Wilmington Group plc

Annual Report and Accounts 2006

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

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

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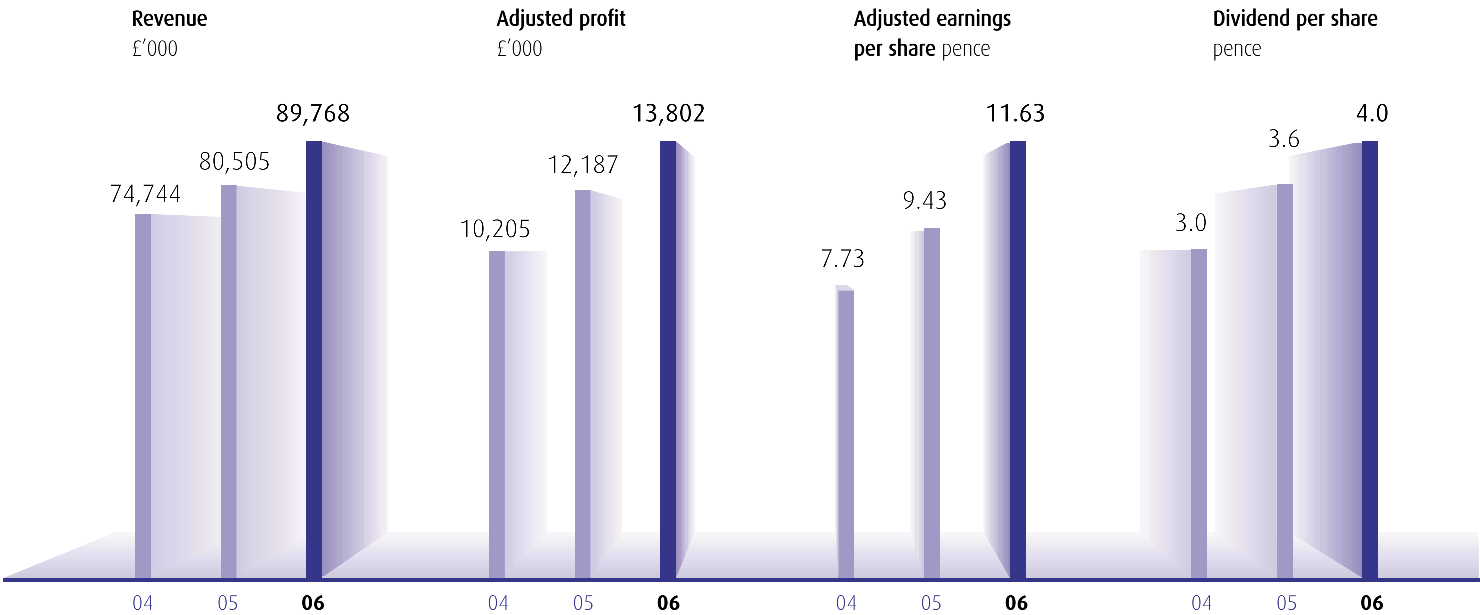
Financial Highlights

We have achieved our ambition of delivering substantial growth in adjusted profit before tax and in adjusted earnings per share

	Year ended 30 June 2006 £'000	Year ended 30 June 2005 £'000	Increase %
Revenue	89,768	80,505	11.5
Operating profit before non-recurring items, amortisation, interest and taxation	14,851	13,083	13.5
Profit before taxation, amortisation and non-recurring items ("Adjusted profit")	13,802	12,187	13.3
Operating cash inflow	16,941	14,595	16.1
Adjusted earnings per share (pence)	11.63p	9.43p	23.3
Dividend per share (pence)	4.00p	3.60p	11.1



Chairman's Statement

I am pleased to report that Wilmington has made excellent overall progress in the year to 30 June 2006, with strong growth in both revenue and profitability, together with a significant increase in cash generation and encouraging results from the integration of our latest acquisitions.

Financial Performance

Revenue from continuing operations grew by 11.5% to £89.8m (2005: £80.5m) and profit before tax increased by 28.4% to £10.1m (2005: £7.8m). Adjusted profit before tax grew by 13.3% to £13.8m (2005: £12.2m). This is the third successive year of impressive profit growth.

Earnings per share increased by 40.3% to 8.01p per share (2005: 5.71p). Adjusted earnings per share from continuing operations grew by 23.3% to 11.63p per share (2005: 9.43p), maintaining our recent trend of strong earnings per share growth. Over the last three years, adjusted earnings per share has increased at a compound rate in excess of 20% per annum.

Operating cash flow increased by 16.1% to £16.9m (2005: £14.6m), representing 114% of operating profit (before non-recurring costs, amortisation, interest and taxation), reflecting a further increase in underlying subscription revenues.

These are our first full year results reported under International Financial Reporting Standards (IFRS). As a result there are changes in format and additional disclosures, details of which are set out in the Business Review. All of the 2005 comparative numbers, previously prepared under UK Generally Accepted Accounting Practice ("UK GAAP"), have been adjusted to ensure comparability.

Merger

In June 2006 we announced our intention to merge with Metal Bulletin plc. However, following receipt of an all cash offer from Euromoney Institutional Investor plc, the Board of Metal Bulletin withdrew their recommendation to merge with Wilmington. We were disappointed that the merger did not complete. Moreover, I believe that the management team of Metal Bulletin plc would have worked successfully with Wilmington's management to create significant shareholder value. We wish them well for the future.

As required by IAS 37 we have provided £1.2m for the estimated costs of the proposed merger incurred to 30 June 2006. These costs have been written off as an exceptional expense and consequently have reduced the profit before tax and earnings per share. The corresponding inducement fee income of £1.4m received in August 2006, together with transaction costs incurred after 30 June 2006, will be recognised in the accounts to 30 June 2007. The Directors anticipate that the total costs incurred in connection with the proposed merger will not be materially different from the inducement fee received.

Dividend

The Board remains committed to a progressive dividend policy. As a result of the proposed merger with Metal Bulletin, this year we paid a second interim dividend in lieu of a final dividend. This second interim dividend of 2.7p per share was paid on 12 September 2006 to shareholders on the register on 11 August 2006. Together with the first interim dividend of 1.3p per share, this makes a total dividend for the year of 4.0p per share, an increase of 11% over the 3.6p paid last year. The dividend is covered 2.9 times by adjusted earnings per share (2005: 2.6 times). As announced in the merger circular sent to shareholders on 10 June 2006, the Directors do not propose a final dividend for the year.

Highlights of the Year

I am pleased to report that we have realised the benefits sought from last year's management changes and extensive property reorganisation. This, together with some excellent acquisitions and strategic disposals, has significantly improved the overall quality of the Group's portfolio of businesses.

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 highlights which I would like to identify in this statement.

Legal and Regulatory

Revenue has grown 20.3% to £52.0m (2005: £43.2m), boosted by the acquisitions of Ark Group (October 2005) and Smee & Ford (February 2006). Segmental profits before non-recurring costs and amortisation have grown by 12.8% to a record £12.3m (2005: £10.9m). Whilst we have had good performances in a number of areas in this division, Waterlow's publishing and information activities in particular have made outstanding progress with profits increased by 35.5%. This growth has been largely generated by growing internet and digital revenues and the success of our sales and marketing teams. Electronic initiatives represented 92% of the organic profit growth in Waterlow, which also benefited from the acquisition of Ark Group and Smee & Ford.

We are excited by the many opportunities for future growth presented by the Legal and Regulatory division's markets. The acquisition of Quorum Training in May 2005 gave access to the accountancy training market, where we are investing in new product, marketing and systems, but have still substantially increased profits above the level achieved in the last full year prior to the acquisition.

The acquisition of Smee & Ford consolidates our leading position in the charity sector and its profits are already ahead of our expectations. The acquisition of Ark Group extended our business into niche areas of professional practice management and knowledge management. Both acquisitions have been immediately earnings enhancing, achieving a return on capital comfortably in excess of our cost of capital.

Healthcare

Revenue increased by 4.6% to £11.2m (2005: £10.7m) and segmental profits before non-recurring costs and amortisation were £2.1m (2005: £1.9m). While all the major business units have made excellent progress, the headline profit was impacted by £300k of net development costs relating to APM Health Europe. Launched in January 2006, this English language electronic news service informs senior executives in the pharmaceutical industry of developments and regulatory issues across the key European markets.

Media and Entertainment

With revenues of £6.5m (2005: £6.8m) and a segmental profit before non-recurring costs and amortisation of £0.9m (2005: £1.1m) the results are disappointing. We have taken firm action to remedy this by the appointment of a new managing director and a new sales director for Hollis Directories who we anticipate will bring greater focus and energy to the business; furthermore we have increased our investment in product and brand development. The acquisition of two products, "The Knowledge" and "Benn's Media", in May 2006 will allow us to leverage sales and operational synergies from our existing product range.

Design and Construction

The improvement in profitability within our Design and Construction division continues with revenues of £10.9m (2005: £11.4m) and a segment profit before non-recurring costs and amortisation of £0.4m (2005: £0.3m). We have made extensive changes to the management and operating structure of this division. These changes have resulted in further profit progression and, whilst the margins are not at the level we wish, we anticipate further improvement during the current year.

Outlook

Across the Group we continue to invest in people and products and we have shown that we can transform the profits of businesses we acquire. We believe this continued investment, combined with our ability to make value enhancing acquisitions, will drive the business forward.

We have an experienced and well-motivated management team, able to take advantage of the Group's strong cashflow and robust balance sheet. We have a strong reputation in areas that we want to develop and are well placed to exploit the exciting possibilities both for organic growth and acquisitions that we believe the current market offers.

The Board is very encouraged by the continued progress of the Group, is confident that our strategy will result in further progress and remains confident of our prospects in the year ending 30 June 2007 and beyond.

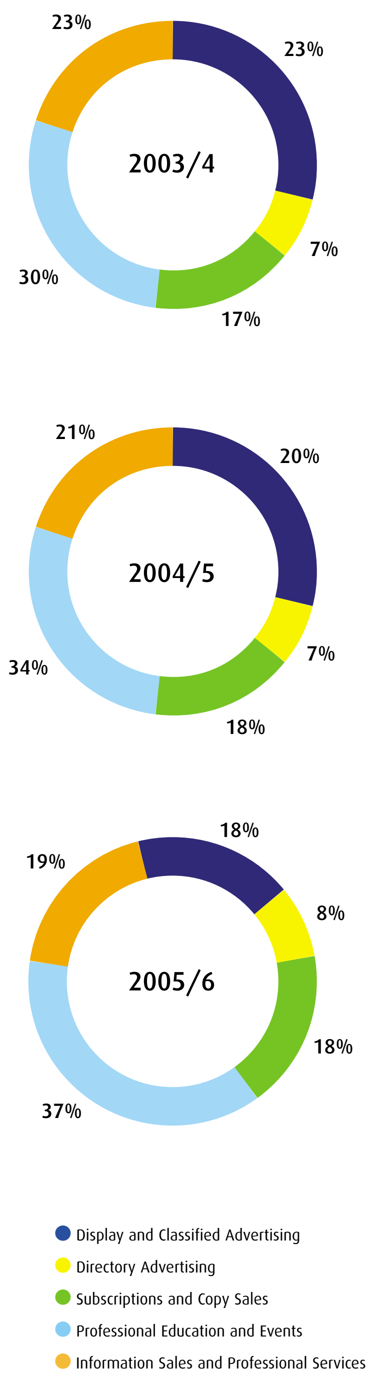
Finally, and as always, I would like to thank my fellow Directors, Senior Managers and all of the Group's employees who have contributed to this year's successful results for their innovation, hard work and commitment.

David Summers

Chairman

9 October 2006

Group Revenue by Source



Business Review

IFRS

The Group's 2006 financial results are the first to have been prepared under the new International Financial Reporting Standards (IFRS) and reporting guidelines. As a result, there are changes in format and more technical disclosures than previously. All the 2005 comparative numbers have been adjusted accordingly.

As a result of adopting IFRS, the revenue and profit numbers presented in the Chairman's Statement and this Business Review all refer to the financial performance from continuing operations. The after tax results from discontinued operations are reported separately and are referred to in note 7 to the financial statements.

Major changes in Wilmington's accounting policies were required in areas relating to:

- intangible assets;
- business combinations;
- deferred tax; and
- dividends.

Adjusted profit before tax and other adjusted performance measures specifically exclude the amortisation and impairment of intangible assets, unusual or significant non-recurring costs and the tax impact of these items where appropriate. A reconciliation of adjusted operating profit and adjusted profit before tax from continuing operations, to the statutory accounts can be found on page 34.

Overview of the Group's Financial Performance

In the year to 30 June 2006 Wilmington generated record revenue and record profit before tax. Revenue from continuing operations increased by 11.5% to £89.8m (2005: £80.5m) to record a third successive year of impressive growth. Adjusted profit before tax increased by 13.3% to £13.8m for the year compared to £12.2m for the year ended 30 June 2005. The adjusted operating margin increased to 15.4% (2005: 15.1%), the fourth year of margin improvement.

Operating profit (profit before interest, amortisation and impairment of intangibles, non-recurring items and tax) increased by 13.5% to £14.9m (2005: £13.1m). Reflecting the cash generative nature of the Wilmington Group business, interest charges remained largely unchanged at £1.0m (2005: £0.9m), despite extensive investment in the business and £16.2m spent on acquisitions.

Amortisation and impairment of intangible assets was £2.5m in the year ended 30 June 2006 compared to £3.4m in the year ended 30 June 2005.

Earnings per Share

Earnings per share increased by 40.3% to 8.01p for the year ended 30 June 2006 (2005: 5.71p). Adjusted earnings per share increased by 23.3% to 11.63p (2005: 9.43p). Over the last three years adjusted earnings per share have grown at a compound rate in excess of 20%. Earnings and adjusted earnings per share are calculated on the weighted number of shares in issue of 83,600,179 for the year ended 30 June 2006 (2005: 83,394,158).

Taxation

The Group tax charge of £2.7m (2005: £2.4m) represents 26.7% of the profits before tax (2005: 30.1%). The reduction in tax charge arises primarily from the recognition of capital allowances in one of the Group's subsidiaries, which has resulted in both a reduction in current year corporation tax payable as well as a prior year corporation tax and deferred tax credit. These capital allowances and consequential deferred tax asset had not been previously recognised due to uncertainty over the timing and use of this deferred tax asset.

Cashflow

Operating cashflow for the year ended 30 June 2006 of £16.9m was 114% of operating profit before non-recurring costs, amortisation, interest and taxation (2005: £14.6m, 111%). The free cashflow, calculated after a deduction from operating cashflow of replacement capital expenditure, payment of corporation tax, payment of interest and equity dividends, was £7.2m (2005: £6.0m). During the year £16.2m was spent on acquisitions, which was partially offset by those businesses bringing with them net cash of £1.6m together with the Group's proceeds of disposals providing £2.5m. At the balance sheet date the Group had net debt of £13.1m (2005: £8.2m).

Treasury Policy

The Group does not have significant foreign exchange exposure but it does have some net income in US dollars and Euros. These dollars and Euros are sold periodically having regard to both prevailing exchange rates and transaction charges. The Group has agreed to hedge its interest rate exposure on approximately two thirds of any amount borrowed (subject to a £10m minimum) under the revolving credit facility agreement.

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

Business Objectives and Strategy

Wilmington's strategy is to deliver sustainable and growing profits from servicing the information requirements of selected professional business markets. This is accompanied by a continued commitment to build strong management teams, organisational effectiveness, investment in technology and tight cost control.

We aim to deliver strong sustainable profit growth in our key market sectors 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 efficiently manage our business; and
- maintaining strong sales and marketing capabilities.

Wilmington is well positioned 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 have critical mass and 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 constant development of legislation and increasing levels of regulation, as well as our commitment to developing new products and delivery channels, create demand for the type of high quality information and training we provide.

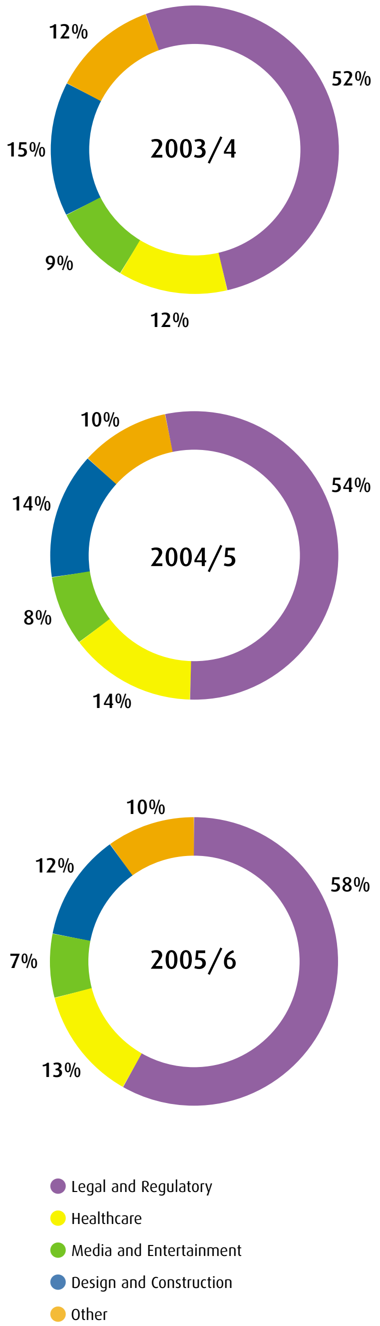
By understanding and working closely with our client base the Group is able to provide essential information and training whilst building long term sustainable relationships with our clients.

Key Financial and Operational Targets

At a Group level we have five key financial and operational targets. In addition, each of the operating divisions monitor a number of key performance indicators.

1. Adjusted Earnings per Share
   This is a key measure as it 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. In the year to 30 June 2006, adjusted earnings per share from continuing operations increased by 23.3% to 11.63p per share (2005: 9.43p). This is the third year of strong earnings per share growth delivering a compound annual growth rate in excess of 20% over this period.

Revenue by Market



2. Adjusted Profit Before Tax

This measure indicates the trading profits of the Group, after bank and interest charges, but before amortisation and impairment of intangible assets and non-recurring items. Amortisation and impairment 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 2006 adjusted profit before tax increased by 13.3% to £13.8m (2005: £12.2m). This is the third year in succession we have seen strong growth in our key measure of adjusted profit before tax.

3. Cashflow

The Group's business is strongly cash generative; operating cashflow for the year ended 30 June 2006 of £16.9m was 114% of operating profit before interest, amortisation and impairment of intangible assets and non-recurring items (2005: 111%). Free cashflow, which is calculated after deduction from operating cashflow of replacement of capital expenditure, payment of corporation tax, payment of interest and equity dividends, was £7.2m (2005: £6.0m).

4. Balanced Revenue Streams

Wilmington seeks to achieve a robust portfolio of assets with diverse revenue streams in key professional markets. When the Company was first floated in 1995, over 70% of revenues came from magazine display advertising. We have now created a more robust and balanced portfolio of assets producing sustainable revenue streams, which include:

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

These products and services are provided in a variety of formats, but are increasingly supplied on-line, or digitally and are frequently supported by management and delivery systems utilising the latest technology. At Group level we intend to further develop this inter-dependent diverse business model in our key markets.

The Group analyses its revenue streams on the following basis:

- Subscription and copy sales 18% of revenue (2005: 18%);
- Professional education and events 37% of revenue (2005: 34%);
- Information sales and professional services 19% of revenue (2005: 21%);
- Magazine advertising 18% of revenue (2005: 20%);
- Directory advertising 8% of revenue (2005: 7%).

The Group believes that all its revenue sources have merit and seeks to maintain a balance that avoids over dependence on a particular revenue source.

5. Margin Improvement

The Group seeks to improve the quality of its revenue streams. This is in part judged by the overall profit margin. We are therefore pleased that adjusted profit margins have increased to 15.4% across the Group (2005: 15.1%). This is the fourth year of margin improvement. Many of our businesses achieve far higher profit margins and we intend to improve lower margin businesses or, at the appropriate time, seek to dispose of those activities.

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 which we pay particular attention to 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.

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.

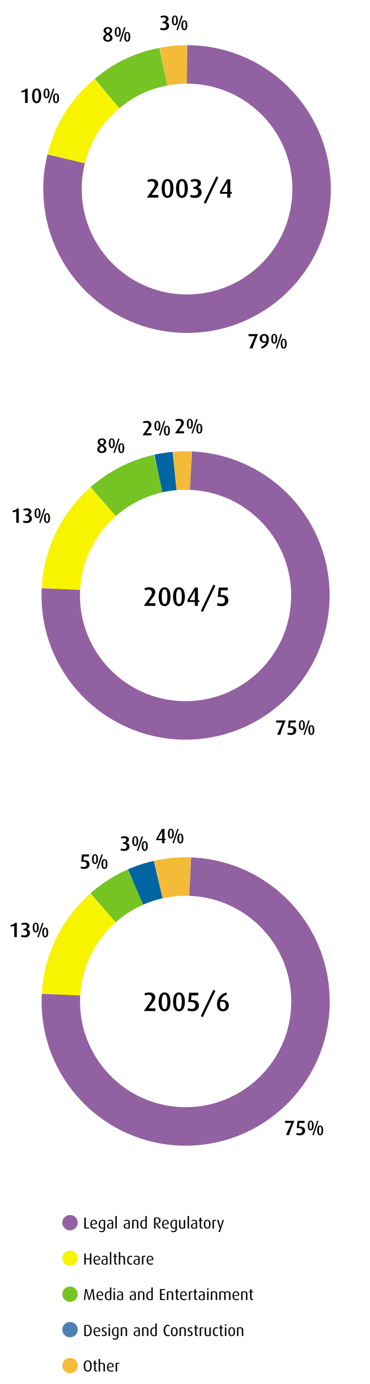
Wilmington has an established risk management procedure that is embedded in the operations of its trading divisions and is reviewed by the Board. All parts of the business identify risks and seek to ensure that procedures and strategies are in place so that risks can be managed wherever possible.

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.
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 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.
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 parts of our business, particularly the Legal and Regulatory division, were badly affected by the 7 July 2005 London bombings. Whilst the business was adversely impacted, we were quickly able to implement our disaster recovery plans and mitigate many of the consequences. We have also extended our insurance cover to include terrorist activities.

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. Accordingly whilst environmental issues are important we do not believe that they constitute a risk for the Group.

Profit by Market



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.

These characteristics have enabled us to make and sustain extensive changes during the last few years. We reported last year that we had made extensive investment in new property to enable the efficient operation of our business. The results for the year to 30 June 2006 indicate the success of these moves.

We also reported 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.

Review of Operations

Three of our four key business divisions delivered increased profits against the previous year, with a particularly strong performance by our Legal and Regulatory division.

Legal and Regulatory

This is our largest division, accounting for 58% of Group turnover and contributing 74.9% of Group trading profit. Revenue grew by 20.3%, while trading profit increased by 12.8% giving operating margins of 23.6% (2005: 25.2%). The increase in turnover was partly due to acquisitions and this adversely impacted the division's profit margin. 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 provides information, magazines, events and services to the legal, charity, accountancy, surveying, pensions 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 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 identify 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 (and winner of the prestigious BIALL 'Legal Journal of the Year' award for 2005)
- **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 stable 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.

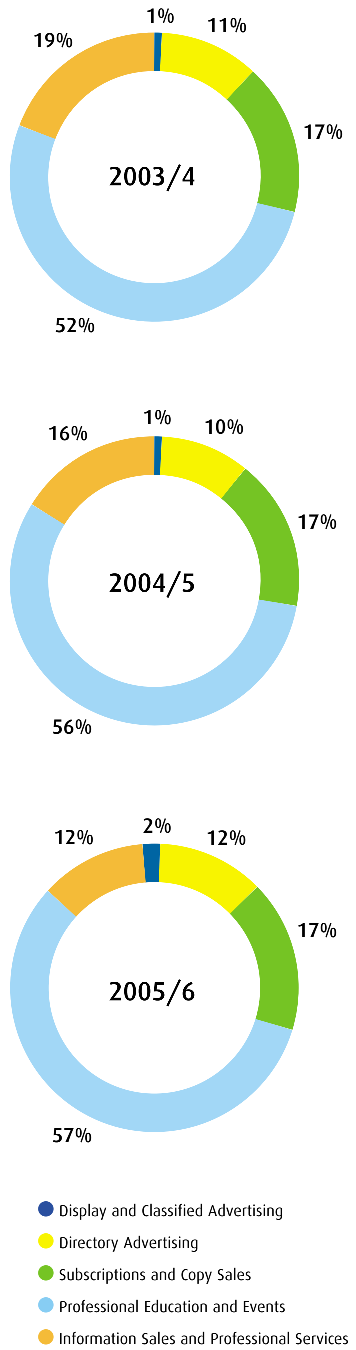
The business has seen constant growth in sales and profits in recent years as a result of both strong organic growth and the successful integration and development of acquisitions.

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 45%. Furthermore, electronic developments represented over 92% 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**, our two most recent acquisitions, exceeded our expectations in their first year and contributed combined operating profit of approximately £900k. We remain confident of continued development in these businesses and are enthusiastically looking for other acquisitions where we can generate further value for our shareholders.

Legal and Regulatory Revenue by Source

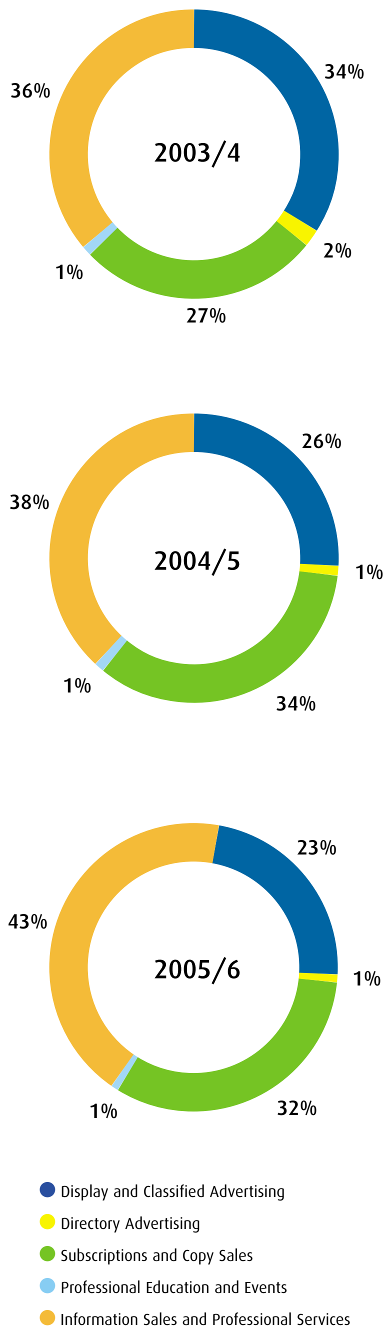


Legal and Regulatory

	Year ended 30 June 06	Year ended 30 June 05
	£'000	£'000
Revenue	**52,014**	43,228
Trading profit*	**12,291**	10,901
Margin	**23.6%**	25.2%

*Trading profit is the segmental result before allocating non-recurring costs and amortisation

Healthcare Revenue by Source



Healthcare

	Year ended 30 June 06 £'000	Year ended 30 June 05 £'000
Revenue	**11,228**	10,738
Trading profit*	**2,073**	1,944
Margin	**18.5%**	18.1%

*Trading profit is the segmental result before allocating non-recurring costs and amortisation

Central Law Training ("CLT"), which serves the legal and financial markets, 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 from continuing operations, excluding the Immigration and Asylum Accreditation scheme and the acquisition of Quorum Training, were ahead of the previous year.

Our public continuing legal education events maintained their strong profit contribution and profit margin. These training programmes are underpinned by our growing subscription membership with 4,636 subscriptions (2005: 4,587), including most major law firms, government departments, local authorities and many in-house legal departments.

The investments made in course administration programmes, product development and marketing capability have maintained CLT as market leader in public continuing legal education.

CLT works closely with the Society of Trust and Estate Practitioners (STEP) in the development of education and programmes which operate in the UK and internationally. The offshore Diploma in Trust management has had a good year with strong enrolments in many jurisdictions, including Switzerland and Singapore. Overall revenues increased by 15.8%. Particularly pleasing was the growth in UK enrolments, which have grown 31% in the year.

CLT has established a compliance training arm, **ICT** which operates both internationally and in the UK and has seen strong growth with 18.6% increase in revenues. Despite extensive investment in new products and programmes, profitability increased by 59.7% to £176k (2005: £110k).

Central Law Training (Scotland) has had a record year with revenues increasing 20.2% and trading profits growing 38% to £487k (2005: £351k). Prior year investment in personnel, office premises and products has created a strong team in Scotland and, we anticipate continuing strong performance.

Central Law Training (Ireland) was launched during the year ended 30 June 2005. It has had a very good year and is showing considerable potential with strongly growing revenues and profits.

Bond Solon achieved a trading profit margin of 29% on revenues of £3.3m (2005: £3.6m) although, as a result of the bedding in of a new management team, it did not reach the highs of the 38% margin achieved during the financial year 2004/05. It is, nevertheless, strongly placed to develop over the next 12 months.

Quorum Training, which was acquired in May 2005, produced an excellent performance in its first full year, with profits 250% ahead of those in the last full year prior to our acquisition. We have invested in product development, marketing and course management systems. We anticipate further progress to be made in the burgeoning market of post qualification training for accountants.

Overall we are very excited about the potential for the Legal and Regulatory division. The three recent acquisitions are performing ahead of expectations, and the investment in new product development is delivering the anticipated profit growth.

Healthcare

Healthcare accounted for 12.5% of Group revenue and 12.6% of Group trading profit. Healthcare is a high value market where a combination of accelerating use of technology and rapid changes in information requirements are creating many opportunities for us.

Binleys provides specialist contact information and sales management solutions to healthcare and pharmaceutical industries. It continues to invest strongly in organic growth, and it delivered revenue growth of 11.7% and profit growth of 17.5%. Its products are increasingly supplied as digital feeds, through online subscription systems or on long term contracts as data is embedded into pharmaceutical companies' sales systems.

APM is our French Press Agency based in Paris. It is the leading provider of online healthcare news to its home market and is building a European brand as it develops a wider range of products. The underlying performance of this business has remained buoyant, but its profit for the year to 30 June 2006 was impacted by a net investment of £300k in the new pan-European newswire APM Health Europe.

Our healthcare magazines enjoyed a good year, with strong underlying profit growth. We anticipate that the dynamics of the health services in the UK and abroad will provide many opportunities for growth. We anticipate that those opportunities will be largely organic, through our continued investment in online and events based revenues.

Media and Entertainment

Media and Entertainment, which accounts for 7.3% of Group revenue and 5.4% of Group trading profit, had a difficult year with sales down 4.2% to £6.5m (2005: £6.8m) and trading profits down 21.8% to £0.9m (2005: £1.1m), reflecting the challenges within the Hollis business.

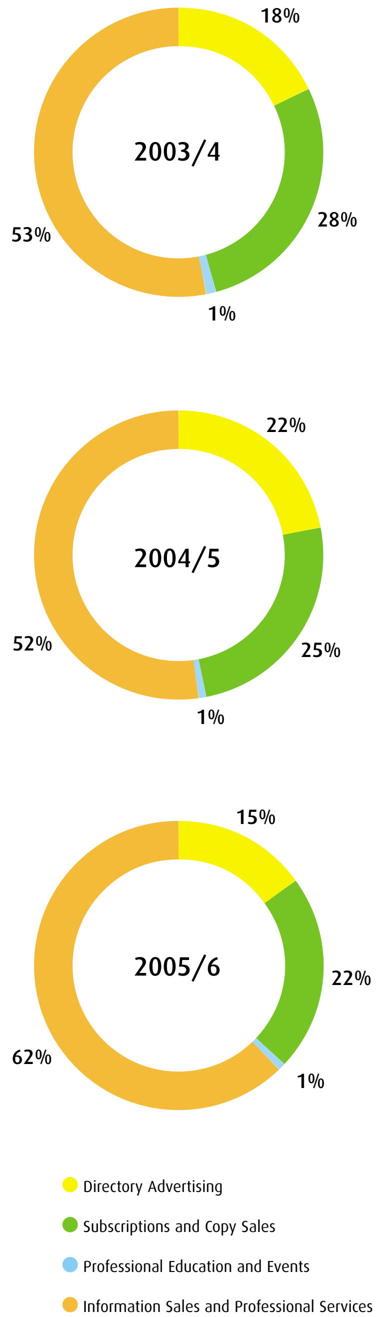
The division provides information, data and services to the music, public relations, sponsorship and marketing sectors. It operates through a number of leading brands including Hollis, Muze Europe and PCR. It provides its information as electronic products, newsletters, directories and events. This sector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

We are pleased with progress made by our joint venture Muze Europe, which supplies information on recorded music and video to both retailers and e-tailers. Revenues increased by 4.7% with trading profits up 28.6%. Margins were much improved as a result of our investment in database platforms and a move to almost wholly electronic delivery mechanism. Our partners in the US, Muze Inc, supply equivalent data to the American and Asian markets and we expect continued progress from this division as we develop further into the main European markets.

Hollis, which provides reference information and data to the public relations, sponsorship and performing arts market, had a difficult year with both reduced revenues and profit. 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.

In May 2006 we acquired the **Knowledge** and **Benn's Media**. Whilst these products did not contribute to revenues or profitability in the year under review, they fit well with the products in our media and entertainment division and are expected to contribute in the future. These acquisitions will enable us to leverage sales of existing products and strengthen our sales and marketing capability across the division.

Media and Entertainment Revenue by Source



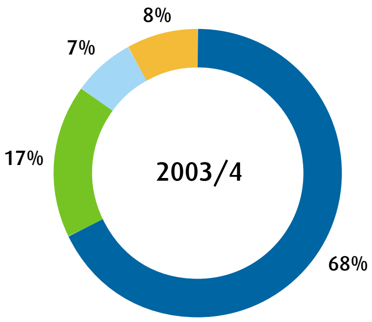
Media and Entertainment

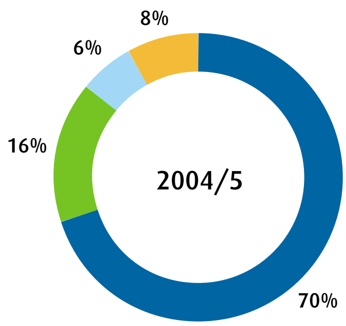
	Year ended 30 June 06	Year ended 30 June 05
	£'000	£'000
Revenue	**6,526**	6,810
Trading profit*	**893**	1,142
Margin	**13.7%**	16.8%

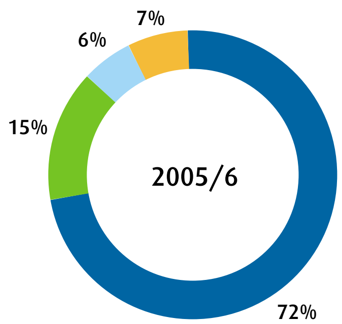
*Trading profit is the segmental result before allocating non-recurring costs and amortisation

Business Review continued

Design and Construction Revenue by Source







- Display and Classified Advertising
- Subscriptions and Copy Sales
- Professional Education and Events
- Information Sales and Professional Services

Design and Construction

	Year ended 30 June 06 £'000	Year ended 30 June 05 £'000
Revenue	**10,907**	11,444
Trading profit*	**424**	254
Margin	**3.9%**	2.2%

*Trading profit is the segmental result before allocating non-recurring costs and amortisation

Design and Construction

Design and Construction, which accounts for 12.2% of Group revenue and 2.6% of Group trading profit, made continued progress in the year under review with trading profit up to £0.4m (2005: £0.3m) on lower sales of £10.9m (2005: £11.4m).

Our products in this area cover niches in the design, commodities and equipment within the construction sector. Specialist markets include the international power generation markets. Profits have improved and we anticipate further progress in the current year as we meet customer demand for information delivered through electronic and event based channels.

Specialist

The remainder of our turnover is generated from a number of specialist sectors including catering and automotive. These businesses have performed well, with revenue increasing by 9.8% to £9.1m (2005: £8.3m) and trading profits more than doubling to £718k (2005: £267k). Management teams have responded to changing and sometimes difficult markets by evolving our products to deliver information in a way that provides real business benefits to our customers.

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.

During the year under review our acquisition and disposal activity was impacted by the unsuccessful merger discussions with Metal Bulletin plc. Considerable time and resource was directed at these discussions, the due diligence process, the development of a detailed integration plan and the subsequent legal documentation. We believe that the proposed merger would have been considerably value enhancing for both sets of shareholders.

During the year £2.5m was generated from the disposal of assets, producing net gains on disposal after trading costs and tax, of £0.1m. The principal disposal was the portfolio of drinks magazines and events which was sold in September 2005.

During the year ended 30 June 2006 the outstanding minority shareholdings in Bond Solon Training and Pendragon Professional Information (both part of the Legal and Regulatory division) and Hollis Directories (part of the Media and Entertainment division) were acquired.

In October 2005, we acquired 85% of the shares in Ark Group Limited, a company that specialises in providing events and publications for the knowledge management and professional practice management market.

In February 2006, we acquired Smee & Ford Limited, a company whose principal activities are a legacy reporting service for charities and a database for the prevention of mailings to, and the identify fraud of, the deceased.

In May 2006 we acquired The Knowledge and Benn's Media. Neither business produced any revenue or profit contribution during the year ended 30 June 2006.

Post Balance Sheet Event

The Company announced on 26 June 2006 that it had reached agreement with Metal Bulletin plc, subject to shareholder approval by both companies, on the terms of a merger to establish Bulletin Group plc. Subsequent to the balance sheet date, as a result of receiving a cash offer from Euromoney Institutional Investor plc, the board of Metal Bulletin withdrew its recommendation to its shareholders to proceed with the merger with Wilmington. As a result, under the terms of an inducement fee arrangement entered into on 5 May 2006, Wilmington received in August 2006 £1.4m, which is expected to cover the estimated transaction costs incurred by the Company in connection with the proposed merger.

Under IAS 37 (Provisions, Contingent Liabilities and Contingent Assets), the Company is required to provide for the estimated costs in connection with the proposed merger incurred up to 30 June 2006; such costs are estimated to amount to £1.2m. Conversely IAS 37 does not permit the recognition in the accounts to 30 June 2006 of the contingent asset represented by the inducement fee received in August 2006. Accordingly the income statement includes an exceptional expense of £1.2m, representing costs incurred to 30 June 2006 in connection with the proposed merger. The financial statements for the year ending 30 June 2007 will include exceptional income of £1.4m less costs incurred subsequent to 30 June 2006 in connection with the proposed merger. The directors currently expect that the total costs incurred in connection with the proposed merger will not be materially different from the inducement fee received.

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, latest technology, and appropriate training to help employees fulfil their potential.

Wilmington works in close collaboration with many professional bodies. As a result of these close working relationships we are able to provide support to the objectives of those professional bodies.

Wilmington has acted as the sponsor to help the formation of 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 are pleased with the take up of this service, with over 1000 charities taking advantage of this opportunity to raise funds. We also operate the 'Goodwill Gallery' as a free service for charities where donors can offer their goods or services for free to UK charities.

Given current industry and society problems in relation to financial crime, Wilmington, through its support of the International Compliance Association (ICA), provided £50,000 to fund a joint ICA/Financial Services Skills Council (FSSC) research project to create Standards of Competence in Compliance and Anti-Money Laundering.

Environmental Policies

Wilmington has no manufacturing base and therefore produces no major polluting emissions that affect the environment. The principal environmental impacts result from its printing and paper usage, via its suppliers, and the packaging waste created by its various activities. The Group is mindful of this and is working to reduce these effects.

Whilst the Group increasingly delivers information electronically the use of the printed work is still a major factor. When purchasing paper, its policy is to use suppliers conforming to the industry standard ISO 14001 – or its equivalent. The majority of paper is ECF (elemental chlorine free) and the Group ensures that its paper is produced from sustainable forests and resources.

When selecting print supplies, the Group looks for those with a responsible approach to the environment and who have good working practices in place to reduce the control waste at all stages of the production process. This is monitored by regular visits to suppliers ensuring that standards are maintained. Within the last three years the Group has reduced the use of film to an insignificant amount by using electronic digital workflow techniques, which has resulted in a reduction of approximately 5 tons of film per annum. In addition there are the related reductions in chemical, water and transportation usage and costs. The Group has also brought much of its magazine production 'in-house' which is not only more efficient, but also reduces the need for couriers and other energy using processes.

The Group is a member of Valpak and fulfils its responsibilities for recovery and recycling of packaging waste through this nationwide compliance scheme.

The Group's activities are primarily based on office accommodation and wherever practicable the Group adopts energy saving policies. With regard to the office environment, the Group encourages the recycling of materials such as paper, toners and cartridges wherever sensible.

Officers and Advisers

Directors

David L Summers – Non-Executive Chairman

David Summers, aged 64, 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 Audit, Remuneration and Nomination Committees.

Charles J Brady – Chief Executive

Charles Brady, aged 50, is a solicitor and was a law lecturer before founding in 1985 the business which is now Central Law Group (CLG). CLG was acquired by Wilmington in June 1999. Mr Brady joined the Board in November 1999 and was appointed Chief Executive in February 2002. He is a member of the Group's Nomination Committee.

R Basil Brookes – Finance Director

Basil Brookes, aged 48, 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 53, 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 46, 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 60, 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 55, qualified as a Chartered Accountant with Ernst & Young.

Registered Office

Paulton House, 8 Shepherdess Walk
London N1 7LB
Company Registration No. 3015847

Head Office

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London EC2A 2BS
Tel: +44(0) 20 7422 6800
Fax: +44 (0) 20 7422 6822
Website: www.wilmington.co.uk

Advisers

Financial Advisers and 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 190 Strand London WC2R 1JN
Principal Bankers	Barclays Bank plc 1 Churchill Place Canary Wharf London E14 5HP
Registrars	Lloyds TSB Registrars Scotland P.O. Box 28448 Finance House Orchard Brae Edinburgh EH4 1WQ

Corporate calendar

Annual General Meeting	15 November 2006
Announcement of Interim Results	February/March 2007
Announcement of Final Results	September 2007

The Directors present their report together with the financial statements and the independent auditors' report for the year ended 30 June 2006.

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

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

The business does not require expenditure on pure research. However, market research and analysis is written off as incurred. All internal product development costs have been written off as incurred.

Results and dividends
The Group's financial results are set out in the consolidated income statement. Revenue is analysed by market sector and geographically in Note 2 of the consolidated accounts. Profit for the year of £6,825,000 will be added to reserves.

A first interim dividend of 1.3p per ordinary share (2005: 1.15p) was paid on 7 April 2006 and a second interim dividend of 2.7p per ordinary share (2005: Nil) was paid on 12 September 2006. The Directors do not recommend a final dividend for the year (2005: 2.45p).

Directors and their interests
The Directors holding office during the year, and their interests in shares and options, are shown in the Report on Directors' Remuneration.

R W P Magee resigned as a director on 15 September 2005.

R W P Magee was a member of the Audit Committee, Remuneration Committee and Nomination Committee until his resignation as a Director.

R B Brookes and R A Conwell, Executive Directors, retire by rotation and, being eligible, offer themselves for re-election at the Annual General Meeting. Biographical details of R B Brookes and R A Conwell are set out on page 14. R B Brookes and R A Conwell have service contracts with the Company which may be terminated by either party on 12 months' 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 4 October 2006, 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 4 October 2006.

	Number of ordinary shares	Percentage
Aberforth Partners LLP	10,101,000	12.1
B D Gilbert	6,359,907	7.6
Zurich Assurance Limited	2,811,000	3.4
Haymarket Magazines Limited	2,592,234	3.1

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
There were no changes in share capital during the year.

Financial instruments
The Group's apporach to financial instruments is set out in note 20 on page 44.

Post balance sheet event
The Company announced on 26 June 2006 that it had reached agreement with Metal Bulletin plc, subject to shareholder approval by both companies, on the terms of a merger to establish Bulletin Group plc to be effected by way of a scheme of arrangement under S.425 of the Companies Act 1985 ("the Scheme"). Subsequent to the balance sheet date, as a result of receiving a cash offer from Euromoney Institutional Investor plc, the board of Metal Bulletin withdrew its recommendation to its shareholders to proceed with the merger with Wilmington. Under the terms of an inducement fee arrangement entered into on 5 May 2006, Wilmington received in August 2006 £1.4 million, which is expected to cover the estimated transaction costs incurred by the Company in connection with the Scheme.

Under IAS 37 (Provisions, Contingent Liabilities and Contingent Assets), the Company is required to provide for the estimated costs in connection with the Scheme incurred up to 30 June 2006; such costs are estimated to amount to £1.2 million. Conversely IAS 37 does not permit the recognition in the accounts to 30 June 2006 of the contingent asset represented by the inducement fee received in August 2006. Accordingly the income statement includes an exceptional expense of £1.2 million representing costs incurred to 30 June 2006 in connection with the Scheme. The financial statements for the year ending 30 June 2007 will include exceptional income of £1.4 million less costs incurred subsequent to 30 June 2006 in connection with the Scheme. The Directors currently expect that the total costs incurred in connection with the Scheme will not be materially different from the inducement fee received.

Statement of Directors' responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and International Financial Reporting Standards as adopted by the European Union. 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 which 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 £3,893 (2005: £3,817) during the year. No political donations were made during the year (2005: £nil).

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 42 days (2005: 51 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 23 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 23 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.

The Wilmington Group plc 1995 Savings-Related Share Option Scheme (the "SAYE Scheme") was adopted on 22 November 1995 and approved by the Inland Revenue on 25 October 1996. It provided for the grant of non-transferable options to acquire shares in the Company at a discount of up to 20 per cent. to prevailing market prices at the time of the grant. No further options may be granted under the SAYE Scheme which terminated on 22 November 2005 and no options are outstanding.

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 operates a defined benefit pension scheme for a limited number of members, the Wilmington Media Limited Pension Scheme, details of which are given in note 28 to the accounts.

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

Included in this Report and Accounts is a 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 15 November 2006 at which the resolutions set out in the notice will be proposed.

The notice includes items of special business described below. Under the provisions of the Companies Act 1985 (the "Act"), the Directors may only allot unissued shares (other than pursuant to employee share schemes) if authorised to do so by the Company's articles of association or with the authority of shareholders. Accordingly, at the Annual General Meeting, resolution 6 on the notice will be proposed as an ordinary resolution to renew the authority of the Directors to allot ordinary shares of 5p each having a nominal value of up to £1,393,336 which currently amounts to 27,866,726 ordinary shares of 5p each, such authority to expire at the conclusion of next year's Annual General Meeting of the Company or the date being 15 months after the date of passing of the resolution, whichever is the earlier. This represents approximately 33.33% of the issued ordinary share capital of the Company as at 4 October 2006. The authority replaces that which was granted at last year's Annual General Meeting. Other than fulfilling the Company's obligations pursuant to the exercise of options granted under the Company's employee share option schemes, the Directors have no present intention of issuing any part of the unissued ordinary share capital of the Company.

Under section 89 of the Act, equity securities issued for cash must first be offered to existing shareholders in proportion to their existing holdings. At last year's Annual General Meeting, the Directors were empowered to allot equity securities without first being required to offer such securities to existing shareholders strictly in accordance with section 89 of the Act or otherwise up to a limited number of shares. Resolution 7 on the notice will be proposed as a special resolution to replace the power granted at last year's Annual General Meeting for a further period expiring at the conclusion of next year's Annual General Meeting or 15 months after the date of the passing of the resolution, whichever is the earlier. The power will enable the Directors to allot shares otherwise than pro rata to existing shareholdings:

(a) in connection with a rights issue which is made not strictly in accordance with section 89 of the Act; or

(b) otherwise having a nominal value of up to £209,000 which currently amounts to 4,180,009 ordinary shares of 5p each. This represents approximately 5% of the issued ordinary share capital of the Company as at 4 October 2006.

The power, if granted, will extend to the sale of any shares in the Company held as treasury shares (see below) in the circumstances described above.

At the Company's Annual General Meeting in 2003, the Company sought authority to buy back some of its shares in the market and indicated at the time that it would seek to renew the authority at successive Annual General Meetings. The authority was renewed at the 2004 and 2005 Annual General Meeting. Accordingly, resolution 8 on the notice will be proposed as a special resolution to authorise the Company to purchase up to 8,360,018 ordinary shares of 5p each in the market, representing approximately 10% of the issued ordinary share capital of the Company as at 4 October 2006, at a price not less that the nominal value of the ordinary shares and not more than the higher of (i) 105 per cent. of the average of the closing and market prices for the ordinary shares of the Company (as derived from the London Stock Exchange Daily Official List) for the five business days immediately preceeding the date of purchase, and (ii) the price stipulated in Article 5(1) of the Buy-back and Stabilisation Regulations (No. 2237 of 2003). The authority will continue until the conclusion of next year's Annual General Meeting or 15 months after the date of the passing of resolution 8, whichever is the earlier. The Directors have no present intention of making such purchases, but consider it prudent to have this authority so as to be able to act at short notice if circumstances change. The authority would, however, only be exercised if the Directors believed that to do so would be in the best interests of shareholders generally. Options over an aggregate of 2,009,650 ordinary shares in the Company were outstanding as at 4 October 2006 representing approximately 2.40% of the Company's issued share capital at that date and which would represent approximately 2.67% of the Company's issued share capital if the authority granted at last year's Annual General Meeting to buy back 8,360,018 ordinary shares were exercised in full (and all of the repurchased shares were cancelled) and approximately 2.67% of the Company's issued share capital if the proposed authority being sought at this year's Annual General Meeting to buy back 8,360,018 ordinary shares was exercised in full.

Resolution 8 on the notice will also permit the Company to purchase its own shares to hold as treasury shares. Since 1 December 2003, when the Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 (the "Regulations") came into force, companies have been able to hold shares acquired by them as treasury shares rather than cancelling them. Pursuant to the Regulations, the treasury shares can subsequently be cancelled, sold for cash or used to satisfy share options granted under employee share option schemes and would therefore provide the Company with additional flexibility in the management of its capital base. As at 4 October 2006, the Company did not hold any of its ordinary shares as treasury shares. The Directors would consider holding as treasury shares any shares which the Company purchases pursuant to the authority proposed to be granted by resolution 8 on the notice. In relation to any repurchased shares held in treasury however, unless such shares are subsequently cancelled, earnings per share will only be increased on a temporary basis until such time as the shares are subsequently sold out of treasury. The resolution complies with the current guidelines issued by the investor protection committees and the Directors will have regard to any guidelines issued by the investor protection committees which may be published at the time of any such purchase, holding or resale of treasury shares.

Going Concern

After reviewing the Group's budget for the year to 30 June 2007 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
9 October 2006

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") which is appended to the Listing Rules of the Financial Services Authority 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 Audit, Remuneration and Nomination Committees. 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 22 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 2006, 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 2006 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 Audit Committee met twice during the year and the Remuneration Committee met three 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 all the Non-Executive Directors. The Board is satisfied that Terry Garthwaite, who chairs the Committee, has recent and relevant financial experience.

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. 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. The terms of reference of the Committee are available on the Company's website www.wilmington.co.uk

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 22 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
The notice of the Annual General Meeting accompanies 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 15 November 2006 can be found in the Notice of the Meeting on pages 61 and 62 and an explanation of the items of special business can be found in the Directors' Report on pages 15 and 18.

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 59.

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.

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 3 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:

	Scheduled Board meetings	Audit Committee meetings	Remuneration Committee meetings
Board Meeting			
M Asplin	12 (12)	2 (2)	3 (3)
C J Brady (Chief Executive)	12 (12)	–	–
R B Brookes	12 (12)	–	–
R A Conwell	12 (12)	–	–
T Garthwaite	12 (12)	2 (2)	3 (3)
R W Magee (resigned 15 September 2005)	– (3)	– (–)	– (–)
D L Summers (Chairman)	12 (12)	2 (2)	3 (3)

Figures in brackets indicate maximum number of meetings in the period which the Director was a Board member
No Nomination Committee meetings were held during the year.

D L Summers
Chairman

9 October 2006

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 15 November 2006.

Sections marked (*) are not subject to audit.

Remuneration Committee *

Remuneration policy for Executive Directors and the determination of individual Directors' remuneration packages and employment conditions have been delegated to the Board's Remuneration Committee which consists only of Non-Executive Directors. It also has responsibility for determining the performance criteria included in the Company's share option schemes and granting options.

The Remuneration Committee as at 30 June 2006 and until the date of this report comprised Mark Asplin (Chairman), David Summers and Terry Garthwaite. The committee consults with the Chief Executive on proposals relating to Executive Directors and determines the Chief Executive's own remuneration independently and is empowered to seek independent advice.

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 Group performance targets which are reviewed annually.
- Their 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 share option schemes or incentive schemes. Fees are determined by the Executive Directors in consultation with the Company's professional advisers and will be reviewed annually. That process will be carried out 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.

Service contracts and letters of appointment *

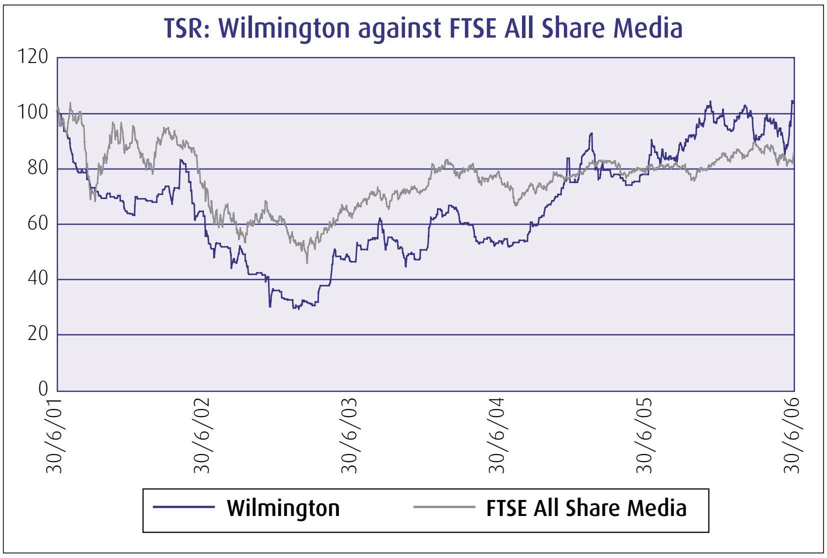
The following table shows details of Directors' service contracts and letters of appointment:

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 2006 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 kinds and number as those by reference to which the FTSE Media and Photography Index is calculated. This index has been chosen as the appropriate comparator because it is the index within which the Company's shares are quoted.



Directors' emoluments

The remuneration of the Directors of the Company for the year ended 30 June 2006 is set out below.

	Salary and fees		Bonus		Pension Contributions		Allowances and benefits in kind		Total	
	Year ended 30 June 2006 £	Year ended 30 June 2005 £	**Year ended 30 June 2006 £**	Year ended 30 June 2005 £	**Year ended 30 June 2006 £**	Year ended 30 June 2005 £	**Year ended 30 June 2006 £**	Year ended 30 June 2005 £	**Year ended 30 June 2006**	Year ended 30 June 2005
C J Brady	**260,000**	225,000	**206,450**	166,185	**8,094**	–	**24,592**	23,796	**499,136**	414,981
R B Brookes	**176,400**	168,000	**105,051**	83,757	**7,489**	–	**24,638**	23,866	**313,578**	275,623
R A Conwell	**88,200**	84,000	**70,034**	62,042	**5,914**	–	**17,058**	16,227	**181,206**	162,269
D L Summers	**65,000**	45,834	**–**	–	**–**	–	**–**	–	**65,000**	45,834
M Asplin	**30,000**	7,076	**–**	–	**–**	–	**–**	–	**30,000**	7,076
T Garthwaite	**30,000**	1,385	**–**	–	**–**	–	**–**	–	**30,000**	1,385
R W P Magee (resigned 15 September 2005)	**4,179**	20,000	**–**	–	**–**	–	**2,758**	13,200	**6,937**	33,200
S P Broome (resigned 15 June 2005)	**–**	163,000	**–**	73,357	**–**	–	**–**	22,592	**–**	258,949
N J Miller (resigned 7 October 2004)	**–**	43,010	**–**	–	**–**	–	**–**	6,299	**–**	49,309
B N Jolles (resigned 18 January 2005)	**–**	32,959	**–**	–	**–**	–	**–**	–	**–**	32,959
	653,779	790,264	**381,535**	385,341	**21,497**	–	**69,046**	105,980	**1,125,857**	1,281,585

Pension contributions

Executive Directors can 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 £134,906, R B Brookes £124,810 and R A Conwell £98,574.

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 2006 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.

For the financial year ending 30 June 2007 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.

Share options

Details of the options held by directors are shown below.

		At 1 July 2005	Options exercised/ lapsed	Options granted	At 30 June 2006
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. The charge in the Income Statement in respect of these options was £917 (2005: £917).

As at 30 June 2006 the Company's share price was 196p and its highest and lowest share prices during the year ended 30 June 2006 were 198p and 150p respectively.

Directors' interests

The interests of Directors and their immediate families in the issued ordinary share capital of the Company as at 30 June 2006 and the movement in the year are set out below.

Name	Beneficial/ Non-Beneficial	At 1 July 2005 Number	Movement in year Number	At 30 June 2006 Number	At 30 June 2006 Percentage
C J Brady	Beneficial	3,382,500	–	3,382,500	4.05
R B Brookes	Beneficial	827,223	–	827,223	0.99
R A Conwell	Beneficial	4,509,356	(600,000)	3,909,356	4.68
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 2006 are shown as a percentage of shares in issue on that date.

There have been no changes in the Directors' interests between 30 June 2006 and 4 October 2006.
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.

Pensions

Executive Directors may elect to have part of their basic annual salary and bonus paid into a personal pension scheme.

On behalf of the Board
Mark Asplin
Director and Chairman of The Remuneration Committee

9 October 2006

Consolidated Income Statement

For the year ended 30 June 2006

	Notes	**Year ended 30 June 2006 £'000**	Year ended 30 June 2005 £'000
Revenue	2	**89,768**	80,505
Cost of sales		**(29,433)**	(27,463)
Gross profit		**60,335**	53,042
Operating expenses excluding amortisation and impairment	3	**(45,484)**	(40,876)
Amortisation and impairment	3	**(2,539)**	(3,433)
Profit from continuing operations before transaction costs	4	**12,312**	8,733
Transaction costs	4	**(1,200)**	–
Profit from continuing operations after transaction costs		**11,112**	8,733
Finance costs	5	**(1,049)**	(896)
Profit on continuing activities before taxation		**10,063**	7,837
Income tax expense	6	**(2,682)**	(2,361)
Profit on continuing activities after taxation		**7,381**	5,476
Profit/(loss) on discontinued operations after taxation	7	**131**	(283)
Net profit for the year		**7,512**	5,193
Attributable to equity holders of the parent		**6,825**	4,480
Minority interest		**687**	713
Earnings per share attributable to equity holders of the parent			
Continuing operations:	9		
Basic earnings per share		**8.01p**	5.71p
Diluted earnings per share		**7.95p**	5.69p
Continuing and discontinued operations:			
Basic earnings per share	9	**8.16p**	5.37p
Diluted earnings per share		**8.11p**	5.35p

Statements of Recognised Income and Expense

For the year ended 30 June 2006

	Group		Company	
	Year ended 30 June 2006 £'000	Year ended 30 June 2005 £'000	**Year ended 30 June 2006 £'000**	Year ended 30 June 2005 £'000
Exchange differences on translation of results of foreign operations	**5**	(16)	**–**	–
Actuarial gain taken directly in equity	**96**	120	**–**	–
Tax on items taken directly in equity	**(29)**	(35)	**–**	–
Net income recognised directly in equity	**72**	69	**–**	–
Net profit for the year	**7,512**	5,193	**11,207**	2,838
Total recognised income and expense for the year	**7,584**	5,262	**11,207**	2,838
Attributable to				
Equity holders of the parent	**6,897**	4,549		
Minority interests	**687**	713		
	7,584	5,262		

Balance Sheets
As at 30 June 2006

	Notes	Group		Company	
		As at 30 June 2006 £'000	As at 30 June 2005 £'000	**As at 30 June 2006 £'000**	As at 30 June 2005 £'000
Non-current assets					
Goodwill	12	**52,595**	41,734	**–**	–
Intangible assets	13	**25,896**	26,926	**36**	40
Property, plant and equipment	14	**11,201**	11,830	**1,838**	1,765
Investments	15	**–**	–	**44,959**	42,626
Deferred tax asset	21	**212**	234	**1**	1
		89,904	80,724	**46,834**	44,432
Current assets					
Inventories	16	**1,504**	1,557	**–**	–
Trade and other receivables	17	**19,006**	17,803	**43,876**	34,909
Cash		**2,855**	1,841	**–**	–
		23,365	21,201	**43,876**	34,909
Total assets		**113,269**	101,925	**90,710**	79,341
Current liabilities					
Trade and other payables	18	**(30,168)**	(27,474)	**(2,861)**	(4,996)
Tax liabilities		**(1,405)**	(1,501)	**–**	–
Bank overdrafts	19	**–**	(37)	**(2,129)**	(2,745)
		(31,573)	(29,012)	**(4,990)**	(7,741)
Non-current liabilities					
Bank loans	19	**(16,000)**	(10,000)	**(16,000)**	(10,000)
Retirement benefit obligation	28	**(254)**	(378)	**–**	–
Deferred tax liability	21	**(2,604)**	(2,775)	**(92)**	(45)
		(18,858)	(13,153)	**(16,092)**	(10,045)
Total liabilities		**(50,431)**	(42,165)	**(21,082)**	(17,786)
Net assets		**62,838**	59,760	**69,628**	61,555
Equity					
Share capital	22	**4,180**	4,180	**4,180**	4,180
Share premium account	24	**42,658**	42,658	**42,658**	42,658
Capital reserve	24	**949**	949	**–**	–
Translation reserve	24	**(11)**	(16)	**–**	–
Share option reserve	24	**91**	57	**3**	2
Retained earnings	24	**13,238**	9,481	**22,787**	14,715
Equity shareholders' funds		**61,105**	57,309	**69,628**	61,555
Minority interests	24	**1,733**	2,451	**–**	–
Total equity		**62,838**	59,760	**69,628**	61,555

Approved and authorised for issue by the Board on 9 October 2006

R Basil Brookes
Finance Director

Cash Flow Statements

For the year ended 30 June 2006

		Group		Company	
		Year ended 30 June 2006	Year ended 30 June 2005	**Year ended 30 June 2006**	Year ended 30 June 2005
	Notes	**£'000**	£'000	**£'000**	£'000
Net cash flow from operating activities	29	**12,416**	10,768	**(2,016)**	(690)
Investing activities					
Purchase of tangible fixed assets	14	**(909)**	(2,371)	**(216)**	(37)
Sale of tangible fixed assets		**40**	150	**–**	–
Purchase of subsidiary undertakings and minority interests	11	**(14,524)**	(8,735)	**–**	–
Cash acquired on purchase of subsidiary undertakings	11	**1,567**	214	**–**	–
Sale of subsidiary undertakings	11	**2,466**	450	**–**	554
Purchase of intangible assets	13	**(2,269)**	(623)	**(17)**	(49)
Net cash used in investing activities		**(13,629)**	(10,915)	**(233)**	468
Financing activities					
Dividends paid to equity holders of the parent	24	**(3,135)**	(2,627)	**(3,135)**	(2,627)
Dividends paid to minority shareholders in subsidiary undertakings	24	**(601)**	(192)	**–**	–
Issue of ordinary shares	24	**–**	308	**–**	308
Repayment of loan notes		**–**	(1,000)	**–**	–
Increase in long term loans		**6,000**	3,000	**6,000**	3,000
Net cash flows from/(used in) financing activities		**2,264**	(511)	**2,865**	681
Net increase/(decrease) in cash and cash equivalents		**1,051**	(658)	**616**	459
Cash and cash equivalents at beginning of the year		**1,804**	2,462	**(2,745)**	(3,204)
Cash and cash equivalents at end of the year		**2,855**	1,804	**(2,129)**	(2,745)

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 for the first time.

Note 30 to these accounts sets out the effects of restatement of the Group's and Company's accounts under IFRS.

i) IFRS 1 exemptions

IFRS 1, "First-time Adoption of International Financial Reporting Standards" sets out the procedures that the Group and Company must follow when it adopts IFRS for the first time as the basis for preparing its consolidated financial statements. The Group and Company are required to establish its IFRS accounting policies as at 30 June 2006 and, in general, apply these retrospectively to determine the IFRS opening balance sheet at its date of transition, 1 July 2004.

This standard provides a number of optional exceptions to this general principle. The most significant of these are set out below, together with a description in each case of the exception adopted by the Group and the Company.

- **Business combinations that occurred before the opening IFRS balance sheet date (IFRS 3, "Business Combinations")**
  The Group has elected not to apply IFRS 3 retrospectively to business combinations prior to 1 July 2004.
- **Employee Benefits – actuarial gains and losses (IAS 19, "Employee Benefits")**
  The cumulative net deficit on defined benefit pension schemes and similar benefits at the transition date has been recognised in full in equity.
- **Share-based Payments (IFRS 2, "Share-based Payment")**
  IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that had not vested at 1 January 2005.
- **Foreign Currency Translation differences (IAS 21, "The effects of changes in foreign exchange rates")**
  The Group has taken advantage of the IFRS 1 exemption allowing the cumulative translation difference on retranslation of subsidiaries' net assets to be set to zero (for all subsidiaries) at the date of transition to IFRS.

ii) Presentation of financial information

The primary statements within the financial information contained in this document have been presented in accordance with IAS 1, "Presentation of Financial Statements".

b) Basis of consolidation

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

Where, on the acquisition of a business prior to 1 July 2004, all of the criteria for the combination to fall within the definition of a merger under UK GAAP are 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 or to the date of disposal of a subsidiary as appropriate.

c) 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.

d) 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
Motor vehicles	25 per cent. per annum
Computer equipment	25-33 per cent. per annum
Fixtures and fittings	10-20 per cent. per annum

e) 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.

f) 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.

g) Investments

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

h) 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.

i) 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.

j) Taxation

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

k) 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.

l) Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet 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.

m) Operating leases

Rentals incurred in respect of operating leases are charged in the income statement on a straight line basis.

n) 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.

o) 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.

2. Segmental information

(a) Primary reporting format – business segments
Year ended 30 June 2006

	Legal and Regulatory £'000	Healthcare £'000	Media and Entertainment £'000	Design and Construction £'000	Other £'000	Total £'000
Revenue	52,014	11,228	6,526	10,907	9,093	89,768
Segmental profit before allocating non-recurring costs and amortisation	12,291	2,073	893	424	718	16,399
Non-recurring costs	–	–	–	–	–	–
Amortisation	(775)	(617)	(423)	(524)	(200)	(2,539)
Segmental profit after allocating non-recurring costs and amortisation	11,516	1,456	470	(100)	518	13,860
Unallocated central overheads						(1,548)
Profit from continuing operations before transaction costs						12,312
Transaction costs						(1,200)
Profit from continuing operations after transaction costs						11,112
Finance costs						(1,049)
Profit on continuing activities before taxation						10,063
Income tax expense						(2,682)
Profit on continuing activities after taxation						7,381
Profit from discontinued operations						131
Net profit for the year						7,512
Assets	73,469	10,960	11,923	10,090	6,856	113,298
Liabilities	(22,349)	(2,818)	(1,109)	(3,529)	(3,122)	(32,927)
Net assets	51,120	8,142	10,814	6,561	3,734	80,371
Less: unallocated net central assets and liabilities						(17,533)
						62,838
Capital expenditure	307	121	56	123	302	909
Depreciation	663	280	105	214	312	1,574

2. Segmental information (continued)

(a) Primary reporting format – business segments

Year ended 30 June 2005

	Legal and Regulatory £'000	Healthcare £'000	Media and Entertainment £'000	Design and Construction £'000	Other £'000	Total £'000
Revenue	43,228	10,738	6,810	11,444	8,285	80,505
Segmental profit before allocating non-recurring costs and amortisation	10,901	1,944	1,142	254	267	14,508
Non-recurring costs	–	(77)	(32)	(523)	(225)	(857)
Amortisation	(462)	(634)	(411)	(510)	(1,416)	(3,433)
Segmental profit after allocating non-recurring costs and amortisation	10,439	1,233	699	(779)	(1,374)	10,218
Unallocated central overheads						(1,485)
Profit from continuing operations						8,733
Finance costs						(896)
Profit on continuing activities before taxation						7,837
Income tax expense						(2,361)
Profit on continuing activities after taxation						5,476
Loss from discontinued operations						(283)
Net profit for the year						5,193
Assets	63,099	12,045	9,647	8,443	8,987	102,221
Liabilities	(19,569)	(2,971)	(1,788)	(2,776)	(3,348)	(30,452)
Net assets	43,530	9,074	7,859	5,667	5,639	71,769
Less: unallocated net central assets and liabilities						(12,009)
						59,760
Capital expenditure	1,536	255	126	145	309	2,371
Depreciation	642	239	175	187	378	1,621

(b) Secondary reporting format – geographical segments

The geographical analysis of turnover is as follows:	**Year ended 30 June 2006 £'000**	Year ended 30 June 2005 £'000
United Kingdom	**74,036**	64,833
Overseas	**15,732**	15,672
	89,768	80,505

2. Segmental information (continued)

(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 2006 £'000	Year ended 30 June 2005 £'000
Profit on continuing activities before taxation	**10,063**	7,837
Amortisation and impairment	**2,539**	3,433
Non-recurring items – restructuring costs	**–**	917
Non-recurring items – transaction costs (see note 26)	**1,200**	–
Adjusted profit	**13,802**	12,187

3. Operating expenses

	Year ended 30 June 2006 £'000	Year ended 30 June 2005 £'000
Distribution and selling costs	**20,124**	19,313
Administrative expenses	**25,360**	20,646
Non-recurring costs – restructuring costs	**–**	917
	45,484	40,876
Amortisation and impairment of goodwill and intangible assets	**2,539**	3,433
Total operating expenses	**48,023**	44,309

4. Profit from operations

Profit from operations is stated after charging/(crediting)	**Year ended 30 June 2006 £'000**	Year ended 30 June 2005 £'000
Depreciation of property, plant and equipment (see note 14)	**1,574**	1,621
(Profit)/loss on sale of fixed assets	**(6)**	36
Rentals under operating leases:		
Machinery	**14**	8
Other operating leases	**700**	316
Auditors' remuneration:		
Audit fees	**200**	196
Other services	**225**	35
Share based payments	**34**	34
Non-recurring items – restructuring costs	**–**	917
Non-recurring items – transaction costs (see note 26)	**1,200**	–

The fees paid for other services to the auditors relate primarily to work on the aborted merger (which are also included in transaction costs referred to above) and to work on the Group's tax affairs.

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

5. Finance costs

	Year ended 30 June 2006 £'000	Year ended 30 June 2005 £'000
Bank interest receivable	**(22)**	(16)
Interest payable on loans and overdrafts	**944**	722
Pension scheme finance (income)/cost	**(19)**	4
Facility fees	**146**	186
	1,049	896

6. Income tax expense

	Year ended 30 June 2006 £'000	Year ended 30 June 2005 £'000
The tax charge comprises:		
UK corporation tax at current rates	**3,153**	3,066
Adjustment to previous year	**(177)**	(17)
	2,976	3,049
Foreign tax	**300**	366
	3,276	3,415
Deferred tax credit – current year	**(312)**	(1,054)
– prior year	**(282)**	–
Income tax expense	**2,682**	2,361

The prior year deferred tax credit 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:

	2006	2005
Reconciliation of tax charge:		
Profit on ordinary activities before tax	**10,063**	7,837
Profit on ordinary activities multiplied by the standard rate of corporation tax in the year of 30% (2005: 30%)	**3,019**	2,351
Effect of:		
Goodwill and intangible asset amortisation and impairment not deductible for tax purposes	**282**	(61)
Other items not subject to tax	**(35)**	9
Capital allowances for the year (in excess of)/less than depreciation	**(65)**	21
Net (profit)/loss on sale of assets not taxable	**(62)**	19
Foreign tax rate differences	**2**	39
Adjustment to tax charge in respect of previous years	**(177)**	(17)
Prior year deferred tax credit	**(282)**	–
Current tax charge for year	**2,682**	2,361

7. Profit/(loss) for the period from discontinued operations

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

	Year ended 30 June 2006 £'000	Year ended 30 June 2005 £'000
Revenue	**309**	4,575
Expenses	**(519)**	(4,597)
Loss before amortisation and taxation	**(210)**	(22)
Amortisation	**(86)**	(269)
Loss before taxation	**(296)**	(291)
Attributable tax credit	**63**	8
Net operating loss attributable to discontinued operations	**(233)**	(283)
Profit on disposal of discontinued operations	**475**	–
Attributable tax charge	**(111)**	–
	364	–
Profit/(loss) on discontinued operations after taxation	**131**	(283)

8. Dividends

Amounts recognised as distributions to equity holders in the year.

	Year ended 30 June 2006 pence per share	Year ended 30 June 2005 pence per share	**Year ended 30 June 2006 £'000**	Year ended 30 June 2005 £'000
Final dividends recognised as distributions in the year	**2.45**	2.00	**2,048**	1,667
Interim dividends recognised as distributions in the year	**1.30**	1.15	**1,087**	960
Total dividends paid	**3.75**	3.15	**3,135**	2,627
Dividend proposed	**2.70**	2.45	**2,257**	2,048

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 2006 £'000	Year ended 30 June 2005 £'000
Earnings from continuing operations for the purpose of basic earnings per share excluding discontinued operations	**6,694**	4,763
Add: Amortisation (net of minority interest effect and deferred tax)	**2,187**	2,467
Non-recurring costs after taxation	**840**	638
Earnings for the purposes of adjusted earnings per share	**9,721**	7,868
	Number	Number
Weighted average number of ordinary shares for the purposes of basic and adjusted earnings per share	**83,600,179**	83,394,158
Effect of dilutive potential ordinary shares:		
Exercise of share options	**555,262**	387,373
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**84,155,441**	83,781,531
Basic earnings per share	**8.01p**	5.71p
Diluted earnings per share	**7.95p**	5.69p
Adjusted basic earnings per share	**11.63p**	9.43p
Adjusted diluted earnings per share	**11.55p**	9.39p

(b) From continuing and discontinued operations

	Year ended 30 June 2006 £'000	Year ended 30 June 2005 £'000
Earnings from continuing operations for the purpose of basic earnings per share excluding discontinued operations	**6,694**	4,763
Adjustments to include the profit/(loss) for the period from discontinued operations	**131**	(283)
Earnings from continuing and discontinued operations for the purpose of basic earnings per share	**6,825**	4,480
Add: Amortisation (net of minority interest effect and deferred tax)	**2,273**	2,638
Non-recurring costs after taxation	**840**	638
Earnings for the purposes of adjusted earnings per share	**9,938**	7,756
Basic earnings per share	**8.16p**	5.37p
Diluted earnings per share	**8.11p**	5.35p
Adjusted basic earnings per share	**11.89p**	9.30p
Adjusted diluted earnings per share	**11.81p**	9.26p

9. Earnings per share (continued)

(c) From discontinued operations

	Year ended 30 June 2006 £'000	Year ended 30 June 2005 £'000
Earnings from discontinued operations for the purpose of basic earnings per share	**131**	(283)
Add: Amortisation (net of minority interest effect and deferred tax)	**86**	269
Earnings for the purposes of adjusted earnings per share	**217**	(14)
Basic earnings per share	**0.16p**	(0.34p)
Diluted earnings per share	**0.16p**	(0.34p)
Adjusted basic earnings per share	**0.26p**	(0.13p)
Adjusted diluted earnings per share	**0.26p**	(0.13p)

10. Results of Wilmington Group plc

Of the results for the year, a profit of £11,207,000 (2005: £2,838,000) 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 2005 the Group acquired 85 per cent of Ark Group Limited for an initial cash consideration of £5,355,000 and estimated deferred consideration of £331,000. Since acquisition Ark Group Limited has generated revenue of £5,774,000 and, after allocating amortisation and finance costs, contributed a profit after tax to the Group of £118,000. Had the Group owned Ark Group Limited for the whole twelve months since 30 June 2005 it would have generated revenue of £7,204,000 and, after allocating amortisation and finance costs, contributed a profit after tax to the Group of £93,000.

Assets and liabilities of subsidiary undertaking acquired:

	Book value £'000	Adjustments £'000	Fair value £'000
Tangible fixed assets	105	(14)	91
Trade and other receivables	1,140	–	1,140
Cash	1,137	–	1,137
Trade and other payables	(2,004)	–	(2,004)
Intangible assets	–	535	535
Deferred tax	–	(161)	(161)
	378	360	738
Less: minority interests			(54)
			684
Goodwill arising on consolidation			5,168
Consideration			5,852
Satisfied by cash (including acquisition costs)			5,521
Deferred consideration to be satisfied by cash			331
			5,852

11. Acquisitions and disposals (continued)

Adjustments have been made in respect of fair value adjustments and to reflect changes to the Group's accounting policies for depreciation of tangible fixed assets. At this stage the fair value of intangible assets has not been finalised and full details will be given in the Group accounts for the year ending 30 June 2007.

In February 2006 the Group acquired 100 per cent. of Smee and Ford Limited for an initial cash consideration of £4,100,000 and estimated deferred consideration of £566,000. Since acquisition Smee and Ford Limited has generated revenue of £1,085,000 and, after allocating amortisation and finance costs, contributed a profit after tax to the Group of £195,000. Had the Group owned Smee and Ford Limited for the whole twelve months since 30 June 2005 it would have generated revenue of £2,471,000 and, after allocating amortisation and finance costs, contributed a profit after tax to the Group of £268,000.

Assets and liabilities of subsidiary undertaking acquired:

	Book value £'000	Adjustments £'000	Fair value £'000
Tangible fixed assets	16	(16)	–
Inventories	1	–	1
Trade and other receivables	655	–	655
Cash	430	–	430
Trade and other payables	(353)	–	(353)
Subscription and fees in advance	–	(666)	(666)
Intangible assets	335	315	650
Deferred tax	–	(195)	(195)
	1,084	(562)	522
Goodwill arising on consolidation			4,235
Consideration			4,757
Satisfied by cash (including acquisition costs)			4,191
Deferred consideration to be satisfied by cash			566
			4,757

Adjustments have been made in respect of fair value adjustments and to reflect changes to the Group's accounting policies for depreciation of tangible fixed assets, intangible assets, deferred tax, income recognition and the writing off of marketing expenditure as incurred. At this stage the fair value of intangible assets has not been finalised and full details will be given in the Group accounts for the year ending 30 June 2007.

Other acquisitions

During the year the Group acquired two new titles The Knowledge and Benn's Media for a total cash consideration of £1,600,000 plus associated costs.

Minority interests acquired

During the year the Company indirectly acquired the remaining 25 per cent. of Hollis Directories Limited for a total cash consideration of £1,346,000 giving rise to an increase in goodwill of £695,000. During the year the Company also indirectly acquired the remaining 25 per cent. of Pendragon Professional Information Limited for a total cash consideration of £966,000 giving rise to an increase in goodwill of £758,000. In July 2005 one of the Company's subsidiaries also paid £2,500,000 in relation to the acquisition of the remaining 25 per cent. of Bond Solon Training Limited which was included in other payables at 30 June 2005.

Disposals

In September 2005 the Company sold its portfolio of Drinks magazines and events for cash consideration of £2,200,000. In October 2005 it sold its interest in TMSS, its royalty reporting service, for £65,000. Additional proceeds of £201,000 were received in respect of deferred consideration due from the sale of a subsidiary in the year ended 30 June 2005.

12. Goodwill

	£'000
Cost	
At 1 July 2004	34,681
Acquisitions	7,053
At 1 July 2005	41,734
Acquisitions	10,861
At 30 June 2006	**52,595**
Net book value	
At 30 June 2006	**52,595**
At 30 June 2005	41,734

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. £31,471,000 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	Computer software £'000	Total £'000	Computer software £'000
Cost				
At 1 July 2004	29,597	281	29,878	6
Additions	269	354	623	49
Acquisitions	127	–	127	–
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 30 June 2006	**30,718**	**1,162**	**31,880**	**68**
Amortisation and impairment				
At 1 July 2004	–	–	–	–
Charge for year – amortisation	2,395	174	2,569	15
– impairment	1,133	–	1,133	–
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 30 June 2006	**5,595**	**389**	**5,984**	**32**
Net book value				
At 30 June 2006	**25,123**	**773**	**25,896**	**36**
At 30 June 2005	26,465	461	26,926	40

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 2004	5,215	3,588	750	3,132	5,438	625	18,748
Additions	651	62	49	914	479	216	2,371
Acquisitions	–	–	9	18	–	–	27
Disposals	–	–	(157)	(578)	(914)	(420)	(2,069)
At 1 July 2005	5,866	3,650	651	3,486	5,003	421	19,077
Additions	–	202	9	114	507	77	909
Acquisitions	–	–	–	12	79	–	91
Disposals	–	–	–	(4)	(752)	(116)	(872)
Exchange translation differences	–	–	–	2	2	–	4
At 30 June 2006	**5,866**	**3,852**	**660**	**3,610**	**4,839**	**382**	**19,209**
Depreciation							
At 1 July 2004	263	755	258	1,547	4,272	269	7,364
Charge for year	92	146	55	545	650	133	1,621
Disposals	–	–	(103)	(494)	(819)	(322)	(1,738)
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 30 June 2006	**446**	**1,046**	**275**	**2,085**	**4,054**	**102**	**8,008**
Net book value							
At 30 June 2006	**5,420**	**2,806**	**385**	**1,525**	**785**	**280**	**11,201**
At 30 June 2005	5,511	2,749	441	1,888	900	341	11,830

Included in freehold property is £1,210,000 (2005: £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 2004	2,453	28	28	161	2,670
Additions	–	3	3	31	37
At 1 July 2005	2,453	31	31	192	2,707
Additions	202	–	1	13	216
Disposals	–	–	–	(143)	(143)
At 30 June 2006	**2,655**	**31**	**32**	**62**	**2,780**
Depreciation					
At 1 July 2004	649	2	4	138	793
Charge for year	119	3	6	21	149
At 1 July 2005	768	5	10	159	942
Charge for year	118	3	7	15	143
Disposals	–	–	–	(143)	(143)
At 30 June 2006	**886**	**8**	**17**	**31**	**942**
Net book value					
At 30 June 2006	**1,769**	**23**	**15**	**31**	**1,838**
At 30 June 2005	1,685	26	21	33	1,765

15. Investments

	Company Shares in subsidiary undertakings £'000
Cost at 1 July 2004	48,552
Additions	38
Disposals	(554)
Provision against investments	(5,410)
Cost less provision at 1 July 2005	42,626
Additions	2,333
Cost less provision at 30 June 2006	**44,959**

At 30 June 2006 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
WDIS Limited*	Database management and publishing support services	100
Dewberry Redpoint Limited	Provision of information and events for the catering industry	100
Central Law 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 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
Applied Research & Knowledge (Ark) Pte Limited* (incorporated and operates in Singapore)	Provision of information and events for professional practice management	85
ARK Group Inc* (incorporated and operates in USA)	Provision of information and events for professional practice management	85
Smee and Ford Limited*	Provision of legacy information	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, Ark Group Australia Pty Limited, Applied Research & Knowledge (ARK) Pte Limited and Ark Group Inc. Central Law Training Limited and Bond Solon Training Limited each own 40 per cent. of La Touche Bond Solon Limited.

Bond Solon Training Limited had a non-coterminous year end of 28 February 2005 due to share option agreements. It has now changed its year end to June to be coterminous with Wilmington Group plc and will be filing accounts for the sixteen months from 1 March 2005 to 30 June 2006. Ark Group Limited, Ark Conferences Limited, Ark Australia Pty Limited, Applied Research & Knowledge (Ark) Pte Limited and Ark Group Inc have a non-coterminous year end of 28 February 2006 due to share option agreements. Smee and Ford has changed its year end to June and will be filing accounts for the fifteen months to 30 June 2006.

16. Inventories

	Group	
	30 June 2006 £'000	30 June 2005 £'000
Raw materials	**130**	116
Work in progress	**1,351**	1,416
Books held for sale	**23**	25
	1,504	1,557

17. Trade and other receivables

	Group		Company	
	30 June 2006 £'000	30 June 2005 £'000	**30 June 2006 £'000**	30 June 2005 £'000
Trade receivables	**16,334**	14,929	**–**	–
Other receivables	**635**	737	**51**	36
Amounts due from subsidiary undertakings	**–**	–	**43,713**	34,642
Prepayments and accrued income	**2,037**	2,137	**112**	231
	19,006	17,803	**43,876**	34,909

Amounts due from subsidiary undertakings include £7,480,000 (2005: £7,480,000) which is an interest free loan repayable in more than one year.

18. Trade and other payables

	Group		Company	
	30 June 2006 £'000	30 June 2005 £'000	**30 June 2006 £'000**	30 June 2005 £'000
Trade payables	**5,141**	5,427	**–**	–
Other payables	**2,162**	3,483	**4**	58
Other taxes and social security	**3,252**	2,373	**21**	–
Subscriptions and fees in advance	**10,520**	8,809	**–**	–
Accruals	**9,093**	7,382	**2,056**	491
Amounts due to subsidiary undertakings	**–**	–	**780**	4,447
	30,168	27,474	**2,861**	4,996

19. Bank loans and overdrafts

	Group		Company	
	30 June 2006 £'000	30 June 2005 £'000	**30 June 2006 £'000**	30 June 2005 £'000
Current liability – bank overdraft	**–**	37	**2,129**	2,745
Non-current liability – bank loan	**16,000**	10,000	**16,000**	10,000

The Group has a committed revolving credit facility of £25 million (2005: £25 million) to September 2008 of which £16 million was drawn down at 30 June 2006 (2005: £10 million). Interest is charged on the amount drawn down at 1 per cent. above LIBOR. Under the facility, drawdown is made for interest fixture periods of up to six months in duration. The amount drawn down at 30 June 2006 matured on 17 July 2006.

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

The bank loan is secured by the same fixed and floating charge as the bank overdrafts.

20. Financial instruments

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

The main risks arising from the Group 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 agreed to hedge its interest exposure on approximately two thirds of the amounts borrowed under the revolving credit facility agreement with its bankers subject to a £10 million minimum.

The Group had net borrowings at 30 June 2006 of £13,145,000 (30 June 2005: £8,196,000) and had a committed bank facility of £25 million (30 June 2005: £25 million) of which £16 million was drawn down at 30 June 2006 (30 June 2005: £10 million).

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 £25 million committed revolving credit facility.

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 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 2006 £'000	30 June 2005 £'000
In one year or less, or on demand of which £Nil is non interest bearing (2005: £Nil)	**–**	37
In more than one year but not more than two years	**–**	–
In more than two years but not more than five years	**16,000**	10,000
	16,000	10,037

e) Currency exposures
At the balance sheet date the net monetary assets of the Group denominated in foreign currencies translated into sterling totalled £488,000 (2005: £1,174,000). 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.

21. Deferred tax

	Group		Company	
	30 June 2006 £'000	30 June 2005 £'000	**30 June 2006 £'000**	30 June 2005 £'000
The asset for deferred taxation is as follows:				
Timing differences	**212**	234	**1**	1
Asset at 1 July 2005		234		1
Deferred tax charge in the income statement for the year		(22)		–
Asset at 30 June 2006		212		1
The liability for deferred taxation is as follows:				
Accelerated capital allowances	**2,604**	2,775	**92**	45
Liability carried forward	**2,604**	2,775	**92**	45
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		2,604		92

22. Share capital

	Group and Company	
	30 June 2006 £'000	30 June 2005 £'000
Authorised		
110,000,000 (2005: 110,000,000) ordinary shares of 5p each	**5,500**	5,500
Allotted, called–up and fully paid ordinary shares		
of 5p each 83,600,179 (2005: 83,600,179)	**4,180**	4,180

23. 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 2005	Options lapsed during year	Number of shares for which options outstanding at 30 June 2006
1999	285p	Nov 2002-Nov 2006	148,000	–	148,000
2000	384.5p	Jun 2003-Jun 2007	168,800	(3,200)	165,600
2001	217.5p	Jun 2004-Jun 2008	147,830	(11,000)	136,830
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	301,000	(5,000)	296,000

23. Share based payments (continued)

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 2005	Options lapsed during year	Number of shares for which options outstanding at 30 June 2006
1999	285p	Nov 2002-Nov 2006	178,000	(7,500)	170,500
2000	384.5p	Jun 2003-Jun 2007	72,000	(11,800)	60,200
2000	316.5p	Nov 2003-Nov 2007	75,250	(5,500)	69,750
2001	217.5p	Jun 2004-Jun 2008	91,170	(16,000)	75,170
2002	170p	May 2005-May 2009	17,600	–	17,600
2003	61.5p	Mar 2006-Mar 2010	221,000	(35,000)	186,000
2004	118.5p	Mar 2007-Mar 2011	239,000	(25,000)	214,000

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 2006		Year ended 30 June 2005	
	Number	**Weighted average exercise price**	Number	Weighted average exercise price
Outstanding at 1 July	**2,129,650**	**178.09**	2,706,594	179.50
Granted	**–**	**–**	–	–
Forfeited	**(120,000)**	**176.88**	(328,444)	230.76
Exercised	**–**	**–**	(248,500)	123.77
Outstanding at 30 June	**2,009,650**	**178.16**	2,129,650	178.09
Exercisable at 30 June	**943,650**	**279.15**	998,650	279.31

	Year ended 30 June 2006				Year ended 30 June 2005			
Range of exercise prices	**Weighted average exercise price**	**Number of shares**	**Weighted average remaining life**	**Contractual**	Weighted average exercise price	Number of shares	Weighted average remaining life	Contractual
1p – 99p	**61.5**	**556,000**	**3.75**	**3.75**	61.5	591,000	4.75	4.75
100p – 199p	**124.40**	**627,600**	**4.32**	**4.32**	124.14	657,600	5.34	5.34
200p – 299p	**258.02**	**530,500**	**1.05**	**1.05**	256.44	565,000	2.08	2.08
300p – 399p	**368.45**	**295,550**	**1.09**	**1.09**	368.31	316,050	2.10	2.10

24. Reconciliation of movements in equity shareholders' funds

	Share Capital £'000	Share Premium £'000	Capital Reserve £'000	Share Option Reserve £'000	Translation Reserve £'000	Retained Earnings £'000	Total £'000	Minority Interest £'000	Total £'000
Group									
Balance at 1 July 2004	4,167	42,363	949	23	–	7,543	55,045	2,169	57,214
Profit for the year	–	–	–	–	–	4,480	4,480	713	5,193
Exchange translation difference	–	–	–	–	(16)	–	(16)	–	(16)
Actuarial gain taken directly to equity	–	–	–	–	–	120	120	–	120
Tax on items taken directly to equity	–	–	–	–	–	(35)	(35)	–	(35)
	4,167	42,363	949	23	(16)	12,108	59,594	2,882	62,476
Dividends paid	–	–	–	–	–	(2,627)	(2,627)	(192)	(2,819)
Issue of share capital	13	295	–	–	–	–	308	–	308
Share option reserve	–	–	–	34	–	–	34	–	34
Acquisition of minorities during the year	–	–	–	–	–	–	–	(239)	(239)
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 30 June 2006	**4,180**	**42,658**	**949**	**91**	**(11)**	**13,238**	**61,105**	**1,733**	**62,838**

	Share Capital £'000	Share Premium £'000	Capital Reserve £'000	Share Option Reserve £'000	Translation Reserve £'000	Retained Earnings £'000	Total £'000
Company							
Balance at 1 July 2004	4,167	42,363	–	1	–	14,504	61,035
Profit for the year	–	–	–	–	–	2,838	2,838
	4,167	42,363	–	1	–	17,342	63,873
Dividends paid	–	–	–	–	–	(2,627)	(2,627)
Issue of share capital	13	295	–	–	–	–	308
Share option reserve	–	–	–	1	–	–	1
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 30 June 2006	**4,180**	**42,658**	**–**	**3**	**–**	**22,787**	**69,628**

25. 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 £13.0m payable between July 2006 and June 2014, although based on current levels of profitability the Directors estimate that the amounts payable would amount to an aggregate of £4.6m.

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

Company

The Company has entered into an unlimited cross guarantee with the Group's bankers in respect of the net £10 million overdraft facilities extended to certain of the Company's subsidiaries. At 30 June 2006 the Company's gross contingent liability in respect of this facility was £2,455,000 (2005: £.4,670,000).

Commitments

a) The Group had capital commitments at 30 June 2006 contracted but not provided for of £197,000 (2005: £580,000).

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

	Property		Other operating leases	
	30 June 2006 £'000	30 June 2005 £'000	**30 June 2006 £'000**	30 June 2005 £'000
One year	**246**	95	**8**	–
Between two and five years	**473**	243	**6**	8
After five years	**–**	–	**–**	–
	719	338	**14**	8

26. Post balance sheet event

The Company announced on 26 June 2006 that it had reached agreement with Metal Bulletin plc, subject to shareholder approval by both companies, on the terms of a merger to establish Bulletin Group plc. Subsequent to the balance sheet date, as a result of receiving a cash offer from Euromoney Institutional Investor plc, the board of Metal Bulletin withdrew its recommendation to its shareholders to proceed with the merger with Wilmington. Under the terms of an inducement fee arrangement entered into on 5 May 2006 Wilmington received £1.4 million in August 2006, which is expected to cover the estimated transaction costs incurred by the company in connection with the proposed merger.

Under IAS 37 (Provisions, Contingent Liabilities and Contingent Assets), the Company is required to provide for the estimated costs in connection with the proposed merger incurred up to 30 June 2006; such costs are estimated to amount to £1.2 million. Conversely IAS 37 does not permit the recognition in the accounts to 30 June 2006 of the contingent asset represented by the inducement fee received in August 2006. Accordingly the income statement includes an exceptional expense of £1.2 million representing costs incurred to 30 June 2006 in connection with the proposed merger. The financial statements for the year ending 30 June 2007 will include exceptional income of £1.4 million less costs incurred subsequent to 30 June 2006 in connection with the proposed merger. The directors currently expect that the total costs incurred in connection with the proposed merger will not be materially different from the inducement fee received.

27. 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 £1,800,000 (2005: £1,430,000) to three of its subsidiaries in respect of management services. In addition certain administrative expenses totalling £238,800 (2005: £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 £24,000 (2005: £238,000). In addition the Company has provided finance to one of its subsidiaries at commercial rates of interest for the year totalling £56,000 (2005: £145,000).

28. Staff and their pay and benefits

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

	Year ended 30 June 2006 £'000	Year ended 30 June 2005 £'000
Wages and salaries	**30,319**	28,352
Social security costs	**3,313**	3,333
Pension costs	**390**	386
	34,022	32,071

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

	Year ended 30 June 2006 Number	Year ended 30 June 2005 Number
Selling and distribution	**422**	392
Production	**224**	178
Administration	**425**	405
	1,071	975

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 2006. Scheme assets are stated at their market value at 30 June 2006.

Main assumptions:

	30 June 2006 per cent. per annum	30 June 2005 per cent. per annum	30 June 2004 per cent. per annum
Rate of increase in salaries	**4.2**	3.8	4.2
Rate of increase to pensions in payment	**3.0**	2.6	3.0
Discount rate	**5.3**	5.2	5.7
Inflation assumption	**3.0**	2.6	3.0

28. Staff and their pay and benefits (continued)

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

	30 June 2006 Long term rate of return expected per cent.	**30 June 2006** Value £'000	30 June 2005 Long term rate of return expected per cent.	30 June 2005 Value £'000	30 June 2004 Long term rate of return expected per cent.	30 June 2004 Value £'000
Equities	**7.5**	**2,268**	7.5	1,762	7.5	1,459
Bonds	**5.0**	**136**	5.0	118	5.3	120
Cash and other assets	**4.5**	**69**	4.5	153	4.0	94
Total market value of assets		**2,473**		2,033		1,673
Present value of Scheme liabilities		**(2,727)**		(2,411)		(2,151)
Pension liability before deferred tax		**(254)**		(378)		(478)
Related deferred tax asset		**76**		113		143
Net pension liability		**(178)**		(265)		(335)

Amounts recognised in income statement:

	Year ended 30 June 2006 £'000	Year ended 30 June 2005 £'000
Recognised within operating expenses		
Current service cost	**86**	98
	86	98
Recognised within finance costs		
Expected return on assets	**147**	120
Interest on liabilities	**(128)**	(124)
	19	(4)

Actuarial gain recognised in statement of recognised income and expenditure ("SORIE").

	Year ended 30 June 2006 £'000	Year ended 30 June 2005 £'000
Actuarial return less the expected return on assets	**231**	166
Experience gains and losses on liabilities	**2**	–
Loss due to changes in assumptions	**(137)**	(46)
Actuarial gain recognised in SORIE	**96**	120

28. Staff and their pay and benefits (continued)

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

	Year ended 30 June 2006 £'000	Year ended 30 June 2005 £'000
Opening defined benefit obligations	**2,411**	2,151
Current service cost	**86**	98
Interest cost	**128**	124
Actuarial losses	**135**	46
Benefits paid	**(33)**	(8)
	2,727	2,411

Changes in the fair value of Scheme assets are as follows:

	Year ended 30 June 2006 £'000	Year ended 30 June 2005 £'000
Opening fair value of Scheme assets	**2,033**	1,673
Expected return	**147**	120
Actuarial gains	**231**	166
Contributions by employer	**95**	82
Benefits paid	**(33)**	(8)
	2,473	2,033

History of experience gains and losses

	Year ended 30 June 2006 £'000	Year ended 30 June 2005 £'000	Year ended 30 June 2004 £'000	Year ended 30 June 2003 £'000	Sixteen months ended 30 June 2002 £'000
Scheme assets	**2,473**	2,033	1,673	1,421	1,412
Defined benefit obligation	**(2,727)**	(2,411)	(2,151)	(2,194)	(1,843)
Scheme deficit	**(254)**	(378)	(478)	(773)	(431)
Experience gains/(losses) on Scheme assets					
Amount (£'000)	**231**	166	62	(181)	(419)
Per cent. of Scheme assets	**9.3%**	8.2%	3.7%	(12.7)%	(29.7)%
Experience gains/(losses) on Scheme liabilities					
Amount (£'000)	**2**	–	402	125	(15)
Per cent. of the present value of Scheme liabilities	**0.0%**	0.0%	18.7%	5.7%	(0.8)%

Defined contribution scheme

The Group contributes to a defined contribution pension scheme. Total contributions to the scheme during the year were £295,000 (2005: £274,000).

29. Net cash from operating activities

	Group		Company	
	Year ended 30 June 2006 £'000	Year ended 30 June 2005 £'000	**Year ended 30 June 2006 £'000**	Year ended 30 June 2005 £'000
Profit from operations	**11,112**	8,733	**(1,015)**	(257)
Transaction costs	**1,200**	–	**1,200**	–
Operating loss from discontinued operations	**(296)**	(291)	**–**	–
Depreciation of property, plant and equipment	**1,574**	1,621	**143**	149
Amortisation of intangible assets	**2,625**	3,702	**21**	15
(Profit)/loss on disposal of property, plant and equipment	**(6)**	36	**–**	–
Exchange translation differences	**5**	(16)	**–**	–
Share option charge	**34**	34	**2**	1
Operating cash flows before movements in working capital	**16,248**	13,819	**351**	(92)
Decrease in inventories	**4**	251	**–**	–
Decrease/(increase) in receivables	**507**	(189)	**979**	1,981
Increase in payables	**182**	714	**284**	510
Cash generated by operations	**16,941**	14,595	**1,614**	2,399
Tax paid	**(3,547)**	(2,930)	**(2,675)**	(2,298)
Interest paid	**(978)**	(897)	**(955)**	(791)
Net cash flow from operating activities	**12,416**	10,768	**(2,016)**	(690)

No figures can be disclosed for the discontinued operations as they are not separately identifiable.

30. IFRS Bridging Statements

Key Impact Analysis

The analysis below sets out the most significant adjustments arising from the transition to IFRS for the year ended 30 June 2005.

1) Presentation of Financial Statements

The format of the Group's primary financial statements has been presented in accordance with IAS 1, "Presentation of Financial Statements". IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" requires the presentation of a single amount on the face of the income statement relating to discontinued operations. The results of the Group's discontinued operations in the year ended 30 June 2005 have been shown as a single amount in the Group's income statement for that period.

2) Intangible Assets

(a) Goodwill and acquired intangible asset amortisation

IFRS 3 "Business Combinations" requires that goodwill is not amortised. Instead it is subject to an annual impairment review. As the Group has elected not to apply IFRS 3 retrospectively to business combinations prior to the opening balance sheet date under IFRS, the UK GAAP goodwill balance at 30 June 2004 (£34.7m) has been included in the opening IFRS consolidated balance sheet and is no longer amortised.

From 1 July 2004, business acquisitions have been accounted for in accordance with IFRS 3, "Business Combinations". 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.

(b) Computer software

Under UK GAAP, all capitalised computer software is included within tangible fixed assets on the balance sheet. Under IFRS, only computer software that is integral to a related item of hardware should be included as property, plant and equipment. All other computer software should be recorded as an intangible asset. Accordingly, a reclassification has been made in the opening balance sheet of £0.3m between property, plant and equipment and intangible assets.

30. IFRS Bridging Statements (continued)

3) Deferred and Current Taxes

The scope of IAS 12, "Income Taxes" is wider than the corresponding UK GAAP standards, and requires deferred tax to be provided on all temporary differences rather than just timing differences under UK GAAP. In particular this has resulted in deferred tax assets and liabilities being set up in respect of differences between the accounts net book value and tax base cost of intangible assets.

It also does not allow the deferred tax liability to be discounted which was the Group's policy under UK GAAP.

IAS 12 also requires deferred tax to be 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.

4) Share-based Payments

IFRS 2, "Share-based Payment" requires that an expense for equity instruments granted be 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 under IFRS.

5) Post Employment Benefits

The Group previously applied the provisions of SSAP 24 under UK GAAP and provided detailed disclosure under FRS 17 in accounting for pensions and other post-employment benefits.

The Group's opening IFRS balance sheet reflects the assets less liabilities of the Group's defined benefit schemes totalling a net liability of £0.5m. The transitional adjustment of £0.5m to opening reserves comprises the reversal of entries in relation to UK GAAP accounting under SSAP 24 less the recognition of the net liabilities of the Group's defined benefit schemes. The impact on the Group's income statement arising from the adoption of the IAS 19 is a charge of £20k. A related tax credit of £6k was recognised for the year ended 30 June 2005. A movement of £120k in respect of actuarial gains has been recognised as a change in equity for the year ended 30 June 2005.

6) Foreign Exchange Differences

Under IAS 21, net exchange differences classified as equity must be separately tracked and the cumulative amounts disclosed. SSAP 20 did not require separate tracking.

7) Holiday Pay

Under IAS 19, accruals for holiday pay should be made.

8) Post Balance Sheet Events

IAS 10, "Events after the Balance Sheet Date" requires that dividends declared after the balance sheet date should not be recognised as a liability at that balance sheet date as the liability does not represent a present obligation as defined by IAS 37, "Provisions, Contingent Liabilities and Contingent Assets".

The final dividends proposed in relation to the financial years ended 30 June 2004 and 30 June 2005 (including those payable to minority shareholders in subsidiaries) of £1.7m and £2.4m respectively have been reversed in the relevant balance sheets and have been or will be charged to equity in the balance sheets at 30 June 2005 and 30 June 2006.

9) Cash Flow Statements

Other than the reclassification of computer software referred to in note 2(b) above which results in UK GAAP depreciation being shown as IFRS amortisation, there are no significant adjustments to other figures in the Group's Cash Flow Statements arising from the transition to IFRS.

30. IFRS Bridging Statements (continued)

Reconciliation of UK GAAP to IFRS consolidated balance sheet as at 1 July 2004 (date of transition)

	UK GAAP IFRS format £'000	IAS 38 Intangible Assets £'000	IFRS 2 Share Based Payments £'000	IAS 19 Employee Benefits £'000	IAS 12 Deferred Tax £'000	IAS 10 Dividends £'000	IAS 19 Holiday Pay £'000	IFRS £'000
Non-current assets								
Goodwill	34,681	–	–	–	–	–	–	34,681
Intangible assets	29,772	106	–	–	–	–	–	29,878
Property, plant and equipment	11,665	(281)	–	–	–	–	–	11,384
Deferred tax asset	–	–	9	143	–	–	89	241
	76,118	**(175)**	**9**	**143**	**–**	**–**	**89**	**76,184**
Current assets								
Inventories	1,874	–	–	–	–	–	–	1,874
Trade and other receivables	17,802	–	–	–	–	–	–	17,802
Cash	2,954	–	–	–	–	–	–	2,954
	22,630	**–**	**–**	**–**	**–**	**–**	**–**	**22,630**
Total assets	**98,748**	**(175)**	**9**	**143**	**–**	**–**	**89**	**98,814**
Current liabilities								
Trade and other payables	(30,312)	–	–	–	–	1,746	(296)	(28,862)
Tax liabilities	(1,028)	–	–	–	–	–	–	(1,028)
Bank overdrafts and loans	(492)	–	–	–	–	–	–	(492)
	(31,832)	**–**	**–**	**–**	**–**	**1,746**	**(296)**	**(30,382)**
Non-current liabilities								
Bank loans	(7,000)	–	–	–	–	–	–	(7,000)
Retirement benefit obligation	–	–	–	(478)	–	–	–	(478)
Deferred tax liability	(604)	–	–	–	(3,136)	–	–	(3,740)
	(7,604)	**–**	**–**	**(478)**	**(3,136)**	**–**	**–**	**(11,218)**
Total liabilities	**(39,436)**	**–**	**–**	**(478)**	**(3,136)**	**1,746**	**(296)**	**(41,600)**
Net assets	**59,312**	**(175)**	**9**	**(335)**	**(3,136)**	**1,746**	**(207)**	**57,214**
Equity								
Share capital	4,167	–	–	–	–	–	–	4,167
Share premium account	42,363	–	–	–	–	–	–	42,363
Capital reserve	949	–	–	–	–	–	–	949
Share option reserve	–	–	23	–	–	–	–	23
Retained earnings	9,743	(175)	(14)	(335)	(3,136)	1,667	(207)	7,543
Equity shareholders' funds	**57,222**	**(175)**	**9**	**(335)**	**(3,136)**	**1,667**	**(207)**	**55,045**
Minority interests	2,090	–	–	–	–	79	–	2,169
Total equity	**59,312**	**(175)**	**9**	**(335)**	**(3,136)**	**1,746**	**(207)**	**57,214**

30. IFRS Bridging Statements (continued)

Reconciliation of UK GAAP to IFRS consolidated balance sheet as at 30 June 2005

	UK GAAP IFRS format £'000	IAS 38 Intangible Assets £'000	IFRS 3 Business Combinations £'000	IFRS 2 Share Based Payments £'000	IAS 19 Employee Benefits £'000	IAS 12 Deferred Tax £'000	IAS 10 Dividends £'000	IAS 21 Foreign Exchange £'000	IAS 19 Holiday Pay £'000	IFRS £'000
Non-current assets										
Goodwill	37,413	–	4,321	–	–	–	–	–	–	41,734
Intangible assets	28,315	344	(1,733)	–	–	–	–	–	–	26,926
Property, plant and equipment	12,291	(461)	–	–	–	–	–	–	–	11,830
Deferred tax asset	–	–	–	22	113	–	–	–	99	234
	78,019	**(117)**	**2,588**	**22**	**113**	**–**	**–**	**–**	**99**	**80,724**
Current assets										
Inventories	1,557	–	–	–	–	–	–	–	–	1,557
Trade and other receivables	17,803	–	–	–	–	–	–	–	–	17,803
Cash and cash equivalents	1,841	–	–	–	–	–	–	–	–	1,841
	21,201	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**21,201**
Total assets	**99,220**	**(117)**	**2,588**	**22**	**113**	**–**	**–**	**–**	**99**	**101,925**
Current liabilities										
Trade and other payables	(29,556)	–	–	–	–	–	2,411	–	(329)	(27,474)
Tax liabilities	(1,501)	–	–	–	–	–	–	–	–	(1,501)
Bank overdrafts and loans	(37)	–	–	–	–	–	–	–	–	(37)
	(31,094)	**–**	**–**	**–**	**–**	**–**	**2,411**	**–**	**(329)**	**(29,012)**
Non–current liabilities										
Bank loans	(10,000)	–	–	–	–	–	–	–	–	(10,000)
Retirement benefit obligation	–	–	–	–	(378)	–	–	–	–	(378)
Deferred tax liability	(528)	–	(37)	–	–	(2,210)	–	–	–	(2,775)
	(10,528)	**–**	**(37)**	**–**	**(378)**	**(2,210)**	**–**	**–**	**–**	**(13,153)**
Total liabilities	**(41,622)**	**–**	**(37)**	**–**	**(378)**	**(2,210)**	**2,411**	**–**	**(329)**	**(42,165)**
Net assets	**57,598**	**(117)**	**2,551**	**22**	**(265)**	**(2,210)**	**2,411**	**–**	**(230)**	**59,760**
Equity										
Share capital	4,180	–	–	–	–	–	–	–	–	4,180
Share premium account	42,658	–	–	–	–	–	–	–	–	42,658
Capital reserve	949	–	–	–	–	–	–	–	–	949
Translation reserve	–	–	–	–	–	–	–	(16)	–	(16)
Share option reserve	–	–	–	57	–	–	–	–	–	57
Retained earnings	7,723	(117)	2,551	(35)	(265)	(2,210)	2,048	16	(230)	9,481
Equity shareholders' funds	**55,510**	**(117)**	**2,551**	**22**	**(265)**	**(2,210)**	**2,048**	**–**	**(230)**	**57,309**
Minority interests	2,088	–	–	–	–	–	363	–	–	2,451
Total equity	**57,598**	**(117)**	**2,551**	**22**	**(265)**	**(2,210)**	**2,411**	**–**	**(230)**	**59,760**

30. IFRS Bridging Statements (continued)

Reconciliation of UK GAAP consolidated profit and loss account to IFRS consolidated income statement for the year ended 30 June 2005

	UK GAAP IFRS format £'000	IFRS 5 Discontinued Operations £'000	IAS 38 Intangible Assets £'000	IFRS 3 Business Combinations £'000	IFRS 2 Share Based Payments £'000	IAS 19 Employee Benefits £'000	IAS 12 Deferred Tax £'000	IAS 19 Holiday Pay £'000	IFRS £'000	IFRS 5 Additional Discontinued Operations £'000	IFRS (restated) £'000
Revenue	**85,080**	**(4,384)**	**–**	**–**	**–**	**–**	**–**	**–**	**80,696**	**(191)**	**80,505**
Cost of sales	(28,471)	925	–	–	–	–	–	–	(27,546)	83	(27,463)
Gross profit	**56,609**	**(3,459)**	**–**	**–**	**–**	**–**	**–**	**–**	**53,150**	**(108)**	**53,042**
Administration expenses	(44,555)	3,379	173	–	(34)	(16)	–	(33)	(41,086)	210	(40,876)
Amortisation and impairment	(6,138)	142	(115)	2,551	–	–	–	–	(3,560)	127	(3,433)
Profit from operations	**5,916**	**62**	**58**	**2,551**	**(34)**	**(16)**	**–**	**(33)**	**8,504**	**229**	**8,733**
Finance costs	(892)	–	–	–	–	(4)	–	–	(896)	–	(896)
Profit on ordinary activities before taxation	**5,024**	**62**	**58**	**2,551**	**(34)**	**(20)**	**–**	**(33)**	**7,608**	**229**	**7,837**
Income tax expense	(3,307)	24	–	–	13	6	925	10	(2,329)	(32)	(2,361)
Profit on ordinary activities after taxation	**1,717**	**86**	**58**	**2,551**	**(21)**	**(14)**	**925**	**(23)**	**5,279**	**197**	**5,476**
Loss on discontinued operations after taxation	–	(86)	–	–	–	–	–	–	(86)	(197)	(283)
Net profit for the period	**1,717**	**–**	**58**	**2,551**	**(21)**	**(14)**	**925**	**(23)**	**5,193**	**–**	**5,193**
Attributable to Equity holders of the parent	**1,004**	**–**	**58**	**2,551**	**(21)**	**(14)**	**925**	**(23)**	**4,480**	**–**	**4,480**
Minority interest	**713**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**713**	**–**	**713**

30. IFRS Bridging Statement (continued)

Reconciliation of UK GAAP to IFRS Wilmington Group plc balance sheet as at 1 July 2004 (date of transition)

	UK GAAP IFRS format £'000	IAS 38 Intangible Assets £'000	IFRS 2 Share Based Payments £'000	IAS 12 Deferred Tax £'000	IAS 10 Dividends £'000	IAS 19 Holiday Pay £'000	IFRS £'000
Non-current assets							
Intangible assets	–	6	–	–	–	–	6
Property, plant and equipment	1,883	(6)	–	–	–	–	1,877
Investments	48,552	–	–	–	–	–	48,552
Deferred tax asset	–	–	–	–	–	–	–
	50,435	**–**	**–**	**–**	**–**	**–**	**50,435**
Current assets							
Trade and other receivables	30,460	–	–	–	(5,080)	–	25,380
Cash and cash equivalents	2,000	–	–	–	–	–	2,000
	32,460	**–**	**–**	**–**	**(5,080)**	**–**	**27,380**
Total assets	**82,895**	–	–	–	(5,080)	–	77,815
Current liabilities							
Trade and other payables	(6,188)	–	–	–	1,667	–	(4,521)
Bank overdrafts and loans	(5,204)	–	–	–	–	–	(5,204)
	(11,392)	**–**	**–**	**–**	**1,667**	**–**	**(9,725)**
Non–current liabilities							
Bank loans	(7,000)	–	–	–	–	–	(7,000)
Deferred tax liability	(51)	–	–	(4)	–	–	(55)
	(7,051)	**–**	**–**	**(4)**	**–**	**–**	**(7,055)**
Total liabilities	**(18,443)**	**–**	**–**	**(4)**	**1,667**	**–**	**(16,780)**
Net assets	**64,452**	**–**	**–**	**(4)**	**(3,413)**	**–**	**61,035**
Equity							
Share capital	4,167	–	–	–	–	–	4,167
Share premium account	42,363	–	–	–	–	–	42,363
Share option reserve	–	–	1	–	–	–	1
Retained earnings	17,922	–	(1)	(4)	(3,413)	–	14,504
Equity shareholders' funds	**64,452**	**–**	**–**	**(4)**	**(3,413)**	**–**	**61,035**

30. IFRS Bridging Statements (continued)

Reconciliation of UK GAAP to IFRS Wilmington Group plc balance sheet as at 30 June 2005

	UK GAAP IFRS format £'000	IAS 38 Intangible Assets £'000	IFRS 2 Share Based Payments £'000	IAS 12 Deferred Tax £'000	IAS 10 Dividends £'000	IAS 19 Holiday Pay £'000	IFRS £'000
Non-current assets							
Intangible assets	–	40	–	–	–	–	40
Property, plant and equipment	1,805	(40)	–	–	–	–	1,765
Investment	42,626	–	–	–	–	–	42,626
Deferred tax asset	–	–	1	–	–	–	1
	44,431	**–**	**1**	**–**	**–**	**–**	**44,432**
Current assets							
Trade and other receivables	39,709	–	–	–	(4,800)	–	34,909
	39,709	**–**	**–**	**–**	**(4,800)**	**–**	**34,909**
Total assets	**84,140**	**–**	**1**	**–**	**(4,800)**	**–**	**79,341**
Current liabilities							
Trade and other payables	(7,044)	–	–	–	2,048	–	(4,996)
Bank overdrafts and loans	(2,745)	–	–	–	–	–	(2,745)
	(9,789)	**–**	**–**	**–**	**2,048**	**–**	**(7,741)**
Non-current liabilities							
Bank loans	(10,000)	–	–	–	–	–	(10,000)
Deferred tax liability	(45)	–	–	–	–	–	(45)
	(10,045)	**–**	**–**	**–**	**–**	**–**	**(10,045)**
Total liabilities	(19,834)	**–**	**–**	–	2,048	–	(17,786)
Net assets	**64,306**	**–**	**1**	**–**	**(2,752)**	**–**	**61,555**
Equity							
Share capital	4,180	–	–	–	–	–	4,180
Share premium account	42,658	–	–	–	–	–	42,658
Share option reserve	–	–	2	–	–	–	2
Retained earnings	17,468	–	(1)	–	(2,752)	–	14,715
Equity shareholders' funds	**64,306**	**–**	**1**	**–**	**(2,752)**	**–**	**61,555**

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 2006 which comprise the Consolidated Income Statement, Statements of Recognised Income and Expense, Balance Sheets, Cash Flow Statements and Statements of Change in Shareholders' Equity 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 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 FRC 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.

We report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

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 2006 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 2006;
- 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
Registered Auditors
London, UK

9 October 2006

Pro-forma Five Year Financial Summary

Pro forma five year financial summary

	2002 £'m (UK GAAP)	2003 £'m (UK GAAP)	2004 £'m (UK GAAP)	2005 £'m (IFRS)	**2006 £'m (IFRS)**
Consolidated Profit and Loss Accounts					
Revenue	78.6	78.4	82.7	80.5	**89.8**
Cost of Sales	(26.9)	(26.3)	(27.5)	(27.5)	**(29.5)**
Gross profit	51.7	52.1	55.2	53.0	**60.3**
Operating expenses	(41.5)	(42.7)	(44.6)	(40.0)	**(45.5)**
Operating profit before amortisation and impairment of goodwill and intangible assets and exceptional items	10.2	9.4	10.6	13.0	**14.8**
Operating exceptional item	–	–	(0.2)	(0.9)	**(1.2)**
Operating profit before amortisation and impairment of goodwill and intangible assets	10.2	9.4	10.4	12.1	**13.6**
Amortisation and impairment of goodwill and intangible assets	(6.4)	(4.5)	(4.8)	(3.4)	**(2.5)**
Profit from operations	3.8	4.9	5.6	8.7	**11.1**
Non-operating exceptional items	–	(0.2)	0.2	–	–
Profit before interest and taxation	3.8	4.7	5.8	8.7	**11.1**
Finance costs	(0.3)	(0.3)	(0.4)	(0.9)	**(1.0)**
Profit on ordinary activities before taxation	3.5	4.4	5.4	7.8	**10.1**
Income tax expense	(2.9)	(2.6)	(2.7)	(2.3)	**(2.7)**
Profit on ordinary activities after taxation	0.6	1.8	2.7	5.5	**7.4**
Profit/(loss) on discontinued operations after taxation	–	–	–	(0.3)	**0.1**
Net profit for period	0.6	1.8	2.7	5.2	**7.5**
Minority interests	(0.7)	(0.7)	(0.6)	(0.7)	**(0.7)**
Profit/(loss) for the financial year attributable to shareholders	(0.1)	1.1	2.1	4.5	**6.8**
Operating cash inflows	**12.5**	**12.9**	**12.0**	**14.6**	**16.9**
Earnings per ordinary share (pence)	**(0.06)**	**1.32**	**2.47**	**5.37**	**8.16**
Diluted earnings per ordinary share (pence)	**(0.06)**	**1.32**	**2.46**	**5.35**	**8.11**
Adjusted earnings per ordinary share (pence)	**7.68**	**6.65**	**7.73**	**9.30**	**11.89**
Earnings per ordinary share (pence) - continuing operations				5.71	**8.01**
Adjusted earnings per ordinary share (pence) - continuing operations				9.43	**11.63**
Dividend per share (pence)	3.00	2.50	3.00	3.60	**4.00**

The above is based on information extracted from the Company's statutory accounts as adjusted using information from its management accounts to reflect the change in the Company's accounting reference date in 2002 from 28 February to 30 June. The amounts disclosed for 2004 and earlier periods are stated on the basis of UK GAAP because it is not practicable to restate amounts for periods prior to the date of transition to IFRS. The principal differences between UK GAAP and IFRS are explained in Note 30 to the accounts which provides an explanation of the transition to IFRS.

Notice of Annual General Meeting

Notice is hereby given that the eleventh Annual General Meeting of the Company will be held at the offices of Hoare Govett Limited, 250 Bishopsgate, London EC2M 4AA on 15 November 2006 at 12.00 noon for the purpose of considering and, if thought fit, passing the following resolutions (which will be proposed, in the case of resolutions 1 to 6, as ordinary resolutions and, in the case of resolutions 7 and 8, as special resolutions):

Ordinary Business

1. To receive the Accounts of the Company for the financial year ended 30 June 2006 together with the Directors' and Auditors' Reports thereon.
2. To receive and approve the Report on Directors' Remuneration (as set out on pages 22 to 25 of the Annual Report and Accounts) for the financial year ended 30 June 2006.
3. To re-appoint Mr R B Brookes, who retires by rotation, as a Director.
4. To re-appoint Mr R A Conwell, who retires by rotation, as a Director.
5. To re-appoint PKF (UK) LLP as auditors and authorise the Directors to fix their remuneration.

Special Business

6. To consider and, if thought fit, pass the following Resolution, which will be proposed as an Ordinary Resolution:
   That the Directors be and they are hereby generally and unconditionally authorised (in substitution for any existing such authority, to the extent unused) for the purposes of section 80 of the Companies Act 1985 ("the Act") to exercise all powers of the Company to allot relevant securities (within the meaning of section 80 of the Act) up to an aggregate nominal amount of £1,393,336, provided that this authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2007 or the date being 15 months after the date of the passing of this Resolution (whichever is the earlier), save that the Company may before such expiry make an offer or an agreement which would or might require relevant securities to be allotted after such authority expires and the Directors may allot relevant securities in pursuance of any such offer or agreement as if the authority conferred hereby had not expired.
7. To consider and, if thought fit, pass the following Resolution, which will be proposed as a Special Resolution:

   That, subject to the passing of Resolution 6 above, the Directors be and they are hereby empowered (in substitution for any existing such power) pursuant to section 95 of the Act to allot equity securities (within the meaning of sections 94(2) and 94(3A) of the Act) for cash pursuant to the authority conferred on the Directors by Resolution 6 above as if section 89(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:

   (a) for the purpose of, or in connection with, an offer of such equity securities by way of rights to the holders of issued ordinary shares in proportion (as nearly as may be practicable) to the respective numbers of ordinary shares held by them, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory or otherwise however; and

   (b) otherwise than pursuant to sub-paragraph (a) above up to an aggregate nominal amount of £209,000.

   and such power shall expire at the conclusion of the Annual General Meeting of the Company be to held in 2007 or the date being 15 months after the date of the passing of this Resolution (whichever is the earlier), save that the Company may before such expiry make an offer or an agreement which would or might require equity securities to be allotted after such power expires and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power conferred hereby had not expired. This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of section 94(3A) of the Act as if in the introductory wording to this Resolution 7 the words "pursuant to the authority conferred on the Directors by Resolution 6 above" were omitted.
8. To consider and, if thought fit, pass the following Resolution, which will be proposed as a Special Resolution:

   That the Company be and is hereby generally and unconditionally authorised to make market purchases (as defined by section 163(3) of the Act) on the London Stock Exchange of ordinary shares of 5p each in the capital of the Company ("ordinary shares") provided that:

   (a) the maximum aggregate number of ordinary shares authorised to be purchased is 8,360,018 ordinary shares;

(b) the maximum price which may be paid for each ordinary share is an amount equal to the higher of (i) 105 per cent. of the average of the closing mid market prices for the ordinary shares of the Company (as derived from the London Stock Exchange Daily Official List) for the five business days immediately preceding the date of purchase, and (ii) the price stipulated in Article 5(i) of the Buy-back and Stabilisation Regulation (No. 2237 of 2003), and the minimum price per ordinary share is the nominal value thereof exclusive of any expenses payable by the Company;

(c) unless previously renewed, varied or revoked, the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2007 or the date being 15 months after the date of the passing of this Resolution (whichever is the earlier); and

(d) the Company may, before the expiry of this authority, make a contract to purchase ordinary shares under the authority hereby conferred which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of its ordinary shares in pursuance of such a contract, as if such authority had not expired.

By Order of the Board

Ahmed Zahedieh
Secretary
9 October 2006
Registered Office:
Paulton House
8 Shepherdess Walk
London N1 7LB

Notes:
1. A member entitled to attend and vote at the above Meeting is entitled to appoint other person(s) to attend and, on a poll, vote instead of him or her. A proxy need not be a member of the Company.
2. A form of proxy is enclosed which, to be valid, must be completed and returned to the office of the Company's Registrars, Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 6ZR, not less than 48 hours before the time fixed for the Meeting.
3. The completion and return of a proxy will not prevent a member from attending the Meeting and voting in person if he or she wishes to do so.
4. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, to be entitled to attend and vote at the Meeting (and for the purposes of the determination by the Company of the number of votes they may cast), members must be entered on the Company's register of members by not more than 48 hours before the time fixed for the meeting.
5. The following documents may be inspected at the Company's registered office during normal business hours on any weekday except Saturday, Sunday and any public holiday from the date of this notice until the conclusion of the Meeting, and will be available for inspection at the place of the Meeting for a period of 15 minutes before, and during, the Meeting:
   (a) the register of interests of Directors and their connected persons; and
   (b) the current service agreements and letters of appointment of Directors.

Wilmington Group plc

Annual General Meeting on 15 November 2006

FORM OF PROXY

I/We (BLOCK CAPITALS PLEASE) ....

of ....
being a member/members of the above-named company, hereby appoint the Chairman of the Meeting or

....
(see Note 2) as my/our proxy to attend and vote for me/us on my/our behalf in the manner indicated at the Annual General Meeting of the Company to be held at the offices of Hoare Govett Limited, 250 Bishopsgate, London EC2M 4AA on 15 November 2006 at 12.00 noon and at any adjournment thereof.

Please indicate with an X in the appropriate boxes how you wish your votes to be cast, otherwise your proxy will vote or abstain as he/she thinks fit. Details of the resolutions are set out in the Notice of the Meeting.

	FOR	AGAINST
ORDINARY BUSINESS		
1. To receive the Annual Report and Accounts		
2. To receive and approve the Report on Directors' Remuneration		
3. To re-appoint Mr R B Brookes as a Director		
4. To re-appoint Mr R A Conwell as a Director		
5. To re-appoint PKF (UK) LLP as auditors		
SPECIAL BUSINESS		
6. To renew the Directors' power to allot relevant securities (ordinary resolution)		
7. To renew the Directors' power to allot equity securities (special resolution)		
8. To authorise the Company to purchase its own shares on the market (special resolution)		

Signature: .... Dated: ....

Notes:
1. All members are entitled to attend and vote at the Meeting, whether or not they have returned a form of proxy.
2. A member may appoint a proxy of his or her own choice. If such an appointment is made, delete the words "the Chairman of the Meeting", initial the alteration and insert the name of the person to be appointed as proxy in the space provided. A proxy need not be a member of the Company but must attend the Meeting in person.
3. If the appointor is a corporation, this form must be executed under its common seal or under hand of an officer or attorney duly authorised on its behalf.
4. Any alteration must be signed or initialled.
5. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members in respect of their joint holding.
6. If this form is returned duly signed but without any indication as to how the person appointed proxy shall vote, the proxy will exercise his/her discretion as to how he/she votes and whether or not he/she abstains from voting.
7. The proxy will act at his/her discretion in relation to any business other than the above arising at the Meeting (including any resolution to amend a resolution or to adjourn the Meeting).
8. To be effective, this form of proxy duly completed and signed, together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified or office copy thereof), must be lodged with the Company's Registrars, Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 6ZR, not less than 48 hours before the time appointed for the holding of the Meeting (or any adjournment thereof).
9. Completion and return of this form of proxy will not preclude a member from attending and voting in person at the Meeting should he/she subsequently decide to do so.

SECOND FOLD

BUSINESS REPLY SERVICE
Licence No. SEA 10850

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Lloyds TSB Registrars Scotland
The Causeway
Worthing
West Sussex BN99 6ZR

FIRST FOLD

THIRD FOLD AND TUCK IN

Wilmington Group plc

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Website: www.wilmington.co.uk