

SERVOCA Plc

(formerly Multi Group Plc)

Preliminary announcement of the unaudited results
For the year ended 31 March 2007

Salient points

- Turnover £11.2m
- Gross Profit £2.7m
- Loss After Exceptionals £7.0m
- Share Consolidation 1 for 100
- Dream Group and Windsor Recruitment Acquired

Bob Morton, Chairman, commented:

“Following the reverse acquisition on 7 June 2007 and the £4 million (before expenses) raised by way of a placing, Servoca now has a stable and well financed platform, a strong board and the prospects for growth both by organic initiatives and by pursuit of carefully selected bolt on and strategic acquisitions.”

“The new Board view the future with confidence.”

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Preliminary announcement of the unaudited results for the year ended 31 March 2007
SERVOCA Plc
Chairman's Statement
For the year ended 31 March 2007

Introduction

The year ended 31 March 2007 was the second year of significant losses. The two years ended 31 March 2007 were both substantially impacted upon by the underperformance of acquisitions made during 2005 and the acquisition and subsequent disposal of Global Medics Limited during 2006.

Multi Group Plc, which changed its name to Servoca Plc on 7 June 2007, now incorporates the business of Dream Group Limited. The board has been restructured and the integration process of Multi Group and Dream is complete.

Financial review

During the year ended 31 March 2007, the Group reported turnover of £11.2 million on which it achieved gross profit of £2.7 million. Of this, £7.1 million relates to turnover of continuing businesses, on which it achieved gross profit of £1.7 million. Comparison with previous years is not considered meaningful given the various acquisitions and disposals of businesses within the Group during this time.

The operating loss, prior to an impairment charge of £4.2 million against the carrying value of goodwill in the Group's trading subsidiaries and a £0.8 million provision for business restructuring, was £1.9 million during the period. In aggregate, the Group has reported a loss for the year ended 31 March 2007 of £7.0 million.

Board changes

Following the reverse acquisition of the Group by Dream on 7 June 2007, Oliver Cooke stepped down as Executive Chairman and Darren Browne was appointed as the Chief Executive Officer to restructure the Group and lead its future development. Miles Davis and Tony Rogers also joined the board as Executive Directors.

Janet Barn stepped down from the main board and became the managing director of the Group's Medical division.

David Marks stepped down as a Non-Executive Director.

Bob Morton and John Foley, who have a wealth of successful business and public company experience, joined the board as Non-Executive Chairman and Non-Executive Director respectively.

Preliminary announcement of the unaudited results for the year ended 31 March 2007
SERVOCA Plc
Chairman's Statement (*continued*)
For the year ended 31 March 2007

Post balance sheet events

On 7 June 2007, the Company simplified its share structure by consolidating every one hundred ordinary shares of 0.1p each into one ordinary share of 10p each. Following this consolidation, 5,447,048 ordinary shares with a nominal value of 10p each were in issue.

On the same date, the Company raised £4 million, before expenses, through a placing of 16,000,000 ordinary shares of 10p each at an issue price of 25p per share.

On the same date, the Company acquired 99.97% of the issued share capital of Dream Group Limited for a total consideration of £4.46 million, satisfied in full by the issue of 17,839,944 ordinary shares of 10p each were issued at 25p per share.

On 31 July 2007, the Company acquired, as a going concern, the business, trade and assets of a business trading as Windsor Recruitment ("Windsor") from the administrators Vantis Group Limited. Windsor provides recruitment services in respect of qualified nurses, care assistants and social work professionals.

The Company paid an initial cash consideration of £1.37m, of which £1.16m relates to the debtor book, with the remaining £0.21 million paid in respect of the business, trade and other assets acquired. Performance related deferred consideration will be payable in cash for each of the two 12 month periods following the acquisition and is capped at £0.30 million.

Accounting reference date change

The board have decided that following the publication of these results the accounting reference date should be changed to 30 September. This will ensure that future results from 1 October 2007 will more accurately reflect the composition and focus of the new enlarged Group.

International Financial Reporting Standards

Servoca will adopt International Financial Reporting Standards for the first time for its six month accounting period commencing on 1 April 2007 and the conversion process to the new accounting standards is currently underway.

Under IFRS 3 "Business Combinations", the recent acquisition of Dream Group Limited is deemed to constitute a reverse acquisition and, as such, the financial statements of the Group going forward will be a continuation of Dream's financial statements.

This will result in the goodwill arising on the acquisition being that generated on the consolidation of the existing Group companies. It is currently anticipated that this goodwill will be significantly greater than the carrying value at 31 March 2007, as assessed by the directors in the preparation of these financial statements. It is therefore expected that a further goodwill impairment charge will be required in the six month accounting period to 30 September 2007 to reflect the appropriate carrying value accordingly.

Preliminary announcement of the unaudited results for the year ended 31 March 2007
SERVOCA Plc
Chairman's Statement (*continued*)
For the year ended 31 March 2007

Summary and prospects

Following the reverse acquisition and the £4 million (before expenses) raised by way of a placing, Servoca now has a stable and well financed platform, a strong board and excellent growth prospects, both by organic initiatives and by the pursuit of carefully selected bolt on and strategic acquisitions.

The new Board view the future with confidence.

Bob Morton
Chairman
12 September 2007

Preliminary announcement of the unaudited results for the year ended 31 March 2007
SERVOCA Plc
Chief Executive Officer's Statement
For the year ended 31 March 2007

Overview

Following the reverse takeover and change in Multi Group's name to Servoca Plc on 7 June 2007, we were faced with two challenges, the first to deal with legacy issues from the old Multi business and the second to implement our strategy for the future of the new businesses that make up the enlarged Servoca Plc.

I am pleased to report that this statement marks the completion of the first task, in which we have comprehensively dealt with all legacy issues and are now in an excellent position to move forward. Following the raising of £4 million (before expenses) on 7 June 2007 by way of a placing, the Group is now in a strong financial position.

The Board has been substantially strengthened by the appointment of Bob Morton (Non-Executive Chairman) and John Foley (Non- Executive Director) both of whom are invaluable to the new strategy of the Group and their combined experience will help the Company execute its plans.

Servoca is now focused on two distinct divisions, **Resourcing** and **Security Services**.

Strategy and delivery

Resourcing

The new combined Group now has a significant foothold within the UK Resourcing sector. Within **Medical** and **Care** we now have four trading brands **Berry, TLP, Dream** and **Windsor** and these brands supply a broad spectrum of skills providing allied health professionals, nurses, domiciliary care, social workers and other associated specialisations. With this platform in place we look forward to adding other specialist **Medical** and **Care** organisations to our portfolio, to further enhance our offering to the UK Health sector. Although this sector has been challenging in recent years, I am pleased to report that the specific sectors and geographical locations that our companies are trading in are encouraging with many opportunities.

The second area of resourcing that Servoca trade within is the **Education** sector and through our brand **Dream Education** we continue to grow our market presence both in the UK and abroad. **Dream Education** provides long term qualified teachers mostly within secondary schools and we are actively looking to grow organically and by acquisition into other specialist areas of education recruitment.

Our third division within resourcing provides staff to the **Criminal Justice** Sector - Local and National Government and the Private Sector generally, but also, more specifically, to police constabularies. Through our newly created brand **Servoca Dream** I am pleased to report that we are now trading with the vast majority of the 43 constabularies in England and Wales and have a number of clients in other parts of the UK and overseas. We consider this area to have significant organic growth potential and we are currently investing significant time and resource to maximise our potential in this exciting market.

Preliminary announcement of the unaudited results for the year ended 31 March 2007
SERVOCA Plc
Chief Executive Officer's Statement (*continued*)
For the year ended 31 March 2007

Strategy and delivery (*continued*)

Resourcing (*Continued*)

Within the resourcing sector we expect organic growth from all existing companies and seek to make a number of other strategic acquisitions throughout the coming year.

Security Services

With the creation of the enlarged Servoca, we acquired a criminal justice outsourcing division that was housed within Dream Group Limited. The Division has enjoyed particular success in the areas of criminal justice training, crime training, the outsourcing of cold case reviews, business process outsourcing and the provision of highly experienced teams into sensitive areas. Most recently we have been able to extend our reach to include a forensic offering to the UK Police Service and we are now planning to grow our forensic service offering to the criminal justice sector within the UK and abroad. This division will be grown independently of the resourcing division, and we are now negotiating to acquire additional companies with whom we have synergy. The Group will maintain its current aggressive internal investment program which will enable Servoca to maximise the organic growth within this fast growing sector.

Servoca intend to build this division to become a significant provider of high end specialist security services to this sector. We are in the process of recruiting additional senior management in order to assist us in achieving our challenging goals.

Outlook

To shape and deliver the future of the Group we rely upon the people that work within our organisation. At Servoca we are extremely fortunate to have exceptionally committed people who work tirelessly on behalf of our customers to deliver real innovation and customer satisfaction.

The Board looks forward with confidence to executing its plans and delivering increased shareholder value over the coming years.

Darren Browne
Chief Executive Officer
12 September 2007

Preliminary announcement of the unaudited results for the year ended 31 March 2007
SERVOCA Plc
Consolidated profit and loss account
For the year ended 31 March 2007

	Year ended 31 March 2007 Continuing Operations £'000 (unaudited)	Year ended 31 March 2007 Discontinued Operations £'000 (unaudited)	Year ended 31 March 2007 Total £'000 (unaudited)	15 months ended 31 March 2006 Total £'000 (audited)
Note				
Turnover	7,089	4,142	11,231	15,979
Cost of sales	5,357	3,184	8,541	11,957
Gross profit	1,732	958	2,690	4,022
Other operating expenses	8,522	1,075	9,597	13,526
Operating loss before goodwill impairment and provision for business restructuring	(1,797)	(117)	(1,914)	(1,628)
Goodwill impairment (note 4)	(4,183)	-	(4,183)	(7,876)
Provision for business restructuring	3 (810)	-	(810)	-
Operating loss	(6,790)	(117)	(6,907)	(9,504)
Profit on disposal of operation	6 2	-	2	-
Loss on ordinary activities before interest	(6,788)	(117)	(6,905)	(9,504)
Interest receivable and similar income			3	146
Interest payable and similar charges			(115)	(121)
Loss on ordinary activities before taxation			(7,017)	(9,479)
Taxation			(1)	(5)
Loss on ordinary activities after taxation			(7,018)	(9,484)
Minority interests			(15)	(23)
Loss for the financial year			(7,033)	(9,507)
Loss per share:			Pence	Pence
From continuing and discontinued operations				
- Basic and diluted	2		(1.28)	(2.75)
From continuing operations				
- Basic and diluted	2		(1.26)	(2.60)

Recognised gains and losses for the current and preceding period are wholly represented by the above consolidated profit and loss account.

Preliminary announcement of the unaudited results for the year ended 31 March 2007
SERVOCA Plc
Consolidated balance sheet
At 31 March 2007

	Note	31 March 2007 £'000 (unaudited)	31 March 2007 £'000 (unaudited)	31 March 2006 £'000 (audited)	31 March 2006 £'000 (audited)
Fixed assets					
Intangible assets	4		514		6,277
Tangible assets			126		285
			640		6,562
Current assets					
Debtors		1,054		2,778	
Cash at bank and in hand		55		530	
		1,109		3,308	
Creditors: amounts falling due within one year		(2,063)		(5,836)	
Net current liabilities			(954)		(2,528)
Total assets less current liabilities			(314)		4,034
Creditors: amounts falling due after more than one year		(4)		(2,600)	
Provisions for liabilities		(823)		(37)	
			(827)		(2,637)
Minority interests			-		(55)
Net (liabilities)/assets			(1,141)		1,342
Capital and reserves					
Called up share capital			545		585
Share premium account			6,512		5,682
Capital redemption reserve			6,036		2,276
Merger reserve			96		800
Profit and loss account			(14,330)		(8,001)
Shareholders' (deficit)/funds	5		(1,141)		1,342

Preliminary announcement of the unaudited results for the year ended 31 March 2007
SERVOCA Plc
Consolidated cash flow statement
For the year ended 31 March 2007

	Year ended 31 March 2007 £'000 (unaudited)	15 months ended 31 March 2006 £'000 (audited)
Reconciliation of operating loss to net cash outflow from operating activities		
Operating loss	(6,907)	(9,504)
Depreciation and amortisation charges	435	389
Loss on disposal of fixed assets	64	2
Goodwill impairment (note 4)	4,183	7,876
Decrease/(increase) in debtors	470	(87)
Increase in creditors	469	350
Increase in provisions	786	2
Net cash outflow from operating activities	(500)	(972)
Cash flow statement		
Net cash outflow from operating activities	(500)	(972)
Returns on investments and servicing of finance	(112)	25
Taxation paid	(256)	(176)
Capital expenditure and financial investment	(133)	(136)
Acquisitions and disposals	703	(5,887)
Cash outflow before financing	(298)	(7,146)
Financing	247	1,651
Decrease in cash in the year/period	(51)	(5,495)
Reconciliation of net cash flow to movement in net debt		
Decrease in cash in the year/period	(51)	(5,495)
Cash outflow from decrease in debt and lease financing	3	-
Change in net debt resulting from cash flows	(48)	(5,495)
Debt waived/converted on disposal of subsidiary undertaking	4,100	-
Reduction in and non-cash settlement of debt	1,140	(5,240)
Inception of finance leases	(10)	-
Movement in net debt in the year/period	5,182	(10,735)
Net (debt)/funds at start of the year/period	(5,727)	5,008
Net debt at end of the year/period	(545)	(5,727)

Preliminary announcement of the unaudited results for the year ended 31 March 2007
SERVOCA Plc
Notes forming part of the financial statements
For the year ended 31 March 2007

1 Basis of preparation

The preliminary financial information incorporates the unaudited results of Servoca Plc and all its subsidiary undertakings for the year ended 31 March 2007.

The financial information set out in the announcement does not constitute the Group's statutory accounts for the year ended 31 March 2007 or for the period ended 31 March 2006. The financial information for the fifteen months ended 31 March 2006 is derived from the statutory accounts for that period which have been delivered to the Registrar of Companies. The auditors reported on those accounts; their report was unqualified and did not contain a statement under s237(2) or (3) Companies Act 1985, but included reference to uncertainty over going concern which the auditors drew attention to by way of emphasis without qualifying their report. The statutory accounts for the year ended 31 March 2007 will be finalised on the basis of the financial information presented by the directors in this preliminary announcement and will be delivered to the Registrar of Companies following the Company's annual general meeting.

The preliminary financial information has been prepared under the accounting policies set out in the financial statements for the period ended 31 March 2006, except for the following:

Share based payments

In preparing these financial statements the Group has adopted for the first time FRS 20 "Share-based payment".

Where share options are awarded to employees, the fair value of the options at the date of the grant is charged to the profit and loss account over the vesting period. Non-market conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount of recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the profit and loss account over the remaining vesting period.

Where an equity instrument is granted to a person other than an employee, the profit and loss account is charged with the fair value of goods and services received.

The directors have calculated the cumulative charge required under FRS 20 and consider this amount to be immaterial to these financial statements and thus no adjustment has been made.

Preliminary announcement of the unaudited results for the year ended 31 March 2007
SERVOCA Plc
Notes forming part of the financial statements
For the year ended 31 March 2007

2 Loss per share

The calculation of loss per share for the year ended 31 March 2007 is based on a weighted average number of shares in issue during the year of:

	Basic	Dilutive effect of share options and shares to be issued	Diluted
31 March 2007	550,896,601	-	550,896,601
31 March 2006	345,698,375	-	345,698,375

The loan notes, convertible redeemable preference shares and part of the deferred consideration payable have been excluded from the diluted loss per share calculations for the periods ended 31 March 2006 and 31 March 2007 as they are anti-dilutive.

The above same number of shares are used in both the basic and diluted loss per share calculations below.

Year ended 31 March 2007 (unaudited)	Continuing operations	Discontinued operations	Total
Loss used for basic and diluted calculation (£'000)	(6,916)	(117)	(7,033)
Basic and diluted loss per share (pence)	(1.26)	(0.02)	(1.28)
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15 months to 31 March 2006 (audited)	Continuing operations	Discontinued operations	Total
Loss used for basic and diluted calculation (£'000)	(8,941)	(566)	(9,507)
Basic and diluted loss per share (pence)	(2.60)	(0.15)	(2.75)

3 Business restructuring

As announced by the Company in February 2007, the Board has embarked on a detailed strategic review of the business and implementation of a significant restructuring and cost cutting exercise. As part of this procedure, there has been a provision made in the year of £810,000 for restructuring costs, which is largely made up of salaries, termination costs and provisions for vacant property costs.

Preliminary announcement of the unaudited results for the year ended 31 March 2007
SERVOCA Plc
Notes forming part of the financial statements (continued)
For the year ended 31 March 2007

4 Intangible assets

	Goodwill £'000 (unaudited)
Cost	
At 1 April 2006	14,367
Determination of deferred consideration	(490)
Additions	66
Disposal of subsidiary undertaking (note 6)	(8,784)
At 31 March 2007	5,159
Amortisation and impairment	
At 1 April 2006	8,090
Charge for the year	288
Impairment	4,183
Eliminated on disposal of subsidiary undertaking (note 6)	(7,916)
At 31 March 2007	4,645
Net book value	
At 31 March 2007	514
At 31 March 2006	6,277
Additions to goodwill in the year are analysed further as follows:	£'000
Adjustment to cost of acquisition of Global Medics Limited	72
Acquisition of minority interest in 1 st 4 Locums Limited (see below)	(6)
At 31 March 2007	66

Under the terms of the original purchase agreement, the Company had the option to acquire the remaining 10% of the issued share capital of 1st 4 Locums Limited on an agreed valuation basis at any time until October 2008. This option was exercised on 26 January 2007 for a total consideration of £50,000, incurring costs of £14,000. The consideration was satisfied by the issue of 5,000,000 ordinary shares of 0.1p each at a price of 1p each. The fair value of the assets acquired was £70,000.

Preliminary announcement of the unaudited results for the year ended 31 March 2007
SERVOCA Plc
Notes forming part of the financial statements (continued)
For the year ended 31 March 2007

4 Intangible assets (continued)

At 31 March 2007, the directors conducted an impairment review of the carrying value of the goodwill associated with the acquisitions of Berry Recruitment Holdings Limited and 1st 4 Locums Limited. In doing so, they calculated the value in use of each acquisition by calculating the present value of the expected future cash flows of each of these income-generating units. Given current market uncertainties and recent personnel changes within these entities, the cash flows were risk-adjusted by between 10% and 75%, before applying a risk-free discount rate.

The reviews indicated that a significant impairment to the carrying value of the goodwill in the Group's balance sheet was required. Accordingly, a charge totaling £4,183,000 has been made to the profit and loss account for the year ended 31 March 2007.

5 Reconciliation of movements in shareholders' funds / (deficit)

	Year ended 31 March 2007 £'000 (unaudited)	15 months ended 31 March 2006 £'000 (audited)
Loss for the year/period	(7,033)	(9,507)
Conversion of loan notes and preference shares	3,600	-
Ordinary shares issued, net of expenses	950	6,547
Net movement in shareholders' funds	(2,483)	(2,960)
Opening shareholders' funds / (deficit)	1,342	4,302
Closing shareholders' (deficit) / funds	(1,141)	1,342

Preliminary announcement of the unaudited results for the year ended 31 March 2007
SERVOCA Plc
Notes forming part of the financial statements (continued)
For the year ended 31 March 2007

6 Discontinued operations

On 14 November 2006, the Group disposed of 100% of the issued share capital Global Medics Limited for a total consideration of £1,020,000, satisfied by an initial cash payment of £350,000, a deferred cash payment of £170,000 (received on 31 May 2007) and the waiver of the deferred consideration of £500,000.

The details of the disposal are as follows:

	£'000 (unaudited)	£'000 (audited)
Cash proceeds		350
Deferred cash		170
Waiver of deferred consideration		500
		<u>1,020</u>
Net assets disposed of:		
Tangible fixed assets	91	
Debtors	1,424	
Cash	4	
Bank overdraft and invoice discounting facility	(583)	
Creditors	(926)	
		<u>(10)</u>
		1,010
Cost of disposal		(140)
Unamortised goodwill		(868)
		<u>2</u>
Profit on disposal		<u>2</u>

The net inflow of cash during the year in respect of the sale of Global Medics Limited was £210,000, being the initial cash consideration of £350,000, less the £140,000 of costs incurred.