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

Final Results for the year ended 31 March 2018

Financial Highlights

- Loss after tax of £0.16m compared with a loss of £0.69m last year
- Underlying EBITDA* profit of £0.14m, up from loss of £0.10m last year
- Group revenue of £7.0m compared with £7.2m last year
- Cash reserves of £0.24m at year end compared to £0.21m last year
- Write-down of £0.20m due to impaired goodwill compared to £0.63m last year
- Group net assets at £5.29m after goodwill impairment compared to £5.5m last year
- Loss per share of 1.09p compared to a loss per share of 4.92p last year
- Final dividend of 0.5p proposed, making a total of 1.0p for the year compared to £nil last year

	31.3.18	31.3.17
	£	£
Loss before tax	(145,861)	(720,693)
Less: interest received	(3)	(471)
Add: interest paid	3,778	2,117
Add: depreciation	34,590	44,089
Add: impairment B to B Links Limited goodwill	200,000	-
Add: impairment Adamson's Laboratory Services Limited goodwill	-	625,191
Add: redundancy costs regarding closure of Adamson's Laboratory Services Limited	47,000	-
Fair value movement on contingent consideration	-	(50,000)
Underlying EBITDA*	139,504	(99,767)

**Underlying EBITDA is calculated as earnings before interest, tax, depreciation, impairment charges, non-recurring costs and fair value movement on contingent consideration. This is used by the board as a measure of underlying trading and has been provided to assist shareholders in understanding the Group's trading activities.*

Underlying EBITDA announced as part of the trading update on 8 June 2018 was £184,000. The difference between this and the final underlying EBITDA of £139,504, represents an audit adjustment for a non-cash provision in respect of slow moving stock of £45,000. This arose following a review of stock with the security businesses by management due to the merger of SG Systems (UK) Limited and B to B Links Limited and the subsequent audit of stock in those entities prior to the finalisation of the accounts. The adjustment is a non-cash adjustment and is included in cost of sales and impacts profit before tax.

Operational highlights

- Discontinuation of activities related to asbestos management
- Acceleration of plans to merge the two security technology companies
- Progress towards creation of divisional structures for safety and security businesses

For further information please contact:

PHSC plc
Stephen King 01622 717 700
Stephen.king@phsc.co.uk
www.phsc.plc.uk

Strand Hanson Limited (Nominated Adviser) 020 7409 3494
Richard Tulloch / Frederick Twist

Novum Securities Limited (Broker) 020 7399 9427
Colin Rowbury

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014.

Strategic Report

On behalf of the board, I present my review of the Group's activities and performance in the last financial year and share our views as to the ongoing prospects and challenges that we face in the year ahead.

Key developments and outlook

PHSC plc, through its trading subsidiaries, has historically been a leading provider of health, safety, hygiene and environmental consultancy services to the public and private sectors. The Group took a decision to diversify into security technology and associated systems with the acquisition of B to B Links Limited (B to B) in 2012 and increased its interest in the sector by acquiring SG Systems (UK) Limited (SG) in 2014. This led to the majority of the Group's revenues last year, for the first time, being derived from the security businesses rather than health and safety services. The pattern has continued with security services accounting for 60% of revenues, health and safety 23% and quality systems 11%. The remaining 6% of revenues were generated by Adamson's Laboratory Services Limited (ALS) which, as previously reported, was closed down during the year.

For our security technology companies, most clients are in the retail sector. This means that our businesses are affected by the continued decline of the high street, with footfall down as a consequence of on-line sales and, in early 2018, severely adverse weather conditions. Taken together with general uncertainty over Brexit and the weakness of sterling, this has led to reduced opportunities and pressure on gross margins. The security businesses in combination produced a (pre-management charge) profit of £27,000 before a provision for slow moving stock of £45,000 for the Group in 2017/18 compared with a loss of £61,000 in 2016/17, meaning a positive change of £88,000. However, the continuing uncertainty in the sector has led the board, after consultation with the auditor, to make a provision of £200,000 against the carrying value of the Group's security division.

With effect from 1 April 2018, the security businesses of B to B and SG were combined into a single entity named B2BSG Solutions Limited. Over the coming months it is planned to consolidate the two stock inventories into a single warehouse, and to amalgamate and streamline the administration, engineering and sales teams. As part of the planned integration, management conducted a full review of stock and together with the auditor, identified slow moving stock for which a non-cash provision of £45,000 has been made. There will also be changes in the management and reporting structure, and we propose to vacate the Amesbury premises in the 2018/19 financial year. These changes will have some initial cost implications but overall are expected to have a net positive effect on the Group's finances.

Income for the health and safety businesses continues to originate from a wide range of clients across various sectors, and we are particularly strong in education, leisure, health and social care, and public transport. We also serve a range of general commercial, public sector and industrial organisations across the UK. In addition, we conduct statutory examinations of plant and equipment such as pressure systems, lifting machinery and accessories, and other work equipment either directly with clients or through insurance broker intermediaries.

During the year we put into effect our decision to close down ALS, which operated from premises in Essex and the Midlands. The Essex office is in the process of being sold (subject to contract) and is expected to raise £300,000 of cash after expenses.

An extremely positive performance has been achieved by our QCS International Limited (QCS) subsidiary which specialises in consultancy support and training in quality systems management. QCS is looking to take on additional premises alongside its existing Cumbernauld office, to help service the consistently high level of demand for public training courses.

Our plans to form a safety division are progressing at a natural pace. The lease on The Old Police Station in Northleach, occupied by Quality Leisure Management Limited (QLM), expires in 2018 and the subsidiary will be relocating to Raunds (Northamptonshire) to take up residence in Blotts Barn. This is the Group-owned accommodation formerly shared between RSA Environmental Health Limited (RSA) and ALS. Now that ALS has ceased operations, the space has become available and this move will reduce QLM's premises-related costs. This will mean that the Group will operate from four locations including the Aylesford Head Office, with the security division based at Finchampstead (Berkshire), the safety division at Aylesford and Raunds, and quality management systems delivered from Cumbernauld.

Acquisition payments

There are no outstanding liabilities in respect of former acquisitions and currently there are no planned new acquisitions.

Net asset value

As at 31 March 2018, the Group's consolidated net assets stood at £5.29m. There were 14,677,257 ordinary shares in issue at that date which equates to a net asset value per share of 36p.

The company's ordinary shares continue to trade at a discount to the net asset value. Much of the asset value relates to goodwill arising from previous acquisitions. We review the carrying value each year to ensure that the book value is stated within a range commensurate with good accounting practice. As noted above, we are writing down the carrying value of our retail-dependent security businesses by £200,000 and this represents a reduction of approximately 4% in the consolidated net assets of the Group. The board is satisfied that all other goodwill valuations can presently be justified.

Outlook

It is necessary to reiterate the commentary made in last year's report, wherein we stated that the Group is affected by political uncertainty surrounding the timetable and implications of leaving the European Union. The weakness of sterling, triggered by the outcome of the Brexit referendum two years ago, continues to impact on margins. This is because we rely upon imported goods. In particular within our security business, goods are predominately purchased in Euros or US Dollars, and it has not proved commercially feasible to pass the full cost of this on to our customers.

Losses associated with ALS are now a matter of history following its closure during the year. There are some ongoing implications as outlined below but no material implications going forward. Prior to moving into security technology, ALS was the largest part of the Group and the largest subsidiary and made the greatest contribution towards the Group's costs, approximately £200,000 per annum. Whilst we have now extricated ourselves from that business, management's task is to find ways to replace the lost contribution. The security division was intended to do this but, for reasons explained, has encountered its own difficulties and will not make up the shortfall. However, the safety division remains profitable and consolidation of sites will reduce costs. All other things being equal, the highly encouraging growth in revenue and profit from QCS gives us an expectation that overall and on a consolidated basis, 2018/19 will see an improvement on 2017/18.

Trading update

Unaudited management accounts for the first quarter of 2018/19, after adjusting for late invoice receipts from suppliers and a settlement to compensate for unfinished asbestos work payable to a client of ALS show the following: Group revenues were £1.56m and this generated EBITDA of £121,815. This compares with total revenues of £1.82m for the first quarter of 2017/18 and EBITDA of £121,351, which included results for ALS which has now been discontinued.

Performance by trading subsidiary

The Group currently measures the following key performance indicators.

Total revenues
Total revenues are reviewed each month across the Group because this information gives a ready measure of how well the Group and underlying businesses are performing relative to historical data. It enables any trend to be detected, understood and acted upon as appropriate. Consolidated Group revenues for the year decreased by 2%;

Earnings before interest, taxation, depreciation, amortisation and non-recurring costs (underlying EBITDA)
After allowing for exceptional costs, the Group saw an increase in EBITDA from a loss of £100,000 to a profit of £139,500.

Staff turnover
Staff turnover is monitored because the key asset of each subsidiary is its workforce. Recruiting replacement staff is an expensive task and it is not always possible to compensate for the specialised knowledge that may be lost when an employee departs. Between the years ended 31 March 2017 and 2018 the average number of staff employed across the Group fell from 88 to 72. The main reason for the decrease was the closure of ALS which resulted in all except one employee leaving the business.

Pre-tax profit/(loss) per subsidiary before Group management charges
Profits before tax and management charges are reviewed by each subsidiary and the board every month to ensure that each subsidiary trades profitably. Although the Group does not generally adopt a policy of cross-charging between subsidiaries, informal account is taken of significant work done by one subsidiary on behalf of another.

A review of the activities of each trading subsidiary is provided below. The profit figures stated are before tax, central management charges and impairment charges. The management charges are the individual subsidiary's contribution to Group overheads and are not directly attributable costs.

Adamson's Laboratory Services Limited (ALS)

- 2018: revenues of £377,852 yielding a loss of £165,100
- 2017: revenues of £823,208 yielding a loss of £194,600

The adverse effects of competition within the sector resulted in the Group making the decision to discontinue operations related to asbestos services on 31 December 2017. ALS continued to provide general health and safety services until 31 March 2018 at which point the remaining client contracts were satisfied by other Group companies.

The trading name, intellectual property, and the rights to offer asbestos management service to former clients were sold to another asbestos consultancy for £25,000.

Accordingly, ALS became dormant with effect from 31 March 2018. There will however be certain ongoing costs in respect of outstanding leases on some office machinery, where it has been determined that heavy penalties for early settlement make it less expensive to continue with the leases. In addition, the Group is obliged to carry run-off insurance in relation to previously completed work by ALS with some contracts requiring this for up to six years.

It is also expected that there could be some one-off costs (which are not expected to exceed £15,000) relating to compensation to some ALS clients for their out-of-pocket costs where work was not completed by the time ALS ceased operation.

B to B Links Limited (B to B)

- 2018: revenues of £2,777,300 yielding a profit of £78,300
- 2017: revenues of £2,594,900 yielding a profit of £52,500

During 2018 B to B generated revenues of £2,777,300, up 7% on the previous year. The majority of revenues in 2017/18 continued to come from national retail accounts, with revenues from the largest customer being £1.5m (2017: £1.5m), and non-retail CCTV revenues grew by 25% compared with 2016/17.

After a very strong first half, profits for the year ended below forecast due to weaker sales during the second half of the financial year. Nevertheless, the operating profit before management charge in 2017/18 was 49% higher than 2016/17, despite the very challenging retail marketplace due to tight control of overheads.

The profit is shown after a non-cash provision has been made of £15,000 (2017 - £nil) for slow moving stock.

SG Systems (UK) Limited (SG)

- 2018: revenues of £1,449,000 yielding a loss of £96,200
- 2017: revenues of £1,414,500 yielding a loss of £113,500

Revenues for SG were £1,449,000, up 2% on the previous year, but significantly below forecast. The pressures facing the wider retail sector have led to delays in capital expenditure decisions, thus impacting on SG's revenues. Although the company made an operating loss for the year, this was considerably less than the previous year due to an improvement in gross margins, which was partly the result of the recovery of sterling's value against the US dollar.

Over the last 18 months significant effort has been devoted to marketing SG's wider retail technology offer, which includes products that can support retailers in driving sales conversion rates as well as reducing shoplifting. This has resonated strongly amongst key retail customers and prospects and a number of important in-store trials are now underway.

The profit is shown after a non-cash provision has been made of £30,000 (2017 - £nil) for slow moving stock.

Inspection Services (UK) Limited (ISL)

- 2018: revenues of £215,500 yielding a profit of £46,300
- 2017: revenues of £227,600 yielding a profit of £44,200

The main business of ISL continues to be the statutory examination and inspection of lifting plant and equipment, and of pressure systems, under contracts placed by insurance brokers on behalf of end users. In return for passing this work to ISL, commissions are payable to brokers in line with agreed terms. In addition to examinations necessary to meet specific obligations under health and safety legislation, ISL also assists employers by carrying out non-statutory inspections of various other items of workplace equipment. It remains the case that a large majority of work derives through insurance brokers, though ISL also engages directly with clients in a number of cases.

Year-on-year revenues reduced by a little over 5%, reflecting a number of contracts that were not renewed for various reasons. These include situations where the equipment owner changes insurance broker and the new broker has pre-existing arrangements with another provider of the services that ISL offers. Whilst new contracts were won, these were outweighed by the value of those contracts that lapsed. To some extent this is cyclical, as in the previous year when new contracts were worth more than those lost.

ISL delivered higher profits on lower revenues thanks to a number of reductions in costs. The main contributor was an engineer surveyor electing to reduce his working week as a prelude to full retirement.

Personnel Health & Safety Consultants Limited (PHSCL)

- 2018: revenues of £615,700 yielding a profit of £240,000
- 2017: revenues of £666,900 yielding a profit of £218,900

Profit increased by 10% to £240,000 despite a £51,200 decrease in revenue. The improved profit was a result of close control of expenditure, in particular staff costs. PHSCL continues to be a net provider of resources to other members of the group, with policy dictating that cross-charges are not applied to reflect this contribution. Staff utilisation by the other subsidiaries averaged 16% during the year so the improved profitability is particularly encouraging in the current environment.

The reduction in revenue can partially be attributed to one of PHSCL's largest clients taking some of their work in house. It also reflects the continuing high levels of competition, mainly from sole traders or small partnerships that have lower overheads and can thus price very competitively in what has become a mature and crowded market. The majority of PHSCL's revenue is obtained under a retainer service, with these clients often purchasing additional consultancy or training days. Customer loyalty remains high (over 70% of clients have been with PHSCL for 10 years or more) with a large proportion of work coming from existing or former customers.

PHSCL has been working on transitioning its ISO 9001 quality management processes into the new 2015 standard with the British Standards Institute (BSI) and has recently been successful in attaining accreditation. Maintenance of this standard with a reputable accreditation body helps to promote PHSCL's attention to quality of service.

Revenues in the subsidiary's key product, the Appointed Safety Advisor Service continue to be flat as customers either recruit in-house or prefer to buy services on an ad-hoc basis and a key part of the business plan for the coming year is to attract entirely new customers, whilst maintaining the high-quality levels of support to those who are already established customers.

One area which has enjoyed significant growth has been the development of our expert witness service which is growing from an ad-hoc service to one that has achieved over 300% increase in revenue as the subsidiary becomes better known within the legal profession. This is often complex and high profile work which helps to promote the company's reputation as an expert in the field of occupational health and safety risk management.

QCS International Limited (QCS)

- 2018: revenues of £767,600 yielding a profit of £285,200
- 2017: revenues of £624,000 yielding a profit of £210,800

QCS continues to be a leader in the design, marketing and delivery of training courses and consultancy to the ISO standards, which can be seen in the high number of public training courses, in house training courses and new consultancies delivered. QCS is highly regarded within its locale and has a considerable share of the ISO training market for southern and central Scotland. In 2017/18 QCS also benefitted from a small increase in work outside of its core geographical area with clients being secured as far south as Kent.

Revenues were up £143,600 (23%) compared to 2016/17 and the corresponding profit before tax and central management charges increased by £74,400 (35%).

Performance exceeded management forecasts for both revenue and operating profit. This was underpinned by high levels of client retention along with the expansion of consultancy and training services. Additional services were provided to longstanding customers and the company reaped the benefits of market demand relating to the new ISO 9001 and

ISO 14001 standards. The update to standards continues to underpin a proportion of new sales although this effect is slowly declining and will probably end during the next financial year. Some benefit from the new ISO 45001 standard for health and safety will be experienced, and evidence has already shown that sales of training in this area for the year ahead will be good.

QCS retains approved training partner status with the International Register of Certified Auditors (IRCA). The costs and benefits associated with maintaining this relationship are regularly reviewed but this status continues to differentiate the company from competitors.

Medical device consultancy and training continues to be a successful area of the business. QCS is benefitting from changes in the medical device regulatory structure that has increased enquiries and has also led to the introduction of two new courses.

QCS launched a new website in May 2017. With carefully targeted advertising and search engine optimisation it has been notable that there has been an increase in enquiries from around the UK, with several leads from previously unknown clients leading to sales.

Quality Leisure Management Limited (QLM)

- 2018: revenues of £439,400 yielding a profit of £111,900
- 2017: revenues of £437,100 yielding a profit of £74,300

Revenue for 2017/18 of £439,400 was similar to the prior year though greater efficiency in delivery resulted in pre-tax profit of £111,900 before central management charges compared to £74,300 in 2016/17. This was primarily the result of a reduction in staff costs.

QLM continued to focus on core business objectives and key areas of income generation in 2017/18, namely audits, training and accident investigation. The support service is also key to QLM's success in being able to support the diverse and changing needs of its client base. Over £100,000 of revenue was generated from auditing, representing an increase of 21%, utilising QLM's specialist skill sets. Accident investigation income remained relatively constant given the nature of the work, but continues to be vital in setting QLM apart from its competitors. It demonstrates the competence within the broader QLM team and is a pre-requisite for supporting the Chartered Institute of Environmental Health in delivery of sections of its continuing professional development programme.

Other expenditure generally remained consistent with the previous year.

Technology and the associated infrastructure are vital to QLM and investment has and will continue to be made in these areas. The server has been replaced by a cloud-based system which has led to greater efficiency in uploading and accessing data from a number of different platforms. An audit specific cloud-based system is to be introduced during 2018/19 to accommodate QLM's Leisuresafe™ audits and health and safety reviews.

RSA Environmental Health Limited (RSA)

- 2018: revenues of £370,400 yielding a profit of £75,400
- 2017: revenues of £374,100 yielding a profit of £65,100

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The principal activities of the company in the year under review were the provision of health and safety consultancy services and training, together with the sale of associated health and safety products. Revenue for the year was marginally down on the previous year but despite this, there was an increase in profitability due to cost control measures.

The past year has seen organic growth in activities where the strengths of the company lie. New strategies are being developed to ensure that the company's offering is diversified and is relevant to the markets in which it operates.

The core offering of SafetyMARK to the education sector remains the focus of the company, with increased income year-on-year. Revenues broke through the £100,000 barrier in this area despite cost pressures placed on schools and the continued consolidation of schools into Multi Academy Trusts. The company has increased the number of schools to which is provides services and this continues to be a focus in 2018/19

Despite the focus on SafetyMARK, the past year has also seen strong growth in other areas of the business. Training has seen an increase in the number of courses being provided to clients and there continues to be demand for our IOSH accredited school courses. Reducing the frequency of courses has increased the average attendance, which has, in turn, resulted in an improvement in profitability.

Food safety consultancy has seen some strong demand in the past year with revenues being well above forecast. However, there are some significant and increasing cost pressures within this market and clients see consultancy as something of a luxury.

The continued success of SafetyMARK means that new enquiries from prospective clients are strong. New business has been gained with a focussed marketing strategy. The key will now be to ensure that profitability is maximised by using the economies of scale afforded by a larger client base, as well as ensuring that costs are well controlled and standard fees are reviewed, where appropriate.

PHSC plc

- 2018: net loss of £521,700 before management charges, exceptional costs and dividends received
- 2017: net loss of £501,100 before management charges, exceptional costs and dividends received

The parent company incurs costs on behalf of the Group and does not generate any income. The costs incurred by PHSC plc represent the costs of running an AIM quoted Group and are consistent with the previous year.

On behalf of the board

Stephen King,
Group Chief Executive

13 August 2018

Group statement of financial position as at 31 March 2018

	31.3.18	31.3.17
	£	£
Non-Current Assets		
Property, plant and equipment	**594,343**	626,224
Goodwill	**3,678,463**	3,878,463
Deferred tax asset	**21,105**	21,693
	4,293,911	4,526,380
Current Assets		
Inventories	**389,034**	487,367
Trade and other receivables	**1,568,625**	1,447,493
Cash and cash equivalents	**244,290**	206,719
	2,201,949	2,141,579
Total Assets	**6,495,860**	6,667,959
Current Liabilities		
Trade and other payables	**1,137,094**	1,064,358
Current corporation tax payable	**16,230**	-
Contingent consideration	**-**	25,000
	1,153,324	1,089,358
Non-Current Liabilities		
Deferred tax liabilities	**55,818**	57,800
	55,818	57,800
Total Liabilities	**1,209,142**	1,147,158
Net Assets	**5,286,718**	5,520,801
Capital and reserves attributable to equity holders of the Group		
Called up share capital	**1,467,726**	1,467,726
Share premium account	**1,916,017**	1,916,017
Capital redemption reserve	**143,628**	143,628
Merger relief reserve	**133,836**	133,836
Retained earnings	**1,625,511**	1,859,594
	5,286,718	5,520,801

Group statement of comprehensive income for the year ended 31 March 2018

	31.3.18			31.3.17		
	£			£		
	Continuing operations	**Discontinued operations**	**Total**	Continuing operations	Discontinued operations	Total
Revenue	**6,635,012**	**377,852**	**7,012,864**	6,339,091	823,208	7,162,299
Cost of sales	**(3,688,565)**	**(248,886)**	**(3,937,451)**	(3,475,427)	(513,196)	(3,988,623)
Gross profit	**2,946,447**	**128,966**	**3,075,413**	2,863,664	310,012	3,173,676
Administrative expenses	**(2,724,895)**	**(317,604)**	**(3,042,499)**	(2,814,360)	(504,732)	(3,319,092)
Goodwill impairment	**(200,000)**	**-**	**(200,000)**	(625,191)	-	(625,191)
Other income	**-**	**25,000**	**25,000**	1,560	-	1,560
Profit/(loss) from operations	**21,552**	**(163,638)**	**(142,086)**	(574,327)	(194,720)	(769,047)
Fair value movement on contingent consideration	**-**	**-**	**-**	50,000	-	50,000
Finance income	**3**	**-**	**3**	471	-	471
Finance costs	**(2,411)**	**(1,367)**	**(3,778)**	(1,187)	(930)	(2,117)
Profit/(loss) before taxation	**19,144**	**(165,005)**	**(145,861)**	(525,043)	(195,650)	(720,693)
Corporation tax (expense)/credit	**(17,511)**	**2,675**	**(14,836)**	28,467	1,028	29,495
Profit/(loss) for the year after tax attributable to owners of the parent	**1,633**	**(162,330)**	**(160,697)**	(496,576)	(194,622)	(691,198)
Other comprehensive income	**-**	**-**	**-**	-	-	-
Total comprehensive income attributable to owners of the parent	**1,633**	**(162,330)**	**(160,697)**	(496,576)	(194,622)	(691,198)
Basic and diluted Earnings per Share from continuing operations	**0.01p**	**(1.11)p**	**(1.09)p**	(3.53)p	(1.38)p	(4.92)p

Group statement of changes in equity for the year ended 31 March 2018

	Share Capital	Share Premium	Merger relief reserve	Capital Redemption Reserve	Retained Earnings	Total
		£	£	£	£	£
Balance at 1 April 2016	**1,308,634**	**1,751,358**	**133,836**	**143,628**	**2,747,087**	**6,084,543**
Loss for year attributable to equity holders	-	-	-	-	(691,198)	(691,198)
Issue of shares	159,092	164,659	-	-	-	323,751
Dividends	-	-	-	-	(196,295)	(196,295)
Balance at 31 March 2017	**1,467,726**	**1,916,017**	**133,836**	**143,628**	**1,859,594**	**5,520,801**
Balance at 1 April 2017	**1,467,726**	**1,916,017**	**133,836**	**143,628**	**1,859,594**	**5,520,801**
Loss for year attributable to equity holders	-	-	-	-	(160,697)	(160,697)
Dividends	-	-	-	-	(73,386)	(73,386)
Balance at 31 March 2018	**1,467,726**	**1,916,017**	**133,836**	**143,628**	**1,625,511**	**5,286,718**

Group statement of cash flows for the year ended 31 March 2018

	Note	31.3.18 £	31.3.17 £
Cash flows from operating activities:			
Cash generated from operations	I	**143,360**	124,925
Interest paid		**(3,778)**	(2,117)
Tax paid		**-**	(100,061)
Net cash generated from operating activities		**139,582**	22,747
Cash flows used in investing activities			
Purchase of property, plant and equipment		**(19,358)**	(2,087)
Disposal of fixed assets		**15,730**	1,574
Interest received		**3**	471
Net cash used in investing activities		**(3,625)**	(42)
Cash flows used in financing activities			
Payment of contingent consideration		**(25,000)**	(200,000)
Proceeds from placement of shares		**-**	323,751
Dividends paid to Group shareholders		**(73,386)**	(196,295)
Net cash used in financing activities		**(98,386)**	(72,544)
Net increase/(decrease) in cash and cash equivalents		**37,571**	(49,839)
Cash and cash equivalents at beginning of year		**206,719**	256,558
Cash and cash equivalents at end of year		**244,290**	206,719

Notes to the Group statement of cash flows

	31.3.18	31.3.17
	£	£
I. CASH GENERATED FROM OPERATIONS		
Operating loss – continuing operations	**(142,086)**	(719,047)
Depreciation charge	**34,590**	44,089
Goodwill impairment	**200,000**	625,191
Fair value movement on contingent consideration	**-**	(50,000)
Loss on sale of fixed assets	**919**	5,545
Decrease/(increase) in inventories	**98,333**	(70,996)
(Increase)/decrease in trade and other receivables	**(121,132)**	447,384
Increase/(decrease) in trade and other payables	**72,736**	(157,241)
Cash generated from operations	**143,360**	124,925

Notes to the results announcement of PHSC plc

The financial information set out above does not constitute the Group's financial statements for the years ended 31 March 2018 or 31 March 2017, but is derived from those financial statements. Statutory financial statements for 2017 have been delivered to the Registrar of Companies and those for 2018 have been approved by the board and will be delivered after dispatch to shareholders. The auditors have reported on the 2017 and 2018 financial statements which carried an unqualified audit report, did not include a reference to any matters to which the auditor drew attention by way of emphasis and did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006.

While the financial information included in this announcement has been computed in accordance with International Financial Reporting Standards (IFRS), this announcement does not in itself contain sufficient information to comply with IFRS. The accounting policies used in preparation of this announcement are consistent with those in the full financial statements that have yet to be published.

Annual General Meeting

This year's annual general meeting ("AGM") will be held at 10.00am on Monday 24 September 2018 at The Old Church, 31 Rochester Road, Aylesford, Kent ME20 7PR.

The report and accounts and notice of the AGM are expected to be posted to shareholders on or around 23 August 2018 and will shortly be available to view on the Company's website at www.phsc.plc.uk.

Dividend

The board did not declare a final dividend for the year ended 31 March 2017. An interim dividend of £73,386 was paid in February 2018 in respect of the year ended 31 March 2018. The board is proposing a final dividend of 0.5p payable on 12 October 2018 to shareholders on the register on 28 September 2018 making a total of 1.0p for the year.