22 March 2012

ServicePower Technologies plc
("ServicePower" or the "Company")
Final Results

ServicePower (AIM:SVR), a market leader for outsourced service and field management, announces its audited results for the year ended 31 December 2011.

Financial Highlights

- Both revenues and profits significantly ahead of initial expectations issued in March 2011
- Profit before tax increased by 83% to £1.1 million (2010: £0.6 million)
- Revenues decreased to £13.3 million (2010: £18.3 million) reflecting the strategic change in product mix toward higher margin business
- Gross profit margin significantly increased to 51% (2010: 28%)
- Gross profit increased to £6.7 million (2010: £5.1 million)
- Cash balance of £5.5 million at 31 December 2011 (£3.7 million as at 31 December 2010, £3.8 million at 30 June 2011)
- Basic and diluted earnings per share are 0.54p (2010: 0.30p)

Operational Highlights

- Encouraging level of incremental contract wins in the year, including RSPCA, Homeserve, Steritech and Richer Sounds, providing foundation for future growth
- First revenue share agreement with Assurant Solutions
- Strong platform of recurring revenue

Mark Duffin, CEO, ServicePower said, "The significantly improved results achieved this year demonstrate the success of the turnaround programme which began in 2009 and has, with the delivery of these results been completed. This year has seen the addition of several prestigious companies to our customer base demonstrating the quality of our product offering enabling us to maintain our position in a competitive market.

"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."

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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.

ServicePower Technologies Plc

Joint statement of the Chairman and Chief Executive

Introduction

ServicePower has made good progress throughout the year, exceeding market forecasts for 2011 and importantly delivering a good level of profits. We were delighted to welcome some prestigious organisations onto our client roster, including the RSPCA and Assurant, which not only underlines the power of our technology offering but also the breadth of its appeal.

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 year. This has the benefit of lowering the risk of the business by enhancing profit margins and providing for 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 year 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 maximise the efficiency of field services, 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, ServiceScheduling and ServiceOperations.

Due to the decision taken in previous years to refocus the business away from low-margin ServiceOperations contracts, the decrease in revenues for the year has resulted in a significant increase in profit margins.

Total revenue for the year decreased by 27% to £13.3 million (2010: £18.3 million). Within this, ServiceOperations revenue reduced by 51% to £5.6 million (2010: £11.5 million) due in particular to the removal of low margin business in the UK in the second half of the prior year, whilst ServiceScheduling licence and consultancy revenue increased by 13% to £7.7 million (2010: £6.8 million).

A breakdown of revenue from the ServiceScheduling segment is as follows:

	2011 **£ million**	**2010** **£ million**
Licences	2.1	1.6
Implementation/support	5.1	4.8
Mobility	0.5	0.4
Total	**7.7**	**6.8**

A breakdown of revenue from the ServiceOperations segment is as follows:

	2011 £ million	2010 £ million
Licences	0.9	-
Implementation/support	0.8	-
Hosting/SaaS	1.2	1.9
Operations US	1.3	3.0
Operations UK	1.4	6.6
Total	**5.6**	**11.5**

The Company continued to invest in maintaining functionalities across all of its product range, investing £0.7 million in 2011 (2010: £0.8 million).

Gross profit for the period increased to £6.7 million (2010: £5.1 million) due to the change in product mix as shown in the table above, and profit before tax increased to £1.1 million (2010: £0.6 million).

The adjusted profit before tax was £0.9 million, an improvement of £0.6 million on the adjusted profit of £0.3 million in 2010. The adjusted profit before tax refers to the profit before tax adjusted for a foreign exchange translation gain of £0.2 million (2010: £0.3 million).

The basic and diluted earnings per share for the full year was 0.54p (2010: basic and diluted earnings per share of 0.30p).

Cash balances were £5.5 million at 31 December 2011, compared to the cash balances at 31 December 2010 of £3.7 million.

The directors cannot recommend the payment of a dividend at this time (2010: same).

Principal risks and uncertainties

The principal business risks and uncertainties affecting the Group are described in the Report of the Directors in the Financial Statements for the year ended 31 December 2011 which will be available on the ServicePower website in due course, and they are considered consistent with the financial statements for the year ended 31 December 2010. For each category of risk, the directors have identified means by which the risk can be managed or reduced in a cost effective way, whilst accepting that some risks cannot be completely eliminated.

ServicePower Technologies Plc

Joint statement of the Chairman and Chief Executive

Operational Review

Customers

The healthy pipeline with which the Group entered the year delivered several significant new customer wins.

ServiceScheduling

In December 2011, the ServiceScheduling platform was selected by the RSPCA, the UK's leading animal welfare charity, as part of its new Command and Control Project. The contract is for an initial five years, consisting of a licences, maintenance and support.

The RSPCA has a vital role to play in crisis situations that threaten the welfare of animals. ServicePower's ServiceScheduling platform will be used by the RSPCA to improve the management of its officers' workloads. The platform will enable the scheduling and dispatch of incidents in real time to officers out in the field and the subsequent management of the ongoing actions associated with each incident.

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

ServiceOperations

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 year was the signing of an additional ServiceOperations licence and revenue share contract in March 2011 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 and due to the part transactional nature of the implementation, has the ability to grow in 2012 and 2013.

Assurant continues to actively target many additional top retailers in the US and ServicePower hopes to be able to update shareholders on further progress in 2012.

Market developments

In the current market environment, service and retail organisations are seeking means of increasing their customer offerings while also increasing efficiencies within their organisations. What has been evident in 2011 is the growing adoption of scheduling technology across a broad range of sectors to enable what have previously been complex scheduling processes carried out manually to become automated and therefore more efficient. Both our ServiceScheduling and ServiceOperations platforms can demonstrate high levels of return on investment and are therefore well placed to benefit from this trend.

In addition, in the current economic climate, retailers in particular are seeing slow growth in store revenues and are seeking new means of revenue generation. There is a growing recognition of the value of service offerings, such as installation and warranty, alongside traditional product ranges. In 2012 we will continue to address this part of the market through our ServiceScheduling and ServiceOperations platforms but also via the ServiceMarket platform, described below.

Products

We continued to invest in enhancements to our core ServiceScheduling and ServiceOperations products in including a major new release of ServiceScheduling in January 2012. This added support for new platforms and operating systems, enabling the management of staff capacity at a more granular level and improvement of the handling of non-working time, such as breaks. Further integration between ServiceScheduling and ServiceOperations has been developed with the introduction of ServiceBroker which allows clients to direct work between various channels of employed engineers, the independent servicer network or ServiceMarket. During 2012, further development will continue to support the next generation of ServicePower products using cloud technology.

ServiceMarket

During the latter part of 2011 ServicePower added ServiceMarket to its portfolio of software products. ServiceMarket is a web-based marketplace on which pre-approved servicers can ‘bid’ for service jobs advertised by retailers, incorporating a payment system. ServicePower will market the software platform initially to the US retail market. The directors anticipate this will form part of the ServiceOperations segment.

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, and 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 such as retail and home services, both of which provide significant opportunities for 2012.

Outlook

We continue to be focused on our main markets of the US and UK and are working on a number of scheduling opportunities and transactional business opportunities both directly and through Assurant. 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 and are confident of a successful outcome to the year.

Lindsay Bury, Chairman **Mark Duffin, CEO**

22 March 2012

ServicePower Technologies Plc

Consolidated income statement for the year ended 31 December 2011

		Note	2011 £'000	2010 £'000
Revenue – ServiceScheduling			**7,672**	6,782
- ServiceOperations			**5,612**	11,473
Total revenue			**13,284**	18,255
Cost of sales			**(6,537)**	(13,153)
Gross profit			**6,747**	5,102
Administrative expenses	- other expenses		**(5,553)**	(4,875)
	- restructuring provisions Release		**-**	256
	- foreign exchange gain		**173**	310
			(5,380)	(4,309)
Operating profit			**1,367**	793
Investment revenue			**2**	5
Finance costs			**(261)**	(221)
Profit before taxation		**4**	**1,108**	577
Taxation		**8**	**(82)**	-
Profit after taxation for the year			**1,026**	577
Earnings per share				
Basic		**5**	**0.54p**	0.30p
Diluted		**5**	**0. 54p**	0.30p

All amounts relate to continuing activities.

ServicePower Technologies Plc

Consolidated statement of comprehensive income for the year ended 31 December 2011

	2011 £'000	2010 £'000
Exchange differences on translation of foreign operations	**(96)**	(194)
Other comprehensive income for the year	**(96)**	(194)
Profit for the year	**1,026**	577
Total comprehensive income for the year	**930**	383

ServicePower Technologies plc

Consolidated statement of changes in equity for the year ended 31 December 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 earnings**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Balance at 1 January 2010	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	9,926	18,626	633	(1,506)	13	(3,008)	(22,544)	2,140
Profit for the year	-	-	-	-	-	-	1,026	1,026
Other comprehensive income for the year	-	-	-	(96)	-	-	-	(96)
Total comprehensive income for the year	-	-	-	(96)	-	-	1,026	930
Credit to equity for equity-settled share-based payments	-	-	116	-	-	-	-	116
Balance at 31 December 2011	9,926	18,626	749	(1,602)	13	(3,008)	(21,518)	3,186

ServicePower Technologies Plc

Consolidated balance sheet at 31 December 2011

	2011 £'000	2010 £'000
Assets		
Non-current assets		
Intangible assets	**249**	101
Property, plant and equipment	**145**	255
	394	356
Current assets		
Inventories	**42**	42
Trade and other receivables	**3,352**	3,565
Cash and cash equivalents	**5,473**	3,665
	8,867	7,272
Total assets	**9,261**	7,628
Current liabilities		
Trade creditors and accruals	**(2,021)**	(1,774)
Deferred revenue	**(2,315)**	(2,227)
Other creditors	**(24)**	(33)
Convertible loan note	**(1,715)**	(1,454)
	(6,075)	(5,488)
Net assets	**3,186**	2,140
Equity		
Share capital	**9,926**	9,926
Share premium account	**18,626**	18,626
Share scheme reserve	**749**	633
Exchange translation reserve	**(1,602)**	(1,506)
Equity reserve	**13**	13
Merger reserve	**(3,008)**	(3,008)
Retained earnings deficit	**(21,518)**	(22,544)
Total equity	**3,186**	2,140

ServicePower Technologies Plc

Consolidated cash flow statement for the year ended 31 December 2011

	Note	2011 £'000	2010 £'000
Net cash inflow from operating activities	**6**	**1,991**	327
Investing activities			
Interest received		**2**	5
Purchases of property, plant and equipment		**(43)**	(84)
Expenditure on intangible assets		**(178)**	-
Net cash used in investing activities		**(219)**	(79)
Net increase in cash and cash equivalents		**1,772**	248
Cash and cash equivalents at beginning of year		**3,665**	3,543
Effect of exchange rate changes		**36**	(126)
Cash and cash equivalents at end of year		**5,473**	3,665

ServicePower Technologies Plc

Notes to the consolidated financial information for the year ended 31 December 2011

1 Basis of accounting

The annual financial statements are prepared in accordance with IFRS as adopted by the European Union.

While the financial information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRSs), this announcement does not itself contain sufficient information to comply with IFRSs. The Group expects to publish full financial statements that comply with IFRS in March 2012.

2 Going concern

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 year, the Group has continued its ServiceOperations business, which provides a regular revenue stream and cash funding to the Group. During the year ended 31 December 2009, the Group implemented a wide-ranging cost cutting programme in order to conserve cash. As a result of this programme annual expenditure is covered by recurring and contracted repeat revenue.

At 31 December 2011 the Group had net assets of £3,186,000 including £5,473,000 of cash and cash equivalents (31 December 2010 – net assets of £2,140,000 including £3,665,000 of cash and cash equivalents).

Based on cash flow forecasts which take into account current sales orders and opportunities, expenditure forecasts and the Group's current cash balance, the directors consider it appropriate to prepare the Group's financial information within this announcement on the going concern basis.

3 Business segments

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

3 Business segments (continued)

2011	**Service Scheduling 2011 £'000**	**Service Operations 2011 £'000**	**Group Total 2011 £'000**
Revenue from external sales	7,672	5,612	13,284
Segment profit	4,229	1,462	5,691
Central administration costs – other			(4,497)
Foreign exchange gain			173
Total central administration costs			(4,324)
Investment income			2
Finance costs			(261)
Profit before tax			1,108
Taxation			(82)
Profit after tax			1,026

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

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of central administration costs, including directors' remuneration, investment revenue and finance costs and income tax expense. This is the measure reported to the Group's Chief Executive for the purpose of resource allocation and assessment of segment performance.

3 Business segments (continued)

Segment assets

	2011 £'000	2010 £'000
ServiceScheduling	**2,907**	2,325
ServiceOperations	**878**	1,636
Total segment assets	**3,785**	3,961
Unallocated assets	**5,476**	3,667
Total consolidated assets	**9,261**	7,628

For the purposes of monitoring segment performance and allocating resources between segments the Group's Chief Executive monitors the tangible, intangible and financial assets attributable to each segment. All assets are allocated to reportable segments with the exception of cash and cash equivalents and trade and other receivables of the parent company and Servicepower AG.

Other segment information

	Depreciation and amortisation		Additions to non-current assets	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
ServiceScheduling	**61**	82	**18**	59
ServiceOperations	**121**	451	**203**	25
Group total	**182**	533	**221**	84

Revenues from major products and services were as follows:

The Group's revenues from its major products and services were as follows:

	2011 £'000	2010 £'000
ServiceScheduling	**9,395**	6,782
ServiceOperations	**3,889**	11,473
Group total	**13,284**	18,255

Geographical information

The Group's operations are located in the United States of America, the United Kingdom and the rest of Europe. The Group's revenue from external customers and information about its segment assets by geographical location are detailed below irrespective of the origin of the services:

3 Business segments (continued)

	Revenue from external customers		Non-current assets	
	2011 £'000	**2010 £'000**	**2011 £'000**	**2010 £'000**
United States of America	**8,692**	8,994	**377**	285
United Kingdom	**4,577**	9,207	**29**	71
Rest of Europe	**15**	54	**-**	-
	13,284	18,255	**406**	356

Information about major customers

In 2011, included in revenues arising from ServiceScheduling were revenues of approximately £1.5 million from one customer, which represented more than 10% of Group revenue. In 2010 this customer contributed revenues of £0.9 million, which was less than 10% of Group revenue.

Included in revenues arising from ServiceOperations are revenues of approximately of £1.3 million (2010: £2.6 million), which arose from sales to a customer whose turnover represents more than 10 per cent of Group revenue.

4 Profit before taxation

Profit before taxation has been arrived at after charging/(crediting):

	2011 £'000	**2010 £'000**
Net foreign exchange gains	**(173)**	(310)
Research and development costs	**705**	831
Depreciation of property, plant and equipment	**152**	209
Amortisation of internally-generated intangible assets	**30**	324
Staff costs	**4,763**	4,529
Impairment loss recognised on trade receivables	**174**	49
Cost of inventories recognised as an expense	**41**	11
Restructuring provision release	**-**	(256)

5 Earnings per share

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

Earnings

	2011 £'000	2010 £'000
Earnings for the purposes of basic earnings per share being net profit attributable to equity holders of the parent	**1,026**	577
Earnings for the purposes of diluted earnings per share	**1,026**	577

Number of shares

	2011 Number	2010 Number
Weighted average number of ordinary shares for the purposes of basic earnings per share	**189,526,299**	189,526,299

Earnings per share

	2011 pence	2010 pence
Basic earnings per share	**0. 54p**	0.30p
Diluted earnings per share	**0. 54p**	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 cash flow statement

	2011 £'000	2010 £'000
Profit from operations	**1,285**	793
Adjustments for:		
Depreciation of property, plant and equipment	**152**	209
Amortisation of intangible assets	**30**	324
Bad debt expense	**174**	49
Share-based payments expense	**118**	75
Operating cash flows before movements in working capital	**1,759**	1,450
Decrease in inventories	**-**	8
Decrease in receivables	**4**	435
Increase/(decrease) in payables	**228**	(1,616)
Cash generated by operations	**1,991**	277
Income taxes received	**-**	50
Net cash from operating activities	**1,991**	327

7 Non statutory information note

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 December 2011 or 2010, but is derived from those accounts. Statutory accounts for 2010 have been delivered to the Registrar of Companies and those for 2011 will be delivered following the Company's annual meeting. The auditors have reported on those accounts; their reports were unqualified, did not draw attention to any matters by way of emphasis and did not contain statements under s498 (2) or (3) Companies Act 2006.

8 Taxation

Corporation tax is calculated at 26.5% (2010: 28%) of the estimated assessable loss for the year. The charge for the year can be reconciled to the profit per the income statement as follows:

	2011 £'000	2011 %	2010 £'000	2010 %
Profit before tax				
Continuing operations	**1,108**		577	
Tax at the UK corporation tax rate of 26.5% (2010: 28%)	**271**	**24**	170	(28)
Tax effect of expenses that are not deductible in determining taxable profit	**51**	**4**	35	7
Tax effect of short term timing differences	**(72)**	**(10)**	(59)	(10)
R&D tax claim adjustment	-	-	(13)	(13)
Tax effect of losses carried forward	-	-	-	-
Difference in overseas tax rate	**(12)**	**(2)**	-	-
US state taxes payable	**54**	**4**	-	-
Prior year US state taxes payable	**2**	-	-	-
Utilisation of brought forward losses	**(212)**	**(20)**	(133)	(23)
Tax expense/(credit and effective rate for the year)	**82**	-	-	-

Subject to agreement with the HMRC, the Group has taxable losses of approximately £16.0 million (2010: £16.9 million), which are available for offset against future trading profits.

No deferred tax asset has been recognised on the basis of the uncertainty of the timing of new licence contracts, particularly given the long procurement processes for new licence agreements. In the opinion of the directors there is sufficient evidence that the asset would be recoverable in the foreseeable future.