16 March 2010

FAIRPOINT GROUP PLC

Preliminary Results for the Year Ended 31 December 2009

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 2009.

Highlights

Full year results have improved significantly over prior year.

- **Strong improvement in profits.**
  - Profit before tax adjusted for brand amortisation of £0.4 million was £6.1 million (2008: £2.9 million adjusted for brand amortisation of £0.4 million and exceptional restructuring costs of £1.4 million).
  - Total comprehensive income for the year was £4.0 million (2008: £0.5 million).

- **Revenue growth in core business.**
  - Total revenue grew 9% to £28.9 million (2008: £26.5 million).
  - IVA revenue grew 11% to £25.4 million (2008: £22.9 million).
  - Debt management revenue grew 35% to £3.1 million (2008: £2.3 million).

- **Strong operational improvements fed through to enhanced conversions and cost effectiveness.**
  - Marketing costs fallen to 20% of revenue (2008: 28%).
  - Direct costs per new IVA fallen 13% to £647 (2008: £746).

- **Product diversification gained strength.**
  - Debt management profit before tax rose to £1.0 million (2008: £0.4 million).
  - 5,539 debt management cases live at year end (2008: 3,566).
  - Pilot of Value Added Service products successful.

- **Improved funding position.**
  - Cash generated from operations £6.0 million (2008: £1.9 million).
  - Net bank borrowings fell by £2.0 million since 30 June 2009 to £4.5 million.

- **Re-introduced dividend.**
  - 2p interim dividend payable 30 March 2010.
  - Start of progressive dividend policy.

- **Outlook for 2010 positive.**
  - Strong IVA position.
  - Growing debt management contribution.
  - Benign macro economic climate.
  - Further product diversification.

Matthew Peacock, Chairman said:

“2009 has seen the Group deliver enhanced returns for shareholders built on the operational turnaround executed by Chris Moat and his team. The reintroduction of a dividend in 2010 reflects the Board’s confidence that we are well positioned to take advantage of the continued high demand for our services.”

Chris Moat, Chief Executive Officer said:

“I am pleased to announce that all our key targets for 2009 were met. The full year 2009 results reflect our enhanced operational platform and ability to manage strong growth in our core business segments. Looking to 2010 we anticipate demand for our services to remain buoyant and we are excited by the opportunities presented to us from our value added services.”

Chairman's Statement

Overview

In this, my first full year as Chairman of your Board, I am pleased to report that Fairpoint has delivered a significantly improved set of results and stands well placed to benefit from a strong market for debt solutions.

We have delivered revenue growth of 9% to £28.9 million (2008: £26.5million) and a profit of £6.1 million (2008: £2.9 million) before tax, brand amortisation and exceptional items. Credit for the marked improvement in returns must be given to Chris Moat and his management team who since their appointment in May 2008, have implemented the Board's strategic direction effectively and grown revenues in our core product area, widened the range of debt solutions and services to a growing customer base, introduced a series of operational improvement plans, and re-engineered the cost base of the group. Our cost to income ratio has fallen from 63% to 54% on which we expect to make further progress as we grow and operating cash flows have exceeded £6.0 million in 2009 (2008: £1.9 million) allowing us to pay down over £4.0 million (2008: £1.7 million increase) in debt and exceed our target for FY09 of having net debt at less than annual profit before tax. The benefits of a lower cost base and debt burden have fed through to our earnings per share, which at year end stood at 9.5p (2008: 1.5p) and we enter 2010 with confidence. Perhaps most pleasing has been our return to the dividend list with an interim payment of 2p per share to be paid in March 2010.

Strategy

We have strengthened the business over the last year, by operating more efficiently and by broadening our range of products and services. We will maintain our leading position in the IVA market and continue to grow our share of debt management plans ("DMP"), whilst further developing a wider range of services and products for financially stressed consumers. This is already providing us with improved conversion rates and revenue from our existing customer base as well as access to a much larger market place.

With the introduction of our 'Value Added Services' products which currently include utility switching and pre-paid cards, we have significantly increased the range of customers for whom we can identify a beneficial solution and this is reflected in a 23% increase in new customers.

Regulation

Fairpoint welcomes the current Ministry of Justice and Insolvency Service review of the debt management plan market. Our direct experience of the regulatory changes 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 stand to benefit from higher standards for the whole industry and Fairpoint is well placed to take a leading role in this regard.

Your Board

I would particularly like to thank the Board for their support and contribution this year. For the Non-Executive Directors, it has required a considerable commitment of time. For the Executive Directors, it has required a single-minded commitment to strong management during a period of rapid change.

Andy Redmond retired from the Board during the year and I would like to thank him for his contribution to the Group he founded and led in its formative years. The remaining Board members have been constant this year and are unanimous in their backing of the strategy.

Outlook

We anticipate the macroeconomic environment continuing 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 product range.

Matthew Peacock
Chairman

Chief Executive Officer's Statement

Overview

2009 was a strong improvement on 2008, driven by a combination of good execution of our strategy and a supportive market environment. During the period we operated more efficiently as a consequence of our Operational Improvement Programme; we maintained our position as the market leader in IVAs through more targeted marketing activity; and we continued our progress in diversifying the business with good growth in debt management business. Consequently, both profit and cash generation have been strong and have allowed the reinstatement of dividends post year end.

Market Review

2009 was characterised by strong consumer demand for debt solutions fuelled by a combination of:

- Rising unemployment levels:
- High levels of personal indebtedness: and
- A reduction in opportunities to refinance due to the scarcity of credit.

Creditor acceptance of IVA solutions has been stable throughout 2009 and the number of IVA specialists in the marketplace has reduced to a smaller number of providers able to operate from a lower cost base.

We welcome the review of the debt management plan marketplace by the Ministry of Justice and recommendations regarding future regulation of this product and market are expected soon. Fairpoint's exposure to debt management, whilst growing, is modest and the business is well placed to benefit from the anticipated fall-out from regulatory change, with the opportunity to grow further market share.

The market for mortgage solutions had almost disappeared in the second half of 2008 and has shown no improvement in 2009.

Our Performance

I am pleased that our efforts have generated a significant improvement in the Group's financial position:

- Our profit before tax, adjusted for brand amortisation and exceptional restructuring costs, reached £6.1 million compared to £2.9 million in 2008;
- Total comprehensive income for the year reached £4.0 million (2008: £0.5 million);
- Our revenue grew from £26.5 million to £28.9 million, with overall new customer numbers growing 23% from 14,346 to 17,582;
- This revenue growth was delivered despite a reduction in marketing costs to £5.7 million, a fall of 23% on the £7.4 million spent in 2008;
- Core conversion rates for IVA and DMP solutions increased with direct costs per new IVA solution falling 13% to £647 (2008: £746) as our Operational Improvement Programme continued to gain traction; and
- The combination of revenue growth and more effective marketing expenditure generated a strongly positive cash profile with bank borrowings falling from £8.6 million to £4.5 million.

In my report last year I highlighted a series of focus areas for 2009 and the management team have made strong progress in each:

- Growing revenues – revenues have grown 9.2% to £28.9 million;

- Diversifying revenues - IVA revenue grew by 11.0% and was complemented by faster growth in our debt management business of 35%. Our financial services division has been negatively affected by the decline of our mortgage broking activities although in the second half of the year, our "Value Added Services" team started to generate income and prospects in this division are now positive;

- Operational Improvement Programme – we have seen strong improvement in all core operating ratios, which are most easily summarised in our cost to income ratio, which moved from 63% in 2008 to 54% in 2009; and

- Reduction in borrowings – year-end net bank borrowings stood at £4.5 million with the group repaying borrowings of £4.1 million and comfortably exceeded our target of less than one times adjusted PBT.

Outlook

We expect the macroeconomic environment in 2010 to continue to support similar levels of demand for our core products and services as experienced in 2009 including:

- Unemployment was a key growth driver for us in 2009 and whilst levels appear to have now stabilised we would expect modest growth in 2010 as public sector spending deficits are addressed;

- Home equity is depressed and is not expected to recover in 2010, likewise broader access to credit is expected to remain scare in 2010; and

- Interest rates are expected to grow as the economy recovers and this will become a catalyst for further indebtedness. We do not expect this to provide momentum to the business during 2010 but would expect further growth in the market as we enter 2011.

Within the insolvency sector itself we expect there to be growing market consolidation as the regulatory requirements for the debt management sector become more onerous.

Against this backdrop, our key areas of focus for 2010 will be:

- Moving our Operational Improvement Programme into its second phase and improving our direct costs for each solution sold;

- Increasing our share of the debt management market through both organic growth activities and selected acquisitions as consolidation opportunities surface; and

- Further diversification of our product range to build up our "Value Added Services" offering.

The overriding objective is to develop an increasingly diversified business which caters for a growing range of requirements from financially stressed consumers.

We expect our focus to deliver a doubling in the number of overall new solutions sold, without diluting our gross margins. Our target to diversify the product range will lead to non IVA solutions delivering at least 20% of gross profits adjusted for bad debt and the unwinding of discounts on IVA revenues.

Christopher Moat
Chief Executive Officer

Finance Director's Statement

Overview

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

The financial statements of the parent company, Fairpoint Group plc, have been prepared under UK Generally Accepted Accounting Principles (UK GAAP).

Continuing Operations

Revenue

The revenue from continuing operations was £28.9 million (December 2008: £26.5 million). Revenues from IVA operations were significantly improved through growth in the number of new customer solutions sold and a growing book of cases from prior years.

Average fees per case diminished slightly as the mix of cases altered to include higher numbers of consumers with lower initial debt levels.

Debt management revenues grew as we experienced the benefits of our first full year of trading with our own in-house operation in this segment. This has meant that we retain an ongoing relationship with the consumer, generating improved revenues from our back book of cases. Revenue from financial services fell during the year as the market for mortgage products remained firmly closed.

IVA Services

Our IVA division wrote 8,520 new cases during the year (2008: 7,300 cases) representing an estimated 18% market share. Revenue per new case fell from £2,278 to £2,104 as we extended 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 95% (2008: 89%).

The overall IVA market rose 21.8% in 2009 on the prior year. Fairpoint's growth was slightly lower than this at 16.7% as a result of our decision in the second quarter of 2008 to focus on more profitable marketing channels. The revised focus has had beneficial impacts and when combined with successful cost control has led to profits before tax rising from £1.3 million to £5.2 million.

Debt Management

During the year we provided 4,229 consumers with new debt management plans (2008: 6,456). Growth in new plans slowed as we were successful in finding IVAs for many consumers who previously had not been afforded this solution by creditors. At the year-end our book of cases stood at 5,539 (2008: 3,566). Profit before tax improved from £0.4 million to £1.0 million.

Financial Services

In 2009 we continued to see a limited supply of mortgage products for our customers. Revenue from financial services fell from £1.3 million to £0.4 million. With few consumers able to find affordable solutions, we have reduced costs and redeployed resources. Our prepaid card has proven popular and in the second half we launched our Value Added Services for new and existing clients with products such as utility switching. Response to these has been strong and total new solutions sold in the year reached 4,706 (2008: 530).

The increase in Value Added Service revenue has restored profitability in the second half of the year, although investment in implementing the new products has meant that the segment recorded a loss of £0.1 million for the year.

Adjusted Profit Before Tax

Profit before tax adjusted for brand amortisation of £0.4 million for the year was £6.1 million (2008: £2.9 million adjusted for brand amortisation of £0.4 million and exceptional restructuring costs of £1.4 million). Gross margin improved to 47% (December 2008: 37%) based on lower marketing expenditure and improved conversion through the year, despite lower IVA fees and mortgage volumes.

Finance income on the unwinding of discount on IVA revenue rose 15% to £4.4 million (2008: £3.9 million) due to growth in the book of cases.

Bad debt charges rose 26% to £4.4 million (2008: £3.5 million) principally through a 20% growth in the number of cases, but also through increased case failures due to higher unemployment rates. The increase in bad debt charge was in line with our expectations and we do not expect further material growth in the annual charge.

Financial Costs

Interest costs fell to £0.4 million (December 2008: £0.8 million) reflecting lower levels of borrowing incurred by the Group. Lower LIBOR rates and falling borrowings at year-end have resulted in a lower run rate of finance costs. The Group benefits from a low margin at 150bps over LIBOR and at 31 December 2009 had entered fixed term LIBOR arrangements over £4 million of its borrowings providing protection against interest rate volatility until March 2010 (£1 million), June 2010 (£1 million) and September 2010 (£2 million), at which point the rate charged will revert to a floating LIBOR rate.

Taxation

The Group's expense for taxation was £1.7 million representing an effective tax rate of 29.0% (December 2008: £0.5 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 (2008: £0.5 million).

Dividends

No dividends were paid in the year (December 2008: £1.7 million). The Board has proposed an interim dividend of 2p per ordinary 1p share, to be paid on 30 March 2010.

Balance Sheet

Net assets at 31 December 2009 were £36.3 million (2008: £32.1 million).

Cashflow and Borrowings

Operating cash inflow from continuing operations was £6.0 million (December 2008 £1.9 million).

Payment for purchase of non-current assets was £0.7 million (2008: £1.0 million).

Net borrowings at 31 December 2009 excluding finance lease liabilities were £4.5 million (2008: £8.6 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. Finance lease liabilities rose £0.2 million to £0.4 million as a result of investment of £0.2 million in the final quarter on new printing equipment.

Our KPIs

	Year to 31 December 2009	Year to 31 December 2008
Lead volumes	101,351	124,300
Total solutions sold	17,582	14,346
IVA solutions sold	8,520	7,300
Average fee per new IVA	£2,104	£2,278
Average fee per new DMP solution	£375	£269
Average fee per new financial services solution	£81	£1,128
Average number of ongoing cases	23,743	17,773
Revenue per ongoing case per month	£32	£34
Marketing as a % of revenue	20%	28%
Other cost of sales as a % of revenue	34%	35%
Monthly Overheads	£508,000	£476,000

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

Analyst Presentation

There will be an analyst presentation to discuss the results at 9.30am on 16 March 2010 at Financial Dynamics, Holborn Gate, 26 Southampton Buildings, London, WC2A 1PB.

Enquiries:

Fairpoint Group Plc	**0845 296 0137**
Chris Moat, Chief Executive Officer	084 5296 0100
Andy Heath, Finance Director	084 5296 0200
Shore Capital (Nomad and Joint Broker)	
Guy Peters	020 7408 7912
Oriel Securities (Joint Broker)	
Tom Durie	020 7710 7600
Emma Griffen	
Financial Dynamics	
Nick Henderson	020 7269 7114
Laura Pope	020 7269 7243

Fairpoint Group plc

Consolidated Statement of Comprehensive Income – Year Ended 31 December 2009

	Notes	Year Ended 31 December 2009 £'000	Year Ended 31 December 2008 £'000
Continuing operations			
Revenue	**5**	28,900	26,459
Cost of sales		(15,446)	(16,606)
Gross profit		13,454	9,853
Administrative expenses		(11,777)	(11,788)
Finance income – unwinding of discount on IVA revenue		4,415	3,851
Finance income – other		10	23
Profit before finance costs		**6,102**	**1,939**
Finance costs		(379)	(815)
Adjusted profit before taxation		6,101	2,853
Brand amortisation		(378)	(377)
Exceptional restructuring costs		-	(1,352)
Profit before taxation		5,723	1,124
Tax expense	**2**	(1,662)	(479)
Profit for the year from continuing operations		**4,061**	**645**
Discontinued operations			
Loss for the year from discontinued operations		(66)	(96)
Profit for the year		**3,995**	**549**
Other comprehensive expense			
Exchange differences on translation of foreign operations		-	(4)
Total comprehensive income for the year		3,995	545

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

	Notes	2009	2008
Earnings per ordinary share			
Profit from continuing operations	**3**	9.47	1.51
Loss from discontinued operations		(0.15)	(0.23)
Total profit from operations		9.32	1.28
Diluted earnings per ordinary share			
Profit from continuing operations	**3**	9.45	1.51
Loss from discontinued operations		(0.15)	(0.23)
Total profit from operations		9.30	1.28

Fairpoint Group plc

Consolidated Statement of Financial Position as at 31 December 2009

Company Number 4425339

	Notes	As at 31 December 2009 £'000	As at 31 December 2008 £'000
ASSETS			
Non Current Assets			
Property, plant and equipment		1,603	1,807
Goodwill		11,343	11,343
Other intangible assets		5,352	5,701
Total Non Current Assets		**18,298**	**18,851**
Current Assets			
Trade receivables and amounts recoverable on IVA services		25,595	23,150
Other current assets		787	1,632
Cash and cash equivalents		832	565
Total Current Assets		**27,214**	**25,347**
Total Assets		**45,512**	**44,198**
EQUITY			
Share capital		429	429
Share premium account		18	18
Merger reserve		11,842	11,842
Other reserves		254	254
Retained earnings		23,709	19,599
Total equity attributable to equity holders of the parent		**36,252**	**32,142**
LIABILITIES			
Non Current Liabilities			
Long-term borrowings		5,563	8,944
Deferred tax liabilities		1,030	854
Total Non Current Liabilities		**6,593**	**9,798**
Current Liabilities			
Trade and other payables		1,848	1,774
Short-term borrowings		53	358
Current tax liability		766	126
Total Current Liabilities		**2,667**	**2,258**
Total Liabilities		**9,260**	**12,056**
Total Equity and Liabilities		**45,512**	**44,198**

Fairpoint Group plc

Consolidated Statement of Cash Flows for the Year Ended 31 December 2009

	Notes	Year ended 31 December 2009 £'000	Year ended 31 December 2008 £'000
Cash flows from continuing operating activities			
Profit on continuing operations before tax		5,723	1,124
Share based payments charge		49	66
Depreciation of property, plant and equipment		424	522
Amortisation of intangible assets and development expenditure		822	744
Loss on sale of non current assets		34	165
Interest received		(10)	(23)
Interest expense		379	815
(Increase)/Decrease in trade and other receivables		(1,600)	111
Increase/(Decrease) in trade and other payables		225	(1,630)
Cash flows from discontinued operations		-	(37)
Cash generated from operations		6,046	1,857
Interest paid		(530)	(681)
Income taxes paid		(846)	(118)
Net cash generated from operating activities		4,670	1,058
Cash flows from investing activities			
Purchase of property, plant and equipment (PPE)		(123)	(226)
Proceeds from sale of non current assets		26	11
Interest received		10	23
Purchase of intangible assets		(473)	(811)
Net cash absorbed by investing activities		(560)	(1,003)
Cash flows from financing activities			
Equity dividends paid		-	(1,698)
Proceeds from issue of share capital		-	23
Proceeds from long-term borrowings		-	8,900
Payment of short-term borrowings		(243)	(729)
Payment of long-term borrowings		(3,600)	(243)
Payment of finance lease liabilities		-	(107)
Net cash (absorbed by)/generated from financing activities		(3,843)	6,146
Net change in cash and cash equivalents		267	6,201
Cash and cash equivalents at start of period		565	(5,636)
Cash and cash equivalents at end of period		832	565

Fairpoint Group plc

Consolidated Statement of Changes in Equity - Year Ended 31 December 2009

	Share Capital £'000	Share Premium Account £'000	Merger Reserve £'000	Other Reserves £'000	Retained Earnings £'000	Translation Reserve £'000
Balance at 1 January 2008	424	-	11,842	254	20,748	(62)
Changes in equity for the year ended 31 December 2008:						
Total comprehensive income for the year	-	-	-	-	549	(4)
Share based payment expense	-	-	-	-	66	-
Realisation on disposal	-	-	-	-	(66)	66
Share issues	5	18	-	-	-	-
Dividends	-	-	-	-	(1,698)	-
Balance at 31 December 2008	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	-
Correction of prior year realisation on disposal	-	-	-	-	66	-
Balance at 31 December 2009	429	18	11,842	254	23,709	-

1 Status of Financial Information

The financial information set out above does not constitute the company's statutory accounts for the periods ended 31 December 2009 or 31 December 2008. Statutory accounts for 31 December 2008 have been delivered to the Registrar of Companies and those for 31 December 2009 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 2009 nor a statement under section 237 (2) or (3) of the Companies Act 1985 in respect of the accounts for 2008..

2 Tax expense

	Year ended 31 December 2009 £'000	Year ended 31 December 2009 £'000	Year ended 31 December 2008 £'000	Year ended 31 December 2008 £'000
Current tax expense				
UK corporation tax and income tax of overseas operations on profits for the year	1,482		315	
Adjustment for under provision	4	1,486	205	
				520
Deferred tax expense				
Origination and reversal of temporary differences	195		111	
Adjustment for over provision in prior periods	(19)		(152)	
		176		(41)
Total tax charge		1,662		479

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 2009 £'000	Year ended 31 December 2008 £'000
Profit before tax from continuing and discontinued operations	5,723	1,028
Expected tax charge based on the standard rate of corporation tax in the UK of 28% (2008 – 28.5%)	1,602	293
Expenses not deductible for tax purposes	58	127
Prior year deferred tax	(19)	(152)
Prior year current tax	4	205
Other differences	-	6
Non-qualifying depreciation	17	-
Total tax charge	1,662	479

3 Earnings per share

	Year ended 31 December 2009 £'000	Year ended 31 December 2008 £'000
Numerator		
Continuing operations		
Profit for the year – used in basic and diluted EPS	4,061	645
Discontinuing operations		
Loss for the year – used in basic and diluted EPS	(66)	(96)
Total operations		
Profit for the year – used in basic and diluted EPS	3,995	549
Denominator		
Weighted average number of shares used in basic EPS	42,870,578	42,463,128
Effects of:		
- employee share options	84,498	132,878
Weighted average number of shares used in diluted EPS	42,955,076	42,596,006

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. The only employee share options noted above are in relation to the SAYE 2009 scheme.

4 Dividends

	Year ended 31 December 2009 £'000	Year ended 31 December 2008 £'000
Dividend of nil pence (December 2008; 4 pence) per ordinary share proposed and paid during the year relating to the previous year's results	-	1,698
	-	1,698

The directors have proposed an interim dividend of 2 pence per share on 12 January 2010 (2009: nil pence) totalling £857,412 (2009: nil pence) to be paid 30 March 2010. The directors are not proposing a final dividend for 2009 (2008: nil pence).

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.

For management purposes, the Group is organised 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 (DMP's) 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 two 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.

Segment information about these reportable segments is presented below.

5 Segment analysis (continued)

Year ended 31 December 2009

	Continuing and Discontinued Operations				
	IVA £'000	**Debt Management £'000**	**Financial Services £'000**	**Unallocated**	**Total £'000**
Total external revenue	25,403	3,105	392	-	28,900
Total inter-segment revenue	-	-	-	-	-
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

Fairpoint Group plc

Notes Forming Part of the Consolidated Financial Statements (continued)

5 Segment analysis (continued)

Year ended 31 December 2008

	Continuing and Discontinued Operations				
	IVA £'000	**Debt Management £'000**	**Financial Services £'000**	**Unallocated**	**Total £'000**
Total external revenue	22,890	2,306	1,263	-	26,459
Total inter-segment revenue	-	-	-	-	-
Total revenue	22,890	2,306	1,263	-	26,459
Total operating (loss)/ profit	(2,568)	384	249	-	(1,935)
Finance income – unwinding of discount on IVA revenue	3,851	-	-	-	3,851
Finance expense	-	-	-	(815)	(815)
Finance income – other	-	-	-	23	23
Adjusted profit/(loss) before taxation from continuing operations	**3,012**	**384**	**249**	**(792)**	**2,853**
Brand amortisation	**(377)**	**-**	**-**	**-**	**(377)**
Exceptional restructuring costs	**(1,352)**	**-**	**-**	**-**	**(1,352)**
Profit/(loss) before taxation from continuing operations	**1,283**	**384**	**249**	**(792)**	**1,124**
Taxation	-	-	-	(479)	(479)
Profit/(loss) for the year from continuing operations	1,283	384	249	(1,271)	645
Loss for the year from discontinued operations	(96)	-	-	-	(96)
Total comprehensive income for the year	1,187	384	249	(1,271)	549
Reportable segment assets	43,968	180	50	-	44,198
Capital additions	979	57	1	-	1,037
Depreciation and amortisation	1,242	12	12	-	1,266

In the financial statements to 31 December 2008, goodwill of £11,343,000 was disclosed in the unallocated segment. In 2009 these assets have been reappraised as part of the adoption of IFRS 8. Management believe that the assets related wholly to the acquisition of Debt Free Direct Ltd and ClearStart UK Limited IVA operations and as such have been allocated to the IVA segment.

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.

Discontinued operations are attributable to the IVA operating segment. During 2009 a £66,000 reclassification of exchange differences on the disposal of operations has been recognised and during 2008 £96,000 of administrative expenses were recognised. The discontinued operations had no assets to disclose in either year.