

PENNA CONSULTING PLC

("Penna" or "the Group")

Preliminary announcement of results
for the year ended 31 March 2009

Continuing Strong Growth

2 June 2009

Penna Consulting Plc (PNA:AIM), the international Human Resources Consulting Group, today announces its preliminary unaudited results for the year ended 31 March 2009.

HIGHLIGHTS

- Revenue up 30% to £63.2m (2008: £48.5m)
- Profit before taxation up 176% to £6.0m (2008: £2.2m)
- Fully diluted earnings per share up 185% to 17.1p (2008: 6.0p)
- Cash tripled to £8.88m (2008: £2.96m)
- No bank debt
- Final dividend doubled to 4p (2008: 2p)
- Full year dividends 6p (2008: 2p)

Commenting on the results and outlook, Stephen Rowlinson, Chairman, said:

"The Group has completed a very successful year and earnings per share grew significantly to 17.1 p. The new financial year has started well and we have a high level of work in progress. We expect continuing growth and intend to maintain a progressive dividend policy."

ENDS

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Chairman's Review

The Group completed a very successful year. I am pleased to report that Revenue for the year ended 31 March 2009 was up 30% to £63.2m (2008: £48.6m). Operating expenses were controlled well and our operating margin more than doubled from 4.5% to 9.3% producing profits before taxation up 176% to £6.0m (2008: £2.2m) and fully diluted earnings per share of 17.1p (2008: 6.0p).

Penna's businesses are highly cash generative and our balance sheet is strong. We have no bank debt and facilities established in 2007 remain undrawn. Cash at the year end was £8.9m (2008: £3.0m).

Your Board is recommending a final dividend of 4p per share making a total dividend for the year of 6p (2008: 2p). The proposed final dividend will be payable on 27th October 2009 to shareholders on the register on 18th September 2009.

Operations

Penna is a broadly based human resources company with the following business streams:

- Resourcing – Permanent Recruitment and provision of Interim Managers
- Career Transition – Outplacement and Career Management
- Consulting – Assessment, Organisational Design and Executive Coaching

All three business streams produced impressive organic growth during the year.

Revenues	% of Total	Year to 31 March 2009	Year to 31 March 2008	Year on year % Growth
Resourcing	44%	£27.5m	£22.9m	+20%
Career Transition	43%	£27.2m	£18.0m	+51%
Consulting	13%	£8.5m	£7.6m	+12%
Total revenue	100%	£63.2m	£48.5m	+30%

Resourcing has performed very well in a difficult market when many competitors have experienced declines in demand and margins. A significant contributor to growth has been our emergence as a leading provider of recruitment services for large organisations requiring an integrated approach to setting up or relocating a major unit.

We have the in-house capability to provide recruitment advertising and internet sites to attract the best talent, response handling systems to effectively deal with high volumes of applications, assessment centres to test and select the right applicants, induction programmes to introduce the recruits to their new environment and project management to ensure that the whole process is completed with the highest quality of service and with achievement of all time and cost targets.

Our Interim Management team has continued its impressive growth and we believe we are the UK's second largest provider of temporary managers.

Career Transition has continued to grow rapidly. We are the UK's largest provider of outplacement services to the private sector and our market share grew from 26% in 2006 to 34% during 2008 (published data from the Association of Career Firms). Penna serves a majority of the country's largest financial, commercial and industrial companies and many public sector organisations. Many of our clients have embarked on long term restructuring programmes that will take some years to implement. Forward commitments and work in progress are at record levels.

Our Consulting activities provide advice and support to organisations and executives as they manage changes in their businesses. Our services include organisational design, individual coaching for executives and the design and implementation of assessment programmes to ensure organisations make the best recruitment decisions and continually identify and develop talent within the workforce. Revenues in 2009 grew by 12% to £8.5m.

Outlook

The company provides its clients with a broad range of human resource services all focussed on the management of change within large organisations. We are pleased that all of our business streams, Resourcing, Career Transition and Consulting are growing profitably. This demonstrates the strength and breadth of the Company's portfolio of businesses.

The new financial year has started well and we have a high level of work in progress. We expect to achieve continuing growth and intend to maintain a progressive dividend policy.

Stephen Rowlinson
Chairman
2 June 2009

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Consolidated income statement
for the year ended 31 March 2009 (unaudited)

	Notes	Year Ended 31 March 2009	Year Ended 31 March 2008*
		£'000	£'000
Revenue		63,162	48,535
Operating expenses		(57,276)	(46,328)
Operating profit		5,886	2,207
Finance income		141	15
Finance expense		(24)	(47)
Profit before tax		6,003	2,175
Income tax expense	2	(1,497)	(654)
Profit from continuing operations		4,506	1,521
Post tax loss on disposal of discontinued operations	6	(788)	(143)
Profit for the year attributable to equity holders of the parent company		3,718	1,378
Earnings per share:	3		
- basic		14.8p	5.5p
- diluted		14.2p	5.5p
Earnings per share (continuing activities):	3		
- basic		17.9p	6.0p
- diluted		17.1p	6.0p

* The comparative figures have been restated for discontinued operations (see note 6)

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**Consolidated balance sheet
at 31 March 2009 (unaudited)**

	Note	31 March 2009 £'000	31 March 2008 £'000
Non-current assets			
Goodwill		14,036	14,036
Property, plant and equipment		1,823	1,850
Other intangible assets – software		24	32
Deferred tax		75	24
		15,958	15,942
Current assets			
Trade receivables		12,672	11,271
Other current assets		2,419	1,788
Cash and cash equivalents	5b	8,875	2,961
		23,966	16,020
Total assets		39,924	31,962
Current liabilities			
Trade payables		2,520	2,368
Loan notes		41	111
Obligations under finance lease		-	88
Provisions		78	153
Corporation tax		838	154
Deferred income		3,082	1,849
Other creditors and accruals		10,758	7,557
		17,317	12,280
Non-current liabilities			
Provisions		458	351
		458	351
Total liabilities		17,775	12,631
Net assets		22,149	19,331
Capital and reserves attributable to equity holders of the parent company			
Called up share capital		1,270	1,264
Share premium account		15,209	15,109
Merger reserve		10,170	10,170
Employee Share Option Plan reserve		(397)	(397)
Foreign currency translation reserve		(126)	3
Retained loss		(3,977)	(6,818)
Total equity		22,149	19,331

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**Consolidated statement of changes in equity
At 31 March 2009 (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 income recognised directly in equity	-	-	-	-	(63)	-	(63)
Profit for the year	-	-	-	-	-	1,378	1,378
Total recognised income and expense for the year	-	-	-	-	(63)	1,378	1,315
Share option credit	-	-	-	-	-	67	67
At 1 April 2008	1,264	15,109	10,170	(397)	3	(6,818)	19,331
Currency translation differences	-	-	-	-	(129)	-	(129)
Net income recognised directly in equity	-	-	-	-	(129)	-	(129)
Profit for the year	-	-	-	-	-	3,718	3,718
Total recognised income and expense for the year	-	-	-	-	(129)	3,718	3,589
Share issue	6	100	-	-	-	-	106
Dividend paid	-	-	-	-	-	(1,007)	(1,007)
Share option credit	-	-	-	-	-	130	130
At 31 March 2009	1,270	15,209	10,170	(397)	(126)	(3,977)	22,149

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**Consolidated group cash flow statement
for the year ended 31 March 2009 (unaudited)**

	Year Ended 31 March 2009 £'000	Year Ended 31 March 2008 £'000
Note		
Cash flows from operating activities		
Cash generated by operations	5a 7,915	2,497
Tax paid	(605)	(393)
Interest paid	(19)	(32)
Interest received	141	15
Net cash generated by operating activities	7,432	2,087
Cash flows from investing activities		
Net purchase of property, plant and equipment	(437)	(396)
Net purchase of intangible fixed assets	(17)	(19)
Net cash used in investing activities	(454)	(415)
Cash flows from financing activities		
Issue of ordinary shares	106	-
Interest paid – finance leases	(5)	(15)
Repayment of finance leases	(88)	(94)
Repayment of loan notes	(70)	(320)
Dividends paid	(1,007)	-
Bank loan repaid	-	(1,500)
Net cash used in financing activities	(1,064)	(1,929)
Net increase/(decrease) in cash and cash equivalents	5,914	(257)
Cash and cash equivalents at start of year	2,961	3,218
Cash and cash equivalents at end of year	8,875	2,961
5b		

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Notes to the preliminary announcement for the year ended 31 March 2009 (unaudited)

1. Accounting policies

The unaudited preliminary consolidated financial statements are for the year ended 31st March 2009. 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

Taxation has been provided for at 28% (2008: 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 2009	Year ended 31 March 2008
	£'000	£'000
Earnings		
Profit after tax	3,718	1,378
Profit after tax (continuing activities)	4,506	1,521
Number of shares		
Weighted average number of Shares	25,184,491	25,173,348
Dilution effect of share option Schemes	1,093,230	14,495
Diluted weighted average number of Shares	26,277,721	25,187,843
Earnings per share:		
Basic	14.8p	5.5p
Diluted	14.2p	5.5p
Earnings per share (continuing activities):		
Basic	17.9p	6.0p
Diluted	17.1p	6.0p

4. Dividends

A final dividend of 4 pence per Ordinary share is proposed (2008: 2 pence) and if approved by Shareholders will be paid on 27th October 2009 to shareholders on the register on 18th September 2009. An interim dividend of 2 pence per ordinary share (2008: nil pence) was paid on 4th March 2009 making a total dividend for the year ended 31st March 2009 of 6 pence per share (2008: 3 pence).

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**Notes to the preliminary announcement (continued)
for the year ended 31 March 2009 (unaudited)**

	Year Ended 31 March 2009 £'000	Year Ended 31 March 2008 £'000
5a. Reconciliation of operating profit to cash generated by operating activities		
Profit from continuing activities	4,506	1,521
Income tax expense	1,497	654
Finance income	(141)	(15)
Finance expense	24	47
Operating profit	5,886	2,207
Adjustments for:		
Depreciation	495	532
Share option expense	130	67
Changes in working capital:		
Increase in trade and other receivables	(2,032)	(1,187)
Increase in trade and other payables	3,404	956
Increase/(decrease) in provisions	32	(78)
Cash generated by operations	7,915	2,497
	At 31 March 2009 £'000	At 31 March 2008 £'000
5b. Cash and cash equivalents		
Cash and cash equivalents are made up as follows:		
Cash at bank	8,834	2,850
Cash on restricted deposit	41	111
Cash and cash equivalents	8,875	2,961

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Notes to the preliminary announcement (continued) for the year ended 31 March 2009 (unaudited)

6. Discontinued operations

During the year the Company's operations in Paris were closed at an after tax cost of £0.8m.

7. Nature of the financial information

The Board of Directors approved the Preliminary Results on 2nd June 2009.

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 31st March 2009 is unaudited. Statutory accounts for the year ended 31st March 2008, 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 August 2009.