

**DigiPoS Store Solutions (Holdings)
Limited**

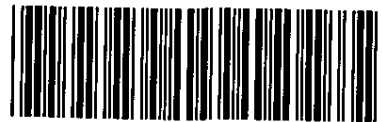
Report and Financial Statements

Year Ended

28 February 2011

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DigiPoS Store Solutions (Holdings) Limited

Report and financial statements for the year ended 28 February 2011

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Directors

I Patterson
F Timothy
J Moulton
R Asplin
F Tee

Secretary and registered office

R Warwick-Saunders, Unit 4 Houndmills Industrial Estate, Hamilton Close, Basingstoke, Hampshire RG21 6YT

Company number

04779659

Auditors

BDO LLP, Emerald House, East Street, Epsom, Surrey, KT17 1HS

Bankers

HSBC Plc, 16th Floor, Canada Square, London, E14 5HQ

DigiPoS Store Solutions (Holdings) Limited

Report of the directors for the year ended 28 February 2011

The directors present their report together with the annual audited financial statements for the year ended 28 February 2011

Results and dividends

The profit and loss account is set out on page 8 and shows the loss for the year. No dividends were declared or paid during the year

Business review, principal activities and post balance sheet event

DigiPoS Store Solutions (Holdings) Limited (the Group) is an international designer and provider of innovative electronic point of sale equipment (e-PoS) for the retail and hospitality markets together with the provision of associated software services for its customers. The Group's products sell in 23 countries through a network of 10 trading subsidiaries and a number of authorised distributors

On 4 July 2011, Becap Fund LP ("Better Capital") through Becap SPV5 Limited (an investment vehicle established by Better Capital) acquired the principle banking facilities (debt and security) of the Group. On 20 July 2011, Better Capital through Becap SPV 6 Limited (an investment vehicle established by Better Capital) acquired the entire share capital of DigiPos Store Solutions (Holdings) Ltd, the Group holding company. Better Capital has committed and invested up to £21m to the Group, in order to provide a solid financial base for operational restructuring and investment in growth opportunities related to both hardware and software products

As part of the restructuring program and new growth strategy, also to reflect the recent acquisition, the directors have reviewed the net value of intangible assets and the basis of the certain provisions. Specifically, the accounts include exceptional charges in respect of goodwill (£4.6m), capitalised development costs (£2.6m) and an increased stock provision (£2.7m). The result of these exceptional charges is an operating loss for the period of £14m compared to EBITDA¹ loss of £1.2m

Revenue in the period was lower compared to the previous year at £52m (£57m for the 12 months ending 28 February 2010), reflecting tougher trading conditions. Gross margin reduced from 26% to 21% largely reflecting the impact of foreign exchange movements in the period. Net cash outflow in the period from operating activities was £0.4m, primarily a reflection of the trading loss in the year, with total cash outflow of £2.5m including capex and financing. Following the Better Capital investment, the restructure plans including the centralisation, elimination of cost and appropriate rightsizing of operations the directors consider the Group to be well positioned to secure profitable growth and move forward in likely difficult market conditions

In order to facilitate an understanding of the financial position of the Group following the Better Capital acquisition, included on page 2 is the pro-forma balance sheet at 28 February 2011, prepared on a basis to reflect the substance of the July transaction. The principal impact is the write off of inter group debt of £10m, repayment of bank debt of £4.5 million and a commitment to support the bank overdraft facility of £6.1 million. In total £10.6 million has been deployed of the £21m Better Capital facility

¹ – EBITDA (Non-GAAP) is defined as operating profit/(loss) before depreciation and amortisation, exceptional items, taxation on profit/(loss) on ordinary activities, other interest receivable and similar income, and interest payable and similar charges

DigiPoS Store Solutions (Holdings) Limited

Report of the directors for the year ended 28 February 2011 (continued)

The pro-forma unaudited consolidated balance sheet set out below has been prepared for illustrative purposes only, to provide information about how the balance sheet presented might have been affected had the acquisition by Better Capital on 20 July 2011 and subsequent restructuring actually occurred on 28 February 2011

	Audited		Pro-forma	
	28 February 2011 £'000	28 February 2011 £'000	28 February 2011 £'000	28 February 2011 £'000
Fixed assets		7,084		7,084
Current assets				
Stocks	3,771		3,771	
Debtors	7,309		7,057	
Cash at bank and in hand	1,029		1,267	
	<u>12,109</u>		<u>12,095</u>	
Creditors: amounts falling due within one year	<u>24,424</u>		<u>8,987</u>	
Net current (liabilities)/assets		<u>(12,315)</u>		<u>3,108</u>
Total assets less current liabilities		(5,231)		10,192
Creditors' amounts falling due after more than one year		<u>(8,747)</u>		<u>(9,100)</u>
Net (liabilities)/assets		<u>(13,978)</u>		<u>1,092</u>
Shareholders' (deficit)/funds		<u>(13,978)</u>		<u>1,092</u>

The following key adjustments have been included to reflect the acquisition by Better Capital on 20 July 2011 and subsequent restructuring in order to arrive at the restated balance sheet at 28 February 2011

- Amounts due from group related companies of £252,000 included in debtors above have been waived,
- Amounts due to group related companies of £9,917,000 included in creditors due within one year have been waived
- Write off of short term bank loan debt of £4,600,000 included in creditors due within one year

DigiPoS Store Solutions (Holdings) Limited

Report of the directors for the year ended 28 February 2011 (*continued*)

Research and development

Continuing investment in both hardware and software development has allowed the Group to introduce a range of new hardware e-PoS systems using the latest multi touch screen technology. This allows developers and retailers to benefit from advanced software capabilities when using Microsoft Windows 7. The ability to expand, contract and rotate screen images enhances the retailers' ability to offer significantly improved customer interactivity. These are the first to market in the e-PoS sector and have generated strong sales prospects.

Software development has continued at pace with the Group launching a suite of mobile applications to supplement the investment in cloud technology. The mobile suite "Mobile Shopper" addresses an area of technology growth previously unseen in the retail sector. The core products operate mobile payment, stock management and a mobile consumer marketing interface. A number of key retailers have engaged in projects for delivery and implementation in 2012. Continuing investment in the software sector will see the Group establish an end to end solution provider for all areas and sectors of the retail industry.

Financing activities

Pursuant to the Better Capital acquisition (as described in the Business Review above), Better Capital has committed funding of up to £21m to the Group. The terms of this shareholder loan are being finalised (it is anticipated to be a five year loan note, secured by fixed and floating charge over the assets of the Group with a fixed 12% interest rate (to be settled in cash or by issue of PIK notes)). Better Capital has provided a letter of financial support to the Group confirming it will continue to provide financial support and resources in order for the Group to continue trading for the reasonable foreseeable future.

Future outlook

The Group's strategy continues to focus on delivering value added solutions that can be provided to its customers. The directors consider the combination of the Better Capital acquisition providing a solid financial base and financial facilities, together with the appropriate restructuring and growth plans will enable the Group to achieve its planned growth targets.

Principal risks and uncertainties

The management of the business and the execution of the Group's strategy are subject to a number of risks, the key business risks affecting the Group are set out below.

Technological change

The Group, as with all technology based businesses, is exposed to the pace and scale of technological change. The Group has demonstrated in the past that it is one of the leaders in its sector and is investing considerable resources to ensure that it maintains this position both by investment in traditional products and services and in technology changes that are likely to create new products and practices in the retail and hospitality marketplace.

Local and global economy

The Group is exposed to material adverse changes in the economy, this is particularly the case with a business providing services to retailers. Operational flexibility enabling appropriate restructuring and identifying growth opportunities should enable the Group to respond and manage this risk.

DigiPoS Store Solutions (Holdings) Limited

Report of the directors for the year ended 28 February 2011 (*continued*)

Principal risks and uncertainties (*continued*)

Foreign exchange

The Group seeks to hedge its exposure to the translational exposure of its overseas operations by borrowing in local currencies. Transactional currency exposure, arising from the sales or purchase by an operation in currencies other than its functional currency, are mitigated by a use of forward exchange contracts.

Financial Instruments

The Group holds or issues financial instruments to finance its operations. Operations are financed by a mixture of retained profits, bank borrowings and long term loans. Long term loans are either fixed rate or carry an interest rate at a commercially competitive premium above LIBOR or EURIBOR. Working capital requirements are met principally out of floating rate overdrafts and retained profits. In addition, various financial instruments such as trade debtors and trade creditors arise directly from the Groups operations. The Group, other than forward exchange contracts, does not enter into any hedging arrangements.

The Group is mainly exposed to credit risk from credit sales. It is Group policy to assess the credit risk of new customers and to factor the information from these credit ratings into future dealings with the customers. At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

The directors monitor the liquidity and cash flow risk of the Group carefully and consider there is adequate facility for both operational and strategic execution.

Charitable and political contributions

During the period the Group made charitable contributions of £9,764 (2010 - £5,000). There were no political contributions.

Employment of disabled persons

The company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Management actively pursues both the employment of disabled persons whenever a suitable vacancy arises and the continued employment and retraining of employees who become disabled whilst employed by the company. Particular attention is given to the training, career development and promotion of disabled employees with a view to encouraging them to play an active role in the development of the company.

Directors

The directors of the company during the period

G R Worsfold	removed 20/07/2011
M W Leaper	removed 16/08/2011
T Hidalgo	removed 16/08/2011
I Patterson	
F Timothy	appointed 20/07/2011
J Moulton	appointed 20/07/2011
R Asplin	appointed 20/07/2011
F Tee	appointed 22/09/2011

DigiPoS Store Solutions (Holdings) Limited

Report of the directors for the year ended 28 February 2011 (*continued*)

Directors' responsibilities

The directors are responsible for preparing the directors' 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 the Group and Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to

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

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

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and BDO LLP will therefore continue in office.

By order of the Board



F Tee
Director

Date 31 January 2012

DigiPos Store Solutions (Holdings) Limited

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF DIGIPOS STORE SOLUTIONS (HOLDINGS) LIMITED

We have audited the financial statements of DigiPos Store Solutions Group for the year ended 28 February 2011 which comprise the consolidated profit and loss account, the consolidated statement of recognised gains and losses, the consolidated and company balance sheets, the consolidated cash flow statement, 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 member 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 member 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 statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express our opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (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 financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 28 February 2011 and of the group's loss for the year then ended,
- 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 matters 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 financial statements.

DigiPoS Store Solutions (Holdings) Limited

Independent auditor's report (*continued*)

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



Kevin Cook (*senior statutory auditor*)
For and on behalf of BDO LLP, statutory auditor
Epsom
United Kingdom

Date 31 January 2012

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

DigiPoS Store Solutions (Holdings) Limited

Consolidated profit and loss account for the year ended 28 February 2011

	Note	2011 £'000	2010 £'000
Turnover	2	52,832	56,526
Cost of sales		(41,610)	(41,863)
Gross profit		11,222	14,663
Distribution costs		(1,697)	(1,351)
Administrative expenses (including depreciation, amortisation and exceptional items)		(23,681)	(14,168)
Other operating income		92	136
<i>EBITDA (before exceptional items)*</i>		(1,183)	1,986
<i>Depreciation and amortisation</i>		(1,421)	(1,479)
<i>Exceptional items</i>	4	(11,460)	(1,227)
Operating loss	3	(14,064)	(720)
Other interest receivable and similar income		18	29
Interest payable and similar charges	7	(964)	(785)
Loss on ordinary activities before taxation		(15,010)	(1,476)
Taxation on profit on ordinary activities	9	95	(154)
Loss on ordinary activities after taxation		(14,915)	(1,631)

All amounts relate to continuing operations

* EBITDA (Non-GAAP) is defined as operating profit/(loss) before depreciation and amortisation, exceptional items, taxation on profit/(loss) on ordinary activities, other interest receivable and similar income, and interest payable and similar charges

The notes on pages 13 to 33 form part of these financial statements

DigiPoS Store Solutions (Holdings) Limited

Consolidated statement of total recognised gains and losses for the year ended 28 February 2011

	2011 £'000	2010 £'000
Loss for the financial period	(14,915)	(1,631)
Exchange translation differences on consolidation	(38)	649
	<hr/>	<hr/>
Total recognised losses for the financial period	(14,953)	(982)
	<hr/>	<hr/>

The notes on pages 13 to 33 form part of these financial statements

DigiPoS Store Solutions (Holdings) Limited

Consolidated balance sheet at 28 February 2011

Company number 04779659	Note	28 February 2011 £'000	28 February 2011 £'000	2 March 2010 £'000	2 March 2010 £'000
Fixed assets					
Intangible assets	10		6,738		14,492
Tangible assets	11		346		572
			7,084		15,064
Current assets					
Stocks	13	3,771		7,156	
Debtors	14	7,309		8,579	
Cash at bank and in hand		1,029		1,715	
		12,109		17,450	
Creditors: amounts falling due within one year	15	24,424		22,964	
Net current liabilities			(12,315)		(5,514)
Total assets less current liabilities			5,231		9,550
Creditors: amounts falling due after more than one year	16		(8,747)		(8,575)
Net (liabilities)/assets			(13,978)		975
Capital and reserves					
Called up share capital	17		4,638		4,638
Profit and loss account	18		(18,616)		(3,663)
Shareholders'(deficit)/funds	19		(13,978)		975

The financial statements were approved by the board of directors and authorised for issue on **31 January 2012**

F Tee

F Tee
Director

J Moulton
Director

J P Moulton

The notes on pages 13 to 33 form part of these financial statements

DigiPoS Store Solutions (Holdings) Limited

Company balance sheet at 28 February 2011

Company number 04779659	Note	28 February 2011 £'000	28 February 2011 £'000	2 March 2010 £'000	2 March 2010 £'000
Fixed assets					
Fixed asset investments	12		5,400		11,349
Current assets					
Debtors	14	1,988		25,929	
Creditors: amounts falling due within one year	15	22,536		21,039	
Net current (liabilities)/assets		<u> </u>	<u>(20,548)</u>	<u> </u>	<u>4,890</u>
Total assets less current liabilities			<u>(15,148)</u>		<u>16,239</u>
Creditors: amounts falling due after more than one year	16		<u>(8,717)</u>		<u>(8,500)</u>
Net assets			<u>(23,865)</u>		<u>7,739</u>
Capital and reserves					
Called up share capital	17		4,638		4,638
Profit and loss account	18		<u>(28,503)</u>		<u>3,101</u>
Shareholders' (deficit)/funds	19		<u>(23,865)</u>		<u>7,739</u>

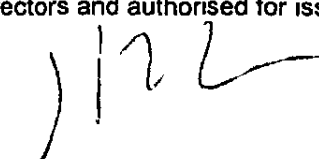
The financial statements were approved by the board of directors and authorised for issue on

31 January
2012



F Tee
Director

J Moulton
Director



The notes on pages 13 to 33 form part of these financial statements

DigiPoS Store Solutions (Holdings) Limited

Consolidated cash flow statement for the year ended 28 February 2011

	Note	2011 £'000	2010 £'000
Net cash (outflow)/inflow from operating activities	24	(380)	4,451
Returns on investments and servicing of finance	25	(699)	(756)
Taxation	25	(387)	(307)
Capital expenditure and financial investment	25	(806)	(873)
Cash inflow before financing, acquisitions and disposals		(2,272)	2,515
Financing	25	(190)	(2,019)
(Decrease)/Increase in cash	26	(2,462)	496

The notes on pages 13 to 33 form part of these financial statements

DigiPoS Store Solutions (Holdings) Limited

Notes forming part of the financial statements for the year ended 28 February 2011

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards

The following principal accounting policies have been applied

Basis of preparation

The financial statements have been prepared on a going concern basis, despite the fact that the group and company's balance sheet indicates a net liability position of £13,978,000 and £23,865,000 (2010 net asset position of £975,000 and £7,739,000) respectively. The going concern basis has been supported by a letter of financial support from the Group's shareholder, Better Capital, as set out in the in the directors' report. Better Capital will continue to provide financial support and resources in order for the group and company to continue trading and meet its liabilities as they fall due in the reasonable foreseeable future.

Basis of consolidation

The consolidated financial statements incorporate the results of DigiPoS Store Solutions (Holdings) Limited and all of its subsidiary undertakings as at 28 February 2011 using the acquisition or merger method of accounting as required. Where the acquisition method is used, the results of subsidiary undertakings are included from the date of acquisition.

Goodwill

Goodwill arising on an acquisition of a trade/subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Positive goodwill is capitalised and amortised through the profit and loss account over the directors' estimate of its useful economic life of 20 years. Impairment tests on the carrying value of goodwill are undertaken

- at the end of the first full financial year following acquisition,
- in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, evenly over their expected useful lives. It is calculated at the following rates:

Leasehold improvements	-	on a straight line basis over the term of the lease
Plant & machinery	-	17% to 33% on a straight line basis
Motor vehicles	-	25% on a straight line basis
Fixtures and fittings	-	17% to 25% on a straight line basis
Computer equipment	-	25% to 50% on a straight line basis

Valuation of investments

Investments held as fixed assets are stated at cost less any provision for impairment.

DigiPoS Store Solutions (Holdings) Limited

Notes forming part of the financial statements
for the year ended 28 February 2011 (*continued*)

1 Accounting policies (*continued*)

Stocks

Goods for resale stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

The cost of maintenance stocks less residual value is spread over the length of the contract for which the stock has been purchased.

Foreign currency

Foreign currency transactions of individual companies are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the profit and loss account.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets translated into Sterling at the rates of exchange ruling on the balance sheet dates. Exchange differences which arise from translation of the opening net assets and results of foreign subsidiary undertakings are taken to reserves.

All other differences are taken to the profit and loss account with the exception of differences on foreign currency borrowings used to finance or provide a hedge against foreign equity investments, which are taken directly to reserves to the extent of the exchange difference arising on the net investment in these enterprises. Tax charges or credits that are directly and solely attributable to such exchange differences are also taken to reserves.

Finance costs

Finance costs are charged to profit over the term of the debt so that the amount charged is at a constant rate on the carrying amount. Finance costs include issue costs, which are initially recognised as a reduction in the proceeds of the associated capital instrument.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Dividends on shares wholly recognised as liabilities are recognised as expenses and classified within interest payable.

Financial liability and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

DigiPoS Store Solutions (Holdings) Limited

Notes forming part of the financial statements for the year ended 28 February 2011 (*continued*)

1 Accounting policies (*continued*)

Research and development

Development costs are charged to the profit and loss account in the period of expenditure, unless individual projects satisfy all of the following criteria

- the project is clearly defined and related expenditure is separately identifiable,
- the project is technically feasible and commercially viable,
- current and future costs are expected to be exceeded by future sales, and
- adequate resources exist for the project to be completed

In such circumstances the costs are carried forward and amortised, in the case of Hardware developments, over a period not exceeding three years commencing in the year the group starts to benefit from the expenditure and in the case of Software development, over a period not exceeding five years commencing in the year the group starts to benefit from the expenditure

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the group anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences

Deferred tax balances are not discounted

Share-based payment

When share options are awarded to employees, the fair value of the options at the date of grant is charged to the income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in fair value of the options, measured immediately before and after the modification, is also charged to the income statement over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the income statement is charged with the fair value of goods and services received.

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components. The interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

DigiPoS Store Solutions (Holdings) Limited

Notes forming part of the financial statements
for the year ended 28 February 2011 (*continued*)

1 Accounting policies (*continued*)

Leased assets (continued)

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Pension costs

Contributions to the group's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

Impairment of fixed assets and goodwill

The need for any fixed asset impairment write-down is assessed by comparison of the carrying value of the asset against the higher of realisable value and value in use.

Patents

Patents are capitalised and amortised through the profit and loss account over the directors' estimate of its useful economic life of 5 years. The need for any impairment write-down is assessed by comparison of the carrying value of the asset against the higher of realisable value and value in use.

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that at least 90% of the voting rights in the company are controlled within the group headed by DigiPoS Store Solutions (Holdings) Limited and the company is included in consolidated financial statements.

Liquid Resources

For the purposes of the cash flow statement, liquid resources are defined as current asset investments and short term deposits.

2 Turnover

	2011 £'000	2010 £'000
Analysis by class of business:		
- Supply of E-PoS Solutions	50,229	53,841
- Installation and maintenance of E-PoS Solutions	2,603	2,685
	<hr/> 52,832	<hr/> 56,526
Analysis by geographical market:		
- United Kingdom	11,887	14,262
- Europe	28,590	28,641
- Rest of the world	12,355	13,623
	<hr/> 52,832	<hr/> 56,526

DigiPoS Store Solutions (Holdings) Limited

Notes forming part of the financial statements
for the year ended 28 February 2011 (*continued*)

3 Operating loss

	2011 £'000	2010 £'000
This is arrived at after charging/(crediting)		
Research and development		
- current periods expenditure	111	103
- amortisation of capitalised expenditure	209	312
Depreciation of tangible fixed assets	275	283
Amortisation of goodwill	940	962
Exceptional items	11,460	1,227
Hire of plant and machinery		
- operating leases	218	238
Hire of other assets		
- operating leases	734	745
Auditors' remuneration		
- Audit of individual accounts of subsidiary undertakings	190	193
- Audit of group accounts	112	114
Group - non-audit services	33	28
Exchange differences	270	85
	<hr/>	<hr/>

4 Exceptional item

	Group 2011 £'000	Group 2010 £'000
Exceptional items comprise		
Redundancies and reorganisation costs	44	549
Defence of legal claims	211	4
Renewal of credit facilities with Groups' primary banker	1,143	484
Disputes with suppliers and H M Customs and Revenue	-	190
Impairment of intangibles – software development	2,575	-
Impairment of intangibles – goodwill	4,750	-
Additional provision for stock	2,737	-
	<hr/>	<hr/>
	11,460	1,227
	<hr/>	<hr/>

DigiPoS Store Solutions (Holdings) Limited

Notes forming part of the financial statements
for the year ended 28 February 2011 (*continued*)

5 Employees

	Group 2011 £'000	Group 2010 £'000	Company 2011 £'000	Company 2010 £'000
Staff costs (including directors) consist of				
- Wages and salaries	7,219	7,054	-	-
- Social security costs	1,127	1,145	-	-
- Other pension costs	188	183	-	-
	<u>8,534</u>	<u>8,382</u>	<u>-</u>	<u>-</u>

The average number of employees (including directors) during the period was as follows

	Group 2011 Number	Group 2010 Number	Company 2011 Number	Company 2010 Number
- Sales	52	46	-	-
- Technical and engineers	44	54	-	-
- Warehouse and customer service	24	26	-	-
- Administration and management	72	70	-	-
	<u>192</u>	<u>196</u>	<u>-</u>	<u>-</u>

6 Directors' remuneration

	2011 £'000	2010 £'000
Directors' emoluments	507	692
Company contributions to money purchase pension schemes	8	36
Amounts paid to third parties in respect of directors' services	127	217
Compensation for loss of office	-	87
	<u>642</u>	<u>1,032</u>

Contributions were made to 1 (2010 - 4) of the directors' personal pension schemes during the period. Fees of £127,316 (2010 - £216,668) were paid in respect of services provided by Stonendge Management Services Inc, a company controlled by the director Mr G R Worsfold.

The total amount payable to the highest paid director in respect of emoluments was £195,000 (2010 - £278,000). Company pension contributions of £nil (2010 - £nil) were made to a money purchase scheme on his behalf.

DigiPoS Store Solutions (Holdings) Limited

Notes forming part of the financial statements
for the year ended 28 February 2011 (*continued*)

7 Interest payable and similar charges

	2011 £'000	2010 £'000
Bank overdrafts	299	516
All other loans	326	94
Finance leases and hire purchase contracts	3	2
Other interest	336	173
	<hr/> 964	<hr/> 785

8 Loss for the financial period

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The group loss for the period includes a loss after tax of £31,604,363 (2010 – profit £857,479) which is dealt with in the financial statements of the parent company.

DigiPoS Store Solutions (Holdings) Limited

Notes forming part of the financial statements
for the year ended 28 February 2011 (*continued*)

9 Taxation on profit on ordinary activities

	2011 £'000	2010 £'000
<i>UK Corporation tax</i>		
Adjustment in respect of previous periods	-	(2)
<i>Foreign tax</i>		
Current tax on foreign income for the period	348	257
Adjustment in respect of previous periods	59	(127)
	<hr/>	<hr/>
Total current tax	407	128
Deferred tax		
Origination and reversal of timing differences	(212)	26
Adjustment in respect of previous years	(290)	-
	<hr/>	<hr/>
Taxation on profit on ordinary activities	(95)	154
	<hr/>	<hr/>

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The differences are explained below

	2011 £'000	2010 £'000
(Loss) on ordinary activities before tax	(15,010)	(1,476)
	<hr/>	<hr/>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 28% (2010 - 28%)	(4,203)	(413)
Effect of		
- Expenses not deductible for tax purposes	1,915	94
- Tax losses carried forward	2,373	318
- Adjustment to tax charge in respect of previous periods	59	(129)
- Goodwill amortisation	263	269
- Foreign tax adjustments	-	(9)
	<hr/>	<hr/>
Current tax charge for period	407	130
	<hr/>	<hr/>

DigiPoS Store Solutions (Holdings) Limited

Notes forming part of the financial statements
for the year ended 28 February 2011 (*continued*)

9 Taxation on profit on ordinary activities (*continued*)

	Group Deferred taxation £'000
At 2 March 2010	173
Charged to profit and loss account	502
	<hr/>
At 28 February 2011	675
	<hr/>

Deferred taxation

	Group 2011 £'000	Group 2010 £'000	Company 2011 £'000	Company 2010 £'000
Temporary timing differences	675	173	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

10 Intangible assets

Group	Development costs £'000	Patents £'000	Goodwill on consolidation £'000	Total £'000
Cost or valuation				
At 2 March 2010	3,190	23	18,407	21,620
Additions	720	-	-	720
Impairment adjustment	(3,910)	(23)	(4,750)	(8,683)
	<hr/>	<hr/>	<hr/>	<hr/>
At 28 February 2011	-	-	13,657	13,657
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Amortisation</i>				
At 2 March 2010	1,126	23	5,979	7,128
Provided for the period	209	-	940	1,149
Impairment adjustment	(1,335)	(23)	-	(1,358)
	<hr/>	<hr/>	<hr/>	<hr/>
At 28 February 2011	-	-	6,919	6,919
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 28 February 2011	-	-	6,738	6,738
	<hr/>	<hr/>	<hr/>	<hr/>
At 2 March 2010	2,064	-	12,428	14,492
	<hr/>	<hr/>	<hr/>	<hr/>

DigiPos Store Solutions (Holdings) Limited

Notes forming part of the financial statements
for the year ended 28 February 2011 (*continued*)

11 Tangible fixed assets		Leasehold land and buildings £'000	Plant and machinery £'000	Motor vehicles £'000	Fixtures and fittings £'000	Computer equipment £'000	Total £'000
Group	Cost						
	At 2 March 2010	352	83	225	1,106	1,484	3,250
	Additions	15	4	-	28	39	86
	Disposals	(154)	(12)	(50)	(251)	(273)	(740)
	Exchange adjustments	(5)	(2)	(4)	(27)	26	(12)
	At 28 February 2011	208	73	171	856	1,276	2,584
	Depreciation						
	At 2 March 2010	255	34	162	1,036	1,191	2,678
	Provided for the period	57	2	27	74	115	275
	Re disposal	(156)	(10)	(52)	(220)	(274)	(712)
	Exchange adjustments	(3)	-	(3)	(34)	37	(3)
	At 28 February 2011	153	26	134	856	1,069	2,238
	Net book value						
	At 28 February 2011	55	47	37	-	207	346
	At 2 March 2010	97	49	63	70	293	572

DigiPoS Store Solutions (Holdings) Limited

Notes forming part of the financial statements
for the year ended 28 February 2011 (continued)

11 Tangible fixed assets (continued)

The net book value of, and depreciation charge for the period on tangible fixed assets includes assets held under finance leases and hire purchase contracts as follows

	Group 28 February 2011 £'000	Group 2 March 2010 £'000	Company 28 February 2011 £'000	Company 2 March 2010 £'000
<i>Net book value</i>				
Motor vehicles	7	37	-	-
<i>Depreciation charged</i>				
Motor vehicles	2	9	-	-

12 Fixed asset investments

Company	Group undertakings £'000	Total £'000
<i>Cost or valuation</i>		
At beginning of year	11,349	11,349
Provision for impairment	(5,949)	-
At end of year	5,400	11,349

Subsidiary undertakings, associated undertakings and other investments

The principal undertakings in which the company's interest at the period end is 20% or more are as follows

Subsidiary undertakings	Country of Incorporation or registration	Voting rights and ordinary share capital held	Nature of business
DigiPoS Store Solutions International Limited*	United Kingdom	100%	Supply of E-PoS equipment
DigiPoS Store Solutions AS	Denmark	100%	Supply of E-PoS equipment
DigiPoS Store Solutions Limited	United Kingdom	100%	Supply of E-PoS equipment
DigiPoS Store Solutions (Pty) Limited	South Africa	100%	Supply of E-PoS equipment
DigiPoS Store Solutions GmbH	Germany	100%	Supply of E-PoS equipment
DigiPoS Store Solutions SAS	France	100%	Supply of E-PoS equipment
DigiPoS Store Solutions Inc	Canada	100%	Supply of E-PoS equipment
DigiPoS Store Solutions Pty Limited	Australia	100%	Supply of E-PoS equipment
DigiPoS Systems Corporation	Taiwan	100%	Supply of E-PoS equipment
DigiPoS Store Solutions (Schenzen) Company Limited	China	100%	Supply of E-PoS equipment
DigiPoS Store Services Limited	United Kingdom	100%	Dormant
PC-PoS Limited	United Kingdom	100%	Dormant
PC-PoS UK Limited	United Kingdom	100%	Dormant
DigiPos Professional Services Limited	United Kingdom	100%	Dormant
Odessa Management Limited	United Kingdom	100%	Dormant

*Directly owned

DigiPoS Store Solutions (Holdings) Limited

Notes forming part of the financial statements
for the year ended 28 February 2011 (*continued*)

12 Fixed asset investments (*continued*)

Entities effectively controlled by the Group

PC-PoS Benelux B V	The Netherlands	0%	Supply of E-PoS equipment
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The directors are able to control all operating and policy decisions of this entity, therefore the results of this entity have been included in the consolidated results. The key balances from this entity are as follows

	£'000
Sales	6,847
Loss after tax	(619)
 Total assets	 1,734
Total liabilities	2,604
Net liabilities	(870)

13 Stocks

	Group 28 February 2011 £'000	Group 2 March 2010 £'000	Company 28 February 2011 £'000	Company 2 March 2010 £'000
Goods for resale	3,771	7,156	-	-
	<u>3,771</u>	<u>7,156</u>	<u>-</u>	<u>-</u>

There is no material difference between the replacement cost of stocks and the amounts stated above

14 Debtors

	Group 28 February 2011 £'000	Group 2 March 2010 £'000	Company 28 February 2011 £'000	Company 2 March 2010 £'000
Trade debtors	5,011	7,026	-	-
Other debtors	636	632	2	2
Prepayments and accrued income	639	380	-	-
Corporation tax	96	116	-	-
Deferred taxation	675	173	-	-
Amounts owed from group undertakings	252	252	1,986	25,927
	<u>7,309</u>	<u>8,579</u>	<u>1,988</u>	<u>25,929</u>

Included above are balances of £251,700 owed from group companies which are due in greater than one year. All other amounts shown under debtors fall due for payment within one year.

DigiPoS Store Solutions (Holdings) Limited

Notes forming part of the financial statements
for the year ended 28 February 2011 (*continued*)

15 Creditors amounts falling due within one year

	Group 28 February 2011 £'000	Group 2 March 2010 £'000	Company 28 February 2011 £'000	Company 2 March 2010 £'000
Bank loans and overdrafts (secured)	5,415	3,739	4,632	4,004
Trade creditors	5,348	5,687	-	-
Amounts owed to group undertakings	10,022	9,939	17,648	16,944
Other taxation and social security	639	661	-	-
Obligations under finance lease and hire purchase contracts	58	73	-	-
Other creditors	810	1,173	-	-
Accruals and deferred income	1,616	1,692	256	91
Warranty claim provision	516	-	-	-
	<u>24,424</u>	<u>22,964</u>	<u>22,536</u>	<u>21,039</u>

A provision for warranty related claims of £516,000 has been recognised directly in the income statement during the year. No provision was raised in the prior year.

DigiPoS Store Solutions (Holdings) Limited

Notes forming part of the financial statements
for the year ended 28 February 2011 (*continued*)

16 Creditors: amounts falling due after more than one year

	Group 28 February 2011 £'000	Group 2 March 2010 £'000	Company 28 February 2011 £'000	Company 2 March 2010 £'000
Bank loans	8,747	8,500	8,717	8,500
Obligations under finance lease and hire purchase contracts	-	8	-	-
Amounts owed to group undertakings	-	67	-	-
	<u>8,747</u>	<u>8,575</u>	<u>8,717</u>	<u>8,500</u>
 Maturity of debt				
	Group Loans and overdrafts 28 February 2011 £'000	Group Loans and overdrafts 2 March 2010 £'000	Group Finance leases 28 February 2011 £'000	Group Finance leases 2 March 2010 £'000
In one year or less, or on demand	<u>5,415</u>	<u>3,739</u>	<u>-</u>	<u>73</u>
 In more than one year but not more than two years	1,000	1,000	-	8
In more than two years but not more than five years	6,147	4,000	-	-
In more than five years	1,600	3,500	-	-
	<u>8,747</u>	<u>8,500</u>	<u>-</u>	<u>8</u>

Bank loans comprise a long term loan of £5.8 million, bearing interest at LIBOR + 4% and repayable in two quarterly instalments from November 2011 at £100,000 per quarter, increasing to £250,000 per quarter thereafter with a final instalment of £1.6 million due on 31 May 2016 and a £3.1 million loan, bearing interest at LIBOR + 10% with interest and capital payable in December 2015.

Bank loans and overdrafts are secured by way of a fixed and floating charge over the assets of certain group companies. Finance leases are secured over the related assets.

DigiPoS Store Solutions (Holdings) Limited

Notes forming part of the financial statements
for the year ended 28 February 2011 (continued)

16 Creditors amounts falling due after more than one year (continued)

Maturity of debt	Company Loans and overdrafts 28 February 2011 £'000	Company Loans and overdrafts 2 March 2010 £'000
In one year or less, or on demand	200	300
In more than one year but not more than two years	1,000	1,000
In more than two years but not more than five years	6,117	4,000
In more than five years	1,600	3,500
	<u>8,717</u>	<u>8,500</u>

17 Share capital

	2011 £'000	Authorised 2010 £'000	Allotted, called up and fully paid 2011 £'000	2010 £'000
Ordinary shares of £1 each	5,624	322	4,638	148
"A" Ordinary shares of £1 each	-	837		837
"B" Ordinary shares of £1 each	-	429		429
Preferred Ordinary shares of £1 each	-	437		-
"A" Preference shares of £1 each	-	3,224		3,224
"B" Preference shares of £1 each	-	375	-	-
	<u>5,624</u>	<u>5,624</u>	<u>4,638</u>	<u>4,638</u>

The directors resolved on 18th August 2010 to re-designate all existing and unissued shares as ordinary shares

DigiPoS Store Solutions (Holdings) Limited

Notes forming part of the financial statements
for the year ended 28 February 2011 (*continued*)

18 Reserves

Group	Group Profit and Loss account £'000	Company Profit and Loss account Profit and
At 2 March 2010	(3,663)	3,101
Translation differences on foreign currency net investments in subsidiary undertakings	(38)	-
Loss for the period	(14,915)	(31,604)
	<hr/>	<hr/>
At 28 February 2011	(18,616)	28,503
	<hr/>	<hr/>

19 Reconciliation of movements in shareholders' (deficit)/funds

Group	2011 £'000	2010 £'000
Loss for the period	(14,915)	(1,631)
Exchange translation differences on consolidation	(38)	649
	<hr/>	<hr/>
Net decrease in shareholders' funds	(14,953)	(982)
Opening shareholders' funds	975	1,957
	<hr/>	<hr/>
Closing shareholders funds	(13,978)	975
	<hr/>	<hr/>
Company		
(Loss)/ profit for the period	(31,604)	857
	<hr/>	<hr/>
Net (decrease)/increase in shareholders' funds	(31,604)	857
Opening shareholders funds	7,739	6,882
	<hr/>	<hr/>
Closing shareholders' (deficit)/funds	(23,865)	7,739
	<hr/>	<hr/>

DigiPoS Store Solutions (Holdings) Limited

Notes forming part of the financial statements
for the year ended 28 February 2011 (*continued*)

20 Contingent liabilities

Group

None

Company

The company entered into a joint and several guarantee on 22 August 2003 with certain fellow group companies in relation to amounts owed to HSBC Bank plc. At 28 February 2011 the liabilities covered by these guarantees amounted to £10,169,132 (2010 - £12,585,412)

21 Related party disclosures

The company is a subsidiary of DigiPoS Store Solutions Finance Limited and its ultimate parent company is DigiPoS Store Solutions Group Limited. The following transaction/balances have been recorded with these related parties

	Group		Company	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Amounts owed by Group related companies				
DigiPoS Store Solutions Group Limited	252	252	-	-
DigiPoS Store Solutions International Limited	-	-	1,986	25,540
DigiPoS Store Solutions AS	-	-	-	322
DigiPos Employment Benefit trust				65
	252	252	1,986	25,927
Amounts owed by Group related companies – due within one year				
DigiPoS Store Solutions Group Limited				
DigiPoS Store Solutions Finance Limited	9,834	9,834	9,834	9,834
DigiPoS Store Solutions International Limited	105	105	1,986	1,250
DigiPoS Store Solutions Limited	83	-	-	-
PC-PoS Limited	-	-	110	110
DigiPoS Store Solutions Inc	-	-	3,982	3,982
Odessa – dormant entity	-	-	1,094	1,094
DigiPoS Store Solutions GmbH	-	-	635	674
DigiPoS Store Solutions Pty Limited	-	-	7	-
	10,022	9,939	17,648	16,944
Amounts owed by Group related companies – due after one year				
DigiPoS Store Solutions International Limited	-	67	-	-
	-	67	-	-

DigiPoS Store Solutions (Holdings) Limited

Notes forming part of the financial statements
for the year ended 28 February 2011 (*continued*)

21 Related party disclosures (continued)

Directors

Refer to note 6 for details of emoluments paid to the Group's directors. No director's emoluments were paid by the company.

During the period the group paid £127,316 (2010 - £216,668) for executive services to Stoneridge Management Services Inc, a company controlled by the director G R Worsfold. No amount was outstanding to Stoneridge Management Services Inc at the year end. The company also paid £7,500 (2010 - Nil) for marketing services to I Patterson. Director loans to I Patterson outstanding at year end amounted to £15,000.

22 Commitments under operating leases

The Group had annual commitments under non-cancellable operating leases as set out below:

	Group 28 February		Group 2 March	
	Land and Buildings	Other	Land and buildings	Other
	2011	2011	2010	2010
	£'000	£'000	£'000	£'000
Operating leases which expire				
Within one year	132	64	173	95
In two to five years	461	152	364	129
After five years	-	-	-	-
	<u>593</u>	<u>216</u>	<u>537</u>	<u>224</u>

The company had £nil (2010: £nil) annual commitments under non-cancellable operating leases.

23 Ultimate parent company and parent undertaking of larger group

The company is a subsidiary of DigiPoS Store Solutions Finance Limited and its ultimate parent company is DigiPoS Store Solutions Group Limited at end of the financial year. Refer to the directors' report for details of the change in the holding company post year end.

DigiPoS Store Solutions (Holdings) Limited

Notes forming part of the financial statements
for the year ended 28 February 2011 (*continued*)

24 Reconciliation of operating profit to net cash inflow from operating activities

	2011 £'000	2010 £'000
Operating loss	(14,064)	(720)
Exceptional items included in operating loss	11,460	1,227
	<hr/>	<hr/>
Operating (loss)/profit after exceptional items	(2,604)	507
Amortisation of intangible fixed assets	1,149	1,198
Depreciation of tangible fixed assets	275	283
Loss on sale of tangible fixed assets	28	12
Decrease in stock	648	2,319
Increase in warranty claim provision	516	-
Decrease in debtors	1,752	2,730
Decrease in creditors	(746)	(1,371)
	<hr/>	<hr/>
Cash outflow relating to exceptional items	1,018 (1,398)	5,678 (1,227)
	<hr/>	<hr/>
Net cash inflow from operating activities	(380)	4,451
	<hr/>	<hr/>

DigiPoS Store Solutions (Holdings) Limited

Notes forming part of the financial statements
for the year ended 28 February 2011 (*continued*)

25 Analysis of cash flows for headings netted in the cash flow statement

	2011 £'000	2010 £'000
Returns on investment and servicing of finance		
Interest received	18	29
Interest paid other	(714)	(783)
Interest paid hire purchase	(3)	(2)
	<u>(699)</u>	<u>(756)</u>
Taxation		
Corporation tax paid	(387)	(307)
	<u>(387)</u>	<u>(307)</u>
Capital expenditure and financial investment		
Payments to acquire intangible fixed assets	(720)	(716)
Payments to acquire tangible fixed assets	(86)	(170)
Receipts from sale of tangible fixed assets	-	13
	<u>(806)</u>	<u>(873)</u>
Financing		
Loans repaid	(167)	(2,050)
Finance leases (repaid)/raised	(23)	31
	<u>(190)</u>	<u>(2,019)</u>

DigiPoS Store Solutions (Holdings) Limited

Notes forming part of the financial statements
for the year ended 28 February 2011 (*continued*)

26 Reconciliation of net cash flow to movement in net debt

	2011 £'000	2010 £'000
(Decrease)/increase in cash	(2,462)	496
Cash inflow from changes in debt	190	2,019
Non-cash item	(247)	-
	<hr/>	<hr/>
Movement in net debt	(2,519)	2,515
Opening net debt	(10,672)	(13,187)
	<hr/>	<hr/>
Closing net debt	(13,191)	(10,672)
	<hr/>	<hr/>

27 Analysis of net debt

	2010 £'000	Cash flow £'000	Other non- cash items £'000	2011 £'000
Cash at bank and in hand	1,715	(686)		1,029
Bank overdrafts	(3,439)	(1,776)		(5,215)
		<hr/>		
		(2,462)		
Debt due in one year	(300)	100		(200)
Debt due after one year	(8,567)	67	(247)	(8,747)
Finance leases	(81)	23		(58)
		<hr/>		
		190		
	<hr/>	<hr/>	<hr/>	<hr/>
Total	(10,672)	(2,272)	(247)	(13,191)
	<hr/>	<hr/>	<hr/>	<hr/>

28 Post balance sheet event

On 4 July 2011, Becap Fund LP ("Better Capital") through Becap SPV5 Limited (an investment vehicle established by Better Capital) acquired the principal banking facilities (debt and security) of the Group. On 20 July 2011, Better Capital through Becap SPV 6 Limited (an investment vehicle established by Better Capital) acquired the entire share capital of the Digipos Store Solutions (Holdings) Ltd, the Group holding company. Better Capital has committed up to £21m to the Group, in order to provide a solid financial base for operational restructuring and investment in growth opportunities related to both hardware and software products. As noted in the directors' report as part of Better Capital's acquisitions and restructuring plans, certain intercompany balances and external loans were waived. These have been explained further in the pro-forma balance sheet in the directors' report.

In October 2011 the Group agreed certain restructuring plans to centralise and improve the efficiency of its operations, in particular combining the Benelux and Germany operations and relocating in North America to Canada to the United States of America. These restructuring plans are ongoing.