

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

INTERIM RESULTS FOR THE SIX MONTHS ENDED
31 DECEMBER 2010

Savile Group plc (SAVG.L), the AIM quoted human resources consulting group, specialising in coaching, talent management, career transition, mentoring and organisational change and design, announces its unaudited interim results for the six months ended 31 December 2010.

Financial Summary

	Six months ended 31 December 2010 (Unaudited) £000	Six months ended 31 December 2009 (Unaudited) £000	Year ended 30 June 2010 (Audited) £000
Revenue	4,028	4,160	8,200
(Loss)/profit before tax and exceptional items	(171)	139	505
(Loss)/profit before tax	(214)	139	505
Cash at bank	1,175	3,309	3,567
Diluted (loss)/earnings per share	(1.02)p	0.60p	2.07p

Jonathan Cohen, Executive Chairman of Savile, commented:

“In the first half of the financial year, three of the Group’s businesses, including the newly acquired 7 Days Limited (“7 days”) have made positive contributions but the outplacement business has continued to suffer in difficult market conditions and this has resulted in an overall loss for the first six months. Whilst disappointing, this was in line with our revised expectations. The anticipated business from the public sector has not yet materialised as decisions at both a local and central government level have yet to be finalised and actioned.

Following the trading performance of the first six months, the Board has carried out a thorough review and a consequent restructuring is under way. We have appointed an external transformation consultant to assist us in managing the process and expect to have completed this by the new financial year.

Whilst the trading environment remains challenging, we believe that the restructuring process will put the Group in a much stronger position to move forward. Our balance sheet remains strong.”

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Notes to Editors

Savile has four centres of excellence: Cedar Talent Management, Fairplace, IDDAS and 7 days providing coaching, talent management, career transition, mentoring and organisational change and design to leading companies, professional services firms and the public sector.

Further information on the Company can be found on its website, at www.savile.com

Chairman's Statement

In the first half of the financial year, three of the Group's businesses, including the newly acquired 7 Days Limited ("7 days") have made positive contributions but the outplacement business has continued to suffer in difficult market conditions and this has resulted in an overall loss for the first six months. The expected business from the public sector has not yet materialised as decisions at both a local and central government level have yet to be finalised and actioned.

The Group's unaudited revenue in the six months ended 31 December 2010 was £4.03m (2009: £4.16m) and loss before tax and exceptional items was £0.17m (2009: Profit £0.14m). Net assets at 31 December 2010 were £3.95 (2009: £4.3m) including net cash of £1.17m (2009: £3.31m). The Group has no debt and during the period completed the acquisition of 7 days for cash consideration of £1.29m. In addition Savile Group issued 500,000 shares with a further 900,000 to be issued over the next two years, contingent on certain conditions being met.

Following the trading performance of the first six months, the Board has carried out a thorough review and a consequent restructuring is under way. We have appointed an external transformation consultant to assist us in managing the process and expect to have completed this by the new financial year.

The Board expects a better second half to the year which will include a full contribution from 7 days. Accordingly the Board still anticipates results, before exceptional items (largely acquisition and reorganisation costs), for the year to 30 June 2011 to be in line with market expectations.

As recently announced, Michael Moran has stepped down from the board. The Board wishes to thank Michael for his hard work during his time with the Group.

Whilst the trading environment remains challenging, we believe that the restructuring process will put the Group in a much stronger position to move forward. Our balance sheet remains strong.

Jonathan Cohen
Chairman
22 February 2011

Group Statement of Comprehensive Income

for the six months ended 31 December 2010

	Six months ended 31 December 2010	Six months ended 31 December 2009	Year ended 30 June 2010
Note	Unaudited £	Unaudited £	Audited £
Revenue	4,028,011	4,160,342	8,199,828
Other operating income	-	37,000	104,992
Operating expenses	(4,222,775)	(4,078,140)	(7,851,914)
Operating (loss)/profit before non-recurring exceptional items	(194,764)	119,202	452,906
Non-recurring exceptional items	3 (42,688)	-	-
Operating (loss)/profit	(237,452)	119,202	452,906
Finance income	23,322	20,212	51,875
(Loss)/profit before taxation	(214,130)	139,414	504,781
Taxation	43,000	(40,000)	(161,809)
(Loss)/profit and total comprehensive income for the period attributable to equity owners of the parent	(171,130)	99,414	342,972
Earnings per share	5 Pence	Pence	Pence
Basic	(1.08)	0.66	2.25
Diluted	(1.08)	0.60	2.07

Group Balance Sheet

as at 31 December 2010

	As at 31 December 2010 Unaudited £	As at 31 December 2009 Unaudited £	As at 30 June 2010 Audited £
Assets			
Non current assets			
Property, plant and equipment	420,383	409,289	359,872
Intangible assets	1,193,776	126,508	125,508
	1,614,159	535,797	485,380
Current assets:			
Inventories	24,823	20,120	9,208
Trade and other receivables	3,499,088	2,311,952	1,939,858
Cash and cash equivalents	1,174,884	3,309,065	3,567,379
	4,698,795	5,641,137	5,516,445
Total assets	6,312,954	6,176,934	6,001,825
Liabilities			
Current liabilities:			
Trade and other payables	2,365,811	1,883,988	1,842,201
Total liabilities	2,365,811	1,883,988	1,842,201
Net assets	3,947,143	4,292,946	4,159,624
Capital and reserves attributable to equity holders of the company			
Share capital	448,254	506,915	479,554
Share premium account	1,985,630	1,850,630	1,850,630
Merger reserve	193,666	193,666	193,666
Capital redemption reserve	799,681	726,021	753,381
Own Shares – held for treasury	-	(487,974)	(376,878)
Retained earnings	519,912	1,503,688	1,259,271
Total equity	3,947,143	4,292,946	4,159,624

Group Statement of Changes in Equity

for the six months ended 31 December 2010

	Share capital	Share premium account	Merger reserve	Capital redemption reserve	Retained earnings	Total equity
At 1 July 2010	479,554	1,850,630	193,666	753,381	882,393	4,159,624
Loss and total comprehensive income for the period	-	-	-	-	(171,130)	(171,130)
Credit to equity for share based payments	-	-	-	-	11,000	11,000
Equity dividend paid	-	-	-	-	(144,418)	(144,418)
Treasury shares	(46,300)	-	-	46,300	(57,933)	(57,933)
Issue of shares	15,000	135,000	-	-	-	150,000
At 31 December 2010	448,254	1,985,630	193,666	799,681	519,912	3,947,143
At 1 July 2009	439,504	395,408	193,666	726,021	1,148,417	2,903,016
Profit and total comprehensive income for the period	-	-	-	-	99,414	99,414
Credit to equity for share based payments	-	-	-	-	14,000	14,000
Equity dividend paid	-	-	-	-	(177,036)	(177,036)
Treasury shares purchased	-	-	-	-	(255,944)	(255,944)
Treasury shares	-	75,675	-	-	186,863	262,538
Issue of shares	67,411	1,379,547	-	-	-	1,446,958
At 31 December 2009	506,915	1,850,630	193,666	726,021	1,015,714	4,292,946
At 1 July 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 cancellation of deferred shares of 1p each on 6 September 2006 and the cancellation of Treasury shares of 3 pence each in March and October 2010.

The Merger reserve represents the premium arising on the share for share acquisition of IDDAS Limited.

Group Cash Flow Statement

for the six months ended 31 December 2010

	Six months ended 31 December 2010 Unaudited £	Six months ended 31 December 2009 Unaudited £	Year ended 30 June 2010 Audited £
Cash flow from operating activities			
(Loss)/profit before tax	(214,130)	139,414	504,781
Amortisation of intangibles	7,000	1,000	2,000
Depreciation	52,446	53,430	114,092
Share-based payment charge	11,000	14,000	14,000
Interest received	(23,322)	(20,212)	(51,875)
	47,124	48,218	78,217
Changes in working capital:			
Inventories	(15,615)	(8,828)	2,084
Trade and other receivables	(725,269)	448,539	820,633
Trade and other payables	(158,241)	(1,166,404)	(800,176)
	(899,125)	(726,693)	22,541
Tax paid	-	-	(529,825)
Net cash (used by)/generated from operations	(1,066,131)	(539,061)	75,714
Investing activities			
Purchase of property, plant and equipment	(29,429)	(49,097)	(60,342)
Interest received	23,322	20,212	51,875
Acquisition of 7 days Limited	(1,267,906)	-	-
Net cash used in investing activities	(1,274,013)	(28,885)	(8,467)
	(2,340,144)	(567,946)	67,247
Financing activities			
Purchase of own shares	(57,933)	(255,944)	(632,823)
Sale of own shares	-	262,538	-
Equity dividend paid	(144,418)	(177,036)	(177,036)
Issue of ordinary shares	150,000	1,446,958	1,709,496
Net cash (used in)/from financing activities	(52,351)	1,276,516	899,637
Net increase in cash and cash equivalents	(2,392,495)	708,570	966,884
Cash and cash equivalents at beginning of period	3,567,379	2,600,495	2,600,495
Cash and cash equivalents at end of period	1,174,884	3,309,065	3,567,379

Notes to the interim results

for the six months ended 31 December 2010

1. Accounting policies

The financial information in these interim 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 used in preparing the interim results are those the Group expects to apply in its financial statements for the year ending 30 June 2011 and, other than those detailed below, are unchanged from those disclosed in the Group's Report and Financial Statements for the year ended 30 June 2010.

The financial information for the six months ended December 2010 does not constitute the full statutory accounts for that period. The Annual Report and Financial Statements for 2010 have been filed with the Registrar of Companies. The Independent Auditors' Report on the Annual Report and Financial Statement for 2010 was 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 Group has adopted the revised IFRS 3 'Business combinations'. Under the revised standard the Group is required to write off all acquisition costs to profit or loss instead of including them in the cost of investment and recognise an intangible asset even if it cannot be reliably measured

The Group has also adopted Amendments to IAS 27 Consolidated and Separate Financial Statements: This Amendment affects in particular the treatment of non-wholly-owned subsidiaries. The Amendment does not require the restatement of previous transactions and has had no effect on the current financial year.

2. Taxation

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

3. Exceptional items

The exceptional items are acquisition costs relating to the acquisition of 7 days Limited which have been charged to the income statement as occurred in accordance with the new requirements of IFRS 3.

4. Dividend

A final dividend of 1.00 pence (2009: 2.25 pence) per share for the year ended 30 June 2010 was paid on 12 November 2010.

5. Earnings per share

	As at 31 December 2010 Unaudited £	As at 31 December 2009 Unaudited £	As at 30 June 2010 Audited £
<i>Numerator</i>			
(Loss)/profit for the period	(171,130)	99,414	342,972
<i>Denominator</i>			
Weighted average of shares used in basic EPS	15,915,927	15,114,774	15,213,386
Effects of:			
Employee share options	801,853	1,560,018	1,327,624
Weighted average of shares used in diluted EPS	16,717,780	16,674,792	16,541,010

The diluted loss per share for the period to 31 December 2010 has been restricted to a loss of 1.08 pence per share as the loss per share cannot be reduced by dilution in accordance with IAS 33, Earnings per Share.

Notes to the interim results

for the six months ended 31 December 2010

6. Acquisition

On 30 October 2010 the Group acquired 100% of the share capital of 7 Days Limited. The consideration was satisfied by £1.29m in cash.

At the time of the acquisition Savile Group plc also issued 500,000 3 pence ordinary shares. The issue price consists of the nominal value of the ordinary shares of 3 pence and a share premium of 27 pence.

A further 450,000 ordinary shares will be issued on the first anniversary of the acquisition date and then a further 450,000 ordinary shares will be issued on second anniversary of the acquisition date, both dependent on certain future conditions.

	Book value £	Provisional fair value adjustment £	Fair value £
Non-current assets			
Brand	-	100,000	100,000
Contracts	-	30,000	30,000
Fixtures and fittings	83,528		83,528
	83,528	130,000	213,528
Current assets			
Trade payables	833,961		833,961
Cash	22,094		22,094
	856,055	-	856,055
Current liabilities			
Trade and other payables	682,747		682,747
Non-current liabilities	42,104		42,104
Total liabilities	724,851		724,851
Net assets acquired	214,732	130,000	344,732
Goodwill on acquisition			945,268
Purchase consideration			1,290,000

The purchase consideration comprised:

Cash	1,290,000
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The identification and valuation of the intangible assets are provisional figures and further work will be carried out in these areas.

The goodwill arose on acquisition as, apart from the net assets shown above, it was the people and contacts of 7 days which were taken over. The commercial justification of the consideration paid in excess of the net assets, was that to hire such a team in the open market to generate the potential earnings for the Group, with their contacts and reputation, as well as the synergies and cross selling opportunities, would equate to the value of the goodwill.

The fair values on acquisition are provisional and further work is being carried out with regard to the revised criteria of IFRS 3.

7. Availability of Interim statement

The interim statement was approved by the Board of Directors on 21 February 2011.

This Interim Statement is being sent by post to all registered shareholders. Additional copies are available from the Company's registered office, 36-38 Cornhill, London, EC3V 3PQ and on its website: www.savile.com.