1 September 2011

ServicePower Technologies plc
("ServicePower" or the "Company")
Half-yearly report

ServicePower (AIM:SVR), a market leader for outsourced service and field management, announces its half-yearly report for the period ended 30 June 2011.

Financial Highlights

- Results slightly ahead of notified expectations
- Revenues £6.5 million reflecting the strategic change in product mix toward higher margin business (2010: £10.0 million)
- Gross profit margin significantly increased to 57% (2010: 23%)
- Gross profit increased to £3.7 million (2010: £2.3 million)
- Adjusted profit before tax* £1.2 million (2010: loss £0.3 million)
- Profit before tax £0.9 million (2010: £0.7 million)
- Cash balance of £3.8 million as at 30 June 2011 (30 June 2010 £3.4 million and 31 December 2010 £3.7 million)

*Adjusted for foreign exchange loss of £0.3 million (2010: foreign exchange gain £1.0 million).

Operational Highlights

- High level of contract wins in the period, including Homeserve, Steritech and Richer Sounds, providing strong foundations for future growth.
- Transformational revenue share agreement with Assurant Solutions, leading to significant Tier 1 retailer contract.
- Increasing revenue visibility for future periods.

Mark Duffin, CEO, ServicePower said, "The first half of the year has been transformational for ServicePower. We have signed some of the largest contracts in the history of the business, which not only endorse the competitive strength of our field service software suite but, we believe, are also evidence of the growing demand for technology such as ours. During the second half of the year we will be focused on the successful implementation of these contracts, which have the potential for further significant extensions, while seeking further growth opportunities in new market sectors. With increasing revenue visibility and a growing core of customers, we enter the second half of the year with confidence."

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Mark Duffin, Chief Executive Officer	Marc Young	Caroline Evans-Jones
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About ServicePower

ServicePower, publicly traded on the AIM market operated by the London Stock Exchange (AIM:SVR), allows companies to locate their employed field resources in the right geography, ensure they have the right mix of skills, and outside this geography create a network of independent, authorised service contractors whose costs are efficiently managed by our sophisticated warranty management software. The schedules and routes for both the employed field resources and the independent servicers are optimised by ServicePower's technology to ensure the right balance between the cost of operations and ensuring customers receive a superior service experience.

Joint Statement of the Chairman and Chief Executive

Introduction

ServicePower has made excellent progress in the first half of the year, securing transformational new contracts and delivering a strong set of results for the period.

We continue to focus on the delivery of high margin software, hosting and Software as a Service (SaaS) offerings, the success of which has been evidenced by the increase in licence and royalty revenue during the period. This has the benefit of de-risking the business by enhancing profit margins and providing for a great deal more scalability. ServicePower now has a growing base of profitable contracts providing a strong platform for future growth.

Our ability to offer our customers flexibility in terms of software delivery model, selling either via a licence or as a hosted service, continues to be well received by customers. In addition, several of the contracts won during the period were secured following rigorous competitive testing, proving the stability and highly scalable nature of our software platform.

This success has been achieved despite the relatively challenging market conditions continuing. While our offerings help businesses deliver additional services to customers and thereby increase revenues, those businesses are still facing budget constraints, and we therefore continue to view our sales pipeline favourably, but nevertheless, conservatively.

The Board is firmly focused on generating increased organic profits but continues to consider the potential for accelerated growth through very selective acquisitions. ServicePower will also seek to grow through the entry into new market sectors and further extensions of contracts with existing customers.

Financial Review

The Company has two segments, Service Scheduling and Service Operations.

Total revenue for the 6 months decreased by 35% to £6.5 million (H1 2010: £10.0 million). Within this, Service Operations revenue reduced by 75% to £1.7 million (H1 2010: £7.0 million) due in particular to the removal of low margin business in the UK in the second half of the prior year, whilst Service Scheduling licence and consultancy revenue increased by 60% to £4.8 million (H1 2010: £3.0 million).

A breakdown of revenue from the Service Scheduling segment is as follows:

	H1 2011 £ million	H1 2010 £ million
Licences	2.3	0.3
Implementation / Support	2.3	2.5
Mobility	0.2	0.2
Total	4.8	3.0

A breakdown of revenue from the Service Operations segment is as follows:

	H1 2011 £ million	H1 2010 £ million
Hosting / SaaS	0.5	1.3
Operations US	0.6	1.6
Operations UK	0.6	4.1
Total	1.7	7.0

The Company continued to invest in enhancement of functionalities across all of its product range, investing £0.3 million in H1 2011 (H1 2010: £0.4 million).

Gross profit for the period increased to £3.7 million (H1 2010: £2.3 million) due to the change in product mix as shown in the table above.

The total profit before tax was £0.9 million compared to a profit of £0.7 million in H1 2010. This includes a reported loss on currency translation of £0.3 million (2010: gain of £1.0 million).

The adjusted profit before tax was £1.2 million, an improvement of £1.5 million on the adjusted loss of £0.3m in the same period last year. The adjusted loss before tax refers to the profit/loss before tax adjusted for a foreign exchange translation loss of £0.3 million (2010: foreign exchange gain of £1.0 million).

The basic and diluted earnings per share for the half year was 0.48p (H1 2010: basic and diluted earnings per share of 0.36p).

Cash balances were £3.8 million at 30 June 2011 comparable to the cash balances at 30 June 2010 of £3.4 million. Cash balances at 31 December 2010 were £3.7 million.

The directors can not recommend the payment of a dividend at this time.

Operational Review

Customers

The healthy pipeline continues to bear fruit for the Company and has lead to several major contract wins in the period.

Service Scheduling

Steritech, one of the largest outsourced food safety and quality assurance companies in the US became a new customer for Service Scheduling, while existing Service Scheduling customers, including Homeserve, and North America's leading home appliance retailer and largest provider of home services extended their use of the software.

Service Operations

In addition to extending its ServiceScheduling licence, Homeserve added a new two year contract for the ServiceOperations SaaS platform to manage the dispatch of jobs and the payment of claims.

Another existing customer, Richer Sounds, the UK's hi-fi, home cinema and flat panel TV specialist retailer, also extended its use of the platform, moving from a rolling one year contract onto a three year contract, adding a number of new home services. ServicePower is now also providing access to, and managing, a network of qualified servicers across the UK who will deliver a UK home repair service to Richer Sounds' customers, providing a physical repair, installation and inspection network service.

Following a successful development and implementation phase, ServicePower's ServiceOperations software also went live in the period at Mitsubishi, managing the claims and dispatch for the repair of consumer electronics across North America and replacing an incumbent provider.

The most significant contract in the period was the signing of an additional ServiceOperations licence and revenue share contract with Assurant Solutions, one of the world's leading speciality insurance providers. Assurant has used ServiceOperations software via the SaaS model for over five years. The new arrangement will expand the use of the software for the management of claims and dispatch. ServicePower will receive licence revenue, software development and maintenance fees throughout the term of the contract.

In addition, Assurant Solutions will provide access to the ServiceOperations software to its commercial customer base, which includes some of the world's leading retailers and manufacturers.

ServicePower was delighted to announce in June the first customer to be added via this partnership, a tier 1 retailer. The contract is worth a minimum of £1.5 million in revenue in 2011 but due to the part transactional nature of the implementation, the value of the contract could materially increase. There is also an option to extend the contract enterprise wide; this could lead to significant further revenues of up to £11 million in future years subject to the phased deployment plan.

The winning of such a prestigious customer demonstrates the early success of the licence and revenue share partnership agreement signed in March 2011 with Assurant.

Growth Strategy

ServicePower is the only independent global provider in the marketplace and our market position and expertise is becoming more widely known. We are a leader in the white goods, consumer electronics, insurance and energy verticals and continue to build on our reputation in these sectors. However, we are now actively seeking additional opportunities in other market verticals and are pleased with the significant traction we are now achieving in the retail market in particular, for both Service Scheduling and Service Operations. The home emergency repair market is another area in which we are starting to see growth with current customers and believe to have further potential.

Outlook

With a robust and scalable software platform, a growing customer base and strengthened financial position we believe the opportunities for ServicePower to be highly encouraging. We have a good pipeline of additional opportunities and the Board continues to view the future with confidence.

Lindsay Bury, Chairman Mark Duffin, CEO 1 September 2011

ServicePower Technologies plc
Condensed consolidated income statement for the six months ended 30 June 2011

		Note	Unaudited 6 months to 30 June 2011 £'000	Unaudited 6 months to 30 June 2010 £'000	Audited 12 months to 31 December 2010 £'000
Revenue	- Service Scheduling	3	4,751	2,977	6,782
	- Service Operations	3	1,745	7,011	11,473
Total revenue			6,496	9,988	18,255
Cost of sales			(2,795)	(7,667)	(13,153)
Gross profit			3,701	2,321	5,102
Administrative expenses	- other expenses		(2,386)	(2,499)	(4,875)
	- release of restructuring Provisions		-	-	256
	- (loss)/profit on foreign exchange		(265)	964	310
			(2,651)	(1,535)	(4,309)
Total profit from operations			1,050	786	793
Investment revenue			-	2	5
Finance costs			(131)	(109)	(221)
Profit before taxation			919	679	577
Taxation		4	-	-	-
Profit for the period/year attributable to the owners of the company			919	679	577
			Pence	Pence	Pence
Earnings per share					
Basic		5	0.48p	0.36p	0.30p
Diluted		5	0.48p	0.36p	0.30p

All amounts relate to continuing activities.

ServicePower Technologies plc
Condensed consolidated statement of comprehensive income for the six months ended 30 June 2011

	Unaudited 30 June 2011 £'000	Unaudited 30 June 2010 £'000	Audited 31 December 2010 £'000
Exchange differences on translation of foreign operations	137	(632)	(194)
Net income/(loss) recognised directly in equity	137	(632)	(194)
Profit for the period/year	919	679	577
Total comprehensive income for the for the period/year	1,056	47	383

ServicePower Technologies plc

Condensed consolidated statement of changes in equity for the six months ended 30 June 2011

	Equity attributable to equity holders of the Company							
	Share capital	Share premium account	Share scheme reserve	Exchange translation reserve	Equity reserve	Merger reserve	Retained reserves	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2011 (audited)	9,926	18,626	633	(1,506)	13	(3,008)	(22,544)	2,140
Profit for the period	-	-	-	-	-	-	919	919
Other comprehensive income for the period	-	-	-	137	-	-	-	137
Total comprehensive income for the period	-	-	-	137	-	-	919	1,056
Credit to equity for equity-settled share-based payments	-	-	36	-	-	-	-	36
Balance at 30 June 2011 (unaudited)	9,926	18,626	669	(1,369)	13	(3,008)	(21,625)	3,232
Balance at 1 January 2010 (audited)	9,926	18,626	558	(1,312)	13	(3,008)	(23,121)	1,682
Profit for the period	-	-	-	-	-	-	679	679
Other comprehensive income for the period	-	-	-	(632)	-	-	-	(632)
Total comprehensive income for the period	-	-	-	(632)	-	-	679	47
Credit to equity for equity-settled share-based payments	-	-	38	-	-	-	-	38
Balance at 30 June 2010 (unaudited)	9,926	18,626	596	(1,944)	13	(3,008)	(22,442)	1,767
Balance at 1 January 2010 (audited)	9,926	18,626	558	(1,312)	13	(3,008)	(23,121)	1,682
Profit for the year	-	-	-	-	-	-	577	577
Other comprehensive income for the year	-	-	-	(194)	-	-	-	(194)
Total comprehensive income for the year	-	-	-	(194)	-	-	577	383
Credit to equity for equity-settled share-based payments	-	-	75	-	-	-	-	75
Balance at 31 December 2010 (audited)	9,926	18,626	633	(1,506)	13	(3,008)	(22,544)	2,140

ServicePower Technologies plc

Condensed consolidated balance sheet at 30 June 2011

	Unaudited 30 June 2011	Unaudited 30 June 2010	Audited 31 December 2010
Assets	£'000	£'000	£'000
Non-current assets			
Intangible assets	86	245	101
Property, plant and equipment	193	359	255
	279	604	356
Current assets			
Inventories	41	55	42
Trade and other receivables	4,453	3,188	3,565
Cash and cash equivalents	3,837	3,449	3,665
	8,331	6,692	7,272
Total assets	8,610	7,296	7,628
Current liabilities			
Trade and other payables	(1,829)	(2,523)	(1,774)
Deferred revenue	(1,941)	(1,625)	(2,227)
Other creditors	(24)	(38)	(33)
Convertible loan note	(1,584)	(1,343)	(1,454)
	(5,378)	(5,529)	(5,488)
Net assets	3,232	1,767	2,140
Equity			
Share capital	9,926	9,926	9,926
Share premium account	18,626	18,626	18,626
Share scheme reserve	669	596	633
Exchange translation reserve	(1,369)	(1,944)	(1,506)
Equity reserve	13	13	13
Merger reserve	(3,008)	(3,008)	(3,008)
Retained earnings deficit	(21,625)	(22,442)	(22,544)
Total Equity	3,232	1,767	2,140

The half-yearly report was approved by the Board of Directors and authorised for issue on 1 September 2011.
They were signed on its behalf by:
M Duffin
Director

Condensed consolidated cash flow statement for the six months ended 30 June 2011

	Note	Unaudited 6 months to 30 June 2011 £'000	Unaudited 6 months to 30 June 2010 £'000	Audited 12 months to 31 December 2010 £'000
Net cash inflow from/(outflow used in) operating activities	6	121	(259)	327
Investing activities				
Interest received		-	2	5
Purchases of property, plant and equipment		(22)	(74)	(84)
Net cash used in investing activities		(22)	(72)	(79)
Net increase/(decrease) in cash and cash Equivalents		99	(331)	248
Cash and cash equivalents at beginning of period/year		3,665	3,543	3,543
Effect of exchange rate changes		73	237	(126)
Cash and cash equivalents at end of period/year		3,837	3,449	3,665

1. General information

The half-yearly report has been prepared on the basis of the accounting policies set out in the Group's financial statements for the year ended 31 December 2010. The financial information set out in this document does not constitute statutory financial statements within the meaning of section 435 of the Companies Act 2006. A copy of the 2010 statutory accounts has been delivered to the Registrar of Companies. The report was unqualified and did not contain statements under section 498(2) or (3) of the Companies Act 2006, or include a reference to any matter to which the auditors drew attention by way of emphasis of matter without qualifying their report.

The half-yearly report has not been audited or reviewed by the Company's auditor pursuant to the Auditing Practices Board guidance on "Review of Interim Financial Information."

2. Accounting policies

The annual financial statements are prepared in accordance with IFRS as adopted by the European Union. The same accounting policies and methods of computation are followed in the condensed set of financial statements as applied in the Group's latest audited financial statements for the year ended 31 December 2010 and published by the Group on 24 March 2011. While the financial figures in the half-yearly report have been computed in accordance with IFRSs applicable to interim periods, this half-yearly report does not contain sufficient information to constitute an interim financial report as that term is defined in IAS 34.

Going concern

As disclosed in the Joint Statement of the Chairman and Chief Executive, a significant portion of cash receipts comes from the sale of large software licences. The signing of contracts by large corporate customers can be difficult to predict due to long procurement cycles and therefore there is uncertainty in forecasting the timing and quantum of cash receipts from these customers.

During the period, the Group has continued its Service Operations business which provides a regular revenue stream and cash funding to the Group and in 2011 the Group continues to monitor costs closely in order to conserve cash.

At 30 June 2011 the Group had net assets of £3,232,000 including £3,837,000 of cash and cash equivalents (31 December 2010 – net assets of £1,767,000 including £3,449,000 of cash and cash equivalents).

2. Accounting policies (continued)

Based on cash flow forecasts which take into account current sales orders and expected conversion of opportunities, expenditure forecasts and the Group's current cash balance, the directors consider it appropriate to prepare the Group's half-yearly report on the going concern basis.

3. Business segments

Segment information reported externally is analysed on the basis of the Group's business streams, namely Service Scheduling which provides scheduling solutions and Service Operations, which provides claims and despatch processing in the consumer electronics market. This method of segment analysis is also used to report to the Board and the Chief Executive.

Segment information about these businesses is presented below:

Unaudited six months ended 30 June 2011	Service Scheduling 2011 £'000	Service Operations 2011 £'000	Group Total 2011 £'000
Revenue from external sales	4,751	1,745	6,496
Segment profit	3,182	176	3,358
Central administration costs – other			(2,043)
Foreign exchange loss			(265)
Total central administration costs			(2,308)
Investment income			-
Finance costs			(131)
Profit before tax			919
Taxation			-
Profit after tax			919

3. Business segments (continued)

Unaudited six months ended 30 June 2010	Service Scheduling 2010 £'000	Service Operations 2010 £'000	Group Total 2010 £'000
Revenue from external sales	2,977	7,011	9,988
Segment profit	1,370	571	1,941
Central administration costs - other			(2,119)
Foreign exchange gain			964
Total central administration costs			(1,155)
Investment income			2
Finance costs			(109)
Profit before tax			679
Taxation			-
Profit after tax			679

Audited twelve months ended 31 December 2010	Service Scheduling 2010 £'000	Service Operations 2010 £'000	Group Total 2010 £'000
Revenue from external sales	6,782	11,473	18,255
Segment profit	3,462	765	4,227
Central administration costs - other			(4,000)
Release of restructuring provision			256
Foreign exchange gain			310
Total central administration costs			(3,434)
Investment income			5
Finance costs			(221)
Profit before tax			577
Taxation			-
Profit after tax			577

3. Business segments (continued)

Segment assets

	Unaudited at 30 June 2011 £'000	Unaudited at 30 June 2010 £'000	Audited at 31 December 2010 £'000
Service Scheduling	3,303	1,629	2,325
Service Operations	1,461	2,198	1,636
Total segment assets	4,764	3,827	3,961
Unallocated assets	3,846	3,469	3,667
Total consolidated assets	8,610	7,296	7,628

4. Taxation on loss from ordinary activities

No tax charge arises in the current period due to the tax losses available. Tax charges of £nil arose in the periods ended 30 June 2010 and 31 December 2010.

5. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

Earnings

	Unaudited 6 months to 30 June 2011 £'000	Unaudited 6 months to 30 June 2010 £'000	Audited 12 months to 31 December 2010 £'000
Earnings for the purpose of basic earnings per share	919	679	577
	Number	Number	Number
Weighted average number of ordinary shares for the purpose of basic earnings per share	189,526,299	189,526,299	189,526,299
Earnings per share			
Basic earnings per share	0.48p	0.36p	0.30p
Diluted earnings per share	0.48p	0.36p	0.30p

The convertible loan note has an anti-dilutive effect and therefore earnings per share is capped at basic earnings.

6. Notes to the cashflow statement

	Unaudited 6 months to 30 June 2011 £'000	Unaudited 6 months to 30 June 2010 £'000	Audited 12 months to 31 December 2010 £'000
Profit from continuing operations	1,050	786	793
Adjustments for:			
Amortisation of intangible assets	12	194	209
Depreciation of property plant and equipment	82	110	324
Bad debt expense	-	-	49
Share-based payments provision	36	38	75
Operating cash flows before movement in working capital	1,180	1,128	1,450
Decrease in inventories	-	1	8
(Increase)/decrease in receivables	(988)	758	435
(Decrease) in payables	(71)	(2,146)	(1,616)
Cash generated by/(used in) operations	121	(259)	277
Income taxes received	-	-	50
Net cash from/(used in) operating activities	121	(259)	327