12 December 2014

Begbies Traynor Group

Begbies Traynor Group plc

Half year results
for the six months ended 31 October 2014

Begbies Traynor Group plc (the 'company' or the 'group'), the UK's leading independent business recovery practice, today announces its half year results for the six months ended 31 October 2014.

Financial highlights*

	2014 £m	2013 £m
Revenue	20.8	21.4
Adjusted profit before tax*	1.9	2.3
Profit before tax	1.5	2.2
Adjusted basic and diluted EPS** (p)	1.6	2.1
Basic and diluted EPS (p)	1.2	1.9
Proposed interim dividend (p)	0.6	0.6
Net debt (£m)	16.2	17.8

** All figures stated from continuing operations*
*** Profit before tax of £1.5m (2013: £2.2m) plus amortisation of £0.4m (2013: £0.1m) less exceptional and acquisition-related items of nil (2013: nil)*
**** See reconciliation in note 6*

Operational highlights

- Results in line with market expectations
- Retained market-leading position
- Continued difficult market conditions:
    - 16% reduction in number of UK corporate insolvencies in the six months to 30 September 2014 from the comparable period in 2013
    - Continued focus on cost management as a result
- Recent acquisitions, Ian Franses Associates and Cooper Williamson, fully integrated and operating profitably, in line with our expectations

Acquisition of Eddisons announced separately today

- Acquisition of Eddisons, a leading national firm of chartered surveyors with a specialism in the valuation and disposal of property and business assets, announced separately today
- Expected to be earnings enhancing in the current financial year
- Vendor placing to fund £5m initial consideration and cash placing of £0.3m for transaction costs
- Total placing of 13,094,982 new ordinary shares at 40.5 pence per share

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

"Despite a challenging trading period for our profession, with reductions in national insolvency volumes to the lowest level since 2007, we have continued to trade profitably, with results in line with market expectations. We have mitigated the full impact of market conditions through acquisitions completed in the current and prior year and continued cost discipline, and we have retained our market-leading position in terms of number of insolvency appointments.

"We anticipate some improvement in trading levels in the second half of the financial year, over the traditionally busier winter months as we experienced in the previous financial year. The last four months of the financial year will also benefit from the post-acquisition trading profits from the Eddisons acquisition announced today, which is expected to be earnings enhancing in the current financial year.

"Overall, the group remains well placed to take advantage of opportunities to develop and enhance the business, both organically and through selective acquisitions."

A conference call for analysts will be held today at 9.30am. Please contact Giles Robinson on 020 3128 8788 or e-mail begbies@mhpc.com if you would like to dial in.

Enquiries please contact:

Begbies Traynor Group plc Ric Traynor - Executive Chairman Nick Taylor - Group Finance Director	0161 837 1700
Canaccord Genuity Limited (Nominated Adviser and Joint Broker) Bruce Garrow	020 7523 8350
Shore Capital (Joint Broker) Pascal Keane	020 7408 4090
MHP Communications Reg Hoare / Katie Hunt / Giles Robinson	020 3128 8100

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

CHAIRMAN'S STATEMENT

INTRODUCTION

The last six months have been a challenging trading period for our profession, with reductions in national insolvency volumes to the lowest level since 2007 due to the continuing benign financing environment in the UK. Despite this we have continued to trade profitably with results for the half year in line with market expectations. Whilst market conditions have inevitably affected our performance, the full market impact has been mitigated through continued cost discipline and acquisitions completed in the current and prior year have made a positive contribution to profitability.

We retain our market-leading position in terms of number of insolvency appointments and continue to invest and develop the business to maintain that position. Our two recent acquisitions (Ian Franses Associates in June 2014 and Cooper Williamson in October 2013) are fully integrated into the group and operating profitably, in line with our expectations.

Net debt has reduced from the position one year ago to £16.2m (2013: £17.8m). This debt position, together with the group's profitable trading and expectations for the remainder of the financial year, has enabled the board to maintain the interim dividend at 0.6p (2013: 0.6p).

ACQUISITION

We have announced separately today the acquisition of Eddisons, a leading national firm of chartered surveyors, in line with our strategy to enhance our market-leading insolvency practice and develop complementary service offerings, including valuation consulting.

This well-established business brings expertise in the valuation and disposal of property and business assets for insolvency, which is intrinsic to our core business, and in recent years has been appointed as receiver to over 200 property insolvencies per annum.

The acquisition will enable the group to utilise Eddisons' valuation and disposal expertise on its existing caseload rather than subcontractors, together with marketing the group's enhanced competencies and service offerings to the combined client base of banks and other financial institutions.

The transaction is expected to be earnings enhancing in the current financial year.

RESULTS

The group's revenue from continuing operations in the half year to 31 October 2014 decreased to £20.8m (2013: £21.4m). Earnings before interest, tax and amortisation ('EBITA') (pre exceptional and acquisition-related items) decreased to £2.5m (2013: £2.9m). Adjusted profit before tax* decreased to £1.9m (2013: £2.3m). Profit before tax was £1.5m (2013: £2.2m). Profit for the period from continuing operations was £1.1m (2013: £1.8m). Total comprehensive income for the period was £0.9m (2013: £1.6m).

Earnings per share ('EPS') from continuing operations**, adjusted for the net of tax impact of the amortisation of intangible assets arising on acquisitions and exceptional and acquisition-related items, decreased to 1.6p (2013: 2.1p). Basic and diluted EPS from continuing operations were 1.2p (2013: 1.9p).

Net debt at 31 October 2014 was £16.2m (Apr 2014: £14.5m; Oct 2013: £17.8m), having invested £1.6m in the period in acquisitions and capital investment. These borrowings are comfortably within the group's bank facilities, with gearing of 28% (Apr 2014: 24%; Oct 2013: 31%) and interest cover of 4.7 times.

** Profit before tax of £1.5m (2013: £2.2m) plus amortisation of £0.4m (2013: £0.1m) less exceptional and acquisition-related items of nil (2013: nil)*
*** See reconciliation in note 6*

DIVIDEND

The board remains committed to a long-term progressive dividend policy, which reflects the potential for earnings growth. In the near term, dividend decisions reflect short-term profit levels, as a result of market conditions, and the requirement for continuing investment.

Having considered financial performance in the current year, the outlook for the remainder of the financial year and the on-going requirements of the business, the board has declared a maintained interim dividend of 0.6p (2013: 0.6p).

The interim dividend will be paid on 8 May 2015 to shareholders on the register as at 10 April 2015, with an ex-dividend date of 9 April 2015.

OUTLOOK

As the UK insolvency business with the largest market share by volume, any change in national insolvency numbers, which remain difficult to predict in the current climate, has a direct impact on our operational volumes. As noted above, the number of corporate insolvencies for the six months ended 30 September 2014 is 16% lower than in 2013. As we experienced in the previous financial year, we anticipate some improvement in trading levels in the second half of the financial year, over the traditionally busier winter months.

The group remains well placed to take advantage of opportunities to develop and enhance the business, both organically and through selective acquisitions. We also retain the capacity and expertise to handle an increase in activity levels should they arise, which would result in improved profitability due to the inherent operational gearing in the business.

The second half of the financial year will also benefit from the post-acquisition trading profits from the Eddisons acquisition announced today and next year from a full year contribution which is expected to enhance our financial performance.

We will provide an update on third quarter trading in early March 2015 when the impact of fourth quarter corporate insolvency statistics will be known.

Ric Traynor
Executive chairman
12 December 2014

BUSINESS REVIEW

Begbies Traynor Group is the UK's leading independent business recovery practice handling the largest number of corporate appointments, principally serving the mid-market and smaller companies. We provide a range of specialist professional services primarily to businesses, their professional advisors and the major banks covering insolvency, restructuring and risk management activities.

OPERATIONAL REVIEW

Results

Revenue in the period decreased to £20.8m (2013: £21.4m) with EBITA (pre exceptional and acquisition-related items) of £2.5m (2013: £2.9m). Operating margins were 11.8% (2013: 13.4%).

The insolvency market remains very challenging, with a further reduction in UK corporate insolvency appointments in the calendar year to date, compounding the impact of reductions over recent years. This reduced level of market activity led to lower insolvency appointments for the group, which combined with pressure on fee rates, caused reduced revenue levels, which we largely mitigated through acquisitions and continued cost control.

As a result of this market backdrop we remain very focussed on our operating cost base. Operating costs in the period were £18.3m (2013: £18.5m) with an increase of £0.5m from acquisitions, offset by cost savings of £0.7m.

The number of people employed in the group has decreased to 431 as at 31 October 2014 (including 8 new joiners from the Ian Franses acquisition) from 438 at the start of the financial year.

As we announced in July, we have invested in our London operations in this half year. Our existing team, who focus on executing higher value restructuring and consulting mandates as well as larger insolvency cases, relocated to new offices in Canary Wharf and in June 2014 we completed the acquisition of Ian Franses Associates. The business, which is based in Paddington, is now fully integrated into our operations, operating profitably and focussed on executing high volume liquidations and personal insolvencies in the London market. We now provide complementary services from two London locations, providing a strong platform for growth in the largest market in the UK.

We have also continued to invest in our business rescue website (www.realbusinessrescue.co.uk), which we acquired in the Cooper Williamson acquisition in October 2013. The business is fully integrated into the group, the website is generating new engagements for the group nationally and is trading profitably in line with our expectations.

We have continued to develop our advisory services through the BTG Financial Consulting business and during the period we managed the disposal of Reading FC, following our other successes in this football specialism including Southampton and Hull City. We have also advised on several complex restructuring, valuation and expert witness engagements.

Business development

Begbies Traynor remains the market leader in UK mid-market insolvency and we believe that the combination of our full national coverage, strong relationships with all major UK banks and excellent referral networks from other professional services organisations leaves the business well placed to take full advantage of this market.

We will continue to develop our core division through a combination of senior recruitment, selective acquisitions and staff development, with the intention of progressively increasing our market share. Further development over the medium term will come from winning higher value, more complex instructions from existing clients and prospects, by demonstrating our growing capabilities and credentials.

Insolvency market

The number of corporate insolvencies (Source: The Insolvency Service) for the six months ended 30 September 2014 was 8,249 (six months ended 30 September 2013: 9,832), a decrease of 16%. The sustained low level of interest rates at 0.5% (since May 2009) continues to provide a very benign financing environment for UK companies.

Whereas in previous economic cycles, the number of corporate appointments has peaked after recessions when the economy enters a recovery phase, this has not been seen in this cycle so far, principally we believe due to the low interest rate environment.

With current economic indicators suggesting that interest rates will remain at current levels until at least the second half of calendar 2015, there are no signs of any immediate short-term economic pressures which would cause a marked increase in insolvency levels.

Discontinued operations

As a result of the financial performance in recent years, the board resolved to discontinue its dedicated global risk partners division in the period, with the partners and respective teams who were not core to the group's insolvency and restructuring division leaving the group. The loss for the period from discontinued operations was £0.2m (2013: £0.2m).

The forensic and investigation teams have remained within the group, being managed and reported within insolvency and restructuring.

FINANCE REVIEW

	2014 £m	2013 £m
Continuing operations:		
Revenue	**20.8**	21.4
EBITA (pre exceptional and acquisition-related items)	**2.5**	2.9
Finance costs	**(0.6)**	(0.6)
Adjusted profit before tax	**1.9**	2.3
Exceptional and acquisition-related items	**-**	-
Amortisation of intangible assets arising on acquisitions	**(0.4)**	(0.1)
Profit before tax	**1.5**	2.2
Tax	**(0.4)**	(0.4)
Profit for the period from continuing operations	**1.1**	1.8
Loss for the period from discontinued operations	**(0.2)**	(0.2)
Profit for the period	**0.9**	1.6

Continuing operations

EBITA (pre exceptional and acquisition-related items)

Trading performance was affected by the reduction in UK insolvencies in the period, as noted in the operating review.

Revenue of £20.8m includes £1.0m from acquisitions, representing £0.5m from current year and £0.5m as the full year impact of prior year transactions; this has partially offset the organic reductions of £1.6m arising from reduced insolvency volumes. Operating costs were £18.3m (2013: £18.5m) with an increase of £0.5m from acquisitions, offset by cost savings of £0.7m.

EBITA (pre-exceptional and acquisition-related items) reduced to £2.5m (2013: £2.9m) with margins of 11.8% (2013: 13.4%).

Finance costs

Finance costs were £0.6m (2013: £0.6m).

Exceptional and acquisition-related items

Exceptional and acquisition-related items in the period comprise a gain on acquisition of £0.3m, offset by acquisition costs of £0.1m and deemed remuneration charges of £0.2m. Net exceptional and acquisition-related items in the prior period include acquisition costs of £0.1m, offset by a £0.1m credit from adjustments to contingent consideration on prior year acquisitions.

Amortisation

Amortisation of intangible assets arising on acquisitions increased to £0.4m (2013: £0.1m) due to current and prior year acquisitions.

Tax

The tax charge for the period was £0.4m (2013: £0.4m), based on a weighted average expected tax rate for the full year of 26%.

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 and net acquisition-related items, were 1.6p (2013: 2.1p). Basic and diluted EPS from continuing operations were 1.2p (2013: 1.9p).

** See reconciliation in note 6*

Acquisition

As previously reported, on 1 June 2014, the group completed the acquisition of the trade and assets of Ian Franses Associates Limited, a London-based insolvency specialist. The acquisition was for an initial cash consideration of £0.6m with contingent consideration payable of up to £1.4m, subject to financial performance targets over the three years from completion, payable in cash. The initial accounting for the transaction is detailed in note 7. The business is now fully integrated and performing in line with expectations.

The acquisition is expected to be earnings enhancing, both initially and after any additional consideration is paid.

Cash flows

Net cash flows from operating activities (after interest and tax) in the period were £0.4m (2013: £0.5m). This cash flow is stated after £0.9m (2013: £1.4m) of prior year provision utilisation and £0.4m (2013: £0.3m) relating to discontinued operations.

Investing cash outflows of £1.6m (2013: £0.6m) include acquisition payments of £0.6m (2013: £0.5m) and capital expenditure of £1.0m (2013: £0.1m), which includes the investment in the group's new London office.

Financing cash outflows of £0.6m (2013: £0.6m) principally comprises the dividend payments of £0.5m (2013: £0.5m).

Financing

Net debt at 31 October 2014 was £16.2m (Apr 2014: £14.5m; Oct 2013: £17.8m), with a gearing of 28% (2013: 31%) and significant headroom within the committed banking facilities of £30m. During the period, all bank covenants were comfortably met and the group remains in a strong financial position.

The group's principal unsecured, committed facilities of £30m provide the group with medium and long-term financing with maturity dates from 2017 to 2021.

Net assets

At 31 October 2014 net assets were £58.3m (2013: £57.7m), equivalent to net assets per share of 64p (2013: 64p), and are analysed as follows:

	31 Oct 2014 £m	30 Apr 2014 £m	31 Oct 2013 £m
Non-current assets	54.1	53.3	53.5
Current assets	36.3	36.6	39.4
Net borrowings	(16.2)	(14.5)	(17.8)
Current tax	(0.6)	(0.7)	(0.6)
Other liabilities	(15.3)	(15.3)	(16.8)
Net assets	**58.3**	**59.4**	**57.7**

Discontinued operations

During the period the global risk partners segment was discontinued. In accordance with IFRS 5, the results of these activities have been separately disclosed and the comparative results re-presented on this basis.

During the period the discontinued activities generated revenue of £0.6m (2013: £0.9m) and a post-tax loss of £0.2m (2013: £0.2m), including a loss on disposal of £0.3m. At the period end the group had deferred contingent consideration receivable of £0.9m.

Post balance sheet event

On 12 December 2014 the group conditionally acquired the entire issued share capital of Eddisons Commercial (Holdings) Limited. The acquired business, which has been acquired on a cash free/debt free basis, generated revenue from continuing operations of £13.4m in the financial year ended 31 March 2014 and underlying EBITA of £1.3m.

The maximum acquisition consideration of £8.5m is as follows: initial consideration of £5m in cash funded by a vendor placing, together with contingent consideration based on financial performance as follows: £1.5m cash payable on account over four years, with historic payments subject to claw back if subsequent underperformance; £1.5m cash or equity bullet payable after four years, based on cumulative performance over the four years; and £0.5m cash or equity payable between five and eight years.

In addition, we intend to place additional new ordinary shares for cash to raise approximately £0.3 million at 40.5 pence per share for transaction costs.

The acquisition is conditional (amongst other things) on the placing shares being admitted to trading on AIM.

The transaction (representing the acquisition and subsequent share placing) is expected to be earnings enhancing in the current financial year.

Ric Traynor
Executive chairman
12 December 2014

Nick Taylor
Group finance director
12 December 2014

Statement of comprehensive income

	Note	**Six months ended 31 October 2014 (unaudited) £'000**	Six months ended 31 October 2013 (unaudited and re-presented) £'000	Year ended 30 April 2014 (audited and re-presented) £'000
Continuing operations:				
Revenue		**20,808**	21,429	44,089
Direct costs		**(11,118)**	(11,464)	(23,782)
Gross profit		**9,690**	9,965	20,307
Other operating income		**75**	91	156
Administrative expenses		**(7,305)**	(7,177)	(13,945)
Earnings before interest, tax and amortisation prior to exceptional and acquisition-related items		**2,460**	2,879	6,518
Exceptional and acquisition-related items	5	**13**	25	(806)
Earnings before interest, tax and amortisation		**2,473**	2,904	5,712
Amortisation of intangible assets arising on acquisitions		**(456)**	(140)	(353)
Finance costs		**(528)**	(561)	(1,108)
Profit before tax		**1,489**	2,203	4,251
Tax		**(387)**	(429)	(869)
Profit for the period from continuing operations		**1,102**	1,774	3,382
Discontinued operations				
Loss for the period from discontinued operations	3	**(198)**	(202)	(357)
Total comprehensive income for the period		**904**	1,572	3,025
Earnings per share				
From continuing operations:				
Basic and diluted	6	**1.2p**	1.9p	3.7p
From continuing and discontinued operations:				
Basic and diluted	6	**1.0p**	1.7p	3.3p

All of the profit and comprehensive income for the period is attributable to equity holders of the parent

The comparative statements of comprehensive income have been re-presented in accordance with IFRS 5 for the year ended 30 April 2014 and six months ended 31 October 2013 to reflect global risk partners as discontinued.

Consolidated statement of changes in equity

For the six months ended 31 October 2014 (unaudited)	Share capital £'000	Share premium £'000	Merger reserve £'000	Retained earnings £'000	**Total equity £'000**
At 1 May 2014	4,876	18,020	17,584	18,923	**59,403**
Total comprehensive income for the period	—	—	—	904	**904**
Dividends	—	—	—	(2,012)	**(2,012)**
Credit to equity for equity-settled share-based payments	—	—	—	29	**29**
Shares issued	3	21	—	—	**24**
At 31 October 2014	**4,879**	**18,041**	**17,584**	**17,844**	**58,348**

For the six months ended 31 October 2013 (unaudited)	Share capital £'000	Share premium £'000	Merger reserve £'000	Retained earnings £'000	**Total equity £'000**
At 1 May 2013	4,663	17,581	17,584	17,867	**57,695**
Total comprehensive income for the period	—	—	—	1,572	**1,572**
Dividends	—	—	—	(2,002)	**(2,002)**
Credit to equity for equity-settled share-based payments	—	—	—	4	**4**
Shares issued	60	414	—	—	**474**
At 31 October 2013	**4,723**	**17,995**	**17,584**	**17,441**	**57,743**

For the year ended 30 April 2014 (audited)	Share capital £'000	Share premium £'000	Merger reserve £'000	Retained earnings £'000	**Total equity £'000**
At 1 May 2013	4,663	17,581	17,584	17,867	**57,695**
Total comprehensive income for the year	—	—	—	3,025	**3,025**
Dividends	—	—	—	(2,002)	**(2,002)**
Credit to equity for equity-settled share-based payments	—	—	—	33	**33**
Shares issued	213	439	—	—	**652**
At 30 April 2014	**4,876**	**18,020**	**17,584**	**18,923**	**59,403**

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

Consolidated balance sheet

	31 October 2014 (unaudited)	31 October 2013 (unaudited and re-presented)	30 April 2014 (audited and re-presented)
	£'000	£'000	£'000
Non-current assets			
Intangible assets	**51,877**	51,589	51,559
Property, plant and equipment	**2,189**	1,915	1,708
	54,066	53,504	53,267
Current assets			
Trade and other receivables	**36,318**	39,408	36,630
Cash and cash equivalents	**5,801**	4,290	7,541
	42,119	43,698	44171
Total assets	**96,185**	97,202	97,438
Current liabilities			
Trade and other payables	**(8,454)**	(9,331)	(7,849)
Current tax liabilities	**(550)**	(636)	(651)
Borrowings	—	(77)	(26)
Provisions	**(716)**	(822)	(1,465)
	(9,720)	(10,866)	(9,991)
Net current assets	**32,399**	32,494	33,842
Non-current liabilities			
Trade and other payables	**(404)**	(596)	(355)
Borrowings	**(22,000)**	(22,000)	(22,000)
Provisions	**(528)**	(812)	(678)
Deferred tax	**(5,185)**	(5,185)	(5,011)
	(28,117)	(28,593)	(28,044)
Total liabilities	**(37,837)**	(39,459)	(38,035)
Net assets	**58,348**	57,743	59,403
Equity			
Share capital	**4,879**	4,723	4,876
Share premium	**18,041**	17,995	18,020
Merger reserve	**17,584**	17,584	17,584
Retained earnings	**17,844**	17,441	18,923
Equity attributable to owners of the company	**58,348**	57,743	59,403

Consolidated cash flow statement

	Six months ended 31 October 2014 (unaudited)	Six months ended 31 October 2013 (unaudited)	Year ended 30 April 2014 (audited)
	£'000	£'000	£'000
Cash flows from operating activities			
Cash generated by operations	**1,271**	1,290	7,377
Income taxes paid	**(419)**	(373)	(1,006)
Interest paid	**(483)**	(386)	(866)
Net cash flows from operating activities	**369**	531	5,505
Investing activities			
Purchase of property, plant and equipment	**(951)**	(168)	(360)
Purchase of intangible fixed assets	**—**	—	(4)
Deferred consideration payments in the period	**(6)**	(19)	(101)
Acquisition of businesses	**(600)**	(450)	(450)
Net cash from investing activities	**(1,557)**	(637)	(915)
Financing activities			
Dividends paid	**(549)**	(541)	(2,002)
Proceeds on issue of shares	**23**	25	92
Repayment of loans	**(26)**	(50)	(101)
Net cash from financing activities	**(552)**	(566)	(2,011)
Net (decrease) increase in cash and cash equivalents	**(1,740)**	(672)	2,579
Cash and cash equivalents at beginning of period	**7,541**	4,962	4,962
Cash and cash equivalents at end of period	**5,801**	4,290	7,541

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 2014, 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 2014 were approved by the board of directors on 9 July 2014 and delivered to the Registrar of Companies. The report of the auditor on those accounts was unqualified, did not include a reference to any matters to which the auditor 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 2014 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 2014.

(c) Discontinued operations

During the period, the group discontinued its global risk partners division, which was previously disclosed as an operating segment. In accordance with IFRS 5 the comparative results have been re-presented to disclose these as discontinued operations.

2. Segmental analysis by class of business

As a result of the global risk partners division being disclosed as discontinued in this reporting period, the group is managed and reported as one operating segment for the six months ended 31 October 2014.

Following the acquisition of Eddisons, in future periods the group will be managed and reported as two operating segments: insolvency and restructuring; and property.

3. Discontinued operations

The results of the discontinued global risk partners division, which have been included in the consolidated statement of comprehensive income, were as follows:

	Six months ended 31 October 2014 (unaudited)	Six months ended 31 October 2013 (unaudited and re-presented)	Year ended 30 April 2014 (audited and re-presented)
	£'000	£'000	£'000
Revenue	**596**	879	1,661
Operating costs	**(584)**	(1,131)	(2,117)
Loss on disposal	**(280)**	—	—
Profit before tax	**(268)**	(252)	(456)
Tax	**70**	50	99
Loss for the period from discontinued operations	**(198)**	(202)	(357)

4. Finance costs

	Six months ended 31 October 2014 (unaudited)	Six months ended 31 October 2013 (unaudited)	Year ended 30 April 2014 (audited)
	£'000	£'000	£'000
Continuing operations:			
Interest payable	**517**	559	1,098
Unwinding of discount on deferred consideration liabilities	**11**	2	10
	528	561	1,108

5. Exceptional and net acquisition-related items

	Six months ended 31 October 2014 (unaudited)	Six months ended 31 October 2013 (unaudited)	Year ended 30 April 2014 (audited)
	£'000	£'000	£'000
Continuing operations:			
Exceptional items			
Acquisition costs	**119**	124	124
Adjustments to contingent consideration on prior year acquisitions	**—**	(149)	(149)
Property costs associated with relocation of London offices	**—**	—	831
	119	(25)	806
Other acquisition-related items			
Gain on acquisition	**(284)**	—	—
Deemed remuneration	**152**	—	—
	(132)	—	—
	(13)	(25)	806

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 2014 (unaudited)	Six months ended 31 October 2013 (unaudited and re-presented)	Year ended 30 April 2014 (audited and re-presented)
	£'000	£'000	£'000
Earnings			
Profit for the period attributable to equity holders	**1,102**	1,774	3,382
Loss for the period from discontinued operations attributable to equity holders	**(198)**	(202)	(357)
Profit for the period attributable to equity holders	**904**	1,572	3,025

	31 October 2014 (unaudited)	31 October 2013 (unaudited)	30 April 2014 (audited)
	number	number	number
Number of shares			
Weighted average number of ordinary shares for the purposes of basic earnings per share	**91,365,065**	90,251,268	90,877,950
Effect of dilutive potential ordinary shares:			
Share options	**871,615**	6,728	139,953
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**92,182,680**	90,257,996	91,017,903

	Six months ended 31 October 2014 (unaudited)	Six months ended 31 October 2013 (unaudited and re-presented)	Year ended 30 April 2014 (audited and re-presented)
	pence	pence	pence
Basic and diluted earnings (loss) per share from:			
Continuing operations	1.2	1.9	3.7
Discontinued operations	(0.2)	(0.2)	(0.4)
Total	1.0	1.7	3.3

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 2014 (unaudited)	Six months ended 31 October 2013 (unaudited and re-presented)	Year ended 30 April 2014 (audited and re-presented)
	£'000	£'000	£'000
Earnings			
Profit for the period from continuing operations attributable to equity holders	**1,102**	1,774	3,382
Amortisation of intangible assets arising on acquisitions	**456**	140	353
Unwinding of discount on deferred consideration liabilities	**11**	2	10
Exceptional and net acquisition-related items	**(13)**	(25)	806
Tax effect of above items	**(106)**	(28)	(267)
Adjusted earnings	**1,450**	1,863	4,284

	Six months ended 31 October 2014 (unaudited)	Six months ended 31 October 2013 (unaudited and re-presented)	Year ended 30 April 2014 (audited and re-presented)
	pence	pence	pence
Adjusted basic and diluted earnings per share from continuing operations	**1.6**	2.1	4.7

7. Acquisitions

Ian Franses Associates Limited

On 1 June 2014, the group acquired the trade and assets of Ian Franses Associates Limited, a London-based insolvency boutique.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are set out below:

	Book value £'000	Fair value adjustments £'000	Fair value £'000
Net assets acquired			
Intangible assets	—	871	871
Trade and other receivables	237	(118)	119
Trade and other payables	(107)	(225)	(332)
Deferred tax	—	(174)	(174)
Total identifiable assets	130	354	484
Total initial consideration			600
Less: amounts treated as deemed remuneration			(400)
Fair value of consideration			200
Gain on acquisition			284

The initial consideration of £0.6m includes £0.4m which requires post-acquisition service obligations to be performed by the selling shareholders. In accordance with the IFRS Interpretation Committee's interpretation of paragraph B55 of IFRS3, regarding such payments, these amounts are treated as deemed remuneration and will be charged to the consolidated statement of comprehensive income over two years, representing the period of the obligation.

The acquisition provides for further deferred contingent consideration (also requiring post-acquisition service obligations to be performed) based upon performance targets being met in the three years following acquisition, an initial estimate of the likely payment of £0.1m has been recognised in the initial acquisition accounting. The maximum undiscounted amount of all future payments the group could be required to make under this obligation is £1.4m. Any such payments will be charged to the consolidated statement of comprehensive income as deemed remuneration over the period of the obligation.

Acquisition costs of £0.1m have been charged to the statement of comprehensive income as an exceptional cost.

The amounts recognised above are provisional estimates.

Cooper Williamson Limited

The provisional estimates in relation to the acquisition of the trade and assets of Cooper Williamson Limited have been finalised. A change in the assessment of the fair value of net assets acquired has resulted in an adjustment of £0.3m to reduce goodwill and increase other receivables, which has been reflected in these financial statements.

8. Dividends

The interim dividend of 0.6p (2013: 0.6p) per share (not recognised as a liability at 31 October 2014) will be payable on 8 May 2015 to ordinary shareholders on the register at the close of business on 10 April 2015. The final dividend of 1.6p per share as proposed in the 30 April 2014 financial statements and approved at the group's AGM was paid on 7 November 2014 and was recognised as a liability at 31 October 2014.

9. Reconciliation to the cash flow statement

	Six months ended 31 October 2014 (unaudited)	Six months ended 31 October 2013 (unaudited)	Year ended 30 April 2014 (audited)
	£'000	£'000	£'000
Profit for the period	**904**	1,572	3,025
Adjustments for:			
Tax	**317**	379	770
Finance costs	**528**	561	1,108
Amortisation of intangible assets	**542**	226	525
Depreciation of property, plant and equipment	**403**	418	817
Loss on disposal	**280**	—	—
Deemed remuneration	**152**	—	—
Gain on acquisition	**(284)**	—	—
Share-based payment expense	**29**	4	33
Operating cash flows before movements in working capital	**2,871**	3,160	6,278
Decrease in receivables	**522**	1,101	4,024
Decrease in payables	**(1,222)**	(1,617)	(2,081)
Decrease in provisions	**(900)**	(1,354)	(844)
Cash generated by operations	**1,271**	1,290	7,377