Wilmington

Wilmington Group plc

Interim Report for the six months ended 31 December 2011

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

We are committed to building solid, lasting relationships with the insight to anticipate and adapt to our clients' needs and to be seen as a clear leader in our markets. We are a professional business which aims to transform potential into performance.

Our companies enable professionals and their organisations to perform better by providing essential, high quality and accessible information, training and knowledge. The result is outstanding performance for clients in a wide range of sectors. We share ideas and successes across the group, harness shared services and focus on customers' needs. Wilmington has an entrepreneurial and creative culture, so initiatives can be realised quickly.

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Pro-active Adaptable Collaborative High quality Professional

Interim Management Report
For the six months ended 31 December 2011

I am pleased to present my first report as Chairman of Wilmington, on the results for the six months ended 31 December 2011. During the period under review Wilmington has performed in line with management expectations and produced a solid performance, with revenues increasing by 5.0% to £41.6m. Adjusted EBITA[1] was in line with the prior year at £6.8m. As expected, the cost of borrowing increased significantly following the renewal of the Group's banking facilities in June 2011; accordingly Adjusted Profit before Tax[2] was £5.5m against £6.1m for the corresponding period in the prior year.

Business Strategy

Wilmington's key strategy is to increase shareholder value by delivering long term, sustainable and growing profits from servicing the information and training requirements of professional business markets.

In recent years the Group has sought to take advantage of the opportunities available to it and to address the challenges in the UK legal market and the ongoing structural change in the publishing business through:-

- continued focus on operational efficiency,
- the development of new training programmes, and
- investment in subscription based information businesses with deep content delivered electronically.

A consequence of adopting this strategy has been an unprecedented level of development activity to generate new or additional revenue streams, many of which are deferred over the period of the underlying subscription. Deferred revenue is at a seasonally adjusted high of £17.4m (2010: £16.8m), an indication of the early success of our strategy.

Whilst these actions have impacted short term profits we believe that benefit will be seen in higher margins and higher profits over the next three years. Within this timescale our ambition is to grow profits organically by 50%. The incentivisation schemes for many senior managers reflect this ambition.

Axco, which was acquired in September 2010, continues to perform in line with our expectations, delivering 9% underlying sales growth in the period. We have enjoyed excellent renewal rates for our existing subscriptions, which have been in excess of 100% by value in the period. This, combined with the transition of many of our key international insurance company clients into long term contracts, provides us with a firm foundation upon which to grow the business. Work has continued on the development of unique statistical and analytical content, tools and services for our customers as well as the creation of a new content management system which will create exciting operational benefits for both us and clients. We have also invested in our sales and account management teams to allow us to sell these new products and services to both our existing client base and to new organisations globally.

We announced in November that a review had been completed of the legal training business and a plan initiated. As we indicated at the time, this and other cost saving initiatives are expected to deliver annualised cost savings of £1m per year. We are confident that the new management structure and refreshed course programmes will, over time, deliver improved business performance.

Financial Performance

Revenue in the six months to 31 December 2011 increased by 5.0% to £41.6m (2010: £39.7m). On a like-for-like basis (excluding the impact of acquisitions in the period and part way through the prior period) revenue was broadly unchanged from the previous period. Adjusted EBITA[1] was unchanged at £6.8m (2010: £6.8m).

Adjusted Profit before Tax[2] decreased by 9.3% to £5.5m (2010: £6.1m). This reflects the significantly higher finance costs incurred following the renewal in June 2011 of the Company's banking facilities. The impact of this on the first half finance costs was approximately £0.5m. From December 2011 the Group's effective cost of borrowing has reduced as a result of the maturity in November 2011 of a 5 year interest rate swap on £15m of debt at 5.23%

against 3 month LIBOR. This was replaced by a 5 year swap at 2.68% and a further £10m 3 year interest swap became effective in November 2011 at 2.12% against 3 month LIBOR. Profit before Tax decreased to £0.9m (2010: £2.5m) reflecting increases in non-recurring items and amortisation.

Adjusted Earnings per Share[3] decreased by 3.9% to 4.67p (2010: 4.86p). Basic earnings per share decreased to 0.61p (2010: 1.57p).

Operating cash flow remained healthy at £5.7m (2010: £6.4m) representing 93.9% of operating profit before amortisation, net finance costs and taxation (2010: 98.3%).

At 31 December 2011 the net assets of the Group were £50.1m (2010: £50.9m) with deferred revenue of £17.4m (2010: £16.8m). At 31 December 2011 the Group had net debt of £41.5m (2010: £40.9m) representing 63.8% utilisation of the Group's facilities which are committed to February 2016.

Publishing & Information

The Publishing & Information Division has delivered a solid performance in the six months to 31 December 2011, benefiting from a strong subscription based business model and the increasing digital delivery of high quality content. Information sales and subscriptions represented 87% of the Division's revenue (2010: 84%) and digital revenues as a percentage of sales improved to 79% (2010: 75%).

Segmental revenue increased by 11.9% to £19.9m (2010: £17.7m). This includes the impact of a full six months revenue from Axco, which was acquired half way through the corresponding period in the prior year. Excluding Axco, like-for-like revenues grew by 1% despite the closure of 16 print products in July 2011.

Segmental profits before non recurring items, central overheads, share based payments, amortisation, net finance costs and tax have grown by 8.6% to £5.2m (2010: £4.8m).

Wilmington Business Intelligence ("WBI") is continuing its transformation towards a fully digital business. During the period a number of print products were closed, with the result that revenues declined by 8% compared to the corresponding period in the prior year and we envisage further reductions in print products during the next twelve months. At the same time we saw increasing revenues from recently launched digital products albeit these revenues, as previously highlighted, will be received over the period of subscription.

Our Professional Services division has benefited from its new Dubai research centre becoming fully operational during the period. The Middle East is an important region for the credit insurance market and this centre will allow us to serve more effectively our global customers.

The Healthcare businesses in the UK and France achieved revenue growth of 13%.

Training & Events

The Training & Events Division has delivered a mixed performance during the first six months of the financial year. Overall segmental revenues were broadly unchanged at £21.8m (2010: £21.9m).

Increased market share saw Matchett Group, which provides graduate entrant training to international investment banks, achieve good revenue growth, with like-for-like revenues 12% ahead of the prior year. This was achieved however in an environment where there has been pressure on margins.

Mercia, our accountancy training business, achieved revenue growth of 9% ahead of the prior year, primarily reflecting the acquisition of a portfolio of CPD courses from CCH in August.

The International Compliance Training ("ICT") business revenues were in line with the corresponding period for the prior year with a number of new revenue streams expected to commence in the second half of the financial year in Malaysia and Australia. ICT has also expensed the development cost of major bespoke programmes for International Financial Regulators and major Financial Institutions which will contribute to its performance in the second half of our financial year.

As we have previously reported, the legal training business has experienced continuing difficult trading conditions. Revenues in this part of the business fell by 14% in the first six months of the financial year compared to the corresponding period in the prior year. We have undertaken a detailed review of the business and implemented a plan, including a new management team, headcount reductions, modified course programmes and refocused marketing and sales, to better address the challenges and opportunities in this market.

Segmental profits in the six months to 31 December 2011, before non-recurring items, central overheads, share based payments, amortisation, net finance costs and tax were 6.2% lower at £2.9m (2010: £3.1m). This decline predominantly reflects the movement in revenues in the highly operationally geared legal training business and the continued investment in the compliance training business, where we expect to see revenue growth in the second half of the financial year.

Dividend

It is the Board's intention to maintain the dividend at the same level as the prior year. An interim dividend of 3.5p per share (2010: interim 3.5p, June 2011 final 3.5p) will be paid on 12 April 2012 to shareholders on the register as at 16 March 2012.

Board Changes

I was delighted that during the period we were able to welcome to the Board two new Non-Executive Directors, Derek Carter and Nathalie Schwarz. Derek has a wealth of experience in B2B media whilst Nathalie, who is a qualified solicitor, has considerable experience in broadcast media. The Board is already benefiting from their contribution.

It would be remiss of me not to thank my predecessor as Chairman, David Summers, for his contribution to the Company over many years. David took the Chair at a time when the Company was predominantly known as a publisher of trade magazines and he oversaw a transformation of the business. David retired from the Board on 31 December 2011 and we wish him well in his retirement.

Outlook

Our outlook for the full year remains unchanged. Whilst economic conditions remain tough generally, most areas of our business have been resilient. The cost savings and management initiatives which have already been implemented in response to this should result in an outcome for the full year in line with our expectations.

The investments made during the last financial year and those being made this year are expected to continue to transition the business to a higher margin and higher quality business which can deliver our medium term growth ambitions.

Mark Asplin
Chairman
28 February 2011

[1] Adjusted EBITA – see note 5 to the interim financial statements
[2] Adjusted Profit before Tax – see note 5 to the interim financial statements
[3] Adjusted Earnings per Share – see note 11 to the interim financial statements

Consolidated Income Statement

	Notes	Six months ended 31 December 2011 (unaudited) £'000	Six months ended 31 December 2010 (unaudited) £'000	Twelve months ended 30 June 2011 (audited) £'000
Revenue	6	**41,635**	39,671	83,779
Cost of sales		**(13,401)**	(12,361)	(25,463)
Gross profit		**28,234**	27,310	58,316
Operating expenses excluding amortisation and non-recurring items		**(21,820)**	(20,798)	(44,008)
Amortisation		**(3,082)**	(2,705)	(5,711)
Operating expenses before non-recurring items		**(24,902)**	(23,503)	(49,719)
Non-recurring items	7	**(1,003)**	(475)	(715)
Total operating expenses		**(25,905)**	(23,978)	(50,434)
Operating profit		**2,329**	3,332	7,882
Finance income		**24**	20	20
Finance costs		**(1,414)**	(883)	(1,825)
Profit on continuing activities before income tax		**939**	2,469	6,077
Income tax expense	8	**(229)**	(914)	(1,448)
Profit for the period		**710**	1,555	4,629
Attributable to:				
Equity Shareholders of the Company		**512**	1,299	4,306
Non-controlling interests		**198**	256	323
		710	1,555	4,629
Earnings per share attributable to Equity Shareholders of the Company	11			
Basic earnings per share		**0.61p**	1.57p	5.20p
Diluted earnings per share		**0.59p**	1.53p	5.07p

The above Consolidated Income Statement should be read in conjunction with the accompanying notes.

All items in the current and comparative periods relate to continuing activities.

Consolidated Statement of Comprehensive Income

	Six months ended 31 December 2011 (unaudited) £'000	Six months ended 31 December 2010 (unaudited) £'000	Twelve months ended 30 June 2011 (audited) £'000
Profit for the period	**710**	1,555	4,629
Other comprehensive income			
Interest rate swap fair value (loss)/gain taken directly to equity	**(786)**	617	437
Tax on interest rate swap fair value (loss)/gain taken directly to equity	**204**	(171)	(133)
Exchange translation difference	**(49)**	3	43
Other comprehensive income for the period, net of tax	**(631)**	449	347
Total comprehensive income for the period	**79**	2,004	4,976
Total comprehensive income for the period attributable to:			
Equity Shareholders of the Company	**(124)**	1,748	4,666
Non-controlling interests	**203**	256	310
	79	2,004	4,976

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

	Attributable to Equity Shareholders of the Company						
	Share capital (note 17) £'000	Share option reserve £'000	Translation reserve £'000	Retained earnings £'000	Total £'000	Non-controlling interests £'000	Total equity £'000
At 1 July 2010 (audited)	**43,714**	**575**	**35**	**7,202**	**51,526**	**53**	**51,579**
Profit for the period	–	–	–	1,299	1,299	256	1,555
Exchange translation difference	–	–	3	–	3	–	3
Interest rate swap fair value profit taken directly to equity	–	–	–	617	617	–	617
Tax on interest rate swap fair value profit taken directly to equity	–	–	–	(171)	(171)	–	(171)
	43,714	575	38	8,947	53,274	309	53,583
Dividends paid	–	–	–	(2,894)	(2,894)	(258)	(3,152)
Net movement on share based payment reserve	–	237	–	–	237	–	237
Issue of share capital during the period	311	(121)	–	–	190	–	190
Movement in offset of provisions for future purchase of non-controlling interests	–	–	–	–	–	(2)	(2)
At 31 December 2010 (unaudited)	**44,025**	**691**	**38**	**6,053**	**50,807**	**49**	**50,856**
Profit for the period	–	–	–	3,007	3,007	67	3,074
Exchange translation difference	–	–	53	–	53	(13)	40
Interest rate swap fair value loss taken directly to equity	–	–	–	(180)	(180)	–	(180)
Tax on interest rate swap fair value loss taken directly to equity	–	–	–	38	38	–	38
	44,025	691	91	8,918	53,725	103	53,828
Dividends paid	–	–	–	(2,901)	(2,901)	(78)	(2,979)
Net movement on share based payment reserve	–	129	–	147	276	–	276
Issue of share capital during the period	–	–	–	–	–	–	–
Obligation to issue shares	1,746	–	–	–	1,746	–	1,746
Movement in offset of provisions for future purchase of non-controlling interests	–	–	–	–	–	25	25
At 30 June 2011 (audited)	**45,771**	**820**	**91**	**6,164**	**52,846**	**50**	**52,896**
Profit for the period	–	–	–	512	512	198	710
Exchange translation difference	–	–	(54)	–	(54)	5	(49)
Interest rate swap fair value loss taken directly to equity	–	–	–	(786)	(786)	–	(786)
Tax on interest rate swap fair value loss taken directly to equity	–	–	–	204	204	–	204
	45,771	820	37	6,094	52,722	253	52,975
Dividends paid	–	–	–	(2,946)	(2,946)	(10)	(2,956)
Net movement on share based payment reserve	–	18	–	295	313	–	313
Issue of share capital during the period	1,503	–	–	–	1,503	–	1,503
Obligation to issue shares	(1,746)	–	–	243	(1,503)	–	(1,503)
Movement in offset of provisions for future purchase of non-controlling interests	–	–	–	–	–	(194)	(194)
At 31 December 2011 (unaudited)	**45,528**	**838**	**37**	**3,686**	**50,089**	**49**	**50,138**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

	Notes	31 December 2011 (unaudited) £'000	31 December 2010 (unaudited) £'000	30 June 2011 (audited) £'000
Non-current assets				
Goodwill	13	**74,737**	73,827	74,681
Intangible assets	13	**33,737**	37,839	36,216
Property, plant and equipment	13	**7,525**	7,245	7,776
Deferred income tax asset		**536**	303	335
		116,535	119,214	119,008
Current assets				
Inventories		**997**	1,565	828
Trade and other receivables		**20,098**	20,250	21,658
Derivative financial assets		**–**	–	16
Cash and cash equivalents		**3,208**	3,407	2,321
		24,303	25,222	24,823
Total assets		**140,838**	144,436	143,831
Current liabilities				
Trade and other payables	14	**(34,463)**	(34,814)	(37,025)
Current income tax liabilities		**(988)**	(2,001)	(1,377)
Derivative financial liabilities		**–**	–	(379)
Bank overdrafts		**(2,678)**	(3,333)	(2,277)
Provisions for future purchase of non-controlling interests	15	**(1,822)**	(1,784)	–
		(39,951)	(41,932)	(41,058)
Non-current liabilities				
Bank loans net of facility fees	16	**(41,094)**	(40,926)	(38,990)
Deferred consideration		**(909)**	–	(866)
Derivative financial liabilities		**(1,371)**	(339)	(187)
Deferred tax liabilities		**(7,207)**	(9,026)	(7,938)
Provisions for future purchase of non-controlling interests	15	**(168)**	(1,357)	(1,896)
		(50,749)	(51,648)	(49,877)
Total liabilities		**(90,700)**	(93,580)	(90,935)
Net assets		**50,138**	50,856	52,896
Equity				
Share capital	17	**4,305**	4,241	4,241
Share premium account	17	**45,231**	43,792	43,792
Treasury shares	17	**(4,008)**	(4,008)	(4,008)
Obligation to issue shares		**–**	–	1,746
Translation reserve		**37**	38	91
Share based payments reserve		**838**	691	820
Retained earnings		**3,686**	6,053	6,164
Shareholders' funds		**50,089**	50,807	52,846
Non-controlling interests		**49**	49	50
Total equity and reserves attributable to Equity Shareholders of the Company		**50,138**	50,856	52,896

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flow

	Notes	Six months ended 31 December 2011 (unaudited) £'000	Six months ended 31 December 2010 (unaudited) £'000	Twelve months ended 30 June 2011 (audited) £'000
Cash inflows from operating activities				
Cash generated from operations before non-recurring items	18	**5,692**	6,412	15,811
Net interest paid		**(1,323)**	(680)	(2,388)
Net tax paid		**(1,383)**	(1,783)	(4,110)
Net cash inflow from operating activities		**2,986**	3,949	9,313
Investing activities				
Purchase of subsidiary undertakings		**–**	(21,325)	(21,294)
Cash acquired on purchase of subsidiary undertakings		**–**	1,406	1,406
Purchase of non-controlling interests	15	**–**	(3,852)	(3,849)
Consideration from sale of business		**31**	–	–
Deferred consideration from sale of business		**–**	–	250
Cash acquired on purchase of business		**190**	–	–
Non-recurring costs	7	**(634)**	(475)	(715)
Purchase of property, plant and equipment	13	**(651)**	(524)	(1,463)
Proceeds from sale of property, plant and equipment		**155**	–	40
Purchase of intangible assets	13	**(634)**	(334)	(882)
Proceeds from sale of intangible assets		**–**	12	–
Net cash used in investing activities		**(1,543)**	(25,092)	(26,507)
Financing activities				
Dividends paid to Equity Shareholders of the Company		**(2,946)**	(2,894)	(5,795)
Dividends paid to non-controlling interests in subsidiary undertakings		**(11)**	(258)	(336)
Issue of ordinary shares		**–**	190	190
Increase in long term loans		**2,000**	23,000	22,000
Net cash flows generated (used in)/from financing activities		**(957)**	20,038	16,059
Net increase/(decrease) in cash and cash equivalents, net of bank overdrafts		**486**	(1,105)	(1,135)
Cash and cash equivalents, net of bank overdrafts, at beginning of the period		**44**	1,179	1,179
Cash and cash equivalents, net of bank overdrafts, at end of the period		**530**	74	44
Reconciliation of net debt				
Cash and cash equivalents at beginning of the period		**2,321**	1,779	1,779
Bank overdrafts at beginning of the period		**(2,277)**	(600)	(600)
Bank loans at beginning of the period	16	**(40,000)**	(18,000)	(18,000)
Net debt at beginning of the period		**(39,956)**	(16,821)	(16,821)
Net increase/(decrease) in cash and cash equivalents, net of bank overdrafts		**486**	(1,105)	(1,135)
(Increase) in long term loans		**(2,000)**	(23,000)	(22,000)
Cash and cash equivalents at end of the period		**3,208**	3,407	2,321
Bank overdrafts at end of the period		**(2,678)**	(3,333)	(2,277)
Bank loans at end of the period	16	**(42,000)**	(41,000)	(40,000)
Net debt at end of the period		**(41,470)**	(40,926)	(39,956)

The above Consolidated Statement of Cash Flow should be read in conjunction with the accompanying notes.

Notes to the Financial Information

1. General information

The Company is a public limited 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 28 February 2012.

This unaudited 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 2011 were approved by the Board of Directors on 20 September 2011 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.

2. Basis of preparation

This condensed consolidated interim financial information for the six months ended 31 December 2011 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 2011, 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 this interim financial information.

3. Accounting policies

The accounting policies applied are consistent with those of the Annual Financial Statements for the year ended 30 June 2011, as described in those Annual Financial Statements.

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year beginning 1 July 2011, but are not currently relevant for the Group:

- IFRS 7, "Financial instruments: Disclosures on derecognition" effective for accounting periods beginning on or after 1 July 2011.
- IAS 1 (amendment), "Financial statement presentation regarding other comprehensive income" effective for accounting periods beginning on or after 1 July 2011.
- Annual improvements to International Financial Reporting Standards 2010 were issued in November 2010. The effective dates vary standard by standard but most are effective 1 January 2011.

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 July 2011 and have not been early adopted:

- IFRS 10, "Consolidated Financial Statements" effective for accounting periods beginning on or after 1 January 2013.
- IFRS 11, "Joint arrangements" effective for accounting periods beginning on or after 1 January 2013.
- IFRS 12, "Disclosure of interests in other entities" effective for accounting periods beginning on or after 1 January 2013.
- IAS 12, "Income taxes and deferred tax" effective for accounting periods beginning on or after 1 January 2012.
- IFRS 13, "Fair value measurement" effective for accounting periods beginning on or after 1 January 2013.
- IAS 27 (revised), "Separate financial statements" effective for accounting periods beginning on or after 1 January 2013.
- IAS 28 (revised), "Associates and joint ventures" effective for accounting periods beginning on or after 1 January 2013.

Management will assess the impact on the Group of these standards and interpretations prior to their effective date of implementation.

4. Risks and uncertainties

The Group's principal risks and uncertainties remain as stated on page 23 of the Business Review in the Annual Report and Financial Statements for the year ended 30 June 2011.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk and foreign currency risk. At 31 December 2011, the Group had undrawn committed borrowing facilities of £23m, comprising a bank 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 was fully compliant with its financial covenants throughout each of the years presented. Management reviews complience with financial covenants for future periods as part of its forecasting procedures.

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, operational cash flow and bank borrowings. Historically, the Group has expanded its operations both organically and by acquisition, which 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. In November 2006, the Group entered into a 5 year £15m interest rate swap whereby it receives interest on £15m based on 3 month LIBOR and pays interest on £15m at a fixed rate of 5.23%. In November 2010, the Group entered into a further three hedging instruments. Firstly, a 5 year £15m interest rate swap fixed against 3 month LIBOR with a forward start of 21 November 2011 paying interest on £15m at a fixed rate of 2.68% was entered into. Secondly, a cap of 2% was put on a further £10m until November 2011. Finally, in November 2010, a 3 year £10m interest rate swap fixed against 3 month LIBOR with a forward start of 21 November 2011 paying interest on £10m at a fixed rate of 2.12% was entered into. These derivatives have been designated as cash flow hedges in order to manage interest rate risk associated with the first £25m of the credit facility. Payments received under the swaps have been matched against interest paid quarterly during the period and the entire mark to market loss on the derivatives has been recognised in equity, following the Directors' assessment of the hedge's effectiveness. There have been no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities. The levels used for fair value measurement of financial instruments remains unchanged from those disclosed in note 23 of the audited Financial Statements for the year ended 30 June 2011. The new financial instrument referred to in (c) below is a level 2 financial instrument in the fair value measurement hierarchy.

b) Liquidity risk

The Group has an unsecured committed bank facility of £65m (2010: £70m) to February 2016. The facility currently comprises a revolving credit facility of £60m (2010: £60m) and an overdraft facility of £5m (2010: £5m together with a £5m money market line). At 31 December 2011, £42m of the revolving credit facility was drawn down (2010: £41m). Interest is charged on the amount drawn down at 2.00 to 2.75 percent above LIBOR depending upon leverage. Under the facility, drawdown is made for interest fixture periods of up to six months in duration.

The bank overdrafts are the subject of a Group set-off arrangement. Interest is charged on the overdraft at 2.25% over Barclays bank base rate.

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 30 September 2010, the Group sold forward €1.0m to 4 October 2011 at a rate of 1.170. This contract was entered into to provide certainty in Sterling terms of the bulk of the net Euro income of APM. On 26 January 2011, the Group sold forward US$0.5m to 2 December 2011 at a rate of 1.5881. On 22 June 2011, the Group sold forward US$0.5m to 2 December 2011 at a rate of 1.6188. These contracts were entered into in order to provide certainty in Sterling terms of the bulk of the net US$ income of the Matchett business. These contracts matured during the period ended 31 December 2011. On 8 July 2011, the Group sold forward a total of US$4.5m at rates between 1.5625 and 1.61 which are determined on 4 dates ("the expiry dates") between 29 September 2011 and 30 May 2012. Under the terms of the contract the dollars are delivered during a 3 month window following the expiry date. The gains/(losses) on these contracts are recognised in the Income Statement.

5. Adjusted profit

To allow shareholders to gain a better understanding of the trading performance of the Group, Adjusted Profit has been calculated as profit before income tax, amortisation of intangible assets, impairment of goodwill, unwinding of the discount on the provisions for future purchase of non-controlling 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 2011 (unaudited) £'000	Six months ended 31 December 2010 (unaudited) £'000	Twelve months ended 30 June 2011 (audited) £'000
Profit from continuing activities before taxation ("Profit before Tax")	**939**	2,469	6,077
Amortisation of intangible assets	**3,082**	2,705	5,711
Unwinding of the discount on the provisions for future purchase of non-controlling interests	**94**	157	265
Unwinding of the discount on deferred consideration	**43**	–	–
Share based payments	**346**	267	634
Non-recurring items (see note 7)	**1,003**	475	715
Adjusted profit before income tax ("Adjusted Profit before Tax")	**5,507**	6,073	13,402
Net finance costs (excluding the unwinding of the discounts above)	**1,253**	706	1,540
Adjusted Profit before Tax and net finance costs ("Adjusted EBITA")	**6,760**	6,779	14,942
Depreciation	**781**	540	900
Adjusted EBITA before depreciation ("Adjusted EBITDA")	**7,541**	7,319	15,842

Notes to the Financial Information continued

6. Segmental information

Operating segments are reported in a manner consistent with the internal reporting provided to the Company's Board of Directors, which is considered to be the Group's chief operating decision maker.

The Board considers the business from both a geographic and product perspective. Geographically, management considers the performance of the Group between the UK and overseas.

(a) Business segments

	Six months ended 31 December 2011 (unaudited)		
	Training & Events £'000	Publishing & Information £'000	Total £'000
Revenue	21,777	19,858	41,635
Segmental profit before amortisation and share based payments	2,933	5,209	8,142
Amortisation	(489)	(2,529)	(3,018)
Share based payments	(117)	(119)	(236)
Segmental profit after amortisation and share based payments	2,327	2,561	4,888
Unallocated central overheads (includes amortisation of £64,000 and share based payments of £110,000)			(1,556)
Profit from continuing operations before non-recurring items			3,332
Non-recurring items (see note 7)			(1,003)
Profit from continuing operations after non-recurring items			2,329
Net finance costs			(1,390)
Profit from continuing activities before tax			939
Income tax expense (see note 8)			(229)
Profit for the period			710

	Six months ended 31 December 2010 (unaudited)		
	Training & Events £'000	Publishing & Information £'000	Total £'000
Revenue	21,924	17,747	39,671
Segmental profit before amortisation and share based payments	3,126	4,798	7,924
Amortisation	(946)	(1,695)	(2,641)
Share based payments	(70)	(69)	(139)
Segmental profit after amortisation and share based payments	2,110	3,034	5,144
Unallocated central overheads (including amortisation of £64,000 and share based payments of £128,000)			(1,337)
Profit from continuing operations before non-recurring items			3,807
Non-recurring items (see note 7)			(475)
Profit from continuing operations after non-recurring items			3,332
Net finance costs			(863)
Profit from continuing activities before tax			2,469
Income tax expense (see note 8)			(914)
Profit for the period			1,555

6. Segmental information continued

(a) Business segments continued

	Twelve months ended 30 June 2011 (audited)		
	Training & Events £'000	Publishing & Information £'000	Total £'000
Revenue	43,594	40,185	83,779
Segmental profit before amortisation and share based payments	6,475	10,590	17,065
Amortisation	(1,666)	(3,925)	(5,591)
Share based payments	(179)	(353)	(532)
Segmental profit after amortisation and share based payments	4,630	6,312	10,942
Unallocated central overheads (including amortisation of £120,000 and share based payments of £102,000)			(2,345)
Profit from continuing operations before non-recurring items			8,597
Non-recurring items (see note 7)			(715)
Profit from continuing operations after non-recurring items			7,882
Net finance costs			(1,805)
Profit from continuing activities before tax			6,077
Income tax expense (see note 8)			(1,448)
Profit for the year			4,629

(b) Segmental information by geography

The geographical analysis of revenue by destination is as follows:

	Six months ended 31 December 2011 (unaudited) £'000	Six months ended 31 December 2010 (unaudited) £'000	Twelve months ended 30 June 2011 (audited) £'000
United Kingdom	**29,726**	28,998	61,680
Overseas	**11,909**	10,673	22,099
	41,635	39,671	83,779

7. Non recurring items

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 2011 (unaudited) £'000	Six months ended 31 December 2010 (unaudited) £'000	Twelve months ended 30 June 2011 (audited) £'000
Costs written off relating to both successful and abortive acquisitions	**12**	325	565
Costs relating to the termination of the mergers and acquisition department	**–**	150	150
Restructuring costs	**991**	–	–
Total non-recurring costs	**1,003**	475	715

Restructuring costs comprise primarily redundancy and termination costs together with associated reorganisation costs.

Notes to the Financial Information continued

8. Income tax expense

	Six months ended 31 December 2011 (unaudited) £'000	Six months ended 31 December 2010 (unaudited) £'000	Twelve months ended 30 June 2011 (audited) £'000
The tax charge comprises:			
UK corporation tax at current rates	**776**	1,048	2,509
Adjustment to tax charge in respect of previous years	**(14)**	(29)	(88)
	762	1,019	2,421
Foreign tax	**370**	590	909
Adjustment to foreign tax charge in respect of previous years	**(44)**	–	(18)
Total current tax	**1,088**	1,609	3,312
Deferred income tax credit	**(761)**	(547)	(1,270)
Deferred income tax credit in respect of previous years including the effect of change of corporation tax rate	**(98)**	(148)	(594)
Income tax expense	**229**	914	1,448

9. Profit/(loss) for the period from discontinued operations after income tax

During the six months ended 31 December 2011 and in the comparative periods presented, no operations met the definition of discontinued operations.

10. Dividends

Amounts recognised as distributions to Equity Shareholders in the period.

	Six months ended 31 December 2011 pence per share (unaudited)	Six months ended 31 December 2010 pence per share (unaudited)	Twelve months ended 30 June 2011 pence per share (audited)	Six months ended 31 December 2011 £'000 (unaudited)	Six months ended 31 December 2010 £'000 (unaudited)	Twelve months ended 30 June 2011 £'000 (audited)
Final dividends recognised as distributions in the period	**3.50**	3.50	3.50	**2,946**	2,894	2,894
Interim dividends recognised as distributions in the period	**–**	–	3.50	**–**	–	2,901
Total dividends paid				**2,946**	2,894	5,795
Interim dividend proposed	**3.50**	3.50	3.50	**2,946**	2,894	3,014

11. Earnings per share

Adjusted Earnings per Share has been calculated using an adjusted profit after taxation and non-controlling interests but before amortisation and impairment of intangible assets and goodwill, non-recurring items, share-based payments and the unwinding of the discount on the provisions for future purchase of non-controlling interests. There were no discontinued operations during the period or for the comparative periods.

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

	Six months ended 31 December 2011 (unaudited) £'000	Six months ended 31 December 2010 (unaudited) £'000	Twelve months ended 30 June 2011 (audited) £'000
Earnings from continuing operations for the purpose of basic earnings per share	**512**	1,299	4,306
Add: Amortisation (net of non-controlling interest effect)	**3,080**	2,699	5,697
Non-recurring items	**1,003**	475	715
Share based payments	**346**	267	634
Unwinding of the discount on the provisions for the future purchase of non-controlling interests	**94**	157	265
Unwinding of the discount on deferred consideration	**43**	–	–
Tax effect of above adjustments	**(1,152)**	(880)	(1,860)
Adjusted earnings for the purposes of adjusted earnings per share	**3,926**	4,017	9,757

	Six months ended 31 December 2011 (unaudited) Number	Six months ended 31 December 2010 (unaudited) Number	Twelve months ended 30 June 2011 (audited) Number
Weighted average number of ordinary shares for the purposes of basic and adjusted earnings per share	**84,053,707**	82,670,525	82,788,676
Effect of dilutive potential ordinary shares:			
Exercise of share options	**2,464,470**	2,092,289	2,142,271
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**86,518,177**	84,762,814	84,930,947
Basic earnings per share	**0.61p**	1.57p	5.20p
Diluted earnings per share	**0.59p**	1.53p	5.07p
Adjusted basic earnings per share ("Adjusted Earnings Per Share")	**4.67p**	4.86p	11.79p
Adjusted diluted earnings per share	**4.54p**	4.74p	11.49p

Notes to the Financial Information continued

12. Business combinations
In August 2011, Wilmington Group Plc's wholly owned subsidiary Mercia Group Limited acquired the trade, assets and liabilities of CCH Professional Development. On completion, Mercia Group Limited received a cash payment of £190,000. Acquisition-related costs of £12,000 have been recognised as part of the non-recurring items in the Income Statement (see note 7).

During the period, the Group acquired the remaining 10% of the issued share capital of Wilmington Healthcare Limited (formerly Beechwood House Publishing Limited) thus making it a wholly owned subsidiary. Further details of this transaction were set out in note 29 of the audited Financial Statements for the year ended 30 June 2011.

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

	Property, plant and equipment £'000	Intangible assets £'000	Goodwill £'000
At 1 July 2010 (audited)	7,192	24,303	63,277
Additions	524	334	–
Acquisitions	73	15,923	10,392
Disposals	(11)	(16)	–
Exchange translation differences	7	–	–
Depreciation and amortisation	(540)	(2,705)	–
Change in provisions for future purchase of non-controlling interests	–	–	155
Movement in offset of provisions for future purchase of non-controlling interests	–	–	3
Closing net book amount as at 31 December 2010 (unaudited)	7,245	37,839	73,827
Additions	939	548	–
Acquisitions	–	838	440
Disposals	(44)	(3)	–
Exchange translation differences	(4)	–	–
Depreciation and amortisation	(360)	(3,006)	–
Change in provisions for future purchase of non-controlling interests	–	–	394
Movement in offset of provisions for future purchase of non-controlling interests	–	–	20
Closing net book amount as at 30 June 2011 (audited)	7,776	36,216	74,681
Additions	651	634	–
Acquisitions	–	–	250
Disposals	(155)	(31)	–
Exchange translation differences	34	–	–
Depreciation and amortisation	(781)	(3,082)	–
Change in provisions for future purchase of non-controlling interests	–	–	–
Movement in offset of provisions for future purchase of non-controlling interests	–	–	(194)
Closing net book amount as at 31 December 2011 (unaudited)	**7,525**	**33,737**	**74,373**

14. Trade and other payables

	31 December 2011 (unaudited) £'000	31 December 2010 (unaudited) £'000	30 June 2011 (audited) £'000
Trade payables	**2,044**	1,933	2,986
Other payables	**3,621**	4,455	2,847
Other taxes and social security	**2,468**	2,706	3,465
Subscriptions and deferred revenue	**17,437**	16,772	17,889
Accruals	**8,893**	8,948	9,838
	34,463	34,814	37,025

15. Provisions for future purchase of non-controlling interests

	Current provisions £'000	Non-current provisions £'000
At 1 July 2010 (audited)	3,530	3,147
Amounts paid in respect of acquisitions of non-controlling interests	(3,849)	–
Unwinding of discount	–	157
Change in value of existing provisions	319	(163)
Non-current provisions becoming current	1,784	(1,784)
At 31 December 2010 (unaudited)	1,784	1,357
Amounts paid in respect of acquisitions of non-controlling interests	–	–
Unwinding of discount	–	108
Change in value of existing provisions	(189)	582
Option to be settled by issue of equity	(1,746)	–
Non-current provisions becoming current	151	(151)
At 30 June 2011 (audited)	–	1,896
Amounts paid in respect of acquisitions of non-controlling interests	–	–
Unwinding of discount	–	94
Change in value of existing provisions	–	–
Non-current provisions becoming current	1,822	(1,822)
At 31 December 2011 (unaudited)	**1,822**	**168**

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

The actual settlement timing and value is dependent upon when (and if) the non-controlling 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.

16. Bank loans

	31 December 2011 (unaudited) £'000	31 December 2010 (unaudited) £'000	30 June 2011 (audited) £'000
Non-current liability - Bank Loans	**42,000**	42,000	40,000
Facility fees	**(906)**	(1,074)	(1,010)
Bank Loans net of facility fees	**41,094**	40,926	38,990

Details of the Group's bank facility are included in note 4 (b) under Risks and uncertainties.

17. Share capital

	Number of shares of 5p each	Ordinary shares £'000	Share premium £'000	Obligation to issue shares £'000	Treasury shares £'000	Total £'000
Opening balance as at 1 July 2010 (audited)	84,577,679	4,229	43,493	–	(4,008)	43,714
Proceeds from shares issued under Employee share option schemes	236,302	12	299	–	–	311
At 31 December 2010 (unaudited)	84,813,981	4,241	43,792	–	(4,008)	44,025
Obligation to issue shares	–	–	–	1,746	–	1,746
As at 30 June 2011 (audited)	84,813,981	4,241	43,792	1,746	(4,008)	45,771
Shares issued during the period	1,289,156	64	1,439	(1,746)	–	(243)
At 31 December 2011 (unaudited)	**86,103,137**	**4,305**	**45,231**	**–**	**(4,008)**	**45,528**

During the period ended 31 December 2011, no ordinary shares were issued in respect of share options exercised by members of staff (2010: 236,302).

The Group issued 1,289,156 new ordinary shares in July 2011 to satisfy the consideration for the remaining Option shares as explained in note 29 of the audited Financial Statements for the year ended 30 June 2011.

The Company did not buy back any shares during the period (2010: nil). At 31 December 2011, 1,942,000 shares were held in Treasury (2010: 1,942,000).

Wilmington

18. Net cash flow from operating activities

	Note	Six months ended 31 December 2011 (unaudited) £'000	Six months ended 31 December 2010 (unaudited) £'000	Twelve months ended 30 June 2011 (audited) £'000
Profit from continuing operations before income tax		**939**	2,469	6,077
Non-recurring items	7	**1,003**	475	715
Depreciation of property, plant and equipment	13	**781**	540	900
Amortisation of intangible assets	13	**3,082**	2,705	5,711
(Profit)/loss on disposal of property, plant and equipment		**–**	(2)	15
Loss on disposal of intangible assets		**–**	15	19
Share based payments		**346**	267	634
Finance costs		**1,390**	863	1,805
Operating cash flows before movements in working capital		**7,541**	7,332	15,876
(Increase)/decrease in inventories		**(169)**	(485)	252
Decrease/(increase) decrease in receivables		**1,622**	(751)	(2,539)
Decrease/(increase) in payables		**(3,302)**	316	2,222
Cash generated by operations before non-recurring items		**5,692**	6,412	15,811

19. 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 £381,000 (2010: £170,000) have been recharged by the Company at cost to its subsidiaries.

20. 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.

Statement of Directors' Responsibility

The Directors confirm that, to the best of our knowledge, this condensed consolidated interim financial information has been prepared in accordance with IAS 34 as adopted by the European Union. The Interim Management Report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R, namely:

- 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 financial year; and

- material related party transactions in the first six months of the current financial year and any material changes in the related party transactions described in the last Annual Report.

The Directors of Wilmington Group plc are listed in the Wilmington Group plc Annual Report for 30 June 2011 with the exception that David L Summers retired on 31 December 2011. Additionally on 1 December 2011, Derek Carter was appointed as Senior Independent Director and Nathalie Schwarz as a Non-Executive Director. A list of current directors is maintained on the Wilmington Group plc website: www.wilmington.co.uk.

By order of the Board
R Basil Brookes
Finance Director
28 February 2012

Officers

Directors:
Mark Asplin
Non-Executive Chairman

Charles J Brady
Chief Executive

R Basil Brookes
Finance Director

Neil E Smith
Executive Director

Derek Carter
Senior Independent Non-Executive Director

Terry B Garthwaite
Non-Executive Director

Nathalie Schwarz
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. 03015847

Wilmington Group plc

19-21 Christopher Street, London, EC2A 2BS
Tel: +44 (0)207422 6800 Fax: +44 (0)20 7422 6822

www.wilmington.co.uk