

SERVOCA Plc

Preliminary announcement of the results
For the year ended 30 September 2009

Company Number: 2641313

Preliminary announcement of the results for the year ended 30 September 2009

SERVOCA Plc

Highlights

For the year ended 30 September 2009

- Group revenues up by 37.1% to £57.6 million (2008: £42.0 million)
- Gross profit up by 32.3% to £16.8 million with margins of 29.2% (2008: £12.7 million with margins of 30.3%)
- Profit before tax of £2.2 million before share based payment expense of £0.3 million (2008: loss before tax of £1.0 million before exceptional charges of £6.1 million)
- Profit after tax of £2.0 million (2008: loss £7.2 million)
- Basic earnings per share 2.50p (2008: loss per share 16.13p)
- Net debt reduced from £7.5 million in 2008 to £3.4 million in 2009
- Cash generated from operations £3.3 million (2008: cash utilised £2.2 million)
- Loss making businesses terminated and major restructure programme completed
- £5 million placing undertaken in March 2009

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Chairman / Chief Executive Officer Report

For the year ended 30 September 2009

Introduction

For the year ended 30 September 2009, Servoca Plc (“the Group”) is pleased to report its maiden set of full year profits.

As reported in our Interim Statement for the six months ended 31 March 2009 the business implemented a major restructuring and cost reduction exercise in the first half of the year. This involved the appointment of a new Group Chief Executive, the exit from poorly performing businesses and a reduction in overhead expenditure.

The focus on improved operational management and profit maximisation from existing businesses has delivered strong organic growth and is reflected across all areas of the Group’s financial performance, with the results for the year ended 30 September 2009 being comfortably ahead of expectations.

Financial Review

For the year ended 30 September 2009, Group revenue was £57.6 million compared with £42.0 million in the previous year, an increase of 37.1%. Gross profit for the year was £16.8 million against £12.7 million for the year ended 30 September 2008, an increase of 32.3%.

Operating profit for the year was £2.6 million (before share based payment expense of £0.3 million) compared with an operating loss in the prior year of £6.7 million (after goodwill impairment of £3.1 million, exceptional costs of £3.0 million and share based payment expense of nil).

The Group’s profit (after interest, before tax and share scheme charges) was £2.2 million compared to a prior year loss (after interest, before tax and exceptional charges) of £1.0 million.

In March 2009, the share capital of the Company was restructured by the sub division of each 10p share in the company into one new 1p ordinary share and one new 9p deferred share. The Company also raised £5.0 million, before expenses, through a placing of 62.5 million ordinary 1p shares at a price of 8p each. Full details of the movement in share capital are disclosed in note 6 to this preliminary announcement.

In July 2009, the Company settled the deferred consideration on the acquisition of Academics Holdings Limited. Additional cash of £2.35 million was paid and 7.6 million new ordinary shares of 1p each were issued to the vendors.

The basic earnings per share for the year were 2.50p compared with a loss per share of 16.13p for the year ended 30 September 2008.

Net debt reduced from £7.5 million at September 2008 to £3.4 million at September 2009.

Cash generated from operations in the year was £3.3 million (September 2008: cash utilised £2.2 million).

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Acquisitions / Closed Businesses

On 28 January 2009 Windsor Recruitment & Training Limited was put into administration due to poor trading conditions and losses suffered in the Company's training division and on 9 February 2009, Salus Recruitment Limited was also put into administration.

An arm's length transaction was entered into with the administrators of Windsor Recruitment & Training Limited to acquire the business and certain assets of the healthcare division of that company.

Operational highlights

Strategy and delivery

Our strategy remains unchanged and is to focus on growth in our existing three principal markets of Education Recruitment, Healthcare Recruitment, and Secure Solutions. The management team remains focused on profit delivery and realising the Group's potential, the Board will consider acquisition opportunities where it believes shareholder value can be enhanced.

Healthcare recruitment:

Our Healthcare recruitment business operates through five distinct brands, **Firstpoint, Servoca Nursing and Care, Triple West Medical, Pure Medical and The Locum Partnership**. These businesses supply a broad spectrum of skills including Allied Health Professionals, Doctors, Nurses, Care Workers and other associated specialisations. This allows us to offer a complete service by having the ability to cover all major staffing disciplines within this sector.

Our businesses in this area experienced strong trading conditions and performance. We reported in our Interim Statement for the six months ended 31 March 2009 that we had taken action to substantially reduce the cost base with a belief that such a reduction would not impact on gross margin. We are pleased to report that this has proved the case and that performance across all financial metrics was improved in the second half despite the rationalisation of certain offices/businesses. Because of the reduced overhead, an increase in gross margin in the second half translated into a significant improvement to net profitability.

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Operational highlights

Healthcare recruitment (continued):

In July 2009, **Servoca Nursing and Care** and **Firstpoint** were awarded a place on the NHS framework agreement for the supply of nurses to all NHS bodies in England and selected parts of the UK. This agreement started after the year end and runs for three years, it means that these businesses are authorised and approved to supply all grades of nursing personnel to the NHS. This contract win will initially impact margins but is expected to yield a substantial uplift in the volume of opportunities available to these businesses over the medium to longer term.

The healthcare sector remained resilient in the second half and trading conditions remain robust.

Education recruitment:

Our Education recruitment business operates through three brands, **Academics**, **Day to Day Teachers** and **Dream Education**.

Academics was acquired in 2008 and the business has performed strongly since being incorporated into the Group and made a significant contribution to the Groups performance over the year. Academics operates as an education recruitment and training provider which supplies education professionals on a contract or permanent basis to clients in London and the Home Counties.

Dream Education provides long term teaching professionals to schools across the UK, mostly within secondary schools. Historically this business has focused exclusively on the supply of overseas candidates but is now focusing on the supply of UK trained professionals. Changes to work permit regulations have affected our ability to supply overseas teachers on a temporary basis and hence the prioritisation of attracting an increased UK based candidate flow.

Day to Day Teachers is our education recruitment business that provides supply teachers and classroom assistants to cover short-term periods of absence within schools.

In our Interim Statement we confirmed that the sector was proving resilient to the economic climate and relative to other sectors this remains the case. Performance over the second half was robust and made a significant contribution to the Group's overall profitability.

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Operational highlights

Secure Solutions:

Our Security Division – **Secure Solutions** – incorporates two main business areas; corporate security services and criminal justice operations. Our corporate security offering comprises manned guarding, systems services and a corporate investigations unit that engages in a variety of sensitive and highly specialist activities. Our criminal justice operation provides resourcing, training and outsourcing services to a majority of police constabularies throughout the UK. This area also provides investigative skills and services to a range of local and central government authorities.

Our Criminal Justice business performed creditably over the year but our corporate security business faced greater challenges given its exposure to the private sector economy. Given these challenges we implemented a number of cost saving initiatives in the first half that were intended to sustain an efficient business capable of delivering improved profitability going forward. We are pleased to report that we have seen the benefit of our actions in the second half and this ensured a profitable contribution over the period. We are further pleased to report that because of a substantial contract win in our Manned Guarding business, we enter our new financial year with increased visibility on a substantially improved level of profitability.

The focus of our activities in these areas will continue to be ensuring that they continue to make a profitable contribution to the Group's performance.

Board changes

Tony Rogers resigned as a Director with effect from 3 October 2008.

Darren Browne resigned as Chief Executive Officer on 3 November 2008.

Andrew Church was appointed as Chief Executive Officer on 24 November 2008.

Emma Sugarman , founder and Managing Director of Academics Limited, was appointed to the Board on 17 December 2008.

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Summary and prospects

Outlook

Servoca holds attractive market positions in resilient sectors and the focus will be on further developing the potential within the Group.

Servoca continues to serve many areas of public sector recruitment that suffer from manpower supply shortages. The Group operates a range of services and positions within its markets and we will continue to expand both existing and new service offerings where we believe strong demand exists.

In the short-term, we are currently experiencing less fluidity in the education recruitment market with fewer teaching professionals moving schools or posts as candidates appear to prioritise job security against the backdrop of the wider economic climate. Whilst this is expected to create a more challenging trading environment as we enter 2010, the sector remains resilient to the economic climate relative to other sectors. Our diversified range of services also means we operate a balanced exposure to a number of markets and for this reason we remain confident of the year ahead.

26 January 2010

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Consolidated income statement
For the year ended 30 September 2009

	Note	2009			2008		
		Before goodwill, share based payments and exceptional items £'000	Goodwill, share based payments and exceptional items (note 3) £'000	Total £'000	Before goodwill, share based payments and exceptional items £'000	Goodwill, share based payments and exceptional items (note 3) £'000	Total £'000
Revenue		57,645	-	57,645	42,050	-	42,050
Cost of sales		(40,823)	-	(40,823)	(29,320)	-	(29,320)
Gross profit		16,822	-	16,822	12,730	-	12,730
Administrative expenses		(14,420)	(322)	(14,742)	(13,334)	(6,139)	(19,473)
Other operating income		174	-	174	-	-	-
Operating profit/(loss)		2,576	(322)	2,254	(604)	(6,139)	(6,743)
Finance income		6	-	6	4	-	4
Finance costs		(373)	-	(373)	(429)	-	(429)
Profit/(loss) before taxation		2,209	(322)	1,887	(1,029)	(6,139)	(7,168)
Tax credit		142	-	142	-	-	-
Profit/(loss) for the year attributable to equity holders of the parent		2,351	(322)	2,029	(1,029)	(6,139)	(7,168)
Earnings/(loss) per share:		Pence	Pence	Pence	Pence	Pence	Pence
- Basic	4	2.89	(0.39)	2.50	(2.32)	(13.81)	(16.13)
- Diluted	4	2.78	(0.38)	2.40	(2.32)	(13.81)	(16.13)

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Consolidated balance sheet
At 30 September 2009

Note	30 September 2009 £'000	30 September 2008 £'000
Assets		
Non-current assets		
Intangible assets	6,613	7,237
Property, plant and equipment	618	697
Total non-current assets	7,231	7,934
Current assets		
Trade and other receivables	8,654	9,908
Cash and cash equivalents	278	204
Total current assets	8,932	10,112
Total assets	16,163	18,046
Liabilities		
Current liabilities		
Trade and other payables	(6,959)	(7,642)
Other financial liabilities	(3,173)	(7,637)
Contingent consideration	(460)	(4,628)
Corporation tax liability	(225)	(367)
Provisions	(773)	(1,040)
Total current liabilities	(11,590)	(21,314)
Non-current liabilities		
Other financial liabilities	(514)	(68)
Contingent consideration	-	(460)
Provisions	(131)	(352)
Total non-current liabilities	(645)	(880)
Total liabilities	(12,235)	(22,194)
Total net assets/(liabilities)	3,928	(4,148)

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Consolidated balance sheet (*continued*)
At 30 September 2009

	Note	30 September 2009 £'000	30 September 2008 £'000
Capital and reserves attributable to equity holders of the company			
Called up share capital	6	5,513	4,812
Share premium account		7,078	2,054
Merger reserve		2,772	2,772
Reverse acquisition reserve		(12,268)	(12,268)
Retained earnings		833	(1,518)
Total Equity		3,928	(4,148)

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Consolidated statement of changes in equity

For the year ended 30 September 2009

	Ordinary share capital £'000	Share premium £'000	Capital redemption reserve £'000	Merger reserve £'000	Reverse acquisition reserve £'000	Retained earnings £'000	Total equity £'000
Balance as at 30 September 2007	3,931	8,812	6,036	2,772	(12,268)	(9,198)	85
Changes in equity for the year ended 30 September 2008							
Loss for the year	-	-	-	-	-	(7,168)	(7,168)
Total recognised income and expense for the year	-	-	-	-	-	(7,168)	(7,168)
Reduction in capital	-	(8,812)	(6,036)	-	-	14,848	-
Shares issued for acquisition of subsidiaries	248	856	-	-	-	-	1,104
Issue of share capital	633	1,198	-	-	-	-	1,831
	881	(6,758)	(6,036)	-	-	14,848	2,935
Balance as at 30 September 2008	4,812	2,054	-	2,772	(12,268)	(1,518)	(4,148)
Changes in equity for the year ended 30 September 2009							
Profit for the year	-	-	-	-	-	2,029	2,029
Total recognised income and expense for the year	-	-	-	-	-	2,029	2,029
Share based payment transactions	-	-	-	-	-	322	322
Issue of share capital	701	5,024	-	-	-	-	5,725
	701	5,024	-	-	-	322	6,047
Balance as at 30 September 2009	5,513	7,078	-	2,772	(12,268)	833	3,928

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Consolidated cash flow statement

For the year ended 30 September 2009

	Note	30 September 2009 £'000	30 September 2009 £'000	30 September 2008 £'000	30 September 2008 £'000
Operating activities					
Profit/(loss) after tax			2,029		(7,168)
Adjustments for:					
Depreciation charges			250		394
Share based payment expense			322		-
Finance costs			391		429
Finance income			(6)		(4)
Profit on disposal of fixed assets			(4)		-
Goodwill impairment			-		3,131
Increase in trade and other receivables			(419)		(2,371)
(Decrease)/increase in trade and other payables			1,177		2,537
Movement in provisions			(488)		899
Cash generated from operations			3,252		(2,153)
Interest paid			(391)		(429)
Corporation tax paid			-		(326)
Cash flows from operating activities			2,861		(2,908)
Investing activities					
Acquisitions, net of cash acquired		(3,404)		(3,544)	
Purchase of property, plant and equipment		(215)		(595)	
Proceeds of sale of property, plant and equipment		28		-	
Interest received		6		4	
			(3,585)		(4,135)
Financing activities					
Issue of ordinary shares		5,000		1,900	
Share issue costs		(184)		(68)	
Proceeds from loan		-		2,000	
Repayment of loan		(666)		(167)	
(Repayment)/proceeds of finance lease creditor		(53)		42	
			4,097		3,707
Increase/(decrease) in cash and cash equivalents	7		3,373		(3,336)
Cash and cash equivalents at beginning of the year			(5,565)		(2,229)
Cash and cash equivalents at end of the year			(2,192)		(5,565)

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Notes forming part of the preliminary announcement

For the year ended 30 September 2009

1 Accounting policies

Basis of preparation

The principal accounting policies are set out in the Group's financial statements for the year ended 30 September 2009. This preliminary announcement has been prepared on the same basis as the prior year accounts.

This preliminary announcement has been prepared in accordance with International Financial Reporting Standards (IFRSs and IFRIC interpretations) published by the International Accounting Standards Board (IASB), as endorsed for use in the European Union, and with those parts of the Companies Act 2006 applicable to companies preparing their accounts under IFRS.

The financial information set out in this preliminary announcement does not constitute statutory accounts as defined in section 240 of the Companies Act 1985.

Going concern

The Group's business activities together with factors likely to affect its future development, performance and position are set out in the Chairman/Chief Executive Officer report on pages 2 to 6. The Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities and its exposure to credit risk and liquidity risk are described in the Group's financial statements for the year ended 30 September 2009.

The Group's principal sources of financing are equity and invoice discounting facilities secured on book debts. Due to the reliance on invoice discounting facilities, the Group is in a net current liabilities position. During the year ended 30 September 2009, the Group successfully raised £5.0m before expenses by way of a share placing and also settled its remaining contingent consideration commitments. A combination of the equity raising, improved working capital management and improved profitability has resulted in significantly improved generation of cash during the year and increased headroom in borrowing facilities at the year end of £3.0m (2008: £0.4m).

The directors have prepared trading and cash flow forecasts for the period to 31 March 2011 which indicate adequate headroom in borrowing facilities. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

The independent auditors' report in the statutory accounts of the Group for the year ended 30 September 2009 is unqualified and the accounts will be delivered to the Registrar following the Company's forthcoming General Meeting.

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Notes forming part of the preliminary announcement

For the year ended 30 September 2009

2 Segmental analysis

The Group's primary format for reporting segment information is by business segment, being by type of service supplied. The operating divisions are organised and managed by reporting segment where applicable and by divisions within a reporting entity where necessary.

The Group provides recruitment services to the healthcare and education sectors and the Secure Solutions segment provides outsourced services to the Security sector.

	Healthcare Recruitment £'000	Education Recruitment £'000	Secure Solutions £'000	Unallocated £'000	Total £'000
For the year ended 30 September 2009:					
Revenue	27,094	20,754	9,797	-	57,645
Segment expense	(25,814)	(17,925)	(9,477)	(2,027)	(55,243)
Share based payment expense	(222)	-	-	(100)	(322)
Other operating income	174	-	-	-	174
Operating profit/(loss)	1,232	2,829	320	(2,127)	2,254
Finance costs	(98)	(92)	(72)	(111)	(373)
Finance income	-	-	-	6	6
Profit/(loss) before tax	1,134	2,737	248	(2,232)	1,887
Balance sheet					
Assets	4,412	8,683	2,148	920	16,163
Liabilities	(4,357)	(3,925)	(2,146)	(1,807)	(12,235)
Net assets/(liabilities)	55	4,758	2	(887)	3,928
Other					
Capital expenditure	51	44	56	44	195
Depreciation	99	59	67	25	250
Amortisation	-	-	-	-	-

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2 Segmental analysis (continued)

	Healthcare Recruitment £'000	Education Recruitment £'000	Secure Solutions £'000	Unallocated £'000	Total £'000
For the year ended 30 September 2008:					
Revenue	22,967	9,819	9,264	-	42,050
Segment expense	(23,721)	(8,654)	(9,538)	(741)	(42,654)
Goodwill impairment	(670)	-	(2,461)	-	(3,131)
Exceptional items	(2,218)	(15)	(296)	(479)	(3,008)
Operating (loss)/profit	(3,642)	1,150	(3,031)	(1,220)	(6,743)
Finance costs	(178)	(69)	(50)	(132)	(429)
Finance income	-	-	3	1	4
(Loss)/profit before tax	(3,820)	1,081	(3,078)	(1,351)	(7,168)
Balance sheet					
Assets	5,253	9,342	2,705	746	18,046
Liabilities	(7,241)	(10,437)	(2,522)	(1,994)	(22,194)
Net (liabilities)/assets	(1,988)	(1,095)	183	(1,248)	(4,148)
Other					
Capital expenditure	201	40	69	285	595
Depreciation	214	41	115	24	394
Amortisation	-	-	3,131	-	3,131

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3 Exceptional items

The exceptional items can be summarised as follows:

	30 September 2009 £'000	30 September 2008 £'000
Restructuring costs and claims	542	1,568
Legal costs	(542)	1,440
	-	3,008
Goodwill, share based payments and exceptional items	30 September 2009 £'000	30 September 2008 £'000
Goodwill impairment	-	3,131
Share based payments	322	-
Exceptional items	-	3,008
	322	6,139

Restructuring costs and claims:

In 2009, exceptional items relate to a claim in relation to specific employment legislation which the Group is liable to settle, based on legal advice.

In 2008 the Group embarked on a number of new initiatives but it became apparent that certain of those were proving to be a drain on the Group's resources and hence a decision was made to close such activities. In addition, a complete restructuring of the business was commenced which allowed the company to concentrate on its core activities. The costs of the closures and other restructuring costs, including staff costs and the ongoing future commitments in respect of properties, were fully provided and utilised in 2008.

Legal costs:

The Group was involved in two legal cases during the current and prior year. Favourable outcomes in both cases resulted in reduced outflows compared to original expectations and these have been adjusted for accordingly.

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4 Earnings/(loss) per share

The calculation of earnings/(loss) per share for the year ended 30 September 2009 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
30 September 2009	81,328,160	3,286,448	84,614,608
30 September 2008	44,430,904	-	44,430,904

The above same number of shares are used in all of the earnings/(loss) per share calculations below.

Additional disclosure is also given in respect of earnings/(loss) per share before goodwill impairment and exceptional costs as the directors believe this gives a more accurate presentation of maintainable earnings.

Year ended 30 September 2009	Basic £'000	Diluted £'000
Profit used for calculation	2,029	2,029
Goodwill, share based payment expense and exceptional items:		
Share based payment expense	322	322
Profit before goodwill, share based payment expense and exceptional items	2,351	2,351
	Pence	Pence
Earnings per share	2.50	2.40
Goodwill, share based payment expense and exceptional items:		
Share based payment expense	0.39	0.38
Adjusted earnings per share before goodwill, share based payment expense and exceptional items	2.89	2.78

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4 Earnings/(loss) per share (continued)

Year ended 30 September 2008	Total £'000
Loss used for basic and diluted calculation	(7,168)
Goodwill, share based payment expense and exceptional items:	
Goodwill impairment	3,131
Exceptional items	3,008
Loss before goodwill, share based payment expense and exceptional items	(1,029)
	Pence
Basic and diluted loss per share	(16.13)
Goodwill, share based payment expense and exceptional items:	
Goodwill impairment	7.04
Exceptional items	6.77
Adjusted basic and diluted loss per share before goodwill, share based payment expense and exceptional items	(2.32)

5 Trade and other receivables

	30 September 2009 £'000	30 September 2008 £'000
Due in less than one year:		
Trade debtors	7,944	7,967
Less: Provision for impairment of trade receivables	(794)	(412)
Trade debtors net	7,150	7,555
Other debtors	335	1,440
Prepayments and accrued income	1,169	913
	8,654	9,908

Included in other debtors is an amount of £52,000 (30 September 2008: £136,000) relating to taxation and social security.

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5 Trade and other receivables (continued)

	30 September 2009 £'000	30 September 2008 £'000
Total financial assets other than cash and cash equivalents classified as loans and receivables	7,485	8,995
Cash and cash equivalents	278	204
Total financial assets classified as loans and receivables	7,763	9,199

The fair values of financial assets classified as loan and receivables approximate to their carrying value.

Trade receivables are non-interest bearing and are generally on 14-60 day terms. At 30 September 2009, trade receivables of £794,000 were impaired and fully provided for.

At 30 September 2009 the analysis of trade receivables is:

	Total £'000	Neither past due nor impaired £'000	Past due or impaired			
			31-60 £'000	60-90 £'000	90-120 £'000	120+ £'000
Trade receivables	7,944	5,487	1,119	514	192	632
Provision	(794)	-	-	-	(162)	(632)
	7,150	5,487	1,119	514	30	-

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5 Trade and other receivables (continued)

At 30 September 2008 the analysis of trade receivables was:

	Total £'000	Neither past due nor impaired £'000	Past due or impaired			
			31-60 £'000	60-90 £'000	90-120 £'000	120+ £'000
Trade receivables	7,967	4,568	1,042	884	222	1,251
Provision	(412)	-	-	-	-	(412)
	7,555	4,568	1,042	884	222	839

Movements on the Group provision for impairment of trade receivables are as follows:

	30 September 2009 £'000	30 September 2008 £'000
At beginning of the period	412	782
Acquired on acquisitions	-	52
Provided/(utilised) during the year	382	(422)
At end of the year	794	412

6 Called up share capital

	30 September 2009 Number '000	30 September 2009 £'000	30 September 2008 Number '000	30 September 2008 £'000
Authorised:				
Ordinary shares of 10p each	-	-	200,000	20,000
Ordinary shares of 1p each	1,566,917	15,669	-	-
Preference shares of £1 each	7,400	7,400	7,400	7,400
Deferred shares of 9p each	48,120	4,331	-	-
	1,622,437	27,400	207,400	27,400
Allotted, issued and fully paid:				
Ordinary shares of 10p each	-	-	48,120	4,812
Ordinary shares of 1p each	118,191	1,182	-	-
Preference shares of £1 each	-	-	-	-
Deferred shares of 9p each	48,120	4,331	-	-
	166,311	5,513	48,120	4,812

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6 Called up share capital (continued)

On 30 March 2009, each issued ordinary share of 10p each was sub-divided into one new ordinary share of 1p each and one deferred share of 9p each. On the same day, each authorised but unissued ordinary share of 10p each was sub-divided into 10 new ordinary shares of 1p each.

The deferred shares hold no rights to attend or vote at general meetings, have no dividend rights and would not participate in the assets of the company on a winding up.

The preference shares, none of which are issued, hold no dividend rights except in the event of a winding up of the Company when any assets held for distribution are first applied to the holders of these shares to the extent they are paid up.

Movements in issued share capital

	Ordinary shares of 1p each Number '000	Ordinary shares of 1p each £'000	Deferred Shares of 9p each Number '000	Deferred Shares of 9p each £'000	Ordinary Shares of 10p each Number '000	Ordinary Shares of 10p each £'000
In issue at 1 October 2008	-	-	-	-	48,120	4,812
Capital reorganisation	48,120	481	48,120	4,331	(48,120)	(4,812)
Issued during year	70,071	701	-	-	-	-
In issue at 30 September 2009	118,191	1,182	48,120	4,331	-	-

On 30 March 2009, the Company issued 62,500,000 ordinary 1p shares by way of a Placing at an issue price of 8p per share.

On 10 July 2009, 7,571,428 ordinary 1p shares were issued at 12p each as part of the contingent consideration due on the acquisition of Academics Limited.

Preliminary announcement of the results for the year ended 30 September 2009

SERVOCA Plc

Notes forming part of the preliminary announcement

For the year ended 30 September 2009

7 Notes to the consolidated cash flow statement

a) Cash and cash equivalents comprise

	30 September 2009 £'000	30 September 2008 £'000
Cash available on demand	278	204
Overdrafts	(100)	(235)
Invoice discounting facilities	(2,370)	(5,534)
	(2,192)	(5,565)
Cash and cash equivalents at beginning of period	(5,565)	(2,229)
Net cash increase/(decrease) in cash and cash equivalents	3,373	(3,336)

b) Analysis of net debt

	As at 1 October 2008 £'000	Cash flow £'000	Arising on acquisitions £'000	Non cash movement £'000	As at 30 September 2009 £'000
Cash and cash equivalents	(5,565)	3,373	-	-	(2,192)
Finance lease obligations	(103)	53	-	-	(50)
Loans	(1,833)	666	-	-	(1,167)
	(7,501)	4,092	-	-	(3,409)