

Savile Group plc
(“Savile” or the “Group”)

PRELIMINARY RESULTS FOR THE YEAR ENDED 30 JUNE 2010

Highlights 2010

- ▶ Revenue **£8.2m** (2009: £10.38m)
- ▶ Profit before tax **£0.5m** (2009: £1.85m)
- ▶ Dividend **1.00 pence** per share recommended (2009: 2.25 pence)
- ▶ Cash and bank **£3.6m** (2009: £2.6m)
- ▶ No bank debt (2009: nil)
- ▶ Fully diluted EPS up at **2.07 pence** (2009: 8.52 pence)

Jonathan Cohen, Executive Chairman of Savile, commented:

“The financial year 2009/10 has been a challenging one for the Group and follows a year where the demand for our services, boosted by the fall out from the sub prime problems, had been at record levels.

We have experienced a period where clients’ decisions were put on hold, awaiting the results of the Election and this has been followed by some uncertainty regarding the actions the new government will take. The economic outlook remains largely uncertain.

Despite a tough year, the second half has been substantially stronger than the first and we have been profitable and operating cash generative in the period. We enter the new financial year with a realigned cost base and a determination to improve the performance of the Group.

We also continue to review acquisition opportunities to enhance our Group services”.

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Chairman's Review

The financial year 2009/10 has been a challenging one for the Group and follows a year where the demand for our services, boosted by the fall out from the sub prime problems, had been at record levels.

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Results for 2009/10

Revenue for the year ended 30 June 2010 was down 21% at £8.2m (2009: £10.4m) and pre-tax profits of £0.5m were down 73% compared to the previous year (2009: £1.85m).

The Company completed a placing in November 2009 and cash balances have grown from £2.6m to £3.6m. The Company has also cancelled 912,006 shares which it had purchased for treasury and subsequently purchased a further 1.355m shares for treasury by the year end.

Whilst the prospects for an economic recovery are far from certain, it is clear that there will be significant restructuring within the Public Sector and we have positioned the Group to help with these changes.

Dividend

Last year the Company paid its first dividend for five years and we are recommending a dividend of 1.00 pence per share which the Board feel is in line with the results of the Group for the financial year. The dividend is expected to be paid on 12 November 2010 to shareholders on the register on 29 October 2010.

Board

After the previous year end we conducted an internal review of the Board and concluded we needed to streamline its composition and committee structure.

As a consequence, Peter Evans relinquished the role of Group Chief Executive, and became a Non-Executive Director. David Stewart and Jo Bond agreed to step down from the Board, but remained in key senior roles in the organisation.

Since then Jo Bond, Peter Evans and Ken Brotherston, a Non-Executive Director, have left the Group and Lord Freeman and Alex Wilson have joined as Non Executive Directors.

Lord Freeman and Alex Wilson both bring a wealth of board level experience; and additionally, in the case of Lord Freeman, detailed knowledge of the workings of government and the Public Sector.

I would like to thank Peter, Ken and Jo for the considerable contribution they made to the development of Savile Group.

Staff

Due to the market conditions we faced during the year, we restructured our cost base which resulted in reducing our headcount, whilst maintaining our sales capacity.

As we have gone into the new financial year we have made some hires to boost our sales drive in a number of strategic areas such as the Public Sector, as well as further developing our regional capacity.

I am delighted to report that we were ranked 16th in The Sunday Times Best Small Companies To Work For 2010. I would like to thank all my colleagues for their hard work and commitment during a difficult period and know we have the necessary skills and drive to move the Group forward.

Outlook

Despite a tough year, the second half has been substantially stronger than the first and we have been profitable and operating cash generative in the period. We enter the new financial year with a realigned cost base and a determination to improve the performance of the Group.

We also continue to review acquisition opportunities to enhance our Group services.

Jonathan Cohen

Chairman

20 September 2010

Group statement of comprehensive income

for the year ended 30 June 2010

	2010 £	2009 £
Revenue	8,199,828	10,384,681
Other operating income	104,992	73,841
Operating expenses	(7,851,914)	(8,641,766)
Operating profit	452,906	1,816,756
Finance income	51,875	29,304
Profit before taxation	504,781	1,846,060
Taxation	(161,809)	(524,038)
Profit and total comprehensive income for the year	342,972	1,322,022
Earnings per share for profit from continuing operations and for profit for the year	Pence	Pence
Basic	2.25	9.17
Diluted	2.07	8.52

All amounts related to continuing activities.

Group Balance Sheet

as at 30 June 2010

	2010	2009
	£	£
Assets		
Non current assets:		
Property, plant and equipment	359,872	413,622
Intangible assets	125,508	127,508
	<u>485,380</u>	<u>541,130</u>
Current assets:		
Inventories	9,208	11,292
Trade and other receivables	1,939,858	2,760,491
Cash and cash equivalents	3,567,379	2,600,495
	<u>5,516,445</u>	<u>5,372,278</u>
Total assets	<u>6,001,825</u>	<u>5,913,408</u>
Liabilities:		
Current liabilities		
Trade and other payables	1,842,201	3,010,392
Total liabilities	<u>1,842,201</u>	<u>3,010,392</u>
Net assets	<u>4,159,624</u>	<u>2,903,016</u>
Capital and reserves		
Share capital	479,554	439,504
Share premium account	1,850,630	395,408
Merger reserve	193,666	193,666
Capital redemption reserve	753,381	726,021
Own Shares – held for treasury	(376,878)	(418,893)
Retained earnings	1,259,271	1,567,310
Total equity	<u>4,159,624</u>	<u>2,903,016</u>

Statement of Changes in Equity

for the year ended 30 June 2010

Group	Share capital £	Share premium account £	Merger reserve £	Capital redemption reserve £	Retained earnings £	Total equity £
At 1 July 2008	439,504	2,579,601	193,666	726,021	(1,990,673)	1,948,119
Profit and total comprehensive income for the year	-	-	-	-	1,322,022	1,322,022
Credit to equity for share-based payments	-	-	-	-	51,768	51,768
Balance sheet reorganisation	-	(2,184,193)	-	-	2,184,193	-
Treasury shares	-	-	-	-	(418,893)	(418,893)
At 30 June 2009	439,504	395,408	193,666	726,021	1,148,417	2,903,016
Profit and total comprehensive income for the year	-	-	-	-	342,972	342,972
Credit to equity for share-based payments	-	-	-	-	14,000	14,000
Issue of shares	67,410	1,455,222	-	-	-	1,522,632
Treasury shares	(27,360)	-	-	27,360	(445,960)	(445,960)
Equity dividend paid	-	-	-	-	(177,036)	(177,036)
At 30 June 2010	479,554	1,850,630	193,666	753,381	882,393	4,159,624

The Capital redemption reserve arose on the cancellation of deferred shares of 1 pence each on 6 September 2006 and Treasury shares of 3 pence each in March 2010.

The Merger reserve represents non-distributable reserves arising on upon the acquisition of IDDAS Limited for which the consideration included the issue of shares eligible for merger relief.

Treasury shares are Savile Group plc shares held by the Company and recognised at cost. At the beginning of the year the Company held 969,167 shares at a cost of £418,893. In July and October 2009 the Company purchased a further 339,480 shares at cost of £255,945. In November 2009 the Company sold 396,641 shares which had a cost of £186,863. In March 2010 the Company cancelled the remaining 912,006 shares which had a cost of £487,975. In May 2010 the Company purchased 1,355,000 shares at a cost of £376,878.

An Order by the High Court of Justice (Chancery Division) dated 10 December 2008 reduced the share premium account of the Company by £2,184,193. This eliminated the Company's deficit in its retained earnings at 30 June 2008.

Group Cash Flow Statement

for the year ended 30 June 2010

	2010	2009
	£	£
Cash flow from operating activities		
Profit before tax	504,781	1,846,060
Amortisation and impairment of intangibles	2,000	2,000
Depreciation	114,092	108,028
Share-based payment charge	14,000	51,768
Interest received	(51,875)	(29,304)
	<u>78,217</u>	<u>132,492</u>
Changes in working capital:		
Decrease in inventories	2,084	6,976
Decrease/(increase) in trade and other receivables	820,633	(337,487)
(Decrease)/increase in trade and other payables	(800,176)	666,160
	<u>22,541</u>	<u>335,649</u>
Tax Paid	(529,825)	(174,376)
Cash generated from operations	<u>75,714</u>	<u>2,139,825</u>
Investing activities		
Purchase of property, plant and equipment	(60,342)	(242,942)
Interest received	51,875	29,304
Net cash used from investing activities	<u>(8,467)</u>	<u>(213,638)</u>
	67,247	1,926,187
Financing activities		
Purchase of own shares	(632,823)	(418,893)
Equity dividend paid	(177,036)	-
Issue of ordinary shares	1,709,496	-
Net cash generated/(used) from financing activities	<u>899,637</u>	<u>(418,893)</u>
Net increase in cash and cash equivalents	966,884	1,507,294
Cash and cash equivalents at beginning of year	2,600,495	1,093,201
Cash and cash equivalents at end of year	<u>3,567,379</u>	<u>2,600,495</u>

Notes to the preliminary announcement

for the year ended 30 June 2010

1. Accounting policies

The financial information set out in these preliminary results does not constitute the company's statutory accounts for the years ended 30 June 2010 or 30 June 2009.

Statutory accounts for the year ended 30 June 2009 have been filed with the Registrar of Companies and those for the year ended 30 June 2010 will be delivered to the Registrar in due course; both have been reported on by the Independent Auditors. The independent auditors' reports on the Annual Report and accounts for the years ended 30 June 2009 and 30 June 2010 were unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

The financial information in these preliminary results has been prepared using the recognition and measurement principles of International Accounting Standards, International Financial Reporting Standards and Interpretations adopted for use in the European Union (collectively Adopted IFRSs). The principal accounting policies adopted are set out below, they have been consistently applied to all the years presented and are consistent with the policies used in the preparation of the statutory accounts for the years ended 30 June 2010.

Basis of consolidation

The financial information in these preliminary results consolidates the accounts of the Company and all its subsidiary undertakings drawn up to 30 June each year using the purchase method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the income statement from the date on which control is obtained.

Business combinations that took place prior to 1 July 2006 have not been restated.

Goodwill

Goodwill represents the excess of the cost of a business combination over the interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired. Cost comprises the fair values of assets given, liabilities assumed and equity instruments issued, plus any direct costs of acquisition.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the income statement.

From the date of transition to IFRS (1 July 2006) Savile Group plc discontinued the amortisation of goodwill and implemented annual impairment tests for goodwill.

Impairment of non-financial assets

Impairment tests on goodwill are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit (i.e. the lowest group of assets in which the asset belongs for which there are separately identifiable cash flows). Goodwill is allocated on initial recognition to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination giving rise to the goodwill.

Impairment charges are included in the other operating expenses line item in the income statement. An impairment loss recognised for goodwill is not reversed. Previously recognised impairment losses on assets other than goodwill are reversed when there is an increase in the estimated service potential of an asset.

Financial assets and Liabilities

Financial assets and liabilities are recognised initially at their fair value and are subsequently measured at amortised cost. For trade receivables, trade payables and other short-term financial liabilities this generally equates to original transaction value.

Intangible assets

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual or legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques.

The significant intangibles recognised by the Group, their useful economic lives and the methods used to determine the cost of intangibles acquired in a business combination are as follows:

Intangible asset	Useful economic life	Valuation method
Brand value	5 years	Estimated royalty stream if the rights were to be licensed

The amortisation charge is included in 'other operating expenses' within the income statement.

Shares held for Treasury and Employee Share Schemes

Savile Group plc shares held by the Company are classified in equity as treasury or share scheme shares and are recognised at cost. Consideration received for the sale of such shares is also recognised in equity, with any positive difference between the proceeds from sale and the original cost being taken to share premium and any negative difference being taken to the profit and loss reserve. No gain or loss is recognised in the performance statement on the purchase, sale, issue or cancellation of equity shares.

2. Taxation

Current taxation has been provided for at 28% (2009: 28%).

3. Earnings per share

	2010 Total £	2009 Total £
Numerator		
Profit for the year	<u>342,972</u>	<u>1,322,022</u>
Denominator		
Weighted average of shares used in basic EPS	15,213,386	14,410,799
Effects of:		
- Employee share options	<u>1,327,624</u>	<u>1,101,942</u>
Weighted average of shares used in diluted EPS	<u>16,541,010</u>	<u>15,512,741</u>

4. Annual General Meeting

The Annual General Meeting will be held at 10.30am Tuesday 26 October 2010 at the Company's offices 36 – 38 Cornhill, London EC3V 3PQ.

5. Report and Accounts

Copies of the Report and Accounts for the year ended 30 June 2010 will be sent to shareholders in due course. Further copies will be available from the Company's website at www.savile.com or at the Company's registered office at 36 – 38 Cornhill, London EC3V 3PQ.