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**Fairpoint Group plc**

**Interim Results for the six months ended 30 June 2010**

15 September 2010

Fairpoint Group plc ("Fairpoint" or "the Group") today announces its interim results for the six months ended 30 June 2010.

**Highlights**

First half earnings show improvement on H1 FY09 in line with management expectations, specifically:

- Adjusted Profit before tax* rose 9% to £2.6 million in H1 FY10 (H1 FY09: £2.4 million);
- Net bank borrowings fell £0.3 million in H1 FY10 to £4.2 million (H1 FY09: £6.5 million);
- Revenue of £13.9 million in H1 FY10 (H1 FY09: £13.8 million) with gross profit increasing to £6.1 million (H1 FY09: £5.7 million); and
- Interim dividend of 1.5p (H1 FY09: 0.0p).

Strong progress has been made across all key business priorities, namely:

- **Diversified revenue –** our organic growth agenda has delivered 25% growth from non-IVA sources to 15% of all revenues and 18% of gross profits (H1 FY09: 12% revenue, 13% gross profit);
- **Cost efficiencies –** further improvements have been achieved in H1 FY10. Direct costs and marketing have been reduced to 55% (H1 FY09: 58%). Additionally, the significant increase in the number of debt management cases in June 2010 has allowed us to achieve scale benefits in our debt management business;
- **Customer numbers –** we have exceeded our target of doubling customer numbers with 22,121 new solutions sold (H1 FY09: 7,217) and the ongoing book of cases has grown 44% to 33,547 (H1 FY09: 23,287);
- **Strong operational cashflow** has supported a programme of debt management portfolio acquisition with £1.2 million invested in acquisitions; and
- **Acquisition of Moneyextra.com Limited** in July 2010 is a further significant step in increasing the diversity of our income streams and accelerating the strategic move to a broader based financial solutions business for financially stressed consumers.

Further progress is expected in the second half of the year from:

- Anticipation of continued growth from IVA volumes driven by creditor preference for IVAs over debt management plans;
- Growth in our debt management business giving increased economies of scale, primarily from continued opportunities to acquire back books as tough competitive conditions lead smaller players to exit the market;
- Acceleration of growth in the range of products and services following the acquisition of Moneyextra.com in July;
- Continued cash generation from the core operation;
- Breakage levels in line with expectations; but
- Debt solution market growth has slowed due to the combination of a benign interest rate environment and falling unemployment levels and this will restrict growth in the second half. Looking forward into 2011, the outlook is for an increase in unemployment levels driven by public sector spending cuts, and the yield curve anticipates interest rate rises, both are key drivers of the number of debt solutions.

**Matthew Peacock, Chairman, said**

"Fairpoint has delivered another solid set of results, with growth across all areas of the business. The Group is becoming increasingly diversified and the progress in the first half of 2010 stands us in good stead to deliver on our strategic objectives. This confidence is reflected in the Board recommending an interim dividend of 1.5p per share."

* adjusted for brand amortisation and exceptional items

**Chris Moat, CEO, said**

"Despite economic conditions proving more benign for financially stressed consumers, Fairpoint continues to deliver growth in its core debt solutions business. Our focus on strengthening operating efficiencies whilst taking advantage of opportunities to build on our non-IVA businesses has allowed us to both significantly enhance our operations and deliver value to shareholders."

**Chief Executive Officer's Report**

The first half of 2010 has seen the Group continue to make progress across all product lines. IVA customer numbers continue to grow, the debt management business continues to be scaled up and has expanded rapidly throughout the period supported by consolidation opportunities presented in the market, and growth in value added services has accelerated. The increasing diversity of the Group has added resilience to our earnings.

We are increasingly able to agree IVAs at lower yielding contributions than was possible previously. This widening of access to an IVA is, when used appropriately, positive news for customers and as a result we have seen a migration from DMPs to IVAs, although the lower yielding contributions lead to a lower average fee per case. As a result the market for IVAs continued to grow during the period with an increase of 15% to 25,248, although the rate of IVA growth slowed in the second quarter and we anticipate it will slow further in the second half of the year without renewed impetus from either rising unemployment or interest rates.

We have improved our IVA operational costs through the period with tight cost control and greater operational efficiency and been largely able to absorb the expected revenue fall from our back book of IVA cases which declined during the period as the proportion of cases under the new fee protocol increased.

The migration of consumers from debt management plans to IVAs has restricted growth in the debt management market segment and the market sector remains highly competitive. The spectre of increased regulation has however led to a number of smaller players choosing to exit the market and which should present the Group with consolidation opportunities.

We have continued to grow our own debt management business both through organic channels and through the acquisition of back books from smaller companies exiting the market place. Consequently, overall case numbers doubled from 5,539 at 31 December 2009 to 11,158. The timing of the acquisitions, in June 2010, has meant that first half benefits have been limited, despite this debt management profits rose from £0.8 million to £1.0 million. The new cases have been successfully migrated to our existing operation at Adlington. By operating from a single system platform the Group has significantly improved its economies of scale presenting the Group with enhanced profitability in the second half.

The introduction of value added services has proven successful and we have swiftly reached our target of doubling customer numbers. Solutions sold rose to 12,055 bringing our financial services business back to a profitable contribution. This was achieved solely through our organic growth agenda and clearly demonstrates a strong customer appetite for value added services.

In order to accelerate revenue and profit growth in this segment our strategy is to extend the number of products we are able to offer to consumers to reduce their expenditure. The acquisition of Moneyextra.com, announced on 27 July 2010, provides the capability to fulfil this customer demand. In particular Moneyextra brings to the Group:

- A broad product supply capability allowing us to extend from primary value added service of utility switching into other product areas where market prices are highly variable. Such product areas tend to be almost compulsory purchases for most households and include for example, home insurance, car insurance, broadband, landline, mobile phones and media packages. Our objective is to ensure that all of our customers can make their money go further by benefiting from our switching service;
- A technology capability which will allow us to accelerate the provision of a multi product switching service to customers; and
- Additional distribution from the 60,000 customers who visit the Moneyextra web site on a monthly basis.

Increasingly our success will be fuelled by our ability to provide a wider range of products to our growing number of customer enquiries and ongoing book of existing customers. Our first half financial performance is almost entirely generated from organic activity due to the completion timing of our debt management and Moneyextra.com acquisition. Despite this non-IVA revenues reached 15% of Group revenues in the period and through continued organic growth and the benefit of acquisition activity are on track to reach more than 25% of Group revenues on an annualised basis from the final quarter of FY10 onwards.

Total Group revenues amounted to £13.9 million (six months to 30 June 2009: £13.8 million) and profit before tax adjusted for brand amortisation reached £2.6 million (six months to 30 June 2009: £2.4 million). The continued focus on efficient marketing and operations allowed the Group to reduce net bank borrowings by a further £0.3 million to £4.2 million at 30 June 2010 even after allowing for acquisitions and this strong operating cash generation allows us to provide shareholders with an interim dividend of 1.5p per share.

**Finance Director's Report**

Group revenues were slightly ahead of H1 FY09 at £13.9 million. Revenues from IVAs fell slightly as the expected decline in back book income stemming from the 2007 fee protocol changes crystallised. Debt management revenues were strongly ahead as the book grew significantly, although the impact from the acquired portfolio was only felt in the final month of the period. Financial services revenues rose as we rolled out our value added services.

Marketing spend in the period amounted to 22% of revenues compared to 23% in H1 FY09, with tight control of expenditure in a highly competitive marketplace. Continued improvements in operational efficiency fed through strongly to direct cost lines mitigating the impact of lower case revenues and leading to overall gross margin rising to 45% (H1 FY09: 42%). Overheads grew to £3.0 million (H1 FY09: £2.9 million) as we incurred higher costs in debt management and portfolio acquisition costs. When compared to the second half of 2009, overheads fell as we reduced head office roles due to greater operating efficiencies.

Profit after tax was £1.7 million compared to a profit of £1.5 million in the equivalent period last year.

| | **6 months to June 10 £'m** | **6 months to June 09 £'m** |
|---|---|---|
| Revenue | 13.9 | 13.8 |
| Gross Profit | 6.3 | 5.7 |
| Adjusted Profit Before Tax | 2.6 | 2.4 |
| Profit After Tax from continuing operations | 1.7 | 1.5 |

| **Selected Segmental information** | **6 months to June 10 £'m** | **6 months to June 09 £'m** |
|---|---|---|
| **Revenue** | | |
| IVA | 11.8 | 12.1 |
| Financial Services | 0.3 | 0.2 |
| Debt Management | 1.8 | 1.5 |
| | **13.9** | **13.8** |
| **Contribution**[1] | | |
| IVA | 5.0 | 5.1 |
| Financial Services | 0.1 | - |
| Debt Management | 1.0 | 0.8 |
| **Total Group Contribution** | **6.1** | **5.9** |
| Overheads[2] | (3.0) | (2.9) |
| Interest, depreciation and amortisation | (0.5) | (0.6) |
| **Adjusted Profit Before Tax** | **2.6** | **2.4** |

[1] Contribution includes gross profit, finance income from the unwinding of discounts and bad debts.
[2] Overheads comprise administrative expenses less bad debts, depreciation and amortisation.

| | 6 months to June 10 No. | 6 months to June 09 No. |
|---|---|---|
| **New Customers** | | |
| IVA Services | 4,053 | 3,858 |
| Financial Services | 12,055 | 1,144 |
| Debt Management | 6,013 | 2,029 |
| | **22,121** | **7,031** |
| **Existing Customers** | | |
| IVA Services | 22,389 | 18,771 |
| Debt Management | 11,158 | 4,516 |
| | **33,547** | **23,287** |

The total number of new product solutions increased dramatically driven by the acquisition of debt management portfolios and the successful roll-out of value added services. Secure lending solutions remained very low with a scarce supply of mortgage products for our customers.

| **Balance Sheet and Cashflow** | **June 2010 £m** | **June 2009 £m** |
|---|---|---|
| Shareholder funds | 37.1 | 33.7 |
| Net bank borrowings | 4.2 | 6.5 |

Net bank borrowings fell to £4.2 million with the Group generating cash from operations of £3.0 million before investment of £1.2 million in debt management portfolios and £0.9 million in dividend payments. The Group continues to actively manage its working capital and benefitted from slightly stronger than expected cashflows from IVA cases as the growth in failure rates in 2009 flattened in H1 2010.

The Directors have recommended the payment of an interim dividend of 1.5p payable on 26 October 2010 to shareholders registered on 8 October 2010.

**Outlook**

Demand for debt solutions increased rapidly through 2009 and the early part of 2010 mainly driven by growth in unemployment levels. Unemployment levels have since levelled off and more recently reduced slightly. Despite this our expectations are for the number of consumers experiencing financial stress to continue to grow as we enter 2011. The principle drivers are expected to be:

- The UK household debt burden remains high at 151% of annual income[3];
- Public sector expenditure reviews are forecast to result in 610,000 job losses[3]; and
- Finally as economic growth returns inflationary pressures will build and upward pressure on interest rates is expected to stretch household budgets with rising mortgage rates.

Our focus for the second half will be to position the Group to benefit from:

- Continued growth in its core debt services, particularly new business origination of IVAs;
- Further acquisition of debt management plan portfolios as sub scale providers look to exit the market;
- A rapid extension in its reach to a wider population of customers requiring money saving solutions, enhanced by the acquisition of Moneyextra.

The progress in the first half of 2010 stands the group in good stead to deliver on its strategic objectives supported by established market leadership in a growing IVA market, a scale debt management business and a strong and established Moneyextra platform for extending reach. Our targets for the next six months are to diversify the Group further and extend revenue and gross profit to 25% from non IVA solutions.

[3] Office for budget responsibility

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**Enquiries:**

| | |
|---|---|
| **Fairpoint Group plc** | |
| Chris Moat, Chief Executive Officer | 0845 296 0100 |
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| | |
| **Shore Capital (Nomad and Joint Broker)** | |
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| Tom Durie | 020 7710 7600 |
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| | |
| **Financial Dynamics** | |
| Nick Henderson | 020 7269 7114 |
| Laura Pope | 020 7269 7243 |

**Analyst presentation**

There will be an analyst presentation to discuss the interim results at 09:30 today at Financial Dynamics, Holborn Gate, 26 Southampton Buildings, London, WC2A 1PB. Those analysts wishing to attend are asked to contact Justine Cording at Financial Dynamics on +44 207 269 7265 or at Justine.cording@fd.com.

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**FAIRPOINT GROUP PLC**
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
**PERIOD FROM 1 JANUARY 2010 TO 30 JUNE 2010**

| | **Period from 1 January 10 to 30 June 10 Unaudited £'000** | Period from 1 January 09 to 30 June 09 Unaudited £'000 | Year ended 31 December 2009 Audited £'000 |
|---|---|---|---|
| **CONTINUING OPERATIONS** | | | |
| Revenue | **13,876** | 13,759 | 28,900 |
| Cost of sales | **(7,801)** | (8,023) | (15,446) |
| **GROSS PROFIT** | **6,075** | 5,736 | 13,454 |
| Administrative expenses | **(5,834)** | (5,604) | (11,777) |
| Finance income - unwinding of discount on IVA Revenue | **2,233** | 2,242 | 4,415 |
| Finance Income - other | **4** | 9 | 10 |
| Finance cost | **(104)** | (208) | (379) |
| **ADJUSTED PROFIT BEFORE TAX** | **2,574** | 2,361 | 6,101 |
| Amortisation – brand and other intangibles | **(200)** | (186) | (378) |
| **PROFIT BEFORE TAX** | **2,374** | 2,175 | 5,723 |
| Corporation tax charge | **(685)** | (647) | (1,662) |
| **PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS** | **1,689** | 1,528 | 4,061 |
| **DISCONTINUED OPERATIONS** | | | |
| Loss for the period from discontinued operations | - | - | (66) |
| **PROFIT FOR THE PERIOD** | **1,689** | 1,528 | 3,995 |
| **Other comprehensive income:** | | | |
| **Total comprehensive income for the period** | **1,689** | 1,528 | 3,995 |
| **Earnings/(Loss) per ordinary share** | | | |
| Profit from continuing operations | **3.88** | 3.58 | 9.47 |
| (Loss) from discontinued operations | - | - | (0.15) |
| **Total profit from operations** | **3.88** | 3.58 | 9.32 |
| **Diluted earnings/(loss) per ordinary share** | | | |
| Profit from continuing operations | **3.87** | 3.58 | 9.45 |
| (Loss) from discontinued operations | - | - | (0.15) |
| **Total profit from operations** | **3.87** | 3.58 | 9.30 |

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**FAIRPOINT GROUP PLC**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**AS AT 30 JUNE 2010**

| | As at 30 June 2010 Unaudited | As at 30 June 2009 Unaudited | As at 31 December 2009 Audited |
|---|---|---|---|
| | £'000 | £'000 | £'000 |
| **ASSETS** | | | |
| **Non current assets** | | | |
| Property, plant and equipment | 1,688 | 1,672 | 1,603 |
| Goodwill | 11,972 | 11,343 | 11,343 |
| Brand and other intangible assets | 4,268 | 3,812 | 3,621 |
| Software development | 1,772 | 1,717 | 1,731 |
| **Total non current assets** | 19,700 | 18,544 | 18,298 |
| **Current assets** | | | |
| Trade and other receivables | 24,897 | 23,276 | 25,595 |
| Other current assets | 1,388 | 1,466 | 787 |
| Cash and cash equivalents | 802 | 425 | 832 |
| **Total current assets** | 27,087 | 25,167 | 27,214 |
| **Total assets** | 46,787 | 43,711 | 45,512 |
| **EQUITY AND LIABILITIES** | | | |
| **Capital and reserves** | | | |
| Share capital | 436 | 429 | 429 |
| Share premium account | 528 | 18 | 18 |
| Merger reserve | 11,842 | 11,842 | 11,842 |
| Other reserves | 254 | 254 | 254 |
| Treasury share reserve | (510) | - | - |
| Retained earnings | 24,584 | 21,155 | 23,709 |
| **Total equity attributable to equity holders of the parent** | 37,134 | 33,698 | 36,252 |
| **Non current liabilities** | | | |
| Long term bank borrowings | 5,000 | 6,900 | 5,300 |
| Other long term borrowings | 232 | - | 263 |
| Deferred tax liabilities | 1,030 | 801 | 1,030 |
| | 6,262 | 7,701 | 6,593 |
| **Current liabilities** | | | |
| Trade and other payables | 2,328 | 1,976 | 1,848 |
| Current tax liabilities | 1,010 | 336 | 766 |
| Short-term borrowings | 53 | - | 53 |
| | 3,391 | 2,312 | 2,667 |
| **Total liabilities** | 9,653 | 10,013 | 9,260 |
| **Total equity and liabilities** | 46,787 | 43,711 | 45,512 |

The interim financial statements were approved by the board of directors on 14 September 2010

**FAIRPOINT GROUP PLC**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

**PERIOD FROM 1 JANUARY 2010 TO 30 JUNE 2010**

| | Share Capital | Share Premium Account | Merger Reserve | Other Reserves | Treasury Share Reserve | Retained Earnings |
|---|---|---|---|---|---|---|
| | **£'000** | **£'000** | **£'000** | **£'000** | **£’000** | **£'000** |
| **Balance at 1 January 2009** | 429 | 18 | 11,842 | 254 | - | 19,599 |
| **Changes in equity for the six months ended 30 June 2009 :** | | | | | | |
| Total comprehensive income for the period | | - | - | - | - | 1,528 |
| Share based payment expense | - | - | - | - | - | 28 |
| **Balance at 30 June 2009** | 429 | 18 | 11,842 | 254 | - | 21,155 |
| **Changes in equity for the six months ended 31 Dec 2009 :** | | | | | | |
| Total comprehensive income for the period | - | - | - | - | - | 2,467 |
| Realisation on disposal | - | - | - | - | - | 66 |
| Share based payment expense | - | - | - | - | - | 21 |
| **Balance at 31 December 2009** | 429 | 18 | 11,842 | 254 | - | 23,709 |
| **Changes in equity for the six months ended 30 June 2010 :** | | | | | | |
| Share issues | 7 | 510 | - | - | (510) | - |
| Total comprehensive income for the period | - | - | - | - | - | 1,689 |
| Share based payment expense | - | - | - | - | - | 50 |
| Dividends | - | - | - | - | - | (864) |
| **Balance at 30 June 2010** | 436 | 528 | 11,842 | 254 | (510) | 24,584 |

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**FAIRPOINT GROUP PLC**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

**PERIOD FROM 1 JANUARY 2010 TO 30 JUNE 2010**

| | **Period from 1 January 2010 to 30 June 2010** | Period from 1 January 2009 to 30 June 2009 | Year ended 31 December 2009 |
|---|---|---|---|
| | **Unaudited** | Unaudited | Audited |
| **Cash flows from continuing operating activities** | **£'000** | £'000 | £'000 |
| Profit on continuing operations before tax | **2,374** | 2,175 | 5,723 |
| Share based payments charge | **50** | 28 | 49 |
| Depreciation of property, plant and equipment | **230** | 221 | 424 |
| Amortisation of intangible assets and development expenditure | **429** | 410 | 822 |
| Loss on sale of non current assets | **-** | - | 34 |
| Interest received | **(4)** | (9) | (10) |
| Interest expense | **104** | 208 | 379 |
| Decrease/(Increase) in trade and other receivables | **84** | 729 | (1,600) |
| (Decrease) in trade and other payables | **261** | (487) | 225 |
| Cash generated from operations | **3,528** | 3,275 | 6,046 |
| Interest paid | **(104)** | (208) | (530) |
| Corporation taxes paid | **(441)** | (490) | (846) |
| **Net cash generated from operating activities** | **2,983** | 2,577 | 4,670 |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment (PPE) | **(315)** | (91) | (123) |
| Proceeds from sale of non current assets | **-** | 5 | 26 |
| Interest received | **4** | 9 | 10 |
| Purchase of goodwill | **(629)** | - | - |
| Purchase of software development | **(258)** | (238) | (473) |
| Purchase of intangible assets | **(620)** | - | - |
| **Net cash (absorbed by) investing activities** | **(1,818)** | (315) | (560) |
| **Cash flows from financing activities** | | | |
| Payment of short-term borrowings | **-** | (243) | (243) |
| Equity dividends paid | **(864)** | - | - |
| (Payment) of long-term borrowings | **(300)** | (2,000) | (3,600) |
| Payment of finance lease liabilities | **(31)** | (159) | - |
| **Net cash (absorbed by) from financing activities** | **(1,195)** | (2,402) | (3,843) |
| **Net change in cash and cash equivalents** | **(30)** | (140) | 267 |
| Cash and cash equivalents at start of period | **832** | 565 | 565 |
| **Cash and cash equivalents at end of period** | **802** | 425 | 832 |

**FAIRPOINT GROUP PLC**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 30 JUNE 2010**

**1. BASIS OF PREPARATION**

The financial information presented in this documentation has been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations that are expected to be applicable for the year ending 31 December 2010.

These are subject to ongoing review and endorsement by the European Commission, and possible amendment by the International Accounting Standards Board (IASB), and are therefore subject to possible change.
The financial information in this statement relating to the six months ended 30 June 2010 and the six months ended 30 June 2009 has neither been audited nor reviewed pursuant to guidance issued by the Auditing Practices Board. The financial information for the periods ended 30 June 2010 and 31 December 2009 does not constitute the full statutory accounts for those periods. The Annual Report and Financial Statements for 2009 have been filed with the Registrar of Companies. The Independent Auditors' Report on the Annual Report and Financial Statements for 2009 was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

**2. SEGMENT INFORMATION**

**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.

**2. SEGMENT INFORMATION (CONTINUED)**

**Period ended 30 June 2010**

| | Continuing Operations | | | | |
|---|---|---|---|---|---|
| | **IVA** | **Debt Management** | **Financial Services** | **Unallocated** | **Total** |
| | **£'000** | **£'000** | **£'000** | | **£'000** |
| Total external revenue | 11,792 | 1,787 | 297 | - | 13,876 |
| Total inter-segment revenue | - | - | - | - | - |
| Total revenue | 11,792 | 1,787 | 297 | - | 13,876 |
| Total operating profit/(loss) | (354) | 571 | 24 | - | 241 |
| Finance income – unwinding of discount on IVA revenue | 2,233 | - | - | - | 2,233 |
| Finance expense | - | - | - | (104) | (104) |
| Finance income – other | - | - | - | 4 | 4 |
| **Adjusted profit/(loss) before taxation from continuing operations** | **2,065** | **585** | **24** | **(100)** | **2,574** |
| **Brand and other intangibles amortisation** | **(186)** | **(14)** | **-** | **-** | **(200)** |
| **Profit/(loss) before taxation from continuing operations** | **1,879** | **571** | **24** | **(100)** | **2,374** |
| Taxation | - | - | - | (685) | (685) |
| Profit/(loss) for the year from continuing operations | 1,879 | 571 | 24 | (785) | 1,689 |
| Total comprehensive income for the year | 1,879 | 571 | 24 | (785) | 1,689 |
| Reportable segment assets | 41,583 | 4,810 | 387 | - | 46,780 |
| Capital additions | 556 | 1,505 | - | - | 2,061 |
| Depreciation and amortisation | 630 | 25 | 4 | - | 659 |

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## 2. SEGMENT INFORMATION (CONTINUED)

**Period ended 30 June 2009**

| | Continuing Operations | | | | |
|---|---|---|---|---|---|
| | **IVA** | **Debt Management** | **Financial Services** | **Unallocated** | **Total** |
| | **£'000** | **£'000** | **£'000** | | **£'000** |
| Total external revenue | 12,058 | 1,528 | 173 | - | 13,759 |
| Total inter-segment revenue | - | - | - | - | - |
| Total revenue | 12,058 | 1,528 | 173 | - | 13,759 |
| Total operating (loss)/ profit | (215) | 463 | (116) | - | 132 |
| Finance income – unwinding of discount on IVA revenue | 2,242 | - | - | - | 2,242 |
| Finance expense | - | - | - | (208) | (208) |
| Finance income – other | - | - | - | 9 | 9 |
| **Adjusted profit/(loss) before taxation from continuing operations** | **2,213** | **463** | **(116)** | **(199)** | **2,361** |
| **Brand and other intangibles amortisation** | **(186)** | **-** | **-** | **-** | **(186)** |
| **Profit/(loss) before taxation from continuing operations** | **2,027** | **463** | **(116)** | **(199)** | **2,175** |
| Taxation | - | - | - | (647) | (647) |
| Profit/(loss) for the year from continuing operations | 2,027 | 463 | (116) | (846) | 1,528 |
| Total comprehensive income for the year | 2,027 | 463 | (116) | (846) | 1,528 |
| Reportable segment assets | 43,520 | 144 | 47 | - | 43,711 |
| Capital additions | 311 | 13 | - | - | 324 |
| Depreciation and amortisation | 618 | 8 | 5 | - | 631 |

**2. SEGMENT INFORMATION (CONTINUED)**

**Year ended 31 December 2009**

| | Continuing Operations | | | | |
|---|---|---|---|---|---|
| | **IVA** | **Debt Management** | **Financial Services** | **Unallocated** | **Total** |
| | **£'000** | **£'000** | **£'000** | | **£'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 and other intangibles 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 |

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.

**3. CORPORATION TAX CHARGE**

Interim period corporation tax is accrued based on the estimated average annual effective corporation tax rate of 29% (6 months ended 30 June 2009: 30%)

**4. EARNINGS PER SHARE**

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

| | **Period from 1 January 10 to 30 June 10** | Period from 1 January 09 to 30 June 09 | Year ended 31 December 2009 |
|---|---|---|---|
| | **£'000** | £'000 | £'000 |
| **Numerator** | | | |
| **Continuing operations** | | | |
| Profit for the period - used in basic and diluted EPS | 1,689 | 1,528 | 4,061 |
| **Discontinuing operations** | | | |
| Loss for the period - used in basic and diluted EPS | - | - | (66) |
| **Total operations** | | | |
| Profit for the period - used in basic and diluted EPS | 1,689 | 1,528 | 3,995 |
| **Denominator** | | | |
| Weighted average number of shares used in basic EPS | 43,535,877 | 42,678,488 | 42,870,578 |
| Effects of: | | | |
| - other share options | 93,116 | - | 84,498 |
| Weighted average number of shares used in diluted EPS | 43,628,993 | 42,678,488 | 42,955,076 |

**5. DIVIDENDS**

During the interim period, a dividend of 2p per share was paid (6 months ended 30 June 2009: £nil)

**6. CONTINGENT LIABILITIES**

At 31 December 2009, the group disclosed a contingent liability with respect to legal proceedings issued by five former holders of 'B' preference shares in Debt Free Direct Limited.

During the period the group obtained summary judgement from the high court in its favour. No liability fell on the group and costs were awarded in its favour. The successful outcome of the case has had no material impact on the group's financial results for the period.

**7. INTERIM REPORT**

A copy of this report is available on the Company's website at www.fairpoint.co.uk.