

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended June 30, 1998; or

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from _____ to _____.

Commission File Number: 0000887936

FTI CONSULTING, INC.
(Exact Name of Registrant as Specified in its Charter)

MARYLAND

52-1261113

(State or other Jurisdiction of
Incorporation or Organization)

(I.R.S. Employer
Identification No.)

2021 Research Drive, Annapolis, Maryland 21401

(Address of Principal Executive Offices)
(Zip Code)

(410) 224-8770

(Registrant's Telephone Number, Including Area Code)

(Former name, former address and former fiscal year,
if changed since last report)

Check whether the issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date.

Class -----	Outstanding at August 13, 1998 -----
Common Stock, par value \$.01 per share	4,753,901

FTI CONSULTING, INC.

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FTI Consulting, Inc. and Subsidiaries

Consolidated Balance Sheets
(in thousands of dollars)

	DECEMBER 31, 1997	JUNE 30, 1998
	----- (audited)	----- (unaudited)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,456	\$ 3,816
Accounts receivable, less allowance of \$487 in 1997 and \$405 in 1998	10,198	9,570
Unbilled receivables, less allowance of \$415 in 1997 and \$426 in 1998	4,194	3,940
Income taxes receivable	-	576
Deferred income taxes	160	78
Prepaid expenses and other current assets	681	1,400
	-----	-----
Total current assets	17,689	19,380
Property and equipment:		
Buildings	411	411
Furniture and equipment	11,745	12,970
Leasehold improvements	1,591	1,565
	-----	-----
	13,747	14,946
Accumulated depreciation and amortization	(7,459)	(8,633)
	-----	-----
	6,288	6,313
Goodwill, net of accumulated amortization of \$81 in 1997 and \$247 in 1998	5,141	14,764
Other assets	58	84
	=====	=====
Total assets	\$ 29,176	\$ 40,541
	=====	=====

	DECEMBER 31, 1997	JUNE 30, 1998
	----- (audited)	----- (unaudited)
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 2,825	\$ 1,398
Accrued compensation expense	1,995	1,337
Income taxes payable	297	-
Current portion of long-term debt	1,200	7,550
Advances from clients	519	623
Other current liabilities	219	111
	-----	-----
Total current liabilities	7,055	11,019
Long-term debt, less current portion	730	4,650
Other long-term liabilities	203	308
Deferred income taxes	169	414
Commitments and contingent liabilities	-	-
Stockholders' equity:		
Preferred stock, \$.01 par value; 4,000 shares authorized, none outstanding	--	--
Common stock, \$.01 par value; 16,000 shares authorized; 4,551 and 4,742 shares issued and outstanding in 1997 and 1998, respectively	46	47
Additional paid-in capital	14,526	15,981
Retained earnings	6,447	8,122
	-----	-----
Total stockholders' equity	21,019	24,150
	-----	-----
Total liabilities and stockholders' equity	\$ 29,176	\$ 40,541
	=====	=====

See accompanying notes.

FTI Consulting, Inc. and Subsidiaries
 Consolidated Statements of Income
 (in thousands of dollars except per share data)

	THREE MONTHS ENDED JUNE 30	
	1997	1998
	(unaudited)	
Revenues	\$ 9,471	\$ 11,860
Direct cost of revenues	5,232	6,732
Selling, general and administrative expenses	3,111	4,086
Total costs and expenses	8,343	10,818
Income from operations	1,128	1,042
Other income (expense):		
Interest and other income	97	57
Interest expense	(22)	(139)
	75	(82)
Income before income taxes	1,203	960
Income taxes	493	390
Net income	\$ 710	\$ 570
Net income per common share	\$ 0.16	\$ 0.12
Net income per common share - assuming dilution	\$ 0.15	\$ 0.11

See accompanying notes.

FTI Consulting, Inc. and Subsidiaries
 Consolidated Statements of Income
 (in thousands of dollars except per share data)

	SIX MONTHS ENDED JUNE 30	
	1997	1998
	(unaudited)	
Revenues	\$ 19,011	\$ 25,969
Direct cost of revenues	10,393	14,312
Selling, general and administrative expenses	6,460	8,748
Total costs and expenses	16,853	23,060
Income from operations	2,158	2,909
Other income (expense):		
Interest and other income	172	113
Interest expense	(42)	(198)
	130	(85)
Income before income taxes	2,288	2,824
Income taxes	938	1,149
Net income	\$ 1,350	\$ 1,675
Net income per common share	\$ 0.30	\$ 0.36
Net income per common share - assuming dilution	\$ 0.29	\$ 0.33

See accompanying notes.

FTI Consulting, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(in thousands of dollars)

	SIX MONTHS ENDED JUNE 30	
	1997	1998
	(unaudited)	
OPERATING ACTIVITIES		
Net income	\$ 1,350	\$ 1,675
Adjustments to reconcile net income to net cash provided by operating activities:		
Provided by operating activities:		
Depreciation	616	873
Amortization	77	258
Provision for doubtful accounts	36	(69)
Loss on disposal of assets	3	(1)
Non cash interest expense	-	60
Changes in operating assets and liabilities:		
Accounts receivable	(439)	1,605
Unbilled receivables	(839)	242
Prepaid expenses	(254)	(646)
Accounts payable	(184)	(1,602)
Accrued compensation expense	(7)	(694)
Income taxes payable	480	(818)
Advances from clients	(59)	103
Other current liabilities	(11)	(113)
Net cash provided by operating activities	769	873
INVESTING ACTIVITIES		
Purchase of property and equipment	(1,202)	(878)
Proceeds from sale of property and equipment	-	69
Cash assumed in acquisition of KK&A	-	90
Contingent payments to LWG	-	(39)
Change in other assets	(68)	(26)
Net cash used in investing activities	(1,270)	(784)
FINANCING ACTIVITIES		
Exercise of stock options	24	1,402
Payments of other long-term liabilities	(93)	(131)
Net cash provided by (used in) financing activities	(69)	1,271
Net increase in cash and cash equivalents	(570)	1,360
Cash and cash equivalents at beginning of period	5,894	2,456
Cash and cash equivalents at end of period	\$ 5,324	\$ 3,816

See accompanying notes.

FTI CONSULTING, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
JUNE 30, 1998
(dollars in thousands, except for per share data)

1. BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. For further information, refer to the consolidated financial statements and notes thereto included in the Company's annual report on Form 10-KSB for the year ended December 31, 1997.

In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three month and six month periods ended June 30, 1998 are not necessarily indicative of the results that may be expected for the year ended December 31, 1998.

2. EARNINGS PER SHARE

The following table summarizes the computations of basic and diluted earnings per share:

	THREE MONTHS ENDED JUNE 30 1997	1998	SIX MONTHS ENDED JUNE 30 1997	1998

Numerator used in basic and diluted earnings per common share:				
Net income	\$710	\$570	\$1,350	\$1,675
	=====			
Denominator:				
Denominator for basic earnings per common share - weighted average shares	4,527	4,744	4,523	4,671
Effect of dilutive securities:				
Warrants	-	10	-	9
Employee stock options	136	513	130	465

Denominator for diluted earnings per common share - weighted average shares and assumed conversions	136	523	130	474
	=====			
Basic earnings per common share	\$.16	\$.12	\$.30	\$.36
	=====			
Diluted earnings per common share	\$.15	\$.11	\$.29	\$.33
	=====			

FTI CONSULTING, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
 JUNE 30, 1998 (CONTINUED)

3. STOCKHOLDERS EQUITY

	Common Stock -----	Additional Paid in Capital -----	Retained Earnings -----	Total -----
Balance at January 1, 1998	\$ 46	\$ 14,526	\$ 6,447	\$ 21,019
Exercise of options to purchase 182,300 shares of Common Stock, including income tax benefit of \$55.	1	1,455		1,456
Net income for six months ended June 30, 1998			1,675	1,675
Balance at June 30, 1998	\$ 47	\$ 15,981	\$ 8,122	\$ 24,150
	=====			

4. INCOME TAXES

The tax provision for the six months periods ended June 30, 1998 and 1997 are based on the estimated effective tax rates applicable for the full years. The Company's income tax provision of \$1,149 for the six month period ended June 30, 1998 consists of federal and state income taxes.

FTI CONSULTING, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
JUNE 30, 1998 (CONTINUED)

5. ACQUISITIONS

Effective June 1, 1998 the Company acquired all of the outstanding common stock of Klick, Kent & Allen, Inc. (KK&A). KK&A, based in Alexandria, VA, provides strategic and economic consulting to various regulated businesses, advising on such matters as industry deregulation, mergers and acquisitions, rate and cost structures, economic and financial modeling and litigation risk analysis. The purchase price was \$10 million payable in installments of \$6 million on July 1, 1998, \$2 million on July 1, 1999 and \$2 million on July 1, 2000. In addition, contingent consideration equal to fifty percent of the pre-tax profits of KK&A for the three years ended June 30, 2001 payable annually on a rolling basis.

The acquisition was accounted for by the Company as a purchase and accordingly, the accompanying 1998 consolidated financial statements include the results of operations and cash flows of the acquired business beginning June 1, 1998. The excess of the cost of the acquisition over the fair value of the assets acquired of \$9,808 was recorded as goodwill. Any future payments paid for contingent consideration will increase the amount of goodwill when such amounts are determinable. Goodwill will be amortized over 20 years. Six million dollars in promissory notes were issued at an interest rate of 7.0% and four million dollars in promissory notes were issued at an interest rate of 7.5%.

The following unaudited pro forma summary combines the consolidated results of operations of the Company and KK&A as if the acquisition had occurred at the beginning of 1998 and 1997, after giving effect to certain adjustments, including amortization of intangible assets, increased interest expense on the acquisition debt, decrease in officer compensation, and related income tax effects. In connection with the acquisition, the Company entered into employment agreements with the four stockholders and executive officers of KK&A. The future amount of compensation to be paid to these officers, who will have substantially the same duties and responsibilities, will be less than the amounts paid in periods prior to the acquisition.

Pro Forma Years Ended -----	June 30, 1997 -----	June 30, 1998 -----
Revenues	\$ 21,850	\$ 28,055
Net income	\$ 1,688	\$ 1,653
Net income per common share - assuming dilution	\$.36	\$.32

The pro forma consolidated results do not purport to be indicative of results that would have occurred had the acquisition been in effect for the periods presented, nor do they purport to be indicative of the results that will be obtained in the future.

FTI CONSULTING, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
RESULTS OF OPERATIONS AND FINANCIAL CONDITION

RESULTS OF OPERATIONS

Revenues for the second quarter and six months ended June 30, 1998 increased 25.2% to \$11.9 million and 36.6% to \$26.0 million over the same periods in 1997, respectively. The increases in the quarter were attributable to the acquisitions of LWG and Bodaken in September 1997 and to KK&A acquired in June of 1998. Increases in the six months comparable periods from internal growth amounted to approximately 10% with the remaining increase due to acquisitions. Internal growth was impacted by the earlier-than-expected conclusion of several major engagements and postponement of several others during the second quarter.

Direct costs during 1998 increased 28.7% and 37.7% over the comparable quarter and six month periods, respectively. Such increases, representing increases in resources attributable to client projects, were generally consistent with the increases in revenues. The increases during 1998 in selling, general and administrative expenses of 31.3% and 35.4% over the comparable quarter and six month periods represent increased costs due to new operations added through acquisitions and other cost increases attributable to growth of the business.

LIQUIDITY AND SOURCES OF CAPITAL

Cash flows provided by operations during the six months of 1998 as compared to the comparable period of 1997 remained constant despite increasing net income due to decreases in accounts receivable and accounts payable balances. Cash was used in this period for the purchase of property and equipment. Additional inflows of cash were provided by the exercise of stock options during the six months. Options for 182,300 shares were exercised in the first quarter of 1998 thus resulting in an overall increase in cash.

On July 1, 1998 the Company borrowed \$6 million on the existing short-term line of credit for the first installment on the acquisition of KK&A. The Company expects that available cash and existing short-term lines of credit will be sufficient to meet its normal operating requirements over the near term.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 2. CHANGES IN SECURITIES

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Incorporated by reference from the Forensic Technologies International Corporation (filed as Forensic Technologies International Corporation prior to the effectiveness of the name change) Notice of 1998 Annual Meeting and Proxy Statement filed pursuant to Regulation 14A.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(A) EXHIBITS

22. PUBLISHED REPORT REGARDING MATTERS SUBMITTED TO VOTE OF SECURITY HOLDERS

Incorporated by reference from the Forensic Technologies International Corporation (filed as Forensic Technologies International Corporation prior to the effectiveness of the name change) Notice of 1998 Annual Meeting and Proxy Statement filed pursuant to Regulation 14A.

27. FINANCIAL DATA SCHEDULE FOR SIX MONTHS ENDED JUNE 30, 1998.

(B) REPORTS ON FORM 8-K

THE COMPANY FILED AN 8-K FOR THE ACQUISITION OF KLICK, KENT & ALLEN, INC. ON JULY 15, 1998.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FTI CONSULTING, INC.

Date: August 13, 1998

By /s/Gary Sindler

Executive Vice President, Chief Financial
Officer, Secretary and Treasurer (principal
financial and accounting officer)

1
US DOLLARS

6-MOS

DEC-31-1998
 JUN-30-1998
 1
 \$3,816,437
 \$0
 \$14,341,786
 \$832,479
 \$0
 \$19,380,403
 \$14,945,999
 \$8,632,629
 \$40,541,271
 \$13,017,822

\$0

\$0

\$0

\$47,419

\$24,103,381

\$40,541,271

\$25,969,355

\$25,969,355

\$14,311,897

\$23,060,393

\$0

\$0

\$197,729

\$2,824,165

\$1,149,408

\$1,674,757

\$0

\$0

\$0

\$1,674,757

0.36

0.33