30 November 2011

PHSC PLC
("PHSC", "the Company" or "Group")

Interim Report 2011

GROUP CHIEF EXECUTIVE OFFICER'S STATEMENT
for the six months ended 30 September 2011

Financial Highlights

- Group turnover (consolidated) for the period was £2.135m compared with £2.387m for the same period last year.
- EBITDA of £114k, compared with £106k for the same period last year.
- Basic earnings per share at the interim stage are 0.64p compared with 0.61p achieved in the corresponding period last year.
- Net cash generated by operating activities was £242k (£120k generated in the same period last year).
- Overall cash and cash equivalents stood at £805k at the end of the period compared with £749k at the year ended 31 March 2011. Cash has increased despite £207k paid out in dividends.
- Net asset value (unaudited) of £5.133m or 49p pence per Ordinary Share compared to a current share price (mid) of 16p pence

Trading overview

The Group continues to trade profitably but does so against a backdrop of a difficult marketplace where there appear to be fewer opportunities for additional work and reductions in margins for new work that is won.

Each subsidiary has seen a reduction in revenues but has been able to marginally improve the bottom line at the interim stage by prudent management of costs. Financial statistics are given for each trading subsidiary later in this statement.

The Board believes that the second half of the year will be significantly better than the first, something that has consistently happened in previous years. This is due to various factors, including the pattern of public sector spending.

We have taken the decision to relocate our subsidiary Envex Company Limited from rented offices in Berkshire to the Group-owned office of Adamson's Laboratory Services Ltd in Essex. There will be net savings after the cost of office closure has been offset against lower future overheads.

Costs of running the parent company have decreased by about 12% from £228,500 to £200,300 for the first half year as a result of directors agreeing to lower salaries and other contributory factors. The Board continues to seek ways to achieve savings.

Outlook

Whilst the level of long-term contracts continues to be fairly stable, the volume of ad-hoc work is unpredictable and visibility is never more than a few months ahead. The Board, however, remains reasonably optimistic that the Company's performance over the full year will be broadly in line with what was achieved in the previous year.

In our Annual Report we said that cost-cutting may lead to an overall improvement in margins but cautioned that in a volatile marketplace there can be no certainty. There are presently no signs of any increase in the level of confidence that our clients have in their own prospects, meaning they are cautious about allocation of budgets to services such as those we provide.

Dividend prospects

As in previous years, the Board is not recommending payment of an interim dividend, but expects to propose an appropriate final dividend at the end of the year.

Our special dividend of 1.0p, giving a total dividend of 2.0p per Ordinary Share, drew positive responses from the majority of investors. The Board is not averse to considering a similar distribution in relation to the current year, subject to this being judged appropriate in all the circumstances.

Despite a cash outflow of £207k pertaining to the dividend payment mentioned above, the Company's cash reserves stood £56k higher at the end of the period compared with 31 March 2011.

Net Asset Value

As at 30 September 2011, the Company had net assets of £5.133m (unaudited) as per these interim accounts. There were 10,381,973 Ordinary Shares in issue at that date which equates to a net asset value (NAV) per share of 49 pence. At 16 pence per share the Ordinary Shares of the Company are currently trading at approximately a 67% discount to the net asset value.

Performance by Trading Subsidiaries

Profit/loss figures for individual subsidiaries are stated before tax and inter-company charges (including the costs of operating the plc which are recovered through management charges to trading subsidiaries), interest paid and received, depreciation and amortisation.

Adamson's Laboratory Services Limited
Invoiced sales of £947,271 yielding a profit of £18,929 (the figures for the same period last year were £978,607 and £7,206).

Envex Company Limited
Invoiced sales of £65,136 yielding a profit of £8,761 for the period (the figures for the same period last year were £85,336 and £27,420).

Inspection Services (UK) Limited
Invoiced sales of £126,111 yielding a profit of £10,901 (the figures for the same period last year were £123,272 and £12,359).

Personnel Health and Safety Consultants Limited
Invoiced sales of £392,777 yielding a profit of £175,102 (the figures for the same period last year were £462,650 and £202,706).

RSA Environmental Health Limited
Invoiced sales of £246,057 yielding a profit of £11,658 (the figures for the same period last year were £367,847 and £15,942).

Quality Leisure Management Limited
Invoiced sales of £357,816 yielding a profit of £83,162 (the figures for the same period last year were £369,239 and £62,104).

Stephen King - Group Chief Executive Officer

For further information please contact:

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(Nominated Adviser and Broker)
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Group Statement of Comprehensive Income	Note	Six months ended 30 Sept 11 Unaudited £'000	Six months ended 30 Sept 10 £'000	Year ended 31 Mar 11 £'000
Continuing operations				
Revenue		2,135	2,387	4,814
Cost of sales		(1,147)	(1,324)	(2,636)
Gross profit		988	1,063	2,178
Other income		2	4	66
Administrative expenses		(899)	(987)	(1,917)
Profit from operations		91	80	327
Finance income		5	1	1
Finance costs		-	-	-
Profit before taxation		96	81	328
Corporation tax expense		(29)	(19)	(89)
Profit after taxation and total comprehensive income from continuing operations		67	62	239
Profit after taxation and total comprehensive income		**67**	**62**	**239**
Attributable to:				
Equity holders of the Group		67	62	239
Earnings per share for profit after tax and total comprehensive income from continuing operations attributable to the equity holders of the Group during the period				
Basic	4	0.64p	0.61p	2.33p

Group Statement of Financial Position	Note	30 Sept 11 Unaudited £'000	30 Sept 10 £'000	31 Mar 11 £'000
Non-current assets				
Property, plant and equipment	3	795	829	817
Goodwill		3,315	3,313	3,315
Deferred tax asset		1	5	1
		4,111	4,147	4,133
Current assets				
Inventories		2	2	2
Trade and other receivables		1,096	1,481	1,382
Cash and cash equivalents		805	587	749
		1,903	2,070	2,133
Total assets		**6,014**	**6,217**	**6,266**
Current liabilities				
Trade and other payables		598	643	756
Current corporation tax payable		102	47	56
Short term provisions		100	250	100
		800	940	912
Non-current liabilities				
Long-term provisions		-	100	-
Deferred taxation liabilities		81	80	81
		81	180	81
Total liabilities		**881**	**1,120**	**993**
Net assets		**5,133**	**5,097**	**5,273**
Capital and reserves attributable to equity holders of the Group				
Called up share capital		1,038	1,038	1,038
Share premium account		1,497	1,497	1,497
Capital redemption reserve		144	144	144
Retained earnings		2,454	2,418	2,594
		5,133	**5,097**	**5,273**

Group Statement of Changes in Equity

	Share Capital	Share Premium	Capital Redemption Reserve	Retained Earnings	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2010	1,038	1,497	144	2,449	5,128
Profit for the period attributable to equity holders	-	-	-	62	62
Dividends	-	-	-	(93)	(93)
Balance at 30 September 2010	1,038	1,497	144	2,418	5,097
Balance at 1 April 2011	1,038	1,497	144	2,594	5,273
Profit for the period attributable to equity holders	-	-	-	67	67
Dividends	-	-	-	(207)	(207)
Balance at 30 September 2011	1,038	1,497	144	2,454	5,133

Group Statement of Cash Flows	Six months ended 30 Sept 11 Unaudited £'000	Six months ended 30 Sept 10 £'000	Year ended 31 Mar 11 £'000
Cash flows from operating activities			
Cash generated from operations	242	120	616
Tax refunded/(paid)	17	(146)	(203)
Net cash generated from/(used by) operating activities	259	(26)	413
Cash flows used in investing activities			
Purchase of property, plant and equipment	(1)	(17)	(33)
Purchase of subsidiary companies	-	11	(250)
Disposal proceeds fixed assets	-	1	1
Interest received	5	1	1
Net cash used in investing activities	4	(4)	(281)
Cash flows used in financing activities			
Dividends paid to group shareholders	(207)	(93)	(93)
Net cash used in financing activities	(207)	(93)	(93)
Net increase/(decrease) in cash and cash equivalents	56	(123)	39
Cash and cash equivalents at beginning of year	749	710	710
Cash and cash equivalents at end of year	805	587	749

Notes to the cash flow statement

Cash generated from operations			
Operating profit - continuing operations	91	80	327
Depreciation charge	23	25	51
Loss on sale of fixed assets	-	1	10
Decrease in trade and other receivables	285	235	335
Decrease in trade and other payables	(157)	(221)	(107)
Cash generated from operations	242	120	616

Notes to the Financial Statements

1.

These interim financial statements for the period ended 30 September 2011 have been prepared in accordance with International Financial Reporting Standards (IFRSs). The Group financial statements consolidate the financial statements of PHSC plc and all its subsidiary undertakings made up to 30 September 2011.

All companies in the Group use sterling as presentational and functional currency.

The information presented within these interim financial statements is in compliance with IAS 34 "Interim Financial Reporting". This requires the use of certain accounting estimates and requires that management exercise judgement in the process of applying the Group's accounting policies. The areas involving a high degree of judgement or complexity, or areas where the assumptions and estimates are significant to the interim financial statements are disclosed below:

(a) Provisions
The Group recognises a provision where a legal or constructive obligation exists at the balance sheet date and a reliable estimate can be made of the likely outcome. A £100,000 liability has been provided within short term provisions relating to the payment due on the second anniversary of the acquisition of Quality Leisure Management.

(b) Impairment of goodwill
The Group Chief Executive Officer's Statement refers to the difficulty in evaluating future trading volumes and profitability in respect of each subsidiary company in the current economic climate. For this reason the Board is to defer any decision regarding the impairment of goodwill until the year end.

The financial information contained in this report, which has not been audited, does not constitute statutory accounts as defined by Section 434 of the Companies Act 2006. The Group's statutory financial statements for the year ended 31 March 2011, prepared under IFRS have been filed with the Registrar of Companies. The auditors' report for the 2011 financial statements was unqualified and did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

Notes to the Financial Statements (continued)

		30 Sept 11 Unaudited	30 Sept 10	31 Mar 11
2	**Segmental Reporting**	£'000	£'000	£'000
	Revenue			
	PHSC plc	-	-	-
	Personnel Health & Safety Consultants Ltd	393	463	928
	RSA Environmental Health Limited	246	368	661
	Adamson's Laboratory Services Ltd	947	979	2,095
	Envex Company Ltd	65	85	177
	Inspection Services Ltd	126	123	247
	Quality Leisure Management Ltd	358	369	706
		2,135	2,387	4,814
	Profit/(loss) after taxation			
	PHSC plc	(13)	-	9
	Personnel Health & Safety Consultants Ltd	77	95	134
	RSA Environmental Health Limited	4	6	4
	Adamson's Laboratory Services Ltd	(53)	(89)	(1)
	Envex Company Ltd	2	16	32
	Inspection Services Ltd	4	4	5
	Quality Leisure Management Ltd	46	30	56
		67	62	239
	Total assets			
	PHSC plc	4,334	4,280	4,035
	Personnel Health & Safety Consultants Ltd	670	697	746
	RSA Environmental Health Limited	584	605	602
	Adamson's Laboratory Services Ltd	1,027	1,237	1,335
	Envex Company Ltd	89	93	110
	Inspection Services Ltd	148	161	167
	Quality Leisure Management Ltd	200	186	309
		7,052	7,259	7,304
	Adjustment of goodwill	(1,038)	(1,042)	(1,038)
		6,014	6,217	6,266

Notes to the Financial Statements (continued)		30 Sept 11 Unaudited	30 Sept 10	31 Mar 11
3	**Property, plant and equipment**	£'000	£'000	£'000
	Cost or valuation			
	Brought forward	1,158	1,159	1,159
	Additions	1	17	33
	Disposals	-	(11)	(34)
	Carried forward	1,159	1,165	1,158
	Depreciation			
	Brought forward	341	320	320
	Charge	23	25	51
	Disposals	-	(9)	(30)
	Carried forward	364	336	341
	Net book value	795	829	817

4 Earnings per share

The calculation of the basic earnings per share is based on the following data:

Earnings	30 Sept 11 £'000 Unaudited	30 Sept 10 £'000	31 Mar 11 £'000
Continuing activities	67	62	239

Number of shares	30 Sept 11	30 Sept 10	31 Mar 11
Weighted average number of shares for the purpose of basic earnings per share	10,381,973	10,276,019	10,381,973
Effect of dilutive warrants	-	29,949	-
Weighted average number of shares for the purpose of diluted earnings per share	-	10,305,968	-