24 March 2011

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

ServicePower (AIM:SVR), a market leader for outsourced service and field management, announces results for the year ended 31 December 2010.

Financial Highlights

- Revenues increased to £18,255,000 (2009: £18,108,000)
- Profit before taxation of £577,000 (2009: loss £4,017,000)
- Adjusted profit before taxation* £11,000 (2009: loss £1,099,000)
- Cash balance at 31 December 2010 of £3,665,000 (31 December 2009: £3,543,000)

*Adjusted for foreign exchange gain of £310,000 and the release of restructuring provisions £256,000 (2009: foreign exchange loss £1,196,000, the charging of restructuring costs provision of £900,000 and the impairment of an intangible asset £822,000).

Operational Highlights

- Sales focused strategy resulted in high levels of new contract wins with both new and existing customers
- Expansion of landmark pilot with one of UK's leading supermarkets
- Established a significant partnership during the year with Syclo Inc. extending ServicePower's market reach
- Significant contract signed post period end with Assurant Solutions

Mark Duffin, CEO, ServicePower said, "This has been an encouraging year for ServicePower, testament to the success of the re-engineering of the business begun in 2009. ServicePower continues to be a well-managed organisation. Our market leading technology enables us to provide valuable services to some of the world's leading businesses.

"As the market for outsourced service operations continues to grow, so does our market opportunity. We have entered the current financial year with a strong pipeline of new business, both in the UK and US. We will remain focused in the year ahead on our areas of strength and look forward to capitalising on these opportunities."

For further information, please contact:

ServicePower Technologies PLC	finnCap	Threadneedle Communications
Tel: +1 410 571 6333	Tel: 020 7600 1658	Tel: 020 7653 9850
Mark Duffin, Chief Executive Officer	Marc Young	Caroline Evans-Jones
	Charlotte Stranner	Fiona Conroy

About ServicePower

ServicePower, publicly traded on the AIM market operated by the London Stock Exchange (AIM:SVR), is a third party administrator for global field services which uses a fully integrated artificial intelligence based software platform to recruit independent contractors, comply with global regulatory codes, facilitate training, schedule service calls, conduct global retail/wholesale pricing analysis, and ultimately facilitate an optimal customer buying experience. ServicePower's ServiceOutsource product is offered globally to end-consumer facing organisations in the retail, manufacturing, insurance, medical, and services industries providing the capability of offering quality installation services for their products through a network of professional, licensed, and insured independent contractors.

For more information please visit www.servicepower.com

Introduction

This year has been one of sustained progress, marking the successful turnaround of ServicePower. The Company's strengthened financial position and move into profitability means it now has a solid footing from which to capitalise on its growing market opportunities. Through this improved financial performance we have established the value of our technology and the strong pipeline of opportunities we now see highlights this.

Market conditions for our business are positive. We provide a solution that enables services businesses to improve efficiencies and reduce resources, delivering a tangible return on investment. We have shortened the sales cycle for our services through competitive pricing at a sustainable level, achievable through the more efficient manner in which our business is now managed. Our ability to offer both traditional licencing models and Software as a Service (SaaS) models has been well received by our customers and we believe continues to be the way in which to successfully address our market.

There is a growing momentum in our market, as our potential customers become more aware of the value of an outsourced service operation. We continue to invest in research and development to enhance the functionality of our product range and capture these wider opportunities.

We have achieved a greater level of clarity in the marketing of the ServicePower offering which is resulting in a growing pipeline. In addition, we believe our breadth of offering, being able to not only manage scheduling but also the despatching of work, warranty claims management and installation, is a unique aspect of our business which has proved beneficial in our new business initiatives and may be even more so in the year ahead.

In the coming year we will seek to increase the product development roadmap and marketing of the ServicePower brand into new verticals, while maintaining our focus on the US and UK.

Financial Review

The Company has two segments, ServiceOperations and ServiceScheduling.

Total revenue for the year increased to £18,255,000 (2009: £18,108,000). ServiceOperations revenue increased by 11% to £11,480,000 (2009: £10,310,000) whilst ServiceScheduling licence and consultancy revenue decreased by 13% to £6,775,000 (2009: £7,793,000).

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

	2010 £'000	2009 £'000
Hosting / SaaS	1,862	2,943
Operations US	2,991	2,864
Operations UK	6,627	4,503
Total	11,480	10,310

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

	2010 £'000	2009 £'000
Licences	1,544	2,405
Implementation / Support	4,786	4,746
Mobility	445	642
Total	6,775	7,793

The Company continued to invest in enhancement of functionalities across all of its product range, investing £448,000 in 2010 (2009: £556,000).

Gross profit for the year decreased by 19% to £5,102,000 (2009: £6,295,000) with the gross margin percentage decreasing from 35% to 28% due to change in product mix in revenue in the year.

The total profit before taxation was £577,000 from a loss of £4,017,000 in 2009. This includes the following;

	2010	2009
	£'000	£'000
Release/(charging) of restructuring provisions	256	(900)
Foreign exchange gain/(loss)	310	(1,196)
Impairment on intangible assets	-	(822)
Total one-time costs and foreign exchange gain/(loss)	566	(2,918)
Adjusted profit/(loss) before taxation, one-off costs and foreign exchange gain/(loss)	11	(1,099)

Basic earnings per share for the year was 0.30p (2009: loss per share of 2.2p).

Cash balances increased to £3,665,000 at 31 December 2010 from £3,543,000 at 31 December 2009. The directors cannot recommend the payment of a dividend at this time. Further information on the going concern basis of preparation is included in note 2.

Partnerships

We continue to seek partnership opportunities with global businesses, integrating with their technology offerings in order to broaden our market reach both in terms of geographies and industry verticals. A particularly significant new partnership was signed with Syclo in the year, a provider of mobile computing solutions for the field service and mobile professional sectors to whom we have outsourced our mobile offering. This partnership gives us entry into new verticals in which Syclo has a particularly strong presence such as telecoms and utilities. Having replaced the incumbent provider, the commitment from both parties towards the success of the partnership has been evidenced through the winning of the first joint contract in May.

Customers

We were pleased to sign contracts with several of our existing customers in the year to provide additional services and product capabilities. These included the deployment of ServiceStats, our new business intelligence product at Farmers Insurers, providing them with an in-depth view of workforce activity against claims; the extension of ServiceScheduling licences with [ADT Fire and Security] following their recent acquisition in the US, and the implementation of a SaaS version of our ServiceScheduling software with Pitney Bowes in North America and Europe.

We have enjoyed a good rate of new customer wins. These included a ServiceScheduling licence win with one of the world's largest claims management and loss adjusting organisations; a ServiceScheduling SaaS win with Keyword Advisors; and a ServiceOperations licence with one of the world's leader TV manufacturers, where ServicePower replaced the incumbent provider.

We were also delighted to begin work on a trial service proposition for one of the UK's leading supermarkets during the year. This trial was carried out successfully in a small region of the UK and has subsequently been rolled out into additional regions as announced in February 2011. This is a multiple home trades proposition and has the potential to be of significant scale if fully launched later in the year.

Post year end, we signed a significant multi-year licence and revenue share contract for our ServiceOperations software with Assurant Solutions, one of the world's leading speciality insurance providers. Having used our software via SaaS for over five years, Assurant Solutions has now expanded its use of ServiceOperations into claims and dispatch. Importantly, Assurant Solutions will also provide access to the ServiceOperations software to its commercial customer base, which includes some of the world's leading retailers and manufacturers. Assurant Solutions plans to develop the software platform in new directions designed to significantly improve the retail and customer experience in the extended service contract and home services industries.

This contract has the potential to be a transformational development for ServicePower, providing direct access to Assurant's global customer base. Implementation of the service has begun and we look forward to updating shareholders on the uptake by Assurant Solutions' customers in due course.

Market developments

With the provision of In Home Services estimated to be worth $700 billion globally and installation worth $200 billion, we are operating in what is clearly a valuable market. 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.

Our focus will continue to be on the North American and UK services markets, where we have flagship customers and proof of successful installations.

Products

We continued to invest in enhancements to our core ServiceScheduling and ServiceOperations products in 2010, including the launch of ServiceScheduling on SaaS and the introduction of ServiceStats, a new business intelligence product, to Scheduling customers.

The new ServiceMobility platform based on Sybase iAnywhere was expanded to support the RIM Blackberry OS and will next year be expanded to support the Apple iOs and Android.

In the year ahead, progress will continue. A major new ServiceScheduling release will add support for new platforms and operating systems, and will enable management of staff capacity at a more granular level and improve handling of non-working time, such as breaks. Further server to server integration between Service GPS will be developed and the ServicePower Workforce Analysis Tool (SWAT) product will also be expanded to integrate with forecasting. Further integration between Service Scheduling and ServiceOperations will be enhanced with a common front end.

Growth Strategy

Looking to the year ahead, our focus will continue to be on our key North American and UK markets. With the securing of recent landmark contracts we are in a position to gradually increase our headcount in the areas of product development, project management and consultancy in both geographies. We will seek to expand out of our core verticals of consumer electronics and appliances into telecoms and utilities, both directly and via our partners, and expect to see particularly exciting developments in the retail market.

Our trial contract with one of the UK's leading supermarkets has also enabled us to expand from the provision of networks of brown and white goods repairers into other trades, such as plumbing, home decorating and pest control. We are in a great position to leverage this new network for other customers.

Outlook

This has been an encouraging year for ServicePower, testament to the success of the re-engineering of the business begun in 2009. ServicePower continues to be a well-managed organisation and our market leading technology enables us to provide valuable services to some of the world's leading businesses.

As the market for outsourced service operations continues to grow, so does our market opportunity. We have entered the current financial year with a strong pipeline of new business, both in the UK and US. We will remain focused in the year ahead on our areas of strength and look forward to the capitalising on these opportunities.

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

24 March 2011

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ServicePower Technologies Plc

Consolidated income statement for the year ended 31 December 2010

		Note	2010 £'000	2009 £'000
Revenue - Service Scheduling			**6,782**	7,793
- Service Operations			**11,473**	10,315
Total revenue		**3**	**18,255**	18,108
Cost of sales			**(13,153)**	(11,813)
Gross profit			**5,102**	6,295
Administrative expenses	- other expenses		**(4,875)**	(7,219)
	- restructuring provisions release/(charge)		**256**	(900)
	- impairment of intangible assets		**-**	(822)
	- foreign exchange gain/(loss)		**310**	(1,196)
			(4,309)	(10,137)
Total profit/(loss) from operations			**793**	(3,842)
Investment revenue			**5**	2
Finance costs			**(221)**	(177)
Profit/(loss) before taxation		**4**	**577**	(4,017)
Taxation			**-**	(165)
Profit/(loss) for the year			**577**	(4,182)
Earnings/(loss) per share				
Basic		**5**	**0.30p**	(2.2)p
Diluted		**5**	**0. 30p**	(2.2)p

All amounts relate to continuing activities.

ServicePower Technologies Plc
Consolidated statement of comprehensive income for the year ended 31 December 2010

	2010 £'000	2009 £'000
Exchange differences on translation of foreign operations	**(194)**	659
Net (loss)/income recognised directly in equity	**(194)**	659
Profit/(loss) for the year	**577**	(4,182)
Total comprehensive income for the year	**383**	(3,523)

Consolidated statement of changes in equity for the year ended 31 December 2010

	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 2009	9,926	18,626	478	(1,971)	13	(3,008)	(18,939)	5,125
Loss for the period	-	-	-	-	-	-	(4,182)	(4,182)
Other comprehensive income for the period	-	-	-	659	-	-	-	659
Total comprehensive income for the period	-	-	-	659	-	-	(4,182)	(3,523)
Credit to equity for equity-settled share-based payments	-	-	80	-	-	-	-	80
Balance at 31 December 2009	9,926	18,626	558	(1,312)	13	(3,008)	(23,121)	1,682
Profit for the period	-	-	-	-	-	-	577	577
Other comprehensive income for the period	-	-	-	(194)	-	-	-	(194)
Total comprehensive income for the period	-	-	-	(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

ServicePower Technologies Plc

Consolidated balance sheet at 31 December 2010

	2010 £'000	2009 £'000
Assets		
Non-current assets		
Intangible assets	**101**	409
Property, plant and equipment	**255**	369
	356	778
Current assets		
Inventories	**42**	51
Trade and other receivables	**3,565**	4005
Cash and cash equivalents	**3,665**	3,543
	7,272	7,599
Total assets	**7,628**	8,377
Current liabilities		
Trade creditors and accruals	**(1,774)**	(3,427)
Deferred revenue	**(2,227)**	(2,005)
Other creditors	**(33)**	(30)
Convertible loan note	**(1,454)**	(1,233)
	(5,488)	(6,695)
Net assets	**2,140**	1,682
Equity		
Share capital	**9,926**	9,926
Share premium account	**18,626**	18,626
Share scheme reserve	**633**	558
Exchange translation reserve	**(1,506)**	(1,312)
Equity reserve	**13**	13
Merger reserve	**(3,008)**	(3,008)
Retained earnings deficit	**(22,544)**	(23,121)
Total equity	**2,140**	1,682

ServicePower Technologies Plc

Consolidated cash flow statement for the year ended 31 December 2010

	Note	2010 £'000	2009 £'000
Net cash inflow/(outflow) from operating activities	**6**	**327**	(122)
Investing activities			
Interest received		**5**	2
Purchases of property, plant and equipment		**(84)**	(244)
Expenditure on intangible assets		**-**	(62)
Net cash used in investing activities		**(79)**	(304)
Net increase/(decrease) in cash and cash equivalents		**248**	(426)
Cash and cash equivalents at beginning of year		**3,543**	3,956
Effect of exchange rate changes		**(126)**	13
Cash and cash equivalents at end of year		**3,665**	3,543

1 Basis of accounting

The annual financial statements have been prepared on a going concern basis and in accordance with International Financial Reporting Standards (IFRS) adopted for use in the European Union and therefore comply with those parts of the Companies Act 2006 that are applicable to companies reporting under IFRS. The Group has applied all accounting standards and interpretations issued by the International accounting Standards Board and International Financial Reporting Interpretations Committee and adopted by the European Union relevant to its operations and effective for accounting periods beginning on 1 January 2010.

Whilst the financial information included in this preliminary announcement has been computed in accordance with IFRS, this announcement does not itself contain sufficient information to comply with IFRS. The Company expects to publish full financial statements for the Group and the Company that comply with IFRS in May 2011.

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 SERVICE*Operations* business which provides a regular revenue stream and cash funding to the Group. During the prior year the Group implemented a wide-ranging cost cutting programme in order to conserve cash; the annualised savings in the year as a result of the restructuring amounts to £2,200,000.

At 31 December 2010 the Group had net assets of £2,140,000 including £3,665,000 of cash and cash equivalents (31 December 2009 – net assets of £1,682,000 including £3,543,000 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 statements on the going concern basis.

3 Business segments

Segment information reported externally is analysed on the basis of the Group's business streams namely, software licences which provide scheduling solutions and service operations 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)

Segment information about these businesses is presented below:

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

2009	**Service Scheduling 2009 £'000**	**Service Operations 2009 £'000**	**Group Total 2009 £'000**
Revenue from external sales	7,793	10,315	18,108
Segment profit before impairment	2,974	1,106	4,080
Impairment loss	-	(822)	(822)
Segment profit after impairment	2,974	284	3,258
Central administration costs – other			(5,004)
Foreign exchange loss			(1,196)
Restructuring costs			(900)
Total central administration costs			(7,100)
Investment income			2
Finance costs			(177)
Loss before tax			(4,017)
Taxation			(165)
Loss after tax			(4,182)

Segment profit represent the profit earned by each segment without allocation of the share of the profits, central administration costs including directors' salaries, 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.

The Group sells software licences to global organisations which may have lengthy procurement processes. For this reason forecasting revenue relating to these contracts is unpredictable and the cash receipts therefore uneven.

3 Business segments (continued)

Segment assets

	2010 £'000	2009 £'000
ServiceScheduling	**2,325**	1,730
ServiceOperations	**1,636**	3,090
Total segment assets	**3,961**	4,820
Unallocated assets	**3,667**	3,557
Total consolidated assets	**7,628**	8,377

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.

Other segment information

	Depreciation and amortisation and impairment losses		Additions to non-current assets	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
ServiceScheduling	**82**	65	**59**	53
ServiceOperations	**451**	1,350	**25**	253
Group total	**533**	1,415	**84**	306

Revenues from major products and services were as follows:

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

	2010 £'000	2009 £'000
ServiceScheduling	**6,782**	7,793
ServiceOperations	**11,473**	10,315
Group total	**18,255**	18,108

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	
	2010	**2009**	**2010**	**2009**
	£'000	**£'000**	**£'000**	**£'000**
United States of America	**8,994**	10,241	**285**	675
United Kingdom	**9,207**	7,788	**71**	103
Rest of Europe	**54**	79	**-**	-
	18,255	18,108	**356**	778

Information about major customers

In 2009, included in revenues arising from ServiceScheduling were revenues of approximately £2.1 million from one customer which represented more than 10% of Group revenue. In 2010 this customer contributed revenues of £0.9 million which is less than 10% of Group revenue.

Included in revenues arising from ServiceOperations are revenues of approximately of £5.0 million (2009: £2.5 million) and £2.0 million (2009: £2.1 million) which arose from sales to customers whose turnover represent more than 10 per cent of Group revenue.

4 Profit/(loss) before taxation

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

	2010	**2009**
	£'000	**£'000**
Net foreign exchange (gains)/losses	**(310)**	1,196
Research and development costs	**448**	645
Depreciation of property, plant and equipment	**209**	144
Amortisation of internally generated intangible assets	**324**	423
Staff costs	**4,529**	7,357
Impairment loss recognised on trade receivables	**49**	68
Impairment loss recognised on intangible assets	**-**	822
Cost of inventories recognised as an expense	**11**	7
Restructuring provision (release)/charge	**(256)**	900
Auditor's remuneration for audit services	**63**	71

Amounts payable to Deloitte LLP and their associates by the Group in respect of non-audit services were £7,000 (2009: £43,000).

During 2009, a Group-wide restructuring was carried out which resulted in the average number of staff employed during the year reduce to 104 compared to 137 in the previous year. Liabilities which were not subsequently utilised relating to the restructuring were released in the year.

At the end of 2009, the Board, having reviewed the business strategy for a project known as FSS in a box, concluded that the product development expenditure held as an intangible asset, to the value of £822,000 should be fully impaired.

5 Earnings per share

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

Earnings/(loss)

	2010	**2009**
	£'000	**£'000**
Earnings/(loss) for the purposes of basic earnings per share being net profit/(loss) attributable to equity holders of the parent	**577**	(4,182)
Earnings/(loss) for the purposes of diluted earnings per share	**577**	(4,182)

Number of shares

	2010	**2009**
	Number	**Number**
Weighted average number of ordinary shares for the purposes of basic earnings/(loss) per share	**189,526,299**	189,526,299
	189,526,299	189,529,299

Earnings/(loss) per share

	2010 pence	**2009 pence**
Basic earnings/(loss) per share	**0. 30p**	(2.2)p
Diluted earnings/(loss) per share	**0. 30p**	(2.2p)

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

	2010 £'000	2009 £'000
Profit/(loss) from operations	**793**	(3,842)
Adjustments for:		
Depreciation of property, plant and equipment	**209**	144
Amortisation of intangible assets	**324**	423
Impairment losses on intangible assets	**-**	822
Bad debt expense	**49**	83
Share-based payments expense	**75**	80
Loss on disposal of property, plant and equipment	**-**	24
Operating cash flows before movements in working capital	**1,450**	(2,266)
Decrease in inventories	**8**	7
Decrease in receivables	**435**	55
(Decrease)/increase in payables	**(1,616)**	1,932
Cash generated by operations	**277**	(272)
Income taxes received	**50**	150
Net cash from operating activities	**327**	(122)

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 2010 or 2009, but is derived from those accounts. Statutory accounts for 2009 have been delivered to the Registrar of Companies and those for 2010 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.