

8 July 2010

## Begbies Traynor Group plc

### Final results for the year ended 30 April 2010

Begbies Traynor Group plc, the specialist professional services consultancy, today announces its final results for the year ended 30 April 2010.

#### Financial highlights

- Revenue from continuing operations increased by 11% to £69.1m (2009: £62.1m)
- EBITA\* (pre-exceptional items) of £11.0m (2009: £11.0m)
- Adjusted profit before tax\*\* up 6% to £10.4m (2009: £9.8m)
- Profit before tax from continuing operations up 20% to £8.7m (2009: £7.2m)
- Earnings per share:
  - adjusted basic and diluted EPS\*\*\* from continuing operations increased to 7.8p (2009: 7.7p)
  - basic and fully diluted EPS from continuing operations increased by 17% to 6.3p (2009: 5.4p)
- Proposed final dividend increased by 12% to 1.9p (2009: 1.7p), giving a total of 3.1p for the year, an increase of 11% on the previous year (2009: 2.8p)
- Strong financial position with principal bank debt of £15.9m, comfortably within the banking facilities of £35.0m; net assets per share of 75 pence

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

\*\* *Profit before tax from continuing operations of £8.7m (2009: £7.2m) plus amortisation of intangible assets arising on acquisition of £0.6m (2009: £1.2m) plus finance charge arising from the discounting of deferred consideration of £0.3m (2009: £0.6m) plus exceptional costs of £0.8m (2009: £0.8m)*

\*\*\* *See reconciliation in note 7*

#### Operational highlights

- New four year, unsecured bank facilities agreed in April 2010 at competitive rates
- Insolvency: high levels of activity during the year and operating margins maintained
- Tax: returned to profit in the second half
- Continued investment to underpin growth:
  - expansion of the UK and international network
  - joint venture with US-based financial advisory consultant, Mesirow Financial Consulting
  - commercial launch of 'Red Flag Alert' corporate health monitoring system

#### Post year end events and current trading

- Acquisition of Manchester-based corporate recovery and insolvency firm
- First two months of the financial year slightly ahead of the same period last year and in line with our expectations

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

“Activity levels for the first two months of the new financial year are slightly ahead of last year and in line with our expectations.

We expect to see the benefit of our organic and acquisitive investments in insolvency, as well as the restructuring of our non-insolvency businesses, mitigate the short term constraint of a subdued insolvency market. Our expectations for the current financial year, therefore, remain unchanged. We will provide a further update at the time of the AGM in September 2010.

Finally, the group’s strong balance sheet will enable the board to continue to consider selective acquisitions, principally in the insolvency and restructuring sector, to support the group’s future development.”

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Information on Begbies Traynor Group can be accessed via the Group's website at [www.begbies-traynorgroup.com](http://www.begbies-traynorgroup.com)

# Chairman's statement

## INTRODUCTION

I am pleased to report a solid overall financial performance by Begbies Traynor Group plc in the financial year ended 30 April 2010. Highlights include a significant year on year increase in activity levels in our core insolvency division, which accounts for 85% of the group's revenue and which maintained its operating margins. The tax division, whilst loss making for the year as a whole, resulting from market conditions in the first half, returned to profitability in the second half. We have also continued to invest in the group during the year to expand the business both in the UK and internationally, thereby underpinning the potential for future growth.

The group is in a strong financial position, having entered into new, unsecured banking facilities totalling £35m on 29 April 2010, of which £15.9m was utilised at 30 April 2010. These funds will enable the group to continue to consider organic investment and acquisition opportunities, principally in the insolvency and restructuring sector.

## RESULTS

Group revenue from continuing operations in the year ended 30 April 2010 was £69.1m (2009: £62.1m), with earnings before interest, tax and amortisation (pre-exceptional costs) of £11.0m (2009: £11.0m). Adjusted profit before tax\* was £10.4m (2009: £9.8m). Profit before tax was £8.7m (2009: £7.2m). EPS 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, was 7.8p (2009: 7.7p). Basic and fully diluted EPS from continuing operations were 6.3p (2009: 5.4p).

Net borrowings at 30 April 2010, comprising principal net debt plus asset related financing, were £20.2m (2009: £17.5m), giving gearing of 30% (2009: 27%). Interest cover (pre-exceptional costs) was 12.3 times (2009: 6.3 times).

*\* Profit before tax from continuing operations of £8.7m (2009: £7.2m) plus amortisation of £0.6m (2009: £1.2m) plus finance charge arising from the discounting of deferred consideration of £0.3m (2009: £0.6m) plus exceptional costs of £0.8m (2009: £0.8m)*

*\*\* See reconciliation in note 7*

## DIVIDEND

The board has recommended an increase to the final dividend of 12% to 1.9 pence per share (2009: 1.7 pence per share), demonstrating our confidence in the future prospects of the group. The final dividend will be paid on 29 October 2010 to shareholders on the register on 8 October 2010, with an ex-dividend date of 6 October 2010.

This final dividend of 1.9 pence together with the interim dividend of 1.2 pence gives 3.1 pence for the year, an increase of 11% over the prior year.

The proposed increased 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.

To assist the board in maintaining a suitable balance between dividend policy and investment, it is proposed to release in due course a proportion of its substantial share premium account to distributable reserves. This is a common technical procedure, achieved by means of a capital reduction. The necessary approvals will be sought from shareholders at the 2010 annual general meeting to be held on 30 September 2010. Further details of the proposals will be set out in the notification of the annual general meeting (AGM), which will be posted to shareholders in August 2010.

## **PEOPLE**

The group's success is reliant on the expertise, professionalism and commitment of our people and I thank all of them for their ongoing contribution this year. As at 30 April 2010, we have 511 direct fee earners (an increase of 7% compared with a year ago), of whom 94 are partners and 157 staff in support functions. We continue to invest in training and developing our people and are pleased to have been able to promote three fee earners to partner during the year. We have also promoted a further five fee earners to partner subsequent to the year end.

In December 2009, having received shareholder approval at the 2009 AGM, we launched the group's new partner reward scheme, a growth share plan. The board believes that this scheme will form an important motivation and retention mechanism and help to deliver long-term sustainable growth.

## **BOARD CHANGE**

As announced on 7 June 2010, John Gittins, the group's chief financial officer, will leave the group on 20 August 2010 to take up the position of finance director at NCC Group plc. Nick Taylor, currently the group's financial controller, will take the position of acting finance director until a permanent appointment is made. The board would like to thank John for his excellent contribution to the group over the last three years and wish him well in his new role.

## **OPERATIONAL REVIEW – CONTINUING OPERATIONS**

### **Insolvency**

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 McInnes 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. The division represented 85% of group revenues during the year.

Insolvency revenues increased by 13% over the previous year to £58.9m (2009: £52.0m), with an increase in segmental result of 14% to £11.9m (2009: £10.4m). Operating margins were in line with the previous year at 20%.

Activity levels in this core division grew significantly year on year. However, as anticipated in our half year results announcement in January 2010, activity levels in the second half of the year were relatively flat compared to the first half. This reflects a backdrop of the declining numbers of corporate insolvencies in the UK during the year, due in our view to the effects of government support measures and monetary policy.

The number of active cases at April 2010 was broadly in line with the prior year, with an increase in the average value of each case, reflecting the success of our insolvency practitioners in securing additional fees following commencement of formal appointments. The division remains the largest corporate appointment taker by number of cases in the UK.

The number of people employed in insolvency has increased to 496 on 30 April 2010 from 452 at the start of the year, an increase of 10%, whilst staff attrition has remained at relatively low levels.

## **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. It represented 9% of group revenues during the year.

Revenue in the tax division decreased to £6.3m in the year from £7.0m, resulting from the adverse market conditions for tax services experienced in the first half year. Having reported losses of £1.1m at the half year stage, the division generated a reduced loss of £0.6m (2009: profit of £0.6m) for the full year.

The economic environment in the first half year had a material impact on the demand for specialist tax consultancy services, resulting in a significant decrease in revenues, due to the difficult business environment experienced by our corporate and private clients and fee pressure. However, the division returned to profitability in the second half year, due principally to seasonally higher activity levels, together with cost reduction measures undertaken throughout the year.

The division employed 70 people at 30 April 2010, reduced from 75 in 2009 to reflect market conditions. It operates from offices in London, Birmingham, Manchester, Glasgow and Northern Ireland.

In July 2010 the group announced the expansion of the tax business with a seven-strong team joining the London office from Vantis Plc, representing a significant expansion of that office and adding additional skills and market presence.

## **Others (Forensic, Intelligence and Risk)**

The group's other businesses include the following operations: BTG Forensic provides forensic, financial investigation and valuation services; BTG Intelligence provides corporate intelligence and investigations services; and BGN Risk provides security risk consultancy to protect assets, employees and goodwill. These activities enable us to provide a full range of services, when combined with our work in insolvency, recovery and rescue.

Revenues in this segment increased by 26% to £3.9m (2009: £3.1m). Segmental results were a loss of £0.3m compared to a break-even position in the prior year.

During the year, some of these operations involved in low margin investigation and debt collection activities, experienced a marked downturn in trading performance, incurring an operating loss of £0.2m, compared to a profit of £0.2m in the prior year. We consequently closed or disposed of these operations, resulting in an exceptional charge of £0.4m, predominantly due to non-cash asset write downs.

Revenue and contribution from the remaining operations increased in the year, resulting from our investment in the fraud and risk service lines.

## **STRATEGY AND OBJECTIVES**

The group's strategy is to develop a specialist professional services group by means of both organic growth and acquisition. We will:

- maintain overall focus on our core activities of mid-market business insolvency and pre-insolvency work;
- increase focus on international insolvency opportunities; and
- consider opportunities to invest in existing and additional professional services.

## INVESTMENT

To support our strategic objectives, during the year we have continued to invest in the core insolvency division to underpin future growth and to reduce our reliance on the absolute numbers of insolvencies in the UK. This has included the following initiatives:

- the expansion of our UK network through growing our existing Birmingham and Dundee offices and opening new offices in Cambridge, Cirencester, Portsmouth, Stockton and Aberdeen;
- the expansion of the group's offshore practice, through the opening of a new office in the Cayman Islands together with a teaming agreement with an established insolvency practice in the Isle of Man;
- the joint venture with Mesirow Financial Consulting LLC to provide the group with the ability to work on global transactions;
- an investment 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. There are currently 40 multiple user corporate subscribers to this service and a further 29 businesses trialling the product. We are encouraged by interest from the SME market in this service; and
- continued recruitment of additional partners and staff to enhance our specialist skills capability; this has expanded our restructuring capability to take advantage of the highly valuable market place for pre-insolvency services, which is estimated to be more than twice the size of the insolvency services market.

The cost of these investments, amounting to over £1m, has been charged to the income statement in the year and is expected to generate financial returns in forthcoming financial years.

## ACQUISITIONS

Following the year end, in May 2010 the group completed the purchase of Tomlinsons, a Manchester-based firm of business recovery and insolvency practitioners.

Tomlinsons, a long established and well regarded firm, is run by two partners who have joined the group as partners, and has 13 staff based in Manchester and Blackburn. The firm specialises in all types of business recovery and insolvency procedures, as well as offering advice to companies and individuals who believe they may be heading towards, or are already in, financial difficulty.

The business will be merged into the group's existing insolvency operation and will help consolidate further its strong presence in the north west of England.

## 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 12 months.

### ***Red Flag Alert***

'Beggies 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 today, revealed that the number of UK companies experiencing critical or significant problems in the second calendar quarter of 2010 has shown a 21% decrease over the first quarter and a decrease over the same quarter last year by 31%.

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 adverse actions.

### ***Insolvency statistics***

Government insolvency statistics for the first calendar quarter of 2010 showed a 20% decrease in the number of corporate insolvencies compared to the same quarter in the prior year and a 5% decrease compared to the final calendar quarter of 2009. This represents the fifth consecutive quarter of decreases in corporate insolvencies.

We believe that the temporary support initiatives noted above are currently masking the level of financial distress in the UK economy and we continue to expect a rise in corporate insolvencies in the medium term. We also expect the UK Government's tough fiscal stance, in particular cuts in public sector spending, to have an impact on the level of financial stress in the SME market. Finally, statistics from recessions over the past 35 years indicate that the level of insolvencies grow strongly for two to four years after GDP stops shrinking.

### ***Office of fair trading (OFT) market study***

The OFT completed a market study into the corporate insolvency practitioners market, which reported in June 2010. The group agrees with the OFT's conclusion that the market works well in the majority of insolvency cases.

The study recommends changes to the regulatory system and, as a leading specialist in the insolvency market that is committed to delivering high professional standards, the group's insolvency practice supports a clear, consistent regulatory regime which engenders public trust and ensures that standards are upheld across the industry.

The OFT has suggested that the Department for Business, Innovation and Skills consults on whether to take its recommendations forward and the group intends to contribute to this consultation.

## **OUTLOOK**

### **Insolvency**

Revenue in the insolvency business is reliant on the continuing flow of new engagements and we expect this to be constrained in the short-term due to declining numbers of UK corporate insolvencies (as described above), offset by our continued efforts to grow our market share organically and by acquisition. As stated in our trading update on 7 June 2010, overall we anticipate a continuation into the new financial year of the work volumes seen in the year ended 30 April 2010 and the division's trading in the first two months of the current financial year has been in line with this expectation.

Over the medium term, we anticipate a period of growth as the number of corporate insolvencies rise in line with historical patterns following a recession and once the impact of the various government support measures unwind and the tough stance on public spending taken by the new government begins to bite.

### **Tax and other (Forensics, Intelligence and Risk)**

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, whilst operating from an adjusted cost base. We anticipate an improvement in trading performance from our other businesses, resulting from the restructuring undertaken in the year.

**Overall**

Activity levels for the first two months of the new financial year are slightly ahead of last year and in line with our expectations.

We expect to see the benefit of our organic and acquisitive investments in insolvency, as well as the restructuring of our non-insolvency businesses, mitigate the short-term constraint of a subdued insolvency market. Our expectations for the current financial year, therefore, remain unchanged. We will provide a further update at the time of the AGM in September 2010.

Finally, the group's strong balance sheet will enable the board to continue to consider selective acquisitions, principally in the insolvency and restructuring sector, to support the group's future development.

Ric Traynor  
**Executive chairman**  
**8 July 2010**

## Financial review

### FINANCIAL HIGHLIGHTS

The group's revenue from continuing operations in the year was £69.1m (2009: £62.1m), an increase of £7.0m or 11%, principally resulting from organic growth within the insolvency division.

EBITA (pre-exceptional items) remained in line with the previous year at £11.0m (2009: £11.0m), with margins reducing to 16% (2009: 18%), principally due to the adverse operating conditions within the tax consulting business as described in the chairman's statement.

During the year, the group incurred exceptional costs of £0.8m (2009: £0.8m) for advice relating to the recent refinancing of £0.1m and restructuring costs of £0.7m. The restructuring costs include £0.4m of non-cash asset write downs relating to loss-making businesses.

Amortisation of intangible assets arising on acquisitions reduced in the year to £0.6m (2009: £1.2m).

Finance costs reduced to £0.9m (2009: £1.7m), due to a combination of lower interest rates throughout the year (£0.6m) and a reduced charge arising from the discounting of deferred consideration (£0.2m).

Adjusted profit before tax was £10.4m (2009: £9.8m). Profit before tax was £8.7m (2009: £7.2m).

The reconciliation between these profit measures is as follows:

	2010	2009
	£m	£m
<b>Adjusted profit before tax</b>	<b>10.4</b>	<b>9.8</b>
Less:		
Amortisation of intangible assets arising on acquisitions	(0.6)	(1.2)
Finance charges arising on discounting of deferred consideration	(0.3)	(0.6)
Exceptional costs	(0.8)	(0.8)
<b>Profit before tax</b>	<b>8.7</b>	<b>7.2</b>

The tax charge arising on pre-exceptional profits was £3.3m (2009: £2.8m), which represents an effective rate of 35% (2009: 35%). The total tax charge for the year was £3.1m (2009: £2.6m), which represents an effective rate of 36% (2009: 36%).

Profit for the year from continuing operations was £5.6m (2009: £4.6m).

### DISCONTINUED OPERATIONS

In accordance with IFRS 5 'Non-current Assets Held For Sale and Discontinued Operations' the results of the group's consumer insolvency and CRM consultancy operations were disclosed as discontinued operations in the year ended 30 April 2009 and generated a loss after tax in that year of £0.8m.

### 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 and the finance charge arising from the discounting of deferred consideration liabilities, was 7.8p (2009: 7.7p). Basic and fully diluted EPS from continuing operations was 6.3p (2009: 5.4p).

\* See reconciliation in note 7

## **CASH FLOWS**

Net cash flows from operating activities increased by £7.4m in the year to £5.2m (2009: £2.2m cash outflow). This is principally due to a significant reduction in working capital absorption in the year of £5.6m and reduced interest payments of £0.6m, as a result of reduced interest rates compared to the prior year.

Investing cash flows reduced to £5.6m (2009: £7.9m). This includes deferred payments relating to prior year acquisitions of £2.9m (2009: £4.2m), payments in respect of acquisitions completed in the year of £nil (2009: £1.1m) and net capital investment of £2.7m (2009: £2.6m).

Financing cash flows of £3.2m (2009: £9.8m) are due to a net drawdown on the group's principal bank facilities of £5.8m (2009: £0.2m), proceeds on share issues of £0.2m (2009: £12.6m, of which £12.5m related to a share placing in August 2009). Cash outflows include dividend payments of £2.6m (2009: £2.2m) and a net repayment of asset-related finance of £0.2m (2009: £0.8m).

## **FINANCING**

The group is in a strong financial position, having entered into new, unsecured banking facilities totalling £35m on 29 April 2010; comprising four year, committed, revolving credit facilities (RCFs) of £30m and a £5m overdraft facility.

The group has sought to diversify its committed banking facilities away from a sole bank in favour of bilateral, unsecured arrangements with HSBC and Yorkshire Bank. Interest on these RCFs will be charged at 2% over LIBOR and on the overdraft at 1.95% over bank base rate. The board believes these are competitive packages, reflecting confidence in the group and its management.

The arrangement costs associated with this refinancing, including legal fees, amount to approximately £0.4m of which £0.1m was charged as an exceptional item in the year. The remainder will be recognised over the expected life of the facilities in accordance with IFRS. These funds will enable the group to consider organic investment and acquisition opportunities, principally in the insolvency and restructuring sector.

As at 30 April 2010, the group's principal bank net debt was £15.9m, comfortably within the new banking facilities of £35m described above.

The group's previous banking facilities in place during the year comprised a £20m RCF and a £5m overdraft. Interest on the RCF was charged at 1.4% over LIBOR and on the overdraft at 2.75% (2009: 1.5%) over bank base rate. During the year, all covenant measures relating to this facility were met.

The group continues to use other sources of finance as appropriate, including hire purchase contracts and other asset-related bank loans. At 30 April 2010, the group had asset-related finance of £4.4m (2009: £4.5m).

Net borrowings at 30 April 2010 were £20.2m (2009: £17.5m), giving gearing of 30% (2009: 27%). Interest cover (pre-exceptional costs) was 12.3 times (2009: 6.3 times). The increase in net borrowings in the year results from the deferred acquisition payments of £2.9m.

## **NET ASSETS**

At 30 April 2010 net assets were £67.2m (2009: £63.7m), equivalent to net assets per share of 75 pence (2009: 71 pence).

Non-current assets were broadly unchanged at £60.4m (2009: £60.7m), with capital additions being offset by depreciation and amortisation.

Current assets increased to £49.9m (2009: £40.7m), principally from increased cash balances of £2.9m and increased trade receivables and recoverable income and costs on cases of £5.5m, due to the group's continuing growth.

Total liabilities increased to £43.1m (2009: £37.7m), due to an increase in gross borrowings of £5.6m as noted above; increased working capital liabilities of £0.9m; increases in current and deferred tax liabilities of £2.2m; and offset by a reduction in deferred consideration of £3.3m. Total liabilities include £3.2m of deferred consideration payments, of which £2.7m is payable within one year.

## **CAPITAL RESTRUCTURING**

As detailed in the chairman's statement, the board is intending to propose to shareholders at the AGM, that a proportion of the substantial share premium account of the company be reduced and that amount be transferred to the profit and loss account as additional distributable reserves.

This is a common technical procedure that requires the approval of shareholders by special resolution, following which there are a number of technical and legal criteria to fulfil, including court approval before any part of the share premium account can be utilised in the way proposed. Full details of those matters will be set out in the notification of the 2010 AGM.

## **CHANGES IN ACCOUNTING POLICIES**

The accounting policies adopted are consistent with those of the previous financial year, 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 consolidated statement of changes in equity has been included in the primary statements, showing the changes in each component of equity for each financial year.

## **GOING CONCERN**

The directors have reviewed the financial resources available to the group and have concluded that the group will be able to operate within the level of its borrowing facilities and have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. This conclusion is based, amongst other matters, on the group's existing borrowing facilities and a review of financial forecasts for a period exceeding twelve months from the date of this announcement. Accordingly, the financial information in this announcement is prepared on the going concern basis.

John Gittins  
**Chief financial officer**  
**8 July 2010**

## Condensed consolidated income statement for the year ended 30 April 2010

	2010 Before exceptional items £'000	2010 Exceptional items £'000	2010 Total £'000	2009 Before exceptional items £'000	2009 Exceptional items £'000	2009 Total £'000
<b>CONTINUING OPERATIONS:</b>						
Revenue	69,052	-	69,052	62,143	-	62,143
Direct costs	(34,991)	(183)	(35,174)	(30,665)	(303)	(30,968)
<b>GROSS PROFIT</b>	<b>34,061</b>	<b>(183)</b>	<b>33,878</b>	<b>31,478</b>	<b>(303)</b>	<b>31,175</b>
Other operating income	178	-	178	199	-	199
Administrative expenses	(23,253)	(628)	(23,881)	(20,672)	(536)	(21,208)
<b>EARNINGS BEFORE INTEREST, TAX AND AMORTISATION</b>	<b>10,986</b>	<b>(811)</b>	<b>10,175</b>	<b>11,005</b>	<b>(839)</b>	<b>10,166</b>
Amortisation of intangible assets arising on acquisitions	(571)	-	(571)	(1,176)	-	(1,176)
Finance costs	(886)	-	(886)	(1,741)	-	(1,741)
<b>PROFIT BEFORE TAX</b>	<b>9,529</b>	<b>(811)</b>	<b>8,718</b>	<b>8,088</b>	<b>(839)</b>	<b>7,249</b>
Tax	(3,347)	221	(3,126)	(2,826)	209	(2,617)
<b>PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS</b>	<b>6,182</b>	<b>(590)</b>	<b>5,592</b>	<b>5,262</b>	<b>(630)</b>	<b>4,632</b>
<b>DISCONTINUED OPERATIONS:</b>						
Loss for the year from discontinued operations	-	-	-	(820)	-	(820)
<b>PROFIT FOR THE YEAR</b>	<b>6,182</b>	<b>(590)</b>	<b>5,592</b>	<b>4,442</b>	<b>(630)</b>	<b>3,812</b>
<b>EARNINGS PER SHARE</b>						
From continuing operations						
Basic and diluted			6.3			5.4
From continuing and discontinued operations						
Basic and diluted			6.3			4.4

## Condensed consolidated statement of comprehensive income for the year ended 30 April 2010

	2010 £'000	2009 £'000
Profit for the year	5,592	3,812
<b>Other comprehensive income</b>		
Exchange differences on translation of foreign operations	(9)	8
<b>Total comprehensive income for the year</b>	<u>5,583</u>	<u>3,820</u>

## Condensed consolidated statement of changes in equity for the year ended 30 April 2010

	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 year	-	-	-	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
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	<u>4,530</u>	<u>34,686</u>	<u>17,584</u>	<u>(1)</u>	<u>10,375</u>	<u>67,174</u>

The merger reserve arose on the formation of the group in 2004.

**Condensed consolidated balance sheet  
at 30 April 2010**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
<b>NON-CURRENT ASSETS</b>		
Intangible assets	53,309	53,716
Property, plant and equipment	7,071	7,012
	<u>60,380</u>	<u>60,728</u>
<b>CURRENT ASSETS</b>		
Trade and other receivables	46,758	40,431
Cash and cash equivalents	3,118	247
	<u>49,876</u>	<u>40,678</u>
<b>TOTAL ASSETS</b>	<u>110,256</u>	<u>101,406</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	(13,224)	(13,091)
Current tax liabilities	(1,508)	(396)
Borrowings	(2,282)	(5,409)
	<u>(17,014)</u>	<u>(18,896)</u>
<b>NET CURRENT ASSETS</b>	<u>32,862</u>	<u>21,782</u>
<b>NON-CURRENT LIABILITIES</b>		
Trade and other payables	(428)	(2,943)
Borrowings	(21,080)	(12,326)
Deferred tax	(4,560)	(3,519)
	<u>(26,068)</u>	<u>(18,788)</u>
<b>TOTAL LIABILITIES</b>	<u>(43,082)</u>	<u>(37,684)</u>
<b>NET ASSETS</b>	<u>67,174</u>	<u>63,722</u>
<b>EQUITY</b>		
Share capital	4,530	4,459
Share premium	34,686	34,384
Merger reserve	17,584	17,584
Translation reserve	(1)	8
Retained earnings	10,375	7,287
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	<u>67,174</u>	<u>63,722</u>

**Condensed consolidated cash flow statement  
for the year ended 30 April 2010**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash generated (absorbed) by operations	6,741	(23)
Income taxes paid	(973)	(1,008)
Interest paid	(541)	(1,184)
	<hr/>	<hr/>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>5,227</b>	<b>(2,215)</b>
<b>INVESTING ACTIVITIES</b>		
Proceeds on disposal of property, plant and equipment	564	349
Purchase of property, plant and equipment	(2,556)	(2,481)
Purchase of intangible fixed assets	(713)	(450)
Deferred consideration payments in the year	(2,858)	(4,192)
Acquisition of subsidiaries	-	(1,147)
Disposal of subsidiary	-	26
	<hr/>	<hr/>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(5,563)</b>	<b>(7,895)</b>
<b>FINANCING ACTIVITIES</b>		
Dividends paid	(2,593)	(2,199)
Hire purchase finance received	2,091	1,469
Repayments of hire purchase finance obligations	(1,859)	(1,664)
Proceeds on issue of shares	173	12,626
Repayment of loans	(835)	(1,053)
New loans raised	450	405
Drawdown (repayment) of bank facility	9,000	(3,000)
(Repayment of) increase in bank overdrafts	(3,220)	3,220
	<hr/>	<hr/>
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>3,207</b>	<b>9,804</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
	<hr/>	<hr/>
	<b>2,871</b>	<b>(306)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		
	<hr/>	<hr/>
	<b>247</b>	<b>553</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		
	<hr/>	<hr/>
	<b>3,118</b>	<b>247</b>
	<hr/>	<hr/>

## CONDENSED NOTES

### 1. Basis of preparation

The results for the year ended 30 April 2010 have been prepared on the basis of accounting policies consistent with those set out in the annual report to shareholders of Begbies Traynor Group plc 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 and the comparative numbers have been restated on this basis.

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 consolidated statement of changes in equity has been included in the primary statements, showing the changes in each component of equity for each financial year.

The group's financial statements for the year ended 30 April 2010 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the EU. Whilst the financial information included in this announcement has been prepared in accordance with IFRS, this announcement itself does not contain sufficient information to comply with IFRS.

This financial information does not include all of the information and disclosures required for full annual financial statements and does not comprise statutory accounts within the meaning of section 435 of the Companies Act 2006.

The comparative figures for the year ended 30 April 2009 do not comprise the group's statutory accounts for that financial year. Those accounts have been reported upon by the group's auditors and delivered to the registrar of companies. The report of the auditors 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.

Statutory accounts for Begbies Traynor Group plc for 2010 will be delivered to the Registrar of Companies following the company's annual general meeting. The auditors have reported on these accounts; their report is unqualified and does 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 either section 498 (2) or (3) of the Companies Act 2006. The 2010 annual report will be available on the group's website: [www.begbies-traynorgroup.com](http://www.begbies-traynorgroup.com).

The directors have reviewed the financial resources available to the group and have concluded that the group will be able to operate within the level of its borrowing facilities and have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. This conclusion is based, amongst other matters, on the group's existing borrowing facilities and a review of financial forecasts for a period exceeding twelve months from the date of this announcement. Accordingly, this financial information is prepared on the going concern basis.

## 2. Segmental analysis by class of business

The group has adopted IFRS 8 'Operating Segments' with effect from 1 May 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the board. As a result, following the adoption of IFRS 8 the group reports its activities as three segments:

- Insolvency;
- Tax consulting; and
- Other professional services principally its forensics, intelligence and risk businesses.

Selected segmental information about these businesses is presented below.

	<b>Insolvency 2010 £'000</b>	<b>Tax 2010 £'000</b>	<b>Others 2010 £'000</b>	<b>Consolidated 2010 £'000</b>
<b>Revenue (from continuing operations)</b>				
Total revenue	58,893	6,470	4,179	69,542
Inter-segment revenue	-	(211)	(279)	(490)
External revenue	<u>58,893</u>	<u>6,259</u>	<u>3,900</u>	<u>69,052</u>
Segmental result (from continuing operations)	<u>11,897</u>	<u>(623)</u>	<u>(288)</u>	<u>10,986</u>

The disclosures below have been restated following the adoption of IFRS 8.

	<b>Insolvency 2009 £'000</b>	<b>Tax 2009 £'000</b>	<b>Others 2009 £'000</b>	<b>Consolidated 2009 £'000</b>
<b>Revenue (from continuing operations)</b>				
Total revenue	51,981	7,090	3,487	62,558
Inter-segment revenue	-	(60)	(355)	(415)
External revenue	<u>51,981</u>	<u>7,030</u>	<u>3,132</u>	<u>62,143</u>
Segmental result (from continuing operations)	<u>10,406</u>	<u>611</u>	<u>(12)</u>	<u>11,005</u>

Segmental result represents earnings before interest, tax, amortisation of intangible assets arising on acquisitions and exceptional costs.

## 3. Finance costs

	<b>2010 £'000</b>	<b>2009 £'000</b>
Interest on bank overdrafts and loans	433	1,025
Finance charges on hire purchase instalments	108	159
<b>Total interest expense</b>	<u>541</u>	<u>1,184</u>
Unwinding of discount on deferred consideration liabilities	345	557
<b>Total finance costs</b>	<u>886</u>	<u>1,741</u>

#### 4. Exceptional costs

	2010 £'000	2009 £'000
Restructuring costs	668	839
Refinancing costs	143	-
	<u>811</u>	<u>839</u>

#### 5. Tax

	Continuing operations		Discontinued operations		Total	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Current tax charge (credit)	2,085	1,425	-	(195)	2,085	1,230
Deferred tax	1,041	1,192	-	52	1,041	1,244
	<u>3,126</u>	<u>2,617</u>	<u>-</u>	<u>(143)</u>	<u>3,126</u>	<u>2,474</u>

#### 6. Discontinued operations

During the previous financial year, the group completed the disposal of its CRM consulting business and ceased its consumer insolvency operations. These discontinued operations generated a loss after tax in the prior period of £0.8m, which includes a loss on disposal of £0.2m.

The results of the discontinued operations included in the consolidated income statement for the prior year were as follows:

	2009 £'000
Revenue	651
Direct costs	(606)
<b>Gross profit</b>	<u>45</u>
Administrative expenses	(789)
<b>EBITA</b>	<u>(744)</u>
Loss on disposal of discontinued operations	(219)
<b>Loss before tax</b>	<u>(963)</u>
Tax	143
<b>Loss for the year from discontinued operations</b>	<u><u>(820)</u></u>

Revenue from the group's discontinued operations was derived within the United Kingdom.

During the previous financial year the discontinued operations incurred net operating cash out flows of £244,000, received £nil in respect of investing activities and paid £nil in respect of financing activities.

## 7. Earnings per share

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

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
<b>Earnings</b>		
Profit for the year from continuing operations attributable to equity holders	5,592	4,632
Loss from discontinued operations attributable to equity holders	-	(820)
	<u>5,592</u>	<u>3,812</u>
Profit for the year attributable to equity holders	<u>5,592</u>	<u>3,812</u>

	<b>2010</b>	<b>2009</b>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	89,367,374	86,083,730
	<u>89,367,374</u>	<u>86,083,730</u>

All potential ordinary shares under option were anti-dilutive at 30 April 2010 and 30 April 2009

	<b>2010</b>	<b>2009</b>
	<b>pence</b>	<b>pence</b>
<b>Basic and diluted earnings (loss) per share from:</b>		
Continuing operations	6.3	5.4
Discontinued operations	-	(1.0)
	<u>6.3</u>	<u>4.4</u>
Total	<u>6.3</u>	<u>4.4</u>

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.

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
<b>Earnings</b>		
Profit for the year from continuing operations attributable to equity holders	5,592	4,632
Amortisation of intangible assets arising on acquisitions	571	1,176
Unwinding of discount on deferred consideration liabilities	345	557
Exceptional cost	811	839
Tax effect	(381)	(538)
	<u>6,938</u>	<u>6,666</u>
Adjusted earnings	<u>6,938</u>	<u>6,666</u>
	<b>2010</b>	<b>2009</b>
	<b>pence</b>	<b>pence</b>
<b>Adjusted basic and diluted earnings per share from continuing operations</b>	<u>7.8</u>	<u>7.7</u>

## 8. Dividends

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Amounts recognised as distributions to equity holders in the year		
Final dividend for the year ended 30 April 2009 of 1.7p (2008: 1.5p) per share.	1,520	1,218
Interim dividend for the year ended 30 April 2010 of 1.2p (2009: 1.1p) per share.	1,073	981
	<u>2,593</u>	<u>2,199</u>
Proposed final dividend for the year ended 30 April 2010 of 1.9p (2009: 1.7p) per share.	<u>1,700</u>	<u>1,520</u>

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

## 9. Reconciliation to the cash flow statement

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
<b>Profit for the year</b>	5,592	3,812
Adjustments for:		
Tax	3,126	2,474
Finance costs	886	1,741
Amortisation of intangible assets	604	1,176
Depreciation of property, plant and equipment	1,821	1,732
Impairment loss on equipment and motor vehicles	18	-
Exceptional restructuring costs relating to asset write downs	369	-
Loss on disposal of property, plant and equipment	94	266
Loss on disposal of discontinued operations	-	219
Share-based payment expense	89	27
	<u>12,599</u>	<u>11,447</u>
Operating cash flows before movements in working capital	12,599	11,447
Increase in receivables	(6,624)	(10,228)
Increase (decrease) in payables	766	(1,242)
	<u>6,741</u>	<u>(23)</u>

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less.