

Begbies Traynor Group plc 64.5p

23 July 2010

Financial strength will enable BTG to pursue growth

Share Price: 64.5p



12m High: 115p
12m Low: 53.75p
Market Cap: £58m
Shares in Issue: 89.5m

Gearing: 30%
Interest Cover: 20.5x

EPIC Code: BEG.L
Sector: Support Services
Market: London AIM
Nominated Adviser & Broker: Shore Capital and Corporate
PR: Hogarth PR
Website: www.begbies-traynorgroup.com

Description: An independent corporate insolvency practitioner with national coverage in Great Britain. Also offers corporate finance, tax consultancy and forensic and investigative services.

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Begbies Traynor delivered a solid set of preliminary results, in line with our forecasts, as revised following the trading update in June. The key figures are:

£m	FY 2010	FY 2009	Growth
Revenue	69.05	62.14	+11.1%
Adjusted EBITA	11.08	11.03	+0.4%
Adjusted PBT	10.53	9.85	+7.0%
Adjusted EPS	7.86p	7.77p	+1.1%
Dividend	3.1p	2.8p	+10.7%

We were pleasantly surprised to see cash outflow better than anticipated, at £2.75m. This left net debt also lower than expected, at £20.2m, and resulted in net gearing falling to 30%, from 31.5% at the half-year.

The three key features of the P&L were the strong performance of the core Insolvency division, into which corporate finance activity is now consolidated, the second-half return to profitability of the Taxation division and the underlying result from Other Activities.

Within Insolvency, revenue growth of 13% is likely to be the result of a mix between growth in insolvency, including an increase in the average value of cases, and a continuing recovery in corporate finance after the hiatus of H1 '09. The division also reported growth of 12% in contribution as margins were trimmed by 23pp.

Having fallen sharply in H1, Taxation recovered in H2, with revenue ahead by 4% y-o-y. The division also returned to profitability in H2, breaking even for the year, before the allocation of central costs.

Reflecting guidance, we have trimmed our FY 2011 adjusted PBT forecast from a top-of-the-range £11.6m to just over £11m, while releasing a £12m forecast for FY 2012 – for growth of 5% and 9%, respectively. Both forecasts are struck after expected significant increases in the net interest charge as rising rates, expected also to drive up insolvencies, begin to bite.

With net debt forecast to drop below £20m, giving net gearing of under 26%, Begbies remains in a strong financial position, with good headroom within its banking facilities. The Group is well placed to take advantage of the expected upturn in its market place and of growth opportunities.

Y/E	Group Sales	Declared Profit	Adjusted Profit	Adjusted EPS	P/E ratio	Dividend	Yield
April	£m	£m	£m	p	X	p	%
2009A	62.1	7.2	9.8	7.8	8.3	2.8	4.3
2010A	69.1	8.7	10.5	7.9	8.2	3.1	4.8
2011E	70.4	10.5	11.0	8.3	7.8	3.4	5.3
2012E	76.9	11.5	12.0	9.0	7.2	3.7	5.7

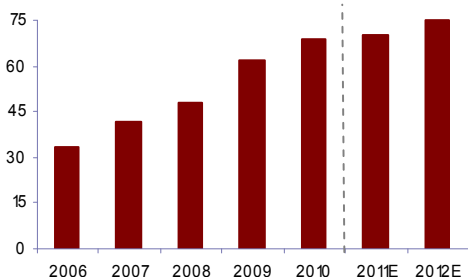
Begbies Traynor Group

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Begbies Traynor Group (BTG) has reported preliminary results for the year to April 2010 in line with revised forecasts. Revenue growth has continued, with an uplift of 11%, to £69.1m. Adjusted EBITA is marginally ahead, at £11.1m after a 9% increase in central costs and costs in excess of £1m for investment in growth. Adjusted PBT benefited from the net interest charge being more than halved, to £0.54m. This was the result of both lower interest rates – the average for Base Rate and LIBOR were down by 80-85% y-o-y – and the receipt of £13m of share placing proceeds in mid FY 2009. The trends exhibited over recent years, and expectations in our FY 2011 and FY 2012 forecasts, are shown in Charts 1 and 2.

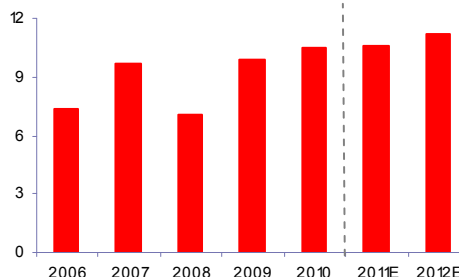
Results in line

Chart 1: Revenue Profile (£m)



Source: Hardman & Co

Chart 2: Adjusted PBT Profile (£m)

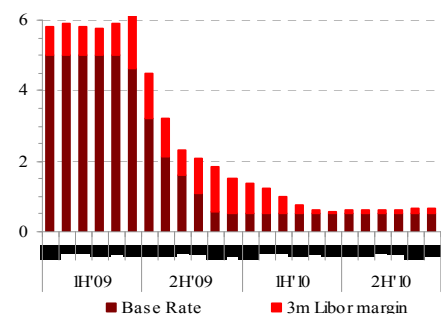


Source: Hardman & Co

Margins came under some pressure in FY 2010, reflecting primarily the poor performance of the Tax division and the investment in growth that the Group has made during the period. The gross margin, at 49.3%, is 132pp lower, while the adjusted EBITA margin, at 16%, is down by 171pp. Because of the reasons for the fall, our forecasts perceive a recovery in margin, especially at the EBITA level, over the next two years. The position is illustrated in Chart 4, while the 2-year trend in interest rates is shown in Chart 3.

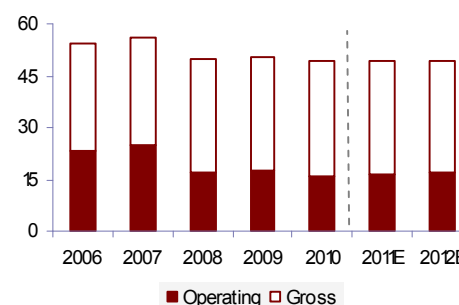
Poor Tax result pressures margins

Chart 3: Interest Rates (%)



Source: Hardman & Co

Chart 4: Margins (%)



Source: Hardman & Co

Divisional Performance

BTG reports its results under the three headings of Insolvency, Taxation and Other Activities. Corporate Finance activities, previously reported as a separate division, are now consolidated within Insolvency. The divisional split for FY 2009 in Chart 6 has been restated to reflect this. BTG has no exposure to accountancy, audit or other professional advisory work.

Overall revenue growth has been achieved as a result of a £6.9m (13%) increase in the contribution from Insolvency, to £58.9m, raising its contribution slightly, to 85% of Group revenue. Elsewhere, a £0.8m decline in revenues from Taxation was offset by a £0.8m increase from Other Activities. Within this, we understand that, excluding the low margin investigation and debt collection activities that have since been closed or sold, the continuing business reported a substantial increase in both revenues and profitability.

The relative contribution of the divisions to Group revenue is illustrated in Charts 5 and 6.

Chart 5: Revenue Split FY 2010

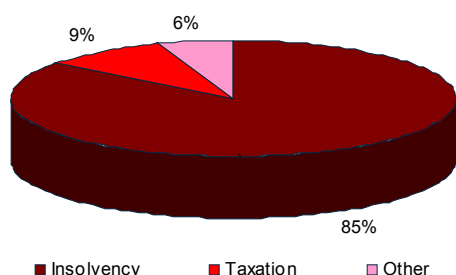
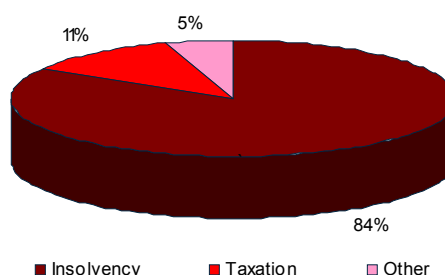


Chart 6: Revenue Split FY 2009



Source: Begbies Traynor Group plc

Source: Begbies Traynor Group plc

The divisional performance is set out in Table 1, below, with the Group result extended in Table 2, on page 6. This, and the subsequent analysis, look at external revenues, after the elimination of £0.5m (£0.4m) inter-group revenues, and at EBITA with apportionments of central cost added back.

Table 1: Divisional performance		2010	2009	Change
Y/E April		(£m)	(£m)	%
Insolvency	Revenue	58.89	51.98	+13.3
	Contribution	18.60	16.54	+12.5
	Margin	31.6%	31.8%	-0.7
Taxation	Revenue	6.26	7.03	-11.0
	Contribution	0.0	1.19	-
	Margin	0.0%	16.9%	-
Other Activities	Revenue	3.90	3.13	+24.5
	Contribution	0.10	0.25	-59.3
	Margin	2.6%	7.8%	-67.4
Central Costs		(7.63)	(6.97)	+9.5

Insolvency

Results from BTG's core Insolvency division, Begbies Traynor, are a story of continued growth. FY'10 revenue of £58.9m was up 13% y-o-y. However, H2'10 revenues were virtually flat (-0.5%) when compared with H1'10. Growth contracted from 28% in H1 to just 1.5% in H2.

It is not possible to split the division's revenue growth between corporate finance, which contributed 4% of the total in H1, and insolvency. However, the result has been achieved against a background of UK corporate insolvencies that saw an increase of just 2.6% new cases in the year to March 2010, and a fall of 8% in new cases between the first and second halves of that period.

This very subdued environment has been attributed to the support that companies have received, particularly from HMRC's Business Support Scheme, as well as a less aggressive attitude by creditors and the beneficial impact of low interest rates. Against this background Begbies has, though, raised the average value of its cases.

Adjusted EBITA showed y-o-y growth of 12%, to £18.6m, trimming the margin by 23pp, to 31.6%. Having recorded growth of 36% in H1, there was a further rise of 7% between H1 and H2. Against a very strong performance in H2'09, this resulted in a y-o-y decline of 3% in H2'10.

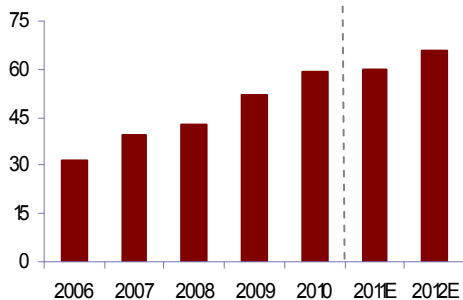
Growth in Insolvency continues

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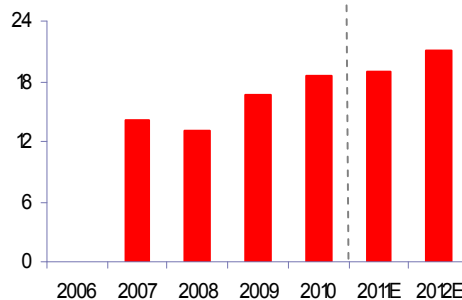
Begbies' investment in its core division saw a 10% rise in staff numbers, to 496 and resulted in costs of over £1m being expensed. Without this, we estimate that margins would have been 170pp higher, and 147pp (5%) higher than in FY 2009. Recent revenue and adjusted EBITA trends, and our FY 2011 and 2012 forecasts, are illustrated in charts 7 and 8.

Chart 7: Insolvency Revenue (£m)



Source: Hardman & Co

Chart 8: Insolvency EBITA (£m)



Source: Hardman & Co

The increased international activity through Begbies association with overseas insolvency firms which are members of the BTG Global Network has again been a feature. This has involved both Begbies undertaking work in Britain for Network members and Network members dealing with overseas assets on Begbies' behalf. The firm's international capabilities have been expanded by the Mesirov joint venture and, since the year-end, by the opening of a Cayman Islands office and by a teaming agreement with an Isle of Man firm of insolvency practitioners.

We believe that overseas revenue now accounts for c3% of the divisional total, and has almost doubled in the past year.

Further growth in Offshore revenue

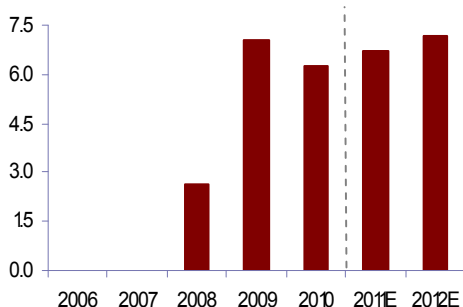
Taxation

Revenues from BTG Tax fell by 11% y-o-y. to £6.3m. FY 2010 was a year of two very different halves. H1, severely impacted by the economic environment, saw the division report a 26% decline in revenue y-o-y and a £0.8m EBITA loss. In the seasonally stronger H2, it achieved y-o-y revenue growth of 4%. With the benefit, in addition, of cost reduction measures implemented in H1, it recorded a £0.8m positive EBITA result in H2, leaving the division at break-even for the year as a whole.

Taxation turned round in H2'10

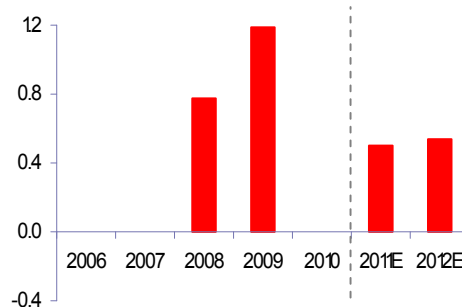
There were 70 staff in the division at the year-end, a reduction of 5 (7%) over the year. This has since been augmented by the recruitment of a team from Vantis. BTG Tax is now operating as a national tax practice, from offices in Birmingham, London and Manchester, Glasgow and Northern Ireland.

Chart 9: Taxation Revenue (£m)



Source: Hardman & Co

Chart 10: Taxation EBITA (£m)



Source: Hardman & Co

Other Activities

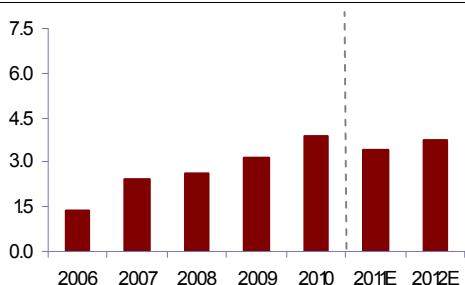
Other activities comprise primarily the Group's three business units, BTG Intelligence, BTG Forensic and BGN Risk. It also included certain low-margin investigation and debt collection activities. These saw a downturn in trading, and reported a loss, and have since been sold or closed. Alongside this, the business has been restructured, and the headcount reduced from 37 to 30.

The division reported revenue growth of £0.77m (24%), to £3.9m. Growth of 18% in H1 was followed by an advance of 35% in H2. As the result of the loss in the discontinued activities, adjusted EBITA was more than halved, to £0.1m – with a loss of £0.1m in H2 against a positive £0.2m in H1.

The poor performance from the discontinued activities – a fall of £0.7m (54%) in revenue and a swing from a £0.2m EBITA to a £0.2m loss – masked a strong performance in the continuing business. These achieved an 80% increase in revenue, to £3.3m, and saw their EBITA jump from £0.05m to £0.3m.

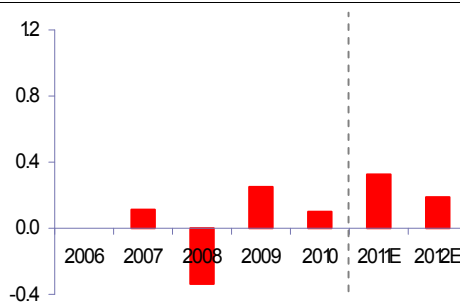
Strong result at continuing business

Chart 11: Other Activities Revenue (£m)



Source: Hardman & Co

Chart 12: Other Activities EBITA (£m)



Source: Hardman & Co

Other P&L lines

Net interest

The adjusted net interest charge was reduced by 54% in FY 2010, to £0.54m. Over 80% of this fall was seen in H1, reflecting the steep y-o-y fall in rates in that period, as well as the impact on net debt levels of receipt of £13m of share placing proceeds in H2'09. A further fall in the average LIBOR rate in H2, even though it has been rising since October 2009, was responsible for a 31% reduction in the interest charge in H2. Interest cover rose sharply, to 20.5x, from 9.3x.

Falling rates produce sharply lower interest charge

The movement in interest rates is illustrated in Chart 3, on page 2, which shows that most of the fall in rates was seen in H2'09.

Earnings and Dividend

After adjustment for the impact of exceptional items and amortisation, the Group underlying tax charge increased from 32% to 33.3%. After a 4% increase in WASC, we calculate adjusted EPS at 7.86p, an increase of just over 1%. As we take the impact of share based payments below the line, this is slightly higher than the 7.8p reported by Begbies.

The final dividend has been increased by 12%, to 1.9p. This gives a full year payment of 3.1p (+11%). Cover from adjusted EPS is 2.5x (FY 2009: 2.8x)

Dividend raised by 11%

Group Result

The Group result for BTG is summarised in Table 2. This illustrates the growth in revenues and profitability, but also the pressure on margins to which we have referred above.

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Table 2: Group Result	2010	2009	Change
Y/E April	(£m)	(£m)	%
Sales	69.05	62.14	+11.1
Gross Profit	34.06	31.48	+8.2
Gross Profit Margin	49.3%	50.7%	-2.6
Adjusted EBITA	11.08	11.03	+0.4
EBITA Margin	16.0%	17.8	-9.7
Adjusted Pre-tax Profit	10.53	9.85	+7.0
Attributable Profit	7.03	6.69	+5.0
Adjusted EPS	7.86p	7.77p	+1.1
Dividend	3.1p	2.8p	+10.7

Figures stated before amortisation of goodwill, exceptional items and discontinued business

Exceptional items

Our analysis of the preliminary results excludes exceptional items – restructuring costs and the unwinding of the discount on deferred consideration liabilities – amortisation of intangibles and the related tax impact. These items are also excluded in BTG’s analysis of its adjusted result. In addition, we also take below the line the small charge for share based payments.

In FY 2010, the total charge under these headings was £1.82m, with an offsetting tax credit of £0.38m. The comparative figures for FY 2009 were £2.6m and £0.54m. Adjusting the underlying performance for these gives reported EPS of 6.26p, up from 5.38p.

Cash Flow

The key feature of the cash flow statement, summarised in Table 3, is the increase in operating cash flow, lower cost of acquisitions and the reduction in working capital absorption. As a result, before the impact of share issues, the underlying net outflow was reduced to £2.9m – almost entirely accounted for by payment of deferred consideration – from £12.3m.

Lower net cash outflow

Table 3: Cash Flow	2009	2008	Change
Y/E April	(£m)	(£m)	%
Operating Cash Flow	11.09	9.26	+19.8
Working Cap Change	(5.86)	(11.47)	-48.9
Net Capital Expenditure	(2.71)	(2.58)	+4.8
Free Cash Outflow	2.52	(4.80)	-
Per share	2.82p	(5.57p)	-
Dividends	(2.59)	(2.20)	+17.9
Acquisitions	(2.86)	(5.31)	-46.2
Share Issues	0.17	12.63	-
Change in Net Debt	(2.76)	0.32	-

The principal reason for the reduction in working capital absorption is the smaller increase in fee debtors and work-in-progress, at £5.5m against £10.5m. This is accounted for by the slower growth in insolvency revenues and, control of the number of active cases, offset by an increase in the length of the “lock-in” that it is experiencing. The Company has stated that this increased by 20 days in 2010. We calculate that this puts it at about 220 days.

Working capital requirement reduced

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The other feature of working capital is that, primarily as the result of the one-off impact in FY 2009 of a change in the Company's VAT regime, there has been a £2m reduction in working capital absorption for payables.

Balance Sheet

The sound cash flow position carries over into the balance sheet, summarised in Table 4. Shareholders' funds are up by £3.5m, to £67.2m, equivalent to almost 75.1p per share.

With the working capital requirement and the payment of deferred consideration, BTG has seen net borrowings increase by £2.8m, to £20.2m, raising net gearing from 27% to 30%. However, if the reduction in deferred consideration outstanding is taken into account, then adjusted net debt has actually reduced by £0.5m and adjusted net gearing is below 35%, against 37.5%.

BTG renewed its bank facilities just before the year-end. In doing so, it has:

- moved away from a single funding provider to facilities with two banks,
- extended the term of its RCF from three to four years, and
- increased its RCF by £10m, to £30m.

While conceding a 60pp increase in the RCF margin over LIBOR, Begbies has secured an 80pp reduction in the overdraft margin over Base Rate. Year-end net bank debt of £15.9m gives the Group headroom of over £19m (55%) within the new facilities.

Achievement of renewal of bank facilities

Table 4: Balance Sheet	2010	2009	Change
As at April	(£m)	(£m)	%
Fee Debtors & W-i-P	44.00	38.45	+14.4
Other Net Current Liabilities	(9.20)	(8.03)	+14.6
Goodwill & Intangibles	53.31	53.72	-0.8
Tangible Fixed Assets	7.07	7.01	+0.8
Net Capital Employed	95.18	91.15	+4.4
Net borrowings	(20.24)	(17.49)	-15.8
Deferred Consideration	(3.20)	(6.42)	-50.2
Deferred Tax	(4.56)	(3.52)	+29.6
Shareholders' Funds	67.17	63.72	+5.4
NAV per share	75.08	71.46p	+5.1
Gearing (inc. def'd consid'n)	34.9%	37.5%	-7.0

Prospects and Forecasts

The key drivers for Begbies Traynor are the number of companies filing for insolvency and the opportunities for expanding its activities through the BTG Network, enhancing its capability to accept appointment in cross border cases.

Figures for the twelve months to March 2010 showed an increase of only 2.6% in corporate insolvencies y-o-y. The quarterly data peaked in Q1'09, and has declined in each of the four subsequent periods. A further fall is expected in Q2'10. A chart produced by Begbies, covering the four recessions since 1970, shows that, after an initial decline in insolvencies as the economy comes out of recession, the number of cases picks up, and does not peak for about a further 12-18 months.

Insolvency market subdued

Recent statistics could still be following this trend although the picture is being clouded by measures – HMRC's Business Support Scheme and low interest rates – put in place to mitigate the impact of the recession and by a less aggressive attitude by creditors in the face of a difficult market for asset realisations. It remains to be seen what will happen when these measures unwind and when the impact of public expenditure cuts, and the increase in VAT to 20%, start to bite.

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The recent trend is illustrated in Chart 134. This separates out compulsory liquidations, not a material part of Begbies' business, in order to illustrate the trend in its core business area. We have, though, adjusted the insolvency figures to include data from the Insolvency Service on members' voluntary liquidations which, over the past three years, accounted for c.10% of Begbies' caseload. The bankruptcy figures shown are for protected trust deeds in Scotland which are, again, an area in which Begbies is active.

In its Red Flag Alert, Begbies publishes a quarterly analysis of statistics on the number of companies perceived to be in difficulty, seen as a useful forward indicator of insolvency trends. Figures for Q2'10 were released earlier this month. They reinforce the perception of a more benign environment. The number of companies with 'critical' problems was down by 40% y-o-y and by 17% q-o-q. For companies with, less severe, 'significant' problems the declines were 31% y-o-y and 21% q-o-q. The trends are illustrated in Chart 14

Companies with problems also lower

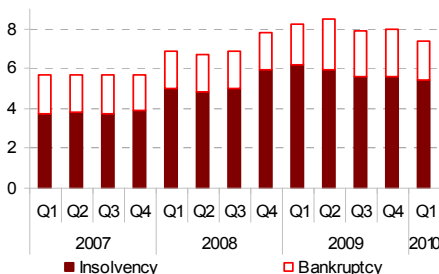
Begbies, though, suggests that the figures are no cause for complacency. It points to the fact that the amount owed by companies with perceived problems, both significant and critical, has risen by 26%, to £67.5bn, between Q1'10 and Q2'10, as the average amount owed has risen by 60%, from £0.34m to £0.54m. It also quotes Bank of England statistics that show credit availability at its lowest level since 2008.

No cause for complacency

Further, the report notes that HMRC is becoming more selective in accepting companies on to its Business Support Scheme, requiring completion of an Independent Business Report for companies and rejecting more applications for VAT deferral – in both cases especially for companies with larger amounts outstanding.

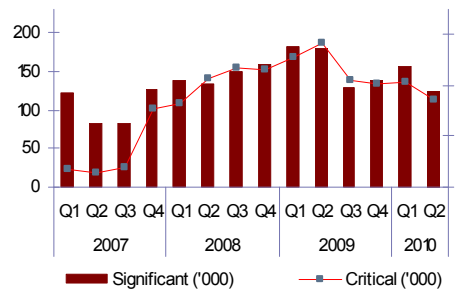
Begbies' conclusion is that these various factors, and normal trends, are expected to see corporate insolvencies start to rise again in H1 2011.

Chart 13 Insolvency Data



Source: The Insolvency Service

Chart 14 Red Flag Alert Statistics



Source: Begbies Traynor

In the last economic cycle, in 1992, corporate insolvencies peaked at c30,000. This represented 1% of active companies. The 25% more businesses established now could be expected to drive a peak to more than 37,500 this time round. The rising trend in corporate insolvency and the normal 2-3 year timescale for completion of a case suggest that Insolvency will drive growth in the business for several years to come.

At the time of its interims, Begbies indicated that it had some 25% spare capacity for additional cases within its existing IPs, and that further expansion could be achieved by adding to supporting fee earners, raising the ratio from the current 7:1 level, lessening the pressure to add scarce IPs. This leaves Begbies well placed in a growing market.

Looking further ahead, BTG is expected to consider opportunities to broaden its range of professional services by expanding into other specialist consultancy areas, probably by acquisition, over the medium term. New areas are, we believe, likely either to be related to the existing business or to be in an area in which BTG can develop reciprocity – providing a service to its business referrer base.

Profit Forecasts

Our forecasts for FY 2011 and FY 2012 – built up from expected divisional performance, as illustrated in the earlier charts – are set out in Table 5, below, and in the table on page 10.

Given the subdued outlook for insolvencies into H1 2011, we have kept our forecast for revenue increase in the Insolvency division to c2.5% in FY 2011, but have allowed for some increase in margin. Looking forward to FY 2012, our c10% growth forecast reflects the expected upturn in activity together with anticipated success in securing additional pre-insolvency work. For now, we are leaving margins broadly unchanged.

All divisions moving ahead

We are forecasting continued recovery/growth from Taxation, partly from the strengthening of the London office with the arrival of the team from Vantis. We are also looking for further progress within the smaller Other Activities division – where our growth rates in FY 2011 reflect the position against the result only from continuing operations in FY 2010.

So far as central costs are concerned, we have held our forecast increase for both years at about the current level of (RPI) inflation.

Table 5: Forecasts		2011	Change	2012	Change
Y/E April		(£m)	%	(£m)	%
Insolvency	Revenue	60.30	+2.4	66.00	+9.5
	Contribution	19.30	+3.8	21.00	+8.8
	Margin	32.0%	+1.3	31.8%	-0.6
Taxation	Revenue	6.70	+7.1	7.20	+7.5
	Contribution	0.50	-	0.54	+8.0
	Margin	7.5%	-	7.5%	+0.5
Other Activities	Revenue	3.40	+3.0	3.70	+8.8
	Contribution	0.32	+6.7	0.37	+15.6
	Margin	9.4%	+3.4	10.0%	+6.3
Central Costs		(8.00)	+4.9	(8.40)	+5.0

These divisional forecasts are expected to result in overall revenues of £70.4m (+2%) in FY 2010, easing to £76.9m (+9%) in FY 2011 and to give adjusted EBITA of £12.12m (+9%) and £13.51m (+11%) respectively. A feature of the two years, though, is that we are expecting average increases of c£0.5m annually in the net interest charge – to £1.08m and £1.5m, respectively – primarily as the result of increased rates as well as the margin on the overdraft facility. As a result, we are forecasting adjusted PBT of £11.04m in FY 2011 (+5%), rising to £12.01m (+9%) in FY 2012,

Interest rates to drive higher charge

Dividend

We expect that Begbies will continue the trend of the last two years, increasing the full-year dividend by 0.3p annually. This would maintain cover at 2.4x, against 2.5x in FY 2010.

Cash Flow and Balance Sheet

We are forecasting a small net cash outflow in the current year, but – with lower deferred consideration payments – a net inflow of £0.8m in FY 2012, even though increased levels of activity will give rise to higher working capital requirements.

This is expected to result in net finance debt, excluding deferred consideration, falling to £19.5m by April 2012, maintaining strong headroom within the bank facility and reducing net gearing to below 26% - from April 2010's 30%.

Net debt and gearing to reduce

Consolidated Financial Statements – Year End April

Profit & Loss	Year End	Year End	Year End	Year End	Year End
£000	2008A	2009A	2010A	2011E	2012E
Turnover	48,108	62,143	69,052	70,400	76,900
<i>sales change</i>	+14.8%	+29.2%	+11.1%	+2.0%	+9.2%
Gross profit	23,838	31,478	34,061	34,700	37,900
<i>Gross profit margin</i>	49.6%	50.7%	49.3%	49.3%	49.3%
Operating profit	8,122	11,032	11,075	12,120	13,510
<i>operating margin</i>	16.9%	17.8%	16.0%	17.2%	17.6%
Net interest payable	(1,085)	(1,184)	(541)	(1,080)	(1,500)
<i>interest cover</i>	7.5x	9.3x	20.5x	11.2x	9.0x
Adjusted profit before tax	7,037	9,848	10,534	11,040	12,010
Reported profit before tax	5,677	7,249	8,718	10,530	11,490
Underlying taxation	(2,188)	(3,155)	(3,507)	(3,640)	(3,960)
Tax on exceptionals	315	538	381	80	80
<i>effective tax rate %</i>	31.1%	32.0%	33.3%	33.0%	33.0%
Continuing profit after tax	3,804	4,632	5,592	6,970	7,610
Adjusted earnings per share	5.98p	7.77p	7.86p	8.27p	8.99p
Dividend per share	2.5p	2.8p	3.1p	3.4p	3.7p
<i>Dividend cover</i>	2.4x	2.8x	2.5x	2.4x	2.4x

Cash Flow	Year End	Year End	Year End	Year End	Year End
Y/E April £000	2008A	2009A	2010A	2011E	2012E
Adjusted EBITDA	9,080	11,420	12,599	13,670	15,060
Interest	(1,085)	(1,184)	(541)	(1,080)	(1,500)
Taxation	(1,835)	(1,008)	(973)	(2,320)	(2,720)
Operating Cash Flow	6,160	9,228	11,085	10,270	10,840
Working Capital	(3,249)	(11,470)	(5,858)	(1,260)	(3,130)
Capital Expenditure	(3,794)	(2,582)	(2,705)	(3,000)	(3,000)
Dividend	(2,026)	(2,199)	(2,593)	(2,870)	(3,140)
Acquisitions & disposals	(9,085)	(5,313)	(2,858)	(3,200)	(750)
Share Issues	478	12,626	173	0	0
Move in Net Debt	(11,516)	290	(2,756)	(60)	820

Balance Sheet	Year End	Year End	Year End	Year End	Year End
as at April £000	2008A	2009A	2010A	2011E	2012E
Fee debtors & w-i-p	27,972	38,450	44,000	45,060	48,190
Other net current liabilities	(7,933)	(8,027)	(9,202)	(9,000)	(9,000)
Goodwill & intangibles	50,399	53,716	53,309	53,620	53,420
Tangible non current assets	6,843	7,012	7,071	8,270	9,470
Net capital employed	77,281	91,152	95,178	97,950	102,080
Net debt	(17,803)	(17,488)	(20,244)	(20,300)	(19,480)
Deferred consideration	(7,718)	(6,423)	(3,200)	(500)	0
Deferred tax	(2,311)	(3,519)	(4,560)	(5,560)	(6,560)
Shareholders' funds	49,449	63,722	67,174	71,590	76,040

Begbies Traynor Group

23 July 2010

Management	Major Shareholders																
<p>Executive Chairman: Ric Traynor</p> <p>Chief Financial Officer: John Gittins</p> <p>Corp Development Director: Graham McInnes</p> <p>Executive Director: Geoffrey Hill</p> <p>Non-executive Director: John May</p>	<table> <tr> <td>Ric Traynor</td> <td>29.71%</td> </tr> <tr> <td>Other Directors</td> <td>1.05%</td> </tr> <tr> <td>Caledonia Investments</td> <td>15.66%</td> </tr> <tr> <td>Goldman Sachs</td> <td>4.50%</td> </tr> <tr> <td>Baillie Gifford</td> <td>4.20%</td> </tr> <tr> <td>Isis Equity Partners</td> <td>3.47%</td> </tr> <tr> <td>Octopus Asset Management</td> <td>3.13%</td> </tr> <tr> <td>Royce & Associates LLP</td> <td>3.02%</td> </tr> </table>	Ric Traynor	29.71%	Other Directors	1.05%	Caledonia Investments	15.66%	Goldman Sachs	4.50%	Baillie Gifford	4.20%	Isis Equity Partners	3.47%	Octopus Asset Management	3.13%	Royce & Associates LLP	3.02%
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Key Dates	Key Milestones																
<p>2 October 2009: AGM</p> <p>10 December 2009: Trading update</p> <p>21 January 2010: Interim results</p> <p>7 June 2010: Trading update</p> <p>8 July 2010: Preliminary results</p> <p>October 2010: AGM</p> <p>December 2010: Trading update</p> <p>January 2011: Interim Results</p>	<p>30 January 2008: Acquisition of Shaw Tax BTG Tax established</p> <p>22 February 2008: Acquisition of CoyleClarke</p> <p>13 May 2008: Acquisition of Fanshawe Lofts Acquisition of Cardiff team</p> <p>12 September 2008: Placing at 165p raises £12.5m net</p> <p>8 October 2009: Mesirow Financial Consulting jv</p> <p>7 December 2009: Red Flag Alert commercial launch</p> <p>10 June 2010: Acquisition of Tomlinsons</p> <p>16 June 2010: Announces new office in Cayman Islands Announces teaming Isle of Man teaming agreement</p> <p>2 July 2010: Recruitment of BTG Tax team from Vantis</p>																

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