions is yielding anticipated synergies, with the benefit of these coming through in the current financial year. Exceptional and amortisation costs were similar to 2010 at £0.90 million (2010: £0.96 million) and are outlined in the Financial Review. Group profit before taxation amounted to £3.03 million, compared to £4.03 million in 2010.

Basic earnings per share pre-exceptional costs decreased to 9.06 pence from 12.68 pence in 2010.

Dividend

At the time of the trading update on 4 March 2011, the Board anticipated that it would maintain the progressive dividend policy and, in line with this, it is recommending the payment of a final dividend of 3.98 pence per share in respect of the year ended 31 March 2011.

Together with the interim dividend of 1.67 pence per share paid in January 2011, this makes a total dividend of 5.65 pence per share, an increase of 2.7% over the 5.5 pence per share paid in respect of the year ended 31 March 2010.

Subject to the approval of shareholders at the Annual General Meeting to be held on 12 July 2011, the final dividend will be paid on 28 July 2011 to shareholders on the register as at 17 June 2011.

Acquisitions

During the last financial year, the Fuel Solutions division has been transformed by three acquisitions as follows:

- In April 2010, the Group acquired Energy Level Systems Limited ("ELS") for an initial cash consideration of £0.7 million, together with potential further deferred consideration of a maximum of £1.35 million dependent on the earnings before interest and tax of ELS for the two years ending 31 March 2012. ELS provide fuel management systems, tank gauging and lining solutions and liquefied petroleum gas system support, and other forecourt services.

- In June 2010, the Group acquired Retail & Forecourt Solutions Limited ("RFS") for an initial cash consideration of £1.2 million together with an earn-out in respect of the year ending 31 July 2011. RFS is the UK market leader in fuel dispense calibration and verification, as well as compliance services.

- In July 2010, the Group completed the acquisition of LBI Installations Limited ("LBI") for an initial cash consideration of £0.36 million, together with potential further performance related deferred consideration. LBI operates web-based contract management solutions, as well as engineering and project management solutions, for forecourt operations.

Following these acquisitions, the Fuel Solutions division now has a fully integrated, one stop service solution and information toolbox for forecourt operators. This commercial proposition was formally launched to the marketplace in February 2011 at the Forecourt Show and initial reaction from major supermarkets and leading forecourt operators has been extremely encouraging. The Board believes that the Fuel Solutions division is now in a position to replicate, in the forecourt market, the success enjoyed by the Leisure division.

In December 2010, the Group announced the acquisition of the machine-to-machine business of Amscreen Limited for an initial cash consideration of £2.0 million, together with the potential for further deferred consideration, dependent on the business achieving certain milestones. This business, which now operates within the Group as ViaTelemetry, is involved in delivering patented next-generation data collection and monitoring platforms and had been providing the Group with products and services for two years. This acquisition enables the Group to underpin its leading edge technology and also provides a dedicated technology business, not only to develop further its products and services, but also to provide expansion opportunities through its telemetry product lines and customers.

All of these acquisitions have been financed from the Group's own cash and overdraft resources.

Board and senior management

I would like to thank all of my Board colleagues, senior management and staff for their continued efforts and commitment on behalf of the Group in these difficult economic conditions and in the transformation of the Group over the past year.

Proposed change of Group name

Your Board is proposing to change the name of the Group from Brulines Group plc to Vianet plc.

The Group has evolved significantly from when it was floated on the Alternative Investment Market in October 2006, when the activities of Brulines Limited represented virtually all of the Group's business. Whilst Brulines Limited is still the largest company within the Group, the name "Brulines" is very much associated with the beer dispense products and has little relevance to other parts of the Group.

Your Board believes that the name "Vianet" more accurately describes the fundamental business of the Group, which is the delivery of solutions (be they leisure, fuel or vending related) primarily by way of networks and web-based reporting. Your Directors currently intend to rename the Group as Vianet plc when the name becomes available or, if not, to select another name that is more reflective of the strategic direction and capability of the Group as a whole. Consequently a resolution to grant the Directors the power to change the name of the Group is being proposed at the Annual General Meeting to be held on 12 July 2011.

Outlook

The Group's strategic intent remains to extend its data management and support services presence in each of the leisure, vending and fuel forecourt sectors where there is considerable technical and operational overlap.

Within the Leisure division, the relaunch of iDraught™ has been received very positively by customers and increased penetration is being achieved within the on-premise draught beer market. Vianet, the Group's Vending Solutions business is making excellent progress in developing significant new sales opportunities, including trials of its cashless and contactless solutions with major international companies.

Despite the difficult economic backdrop, your Board believes that there are significant opportunities for all its services and that the current financial year will benefit from both a full year's contribution from the recently acquired businesses as well as from a number of exciting new business opportunities.

James H Newman
Chairman
7 June 2011

CHIEF EXECUTIVE'S STATEMENT

Financial performance

Despite good progress with iDraught™, Vianet and the Fuel Solutions division, the difficult economic conditions and well documented commercial pressures affecting some customers in the core Leisure division resulted in the Group's trading for H2 being lower than initially anticipated.

In addition, the severe weather conditions caused travel disruption to compound the impact of the usually lower levels of activity for the Group's field-based services in December 2010 and January 2011 and, taken together, these factors have also impacted the Group's outcome for the year.

In line with the Trading Update issued on 4 March, operating profits were £3.96 million (2010: £5.07 million)

Whilst trading in the core beer monitoring business remains challenging, the progress in reducing the losses associated with Vianet, integrating the recent acquisitions in the Fuel Solutions division, and developing Brulines' key products has been encouraging and the Group is confident that these factors will drive a return to growth in the coming year.

Group turnover was up by 22.4% at £24.3 million (2010: £19.8 million) primarily arising from the acquisitions made in the Fuel Solutions division, whilst on a comparable year-on-year basis, the core leisure business turnover decreased by 6.7% to £18.10 million (2010: £19.40 million) as a consequence of a number of installations being delayed due to the tighter availability of finance for our customers.

Whilst Leisure division gross margins are broadly steady at 58%, the overall consolidated gross margin declined to 54% (2010: 59%) as a result of the increased contribution from the Fuel Solutions division where the gross margin was 41.4%, impacted by a transitional year of acquisition integration and delayed tank lining activity. On a consolidated basis, management anticipates that Group gross margins are sustainable at around 55%.

The Leisure division, incorporating Vianet, accounted for 75% of Group revenues and although Leisure revenues are expected to grow in 2012, the share of the total will fall under 70% as revenues from the Forecourt Solutions division continue to grow.

The revenue mix continues to be weighted towards recurring revenue as income from support service contracts in beer monitoring and Vianet is sustained, whilst the Group is moving to longer term contracts for the provision of forecourt services. Recurring revenue currently accounts for over 70% of Group revenue and management expects this to remain broadly similar for the foreseeable future as we develop the contribution of Fuel Solutions and Vianet.

Diversification strategy is making strong commercial gains

The Group now has three divisions; Leisure, Fuel Solutions, and Technology Solutions, encompassing four key product areas each with the potential to expand further and generate good levels of growth for the Group.

Although the benefits of diversification and the development of newer businesses have not yet been fully realised, the Board is confident that the strategy is firmly on track and that each of the four key product areas will contribute significantly to earnings over the medium term.

The Leisure division consists of the current core business, draught beer monitoring solutions, as well as the Vianet vending telemetry solutions. The beer monitoring solutions, DMS and iDraught™, provide recurring income streams which underpin the Group's growth strategy. The Group continues to invest in people, processes and technology to protect this position and its market leadership. With Vianet, the Group's turnaround of this business is almost complete and we are now exploiting our unique telemetry and contactless payment solutions to establish market leadership.

The new Fuel Solutions division has now successfully integrated three recent acquisitions into the original fuel stock management business. This division now has a highly relevant product portfolio focussed on driving return on investment for forecourt operators from fuel stocks and the assets used for fuel supply and sale.

Viatelemetry provides enabling technology for the Group and beyond

The recently acquired Amscreen M2M, which provides next generation data capture and transmission technology, has been integrated into existing Group resources to create ViaTelemetry, the Group's Technology division.

This acquisition was extremely complementary as it strengthened the leading edge technology the Group has in relation to the services it provides for its iDraught™, fuel and vending telemetry solutions, whilst also providing horizontal market opportunities for its telemetry solutions.

This acquisition will also improve procurement and reduce the time to market for the Group's technology solutions, as it seeks to develop global markets.

LEISURE DIVISION

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

The Group has experienced a continuation of the well-documented economic conditions and commercial pressures affecting some core leisure customers, resulting in pub sell-offs and delayed commitment to new activity. At the same time, customers have deferred committing to projects for a number of reasons, including waiting for results from Brulines' National Measurement Office ("NMO") testing, as well as increased clarity on the Business, Innovation and Skills Committee ("BISC") pub industry enquiry, and also carrying out extensive evaluation of iDraught™ as a replacement for standard Dispense Monitoring Services. The Board feels that the positive results from the NMO testing, as well as successful evaluation of iDraught puts the Group in a stronger position going forward.

Core beer monitoring service customers and contracts

The re-launch of iDraught™ in March 2011 has been received very positively by customers, and increased penetration is being achieved across the on-premise draught beer market.

The iDraught™ 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, reducing wastage and cost on draught products, all of which drive an increase in retail profit.

The core beer monitoring business which underpins the Leisure division's strong recurring revenues, delivered 761 new installations, of which 677 were the higher value iDraught™. This takes iDraught™ penetration to over 8% of the active installation base which, factoring in pub closures, fell to around 20,000 sites. Although it was disappointing that new installations fell over the year the fact that nearly 90% of these were higher value iDraught™ was highly encouraging.

During the period, the Group continued the roll-out of iDraught™ to several customers including the Greene King Pub Partners estate. Further iDraught™ progress is expected through 2012, both in the tenanted and managed arenas as commercial pilot tests and contract negotiations are concluded, although the impact of this could be offset to some extent by further pub disposals that certain pub companies are evaluating.

As part of its long term business strategy, the Group continues to invest carefully in developing iDraught™ internationally, with initial focus on the on-trade channels in the Denver metropolitan area, USA, and in France where we have a distribution agreement and installations in a range of pubs and bars.

Chief Executive's Statement (continued)

Despite a particularly tough consumer environment for pubs and bars in the USA, the Group now has over 46 sites in the Denver, including Denver International Airport, with prospects for a further 65 during H1 2012. We anticipate the USA operations achieving breakeven in 2011/12.

In March 2011, the Group launched its Nucleus Smart Till electronic point of sale system ("EPOS") which has been developed as a stand alone product which interfaces directly to iDraught™ to provide till variance analysis.

This new product is currently undergoing commercial pilots in several leading pub companies and recently commenced an initial 100 system full roll out.

Business, Innovation and Skills Committee (formerly BEC) Report on the leased Pubco model

The Business, Innovation and Skills Committee (BISC) has confirmed that follow up oral hearings will be held on 28 June 2011 and 6 July 2011 to review the progress which the industry has made since publishing of the initial two reports and recommendations.

The Group has had open dialogue with the appropriate committees and industry bodies, and in its submissions and accompanying evidence has validated its flow monitoring equipment and procedures, supported by reviews conducted by independent national authorities and regulatory bodies, such as the National Measurement Office, Trading Standards, and the OFT.

The Board believes that the Government will find little merit in further political intervention given the significant progress that the industry has made in addressing the concerns raised by the two reports, especially after the UK and EU competition authorities both cleared the tied model in 2010.

Gaming machine monitoring

Brulines has a leading data capture and machine management proposition in the leisure sector, where the product offering allows gaming machine operators and owners to monitor the financial performance of their gaming sites and assets both accurately and constantly in real time.

In a particularly difficult gaming machine market the consolidated revenue was flat at £612,000, delivering a net profit of £61,000.

Key contract wins and retentions in SNPC, Moto and Welcome Break have consolidated performance in line with last year.

Whilst this continues to be a difficult period for the gaming machine industry, the Group believes that its offering, as a result of increased Leisure division cross-selling, will provide some incremental growth.

Vianet vending telemetry solutions set for break out

The losses associated with Vianet have been further reduced to £21,000 in H2, and there has been excellent progress in developing significant new sales opportunities for the Group's vending telemetry, including trial of the Group's cashless and contactless payment (including near Field Communications ("NFC")) solutions with major international companies.

The Group has made excellent progress in re-engineering products and infrastructure, and in revamping both the commercial organisation and customer proposition, to ensure the unique solutions it provides are fit for purpose in addressing the significant global markets which are available. Vianet's market leading end-to-end vending telemetry solutions became fully available to the market during H2 2011, and have gained excellent traction through several successful technical and commercial pilots with large international brand owners, with some already planning orders for full commercial application.

The vending market place provides the Group with considerable growth opportunities in the UK and internationally. With a product capable of global sales and with no dominant competitor, the Board remains confident that there are opportunities to achieve market leadership in this sector. Vianet's solutions provide customers with the insight and means required to substantially increase the profitability of vending operations through reducing the cost of machine servicing and restocking, and driving rate of sale growth through improved machine, product and transaction availability.

Vianet achieved approximately 2,700 unit sales in the year, but with customers taking the opportunity to rationalise their vending parks in H2 2011, the overall installation base remains at just over 10,000 units.

The operation was close to monthly breakeven during H2 2011, and the Board believes that Vianet will gain sufficient new business to make a positive

contribution during 2012, allowing the Group to begin utilising the c. £16 million of accumulated tax losses which were inherited on acquisition.

FORECOURT SERVICES DIVISION

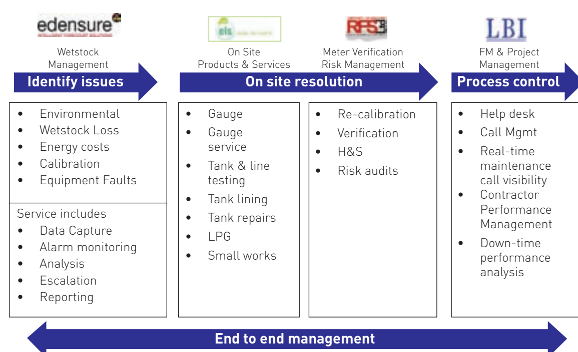
The long term trend of increasing fuel prices, driven by a combination of the ongoing escalation in crude oil extraction costs, and increased taxation, means that it is becoming more important to ensure integrity and efficiency of the forecourt retail supply chain. Leaks, evaporation, fraud, over dispense,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

The ongoing consolidation in the fuel sector also means that managers are gaining responsibility for more sites which require increased visibility and dependable control.

Fuel Solutions acquisitions successfully integrated and gaining sales traction

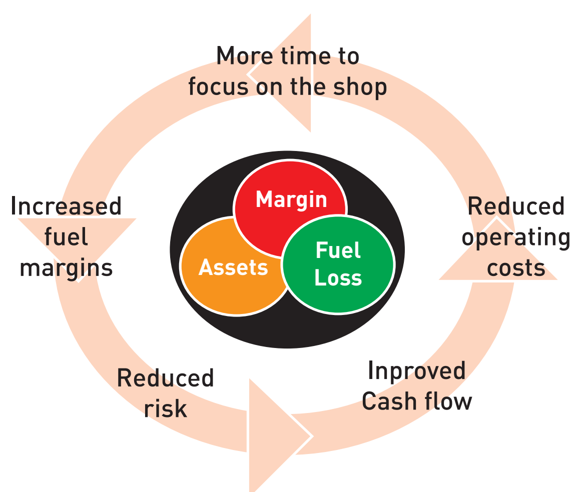
The Group's recent acquisitions in the forecourt services market have been successfully integrated, so that the Fuel Solutions division now has a fully integrated, one stop service solution, and information toolbox for forecourt operators. This integrated commercial proposition was launched at the Forecourt Show in the NEC in late February 2011, and customer reaction from major supermarkets through to leading independent forecourt operators has been very encouraging. This positive reaction underpins the Group's decision to replicate the Group's success in the leisure sector in the forecourt market.

Brulines Fuel Solutions (BFS) now have all the components of the end to end solution



BFS management solutions are central to driving higher profits for forecourt operators

Brulines Fuel Solutions offer an integrated toolbox of best-in-class information management and associated products and services that allow managers of fuel installations to maximise return on investment from fuel stocks and the assets which store, control and issue fuels.



The division's high calibre team is actively cross-selling to its existing customer base, which currently controls c.60% of forecourt fuel sales in a UK market. The Group estimates potential annual recurring UK revenues to be worth over £30 million, over £200 million across Europe, and many times that globally.

During what has been a transformational year, these acquisitions added £6.1 million to Group turnover, and helped the Fuel Solutions division progress towards profitability. During the past year, the Group has invested further to ensure that the business infrastructure and capacity is capable of supporting the division's growth aspirations. This has included carrying overhead and building stock in anticipation of increased activity.

The increased commercial traction is expected to begin enhancing earnings in H1 2012, and thereafter contributing significantly to Group performance.

STRATEGY FOR GROWTH

The Group's strategic intent is to extend market presence in data handling and monitoring systems in the four sectors of leisure, vending, forecourt management solutions, and telemetry solutions, where there is considerable skill and operational

overlap. There is also a considerable opportunity for the Group to achieve market leading positions in each using its core capabilities and market leading products.

The Group is focused on three highly complementary divisions which are Leisure, Fuel Solutions, and Technology Solutions. 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 increasing customer return on investment; and
- the Group's products are globally scalable.

The Leisure division on its own has the products and market potential to achieve 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 this strategy 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. These same benefits are available to other channels such as hotels, clubs, and the 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. Vianet has leading, globally scalable products and operates in international markets with no dominant competitor, giving an opportunity to establish a leading presence.

Whilst maintaining its investment in the core Leisure market, the Group has had the opportunity through selective acquisitions to establish a market leading data handling position for the Forecourt Solutions 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 and leadership so that it is able to capitalise on the significant growth opportunities available across all its sectors.

In July 2010, Phil Prow was appointed Sales and Marketing Director of Fuel Solutions. He brings over 20 years of experience in the retail petroleum industry. Additionally, with the three acquisitions in this division we have strengthened the overall calibre of the team, and have now assembled a high quality senior management team capable of delivering the Fuel Solution division's growth aspirations.

In August 2010, Steve Alton was appointed Commercial Director for the core beer monitoring business, where the Board believes there are still very attractive growth opportunities.

Outlook

The Group's investment decisions have been made with a three to five year horizon whilst also committing to short term delivery of shareholder value.

Following the integration of recent acquisitions and weathering of the challenging economic environment, the Group is particularly well placed to drive earnings growth through achieving market leading positions, using its core capabilities and products, through growth in i-draught and vending solutions in the Leisure division and through profitable extension of the Fuel Solutions division footprint.

Over the medium term the Group's intent is to deliver:

- organic growth from core beer monitoring solutions

- Vianet vending telemetry solutions to global markets, and Forecourt Solutions division each contributing over 25% of Group profit

- profit contribution from ViaTelemetry in excess of £1 million

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, vending and telemetry sectors, and in petrol forecourt solutions where the opportunity exists to become a 'one stop shop' provider for customers.

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

James Dickson
Chief Executive
7 June 2011

FINANCIAL REVIEW

Group trading result

This year has been very much a transitional one for the Group with the acquisition of four businesses, three of which were combined with our existing Edensure business to form the Fuel Solutions division. The commercial proposition for this division was launched towards the end of February 2011. The pub market has continued to face challenges which, coupled with what has continued to be a very difficult general economic environment, have led to a difficult trading year. Revenue increased by 22.4% to £24.3 million with £6.1 million of that generated by the Fuel Solutions division. Operating profit (before amortisation of intangible assets, share based payments, and exceptional items) amounted to £4.0 million (2010: £5.1 million). The results are after absorbing transitional losses of Vianet (which approached break even in the second half), ViaTelemetry and Fuel Solutions, as well as US costs of operation, in all totalling £0.8 million. Blended recurring revenues for the Group are over 70%, with Leisure over 80% and Fuel Solutions near 20%. Exceptional costs of £0.2 million principally relate to acquisition costs resulting in Group operating profit (pre intangible asset amortisation and share based payments) of £3.8 million (2010: £4.6 million).

Divisional performance

The Leisure division, consisting of the core beer monitoring business, Vianet and Machine Insite (including Coin Metrics), achieved turnover of £18.16 million (2010: £19.3 million) and achieved gross margins of 58% (2010: 59%). The core business delivered 761 new installations of which 677 were the higher priced i-draught systems, as well as 99 new and replacement Dispense Monitoring Services systems. Overall, a gross total of 776 installations were achieved. The active installation base after pub company disposals and uplifted systems is approximately 20,000 systems. The Group did not achieve all the new and replacement installations that were originally targeted, but opportunities in this new financial year appear encouraging.

Machine Insite and Coin Metrics were merged during the year reflecting the combined commercial proposition now on offer to customers.

In the Fuel Solutions division, where we have successfully completed three acquisitions, it has been very much a transitional and consolidation year as we have integrated the acquisitions and developed the commercial proposition which was formally launched towards the end of the financial year in February 2011. Revenues were £6.1m and gross margins 41% which resulted in a small net trading loss, before exceptional and bad debt costs, of around £0.2 million. For the financial year to March 2012 we expect both margin improvement and significant profit contribution.

Overall Group results

Group results overall, before amortisation of intangible assets, share based payments, and option costs, and exceptional costs, were a profit of £4.0 million as compared to £5.1 million at March 2010, but after absorbing the transitional losses as referred to above of £0.8 million. The results are in line with the Trading Update issued on 04 March 2011.

The table below shows the performance of the Group, pre and post exceptional costs, as follows:

	FY 2011 £'000	FY 2010 £'000
Revenue	24,282	19,834
Gross Profit	12,886	11,638
	(53%)	(59%)
EBIT	3,058	4,039
PBT post exceptional costs	3,028	4,034
PBT pre exceptional costs	3,204	4,540

Divisional Performance

FY 2011	£'000 Leisure	£'000 Fuel	£'000 Central
Revenue	17,955	6,124	204
Gross Profit	10,339	2,478	69
	(58%)	(41%)	(34%)
EBIT pre exceptional costs	4,843	(377)	(1,232)
PBT post exceptional costs	4,797	(468)	(1,301)
PBT pre exceptional costs	4,800	(378)	(1,218)

Gross margin

Blended gross margin was 54%, with the Leisure division being broadly level with last year at 58% and Fuel Solutions at 41%. Fuel Solution margin improvement should be achieved in 2012 as we progress from this transitional year.

Actual Group profit

The Group pre-tax profit, after exceptional costs, is £3.028 million (2009: £4.034 million), reflecting the comments made above.

Taxation

The taxation charge of £0.597 million represented an effective tax rate of 19.72% on the reported profit before taxation of £3.028 million post group relief and deferred tax adjustments.

Earnings per share

Basic earnings per share for the year ended 31 March 2011 before exceptional costs amounted to 9.06 pence compared to 12.68p at March 2010. Fully diluted earnings per share (before exceptional costs), which takes account of all outstanding share options, amounted to 8.69 pence which compares to 12.27 pence last year.

Balance sheet and cash flow

The balance sheet has been strengthened by the trading performance achieved.

Operationally, the Group generated cash returns at £1.8 million which were lower than normal as they were impacted by investment in stock in Brulines and Fuel Solutions (£0.7 million), financial support for parts of Fuel Solutions as we addressed its consolidation and supplier base (£0.9 million), and support for development of ViaTelemetry our Technology division (£0.2 million). The funds generated in the year, coupled with our opening substantial cash funds from both prior years' trading and the December 2008 Placing, were utilised to invest in the four acquisitions, service borrowings, dividends and taxation. Despite these expenditures, at the year-end, the Group had net borrowings of only £1.2 million (2010: net cash of £3.9 million).

It is anticipated, given the strength of the Group's balance sheet, and cash generating capacity, that this strong base will continue to provide an advantageous position to seek further growth opportunities.

Mark Foster
Finance Director
7 June 2011

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 March 2011.

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 2011, which show a profit before tax and exceptional items of £3.20m (2010: £4.55m).

The directors accept the results for the year given the challenging economic circumstances in which we have operated, and the transition and integration of the acquisitions made. Despite the overall lower result compared to last year recurring revenues and margins remain healthy.

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 to assess its future. On the basis of their review they consider the results and business projections taking into account market conditions that the business is of sound financial footing and has a sustainable operating future. In particular they note that the business has achieved an acceptable result in the year despite the difficult trading conditions, some 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 2011	Actual 2010
Percentage of revenue from recurring income streams[1]	70%	71%	84%
Gross Margin[2]	55%	53%	59%
Employee Turnover[3]	2%	2%	2%

Notes to KPI's

All figures are based on the trading companies within the group, comparative figures are based on Brulines Limited.

[1]Percentage of revenue from recurring income streams = recurring income streams as a percentage of all income streams. Group trading companies aim 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 lead to continued improvement in performance versus target.

[2]Gross Margin = Gross profit as a percentage of turnover. Group trading companies aim 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.

[3]Employee Turnover = Group trading companies aim 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 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 19.

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:

	2011	2010
Brulines Group plc – ordinary shares of 10p	1,034,470	1,034,470
Universe Group plc – ordinary shares of 5p	13,209,754	13,209,754

The Group has no significant exposure to securities price risk.

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 and overdraft are at market rates. 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.

Dividends

The directors recommend the payment of a final dividend of 3.98p per share (2010: final 2.24p), taking the full year dividend to 5.65p. (2010: 5.50p)

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 2011	**Ordinary shares of 10p each 2010**
S W Darling	-	-
J W Dickson	3,856,168	3,711,168
M H Foster	75,000	75,000
D J Noble	47,468	347,468
J H Newman	40,000	30,000
S C Gilliland	26,000	26,000

Directors' emoluments

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

	Salary and fees 2011 £'000	**Other Emoluments 2011 £'000**	**Total Emoluments 2011 £'000**	Salary And Fees 2010 £'000	Other Emoluments 2010 £'000	Total Emoluments 2010 £'000
Executive						
J W Dickson	**159**	**41**	**200**	175	83	258
M H Foster	**130**	**28**	**158**	125	65	190
S W Darling	**117**	**31**	**148**	114	58	172
D J Noble	**114**	**26**	**140**	112	49	161
Non-executive						
J H Newman	**36**	**-**	**36**	42	-	42
S C Gilliland	**33**	**-**	**33**	31	-	31
Total	**589**	**126**	**715**	599	255	854

1. Executive remuneration is determined by the remuneration committee consisting of non-executive Directors JH Newman and S C Gilliland
2. No payments were made to any Director in respect of compensation for loss of office in 2011 or 2010
3. Other emoluments received consist of the provision for private medical care, bonuses, motor car allowances and pension contributions.
4. J H Newman's fees are paid to Westwood on Derwent Limited, a company of which he is a Director
5. S Gilliland fees are paid to SMDH Consulting Limited, a company of which he is a Director
6. 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 2010	At 31 March 2011	Option price	Date granted
J W Dickson	75,000	**75,000**	123.0p	October 2006
	-	**31,000**	96.5p	January 2011
M H Foster	150,000	**150,000**	67.2p	March 2006
	65,000	**65,000**	123.0p	October 2006
	-	**31,000**	96.5p	January 2011
S W Darling	100,000	**100,000**	125.0p	April 2009
	-	**31,000**	96.5p	January 2011
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
	-	**31,000**	96.5p	January 2011
J H Newman	36,000	**36,000**	123.0p	October 2006
	30,000	**30,000**	102.5p	September 2009
S C Gilliland	24,000	**24,000**	123.0p	October 2006
	30,000	**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 95p and the range of market prices during the year was between 86p and 129p.

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	-
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	-
R C Colley	16/07/08	25,000	151.5p	-
A J Martinez	27/01/11	20,000	96.5p	-
J Anspach	27/01/11	30,000	96.5p	-
S Alton	27/01/11	30,000	96.5p	-
P Maud	27/01/11	31,000	96.5p	-
S Alton	25/02/11	70,000	102.0p	-

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

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 (2010: £nil) were made during the year. No political donations were made (2010: £nil).

Substantial Shareholdings

The Company has been informed that on 30 May 2011 the following shareholders (excluding Directors) held substantial holdings of the issued ordinary shares of the company:

	Holding of Ordinary shares Number	Issued Share capital %
New Solera Holdings	4,583,500	16.35
AXA Framlington	3,737,903	13.33
ISIS Equity Partners	2,693,982	9.61
Brewin Dolphin	1,399,453	4.99
Octopus Investments Limited	1,294,533	4.61
Amati Global Investors	1,003,871	3.58
First Pacific Advisors	845,000	3.01
Artemis Fund Managers	735,000	3.00

Going Concern

The Directors, after having made appropriate enquiries, including (but not limited to) a review of the Group's budget for 2011/2012, and cash generating capacity at least 12 months from the date of signing (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 45 days purchases (2010: 43 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 £735,000 (2010: £377,000) of which £735,000 was recognised as an asset on the balance sheet (2010: £377,000)

Annual General Meeting

The Annual General Meeting will be held on 12 July 2011 at 9:00am at the offices of Grant Thornton UK LLP, No.1 Whitehall Riverside, Leeds, LS1 4BN.

Post balance sheet events

There are no post balance sheet events.

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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the 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

Report of the Directors (continued)

- 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 are sufficient to show and explain the Group and parent company's transactions and 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.

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 7 June 2011 and signed on its behalf by:

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 2008 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 (Director)
James W Dickson (Chief Executive Officer)
Mark H Foster (Finance Director & Company Secretary)
Duncan J Noble (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.

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

The share option plans in existence at 31 March 2011 were the EMI plan, the Executive plan, the Employee Plan, the 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 2011 which comprise the consolidated statement of 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 group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the group 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/private.cfm.

Opinion on financial statements

In our opinion the group financial statements:

- give a true and fair view of the state of the group's affairs as at 31 March 2011 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 parent company financial statements of Brulines Group plc for the year ended 31 March 2011.

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

Leeds

7 June 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2011

	Note	Before Exceptional 2011 £000	Exceptional 2011 £000	Post Exceptional Total 2011 £000	Total 2010 £000
Continuing operations					
Revenue	3	24,282	-	24,282	19,834
Cost of Sales		(11,396)	-	(11,396)	(8,196)
Gross profit		12,886	-	12,886	11,638
Administration and other operating expenses		(8,928)	(176)	(9,104)	(7,071)
Operating profit pre amortisation and share based payments		3,958	(176)	3,782	4,567
Intangible asset amortisation		(696)	-	(696)	(456)
Share based payments		(28)	-	(28)	(72)
Operating profit post amortisation and share based payments		3,234	(176)	3,058	4,039
Finance income	6	36	-	36	81
Finance costs	7	(66)	-	(66)	(86)
Profit before taxation		3,204	(176)	3,028	4,034
Income Tax expense	8	(646)	49	(597)	(969)
Profit after tax and total comprehensive income for the year attributable to the owners of the parent	5	2,558	(127)	2,431	3,065
Earnings per share					
– Basic	9	9.06p	(0.45)p	8.61p	10.89p
– Diluted	9	8.69p	(0.43)p	8.26p	10.57p

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

Details of the exceptional items which principally relate to corporate finance acquisition costs in the year are included in note 4.

CONSOLIDATED BALANCE SHEET

at 31 March 2011

	Note	2011 £000	2010 £000
Assets			
Non-current assets			
Goodwill	11	17,618	13,523
Other Intangible Assets	12	1,638	969
Property, plant and equipment	13	3,643	3,397
Investments	14	533	556
Total non-current assets		23,432	18,445
Current assets			
Inventories	15	2,674	1,556
Trade and other receivables	16	4,553	3,785
Cash and cash equivalents		2,517	6,892
		9,744	12,233
Total assets		33,176	30,678
Equity and liabilities			
Liabilities			
Current liabilities			
Trade and other payables	17	6,198	5,804
Borrowings	18	1,756	448
Tax liabilities		324	302
Provisions	20	89	89
		8,367	6,643
Non-current liabilities			
Borrowings	18	1,992	2,495
Provisions	20	75	156
Deferred tax	21	303	340
		2,370	2,991
Equity attributable to owners of the parent			
Share capital	22	2,825	2,825
Share premium account		11,174	11,174
Shares to be issued		276	248
Own shares		(1,154)	(1,154)
Merger reserve		310	310
Retained profit		9,008	7,641
Total equity		22,439	21,044
Total equity and liabilities		33,176	30,678

The Group financial statements were approved by the Board of Directors on 7 June 2011 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 2011

	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 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	-	(1,924)	(2,082)
Share capital issued	12	48	-	-	-	-	60
Transactions with owners	12	48	(290)	72	-	(1,924)	(2,082)
Total comprehensive income for the year	-	-	-	-	-	3,065	3,065
Total comprehensive income less owners transactions	12	48	(290)	72	-	1,141	983
At 31 March 2010	2,825	11,174	(1,154)	248	310	7,641	21,044
At 1 April 2010	2,825	11,174	(1,154)	248	310	7,641	21,044
Dividends	-	-	-	-	-	(1,064)	(1,064)
Exercised options re own shares	-	-	-	-	-	-	-
Purchase of own shares	-	-	-	-	-	-	-
Share based payments	-	-	-	28	-	-	28
Share capital issued	-	-	-	-	-	-	-
Transactions with owners	-	-	-	28	-	(1,064)	(1,036)
Total comprehensive income for the year	-	-	-	-	-	2,431	2,431
Total comprehensive income less owners transactions	-	-	-	28	-	1,367	1,395
At 31 March 2011	2,825	11,174	(1,154)	276	310	9,008	22,439

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March 2011

	2011 £000	2010 £000
Cash flows from operating activities		
Profit for the year	2,431	3,065
Adjustments for		
Interest receivable	(36)	(81)
Interest payable	66	86
Income tax expense	597	969
Amortisation of intangible assets	696	456
Depreciation	480	391
Gain pre-existing contract on acquisition	(200)	-
Profit on sale of property, plant and equipment	(80)	(41)
Share based payments	28	72
Operating cash flows before changes in working capital and provisions	3,982	4,917
Change in inventories	(510)	(185)
Change in receivables	13	861
Change in payables	(1,602)	(1,234)
Change in provisions	(80)	(76)
	(2,179)	(634)
Cash generated from operations	1,803	4,283
Income taxes paid	(834)	(1,015)
Net cash generated from operating activities	969	3,268
Cash flows from investing activities		
Interest payable	(66)	(86)
Interest received	36	81
Proceeds on disposal of property, plant and equipment	121	62
Purchases of property, plant and equipment	(608)	(371)
Purchases of intangible assets	(735)	(377)
Purchase of subsidiary undertakings	(4,380)	-
Purchase of minority shareholdings	-	(175)
Purchase of investment	-	(556)
Cash acquired with subsidiary	547	-
Net cash used in investing activities	(5,085)	(1,422)
Cash flows from financing activities		
Repayments of borrowings	(452)	(498)
Dividends paid	(1,064)	(1,924)
Options exercised/Purchase of own shares	-	(290)
Issue of ordinary share capital	-	60
Net cash used in financing activities	(1,516)	(2,652)
Net (decrease)/increase in cash and cash equivalents	(5,632)	(805)
Cash and cash equivalents at beginning of period	6,892	7,697
Cash and cash equivalents at end of period	1,260	6,892

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

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 revised IFRS 3, Business Combinations, standard has been previously applied for the first time in these financial statements. The adoption of this standard does not change any previously published financial information, so an opening comparative balance sheet has not been presented.

Adoption of revised Business Combinations standard

The revised standard on business combinations (IFRS 3R) introduced major changes to the accounting requirements for business combinations. It retains the major features of the purchase method of accounting, now referred to as the acquisition method. The most significant changes in IFRS 3R that had an impact on the Group's acquisition in the year are as follows:

- acquisition related costs of the combination are recorded as an expense in the income statement. Previously, these costs would have been accounted for as part of the acquisition

- any contingent consideration is measured at fair value at the acquisition date. If the contingent consideration agreement gives rise to a financial liability, any subsequent changes are generally recognised in profit or loss. Previously, contingent consideration was recognised only once its payment was probable and changes were recognised as an adjustment to goodwill.

- the measurement of assets acquired and liabilities assumed at their acquisition date fair values is retained. However, IFRS 3R includes certain exceptions and provides specific measurement rules.

IFRS 3R has been applied prospectively to business combinations for which the acquisition date is on or after 1 April 2010.

Business combinations for which the acquisition date is before 1 April 2010 have not been restated

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 2011.

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.

1. Significant accounting policies (continued)

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

For business combinations occurring since 1 January 2010, the requirements of IFRS 3R have been applied (see above). The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred. The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at the acquisition date fair values.

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.

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.

1. Significant accounting policies (continued)

Petrol Forecourt

Fuel loss management and prevention (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.

Pump dispense calibration and verification services

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

Facilities management, engineering and project management solutions

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

Fuel management systems, tank gauging and lining solutions and liquefied petroleum gas and forecourt services

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

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.

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. Significant accounting policies (continued)

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 at their fair value, 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 and relationships	expected length of relationship

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
- 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.

1. Significant accounting policies (continued)

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 judgements at the time expenditure is incurred. 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.

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.

1. Significant accounting policies (continued)

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

Borrowing costs are capitalised where IAS23 criteria are met. Where criteria is not met, they are recognised in the consolidated statement of comprehensive income in the period 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.

1.14 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.

1. Significant accounting policies (continued)

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 profit or loss 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.

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.

1. Significant accounting policies (continued)

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

Investments

Held for sale 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 (deemed to be an equity settled scheme) 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

New standards and interpretations currently in issue but not effective that will have an impact on the financial statements are listed below. These will affect presentation only:

- IFRS 9 Financial Instruments (effective 1 January 2013)
- IAS 24 (revised 2009) Related party disclosures (effective 1 January 2011)
- Improvements to IFRS issued May 2010 (some changes effective 1 July 2010, others effective 1 January 2011)

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.

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 acquisition costs, 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 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.

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

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.

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 main operating divisions, being Leisure Services and Fuel Solutions with Group and Technology costs now separately highlighted 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.

3. Segment reporting (continued)

Continuing Operations (post exceptional items)	Leisure Services 2011 £000	Leisure Services 2010 £000	Fuel Solutions 2011 £000	Fuel Solutions 2010 £000	Group 2011 £000	Group 2010 £000	Total 2011 £000	Total 2010 £000
Revenue – sale of goods	1,890	2,657	-	-	161	-	2,051	2,657
Revenue – rendering of services	16,064	16,673	6,124	503	43	-	22,231	17,298
Total revenue	17,954	19,330	6,124	503	204	-	24,282	19,834
Pre exceptional segment result	4,843	5,682	(377)	(77)	(1,232)	(1,060)	3,234	4,545
Exceptional costs	(3)	(169)	(90)	-	(83)	(337)	(176)	(506)
Post exceptional segment result	4,840	5,513	(467)	(77)	(1,315)	(1,397)	3,058	4,039
Finance income	16	41	2	-	18	40	36	81
Finance costs	(59)	(55)	(3)	(1)	(4)	(30)	(66)	(86)
Profit before taxation	4,797	5,499	(468)	(78)	(1,301)	(1,387)	3,028	4,034
Taxation							(597)	(969)
Profit for the year from continuing operations							2,431	3,065
Other information								
Additions to property, plant, equipment and intangible assets	993	692	282	56	68	-	1,343	748
Depreciation and amortisation	351	318	125	74	700	455	1,173	847

	Leisure Services 2011 £000	Leisure Services 2010 £000	Fuel Solutions 2011 £000	Fuel Solutions 2010 £000	Group 2011 £000	Group 2010 £000	Total 2011 £000	Total 2010 £000
Segment assets	6,949	15,380	3,107	250	2,074	-	12,130	15,630
Unallocated assets	-	-	-	-	19,789	15,048	19,789	15,048
Total assets	6,949	15,380	3,107	250	21,863	15,048	31,919	30,678
Segment liabilities	7,865	8,912	1,039	382	273	-	9,177	9,294
Unallocated liabilities	-	-	-	-	303	340	303	340
Total liabilities	7,865	8,912	1,039	382	576	340	9,480	9,634

Analysis of revenue by category	2011 £000	2010 £000
Continuing operations		
Sale of goods	2,051	2,536
Rendering of services	22,231	17,298
Finance income	36	81
	24,318	19,915

4. Exceptional items

	2011 £000	2010 £000
Corporate finance acquisition costs	176	506
	176	506

The above costs principally relate to costs incurred resulting from the acquisitions made during the year.

5. Profit for the year

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

	2011 £000	2010 £000
Employee benefits expense (note 23)	9,288	7,502
Depreciation of property, plant and equipment (note 13)	480	391
Amortisation of intangible assets (note 12)	696	456
Profit on disposal of property, plant and equipment	(80)	(41)
Gain on settlement of contract (note 27)	(200)	-
Operating lease rentals payable	300	179

Auditor's remuneration **Services to the company and its subsidiaries**	2011 £000	2010 £000
Fees payable to the company's auditor for the audit of the annual financial statements	15	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	35	27
Other services relating to tax - compliance and advice	16	11
Services relating to corporate finance transactions	62	35
Other services – IFRS advice, half year reporting and accounting advice	21	9
	149	94

6. Finance income

	2011 £000	2010 £000
Interest on bank deposits	36	81
	36	81

7. Finance costs

	2011 £000	2010 £000
Interest payable on bank borrowings	66	86
	66	86

8. Taxation

Analysis of charge in period

	2011 £000	2010 £000
Current tax expense		
– UK corporation tax on profits of the period	804	1,067
– Amounts in respect of prior periods	-	(98)
	804	969
Deferred tax expense (note 21):		
– Temporary differences	(207)	-
Income tax expense	597	969

Reconciliation of effective tax rate

The tax for the period is lower (2010: lower) than the standard rate of corporation tax in the UK (28%). The differences are explained below:

	2011 £000	2010 £000
Profit before taxation		
– Continuing operations	3,028	4,034
Profit before taxation multiplied by rate of corporation tax in the UK of 28% (2009: 28%)	848	1,130
Effects of:		
Other expenses not deductible for tax purposes	39	90
Goodwill amortisation	145	117
Sch 23 deduction	-	(34)
Depreciation in excess of capital allowances	35	(11)
Disposal of investment	(22)	-
Adjustments for prior years	-	(98)
Rate difference	-	(3)
Research and development	(184)	(185)
Other timing differences	(57)	(37)
Total tax expense	804	969

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

9. Earnings per share (continued)

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

	2011 Earnings £000	2011 Basic earnings per share	2011 Diluted earnings per share	2010 Earnings £000	2010 Basic earnings per share	2010 Diluted earnings per share
Profit attributable to equity shareholders	2,431	8.61p	8.26p	3,065	10.89p	10.57p

	2011 Number	2010 Number
Weighted average number of ordinary shares	28,248,164	28,153,878
Dilutive effect of share options	1,522,203	1,439,036
Diluted weighted average number of ordinary shares	29,770,367	29,592,914

10. Ordinary dividends

	2011 £000	2010 £000
Final dividend for the year ended 31 March 2010 of 2.24p (year ended 31 March 2009: 3.80p)	610	1,040
1st interim dividend paid in respect of the year of 1.67p (2010:1.63p)	454	441
2nd interim dividend paid in respect of the year of nil (2009:1.63p)	-	443
Amounts recognised as distributions to equity holders	1,064	1,924

In addition, the directors are proposing a final dividend in respect of the year ended 31 March 2011 of 3.98p per share. If approved by shareholders, it will be paid on 28 July 2011 to shareholders who are on the register of members on 17 June 2011.

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	2011 £000	2010 £000
Cost		
At 1 April	13,523	13,348
Additions	4,095	175
At 31 March	17,618	13,523
Accumulated impairment losses		
At 1 April 2010 and 31 March 2011	-	-
Net book amount 31 March	17,618	13,523

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

11. Goodwill (continued)

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

	2011 £000	2010 £000
Leisure Services	13,330	13,330
Fuel Solutions	2,470	193
Technology	1,818	-
Carrying amount 31 March	17,618	13,523

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 2012 were extrapolated for a seven 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 committed (medium to long term contracts) and pipeline orders.

Basis of budgets and assumptions are based around historic track record and committed medium to long term contracts.

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

Discount rate assumptions, applied to both the leisure services and fuel solutions 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 2009	-	39	1,445	14	1,498
arising from business combinations	377	-	-	-	377
At 31 March 2010	**377**	**39**	**1,445**	**14**	**1,875**
arising from business combinations	-	242	381	7	630
Internally generated development costs	735	-	-	-	735
At 31 March 2011	**1,112**	**281**	**1,826**	**21**	**3,240**
Amortisation					
At 1 April 2009	-	39	404	7	450
Charge for the year	-	-	455	1	456
At 31 March 2010	**-**	**39**	**859**	**8**	**906**
Charge for the year	108	105	482	1	696
At 31 March 2011	**108**	**144**	**1,341**	**9**	**1,602**
Net book amount					
At 31 March 2011	**1,004**	**137**	**485**	**12**	**1,638**
At 31 March 2010	**377**	**-**	**586**	**6**	**969**

12. Other intangible assets (continued)

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 and relationships - expected length of relationship

The £735,000 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 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**
Additions	1	243	364	608
On acquisition	-	141	18	159
Disposals	-	(52)	-	(52)
At 31 March 2011	**3,104**	**588**	**2,101**	**5,793**
Accumulated depreciation				
At 1 April 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**
Charge for the year	60	124	296	480
Disposals	-	(11)	-	(11)
At 31 March 2011	**289**	**256**	**1,605**	**2,150**
Net book amount				
At 31 March 2011	**2,815**	**332**	**496**	**3,643**
At 31 March 2010	**2,874**	**113**	**410**	**3,397**

14. Investments

	2011 £000	2010 £000
Valuation:		
Other shares		
At 1 April	556	-
Disposals	(23)	556
At 31 March	533	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

15. Inventories

	2011 £000	2010 £000
Raw materials	2,900	1,664
Write down on raw materials	(487)	(258)
Work in progress	261	150
	2,674	1,556

No reversal of previous write-downs was recognised as a reduction of expense in 2010 or 2011. In 2011 £4,158,143 (2010: £1,568,692) 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

	2011 £000	2010 £000
Trade receivables	3,865	3,291
Other receivables	30	8
Prepayments and accrued income	658	486
	4,553	3,785

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.

16. Trade and other receivables (continued)

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:

	2011 £000	2010 £000
Not more than 3 months	1,050	880
More than 3 months but not more than 6 months	242	(11)
More than 6 months but not more than 1 year	19	18
More than 1 year	-	-
	1,311	887

17. Trade and other payables

	2011 £000	2010 £000
Trade payables	2,052	1,423
Other taxation and social security	939	763
Accruals and deferred income	2,301	3,618
Deferred contingent consideration	906	-
	6,198	5,804

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

18. Borrowings

Current	2011 £000	2010 £000
Bank overdraft	1,257	-
Bank loans	478	448
Hire purchase	21	-
	1,756	448

Non-current	2011 £000	2010 £000
Bank loans	1,981	2,495
Hire purchase	11	-
	1,992	2,495

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.

18. Borrowings (continued)

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

	2011 %	2010 %
Bank overdrafts – floating rates	2.5	-
Bank borrowings – floating rates	1.5	1.5

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

	2011 £000	2010 £000
Between one and two years	499	448
Between two and five years	867	1,143
More than five years	1,125	1,352
	2,491	2,943

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.

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

	2011 $000	2010 $000
Financial assets	51	3
Financial liabilities	-	-
	51	3

19. Financial Instruments (continued)

	2011 €000	2010 €000
Financial assets	46	14
Financial liabilities	-	-
	46	14

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.

	2011 £000	2010 £000
Cash and cash equivalents	2,517	6,892
Trade and receivables	3,865	3,291
	6,382	10,183

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	2011 £000	2010 £000
Cash and cash equivalents	2,517	6,892
Trade and receivables	3,865	3,291
	6,382	10,183

	2011 £000	2010 £000
Available for sale financial assets	533	556
	533	556

Current Liabilities	2011 £000	2010 £000
Financial liabilities measures at amortised cost	6,390	5,191
	6,390	5,191
Net financial assets	525	5,548

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.

	2011 £000	2010 £000
Total equity	22,439	20,783
Less cash equivalents	(2,517)	(6,892)
	19,922	13,891

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.

20. Provisions

Group	Onerous leases £000	Dilapidations £000	Total £000
1 April 2009	301	20	321
Charged to profit or loss	(76)	-	(76)
1 April 2010	225	20	245
Charged to profit or loss	(81)	-	(81)
31 March 2011	144	20	164

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

	Group	
	2011 £000	2010 £000
Current	89	89
Non-current	75	156
	164	245

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:

	2011 £000	2010 £000
At 1 April	(340)	(340)
Profit and loss charge	207	-
Acquisition	(170)	-
At 31 March	(303)	(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 2011	(303)
At 31 March 2010	(340)

Deferred tax has been recognised during the year in respect of tax losses in certain of the group's subsidiaries as the directors believe there is sufficient certainty over the extent and timing of their recovery to do so. Included in the amount of £(303k) (2010: £(340k)) are amounts of £390k relating to tax losses (2010: £nil)

22. Issued share capital

	2011 £000	2010 £000
Authorised		
40,000,000 ordinary shares of 10p each (2010: 40,000,000)	4,000	4,000
Issued and fully paid		
Ordinary shares of 10p each: 28,248,164 (2010: 28,128,164)	2,825	2,825

Allotments during the year

During the year 23,000 10p ordinary shares were granted under the employee share option scheme. The option price was £1.265p

During the year 10,000 10p ordinary shares were granted under the employee share option scheme. The option price was £1.19p

During the year 10,000 10p ordinary shares were granted under the employee share option scheme. The option price was £1.15p

During the year 10,000 10p ordinary shares were granted under the employee share option scheme. The option price was £1.11p

During the year 394,000 10p ordinary shares were granted under the employee share option scheme. The option price was £0.965p

During the year 70,000 10p ordinary shares were granted under the employee share option scheme. The option price was £1.02p

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 2011, the Trust owned 18,470 shares (2010 18,470 shares) with a nominal value of £81,847 (2010: £81,847).

At 31 March 2011, Brulines Group plc owned 216,000 shares (2010: 216,000 shares) with a nominal value of £21,600 (2010: £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 2011.

23. Employees and directors

Employee benefit expense during the period

	2011 £000	2010 £000
Wages and salaries	8,165	6,472
Social security costs	864	721
Pension costs	231	237
Share based payments	28	72
	9,288	7,502

Average monthly number of people (including directors) employed

	2011 Number	2010 Number
Sales	16	13
Engineering	81	46
VRS	33	30
Management	10	10
Administration	170	152
	310	251

Key management personnel - Directors

Group	2011 £000	2010 £000
Aggregate emoluments	640	788
Pension contributions	75	66
	715	854

Highest paid director

	2011 £000	2010 £000
Aggregate emoluments	174	232
Pension contributions	26	26
	200	258

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	2011 £000	2010 £000
Within one year	258	260
After one year and less than five years	349	429
	607	689

25. Contingent liabilities

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

26. Share-based payments

There are five share option plans in place the EMI Plan, the Executive Plan, the Employee Plan, 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:

	2011		2010	
	Number of share options	Weighted average exercise price p	Number of share options	Weighted average exercise price p
At 1 April	1,464,750	109.3	1,495,750	104.6
Granted	517,000	99.7	180,000	117.6
Exercised	-	-	(140,000)	52.5
Forfeited	(97,500)	138.3	(71,000)	143.1
At 31 March	1,884,250	105.2	1,464,750	109.3
Exercisable at 31 March	1,080,750	104.9	1,059,250	103.3

26. Share-based payments (continued)

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
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
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
J W Dickson	27/01/11	31,000	96.5p	-	28/01/13 to 27/01/20
D J Noble	27/01/11	31,000	96.5p	-	28/01/13 to 27/01/20
A Martinez	27/01/11	20,000	96.5p	-	28/01/13 to 27/01/20
M H Foster	27/01/11	31,000	96.5p	-	28/01/13 to 27/01/20
J Anspach	27/01/11	30,000	96.5p	-	28/01/13 to 27/01/20
S Alton	27/01/11	30,000	96.5p	-	28/01/13 to 27/01/20
S Darling	27/01/11	31,000	96.5p	-	28/01/13 to 27/01/20
P Maud	27/01/11	31,000	96.5p	-	28/01/13 to 27/01/20
S Alton	25/02/11	70,000	102.0p	-	26/02/13 to 25/02/20

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)
	126.5p (April 2010)
	119.0p (June 2010)
	115.0p (September 2010)
	111.0p (November 2010)
	96.5p (January 2011)
	102.0p (February 2011)
Shares under option	1,884,250
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.

26. Share-based payments (continued)

The Group recognised an expense of £28,000 (2010: £72,000) in relation to equity settled share-based payment transactions in the year.

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. Business Combinations

Acquisition of Retail & Forecourt Solutions Limited

On 8 June 2010, the Group acquired 100% of the issued share capital of Retail & Forecourt Solutions Limited, a company based in the UK. The purchase price was settled for £1,484,160 in cash. Details of the acquisition are set out below:

	Carrying values pre acquisition £000	Fair value £000
Intangible assets		
– Customer contracts	-	327
Property, plant and equipment	49	49
Trade and other receivables	213	213
Trade and other payables	(155)	(155)
Taxation		
– Deferred	(12)	(97)
Cash and cash equivalents	260	260
Net assets acquired	355	597
Goodwill		887
Consideration		1,484
Consideration satisfied by:		
– Cash		1,484
		1,484

The goodwill that arose on the combination is attributable to ongoing un-contracted customer relationships, synergies expected to be derived from the combination and the value of the workforce of Retail & Forecourt Solutions Limited which cannot be recognised as an intangible asset under IAS 38 "Intangible Assets".

27. Business Combinations (continued)

Acquisition of Retail & Forecourt Solutions Limited (continued)

From 8 June 2010 to 31 March 2011, the acquisition contributed £569,236 to revenue, £(11,246) to operating profit and £(11,246) to profit after tax.

All intangible assets were recognised at their respective fair values. The residual excess over the net assets acquired is recognised as goodwill in the financial statements.

The outflow of cash and cash equivalents on the acquisition of RFS Limited is calculated as follows:

	£000
Cash consideration	1,484
Cash acquired	(260)
	1,224

The results of operations as if the above acquisitions had been made at the beginning of the year are as follows:

	£000
Revenue	569
Profit for the year	(11)

Acquisition of Energy Level Systems Limited

On 6 April 2010, the Group acquired 100% of the issued share capital of Energy Level Systems Limited, a company based in the UK. The purchase price was settled for £248,447 in cash and £808,000 contingent consideration. Details of the acquisition are set out below:

	Carrying values pre acquisition £000	Fair value £000
Property, plant and equipment	106	106
Inventories	395	395
Trade and other receivables	388	388
Trade and other payables	(896)	(896)
Cash and cash equivalents	18	18
Net assets acquired	11	11
Goodwill		1,045
Consideration		1,056
Consideration satisfied by:		
– Cash		248
– Contingent consideration		808
		1,056

The goodwill that arose on the combination is attributable to ongoing un-contracted customer relationships, synergies expected to be derived from the combination and the value of the workforce of Energy Level Systems Limited which cannot be recognised as an intangible asset under IAS 38 "Intangible Assets".

27. Business Combinations (continued)

Acquisition of Energy Level Systems Limited (continued)

From 6 April 2010 to 31 March 2011, the acquisition contributed £4,455,678 to revenue, £(81,661) to operating profit and £(81,661) to profit after tax.

All intangible assets were recognised at their respective fair values. The residual excess over the net assets acquired is recognised as goodwill in the financial statements.

The outflow of cash and cash equivalents on the acquisition of Energy Level Systems Limited is calculated as follows:

	£000
Cash consideration	248
Cash acquired	(18)
	230

The results of operations as if the above acquisitions had been made at the beginning of the year are as follows:

	£000
Revenue	4,456
Profit for the year	(82)

Acquisition of LBI Installations Limited

On 16 July 2011, the Group acquired 100% of the issued share capital of LBI Installations Limited, a company based in the UK. The purchase price was settled for £625,845 in cash and £98,088 contingent consideration. Details of the acquisition are set out below:

	Carrying values pre acquisition £000	Fair value £000
Intangible assets		
– Customer contracts	-	14
Property, plant and equipment	31	31
Inventories	6	6
Trade and other receivables	180	180
Trade and other payables	(114)	(114)
Taxation		
– Deferred	-	(4)
Cash and cash equivalents	269	269
Net assets acquired	372	382
Goodwill		342
Consideration		724
Consideration satisfied by:		
– Cash		626
– Contingent consideration		98
		724

27. Business Combinations (continued)

Acquisition of LBI Installations Limited (continued)

The goodwill that arose on the combination is attributable to ongoing un-contracted customer relationships, synergies expected to be derived from the combination and the value of the workforce of LBI Installations Limited which cannot be recognised as an intangible asset under IAS 38 "Intangible Assets".

From 16 July 2010 to 31 March 2011, the acquisition contributed £nil to revenue, £nil to operating profit and £nil to profit after tax due to the trade and assets being hived in to Edensure Limited.

All intangible assets were recognised at their respective fair values. The residual excess over the net assets acquired is recognised as goodwill in the financial statements.

The outflow of cash and cash equivalents on the acquisition of LBI Installations Limited is calculated as follows:

	£000
Cash consideration	626
Cash acquired	(269)
	357

The results of operations as if the above acquisition had been made at the beginning of the year are as follows:

	£000
Revenue	0
Loss for the year	0

Acquisition of trade and assets from Amscreen Group Limited

On 7 December 2010, the Group acquired the trade and assets from the M2M division of Amscreen Group Limited, a company based in the UK. The purchase price was settled for £2,022,456 in cash. Details of the acquisition are set out below:

	Carrying values pre acquisition £000	Fair value £000
Intangible assets		
– Customer contracts	-	242
– Settlement of a pre-existing contract	-	(200)
Property, plant and equipment	23	23
Inventories	207	207
Taxation		
– Deferred	-	(68)
Net assets acquired	230	204
Goodwill		1,818
Consideration		2,022
Consideration satisfied by:		
– Cash		2,022
		2,022

27. Business Combinations (continued)

Acquisition of Viatelemetry Limited (continued)

The goodwill that arose on the combination is attributable to ongoing synergies expected to be derived from the combination and the value of the workforce of Viatelemetry Limited which cannot be recognised as an intangible asset under IAS 38 "Intangible Assets".

From 7 December 2010 to 31 March 2011, the acquisition contributed £203,696 to revenue, £(119,990) to operating profit and £(119,990) to profit after tax.

All intangible assets were recognised at their respective fair values. The residual excess over the net assets acquired is recognised as goodwill in the financial statements.

The outflow of cash and cash equivalents on the acquisition of Viatelemetry Limited is calculated as follows:

	£000
Cash consideration	2,022
	2,022

The results of operations as if the above acquisitions had been made at the beginning of the year are as follows:

	£000
Revenue	204
Loss for the year	(120)

The transaction costs associated with the business combinations have been expensed and are included within exceptional items.

28. 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 £39,739 (2010: £41,750). As at 31 March 2011, there was £4,259 outstanding (2010: £nil). S Gilliland, a non-executive director invoiced Brulines for fees totalling £34,363 (2010: £25,960). As at 31 March 2011, there was £nil outstanding (2010: £2,360)

29. Events after the balance sheet date

There are no post balance sheet events.

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 2011 which comprise the Company balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 and express opinion on 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/private.cfm.

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 2011;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the 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 2011.

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

Leeds

7 June 2011

COMPANY BALANCE SHEET

at 31 March 2011

	Note	2011 £000	2010 £000
Fixed assets			
Investments in subsidiaries	2	20,323	18,589
Investments	3	533	533
		20,856	19,122
Current assets			
Debtors	4	3,020	17
Cash at bank and in hand		1,603	4,060
		4,623	4,077
Creditors: amounts falling due within one year	5	(5,847)	(5,644)
Net current liabilities		(1,224)	(1,567)
Net assets		19,632	17,555
Capital and reserves			
Ordinary share capital	6	2,825	2,825
Share premium	7	11,174	11,174
Share based payment reserve	7	276	248
Own shares	7	(851)	(851)
Merger reserve	7	310	310
Retained earnings	7	5,898	3,849
Total equity	7	19,632	17,555

The balance sheet was approved by the Board on 7 June 2011 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.

2. Investments in subsidiary

Company	2011 £000	2010 £000
Cost and net book amount:		
Shares in subsidiaries		
At 1 April	18,589	18,414
Additions (see note 11 of Group accounts)	1,734	175
At 31 March	20,323	18,589

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	Forecourt Solutions
Vianet Limited	100%	UK	Vending monitoring
Energy Level Systems Limited	100%	UK	Forecourt Solutions
Retail & Forecourt Solutions Limited	100%	UK	Forecourt Solutions
LBI Installations Limited	0%	UK	Forecourt Solutions
Viatelemetry Limited	100%	UK	Telemetry Solutions

LBI Installations Limited is an indirect investment via Edensure Limited in forecourt solutions.

3. Investment

Company	2011 £000	2010 £000
Cost and net book amount:		
Other shares		
At 1 April	533	-
Additions	-	533
At 31 March	533	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

	2011 £000	2010 £000
Amounts due from subsidiaries	3,003	-
Prepayments and accrued income	-	4
Other taxation	17	13
	3,020	17

5. Creditors: amounts falling due within one year

	2011 £000	2010 £000
Amounts owed to subsidiaries	5,738	5,450
Other payables	76	64
Accruals and deferred income	33	130
	5,847	5,644

6. Issued share capital

	2011 £000	2010 £000
Authorised		
40,000,000 ordinary shares of 10p each (2010: 40,000,000)	4,000	4,000
Issued and fully paid		
Ordinary shares of 10p each: 28,248,164 (2010: 28,128,164)	2,825	2,825

Allotments during the year

During the year 23,000 10p ordinary shares were granted under the employee share option scheme. The option price was £1.265p

During the year 10,000 10p ordinary shares were granted under the employee share option scheme. The option price was £1.19p

During the year 10,000 10p ordinary shares were granted under the employee share option scheme. The option price was £1.15p

During the year 10,000 10p ordinary shares were granted under the employee share option scheme. The option price was £1.11p

During the year 394,000 10p ordinary shares were granted under the employee share option scheme. The option price was £0.965p

During the year 70,000 10p ordinary shares were granted under the employee share option scheme. The option price was £1.02p

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

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 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
Own shares	-	-	13	-	-	-	13
Dividends	-	-	-	-	-	(1,925)	(1,925)
At 31 March 2010	2,825	11,174	(851)	248	310	3,849	17,555
Profit for the year	-	-	-	-	-	3,113	3,113
Share based payment	-	-	-	28	-	-	28
Dividends	-	-	-	-	-	(1,064)	(1,064)
At 31 March 2011	2,825	11,174	(851)	276	310	5,898	19,632

8. Dividends

	2011 £000	2010 £000
Final dividend for the year ended 31 March 2010 of 2.24p (year ended 31 March 2009: 3.80p)	610	1,040
Interim dividend paid in respect of the year of 1.67p (2010:1.63p)	454	441
Interim dividend paid in respect of the year of nil (2010:1.63p)	-	443
Amounts recognised as distributions to equity holders	1,064	1,924

In addition, the directors are proposing a final dividend in respect of the year ended 31 March 2011 of 3.98p per share. If approved by shareholders, it will be paid on 28 July 2011 to shareholders who are on the register of members on 17 June 2011.

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 £3,113,000 (2010: £2,507,000).

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.

The company has taken advantage of the FRS 8 exemption not to disclose related party transactions between group undertakings as these will be eliminated within the consolidated financial statements.

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www.brulines.com