16 December 2010

Begbies Traynor Group plc

Half year results
for the six months ended 31 October 2010

Begbies Traynor Group plc, the specialist professional services consultancy, today announces its half year results for the six months ended 31 October 2010.

Financial highlights

- Revenue of £34.4m (2009: £34.2m)
- EBITA* (pre-exceptional items and acquisition-related costs) of £4.0m (2009: £4.6m)
- Adjusted profit before tax** of £3.6m (2009: £4.3m)
- Profit before tax from continuing operations of £2.6m (2009: £3.6m)
- Earnings per share:
  - adjusted basic and diluted EPS*** from continuing operations was 2.6p (2009: 3.3p)
  - basic and fully diluted EPS from continuing operations of 1.8p (2009: 2.6p)
- Interim dividend maintained at 1.2p (2009: 1.2p)
- Strong financial position with principal bank net debt of £20.3m (30 April 10: £15.9m), comfortably within the banking facilities of £35.0m
- Net assets per share of 75p (30 April 10: 75p)

** Earnings before interest, tax and amortisation of intangible assets arising on acquisitions*

*** Profit before tax of £2.6m (2009: £3.6m) plus amortisation of £0.04m (2009: £0.5m) plus finance charge arising from the discounting of deferred consideration of £0.04m (2009: £0.2m) plus exceptional costs of £0.8m (2009: nil) plus acquisition-related costs under IFRS 3 (revised) £0.1m (2009: nil)*

**** See reconciliation in note 5*

Operational highlights

- Insolvency and restructuring:
  - activity levels constrained by continuing decline in the rate of UK insolvencies
  - US JV won its first restructuring engagement
  - ongoing internal restructuring to align resource base with current activity levels
- Tax:
  - much improved and profitable performance in the typically quieter first half
  - successful acquisition and integration of tax investigations team from Vantis in July
- Global Risk Partners:
  - investment in expanding the team has driven substantial revenue growth
  - focus on consultancy work has resulted in significantly enhanced profitability
- Red Flag Alert (subscription-based credit risk database):
  - 96 multiple user subscribers (an increase of 56 since 30 April 2010)
- Continuing investment in organic and acquisitive growth:
  - Four acquisitions in total since beginning of current financial year (two post half year end)
  - Investment in new restructuring capability, Red Flag, Tax and Global Risk Partners

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

“The number of UK insolvencies has remained on a downward trend resulting in lower than anticipated insolvency revenues. If, as we expect, there is some pick up in new insolvency engagements through the remainder of the financial year this would result in a modest improvement in revenues in the second half in the core insolvency division, with the full financial benefit of this emerging in the financial year beginning 1 May 2011.

“Together with seasonally higher activity levels in the tax division and anticipated completion on a number of contingent fee engagements for both tax consultancy and corporate finance in the second half, this should contribute to a greater second-half weighting to group results.

“We will provide a trading update on third quarter trading and insolvency levels in early March 2011.”

A meeting for analysts will be held today at 12.00 pm at the offices of MHP Communications, 60 Great Portland Street, London, W1W 7RT. Please contact Giles Robinson on 020 3128 8788 if you would like to attend.

Enquiries please contact:

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Information on Begbies Traynor Group can be accessed via the Group's website at www.begbies-traynorgroup.com

Chairman's statement

Introduction

I am pleased to report a solid financial performance by Begbies Traynor Group plc for the six months ended 31 October 2010 in a very challenging insolvency market. Group revenue for the period increased slightly from the prior year. However, insolvency revenues were approximately 9% lower, which were more than offset by an improved performance in the group's non-insolvency operations.

This is in line with the group's recent trading updates, in which we have stated that activity levels in the group's insolvency division have been constrained due to market conditions. Government insolvency statistics for the third calendar quarter of 2010 show a 7% reduction from the second quarter and an 18% reduction from the same period of the prior year.

Profitability in the period has been impacted by reduced margins in insolvency, resulting from the constrained activity levels, and an increase in finance costs; partially offset by improved performance within the group's non-insolvency businesses.

The group has made four acquisitions in the current year (two of which were subsequent to the period end) and has continued to invest in its new Red Flag business and the organic development of the Tax and Global Risk divisions.

Results

The group's revenue in the half year increased slightly to £34.4m (2009: £34.2m), with a 12% decrease in earnings before interest, tax and amortisation ('EBITA') (pre-exceptional and acquisition-related costs) to £4.0m (2009: £4.6m). Adjusted profit before tax[1] decreased by 17% to £3.6m (2009: £4.3m). Profit before tax decreased by 29% to £2.6m (2009: £3.6m).

EPS[2], adjusted for the net of tax impact of amortisation, exceptional and acquisition-related costs and the finance charge arising from the discounting of deferred consideration liabilities, decreased by 21% to 2.6p (2009: 3.3p). Basic and fully diluted EPS from continuing operations decreased by 31% to 1.8p (2009: 2.6p).

Net borrowings at 31 October 2010, comprising principal net debt plus asset-related financing, were £24.2m (30 April 2010: £20.2m; 31 October 2009: £20.4m) giving gearing of 36% (31 October 2009: 31%). The group is in a strong financial position with principal bank net debt of £20.3m, comfortably within its banking facilities of £35m.

[1] Profit before tax of £2.6m (2009: £3.6m) plus amortisation of £0.04m (2009: £0.5m) plus finance charge arising from the discounting of deferred consideration of £0.04m (2009: £0.2m) plus exceptional costs of £0.8m (2009: nil) plus acquisition-related costs under IFRS 3 (revised) £0.1m (2009: nil)

[2] See reconciliation in note 5

Operational review

With effect from the current financial year, the group will report as four operating segments in line with its management structure as detailed in note 2. The comparative results have been restated accordingly.

Insolvency and restructuring

Begbies Traynor is the UK's leading independent business rescue, recovery, restructuring and personal insolvency organisation, providing a partner-led service to stakeholders in troubled businesses. This division includes the activities of BTG Corporate Finance, which is a national firm of advisors and capital transaction project managers, providing professional strategic advice, including pre-insolvency services, whilst also managing and supporting capital transactions.

Insolvency revenues decreased by £2.8m over the prior period to £27.0m (2009: £29.8m), with a resultant decrease in segmental profit of £2.3m to £6.4m (2009: £8.7m).

Revenue in the insolvency business is reliant on the continuing flow of new engagements. The numbers of UK insolvencies remain lower than expected, which has had a direct impact on activity levels within the division resulting in the year-on-year 9% decrease in revenue. As a result of a cost base geared for higher insolvency volumes, this has reduced operating margins in the division to 24% (2009: 29%). These divisional results also include our corporate finance activities which were subdued during the period, reflecting the market conditions.

During the period, we successfully completed our first restructuring engagement with our US joint venture partners following investment in this partnership in the prior year, which then resulted in a formal insolvency appointment for our UK business. We continue to invest in start-up costs in relation to the Cayman Islands operation. However, market conditions in the North American market are similar to the UK, resulting in further start-up losses in the period.

To support our strategic objectives we have continued to selectively invest in our core business both through acquisition and organic development.

In June 2010 we completed the acquisition of Tomlinsons, a Manchester-based insolvency practice, which has now been fully integrated with our existing Manchester team and is performing in line with expectations.

Subsequent to the period end we completed two further acquisitions: Hamiltons, a two partner practice based in Sheffield, giving the group its first office in South Yorkshire, and the insolvency division of Walletts, a general accountancy practice in Stoke on Trent, reinforcing the group's strong presence within this local market.

We have continued to invest through recruitment in the development of our restructuring, pre-insolvency and pensions advisory capabilities in the period.

As a result of the current market conditions, we have restructured under-performing elements of the division, resulting in exceptional costs of £0.8m, which includes non-cash costs of £0.6m. We will continue to review the cost base over the remainder of the financial year to ensure it is appropriately aligned with activity levels, whilst providing the opportunity for growth when insolvency numbers increase.

High profile and larger insolvency, restructuring and corporate finance engagements in the period have included: the administration of Realtime Worlds, the Dundee based video-games company; the administration of the Greek and Turkish budget holiday operator, Goldtrail; and advising M3 Capital Partners on its acquisition of Swayfields Extra MSA Holdings' UK motorway service station operations.

The number of people employed in insolvency has increased to 537 on 31 October 2010 from 500 at the start of the year.

BTG Tax

BTG Tax provides specialist tax, fiscal structuring and tax investigations consultancy to high net worth individuals, corporations, independent financial advisors, financial institutions and general practice accountants, largely on a project fee basis.

Revenue in the tax division increased to £4.0m (2009: £2.5m) with a resultant improvement in profitability to £0.3m (2009: loss of £0.8m).

The division has benefited from the combination of an improved economic environment, which has increased the demand for tax services, returns generated on organic investments undertaken in the prior year and the prior year restructuring of the business.

In July 2010 the group acquired a seven-strong team from Vantis Plc. The team provides tax investigations consultancy and has been successfully integrated into the London office.

The division employed 77 at 31 October 2010, an increase from 70 at 30 April 2010.

BTG Global Risk Partners

BTG Global Risk Partners is a leading provider of risk consulting and forensic investigation services which help identify, resolve, mitigate or avoid complex commercial or personal challenges all over the world.

Revenue in the division increased to £3.4m (2009: £1.9m) with an increase in profits to £0.7m (2009: nil).

In the previous financial year the board decided to focus the division on higher margin consultancy activities and away from the transactional services previously provided.

This ongoing investment has delivered good returns in the period with an increase in engagement values and margins, resulting in the improved results.

The division employed 32 at 31 October 2010, an increase from 26 at 30 April 2010, reflecting the ongoing investment in this service line.

Red Flag Alert

Red Flag Alert is a subscription-based credit risk database with over 6 million records on businesses in the UK, from sole traders through to limited and quoted companies. It covers all aspects of business activity enabling subscribers to target, assess and monitor the performance of customers, suppliers and competitors.

The system was formally launched as a fully supported web-based subscription service to third parties in December 2009. We are pleased with the initial uptake of the product, which had 96 multiple user subscribers at 31 October 2010 (an increase of 56 from 40 at 30 April 2010). Revenue in the period was £0.1m (2009: nil) with losses of £0.3m (2009: loss of £0.3m) reflecting the on-going investment in the product.

The division employed 14 at 31 October 2010, an increase from 10 at 30 April 2010.

Dividend and share purchase authority

Having reviewed current trading, our continuing investment programme and cash availability, the board has approved a maintained interim dividend of 1.2p per share, which will be paid on 6 May 2011 to all shareholders on the register on 8 April 2011, with an ex-dividend date of 6 April 2011.

The proposed dividend reflects the board's long-term progressive dividend policy, which takes account of the underlying growth in earnings, whilst acknowledging the requirement for continuing investment to underpin growth.

During the period, shareholder approval was gained authorising the company to purchase up to 25% of the current issued ordinary shares in the market for cancellation or to be held in treasury. The board will regularly review the possibility of purchasing shares in the market and the directors will exercise such authority if they believe, at the relevant time, that it is in the best interests of shareholders as a whole.

Insolvency market

Trends in both the group's Red Flag Alert statistics and Government insolvency data reflect declining numbers of corporate insolvencies in the UK over the course of the last 18 months.

The group's view is that a combination of lenient creditor attitudes and temporary government support measures, including the extensive use of monetary instruments such as quantitative easing and low interest rates, have all had an effect on reducing the volume of corporate insolvencies.

Red Flag statistics

'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 on 13 October 2010, revealed that the number of UK companies experiencing critical or significant problems in the third calendar quarter of 2010 has shown a 3% decrease over the second quarter and a decrease over the same quarter last year by 10%.

Insolvency statistics

Government insolvency statistics for the third calendar quarter of 2010 showed an 18% decrease in the number of corporate insolvencies compared to the same quarter in the prior year and a 7% decrease compared to the second calendar quarter of 2010. This represents the seventh consecutive quarter of decreases in corporate insolvencies.

Outlook

The number of UK insolvencies has remained on a downward trend resulting in lower than anticipated insolvency revenues. If, as we expect, there is some pick up in new insolvency engagements through the remainder of the financial year this would result in a modest improvement in revenues in the second half in the core insolvency division, with the full financial benefit of this emerging in the financial year beginning 1 May 2011.

Together with seasonally higher activity levels in the tax division and anticipated completion on a number of contingent fee engagements for both tax consultancy and corporate finance in the second half, this should contribute to a greater second-half weighting to group results.

We will provide a trading update on third quarter trading and insolvency levels in early March 2011.

Summary

We believe the group is well-positioned to take advantage of any increase in corporate insolvencies, following the gradual unwinding of government support measures and a change in creditor attitudes. The group's non-insolvency businesses are expected to benefit from an increase in corporate activity and the investments made to date. We anticipate continuing to invest in the organic and acquisitive development of all of our businesses.

Overall, we believe that the group is capable of delivering a sustained period of growth over the medium to longer term.

Ric Traynor
Executive chairman
16 December 2010

Financial review

FINANCIAL HIGHLIGHTS

Group revenue for the period was £34.4m (2009: £34.2m), an increase of £0.2m. A reduction in revenue in the insolvency division of 9%, resulting from the current market conditions, was more than offset by improved performance from the non-insolvency businesses. Revenue in the period included £1.0m from current year acquisitions.

EBITA (pre-exceptional and acquisition-related costs) decreased to £4.0m (2009: £4.6m), a decrease of 12%. Margins decreased to 11.7% from 13.3% due to constrained activity levels within the insolvency division, partially mitigated by the improved performance of the tax and global risk businesses.

During the period, the group incurred exceptional restructuring costs of £0.8m (2009: nil), which includes £0.6m of non-cash costs. Costs of £0.1m (2009: nil) associated with acquisitions were incurred during the year and have been expensed in the income statement in accordance with IFRS 3 (revised).

Amortisation of intangible assets arising on acquisitions reduced in the year to £0.04m (2009: £0.5m).

Finance costs totalled £0.5m (2009: £0.5m). Interest costs increased to £0.5m (2009: £0.3m), due to higher charges (including amortisation of arrangement fees of £0.05m) relating to the new facility and increased borrowings compared to the comparative period. Charges from the discounting of deferred consideration decreased to £0.04m (2009: £0.2m).

Adjusted profit before tax was £3.6m (2009: £4.3m). Profit before tax was £2.6m (2009: £3.6m). The reconciliation between these profit measures is as follows:

	2010 £m	2009 £m
Adjusted profit before tax	**3.6**	**4.3**
Less:		
Amortisation of intangible assets arising on acquisitions	(0.04)	(0.5)
Finance charges arising on discounting of deferred consideration	(0.04)	(0.2)
Exceptional costs	(0.8)	-
Acquisition-related costs	(0.1)	-
Profit before tax	**2.6**	**3.6**

The tax charge arising on profit (before exceptional and acquisition-related costs) was £1.2m (2009: £1.2m), which represents an effective rate of 35% (2009: 35%), in line with the effective rate (before exceptional items) for the year ended 30 April 2010. The total tax charge for the period was £0.9m (2009: £1.2m), based on a weighted average expected tax rate for the full year of 36%, in line with the prior year.

Profit for the period was £1.6m (2009: £2.3m).

EARNINGS PER SHARE ('EPS')

EPS from continuing operations*, adjusted for the net of tax impact of the amortisation of intangible assets arising on acquisitions, exceptional costs, acquisition-related costs and the finance charge arising from the discounting of deferred consideration liabilities, was 2.6p (2009: 3.3p). Basic and diluted EPS was 1.8p (2009: 2.6p).
** See reconciliation in note 5*

CASH FLOWS

Cash generated by operations increased to £1.9m (2009: £1.3m). Tax payments in the period were £1.4m, which compares to a small tax refund in the comparative period. Interest payments increased by £0.1m to £0.4m, resulting in a net cash flow from operations of nil (2009: £1.1m inflow).

Investing cash flows increased to £4.0m (2009: £2.6m), due to higher payments in respect of acquisitions. Payments relating to current year acquisitions total £1.0m (2009: nil), with deferred payments relating to prior year acquisitions of £1.5m (2009: £1.2m). Net capital investment was £1.5m (2009: £1.4m).

Financing cash flows of £3.6m (2009: £2.2m) are due to a net drawdown on the group's principal bank facilities of £4.0m (2009: £7.0m). Cash outflows include a net repayment of other finance of £0.4m (2009: £0.4m) and dividend payments of nil (2009: £1.5m).

FINANCING

As at 31 October 2010, the group remains in a strong financial position, with principal bank net debt of £20.3m, comfortably within the banking facilities of £35m. During the period, all bank covenants were met.

The group continues to use other sources of finance as appropriate, including hire purchase contracts and other asset-related bank loans. At 31 October 2010, the group had asset-related finance of £3.9m (2009: £3.9m).

Net borrowings at 31 October 2010 were £24.2m (2009: £20.4m).

NET ASSETS

At 31 October 2010 net assets were £67.2m (2009: £64.8m).

	31 Oct 2010 £m	30 Apr 2010 £m	31 Oct 2009 £m
Non-current assets	62.8	60.4	60.4
Current assets	53.2	49.9	45.5
Borrowings	(27.0)	(23.4)	(21.4)
Other liabilities	(21.8)	(19.7)	(19.7)
Net assets	**67.2**	**67.2**	**64.8**

Non-current assets increased by £2.4m in the period to £62.8m, principally due to goodwill and intangible assets recognised on current year acquisitions of £1.9m.

Current assets increased by £3.3m to £53.2m since April 2010 due to: increased working capital balances of £3.3m, reflecting the lengthening of the working capital cycle of insolvency cases as a result of current economic conditions of £2.3m and balances arising on acquisitions of £1.0m; increased prepayments reflecting annual phasing of expenditure of £0.4m; partially offset by reduced cash balances of £0.4m to £2.7m.

Borrowings increased by £3.6m in the period, as noted above. Other liabilities increased by £2.1m to £21.8m due to the accrued final dividend of £1.7m and increased working capital liabilities of £0.4m. Other liabilities include £3.5m of deferred consideration payments, of which £3.1m is payable within one year.

Nick Taylor
Acting Chief Financial Officer
16 December 2010

Condensed consolidated income statement

for the six months ended 31 October 2010

	Six months ended 31 October 2010 (unaudited) £'000			Six months ended 31 October 2009 (unaudited) £'000	Year ended 30 April 2010 (audited) £'000		
	Before exceptional items and acquisition related costs	**Exceptional items and acquisition related costs**	**Total**	Total	Before exceptional items	Exceptional items	Total
Continuing operations:							
Revenue	**34,371**	**-**	**34,371**	34,239	69,052	-	69,052
Direct costs	**(18,615)**	**(675)**	**(19,290)**	(18,040)	(34,991)	(183)	(35,174)
Gross profit	**15,756**	**(675)**	**(15,081)**	16,199	34,061	(183)	33,878
Other operating income	**67**	**-**	**67**	147	178	-	178
Administrative expenses	**(11,814)**	**(234)**	**(12,048)**	(11,787)	(23,253)	(628)	(23,881)
Earnings before interest, tax and amortisation	**4,009**	**(909)**	**3,100**	4,559	10,986	(811)	10,175
Amortisation of intangible assets arising on acquisitions	**(44)**	**-**	**(44)**	(517)	(571)	-	(571)
Finance costs	**(500)**	**-**	**(500)**	(459)	(886)	-	(886)
Profit before tax	**3,465**	**(909)**	**2,556**	3,583	9,529	(811)	8,718
Tax	**(1,213)**	**293**	**(920)**	(1,249)	(3,347)	221	(3,126)
Profit for the period	**2,252**	**(616)**	**1,636**	2,334	6,182	(590)	5,592
Earnings per share							
From continuing operations:							
Basic and diluted			**1.8**	2.6			6.3

Condensed consolidated statement of comprehensive income

for the six months ended 31 October 2010

	Six months ended 31 October 2010 (unaudited) £'000	Six months ended 31 October 2009 (unaudited) £'000	Year ended 30 April 2010 (audited) £'000
Profit for the period	**1,636**	2,334	5,592
Other comprehensive income:			
Exchange differences on translation of foreign operations	**(16)**	(16)	(9)
Total comprehensive income for the period	**1,620**	2,318	5,583

Condensed consolidated balance sheet
at 31 October 2010

	31 October 2010 (unaudited) £'000	31 October 2009 (unaudited) £'000	30 April 2010 (audited) £'000
Non-current assets			
Intangible assets	**55,502**	53,255	53,309
Property, plant and equipment	**7,309**	7,145	7,071
	62,811	60,400	60,380
Current assets			
Trade and other receivables	**50,508**	44,508	46,758
Cash and cash equivalents	**2,741**	1,000	3,118
	53,249	45,508	49,876
Total assets	**116,060**	105,908	110,256
Current liabilities			
Trade and other payables	**(15,858)**	(13,102)	(13,224)
Current tax liabilities	**(217)**	(1,247)	(1,508)
Financial liabilities	**(2,005)**	(2,371)	(2,282)
	(18,080)	(16,720)	(17,014)
Net current assets	**35,169**	28,788	32,862
Non-current liabilities			
Trade and other payables	**(420)**	(1,387)	(428)
Financial liabilities	**(24,951)**	(19,032)	(21,080)
Deferred tax	**(5,417)**	(3,961)	(4,560)
	(30,788)	(24,380)	(26,068)
Total liabilities	**(48,868)**	(41,100)	(43,082)
Net assets	**67,192**	64,808	67,174
Equity			
Share capital	**4,534**	4,471	4,530
Share premium	**34,735**	34,630	34,686
Merger reserve	**17,584**	17,584	17,584
Translation reserve	**(17)**	(8)	(1)
Retained earnings	**10,356**	8,131	10,375
Shareholders' equity	**67,192**	64,808	67,174

Condensed consolidated statement of changes in equity

for the six months ended 31 October 2010 (unaudited)

	Share capital £'000	Share premium £'000	Merger reserve £'000	Translation reserve £'000	Retained earnings £'000	Total equity £'000
At 1 May 2010	**4,530**	**34,686**	**17,584**	**(1)**	**10,375**	**67,174**
Profit for the period	-	-	-	-	1,636	1,636
Other comprehensive income:						
Foreign exchange adjustments	-	-	-	(16)	-	(16)
Total comprehensive income for					-	
the period	-	-	-	(16)	1,636	1,620
Transactions with owners:						
Dividends	-	-	-	-	(1,701)	(1,701)
Shares issued	4	49	-	-	-	53
Credit to equity for equity-settled share-based payments	-	-	-	-	46	46
At 31 October 2010	**4,534**	**34,735**	**17,584**	**(17)**	**10,356**	**67,192**

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 period	-	-	-	-	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 year ended 30 April 2010 (audited)

	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	-	-	-	-	5,592	5,592
Other comprehensive income:						
Foreign exchange adjustments	-	-	-	(9)	-	(9)
Total comprehensive income for the year	-	-	-	(9)	5,592	5,583
Transactions with owners:						
Dividends	-	-	-	-	(2,593)	(2,593)
Credit to equity for equity-settled share-based payments	-	-	-	-	89	89
Shares issued	71	302	-	-	-	373
At 30 April 2010	4,530	34,686	17,584	(1)	10,375	67,174

Condensed consolidated cash flow statement
for the six months ended 31 October 2010

	Six months ended 31 October 2010 (unaudited) £'000	Six months ended 31 October 2009 (unaudited) £'000	Year ended 30 April 2010 (audited) £'000
Operating activities:			
Cash generated by operations	**1,862**	1,345	6,741
Income taxes paid	**(1,442)**	45	(973)
Interest paid	**(409)**	(256)	(541)
Net cash flows from operating activities	**11**	1,134	5,227
Investing activities:			
Proceeds on disposal of property, plant and equipment	**228**	114	564
Purchases of property, plant and equipment	**(1,411)**	(1,247)	(2,556)
Purchase of intangible fixed assets	**(394)**	(242)	(713)
Acquisition of subsidiaries	**(986)**	-	-
Deferred consideration payments in the period	**(1,470)**	(1,213)	(2,858)
Net cash used in investing activities	**(4,033)**	(2,588)	(5,563)
Financing activities:			
Dividends paid	**-**	(1,520)	(2,593)
Hire purchase finance received	**995**	760	2,091
Repayments of hire purchase finance obligations	**(965)**	(916)	(1,859)
Proceeds on issue of shares	**52**	58	173
Repayment of loans	**(437)**	(405)	(835)
New loans raised	**-**	450	450
Drawdown of bank facility	**4,000**	7,000	9,000
Decrease in bank overdrafts	**-**	(3,220)	(3,220)
Net cash from financing activities	**3,645**	2,207	3,207
Net (decrease) increase in cash and cash equivalents	**(377)**	753	2,871
Cash and cash equivalents at beginning of period	**3,118**	247	247
Cash and cash equivalents at end of period	**2,741**	1,000	3,118

Notes to the condensed consolidated financial statements

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 2010, 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 2010 were approved by the board of directors on 8 July 2010 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 condensed consolidated financial statements for the six months ended 31 October 2010 have not been audited nor subject to an interim review by the auditors. 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 2010, with the exception of the following:

IFRS 3 (revised) 'Business Combinations' has been adopted. The standard requires acquisition-related costs (which would previously have been included in the cost of a business combination) to be charged to administrative expenses as incurred, and any changes to the cost of an acquisition, including contingent consideration, resulting from events after the date of acquisition, to be recognised in the income statement. Previously, such changes resulted in an adjustment to goodwill. The revised standard is effective for group business combinations after 1 May 2010.

Segmental Disclosures – from 1 May 2010, the group is managed as four operating segments: Insolvency and restructuring, BTG Tax, BTG Global Risk Partners and Red Flag Alert. IFRS 8 'Segmental Analysis' requires segmental disclosures to be reported on a management basis and in a manner consistent with internal financial reporting to the board. Consequently the group now reports its segmental disclosures as four operating segments and the results for the prior periods have been restated on this basis.

2. Segmental analysis by class of business

	Six months ended 31 October 2010 (unaudited) £'000	Six months ended 31 October 2009 (restated & unaudited) £'000	Year ended 30 April 2010 (restated & unaudited) £'000
Continuing operations:			
Revenue			
Insolvency and restructuring	**26,962**	29,792	59,229
Tax	**3,987**	2,516	6,259
Global Risk Partners	**3,365**	1,931	3,558
Red Flag Alert	**57**	-	6
	34,371	34,239	69,052
EBITA (before exceptional items and acquisition-related costs)			
Insolvency and restructuring	**6,384**	8,692	17,439
Tax	**290**	(837)	(10)
Global Risk Partners	**670**	49	21
Red Flag Alert	**(338)**	(265)	(600)
Shared and central costs	**(2,997)**	(3,080)	(5,864)
	4,009	4,559	10,986

3. Finance costs

	Six months ended 31 October 2010 (unaudited) £'000	Six months ended 31 October 2009 (unaudited) £'000	Year ended 30 April 2010 (audited) £'000
Interest payable	**459**	256	541
Unwinding of discount on deferred consideration liabilities	**41**	203	345
	500	459	886

4. Exceptional items and acquisition-related costs

	Six months ended 31 October 2010 (unaudited) £'000	Six months ended 31 October 2009 (unaudited) £'000	Year ended 30 April 2010 (audited) £'000
Exceptional items	**799**	-	811
Acquisition-related costs	**110**	-	-
	909	-	811

The group incurred exceptional costs in the period of £799,000 (2009: nil) 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 2010 (unaudited) £'000	Six months ended 31 October 2009 (unaudited) £'000	Year ended 30 April 2010 (audited) £'000
Earnings			
Profit for the period attributable to equity holders	**1,636**	2,334	5,592

Number of shares	31 October 2010 (unaudited) number	31 October 2009 (unaudited) number	30 April 2010 (audited) number
Weighted average number of ordinary shares for basic earnings per share	**89,507,629**	89,293,571	89,367,374
Dilutive potential ordinary shares:			
Employee share options	**18,326**	15,094	-
Weighted average number of ordinary shares for diluted earnings per share	**89,525,955**	89,308,665	89,367,374

	31 October 2010 (unaudited) pence	31 October 2009 (unaudited) pence	30 April 2010 (audited) pence
Basic and diluted earnings per share	**1.8**	2.6	6.3

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 2010 (unaudited) £'000	Six months ended 31 October 2009 (unaudited) £'000	Year ended 30 April 2010 (audited) £'000
Earnings			
Profit for the period from continuing operations attributable to equity holders	**1,636**	2,334	5,592
Amortisation of intangible assets arising on acquisitions	**44**	517	571
Unwinding of discount on deferred consideration liabilities	**41**	203	345
Exceptional items	**799**	-	811
Acquisition-related costs	**110**	-	-
Tax effect	**(305)**	(145)	(381)
Adjusted earnings	**2,325**	2,909	6,938

	31 October 2010 pence	31 October 2009 pence	30 April 2010 pence
Adjusted basic and diluted earnings per share	**2.6**	3.3	7.8

6. Dividends paid and proposed

The interim dividend of 1.2p (2009: 1.2p) per share (not recognised as a liability at 31 October 2010) will be payable on 6 May 2011 to ordinary shareholders on the register at the close of business on 8 April 2011. The final ordinary dividend of 1.9p per share as proposed in the 30 April 2010 financial statements and approved at the group's AGM was paid on 1 November 2010 and was recognised as a liability at 31 October 2010.

7. Note to the cash flow statement

	Six months ended 31 October 2010 (unaudited) £'000	Six months ended 31 October 2009 (unaudited) £'000	Year ended 30 April 2010 (audited) £'000
Profit for the period	**1,636**	2,334	5,592
Adjustments for:			
Tax	**920**	1,249	3,126
Finance costs	**500**	459	886
Amortisation of intangible assets	**109**	517	604
Depreciation of property, plant and equipment	**950**	905	1,821
Impairment loss on equipment and motor vehicles	**-**	-	18
Exceptional restructuring costs relating to asset write downs	**565**	-	369
Share based payment expense	**46**	30	89
(Profit) loss on asset sale	**(5)**	95	94
Operating cash flows before movements in working capital	**4,721**	5,589	12,599
Increase in receivables	**(3,403)**	(4,094)	(6,624)
Increase (decrease) in payables	**544**	(150)	766
Cash generated by operations	**1,862**	1,345	6,741