PSG Solutions (‘PSG”, the “Company” or the “Group’)

Final results for the year ended 31 March 2011

Chairman’s statement

A breakdown of the profit/(loss) on ordinary activities before taxation between the Group’s activities for the years ended 31 March 2011 and 2010 is as follows:

	2011 £’000	2010 £’000
Property Information Services	(170)	319
Audiotel	1,500	1,035
Moore & Buckle	301	246
Patersons Financial Services	(40)	15
	1,591	1,615
Less		
Head Office costs	(480)	(421)
	1,111	1,194
Add		
Finance income	28	30
	1,139	1,224
Exceptional expenses	-	(4,410)
Total profit/(loss) on ordinary activities before taxation	1,139	(3,186)

Turnover for the year was £10,678,588 compared with £11,027,542 last year.

The profit before tax and exceptional items for the year was £1,139,133 compared with a profit before tax and exceptional items of £1,224,533 last year.

Although the results show that no exceptional expenses were incurred Property Information Services underwent a major restructuring of its business which resulted in a number of non-recurring charges being set against profits. In total these charges were substantial and contributed to there being an operating loss of £169,906 (2010 operating profit: £319,050).

Once again Audiotel performed outstandingly well with a further increase in operating profit of 45% (2010: 43%) to £1,499,458 which reflected a continued encouraging flow of new business.

Moore & Buckle had a creditable increase in operating profit of 22% to £301,730 (2010: £246,430).

On 10 May 2011 PSG announced that a subsidiary company has been awarded a contract by a Government Department with a total value of £11 million.

Over a long period of time surplus funds, now amounting to approximately £5.0m, have accumulated and it is intended that a formal proposal will be put to shareholders in due course to return this surplus to them. It would be a Share Buy Back by way of a tender offer to acquire pro rata from each registered shareholder a proportion of their respective shareholdings. Separately to the proposed tender offer referred to above, which will require shareholder approval, the current authority given at the previous Annual General Meeting of the Company held on 18 August 2010 to purchase its own ordinary shares will expire at the conclusion of the forthcoming Annual General Meeting. A resolution to renew this existing authority will be proposed at the forthcoming Annual General Meeting to be held on 4 August 2011 and is set out in the notice of Annual General Meeting.

PSG

Land Registry figures show that house sales in England and Wales decreased marginally during the Financial Year to 644,925 (2010: 655,716) and remain substantially lower (42%) than the 1,119,582 sales recorded during the Financial Year to 31 March 2008.

During the period PSG dealt with a number of adverse factors which, since 2007, have been cumulatively detrimental to PSG's business. These have been:-

- House sales - the continued decline of house sales since annual rates in excess of 1,000,000 prior to 31 March 2008.
- Regulatory volte face - the introduction in January 2008 and subsequent withdrawal in May 2010 of Home Information Packs (HIPs).
- Energy Performance Certificates (EPCs) - although these were introduced with great universal fanfare buyers and sellers do not regard the EPC as commercially useful. The consequent low quality and price of EPCs have hampered the sale of PSG's high quality product.
- Anti-competitive practice against private enterprise canvassing the "Search" - biased in favour of Local Authorities in their dominant position as State backed institutional monopolies.

A thorough review of the market and PSG's performance has led to a substantial restructuring of PSG's business from the bottom up. PSG Convey, an initiative mentioned last year, turned out not to have been viable and has been closed. PSG Energy, PSG Yorkshire and the National franchise have had their cost bases pruned.

HIPs are now recognised to have been of little value but by contrast the Search and related reports continue to be commercially essential and relevant information for a home buyer.

While the property service industry has been contracting substantially our franchisees' resilience and enterprise have enabled them to consolidate both goodwill and market share. Invariably the purchaser, the property itself, the property's records and the conveyance are local. Likewise each of our franchisees, usually with around ten years' experience, is a part of each community and on the spot to resolve problems and to ensure an efficient service.

The new recently launched online ordering system, PSG Connect, now offers our clients a unique service by combining state of the art technology with the personal touch from a local franchised office. This puts us in an advantageous position when compared to our main competitors which are essentially centralised online providers without a local network.

PSG, having experienced the downturn and adapted to the changed conditions, is currently trading profitably, albeit at a modest level, and is well positioned to weather the storm. The management and team that are in place are strongly motivated and the business should grow once opportunities arise.

Audiotel

Audiotel once again had a better year with an operating profit of £1,499,458 (2010: £1,034,652) on a turnover of £4,093,905 (2010: £3,299,339). It continued to build on the improved performance achieved in the previous year.

A Technical Counter Surveillance Measure product has been in the course of development for a new major Asian customer. Stealth Surveillance products continued to be supplied to police forces.

Audiotel is focussing on the area of its Surveillance and Counter Surveillance business relating to the order received from a Government Department for £11 million announced on 10 May this year.

Moore & Buckle (M & B)

M & B's 22% increase in operating profit to £301,730 (2010: £246,430) is consistent with their steady contribution to the Group.

The commitment of both management and staff to the business has been both loyal and consistent.

M & B continues to receive an excellent compliance rating from the food manufacturing standard accreditation BRC/IOP (British Retail Consortium/Institute of Packaging).

Outlook

PSG has the management and financial resource to develop new initiatives on a cost effective basis and to consolidate and enhance market share. It has all the prerequisites in place to grow rapidly as and when the property cycle turns positive.

Audiotel has the potential to expand internationally in the foreseeable future. It is difficult, however, to forecast the scale of that potential.

Jonathan Mervis
Chairman
11 July 2011

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Consolidated income statement for the year ended 31 March 2011

	Note	**2011** £	2010 £
Revenue	2	**10,678,588**	**11,027,542**
Cost of sales		**(4,811,309)**	**(5,019,553)**
Gross profit		**5,867,279**	**6,007,989**
Administrative expenses		**(4,756,640)**	**(4,814,105)**
Operating profit before exceptional items		**1,110,639**	**1,193,884**
Exceptional administrative expenses	3	**-**	**(4,410,200)**
Operating profit/(loss)		**1,110,639**	**(3,216,316)**
Finance costs		**(276)**	**(5,202)**
Finance income		**28,770**	**35,851**
Profit/(loss) on ordinary activities before taxation		**1,139,133**	**(3,185,667)**
Income tax expense		**(154,069)**	**(270,333)**
Profit/(loss) on ordinary activities after taxation		**985,064**	**(3,456,000)**
Basic earnings/(loss) per share	4	**3.80p**	**(13.44)p**
Diluted earnings/(loss) per share	4	**3.80p**	**(13.44)p**

The consolidated income statement has been prepared on the basis that all operations are continuing operations.

Consolidated statement of comprehensive income
For the year ended 31 March 2011

The profit/(loss) on ordinary activities after taxation represents the Group's total comprehensive income for the year.

Statements of changes in equity for the year ended 31 March 2011

Group	**Share capital** £	**Retained earnings** £	**Share premium** £	**Special reserve** £	**Total equity** £
At 1 April 2009	5,436,648	4,869,142	-	8,529,769	18,835,559
Issue of shares	70,000	-	5,250	-	75,250
Transfer	-	8,529,769	-	(8,529,769)	-
Total comprehensive income for the year	-	(3,456,000)	-	-	(3,456,000)
At 31 March 2010	**5,506,648**	**9,942,911**	**5,250**	**-**	**15,454,809**
Total comprehensive income for the year	-	985,064	-	-	985,064
At 31 March 2011	**5,506,648**	**10,927,975**	**5,250**	**-**	**16,439,873**

Company	Share capital	Retained earnings	Share premium	Special reserve	Total equity
	£	£	£	£	£
At 1 April 2009	5,436,648	1,477,882	-	8,529,769	15,444,299
Issue of shares	70,000	-	5,250	-	75,250
Transfer	-	8,529,769	-	(8,529,769)	-
Total comprehensive income for the year	-	(2,540,508)	-	-	(2,540,508)
At 31 March 2010	5,506,648	7,467,143	5,250	-	12,979,041
Total comprehensive income for the year	-	(1,911)	-	-	(1,911)
At 31 March 2011	**5,506,648**	**7,465,232**	**5,250**	**-**	**12,977,130**

Consolidated statement of financial position as at 31 March 2011

	2011		2010	
	£	£	£	£
Non-current assets				
Goodwill		**9,114,433**		**9,114,433**
Other intangible assets		**496,458**		**370,059**
Property, plant and equipment		**903,367**		**687,303**
		10,514,258		**10,171,795**
Current assets				
Inventories	**1,149,526**		**773,385**	
Trade and other receivables	**4,074,172**		**2,046,439**	
Current tax asset	**38,335**		**-**	
Cash and cash equivalents	**3,157,887**		**4,466,622**	
	8,419,920		**7,286,446**	
Current liabilities				
Trade and other payables	**(2,403,165)**		**(1,801,652)**	
Current tax liability	**(46,005)**		**(148,879)**	
	(2,449,170)		**(1,950,531)**	
Net current assets		**5,970,750**		**5,335,915**
Total assets less current liabilities		**16,485,008**		**15,507,710**
Non-current liabilities				
Other payables		**-**		**(25,000)**
Deferred tax		**(45,135)**		**(27,901)**
Net assets		**16,439,873**		**15,454,809**
Represented by:				
Capital and reserves attributable to equity holders				
Called up share capital		**5,506,648**		**5,506,648**
Share premium account		**5,250**		**5,250**
Retained earnings		**10,927,975**		**9,942,911**
Total equity		**16,439,873**		**15,454,809**

Approved by the Board on 11 July 2011.

Jonathan Mervis
Director

John Warwick
Director

Company statement of financial position as at 31 March 2011

	Note	2011		2010	
		£	**£**	£	£
Non-current assets					
Property, plant and equipment			**41,622**		**46,776**
Investments in subsidiaries			**12,491,613**		**12,590,613**
			12,533,235		**12,637,389**
Current assets					
Trade and other receivables		**18,192**		**114,059**	
Cash and cash equivalents		**880,922**		**640,013**	
		899,114		**754,072**	
Current liabilities					
Trade and other payables		**(455,219)**		**(412,420)**	
Net current assets			**443,895**		**341,652**
Net assets			**12,977,130**		**12,979,041**
Represented by:					
Capital and reserves attributable to equity holders					
Called up share capital	23		**5,506,648**		**5,506,648**
Share premium account			**5,250**		**5,250**
Retained earnings			**7,465,232**		**7,467,143**
Total equity			**12,977,130**		**12,979,041**

Approved by the Board on 11 July 2011.

Jonathan Mervis
Director

John Warwick
Director

Statements of cash flows for the year ended 31 March 2011

	Group		Company	
	2011	2010	**2011**	2010
	£	£	**£**	£
Cash flows from operating activities				
Profit/(loss) before taxation	**1,139,133**	(3,185,667)	**(1,911)**	(2,559,423)
Adjustments for:				
Depreciation of property, plant and equipment	**199,368**	143,497	**5,154**	6,909
Amortisation of goodwill/ investment write down	**-**	4,500,000	**-**	3,000,000
Amortisation of other intangible assets	**375,826**	367,589	**-**	-
Loss on disposal of tangible assets	**7,079**	5,534	**-**	-
Profit on disposal of assets held for sale	**-**	(89,800)	**-**	(89,800)
Interest expense	**276**	5,202	**-**	5,006
Interest receivable	**(28,770)**	(35,851)	**(7,386)**	(7,833)
Dividends receivable	**-**	-	**(151,003)**	(500,010)
Changes in working capital:				
(Increase)/decrease in receivables	**(2,027,733)**	226,279	**95,867**	27,207
Increase in inventories	**(376,141)**	(23,577)	**-**	-
Increase/(decrease) in payables	**576,513**	200,450	**42,799**	(39,668)
Cash (used in)/generated from operations	**(134,449)**	2,113,656	**(16,480)**	(157,612)
Interest paid	**(276)**	(5,202)	**-**	(5,006)
Income tax paid	**(278,044)**	(269,649)	**-**	(55,308)
Net cash (used in)/generated from operating activities	**(412,769)**	1,838,805	**(16,480)**	(217,926)
Cash flows from investing activities				
Purchase of subsidiary undertakings	**-**	(377,265)	**-**	-
Cash acquired in subsidiary undertakings	**-**	2,252	**-**	-
Realisation of investment in subsidiary undertakings	**-**	-	**99,000**	-
Payment to acquire goodwill	**-**	(135,000)	**-**	-
Purchase of tangible assets	**(442,926)**	(246,151)	**-**	-
Purchase of other intangible assets	**(502,225)**	(269,098)	**-**	-
Proceeds from the sale of tangible assets	**20,415**	15,780	**-**	-
Proceeds from the sale of assets held for sale	**-**	389,800	**-**	389,800
Dividends received	**-**	-	**151,003**	500,010
Interest received	**28,770**	35,851	**7,386**	7,833
Net cash (used in)/generated from investing activities	**(895,966)**	(583,831)	**257,389**	897,643
Cash flows from financing activities				
Payment of debt	**-**	(1,123,275)	**-**	(1,123,275)
Net cash used in financing activities	**-**	(1,123,275)	**-**	(1,123,275)
Net (decrease)/increase in cash and cash equivalents	**(1,308,735)**	131,699	**240,909**	(443,558)
Cash and cash equivalents at beginning of period	**4,466,622**	4,334,923	**640,013**	1,083,571

Cash and cash equivalents at end of period	**3,157,887**	4,466,622	**880,922**	640,013

Notes to the statements of cash flows for the year ended 31 March 2011

1. Accounting policies

PSG Solutions plc, company number 03170812, is domiciled and incorporated in England under the Companies Act 1985.

The financial statements have been prepared in accordance with applicable International Financial Reporting Standards (IFRSs), International Accounting Standards (IAS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations adopted for use by the European Union (EU) and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

There were no new standards adopted by the Group in the current period.

The following interpretations and amendments to existing standards are effective for the current year but the adoption of these interpretations and amendments to existing standards has not led to any changes in the Group's accounting policies.

IFRS 3(revised)	Business combinations.
IFRS 5(amendment)	Non-current assets held for sale and discontinued operations.
IFRS 8(amendment)	Operating segments.
IAS 7(amendment)	Statement of cash flows.
IAS 17(amendment)	Leases.
IAS 27(revised)	Consolidated and separate financial statements.
IAS 28(amendment)	Investments in associates.
IAS 31(amendment)	Investments in joint ventures.
IAS 32(amendment)	Financial instruments: presentation – classification of rights issues.
IAS 36(amendment)	Impairment of assets.
IFRIC 17	Distribution of non-cash assets to owners.
IFRIC 18	Transfer of assets from customers.

The following standards, interpretations and amendments to existing standards are not yet effective and have not been early adopted by the Group.

IFRS 9	Financial instruments.
IAS 24(amendment)	Related party disclosures.
IFRIC 14(amendment)	Prepayments of a minimum funding requirement.
IFRIC 19	Extinguishing financial liabilities with equity instruments.

The majority of the amendments made as part of the IASB's annual improvement programme affect accounting periods beginning on or after 1 January 2011. It is not expected that these pronouncements will have a significant impact on the Group's financial statements.

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The most significant judgements made relate to assumptions concerning goodwill and share based payments.

The Group is required to test, at least annually, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a suitable discount rate in order to calculate the present value of these cash flows.

Share based payments are valued using the Black-Scholes option-pricing model assuming a vesting period of 2 years. Actual outcomes could vary.

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the Group's financial statements:

(a) consolidation
The consolidated financial statements include those of the Company and its subsidiaries from their date of acquisition. All acquisitions of subsidiaries have been accounted for under the acquisition method of accounting.
Under Section 408 of the Companies Act 2006, the Company is exempt from the requirement to present its own income statement.

(b) revenue
Revenue represents amounts receivable for goods and services net of VAT and discount and intra-Group transactions.
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group, it can be reliably measured and the following criteria are met:

(i) sale of goods
When risks and rewards of ownership of the goods have passed to the customer.

(ii) rendering of services
Rendering of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction.

(c) property, plant and equipment
Property plant and equipment is stated at cost less accumulated depreciation and impairment costs.
Depreciation is provided to write-off the cost less estimated residual value (based on prices prevailing at the date of acquisition) in annual instalments over the estimated useful economic lives of the assets. The depreciation rates used are as follows:

Freehold buildings	2% straight line
Leasehold property	Straight line over the life of the lease
Fixtures, fittings and equipment	15% - 33.3% straight line
Motor vehicles	25% - 40% straight line
Other intangible assets	33.3% straight line

(d) investments
Investments in subsidiary companies are valued at cost less provision for diminution in value.

(e) goodwill
Goodwill represents the difference between the fair value of the consideration paid on the acquisition of a business and the fair value of the identifiable net assets acquired.

Goodwill arising on acquisitions is capitalised and subjected to annual impairment reviews. Any excess of goodwill over the value in use of the underlying assets is written off to the income statement. The directors consider that the goodwill has an infinite life.

(f) foreign currency translation
Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The financial statements are presented in pounds sterling, which is the functional and presentational currency.

The group has foreign currency transactions arising from the sales and purchases by an operating subsidiary in a currency other than the subsidiary's functional currency. Under the Group's foreign exchange policy, such transactions are recorded at the rate of exchange prevailing at the transaction date.

Assets and liabilities in foreign currencies are translated into sterling at the rate of exchange ruling at the end of the financial year. All exchange differences are dealt with in the income statement.

(g) leasing
Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

(h) deferred tax
Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes.

The deferred tax balance has not been discounted.

(i) liquid resources
Liquid resources are defined as short term bank deposits and cash in hand.

(j) research and development and web design costs
Research and development expenditure and web design costs, shown as other intangible assets, are written off over the period for which they are estimated to benefit future profitability of the Group but for no longer than 3 years.

(k) inventories
Inventories are stated at the lower of cost and net realisable value using the First in First Out (FIFO) cost basis. Costs include all direct costs incurred in bringing the inventories to their present location and condition, including where appropriate, a proportion of manufacturing overheads. Substantially all of the inventories are valued at cost.

(l) pensions
The pension costs charged represent the contribution payable by the Group in the year.

(m) share based payments
The Group issues equity-settled share based payments to certain directors. Equity-settled share based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and with a corresponding adjustment to equity.

Fair value is measured by use of the Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations

2. Segmental analysis

Business analysis

		2011			2010	
	Revenue	**Operating profit/(loss)**	**Net operating assets/(liabilities)**	Revenue	Operating profit/(loss)	Net operating assets/(liabilities)
	£	**£**	**£**	£	£	£
Property information services	**5,032,593**	**(169,906)**	**7,616,450**	6,202,359	319,050	7,648,278
Financial services	**94,081**	**(40,343)**	**61,429**	200,899	14,674	44,597
Specialist electronics	**4,093,905**	**1,499,458**	**2,886,083**	3,299,339	1,034,652	673,041
Packaging solutions	**1,458,009**	**301,730**	**2,774,920**	1,324,945	246,430	2,658,862
Head office	**-**	**(480,300)**	**(56,896)**	-	(420,922)	(36,591)

	10,678,588	**1,110,639**	**13,281,986**	11,027,542	1,193,884	10,988,187
Exceptional items	**-**	**-**	**-**	-	(4,410,200)	-
	10,678,588	**1,110,639**	**13,281,986**	11,027,542	(3,216,316)	10,988,187
Interest bearing assets			**3,157,887**			4,466,622
Net assets			**16,439,873**			15,454,809

Revenue of property information services and financial services is represented by services rendered and revenue of specialist electronics and packaging solutions is represented by the sale of goods.

The activities of the Group are the sale and operation of property search franchises, the provision of insurance broking services, the manufacture and sale of specialist electronic equipment and the manufacture of flexible packaging products.

Net operating assets analysis

		2011			2010	
	Segmental assets	**Segmental liabilities**	**Segmental net operating assets/(liabilities)**	Segmental assets	Segmental liabilities	Segmental net operating assets/(liabilities)
	£	**£**	**£**	£	£	£
Property information services	**8,449,958**	**(833,508)**	**7,616,450**	8,868,777	(1,220,499)	7,648,278
Financial services	**83,284**	**(21,855)**	**61,429**	63,461	(18,864)	44,597
Specialist electronics	**4,169,642**	**(1,283,559)**	**2,886,083**	1,137,539	(464,498)	673,041
Packaging solutions	**3,013,593**	**(238,673)**	**2,774,920**	2,862,022	(203,160)	2,658,862
Head office	**59,814**	**(116,710)**	**(56,896)**	59,820	(96,411)	(36,591)
	15,776,291	**(2,494,305)**	**13,281,986**	12,991,619	(2,003,432)	10,988,187

Additions to non-current assets and non-cash expenses

		2011			2010	
	Additions to non-current assets	**Depreciation and amortisation**	**Impairment**	Additions to non-current assets	Depreciation and amortisation	Impairment
	£	**£**	**£**	£	£	£
Property information services	**132,084**	**(221,713)**	**-**	891,732	(204,120)	(4,500,000)
Financial services	**-**	**(404)**	**-**	546	(560)	-
Specialist electronics	**808,177**	**(322,358)**	**-**	203,400	(265,536)	-
Packaging solutions	**4,890**	**(32,644)**	**-**	7,083	(39,495)	-
Head office	**-**	**(5,154)**	**-**	-	(6,909)	-
	945,151	**(582,273)**	**-**	1,102,761	(516,620)	(4,500,000)

3. Exceptional administrative (expenses)/credits

	2011	2010
	£	£

Impairment charge – property information services	-	(4,500,000)
Surplus on disposal of Avatar Systems Inc	-	89,800
	-	(4,410,200)

There is no tax effect of the above exceptional administrative (expenses)/credits.

4. Earnings/(loss) per share

Basic earnings/(loss) per share is calculated on the Group profit for the financial year of £985,064 (2010: loss £3,456,000) and on 25,907,657 ordinary shares, being the weighted average number of shares in issue in the year (2010: 25,713,958). Diluted earnings/(loss) per share is calculated on the Group profit for the financial year and on 25,907,657 ordinary shares, being the weighted average number of shares in issue during the year adjusted to take account of shares under option (2010: 25,713,958). The shares under option did not have a dilutive effect in the two years to 31 March 2011.

5. Notice of Annual General Meeting

The Annual General Meeting of PSG Solutions plc for 2011 will be held at the offices of the Company, 133 Ebury Street, London SW1W 9QU on 4 August 2011 at 12 noon.

6. Annual accounts

The Group's annual report and accounts for the year ended 31 March 2011 and the Notice of Annual General Meeting will shortly be issued and sent to shareholders. The annual accounts and Notice of Annual General Meeting will also be available to view at the Company's website: www.psgsols.com