

CHAIRMAN'S INTRODUCTION

With the full authority of the Board, the Remuneration Committee has continued to adopt principles in decision making on executive remuneration reflected by the following:

- > Executives deserve a fair and proper reward for their skills, performance, commitment and level of responsibility.
- > The remuneration structure should be designed to reinforce business strategy and the appropriate management of risk pursuant to achieving longer term growth in shareholder value.
- > Exceptional performance should be rewarded appropriately and have regard for the executive's seniority and role.
- > Basic salary should be competitive. All variable pay must be 'earned' and should not be seen as an entitlement.
- > The quantum of potential reward made available for success in creating sustainable shareholder value should be sufficient to enable Psion to retain a team of executives of high calibre.
- > There should be no concept or expectation of reward for failure.
- > Executives should be shareholders in the company to encourage alignment of interest with all shareholders.

These same principles are applied to the senior management team and to the Executive members of the Board. Application of these principles represents our code of practice, capable of being flexed as circumstances demand.

- > Senior executives receive a higher weighting of long-term rewards (for example performance shares or share options) within their overall package. These individuals play a major part in establishing appropriate strategies to deliver long-term shareholder value.
- > Short-term incentives reinforce and encourage the behaviour and commitment of other employees who have less influence on long-term direction, but are crucial in shorter term operational execution. For these members of our team, performance related variable pay is more heavily weighted to the short-term and is based on personal or departmental goals.
- > Variable pay awards depend on an open and fair appraisal system so that everyone is aware of the basis for earnings achievement and they properly reflect each individual's contribution.
- > Underlying all variable payments is the principle of the Company's ability to pay. Not all are dependent upon financial targets, indeed many are measured against non financial goals. However, overall variable pay and bonuses have to be affordable and in proportion to shareholder returns. None of our variable payments should encourage inappropriate risk taking.
- > Metrics for variable pay are consistent with success factors contained within the Company strategic plan. A balanced scorecard approach is normally applied so that success is not defined by a single metric.
- > All employees are encouraged to become shareholders in the Company. Senior executives in receipt of share options or long-term share awards are encouraged to retain their holding after exercising those awards. Executive Directors are under an obligation to maintain at least 50% of such shares that vest after exercise (after allowing for tax) with a view to building up a minimum shareholding of two times basic salary.

AUDIT NOTES

In accordance with Section 421 of the Companies Act 2006 and the Directors' Remuneration Report Regulations 2002 (the "Regulations"), the following sections of the Report have been audited: Directors' Remuneration 2009/10 and Directors' Interests under the Psion Plc Portfolio Long Term Share Plan. The remaining sections are not subject to audit.

REMUNERATION COMMITTEE

The Remuneration Committee's principal responsibilities are to determine the remuneration of the executive directors and to monitor and recommend the structure and level of remuneration for the senior management team. The remuneration of the non-executive directors is a matter for the Chairman and the executive members of the Board. The Chairman's remuneration is a matter for the Chairman of the Remuneration Committee and the Senior Independent Director. Full terms of reference for the Remuneration Committee can be found on the Psion website www.pSION.com/corporategovernance.

The Committee is chaired by Mike O'Leary and its members are Stuart Cruickshank, Ross Graham and John Hawkins. During 2010 the Committee met three times and attendance by Committee members at these meetings is detailed on page 46.

The Company Secretary attends meetings as Secretary to the Committee and the CEO and the Vice President, Human Resources attend meetings by invitation and provide advice to the Committee to enable it to make informed decisions. None of these individuals is present when their own remuneration is being discussed.

During the year the Committee carried out a review to select external remuneration consultants, following which Kepler Associates were appointed as remuneration advisers to the Committee in August 2010. Kepler Associates do not provide any other services to the Company. Prior to August 2010, the Committee's appointed adviser was Towers Watson.

EXECUTIVE DIRECTORS' REMUNERATION

The remuneration package for the executive directors' comprises fixed and variable components. The fixed components are basic salary, taxable benefits and pension contributions. The variable elements include the annual cash bonus and share awards made under the Psion Plc Portfolio Long Term Share Plan ("PLTSP").

As announced on 4 November 2010, Fraser Park will be leaving the Company on 31 March 2011. It has been agreed that a compensation payment of £147,750 will be payable and that 750,000 share options granted on 31 March 2009, which are not subject to a performance condition, will become exercisable. All other share option and performance share awards will lapse.

Basic Salary and Benefits

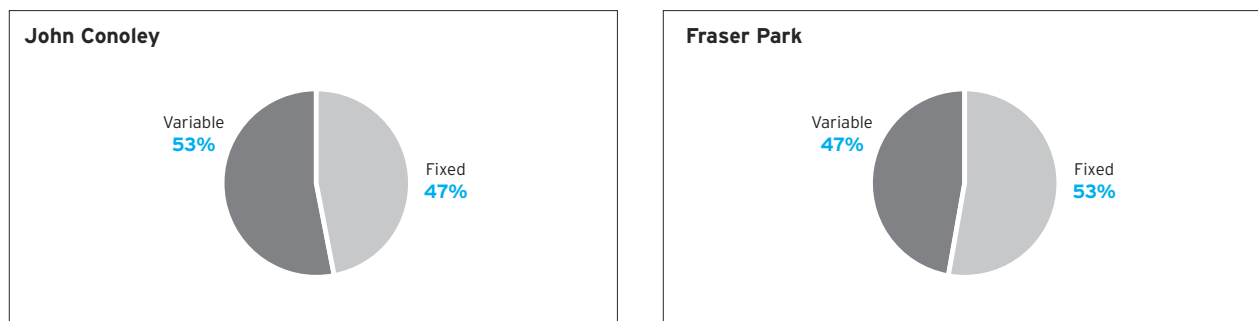
Salaries for the executive directors are determined by the Committee and reviewed annually. When determining salaries, the Committee takes into account individual performance over the preceding 12 months, the responsibilities and challenges of the role, and pay and employment conditions elsewhere in the Group. Executive directors' salaries were reviewed at the beginning of 2010 and a decision was taken to freeze them at their 2009 level. This policy was repeated at the beginning of 2011.

Benefits relate to the provision of a car or car allowance, life assurance and private medical cover.

EXECUTIVE DIRECTORS' REMUNERATION (CONTINUED)

Composition of Remuneration Package for Executive Directors for 2010

Remuneration packages for executive directors are structured to provide an appropriate balance between fixed and variable elements. The charts below show the composition of executive directors reward package, highlighting the fixed (base salary, pension and benefits) and variable elements (annual bonus and long term incentive award). The charts have been prepared for illustrative purposes and assume on target performance, co-investment of the maximum 50% of annual bonus in shares and no movement in share price from the year end position of 95 pence.



Annual Cash Bonus

The maximum cash bonus payable to executive directors is 50% of base salary. The metrics for the achievement of the cash bonus for 2010 were weighted as follows:

Key Performance Indices (KPI)	Weighting
Group Cash Generated from Operations	25%
Adjusted Operating Profit	55%
Cost of Quality	10%
Major Project Completion	10%
Total:	100%

The Remuneration Committee has recommended that metrics used for determination of cash bonuses in 2010 be applied unchanged in determining bonuses in 2011.

Executive directors may invest up to 50% of their bonus (net of income tax and national insurance contributions) in Psion shares ("the investment shares") for which the Company will grant an award over a number of shares with a value equal to the amount invested before income tax and national insurance ("the matching shares"). The matching shares will be delivered via an award of performance shares under the Psion Plc Portfolio Long Term Share Plan which will vest three years from the date of the award, subject to the continued employment of the director, the continued ownership of the investment shares and achievement of a performance condition. Successful achievement of the performance condition depends on Psion's Total Shareholder Return ("TSR") measured against the TSR of a Comparator Group over a three year measurement period from the date of award. The matching shares will vest in full only if the Company's TSR performance is ranked in the top quartile of the Comparator Group. The award will vest pro-rata between 20% and 100% if Psion's TSR over the measurement period is between the median and seventy fifth percentile of the Comparator Group.

Based on performance over 2010, bonuses for the executive directors will not be payable.

Long-Term Incentives

The Psion Plc Portfolio Long Term Share Plan ("PLTSP") was introduced in 2007 and provides for Performance Share Awards and Share Option Awards. It is designed to reward and retain executives over the long-term whilst aligning their interests with those of shareholders.

PLTSP awards granted to executive directors and members of the senior management team in 2010 comprised an award of performance shares and an award of share options. The policy in relation to executive Directors is to make awards equivalent in value to 150% of salary based on 100% of basic salary awarded in Share Options and 50% of salary awarded in Performance Shares. Vesting of these awards is subject to, respectively, a gross profit performance and a TSR condition, which were selected by the Committee because it believes that these conditions best align the interests of executives with those of shareholders.

Performance Shares

The performance shares element was structured as nil cost awards options for UK-based participants, vests according to Psion's TSR performance condition, measured against a Comparator Group comprising technology companies in the FTSE All Share Index, excluding pharmaceutical and biotech companies. The Committee will have the discretion to determine which companies in the index are deemed to be technology companies for this purpose. TSR equals the growth (or reduction) in share price plus the amount per share of any dividend paid or other return of capital or income made to shareholders. The measurement period will be from the date of the award to the third anniversary of the date of the award.

The award will vest in full if Psion's TSR over the measurement period is in the top quartile of the Comparator Group; 20% will vest if Psion's TSR is median of the Comparator Group; awards will vest pro rata between 20% and 100% for performance between median and top quartile.

EXECUTIVE DIRECTORS' REMUNERATION (CONTINUED)

Share Options

The share option element vests according to growth in gross profit over a measurement period covering three financial years starting with the financial year in which the award is granted. Gross profit shall be calculated as the annual gross profit reported in the audited financial results of the Company.

Option awards vest in full if the compound growth in gross profit exceeds 12.5% per annum; 25% will vest if the company growth in gross profit is 5% per annum; awards will vest pro rata between 25% and 100% if the compound growth in gross profit is between 5% and 12.5% per annum.

Pension Arrangements

The Company contributes £15,000 per annum towards Fraser Park's nominated pension scheme. The Company does not make any contributions towards a pension for John Conoley. The Company does not operate any defined benefit pension schemes. Pension contributions are not dependent upon performance.

Other Benefits

Other benefits payable to the executive directors include permanent health insurance for John Conoley and a car allowance, life assurance and permanent health insurance and private medical insurance for Fraser Park.

DILUTION

The PLTSP rules require that the amount of newly issued Shares in respect of which Awards are granted on any date does not exceed a maximum of 10% of the Company's issued share capital in any 10 year period. Currently shares to be issued in respect of long-term incentives are equivalent to 7.48% of shares in issue.

The Company's intention is to satisfy the future exercise of options and vesting of awards under its share schemes by the issue of new shares and market purchases of shares.

SHAREHOLDING GUIDELINES

Senior executives in receipt of share options or long-term share awards are encouraged to retain their holding after exercising those awards. Executive Directors are under an obligation to maintain at least 50% of such shares that vest after exercise (after allowing for the payment of tax) with a view to building up a minimum shareholding of two times basic salary.

DIRECTORS' SERVICE AGREEMENTS

Executive Directors

Service agreements are based on a corporate standard with individual variations influenced by local employment legislation and market practice.

The directors' service agreements contain the following notice periods:

Director	Title	Date of Service Agreement	Notice period
John Conoley	Chief Executive Officer	28 April 2008	Nine months
Fraser Park	Chief Financial Officer	8 January 2009	Twelve months

The Company may, at its discretion, lawfully terminate executive directors' employment by making a payment equal to the value of basic salary and benefits for any unexpired notice period. In the event that employment terminates during any bonus year, bonus is calculated on a pro rata basis to the start of the notice period, subject to the achievement of the associated performance criteria at the discretion of the Committee. Executive directors are not normally entitled to a bonus whilst under notice of termination and bonus is not included in the calculation of payment in lieu of notice.

Service agreements contain provisions whereby the executive director can be placed under a duty to actively seek a suitable alternative remunerated position and monthly severance payments from the Company would be reduced by an amount corresponding to the alternative remuneration.

There are no contractual obligations to pay directors any sum in lieu of notice or by way of compensation or damages.

None of the service agreements has a fixed term and all contracts will continue until terminated.

Non-executive Chairman

John Hawkins was appointed as non-executive Chairman pursuant to an agreement for services dated 18 September 2009. The appointment was for an initial term of three years, subject to re-election by shareholders at the first AGM following appointment and then subsequently at least once every three years. The appointment can be terminated at the discretion of either party upon three months' notice. The agreement does not contain provisions relating to compensation for any early termination of appointment.

DIRECTORS' SERVICE AGREEMENTS (CONTINUED)

Non-executive Directors

Non-executive directors serve under letters of appointment which continue until terminated by either party giving three months' notice. They are subject to election by shareholders at the first AGM following their appointment and to re-election at least once every three years thereafter. None of the non-executive directors' letters of appointment contain provisions relating to compensation for any early termination of appointment.

The remuneration of the non-executive directors is determined by the Chairman together with the executive members of the Board, taking into account current practices in other similar companies. The level of fees was reviewed in 2009 and a new fee structure introduced which reflected the varying levels of seniority and experience of the non-executive directors.

The Board reviews the fee levels on an annual basis and following the review in 2010 it was decided to leave fees unchanged.

Director	Basic fee	Committee Chairmanship fee	Total 2010	Total 2009
John Hawkins (Chairman)	£100,000	n/a	£100,000	£100,000
Ross Graham (SID)	£40,000	£5,000	£45,000	£35,000
Mike O'Leary	£35,000	£5,000	£40,000	£30,000
Stuart Cruickshank	£30,000	n/a	£30,000	£30,000
Toby Redshaw	£30,000	£5,000	£35,000	-

With effect from 6 April 2010, Psion ceased to pay ad-hoc expenses to non-executive directors for itemised administrative costs. Instead, a flat monthly allowance was introduced to reflect the average annual costs incurred. This is simpler to administer and allows the heavier administrative burdens borne by the Chairman and the Audit Committee Chairman to be handled properly within HMRC guidelines. Allowances paid per annum are as follows:

Director	Administrative Allowance
John Hawkins	£12,000
Ross Graham	£9,000
Mike O'Leary	£6,400
Stuart Cruickshank	£6,400
Toby Redshaw	£6,400

Non-executive directors are not eligible to participate in the Company's bonus or share-based incentive schemes, nor to receive any pension contributions from the Company.

EXTERNAL APPOINTMENTS

It is the Company's policy that its executive directors may be allowed to take a limited number of external directorships where it is considered that the appointment would not impinge on their principal employment. Individuals may retain any remuneration received from such services. None of the executive directors had external directorships during the year.

DIRECTORS' REMUNERATION 2009/10

The following table gives details of each director's remuneration for the year.

	Salary/ Fees		Annual Cash Bonus		Pension Allowance		Benefits ²		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
EXECUTIVE										
John Conoley	340	340	-	85	-	-	12	18	352	443
Fraser Park	230	226	-	95 ¹	15	15	13	12	258	348
NON-EXECUTIVE										
Stuart Cruickshank	35	15	-	-	-	-	-	-	35	15
Ross Graham	52	35	-	-	-	-	-	-	52	35
John Hawkins	110	53	-	-	-	-	-	-	110	53
Mike O'Leary	45	30	-	-	-	-	-	-	45	30
Toby Redshaw (appointed 10 May 2010)	24	-	-	-	-	-	-	-	24	-
Previous Directors	-	-	-	-	-	-	-	-	-	624

1 As disclosed in the 2009 Report and Accounts, this figure includes a special bonus of £37,000 awarded by the Remuneration Committee to rectify the failure to award Fraser Park shared options at the prevailing market price in accordance with the terms of his contract.

2 Benefits include the provision of permanent health insurance for John Conoley and Fraser Park and the provision of a car allowance, life assurance and private medical insurance for Fraser Park.

DIRECTORS' REMUNERATION 2009/10 (CONTINUED)

Details of the share options of the directors who served during the year ended 31 December 2010 are as follows:

	As at 01/01/10	Granted during the year	Lapsed during the year	Exercised during the year	As at 31/12/2010	Option Price	Normal date from which exercisable	Expiry Date
Fraser Park	900,000	-	-	-	900,000 ¹	0.68	31/03/2012	30/03/2019
	-	268,744 ²	-	-	268,744	0.88 ³	25/03/2013	24/03/2020
John Conoley	-	794,547 ²	-	-	794,547	0.88 ³	25/03/2013	24/03/2020

- 1 These options were granted at a premium of 50% to the share price on the five business days following the announcement of the financial results for the year ended 31 December 2008. There are no further performance conditions attached to these options.
- 2 100% of the options will vest if the compound growth in gross profit over the measurement period exceeds 12.5% per annum; 25% will vest if the compound growth in gross profit is 5% per annum; options will vest pro rata between 25% and 100% if the compound growth in gross profit over the measurement period exceeds 5% per annum but is less than 12.5% per annum.
- 3 As disclosed in the 2009 Report and Accounts, the actual number of share options awarded in 2010 was based on the share price of 85.6p in order to remove the effect of any share price volatility. The option price of 88p is the actual exercise price, being a mid-market price of Psion shares over the five days following the revised announcement of results on 16 March 2010.

Details of the performance shares awarded to directors who served during the year ended 31 December 2010 are as follows:

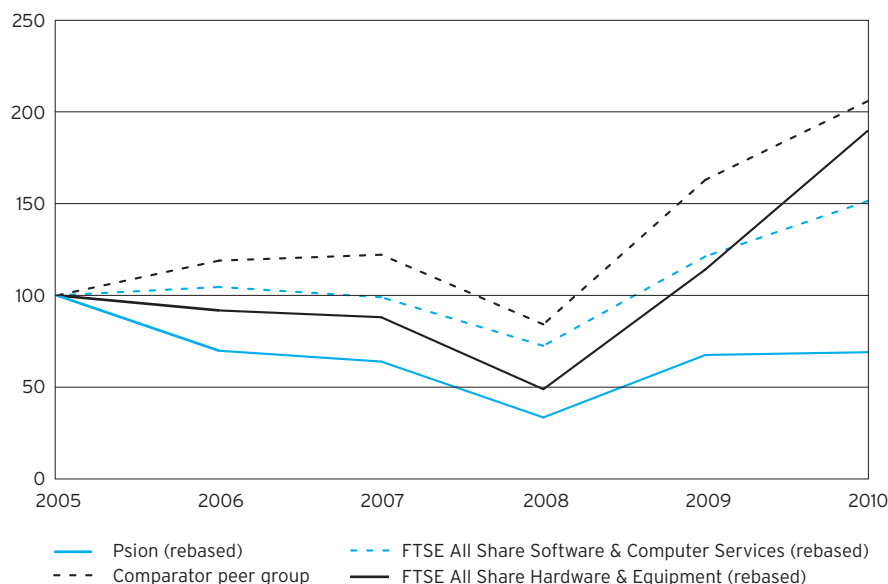
	As at 01/01/10	Granted during the year	Lapsed during the year	As at 31/12/2010	Vesting Date	Performance Condition
Fraser Park ⁱ	-	268,744	-	268,744	25/03/2013	i
John Conoley	-	595,910	-	595,910	25/03/2013	i

- i. 100% of the award will vest if Psion's TSR over the measurement period is in the top quartile of the Comparator Group; 20% will vest if Psion's TSR is median of the Comparator Group; awards will vest pro rata between 20% and 100% if Psion's performance is between the median and top quartile.
- ii. On joining Psion in January 2009, Fraser Park was to be awarded 900,000 market share price options. These were actually granted at 68p, a premium of 50% to the prevailing market price on the date of grant, in contrast to the terms of his contract. Accordingly, the Remco decided to rectify the situation by awarding Fraser Park a special bonus of £37,000 and an additional grant of performance shares equivalent to 50% of basic salary.

In addition to the above a further incentive was conditionally awarded to John Conoley in prior years. On joining Psion in April 2008, John Conoley was awarded a Special Incentive linked to absolute growth in TSR. This was extended by the Remuneration Committee in 2010 and additional performance shares and share options were awarded so as to provide an overall total of LTIP awards to enable John Conoley to earn an extra £1.8 million over the 3/4 year period if the share price were to approximately double to around 200p over the period.

PERFORMANCE GRAPH

The following graph shows the Company's performance measured as total shareholder return over a five year period to 31 December 2010, compared with the total return performance of the FTSE A/S Hardware & Equipment, the FTSE A/S Software & Computer Services indices and a comparator group consisting of technology companies in the FTSE All Share Index, excluding pharmaceutical and biotech companies. The first two indices provide comparisons to general technology indices and the latter group is the comparator group to be used in the performance conditions attaching to directors long-term incentives.



The comparator group comprises the technology companies in the FTSE All Share, excluding pharma and biotech (27 companies). The comparator group for the purposes of the above chart excludes those companies that have not been trading continuously since 31 December 2005).

The market price of the Company's Ordinary Shares as at 31 December 2010 was 95 pence and the highest and lowest share price during the year ended 31 December 2010 were 100 pence and 71.75 pence respectively.

DIRECTORS' INTERESTS

The Directors in office at the end of the year, together with their interests in the Ordinary Shares of the Company were:

	1 January 2010*	1 January 2011
John Conoley	20,334	20,334
Stuart Cruickshank	-	11,000
Ross Graham	29,683	88,037
John Hawkins	17,241	17,241
Mike O'Leary	-	34,000
Fraser Park	156,987	156,987
Toby Redshaw	-	-

* or date of appointment if later.

There were no changes in the directors' interests in the Ordinary Shares of the Company between the balance sheet date and the date of approval of these financial statements.

APPROVAL

This report was approved by the Board of directors on 3 March 2011 and signed on its behalf by:

Mike O'Leary
Chairman, Remuneration Committee