

FEEDBACK PLC (the "Group")
PRELIMINARY RESULTS FOR THE YEAR ENDED 31 MAY 2010

EXECUTIVE CHAIRMAN'S STATEMENT

For the year ending 31 May 2010 Group Trading Profit declined from a profit of £603k to a loss of £254k. This was on the back of a 8.8% decline in group turnover from £8.2m to £7.4m. The reduction in turnover was across the group, although Feedback Instruments in particular experienced a significant reduction in export orders other than to the US.

Group operating expenses advanced some 10% from £3.0m to £3.3m; this was due to a number of one-off investments made during the period including our corporate re-branding, web site design and implementation. In addition, the new Group IT system gave rise to a number of commissioning issues which proved both time consuming and costly to solve. Decisive steps have now been taken to address these problems which should greatly facilitate a smoother operation and the benefits should be seen over the next few months although, some additional costs, already budgeted, will be incurred in the current year.

Despite the adverse trading situation working capital was strictly controlled although IT issues caused year end stocks to be higher than budgeted. Cash balances declined but the Group continues to operate without recourse to its working capital banking lines and both its liquidity and working capital ratios still remain strong.

During the year development expenditure in both companies remained at a high level. Significant additional funds were committed to the new web site and a complete corporate rebranding. All these costs were expensed in the year. The web site is now in operation and has received favourable comment from both customers and suppliers alike.

Current trading in Feedback Instruments continues to be weak however Feedback Inc and Feedback Data are currently seeing activity at higher levels and in line with budget and management's expectations. As a result the Company has continued to reduce costs and staff numbers to reflect current levels of activity. Since May 2009 the Group has reduced total staff numbers from 77 to 71.

Feedback Instruments Ltd

Feedback Instruments had a difficult year in terms of trading following the world wide trend of project delays. This resulted in a lower than anticipated turnover for both the UK and export markets, however, some countries performed well in the early part of the year such as Libya and India, with the latter continuing to produce monthly repeat business.

The business continued to restructure during the year so as to increase its operational efficiency and its standing in the world wide market. The brand name remains strong and is associated with providing a high quality product to Universities, Colleges and Schools. The recent re-branding of the company will assist in reinforcing its position.

As part of our continuing support of our overseas agents we held a Conference at the East Sussex National Conference Centre which was well attended by representatives from over 50 countries. Five new products were demonstrated and released as well as presentations of some of our more established products. This gave an opportunity to demonstrate the breadth and strength of our product range.

We continued to invest significant sums in the development of new products not only to add and expand our existing ranges but also to support new partner agreements where our products extend and complement their supply channels.

As part of our ongoing investment in development we have recruited additional development engineers. This has allowed us to form a specialised group to focus on a new range of products for the renewable energy sector to complement our own efforts. In this regard we

are also working in a collaborative agreement with a leading UK academic partner. Further partnership arrangements are under discussion.

Feedback is the UK representative of PASCO. This is an important partnership, and we have focused particular efforts during the year on restructuring the sales of PASCO products into the UK School and University markets. PASCO have been very supportive to this effort and we have been able to increase our penetration into an increasing number of the UK's 5000 schools, whilst also attracting potential business from over 100 Universities.

Feedback Incorporated

Feedback Inc continues to demonstrate growth and stability providing above expected revenues and profit for the year. Both turnover and profit increased by over 20% and with the release of key new products to the market this is expected to be maintained.

Improvements were implemented to the agent network throughout the year which increased our sales coverage and product knowledge; this now shows signs for increased potential for the future. New partnerships were formed whilst others reviewed, which will also provide increased stability for the operation.

Feedback Inc attended the successful ASEE exhibition in Austin, Texas during June 2009. This provided an opportunity not only to meet with new and existing customers but also our US sales team who were active on the stand.

As new products are released to the US market further sales and training visits will be made so as to support the continuing growth of the business.

Feedback Data Ltd

Feedback Data had a difficult year with reduced activity in its customer base, whether end user or Value Added Reseller (VAR), with delays, deferrals and cancellation of a number of orders. The forthcoming Government austerity measures are expected to aggravate the situation for the company's public sector customers.

At the same time capital spend on new products continued at a high level with commercial launch only now being seen. Exports also suffered severely and in order to provide better cohesion and support to the export effort Feedback gmbh was re-organised with the intention that all future VAR sales would be made as direct exports of Feedback Data. In support of our export strategy and following our attendance at CeBIT in March this year we attracted new dealer interest. For the first time we gained a new VAR specifically focusing on supplying HR Management Solutions using our new Nohmad terminal for the Northern European market.

New markets continue to be identified and the first significant access control order has recently been shipped to a customer in the Middle East through a company specialising in security management systems. Substantial future business in this area is expected. A complementary low cost product has been identified that will enable us to take a simple access control system into new markets that have traditionally been out of reach due to cost. It is intended that this product will be sold through our new web site.

The decision was taken earlier in the year to re-enter the direct end user access control market and a new sales team was recruited. We are now seeing signs of success as customers recognise the benefits of dealing with a manufacturer as a full service provider able to fulfil their requirements with a modular product that meets their needs whether it be integrated access control, visitor management, barrier or car park control, turnstiles etc. Our Access Control product 'Evolution' uses the latest technologies and is supported by a team of in house experienced engineers providing full maintenance and customer support.

Current Trading and Future Prospects

The year under review was disappointing particularly since order intake at the commencement of the period had shown good strength particularly in Feedback Instruments. The nature of Feedback Instruments business, particularly in the export markets is that the gestation period between opportunity, quote and order can be many months if not in some cases a couple of years away from inception to shipment.

Feedback Instruments' overseas sales usually account for some 50% of their annual turnover and our products are found in more than 100 countries. Many of these countries are in the developing world and their funding is secured from world or intra governmental funding programmes. Much of the business we anticipate receiving in the current trading period is already secured at the local level by our agents or distributors. The timing of receipt of order together with security of payment is often what can cause delays whilst the contract itself proceeds through the various state or government departments securing authorisation on its way. This process is well known to us but from time to time leads to a backlog of lumping of orders which are not predictable. It is this environment that we currently face.

In the UK, Feedback Instruments sales have been well supported and we continue to look at new initiatives to offer to this market whether it is our product or third party. We are now covering the University, College and Schools market with product ranges that meet the student's needs in the scientific arena. We have recently launched a range of PASCO products into the University market which has been well received. With most of Feedback's educational products we offer industry leading tuition manuals both for the tutor and the student enabling the student to gain familiarity on the particular subject that he is being taught in a hands on environment.

We have recently entered into a number of new partnerships with other leading manufacturers of educational products both in the UK and overseas with the intention of broadening our offering to our customers and distributors. We will in the current year be launching a number of new products including products in the renewable energy area.

Current trading in Feedback Data is much improved, both in the Time and Attendance market and in Access Control where our new sales team have secured a number of significant contracts. Additionally, the Access Control product has been re-structured to be more competitive within our market place and is now accompanied with new promotional material and increased presence on our web site. Development is on schedule to release the new stand alone access product which will be available directly from the web site through its new e-commerce facility.

Within the Feedback Data business we have for some time offered a full range of products in the security area. These products such as turnstiles, gates, fencing etc are not made by Feedback but by carefully selected suppliers. This extension to our core products offering has now been repackaged and we are seeing some early benefit from this market re-positioning.

Expansion of current access control sites remains strong showing the customer's satisfaction of the product. Reacting to requests for upgrades support and maintenance assists in providing a complete solution to the client.

We are now offering a number of products in the Nohmad range. The Nohmad is a low cost GPRS time and attendance solution particularly designed to satisfy the low cost end user market. A number of our suppliers are enthusiastically promoting the product and we are hopeful of some significant contract wins in the current year.

Demand for Feedback terminals in the Time and Attendance market is currently meeting budget expectations as companies demand increased information on working times. The new TS2020 terminal has been designed specifically for this market will be released in the current year and is intended as a replacement to the current terminal range. The range will offer a number of models and at the lower end is designed to compete on price and specification with foreign imports. This should further enhance our standing as a leading terminal producer.

In a disappointing year I would like to thank all our employees for their commitment, dedication and loyalty.

Michael G Burt
Executive Chairman

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**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MAY 2010**

	2010	2009
	£000	£000
REVENUE	7,443	8,163
Cost of Sales	(4,392)	(4,568)
GROSS PROFIT	3,051	3,595
Other Operating Expenses	(3,305)	(2,992)
OPERATING (LOSS)/PROFIT	(254)	603
Profit on sale of fixed asset	-	27
	(254)	630
Net interest	4	(1)
(Loss)/profit on ordinary activities before taxation	(250)	629
Tax (charge)/credit	(191)	18
(Loss)/Profit for the year attributable to the equity shareholders of the Company	(441)	647
Other comprehensive income/(expense)		
Translation differences on overseas operations	28	(68)
Total comprehensive (expense)/income for the year	(413)	579
(LOSS)/PROFIT PER SHARE (pence)		
Basic and diluted	(0.40)	0.59

Turnover and operating profit are derived from continuing activities.

**CONSOLIDATED BALANCE SHEET
AT 31 MAY 2010**

	2010		2009	
	£000	£000	£000	£000
ASSETS				
Non-current assets				
Property, plant and equipment		1,603		1,577
Intangible assets		733		590
Deferred tax asset		156		313
		<hr/>		<hr/>
		2,492		2,480
Current assets				
Inventories	1,300		1,334	
Trade receivables	1,578		1,699	
Other receivables	176		223	
Cash and cash equivalents	25		269	
	<hr/>		<hr/>	
		3,079		3,525
		<hr/>		<hr/>
Total assets		5,571		6,005
		<hr/>		<hr/>
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities		199		165
Current liabilities				
Trade payables	959		745	
Other payables	866		1,135	
	<hr/>		<hr/>	
		1,825		1,880
		<hr/>		<hr/>
Total liabilities		2,024		2,045
		<hr/>		<hr/>
TOTAL NET ASSETS		3,547		3,960
		<hr/> <hr/>		<hr/> <hr/>
EQUITY				
Capital and reserves attributable to the Company's equity shareholders				
Called up share capital		273		273
Share premium account		633		633
Capital reserve		300		300
Retained earnings		2,341		2,754
		<hr/>		<hr/>
TOTAL EQUITY		3,547		3,960
		<hr/> <hr/>		<hr/> <hr/>

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MAY 2010**

	2010		2009	
	£000	£000	£000	£000
Cash flows from operating activities				
(Loss)/profit before tax		(250)		629
<i>Adjustments for:</i>				
Net finance expenditure	(4)		-	
Depreciation and amortisation	439		511	
Profit on disposal of tangible fixed assets	-		(27)	
Foreign exchange difference	28		(68)	
Decrease/(increase) in inventories	34		(75)	
Decrease/(increase) in trade receivables	130		(291)	
Decrease in other receivables	53		25	
Increase in trade payables	214		140	
(Decrease) in other payables	(284)		(613)	
	<hr/>	610		(398)
Net cash generated in operating activities		<hr/> 360		<hr/> 231
Cash flows from investing activities				
Interest received	5		-	
Purchase of tangible fixed assets	(122)		(185)	
Proceeds from sale of tangible fixed assets	-		40	
Purchase of intangible assets	(486)		(379)	
	<hr/>	(603)		(524)
Net cash used in investing activities		(603)		(524)
Cash flows from financing activities				
Issue of ordinary shares	-		-	
Interest paid	(1)		(1)	
Capital element of finance leases and rental payments	-		(4)	
	<hr/>	(1)		(5)
Net cash used from financing activities		(1)		(5)
Net decrease in cash and cash equivalents		(244)		(298)
Cash and cash equivalents at beginning of year		269		567
		<hr/>		<hr/>
Cash and cash equivalents at end of year		<hr/> <hr/> 25		<hr/> <hr/> 269

NOTES TO THE FINANCIAL STATEMENTS

1. The information in this announcement, which was approved by the Board of Directors on 29 October 2010, does not comprise statutory accounts for the years ended 31 May 2009 or 31 May 2010. The statutory accounts for the year ended 31 May 2009 have been delivered to the Registrar of Companies and those for the year ended 31 May 2010 will be delivered to the Registrar of Companies following the Company's Annual General Meeting. The auditors have reported on these accounts, their reports were unqualified and did not contain statements under s.498(2) or (3) of the Companies Act 2006. The information contained in this statement does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006.

The Report and Accounts will be posted to shareholders on 5 November 2010 and copies will be available from the Company at Park Road, Crowborough East Sussex TN6 2QR, England and will be available to download from the Company's website www.feedback.plc.uk. The Annual General Meeting will be held at 11.00 am on 29 November 2010 at the offices of Lawrence Graham LLP (4 More London Riverside, London, SE1 2AU).

2. SEGMENTAL REPORTING

The directors have determined the operating segments based on the management reports that are used to make strategic decisions. The Group's business is analysed below between the Instruments segment and the Data segment. The Instruments segment primarily relates to the subsidiary companies Feedback Instruments Limited and Feedback Incorporated. The Data segment primarily relates to the subsidiary company Feedback Data Limited and Feedback Data GmbH. Details of these companies are included in the Directors' Report.

Year ended 31 May 2010

	Instruments £	Data £	Other £	Total £
Revenue				
External	5,828	1,615	-	7,443
Finance expense	-	-	1	1
Profit/(loss) before tax	(53)	(233)	36	(250)
Balance sheet				
Assets	2,249	991	5,219	8,459
Liabilities	(3,019)	(999)	(1,612)	(5,630)
	(770)	(8)	3,607	2,829
Capital expenditure	10	21	90	121

Year ended 31 May 2009

	Instruments £	Data £	Other £	Total £
Revenue				
External	6,204	1,959	-	8,163
Finance expense	-	-	1	1

Profit/(loss) before tax	343	615	(329)	629
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance sheet				
Assets	2,895	1,677	5,345	9,917
Liabilities	(3,532)	(1,102)	(1,644)	(6,278)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	(637)	575	3,701	3,639
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Capital expenditure	19	10	156	185
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Reported segments' assets are reconciled to total assets as follows:

	2010	2009
	£000	£000
Segment assets for reportable segments	8,459	9,917
Unallocated:		
Inter-company receivables adjustment	(3,340)	(4,175)
Intangible assets	733	590
Investments	(281)	(327)
	<u> </u>	<u> </u>
Total assets per the balance sheet	5,571	6,005
	<u> </u>	<u> </u>

Reported segments' liabilities are reconciled to total liabilities as follows:

	2010	2009
	£000	£000
Segment liabilities for reportable segments	5,630	6,278
Inter-company payables adjustment	(3,805)	(4,398)
Deferred tax	199	165
	<u> </u>	<u> </u>
Total liabilities per the balance sheet	2,024	2,045
	<u> </u>	<u> </u>

	External revenue by		Total assets by		Capital expenditure by	
	location of customer		location of assets		location of assets	
	2010	2009	2010	2009	2010	2009
	£000	£000	£000	£000	£000	£000
United Kingdom	2,841	3,119	5,181	5,556	117	185
Rest of Europe	1,245	700	135	270	-	-
United States of America	815	652	255	179	4	-
Other Americas	47	277	-	-	-	-
Asia	1,322	1,229	-	-	-	-
Africa	446	929	-	-	-	-
Middle East	727	1,257	-	-	-	-
	=====	=====	=====	=====	=====	=====
Total	7,443	8,163	5,571	6,005	121	185
	=====	=====	=====	=====	=====	=====

3. PROFIT PER SHARE

Basic earnings per share is calculated by reference to the loss on ordinary activities after taxation of £441,000 (2009: profit £647,000) and on the weighted average of 109,146,746 (2009; 109,146,746) shares in issue.