

21 January 2010

Begbies Traynor Group plc **Interim results** **for the six months ended 31 October 2009**

Begbies Traynor Group plc ("the group"), the specialist professional services organisation, today announces its interim results for the six months ended 31 October 2009.

Financial Highlights:

- Revenue from continuing operation increased by 21% to £34.2m (2008: £28.3m)
- EBITA (pre-exceptional costs) increased by 13% to £4.6m (2008: £4.0m)
- Adjusted profit before tax¹ was up 32% to £4.3m (2008: £3.3m)
- Profit before tax rose by 69% to £3.6m (2008: £2.1m)
- Earnings per share:
 - Adjusted EPS from continuing operations² was up 22% to 3.3p (2008: 2.7p)
 - Basic and diluted EPS up 53% to 2.6p (2008: 1.7p)
- Interim dividend increased by 9% to 1.2p (2008: 1.1p)

¹ Profit before tax from continuing operations of £3.6m (2008: £2.1m) plus amortisation of £0.5m (2008: £0.6m) plus finance charge arising from the discounting of deferred consideration of £0.2m (2008: £0.3m) plus exceptional costs of nil (2008: £0.3m)

² Earnings per share from continuing operations adjusted for the net of tax impact of amortisation, exceptional costs and the finance charge arising from the discounting of deferred consideration liabilities (see reconciliation in note 5)

Operational Highlights:

- An increase in activity levels and the value of appointments in the insolvency division
- Improved performance from Corporate Finance Resource base in Tax division aligned to current market conditions
- Continued investment to underpin growth:
 - Joint venture with US-based financial advisory consultant, Mesirow Financial Consulting
 - Commercial launch of 'Red Flag Alert' corporate health monitoring system, as a subscription service
 - Expansion of the UK and international network in Birmingham, Cambridge and the Cayman Islands

Outlook:

- Historically high levels of insolvency activity; insolvency market growth anticipated once government support measures are relaxed
- Continued improved performance in Corporate Finance
- Tax division expected to return to profitability in the second half of the current financial year

Commenting on the results, Ric Traynor, Executive Chairman of Begbies Traynor Group, said:

"The group has delivered double digit organic growth in both revenues and profits in the first half, due to the excellent performance of our core insolvency and recovery business.

"The board expects the Group performance for the year as a whole to be comfortably ahead of last year, with our insolvency activities remaining at historically high levels. However, with our Red Flag Alert and other statistics demonstrating the impact of the continuing temporary economic support measures on the economy, the level of potential growth in insolvency for the year is now not expected to offset fully the weaker than anticipated performance of the tax practice. Accordingly, the board

anticipates results for the year as a whole will be slightly below current consensus market expectations.

“Beyond the current financial year, we expect the Group to make considerable further progress as a result of anticipated rises in the level of insolvencies in the second half of the calendar year 2010, consistent with patterns experienced over the last three recessions.”

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Chairman's statement

Introduction

I am pleased to report continuing strong overall financial performance by Begbies Traynor Group plc in the six months ended 31 October 2009, in line with the board's expectations. The group has delivered double digit organic growth in both revenues and profits, due to the excellent performance of our core insolvency and recovery business, which accounts for 86% of the group's revenue.

The performance of the group's tax practice has been significantly impacted both by its market environment and economic conditions, which has resulted in reduced revenues compared to the prior period and operating losses in the first half. The corporate finance business has been restructured and is now integrated within the group's insolvency and recovery division, enabling us to maximise resource utilisation and resulting in a significant improvement in financial performance.

Results

The group's revenue from continuing operations in the half year was up by 21% to £34.2m (2008: £28.3m), with a 13% increase in earnings before interest, tax and amortisation ('EBITA') (pre-exceptional costs) to £4.6m (2008: £4.0m). Adjusted profit before tax¹ rose by 32% to £4.3m (2008: £3.3m). Profit before tax was up 69% to £3.6m (2008: £2.1m).

EPS from continuing operations², adjusted for the net of tax impact of amortisation, exceptional costs and the finance charge arising from the discounting of deferred consideration liabilities, was up 22% to 3.3p (2008: 2.7p). Basic and fully diluted EPS from continuing operations increased by 53% to 2.6p (2008: 1.7p).

Net borrowings at 31 October 2009, comprising bank debt of £16.0m and asset-related finance of £4.4m, totalled £20.4m (2008: £14.8m) giving gearing of 31% (2008: 24%).

Operational review

Insolvency

Insolvency revenues increased by 28% to £29.5m (2008: £23.0m), with an increase in segmental EBITA of 47% to £5.7m (2008: £3.9m).

The division has continued its good progress in the half year, with both an increase in activity levels and in the value of new insolvency appointments, despite the volume of insolvency cases in the UK market not yet reaching predicted peaks. The group has continued to expand its capability in this area and total headcount in the division increased by 8% to 490 over the period.

The group's corporate finance activities reduced their operating loss to £0.3m, compared to a loss of £1.0m in the comparative period, having been restructured and operationally integrated within the core insolvency division. This has allowed maximization of resource utilisation, particularly in recovery and turnaround activities, whilst maintaining capability for traditional corporate finance engagements. Its results are incorporated within the overall segmental result for the insolvency division.

¹ Profit before tax from continuing operations of £3.6m (2008: £2.1m) plus amortisation of £0.5m (2008: £0.6m) plus finance charge arising from the discounting of deferred consideration of £0.2m (2008: £0.3m) plus exceptional costs of nil (2008: 0.3m)

² See reconciliation in note 5

Insolvency (continued)

These improvements in performance have resulted in improved operating margins in the period to 19% (2008: 17%).

In October 2009 the group entered into a joint venture with Mesirow Financial Consulting LLC, a full-service financial advisory consulting provider based in the United States. This joint venture, BTG Mesirow Financial Consulting, will provide the group with the opportunity to work on global transactions and raise the group's profile in the commercially important US market.

In addition, during the first half the group invested in the commercial development of its 'Red Flag Alert' system, which was formally launched as a fully supported web-based subscription service to third parties in December 2009.

The division also established or expanded offices in Cambridge and Birmingham within the UK, and has invested in the set up of insolvency operations in the Cayman Islands.

These investments are expected to generate financial returns in forthcoming financial years.

Tax

Revenue in the period decreased to £2.5m (2008: £3.4m), resulting in a segmental loss of £1.1m (2008: profit of £0.2m).

The current economic environment has had a material impact on the demand for specialist tax consultancy services, worse than we had anticipated at the start of the recession. This resulted in a significant decrease in revenues of £0.9m compared to the prior period, due to the difficult business environment experienced by our corporate and private clients and fee pressure. The reduction in revenues, combined with the full year cost impact of recruitment in the prior year, resulted in a loss. During the period, where we have seen growth opportunities, we have made selective investments, whilst reviewing the resource base to ensure it aligned to current market conditions. Overall, tax headcount reduced from 75 to 70.

Other segments

Revenue in this segment increased to £2.2m (2008: £1.9m). Segmental results were broadly break-even (2008: £nil).

These operations include the group's forensic, financial investigation and corporate intelligence services, which enable us to provide a full range of services when combined with our work in insolvency, recovery and rescue.

Dividend

Having reviewed current trading, the group's continuing investment programme and cash availability, the board has approved an increase to the interim dividend of 9% to 1.2 pence per share (2008: 1.1 pence per share), to be paid on 1 April 2010 to shareholders on the register on 19 March 2010, with an ex dividend date of 17 March 2010.

Over the longer term the board has followed a progressive dividend policy, which takes account of the underlying growth in earnings, whilst acknowledging the requirement for continuing investment to underpin growth.

Insolvency market

Trends in both the group's Red Flag Alert statistics and Government insolvency data are currently indicating historically high levels of market activity, albeit at below anticipated peaks in the current insolvency cycle. We expect that peak to be reached over the next two financial years.

Red Flag Alert

'Begbies Traynor Red Flag Alert' statistics, which we publish quarterly, monitor adverse actions and other corporate distress signals, such as the issue of county court judgments and winding-up petitions, which are early warning signs of potential insolvency activity. Our most recent survey, published earlier this month, revealed that the number of UK companies experiencing critical or significant problems in the fourth quarter of 2009 has shown a 6% increase over the third quarter of 2009, but had decreased in absolute terms year on year by 14%.

The fall in adverse actions against companies compared to the previous year is, to some extent, in the group's view, symptomatic of more lenient creditor attitudes, including HMRC and financial institutions. In addition, the extensive use of fiscal instruments, such as quantitative easing and low interest rates, is also, we believe, having an effect on the volume of adverse actions.

Insolvency statistics

Government insolvency statistics for the third quarter of 2009 show an 11% increase in the number of corporate insolvencies compared to the same quarter in the prior year, but a 7% decrease compared to the second quarter.

We believe that the temporary support initiatives noted above are currently masking the level of financial distress in the UK economy and we expect a further rise in corporate insolvencies in the second half of the calendar year 2010. In addition, statistics from recessions over the past 35 years confirm that the level of insolvencies grow strongly for two to four years after GDP stops shrinking.

Outlook

Insolvency

As a result of the above, we expect to see our counter cyclical work flow remain at historically high levels, albeit relatively flat in the second half of the current financial year, when compared to the first half, but with a modest increase in related corporate finance activity. Beyond that, we anticipate a sustained period of growth as the number of corporate insolvencies rise in line with historical patterns experienced at this stage of the economic cycle and once the various support measures are relaxed.

Tax

The group's tax practice is currently impacted by a reduced demand for the higher margin transactional support and specialist tax activities. The board anticipates an improvement in performance from this division in the remainder of the financial year, as activity levels in this business are traditionally weighted to the second half. We expect the business to return to profitability in the second half, but to be marginally loss making for the year as a whole. The board is confident that as the economic outlook improves the need for tax planning and advice will increase and the group will be well placed to provide these services.

Overall

Overall, the board expects the year as a whole to be comfortably ahead of last year.

Our insolvency activities remain at historically high levels. However, with our Red Flag Alert and other statistics demonstrating the impact of the continuing temporary economic support measures on the economy, the level of potential growth in insolvency for the year is now not expected to offset

fully the weaker than anticipated performance of the tax practice. Accordingly, the board anticipates results for the year as a whole will be slightly below current consensus market expectations.

Beyond the current financial year, we expect the group to make considerable further progress as a result of anticipated rises in the level of insolvencies in the second half of the calendar year 2010, consistent with patterns experienced over the last three recessions.

Ric Traynor
Executive Chairman
21 January 2010

Financial review

Financial highlights

The group's revenue from continuing operations in the half year was £34.2m (2008: £28.3m), an increase of £5.9m or 21%, which was all generated through organic growth. The significant organic growth within the group's core insolvency business of 28% was partially offset by the reduction in revenue in the tax business.

EBITA (pre-exceptional costs) increased to £4.6m (2008: £4.0m), an increase of 13%. Margins decreased to 13.3% from 14.2% due to the first half operating losses within the tax division.

Exceptional costs in the period were £nil (2008: £0.3m relating to restructuring costs). Amortisation in the period was £0.5m (2008: £0.6m).

Finance costs decreased to £0.5m (2008: £1.0m) due to reduced interest rates compared to the comparative period.

Adjusted profit before tax³ increased by 32% to £4.3m (2008: £3.3m). Profit before tax was £3.6m (2008: £2.1m).

The tax charge for the period is £1.2m (2008: £0.7m). This is an effective rate of 34.9%, which is in line with the effective rate (before exceptional items) for the year ended 30 April 2009.

Profit for the period from continuing operations was £2.3m (2008: £1.4m). Profit for the period was £2.3m (2008: £0.7m stated after a loss from discontinued operations in the period of £0.7m).

Earnings per share

EPS from continuing operations⁴, adjusted for the net of tax impact of amortisation, exceptional costs and the finance charge arising from the discounting of deferred consideration liabilities, was 3.3p (2008: 2.7p), an increase over the prior period of 22%. Basic and fully diluted EPS from continuing operations was 2.6p (2008: 1.7p).

Financing

The group remains in a strong financial position, with significant headroom in its committed facilities.

At 31 October 2009, the group's principal bank debt was £16.0m, comfortably within the group's existing bank facilities of £25.0m. The facilities include a £20.0m, three year revolving credit facility ('RCF'), which was entered into in April 2008, and a £5.0m overdraft. Interest on the RCF is payable at 1.4% (2008: 1.4%) over LIBOR and on the overdraft at 2.75% (2008: 1.5%) over bank base rate. During the period all covenant measures relating to these facilities were met.

In addition, the group had asset-related finance of £4.4m at 31 October 2009 (2008: £4.5m).

Net borrowings at 31 October 2009, comprising bank debt and asset-related finance net of cash balances, were £20.4m (2008: £14.8m), giving gearing of 31% (2008: 24%).

³ Profit before tax from continuing operations of £3.6m (2008: £2.1m) plus amortisation of £0.5m (2008: £0.6m) plus finance charge arising from the discounting of deferred consideration of £0.2m (2008: £0.3m) plus exceptional costs of nil (2008: 0.3m)

⁴ See reconciliation in note 5

Cash flows

Net cash from operating activities increased to £1.1m (2008: outflow of £3.9m), due to increased operating profits, improved working capital movements and lower interest payments.

Investing cash flows reduced to £2.6m (2008: £4.4m), due to lower payments in respect of acquisitions. Acquisition payments in the current period of £1.2m comprise deferred payments relating to prior year acquisitions (2008: total payments of £3.1m comprise in year acquisition payments of £1.1m and deferred payments of £2.0m).

Financing cash flows of £2.2m (2008: £8.0m) are due to net drawdown from the group's principal facilities £3.8m (2008: repayment of £2.5m). The prior period included a net cash inflow of £12.5m from the share placing in August 2008. Cash outflows include dividend payments of £1.5m (2008: £1.2m) and net repayments of asset-related finance of £0.1m (2008: £0.8m).

Net assets

At 31 October 2009 net assets were £64.8m (2008: £61.4m).

Non-current assets were broadly unchanged at £60.4m (2008: £60.2m).

Current assets increased to £45.5m (2008: £35.5m), principally from increased trade and other receivables of £9.3m, due to the increased working capital requirement arising from the impact of the group's organic growth. Cash balances increased by £0.8m to £1.0m.

Total liabilities increased to £41.1m (2008: £34.3m), principally due to an increase in gross borrowings of £6.4m, an increase in working capital liabilities of £1.0m due to the group's organic growth and an increase in current and deferred tax liabilities of £2.3m; partially offset by a reduction in deferred consideration of £2.9m. Total liabilities include £5.0m of deferred consideration payments, of which £3.6m is payable within one year.

John Gittins
Chief Financial Officer
21 January 2010

Consolidated income statement

for the six months ended 31 October 2009

	Six months ended 31 October 2009 (unaudited) £'000		Six months ended 31 October 2008 (unaudited) £'000			Year ended 30 April 2009 (audited) £'000	
	Total	Before exceptional items	Exceptional items	Total	Before exceptional items	Exceptional items	Total
Continuing operations:							
Revenue	34,239	28,325	-	28,325	62,143	-	62,143
Direct costs	(18,040)	(14,091)	(295)	(14,386)	(30,665)	(303)	(30,968)
Gross profit	16,199	14,234	(295)	13,939	31,478	(303)	31,175
Other operating income	147	71	-	71	199	-	199
Administrative expenses	(11,787)	(10,284)	-	(10,284)	(20,672)	(536)	(21,208)
Earnings before interest, tax and amortisation	4,559	4,021	(295)	3,726	11,005	(839)	10,166
Amortisation	(517)	(588)	-	(588)	(1,176)	-	(1,176)
Finance costs	(459)	(1,012)	-	(1,012)	(1,741)	-	(1,741)
Profit before tax	3,583	2,421	(295)	2,126	8,088	(839)	7,249
Tax	(1,249)	(819)	83	(736)	(2,826)	209	(2,617)
Profit for the period from continuing operations	2,334	1,602	(212)	1,390	5,262	(630)	4,632
Discontinued operations:							
Loss for the period from discontinued operations	-	(739)	-	(739)	(820)	-	(820)
Profit for the period	2,334	863	(212)	651	4,442	(630)	3,812
Earnings per share							
From continuing operations:							
Basic and diluted	2.6			1.7			5.4
From continuing and discontinued operations:							
Basic and diluted	2.6			0.8			4.4

Consolidated statement of comprehensive income

for the six months ended 31 October 2009

	Six months ended 31 October 2009 (unaudited) £'000	Six months ended 31 October 2008 (unaudited) £'000	Year ended 30 April 2009 (audited) £'000
Profit for the period	2,334	651	3,812
Other comprehensive income:			
Exchange differences on translation of foreign operations	(16)	(7)	8
Total comprehensive income for the period	2,318	644	3,820

Consolidated balance sheet

at 31 October 2009

	31 October 2009 (unaudited) £'000	31 October 2008 (unaudited) £'000	30 April 2009 (audited) £'000
Non-current assets			
Intangible assets	53,255	53,051	53,716
Property, plant and equipment	7,145	7,184	7,012
	60,400	60,235	60,728
Current assets			
Trade and other receivables	44,508	35,220	40,431
Cash and cash equivalents	1,000	226	247
Assets held for sale	-	42	-
	45,508	35,488	40,678
Total assets	105,908	95,723	101,406
Current liabilities			
Trade and other payables	(13,102)	(12,211)	(13,091)
Current tax liabilities	(1,247)	-	(396)
Financial liabilities	(2,371)	(3,581)	(5,409)
Liabilities directly associated with assets held for sale	-	(20)	-
	(16,720)	(15,812)	(18,896)
Net current assets	28,788	19,676	(21,782)
Non-current liabilities			
Trade and other payables	(1,387)	(4,160)	(2,943)
Financial liabilities	(19,032)	(11,443)	(12,326)
Deferred tax	(3,961)	(2,867)	(3,519)
	(24,380)	(18,470)	(18,788)
Total liabilities	(41,100)	(34,282)	(37,684)
Net assets	64,808	61,441	63,722
Equity			
Share capital	4,471	4,456	4,459
Share premium	34,630	34,329	34,384
Merger reserve	17,584	17,584	17,584
Translation reserve	(8)	(7)	8
Retained earnings	8,131	5,079	7,287
Shareholders' equity	64,808	61,441	63,722

Consolidated statement of changes in equity

for the six months ended 31 October 2009 (unaudited)

	Share capital £'000	Share premium £'000	Merger reserve £'000	Translation reserve £'000	Retained earnings £'000	Total equity £'000
At 1 May 2009	4,459	34,384	17,584	8	7,287	63,722
Profit for the year	-	-	-	-	2,334	2,334
Other comprehensive income:						
Foreign exchange adjustments	-	-	-	(16)	-	(16)
Total comprehensive income for the period	-	-	-	(16)	2,334	2,318
Transactions with owners:						
Dividends	-	-	-	-	(1,520)	(1,520)
Shares issued	12	246	-	-	-	258
Credit to equity for equity-settled share-based payments	-	-	-	-	30	30
At 31 October 2009	4,471	34,630	17,584	(8)	8,131	64,808

for the six months ended 31 October 2008 (unaudited)

	Share capital £'000	Share premium £'000	Merger reserve £'000	Translation reserve £'000	Retained earnings £'000	Total equity £'000
At 1 May 2008	4,061	22,157	17,584	-	5,647	49,449
Profit for the year	-	-	-	-	651	651
Other comprehensive income:						
Foreign exchange adjustments	-	-	-	(7)	-	(7)
Total comprehensive income for the period	-	-	-	(7)	651	644
Transactions with owners:						
Dividends	-	-	-	-	(1,219)	(1,219)
Shares issued	395	12,172	-	-	-	12,567
At 31 October 2008	4,456	34,329	17,584	(7)	5,079	61,441

for the year ended 30 April 2009 (audited)

	Share capital £'000	Share premium £'000	Merger reserve £'000	Translation reserve £'000	Retained earnings £'000	Total equity £'000
At 1 May 2008	4,061	22,157	17,584	-	5,647	49,449
Profit for the year	-	-	-	-	3,812	3,812
Other comprehensive income:						
Foreign exchange adjustments	-	-	-	8	-	8
Total comprehensive income for the period	-	-	-	8	3,812	3,820
Transactions with owners:						
Dividends	-	-	-	-	(2,199)	(2,199)
Credit to equity for equity-settled share-based payments	-	-	-	-	27	27
Shares issued	398	12,227	-	-	-	12,625
At 30 April 2009	4,459	34,384	17,584	8	7,287	63,722

Consolidated cash flow statement

for the six months ended 31 October 2009

	Six months ended 31 October 2009 (unaudited) £'000	Six months ended 31 October 2008 (unaudited) £'000	Year ended 30 April 2009 (audited) £'000
Operating activities:			
Cash generated (absorbed) by operations	1,345	(2,952)	(23)
Income taxes paid	45	(210)	(1,008)
Interest paid	(256)	(768)	(1,184)
Net cash flows from operating activities	1,134	(3,930)	(2,215)
Investing activities:			
Proceeds on disposal of property, plant and equipment	114	205	349
Purchases of property, plant and equipment	(1,247)	(1,479)	(2,481)
Purchase of intangible fixed assets	(242)	-	(450)
Acquisition of subsidiaries	-	(1,147)	(1,147)
Deferred consideration payments in the year	(1,213)	(1,993)	(4,192)
Disposal of subsidiary	-	-	26
Net cash used in investing activities	(2,588)	(4,414)	(7,895)
Financing activities:			
Dividends paid	(1,520)	(1,219)	(2,199)
Hire purchase finance received	760	663	1,469
Repayments of hire purchase finance obligations	(916)	(799)	(1,664)
Proceeds on issue of shares	58	12,568	12,626
Repayment of loans	(405)	(699)	(1,053)
New loans raised	450	-	405
Drawdown (repayment) of bank facility	7,000	(2,497)	(3,000)
(Decrease) increase in bank overdrafts	(3,220)	-	3,220
Net cash from financing activities	2,207	8,017	9,804
Net increase (decrease) in cash and cash equivalents	753	(327)	(306)
Cash and cash equivalents at beginning of period	247	553	553
Cash and cash equivalents at end of period	1,000	226	247

Notes

1. Basis of preparation and accounting policies

(a) Basis of preparation

The half year condensed consolidated financial statements do not include all of the information and disclosures required for full annual financial statements and should be read in conjunction with the group's annual financial statements as at 30 April 2009, which have been prepared in accordance with IFRSs as adopted by the European Union.

This condensed consolidated half year financial information does not comprise statutory accounts within the meaning of Section 435 of the Companies Act 2006. Statutory accounts for the year ended 30 April 2009 were approved by the board of directors on 9 July 2009 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain statements under section 498 (2) or (3) of the Companies Act 2006.

The directors have reviewed the financial resources available to the group and have concluded that the group is a going concern. This conclusion is based upon, amongst other matters, a review of the group's financial projections for a period of twelve months following the date of this announcement, together with a review of the cash and committed borrowing facilities available to the group. Accordingly, the going concern basis has been used in preparing these half year condensed consolidated financial statements.

The half year condensed consolidated financial statements for the six months ended 31 October 2009 have not been audited or reviewed. IAS 34 'Interim financial reporting' is not applicable to these half year condensed consolidated financial statements and has therefore not been applied.

(b) Significant accounting policies

The accounting policies adopted in preparation of the half year condensed consolidated financial statements are consistent with those followed in the preparation of the group's annual financial statements for the year ended 30 April 2009, except for the adoption of the new standards and interpretations as of 1 May 2009, noted below.

IFRS 8 'Operating Segments' requires that segmental disclosure be reported on a management basis and in a manner consistent with internal financial reporting to the board. In adopting this standard the directors considered the integration of the corporate finance business into the group's insolvency division. Accordingly, the group now reports its activities under IFRS 8 as three segments: insolvency, tax and all other segments.

IAS 1 (revised) 'Presentation of financial statements' requires the presentation of a statement of changes in equity as a primary statement, separate from the income statement and statement of comprehensive income. As a result, a condensed consolidated statement of changes in equity has been included in the primary statements, showing the changes in each component of equity for each period presented.

2. Segmental analysis by class of business

	Six months ended 31 October 2009 (unaudited) £'000	Six months ended 31 October 2008 (unaudited) £'000	Year ended 30 April 2009 (audited) £'000
Continuing operations:			
Revenue			
Insolvency	29,519	23,033	51,981
Tax	2,516	3,418	7,030
All other segments	2,204	1,874	3,132
	34,239	28,325	62,143
EBITA (before exceptional items)			
Insolvency	5,742	3,901	10,406
Tax	(1,122)	164	611
All other segments	(61)	(44)	(12)
	4,559	4,021	11,005

3. Finance costs

	Six months ended 31 October 2009 (unaudited) £'000	Six months ended 31 October 2008 (unaudited) £'000	Year ended 30 April 2009 (audited) £'000
Interest payable	256	768	1,184
Unwinding of discount on deferred consideration liabilities	203	244	557
	459	1,012	1,741

4. Exceptional items

The group incurred exceptional costs in the period of £nil (2008: £295,000) in relation to restructuring costs.

5. Earnings per share

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

	Six months ended 31 October 2009 (unaudited) £'000	Six months ended 31 October 2008 (unaudited) £'000	Year ended 30 April 2009 (audited) £'000
Earnings			
Profit for the period from continuing operations attributable to equity holders	2,334	1,390	4,632
Loss from discontinued operations attributable to equity holders	-	(739)	(820)
Profit for the period attributable to equity holders	2,334	651	3,812
Number of shares			
	31 October 2009 (unaudited) number	31 October 2008 (unaudited) number	30 April 2009 (audited) number
Weighted average number of ordinary shares for basic earnings per share	89,293,571	83,091,692	86,083,730
Dilutive potential ordinary shares: Employee share options	15,094	-	-
Weighted average number of ordinary shares for diluted earnings per share	89,308,665	83,091,692	86,083,730
Basic and diluted earnings (loss) per share from:			
	31 October 2009 (unaudited) pence	31 October 2008 (unaudited) pence	30 April 2009 (audited) pence
Continuing operations	2.6	1.7	5.4
Discontinued operations	-	(0.9)	(1.0)
Total	2.6	0.8	4.4

The following additional earnings per share figures are presented as the directors believe they provide a better understanding of the trading position of the group.

	Six months ended 31 October 2009 (unaudited) £'000	Six months ended 31 October 2008 (unaudited) £'000	Year ended 30 April 2009 (audited) £'000
Earnings			
Profit for the period from continuing operations attributable to equity holders	2,334	1,390	4,632
Amortisation	517	588	1,176
Unwinding of discount on deferred consideration liabilities	203	244	557
Exceptional costs	-	295	839
Tax effect	(145)	(247)	(538)
Adjusted earnings	2,909	2,270	6,666
Adjusted basic and diluted earnings per share from continuing operations			
	31 October 2009 (unaudited) pence	31 October 2008 (unaudited) pence	30 April 2009 (audited) pence
	3.3	2.7	7.7

6. Dividends paid and proposed

The interim dividend of 1.2p (2008: 1.1p) per share (not recognised as a liability at 31 October 2009) will be payable on 1 April 2010 to ordinary shareholders on the register at the close of business on 19 March 2010. The dividend disclosed in the cash flow statement represents the final ordinary dividend of 1.7p per share as proposed in the 30 April 2009 financial statements and approved at the group's AGM (not recognised as a liability at 30 April 2009).

7. Note to the cash flow statement

	Six months ended 31 October 2009 (unaudited) £'000	Six months ended 31 October 2008 (unaudited) £'000	Year ended 30 April 2009 (audited) £'000
Profit for the period	2,334	651	3,812
<i>Adjustments for:</i>			
Tax	1,249	532	2,474
Finance costs	459	1,012	1,741
Amortisation of goodwill and intangibles	517	588	1,176
Depreciation of property, plant and equipment	905	862	1,732
Loss on disposal of discontinued operations	-	244	219
Share based payment expense	30	-	27
Loss on asset sale	95	187	266
Operating cash flows before movements in working capital	5,589	4,076	11,447
Increase in receivables	(4,094)	(5,005)	(10,228)
Decrease in payables	(150)	(2,023)	(1,242)
Cash generated (absorbed) by operations	1,345	(2,952)	(23)