3 December 2015

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

Unaudited Interim Results for the six months ended 30 September 2015

GROUP CHIEF EXECUTIVE OFFICER'S STATEMENT

Financial Highlights

- Group turnover for first half down 18% at £3.354m compared with £4.129m last year.
- EBITDA reduces to £229k, versus £444k after cost of acquisitions last year.
- Basic earnings per share down 45% at 1.23p compared with 2.26p last year.
- Cash position increased from £138k at 30 Sept 2014 to £611k
- Net asset value (unaudited) up to £6.635m from £6.622m last year.
- Pro-forma net asset value (unaudited) per share of 53.3p compared to a current share price (mid) of 24.5p.
- Near-threefold increase in EBITDA in Q2 versus Q1, as new contracts and cost savings take effect.

Trading overview

As indicated in our previous trading update, the conclusion of two large contracts resulted in a hiatus in our order book which we have been seeking to address. In our pre-AGM trading update covering the first four months, we reported EBITDA of circa £66k. It can be seen from today's announcement that the final two months of H1 generated an additional £139k of profit, enabling us to climb up to £229k EBITDA for the first half of the year. Although somewhat less than at this stage in 2014-15, the recent upturn in performance has given the board a degree of confidence that subsidiaries are successfully adjusting to their new circumstances. The breakdown of performance by individual subsidiary later in this statement will show that the single most significant factor was a gap in the order book of B to B Links Limited. The subsidiary did not have the benefit of last year's large one-off contract and this coincided with work deferrals from a major customer. Those orders were subsequently released to us for fulfilment and the positive effect can be seen in Q2's improved performance.

Our QCS International Limited subsidiary is now rolling out a programme of training and consultancy support in connection with recent revisions to international quality standards ISO 9001and ISO 14001. This programme was forecast to have commenced in Q2 but there was a delay in official publication by the standards body. This resulted in the subsidiary having to postpone a number of transitional courses but these will now commence in Q3.

Health and safety consultancy and training activity continued to take place in line with expected customer demand. The conclusion of a large value asbestos-related project with a leading university detrimentally affected income and caused an overmanning situation which has now been rectified.

Outlook

The Group traditionally performs better in the second half of the financial year, although this trend was interrupted in 2014-15 by the exceptional performance of B to B Links in the first half. Based on the

current order book we expect to see further progress from existing subsidiaries in Q3 and Q4, giving us a stronger second half to the current year.

Dividend prospects

The Board is not declaring an interim dividend but intends to recommend an appropriate final dividend in line with its stated policy of at least maintaining the level of dividend.

Cash Flow

The bank balance stood at £611k as at the date of the interim accounts, compared with £138k this time last year. The relatively low balance last year was caused by meeting our obligations in respect of acquisition payments that fell due in that period.

An agreement has been put in place with our bankers, HSBC, that allows the Group to call upon an overdraft facility of £200k. This facility is due for review in November 2016. We are confident that our cash balance and the availability of bank funding will enable us to meet all our financial obligations over the foreseeable future.

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

Revenue of £1,105,100 yielding a profit of £102,900 (the equivalent figures for the same period last year were £1,288,600 and £67,400).

Inspection Services (UK) Limited

Invoiced sales of £106,500 yielding a profit of £18,800 (the figures for the same period last year were £96,300 and £8,900).

Personnel Health and Safety Consultants Limited

Invoiced sales of £328,300 yielding a profit of £132,000 (the figures for the same period last year were £390,800 and £191,200).

RSA Environmental Health Limited

Invoiced sales of £209,700 resulting in a profit of £21,000 (the figures for the same period last year were £198,200 and £8,000).

Quality Leisure Management Limited

Invoiced sales of £239,600 resulting in a profit of £34,900 (the figures for the same period last year were £246,800 and £57,000).

QCS International Limited

Invoiced sales of £245,000 yielding a profit of £58,000 (the figures for the same period last year were £254,000 and £58,900).

B to B Links Limited

Invoiced sales of £1,120,100 yielding a profit of £58,900 (the figures for the same period last year were £1,654,300 and £402,000)

Stephen King - Group Chief Executive Officer

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Group Statement of Comprehensive Income	Note	Six months ended 30 Sept 15 Unaudited £'000	Six months ended 30 Sept 14 Unaudited £'000	Year ended 31 Mar 15 £'000
Continuing operations				
Revenue	3	3,354	4,129	7,731
Cost of sales		(1,804)	(2,249)	(4,226)
Gross profit		1,550	1,880	3,505
Administrative expenses		(1,345)	(1,383)	(2,739)
Exceptional administrative expenses	2	-	(75)	(263)
Profit from operations		205	422	503
Finance income		-	-	1
Finance costs		-	-	(1)
Profit before taxation		205	422	503
Corporation tax expense		(49)	(136)	(154)
Profit for the period after tax attributable to owners of parent	3	156	286	349
Total comprehensive income attributable to owners of the parent		**156**	**286**	**349**
Attributable to:				
Equity holders of the Group		156	286	349
Basic and diluted Earnings per Share for profit after tax from continuing operations attributable to the equity holders of the Group during the period	5	1.23p	2.26p	2.75p

Group Statement of Financial Position	Note	30 Sept 15 Unaudited £'000	30 Sept 14 Unaudited £'000	31 Mar 15 £'000
Non-current assets				
Property, plant and equipment	4	684	686	689
Goodwill		4,580	4,560	4,580
		5,264	5,246	5,269
Current assets				
Inventories		224	228	216
Trade and other receivables		1,864	2,922	1,980
Cash and cash equivalents		611	138	462
		2,699	3,288	2,658
Total assets	3	**7,963**	**8,534**	**7,927**
Current liabilities				
Trade and other payables		1,126	1,475	1,156
Financial liabilities		-	2	-
Current corporation tax payable		134	237	105
Short term provisions		-	130	-
		1,260	1,844	1,261
Non-current liabilities				
Deferred taxation liabilities		68	68	68
		68	68	68
Total liabilities		**1,328**	**1,912**	**1,329**
Net assets		**6,635**	**6,622**	**6,598**
Capital and reserves attributable to equity holders of the Group				
Called up share capital		1,268	1,268	1,268
Share premium account		1,831	1,831	1,831
Capital redemption reserve		144	144	144
Retained earnings		3,392	3,379	3,355
		6,635	**6,622**	**6,598**

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 2015	1,268	1,831	144	3,355	6,598
Profit for the period attributable to equity holders	-	-	-	156	156
Dividends	-	-	-	(119)	(119)
Balance at 30 September 2015	1,268	1,831	144	3,392	6,635
Balance at 1 April 2014	1,268	1,831	144	3,197	6,440
Profit for the period attributable to equity holders	-	-	-	286	286
Dividends	-	-	-	(104)	(104)
Balance at 30 September 2014	1,268	1,831	144	3,379	6,622

Group Statement of Cash Flows	Six months ended 30 Sept 15 Unaudited £'000	Six months ended 30 Sept 14 Unaudited £'000	Year ended 31 Mar 15 £'000
Cash flows generated from/(used by) operating activities			
Cash generated from/(used by) operations	306	(231)	739
Interest paid	-	-	(1)
Tax paid	(20)	(27)	(177)
Net cash (used by)/generated from operating activities	286	(258)	561
Cash flows used in investing activities			
Purchase of property, plant and equipment	(18)	(12)	(59)
Purchase of subsidiary companies net of cash acquired	-	(200)	(564)
Disposal of fixed assets	-		1
Interest received	-	-	1
Net cash used in investing activities	(18)	(212)	(621)
Cash flows used in financing activities			
Dividends paid to group shareholders	(119)	(104)	(190)
Net cash used in financing activities	(119)	(104)	(190)
Net increase/(decrease) in cash and cash equivalents	149	(574)	(250)
Cash and cash equivalents at beginning of period	462	712	712
Cash and cash equivalents at end of period	611	138	462

Notes to the cash flow statement

Cash generated from/(used by) operations			
Operating profit - continuing operations	205	422	503
Depreciation charge	24	22	52
Goodwill impairment	-	49	29
Fair value movement in contingent consideration	-	-	233
Loss on sale of fixed assets	-	-	12
Increase in inventories	(8)	(73)	(61)
Decrease/(increase) in trade and other receivables	115	(987)	(44)
(Decrease)/increase in trade and other payables	(30)	341	21
Decrease in financial liabilities	-	(5)	(6)
Cash generated from/(used by) operations	306	(231)	739

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 2015, prepared under IFRS have been filed with the Registrar of Companies. The auditors' report for the 2014 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.

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**
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
Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)	01/01/2014
Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)	01/01/2014
IAS 36 Amendments Recoverable Amount Disclosures for non-Financial Assets	01/01/2014
IFRIC 21 Levies	01/01/2014

IFRS Standards and Interpretations issued by IASB but not yet EU approved **Title**	**Effective date – accounting period beginning on/after**
IAS 19 Amendment – Defined Benefit Plans: Employee Contributions	01/07/2014
IFRS 10 and IAS 28 Amendments: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	01/01/2016
IAS 27 Amendment: Equity Method in Separate Financial Statements	01/01/2016
IAS 16 and IAS 41 Amendments: Agriculture Bearer Plants	01/01/2016
IFRS 14 Regulatory Deferral Accounts	01/01/2016
IAS 16 and IAS 38 Amendments: Clarification of Acceptable Methods of Depreciation and Amortisation	01/01/2016
IFRS 11 Amendments: Accounting for Acquisitions of Interest in Joint Operations	01/01/2016
IFRS 15 Revenue from Contracts with Customers	01/01/2017
IFRS 9 Financial Instruments	01/01/2018

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 balance sheet of B to B Links Limited includes a £24k provision in respect of potential repairs and replacements under warranty. The assumed risk is expressed in percentage terms over the two year warranty period. A further £3k provision relates to work that may be required under retention clauses.

(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 and for this reason the Board is to defer any decision regarding any additional impairment of goodwill until the year end.

		30 Sept 15 Unaudited	30 Sept 14 Unaudited	31 Mar 15
2	**Exceptional Administrative Expenses**	£'000	£'000	£'000
	QCS International Limited:			
	Acquisition payment in excess of provision	-	26	26
	B to B Links Limited:			
	Acquisition payment in excess of provision	-	-	208
	PHSC plc:			
	Goodwill impairment as detailed in (b) above	-	49	29
		-	75	263

		30 Sept 15 Unaudited	30 Sept 14 Unaudited	31 Mar 15
3	**Segmental Reporting**	£'000	£'000	£'000
	Revenue			
	PHSC plc	-	-	-
	Personnel Health & Safety Consultants Ltd	328	391	754
	RSA Environmental Health Ltd	210	198	422
	Adamson's Laboratory Services Ltd	1,105	1,289	2,694
	Inspection Services Ltd	106	96	196
	Quality Leisure Management Ltd	240	246	534
	Q C S International Ltd	245	254	527
	B to B Links Ltd	1,120	1,655	2,604
		3,354	4,129	7,731
	Profit/(loss) after taxation			
	PHSC plc	15	(41)	(61)
	Personnel Health & Safety Consultants Ltd	71	78	171
	RSA Environmental Health Ltd	7	-	11
	Adamson's Laboratory Services Ltd	25	(45)	85
	Inspection Services Ltd	13	2	6
	Quality Leisure Management Ltd	14	24	66
	Q C S International Ltd	34	42	117
	B to B Links Ltd	(23)	301	231
		156	361	626
	Taxation adjustment (group loss relief and deferred tax)	-	-	(14)
	Additional acquisition payment (QCS/B to B Links)	-	(26)	(234)
	Goodwill impairment	-	(49)	(29)
		156	286	349
	Total assets			
	PHSC plc	6,337	5,890	4,889
	Personnel Health & Safety Consultants Ltd	422	464	811
	RSA Environmental Health Limited	476	492	596
	Adamson's Laboratory Services Ltd	815	1,219	1,377
	Inspection Services Ltd	57	54	111
	Quality Leisure Management Ltd	98	111	258
	Q C S International Ltd	103	88	307
	B to B Links Ltd	1,126	1,730	1,049
		9,434	10,048	9,398
	Adjustment of goodwill	(1,471)	(1,514)	(1,471)
		7,963	8,534	7,927

Notes to the Financial Statements (continued)		30 Sept 15 Unaudited	30 Sept 14 Unaudited	31 Mar 15
4	**Property, plant and equipment**	£'000	£'000	£'000
	Cost or valuation			
	Brought forward	1,055	1,124	1,127
	Additions	18	12	59
	Disposals	-	-	(132)
	Carried forward	1,073	1,136	1,054
	Depreciation			
	Brought forward	365	428	432
	Charge	24	22	52
	Disposals	-	-	(119)
	Carried forward	389	450	365
	Net book value	684	686	689

5 Earnings per share

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

	30 Sept 15 £'000 Unaudited	30 Sept 14 £'000 Unaudited	31 Mar 15 £'000
Earnings			
Continuing activities	156	286	349

Number of shares	30 Sept 15	30 Sept 14	31 Mar 15
Weighted average number of shares for the purpose of basic earnings per share	12,686,353	12,686,353	12,686,353