PSG Solutions plc

ANNUAL REPORT AND ACCOUNTS 2010

contents

chairman's statement

As at 31 March 2010

PSG Solutions ('the Group')

A breakdown of the operating profit between the Group's activities for the years ended 31 March 2010 and 2009 is as follows:

	2010 £'000	2009 £'000
Property Information Services	**319**	519
Audiotel	**1,035**	724
Moore & Buckle	**246**	218
Patersons Financial Services	**15**	137
	1,615	1,598
Less		
Head Office costs	**(421)**	(458)
	1,194	1,140
Add		
Finance income	**30**	112
	1,224	1,252
Exceptional (expenses)/ credits	**(4,410)**	81
Total pre-tax (loss)/ profit	**(3,186)**	1,333

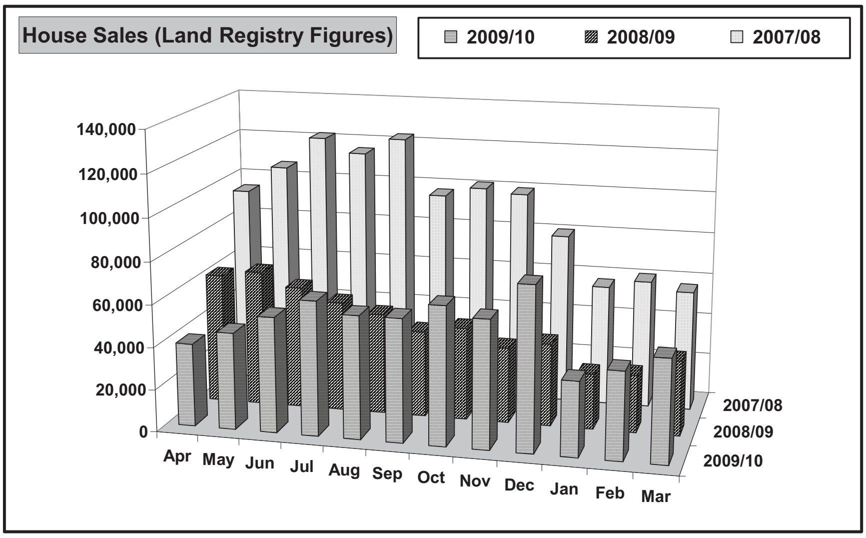
Turnover for the year was £11,027,542 compared with £10,109,136 last year.

The profit before tax and exceptional items for the year was £1,224,533 compared with a profit before tax and exceptional items of £1,251,609 last year.

Exceptional items comprised an impairment charge of £4,500,000 relating to the goodwill of the property information services businesses in connection with the abolition of HIPs and a surplus of £89,800 on the disposal of the investment in Avatar Systems Inc.

The outstanding feature was an increase of 43% in the operating profit of Audiotel to £1,034,652. The operating profit of the property information services businesses ('PSG') decreased by 39% to £319,050 but this was after start up losses of over £325,000 in relation to PSG Energy.

Cash net of borrowings in the Group as at 31 March 2010 was £4,466,622 (2009: £3,211,648) an increase of £1,254,974.



Month	2009/10	2008/09	2007/08
Apr	39,260	61,545	94,479
May	45,790	64,402	107,184
Jun	54,644	58,028	122,461
Jul	63,497	52,050	115,871
Aug	58,136	47,735	123,557
Sep	58,162	40,805	97,288
Oct	65,373	43,910	101,746
Nov	60,503	35,782	99,833
Dec	77,408	39,171	80,621
Jan	35,273	26,222	57,160
Feb	41,373	27,194	60,976
Mar	48,577	35,449	57,121
TOTAL	**647,996**	**532,293**	**1,118,297**

chairman's statement

As at 31 March 2010

House sales in England and Wales increased during the Financial Year to 647,996 (2009: 532,293).

PSG maintained its position as the largest independent supplier of Home Information Packs (HIPs) in England and Wales and 57,451 HIPs were supplied during the period.

Completion of the acquisition in the year of the Doncaster Franchise based in Barnsley with further later franchise additions has created a much larger Group operated franchise area which now includes much of Yorkshire, Birmingham, Enfield and Torbay. The Doncaster acquisition brought in house a qualified energy assessment team which formed the core of the PSG Energy operation dealt with below. This consolidation was in response both to low house sale volumes and, what the Directors consider to be, relentless anti-competitive practice by Local Authorities (with Central Government acquiescence) to protect Local Authorities from market competition. The most glaring examples are:-

- Increased tariff charged by Local Authorities for search information and for access to records;
- VAT chargeable on PSG search products whilst no VAT chargeable on the identical products provided by Local Authorities;
- A ban on long established use of insurance cover by PSG as a substitute for refusal of lawful access;
- "Novice" energy assessors being able to produce, in quantity, phantom Energy Performance Certificates (EPCs) at unrealistic low prices. The regulatory supervision, essential to enforce compliance, does not exist. This stems from the reluctance by Government to commit the necessary resources. As an EPC rating does not carry either an economic carrot or stick, there is no effective enforcement.

PSG relies on a limited section of the market focusing on a higher level of quality and service and has been developing programmes introducing new products and new means of delivery to its customers.

A training hub, The Learning Curve established in Barnsley, has become a useful means to provide seminars and training to franchisees on the range of new products which are described below. Seminars, earning requisite continuing professional education points in the case of solicitor customers and attended also by estate agents are regularly held to highlight the newly developed services. Similar regional seminars for local franchisee customers are held in a number of strategic centres throughout England.

PSG One Stop Service

A service that PSG has identified is to compile one stop home transfer property information packages. This is driven by customer demand and avoids reliance on product solely dependent on the unenforced regulation. Along with the search and the EPC, depending on the customer needs, PSG offers competitive and attractive packages of a range of reports, for example environmental and chancel check, mapping, insurances, floor plans and video. The other leg is the development of the IT platform to receive the report components, and bespoke delivery to customers by whatever means they prefer. The objective is to have the ability to manage this process online, supported by customer service directly or by the franchisees.

PSG Direct

An online ordering system is being created by PSG's IT team based in Mangalore, India. This system provides a seamless internet capability as an ordering platform for clients, the means to receive product content from third party suppliers, and the ability to deliver a high quality package online, or by whatever method the client selects. PSG Direct will be sufficiently developed to offer also a competitive service to national and regional customers.

PSG Insure

PSG has an arrangement with both a leading property insurer and Patersons Financial Services Limited to provide a suite of insurance policies to protect a wide variety of risk relating to search, chancel check, certain environmental risks and the authenticity of any key information supplied.

PSG Convey

This platform provides an easily attached link to the numerous different IT case management systems which both solicitors and estate agents have adopted to manage their businesses. PSG Convey's USP is its universal capability to link to any system. Only introduced at the year end it is already attracting new customers.

PSG Energy

PSG Energy was established prior to the commencement of the financial year and has incurred start up losses of over £325,000 in the current year. The EPC has been a legal requirement in the HIP for home transfers, for commercial property transfers and a prerequisite on the letting of commercial and residential properties. The EPC still remains a legislative part of the house selling process, despite the suspension of HIPs. The EPC must be commissioned before the property is put on the market and be made available within 28 days of the property being marketed. The non-compliance on the EPC content by some providers has been referred to above.

PSG Graphics

The PSG Graphics brand is due to be launched which will provide floor plans, virtual tours, property photographs and brochures. The data required to provide these services can be collated at the same time as an EPC visit thus enabling us to protect our EPC market with a high quality offering to Estate Agents and Letting Agents.

An emerging market for bespoke assessment reports has been identified which are required before the installation of renewable energy products. A contract has been secured with a large utility provider to provide reports prior to the installation of ground source heat pumps.

The commercial market remains challenging due to lack of regulation, non-compliance and low margins. PSG Energy has, however, secured a Local Authority contract to provide Display Energy Certificates (DECs) for their public buildings and schools.

Asbestos surveys have been introduced to the PSG Energy range of products which resonates with both Solicitors and Estate Agents.

PSG is building its business with customers commercially committed to dealing with energy issues rather than being driven solely by regulation.

Audiotel
Audiotel had an even better year than 2009 with an operating profit of £1,034,652 (2009: £723,570) on a turnover of £3,299,339 (2009: £2,669,149). It continued to build on the improved performance achieved in the previous year.

The turnover was spread across a wide range of products. Audiotel delivered a substantial order for counter surveillance equipment to an Asian customer. Sales of this traditional TSCM (Technical Surveillance Counter Measures) product held up in a competitive marketplace with excellent performances both in the UK and abroad. During the period the sales of the extended Stealth Evolution range of surveillance products were made to law enforcement agencies both in the UK and abroad.

Audiotel won its first order from the Ministry of Defence late in the year. It is hoped there may be further orders to follow from this customer.

Moore & Buckle (M & B)
After a slow start in the first quarter of the year, as a result of the downturn in the construction and automotive industries, M & B's performance improved in the latter part of the year. Turnover for the year increased marginally and whilst there was a drop in the gross profit margin, attributable to higher input costs, careful cost controls benefitted the overall performance.

The company continued to maintain food manufacturing standard accreditation to British Retail Consortium/Institute of Packaging (BRC/IOP) standards. In March 2010 an excellent compliance rating was achieved.

Following increases in production capacity through additional investment in equipment and continuing investment in BRC accreditation, M & B is confident that future turnover and profit will increase, albeit in line with improvements in the economy.

Employees
In this difficult year the Board is grateful for the loyalty and hard work of all the employees throughout the Group. It is with much regret that, post the abolition of HIPs, it has been necessary to reduce employee numbers.

Outlook
On 21 May 2010 HIPs were abolished. Whilst this had been signalled in the manifestos of the coalition partners in government, there was no certainty as to when it would happen. Major remedial action has been taken, leading to a restructuring of PSG, the closure of the Huddersfield office and the consolidation of its operations in Barnsley.

New budgets have been settled reflecting yet another substantial change in the processing of the house transfer market. This will continue to place pressure on the trading performance of PSG. The reality of a weak market and the need to build a business model not dependent solely on regulation will materially affect trading profits in the current year.

On the other hand the new business model will no longer depend on misplaced reliance on enforcement of regulation in the immediate future by government or Local Authorities. PSG is now therefore focused upon the continual enhancement of the quality of its products and the reliability of its service. Expansion of the business along these lines and the return of volumes of house sale levels, currently 40% below the long term average house sale volumes, should assist in a future recovery of profitability.

Audiotel continues to be well placed to secure orders for its portfolio of reliable products. It is too soon to give a clear indication of its performance in the current year. The reliability of its products and its capacity to develop and manufacture in house is a great strength of its business.

Despite market upheavals, the Group's balance sheet and net cash position remain strong. It is intended to return cash to shareholders during the current year if conditions permit.

Jonathan Mervis
Chairman
15 July 2010

directors, secretary and advisors

directors
Jonathan Philip Mervis
Chairman

John Arthur Warwick FCA
Finance Director

Tweedie McGarth Brown CBE
Deputy Chairman

Bernard Cavan Connor
Chief Executive

John David Gawain Holme FCA
Non-executive Director

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registered office
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London SW1W 9QU

company secretary
John Arthur Warwick FCA

auditors
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Chartered Accountants
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Somerset TA1 2UH

registrars
Capita Registrars
The Registry
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Kent BR3 4TU

nominated advisor and broker
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solicitors to the company
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principal bankers
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Corporate Markets
1st Floor
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London EC2V 7HN

directors' report

The directors present herewith their annual report and the audited financial statements for the year ended 31 March 2010.

principal activities

The principal activities of the Group are those of the sale and operation of property search franchises together with other property information services, manufacture and sale of specialist electronic equipment, manufacture of flexible packaging products, and financial services.

review of business

A report on the business of the Group is provided in the Chairman's statement.

future plans

Future plans for the Group are referred to in the Chairman's statement.

results

The Group's consolidated income statement for the year is set out on page 12 of the financial statements.

principal risks and uncertainties facing the Group

If the economic realities of the credit crunch and the current situation in the property market do not ease, our property information business and our packaging solutions business will continue to face increased competition and reduced margins, causing a further adverse impact on our results.

As far as our specialist electronics business is concerned turnover is generated from a mix of small and large orders. The timing of the order placement and delivery of larger orders is inherently difficult to predict, potentially causing material fluctuations in actual results compared with expectations.

dividends

The directors do not recommend payment of a dividend.

research and development

Audiotel International Limited continues its policy of investment in research and development in order to retain a competitive position in its market.

directors and their interests

The directors of the Company during the financial year were:

J P Mervis
J A Warwick
T M Brown
B C Connor
J D G Holme
W J Rae (resigned 24 July 2009)

contracts for directors' services and emoluments

The principal terms of the contracts entered into by directors for the provision of their services are summarised below:

	Effective date of contract	Current annual remuneration £	Director's Position
J P Mervis	5 January 2006	60,000	Chairman
J A Warwick	5 January 2006	48,000	Finance Director
T M Brown	10 January 2005	50,000	Deputy Chairman
B C Connor	29 February 2008	120,000	Chief Executive
J D G Holme	4 April 2008	15,000	Non-executive Director

directors' report

substantial shareholders
On 8 July 2010 the Company's register of shareholders showed the following interests in 3% or more of the Company's issued share capital:

	20p ordinary shares	%
Southwind Limited	4,735,010	17.20
J P Mervis	2,837,500	10.31
Artemis Investment Management Limited	2,635,000	9.57
Groundlinks Limited	2,075,000	7.54
Retro Grand Limited	2,000,000	7.26
Seraffina Holdings Limited	1,973,770	7.17

directors' shareholdings
On 8 July 2010 the Directors had the following interests in the Company's issued share capital:

	20p ordinary shares	%
J P Mervis	2,837,500	10.31
J D G Holme	401,500	1.46
J A Warwick	150,000	0.54
T M Brown	80,000	0.29

payment of creditors
The Group's policy in relation to all of its suppliers is to agree payment terms with individual suppliers in advance, and ensure that these suppliers are aware of those terms and abide by such terms.

The Group's payment days as at 31 March 2010 for trade creditors were 50 days (2009: 49 days).

safety health and environment
During the last 12 months there has been significant change and progress with our Safety Health and Environment (SHE) policy and we have revitalised our ability to meet the dynamic and constantly evolving field of Health & Safety legislation. In addition to supporting the business areas in meeting these legislative requirements, a comprehensive review of all Risk Assessments within the Group has been completed. This task has a significant impact on compliance with our legal obligations and more importantly, will positively impact on the health, safety and welfare of our staff and our clients.

The Group is fully committed to safe systems of work that ensures the continuing safety of our staff. The management of Health and Safety is based on the Health and Safety Executive's guidance document HSG65 "Successful Health and Safety Management" which sets out a comprehensive management system for effective risk control. In early 2010 PSG Energy Limited achieved accreditation with SAFEcontractor, the UK's leading health and safety pre-qualification assessment scheme. In addition, PSG Energy Limited has successfully passed the extremely stringent sub-contractor SHE audit requirements of E.On UK plc.

The Group is fully committed to protecting and enhancing the environment and subscribes to the principles of "reduce, recycle, reuse, rethink", in particular by reducing energy usage and harmful CO2 emissions. We have taken the opportunity to lead by example and have adopted an Environmental Policy that promotes sustainability. This forms a key part of our overall SHE Policy. An example of our commitment to the environment is the investment made during the past year in a fleet of company cars with some of the lowest emission rates available. Coupled with this is an increase in flexible and home working to reduce our carbon footprint in terms of staff travel and office space.

During the forthcoming year we will continue to learn from experience and benchmark with industry best practice to ensure we maintain and improve our ability to manage risks and achieve continuous improvement.

directors' report

financial risk management
The principal financial risks to which the Group is exposed relate to funding and liquidity risk, interest rate risk, and credit risk. The policies and strategies for managing these risks are summarised as follows:

(a) funding and liquidity risk
The Group actively maintains committed facilities that are designed to ensure the Group has sufficient available funds for operations and planned expansions.

(b) interest rate risk
The interest rate risk profile of financial liabilities is as detailed in Note 26.

(c) credit risk
Credit risk refers to the risk that a counterparty will default on a contract resulting in a financial loss to the Group. The Group has adopted a policy of only dealing with credit worthy counterparties as a means of mitigating financial risks from defaults. Nevertheless risk has increased due to the current situation in the property market.

The Group's principal financial assets are bank balances, cash and trade receivables. The Group has no significant concentration of credit risk with exposure spread over a large number of customers. Credit risk is managed by monitoring the aggregate amount and duration of exposure to any one customer depending upon their credit rating. The amounts presented in the balance sheet are net of allowances for doubtful debts, estimated by the Group's management, based on prior experience and their assessment of the current economic environment.

directors' indemnities
The Group has taken out third party indemnity insurance for the benefit of the directors during the year which remains in force at the date of this report.

directors' responsibilities
The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

The directors are required under company legislation to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union which are required by law to give a true and fair view of the state of affairs of the Group and of its profit or loss for that year. In preparing these financial statements, directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors have reasonable expectations that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

The directors are responsible for ensuring that the directors' report and other information included in the annual report is prepared in accordance with company law in the United Kingdom. They are also responsible for ensuring that the annual report includes information required by the AIM Rules.

directors' report

The maintenance and integrity of the corporate and financial information on the Group's website is the responsibility of the directors. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Board's statement on Corporate Governance is set out on page 10.

auditors
A resolution proposing that Milsted Langdon LLP be re-appointed as auditors of the Company will be put to the Annual General Meeting.

There is no relevant audit information of which the Company's auditors are unaware, and the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the Board

John Warwick
Company Secretary
15 July 2010

corporate governance

For the year ended 31 March 2010

Being a Company whose shares are admitted to AIM, the Company is not a listed Company and therefore is not required to comply with the Combined Code. The Board has however adopted the following:

Board committees

The Board has two sub-committees, the Audit Committee and the Remuneration Committee, both of which include the Finance Director.

the Audit Committee

The Audit Committee is chaired by J D G Holme FCA, with its other member being J A Warwick FCA. Any director may attend by invitation. The external auditors may be invited to attend the meetings and have direct access to members of the Committee. The Audit Committee may examine any matters relating to the financial affairs of the Group including reviews of the annual and interim financial statements, announcements, internal control procedures and accounting policies.

the Remuneration Committee

The Remuneration Committee, which is chaired by J D G Holme FCA, reviews the performance of the executive directors, considers and approves all Board and senior executive appointments, remuneration and benefits including share options and service contracts. J A Warwick FCA is the other member of the Committee.

internal financial control

The directors are responsible for the Group's system of internal financial control. A system can only provide reasonable and not absolute assurance regarding:

- the safeguarding of assets against unauthorised use or disposition;
- the minimisation of risk of material loss whilst in pursuit of the Group's business objectives; and
- the maintenance of proper accounting records and the reliability of financial information within the business or for publication.

Due to the size of the Group, a key control procedure during the year was the close day-to-day supervision by the executive directors.

auditor independence

The Audit Committee reviews the services provided by the external auditors at least on an annual basis. This review includes consideration of the confirmation of independence which the external auditors provide to the Company on an annual basis and of the services which they provide to the Group, in order to ensure that their independence is not compromised.

relations with shareholders

The directors seek to ensure that all shareholders are kept informed about the Group and its activities. A comprehensive annual report and accounts and an interim report are sent to shareholders and there is frequent dialogue with institutional investors. The Annual General Meeting provides shareholders with the opportunity to meet and question directors. Details of the resolutions to be proposed at the Annual General Meeting, to be held on 18 August 2010, are set out in the notice of Annual General Meeting which is attached to this report.

going concern

The directors consider, after making appropriate enquiries, that the Company and Group have adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

independent auditors' report to the members of PSG Solutions plc

For the year ended 31 March 2010

We have audited the Group and Parent Company financial statements (the financial statements) of PSG Solutions plc for the year ended 31 March 2010 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Group and Parent Company Statements of Changes in Equity, the Group and Parent Company Statements of Financial Position, the Group and Parent Company Statements of Cash Flows, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body for our audit work, for this report or for the opinions we have formed.

respective responsibilities of directors and auditors

As explained more fully in the directors' responsibilities statement set out on page 8 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 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 Ethical Standards for Auditors.

scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

opinion

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2010 and of the Group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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.

matters on which we are required to report by exception

We have nothing to report in respect of the following.

Under the Companies Act 2006 we are required 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.

Mr Nigel Fry (Senior Statutory Auditor)
For and on behalf of Milsted Langdon LLP
Chartered Accountants and Statutory Auditors
Taunton
15 July 2010

consolidated income statement

For the year ended 31 March 2010

	Note	2010 £	2009 £
Revenue	2	**11,027,542**	10,109,136
Cost of sales		**(5,019,553)**	(4,873,271)
Gross profit		**6,007,989**	5,235,865
Administrative expenses		**(4,814,105)**	(4,096,141)
Operating profit before exceptional items		**1,193,884**	1,139,724
Exceptional administrative (expenses)/credits	3	**(4,410,200)**	80,856
Operating (loss)/profit	4	**(3,216,316)**	1,220,580
Finance costs	8	**(5,202)**	(76,834)
Finance income	9	**35,851**	188,719
(Loss)/profit on ordinary activities before taxation		**(3,185,667)**	1,332,465
Income tax expense	10	**(270,333)**	(414,176)
(Loss)/profit on ordinary activities after taxation		**(3,456,000)**	918,289
Basic (loss)/earnings per share	12	**(13.44)p**	3.59p
Diluted (loss)/earnings per share	12	**(13.44)p**	3.59p

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 2010

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

The notes on pages 18 to 40 form part of these financial statements.

statements of changes in equity

For the year ended 31 March 2010

Group	Share capital £	Retained earnings £	Share premium £	Special reserve (Note 1) £	Total equity £
At 1 April 2008	5,436,648	4,523,214	8,529,769	–	18,489,631
Transfer	–	–	(8,529,769)	8,529,769	–
Purchase of ordinary share capital for treasury	–	(614,545)	–	–	(614,545)
Share based payments	–	43,379	–	–	43,379
Deferred tax on share based payments	–	(1,195)	–	–	(1,195)
Total comprehensive income for the year	–	918,289	–	–	918,289
At 31 March 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**

Company	Share capital £	Retained earnings £	Share premium £	Special reserve (Note 1) £	Total equity £
At 1 April 2008	5,436,648	1,325,447	8,529,769	–	15,291,864
Transfer	–	–	(8,529,769)	8,529,769	–
Purchase of ordinary share capital for treasury	–	(614,545)	–	–	(614,545)
Share based payments	–	43,379	–	–	43,379
Deferred tax on share based payments	–	(1,195)	–	–	(1,195)
Total comprehensive income for the year	–	724,796	–	–	724,796
At 31 March 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**

Note 1

In 2008 the share premium account was transferred to a special reserve pending settlement of all outstanding creditors at 11 July 2008. Following the discharge of all creditors at that date the special reserve may now be distributed and therefore constitutes retained earnings and accordingly it has been transferred to retained earnings.

The notes on pages 18 to 40 form part of these financial statements.

consolidated statement of financial position

As at 31 March 2010

	Note	2010 £	2010 £	2009 £	2009 £
Non-current assets					
Goodwill	13		**9,114,433**		13,026,920
Other intangible assets	14		**370,059**		468,550
Property, plant and equipment	15		**687,303**		605,963
Assets held for sale	16		**–**		300,000
			10,171,795		14,401,433
Current assets					
Inventories	18	**773,385**		749,808	
Trade and other receivables	19	**2,046,439**		2,224,078	
Current tax asset		**–**		121,534	
Cash and cash equivalents		**4,466,622**		4,334,923	
		7,286,446		7,430,343	
Current liabilities					
Trade and other payables	21	**(1,801,652)**		(1,587,247)	
Borrowings	22	**–**		(550,000)	
Current tax liability		**(148,879)**		(285,695)	
		(1,950,531)		(2,422,942)	
Net current assets			**5,335,915**		5,007,401
Total assets less current liabilities			**15,507,710**		19,408,834
Non-current liabilities					
Borrowings	22		**–**		(573,275)
Deferred tax	23		**(27,901)**		–
Other payables	21		**(25,000)**		–
Net assets			**15,454,809**		18,835,559
Represented by:					
Capital and reserves attributable to equity holders					
Called up share capital	24		**5,506,648**		5,436,648
Share premium account			**5,250**		–
Special reserve account			**–**		8,529,769
Retained earnings			**9,942,911**		4,869,142
Total equity			**15,454,809**		18,835,559

Approved by the Board on 15 July 2010.

Jonathan Mervis
Director

John Warwick
Director

The notes on pages 18 to 40 form part of these financial statements.

company statement of financial position

As at 31 March 2010

	Note	2010 £	2010 £	2009 £	2009 £
Non-current assets					
Property, plant and equipment	15		**46,776**		53,685
Investments in subsidiaries	16		**12,590,613**		15,590,613
Assets held for sale	16		**–**		300,000
			12,637,389		15,944,298
Current assets					
Trade and other receivables	19	**114,059**		66,016	
Cash and cash equivalents		**640,013**		1,083,571	
		754,072		1,149,587	
Current liabilities					
Trade and other payables	21	**(412,420)**		(452,088)	
Borrowings	22	**–**		(550,000)	
Current tax liability		**–**		(74,223)	
		(412,420)		(1,076,311)	
Net current assets			**341,652**		73,276
Total assets less current liabilities			**12,979,041**		16,017,574
Non-current liabilities					
Borrowings	22		**–**		(573,275)
Net assets			**12,979,041**		15,444,299

Represented by:

	Note	2010 £	2009 £
Capital and reserves attributable to equity holders			
Called up share capital	24	**5,506,648**	5,436,648
Share premium account		**5,250**	–
Special reserve account		**–**	8,529,769
Retained earnings		**7,467,143**	1,477,882
Total equity		**12,979,041**	15,444,299

Approved by the Board on 15 July 2010.

Jonathan Mervis
Director

John Warwick
Director

The notes on pages 18 to 40 form part of these financial statements.

statements of cash flows

For the year ended 31 March 2010

	Group		Company	
	2010	2009	**2010**	2009
	£	£	**£**	£
Cash flows from operating activities				
(Loss)/profit before taxation	**(3,185,667)**	1,332,465	**(2,559,423)**	918,163
Adjustments for:				
Depreciation of property, plant and equipment	**143,497**	140,871	**6,909**	4,168
Amortisation of goodwill/investment write down	**4,500,000**	–	**3,000,000**	–
Amortisation of other intangible assets	**367,589**	346,791	**–**	5,225
Loss on disposal of tangible assets	**5,534**	44	**–**	–
Profit on disposal of assets held for sale	**(89,800)**	–	**(89,800)**	–
Interest expense	**5,202**	76,384	**5,006**	71,286
Interest receivable	**(35,851)**	(188,719)	**(7,833)**	(62,175)
Dividends received	**–**	**–**	**(500,010)**	(700,020)
Share based payment expense	**–**	43,379	**–**	43,379
Adjustments in changes in working capital:				
Decrease in receivables	**226,279**	2,201,650	**27,207**	794,488
Increase in inventories	**(23,577)**	(158,996)	**–**	–
Increase/(decrease) in payables	**200,450**	(1,249,043)	**(39,668)**	(554,094)
Cash generated from/(used in) operations	**2,113,656**	2,544,826	**(157,612)**	520,420
Interest paid	**(5,202)**	(76,384)	**(5,006)**	(71,286)
Income tax paid	**(269,649)**	(616,764)	**(55,308)**	(6,564)
Net cash generated from/(used in) operating activities	**1,838,805**	1,851,678	**(217,926)**	442,570
Cash flows from investing activities				
Purchase of subsidiary undertakings	**(377,265)**	–	**–**	–
Cash acquired in subsidiary undertakings	**2,252**	–	**–**	–
Payment to acquire goodwill	**(135,000)**	(33,942)	**–**	–
Purchase of tangible assets	**(246,151)**	(131,862)	**–**	–
Purchase of other intangible assets	**(269,098)**	(303,277)	**–**	–
Proceeds from the sale of tangible assets	**15,780**	–	**–**	–
Proceeds from the sale of assets held for sale	**389,800**	–	**389,800**	–
Dividends received	**–**	–	**500,010**	700,020
Interest received	**35,851**	188,719	**7,833**	62,175
Net cash (used in)/generated from investing activities	**(583,831)**	(280,362)	**897,643**	762,195
Cash flows from financing activities				
Purchase of own shares	**–**	(614,545)	**–**	(614,545)
Payment of debt	**(1,123,275)**	(560,791)	**(1,123,275)**	(558,712)
Net cash used in financing activities	**(1,123,275)**	(1,175,336)	**(1,123,275)**	(1,173,257)
Net increase/(decrease) in cash and cash equivalents	**131,699**	395,980	**(443,558)**	31,508
Cash and cash equivalents at beginning of period	**4,334,923**	3,938,943	**1,083,571**	1,052,063
Cash and cash equivalents at end of period	**4,466,622**	4,334,923	**640,013**	1,083,571

The notes on pages 18 to 40 form part of these financial statements.

note to the statements of cash flows

For the year ended 31 March 2010

analysis of net funds

Group	At 1 April 2009 £	Cash flow £	**At 31 March 2010 £**
Cash and cash equivalents	4,334,923	131,699	**4,466,622**
Debt due within one year	(550,000)	550,000	**–**
Debt due after one year	(573,275)	573,275	**–**
	3,211,648	1,254,974	**4,466,622**

Company	At 1 April 2009 £	Cash flow £	**At 31 March 2010 £**
Cash and cash equivalents	1,083,571	(443,558)	**640,013**
Debt due within one year	(550,000)	550,000	**–**
Debt due after one year	(573,275)	573,275	**–**
	(39,704)	679,717	**640,013**

The notes on pages 18 to 40 form part of these financial statements.

notes to the financial statements

For the year ended 31 March 2010

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 consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of the available for sale financial assets.

During the year to 31 March 2010 the following accounting standards and guidance were adopted by the Group.

IFRS 8	Operating segments.
IAS 1 (revised)	Presentation of financial statements - comprehensive revision - includes statement of comprehensive income.

IFRS 8 'Operating segments' requires operating segments to be disclosed on the same basis as that used for internal reporting. It has been implemented by the Group for the year ended 31 March 2010, and has had no impact on the results or net assets of the Group but has resulted in revised disclosures.

IAS 1 (revised) 'Presentation of financial statements' is effective for the year ended 31 March 2010. The standard requires a change in the format and presentation of the Group's primary statements but has had no impact on reported profits or equity.

Additionally the following pronouncements either had no impact on the financial statements, or resulted in changes to presentation and disclosure only.

IAS 23 (revised)	Borrowing costs.
IFRS 2 (amendment)	Share based payment.
IAS 32 and IAS 1 (amendment)	Financial instruments presentation.
IFRIC 15	Agreements for the construction of real estate.
IFRS 7 (amendment)	Improving disclosures about financial instruments.
IAS 39 (amendment) and IFRS 7 (amendment)	Reclassification of financial assets.
IFRIC 13	Customer Loyalty Programmes.

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

IFRS 3 (revised)	Business Combinations.
IAS 27 (amendment)	Consolidated and separate financial statements.
IAS 32 (amendment)	Classification of rights issues.
IFRIC 17	Distribution of non-cash assets to owners.
IFRIC 18	Transfers of assets from customers.

The majority of the amendments made as part of the IASB's annual improvement programme affect accounting periods beginning on or after 1 January 2010. 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.

1. accounting policies (continued)

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) depreciation

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 and 25% reducing balance
Motor vehicles	25% - 40% straight line
Other intangible assets	33.3% - 100% straight line

(d) investments

Assets held for sale are held as non-current assets, are unquoted, and have been valued at the lower of cost (taken at 1 April 2006 in accordance with IAS) and the estimated realisable value. The aggregate surplus arising on the revaluation of an investment (where there is a facility for the disposal of shares) is transferred to the revaluation reserve. Any deficit arising on revaluation which is deemed to represent an impairment in value, is charged to the income statement unless it related to an investment whose value had been increased in a previous period, in which case the deficit is netted off against that investment's revaluation reserve before any excess is charged to the income statement.

Any realised gain or loss resulting from the disposal of an investment is recognised in the income statement after charging the amount of any revaluation previously shown in the revaluation reserve.

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.

notes to the financial statements

For the year ended 31 March 2010

1. accounting policies (continued)

(f) financial instruments

Financial instruments are accounted for and classified as equity or non-equity share capital and debt according to their form.

(g) borrowings

Borrowings including transaction costs are initially recognised as the net proceeds received. In subsequent periods borrowings are stated at amortised cost using the effective interest method. Interest costs are expensed as incurred.

(h) 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.

(i) leasing

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in payables net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the income statement so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

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

(j) 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.

(k) liquid resources

Liquid resources are defined as short term bank deposits and cash in hand.

(l) 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.

(m) 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.

(n) pensions

The pension costs charged represent the contribution payable by the Group in the year.

1. accounting policies (continued)

(o) 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

	2010			2009		
	Revenue £	**Operating profit/(loss) £**	**Net operating assets/ (liabilities) £**	Revenue £	Operating profit/(loss) £	Net operating assets £
Property information services	**6,202,359**	**319,050**	**7,648,278**	5,814,529	519,258	12,133,472
Financial services	**200,899**	**14,674**	**44,597**	339,067	137,040	31,021
Specialist electronics	**3,299,339**	**1,034,652**	**673,041**	2,669,149	723,570	704,389
Packaging solutions	**1,324,945**	**246,430**	**2,658,862**	1,286,391	218,260	2,551,379
Head office	**–**	**(420,922)**	**(36,591)**	–	(458,404)	203,650
	11,027,542	**1,193,884**	**10,988,187**	10,109,136	1,139,724	15,623,911
Exceptional items	**–**	**(4,410,200)**	**–**	–	80,856	–
	11,027,542	**(3,216,316)**	**10,988,187**	10,109,136	1,220,580	15,623,911
Interest bearing assets			**4,466,622**			4,334,923
Interest bearing liabilities			**–**			(1,123,275)
Net assets			**15,454,809**			18,835,559

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

	2010			2009		
	Segmental assets £	**Segmental liabilities £**	**Segmental net operating assets/ (liabilities) £**	Segmental assets £	Segmental liabilities £	Segmental net operating assets £
Property information services	**8,868,777**	**(1,220,499)**	**7,648,278**	12,781,774	(648,302)	12,133,472
Financial services	**63,461**	**(18,864)**	**44,597**	86,736	(55,715)	31,021
Specialist electronics	**1,137,539**	**(464,498)**	**673,041**	1,379,200	(674,811)	704,389
Packaging solutions	**2,862,022**	**(203,160)**	**2,658,862**	2,869,692	(318,313)	2,551,379
Head office	**59,820**	**(96,411)**	**(36,591)**	379,451	(175,801)	203,650
	12,991,619	**(2,003,432)**	**10,988,187**	17,496,853	(1,872,942)	15,623,911

2. segmental analysis (continued)

Additions to non-current assets and non-cash expenses

	2010			2009		
	Additions to non-current assets £	**Depreciation and amortisation £**	**Impairment £**	Additions to non-current assets £	Depreciation and amortisation £	Impairment £
Property information services	**891,732**	**(204,120)**	**(4,500,000)**	130,581	(175,763)	–
Financial services	**546**	**(560)**	**–**	450	(889)	–
Specialist electronics	**203,400**	**(265,536)**	**–**	277,141	(259,113)	–
Packaging solutions	**7,083**	**(39,495)**	**–**	25,909	(42,548)	–
Head office	**–**	**(6,909)**	**–**	–	(9,393)	–
	1,102,761	**(516,620)**	**(4,500,000)**	434,081	(487,706)	–

Geographical information

The Group operates in 4 main geographical areas although they are managed on a worldwide basis. Revenue is split as follows:-

	2010 £	2009 £
United Kingdom	**8,610,693**	7,947,125
Asia and Middle East	**1,792,760**	1,342,494
Europe	**415,906**	324,139
Other	**208,183**	495,378
	11,027,542	10,109,136

3. exceptional administrative (expenses)/credits

	2010 £	2009 £
Impairment charge – property information services	**(4,500,000)**	–
Surplus on disposal of Avatar Systems Inc	**89,800**	–
Abortive acquisition costs	**–**	(65,000)
Recovery of old debts	**–**	145,856
	(4,410,200)	80,856

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

4. operating (loss)/profit

	2010 **£**	2009 £
Operating (loss)/profit is stated after charging/(crediting):		
Auditors' remuneration:		
– audit	**80,808**	72,500
– other services	**3,750**	46,975
Depreciation	**143,497**	140,871
Amortisation of other intangible assets	**367,589**	346,791
Loss on disposal of fixed assets	**5,534**	44
Loss/(profit) on exchange differences	**101**	(7,322)
Operating lease rentals:		
– Plant and machinery	**33,186**	88,072
– Other assets	**269,657**	258,416
Hire of plant and machinery	**2,714**	10,756
Exceptional administrative expenses/(credits) – Note 3	**4,410,200**	(80,856)
Research and development	**218,769**	305,902
Share based payments	**–**	43,379

Remuneration of the Group's auditors for provision of non audit services includes taxation advice. Non audit fees payable to Milsted Langdon LLP amounted to £1,725 (2009: £2,000). Remuneration for audit services amounted to £26,711 (2009: £28,000).

The auditors' remuneration for audit services includes £12,377 (2009: £12,000) attributable to the audit of Audiotel International Limited; £8,420 (2009: £7,500) attributable to the audit of Rochdale Development Company Limited and Moore & Buckle (Flexible Packaging) Limited; £28,850 (2009: £20,000) attributable to the audit of PSG Franchising Limited, PSG Yorkshire Limited, PSG Energy Limited, PSG Marketing Limited, Chalenor Legal Services Limited and Yorkshire Home Inspections Limited and £4,450 (2009: £5,000) attributable to the audit of Ufford Insurance PCC Limited, subsidiaries of PSG Solutions plc which are not audited by the Group's principal auditors. The auditors' remuneration for non-audit services includes £1,000 (2009: £15,000) payable to the auditors of Audiotel International Limited, £1,025 (2009: £Nil) payable to the auditors of Rochdale Development Company Limited and Moore & Buckle (Flexible Packaging) Limited and £Nil (2009: £29,975) payable to the auditors of PSG Franchising Limited.

5. staff costs

	2010 £	2009 £
Staff costs are as follows:		
Wages and salaries	**3,071,916**	2,884,302
Social security costs	**295,596**	239,307
Costs of directors' share option scheme	**–**	43,379
Pension contributions	**63,894**	60,800
	3,431,406	3,227,788

The average number of persons employed by the Group including directors was:

	2010 Number	2009 Number
Administration	**17**	17
Production	**71**	64
Research and development	**6**	6
Sales and marketing	**8**	7
	102	94

6. pension costs

The Group operates a defined contribution pension scheme in respect of its directors and employees. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the Group and amounted to £63,894 (2009: £60,800).

7. directors' remuneration

	Salaries £	Bonus £	Pension contribution £	Other benefits £	**2010 Total £**	2009 Total £
Executive directors						
J P Mervis	60,000	15,000	–	–	**75,000**	92,500
J A Warwick	48,000	15,000	–	–	**63,000**	48,000
T M Brown	50,000	15,000	2,500	7,551	**75,051**	91,065
B C Connor	120,000	15,000	–	1,087	**136,087**	143,593
Non-executive directors						
J D G Holme	18,750	–	–	–	**18,750**	18,750
W J Rae – resigned 24 July 2009	–	–	–	–	**–**	–
	296,750	60,000	2,500	8,638	**367,888**	393,908

In the year to 31 March 2010 costs of the share option scheme amounted to £Nil (2009: £43,379) all of which was applicable to the directors.

8. finance costs

	2010 £	2009 £
Interest payable on bank loans and overdrafts	**5,014**	71,826
Hire purchase interest	**–**	100
Interest on late payment of corporation tax	**188**	–
Other interest	**–**	4,908
	5,202	76,834

9. finance income

	2010 £	2009 £
Bank interest	**33,157**	158,783
Other interest	**2,694**	29,936
	35,851	188,719

10. income tax expense

	2010 £	2009 £
UK corporation tax at 28% (2009: 28%)	**269,661**	265,827
(Overprovision)/underprovision in prior year	**(27,229)**	7,497
Current tax expense	**242,432**	273,324
Deferred tax charge	**27,901**	140,852
	270,333	414,176

The tax for the year is higher than the standard rate of corporation tax in the UK of 28% (2009: 28%). The differences are explained below:

	2010 £	2009 £
(Loss)/profit on ordinary activities before taxation	**(3,185,667)**	1,332,465
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009: 28%)	**(891,987)**	373,090
Effects of:		
Expenses not deductible for tax purposes	**7,714**	24,616
Depreciation less than capital allowances	**(44,484)**	(7,727)
Impairment charge not deductable for tax purposes	**1,241,799**	–
Tax losses utilised in current year	**–**	(49,881)
Share based payments	**–**	12,147
Marginal rate relief and lower tax rate in other jurisdictions	**(3,038)**	(2,018)
Research and development relief	**(45,941)**	(56,747)
(Overprovision)/underprovision in prior year	**(27,229)**	7,497
Other tax adjustments	**5,598**	(27,653)
Deferred tax charge	**27,901**	140,852
	270,333	414,176

The Group has a carried forward loss for capital gains purposes amounting to £2,777,265.

11. (loss)/profit of parent company

	2010 £	2009 £
(Loss)/profit on ordinary activities after taxation	**(2,540,508)**	724,796

12. loss/earnings per share

Basic loss/earnings per share is calculated on the Group loss for the financial year of £3,456,000 (2009: profit £918,289) and on 25,713,958 ordinary shares, being the weighted average number of shares in issue in the year (2009: 25,557,657). During the year the weighted number of ordinary shares in issue increased by 156,301 (2009: Nil) relating to 350,000 ordinary shares issued on 19 October 2009. Diluted loss/earnings per share is calculated on the Group loss for the financial year and on 25,713,958 ordinary shares, being the weighted average number of shares in issue during the year adjusted to take account of shares under option (2009: 25,557,657). The shares under option did not have a dilutive effect in the two years to 31 March 2010.

13. goodwill

Group	£
Cost	
At 1 April 2008	14,041,300
Adjustments	(1,058)
At 31 March 2009	14,040,242
Additions	587,513
At 31 March 2010	**14,627,755**
Impairment	
At 1 April 2008	1,013,322
Charge for year	–
At 31 March 2009	1,013,322
Charge for year	4,500,000
At 31 March 2010	**5,513,322**
Net book value	
At 31 March 2010	**9,114,433**
At 31 March 2009	13,026,920

The additions to the cost of goodwill represented £452,513 in respect of the acquisition cost of Chalenor Legal Services Limited and Yorkshire Home Inspections Limited as shown in note 28 and £135,000 in respect of the acquisition of the goodwill of the Enfield franchise.

Goodwill acquired through acquisition has been allocated to individual cash generating units ('CGUs') for impairment testing. These are independent income streams and represent the lowest level within the Group at which the associated goodwill is monitored for management purposes. The carrying value of goodwill is as follows:

	2010 £	2009 £
Property information services	**6,954,233**	10,866,720
Packaging solutions	**2,087,058**	2,087,058
Specialist electronics	**73,142**	73,142
	9,114,433	13,026,920

13. goodwill (continued)

The government's recent decision to scrap HIPs adversely affected the property information services CGU which was one of the largest HIP providers to the residential property market. As a consequence an impairment charge of £4,500,000 was recognised in respect thereof in 2010 (2009: £Nil).

Cumulative goodwill written off against reserves is £5,513,322 (2009: £1,013,322).

Goodwill is reviewed annually or when other events or changes in circumstances indicate that the carrying amount may not be fully recoverable. The recoverable amount of a CGU is determined based on value in use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five year period. Cash flows beyond this five year period are extrapolated using a growth rate of 2.25% which does not exceed the long term average growth for the United Kingdom. The key assumptions in these calculations are as follows:

– The achievement of budgeted operating profit over the next 5 years (2009: 5 years).
– A growth rate of 2.25% for the final 5 years (2009: 2.25%).
– The cash flows were discounted using a pre-tax discount rate of 5.0% (2009: 5.0%).

With regard to property information services goodwill the recoverable amount equals its carrying amount.

Sensitivity analysis:

The value in use calculations in respect of the property information services division is dependant on the budgeted number of housing market property transactions being achieved. If a reasonable change in the level of housing market property transactions was realised, namely a fall of 20% from those budgeted, and all other variables remained stable the carrying value of the goodwill in relation to the property information services division would not be further impaired. The level of transactions would need to be 20% below those budgeted for the value in use of the goodwill to equal to its carrying value.

The assumed national annual housing market property transactions used as a basis within the impairment calculations are never in excess of the national average for the 23 years to 31 March 2008 of 1,100,000. The budgeted operating profit over the next 5 years assumes that the number of housing transactions increase from the present level of 640,000 per annum. Each 100,000 increase in the level of housing transactions should benefit the operating profit by not less than £150,000.

The value in use calculations in respect of the packaging solutions division and the decision that the CGU is not impaired is dependent upon the budgeted sales being achieved. If a reasonable change in the level of sales was realised, namely a fall of 20% from those budgeted, and all other variables remained stable the carrying value of the goodwill in relation to the packaging solutions division would not be impaired. The level of sales would need to be 20% below those budgeted for the value in use of the goodwill to equal its carrying value.

14. other intangible assets

Group	Web design costs £	Development costs £	Total £
Cost			
At 1 April 2008	327,300	477,745	805,045
Additions	82,245	221,032	303,277
At 31 March 2009	409,545	698,777	1,108,322
Additions	93,634	175,464	269,098
At 31 March 2010	**503,179**	**874,241**	**1,377,420**
Amortisation			
At 1 April 2008	131,562	161,419	292,981
Charge for year	131,073	215,718	346,791
At 31 March 2009	262,635	377,137	639,772
Charge for year	129,570	238,019	367,589
At 31 March 2010	**392,205**	**615,156**	**1,007,361**
Net book value			
At 31 March 2010	**110,974**	**259,085**	**370,059**
At 31 March 2009	146,910	321,640	468,550

The components of other intangible assets are £110,974 in respect of web design costs for the property information services business segment and £259,085 in respect of development costs for the specialised electronics business segment. Other intangible assets are amortised on a straight line basis at between 33.3% and 100% per annum dependent upon the period over which the asset is expected to benefit the earnings of the Group. All other intangible assets are internally generated. In the consolidated income statement the amortisation charge is included within administrative expenses.

15. property, plant and equipment

Group	Freehold land and buildings £	Leasehold property £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost					
At 1 April 2008	190,474	86,724	820,699	21,994	1,119,891
Additions	–	–	114,491	17,371	131,862
Disposals	–	–	(48,945)	–	(48,945)
At 31 March 2009	190,474	86,724	886,245	39,365	1,202,808
Additions	–	–	25,781	220,370	246,151
Disposals	–	–	(42,005)	(28,478)	(70,483)
At 31 March 2010	**190,474**	**86,724**	**870,021**	**231,257**	**1,378,476**
Depreciation					
At 1 April 2008	15,198	36,007	452,937	733	504,875
Disposals	–	–	(48,901)	–	(48,901)
Charge for year	4,071	4,168	122,771	9,861	140,871
At 31 March 2009	19,269	40,175	526,807	10,594	596,845
Disposals	–	–	(31,038)	(18,131)	(49,169)
Charge for year	4,071	4,168	104,587	30,671	143,497
At 31 March 2010	**23,340**	**44,343**	**600,356**	**23,134**	**691,173**
Net book value					
At 31 March 2010	**167,134**	**42,381**	**269,665**	**208,123**	**687,303**
At 31 March 2009	171,205	46,549	359,438	28,771	605,963

15. property, plant, and equipment (continued)

Company	Leasehold property £	Fixtures, fittings and equipment £	Total £
Cost			
At 1 April 2008	59,052	44,228	103,280
Additions	–	–	–
Disposals	–	–	–
At 31 March 2009	59,052	44,228	103,280
Additions	–	–	–
Disposals	–	–	–
At 31 March 2010	**59,052**	**44,228**	**103,280**
Depreciation			
At 1 April 2008	8,336	31,866	40,202
Disposals	–	–	–
Charge for year	4,168	5,225	9,393
At 31 March 2009	12,504	37,091	49,595
Disposals	–	–	–
Charge for year	4,168	2,741	6,909
At 31 March 2010	**16,672**	**39,832**	**56,504**
Net book value			
At 31 March 2010	**42,380**	**4,396**	**46,776**
At 31 March 2009	46,548	7,137	53,685

16. financial assets and assets held for sale

Group	Assets held for sale £	Other fixed asset investments £
Cost		
At 1 April 2008	–	1,123,113
Transfer	1,123,113	(1,123,113)
At 31 March 2009	1,123,113	–
Disposal	(1,123,113)	–
At 31 March 2010	–	–
Provision for impairment in value		
At 1 April 2008	–	823,113
Transfer	823,113	(823,113)
At 31 March 2009	823,113	–
Disposal	(823,113)	–
At 31 March 2010	**–**	**–**
Net book value		
At 31 March 2010	**–**	**–**
At 31 March 2009	300,000	–

Assets held for sale were previously held as other fixed asset investments.

16. financial assets and assets held for sale (continued)

Company	Assets held for sale £	Subsidiaries £	Other fixed asset investments £	Total £
Cost				
At 1 April 2008	–	16,599,089	1,123,113	17,722,202
Transfer	1,123,113	–	(1,123,113)	–
Disposals	–	(2)	–	(2)
At 31 March 2009	1,123,113	16,599,087	–	17,722,200
Disposals	(1,123,113)	–	–	(1,123,113)
At 31 March 2010	**–**	**16,599,087**	**–**	**16,599,087**
Provision for impairment in value				
At 1 April 2008	–	1,008,474	823,113	1,831,587
Transfer	823,113	–	(823,113)	–
At 31 March 2009	823,113	1,008,474	–	1,831,587
Disposals	(823,113)	–	–	(823,113)
Impairment charge	–	3,000,000	–	3,000,000
At 31 March 2010	**–**	**4,008,474**	**–**	**4,008,474**
Net book value				
At 31 March 2010	**–**	**12,590,613**	**–**	**12,590,613**
At 31 March 2009	300,000	15,590,613	–	15,890,613

Assets held for sale were previously shown as other fixed asset investments.

i) subsidiaries

	Shares	Total £
Audiotel International Limited	69,114	1,432,412
Rochdale Development Company Limited	357,500	2,329,874
PSG Franchising Limited	180	8,590,788
Patersons Financial Services Limited	40,002	137,539
Ufford Insurance PCC Limited	1,000	100,000
At 31 March 2010		**12,590,613**

ii) asset held for sale

The investment in Avatar Systems Inc has been sold in the year to 31 March 2010 as it was a non core investment. The disposal proceeds less its fair value and costs of sale resulted in a book profit of £89,800. The segment in which the asset is presented is ‘head office’.

17. subsidiary undertakings

The Company holds 100% of the share capital and voting rights of the following companies:

Name of subsidiary held directly	Nominal value of issued ordinary share capital £	Date acquired	Principal activity	Country of incorporation
Rochdale Development Company Limited	357,500	15 April 2004	Holding company	England
Audiotel International Limited	69,114	31 January 2003	Electronics	England
PSG Franchising Limited	180	25 June 2004	Property information services	England
Patersons Financial Services Limited	40,002	1 January 2005	Insurance services	England
PSG Marketing Limited	2	23 August 2005	Non-trading	England
PSG Financial Services Limited	1	19 April 2005	General insurance	England
Ufford Insurance PCC Limited	1,000	11 May 2005	Insurance services	Guernsey
1st Mortgage Company Limited	1,600,000	19 December 2001	Non-trading	British Virgin Isles
Held indirectly				
Moore & Buckle (Flexible Packaging) Limited		15 April 2004	Flexible packaging	England
Audiotel (UK) Limited		31 January 2003	Non-trading	England
PSG Yorkshire Limited - formerly Yorkshire Legals Limited		1 February 2006	Property information services	England
PSG Energy Limited		6 September 2007	Energy surveys	England
Chalenor Legal Services Limited		19 October 2009	Non-trading	England
Yorkshire Home Inspections Limited		19 October 2009	Non-trading	England

Moore & Buckle (Flexible Packaging) Limited is a wholly owned subsidiary of Rochdale Development Company Limited. Audiotel (UK) Limited is a wholly owned subsidiary of Audiotel International Limited. PSG Yorkshire Limited, PSG Energy Limited, Chalenor Legal Services Limited and Yorkshire Home Inspections Limited are wholly owned subsidiaries of PSG Franchising Limited.

18. inventories

Group	2010 £	2009 £
Raw materials and consumables	**546,625**	526,007
Work in progress	**160,544**	139,970
Finished goods and goods for resale	**66,216**	83,831
	773,385	749,808

The cost of inventories recognised as an expense during the year was £1,491,379 (2009: £1,184,978).

19. trade and other receivables

Group	2010 £	2009 £
Trade receivables		
Current unimpaired	**1,589,413**	1,682,873
Overdue unimpaired	**161,270**	554,929
Less: allowance for doubtful debts	**(78,652)**	(351,151)
	82,618	203,778
Net trade receivables	**1,672,031**	1,886,651
Prepayments and accrued income	**350,375**	330,986
Other receivables	**4,556**	6,441
Other taxes	**19,477**	–
	2,046,439	2,224,078

Current unimpaired trade and other receivables represents amounts due from customers that are not overdue in accordance with specific credit terms agreed with those customers.

The age profile of trade receivables that are past due but not impaired is as follows:

	2010 £	2009 £
Up to 60 days	**4,016**	97,524
Between 60 and 90 days	**53,590**	52,421
Between 90 and 120 days	**18,167**	53,833
Over 120 days	**6,845**	–
	82,618	203,778

The allowance for doubtful debts is based upon past default experience. Debts with customers in liquidation or receivership are fully provided against. The movement in the provision during the year was as follows:

	2010 £	2009 £
Balance at 1 April	**351,151**	182,739
Net amounts written off in year	**(166,500)**	(33,609)
Income statement (credited)/ charged	**(105,999)**	202,021
Balance at 31 March	**78,652**	351,151

Company	2010 £	2009 £
Prepayments and accrued income	**13,044**	25,766
Amounts owed by group undertakings	**101,015**	40,250
	114,059	66,016

The above debtors fall due within one year.

20. deferred tax asset

The Group holds losses for capital gains purposes amounting at 31 March 2010 to £2,777,265 (2009: £2,777,265). No deferred tax asset is recognised in respect of these capital losses.

21. trade and other payables: current liabilities

Group	2010 £	2009 £
Current		
Trade payables	**574,634**	473,055
Other payables	**177,820**	71,710
Other taxes and social security	**322,323**	188,350
Accruals and deferred income	**726,875**	854,132
	1,801,652	1,587,247
Non-current		
Other payables	**25,000**	–
	25,000	–

Company	2010 £	2009 £
Current		
Trade payables	**2,757**	1,937
Amounts owed to group undertakings	**323,000**	357,500
Other taxes and social security	**30,231**	14,219
Accruals and deferred income	**56,432**	78,432
	412,420	452,088

notes to the financial statements

For the year ended 31 March 2010

22. borrowings: current liabilities

Group	**2010 £**	2009 £
Bank loan	**–**	550,000

Company		
Bank loan	**–**	550,000

borrowings: non-current liabilities

Group	**2010 £**	2009 £
Bank loan	**–**	573,275

Company		
Bank loan	**–**	573,275

23. deferred tax

Group	**2010 £**	2009 £
Movement		
At 1 April	**–**	(142,047)
Charge in year	**27,901**	140,852
Debit to equity – re share based payments	**–**	1,195
At 31 March	**27,901**	–
Charge in year		
Accelerated capital allowances	**27,901**	–
Share based payments	**–**	112,580
Bonus provision now paid	**–**	28,272
	27,901	140,852

Company	**2010 £**	2009 £
Movement		
At 1 April	**–**	(113,775)
Charge in year	**–**	112,580
Debit to equity – re share based payments	**–**	1,195
At 31 March	**–**	–
Charge in year		
Accelerated capital allowances	**–**	–
Share based payments	**–**	112,580
	–	112,580

24. share capital

	2010		2009	
	Number	**£**	Number	£
Authorised				
Ordinary shares of 20p each	**35,000,000**	**7,000,000**	35,000,000	7,000,000
Allotted and called up				
Fully paid ordinary shares of 20p each	**27,533,240**	**5,506,648**	27,183,240	5,436,648

350,000 ordinary shares of 20p each with an aggregate nominal value of £70,000 were issued during the year as part consideration for the acquisition of Chalenor Legal Services Limited and Yorkshire Home Inspections Limited. Currently 1,625,583 ordinary shares are held in treasury representing 5.90% of the Company's issued share capital. The number of ordinary shares of 20p each that the Company has in issue less the total number of treasury shares following the purchase is 25,907,657.

25. share options

At 31 March 2010 share options were held by directors in respect of 2,180,000 shares analysed as follows:

Name	Number of shares	Option price per share	Exercisable
J P Mervis	1,200,000	50p	14/02/2008 – 14/02/2013
J A Warwick	350,000	50p	14/02/2008 – 14/02/2013
T M Brown	300,000	50p	14/02/2008 – 14/02/2013
T M Brown	30,000	72p	02/04/2009 – 02/04/2017
B C Connor	300,000	72p	02/04/2009 – 02/04/2017

No options were granted or lapsed during the year.

It is the Board's intention to keep the number of options outstanding at no more than 10% of the issued share capital.

share based payments

The options for directors were introduced in February 2006 and April 2007. Options are granted with a fixed exercise price equal to the market price of the shares under option at the date of grant. The contractual life of an option is 5 years or 8 years following the vesting period. There are no reload features. The Company has made grants on 14 February 2006 of 1,850,000 options and on 2 April 2007 of 330,000 options. Exercise of an option is dependant on continued employment. Options were valued using the Black-Scholes option-pricing model. No performance conditions were included in the fair value calculations. The expected dividends factored into the model are £ Nil. The fair value per option granted and the assumptions used in the calculation are as follows:

	Grant date 2 April 2007	Grant date 14 February 2006
Share price at grant date	72p	50p
Exercise price	72p	50p
Number of directors	2	3
Shares under option	330,000	1,850,000
Vesting period	2 years	2 years
Expected volatility	60%	60%
Option life (years)	10	7
Risk free rate	5.37%	4.44%
Fair value per option	26.2p	17.9p

25. share options (continued)

The expected volatility is based on historical volatility over the year preceding the grant of options. The risk free rate of return is the yield on zero-coupon UK government bonds issued consistent with the assumed option life. A reconciliation of option movements over the year to 31 March 2010 is shown below.

	2010	2009
	Number of shares	Number of shares
Outstanding at 1 April	**2,180,000**	2,180,000
Granted	**–**	–
	2,180,000	2,180,000
Lapsed	**–**	–
Outstanding at 31 March	**2,180,000**	2,180,000
Exercisable at 31 March	**2,180,000**	2,180,000

The weighted average fair option price is 53.3p (2009: 53.3p).

The total charge for the year relating to employee share based payment plans was £Nil (2009: £43,379) all of which related to equity-settled share based payment transactions. After deferred tax, the total charge was £Nil (2009: £155,959).

26. financial instruments

capital management

The Group finances its operations through retained earnings, bank borrowings and the management of working capital.

financial risk management

The principal financial risks to which the Group is exposed relate to liquidity, foreign exchange rates and credit. The policies and strategies for managing these risks are summarised as follows:

(a) liquidity risk

The Group actively maintains committed facilities that are designed to ensure the Group has sufficient available funds for operations and planned expansions.

(b) foreign exchange risk

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. The level of risk is insignificant.

(c) credit risk

Credit risk refers to the risk that a counterparty will default on contractual obligations resulting in a financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating financial risk from defaults. Nevertheless risk has increased due to the current economic circumstances.

The Group's principal financial assets are bank balances, cash and trade receivables. The Group has no significant concentration of credit risk with exposure spread over a large number of customers. Credit risk is managed by monitoring the aggregate amount and duration of exposure to any one customer depending upon their credit rating. The amounts presented in the balance sheet are net of allowances for doubtful debts, estimated by the Group's management based on prior experience and their assessment of the current economic environment. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. The directors consider that the maximum exposure of the Group to credit risk to be the current assets of the Group excluding inventories.

26. financial instruments (continued)

(d) interest rate risk

At 31 March 2010 the Group had no financial liabilities.

At 31 March 2010 a revolving loan facility of £2,750,000 had been entered into, expiring on 31 January 2011. The rate of interest on the facility is 1.5% over Lloyds TSB Bank plc cost of funds. At 31 March 2010 the amount outstanding in respect of this facility was £Nil.

In connection with the above facilities the Group has entered into an omnibus guarantee with Lloyds TSB Bank plc which provides for each of the companies in the Group to guarantee all monies and liabilities at any time due, owing or incurred from or by each of the other companies in the Group. The Group has also entered into a debenture with Lloyds TSB Bank plc to secure repayment to the bank of all monies and liabilities at any time due, owing or incurred by the Group to the bank.

The interest rate risk is deemed to be immaterial.

At 31 March 2010 the Group had financial assets as follows:

	2010 **£**	2009 £
Cash at bank	**4,466,622**	4,334,923

The rate of interest receivable on financial assets is variable.

maturity of financial liabilities

	2010		2009	
	Group **£**	**Company** **£**	Group £	Company £
Bank and other loans (excluding Group debt):				
In one year or less	**–**	**–**	550,000	550,000
Between one and two years	**–**	**–**	550,000	550,000
From two to five years	**–**	**–**	23,275	23,275
	–	**–**	1,123,275	1,123,275

fair values of financial assets

The fair value is an amount at which a financial instrument could be exchanged in an arms length transaction between informed and willing parties, other than a forced or liquidation sale and excludes accrued interest.

The fair value of cash deposits approximates to the carrying amount because of the short maturity of these instruments.

currency exposure

The Group make sales in foreign currency denominations.

The Group does not hedge against fluctuations in these currency rates.

At 31 March 2010 and 31 March 2009 the Group's exposure on such monetary assets that could give rise to net currency gains or losses was negligible.

interest risk exposure

Financial instruments are selected by the directors in order to minimise the Group's exposure to financial risk. Principal borrowings are taken at floating interest rates.

27. financial commitments

The Group leases various properties and other items such as vehicles under non-cancellable operating lease agreements. The total future minimum lease payments under non-cancellable operating leases are as follows:

Group	2010 Land and buildings £	2010 Other £	2009 Land and buildings £	2009 Other £
Within one year	**2,666**	**28,891**	10,383	20,326
In the second to fifth year	**289,589**	**10,237**	276,953	82,929
After five years	**1,107,000**	**13,487**	1,215,000	14,129
	1,399,255	**52,615**	1,502,336	117,384

28. acquisitions

Chalenor Legal Services Limited and Yorkshire Home Inspections Limited

On 19 October 2009 PSG Franchising Limited acquired 100% of the share capital of Chalenor Legal Services Limited a provider of property searches and home information packs, and 100% of the share capital of Yorkshire Home Inspections Limited a provider of energy performance certificates and home condition reports. Both companies operate from Barnsley.

The consideration was £452,515 of which £375,000 was cash and £77,515 was represented by the issue of 350,000 ordinary shares of 20p each in PSG Solutions plc. The £77,515 represents the fair value of the shares issued based upon the market price of those shares on 19 October 2009.

Chalenor Legal Services Limited and Yorkshire Home Inspections Limited have been consolidated using the acquisition method. The fair value to the Group was as follows:

	Book value of acquired assets £	Fair value to the Group £
Debtors	54,790	54,790
Deposits	2,252	2,252
Creditors	(57,040)	(57,040)
	2	2
Goodwill		452,513
Consideration		452,515

From the date of acquisition to 31 March 2010 Chalenor Legal Services Limited and Yorkshire Home Inspections Limited made neither profit nor loss, the trading of both companies being included in the results of PSG Franchising Limited and PSG Energy Limited. In the period from 1 April 2009 to 18 October 2009 Chalenor Legal Services Limited and Yorkshire Home Inspections Limited made a combined loss after taxation of £19,924 whilst in the year to 31 March 2009 a combined profit was £31,078 was achieved.

It is not practicable to disclose the profit or loss to the Group for the period from the acquisition included in the Group loss for the year. Nor would it be practicable to assess the profit or loss to the Group were the acquisition to have taken place at the start of the year.

notice of annual general meeting

For 2010

Notice is given to all shareholders that the Annual General Meeting of PSG Solutions plc (“the Company”) for 2010 will be held at the offices of the Company, 133 Ebury Street, London SW1W 9QU on 18 August 2010 at 11.30am for the transaction of the following business. Resolutions 1 to 5 inclusive will be proposed as ordinary resolutions and resolutions 6 and 7 will be proposed as special resolutions:

ordinary business

1. To receive the Company’s annual accounts for the financial year ended 31 March 2010 together with the directors’ report and the auditors’ report on those accounts.

2. To re-appoint J A Warwick as director of the Company, who retires under Article 93 at the Annual General Meeting.

3. To re-appoint J D G Holme as director of the Company, who retires under Article 93 at the Annual General Meeting.

4. To re-appoint Milsted Langdon LLP, Chartered Accountants and Registered Auditors, as auditors of the Company to hold office from the conclusion of the meeting to the conclusion of the next meeting at which the accounts are laid before the Company and to authorise the directors to determine the auditors’ remuneration.

special business

5. That the directors be generally and unconditionally authorised, pursuant to Section 551 of the Companies Act 2006 (“the Act”), to allot relevant securities (as defined in that section) up to an aggregate nominal amount of £1,493,352 provided that:

   5.1 this authority shall expire 15 months from the date of this resolution or at the Company’s next Annual General Meeting, if earlier; and

   5.2 that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such an offer or agreement notwithstanding that the authority conferred hereby has expired and that this authority shall be in substitution of all previous authorities conferred upon the directors pursuant to the said Section 551.

6. That, subject to the passing of resolution 5 above, the directors be and they are hereby empowered pursuant to Section 570 of the Act to allot equity securities (as defined in Section 560 of the Act) of the Company for cash pursuant to the general authority granted in resolution 5 above as if Section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:

   6.1 the allotment of equity securities in connection with or pursuant to an offer by way of rights, open offer or other pre-emptive offer to the holders of ordinary shares and other persons entitled to participate therein in proportion to their respective holdings, subject to such exclusions or other arrangements as the directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of any territory or the regulations or requirements of any regulatory authority or any stock exchange in any territory;

   6.2 the allotment (otherwise than pursuant to 6.1 above) of equity securities up to an aggregate nominal amount of £1,101,330 (being approximately 20% of the current issued ordinary share capital of the Company);

   and such power shall expire 15 months from the date of this resolution or at the Company’s next Annual General Meeting, if earlier, save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

7. That, subject to passing the above resolutions 5 and 6 above, the Company be generally and unconditionally authorised to make market purchases (within the meaning of Section 693(4) of the Companies Act 2006) of ordinary shares of 20p each in the capital of the Company (‘Ordinary Shares’) on such terms and in such manner as the directors of the Company may from time to time determine provided that:

   7.1 The maximum number of Ordinary Shares hereby authorised to be purchased is 11,013,296 (representing 40% of the Company’s issued Ordinary Share capital);

7.2 The amount paid for each such share shall not be more than 5% above the average of the middle market quotation for Ordinary Shares as derived from the AIM Appendix to the Daily Official List of the London Stock Exchange plc for the 10 Business Days immediately preceding the date on which the contract for purchase is made, and in any event not less than 20p per Ordinary Share; and

7.3 The authority herein contained shall expire in 15 months or at the conclusion of the next Annual General Meeting if earlier provided that the Company may before such expiry make a contract for the purchase of Ordinary Shares under the authority which would or might be executed wholly or partly after the expiry of this authority and may make purchases of Ordinary Shares in pursuance of such contract as if the authority hereby conferred had not expired.

By order of the Board

John Warwick
Company Secretary
15 July 2010
133 Ebury Street
London
SW1W 9QU

Notes:

1. A member entitled to attend and vote at the meeting convened by the notice set out above may appoint a proxy to exercise all or any of his rights to attend speak and vote instead of him. A proxy need not be a member of the Company. A member may appoint more than one proxy if each proxy is appointed to exercise the rights attaching to different shares held by the member. To appoint more than one proxy, please contact the Company's Registrars, Capita Registrars, The Registry, 34 Beckenham Road, Kent BR3 4TU.

2. A form of proxy is provided. To be effective, the form of proxy must be received at the office of Capita Registrars, PXS, 34 Beckenham Road, Beckenham, BR3 4TU not less than 48 hours before the time fixed for the Annual General Meeting. Completion of the form of proxy does not preclude a member from subsequently attending and voting at the meeting in person if he or she so wishes.

3. The register of interests of the directors and their families in the share capital of the Company and copies of contracts of service of directors with the Company or with any of its subsidiary undertakings will be available for inspection at the registered office of the Company during normal business hours (Saturdays and public holidays excepted) from the date of this notice until the conclusion of the meeting.

4. In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, only those members entered on the Company's register of members not later than 48 hours before the date of the meeting, or, if the meeting is adjourned, shareholders entered on the Company's register of members not less than 48 hours before the time fixed for the adjourned meeting shall be entitled to attend and vote at the meeting.

5. As at 8 July 2010, the Company's issued share capital comprised 27,533,240 ordinary shares of 20p each of which 1,625,583 are held in treasury. Each ordinary share (other than those held in treasury) carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights as at 8 July 2010 is 25,907,657.

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