

**SERVOCA Plc**  
("Servoca" or the "Group")  
Specialist Outsourcing and Recruitment Solutions Provider

Interim report  
For the six months ended 31 March 2013

## Highlights

- Revenue £21.47m (H1 2012: £22.25m)
- Gross profit £5.80m (H1 2012: £6.17m)
- Profit before taxation (excluding share based payments and amortisation) £0.22m (H1 2012: £0.10m)
- Outsourcing revenues £8.08m (H1 2012: £8.41m)
- Recruitment revenues £13.39m (H1 2012: £13.84m)
- Administrative expenses before share based payments and amortisation reduced by 8% to £5.54m (H1 2012:£6.03m)
- Net Debt £2.92m (March 2012: £2.87m, September 2012: £3.27m)
- Basic EPS of 0.14p before share based payment and amortisation charges (H1 2012: 0.08p)

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This document is available from the Company's website: [www.servoca.com](http://www.servoca.com), on the "*Shareholder Documents*" page in the section headed "*Investor Relations*"



Interim report for the six months ended 31 March 2013  
**SERVOCA Plc**  
**Interim Statement**  
**For the six months ended 31 March 2013**

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## **Introduction**

For the six months ended 31 March 2013 the Group is pleased to report an increase in the profit before tax over the same period last year.

As indicated in our statement for the year ended 30 September 2012, strong action to reduce overheads in our Healthcare related activities last year has yielded an improvement in their profitability. Although revenues in this area have continued to come under pressure from a cut back in NHS spending, all other parts of the Group have seen an encouraging increase in turnover particularly in our Education recruitment business.

## **Financial review**

During the six months to 31 March 2013, revenues were £21.47m (H1 2012: £22.25m) which resulted in a gross profit of £5.80m (£6.17m in the six months to 31 March 2012).

Administrative expenses (before amortisation and share based payments) for the current period were reduced to £5.54m (H1 2012: £6.02m).

The profit before tax, share based payments and amortisation increased to £0.22m (H1 2012: £0.10m).

Basic earnings per share for the period to 31 March 2012 were 0.14p (H1 2012: 0.08p).

Net debt at 31 March 2013 was £2.92m (March 2012: £2.87m).

## **Operational highlights**

### ***Strategy and delivery***

The focus in the period has remained the development of the Group's capabilities in those areas that the Board believes will afford good growth opportunities. We continue to manage overheads tightly in those businesses faced with challenging trading conditions.

### ***Outsourcing***

Our outsourcing activities are primarily based in two areas; Domiciliary Care and Security.

The reduction in revenues and margin in our **Domiciliary Care** business as a result of reduced NHS spending has been stabilized during the current period. Several new contract wins with a number of local authorities, which started during the period, have increased our revenue. The measures taken to restructure overheads in the second half of last year have resulted in an improvement in profitability for the current period.

Our **Security** business has continued to grow its revenues over the period despite the benefit last year of one off demand related to the London Olympics. We continue to benefit from a broader service offering and sales have increased in our traditional manned guarding business. The less mature areas of event security and the supply of specialist security products to the retail industry have also grown over the period.

Interim report for the six months ended 31 March 2013  
**SERVOCA Plc**  
**Interim statement (continued)**  
**For the six months ended 31 March 2013**

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**Recruitment**

Our recruitment businesses supply into the Healthcare, Education and Police markets.

As discussed in our statement for the year ended 30 September 2012, our **Healthcare** businesses have been restructured to reduce overheads in the face of challenging trading conditions which have continued. The strong action taken last year has resulted in improved profitability during the current period.

In our **Education** operations we signaled a positive outlook at the end of the last financial year and this has been confirmed in the first half of this year. Revenues showed a healthy increase over the prior period, partly as a result of new branches opened in the thirteen months before the current period and partly from established offices. Unified management of our brands in this area has made a positive impact and we have continued to invest in improving our internal capabilities and sales headcount.

The **Police** business has delivered revenue growth in the period, despite a strong prior year which benefitted from Olympic related work. The business has successfully established new revenue streams from areas of the market that we had not previously supplied and continues to deliver a solid performance.

**Outlook**

We are seeing encouraging improvement in both trading conditions and the internal capabilities for our Education recruitment businesses, which bode well for the future.

In Healthcare, strong action taken to reduce the overhead base last year, has delivered improved profitability this year. This should continue over the remainder of the current financial year.

We have seen stability established in our Domiciliary Care business with trading in the second half of the financial year showing an improvement in both volume of hours and margin.

As a result of performance in the first half of the year, the Board remains confident in its expectations of continuing improved performance for the current year.

**Bob Morton**  
Chairman  
4 June 2013

**Andrew Church**  
Chief Executive Officer  
4 June 2013

Interim report for the six months ended 31 March 2013

**SERVOCA Plc**

**Consolidated statement of comprehensive income**

**For the six months ended 31 March 2013**

	Note	Six months ended 31 March 2013 (unaudited)			Six months ended 31 March 2012 (unaudited)			Year ended 30 September 2012 (audited)		
		Before amortisation and share based payments £'000	Amortisation, and share based payments £'000	Total £'000	Before amortisation and share based payments £'000	Amortisation and share based payments £'000	Total £'000	Before amortisation and share based payments £'000	Amortisation and share based payments £'000	Total £'000
<b>Continuing operations</b>										
Revenue		21,472	-	21,472	22,246	-	22,246	42,485	-	42,485
Cost of sales		(15,676)	-	(15,676)	(16,079)	-	(16,079)	(30,508)	-	(30,508)
<b>Gross profit</b>		<b>5,796</b>	<b>-</b>	<b>5,796</b>	<b>6,167</b>	<b>-</b>	<b>6,167</b>	<b>11,977</b>	<b>-</b>	<b>11,977</b>
Administrative expenses		(5,539)	(72)	(5,611)	(6,028)	(98)	(6,126)	(11,704)	(162)	(11,866)
<b>Operating profit</b>		<b>257</b>	<b>(72)</b>	<b>185</b>	<b>139</b>	<b>(98)</b>	<b>41</b>	<b>273</b>	<b>(162)</b>	<b>111</b>
Finance costs		(34)	-	(34)	(38)	-	(38)	(65)	-	(65)
<b>Profit before taxation</b>		<b>223</b>	<b>(72)</b>	<b>151</b>	<b>101</b>	<b>(98)</b>	<b>3</b>	<b>208</b>	<b>(162)</b>	<b>46</b>
Tax charge		(44)	-	(44)	-	-	-	(96)	-	(96)
<b>Total comprehensive income for the period, net of tax, attributable to equity holders of the parent</b>		<b>179</b>	<b>(72)</b>	<b>107</b>	<b>101</b>	<b>(98)</b>	<b>3</b>	<b>112</b>	<b>(162)</b>	<b>(50)</b>
<b>Earnings per share:</b>		<b>Pence</b>	<b>Pence</b>	<b>Pence</b>	<b>Pence</b>	<b>Pence</b>	<b>Pence</b>	<b>Pence</b>	<b>Pence</b>	<b>Pence</b>
- Basic	6	0.14	(0.06)	0.08	0.08	(0.08)	0.00	0.09	(0.13)	(0.04)
- Diluted	6	0.14	(0.06)	0.08	0.08	(0.08)	0.00	0.09	(0.13)	(0.04)

**SERVOCA Plc****Consolidated statement of financial position****At 31 March 2013**

<b>Note</b>	<b>31 March 2013 (unaudited) £'000</b>	<b>31 March 2012 (unaudited) £'000</b>	<b>30 September 2012 (audited) £'000</b>
<b>Assets</b>			
<b>Non-current assets</b>			
	<b>6,765</b>	6,739	6,791
	<b>342</b>	370	364
	<b>276</b>	404	320
	<b>7,383</b>	7,513	7,475
<b>Current assets</b>			
	<b>7,046</b>	6,727	7,265
	<b>94</b>	31	42
	<b>156</b>	241	223
	<b>7,296</b>	6,999	7,530
	<b>14,679</b>	14,512	15,005
<b>Liabilities</b>			
<b>Current liabilities</b>			
	<b>(3,627)</b>	(3,489)	(3,685)
7	<b>(3,102)</b>	(3,208)	(3,523)
	<b>(6,729)</b>	(6,697)	(7,208)
	<b>7,950</b>	7,815	7,797
<b>Capital and reserves attributable to equity holders of the parent</b>			
8	<b>1,256</b>	1,256	1,256
	<b>202</b>	202	202
	<b>2,772</b>	2,772	2,772
	<b>(12,268)</b>	(12,268)	(12,268)
	<b>-</b>	(790)	-
	<b>15,988</b>	16,643	15,835
	<b>7,950</b>	7,815	7,797

**SERVOCA Plc****Consolidated statement of changes in equity**

For the six months ended 31 March 2013

Unaudited	Share capital £'000	Share premium £'000	Merger reserve £'000	Reverse acquisition reserve £'000	Own shares £'000	Retained earnings £'000	Total equity £'000
<b>Balance as at 1 October 2011</b>	<b>1,256</b>	<b>202</b>	<b>2,772</b>	<b>(12,268)</b>	<b>(790)</b>	<b>16,571</b>	<b>7,743</b>
<b>Changes in equity for the period ended 31 March 2012</b>							
Profit for the period	-	-	-	-	-	3	3
<b>Total comprehensive income for the period</b>	-	-	-	-	-	3	3
Share based payment transactions	-	-	-	-	-	69	69
<b>Balance as at 31 March 2012</b>	<b>1,256</b>	<b>202</b>	<b>2,772</b>	<b>(12,268)</b>	<b>(790)</b>	<b>16,643</b>	<b>7,815</b>
<b>Changes in equity for the period ended 30 September 2012</b>							
Loss for the period	-	-	-	-	-	(53)	(53)
<b>Total comprehensive loss for the period</b>	-	-	-	-	-	(53)	(53)
Share based payment transactions	-	-	-	-	-	35	35
Transfer of own shares on vesting	-	-	-	-	790	(790)	-
	-	-	-	-	790	(755)	35
<b>Balance as at 30 September 2012</b>	<b>1,256</b>	<b>202</b>	<b>2,772</b>	<b>(12,268)</b>	<b>-</b>	<b>15,835</b>	<b>7,797</b>
<b>Changes in equity for the period ended 31 March 2013</b>							
Profit for the period	-	-	-	-	-	107	107
<b>Total comprehensive income for the period</b>	-	-	-	-	-	107	107
Share based payment transactions	-	-	-	-	-	46	46
<b>Balance as at 31 March 2013</b>	<b>1,256</b>	<b>202</b>	<b>2,772</b>	<b>(12,268)</b>	<b>-</b>	<b>15,988</b>	<b>7,950</b>

**SERVOCA Plc****Consolidated statement of cash flows**

For the six months ended 31 March 2013

Note	Six months ended 31 March 2013 (unaudited) £'000	Six months ended 31 March 2012 (unaudited) £'000	Year ended 30 September 2012 (audited) £'000
<b>Operating activities</b>			
Profit before tax	151	3	46
<b>Non cash adjustment to reconcile profit before tax to net cash flows:</b>			
Depreciation and amortisation	111	148	304
Share based payments	46	69	104
Finance costs	34	38	65
Gain on sale of property, plant and equipment	-	-	(2)
Movement in provisions	(1)	-	(72)
(Increase)/decrease in inventories	(52)	-	34
Decrease in trade and other receivables	220	698	117
Decrease in trade and other payables	(59)	(910)	(717)
Other non cash movements	-	-	189
<b>Cash generated from operations</b>	<b>450</b>	<b>46</b>	<b>68</b>
Corporation tax paid	-	-	(11)
<b>Cash flows from operating activities</b>	<b>450</b>	<b>46</b>	<b>57</b>
<b>Investing activities</b>			
Purchase of intangible assets	-	-	(270)
Purchase of property, plant and equipment	(63)	(96)	(244)
Proceeds of sale of property, plant and equipment	-	-	29
<b>Net cash flows used in investing activities</b>	<b>(63)</b>	<b>(96)</b>	<b>(485)</b>
<b>Cash flows from financing activities</b>			
Interest paid	(34)	(38)	(65)
Repayment of finance lease liability	-	-	(1)
<b>Net cash flows used in financing activities</b>	<b>(34)</b>	<b>(38)</b>	<b>(66)</b>
Increase/(decrease) in cash and cash equivalents	353	(88)	(494)
Cash and cash equivalents at the beginning of the period	(3,273)	(2,779)	(2,779)
<b>Cash and cash equivalents at the end of the period</b>	<b>(2,920)</b>	<b>(2,867)</b>	<b>(3,273)</b>

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**SERVOCA Plc**

**Notes forming part of the financial information**

**For the six months ended 31 March 2013**

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**1 Accounting periods**

The accounting reference date of the Group is 30 September. The current interim results are for the six months ended 31 March 2013. The comparative interim results are those for the six months ended 31 March 2012. The comparative year end's results are for the year ended 30 September 2012.

**2 Going concern**

The directors have prepared trading and cash flow forecasts for the period to 30 September 2014 which indicate adequate headroom in borrowing facilities. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

**3 Financial information**

The interim financial information for the six months ended 31 March 2013 does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006.

The financial information for the periods ended 31 March 2013 and 31 March 2012 are unaudited. The comparative figures for the year ended 30 September 2012 are not the full statutory accounts for the period. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors have reported on those accounts; their reports were unqualified, did not contain an emphasis of matter paragraph and did not contain a statement under Section 498 of the Companies Act 2006.

**4 Basis of preparation and accounting policies**

The interim financial statements have been prepared using the recognition and measurement principles of IFRS as endorsed for use in the European Union.

The accounting policies adopted in the preparation of this interim financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 September 2012 and no new standards or interpretations that have come into effect in the interim period has a material impact on the results of the business.

**SERVOCA Plc****Notes forming part of the financial information****For the six months ended 31 March 2013****5 Segmental information**

The Group's 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 information presented is consistent with that used by the chief operating decision maker. All revenues are generated from external customers.

The Outsourcing segment provides services to the Domiciliary Care and Security sectors.

The Recruitment segment provides recruitment services to the Healthcare and Education and Police sectors.

Unaudited	Outsourcing £'000	Recruitment £'000	Unallocated: £'000	Total £'000
<b>For the six months ended 31 March 2013:</b>				
<b>Revenue</b>	8,078	13,394	-	<b>21,472</b>
Segment expense	(7,895)	(12,963)	(357)	<b>(21,215)</b>
Amortisation and share based payment expense	(31)	(32)	(9)	<b>(72)</b>
Operating profit/(loss)	152	399	(366)	<b>185</b>
Interest expense	(14)	(20)	-	<b>(34)</b>
<b>Profit/(loss) before tax</b>	<b>138</b>	<b>379</b>	<b>(366)</b>	<b>151</b>
<b>As at 31 March 2013:</b>				
Assets	4,074	9,961	644	<b>14,679</b>
Liabilities	(2,501)	(3,851)	(377)	<b>(6,729)</b>
<b>Net assets</b>	<b>1,573</b>	<b>6,110</b>	<b>267</b>	<b>7,950</b>

<sup>1</sup> Unallocated includes holding company director costs, group legal costs, central share based payment charges and a share of central property costs.

**SERVOCA Plc****Notes forming part of the financial information**

For the six months ended 31 March 2013

**5 Segmental information (continued)**

Unaudited	Outsourcing £'000	Recruitment £'000	Unallocated: £'000	Total £'000
<b>For the six months ended 31 March 2012:</b>				
<b>Revenue</b>	8,406	13,840	-	22,246
Segment expense	(8,243)	(13,416)	(448)	(22,107)
Amortisation and share based payment expense	(25)	(41)	(32)	(98)
Operating profit/(loss)	138	383	(480)	41
Interest expense	(16)	(22)	-	(38)
<b>Profit/(loss) before tax</b>	122	361	(480)	3
<b>As at 31 March 2012:</b>				
Assets	4,202	9,519	791	14,512
Liabilities	(2,504)	(3,741)	(452)	(6,697)
Net assets	1,698	5,778	339	7,815
	Outsourcing £'000	Recruitment £'000	Unallocated: £'000	Total £'000
<b>For the year ended 30 September 2012:</b>				
<b>Revenue</b>	15,950	26,535	-	42,485
Segment expense	(15,624)	(25,205)	(1,383)	(42,212)
Amortisation and share based payment expense	(52)	(67)	(42)	(162)
Operating profit/(loss)	274	1,263	(1,426)	111
Finance costs	(26)	(39)	-	(65)
<b>Profit/(loss) before tax</b>	248	1,224	(1,426)	46
<b>As at 30 September 2012:</b>				
Assets	4,408	10,015	582	15,005
Liabilities	(2,439)	(4,327)	(442)	(7,208)
Net assets	1,969	5,688	140	7,797

**SERVOCA Plc****Notes forming part of the financial information****For the six months ended 31 March 2013****6 Earnings per share**

The calculation of earnings per share for the period ended 31 March 2013 is based on a weighted average number of ordinary shares in issue during the period of:

	Basic	Dilutive effect of share options and shares to be issued	Diluted
<b>31 March 2013 (unaudited)</b>	<b>125,575,954</b>	<b>41,555</b>	<b>125,617,509</b>
31 March 2012 (unaudited)	125,575,954	-	125,575,954
30 September 2012	125,575,954	-	125,575,954

The above number of shares is used in all of the earnings per share calculations below.

Additional disclosure is also given in respect of earnings per share before share based payments and amortisation as the directors believe this gives a more accurate presentation of maintainable earnings.

	Six months ended 31 March 2013 (unaudited) £'000	Six months ended 31 March 2012 (unaudited) £'000	Year ended 30 September 2012 (audited) £'000
Profit/(loss) used for basic and diluted calculation	<b>107</b>	3	(50)
Share based payments and amortisation	<b>72</b>	98	162
<b>Profit before share based payments and amortisation</b>	<b>179</b>	101	112
	<b>Pence</b>	Pence	Pence
Basic earnings/(loss) per share	<b>0.08</b>	0.00	(0.04)
Share based payments and amortisation	<b>0.06</b>	0.08	0.13
<b>Basic earnings per share before share based payments and amortisation</b>	<b>0.14</b>	0.08	0.09
Diluted earnings/(loss) per share	<b>0.08</b>	0.00	(0.04)
Share based payments and amortisation	<b>0.06</b>	0.08	0.13
<b>Diluted earnings per share before share based payments and amortisation</b>	<b>0.14</b>	0.08	0.09

**SERVOCA Plc****Notes forming part of the financial information**

For the six months ended 31 March 2013

**7 Other financial liabilities and provisions**

	<b>31 March 2013 (unaudited) £'000</b>	31 March 2012 (unaudited) £'000	30 September 2012 (audited) £'000
Invoice discounting facilities	<b>3,076</b>	3,108	3,496
Obligations under finance leases	-	1	-
Provisions	<b>26</b>	99	27
	<b>3,102</b>	3,208	3,523

**8 Share capital**

	<b>31 March 2013 Number '000 (unaudited)</b>	<b>31 March 2013 £'000 (unaudited)</b>	31 March 2012 Number '000 (unaudited)	31 March 2012 £'000 (unaudited)	30 September 2012 Number '000 (audited)	30 September 2012 £'000 (audited)
<b>Allotted, issued and fully paid:</b>						
Ordinary shares of 1p each	<b>125,575</b>	<b>1,256</b>	125,575	1,256	125,575	1,256

**9 Cash and cash equivalents**

	<b>31 March 2013 £'000 (unaudited)</b>	31 March 2012 £'000 (unaudited)	30 September 2012 £'000 (audited)
Cash at bank	<b>156</b>	241	223
Invoice discounting facility	<b>(3,076)</b>	(3,108)	(3,496)
	<b>(2,920)</b>	(2,867)	(3,273)

**10 Net debt**

	<b>31 March 2013 £'000 (unaudited)</b>	31 March 2012 £'000 (unaudited)	30 September 2012 £'000 (audited)
Cash and cash equivalents	<b>(2,920)</b>	(2,867)	(3,273)
Finance lease obligations	-	(1)	-
	<b>(2,920)</b>	(2,868)	(3,273)