

BUSINESS SYSTEMS GROUP HOLDINGS PLC

Final Results for Year Ended 31 March 2006

CHAIRMAN'S STATEMENT

I am pleased to present the results for the Group for the year ended 31 March 2006. The Group achieved its fourth consecutive year of improving results, with growth in revenues and operating profit.

Summary of results

- Pre-tax profit of £782k (£576k profit prior year).
- Dividend of 0.31p per share recommended (0.30p prior year).
- Revenues increased by 17.5% to £34.6m for the year (£29.5m prior year).
- Cash balance of £9.3m and no debt (£9.0m prior year).
- The business made the final deferred payment in respect of the acquisition of Global Network Solutions Europe Limited (GNS), bringing the total consideration to £204k.
- Services revenues were the highest ever for BSG rising 13.4% to £9.3m. However, the annualised value of contractual revenues at 31 March 2006 was £5.6m, down from £7.8m a year before, due to the non-renewal of a contract at the year end which was announced on 10 January 2006.

Dividend

The Board is recommending a final dividend of 0.31p (2005: 0.30p). This represents a dividend of approximately 33% of the Group's profit after tax for the year. This follows the distribution policy set out by the Board last year.

Share buy-back

At last year's AGM the Board was granted a general authority for the Company to make purchases of its own securities of up to 10% of the Company's issued share capital. With the shares trading at only a modest premium to the Group's cash balances, the Board exercised this authority in March 2006 with the on market purchase of one million ordinary shares at 11 3/8p. Since then the Company has purchased a further 5.8 million shares at between 11 5/8p and 12 1/4p. These shares are held as treasury shares.

Contractual revenues

The core strategy of the Group is to grow high quality contractual revenues each year, so that ultimately the business is profitable before the financial contribution of projects and other non-recurring transactions. It is therefore disappointing to have to report after a record year for Services, a material reduction in contractual revenues as at the reporting date for the year just ended. The main reason for the reduction was the loss of the Mapeley Estates' outsourcing contract with effect from 28th March 2006. This contract, which was lost as a result of a change in corporate strategy for the customer, accounted for approximately £2.2m of annual recurring revenue. New business sales of contracted services of £0.6m, were, however, ahead of the two previous years.

Current trading and outlook

The reduction in contractual revenues, and the inevitable impact on gross margins, is expected to take the Group back into loss in the short term. Despite this, the Board believes the strategy remains correct, although it will now take longer to realise the Group's financial objectives. The sales targets for managed services and other contractual revenue streams have therefore been raised, the resources allocated to selling these services have been increased and the development of new services continues.

Roger Keenan
Chairman

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Year ended 31 March 2006

	Year ended 31 March 2006 £'000	Year ended 31 March 2005 (as restated per note 2) £'000
TURNOVER	34,639	29,485
Cost of sales	(28,282)	(23,290)
	-----	-----
GROSS PROFIT	6,357	6,195
Administrative expenses	(5,987)	(5,979)
	-----	-----
OPERATING PROFIT	370	216
Other interest receivable and similar income	412	360
	-----	-----
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	782	576
Tax on profit on ordinary activities	-	165
	-----	-----
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	782	741
	=====	=====
Basic earnings per share	0.96p	0.94p
Diluted earnings per share	0.92p	0.90p
	=====	=====

COMBINED STATEMENT OF MOVEMENT IN SHAREHOLDERS' FUNDS
AND STATEMENT OF MOVEMENTS ON RESERVES

Year ended 31 March 2006

	Share Capital £'000	Capital Redemption Reserve £'000	Profit and Loss Account £'000	EBT Reserve £'000	Total £'000
THE GROUP					
Balance at 1 April 2005 as previously stated	4,209	-	4,062	(374)	7,897
Prior year adjustment (note 2)	-	-	245	-	245
	-----	-----	-----	-----	-----
Balance at 1 April 2005 as restated	4,209	-	4,307	(374)	8,142
Retained profit for the year	-	-	782	-	782
Purchase of own shares	(50)	50	(114)	-	(114)
Equity dividends	-	-	(245)	-	(245)
Decrease in EBT reserve	-	-	-	184	184
Loss on EBT redemptions	-	-	(39)	-	(39)
	-----	-----	-----	-----	-----
Balance at 31 March 2006	4,159	50	4,691	(190)	8,710
THE COMPANY					
Balance at 1 April 2005 as previously stated	4,209	-	4,130	(374)	7,965
Prior year adjustment (note 2)	-	-	245	-	245
	-----	-----	-----	-----	-----
Balance at 1 April 2005 as restated	4,209	-	4,375	(374)	8,210
Retained profit for the year	-	-	15	-	15
Purchase of own shares	(50)	50	(114)	-	(114)
Equity dividends	-	-	(245)	-	(245)
Decrease in EBT reserve	-	-	-	184	184
Loss on EBT redemptions	-	-	(39)	-	(39)
	-----	-----	-----	-----	-----
Balance at 31					

March 2006	4,159	50	3,992	(190)	8,011
	=====	=====	=====	=====	=====

There are no recognised gains or losses for this financial year or the previous year other than as stated above and therefore no separate statement of total recognised gains and losses has been presented.

All results are derived from continuing operations.

BALANCE SHEETS

31 March 2006

	Group 2006	Group 2005 (as restated per note 2)	Company 2006	Company 2005 (as restated per note 2)
	£'000	£'000	£'000	£'000
FIXED ASSETS				
Intangible assets	-	75	-	-
Tangible assets	1,052	1,028	37	43
Investments	-	-	1,651	1,651
	-----	-----	-----	-----
	1,052	1,103	1,688	1,694
CURRENT ASSETS				
Stocks	87	192	-	-
Debtors	6,209	7,131	645	1,390
Cash at bank and in hand	9,252	8,994	5,797	5,431
	-----	-----	-----	-----
	15,548	16,317	6,442	6,821
	-----	-----	-----	-----
CREDITORS: amounts falling due within one year	(7,697)	(8,961)	(119)	(305)
	-----	-----	-----	-----
NET CURRENT ASSETS	7,851	7,356	6,323	6,516
	-----	-----	-----	-----
TOTAL ASSETS LESS CURRENT LIABILITIES	8,903	8,459	8,011	8,210
	-----	-----	-----	-----
PROVISION FOR LIABILITIES AND CHARGES	(193)	(317)	-	-
	-----	-----	-----	-----
NET ASSETS	8,710	8,142	8,011	8,210
	=====	=====	=====	=====
CAPITAL AND RESERVES				
Called up share capital	4,159	4,209	4,159	4,209
Capital redemption reserve	50	-	50	-
Profit and loss account	4,691	4,307	3,992	4,375
EBT reserve	(190)	(374)	(190)	(374)
	-----	-----	-----	-----

SHAREHOLDERS' FUNDS	8,710	8,142	8,011	8,210
	=====	=====	=====	=====

These financial statements were approved by the Board of Directors on 14 June 2006.

Signed on behalf of the Board of Directors

N Gerard

Director

CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 March 2006

	Year ended 31 March 2006 £'000	Year ended 31 March 2005 £'000
Net cash inflow from operating activities (note 3)	502	715
Returns on investments and servicing of finance		
Interest received	412	360
	-----	-----
Net cash inflow from returns on investments and servicing of finance	412	360
Capital expenditure		
Purchase of tangible fixed assets	(377)	(219)
	-----	-----
Net cash outflow from capital expenditure and financial investment	(377)	(219)
Acquisitions and disposals		
Consideration for acquisitions	(70)	(135)
	-----	-----
Net cash outflow for acquisitions	(70)	(135)
Equity dividends paid	(240)	-
	-----	-----
Cash inflow before management of liquid resources and financing	227	721
Financing		
Sale of shares from EBT	145	328

Purchase of own shares	(114)	-
	-----	-----
Increase in cash in the year	258	1,049
	=====	=====

NOTES TO THE PRELIMINARY STATEMENT

Year ended 31 March 2006

1. The financial information set out above does not constitute the Company's statutory accounts for the year ended 31 March 2006 or 2005, but is derived from those accounts. Statutory accounts for 2005 have been delivered to the Registrar of Companies and those for 2006 will be delivered following the Company's annual general meeting. The auditors have reported on those accounts; their reports were unqualified and did not contain statements under s237(2) or (3) Companies Act 1985.

2. The financial statements adopt FRS21 'Events After the Balance Sheet Date', which requires dividends which are proposed after the balance sheet date to be disclosed and not recognised as a liability, for the first time. Comparative figures for the year ended 31 March 2005 have been restated in accordance with this standard. The £245k dividend previously charged to the profit and loss account in the year and the accrual have been removed.

3. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2006 £'000	2005 £'000
Operating profit	370	216
Depreciation of tangible assets	352	368
Amortisation of intangible assets	30	121
Loss on disposal of tangible assets	1	-
Decrease in provisions	(124)	(50)
Decrease/(increase) in stocks	105	(95)
Decrease/(increase) in debtors	922	(3,074)
(Decrease)/increase in creditors within one year	(1,154)	3,229
	-----	-----
Net cash inflow from operating activities	502	715
	=====	=====

4. ANALYSIS OF NET FUNDS

	At 1 April 2005 £'000	Cash flows £'000	At 31 March 2006 £'000
Cash at bank and in hand	8,994	258	9,252
	-----	-----	-----
Net funds	8,994	258	9,252
	=====	=====	=====

This information is provided by RNS
The company news service from the London Stock Exchange

