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Wilmington Group plc

Annual Report and Accounts 2007

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

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Welcome to Wilmington Group

We are an information and training group dedicated to fulfilling the needs of professional business

Wilmington's strategy

To deliver sustainable and growing profits from servicing the information requirements of selected professional business markets

Contents

Financial Highlights

It has been a momentous year in the development and re-positioning of Wilmington Group plc with significant progress in achieving our strategic, financial and structural goals.

	Year ended 30 June 2007 £'000	Year ended 30 June 2006 £'000 (restated)	Increase %
Revenue	81,453	65,800	23 8
Operating profit before non-recurring items, amortisation, interest and taxation	16,485	13,179	25 1
Profit before taxation, amortisation and non-recurring items ("Adjusted profit")	15,246	12,130	25 7
Operating cash inflow	18,966	16,941	12 0
Adjusted earnings per share from continuing operations (pence)	12 41p	9 84p	26 1
Dividend per share (pence)	6 00p	4 00p	50 0

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Chairman's Statement

It has been a momentous year in the development and re-positioning of Wilmington Group plc with significant progress in achieving our strategic, financial and structural goals We have delivered strong revenue and profit growth from continuing operations, as well as capital profits from the disposal of assets We have also invested in a range of exciting initiatives for organic growth, made further value-creating acquisitions and, since the year end, completed the restructuring and disposal of the Group's portfolio of non-core businesses

The Group's strategy is to concentrate on the provision of information and training to selected professional business markets We believe we can derive the best returns for our shareholders by concentrating on major professional markets and by focusing investment in key niche sectors with the capacity for strong and sustainable growth

During the year ended 30 June 2007, we sold WDIS, the subscription and circulation management bureau, for £1m This was our fourth significant disposal as part of our strategic review of the Group's portfolio of non-core assets

On 14 August 2007 we completed the fifth and largest disposal when we sold Wilmington Media and Dewberry Redpoint for a cash consideration of £12m Following this, Wilmington Group is now firmly focused on niche professional markets with strong presence in the important sectors of Law, Accountancy, Charities, Banking, Pensions, Health, Journalism and PR We will report our results by reference to the Legal and Regulatory businesses and Business Information

Financial Performance

The financial results for the year ended 30 June 2007 show significant progress as measured by our key financial targets of adjusted earnings per share, adjusted profit before tax, cash flow and underlying margins

Revenue from continuing operations in the year grew by 23 8% to £81 5m (2006 £65 8m) Profit from continuing operations before tax, amortisation and interest increased by 25 1% to £16 5m (2006 £13 2m) The adjusted profit, before non-recurring items, tax and amortisation increased by 25 7% to £15 2m (2006 £12 1m) Adjusted profit from continuing and discontinued operations increased by 20 9% to £16 4m (2006 £13 6m)

This is the fourth successive year of impressive profit growth, which reflects a significant improvement in the quality of the Wilmington Group businesses and underpins our confidence that we can create additional value for shareholders

Total earnings per share (from continuing and discontinued operations) increased by 43 2% to 11 01p per share (2006 7 69p) Adjusted earnings per share from continuing operations grew by 26 1% to 12 41p per share (2006 9 84p), maintaining our recent trend of strong earnings per share growth

The quality of the operating profits is underpinned by strong cash flow Operating cash flow increased by 12 0% to £19 0m (2006 £16 9m), representing 107% of operating profit (before non-recurring costs, amortisation, interest and taxation), reflecting a further increase in underlying subscription revenues At 30 June 2007 the Group had net debt of £11 9m (2006 £13 1m) Since the year end the Group received £12m in respect of the sale of Wilmington Media and Dewberry Redpoint

Share Buy Back

On 19 July 2007 the Group announced that "given the continued strength of the Group's balance sheet reflecting the strong cash flows of the Company, the Board has assessed the capital required to support the ongoing plans for profitable growth and its ordinary dividend payments, and has decided that it will buy back initially up to £5m of its ordinary shares by market value in the coming months It is intended that the share buy-back programme will start on 23 July and involve a rolling share buy-back programme within the limit approved by shareholders at the Company's Annual General Meeting on 15 November 2006 It is intended that any shares purchased will be transferred into Treasury "

Following the disposal of WDIS, Wilmington Media and Dewberry Redpoint the Board has decided to extend the buy back from the initial target of £5m to £12m of its ordinary shares by market value Whilst the Group is determined to retain flexibility and the ability to take advantage of the many opportunities available to it, it is also mindful of the benefits of an efficient balance sheet and is committed to achieving optimum efficiency, either by acquisition, or return of capital to shareholders

Dividend

The Board remains committed to a progressive dividend policy and proposes a final dividend of 4p per share payable on the 12 November 2007 to shareholders on the register on 12 October 2007 Taken together with the interim dividend of 2p per share, this makes a total dividend for the year of 6 0p per share, an increase of 50% over the 4 0p paid last year The dividend is covered 2 1 times by adjusted earnings per share from continuing operations (2006 2 5 times)

Highlights of the Year

Overall, we have achieved our ambition of delivering substantial growth in adjusted profit before tax and in adjusted earnings per share The Business Review describes the performance of the business in greater detail There are however some sectoral highlights which I would like to identify in this statement

Legal and Regulatory
Revenue has grown 25 6% to £65 3m (2006 £52 0m), boosted by the acquisition of Mercia Group Limited (October 2006) Segmental profits before central overheads and amortisation have grown by 28 0% to a record £15 7m (2006 £12 3m) We have seen excellent performances in many areas of this division

The previously recorded trend of growing Internet and digital revenues has continued This has enhanced the performance of all our publishing businesses, with particular success enjoyed by Pendragon (pensions) and Smee & Ford (charities)

We have also seen very good growth from our training businesses in the CLT Group The acquisition of Mercia Group in October 2006 has continued our expansion into the accountancy market Training in law for non-lawyers (Bond Solon) has had an excellent year Compliance training has also produced a strong trading performance and at the end of the financial year we were delighted to be asked to develop a major programme of compliance training and assessment for the Singapore Government on behalf of the International Compliance Association As we have previously highlighted, this will necessitate significant investment during the current financial year, but will start to produce positive returns in the next financial year and beyond

These are exciting developments and, despite our investment across the division, we expect to see further growth in both our Internet and digital profits and the expansion of our training activities during the current year

Business Information
Following the successful disposal of our publishing interests in non core businesses we have taken the opportunity to reorganise our healthcare and media entertainment assets within the Wilmington Business Information ("WBI") subsidiary of the Group This will now focus on these two key sectors to develop both the organic potential of the existing assets and increase the size of our presence in these markets through investment and acquisition when the right opportunities arise

This division includes Binley's, our UK health information business, Agence de Presse Medicale, the French language health newswire service, and HPCi, our health, pharmaceutical and cosmetic publications Our media assets include Hollis, which serves the PR sector, Press Gazette in media and journalism and Muze, which serves the entertainment industry

I am delighted to report that both revenues and profits from continuing operations in Business Information have shown strong growth in the year ended 30 June 2007 Revenue has grown 17 0% to £16 1m (2006 £13 8m) Segmental profits before central overheads and amortisation have grown by 21 9% to £3 0m (2006. £2 4m)

Outlook
The Group is now focused on serving the information and training requirements of niche professional markets We believe that these markets offer excellent opportunities for above average growth over the longer term

We are investing in many organic initiatives that we expect to produce good returns in the current year and beyond Having shown we can acquire quality assets at competitive prices, and deliver synergies and growth from those businesses acquired, we continue to look for appropriate acquisitions to complement our existing businesses

The Board is very encouraged by the continued improvement in the underlying quality of the Group's earnings and is confident of demonstrating further progress in the current year

Finally, and as always, I would like to thank my fellow Directors, Senior Managers and all of the Group's employees who have contributed to this year's successful results for their innovation, hard work and commitment

David Summers
Chairman

1 October 2007

Business Review

Overview of the Group's Financial Performance
In the year ended 30 June 2007 Wilmington generated record profits and margins Revenue from continuing operations grew by 23 8% to £81 5m (2006 £65 8m) Adjusted profit before tax grew by 25 7% to £15 2m (2006 £12 1m) The EBITA from continuing businesses grew by 25 1% to £16 5m (2006 £13 2m) The EBITA margin from continuing businesses was 20 2%, up from 20 0% in the prior year

The cash generative nature of our business was reflected by the reduction in net debt to £11 9m (2006 £13 1m) despite significant investment in the business and £8 5m spent on acquisitions net of disposal proceeds

The financial performance was enhanced further by non-recurring items of £1 2m reflecting the receipt of an inducement fee of £1 4m in respect of the non-completion of the proposed merger with Metal Bulletin in the previous year, less residual non-recurring costs Amortisation of intangible assets was £3 9m in the year ended 30 June 2007 (2006 £2 5m) reflecting the finalisation of the fair value balance sheets of Ark, and Smee & Ford from the prior year together with the acquisition during the year of Mercia Group and Practice Track.

On 11 May 2007 the Group disposed of its subsidiary WDIS, which provides subscription and circulation management services to a number of media companies On 14 August 2007 the Group disposed of Wilmington Media and Dewberry Redpoint which together owned the Group's business serving the Design and Construction, Catering, Automotive and other specialist markets. The after tax results of the businesses disposed of, together with the profit on disposal of WDIS, have been shown as discontinued in the income statement The gain on disposal of shares in Wilmington Media and Dewberry Redpoint will be recognised in the results for the year to 30 June 2008 The Group is grateful to all those employees of the businesses that have been included in these transactions for their vital part in the history and progress of Wilmington, and wishes them well for the future

Earnings per Share
Earnings per share from continuing operations increased by 49 7% to 10 18p for the year ended 30 June 2007 (2006 6.80p) Adjusted earnings per share from continuing operations increased by 26 1% to 12 41p (2006 9 84p) This increase follows three consecutive years of adjusted earnings per share growth at a compound rate in excess of 20%

Total earnings per share (from continuing and discontinued operations) increased by 43 2% to 11 01p (2006 7 69p) Total adjusted earnings per share (from continuing and discontinued operations) increased by 20 9% to 13 87p (2006 11 47p)

Earnings and adjusted earnings per share are calculated on the weighted average number of shares in issue of 83,989,179 for the year ended 30 June 2007 (2006 83,600,179)

Taxation
The Group tax charge of £3 3m represents 26 7% of the profits before tax (2006 £2 1m, 24 7%) The reduction in tax charge below the normal statutory rates arises primarily from the benefit of the reduction in future corporation tax rates to 28% in calculating the deferred tax liabilities

Cashflow
Operating cash flow for the year ended 30 June 2007 of £19 0m was 107% of operating profit before non-recurring items, amortisation, interest and taxation (2006 £16 9m, 116%) The free cash flow, calculated after deduction from operating cash flow of capital expenditure, payment of corporate taxes, and payment of interest was £12 0m (2006 £10 9m) During the year £8 5m was spent on acquisitions net of disposals which was partially offset by cash acquired within those businesses of £1.5m. At the balance sheet date the Group had net debt of £11 9m (2006 £13 1m)

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

The Group does not have significant foreign exchange exposure but does have some net income in US dollars, Euros, Australian and Singapore dollars These currencies are sold periodically having regard to both prevailing exchange rates and transaction charges

In November 2006 the Group adopted an interest hedging strategy which aims to protect between 50% and 67% of its forecast debt from interest rate fluctuations and specifically the first £15m of borrowings under its revolving credit agreement A 5-year interest swap entered into on 16 November 2006 effectively fixed the interest rate payable on the first £15m of debt under the revolving credit agreement Hedge accounting has been adopted for the treatment of this financial instrument, as a result of which an unrealised gain of £560k is required to be recognised in equity rather than the income statement

Business Objectives and Strategy
Wilmington's strategy is to increase shareholder value by delivering sustainable and growing profits from servicing the information and training requirements of niche professional markets

We aim to develop strong businesses delivering sustainable profit growth in our key markets by

- focusing investment, both acquisitive and organic, on those markets,
- providing researched and accurate information in a variety of formats and by developing innovative new products to extend and enhance our product range,
- investing in on-line and digital technology to create new products, access new markets and to manage our business efficiently, and
- maintaining strong sales and marketing capabilities

Wilmington is well positioned with strong brands in markets with attractive growth prospects Our businesses are strongly cash generative and we have a clear investment strategy to grow in those market sectors where we can see the opportunity to produce sustainable growth

Our long term growth prospects are expected to be sustained by the continuing demand for professional information and high quality focused events The continued development of legislation and increasing levels of regulation, both in the UK and abroad, as well as our commitment to developing new products and delivery channels, create an environment which will enable us to capitalise on the strength of our brands and our expertise in providing high quality information and training.

By understanding and working closely with our client base the Group is able to provide essential information and training whilst building long term sustainable relationships with our clients

Achieving and Exceeding Key Financial and Operational Targets
The Group maintains its view that the following financial and operational targets are the key measures of the Group's success and the best long term indicators of enhanced shareholder value

We are delighted to have made excellent progress against all our financial and operational targets

1 **Adjusted Earnings per Share**
This key measure indicates the underlying profit attributable to shareholders It measures not only trading performance, but also the impact of treasury management, bank and interest charges, as well as the efficient structuring of the Group to minimise taxes Our business and financial strategy is directed at delivering consistent adjusted earnings per share growth Our incentivisation programmes are designed to support this strategy

In the year to 30 June 2007, adjusted earnings per share from continuing operations increased by 26 1% to 12 41p per share (2006 9 84p) This

Business Review continued

is the fourth year of strong earnings per share growth Last year we reported three years of adjusted earnings per share growth at a compound rate in excess of 20%

2 **Adjusted Profit Before Tax**
This measure indicates the trading profits of the Group, after bank and interest charges, but before amortisation of intangible assets and non-recurring items Amortisation is a non-cash technical adjustment which does not necessarily reflect the inherent value of assets This is particularly the case where the value of assets has been enhanced as a consequence of management action

In the year to 30 June 2007 adjusted profit before tax increased by 25 7% to £15 2m (2006 £12 1m) This is the fourth year in succession we have seen strong growth in our key measure of adjusted profit before tax

3. **Cashflow**
The quality of the operating profits is underpinned by the strong cash flow The Group's business is strongly cash generative, operating cashflow for the year ended 30 June 2007 of £19 0m was 107% of operating profit before interest, amortisation of intangible assets and non-recurring items (2006 £16 9m, 116%) Free cashflow, which is calculated after deduction from operating cashflow of replacement of capital expenditure, payment of corporation tax, and payment of interest, was £12 0m (2006 £10 9m)

4 **Consistent and Sustainable Revenue Streams**
In this financial year Wilmington has consolidated its portfolio of assets with the core focus of its revenue streams based in key professional markets Since its London Stock Exchange listing in 1995, the Group's revenues have evolved from predominantly magazine display advertising to more robust and sustainable revenue streams as witnessed by our current portfolio, which includes

- professional directories,
- information sales,
- professional training,
- events and conferences,
- professional magazines
- professional accreditation and assessment

The Group has continued its efforts to increase the supply of its products and services on-line or digitally, but will also be conscious of markets which still prefer its products produced in hard copy format. Our businesses are supported by management and delivery systems utilising the latest technology We have invested considerable resources to the improvement of our operating systems and web sites which will deliver benefit in the current year and beyond

The Group analyses its revenue streams on the following basis

- Subscription and copy sales 26% of revenue (2006 18%),
- Professional education and events 43% of revenue (2006 37%),
- Information sales and professional services 19% of revenue (2006 19%),
- Directory advertising 8% of revenue (2006 8%),
- Magazine advertising 4% of revenue (2006 18%)

The 2006 revenue analysis above is as previously reported whereas 2007 relates to the continuing business. The movements reflect the reduced dependence on magazine advertising as a result of the businesses disposed of being shown as discontinued

The Group has improved on and continued its endeavour to ensure that there are no sole dependencies on specific sources of revenue, and this is reflected in our services split

5 **Operating Margin**
The Group seeks to improve the quality of its revenue streams This is in part judged by the profit margin With the disposal of our non-core assets we have successfully improved on our already healthy margins in 2007 with adjusted operating margins increasing to 20 2% across the Group On a like for like basis this increased from 20 0% in the prior year

This performance indicator needs to be carefully analysed It can be distorted by investments where expenditure on new products and services is written off when incurred Moreover, Wilmington seeks to acquire businesses where there is the potential for significant profit improvement and has a good track record of acquiring businesses where we have been able to substantially enhance profit margin and overall profit returns

A further measure to which we pay particular attention is the investment in digital and electronic systems We have not presented any specific figures for the Group as a whole as they may be misleading without detailed analysis However, we have invested substantially over the last few years in digital content management, customer management and production systems, new web sites, on-line information delivery and on-line and electronic support systems This investment has helped achieve our goals of improved profit margins and greater efficiency This investment in technology will continue in the current year

Principal Risks and Uncertainties
The key challenges facing Wilmington arise from the highly competitive and rapidly changing nature of our markets, the increasing technological nature of our products and services and the legal and regulatory uncertainties Certain parts of our businesses are also affected by the impact of changes in professional regulations (often positive) and by the impact of the economic cycle on advertising and promotional spending

Historically, Wilmington has been exposed to high levels of cyclical risk due to a reliance on magazine advertising as a major revenue source With the disposal of our non-core assets, we have substantially reduced our exposure to variances in spending on magazine advertising, putting us in a better position to achieve sustainable profit growth

Wilmington has an established risk management procedure that is embedded in the operations of its trading divisions and is reviewed by the Board All parts of the business identify risks and seek to ensure that procedures and strategies are in place so that risks can be managed wherever possible

Some of the main challenges which affect the Group as a whole include the following

1 Wilmington is a people based business where failure to attract or retain key employees could seriously impede future growth To ensure staff retention the Group operates competitive remuneration packages with attractive bonus arrangements for key individuals Just as importantly, it operates a culture where each individual can maximise his or her potential

   During the year under review the Group has extended the range of benefits offered to staff, with more flexibility to suit individual needs Many members of staff have been given access to training programmes and in many cases entrusted with additional responsibilities

2 Wilmington's business is increasingly dependent on electronic platforms and distribution systems, primarily the Internet, for delivery of its products and services Whilst our

Business Review continued

businesses could be adversely affected if these electronic delivery platforms and networks experienced a significant failure, interruption, or security breach, the Group is sufficiently diversified to ensure such disruption is minimised During the year under review the Group has continued to invest in new systems and electronic platforms with greater protection against failure

3 Our products and services largely consist of intellectual property content delivered through a variety of media Wilmington relies on trademarks, copyrights, patents and other intellectual property laws to establish and protect its proprietary rights in these products and services The Group makes every effort to protect this asset base and actively pursues any infringements

4 The businesses can be sensitive to disruptions such as Government legislation, adverse regulatory change, terrorism, natural disasters and other significant adverse events During the year under review there were no major incidents to report, nevertheless we maintain and have extended our disaster recovery plans to mitigate the consequences of potential adverse events Our insurance cover includes terrorist activities

5 The disposal of our non-core assets represented approximately 20% of the Group's total revenue A major challenge the Group faces is to ensure a smooth transition of these assets to the purchaser and minimal disruptions to our existing businesses Wilmington's success at integrations from previous acquisitions and disposals should enable us to accomplish this task on time and without incident A consequence of the disposal of Wilmington Media and Dewberry Redpoint is that the Group now has no defined benefit pension liabilities

The Board recognises that Wilmington's business has an impact on the environment, principally through the use of energy, waste generation, paper use and print and production technologies We are committed to reducing the impact wherever possible and to employing sustainable materials and technology We seek to ensure that Wilmington's divisions are compliant with relevant environmental legislation and require our suppliers and contractors to meet the same objectives Furthermore, our progress towards a more digitally based business is reducing our environment impact Accordingly whilst environmental issues are important we do not believe that they constitute a risk for the Group

Wilmington's People
In a competitive environment, Wilmington's growth and success depends on the capabilities, skills and dedication of the people it employs We are fortunate to benefit from the entrepreneurialism, professionalism, and flexibility that provide the basis for a successful growing business

As Wilmington moves towards a greater emphasis on digital and interactive services we need to develop new capabilities, as well as new technical and management skills to make these services work. We are responding by developing our people and injecting new talent where it is needed Each of our businesses is working hard to identify and bring on the necessary talent, both from within the organisation and from outside

We are a talent dependent business, requiring excellent people with a passion for their brands and subject matter We are committed to developing and rewarding our people and creating a culture in which they can thrive The shape of this activity varies from business to business with each operation attracting and developing its people in ways appropriate to its own markets

Whilst recognising the benefits of Wilmington's devolved business culture we also encourage links between teams and businesses where it makes sense to collaborate to share ideas and technical expertise

We offer every opportunity for Wilmington people to advance their careers and fulfil their potential There is plenty of evidence that this is happening Vacancies are advertised internally, as well as externally in order to make it as easy as possible for employees to look for opportunities upwards and sideways within the Group

We reported last year that there had been major changes to working practices and significant investment in new technology and equipment This investment is continuing across all parts of the Group Major changes to technology have required a lot of hard work and dedication from Wilmington's people who have planned and implemented the changes This process is ongoing and we are currently developing and installing many new systems to manage content, customers and processes throughout the Group

Wilmington's Directors and executive management believe the only way the Group can achieve the high levels of growth it desires is to retain and attract the very best people The Board is determined to ensure that Wilmington remains a great place to work, where people have the opportunity to challenge themselves, to grow professionally and to benefit from high levels of remuneration and incentives Only by continuing to develop the skills of our current team and by recruiting the very best new talent can Wilmington continue to grow at the rate we wish

Legal and Regulatory
This is our largest division, accounting for 80% of Group turnover from continuing operations and contributing 84% of Group trading profit from continuing operations Revenue grew by 25 6%, to £65 3m (2006 £52 0m) while trading profit increased by 28% to £15 7m (2006 £12 3m) giving operating margins of 24 1% (2006 23 6%) The increase in turnover and profits was partly due to the acquisition of Mercia Group We are pleased by the organic profit growth at a time when we were investing heavily in systems, new marketing and product development Our Legal and Regulatory division is a resilient and growing business, combining high quality "must have" information with a range of focused, market leading products and events

Waterlow Legal and Regulatory
Waterlow provides information, magazines, events and services to the legal, charity, accountancy, surveying, pensions, knowledge management and finance markets Waterlow's products, some of which date back to 1844, are clear market leaders with high quality proprietary content and strong customer renewal rates In the year to 30 June 2007 revenue grew by 13 7% Trading profit grew by 18 7% Margin grew by 1 2% to 29 2%

In addition to products for professional markets, published under the Waterlow brand, subsidiary brands include

- Pendragon, which provides the leading electronic information service for UK pensions professionals,
- ICP, a leading provider of financial information on companies worldwide, specialising in emerging markets,
- Charity Choice, the market leading product through which UK charities promote themselves to the legal profession and individual donors,
- Smee & Ford, a provider of legacy information to charities in the UK for over 100 years and the owner of the leading mortality data files for mailing suppression and the prevention of identity fraud,
- Caritas, the leading provider of financial analysis of charitable organisations in the UK,
- Solicitors Journal, a leading weekly magazine and portfolio of products for the legal profession,
- Ark, a leading publishing and events business focusing on knowledge management and professional practice management.

All Waterlow's markets have common characteristics including large professional client bases with strong information needs, increasing regulatory requirements and sustainable demand These characteristics have provided a strong base upon which Waterlow has been able to develop a cash generative and growing business with excellent margins

The business has seen constant growth in sales and profits in recent years as a result of both strong organic growth and the successful integration and development of acquisitions

We were encouraged to see subscription revenues increase to 26 3% of total sales this year (2006 22 5%) In addition an important characteristic of Waterlow's print publishing is the resilience and subscription-like characteristics of its classified directory advertising, which achieved renewal rates in excess of 70% in the last year

The development of electronic publishing has been a major factor in the success of the business, with the proportion of revenues derived from higher margin products and services delivered electronically increasing last year to 49% (2006 45%) Furthermore, electronic developments represented over 79% of the organic profit growth last year and fuelled the increased overall margins for Waterlow

The development of our recent acquisitions has continued in an encouraging manner Ark and Smee & Ford, the two most recent acquisitions, contributed combined operating profit of £1 8m up 78% on 2006 (£1m) Our margins on these businesses increased by 4 6% to 19 4% Our aggregate return on invested capital for both acquisitions exceeded 18%, comfortably ahead of our cost of capital and a demonstration of our ability to make value-enhancing acquisitions We are enthusiastically looking for other acquisitions where we can generate further value for our shareholders

In recent months Waterlow has also undertaken a significant reorganisation and investment in additional

Business Review continued

management We believe that this will allow us to continue the strong growth that the business has delivered in recent years and provide a scaleable resource for further acquistions

CLT Group
In October 2006 the CLT Group made the second largest acquisition in the history of the Wilmington Group plc with the purchase of Mercia Group Mercia is the leading provider of technical, marketing and training support to the accountancy profession The acquisition also brought within the CLT Group both Mercia Northern Ireland and Mercia Republic of Ireland, which provide a similar range of services to the accountancy profession in Ireland

The range of Mercia products has provided a number of synergies with other companies within the CLT Group which has resulted in, for example, the launch of a web development service for the legal profession This product has proved very successful for Mercia within the accountancy market

In May 2007, Mercia itself made its first acquisition, namely Practice Track Practice Track is a company specialising in technical and web based support to accountants and the acquisition has enabled Practice Track to make cost savings while budgeting for current continuing turnover figures

Over the course of the year considerable time was expended upon the restructuring of the CLT Group, which was completed on 2 July 2007 The major effect of the restructuring will be to strengthen and centralise the Group's role for the benefit of the individual companies it comprises CLT Group is now structured to provide support in the areas of IT, Accounts, HR and Production throughout the Group companies Not only will this restructuring provide greater support to current group companies, but it will also enable an even more successful integration process in the event of new acquisitions

The individual CLT Group companies have had a very successful year:

(i) **Central Law Training**
The company serves the legal and financial markets and is the market leader for the provision of mandatory post qualification training courses and accredited programmes for UK lawyers It delivers more than 4,000 training courses per year

On a like for like basis, revenue and profits were ahead of the previous year The public continuing legal education events are under-pinned by a growing subscription membership base which comprises most major law firms, government departments, local authorities and many in-house legal departments

The company has invested in sales resource for the expansion of its in-house training provision This investment has resulted in an increased contribution of 27% in this part of the business over the course of the year and expectations are that revenue from these training programmes will continue to develop in the future

The investment made in course administration programmes, product development and marketing capability have maintained Central Law Training as market leader in Continuing Legal Education

(ii) **CLT International**
CLT International's product range comprises a range of programmes which it provides for the Society of Trusts and Estate Practitioners in development and education programmes which operate in the UK and internationally Overall revenues in this area have increased by 23% over the year with continuing growth in UK enrolments and overseas jurisdictions

CLT International also comprises ICT, its compliance training arm, which operates both internationally and in the UK One of the major outcomes of the continuing investment by the company has been in the compliance area with the award of a major contract with the Singapore Government for the

Legal and Regulatory

	Year ended 30 June 2007 £'000	Year ended 30 June 2006 £'000	% growth
Revenue	**£65,319**	£52,014	25 6
Trading profit before amortisation	**£15,736**	£12,291	28 0
Margin	**24.1%**	23 6%	1 9

development and presentation of compliance training in Singapore The company has established a major office in Singapore and is currently appointing a high level team of administrative and professional staff necessary to successfully perform the contract

(iii) Quorum Training

Quorum was acquired by the Group in May 2005 and has continued its excellent performance in developing and presenting high level financial training programmes primarily to large organisations in the public and private sectors

The company has achieved a 60% growth in contribution during the year which is as a result of more delegates attending both public and in-house programmes Quorum is working closely with the newly acquired Mercia in order to provide comprehensive programmes throughout the accountancy and financial sectors

(iv) Bond Solon

Bond Solon is the market leader in the United Kingdom for the provision of expert and professional witness training programmes 2006/7 saw the first full year of the new management team being in position and this has resulted in 26% growth in turnover and a contribution 45% over the previous year

(v) CLT Scotland

Following its business success during 2005/6, the company has achieved another record year in 2006/7 with turnover growing by 22% and contribution growing by 27%

During the course of the year the company extended its association with Strathclyde University for the provision of joint training in Scotland for a further 10 years CLT has worked closely with Strathclyde University for the past 9 years in the provision of joint training programmes

The company has also entered into an association with the University of the West of England for the provision of specialist certificated paralegal training programmes throughout England and Wales

(vi) CLT Ireland

The company continues to invest in the development of both professional witness training and legal training in Ireland This investment has manifested itself not only in the development of new training programmes but also in the appointment of new personnel and the acquisition of office and training premises in the centre of Dublin The company has performed well ahead of expectations during the year

Business Information

WBI Health and Media accounted for 20% of Group revenue from continuing operations and 16% of Group trading profit from continuing operations Revenue grew by 17% to £16 1m (2006 £13 8m) and trading profit increased by 22% to £3 0m (2006 £2 4m) giving operating margins of 18 4% (2006 17 7%) This is excellent progress particularly as government healthcare budgets in our two key geographic regions (UK and France) were both under severe pressure during this financial year Despite these issues healthcare is a market with significant potential and will continue to create many opportunities for us

Binley's provides specialist contact information and sales management solutions to the healthcare and pharmaceutical industries It continues to invest strongly in organic growth and has made excellent progress particularly with its pharmaceutical clients Revenue overall has grown by 16 5% and profits by 23% Revenues from delivering its products electronically have again shown good progress and it is also increasingly adding value for its clients through analytical tools, data-centric consultancy projects and other extensions to its increasingly valuable brand

Business Review continued

APM is our specialist Press Agency based in Paris A 4 2% improvement in revenues shows progress being made despite a difficult market in France during the year It is the leading provider of online healthcare news to its home market and it continues to build its European brand through its new English language product APM Health Europe The new product aimed at European pharmaceutical clients generated solid revenues in its first full year We expect good organic growth in both the home market products and the European product in the new financial period

HPCi is the reorganised healthcare publishing division which provides information through periodicals, annuals, websites and events to the manufacturing side of the Health, Pharmaceutical and Cosmetics markets With revenues of approximately £1 8m it includes leading titles such as Manufacturing Chemist and Soap, Perfumery & Cosmetics (SPC) and is looking to extend its scope and reach in these valuable and expanding markets

Media

The division provides information, data and services to the music, public relations, sponsorship and marketing sectors It operates through a number of leading brands including Hollis, Press Gazette and Muze Europe It provides its information as electronic products, newsletters, directories and events This sector is increasingly delivering its information through the Internet

Hollis, which provides reference information and data to the public relations, sponsorship and performing arts market, had a challenging year However overall revenues and segmental profits grew The changes in the market have required us to react rapidly and we have injected the expertise necessary to provide the market with the information products it now requires Changes include a new senior management team and investment in a media neutral platform to allow us to deliver information over the Internet, as data, and in print to fully meet customer requirements We expect further progress from this division in the current financial period

Press Gazette acquired in December 2006 is re-establishing itself rapidly as the centre of the journalist and editorial communities The weekly magazine has been relaunched in both print and online and in our first six months the new team also ran a number of successful events including the British Press Awards and Regional Press Awards In 2007 we will launch a new recruitment site for both the press and PR communities and extend the brand further

Muze Europe supplies information on recorded music and video to retailers, e-tailers and increasingly companies involved in digital distribution of music and entertainment products Revenues increased by 6 5% in a very competitive market. We anticipate change in the structure of how music, video and games are distributed to consumers and we are confident that we are well placed to meet the needs of this evolving digital world

Acquisitions and Disposals

We have carefully formulated acquisition and disposal criteria together with rigorous post acquisition analysis As a result of this approach we are able to report the success of our recent acquisitions both in terms of return on capital, and also in terms of the improvement that we have been able to achieve in profitability and profit margins We seek not only to secure a good rate of return on capital but also we only purchase assets if we believe we have the capability of driving profit growth and improved margins from those acquisitions

In October 2006, we acquired 82 7% of the shares in Mercia Group, a company that specialises in providing technical marketing and training support to the accounting profession

With effect from 30 April 2007, Mercia Group acquired the entire share capital of Practice Track

As referred to above, WDIS was sold in May 2007 and subsequent to the year end the Group sold its interests in Wilmington Media and Dewberry Redpoint.

Business Information

	Year ended 30 June 2007 £'000	Year ended 30 June 2006 £'000	% growth
Revenue	**£16,134**	£13,786	17 0
Trading profit before amortisation	**£2,969**	£2,436	21 9
Margin	**18 4%**	17 7%	4 1

Social and Community
Wilmington seeks to be a socially responsible company which has a positive impact on the communities it operates in

We seek to employ a workforce which reflects the diversity of our customers and the communities we are located in We do not discriminate on grounds of age, sex, race, colour, ethnicity, religion, sexual orientation or handicap We intend to give all our employees the opportunity to grow and develop their capabilities whilst employed at Wilmington This includes providing excellent working conditions, the latest technology, and appropriate training to help employees fulfil their potential

During this financial year, Wilmington has continued to act as the sponsor to the International Compliance Association, a non profit making members' organisation, which provides standards, professional guidance and qualifications to people working in the compliance sector, both in the UK and internationally

Wilmington has also collaborated closely with the Co-Operative Bank to develop a free online donation service for the benefit of UK based charities We also continue to operate the 'Goodwill Gallery' as a free service for charities where donors can offer their goods or services for free to UK charities

Environmental Policies
Wilmington continues to be mindful of the environmental effects caused by its activities The principal environmental impacts stem from its paper usage, packaging and printing processes via its suppliers

Paper
All paper purchased by Wilmington is sourced from either a FSC or PEFC chain of custody accredited paper mills All paper products are produced from assured sustainable raw materials and forestation, with all elements chlorine free The vast majority are also produced at mills with ISO14001 accreditation and EMAS (Environmental Management Systems) Over the last five years Wilmington's use of paper has diminished by an average of 13% per annum This is due to the trend towards digitally transferred data, magazines and web site activity This trend is likely to continue into the future

Printers
All our major print suppliers are now ISO14001 certified and new and potential suppliers are encouraged to work to a minimum of this standard Many now also utilise a FSC or PEFC chain of custody certification All our printers work in a digital environment, with the resultant reduction in transport, courier and energy utilising activities

Packaging
In this next year we aim to reduce our polythene use by some 30% by reducing the micron thickness of polythene used for wrapping magazines We will also convert to an oxo-biodegradable form of polythene as we make these changes Wilmington continues to be a member of Valpack – fulfilling its responsibilities for recovery and recycling of packaging waste through this nationwide compliance scheme

Offices
The Group's activities are primarily based in office accommodation and wherever practicable the Group adopts energy saving policies Any new and replaced air-conditioning units are being sourced from the energy efficient range and show a 70% saving in energy With regard to the office environment, the Group encourages the recycling of materials such as paper, cardboard, toners and cartridges wherever possible

Officers and Advisers

Directors

David L Summers – Non-Executive Chairman
David Summers, aged 65, 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 panel member of the Competition Appeal Tribunal Mr Summers is a member of the Group's Remuneration and Nomination Committees

Charles J Brady – Chief Executive
Charles Brady, aged 51, is a solicitor and was a law lecturer before founding in 1985 the business which is now CLT Group CLT Group was acquired by Wilmington in June 1999 Mr Brady joined the Board in November 1999 and was appointed Chief Executive in February 2002 He is a member of the Group's Nomination Committee

R Basil Brookes – Finance Director
Basil Brookes, aged 49, qualified as a Chartered Accountant with Coopers & Lybrand He has worked in the media industry since 1986 and joined the Wilmington businesses in 1992 and was a founder director of Wilmington Group

Rory A Conwell – Executive Director
Rory Conwell, aged 54, has worked in the publishing and information industries for over 25 years A founder director of Wilmington Group, he has been involved in most of the key investments that have created the shape and size of the business He continues to concentrate on development initiatives for the Company

Mark Asplin – Non-Executive Director
Mark Asplin, aged 47, joined the Board in April 2005 He was until 2002 a partner at KPMG During his time at KPMG he helped build its Corporate Finance practice, undertaking roles which included Head of M & A and Head of Valuations, both for the central region of the UK He left KPMG to set up Jasper Corporate Finance, an independent corporate finance practice Mr Asplin is Chairman of the Group's Remuneration and Nomination Committees and a member of the Group's Audit Committee

Terry Garthwaite – Non-Executive Director
Terry Garthwaite, aged 61, joined the Board in June 2005 He is a chartered accountant and enjoyed a distinguished career in finance and industry including a period as Finance Director of engineering group Senior plc He is currently a Non-Executive Director of electronics group Renishaw plc, and of European power transmissions supplier Brammer PLC Mr Garthwaite is Chairman of the Group's Audit Committee and a member of the Group's Remuneration and Nomination Committees

Secretary

Ahmed Zahedieh – Company Secretary
Ahmed Zahedieh, aged 56, qualified as a Chartered Accountant with Ernst & Young

Registered Office

Paulton House, 8 Shepherdess Walk
London N1 7LB
Company Registration No 3015847
Incorporated and domiciled in Great Britain

Head Office

19-21 Christopher Street
London EC2A 2BS
Tel +44 (0) 20 7422 6800
Fax +44 (0) 20 7422 6822
Website www wilmington co uk

Advisers

Financial Advisers and Joint Stockbrokers	Numis Securities Limited 10 Paternoster Square London EC4M 7LT
Joint Stockbrokers	Hoare Govett Limited 250 Bishopsgate London EC2M 4AA
Registered Auditors	PKF (UK) LLP Farringdon Place 20 Farringdon Road London EC1M 3AP
Solicitors	Lawrence Graham LLP 4 More London Riverside London SE1 2AU
Principal Bankers	Barclays Bank plc 1 Churchill Place Canary Wharf London E14 5HP
Registrars	Equiniti Limited Aspect House Spencer Road Lancing BN99 6DA Shareholder helpline 0870 6015366

Corporate calendar

Annual General Meeting	8 November 2007
Announcement of Interim Results	February 2008
Announcement of Final Results	September 2008

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Directors' Report

For the year ended 30 June 2007

The Directors present their report together with the financial statements and the independent auditors' report for the year ended 30 June 2007

Business review
The Business Review is set out on pages 4 to 13

The Group's acquisitions and disposals during the year are dealt with in Note 11 to the accounts

The business does not incur expenditure on pure research However, market research and analysis is written off as incurred All internal product development costs which do not satisfy the criteria for capitalisation have been written off as incurred

Results
The Group's financial results are set out in the consolidated income statement Revenue is analysed by business segment and geographically in Note 2 of the consolidated accounts Profit for the year of £9,246,000 will be added to reserves

Dividends
The Directors recommend that a final dividend for the year of 4 0p per ordinary share be paid on12 November 2007 to shareholders on the register on 12 October 2007, which together with the interim dividend of 2 0p already paid, makes a total dividend for the year of 6 0p (2006 4 0p) per ordinary share

Directors and their interests
The Directors who have served throughout the year are set out on page 14 which includes brief biographical details Their remuneration and interests in the share capital of the Company are set out in the Report on Directors' Remuneration on pages 21 to 25

D L Summers and M Asplin, Non-Executive Directors, retire by rotation and, being eligible, offer themselves for re-election at the Annual General Meeting Biographical details of D L Summers and M Asplin are set out on page 14 D L Summers and M Asplin have letters of appointment with the Company which may be terminated by the Company on six and three months' written notice respectively and by DL Summers and M Asplin by written notice

Details of the Directors' service contracts and letters of appointment are shown in the Report on Directors' Remuneration

Other than as disclosed in the Report on Directors' Remuneration, none of the Directors had any interest, either during or at the end of the financial year, in any material contract or arrangement with the Company or any subsidiary undertaking

Substantial shareholdings
As at 26 September 2007, 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 shown below Interests are shown as a percentage of shares in issue at 26 September 2007

	Number of ordinary shares	Percentage
Aberforth Partners LLP	12,475,600	14 9
Ameriprise Financial, Inc	4,495,573	5 4
B D Gilbert	3,724,907	4 4
Lloyds TSB Group plc	3,400,593	4 1

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

Changes in share capital
556,000 ordinary shares were issued during the year in respect of share options exercised by members of staff

On 19 July 2007 the Company gave an irrevocable instruction to Numis Securities Limited to buy its own shares up to a value of £5 million within certain parameters during the period to 20 September 2007 Shares purchased pursuant to their instruction are held in Treasury At 26 September 2007 477,000 shares had been bought pursuant to this instruction

Financial instruments
The Group's approach to financial instruments is set out in note 21 on page 47

Post balance sheet event
In August 2007 the Group sold all of its interest in Wilmington Media Limited, Dewberry Redpoint Limited and Office Solutions Media Limited Further details are set out in note 27 to the accounts.

Directors' Report continued

Statement of Directors' responsibilities
The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations They are also responsible for ensuring that the annual report includes information required by the Listing Rules of the Financial Services Authority

Company law requires the Directors to prepare financial statements for each financial year Under that law the Directors are required to prepare the Group financial statements and have elected to prepare the parent company financial statements in accordance with International Financial Reporting Standards as adopted by the European Union The financial statements are required to give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period In preparing these financial statements the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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 the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping proper accounting records that 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 are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions

Disclosure of information to auditors
Each of the Directors has confirmed that

(a) so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware, and

(b) he has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Charitable donations
The Group made charitable donations of £2,590 (2006 £3,893) during the year No political donations were made during the year (2006 £nil)

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

The average time taken to pay suppliers was 52 days (2006 42 days)

Employees
The Group's policy is to consider all job applications on a fair basis free from discrimination in relation to age, sex, race, colour, ethnicity, religion, sexual orientation or handicap not related to job performance Every consideration is given to applications for employment from disabled persons, where the requirements of the job may be adequately covered by a handicapped or disabled person

Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development wherever appropriate

The Group affords staff the opportunity to advance to positions of greater responsibility and authority based on their skills and ability to perform the work required Opportunities for training, promotion or transfer are not affected by age, sex, race, colour, ethnicity, religion, sexual orientation or handicap not related to job performance or disability.

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 divisions there are profit centres run by experienced business managers the majority of whom are shareholders in the

Company or its subsidiaries and whose remuneration is linked to revenue and/or profit achievements

The Group operates share option schemes details of which are given both below and in note 24 to the accounts

Share options
The Wilmington Group plc 1995 Unapproved Share Option Scheme (the "Unapproved Scheme") was adopted by the Company on 22 November 1995 and is administered by the Remuneration Committee of the Board (the "Remuneration Committee") It provided 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 is normally conditional upon achieving performance targets set by the Remuneration Committee No further options may be granted under the Unapproved Scheme which terminated on 22 November 2005 Details of outstanding options are set out in the Report on Directors' Remuneration and in note 24 to the accounts

The Wilmington Group plc 1999 Approved Share Option Scheme (the "Approved Scheme") was adopted on 2 September 1999 and approved by the Inland Revenue on 29 September 1999 The Approved Scheme is administered by the Remuneration 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 is normally conditional upon the achievement of performance targets set out by the Remuneration Committee

The Wilmington Group plc 2003 Unapproved Executive Share Option Scheme (the "Unapproved Executive Scheme") was adopted on 5 November 2003 It is intended that the Unapproved Executive Scheme will primarily be operated through an employee share ownership trust, the trustees of which, at the recommendation of the Remuneration Committee, may grant non-transferable options to one or more employees (including Directors) of the Group to acquire existing or new shares in the Company at prevailing market prices at the time of the grant. The exercise of options granted under the Unapproved Executive Scheme will normally be conditional upon the achievement of performance targets recommended by the Remuneration 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)

No options were granted during the year under any of the above schemes

Pension schemes
In compliance with legislation, all UK employees have access to a stakeholder pension scheme

The Group operated a defined benefit pension scheme for a limited number of employees, the Wilmington Media Limited Pension Scheme, details of which are given in note 29 to the accounts On 14 August 2007, upon completion of the sale of Wilmington Media Limited, the responsibility for this scheme transferred to the purchasers of Wilmington Media Limited

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

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

Annual General Meeting
A separate notice convening the Annual General Meeting of the Company to be held at the offices of Hoare Govett Limited, 250 Bishopsgate, London EC2M 4AA on 8 November 2007 will be sent out with these accounts

Going Concern
After reviewing the Group's budget for the year to 30 June 2008 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 these financial statements.

Auditors
A resolution for the reappointment of PKF (UK) LLP will be proposed at the forthcoming Annual General Meeting

By Order of the Board

Ahmed Zahedieh
Secretary
1 October 2007

Corporate Governance

The Company is committed to the principles of corporate governance contained in the Combined Code on Corporate Governance issued by the Financial Reporting Council in July 2003 (the "Code") and for which the Board is accountable to shareholders

The Directors consider that the Company has complied with the provisions of the Code throughout the year except for provision A 3 3, the requirement to have a senior independent non-executive director other than the Chairman As the Company is a smaller company the Non-Executive Chairman and the other two Non-Executive Directors sit on each of the Remuneration and Nomination Committees and the two Non-Executive Directors sit on the Audit Committee The Non-Executive Chairman resigned as a member of the Audit Committee in January 2007 The Company has no independent senior Non-Executive Director and currently has no intention to appoint one

This report, together with the Report on Directors' Remuneration on pages 21 to 25 sets out how the Company has applied the principles of the Code

1 The Board

The Company is controlled through the Board of Directors which, at 30 June 2007, comprised three Executive and three Non-Executive Directors Short biographies of each Director are set out on page 14 The Board focuses on formulation of strategy, management of effective business controls and review of business performance It has a formal schedule of matters specifically reserved to it for decision which it reviews periodically

The Board meets as often as necessary to discharge its duties effectively In the financial year ended 30 June 2007 twelve board meetings were scheduled and the directors' attendance record is set out at the end of this report

The Board has three formally constituted committees, the Audit Committee, the Remuneration Committee and the Nomination Committee, each of which operates with defined terms of reference The terms of reference of the three Committees are available on the Company's website www wilmington.co uk The Audit Committee met five times during the year and the Remuneration Committee met four times during the year. There were no Nomination Committee meetings during the year There is an executive committee known as the Executive Management Board that is responsible for the day to day management of the Company's business within a framework of delegated responsibilities It is chaired by the Chief Executive and includes executives representing each of the major Divisions

Chairman and Chief Executive

The roles of the Chairman and that of the Chief Executive are held by separate individuals and the Board has clearly defined their responsibilities The Chairman is primarily responsible for the effective working of the Board, ensuring that each Director, particularly the Non-Executive Directors, is able to make an effective contribution The Chief Executive has responsibility for all operational matters which includes the implementation of group strategy and policies approved by the Board

Board balance and independence

All of the Non-Executive Directors are independent of the Company's executive management and free from any business or other relationship that could materially interfere with the exercise of their independent judgement They each meet the independence criteria set out in the Code

The terms and conditions of appointment of Non-Executive Directors are available for inspection at the Company's registered office during normal business hours, and at the Annual General Meeting

No Director has, or had at any time during the year, any interest in a contract with any Group company

All Directors are equally accountable for the proper stewardship of the Company's affairs, and all Directors, in accordance with the Code, submit themselves for re-election at least once every three years

Performance evaluation

The Board undertakes a formal annual evaluation of its own performance As part of their evaluation, a questionnaire was approved by the Board Directors submitted their completed questionnaires to the Chairman who reviewed their responses These were subsequently discussed in open session The exercise, which is undertaken on a regular basis, was viewed positively by the Board A questionnaire was also devised and approved by the Board for the review of the Chairman's own performance The Board met, without the Chairman being present, to review responses from the completed questionnaire

Audit Committee

The Audit Committee is comprised of two Non-Executive Directors The Board is satisfied that Terry Garthwaite, who chairs the Committee, has recent and relevant financial experience

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The main role and responsibilities of the Audit Committee are set out in written terms of reference and are available on the Company's website www wilmington co uk

The Committee reviews the accounting policies and procedures of the Company together with all significant judgements made in the preparation of the half-yearly and annual financial statements before they are submitted to the Board It also actively monitors the system of internal control The Committee reviews arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters

The Committee has primary responsibility for making recommendations to the Board regarding the appointment, re-appointment and removal of the external auditors which the Board puts to shareholders for approval in general meeting It keeps under review the scope and results of the audit, and its cost effectiveness and the independence and objectivity of the auditor The Committee keeps the nature and extent of non-audit services under review by regularly reviewing the balance of audit to non-audit fees The auditors provide confirmation of independence on an annual basis

The Audit Committee also reviews the Register of Risks

Nomination Committee

The Nomination Committee and the Board seek to maintain an appropriate balance between the Executive and Non-Executive Directors The Committee is chaired by Mark Asplin and comprises all the Non-Executive Directors and the Chief Executive In case of equality of votes, the Chairman has a second or casting vote It has full responsibility for reviewing the Board structure and for interviewing and nominating candidates to serve on the Board Suitable candidates, once nominated, meet with the Chairman and the Chief Executive The candidates are then put forward for consideration and appointment by the Board as a whole. The Committee has access to external professional advice at the Company's expense as and when required

2 Directors' Remuneration

Remuneration Committee

The Remuneration Committee, on behalf of the Board, is responsible for recommending to the Board the framework and policy for Executive Directors' remuneration Given the small size of the Board, the Committee recognises the potential for conflicts of interest, and has taken appropriate measures to minimise the risk Mark Asplin chairs the Remuneration Committee, the other members are David Summers and Terry Garthwaite The Committee meets not less than once a year, and takes advice from the Chief Executive as appropriate in carrying out its work The Board itself determines the remuneration of the Non-Executive Directors The Committee has the power to seek external advice, and to appoint consultants as and when required in respect of the remuneration of executive directors Further details of the Group's policies on remuneration and service contracts can be found in the Report on Directors' Remuneration on pages 21 to 25

3 Relations with Shareholders

Dialogue with institutional shareholders

The Directors seek to build on a mutual understanding of objectives between the Company and its institutional shareholders by means of a programme of meetings with major shareholders, fund managers and analysts each year The Company also makes presentations to analysts and fund managers following publication of its half-year and full-year results

If requested, the Non-Executive Directors are available to attend meetings with major shareholders The Board regularly receive copies of analysts' and brokers' briefings

Constructive use of the Annual General Meeting

A separate notice convening the Annual General Meeting is being sent out with this report and accounts At the Annual General Meeting, after the formal business has been concluded, the Chairman will welcome questions from shareholders All Directors attend the meeting at which they have the opportunity to meet with shareholders Details of resolutions to be proposed at the Annual General Meeting on 8 November 2007 and an explanation of the items of special business can be found in the circular convening the Annual General Meeting

4 Accountability and Audit

The respective responsibilities of the directors and auditors in connection with the financial statements are explained in the Statement of Directors' Responsibilities on page 16 and the Independent Auditors' Report set out on page 58

Internal Control

The Board maintains an ongoing process for identifying, evaluating and managing significant risks faced by the Group The Board regularly reviews this process, which has been in operation from the start of the year to the date of approval of this report The Board is responsible for the Group's system of internal control and risk management, and for reviewing the effectiveness of these systems These systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable, but not absolute assurance against material misstatement or loss

Corporate Governance continued

The Board regularly reviews the effectiveness of the Group's systems of internal control The Board's monitoring covers all controls, including financial, operational and compliance controls and risk management It is based principally on reviewing reports from management to consider whether significant risks are identified, evaluated, managed and controlled and whether any significant weaknesses are promptly remedied and indicate a need for more extensive monitoring

Further details of specific risks such as interest-rate risk, liquidity risk and foreign-currency risk are given in the Business Review on pages 4 to 13

The key features of the internal financial control system that operated throughout the period under review are described under the following headings

Management Information Systems
There are in place effective planning, budgeting and forecasting systems and a monthly review of actual results compared with budget and the prior year The annual budget, updated three times per year, is reviewed by the Board Risk assessment and evaluation takes place as an integral part of this process Performance is monitored against budget through monthly reporting cycles Monthly reports on performance are provided to the Board, and the Group reports to shareholders twice a year

Each area of the business carries out risk assessments of its operations, and ensures that the key risks are addressed

The individual operating companies and the Group have insurance cover where it is considered appropriate In addition the Board has identified key strategic risks faced by the Group, which have been prioritised

Organisation
There are well-structured financial and administrative functions at both the Group and operating company level staffed by appropriately qualified staff The key functions at Group level include group accounting, corporate planning, group treasury, company secretarial and group taxation

Internal Audit
The Board has considered the need for an internal audit function, but has concluded that the internal control system is appropriate to the size and complexity of the Group

Use of auditors for non-audit services
The non-audit services provided by the auditors are reviewed by the Audit Committee at each meeting and reported to the Board All such services are considered by the Board and a decision taken on each occasion as to whether the particular services should or should not be provided by the auditors An analysis of audit and non-audit fees payable to the auditors is shown in note 4 to the accounts

Board and committees membership record
The number of scheduled full board meetings and committee meetings attended as a member by each Director during the year was as follows

Board Meeting	**Scheduled Board meetings**	**Audit Committee meetings**	**Remuneration Committee meetings**
M Asplin	10 (12)	5 (5)	4 (4)
C J Brady (Chief Executive)	12 (12)	–	–
R B Brookes	12 (12)	–	–
R A Conwell	12 (12)	–	–
T Garthwaite	10 (12)	5 (5)	4 (4)
D L Summers (Chairman)	11 (12)	3 (3)*	4 (4)

Figures in brackets indicate maximum number of meetings in the period which the Director was a Board or Committee member as appropriate

No Nomination Committee meetings were held during the year

* David Summers resigned as a member of the Audit Committee in January 2007

D L Summers
Chairman

1 October 2007

Report on Directors' Remuneration

Introduction

This remuneration report sets out the Company's policy on the remuneration of Executive and Non-Executive Directors together with details of Directors' remuneration packages, employment conditions and service contracts

This report will be put to an advisory vote of the Company's shareholders at the Annual General Meeting on 8 November 2007

Sections marked (*) are not subject to audit

Remuneration Committee*

The Remuneration Committee as at 30 June 2007 and until the date of this report comprised Mark Asplin (Chairman), Terry Garthwaite and David Summers (the Company Chairman) Both Mark Asplin and Terry Garthwaite are deemed to be independent Non-Executive Directors per the Combined Code

Remuneration policy for Executive Directors and the determination of individual Executive Directors' remuneration packages and employment conditions have been delegated to the Board's Remuneration Committee which consists only of Non-Executive Directors The Committee also approves the terms of all share schemes and any grants made under them

The Committee's terms of reference are available on request from the Company Secretary

In considering remuneration matters the Committee took advice from its appointed advisers New Bridge Consultants LLP ("NBSC"), who provide no other services to the Company, and internally from the Chief Executive with respect to the other Executive Directors

Remuneration policy*

The Remuneration Committee has established a policy on the remuneration of Executive Directors

The key principles of this policy are

- Remuneration is directly aligned with the performance of the Group and the interests of shareholders and is designed to attract, retain and motivate directors of the highest calibre
- A significant proportion of Executive Directors' remuneration is structured so as to link rewards to annual and long-term Group performance targets which are reviewed annually
- Executive Directors' remuneration packages are reviewed annually and are determined by reference to those pertaining in competing firms, responsibilities and time commitment, the performance of the individual and the performance of the Group

Non-Executive Directors are remunerated by fees taking into account the time commitment and responsibilities of the role They do not participate in the Company's annual or long-term incentive arrangements. Fees are determined by the Executive Directors in consultation with the Company's professional advisers and are reviewed annually and wholly independently of the Executive Directors' annual remuneration review

Directors' service contracts and letters of appointment*

The Company has adopted the following policy on Executive Directors' service contracts

- 12 months' notice period or less shall apply
- Termination payments are limited to payment of 12 months' salary and benefits

Non-Executive Directors have letters of appointment

Report on Directors' Remuneration
continued

Service contracts and letters of appointment*

The following table shows details of Directors' service contracts and letters of appointment

Name	Date of service contract/ letter of appointment	Notice period
Executive		
C J Brady	27 February 2002	12 months
R B Brookes	8 May 2002	12 months
R A Conwell	8 May 2002	12 months
Non-Executive		
D L Summers	15 February 2005	6 months
M Asplin	6 April 2005	3 months
T Garthwaite	15 June 2005	3 months

Notes

The service contracts of the Executive Directors provide that if an Executive Director ceases to be a Director of the Company by virtue of removal from, failure to be re-elected to or retirement without submission to be re-elected from, such office pursuant to the Company's Articles of Association, the Company may terminate his employment immediately by making a payment equivalent to the basic salary and the value of non-monetary benefits payable during the notice period under his service contract

Performance graph*

The following graph shows, for the year ended 30 June 2007 and for each of the previous four years, the total shareholder return (calculated in accordance with the Directors' Remuneration Report Regulations 2002) on a holding of the Company's ordinary shares compared with a hypothetical holding of shares of the same kind and number as those by reference to which the FTSE Media and Photography Index and the FTSE Small Cap Index are calculated These indices have been chosen as the appropriate comparators because it is these indices within which the Company's shares are quoted

Directors' emoluments

The remuneration of the Directors of the Company for the year ended 30 June 2007 is set out below

	Salary and fees		Bonus		Pension Contributions		Allowances and benefits in kind		Total	
	Year ended 30 June 2007 £	Year ended 30 June 2006 £	Year ended 30 June 2007 £	Year ended 30 June 2006 £	Year ended 30 June 2007 £	Year ended 30 June 2006 £	Year ended 30 June 2007 £	Year ended 30 June 2006 £	Year ended 30 June 2007	Year ended 30 June 2006
C J Brady	273,000	260,000	246,866	206,450	11 463	8,094	25,645	24,592	556 974	499 136
R B Brookes	185,220	176,400	125,617	105,051	-	7,489	25,843	24,638	336 680	313 578
R A Conwell	92,610	88,200	83,745	70,034	5 025	5,914	17,651	17,058	199 031	181 206
D L Summers	77,500	65,000	-	-	-	-	-	-	77 500	65 000
M Asplin	40,750	30,000	-	-	-	-	-	-	40 750	30 000
T Garthwaite	40,750	30,000	-	-	-	-	-	-	40,750	30,000
R W P Magee (resigned 15 September 2005)	-	4,179	-	-	-	-	-	2 758	-	6,937
	709 830	653,779	456,228	381,535	16,488	21 497	69,139	69,046	1,251,685	1,125,857

Base salary*

Base salaries for Executive Directors are reviewed by the Committee annually or on promotion and are assessed having regard to Company and individual performance, pay increases awarded throughout the Company and salary levels in comparable organisations

Pension contributions

For the year ended 30 June 2007, Executive Directors could elect to have part of their salary and bonus paid into a personal pension scheme During the year the following sacrifices were made from the salaries and bonuses disclosed above C J Brady £191,038 (2006 £134,906), R B Brookes £Nil (2006 £124,810) and R A Conwell £83,745 (2006 £98,574)

From 1 July 2007, following a review of Executive Directors pension provisions carried out by the Committee with assistance from NBSC, a contribution of 10% of base salary is being made to their personal pension arrangements

Benefits*

Benefits for Executive Directors comprise a car allowance and cover for private medical, permanent health and life insurance Benefits are not pensionable

Performance related bonuses*

Executive Directors participate in an annual bonus scheme under which cash bonuses may be earned by reference to performance targets which are reviewed annually

Bonuses earned during the year ended 30 June 2007 are shown in the table of Directors' emoluments

The bonuses of C J Brady, R B Brookes and R A Conwell were earned by reference to the growth in the Group's profit before non-recurring items, taxation and amortisation of intangible assets after deducting the interest of minority shareholders in such profits The Directors have opted to sacrifice bonuses for pension contributions as disclosed above

Report on Directors' Remuneration continued

For the financial year ending 30 June 2008 the bonus scheme will be structured so that all Executive Directors will receive bonuses calculated by reference to the percentage growth in the Group's profit before non-recurring items, taxation and amortisation of intangible assets after deducting the interest of minority shareholders in such profits

A bonus cap of 100 per cent of annual basic salary applies to each Executive Director

Performance Share Plan*
In recent years there have been no grants of share-based incentives to senior executives Following a review of senior executive remuneration with the help of independent advice from NBSC, the Committee concluded that the lack of any long-term share-based incentives has led to the package being uncompetitive Accordingly, a new policy will be introduced, based around annual conditional awards of shares, granted under a new Performance Share Plan ("PSP") Subject to shareholder approval at the November 2007 Annual General Meeting, the first Awards under the PSP will be granted in November/December 2007 Individuals may receive an award of conditional free shares (an "Award") with a face value at grant of up to 150% of salary in any financial year, vesting after three years from grant, subject to the achievement of performance conditions and continued employment The initial Awards reflect the lack of any long term incentive awards received by senior executives over recent years Awards will be made over shares worth between 60% and (for Executive Directors) 125% of salary It is anticipated that award levels for subsequent years will revert to between 40% and (for Executive Directors) 75% of salary

The Committee will determine performance conditions prior to each Award with performance measured over a single period of three years with no provision to re-test For the initial Awards, there will be two separate performance conditions, each applying to a proportion of an Award

- The performance condition attached to 50% of the Awards will require normalised Earnings Per Share ("EPS") growth from the 2006/7 financial year to the 2009/10 financial year of between RPI+5% p a to RPI+12% p a for between 25% and 100% of this part of the award to vest (i e between 12 5% and 50% of the total award)
- The performance condition attached to the other 50% of the Awards will be based on Total Shareholder Return ("TSR") performance measured against the constituents of the FTSE Small Cap Index 25% of this part of an Award will vest for median performance increasing on a straight line basis to 100% of this part of the Award vesting for upper quartile performance, i e between 12 5% (for median) and 50% (for upper quartile performance) of the total award Performance will be measured over the three financial years 2007/8 to 2009/10
- Awards will vest on a straight line basis between minimum and maximum thresholds

The Committee considers that EPS and TSR are the most appropriate measures of performance for the initial Awards for the following reasons

- The EPS target will reward significant and sustained increases in earnings that would be expected to flow through into shareholder value For the executive this will also deliver a strong line of sight as it will be straightforward to evaluate and communicate
- The TSR performance condition will provide a balance to the financial performance condition by rewarding relative share price performance against the FTSE Small Cap Index and ensure that a share price-based discipline in the package (in the absence of options) is retained
- The Committee considers that the balance between EPS and TSR performance, at 50 50, is the most appropriate structure at this time, given the Company's objectives to maximize profitability and shareholder returns The Committee will regularly review the current mix between TSR and EPS to ensure that it remains appropriate

Further details of the PSP are provided in the notice of the Annual General Meeting

Share options

Details of the options held by Executive Directors are shown below

		At 1 July 2006	Options exercised/ lapsed	Options granted	At 30 June 2007
R B Brookes	Unapproved Scheme	5,000	–	–	5,000
	Approved Scheme	25,000	–	–	25,000

Options have an exercise price of 118 5p and are exercisable during the period from March 2007 to March 2011 provided that the performance targets are met On 26 September 2007 R B Brookes exercised both of the above options and sold the shares at 230p The charge in the Income Statement in respect of these options was £917 (2006 £917)

As at 30 June 2007 the Company's share price was 226p and its highest and lowest share prices during the year ended 30 June 2007 were 164 75p and 271 25p respectively

Shareholding Guidelines*

Subject to shareholders approving the PSP at the forthcoming Annual General Meeting, Shareholding Guidelines for Executive Directors and selected senior executives will be adopted, linked to the out-turn from the PSP At the time Awards vest under the PSP (or any other executive plan established in the future), Executive Main Board Directors and selected senior executives will be expected to retain no fewer than 50% vested of shares net of taxes until such time as a total personal shareholding equivalent to 100% of pre-tax base salary has been achieved

Directors' interests

The interests of Directors and their immediate families in the issued ordinary share capital of the Company as at 30 June 2007 and the movement in the year are set out below

Name	Beneficial/ Non-Beneficial	At 1 July 2006 Number	Movement in year Number	At 30 June 2007 Number	At 30 June 2007 Percentage
C J Brady	Beneficial	3,382 500	–	3,382,500	4 02
R B Brookes	Beneficial	827,223	18,439	845,662	1 00
R A Conwell	Beneficial	3,909,356	–	3,909,356	4 65
D L Summers	Beneficial	26,500	–	26 500	0 03
M Asplin	Beneficial	3,390	–	3 390	0 00
T Garthwaite	Beneficial	5,000	–	5,000	0 01

Interests at 30 June 2007 are shown as a percentage of shares in issue on that date

There have been no changes in the Directors' interests between 30 June 2007 and 26 September 2007 No Director had a material interest in any contract of any significance with the Company or any of its undertakings during the year other than a service contract or, in the case of the Non-Executive Directors, a letter of appointment

On behalf of the Board

M Asplin

Mark Asplin

Director and Chairman of The Remuneration Committee

1 October 2007

Consolidated Income Statement

For the year ended 30 June 2007

	Notes	Year ended 30 June 2007 £'000	Year ended 30 June 2006 £'000 (restated)
Revenue	2	81,453	65,800
Cost of sales		(27,064)	(21,214)
Gross profit		54,389	44,586
Operating expenses excluding amortisation	3	(37,904)	(31,407)
Amortisation	3	(3,922)	(2,465)
Profit from continuing operations before non-recurring items		12,563	10,714
Non-recurring items	4	1,208	(1,200)
Profit from continuing operations after non-recurring items		13,771	9,514
Finance costs	5	(1,239)	(1,049)
Profit on continuing activities before taxation		12,532	8,465
Income tax expense	6	(3,343)	(2,092)
Profit on continuing activities after taxation		9,189	6,373
Profit on discontinued operations after taxation	7	696	742
Net profit for the year	4	9,885	7,115
Attributable to equity holders of the parent		9,246	6,428
Minority interest		639	687
Earnings per share attributable to equity holders of the parent			
Continuing operations	9		
Basic earnings per share		10 18p	6 80p
Diluted earnings per share		10 14p	6 76p
Continuing and discontinued operations			
Basic earnings per share	9	11 01p	7 69p
Diluted earnings per share		10 97p	7 64p

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Balance Sheets

As at 30 June 2007

	Notes	Group As at 30 June 2007 £'000	Group As at 30 June 2006 £'000 (restated)	Company As at 30 June 2007 £'000	Company As at 30 June 2006 £'000
Non-current assets					
Goodwill	12	47,934	47,187	-	-
Intangible assets	13	31,615	32,897	21	36
Property, plant and equipment	14	8,131	11,201	1,797	1,838
Investments	15	-	-	44,959	44,959
Deferred tax asset	22	228	212	1	1
		87,908	91,497	46,778	46,834
Current assets					
Inventories	16	1,573	1,504	-	-
Trade and other receivables	17	24,192	19,006	43,213	43,876
Derivative financial asset	18	560	-	560	-
Cash		4,443	2,855	-	-
		30,768	23,365	43,773	43,876
Non-current assets held for sale	27	9,715	-	-	-
Total assets		128,391	114,862	90,551	90,710
Current liabilities					
Trade and other payables	19	(35,122)	(30,168)	(2,732)	(2,861)
Tax liabilities		(2,649)	(1,405)	-	-
Bank overdrafts	20	(3,306)	-	(623)	(2,129)
		(41,077)	(31,573)	(3,355)	(4,990)
Non-current liabilities					
Bank loans	20	(13,000)	(16,000)	(13,000)	(16,000)
Retirement benefit obligation	29	(18)	(254)	-	-
Deferred tax liability	22	(5,188)	(4,594)	(223)	(92)
		(18,206)	(20,848)	(13,223)	(16,092)
Total liabilities		(59,283)	(52,421)	(16,578)	(21,082)
Net assets		69,108	62,441	73,973	69,628
Equity					
Share capital	23	4,208	4,180	4,208	4,180
Share premium account	25	43,006	42,658	43,006	42,658
Capital reserve	25	949	949	-	-
Translation reserve	25	(11)	(11)	-	-
Share option reserve	25	125	91	4	3
Retained earnings	25	18,677	12,841	26,755	22,787
Equity shareholders' funds		66,954	60,708	73,973	69,628
Minority interests	25	2,154	1,733	-	-
Total equity		69,108	62,441	73,973	69,628

Approved and authorised for issue by the Board and signed on their behalf on 1 October 2007

R Basil Brookes
Finance Director

Statements of Recognised Income and Expense

	Group		Company	
	Year ended 30 June 2007 £'000	Year ended 30 June 2006 £'000 (restated)	Year ended 30 June 2007 £'000	Year ended 30 June 2006 £'000
Exchange differences on translation of results of foreign operations	-	5	-	-
Interest rate swap gain taken directly to equity	560	-	560	-
Actuarial gain taken directly to equity	197	96	-	-
Tax on items taken directly to equity	(227)	(29)	(168)	-
Net income recognised directly in equity	530	72	392	-
Net profit for the year	9,885	7,115	7,516	11,207
Total recognised income and expense for the year	10,415	7,187	7,908	11,207
Attributable to				
Equity holders of the parent	9,776	6,500		
Minority interests	639	687		
	10,415	7,187		

Cash Flow Statements

For the year ended 30 June 2007

	Notes	Group Year ended 30 June 2007 £'000	Group Year ended 30 June 2006 £'000	Company Year ended 30 June 2007 £'000	Company Year ended 30 June 2006 £'000
Net cash flow from operating activities	30	13,713	12,416	8,214	(2,016)
Investing activities					
Purchase of property, plant and equipment	14	(1,092)	(909)	(135)	(216)
Sale of property, plant and equipment		35	40	-	-
Purchase of subsidiary undertakings and minority interests	11	(8,374)	(14,524)	-	-
Cash acquired on purchase of subsidiary undertakings	11	1,534	1,567	-	-
Cash movement of disposal of subsidiary undertakings		(32)	-	-	-
Sale of subsidiary undertakings	11	696	2,466	-	-
Purchase of intangible assets	13	(1,370)	(2,269)	(9)	(17)
Sale of intangible assets		28	-	-	-
Net cash used in investing activities		(8,575)	(13,629)	(144)	(233)
Financing activities					
Dividends paid to equity holders of the parent	25	(3,940)	(3,135)	(3,940)	(3,135)
Dividends paid to minority shareholders in subsidiary undertakings	25	(292)	(601)	-	-
Issue of ordinary shares	25	376	-	376	-
(Decrease)/increase in long term loans		(3,000)	6,000	(3,000)	6,000
Net cash flows (used in)/from financing activities		(6,856)	2,264	(6,564)	2,865
Net (decrease)/increase in cash and cash equivalents		(1,718)	1,051	1,506	616
Cash and cash equivalents at beginning of the year		2,855	1,804	(2,129)	(2,745)
Cash and cash equivalents at end of the year		1,137	2,855	(623)	(2,129)

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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

These accounts have been prepared in accordance with International Financial Reporting Standards ("IFRS"), including International Accounting Standards ("IAS") and interpretations issued by the International Accounting Standards Board ("IASB") and its committees, and as adopted by the EU

b) Prior year adjustments including application of IFRS5 "Non-current assets held for sale and discontinued operations"

The Group initiated a sale process prior to the year end in respect of Wilmington Media Limited, Dewberry Redpoint Limited and Office Solutions Media Limited such that these businesses were available for immediate sale in their present condition subject to usual terms and the sale was highly probable Accordingly these businesses have been treated as a disposal group and the provisions of IFRS5 have been adopted in showing assets and liabilities within this disposal group separately on the balance sheet at the lower of fair value and costs to sell

The results of the disposal group have been shown within discontinued operations as a single line within the income statement and the comparatives have been restated on a consistent basis

No gain or loss has arisen as a result of the application of IFRS5

Further details in respect of the disposal group (which has been sold since the year end) are given in notes 7, 11 and 27

As explained in note 11, as a result of the finalisation of goodwill and intangible asset valuations relating to acquisitions in the year ended 30 June 2006, certain prior year adjustments have been made and certain comparative figures in the Income Statement and Balance Sheet have been restated

c) Basis of consolidation

The consolidated financial information combines the financial statements of the Company and its subsidiaries

Where on the acquisition of a business prior to 1 July 2004, all of the criteria for the combination that fall within the definition of a merger under UK GAAP were met, merger accounting has been applied

From 1 July 2004, business acquisitions have been accounted for in accordance with IFRS 3, "Business Combinations" 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 (see note 1(f)) In the case of subsequent acquisitions of minority interests in subsidiaries, the difference between the consideration payable for the additional interest in the subsidiary and the minority interest's share of the assets and liabilities reflected in the consolidated balance sheet at the date of acquisition of the minority interest has been treated as goodwill

Results are consolidated from the date of acquisition of a subsidiary

d) Revenue

Revenue 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 Advertising revenue is recognised on publication Subscriptions and fees in advance are carried forward in trade and other payables

e) **Property, plant and equipment**

Property, plant and equipment is stated at cost less accumulated depreciation Depreciation is not provided on freehold land On other assets it is provided at the following annual rates, on a straight line basis, in order to write down each asset to its residual value 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 or over the term of the lease if less than 10 years
Fixtures and fittings	10-20 per cent per annum
Computer equipment	25-33 per cent per annum
Motor vehicles	25 per cent per annum

f) **Intangible assets**

Intangible assets are capitalised and amortised through the income statement over their estimated useful lives not exceeding 20 years

Computer software that is integral to a related item of hardware is included as property plant and equipment All other computer software is recorded as an intangible asset

g) **Goodwill**

Goodwill is not amortised Instead it is subject to an annual impairment review using discounted cash flows based on an appropriate weighted average cost of capital

h) **Investments**

Fixed asset investments, which all relate to investments in subsidiary undertakings, are stated at cost less provision for any impairment in value

i) **Inventories**

Inventories 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

j) **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 date of the transaction Any resultant gain or loss on exchange is shown as part of the period's profit or loss from ordinary activities

Profits and losses of overseas subsidiary undertakings are translated into sterling at average rates for the year The balance sheets of overseas subsidiary undertakings are translated at the rate ruling at the balance sheet date Differences arising from the translation of Group investments in overseas subsidiary undertakings are dealt with in equity

Net exchange differences classified as equity are separately tracked and the cumulative amount disclosed as a translation reserve

k) **Taxation**

Corporation tax has been provided on profit for the period at appropriate rates

Notes to the Accounts continued

l) **Deferred taxation**
Deferred taxation is provided on all temporary differences between the carrying amounts of assets and liabilities in the accounting and tax balance sheets except where IAS 12 "Income Taxes" specifies that it should not Deferred taxation is measured at the tax rates that are expected to apply in the periods in which temporary differences reverse, based on tax rates or laws enacted or substantively enacted at the balance sheet date

Deferred taxation is provided in respect of the Group's liabilities under its post employment benefit arrangements and on other employee benefits such as share and share option schemes

m) **Financial instruments**
Financial assets and financial liabilities are recognised on the Group and Company s balance sheets when the Group becomes a party to the contractual provisions of the instrument

(i) **Trade receivables**
Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts

(ii) **Borrowings**
Interest-bearing loans and bank overdrafts are recorded initially at the net proceeds received Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis to the income statement using the effective interest method

(iii) **Trade payables**
Trade payables are not interest-bearing and are stated at their nominal value

n) **Operating leases**
Rentals incurred in respect of operating leases are charged in the income statement on a straight line basis

o) **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 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 in the income statement in the period in which they are incurred

The Group accounts for its pension scheme arrangements in accordance with IAS 19 "Employee benefits" Actuarial gains and losses are taken directly in full to equity

The Group's balance sheet reflects the assets less liabilities of the Group's defined benefit scheme

p) **Share-based payments**
An expense for equity instruments granted is recognised in the financial statements based on their fair value at the date of grant. This expense which is in relation to employee option and performance share schemes is recognised over the vesting period of the scheme

IFRS 2 has been applied to all options granted after 7 November 2002 and not vested by 1 January 2005 The Group has adopted the Black Scholes model for the purposes of computing fair value

q) **Impact of standards not yet effective**
The Directors have considered standards and interpretations which have been issued but are not yet effective Whilst certain standards such as IFRS 7 "Financial Instrument Disclosures" and IFRS 8 "Operating Segments" may affect disclosures in future financial statements Implementation of new standards is not expected to have a significant effect on the Group's results or balance sheet.

r) **Hedging policy**
The Group and Company have adopted a hedging policy in respect of interest payments on the revolving credit facility during the year Further details of this can be found in note 21(a)

2 Segmental information

Following the disposal of the Group's publication interests in non-core business, the Group has taken the opportunity to reorganise its Healthcare and Media and Entertainment businesses into one Business Information segment

(a) **Primary reporting format – business segments**

Year ended 30 June 2007

		Legal and Regulatory £'000	Business Information £'000	Total £'000
Revenue		65,319	16 134	81,453
Segmental profit before amortisation		15 736	2,969	18,705
Amortisation		(2,751)	(1,147)	(3,898)
Segmental profit after amortisation		12,985	1 822	14 807
Unallocated central overheads (including amortisation of £24 000)				(2,244)
Profit from continuing operations before non-recurring items				12,563
Non-recurring items				1,208
Profit from continuing operations after non-recurring items				13,771
Finance costs				(1,239)
Profit on continuing activities before taxation				12,532
Income tax expense				(3,343)
Profit on continuing activities after taxation				9,189
Profit from discontinued operations				696
Net profit for the year				9,885
Assets		86,720	22,017	108 737
Liabilities		(38 089)	(3,472)	(41,561)
Net assets		48,631	18 545	67,176
Plus net discontinued and unallocated central assets and liabilities				1,932
				69,108
Capital expenditure	– Legal and Regulatory and Business Information	522	195	717
	– discontinued and central			372
				1 089
Depreciation	– Legal and Regulatory and Business Information	663	176	839
	– discontinued and central			680
				1 519

Notes to the Accounts continued

2 Segmental information (continued)

(a) **Primary reporting format – business segments**

Year ended 30 June 2006

		Legal and Regulatory £'000	Business Information £'000	Total £'000 (restated)
Revenue		52,014	13,786	65,800
Segmental profit before amortisation		12,291	2,436	14,727
Amortisation		(1,500)	(965)	(2,465)
Segmental profit after amortisation		10,791	1,471	12,262
Unallocated central overheads				(1,548)
Profit from continuing operations before non-recurring items				10,714
Non-recurring items				(1,200)
Profit from continuing operations after non-recurring items				9,514
Finance costs				(1,049)
Profit on continuing activities before taxation				8,465
Income tax expense				(2,092)
Profit on continuing activities after taxation				6,373
Profit from discontinued operations				742
Net profit for the year				7,115
Assets		75 062	21,688	96,750
Liabilities		(24,339)	(3 658)	(27,997)
Net assets		50,723	18,030	68 753
Less net discontinued and unallocated central assets and liabilities				(6 312)
				62,441
Capital expenditure	– Legal and Regulatory and Business Information	307	102	409
	– discontinued and central			500
				909
Depreciation	– Legal and Regulatory and Business Information	663	194	857
	– discontinued and central			717
				1 574

2 Segmental information (continued)

(b) **Secondary reporting format – geographical segments**

The geographical analysis of turnover is as follows

	Year ended 30 June 2007 £'000	Year ended 30 June 2006 £'000 (restated)
United Kingdom	69,521	55 218
Overseas	11,932	10,582
	81,453	65 800

(c) **Adjusted profit**

Adjusted profit is defined as profit before taxation, amortisation and non-recurring items and reconciles to profit on continuing activities before taxation as follows

	Year ended 30 June 2007 £'000	Year ended 30 June 2006 £'000 (restated)
Profit on continuing activities before taxation	12,532	8,465
Amortisation and impairment	3 922	2,465
Non-recurring items (see note 4)	(1,208)	1 200
Adjusted profit	15,246	12,130

3 Operating expenses

	Year ended 30 June 2007 £'000	Year ended 30 June 2006 £'000 (restated)
Distribution and selling costs	7,215	6,292
Administrative expenses	30,689	25,115
	37,904	31 407
Amortisation of goodwill and intangible assets (administrative expense)	3,922	2,465
Total operating expenses	41,826	33,872

Notes to the Accounts continued

4 Non-recurring and other items

Net profit for the year is stated after charging/(crediting)

	Year ended 30 June 2007 £'000	Year ended 30 June 2006 £'000
Depreciation of property, plant and equipment (see note 14)	1 519	1,574
Loss/(profit) on sale of property, plant and equipment	10	(6)
Rentals under operating leases		
Machinery	34	14
Other operating leases	638	700
Fees payable to the Company's auditor for the audit of the Company's annual accounts	68	90
Fees payable to the Company's auditor and its associates for other services		
The audit of the Company's subsidiaries pursuant to legislation	151	147
Other services pursuant to legislation	25	-
Tax services	36	30
Corporate finance services	-	190
Other services	30	5
Share based payments	34	34
Non-recurring items	(1,208)	1,200

Fees paid to PKF (UK) LLP and its associates for non-audit services to the Company itself are not disclosed in the individual accounts of Wilmington Group plc because the Company's consolidated accounts are required to disclose such fees on a consolidated basis

The Directors considered the auditors to be best placed to provide the non-audit services above The Audit Committee reviews the nature and extent of non-audit services to ensure that independence is maintained

Non-recurring items for the year principally represented the inducement fee received, net of transaction costs, relating to the proposed merger with Metal Bulletin plc Non-recurring items for the year ended 30 June 2006 represented the costs incurred in that year relating to this proposed merger

5 Finance costs

	Year ended 30 June 2007 £'000	Year ended 30 June 2006 £'000
Bank interest receivable	(103)	(22)
Interest payable on loans and overdrafts	1 211	944
Pension scheme finance income	(37)	(19)
Facility fees	168	146
	1 239	1,049

6 Income tax expense

	Year ended 30 June 2007 £'000	Year ended 30 June 2006 £'000 (restated)
The tax charge comprises		
UK corporation tax at current rates	4,521	2,891
Adjustment to previous year	(12)	(177)
	4,509	2,714
Foreign tax	317	300
	4,826	3 014
Deferred tax credit – current year	(1 483)	(640)
– prior year	-	(282)
Income tax expense	3 343	2 092

The prior year deferred tax credit in the comparative period arises as a result of the recognition of capital allowances in one of the Group subsidiaries which had previously not been recognised due to uncertainty over the timing and use of these assets

Factors affecting the tax charge for the year

The tax charge for the year is less than the standard rate of corporation tax in the UK of 30% The differences are explained below

Reconciliation of tax charge		
Profit on ordinary activities before tax	12,532	8,465
Profit on ordinary activities multiplied by the standard rate of corporation tax in the year of 30% (2006 30%)	3,760	2,540
Effect of		
Other items not subject to tax	4	(35)
Capital allowances for the year (in excess of)/less than depreciation	(124)	106
Net loss/(profit) on sale of assets not taxable	3	(62)
Foreign tax rate differences	66	2
Adjustment to tax charge in respect of previous years	(12)	(177)
Prior year deferred tax credit	–	(282)
Effect of change in future rate of corporation tax for deferred tax calculation from 30% to 28%	(354)	-
Current tax charge for year	3,343	2,092

Notes to the Accounts continued

7 Profit for the period from discontinued operations

As referred to in note 11, the Group sold its shares in WDIS Limited during the year On 14 August 2007, the Company also sold all of its interest in Wilmington Media Limited, Dewberry Redpoint Limited and Office Solutions Media Limited The results of these companies are treated as discontinued operations, their net profit has been included in the consolidated income statement, and the comparatives have been restated on a consistent basis Their results are as follows

	Year ended 30 June 2007 £'000	Year ended 30 June 2006 £'000 (restated)
Revenue	21,687	24,277
Expenses	(20 503)	(22,815)
Profit before amortisation and taxation	1,184	1,462
Amortisation	(753)	(885)
Profit before taxation	431	577
Attributable tax charge	(129)	(199)
Net operating profit attributable to discontinued operations	302	378
Profit on disposal of discontinued operations	246	475
Attributable tax credit/(charge)	148	(111)
	394	364
Profit on discontinued operations after taxation	696	742

8 Dividends

Amounts recognised as distributions to equity holders in the year

	Year ended 30 June 2007 pence per share	Year ended 30 June 2006 pence per share	Year ended 30 June 2007 £ 000	Year ended 30 June 2006 £'000
Final dividends recognised as distributions in the year	2 70	2 45	2,257	2,048
Interim dividends recognised as distributions in the year	2 00	1 30	1,683	1,087
Total dividends paid	4 70	3 75	3 940	3,135
Dividend proposed	4 00	2 70	3 366	2,257

9 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

	Year ended 30 June 2007 £'000	Year ended 30 June 2006 £'000 (restated)
Earnings from continuing operations for the purpose of basic earnings per share excluding discontinued operations	8 550	5 686
Add Amortisation (net of minority interest effect and deferred tax)	2,720	1 701
Non-recurring items after taxation	(846)	840
Earnings for the purposes of adjusted earnings per share	10,424	8 227
	Number	**Number**
Weighted average number of ordinary shares for the purposes of basic and adjusted earnings per share	83,989,179	83 600 179
Effect of dilutive potential ordinary shares		
Exercise of share options	317 924	555,262
Weighted average number of ordinary shares for the purposes of diluted earnings per share	84,307,103	84,155,441
Basic earnings per share	10 18p	6 80p
Diluted earnings per share	10 14p	6 76p
Adjusted basic earnings per share	12 41p	9 84p
Adjusted diluted earnings per share	12 36p	9 78p

(b) From continuing and discontinued operations

	Year ended 30 June 2007 £ 000	Year ended 30 June 2006 £'000 (restated)
Earnings from continuing operations for the purpose of basic earnings per share excluding discontinued operations	8,550	5,686
Adjustments to include the profit for the period from discontinued operations	696	742
Earnings from continuing and discontinued operations for the purpose of basic earnings per share	9 246	6,428
Add Amortisation (net of minority interest effect and deferred tax)	3,247	2,321
Non-recurring items after taxation	(846)	840
Earnings for the purposes of adjusted earnings per share	11,647	9,589
Basic earnings per share	11 01p	7 69p
Diluted earnings per share	10 97p	7 64p
Adjusted basic earnings per share	13 87p	11 47p
Adjusted diluted earnings per share	13 81p	11 39p

Notes to the Accounts continued

9 Earnings per share (continued)

(c) **From discontinued operations**

	Year ended 30 June 2007 £'000	Year ended 30 June 2006 £'000 (restated)
Earnings from discontinued operations for the purpose of basic earnings per share	696	742
Add Amortisation (net of minority interest effect and deferred tax)	527	619
Earnings for the purposes of adjusted earnings per share	1 223	1,361
Basic earnings per share	0 83p	0 89p
Diluted earnings per share	0 83p	0 88p
Adjusted basic earnings per share	1 46p	1 63p
Adjusted diluted earnings per share	1 45p	1 62p

10 Results of Wilmington Group plc

Of the results for the year, a profit of £7,516 000 (2006 £11,207,000) is dealt with in the financial statements of the holding company Pursuant to Section 230 of the Companies Act 1985 the Company's own income statement is not included in these financial statements

11 Acquisitions and disposals

Subsidiaries acquired

In October 2006 the Group acquired 82 7 per cent of Mercia Group Limited for a cash consideration of £7,339,000 (including acquisition costs) Since acquisition Mercia Group Limited has generated revenue of £5,854 000 and, after allocating amortisation contributed a profit before tax to the Group of £460,000 Had the Group owned Mercia Group Limited for the whole twelve months since 30 June 2006 it would have generated revenue of £7,120,000 and, after allocating amortisation, contributed a profit before tax to the Group of £91,000

Assets and liabilities of subsidiary undertaking acquired	Book value £'000	Adjustments £ 000	Fair value £'000
Property, plant and equipment	457	-	457
Trade and other receivables	2,092	-	2,092
Cash	1,461	-	1,461
Trade and other payables	(3,320)	(223)	(3 543)
Intangible assets	-	6,296	6,296
Deferred tax	42	(1,889)	(1,847)
	732	4,184	4 916
Less minority interests			(62)
			4 854
Goodwill arising on consolidation			2,485
Consideration			7 339
Satisfied by cash (including acquisition costs)			7 339

Adjustments have been made in respect of fair value adjustments and to reflect alignment with the Group's accounting policies

In May 2007 the Group acquired 100 per cent of Practice Track Limited for an initial cash consideration of £805,000 (including acquisition costs) Since acquisition Practice Track Limited has generated revenue of £139 000 and, after allocating amortisation, contributed a loss before tax to the Group of £63,000 Had the Group owned Practice Track Limited for the whole twelve months since 30 June 2006 it would have generated revenue of £1,229,000 and, after allocating amortisation, contributed a loss before tax to the Group of £64,000

11 Acquisitions and disposals (continued)

Assets and liabilities of subsidiary undertaking acquired

	Book value £'000	Adjustments £'000	Fair value £'000
Property, plant and equipment	14	-	14
Trade and other receivables	744	-	744
Cash	73	-	73
Trade and other payables	(785)	-	(785)
Intangible assets	-	759	759
Deferred tax	-	(228)	(228)
	46	531	577
Goodwill arising on consolidation			228
Consideration			805
Satisfied by cash (including acquisition costs)			805

Adjustments have been made in respect of fair value adjustments and to reflect alignment with the Group's accounting policies

At this stage, the valuation of intangible assets has not been finalised and full details will be given in the Group accounts for the year ended 30 June 2008

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 30 June 2006 has decreased by £5,408,000 whilst intangible assets at 30 June 2006 have increased by £7,726,000 The deferred tax liabilities at 30 June 2006 have increased by £1,990,000 The amortisation charges for the twelve months to 30 June 2006 have increased by £725,000 with a corresponding increase in the respective deferred tax credit of £328 000 In addition there was a reduction during the year in the deferred consideration due for these acquisitions of £60 000

Other acquisitions

During the year the Group acquired a new title Press Gazette, for a cash consideration of £123,000 The Group also purchased the rights to certain assets owned by Videolog for a cash consideration of £527,000

Disposals

On 11 May 2007 the Group sold its shares in WDIS Limited for a gross cash consideration of £1,000,000

On 14 August 2007, the Company sold all of its interest in Wilmington Media Limited, Dewberry Redpoint Limited and Office Solutions Media Limited for a cash consideration of £12 million which will result in a modest gain on disposal which will be reported in the accounts for the year ending 30 June 2008

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Notes to the Accounts continued

12 Goodwill

	£'000 (restated)
Cost	
At 1 July 2005	41,734
Acquisitions	10,861
At 1 July 2006 as originally reported	52,595
Adjustment re fair value review (see note 11)	(5,408)
At 1 July 2006 as restated	47,187
Acquisitions	2 653
Transfer to assets held for sale	(1,906)
At 30 June 2007	47934
Net book value	
At 30 June 2007	47,934
At 30 June 2006	47187

Goodwill arises on the consolidation of subsidiary undertakings Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date £31 472,000 (2006 £31,472 000) of goodwill above is in respect of the Group's Central Law Training cash generating unit

The Group tests annually for impairment The recoverable amount of the goodwill is determined from value in use calculations The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to sales and overheads during the period Management uses pre-tax discount rates of 10% that reflect prudent current market assessments for the time value of money and the risks specific to the cash generating units The growth rates are based on management forecasts and expectations of future changes in the market

The Group prepares cash flow forecasts derived from the most recent financial budgets and profit forecasts approved by management for the next three years

13 Intangible assets

	Group			Company
	Publishing rights, titles and benefits £'000 (restated)	Computer software £ 000	Total £'000 (restated)	Computer software £'000
Cost				
At 1 July 2005	29,993	635	30,628	55
Additions	1 659	610	2,269	17
Acquisitions	1,185	-	1,185	-
Disposals	(2,119)	(83)	(2,202)	(4)
At 1 July 2006 as originally reported	30,718	1,162	31,880	68
Adjustment re fair value review (see note 11)	7,726	-	7726	-
At July 2006 as restated	38,444	1,162	39,606	68
Additions	843	681	1,524	9
Acquisitions	7,055	-	7,055	-
Disposals	-	(57)	(57)	-
Transfer to assets held for sale	(7,859)	(616)	(8,475)	-
At 30 June 2007	38,483	1,170	39,653	77
Amortisation and impairment				
At 1 July 2005	3,528	174	3,702	15
Charge for year – amortisation	2 400	225	2 625	21
Disposals	(333)	(10)	(343)	(4)
At 1 July 2006 as originally reported	5,595	389	5,984	32
Adjustment re fair value as review (see note 11)	725	-	725	-
At 1 July 2006 as restated	6,320	389	6,709	32
Charge for year – amortisation	4,230	445	4,675	24
Disposals	-	(29)	(29)	-
Transfer to assets held for sale	(3,038)	(279)	(3,317)	-
At 30 June 2007	7,512	526	8 038	56
Net book value				
At 30 June 2007	30,971	644	31 615	21
At 30 June 2006	32,124	773	32 897	36

Notes to the Accounts continued

14 Property, plant and equipment

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 1 July 2005	5,866	3,650	651	3 486	5 003	421	19,077
Additions	–	140	71	114	507	77	909
Acquisitions	–	–	–	12	79	–	91
Disposals	–	–	–	(4)	(752)	(116)	(872)
Exchange translation differences	–	–	–	2	2	–	4
At 1 July 2006	5,866	3,790	722	3,610	4,839	382	19,209
Additions	3	124	22	318	510	115	1,092
Acquisitions	–	–	24	85	87	275	471
Disposals	–	–	–	(44)	(349)	(110)	(503)
Sale of subsidiary	–	–	(533)	(202)	(693)	(28)	(1,456)
Exchange translation differences	–	–	(1)	(1)	(3)	–	(5)
Transfer to assets held for sale	(2,288)	–	(65)	(359)	(355)	(306)	(3,373)
At 30 June 2007	3,581	3 914	169	3,407	4 036	328	15,435
Depreciation							
At 1 July 2005	355	901	210	1,598	4,103	80	7,247
Charge for year	91	145	65	489	677	107	1 574
Disposals	–	–	–	(2)	(729)	(85)	(816)
Exchange translation differences	–	–	–	–	3	–	3
At 1 July 2006	446	1 046	275	2,085	4,054	102	8,008
Charge for year	93	175	60	519	511	161	1 519
Disposals	–	–	–	(46)	(365)	(47)	(458)
Sale of subsidiary	–	–	(234)	(148)	(648)	(10)	(1,040)
Exchange translation differences	–	–	–	–	(3)	–	(3)
Transfer to assets held for sale	(220)	–	(32)	(183)	(183)	(104)	(722)
At 30 June 2007	319	1,221	69	2,227	3,366	102	7,304
Net book value							
At 30 June 2007	3,262	2,693	100	1,180	670	226	8,131
At 30 June 2006	5,420	2 744	447	1,525	785	280	11,201

Included in freehold property is £1 210,000 (2006 £1,210,000) of non-depreciated land

Company

	Long leasehold property £'000	Short leasehold property £'000	Fixtures and fittings £'000	Computer equipment £'000	Total £'000
Cost					
At 1 July 2005	2 453	31	31	192	2 707
Additions	202	–	1	13	216
Disposals	–	–	–	(143)	(143)
At 1 July 2006	2,655	31	32	62	2,780
Additions	124	–	–	11	135
Disposals	–	–	–	–	–
At 30 June 2007	2,779	31	32	73	2,915
Depreciation					
At 1 July 2005	768	5	10	159	942
Charge for year	118	3	7	15	143
Disposals	–	–	–	(143)	(143)
At 1 July 2006	886	8	17	31	942
Charge for year	149	3	6	18	176
Disposals	–	–	–	–	–
At 30 June 2007	1,035	11	23	49	1,118
Net book value					
At 30 June 2007	1 744	20	9	24	1,797
At 30 June 2006	1,769	23	15	31	1,838

15 Investments

	Company Shares in subsidiary undertakings £'000
Cost less provision at 1 July 2005	42,626
Additions	2,333
Cost less provision at 1 July 2006	44,959
Additions	-
Cost less provision at 30 June 2007	44,959

At 30 June 2007 the principal subsidiary undertakings listed below were all owned by the Company All have ordinary share capital Except where indicated, all of the principal subsidiary undertakings were incorporated in and principally operated in Great Britain Subsidiary undertakings marked (*) are indirectly owned

Name of company	Business	Percentage owned
Wilmington Business Information Limited	Holding company	100
Waterlow Legal and Regulatory Limited	Provision of information and events for professional markets	100
Muze Europe Limited*	Provision of reference information to the music industry	50
Hollis Directories Limited*	Holding company	100
Hollis Publishing Limited*	Provision of reference information to the public relations market	100
Beechwood House Publishing Limited*	Provision of reference information to the healthcare industry	75
Pendragon Professional Information Limited*	Provision of information for professionals in the pensions industry	100
APM International SAS* (incorporated and operates in France)	News information services to the healthcare industry	100
APM Media SARL* (incorporated and operates in France)	News information services to the healthcare industry	100
Wilmington Media Limited	Provision of information and events for trade and professional markets	100
Office Solutions Media Limited*	Publication of trade and technical journals	75
Dewberry Redpoint Limited	Provision of information and events for the catering industry	100
CLT Group Limited	Holding company	100
Central Law Training Limited*	Professional education post qualification training and legal conferences	100
Central Law Training (Scotland) Limited*	Professional education, post qualification training and legal conferences	80
Bond Solon Training Limited*	Witness training and conferences	100
Quorum Training Limited*	Financial training courses	100
International Compliance Training Limited*	Training courses in international compliance and money laundering	100
La Touche Bond Solon Training Limited* (incorporated and operates in Ireland)	Witness and post qualification legal training	80
Ark Group Limited*	Holding company	85
Ark Conferences Limited*	Provision of information and events for professional practice management	85
Ark Group Australia Pty Limited* (incorporated and operates in Australia)	Provision of information and events for professional practice management	85
Smee and Ford Limited*	Provision of legacy information	100
Mercia Group Limited*	Training and support services to the accountancy profession	83
Mercia NI Limited* (incorporated and operates in Ireland)	Training and support services to the accountancy profession	50
Mercia Ireland Limited* (incorporated and operates in Ireland)	Training and support services to the accountancy profession	50
Practice Track Limited*	Marketing support services for the accountancy profession	100

Wilmington Business Information Limited owns 75 per cent of Beechwood House Publishing Limited and 50 001 per cent of Muze Europe Limited Wilmington Media Limited owns 75 per cent of Office Solutions Media Limited Central Law Training Limited owns 80 per cent of Central Law Training (Scotland) Limited Waterlow Legal and Regulatory Limited owns 85 per cent of Ark Group Limited Ark Group Limited owns 100 per cent of Ark Conferences Limited and Ark Group Australia Pty Limited Central Law Training Limited and Bond Solon Training Limited each own 40 per cent. of La Touche Bond Solon Training Limited Central Law Training Limited owns 82 7 per cent of Mercia Group Limited Mercia Group Limited owns 60 per cent of Mercia NI Limited and Mercia Ireland Limited

Ark Group Limited, Ark Conferences Limited and Ark Australia Pty Limited have a non-coterminous year end of 28 February 2007 due to share option agreements

Mercia NI Limited and Mercia Ireland Limited have changed their year ends to June and will be filing accounts for the eighteen months to 30 June 2007

Practice Track Limited has changed its year end to June and will be filing accounts for the nine months to 30 June 2007

Notes to the Accounts continued

16 Inventories

	Group	
	30 June 2007 £'000	30 June 2006 £'000
Raw materials	152	130
Work in progress	1,416	1,351
Books held for sale	5	23
	1,573	1,504

17 Trade and other receivables

	Group		Company	
	30 June 2007 £'000	30 June 2006 £'000	30 June 2007 £'000	30 June 2006 £'000
Trade receivables	20,648	16 334	–	–
Other receivables	927	635	37	51
Amounts due from subsidiary undertakings	–	–	42,845	43 713
Prepayments and accrued income	2,617	2,037	331	112
	24,192	19,006	43,213	43,876

Amounts due from subsidiary undertakings include £7,480,000 (2006 £7 480 000) which is an interest free loan repayable in more than one year

18 Derivative financial asset

	Group		Company	
	30 June 2007 £'000	30 June 2006 £ 000	30 June 2007 £ 000	30 June 2006 £ 000
Interest rate swap – cash flow hedge	560	-	560	-

Details of the interest rate swap are set out in note 21(a)

19 Trade and other payables

	Group		Company	
	30 June 2007 £'000	30 June 2006 £'000	30 June 2007 £'000	30 June 2006 £'000
Trade payables	5,713	5,141	-	-
Other payables	2,235	2,162	353	4
Other taxes and social security	3,568	3,252	24	21
Subscriptions and fees in advance	12,929	10 520	-	-
Accruals	10,677	9,093	932	2,056
Amounts due to subsidiary undertakings	-	-	1,423	780
	35,122	30,168	2,732	2,861

20 Bank loans and overdrafts

	Group		Company	
	30 June 2007 £'000	30 June 2006 £'000	30 June 2007 £ 000	30 June 2006 £'000
Current liability - bank overdraft	3 306	-	623	2,129
Non-current liability - bank loan	13,000	16,000	13 000	16,000

The Group has an unsecured committed 5 year revolving credit facility of £60 million (2006 secured facility of £25 million) to March 2012 of which £13 million was drawn down at 30 June 2007 (2006 £16 million) Interest is charged on the amount drawn down at 0 8 to 1 0 per cent above LIBOR depending upon leverage Under the facility, drawdown is made for interest fixture periods of up to six months in duration The amount drawn down at 30 June 2007 matured on 16 July 2007

The bank overdrafts are the subject of a Group set off arrangement. Interest is charged on the overdraft at 1 per cent. above Barclays Bank Base Rate

21 Financial instruments

The Group and Company s financial instruments comprise principally bank borrowings and associated hedges, 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 and Company'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 and Company finance their operations through a mixture of retained profits and bank borrowings The Group has expanded rapidly its operations both organically and by acquisition This expansion has led on occasions to the need for external finance The Board has chosen a credit facility with a floating rate of interest linked to LIBOR and has hedged its interest exposure on a proportion of this facility during the year In November 2006 the Group entered into a 5 year £15 million interest rate swap whereby it receives interest on £15 million based on 3 month LIBOR and pays interest on £15 million at a fixed rate of 5 23% This derivative, the fair value of which is shown in note 18, has been designated as a cash-flow hedge in order to manage interest rate risk associated with the first £15m of the credit facility Payments received under the swap have been matched against interest paid quarterly during the year and the entire gain on the hedge has been recognised in equity, following the directors assessment of the hedge's effectiveness

The Group had net borrowings at 30 June 2007 of £11,863,000 (30 June 2006 £13,145 000) and had a committed bank facility of £60 million (30 June 2006 £25 million) of which £13 million was drawn down at 30 June 2007 (30 June 2006 £16 million)

Notes to the Accounts continued

21 Financial instruments (continued)

b) **Liquidity risk**

The Group and Company's policy throughout the period has been to ensure continuity of funding by the use of a £10 million overdraft facility and a committed revolving credit facility which increased from £25 million to £60 million in March 2007

c) **Foreign currency risk**

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

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 receivables and the interest rate swap described in a) above 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 and Company 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

	30 June 2007 £'000	**30 June 2006 £'000**
In one year or less, or on demand of which £Nil is non interest bearing (2006 £Nil)	3,306	–
In more than one year but not more than two years	–	–
In more than two years but not more than five years	13,000	16 000
	16,306	16,000

e) **Currency exposures**

At the balance sheet date the net monetary assets of the Group denominated in foreign currencies translated into sterling totalled £1,588,000 (2006 £488,000) This balance consisted principally of cash and receivables in US dollars and Euros

f) **Credit risk**

The Group s principal financial assets are bank balances and trade and other receivables, which represent the Group's maximum exposure to credit risk in relation to financial assets The Group's credit risk is primarily attributable to its trade receivables The amounts presented in the balance sheet are net of allowances for doubtful receivables estimated by the Group's management based on prior experience and their assessment of the current economic value

The Group has no significant concentration of credit risk with exposure spread over a large number of customers

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

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22 Deferred tax

Movements on deferred tax are as follows

	Group £'000	Company £'000
Asset at 1 July 2005	234	1
Deferred tax credit in the income statement for the year	7	-
Deferred tax charge taken directly in equity for the year	(29)	-
Asset at 30 June 2006	212	1
Deferred tax credit in the income statement for the year	39	-
Deferred tax charge taken directly in equity for the year	(59)	-
Deferred tax assets set up on fair value review	52	-
Effect of change in future tax rate from 30% to 28%	(16)	-
Asset at 30 June 2007	228	1
Provision at 1 July 2005	2,775	45
Deferred tax liabilities arising on acquisitions	356	-
Deferred tax (credit)/charge in the income statement for the year	(527)	47
Provision at 30 June 2006 as originally reported	2,604	92
Adjustment re fair value review (see note 11)	1,990	-
Provision at 30 June 2006 as restated	4,594	92
Deferred tax liabilities arising on acquisitions	2,117	-
Deferred tax (credit) in the income statement for the year	(1 321)	(21)
Deferred tax charge taken directly in equity for the year	168	168
Effect of change in future tax rate from 30% to 28%	(370)	(16)
Provision at 30 June 2007	5 188	223

23 Share capital

	Group and Company 30 June 2007 £'000	30 June 2006 £'000
Authorised		
110,000,000 (2006 110,000,000) ordinary shares of 5p each	5,500	5,500
Allotted, called-up and fully paid ordinary shares of 5p each 84,156,179 (2006 83,600,179)	4 208	4,180

During the year 556,000 ordinary shares were issued in respect of share options exercised by members of staff

Notes to the Accounts continued

24 Share based payments

Details of Directors' share options are set out in the Report on Directors' Remuneration 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 30 June 2006	Options exercised during year	Options lapsed during year	Number of shares for which options outstanding at 30 June 2007
1999	285p	Nov 2002 Nov 2006	148,000	-	(148,000)	-
2000	384 5p	Jun 2003-Jun 2007	165,600	-	(165,600)	-
2001	217 5p	Jun 2004-Jun 2008	136,830	(5,000)	-	131,830
2001	146 5p	Nov 2004-Nov 2008	100 000	-	-	100,000
2003	61 5p	Mar 2006-Mar 2010	370,000	(370 000)	-	-
2004	118 5p	Mar 2007-Mar 2011	296,000	(5,000)	-	291,000

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 30 June 2006	Options exercised during year	Options lapsed during year	Number of shares for which options outstanding at 30 June 2007
1999	285p	Nov 2002-Nov 2009	170,500	-	-	170,500
2000	384 5p	Jun 2003-Jun 2010	60,200	-	(7,800)	52 400
2000	316 5p	Nov 2003-Nov 2010	69,750	-	(7,000)	62 750
2001	217 5p	Jun 2004-Jun 2011	78,170	(6,000)	-	72,170
2002	170p	May 2005-May 2012	17,600	-	-	17,600
2003	61 5p	Mar 2006-Mar 2013	186 000	(145,000)	-	41,000
2004	118 5p	Mar 2007-Mar 2014	214,000	(25,000)	-	189,000

24 Share based payments (continued)

Criteria for the exercise of options issued under the 1995 Unapproved Share Option and the 1999 Approved Share Option Schemes include a minimum three year interval before first exercise for options granted prior to March 2003 The increase in adjusted earnings per share of the Company must be a least as great as the growth in the FTSE All Share Index over the same period For options granted since March 2003 the increase in adjusted earnings per share must have grown by a percentage which is not less than the percentage increase during the relevant period in the Retail Price Index plus 2% or 3% for each year up to the exercise date If options remain unexercised after a period of 7 years from the date of the grant the option expires Furthermore, options are forfeited if the employee leaves the Group before the options vest

Options were valued using the Black Scholes model with the following assumptions

Expected volatility (%)	25
Expected life (years)	5
Risk free rate (%)	5
Expected dividends (%)	3

Expected volatility was determined by reference to the historical volatility of the Group s share price The expected life used in the model is the mid point of the exercise period

	Year ended 30 June 2007		Year ended 30 June 2006	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding at 1 July	2,012,650	178 16	2,129,650	178 09
Granted	–	–	–	–
Lapsed	(328,400)	338 21	(117,000)	176 88
Exercised	(556,000)	66 85	–	–
Outstanding at 30 June	1,128,250	186 14	2,012,650	178 16
Exercisable at 30 June	607,250	248 02	943,650	279 15

	Year ended 30 June 2007			Year ended 30 June 2006		
Range of exercise prices	Weighted average exercise price	Number of shares	Weighted average remaining contractual life	Weighted average exercise price	Number of shares	Weighted average remaining contractual life
1p – 99p	61 50	556,000	3 75	61 50	556,000	3 75
100p – 199p	124 41	627,600	4 33	124 40	627600	4 32
200p – 299p	258 03	530 500	1 05	258 02	530,500	1 05
300p – 399p	368 45	295,550	1 10	368 45	295,550	1 09

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Notes to the Accounts continued

25 Reconciliation of movements in equity shareholders' funds

Group	Share Capital £'000	Share Premium £'000	Capital Reserve £'000	Share Option Reserve £'000	Translation Reserve £'000	Retained Earnings £'000 (restated)	Total £'000 (restated)	Minority Interest £'000	Total £'000 (restated)
Balance at 1 July 2005	4,180	42,658	949	57	(16)	9,481	57,309	2,451	59,760
Profit for the year	–	–	–	–	–	6,825	6 825	687	7,512
Exchange translation difference	–	–	–	–	5	–	5	–	5
Actuarial gain taken directly to equity	–	–	–	–	–	96	96	–	96
Tax on items taken directly to equity	–	–	–	–	–	(29)	(29)	–	(29)
	4,180	42,658	949	57	(11)	16 373	64,206	3,138	67,344
Dividends paid	–	–	–	–	–	(3,135)	(3,135)	(601)	(3,736)
Share option reserve	–	–	–	34	–	–	34	–	34
Acquisitions during the year	–	–	–	–	–	–	–	54	54
Acquisition of minorities during the year	–	–	–	–	–	–	–	(858)	(858)
Balance at 1 July 2006 as reported	4,180	42,658	949	91	(11)	13,238	61,105	1 733	62 838
Adjustment re fair value review (see note 11)	–	–	–	–	–	(397)	(397)	–	(397)
Balance at 1 July 2006 as restated	4,180	42,658	949	91	(11)	12 841	60,708	1,733	62,441
Profit for the year	–	–	–	–	–	9,246	9,246	639	9,885
Exchange translation difference	–	–	–	–	–	–	–	–	–
Interest rate swap gain taken directly to equity	–	–	–	–	–	560	560	–	560
Actuarial gain taken directly to equity	–	–	–	–	–	197	197	–	197
Tax on items taken directly to equity	–	–	–	–	–	(227)	(227)	–	(227)
	4,180	42 658	949	91	(11)	22,617	70,484	2 372	72,856
Dividends paid	–	–	–	–	–	(3,940)	(3 940)	(292)	(4,232)
Share option reserve	–	–	–	34	–	–	34	–	34
Issue of share capital during the year	28	348	–	–	–	–	376	–	376
Acquisitions during the year	–	–	–	–	–	–	–	74	74
Balance at 30 June 2007	4,208	43,006	949	125	(11)	18,677	66,954	2,154	69 108

Company	Share Capital £'000	Share Premium £'000	Share Option Reserve £ 000	Retained Earnings £ 000	Total £ 000
Balance at 1 July 2005	4,180	42,658	2	14 715	61,555
Profit for the year	–	–	–	11,207	11,207
	4,180	42,658	2	25,922	72 762
Dividends paid	–	–	–	(3,135)	(3,135)
Share option reserve	–	–	1	–	1
Balance at 1 July 2006	4,180	42,658	3	22,787	69 628
Profit for the year	–	–	–	7,516	7,516
Interest rate swap gain taken directly to equity	–	–	–	560	560
Tax on items taken directly to equity	–	–	–	(168)	(168)
	4 180	42 658	3	30,695	77,536
Dividends paid	–	–	–	(3,940)	(3 940)
Share option reserve	–	–	1	–	1
Issue of share capital during the year	28	348	–	–	376
Balance at 30 June 2007	4 208	43 006	4	26,755	73,973

26 Contingencies and commitments

Contingencies

Group

The Group has entered into an agreement 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 £16 4m payable between July 2007 and June 2014, although based on current levels of profitability the Directors estimate that the amounts payable would amount to an aggregate of £5 9m

In respect of a further subsidiary an uncapped amount is payable no earlier than 2008, which in the opinion of the Directors, based on current levels of profitability, will not exceed £0 9m

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 30 June 2007 the Company's gross contingent liability in respect of this facility was £8,062 000 (2006 £2,455,000)

Commitments

a) The Group had capital commitments at 30 June 2007 contracted but not provided for of £50,000 (2006 £197,000)

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

	Property		Other operating leases	
	30 June 2007 £'000	**30 June 2006 £'000**	**30 June 2007 £ 000**	**30 June 2006 £'000**
One year	66	246	18	8
Between two and five years	734	473	-	6
After five years	-	-	-	-
	800	719	18	14

27 Post balance sheet event

In August 2007, the Group sold all of its interest in Wilmington Media Limited, Dewberry Redpoint Limited and Office Solutions Media Limited for a cash consideration of £12,000,000 resulting in a modest profit on disposal The assets of these businesses were held for sale at the year end and accordingly they have been treated as discontinued in these accounts Income, expenditure and cash flows from these businesses have also been treated as discontinued in these accounts

Non-current assets held for sale comprise -

	£'000
Goodwill	1 906
Intangible assets	5,158
Property	2,101
Plant and equipment	550
	9,715

Included in current assets and liabilities at 30 June 2007 are £630,000 of inventories £5,437,000 of trade and other receivables, £4,019,000 of cash and £6,674 000 of trade and others liabilities relating to these businesses Pursuant to the disposal, the Group entered into arrangements whereby it provides to, and receives from, the purchaser, certain services for periods up to 12 months

Notes to the Accounts continued

28 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 made recharges totalling £1,050,000 (2006 £1,800,000) to three of its subsidiaries in respect of management services In addition certain administrative expenses totalling £265,200 (2006 £238,800) have been recharged at cost to its subsidiaries

Finance has been provided to the Company by one of its subsidiaries at commercial rates of interest for the year totalling £44,000 (2006 £24,000) In addition the Company has provided finance to one of its subsidiaries at commercial rates of interest for the year totalling £285 000 (2006 £56,000)

29 Staff and their pay and benefits

a) **Employee costs (including Directors) were as follows**

	Year ended 30 June 2007 £'000	Year ended 30 June 2006 £'000
Wages and salaries	33,291	30,319
Social security costs	3,733	3,313
Pension costs	605	390
	37629	34 022

b) **The average number of employees employed by the Group was as follows**

	Year ended 30 June 2007 Number	Year ended 30 June 2006 Number
Selling and distribution	349	356
Production	326	290
Administration	471	425
	1,146	1,071

29 Staff and their pay and benefits (continued)

c) **Retirement benefits**

The valuation used for IAS 19 calculations has been based on the most recent actuarial valuation at 31 March 2004 and updated by the same qualified independent actuaries to take account of the requirements of IAS 19 in order to assess the liabilities of the Scheme at 30 June 2007 Scheme assets are stated at their market value at 30 June 2007

Main assumptions	30 June 2007 per cent. per annum	30 June 2006 per cent. per annum	30 June 2005 per cent per annum
Rate of increase in salaries	4 6	4 2	3 8
Rate of increase to pensions in payment	3 4	3 0	2 6
Discount rate	5 8	5 3	5 2
Inflation assumption	3 4	3 0	2 6

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

	30 June 2007		30 June 2006		30 June 2005	
	Long term rate of return expected per cent	Value £'000	Long term rate of return expected per cent	Value £'000	Long term rate of return expected per cent	Value £'000
Equities	7 5	2,706	7 5	2 268	7 5	1,762
Bonds	5 5	129	5 0	136	5 0	118
Cash and other assets	5 5	77	4 5	69	4 5	153
Total market value of assets		2,912		2,473		2,033
Present value of scheme liabilities		(2,930)		(2 727)		(2,411)
Pension liability before deferred tax		(18)		(254)		(378)
Related deferred tax asset		5		76		113
Net pension liability		(13)		(178)		(265)

Amounts recognised in income statement	Year ended 30 June 2007 £ 000	Year ended 30 June 2006 £'000
Recognised within operating expenses		
Current service cost	101	86
	101	86
Recognised within finance costs		
Expected return on assets	183	147
Interest on liabilities	(146)	(128)
	37	19

Actuarial gain recognised in statement of recognised income and expenditure ("SORIE")	Year ended 30 June 2007 £'000	Year ended 30 June 2006 £'000
Actuarial return less the expected return on assets	162	231
Experience gains and losses on liabilities	(77)	2
Loss due to changes in assumptions	112	(137)
Actuarial gain recognised in SORIE	197	96

Notes to the Accounts continued

29 Staff and their pay and benefits (continued)

Changes in the present value of the defined benefit obligation are as follows

	Year ended 30 June 2007 £'000	Year ended 30 June 2006 £'000
Opening defined benefit obligations	2,727	2,411
Current service cost	101	86
Interest cost	146	128
Actuarial (gains)/losses	(35)	135
Benefits paid	(9)	(33)
	2 930	2 727

Changes in the fair value of Scheme assets are as follows

	Year ended 30 June 2007 £'000	Year ended 30 June 2006 £'000
Opening fair value of Scheme assets	2 473	2,033
Expected return	183	147
Actuarial gains	162	231
Contributions by employer	103	95
Benefits paid	(9)	(33)
	2,912	2,473

History of experience gains and losses

	Year ended 30 June 2007 £'000	Year ended 30 June 2006 £'000	Year ended 30 June 2005 £'000	Year ended 30 June 2004 £'000	Year ended 30 June 2003 £'000
Scheme assets	2 912	2,473	2 033	1,673	1,421
Defined benefit obligation	(2,930)	(2,727)	(2 411)	(2,151)	(2,194)
Scheme deficit	(18)	(254)	(378)	(478)	(773)
Experience gains/(losses) on Scheme assets					
Amount (£ 000)	162	231	166	62	(181)
Per cent of Scheme assets	5 6%	9 3%	8 2%	3 7%	(12 7)%
Experience gains/(losses) on Scheme liabilities					
Amount (£ 000)	(77)	2	–	402	125
Per cent of the present value of Scheme liabilities	(2 6)%	0 1%	0 0%	18 7%	5 7%

Defined contribution scheme

The Group contributes to a defined contribution pension scheme Total contributions to the scheme during the year were £502,000 (2006 £295,000)

30 Net cash flow from operating activities

	Group		Company	
	Year ended 30 June 2007 £'000	Year ended 30 June 2006 £'000 (restated)	Year ended 30 June 2007 £'000	Year ended 30 June 2006 £'000
Profit from operations	13,771	9,514	8,427	(1,015)
Non-recurring items	(1,208)	1,200	(1,208)	1,200
Operating profit/(loss) from discontinued operations	431	577	(280)	-
Depreciation of property, plant and equipment	1,519	1,574	176	143
Amortisation of intangible assets	4,675	3,350	24	21
Loss/(profit) on disposal of property, plant and equipment	10	(6)	-	-
Exchange translation differences	-	5	-	-
Share option charge	34	34	1	2
Operating cash flows before movements in working capital	19,232	16,248	7,140	351
(Increase)/decrease in inventories	(69)	4	-	-
(Increase)/decrease in receivables	(3,097)	507	4 334	979
Increase in payables	2,900	182	1,069	284
Cash generated by operations	18,966	16,941	12 543	1 614
Tax paid	(3,902)	(3,547)	(3,137)	(2,675)
Interest paid	(1 351)	(978)	(1,192)	(955)
Net cash flow from operating activities	13,713	12,416	8 214	(2,016)

The Group manages its treasury function on a group wide basis As a result it is not practicable to separately identify the movements in working capital attributable to discontinued operations The operating cash flow from discontinued operations before movements in working capital for the year ended 30 June 2007 was £1,743,000 (2006 £1,980,000) Investing activities of the discontinued operations for the year ended 30 June 2007 were a net cash inflow of £102,000 (2006 £1,317 000) As it is not practicable to separately identify Group financing movements for discontinued operations, financing activities for the discontinued operations consist solely of dividends paid to minority shareholders during the year ended 30 June 2007 of £19 000 (2006 £13,000)

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Independent Auditors' Report

Independent Auditors' Report to the members of Wilmington Group plc
We have audited the Group and Parent Company financial statements ('the financial statements') of Wilmington Group plc for the year ended 30 June 2007 which comprise the Consolidated Income Statement, Statements of Recognised Income and Expense, Balance Sheets, Cash Flow Statements and the related notes The financial statements have been prepared under the accounting policies set out therein We have also audited the information in the Directors' Remuneration Report that is described as having been audited

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985 Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of Directors and Auditors
The Directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and International Financial Reporting Standards ('IFRSs') as adopted by the European Union are set out in the Statement of Directors' Responsibilities

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and whether in addition the Group Financial Statements have been properly prepared in accordance with article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information in the Directors' Report includes that specific information presented in the Business Review that is cross referenced from the Business Review section of the Directors' Report.

In addition we report to you if, in our opinion, the Company has 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 regarding Directors' remuneration and other transactions is not disclosed

We review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the 2003 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, 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 other information contained in the Annual Report and consider whether it is consistent with the audited financial statements The other information comprises only the Directors' Report, the unaudited part of the Directors' Remuneration Report, the Chairman's Statement, the Business Review, the Corporate Governance Statement and the Five Year Financial Summary 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 International Standards on Auditing (UK and Ireland) 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 and the part of the Directors' Remuneration Report to be audited 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 Group s and Company's circumstances, consistently applied and adequately disclosed

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

Opinion
In our opinion

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union of the state of the Group's affairs as at 30 June 2007 and of its profit for the year then ended,
- the Parent Company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the Parent Company's affairs as at 30 June 2007,
- the Group financial statements have been properly prepared in accordance with article 4 of the IAS Regulation
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and
- the information given in the Directors' Report is consistent with the financial statements

PKF (UK) LLP

PKF (UK) LLP
Registered Auditors
London, UK

1 October 2007

Pro-forma Five Year Financial Summary

	2003 £'m (UK GAAP)	2004 £ m (UK GAAP)	2005 £'m (IFRS)	2006 £'m (IFRS)	2007 £'m (IFRS)
	As stated historically			Continuing operations	
Consolidated Income Statements					
Revenue	78 4	82 7	80 5	65 8	81 5
Cost of sales	(26 3)	(27 5)	(27 5)	(21 2)	(27 1)
Gross profit	52 1	55 2	53 0	44 6	54 4
Operating expenses	(42 7)	(44 6)	(40 0)	(31 4)	(37 9)
Operating profit before amortisation and impairment of goodwill and intangible assets and exceptional items	9 4	10 6	13 0	13 2	16 5
Operating non-recurring items	-	(0 2)	(0 9)	(1 2)	1 2
Operating profit before amortisation and impairment of goodwill and intangible assets	9 4	10 4	12 1	12 0	17 7
Amortisation and impairment of goodwill and intangible assets	(4 5)	(4 8)	(3 4)	(2 5)	(3 9)
Profit from operations	4 9	5 6	8 7	9 5	13 8
Non-operating non-recurring items	(0 2)	0 2	-	-	-
Profit before interest and taxation	4 7	5 8	8 7	9 5	13 8
Finance costs	(0 3)	(0 4)	(0 9)	(1 0)	(1 3)
Profit on ordinary activities before taxation	4 4	5 4	7 8	8 5	12 5
Income tax expense	(2 6)	(2 7)	(2 3)	(2 1)	(3 3)
Profit on ordinary activities after taxation	1 8	2 7	5 5	6 4	9 2
Operating cash inflows	12 9	12 0	14 6	16 9	19 0
Earnings per ordinary share (pence) – continuing and discontinued operations	1 32	2 47	5 37	7 69	11 01
Diluted earnings per ordinary share (pence) – continuing and discontinued operations	1 32	2 46	5 35	7 64	10 97
Adjusted earnings per ordinary share (pence) – continuing and discontinued operations	6 65	7 73	9 30	11 47	13 87
Earnings per ordinary share (pence) – continuing operations			5 71	6 80	10 18
Adjusted earnings per ordinary share (pence) – continuing operations			9 43	9 84	12 41
Dividend per share (pence)	2 50	3 00	3 60	4 00	6 00

The above is based on information extracted from the Company s statutory accounts

The results for 2006 and 2007 are for continuing operations only It has not been practicable to restate prior years to exclude the now discontinued operations, hence results for these years are stated without amendment from those previously reported

The results for 2005 2006 and 2007 are consistent with the application of IFRS The results for prior years are presented consistent with UK GAAP as had then been applied Results for these years are not therefore strictly comparable with those for 2003 and 2004

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Shareholders' Notes

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