

Cavanagh Group plc

("Cavanagh" or "The Group")

Unaudited Interim Results for the six months ended 30 June 2009

Cavanagh Group plc, one of the leading firms of Independent Financial Advisers, announces its interim results for the six months ended 30 June 2009.

Key Results

	H1 2009 £'000	H1 2008 £'000	% change	H2 2008 £'000	% change
Revenue	7,948	9,456	-16%	8,046	-1%
EBITDA	700	1,078	-35%	106	+525%
EBITDA margin	8.8%	11.4%	n/a	1.3%	n/a
Operating cashflow	654	809	-19%	438	+49%

- First half recovery after challenging H2 2008
- Revenue stabilised
- Margins improving
- Cash generation remains strong
- Revenue per adviser increased and remains well above industry average at £237,000 per annum

Andrew Fay, Chief Executive, comments:

" Under the circumstances I am pleased with our performance in the first half of the year which has been aided by our ongoing focus on our internal business processes and a reduction in our overheads that commenced in 2008"

Cavanagh Group plc

Andrew Fay (Chief Executive) 01444 475400

Brewin Dolphin Investment Banking

Andrew Emmott 0845 213 4736

Financial Results

I am pleased to report the Group's results for the six months ended 30 June 2009, which show EBITDA (earnings before interest, tax, depreciation and amortisation) of £700,000 against £106,000 in the second half of 2008 but £1,078,000 in the comparative period. This profit, from revenue of £7,948,000, has generated a reduction in net debt of £703,000.

I consider these results commendable following the market difficulties reported in the 2008 Annual Report, which showed a marked slowdown in revenue in the second half of last year.

The uncertainty experienced across the financial sector and the economy as a whole has come at time when Cavanagh has continued to develop its business propositions while ensuring that progress continues to be made in improving operational efficiencies across the Group.

Although revenue has been adversely affected by falling fund values and reduced numbers of new joiners in corporate benefit arrangements, both of which generate a large proportion of our recurring income, overall revenue for the first half has remained in line with the second half of 2008 with efficiency savings generating the increased EBITDA over the second half of 2008.

It was clear that the Group needed to be prudent following the downturn, and I consider, in what remains a very challenging environment, that we have stabilised our revenue figures and generated a creditable profit during the first half of 2009.

Operations

As previously reported, a major area of development has been the setting up of Cavanagh Asset Management, our discretionary fund management service, and despite the current economic conditions we had £69m of funds on this platform by the end of June, up by £51m from the end of December 2008.

We continue to discuss business opportunities on a broad front and notably we are pleased to announce that we have been successful in the tendering for a new partnership with the Bar Council which will see Cavanagh as the preferred Wealth Management adviser to their members. This appointment recognises Cavanagh's experience and expertise in providing financial advice to professionals and particularly those of the legal profession. This relationship will commence in September and we are looking forward to working closely with the Bar Council in the future.

We remain cautiously optimistic in our growth plans but remain committed that only propositions, whether organic or acquisitive, that present a complimentary business case and provide high quality client service will be considered in order to enhance rather than detract from our existing market proposition.

We feel that the Retail Distribution Review ("RDR") means further consolidation is unavoidable. However, the opportunity remains to build further a value added wealth management planning business based on high levels of recurring income, excellent service levels and true focus on our client's end value. In short, a market leading business is well within the Group's grasp and this leads us to remain optimistic about our future plans.

Staff

Despite the difficult market conditions and the implementation of structural changes to our business model our staff, as always, have shown tremendous commitment and loyalty to the Group and I would once again like to thank them for their dedication and commitment.

Outlook

Having entered the second half of 2009 at a time of continuing uncertainty, I believe that the Group has demonstrated it has a more efficient and comprehensive model that will create real value for the future. With RDR coming and the high level of recurring income which we generate, Cavanagh continues to establish itself as a leading provider of wealth management, corporate benefit and actuarial services with a robust model that can adapt and change, even in difficult times.

Paul Sinnett

Chairman

1 September 2009

Cavanagh Group plc
INCOME STATEMENT

	6 months 30-June -09 Unaudited	6 months 30-June -08 Unaudited	Year ended 31-Dec -08 Audited
<i>Notes</i>	£'000	£'000	£'000
REVENUE	7,948	9,456	17,502
PROFIT FROM OPERATIONS	655	1,028	1,088
Share of joint venture profit after tax	45	50	96
EARNINGS BEFORE INTEREST, DEPRECIATION, AMORTISATION AND TAX	700	1,078	1,184
Net finance costs	(39)	(105)	(191)
Depreciation	(101)	(104)	(213)
Amortisation and impairment	(248)	(246)	(572)
PROFIT BEFORE TAX EXPENSE	312	623	208
Tax expense	(98)	(190)	(111)
PROFIT FOR THE FINANCIAL PERIOD	214	433	97
PROFIT ATTRIBUTABLE TO :			
Equity holders of Parent company	211	430	67
Minority Interest	3	3	30
	214	433	97
Earnings per share			
Basic – pence	2	1.8	3.7
Fully diluted – pence	2	1.8	3.7

The profit from operations arises from the Group's continuing operations.

There was no recognised income or expenditure other than the profit for the period. Accordingly no statement of Comprehensive Income and Expenditure has been prepared.

Cavanagh Group plc
CONSOLIDATED BALANCE SHEET

	30-June-09 Unaudited £'000	30-June -08 Unaudited £'000	31-Dec- 08 Audited £'000
ASSETS			
Non-current assets			
Property plant and equipment	208	421	374
Intangible assets	5,692	6,600	5,935
Investment in Joint Venture	4	2	4
Deferred tax asset	-	-	85
	<u>5,904</u>	<u>7,023</u>	<u>6,398</u>
Current assets			
Trade and other receivables	1,569	2,311	1,762
Cash and cash equivalents	2,281	2,781	2,213
	<u>3,850</u>	<u>5,092</u>	<u>3,975</u>
TOTAL ASSETS	<u>9,754</u>	<u>12,115</u>	<u>10,373</u>
LIABILITIES			
Current liabilities			
Trade and other payables	1,809	2,540	2,032
Corporation tax payable	188	359	96
Financial liabilities	1,220	1,120	1,195
	<u>3,217</u>	<u>4,019</u>	<u>3,323</u>
Non-current liabilities			
Financial liabilities	2,532	3,827	3,192
Deferred tax liability	726	871	798
Provisions	176	217	176
	<u>3,434</u>	<u>4,915</u>	<u>4,166</u>
TOTAL LIABILITIES	<u>6,651</u>	<u>8,934</u>	<u>7,489</u>
NET ASSETS	<u>3,103</u>	<u>3,181</u>	<u>2,884</u>
EQUITY			
Issued share capital	116	116	116
Share premium account	7	7	7
Share based payment reserve	261	230	256
Retained earnings	2,655	2,775	2,444
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	<u>3,039</u>	<u>3,128</u>	<u>2,823</u>
Minority interests	64	53	61
TOTAL EQUITY	<u>3,103</u>	<u>3,181</u>	<u>2,884</u>

Cavanagh Group plc
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the period ended 30 June 2009

	Share capital £'000	Share premium account £'000	Share based payment reserve £'000	Retained earnings £'000	Minority interests £'000	Total £'000
At 1 January 2009	116	7	256	2,444	61	2,884
Other movements						
- Share based payment			5			5
Profit for the period				211	3	214
At 30 June 2009	<u>116</u>	<u>7</u>	<u>261</u>	<u>2,655</u>	<u>64</u>	<u>3,104</u>

Cavanagh Group plc
CONSOLIDATED CASH FLOW STATEMENT
for the period ended 30 June 2009

	6 months 30-June-09 Unaudited £'000	6 months 30-June-08 Unaudited £'000	Year ended 31-Dec-08 Audited £'000
CASH FLOW FROM OPERATIONS			
Profit before tax	312	623	208
Share of profit in joint venture	(45)	(50)	(96)
Share based payment	5	7	65
Depreciation	101	104	213
Amortisation and impairment of intangible assets	248	246	572
Loss on disposal of property, plant and equipment	23	-	-
Decrease / (increase) in trade and other receivables	193	(62)	512
(Decrease) in trade and other payables	(221)	(172)	(385)
Increase / (decrease) in provisions	(1)	8	(33)
Finance costs	39	105	191
NET CASH GENERATED FROM OPERATIONS	654	809	1,247
Income taxes paid	-	-	(311)
Interest paid	(59)	(184)	(329)
NET CASH FROM OPERATING ACTIVITIES	595	625	607
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments to acquire property, plant and equipment	(16)	(81)	(143)
Payments to acquire intangible assets	(5)	(30)	(66)
Payment to purchase share of Joint Venture	-	-	(2)
Dividend paid to minority shareholders	-	-	(20)
Proceeds from sale of property, plant and equipment	65	-	-
Interest received	19	79	139
Income received from joint venture	45	50	120
NET CASH FROM INVESTING ACTIVITIES	108	18	28
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of new shares	-	112	112
Repayment of borrowings	(635)	(572)	(1,132)
NET CASH OUTFLOW FROM FINANCING	(635)	(460)	(1,020)
Net increase / (decrease) in cash and cash equivalents	68	183	(385)
Cash & cash equivalents at the beginning of the financial period	2,213	2,598	2,599
Cash & cash equivalents at the end of the financial period	2,281	2,781	2,213

NOTES TO THE RESULTS

1 BASIS OF PREPARATION OF INTERIM FINANCIAL INFORMATION

The interim financial information does not constitute full accounts within the meaning of section 434 of the Companies Act 2006. The preliminary announcement is prepared on the same basis as set out in the statutory accounts for the year ended 31 December 2008, which were prepared under accounting practices generally accepted in the UK, and have been filed with the Registrar of Companies. The auditors' report on those accounts was unqualified and did not contain any statement under Section 237 (2) or (3) of the Companies Act 1985.

While the financial information included has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), this announcement does not in itself contain sufficient information to comply with IFRS's.

The interim financial statements which were not audited by the Auditors, were approved by the Board of Directors on 1 September 2009.

2 EARNINGS PER SHARE

	6 months 30-June-09 Unaudited	6 months 30-June-08 Unaudited	Year ended 31-Dec-08 Audited
	£'000	£'000	£'000
Profit for the financial period after taxation attributable to Equity holders	211	430	67
Share based compensation charge	5	7	65
Adjusted profit after taxation	<u>216</u>	<u>437</u>	<u>132</u>
Weighted average number of shares (No)			
For basic earnings per ordinary share	11,597,047	11,565,321	11,613,401
Exercise of share options	45,650	147,973	41,802
For fully diluted earnings per ordinary share	<u>11,642,697</u>	<u>11,713,294</u>	<u>11,655,203</u>
Earnings per ordinary share – basic	1.8	3.7p	0.6p
Earnings per ordinary share – fully diluted	<u>1.8</u>	<u>3.7p</u>	<u>0.6p</u>

3 ANALYSIS OF NET DEBT

	1-Jan-09 £'000	Cash Flow £'000	Non-cash movements £'000	30-Jun-09 £'000
Cash at bank	2,213	68		2,281
Bank loan	(4,387)	635		(3,752)
Net debt	<u>(2,174)</u>	<u>703</u>	<u>-</u>	<u>(1,471)</u>

Copies of this report will be sent to shareholders shortly and are available on the web site www.cavanagh.co.uk or from The Courtyard, Staplefield Road, Cuckfield, West Sussex RH17 5JT.