Begbies Traynor Group

15 December 2011

Begbies Traynor Group plc

Half year results
for the six months ended 31 October 2011

Begbies Traynor Group plc, the specialist professional services consultancy, today announces its half year results for the six months ended 31 October 2011.

Financial highlights (continuing operations)

- Revenue of £29.4m (2010: £29.8m)
- EBITA* (pre-exceptional items and acquisition-related costs) of £4.6m (2010: £4.4m)
- Adjusted profit before tax** of £4.1m (2010: £4.0m)
- Profit before tax of £3.4m (2010: £3.1m)
- Earnings per share:
  - adjusted basic and diluted EPS*** from continuing operations was 3.1p (2010: 3.0p)
  - basic and diluted EPS from continuing operations of 2.5p (2010: 2.3p)
- Interim dividend rebased (following reduction of final April 2011 dividend) at 0.6p (2010: 1.2p)
- Net debt of £27.3m (30 April 2011: £22.5m; 31 October 2010: £24.2m), comfortably within the banking facilities and covenants (prior to receipt of £2.9m tax division disposal consideration in November 2011)
- Net assets per share of 67p (30 April 11: 73p)

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

*** Profit before tax from continuing operations of £3.4m (2010: £3.1m) plus amortisation of £0.2m (2010: nil) plus finance charge arising from the discounting of deferred consideration of £0.1m (2010: £0.1m) plus exceptional items and acquisition-related costs of £0.4m (2010: £0.8m)*

**** See reconciliation in note 6*

Operational highlights (continuing operations)

- Half year results in line with market expectations
- Insolvency and restructuring:
  - Improved margins following last year's restructuring
  - Activity levels remain stable despite signs of wider financial distress
  - Continuing focus on costs in first half
- Global Risk Partners:
  - Reduced activity compared to a very strong comparative period
- Progress with disposals:
  - Tax business sold on 25 November 2011
  - Red flag disposal process proceeding well
  - Decision taken to divest small loss-making offshore insolvency operations

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

"I am pleased to report a solid performance in the last six months against the background of a continuing uncertain economic environment in the UK. Activity levels in the UK insolvency market have stabilised which, combined with the benefits of our restructuring in the prior year, has resulted in improved operating margins for the group.

"Overall, having completed the disposal of the tax division and making good progress with the remaining disposal plans, the board is now focussed on maximising the performance of the core businesses.

"We will provide an update on third quarter trading in early March 2012."

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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 performance in the last six months against the background of a continuing uncertain economic environment in the UK. Activity levels in the UK insolvency market have stabilised which, combined with the benefits of our restructuring in the prior year, has resulted in improved operating margins for the group. We have also successfully completed the disposal of our tax division after the period end, in line with our strategy as announced with our final results in July 2011.

RESULTS

The group's revenue from continuing operations in the half year decreased slightly to £29.4m (2010: £29.8m), with a small increase in insolvency revenues offset by a reduction in global risk partner revenues. Earnings before interest, tax and amortisation ('EBITA') (pre-exceptional and acquisition-related costs) increased to £4.6m (2010: £4.4m), benefitting from improved insolvency margins following previous cost reductions. Adjusted profit before tax* increased to £4.1m (2010: £4.0m). Profit before tax increased to £3.4m (2010: £3.1m). Exceptional and acquisition-related costs relating to continuing operations were £0.4m (2010: £0.8m).

Earnings per share ('EPS') from continuing operations**, 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, increased by 3% to 3.1p (2010: 3.0p). Basic and diluted EPS from continuing operations were 2.5p (2010: 2.3p).

Net borrowings at 31 October 2011, comprising principal net debt plus asset-related financing, were £27.3m (30 April 2011: £22.5m; 31 October 2010: £24.2m) comfortably within the group's bank facilities with strong interest cover.

** Profit before tax from continuing operations of £3.4m (2010: £3.1m) plus amortisation of £0.2m (2010: nil) plus finance charge arising from the discounting of deferred consideration of £0.1m (2010: £0.1m) plus exceptional items and acquisition-related costs of £0.4m (2010: £0.8m)*

*** See reconciliation in note 6*

DIVIDEND

The board remains committed to its long-term progressive dividend policy, which takes account of the underlying growth in earnings, whilst acknowledging short-term fluctuations in profits and the requirement for continuing investment.

In line with the reduction in the dividend in the second half of the previous financial year, we have decided to re-base this financial year's interim dividend to 0.6p (2010: 1.2p) This will enable a rebalancing of dividend payments for the current year, with a greater proportion paid out as a final dividend in line with market practice.

The interim dividend will be paid on 8 May 2012 to shareholders on the register on 10 April 2012, with an ex-dividend date of 4 April 2012.

OPERATIONAL REVIEW – CONTINUING OPERATIONS

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, who provide professional strategic advice, including pre-insolvency services, whilst also managing and supporting capital transactions.

Revenues in the period were broadly unchanged at £26.8m (2010: £26.5m). This, combined with a reduced cost base following the restructuring in the previous financial year, resulted in an increase in segmental profit of £0.4m to £7.2m (2010: £6.8m). Operating margins were 26.9% (2010: 25.6%). This performance was in spite of lower corporate finance transactional activity compared to the comparative period, with a resultant impact on divisional margins.

The UK insolvency market has stabilised in calendar year 2011, after the decrease seen in 2009 and 2010, within which Begbies Traynor has maintained its market share. However, despite the apparent stalling of economic recovery, base rates of 0.5% (since May 2009) continue to provide a very benign financing environment for otherwise weak companies.

Having improved margins since the previous financial year from our restructuring, further improvements in margin will be challenging to achieve in the current environment. The depressed economic conditions, which result in downward pressure on the value of asset realisations in our insolvency appointments, combined with increased time and cost to complete transactions in this climate, result in reduced levels of recovery on our cases. In order to mitigate this, we are developing new methods of maximising asset realisations, including the launch of our new distressed property sales portal on the group website.

During the period we acquired a portfolio of Scottish insolvency appointments, together with three employees, for a total consideration of £0.4m. This has been successfully integrated into our existing operations.

In light of the trading environment, we are continuing to keep our cost base under close review and aligned to current and projected activity levels. As a result the number of people employed in insolvency has decreased to 488 on 31 October 2011 from 502 at the start of the year, which resulted in exceptional restructuring costs of £0.4m in the period.

Global risk partners

Global risk partners is a full service provider of specialist, integrated risk consulting and forensic investigation services, which help identify, resolve, mitigate or avoid complex commercial or personal challenges globally. Its services include forensic technology and accountancy; risk and security consultancy; and corporate intelligence and investigations.

Revenues in this segment decreased to £2.6m (2010: £3.4m) generating a profit of £0.2m (2010: £0.7m). Operating margins were 7.3% (2010: 19.9%).

Activity levels in the prior year benefitted from several large and profitable engagements, which were completed at the start of this financial year and have not been replaced to date. The division has a number of sales prospects; however, dependent on timing, these may only have a limited impact in the second half of the financial year but will benefit future periods.

This division has grown through organic investment to date, has low working capital requirements and has good future growth prospects.

The number of people employed in global risk partners increased to 36 on 31 October 2011 from 34 at the start of the year.

DISCONTINUED OPERATIONS

In the July results announcement we reported that the board had completed a strategic review, which resulted in the decision to focus on the core UK insolvency business, together with developing the complementary global risk partners business, whilst divesting the tax and red flag divisions.

Subsequent to this announcement, the board has also decided to divest the offshore insolvency operations, in line with this strategy. The financial results of all these businesses have been disclosed as discontinued operations in these financial statements in line with IFRS 5.

Tax

On 25 November 2011, we completed the sale of the tax division to Smith and Williamson Holdings Ltd for an initial consideration of £2.9m paid in cash on completion, subject to routine completion account adjustments around normalised levels of working capital. In addition, the Group will be entitled to a deferred consideration payment calculated as 50% of income greater than £5.8m (calculated in relation to invoices raised by the disposed business) for the twelve month period ending 30 April 2012, together with a further payment dependent on the success of certain specified client engagements in the subsequent period to 30 April 2013.

In the current period we have recognised an impairment charge of £4.4m against the carrying value of goodwill together with exceptional costs of £0.1m. The results for the full year will also include provisions for disposal costs, onerous property leases and other disposal provisions of up to £2.0m.

The division generated revenue of £2.3m in the period (2010: £4.0m) and an operating loss of £1.4m (2010: profit £0.3m).

Red Flag

We continue to make progress with the divestment of the Red Flag business and will make a further announcement as and when appropriate.

The division generated revenue of £0.3m in the period (2010: £0.1m) and an operating loss of £0.4m (2010: £0.3m), reflecting the on-going investment requirements of the division.

Offshore insolvency

The group's offshore insolvency operations, comprising Channel Islands, Cayman Islands and Kenya, generated revenue of £0.3m (2010: £0.5m) in the period with trading losses of £0.2m (2010: £0.4m).

During the period we closed the Cayman Islands business and are currently in the process of divesting the Channel Islands and Kenyan operations. These businesses have a carrying value of £0.7m at 31 October 2011. We will provide a further update on these divestments when appropriate.

INSOLVENCY MARKET

Trends in government insolvency data show that the number of corporate insolvencies has stabilised in the calendar year 2011, having decreased over the course of 2009 and 2010.

Insolvency statistics
Government insolvency statistics for the twelve months ended 30 September 2011 showed a 1% decrease in the number of UK corporate insolvencies compared to the same period in the prior year.

Surprisingly there are currently no signs of a material increase in volumes, in spite of the many indicators of financial stress. We believe the benign financing environment of low interest rates in the UK at present has impacted on insolvency volumes and may continue to do so, subject to any significant macro financial pressures.

Red Flag Alert
'Begbies Traynor Red Flag Alert' quarterly statistics, whose publication we intend continuing to sponsor as part of the divestment of this business, 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 in October 2011, revealed that the number of UK companies experiencing critical or significant problems in the third calendar quarter of 2011 has increased by 2% over the second quarter, demonstrating the underlying financial stress in the UK. However, whilst record low interest rates and other support factors remain in place, it is uncertain when this stress will materially increase the level of insolvencies.

OUTLOOK

The level of UK corporate insolvencies is stable although the general economic conditions remain uncertain. The group's focus in this climate is to continue to ensure our resource base remains appropriate for the levels of activity.

There are no indicators of an increase in activity levels in the short-term and we remain conservative in our outlook. However, with the level of financial distress in the UK we believe that the insolvency and restructuring division is well placed to take advantage of any opportunities as they arise. In the meantime the division retains its leading position and, despite the market pressures, continues to deliver solid operating margins.

The global risk partners division has a number of sales prospects which, if converted, would result in improved financial performance. However, dependent on timing these may have only a limited impact in the second half of the financial year but would benefit future periods.

As a whole, the group's performance in the year to date has been in line with market expectations. We will provide an update on third quarter trading in early March 2012.

Overall, having completed the disposal of the tax division and making good progress with the remaining disposal plans, the board is now focussed on maximising the performance of the core businesses.

Ric Traynor
Executive chairman
15 December 2011

FINANCIAL REVIEW

FINANCIAL HIGHLIGHTS

Group revenue for the period from continuing operations was £29.4m (2010: £29.8m), a decrease of £0.4m. An increase in revenue in the insolvency and restructuring division of £0.3m was offset by lower revenue in global risk partners.

EBITA (pre-exceptional and acquisition-related costs) increased by 4% to £4.6m (2010: £4.4m), with an improvement in margins to 15.7% from 14.9% due to cost savings from the restructuring program which commenced in the prior year.

During the period, the group incurred exceptional restructuring costs of £0.4m (2010: £0.8m). Costs of nil (2010: £0.05m) 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 increased in the year to £0.2m (2010: nil).

Finance costs totalled £0.6m (2010: £0.5m), due to increased borrowings compared to the comparative period.

Adjusted profit before tax was £4.1m (2010: £4.0m). Profit before tax was £3.4m (2010: £3.1m). The reconciliation between these profit measures is as follows:

	Six months ended 31 October 2011 £m	Six months ended 31 October 2010 £m
Adjusted profit before tax from continuing operations	**4.1**	**4.0**
Less:		
Amortisation of intangible assets arising on acquisitions	(0.2)	-
Finance charges arising on discounting of deferred consideration	(0.1)	(0.1)
Exceptional and acquisition-related costs	(0.4)	(0.8)
Profit before tax from continuing operations	**3.4**	**3.1**

The tax charge arising on pre-exceptional profit was £1.2m (2010: £1.3m), which represents an effective rate of 33% (2010: 33%). The tax charge for the period from continuing operations was £1.1m (2010: £1.0m), based on a weighted average expected tax rate for the full year of 33%.

Profit for the period from continuing operations was £2.2m (2010: £2.1m).

DISCONTINUED OPERATIONS

As the board has resolved to dispose of the group's tax, red flag and offshore insolvency businesses, IFRS 5 'Non-Current Assets Held for Sale and Discontinued Operations' requires the financial results for these activities to be disclosed as discontinued operations in the income statement and the carrying value of the net assets to be written down to the fair value of the assets less costs to sell. This has resulted in a non-cash charge to profit of £4.4m, which has been disclosed within exceptional costs.

Discontinued operations generated a post-tax loss for the period (before exceptional and acquisition-related costs) of £1.8m (2010: £0.4m). The post-tax cost of exceptional and acquisition-related costs was £4.5m (2010: £0.04m), resulting in a post-tax loss of £6.3m (2010: £0.4m).

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 3.1p (2010: 3.0p). Basic and diluted EPS from continuing operations was 2.5p (2010: 2.3p).

** See reconciliation in note 6*

CASH FLOWS

Cash generated by operations decreased to £0.1m (2010: £1.9m). This includes exceptional payments of £1.0m, outflows relating to discontinued operations of £0.9m and an increased VAT payment (following a change in payment dates) of £1.0m, leaving underlying continuing operating cash flows of £3.0m. Tax payments in the period were £0.5m (2010: £1.4m). Interest payments decreased by £0.1m to £0.3m, resulting in a net cash outflow from operations of £0.7m (2010: nil).

Investing cash flows decreased to £3.0m (2010: £4.0m), due to lower net capital expenditure payments of £0.5m (2010: £1.6m). Acquisition payments included the in year purchase of a portfolio of Scottish insolvency cases of £0.4m (2010: £1.0m), with deferred payments relating to prior year acquisitions of £2.2m (2010: £1.5m).

Financing cash flows of £0.2m (2010: £3.6m) include a net drawdown on the group's principal bank facilities of £2.0m (2010: £4.0m). Cash outflows include a net repayment of other finance of £0.8m (2010: £0.4m) and dividend payments of £1.1m (2010: nil).

FINANCING

At 31 October 2011, the group had utilised £24.3m (2010: £20.3m) of its principal bank facilities, giving significant headroom within the total facilities of £35m. During the period, all bank covenants were met and the group's financial position remains robust.

The group continues to use other sources of finance as appropriate, including hire purchase contracts and other asset-related bank loans. At 31 October 2011, the group had asset-related finance of £3.0m (2010: £3.9m).

Net borrowings at 31 October 2011 were £27.3m (2010: £24.2m).

NET ASSETS

At 31 October 2011 net assets were £59.9m (2010: £67.2m).

	31 Oct 2011 £m	30 Apr 2011 £m	31 Oct 2010 £m
Non-current assets	57.4	58.2	62.8
Current assets	50.8	57.2	53.2
Gross borrowings	(27.9)	(26.6)	(27.0)
Other liabilities	(20.4)	(22.9)	(21.8)
Net assets	**59.9**	**65.9**	**67.2**

Non-current assets decreased by £0.8m in the period to £57.4m, principally due to depreciation and amortisation.

Current assets decreased by £6.4m to £50.8m since April 2011 due a decrease of £4.5m in assets classified as held for sale (principally due to the goodwill impairment charge); reduced cash balances of £3.8m; partially offset by increased working capital balances of £1.9m.

Gross borrowings increased by £1.3m in the period. Other liabilities decreased by £2.5m to £20.4m due principally to lower deferred consideration of £2.2m, reduced VAT creditor of £1.0m, offset by an accrued final dividend of £0.9m. Other liabilities include £1.5m (2010: £3.5m) of deferred consideration payments, of which £1.0m is payable within one year.

Nick Taylor
Group finance director
15 December 2011

Condensed consolidated income statement

for the six months ended 31 October 2011

			Six months ended 31 October 2011 (unaudited) £'000			Six months ended 31 October 2010 (unaudited) £'000			Year ended 30 April 2011 (audited) £'000
	Before exceptional items and acquisition related costs	Exceptional items and acquisition related costs	Total	Before exceptional items and acquisition related costs	Exceptional items and acquisition related costs	Total	Before exceptional items and acquisition related costs	Exceptional items and acquisition related costs	Total
Continuing operations:									
Revenue	**29,392**	**-**	**29,392**	29,849	-	29,849	60,550	-	60,550
Direct costs	**(15,155)**	**(373)**	**(15,528)**	(15,402)	(675)	(16,077)	(31,548)	(1,458)	(33,006)
Gross profit	**14,237**	**(373)**	**13,864**	14,447	(675)	13,772	29,002	(1,458)	27,544
Other operating income	**-**	**-**	**-**	67	-	67	67	-	67
Administrative expenses	**(9,610)**	**(57)**	**(9,667)**	(10,065)	(176)	(10,241)	(19,995)	(640)	(20,635)
Earnings before interest, tax and amortisation	**4,627**	**(430)**	**4,197**	4,449	(851)	3,598	9,074	(2,098)	6,976
Amortisation of intangible assets arising on acquisitions	**(237)**	**-**	**(237)**	(44)	-	(44)	(198)	-	(198)
Finance costs	**(608)**	**-**	**(608)**	(488)	-	(488)	(1,031)	-	(1,031)
Profit before tax	**3,782**	**(430)**	**3,352**	3,917	(851)	3,066	7,845	(2,098)	5,747
Tax	**(1,248)**	**112**	**(1,136)**	(1,281)	276	(1,005)	(2,303)	452	(1,851)
Profit for the period from continuing operations	**2,534**	**(318)**	**2,216**	2,636	(575)	2,061	5,542	(1,646)	3,896
Discontinued operations:									
Loss for the period from discontinued operations	**(1,778)**	**(4,498)**	**(6,276)**	(384)	(41)	(425)	(1,087)	(2,610)	(3,697)
Profit (loss) for the period	**756**	**(4,816)**	**(4,060)**	2,252	(616)	1,636	4,455	(4,256)	199
Earnings (loss) per share									
From continuing operations:									
Basic and diluted			**2.5**			2.3			4.3
From continuing and discontinued operations:									
Basic and diluted			**(4.5)**			1.8			0.2

The comparative income statements have been represented in accordance with IFRS 5 as follows:

- year ended 30 April 2011 to reflect insolvency offshore as discontinued; and
- six months ended 31 October 2010 to reflect insolvency offshore, tax and red flag as discontinued.

Condensed consolidated statement of comprehensive income

for the six months ended 31 October 2011

	Six months ended 31 October 2011 (unaudited) £’000	Six months ended 31 October 2010 (unaudited) £’000	Year ended 30 April 2011 (audited) £’000
(Loss) profit for the period	**(4,060)**	1,636	199
Other comprehensive income:			
Exchange differences on translation of foreign operations	**(57)**	(16)	(56)
Total comprehensive (expense) income for the period	**(4,117)**	1,620	143

Condensed consolidated balance sheet

at 31 October 2011

	31 October 2011 (unaudited) £’000	**31 October 2010 (unaudited) £’000**	30 April 2011 (audited) £’000
Non-current assets			
Intangible assets	**51,165**	55,502	51,422
Property, plant and equipment	**6,255**	7,309	6,820
	57,420	62,811	58,242
Current assets			
Trade and other receivables	**45,168**	50,508	43,295
Cash and cash equivalents	**574**	2,741	4,334
Assets classified as held for sale	**5,070**	-	9,548
	50,812	53,249	57,177
Total assets	**108,232**	116,060	115,419
Current liabilities			
Trade and other payables	**(11,363)**	(15,858)	(13,064)
Current tax liabilities	**(621)**	(217)	(760)
Borrowings	**(1,509)**	(2,005)	(1,718)
Provisions	**(362)**	-	(443)
Liabilities classified as held for sale	**(2,269)**	-	(2,583)
	(16,124)	(18,080)	(18,568)
Net current assets	**34,688**	35,169	38,609
Non-current liabilities			
Trade and other payables	**(512)**	(420)	(1,027)
Borrowings	**(26,388)**	(24,951)	(24,915)
Deferred tax	**(5,300)**	(5,417)	(5,048)
	(32,200)	(30,788)	(30,990)
Total liabilities	**(48,324)**	(48,868)	(49,558)
Net assets	**59,908**	67,192	65,861
Equity			
Share capital	**4,588**	4,534	4,579
Share premium	**17,487**	34,735	17,443
Merger reserve	**17,584**	17,584	17,584
Translation reserve	**(114)**	(17)	(57)
Retained earnings	**20,363**	10,356	26,312
Shareholders’ equity	**59,908**	67,192	65,861

Condensed consolidated statement of changes in equity

for the six months ended 31 October 2011 (unaudited)

	Share capital £'000	Share premium £'000	Merger reserve £'000	Translation reserve £'000	Retained earnings £'000	Total equity £'000
At 1 May 2011	4,579	17,443	17,584	(57)	26,312	65,861
Loss for the period	-	-	-	-	(4,060)	(4,060)
Other comprehensive income:						
Foreign exchange adjustments	-	-	-	(57)	-	(57)
Total comprehensive income for the period	-	-	-	(57)	(4,060)	(4,117)
Transactions with owners:						
Dividends	-	-	-	-	(1,973)	(1,973)
Shares issued	9	44	-	-	-	53
Credit to equity for equity-settled share-based payments	-	-	-	-	84	84
At 31 October 2011	**4,588**	**17,487**	**17,584**	**(114)**	**20,363**	**59,908**

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 year ended 30 April 2011 (audited)

	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 year	-	-	-	-	199	199
Other comprehensive income:						
Foreign exchange adjustments	-	-	-	(56)	-	(56)
Total comprehensive income for the year	-	-	-	(56)	199	143
Transactions with owners:						
Dividends	-	-	-	-	(1,701)	(1,701)
Capital reduction		(17,343)	-	-	17,343	-
Credit to equity for equity-settled share-based payments	-	-	-	-	96	96
Shares issued	49	100	-	-	-	149
At 30 April 2011	4,579	17,443	17,584	(57)	26,312	65,861

Condensed consolidated cash flow statement

for the six months ended 31 October 2011

	Six months ended 31 October 2011 (unaudited) £'000	Six months ended 31 October 2010 (unaudited) £'000	Year ended 30 April 2011 (audited) £'000
Operating activities:			
Cash generated by operations	**70**	1,862	8,852
Income taxes paid	**(503)**	(1,442)	(1,665)
Interest paid	**(305)**	(409)	(887)
Net cash flows from operating activities	**(738)**	11	6,300
Investing activities:			
Proceeds on disposal of property, plant and equipment	**126**	228	624
Purchases of property, plant and equipment	**(539)**	(1,411)	(2,676)
Purchase of intangible fixed assets	**(51)**	(394)	(485)
Acquisition of subsidiaries	**(380)**	(986)	(1,803)
Deferred consideration payments in the period	**(2,195)**	(1,470)	(2,626)
Net cash used in investing activities	**(3,039)**	(4,033)	(6,966)
Financing activities:			
Dividends paid	**(1,075)**	-	(1,701)
Hire purchase finance received	**315**	995	1,985
Repayments of hire purchase finance obligations	**(989)**	(965)	(1,845)
Proceeds on issue of shares	**53**	52	149
Repayment of loans	**(139)**	(437)	(706)
Drawdown of bank facility	**2,000**	4,000	4,000
Net cash from financing activities	**165**	3,645	1,882
Net (decrease) increase in cash and cash equivalents	**(3,612)**	(377)	1,216
Cash and cash equivalents at beginning of period	**4,334**	3,118	3,118
Cash and cash equivalents at end of period	**722**	2,741	4,334

	Six months ended 31 October 2011 (unaudited) £'000	Six months ended 31 October 2010 (unaudited) £'000	Year ended 30 April 2011 (audited) £'000
Cash and cash equivalents at end of period			
Continuing operations	**574**	2,741	4,334
Discontinued operations	**148**	-	-
	722	2,741	4,334

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 2011, 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 2011 were approved by the board of directors on 7 July 2011 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 2011 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 2011.

Discontinued operations

Further to the strategic review announced in July 2011, the board has decided to exit its offshore insolvency business comprising the Cayman Islands, Channel Islands and Kenyan operations to focus on its core insolvency market in the UK. The board intends to complete its exit from these operations within one year. These offshore businesses each represent separate cash generating units ('CGUs'), the results of which are regularly monitored by the board, but for which turnover, profits and net assets have not been sufficiently large for separate segmental disclosure. However, in line with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations', the business is conducted in separate geographical markets and has therefore been classified as held for sale and discontinued operations. The comparative financial information has been represented.

2. Segmental analysis by class of business

	Six months ended 31 October 2011 (unaudited) £'000	Six months ended 31 October 2010 (unaudited) £'000	Year ended 30 April 2011 (audited) £'000
Continuing operations:			
Revenue			
Insolvency and restructuring	**26,808**	26,484	53,853
Global risk partners	**2,584**	3,365	6,697
	29,392	29,849	60,550
EBITA (before exceptional items and acquisition-related costs)			
Insolvency and restructuring	**7,198**	6,776	13,607
Global risk partners	**189**	670	1,363
Shared and central costs	**(2,760)**	(2,997)	(5,896)
	4,627	4,449	9,074

3. Finance costs

	Six months ended 31 October 2011 (unaudited) £'000	Six months ended 31 October 2010 (unaudited) £'000	Year ended 30 April 2011 (audited) £'000
Continuing operations:			
Interest payable	**577**	447	951
Unwinding of discount on deferred consideration liabilities	**31**	41	80
	608	488	1,031

4. Exceptional items and acquisition-related costs

	Six months ended 31 October 2011 (unaudited) £'000	Six months ended 31 October 2010 (unaudited) £'000	Year ended 30 April 2011 (audited) £'000
Continuing operations:			
Restructuring costs	**430**	799	1,998
Acquisition-related costs	**-**	52	100
	430	851	2,098

5. Discontinued operations

	Six months ended 31 October 2011 (unaudited) £'000	Six months ended 31 October 2010 (unaudited) £'000	Year ended 30 April 2011 (audited) £'000
Revenue			
- Tax	**2,292**	3,987	6,998
- Red flag	**256**	57	202
- Insolvency offshore	**342**	478	942
	2,890	4,522	8,142
EBITA			
- Tax	**(1,356)**	290	93
- Red flag	**(425)**	(338)	(721)
- Insolvency offshore	**(220)**	(392)	(575)
	(2,001)	(440)	(1,203)
Finance costs	**(9)**	(12)	(61)
Exceptional and acquisition-related costs			
- Impairment of goodwill	**(4,437)**	-	(1,069)
- Restructuring costs	**(82)**	-	(1,211)
- Provision against unbilled income	**-**	-	(1,131)
- Acquisition-related costs	**-**	(58)	(58)
	(4,519)	(58)	(3,469)
Loss before tax	**(6,529)**	(510)	(4,733)
Tax	**253**	85	1,036
Loss for the period from discontinued operations	**(6,276)**	(425)	(3,697)

6. Earnings per share

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

	Six months ended 31 October 2011 (unaudited) £'000	Six months ended 31 October 2010 (unaudited) £'000	Year ended 30 April 2011 (audited) £'000
Earnings			
Profit for the period from continuing operations attributable to equity holders	**2,216**	2,061	3,896
Loss from discontinued operations attributable to equity holders	**(6,276)**	(425)	(3,697)
(Loss) profit for the period attributable to equity holders	**(4,060)**	**1,636**	**199**

6. Earnings per share (continued)

Number of shares	**31 October 2011 (unaudited) number**	31 October 2010 (unaudited) number	30 April 2011 (audited) number
Weighted average number of ordinary shares for basic earnings per share	**89,706,357**	89,507,629	89,628,411
Dilutive potential ordinary shares:			
Employee share options	**-**	18,326	-
Weighted average number of ordinary shares for diluted earnings per share	**89,706,357**	89,525,955	89,628,411

	31 October 2011 (unaudited) pence	31 October 2010 (unaudited) pence	30 April 2011 (audited) pence
Basic and diluted earnings (loss) per share from:			
Continuing operations	**2.5**	2.3	4.3
Discontinued operations	**(7.0)**	(0.5)	(4.1)
Total	**(4.5)**	1.8	0.2

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 2011 (unaudited) £'000	Six months ended 31 October 2010 (unaudited) £'000	Year ended 30 April 2011 (audited) £'000
Earnings			
Profit for the period from continuing operations attributable to equity holders	**2,216**	2,061	3,896
Amortisation of intangible assets arising on acquisitions	**237**	44	198
Unwinding of discount on deferred consideration liabilities	**31**	41	80
Exceptional and acquisition-related costs	**430**	851	2,098
Tax effect	**(173)**	(288)	(522)
Adjusted earnings	**2,741**	2,709	5,750

	31 October 2011 pence	31 October 2010 pence	30 April 2011 pence
Adjusted basic and diluted earnings per share from continuing operations	**3.1**	3.0	6.4

7. Dividends paid and proposed

The interim dividend of 0.6p (2010: 1.2p) per share (not recognised as a liability at 31 October 2011) will be payable on 8 May 2012 to ordinary shareholders on the register at the close of business on 10 April 2012. The final ordinary dividend of 1.0p per share as proposed in the 30 April 2011 financial statements and approved at the group's AGM was paid on 7 November 2011 and was recognised as a liability at 31 October 2011.

8. Note to the cash flow statement

	Six months ended 31 October 2011 (unaudited) £'000	Six months ended 31 October 2010 (unaudited) £'000	Year ended 30 April 2011 (audited) £'000
(Loss) profit for the period	**(4,060)**	1,636	199
Adjustments for:			
Tax	**883**	920	815
Finance costs	**617**	500	1,092
Amortisation of intangible assets	**321**	109	346
Depreciation of property, plant and equipment	**900**	950	1,959
Exceptional restructuring costs relating to asset write downs	**70**	565	1,292
Exceptional cost relating to provision against unbilled income	**-**	-	1,131
Impairment of goodwill	**4,437**	-	1,069
Share based payment expense	**84**	46	96
(Profit) loss on disposal of property, plant and equipment	**2**	(5)	(13)
Operating cash flows before movements in working capital	**3,254**	4,721	7,986
Increase in receivables	**(1,686)**	(3,403)	(1,886)
(Decrease) increase in payables	**(1,003)**	544	1,895
(Decrease) increase in provisions	**(495)**	-	857
Cash generated by operations	**70**	1,862	8,852