

PSG Solutions plc (“PSG” or the “Company”)

Response to Offer from Southwind

The Independent Directors of PSG announce their response to the mandatory cash offer from Southwind Limited (“Southwind”). The Independent Directors have considered all the material aspects of the Offer and recommend shareholders reject the Offer. The formal response letter (the “Letter”) from the Independent Directors of PSG will be posted to shareholders today.

Introduction

On 29 April 2009 Retro Grand Limited, Seraffina Holdings Limited, Groundlinks Limited and PSG Chairman, Jonathan Mervis, who are all members of the Southwind Concert Party, purchased in aggregate 4,500,000 PSG Shares at a price of 17.125 pence per share in cash representing approximately 17.6 per cent. of the voting rights in PSG (excluding treasury shares). Following the Share Purchase, as far as the Independent Directors are aware, the Southwind Concert Party now holds 13,268,942 PSG Shares, representing approximately 51.9 per cent. of the voting rights in PSG (excluding treasury shares). Accordingly, as required under Rule 9 of the City Code, Southwind, as principal member of the Southwind Concert Party, is making an offer for the PSG Shares not already owned by the Southwind Concert Party. Southwind posted the Offer Document to PSG Shareholders on 26 May 2009.

Intentions of the Independent Directors

The Independent Directors believe that the Offer Price of 17.125 pence per PSG Share does not fully reflect the fundamental long-term value of the Company. In assessing whether to accept the Offer in respect of their own holdings, each Independent Director holding Shares has taken into consideration his own investment requirements. Separately, each of Tweedie Brown, John Warwick and David Holme has decided to decline the Offer in respect of his own beneficial holding (cumulatively amounting to 631,500 PSG Shares, representing approximately 2.5 per cent. of the voting rights in PSG (excluding treasury shares)).

The Independent Directors recommend Shareholders to reject the Offer for the following reasons:

- The Independent Directors believe that the Offer Price does not fully reflect the fundamental long-term value of the Company.
- Acceptance of the Offer would not allow Shareholders to participate in any potential future rise in the share price. (Shareholders should note that share prices can go down as well as up).
- The PSG share price on 8 June 2009, the latest practicable date prior to publication of the Letter, was above the Offer Price and therefore Shareholders may receive greater value for their PSG Shares in the market.
- The Offer, valuing the whole of PSG's Issued Share Capital (excluding treasury shares) at approximately £4.4 million, fails significantly to recognise PSG's net cash position of approximately £3.1 million as at 30 September 2008, following a profitable and cash generative first half of the financial year.

Conclusion and recommendation

The Independent Directors, who have been so advised by FinnCap, unanimously recommend that Shareholders should reject the Offer, as they will do in respect of their own beneficial shareholdings amounting to, in aggregate, 631,500 Shares, representing approximately 2.5 per cent. of the voting rights in PSG (excluding treasury shares). In providing its advice, FinnCap has taken account of the commercial assessment of the Independent Directors.

The defined terms as shown in this announcement are as defined in the Letter which will be available on the Company's website shortly.

For further information please visit www.psgsols.com or contact:

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Dealing Disclosure Requirements

Under the provisions of Rule 8.3 of the City Code on Takeovers and Mergers (the 'Code'), if any person is, or becomes, 'interested' (directly or indirectly) in 1% or more of any class of 'relevant securities' of PSG Solutions plc all dealings in any relevant securities of that company (including by means of an option in respect of, or a derivative referenced to, any such 'relevant securities') must be publicly disclosed by no later than 3:30 pm (London time) on the London business day following the date of the relevant transaction. This requirement will continue until the date on which the offer becomes, or is declared, unconditional as to acceptances, lapses or is otherwise withdrawn or on which the 'offer period' otherwise ends. If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire an 'interest' in 'relevant securities' of PSG Solutions plc, they will be deemed to be a single person for the purpose of Rule 8.3.

Under the provisions of Rule 8.1 of the Code, all 'dealings' in 'relevant securities' of PSG Solutions plc or by any of its respective 'associates', must be disclosed by no later than 12:00 noon (London time) on the London business day following the date of the relevant transaction.

A disclosure table, giving details of the companies in whose 'relevant securities' 'dealings' should be disclosed, and the number of such securities in issue, can be found on the Takeover Panel's website at www.thetakeoverpanel.org.uk.

'Interests in securities' arise, in summary, when a person has long economic exposure, whether conditional or absolute, to changes in the price of securities. In particular, a person will be treated as having an 'interest' by virtue of the ownership or control of securities, or by virtue of any option in respect of, or derivative referenced to, securities.

Terms in quotation marks are defined in the Code, which can also be found on the Panel's website. If you are in any doubt as to whether or not you are required to disclose a 'dealing' under Rule 8, you should consult the Panel.