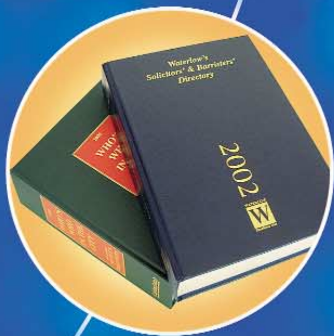
WILMINGTON GROUP plc

Annual Report and Accounts **2002**

new media



professional publishing

professional education

Contents

WILMINGTON GROUP plc

"A fundamental pillar of our business is its ability to generate strong cash flow.

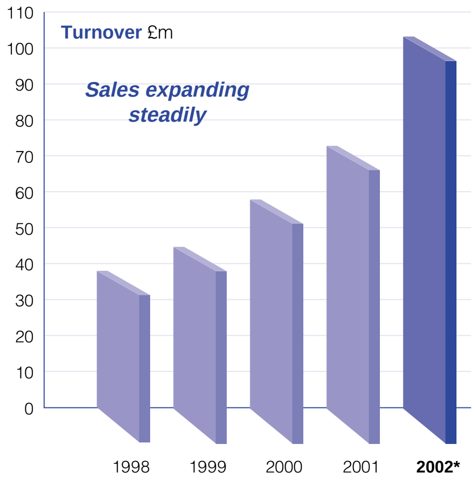
Operating cash inflow of £16.5 million in the period was 132% of operating profit."

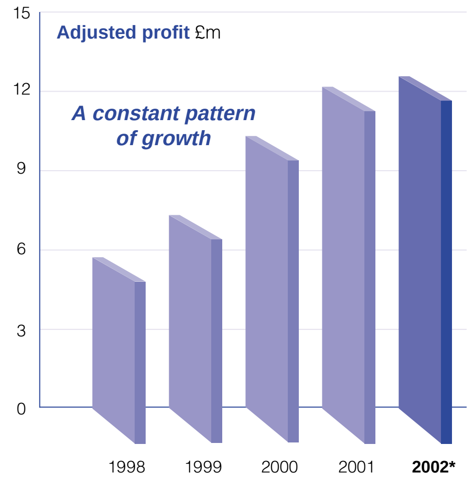
Brian Gilbert

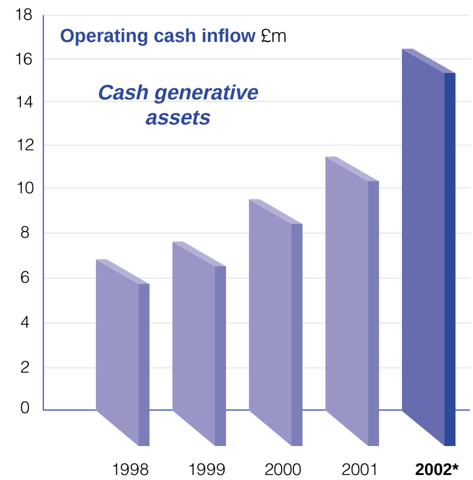
Chairman

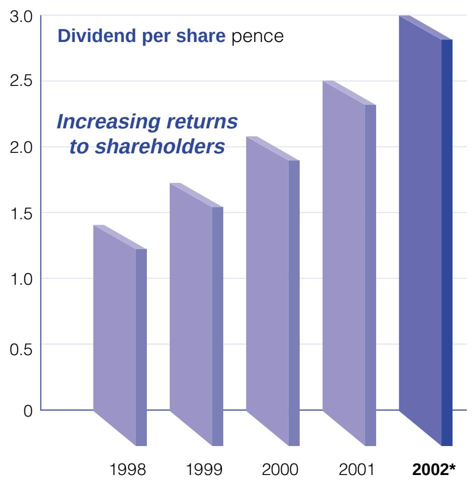
Financial Highlights

	Twelve months ended 28th February 1998 £m	Twelve months ended 28th February 1999 £m	Twelve months ended 29th February 2000 £m	Twelve months ended 28th February 2001 £m	**Sixteen months ended 30th June 2002 £m**
Turnover	38.0	44.6	57.8	72.8	**103.1**
Profit before tax	5.0	6.4	7.2	9.1	**4.8**
Amortisation – recurring	0.7	0.9	2.0	2.9	**4.5**
– non-recurring	–	–	–	–	**2.9**
Profit before interest and tax and amortisation of goodwill and intangible assets (“Adjusted profit”)	5.7	7.4	10.2	12.1	**12.5**
Operating cash inflow	6.8	7.6	9.5	11.4	**16.5**
Earnings per share	4.60p	6.08p	6.00p	6.56p	**0.02p**
Adjusted earnings per share	5.58p	7.26p	8.54p	10.14p	**9.02p**
Dividend per share	1.44p	1.73p	2.08p	2.50p	**3.00p**









* – 16 month accounting period

The above has been based on information extracted from the Company’s audited accounts.

Group revenues, cash flow and dividends per share continue to grow

Officers

Directors

Brian D Gilbert – *Chairman*
Brian Gilbert, aged 58, has worked in the publishing and information industries for over 30 years and has considerable experience in developing media businesses by organic growth and acquisition. In 1992 he successfully led the management buy-outs of both Wilmington Media and Wilmington Business Information from Maxwell Communication Corporation (MCC) and was Chairman of both organisations prior to their merger and flotation as Wilmington Group plc.

Charles J Brady – *Chief executive*
Charles Brady, aged 46, is a solicitor and was a law lecturer before founding, in 1987, the business which is now Central Law Group (CLG). CLG was acquired by WIlmington in June 1999. Mr Brady joined the Board in November 1999, and was appointed Chief Executive in February 2002.

R Basil Brookes – *Finance Director*
Basil Brookes, aged 44, qualified as a Chartered Accountant with Coopers & Lybrand. He has worked in the media industry since 1986 and joined the Board of Wilmington Media in September 1992 as Finance Director.

Rory A Conwell – *Director, Business Information*
Rory Conwell, aged 49, has worked in the publishing and information industries for over 20 years. His experience has centred on the development of intellectual property assets. In 1992 he completed the purchase, with Brian Gilbert and Ahmed Zahedieh, of Wilmington Business Information from MCC.

Nicholas J Miller – *Director, Magazine Publishing*
Nicholas Miller, aged 44, has worked in both business and consumer publishing for over 20 years in sales and management positions. In 1992 he completed the purchase with Brian Gilbert of the titles that became Wilmington Media.

Stephen Broome – *Director, Professional Training*
Stephen Broome, aged 51, lectured law for 14 years prior to becoming Director of the Institute of Legal Executives Tutorial Services in 1987. He became a director of CLG in 1990 and is now its Managing Director. He joined the Board in July 2002.

Bernard N Jolles – *Independent Non-Executive Director*
Bernard Jolles, aged 53, joined the Board in July 2001. He is an independent corporate finance consultant and has over 25 years experience in investment banking. He has held senior positions at Samuel Montagu, Henry Ansbacher and, from 1995 to 2001, Campbell Lutyens, an independent corporate finance firm. Mr Jolles is the senior Non-Executive Director, Chairman of the Group's Audit Committee and a member of the Group's Remuneration and Nomination Committees.

Richard W P Magee – *Independent Non-Executive Director*
Richard Magee, aged 59, joined the Board in August 1999. Mr Magee was formerly chairman of Tullet & Tokyo Forex International Limited, an international securities house. Mr Magee is a member of the Group's Audit, Remuneration and Nomination Committees.

David L Summers – *Independent Non-Executive Director*
David Summers, aged 60, joined the Board in January 2001. Mr Summers was formerly Managing Director and Deputy Chairman of Butterworths, the professional reference publishers and previously a director of Reed Elsevier UK Ltd. He is a member of the Competition Commission and non-executive director of the Royal Society of Medicine Press. Mr Summers is Chairman of the Group's Remuneration and Nomination Committees and a member of the Group's Audit Committee.

Secretary

Ahmed Zahedieh – *Company Secretary*
Ahmed Zahedieh, aged 51, qualified as a Chartered Accountant with Ernst & Young. In 1992 he completed with Brian Gilbert and Rory Conwell the management buy-out of Wilmington Business Information from MCC.

Head Office

Head Office and Registered Office:

Paulton House
8 Shepherdess Walk
London N1 7LB
Company Registration No. 3015847
Tel: 44 20 7251 6499
Fax: 44 20 7608 2215

Advisers

Financial Advisers and Stockbrokers	Hoare Govett Limited 250 Bishopsgate London EC2M 4AA
Registered Auditors	PKF New Garden House 78 Hatton Garden London EC1N 8JA
Solicitors	Lawrence Graham 190 Strand London WC2R 1JN
Principal Bankers	Barclays Bank plc P.O. Box 544 54 Lombard Street London EC3V 9EX
Registrars	Lloyds TSB Registrars Scotland P.O. Box 28448 Finance House Orchard Brae Edinburgh EH4 1WQ

Corporate Calendar

Annual General Meeting	2nd October 2002
Extraordinary General Meeting	6th November 2002
Payment of Final Dividend	8th November 2002
Announcement of Interim Results	February 2003
Announcement of Final Results	September 2003

Chairman's Statement

I am pleased to announce the results for Wilmington Group plc ("Wilmington") for the 16 months to 30th June 2002. The extended period is a consequence of the change to the Company's year end which I announced in last year's Annual Report. Like for like figures have been prepared for comparative purposes and can be reviewed in the pro-forma five year financial summary on page 40.

Wilmington is a growing media business that creates and owns high quality products to fulfil the information requirements of professional business communities.

Profit before tax and amortisation of goodwill and intangible assets ("adjusted profit") increased from £12,113,000 for the 12 months ended 28th February 2001 to £12,453,000 for the 16 months to 30th June 2002. Profit before tax but after amortisation decreased to £4,734,000 for the 16 months to 30th June 2002 from £9,081,000 for the 12 months ended 28th February 2001, due in a large part to the non-recurring amortisation of goodwill and intangible assets charge of £2.9 million referred to below. The Group continued its unbroken record of growth as sales increased in the 16 months to 30th June 2002 to £103,098,000.

A fundamental pillar of our business is its ability to generate strong cash flow. Operating cash inflow of £16.5 million in the period was 132% of operating profit before amortisation.

Our information and training businesses have performed excellently, indeed better than in the previous twelve month period, and have underpinned the Group's performance. However our magazine division has been under intense pressure. In common with all advertising based businesses, Wilmington has been affected by the worst advertising recession in memory. The Group responded by reducing costs by £2 million in a full year. Notwithstanding this exercise, we have witnessed significantly lower profits from our magazine titles in the period.

We previously announced we would be undertaking a portfolio review, in particular of those magazine assets that are underperforming compared with previous periods. Most of these assets have been part of our Group for many years and have contributed significantly to our profits over this time. However, based on current contributions, we have made a non-cash write down amounting to £2.9 million.

This action has a considerable adverse effect on earnings per share which reduced from 6.56p to 0.02p for the period. However, adjusted earnings per share, which is calculated before the significant amortisation of goodwill and intangible assets arising from acquisitions, declined by a much smaller amount from 10.14p to 9.02p for the period.

The revenues of the Group continued to grow in the period, much of this growth being achieved from organic development in our information and training businesses. The Group made a number of acquisitions towards the end of the period including Pendragon, the leading provider of data electronically on UK pension law. Our information business has been augmented by our prior year acquisition of Hollis, a publisher of databases for the marketing and PR industry, and Beechwood, a publisher of databases for the healthcare industry.

We have always been committed to recruiting, motivating and retaining the best people. We achieve this through a mixture of share ownership, options and reward based pay. However, the current state of the UK stock market has resulted in a serious reduction in the motivation derived from options we have already issued. Therefore we are actively exploring new ways to keep our work force highly motivated.

Our strategy has been to build sustainable positions in professional markets through the ownership of top quality assets. We intend to continue to pursue this strategy and invest in the growth of your Company, both through organic development and acquisition.

We have worked hard to build the current position and are aware of the benefits and opportunities that derive in the current economic climate from the strong balance sheet and excellent cash flow we have created.

We remained judicious during the Internet boom and were not tempted by short term or uneconomic investments in that area. Notwithstanding this, the demand from our customers to receive information electronically is on the increase and this is reflected in the number of our profitable products which deliver information in this way.

In February 2002 we announced that Charles Brady had been appointed Chief Executive of the Group. Charles is already demonstrating that he has the right management and leadership skills to take the business forward. Charles took over from Rory Conwell who stepped down from the position of Chief Executive for personal reasons. I am pleased to say that Rory has been able to remain on the Board with specific responsibility for the development and expansion of our business information activities.

Charles has initiated a number of other changes to the Board. Basil Brookes has been reappointed as Finance Director in place of Ahmed Zahedieh who remains as Company Secretary. In addition, in July 2002, Stephen Broome was appointed Managing Director of our Professional Training division and was invited to join the Wilmington Board.

Your Board remains committed to the best practice in corporate governance as is consistent with the Company's size and as is detailed in the Directors' Report. In July 2001 we appointed Bernard Jolles as the third Non-Executive Director on the Board.

We remain confident that we have a content base from which we can continue to grow our existing assets in the long term. We are keen to repeat and exceed the record we have established over the last ten years.

Opportunities continue to arise and our ungeared balance sheet and our considerable financial and management resources add to our ability to translate these into value for our shareholders.

Given current trading conditions we do not anticipate advertising revenues will improve during the financial year to 30th June 2003. However, notwithstanding this we expect to continue making progress with our Business Information and Professional Training businesses towards our goal of long term growth.

The new financial year has opened with trading patterns that are broadly in line with expectations.

The change in our year end should to some extent balance the uneven split in our trading profits between the first and second six months. Nevertheless, profits in the year ending 30th June 2003 will be more weighted to the second half of the year.

I should like to thank all the other Executive and Non-Executive Directors for another excellent performance throughout a very challenging year. The Board is proposing a final dividend of 0.50p (making a total dividend for the period of 3.00p) to shareholders on the register at 27th September 2002.

Every year I emphasise that it is our management and employees who have built Wilmington into a robust and dynamic business. I would like to thank them once again for their commitment to the Company and their performance in a difficult period.

Brian Gilbert
Chairman
16th September 2002

Chief Executive's Review

Having been appointed Chief Executive in February of this year, I am delighted to present my first review.

Wilmington is an information and communications group whose focus is on professional, financial and media markets. Revenues originate from subscriptions and copy sales, data sales and list rentals, advertising, professional education and professional service fees. Wilmington remains committed throughout its business to the ownership of intellectual property rights and content in its principal markets. Its products include a number of leading brands such as Waterlow and Central Law Training.

As announced in last year's Annual Report, we have changed our year end from February 28th to June 30th. Therefore the current period figures are for 16 months whilst the comparatives cover the year to 28th February 2001.

Our results show that revenue has again risen to record levels. Profits in Business Information and Professional Training have increased year on year whilst the difficult economic climate has negatively impacted Magazine Publishing resulting in an overall fall in profit before tax, interest and amortisation on a year on year basis.

The ongoing difficult trading conditions for advertising and, in particular, magazine publishing have led us to review the valuation of our portfolio of magazine assets. Although certain properties have produced significant profits over a number of years and still contribute to our overall profitability, we believe it to be appropriate to write down the carrying value of the portfolio by £2.9 million. Operationally, we are in the process of further restructuring the Magazine Publishing business to maximise the return from our asset base.

During the period we were delighted to acquire three new business information activities, Showcase, TMSS and a majority stake in Pendragon. All of these acquisitions fit our business strategy. Details of their markets and activities are included later in this review.

Although much revenue still derives from traditional hard copy publications, the Group has increasingly focused its efforts on the extension of its brands in markets where it holds a leading position. For example, our involvement in high quality training through our subsidiary, Central Law Training, has enabled us to capitalise on our strong position in legal and professional marketplaces through the extensive additional contacts that this activity generates.

Wilmington has developed numerous income generating electronic initiatives. We have an extensive range of Internet based applications for all our principal markets. Usage of the Internet as a business-to-business medium has provided the Group with an opportunity to leverage its relationships with business communities by providing the appropriate content for their marketplaces. The result is the generation of sustainable, profitable revenue streams. As reported in previous periods, the development costs relating to our Internet initiatives are written off when incurred.

The success of Wilmington has been founded on the entrepreneurial talents of hard working people. At the core of our strategy remains the continuation of a structure within which managers can manage autonomously whilst being highly motivated to succeed.

During 2002, the composition of the Executive team on the Wilmington Board has evolved. Stephen Broome, Managing Director of our Professional Training business, joined the Board in July 2002. I have worked with Stephen for many years and I am confident that we will benefit from his proven skills and experience.

My predecessor as Chief Executive, Rory Conwell, stepped down from this position for personal reasons. Happily we still benefit from his advice and experience as he has remained as an Executive Director with specific responsibility for the development and expansion of our Business Information activities. Having been on the Board of Wilmington since its foundation in 1995, Ahmed Zahedieh retired as a director at the end of April 2002. Ahmed still acts as Company Secretary and I would like to thank him for all his efforts over the years. Basil Brookes, who has also been a Director since the creation of Wilmington, has re-assumed the reins as Finance Director and I am sure he will serve us well in that role.

I would now like to give a more detailed look at our business. Wilmington comprises three major divisions:

- Business Information
- Professional Training
- Magazine Publishing

Financial information relating to the performance of each division is detailed in note 2 of the accounts on page 22.

Business Information

Rory Conwell has main Board responsibilities for Wilmington Business Information ("WBI"), which is run on a day to day basis by its Managing Director, Michael Harrington. WBI creates and sells value added information products to business-to-business markets. Information is distributed through a variety of media including printed directories, newsletters, compact discs, online subscription products and electronic data feeds.

WBI has had a very satisfactory financial period with organic growth providing most of its progress. The strength of existing brands allied to the acquisitions which were completed towards the end of the period provide a platform for growth in the coming years.

WBI has concentrated its activities in the professional, financial and media markets and has a mix of businesses that provide consistent repeat revenue streams with high margins. Principally located in offices in the South East of England, WBI is committed to attracting and motivating high quality employees, which it sees as the foundation of its business.

Business units within WBI are encouraged to develop strong brands in the markets in which they operate and to create new information products from core data that can be packaged in a variety of formats. The major units and brands within WBI are as follows:

Professional markets

Waterlow is a leading brand providing both publishing products and information services to lawyers, accountants and surveyors. Products range from directories and electronic subscription products to value added services including company formations, searches and property services.

Binleys is the brand name of the products and services of Beechwood House Publishing, market leaders in the provision of contact information relating to the NHS, GP's and pharmacists for the healthcare and pharmaceutical industries.

A majority stake in **Pendragon** Professional Information was acquired in June 2002. Pendragon provides an online service covering the legal and regulatory aspects of the pensions industry.

Chief Executive's Review

continued

Financial markets

Caritas Data provides a range of financial and "Who's Who" information products to fund managers and the City for the charity, housing, educational and corporate markets.

ICP has created a substantial database of company profiles for emerging markets. Its customers include credit agencies and credit insurers.

Media markets

RED publishes catalogue data on modern and classical music.

TMSS is a new acquisition which monitors the use of music in TV programmes for rights reporting services.

PCR publishes a weekly newsletter identifying new film, TV and theatre productions.

Hollis Publishing is the leading supplier of contact information for the PR, marketing, sponsorship and corporate entertainment markets. Hollis has successfully entered the entertainment services market with the acquisition of Showcase, the leading business-to-business directory of services for the music industry.

Abacus e-Media supplies content management solutions to government and publishing markets.

Professional Training

Professional training is managed by Stephen Broome, and operates principally under the **Central Law Training ("CLT")** brand. Based in Sutton Coldfield, the business primarily focuses on continuing professional development courses that have become mandatory for all solicitors in Great Britain.

Professional Training has enjoyed record levels of revenue and profits over the period under review with the membership client base continuing to grow. It is currently investing in a number of new initiatives, including a new MBA course, which are likely to produce returns towards the end of calendar year 2003 and beyond.

During the period Wilmington acquired the remaining 19.4 per cent. of CLT which it did not previously own.

CLT has also expanded in related business areas including witness training, through its subsidiary **Bond Solon**, international courses on trust management and high quality conferencing and continues to expand its activities in Scotland. Bond Solon, which was acquired in 2001, has delivered a sparkling performance. Our conference division has continued to grow despite the events of September 11, 2001.

CLT has established ties with the Law Society in England and Wales and has also developed relationships with a number of professional bodies including the Society of Trust and Estate Practitioners and The Institute of Chartered Secretaries and Administrators.

Its lecturers are specialists in their fields and include prominent members of the legal profession. CLT develops events concentrating on product quality and content. Most of CLT's courses are repeatable at least annually.

Magazine Publishing

Revenues in the Magazine Publishing division, which is managed by Nicholas Miller, flow principally from advertising. As anticipated, we have seen intense pressure on yields and consequently on profits. We have already implemented cost reduction programmes to combat this shortfall in revenue and, since becoming Chief Executive, I have initiated a strategic review of this business. We have concluded that, in order to maximise our return on our assets, we need to create a portfolio of fewer, larger and more focused product clusters.

The Magazine Publishing division is a portfolio of magazines and related activities, targeting seven business-to-business sectors:

- Architecture, Construction and Design
- Industrial Technology
- Drinks and Luxury Goods
- Catering
- Healthcare
- Automotive
- Power and Energy

The division also provides third party direct marketing and circulation management and fulfilment services.

Our intention is to further reorganise our product portfolio by product sector, clustering activities where appropriate. This will be continued during the current year. Although this reorganisation will not, of itself, automatically improve revenue, we do believe that it will bring further benefits in terms of costs and allow us to improve further our service to the markets we target. In addition, future growth of the business will be enabled.

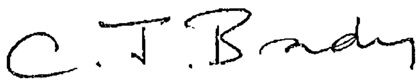
The Future

The objective of Wilmington is to grow and to grow profitably. Notwithstanding that trading conditions are difficult, I am confident that we can continue to make progress towards our goal of long term profit growth. I believe that our existing base, including an ungeared balance sheet, gives the platform from which to achieve this.

Wilmington has a consistent track record of performance and delivery. It has always been profitable and produced an excellent cash flow. Its asset base is improving and remedial action is being taken where necessary. The strength of our balance sheet, underlying cash flow and existing bank facilities means that we can, and will, pursue growth not only through organic developments but also through acquisition. We envisage that realistically priced opportunities will present themselves in the foreseeable future within the sectors we are targeting.

It is my intention for us to create an exciting and highly focused business of which shareholders and employees will be proud.

In closing, I should like to thank our Chairman and fellow Executive and Non-Executive Directors, our business managers and our many employees for all their enthusiasm, hard work and success. Our people remain our greatest assets and their efforts are appreciated.



Charles J Brady
Chief Executive

16th September 2002

Financial Review

As reported in last year's annual report, the financial year end of the Company has been changed to 30th June in order to address the uneven split of profit which has previously been heavily weighted to the second half of the financial year particularly in the month of February. These statements therefore cover a period of 16 months to 30th June 2002. For comparative purposes, pro-forma figures for the five years to 30th June 2002 are set out on page 40.

Basis of consolidation

The Group accounts comprise the consolidated accounts of the Company and its subsidiary undertakings prepared using consistently applied accounting policies save for the adoption of a new deferred tax accounting policy in line with FRS 19 (see note 1(j) on page 21).

Turnover

Group turnover rose to £103,098,000 for the 16 months to 30th June 2002, from £72,769,000 for the 12 months to 28th February 2001. Of this increase, £283,000 relates to acquisitions during the period. On a pro-forma basis Group turnover rose to £78,600,000 for the 12 months to 30th June 2002 from £75,300,000 for the 12 months to 30th June 2001.

Revenues from non-advertising sources (including, for example, training, subscriptions and information services) represented approximately 60 per cent. of revenue for the 16 months to 30th June 2002 (12 months to 28th February 2001: 59 per cent.).

Overseas sales were £17,465,000 for the 16 months to 30th June 2002, representing an annualised 5.8 per cent. increase on the 12 months to 28th February 2001 figure of £12,381,000.

Operating profit

Operating profit before amortisation of goodwill and intangible assets increased to £12,453,000 for the 16 months to 30th June 2002, from £12,113,000 for the 12 months to 28th February 2001. This increase is stated after including £36,000 from acquisitions during the period. On a pro-forma basis operating profit before amortisation of goodwill and intangible assets decreased from £11,500,000 for the 12 months to 30th June 2001 to £10,200,000 for the 12 months to 30th June 2002.

Operating profit after amortisation of goodwill and intangible assets decreased from £9,177,000 for the 12 months to 28th February 2001 to £5,032,000 for the 16 months to 30th June 2002. On a pro-forma basis, operating profit after amortisation of goodwill and intangible assets decreased from £8,400,000 for the 12 months to 30th June 2001 to £3,800,000 for the 12 months to 30th June 2002.

As referred to on page 4, amortisation of goodwill and intangible assets includes a non-recurring, non-cash write down of £2,900,000.

Profit before tax

Profit before tax decreased from £9,081,000 for the 12 months to 28th February 2001 to £4,734,000 for the 16 months to 30th June 2002. This reflects the decrease in operating profit. On a pro-forma basis, profit before tax decreased to £3,500,000 for the 12 months to 30th June 2002 from £8,300,000 for the 12 months to 30th June 2001, due primarily to the one-off non-cash write down of £2,900,000 referred to above.

Taxation

The current period corporation tax charge of £3,678,000 represents 77.7 per cent. of the Group's profit before tax (2001: 32.9 per cent.). The high percentage is due principally to the non-recurring amortisation charge of £2,900,000. The charge represents 29.5 per cent. of the profit before taxation and amortisation of goodwill and intangible assets (2001: 24.7 per cent.). As a result of a change in accounting standards, it should be noted that provision has been made for the full potential liability for deferred taxation and the comparatives for previous years have been restated.

Minority interests

Minority interests charged against the period's profit have increased from £566,000 to £841,000 due principally to the full period effect of the acquisition in the previous financial year of Hollis Publishing, Beechwood House Publishing and Bond Solon but partly offset by the acquisition of the minority interests in Central Law Group in May 2001 and April 2002.

Earnings per share

Adjusted earnings per share, which is calculated before amortisation of goodwill and intangible fixed assets, decreased from 10.14p for the 12 months to February 2001 to 9.02p for the 16 months to 30th June 2002. On a pro-forma basis, adjusted earnings per share decreased from 8.92p for the 12 months to 30th June 2001 to 7.68p for the 12 months to 30th June 2002. Earnings per share decreased to 0.02p for the 16 months to 30th June 2002 from 6.56p for the 12 months to 28th February 2001. Earnings per share is calculated on the weighted average number of shares in issue of 81,492,397 for the 16 months to 30th June 2002 (12 months to 28th February 2001: 80,734,060).

Gearing and cash flow

At the balance sheet date the Group had net cash balances of £145,000, a reduction of £1,367,000 in the net cash balances at the end of the previous financial year.

Operating cash flow for the 16 months to 30th June 2002 of £16,474,000 was 132 per cent. of operating profit before amortisation of goodwill and intangible assets (2001: 94 per cent). A decrease in debtors of £3,144,000 is due principally to the change in financial year end and the collection of debts arising from the high level of activity in the publication of annual directories in January and February.

The free cash flow, calculated after deduction from operating cash flow of replacement capital expenditure of £1,954,000, payment of equity dividends and corporation tax of £8,896,000, was £5,624,000.

The Group invested £3,445,000 on the acquisition of Showcase Publications, TMSS and Pendragon Professional Information. A further £2,313,000 was used in acquiring the minority interests in Central Law Group, £1,028,000 on the acquisition of various titles and £601,000 on the acquisition of long leasehold property by Central Law Group.

The Group disposed of a freehold property, which had become surplus due to the relocation to more suitable premises, for £1,200,000 realising a profit of £227,000.

Treasury policy

The Group does not have significant foreign exchange exposure but does have some net income in US dollars. These dollars are sold periodically having regard to both prevailing exchange rates and transaction charges. The Group has agreed to hedge its interest rate exposure on approximately two thirds of any amount borrowed under the revolving credit facility agreement with its bankers.

Cash and debt is managed on a Group wide basis and subsidiaries operate within funding restrictions controlled by the Executive Directors of the Group.

Basil Brookes
Finance Director

16th September 2002

Directors' Report

For the period ended 30th June 2002

The Directors present their report and the audited accounts for the period ended 30th June 2002.

Business review

The Group's principal activity is the provision of information to business markets through magazines, directories, electronic products, events, training courses and other media. The performance of the business is reviewed in the Chairman's Statement, Chief Executive's Review and the Financial Review. The Group's acquisitions during the period are dealt with in Note 12 to the accounts.

Results and dividends

The Group's financial results are set out in the profit and loss account. Turnover is analysed by division and geographically in Notes 2 and 3 of the accounts. Retained losses of £2,439,000 will be deducted from reserves. An interim dividend of 2.5p per ordinary share was paid on 22nd May 2002.

The Directors recommend a final dividend of 0.5p per ordinary share which, if approved by shareholders, will be paid on 8th November 2002 to shareholders on the register on 27th September 2002.

The business does not require expenditure on pure research. However, market research and analysis is written off as incurred. All development costs, including those relating to the Internet, have been written off as incurred.

Fixed assets

The Directors do not believe that there is a significant difference between the market values and balance sheet values of the Group's interests in freehold land and buildings.

Directors

The Directors of the Company, during the period, are shown in table (i) below. B N Jolles was appointed as a Director on 4th July 2001. A Zahedieh resigned as a Director on 30th April 2002. S P Broome was appointed as a Director on 8th July 2002.

Tables for Directors' Report

Table (i) Directors' interests in ordinary shares

	Beneficial				Non-beneficial		Options	
	At 1st March 2001 (or date of appointment)	Movement in period	At 30th June 2002		At 1st March 2001 and 30th June 2002		At 1st March 2001 and 30th June 2002	
Name	Number	Number	Number	Percentage	Number	Percentage	Number	Percentage
B D Gilbert	8,459,907	–	8,459,907	10.19	–	–	–	–
C J Brady	962,330	1,037,670	2,000,000	2.41	–	–	–	–
R A Conwell	4,509,356	–	4,509,356	5.43	–	–	–	–
N J Miller	1,263,241	–	1,263,241	1.52	199,992	0.24	100,000	0.12
R B Brookes	677,223	–	677,223	0.82	–	–	1,678	0.00
B N Jolles	–	9,000	9,000	0.01	–	–	–	–
R W P Magee	–	–	–	–	–	–	–	–
D L Summers	–	6,000	6,000	0.01	–	–	–	–

Table (ii) Substantial shareholdings

	Number	Current Percentage
Stanmore Corporation S.A.	3,862,262	4.65
Haymarket Magazines Limited	2,592,234	3.12

Directors' interests

(a) The interests of the Directors and their immediate families in the share capital of the Company as at 30th June 2002 and the movement in the year are detailed in table (i) on page 12. Interests at 30th June 2002 are also shown as a percentage of shares in issue on that date. S P Broome was beneficially interested in 433,552 ordinary shares at the date of his appointment. With the exception of N J Miller acquiring 100,000 ordinary shares as a result of exercising the share option referred to in (b) below, there have been no changes in the Directors' interests between 30th June and 16th September 2002.

(b) Options to subscribe for or acquire shares in the Company held by Directors as at 30th June 2002 are detailed in table (i) on page 12. On 3rd July 2002, N J Miller exercised his options.

(c) Other than the Directors referred to in note 31 to the accounts, no Director had a material interest in any contract of any significance with the Company or any of its subsidiary undertakings during the period other than a service agreement or, in the case of the Non-Executive Directors, an appointment letter.

Substantial shareholdings

As at 2nd September 2002, in addition to the interests of the Directors, the Company had been notified of interests in 3 per cent. or more of the issued share capital of the Company as detailed in table (ii) on page 12. Interests are shown as a percentage of shares in issue at 2nd September 2002.

Creditor payment policy

The Group endeavours to settle payments to its suppliers in accordance with mutually agreed terms and conditions of business.

The estimated time taken to pay suppliers was 38 days (2001: 43 days).

Employee involvement

The Group places a great deal of importance on communicating its plans and objectives to all its staff and, where appropriate, consulting with them. Within each of the two core divisions there are profit centres run by experienced business managers all of whom are shareholders in the Company or its subsidiaries and whose remuneration is linked to revenue and/or profit achievements.

The Company has over 80 members of staff who are shareholders and operates an Inland Revenue approved Savings-Related Share Option Scheme which has 139 members.

Changes in share capital

379,124 ordinary shares were issued during the period in respect of share options exercised by members of staff. In addition 1,458,722 ordinary shares were issued in connection with the acquisition of the remaining 12.9 per cent. of the share capital of Central Law Group Limited.

Employment of disabled persons

It is the Group's policy to give full and fair consideration to applications for employment from people who are disabled, to continue, wherever possible, the employment of employees who become disabled and to provide equal opportunities for the career development of disabled employees.

Charitable donations

The Group made charitable donations of £11,565 (2001: £12,941) during the period. No political donations were made during the period (2001: £nil).

Health and safety policy

Management at all levels are conscious of and committed to their responsibilities in securing the health, safety and welfare of employees and others, arising from the Group's activities.

Environmental policies

The Company recognises that it has an environmental duty of care and where possible purchases raw materials from sustainable resources and has an on-going recycling policy for materials such as paper and board.

Insurance

To preclude the possibility of the Company incurring expenses which might arise from the need to indemnify a Director or Officer from claims made against him or her or the cost associated with their defence, the Group has effected Directors' and Officers' liability insurance as permitted by the Companies Act 1985.

Internal Control

The Board of Directors has overall responsibility for the systems of internal control throughout the Group and for reviewing their effectiveness. These controls are not restricted to financial controls but also cover operational, compliance and risk management systems.

There is an ongoing process for identifying, evaluating and managing significant risks faced by the Group. The systems of internal controls are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

Throughout the period under review, the Group had established a process for identifying and managing risk faced by the Group in accordance with the Internal Control Guidance for Directors on the Combined Code produced by the Turnbull Working Party and these processes have remained in place up to the date of approval of the annual report and financial statements.

Key procedures that have been established and are designed to provide effective internal control are:

- a defined organisational structure and the appropriate delegation of responsibility to management and staff;
- the setting of an annual budget for Board approval. The budget is continually reviewed in line with the Group's forecast prospects and the actual results being achieved;
- the maintenance of documented financial controls and procedures for each major business conforming to an overall standard;
- the identification by the Board and local management of major business risks as part of the process of reviewing the system of internal financial control;
- the monthly review by the Board of the Group management accounts which include profit and loss account, balance sheet and cash flow. These accounts also contain information on individual subsidiaries and their products. Performance is monitored against budget and the previous year at all levels.

The Board has reviewed the need for an internal audit function and concluded that it is not appropriate to establish one in a group of this size.

The Directors have recently reviewed the effectiveness of the Group's systems of internal control.

Corporate Governance

The Directors consider that the Company has complied throughout the period with all of the provisions of the Combined Code (the Code) except for, until 4th July 2001, the requirement for three Non-Executive Directors under paragraphs A3.1 and D3.1 of the Code. The present composition of the Board, together with biographical notes on each of the Directors, is set out on page 2.

The Board consists of the Executive Chairman and three Non-Executive Directors and the five other Executive Directors. The Board meets monthly and reserves for its consideration a number of matters including acquisitions and disposals, major items of capital expenditure outside budgeted amounts and strategic development. Responsibility for the day to day operations of the Group's business is delegated to the boards of operating subsidiaries.

The Board has established Audit, Nomination and Remuneration Committees. The Audit Committee which comprises Bernard Jolles, David Summers and Richard Magee, meets at least four times a year, including two meetings with the Company's external auditors. The Audit Committee's terms of reference include considering the scope and results of the audit, the fees of the auditors and reviewing the financial reports to shareholders.

The Nomination Committee deals with appointments to the Board and meets as and when required.

The Remuneration Committee is described in the Remuneration Report.

Going concern

After reviewing the Group's budget for 2002/2003 and its medium term plans, the Directors have a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future. Therefore they have adopted the going concern basis in preparing the accounts.

Statement of Directors' responsibilities

Company law requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of the affairs of the Company and the Group at the end of the period and of the Group profit or loss for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and the Group and to prevent and detect fraud and other irregularities.

The Directors are responsible for ensuring that the Directors' Report and other information in the annual report is prepared in accordance with company law in the United Kingdom. They are also responsible for ensuring that the annual report includes information required by the Listing Rules of the Financial Services Authority.

Extraordinary General Meeting

You will find set out at the end of this document a notice convening an Extraordinary General Meeting of the Company to be held at the offices of Hoare Govett Limited, 250 Bishopsgate, London EC2M 4AA on 6th November 2002 at which the resolutions set out in the notice will be proposed.

The ordinary resolutions to be proposed at the Meeting are among the resolutions that would usually have been dealt with at the Annual General Meeting had the accounts been published and in the hands of the shareholders by the requisite period before that Meeting. They include resolutions for the laying of the Directors' Report and Financial Statements for the period ended 30th June 2002, the declaration of a final dividend of 0.50p per ordinary share and the reappointment of PKF as auditors and authorising the Directors to fix their remuneration.

By Order of the Board
Ahmed Zahedieh
Secretary

16th September 2002

Remuneration Report

The Remuneration Committee currently comprises David Summers, Bernard Jolles and Richard Magee who are Non-Executive Directors.

The Committee determines the Company's policy on Directors' remuneration, employment conditions and the individual remuneration packages of Executive Directors. Additionally, the Committee is responsible for determining the performance criteria included in the share option schemes.

The Committee has followed the provisions of Schedule B to the Combined Code in the preparation of this report.

Executive Directors

Remuneration policy

The remuneration policy provides for a competitive compensation package which reflects the Company's performance against financial objectives. It rewards above average performance and is designed to attract, retain and motivate high calibre executives. The remuneration packages are also designed to compete with other publishers and information providers. In determining the policy, the Committee has access to external professional advice and consults with the Chief Executive on proposals relating to the remuneration of Executive Directors other than the Chief Executive himself.

Non-Executive Directors' remuneration

Fees for Non-Executive Directors' duties are determined by the Executive Directors, in consultation with the Company's professional advisers.

Service agreements

The Company, or in the case of Stephen Broome, Central Law Group Limited, has entered into service agreements with each of the Executive Directors. Each contract is terminable on 12 months' notice.

Basic salary and benefits

These represent the amounts earned by the Directors and reflect the scope and market value of job responsibilities and the sustained level of individual performance. A company car and private health care or equivalent cash benefit is provided in certain cases. Benefits in kind are not pensionable. The highest paid Director earned £269,009 in the sixteen months to 30th June 2002 (2001: £205,513 – twelve months). Total Directors' emoluments were £1,379,582 in the sixteen months to 30th June 2002 (2001: £1,046,375 – twelve months).

Performance related bonus arrangements

Bonus targets are set for the Executive Directors based on the improvement in the level of adjusted earnings per share. Bonuses are not pensionable. Table (i) on page 17 sets out the total remuneration for each Director. No bonuses were payable in respect of the sixteen months ended 30th June 2002.

Pensions and insurance benefits

Under the terms of the service agreements, each of the Executive Directors is entitled to permanent health insurance and life assurance benefits. However, the Executive Directors each waived their rights to the permanent health insurance benefits for the period under review. They may also elect to have part of their basic annual salary paid into a personal pension scheme.

Share option schemes

The Wilmington Group plc 1995 Unapproved Share Option Scheme (the Unapproved Scheme) was adopted by the Company on 22nd November 1995 and is administered by the Committee. It provides for the grant of non-transferable options to acquire shares in the Company at prevailing market prices at the time of the grant. The exercise of options granted under the Unapproved Scheme are conditional upon achieving performance targets set by the Committee.

The Wilmington Group plc 1995 Savings-Related Share Option Scheme (the SAYE Scheme) was adopted on 22nd November 1995 and approved by the Inland Revenue on 25th October 1996. It provides for the grant of non-transferable options to acquire shares in the Company at a discount of up to 20 per cent. on prevailing market prices at the time of the grant.

The Wilmington Group plc 1999 Approved Share Option Scheme (the Approved Scheme) was adopted on 2nd September 1999 and approved by the Inland Revenue on 29th September 1999. The Approved Scheme is administered by the Committee and provides for the grant of non-transferable options to acquire shares in the Company at prevailing market prices at the time of grant. The exercise of options granted under the Approved Scheme are conditional upon the achievement of performance targets set by the Committee.

In the case of each of the schemes, no consideration is payable for the grant of options and options may generally be exercised three years after the dates of their grant (subject to the achievement of any applicable performance targets).

The grant of options under the Company's share option schemes is intended to encourage wider employee participation in the Company and in its future growth and development.

As at 30th June 2002, N J Miller held options under the Unapproved Scheme to subscribe for 100,000 ordinary shares of 5p each at 50p per share. These options were exercised on 3rd July 2002. R B Brookes held options under the SAYE scheme to subscribe for 1,678 ordinary shares of 5p each at a price of 230p per share which are exercisable during a period of six months from December 2002. No Directors exercised or were granted options during the period. The share price at 30th June 2002 was 130p and the price varied in the range 90p to 241p during the period.

There have been no changes to the options held by R B Brookes referred to above between 30th June and 16th September 2002.

Movements in Directors' share options are summarised in table (ii) below.

Table (i) – Directors' emoluments

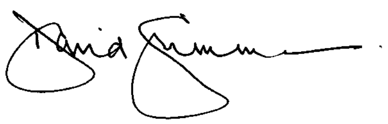
	Salary and fees		Bonus		Allowances and benefits in kind		Total	
	Sixteen months ended 30th June 2002 £	Twelve months ended 28th February 2001 £	**Sixteen months ended 30th June 2002 £**	Twelve months ended 28th February 2001 £	**Sixteen months ended 30th June 2002 £**	Twelve months ended 28th February 2001 £	**Sixteen months ended 30th June 2002 £**	Twelve months ended 28th February 2001 £
B D Gilbert	233,333	150,000	–	28,650	35,676	26,863	269,009	205,513
C J Brady	193,333	115,479	–	23,875	25,536	23,119	218,869	162,473
R A Conwell	175,000	106,000	–	20,246	17,737	13,632	192,737	139,878
N J Miller	195,000	135,000	–	25,785	22,666	18,085	217,666	178,870
R B Brookes	180,000	125,000	–	23,875	25,663	17,856	205,663	166,731
A Zahedieh	151,167	103,000	–	19,673	16,871	12,147	168,038	134,820
B N Jolles	30,000	–	–	–	–	–	30,000	–
R W P Magee	26,667	20,000	–	–	17,600	13,200	44,267	33,200
D L Summers	33,333	2,630	–	–	–	–	33,333	2,630
D Rooke	–	22,260	–	–	–	–	–	22,260
	1,217,833	779,369	–	142,104	161,749	124,902	1,379,582	1,046,375

A Zahedieh ceased to be a Director on 30th April 2002 and the above table reflects the emoluments he received during the period for which he was a Director.

No pension contributions were made in respect of any Director during the period (2001: Nil). None of the Directors are accruing benefits under defined contribution or benefit schemes (2001: None).

Table (ii) – Directors' share options

	At 1st March 2001	Options exercised	Options granted	At 30th June 2002
N J Miller – Unapproved Scheme	100,000	–	–	100,000
R B Brookes – SAYE Share Option Scheme	1,678	–	–	1,678



On behalf of the Board
David Summers, *Chairman of The Remuneration Committee,*

16th September 2002

Consolidated Profit and Loss Account

For the period ended 30th June 2002

	Notes	Continuing operations £'000	Acquisitions £'000	Sixteen months ended 30th June 2002 Total £'000	Twelve months ended 28th February 2001 £'000 (As restated)
Turnover	2 and 3	102,815	283	103,098	72,769
Cost of sales		(35,754)	(88)	(35,842)	(25,026)
Gross profit		67,061	195	67,256	47,743
Operating expenses	4	(54,644)	(159)	(54,803)	(35,630)
Amortisation of goodwill and intangible assets – recurring		(4,521)	–	(4,521)	(2,936)
– non-recurring		(2,900)	–	(2,900)	–
Total operating expenses		(62,065)	(159)	(62,224)	(38,566)
Operating profit	5	4,996	36	5,032	9,177
Interest receivable and similar income	8			85	203
Interest payable and similar charges	9			(383)	(299)
Profit on ordinary activities before taxation				4,734	9,081
Taxation	10			(3,877)	(3,222)
Profit on ordinary activities after taxation				857	5,859
Minority interests				(841)	(566)
Profit for the financial period and attributable to shareholders	11			16	5,293
Dividend paid or proposed	11			(2,455)	(2,030)
Retained (loss)/profit for the period	27			(2,439)	3,263
Earnings per ordinary share	13			0.02p	6.56p
Diluted earnings per ordinary share	13			0.02p	6.47p
Adjusted earnings per ordinary share	13			9.02p	10.14p

Consolidated Statement of Total Recognised Gains and Losses

For the period ended 30th June 2002

		Sixteen months ended 30th June 2002 £'000	Twelve months ended 28th February 2001 £'000 (As restated)
Profit for the period		16	5,293
Prior year adjustment	1(j)	(853)	–
Total gains and losses recognised since last annual report		(837)	5,293

The accompanying notes are an integral part of these accounts.

Balance Sheets

As at 30th June 2002

		Group		Company	
	Notes	30th June 2002 £'000	28th February 2001 £'000 (As restated)	30th June 2002 £'000	28th February 2001 £'000 (As restated)
Fixed assets					
Goodwill and intangible assets	14	64,410	52,760	–	–
Tangible assets	15	10,540	11,463	2,160	2,294
Investments	16	–	–	47,983	37,866
		74,950	64,223	50,143	40,160
Current assets					
Stock and work in progress	17	2,237	1,540	–	–
Debtors	18	15,976	18,489	21,544	21,449
Cash at bank and in hand		1,640	1,833	–	795
		19,853	21,862	21,544	22,244
Creditors: Amounts falling due within one year	19	(22,739)	(23,691)	(5,781)	(11,964)
Net current (liabilities)/assets		(2,886)	(1,829)	15,763	10,280
Total assets less current liabilities		72,064	62,394	65,906	50,440
Creditors: Amounts falling due after more than one year	20	(11,895)	(2,094)	(5,700)	–
Provision for liabilities and charges	22	(794)	(853)	(85)	(91)
Net assets		59,375	59,447	60,121	50,349
Capital and reserves					
Called-up share capital	23	4,149	4,057	4,149	4,057
Share premium account	25	42,091	39,792	42,091	39,792
Other reserves	26	949	949	–	–
Profit and loss account	27	11,167	13,606	13,881	6,500
Equity Shareholders' funds	28	58,356	58,404	60,121	50,349
Minority interests		1,019	1,043	–	–
		59,375	59,447	60,121	50,349

Approved on behalf of the Board on 16th September 2002

C. J. Brady

RBBrooke

Charles J Brady
Chief Executive

R Basil Brookes
Finance Director

The accompanying notes are an integral part of these accounts.

Consolidated Cash Flow Statement

For the period ended 30th June 2002

	Notes	Sixteen months ended 30th June 2002 £'000	Twelve months ended 28th February 2001 £'000 (As restated)
Net cash inflow from operating activities	33(a)	16,474	11,361
Returns on investments and servicing of finance			
Interest received		85	203
Interest and similar charges paid		(383)	(790)
Dividend paid to minority shareholders in subsidiary undertaking		(1,342)	–
Net cash outflow		(1,640)	(587)
Taxation			
Corporation tax paid		(4,839)	(3,235)
Capital expenditure and financial investment			
Purchase of goodwill and intangible fixed assets		(2,315)	(1,547)
Purchase of tangible fixed assets	15	(2,947)	(5,375)
Sale of tangible fixed assets		1,634	792
Net cash outflow		(3,628)	(6,130)
Acquisitions			
Purchase of subsidiary undertakings	12	(3,445)	(3,313)
Purchase of businesses		(1,028)	–
		(4,473)	(3,313)
Equity dividends paid		(4,065)	(1,521)
Cash outflow before financing		(2,171)	(3,425)
Financing			
Issue of shares	23	312	28,727
Repayment of bank loan		–	(24,000)
Repayment of loan notes		(799)	–
		(487)	4,727
(Decrease)/increase in cash in the year	33(b)	(2,658)	1,302
Reconciliation of net cash flow to movement in net cash/(debt)	33(b)		
(Decrease)/increase in cash in the year		(2,658)	1,302
Cash outflow from decrease in net debt		–	24,000
Change in net (debt)/cash resulting from cash flow		(2,658)	25,302
Cash arising on acquisitions and disposals		1,291	885
Net cash/(debt) brought forward		1,512	(24,675)
Net cash carried forward		145	1,512

The accompanying notes are an integral part of these accounts.

Notes to the Accounts

1. Statement of accounting policies

The significant accounting policies applied in preparing the financial statements are as follows:

a) Basis of preparation
The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention.

b) Basis of consolidation
The consolidated financial information combines the financial statements of the Company and its subsidiaries.

Where, on the acquisition of a business, all of the specific criteria set out in Financial Reporting Standard 6 for the combination to fall within the definition of a merger are met, merger accounting has been applied.

In all other instances, acquisition accounting is applied. Fair values are attributed to the Group's share of net assets. Where the cost of acquisition exceeds the fair values attributable to such net assets, the difference is treated as purchased goodwill and is capitalised as part of goodwill and intangible assets (see note 1(e)).

c) Turnover
Turnover represents the invoiced value of goods sold and services provided during the period, stated net of Value Added Tax. Subscription revenue is allocated to the relevant accounting periods covered by the subscription. Event revenue is recognised in the month that the event takes place. Subscriptions and fees in advance are carried forward in creditors: amounts falling due within one year.

d) Tangible fixed assets
Fixed assets are stated at cost less accumulated depreciation. Depreciation is not provided on freehold land. On other assets it is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold buildings	2 per cent. per annum
Leasehold properties	over the term of the lease to a maximum of 50 years
Leasehold improvements	10 per cent. per annum
Motor vehicles	25 per cent. per annum
Computer equipment	25-33 per cent. per annum
Fixtures and fittings	10-20 per cent. per annum

e) Goodwill and intangible assets
Purchased goodwill and intangible assets are capitalised and amortised through the profit and loss account over their estimated useful lives not exceeding 20 years.

f) Investments
Fixed asset investments are stated at cost.

g) Stock and work in progress
Stock and work in progress are stated at the lower of cost and net realisable value. Cost includes materials, direct labour, and overheads appropriate to the relevant stage of production. Net realisable value is based on estimated selling price less all the further costs to completion and all relevant marketing, selling and distribution costs.

h) Foreign currencies
Assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial period. Trading activities are translated into sterling at the rate of exchange ruling at the time of the transaction. Any resultant gain or loss on exchange is shown as part of the period's profit or loss from ordinary activities.

i) Taxation
Corporation tax has been provided on profit for the period at appropriate rates.

j) Deferred taxation
Deferred taxation is provided on material timing differences between the incidence of income and expenditure for taxation and accounts purposes using a full provision basis in accordance with the provisions set out in Financial Reporting Standard 19 "Deferred Tax". Deferred tax is measured on a discounted basis, using an appropriate discount rate, at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates or laws enacted or substantively enacted at the balance sheet date.

Deferred tax assets are only recognised when they arise from timing differences where their recoverability in the short term is regarded as more likely than not.

In prior years provision was only made for deferred taxation, using the liability method, to the extent that it was probable that a liability would crystalise. This represents a change in accounting policy and prior year figures have been restated accordingly.

The effect of the adoption of FRS 19 is that net assets at 30th June 2002 have been reduced by £794,000 (28th February 2001 – £853,000) in respect of deferred tax provided and the profit after tax for the sixteen month period ended 30th June 2002 has been reduced by £59,000 (twelve month period ended 28th February 2001 – increased by £376,000) in respect of the deferred tax charge in that period.

k) Financial instruments
In preparing the disclosures included in note 21 to the financial statements concerning financial instruments, the Group has taken advantage of the exemption available in Financial Reporting Standard 13 not to include details in respect of either short term debtors or creditors.

l) Operating leases
Rentals incurred in respect of operating leases are charged to the profit and loss account on a straight line basis.

m) Pension scheme arrangements
The Group operates a defined benefit pension scheme, for a limited number of employees, which requires contributions to be made to a separately administered fund. Contributions to this fund are charged in the profit and loss account so as to spread the cost of pensions over the employees' working lives within the Group. The regular cost is attributed to individual years using the projected unit method. Variations in pension cost, which are identified as a result of actuarial valuations, are amortised over the average expected remaining working lives of employees in proportion to their expected payroll costs. Differences between the amounts funded and the amounts charged in the profit and loss account are treated as either provisions or prepayments in the balance sheet. The fund is actuarially valued every three years.

The Group also contributes to defined contribution pension arrangements for a limited number of other employees. Contributions to these arrangements are charged to the profit and loss account in the period in which they are paid.

Notes to the Accounts

continued

2. Segmental information

	Sixteen months to 30th June 2002 £'000	Twelve months to 28th February 2001 £'000
Turnover:		
Business Information	26,885	17,791
Magazine Publishing	51,301	37,388
Professional Training	24,912	17,590
	103,098	72,769

	Sixteen months to 30th June 2002 £'000	Twelve months to 28th February 2001 £'000
Profit before taxation:		
Business Information	4,774	4,160
Magazine Publishing	1,686	3,737
Professional Training	5,993	4,216
Operating profit before amortisation	12,453	12,113
Less: amortisation	(7,421)	(2,936)
	5,032	9,177
Less: interest	(298)	(96)
	4,734	9,081

The amortisation charge is split between Business Information – £1,077,000 (2001: £458,000) Magazine Publishing – £3,954,000 (2001: £1,026,000) and Professional Training – £2,390,000 (2001 – £1,452,000).

	30th June 2002 £'000	28th February 2001 £'000 (As restated)
Net assets:		
Business Information	14,235	15,554
Magazine Publishing	13,194	21,445
Professional Training	31,946	22,448
	59,375	59,447

3. Turnover

The geographical analysis of turnover is as follows:

	Sixteen months to 30th June 2002 £'000	Twelve months to 28th February 2001 £'000
United Kingdom	85,633	60,388
Overseas	17,465	12,381
	103,098	72,769

4. Operating expenses

	Sixteen months to 30th June 2002 £'000	Twelve months to 28th February 2001 £'000
Distribution and selling costs	29,936	21,852
Administrative expenses	24,867	13,778
	54,803	35,630

5. Operating profit

Operating profit is stated after charging/(crediting):

	Sixteen months to 30th June 2002 £'000	Twelve months to 28th February 2001 £'000
Depreciation of owned tangible fixed assets (see note 15)	2,547	1,648
Amortisation of goodwill and intangible assets (see note 14)	7,421	2,936
Profit on sale of fixed assets	(271)	(347)
Rentals under operating leases:		
Machinery	30	27
Other operating leases	347	375
Auditors' remuneration:		
Audit fees	132	123
Other services	34	20

The fees paid for other services to the auditors relate primarily to work on the Group's tax affairs.
The auditors also received fees totalling £34,000 for services provided in respect of the acquisitions made by the Group during the period, which have been capitalised as acquisition costs.

6. Staff costs

Employee costs (including Directors) were as follows:

	Sixteen months to 30th June 2002 £'000	Twelve months to 28th February 2001 £'000
Wages and salaries	32,153	21,560
Social security costs	2,801	2,063
Pension costs	284	182
	35,238	23,805

The average number of employees employed by the Group was as follows:

	Sixteen months to 30th June 2002 Number	Twelve months to 28th February 2001 Number
Selling and distribution	563	516
Production	174	150
Administration	289	266
	1,026	932

7. Directors' remuneration

Full details of the Directors' remuneration packages for the period are set out in the Remuneration Report on pages 16 and 17, together with details of Directors' share options in the Company in the Directors' Report on page 12.

8. Interest receivable and similar income

	Sixteen months to 30th June 2002 £'000	Twelve months to 28th February 2001 £'000
Bank interest	85	203

9. Interest payable and similar charges

	Sixteen months to 30th June 2002 £'000	Twelve months to 28th February 2001 £'000
On loans and overdrafts	383	299

10. Taxation

	Sixteen months to 30th June 2002 £'000	Twelve months to 28th February 2001 £'000 (as restated)
The tax charge comprises:		
UK corporation tax at current rates	3,678	2,987
Adjustment to previous years	258	(141)
	3,936	2,846
Deferred tax (credit)/charge	(59)	376
	3,877	3,222

The deferred tax (credit)/charge has been discounted by £97,000 (2001: £23,000).

	Sixteen months to 30th June 2002 £'000	Twelve months to 28th February 2001 £'000
Reconciliation of tax charge:		
Profit on ordinary activities before tax	4,734	9,081
Profit on ordinary activities multiplied by standard rate of corporation tax in the period of 30% (2001: 30%)	1,420	2,724
Effect of:		
Goodwill amortisation not deductible for tax purposes	2,226	881
Other expenses not deductible for tax purposes	104	289
Capital allowances for the period in excess of depreciation	(27)	(767)
Utilisation of tax losses	(45)	(54)
Roll over relief on profit on disposal of property	–	(86)
Adjustment to tax charge in respect of previous periods	258	(141)
Current tax charge for period as above	3,936	2,846

The tax charge compared to profit on ordinary activities will remain high in the future due to the disallowance of amortisation charges for tax purposes.

11. Results of Wilmington Group plc

Of the results for the period, a profit of £9,836,000 (2001: £3,202,000) is dealt with in the financial statements of the holding company. Pursuant to Section 230 of the Companies Act 1985 the Company's own profit and loss account is not included in these financial statements.

An interim dividend of 2.50p (2001: nil) per ordinary share was paid on 22nd May 2002. A final dividend of 0.50p is proposed (2001: 2.50p), making a total dividend for the period of 3.00p (2001: 2.50p).

12. Acquisitions

In November 2001, a 75 per cent. owned subsidiary of the Group acquired 100 per cent. of the share capital of Showcase Publications Limited. In June 2002 the Group acquired 100 per cent. of the share capital of TMSS Limited and 50.01 per cent. of the share capital of Pendragon Professional Information Limited.

Assets and liabilities of subsidiary undertakings acquired:

	Book value £'000	Fair value adjustments £'000	Fair value £'000
Tangible fixed assets	32	–	32
Debtors	631	–	631
Cash	1,291	–	1,291
Creditors due within one year	(1,081)	–	(1,081)
	873	–	873
Less: minority interests			(237)
			636
Goodwill arising on consolidation			2,809
Consideration			3,445
Satisfied by:			
Cash			3,445

All of these acquisitions were accounted for using the acquisition method of accounting from the date of acquisition. No adjustments were required to the book values of the net assets acquired to reflect their fair values and the application of group policies.

Minority interests acquired

During the period the Company acquired the remaining 19.4 per cent of Central Law Group Limited for a total consideration of £9.9 million including deferred consideration of £5.7 million payable in July 2003 (see note 31), giving rise to goodwill on consolidation of £10.5 million.

Notes to the Accounts

continued

13. Earnings per ordinary share

	Sixteen months ended 30th June 2002	Twelve months ended 28th February 2001 (As restated)
The calculation of earnings per share is based on profit after taxation and minority interests of	£16,000	£5,293,000
and on the average number of ordinary shares in issue during the period of	81,492,397	80,734,060
and after adjusting for 266,880 outstanding share options (2001: 1,073,227), on the diluted average number of ordinary shares during the period of	81,759,277	81,807,287
Earnings per ordinary share	0.02p	6.56p
Diluted earnings per ordinary share	0.02p	6.47p
Adjusted earnings per ordinary share	9.02p	10.14p

In order to show the results on a comparable basis to prior years before adoption of Financial Reporting Standard 10, an adjusted earnings per ordinary share has been calculated using an adjusted profit after taxation and minority interests but before amortisation of goodwill and intangible assets of £7,352,000 (2001: £8,186,000).

14. Goodwill and intangible assets

	Group £'000
Cost	
At 1st March 2001	61,196
Additions	16,265
Acquisitions (note 12)	2,809
Disposals	(10)
At 30th June 2002	80,260
Amortisation	
At 1st March 2001	8,436
Charge for period	7,421
Disposals	(7)
At 30th June 2002	15,850
Net book value	
At 30th June 2002	64,410
At 28th February 2001	52,760

During the period the useful lives and carrying value of goodwill and intangible assets were reviewed in accordance with FRS 11 "Impairment of Fixed Assets and Goodwill". This resulted in additional amortisation charges of £2,900,000 for the period, these charges being included within administrative expenses.

Additions include the Directors' best estimate of deferred consideration payable in the future.

15. Tangible assets

Group

	Freehold property £'000	Long leasehold property £'000	Short leasehold property £'000	Fixtures and fittings £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
Cost							
At 1st March 2001	4,860	2,417	843	2,709	5,074	2,200	18,103
Reclassification	(625)	625	–	–	–	–	–
Additions	368	634	19	403	1,165	358	2,947
Acquisitions (note 12)	–	–	4	5	23	–	32
Disposals	(1,085)	–	(22)	(574)	(47)	(1,231)	(2,959)
At 30th June 2002	3,518	3,676	844	2,543	6,215	1,327	18,123
Depreciation							
At 1st March 2001	268	259	128	1,523	3,611	851	6,640
Reclassification	(41)	41	–	–	–	–	–
Charge for period	144	163	86	473	1,076	605	2,547
Disposals	(163)	–	–	(553)	(37)	(851)	(1,604)
At 30th June 2002	208	463	214	1,443	4,650	605	7,583
Net book value							
At 30th June 2002	3,310	3,213	630	1,100	1,565	722	10,540
At 28th February 2001	4,592	2,158	715	1,186	1,463	1,349	11,463

Company

	Long leasehold property £'000	Fixtures and fittings £'000	Computer equipment £'000	Motor Vehicles £'000	Total £'000
Cost					
At 1st March 2001	2,417	6	154	–	2,577
Additions	33	4	46	5	88
Disposals	–	–	–	(1)	(1)
At 30th June 2002	2,450	10	200	4	2,664
Depreciation					
At 1st March 2001	259	1	23	–	283
Charge for period	155	1	65	–	221
Disposals	–	–	–	–	–
At 30th June 2002	414	2	88	–	504
Net book value					
At 30th June 2002	2,036	8	112	4	2,160
At 28th February 2001	2,158	5	131	–	2,294

16. Investments

	Shares in subsidiary undertakings £'000
Cost at 1st March 2001	37,866
Additions	10,117
At 30th June 2002	47,983

At 30th June 2002 the principal subsidiary undertakings, all of which only have ordinary issued share capital and all of which, were incorporated in and principally operated in Great Britain, were as follows:

Name of company	Business	Percentage owned
Wilmington Business Information Limited	Provision of reference information	100
Retail Entertainment Data Publishing Limited	Provision of reference information	100
Production and Casting Report Limited	Provision of reference information	100
Waterlow Specialist Information Publishing Limited	Provision of reference information	100
CaritasData Limited	Provision of reference information	75
Hollis Directories Limited	Holding Company	75
Hollis Publishing Limited	Provision of reference information	75
Beechwood House Publishing Limited	Provision of reference information	75
Abacus Software Limited	Electronic publishing services	75
Showcase Publications Limited	Provision of reference information	75
TMSS Limited	Provision of reference information	100
Pendragon Professional Information Limited	Provision of reference information	50
Wilmington Media Limited	Publication of trade and technical journals	100
ETP Limited	Publication of trade and technical journals	100
Adline Publishing Limited	Publication of trade and technical journals	100
WDIS Limited	Database management and publishing support services	100
Dewberry Boyes Limited	Publication of trade and technical journals	100
Polygon Media Limited	Publication of trade and technical journals	75
Redpoint Marketing Limited	Database and direct marketing	75
Central Law Group Limited	Holding company	100
Central Law Training Limited	Post qualification training and legal conferences	100
Central Law Training (Scotland) Limited	Post qualification training and legal conferences	80
Bond Solon Training Limited	Witness training and conferences	75

Wilmington Business Information Limited owns 75 per cent. of CaritasData Limited, Hollis Directories Limited and Beechwood House Publishing Limited and 50.01 per cent. of Pendragon Professional Information Limited. Hollis Directories Limited owns 100 per cent. of Hollis Publishing Limited. Hollis Publishing owns 100 per cent. of Showcase Publications Limited. Wilmington Media Limited owns 75 per cent. of Polygon Media Limited. Dewberry Boyes Limited owns 75 per cent. of Redpoint Marketing Limited. Central Law Group Limited owns 80 per cent. of Central Law Training (Scotland) Limited. Central Law Training Limited owns 75 per cent. of Bond Solon Training Limited.

Central Law Group Limited, Central Law Training Limited, Central Law Training (Scotland) Limited and Bond Solon Training Limited have non-coterminous year ends of 28th February due to share option agreements. With the exception of Bond Solon Training Limited, their year ends will be changed to 30th June in 2003. Pendragon Professional Information Limited, a recent acquisition, has a non-coterminous year end of 31st December but has extended its current accounting period to end on 30th June 2003.

17. Stock and work in progress

	Group	
	30th June 2002 £'000	28th February 2001 £'000
Raw materials	189	250
Work in progress	1,942	1,142
Books held for sale	106	148
	2,237	1,540

18. Debtors

	Group		Company	
	30th June 2002 £'000	28th February 2001 £'000	30th June 2002 £'000	28th February 2001 £'000
Trade debtors	14,231	17,059	–	–
Other debtors	205	158	74	9
Amounts due from subsidiary undertakings	–	–	19,377	18,030
Dividends receivable from subsidiary undertakings	–	–	1,990	3,250
Prepayments and accrued income	1,540	1,272	103	160
	15,976	18,489	21,544	21,449

Amounts due from subsidiary undertakings include £2,333,000 (2001: £2,333,000) of loan stock which bears interest at 1.50 per cent. above Barclays Bank Base Rate. The loan has no fixed date of repayment.

19. Creditors: amounts falling due within one year

	Group		Company	
	30th June 2002 £'000	28th February 2001 £'000	30th June 2002 £'000	28th February 2001 £'000
Bank overdrafts	1,495	321	4,532	–
Trade creditors	4,147	3,850	–	–
Corporation tax payable	1,238	2,095	–	–
Other creditors	2,112	679	5	5
Other taxes and social security	1,995	1,885	–	3
Subscriptions and fees in advance	7,107	7,880	–	–
Accruals	4,230	4,956	140	358
Amounts due to subsidiary undertakings	–	–	689	9,573
Dividends payable	415	2,025	415	2,025
	22,739	23,691	5,781	11,964

The bank overdrafts, which are the subject of a Group set off arrangement, are secured by a fixed and floating charge over certain of the Group's assets. Interest is charged on the overdraft at 1 per cent. above Barclays Bank Base Rate.

20. Creditors: amounts falling due after more than one year

	Group		Company	
	30th June 2002 £'000	28th February 2001 £'000	30th June 2002 £'000	28th February 2001 £'000
Loan notes	1,295	2,094	–	–
Deferred consideration	10,600	–	5,700	–
	11,895	2,094	5,700	–

The loan notes were issued in connection with the acquisition of subsidiary undertakings. £799,000 of these loan notes were repaid during the period. £1,003,000 of these loan notes bear interest at Barclays Bank base rate. £292,000 of these loan notes, which bear interest at 1.025 per cent below Barclays Bank base rate and are guaranteed by Barclays Bank, are now repayable within one year and are included in creditors – amount falling due within one year (see note 19).

The deferred consideration represents the cash consideration of £5,700,000 due in July 2003 in respect of the acquisition of the remaining minority interest in Central Law Group Limited (see note 31), together with additional deferred consideration of £4,900,000 for shares already acquired in certain subsidiaries which is payable (dependent on future revenues and profits) between 2003 and 2005. The £4,900,000 additional consideration reflects the Directors' current estimate for this liability which is capped at an aggregate of £5,800,000.

21. Financial instruments

The Group's financial instruments comprise principally bank borrowings, cash and various other items that arise directly from its trading operations such as trade debtors, trade creditors and subscriptions and fees in advance. The main purpose of these financial instruments is to ensure that finance is available for the Group's operations.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk and foreign currency risk. 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 agreed to hedge its interest exposure on approximately two thirds of the amounts borrowed under the revolving credit facility agreement with its bankers.

The Group had no net borrowings at 30th June 2002 (28th February 2001: £nil) and had an undrawn committed bank facility of £40 million (28th February 2001: £40 million) whose expiry date is more than one year.

b) Liquidity risk

The Group's policy throughout the period has been to ensure continuity of funding by the use of an overdraft facility.

c) Foreign currency risk

The Group does have a substantial customer base overseas. Certain overseas customers are invoiced in US dollars and Euros which has provided a stable currency base and hence minimised the exposure to exchange fluctuations. The Group maintains bank accounts in foreign currency and converts this currency to sterling at the appropriate times.

d) Financial rate risk profile of financial assets and financial liabilities

i. Financial assets

The only financial asset held by the Group other than short term debtors is its cash balance. The balance is held in short term interest bearing accounts.

ii. Financial liabilities

Except as disclosed below, the only financial liabilities of the Group at the balance sheet date were floating rate and are shown below at their book values (which equate to their fair values) along with their maturity dates:

	30th June 2002 £'000	28th February 2001 £'000
In one year or less, or on demand	1,495	321
In more than one year but not more than two years (non interest bearing)	5,700	–
In more than two years but not more than five years of which £4,900,000 is non interest bearing (2001 – £Nil)	6,195	2,094
	13,390	2,415

e) Currency exposures

At the balance sheet date the net monetary assets of the Group denominated in foreign currencies translated into sterling totalled £108,800 (2001: £612,000). This balance consisted principally of cash and debtor balances in US dollars.

The above disclosures highlight how the Group has structured its financial liabilities in order to provide both adequate and flexible financing.

22. Provisions for liabilities and charges

The Group liability for deferred taxation is as follows:

	Group		Company	
	30th June 2002 £'000	28th February 2001 £'000 (As restated)	30th June 2002 £'000	28th February 2001 £'000 (As restated)
Accelerated capital allowances	1,259	1,415	96	108
Tax losses carried forward	–	–	–	–
Undiscounted liability carried forward	1,259	1,415	96	108
Discount	(465)	(562)	(11)	(17)
Discounted provision for deferred tax	794	853	85	91
Provision at 1st March 2001 (as restated)		853		91
Deferred tax credit in profit and loss account for period		(59)		(6)
Provision at 30th June 2002		794		85

23. Called-up share capital

	30th June 2002 £'000	28th February 2001 £'000
Authorised		
99,000,000 ordinary shares of 5p each	4,950	4,950
Allotted, called-up and fully paid ordinary shares		
of 5p each 82,987,309 (2001: 81,149,463)	4,149	4,057

During the period 379,124 ordinary shares with a nominal value of £18,956 were issued for a cash consideration of £312,217 in respect of Share Option Schemes.

1,458,722 ordinary shares with a nominal value of £72,936 were issued in respect of the Group's acquisition of the remaining minority interest in Central Law Group Limited (see note 31).

Notes to the Accounts

continued

24. Share options

Details of Directors' share options are set out in the Remuneration Report. Other employees of the Group hold options to subscribe for ordinary shares as follows:

a) Under the Wilmington Group plc 1995 Unapproved Share Option Scheme

Year of grant	Subscription price per share	Period within which options exercisable	Number of shares for which options outstanding at 30th June 2002
1995	50p	Nov 1998-Nov 2002	124,000
1996	95p	Oct 1999-Oct 2003	252,850
1998	142p	Mar 2001- Mar 2005	214,500
1998	181.5p	Jun 2001-Jun 2005	55,000
1998	137.5p	Oct 2001-Oct 2005	45,000
1999	285p	Nov 2002-Nov 2006	333,000
2000	384.5p	Jun 2003-Jun 2007	246,350
2001	217.5p	Jun 2004-Jun 2008	292,220
2001	146.5p	Nov 2004-Nov 2008	200,000

b) Under the Wilmington Group plc 1999 Approved Share Option Scheme

Year of grant	Subscription price per share	Period within which options exercisable	Number of shares for which options outstanding at 30th June 2002
1999	285p	Nov 2002-Nov 2006	320,200
2000	384.5p	Jun 2003-Jun 2007	202,250
2000	316.5p	Nov 2003-Nov 2007	138,500
2001	217.5p	Jun 2004-Jun 2008	184,780
2002	170p	May 2005-May 2008	17,600

c) Under the Wilmington Group plc 1995 Savings Related Share Option Scheme

Year of grant	Subscription price per share	Period within which options exercisable	Number of shares for which options outstanding at 30th June 2002
1999	230.8p	Dec 2002-Jun 2005	179,434

25. Share premium account

	Group and Company £'000
Balance at 1st March 2001	39,792
Issue of shares under Share Option Schemes	293
Issue of shares on acquisition of minorities	2,006
Balance at 30th June 2002	42,091

26. Other reserves

	£'000
Balance at 1st March 2001 and 30th June 2002	949

27. Profit and loss account

	Group		Company	
	Sixteen months to 30th June 2002 £'000	Twelve months to 28th February 2001 £'000	Sixteen months to 30th June 2002 £'000	Twelve months to 28th February 2001 £'000
Opening balance previously reported	14,459	10,820	6,591	5,448
Adjustment in respect of change in accounting policy for deferred taxation	(853)	(477)	(91)	(120)
Opening balance as restated	13,606	10,343	6,500	5,328
Profit for the financial period	16	5,293	9,836	3,202
Dividends	(2,455)	(2,030)	(2,455)	(2,030)
Closing balance	11,167	13,606	13,881	6,500

28. Reconciliation of movements in equity shareholders' funds

	Group		Company	
	Sixteen months to 30th June 2002 £'000	Twelve months to 28th February 2001 £'000 (Restated)	Sixteen months to 30th June 2002 £'000	Twelve months to 28th February 2001 £'000 (Restated)
Profit for the financial period	16	5,293	9,836	3,202
Dividends	(2,455)	(2,030)	(2,455)	(2,030)
	(2,439)	3,263	7,381	1,172
Issue of shares	2,391	31,429	2,391	31,429
Opening shareholders' funds	58,404	23,712	50,349	17,748
Closing shareholders' funds	58,356	58,404	60,121	50,349
Attributable to equity interests	58,356	58,404	60,121	50,349

Opening shareholders' funds for the Group were previously stated as £59,257,000 (2001: £24,189,000) and for the Company as £50,440,000 (2001: £17,868,000).

29. Contingent liabilities

Group

The Group has entered into agreements with the minority shareholders of certain of its subsidiary companies whereby those shareholders have the right to sell to the Group their shares at prices determined by formulae based on the subsidiaries' profitability. These amounts are capped at an aggregate of £20.4m payable between 2003 and 2015, although based on current levels of profitability the Directors estimate that the amounts payable would amount to an aggregate £8.5m.

In respect of one subsidiary an uncapped amount is payable in 2007, which in the opinion of the Directors, based on current levels of profitability, will not exceed £0.5m.

Company

The Company has entered into an unlimited cross guarantee with the Group's bankers in respect of the net £10 million overdraft facilities extended to certain of the Company's subsidiaries. At 30th June 2002 the Company's gross contingent liability in respect of this facility was £1,991,000 (2001: £464,000).

Notes to the Accounts

continued

30. Commitments

a) The Group had capital commitments at 30th June 2002 contracted but not provided for of £Nil (2001: £117,000).

b) Annual commitments payable under non-cancellable operating leases were as follows:

	Property		Other operating leases	
	30th June 2002 £'000	28th February 2001 £'000	30th June 2002 £'000	28th February 2001 £'000
One year	3	–	3	5
Between two and five years	113	116	6	–
After five years	228	298	–	–
	344	414	9	5

31. Related party transactions

The Company and its wholly owned subsidiaries offer certain group-wide purchasing facilities to the Company's other subsidiaries whereby the actual costs are recharged. The Company has taken advantage of the exemption permitted by Financial Reporting Standard 8 not to disclose transactions with 90 per cent. or more owned subsidiaries. However, the following other services were provided to less than 90 per cent. owned subsidiaries during the period for which appropriate charges, as set out below, were made:

Provision of finance at commercial rates of interest	£90,000 (2001: £18,000)
Circulation management services provided by WDIS Limited	£110,000 (2001: £95,000)

During the period the Company acquired the outstanding 19.4 per cent. of the share capital of Central Law Group Limited from Charles J Brady and other directors of that company. The acquisition of 6.5 per cent of Central Law Group Limited in May 2001 from one of the directors of that company was funded entirely by cash at a total cost of £2.1 million. The acquisition of the remaining 12.9 per cent from Charles J Brady and Stephen Broome in April 2002 involved a total consideration of £7.8 million, satisfied by the issue of 1,458,722 ordinary shares in the company (having a nominal value of £72,936) together with cash consideration payable in July 2003 of £5.7 million.

32. Pension and similar arrangements

SSAP 24 disclosures

The Group operates a defined benefit pension scheme for a limited number of members, the Wilmington Media Limited Pension Scheme. Total membership of the Scheme at 30th June 2002 was 47. The benefits under the Scheme accrue from 6th March 1992 and are based on final salary. The Scheme is funded by payment of contributions to a separately administered trust fund.

The pension costs are determined with the advice of independent qualified actuaries on the basis of triennial valuations using the projected unit method. The results of the most recent valuations, which were conducted as at 31st March 2001, are as follows:

Main assumptions:

	Per cent. per annum
Rate of return on investments	6.5
Rate of increase in salaries	4.5
Rate of increase in pensions in payment	3.0

	£'000
Market value of Scheme's assets	1,469

Level of funding being the actuarial value of assets expressed as a percentage of the benefits accrued to members, after allowing for future salary increases	102 per cent.

The actuary confirmed that the contribution rate of 13.3 per cent. currently being paid by the Group was sufficient to meet the cost of the benefits expected to arise in respect of future service.

There were no variations from the regular cost to be allocated over the average remaining working lives of the current employees.

FRS 17 disclosures

The valuation used for FRS 17 disclosures has been based on the most recent actuarial valuation at 31st March 2001 and updated by the same qualified independent actuaries to take account of the requirements of FRS 17 in order to assess the liabilities of the Scheme at 30th June 2002. Scheme assets are stated at their market value at 30th June 2002.

Main assumptions:

	30th June 2002 per cent. per annum	28th February 2001 per cent. per annum
Rate of increase in salaries	4.1	4.1
Rate of increase to pensions in payment	2.5	2.5
Discount rate	5.8	5.8
Inflation assumption	2.5	2.5

32. Pension and similar arrangements (continued)

The assets and liabilities of the Scheme and the expected rates of return were:

	30th June 2002		28th February 2001	
	Long term rate of return expected %	Value £'000	Long term rate of return expected %	Value £'000
Equities	7.0	1,163	7.0	1,220
Bonds	5.8	177	5.8	166
Cash and other assets	5.0	72	5.0	120
Total market value of assets		1,412		1,506
Present value of Scheme liabilities		(1,843)		(1,498)
Pension (liability)/asset before deferred tax		(431)		8
Related deferred tax asset/(liability)		129		(2)
Net pension (liability)/asset		(302)		6

Reconciliation of net assets and reserves under FRS 17

Net assets

	Group 30th June 2002 £'000	Group 28th February 2001 £'000
Net assets as stated in balance sheet	59,375	59,447
SSAP 24 balance	–	–
Net assets excluding defined benefit assets/liabilities	59,375	59,447
FRS 17 pension (liability)/asset	(302)	6
Net assets including defined benefit assets/liabilities	59,073	59,453

Reserves

	Group 30th June 2002 £'000	Group 28th February 2001 £'000
Profit and loss reserve as stated in balance sheet	11,167	13,606
SSAP 24 balance	–	–
Profit and loss reserve excluding defined benefit assets/liabilities	11,167	13,606
FRS 17 pension (liability)/asset	(302)	6
Profit and loss reserve including defined benefit assets/liabilities	10,865	13,612

Had FRS 17 been fully implemented, an adjustment of £179,000 would have been shown as a charge against the profit and loss account for current service cost and £19,000 would have been shown as a credit in the profit and loss account as other finance income, being the net of £135,000 expected return on assets less £116,000 interest on liabilities.

£434,000 would have been shown as an actuarial loss recognised in the statement of total recognised gains and losses being £419,000 in respect of the actuarial return less the expected return on assets and £15,000 of experience losses arising on liabilities.

32. Pension and similar arrangements (continued)

Movement in surplus/(deficit) during the year.

The movement in the surplus/(deficit) during the sixteen months to 30th June 2002 would have been as follows:

	£'000
Surplus at 1st March 2001	8
Current service cost	(179)
Employer contributions	155
Other finance income	19
Actuarial loss recognised in statement of total recognised gains and losses	(434)
Deficit at 30th June 2002	**(431)**

History of experience gains and losses

	Sixteen months ended 30th June 2002
Difference between the expected and actual return on Scheme assets	
Amount (£'000)	419
Per cent. of Scheme assets	29.7%
Experience losses on Scheme liabilities	
Amount (£'000)	15
Per cent. of the present value of Scheme liabilities	0.8%
Total amount recognised in statement of total recognised gains and losses	
Amount (£'000)	434
Per cent. of the present value of Scheme liabilities	23.5%

33. Notes to the consolidated cash flow statement

(a) Reconciliation of operating profit to net cash inflow from operating activities:

	Sixteen months ended 30th June 2002 £'000	Twelve months ended 28th February 2001 £'000
Operating profit	5,032	9,177
Depreciation of tangible fixed assets	2,547	1,648
Amortisation of goodwill and intangible fixed assets	7,421	2,936
Profit on sale of tangible fixed assets	(271)	(347)
(Increase) in stock and work in progress	(697)	(737)
Decrease/(increase) in debtors	3,144	(2,546)
(Decrease)/increase in creditors	(702)	1,230
Net cash inflow from operating activities	16,474	11,361

(b) Analysis of movement in cash/(debt)

	At 1st March 2001 £'000	Cashflow £'000	Arising on acquisitions and disposals £'000	At 30th June 2002 £'000
Cash at bank and in hand	1,833	(1,484)	1,291	**1,640**
Bank overdraft	(321)	(1,174)	–	**(1,495)**
	1,512	(2,658)	1,291	**145**

Independent Auditors' Report

Independent Auditors' report to the shareholders of Wilmington Group plc

We have audited the financial statements of Wilmington Group plc for the period ended 30th June 2002 which comprise the Profit and Loss Account, the Balance Sheets, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, United Kingdom Auditing Standards and the Listing Rules of the Financial Services Authority.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company and Group have not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding Directors' remuneration and transactions with the Company and other members of the Group is not disclosed.

We review whether the Corporate Governance Statement reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report, the Chairman's Statement, the Chief Executive's Review, the Financial Review and the Remuneration Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's and the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 30th June 2002 and of the Group's profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

PKF
Registered Auditors
London, UK

16th September 2002

Notice of Extraordinary General Meeting

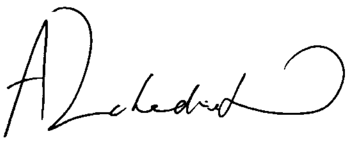
Notice is hereby given that an Extraordinary General Meeting of Wilmington Group plc will be held at the offices of Hoare Govett Limited, 250 Bishopsgate, London EC2M 4AA on 6th November 2002 at 12.00 noon at which the following resolutions will be proposed as ordinary resolutions:

Ordinary Resolutions

1. To receive the Directors' Report and Financial Statements for the period ended 30th June 2002.

2. To declare a final dividend of 0.50p per ordinary share.

3. To re-appoint PKF as auditors and authorise the Directors to fix their remuneration.



By Order of the Board
Ahmed Zahedieh
Secretary
16th September 2002

Registered Office:
Paulton House
8 Shepherdess Walk
London N1 7LB

Notes:

A member entitled to attend and vote at the above Meeting is entitled to appoint another person(s) to attend and, on a poll, vote instead of him or her. A proxy need not be a member of the Company.

A form of proxy is enclosed which, to be valid, must reach the office of the Company's Registrars not less than 48 hours before the appointed time for the holding of the Meeting or any adjournment thereof.

The completion and despatch of the form of proxy will not prevent a member from attending the Meeting and voting in person if he or she wishes to do so.

Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, to be entitled to attend and vote at the Meeting (and for the purposes of the determination by the Company of the number of votes they may cast), members must be entered on the Company's register of members by 12.00 noon on 4th November 2002.

It is proposed to pay the final dividend, if approved, on 8th November 2002 to eligible shareholders registered on 27th September 2002.

Pro-forma Five Year Financial Summary

Years ended 30th June

	2002 £'m	2001 £'m	2000 £'m	1999 £'m	1998 £'m
Consolidated Profit and Loss Accounts					
Turnover	78.6	75.3	61.6	45.4	41.1
Cost of sales	(26.9)	(26.1)	(21.3)	(14.0)	(13.3)
Gross profit	51.7	49.2	40.3	31.4	27.8
Operating expenses	(41.5)	(37.7)	(30.5)	(23.5)	(21.4)
Operating profit	10.2	11.5	9.8	7.9	6.4
Amortisation of goodwill and intangible assets	(6.4)	(3.1)	(2.5)	(1.0)	(0.8)
Profit before interest and taxation	3.8	8.4	7.3	6.9	5.6
Net interest payable	(0.3)	(0.1)	(1.0)	(0.1)	(0.1)
Profit on ordinary activities before taxation	3.5	8.3	6.3	6.8	5.5
Taxation	(2.9)	(3.3)	(2.4)	(2.3)	(1.7)
Profit on ordinary activities after taxation	0.6	5.0	3.9	4.5	3.8
Minority interests	(0.7)	(0.8)	(0.5)	(0.1)	(0.2)
(Loss)/profit for the financial year attributable to shareholders	(0.1)	4.2	3.4	4.4	3.6
Dividends	(2.4)	(2.0)	(1.5)	(1.2)	(1.0)
(Accumulated loss)/retained profit for the year	(2.5)	2.2	1.9	3.2	2.6
Earnings per ordinary share (pence)	(0.06)	5.17	4.54	6.19	5.03
Diluted earnings per ordinary share (pence)	(0.06)	5.12	4.49	6.12	4.99
Adjusted earnings per ordinary share (pence)	7.68	8.92	7.96	7.60	6.13
Consolidated Balance Sheets					
Goodwill and intangible fixed assets	64.4	54.1	45.7	42.2	14.6
Tangible fixed assets	10.6	11.6	8.1	7.3	5.8
Net current (liabilities)/assets	(2.9)	(2.9)	1.8	(5.9)	(2.3)
Creditors due after one year	(11.9)	(2.1)	–	(20.0)	–
Provision for liabilities and charges	(0.8)	(0.9)	(0.5)	(0.4)	(0.3)
Net assets	59.4	59.8	55.1	23.2	17.8
Called-up share capital	4.2	4.1	4.0	3.6	3.6
Share premium account	42.1	39.9	37.8	8.7	6.6
Other reserves	0.9	0.9	0.9	0.9	0.9
Profit and loss account	11.2	13.7	11.5	9.6	6.4
Equity shareholders' funds	58.4	58.6	54.2	22.8	17.5
Minority interests	1.0	1.2	0.9	0.4	0.3
	59.4	59.8	55.1	23.2	17.8

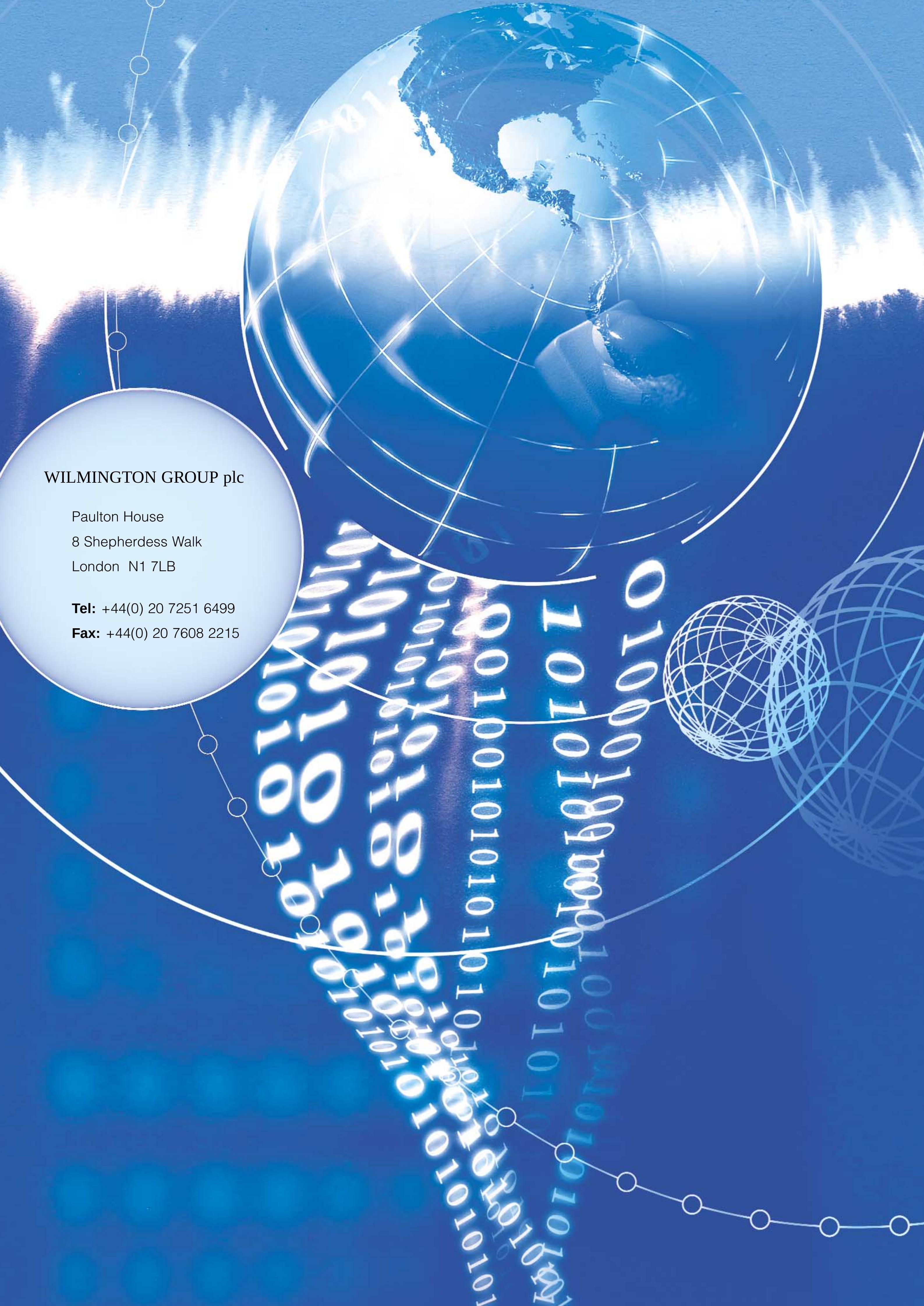
The above is based on information extracted from the Company's annual accounts as adjusted using information from its management accounts to reflect the change in the Company's accounting reference date to 30th June.

Ten Year Financial Summary

Years ended 28th or 29th February for 1993 to 2001 and 16 months ended 30th June for 2002

	2002 £'m	2001 £'m	2000 £'m	1999 £'m	1998 £'m	1997 £'m	1996 £'m	1995 £'m	1994 £'m	1993 £'m
Consolidated Profit and Loss Accounts										
Turnover	103.1	72.8	57.8	44.6	38.0	31.6	25.2	23.2	20.8	20.3
Cost of sales	(35.8)	(25.0)	(19.6)	(13.8)	(12.3)	(10.1)	(8.5)	(8.0)	(7.6)	(8.4)
Gross profit	67.3	47.8	38.2	30.8	25.7	21.5	16.7	15.2	13.2	11.9
Operating expenses	(54.8)	(35.7)	(28.0)	(23.4)	(20.0)	(17.4)	(13.6)	(12.7)	(11.5)	(11.3)
Operating profit	12.5	12.1	10.2	7.4	5.7	4.1	3.1	2.5	1.7	0.6
Cost of merger	–	–	–	–	–	–	(0.1)	–	–	–
Income from interests in associated companies	–	–	–	–	–	–	0.2	–	–	–
Profit before interest and taxation and amortisation of goodwill and intangible assets	12.5	12.1	10.2	7.4	5.7	4.1	3.2	2.5	1.7	0.6
Amortisation of goodwill and intangible assets	(7.4)	(2.9)	(2.0)	(0.9)	(0.7)	(0.5)	(0.4)	(0.3)	(0.3)	(0.3)
Profit before interest and taxation	5.1	9.2	8.2	6.5	5.0	3.6	2.8	2.2	1.4	0.3
Net interest receivable/(payable)	(0.3)	(0.1)	(1.0)	(0.1)	–	0.1	(0.5)	(0.6)	(0.4)	(0.4)
Profit on ordinary activities before taxation	4.8	9.1	7.2	6.4	5.0	3.7	2.3	1.6	1.0	(0.1)
Taxation	(3.9)	(3.2)	(2.5)	(1.8)	(1.6)	(1.4)	(0.9)	(0.6)	(0.4)	(0.1)
Profit on ordinary activities after taxation	0.9	5.9	4.7	4.6	3.4	2.3	1.4	1.0	0.6	(0.2)
Minority interests	(0.9)	(0.6)	(0.4)	(0.3)	(0.1)	–	–	(0.3)	(0.3)	(0.2)
Profit for the financial year	0.0	5.3	4.3	4.3	3.3	2.3	1.4	0.7	0.3	(0.4)
Transfer to other reserves	–	–	–	–	–	–	(0.1)	(0.4)	(0.1)	–
Profit attributable to shareholders	0.0	5.3	4.3	4.3	3.3	2.3	1.3	0.3	0.2	(0.4)
Dividends	(2.4)	(2.0)	(1.5)	(1.2)	(1.0)	(0.9)	(0.2)	–	–	–
Retained profit/(loss) for the year	(2.4)	3.3	2.8	3.1	2.3	1.4	1.1	0.3	0.2	(0.4)
Earnings per ordinary share (pence)	0.02	6.56	6.00	6.08	4.60	3.19	2.45	1.46	0.71	(0.79)
Diluted earnings per ordinary share (pence)	0.02	6.47	5.94	6.02	4.57	3.17	2.44	1.46	0.71	(0.79)
Adjusted earnings per ordinary share (pence)	9.02	10.14	8.54	7.26	5.58	3.89	3.11	2.13	1.34	(0.20)
Consolidated Balance Sheets										
Goodwill and intangible fixed assets	64.4	52.7	46.8	15.1	15.0	10.7	8.1	6.0	6.3	6.0
Tangible fixed assets	10.6	11.5	8.0	6.1	5.4	4.2	3.9	3.8	3.6	2.5
Investments	–	–	–	–	–	–	–	0.5	–	–
Long term cash deposit	–	–	–	–	–	–	–	0.6	–	–
Net current (liabilities)/assets	(2.9)	(1.8)	(9.2)	(1.6)	(3.4)	(1.1)	0.3	(1.4)	(0.3)	0.4
Creditors due after one year	(11.9)	(2.1)	(20.7)	–	(0.8)	–	–	(3.7)	(4.7)	(4.4)
Provision for liabilities and charges	(0.8)	(0.9)	(0.5)	–	–	–	–	–	–	–
Minority interest : non equity	–	–	–	–	–	–	–	(2.3)	(2.2)	(2.2)
Net assets	59.4	59.4	24.4	19.6	16.2	13.8	12.3	3.5	2.7	2.3
Called-up share capital	4.2	4.1	3.7	3.6	3.6	3.6	3.6	2.6	2.6	2.6
Share premium account	42.1	39.8	8.8	6.6	6.6	6.6	6.6	–	–	–
Other reserves	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.7	0.3	0.1
Profit and loss account	11.2	13.6	10.3	8.0	4.9	2.6	1.2	0.2	(0.2)	(0.4)
Equity shareholders' funds	58.4	58.4	23.7	19.1	16.0	13.7	12.3	3.5	2.7	2.3
Minority interests	1.0	1.0	0.7	0.5	0.2	0.1	–	–	–	–
	59.4	59.4	24.4	19.6	16.2	13.8	12.3	3.5	2.7	2.3

The above is based on information extracted from the Company's accounts and the prospectus published at the time of the flotation.
Figures for 1998 and earlier years have been restated to reflect the adoption of Financial Reporting Standard 10.
Figures for 1999 and earlier years have not been restated to reflect the adoption of Financial Reporting Standard 19.
The above has been prepared on a merger basis as if the Group had always existed.



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