5 December 2013

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

Interim Results for the six months ended 30 September 2013

GROUP CHIEF EXECUTIVE OFFICER'S STATEMENT

Financial Highlights

- Group turnover up 79% at £3.942m compared with £2.198m
- EBITDA up 264% to £359k versus £136k
- Basic earnings per share up 233% at 2.30p compared with 0.69p
- Net asset value (unaudited) of £5.712m
- Placing raised £480k after expenses; funds received in October 2013 thus excluded from Interim Accounts
- Pro-forma net asset value (unaudited) per share of 49p taking into account the Placing, compared to a current share price (mid) of 32p
- Significant contributions from both new subsidiaries acquired last year

Trading overview

Financial statistics for each of the Group's seven trading subsidiaries are given later in this statement and it will be seen that the most recent acquisitions have had a major positive impact.

The Board's focus has been on ensuring that the new companies, QCS International Limited and B to B Links Limited, are absorbed within the Group with the minimum of disruption to their normal activities, and that they are adequately resourced. In the case of B to B Links Limited, on-going CCTV installation work for a major department store chain continues to be the predominant feature. A comprehensive management structure has now been put in place to deliver this work and the activity has generated average monthly revenues of over £140k in the period, up from £75k per month in the first six months after acquisition.

QCS International Limited continues to trade ahead of management forecasts, and the outlook for their quality systems auditing and training services remains encouraging.

As we predicted, the remaining five subsidiaries which deal predominantly in health and safety consultancy and training services, and asbestos management have had mixed fortunes. When taken together they are broadly holding their own in market conditions that remain challenging, further reinforcing the Board's view that the diversification from solely health and safety activities was well justified.

Share placing

On 27 September 2013 the Company announced that it had raised £520,000 before expenses through a placing of 2,080,000 new Ordinary Shares at a price of 25p per share. The placing was oversubscribed, primarily taken up by institutional investors, and included director participation as a demonstration of

our confidence in the business. The placing shares represented approximately 16 per cent. of the enlarged issued share capital. It is worth noting that the combined effect on the share dilution of our two new acquisitions prior to this placing had been just 3 per cent.

The Board felt that it was appropriate to accept significant new funding at a time when its cash flow was under pressure as a result of acquisition payments. Whilst these payments were made from existing cash resources, the ability to invest in materials and equipment primarily associated with B to B Links Limited's growing order book would have been compromised. Although our bankers had offered to provide a level of support that would have been sufficient, overdrafts and borrowings ultimately have to be paid back. On balance the Board took the decision that the level of dilution occasioned by the new share issue was justified by the increased flexibility offered by an equity financing.

The net proceeds of the placing were approximately £480k and will be used as additional working capital to fund the continued growth of the Group.

Outlook

In our last Annual Report we speculated that EBITDA for 2013/14 could be in the order of £700-£750k. These interim figures announced today show us on course to achieve that outcome. In the past it has always been the case that the Group's financial performance is better in the second half of the year. With the new subsidiaries generating a more level monthly income profile, this effect will be less pronounced in the current year but we do expect the pattern to be maintained.

We stated that there would be a positive impact from our reduced reliance upon the core business of health and safety consultancy services. This has been borne out by the far higher revenues and earnings per share we have been able to deliver. As we get to understand the new businesses even better, we expect to be able to carry on enhancing shareholder value.

Dividend prospects

The Board is not declaring an interim dividend but will consider payment of an appropriate final dividend at the end of the year. Key considerations will be the overall performance for the year and the extent of final payments becoming due in respect of the acquisition of QCS International Limited and B to B Links Limited which fall due at the end of July and September 2014 respectively.

Net Asset Value

As at 30 September 2013, the Company had net assets of £5,712,400 (unaudited) as per these interim accounts. There were 10,606,348 Ordinary Shares in issue at that date which equates to a net asset value (NAV) per share of 54p.

Taking into account the net proceeds of the Placing, the (unaudited) pro-forma NAV per share as at 30 September 2013 was 49p. At 32p per share, the Ordinary Shares of the Company are currently trading at approximately a 35% discount to the (unaudited) pro-forma NAV per share.

Cash Flow

The nature of B to B Links Limited's business means that substantial cash is tied up in stock and work in progress. In addition, agreed settlement terms with a major client mean that higher sales have led to

an increase in trade and other receivables which Group-wide have risen by £384k since 31 March 2013.

Although £188k net cash was generated by operating activities, cash of £361k was paid within the period on the anniversaries of two acquisitions. A further £80k to complete the first anniversary payments was paid on 4 October 2013. Our post period cash position was substantially improved by £480k net proceeds from the share placing. Combined with further net cash from trading activities, the bank balance stood at £523k at the end of October 2013.

Our banking arrangements with HSBC include a formal overdraft facility of £200k, as yet unused.

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 £1,329,700 yielding a profit of £127,400 (the equivalent figures for the same period last year were £1,124,300 and £102,700).

Inspection Services (UK) Limited

Invoiced sales of £98,300 yielding a profit of £3,500 (the figures for the same period last year were £100,600 and £4,900).

Personnel Health and Safety Consultants Limited

Invoiced sales of £360,500 yielding a profit of £153,300 (the figures for the same period last year were £388,900 and £167,800).

RSA Environmental Health Limited

Invoiced sales of £237,900 resulting in a profit of £20,900 (the figures for the same period last year were £193,200 and a loss of £6,000).

Quality Leisure Management Limited

Invoiced sales of £186,800 resulting in a loss of £27,300 (the figures for the same period last year were £307,500 and profit of £60,900).

QCS International Limited

Invoiced sales of £253,000 yielding a profit of £79,200 (this compares with sales of £83,700 and a profit of £28,800 for the two months since acquisition that fell into this period last year).

B to B Links Limited

Invoiced sales of £1,475,400 yielding a profit of £198,700 (there are no comparative figures available for last year, with the subsidiary being acquired on 28 September 2012).

Stephen King - Group Chief Executive Officer

For further information please contact:

PHSC plc
Stephen King 01622 717700
www.phsc.plc.uk

Northland Capital Partners Limited
(Nominated Adviser and Broker)
Gavin Burnell / Edward Hutton 020 7796 8800

Group Statement of Comprehensive Income	Note	Six months ended 30 Sept 13 Unaudited £'000	Six months ended 30 Sept 12 Unaudited £'000	Year ended 31 Mar 13 £'000
Continuing operations				
Revenue	2	3,942	2,198	5,791
Cost of sales		(2,332)	(1,145)	(3,010)
Gross profit		1,610	1,053	2,781
Other income		1	3	6
Administrative expenses		(1,274)	(959)	(2,268)
Profit from operations		337	97	519
Finance income		-	1	2
Finance costs		-	-	(1)
Profit before taxation		337	98	520
Corporation tax expense		(93)	(26)	(138)
Profit after taxation and total comprehensive income from continuing operations	2	244	72	382
Profit after taxation and total comprehensive income		**244**	**72**	**382**
Attributable to:				
Equity holders of the Group		244	72	382
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	2.30p	0.69p	3.64p

Group Statement of Financial Position	Note	30 Sept 13 Unaudited £'000	30 Sept 12 Unaudited £'000	31 Mar 13 £'000
Non-current assets				
Property, plant and equipment	3	702	812	713
Goodwill		4,637	4,676	4,637
Deferred tax asset		3	2	3
		5,342	5,490	5,353
Current assets				
Inventories		184	137	153
Trade and other receivables		2,422	1,785	2,038
Cash and cash equivalents		-	391	216
		2,606	2,313	2,407
Total assets	2	**7,948**	**7,803**	**7,760**
Current liabilities				
Trade and other payables		1,480	943	1,099
Financial liabilities		7	13	13
Current corporation tax payable		264	240	175
Short term provisions		410	863	441
		2,161	2,059	1,728
Non-current liabilities				
Financial liabilities		6	13	6
Long-term provisions		-	330	330
Deferred taxation liabilities		69	75	69
		75	418	405
Total liabilities		**2,236**	**2,477**	**2,133**
Net assets		**5,712**	**5,326**	**5,627**
Capital and reserves attributable to equity holders of the Group				
Called up share capital		1,061	1,060	1,061
Share premium account		1,555	1,568	1,555
Capital redemption reserve		144	144	144
Retained earnings		2,952	2,554	2,867
		5,712	**5,326**	**5,627**

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 2012	1,038	1,497	144	2,691	5,370
Profit for the period attributable to equity holders	-	-	-	72	72
Dividends	-	-	-	(209)	(209)
Issue of shares	22	71	-	-	93
Balance at 30 September 2012	1,060	1,568	144	2,554	5,326
Balance at 1 April 2013	1,061	1,555	144	2,867	5,627
Profit for the period attributable to equity holders	-	-	-	244	244
Dividends	-	-	-	(159)	(159)
Balance at 30 September 2013	1,061	1,555	144	2,952	5,712

Group Statement of Cash Flows	Six months ended 30 Sept 13 Unaudited £'000	Six months ended 30 Sept 12 Unaudited £'000	Year ended 31 Mar 13 £'000
Cash flows from operating activities			
Cash generated from operations	191	76	427
Interest paid	-	-	(1)
Tax paid	(3)	-	(183)
Net cash generated from operating activities	188	76	243
Cash flows used in investing activities			
Purchase of property, plant and equipment	(11)	(15)	(25)
Purchase of subsidiary companies net of cash acquired	(361)	(365)	(786)
Disposal proceeds fixed assets	-	-	88
Interest received	-	1	2
Net cash used in investing activities	(372)	(379)	(721)
Cash flows used in financing activities			
Dividends paid to group shareholders	(159)	(209)	(209)
Net cash used in financing activities	(159)	(209)	(209)
Net decrease in cash and cash equivalents	(343)	(512)	(687)
Cash and cash equivalents at beginning of period	216	903	903
Cash and cash equivalents at end of period	(127)	391	216

Notes to the cash flow statement

Cash generated from operations			
Operating profit - continuing operations	337	97	519
Depreciation charge	22	20	45
Goodwill impairment	-	-	39
Profit on sale of fixed assets	-	-	(5)
(Increase)/decrease in inventories	(31)	1	(15)
(Increase)/decrease in trade and other receivables	(384)	(63)	(336)
Increase in trade and other payables	253	21	187
Decrease in financial liabilities	(6)	-	(7)
Cash generated from operations	191	76	427

Notes to the Financial Statements

1. Basis of preparation

These condensed consolidated financial statements are presented on the basis of International Financial Reporting Standards (IFRS) as adopted by the European Union and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and have been prepared in accordance with AIM rules and the Companies Act 2006, as applicable to companies reporting under IFRS.

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 2013, prepared under IFRS have been filed with the Registrar of Companies. The auditors' report for the 2013 financial statements was unqualified and did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

The same accounting policies and methods of computation are followed within these interim financial statements as adopted in the most recent annual financial statements. IFRS 7 Amendments to Financial Instruments Disclosures has been adopted from 1 April 2012. The adoption of this standard has not had a material impact on these interim financial statements.

New IFRS standards and interpretations not adopted

Certain new standards, amendments and interpretations of existing standards that have been published and which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU)

IFRS standards and interpretations issued (and EU adopted) but not yet effective **Title**	**Effective date – accounting period beginning on/after**
IAS 27 Separate Financial Statements	01/01/2013
IAS 28 Investments in Associates and Joint Ventures	01/01/2013
IFRS 10 Consolidated Financial Statements	01/01/2013
IFRS 11 Joint Arrangements	01/01/2013
IFRS 12 Disclosures of Interests in Other Entities	01/01/2013
IFRS 13 Fair Value Measurement	01/01/2013
IFRIC 20 Stripping Costs in the Production of a Surface Mine	01/01/2013
IFRS 1 Amendments – Government Loans	01/01/2013
Transition Guidance (Amendments to IFRS 10, 11 and 12)	01/01/2013

IFRS Standards and Interpretations issued by IASB but not yet EU approved **Title**	**Effective date – accounting period beginning on/after**
IFRS 9 Financial Instruments	01/01/2013
Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)	01/01/2014
IFRIC 21 Levies	01/01/2014
IAS 36 Amendments Recoverable Amount Disclosures for non-Financial Assets	01/01/2014
Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)	01/01/2014

The adoption of these standards, amendments and interpretations is not expected to have a material impact on the group's profit for the period or equity. Application of these standards will result in some changes in presentation of information within the condensed interim financial statements.

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. Liabilities of £80,000 (QCS) and £330,000 (B to B) relating to the payments due under the sale and purchase agreements are included in short term provisions.

(b) Impairment of goodwill
Our interim review of the value of goodwill in the balance sheet did not highlight any conditions which would give rise to a material impairment. For this reason the Board is to defer any decision regarding the impairment of goodwill until the year end.

Notes to the Financial Statements (continued)

		30 Sept 13 Unaudited	30 Sept 12 Unaudited	31 Mar 13
2	**Segmental Reporting**	£'000	£'000	£'000
	Revenue			
	PHSC plc	-	-	-
	Personnel Health & Safety Consultants Ltd	361	389	765
	RSA Environmental Health Limited	238	193	421
	Adamson's Laboratory Services Ltd	1,330	1,124	2,367
	Inspection Services Ltd	98	101	202
	Quality Leisure Management Ltd	187	307	607
	Q C S International Ltd (acquired 31.07.12)	253	84	335
	B to B Links Limited (acquired 30.09.12)	1,475	-	1,094
		3,942	2,198	5,791
	Profit/(loss) after taxation			
	PHSC plc	1	2	7
	Personnel Health & Safety Consultants Ltd	53	68	94
	RSA Environmental Health Limited	12	(13)	(1)
	Adamson's Laboratory Services Ltd	35	(32)	136
	Inspection Services Ltd	(3)	(1)	1
	Quality Leisure Management Ltd	(53)	27	55
	Q C S International Limited (acquired 31.07.12)	64	21	69
	B to B Links (acquired 30.09.12)	135	-	60
		244	72	421
	Goodwill impairment			(39)
				382
	Total assets			
	PHSC plc	5,892	5,410	5,009
	Personnel Health & Safety Consultants Ltd	493	745	711
	RSA Environmental Health Limited	495	526	559
	Adamson's Laboratory Services Ltd	1,260	1,316	1,438
	Inspection Services Ltd	44	119	116
	Quality Leisure Management Ltd	65	311	338
	Q C S International Ltd	118	174	200
	B to B Links Ltd	1,119	706	932
		9,486	9,307	9,303
	Adjustment of goodwill	(1,538)	(1,504)	(1,543)
		7,948	7,803	7,760

Notes to the Financial Statements (continued)		30 Sept 13 Unaudited	30 Sept 12 Unaudited	31 Mar 13
3	**Property, plant and equipment**	£'000	£'000	£'000
	Cost or valuation			
	Brought forward	1,097	1,139	1,139
	Additions	11	62	25
	Acquisition of subsidiary	-	-	47
	Disposals	-	-	(114)
	Carried forward	1,108	1,201	1,097
	Depreciation			
	Brought forward	384	369	369
	Charge	22	20	45
	Disposals	-	-	(30)
	Carried forward	406	389	384
	Net book value	702	812	713

4 Earnings per share

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

Earnings	30 Sept 13 £'000 Unaudited	30 Sept 12 £'000 Unaudited	31 Mar 13 £'000
Continuing activities	244	72	382

Number of shares	30 Sept 13	30 Sept 12	31 Mar 13
Weighted average number of shares for the purpose of basic earnings per share	10,606,348	10,410,473	10,606,348