15 March 2011

FAIRPOINT GROUP PLC

Preliminary Results for the Year Ended 31 December 2010

Fairpoint Group plc ("Fairpoint" or "the Group"), the financial services business focused on serving financially stressed consumers, today announces its preliminary results for the year ended 31 December 2010.

Highlights

Full year results have improved significantly over prior year.

- Double digit profit growth
  - Profit before tax from continuing activities adjusted for brand and other intangibles amortisation and exceptional items of £1.0 million up 13% to £6.9 million. (2009: £6.1 million).
  - Total comprehensive income for the year of £4.0 million (2009: £4.0 million).

- Revenue growth from diversified operations
  - Total revenue grew 2% to £29.4 million (2009: £28.9 million).
  - Debt management revenue grew 32% to £4.1 million (2009: £3.1million).
  - Financial services revenue grew 175% to £1.1 million (2009: £0.4 million).

- Strong operational improvements fed through to enhanced conversions and cost effectiveness
  - Marketing costs stable at 20% of revenue (2009: 20%).
  - Direct monthly costs per ongoing IVA case down 15% to £10.83 (2009: £12.67).

- Product diversification gained strength
  - Debt management adjusted profit before tax rose to £1.5 million (2009: £1.0 million).
  - 12,541 debt management cases live at year end (2009: 5,539).
  - Acquisition of Moneyextra.com adds scale to Financial Services segment.
  - Switching services provided to 26,266 customers (2009: 4,706).

- Improved funding position
  - Cash generated from continuing operations £6.1 million (2009: £6.0 million).
  - £3.9 million investment diversifying the business through acquisition (2009: £ nil).
  - Restored dividend with £1.5 million returned to shareholders (2009: £ nil).
  - Year end net bank borrowings of £5.0 million (2009: £4.5 million).

- Increased dividend
  - 2.5p final dividend proposed (25% increase on 2009 of 2p). Total dividend for the year of 4p per ordinary share (2009: 2p).

- Opportunities from a changing market place
  - Market leadership in IVAs.
  - Debt management business gaining scale in a consolidating market.
  - Expectations of renewed growth in second half of 2011 as effects of Comprehensive Spending Review and interest rate pressures feed through to UK consumers
  - To build a short term lending business and provide a significant growth opportunity and earnings diversification in a changing market place.

Matthew Peacock, Chairman said:

““Fairpoint has delivered a solid set of results, with continued growth across all areas of the business. In line with our stated strategy, the Group is becoming increasingly diversified and is well-placed to deliver further value to both customers and shareholders. This confidence is reflected in the Board recommending a final dividend of 2.5p per share, representing a total dividend for the year of 4p.”

Chris Moat, Chief Executive Officer said:

“Despite economic conditions remaining relatively benign for financially stressed consumers, Fairpoint has delivered solid growth in revenue and profits. We have also continued to strengthen the business and broaden our range of products and services, as well as growing the number of customers that we serve. I believe that the foundations are in place for further expansion, both organically and by acquisition, and the Group is well positioned to deliver profitable growth.”

Chairman's Statement

Overview

I am pleased to report that Fairpoint has delivered a robust set of results in 2010 whilst laying the foundations for accelerated growth in 2011.

Strategy

Against the expected backdrop of benign debt solutions market place we have strengthened the business over the last year, by operating more efficiently and by broadening our range of products and services. Our strategy over 2011 will add momentum to our mission of helping consumers make their money go further. In particular we will:

- Maintain our leading position in the individual voluntary arrangement ("IVA") market.
- Continue to grow our share of the debt management plan ("DMP") market both organically and through the consolidation opportunities presented at this stage in the market cycle.
- Develop our money savings offering, leveraging the Moneyextra platform.
- Further leverage our core competencies to launch a short term lending business.

Our strategy of strongly growing the number of customers to whom we provide services to, has proven fruitful with adjusted profit before tax growing by 13% with overall customer numbers more than doubling. With the acquisition of Moneyextra.com Limited we add to the Group a well established internet brand with the ability to reach beyond our core market.

Regulation

Fairpoint welcomes the current Ministry of Justice and Insolvency Service review of the DMP market. Our direct experience of the regulatory chances to the IVA market points to greater customer faith and improved creditor relationships through a well regulated industry. Strong, well funded and operationally efficient providers with already high standards, stand to benefit from higher standards for the whole industry and Fairpoint is well placed to take a leading role in this regard.

In 2010 the Office of Fair Trading rigorously enforced its standards and I am pleased that we have tested our compliance with these.

Your board

I would like to thank the Board for their support and contribution this year.

Charles Mindenhall retired from the Board during the year and I would like to thank him for his contribution to the Group. The remaining board members have been unchanged this year and in addition, it is with pleasure that I welcome Perry Blacher to the Board as an independent non-executive director. Perry's background provides him with a unique understanding of internet strategies having developed ventures as an entrepreneur in addition to working for significant international businesses.

Outlook

We anticipate that the macroeconomic environment will continue to fuel consumer demand for debt solutions. Against this backdrop the Group is well placed to grow; building on its operational efficiency, regulatory preparedness and broadening the product range.

Matthew Peacock
Chairman

Chief Executive Officer's Review

Overview

The continued focus of Fairpoint Group is to remain a leading provider of debt solutions whilst broadening the business to offer a wider range of products to financially stressed consumers. Over the course of 2010 Fairpoint has made significant progress in this regard; product solutions provided to consumers are up strongly across all product lines which now range from providing debt solutions to consumers through to providing money savings solutions.

The focus for the Group in 2011 is to continue to broaden the range of products and services which can be provided to help financially stressed consumers to make their money go further.

Market Review

Fairpoints core consumer franchise is financially stressed consumers. Our consumers range from the over-indebted experiencing serious financial difficulty through to the financially stretched, typically carrying lower levels of indebtedness. Their requirements develop with changes in the macroeconomic environment and the broader range of products and services provided by the Group are geared to allow the business to perform strongly throughout the economic cycle.

The first half of 2010 saw continued momentum in demand for debt solutions from those in serious financial difficulties as the impact of growing unemployment during the later part of 2009 was felt. However the latter part of 2010 saw a relatively benign macroeconomic environment for these consumers, with a combination of stable unemployment rates and a low interest rate environment providing favourable conditions for consumers to manage their finances.

2011 has started in the same vein, but unemployment has more recently started to grow again as public sector spending cuts begin to take hold and above target inflation raises the spectre of interest rate increases. This would point to a resumption in demand for debt solutions.

In the near term such market conditions are a catalyst for consolidation and when combined with increased regulatory hurdles and competitive intensity, present an opportunity to grow the Group's market share in the debt management sector. We are now trending quickly towards a top 5 position in the fee charging debt management sector and this is yielding benefits in terms of scale and operating efficiencies. The Group will continue to take a lead in consolidation activity which we expect to continue through 2011.

During 2010 and the early part of 2011 inflationary pressures have placed a disproportionate burden on the finances of financially stretched consumers. This has been particularly exacerbated by growth in costs associated with non discretionary expenditure, for example, energy and food prices. As consumer finances tighten, so does the requirement for a broader range of money savings services. Alert to this trend the Group began to scale it's money savings offering, firstly by organically with the introduction of a "switching" service which offered consumers the opportunity to reduce their utility bills. Activity in this area has been further supplemented with the acquisition of Moneyextra.com which provides access to a much broader range of switching services and a technology platform to extend the reach of our offering.

The market place has also evidenced a continued reduction in the mainstream supply of credit, particularly to financially stretched consumers. The number of financially stretched consumers is growing at a significant rate and is expected to increase from around 7 million consumers in 2010 to 8.3 million by 2012. These consumers are actively seeking new ways of obtaining short term credit and this has been evidenced by explosive growth in product areas such as payday and guarantor loans. Both areas have been the subject of regulatory review and provide potential for a new entrant with a consumer-orientated product proposition. To this end the Group has recently decided to launch its own lending business. We have hired a seasoned business leader as managing director of lending to oversee the development of a market entry strategy for deployment in early 2011 subject to the implementation of a successful proof of concept. We expect this product line to become a substantial contributor to revenues in the medium term.

Our performance

The Group's financial performance was highly satisfactory given the market backdrop, in particular:

- Our adjusted profit before tax increased by 13% to £6.9 million from £6.1 million in 2009.

- Total comprehensive income for the year £4.0 million (2009: £4.0 million).

- Our sources of revenue are now much broader with 20% of revenue from non IVA business lines in the second half of the year.

- Despite lower average fee levels on IVAs, the impact on margins was limited.

In my report last year I outlined a series of focus areas for 2010 and can report strong progress on each of these areas:

- Continued emphasis on cash generation from the core business – we delivered further growth in profits and cash generation from debt solutions allowing the Group to invest over £3.0 million in acquisitions and £1.5 million in dividends whilst maintaining borrowing levels of £5m.

- Broader income streams - 20% of business achieved from Value Added Services and Debt Management in the second half of the year.

- Growth in customer numbers - roll out of Value Added Services with 26,266 solutions provided in 2010 compared to 4,706 in 2009.

- Growth for total consideration of £2.0 million from debt management acquisition – four books of debt management plans acquired in 2010 supporting growth from 5,539 to 12,541 by the year-end.

- Acquisition of MoneyExtra.com provides an extended platform to deliver a broad range of financial solutions whilst adding to the Group's marketing reach.

Outlook

The second half of 2010 and the early part of 2011 has seen a reduction in demand for debt solutions after the strong start to 2010. We expect this to change as we progress through 2011 as a consequence of:

- Growth in unemployment – as a consequence of public sector spending cuts. A resumption of growth in the levels of unemployment has been shown in recent national figures and is expected to continue.

- Interest rates are widely expected to increase in the second half of 2011.

- Alternative sources of credit will continue to be limited as home equity remains depressed and mainstream lender appetite for credit risk remains low.

- Continued regulatory pressure on the debt management sector in particular, as standards are raised and compliance enforced.

This backdrop provides a number of opportunities for the Group across 2011 as follows:

- The core business should benefit from a resumption in demand as pressure on household finances increases following periods of unemployment or interest rate increases.

- Further consolidation is likely in the debt management space as sub scale players struggle to compete and regulatory change introduces increased costs of operation to such companies.

- Budget conscious consumers will continue to seek support in reducing their household expenditure in order to keep their finances in check.

- A lack of credit supply provides an opportunity for a new player in the short term lending market.

These characteristics provide a continuing platform for Fairpoint Group to broaden its business.

Christopher Moat
Chief Executive Officer

Finance Director's Review

Overview

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

Continuing operations

Revenue

The revenue from continuing operations was £29.4 million (2009: £28.9 million).

Revenues from IVA operations were supported through a growing book of cases from prior years, although new volumes were down marginally compared to the prior year as we declined to pursue market share at the expense of margin.

Average fees per case continued the expected downward trend as the mix of cases altered to include higher numbers of consumers with lower initial debt levels.

Debt management revenues grew strongly as we benefited from continued organic growth supported by acquired portfolios. Revenue from financial services rose during the year as we found strong customer appetite for new switches solutions and we added the Moneyextra business from August onwards.

IVA services

Our IVA segment wrote 8,331 new cases during the year (2009: 8,520 cases) representing an estimated 16% market share. Revenue per new case fell from £2,104 to £2,083 as we continued to extend our product reach to consumers with lower debt levels. We have enjoyed a period of stability with creditors; fee and operating protocols remaining unchanged and average approval rates at meetings of creditors reaching 98% (2009: 95%).

The overall IVA market rose 6.5% in 2010 with individual voluntary arrangements exceeding 50,000 in one year for the first time ever. As we anticipated, the rate of growth declined as the year progressed and the UK economy benefitted from lower interest rates and a stable employment market.

Revenue from ongoing cases fell on a unit basis as the effects of the 2007 fee protocol fed through to a higher proportion of the book but case numbers rose to offset this, leading to a small increase in revenue from the back book.

Marketing and other direct costs have been rigorously controlled and this has helped the IVA segment increase pre-tax profits to £5.4 million (2009: £5.2 million), despite overall revenue falling by £1.1 million.

Further opportunities to significantly improve our unit cost position have been identified in the early part of 2011 although the successful realisation of these is dependent on investment in a new IVA platform. Accordingly the Board have authorised the implementation of a new platform which in turn means that a non cash impairment charge of £1.5 million is expected in 2011.

Debt management

Competition and regulatory pressures in the debt management market have led to a number of sub scale enterprises seeking to exit the market and during the year we successfully purchased four different portfolios for a net investment of £2.0 million (2009: £nil). The portfolios have performed in line with management expectations at the time of purchase and, together with the cases organically acquired, contribute to a book of cases at year-end which stood at 12,541 (2009: 5,539). Profit before tax improved from £1.0 million to £1.3 million.

Financial Services

In 2010 the Group saw revenue from financial services recover and grow 50% organically to £0.6 million (2009: £0.4 million) as we successfully rolled out our utility switching services and customer numbers rise to 26,266 (2009: 4,706). In addition we made a significant step forward in extending our reach and product range with the acquisition of Moneyextra.com itself adding revenues of £0.5 million in the last five months of the year. Adjusted losses from the segment rose from £0.1 million to £0.3 million wholly through initial trading losses recognised in Moneyextra.com. The combined synergies of integrating Moneyextra.com with our existing business are expected to deliver strong gains in profitability in 2011.

Exceptional items

During the year the Group incurred £0.5 million in exceptional items relating to the acquisition of Moneyextra.com, WKD (UK) Limited and the subsequent reorganisation of the business and integration with the Group's existing brands.

Adjusted profit before tax

Profit before tax for the year from continuing activities, adjusted for brand and other intangibles amortisation of £0.5 million, and exceptional items of £0.5 million, was £6.9 million (2009: £6.1 million adjusted for brand amortisation of £0.4 million and exceptional items of £nil). Gross margin fell to 46% (2009: 47%) as lower IVA fee revenue reduced overall revenues, although strong marketing and operational efficiency minimised the full impact on margin.

Monthly overheads rose to £523,000 from £508,000 principally through the addition of overheads in acquired businesses.

Finance income on the unwinding of discount on IVA revenue rose 2% to £4.5 million (2009: £4.4 million) due to growth in the book of cases.

Bad debt charges fell 14% to £3.8 million (2009: £4.4 million) through a concentration on improvements in our ongoing customer contact and servicing and through a more benign UK employment market. The fall in the bad debt charge was in line with our expectations.

Financial costs

Interest costs fell to £0.2 million (2009: £0.4 million) reflecting lower levels of borrowing incurred by the Group. The Group benefits from a low cost debt facility sufficient to support its current strategy through 2012.

Taxation

The Group's expense for taxation was £1.7 million representing an effective tax rate of 29% (2009: £1.7 million). Further detail is provided in note 2 to the financial statements.

Total comprehensive income

The Group achieved a total comprehensive income for the year of £4.0 million (2009: £4.0 million).

Dividends

Dividends of 3.5 pence per ordinary 1p share were paid in the year. The Board has proposed a final dividend of 2.5 pence per ordinary 1p share to be approved at the annual general meeting on 24 May 2011.

Balance sheet

Net assets at 31 December 2010 were £38.8 million (2009: £36.3 million).

Discontinued activities

In September 2010 the Group decided to close down the activities of Your Debt Solved Limited, a subsidiary of Moneyextra.com Limited whose principal activity was the generation of debt leads. The Group incurred closure costs of £154,000. The process of closure was fully complete at year end.

Cashflow and borrowings

Operating cash inflows from continuing activities included £1.9 million of working capital movements arising from the acquisition of Moneyextra.com Limited. Adjusting for these the cash generated from operations was £8.0 million (2009: £6.0 million).

Payment for purchase of non-current assets was £3.2 million (2009: £0.6 million) with further payments under loan and earnouts of £0.9 million accrued at the balance sheet date.

Net borrowings at 31 December 2010 excluding finance lease liabilities were £5.0 million (2009: £4.5 million). The Group has a credit facility with the Royal Bank of Scotland plc for £16 million. The facility is the Group's principal borrowing facility and extends to 31 December 2012, with £8 million repayable at 31 December 2011 and £8 million repayable at 31 December 2012.

Our KPIs

	Year to 31 December 2010	**Year to 31 December 2009**
Lead volumes	101,389	101,351
IVA solutions sold	8,331	8,520
Average fee per new IVA	£2,083	£2,104
Non IVA revenues	20%	12%
Average fee per new DMP solution	£362	£375
Debt management cases under management	12,541	5,539
Average number of ongoing cases	30,953	23,743
Revenue per ongoing case per month	£28	£32
Value added solutions sold	26,266	4,706
Marketing as a % of revenue	20%	20%
Other cost of sales as a % of revenue	34%	33%
Monthly overheads	£523,000	£508,000

Regulatory compliance

Certain employees of the Group are regulated by the Institute of Chartered Accountants in England and Wales. The Group is regulated by the Office of Fair Trading and the Financial Services Authority. The Group maintains appropriate policies and procedures to ensure its compliance with regulatory frameworks.

Andrew Heath
Group Finance Director

There will be an analyst presentation to discuss the results at 11.30am on 15 March 2011 at Financial Dynamics, Holborn Gate, 26 Southampton Buildings, London, WC2A 1PB.

Enquiries:

Fairpoint Group Plc

Chris Moat, Chief Executive Officer	0845 296 0137
Andy Heath, Finance Director	
Shore Capital (Nomad and Joint Broker)	
Pascal Keane	020 7408 7912
Edwards Mansfield	
Oriel Securities (Joint Broker)	
Jonathan Walker	020 7710 7600
Emma Griffin	
Financial Dynamics	
Nick Henderson	020 7269 7243
Laura Pope	

Consolidated Statement of Comprehensive Income – Year Ended 31 December 2010

	Notes	Year Ended 31 December 2010	Year Ended 31 December 2009
		£'000	**£'000**
Continuing operations			
Revenue		29,404	28,900
Cost of sales		(15,776)	(15,446)
Gross profit		13,628	13,454
Administrative expenses		(12,094)	(11,777)
Finance income – unwinding of discount on IVA revenue		4,509	4,415
Finance income – other		30	10
Profit before finance costs		**6,073**	**6,102**
Finance costs		(227)	(379)
Adjusted profit before taxation		6,898	6,101
Amortisation of brand and other intangibles		(515)	(378)
Exceptional restructuring costs		(537)	-
Profit before taxation		5,846	5,723
Tax expense	**2**	(1,680)	(1,662)
Profit for the year from continuing operations		**4,166**	**4,061**
Discontinued operations			
Loss for the year from discontinued operations		(154)	(66)
Profit for the year		**4,012**	**3,995**
Total comprehensive income for the Year		4,012	3,995

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

Earnings per ordinary share	**3**		
Profit from continuing operations		9.56	9.47
Loss from discontinued operations		(0.35)	(0.15)
Total profit from operations		9.21	9.32
Diluted earnings per ordinary share	**3**		
Profit from continuing operations		9.50	9.45
Loss from discontinued operations		(0.35)	(0.15)
Total profit from operations		9.15	9.30

Consolidated Statement of Financial Position as at 31 December 2010

Company Number 4425339

	Notes	As at 31 December 2010	As at 31 December 2009
		£'000	**£'000**
ASSETS			
Non Current Assets			
Property, plant and equipment		1,604	1,603
Goodwill		13,882	11,343
Other intangible assets		7,839	5,352
Total Non Current Assets		**23,325**	**18,298**
Current Assets			
Trade receivables and amounts recoverable on IVA services		26,373	25,595
Other current assets		920	787
Cash and cash equivalents		978	832
Total Current Assets		**28,271**	**27,214**
Total Assets		**51,596**	**45,512**
EQUITY			
Share capital		436	429
Share premium account		528	18
ESOP share reserve		(517)	-
Merger reserve		11,842	11,842
Other reserves		254	254
Retained earnings		26,277	23,709
Total equity attributable to equity holders of the parent		**38,820**	**36,252**
LIABILITIES			
Non Current Liabilities			
Long-term borrowings		7,141	5,563
Deferred tax liabilities		1,316	1,030
Total Non Current Liabilities		**8,457**	**6,593**
Current Liabilities			
Trade and other payables		3,239	1,848
Short-term borrowings		103	53
Current tax liability		977	766
Total Current Liabilities		**4,319**	**2,667**
Total Liabilities		**12,776**	**9,260**
Total Equity and Liabilities		**51,596**	**45,512**

Consolidated Statement of Cash Flows for the Year Ended 31 December 2010

	Year ended 31 December 2010	Year ended 31 December 2009
	£'000	£'000
Cash flows from continuing operating activities		
Profit on continuing operations before tax	5,846	5,723
Share based payments charge	68	49
Depreciation of property, plant and equipment	421	424
Amortisation of intangible assets and development expenditure	997	822
Loss on sale of non current assets	31	34
Interest received	(30)	(10)
Interest expense	227	379
(Increase)/Decrease in trade and other receivables	(911)	(1,600)
(Decrease)/Increase in trade and other payables	(548)	225
Cash flows from discontinued operations	(154)	-
Cash generated from operations	5,947	6,046
Interest paid	(198)	(530)
Income taxes paid	(1,551)	(846)
Net cash generated from operating activities	4,198	4,670
Cash flows from investing activities		
Purchase of property, plant and equipment (PPE)	(453)	(123)
Proceeds from sale of non current assets	-	26
Interest received	30	10
Purchase of software development	(799)	(473)
Purchase of debt management books	(693)	-
Acquisition of subsidiaries	(1,308)	-
Net cash absorbed by investing activities	(3,223)	(560)
Cash flows from financing activities		
Equity dividends paid	(1,512)	-
Proceeds from long-term borrowings	733	-
Payment of short-term borrowings	(50)	(243)
Payment of long-term borrowings	-	(3,600)
Net cash (absorbed by)/generated from financing activities	(829)	(3,843)
Net change in cash and cash equivalents	146	267
Cash and cash equivalents at start of year	832	565
Cash and cash equivalents at end of year	978	832

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2010

	Share Capital £'000	Share Premium Account £'000	Merger Reserve £'000	Other Reserves £'000	ESOP Share Reserve £'000	Retained Earnings £'000
Balance at 1 January 2009	429	18	11,842	254	-	19,599
Changes in equity for the year ended 31 December 2009:						
Total comprehensive income for the year	-	-	-	-	-	3,995
Share based payment expense	-	-	-	-	-	49
Realisation on disposal	-	-	-	-	-	66
Balance at 31 December 2009	429	18	11,842	254	-	23,709
Changes in equity for the year ended 31 December 2010:						
Share Issues	7	510	-	-	(517)	-
Total comprehensive income for the year	-	-	-	-	-	4,012
Share based payment expense	-	-	-	-	-	68
Dividends of 3.5 pence per share	-	-	-	-	-	(1,512)
Balance at 31 December 2010	436	528	11,842	254	(517)	26,277

1 Status of financial information

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 December 2010 or 31 December 2009. Statutory accounts for 31 December 2009 have been delivered to the Registrar of Companies and those for 31 December 2010 will be delivered following the Company's annual general meeting. The auditors have reported on those accounts; their report was unqualified, did not include 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 in respect of the accounts for both 2010 and 2009.

2 Tax expense

	Year ended 31 December 2010 £'000	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000	Year ended 31 December 2009 £'000
Current tax expense				
UK corporation tax and income tax of overseas operations on profits for the year	1,763		1,482	
Adjustment for (over)/under provision	(12)		4	
		1,751		1,486
Deferred tax expense				
Origination and reversal of temporary differences	(48)		195	
Adjustment for over provision in prior periods	(23)		(19)	
		(71)		176
Total tax charge		1,680		1,662

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the UK applied to profits for the year are as follows:

	Year Ended 31 December 2010 £'000	Year Ended 31 December 2009 £'000
Profit before tax from continuing and discontinued operations	5,692	5,723
Expected tax charge based on the standard rate of corporation tax in the UK of 28% (2009 – 28%)	1,594	1,602
Expenses not deductible for tax purposes	117	58
Prior year deferred tax	(23)	(19)
Prior year current tax	(12)	4
Future year tax rate change impact on deferred tax	(4)	-
Non-qualifying depreciation	18	17
Unrecognised deferred tax	(10)	-
Total tax charge	1,680	1,662

3 Earnings per share

	Year Ended 31 December 2010 £'000	Year Ended 31 December 2009 £'000
Numerator		
Continuing operations		
Profit for the year – used in basic and diluted EPS	4,166	4,061
Discontinuing operations		
Loss for the year – used in basic and diluted EPS	(154)	(66)
Total operations		
Profit for the year – used in basic and diluted EPS	4,012	3,995
Denominator		
Weighted average number of shares used in basic EPS	43,585,058	42,870,578
Effects of:		
- employee share options	250,132	84,498
Weighted average number of shares used in diluted EPS	43,835,190	42,955,076

Certain employee options have also been excluded from the calculation of diluted EPS as their exercise price is greater than the weighted average share price during the year (i.e. they are out of the money) and therefore would not be advantageous for the holders to exercise those options.

4 Dividends

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Dividend of 2 pence (2009: nil) per 1p ordinary share paid during the year relating to the previous year's results	864	-
Dividend of 1.5 pence (2009: nil) per 1p ordinary share paid during the year relating to the current year's results	648	-
	1,512	-

Note that dividends were waived on 390,850 of the 43,609,346 ordinary shares.

5 Segment analysis

Reportable segments

Factors that management used to identify the Group's reportable segments

The Group's reportable segments are operating divisions that offer different products and services. They are managed separately because each business requires different marketing strategies.

Measurement of operating segment profit and assets

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

The Group evaluates performance on the basis of adjusted (for brand amortisation and exceptional restructuring costs) profit/(loss) before taxation from continuing operations.

Segment assets exclude tax assets and assets used primarily for corporate purposes.

The Chief Operating Decision Maker has organised the Group into three operating divisions; Individual Voluntary Arrangements (IVA), Debt Management and Financial Services. These divisions are the basis on which the Group is structured and managed, based on its principal services provided. These are summarised as follows:

- IVA consists primarily of Group companies Debt Free Direct Limited and Clear Start UK Limited, our core debt solution brands. The primary product offering of these brands is an Individual Voluntary Arrangement (IVA) which consists of a managed payment plan providing both interest and capital forgiveness and results in a consumer being debt free within five years of the agreement commencing.

- Debt Management consists primarily of the Group company Lawrence Charlton Limited, the trading brand used to provide Debt Management Plans (DMPs) for consumers. Debt Management Plans are generally suitable for consumers who can repay their debts in full, if they are provided with some relief on the rate at which interest accrues on their debts. They could take 15 years to complete and offer consumers a fixed repayment discipline as well as third party management of creditors.

- Financial Services that we provide fall into three distinct categories:

    - Refinancing Solutions – We provide a range of secured finance solutions, from mortgages through to loans that are appropriate for consumers who have an ability to meet their debt obligations, subject to reorganising their finances.

    - Value Added Services – A wide range of solutions fall under this category. All of them have the primary objective of making the core debt solution work smoothly. Examples include products such as prepaid bank accounts and utility switching services.

    - Moneyextra.com – internet portal providing a wide range of products and comparison services.

Segment information about these reportable segments is presented over the page.

5 Segment analysis (continued)

Year ended 31 December 2010

	Continuing and Discontinued Operations				
	IVA £'000	**Debt Management £'000**	**Financial Services £'000**	**Unallocated**	**Total £'000**
Total external revenue	24,270	4,062	1,072	-	29,404
Total revenue	24,270	4,062	1,072	-	29,404
Total operating profit/(loss)	856	1,295	(617)	-	1,534
Finance income – unwinding of discount on IVA revenue	4,509	-	-	-	4,509
Finance expense	-	-	-	(227)	(227)
Finance income – other	-	-	-	30	30
Adjusted profit/(loss) before taxation from continuing operations	**5,878**	**1,505**	**(288)**	**(197)**	**6,898**
Amortisation of brand and other intangibles	**(378)**	**(137)**	**-**	**-**	**(515)**
Exceptional restructuring costs	**(135)**	**(73)**	**(329)**	**-**	**(537)**
Profit/(loss) before taxation from continuing operations	**5,365**	**1,295**	**(617)**	**(197)**	**5,846**
Taxation	-	-	-	(1,680)	(1,680)
Profit/(loss) for the year from continuing operations	5,365	1,295	(617)	(1,877)	4,166
Loss for the year from discontinued operations	-	-	(154)	-	(154)
Total comprehensive income for the year	5,365	1,295	(771)	(1,877)	4,012
Reportable segment assets	40,847	6,456	4,293	-	51,596
Capital additions	995	2,214	3,267	-	6,476
Depreciation and amortisation	(1,259)	(182)	(7)	-	(1,448)

5 Segment analysis (continued)

Year ended 31 December 2009

	Continuing and Discontinued Operations				
	IVA	**Debt Management**	**Financial Services**	**Unallocated**	**Total**
	£'000	**£'000**	**£'000**		**£'000**
Total external revenue	25,403	3,105	392	-	28,900
Total revenue	25,403	3,105	392	-	28,900
Total operating profit/(loss)	806	973	(102)	-	1,677
Finance income – unwinding of discount on IVA revenue	4,415	-	-	-	4,415
Finance expense	-	-	-	(379)	(379)
Finance income – other	-	-	-	10	10
Adjusted profit/(loss) before taxation from continuing operations	**5,599**	**973**	**(102)**	**(369)**	**6,101**
Brand amortisation	**(378)**	**-**	**-**	**-**	**(378)**
Exceptional restructuring costs	**-**	**-**	**-**	**-**	**-**
Profit/(loss) before taxation from continuing operations	**5,221**	**973**	**(102)**	**(369)**	**5,723**
Taxation	-	-	-	(1,662)	(1,662)
Profit/(loss) for the year from continuing operations	5,221	973	(102)	(2,031)	4,061
Loss for the year from discontinued operations	(66)	-	-	-	(66)
Total comprehensive income for the year	5,155	973	(102)	(2,031)	3,995
Reportable segment assets	45,413	59	40	-	45,512
Capital additions	735	18	-	-	753
Depreciation and amortisation	1,220	16	10	-	1,246

5 Segment information (continued)

The Group's operations are located wholly within the United Kingdom.

Segment assets consist primarily of property, plant and equipment, intangible assets, trade and other receivables and cash.

Unallocated expenses comprise finance costs and finance income – other.

Capital expenditure comprises additions to property, plant and equipment and intangible assets.

The discontinued operations in 2010 are attributable to the Financial Services operating segment. The discontinued operations had no assets to disclose in either year.