Wilmington Group plc

Interim Report for the six months ended 31 December 2006

The information and training group,

fulfilling the needs of professional businesses.

Officers and Advisers

Directors:

David L Summers
Non-Executive Chairman

Charles J Brady
Chief Executive

R Basil Brookes
Finance Director

Rory A Conwell
Executive Director

Mark Asplin
Non-Executive Director

Terry Garthwaite
Non-Executive Director

Secretary:

Ahmed Zahedieh
Company Secretary

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Advisers:

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Registered Auditors	PKF (UK) LLP Farringdon Place 20 Farringdon Road London EC1M 3AP
Solicitors	Lawrence Graham LLP 190 Strand London WC2R 1JN
Principal Bankers	Barclays Bank plc 1 Churchill Place, Canary Wharf London E14 5HP
Registrars	Lloyds TSB Registrars Scotland P.O. Box 28448 Finance House Orchard Brae Edinburgh EH4 1WQ

Chairman's Statement

Results for the six months ended 31 December 2006

I am pleased to report that Wilmington has made excellent progress in the six months to 31 December 2006, with strong growth in both revenue and profitability, partly reflecting encouraging results from our latest acquisitions.

Revenue in the six months to 31 December 2006 from continuing operations increased by 14.2% to £45.7m (2005: £40.0m). Profit on ordinary activities from continuing operations, before taxation and amortisation, increased by 14.9% to £5.3m (2005: £4.6m). Profit before taxation increased by 26.0% to £4.2m (2005: £3.3m).

Adjusted basic earnings per share from continuing operations (before amortisation and non-recurring items) increased by 17.1% to 4.38p (2005: 3.74p). Basic earnings per share from continuing operations increased by 25.5% to 3.25p (2005: 2.59p).

Non-recurring income of £1.2m represents the inducement fee received, net of transaction costs, relating to the proposed merger with Metal Bulletin plc.

Goodwill and intangible asset valuations arising on the acquisition of Ark Group and Smee & Ford during the twelve months ended 30 June 2006 have now been finalised. The resulting reallocation between goodwill and intangible assets and the consequential impact on deferred tax and amortisation have been treated as a prior year adjustment.

An interim dividend for the current year of 2.0p per share (2005: 1.3p per share) will be paid on 12 April 2007 to shareholders on the register on 23 March 2007. This increase reflects the Board's policy of maintaining a progressive dividend policy and the underlying strength of the business and balance sheet. Net debt at 31 December 2006 was £20.5m.

Business Review

I am pleased to report that substantial progress has been made with the acquisition and integration of new businesses, the launch of a range of new products and the installation of new systems to expand our product range and increase operational effectiveness. This good progress is a testament to the dedication and hard work of Wilmington's employees.

Legal and Regulatory

The Legal and Regulatory division has delivered a strong performance. Revenue has grown 28.3% to £28.1m (2005: £21.9m), enhanced by the acquisitions of Ark Group (October 2005), Smee & Ford (February 2006) and Mercia (October 2006). Excluding the impact of these acquisitions, the Legal and Regulatory division delivered good organic growth with revenue increasing by 9.1%.

Divisional profit before non-recurring costs and amortisation increased by 32.6% to £5.8m (2005: £4.4m). Excluding the impact of the acquisitions, profits before non-recurring items and amortisation increased by 14.8% to £4.7m (2005: £4.1m).

Waterlow's publishing and information activities continued to make excellent progress with profits increasing by 53.5% compared to the same period in the prior year, largely as a result of growing Internet and electronic revenues. Smee & Ford has integrated well since its acquisition in February 2006 and we are encouraged by the performance of both its legacy reporting and data divisions.

Training activities, with profits up 22.1%, are also providing exciting areas for growth. Our training in law for non-lawyers has made considerable progress with the growth in paralegal training and a number of major new contracts awarded to Bond Solon. Importantly, our accountancy training activities are continuing to develop with Quorum, acquired in May 2005, showing a substantial increase in business and profitability. The acquisition of Mercia in October 2006 has also added considerable further impetus to this development. Training accountancy professionals is now a significant and growing part of our business. Training activities regarding trust management, anti-money laundering and compliance have also shown considerable progress during the half year.

Healthcare

Divisional revenue increased by 14.0% to £5.5m (2005: £4.8m) with profits before non-recurring items and amortisation broadly unchanged at £0.7m (2005: £0.7m). While the business has continued to make good underlying progress, profits reflect continued investment in products relating to APM Health Europe which was launched in January 2006.

Business Communications

The revenue of our Business Communications division comprising Media & Entertainment, Design & Construction and Specialist markets, declined 9.1% to £12.1m (2005: £13.3m). Divisional profits before non-recurring costs and amortisation were £0.3m (2005: £0.7m). These businesses are being integrated further to achieve greater economies of scale. Moreover our business model is changing to help us to take advantage of the opportunities available in these markets. This includes the rationalisation of some products, investment in new operating systems, the creation of digital and internet revenue sources and a new conference and events team. While the development costs have depressed the first half financial performance, we believe these changes are necessary as the dynamics of our markets are evolving at a pace with magazine advertising depressed and revenues increasingly moving to the Internet and events.

Outlook

Wilmington's strategy is to generate sustainable and growing profits from serving the information and training requirements of key professional business markets. We aim to develop further our strong positions in those markets by focussed investment. Across the Group we continue to invest in people and products and have shown that we can improve the profitability of businesses we acquire. We believe this continued investment, combined with our ability to make value enhancing acquisitions, will drive the business forward.

The outlook for the full year remains encouraging. As in previous years, we expect the Group's performance will be weighted to the second half of the financial year.

David L Summers
Chairman

1 March 2007

Consolidated Income Statement

	Notes	**Six months ended 31 December 2006 (unaudited) £'000**	Six months ended 31 December 2005 (unaudited) (restated) £'000	Twelve months ended 30 June 2006 (audited) (restated) £'000
Revenue	1	**45,729**	40,048	89,768
Cost of sales		**(15,867)**	(15,453)	(29,433)
Gross profit		**29,862**	24,595	60,335
Operating expenses excluding amortisation and impairment		**(23,952)**	(19,509)	(45,484)
Amortisation and impairment		**(2,357)**	(1,320)	(3,264)
Profit from continuing operations before inducement fee and transaction costs		**3,553**	3,766	11,587
Inducement fee net of transaction costs/(transaction costs)	1	**1,208**	–	(1,200)
Profit from continuing operations after inducement fee and transaction costs		**4,761**	3,766	10,387
Finance costs		**(592)**	(458)	(1,049)
Profit on ordinary activities before taxation		**4,169**	3,308	9,338
Income tax expense	2	**(1,261)**	(986)	(2,354)
Profit on ordinary activities after taxation		**2,908**	2,322	6,984
Profit on discontinued operations after taxation	3	**–**	126	131
Net profit for the period		**2,908**	2,448	7,115
Attributable to equity holders of the parent		**2,724**	2,295	6,428
Minority interest		**184**	153	687
Earnings per share attributable to equity holders of the parent				
Continuing operations:	5(a)			
Basic earnings per share		**3.25p**	2.59p	7.53p
Diluted earnings per share		**3.24p**	2.58p	7.48p
Continuing and discontinued operations:	5(b)			
Basic earnings per share		**3.25p**	2.75p	7.69p
Diluted earnings per share		**3.24p**	2.73p	7.64p

Consolidated Statement of Recognised Income and Expense

	Six months ended 31 December 2006 (unaudited) £'000	Six months ended 31 December 2005 (unaudited) (restated) £'000	Twelve months ended 30 June 2006 (audited) (restated) £'000
Exchange differences on translation of foreign operations	**(21)**	3	5
Actuarial (loss)/gain taken directly in equity	**(11)**	74	96
Tax on items taken directly in equity	**3**	(22)	(29)
Net (expense)/income recognised directly in equity	**(29)**	55	72
Net profit for the period	**2,908**	2,448	7,115
Total recognised income and expense for the period	**2,879**	2,503	7,187
Attributable to			
Equity holders of the parent	**2,695**	2,350	6,500
Minority interests	**184**	153	687
	2,879	2,503	7,187

Consolidated Balance Sheet

	As at 31 December 2006 (unaudited) £'000	As at 31 December 2005 (unaudited) (restated) £'000	As at 30 June 2006 (audited) (restated) £'000
Non-current assets			
Goodwill	**49,207**	45,156	47,187
Intangible assets	**37,336**	28,525	32,897
Property, plant and equipment	**11,442**	11,424	11,201
Deferred tax asset	**129**	148	212
	98,114	85,253	91,497
Current assets			
Inventories	**2,032**	1,948	1,504
Trade and other receivables	**19,694**	16,328	19,006
Cash	**4,146**	3,181	2,855
	25,872	21,457	23,365
Total assets	**123,986**	106,710	114,862
Current liabilities			
Trade and other payables	**(27,752)**	(22,887)	(30,168)
Tax liabilities	**(2,120)**	(1,128)	(1,405)
Bank overdrafts and loans	**(4,673)**	(3,601)	–
	(34,545)	(27,616)	(31,573)
Non-current liabilities			
Bank loans	**(20,000)**	(16,000)	(16,000)
Retirement benefit obligation	**(246)**	(292)	(254)
Deferred tax liability	**(5,888)**	(3,815)	(4,594)
	(26,134)	(20,107)	(20,848)
Total liabilities	**(60,679)**	(47,723)	(52,421)
Net assets	**63,307**	58,987	62,441
Equity			
Share capital	**4,208**	4,180	4,180
Share premium account	**42,977**	42,658	42,658
Capital reserve	**949**	949	949
Translation reserve	**(32)**	(13)	(11)
Share option reserve	**108**	74	91
Retained earnings	**13,300**	9,781	12,841
Equity shareholders' funds	**61,510**	57,629	60,708
Minority interests	**1,797**	1,358	1,733
Total equity	**63,307**	58,987	62,441

Consolidated Cash Flow Statement

	Notes	**Six months ended 31 December 2006 (unaudited) £'000**	Six months ended 31 December 2005 (unaudited) £'000	Twelve months ended 30 June 2006 (audited) £'000
Net cash flow from operating activities	7	**1,912**	1,660	12,416
Investing activities				
Purchase of property, plant and equipment		**(534)**	(314)	(909)
Sale of property, plant and equipment		**42**	9	40
Purchase of subsidiary undertakings and minority interests		**(7,210)**	(10,338)	(14,524)
Cash acquired on purchase of subsidiary undertakings		**966**	1,137	1,567
Sale of subsidiary undertakings		**–**	2,414	2,466
Purchase of goodwill and intangible assets		**(430)**	(228)	(2,269)
Net cash used in investing activities		**(7,166)**	(7,320)	(13,629)
Financing activities				
Dividends paid to equity holders of the parent		**(2,257)**	(2,048)	(3,135)
Dividends paid to minority shareholders in subsidiary undertakings		**(218)**	(516)	(601)
Issue of ordinary shares		**347**	–	–
Increase in long term loans		**4,000**	6,000	6,000
Net cash flows from financing activities		**1,872**	3,436	2,264
Net (decrease)/increase in cash and cash equivalents		**(3,382)**	(2,224)	1,051
Cash and cash equivalents at beginning of the period		**2,855**	1,804	1,804
Cash and cash equivalents at end of the period		**(527)**	(420)	2,855

Notes to the Accounts

1. Segmental information

	Six months ended 31 December 2006 (unaudited) £'000	Six months ended 31 December 2005 (unaudited) £'000	Twelve months ended 30 June 2006 (audited) £'000
Revenue:			
Legal and Regulatory	**28,138**	21,933	52,014
Healthcare	**5,524**	4,847	11,228
Business Communications	**12,067**	13,268	26,526
	45,729	40,048	89,768

To allow shareholders to gain a better understanding of the trading performance of the Group, segmental results are shown both before and after allocating non-recurring costs and amortisation.

	Notes	Six months ended 31 December 2006 (unaudited) £'000	Six months ended 31 December 2005 (unaudited) (restated) £'000	Twelve months ended 30 June 2006 (audited) (restated) £'000
Segmental results (before allocating amortisation):				
Legal and Regulatory		**5,812**	4,383	12,291
Healthcare		**716**	744	2,073
Business Communications		**321**	714	2,035
Total segmental results		**6,849**	5,841	16,399
Less: unallocated central overheads		**(939)**	(755)	(1,548)
Profit from continuing operations before amortisation, inducement fee and transaction costs		**5,910**	5,086	14,851
Add: inducement fee net of transaction costs/(transaction costs)		**1,208**	–	(1,200)
Profit from continuing operations after inducement fee and transaction costs but before amortisation		**7,118**	5,086	13,651
Less: finance costs		**(592)**	(458)	(1,049)
Profit before taxation and amortisation		**6,526**	4,628	12,602
Less: amortisation		**(2,357)**	(1,320)	(3,264)
Profit on ordinary activities before taxation		**4,169**	3,308	9,338
Income tax expense	2	**(1,261)**	(986)	(2,354)
Profit on discontinued operations after taxation	3	**–**	126	131
Net profit for the period		**2,908**	2,448	7,115

1. Segmental information (continued)

	Notes	Six months ended 31 December 2006 (unaudited) £'000	Six months ended 31 December 2005 (unaudited) (restated) £'000	Twelve months ended 30 June 2006 (audited) (restated) £'000
Segmental results (after allocating amortisation):				
Legal and Regulatory		**4,502**	3,976	10,791
Healthcare		**364**	411	1,456
Business Communications		**(374)**	134	888
Total segmental results		**4,492**	4,521	13,135
Less: unallocated central overheads		**(939)**	(755)	(1,548)
Profit from continuing operations before inducement fee and transaction costs		**3,553**	3,766	11,587
Add: inducement fee net of transaction costs/(transaction costs)		**1,208**	–	(1,200)
Profit from continuing operations after inducement fee and transaction costs		**4,761**	3,766	10,387
Less: finance costs		**(592)**	(458)	(1,049)
Profit on ordinary activities before taxation		**4,169**	3,308	9,338
Income tax expense	2	**(1,261)**	(986)	(2,354)
Profit on discontinued operations after taxation	3	**–**	126	131
Net profit for the period		**2,908**	2,448	7,115

The inducement fee and transaction costs relate to the proposed merger with Metal Bulletin plc referred to in the Company's accounts for the year ended 30 June 2006.

2. Income tax expense

	Six months ended 31 December 2006 (unaudited) £'000	Six months ended 31 December 2005 (unaudited) (restated) £'000	Twelve months ended 30 June 2006 (audited) (restated) £'000
The tax charge comprises:			
UK corporation tax at current rates	**1,668**	1,198	3,153
Adjustment to previous year	**–**	8	(177)
	1,668	1,206	2,976
Foreign tax	**138**	133	300
	1,806	1,339	3,276
Deferred tax credit – current year	**(545)**	(353)	(640)
– prior year	**–**	–	(282)
Income tax expense	**1,261**	986	2,354

3. Profit for the period from discontinued operations

The results of the discontinued operations, which have been included in the consolidated income statement, were as follows:

	Six months ended 31 December 2006 (unaudited) £'000	Six months ended 31 December 2005 (unaudited) £'000	Twelve months ended 30 June 2006 (audited) £'000
Revenue	**–**	316	309
Expenses	**–**	(528)	(519)
Loss before amortisation and taxation	**–**	(212)	(210)
Amortisation	**–**	(84)	(86)
Loss before taxation	**–**	(296)	(296)
Attributable tax credit	**–**	64	63
Net operating loss attributable to discontinued operations	**–**	(232)	(233)
Profit on disposal of discontinued operations	**–**	462	475
Attributable tax charge	**–**	(104)	(111)
	–	358	364
Profit on discontinued operations after taxation	**–**	126	131

4. Dividends

Amounts recognised as distributions to equity holders in the period.

	Six months ended 31 December 2006 (unaudited) Pence per share	Six months ended 31 December 2005 (unaudited) Pence per share	Twelve months ended 30 June 2006 (audited) Pence per share	**Six months ended 31 December 2006 (unaudited) £'000**	Six months ended 31 December 2005 (unaudited) £'000	Twelve months ended 30 June 2006 (audited) £'000
Final dividends recognised as distributions in the period	**2.70**	2.45	2.45	**2,257**	2,048	2,048
Interim dividends recognised as distributions in the period	**–**	–	1.30	**–**	–	1,087
Total dividends paid	**2.70**	2.45	3.75	**2,257**	2,048	3,135
Dividend proposed	**2.00**	1.30	2.70	**1,682**	1,087	2,257

5. Earnings per share

To allow shareholders to gain a better understanding of the trading performance of the Group, an adjusted earnings per ordinary share has been calculated using an adjusted profit after taxation and minority interests but before amortisation of intangible assets and post-taxation non-recurring costs.

(a) From continuing operations

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

	Six months ended 31 December 2006 (unaudited) £'000	Six months ended 31 December 2005 (unaudited) (restated) £'000	Twelve months ended 30 June 2006 (audited) (restated) £'000
Earnings from continuing operations for the purpose of basic earnings per share excluding discontinued operations	**2,724**	2,169	6,297
Add: Amortisation (net of minority interest effect and deferred tax)	**1,792**	960	2,584
Non-recurring items after taxation	**(846)**	–	840
Earnings for the purposes of adjusted earnings per share	**3,670**	3,129	9,721

5. Earnings per share (continued)

	Six months ended 31 December 2006 (unaudited) Number	Six months ended 31 December 2005 (unaudited) (restated) Number	Twelve months ended 30 June 2006 (audited) (restated) Number
Weighted average number of ordinary shares for the purposes of basic and adjusted earnings per share	**83,862,081**	83,600,179	83,600,179
Effect of dilutive potential ordinary shares			
Exercise of share options	**216,812**	554,211	555,262
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**84,078,893**	84,154,390	84,155,441
Basic earnings per share	**3.25p**	2.59p	7.53p
Diluted earnings per share	**3.24p**	2.58p	7.48p
Adjusted basic earnings per share	**4.38p**	3.74p	11.63p
Adjusted diluted earnings per share	**4.36p**	3.72p	11.55p

(b) From continuing and discontinued operations

	Six months ended 31 December 2006 (unaudited) £'000	Six months ended 31 December 2005 (unaudited) (restated) £'000	Twelve months ended 30 June 2006 (audited) (restated) £'000
Earnings from continuing operations for the purpose of basic earnings per share excluding discontinued operations	**2,724**	2,169	6,297
Adjustments to include the profit/(loss) for the period from discontinued operations	**–**	126	131
Earnings from continuing and discontinued operations for the purpose of basic earnings per share	**2,724**	2,295	6,428
Add: Amortisation (net of minority interest effect and deferred tax)	**1,792**	1,054	2,670
Non-recurring items after taxation	**(846)**	–	840
Earnings for the purposes of adjusted earnings per share	**3,670**	3,349	9,938
Basic earnings per share	**3.25p**	2.75p	7.69p
Diluted earnings per share	**3.24p**	2.73p	7.64p
Adjusted basic earnings per share	**4.38p**	4.01p	11.89p
Adjusted diluted earnings per share	**4.36p**	3.98p	11.81p

6. Acquisitions

In October 2006 the Group acquired 82.7 per cent. of Mercia Group Limited for an initial cash consideration of £7,146,000. At this stage the fair value of the assets and liabilities acquired has not yet been finalised. Full details will be given in the Group's accounts for the year ending 30 June 2007. Since acquisition Mercia Group Limited has generated revenue of £1,918,000 and made a profit before tax of £285,000. Had the Group owned Mercia Group Limited for the whole six months since 30 June 2006 it would have generated revenue of £3,184,000 and made a profit before tax of £283,000.

Goodwill and intangible asset valuations arising on the acquisition of Ark Group Limited and Smee and Ford Limited during the twelve months ended 30 June 2006 have now been finalised. The resulting reallocation between goodwill and intangible assets and the consequential impact on deferred tax and amortisation have been treated as a prior year adjustment and the comparative figures have been restated. Goodwill at 31 December 2005 and 30 June 2006 has decreased by £3,146,000 and £5,408,000 respectively whilst intangible assets at 31 December 2005 and 30 June 2006 have increased by £4,317,000 and £7,001,000 respectively. The deferred tax liabilities at 31 December 2005 and 30 June 2006 have increased by £1,213,000 and £1,990,000 respectively. The amortisation charges for the six months to 31 December 2005 and twelve months to 30 June 2006 have increased by £177,000 and £725,000 respectively with a corresponding increase in the respective deferred tax credits of £135,000 and £328,000.

7. Net Cash from Operating Activities

	Six months ended 31 December 2006 (unaudited) £'000	Six months ended 31 December 2005 (unaudited) (restated) £'000	Twelve months ended 30 June 2006 (audited) (restated) £'000
Profit from operations after inducement fee and transaction costs	**4,761**	3,766	10,387
(Inducement fee net of transaction costs)/transaction costs	**(1,208)**	–	1,200
Profit from operations before inducement fee and transaction costs	**3,553**	3,766	11,587
Cash effect of inducement fee net of transaction costs	**208**	–	–
	3,761	3,766	11,587
Operating loss from discontinued operations	**–**	(296)	(296)
Depreciation of property, plant and equipment	**717**	808	1,574
Amortisation of intangible assets	**2,357**	1,404	3,350
Loss/(profit) on disposal of property, plant and equipment	**1**	(28)	(6)
Exchange translation differences	**(21)**	3	5
Share option charge	**17**	17	34
Operating cash flows before movements in working capital	**6,832**	5,674	16,248
(Increase)/decrease in inventories	**(528)**	(441)	4
Decrease in receivables	**1,381**	2,575	507
(Decrease)/increase in payables	**(4,089)**	(3,939)	182
Cash generated by operations	**3,596**	3,869	16,941
Tax paid	**(1,096)**	(1,786)	(3,547)
Interest paid	**(588)**	(423)	(978)
Net cash flow from operating activities	**1,912**	1,660	12,416

8. Nature of Information

The interim accounts for the six months ended 31 December 2006 and the comparative figures for the six months ended 31 December 2005 are neither audited nor reviewed by the Company's auditors. The comparative figures for the twelve months ended 30 June 2006 are not the Company's statutory accounts within the meaning of Section 240 of the Companies Act 1985 but are abridged from such accounts. The financial statements for the twelve months ended 30 June 2006 have been reported on by the Company's auditors and delivered to the Registrar of Companies. The report of the auditors on such accounts was unqualified and did not contain any statement under Sections 237(2) or 237(3) of the Companies Act 1985.

The interim accounts and the comparative figures are prepared on the basis of the accounting policies set out in the accounts of the Group for the twelve months ended 30 June 2006.

Copies of this report are available from the Company's registered office at Paulton House, 8 Shepherdess Walk, London N1 7LB.

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