Wilmington

Interim Report for the six months
ended 31 December 2009

The information and training group,
fulfilling the needs of professional businesses.

Wilmington Group plc

Wilmington's strategy

1. To deliver sustainable and growing profits from servicing the information and training requirements of professional business markets
2. To invest in our core business to generate strong levels of organic growth
3. To invest in technology to expand e-revenue, digital capability and operational efficiency
4. To develop strong management teams with robust organisational structures
5. To create value enhancing acquisitions

Contents

Interim Management Report

for the six months ended 31 December 2009

I am pleased to report that despite a very tough economic environment Wilmington has delivered a solid performance in the six months ended 31 December 2009.

The difficult trading conditions experienced in the first six months of calendar year 2009 have continued and, as anticipated in the Interim Management Statement (IMS) issued on 11 November 2009, trading performance for the six months ended 31 December 2009 has seen Revenue and Adjusted Profit before Tax[1] below the level achieved in the prior year.

Whilst we do not expect economic conditions to improve significantly in the short-term, there are many positive indicators which bode well for the future performance of the Group. In some areas we have started to see trading conditions easing compared to the prior year. The Group has also secured a number of new business wins which will have a positive impact in the second half of our financial year and beyond. These underline our long-term confidence in, and commitment to, professional markets.

We have successfully reduced our cost base, the benefits of which can be seen from improved margins in many of our businesses for the first half of the financial year. The impact of this lower cost base will have a further positive effect on profitability in the second half of this financial year.

The Group has created an efficient structure with a first class asset base, a greater concentration of subscriptions and electronic revenues and excellent cash generation. When the trading environment improves, high operational gearing should see margins and profits significantly improve.

Financial Performance

In the six months ended 31 December 2009 Revenue from continuing operations declined by 16.0% to £36.9m (2008: £44.0m). As expected we have seen the most significant revenue decline in the legal sector and the graduate induction programmes for international investment banks.

Adjusted EBITA[2] decreased by 20.6% to £6.2m (2008: £7.8m). Adjusted Profit before Tax declined by 20.9% to £5.5m (2008: £7.0m). Profit before tax from continuing operations increased by 2.3% to £2.7m (2008: £2.6m).

Adjusted Earnings per Share[3] from continuing operations decreased by 14.7% to 4.40 pence per share (2008: 5.16 pence per share). Basic earnings per share from continuing operations increased by 47.6% to 1.83 pence per share (2008: 1.24 pence per share), reflecting the absence this year of exceptional charges.

Operating cash flow decreased by 4.3% to £5.0m (2008: £5.2m), representing 82.6% of operating profit from continuing and discontinued operations before amortisation (2008: 85.6%).

At 31 December 2009 the net assets of the Group were £51.6m (2008: £56.6m) with deferred revenue of £12.1m (2008: £12.8m). At 31 December 2009 the Group had net debt of £20.5m (2008: £21.7m), representing less than 35% utilisation of our £60m facilities which are committed to 2012.

Dividend

The Board is declaring an Interim Dividend this year of 3.5 pence per share (2008 interim: 2.3 pence, June 2009 final: 4.7 pence), to be paid on 31 March 2010 to shareholders on the register on 5 March 2010. This reflects the Board's confidence in the underlying strength of the Group's cash flow and balance sheet and the intention to move to an equal dividend distribution weighting throughout the year.

Professional Publishing & Information

The Professional Publishing & Information Division has delivered a robust performance in the six months ended 31 December 2009.

This Division reacted quickly to the economic downturn, initiating a thorough review to examine how to maximise productivity and margins and, where appropriate, reduce the cost base. As announced in the IMS issued in November 2009, we have created a more efficient operational structure. In particular, we have achieved significant savings from consolidating into fewer office locations, effectively utilising buildings owned by the Group and exiting leased properties.

The Division also exited minor activities which were not core to its strategy, whilst successfully improving the overall margins. Segmental revenue from continuing operations for the six months to 31 December 2009 declined by 7.5% to £16.2m (2008: £17.4m), but segmental profits before non-recurring items, central overheads and amortisation, declined by only 1.6% to £4.5m (2008: £4.6m). The continued quality and strength of the Division's portfolio, and its strong client relationships, underpin the performance of this Division.

In July 2009 we acquired the remaining 15% shareholding of Ark Group. This business has been restructured with its training activities transferred to our Professional Training & Events Division and its publishing activities subsumed into the Waterlow Professional Publishing business.

In November 2009 we acquired an additional 5% shareholding of Beechwood House Publishing, taking our shareholding to 85% of the company .

The Professional Publishing & Information Division includes resilient businesses with strong long-term prospects. The benefits of cost savings that were implemented last year are now being realised and are substantially mitigating the impact of the continuing difficult trading conditions. The Division will emerge from a challenging period with an efficient, streamlined structure and the ability to benefit significantly from an upturn in the trading environment.

Professional Training & Events

The Professional Training & Events Division has delivered financial results in line with the Board's expectations in the first six months of our financial year.

We have experienced very difficult trading conditions in the legal training markets throughout the UK and Ireland. As previously reported, the downturn in legal training impacted from the beginning of calendar year 2009 and continued throughout 2009. Segmental revenues in the six months ended 31 December 2009 reflect this challenging economic environment, decreasing by 21.7% to £20.8m (2008: £26.5m). Segmental profits for the six months to 31 December 2009, before non-recurring items, central overheads and amortisation decreased by 34.4% to £2.8m (2008: £4.3m).

We have started to see clear benefits from changes to the course programme and cost savings that were implemented. Whilst the legal training market continues to be difficult we are starting to see trading conditions easing; the overall level of bookings is improving and the number of bookings in January was at a marginally higher level than it was in the prior year. The webinar programme (live online seminars) has seen significant growth in delegate numbers throughout 2009 and we continue to see good growth in webinar enrolments.

The reduction in graduate induction training for investment banks, which followed their decision to reduce graduate intake significantly in the Summer of 2009, severely impacted the Division's profitability for the six months ended 31 December 2009 despite the restructuring of our cost base to reduce overheads. However, the outlook is now improving with more encouraging levels of confirmed bookings for Summer 2010 courses.

More recently, the Professional Training & Events Division has been buoyed by winning a number of new contracts, which help to underpin our expectations for the current financial year and beyond.

Outlook

The Group has resilient assets, strong market positions, proven management and the determination to deliver sustainable growth. Whilst many of our businesses are producing robust performances and trading conditions are easing in some areas, we remain alert to the general economic outlook and predicting the rate of improvement is difficult in the current climate. As revenue growth remains fragile we continue to concentrate on tight management and cost control. We expect the Group's performance for the six months ending 30 June 2010 to be improved compared to the six months ended 31 December 2009.

We have a strong balance sheet, low gearing, excellent cash flow and significant unutilised committed long-term banking facilities until March 2012. We remain committed to our strategy of purchasing businesses with a strong strategic fit and the capability of generating long-term value, and are ready to take advantage of opportunities which may arise in the future.

Wilmington will continue to develop as a leading provider of training and information to professional business markets. We believe that over the long-term the professional services sector will offer many opportunities for value creation, and that our business model is able to generate real value from improved trading conditions.

David L Summers OBE
Chairman
25 February 2010

[1] Adjusted Profit before Tax – see note 6 in the interim financial statements
[2] Adjusted EBITA – see note 6 in the interim financial statements
[3] Adjusted Earnings per Share – see note 11(a) in the interim financial statements

Consolidated Income Statement

	Notes	Six months ended 31 December 2009 (unaudited) £'000	Six months ended 31 December 2008 (Restated – note 3) (unaudited) £'000	Twelve months ended 30 June 2009 (audited) £'000
Revenue	5	36,948	43,970	86,268
Cost of sales		(12,280)	(14,500)	(27,064)
Gross profit		24,668	29,470	59,204
Operating expenses excluding amortisation, impairment and non-recurring items		(18,636)	(21,894)	(44,647)
Amortisation and impairment		(2,458)	(2,429)	(7,784)
Operating expenses before non-recurring items		(21,094)	(24,323)	(52,431)
Non-recurring items	7	–	(1,317)	(1,674)
Total operating expenses		(21,094)	(25,640)	(54,105)
Operating profit from continuing operations		3,574	3,830	5,099
Finance income		15	53	175
Finance costs		(931)	(1,286)	(2,424)
Profit on continuing activities before income tax		2,658	2,597	2,850
Income tax expense	8	(947)	(1,139)	(1,911)
Profit on continuing activities after income tax		1,711	1,458	939
Loss on discontinued operations after income tax	9	–	(475)	(690)
Net profit for the period		1,711	983	249
Attributable to :				
Equity Shareholders of the Company		1,514	559	(311)
Minority interests		197	424	560
Earnings per share attributable to Equity Shareholders of the Company				
Continuing operations:	11(a)			
Basic earnings per share		1.83p	1.24p	0.46p
Diluted earnings per share		1.81p	1.24p	0.45p
Continuing and discontinued operations:	11(b)			
Basic earnings/(loss) per share		1.83p	0.67p	(0.38)p
Diluted earnings/(loss) per share		1.81p	0.67p	(0.38)p

The notes on pages 10 to 27 are an integral part of these interim financial statements.

Consolidated Statement of Comprehensive Income

	Six months ended 31 December 2009 (unaudited) £'000	Six months ended 31 December 2008 (Restated – note 3) (unaudited) £'000	Twelve months ended 30 June 2009 (audited) £'000
Profit for the period	1,711	983	249
Other comprehensive income			
Cash flow hedge loss	(2)	(1,075)	(1,047)
Exchange translation difference	26	205	(7)
Other comprehensive income for the period, net of tax	24	(870)	(1,054)
Total comprehensive income for the period	1,735	113	(805)
Total comprehensive income attributable to:			
– Equity Shareholders of the Company	1,538	(311)	(1,365)
– Minority interests	197	424	560
	1,735	113	(805)

The notes on pages 10 to 27 are an integral part of these interim financial statements.

Consolidated Statements of Changes in Equity

	Attributable to Equity Shareholders of the Company					
	Share Capital £'000 (see note 15)	Other reserves £'000	Retained earnings £'000	Total £'000	Minority interests £'000	Total equity £'000
Balance at 1 July 2008	43,669	354	16,601	60,624	725	61,349
Profit for the period	–	–	559	559	424	983
Exchange translation difference	–	205	–	205	–	205
Interest rate swap loss taken directly to equity	–	–	(1,493)	(1,493)	–	(1,493)
Tax on interest rate swap loss taken directly to equity	–	–	418	418	–	418
	43,669	559	16,085	60,313	1,149	61,462
Dividends paid	–	–	(3,880)	(3,880)	(428)	(4,308)
Share option reserve	–	175	–	175	–	175
Issue of share capital during the period	61	–	–	61	–	61
Movement in offset of provisions for the future purchase of minority interests	–	–	–	–	43	43
Movement arising from company sold during the period with minority interests	–	–	–	–	(744)	(744)
Share buy-back	(40)	–	–	(40)	–	(40)
Balance at 31 December 2008 (as restated – see below) (unaudited)	43,690	734	12,205	56,629	20	56,649
Balance at 31 December 2008 as previously reported	43,690	734	16,946	61,370	141	61,511
Adjustment relating to discount on provision for acquisition of minority interests (see note 3)	–	–	(1,908)	(1,908)	–	(1,908)
Adjustment relating to change in revenue recognition policy (net of tax) (see note 3)	–	–	(1,969)	(1,969)	(121)	(2,090)
Adjustment relating to write off of deferred tax asset (see note 3)	–	–	(864)	(864)	–	(864)
Balance at 31 December 2008 as restated	43,690	734	12,205	56,629	20	56,649

	Attributable to Equity Shareholders of the Company					
	Share Capital £'000 (see note 15)	Other reserves £'000	Retained earnings £'000	Total £'000	Minority interests £'000	Total equity £'000
Balance at 31 December 2008						
(as restated) (unaudited)	43,690	734	12,205	56,629	20	56,649
Loss for the period	–	–	(870)	(870)	136	(734)
Exchange translation difference	–	(212)	–	(212)	–	(212)
Interest rate swap profit taken directly to equity	–	–	40	40	–	40
Tax on interest rate swap profit taken directly to equity	–	–	(12)	(12)	–	(12)
	43,690	522	11,363	55,575	156	55,731
Dividends paid in the period	–	–	(1,899)	(1,899)	(101)	(2,000)
Share option reserve	–	(95)	–	(95)	–	(95)
Movement arising from company sold during the period with minority interests	–	–	–	–	19	19
Movement in offset of provisions for the future purchase of minority interests	–	–	–	–	162	162
Balance at 30 June 2009	43,690	427	9,464	53,581	236	53,817
Profit for the period	–	–	1,514	1,514	197	1,711
Exchange translation difference	–	26	–	26	–	26
Interest rate swap loss taken directly to equity	–	–	(2)	(2)	–	(2)
Tax on interest rate swap loss taken directly to equity	–	–	–	–	–	–
	43,690	453	10,976	55,119	433	55,552
Dividends paid in the period	–	–	(3,883)	(3,883)	(366)	(4,249)
Share option reserve	–	81	–	81	–	81
Movement in offset of provisions for the future purchase of minority interests	–	–	–	–	240	240
Balance at 31 December 2009 (unaudited)	**43,690**	**534**	**7,093**	**51,317**	**307**	**51,624**

The notes on pages 10 to 27 are an integral part of these interim financial statements.

Consolidated Balance Sheet

	Notes	As at 31 December 2009 (unaudited) £'000	As at 31 December 2008 (Restated – note 3) (unaudited) £'000	As at 30 June 2009 (audited) £'000
Non-current assets				
Goodwill	12	62,687	68,171	62,401
Intangible assets	12	26,407	30,923	28,712
Property, plant and equipment	12	7,419	7,973	7,779
Deferred income tax asset		137	171	486
		96,650	107,238	99,378
Current assets				
Inventories		1,864	2,549	1,342
Trade and other receivables		14,698	17,948	18,407
Derivative financial assets		–	–	25
Cash and cash equivalents		2,576	3,666	1,506
		19,138	24,163	21,280
Total assets		115,788	131,401	120,658
Current liabilities				
Trade and other payables		(26,979)	(29,717)	(31,716)
Current income tax liabilities		(1,550)	(2,053)	(501)
Bank overdrafts		(3,070)	(3,369)	(1,336)
Provisions for future purchase of minority interests	13	(3,328)	(2,551)	(2,148)
		(34,927)	(37,690)	(35,701)
Non-current liabilities				
Bank loans	14	(20,000)	(22,000)	(18,000)
Derivative financial liabilities		(1,047)	(1,083)	(1,045)
Deferred income tax liabilities		(5,838)	(6,807)	(6,685)
Provisions for future purchase of minority interests	13	(2,352)	(7,172)	(5,410)
		(29,237)	(37,062)	(31,140)
Total liabilities		(64,164)	(74,752)	(66,841)
Net assets		51,624	56,649	53,817
Equity				
Share capital	15	4,228	4,228	4,228
Share premium account	15	43,470	43,470	43,470
Treasury shares	15	(4,008)	(4,008)	(4,008)
Translation reserve		71	257	45
Share option reserve		463	477	382
Retained earnings		7,093	12,205	9,464
Shareholders' funds		51,317	56,629	53,581
Minority interests		307	20	236
Total equity attributable to Equity Shareholders of the Company		51,624	56,649	53,817

The notes on pages 10 to 27 are an integral part of these interim financial statements.

Consolidated Cash Flow Statement

	Notes	Six months ended 31 December 2009 (unaudited) £'000	Six months ended 31 December 2008 (Restated – note 3) (unaudited) £'000	Twelve months ended 30 June 2009 (audited) £'000
Net cash flow from operating activities	16	4,019	2,596	8,033
Investing activities				
Purchase of property, plant and equipment	12	(335)	(760)	(1,036)
Proceeds from sale of property, plant and equipment		–	85	98
Purchase of subsidiary undertakings and minority interests		(2,194)	(976)	(678)
Cash acquired on purchase of subsidiary undertakings		–	–	–
Cash movement on disposal of subsidiary undertakings		250	(224)	(224)
Proceeds from sale of subsidiary undertakings		–	5	457
Purchase of intangible assets	12	(165)	(206)	(558)
Proceeds from sale of intangible assets		10	–	301
Net cash used in investing activities		(2,434)	(2,076)	(1,640)
Financing activities				
Dividends paid to Equity Shareholders of the Company		(3,883)	(3,880)	(5,779)
Dividends paid to minority shareholders in subsidiary undertakings		(366)	(428)	(529)
Issue of ordinary shares		–	61	61
Increase in long-term loans		2,000	4,000	–
Purchase of treasury shares	15	–	(40)	(40)
Net cash used in financing activities		(2,249)	(287)	(6,287)
Net (decrease)/increase in cash and cash equivalents		(664)	233	106
Cash, cash equivalents and bank overdrafts at beginning of the period		170	64	64
Cash, cash equivalents and bank overdrafts at end of the period		(494)	297	170
Reconciliation of net debt				
Cash and cash equivalents at beginning of the period		1,506	3,697	3,697
Bank overdraft at beginning of the period		(1,336)	(3,633)	(3,633)
Borrowings at beginning of the period		(18,000)	(18,000)	(18,000)
Net debt at beginning of the period		(17,830)	(17,936)	(17,936)
Net (decrease)/increase in cash and cash equivalents		(664)	233	106
Increase in long-term loans		(2,000)	(4,000)	–
Cash and cash equivalents at end of the period		2,576	3,666	1,506
Bank overdrafts at end of the period		(3,070)	(3,369)	(1,336)
Borrowings at end of the period	14	(20,000)	(22,000)	(18,000)
Net debt at end of the period		(20,494)	(21,703)	(17,830)

The notes on pages 10 to 27 are an integral part of these interim financial statements.

Notes to the Accounts

1. General information

The Company is a limited liability company incorporated and domiciled in the UK. The address of its registered office is 19-21 Christopher Street, London, EC2A 2BS.

The Company has its primary listing on the London Stock Exchange.

This condensed consolidated interim financial information was approved for issue on 25 February 2010.

This condensed consolidated interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 30 June 2009 were approved by the Board of Directors on 25 September 2009 and delivered to the Registrar of Companies. The report of the Auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

This condensed consolidated interim financial information has not been reviewed or audited.

2. Basis of preparation

This condensed consolidated interim financial information for the six months ended 31 December 2009 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34, "Interim financial reporting" as adopted by the European Union. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 30 June 2009, which have been prepared in accordance with IFRSs as adopted by the European Union.

The Group's forecast and projections, taking account of reasonably possible changes in trading performance, show that the Group will be able to operate well within the level of its current banking facilities. The Directors have therefore adopted a going concern basis in preparing these interim financial statements.

3. Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 30 June 2009, as described in those annual financial statements.

As explained in those financial statements, during the year ended 30 June 2009, management reviewed the accounting policies adopted by the Group and made the following adjustments to be in line with industry best practice:

- Revenue recognition relating to online content was amended. Online directory advertisement revenue, which historically was recognised on publication, is now recognised over the period that the advertisement remains online.
- In addition, the movement relating to the unwinding of the discount on the provision for the future purchase of minority interests, which was previously treated as an adjustment to goodwill, is now reflected in the Income Statement as a finance charge over the discounting period and also a deferred tax asset relating to the amortisation of non-qualifying intangible assets acquired prior to April 2002, which was first recognised on the transition to IFRS, whilst remaining a potential benefit, is no longer recognised in the Consolidated Balance Sheet.

3. Accounting policies continued

The comparative figures for the six months ended 31 December 2008 have been amended to reflect these changes in accounting policies. The effect of these adjustments (which are not affected by the reclassification of certain operations to discontinued) at 31 December 2008 is to reduce goodwill from £70,079,000 to £68,171,000, to increase deferred revenue carried forward from £9,935,000 to £12,838,000, decrease income tax liabilities from £2,866,000 to £2,053,000, increase deferred tax liabilities from £5,943,000 to £6,807,000 and to reduce Shareholders' funds from £61,370,000 to £56,629,000 with a minority interest reduction from £141,000 to £20,000.

Taxes on income in the interim periods are accrued using the expected annual effective tax rate that would be applicable to expected total annual earnings.

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year beginning 1 July 2009:

- IAS 1 (revised), "Presentation of financial statements". The revised standard prohibits the presentation of items of income and expenses (that is "non-owner changes in equity") in the statement of changes in equity, requiring "non-owner changes in equity" to be presented separately from owner changes in equity. All "non-owner changes in equity" are required to be shown in a performance statement.

  The Group has elected to present two statements: an Income Statement and a Statement of Comprehensive Income. The interim financial statements have been prepared under the revised disclosure requirements.

- IFRS 3 (revised), "Business combinations" and consequential amendments to IAS 27, "Consolidated and separate financial statements", IAS 28, "Investments in associates" and IAS 31, "Interests in joint ventures", effective prospectively to business combinations for which the acquisition date is on or after 1 July 2009.

- IFRS 7 (amendment), "Financial instruments – disclosures". Management is assessing the impact of the new requirements on the disclosures that will be required in the financial statements for the year ended 30 June 2010.

- IFRS 8, "Operating segments".

  This standard was early adopted in the Group's annual financial statements for the year ended 30 June 2009.

3. Accounting policies continued

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year beginning 1 July 2009, but are not currently relevant for the Group:

- IFRS 2 (amendment), ''Share–based payment''.
- IAS 23 (revised) ''Borrowing Costs''.
- IAS 39 (amendment), "Financial instruments: Recognition and measurement".
- IFRIC 17, "Distributions of non-cash assets to owners".
- IFRIC 18, "Transfers of assets from customers".

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 July 2009 and have not been early adopted:

- IFRS 5 (amendment), "Non-current Assets held for sale and discontinued operations". This amendment is not expected to be relevant to the Group.
- IFRS 9, "Financial instruments" effective for accounting periods beginning on or after 1 January 2013. Management will assess the impact on the Group of this standard prior to its effective date of implementation.
- IFRIC 19 (amendment), "Extinguishing Financial Liabilities with Equity Instruments" effective for accounting periods beginning on or after 1 July 2010. This standard is not expected to be relevant to the Group.

4. Risks and uncertainties

The Group's principal risks and uncertainties remain as stated on pages 11 and 12 of the Business Review in the Annual Report and Accounts for the year ended 30 June 2009.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk and foreign currency risk.

4. Risks and uncertainties continued

The Board reviews and agrees policies for managing each of these risks and they are summarised below. These policies are unchanged from the previous year.

a) Interest rate risk

The Group finances its operations through a mixture of retained profits and bank borrowings. The Group has expanded rapidly its operations both organically and by acquisition. This expansion has led on occasions to the need for external finance. The Board has chosen a credit facility with a floating rate of interest linked to LIBOR and has hedged its interest exposure on a proportion of this facility during the period. In November 2006 the Group entered into a 5 year £15 million interest rate swap whereby it receives interest on £15 million based on 3 month LIBOR and pays interest on £15 million at a fixed rate of 5.23%. This derivative has been designated as a cash-flow hedge in order to manage interest rate risk associated with the first £15 million of the credit facility. Payments received under the swap have been matched against interest paid quarterly during the period and the gain/(loss) on the hedge has been recognised in equity, following the Directors' assessment of the hedge's effectiveness.

b) Liquidity risk

The Group and Company's policy throughout the period has been to ensure continuity of funding by the use of a £5 million overdraft facility, a £5 million money market line and a committed revolving credit facility of £60 million. At 31 December 2009, the Group had undrawn committed borrowing facilities of £40 million, comprising a revolving credit facility provided by Barclays Capital, HSBC and Royal Bank of Scotland. Any non-compliance with covenants within the borrowing arrangements could, if not waived, constitute an event of default with respect to such arrangements. The Group is fully compliant with its financial covenants throughout each of the periods presented.

c) Foreign currency risk

The Group has a substantial customer base overseas. The Group maintains bank accounts in foreign currency and converts this currency to sterling at the appropriate times minimising the exposure to exchange fluctuations. On 14 May 2009, the Group sold forward to 5 October 2009, US$500,000 at a rate of 1.5155. This approximates to the US dollar after tax profits of Matchett Group, the Group's financial operation in the US. The Group did not apply hedge accounting to this transaction and the gain was recognised in the Income Statement.

5. Segmental information

(a) Operating segments are reported in a manner consistent with the internal reporting provided to the Company's Board of Directors.

Six months ended 31 December 2009 (unaudited)

	Professional Training & Events £'000	Professional Publishing & Information £'000	Total £'000
Revenue	20,797	16,151	36,948
Segmental profit before amortisation and impairment	2,824	4,494	7,318
Amortisation and impairment	(1,177)	(1,219)	(2,396)
Segmental profit after amortisation and impairment	1,647	3,275	4,922
Unallocated central overheads (including amortisation of £62,000)			(1,348)
Profit from continuing operations before non-recurring items			3,574
Non-recurring items (see note 7)			–
Profit from continuing operations after non-recurring items			3,574
Net finance costs			(916)
Profit on continuing activities before income tax			2,658
Income tax expense			(947)
Profit on continuing activities after income tax			1,711
Loss from discontinued operations			–
Net profit for the period			1,711

5. Segmental information continued

Six months ended 31 December 2008 (as restated – note 3) (unaudited)

	Professional Training & Events £'000	Professional Publishing & Information £'000	Total £'000
Revenue	26,527	17,443	43,970
Segmental profit before amortisation and impairment	4,305	4,565	8,870
Amortisation and impairment	(1,230)	(1,185)	(2,415)
Segmental profit after amortisation and impairment	3,075	3,380	6,455
Unallocated central overheads (includes amortisation of £14,000)			(1,308)
Profit from continuing operations before non-recurring items			5,147
Non-recurring items (see note 7)			(1,317)
Profit from continuing operations after non-recurring items			3,830
Net finance costs			(1,233)
Profit on continuing activities before income tax			2,597
Income tax expense			(1,139)
Profit on continuing activities after income tax			1,458
Loss from discontinued operations			(475)
Net profit for the period			983

5. Segmental information continued

Twelve months ended 30 June 2009

	Professional Training & Events £'000	Professional Publishing & Information £'000	Total £'000
Revenue	47,701	38,567	86,268
Segmental profit before amortisation and impairment	6,909	10,418	17,327
Amortisation and impairment	(5,261)	(2,446)	(7,707)
Segmental profit after amortisation and impairment	1,648	7,972	9,620
Unallocated central overheads (includes amortisation of £77,000)			(2,847)
Profit from continuing operations before non-recurring items			6,773
Non-recurring items (see note 7)			(1,674)
Profit from continuing operations after non-recurring items			5,099
Net finance costs			(2,249)
Profit on continuing activities before income tax			2,850
Income tax expense			(1,911)
Profit on continuing activities after income tax			939
Loss from discontinued operations			(690)
Net profit for the year			249

(b) Further segmental information by geography

The geographical analysis of revenue by destination is as follows:

	Six months ended 31 December 2009 (unaudited) £'000	Six months ended 31 December 2008 (Restated – note 3) (unaudited) £'000	Twelve months ended 30 June 2009 (audited) £'000
United Kingdom	28,405	34,892	70,774
Overseas	8,543	9,078	15,494
	36,948	43,970	86,268

6. Adjusted Profit

Adjusted Profit is defined as profit before income tax, amortisation and impairment, unwinding of the discount on the provision for the future purchase of minority interests, share-based payments and non-recurring items and reconciles to profit on continuing activities before income tax as follows:

	Six months ended 31 December 2009 (unaudited) £'000	Six months ended 31 December 2008 (Restated – note 3) (unaudited) £'000	Twelve months ended 30 June 2009 (audited) £'000
Profit on continuing activities before income tax	2,658	2,597	2,850
Amortisation of intangible assets	2,458	2,429	5,034
Impairment of goodwill	–	–	2,750
Unwinding of the discount on the provision for the future purchase of minority interests	270	442	927
Share-based payments	119	175	80
Non-recurring items (see note 7)	–	1,317	1,674
Adjusted Profit before Tax	5,505	6,960	13,315
Net interest and facility fees	646	791	1,322
Adjusted EBITA	6,151	7,751	14,637

7. Operating profit from continuing operations

The following items of an unusual nature, size or incidence have been charged to operating profit during the period and shown as non-recurring items.

	Six months ended 31 December 2009 (unaudited) £'000	Six months ended 31 December 2008 (unaudited) £'000	Twelve months ended 30 June 2009 (audited) £'000
Restructuring costs (see below)	–	717	1,124
Abortive transaction costs	–	600	550
	–	1,317	1,674

Restructuring costs reflect specific reorganisation and redundancy costs.

8. Income tax expense

	Six months ended 31 December 2009 (unaudited) £'000	Six months ended 31 December 2008 (Restated – note 3) (unaudited) £'000	Twelve months ended 30 June 2009 (audited) £'000
The tax charge comprises:			
UK corporation tax at current rates	1,085	1,233	2,812
Adjustment to previous period	(63)	57	(397)
	1,022	1,290	2,415
Foreign tax	430	362	558
Total current tax	1,452	1,652	2,973
Deferred income tax credit	(505)	(513)	(1,062)
Income tax expense	947	1,139	1,911

9. Loss for the period from discontinued operations

During the twelve months ended 30 June 2009, the Group disposed of its interests in Muze Europe Limited, a music information business, HPCi, a magazine publishing business and Press Gazette magazine. The consideration received for the Group's stake in Muze Europe Limited was £500,000 of which £250,000 was received on completion together with repayment of an intercompany loan. The remaining £250,000 was received in May 2009. The consideration for HPCi is £500,000 of which £250,000 was received in October 2009 and the remainder is due in October 2010. The consideration received for the sale of Press Gazette magazine was £75,000.

The results of these businesses are treated as discontinued operations, their net result has been included in the Consolidated Income Statement as the loss on discontinued operations after income tax and the comparatives have been restated on a consistent basis.

During the six months ended 31 December 2009, no operations met the definition of discontinued operations.

	Six months ended 31 December 2009 (unaudited) £'000	Six months ended 31 December 2008 (unaudited) £'000	Twelve months ended 30 June 2009 (audited) £'000
Revenue	–	1,005	1,071
Expenses	–	(1,181)	(1,466)
Loss before amortisation and income tax	–	(176)	(395)
Amortisation	–	(166)	(128)
Loss before income tax	–	(342)	(523)
Attributable tax credit	–	98	147
Net operating loss attributable to discontinued operations	–	(244)	(376)
Loss on disposal of discontinued operations	–	(89)	(286)
Attributable tax charge	–	(142)	(28)
	–	(231)	(314)
Loss on discontinued operations after income tax	–	(475)	(690)

10. Dividends

Amounts recognised as distributions to Equity Shareholders in the period.

	Six months ended 31 December 2009 pence per share (unaudited)	Six months ended 31 December 2008 pence per share (unaudited)	Twelve months ended 30 June 2009 pence per share (audited)	Six months ended 31 December 2009 £'000 (unaudited)	Six months ended 31 December 2008 £'000 (unaudited)	Twelve months ended 30 June 2009 £'000 (audited)
Final dividends recognised as distributions in the period	4.70	4.70	4.70	3,883	3,880	3,879
Interim dividends recognised as distributions in the period	–	–	2.30	–	–	1,900
Total dividends paid	4.70	4.70	7.00	3,883	3,880	5,779
Dividend proposed	3.50	2.30	4.70	2,892	1,900	3,883

11. Earnings per share

To allow Shareholders to gain a better understanding of the trading performance of the Group, adjusted earnings per ordinary share has been calculated using an adjusted profit after taxation and minority interests but before amortisation and impairment of intangible assets and goodwill, share-based payments, unwinding of the discount on the provision for the future purchase of minority interests and post-taxation non-recurring costs.

11. Earnings per share continued

(a) From continuing operations

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

	Six months ended 31 December 2009 (unaudited) £'000	Six months ended 31 December 2008 (Restated – note 3) (unaudited) £'000	Twelve months ended 30 June 2009 (audited) £'000
Earnings from continuing and discontinued operations for the purpose of basic earnings per share	1,514	559	(311)
Add back loss from discontinued operations	–	475	690
Earnings from continuing operations for the purpose of basic earnings per share	1,514	1,034	379
Add: Amortisation (net of minority interest effect)	2,452	2,424	5,021
Non-recurring items	–	1,317	1,674
Share based payments	119	183	80
Unwinding of the discount on the provision for the future purchase of minority interests	270	442	927
Impairment	–	–	2,750
Tax effect	(720)	(1,099)	(2,157)
Adjusted earnings for the purpose of adjusted earnings per share	3,635	4,301	8,674
	Number	Number	Number
Weighted average number of ordinary shares for the purpose of basic and adjusted earnings per share	82,615,679	83,358,367	82,590,096
Effect of dilutive potential ordinary shares:			
Exercise of share options	1,134,927	74,939	806,790
Weighted average number of ordinary shares for the purpose of diluted earnings per share	83,750,606	83,433,306	83,396,886
Basic earnings per share	1.83p	1.24p	0.46p
Diluted earnings per share	1.81p	1.24p	0.45p
Adjusted basic earnings per share	4.40p	5.16p	10.50p
Adjusted diluted earnings per share	4.34p	5.16p	10.40p

11. Earnings per share continued

(b) From continuing and discontinued operations

	Six months ended 31 December 2009 (unaudited) £'000	Six months ended 31 December 2008 (Restated – note 3) (unaudited) £'000	Twelve months ended 30 June 2009 (audited) £'000
Earnings from continuing and discontinued operations for the purpose of basic earnings per share	1,514	559	(311)
Add: Amortisation (net of minority interest effect)	2,452	2,590	5,139
Non-recurring items	–	1,317	1,674
Share-based payments	119	183	80
Unwinding of the discount on the provision for the future purchase of minority interests	270	442	927
Impairment	–	–	2,750
Tax effect	(720)	(1,145)	(2,190)
Adjusted earnings for the purpose of adjusted earnings per share	3,635	3,946	8,069
Basic earnings/(loss) per share	1.83p	0.67p	(0.38)p
Diluted earnings/(loss) per share	1.81p	0.67p	(0.38)p
Adjusted basic earnings per share	4.40p	4.73p	9.77p
Adjusted diluted earnings per share	4.34p	4.73p	9.68p

(c) From discontinued operations

	Six months ended 31 December 2009 (unaudited) £'000	Six months ended 31 December 2008 (Restated – note 3) (unaudited) £'000	Twelve months ended 30 June 2009 (audited) £'000
Loss from discontinued operations for the purpose of basic earnings per share	–	(475)	(690)
Add: Amortisation (net of minority interest effect)	–	166	118
Tax effect	–	(46)	(33)
Adjusted loss for the purpose of adjusted earnings per share	–	(355)	(605)
Basic loss per share	–	(0.57)p	(0.84)p
Diluted loss per share	–	(0.57)p	(0.84)p
Adjusted loss per share	–	(0.43)p	(0.73)p
Adjusted diluted loss per share	–	(0.43)p	(0.73)p

12. Property, plant and equipment, intangible assets and goodwill

	Property, plant and equipment £'000	Intangible assets £'000	Goodwill £'000
Opening net book amount at 1 July 2008	8,263	34,818	67,969
Additions	760	206	–
Acquisitions and sales	(63)	(1,506)	262
Disposals	(92)	–	(103)
Exchange translation differences	7	–	–
Depreciation and amortisation	(902)	(2,595)	–
Movement in offset of provision for future acquisition of minority interests	–	–	43
Closing net book amount at 31 December 2008 (as restated)	7,973	30,923	68,171
Additions	276	352	–
Acquisitions and sales	–	–	(426)
Disposals	(128)	4	–
Exchange translation differences	20	–	–
Depreciation and amortisation	(362)	(2,567)	–
Impairment	–	–	(2,750)
Change in provisions for the future purchase of minority interests	–	–	(2,756)
Movement in offset of provisions for future acquisition of minority interests	–	–	162
Closing net book amount at 30 June 2009	7,779	28,712	62,401
Additions	335	165	–
Acquisitions and sales	–	–	46
Disposals	(1)	(12)	–
Exchange translation differences	103	–	–
Depreciation and amortisation	(797)	(2,458)	–
Movement in offset of provisions for future acquisition of minority interests	–	–	240
Closing net book amount at 31 December 2009	**7,419**	**26,407**	**62,687**

13. Provisions for future purchase of minority interests

	Group Current provisions £'000	Group Non current provisions £'000
At 1 July 2008	939	9,268
Provisions utilised in respect of acquisitions of minority interests	(939)	–
Unwinding of discount	–	442
Change in value of existing provisions	–	13
Non-current provisions becoming current	2,551	(2,551)
At 31 December 2008 (as restated)	2,551	7,172
Provisions utilised in respect of acquisitions of minority interests	–	–
Unwinding of discount	–	485
Change in value of existing provisions	(403)	(2,247)
Non-current provisions becoming current	–	–
At 30 June 2009	2,148	5,410
Provisions utilised in respect of acquisitions of minority interests	(2,148)	–
Unwinding of discount	–	270
Change in value of existing provisions	–	–
Non-current provisions becoming current	3,328	(3,328)
At 31 December 2009	**3,328**	**2,352**

Provisions represent the estimated future cost (discounted to reflect the time value of money) required to settle put options held by minority shareholders over minority interest shares, should said put options be exercised.

The actual settlement timing and value is dependant upon when (and if) the minority shareholders choose to exercise their options and the profitability of the underlying companies at the date of exercise. For the purposes of estimating the above provision it has been assumed that put options are exercised at the first available opportunity.

During the period the Group acquired 5% of the issued share capital of Beechwood Publishing Limited and the remaining 15% of the issued share capital of Ark Group Limited under the terms of put agreements based on a predetermined multiple of the average prior two years profits for a total consideration of £2.194m.

14. Bank loans

	31 December 2009 £'000	31 December 2008 £'000	30 June 2009 £'000
Current	–	–	–
Non-current	20,000	22,000	18,000
	20,000	22,000	18,000

15. Share capital

	Number of shares of 5p each	Ordinary shares £'000	Share premium £'000	Treasury shares £'000	Total £'000
Opening balance					
at 1 July 2008	82,569,679	4,224	43,413	(3,968)	43,669
Proceeds from shares issued :					
Employee share option scheme	71,000	4	57	–	61
Purchase of treasury shares	(25,000)	–	–	(40)	(40)
At 31 December 2008	82,615,679	4,228	43,470	(4,008)	43,690
Proceeds from shares issued :					
Employee share option scheme	–	–	–	–	–
Purchase of treasury shares	–	–	–	–	–
At 30 June 2009	82,615,679	4,228	43,470	(4,008)	43,690
Proceeds from shares issued :					
Employee share option scheme	–	–	–	–	–
Purchase of treasury shares	–	–	–	–	–
At 31 December 2009	82,615,679	4,228	43,470	(4,008)	43,690

During the twelve months ended 30 June 2009, 71,000 ordinary shares were issued in respect of share options exercised by members of staff. As part of the Company's share buy-back programme, during the twelve months ended 30 June 2009, the Company purchased 1,942,000 shares at a value of £4,008,000. These are shown as Treasury shares in the balance sheet.

16. Net cash flow from operating activities

	Note	Six months ended 31 December 2009 (unaudited) £'000	Six months ended 31 December 2008 (Restated – note 3) (unaudited) £'000	Twelve months ended 30 June 2009 (audited) £'000
Profit from operations before non-recurring items		3,574	5,147	6,773
Non-recurring items	7	–	(1,317)	(1,674)
Operating profit from continuing operations		3,574	3,830	5,099
Operating loss from discontinued operations	9	–	(342)	(523)
Depreciation of property, plant and equipment	12	797	902	1,264
Amortisation of intangible assets	12	2,458	2,595	5,162
Impairment of goodwill	12	–	–	2,750
Loss on disposal of property, plant and equipment		–	–	25
Loss on disposal of intangible assets		2	–	–
Share-based payments		119	175	80
Operating cash flows before movements in working capital		6,950	7,160	13,857
(Increase)/decrease in inventories		(522)	(780)	427
Decrease in receivables		3,484	5,764	4,748
(Decrease) in payables		(4,927)	(6,935)	(5,105)
Cash generated by operations		4,985	5,209	13,927
Tax paid		(403)	(1,858)	(4,704)
Interest paid		(578)	(755)	(1,365)
Interest received		15	–	175
Net cash flow from operating activities		4,019	2,596	8,033

The Group manages its treasury function on a group wide basis. As a result it is not practicable to separately identify the movements in working capital attributable to discontinued operations. The operating cash flow from discontinued operations before movements in working capital for the six months ended 31 December 2008 was an outflow of £176,000 (twelve months ended 30 June 2009: outflow of £395,000). There were no investing or financing activities for discontinued operations during any of the periods.

17. Related party transactions

The only related party transactions to have taken place during the period were normal business transactions between the Company and its subsidiary undertakings.

Certain administrative expenses totalling £159,000 for the six months ended 31 December 2009 (2008: £145,000) have been recharged by the Company at cost to its subsidiaries.

Finance has been provided to the Company by one of its subsidiaries at commercial rates of interest for the six months ended 31 December 2009 totalling £Nil (2008: £39,000). In addition the Company has provided finance to one of its subsidiaries at commercial rates of interest for the six months ended 31 December 2009 totalling £Nil (2008: £330,000).

18. Seasonality

The Group has traditionally generated the majority of its revenues and profits during the second half of the financial year. This has historically resulted from two factors. Firstly, most of the Group's businesses (the notable exception being The Matchett Group) produce seasonally low sales in July, August and December which include holiday periods for many of the Group's clients. Secondly, the Publishing business produces a number of annual directory and database products, most of which are published in the second half of the financial year. To the extent that revenue is generated in the hard copy products this is recognised on publication. To the extent revenue relates to online content revenue is recognised over the period the content remains online. The migration over recent years of much of this revenue to the online products has resulted in a corresponding reduction in the seasonality of this revenue.

Responsibility Statement

We confirm that to the best of our knowledge:

- The condensed set of financial statements has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU;
- The interim Report includes a fair review of the information required by:

  (a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

  (b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last Annual Report that could do so.

On behalf of the Board

R Basil Brookes
Group Finance Director
25 February 2010

Officers

Directors:

David L Summers OBE
Non-Executive Chairman

Charles J Brady
Chief Executive

R Basil Brookes
Finance Director

Rory A Conwell
Executive Director

Mark Asplin
Non-Executive Director

Terry Garthwaite
Non-Executive Director

Secretary:

Richard Cockton
Company Secretary

Registered Office :

19-21 Christopher Street
London EC2A 2BS
Tel: +44(0) 20 7422 6800
Fax: +44(0) 20 7422 6822

Company Registration No. 3015847

Created by
Jonesandpalmer
www.jonesandpalmer.co.uk
empowering corporate communications

Wilmington Group plc

19-21 Christopher Street
London EC2A 2BS

Tel: +44(0) 20 7422 6800
Fax: +44(0) 20 7422 6822

www.wilmington.co.uk