servoca Plc

solutions through innovation

(formerly Multi Group Plc)

Annual Report

For the year ended 31 March 2007

Contents

Corporate information

Directors

Bob Morton, FCA	Non-Executive Chairman
Darren Browne	Chief Executive Officer
Andrew Brundle, C Dir, MSI, CF, ACCA	Chief Financial Officer
Miles Davis	Executive Director
Tony Rogers, BA	Executive Director
John Foley, FCA, Barrister	Non-Executive Director

Company Secretary and Registered Office
Andrew Brundle
41 Whitcomb Street
London WC2H 7DT

Registrars
Capita IRG Plc
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Brokers and Financial Advisors
JM Finn Capital Markets Limited
4 Coleman Street
London EC2R 5TA

Company number
2641313

Bankers
Royal Bank of Scotland Plc
Silbury House
300 Silbury Boulevard
Milton Keynes MK9 2ZF

Solicitors
Memery Crystal LLP
44 Southampton Buildings
London WC2A 1AP

Auditors
BDO Stoy Hayward LLP
Emerald House
East Street
Epsom
Surrey KT17 1HS

Chairman's Statement

For the year ended 31 March 2007

Introduction

The year ended 31 March 2007 was the second year of significant losses. The two years ended 31 March 2007 were both substantially impacted upon by the underperformance of acquisitions made during 2005 and the acquisition and subsequent disposal of Global Medics Limited during 2006.

Multi Group Plc, which changed its name to Servoca Plc on 7 June 2007, now incorporates the business of Dream Group Limited. The board has been restructured and the integration process of Multi Group and Dream is complete.

Financial review

During the year ended 31 March 2007, the Group reported turnover of £11.2 million on which it achieved gross profit of £2.7 million. Of this, £7.1 million relates to turnover of continuing businesses, on which it achieved gross profit of £1.7 million. Comparison with previous years is not considered meaningful given the various acquisitions and disposals of businesses within the Group during this time.

The operating loss, prior to an impairment charge of £4.2 million against the carrying value of goodwill in the Group's trading subsidiaries and a £0.8 million provision for business restructuring, was £1.9 million during the period. In aggregate, the Group has reported a loss for the year ended 31 March 2007 of £7.0 million.

Board changes

Following the reverse acquisition of the Group by Dream on 7 June 2007, Oliver Cooke stepped down as Executive Chairman and Darren Browne was appointed as the Chief Executive Officer to restructure the Group and lead its future development. Miles Davis and Tony Rogers also joined the board as Executive Directors.

Janet Barn stepped down from the main board and became the managing director of the Group's Medical division.

David Marks stepped down as a Non-Executive Director. Bob Morton and John Foley, who have a wealth of successful business and public company experience, joined the board as Non-Executive Chairman and Non-Executive Director respectively.

Post balance sheet events

On 7 June 2007, the Company simplified its share structure by consolidating every one hundred ordinary shares of 0.1p each into one ordinary share of 10p each. Following this consolidation, 5,447,048 ordinary shares of 10p each were in issue.

On the same date, the Company raised £4 million, before expenses, through a placing of 16,000,000 ordinary shares of 10p each at an issue price of 25p per share.

On the same date, the Company acquired 99.97% of the issued share capital of Dream Group Limited for a total consideration of £4.46 million, satisfied in full by the issue of 17,839,944 ordinary shares of 10p each at 25p per share.

On 31 July 2007, the Company acquired, as a going concern, the business, trade and assets of a business trading as Windsor Recruitment ("Windsor") from the administrators Vantis Group Limited. Windsor provides recruitment services in respect of qualified nurses, care assistants and social work professionals.

The Company paid an initial cash consideration of £1.37 million, of which £1.16 million relates to the debtor book, with the remaining £0.21 million paid in respect of the business, trade and other assets acquired. Performance related deferred consideration will be payable in cash for each of the two 12 month periods following the acquisition and is capped at £0.30 million. Note 28 to the financial statements provides further information in respect of the performance criteria attached to this consideration.

Chairman's Statement continued

For the year ended 31 March 2007

Accounting reference date change

The board have decided that following the publication of these results the accounting reference date should be changed to 30 September. This will ensure that future results from 1 October 2007 will more accurately reflect the composition and focus of the new enlarged Group.

International Financial Reporting Standards

Servoca will adopt International Financial Reporting Standards for the first time for its six month accounting period commencing on 1 April 2007 and the conversion process to the new accounting standards is currently underway.

Under IFRS 3 "Business Combinations", the recent acquisition of Dream Group Limited is deemed to constitute a reverse acquisition and, as such, the financial statements of the Group going forward will be a continuation of Dream's financial statements.

Furthermore, the goodwill arising on the acquisition will be that generated on the consolidation of the existing Group companies. It is currently anticipated that this goodwill will be significantly greater than the carrying value at 31 March 2007, as assessed by the directors in the preparation of these financial statements. It is therefore expected that a further goodwill impairment charge will be required in the six month accounting period to 30 September 2007 to reflect the appropriate carrying value accordingly.

Summary and prospects

Following the reverse acquisition and the £4 million (before expenses) raised by way of a placing, Servoca now has a stable and well financed platform, a strong board and the prospects for growth both by organic initiatives and by pursuit of carefully selected bolt on and strategic acquisitions.

The board view the future with confidence.

Bob Morton
Chairman
28 September 2007

Chief Executive Officer's Statement

For the year ended 31 March 2007

Overview

Following the reverse takeover and change in Multi Group's name to Servoca Plc on 7 June 2007, we were faced with two challenges, the first to deal with legacy issues from the old Multi business and the second to implement our strategy for the future of the new businesses that make up the enlarged Servoca Plc.

I am pleased to report that this statement marks the completion of the first task, in which we have comprehensively dealt with all legacy issues and are now in an excellent position to move forward. Following the raising of £4 million (before expenses) on 7 June 2007 by way of a placing, the Group is now in a strong financial position.

The Board has been substantially strengthened by the appointment of Bob Morton (Non-Executive Chairman) and John Foley (Non-Executive Director) both of whom are invaluable to the new strategy of the Group and their combined experience will help the Company execute its plans.

Servoca is now focused on two distinct divisions, being **Resourcing** and **Security Services**.

Strategy and delivery

Resourcing

The new combined Group now has a significant foothold within the UK Resourcing sector. Within **Medical** and **Care** we now have four trading brands **Berry, TLP, Dream** and **Windsor** and these brands supply a broad spectrum of skills providing allied health professionals, nurses, domiciliary care, social workers and other associated specialisations. With this platform in place we look forward to adding other specialist **Medical** and **Care** organisations to our portfolio, to further enhance our offering to the UK Health sector. Although this sector has been challenging in recent years, I am pleased to report that the specific sectors and geographical locations that our companies are trading in are encouraging with many opportunities.

The second area of resourcing that Servoca trade within is the **Education** sector and through our brand Dream Education we continue to grow our market presence both in the UK and abroad. Dream Education provides long term qualified teachers mostly within secondary schools and we are actively looking to grow organically and by acquisition into other specialist areas of education recruitment.

Our third division within resourcing provides staff to the **Criminal Justice** sector – Local and National Government and the Private Sector generally, but also, more specifically, to police constabularies. Through our newly created brand **Servoca Dream** I am pleased to report that we are now trading with the vast majority of the 43 constabularies in England and Wales and have a number of clients in other parts of the UK and overseas. We consider this area to have significant organic growth potential and we are currently investing significant time and resource to maximise our potential in this exciting market.

Within the resourcing sector we are expecting organic growth from all existing companies and seek to make a number of other strategic acquisitions throughout the coming year.

Security Services

With the creation of the enlarged Servoca, we acquired a criminal justice outsourcing division that was housed within Dream Group Limited. The Division has enjoyed particular success in the areas of criminal justice training, crime training, the outsourcing of cold case reviews, business process outsourcing and the provision of highly experienced teams into sensitive areas. Most recently we have been able to extend our reach to include a forensic offering to the UK Police Service and we are now planning to grow our forensic service offering further, to both the criminal justice sector within the UK and abroad. This division will be grown independently of the resourcing division, and we are now negotiating to acquire additional companies with whom we have synergy. The Group will maintain its current aggressive internal investment program which will enable Servoca to maximise the organic growth within this fast growing sector.

Servoca intend to build this division to become a significant provider of high end specialist security services to this sector. We are in the process of recruiting additional senior management in order to assist us in achieving our challenging goals.

Chief Executive Officer's Statement continued

For the year ended 31 March 2007

Outlook

To shape and deliver the future of the Group we rely upon the people that work within our organisation. At Servoca we are extremely fortunate to have exceptionally committed people who work tirelessly on behalf of our customers to deliver real innovation and customer satisfaction.

The Board looks forward with confidence to execute its plans and deliver increasing shareholder value over the coming years.

Darren Browne
Chief Executive Officer
28 September 2007

Report of the directors

For the year ended 31 March 2007

The directors present their report together with the audited financial statements for the year ended 31 March 2007.

Principal activities, trading review and future developments

The principal activity of the Group is that of recruitment and outsourcing. The principal activity of the Company is that of a holding company. A review of the year's trading and future developments is included in the Chief Executive Officer's Statement.

The Company changed its name to Servoca Plc from Multi Group Plc on 7 June 2007.

Results and dividends

The consolidated profit and loss account is set out on page 14 and shows the loss for the year.

No dividends were paid during the year and no final dividend is proposed.

Share capital

Full details of the changes in share capital during the year are set out and explained in note 18 to the financial statements.

On 7 June 2007, the Company simplified its share structure by consolidating every one hundred ordinary shares of 0.1p each into one ordinary share of 10p each.

Principal risks and uncertainties

The principal risks arising from the Group's financial instruments and the policies in respect of them are set out in note 15 to the financial statements.

Servoca has also identified further, market-based risks and uncertainties to which the business is exposed. The most significant of these are set out below:

- Changes in government spending and policy
- Changes in regulation
- Failure to continue to be registered for supply with PASA , CSCI, the Home Office and others that are required for the operation of the various businesses of Servoca to trade in their respective specialist fields. There is no short term risk in this area.
- Failure to attract candidates of sufficient quality and in sufficient volume
- Loss of management or key sales staff
- Ability to identify suitable acquisition targets

The board meets on a regular basis to discuss the continuing management of these risks and uncertainties and identify any new exposures as they arise.

Report of the directors continued

For the year ended 31 March 2007

Directors

	Office held	Appointed	Resigned
Oliver Cooke	Chairman		07/06/07
Janet Barn	Executive		07/06/07
David Marks	Non-Executive		07/06/07
Diana Cornish	Non-Executive		31/03/07
Justyn Randall	Executive		28/07/06
Andrew Brundle	Chief Financial Officer		
Darren Browne	Chief Executive Officer	07/06/07	
Miles Davis	Executive	07/06/07	
Tony Rogers	Executive	07/06/07	
Bob Morton	Non-Executive Chairman	07/06/07	
John Foley	Non-Executive	07/06/07	

Interests in shares

The directors of the Company at the end of the year and their respective beneficial interests in its issued share capital were as follows:

	31 March 2007 Ordinary shares of 0.1p each Number	31 March 2006 Ordinary shares of 0.1p each Number
Directors		
Oliver Cooke	4,000,000	4,000,000
Andrew Brundle	7,236,649	7,236,649
Janet Barn	–	–
David Marks	–	–

As part of the Placing of shares on 7 June 2007, Darren Browne, Andrew Brundle and John Foley applied for and were allotted 2,000,000, 128,000 and 1,200,000 ordinary shares of 10p each respectively, at a consideration of 25p per share.

On the same date, Darren Browne and Miles Davis were allotted 5,287,775 and 805,765 ordinary shares of 10p each respectively, as consideration for their interest in the share capital of Dream Group Limited.

Also on the same date, Darren Browne, Miles Davis and Tony Rogers were each awarded and allotted 400,000 ordinary shares of 10p each under the newly created Servoca Plc 2007 Share Incentive Plan.

Following the above transactions, the current directors' holdings in the enlarged share capital of the Company are as follows:

	7 June 2007 Ordinary shares of 10p each Number
Directors	
Bob Morton	–
Darren Browne	7,687,775
Andrew Brundle	200,366
Miles Davis	1,205,765
Tony Rogers	400,000
John Foley	1,200,000

Interests in share options

At the balance sheet date the directors then in office held options to subscribe for ordinary shares as follows:

	Exercise price	Date of grant	Date first exercisable	Date of expiry	Ordinary shares of 0.1p each 31 March 2007	Potential gains on options at 31 March 2007 £'000
Directors						
Oliver Cooke	1.0p	17/11/03	17/11/03	16/11/13	9,000,000	–
Andrew Brundle	1.0p	17/11/03	17/11/04	16/11/09	2,500,000	–
David Marks	3.75p	08/11/04	08/05/06	08/11/10	500,000	–

The mid-market price of the Company's shares on 31 March 2007 was 1 pence.

The lowest price during the year from 1 April 2006 to 31 March 2007 was 0.3 pence and the highest price during the year was 1.8 pence. The potential gains on share options have been calculated by reference to the market value of the shares under option at 31 March 2007 less the cost of purchasing those shares at the relevant exercise price.

Information on directors

Bob Morton, FCA – Non-Executive Chairman

Aged 65, Bob is a Chartered Accountant with substantial public company experience. He is currently Chairman of Armour Group Plc, Harrier Group Plc, Tenon Group Plc and St. Peters Port Capital Limited. In addition he holds directorships in several private companies.

Darren Browne – Chief Executive Officer

Aged 40, Darren founded and was the Chief Executive of Dream Group Limited. He successfully built it into a specialist public sector outsourcing and recruitment organisation before it was acquired by Multi in 2007. He was previously a divisional director with Hays Plc for 10 years with responsibility for running their IT consulting division, Hays Information Technology. He is also a non-executive director of a number of private limited companies.

Andrew Brundle, C Dir, MSI, CF, ACCA – Chief Financial Officer & Company Secretary

Aged 43, Andrew is a Chartered Certified Accountant, a Chartered Director, holds an Honours degree in Accounting and is a member of the Securities & Investment Institute. He also holds the ICAEW's Corporate Finance Qualification, CF. Andrew joined the Company in May 1995 as Financial Controller and was appointed to the Board as Chief Financial Officer in March 1998.

Miles Davis – Executive Director

Aged 38, Miles was a founding director of Dream Group Limited in 2000 and was its Managing Director when it was acquired by Multi in 2007. Prior to 2000, he spent over 10 years in the recruitment industry, primarily within information and technology and headhunting in the financial and securities market.

Tony Rogers, BA – Executive Director

Aged 54, Tony is a former Assistant Chief Constable, holds a batchelor degree and also a diploma in Applied Criminology from Cambridge. His portfolio included membership of the ACPO Crime, Terrorist and Intelligence and Organised Crime Committees and Chair of the ACPO Homicide Working Group and ALL Wales Senior Detectives Committee. He was a lead in the introduction of professional standards and training for investigators and undertook reviews for the HMIC and Home Office. He continues to be a member of ACPO and advises police forces on major crime.

Report of the directors continued

For the year ended 31 March 2007

Information on directors (continued)

John Foley, FCA, Barrister – Non-Executive Director

Aged 51, John is a Chartered Accountant and a Barrister. He is a successful public company director having served on many boards in senior roles. He recently served as CEO of Maclellan Group Plc from 1994 until its successful disposal to Interserve Plc for £120 million during 2006. He currently holds a number of directorships in a wide range of private companies.

Substantial shareholders

At 24 September 2007 those shareholders, other than directors, which had notified the Company of a disclosable interest of 3 per cent or more in the share capital of Servoca Plc are set out below:

Holder	Ordinary shares of 10p each	Percentage
Seraffina Holdings Limited	8,120,929	19.9
Southwind Limited	4,247,048	10.4
Retro Grand Limited	2,000,000	4.9

Payment to suppliers

The Group's policy for all suppliers is to fix terms of payment when agreeing the terms of business transactions, to ensure the supplier is aware of those terms and to abide by the agreed terms of payment. The number of average days purchases of the Company represented by trade creditors at 31 March 2007 was 65 days (31 March 2006: 67 days).

Donations

During the year the Group made no charitable or political donations (2006: £nil).

Financial instruments

Details of Group and Company's use of financial instruments and their associated risks are given in note 15 to the financial statements.

Directors' responsibilities

The directors are responsible for preparing the Annual Report and financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of the affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the Group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation from other jurisdictions. The maintenance and integrity of the Group's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

A resolution to appoint BDO Stoy Hayward LLP as auditors will be proposed at the next annual general meeting of the Company.

This report was approved by the Board of Directors on 28 September 2007 and signed on its behalf by

Andrew Brundle
Company Secretary
28 September 2007

Report of the independent auditors

To the shareholders of Servoca Plc

We have audited the group and parent company financial statements (the "financial statements") of Servoca Plc for the year ended 31 March 2007 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 and whether information given in the Directors' Report is consistent with those financial statements. We also report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Chairman's Statement, the Chief Executive Officer's Statement and the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the group financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group's affairs as at 31 March 2007 and of the its loss for the year then ended;
- the parent company financial statements give a true and fair view, in accordance with the United Kingdom Generally Accepted Accounting Practice, of the state of the parent company's affairs at 31 March 2007;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

BDO Stoy Hayward LLP
Chartered Accountants
and Registered Auditors
Epsom, Surrey
KT17 1HS
28 September 2007

Consolidated profit and loss account

For the year ended 31 March 2007

	Note	Year ended 31 March 2007 Continuing Operations £'000	Year ended 31 March 2007 Discontinued Operations £'000	Year ended 31 March 2007 Total £'000	15 months ended 31 March 2006 Total £'000
Turnover	23	**7,089**	**4,142**	**11,231**	15,979
Cost of sales		**5,357**	**3,184**	**8,541**	11,957
Gross profit		**1,732**	**958**	**2,690**	4,022
Other operating expenses	2	**8,522**	**1,075**	**9,597**	13,526
Operating loss before goodwill impairment and provision for business restructuring		**(1,797)**	**(117)**	**(1,914)**	(1,628)
Goodwill impairment (note 9)		**(4,183)**	**–**	**(4,183)**	(7,876)
Provision for business restructuring		**(810)**	**–**	**(810)**	–
Operating loss	6	**(6,790)**	**(117)**	**(6,907)**	(9,504)
Profit on disposal of operation	22	**2**	**–**	**2**	–
Loss on ordinary activities before interest		**(6,788)**	**(117)**	**(6,905)**	(9,504)
Interest receivable and similar income				**3**	146
Interest payable and similar charges	7			**(115)**	(121)
Loss on ordinary activities before taxation				**(7,017)**	(9,479)
Taxation	8			**(1)**	(5)
Loss on ordinary activities after taxation				**(7,018)**	(9,484)
Minority interests	17			**(15)**	(23)
Loss for the financial year	19			**(7,033)**	(9,507)
				Pence	**Pence**
Loss per share:					
From continuing and discontinued operations					
– Basic	5			**(1.28)**	(2.75)
– Diluted	5			**(1.28)**	(2.75)
From continuing operations					
– Basic	5			**(1.26)**	(2.60)
– Diluted	5			**(1.26)**	(2.60)

Recognised gains and losses for the current and preceding period are wholly represented by the above consolidated profit and loss account.

The notes on pages 18 to 35 form part of these financial statements.

Consolidated balance sheet

At 31 March 2007

	Note	31 March 2007 £'000	31 March 2007 £'000	31 March 2006 £'000	31 March 2006 £'000
Fixed assets					
Intangible assets	9		**514**		6,277
Tangible assets	10		**126**		285
			640		6,562
Current assets					
Debtors	12	**1,054**		2,778	
Cash at bank and in hand		**55**		530	
		1,109		3,308	
Creditors: amounts falling due within one year	13	**(2,063)**		(5,836)	
Net current liabilities			**(954)**		(2,528)
Total assets less current liabilities			**(314)**		4,034
Creditors: amounts falling due after more than one year	14	**(4)**		(2,600)	
Provisions for liabilities	16	**(823)**		(37)	
			(827)		(2,637)
Minority interests	17		**–**		(55)
Net (liabilities)/assets			**(1,141)**		1,342
Capital and reserves					
Called up share capital	18		**545**		585
Share premium account	19		**6,512**		5,682
Capital redemption reserve	19		**6,036**		2,276
Merger reserve	19		**96**		800
Profit and loss account	19		**(14,330)**		(8,001)
Shareholders' (deficit)/funds	20		**(1,141)**		1,342

The financial statements were approved by the Board and authorised for issue on 28 September 2007.

Darren Browne
Chief Executive Officer

Andrew Brundle
Chief Financial Officer

The notes on pages 18 to 35 form part of these financial statements.

Company balance sheet

At 31 March 2007

	Note	31 March 2007 £'000	31 March 2007 £'000	31 March 2006 £'000	31 March 2006 £'000
Fixed assets					
Tangible assets	10		**78**		122
Investments	11		**6,114**		10,365
			6,192		10,487
Current assets					
Debtors	12	**204**		95	
Cash at bank and in hand		**1**		363	
		205		458	
Creditors: amounts falling due within one year	13	**(679)**		(3,028)	
Net current liabilities			**(474)**		(2,570)
Total assets less current liabilities			**5,718**		7,917
Creditors: amounts falling due after more than one year	14	**(6,703)**		(8,873)	
Provisions for liabilities	16	**(452)**		(37)	
			(7,155)		(8,910)
Net liabilities			**(1,437)**		(993)
Capital and reserves					
Called up share capital	18		**545**		585
Share premium account	19		**6,512**		5,682
Capital redemption reserve	19		**6,036**		2,276
Profit and loss account	19		**(14,530)**		(9,536)
Shareholders' deficit	20		**(1,437)**		(993)

The financial statements were approved by the Board and authorised for issue on 28 September 2007.

Darren Browne
Chief Executive Officer

Andrew Brundle
Chief Financial Officer

The notes on pages 18 to 35 form part of these financial statements.

Consolidated cash flow statement

For the year ended 31 March 2007

	Note	Year ended 31 March 2007 £'000	15 months ended 31 March 2006 £'000
Reconciliation of operating loss to net cash outflow from operating activities			
Operating loss		**(6,907)**	(9,504)
Depreciation and amortisation charges		**435**	389
Loss on disposal of fixed assets		**64**	2
Goodwill impairment (note 9)		**4,183**	7,876
Decrease/(increase) in debtors		**470**	(87)
Increase in creditors		**469**	350
Increase in provisions		**786**	2
Net cash outflow from operating activities		**(500)**	(972)
Cash flow statement			
Net cash outflow from operating activities		**(500)**	(972)
Returns on investments and servicing of finance	25a	**(112)**	25
Taxation paid		**(256)**	(176)
Capital expenditure and financial investment	25a	**(133)**	(136)
Acquisitions and disposals	25a	**703**	(5,887)
Cash outflow before financing		**(298)**	(7,146)
Financing	25a	**247**	1,651
Decrease in cash in the year/period		**(51)**	(5,495)
Reconciliation of net cash flow to movement in net debt (note 25b)			
Decrease in cash in the year/period		**(51)**	(5,495)
Cash outflow from decrease in debt and lease financing		**3**	–
Change in net debt resulting from cash flows		**(48)**	(5,495)
Debt waived/converted on disposal of subsidiary undertaking		**4,100**	–
Reduction in and non-cash settlement of debt		**1,140**	(5,240)
Inception of finance leases		**(10)**	–
Movement in net debt in the year/period		**5,182**	(10,735)
Net (debt)/funds at start of the year/period		**(5,727)**	5,008
Net debt at end of the year/period	25b	**(545)**	(5,727)

The notes on pages 18 to 35 form part of these financial statements.

Notes forming part of the financial statements

For the year ended 31 March 2007

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

In preparing these financial statements the Group has adopted for the first time FRS 20 “Share-based payment”. Further details have been provided in note 18.

The following principal accounting policies have been applied:

Basis of consolidation

The consolidated financial statements incorporate the results of Servoca Plc and all of its subsidiary undertakings, made up to 31 March 2007, using the acquisition method of accounting. Where the acquisition method is used, the results of subsidiary undertakings are included from the date of the acquisition.

Turnover

Turnover represents the total amount receivable for the provision of services to customers net of value added tax. Income from temporary placements is recognised over the duration of a period of work. Income from permanent placements is recognised at the point of acceptance by both parties when the Group’s contractual obligations have been fulfilled.

Goodwill

Goodwill arising on the acquisition of a subsidiary undertaking is the difference between the fair value of the consideration payable and the fair value of the assets and liabilities acquired. It is capitalised and amortised through the profit and loss account over the directors’ estimate of its useful economic life. The Board reviews the amortisation period of goodwill arising on each acquisition and allocates the most appropriate period based upon the Board’s estimate of the useful life of that acquisition. Impairment tests on the carrying value of goodwill are undertaken at the end of the first financial year following acquisition and in other periods if events or circumstances indicate that the carrying value may not be recoverable.

Goodwill arising in the period is being amortised evenly over its presumed useful economic life of 20 years.

In calculating the goodwill, the total consideration, both actual and deferred, is taken into account. Where the deferred consideration is payable in cash, the liability is discounted to its present value where the impact is material. Where the deferred consideration is contingent and dependant upon future trading performance, an estimate of the present value of the likely consideration payable is made. This contingent deferred consideration is re-assessed at each financial reporting period date and corresponding adjustment is made to the goodwill on acquisition.

Investments

Shares in subsidiary undertakings are stated at cost less provision for any impairment in value.

Depreciation

Fixed assets are stated at historical cost less accumulated depreciation. Depreciation has been calculated at the following rates:

Fixtures and fittings	– either 25% on a reducing balance basis or 10%-25% on cost
Office equipment	– 25% on a reducing balance basis
Motor vehicles	– 25%-33% on a reducing balance basis
Computer equipment	– 3-4 years on a straight line basis
Leasehold improvements	– over the term of lease

Invoice discounting

The Group operates invoice discounting facilities on its trade debtors. Advances of between 85% and 90% of the agreed balances can be drawn down in advance. Interest is payable at varying commercial rates on balances drawn.

Deferred taxation

Deferred taxation balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that deferred tax assets are only recognised to the extent that it is considered more likely than not that these are recoverable. Deferred taxation balances are not discounted.

Foreign currency

Foreign currency transactions of individual companies are translated at the rates ruling when they occurred. Foreign currency assets and liabilities are translated at the rate of exchange ruling at the balance sheet date. Any differences are taken to the profit and loss account.

1 Accounting policies (continued)

Financial instruments

Financial instruments are recognised initially and subsequently at cost.

The Group does not hold or issue derivative financial instruments for trading purposes.

Financial liability and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Dividends on shares wholly recognised as liabilities are recognised as expenses and classified within interest payable.

Leased assets

Finance leases

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown in the amounts payable to the lessor. Depreciation of the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

Operating leases

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight line basis over the term of the lease.

Pension costs

The Group operates some defined contribution pension schemes. There is a self-administered scheme for certain executive directors and Group Personal Pension Plans for staff. The assets of these schemes are held separately from those of the Group in independently administered funds. The pension cost charge represents contributions payable by the Group to the schemes for the year.

Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of the grant is charged to the profit and loss account over the vesting period. Non-market conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the profit and loss account over the remaining vesting period.

Where an equity instrument is granted to a person other than an employee, the profit and loss account is charged with the fair value of goods and services received.

Notes forming part of the financial statements

For the year ended 31 March 2007

2 Other operating expenses and corresponding figures

	Year ended 31 March 2007 Continuing operations £'000	Year ended 31 March 2007 Discontinued operations £'000	Year ended 31 March 2007 Total £'000	15 months ended 31 March 2006 Total £'000
Selling and distribution costs	**1,595**	**706**	**2,301**	3,151
Administrative expenses	**6,927**	**369**	**7,296**	10,375
	8,522	**1,075**	**9,597**	13,526

The analysis between continuing and discontinued operations for the period ended 31 March 2006 is shown below. Activities discontinued in the year ended 31 March 2007 are shown as part of discontinued activities.

	15 months ended 31 March 2006 Continuing operations £'000	15 months ended 31 March 2006 Discontinued operations £'000	15 months ended 31 March 2006 Total £'000
Turnover	6,845	9,134	15,979
Cost of sales	4,983	6,974	11,957
Selling and distribution costs	1,360	1,791	3,151
Administrative expenses	9,440	935	10,375
	10,800	2,726	13,526
Operating loss	(8,938)	(566)	(9,504)

3 Employees

	Group Year ended 31 March 2007 £'000	Group 15 months ended 31 March 2006 £'000	Company year ended 31 March 2007 £'000	Company 15 months ended 31 March 2006 £'000
Staff costs, including executive directors, consist of:				
Wages and salaries	**2,310**	2,836	**754**	496
Social security costs	**250**	295	**82**	48
Pension contributions	**51**	47	**29**	29
	2,611	3,178	**865**	573

The average monthly number of employees, including directors, during the year was as follows:

	Number	Number	Number	Number
Operations	**2**	–	**2**	–
Sales	**42**	63	**–**	–
Financial and administration	**16**	21	**10**	6
	60	84	**12**	6

4 Directors' remuneration

Total remuneration was as follows:

	Year ended 31 March 2007 £'000	15 months ended 31 March 2006 £'000
Fees	**–**	6
Salaries	**406**	305
Benefits	**40**	35
Total emoluments	**446**	346
Amounts paid to 3rd parties for directors' services	**–**	5
Pension contributions	**27**	27
	473	378
Remuneration of the highest paid director:		
Emoluments	**144**	174
Pension contributions	**13**	16
	157	190

During the year, one director had benefits accruing under the defined contribution pension scheme (2006: one) and payments were made for two directors to self administered pension schemes (2006: one).

As mentioned in the Chief Executive Officer's Statement, Oliver Cooke formally stood down as Executive Chairman on the acquisition of Dream Group Limited on 7 June 2007. In addition to the remuneration figures above, a provision has been made in these financial statements for the onerous payments due to him under his service contract. This includes compensation for loss of office of £35,000. The company has also entered into a twelve month consultancy agreement with Corrib Associates, of which he is a partner, for the sum of £66,000 in total, which is payable monthly.

5 Loss per share

The calculation of loss per share for the year ended 31 March 2007 is based on a weighted average number of shares in issue during the year of:

	Basic	**Dilutive effect of share options and shares to be issued**	**Diluted**
31 March 2007	**550,896,601**	**–**	**550,896,601**
31 March 2006	345,698,375	–	345,698,375

The loan notes, convertible redeemable preference shares and part of the deferred consideration payable have been excluded from the diluted loss per share calculations for the periods ended 31 March 2006 and 31 March 2007 as they are anti-dilutive.

The above same number of shares are used in all of the loss per share calculations below.

Additional disclosure is also given in respect of loss per share before goodwill impairment and provision for business restructuring, as the directors believe this gives a more accurate presentation of maintainable earnings.

Notes forming part of the financial statements

For the year ended 31 March 2007

5 Loss per share (continued)

Year ended 31 March 2007	**Continuing operations £'000**	**Discontinued operations £'000**	**Total £'000**
Loss used for basic and diluted calculation	**(6,916)**	**(117)**	**(7,033)**
Goodwill impairment and provision for business restructuring	**4,993**	**–**	**4,993**
Loss before goodwill impairment and provision for business restructuring	**(1,923)**	**(117)**	**(2,040)**
	Pence	**Pence**	**Pence**
Basic and diluted loss per share	**(1.26)**	**(0.02)**	**(1.28)**
Goodwill impairment and provision for business restructuring	**0.91**	**–**	**0.91**
Basic and diluted loss per share before goodwill impairment and provision for business restructuring	**(0.35)**	**(0.02)**	**(0.37)**

15 months ended 31 March 2006	Continuing operations £'000	Discontinued operations £'000	Total £'000
Loss used for basic and diluted calculation	(8,941)	(566)	(9,507)
Goodwill impairment and provision for business restructuring	7,876	–	7,876
Loss before goodwill impairment and provision for business restructuring	(1,065)	(566)	(1,631)
	Pence	Pence	Pence
Basic and diluted loss per share	(2.60)	(0.15)	(2.75)
Goodwill impairment and provision for business restructuring	2.28	–	2.28
Basic and diluted loss per share before goodwill impairment and provision for business restructuring	(0.32)	(0.15)	(0.47)

6 Operating loss	**Year ended 31 March 2007 £'000**	15 months ended 31 March 2006 £'000
Operating loss is stated after charging:		
Depreciation of tangible assets	**147**	124
Goodwill impairment (see note 9)	**4,183**	7,876
Amortisation of goodwill	**288**	265
Loss on disposal of fixed assets	**64**	2
Invoice discounting administration charge	**43**	40
Abortive acquisition/fundraising costs	**93**	158
Provision for business restructuring (see below)	**810**	–
Operating lease rentals:		
– plant and machinery	**22**	28
– other	**92**	193
Auditors' remuneration:		
– audit services	**55**	55
– corporate finance and business tax advice	**58**	4

In addition to the above, in the current year the auditors also received fees for corporate finance services totalling £40,000 in connection with aborted acquisitions and £15,000 in connection with the disposal of Global Medics Limited (see note 22).

As announced by the Company in February 2007, the Board has embarked on a detailed strategic review of the business and implementation of a significant restructuring and cost cutting exercise. As part of this procedure, there has been a provision made in the year of £810,000 for restructuring costs, which is largely made up of salaries, termination costs and provisions for vacant property costs.

7 Interest payable and similar charges

	Year ended 31 March 2007 £'000	15 months ended 31 March 2006 £'000
Bank overdrafts repayable on demand	**2**	5
Interest on invoice discounting	**79**	104
Other loans wholly repayable within five years	**33**	12
Finance lease charges	**1**	–
	115	121

8 Taxation on loss on ordinary activities

	Year ended 31 March 2007 £'000	15 months ended 31 March 2006 £'000
(a) Analysis of charge for the year/period:		
Current year		
UK corporation tax	**–**	–
Adjustments in respect of prior years	**1**	5
Total current tax	**1**	5
Deferred tax:		
Origination of timing differences	**–**	–
	1	5
(b) Factors affecting the current tax charge for the year:		
Loss on ordinary activities before taxation	**(7,017)**	(9,479)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2006: 30%)	**(2,105)**	(2,844)
Capital allowances in excess of depreciation	**17**	(18)
Creation of tax losses	**666**	314
Other timing differences	**16**	22
Goodwill impairment	**1,255**	2,362
Other expenses not deductible for tax purposes	**151**	164
Adjustments in respect of prior years	**1**	5
Total current tax	**1**	5

The Group has approximately £2,794,000 (2006: £790,000) of unrelieved trading losses available for offset against future taxable profits of certain Group companies. No deferred tax asset has been recognised in this respect due to uncertainty over the timing of future profits.

Notes forming part of the financial statements

For the year ended 31 March 2007

9 Intangible assets

Group	**Goodwill £'000**
Cost	
At 1 April 2006	14,367
Determination of deferred consideration (note 21)	(490)
Additions	66
Disposal of subsidiary undertaking (note 22)	(8,784)
At 31 March 2007	**5,159**
Amortisation and impairment	
At 1 April 2006	8,090
Charge for the year	288
Impairment	4,183
Eliminated on disposal of subsidiary undertaking (note 22)	(7,916)
At 31 March 2007	**4,645**
Net book value	
At 31 March 2007	**514**
At 31 March 2006	6,277

Additions to goodwill in the year are analysed further as follows:

	£'000
Adjustment to cost of acquisition of Global Medics Limited	72
Acquisition of minority interest in 1st 4 Locums Limited (see below)	(6)
At 31 March 2007	**66**

Under the terms of the original purchase agreement, the Company had the option to acquire the remaining 10% of the issued share capital of 1st 4 Locums Limited on an agreed valuation basis at any time until October 2008. This option was exercised on 26 January 2007 for a total consideration of £50,000, incurring costs of £14,000. The consideration was satisfied by the issue of 5,000,000 ordinary shares of 0.1p each at a price of 1p each. The fair value of the assets acquired was £70,000.

At 31 March 2007, the directors conducted an impairment review of the carrying value of the goodwill associated with the acquisitions of Berry Recruitment Holdings Limited and 1st 4 Locums Limited. In doing so, they calculated the value in use of each acquisition by calculating the present value of the expected future cash flows of each of these income-generating units. Given current market uncertainties and recent personnel changes within these entities, the cash flows were risk-adjusted by between 10% and 75%, before applying a risk-free discount rate.

The reviews indicated that a significant impairment to the carrying value of the goodwill in the Group's balance sheet was required. Accordingly, a charge totaling £4,183,000 has been made to the profit and loss account for the year ended 31 March 2007.

10 Tangible assets

Group

	Motor vehicles £'000	Other tangible assets* £'000	Total £'000
Cost			
At 1 April 2006	70	474	544
Additions	–	145	145
Disposals	–	(116)	(116)
Disposal of subsidiary undertakings (note 22)	(70)	(58)	(128)
At 31 March 2007	**–**	**445**	**445**
Depreciation			
At 1 April 2006	8	251	259
Charge for the year	13	134	147
Eliminated on disposals	–	(50)	(50)
Eliminated on disposal of subsidiary undertakings (note 22)	(21)	(16)	(37)
At 31 March 2007	**–**	**319**	**319**
Net book value			
At 31 March 2007	**–**	**126**	**126**
At 31 March 2006	62	223	285

*Other tangible assets include leasehold improvements, fixtures and fittings, office equipment and computer equipment.

The net book value of the other tangible fixed assets for the Group includes an amount of £7,000 (2006: £nil) in respect of assets held under finance leases and hire purchase contracts. The related depreciation charge on these assets for the year was £2,000 (2006: £nil).

Company

	Other tangible assets* £'000	Total £'000
Cost		
At 1 April 2006	342	342
Additions	129	129
Disposals	(116)	(116)
At 31 March 2007	**355**	**355**
Depreciation		
At 1 April 2006	220	220
Charge for the year	106	106
Eliminated on disposals	(49)	(49)
At 31 March 2007	**277**	**277**
Net book value		
At 31 March 2007	**78**	**78**
At 31 March 2006	122	122

*Other tangible assets include fixtures and fittings, office equipment and computer equipment.

The net book value of the other tangible fixed assets for the Company includes an amount of £7,000 (2006: £nil) in respect of assets held under finance leases and hire purchase contracts. The related depreciation charge on these assets for the year was £2,000 (2006: £nil).

Notes forming part of the financial statements

For the year ended 31 March 2007

11 Investments

Company

	Subsidiary undertakings £'000
Cost	
At 1 April 2006	17,099
Determination of deferred consideration (note 21)	(490)
Additions	136
Disposals	(7,808)
At 31 March 2007	**8,937**
Provisions	
At 1 April 2006	6,734
Provisions in year	2,823
Eliminated on disposals	(6,734)
At 31 March 2007	**2,823**
Net book value	
At 31 March 2007	**6,114**
At 31 March 2006	10,365

Details of subsidiary undertakings

The following companies were subsidiary undertakings at the end of the year and have all been included in the consolidated financial statements.

Name	Country of incorporation and operation	Proportion of voting rights and ordinary share capital held	Nature of business
Berry Recruitment Holdings Ltd	England and Wales	100%	Holding company
Berry Medical Ltd*	England and Wales	100%	Staffing and recruitment
1st 4 Locums Ltd**	England and Wales	100%	Staffing and recruitment
Meadow Two Plc	England and Wales	100%	Dormant

*Undertaking held indirectly by Company.

** Remaining 10% acquired in the year (see note 9)

12 Debtors

	Group 31 March 2007 £'000	Group 31 March 2006 £'000	Company 31 March 2007 £'000	Company 31 March 2006 £'000
Trade debtors	**709**	1,742	**–**	–
Other debtors	**181**	543	**181**	43
Prepayments and accrued income	**164**	493	**23**	52
	1,054	2,778	**204**	95

Included in other debtors is an amount of £10,000 (2006: £27,000) relating to taxation and social security.

All amounts shown fall due for payment within one year.

13 Creditors: amounts falling due within one year

	Group 31 March 2007 £'000	Group 31 March 2006 £'000	Company 31 March 2007 £'000	Company 31 March 2006 £'000
Bank overdrafts (secured)	**46**	460	**46**	–
Invoice discounting facility (secured)	**547**	557	**–**	–
Loan notes (secured)	**–**	1,000	**–**	1,000
Trade creditors	**497**	563	**402**	271
Obligations under finance leases	**3**	–	**3**	–
Other creditors	**53**	14	**53**	14
Corporation tax	**317**	663	**–**	–
Other taxation and social security	**182**	381	**45**	24
Deferred consideration (note 21)	**–**	1,640	**–**	1,640
Accruals and deferred income	**418**	558	**130**	79
	2,063	5,836	**679**	3,028

Bank overdrafts are secured by a debenture over individual company's assets. Invoice discounting facilities are secured by a charge over the borrowing company's book debts. Interest during the year is payable on these instruments at an average rate of 1.4% above the bank's base rate.

14 Creditors: amounts falling due after more than one year

	Group 31 March 2007 £'000	Group 31 March 2006 £'000	Company 31 March 2007 £'000	Company 31 March 2006 £'000
Convertible redeemable preference shares (note 18)	**–**	2,600	**–**	2,600
Obligations under finance leases	**4**	–	**4**	–
Amounts due to group companies	**–**	–	**6,699**	6,273
	4	2,600	**6,703**	8,873

No terms have been formally agreed for the repayment of the amounts due to group companies but the directors believe that they will not be repaid in the foreseeable future. No interest is charged on balances between group companies.

Bank overdrafts, loan notes and invoice discounting liabilities are due as follows:

	Group 31 March 2007 £'000	Group 31 March 2006 £'000	Company 31 March 2007 £'000	Company 31 March 2006 £'000
Within one year	**593**	2,017	**46**	1,000

15 Financial instruments

The Group holds financial instruments to finance its operations and to manage the interest rate risks arising from its sources of finance. In addition, various financial instruments, such as trade debtors and trade creditors, arise directly from the Group's operations. Operations and working capital requirements are met out of floating rate overdrafts and invoice discounting.

The Group does not trade in financial instruments or carry out derivative transactions. There is no foreign currency exposure. In planning the maturity of debt, the Group aims to match the debt to the ability of the respective assets to generate income. Unutilised committed borrowing facilities have been maintained in order to provide flexibility in the management of liquidity.

Further information on borrowings and financial instruments is contained in notes 13 and 14 to the financial statements.

Interest rate risk

The Group borrows at fixed and floating rates. The rates are monitored along with the Group's exposure and appropriate measures are taken to ensure that a balanced mix is maintained.

The invoice discounting facility and the bank overdrafts are the Group's only variable rate borrowings and the loan notes were the Group's only fixed rate borrowings. The deferred consideration and preference share capital attracted no interest.

Notes forming part of the financial statements

For the year ended 31 March 2007

15 Financial instruments (continued)

Credit risk

The Group is exposed to credit risk from credit sales. It is Group policy to assess the credit risk of new customers and to factor the information from these credit ratings into future dealings with the customers. At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, invoice discounting, loan notes, deferred consideration and preference share capital. Short-term flexibility is achieved by the use of bank overdrafts and invoice discounting facilities.

The Group constantly reviews its borrowing requirements to ensure adequate funds are available for ongoing operations and expansion plans.

(a) Interest rate and currency of borrowings

The interest rate exposure of the Group's borrowings is shown below:

	Fixed rate borrowings £'000	Floating rate borrowings £'000	Interest free borrowings £'000	Total £'000
At 31 March 2007	**3**	**593**	**–**	**596**
At 31 March 2006	1,000	1,017	4,240	6,257

The floating rate borrowings comprise bank overdraft and invoice discounting facilities bearing interest at an average rate of 1.4% above the bank's base rate. The fixed rate borrowings comprise finance leases and, at 31 March 2006, loan notes bearing interest at a rate of 10% per annum. Interest free borrowings at 31 March 2006 consisted of deferred consideration and convertible redeemable preference shares.

All of the Group's borrowings are in sterling.

(b) Fair value of financial instruments

In the opinion of the directors there was no difference between the current fair and book values of the Group's financial instruments in either the current year or preceding period.

The fair value of floating rate borrowings is the historical cost because the interest rate payments are based on market value.

	31 March 2007 Book value £'000	31 March 2007 Current value £'000	31 March 2006 Book value £'000	31 March 2006 Current value £'000
Cash	**55**	**55**	530	530
Overdraft and invoice discounting	**(593)**	**(593)**	(1,017)	(1,017)
Loan notes	**–**	**–**	(1,000)	(1,000)
Deferred consideration	**–**	**–**	(1,640)	(1,640)
Long-term debt – convertible redeemable preference shares	**–**	**–**	(2,600)	(2,600)

Undrawn facilities

The Group has the following undrawn committed borrowing facilities available to it:

	31 March 2007 £'000	31 March 2006 £'000
Expiring within one year	**70**	526

16 Provisions for liabilities

Group

	Provision for business restructuring £'000	National insurance on share options £'000	Total £'000
At 1 April 2006	–	37	37
Charged/(credited) to profit and loss account	810	(24)	786
At 31 March 2007	**810**	**13**	**823**

Company

	Provision for business restructuring £'000	National insurance on share options £'000	Total £'000
At 1 April 2006	–	37	37
Charged/(credited) to profit and loss account	439	(24)	415
At 31 March 2007	**439**	**13**	**452**

Information regarding the provision for business restructuring is provided in note 6.

17 Minority interests

The minority interests represented a holding of 10% of the ordinary shares in 1st 4 Locums Limited. However, on 26 January 2007 the Company purchased the remaining 10% of the ordinary share capital (see note 9).

	£'000
At 1 April 2006	55
10% of profit to 26 January 2007	15
Eliminated on acquisition by the Company (note 9)	(70)
At 31 March 2007	**–**

18 Called up share capital

	31 March 2007 Number	31 March 2007 £'000	31 March 2006 Number	31 March 2006 £'000
Authorised:				
Ordinary shares of 0.1p each	**1,313,509,147**	**1,314**	1,473,509,147	1,474
Preference shares of £1 each*	**7,400,000**	**7,400**	10,000,000	10,000
Allotted, issued and fully paid:				
Ordinary shares of 0.1p each	**544,704,820**	**545**	584,704,820	585
Preference shares of £1 each*	**–**	**–**	2,600,000	2,600

Notes forming part of the financial statements

For the year ended 31 March 2007

18 Called up share capital (continued)

	Ordinary shares Number '000	Ordinary shares £'000	Preference shares Number '000	Preference shares £'000	Deferred shares Number '000	Deferred shares £'000
Issued:						
In issue at 1 April 2006	584,705	585	2,600	2,600	–	–
Shares issued	120,000	120	–	–	–	–
Loan loans converted	–	–	–	–	1,000,000	1,000
Shares converted	(160,000)	(160)	(2,600)	(2,600)	2,760,000	2,760
Shares cancelled	–	–	–	–	(3,760,000)	(3,760)
In issue at 31 March 2007	**544,705**	**545**	**–**	**–**	**–**	**–**

* In accordance with FRS 25, the 2,600,000 preference shares of £1 each are presented as a liability in the Group and Company balance sheet (see note 14).

On 14 November 2006, the Company disposed of its entire share holding in Global Medics Limited (see note 22). As part of this transaction, the following took place:

- The authorised share capital of the Company was increased by £1,000,000 by the creation of 1,000,000,000 deferred shares of 0.1p each;
- The £1,000,000 loan notes due to the original Global Medics Limited shareholders were converted into the newly created £1,000,000 of deferred shares;
- The 160,000,000 ordinary shares of 0.1p each held by the original shareholders of Global Medics Limited were converted into 160,000,000 deferred shares of 0.1p each;
- The 2,600,000 preference shares of £1 each held by the original shareholders of Global Medics Limited were converted into 2,600,000,000 deferred shares of 0.1p each; and
- The Company purchased the 3,760,000,000 deferred shares of 0.1p each for a total consideration of £1.

On 12 December 2006, the 3,760,000,000 authorised and issued deferred shares were cancelled.

On the same day, the Company issued 50,000,000 ordinary shares of 0.1p each for 0.5p per share.

On 26 January 2007, the Company issued 65,000,000 ordinary shares of 0.1p each for 1p per share as the deferred consideration due to the original shareholders of 1st 4 Locums Limited.

On the same day, the Company issued a further 5,000,000 ordinary shares of 0.1p each for 1p per share as the purchase consideration for the remaining 10% if the issued share capital of 1st 4 Locums Limited.

Share options

At 31 March 2007 employee share options were outstanding as follows:

	Number of employees	Exercise price	Date of issue	Date first exercisable	Date of expiry	Number of share options
	1	1.0p	17/11/03	17/11/03	16/11/13	9,000,000
	1	1.0p	17/11/03	17/11/04	16/11/09	2,500,000
	1	3.75p	08/11/04	08/05/06	08/11/10	500,000

In accordance with FRS 20 "Share-based payment", employee share options granted after 7 November 2002 that had not vested by 1 April 2006 are required to be fair valued at the date of grant and the resulting charge expensed through the profit and loss account over the vesting period. The directors have calculated the cumulative charge required under FRS 20 and consider this amount to be immaterial to these financial statements and thus no adjustment has been made.

19 Share premium account and other reserves

Group	Share premium £'000	Capital redemption reserve £'000	Merger reserve £'000	Profit and loss account £'000
At 1 April 2006	5,682	2,276	800	(8,001)
Arising on share issues	830	–	–	–
Cancellation of shares (see note 18)	–	3,760	–	–
Transfers	–	–	(704)	704
Loss for the year	–	–	–	(7,033)
At 31 March 2007	**6,512**	**6,036**	**96**	**(14,330)**

Company	Share premium £'000	Capital redemption reserve £'000	Profit and loss account £'000
At 1 April 2006	5,682	2,276	(9,536)
Arising on share issues	830	–	–
Cancellation of shares (see note 18)	–	3,760	–
Loss for the year	–	–	(4,994)
At 31 March 2007	**6,512**	**6,036**	**(14,530)**

20 Reconciliation of movements in shareholders' funds/(deficit)

	Group Year ended 31 March 2007 £'000	Group 15 months ended 31 March 2006 £'000	**Company Year ended 31 March 2007 £'000**	Company 15 months ended 31 March 2006 £'000
Loss for the year/period	**(7,033)**	(9,507)	**(4,994)**	(7,976)
Conversion of loan notes and preference shares (see note 18)	**3,600**	–	**3,600**	–
Ordinary shares issued, net of expenses	**950**	6,547	**950**	2,907
Net movement in shareholders' funds	**(2,483)**	(2,960)	**(444)**	(5,069)
Opening shareholders' funds/(deficit)	**1,342**	4,302	**(993)**	4,076
Closing shareholders' (deficit)/funds	**(1,141)**	1,342	**(1,437)**	(993)

21 Deferred consideration

The Group acquired Berry Recruitment Holdings Limited, 1st 4 Locums Limited and Global Medics Limited during the period to 31 March 2006. These acquisitions included deferred consideration, some contingent upon performance criteria, which may be satisfied by cash, the issue of loan notes or by the issue of shares.

The movements on the deferred consideration during the year are as follows:

	At 1 April 2006 £'000	Revised in the year £'000	Settled in year £'000	**At 31 March 2007 £'000**
Shares to be issued (contingent):				
1st 4 Locums Limited	700	(50)	(650)	**–**
Cash:				
1st 4 Locums Limited – contingent	440	(440)	–	**–**
Global Medics Limited – deferred*	500	(500)	–	**–**
	940	(940)	–	**–**
Total deferred/contingent consideration	1,640	(990)	(650)	**–**

*The deferred consideration in respect of the acquisition of Global Medics Limited was waived on the subsequent disposal of this company in the year (see note 22).

Notes forming part of the financial statements

For the year ended 31 March 2007

22 Discontinued operations

On 14 November 2006, the Group disposed of 100% of the issued share capital Global Medics Limited for a total consideration of £1,020,000, satisfied by an initial cash payment of £350,000, a deferred cash payment of £170,000 (received on 31 May 2007) and the waiver of the deferred consideration of £500,000.

The details of the disposal are as follows:

	£'000	£'000
Cash proceeds		**350**
Deferred cash		**170**
Waiver of deferred consideration		**500**
		1,020
Net assets disposed of:		
Tangible fixed assets	**91**	
Debtors	**1,424**	
Cash	**4**	
Bank overdraft and invoice discounting facility	**(583)**	
Creditors	**(926)**	
		(10)
		1,010
Cost of disposal		**(140)**
Unamortised goodwill		**(868)**
Profit on disposal		**2**

The net inflow of cash during the year in respect of the sale of Global Medics Limited was £210,000, being the initial cash consideration of £350,000, less the £140,000 of costs incurred.

23 Segmental analysis

By business segment:

	Discontinued operations General recruitment £'000	Discontinued operations Medical recruitment £'000	Continuing operations Medical recruitment £'000	Total £'000
For the year ended 31 March 2007:				
Turnover	–	4,142	7,089	**11,231**
Loss on ordinary activities before interest	–	(117)	(6,788)	**(6,905)**
Loss on ordinary activities before interest and goodwill impairment	–	(117)	(2,605)	**(2,722)**
Net liabilities	–	–	(1,141)	**(1,141)**
For the 15 months to 31 March 2006:				
Turnover	8,497	637	6,845	15,979
Loss on ordinary activities before interest	(522)	(44)	(8,938)	(9,504)
Loss on ordinary activities before interest and goodwill impairment	(522)	(44)	(1,062)	(1,628)
Net assets	–	167	1,175	1,342

Sales to non-UK customers were not significant in either the current year or the previous period.

24 Annual commitments under operating leases

	31 March 2007 Land and buildings £'000	31 March 2007 Other £'000	31 March 2006 Land and buildings £'000	31 March 2006 Other £'000
Group:				
Operating leases which expire:				
In not more than one year	**13**	**17**	–	2
In two to five years	**6**	**3**	103	21
In more than five years	**37**	**–**	37	–
	56	**20**	140	23
Company:				
Operating leases which expire:				
In two to five years	**–**	**–**	28	–

25 Notes to the consolidated cash flow statement

(a) Analysis of headings netted in the consolidated cash flow statement

	Year ended 31 March 2007 £'000	15 months ended 31 March 2006 £'000
Returns on investments and servicing of finance		
Interest paid	**(114)**	(121)
Interest element of finance lease rental payments	**(1)**	–
Interest received	**3**	146
	(112)	25
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	**(135)**	(136)
Receipts from the disposal of tangible assets	**2**	–
Payments to acquire listed investments	**–**	(300)
Receipts from the sale of listed investments	**–**	300
	(133)	(136)
Acquisitions and disposals		
Sale of subsidiary undertakings	**210**	250
Cash disposed of with subsidiary undertaking	**(4)**	–
Overdrafts disposed of with subsidiary undertakings	**24**	–
Invoice discounting facility disposed of with subsidiary undertaking	**559**	1,012
Cash paid on acquisition of subsidiary undertakings	**(86)**	(5,355)
Cash acquired with subsidiary undertakings	**–**	158
Net overdrafts acquired with subsidiary undertakings	**–**	(272)
Invoice discounting facilities acquired with subsidiary undertakings	**–**	(1,680)
	703	(5,887)
Financing		
Shares issued for cash (net of expenses)	**250**	1,651
Capital element of finance lease rental payments	**(3)**	–
	247	1,651

Notes forming part of the financial statements

For the year ended 31 March 2007

25 Notes to the consolidated cash flow statement (continued)

(b) Analysis of changes in net debt

	At 1 April 2006 £'000	Cash flows £'000	Non-cash changes £'000	At 31 March 2007 £'000
Cash in hand and at bank	530	(475)	–	**55**
Overdrafts	(460)	414	–	**(46)**
Invoice discounting facilities	(557)	10	–	**(547)**
Net cash balances	(487)	(51)	–	**(538)**
Debt due in less than one year	(2,640)	–	2,640	**–**
Debt due in more than one year	(2,600)	–	2,600	**–**
Finance leases	–	3	(10)	**(7)**
Non-cash net debt	(5,240)	3	5,230	**(7)**
Total net funds/(debt)	(5,727)	(48)	5,230	**(545)**

During the year the Group converted and had waived certain debt instruments as part of the consideration on disposal of Global Medics Limited (see notes 18, 21 and 22). In addition, the deferred consideration due on the purchase of 1st 4 Locums Limited of £1,140,000 was satisfied in full by the issue of shares to the value of £650,000 during the year. The non-cash changes above relate to the conversion or waiver of these instruments.

26 Parent company results

The Company has taken advantage of the exemption allowed under Section 230 of the Companies Act 1985 not to present its own profit and loss account in these financial statements.

The Company's own result for the year was a loss after taxation of £4,994,000 (15 months ended 31 March 2006: loss after taxation of £7,976,000).

27 Pensions

The Group operates a defined contribution self-administered pension scheme on behalf of certain executive directors. The scheme has been established for a number of years.

In addition, the Group operates a defined contribution Group Personal Pension Plan for all staff employed by the Group for three months or more.

The assets of both schemes are held separately from those of the Group in independently administered funds. The pension costs charge in note 3 represents the contributions payable by the Group to the two schemes for the year.

There were no outstanding or prepaid contributions at either the beginning or end of the year.

28 Subsequent events

On 7 June 2007, the Company simplified its share structure by consolidating every one hundred ordinary shares of 0.1p each into one ordinary share of 10p each. Following this consolidation 5,447,048 ordinary shares of 10p each were in issue.

On the same date, the Company raised £4 million, before expenses, through a placing of 16,000,000 ordinary shares of 10p each at a price of 25p per share.

On the same date, the Company acquired 99.97% of the issued share capital of Dream Group Limited for a total consideration of £4.46 million, satisfied in full by the issue of 17,839,944 ordinary shares of 10p each at 25p per share.

On 31 July 2007, the Company acquired, as a going concern, the business, trade and assets of a business trading as Windsor Recruitment ("Windsor") from the administrators Vantis Group Limited. Windsor provides recruitment services in respect of qualified nurses, care assistants and social work professionals.

The Company paid an initial cash consideration of £1.37 million, of which £1.16 million relates to the debtor book, with the remaining £0.21 million paid in respect of the business, trade and other assets acquired.

Performance related deferred consideration will be payable in cash for each of the two 12 month periods following the acquisition. This will be payable at the rate of 1.875% on annual turnover billed to customers up to £8 million in each of the 12 month periods. No payment will be due in respect of any 12 month period where annual turnover billed to customers falls below £5 million. The maximum deferred consideration payable is capped at £0.3 million.

Further information is available on the Company's web site www.servoca.com.

Designed and produced by Buckley Deane Wakefield

SERVOCA Plc, 41 Whitcomb Street, London WC2H 7DT
www.servoca.com