

PENNA CONSULTING PLC ANNOUNCES FULL YEAR RESULTS

3 June 2008

Penna Consulting Plc (PNA) the Human Capital Management Consultancy group today announces its final results for the year ended 31 March 2008.

Headlines

- **Revenue up 13.1% to £49.1m (2007: £43.4m)**
- **Profit before tax £2.0m (2007: £0.6m)**
- **Net cash* of £3.0m at year end (2007: £1.7m)**
- **Dividends restored (2p recommended final dividend)**

* Cash less bank borrowings

Commenting on the results, Stephen Rowlinson, Chairman said:

“The Group has made good progress through the year and the high volume of business in the fourth quarter has continued into the new financial year. All indications are that the Group will see a year of significant growth.”

For further information please contact:

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Chairman's Review

The Group made good progress through the year. Operating Profits were £0.5m in the first half and £1.5m in the second half, producing total pre tax profits of £2.0m for the year ended 31 March 2008 (2007: £0.6m)

Revenue grew by 13.1% to £49.1m (2007: £43.4m) and Net Revenue by 4.1%. Overhead costs were kept under close control following the restructuring completed during the previous year. Operating Margins improved to 6.2% (2007:2.4%).

The Group's Balance Sheet is strong. At year end the Group had Net Assets of £19.3m (2007: £17.9m); Net Tangible Assets† of £5.3m (2007: £3.9m) and Net Current Assets of £3.7m represented largely by Cash of £3.0m. The Group has no borrowings and its bank facility of £2.5m established in December 2007 remains undrawn.

In the light of our current trading and cash position the Board is recommending the resumption of Dividend payments. We propose a final Dividend of 2 pence per share in respect of 2007/8 and, in the absence of unforeseen circumstances, the Board expects to be able to recommend an Interim Dividend of 1p to be followed by a Final of 2p in the current year.

Operational Review

Growth during the year was broadly based with all six business streams delivering encouraging performance. The revenue reduction in Executive Recruitment was the result of a planned change of strategy and in HR Consulting from the ending of a large contract in the previous year. Of the other four divisions, three showed outstanding growth, in excess of 25%. The Group's largest division, Career Transition grew by 9% and ended the year with a high level of work in progress.

Net Revenue* by Service Line

	Year to 31 March 2008 £'000	Year to 31 March 2007 £'000	% change
Career Transition	17,686	16,205	+9%
Executive Recruitment	3,590	4,815	-25%
Executive Interim	3,132	2,454	+28%
Recruitment Communications	948	667	+42%
Leadership Development	3,603	2,839	+27%
HR Consulting	3,313	4,008	-17%
Total Net Revenue*	32,272	30,988	+4.1%
Total Revenue	49,067	43,379	+13.1%

* Turnover less pass through costs (2008: £16,795; 2007 £12,391)

† Net Assets excluding goodwill

The market for the Group's Career Transition services is expanding rapidly and at the same time the division is increasing its market share. Published data from the ACF (Association of Career Firms) shows that Penna is the UK's largest outplacement consultancy in the Private sector and that its market share grew from 26% to 30% during 2007. The Group's leading position has been strengthened by the changes made in the previous year when the division's new top management refocused sales and delivery teams and introduced a range of new services. The upsurge in volume came in the last quarter of the year and is therefore not fully reflected in the growth of 9% for the year as a whole. The division has recently secured a number of important long-term contracts covering periods of up to three years.

The Group's Executive Recruitment business is now focussing on a more closely defined range of market sectors and this inevitably reduced volume during the year. We expect to see renewed growth in volume and profitability in the new year as a result of this new strategy.

Executive Interim had another good year with growth of 28% of net fee income. Penna is the second largest provider of Interim Managers in the UK and we are expanding our team to build on the successes of recent years.

Our Recruitment Communications business has continued to grow rapidly and has gained a number of new clients. Net revenue was 42% higher in the year and the division is now making a positive contribution to group profits.

Demand for the Group's Leadership Development services also grew strongly by an impressive 27%. Penna provides Executive Coaching and Leadership Development services to both the Private and Public sectors and has emerged as one of the leaders of this important and growing market.

In 2006/07 our HR Consulting team conducted a large assessment contract in India and the division's net revenue was boosted to £4.0m compared to £2.3m in the previous year. In the year under review net revenue was £3.3m and we are pleased to note that, excluding the Indian contract, the core HR business has achieved double digit compound growth over the last two years. This momentum has continued into the new Company year.

Our International business in Ireland and Continental Europe includes Executive Recruitment, Leadership Development and HR Consulting. There was some reduction in Recruitment volume which was matched by growth of the other services and overall net revenues were at similar levels to the previous year at £4.3m (2007: £4.6m).

Outlook

The high volume of business in the fourth quarter of 2007/08 has continued into the new financial year and all indications are that the Group will see a year of significant growth.

Stephen Rowlinson
Chairman
3 June 2008

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Consolidated income statement
for the year ended 31 March 2008 (unaudited)

	Notes	Year Ended 31 March 2008	Year Ended 31 March 2007
		£'000	£'000
Revenue		49,067	43,379
Operating expenses		(47,065)	(42,647)
Operating profit		2,002	732
Interest received		15	37
Interest paid		(47)	(197)
Profit before tax		1,970	572
Income tax expense	2	(592)	-
Profit for the year		1,378	572
Attributable to:			
Equity holders of the parent		1,378	572
Earnings per share:	3		
- basic		5.47p	2.58p
- diluted		5.47p	2.58p

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**Consolidated balance sheet
at 31 March 2008 (unaudited)**

	Note	31 March 2008 £'000	31 March 2007 £'000
Non-current assets			
Goodwill		14,036	14,036
Property, plant and equipment		1,850	1,972
Other intangible assets – software		32	50
Deferred taxation		24	77
		15,942	16,135
Current assets			
Trade receivables		11,271	9,956
Other current assets		1,788	1,916
Cash and cash equivalents	5b	2,961	3,218
		16,020	15,090
Total assets		31,962	31,225
Current liabilities			
Trade payables		2,368	2,667
Bank loans and overdrafts		-	1,200
Loan notes		111	431
Obligations under finance leases		88	94
Short-term provisions		153	194
Corporation tax		154	8
Other creditors and accruals		9,406	7,906
		12,280	12,500
Non-current liabilities			
Bank loan		-	300
Obligations under finance leases		-	88
Long-term provisions		351	388
		351	776
Total liabilities		12,631	13,276
Net assets		19,331	17,949
Capital and reserves			
Called up share capital		1,264	1,264
Share premium account		15,109	15,109
Merger reserve		10,170	10,170
Employee Share Option Plan reserve		(397)	(397)
Foreign currency translation reserve		3	66
Retained loss		(6,818)	(8,263)
Total equity		19,331	17,949

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**Consolidated statement of changes in equity
at 31 March 2008 (unaudited)**

	Called up share capital £'000	Share premium £'000	Merger reserve £'000	ESOP reserve £'000	Foreign currency translation £'000	Retained loss £'000	Total equity £'000
At 1 April 2007	1,264	15,109	10,170	(397)	66	(8,263)	17,949
Currency translation differences	-	-	-	-	(63)	-	(63)
Net profit for the year	-	-	-	-	-	1,378	1,378
Share option credit	-	-	-	-	-	67	67
At 31 March 2008	1,264	15,109	10,170	(397)	3	(6,818)	19,331
At 1 April 2006	978	11,899	10,170	(397)	42	(8,839)	13,853
Share issue	286	3,210	-	-	-	-	3,496
Currency translation differences	-	-	-	-	24	-	24
Net profit for the year	-	-	-	-	-	572	572
Share option credit	-	-	-	-	-	4	4
At 31 March 2007	1,264	15,109	10,170	(397)	66	(8,263)	17,949

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**Consolidated group cash flow statement
for the year ended 31 March 2008 (unaudited)**

	Year Ended 31 March 2008 £'000	Year Ended 31 March 2007 £'000
Note		
Cash flows from operating activities		
Cash generated by operations	5a 2,497	2,238
Tax (paid)/refunded	(393)	45
Interest paid	(32)	(171)
Interest received	15	37
Net cash generated by operating activities	2,087	2,149
Cash flows from investing activities		
Net purchase of property, plant and equipment	(415)	(266)
Sale of investment	-	750
Net cash (used in)/generated by investing activities	(415)	484
Cash flows from financing activities		
Interest paid – finance leases	(15)	(26)
Repayment of finance leases	(94)	(85)
Repayment of loan notes	(320)	(2,031)
Issue of ordinary share capital	-	3,496
New bank loan received	-	2,250
Bank loan repaid	(1,500)	(750)
Net cash (used in)/from financing activities	(1,929)	2,854
Net (decrease)/increase in cash and cash equivalents	(257)	5,487
Cash and cash equivalents at start of period	3,218	(2,269)
Cash and cash equivalents at end of period	5b 2,961	3,218

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Notes to the preliminary announcement for the year ended 31 March 2008 (unaudited)

1. Accounting policies

The unaudited preliminary consolidated financial statements are for the year ended 31 March 2008. They have been prepared under the historical cost convention, except for certain financial instruments, using accounting policies that are consistent with current International Financial Reporting Standards (IFRS). The financial statements are unaudited.

2. Taxation

Current taxation has been provided for at 30% (2007: 30%), for the UK and appropriate rates for overseas earnings.

3. Earnings per share

The calculation of basic and diluted earnings per share are based on the following amounts:

	Year ended 31 March 2008	Year ended 31 March 2007
Earnings		
Profit after tax (£'000)	1,378	572
Number of shares		
Weighted average number of Shares	25,173,348	22,151,821
Dilution effect of share option Schemes	14,495	-
Diluted weighted average number Of Shares	25,187,843	22,151,821
Earnings per share:		
Basic	5.47p	2.58p
Diluted	5.47p	2.58p

4. Dividends

A final dividend of 2p (2007: nil) will be recommended for approval at the Annual General Meeting.

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**Notes to the preliminary announcement (continued)
for the year ended 31 March 2008 (unaudited)**

	Year Ended 31 March 2008 £'000	Year Ended 31 March 2007 £'000
5a. Reconciliation of operating profit to cash generated by operating activities		
Operating profit	2,002	732
Adjustments for:		
Depreciation	532	509
Loss on disposal of fixed assets	-	80
Share option expense	67	4
Changes in working capital:		
(Increase)/Decrease in trade and other receivables	(1,187)	995
Increase in trade and other payables	1,161	94
Movement in provisions	(78)	(176)
Cash generated by operations	2,497	2,238
	At 31 March 2008 £'000	At 31 March 2007 £'000
5b. Cash and cash equivalents		
Cash and cash equivalents are made up as follows:		
Cash at bank	2,850	3,019
Cash on restricted deposit	111	199
Cash and cash equivalents	2,961	3,218

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**Notes to the preliminary announcement (continued)
for the year ended 31 March 2008 (unaudited)**

6. Nature of the financial information

The Board of Directors approved the Preliminary Results on 3 June 2008.

The financial information set out in this document does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. The financial information in respect of the year to 31 March 2008 is unaudited. Statutory accounts for the year ended 31 March 2007, on which the auditor's report was unqualified and did not contain a statement under s237(2) or (3) of the Companies Act 1985, have been delivered to the Registrar of Companies. Copies can be obtained from our Registered Office at 3rd Floor, St Mary's Court, 20 St Mary at Hill, London EC3R 8EE.

The financial information included in this preliminary announcement has been computed in accordance with International Financial Reporting Standards (IFRSs), this announcement does not itself contain sufficient information to comply with IFRSs. The Company expects to publish full financial statements that comply with IFRSs in July 2008.