

2011 Interims

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Our strategy of Open Source Mobility gives us more products, more quickly, through more channels, with lower costs

Agenda



- » **Financial Review - Adrian Colman CFO**
- » **Growth in 2nd Half - John Conoley CEO**



Financial Review

Adrian Colman
CFO
Psion PLC

Financial summary



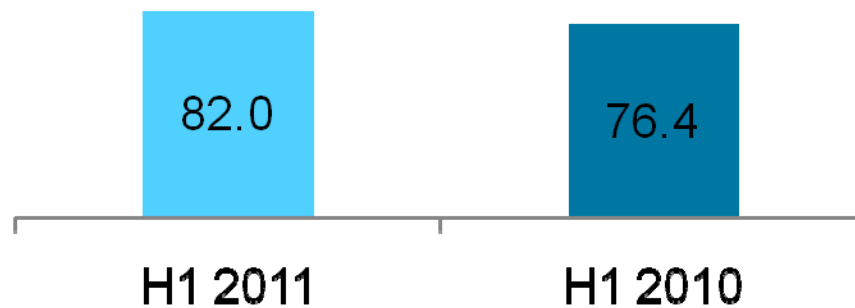
	H1 2011 £m	H1 2010 £m	Change %	Constant Currency Change %
Revenue	81.4	84.7	-3.9%	-1.7%
Gross Profit	31.1	33.5	-7.2%	
<i>Gross Profit Margin</i>	38.2%	39.6%	-1.4%	
Operating (loss)/profit*	(5.2)	4.8		
Normalised operating (loss)/profit*	(3.9)	0.7		
(Loss)/profit before tax*	(5.3)	4.8		
EPS (pence)*	(2.8)	3.1		
Interim Dividend (pence)	1.3	1.3		
Cash	26.8	39.5		

* Results from continuing operations

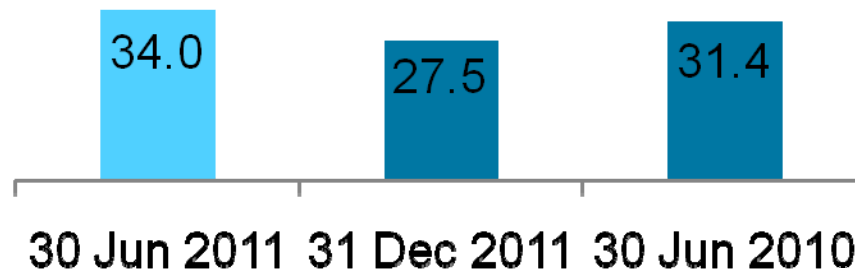
Orders and Order Book



Orders - £m



Order Book - £m

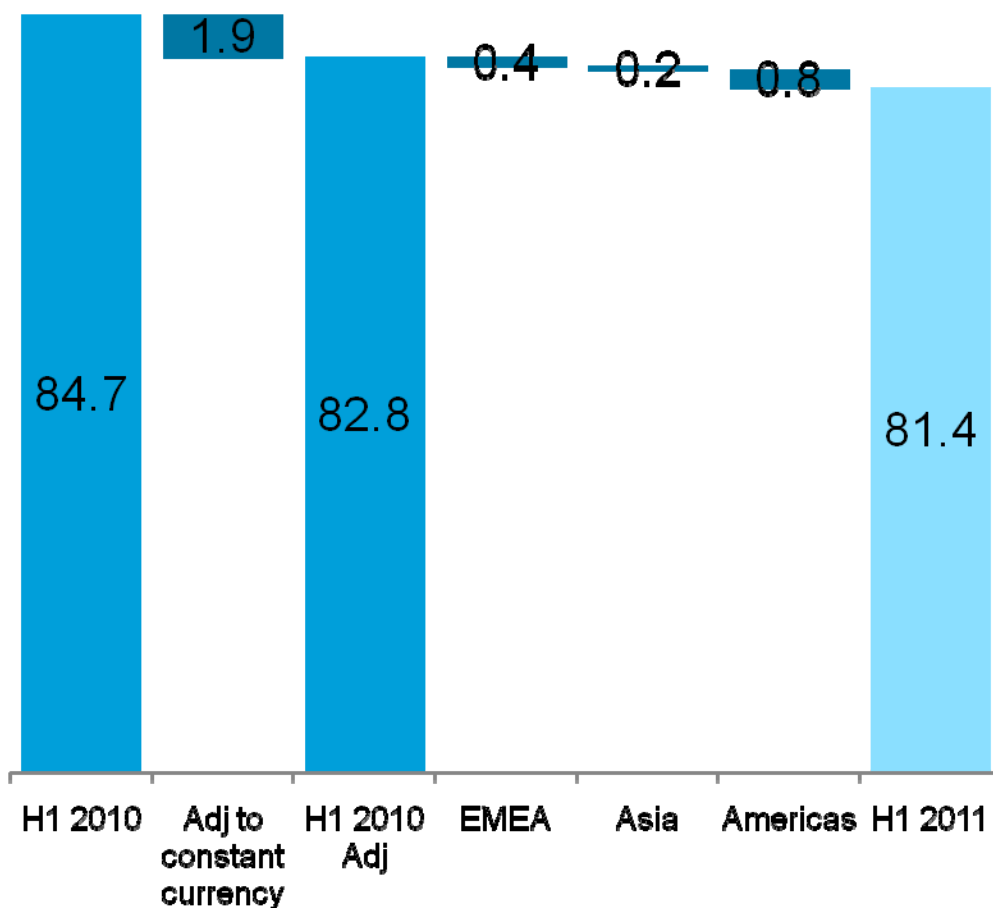


- Orders +10% on prior period in constant currency
- Orders for 9,500 EP10 units taken since launch
- Order book +8% compared to June 2010

Trading performance



Revenue bridge H1 2010 to H1 2011 - £m

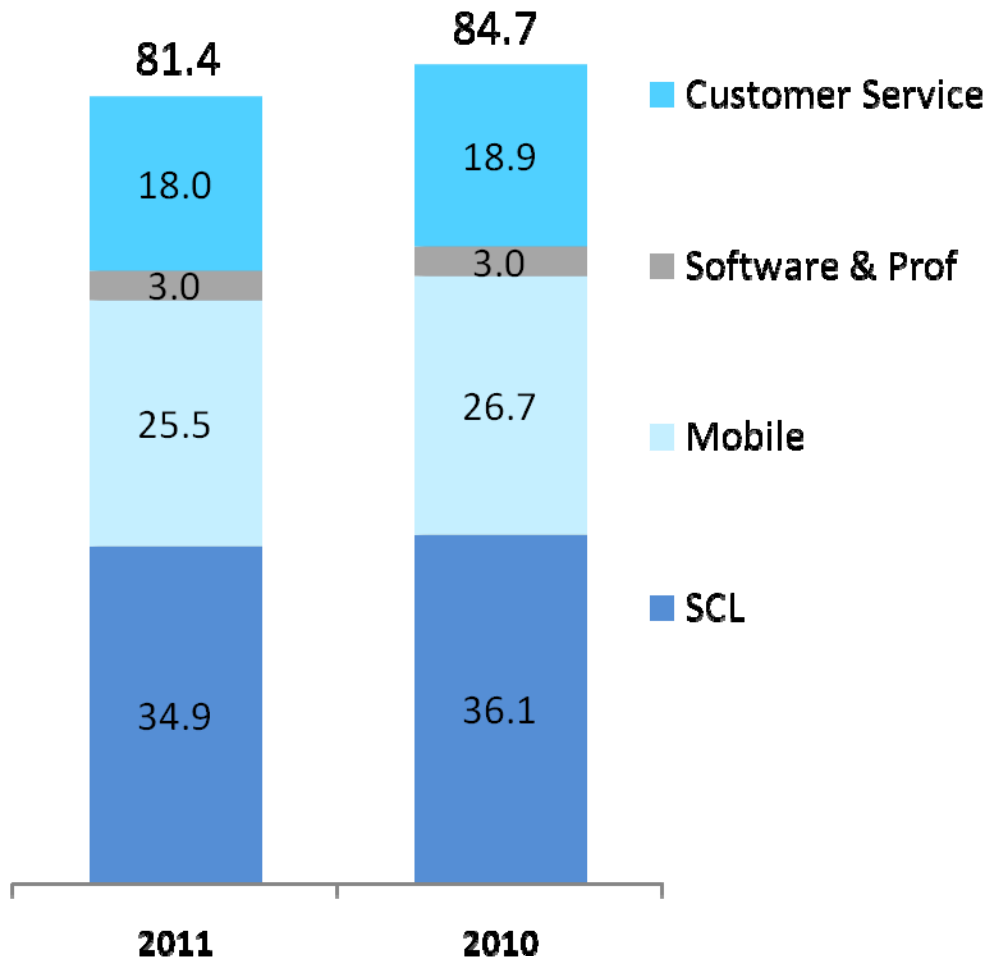


- Revenue on constant currency basis marginally lower (1.7%)
- Supply chain issues in H1
 - Impacted sales of one product in 2010 – Largely in EMEA
 - Now resolved and shipments resumed
- Gross Profit and Margin
 - GP £31.1m (2010: £33.5m)
 - GM% 38.2% (2010: 39.6%)
 - Negligible FX impact at Gross Profit level

Revenue by type



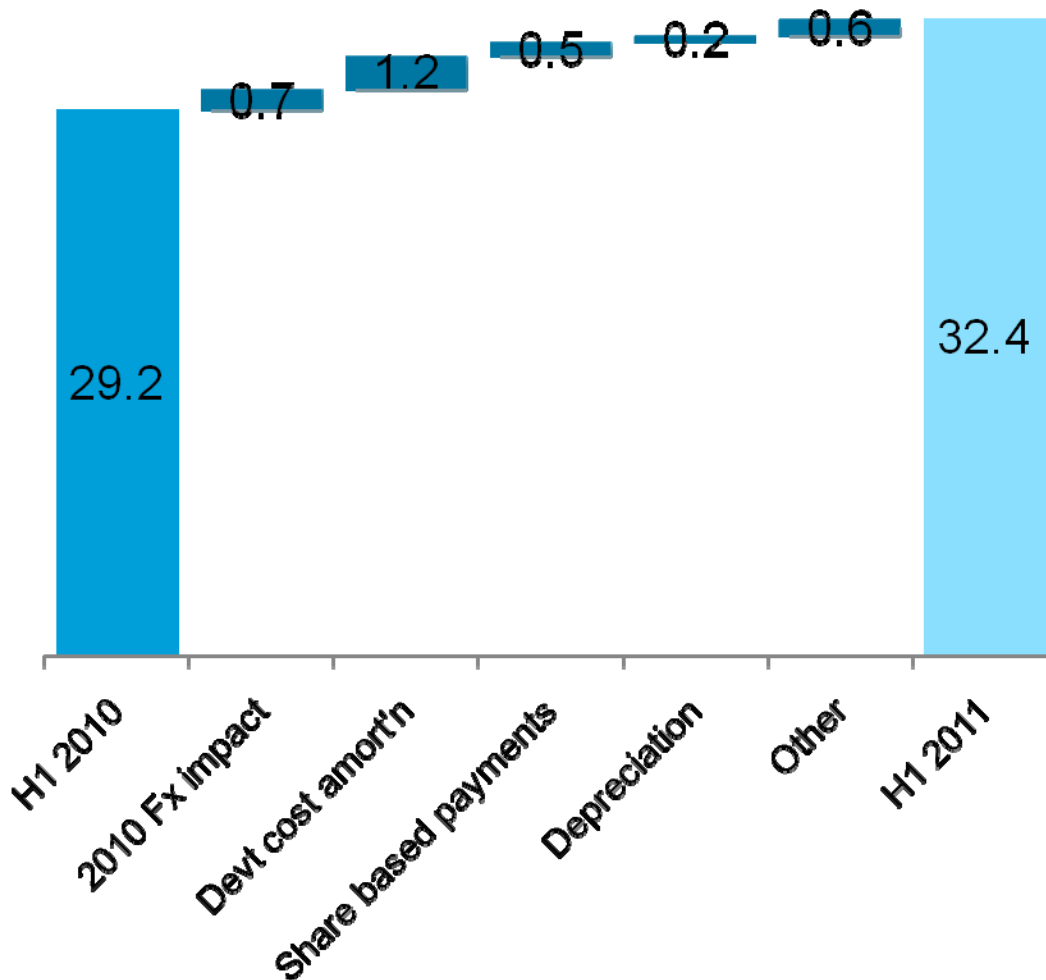
Revenue by type - £m



- Hardware units shipped 3% higher than H1 2010
- Mobile
 - EP10 shipments commenced in H1 (1,300 units)
 - Workabout Pro unit sales strong
- Supply Chain Logistics/Warehousing (SCL)
 - Strong Handheld terminal volume growth
 - Omnii gaining momentum
- Service revenues reduced £0.9m

Operating costs (excl. Japan settlement)

Opex costs bridge H1 2010 to H1 2011 - £m



- Increase in costs due to product launch in period
- Some minor investment in period to drive further savings
- Underlying opex costs expected to be lower in H2

Investment



	H1 2011 £m	H1 2010 £m
R&D		
Expensed	4.4	4.5
Capitalised	3.9	3.2
Total R&D	8.3	7.7
Other capex	1.6	1.4

Capitalised R&D on:

2011

- EP10 - £1.2m
- Omnii - £2.7m

2010

- Omnii - £3.2m

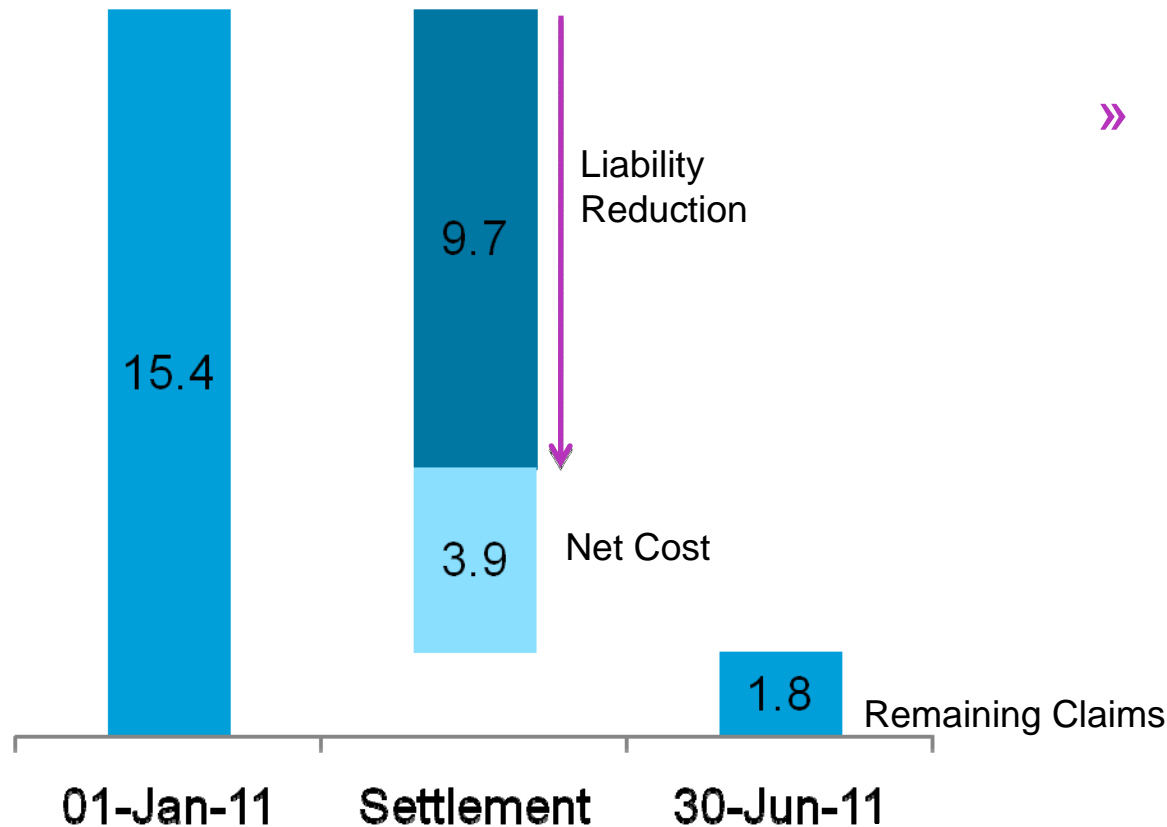
Other capex

- Product tooling
- Patent fees
- IS licences

Japanese contingent liability



Reduction in potential liability - £m



» Maximum contingent liability reduced to £1.8m

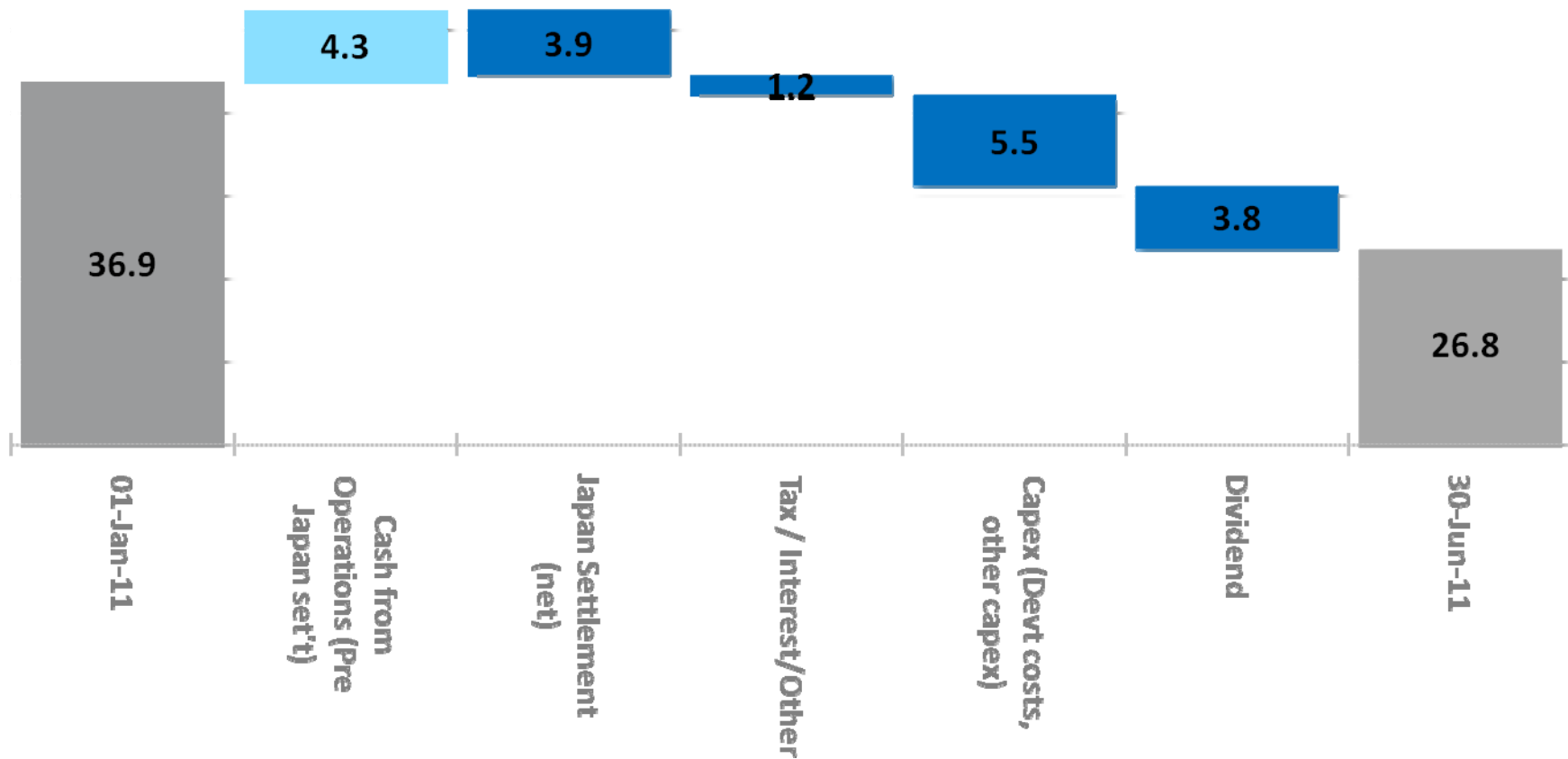
» Settlement in period;

- Paid - £5.2m
- Costs - £0.2m
- Insurance - (£1.5m)
- Net cost - £3.9m

Cash movement




H1 2011 Summary Cash Flow - £m





Growth in 2nd Half



John Conoley
CEO
Psion PLC

Our 2011 launches are on schedule



1st Half 2011

**Low-cost
EP10 PDA**

**CDMA-roaming
products for USA**



Mobile Market

For the US market, the new Psion EP10 will be CDMA (roaming) enabled in addition to its standard 3G/GSM radio for Europe

Competitively featured and priced

2nd Half 2011

**Omnii XT15

(IP67, more
radios, faster)**



Supply Chain Logistics Market

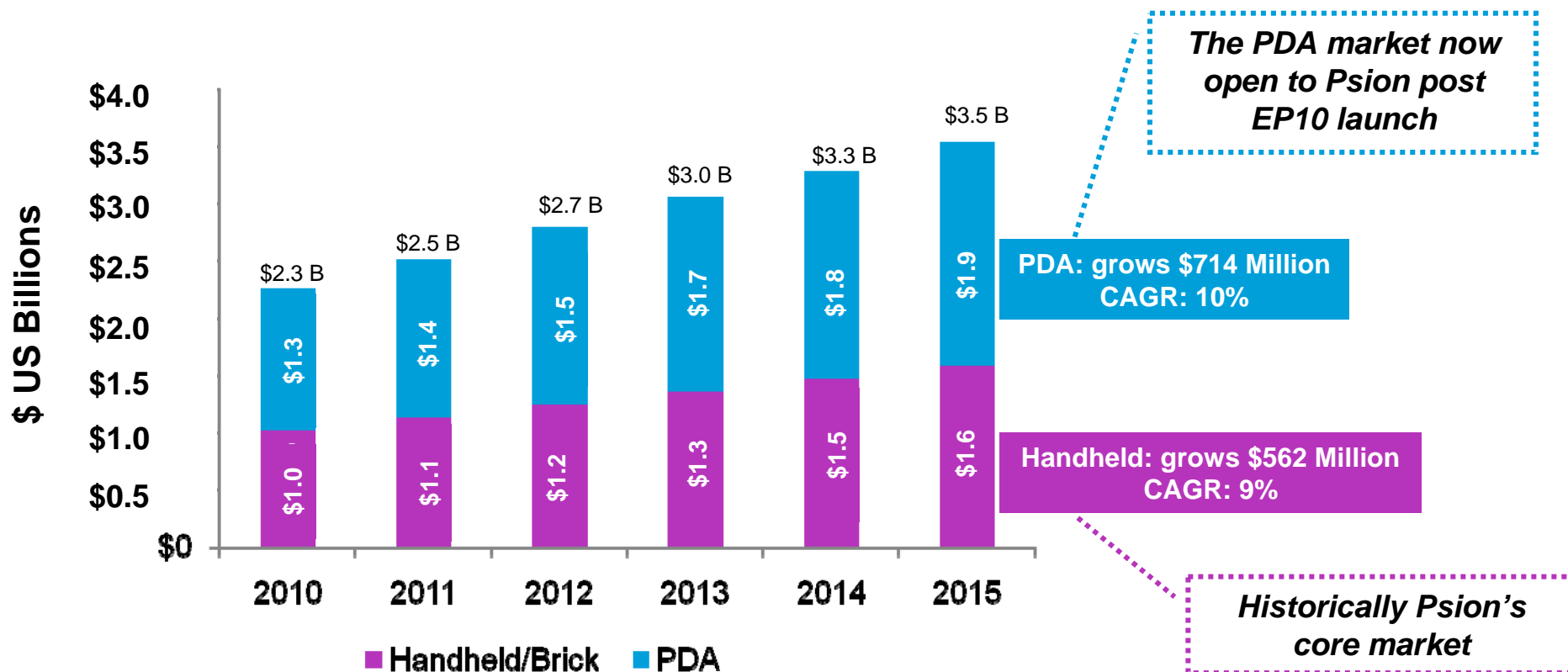
New Psion XT15 will extend the proven capability of the XT10 (launched in October 2010) with a higher IP rating, new radios and faster internal systems

EP10: Transforms our addressable market



Worldwide Rugged Handheld vs. Rugged PDA Market

Size & Forecast: 2010 to 2015



Source: VDC Research, 2011

A great opportunity with Psion EP10

PSION

- » EP10 is CDMA-enabled for US Market
 - This is the key roaming technology for the US enables the expansion of our partner networks
 - This is the 1st time Psion has ever offered CDMA
 - Other roaming technologies are available

- » Orders for 9,500 units placed since launch
 - Almost entirely from Europe so far
 - Already 500 units of CDMA-enabled US models, ordered ahead of full certification & approvals

- » Majority of EP10 sales are incremental to Psion



CDMA: Code Division Multiple Access, the cellular wireless interface used by Verizon, Sprint, US Cellular, Leap Wireless & Metro PCS .

USA: Focus for Growth



- » Total US HH (incl.PDA) market \$0.8Bn
- » New types of channel agreement will unlock growth in the US
- » Market Share gain
 - 1% of market share in the USA is worth 5.7% share in the UK
(Source: VDC Research 2011)
- » Our US business should grow faster
- » US growth will start to rebalance our FX exposure
 - Today <20% of revenues from US

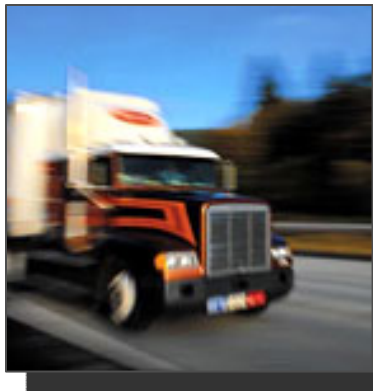
Global: OEM agreement with major US listed industrial partner



- » **Our first global OEM agreement is signed and validates our strategy**
- » This agreement opens new markets in areas previously closed to Psion, especially in the USA via our partner who is a major industrial organisation and market leader
- » Partner now sells Omnii and EP products with their own brand
- » First order of 1,000 EP10 units just received, worth \$1M



USA: New partnership with Verizon



For the first time, Psion will be selling CDMA-equipped products in the USA via significant Wireless Carrier

- » **Verizon has the largest share of the CDMA network access**
- » **Verizon will now be a key partner in enabling this part of our growth in the USA:**
 - We will be part of the Business Solutions Alliance (BSA)
 - EP10 products in certification process already
 - Sales and marketing now active with Verizon
- » **Being part of the Verizon BSA program gives us:**
 - Dedicated channel marketing team Verizon Wireless (VZW)
 - Listing of the EP10 on the VZW Solutions Finder
 - Unique presence for the EP10 on the Verizon Open Development Initiative (ODI) portal

Europe: Ingram



New contract with Ingram Micro will help to sustain our growth, and will complete our current distribution map in Europe

- » We have grown our Distribution business in EMEA by more than 50% over the last 2 years
- » The European contract with Ingram covers UK, Germany, Austria, Switzerland and all Nordic countries, extending all over Europe in 2012
- » Ingram now a global Psion distributor

Outlook



- » Our strategy of Open Source Mobility gives us more products, more quickly, through more channels, with lower costs
- » With revenues from our new products, new sales channels in the USA and new OEM business, the company will perform in 2nd Half



Appendices

Definitions



- » **Normalised operating performance is stated before:**
- » Net capitalisation of development costs
- » Share based payment charges
- » Exceptionals/Japan settlement
- » Tax effect of the above where relevant

- » **Constant currency:**
- » Is calculated at constant foreign exchange rates using the current period rates

Detailed income statement

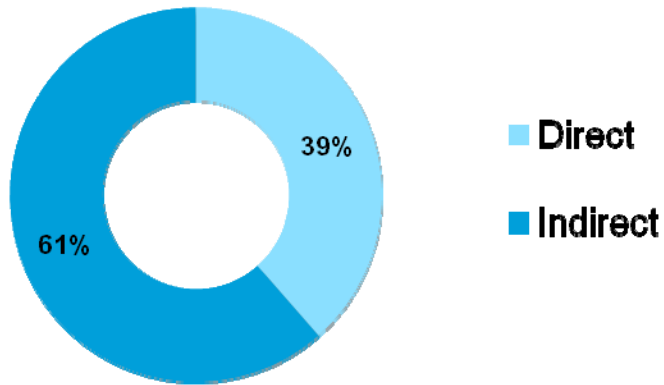


	H1 2011	H1 2010
	£m	£m
Revenue	81.4	84.7
Normalised operating (loss)/profit	(3.9)	0.7
Net finance expense	(0.1)	0.0
Normalised PBT	(4.0)	0.7
Net capitalisation of R&D	2.7	3.2
Share based payments charge	(0.1)	0.4
Japan settlement costs	(3.9)	0.5
Statutory profit before tax	(5.3)	4.8
Taxation	1.3	(0.4)
Discontinued Operations	(0.1)	(0.1)
Statutory (loss)/profit after tax attributable to equity shareholders	(4.1)	4.3

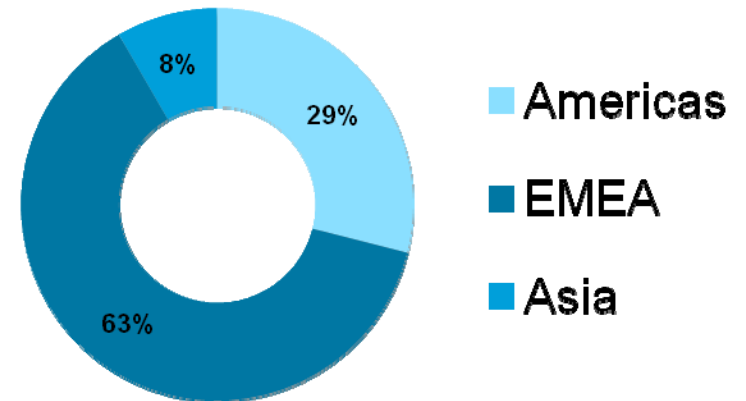
Revenue by channel and region



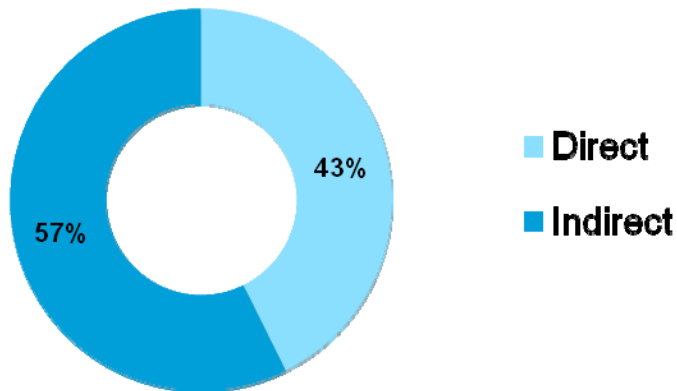
H1 2011 - £81.4m



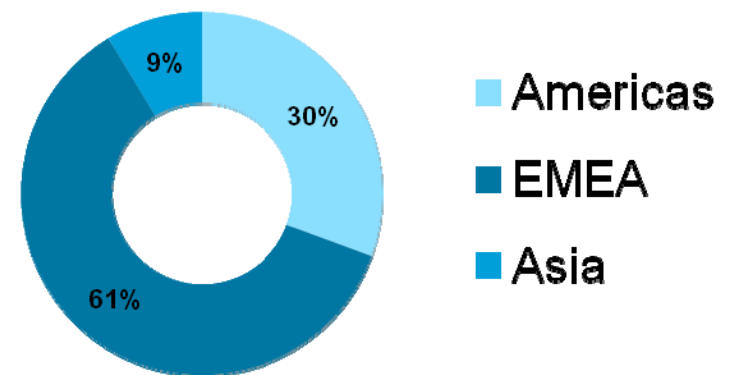
H1 2011 - £81.4m



H1 2010 - £84.7m



H1 2010 - £84.7m



Balance sheet



	H1 2011	H1 2010
	£m	£m
Goodwill	100.2	107.7
Property, plant and equipment	10.9	10.0
Other intangible assets	18.5	10.1
Working capital (Excl Cash)/Other	11.5	18.4
Cash	26.8	39.5
Net assets	167.9	185.7

Cash flow statement



	H1 2011	H1 2010
	£m	£m
Reported operating (loss)/profit	(5.2)	4.8
Japan net costs/(credit)	3.9	(0.5)
Operating (loss)/profit (pre Japan costs/credit)	(1.3)	4.3
Depreciation and amortisation (non dev't costs)	2.1	1.9
Amortisation – Development costs	1.2	-
Working capital	2.5	(3.2)
Other (inc discontinued operations)	(0.2)	(1.5)
Cash generated from operations (pre Japan)	4.3	1.5
Japan net costs/(credit)	(3.9)	0.5
Interest/tax (paid)/received	(0.9)	1.0
Dividends paid	(3.8)	(3.7)
Finance leases	(0.3)	(0.4)
Capex - Other assets	(1.6)	(1.4)
Capex – Dev't costs	(3.9)	(3.2)
Fx impact	-	(0.1)
Net cash flow	(10.1)	(5.8)

Summary of key fx rates



	H1 2011 Average	H1 2010 Average	Change %	H1 2011 Closing	H1 2010 Closing	Change %
EUR:GBP	1.15	1.14	1%	1.11	1.22	-9%
USD:GBP	1.62	1.54	5%	1.61	1.50	7%
CAD:GBP	1.58	1.60	-1%	1.55	1.59	-3%
EUR:USD	1.40	1.35	4%	1.45	1.22	19%